

State Water Infrastructure Authority
Meeting Date: February 12, 2020
Agenda Item H
Funding Recommendations for CDBG-I Grants

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:

- Review recommendations for grants and loans submitted to it by the Division of Water Infrastructure
- Determine the rank of applications
- Select the applications that are eligible to receive grants and loans

In 2019, the State of North Carolina received \$47,529,379 in CDBG State funds. Our appropriation from that funding is \$25,496,369.

On September 30, 2019, the Division received 27 applications for funding for the Community Development Block Grant-Infrastructure (CDBG-I) grant program, requesting a total of \$43,377,485. The sum of funds requested in complete, eligible applications is \$36,846,776. Using the Priority Rating Systems approved by the Authority at its July 2015 meeting, Division staff reviewed and ranked each complete, eligible application.

Staff Recommendation for Use of the 2019 Appropriation:

Staff recommends the following projects for funding:

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Amount |
|--------------------|------------------------|--|-------------------------|-----------------------|
| 1 | Woodland, Town of | Sewer Collection System Improvements | Rivers and Associates | \$983,500 |
| 2* | Pollocksville, Town of | 2019 Wastewater Treatment Plant Improvements | McDavid Associates | \$2,000,000 |
| 3* | High Shoals, Town of | Water System Replacement Phase I | Robinson & Sawyer | \$1,996,086 |
| 4* | Ayden, Town of | 2019 Ormond Street Area Sewer Replacement | McDavid Associates | \$1,000,000 |
| 5 | Kenly, Town of | Sewer Rehabilitation/Replacement Project | WithersRavenel | \$1,998,672 |
| 6 | Sanford, City of | Sewerline Rehabilitation Project | WithersRavenel | \$2,000,000 |
| 7* | Tabor City, City of | 2019 Sewer Improvements | Adams Company | \$2,000,000 |
| 8 | Hookerton, Town of | Drinking Water System Improvements | Mack Gay Associates | \$1,999,466 |
| 9*,** | Enfield, Town of | 2019 Water Phase V Project | Engineering Services | \$1,960,845 |
| 10* | Warsaw, Town of | 2019 Wastewater Treatment Plant Improvements | McDavid Associates | \$2,000,000 |
| 11 | Reidsville, Town of | Sewer Rehabilitation Project | WithersRavenel | \$1,999,298 |

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Amount |
|--------------------|-----------------------|---|-------------------------|------------------------|
| 12*,** | Garland, Town of | 2019 Sanitary Sewer Improvements | McDavid Associates | \$707,323 |
| 13* | Hoffman, Town of | Phase II Sewer System Improvements Project | McGill Associates | \$1,350,000 |
| 14 | Boone, Town of | Deck Hill Water Tank Replacement | McGill Associates | \$2,000,000 |
| 15 | Forsyth County | Hwy 65 Waterline Extension Project | Hazen and Sawyer | \$0 |
| 16* | Andrews, Town of | Higdon, Higdon and Sherrill Mobile Home Parks Sewer Improvements | McGill Associates | \$1,816,925 |
| 17 | Louisburg, Town of | Bullock Dr., Wright St., and Westover Rd. water Line Improvements | Municipal Engineering | \$532,100 |
| 18** | Hobgood, Town of | 2019 Municipal Sewer Collection System Improvements | Mack Gay Associates | \$224,274 |
| | | | TOTAL | \$25,496,369.00 |

*Units of local government having received at least one grant from the program before.

**Partial funding

Project number 15, submitted by Forsyth County, is dependent upon receiving additional funds from other grant programs. Forsyth County was requesting \$1,800,000 from the CDBG-I program. In addition, the application stated that the county would request \$218,000 from the Appalachian Regional Commission; however, ARC State Director Olivia Collier was not aware of the project. Other funds (\$650,000) would come from the Commerce CDBG Program, and Director Iris Payne stated she is expecting an application in the spring. A total of \$30,000 was expected to come from the NC Housing Finance Agency; Mike Handley of the NCHFA stated those funds were available. The total project cost is \$2,698,000. We think the project is a good one, and would like to meet with the County regarding the project. However, all funds must be available to issue a contract. The State of North Carolina is under pressure from HUD to spend money more quickly, and waiting for the additional funds would force us to wait to begin contracting and paying the county for their project expenses.

Staff Recommendation for Use of Deobligated Funds:

The CDBG-I program currently has deobligated funds amounts in the amount of \$2,944,094.54 from fiscal year 2015. The Town of Burnsville has requested an additional \$82,500 for their previously funded project, due to bid overruns, which we will allow. In addition, we are recommending the following awards:

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Amount |
|--------------------|-----------------------|---|-------------------------|-----------------------|
| 18** | Hobgood, Town of | 2019 Municipal Sewer Collection System Improvements | Mack Gay Associates | \$258,147 |
| 19 | Clyde, Town of | Chambers Mtn. Road Water Infrastructure Project | McGill Associates | \$910,050 |
| | | | TOTAL | \$1,168,197 |

CDBG-I staff recommends that the Town of Hobgood’s project be fully funded using deobligated funds of \$258,147 to bring their total funding to \$482,421. We are also recommending an award of \$910,050 to the Town of Clyde, in Haywood County, to replace a galvanized water line on Chambers Mountain Road. The amount of deobligated FY15 funds would then drop to \$1,693,397.54.

Staff Recommendation: CDBG-I staff recommends projects 1 through 8, 10, 11, 13, 14, 16 and 17 to be funded as requested. Projects 9, 12, and 18 are recommended to be partially funded. Staff also recommends that project 18 be partially funded from the FY15 deobligated funds. We also recommend fully funding project 19 from FY15 deobligated funds. These recommendations will fully obligate \$25,496,369, and reobligate \$1,168,197 of our deobligated funds, totaling \$26,664,566 in awards.

State Water Infrastructure Authority

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Agenda Item I

Example Funding Scenario for Drinking Water Projects for September 30, 2019 Application Round

Division of Water Infrastructure Staff Report

The following presents an example funding scenario for drinking water project applications. A total of 13 complete and eligible applications were received requesting \$216,697,868 in funding. Available funding for the 2019 Fall Application cycle is as follows:

- DWSRF Loan: approximately \$50 million
- Targeted DWSRF Principal Forgiveness: approximately \$4 million
- State Grants: up to approximately \$10.187 million

The example uses similar funding approach as in previous funding cycles approved by the Authority. Specifically:

- The example funds applications in priority order until available funds are exhausted.
- The example provides the maximum allowable principal forgiveness for eligible projects to meet the targeted DWSRF principal forgiveness.
 - The example funds Principal Forgiveness at the percentage determined by the affordability criteria the Authority established.
 - The Town of Bethel and Town of Louisburg projects exceed the \$500,000 per-project-cap to use principal forgiveness.
- The example provides no state grant funding to drinking water projects because there is available principal forgiveness to fund all projects at the maximum allowable percentage without exceeding minimum principal forgiveness target per the EPA grant requirements.

Table I-1 below shows the example funding scenario which includes nine (9) drinking water projects totaling \$50,138,950. The Authority may choose to adjust the number of projects funded, or amounts funded through principal forgiveness, but may not change the priority order determined by the Authority's Priority Point System.

Table I-1. Drinking Water Project Applications – Example Funding Scenario

| Proj. No. | Applicant Name | Project Name | Amount of Funding Requested by Applicant | Principal Forgiveness Amount | Potential Loan Amount |
|---|-------------------------------------|--|---|-------------------------------------|------------------------------|
| 1 | Bethel, Town of | 2019 Water System Improvements | \$1,367,000 | \$1,367,000 | |
| 2 | Scotland Neck, Town of | N. Church St. Water Improvements | \$612,000 | \$459,000 | \$153,000 |
| 3 | Fountain, Town of | 2019 Water Line Replacement | \$496,000 | \$372,000 | \$124,000 |
| 4 | Greenville Utilities Commission | Water Main Replacement Phase II | \$1,000,000 | | \$1,000,000 |
| 5 | Louisburg, Town of | Water Line Improvements | \$1,528,000 | \$764,000 | \$764,000 |
| 6 | Cape Fear Public Utility Authority | Rehabilitate or Replace Twin 24-inch Raw Water Mains | \$13,785,950 | | \$13,785,950 |
| 7 | Greenville Utilities Commission | Water Treatment Plan Upgrade Phase I (Reconsideration) | \$34,575,000 | | \$20,000,000 |
| 8 | Walnut Creek, Village of | Water Meter Replacement w/AMR Meters | \$350,000 | | \$350,000 |
| 9 | City of Charlotte / Charlotte Water | North South Water Transmission Main | \$20,000,000 | | \$11,000,000 |
| Totals for Drinking Water Projects | | | \$216,697,868 | 2,962,000 | \$47,176,950 |
| | | | | \$50,138,950 | |

Other Funding Scenarios

Note that there are other scenarios which could be constructed, and staff can assist the Authority with other scenarios during the meeting.

State Water Infrastructure Authority

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Agenda Item J

Example Funding Scenario for Wastewater Projects, Asset Inventory and Assessment Grants, and Merger/Regionalization Feasibility Grants for September 30, 2019 Application Round

Division of Water Infrastructure Staff Report

The following presents an example funding scenario for wastewater project applications, AIA applications, and MRF applications. The three funding programs are considered together in a single scenario due to the shared state appropriated grant funds. This example provides the best funding available for a given project application.

| Project Funding Program | No. of Complete, Eligible Applications | Sum of Funds Requested in Complete, Eligible Applications |
|---|--|---|
| Wastewater Projects | 24 | \$232,872,622 |
| Asset Inventory and Assessment (AIA) Grants | 129 | \$17,438,475 |
| Merger/Regionalization Feasibility Study (MRF) Grants | 10 | \$500,000 |
| Total | 163 | \$250,811,097 |

Available funding for the 2019 Fall Application cycle is as follows:

- CWSRF Loan: approximately \$79 million
- Targeted CWSRF Principal Forgiveness: \$2-\$6 million
- State Grants: up to approximately \$10.187 million

In the example, applications are shown as funded as follows:

- All complete and eligible Merger/Regionalization Feasibility grants
- Asset Inventory and Assessment grants through the top scoring 17-point project based upon project benefit, existing rates, and potential regionalization; these represent approximately \$4.46 million in funding
- Remaining funds (a combination of appropriated grants and CWSRF loans including principal forgiveness) are used to offer the best available funding for wastewater project applications in priority order until funds are exhausted.

This example utilizes all the available appropriated grant funds split between wastewater projects, AIA grants, and MRF grants. This example is detailed in Tables J-1 through J-3 below:

- The 10 eligible MRF applications totaling \$500,000
- A total of 31 AIA grants totaling \$4,462,500
- A total of 19 wastewater projects totaling \$84,231,098

This equals a grand total of \$89,193,598 for wastewater projects, AIAs and MRFs

Table J-1. Merger/Regionalization Feasibility (MRF) Grant Applications – Example Funding Scenario

| Proj. No. | Applicant Name | Project Name | Amount of Funding Requested by Applicant | Potential Grant Amount |
|------------------------------|-----------------------|--|---|-------------------------------|
| 1 | Yadkin County | Yadkin Co, Jonesville, Yadkinville, East Bend Water Merger/Regionalization Feasibility Study | \$50,000 | \$50,000 |
| 2 | Ronda, Town of | Ronda/Elkin Water System Merger/Consolidation Study | \$50,000 | \$50,000 |
| 3 | Chowan County | Chowan Co, Edenton, Perquimans Co Water Supply Regionalization Feasibility Study | \$50,000 | \$50,000 |
| 4 | Mars Hill, Town of | Mars Hill, Weaverville, Marshall Merger / Regionalization Study: Water Systems | \$50,000 | \$50,000 |
| 5 | Dobson, Town of | Dobson, Mount Airy, Elkin, Pilot Mountain Wastewater Merger / Regionalization Study | \$50,000 | \$50,000 |
| 6 | Dobson, Town of | Dobson, Mount Airy, Elkin Water Merger / Regionalization Study | \$50,000 | \$50,000 |
| 7 | Brunswick, Town of | Brunswick, Duchess Forest, & National Spinning Water MRF | \$50,000 | \$50,000 |
| 8 | Walnut Cove, Town of | Town of Walnut Cove, Stokes Co WSA, Water Regionalization Feasibility Study | \$50,000 | \$50,000 |
| 9 | Canton, Town of | Canton/Clyde/Waynesville Wastewater Merger and Regionalization Feasibility Study | \$50,000 | \$50,000 |
| 10 | Davie County | Davie County and Town of Mocksville Water Supply Regionalization Evaluation | \$50,000 | \$50,000 |
| Totals for MRF Grants | | | \$500,000 | \$500,000 |

Table J-2. Asset Inventory and Assessment (AIA) Grant Applications – Example Funding Scenario

| Proj. No. | Applicant Name | Project Name | Amount of Funding Requested by Applicant | Potential Grant Amount |
|------------------|-------------------------|--|---|-------------------------------|
| 1 | Wadesboro, Town of | Wastewater AIA | \$150,000 | \$150,000 |
| 2 | Asheboro, City of | Wastewater System Asset Inventory and Assessment | \$150,000 | \$150,000 |
| 3 | Bethel, Town of | 2019 Wastewater Asset Inventory and Assessment | \$150,000 | \$150,000 |
| 4 | Stoneville, Town of | Asset Inventory & Assessment Program - Stoneville Water System | \$90,000 | \$90,000 |
| 5 | Lake Waccamaw, Town of | Wastewater AIA Project | \$150,000 | \$150,000 |
| 6 | Whiteville, City of | Water System Asset Management Plan | \$150,000 | \$150,000 |
| 7 | Beaufort, Town of | Wastewater Asset Inventory Assessment | \$150,000 | \$150,000 |
| 8 | Pink Hill, Town of | Pink Hill Sewer AIA | \$70,000 | \$70,000 |
| 9 | Randleman, City of | Sewer AIA Application | \$150,000 | \$150,000 |
| 10 | Dublin, Town of | Water System AIA Project | \$150,000 | \$150,000 |
| 11 | Newton, City of | Wastewater System Asset Management | \$150,000 | \$150,000 |
| 12 | Washington, City of | Water System Asset Inventory Assessment | \$150,000 | \$150,000 |
| 13 | Louisburg, Town of | Sewer System Asset and Inventory | \$150,000 | \$150,000 |
| 14 | Plymouth, Town of | 2019 Water Asset Inventory and Assessment | \$150,000 | \$150,000 |
| 15 | Dallas, Town of | Water System Inventory and Assessment | \$142,500 | \$142,500 |
| 16 | Lillington, Town of | Sewer AIA | \$150,000 | \$150,000 |
| 17 | Elizabeth City, City of | Sewer System Assessment Project | \$150,000 | \$150,000 |
| 18 | Spring Hope, Town of | Drinking Water AIA | \$150,000 | \$150,000 |
| 19 | Pink Hill, Town of | Pink Hill Water AIA | \$110,000 | \$110,000 |
| 20 | Louisburg, Town of | Water System Asset and Inventory Assessment | \$150,000 | \$150,000 |
| 21 | Randleman, City of | Water AIA Application | \$150,000 | \$150,000 |
| 22 | Hot Springs, Town of | Water System AIA | \$150,000 | \$150,000 |
| 23 | Valdese, Town of | AIA - Water | \$150,000 | \$150,000 |
| 24 | White Lake, Town of | Wastewater AIA Project | \$150,000 | \$150,000 |
| 25 | Lowell, City of | Wastewater System Mapping, Inventory and Assessment | \$150,000 | \$150,000 |

| Proj. No. | Applicant Name | Project Name | Amount of Funding Requested by Applicant | Potential Grant Amount |
|------------------------------|--------------------------------|--|---|-------------------------------|
| 26 | Lillington, Town of | Water AIA Project | \$150,000 | \$150,000 |
| 27 | Liberty, Town of | Water AIA Project | \$150,000 | \$150,000 |
| 28 | Wilkesboro, Town of | Wastewater System Asset Inventory and Condition Assessment | \$150,000 | \$150,000 |
| 29 | Spring Hope, Town of | Wastewater AIA | \$150,000 | \$150,000 |
| 30 | Bertie County Water District I | Water Asset Inventory and Assessment Project | \$150,000 | \$150,000 |
| 31 | Marshville, Town of | Sewer Asset Inventory and Assessment | \$150,000 | \$150,000 |
| Totals for AIA Grants | | | \$4,462,500 | \$4,462,500 |

Table J-3. Wastewater Project Applications – Example Funding Scenario

| Proj No. | Applicant Name | Project Name | Amount of Funding Requested by Applicant | Potential Grant Amount from Appropriation | Potential Principal Forgiveness Amount | Potential Loan Amount |
|-----------------|-----------------------|---|---|--|---|------------------------------|
| 1 | Bethel, Town of | 2019 East Sewershed I/I Abatement and North PS Replacement | \$1,500,000 | \$1,500,000 | | |
| 2 | Bethel, Town of | 2019 Main Sewershed I&I Abatement | \$1,500,000 | \$1,500,000 | | |
| 3 | Enfield, Town of | 2019 CWSRF Sanitary Sewer Treatment Plant and Collection Lines Improvements Phase 3 | \$1,199,080 | \$1,199,080 | | |
| 4 | Bailey, Town of | 2019 CWSRF Sanitary Sewer Collection Lines Replacement Project | \$1,481,500 | \$981,500 | \$500,000 | |
| 5 | Albemarle, City of | Sanitary Sewer Rehabilitation, Phase 3 | \$6,156,000 | | | \$6,156,000 |
| 6 | Lucama, Town of | 2019 Sanitary Sewer Line Replacement & Pump Station Rehabilitation | \$1,467,500 | | \$500,000 | \$967,500 |
| 7 | Winterville, Town of | Sanitary Sewer System Rehabilitation | \$1,974,200 | | \$500,000 | \$1,474,200 |
| 8 | Pembroke, Town of | Wastewater Treatment Plant Improvements | \$1,542,000 | | \$385,500 | \$1,156,500 |
| 10 | Murfreesboro, Town of | Sewer System Rehabilitation | \$1,839,475 | | \$500,000 | \$1,339,475 |
| 11 | Landis, Town of | S. Upright Street Basin Sanitary Sewer Rehabilitation | \$2,288,120 | | \$500,000 | \$1,788,120 |
| 12 | Whiteville, City of | Phase 2 Sewer Improvements | \$2,958,814 | | \$500,000 | \$2,458,814 |
| 13 | Sweptonville, Town of | Virginia Mills Outfall & Hillside Outfall Sanitary Sewer Rehabilitation | \$1,500,000 | | | \$1,500,000 |
| 16 | Sharpsburg, Town of | 2019 Sanitary Sewer Improvements | \$1,451,234 | | \$500,000 | \$951,234 |
| 17 | Whitakers, Town of | Sewer Collection System Rehabilitation | \$3,115,600 | | \$500,000 | \$2,615,600 |

| Proj No. | Applicant Name | Project Name | Amount of Funding Requested by Applicant | Potential Grant Amount from Appropriation | Potential Principal Forgiveness Amount | Potential Loan Amount |
|---------------------------------------|-----------------------------------|--|---|--|---|------------------------------|
| 18 | Yadkin Valley Sewer Authority | WWTP Dual Ditch Extended Aeration Blower Replacement | \$657,500 | | | \$657,500 |
| 19 | Walnut Creek, Village of | Lift Station Replacement/Sanitary Sewer Rehabilitation | \$1,754,500 | | | \$1,754,500 |
| 20 | Clayton, Town of | Neuse River Water Reclamation Facility | \$138,750,000 | | | \$30,000,000 |
| 21 | Cape Fear Pubic Utility Authority | PS-14 Greenfield Lake Force Main Replacement | \$7,845,575 | | | \$7,845,575 |
| 22 | Gastonia, City of | Southeast Sewer Project | \$30,357,571 | | | \$14,000,000 |
| Totals for Wastewater Projects | | | \$213,867,138 | \$5,180,580 | \$4,385,500 | \$74,665,018 |
| | | | | \$84,231,098 | | |

Other Funding Scenarios

Note that there are other funding scenarios which could be constructed, and staff can assist the Authority with other scenarios during the meeting.