

State Water Infrastructure Authority
North Carolina Department of Environment and Natural Resources
July 17, 2014
Meeting Minutes

State Water Infrastructure Authority Members Attending Meeting

- Kim Colson, Chair; Director, Division of Water Infrastructure
- Vance Holloman, Deputy Treasurer, Local Government Commission (LGC)
- Maria Hunnicutt, Manager, Broad River Water Authority
- Dr. Patricia Mitchell, Assistant Secretary, Rural Development Division, Department of Commerce
- Cal Stiles, Cherokee County Commissioner
- Charles Vines, Mitchell County Manager

Division of Water Infrastructure Staff Attending Meeting

- Julie Haigler Cubeta, Supervisor, Community Block Development Grant – Infrastructure Unit
- Francine Durso, Review Engineer, Design Management Unit
- Jennifer Haynie, Supervisor, Facilities Evaluation unit
- Mark Hubbard, Assistant Chief, Project Management Branch
- Vince Tomaino, Supervisor, Drinking Water State Revolving Fund Unit
- Sharon Davis, Supervisor, Administrative Services Unit

Department of Justice Staff Attending Meeting

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

Item A. Call to Order

Mr. Colson opened the session and reminded the members of the State Water Infrastructure Authority (SWIA) of General Statute 138A-15 which requires 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 is required to identify the conflict or appearance of a conflict at the time the conflict becomes apparent. Members stated potential conflicts of interest as follows:

- Mr. Holloman: CDBG-I project for the Town of Princeville

Item B. Approval of Minutes of May 12, 2014 Authority Meeting

Mr. Colson presented the draft meeting minutes from the May 12, 2014 SWIA meeting for review and approval.

Action Item B:

- Dr. Mitchell made a motion to approve the May 12, 2014 Authority meeting minutes. Mr. Vines seconded the motion. The motion passed unanimously.

Item C. Attorney General's Office Report

Ms. Lucasse reminded members of the Ethics and Lobbying Education training that needs to be completed by September 11, 2014 which could be completed online.

Item D. Chair's Remarks

The Division submitted the Authority's Report to the appropriate Legislative Committees on July 2, 2014; as previously approved by the Authority, the report was revised to include the funding actions that were taken on May 12, 2014.

The Division held a training session for those applicants whose projects were approved for funding by the Authority at the May 2014 meeting; the training covered the next steps in the funding process including key deadline; it was well attended by the applicants. The Division will hold training for the fall round of funding program applications on July 23, 2014; staff reviews the application and how to complete it; currently nearly 100 attendees are anticipated which indicates a continuing strong demand for funding assistance.

Item E. Funding Decisions for CDBG-I May 1, 2014 Application Round

The spreadsheet showing the applications received for the CDBG-I grant program was reviewed, along with the Division staff report and recommendations.

Ms. Lucasse stated that an applicant, Tyrrell County, emailed a letter to each Authority member regarding its project on July 16, 2014. She stated that the letter could not be considered part of the application by the staff and has no impact on staff's review of the application. However, the Authority was appointed by the legislature to consider public input. NCGS 159G-71 discusses the duties of the Authority, and one of the duties is to review the staff recommendations but the Authority is not bound by staff recommendations and nothing prevents the Authority from changing the ranking of projects. The Authority can fund projects in the order presented or use the discretion given to it by the legislature to consider the larger picture, which means that it is appropriate to consider information in the letter alongside staff recommendations.

Staff clarified that at the first meeting of the Authority, members had requested that the staff list the cost per new connection on the information spreadsheet so that it would be known to the Authority. Staff further clarified that the cost per connection was not considered in ranking the projects; it was provided as information which the Authority had requested. Discussion occurred about the size of the pipelines in the project, the number of connections that would be served and the percentage of low-to-moderate income (LMI) households that would be served.

Action Item E:

- Mr. Stiles made a motion to fund the nine projects shown in Table E.1 below. Mr. Holloman seconded the motion. The vote was taken by show of hands. The motion passed by a vote of 3 to 2.

Table E.1: Federal Community Development Block Grant-Infrastructure (CDBG-I) Project Funding Approved by SWIA on July 17, 2014

Project No.	Applicant Name	Project Name	Amount of Funding Approved
1	Wilson County	Water System Extension to Town of Sims	\$ 679,120
2	Town of Plymouth	Water Treatment Plant Rehabilitation	\$ 2,588,947
3	Tyrrell County	Sanitary Sewer Improvements	\$ 2,997,000
4	Pitt County	Candlewick Area Sanitary District Sewer Impr.	\$ 3,000,000

5	Town of Rhodhiss	Water System Rehabilitation Project	\$ 1,400,000
6	Town of Rhodhiss	Sewer Collection System Rehabilitation	\$ 1,600,000
7	Halifax County	Disinfectant Byproducts Abatement System	\$ 885,000
8	Town of Garland	Wastewater Collection System Improvements	\$ 1,563,000
9	Town of Mount Olive	Sewer System Improvements	\$ 1,509,818
Total CDBG-I Funding Approved			\$ 16,222,885

Item F. Legislative Update

Chair Colson stated that the CWSRF program was reauthorized in June 2014 and included changes for buy American iron and steel, a requirement for fiscal sustainability plans for which the EPA is preparing guidance, and extending the maximum loan maturity of projects from 20 years to 30 years or the expected life of the project.

The state budget is being negotiated and contains provisions that will impact the funding programs. It is possible that projects in Tier 1 counties with EPA Administrative Orders would be prioritized. If that occurs, the Division would need to modify the priority criteria systems and would bring this issue to the Authority as soon as possible; it is possible that a meeting by conference call will be needed in August to discuss this issue. The budget will likely contain a provision for any funded applicant that prohibits it from transferring funds out of its water and sewer enterprise fund into its general fund, with some qualifications. Session Law 2014-42 had passed which created a Blue Ribbon Commission on Infrastructure Needs which will include water and sewer needs. One member of the Authority is to be appointed to the commission by the governor. The work of the commission will tie in well with the Authority's duties to look at these needs also.

Item G. Potential Changes to NCGS 159G

Potential changes that the Authority and the Division may propose for legislation next year were reviewed. Proposed changes will be presented in the Authority's annual report due on November 1 to several legislative committees. Changes include providing flexibility for the Authority to carry out its duties assigned in NCGS 159G, a mechanism to make periodic changes to improve criteria and guidelines, broadening the types of projects eligible for state grant funds, and considering tiered amounts of grant funding. The Authority members discussed these items and expressed support for staff to move forward with specific language changes.

Staff updated the Authority on initial meetings that it has held with professional associations to obtain input on the possible changes; the groups include the NC Rural Water Association (RWA), NC American Water Works Association – Water Environment Association (AWWA-WEA), American Society of Civil Engineers (ASCE), NC League of Municipalities (NCLM), NC Association of County Commissioners (NCACC) and Professional Engineers of North Carolina (PENC). The discussions have been positive with a recognition that the state is at a unique time in terms of identifying water and wastewater needs. The groups expressed interest and energy to work with the Authority in how the state approaches water and wastewater infrastructure needs.

At the September 18, 2014 meeting, the Authority will review specific changes and the draft November 1 report; a conference call will likely be needed in October to finalize the changes and the report.

Item H. Presentation: "The Spindale Story: Economic Evolution of a Textile Town and Changing Perspectives through Wastewater Asset Management"

Mr. Cameron McHargue, formerly Spindale Town Manager, presented information related to one of SWIA's work tasks (Work Task No. 9 – To review the application of management practices in wastewater, drinking water, and stormwater and to determine the best practices). Mr. McHargue currently has his own consulting firm, Waterside Consultants.

Following the presentation there was discussion by the Authority regarding the need for asset management and the importance of a utility to understand the infrastructure that it owns and its condition so that it can plan for needed improvements.

Item I. Informal Comments from the Public

Mr. Colson stated that public comments could be made at this time; there were no comments from the public.

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

Mr. Colson concluded by stating that he had thought that the Authority would be in a more routine mode by now, but it most likely will not be happening for a while longer given the continuing changes to the program by the federal and state government. He confirmed that several conference calls may be needed associated with the changes in the general statutes.

Next Meeting: The following date was confirmed for the next meeting of SWIA:

- Thursday, September 18, 2014, 9:00 AM to 3:00 PM, NC Rural Economic Development Center

Item K. Adjourn – The meeting was adjourned.
