



# **The CDBG-Infrastructure Draft Priority Criteria: Development and Overview**

**Agenda Item H**

**State Water Infrastructure Authority Meeting**

**February 2014**

# Outline

- I. Priority Criteria Point System Development
- II. CDBG-I Working Group
- III. Harmonization with SRF Programs
- IV. What Does the Point System Prioritize

# Development of the Priority Criteria

- CDBG-Infrastructure Unit staff developed a first draft, based on what we knew about the most serious problems in water and sewer infrastructure in poor communities
- Communities with regulatory problems, and areas with dry or contaminated wells, or failed septic systems needing public water or sewer service were considered the most serious problems to solve

# Development of the Priority Criteria

- CDBG-Infrastructure Unit staff debated among themselves, and refined and changed language, and point allocation, until we felt that we had envisioned every possible permutation of point combinations

# Development of the Priority Criteria

- The priority criteria then went to the nine-member CDBG-Infrastructure working group, composed of representatives of:
  - Regional Councils of Governments (COGs)
  - Engineering firms
  - Local governments
  - NC Department of Commerce

# CDBG-Infrastructure Working Group

- Mary Chandler Beck, Anson Co. Economic Development
- Matthew Dolge, Piedmont Triad Council of Governments
- Leah Martin, Western Piedmont Council of Governments
- Chris May, Cape Fear Council of Governments
- Steve Player, The Wooten Company
- Emily Rogers, Municipal Engineering, Inc.
- George Sherrill, NC Department of Commerce
- Phil Trew, High Country Council of Governments
- Erin Wynia, League of Municipalities

# Development of the Priority Criteria

- The group met twice, on January 16 and February 4
- The problem of home hookups created questions that were relayed to Kara Millonzi of the UNC-Chapel Hill School of Government
  - Local governments ability to fund house connections
  - Mandatory hookups in ETJs

# Development of the Priority Criteria

- Then the CDBG-Infrastructure Unit staff met with the Division's SRF staff – Seth Robertson, Vince Tomaino, and Mark Hubbard
- That meeting led to a harmonization between the SRF programs and the CDBG-I programs regarding which priorities should be emphasized, and which should not

# Priority Criteria

- Three main categories of priority points:
  - Economic Need
  - Severity of Need
  - System Management

# Economic Need (75 points)

- Percent of low to moderate income persons served
- Poverty rate of the applicant
- Amount of the current water and sewer bill for 5,000 gallons of residential use, relative to the applicant's median household income

# Severity of Need

- Divided into:
  - Regulatory Relief
  - Water Systems
  - Wastewater Systems

# Severity of Need – Regulatory Relief

- Points for systems under SOC, or systems with more than two NOVs in the past two years, or the system is under administrative order
- Points only accrued if the project will mitigate the cause of the regulatory action
- Consideration – rewarding bad actors

# Severity of Need – Regulatory Relief

- SOC mitigation – 25 points
- NOV mitigation – 15 points
- Administrative order mitigation – 10 points
- Therefore the maximum points would be 25

# Severity of Need – Water Systems

- Distribution system:
  - Water loss – maximum 50 points >30% loss
  - Contaminated water – THMs, HAAs in public systems, fecal coliform or arsenic, or high mineral content as to render water nonpotable – 50 points
  - Dry wells – 40 points
  - Low pressure in a public system – 15 points
  - Regionalization of two systems – 35 points
  - Drinking water shortage – 5 points
  - System interconnection for the purpose of having a secondary water supply – 5 points

# Severity of Need – Water Systems

- Water treatment plants:
  - Rehabilitation or replacement of a plant – maximum points are received when plant is over 30 years old
  - New treatment plant to serve area with no previous service – maximum points 25

# Severity of Need – Wastewater Systems

- Collection system:
  - Rehab of lines/pumps/pump stations/manholes – maximum points where lines > 40 years old; pumps > 20 years old – 25 points
  - Failing septic systems – maximum points where > 20 percent of septic systems failed – 50 points

# Severity of Need – Wastewater Systems

- Wastewater treatment systems:
  - Rehab of plants – maximum points where plant is > 30 years old
  - Regionalization – 40 points
  - New plant to address area with failing septics – 15 points

# System Management (17 points)

- Operating ratio – greater than one, no transfers from the General Fund or interest income – 5 points
- Planning documents – current CIP – 2 points
- Planning documents – asset management plan – 4 points
- Regionalization – system has regionalized management – 2 points
- Water loss prevention program – 4 points

# Use of the Priority Criteria

- The priority criteria will be inserted into the application guidance
- It will be used in conjunction with the North Carolina Common Application
- Applications will be due on April 1, 2014
- Projects deemed eligible for funding through the use of these criteria will be presented to SWIA on May 12, 2014 for consideration

# Proposed Other Considerations

- Not assigned points
  - Geographical distribution
  - Matching funds (where practicable)
  - Readiness to proceed
- Considered by SWIA when two applications score equally and a choice must be made between the two
  - Consideration of geographical distribution of the projects awarded in the current round, the presence of matching funds or the readiness to proceed would be the tie-breaking criteria for the two applications under consideration

# Action Item

- Staff recommends that SWIA approve the use of the draft Priority Rating Points for the CDBG-Infrastructure projects along with the Other Considerations to establish the priorities for projects to be funded from the CDBG-Infrastructure funds



# Questions