

State Revolving Loan Fund

South Carolina Drinking Water State Revolving Fund

FY14 DWSRF Intended Use Plan for State FY15

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FINAL - Amended**

*Revised to document transfer of funds to the DWSRF from the CWSRF
and to update the Selected Project List.*

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) 2015 – July 1, 2014 through June 30, 2015 – including federal funds allocated to South Carolina from the Consolidated Appropriations Act, 2014 (P.L. 113-76), and how those uses support the objectives of the SDWA in the protection of public health. South Carolina’s allotment from the FY2014 federal appropriations is \$8,845,000.

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 State Budget and Control Board (BCB) Office of Local Government conducts financial functions of the DWSRF, establishes financial policies and executes loans to project sponsors.

The Consolidated Appropriations Act, 2014 requires the DWSRF to apply “American Iron and Steel” requirements to all projects funded by the DWSRF. And Davis-Bacon requirements continue to be applicable to CWSRF funded projects. These requirements will be addressed later in this IUP.

The IUP must be noticed for a period of at least 30 days to accept comments from the public. Comments on all facets of the 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. Increase participation of small water systems in the SRF loan program.
2. Assist public water systems with implementation of treatment strategies to comply with the Stage 2 Disinfection Byproducts Rule
3. Enhance technical assistance to small communities.

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. Encourage investment in green infrastructure, water and energy efficient improvements and environmentally innovative projects.
3. Maintain a working relationship with other infrastructure funding authorities within the state to coordinate water quality funding.
4. 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 authority to transfer funds between the CWSRF and DWSRF program as provided for by federal authority. The ability to transfer funds from prior and current grants will assist in meeting demand for CWSRF and DWSRF funding.

In SFY 2015 \$2,918,850 will be transferred from CWSRF to the DWSRF. This amount is the maximum transfer amount allowed and is equal to 33% of the FY14 DW Capitalization Grant. The transfer funds are non-federal funds made available by loan repayments and interest on the CW fund balance. This transfer will help meet the demand for DW funds without adversely impacting the CW fund.

IV. Selected Projects List

The DWSRF Selected Project List (Appendix A) lists projects that are considered to be fundable in the 2015 State Fiscal Year. The projects are subdivided into two Sections. Section I contains those projects that are currently in the process of meeting technical requirements to qualify for SRF funding but did not complete all requirements by the SFY14 deadline of July 31, 2014. Section II is a list of projects that are newly submitted or whose sponsors have recently indicated a readiness to proceed during SFY 2015. Recognizing that projects in Section I were selected according to the methodology indicated in Section IV below and are already incurring costs to obtain DWSRF financing they will have primacy status over Section II projects.

If the total cost for all projects contained on the selected project list is less than total funds available to lend in SFY 2015, any eligible sponsor with a project believed to be eligible for an SRF loan and for which a complete loan application (including an approved Preliminary Engineering Report and construction permit) could reasonably be expected to be completed by July 31, 2015 may fill out and submit for ranking a Drinking Water Project Questionnaire (DHEC 3463) that can be found under Documents and Forms in the SRF section of DHEC's Website at www.scdhec.gov/srf.

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, and successful credit review by the BCB. The availability of a loan from the BCB will be based on the project sponsor's financial capacity and its ability to afford repayment on the requested amount of debt.

The Selected Project List includes projects that have been identified to receive principal forgiveness funds. These funds are only available if the FY14 DWSRF Capitalization Grant is awarded by EPA and accepted by DHEC.

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, DHEC-3463. A copy of this questionnaire may be found on the SRF Documents and Forms webpage, <http://www.scdhec.gov/srfforms>. A project sponsor may submit a completed questionnaire to the SRF section of DHEC's Bureau of Water at any time. Once the questionnaire is received, DHEC staff 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 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 is not ready to proceed, DHEC staff contact the sponsor and request that a revised project questionnaire be submitted that updates the cost estimate along with any changes to the project description. If DHEC does not receive a revised project questionnaire, the project is removed from the comprehensive priority list.

C. Selection of Projects for Funding

The selection of projects for funding is based on the project's ranking and the sponsor's readiness to proceed at the time the IUP is drafted. A project is considered ready to proceed if the sponsor expects, by July 31, 2015, to have received a construction permit from the SRF Section and to have submitted a complete SRF loan application to the BCB. In the event the BCB receives complete applications for two or more projects on the same day, the highest-ranked project(s) will receive priority for funding. For large projects, DHEC and BCB 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:

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 declared by the DHEC Director.
4. To fund a project that corrects violations of primary drinking water standards through consolidation or regionalization.

E. Adding Projects to the Selected Project List

The projects in Appendix A are listed based on readiness to proceed and other factors. The listing does not preclude the opportunity for other projects to receive funding in SFY 2015. (See also, Section V.F.) All prospective project sponsors are encouraged to contact DHEC as soon as possible to add their projects to the priority list and be considered for funding in SFY 2015.

F. Readiness to Proceed

To promote an expeditious use of funds, sponsors of projects on the SFY 2015 Selected Projects List will have until April 1 to receive a construction permit and submit a complete loan application to insure funding priority. After April 1, loan applications will be accepted on a first-come, first-served basis until the available funds are exhausted or until July 31, whichever occurs first.

G. 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 ensure 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 that includes operational issues, managerial issues and limited financial information. Additional financial assessment is performed by the BCB as part of the loan application process.

H. 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). However, assistance may be provided to address population growth expected to occur over the useful life of the facility to be funded. 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 supply or 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.

I. Funding Terms and Rates for Eligible Projects

Loans for projects eligible to participate under the DWSRF usually have a term of 20 years at an interest rate published by the BCB in October. The loan term may be increased up to 30 years in some cases for qualifying systems (see also Section VI. Disadvantaged Community Systems).

Interest rates are classified as *standard, small system, hardship, green, or takeover rate*. Visit the BCB website, <http://www.olg.sc.gov/programs.aspx>, to view current rates, find out more about the loan program and read about costs and qualifications for receiving an SRF loan. Rates for SFY2015 are expected to be published by the BCB in early October 2014.

J. Loan Applications

Sponsors of selected projects apply to the BCB for SRF loan financing. Loan applications are accepted from October 1 through July 31. In the event the BCB receives complete applications for two or more projects on the same day, the highest-ranked project(s) will receive priority for funding.

The sponsor of a project receiving a 100% principal forgiveness loan must contact DHEC to determine required application information.

The issuance by DHEC of a *Permit to Construct* (as a DWSRF project), *which includes a complete environmental review*, is required before a loan application is considered complete.

VI. Eligibility Criteria

A. Eligible Sponsors

Municipalities, counties, special purpose districts, or nonprofit corporations established under Title 33, Chapter 36 of the Code of Laws of South Carolina 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;
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 needed to locate eligible treatment or distribution projects. In addition, the acquisition must be from a willing seller.

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, 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 the BCB 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 submission of a complete loan application to the Budget and Control Board.

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 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.

G. Contingency

- The SRF program allows a contingency for construction of 10% over the original construction bid price.
- The SRF program allows a contingency of 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. Laboratory fees for monitoring;
4. Operation and maintenance expenses;
5. Projects needed mainly for fire protection;
6. Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will ensure compliance;
7. Projects for systems in significant noncompliance, unless funding will ensure compliance;
8. Projects primarily intended to serve future growth;
9. Refinancing of existing debt;
10. Projects that would not result in the consolidation or regionalization of water systems when consolidation or regionalization is the most feasible alternative.

VII. Disadvantaged Community Systems

Projects will normally be funded at the applicable interest rate for a maximum term of 20 years; however, loan applicants who are considered disadvantaged community systems may be offered loans at extended terms. To qualify as a Disadvantaged Community System, the 2006-2010 five-year American Community Survey (ACS) median household income (MHI) for the applicant's entire service area must be less than \$43,939 (the South Carolina ACS 2006-2010 MHI). If the applicant meets this criterion, the term of the loan may be extended up to 30 years (but not to exceed the project's useful life) and the project would be funded at the applicable interest rate.

VIII. Funds Available

A. Amount of Capitalization Grant

South Carolina's allotment from the FY 2014 federal appropriations law is \$8,845,000.

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 \$8,845,000 DWSRF allotment, the BCB will deposit \$1,769,000 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 of each capitalization grant to fund the administration of the State's DWSRF program and other non-project activities. For SFY 2015 the State will take four percent (4%) of the FY 2014 capitalization grant, or \$353,800.

D. Set-Aside for Technical Assistance for Small Systems

The SDWA allows states to set aside up to two percent (2%) of its annual DWSRF allotment to fund technical assistance (TA) services to small water systems that serve populations of less than 10,000 persons. DHEC will take two percent of its DWSRF allotment amounting to \$176,900 from FFY 2014 federal appropriations.

The SRF program may use TA set-aside funds to enter into contract(s) with South Carolina Rural Water Association or other entities to help small public water systems address technical, managerial and financial capacity. Priority for such TA will be 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 Well-Head Protection Program

The SDWA allows states to set aside up to 10% of its annual DWSRF allotment to fund the its well-head protection program. DHEC will take 10%, or \$884,500, of the 2014 federal capitalization grant for use on future well-head protection activities.

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

The SDWA allows states to set aside up to 10% of its annual DWSRF allotment to assist with the funding of States Drinking Water Programs. However, the use of the funds for this purpose requires a one to one state match.

DHEC will take \$884,500, which equals 10%, of the state's FY 2014 allotment to fund its public water system supervision (PWSS) program activities. These funds will help fund the State's drinking water program activities which are necessary to ensure that public water systems are constructed, monitored, operated and maintained in accordance with federal and state laws and regulations.

G. Total Funds Available for Loans for State FY 2015

Funds available as of 6/30/14	\$51,656,373
FY 2014 federal capitalization grant	\$8,845,000
State match for FY 2014 capitalization grant	\$1,769,000
Funds transfer from Clean Water SRF ¹	\$2,918,850
Estimated SFY 15 repayments (7/1/14 to 6/30/15)	\$9,191,200
Estimated SFY 15 investment earnings (7/1/14 to 6/30/15)	\$1,000,000
Estimated amount of SFY 13 loans to be closed	(\$4,771,329)
Estimated amount of SFY 14 loans to be closed	(\$26,338,641)
Value of set-asides from FY 2014 capitalization grant	(\$2,299,700)
Estimated Total Funds Available for SFY 2015 Loans	\$41,970,753

H. Anticipated Cash Draw Ratio

Since the advent of requiring additional subsidy – accomplished in SC through principal forgiveness - in FY 2010 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. Interest Rates

Interest rates are classified as *standard, small system, hardship, green, or takeover rate*. Visit the BCB website, <http://www.olg.sc.gov/programs.aspx>, to view current rates, find out more about the loan program and read about costs and qualifications for receiving an SRF loan. The BCB expects to publish rates for SFY 2015 in early October 2014.

J. Amended FY 2013 IUP

The FY 2013 DWIUP for the FY13 Capitalization Grant was amended in April 2014 to update the Selected Project List and identify a transfer of funds from the Clean Water SRF to the DWSRF. The transfer, of \$2,778,930, is allowed by federal authority and is based on the FY13 DW Capitalization Grant amount. The transfer was needed to provide additional funds for the DWSRF to help meet a demand for DWSRF loans for FY13.

¹ Expected transfer of funds from SC's Clean Water SRF fund (as allowed by federal authority against the 2014 Drinking Water Capitalization Grant (allows \$2,918,850 to transfer).

IX. 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.

X. Additional Information / Requirements

A. Federal Requirements

Many federal requirements apply in an amount equal to the capitalization grant, and will be required of any project receiving a loan made with federal capitalization funds. These requirements are:

- Federal Environmental Crosscutters
- Disadvantaged Business Enterprise compliance (DBE)
- Single Audit Act (OMB A-133)
- Federal Funding Accountability and Transparency Act (FFATA) reporting

B. Davis-Bacon Act

In the Consolidated Appropriations Act, 2012 (P.L. 112-74) Congress made Davis-Bacon Requirements applicable to the DWSRF to include FY12 and all future years. This means Davis-Bacon prevailing wage rates apply to all projects funded in whole or in part by the DWSRF. Davis-Bacon applies to construction contracts over \$2,000.

C. Additional Subsidies

The 2014 federal appropriations act requires the SRF program to provide additional subsidies for eligible recipients. At least \$1,769,000 will be used to provide additional subsidies, which DHEC will award as principal forgiveness; however, the SRF program may provide up to the maximum amount allowed by the act, which is \$2,653,500.

EPA encourages that these additional subsidy funds go to projects in communities that cannot otherwise afford a loan and/or to fix existing infrastructure, EPA is also expecting the SRF program to ensure the project's sponsor has technical, managerial or financial capability to maintain compliance (i.e., must be a viable entity), or the sponsor agrees to undertake feasible and appropriate changes in operation that will ensure long term sustainability.

Due to the limited amount of principal forgiveness funds for SFY 2015, no one project may receive more than \$1,000,000 of this subsidy unless principal forgiveness funds remain unassigned or are not committed to an identified project as expected.

Potential principal forgiveness projects for SFY 2015, shown in Appendix A, were chosen to maximize the use of limited funds while encouraging 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.
- Ensure small systems will achieve compliance with state regulations.
- Enhance the sustainability of small systems by fixing existing infrastructure.

Principal forgiveness funds are only available if the FY14 DWSRF Capitalization Grant is awarded by EPA and accepted by DHEC. Project listing is not a commitment of funding.

D. Green Project Reserve (GPR)

The Consolidated Appropriations Act, 2014, allows 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 activities². South Carolina plans to identify and fund projects or portions of projects that qualify as “green” under the previously published EPA Guidance for DWSRF Green Project Reserve. DWSRF GPR Guidance is posted to the SRF Documents and Forms page of the DHEC Website at www.scdhec.gov/srf. For SFY 2015, DHEC would like to fund projects or partial projects in an amount equal to at least 5% of the FY2014 capitalization grant, or \$442,250.

Projects that are deemed eligible for the GPR may receive an interest rate of 1% for the project or the portion of the project that is green. Any project or project portion wanting to be considered for the GPR must submit documentation or, when applicable, a business case outlining the benefits of the green components of the project. Guidance on GPR documentation, and example business cases are posted to the Documents and Forms page of the SRF section of the DHEC website.

The Selected Projects List in Appendix A indicates 4 projects that have been identified as eligible GPR projects for SFY 2015. It is possible that upon review of the technical aspects of other SFY 2015 selected projects additional GPR eligible project costs may be identified.

DHEC reserves the right to move any GPR eligible water efficiency projects to the Clean Water program and provide funding out of the CW SRF as allowed under GPR Clean Water Guidance.

E. “American Iron and Steel” Requirement

The Consolidated Appropriations Act, 2014 requires that all iron and steel products used in SRF projects permitted after January 17, 2014 be produced in the United States unless a waiver is granted by the EPA. More information is available at the American Iron and Steel (AIS) website: http://water.epa.gov/grants_funding/aisrequirement.cfm.

² Appropriations made under the American Reinvestment and Recovery Act of 2009 through FY11 required States to use an assigned percentage of the capitalization grant to fund GPR eligible projects. Starting in FY12 States have been encouraged, but not required, to solicit and fund projects under the GPR for the DWSRF.

F. Environmental Outcomes and Measures

DHEC will update EPA's Drinking Water Benefits Reporting database, a web-based project tracking system used to gather information to assess the environmental outcomes and measures for meeting the objectives of the DWSRF program. EPA uses the information provided to develop reports to the US Congress concerning activities funded by the SRF program.

G. Public Participation

A "Notice of Availability" of this draft IUP is mailed or e-mailed to each project sponsor on the comprehensive priority list and other interested parties. In addition, a notice is published in The State, The Greenville News, The Post and Courier, and the Sun News newspapers. During the 30-day public notice period, the notice and draft FY14 IUP are posted on the DHEC Website, www.scdhec.gov/srf. Interested parties are invited to review the documents and submit written comments regarding the draft IUP by the deadline established in the "Notice of Availability".

The draft DW IUP was posted to the DHEC Website on May 14, 2014 and a legal advertisement was published in the above-mentioned papers on May 18, 2014. The public notice period lasted at least 30 days until 5:00 pm on June 18, 2014.

Comments received on the FY2014 Draft IUP were in support of listed projects or requests for project additions and comments on SRF procedures reflected in the IUP. DHEC addressed these comments, which are reflected on the Selected Project List in Appendix A and in the attached Appendix B: Response to Comments.

SOUTH CAROLINA DRINKING WATER SRF IUP

Selected Projects List for State Fiscal Year 2015

August 27, 2014
FINAL- Revised

Final funding decisions for each project will depend 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, and successful credit review by the BCB. The availability of a loan from the BCB will be based on the project sponsor's financial capacity and its ability to afford repayment on the requested amount of debt.

	SPONSOR	DHEC Project Number	Project Description	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness ¹ Assistance	Estimated Green Project Reserve Amount ²	Population Affected by Project	Total Points
Section I for SFY 2015									
1	Goose Creek, City of Water System Improvements	0810004-01	Construct a 1.0 MG elevated storage tank and install transmission main and distribution piping to bring the water storage system up to DHEC minimum standards and to address water quality issues.	\$ 7,900,000	\$ 6,000,000			38000	80
2	Florence, City of Timmonsville Water System Improvements	2110005-01	Improvements to the Timmonsville water distribution system to address pressure problems and system operation - includes the addition of 2 booster pump stations, upgrades for 3 elevated storage tanks, installation of SCADA monitoring at multiple sites and replacement of 1000 meters with AMR meters.	\$ 3,528,750	\$ 1,494,220			2221	105
Total Section I				\$ 11,428,750	\$ 7,494,220				
Section II Fundable Projects for SFY 2015									
1	Greenwood CPW Harless-Seymour (Franklin S/D) Water System Replacement	2410001-08	Installation of ~3,300 LF of 12 inch water main, ~2,800 LF of 6 inch water main, fire hydrants and related appurtenances. The project will replace the Harless-Seymour Water System and allow Greenwood CPW to take over operations of the currently non-viable system.	\$ 399,535		\$ 351,590		205	140
2	Sumter, City of - Rembert System Rembert-High Hills water system connection project	4310001-01	Install ~15,000 LF of 6" water line and all appurtenances to connect the Rembert water system, operated by City of Sumter, to the High Hills water system and allow for closure of the Rembert system wells, which have high levels of radium.	\$ 403,100		\$ 106,100		315	110
3	Clio, Town of Water Valves and Fire Hydrants Improvements	3410002-03	Locate/uncover and replace, as needed, 50 valves and replace 28 inoperable fire hydrants to allow for proper line flushing.	\$ 227,000		\$ 227,000		942	105
4	Lamar, Town of Well and Water Treatment Plant	1610004-01	Installation of a new well and construction of a water treatment plant to replace an existing well with radium 226/228 in exceedance of the MCL.	\$ 1,400,000	\$ 1,400,000			1800	105
5	Edisto Beach, Town of Reverse Osmosis Project	1510006-03	Installation of a Reverse Osmosis Treatment Plant to produce 1.2 MGD of treated water to address high concentrations of fluoride, chloride and sodium that exceed National Secondary Drinking Water Standards. Install a new supply well and possibly an ASR well for storage.	\$ 8,462,250	\$ 8,462,250			5238	95
6	Hilda, Town of Liquid Chlorine, Emergency Generators, Tank Sanitation, Loop of Water Lines	0610001-01	Install liquid chlorine injection system on well 1&2, install emergency generators on Well 1&2, clean/ paint elevated storage tank as needed, and loop water lines as needed.	\$ 300,000		\$ 300,000		300,000	95

SOUTH CAROLINA DRINKING WATER SRF IUP

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FINAL- Revised

	SPONSOR	DHEC Project Number	Project Description	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness ¹ Assistance	Estimated Green Project Reserve Amount ²	Population Affected by Project	Total Points
7	Clover, Town of Water Tanks Rehabilitation	4610006-01	Rehabilitation of the town's two elevated water storage tanks in order to maintain compliance with DHEC regulations.	\$ 151,200		\$ 151,200		5287	90
8	Mitford Rural Water District of Fairfield and Chester Counties Water System Upgrade: New Elevated Water Storage Tank	2020005-01	Installation of new 500,000 gallon elevated water tank to replace aging undersized tank and improve system pressures.	\$ 1,547,000		\$ 887,790		3280	90
9	Bethune Rural Water Company Generators	2820006-02	Install generators at the system's four wells and three booster pump stations.	\$ 325,000	\$ 325,000			3600	90
10	Mount Pleasant Water Works Distribution Rehab Program - Dunes West and Park West S/D	1010002-07	Replace non-stainless valve bolts and saddles with stainless steel on waterlines in two subdivisions with highly corrosive soils and an increasing incidence of failure of waterlines.	\$ 2,209,118	\$ 2,209,118			68,000	80
11	GSWSA Bull Creek/ Myrtle Beach Water System Interconnection Phase 2	2620004-22	Construction of pumping station and 8,400 LF of 36" pipeline to interconnect the Myrtle Beach water system and the Bull Creek water system.	\$ 8,300,000	\$ 8,300,000			235,000	80
12	Laurens County Water & Sewer Commission Standby Power for Raider Road & Fountain Inn Booster Pump Stations	3020001-04	Install diesel generator, transfer switch and wiring at the Raider Rd booster pump station & install natural gas generator, transfer switch, wiring, natural gas piping, entrance gate in fence and gravel drive at the Fountain Inn booster pump station to maintain system pressures during an electrical outage.	\$ 163,200	\$ 163,200			15,000	80
13	Greeleyville, Town of Greeleyville Water Improvements - 2014	4510001-01	Install transmission lines and lateral water lines to provide water connections to residents on private wells that are susceptible to contamination due to failing onsite wastewater systems and high water table.	\$ 530,520		\$ 530,520		78 ³	75
14	Spartanburg Water Mathis Dairy Road Waterline Extension	4210001-07	Install ~1965 linear feet of 6" and 4" water main and related appurtenances along Mathis Dairy Road to supply public water to an area of residences with contaminated private wells.	\$ 99,300		\$ 99,300		70 ⁴	60
15	Georgetown County Water and Sewer District Robert E. Barker Water Treatment Plant Division 3	2220004-03	Construction of 18,900 LF of 12" and 18" water line to connect the new groundwater tank and high service pumps installed in Phase 1 to existing lines to the north on Choppee Road (Plantersville System).	\$ 1,500,000	\$ 1,500,000			2,000	50
16	Clio, Town of Church and Ivey Street Water Main Replacement	3410002-01	Replacement of 3900 LF of cast iron water mains on Church and Ivey Streets and 10 fire hydrants.	\$ 265,900	\$ 265,900			942	35
17	Lockhart, Town of SC HWY 9 - Waterline Relocations	4420010-01	Waterline relocation and replacement due to SCDOT bridge replacement/relocation. Various 8" and 6" water lines to be installed in the ground and along the bridge.	\$ 155,000	\$ 155,000			740	25

SOUTH CAROLINA DRINKING WATER SRF IUP

Selected Projects List for State Fiscal Year 2015

August 27, 2014
FINAL- Revised

	SPONSOR	DHEC Project Number	Project Description	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ¹	Estimated Green Project Reserve Amount ²	Population Affected by Project	Total Points
18	Cayce, City of The Avenues, Broadacres, N. Frink St., and Glenn St. Tank Water System Replacement	3210003-02	Replacement of aging Glenn St. Tank with new elevated or ground storage tank with booster pump station and replacement of ~216,000 linear feet of old, tuberculated galvanized and cast iron water lines with new PVC and DIP water lines, including hydrants, valves and appurtenances.	\$ 15,700,000	\$ 15,700,000			10,000	20
19	Olanta, Town of Water Meter Replacement, Water Meter Box and GPS Mapping	2110006-02	Replace 337 broken, malfunctioning and old residential meters with radio read meters.	\$ 314,765	\$ 314,765		\$ 314,765 c water efficiency	667	20
20	Lane, Town of Water Meter Replacement and Water Boxes	4510005-01	Replace 265 broken, malfunctioning and old residential meters with radio read meters.	\$ 251,900	\$ 251,900		\$ 251,900 c water efficiency	691	20
21	Bethune Rural Water Company Meter Change Out Project	2820006-01	Replace ~ 1400 old malfunctioning meters with radio read meters and associated software.	\$ 520,000	\$ 520,000		\$ 520,000 c water efficiency	3,600	20
22	GSWSA MBSWTP Ozone system Improvements	2610001-02	Ozone system modifications and improvements at the Myrtle Beach Surface Water Treatment Plant to convert from an air-fed system to a liquid oxygen-feed system.	\$ 3,000,000	\$ 3,000,000			105,000	20
23	Dorchester County Water Authority DCWA Radio Read Changeover	1820001-01	Replacement of ~5,000 old meters with radio read meters.	\$ 1,120,000	\$ 1,120,000		\$ 1,120,000 c water efficiency	14,500	10
			Total Section II	\$ 47,344,788	\$ 43,687,133	\$ 2,653,500	\$ 2,206,665		
			Total Section I + II	\$ 58,773,538	\$ 51,181,353	\$ 2,653,500			
			SFY 2015 Total of SRF Loan + Principal Forgiveness Amounts for Section I + II		\$53,834,853				

1 Principal forgiveness funds are only available if the FY14 DWSRF Capitalization Grant is awarded by EPA and accepted by DHEC. Project listing is not a commitment of funding.

2 GPR projects are classified as "c" for categorical" or "bc" for business case. FY14 Appropriations do not require DWSRF to identify GPR projects, however, South Carolina has elected to identify at least 5% of the cost amount, or \$442,250 as GPR projects.

3 Sponsor water system service population = 855

4 Sponsor water system service population = 182,000

Response to Comments Received on the Draft FY14 DWSRF Intended Use Plan

Comments received on the FY2014 Draft DWIUP were in support of listed projects or requests for project additions and comments on SRF procedures reflected in the IUP. DHEC addressed these comments through the Selected Project List in Appendix A and the responses indicated in italics below.

Comment 1

The Department should increase the amount dedicated from the capitalization grant to 20% for projects that meet the requirements of the GPR. Unlike the draft CWIUP, GPR requirements are still applicable to the DWSRF, however the amount dedicated is much smaller. The draft DWIUP only reserves 5% of the capitalization grant for projects that meet the GPR requirements, while previously, the dedicated amount was 20%. The Department should increase this amount to match previous dedication and encourage green projects and green infrastructure as stated in the goals of the DWIUP.

Although State DWSRF programs are not required to identify any Green Project Reserve (GPR) eligible projects in the Drinking Water SRF, SC SRF has elected to identify at least 5% of the value of the Capitalization Grant (cap grant) in GPR eligible projects. There are no plans at this time to increase the amount of “identified” GPR eligible project for SC’s DWSRF. Please note: that SC SRF offers an incentive rate for “green” projects or portions of projects, which is less than the regular rate.

Comment 2

The Priority Ranking System should reflect all of the goals in the Drinking Water Intended Use Plan. Similar to our comment on the goals outlined in the CWIUP, Upstate Forever supports the goals the Department has outlined in the DWIUP, which encourage consolidation of systems in order to take advantage of economies of scale. However, the Department has emphasized that green practices and green infrastructure are important yet has not included this in the PRS. Awarding points that encourage GPR projects would increase the likelihood of achieving this goal.

DHEC has chosen to encourage “green” projects through the incentive of a lower interest rate for eligible green projects or green portions of projects.

Comment 3

The Department should clarify how funds can be transferred between the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF). Similar to our comment on the CWIUP, the DWIUP provides no criteria or stipulations regarding the transfer of funds between the two. The Department should include more details on how funds can be transferred and used to ensure that projects in both programs are funded sufficiently and equitably and to ensure that transfers are justifiable.

DHEC does not provide a full explanation of the transfer process in every annual IUP. When DHEC does not expect to request a transfer of funds between the CW and DW SRFs verbiage in the IUP is used to reserve the right to transfer at a later date. In a year when DHEC would like

to transfer funds to address a funding shortfall in one of the SRF funds (CW or DW), the process governing the fund transfer is explained.

Comment 4

The Department should continue to provide principal forgiveness for projects that meet specific requirements. Similar to our comment on the CWIUP, there is no longer a principal forgiveness loan program included in the draft DWIUP. The Department should continue to provide principal forgiveness loans to projects that meet certain criteria, such as projects that meet GPR requirements, which will encourage utilities to participate in the DWSRF and achieve the goals outlined in the draft DWIUP.

Section X.C. of the DWSRF IUP, titled “Additional Subsidies”, indicates the amount of principal forgiveness (PF) available for DW projects from the FY 14 Capitalization Grant amount and the priorities for assigning principal forgiveness for projects. Eight projects on the Selected Project List have been identified as eligible to receive PF in State FY 2015 from the FY14 cap grant.