

State Water Infrastructure Authority
Meeting Date – March 19, 2015
Agenda Item I – Potential Discretionary Points for Fall 2015 Application
for All Funding Programs

Division of Water Infrastructure Staff Report

Background

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

- To establish priorities for making loans and grants consistent with federal law

In January 2015, the Authority discussed the priority criteria systems used in the funding programs administered by the Division of Water Infrastructure (Division). The Authority discussed the potential need to be able to consider projects that are “on the bubble” for funding (i.e. projects that score just below the funding cutoff line and which may differ from the last funded project by only a few points). The Authority expressed its preference to be able to consider awarding discretionary points when reviewing these “bubble” projects. The Authority also discussed the importance of the process for awarding discretionary points to be transparent and defensible.

Based on the Authority’s discussion, staff developed the following information for the Authority’s consideration.

Potential Discretionary Point Process

1. The awarded points could be up to 10 points which would be up to 10% of the maximum possible priority criteria scores under each funding program.
 2. The awarded points could be based on one of the following: (a) award either zero or 10 points; (b) award zero, 5, or 10 points; or (c) award a range of points from zero to 10.
 3. In order to be considered for discretionary points:
 - The applicant would need to request consideration and provide justification in a box provided on the application form.
 - The applicant would be able to provide one additional page of backup information. This suggested approach would help prevent the submittal of voluminous reports/documents, etc. that would be not only be time consuming for the Authority to review but potentially too large to transmit to the Authority in an efficient and cost-effective manner.
 - Division staff would provide to the Authority these 2 pages of information (i.e., one page from application form and one additional page of information) only for those projects that could be impacted by the addition of the maximum of 10 discretionary points.
-

Potential Options for Authority Consideration for the Award of Discretionary Points

1. Consideration of the intrinsic value of a project, and/or exceptional character/unique properties of a project or an applicant; for example:
 - Project purpose or project benefits that reflect the existing priorities but do not expressly fit into the priority criteria system of points
 - Number of people/number of connections that are impacted by the project
 - Percentage of jobs lost in defined sectors within the past 2 years
 - Based on information from the Employment Securities Commission utilizing the North American Industry Classification System [NAICS] code
 2. Projects that address unforeseen capital needs caused by infrastructure that is not usable due to construction deficiencies or premature material failures that create financial hardship; this could include projects that require lengthy litigation to resolve the issues
 3. Projects that address the impacts of an act of nature that is exceptional, inevitable, and the effects of which could not be prevented or avoided by the exercise of due care or foresight
 4. Projects that will enable the leveraging of funding from other sources that may otherwise be lost
 5. To provide grant funds to an applicant for which a loan is not a viable option, but only if the grant substantially addresses the infrastructure issue(s) that causes the applicant's enterprise fund to potentially be non-viable (based on information provided by the NC Local Government Commission)
-

Potential Consideration for Award of Grants

While not part of the considerations for the award of discretionary points, the Authority may wish to consider an applicant's history of award of previous grants. For example, the Authority may wish to consider the amount of an applicant's previous grant(s) awards, the date of the award(s), and the type of grant (CDBG-I, State Wastewater Reserve, or State Drinking Water Reserve). Staff suggests that the Authority consider awards made since January 2014 when the Authority began selecting the projects eligible to receive funding.
