

# *State Revolving Loan Fund*

## **South Carolina Drinking Water State Revolving Fund**

### **FY15 DWSRF Intended Use Plan for State FY16**

DHEC  
Bureau of Water  
2600 Bull Street  
Columbia, SC 29201  
[www.scdhec.gov/srf](http://www.scdhec.gov/srf)



**July 6, 2016  
Final - Amended**

*Final July 7, 2015. Amended August 28, 2015 to update the Provisional Project List (PPL). Amended July 6, 2016 to update the PPL.*

## **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) 2016 – July 1, 2015 through June 30, 2016 – including federal funds allocated to South Carolina from the Consolidation and Further Continuing Appropriations Act, 2015 (P.L. 113-235), and how those uses support the objectives of the SDWA in the protection of public health. South Carolina’s allotment from the FY2015 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 South Carolina Water Quality Revolving Fund Authority (Authority) is responsible for the financial functions of the DWSRF, including its financial policies, and executes loan agreements with project sponsors. As a result of the South Carolina Restructuring Act of 2014, which is effective July 1, 2015, the State Fiscal Accountability Authority serves as the governing body of the Authority. The Rural Infrastructure Authority (RIA) Office of Local Government (OLG) is responsible for the staff financial functions of the DWSRF.

The Consolidation and Further Continuing Appropriations Act, 2015 requires the DWSRF to apply “American Iron and Steel” requirements to all DWSRF funded projects. Also, Davis-Bacon requirements continue to be applicable to DWSRF 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](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 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 2016 \$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 FY15 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. Provisional Projects List**

The Drinking Water Provisional Project List (Appendix A) identifies projects that are considered to be eligible and ready to proceed in the 2016 State Fiscal Year. It consists of projects that the SRF program has been working with and new projects.

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

If the total cost for all projects contained on the Provisional Project List is less than total funds available to lend in SFY 2016, 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, 2016 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](http://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 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 FY15 DWSRF Capitalization Grant is awarded by EPA and accepted by DHEC. Project listing is not a commitment of funding.

## **V. Method for Selecting Projects and Distribution of Funds**

### **A. Priority Ranking System**

DHEC has a Priority Ranking System for projects seeking funding from the DWSRF. A copy of the ranking system used to score and rank projects can be found on the SRF Documents and Forms webpage at <http://www.scdhec.gov/srfforms>.

### **B. Comprehensive Priority List of DWSRF Projects**

For a project to be considered for funding from the DWSRF, it must appear on the Comprehensive Priority List of DWSRF Projects. To be included in this list, an eligible project sponsor must complete a project questionnaire, DHEC 3463, 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 the Provisional Project List (Appendix A) is based on project ranking and the sponsor's indicated readiness to proceed with a project during SFY16. Ready to proceed in SFY16 means that a project will have received a construction permit from the SRF Section and submitted a complete SRF loan application to the RIA/OLG by July 31, 2016.

The successful completion of a preliminary financial review is required before a project may proceed with the RIA/OLG loan application. After notice that the preliminary financial review was successful a project may request a loan application from RIA/OLG. To proceed as an SFY16 SRF project a project must receive a construction permit and submit a complete loan application to RIA/OLG by July 31, 2016. In the event that RIA/OLG 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 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:

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 Provisional Project List**

The projects on the SFY 2016 Provisional Project List (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 2016. (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 2016. All loan projects added to the Provisional Project List must complete the process detailed in Section V(C) to receive funding.

#### **F. Readiness to Proceed**

To promote an expeditious use of funds, sponsors of projects on the SFY 2016 Provisional Projects List will have until April 1, 2016 to receive a construction permit and submit a complete loan application to insure funding priority. After April 1, 2016, loan applications will be accepted on a first-come, first-served basis until the available funds are exhausted or until July 31, 2016, 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 RIA/OLG as part of the preliminary financial review and 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 RIA/OLG 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).

SFY 15 interest rates are classified as *standard, small system, hardship, green, or takeover rate*. Visit the RIA/OLG website, <http://www.ria.sc.gov/> (effective July 1, 2015)<sup>1</sup>, to view current rates, find out more about the loan program and read about costs and qualifications for receiving an SRF loan. Rates for SFY 2016 are expected to be published by the RIA/OLG in early October 2015.

## **J. 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 at the same time as the construction permit application is submitted to DHEC. 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 a loan application is considered complete.

Loan applications are accepted from October 1 through July 31. In the event the RIA/OLG receives complete applications for two or more projects on the same day, the highest-ranked project(s) will receive priority for funding.

# **VI. Eligibility Criteria**

## **A. Eligible Sponsors**

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

## **B. Compliance and Public Health**

According to Section 1452(a)(2) of the SDWA, the DWSRF may only provide assistance for expenditures (not including monitoring, operation and maintenance expenditures) of a type or category which will facilitate compliance with national primary drinking water regulations

---

<sup>1</sup> Prior to July 1, 2015 visit, <http://www.olg.sc.gov/programs.aspx>, to view SFY 15 interest rates.

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. The purchase price of all land may be included in the loan when obtained less than one year prior to the date of submission of a complete loan application and an appraisal, prepared by a qualified appraiser, is submitted on each parcel, right-of-way and easement with the loan application. 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 RIA/OLG 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 RIA/OLG.

#### **F. Construction Costs**

Construction costs include the costs associated with the construction of the project by a contractor. The DWSRF may provide assistance for the costs associated with engineering services during construction, such as inspections, change orders, overview of contractors, shop drawings, record drawings, concrete or soil testing, Davis-Bacon and American Iron and Steel administration, and draw requests.

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

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

#### **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 2015 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 RIA/OLG 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 2016 the State will take four percent (4%) of the FY 2015 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 FY 2015 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 Local Assistance and Other State Programs**

The SDWA allows states to set aside up to 15% of its annual DWSRF allotment to fund various state drinking water protection initiatives. No more than 10% of its annual DWSRF allotment can fund any one initiative. This year DHEC will take 13.4%, or \$1,185,230, to fund the source water protection program and the well-head protection program. DHEC will take 5.5%, or \$486,475 of the 2015 federal capitalization grant for use on source water protection activities. The well-head protection program will be funded at 7.9% of the annual DWSRF allotment, or \$698,755 of the 2015 federal capitalization grant for use on well-head protection activities.

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

The SDWA allows states to set aside up to 10% of 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 2015 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. Funds Available for Loans for State Fiscal Year (SFY) 2016**

Estimated Amount of Funds available as of 6/30/15	\$39,160,300
FY 2015 federal capitalization grant	\$8,845,000
State match for FY 2015 capitalization grant	\$1,769,000
Funds transfer from Clean Water SRF <sup>2</sup>	\$2,918,850
Estimated SFY 16 repayments (7/1/15 to 6/30/16)	\$11,103,510
Estimated SFY 16 investment earnings (7/1/15 to 6/30/16)	\$1,000,000
Estimated amount of SFY 15 loans to be closed	(\$18,294,220)
Value of set-asides from FY 2015 capitalization grant	(\$2,600,430)
Estimated Total Funds Available for SFY 2016 Loans	\$43,902,010.00

#### **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%.

---

<sup>2</sup> Expected transfer of funds from SC's Clean Water SRF fund (as allowed by federal authority against the 2015 Drinking Water Capitalization Grant)

## **I. Interest Rates**

SFY 15 interest rates are classified as *standard, small system, hardship, green, or takeover*. Visit the RIA/OLG website, <http://www.ria.sc.gov/> (effective July 1, 2015)<sup>3</sup>, to view current rates, find out more about the loan program and read about costs and qualifications for receiving an SRF loan. The RIA/OLG expects to publish rates for SFY 2016 in early October 2015.

## **J. Amended FY 2014 IUP**

The FY 2014 DWIUP for the FY14 Capitalization Grant was amended in August 2014 to update the Selected Project List and identify a transfer of funds from the Clean Water SRF to the DWSRF. The transfer, of \$2,918,850, is allowed by federal authority and is based on the FY14 DW Capitalization Grant amount. The transfer was needed to provide additional funds for the DWSRF to help meet a demand for DWSRF loans for FY14.

## **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

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

### **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. Davis-Bacon

---

<sup>3</sup> Prior to July 1, 2015 visit, <http://www.olg.sc.gov/programs.aspx>, to view SFY 15 interest rates.

prevailing wage rates apply to all construction contracts over \$2,000 for projects funded in whole or in part by the DWSRF.

### **C. Additional Subsidies**

The 2015 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 subsidy; however, the SRF program may provide up to the maximum amount allowed by the act, which is \$2,653,500.

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. 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 ensure long term sustainability.

To make maximum benefit of additional subsidy funds provided as principal forgiveness (PF) for SFY16, no one project 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 I indicates the amount of PF that has been assigned to projects for SFY16 on a preliminary basis. The SRF Program reserves the right to adjust PF amounts. PF funds are only available if EPA awards the FY15 DWSRF Capitalization Grant and it is accepted by DHEC. Project listing is not a commitment of funding.

*Potential* principal forgiveness projects for SFY 2016, shown in the Provisional Project List (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.

### **D. Green Project Reserve (GPR)**

The Consolidation and Further Continuing Appropriations Act, 2015, 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 activities. 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 Guidance page of the DHEC Website at [www.scdhec.gov/srf](http://www.scdhec.gov/srf). For SFY 2016, DHEC would like to fund green projects or partial projects in an amount equal to at least 5% of the FY15 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 with GPR guidance on the SRF Guidance page.

No GPR eligible projects have been indicated on the Provisional Projects List in Appendix A for SFY 2016. It is possible that upon review of the technical aspects of the SFY 2016 Provisional Projects GPR eligible project costs may be identified.

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

#### **E. “American Iron and Steel” Requirement**

The Consolidation and Further Continuing Appropriations Act, 2015 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) webpage: [http://water.epa.gov/grants\\_funding/aisrequirement.cfm](http://water.epa.gov/grants_funding/aisrequirement.cfm).

#### **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**

Notice of this draft IUP is mailed or e-mailed to each project sponsor on the Comprehensive Priority List of DWSRF Projects and other interested parties. In addition, a notice (legal advertisement) 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 FY 2015 IUP are posted on the DHEC Website, [www.scdhec.gov/srf](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.

Written notice regarding the draft DWIUP and the DRAFT FY15 DWIUP were posted to the DHEC website on May 29, 2015 and the notice was published as a legal advertisement in the above-mentioned papers on the same day. Comments were accepted until 5:00 pm on June 29, 2015.

Comments received on the DRAFT FY2015 DWIUP consisted of:

- One request to have a new project considered for placement on the SFY16 Provisional Project List (PPL)
- One request to have a project on the Comprehensive Priority List considered for placement on the SFY16 PPL

DHEC considered these comments, but neither project was added to the SFY16 PPL in Appendix A.

# SOUTH CAROLINA DRINKING WATER SRF IUP

## Provisional Projects List for State Fiscal Year 2016

July 6, 2016  
FINAL- Amended

Project Sponsors listed here are eligible to be recipients of SRF funding assistance in State Fiscal Year 2016. 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 Rural Infrastructure Authority - Office of Local Government.

	SPONSOR	DHEC Project Number	Project Description	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance <sup>1</sup>	Estimated Green Project Reserve Amount <sup>2</sup>	Population Affected by Project	Total Points
1	<b>Greenwood CPW</b> 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.	\$ 516,000		\$ 180,033		205	140
2	<b>Hilda, Town of<sup>3</sup></b> 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.	\$ 549,368		\$ 249,368		447	95
3	<b>Jamestown, Town of</b> Replacing or Rehabilitating Aging Infrastructure	0810003-01	Rehabilitate two wells to address water clarity and sand in water from these wells.	\$ 60,500		\$ 60,500		775	90
4	<b>Olanta, Town of</b> Water System Improvements - Elevated Storage Tank	2110006-03	Construct a 200,000 gallon elevated storage tank to maintain compliance with DHEC storage requirements.	\$ 1,324,000		\$ 926,000		667	90
5	<b>Fripp Island PSD</b> Harbor River Waterline Replacement	0720002-02	Replace ~3,500 LF of 10" waterline crossing the Harbor River due to DOT bridge replacement. This line is the only connection to the Island's water supplier.	\$ 2,500,000	\$ 2,500,000			5495	85
6	<b>Dillon, City of</b> Water System Improvements - Elevated Storage Tank	1710001-02	Construction of a 300K gal elevated storage tank in an area of low pressure plus line work to allow water to flow unrestricted from the tank to the rest of the City's system. Will bring the City system in compliance with DHEC regulations.	\$ 1,499,000	\$ 750,000	\$ 749,000		3534	85
7	<b>Camden, City of<sup>4</sup></b> Camden WTP Hypochlorite System & Carbon System Upgrades	2810001-04	Construct a sodium hypochlorite system to replace gas chlorine disinfection, and construct a powdered activated carbon system to protect against potential cyanotoxins that could result from algal blooms in source water.	\$ 1,522,900	\$ 1,522,900			15600	40
8	<b>Cassatt Water (Kershaw Co. &amp; Lee Co. RWA)</b> Cassatt Water - Phase 2 Projects	2820005-01	Replace existing failing water mains and install new wells, new tanks and new booster pump stations to provide for sustainable system operations.	\$ 4,500,000	\$ 4,500,000			24000	25
9	<b>Cayce, City of</b> 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			10000	20

# SOUTH CAROLINA DRINKING WATER SRF IUP

## Provisional Projects List for State Fiscal Year 2016

July 6, 2016  
FINAL- Amended

10	<b>Camden, City of</b> Water System Rehabilitation 2015	2810001-01	Construct new water distribution mains to replace aging pipes subject to failure.	\$ 1,163,324	\$ 1,163,324				650	20
11	<b>Camden, City of</b> Water System Rehabilitation - Camden Truck Route	2810001-03	Replacement of ~17,412 LF of aging water mains of various size and composition that are responsible for water quality issues.	\$ 3,067,940	\$ 2,106,990				387	20
			Total Section	\$ 32,403,032	\$ 28,243,214	\$ 2,164,901				
			SFY 2016 Total of SRF Loan + Principal Forgiveness Amounts		\$ 30,408,115					

- 
- 1 Principal forgiveness funds are subject to change and are only available if the FY15 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. FY15 Appropriations do not require the DWSRF to identify GPR projects, however, South Carolina has elected to identify at least 5% of the capitalization grant amount, or \$442,250 as GPR projects.
  - 3 Project added to PPL August 8, 2015.
  - 4 Project added to PPL June 8, 2016.