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|  | **Priority Rating Guidance and Additional Information Form****for Viable Utility Reserve (VUR) Study Grant Applications****(Last Updated: July 2021)** |  |

This supplemental guidance is intended to aid applicants in understanding and addressing the Priority Rating System for the Viable Utility Reserve (VUR). **Use this guidance only for applications for VUR Study Grants (Asset Inventory and Assessment (AIA), Merger/Regionalization Feasibility (MRF), and Rate Study).**

**Eligibility**

Only local government units (LGUs) designated “Distressed” by the State Water Infrastructure Authority (SWIA) and Local Government Commission (LGC) and their non-designated (i.e., non-distressed) LGU partners may apply for VUR Study Grants.

Designated LGUs will have received a letter from the Division of Water Infrastructure (DWI) informing the LGU of their designation, along with a scorecard showing the LGU’s rating against various criteria that indicates that their drinking water (DW) and/or wastewater (WW) system exhibits characteristics of distress. Questions about an Applicant’s designation status or score can be directed to the Viable Utilities Unit (VUU) of DWI.

Eligible non-designated LGUs will be identified in Resolution(s) passed by governing boards of partnering ***designated*** LGU(s) which must be submitted with the distressed LGU(s) MRF Grant application(s). Eligible non-designated LGUs must also submit a Resolution by their governing board with their application, committing to working with all proposed regional partners. Non-designated LGUs submitting an application for an AIA or Rate Study without an MRF with a designated LGU partner will be rejected. (Note that AIAs for non-designated LGUs can still be funded through the State Reserve program.)

**Prioritization**

LGUs under the financial control of the LGC (Identification Criterion 1), and their partners, will be considered the highest priority for VUR Grants for the Fall 2021 funding round. Because most of these LGUs have already initiated studies funded by the VUR, the Division expects that study grant funding will be available for other designated LGUs. Note that ONLY applications for study grants (AIA, MRF, Rate Study) are being accepted at this time. Future VUR funding rounds are expected to include project (i.e., infrastructure, capital) funding.

All other LGUs will be considered the second highest priority for VUR Grants for the Fall 2021 funding round. Within this category, LGUs (and their non-distressed partners) will be further prioritized into three subgroups based on their distressed assessment score. LGUs scoring above 13 will be the highest priority, followed by LGUs scoring 11 or 12, followed by LGUs scoring 10 or below, with the lowest eligible score being 8 (for single service providers) or 9 (for LGUs with both drinking water and wastewater systems). Within each subgroup, LGUs will be further prioritized by the following factors (if necessary):

* Revenue Outlook: 15 points
* Moratorium: 15 points
* Service Population <1,000: 10 points
* Ability to address multiple distressed units: 5 points

**Application Instructions**

VUR Grant applicants should follow the instructions provided in the Division of Water Infrastructure Application for Funding. Under Item 1. General Information, “Funding Type(s) Requested”, one or more of the Viable Utility Reserve study grant boxes should be checked. Unless the *designated* LGU has completed an asset inventory and assessment or rate study in the past three years, these boxes must also be checked if requesting VUR-MRF funding. Unless applying based on a recent, relevant MRF which includes the designated LGU(s), *non-designated* LGUs must apply for MRF funding in partnership with a designated unit(s) if applying for VUR-AIA or VUR-Rate Study funding.

Under Item 6. Project Description, designated LGUs should indicate the following:

* **Funding requested for each type of study.** If applying for more than one Study Grant, applicants must indicate how much funding is requested for each. For most designated LGUs, the studies will include AIA and/or Rate Studies. Funding requested should be commensurate with the proposed scope of the study(ies), and the scope of the study(ies) should be reflective of both the size and complexity of the system(s) as well as any relevant previous studies. Because the VUR program is not bound by the same funding limits as AIA Grants under the State Reserve program ($150,000 for each water or wastewater system), and because available funds are limited, the funding request and study scope should be carefully matched.
* **Scope of Work for each type of study.** Per the item above, a succinct scope of work should be provided for each study for which funding is applied.
	+ For AIA Grant applications, the applicant should include a brief description of the type of system (drinking water, wastewater, or both), general description of system assets (e.g., miles of pipe, number of lift stations or storage tanks, treatment system size and type), and a description of the proposed assessment (e.g., CCTV of lines, full condition assessment, development of a capital improvement plan from existing AIA). As previously indicated, the scope should be reflective of any recent, related work or studies that have been completed.
	+ For Rate Study applications, the applicant should indicate the type of system (drinking water, wastewater, or both).
	+ For MRF Grant applications, the LEAD applicant must include a list of LGU partners participating in the study (the list must include at least one designated LGU), and a description of any relevant history related to the partnership. This should include whether the proposed MRF study builds on previous MRFs, whether some LGUs are already partnering or have interconnected systems, etc. Partnering (non-Lead) LGUs seeking VUR Study Grant funding for AIA or Rate Studies should indicate that they are participating in an MRF study proposed for funding, and clearly indicate the Lead LGU and other Partnering LGUs. **The ultimate goal of VUR-MRF studies is to determine recommended actions and projects to help designated distressed LGU systems become non-designated (i.e., non-distressed or viable) systems.** Results of MRF studies must include actionable short- and long-terms steps to ensure unit viability.

The Viable Utility Reserve Additional Information Form must be completed by all applicants seeking VUR Study Grant funding.

Resolutions by the governing boards of both designated and non-designated LGU applicants must be provided with VUR Study Grant applications. Templates which include required elements of Resolutions are provided following the Additional Information Form.

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| Logo  Description automatically generated | **North Carolina Department of Environmental Quality** |  |
| **Division of Water Infrastructure** |
| **Viable Utility Reserve Additional Information Form** |
|  | (Last updated: July 2021) |
| 1. **Applicant Status**
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| Applicant has been designated as a distressed unit under §159G-45: |
| [ ]  Yes – Identification Criteria 1. LGU Finances Controlled by LGC, **OR**[ ]  Yes – Identification Criteria 2, 3, or 4, **OR** [ ]  No – Not Designated (Partnering with Designated Unit)**List all regional partners the applicant is working with to evaluate long-term viable utility options:** |
|  |
| 1. **Applicant History**
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| **Report date(s) for previous Asset Inventory and Assessment(s) (AIA):** |
| **List report dates and partners for the following*** Rate Study(ies):
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| * Merger/Regionalization Feasibility Study(ies) (MRF):
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| **Applicant has a current Capital Improvement Plan (CIP) or other Short/Long-term plans for water/wastewater utilities:**[ ]  Yes, **OR** [ ]  No **Submit copy of most current CIP or other Short/Long-term plan(s) for water/wastewater utilities (if available).** |
|  |

(OVER)

**If no written plans are currently in place, please provide a narrative statement on:**

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| **Work Completed Since 2010** |
|       |
| **Work Currently Underway** |
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| **Anticipated Work Needed in Next 5 Years** |
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**\*\*\* The Resolution and Certification by Recording Officer MUST be included in the Application Package \*\*\***

**(The following is a suggested resolution and certification format for Distressed LGUs)**

**RESOLUTION BY GOVERNING BODY OF APPLICANT**

WHEREAS, Session Law 2020-79 was signed into law on July 1, 2020 to improve viability of the water and wastewater systems of certain units of local government; the Viability Reserve was established in the Water Infrastructure fund to be used for grants to include the study of rates, asset inventory and assessment and/or merger and regionalization options; the State Water Infrastructure Authority and the Local Government Commission have developed criteria to assess local government units and identify distressed units, and

WHEREAS, The (unit of government) has been designated as a distressed unit and intends to conduct a (state whether an Asset Inventory and Assessment Study, Rate Study and/or Merger/Regionalization Feasibility evaluation), and

WHEREAS, The (unit of government) has need for state grant assistance for the project.

**NOW THEREFORE BE IT RESOLVED, BY THE (GOVERNING BODY) OF THE (UNIT OF GOVERNMENT):**

That (unit of government), the **Applicant**, will complete the viable utility requirements in §159G-45(b) by:

1. Conducting an asset assessment and rate study. (Recently completed asset assessment or rate studies may be sufficient to meet this requirement.)
2. Participate in a training and educational program.
3. Develop a short-term and long-term action plan considering all of the following:
	1. Infrastructure repair, maintenance, and management.
	2. Continuing education of the governing board and system operating staff.
	3. Long-term financial management plan.

That the Applicant will work with other units of government in conducting any merger/regionalization study including (name units of government).

That the **Applicant** will provide adequate access to staff, documents, equipment, and other resources pertinent to complete the project, and upon completion of the project provide good faith effort to implement the short- term and long-term plan to achieve viable utility infrastructure measures.

That (name and title of official), the **Authorized Official**, and successors so titled, is hereby authorized to execute and file an application on behalf of the **Applicant** with the State of North Carolina for a (grant) to aid in the completion of the project described above.

That the **Authorized Official**, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project: to make the assurances as contained above; and to execute such other documents as may be required in connection with the application.

That the **Applicant** has substantially complied or will substantially comply with all Federal, State, and local laws, rules, regulations, and ordinances applicable to the project and to Federal and State grants pertaining thereto.

Adopted this the (date adopted) at (place), North Carolina.

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(Signature of Chief Executive Officer)

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(Title)

#### **CERTIFICATION BY RECORDING OFFICER**

The undersigned duly qualified and acting (title of officer) of the (unit of government) does hereby certify: That the above/attached resolution is a true and correct copy of the resolution authorizing the filing of an application with the State of North Carolina, as regularly adopted at a legally convened meeting of the (name of governing body of applicant) duly held on the­­­\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_; and, further, that such resolution has been fully recorded in the journal of proceedings and records in my office. IN WITNESS WHEREOF, I have hereunto set my hand this ­­­\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_.

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|   |
| (Signature of Recording Officer) |
|   |
| (Title of Recording Officer) |

 **\*\*\* The Resolution and Certification by Recording Officer MUST be included in the Application Package \*\*\***

 **(The following is a suggested resolution and certification format for non-distressed LGUs)**

**RESOLUTION BY GOVERNING BODY OF APPLICANT**

WHEREAS, Session Law 2020-79 was signed into law on July 1, 2020 to improve viability of the water and wastewater systems of certain units of local government; the Viability Reserve was established in the Water Infrastructure fund to be used for grants to include the study of rates, asset inventory and assessment and/or merger and regionalization options; the State Water Infrastructure Authority and the Local Government Commission have developed criteria to assess local government units and identify distressed units, and

WHEREAS, The (unit of government) intends to conduct a (state whether an Asset Inventory and Assessment Study, Rate Study and/or Merger/Regionalization Feasibility evaluation), and

WHEREAS, The (unit of government) has need for state grant assistance for the project.

**NOW THEREFORE BE IT RESOLVED, BY THE (GOVERNING BODY) OF THE (UNIT OF GOVERNMENT):**

That (unit of government), the **Applicant**, will complete the viable utility requirements in §159G-45(b) if Viable Utility Reserve study grant funding is awarded by:

1. Conducting an asset assessment and rate study. (Recently completed asset assessment or rate studies may be sufficient to meet this requirement.)
2. Participate in a training and educational program.
3. Develop a short-term and long-term action plan considering all of the following:
	1. Infrastructure repair, maintenance, and management.
	2. Continuing education of the governing board and system operating staff.
	3. Long-term financial management plan.

That the Applicant will work with other units of government in conducting the asset assessment, rate and/or merger/regionalization feasibility studies including (name units of government and must list a distressed unit).

That the **Applicant** will provide adequate access to staff, documents, equipment, and other resources pertinent to complete the project, and upon completion of the project provide good faith effort to implement the short- term and long-term plan to achieve viable utility infrastructure measures.

That (name and title of official), the **Authorized Official**, and successors so titled, is hereby authorized to execute and file an application on behalf of the **Applicant** with the State of North Carolina for a (grant) to aid in the completion of the project described above.

That the **Authorized Official**, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project: to make the assurances as contained above; and to execute such other documents as may be required in

connection with the application.

That the **Applicant** has substantially complied or will substantially comply with all Federal, State, and local laws, rules, regulations, and ordinances applicable to the project and to Federal and State grants pertaining thereto.

Adopted this the (date adopted) at (place), North Carolina.

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(Signature of Chief Executive Officer)

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(Title)

#### **CERTIFICATION BY RECORDING OFFICER**

The undersigned duly qualified and acting (title of officer) of the (unit of government) does hereby certify: That the above/attached resolution is a true and correct copy of the resolution authorizing the filing of an application with the State of North Carolina, as regularly adopted at a legally convened meeting of the (name of governing body of applicant) duly held on the­­­\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_; and, further, that such resolution has been fully recorded in the journal of proceedings and records in my office. IN WITNESS WHEREOF, I have hereunto set my hand this ­­­\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_.

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|   |
| (Signature of Recording Officer) |
|   |
| (Title of Recording Officer) |