

State Water Infrastructure Authority

Meeting Date: April 14, 2021

Agenda Item G – Request to Go to Public Comment with Priority Points System Modifications for the 2021 Intended Use Plans (IUPs) for CWSRF and DWSRF Programs

Division of Water Infrastructure Staff Report

Background

The federal Clean Water Act and federal Safe Drinking Water Act provide states with the broad authority to implement and operate State Revolving Fund (SRF) loan programs, including project funding prioritization. North Carolina General Statute G.S. 159G-71 empowers the State Water Infrastructure Authority (Authority) to establish priorities for making loans and grants consistent with federal law.

The US Environmental Protection Agency (EPA) requires the Division of Water Infrastructure (Division) to update its Intended Use Plan (IUP) for the Clean Water SRF (CWSRF) and Drinking Water SRF (DWSRF) programs. Included within each program's IUP is the Priority Rating System which contains the points that are applied by Division staff when an application for funding is evaluated. The Division proposes the Priority Points System to the EPA each year in the IUP for each SRF and submits the IUPs to the EPA as part of the capitalization grant applications.

The same Priority Points Systems are applied in the Division's State Reserve Programs. A similar system is applied in the Community Development Block Grant-Infrastructure program. The Priority Points Systems include four categories:

1. Category 1 – Project Purpose
2. Category 2 – Project Benefits
3. Category 3 – System Management
4. Category 4 – Affordability

The current system provides a consistent and transparent methodology for prioritization that aligns with the Authority's Master Plan and with statutory requirements. The prioritization system support supports applicants in their continued efforts to long-term utility viability.

Staff Recommendations

- Approve for public review the complete Priority Points System for Wastewater Projects and Priority Points System for Drinking Water Projects are shown below:

PRIORITY RATING SYSTEM for Wastewater Projects

Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Project Total in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.

Line Item #	Category 1 – Project Purpose	Claimed Yes/No	Points
1.A	Project will consolidate a nonviable drinking water or wastewater utility		25
1.B	Project will resolve failed infrastructure issues		15
1.C	Project will rehabilitate or replace infrastructure		15
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR water/sewer lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		10
1.D	Project will expand infrastructure		2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		10
1.E – 1.E.2	Reserved for Other Programs		
1.F	Project will provide stream/wetland/buffer restoration		15*
1.F.1	Restoration project that includes restoration of a first order stream and includes stormwater infiltration BMPs		5*
1.F.2	Restoration project that includes restoration and / or protection of riparian buffers to at least 30 feet on both sides of the stream		5*

Line Item #	Category 1 – Project Purpose (Continued)	Claimed Yes/No	Points
1.G	Project will provide stormwater BMPs to treat existing sources of pollution		15*
1.G.1	Project that includes BMPs or BMPs in series that achieve at least 35% nutrient reduction (both TN and TP) and 85% TSS reduction		10*
1.H	Project will provide reclaimed water/usage or rainwater harvesting/usage		15*
*CWSRF Only			
	Maximum Points for Category 1 – Project Purpose		25
	Subtotal claimed for Category 1 – Project Purpose		
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.B	Reserved for Other Programs		
2.C	Project provides a specific environmental benefit by replacement, repair, or merger; includes replacing failing septic tanks		15
2.D	Project addresses promulgated but not yet effective regulations		10
2.E	Project directly addresses enforcement documents		
2.E.1	Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DEQ Administrative Order, OR		5
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3
2.F	Project includes system merger		10
2.G – 2.H	Reserved for Other Programs		

Line Item #	Category 2 – Project Benefits (Continued)	Claimed Yes/No	Points
<u>2.I</u>	Project improves treated water quality by adding or upgrading a unit process		3
<u>2.J – 2.M</u>	Reserved for Other Programs		
<u>2.N</u>	Project provides resiliency for critical system functions		
2.N.1	Project relocates infrastructure out of a floodplain OR		5
2.N.2	Project fortifies or elevates infrastructure within floodplain, OR Project improves ability to assure continued operation during flood events OR Project downsizes infrastructure related to buyouts OR		4
2.N.3	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including backup electrical power source		3
<u>2.O</u>	Project <u>directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report		20
<u>2.P</u>	Project <u>directly benefits</u> waters classified as HQW, ORW, Tr, SA, WS-I, WS-II, WS-III* or WS-IV* (* these classifications must be covered by an approved Source Water Protection Plan to qualify)		10
<u>2.Q</u>	Project will result in elimination of an NPDES discharge		3
<u>2.R</u>	Primary purpose of the project is to achieve at least 20% reduction in energy use		5*
*CWSRF Only			
	Maximum Points for Category 2 – Project Benefits		35
	Subtotal claimed for Category 2 – Project Benefits		
Line Item #	Category 3 – System Management	Claimed Yes/No	Points
<u>3.A</u>	<u>Capital Planning Activities</u>		

<u>3.A.1</u>	Applicant has implemented an Asset Management Plan as of the date of application OR		10
<u>3.A.2</u>	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10-years and proposed project is included in the plan		2
3.B	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5%		5
Line Item #	Category 3 – System Management (Continued)	Claimed Yes/No	Points
3.C – 3.E	Reserved for Other Programs		
	Maximum Points for Category 3 – System Management		15
	Subtotal claimed for Category 3 – System Management		
Line Item #	Category 4 – Affordability	Claimed Yes/No	Points
4.A	Residential Connections		
4.A.1	Less than 10,000 residential connections OR		2
4.A.2	Less than 5,000 residential connections OR		4
4.A.3	Less than 1,000 residential connections		8
4.B	Current Monthly Utility Rates at 5,000 gallons Usage		
4.B.1	Greater than \$33 OR		4
4.B.2	Greater than \$40 OR		6
4.B.3	Greater than \$47		8
4.B.4	Greater than \$58		10
4.C	Local Government Unit (LGU) Indicators		
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR		3

Line Item #	Category 4 – Affordability (Continued)	Claimed Yes/No	Points
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR		5
4.C.3	5 out of 5 LGU indicators worse than state benchmark		7
4.D – 4.E	Reserved for Other Programs		
	Maximum Points for Category 4 – Affordability		25
	Subtotal claimed for Category 4 – Affordability		
Total of Points for All Categories			

PRIORITY RATING SYSTEM for Drinking Water Projects

Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Project Total in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.

Line Item #	Category 1 – Project Purpose	Claimed Yes/No	Points
1.A	<u>Project will consolidate a nonviable drinking water or wastewater utility</u>		25
1.B	Project will resolve failed infrastructure issues		25
1.C	Project will rehabilitate or replace infrastructure		12
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR water/sewer lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8
1.D	Project will expand infrastructure		2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8
1.E – 1.H	Reserved for Other Programs		
	Maximum Points for Category 1 – Project Purpose		25
	Subtotal claimed for Category 1 – Project Purpose		
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	SDWR Pts
2.A – 2.A.1	Reserved for Other Programs		
2.B	Project provides a specific public health benefit to a public water supply system by replacement, repair, or merger; includes replacing dry wells, addressing contamination of a drinking water source by replacing or additional treatment; or resolves managerial, technical & financial issues		20
2.C	Reserved for Other Programs		

Line Item #	Category 2 – Project Benefits	Claimed Yes/No	SDWR Pts
2.D	Project addresses promulgated but not yet effective regulations		10
2.E	Project directly addresses enforcement documents		
2.E.1	Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DENR Administrative Order, OR		5
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3
2.F	Project includes system merger		10
2.G	Project addresses documented low pressure		10
2.H	Project addresses contamination		
2.H.1	Project addresses acute contamination of a water supply source OR		15
2.H.2	Project addresses contamination of a water supply source other than acute OR		10
2.H.3	<u>Project addresses an emerging compound without a MCL but above a health advisory level</u>		<u>7</u>
2.I	Project improves treated water quality by adding or upgrading a unit process		3
2.J	Water loss in system to be rehabilitated or replaced is 30% or greater		3
2.K	Project provides a public water system interconnection		
2.K.1	Project creates a new interconnection between systems not previously interconnected OR		10
2.K.2	Project creates an additional or larger interconnection between two systems already interconnected which allows one system's public health water needs to be met during an emergency OR		10
2.K.3	Project creates any other type of interconnection between systems		5
2.L – 2.M	Reserved for Other Programs		
2.N	Project provides resiliency for critical system functions		
2.N.1	Project relocates infrastructure out of a floodplain OR		5
2.N.2	Project fortifies or elevates infrastructure within floodplain, OR Project improves ability to assure continued operation during flood events OR Project downsizes infrastructure related to buyouts OR		4

2.N.3	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including backup electrical power source.		3
Line Item #	Category 2 – Project Benefits (Continued)	Claimed Yes/No	Points
<u>2.O – 2.R</u>	Reserved for Other Programs		
	Maximum Points for Category 2 – Project Benefits		35
	Subtotal claimed for Category 2 – Project Benefits		
Line Item #	Category 3 – System Management	Claimed Yes/No	Points
<u>3.A</u>	<u>Capital Planning Activities</u>		
<u>3.A.1</u>	Applicant has implemented an Asset Management Plan as of the date of application OR		10
<u>3.A.2</u>	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10-years and proposed project is included in the plan		2
<u>3.B</u>	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5%		5
<u>3.C</u>	Applicant has an approved Source Water Protection Plan and/or a Wellhead Protection Plan		5
<u>3.D</u>	Applicant has implemented a water loss reduction program		5
<u>3.E</u>	Applicant has implemented a water conservation incentive rate structure		3
	Maximum Points for Category 3 – System Management		15
	Subtotal claimed for Category 3 – System Management		
Line Item #	Category 4 – Affordability	Claimed Yes/No	Points
<u>4.A</u>	Residential Connections		
4.A.1	Less than 10,000 residential connections OR		2
4.A.2	Less than 5,000 residential connections OR		4
4.A.3	Less than 1,000 residential connections		8
<u>4.B</u>	Current Monthly Utility Rates at 5,000 Usage		
4.B.1	Greater than \$33 OR		4
4.B.2	Greater than \$40 OR		6

Line Item #	Category 4 – Affordability (Continued)	Claimed Yes/No	Points
4.B.3	Greater than \$47 OR		8
4.B.5	Greater than \$58		10
4.C	Local Government Unit (LGU) Indicators		
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR		3
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR		5
4.C.3	5 out of 5 LGU indicators worse than state benchmark		7
4.D	Reserved for the CDBG Program		
4.E	Reserved for the CDBG Program		
	Maximum Points for Category 4 – Affordability		25
	Subtotal claimed for Category 4 – Affordability		
	Total of Points for All Categories		