



Federal FY 2018 CWSRF Intended Use Plan For State FY 2019

FINAL
July 18, 2018

SCDHEC
Bureau of Water
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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) 2019 (July 1, 2018 through June 30, 2019 including federal funds allocated to South Carolina from the Consolidated Appropriations Act, 2018. South Carolina's allotment from the federal appropriations for federal fiscal year (FFY) 2018 is \$16,443,000. 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 Rural Infrastructure Authority (RIA) Office of Local Government (OLG) 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. Update the State Revolving Fund Operating Agreement between EPA and South Carolina before the end of calendar year 2018.
2. Maintain a subcontract with a qualified vendor to provide technical assistance to CWSRF sponsors for the preparation of Fiscal Sustainability Plans.

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 in order to attain water quality standards.
3. Maintain a working relationship with other infrastructure funding authorities within the state to coordinate water quality funding.
4. Work collaboratively to direct CWSRF funds to areas where additional DHEC and EPA resources are already invested (i.e., Priority Watersheds and 319 grants).
5. Support the use of green practices and investment in green infrastructure, water and energy efficient improvements and environmentally innovative projects.
6. 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.

Currently, the SC SRF has no plans to transfer funds between the CWSRF and DWSRF. Furthermore, at this time, the SC SRF is not planning to transfer funds from the CWSRF to the DWSRF in the amount of \$2,719,530 as described in the FFY 2017 CWSRF IUP.

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 2019.

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 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 the RIA/OLG 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 2018 CWSRF 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 from the CWSRF, it must appear on the State's Comprehensive Priority List of CWSRF Projects. To be included in this list, an eligible project sponsor (municipalities, counties or special purpose districts) must complete a project questionnaire (PQ), DHEC-3561. 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 three years and does not proceed, DHEC staff will contact the sponsor and request that a revised PQ be submitted within 30 days that updates the cost estimate along with any changes to the project description. A revised PQ is scored to determine priority rank and remains on the Comprehensive Priority List. If DHEC does not receive a revised PQ, the project is removed from the Comprehensive Priority List.

C. Selection of Projects & SRF Funding

The selection of projects for the Provisional Project List (Appendix A) is based on project ranking and the sponsor's indicated readiness to proceed with a project during SFY 2019. Ready to proceed in SFY 2019 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 the RIA/OLG.

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/OLG will send the sponsor a loan application package. To proceed as an SFY 2019 SRF project, a project must receive a construction permit, or letter of approval to construct, and submit a complete loan application to RIA/OLG by July 31, 2019. For large projects, DHEC and RIA/OLG 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.

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 of a non-viable or abandoned system;
2. To select Green Project Reserve eligible projects or portions of projects that equal at least \$1,644,300 (10% of the expected capitalization grant amount);
3. To address an imminent hazard to public health declared by the DHEC Director;
4. To address an imminent release of untreated wastewater directly to a surface water body as determined by DHEC, and;
5. To fund projects that will eliminate a point source discharge, which is violating effluent limits, by a connection to a regional system.

E. Expeditious Use of Funds

Due to an increase in expected utilization of SRF funding and 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 must 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 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 an UtSA within the previous three years, an UtSA is requested of sponsors with projects on the

Provisional Projects List. Additional financial assessment is performed by the RIA/OLG as part of the preliminary financial review and loan application process.

G. Funding Terms and Interest Rates for Eligible Projects

Up to 30 year financing is available for all borrowers not to exceed the useful life of the project components. 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.

Visit the RIA/OLG website, <http://www.ria.sc.gov/> to view current SRF loan rates and policies. Interest rates for SFY 2019 are expected to be published by the RIA/OLG in early October 2018.

H. Loan Application

Sponsors of Provisional Projects who successfully complete RIA/OLG's preliminary financial review may apply to the Authority through RIA/OLG 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, <http://www.scdhec.gov/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 submission 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 the RIA/OLG 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 submission of a complete loan application to the RIA/OLG.

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, 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 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 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 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;
2. Projects exclusively correcting operation and maintenance deficiencies;
3. Projects for systems in NPDES noncompliance, unless funding will help a system achieve compliance.

VII. Funds Available

A. Amount of Capitalization Grant

South Carolina's allotment from the FFY 2018 federal appropriation is \$16,443,000.

B. State Match Requirement

One condition of receiving the annual capitalization grant allotment is the State must deposit into the CWSRF an amount equal to at least 20% of the total amount of the expected capitalization grant. The RIA/OLG will deposit to the CWSRF fund the required amount of \$3,288,600 to comply with the state match requirement.

C. Administration of the CWSRF Program

The CWA allows each state to use an amount equal to 4% of its capitalization grant to fund the administration of the CWSRF program. DHEC plans to retain the authority to

use four percent (4%) of its expected capitalization grant amount (\$657,720) for program management, including funding staff, paying operational expenses and providing technical assistance to potential loan applicants.

DHEC plans to use a portion of its administration funding to maintain a contract with a technical assistance provider to assist CWSRF loan recipients in meeting the Fiscal Sustainability Plan requirement as set forth in the CWA amendments of 2014.

D. Estimated Funds Available - State Fiscal Year (SFY) 2019

Estimated Amount of Funds to be available as of 6/30/18	\$47,788,539
FFY 2018 federal capitalization grant	\$16,443,000
State match for FFY 2018 capitalization grant	\$3,288,600
Estimated SFY 19 repayments (7/1/18 to 6/30/19)	\$38,393,834
Estimated SFY 19 investment earnings (7/1/18 to 6/30/19)	\$6,000,000
CWSRF administrative set-aside	-\$657,720
Estimated Total Funds Available for SFY 2019 Loans	\$111,256,253

The estimated total funds for SFY 2019 loans may change from the figure quoted above due to the ongoing administration of SFY 2018 projects where bids have not been opened. It should be noted that the estimated total costs for projects identified for SFY 2019 CWSRF funds as shown in Appendix A is approximately 27 percent (27%) greater than the estimated total funds available as shown in the table above, \$111,256,253. Past experience of the CWSRF program indicates that identifying projects for funding with total estimated costs slightly greater than the estimated funds available is reasonable due to projects being delayed or withdrawn and because most project funds actually will be spent in SFY 2020 and several years beyond SFY 2020. Therefore, any additional funds that may be needed for projects identified in this year's CWSRF IUP can be accounted for in future CWSRF IUPs.

E. Anticipated Cash Draw Ratio

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

F. Fee Income

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

The CWSRF SFY 2019 closing fee is expected to be published in early October 2018 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 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 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 CWSRF 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
- 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)
- 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

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

B. Additional Subsidies

The 2014 CWA Amendments made the use of additional subsidization funds optional for State CWSRF programs and set forth that no more than 30% of the annual

capitalization grant could be used for additional subsidy to projects. However, the FFY 2018 appropriations require that 10% of the capitalization grant shall be used to provide additional subsidy to CWSRF projects. Section 603(i) of the CWA, states the conditions under which additional subsidy may be offered to a project.

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 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. Additionally, systems desiring to be considered for principal forgiveness funds should not be delinquent on the submission of annual municipal audits as required by SC state law.

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

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

To make maximum benefit of PF funds for SFY 2019, 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 2019 on a preliminary basis. The SRF Program reserves the right to adjust PF amounts. PF funds are only available if EPA awards the FFY 2018 CWSRF Capitalization Grant and it is accepted by DHEC. Project listing is not a commitment of PF funding.

C. Green Project Reserve (GPR)

The Consolidated Appropriations Act, 2018 requires to the extent there are eligible projects, not less than 10% of the State's expected FFY 2018 CWSRF 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 \$1,644,300. 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. EPA's GPR guidance is posted on the SRF Guidance webpage <http://www.scdhec.gov/srfguidance>.

At the time this IUP was drafted, no projects had been identified to satisfy the GPR. To reach the minimum of 10%, projects currently on the Provisional Project List will be reviewed to see if any project, or part of a project, qualifies for the GPR.

DHEC reserves the right to give funding priority to all or a portion of GPR qualifying projects through the bypass procedures.

D. Environmental Outcomes and Measures

DHEC will update EPA's Clean Water Benefits Reporting (CBR) database and enter data into the CWSRF National Information Management System (NIMS). CBR collects project level information and anticipated environmental benefits associated with CWSRF projects, while NIMS produces annual reports that provide a record of progress and accountability for the program. EPA uses the information provided to oversee the CWSRF State programs and develop reports to the US Congress concerning activities funded by the CWSRF program. For more information, go to EPA's Clean Water SRF Performance webpage, http://water.epa.gov/grants_funding/cwsrf/cwnims_index.cfm.

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 2018 CWSRF 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 2018 CWIUP was posted to the DHEC website on May 31, 2018. Notice of the Draft IUP was sent to SRF contacts, DHEC watershed stakeholders and included in communications to members of S.C. Rural Water Association and the Municipal Association of S.C. Comments were accepted until 5:00 pm on July 2, 2018.

Two letters containing comments were received. Responses to these comments appear in Appendix B.

SOUTH CAROLINA
CWSRF SFY 2019 Provisional Project List*

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	Sponsor & Project	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ¹	Estimated Green Project Reserve Amount ²	Total Points
1	Fort Mill, Town of Fort Mill WPCP Expansion - Phase 2	336-09	Upgrade and expand the existing WPCP (Water Pollution Control Plant) from 3.0 mgd to 4.5 mgd to accommodate growth and to meet the anticipated nitrogen and phosphorus limits.	SC0020371	\$37,828,000	\$35,000,000			110
2	Lexington, Town of I-20 Wastewater System Improvements	740-03	Replace/improve thirteen pump stations and replace ~5,200 LF of gravity sewer that is undersized in areas of the system taken over from the previous owner.	SC0035564	\$4,752,450	\$4,752,450			110
3	ReWa FY19 Gravity Sewer and Manhole Rehabilitation	370-101	Lining existing sewers with cured in place pipe (CIPP) and lining existing manholes with cementitious material.		\$4,000,000	\$4,000,000			90
4	ReWa North Greenville University Pump Station and Force Main	370-103	Install ~ 2 miles of gravity sewer interceptor, 2 pump stations and ~ 7 miles of force main to allow closure of the North Greenville University WRRF by conveying the flow to the Pelham WRRF.	SC0033804	\$14,500,000	\$14,500,000			80
5	Ware Shoals, Town of Carnell Bridge Pump Station and Sewer Upgrades	537-03	Install 16-inch forcemain, a new pump station, 6-inch forcemain and E1 pumps to replace and abandon an aging sewer line along the Saluda River.	SC0020214	\$2,064,083		\$1,000,000		70
6	Valley Public Service Authority Warrenville Sewer Improvements Phase 1	738-01	Replace portions of existing sewer system that is made up of clay pipe that is prone to root intrusions.		\$698,670		\$698,670		60
7	Mount Pleasant Waterworks Capacity, Management, Operations & Maintenance (CMOM) Rehabilitation/Replacement Program	511-51	Replacement or rehabilitation of ~13,000 LF of clay sewers using CIPP or open cut line replacement and rehabilitation of several hundred manholes.		\$7,000,000	\$7,000,000			60
8	Mount Pleasant Waterworks Highway 17 Park West Forcemain Replacement	511-52	Replace up to 1500 feet of failure prone 12" forcemain with a corroded crown to prevent possible sanitary sewer overflow into nearby stormwater conveyances.	SC0040771	\$2,500,000	\$2,500,000			60
9	Camden, City of Kirkwood, Ancrum, & Ehrenclou Community Sewer Improvements	433-05	Repair, replace or reline aging sewer lines, replace or rehabilitate an outdated lift station and replace another outdated lift station and provide service to an new subdivision.	SC0021032	\$3,616,910	\$3,116,910			50
10	Abbeville, City of Long Cane Creek Wastewater Treatment Plant Upgrades	728-04	Upgrades to include replacement of existing aeration basin with a new, lined basin with diffused aeration and two lined aerobic digesters, new intake screen and new VFDs on the existing return activated sludge pumps.	SC0040614	\$3,253,000	\$2,753,000			40

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	Sponsor & Project	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ¹	Estimated Green Project Reserve Amount ²	Total Points
11	Berkeley County Water & Sanitation Pump Stations Ductile Iron Force Mains Replacements	496-21	Replace aging (40+/- years old) ductile iron force mains at multiple pump stations throughout the BCW&S service area.		\$3,000,000	\$3,000,000			30
12	Rock Hill, City of Manchester Creek WWTP Upgrades and Expansion - Initial Upgrades - Headworks Package	393-33	Headworks improvements and construction of a storage tank designated for wet weather flows.	SC0020443	\$70,500,000	\$10,000,000			30
13	Berkeley County Water & Sanitation Sewer Pump Stations Diversions/Rehabilitations	496-19	Replace and divert flow from five force mains that currently flow to the Lower Berkeley WWTP. Upon completion of the project the flow will go to the Central Berkeley WWTP.	SC0046060 SC0039764	\$5,450,000	\$5,450,000			20
14	James Island PSD Pump Station 2 Upgrade & Flood-proof Conversion, PS-1 Downgrade & Flood-proof Conversion	543-16	Upgrade, convert and flood-proof PS-2 . Downgrade, convert and flood-proof PS -1.	SC0021299	\$2,350,000	\$2,350,000			10
15	Mount Pleasant Waterworks Pump Station Conversion and/or Rehabilitation Program	511-53	Conversion of six above-ground lift stations to submersible pump stations to include rehabilitation/upgrade of stations to allow flow to transfer between MPWs two WWTPs if necessary.	SC0040771	\$5,500,000	\$5,500,000			10
16	Berkeley County Water & Sanitation Sewer Pump Station Force Main Replacement - PS#001	496-25	Replacement of an aging force main that has been documented to have severe corrosion in portions of the line, and which has suffered multiple failures.		\$5,917,000	\$5,917,000			10
17	Berkeley County Water & Sanitation Sewer Pump Station #002 Renovation	496-20	Replace/relocate a critical pump station to the collection system that has reached the end of its life cycle.	SC0046060	\$5,692,000	\$5,692,000			10
18	Berkeley County Water & Sanitation Jedburg/I-26 Interchange Improvements - Sewer Line Relocation	496-24	Relocation of existing sewer lines due to DOT relocation.		\$870,000	\$870,000			10
19	Hilton Head Public Service District HHPSD Master Sewer Plan - 2018 Sewer Extensions	509-07	Install gravity sewer and low pressure sewer in areas that are currently unsewered.		\$2,145,038	\$2,145,038			10

SOUTH CAROLINA
CWSRF SFY 2019 Provisional Project List*

July 18, 2018
FINAL

	Sponsor & Project	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ¹	Estimated Green Project Reserve Amount ²	Total Points
20	Chapin, Town of East Chapin Sewer Force Main Extension	732-02	Install 10,200 linear feet of 12" sewer force main, 19,100 linear feet of 18" sewer force main, 15 air release valves with manholes, and line valves to relieve capacity demand in the system along Lake Murray.	SC0040631	\$2,500,000	\$2,500,000			0
21	Kershaw, Town of Wastewater Treatment Plant Improvements	595-01	Water quality monitoring improvements and solids handling improvements to the existing Hanging Rock Creek WWTP.		\$1,250,000	\$1,000,000			0
22	Berkeley County Water & Sanitation Central Berkeley WWTP Expansion	496-22	Expand existing WWTP from 3.0 MGD to 6.0 MGD	SC0039764	\$8,000,000	\$8,000,000			0
23	Berkeley County Water & Sanitation Lower Berkeley WWTP Expansion	496-23	Expand and retrofit existing WWTP to 22.5 MGD	SC0046060	\$14,000,000	\$14,000,000			0
			Totals:		\$207,387,151	\$140,046,398	\$1,698,670		
			SFY 2019 Total of SRF Loan + Principal Forgiveness Loan Amount			\$141,745,068			

Note: During the comment period on the draft 2018 CW IUP one Sponsor indicated their project would not be progressing on a timetable needed to be considered for an SFY19 SRF loan. Therefore the project (529-30) was removed from the SFY 19 Provisional Projects List. Additionally, a project (496-23) was added to the list to take the place of the removed project.

* 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.

1 Principal forgiveness funds are subject to change and are only available if the FY18 CWSRF Capitalization Grant is awarded by EPA and accepted by DHEC. Project listing is not a commitment of funding.

2 FY18 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 \$1,644,300, as GPR eligible (see Section IX.C. of the CWSRF IUP). Projects on this Provisional Project List have not submitted documentation, but may qualify in whole or in part for the GPR. If any projects are identified as GPR eligible the project or portion of the project will be reported in the CWSRF SFY19 Annual Report.

Response to Comments Received on the Draft Federal FY 2018 CWSRF Intended Use Plan (IUP)

Comments on the FY2018 Draft Clean Water Intended Use Plan (CWIUP) were received in two letters, one from Upstate Forever, dated July 2, 2018 and the other from Save Our Saluda/Naturaland Trust dated July 2, 2018. The comments relate to SRF procedure and policy as reflected in the IUP. The main points of each comment are reproduced below with DHEC's response in italics.

Upstate Forever Comments

Letter Dated July 2, 2018

Comment

Updating the Priority Ranking System for both Clean Water and Drinking Water State Revolving Fund programs to include elements of the Green Project Reserve would encourage more projects that qualify under Green Project Reserve (GPR) guidelines.

Response

Revision of the Priority Ranking Systems (PRs) takes place outside of the IUP process. However, the SRF currently incentivizes "green" projects by offering a lower interest rate to eligible borrowers for green projects or green portions of projects. In addition, the SRF has a lower interest rate under the Clean Water (CW) SRF for non-point source projects that incorporate more than 50% best management practices. Best management practices typically are "green" practices (e.g., bioswales) and do not include conventional stormwater management infrastructure such as hardscape and piping. DHEC will consider this comment and issue when updating the PRs in the future.

Comment

Providing additional subsidization programs for projects that meet GPR requirements would encourage increased participation and successful completion of projects that qualify under Green Project Reserve guidelines.

Response

The Rural Infrastructure Authority-Office of Local Government finalizes SRF interest rates, fees and loan policies in October of each year. This occurs outside the IUP process. As previously mentioned, the SRF incentivizes "green" projects by offering a lower interest rate to eligible borrowers on eligible green projects or green portions of projects and a lower interest rate under the CWSRF for non-point source projects that incorporate more than 50% best management practices. Under current CWSRF guidance, a green project that has infrastructure with a 30-year useful life would be able to obtain a 30-year loan. Drinking Water (DW) SRF projects would not have the same consideration for a 30-year term.

With regard to principal forgiveness (PF), DHEC's current priorities for PF are to use funds for public utilities and communities that cannot afford a loan and need to address infrastructure problems to protect public health and the environment.

Comment

Offering Bypass Procedure for Green Reserve Projects for DWSRF would encourage additional GRP projects.

Response

The DWSRF is a financial assistance program to help water systems to achieve the health protection objectives of the Safe Drinking Water Act for the existing population. Projects that align with that purpose are the primary focus of DWSRF funding. The GPR is not a legislated requirement for the DWSRF as it is for the CWSRF, but RIA-OLG continues to offer an incentive interest rate for drinking water projects that incorporate green practices. Given the mandated purpose for the DWSRF, bypassing for the GPR is not used in the DWSRF.

Comment

Funding for land purchases in the DWSRF should be expanded to include the purchase of those lands needed for the protection of drinking water sources.

Response

SC SRF recognizes the benefits of land acquisition in protecting drinking water quality. However, as set forth in the 1987 amendments to the Safe Drinking Water Act for the SRF loan program costs for acquiring land are eligible only if the land is needed to locate eligible project components. "The funds shall not be used for the acquisition of real property or interests therein, unless the acquisition is integral to a project authorized by this paragraph and the purchase is from a willing seller." 42 U.S.C. §300j-12.(a)(2)

Comment

CWSRF should not be used for the expansion of wastewater treatment systems in anticipation of future growth as this will contribute to sprawling development patterns across the state.

Response

The CWSRF is a financial assistance program to help wastewater providers, municipalities, and states to address priority water quality needs. Growth only projects are allowed under the CWSRF. However, SC SRF does not prioritize projects that expand wastewater systems in anticipation of future growth. In SC, if the majority of the cost for a proposed project is for growth, the project will receive zero priority points and will rank last in order of priority. That said, EPA expects CWSRF funds to be fully utilized so in the absence of fundable projects with priority points SC SRF will fund projects with zero priority points.

Comments continue on next page

SOS/Naturaland Trust Comments

Letter Dated July 2, 2018

Comment

We respectfully request that future eligibility be extended to include nontraditional nongovernmental organizations or other private entities that can partner on various conservation and pollution mitigation projects.

Response

SC SRF recognizes the benefits of conservation and pollution mitigation for water quality. However, limitations on the eligibility of SRF recipients comes from federal law:

Safe Drinking Water Act - "Except as otherwise authorized by this subchapter, amounts deposited in a State [DW] loan fund, including loan repayments and interest earned on such amounts, shall be used only for providing loans or loan guarantees, or as a source of reserve and security for leveraged loans, the proceeds of which are deposited in a State loan fund established under paragraph (1), or other financial assistance authorized under this section to community water systems and nonprofit noncommunity water systems, other than systems owned by Federal agencies." (42 U.S.C. §300j-12(a)(2))

Clean Water Act - The amounts of funds available to each State water pollution control revolving fund shall be used only for providing financial assistance-(1) to any municipality or intermunicipal, interstate, or State agency for construction of publicly owned treatment works (33 U.S.C §1383(c))

However, these limitations would not prevent SC SRF eligible sponsors from partnering with other organizations to implement a project that meets the eligibility requirement under the Clean Water SRF or Drinking Water SRF.

Comment

We also respectfully request that future SRF plans exclude any barriers that may exist, such as land eligibility requirements, and include incentives for nontraditional and innovative cooperative strategies to encourage the use of SRFs for funding green infrastructure, land conservation and watershed protection and restoration projects.

Response

SC SRF understands the benefits of watershed protection and restoration. However, the goals and requirements set forth in SRF Intended Use Plans are based on requirements presented in enabling federal legislation and program guidance. These federal directives limit the opportunities for direct preservation of natural lands using SRF funds. That said, land can be purchased under the Clean Water SRF if there is a water quality benefit that can be demonstrated and the project receives sufficient priority points to obtain funding in a given year. To incentivize these types of projects, the SRF has a lower interest rate under the Clean Water SRF for non-point source projects that incorporate more than 50% best management practices. Best management practices typically are "green" practices (e.g., bioswales) and do not include conventional stormwater management infrastructure such as hardscape and piping. Also, in recognition of the importance of watersheds, funds set-aside from annual Drinking Water SRF grants have been and are being used to fund the development of watershed-based plans through the SC §319 Nonpoint source program.