

**State Water Infrastructure Authority
North Carolina Department of Environmental Quality**

December 14, 2016

**North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, North Carolina**

The State Government Ethics Act (North Carolina General Statute § 138A) mandates that the Chair inquire as to whether there is any known conflict of interest or potential conflict of interest with respect to any matters before the Authority today. If any member knows of a conflict of interest or potential conflict of interest, please identify the conflict at the time the conflict becomes apparent.

The times indicated for each Agenda Item are merely for guidance. The Authority will proceed through the Agenda until completed.

AGENDA

Kim H. Colson, Authority Chair, Presiding

9:00 A. Call to Order – Chair Colson

1. Welcome
2. Reminder of Conflict of Interest and Compliance with State Government Ethics Act
3. Please set electronic devices to off or vibrate

9:05 B. Approval of Meeting Minutes (Action Items)

1. September 21, 2016 Authority Meeting
2. October 19, 2016 Authority Meeting via Conference Call

9:10 C. Attorney General’s Office Report – Phillip Reynolds

9:15 D. Chair’s Remarks – Chair Colson

9:25 E. Authority Members’ “Evaluation of Statement of Economic Interest” – Jessica Leggett

9:30 F. Communications Update – Cathy Akroyd, Division Public Information Officer

9:35 G. Master Plan Committee Report – Committee Chair Maria Hunnicutt (Action Item)

9:45 H. CDBG-I Funds for Public Schools – Julie Cubeta (Action Item)

10:00 I. September 2016 Application Round Update and Planning for Jan. 2017 Meeting

10:45 Break

11:00 J. Local Government Finance – Greg Gaskins, Deputy Treasurer, Secretary of the Local Government Commission; State and Local Finance Division of the Office of State Treasurer

11:45 K. Planning for 2017 Work – Francine Durso

11:55 L. Informal Comments from the Public

12:05 M. Concluding Remarks by Authority Members, Chair and Counsel

12:15 N. Adjourn

Reminder to All Authority Members: Members having a question about a conflict of interest or potential conflict should consult with the Chair or with legal counsel.

Reminder to Authority Members Appointed by the Governor: Executive Order 34 mandates that in transacting Commission business each person appointed by the Governor shall act always in the best interest of the public without regard for his or her financial interests. To this end, each appointee must recuse himself or herself from voting on any matter on which the appointee has a financial interest.

State Water Infrastructure Authority
North Carolina Department of Environmental Quality
September 21, 2016 in Asheville, North Carolina
Meeting Minutes

State Water Infrastructure Authority Members Attending Meeting

- Kim Colson, Chair; Director, Division of Water Infrastructure
- Johnnie Carswell, Burke County Commissioner
- Leila Goodwin, Water Resources Engineer
- Maria Hunnicutt, Manager, Broad River Water Authority
- Dr. Patricia Mitchell, Assistant Secretary, Rural Development Division, Department of Commerce
- JD Solomon, Vice President, CH2M
- Cal Stiles, Cherokee County Commissioner
- Charles Vines, Mayor of Bakersville

Division of Water Infrastructure Staff Attending Meeting

- Julie Haigler Cubeta, Community Block Development Grant – Infrastructure Unit Supervisor
- Francine Durso, Special/Technical Issues Senior Program Manager
- Seth Robertson, State Revolving Fund Section Chief
- Jennifer Haynie, Environmental and Special Projects Unit Supervisor
- Amy Simes, Senior Program Manager
- Jessica Leggett, Project Manager, Environmental and Special Projects Unit
- Cathy Akroyd, Public Information Officer

Department of Justice Staff Attending Meeting

- Mary Lucasse, NC Department of Justice; Special Deputy Attorney General, Environmental Division

Item A. Call to Order

Mr. Colson opened the meeting and reminded the members of the State Water Infrastructure Authority (SWIA) of General Statute 138A-15 which states that any member who is aware of a known conflict of interest or an appearance of a conflict of interest with respect to matters before the Authority that day is required to identify the conflict or appearance of a conflict at the time the conflict becomes apparent.

Item B. Approval of Meeting Minutes

Mr. Colson presented the draft meeting minutes from the July 2016 Authority meeting for approval.

Action Item B:

- Dr. Mitchell made a motion to approve the July 20, 2016 Authority meeting minutes. Mr. Vines seconded the motion. The motion passed unanimously.

Item C. Attorney General's Office Report

Ms. Mary Lucasse substituted for Phillip Reynolds today. She had no items to report.

Item D. Chair's Remarks

The next funding application deadline is Sept. 30, 2016. Staff held application training at eight locations around the state during the first two weeks of August; over 150 people attended these training sessions. The restructured application that allows an application to be scored for more than one program was covered as part of the training. There were not many questions about the Connect NC bond funds. The Division had been asked to present information to the Blue Ribbon Commission to Study the Building and Infrastructure Needs of the State, on Sept. 12, 2016, but the meeting was cancelled. When polled, the Authority members stated that they would like to receive materials for the January 2017 meeting after the first of the year.

The Water Resources Reform and Development Act (WRRDA) was passed by the U.S. Senate. It is mostly related to navigation improvements but there are also water infrastructure provisions with a focus on drinking water issues, particularly as related to the Flint, Michigan issues. If passed by the House there will be changes to the SRF program priorities. However, the items prioritized by the Authority would cover the changes that are proposed.

Item E. Legislative Update

Session Law 2016-95, Coal Ash Management Act Modifications, appropriated up to \$450,000 to the Authority to fund grants to local governments operating public water supplies in areas surrounding coal combustion residuals impoundments. These grants would provide funds for additional staff for permitting and construction activities to facilitate establishment of permanent water supplies to households eligible for connection to public water supplies pursuant to NCGS 130A-309.211(c1). These funds cannot be used to create new water systems. Staff will present additional information as it becomes known.

Item F. CDBG-I Funds for Public Schools

The fiscal year 2016-2017 budget transferred about \$4.5 million in de-obligated CDBG funds from the Department of Commerce to the Department of Environmental Quality specifically for water and sewer infrastructure for public schools. Division staff are investigating NOVs and SOCs to identify public schools that may have the most significant issues. In December, staff will present proposed criteria for fund distribution and will need to schedule a public hearing about the criteria.

Item G. Communications Update

Ms. Cathy Akroyd, the Division's Public Information Officer, presented an update about the Division's communications activities. Following the Authority's July 2016 funding decisions of \$127 million, nearly a dozen newspapers carried articles about the funding. A number of publications are in the works including an article in "Water Finance and Management" featuring an interview with Chair Colson.

Item H. Proposed 2017 Authority Meeting Schedule

At its July 2016 meeting the Authority reviewed the following proposed dates for its regular meetings in 2017: January 18, April 19, July 19, September 20, October 18, and December 13. The Authority stated that it would be helpful to know the general focus of each meeting date, such as funding decisions and learning sessions.

Action Item H:

Ms. Goodwin made a motion to approve the proposed regular meeting schedule for 2017. Mr. Stiles seconded the motion. The motion passed unanimously.

Item I. Presentations by Western NC Local Governments and Councils of Government

Presentations were made by representatives of the five entities listed below. The presentations are posted on the Division's website at this location: <http://portal.ncdenr.org/web/wi/authority-meetings>

- Tuckaseegee Water & Sewer Authority – Dan Harbaugh, Executive Director
- Southwestern Commission – Sarah Thompson, Executive Director
- Land of Sky Council of Government – Karen Kiehna, Principal Planner for Economic and Community Development
- High Country Council of Government – Phillip Trew, Director of Planning & Development
- City of Hickory – Kevin Greer, Assistant Public Services Director, and Chuck Hansen, Public Services Director

Authority members expressed great appreciation for all of the speakers and were very interested in hearing about the entities' local issues and how they have approached solutions in different ways. The Authority thanked each speaker for traveling to and presenting at the meeting.

Item J. Master Plan Committee Report

Division staff engaged with key stakeholders to receive comments about the draft plan, reviewed the comments with the Master Plan Committee, and is moving forward to finalize the draft document. Stakeholder input was positive and supportive. The Committee sought input from the Authority on two issues:

- Should the master plan define the term “public” utilities? After discussion, the Authority determined that this was not needed.
- How should “unmet needs” be described? In the master plan this term refers to those needs that cannot be met with funds provided through the Division's funding programs and the USDA Rural Development funding program. Also, a key point is that grants are available to fund only 6% of drinking water needs and 7% of wastewater needs in the next two years. After discussion, the Authority determined that these needs are not “unmet”, but are needs that must be met by other funding sources such as revenue generated by a utility. Otherwise, these are needs that will be deferred.

Staff will solicit public comments on the draft master plan for approximately four weeks and plans to request approval of the master plan at the December Authority meeting.

Item K. Draft 2016 Annual Report

Staff presented an overview of the Authority's draft Annual Report, which is due to the legislature by November 1. The four focus areas of the Authority's work and accomplishments during the year were discussed: distribute loan and grant funds; define water infrastructure needs and develop a master plan; evaluate emerging practices in utility management; and develop a troubled system protocol. Key activities for next year include monitoring and evaluating recent funding program changes, strengthening partnerships, and developing a troubled system protocol. The Authority pointed out that river basin-related management needs to be further addressed in the coming year. Staff requested that the Authority provide comments on the draft report by Oct. 5. Staff will make revisions and seek approval of the final report at the Authority's Oct. 19 meeting.

Item L. Informal Comments from the Public

Chair Colson stated that public comments could be made at this time with the reminder that in accordance with the Authority's Internal Operating Procedures, comments must be limited to the subject of business falling within the jurisdiction of the Authority and should not be project-specific. There were no informal comments from the public.

Item M. Concluding Remarks by Authority Members, Chair, and Counsel

Authority members expressed interest in hearing from entities in central and eastern North Carolina, as they did today from western entities.

Dr. Mitchell announced that she will be leaving the Department of Commerce on Dec. 31, 2016 to take a position at Appalachian State University. She will be teaching economic development in the Master of Public Administration program.

Mr. Solomon stated that the Institute of Asset Management has asked him to lead a subject specific guideline team on maintenance practices.

The next Authority meeting date is October 19, 2016, which could be held as a conference call. The primary agenda item will be the approval of the 2016 Annual Report. Authority members supported holding the October 19, 2016 meeting by conference call.

Item N. Adjourn – The meeting was adjourned.

State Water Infrastructure Authority
North Carolina Department of Environment and Natural Resources
October 19, 2016, 9:00 AM
Meeting via Conference Call
Archdale Building 8th Floor Conference Room, Raleigh, NC
Meeting Minutes

State Water Infrastructure Authority Members Attending Meeting

- Kim Colson, Chair; Director, Division of Water Infrastructure (via conference call)
- Johnnie Carswell, Burke County Commissioner (via conference call; part time)
- Leila Goodwin, Water Resources Engineer (via conference call)
- Robin Hammond, Assistant General Counsel, Local Government Commission (via conference call)
- Maria Hunnicutt, Manager, Broad River Water Authority (via conference call)
- JD Solomon, Vice President, CH2M (via conference call; part time)
- Cal Stiles, Cherokee County Commissioner (via conference call)
- Charles Vines, Manager, Mitchell County (via conference call)

Division of Water Infrastructure Staff Attending Meeting

- Julie Haigler Cubeta, Community Block Development Grant – Infrastructure Unit Supervisor
- Francine Durso, Special/Technical Issues Senior Program Manager
- Seth Robertson, State Revolving Fund Section Chief
- Jennifer Haynie, Environmental and Special Project Unit Supervisor
- Cathy Akroyd, Public Information Officer

Item A. Call to Order

Mr. Colson opened the meeting and reminded the members of the State Water Infrastructure Authority (SWIA) of General Statute 138A-15, which requires that any member who is aware of a known conflict of interest or an appearance of a conflict of interest with respect to matters before the Authority today identify the conflict or appearance of a conflict at the time the conflict becomes apparent. A roll call was taken to identify which Authority members were present via conference call.

Item B. Attorney General's Office Report

Mr. Phillip Reynolds had no items to report.

Item C. Revised Draft 2016 Annual Report

The Division had provided the Authority with a draft revised 2016 Annual Report based on the Authority's comments received during the Sept. 21, 2016 Authority meeting. Staff reviewed the key modifications to the report. A suggestion was made to include statements that public comments had been solicited on the affordability criteria before adoption by the Authority, and that public comments are currently being solicited on the draft Master Plan. The Authority members supported this revision.

Action Item C

- Mr. Vines made a motion to approve the report for submittal by staff by November 1, 2016. The motion was seconded by Mr. Solomon. The motion passed unanimously.

Item D. Master Plan Committee Report

Ms. Hunnicutt stated that the draft Master Plan was posted on the Division's website on October 17 and that comments will be accepted through November 11, allowing four weeks for comments. Staff have notified stakeholders, resource partners, and the speakers from the Authority's September 2016 meeting that the draft is ready for review, and has also circulated the announcement through the UNC-EFC NC Water listserv.

Item E. September 2016 Funding Round Application Update – Chair Colson

Mr. Colson stated that the applications received during the September 2016 funding round totaled \$425 million in requests as follows: \$66 million for CDBG-I; \$133 million for drinking water; \$202 million for clean water; \$24 million for Asset Inventory and Assessment; and 2 applications for Merger/Regionalization Feasibility. The approximate amount of funding that is available, including the Connect North Carolina bonds, is \$318 million.

Staff stated that this is the first round in which applicants for drinking water and clean water projects were not asked to indicate the specific program from which funding was requested (except for CDBG-I applications). This approach is one of the positive changes that has been made to the application and funding process, allowing funding packages to be tailored to best coordinate the use of funds available from the various funding programs administered by the Division.

Note: Mr. Solomon was no longer on the conference call starting at this point in the meeting.

Item F. Non-Recurring Appropriation to State Reserve Program: Specified Situation

The state's fiscal year 2016-2017 budget contains a non-recurring appropriation to the State Reserve Program designated to specific local government units or situations. One of the specified situations is for wastewater infrastructure improvements that meet the following three criteria:

- A municipality located in a development tier three county,
- Where the municipality has a population under 100, and
- Has been issued Notices of Violation by the County and the Division of Water Resources

The Town of Love Valley's application is the only application that meets the three criteria listed above. The Town applied during the Sept. 2016 application round for \$2.6 million for the construction of a subsurface disposal system to eliminate the existing illegal discharge of untreated wastewater. The special provision is \$400,000 for this situation. The Town stated that for the appropriated \$400,000, a portion of the needed infrastructure for the permanent solution (i.e., some of the collector sewer lines and pump station wet well) could be constructed and then utilized for the interim "pump and haul" activities to cease the illegal discharge.

Staff recommended that the Authority approve funding in the amount of \$400,000 for the Town of Love Valley's sanitary sewer system to enable the Town to cease the illegal discharge as soon as possible. Staff noted that the balance of the requested funds would be reviewed by the Authority in January 2017 along with the other applications received for the September 2016 funding round.

Action Item F

- Mr. Stiles made a motion to approve funding in the amount of \$400,000 for the Town of Love Valley's sanitary sewer system. The motion was seconded by Ms. Goodwin. The motion passed unanimously.

Item G. Informal Comments from the Public

Chair Colson stated that public comments could be made at this time. There were no informal comments from the public.

Note: Mr. Carswell joined the conference call starting at this point in the meeting.

Item H. Concluding Remarks by Authority Members, Chair, and Counsel

Chair Colson thanked the Authority members for participating by conference call.

Item I. Adjourn – The meeting was adjourned.

DRAFT

State Water Infrastructure Authority
Meeting Date: December 14, 2016
Agenda Item G – Master Plan Committee Report

Background

The Master Plan Committee has worked with the Authority and the Division of Water Infrastructure staff for more than a year to develop the draft “North Carolina Statewide Water and Wastewater Master Plan: The Road to Viability”.

During the summer of 2016, Division staff engaged with key stakeholders to receive comments about the draft plan. The Master Plan Committee reviewed the comments and presented several items for consideration by the Authority at its September 2016 meeting. Staff then finalized the draft plan and solicited public comments for four weeks, from Oct. 17 through Nov. 11, 2016.

Comments Received

After the public comment period ended, the Master Plan Committee reviewed the public comments received. The comments were positive and supportive.

One commenter suggested the inclusion of three additional topics in the plan: stormwater management, watershed protection measures, and reclaimed water facilities. These issues are included in Section 10 of the draft master plan, “Moving Forward”, as items to address in future master planning efforts.

One commenter expressed concerns about references made to the privatization of utility systems. Privatization is presented in the draft master plan as one of many options that encompass a range of partnership solutions, including shared management opportunities, contract operations, public-private partnerships, inter-local agreements and other activities or arrangements.

After discussion, the Master Plan Committee concluded that no changes to the draft master plan were needed.

Master Plan Committee Recommendation

The Master Plan Committee recommends that the Authority approve the draft “North Carolina Statewide Water and Wastewater Master Plan: The Road to Viability” as final.

State Water Infrastructure Authority

Meeting Date: December 14, 2016

Agenda Item H – Funding Criteria and Procedures for Resolving Critical Water and Sewer Needs at Public Schools

Division of Water Infrastructure Staff Report

Background

North Carolina General Statute G.S. 159G-71 contains the powers and the duties of the State Water Infrastructure Authority (Authority) which includes the following:

- To establish priorities for making loans and grants under this Chapter, consistent with federal law.

The FY 2017 budget allocated \$4,489,692 in deobligated CDBG funds to the Department of Environmental Quality to fund water and sewer infrastructure needs at public schools. Because these funds were recaptured without the associated administration funding attached, grants from these funds will require a 10% local dollar match to cover the expenses of administering the CDBG grant, and the development of plans and activities associated with compliance with the Fair Housing Act, Section 3 of the Housing and Urban Development Act of 1968, Language Access Plans, the Davis-Bacon Act, and other federal regulations attached to the CDBG program.

These funds are a one-time appropriation, and in the current award scheme would fund only two to three projects. The Division would like to be able to spread this funding a bit more than only two to three projects, and so propose to target these funds to schools with on-site water and wastewater systems. Typically, schools with on-site water and wastewater systems do not have the option of connecting to a public water or sewer system, and if their systems fail, the consequences are dire. The maximum grant will be \$1.0 million. Eligible schools will be required to have at least 51% of the student population eligible for free and reduced price lunches to meet the low- moderate-income requirements of the program. Water or sewer issues that may cause human or environmental health problems will receive priority, although applications from qualifying schools for less critical projects will be accepted.

Proposed Priority Criteria

The proposed priority criteria presented below are intended to prioritize water and wastewater problems of a critical nature – where public health or environmental health is endangered – in areas of low income, low property valuations and high tax burdens. Because school infrastructure, whether it is buildings, playgrounds, or water and sewer infrastructure, is financed primarily through property taxes collected by the county, the tax burden per capita will also be considered to prioritize those areas where the tax burden is high.

The priority criteria for funding public schools with on-site water and wastewater systems is composed of four categories. Categories 1 and 2 are the same as the priority criteria used for the State Revolving Funds, state reserve programs, and the CDBG-I program. The project purpose and benefits cover the remediation options for on-site systems and the benefits conveyed by resolving the problems.

Category 3, Financial Situation and Demographics, is the most heavily weighted. In this category, higher points will be accrued by counties having lower populations, lower property valuations, and higher tax burdens. Data from the Affordability Calculator are used in this category. The lines items in Categories 3 and 4 are explained following the table.

CATEGORY 1 – PROJECT PURPOSE (20 POINTS MAX)			
Line Item		Max Points	Points
1.A	Project will eliminate, by merger with a public system, a failing on-site water or sewer system	15	
1.B	Project will replace a failing on site water or sewer system with a new on-site system	20	
1.C	Project will rehabilitate aging water/sewer infrastructure components	10	
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than or equal to 20 years old, OR lines, storage tanks, and drinking water wells to be rehabilitated or replaced are greater than or equal to 40 years old	2	
Subtotal for Category 1 – Project Purpose (max = 20)			
CATEGORY 2 – PROJECT BENEFITS (30 POINTS MAX)			
Line Item		Max Points	Points
2.A	Project provides specific environmental/public health benefit by replacement, repair or merger	20	
2.B	Project directly addresses enforcement documents	10	
2.C	Project addresses low pressure in an on-site water system	4	
2.D	Project addresses acute contamination in the on-site water supply	10	
2.E	Project addresses non-acute contamination in the on-site water supply	6	
Subtotal for Category 2 – Project Benefits (max = 30)			
CATEGORY 3 – FINANCIAL SITUATION AND DEMOGRAPHICS (40 POINTS MAX)			
Line Item		Max Points	Points
3.A	Poverty rate of the county	up to 10	
3.B	Population of the county	up to 10	
3.C	Property valuation per capita	up to 10	
3.D	Tax burden per capita	up to 10	
Subtotal for Category 3 – Financial Situation and Demographics (max = 40)			
CATEGORY 4 – PROJECT READINESS (10 POINTS MAX)			
Line Item		Max Points	Points
4.A	Project has approved plans and specifications	5	
4.B	Project has all permits	5	
Subtotal for Category 4 – Project Readiness (max = 10)			
TOTAL OF POINTS FOR ALL CATEGORIES		100	

- For Item 3.A, up to 10 points are awarded when the applicant’s poverty rate is higher than the state poverty rate of 17.6 percent. Points accrue to counties having poverty rates higher than the state rate, up to a maximum of 10 points.
- For Item 3.B, up to 10 points are awarded when the applicant’s population is less than average population of the 96 non-entitlement counties, which is 76,000 (all counties except Cumberland, Mecklenburg, Union, and Wake). Points accrue to counties having populations lower than 76,000, up to 10 points.
- For Item 3.C, up to 10 points are awarded when the property valuation per capita is less than the non-entitlement counties’ average. The total property valuation in the 96 non-entitlement counties, divided by the average population of the 96 non-entitlement counties equals \$99,611.
 - Note that the property valuation of the applicant county for FY15 is divided by the population of the county, to yield the property valuation per capita. Points are accrued by applicants having a property valuation per capita of less than \$99,611, up to 10 points.
- For Item 3.D, up to 10 points are awarded when the tax burden per capita is greater than the non-entitlement counties’ average of \$632.37 per capita (total average revenues collected by the 96 non-entitlement counties divided by the average population of a non-entitlement county). An embedded calculation determines points, up to a maximum of 10 points. A tax burden per capita higher than \$632.37 will receive up to ten points.

Category 4, Project Readiness, evaluates the status of the project from a readiness to construct perspective. For Item 4.A, applicants would submit the plans and specifications approval letter from DEQ (or other agency as appropriate). For Item 4.B, applicants would submit copies of all other permits (e.g., 404, sedimentation, building, etc.) required for construction in order to receive points.

Potential Projects

Over the last few months, the Division has received lists of schools with corresponding percentages of free and reduced price lunches from the Department of Public Instruction. Division staff have consulted with engineers in the Department of Public Instruction, with regional DEQ inspectors in both the Clean Water and Drinking Water programs, and with the Department of Health and Human Services on-site system inspectors to determine the problems that exist and where those eligible schools are located. School systems would have to certify that the schools for which the county is applying have at least 51 percent of the school population receiving free and reduced priced lunches. These certifications will be cross-referenced with the Department of Public Instruction. The potential projects identified so far include the following:

Applicant Name	School Name	Project Description
Caldwell County	Baton Elementary School	Wastewater. Old system (~40+ years), has passed the treatment system's effective life span. Treatment unit (sandfilter) has been covered over and never replaced.
Caldwell County	Happy Valley Elementary	Wastewater. Old system, treatment units are far apart. The piping carrying the wastewater is a lengthy distance. It is terra cotta and needs replacement.
Cherokee County	Hiwassee Dam High School	Wastewater. Old system, past its effective life span.
Macon County	Nantahala School	Wastewater. Old system (~40+ years old). Metal tank corrosion. Plan has been developed with cost estimate for new system, but can't afford.

Applicant Name	School Name	Project Description
Haywood County	Bethel Middle School	Wastewater. Old metal package plant. May be able to do draw down and recondition structure and appendages.
Yancey County	Bee Log School	Wastewater. Failed Health Dept. system. Health Dept. has them on "pump and haul" because they can't afford a new WW system. The new WW system will be permitted through DEQ. May build new school; need to investigate further.
Jackson County	Blue Ridge School	Water. Elevated storage tank needs to be rehabilitated.
Jackson County	Smokey Mtn. Elementary School	Water. Elevated storage tank needs to be rehabilitated.
Yancey County	South Toe Elementary	Water. Existing calcite filter system for corrosion control is cumbersome and filter media has to be changed out yearly to maintain pH within ranges to prevent lead and copper corrosion. If funds were available, system would submit engineering plans for a soda ash system for corrosion control.
Yancey County	Bee Log Elementary	Water. Existing calcite filter system for corrosion control is cumbersome and filter media has to be changed out yearly to maintain pH within ranges to prevent lead and copper corrosion. Well site is close to stormwater, building, and septic lines. Water system does not have plan approval. Plans are to build new school which will incorporate this school.
Robeson County	South Robeson High School	Wastewater. From DHHS: addition of a subsurface system required to handle the cafeteria. Need to learn more.
Nash County	Southern Nash Middle School	Wastewater. The chlorine contact chamber needs to be replaced.
Person County	Woodland Elementary School	Wastewater. The discharge of the well water treatment system (ion exchange) for the subject school has contributed to groundwater impacts. In response, the school system has installed a new well and again needs to dispose of the back wash waste water being produced by the ion exchange system. Currently there is not enough room at the facility to permit land application of the waste on-site. The school needs sufficient land to facilitate the non-discharge land application of wastewater for this system.
Halifax County	Aurelian Springs Elementary School	Wastewater. On-site system; currently exceeding limits for fecal coliform in groundwater.

Applicant Name	School Name	Project Description
Halifax County	Hollister School	Wastewater. This is a DEM-transferred system, initially issued operating permits by the Division of Environmental Management in the mid-80s or the early 90s. The treatment train components may be in need of replacement by this time.
Robeson County	Green Grove Elementary	Wastewater. This is a DEM-transferred system, initially issued operating permits by the Division of Environmental Management in the mid-80s or the early 90s. The treatment train components may be in need of replacement by this time.
Robeson County	Oxendine Elementary	Wastewater. This is a DEM-transferred system, initially issued operating permits by the Division of Environmental Management in the mid-80s or the early 90s. The treatment train components may be in need of replacement by this time.
Robeson County	Union Elementary	Wastewater. This is a DEM-transferred system, initially issued operating permits by the Division of Environmental Management in the mid-80s or the early 90s. The treatment train components may be in need of replacement by this time.
Robeson County	South Robeson High	Wastewater. This is a DEM-transferred system, initially issued operating permits by the Division of Environmental Management in the mid-80s or the early 90s. The treatment train components may be in need of replacement by this time.
Warren County	South Warren Elementary	Wastewater. This is a DEM-transferred system, initially issued operating permits by the Division of Environmental Management in the mid-80s or the early 90s. The treatment train components may be in need of replacement by this time.
Currituck County	Knott's Island School	Water. In 1993, Knott's Island School tested positive for lead and copper, and low pH. System began to feed caustic (NaOH) to address the low pH. This treatment requires daily visits of the ORC who travels by ferry from the mainland on each visit. If the system could install a new well with higher pH or a new treatment (calcite contactor) the ORC would not be required to make daily trips to the water system, and would avoid the hazards of dealing with NaOH.
Gates County	Buckland Elementary School	Wastewater. Needs a new WWTP, record of enforcements, NOV's and NOD's. Red brick used in treatment system creating color issues.
Gates County	T.S. Cooper Elementary School	Wastewater. Facility Improvements needed at the plant.
Gates County	Gatesville Elementary School	Wastewater. Facility improvements needed.

Applicant Name	School Name	Project Description
Ashe County	Blue Ridge Elementary	Water. They are having well yield problems, and would consider drilling a new well.
Stokes County	Sandy Ridge Elementary	Water. Well with periodic sampling showing detection of xylene, however the concentration is less than the MCL.

The potential projects with vague descriptions will be investigated by DEQ engineers to determine the exact nature of the problem, and conversations will occur with school system staff to verify the problems prior to submission of an application.

Next Steps

If the Authority approves the proposed priority criteria, the Division will hold a public hearing in January 2017 to announce an amendment to the CDBG annual action plan and a change in the method of distribution of funds. The public hearing will be followed by a series of community meetings in each DEQ region in February 2017 to help ensure that the universe of schools with on-site water and wastewater problems has been identified. At the Authority’s April 2017 meeting, Division staff will report on the results of the hearing and public meetings, and will request permission to issue invitations to each school system with an eligible project to apply for funding. “How-to-apply” classes will be advertised and held in late April, with applications taken in early June, with funding recommendations made to the Authority in the July Authority meeting.

Staff Recommendation

Division staff recommend that the Authority approve as draft the proposed priority criteria and direct staff to hold a public hearing on the proposed priority criteria in January 2017.

State Water Infrastructure Authority
Meeting Date: December 14, 2016
Agenda Item I – September 2016 Application Round Update and Planning for
January 2017 Meeting

Division of Water Infrastructure Staff Report

Background

The September 2016 application round was the first to use the streamlined application process in which an applicant indicated a project type instead of the specific funding program anticipated. Approximately 350 applications were received. The project types are:

- Construction project (wastewater, drinking water or stormwater/ stream restoration)
- CDBG-I project
- Asset Inventory and Assessment (AIA)
- Merger/ Regionalization Feasibility (MRF)

Using the streamlined process, Division staff determined the possible source(s) of funding for which an applicant/project was eligible. If an applicant was eligible to receive grant funds, the affordability criteria was applied to determine the percentage of the project cost that could be offered as a grant.

If an applicant/project may be considered for funding from more than one source of funds, the Division will formulate a strategy for project funding. The Authority will make funding decisions at its January 18, 2017 meeting.

Work for Today

In order to prepare to present the applications to the Authority in January, staff identified a number of issues which would be helpful to discuss with the Authority, as follows:

1. Strategy for pairing state grants with state loans to attempt to fully fund projects (subject to funding caps)
 2. For AIA applications, funding both water and wastewater for the same applicant, consistent with the Authority's previous AIA grant approvals
 3. The amount of state appropriated funds that may be made available for AIA and MRF grants
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State Water Infrastructure Authority

Planning for 2017 Work – Agenda Item K; December 14, 2016 Authority Meeting

Key Theme	NCGS 159G Powers and Duties		Accomplishments in 2016	Work Tasks for 2017	Schedule
Project Funding	1	Review funding recommendations by Division of Water Infrastructure	<ul style="list-style-type: none"> • Approved spring and fall funding applications for all programs • Reviewed, approved and implemented new funding programs to support utility viability through: <ul style="list-style-type: none"> ○ Asset Inventory & Assessment grants ○ Merger/Regionalization Feasibility grants • Reviewed, approved and implemented affordability criteria 	These are on-going activities of the Authority	<ul style="list-style-type: none"> • Approve funding in January and July 2017 • Review changes to priorities, criteria, etc. as may be identified during the year
	2	Establish priorities for funding, consistent with federal law			
	3	Review the criteria for making loans and grants			
	4	Develop guidelines for making loans and grants			
Infrastructure Needs and Funding Sources	5	Develop a water infrastructure master plan	<ul style="list-style-type: none"> • Completed “North Carolina Statewide Water and Wastewater Infrastructure Master Plan: The Road to Viability” <ul style="list-style-type: none"> ○ Addresses the Authority’s overarching approaches to these tasks • Staff has improved the system of coordinating funding with other state and federal funders through focused quarterly Funders Forum meetings 	<ul style="list-style-type: none"> • Master Plan outreach: <ul style="list-style-type: none"> ○ Develop work plan ○ Implement work plan in conjunction with resource partners • Continue to coordinate funding with other state and federal funders 	<ul style="list-style-type: none"> • Work plan for Master Plan outreach is being developed • Standing quarterly Funders Forum meetings
	6	Assess role of the State in funding water infrastructure			
	7	Analyze adequacy of projected funding			
	8	Recommend ways to maximize the use of funding resources			

Key Theme	NCGS 159G Powers and Duties		Authority Accomplishments in 2016	Work Tasks for 2017	Potential Schedule
Best and Emerging Practices	9	Review the application of management practices	Practices including Asset Inventory & Assessment and Merger/ Regionalization are a major component of the Master Plan	Work with resource partners identified in master plan to continue to develop and assess practices and roles	Present information and updates as needed during the year
	10	Assess the role of public-private partnerships	Addressed in Master Plan as area of work for 2017: "A range of partnership solutions that might include shared management opportunities, contract operations, public-private partnerships, privatization, inter-local agreements, and other activities or arrangements"		
	11	Assess the application of the river basin approach to utility planning and management	Addressed in Master Plan as area of work for 2017: "Basinwide water resources management issues such as interbasin transfers and water quality"	Identify key basinwide issues to consider for more integrated planning such as inter-basin transfers, nutrient credit trading, etc.	Address during summer 2017
Troubled Systems	12	Assess the need for a "troubled system" protocol	<ul style="list-style-type: none"> Established need for the protocol Identified key, overarching issues Staff holds quarterly meetings with the LGC Secretary and staff 	Work with resource partners identified in master plan to develop potential protocol and permanent solutions	Update Authority at April 2017 meeting