

**Guidance Document and Frequently Asked Questions (FAQ) for  
Preparing the Preliminary Scopes of Work (Scope) for  
Asset Inventory and Assessment (AIA) Grants  
Funded by the Division of Water Infrastructure (Division)**

**What is a Scope of Work for an AIA project?**

- The first milestone for the Division of Water Infrastructure's (Division) AIA grants is the submittal of a Preliminary Scope of Work (Scope) for the AIA project. After the Division approves the Scope, the Division will issue the formal Funding Offer to the AIA grant recipient (Subrecipient). Upon the Division's receipt of all of 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 AIA projects provide the Division with an overview of the project tasks, costs, timeline, and outputs.
- The Scope must be consistent with the activities or services that will address the challenges experienced by the Subrecipient's, or appropriate utility's, water or wastewater system as described in the approved application for funding.
- 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 AIA 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 AIA Scope?**

- Scopes must be consistent with the AIA project described in the approved funding application, including the budget and challenges described in the application narrative.
- Scopes must contain the following:
  - Anticipated activities and/or services to be performed during the AIA project.
  - A concise narrative describing how each project activity addresses the challenges in the approved AIA application.
  - A cost associated with each project activity including the Subrecipient's plan to fund the local match requirement and 1.5% fee (see the Division's policy at the end of this

document).

- A schedule for completing the project within 24 months of the LOIF per the Milestone Schedule.
- The anticipated outputs to be produced by the AIA project, including GIS shape files as applicable to the project.
- The applicable AIA 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 AIA project activities?**

- Project activities should adhere to the Division’s [“Water and Wastewater Utility Evaluation Guidance Document: Asset Inventory and Assessment, Capital Cost, and Operating Cost Analyses”](#) document, which primarily serves to help guide engineers and consultants during an AIA project.
- Regardless of eligibility, if the project includes activities NOT covered by the AIA grant, the Scope budget must distinguish (a) the activities (or a portion thereof) that will be funded by the AIA grant from (b) the activities (or a portion thereof) that will be funded outside of the AIA grant.
  - For example, a \$200,000 AIA project may receive \$150,000 in Division AIA grant funding. The budget table in the Scope should show one column for the costs and activities covered by the AIA grant (totaling \$150,000) 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.).
- If equipment is an integral part of your project, contact your Division project manager prior to submitting the scope.
  - Eligible equipment (tablets, computers, and other asset management equipment) and/or software must comprise no more than 10 percent of the AIA grant funding and must be justified in the scope.
- If gaining access to software is an integral part of the AIA project, the initial purchase and/or first-year subscription is eligible, but the renewal of subsequent annual software subscriptions is not eligible.

#### **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 asset management work and describe how the proposed project Scope builds upon those past asset management efforts.
- Specify that any GIS data delivered to the Subrecipient will be provided in a format the Subrecipient 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 Subrecipient’s utility

and the proposed benefits of the AIA 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 AIA project. The deliverable may include, but is not limited to:
  - Maps
  - Photographs of inventoried and/or assessed infrastructure
  - Outputs and summaries of models and/or flow monitoring
  - Copies of CCTV inspections, Sanitary Sewer Evaluations, etc.
  - GIS data layers as applicable
  - Findings, conclusions, and/or recommendations
- An executive summary of the AIA 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 AIA 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 AIA project, the Subrecipient must submit to the Division a copy of the final set of deliverables, an executive summary, and proof that the AIA 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 AIA project's findings/conclusions/recommendations were presented to the Subrecipient's, or appropriate utility's, governing body;
  - A copy of the board meeting minutes where the AIA project's findings/conclusions/recommendations were presented to the Subrecipient's, or

appropriate 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 appropriate utility's governing board adopting the findings/conclusions/recommendations presented in the report, including Capital Improvement 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 AIA 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 AIA 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), and an AIA grant provides funding to fulfill some of those requirements.
- Remember, AIA project activities must adhere to the Division's "[Water and Wastewater Utility Evaluation Guidance Document: Asset Inventory and Assessment, Capital Cost, and Operating Cost Analyses](#)" document.
- Distressed Units are required to complete short-term and long-term plans for infrastructure repair, maintenance, and management, of which a complete AMP and 10-year CIP are integral parts. AIA projects for distressed units must either:
  - Result in a complete Asset Management Plan (AMP) including at least a 10-year Capital Improvement Plan (CIP), or
  - Establish the basis of an AMP and a timeline for fulfilling all the activities required of distressed units.
- For the purposes of fulfilling the requirements of a designated Distressed LGU, a complete AMP consists of:
  - List of assets/asset registry
  - Spatial database/GIS map
  - A risk-based condition assessment of all water and/or wastewater assets
  - Recommended schedule and plan for Operation, Maintenance and Rehabilitation/Replacement, including time/cost estimates for annual budgeting
  - Minimum 10-year CIP
  - The LGU's plan to implement the AMP and CIP
  - Rate study (minimum 5-year rate programming to address CIP)
- For Distressed Units with an approved or draft Short-Term Action Plan 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 – AIA 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 the required local match and 1.5% fee. The Division's match and fee policy is attached to this document.
  - Note: the local match requirement is waived for Subrecipients that have been designated as Distressed per NCGS § 159G-45. Instead, the Scope must include the three provisions listed in the following "Requirements in lieu of a match for Distressed LGUs" section of the attached "Division of Water Infrastructure's (Division) Policy for the Local Match Requirement and 1.5% Fee for Asset Inventory and Assessment (AIA) Grants Funded by the State Reserve (SRP)".
- 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 project will adhere to the Division's "[Water and Wastewater Utility Evaluation Guidance Document: Asset Inventory and Assessment, Capital Cost, and Operating Cost Analyses](#)" document.
- 4) 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 AIA project.
- 5) 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 AIA project.
- 6) The Final deliverable package will include the appropriate GIS layers created or updated during the AIA project such that the Division can determine the service area boundary of the utility, including gaps in service coverage.

<p><b>See below for the Division's policy regarding the local match requirement and 1.5% fee.</b></p>
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**Division of Water Infrastructure's (Division) Policy for  
the Local Match Requirement and 1.5% Fee for  
Asset Inventory and Assessment (AIA) Grants Funded by the State Reserve (SRP)**

Asset Inventory and Assessment (AIA) grants funded by the State Reserve (SRP) require local matching funds. The amount of the required match is a percentage of the Division's funding amount based on the number of the Local Government Unit Indicators that exceed the state benchmarks, as shown below. Full match is due before the Division will process the final disbursement request for incurred project costs.

- 5 of 5 LGU indicators are worse than the state benchmarks = 5% match
- 4 of 5 LGU indicators are worse than the state benchmarks = 10% match
- 3 of 5 LGU indicators are worse than the state benchmarks = 15% match
- < 3 of 5 LGU indicators are worse than the state benchmarks = 20% match

Further, all State Reserve grants are statutorily subject to a 1.5% fee, which the subrecipient must pay via check prior to the Division's approval of the first disbursement request. The fee may either be included as an eligible project cost in the preliminary project scope (Scope) and disbursed upon request as part of project's funding or be attributed to the match if it is not requested for disbursement. The remainder of the match (or a portion of it) can be achieved either via cash/local funds for contracted services or by the subrecipient's staff providing in-kind services (i.e. their time) during the project. Realistic and adequate documentation of the utility's internal asset management team members' time would count as in-kind services. Note, however, the 1.5% fee cannot be paid for by in-kind contributions.

**Documenting the Match Requirement**

As stated above, the required local match can be met via cash/local funds, in-kind services, or a combination of the two. The process for documenting the subrecipient's method is outlined below.

**Local Funds**

The Subrecipient may document their financial contributions toward meeting the match requirement by using local/non-DWI funds to pay for contracted services on the AIA project. The Subrecipient must submit, as part of the disbursement request package, the invoice(s) that they have/intend to pay with non-DWI funds with a note on the invoice that the incurred costs have been/will be paid for outside of the AIA grant. Additionally, the Disbursement Request Form must show the amount being attributed to the match requirement in the appropriate column.

**In-Kind Services**

The Subrecipient may document their in-kind contributions toward meeting the match requirement by deploying their own staff to perform specific tasks for the AIA project. The Subrecipient must submit, as part of the disbursement request package, documentation of their staff's time and rates of pay and a summary of the tasks performed by their staff as they worked on the project. Most often, this can be documented via hourly pay sheets for LGU staff and a description of the work they performed on the project. For salaried staff, the in-kind contributions can be documented via providing the salaried employee's annual gross pay based on a 40-hour work week for 52 weeks per year (2,080 hours per year). Additionally, the Disbursement Request Form must show the amount being attributed to the match requirement in the appropriate column.

For Subrecipients that rely on another LGU to operate and manage their water/sewer systems, in-kind services can be performed by staff from the other LGU and attributed to the match requirement.

In addition to documenting hourly (or equivalent) pay as described above, the Division requires submittal of a copy of the operation and management agreement (such as an Interlocal Agreement or Memorandum of Understanding) between the two LGUs. In addition to the operation/management agreement, the disbursement request package must also contain documentation of their staff's time and rates of pay and a summary of the tasks performed by their staff as they worked on the project. Additionally, the Disbursement Request Form must show the amount being attributed to the match requirement in the appropriate column.

#### **Match Provision for Local Government Units Designated as Distressed**

Most LGUs have little-to-no trouble meeting the local match requirement through either cash or in-kind services. Distressed LGUs, however, typically do not have cash reserves nor do they have an appropriately robust and qualified staff to provide adequate in-kind support. Further, Distressed LGUs are required to complete an asset inventory and assessment as part of their requirements laid out in NCGS §159G-45(b), yet there is limited Viable Utility Reserve funding which does not have a match requirement, so many designated distressed LGUs receive SRP funding.

Because of these limiting factors and based on input from the State Water Infrastructure Authority, Division staff have determined that the required match shall be 0% and \$0.00 for all Distressed LGUs who receive SRP funding for an AIA regardless of the number of LGU indicators that exceed the state benchmarks.

This policy shall be in effect starting with projects funded during the Fall 2023 funding cycle.

**The next page describes the requirements in lieu of a match for Distressed LGUs only.**

### **Requirements in lieu of a match for Distressed LGUs**

In lieu of the local match requirement for local government units that have been designated as distressed per NCGS § 159G-45, the Division requires the following. These requirements will also be reflected in Conditions and Assurances as part of the formal Funding Offer:

1. Kick-Off Meeting – after the Division approves the Scope but before the Division will process the first disbursement request. Attendees shall include the Division’s project manager, the Subrecipient’s asset management team, the consulting engineer/service provider, and any other relevant parties. Topics shall include but are not limited to defining the roles of each project stakeholder, establishing expectations for the next steps of the Division’s project process, and providing guidance on how the project helps fulfill the statutory requirements of designated distressed LGUs.
2. The Subrecipient’s Authorized Representative for the project must sign the project progress reports/updates which are required to be submitted no less frequently than every other month during the AIA project.
3. Closeout Meeting – The Division requires a project closeout meeting before the Subrecipient submits the final disbursement request and before the Subrecipient’s governing body is presented with the result of the AIA project. Attendees shall include the Division’s project manager, the Subrecipient’s asset management team, the consulting engineer/service provider, and any other relevant parties. Topics shall include but are not limited to establishing expectations for the Division’s project closeout process, providing guidance on how the project helps fulfill the statutory requirements of designated distressed LGUs, and determining the immediate next steps the LGU may take in order to continue making progress toward de-designation.

Starting with the Fall 2024 funding cycle, all approved Scopes for AIA projects that will benefit a designated Distressed local government unit must include the above three requirements.