



Federal FY 2022 CWSRF Base Capitalization Grant Intended Use Plan For State FY 2023

FINAL

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I. Introduction

In 1987, Congress amended the federal Clean Water Act (CWA) authorizing the Clean Water State Revolving Fund (CWSRF), a low interest loan program, to assist public entities with the financing of publicly owned treatment facilities (Section 212) and non-point source management activities (Section 319). The 1987 CWA Amendments authorized the US Environmental Protection Agency (EPA) to award capitalization grants to states to provide seed money for the low interest loan program. While the 1987 Amendments only authorized funding for the first several years of the loan program, Congress continues to provide funding as part of its annual appropriations.

This Intended Use Plan (IUP), required under the CWA, describes how South Carolina intends to use available SRF funds for State Fiscal Year (SFY) 2023 (July 1, 2022 through June 30, 2023) including federal funds allocated to South Carolina from the Consolidated Appropriations Act, 2022. South Carolina's allotment from the federal appropriations for federal fiscal year (FFY) 2022 is \$11,853,000. Eligibility for CWSRF loans and CWSRF program requirements, including any requirements of the applicable appropriations legislation are included in the IUP.

The South Carolina Department of Health and Environmental Control (DHEC) is the designated state agency to apply for and administer the capitalization grant for the CWSRF. The South Carolina Water Quality Revolving Fund Authority (Authority) is responsible for the financial functions of the CWSRF, including its financial policies, and executes loan agreements with project sponsors. The South Carolina Rural Infrastructure Authority's Office of Local Government (RIA) conducts the staff functions of the Authority.

Once prepared, an IUP must be noticed for a period of at least 30 days to accept comments from the public. Comments on all facets of the DRAFT IUP are accepted. After considering comments received, the IUP is finalized and posted on DHEC's website at <http://www.scdhec.gov/srf>.

II. Goals

South Carolina has identified several short- and long-term goals designed to promote sustainable improvements to the state's infrastructure and help ensure maximum environmental and public health benefits.

A. Short Term Goals

1. Maintain a subcontract with a qualified vendor to provide technical assistance to small systems that have publicly owned treatment works.

B. Long Term Goals

1. Promote sustainable system capacity through consolidation of systems thereby taking advantage of the economies of scale to address technical, managerial, and financial capacity problems.
2. Assist local communities as they strive to achieve and maintain compliance with federal and state water quality standards by funding projects that improve or

- protect water quality by reducing pollutant loading to attain water quality standards.
3. Use Principal Forgiveness funds to assist small and disadvantage communities and utilities as they strive to achieve and maintain compliance with federal and state wastewater and stormwater regulations and meet state water quality standards.
 4. Maintain a working relationship with other infrastructure funding authorities within the state to coordinate water quality funding.
 5. Work collaboratively to direct CWSRF funds to areas where additional DHEC and EPA resources are already invested (i.e., Priority Watersheds and 319 grants).
 6. Support the use of green practices and investment in green infrastructure, water and energy efficient improvements and environmentally innovative projects.
 7. Maintain the fiscal integrity of the CWSRF to ensure the perpetuity of the fund.

III. Transfer of Funds From/To the Clean Water State Revolving Fund

The SC SRF program reserves the ability to transfer funds between the CWSRF and Drinking Water (DW) SRF as provided for by federal law. Fund transfers from the CWSRF to the DWSRF or from the DWSRF to the CWSRF will be done to assist in meeting the funding demands in the CWSRF and DWSRF. The law allows the SRFs to transfer an amount equal to 33% of each annual Drinking Water capitalization grant. SC SRF would transfer non-federal funds made available by loan repayments. The EPA will receive written notification prior to any transfers occurring.

For SFY 23, the SC SRF has no plans to transfer funds between the CWSRF and DWSRF but reserves the right to do so if needed to meet demand in either the Clean Water or Drinking Water Base capitalization grant programs during SFY 2023.

IV. Provisional Projects List

The Clean Water Provisional Projects List (PPL) (Appendix A) identifies projects that are considered to be eligible and ready to proceed in the SFY 2023.

All loan projects on this list must complete the process detailed in Section V.C to receive funding.

Final funding decisions for each project are contingent on a review of the project sponsor's technical and managerial capacity, a completed environmental review of the proposed project, issuance of a DHEC SRF construction permit (or construction approval letter), and a successful final credit review by RIA for the Authority for projects receiving loans. The availability of a loan from the Authority will be based on the project sponsor's financial capacity and its ability to afford repayment on the requested amount of debt.

The Provisional Projects List includes projects that have been identified to receive principal forgiveness funds. These funds are only available if the FFY 2022 CWSRF Base capitalization grant is awarded by EPA and accepted by DHEC. Project listing is not a commitment of funding.

V. Method for Selecting Projects and Distribution of Funds

A. Priority Ranking System

DHEC SRF uses an integrated priority system for ranking Section 212 treatment work projects as well as eligible nonpoint source projects. A copy of the ranking system used to score and rank projects can be found on the SRF Documents and Forms webpage at <http://www.scdhec.gov/srfforms>.

B. Comprehensive Priority List of CWSRF Projects

For a project to be considered for funding by 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 (municipalities, counties or special purpose districts) must complete a Project Questionnaire (PQ), DHEC-3561 or a similar funding request application approved by DHEC. The DHEC-3561 form can be found on the SRF Documents and Forms webpage, <http://www.scdhec.gov/srfforms>. A project sponsor may submit a completed PQ to the SRF section of DHEC's Bureau of Water at any time. Once the PQ is received, DHEC staff will evaluate the project based on the CWSRF Priority Ranking System and assign the project a numeric score. The project is then added to the Comprehensive Priority List of CWSRF Projects in rank order. Any projects with the same numerical score are ordered based on how the project addresses water quality priority issues in the following order: 1) first – score for "implement an approved TMDL" and 2) second – score for "impairment(s) addressed on current 303d list" and then by date the project questionnaire was received. DHEC maintains an updated Comprehensive Priority List on the SRF Documents and Forms webpage, <http://www.scdhec.gov/srfforms>.

If a project remains on the Comprehensive Priority List for two years and does not proceed, the project will be removed from the list unless the sponsor provides an updated PQ.

C. Selection of Projects and SRF Funding

The selection of projects for the Provisional Projects List (Appendix A) is based on the project rank and cost, availability of funds, and the sponsor's indicated readiness to proceed with a project during SFY 2023. Ready to proceed in SFY 2023 means that a project will be in compliance with the SRF schedule for submission of an acceptable preliminary engineering report and construction permit application as well as a complete SRF loan application to RIA. The selection process for sponsors and projects that may

receive Additional Subsidies (i.e., 100 percent principal forgiveness for this grant) are discussed in Section IX.B.

The successful completion of a preliminary financial review should occur before a project sponsor proceeds with meeting the technical requirements for a loan. Based on the schedule established for a project, RIA will send the sponsor a loan application package. To proceed as an SFY 2023 SRF project, a project must receive a construction permit, or letter of approval to construct, and submit a complete loan application to RIA by July 31, 2023. For large projects, DHEC and RIA reserve the right to impose a limit on the amount of any given CWSRF loan, regardless of ranking, and to consider a sponsor's ability to obtain financing from other sources and to make SRF funds available to a larger number of eligible sponsors.

When conducting outreach to solicit CWSRF projects, DHEC will emphasize the importance of resiliency, security, and sustainability projects and convey that projects to address these issues are eligible for CWSRF funding.

D. Bypass Procedure

When selecting projects for funding, DHEC may bypass projects on the Comprehensive Priority List as follows:

1. To fund a project where a viable system owner is willing to assume ownership or receivership of a non-viable or abandoned system;
2. To select Green Project Reserve eligible projects or portions of projects that equal at least \$1,185,300 (10% of the expected capitalization grant amount);
3. To address an imminent hazard to public health as determined by DHEC;
4. To address an imminent release of untreated wastewater directly to a surface water body as determined by DHEC,
5. To fund projects that will eliminate a point source discharge, which is violating effluent limits, by a connection to a regional system;
6. To fund projects that support consolidation or regionalization of systems to enhance the sustainability, regulatory compliance and/or quality of service of the systems involved;
7. To fund projects for eligible sponsors that have not previously received CWSRF funding; and,
8. To fund a project for an eligible sponsor that is not receiving SRF funds, especially principal forgiveness funds, from some other FFY 2022 CWSRF or DWSRF grant. The purpose of this bypass is to facilitate the distribution of SRF funds to a larger number of eligible sponsors, especially sponsors receiving principal forgiveness funds.

E. Expeditious Use of Funds

To promote timely commitment and use of SRF funds, DHEC will determine milestones for each project related to the completion of the PER and submission of plans and specifications to obtain a construction permit or letter of approval to construct. For the projects listed on the PPL, the project sponsor should meet these milestones to ensure funds will not be committed to other projects. DHEC will take into account the complexity of the project and work with project sponsors in setting, and revising if appropriate, project milestones. It is the goal of the program to have projects on the PPL that have a signed loan agreement or loan assistance agreement (PF projects) within 18 months of the date EPA awards the grant. With current resource shortages for materials and qualified engineers and contractors, DHEC realizes that it may be challenging for sponsors to meet this goal.

Currently, project design and construction costs are increasing, often at a rapid pace. Therefore, sponsors with projects on the PPL will be encouraged to bid project alternatives, if feasible. Some or many PF projects on the PPL still may exceed the SRF budget amounts shown on the PPL. A PF project on the PPL may receive additional funding above the budgeted amount shown on the PPL if justified and approved by DHEC. Once the total PF funds under binding commitment reach the total PF amount shown on the PPL, PF projects without a binding commitment when that amount is reached will be addressed as follows: 1) projects with a Preliminary Engineering Report (PER) that has been approved by the DHEC SRF program will be moved to the next year's IUP and PPL for the Base grant; and, 2) projects without an approved PER will need to be resubmitted to the SRF program for future funding consideration. Available funds and loan budgets are discussed in Section VII.D..

F. Sustainability Requirement

The CWSRF will not provide any type of assistance to a project sponsor that lacks the technical, managerial or financial capability to operate sustainably, unless the sponsor agrees to undertake feasible and appropriate changes in operation or if the use of the financial assistance from the CWSRF will promote sustainability and compliance over the long-term.

Sponsor sustainability is evaluated using DHEC's Utility Sustainability Assessment (UtSA) (DHEC form 0574). The UtSA is a written system assessment completed by the Sponsor and reviewed and scored by DHEC that includes operational issues, managerial issues and limited financial information. Unless an acceptable score was received on a UtSA within the previous three years, a UtSA is requested of sponsors with projects on the Provisional Projects List. Additional financial assessment is performed by RIA as part of the preliminary financial review and loan application process.

G. Interest Rates and Funding Terms for Eligible Projects

Visit the RIA website, <http://www.ria.sc.gov/> to view SRF loan rates and policies. Interest rates for SFY 2023 projects will be published by RIA in early October, 2022. To receive that interest rate, a project must receive a construction permit, or letter of approval to construct, and submit a complete loan application to RIA by July 31, 2023.

Up to 30-year financing is available for all borrowers not to exceed the useful life of the project components. For example, pipe and items constructed of concrete or steel qualify for a 30-year term, while mechanical and electrical components are limited to 20 years. Blended amortizations will be provided for loans with differing terms.

For any project requesting funds for both 20- and 30-year eligibilities, the engineer will provide in the PER an estimated cost breakout in sufficient detail for DHEC to determine items that qualify for 20- or 30-year financing based on useful life. This information will be used for the conditional loan commitment letter; however, the 20- and 30-year eligibilities used for loan closing must be based on contractor prices.

Loans for projects with both 20- and 30-year requested construction cost items will have the 20/30-year cost breakdowns for the loan agreement determined once the bidding process is complete. If the successful contractor's bid is in sufficient detail for DHEC to determine the useful life of the components, no further breakout will be needed for loan closing. However, when the successful contractor's bid is not in sufficient detail to make the 20/30-year determinations, such as in a lump sum bid, the successful contractor, after the tentative award notice but before loan closing, must provide a breakout of the bid in sufficient detail for DHEC to make the necessary determinations of 20- and 30-year eligibility. So as to not delay loan closing and, in most cases, execution of the construction contract, the selected contractor needs to develop and submit the detailed 20/30-year cost breakout to DHEC at the earliest possible time.

H. Loan Application

Sponsors of Provisional Projects who successfully complete RIA's preliminary financial review may apply to the Authority through RIA for SRF loan financing by submitting a loan application approximately 30 days prior to submitting plans and specifications as required for a DHEC/SRF construction permit or letter of approval. Authorization to construct the project, either through an SRF-issued Permit to Construct or Letter of Approval, both of which require a completed environmental review, is required before an SRF loan application is considered complete.

Loan applications are accepted from October 1 through July 31.

VI. Eligibilities

A. Eligible Sponsors

Municipalities, counties, special purpose districts and other public entities are eligible SRF project sponsors.

B. Water Quality Management (WQM) Plans

Pursuant to Section 208 of the Clean Water Act, Section 212 CWSRF projects must not conflict with the applicable Water Quality Management (WQM) plan. The sponsor of a CWSRF project must be a designated management agency, which is any municipality, county or special purpose district that accepts the responsibilities associated with implementing an applicable WQM plan. The management agency designation process may be pursued concurrently with the CWSRF project if necessary. More information about management agency responsibilities and the designation process can be found in the 208 Water Quality Management Plan for the Non-designated Area of South Carolina, <https://www.scdhec.gov/sites/default/files/Library/CR-010129.pdf>.

C. Land

Land needed in support of construction and for collection, transport, treatment and stormwater projects, is eligible for CWSRF loan participation. The purchase price of all land, rights-of-ways, and easements, not to exceed the appraised value, may be included in the loan when: 1) the land is obtained less than one year prior to the date of a complete loan application, and 2) an appraisal, prepared by a qualified appraiser, is submitted on each parcel, right-of-way and easement with the loan application. For land with structures or other improvements, only the appraised value of the land is CWSRF loan eligible, not the appraised value of the land with the structures or improvements. In the CWSRF program, land may be acquired under proper eminent domain procedures when necessary.

D. Planning and Design Costs

A CWSRF loan may include the costs of project planning and services incurred prior to construction (e.g., costs associated with preparing the PER, plans and specifications, advertising, pre-bid conference, bidding procedures, pre-construction conference, loan application, administration, or creating a watershed-based plan). Only those costs for which there is clear documentation of expenses incurred solely for the proposed project and are dated no earlier than 36 months prior to the date of a complete loan application to RIA are eligible for funding under the CWSRF program.

E. Legal and Appraisal Fees

In general, legal and appraisal costs associated with obtaining land (rights-of-way and easements) and attorney fees associated with the SRF loan application and loan closing process are eligible. Legal and appraisal costs associated with obtaining land are not eligible for funding under the CWSRF program if incurred earlier than one year prior to the date of a complete loan application to RIA.

F. Construction Costs

Construction costs include the costs associated with the construction of the project by a contractor. The CWSRF may provide assistance for the costs associated with engineering services during construction, such as inspections, change orders, oversight of contractors, shop drawings, record drawings, concrete or soil testing, Davis-Bacon,

American Iron and Steel and Build America, Buy America administration (as needed), and draw requests.

Equipment that is directly purchased by the sponsor for the project, such as pumps, generators, etc., is eligible.

Materials such as pipe, valves, brick, mortar, etc., that are directly purchased by the sponsor are eligible. The materials may be installed either by a contractor or by the sponsor using its own employees and equipment. Eligibility is limited to the costs of materials. The costs of supplies such as fuel, oil and tools used by the sponsor to install the materials are not eligible for funding under the Clean Water SRF program. Additionally, force account labor is not eligible.

Service connections are eligible for funding from the SRF but only that portion of a service connection that will be owned and maintained by the project sponsor and installed as part of an SRF funded sewer line project.

G. Contingency

- The SRF program allows a contingency on eligible construction costs for loan projects as follows: ten percent (10%) of the construction line item for the first \$10 million dollars of construction costs and five percent (5%) for the construction amount that exceeds \$10 million.
- The SRF program allows a contingency of two and a half percent (2.5%) for materials that are directly purchased by the sponsor.
- There is no contingency allowed on equipment.

H. Phasing of a CWSRF Project

To make construction and/or funding more manageable, a project may be divided into separately funded phases or segments, at the option of the sponsor. However, to be CWSRF-eligible, any such phase or segment must be of reasonable scope and, when constructed, must have the capability of being placed into immediate full operation, without its full operation being dependent on a subsequent project phase or segment or another outside operation yet to be completed. After a given project phase is funded, subsequent phases must stand separately in competing with other projects for priority list ranking in later fiscal years.

I. Projects Not Eligible for Funding

The CWSRF will not provide funding assistance for the following projects and activities:

1. Projects for systems that lack adequate technical, managerial and financial capability (i.e., non-viable systems), unless the project is needed to address a high-priority environmental or human health concern or will promote sustainability and compliance over the long-term;
2. Projects exclusively correcting operation and maintenance deficiencies;
3. Projects for systems in NPDES noncompliance, unless funding will help a system achieve compliance; or

4. Projects for systems when consolidation or regionalization is the most feasible alternative for a system to maintain sustainability, unless the project addresses or supports consolidation or regionalization.

VII. Funds Available

A. Amount of Capitalization Grant

South Carolina's capitalization grant allotment from the FFY 2022 CWSRF Base grant is \$11,853,000.

B. State Match Requirement and Anticipated Cash Draw Ratio

One condition of receiving the annual capitalization grant allotment is the State must deposit into the CWSRF state match in an amount equal to at least twenty percent (20%) of the total amount of the expected federal grant. RIA will deposit the full state match of \$2,370,600 into the CWSRF from state appropriations and other resources available to RIA prior to receiving the capitalization grant. It will fully expend the state match before the first draw of funds from the capitalization grant with subsequent federal draws at 100%.

C. Administration of the CWSRF Program

The CWA allows each state to use an amount equal to four percent (4%) of its capitalization grant to fund the administration of the CWSRF program. DHEC plans to retain the authority to use 4% of its expected capitalization grant amount (\$474,120) for program management, including funding staff, paying operational expenses and providing technical assistance to potential loan applicants.

D. Estimated Funds Available - State Fiscal Year (SFY) 2023

Estimated Amount of Funds to be available for loans as of 6/30/22	\$200,700,000*
FFY 2022 federal Base capitalization grant	\$11,853,000
State match for FFY 2022 Base capitalization grant	\$2,370,600
Estimated SFY 2022 repayments (7/1/22 to 6/30/23)	42,600,000
Estimated SFY 2022 investment earnings (7/1/22 to 6/30/23)	7,500,000
Estimated amount of funds to be transferred to/from the DWSRF	\$0
CWSRF administration	-\$422,005
Estimated Total Funds Available for SFY 2023 Loans	\$264,601,595

*This is the estimated amount of funds available for SFY 2023 loans and does not include any funds reserved to fund the remaining SFY 2022 loans yet to close. All prior capitalization grant funds are committed to projects. No loan fee income is used on projects. All loan fees are used to conduct the financial functions of the SRF program assigned to RIA under state law.

Note: The estimated total funds for SFY 2023 loans may change from the figure quoted above due to the ongoing administration of projects, including projects on prior CWSRF IUPs where bids have not been opened. The amount of funds available

for SFY 2023 is greater than the amount shown on the PPL in Appendix A. With project costs continuing to rise, it is anticipated the remaining available funds will be used to cover project costs that are likely to exceed the currently budgeted amounts shown on the PPL. Furthermore, due to the escalation of project costs, it is possible loan requests may exceed available funds. If so, projects will be financed in the order of having a complete loan application (includes construction permit/letter of approval) and any projects that cannot be funded will be moved to the next available IUP.

E. Equivalency to Account for Federal Funds

DHEC will use equivalency projects to account for the federal funds awarded to the SC CWSRF program through this capitalization grant. The amount that must be accounted for includes the total federal grant award minus any set-aside funds received from the grant. The potential equivalency projects are noted on the PPL. When possible, DHEC will select projects for equivalency that are straightforward to construct, require a relatively limited range of construction materials and equipment to complete, and are requesting a large CWSRF loan. The equivalency projects will be required to meet all of the federal requirements listed in Section IX.

The equivalency projects that have binding commitments (signed loan agreements) and are selected to account for the federal funds received from this capitalization grant will be identified in the CWSRF Base grant annual report and reported to the federal government pursuant to the requirements of the Federal Funding Accountability and Transparency Act (FFATA).

F. Fee Income

A 0.35% loan closing fee will be charged on all loans, but such fees will not be assessed on any principal forgiveness projects. The entirety of loan fees collected are used to conduct the financial functions of the SRFs assigned to RIA under state law.

VIII. Assurances and Specific Proposals

DHEC has provided assurances and specific proposals as part of the Operating Agreement between South Carolina and EPA. The Operating Agreement provides a framework of procedures for operation and administration of the CWSRF including:

1. **Environmental Reviews:** The State will conduct environmental reviews according to the procedures identified in its Operating Agreement.
2. **Binding Commitments:** The State will enter into binding commitments for 120% of the amount of each quarterly payment under the capitalization grant within one year of each such payment.
3. **Expeditious and Timely Expenditures:** The State will expend all funds in the CWSRF in an expeditious and timely manner as previously discussed.

IX. Additional Information / Requirements

A. Federal Requirements

Sponsors will be notified of all applicable federal requirements once their project is identified as a candidate for funding. Several federal requirements are required of all SRF loan recipients as follows:

- Environmental review of the project
- Compliance with Civil Rights Laws
- Davis-Bacon prevailing wage rates
- American Iron and Steel
- Fiscal sustainability plans for project components
- Cost and effectiveness analysis of the project

Additional federal requirements are tied to the capitalization grant and will be required of any project receiving a loan designated as being made with federal capitalization funds. These requirements include but are not limited to:

- Disadvantaged Business Enterprise compliance (DBE)
- Build America, Buy America Act provisions
- Equal Employment Opportunity
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: Title 2 CFR, Parts 200 and 1500 (“Uniform Guidance” – governs single audit requirements)
- Architectural and Engineering Procurement
- Signage

The projects that meet these federal requirements will be identified in the CWSRF Annual Report.

B. Additional Subsidies

The Consolidated Appropriations Act, 2022 requires that between 20% and 40% of the capitalization grant be used to provide additional subsidy to CWSRF projects. South Carolina will use assistance agreements with 100% forgiveness of principal to satisfy this requirement. Section 603(i) of the CWA, outlines conditions under which additional subsidy may be offered to a project. RIA staff conduct a thorough financial review of each system sponsor to determine if they can afford an SRF loan. The ability to afford an SRF loan combined with system population and Median Household Income (MHI) data are the basis of the criteria described below for a system to receive PF assistance for a project.

EPA expects the SRF program to ensure that systems and project sponsors that receive additional subsidy have the technical, managerial, and financial capacity to maintain compliance with federal and state regulations. The Utility Sustainability Assessment mentioned in Section V.F above is one tool used by the SRF to evaluate the technical, managerial, and financial capacity of a potential SRF additional subsidy recipient. Systems that do not have adequate technical, managerial, and financial capacity may receive

additional subsidy funds if the system/sponsor agrees to undertake needed changes in operation that will promote sustainability or if the use of the financial assistance from the CWSRF will promote sustainability and compliance over the long-term. The sponsor may not be eligible for additional subsidies on future projects until the agreed upon operational changes have been fully implemented. Also, systems that ask to be considered for principal forgiveness funds must not be delinquent on submission of annual financial audits to the State Treasurer's Office as required by SC state law.

The SRF program plans to utilize additional subsidy funds, provided as principal forgiveness (PF), for ready-to-proceed projects, to encourage sustainability through project planning, design and construction. This includes projects:

- That enhance the sustainability of small systems (population less than 10,000) by fixing existing infrastructure;
- Where a sustainable system owner is willing to assume ownership or receivership of an unsustainable or abandoned system; or,
- To provide a long-term solution to ongoing surface water or groundwater contamination problems from the discharge of treated or untreated wastewater or sludge.

Eligible sponsors with eligible projects that may receive PF assistance are as follows:

- Small systems (population less than 10,000) with a Median Household Income (MHI) less than the State MHI that cannot qualify for a CWSRF loan, or
- A sustainable system owner willing to assume ownership or receivership of an unsustainable or abandoned system.

To make maximum benefit of PF funds for SFY 2023, no one sponsor may receive more than \$1,000,000 for additional subsidy unless PF funds remain unassigned or are not committed to an identified project as expected.

Appendix A indicates the amount of PF that has been assigned to projects for SFY 2023 on a preliminary basis. The SRF Program reserves the right to adjust PF amounts. PF funds are only available if EPA awards the FFY 2022 CWSRF Base grant and it is accepted by DHEC. Project listing is not a commitment of PF funding.

If a sponsor requests PF assistance for a project, but the sponsor and project are eligible for a conventional SRF loan, the sponsor will be offered a conventional SRF loan in lieu of a PF loan (see the principal forgiveness loan eligibility criteria discussed above); the exception being a sustainable system owner willing to assume ownership or receivership of an unsustainable or abandoned system.

C. Green Project Reserve (GPR)

The Consolidated Appropriations Act, 2022 and BIL, require to the extent there are eligible projects, not less than 10% of the State's expected FFY 2022 CWSRF Base grant allotment be used for green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. South Carolina's "Green Project Reserve"

(GPR) amount is \$1,185,300. EPA's GPR guidance is posted on the SRF Guidance webpage <http://www.scdhec.gov/srfguidance>.

In the annual FY 2023 report for this grant, DHEC will identify the projects with binding commitments that will be used satisfy the 10% GPR requirement for the grant. To make this determination, DHEC will use EPA's GPR guidance and best professional judgement in accordance with the EPA Memorandum dated February 21, 2017, "Change to Clean Water State Revolving Fund Green Project Reserve Guidance".

D. Environmental Outcomes and Measures

DHEC will update EPA's SRF Data System at least quarterly to report financial information about the program and projects, loan information, and project activities and benefits.

E. Public Participation

Notice of this draft IUP is e-mailed to each project sponsor on the Comprehensive Priority List of CWSRF Projects and other interested parties.

During the public notice period (30-day minimum), the Draft IUP notice and DRAFT FFY 2022 CWSRF Base grant IUP are posted on the DHEC website, <http://www.scdhec.gov/srf>. Interested parties are invited to review the documents and submit written comments by the deadline established in the Draft IUP notice.

The draft FFY 2022 CW Base Capitalization Grant IUP was posted to the DHEC website on July 15, 2022. Notice of the draft IUP was emailed to SRF contacts, Rural Infrastructure Authority contacts, DHEC watershed stakeholders, and included in communications to members of the SC Rural Water Association, the South Carolina Association of Counties, and the Municipal Association of South Carolina. Comments were accepted until 5:00 PM on August 15, 2022. No comments were received.

SOUTH CAROLINA
CWSRF SFY 2023 Base Provisional Project List¹

	Sponsor & Project Name	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount ⁶	Estimated Principal Forgiveness Assistance ²	Total Points
1	Renewable Water Resources - 2022 Gravity Sewer & Manhole Rehab⁴	370-125	Project to line existing sewers with CIPP and line manholes with cementitious material.	SC0033804, SC0026883, SC0047309, SC0023906	\$4,750,000	\$4,750,000		110
2	East Richland County Public Service District - 30-Inch Sewer Trunk Line Rehabilitation - Forest Lake⁴	524-31	This project consists of the rehabilitation of approximately 7,800 lf of 30-inch RCP sewer trunk line and 41 associated manholes to restore the structural conditions and eliminate I/I in the pipeines and manholes.	SC0038865	\$5,700,000	\$5,700,000		110
3	Easley Combined Utilities - Georges Creek Trunk Sewer	711-07	The project consists of the installation of approximately 7,370 linear feet of new 30-inch gravity sewer, 9,080 linear feet of new 24-inch gravity sewer, 72 manholes, and all necessary appurtenances to complete the piping installation.	SC0023043, SC0047309	\$9,202,000	\$8,380,000		100
4	Renewable Water Resources - Little Grove Creek Sewer System Improvements	370-127	Work entails installation of a 2 MGD capacity pump station with two (2) 100-HP suction lift pumps, approximately 14,600 linear feet of 12-inch force main, approximately 2,000 cubic yards of rock excavation, 700 linear feet of jack and bores, easement acquisition and relevant pump station and force main appurtenances.	SC0041211	\$6,650,000	\$6,650,000		90
5	Aiken, City of - Northside Gravity Sewer Expansion	549-10	This project will install new and parallel gravity sewer lines to assist with existing capacity and provide access to underserved areas within the expanded Water and Sewer District, currently served by septic. It will also assist with preventing sewer spills by expanding capacity and eliminating a pump station requiring recurring maintenance.	SC0024457	\$5,000,000	\$2,500,000		90
6	Renewable Water Resources - Pump & Haul Elimination⁴	370-126	Install 5,700 LF of gravity sewer interceptor. 1 pump station, and approx 4,000 LF of force main to convey ww from North Greenville University to a proposed new pump station. The project will eliminate the need to pump and haul wastewater from the NGU athletic facilities.	ND0083631	\$8,500,000	\$8,500,000		70
7	Renewable Water Resources - Georges Creek Onsite EQ	370-121	New onsite 1.5 MG influent wet weather EQ basin	SC0047309	\$3,575,000	\$3,250,000		70
8	Renewable Water Resources - Welcome Creek Gravity Upgrade	370-129	Upgrade gravity sewer pipe along Welcome Creek from MH 400B-60 and Hidden Hills Dr. to MH 400B-126 at Anderson Rd (approx. 15,530 LF) to handle higher peak flows in wet weather events and reduce potential overflows.	SC0041211	\$13,870,100	\$11,096,100		60

SOUTH CAROLINA
CWSRF SFY 2023 Base Provisional Project List¹

	Sponsor & Project Name	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount ⁶	Estimated Principal Forgiveness Assistance ²	Total Points
9	Renewable Water Resources - Upper Brushy Creek Gravity Upgrade	370-128	Upgrade various gravity sewer pipe along Upper Brushy Creek from MH-400B-134 Near Club Forest Lane to 400B-166 at Grove Rd. (approx. 7,890 LF). Approx. 7,470 LF from 21" and 24". Approx. 420 LF from 10" to 12" to handle higher peak flows in wet weather events and reduce potential overflows.	SC0041211	\$6,973,700	\$5,578,900		60
10	Mount Pleasant Waterworks (MPW) - Environmental Protection through Septic Tank Abatement	511-55	Existing residential and commercial properties within the Shem Creek Watershed and African American Settlement Communities currently served by septic tanks will be connected to gravity sewer where infrastructure presently exists and through extension of mains. The Shem Creek watershed currently has 150 residential and commercial properties relying on septic tanks, and of these, 41 properties are close enough to connect to existing infrastructure via gravity sewer laterals or grinder pumps. The remaining properties in the watershed can be served by sewer extensions totaling approximately 6,000 LF of gravity main and 1,800 LF of force main. Prior to abandonment, septic tanks will be pumped out, removing pollutants that would have entered the creek, and will be conveyed to the Center Street WWTP for treatment and removal.	SC0040771	\$15,000,000	\$5,000,000		60
11	Renewable Water Resources - Piedmont Regional EQ	370-123	New onsite 1.5 MG influent wet weather EQ basin.	SC0048470	\$3,270,000	\$3,000,000		60
12	Clinton, City of - New PS and Force Main for Stone Creek Development and Florida St. PS Replacement	473-05	Project includes a new PS and approx 4,500 LF of 6-inch force main from the Stone Creek Development. The proposed project also includes replacement of the existing Florida Street PS as well as approximately 4,800 LF of 6-inch force main to reroute the line from running under the railroad tracks. Approximately 2,200 LF of 8-inch force main would also be constructed to tie these flows into an existing manhole.	SC0037974	\$2,643,796	\$2,643,796		60
13	Honea Path, Town of - Corner Creek Basin Sewer Rehabilitation (Phase 3)	515-04	The "Corner Creek Basin Sewer Rehabilitation (Phase 3)" project will be a continuance of the "Phase 2" project. This project involves sewer line rehabilitation through as point repairs, pipe bursting, cured-in-place pipe, or open-cut relocation, manhole rehab, lateral connections.	SC0020214	\$1,000,000		\$800,000	60
14	Bennettsville City of - Central Sewer System Upgrades	406-06	The proposed project will replace many sections of old, outdated, clay gravity sewer pipe. The pipe will be upgraded to HDPE pipe using the pipe bursting installation method to minimize disturbance.	SC0025178	\$996,820	\$996,820		50

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	Sponsor & Project Name	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount ⁶	Estimated Principal Forgiveness Assistance ²	Total Points
15	Metropolitan Sewer Subdistrict - Heritage Court and Old Mountain Creek - Private Sewer System Rehabilitation	530-04	Heritage Court Rehab: Replace Exist 8" Aerial Creek Crossing, install 420 feet of new 8" Sewer, and re-route 4 service laterals to new sewer; Old Mountain Creek Rehab: Rehab and replace approximately 1,050 feet of exist 8" sewer and 12 manholes.	SC0033804	\$494,345	\$444,345		50
16	Chester County Wastewater Recovery - Lando-Manetta WWTP Connection to Rock Hill system	380-12	The proposed project includes a 4 MGD pump station at the CWR Lando-Manetta WWTP with approximately 47,400 feet of 20-inch force main connecting to the existing Wildcat force main near Southland on the City of Rock Hill system.	SC0001741	\$25,000,011	\$1		40
17	Berkeley County Water and Sanitation - Central Berkeley WWTP Upgrade to 9 MGD	496-32	This project will expand the existing wastewater treatment facility from 6 MGD to 9 MGD. The expansion will include the construction of an oxidation ditch, secondary clarifier, aerobic digester, ultraviolet disinfection system, emergency generator and associated electrical distribution and controls.	SC0039764	\$35,000,000	\$25,000,000		40
18	Renewable Water Resources - Conestee Pump Station & Force Main	370-117	Project will divert flow from the Lower Reedy WRRF to the Mauldin Rd WRRF basin to reduce wet weather SSOs in the Lower Reedy System.	SC0041211, SC0024261	\$23,700,000	\$22,500,000		40
19	Renewable Water Resources - Long Branch Creek Gravity Sewer Upgrade	370-119	Replace existing gravity sewer, which will reduce potential for SSOs during wet weather events and provide additional capacity for growth.	SC0041211	\$17,000,000	\$17,000,000		40
20	Greer Commission of Public Works - Gibbs Shoals Area Sewer Improvements	463-13	Construct approximately 5,700 linear feet (LF) of new 24-inch trunk sewer, 3,500 LF of new 21-inch trunk sewer, 4,170 LF of new 18-inch trunk sewer, 3,700 LF of new 15-inch trunk sewer, 6,700 LF of new 12-inch interceptor sewer and 4,600 LF of new 10-inch interceptor sewer within the Gibbs Shoals Basin.	SC0046345	\$9,750,000	\$8,775,000		40
21	Easley Combined Utilities - Georges Creek WWTP Upgrade & Expansion	711-08	Upgrade & expansion of 30 year old 0.82 MGD treatment facility to 1.6 MGD.	SC0023043	\$11,000,000	\$10,000,000		30
22	Easley Combined Utilities - Middle Branch WWTP Headworks Improvements	711-09	Construct new headworks rated for 12MGD with associated piping, valves, electrical, and other improvements.	SC0039853	\$2,850,000	\$2,570,000		30
23	Aiken County PSA - Horse Creek Pollution Control Facility Improvements	321-31	The Horse Creek Pollution Control Facility is currently permitted at 20 MGD wastewater treatment capacity The plant using an oxidation ditch treatment process. The project includes improvements to the treatment process, secondary clarifiers, contact chamber, and sludge disposal. The project will expand the HCWWTF permitted treatment capacity to 26 MGD.	SC0024457	\$30,000,000	\$20,000,000		20

SOUTH CAROLINA
CWSRF SFY 2023 Base Provisional Project List¹

	Sponsor & Project Name	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount ⁶	Estimated Principal Forgiveness Assistance ²	Total Points
24	Renewable Water Resources - Mauldin Road FOG Handling Enhancements	370-116	Construction of a new receiving facility for the processing of fats, oils, and grease (FOG) at the Mauldin Road WRRF to enhance plant operations. This project will result in improvements of FOG receiving to increase digester gas production which will serve as additional fuel for the Combined Heat and Power (CHP) engine-generator.	SC0041211	\$4,450,000	\$3,900,000		20
25	Renewable Water Resources - Georges Creek Nutrient Improvements	370-122	Nutrient improvements at Georges Creek WRRF for permit compliance.	SC0047309	\$1,600,000	\$1,400,000		20
26	Greer Commission of Public Works - Maple Creek WWTP Upgrade and Expansion	463-14	Upgrade and expansion of WWTP from 5 MGD to 7.5 MGD. Will include upgrading treatment process equipment that has been in operation for over 25+ years with new modernized equipment. Will include retrofitting the existing 3 SBR tanks with advanced biological treatment technologies to enhance biological treatment and settling characteristics.	SC0046345	\$13,300,000	\$13,300,000		10
27	Lake City, City of - Martha Law Neighborhood Sewer Replacement	413-02	The project involves replacement of gravity sewer lines serving the Martha Law neighborhood in Lake City, consisting of approximately 4271 LF of line, manhole replacement and rehabilitation, excavation, asphalt repaving and driveway repairs to the 69 residences.	SC0046311	\$2,390,037		\$1,000,000	10
28	Grand Strand Water & Sewer Authority - Bucksport WWTP Expansion	381-82	Upgrade of the existing Bucksport WWTP from 5 MGD to 10 MGD.	ND0086240	\$35,000,000	\$35,000,000		0
29	Summerville Commissioners of Public Works - Summerville Wastewater Treatment Plant Upgrades	804-01	Three solar dryer bays including concrete foundations, dewatering building with belt presses and conveyors, modifications to the existing digesters, RAS/WAS pumps improvements and general valves and piping within the wastewater treatment plant, electrical improvements and grading.	SC0037541	\$14,010,000	\$8,000,000		0
30	Camden, City of - Project Goal Post - Prestage Wastewater System Improvements	433-06	Design and construct 30,000 LF of 12" and 16" wastewater force mains, one new pump station and upgrade one pump station to primarily serve Prestage Foods. Construct a new influent pump at the City's WWTP. Prepare a preliminary engineering report (PER) to up-rate the WWTP to increase capacity without add new tankage.	SC0021032	\$9,720,000	\$5,525,000		0
31	Grand Strand Water & Sewer Authority - Green Sea Floyds WWTP Expansion	381-83	This project consists of upgrading the capacity at the existing Green Sea Floyds WWTP by expanding the sprayfields and adding a lagoon if found necessary.	ND0066516	\$1,000,000	\$1,000,000		0

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CWSRF SFY 2023 Base Provisional Project List¹

	Sponsor & Project Name	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount ⁶	Estimated Principal Forgiveness Assistance ²	Total Points
32	Greeleyville, Town of - Greeleyville Main Street Sewer Improvements Project	719-06	The proposed project involves gravity sewer improvements to the Town of Greeleyville's existing sanitary sewer system including the following: approximately 3,126 LF of 8" gravity sewer lines, 14 manholes and 21 services.	ND0077968	\$930,456		\$930,456	0
33	Pinewood, Town of - Improvements to Address EPA Consent Order	803-01	The proposed project includes a Water Effects Ratio (WER) Screening, full WER testing if results are positive, NPDES permit modification, corrosivity desktop evaluation, and a possible pilot study for corrosion control treatment. Construction would include repairs at the WWTP.	SC0046868	\$923,400		\$491,700	0
Totals:					\$325,249,664	\$242,459,962	\$3,222,156	
SFY 2023 Total of SRF Loan + Principal Forgiveness Amount:						\$245,682,118		

Footnotes

- 1 Projects that appear on the Provisional Project List are ranked based on priority for funding. However, a loan offer is dependent on the financial capacity of the sponsor, which may not have been evaluated to date.
- 2 As discussed in Section IX.B. of this IUP, the minimum required Additional Subsidy is 20% of the capitalization grant or \$2,370,600. SC uses Principal Forgiveness Assistance to satisfy the Additional Subsidy requirement. The total Estimate Principal Forgiveness Assistance is shown on the table above. The Principal forgiveness funds are subject to change and are only available if the DWSRF Capitalization Grant referenced in this IUP is awarded by EPA and accepted by DHEC. Project listing is not a commitment of funding.
- 3 FY22 federal appropriations require that to the extent there are eligible projects, the CWSRF identify GPR eligible projects or parts of projects in an amount equal to at least 10% of the expected capitalization grant amount, or \$1,185,300, as GPR eligible (see Section IX.C. of this CWSRF IUP). The footnoted projects are GPR eligible projects with requested SRF loan amounts that exceed 10% of the capitalization grant.
- 4 Equivalency project. DHEC reserves the right to modify, as needed and when appropriate, which project(s) will serve as the equivalency project(s) for this grant.
- 5 Denotes a project where the sponsor requested a principal forgiveness (PF) loan, but the sponsor and project are eligible for a conventional SRF loan (see Section IX.B. Additional Subsidies of this IUP).
- 6 With project costs continuing to rise, loan requests could exceed available funds. In this case, projects will be financed in the order of having a complete loan application (includes construction permit/letter of approval) and any projects that cannot be funded will be moved to the next available IUP.