



# **Drinking Water State Revolving Fund (DWSRF) Funding Application Process and Priority Rating System**

**Agenda Item J**

**State Water Infrastructure Authority Meeting**

**January 2014**

# Outline

- DWSRF Application Process
- Application Forms
- Prioritizing Applications
- Allocating Funds



# DWSRF Application Process

- September 30 deadline in T15A NCAC 01N .0401
- Accept applications
- DWSRF staff & management review and rank
- Typically notify Applicants (by publishing draft list as part of the IUP) around Jan. 1
- Projects funded in priority order:
  - “Category 1”
  - Ready to Proceed (RTP)
  - Non-Ready to Proceed (Non-RTP)

# Outline

- ~~DWSRF Application Process~~
- **Application Forms** ←
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# DWSRF Application Forms

- North Carolina Water/ Wastewater Common Application Form
- NCDENR Application Appendix for Drinking Water Funding Programs
- DWSRF *Factsheets* for documenting many aspects of the program
  - Environmental review (Categorical Exclusion vs. Environ. Assessment)
  - Ready to Proceed (RTP)
  - Priority points

# DWSRF Application

- Other materials
  - Preliminary Engineering Report (PER)
  - Narrative, maps, documentation
  - Can request points on *Bonus Points Scoring Checklist*
- No requests for additional information
  - Application evaluated as-is, in order to maintain program schedule
- Competitive process
  - Priority matters

# Outline

- ~~DWSRF Application Process~~
- ~~Application Forms~~
- **Prioritizing Applications ←**
- Allocating Funds

# Prioritizing Applications

- Projects funded in priority order:
  - “Category 1”
  - Ready to Proceed (RTP)
  - Non-Ready to Proceed



# Ready to Proceed

RTP described in Operating Agreement w/ EPA

- Complete environmental review
- Approved plans & specifications
- Authorization to Construct
- “All funding is available”
- Property / easements acquired
- Up-to-date Water System Management Plan
- The 2008 Drought Bill [NCGS 143-355.4(b)]

# Priority Rating System

## Priority Order

- Category 1 projects – special case
- RTP projects sorted by:
  - category (lowest first)
  - then priority points (highest first)
  - then population (smallest first)
- Non-RTP projects
  - Propose change in handling

# Categories

- All Category 1 have higher priority than any Category 2, regardless of priority points ....
- Categories:
  1. Consolidate non-viable systems – special case
  2. Address compliance problems (NOVs)
  3. New source/treatment capacity/rehabilitation
  4. All other eligible projects
- Bonus points are tie breakers within a category, as is population

# Category 1 - Special Case

- Consolidation of a non-viable system into a viable system is highest priority
  - Category 1 projects automatically qualify for Principal Forgiveness
  - Category 1 projects not subject to application deadline
  - Category 1 projects not subject to RTP requirement
  - Category 1 projects funded first.

# Priority Rating System

## Priority order

- ~~Category 1 projects – special case~~
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  - ~~category~~
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  - then population (smallest first)
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# Priority Points

- Reliability (e.g., redundancy, backup power) – 5 pts
- Affordability (ratio of water rate to Median Household Income) – 30 pts
- Source protection/management – 15 pts
  - Approved plans for wellhead or source water protection
  - Water Loss Reduction Plan
  - Cross-connection control plan
  - Conservation incentive rates; incentives for low-flow devices
- Project Planning (e.g., regional project) – 3 pts
- **No points for asset management plan**

# Priority Rating System

## Priority order

- ~~Category 1 projects – special case~~
- ~~RTP projects sorted by:~~
  - ~~category~~
  - ~~then priority points~~
  - ~~then population (smallest first)~~
- Non-RTP projects ←
  - Propose change in handling

# Non-RTP Projects

If more funds than RTP eligibility (as now):

- Traditionally non-RTP projects funded in the order in which they establish RTP. First come, first served
- **Propose** to fund non-RTP projects in priority order:
  - Put highest priority non-RTP projects on a schedule
    - as CWSRF has traditionally done
    - E.g., ~1 year to RTP
    - 2 years to signed contract



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- **Allocating Funds ←**

# Allocating Funds

Allocating is mostly rating, but includes steps to assure we meet required reserves

- Additional Subsidization Reserve
  - Varies, Congress sets minimum / maximum in annual budget
    - Recently min 20%, max 30% of capitalization grant
  - NC uses Principal Forgiveness (PF)
  - Operating Agreement defines PF eligible as current water-only rate (at 4,500 gallons / month) exceeds 0.85% of MHI
    - Or being Category 1

# Allocating Funds – Other Reserves

- Small system reserve of 15%
  - Generally not issue:
    - We propose all principal forgiveness and
    - Approx. 45% of all allocation
- Formerly, Green Project Reserve

# Unfunded Projects Reconsidered

- If application not funded in first review period it will be reconsidered for a second round
- If not funded in second review period it cannot be reconsidered again
- Applicant may reapply



# Questions