



1

---

---

---

---

---

---

---

---



2

---

---

---

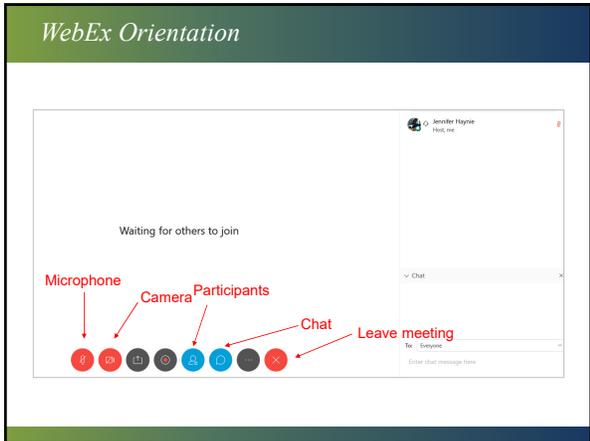
---

---

---

---

---



3

---

---

---

---

---

---

---

---

*WebEx Etiquette*

- Please stay muted except for questions
- Ask questions
- Use chat
  - If having issues with WebEx
  - If you have a question but no microphone
  - Use the hand-raise feature
- Recording in progress




---

---

---

---

---

---

---

---

4

*Training Materials Orientation*

- Application Materials available at <https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/application-forms-and-additional-resources>
- Four tabs with materials
  - Common forms
  - Priority points rating sheet and guidance
  - CDBG-I additional forms (CDBG-I program only)
  - Additional resources

[Division Application Form](#)  Updated 7/27/20

[Supplemental Guidance for Additional Consideration](#)

[Resolution Template](#)




---

---

---

---

---

---

---

---

5

*Common Forms*

- Application form
- Guidance for supplemental information
- Resolution template
- Financial information form
- Fund transfer certification form
- Non-viability resolution template (if needed)




---

---

---

---

---

---

---

---

6

*Priority Points Rating Sheet and Guidance*

- Construction projects
- Asset Inventory and Assessment grants
- Merger / Regionalization Feasibility grants

Common Forms    Priority Points Rating Sheet and Guidance  
CDBG-I Additional Forms    Additional Resources

---

---

---

---

---

---

---

---

7

*Additional Resources*

- 2018 local government unit parameters
- Affordability calculator
- Supplemental guidance for bulk connections
- Documenting low pressure

Common Forms    Priority Points Rating Sheet and Guidance  
CDBG-I Additional Forms    Additional Resources

---

---

---

---

---

---

---

---

8

*Program Overviews*

---

---

---

---

---

---

---

---

9

*Funding Overview*

- State Revolving Fund (SRF)
  - Clean Water State Revolving Fund (CWSRF)
  - Drinking Water State Revolving Fund (DWSRF)
- Low-interest loan programs
  - Rate set at ½ market (20-Year Bond Index)
  - Current base interest rate is approximately 1.10% (will be set at application due date)
  - 20-year maximum term for base rate
  - 30-year maximum term possible for targeted interest rates
  - Debt approved by Local Government Commission
- Applications due on September 30

10

---

---

---

---

---

---

---

---

---

---

*SRF Funding Availability*

- CWSRF – Approximately \$70 million available
- DWSRF – Approximately \$50 million available
- Loan Maximums
  - CWSRF – \$30 million per Applicant
  - DWSRF – \$20 million per Applicant
  - Can exceed if funds are available



11

---

---

---

---

---

---

---

---

---

---

*CWSRF & DWSRF Targeted Funding*

- Principal forgiveness (PF)
  - Approximately \$2 million in Fall 2020 for CWSRF
  - Approximately \$12 million in Fall 2020 for DWSRF
  - PF percentage based on affordability criteria
  - Must receive priority points for Category 1 - Project Purpose
  - PF limits can be exceeded if funds are available
- Up to 100% PF for nonviable utility consolidation and failing drinking water and wastewater systems
- Targeted interest rates for PF-qualified applicants
  - PF eligibility ≥ 75% ⇒ 0%
  - PF eligibility < 75% ⇒ 1% less than base rate
- CWSRF only – 1% less than base rate for green projects

12

---

---

---

---

---

---

---

---

---

---



*Questions?*



Department of Environmental Quality



16

16

---

---

---

---

---

---

---

---



*Application and Additional Forms*



17

17

---

---

---

---

---

---

---

---

*Division Application Packet*

- Division application
- Project Financial Information Form
- Fund Transfer Certification Form
- Resolution
- Applicable rate sheets
- Priority points sheet and narrative
  - Wastewater
  - Drinking water
  - Asset Inventory & Assessment
  - Merger / Regionalization Feasibility



18

18

---

---

---

---

---

---

---

---

*Division Application*




19

---

---

---

---

---

---

---

---

*Division Application*

	<p><b>North Carolina Department of Environmental Quality</b></p> <p><b>Division of Water Infrastructure</b></p> <p><b>Application for Funding</b></p> <p><small>(Last updated: June 2020)</small></p>	
---	---	---

- Revised in Summer 2020
- One application for all programs
- Best funding fit
- All sections completed
- Note: Application comes with instructions



20

---

---

---

---

---

---

---

---

*Division Application*

- Applications not funded in previous round considered for Fall 2020
  - Regular SRF from Spring 2020
  - ASADRA SRF from Spring 2020
  - AIA from Fall 2019
- Reconsideration
  - No additional information allowed
  - Application reconsidered as-is
  - Adding information? ⇨ Submit completely new application



21

---

---

---

---

---

---

---

---



*Division Application – Section 6*

**6. Project Description**  
 Number of New Connections Served by Project (if applicable):



25

---

---

---

---

---

---

---

---

---

---

---

*Division Application – Section 7*

**7. Additional Information for Consideration**

- For use with information to add beyond the priority points system
- Use supplementary guidance
- Must fit into the space provided



26

---

---

---

---

---

---

---

---

---

---

---

*Division Application – Section 8*

**8. Information Related to the Additional Supplemental Appropriations for Disaster Relief Act, 2019 (ASADRA)**  
 Which storm(s) impacted your system(s)?  Hurricane Florence  Hurricane Michael  Neither (not applying for ASADRA)  
 My project will:  
 Enable my facility to prepare for, adapt to or recover from natural disasters  
 Reduce the likelihood of damage to my facility  
 Reduce my facility's susceptibility to physical damage or ancillary impacts caused by floods, earthquakes, or fires  
 Prepare for, adapt to, or recover from a sudden unplanned change in the amount of and movement of water near my facility  
 Describe the impacts these storms had on your system.



27

---

---

---

---

---

---

---

---

---

---

---

### Division Application – Section 9

B. Project Budget (for Construction Projects Only)			
	Division Funding Requested	Other Secured Funding Sources	Total Cost Amount
<small>Indicate construction costs by line item (e.g., same list of different sized lines)</small>			
Construction Costs			
Contingency (10% of construction costs)			
<b>Construction Subtotal:</b>			
Engineering Costs			
Engineering Design			
Planning			
Lead Surviving Costs			
<b>Engineering Subtotal:</b>			
Administrative Costs			
Planning			
Execution Preparation			
Grant Administration (if applicable)			
Loan Administration (if applicable)			
PR Preparation			
Environmental Documentation Preparation			
Legal Costs			
Other			
<b>Administrative Subtotal:</b>			
<b>TOTAL PROJECT COST:</b>			

A PR. Seal for the estimate must be provided in the space to the right for the application to be considered complete.

28

---

---

---

---

---

---

---

---

---

---

---

---

### Budget examples – Old Infrastructure

- 10,000 l.f. 8-inch pipe (60% old)

Line Item	Division Funding Requested
OLD 6,000 l.f. 8-inch pipe	AAAAAAA
4,000 l.f. 8-inch pipe	BBBBBBB

29

---

---

---

---

---

---

---

---

---

---

---

---

### Certifications

- 9 items
- Read each
- Initial each
- Not applicable? N/A



30

---

---

---

---

---

---

---

---

---

---

---

---





*Additional Forms – Resolutions and Rate Sheets*

- Resolution
  - Template available
  - List Authorized Representative
  - Due at time of application
- Rate sheets – Be sure to include LGU rate sheets



37

---

---

---

---

---

---

---

---

*Questions?*




38

---

---

---

---

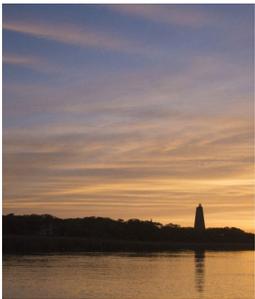
---

---

---

---

*Construction Project Funding*



***Project Priority Systems***  
*Wastewater*  
*Drinking Water*



39

---

---

---

---

---

---

---

---

*Priority Rating System*

- Used to rank projects for funding
- Read guidance carefully – describes the required narratives, maps, and documentation
- Claim the points you can document
- Provide ALL the required documentation
- Additional information will NOT be requested
- Ask questions if unsure



40

---

---

---

---

---

---

---

---

---

---

*Today's Discussion*

- Categories
  - Category 1 – Project Purpose
  - Category 2 – Project Benefits
  - Category 3 – System Management
  - Category 4 – Affordability
- Scoring same regardless of program (one column only)
- Presentation focus on problem areas and new line items



41

---

---

---

---

---

---

---

---

---

---

Priority Rating System

Category 1 – Project Purpose



42

---

---

---

---

---

---

---

---

---

---

*1.A Consolidate Nonviable Systems*

Two situations

- Failing systems
  - Drinking water
  - Wastewater
- Nonviable systems
  - Drinking water
  - Wastewater



43

---

---

---

---

---

---

---

---

*1.A Consolidate Nonviable Systems – Failing Drinking Water Systems (DW)*

- Rescue a failing system designated by Chief of Public Water Supply Section of DWR
- Documentation
  - Letter from PWS Section Chief calling it a failing system,
  - Letter identifies the Public Water Supply System by name and PWSID Number, and
  - Agreement between failing system and rescuer
- **Generally initiated by the Public Water Supply Section of DWR**
- **Call regional office**



44

---

---

---

---

---

---

---

---

*1.A Consolidate Nonviable Systems – Failing Wastewater Systems (WW)*

- Failing – DWR has determined the system is
  - An unapproved or “grandfathered” wastewater system that is not able to maintain compliance with current standards or limits
  - An approved system that is continuously out of compliance with the system owner demonstrating an ability to resolve the violation due to a lack of technical, financial, and/or managerial capacity.
- Document eligibility
- Document willingness of both failing and acquiring system



45

---

---

---

---

---

---

---

---

*1.A Consolidate Nonviable Systems – Other Nonviable Systems*

Nonviable system – A public water supply system or wastewater system owned by a local government unit (LGU) that the Division has determined is nonviable **prior to the application deadline.**



46

---

---

---

---

---

---

---

---

---

---

*1.A Consolidate Nonviable Systems – Other Nonviable Systems*

- Meet with Division at least 30 days prior to application deadline to discuss system current condition and proposed application
- Documentation examples
  - Interlocal agreement between the two systems (can be draft)
  - Minutes of joint meeting between the two systems
  - Memorandum of Understanding between the two systems
  - A letter of interest from the acquiring system
- Resolution by governing board of nonviable system stating that the system is nonviable and why
- Documentation must make clear that the nonviable system will be eliminated by consolidating with acquiring system



47

---

---

---

---

---

---

---

---

---

---

*1.A Consolidate Nonviable Systems – Benefits*

- Enhanced principal forgiveness (100% up to \$3M regardless of affordability criteria eligibility)
- Other priority points
  - 2.B for drinking water / 2.C for wastewater
- Apply after-the-fact up to two years after urgent consolidation
- Can receive priority points based on either the rescuing system or the nonviable system on a line-by-line basis



48

---

---

---

---

---

---

---

---

---

---

*1.B Resolve Failed Infrastructure*

- Expanding capacity is limited to replacing failed infrastructure – not future growth
- Narrow definition of failed infrastructure:
  - Failed Septic Systems or DWR-permitted single-family spray/drip irrigation system
  - Failed non-discharge permitted disposal area, such as a failed spray/drip irrigation field or infiltration basin
  - Failed (dry or contaminated) well
- No other infrastructure failure counts
- Documentation depends on type of failure



49

---

---

---

---

---

---

---

---

---

---

*1.B Resolve Failed Infrastructure*

- Failed Septic Systems or DWR-permitted single-family spray/drip irrigation system must earn points and provide documentation under 2.C
- Failed non-discharge permitted disposal area, such as a failed spray/drip irrigation field or infiltration basin
- Provide:
  - Copy of non-discharge permit
  - Letter from DEQ RO stating disposal field/basin has failed and any NOVs
  - Map



50

---

---

---

---

---

---

---

---

---

---

*1.C Rehab/Replace Infrastructure*

- Rehab or Replace cannot expand capacity
- New pump station / treatment plant with same capacity as old being decommissioned
- Like for like replacement
- Includes new unit operations that don't increase capacity to treat
  - EQ basin, UV disinfection, solids handling, SCADA, VFD, generator
  - Applies to source (intakes, well fields)



51

---

---

---

---

---

---

---

---

---

---

*1.C Rehab/Replace Infrastructure – Common Errors*

- We are replacing existing 10-inch gravity sewer.
- We are increasing pumping capacity to meet current flows but not to provide any additional capacity.
- The 1 MGD unit we are replacing is under-sized, so we will replace it with a properly-sized 2 MGD unit.
- Missing supporting calculations when replacing a pump station with gravity sewer.



52

---

---

---

---

---

---

---

---

---

---

*1.C.1 Old Infrastructure*

- Can earn additional points for old infrastructure

Unit	Age in Years
Treatment or Pumping Units	20
Distribution / Collection Lines	40

- At least 50% of the construction cost is associated with replacing old infrastructure
- Show clearly in budget
  - What is older than threshold?
  - What is younger than threshold



53

---

---

---

---

---

---

---

---

---

---

*Category 1 Points Changes (CWSRF)*

- 1.F Stream, Buffer, Wetland Restoration
- 1.G Stormwater BMP
- Green projects scored only for CWSRF



54

---

---

---

---

---

---

---

---

---

---

Priority Rating System  
Category 2 – Project Benefits



55

---

---

---

---

---

---

---

---

*2.B Specific Public Health Benefit (DW)*

- Provides points for
  - Dry or contaminated wells
  - Specific project types that also earn other points
- Automatic for nonviability claimed under Line Item 1.A.



56

---

---

---

---

---

---

---

---

*2.C Specific Environmental Benefit (WW)*

Projects include:

- Connecting homes with failing septic systems to public sewer service
  - Must include letter from a registered sanitarian, a licensed soil scientist, or County Health Department documenting existing failures
  - Includes failed single-family residence spray/drip irrigation system
- Repairing or replacing sewers with reported SSOs that
  - Reach bodies of water, or
  - Document backup into homes
- Automatic for nonviability claimed under Line Item 1.A.



57

---

---

---

---

---

---

---

---

**2.C Specific Environmental Benefit (WW)**

Common errors

- Center Avenue area soils are unsuitable and septic system failure is likely
- SSOs not resolved by project
- No map showing location of failing systems
- No map showing SSOs



58

---

---

---

---

---

---

---

---

**2.E Addresses Enforcement Documents**

- Project can only receive points for ONE of the following:
  - 2.E.1 EPA Administrative Order (AO) in Tier 1 county, or an existing/pending SOC, or DEQ AO
  - 2.E.2 Notice Of Violation or Notice Of Deficiency
- Common errors
  - Enforcement document not provided
  - Project does not address enforcement document
  - Response on file that Applicant has already addressed the problem that caused enforcement action



59

---

---

---

---

---

---

---

---

**2.G Address Low Pressure (DW)**

- Compare pressure to T15A NCAC 18C .0901: (20/30 psi)
- Provide:
  - Valid testing or modeling data
  - Report and supporting documents
- See factsheet on website
- Common errors
  - Fireflow is 250 gpm or document requirement for higher flow
  - Long lengths of small lines do not earn points



60

---

---

---

---

---

---

---

---

*2.H Project Addresses Contamination (DW)*

- 2.H.1 Acute Contamination
  - Refer to the guidance and separate sampling protocol
- 2.H.2 Other-Than-Acute Contamination
  - Refer to the guidance and separate sampling protocol
- 2.H.3 Health Advisory Level (DW only)
  - Concerns emerging compounds
  - Drinking Water Health Advisory Level means
    - 140 ng/L Provisional Health Goal for GenX
    - EPA's 2018 Edition of the Drinking Water Standards and Health Advisories Table
    - Note: Reference Dose (RfD) not a health advisory level



61

---

---

---

---

---

---

---

---

---

---

*2.H Project Addresses Contamination (DW)*

- Change in source water quality
- Documents
  - Regulation
  - Document that establishes Health Advisory Level
- Discuss how project will solve contamination
- Mapping
- Documentation of presence of contamination
- Other documentation
  - Affected population
  - Number of connections
  - Length and diameter of waterline(s) needed



62

---

---

---

---

---

---

---

---

---

---

*2.I Additional Treatment*

- Project improves the quality of treatment
- Common error
  - Does not improve water quality
  - Replaces existing unit process



63

---

---

---

---

---

---

---

---

---

---

**2.J Water Loss Exceeds 30% Documentation (DW)**

- Document the water loss exists; BOTH of following must exceed 30%
  - At least latest year water audit (detail in Line Item 3.E)
  - Water loss listed in latest Local Water Supply Plan
- Narrative must credibly describe both:
  - Why you believe the unit is responsible for the excess water loss and
  - How or why the project will reduce the excess water loss from that unit
- Common errors
  - Failure to provide audit
  - LWSP shows low water loss




---

---

---

---

---

---

---

---

---

---

64

**2.N.1. –2.N.3 Movement from the Floodplain**

---

---

---

---

---

---

---

---

---

---

65

**2.N.1 – 2.N.3 Movement from the Floodplain**

- Describe infrastructure being located out of floodplain
- Provide a map that shows where existing and relocated infrastructure will be
  - Location of existing and proposed infrastructure
  - Clearly show floodplain boundaries
  - Clearly show existing infrastructure in higher-hazard floodplain
- Use FRIS or FEMA map as source of data layer or flood elevations ([www.fris.nc.gov](http://www.fris.nc.gov))
- Any alternative mapping source must be pre-approved

---

---

---

---

---

---

---

---

---

---

66

**2.N.4. Fortification and / or Elevation of Infrastructure**

- Must be within 100-year floodplain
- Includes
  - Fortifying such as physical barriers
  - Elevating such as placing electrical equipment on platforms
  - Replacing equipment with new equipment (including controls) not subject to being damaged by submersion
- Must be a minimum of 2 feet above Base Flood Elevation
- Provide mapping showing
  - Floodplain
  - Location of infrastructure
  - Use FRIS or FEMA ([www.fris.nc.gov](http://www.fris.nc.gov)) (see previous slide)
- Describe
  - Vulnerable components below BFE
  - How project will protect vulnerable components
  - How project will achieve 2 feet above BFE



67

---

---

---

---

---

---

---

---

---

---

**2.N.5. Continuity of Operations During Flooding**

- For infrastructure located within 100-year floodplain
- Explain how project improves ability to assure continued operation during flood events.
- Examples
  - Redundancy
  - New generators or additional generator capacity



68

---

---

---

---

---

---

---

---

---

---

**2.N.6. Reducing Size of Infrastructure**

Explain

- How and why the population declined
- How the smaller population is better served with reduced-size infrastructure



69

---

---

---

---

---

---

---

---

---

---

**2.N.7. Redundancy / Resiliency**

- Historically only available for drinking water
- Expanded for Fall 2020 round to include wastewater
- Requirements
  - Include redundant or resilient items in the project description
  - New or increased redundancy / resiliency = points
  - Replacing / repairing existing generator ≠ points
  - Retrofitting with backup power = points
  - New equipment with backup power ≠ points



70

---

---

---

---

---

---

---

---

**2.O Impaired Waters (WW)**

- Project will directly benefit impaired waters
- Provide:
  - Stream name and impairment(s) as documented in the Integrated Report
  - Discussion of impairment and connect the dots to show the project will directly benefit the impairment
  - Map(s) with project location, stream location and impaired segment
- Common errors
  - Project does not address impairment
  - Map does not adequately show location of project and impairment



71

---

---

---

---

---

---

---

---

**2.R 20% Reduction in Energy Use GREEN (WW)**

- Primary purpose of project (>50% of construction cost) is to:
  - Reduce energy usage of a specific process by 20%
  - Produce energy (e.g. digester gas to energy project, solar panels at treatment plant)
  - Eliminate a PS as long as it doesn't increase the pumping demands of a downstream PS
- If project is not exclusively for energy reduction:
  - 1% reduction from base rate applied to the portion the loan for Green Project
  - Standard interest rate will be applied to rest of the loan
- Common errors
  - Lack of supporting calculations
  - Less than 50% of construction costs



72

---

---

---

---

---

---

---

---

Priority Rating System  
Category 3 – System Management



73

---

---

---

---

---

---

---

---

*3.A Capital Planning Activities*

Can only receive points for ONE of the following:

- 3.A.1 – Asset Management Plan OR
- 3.A.2 – Capital Improvement Plan



74

---

---

---

---

---

---

---

---

*3.A.1 Asset Management Plan*

- Applicant has implemented AMP before application
- Common errors
  - No narrative provided
  - AMP has not been implemented
  - Does not meet CIP requirements



75

---

---

---

---

---

---

---

---

**3.A.1 Capital Improvement Plan**

- Must clearly show the project applied-for
- Must span 10 years, be less than 2 years old
  - State years covered by the CIP
  - Years 1 through 5: show projects and their costs
  - Years 5 through 10:
    - Show projects - not necessarily their cost
    - Show some capital expenditure - not necessarily linked to specific projects
- Resolution or certified minutes showing adoption of CIP
  - A certification is inadequate



76

---

---

---

---

---

---

---

---

---

---

**3.A.2 Capital Improvement Plan**

Common Errors

- More than 2 years old
- Spans less than 10 years
- Lacks minutes showing adoption (certification not sufficient)
- Project applied-for not obvious and unambiguous on CIP
- Includes only O&M expenses and/or a single project (project applied for)
- Large cost differentiation not clearly explained
- No explanation of change in CIP priority



77

---

---

---

---

---

---

---

---

---

---

**3.B System Operating Ratio**

- System operating ratio DIFFERENT from  $OR_{Future}$  in affordability criteria
- Contains
  - Revenues
  - Expenses
  - Debt principal
  - Debt interest
  - Capital outlay
- Does NOT include project cost
- Cannot include future debt



78

---

---

---

---

---

---

---

---

---

---

**3.D Water Loss Reduction Program (DW)**

- To encourage proactively looking for leaks rather than simply fixing them when found
- Two ways to earn points
  - The system is not leaking – no need to search
  - Ongoing, continuous hidden leak detection and repair program
- Must provide water audit
- Three annual audits
- **All three years** < 10% water loss (ILI < 1.2)
- If leak rate is ≥ 10% (ILI ≥ 1.2), document hidden leak detection and repair program
  - Hidden: not visible, obvious, or accidentally discovered

79

---

---

---

---

---

---

---

---

---

---

**3.D Water Loss Reduction Program (DW)**

Hidden leak detection and repair

- Use technology to search for hidden leaks (acoustic / ultrasonic)
- Ongoing, continuous program
  - Describe the program.
  - What did you do in the past year?
- What did you find?
- How did you repair found leaks?
  - Does this project fix a found leak?
- Common errors
  - “We fix leaks when we find them.”
  - Not all three years of data provided



80

---

---

---

---

---

---

---

---

---

---

**3.E Water Conservation Incentive Rate Structure (DW)**

- A rate structure that encourages typical users to reduce usage
- Incentive must operate in the range of reasonable household usage
- Increasing block rate
  - Rate per gallon must increase within first 5,000 gallons / month
  - Rate per gallon cannot decrease within first 20,000 gallons / month



81

---

---

---

---

---

---

---

---

---

---

Priority Rating System  
Category 4 – Affordability



82

---

---

---

---

---

---

---

---

*4.A Residential Connections*

- Only claim ONE sub-category based on the number of connections.
  - Less than 10,000 residential connections, or
  - Less than 5,000 residential connections, or
  - Less than 1,000 residential connections
- Use only sewer connections or drinking water connections as of date of application



83

---

---

---

---

---

---

---

---

*4.B Current Monthly Utility Rate at 5,000 Gallons*

- Only claim ONE sub-category based on the current monthly utility rate for 5,000 gallons.
  - Greater than \$33, or
  - Greater than \$40, or
  - Greater than \$47, or
  - Greater than \$58, or
- Rates must match those on rate sheet submitted
- Use only sewer rates or drinking water rates
- Use lowest residential rate, "in-town rate"
- Provide calculations
- Note change in points for specific line items



84

---

---

---

---

---

---

---

---

*4.C Local Government Unit (LGU) Indicators*

- Only claim ONE sub-category
  - 3 out of 5 LGU indicators worse than state benchmark, or
  - 4 out of 5 LGU indicators worse than state benchmark, or
  - 5 out of 5 LGU indicators worse than state benchmark, or
  - Note change in points for specific line items
- LGU Indicators are:
  - Property Valuation per Capita is less than \$107,620
  - Percent Population Change is less than 4.42%
  - Poverty Rate is greater than 14.0%
  - Median Household Income is less than \$52,413
  - Unemployment rate is greater than 4.0%



85

---

---

---

---

---

---

---

---

---

---

*Questions?*




86

---

---

---

---

---

---

---

---

---

---



*Asset Inventory and Assessment Grants*



87

---

---

---

---

---

---

---

---

---

---

*Asset Inventory and Assessment Grants*

- Asset Inventory and Assessment grants limited to \$150,000 over 3 years
- To inventory existing water and/or sewer system and document the condition of inventoried infrastructure
- Eligible activities can include:
  - Identifying system components and where they are located
  - Performing a risk analysis to establish which components are critical
  - Determining the condition of critical components
  - Establishing costs for replacement/repairs/upgrades (capital) and continuous operations and maintenance (O&M)
  - Creating a prioritized list of projects to be completed
  - Preparing a realistic Capital Improvement Plan (CIP) that includes critical projects



88

---

---

---

---

---

---

---

---

---

---

*Asset Inventory and Assessment Grant Eligibility (New)*

- Limited to less than or equal to 10,000 residential connections
- Exceptions
  - If small systems applying are considering consolidation with larger systems (> 10,000 residential accounts), the applicant can utilize system management of larger system (must pass resolutions for both systems)
  - If small system has merged with larger system within 2 years and larger system can justify needing AIA after merger, the larger system can apply on behalf of merged system (**New!**)



89

---

---

---

---

---

---

---

---

---

---

*Application Components*

- Application forms – application for water OR sewer system
- Financial Information Form
- Fund Transfer Certification Form
- Resolution
- Applicable rate sheets
- Narrative question responses



90

---

---

---

---

---

---

---

---

---

---

*AIA Program Modifications – July 8 SWIA Meeting*

- Question No. 2
  - Previous asset management or capital planning work
  - Remove funding emphasis
  - Give examples of impact
- Question No. 3
  - Team members' asset management experience
  - No resume history
  - Team function in future
- Scoring Line Items 1, 2.A and 2.C



91

---

---

---

---

---

---

---

---

---

---

*Priority Rating System*

Asset Inventory and Assessment Grant Priority Rating System		
Line Item #	Category	Points
1.	Project Benefits	0 - 8
2.	System Management	
2.A	Knowledge base of utility's internal asset management team	0 - 4
2.B	Current and past rate setting practices, CIPs, etc.	0, 1, or 2
2.C	Management of asset inventory data	0 - 4
2.D	Operating Ratio (OR) is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and water/leak rates are greater than \$47/month	0, 1, or 2
3.	Affordability	
3.A	Current Monthly Utility Rate at 5,000 gallons usage	0, 1, or 2
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU Indicators are worse than the state benchmark <b>OR</b>	0
3.B.2	4 out of 5 LGU Indicators are worse than the state benchmark <b>OR</b>	1
3.B.3	5 out of 5 LGU Indicators are worse than the state benchmark	2
Total Points		24 Max



92

---

---

---

---

---

---

---

---

---

---

*Narrative Question No. 1*

- Challenges connected to benefits
- Provide any existing documentation of these challenges such as NOVs, a local water supply plan, water audits, infiltration/inflow evaluation results, etc.
- See Scoring Rationale added to Guidance



93

---

---

---

---

---

---

---

---

---

---

*Narrative Question No. 2 - Revised*

- Has the utility done any asset management or capital planning work previously?
- Give specific examples (i.e., immediate operational changes or longer-term changes in business practices) of how the system has benefited by having this information
- Provide a copy (hard copy or USB/CD) of any existing asset inventory map, smoke testing results or other condition assessment report, flow monitoring results, asset management plan or capital improvement plan
- See Scoring Rationale



94

94

---

---

---

---

---

---

---

---

---

---

*Narrative Question No. 3 - Revised*

- Identify (by title) the utility's asset management team
- Describe any asset management and/or capital planning experience or training for each
- Include any external partners (consultants, county, COG, or nonprofit staff, etc.) and describe role during project
- Differentiate between external members that are temporary (e.g., surveying companies) and those that will be continuously assisting in asset management planning (e.g., company providing long-term data management)
- Describe the role of each team member in the future after completion of the project
- See Scoring Rationale



95

95

---

---

---

---

---

---

---

---

---

---

*Narrative Question No. 4*

- Describe process used to set rates
- Include capital planning in rate setting and provide CIP if used in process
- Provide copy of rate study recommendations if applicable
- See Scoring Rationale



96

96

---

---

---

---

---

---

---

---

---

---

*Narrative Question No. 5*

- How will the utility use the information developed through this project to develop future infrastructure projects, and how will these projects be prioritized?
- How will these projects be incorporated into the CIP planning process in the future, and how will the source of funding be determined?
- See Scoring Rationale



97

97

---

---

---

---

---

---

---

---

---

---

*Narrative Question No. 6*

- How will the utility's asset inventory developed through this project be kept up to date, and how will the utility pay for this ongoing effort?
- Include any information about partnering with the county, Council of Government (COG), or others to maintain and update the asset inventory
- See Scoring Rationale



98

98

---

---

---

---

---

---

---

---

---

---

*Narrative Question No. 7*

- Provide the System Operating Ratio each year for the past three (3) years
- **Explain any discrepancies in the Operating Ratio from year to year**
- Show calculations with all numbers



99

99

---

---

---

---

---

---

---

---

---

---

*2.D - Operating Ratio*

$$OR = \frac{\text{Operating Revenues}}{\text{Total Expenditures + Debt Principal + Interest + Capital Outlay}}$$

- All values are same as those entered on Financial Information form
- “Capital Outlay” = funded from enterprise fund
- Do not use “non-operating” revenues or future revenues
- Calculate to hundredths




---

---

---

---

---

---

---

---

---

---

100

*2.D - Operating Ratio - Scoring*

- All three operating ratios are less than 1.00 and the rates for 5,000 gallons are less than \$47/month = 0 points
- All three operating ratios are less than 1.00 and the rates for 5,000 gallons are greater than or equal to \$47/month = 1 point
- All three operating ratios are greater than 1.00 = 2 points
- See Scoring Rationale if all three operating ratios are not consistently above or below 1.00




---

---

---

---

---

---

---

---

---

---

101

*Narrative Question No. 8*

- Describe any additional benefits to the utility of receiving this Asset Inventory & Assessment grant that have not been previously mentioned
- Analysis of risk to water/sewer assets associated with storm vulnerability
- See Scoring Rationale




---

---

---

---

---

---

---

---

---

---

102

*Affordability - 3.A Current Monthly Utility Bill for 5,000 Gallons*

- Based on the current monthly utility bill (in-town) for 5,000 gallons calculated using rate sheet provided
- Median rate in NC for 5,000 gallons of water or sewer = \$33/month for in-town rates
- Scoring:
  - Less than or equal to \$33/month = 0 points
  - More than \$33/month and less than or equal to \$47/month = 1 point
  - Greater than \$47/month = 2 points



103

---

---

---

---

---

---

---

---

---

---

*Affordability - 3.B Local Government Unit (LGU) Indicators*

- Only receive points for ONE sub-category
  - 3 out of 5 LGU indicators worse than state benchmark = 0 points
  - 4 out of 5 LGU indicators worse than state benchmark = 1 point
  - 5 out of 5 LGU indicators worse than state benchmark = 2 points
- LGU Indicators
  - Percent population change
  - Poverty rate
  - Median household income
  - Unemployment
  - Property valuation per capita



104

---

---

---

---

---

---

---

---

---

---

*Match Requirement*

- Based on local government unit (LGU) indicators from Affordability Criteria
  - 5 of 5 LGU indicators worse than state benchmark – 5% match
  - 4 of 5 LGU indicators worse than state benchmark – 10% match
  - 3 of 5 LGU indicators worse than state benchmark – 15% match
  - < 3 of 5 LGU indicators worse than state benchmark – 20% match
- Combination of in-kind services and “cash”
- Grant fee (1.5%) applied toward match



105

---

---

---

---

---

---

---

---

---

---

*Funded Projects*

- Letter of Intent to Fund (LOIF)
- Describe deliverables in scope submitted after LOIF
- Grant period = two years
- Requires inventory & assessment – potentially other components
- Only a small percentage of funding can be used for software or equipment



106

---

---

---

---

---

---

---

---



*Merger/Regionalization Feasibility Grants*



107

---

---

---

---

---

---

---

---

*Merger/Regionalization Feasibility Grants*

- Merger/Regionalization Feasibility grants limited to \$50,000 over 3 years
- Merger (NCGS 159G-20) – consolidation of two or more water and/or sewer systems into one system with common ownership, management, and operation
- Regionalization (NCGS 159G-20)
  - Physical interconnection
  - A wastewater system to another wastewater system for regional treatment
  - A public water system to another water system for regional treatment
- 100% grant
- Affordability Criteria does not determine eligibility for grant funding

108

---

---

---

---

---

---

---

---

*Application Components*

- Application forms – separate application for water and sewer systems
- Financial Information Form
- Fund Transfer Certification Form
- Resolution from Applicant
- Applicable rate sheets
- Narrative question responses
- Letter(s) from potential partners
  - Acknowledging applicant has applied for feasibility study funding and committing to cooperate in study
  - Does not commit partnering utility to act on recommendations



109

---

---

---

---

---

---

---

---

---

---

*Priority Rating System*

Merger/Regionalization Feasibility Grant Priority Rating System		
Line Item #	Category	Points
<b>1.</b>	<b>Technical Status</b>	
1.A	Compliance History	0, 1, 2, or 3
1.B	Past Collaboration and/or Proximity	0, 1, 2, or 3
<b>2.</b>	<b>Organizational Status</b>	
2.A	Size and Capabilities	0, 1, or 2
2.B	LGC Unit Letter	3
2.C	Operating Ratio < 1.00	1
<b>3.</b>	<b>Affordability</b>	
3.A	Current Monthly Utility Rate at 5,000 gallons usage	0, 2, or 4
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark <b>OR</b>	0
3.B.2	4 out of 5 LGU indicators are worse than the state benchmark <b>OR</b>	2
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	4
<b>Total Points</b>		<b>20 Max</b>



110

---

---

---

---

---

---

---

---

---

---

*Narrative Questions – General Discussion*

1. Has the feasibility of a merger or regionalization been studied before? What have been the barriers to either conducting a feasibility study or to implementing the recommendations from any previous studies? If a study was previously done, how will this study differ?



111

---

---

---

---

---

---

---

---

---

---

*Narrative Questions – General Discussion*

2. Describe the benefit to the local government of receiving a Merger/Regionalization Feasibility grant, including the current challenges facing the applicant and potential partners, and why merging or regionalizing might help resolve the challenges. Specifically address the system's technical, organizational, and financial situations, including:

- a. Physical assets such as treatment/supply components, distribution/collection systems, storage facilities, etc
- b. Sources of drinking water or wastewater disposal/utilization
- c. Treatment, discharge, supply, and demand capacities
- d. The current level of asset management and capital improvement planning



112

---

---

---

---

---

---

---

---

---

---

---

112

*Category 1 – Technical Status*

1. Describe any ongoing environmental protection and public health issues, such as impaired watersheds, contaminated sources, failing infrastructure, etc. **(Line Item 1.A)**



113

---

---

---

---

---

---

---

---

---

---

---

113

*Category 1 – Technical Status*

2. Discuss whether systems adjacent to the applicant appear to have adequate unallocated capacity to accommodate the applying system's needs? **(Line Item 1.B)**



114

---

---

---

---

---

---

---

---

---

---

---

114

*Category 1 – Technical Status*

- 3. Have the applicant and partner system(s) previously collaborated on utility or other issues, either on a project basis or for ongoing management? If so, describe the reasons, achievements, and benefits of the collaboration for both the applicant and partner system(s).  
**(Line Item 1.B)**



115

115

---

---

---

---

---

---

---

---

---

---

*Category 2 – Organizational Status*

- 1. Describe the organizational structure of the applicant, including the number, roles, and responsibilities of the utility and finance staff as well as elected officials, and existing management contracts if applicable.  
**(Line Item 2.A)**



116

116

---

---

---

---

---

---

---

---

---

---

*Category 2 – Organizational Status*

- 2. Describe any known challenges the utility is experiencing related to operations of the utility such as treatment complexities, water loss, inflow/infiltration, billing, excessive debt, excessive expenses compared to revenue, loss of large water or sewer accounts, etc.  
**(Line Item 2.A)**



117

117

---

---

---

---

---

---

---

---

---

---

*Category 2 – Organizational Status*

3. Has the applicant received a Local Government Commission unit letter within the last three (3) years? If so, discuss the issues presented in the letter, and how the application addressed the issues. **(Line Item 2.B)**



118

---

---

---

---

---

---

---

---

*2.C - Operating Ratio*

$$OR = \frac{\text{Operating Revenues}}{\text{Total Expenditures + Debt Principal + Interest + Capital Outlay}}$$

- All values are same as those entered on Financial Information form
- "Capital Outlay" = funded from enterprise fund
- Do not use "non-operating" revenues or future revenues
- Calculate to hundredths
- OR < 1.00 = 1 point



119

---

---

---

---

---

---

---

---

*Category 3 - 3.A Current Monthly Utility Rate at 5,000 Gallons*

- Based on the current monthly utility rate at 5,000 gallons usage provided on the application form for in-town rates
- Median rate in NC for 5,000 gallons of water or sewer = \$33/month for in-town rates
- Scoring:
  - Less than or equal to \$33/month = 0 points
  - More than \$33/month and less than or equal to \$47/month = 2 points
  - Greater than \$47/month = 4 points



120

---

---

---

---

---

---

---

---

*Category 3 - 3.B Local Government Unit (LGU) Indicators*

- Only receive points for ONE sub-category
  - 3 out of 5 LGU indicators worse than state benchmark = 0 points
  - 4 out of 5 LGU indicators worse than state benchmark = 2 points
  - 5 out of 5 LGU indicators worse than state benchmark = 4 points
- LGU Indicators
  - Percent population change
  - Poverty rate
  - Median household income
  - Unemployment
  - Property valuation per capita



121

121

---

---

---

---

---

---

---

---

---

---

*Funded Projects*

- Letter of Intent to Fund (LOIF)
- Grant period = 2 years
- Report
  - Alternatives evaluation
  - Analysis of each alternative – technical, organizational, and financial
  - Conclusions



122

122

---

---

---

---

---

---

---

---

---

---

*Questions?*




123

123

---

---

---

---

---

---

---

---

---

---

*Contact Information*

- Jon Risgaard (SRF Section Chief)
  - 919.707.9175
  - [jon.risgaard@ncdenr.gov](mailto:jon.risgaard@ncdenr.gov)
- Anita Robertson, P.E. (Wastewater applications)
  - 919.707.9174
  - [anita.robertson@ncdenr.gov](mailto:anita.robertson@ncdenr.gov)
- Vincent Tomaino, P.E. (Drinking Water applications)
  - 919.707.9058
  - [vincent.tomaino@ncdenr.gov](mailto:vincent.tomaino@ncdenr.gov)
- Amy Simes, P.E. (AIA & MRF)
  - 919.707.9192
  - [amy.simes@ncdenr.gov](mailto:amy.simes@ncdenr.gov)
- Jennifer Haynie (affordability criteria)
  - 919.707.9173
  - [jennifer.haynie@ncdenr.gov](mailto:jennifer.haynie@ncdenr.gov)



124

---

---

---

---

---

---

---

---

---

---

*ASADRA Funding Specifics*

- Remaining funds will be awarded in early 2021
- Same SRF requirements as for regular SRF funds
- To be considered this round
  - Projects must be eligible for ASADRA
  - Have submitted an application by April 30, 2020 or
  - Letter of Intent to Apply by June 17, 2020
- \$42.7M available for Fall 2020



125

---

---

---

---

---

---

---

---

---

---

*Principal Forgiveness – ASADRA Only*

- Between 20% to 30% available for both programs
- Approximately \$11.1M available for both programs

Category	Criteria	Max \$ PF	Max % PF
Non-viable Rescue	Non-viable & disadvantaged	\$3,000,000	100%
Resiliency	Received 2.N.2 or 2.N.3 points	\$1,000,000	25%
Affordability	Affordability Criteria	\$1,000,000	affordability criteria %
Floodplain	Received 2.N.1 points	\$3,000,000	100%



126

---

---

---

---

---

---

---

---

---

---

*ASADRA Eligibilities*

- Be otherwise eligible for the SRF
- System had impacts related to Hurricanes Florence and / or Michael
- Project serves at least one of the following purposes:
  - Facilitates preparation for, adaption to, or recovery from rapid hydrologic change (flooding) or any other type of natural disaster
  - Reduces likelihood of damage to systems
  - Reduces susceptibility to system damage from flood, fire, or earthquake
  - Facilitates preparation for, adaptation to, or recovery from flooding
- > 50% of construction costs ⇒ eligible for ASADRA

127

---

---

---

---

---

---

---

---

*ASADRA Eligibilities*

- ASADRA line items different than Fall 2020 2.N line items (see Appendix A in guidance)
- If eligible, may claim Line Items 2.N (both DW & WW), 2.N.1, 2.N.2, and 2.N.3
- ASADRA points listed in Appendix A of guidance



128

---

---

---

---

---

---

---

---