

*State Revolving Loan Fund*

**Clean Water  
State Revolving Fund**

South Carolina's  
Priority Ranking System  
for Wastewater and  
Nonpoint Source  
Projects

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FINAL

## I. INTRODUCTION

The federal Clean Water Act (CWA) amendments of 1987 authorized a Clean Water State Revolving Fund (CWSRF) to assist sponsors with the financing of publicly owned treatment facilities (Section 212) and nonpoint source management activities (Section 319). Title VI, Section 601 of the CWA authorizes the US Environmental Protection Agency (EPA) to award capitalization grants to states to provide seed money for a low-interest loan program to assist eligible CWSRF project sponsors.

The South Carolina Department of Health and Environmental Control (DHEC) is the designated state agency to apply for and administer the capitalization grant for South Carolina's CWSRF. The South Carolina Budget and Control Board (BCB) Office of Local Governments conducts financial functions of the CWSRF, establishes financial policies and executes loans to project sponsors. DHEC and the BCB distribute funds through low-interest loans and principal forgiveness loans.

A wide array of water quality improvement projects may be funded through the CWSRF such as: wastewater treatment plant upgrades; infrastructure upgrades like replacement of sewer lines, pump stations, force mains and interceptors; installation of decentralized sewer or collection systems for areas on septic tanks; green infrastructure projects; stormwater management controls; and, nonpoint source reduction projects. In addition, the State encourages and facilitates the consolidation or regionalization of public wastewater systems using CWSRF funds.

The CWA requires that states develop a comprehensive list of potential projects eligible for funding from the CWSRF and rank them in priority order. The purpose of this document is to outline the ranking system. Ranked projects are integrated into the State's Comprehensive Priority List of CWSRF Projects. This ranking system is designed to equally evaluate projects and rank them according to water quality priorities.

## II. IDENTIFYING AND RANKING WATER QUALITY PRIORITIES

The South Carolina Department of Health and Environmental Control (DHEC) Bureau of Water operates several programs which, to meet various program goals, address water quality priorities. The State's SRF program will employ a number of these Bureau programs to identify projects in the context of CWSRF funding priority. The following is a brief explanation of how DHEC will employ each of these programs to rank potential CWSRF projects. The ranking system will assign a numeric value to each project. The point system is not intended to give a unique value to each project, but rather rank projects according to relative importance. Please note that periodic reevaluation of the programs listed below will likely change South Carolina's water quality priorities. Such changes may modify the ranking of projects on the State's comprehensive list of potential CWSRF projects.

### A. General

The first question that DHEC will ask when evaluating a project for ranking is "how will the project help enhance water quality?" With water quality protection and improvement in mind, **no points will be assigned to a project which is intended for the anticipation of future growth; such projects will rank last in order of priority.**

### B. South Carolina's Specially Designated Waters

All surface and ground waters are classified and each class of water includes specific standards to maintain the uses of those waters. Water quality standards are established for state waterbodies in Regulation 61-68, *Water Classifications and Standards* and waterbody

classifications are identified in Regulation 61-69, *Classified Waters*. These regulations were promulgated pursuant to the South Carolina Pollution Control Act (48-1-10, et seq, S.C. Code of Laws, 1996).

R. 61-68 states "Waters which meet standards shall be maintained." Therefore, maintaining standards, and preserving classified uses, especially in Outstanding National Resource Waters, Outstanding Resource Waters, Natural Trout Waters, and Shellfish Harvesting Waters is desired. A project will receive ten points if it will have a positive effect on one or more of the parameters of concern for any of the above-mentioned outstanding recreational or ecological resource waters.

**C. South Carolina's 303(d) List of Impaired Waterbodies**

South Carolina maintains an extensive water quality and macroinvertebrate community monitoring network that includes over 1000 stations throughout the State. Data from this network is used to compile South Carolina's list of priority ranked waterbodies targeted for water quality management action under Section 303(d) of the CWA. This "303(d) List", which is updated every two years, is a compilation of waters that do not currently meet the water quality standards established for them.

The process by which the 303(d) List is compiled and a list of the impaired waterbodies is included in the State's "Integrated Report Part I: Listing of Impaired Waters." Current and past lists and reports, as well as additional information on the 303(d) program, can be found online at [www.scdhec.gov/tmdl](http://www.scdhec.gov/tmdl).

In accordance with federal guidelines, DHEC evaluates waterbodies as impaired for inclusion on the 303(d) list using a watershed approach. This approach divides the state into five major river basin groups. Permitting and monitoring are performed according to a schedule that cycles through all basins in a five-year period. Current water quality data for the specific waterbodies were used to support determinations for aquatic life, recreational use and fish and shellfish consumption. The 303d List of Impaired Waters identifies the impaired use and the cause for each impaired waterbody. The CWSRF program will use the listed impairments to assign points to potential CWSRF projects. A project will receive ten points for each identified water quality impairment it addresses in a 303d listed waterbody.

EPA has identified seven priority watersheds in South Carolina. Both EPA and DHEC will prioritize the use of discretionary resources in these areas. These watersheds and their hydrologic unit codes are as follows:

Saluda	03050109	May River	030601100301
Middle Savannah	03060106	Okatie River	030502080606
Black Creek	0304020106, 0304020107	Lower Edisto	03050206
Sewee-Santee	030502090201, 030502090202		

A project located within these watersheds will receive an additional 20 points.

**D. Implementation of an Approved Total Maximum Daily Load (TMDL)**

Section 303 of the CWA established the principle of the TMDL as a means of reducing water pollution in impaired waters. A TMDL is a calculation of the maximum amount of a pollutant that a waterbody can receive and still meet water quality standards. A TMDL contains the reductions needed to meet water quality standards and allocates those reductions among the

point and nonpoint sources in the watershed. The calculation includes a margin of safety to ensure that the waterbody can be used for the purposes that have been designated, and accounts for seasonal variation in water quality.

After a TMDL has been developed for a waterbody, it must be submitted to EPA for approval. The list of approved TMDLs for South Carolina may be found on the Department's website. Refer to [www.scdhec.gov/tmdl](http://www.scdhec.gov/tmdl).

TMDLs are a very important step in the restoration of impaired waterbodies. Therefore, any proposed CWSRF project that assists in the implementation of an approved TMDL, where the project addresses the water quality parameter for which the TMDL was developed, and where water quality standards for that parameter are not being met, will receive 40 points. A project that assists in the implementation of an approved TMDL, where the project addresses the water quality parameter for which the TMDL was developed, and where water quality standards for that parameter are currently being met will receive 30 points. Points will be awarded for each parameter addressed for which there is an approved TMDL, and points may be awarded under one or both of the TMDL scenarios.

#### **E. Section 319-Funded Water Quality Improvement Efforts**

Section 319 of the CWA deals with the control and reduction of nonpoint source pollutants and includes the award of annual grants to states from EPA. These funds are to be used to improve water quality by abating nonpoint source pollutants. DHEC awards a portion of its annual awards through a competitive process for such projects. Since 2003, the majority of these projects implement a watershed-based plan for an impaired waterbody. DHEC recognizes that some project components are beyond the scope (i.e. point sources) and/or limited budget of 319 grants. However, in an effort to combine resources to improve water quality, any proposed CWSRF project that complements a water quality improvement effort that has received 319 funding with the past or previous three calendar years will be awarded 30 points.

#### **F. Source Water Protection Program**

The 1996 Federal Safe Drinking Water Act amendments included a provision requiring states to develop and implement a Source Water Assessment Program (SWAP). In 2003, South Carolina's Source Water Assessment and Protection Program provided Source Water Assessments to all federally defined public water systems (PWSs) (those systems which have at least 15 service connections or provide water to at least 25 people for 60 or more days out of the year). These documents contain important information about the drinking-water source, the potential contamination sources and how susceptible the source may be to contamination.

DHEC strongly encourages communities to develop, update as needed and implement a system-specific source water protection plan (SWPP). There are no standard approaches or templates for a source water protection plan; each plan can be tailored to the needs and interests of the local community. The planning team must include local stakeholders and activities identified in the plan may be implemented by anyone. SWP activities should reduce the susceptibility of a public drinking water source(s) to contamination through local actions within an area defined in a recognized and/or updated SWPP. Methods used to address source water protection are varied and may include outreach, partnerships, regulations, land-use ordinances or construction projects.

An approvable plan must clearly define the area to be protected, the perceived problems that will be addressed and the methods, priority and schedule for addressing each one. Problems to be addressed may be chosen locally and may include particular sources or classes of contaminant

sources, types of land use and land use practices and many others. It is not required that the water systems in the area of the proposed project be involved although it is likely that they will choose to participate. The planning process must be viable and active with documentation of past accomplishments and planned activities on a regular, recurring basis.

DHEC and South Carolina Rural Water Association staffs are available to assist in development of plans appropriate for an area's drinking water based on the results of DHEC's completed source water assessment. DHEC will review and endorse approvable SWPPs and will track implementation. DHEC's Source Water Protection website, which can be viewed at [www.scdhec.gov/environment/water/srcwetr.htm](http://www.scdhec.gov/environment/water/srcwetr.htm), has links to many resources for the development of SWPPs.

A proposed project will receive 20 points if it is apparent that a documented source water protection planning effort meeting the above requirements is viable and underway. (DHEC's decision to award the twenty points for source-water-protection planning will be based on the existence of such an effort outside of the scope of the project for which the loan is sought.)

#### **G. South Carolina's 208 Water Quality Management Plan**

Section 208 of the Clean Water Act was created to help States develop and implement regional waste treatment management plans. It required Governors to identify areas with water quality problems and designate an organization to develop a wastewater management plan for those areas. Six Councils of Governments (COGs) are designated as planning agencies for 24 of South Carolina's counties and SCDHEC serves as the planning agency for the remaining 22. The 208 Water Quality Management Plan for the Non-designated Areas of South Carolina (208 Plan) is the guiding document in the 22 counties where SCDHEC is responsible for wastewater planning. It details wastewater management policies and lists the management agencies in each county that are responsible for and legally capable of carrying out those policies.

The 208 Plan encourages, when feasible, the consolidation of wastewater treatment facilities into regional treatment plants as regional systems are typically more efficient and provide more consistent and better quality treated wastewater. Regionalization and consolidation as encouraged by the 208 Plan are also consistent with South Carolina's Antidegradation Rules. These rules require that the lowering of water quality can only be allowed if no other alternatives are feasible including connection to an existing wastewater treatment facility.

As recognized by various DHEC policies, regionalization and consolidation of treatment plants is an effective method for reducing discharges and unwanted overflows. Therefore, a project that provides for regionalization and/or consolidation of wastewater treatment systems through cooperative action will receive 10 points. If a project provides for consolidation by accepting responsibility through ownership for a non-viable system, then the project will instead receive 20 points. If the non-viable system has had water quality violations in the current or previous calendar year, the project will receive 40 points.

### **III. SUMMARY OF POINTS SYSTEM USED TO ESTABLISH PROJECT PRIORITY RANKING**

The following table summarizes the numeric ranking system for prioritizing potential CWSRF projects:

	Priority Ranking Criteria	If Yes, add the following point value to the Project
1A	Does the project include a growth component?	<p>If the answer to question 1A <u>and</u> 1B is <b>yes</b>, the project will not receive any points and will rank last in order of priority. Disregard the remaining questions.</p> <p>If the answer to question 1A <u>or</u> 1B is <b>no</b>, continue answering the following questions.</p>
1B	If 1A is answered yes, is a majority of the cost of the project for growth?	
2	Will the project have a positive effect on one or more parameters of concern for any of the following specially designated waters (natural trout waters, outstanding resource waters, outstanding national resource waters, shellfish harvesting waters)?	10
3	Will the project address a water quality impairment of a waterbody that is identified on the current 303(d) list?	10 for each impaired parameter
4	Is the project located in an EPA-identified priority watershed?	20
5	<p>Will the project assist in the implementation of an approved TMDL where the water quality standard for the parameter for which the TMDL was developed is being met?</p> <p style="text-align: center;">-or-</p> <p>Will the project assist in the implementation of an approved TMDL where the water quality standard for the parameter for which the TMDL was developed is NOT being met?</p>	<p>30 for each parameter/TMDL</p> <p style="text-align: center;">-or-</p> <p>40 for each parameter/TMDL</p>
6	Will this project complement water quality improvement efforts that have received 319 funding in either the current or the previous three calendar years?	30
7	Is this project taking place in a SWPA that has a documented source-water protection plan?	20
8	<p>Will this project provide regionalization and/or consolidation of wastewater treatment systems through cooperative action?</p> <p style="text-align: center;">-or-</p> <p>Will this project provide regionalization and/or consolidation of wastewater treatment systems through a system accepting responsibility through ownership for a non-viable system?</p> <p style="text-align: center;">-or-</p> <p>Will this project provide regionalization and/or consolidation of wastewater treatment systems through a system accepting responsibility through ownership for a non-viable system with water quality violations?</p>	<p>10</p> <p style="text-align: center;">-or-</p> <p>20</p> <p style="text-align: center;">-or-</p> <p>40</p>

#### **IV. DEVELOPING AND UPDATING THE STATE'S COMPREHENSIVE PRIORITY LIST OF CWSRF PROJECTS**

In order for a project to be considered for funding from the CWSRF, it must appear on the State's Comprehensive Priority List of CWSRF Projects. To be included in this list, an eligible project sponsor must complete a project questionnaire supplied by DHEC. A copy of the questionnaire can be found on DHEC's website at [www.scdhec.gov/administration/library/d-3561.pdf](http://www.scdhec.gov/administration/library/d-3561.pdf). A project sponsor may submit a completed questionnaire to the SRF Section of DHEC's Bureau of Water at any time. Once the questionnaire is received, DHEC staff will evaluate the project based on the ranking system discussed above and assign the project a numeric score. The project will then be added to the Comprehensive Priority List of CWSRF Projects. DHEC will maintain an updated list of projects on the SRF section of its Website: [www.scdhec.gov/srf](http://www.scdhec.gov/srf). Any projects with the same numerical score will be further ordered based on how the project addresses water quality priority issues (1<sup>st</sup> – score for “implement an approved TMDL”, 2<sup>nd</sup> – score for “impairment(s) addressed on current 303d list”) and date project questionnaire received.

If a project remains on the comprehensive priority list for four years and is not ready to proceed, DHEC staff will contact the sponsor and request that a revised project questionnaire be submitted which updates the cost estimate along with any changes to the project description. If DHEC does not receive a revised project questionnaire, the project will be removed from the comprehensive priority list.

#### **V. ELIGIBLE PROJECT SPONSORS**

An eligible CWSRF project sponsor means a county, municipality, special purpose district, commissioners of public works, or any other public agency of the state that will own the project.

#### **VI. SELECTING PROJECTS FOR FUNDING**

DHEC will prepare an annual *Intended Use Plan* (IUP) that will describe how the State intends to use the funds in the CWSRF for the year and how those uses support the objectives of the CWA. The IUP will include a Selected Projects List of projects selected from the comprehensive priority list for funding during the next year. Once the IUP has been drafted, notice will be given to the public that the draft IUP is available for review and comment for a period of at least 30 days. Once the comment period has ended DHEC will review any comments received and make changes to the IUP as appropriate. The draft and/or final IUP may be found on the SRF section of DHEC's Website: [www.scdhec.gov/srf](http://www.scdhec.gov/srf).

Although a priority list is required, states are not required to select the highest ranked projects in any given year. Therefore, South Carolina will continue to fund projects on a “first come, first served” basis, making readiness to proceed a significant funding factor. However, ranking will take priority over readiness to proceed when the demand for funding exceeds the loan funds available in the CWSRF. Other factors, such as selecting for the green project reserve requirement or priority health concerns, may be considered when selecting projects for funding. Such factors will be explained in the annual IUP.