Agenda

• Introductions
  • WebEx orientation
  • Materials orientation
• Program overview
• Division application and additional forms
• Project priority system for construction applications
• Briefing on environmental review streamlining
• Briefing on the Viable Utility Reserve
• Wrap-Up
**WebEx Orientation**

![WebEx User Interface]

**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
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

### Common Forms

- Application form
- Guidance for supplemental information
- Resolution template
- Financial information form
- Fund transfer certification form
- Non-viability resolution template (if needed)
### Priority Points Rating Sheet and Guidance for Construction Projects

<table>
<thead>
<tr>
<th>Common Forms</th>
<th>Priority Points Rating Sheet and Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDBG-1 Additional Forms</td>
<td>Additional Resources</td>
</tr>
</tbody>
</table>

### Additional Resources

- 2019 local government unit parameters
- Affordability calculator
- Supplemental guidance for bulk connections
- Documenting low pressure
New and Changing Items

- Changes in priorities
- Electronic copies
- No PILOT
- DW – Voluntary drinking water source water protection plan
- Environmental streamlining
- VUR

Program Overviews
**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 \( \frac{1}{2} \) 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 April 30

**SRF Funding Availability**

- CWSRF – Approximately $75 million available
- DWSRF – Approximately $55 million available
- Loan Maximums
  - CWSRF – $30 million per Applicant
  - DWSRF – $20 million per Applicant
  - Can exceed if funds are available
CWSRF & DWSRF Targeted Funding

• Principal forgiveness (PF)
  • Approximately $2 million in Spring 2021 for CWSRF
  • Approximately $3 million in Spring 2021 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

SRF Construction Project Funding Schedule

<table>
<thead>
<tr>
<th>Application</th>
<th>ER Prep</th>
<th>ER Review</th>
<th>Design</th>
<th>Plan Review</th>
<th>Bid</th>
<th>ATA</th>
<th>Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
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<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
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<td>17</td>
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<td>19</td>
<td>20</td>
<td>21</td>
<td>22</td>
<td>23</td>
<td>24</td>
</tr>
</tbody>
</table>

Department of Environmental Quality
Questions?

Application and Additional Forms
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
Division Application

North Carolina Department of Environmental Quality
Division of Water Infrastructure
Application for Funding

- Revised in Winter 2021
- One application for all programs
- Best funding fit
- All sections completed
- Note: Application comes with instructions

Division Application

- Construction project applications not funded in previous round (Fall 2020) considered in Spring 2021 for the SRF
- Reconsideration
  - No additional information allowed
  - Application reconsidered as-is
  - Adding information? ⇨ Submit completely new application
### Division Application – Section 1

#### 1. General Information

<table>
<thead>
<tr>
<th>Applicant Name</th>
<th>County</th>
<th>DUNS Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Federal Tax ID #</th>
<th>PWSID # (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Applicant Type</th>
<th>Total Project Cost</th>
<th>Total Funding Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>County</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water and Sewer District</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water and Sewer Authority</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Funding Type(s) Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Inventory and Assessment Grant</td>
</tr>
<tr>
<td>Administration Feasibility Grant</td>
</tr>
<tr>
<td>Construction Project</td>
</tr>
<tr>
<td>Drinking Water (all funding except CDBG-I)</td>
</tr>
<tr>
<td>Wastewater (all funding except CDBG-I)</td>
</tr>
<tr>
<td>Stormwater, storm restoration</td>
</tr>
</tbody>
</table>

#### 2. Division Application

### Division Application – Section 2

#### 2. System Parameters

<table>
<thead>
<tr>
<th>Residential Sewer Connections</th>
<th>Residential Water Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Residential Sewer Connections</th>
<th>Non-Residential Water Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sewer Bill per 5,000 gallons</th>
<th>Water Bill per 5,000 gallons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Percentage of Utility Bills and Rate Increase Percentages

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of Utility Bills Collected</th>
<th>Rate Increase Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Complete only if applying for construction projects or CDBG-I (Questions #2 and #3 do not apply to CDBG-I only applicants).

1. I am willing to accept funding that includes federal conditions: □ Yes □ No

2. Estimated grant/principal forgiven (PF) percentage:
   □ 0% □ 25% □ 50% □ 75% □ 100%

3. If grant/ PF funding is not available at the percentage provided above, I am willing to accept a minimal grant amount of<sup>1</sup>:
   □ 0% (100% Loan) □ 25% □ 50% □ 75% □ 100%

<sup>1</sup> If available grant amount is below the percentage listed above, project will not be funded.
### Division Application – Sections 3, 4, and 5

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Applicant Contact Information</td>
<td></td>
</tr>
<tr>
<td>4. Application Preparer Contact Information</td>
<td></td>
</tr>
<tr>
<td>5. Engineer Contact Information</td>
<td></td>
</tr>
</tbody>
</table>

### Division Application – Section 6

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Project Description</td>
<td></td>
</tr>
</tbody>
</table>

Number of New Connections Served by Project (if applicable):
Division Application – Section 7

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

Division Application – Section 8

<table>
<thead>
<tr>
<th>8. Project Budget for Construction Projects Only</th>
<th>Division Funding Requested</th>
<th>Other Source Funding Requested</th>
<th>Total Cost Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sidewalk construction costs (e.g., labor, design)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracting Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Protection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permitting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Management of applicative</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Site Preparation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Documentation Preparation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration Salinaral</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL PROJECT COST</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A PE Seal for the estimate must be provided in the space to the right for the application to be considered complete.
Budget examples – Old Infrastructure

• 10,000 l.f. 8-inch pipe (60% old)

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Division Funding Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>OLD 6,000 l.f. 8-inch pipe</td>
<td>AAAAAAAA</td>
</tr>
<tr>
<td>4,000 l.f. 8-inch pipe</td>
<td>BBBBBBB</td>
</tr>
</tbody>
</table>

Certifications

• 9 items
• Read each
• Initial each
• Not applicable? N/A
Application – Completeness Checklist

Complete the following items to be included for a complete application package:

- Resolution by Governing Body of Applicant with Certification by Recording Officer
- Division Financial Information
- Division Fund Transfer Certification
- Applicable Priority Rating System Form with supporting narrative and Documentation
- Current Rate Sheets
- PT. Seal on project budget (construction projects only)

*All items are available repeated online at DEQ's website.

For each application, please provide copies that are bound (e.g., report cover with fasteners, plastic report combs, spiral or 3-ring binders.) No paper clips, staples or binder clips, for each application.

- Initial to show complete package
- Submit 1 original and 1 copy
- Copy must be electronic (USB/CD/DVD)
- Bind applications
- Strongly recommend that you either hand deliver or send via FedEx or UPS to physical address

Application – Signature

Application Signature

Please note: Original signatures are required for each application.

SIGNATURE OF AUTHORIZED REPRESENTATIVE

<table>
<thead>
<tr>
<th>TYPED NAME</th>
<th>TYPED TITLE</th>
<th>DATE</th>
</tr>
</thead>
</table>

- Application must be signed
- Authorized Representative
Additional Forms

Additional Forms – Financial Information Form

• Split out the Financial Information Form and Fund Transfer Form
• Three years of information
• Remember transfers
**Financial Information Form**

North Carolina Department of Environmental Quality
Division of Water Infrastructure
Water & sewer Financial Information Form

Complete the following information to your city's water system. Once completed forms are submitted, they will be stored in our database for appropriate action.

1. Supply the following information below:
   - **General Name:**
   - **City:**

2. Provide the following information for the past three fiscal years for which an audit has been completed and approved by the City Manager/Commission.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Operating Revenue</th>
<th>Operating Expenses</th>
<th>Total Operating Income</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$123,456</td>
<td>$67,890</td>
<td>$55,565</td>
<td>$34,567</td>
</tr>
<tr>
<td>2017</td>
<td>$111,222</td>
<td>$66,777</td>
<td>$44,444</td>
<td>$33,333</td>
</tr>
<tr>
<td>2016</td>
<td>$100,000</td>
<td>$60,000</td>
<td>$40,000</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

   **Notes:**
   - Operating Revenue:
   - Operating Expenses:
   - Total Operating Income:
   - Expenditures:

3. Certification: Please read and sign below.

   I affirm that the financial information provided is true, to the best of my knowledge, in accordance with my city’s standards, and reflecting results for the past three years. I further attest to the state of my knowledge, if I have made transfers since the past three years, these transfers are shown in line 2C of this form.

   **Signature:**
   **Date:**

**Additional Forms – Fund Transfer Certification**

- Must be completed and signed
- Go back to FY 2014
- No payment in lieu of taxes (PILOT)

North Carolina Department of Environmental Quality
Division of Water Infrastructure
Water & sewer Fund Transfer Certification

I, [Your Name], hereby certify to the best of my knowledge, that all water and sewer fund transfers from the current year have been accurately recorded in the financial information form. I also certify that all water and sewer fund transfers from the current year have been accurately recorded in the financial information form. I further certify that all water and sewer fund transfers from the current year have been accurately recorded in the financial information form.

Applicant's Certification:
- Funds used to fund the cost of water and sewer services (in accordance with G.S. 160A-272)
- Funds transferred from the local government and/or sewer revenues (in accordance with G.S. 160A-272)
- Funds transferred from the local government and/or sewer revenues (in accordance with G.S. 160A-272)
- Funds transferred from the local government and/or sewer revenues (in accordance with G.S. 160A-272)
- Funds transferred from the local government and/or sewer revenues (in accordance with G.S. 160A-272)

Date: [Date]

**Signature:**
**Date:**
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

Construction Project Funding

Project Priority Systems
Wastewater
Drinking Water
**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

**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
Priority Rating System

Category 1 – Project Purpose

1.A Consolidate Nonviable Systems

Two situations
• Failing systems
  • Drinking water
  • Wastewater
• Nonviable systems
  • Drinking water
  • Wastewater

- 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


- 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 inability 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
### 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.

- 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
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

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
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

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)
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.

1.C.1 Old Infrastructure

• Can earn additional points for old infrastructure

<table>
<thead>
<tr>
<th>Unit</th>
<th>Age in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment or Pumping Units</td>
<td>20</td>
</tr>
<tr>
<td>Distribution / Collection Lines</td>
<td>40</td>
</tr>
</tbody>
</table>

• 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

• **Explain how you know the age**
Category 1 Points (CWSRF)

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

Priority Rating System

Category 2 – Project Benefits
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.

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.
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

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
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

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
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

2.I Additional Treatment

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

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

[Diagram showing floodplain movement with points A and B, and flood elevation levels]
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

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
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

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
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

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
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

Priority Rating System

Category 3 – System Management
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

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
3.A.2 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

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
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

3C. Voluntary Source Water Protection (DW)

- **Voluntary** Source Water Protection Plan or Wellhead Protection Plan approved by the Division of Water Resources
  (not the regulatorily mandated plan for large systems)
- Include copy of plan approval letter, no more than 5 years old
- PWSID Number in plan approval letter must match the applicant
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 **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

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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
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

Priority Rating System

Category 4 – Affordability
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

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
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 $119,594
  - Percent Population Change is less than 4.26%
  - Poverty Rate is greater than 14.7%
  - Median Household Income is less than $54,602
  - Unemployment rate is greater than 3.9%

Questions?
Environmental Streamlining

Overview

- Overview of current process
- Rationale for change
- Overview of new process
- Next steps
Environmental Review – Context

• Changes impacting environmental reviews under the *SRF programs only*
• No environmental review changes for the Community Development Block Grant – Infrastructure program
• Projects funded *solely* with State Reserve or Viable Utility Reserve funds exempt from environmental review

State Environmental Review Procedure (SERP)

• Part of Operating Agreement with USEPA
• SERP
  • Part of Operating Agreement
  • Explains environmental review procedures
• Referenced in Intended Use Plans
Current Environmental Review Procedures – CE

- Two different processes
  - Clean Water State Revolving Fund (CWSRF)
    - Tabular EID format covering all resource categories
    - DWI staff review and provide comment
    - CE drafted by DWI staff
  - Drinking Water State Revolving Fund (DWSRF)
    - Applicant scopes three USFWS, USACE, SHPO
    - Applicant submits replies as part of ER
    - CE drafted by DWI staff

Current Review Procedures – FONSiS

- No real difference between CWSRF & DWSRF
- “Long-form” EID format for EID
- DWI staff send EID to review agencies
- DWI staff & resource agencies review EID
- Newspaper advertisement required for public meeting
- DWI staff drafts FONSI/EA & sends to Clearinghouse
Need for Change

• Aligning CWSRF & DWSRF environmental review processes
• Streamlining process for what truly is a no-impact project
• Addresses need for changes in public notification methods

Changes – Categorical Exclusions by Project Type (CET)

• Types of projects
  • Electrical equipment replacement / upgrades
  • SCADA replacement / upgrades
  • Projects entirely within existing boundaries or ROW
  • Service line installation, including meters
  • Stream crossings only using directional drill

• Process
  • Combining above types okay
  • Entire project must fit project types
  • Complete CET checklist
  • Include checklist as EID
  • CET checked against project description
Changes – Categorical Exclusion by Project Review (CER)

- For projects where new ground is broken or for expansions of WTPs / WWTPs / pump stations
- Utilizes minor construction activities bright-lines similar to old SEPA
- Checklist reviews environmental crosscutters
- Process
  - Review to ensure entire project below minor construction activities bright-lines
  - Complete checklist
  - Include checklist in EID
  - CER reviewed by project staff

Changes – Finding of No Significant Impact (FONSI)

- For projects above the bright-lines
  - Expansions
  - New ground broken
  - Some stream crossings
- All resource categories still reviewed & agencies consulted
- Tabular format
Changes – Public Meeting Notifications

• For FONSIs only
• Previously required in newspapers only
• Will be allowed
  • Newspaper
  • Posting in public places
  • Web page posting
• Proof of publication / posting required
• 2-week notification still required

Next Steps

• Vet with focus group
• Finalization of new SERP with EPA
• Implementation with funding from Spring 2021 round – Changes implemented with ERs/EIDs due in December 2021
• Trainings
  • Fall application training
  • Specific training for newly funded projects
  • Webinar / videos will be available
Questions?

Viable Utility Reserve Briefing
**Viable Utility Program**

- Anticipated applications available in Fall 2021
- Signed into law on July 1, 2020 (Reform of Water and Wastewater Public Enterprises, S.L. 2020-79)
  - Foster the viability of water and wastewater operations across the state by:
    - identifying distressed local government units and
    - provide a process to develop viable water/sewer utilities.
- Partners SWIA and LGC
- Creates Viable Utility Reserve fund
- Current funding $9 million non-recurring

**Distressed Criteria**

- Distressed criteria was created to assist local government utilities in finding solutions that will allow for them to be financially sound and viable moving forward.
- 4 approved criteria
  1. LGC has formally taken control of LGU
  2. No annual audit submitted in the past 2 years
  3. Total Assessment Criteria score (20 separate parameters with value ranging from 1-4)
    - 9 for LGUs with both drinking water & wastewater systems
    - 8 for LGUs with only one service (drinking water or wastewater)
  4. Other information has become available
Designated Distressed

- Process laid out in legislation
  - Conduct an asset assessment and rate study
  - Participate in a training and educational program
  - Develop an action plan, taking into consideration all of the following:
    - A short-term and a long-term plan for
      - infrastructure repair, maintenance, and management.
    - Continuing education
    - Long-term financial management to ensure sufficient revenue to fund
      - management and operations,
      - personnel,
      - maintenance

Viable Utility Reserve Fund

- Requires SWIA and LGC approval of amounts and terms
- May have specific performance measures written into the grant
- May be used for
  - Emergency operating grants (If LGC has assumed control of affairs)
  - Studies (incl. rate studies)
  - Capital projects
- Anticipated applications available in Fall 2021
Next Steps

- Designation of distressed systems
- Develop VUR funding prioritization and application system to encourage participation and better ensure best use of limited funding
- Ensure other funding programs support the most at need utilities
- Work with highest priority systems to meet Statutory requirements and improve viability.
  - Short-term action plans
  - Long-term action plans

Next Steps

- Continue to coordinate with resource agencies to provide support to distressed systems
  - League of Municipalities
  - NC Council of Government
  - NC Rural Water Association
  - Southeast Rural Community Assistance Project
  - UNC Environmental Finance Center
- Continue to adapt to the needs of local governments within statutory framework
Questions?

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