SUBCHAPTER 2F - CONSTRUCTION LOANS

SECTION .0100 - FEDERAL, STATE REVOLVING FUND PRIORITY

15A NCAC 02F .0101 PURPOSE OF THESE REGULATIONS

The following criteria shall serve as the basis for determining the priority assigned each eligible wastewater treatment works project and for selecting projects from the priority list for loan funding under Title VI of the Federal Water Pollution Control Act Amendments of 1987.

History Note: *Authority G.S. 143-215.3(a)(4); 159G-5(c);*
Eff. February 1, 1976;
Amended Eff. July 1, 1990; November 16, 1979.

15A NCAC 02F .0102 GENERAL CRITERIA

(a) A priority listing of projects eligible for construction loan funding will be established in the descending order of the sum of the points awarded under Regulation .0103 of this Section, within each of the categories listed in Subdivision (b) of this Regulation. The project under consideration will be awarded the number of points assigned to a subdivision or item of a subdivision of Regulation .0103 of this Section which specifically apply to that project. Priority values will be assigned to projects on a scale of zero to 100.

(b) Projects will be certified for construction loan funding during a particular fiscal year depending on their importance and ranking on the priority list within the separate categories listed below. The total funds available determine the extent of the priority list. Projects in Category 1 will generally be funded before those in Category 2, and those in Category 2 will generally be funded before those in Category 3.

Categories:

(1) projects which are required to meet water quality standards and which must comply with enforceable provisions of the law (e.g., treatment works, and associated improvements including solutions to infiltration/inflow problems), or facilities identified in the Municipal Compliance Initiatives evaluation which are necessary to maintain compliance;

(2) projects which are needed to meet water quality standards and to correct demonstrated local public health problems, e.g., treatment works, interceptors, and collection systems to eliminate septic tank systems in areas where there is a public health hazard or demonstrated water pollution problems;

(3) projects which are needed to provide wastewater treatment plants and/or interceptors for normal growth and expansion of communities.

(c) After applying the provisions of Subdivisions (a) and (b) of this Regulation, the Commission will exercise its discretionary authority in establishing priority for funding of projects when two or more projects receive the same number of points or when projects are located in critical areas designated by the Commission.

(d) Projects which are assigned priority for a loan shall be of such scope as to provide adequate treatment to meet effluent limitations and water quality standards applicable to receiving waters, and will be comprised of wastewater collection systems, wastewater treatment works systems or operable segments of such systems.

(e) The discharge inventory will be compiled based on conditions existing prior to and until January 1 of that year, and the priority list will be compiled based on conditions existing or information submitted prior to February 1 of each year.

(f) Project applications filed with the Commission on or before March 31 of each year will be considered for priority. Any such applications which are not certified for priority will be reviewed annually and, if determined necessary, will be returned to the applicant for revisions. Any application returned to the applicant may be revised and resubmitted to the Commission for consideration of priority the succeeding fiscal year.

(g) Public hearing(s) will be held on the priority list and Intended Use Plan. The priority list and Intended Use Plan proposed for public hearing will be reviewed and approved by the Environmental Management Commission or its successor. The final priority list and Intended Use Plan for each fiscal year will be approved by the Commission.

(h) Fifteen percent of the funds available each year for State Revolving Fund projects shall be reserved for small, unsewered communities with a population of 3,500 or less. More than one community with a population of 3,500 or less may be included in a project. If all the funds cannot be used by small, unsewered communities; the reserved funds may be approved for larger communities.

(i) Notwithstanding other provisions relating to the assignment of priority point values for various categorical elements and items, the Environmental Management Commission may award a higher priority value to an eligible application if the proposed project is required to insure the commitment of allocated funds required to be reserved by the federal regulations, i.e., reserve for innovative and alternative technology project increases and reserve for small communities. The priority point values awarded should be the minimum required to assure the project is included in the fundable portion of the list.

History Note: *Authority G.S. 143-215(a)(4); 159G-5(c);*
Eff. February 1, 1976;
Amended Eff. August 1, 1990; November 16, 1979; July 12, 1976.

15A NCAC 02F .0103 BASES FOR PRIORITY

(a) Wastewater Treatment Plants:

(1) Discharge Inventory and Priority Factors (Maximum Value -- 50 Points)

(A) The number of points assigned under Subdivision (a) of this Rule will be determined from the discharge inventory rating assigned the project.

(B) The discharge inventory rating for each project is computed as follows:

Discharge Inventory Rating = S x A x B where:

S is the rating number for the sub-basin in which the project is located and is computed by S = a + b + c + d where:

a = The ratio of waste discharge volume to the 10-year 7-day low flow originating in the sub-basin.

b = The relative population in the sub-basin.

c = The severity of water quality degradation as reflected by dissolved oxygen depletion, pH and organic pollution load carried by streams in the sub-basin utilizing the state's entire data base from 1968 to the present.

d = A use restoration as follows:

(i) Projects which will have a high potential of restoring the assigned use of a stream segment or significant improvement to public health will be assigned a value of 128.

(ii) Projects which have a moderate potential of restoring the assigned use of a stream segment or moderate improvement of public health will be assigned a value of 64.

(iii) Projects which will have a slight or no potential of restoring the assigned use of a stream segment, or slight or no improvement to public health will be assigned a value of 0.

A and B for Point Source Discharges:

A = A discharge volume factor representing the volume magnitude of the discharge as follows:

Design Capacity of Treatment Works*		
Mgd		Factor
	0.009	0.2
0.010	0.049	0.4
0.050	0.099	0.6
0.100	0.199	0.8
0.200	0.499	1.0
0.500	1.499	1.2
1.500	4.999	1.4
5.000	14.999	1.6
15.000	49.999	1.8
50.000		2.0

* Design capacity of treatment works will refer to said capacity of existing treatment plants if no engineering report or facility plan indicating additional needs has been approved. In cases where an approved facility plan indicates a new facility will replace one or more existing facilities, then only the facilities which are proposed to be constructed or remain in existence will be rated in the inventory. Facilities proposed to be abandoned will be included in the inventory but will not be rated. Factor B for each proposed facility will be determined by averaging the treatment need factors weighted by the discharge volume of each of the facilities to be abandoned. In cases where wastes are discharged without treatment, the discharge volume shall be determined on the basis of an estimate of the average daily volume of untreated wastes discharged.

B = A treatment need factor which relates to the adequacy of existing treatment facilities and is determined as follows:

EXISTING FACILITY PROVIDES	AND	UPGRADING NEED IS	POINTS ASSIGNED WITH RESPECT TO EITHER UPGRADING ONLY	UPGRADING AND OR EXPANSION
Primary or Less	1/	Secondary	1.5	2.0
		Tertiary	2.0	2.5
		Advanced	2.5	3.0
Secondary	2/	None	0.5	1.0
		Modify	1.0	1.5
		Tertiary	1.5	2.0
		Advanced	2.0	2.5
Tertiary	3/	None	0.5	1.0
		Modify	1.0	1.5
		Advanced	1.5	2.0
Advanced	4/	None	0.5	1.0
		Modify	1.0	1.5

* Upgrading and expansion needs will be ascertained from basin plans, approved engineering reports or facility plans, or in the absence of such plans will be based on judgement of the staff. For the purpose of these regulations, a wastewater treatment works need will be deemed to have been satisfied at such time as contracts for the needed works are executed. This factor indicates the difference between the treatment presently provided and the treatment needed to comply with regulations or water quality standards, and is therefore, indicative of the severity of the pollution problem at a particular discharge.

Note

1/ Primary treatment or less will include raw sewage discharges, screened and/or settled sewage discharges and biological treatment which does not include final clarification except that naturally aerated waste stabilization lagoons will be considered secondary treatment.

2/ Secondary treatment means biological treatment followed by clarification, but includes waste stabilization lagoons.

3/ Tertiary treatment means treatment for the removal of fine suspended solids from secondary facility effluents.

4/ Advanced treatment means the employment of an additional process or processes for the removal of nitrogen, phosphorus, carbon or other pollutants from wastewaters which have received tertiary treatment.

A and B for Discharges to Groundwater in Unsewered Areas:

A = A factor representing the magnitude or potential magnitude of the problem = $\frac{x + y + z}{3}$

and where x = a problem solution approach

factor which relates to the likelihood of success of constructed facilities in protecting water quality or abating potential health hazards as follows:

Within any facility planning or larger area, waste treatment will be provided by a single authority, by cooperative arrangements among communities, or by joint waste treatment management by communities. Factor: 1.0

The community is acting alone and waste treatment management and sewer service is intended only for and by the community. Factor: 0.5

y = A factor relating population density of the community to the use and character of surface waters which would receive directly the overland runoff and groundwater from existing disposal systems. (Estimates by the staff of peak population density will be used for communities which are subject to significant population variance.)

Population	DensityFactor Class of Potential Receiving

	Surface Waters			
Population/sq. mi.	SA	WSII-WSIII	B-SB	C-SC
0 - 499	0.25	0.10	0.075	0.025
500 - 999	1.00	0.25	0.100	0.075
1000 - 1499	1.50	1.00	0.250	0.100
1500 - 1999	1.75	1.50	1.000	0.250
2000 or more	2.00	1.75	1.500	1.000

z = A factor relating to the adequacy of existing disposal methods and is an estimate of the ratio of privies and malfunctioning individual sewage disposal systems to the total number of individual disposal systems in the area or in cases where this measure is not applicable, a value ranging from zero to one reflecting potential problems associated with continued use of individual sewage disposal systems.

B = A treatment need factor calculated in the same manner as for point source discharges.

(C) The discharge inventory rating for each project will be divided by a common factor to be determined each fiscal year by the following method:

The highest discharge rating assigned to a project for the fiscal year will be divided by a factor such that the result will equal to 50. This factor will be used to divide the discharge inventory ratings for all other projects considered during the same fiscal year.

EXAMPLE: Highest discharge rating = 2400

f = factor

$$\frac{2400}{f} = 50 \qquad f = \frac{2400}{50} = 48$$

(2) Stream Classification (Maximum Value -- 10 Points) (Select One). The proposed project will comply with established water quality standards and priority points will be awarded on the basis of the classification assigned the waters primarily affected as follows:

(A)	Class "SA" (shellfish waters)	10
(B)	Class "WS-II" or "WS-III" (water supply source)	8
(C)	Class "B" or "SB" (bathing waters)	6
(D)	Class "C" or "SC" (fishing)	4

(3) Nutrient Requirement for Treatment Facilities - (Maximum Value -- 10 Points). The existing wastewater treatment facility is required by permit to add units for the removal of nutrients from its effluent 10

(4) Compliance Schedule (Maximum Value -- 10 Points). The applicant has been issued a waste discharge approval document which contains a compliance schedule providing for construction to be initiated on or before the beginning of the next fiscal year or a condition restricting new connections 10

(5) Regional System [Maximum Value -- 5 Points) regional management authority has been established within the facility planning area.

(6) Financial Need of Applicant (Maximum Value -- 15 Points)

The financial need of the applicant will be determined by the following formula:

$$\text{Points} = \frac{150\ (\text{Total Bonded Indebtedness plus Total Estimated Project Cost})}{\text{Total Appraised Property Valuation}}$$

"Total bonded indebtedness" includes all outstanding bonds as of the first day of the quarter in which the project application is eligible for consideration for the assignment of a priority but shall not include bonds already authorized or sold to finance the proposed project.

"Total appraised property valuation" refers only to real property valuation based on the most recent appraisal for tax purposes as officially recorded in the county or counties in which the service area of the proposed project is to be located.

150 is used in the formula to provide point values for this categorical element.

(b) Interceptors and Collection Sewers

(1) Discharge Inventory and Project Priority Factors (Maximum Value -- 50 Points). The number of points assigned under Subdivision (b)(1) of this Rule will be determined from the discharge inventory rating assigned the project as determined in .0103(a)(1)(C) of this Rule and multiplied by the following project priority factors:

(A) A project priority factor of one will be used for interceptors required to meet water quality standards and which must comply with enforceable provisions of the law (eliminate existing discharge).

(B) A project priority factor of three-fourths will be used for interceptors to eliminate septic tank systems in areas where there is a public health hazard or demonstrated water pollution problems.

(C) A project priority factor of one-half will be used for interceptors needed to provide for normal growth and expansion of communities.

(2) Public Need (select one) (Maximum Value -- 20 Points).

(A)	Proposed sewer will eliminate a wastewater treatment plant or other discharge	20
(B)	Proposed sewer will eliminate one or more pump stations	15
(C)	Proposed sewer will serve an area presently unsewered	10

(3) Capacity Need (select one) (Maximum Value -- 5 Points).

(A)	The proposed sewer is needed to parallel or replace an existing sewer which does not have the capacity to handle the present flow	5
(B)	The proposed sewer is needed to parallel or replace an existing sewer which does not have the capacity to handle the 20 year design flow	2

(4) Public Health Need (Maximum Value -- 10 Points).

(A)	Project will eliminate a documented public health hazard	5
(B)	Project will eliminate a documented water pollution problem	5

Notwithstanding other provisions relating to the assignment of priority point values for various categorical elements and items, the Environmental Management Commission may award a high priority value to an eligible application if the proposed project is required to eliminate a demonstrated or critical hazard in a low income-high density area.

(5) Service Area Need (Maximum Value -- 15 Points).

(A) Soils Limitation (select one)

Using the most recent soil survey maps available, the limitation for septic tank use associated with the major soil classification in the proposed service area will be used to determine the priority as follows:

(i)	Slight	3
(ii)	Moderate	5
(iii)	Severe or very severe	7

(B) Population Density (select one)

Using the population densities presented in the 201 Facilities Plan, the priority for population density in each proposed project area will be determined as follows:

(i)	Less than seven persons per acre	4
(ii)	Seven persons per acre or more	8

History Note: *Authority G.S. 143-215.3(a)(4); 159G-5(c);*
Eff. February 1, 1976;
Amended Eff. July 1, 1990; May 1, 1989; November 16, 1979.

15A NCAC 02F .0104 DEFINITIONS

Unless the context otherwise requires, the following terms used in these regulations are defined as follows:

(1) "Approval document" means a temporary permit, permit, consent order, or assurance of voluntary compliance issued by the Commission or a national pollutant discharge elimination system permit issued by the Environmental Protection Agency or the Director, Division of Environmental Management.

(2) "Environmental Management Commission" or "commission" has the same meaning as in 1 NCAC 22 .0102(2).

(3) "Facility Plan" means those necessary plans and studies which directly relate to the construction of wastewater treatment works.

(4) "Intended Use Plan" means an annual plan to identify the proposed uses of the amounts available in the State Revolving Fund.

(5) "Municipal Compliance Initiatives" means a diagnostic program to prevent non-compliance with water quality standards.

(6) "Priority list" means a listing in descending order of the total number of points assigned under Regulations .0103(a) and .0103(b) of this Section to each project in the state:

(a) which has a discharge inventory rating value of 250 or more, or

(b) for which an application is filed within the period provided by these regulations, or

(c) for which an approval document has been issued and which provides for the initiation of construction of a treatment works improvement on or before the beginning of the next fiscal year, or

(d) at which the existing degree of treatment provided is primary or less.

(7) "Regional management authority" means a unit of government which has jurisdiction for providing the wastewater treatment works for three or more units of government, or which has responsibility within a facility planning area to carry out the operation and maintenance of all publicly owned wastewater treatment works.

(8) "State Revolving Fund" means a fund authorized by Title VI of the Federal Clean Water Act Amendments of 1987 for the purpose of providing assistance for water pollution control activities.

(9) "Wastewater collection system" has the same meaning as in 1 NCAC 22 .0102(20).

(10) "Wastewater treatment works" has the same meaning as in 1 NCAC 22 .0102(21).

History Note: *Authority G.S. 143-215.3(a)(4); 159G-5(c);*
Eff. February 1, 1976;
Amended Eff. July 1, 1990; November 16, 1979; July 12, 1976.

15A NCAC 02F .0105 EFFECTIVE CONTINGENT UPON FEDERAL FUNDS ALLOCATED

History Note: *Authority G.S. 143-215(a)(14); 143-215.3(a)(13);*
Eff. February 1, 1976;
Amended Eff. November 16, 1979;
Repealed Eff. August 1, 1990.

SECTION .0200 - STATE GRANTS: STATE LOANS

15A NCAC 02F .0201 STATE GRANTS

Title 1, Chapter 22 of the North Carolina Administrative Code - Clean Water Bond Act, is hereby adopted by reference pursuant to G.S. 150B-14(c).

History Note: *Authority G.S. 143-215.3(a)(4); 150B-14(c);*
Eff. May 20, 1976;
Amended Eff. July 1, 1988.

15A NCAC 02F .0202 STATE LOANS

Title 1, Chapter 24 of the North Carolina Administrative Code - Regional Sewage Disposal, is hereby adopted by reference pursuant to G.S. 150B-14(c).

History Note: *Authority G.S. 143-215.3(a)(4); 150B-14(c);*
Eff. May 20, 1976;
Amended Eff. July 1, 1988.

SECTION .0300 - POLICIES

15A NCAC 02F .0301 SEWAGE TREATMENT WORKS PROJECTS
15A NCAC 02F .0302 STATE MATCHING GRANTS PROCEDURE
15A NCAC 02F .0303 STATE GRANTS FROM THE POLLUTION CONTROL ACCOUNT
15A NCAC 02F .0304 LIMITATIONS ON STATE CLEAN WATER GRANTS
15A NCAC 02F .0305 STEP GRANTS
15A NCAC 02F .0306 FEDERAL FUNDING RESERVE ACCOUNT PRIORITY
15A NCAC 02F .0307 STATE GRANTS ELIGIBILITY
15A NCAC 02F .0308 DELEGATION OF STATE GRANTS AUTHORITY

History Note: Authority G.S. 143-215.3(a)(1); 143-215.3(a)(4); 143-215.3(a)(13);
Eff. February 1, 1976;
Amended Eff. January 1, 1979;
Repealed Eff. July 1, 1988.