

**Guidance Document and Frequently Asked Questions (FAQ) for
Preparing the Preliminary Scopes of Work (Scope) for
Merger/Regionalization Feasibility Study (MRF) Grants
Funded by the Division of Water Infrastructure (Division)**

What is a Scope of Work for an MRF project?

- The first milestone for the Division of Water Infrastructure's (Division) MRF grants is the submittal of a Preliminary Scope of Work (Scope) for the MRF project. After the Division approves the Scope, the Division will issue the formal Funding Offer to the MRF grant recipient (Subrecipient). Upon the Division's receipt of all the first payment items that are either issued with or prompted by the Funding Offer, the Subrecipient may then start submitting disbursement requests for incurred project costs.
- Scopes for MRF projects provide the Division with an overview of the project tasks, costs, timeline, and deliverables.
- The Scope should be consistent with the activities or services described in the application that will address the challenges experienced by the Subrecipient's and their partners' utilities.
- Further, the activities and budget in the Scope should be consistent with the scope of work and costs the Subrecipient will agree to in the engineering/consulting contract.

How do I submit my MRF Scope?

- Scopes should be submitted by the Subrecipient (not the consultant) to the Division's project manager by the date indicated in the milestone schedule in the project's Letter of Intent to Fund (LOIF) via the Division's online document submittal portal.
 - Division's online document submittal portal:
<https://edocs.deq.nc.gov/Forms/DW-Document-Upload-Form>
- The Subrecipient's Authorized Representative (not the consultant) may request a modest extension of the submittal date via an email or letter on appropriate letterhead, sent to the Division's project manager. The request must include a justification for the delay and propose a new date for submitting the Scope.
- Prior to submitting your Scope, contact your Division project manager regarding any anticipated changes to the project as described in the application. The Division's project manager for your project is shown in the project's LOIF.

What does DWI require in an MRF Scope?

- Scopes must be consistent with the project described in the approved funding application, including the budget and challenges described in the application narrative.
- Scopes must contain the following:
 - The MRF project's lead LGU and partnering LGU(s) including primary points of contact for each participant.
 - Anticipated activities and/or services to be performed during the MRF project.
 - A concise narrative describing how each project activity addresses the challenges in the

approved MRF application.

- A cost associated with each project activity including the Subrecipient's plan to pay the 1.5% Fee, and whether the fee will be paid with local funds or paid through the grant.
- A schedule for completing the project within 24 months of the LOIF per the Milestone Schedule.
- The deliverables to be produced for the project, including GIS shape files as applicable to the project.
- The applicable MRF program requirements as specified in the "Suggested Scope Format" section below based on whether the Subrecipient, or the utility that is benefitting from the AIA project, has been designated as distressed per NCGS § 159G-45.

What are eligible MRF project Activities?

- Project activities should include meetings to discuss and investigations/analyses to uncover the current technical, managerial, and/or financial opportunities to improve the applicant's and partnering utility's level of service, including but not limited to realizing new economies of scale.
- Information on Crafting Interlocal Agreements can be found on the University of North Carolina School of Government – Environmental Finance Center's website here: <https://efc.sog.unc.edu/resource/crafting-interlocal-water-and-wastewater-agreements/>
- Regardless of eligibility, if the project includes activities NOT covered by the MRF grant, the Scope budget must distinguish (a) the activities (or a portion thereof) that will be funded by the MRF grant from (b) the activities (or a portion thereof) that will be funded with other non-Division sources.
 - For example, a \$100,000 MRF project may receive \$50,000 in Division MRF grant funding. The budget table in the Scope should show one column for the costs and activities covered by the MRF grant (totaling \$50,000) and a separate column for the costs to be covered by the other funding source (totaling the remaining \$50,000), and also provide the source of the non-Division funding (i.e., local cash, USDA grant, etc.).

What is required for the Scope narrative?

- The Scope narrative should consist of a succinct discussion of each task. The description should explain how the tasks relate to the challenges and benefits identified in the approved application for funding.
- Reference any applicable historic merger/regionalization efforts and describe how the proposed project Scope builds upon or advances these past efforts.
- Specify that any GIS data delivered to the grantee will be provided in a format they can easily and readily update with current resources, and clearly identify the owner of the data.
- Remember, the application was funded based on the specific needs of the applying and partnering system and proposed benefits of the MRF project.

What is required for the project schedule?

- Starting with the Fall 2023 funding round, all MRF projects are subject to five (5) Milestones as specified in the grant's LOIF. They are:
 - Preliminary Scope Submittal – 3 months after LOIF
 - Preliminary Scope Approval – 2 months after Scope Submittal, 5 months after LOIF
 - Executed Contracts Submittal – 3 months after Scope Approval, 8 months after LOIF
 - Draft Project Deliverable Submittal – 12 months after Executed Contracts Submittal, 20 months after LOIF
 - Final Closeout Including Final Disbursement – 4 months after Draft Deliverable Submittal, 24 months after LOIF
- The project schedule must show the anticipated start and end dates for each project activity.
- The project schedule should coincide with the milestone schedule provided in the project's LOIF.
- The final project completion date must be within 24 months of the date on the LOIF.

What makes up the Deliverable?

- The deliverable consists of the documents/outputs produced by the MRF project. The documents may include, but are not limited to:
 - Reports including maps, tables, and outputs and summaries of models
 - Rate studies and financial analyses
 - Draft Interlocal Agreements (ILA) or Memoranda of Understanding (MOU)
- An executive summary of the MRF project if not included in a unified report, or a copy of the presentation provided to the benefiting utility's governing body.
- Proof that the MRF project's findings/conclusions/recommendations were at least presented to the benefiting utility's governing body.

What other documents must be submitted to the Division before the Division can process the final disbursement request and deem the AIA project complete?

- At the end of the MRF project, the Subrecipient must submit to the Division a copy of the final set of deliverables, an executive summary, and proof that the MRF project's findings/conclusions/recommendations were at least presented to the Subrecipient's, or appropriate utility's, governing board via either:
 - A certified copy of the board meeting minutes where the MRF project's findings/conclusions/recommendations were presented to the benefiting utility's governing body;
 - A copy of the board meeting minutes where the MRF project's findings/conclusions/recommendations were presented to the benefiting utility's governing body, and the minutes of the subsequent board meeting showing approval of the previous meeting's minutes; or,
 - A resolution passed by the benefiting utility's governing board adopting the findings/conclusions/recommendations presented in the report, including but not limited to Capital Improvement Plans, Asset Management Plans, and adjoining rate

studies as appropriate.

- The final report/deliverable package must be approved by the Division prior to final disbursement of the grant funds.
- For MRF projects that develop a new or update an existing GIS database, GIS shapefiles must be submitted to Division staff upon completion of the project. The shapefile should include the appropriate GIS data layers that show a complete service area boundary, including gaps within those boundaries, most commonly in the following file formats: .shp, .shx, and .dbf.
- Note: the data gathered during the Division-funded MRF project is the property of the Subrecipient. Exceptions to Subrecipient ownership of project deliverables, including incorporation of data into proprietary software, must be specified in the Scope.

What if my Local Government Unit (Unit) has been designated Distressed?

- Units designated as Distressed are required to complete the activities established in NCGS § 159G-45(b). MRF grants provide funding to fulfill some of those requirements, but MRF grants are not required for all Distressed Units.
- Distressed Units are required to complete short-term and long-term plans for infrastructure repair, maintenance, and management, of which a complete AMP, 10-year CIP, and rate study are integral parts. MRF projects for distressed units should include analyses of the technical, managerial, and/or financial capacity of the distressed utility to move toward viability through a merger, regionalization, or inter-local collaboration.
- As stated in the LOIF for the MRF project, contact your Division project manager prior to creating the Scope to discuss how this project helps the Distressed Unit fulfill the statutory requirements in NCGS § 159G-45(b) and make progress toward de-designation.
- For Distressed Units with an approved or draft Short-Term Action Plan (STAP) as a result of meeting with Division staff, reference the action items identified in the plan in the project Scope.

Suggested Scope Format (Adobe PDF or other non-editable format)

Section 1 – Reference: Contact information for the Subrecipient, contact information for the consultant, project name and number as listed in the application and the LOIF, funding cycle, etc.

Section 2 – Narrative: A concise narrative description of the Scope, referencing any applicable historic asset management efforts, describing how the proposed Scope builds on past efforts, and connecting the challenges described in the application with the main project activities.

Section 3 – Itemized Tasks and Budget: A description, cost, and schedule/timeline of each main project activity, detailed enough that the Division can determine the tasks that will be accomplished during the project including the resulting deliverable and what is/is not eligible for disbursement.

Section 4 – Deliverables: A summary of the anticipated documents and plans to be created during the project with milestones for each main activity, including a timeline for the Division to approve the draft and final deliverables, detailed enough that the Division can determine that the Subrecipient will meet the funding requirements within two years of the LOIF.

Section 5 – MRF Program Requirements: The Scope must also include the appropriate assurances listed below based on the whether the Subrecipient has been designated as Distressed per NCGS § 159G-45.

- 1) Specify how the Subrecipient plans to fund 1.5% fee.
 - The 1.5% Fee is statutorily required for all grants funded by the Division from the Drinking Water/Wastewater State Reserves and Viable Utility Reserves
- 2) Submit project progress reports to the Division no less frequently than every other month throughout the project, preferably with each disbursement request.
- 3) The Draft deliverable package will be submitted to the Division before the Subrecipient's, or appropriate utility's, governing body is presented with the results of the MRF project.
- 4) The Final deliverable package will be submitted to the Division after the Subrecipient's, or appropriate utility's, governing body is presented with the findings, conclusions, and recommendations of the MRF project.
- 5) The Final deliverable package will include the appropriate GIS layers created or updated during the MRF project such that the Division can determine the service area boundary of the utility including gaps in service coverage.