Note that starting with the 30 September 2012 round, supporting documentation to determine priority points must be submitted with the funding application. The PWS Section will not request additional information and will determine priority points based on the information submitted. PWS Section determinations are final.

Please select the appropriate deadline:

1. No Deadline
   (a) State Emergency Loan Fund (SEL)

2. September 30
   (a) High Unit Cost Grant (HUC)
   (b) State Revolving Loan Fund (SRL)
   (c) Federal Drinking Water State Revolving Fund (SRF)

ATTENTION: Submit ONE copy of the application and supporting materials.

Please coordinate drinking water applications with the Public Water Supply Section of the Division of Water Resources. [http://www.deh.enr.state.nc.us/pws/srf/index.htm](http://www.deh.enr.state.nc.us/pws/srf/index.htm)

Please see the website for important information including contact information, prioritization rules, and checklists of documentation that might provide priority.

Projects are funded in priority order, based on available funding and readiness to proceed.
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Application Completeness Materials
Checklist for Required Drinking Water Application Supporting Documents

The following items represent the minimum submission required to establish eligibility under the various funding programs:

☐ 1. Completed Application

☐ 2.(a) Resolution(s) of governing body providing required assurances and agreements and designating an authorized representative.

AND

☐ 2.(b) Certification of same by recording officer

☐ 3. Environmental Review Document

☐ 4. Preliminary Engineering Report (PER)

☐ 5. Project Map

☐ 6. Intergovernmental Agreement(s) or Joint Resolution (If Applicable)

☐ 7. A copy of the Administrative Order (AO) or any other Order related to Drinking Water. (If Applicable)

☐ 8. Official Water User Fee Structure (copy of certified rate sheet)

☐ 9. Water & Sewer Utilities Revenue Form

☐ 10. Local Water Supply Plan (LWSP) and Water Shortage Response Plan (WSRP) approval (as applicable per NCGS § 143-355.(l). and (m).) documented on DWR website.

☐ 11. Water Shortage Declaration (for Emergency Loans only)
Checklist for Compliance with Drought Bill Requirements

The following items are required to establish eligibility for funding of projects that may lead to increased demand through waterline extension or water treatment plant capacity expansion:

1. LGC-108C Form demonstrating water system sustainability [NCGS § 143-355.4.(b)(1).]

2. Checklist for Water Loss Reduction Program (Items 2 and 3) [NCGS § 143-355.4.(b)(2) and (4).]

3. Local Water Supply Plan (LWSP) and Water Shortage Response Plan (WSRP) approval (as applicable per NCGS § 143-355.(l). and (m).) documented on DWR website [NCGS § 143-355.4.(b)(3).]

4. Checklist for Rate Structures that Support Water Conservation demonstrating water system sustainability [NCGS § 143-355.4.(b)(1) and (5).]

5. Reclaimed Water Certification [NCGS § 143-355.4.(b)(6).]

6. Demonstration of implementation of a water conservation consumer education program [NCGS § 143-355.4.(b)(7).]

*Some points of clarification as to what constitutes a waterline extension or water treatment capacity expansion:

- The replacement of existing waterlines with new waterlines of greater capacity for the purpose of increasing demand is subject.

- A waterline replacement of under-sized or aged lines is not subject if the primary reason for the replacement is for another explicit and documented purpose, such as to repair leaks or meet minimum pressure requirements. This is true even if the Preliminary Engineering Report (PER) states that it might lead to redevelopment.

- Any new waterline (even one closing a loop) where there is no existing waterline is subject. No exceptions.

- A water treatment plant project to restore original capacity that has been lost due to age is not subject.

- A water treatment plant upgrade without expansion in capacity (e.g. for compliance with disinfection byproducts requirements) is not subject.

- A new water treatment plant to improve water supply is subject, unless it replaces an existing plant of equal or greater capacity.

- A new water treatment plant that replaces an existing plant of equal or greater capacity is not subject.

- New wells to improve supply are subject because they would, by definition, expand the capacity of any associated treatment plant.

- New wells that replace old wells of an equal or greater capacity (due to water quality issues, decrease in yield, etc.) are not subject.

- Any project that would exacerbate a water shortage situation, such as new service connections or service areas, is subject.
## Bonus Points Scoring Checklist

The following items may not be required to establish eligibility, but can earn priority points under state and federal funding programs:

### I. Source protection and management

<table>
<thead>
<tr>
<th>Item</th>
<th>Source Water Protection Program</th>
<th>Bonus Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>[15A NCAC 01J .2003. / OA S.1.e.(i).]</td>
<td>Out of 15 max. of 5</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Sub-item</th>
<th>Description</th>
<th>State</th>
<th>Federal</th>
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<tbody>
<tr>
<td>(a)</td>
<td>Water Supply Watershed Protection Plan (WSWPP) Approval</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>(b)</td>
<td>Well-Head Protection Plan (WHPP) Approval</td>
<td>3</td>
<td>5</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Conservation or Reuse of Water / Efficient Water Use</th>
<th>Bonus Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>[15A NCAC 01J .1701.(a). / OA S.1.e.(ii).]</td>
<td>Out of 7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sub-item</th>
<th>Description</th>
<th>State</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Checklist for Water Loss Reduction Program</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>(b)</td>
<td>Cross-Connection Control Program</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>Official Water User Fee Structure shows a conservation incentive</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>(d)</td>
<td>Documentation of incentives for ‘new or replacement low flow fixtures’</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>(e)</td>
<td>Documentation of water reclamation or reuse system</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

### II. Other priority point categories common to all DENR drinking water funding programs

<table>
<thead>
<tr>
<th>Item</th>
<th>Project Planning</th>
<th>Bonus Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>[15A NCAC 01J .2002. / OA S.1.f.]</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sub-item</th>
<th>Description</th>
<th>State</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Project compatible with Local Water Supply Plan (LWSP) approval documented on DWR website</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>(b)</td>
<td>Inter-local agreement(s) applicable to project and contributing to regional water supply</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
III. Priority point categories unique to the federal DWSRF program:

- ☐ 4 Reliability
  [OA S.1.c.]

  - ☐ (a) Project will provide redundancy to critical functions (not including backup power) [OA S.1.c.(i).]
  - ☐ (b) Project will provide backup power [OA S.1.c.(ii).]

- ☐ 5 Affordability
  [OA S.1.d.]

  The Water & Sewer Utilities Revenue Form documents that the monthly rate for 4,500 gallons of water falls within the following range:
  
  - 0.00% and 0.25% of median household income (MHI) OR 0
  - 0.26% and 0.50% OR 5
  - 0.51% and 0.75% OR 10
  - 0.76% and 1.00% OR 15
  - 1.01% and greater OR 20

IV. Priority point categories unique to the High Unit Cost Grant and State (Emergency or Revolving) Loan programs:

- ☐ 6 Comprehensive Land-Use Plan (CLUP)
  [15A NCAC 01J .1701(b).]

  - ☐ (a) Zoning Ordinance or other preliminary steps have been adopted [15A NCAC 01J .1701(b)(1).]
  - ☐ (b) Plan has been adopted [15A NCAC 01J .1701(b)(2).]
  - ☐ (c) Plan (as adopted) exceeds minimum State standards [15A NCAC 01J .1701(b)(3).]
  - ☐ (d) Action towards implementation of plan has been documented [15A NCAC 01J .1701(b)(4).]

- ☐ 7 Flood Hazard Ordinance
  [15A NCAC 01J .1701(c).]

  - ☐ (a) Project is covered by ordinance or not subject to flooding [15A NCAC 01J .1701(c)(1).]
  - ☐ (b) Ordinance (as adopted) exceeds minimum state standards [15A NCAC 01J .1701(c)(2).]
Bonus Points

<table>
<thead>
<tr>
<th>State</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Forms LGC-108A&amp;C demonstrating sound management / fiscal responsibility [15A NCAC 01J .1701(d).]</td>
</tr>
<tr>
<td></td>
<td>(a) The applicant has followed proper accounting and reporting procedures according to reports to the LGC [15A NCAC 01J .1701(d)(1).]</td>
</tr>
<tr>
<td></td>
<td>(b) The applicant public water system is fiscally self-sufficient with Actual Net Income is ≥ $0 [15A NCAC 01J .1701(d)(2).]</td>
</tr>
<tr>
<td></td>
<td>(c) Estimated revenues will provide for future costs with Estimated Net Income ≥ $0 [15A NCAC 01J .1701(d)(3).]</td>
</tr>
<tr>
<td>9</td>
<td>Financial Need [15A NCAC 01J .1701(e).]</td>
</tr>
<tr>
<td></td>
<td>(a) The Water &amp; Sewer Utilities Revenue Form documents an annual average residential cost of water that exceeds:</td>
</tr>
<tr>
<td></td>
<td>2.0% of median household income (MHI) OR 1.50% [15A NCAC 01J .1701(e)(1).]</td>
</tr>
<tr>
<td></td>
<td>(b) 20*(Total Indebtedness + Total Estimated Project Cost)</td>
</tr>
<tr>
<td></td>
<td>Total Appraised Property Valuation [15A NCAC 01J .1701(e)(2).]</td>
</tr>
<tr>
<td>10</td>
<td>Capital Improvement Plan (CIP) [15A NCAC 01J .1701(f).]</td>
</tr>
<tr>
<td>11</td>
<td>Coastal Habitat Protection Plan (CHPP) [15A NCAC 01J .1701(g).]</td>
</tr>
<tr>
<td>12</td>
<td>Asset Management Plan [NCGS § 159G-23.(6a)]</td>
</tr>
</tbody>
</table>

- Only used in comparison with other projects in coastal counties.
- Only used in comparison with other projects from applicants with 1,000 service connections or greater.
INSTRUCTIONS for Completing and Filing a Drinking Water Application for a State Loan or Grant Under the N.C. Water Infrastructure Act of 2005 and the Federally Funded State Revolving Fund Programs (SRF)

NOTE: Carefully read the applicable Rules Governing the State Revolving Loan and Grant Program and the SRF Programs prior to completing the application.

The purpose of the application is to request State loan or grant funds for water supply planning or for assistance in financing the construction of water supply systems project as well as to provide sufficient information to determine the eligibility and priority of the application submitted by an eligible applicant. Any application that does not contain sufficient information to permit the Division of Water Resources, as applicable, to determine either the eligibility of the applicant or to assign priority, shall not be included in the priority rating until such information is furnished by the applicant.

In completing the application, if an item is not applicable, then place N/A in the corresponding space. **DO NOT LEAVE ITEMS BLANK.** A pre-application conference with representatives of the applicant and the appropriate State agency may be helpful and may be scheduled by calling the numbers below.

The applicant should be the party (unit of government or non-profit corporation) that will own, operate, maintain, and administer the project. If another entity proposes to participate in the construction costs, this can be managed by an intergovernmental agreement and indicated in Project Budget, Section V.

Submit the application and all supporting documents for water supply systems projects to Public Water Supply Section, Division of Water Resources, Department of Environment and Natural Resources, at one of the following addresses.

<table>
<thead>
<tr>
<th>Mail Address</th>
<th>Physical Address (e.g., Parcels, FedEx, UPS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PWS / DWR / DENR</td>
<td>PWS / DWR / DENR</td>
</tr>
<tr>
<td>1634 Mail Service Center, Raleigh, North Carolina 27699-1634</td>
<td>2728 Capital Boulevard, Room 1B501 Raleigh, NC 27604 (919) 733-2321</td>
</tr>
</tbody>
</table>

Revised 20 July 2011
DETAILED INSTRUCTIONS FOR COMPLETING APPLICATION

SECTION I – COVER PAGE

1. **Descriptive Project Title** – Indicate the title by which the proposed project will be referred to in future correspondence regarding funding.

2. **Indicate the Status of this Application** – Indicate if the application is new or if it has been revised or resubmitted. If it has been revised, a new project title might be desirable, in which case, the former project title should be indicated.

3. **Select Organization(s) Involved in this Request** – Indicate each organization to which an application for funding has been submitted along with the date the application was submitted to them. Should the proposed project be selected by multiple organizations, they will need to coordinate their funding.

SECTION II - GENERAL INFORMATION

1. **Applicant Contact Information**

   **Legal Name of Applicant / Unit** - Must be a unit of government or other eligible applicant as defined in the Act [§ 159G-31].

   **County** – List the county in which the Applicant is located.

   **Name and Title of Chief Elected Official** - Provide name and title of the chief official from the governing body of the Applicant.

   **Name of Authorized Representative** - Provide name and title of the authorized representative of the applicant designated by resolution of the governing body of the Applicant.

   **Mailing Address** - The applicant should specify the address to which correspondence is to be mailed.

   **Street Address** - The applicant should specify the street address at which the office of the Authorized Representative can be found.

   **City** - The applicant should specify the city in which the office of the Authorized Representative can be found. It is assumed that the City will be the same for both the Mailing and Street Addresses.

   **State** - The applicant should specify the state in which the office of the Authorized Representative can be found. It is assumed that the State will be the same for both the Mailing and Street Addresses.

   **ZIP** - The applicant should specify the ZIP code in which the office of the Authorized Representative can be found. If the ZIP code is different for the Mailing and Street Addresses, specify the ZIP code for the Mailing Address.

   **Primary Telephone** - The applicant should insert here the direct dial office telephone number of its Authorized Representative.

   **Fax** - The applicant should insert here the Fax number of its Authorized Representative.

   **E-mail** - The applicant should insert here the E-mail address of its Authorized Representative.

   **Federal Tax ID Number** - Enter the number that the Applicant uses for taxation and accounting purposes.

2. **Type of Applicant** – The description of the unit of government or other eligible applicant, such as a nonprofit water corporation, as defined in the Act [§ 159G-31]. These descriptions are listed on the application.
3. **Application Prepared By**

   **Name and Title** - Provide name and title of the person who prepared the application.

   **Primary Telephone** - The applicant should insert here the direct dial office telephone number of the person who prepared the application.

   **Fax** - The applicant should insert here the Fax number of the person who prepared the application.

   **E-mail** - The applicant should insert here the E-mail address of the person who prepared the application.

4. **Engineer Contact Information**

   **Name of Engineering Firm** – Provide the name of the firm that the Engineer represents.

   **Name of Engineer** – Provide the name of the Engineer of Record (generally, the engineer who seals the ER or PER, and who is expected to design the proposed project and seal the plans and specifications).

   **Mailing Address** - The applicant should specify the address to which correspondence with the Engineer is to be mailed.

   **City** - The applicant should specify the city associated with the Engineer’s mailing address.

   **State** - The applicant should specify the state associated with the Engineer’s mailing address.

   **ZIP** - The applicant should specify the ZIP code associated with the Engineer’s mailing address.

   **Primary Telephone** - The applicant should insert here the direct dial office telephone number of the Engineer.

   **Fax** - The applicant should insert here the Fax number of the Engineer.

   **E-mail** - The applicant should insert here the E-mail address of the Engineer.

   **Federal Tax ID Number** - Enter the number that the Engineering Firm uses for taxation and accounting purposes.

**SECTION III – PROJECT TYPE**

1. **Drinking Water** – The applicant should indicate elements of the drinking water system that are to be addressed by the proposed project. The project is only eligible for NC Dept. of Environment and Natural Resources drinking water funds in as much as it addresses the drinking water system.

2. **Wastewater** – The applicant should indicate any elements of the wastewater system that are to be addressed by the proposed project. These aspects of the project are ineligible for NC Dept. of Environment and Natural Resources drinking water funds.

3. **Projected Construction START Date** – The applicant should specify the date by which the proposed project is expected to begin if it is selected for funding.

4. **County(s) Served** – The applicant should indicate which county(s) will be served by the proposed project.

5. **# of NEW customers (connections) TO BE SERVED by project** – The applicant should specify the number of new connections that are to be added to the drinking water distribution and, if applicable, wastewater collection systems as a result of the proposed project. The applicant should differentiate between residential and business customers that are served by the new connections.

6. **# of customers (connections) CURRENTLY served** – The applicant should specify the number of connections that are currently served by the drinking water distribution and, if applicable, wastewater collection systems. The applicant should differentiate between residential and business customers that are served by these existing connections.
SECTION IV – PROJECT STATISTICS

1. **Project Statistics** – Most required project statistics can be obtained from the N.C. Rural Economic Development Center’s Rural Data Bank at either:
   (a) [http://www.ncruralcenter.org/databank/counties.asp](http://www.ncruralcenter.org/databank/counties.asp) or
   (b) [http://www.ncruralcenter.org/smalltowns/small-town-profiles.html](http://www.ncruralcenter.org/smalltowns/small-town-profiles.html).

   **Poverty Rate** - Percent of persons in poverty in the calendar year prior to the 2000 Census as determined according to the federal poverty threshold.

   **Population** - The number of persons served by the **Applicant**.

   **Median Household Income (2000 Census)** - Household income consists of total income received in the calendar year prior to the 2000 Census by all household members 15 years old and over, tabulated for all households. Median household income figures are derived from the entire distribution of household incomes.

   **Median Household Income (updated)** - The Median Household Income (MHI) from the 2000 Census is updated using the latest “update factor” from the U.S. Department of Housing and Urban Development. A list from N.C. Construction Grants and Loans with the MHI for the most recent year can be found at [http://portal.ncdenr.org/web/wq/cgls/fap/apps](http://portal.ncdenr.org/web/wq/cgls/fap/apps) by following one of the links under the heading of High Unit Cost Rates.

   **Ability to Pay** - The ability to pay annual rating (ATP) is based on a scoring range from 0 to 100 where 0 is considered to be a municipality or county having the least capacity for financially contributing to a project. Conversely, a 100 means a unit of local government has the greatest capacity for making a monetary commitment. Municipalities will be compared with other municipalities and counties with other counties within North Carolina. The ATP score is calculated based on population, per capita income, and tax valuation by the N.C. Department of Commerce. A list of ATP scores can be found at [http://www.nccommerce.com/en/CommunityServices/CommunityDevelopmentGrants/FormsPublications/](http://www.nccommerce.com/en/CommunityServices/CommunityDevelopmentGrants/FormsPublications/) by following one of the links under the heading of Program Development Documents.

   **County Tier #** - The N.C. Department of Commerce’s annual ranking of the state’s 100 counties based on economic well-being. The ranking places each county into one of three tiers, where the first tier includes the 40 most distressed counties and the third tier includes the 20 least distressed counties. County tier designations can be found at: [http://www.nccommerce.com/en/BusinessServices/LocateYourBusiness/WhyNC/Incentives/CountyTierDesignations/](http://www.nccommerce.com/en/BusinessServices/LocateYourBusiness/WhyNC/Incentives/CountyTierDesignations/).

2. **Project Description** – See instructions on application.

SECTION V – PROJECT BUDGET

With each line item within the proposed project budget, indicate the potential source of funds that would be used to finance it. If the source is not listed, include these funds under the heading of Other and indicate the identity of this source. If multiple sources of funds are not listed, also indicate how the funding is to be split (e.g. Local and each Other contribution is the same). Also indicate the status (pending or secured) of each of these funding sources at the bottom of the project budget.

Note: **Keep information Current** - If financing requirements are changed by receipt of acceptable bids (or commitment of other project financing) after filing the application but before a loan or grant offer), promptly submit revised financial information.

1. **Construction** – Include estimated costs for each contract or substantially independent part of the proposed project, and estimated costs of materials and equipment to be purchased directly for contract installation. If multiple contracts are proposed, provide a breakdown of estimated construction cost by contract. Indicate major work items to be included in each contract (e.g., ‘Contract 1 – waterlines, ... Contract 2 – tank’). If an item’s cost is based on bids received, so indicate.

2. **Administration**  
   **Contingency** – The project contingency is an allotment of funds provided to cover unforeseen costs or
situations during construction of the proposed project. The contingency amount for State participation shall not exceed ten percent (10%) to the nearest one hundred dollars of the estimated eligible construction cost prior to receipt of bids, after which it shall be adjusted to not more than five percent (5%) of the actual construction cost as bid.

*Engineering Design* – Attach a copy of any contract for these services. If a contract has not been executed, provide information as to the basis upon which the fees or costs were estimated. When a contract is executed after filing the application, furnish a copy as soon as possible. The technical services contract will receive procurement review. Therefore not all cost contracted may be eligible.

*Permitting* – Include invoices or documentation of fees for permits that may be required for the proposed project. Attach a copy of any contract for services that may have been acquired in order to obtain these permits. If a contract has not been executed, provide information as to the basis upon which the fees or costs were estimated. When a contract is executed after filing the application, furnish a copy as soon as possible. The technical services contract will receive procurement review. Therefore not all cost contracted may be eligible.

*Land Surveying Costs* – Attach a copy of any contract for these services. If a contract has not been executed, provide information as to the basis upon which the fees or costs were estimated. When a contract is executed after filing the application, furnish a copy as soon as possible. The technical services contract will receive procurement review. Therefore not all cost contracted may be eligible.

*Easement Preparation* – Include only the costs of real property interests (e.g. easements and rights-of-way) which must be acquired by the Applicant in order to accomplish construction of the proposed project.

*Closing Fee (if applicable)* – Calculate the appropriate fee as the following percentage of the funding (including any fee rolled into the funding):

<table>
<thead>
<tr>
<th>Program</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Unit Cost (HUC) Grant</td>
<td>1.5% of total HUC grant</td>
</tr>
<tr>
<td>Technical Assistance Grant</td>
<td>1.5% of total Technical Assistance Grant</td>
</tr>
<tr>
<td>State Emergency Loan (SEL)</td>
<td>2.5% of total SEL</td>
</tr>
<tr>
<td>State Revolving Loan (SRL)</td>
<td>2.5% of total SRL</td>
</tr>
<tr>
<td>State Revolving Fund (SRF) loan</td>
<td>2.0% of total SRF loan</td>
</tr>
</tbody>
</table>

*Construction Administration / Observation* – Attach a copy of any contract for these services. If a contract has not been executed, provide information as to the basis upon which the fees or costs were estimated. When a contract is executed after filing the application, furnish a copy as soon as possible. The technical services contract will receive procurement review. Therefore not all cost contracted may be eligible.

*Grant and / or Loan Administration* – Attach a copy of any contract for these services. If a contract has not been executed, provide information as to the basis upon which the fees or costs were estimated. When a contract is executed after filing the application, furnish a copy as soon as possible.

*Legal Costs* – Include invoices or documentation of legal fees for that may be required for the proposed project. If legal costs have not yet been incurred, include either a fee schedule or a detailed cost estimate. *Other (specify)* – Briefly identify other costs. For water supply project planning loan applications only, enter both total and eligible estimated planning costs here.

**SECTION VI – CERTIFICATION BY CHIEF ELECTED OFFICIAL/AUTHORIZED REPRESENTATIVE**

1. **Certification** – See application statement for further details.

2. **Signature of Chief Elected Official / Authorized Representative** – The representative authorized by resolution of the governing body or the chief official from that body must sign and date the application.

3. **Typed Name** – The printed name of the Chief Elected Official or Authorized Representative who signs the Application.

4. **Typed Title** – The printed title of the Chief Elected Official or Authorized Representative who signs the Application.

5. **Date** - Insert the date on which the Chief Elected Official or Authorized Representative signs the
SECTION VII – NCDENR DRINKING WATER APPLICATION DEADLINE CHECKLIST

1. **State Emergency Loan (SEL)** – Provides loans for a period of up to 20 years at one half the market rate. There is no application deadline. For further information, including the current interest rate, see: http://www.deh.enr.state.nc.us/pws/srf/Pages/el_program.htm.

2.(a) **High Unit Cost Grant (HUC)** – Provides grants of funding that do not have to be repaid. The application deadline is biannual at March 31 and September 30 of each year. For further information see: http://www.deh.enr.state.nc.us/pws/srf/Pages/huc_program.htm.

2.(b) **State Revolving Loan (SRL)** – Provides loans for a period of up to 20 years at one half the market rate. The application deadline is biannual at March 31 and September 30 of each year. For further information, including the current interest rate, see: http://www.deh.enr.state.nc.us/pws/srf/Pages/srl_program.htm.

2.(c) **Drinking Water State Revolving Fund (SRF)** – Provides loans for a period of up to 20 years at one half the market rate. The application deadline is September 30 of each year. For further information, including the current interest rate, see: http://www.deh.enr.state.nc.us/pws/srf/Pages/dwsrf_program.htm.

SECTION VIII – CHECKLIST FOR REQUIRED DRINKING WATER APPLICATION SUPPORTING DOCUMENTS

1. **Application** – The application must be completed and must identify the person to whom comments and questions should be directed (Authorized Representative) as named in the resolution discussed below.

2.(a) **Resolution** - The most recent template ‘Suggested Format’ is attached. A Resolution by the applicant's governing body should affirm required assurances and agreements and designate an authorized representative to file the application, to make necessary certifications, and execute such affidavits as are required by the Rules and Regulations.

2.(b) **Certification** - A template certification is attached. The copy of the resolution that accompanies the application must be certified as a true and correct copy as recorded in the minutes by the governing body.

3. **Environmental Review** – The requirements for Environmental Review can be found in the Public Water Supply web pages at: http://www.deh.enr.state.nc.us/pws/srf/index.htm by clicking on “Environmental Review.”

   More information is available in the factsheets at: http://www.deh.enr.state.nc.us/pws/srf/Pages/Factsheets.htm

   Applicants for State financial assistance (for projects exempt from substantive environmental review) need only fill out the attached Categorical Exclusion form.

   Applicants for Federal financial assistance (for projects exempt from substantive environmental review) need to follow the instructions in the Factsheet: Instructions for Applicants Seeking a Federal Categorical Exclusion, including filling out the attached Categorical Exclusion form.

   Applicants needing to perform an EA (Environmental Assessment) will find instructions on submitting the EA in the Factsheet: Submitting an Environmental Assessment with an Application for Financial Assistance for Drinking Water Projects.

4. **Preliminary Engineering Report (PER)** - A copy of this report, including applicable elements of 15A NCAC 18C .0307(b)*, must be provided with the application. Note the following minimum requirements:
   - The cover sheet of the PER must state the name of the proposed project, the engineer's contact information, and the seal and signature of the design engineer in accordance with 21 NCAC 56 .1103. The design engineer must be a Professional Engineer (PE) licensed to practice in NC.
Application Appendix for DENR Drinking Water Funding Programs

- The PER must describe the project, document the public health need that the project will address, and estimate the cost of the project.
- The PER must describe the cost-effectiveness of the proposed project and other alternatives, specifically including the 'do-nothing' or 'no build' alternative.

* Especially items 1-7, and 13-14.

### Preliminary Engineering Reports (PERs) for planning loans

For water supply project planning loans, provide sufficient documentation to demonstrate why the proposed project is needed to eliminate a public health hazard and why priority rating points should be awarded under the applicable priority criteria. To the extent feasible, provide documentation similar to that required in the PER to demonstrate the scope of the desired construction project, and other information such as population and water rates for the applicant’s service area for determining points.

5. **Project Map** – If this is a regional or consolidation project, the project map should show the locations of ALL the participants in the project, the supply, and the destination of the water. All project applications should be accompanied by location and layout maps that show the approximate location of associated water mains and major treatment, storage and pump facilities. The map should include a legend, a scale, and a ‘North arrow’.

6. **Intergovernmental Agreement(s) or Joint Resolution (If Applicable)** - Please state whether this is a regional or consolidation project and, if so, list the local government units or systems that are involved in the proposed project. Please furnish a copy of documentation of agreement that the regional entities support the project.

Such documentation of agreement between units of government needs to accompany the application when any of the following conditions exist:

- The applicant's project is dependent on another unit of government for a source of water supply.
- The financial feasibility of the applicant's project is dependent on the sale of water to other units of government.
- The applicant proposes to construct the project, and another unit of government will operate, maintain, and administer the project, either with or without transfer of ownership.

Such documentation of agreement may be any one of the following:

- Resolutions by each governing body describing what is agreed to, and assuring that formal agreement will be executed.
- An agreement in principle signed by the chief executive of each unit of government.
- An executed formal agreement.

7. **A copy of the AO (If Applicable)** – If an Administrative Order exists that mandates a time schedule to resolve a problem that this project addresses or that the project is under moratorium, attach the related documentation.

8. **Official water user fee structure** – Provide documentation of the current rates, including the rate schedule. This documentation is typically a copy of official or certified rate sheet. Alternatively, the documentation can be a letter on the Applicant’s letterhead signed by the Authorized Official.

Proposed Water Systems Only: If a rate schedule has not been adopted, the applicant must provide a proposal, including a time schedule, for adopting and placing into effect an acceptable rate schedule prior to the application deadline.

9. **Water & Sewer Utilities Revenue Form** - Complete the attached “Water & Sewer Utilities Revenue Form” showing the current water rates and usage and projecting the rates after completion of construction and startup of the new facilities. Attach a copy of the proposed utilities rate structure. Show all calculations.

10. **Local Water Supply Plan (LWSP) and Water Shortage Response Plan (WSRP)** – For systems to which NCGS § 143-355.(l). and (m). applies, submit documentation of DWR approval. This documentation can be obtained from the following websites:

11. **Water Shortage Declaration** – The emergency nature of a drinking water project cannot be established unless conservation measures, such as those associated with a Water Shortage Declaration and outlined in a Water Shortage Response Plan, have been found necessary to maintain daily operation of the water system.

**SECTION IX – CHECKLIST FOR COMPLIANCE WITH DROUGHT BILL REQUIREMENTS**

1. **LGC-108C** – Complete the attached “Projection of Water and Sewer Net Revenues” (LGC-108C) form showing the financial sustainability of the drinking water utility. Specifically, this is used to establish that the water rate structure is adequate to pay the cost of maintaining, repairing, and operating the system, including reserves for payment of principal and interest on indebtedness incurred for maintenance or improvement of the water system. There should be no loss if any transfer in from other accounts is zeroed out. Note that rates may need to be raised if a drought occurs and conservation reduces use.

2. **Checklist for Water Loss Reduction Program** – Complete the attached “Checklist for Water Loss Reduction Program” showing the different measures that have been taken to reduce water losses in the distribution system. Attach requested documentation.

   **Note for 2011 applications:**
   
   *If the initial water audit indicates that less than 10% of water is unaccounted-for, the water loss reduction Program does not need to proceed to the hidden leak detection stage.*

   **Note for 2012 applications:**
   
   *The Public Water Supply section is working with the State Water Infrastructure Council to develop policy and guidance that are expected to require (for the 2012 DWSRF) that the water audit be performed in accordance with the method described in the AWWA M36 manual (3rd edition) “Water Audits and Loss Control Programs.” The free audit software and guidance document for use is found at: [http://www.awwa.org/Resources/WaterLossControl.cfm?ItemNumber=48511&showLogin=N](http://www.awwa.org/Resources/WaterLossControl.cfm?ItemNumber=48511&showLogin=N)*
   
   *This policy will likely require an Infrastructure Leakage Index (ILI). ILI is the ratio of actual leakage to unavoidable leakage. If a ‘bottle-tight’ threshold is to be established, it should be based on ILI less than 1.2.*

3. **Local Water Supply Plan (LWSP) and Water Shortage Response Plan (WSRP)** – For systems to which NCGS § 143-355.(l). and (m). applies, submit documentation of DWR approval. This documentation can be obtained from the following websites:


4. **Checklist for Rate Structures that Support Water Conservation** – Complete the attached “Checklist for Rate Structures that Support Water Conservation” showing the different measures that have been taken to encourage residential water conservation. Residential water use may be assumed to include any demand less than 20,000 gallons per month.

5. **Reclaimed Water Certification** – Complete the attached “Reclaimed Water Certification” showing the amount of consideration has been given to the use of reclaimed water to meet future water needs. This must be completed, signed and submitted even if the current and future reclaimed water use is 0%. Attach requested documentation.

6. **Demonstration of implementation of a water conservation consumer education program** – Submit education materials used to educate consumers about water conservation. Distribution of these materials must be documented to have occurred within the year prior to application deadline. Additional consumer education guidance may be found in Public Water Supply’s pamphlet entitled “Water Efficiency Education and Outreach”, which may be found at: [http://www.deh.enr.state.nc.us/pws/srf/Pages/factsheets.htm](http://www.deh.enr.state.nc.us/pws/srf/Pages/factsheets.htm)
SECTION X – BONUS POINTS SCORING CHECKLIST

1.(a) **Water Supply Watershed Protection Plan (WSWPP) Approval** – The plan must be documented by an approval letter from PWS. Provide a copy of the WSWPP approval letter.

1.(b) **Well-Head Protection Plan (WHPP) Approval** – This plan must be documented by an approval letter from PWS. Provide a copy of the WSWPP approval letter.

2.(a) **Checklist for Water Loss Reduction Program** – Complete the attached “Checklist for Water Loss Reduction Program” showing the different measures that have been taken to reduce water losses in the distribution system. Attach requested documentation.

2.(b) **Cross Connection Control Program** – Document the Cross Connection Control Program to give projects higher priority towards eligibility for Federal Drinking Water State Revolving Funds (SRF).

2.(c) **Official Water User Fee Structure shows a conservation incentive** – The $ per unit volume water user fee must increase with usage in order to demonstrate an incentive for conservation.

2.(d) **Documentation of incentives for ‘new or replacement low flow fixtures’** – Provide official materials regarding the applicable rebate or distribution program(s) along with any other relevant documentation.

2.(e) **Documentation of water reclamation or reuse system** – Provide a map and/or photos of any water reclamation or reuse system implemented by the applicant.

3.(a) **Local Water Supply Plan (LWSP)** – Documentation of DWR approval can be obtained from the following website: [http://www.ncwater.org/Water_Supply_Planning/Local_Water_Supply_Plan/search.php](http://www.ncwater.org/Water_Supply_Planning/Local_Water_Supply_Plan/search.php) Highlight applicable sections and explain how the project is compatible with the plan.

3.(b) **Intergovernmental Agreement** – Provide a copy of documentation of agreement that the regional entities support the project. Such documentation of agreement may be any one of the following:
  
  - Resolutions by each governing body describing what is agreed to, and assuring that formal agreement will be executed.
  - An agreement in principle signed by the chief executive of each unit of government.
  - An executed formal agreement.

4.(a) **Project will provide redundancy to critical functions (not including backup power)** – This will give projects higher priority towards eligibility for Federal Drinking Water State Revolving Funds (SRF).

4.(b) **Project will provide backup power** – This will give projects higher priority towards eligibility for Federal Drinking Water State Revolving Funds (SRF).

6. **Comprehensive Land-Use Plan** – Higher priority towards eligibility for State (i.e. non-federal) funding may be established with submission of a Comprehensive Land-Use Plan (CLUP). All CLUPs in the State of North Carolina must comply with G.S. 153A, Article 18 or G.S. 160A, Article 19. Adoption of a CLUP may be documented with relevant certified resolution or meeting minutes along with a copy of the CLUP. Applicants wishing to demonstrate how their CLUP exceeds the minimum state standards should submit and highlight the relevant sections (including Title Page and Table of Contents) and compare them to the above statutes.

7. **Flood Hazard Ordinance** – Higher priority towards eligibility for State (i.e. non-federal) funding may be established with submission of a Flood Damage Prevention Ordinance (FDPO). Communities participating in the National Flood Insurance Program (NFIP) must adopt a FDPO. The North Carolina Division of Emergency Management maintains a model FDPO, which represents the minimum state standards. The model FDPO can be found at: [http://www.ncem.org](http://www.ncem.org). It may be documented that the project is covered by ordinance with submission of a copy of the FDPO for each of the communities in which the project is located. Alternatively, it may be documented that no part of the project’s service area is within the 100-year floodplain. Applicants wishing to demonstrate how their ordinance exceeds the minimum state standards should submit and highlight the relevant sections (including Title Page and Table of Contents) and compare them to the model FDPO.
8. **Forms LGC-108A & C** – Higher priority towards eligibility for State (i.e. non-federal) funding may be established with submission of forms LGC-108A & C. These forms, when submitted with North Carolina Water/Wastewater Common Application Form, can be used to demonstrate that the applicant has sound management practices when running their drinking water system. These forms do not need to be submitted with a loan application because revisions will be required at a later date in order to secure Local Government Commission (LGC) approval.

9.(a) **Water & Sewer Utilities Revenue Form** - Higher priority towards eligibility may be established according to the average residential cost documented with the Water & Sewer Utilities Revenue Form and its relation to the Median Household Income (MHI) documented in the North Carolina Water/Wastewater Common Application Form. Both of these forms are required as part of the drinking water application for a loan or grant.

9.(b) **Total Indebtedness and Total Property Value** – Higher priority towards eligibility for State (i.e. non-federal) funding may be established with submission of certified documentation of the Total (outstanding) Indebtedness owed by the water system and the Total Appraised Property Valuation that has been established by the most current appraisal. The amount of prioritization depends on the relation of combined Total Indebtedness and the Total Estimated Project Cost to the Total Appraised Property Valuation. The Total Estimated Project Cost is documented in the North Carolina Water/Wastewater Common Application Form.

10. **Capital Improvement Plan** – Higher priority towards eligibility for State (i.e. non-federal) funding may be established with submission of a Capital Improvement Plan (CIP). Provide a copy of the relevant sections (including Title Page and Table of Contents) of the applicant’s CIP showing the plan timeframe and document that the project implements the plan. Projects that are identifiable in the CIP are presumed to implement the CIP.

11. **Coastal Habitat Protection Plan** – Higher priority towards eligibility for State (i.e. non-federal) funding may be established in relation to other projects in coastal counties with submission of a Coastal Habitat Protection Plan (CHPP). Documentation may be provided that the project is not in a county subject to a CHPP. Otherwise, a letter may be submitted detailing how the project implements a recommendation of a CHPP along with relevant sections (including Title Page and Table of Contents) of the referenced CHPP.

12. **Asset Management Plan** – Higher priority towards eligibility for State (i.e. non-federal) funding may be established in relation to other projects from applicants with 1,000 service connections or greater by submission of an Asset Management Plan. Provide a copy of the relevant sections (including Title Page and Table of Contents) of the applicant’s Asset Management Plan including:

   - An inventory of assets, including a map of the distribution system. The inventory should assign each asset with a unique identifier and document its age, type, and size.
   - An assessment of asset condition. Sufficient scale should be use so that candidates for repair or replacement may be consistently evaluated and easily identified.
   - A Capital Improvement Plan (CIP) that identifies water infrastructure needs for at least 10 years and specific cost estimates for the first five.
   - Documentation that the Operating Ratio (OR) of income to expenses, including debt service, is greater than or equal to one. Debt service should include any existing debt and debt that would be incurred as a result of implementation of the CIP.
RESOLUTION BY GOVERNING BODY OF APPLICANT

WHEREAS, The Federal Safe Drinking Water Act Amendments of 1996 and the North Carolina Water Infrastructure Act of 2005 (NCGS 159G) have authorized the making of loans and grants to aid eligible units of government in financing the cost of construction of drinking water system improvements, and

WHEREAS, The (unit of government) has need for and intends to construct a drinking water system project described as (give brief description of project and why needed), and

WHEREAS, The (unit of government) intends to request state (loan or grant) assistance for the project,

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

That (unit of government), the Applicant, will arrange financing for all remaining costs of the project, if approved for a State (loan or grant) award.

That the Applicant will adopt and place into effect on or before completion of the project a schedule of fees and charges and other available funds which will provide adequate funds for proper operation, maintenance, and administration of the system and the repayment of all principal and interest on the debt.

That the governing body of the Applicant agrees to include in the loan agreement a provision authorizing the State Treasurer, upon failure of the (unit of government) to make scheduled repayment of the loan, to withhold from the (unit of government) any State funds that would otherwise be distributed to the local government unit in an amount sufficient to pay all sums then due and payable to the State as a repayment of the loan.

That the Applicant will provide for efficient operation and maintenance of the project on completion of construction thereof.

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

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

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

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

________________________________________
(Signature of Chief Executive Officer)

(Title)
CERTIFICATION BY RECORDING OFFICER

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

(Signature of Recording Officer)

(Title of Recording Officer)
Request for Categorical Exclusion
from Substantive Environmental Review

Instructions:
1. Provide the DEH number for the project for which you are requesting consideration.
2. Please fill out the applicant's formal name. If you are a county authority, please specify which county. "County Water District VII" is not an acceptable name; "ABC County Water District VII" is acceptable.
3. Please check all applicable exclusions. Failure to check an applicable exclusion will result in the rejection of your request.
4. Either the "authorized representative," or the Professional Engineer responsible for the PER must sign the form. If the PE signs the form, it must include the PE seal.

DEH No.: ____________________________
PWSID: ____________________________

Applicant: ____________________________

Project Description

We certify that the project described in the application for state-supplied financial assistance meets all of the applicable general criteria listed in 15A NCAC 01C .0408 (1), and consists solely of activities exempted under the specific criteria of 15A NCAC 01C .0408 (2) checked below:

Please check all the exclusion(s) that apply:

☐ Potable water systems including the construction or rehabilitation of wells for water supply purposes with associated groundwater withdrawals of less than 1,000,000 gallons per day where such withdrawals are not expected to cause alterations in established land use patterns, or degradation of groundwater or surface water quality. [15A NCAC 01C .0408 (2)(c)].

Other potable water systems including the following:

☐ Improvements to water treatment plants that involve less than 1,000,000 gallons per day added capacity and total design withdrawal less than one-fifth of the 7-day, 10-year low flow of the contributing stream; [15A NCAC 01C .0408 (2)(b)(i)]

☐ Improvements not intended to add capacity to the facility; [15A NCAC 01C .0408 (2)(b)(ii)]

☐ Installation of waterlines and appurtenances in existing rights-of-way for streets or utilities, or water lines and appurtenances less than five miles in length and having only directional bore stream crossings or no stream crossings; [NCGS. § 113A-12(1) & 15A NCAC 01C .0408 (2)(b)(iii)]

☐ Construction of water tanks, or booster pumping or secondary or remote disinfection stations; [15A NCAC 01C .0408 (2)(b)(iv)]

☐ Dams less than 25 feet in height and having less than 50 acre-feet or storage capacity [15A NCAC 01C .0408 (2)(h)] (Notes: #1 Dam projects are ineligible for federally recognized CE. #2 Only off-stream raw water reservoirs for pre-treatment purposes are eligible for SRF funding.)

We further certify that the project does not have a significant direct, indirect, cumulative or secondary adverse environmental impact as described in 15A NCAC 01C .0306, and that none of the following descriptions apply to the project:
the proposed activity may have a potential for significant adverse effects on wetlands; surface waters such as rivers, streams and estuaries; parklands; game lands; prime agricultural or forest lands; or areas of local, state or federally recognized scenic, recreational, archaeological, ecological, scientific research or historical value, including secondary impacts; or would threaten a species identified on the Department of Interior's or the state's threatened and endangered species lists; [15A NCAC 01C .0306 (1)] or

- the proposed activity could cause changes in industrial, commercial, residential, agricultural, or silvicultural land use concentrations or distributions which would be expected to create adverse water quality, instream flow, air quality, or ground water impacts; or affect long-term recreational benefits, fish, wildlife, or their natural habitats; [15A NCAC 01C .0306 (2)] or

- the proposed activity has secondary impacts, or is part of cumulative impacts, not generally covered in the approval process for the state action, and that may result in a potential risk to human health or the environment; [15A NCAC 01C .0306 (3)].

Therefore, we believe our project is eligible for consideration for a CE from the State's environmental assessment review processes and request that the State of North Carolina concur with our determination.

We understand that the State of North Carolina may determine that the proposed activity is of such an unusual nature or has such widespread implications that a concern for its environmental effects has been identified by DENR or expressed to DENR. We understand that, in this case, the activity may be ineligible for CE under 15A NCAC 01C .0306 (4).

We recognize that this request supplies information sufficient only for state-financed assistance under the 15A NCAC 01J and 01L rules. If we are applying (either additionally or exclusively) for federally-financed assistance under the Drinking Water State Revolving Fund Program, additional steps (including obtaining comment letters and publicizing the requested action) apply.

Authorized Representative Printed Name

Authorized Representative Signature & Date

Authorized Representative Title

State Use Only (Review)

Reviewed by: _________________________________ Date: _________________________________

Departmental Approval: _________________________________ Date: _________________________________
**Water & Sewer Utilities Revenue Form**

To enable DENR to determine eligibility for funding programs, provide the following projected user charge information after completion of construction and at start-up of the new facilities. If a service will not be provided, then mark “service not provided” and leave section blank. Do not leave a section blank if service will be provided.

**WATER**

- ☐ service will be provided
- ☐ service will not be provided

### Current Average Residential User Fee

(use monthly average for the most recent year):

\[
\frac{\text{\$ } \text{monthly revenue from residential customers}}{\# \text{ residential connections}} = \frac{\text{\$ }}{\text{per residential connection}}
\]

### Current Average non-Residential User Fee

(use monthly average for the most recent year):

\[
\frac{\text{\$ } \text{monthly revenue from non-residential customers}}{\# \text{ non-residential connections}} = \frac{\text{\$ }}{\text{per non-residential connection}}
\]

Report the current Residential User Fee for 4,500 gallons /month. Report the rate separately for each rate basis (e.g., for inside and outside rates, or for service areas subject to separate rates) along with the number of customers subject to each rate. Use additional sheets as needed:

<table>
<thead>
<tr>
<th>Residential Rate Basis: (e.g., ‘inside city limit, pressure zone 1’)</th>
<th>Number of Residential Customers</th>
<th>Residential Rate at 4,500 gallons per month</th>
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Total

### State Use Only (Review)

**What is the rate impact or what effect will the project have on the required revenue?** (include calculations):

\[
\text{\$ per month}
\]

**Projected Average Residential User Fee:**

\[
\frac{\text{\$ } \text{monthly revenue from residential customers}}{\# \text{ residential connections}} = \frac{\text{\$ }}{\text{per residential connection}}
\]

**Projected Average non-Residential User Fee:**

\[
\frac{\text{\$ } \text{monthly revenue from non-residential customers}}{\# \text{ non-residential connections}} = \frac{\text{\$ }}{\text{per non-residential connection}}
\]

**What is the projected weighted average residential rate at 4,500 gallons per month?** (include calculations):

\[
\text{\$ per month}
\]

Reviewed by: ___________________________________________ Date: ________________________________

Revised 20 July 2011
SANITARY SEWER

☐ service will be provided  ☐ service will not be provided

Current Average Residential User Fee (use monthly average for the most recent year):

$ ____________  monthly revenue from residential customers  /  _______________  # residential connections

= $ ________________ per residential connection

Current Average non-Residential User Fee (use monthly average for the most recent year):

$ ____________  monthly revenue from non-residential customers  /  _______________  # non-residential connections

= $ ________________ per non-residential connection

STORM SEWER

☐ service will be provided  ☐ service will not be provided

Current Average Residential User Fee (use monthly average for the most recent year):

$ ____________  monthly revenue from residential customers  /  _______________  # residential connections

= $ ________________ per residential connection

Current Average non-Residential User Fee (use monthly average for the most recent year):

$ ____________  monthly revenue from non-residential customers  /  _______________  # non-residential connections

= $ ________________ per non-residential connection

To enable DENR to evaluate financial need, please provide the total indebtedness of the applicant, whether bonded or un-bonded. (Do not include proposed project cost.)

TOTAL OUTSTANDING INDEBTEDNESS

$ ____________________

To enable DENR to evaluate financial need, please provide the applicant's most current appraised property valuation. For units of local government, this is not the property owned by the applicant, but a measure of its potential tax base. Enter total appraised real property valuation in the applicant's jurisdiction as officially recorded for tax purposes in the county or counties in which the applicant's proposed project is to be located. For applicants that are not units of local government, enter total appraised real property valuation that the applicant owns.

TOTAL APPRAISED PROPERTY VALUATION

$ ____________________

PWSID: ____________________

Applicant: ____________________

Authorized Representative Printed Name

Authorized Representative Signature & Date

Authorized Representative Title
UNIT____________________________________________________________________________________

1. Ad Valorem Tax (current fiscal year):
   Appraised Value  $ ___________  Tax Rate  — General Fund  $ ___________
   Total Levy  ___________  — Other funds  ___________
   Uncollected at  ___________  ___________  — Total  $ ___________
   Percentage Collected  ___________ %

2. For the past 5 fiscal years, has there been a delay in payment or non-payment of matured bonds and coupons when presented to the unit's fiscal agent? ______ (Yes / No) If yes, explain circumstances on separate statement.

3. Information relating to compliance with Local Government Budget and Fiscal Control Act:
   (If answer to any question in this item is No, furnish explanation.)
   A. Purchasing and Contracts
      (1) Are purchase orders issued for all commitments over a minimum amount?  Yes  No
      (2) Do all purchase orders include a preaudit certificate signed by the finance officer (or properly appointed deputy)?
      (3) Are all purchase or orders posted to appropriate expenditure accounts as encumbrances?
   B. Other:
      (1) Do checks or drafts on an official depository bear on their face a preaudit certificate, of sufficient unencumbered appropriation signed by the finance officer (or properly appointed deputy)?
      (2) Are the finance officer, tax collector, and other employees (as required) properly bonded according to G.S. 159-29?
      (3) Did the budget provide for all deficits, if any, as shown in the audit report for the prior year?
   C. Please include a description of any material instance of misfeasance or malfeasance (within the last three years) which might affected the credit of the unit. ____________________________________________________

I certify the above is correct to the best of my knowledge.  Finance Officer’s Signature  Date

Revised 20 July 2011
D. Additional DENR Loan and Grant procedures for a Capital Project Ordinances

(1) Loans

Pursuant to G.S. 159-26(b)(6), a capital project fund is required to account for all debt instrument proceeds used to finance capital projects. To facilitate budgetary and accounting control, it is required that a capital project ordinance, pursuant to G.S. 159-13.2, be adopted by the governing board authorizing all appropriations necessary for the completion of the project. Will the unit prepare and adopt a balanced capital project ordinance covering the life of the project? (A copy of the approved ordinance will be required to be submitted to DENR prior to disbursement of any proceeds.)

☐ YES ☐ NO

(2) Grants

To facilitate budgetary and accounting control, it is required that a grant project ordinance, pursuant to G.S. 159-13.2, with a corresponding capital project fund, be adopted by the governing board authorizing all appropriations necessary for the completion of the project. Will the unit prepare and adopt a balanced capital project ordinance covering the life of the project? (A copy of the approved ordinance will be required to be submitted to DENR prior to receipt of grant proceeds)?

☐ YES ☐ NO
STATE OF NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

State and Local Government Finance Division
And the Local Government Commission
325 North Salisbury Street, Raleigh, North Carolina  27603-1385

PROJECTION OF WATER AND SEWER NET REVENUES

Complete only if the proposed financing is for water or sewer facilities. Where separate accounting funds are maintained for each system, one schedule may be completed for proposed water bonds and one for proposed sewer bonds. Water and sewer operations may be consolidated when either water or sewer financing or both are proposed. Use actual amounts on modified accrual basis of accounting (budgetary basis) from latest audit report.

| Unit | Fund |
|-------------------------------------------|
|                                            |

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal Year</th>
</tr>
</thead>
</table>

### REVENUES

1. Actual Revenue for Last Complete Fiscal Year

<table>
<thead>
<tr>
<th>Estimated Increase or (Decrease)</th>
<th>Estimated Revenue for Fiscal Year After Completion of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Due to Normal Growth and Rate Changes</td>
<td>3. Due to Expanded System</td>
</tr>
</tbody>
</table>

#### Operating Revenues:

- Customer charges
- Impact fees
- Tap fees
- Other revenue
- Total

#### Non-operating Revenues:

- Interest
- Restricted sales tax
- Other
- Total

Total Revenues

### EXPENDITURES

1. Actual Expenditure for Last Complete Fiscal Year

<table>
<thead>
<tr>
<th>Estimated Increase or (Decrease)</th>
<th>Estimated Expenditure for Fiscal Year After Completion of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Due to Normal Growth and Rate Changes</td>
<td>3. Due to Expanded System</td>
</tr>
</tbody>
</table>

#### Operating Expenditures:

- Administration
  - Salaries
  - Other
- Operations
  - Salaries
  - Other

Total Expenditures

Excess Revenues over Expenditures
Projection of water and sewer net revenues (continued)

<table>
<thead>
<tr>
<th>Other (Do not include depreciation):</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt principal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital outlay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to (from) other funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
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<tr>
<td></td>
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<tr>
<td>Total other</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Net Income (Loss)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Customers</th>
<th>Current</th>
<th>After Completion of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Residential</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer Residential</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rate and Fee Structure</th>
<th>Current</th>
<th>After Completion of Project</th>
<th>Percentage of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>WATER</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate (include minimum cost/thousand gallons, etc.) – Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average monthly bill within city limits</td>
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<td></td>
<td></td>
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<tr>
<td>Average monthly bill outside city limits</td>
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<td></td>
<td></td>
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<tr>
<td>SEWER</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate (include minimum, etc.) – Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average monthly bill within city limits</td>
<td></td>
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</tr>
<tr>
<td>Average monthly bill outside city limits</td>
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<td></td>
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<tr>
<td>TAP FEE POLICY</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>IMPACT FEE POLICY</td>
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</tbody>
</table>
Checklist for Water Loss Reduction Program

To qualify for priority points for a water loss prevention program (under 15A NCAC 01J.1701(a)(2) or OA S.1.e.(ii)(1)), document the three required activities listed below. In order to qualify for funding of a waterline extension or water treatment plant capacity expansion project (under NCGS § 143-355.4 (b)(2). and (4).), document items 2 and 3 below:

☐ 1. Water Audit (Required)
The minimum level of documentation is one water audit (comparison of water sold verses water produced) for each billing cycle over the last running year. Each audit should include the following information:
   (a) amount of water in gallons,
   (b) percent of total water produced,
   (c) a graph showing trends in time, and
   (d) cost of lost or unaccounted-for water at average per-gallon billing rate.

☐ 2. Metering (Required)
   (a) List the percent of connections metered - including municipal/government, contractor tank trucks, and line flushing.
   (b) Describe the Meter Replacement Program including the percent of meters replaced per year.
   (c) Describe the large meter calibration program.
   (d) Implement zone or master metering to determine where in the system water is being lost. (recommended only)

☐ 3. Hidden Leak Detection and Repair (Required… unless <10% unaccounted for water loss)
   Note that a water audit is a prerequisite for hidden leak detection and repair.
   (a) Tabulate the man-hours per billing cycle devoted to identifying, locating, and repairing leaks.
   (b) Describe the tools, programs, or activities used to identify and locate leaks. Document if these are written standard operating procedures.
   (c) Include example leak location and repair records along with maps showing where leaks have been found, where repairs have been made, and where Capital Improvements Projects have been planned to address leakage.
   (d) Describe how decisions are made to replace, repair, or delay action on pipes and appurtenances with known leaks. For delayed action, include a description of how it is decided whether or not the leak is to be addressed in the Capital Improvements Plan.
   (e) Include estimates of water saved for example repairs.
   (f) Include example sections of the Capital Improvements Plan that address known leaks.
   (g) Document automatic excess customer usage highlighting/notification through billing system. (recommended only)
   (h) Take advantage of opportunities to examine system components for soundness. For example, every time a valve is exercised, the operator should check for leaks. Adopt the slogan: “If you touch it, sound it!” (meters, hydrants, valves, etc.).

☐ 4. Line Location Services (Recommended)
   (a) List the percent of the system mapped and the method of mapping used (manual or GIS).
   (b) Describe how the line listing is kept current.

☐ 5. Valve Exercising (Recommended)
   Tabulate the frequency goal, actual number & location/billing cycle & year.
Checklist for Rate Structures that Support Water Conservation

Recommendations
All utilities should determine the cost to deliver service in the short and long term, and establish a baseline revenue requirement prior to engaging in additional rate deliberations. In 2009, State Water Infrastructure Commission adopted criteria which are used by North Carolina funding agencies in determining the adequacy of rate structures to pay the cost of maintaining, repairing, and operating the system, including payment of principal and interest on indebtedness. This document can be found at http://www.ncwater.org/drought/section9.php. Utilities should also consider the cost of future system rehabilitation, improvements and expansion when considering rate structures. In order to appropriately evaluate rates and rate structures, utilities should develop and analyze data on costs and water consumption at the customer level.

Once the utility has determined the baseline cost to deliver services, utilities attempting to encourage conservation may consider implementing as many of the following options as desired, realizing that there may be tradeoffs with other utility policies and priorities. Utilities should only embark on implementing conservation-oriented rate structures if they are judged to also be financially and economically sound.

Rate Structure and Billing Options
In order to qualify for funding of a waterline extension or water treatment plant capacity expansion project (under NCGS § 143-355.4.(b)(1)), the applicant water utility must demonstrate implementation of a rate structure that supports water conservation through the following measures recommended by the State Water Infrastructure Commission. Utilities attempting to encourage conservation may consider implementing as many of these options as desired, realizing that there may be tradeoffs with other utility policies and priorities. A guiding principle in setting rates is that customers respond to rates by adjusting their discretionary water use.

Requirement
☐ 1. Do not charge residential customers [or usage below 20,000 gallons/month] using a decreasing block rate structure. – A “decreasing block rate structure” is one where the volumetric price for water [$/1,000 gallons or $/ccf] decreases for higher levels of consumption. This is an option for all utilities, but is mandatory for local governments and large community water systems applying for state funds for extending water lines or expanding water treatment capacity, based on NCGS § 143-355. It can be accomplished in one of two ways:
   a) Avoid using a decreasing block rate structure for any rate structure designed specifically for residential customers only, or
   b) For utilities that use the same decreasing block rate structure for all of their customers, not differentiating between residential and non-residential customers, the first block must contain at least the first 20,000 gallons/month in order to ensure that all residential usage is charged at a uniform rate. Note that this requirement only applies to the rates assessed on metered usage past the initial base (“minimum”) charge and consumption allowance.

Recommendations
☐ 2. Set [volumetric] prices [$/1000 gallons or $/ccf] that encourage water conservation at the average as well as high levels of residential customer consumption. – Customers respond to price by adjusting their discretionary water use. Average residential consumption varies from utility to utility, but is close to 4,000-5,000 gallons/month across the state. Residential consumption at or above this threshold should be charged at a high volumetric price such as $8.25 / 1000 gallons [$6.20 / ccf] for water and sewer combined or $3.75 / 1000 gallons [$2.80 / ccf] from water-only utilities. These example rates were determined by the Public Water Supply Section with reference to the average “Conservation Signal” obtained from the annual statewide rate survey by the NC League of Municipalities and the Environmental Finance Center, which changes from year to year, so they may not be current.

☐ 3. Design a rate structure that significantly reduces total bills for customers that reduce water consumption. – This is accomplished by using lower base charges, not including consumption allowances with the base charge, and setting higher volumetric prices wherever possible. Base charges should constitute no more than 20 percent of the combined water and sewer or water-only bill for the utility’s average level of residential consumption, which is usually 4,000-5,000 gallons/month. Volumetric prices should conform to item 1 above. However, encouraging conservation is only one objective of rates, and should not be used at the expense of recovering the costs of service and providing revenue stability to the utility. Many utilities, particularly small ones, may find it more suitable to charge high base charges to ensure financial sustainability.
4. Use an increasing block rate structure with 3 or 4 blocks within the first 20,000 gallons/month. Utilities with residential increasing block rate structures that use substantial rate differentials between blocks should realize a conservation response. – An “increasing block rate structure” is one where the volumetric price for water [$/1,000 gallons or $/ccf] increases for higher levels of consumption. Having an increasing block rate structure alone is not sufficient to encourage conservation without setting substantial rate differentials between blocks (see NC League of Municipalities and the Environmental Finance Center’s “2006 How Much Does Clean Water Cost: The Story Behind the Revenue”). The first block beyond the base charge should be set near the wintertime average residential water use at the utility, or less than 5,000 gallons/month by default. The second block should extend to the summertime average monthly residential water use for the utility by default. The volumetric price should increase by at least 25 percent from one block to the next. 

5. As an alternative to an increasing block rate structure, use a uniform rate structure with a higher volumetric price or a seasonal rate structure that permanently charges higher rates in the summertime than in the wintertime. – A uniform rate structure should conform to item 1 above.

6. Charge higher impact fees (system development charges) for irrigation water meters than for standard household water meters and/or create a residential irrigation meter rate structure and charge a higher volumetric price for irrigation water than for standard household water. – Utilities often have to size their treatment, storage and distribution capacity to meet the peak summertime demand, which is partially driven by residential irrigation demands. This increases the costs for the utility even though that extra capacity is only used during a few months in the summer to serve the customers that use water for irrigation. The utility could recover the costs of extra capacity by charging higher impact fees for irrigation meters and/or by charging higher rates for water sold through irrigation meters. For utilities with increasing block rate structures, irrigation rates should at least be as high as the most expensive block price for the standard residential household use. Water use through irrigation meters are not usually charged sewer rates.

7. Use a monthly billing period. – The more frequently a customer receives utility bills, the more aware they are of their consumption and the more price-responsive they are in their conservation efforts. Utilities are encouraged to use monthly billing when fiscally feasible.

8. Provide price and [current / historic] use information on customers’ bills. – Use the bill itself as a document to share information with the customer. Customers that can view their current and/or historic water use along with their utility’s rates on the bill itself often adjust their consumption behavior and use less water.

9. Encourage sub-metering in apartment complexes and other master-metered multi-family residential housing areas. – Occupants of individual residences should receive water [and sewer] bills rather than the owner of the building. Customers that receive their own utility bill directly have a greater financial incentive to repair leaks and conserve on water usage.

10. Review rates each year and adjust rates as needed to meet both operating and long-term costs. – Rates should be reviewed at least once a year to ensure that rates meet system costs. Increases also may be used to encourage conservation actions that respond to rate structure. Each year in North Carolina, about half of the utilities raise their rates.

11. In concert with the Water Shortage Responses Plans, consider a role for temporary rate adjustments (e.g.: “drought surcharges”) that are tied to drought conditions and water storage levels. – These rate adjustments must be temporary and their implementation period should be clearly tied to water storage triggers identified in the water shortage response plan. Utilities should develop and adopt their temporary rate adjustment policies and communicate them with their customers before the next drought or water shortage period. This strategy can provide residential customers a significant price incentive to encourage conservation during water shortage periods while allowing the utility to recover lost revenue through lower sales and avoid consequential permanent rate increases.
Resources
Guidance on how NC state funding agencies evaluate whether a water rate structure is adequate to pay the cost of maintaining, repairing and operating the system, including reserves for payment of principal and interest on indebtedness, as required by S.L. 2008-143 Section 9 (implemented through NCGS § 143-355.4), can be viewed at: http://www.ncwater.org/drought/section9.php

Guidelines for NC water utilities in designing rate structures that support the utility’s objectives (including but not limited to encouraging conservation) can be downloaded at: http://www.efc.unc.edu/publications/2009/GuidelinesDesigningRateStructures.pdf


The American Water Works Association’s M1: Principles of Water Rates, Fees and Charges, as well as other manuals on rates, rate structures, and conservations, can be purchased at http://www.awwa.org/Publications/.

Several technical assistance providers conduct trainings in North Carolina and provide information on designing rate structures, including but not limited to: the Environmental Finance Center at the University of North Carolina’s School of Government (www.efc.unc.edu), the North Carolina American Water Works Association-Water Environment Association (www.ncsafewater.org) and the North Carolina Rural Water Association (www.ncrwa.com).
Reclaimed Water Certification
Pursuant to the Requirements of
NCGS § 143-355.4.(b)(6).

(i) It is recognized that the ability to use reclaimed water may be limited for some scenarios, and that a full alternatives evaluation may not be warranted. If there is some question as to whether an alternative evaluation may not be warranted, contact the staff of the Public Water Supply Section (PWSS) of the Division of Water Resources. Some scenarios that do not require a full alternatives evaluation include:

- Water distributions system extensions in systems that do not have a centralized wastewater treatment plant.
- Water distribution system expansions that will be met by the system’s existing reclaimed water system.
- Water treatment plant improvements that do not expand its treatment capacity.
- Water line extensions to address contaminated drinking water wells or to consolidate failing systems.
- Other water system projects that similarly do not involve extension of waterlines or expansion of treatment capability for purposes of growth.

If one of the above scenarios applies to the requested project, go to (vi) and attach a copy of the evaluation that led to that conclusion.

Aside from these exceptions, the applicant must proceed with the alternatives evaluation in accordance with the following requirements. If you have any questions about these requirements, contact the funding agency staff.

(ii) What percent of the current water supplied by the water system is used for each of the purposes identified on the attached list of DWQ approved uses of reclaimed water. _____ %

(iii) What percent of the system’s future water needs (20 – 30 year planning horizon as per the system’s most recent Local Water Supply Plan) will be used for each of the purposes identified in the attached list of DWQ uses of reclaimed water. _____ %

(iv) Has the system completed a comprehensive evaluation of its current and future reclaimed water reuse opportunities? If yes go to (v), if no the system must complete the comprehensive evaluation or the system does not qualify for State infrastructure funds. A comprehensive evaluation should, at a minimum, include the following elements:

- A discussion of the present availability of reclaimed water that includes an analysis of both the availability of reclaimed water from sources owned and operated by the applicant and the possibility of acquiring reclaimed water from other nearby water systems.
- A discussion of both the technological and economic feasibility of providing additional treatment of wastewater within the applicant’s water system to create and/or enhance the supply of reclaimed water within the system.
- An analysis of the potential large volume users of reclaimed water within the system, such as industries with a demand for cooling water or large irrigation users.
- A cost benefit analysis that examines the potential of providing reclaimed water for non-potable uses either in bulk deliveries or by a pipeline compared to the expansion of potable water lines to supply these non-potable uses.

(v) Did the evaluation show the use of reclaimed water to be both technically and economically practical and will the water system implement the recommended results of the evaluation?

If yes, go to (vi) and attach a copy of the timeline for implementing the recommendations from this evaluation.
If no, go to (vi) provide an explanation regarding why the use of reclaimed water is not a practical option for this system or provide an explanation as to why the system has decided against implementing the results of the evaluation.

(vi) The system complies with the requirements of NCGS § 143-355.4(b)(6).

I hereby certify that the water system that I represent has complied with the requirements of NCGS § 143-355.4(b)(6).

___________________________________________________________________________________________
Public Water System ID (PWSID)

___________________________________________________________________________________________
Print or Type Name of Water System

___________________________________________________________________________________________
Print or Type Name and Title of Appropriate System Official

________________________  _________________________
Signature                          Date
Division of Water Quality Approved Uses for Reclaimed Water

(Further information regarding DWQ requirements concerning the use of reclaimed waters is contained in 15A NCAC 02T .0900.)

1. Residential landscape and turf irrigation
2. Industrial, institutional and commercial landscape and turf irrigation
3. Governmental landscape and turf irrigation (parks, school grounds, ball fields, highway medians, etc.)
4. Golf Course irrigation
5. Cooling water
6. Boiler water
7. Industrial process water
8. Industrial and commercial fire prevention systems
9. Wetland augmentation
10. Irrigation of crops not for human consumption
11. Irrigation to food chain crops
12. Firefighting and fire extinguishing
13. Reclaimed water distribution line pressure testing
14. Urinal and toilet flushing in commercial and commercial facilities
15. Vehicle and equipment washing
16. Power washing
17. Make-up water for preparation of pesticides or similar
18. Make-up water for brine slurry or similar
19. Concrete production
20. Compost production
21. Concrete cutting
22. Decorative ponds and fountains
23. Sewer cleaning
24. Soil compaction and dust suppression
25. Street sweeping (not street washing)
26. Subsurface directional boring
27. Hydro-seeding and fertilizer mixing