

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 1744  
Committee Substitute Favorable 5/26/10

Short Title: Modify Water Funding Priorities.

(Public)

Sponsors:

Referred to:

May 18, 2010

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE COMMON CRITERIA APPLICABLE TO LOANS AND GRANTS FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS TO: (1) CLARIFY THAT LEAKING WATERLINES ARE A PRIORITY FOR BOTH WATER QUANTITY AND WATER QUALITY PURPOSES; (2) INCLUDE ASSET MANAGEMENT PLANNING, REGIONALIZATION, STATE WATER SUPPLY PLANNING, AND DROUGHT MANAGEMENT IN THE LIST OF COMMON CRITERIA THAT RECEIVE PRIORITY FOR FUNDING; (3) ESTABLISH A SLIDING SCALE SYSTEM FOR DETERMINING THE PRIORITY GIVEN TO PROJECTS THAT EXCEED THE HIGH-UNIT-COST THRESHOLD; AND (4) PROVIDE THAT A PROJECT THAT DEMONSTRATES IT IS NOT PRACTICABLE FOR THE PROJECT TO PURSUE REGIONALIZATION BASED ON TOPOGRAPHY OR OTHER FACTORS SHALL BE GIVEN THE SAME PRIORITY FOR REGIONALIZATION AS A PROJECT THAT INCLUDES REGIONALIZATION, AS RECOMMENDED BY THE LEGISLATIVE STUDY COMMISSION ON WATER AND WASTEWATER INFRASTRUCTURE.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 159G-20 is amended by adding a new subdivision to read:

"(28) Asset management plan. – The strategic and systematic application of management practices applied to the infrastructure assets of a local government unit in order to minimize the total costs of acquiring, operating, maintaining, improving, and replacing the assets while at the same time maximizing the efficiency, reliability, and value of the assets."

**SECTION 2.** G.S. 159G-23 reads as rewritten:

**"§ 159G-23. Common criteria for loan or grant from Wastewater Reserve or Drinking Water Reserve.**

The criteria in this section apply to a loan or grant from the Wastewater Reserve or the Drinking Water Reserve. The Division of Water Quality and the Division of Environmental Health must each establish a system of assigning points to applications based on the following criteria:

- (1) Public necessity. – An applicant must explain how the project promotes public health and protects the environment. A project that improves a system that is not in compliance with permit requirements or is under orders from the Department, enables a moratorium to be lifted, or replaces failing septic tanks with a wastewater collection system has priority.
- (2) Effect on impaired waters. – A project that improves designated impaired waters of the State has priority.



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- 1 (3) Efficiency. – A project that achieves efficiencies in meeting the State's water  
2 infrastructure needs or reduces vulnerability to drought consistent with Part  
3 2A of Article 21 and Article 38 of Chapter 143 of the General Statutes by  
4 one of the following methods has priority:
- 5 a. The combination of two or more wastewater or public water systems  
6 into a regional wastewater or public water system by merger,  
7 consolidation, or another means.
  - 8 b. Conservation or reuse of water, including bulk water reuse facilities  
9 and waterlines to supply reuse water for irrigation and other  
10 approved uses.
  - 11 c. Construction of an interconnection between water systems intended  
12 for use in drought or other water shortage emergency.
  - 13 d. Repair or replacement of leaking waterlines, waterlines to improve  
14 water conservation and efficiency or to prevent contamination.
  - 15 e. Replacement of meters and installation of new metering systems.
- 16 (4) Comprehensive land-use plan. – A project that is located in a city or county  
17 that has adopted or has taken significant steps to adopt a comprehensive  
18 land-use plan under Article 18 of Chapter 153A of the General Statutes or  
19 Article 19 of Chapter 160A of the General Statutes has priority over a  
20 project located in a city or county that has not adopted a plan or has not  
21 taken steps to do so. The existence of a plan has more priority than steps  
22 taken to adopt a plan, such as adoption of a zoning ordinance. A plan that  
23 exceeds the minimum State standards for protection of water resources has  
24 more priority than one that does not. A project is considered to be located in  
25 a city or county if it is located in whole or in part in that unit. A land-use  
26 plan is not considered a comprehensive land-use plan unless it has  
27 provisions that protect existing water uses and ensure compliance with water  
28 quality standards and classifications in all waters of the State affected by the  
29 plan.
- 30 (5) Flood hazard ordinance. – A project that is located in a city or county that  
31 has adopted a flood hazard prevention ordinance under G.S. 143-215.54A  
32 has priority over a project located in a city or county that has not adopted an  
33 ordinance. A plan that exceeds the minimum standards under  
34 G.S. 143-215.54A for a flood hazard prevention ordinance has more priority  
35 than one that does not. A project is considered to be located in a city or  
36 county if it is located in whole or in part in that unit. If no part of the service  
37 area of a project is located within the 100-year floodplain, the project has the  
38 same priority under this subdivision as if it were located in a city or county  
39 that has adopted a flood hazard prevention ordinance. The most recent maps  
40 prepared pursuant to the National Flood Insurance Program or approved by  
41 the Department determine whether an area is within the 100-year floodplain.
- 42 (6) Sound management. – A project submitted by a local government unit that  
43 has demonstrated a willingness and ability to meet its responsibilities  
44 through sound fiscal policies and efficient operation and management has  
45 priority.
- 46 (6a) Asset management plan. – A project submitted by a local government unit  
47 with more than 1,000 service connections that has developed and is  
48 implementing an asset management plan has priority over a project  
49 submitted by a local government unit with more than 1,000 service  
50 connections that has not developed or is not implementing an asset  
51 management plan.

- 1 (7) Capital improvement plan. – A project that implements the applicant's  
2 capital improvement plan for the wastewater system or public water system  
3 it manages has priority over a project that does not implement a capital  
4 improvement plan. To receive priority, a capital improvement plan must set  
5 out the applicant's expected water infrastructure needs for at least 10 years.
- 6 (8) Coastal habitat protection. – A project that implements a recommendation of  
7 a Coastal Habitat Protection Plan adopted by the Environmental  
8 Management Commission, the Coastal Resources Commission, and the  
9 Marine Fisheries Commission pursuant to G.S. 143B-279.8 has priority over  
10 other projects that affect counties subject to that Plan.
- 11 (9) High-unit-cost threshold. – A high-unit-cost project has priority over  
12 projects that are not high-unit-cost projects. The priority given to a  
13 high-unit-cost project shall be set using a sliding scale based on the amount  
14 by which the applicant exceeds the high-unit-cost threshold.
- 15 (10) Regionalization. – A project to provide for the planning of regional public  
16 water and wastewater systems, to provide for the orderly coordination of  
17 local actions relating to public water and wastewater systems, or to help  
18 realize economies of scale in regional public water and wastewater systems  
19 through consolidation, merger, or interconnection of public water and  
20 wastewater systems has priority. A project that demonstrates it is not  
21 practicable for the project to pursue regionalization based on topography or  
22 other factors shall be given the same priority for regionalization as a project  
23 that includes regionalization.
- 24 (11) State water supply plan. – A project that addresses a potential conflict  
25 between local plans or implements a measure in which local water supply  
26 plans could be better coordinated, as identified in the State water supply plan  
27 pursuant to G.S. 143-355(m), has priority.
- 28 (12) Water conservation measures for drought. – A project that includes adoption  
29 of water conservation measures by a local government unit that are more  
30 stringent than the minimum water conservation measures required pursuant  
31 to G.S. 143-355.2 has priority."

32 **SECTION 3.** This act becomes effective July 1, 2010, and applies to applications  
33 for loans and grants submitted on or after that date.