



# Federal FY 2022 CWSRF General Supplemental Grant Intended Use Plan For State FY 2023

DRAFT AMENDED

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*Amended: Appendix A*

## Table of Contents

I.	Introduction .....	3
II.	Goals.....	3
A.	Short Term Goals.....	3
B.	Long Term Goals.....	4
III.	Transfer of Funds From/To the Clean Water State Revolving Fund .....	4
IV.	Provisional Projects List .....	4
V.	Method for Selecting Projects and Distribution of Funds .....	5
A.	Priority Ranking System .....	5
B.	Comprehensive Priority List of CWSRF Projects.....	5
C.	Selection of Projects and SRF Funding.....	5
D.	Bypass Procedure.....	6
E.	Expeditious Use of Funds .....	7
F.	Sustainability Requirement.....	7
G.	Interest Rates and Funding Terms for Eligible Projects .....	7
H.	Loan Application .....	8
VI.	Eligibilities.....	8
A.	Eligible Sponsors.....	8
B.	Water Quality Management (WQM) Plans.....	8
C.	Land.....	9
D.	Planning and Design Costs .....	9
E.	Legal and Appraisal Fees .....	9
F.	Construction Costs .....	9
G.	Contingency .....	10
H.	Phasing of a CWSRF Project.....	10
I.	Projects Not Eligible for Funding.....	10
VII.	Funds Available.....	11
A.	Amount of Capitalization Grant.....	11
B.	Technical Assistance Set-Aside.....	11
C.	State Match Requirement and Anticipated Cash Draw Ratio .....	11
D.	Administration of the CWSRF Program.....	11
E.	Estimated Funds Available - State Fiscal Year (SFY) 2023.....	12
F.	Equivalency to Account for Federal Funds .....	12
G.	Fee Income.....	12
VIII.	Assurances and Specific Proposals.....	12
IX.	Additional Information / Requirements.....	13
A.	Federal Requirements.....	13
B.	Additional Subsidies.....	13
C.	Green Project Reserve (GPR) .....	15
D.	Environmental Outcomes and Measures.....	15
E.	Public Participation.....	15

# 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.

The Infrastructure Investment and Jobs Act of 2021 (also referred to as the Bipartisan Infrastructure Bill or BIL) includes two new appropriations for the CWSRF, one of which is the General Supplemental appropriations. The CWSRF General Supplemental appropriations are authorized for five years starting with Federal Fiscal Year (FFY) 2022.

This Intended Use Plan (IUP), required under the CWA, describes how South Carolina intends to use available CWSRF funds for State Fiscal Year (SFY) 2023 (July 1, 2022 through June 30, 2023) provided by federal funds allocated to South Carolina through the CWSRF General Supplemental appropriations for FFY2022. South Carolina's allotment from the General Supplemental appropriations for federal fiscal year (FFY) 2022 is \$18,233,000. 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 Report and Publications web page at [www.scdhec.gov/srfreports](http://www.scdhec.gov/srfreports).

## 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 disadvantaged 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 General Supplemental 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 General Supplemental 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 Reports and Publications webpage at [www.scdhec.gov/srfreports](http://www.scdhec.gov/srfreports).

### 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 at [www.scdhec.gov/srfforms](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 at [www.scdhec.gov/srfforms](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 \$1,823,300 (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 projects on the PPL may still exceed the SRF project budget shown on the PPL. To address this possibility, projects on the PPL may receive additional funding if justified and approved by DHEC. Once the total PF funds under binding commitments for PF projects on the PPL reaches the 49% grant requirement, PF projects on the PPL without a binding commitment when the requirement is met 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 General Supplemental grant; and, 2) projects without an approved PER will need to be resubmitted to the SRF program for future funding consideration.

## 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 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 at [www.ria.sc.gov](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 at [www.scdhec.gov/sites/default/files/Library/CR-010129.pdf](http://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 General Supplemental appropriation is \$18,233,000.

### B. Technical Assistance Set-Aside

The CWA allows states to set aside up to two percent (2%) of each capitalization grant to fund technical assistance (TA) services to rural, small, and tribal publicly owned treatment works. For FFY 2022, 0.8% or \$150,000 of the grant will be used for TA. DHEC anticipates that the TA funds (\$150,000) will be used to fund an existing TA contract with the South Carolina Rural Water Association to help small public sewer systems address technical, managerial, and financial capacity. Priority for contracted TA is given to those entities that have requested financial assistance from the SRF program but currently lack the technical, managerial and/or financial capacity to ensure long-term sustainability and/or the necessary resources to apply for SRF assistance.

### C. 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 ten percent (10%) of the total amount of the expected federal grant. RIA will deposit the full state match of \$1,823,300 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 draw at 100%.

### D. 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 (\$729,320) for program management, including funding staff, paying operational expenses, and providing technical assistance to potential loan applicants.

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

FFY 2022 General Supplemental capitalization grant	\$18,233,000
State match for FFY 2022 General Supplemental capitalization grant	\$1,823,300
Transfers between CWSRF and DWSRF	\$0
CWSRF administrative fee for General Supplemental capitalization grant	-\$854,075
Technical Assistance Set-Aside	-\$150,000
<b>Estimated Total Funds Available for SFY 2023 Projects</b>	<b>\$19,052,225</b>

**Note:** The project funding needs identified in the PPL exceed the amount identified in the table above for the FY 2022 CWSRF General Supplemental capitalization grant. The additional money required to fund the projects on the PPL will come from “recycled” CWSRF funds. All available CWSRF funds including recycled funds will be accounted for in the FY 2022 CWSRF Base capitalization grant IUP.

### F. 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 General Supplemental annual report and reported to the federal government pursuant the requirements of the Federal Funding Accountability and Transparency Act (FFATA).

### G. 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 110% 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 FFY 2022 General Supplemental appropriations require that 49% of the capitalization grant (\$8,934,170) shall be used to provide additional subsidy to CWSRF projects and that all additional subsidies must be in the form of assistance agreements with 100% forgiveness of principal or grants. 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 General Supplemental 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 General Supplemental 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 \$1,823,300. EPA's GPR guidance is posted on the SRF Guidance webpage at [www.scdhec.gov/srfguidance](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 2023 CWSRF Base Capitalization Grant IUP are available from the DHEC Reports and Publications web page at [www.scdhec.gov/srfreports](http://www.scdhec.gov/srfreports). Revised IUPs with significant changes must also have a public notice period (14 day minimum). 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 CWSRF General Supplemental 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.

The draft revised FFY 2022 CWSRF General Supplemental Capitalization Grant IUP was posted to the DHEC website on July 6, 2023. 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 July 20, 2023. One comment was received.



Renewable Water Resources withdrew their project (370-114) from consideration for SRF funding. This project has been removed from Appendix A.

Additionally, one edit was made to the IUP during the IUP comment period:

1. In Appendix A – The Town of Honea Path project (515-04) was moved from the FFY2022 CWSRF Base IUP to the FFY2022 CWSRF General Supplemental IUP to account for principal forgiveness requirements.

CWSRF SFY 2023 General Supplemental Provisional Project List<sup>1</sup>

	Sponsor & Project Name	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance <sup>2</sup>	Estimated Green Project Reserve Amount <sup>3</sup>		Total Points
1	<b>East Richland County Public Service District</b> - 30-Inch Sewer Trunk Line Rehabilitation - Forest Lake	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 pipelines and manholes.	SC0038865	\$ 5,700,000	\$ 5,700,000	\$ -			110
2	<b>Honea Path, Town of</b> - 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	\$ 4,220,527	\$ -	\$ 800,000			60
3	<b>Laurens County Water and Sewer Commission</b> - Clinton - Joanna Wastewater Treatment Plant Sludge Improvements	540-14	The overall scope of the project involves the installation of 2,750,000 gallon sludge storage tanks complete with floating aerators/mixers, a sludge transfer pump station, static mixers, recirculation pumps, plug valves, piping, controls and other related appurtenances.	SC0037074	\$ 3,026,000	\$ -	\$ 1,000,000			70
4	<b>Harleyville, Town of</b> - Wastewater Treatment Plant Upgrade	801-01	To upgrade the waste water treatment plant facility to handle an additional 75,000 gallons per day of discharge capacity. To allow for proper discharge of excess flow with the specified limit.	SC0038504	\$ 1,476,500	\$ -	\$ 971,300			70
5	<b>Due West, Town of</b> - Sewer System Evaluation	273-02	Conduct a Sanitary Sewer Evaluation Survey (SSES) to prioritize future sewer system rehabilitation through appropriate methods such as pipe bursting, cured-in-place pipe, or open-cut relocation as well as manhole and lateral improvements.	SC0022403	\$ 380,000	\$ -	\$ 380,000			70
6	<b>Renewable Water Resources</b> - Georges Creek Onsite EQ	370-121	New on-site 3.0 MG influent wet weather equalization basin, modifications to the Headworks effluent distribution box, new RAS flow distribution box, addition of anoxic zone flow control gates, new redundant influent pump and associated controls, and new 2,500 square foot storage building.	SC0047309	\$ 9,700,000	\$ 4,650,000	\$ -			70
7	<b>Great Falls Town of</b> - WWTP Clarifiers Upgrade	210-03	The project involves the replacement of the two clarifiers at the Great Falls WWTP. The carbon steel components are rusting out, and the old equipment cannot be successfully maintained because of the difficulty in finding parts for the obsolete equipment. The project will include the following: (1) Removing the two existing clarifiers; (2) Installing 2 new 40' diameter clarifier assemblies; (3) Connecting the new clarifiers to 2 new electrical control panels; (4) Installing 2 2-inch conduit poles with flood lights; and (5) Coating the clarifier walls with cementitious mortar epoxy.	SC0021211	\$ 1,512,600	\$ -	\$ 989,600			70
8	<b>Saluda County Water and Sewer Authority</b> - Saluda County Water and Sewer Regional Utility Evaluation	806-01	Saluda CPW & the Town of Ridge Spring have approached SCWSA regarding potential regional partnerships beyond wholesale contracts. This planning effort will evaluate the feasibility of the water service from SCWSA and the development of a regional WWTP.	SC0022381	\$ 400,000	\$ -	\$ 105,165			60
9	<b>Belton City Of</b> - Big O'Neal Sewer Subbasin Rehab -Ph 1	230-02	SSES, PER and CIP development along with GPS of MH's for integration with GIS and asset Management. Construction will include "mixed rehab" e.g. point repairs, manhole rehabilitation or replacement, and lateral connection improvements.	SC0045896	\$ 1,000,000	\$ -	\$ 425,000			60
10	<b>Bowman, Town of</b> - Bowman Wastewater Treatment Plant Improvements	729-02	Improvements necessary to enable the Town of Bowman's WWTP to comply with current SCDHEC effluent limits established in NPDES Permit SC0040037 and directed by the Consent Order dated December 15, 2021.	SC0040037	\$ 2,046,981	\$ -	\$ 1,000,000			50

CWSRF SFY 2023 General Supplemental Provisional Project List<sup>1</sup>

	Sponsor & Project Name	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance <sup>2</sup>	Estimated Green Project Reserve Amount <sup>3</sup>	Total Points
11	Liberty, City of - Quarry Road and Old Norris Lift Station Rehabilitation/Replacement	802-01	The project involves the rehabilitation of the Old Norris Road lift station and the construction of a gravity sewer line to replace the Quarry Road lift station.	SC0042994	\$ 832,845	\$ -	\$ 308,485		50
12	Renewable Water Resources - Enoree Gravity Sewer Upgrade <sup>4</sup>	370-118	Approx 15,000 LF of existing gravity sewer will be upsized to handle higher peak flows.	SC0033804	\$ 18,800,000	\$ 14,800,000	\$ -		50
13	Bennettsville City of - Sewer System Evaluation	406-07	The gravity sewer system will be mapped out and an in-line gravity sewer evaluation will be performed to assess the condition of the existing pipes.	SC0025178	\$ 498,620	\$ -	\$ 498,620		50
14	Woodruff, City of - Edwards Road Force Main Replacement	504-03	The Edwards Road force main has reached the end of its useful life and is in need of replacement to avoid SSOs and is in need of up-sizing to accommodate increased sewer demand.	SC0045802	\$ 1,486,000	\$ -	\$ 986,000		40
15	Rock Hill, City of - Wildcat Creek Forcemain Relocation <sup>4</sup>	393-35	Replacement of ~1,800 LF of force main and installation of ~1,300 LF of gravity sewer to replace collection system components nearing the end of their useful life.	N/A	\$ 8,730,000	\$ 8,700,000	\$ -		40
16	Ninety Six Commission of Public Works - Pier 96 Wastewater Treatment Plant Replacement	536-02	The project involves the refurbishment or replacement of a 0.06 MGD WWTP, and the potential capacity expansion to 0.12 MGD with the addition of package WWTP processes. Any new plant infrastructure will be a modular package WWTP and its supporting components.	SC0042706	\$ 1,778,700	\$ -	\$ 1,000,000		30
17	Lowcountry Regional Water System - LRIP Lift Station Rehabilitation	734-02	Rehab and replacement of 30+ year old sewage lift station serving Lowcountry Regional Industrial Park.	SC0025950	\$ 545,000	\$ -	\$ 470,000		20
18	Renewable Water Resources - Mauldin Road FOG Handling Enhancements	370-110	Construction of a new receiving facility for the processing of fats, oils, and grease (FOG) at the Mauldin Road WRRF to enhance plant operations and increase digester gas production which will serve as additional fuel for the Combined Heat and Power (CHP) engine-generator.	SC0041211	\$ 13,418,000	\$ 13,198,000	\$ -		20
Totals:					\$ 75,551,773	\$ 47,048,000	\$ 8,934,170		
<b>Total of SRF Loan + Principal Forgiveness Amount:</b>							<b>\$ 55,982,170</b>		

**Footnotes**

- 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.
- As discussed in Section IX.B. of this IUP, the required Additional Subsidy is 49% of the capitalization grant or \$8,934,170. 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 CWSRF Capitalization Grant referenced in this IUP is awarded by EPA and accepted by DHEC. Project listing is not a commitment of funding.
- 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 \$1,823,300, as GPR eligible (see Section IX.C. of this CWSRF IUP). The footnoted project is a GPR eligible project with a requested SRF loan amount that exceeds 10% of the capitalization grant.
- 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.
- 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).
- 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.