



DRINKING WATER

Federal FY 2021 DWSRF Intended Use Plan For State FY 2022

DRAFT

June 17, 2021

SCDHEC
Bureau of Water
2600 Bull Street
Columbia, SC 29201
www.scdhec.gov/srf



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I. Introduction

The Drinking Water State Revolving Fund (DWSRF) was created by the 1996 amendments to the federal Safe Drinking Water Act (SDWA) to assist public water systems with financing the cost of infrastructure needed to achieve or maintain compliance with the SDWA. Section 1452 of the SDWA authorizes the Administrator of the US Environmental Protection Agency (EPA) to award capitalization grants to states to provide seed money for the purpose of establishing a low-interest loan program (the DWSRF) and other types of assistance to eligible water systems.

This Intended Use Plan (IUP), required under the SDWA, describes how South Carolina proposes to use available SRF funds for State Fiscal Year (SFY) 2022 (July 1, 2021 through June 30, 2022) including federal funds allocated to South Carolina by the Consolidated Appropriations Act, 2021, and how those uses support the objectives of the SDWA in the protection of public health. South Carolina's allotment from the federal appropriations for federal fiscal year (FFY) 2021 is \$14,247,000. Eligibility for DWSRF loans and DWSRF program requirements, including any requirements of the applicable appropriations legislation, are also included in the IUP.

The South Carolina Department of Health and Environmental Control (DHEC) has primary enforcement responsibility (i.e., primacy) for carrying out the provisions of the SDWA. DHEC is the designated state agency to apply for and administer the capitalization grant for the DWSRF. The South Carolina Water Quality Revolving Fund Authority (Authority) is responsible for the financial functions of the DWSRF, including its financial policies, and executes loan agreements with project sponsors. The 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 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 drinking water infrastructure and help ensure maximum public health and environmental benefits.

A. Short Term Goals

1. Maintain a subcontract with a qualified vendor to provide technical assistance to small systems.

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 drinking water standards by funding projects that improve drinking water quality and protect public health.
3. Provide technical assistance to small systems to enhance sustainability and to achieve compliance with state and federal drinking water laws and regulations.
4. Support investment in green infrastructure, water and energy efficient improvements and environmentally innovative projects.
5. Maintain a working relationship with other infrastructure funding authorities within the state to coordinate drinking water quality funding.
6. Maintain the fiscal integrity of the DWSRF 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 Clean Water (CW) SRF and DWSRF 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 22, 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 program during SFY 22.

IV. Provisional Projects List

The Drinking Water Provisional Project List (PPL) (Appendix A) identifies projects that are considered eligible and ready to proceed in SFY 2022.

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

Final funding decisions for each project are contingent on a satisfactory 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. 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 Project List includes projects that have been identified to receive principal forgiveness funds. These funds are only available if the FFY 2021 DWSRF 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 has a Priority Ranking System for projects seeking funding from the DWSRF. 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 DWSRF Projects

For a project to be considered for funding from the DWSRF, it must appear on the Comprehensive Priority List of DWSRF Projects. To be included in this list, an eligible project sponsor must complete a Project Questionnaire (PQ), DHEC 3463, 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 evaluate the project based on the DWSRF Priority Ranking System and the project receives a numeric score. The project is then added to the Comprehensive Priority List of DWSRF Projects in rank order. Projects with the same numerical score are ordered based on how the project addresses correcting the risk to public health and compliance with the Safe Drinking Water Act and date 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 three 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 Project 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 2022. Ready to proceed in SFY 2022 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 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 2022 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, 2022. For large projects, DHEC and RIA reserve the right to impose a limit on the amount of any given DWSRF loan, regardless of ranking, and to consider a sponsor's ability to obtain financing from other sources.

D. Bypass Procedure

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

1. To comply with Section 1452(a)(2) of the SDWA, which requires that at least 15% of DWSRF must be used for assisting small water systems (systems serving <10,000 population).
2. To fund a project where a viable system owner is willing to assume ownership of a non-viable or abandoned system.
3. To address an imminent hazard to public health as determined by DHEC.
4. To fund a project that corrects violations of primary drinking water standards through consolidation or regionalization.
5. 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.
6. To fund projects for eligible sponsors that have not previously received DWSRF funding.

E. Expeditious Use of Funds

In order to promote timely commitment and use of SRF funds, DHEC will set 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 in Appendix A, 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 project milestones.

F. Sustainability Requirement

The DWSRF may not provide any financial assistance to a system that has failed to maintain a satisfactory level of SDWA compliance as enumerated by EPA's Enforcement Targeting Tool (ETT) unless the State conducts a review and determines that the project will enable the system to return to compliance and the system will maintain an adequate level of technical, managerial and financial capability to maintain compliance. Nor may assistance be provided to any project sponsor that lacks the technical, managerial or financial capability to maintain SDWA compliance, unless the sponsor agrees to undertake feasible and appropriate changes in operation or if the use of the financial assistance from the DWSRF will promote sustainability and compliance over the long-term (Section 1452(a)(3)(B)(I) of the SDWA).

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. Growth

The DWSRF cannot provide assistance to finance the expansion of any drinking water system solely in anticipation of future population growth (Section 1452(g)(3)(C) of the SDWA). In determining whether or not a project is eligible for assistance, DHEC will determine the primary purpose of the project. If the primary purpose is to attract growth, the project is not eligible to receive DWSRF funds. If the primary purpose is to solve a compliance or public health problem, the entire project, including the portion necessary to accommodate a reasonable amount of growth over its useful life, is eligible.

H. Interest Rates and Funding Terms for Eligible Projects

Visit the RIA website, <http://www.ria.sc.gov/> to view current SRF loan rates and policies. Interest rates for SFY 2022 are expected to be published by RIA in early October 2021.

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 breakout to DHEC at the earliest possible time.

I. 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. Compliance and Public Health

According to Section 1452(a)(2) of the SDWA, the DWSRF may only provide assistance for expenditures (not including monitoring, operation and maintenance expenditures) of a type or category which will facilitate compliance with national primary drinking water regulations applicable to the system under section 1412 of the Act or otherwise significantly further the health protection objectives of the Act.

Projects to address SDWA health standards that have been exceeded or to prevent future violations of the rules are eligible for funding. This includes projects to maintain compliance with existing regulations for contaminants with acute health effects (i.e., the Surface Water Treatment Rule, the Total Coliform Rule, and nitrate standard) and regulations for contaminants with chronic health effects (i.e., Lead and Copper Rule, Phases I, II, and V rules, total trihalomethanes, etc.).

Projects to replace aging infrastructure are eligible if they are needed to maintain compliance or further the public health protection goals of the SDWA. Examples include projects to:

1. Rehabilitate or develop sources (excluding reservoirs, dams, dam rehabilitation and water rights) to replace contaminated sources;
2. Install or upgrade treatment facilities if the project would improve the quality of drinking water to comply with primary or secondary standards;
3. Install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the water system; and
4. Install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or to improve water pressure to safe levels.

Projects to consolidate water supplies—for example, when a public water supply is contaminated, or the system is unable to maintain compliance for financial or managerial reasons—are eligible for DWSRF assistance.

C. Land

Land is eligible only if it is integral to a project that is needed to meet or maintain compliance and further public health protection. In this instance, land that is “integral to

a project” is only the land where eligible treatment or distribution projects will be located. 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, 2) an appraisal, prepared by a qualified appraiser, is submitted on each parcel, right-of-way and easement with the loan application, and 3) the land is acquired from a willing seller. For land with structures or other improvements, only the appraised value of the land is DWSRF loan eligible, not the appraised value of the land with the structures or improvements.

D. Planning and Design Costs

A DWSRF 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, or administration). 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 DWSRF 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. Please note that only the legal and appraisal costs associated with obtaining land from a willing seller are eligible for funding under the DWSRF program if incurred no 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 DWSRF may provide assistance for the costs associated with engineering services during construction, such as inspections, change orders, overview of contractors, shop drawings, record drawings, concrete or soil testing, Davis-Bacon and American Iron and Steel administration, 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 DWSRF 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 waterline project.

G. Contingency

- The SRF program allows a contingency on eligible construction cost as follows: ten percent (10%) of the construction line item for the first \$10 million dollars of construction cost 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 Drinking Water 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 DWSRF-eligible, any such phase or segment must be of reasonable size and scope; must feasibly address a water quality, public health or compliance deficiency; 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, segment or other 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 and Activities Not Eligible for Funding

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

1. Dams, or rehabilitation of dams;
2. Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located;
3. The purchase of water rights;
4. Laboratory fees for monitoring;
5. Operation and maintenance expenses;
6. Projects needed mainly for fire protection;
7. Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will ensure compliance;
8. Projects for systems in significant noncompliance, unless funding will ensure compliance;
9. Projects primarily intended to serve future growth;
10. Refinancing of existing debt;
11. 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 allotment from the FFY 2021 federal appropriation is \$14,247,000.

B. State Match Requirement

One condition of receiving the annual allotment is the State must deposit to the DWSRF an amount equal to at least 20% of the total capitalization grant. Based on the \$14,247,000 DWSRF allotment, RIA will deposit \$2,849,000 in the DWSRF to comply with state match requirements.

C. Set-Aside for Administration of the DWSRF Program

The SDWA allows states to use four percent (4%) of each capitalization grant to fund the administration of the State's DWSRF program and other non-project activities. For SFY 2022, the State will take 3.5% of the FFY 2021 capitalization grant, or \$501,416 for administration of the DWSRF program.

D. Set-Aside for Technical Assistance for Small Systems

The SDWA allows states to set aside up to two percent (2%) of each capitalization grant to fund technical assistance (TA) services to small water systems that serve fewer than 10,000 people. For FFY 2021, 1.1% or \$150,000 of the grant will be used for TA.

DHEC's TA funds (\$150,000) will be used to fund a contract with the South Carolina Rural Water Association to help small public water systems address technical, managerial and financial capacity. Priority for contracted TA is given to those entities that have requested financial assistance from the loan fund but currently lack the technical, managerial and/or financial capacity to ensure long-term sustainability.

E. Set-Aside for Local Assistance and Other State Programs

The SDWA allows states to set aside up to 15% of each capitalization grant to fund various state drinking water protection initiatives. No more than 10% of its annual DWSRF grant can fund any one initiative. This year, DHEC will take \$1,547,501 or approximately 10.9% of the grant to fund the source water protection program and the well-head protection program.

DHEC will take \$764,256 or approximately 5.4% of this year's grant for use on source water protection activities. Source water protection funds in the amount of \$300,000 will be used for contractual services and monitoring equipment for developing watershed-based plans and modeling and monitoring for nutrient TMDL development.

The well-head protection program will be funded at approximately 5.5% of the grant or \$783,245 for use on well-head protection activities.

F. Set-Aside for Assistance to State's Programs

The SDWA allows states to set aside up to 10% of each capitalization grant to assist with funding of State Drinking Water Programs.

DHEC will take approximately 7.6% or \$1,077,537 of the FY2021 capitalization grant for public water system supervision (PWSS) program activities. PWSS funds help fund the State's drinking water program activities which are necessary to help ensure that public water systems are constructed, monitored, operated and maintained in accordance with federal and state laws and regulations.

G. Estimated Funds Available - State Fiscal Year (SFY) 2022

Estimated Amount of Funds to be available as of 6/30/21	\$95,000,000
FFY 2021 federal capitalization grant	\$14,247,000
State match for FFY 2021 capitalization grant	\$2,849,000
Estimated SFY 2022 repayments (7/1/21 to 6/30/22)	\$12,600,000
Estimated SFY 2022 investment earnings (7/1/21 to 6/30/22)	\$2,000,000
Estimated amount of funds to be transferred to/from the CWSRF	\$0
Value of set-asides from FFY 2021 DWSRF capitalization grant	(\$3,276,454)
Estimated Total Funds Available for SFY 2022 Loans	\$123,419,546

The estimated total funds for SFY 2022 loans may change from the figure quoted above due to the ongoing administration of projects, including SFY 2021 projects where bids have not been opened. It should be noted that the estimated total costs for projects identified for SFY 2022 DWSRF funds as shown in Appendix A is less than the estimated total funds available as shown in the table above. Additional projects may be identified during SFY 2022 and will be reported in the 2022 DWSRF Annual Report and indicated on a subsequent DW Intended Use Plan.

H. Anticipated Cash Draw Ratio

Since the advent of requiring additional subsidy in FY 2010 – accomplished in SC through principal forgiveness - and its attachment to specific capitalization grants, all state match is deposited in the DW fund and fully expended before then drawing federal money at 100%.

I. Fee Income

A loan closing fee is charged to loan recipients to support RIA's operating costs. This fee is not eligible for inclusion in the loan.

The DWSRF SFY 2022 closing fee is expected to be published in early October 2021 on the RIA website, <http://www.ria.sc.gov/>.

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 DWSRF 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 payment received under the capitalization grant within one year of receipt of payment.
3. Expeditious and Timely Expenditures: The State will expend all funds in the DWSRF in an expeditious and timely manner.

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

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)
- 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)
- Signage

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

B. Additional Subsidies

There are two additive additional subsidy authorities in effect for the FFY 2021 DW capitalization grant. The Consolidated Appropriations Act, 2021, requires the SRF program to provide 14% of the capitalization grant amount as additional subsidy for eligible recipients. The SDWA, as amended by America’s Water Infrastructure Act, 2018, mandates that states use at least 6% of the capitalization grant for additional subsidy for *state-defined disadvantaged communities*¹. Based on these two authorities, DHEC will make available no less than 20% of the FFY 2021 capitalization grant for additional subsidy.

EPA expects the SRF program to ensure that systems and project sponsors who receive additional subsidy have the technical, managerial and financial capacity to maintain

¹ For SC DWSRF a Disadvantaged Community System is defined as a small system (population less than 10,000) with an MHI less than the State MHI that cannot qualify for an SRF loan.

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. The sponsor may not be eligible for additional subsidies on future projects until the agreed upon operational changes have been fully implemented. Also, systems who ask to be considered for principal forgiveness funds should 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 projects that are ready to proceed, to encourage the following priorities:

- Correct water quality violations of primary drinking water standards and potential health concerns, preferably through consolidation or regionalization;
- Enable a viable system owner willing to assume ownership of a non-viable or abandoned system;
- Assist small system (population less than 10,000) with achieving compliance with state regulations; and
- Enhance the sustainability of small systems by fixing existing infrastructure.

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 DWSRF loan, or;
- A sustainable system owner willing to assume ownership of an unsustainable or abandoned system.

To make maximum benefit of PF funds for SFY 2022, no one sponsor may receive more than \$1,000,000 of this 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 2022 on a preliminary basis. The SRF Program reserves the right to adjust PF amounts. PF funds are only available if EPA awards the FFY 2021 DWSRF Capitalization Grant and it is accepted by DHEC. Project listing is not a commitment of funding.

If a sponsor requests a principal forgiveness loan 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 principal forgiveness loan (see the principal forgiveness loan eligibility criteria discussed above). The exception being a sustainable system owner willing to assume ownership of an unsustainable or abandoned system.

C. Green Project Reserve (GPR)

The Consolidated Appropriations Act, 2021 encourages, but does not require, State Drinking Water SRFs to use funds made available by the Act to address green infrastructure, water or energy efficiency improvements, or other environmentally

innovative activities. South Carolina plans to identify and fund projects or portions of projects that qualify as “green” under the published EPA Guidance for DWSRF Green Project Reserve. Any project or project portion wanting to be considered for the GPR must submit documentation outlining the benefits of the green components of the project. DWSRF GPR Guidance is posted to the SRF Guidance webpage <http://www.scdhec.gov/srfguidance>.

At the time this IUP was drafted, no projects had been identified as qualifying for the GPR.

D. “American Iron and Steel” Requirement

America's Water Infrastructure Act of 2018 and the Further Consolidated Appropriations Act of 2021 require that all iron and steel products used in SRF projects be produced in the United States unless a waiver is granted by the EPA. More information about the State Revolving Fund American Iron and Steel (AIS) requirement can be found on the EPA website at http://water.epa.gov/grants_funding/aisrequirement.cfm.

E. Environmental Outcomes and Measures

DHEC will update EPA's SRF Data System to report information to assess the environmental outcomes and measures for meeting the objectives of the DWSRF program. Program data will also be entered into the SRF Data System to produce annual reports that provide a record of progress and accountability for the program. EPA uses the information provided to develop reports to the US Congress concerning activities funded by the DWSRF program.

F. Public Participation

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

During the public notice period (30-day minimum), the Draft IUP notice and DRAFT FFY 2021 DWSRF 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.

SOUTH CAROLINA
DWSRF SFY 2022 Provisional Project List¹

	Sponsor and Project Name	SRF Project Number	Project Description	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ²	Sponsor's Service Population	Population Affected by Project	Total Points
SFY 2022 Projects									
1	Turbeville, Town of Cypress Street Well Replacement	1410004-02	Install a well and appurtenances to maintain adequate water supply after taking two aging wells off-line.	\$751,235	-	\$251,235	1,520	1,520	95
2	Rock Hill, City of Rock Hill Water Plant Alum Sludge Dewatering Facility	4610002-11	Construction of alum sludge dewatering facilities to allow the sludge to be dewatered at the WTP and then disposed of offsite. Also construction of a chemical feed facility.	\$10,000,000	\$10,000,000	-	84,000	127,000	80
3	Calhoun Falls, Town of ³ Water System Improvements FY21	0110002-05	Replacement or repair of leaking, dilapidated, tuberculated and undersized water lines. Including aging water lines in the Mill Village area of town, many of which are located in rear yard easements.	\$3,400,000	-	\$500,000	2,004	2,004	35
4	Bethune, Town of Water Tank Rehabilitation	2810002-01	Rehabilitation of existing elevated water tank to include sandblasting and painting of interior and exterior surfaces and improvements to the water treatment equipment and facilities.	\$325,000	-	\$325,000	488	488	35
5	Abbeville, City of Henry St. and Hillcrest Dr. Water Line Replacement	0110001-05	Replacement of ~2,400 linear feet of old and deteriorating cast iron water line with PVC pipe.	\$600,000	-	\$500,000	5,362	475	30
6	Honea Path, Town of Water System Improvements FY21	0410003-02	Replacement or repair of leaking, dilapidated, tuberculated and undersized water lines. Including aging water lines in the Chiquola Mill area of town, many of which are located in rear yard easements.	\$3,100,000	-	\$500,000	3,597	3,597	30
7	St. Matthews, Town of ³ Water Infrastructure Evaluation & Planning Study	0910001-02	Perform a study of the Town's supply and distribution system to identify problem areas, prioritize improvements and identify funding sources.	\$50,000	-	\$50,000	2,650	2,650	30
8	Turbeville, Town of Puddin Swamp Road Water Main Extension/Looping	1410004-01	Extend waterline piping to create a loop in the Town's distribution system to address turbidity and low pressure issues.	\$577,481	-	\$508,833	850	850	25
9	Starr-Iva Water & Sewer District ⁴ Kaye Drive Waterline Improvements	0420005-01	Installation of ~3600 linear feet of water mains to improve a distribution system that was improperly installed and is non-compliant with state standards for public water supply.	\$302,000	\$302,000	-	4,250	33	25
10	Westminster, City of ⁴ Raw Water Intake Pump Replacement & Electrical Improvements	3710003-03	Replacement of raw water intake pumps that have reached the end of their useful life and electrical improvements to improve pump operation and efficiency.	\$625,000	\$625,000	-	7,600	7,600	25
11	Central, Town of Church St. Water Line Replacement	3910005-01	Replacement of aging cast iron waterlines that are highly tuberculated and corroded, plus installation of 10 new fire hydrants.	\$1,379,300	\$500,000	\$500,000	5,159	300	25

SOUTH CAROLINA
DWSRF SFY 2022 Provisional Project List¹

	Sponsor and Project Name	SRF Project Number	Project Description	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ²	Sponsor's Service Population	Population Affected by Project	Total Points
12	Berkeley County Water & Sanitation Whitesville/ Cane Bay Water Project	0820002-11	Demolish water tower and construct a 16" water main and appurtenances and a 1 MGD water tower to increase water pressure in the service area and to comply with necessary storage requirements.	\$11,000,000	\$11,000,000	-	64,000	64,000	20
13	Powersville Water District Three Bridges Rd. - Cely Rd. Transmission Main	0420002-07	Install ~21,000 linear feet of water main (16" and 20") to improve flow patterns through a distribution system that crosses multiple pressure zones with different hydraulic gradients.	\$4,441,300	\$4,441,300	-	35,000	35,000	10
14	Greenville Water Adkins Water Treatment Plant Raw Water Transmission Line Improvements	2310001-02	Install ~4050 linear feet of 54" water main (as two parallel mains) to replace two existing lines that are not sized to handle flow velocities after upgrades to the raw water pumping station are completed.	\$7,460,000	\$7,460,000	-	523,000	523,000	10
15	Rock Hill, City of Mt. Gallant Road Water Tank	4610002-10	Construction of a new 1.0 MG elevated water tank. The tank will be connected to the 24" water line that was recently installed along Mt. Gallant Road.	\$5,600,000	\$5,400,000	-	84,000	8,458	10
Totals				\$49,611,316	\$39,728,300	\$3,135,068			
				SFY 2022 Total of SRF Loan + Principal Forgiveness Loan Amount		\$42,863,368			
SFY 2021 Project									
1	Gaston Community Rural Water District ⁵ Asbestos Cement Waterline Replacement Div. II & III	3220002-03	Replacement of existing asbestos cement piping that has a high rate of failure which affects system pressures and has resulted in ~500,000 gallons of water loss per year.	\$600,000		\$600,000	7,186	7,186	85
				Previous Grant(s) Unused Principal Forgiveness Loan Amount		\$600,000			

- 1 Projects 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 Principal forgiveness funds are subject to change and are only available if the DWSRF Capitalization Grant referenced in this IUP is awarded by EPA & accepted by DHEC. Project listing is not a commitment of funding.
- 3 Denotes a project with a sponsor that is not current on their state-required municipal audits at the time of publication of this IUP, and therefore, the sponsor is not eligible to sign an SCSRF Loan Assistance Agreement for a principal forgiveness (PF) loan. However, if the Sponsor can be up-to-date on their state-required audits by January 1, 2022, they may proceed to fulfill the requirements necessary to receive an SCSRF PF loan. If they remain delinquent on their audits after January 1, 2022, the PF funds provisionally assigned to the project can be assigned to another project and sponsor that is eligible for funds.
- 4 Denotes a project where the sponsor requested a principal forgiveness (PF) loan, but the sponsor and project are eligible for a conventional SRF loan and do not meet the criteria for an offer of a PF loan (see Section IX.B. Additional Subsidies).
- 5 Denotes a project, not previously identified in an Intended Use Plan, that has been assigned principal forgiveness funds that remain uncommitted against a previous capitalization grant.