



# Federal FY 2023 CWSRF Base Capitalization Grant Intended Use Plan For State FY 2024

FINAL AMENDED

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*Amended: Public Participation,  
Appendix A*

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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) 2024 (July 1, 2023 through June 30, 2024) including federal funds allocated to South Carolina from the Consolidated Appropriations Act, 2023. South Carolina's allotment from the federal appropriations for federal fiscal year (FFY) 2023 is \$7,684,000. Eligibility for CWSRF loans and CWSRF program requirements, including any requirements of the applicable appropriations legislation are included in the IUP.

The South Carolina Department of Health and Environmental Control (DHEC) is the designated state agency to apply for and administer the capitalization grant for the CWSRF. The South Carolina Water Quality Revolving Fund Authority (Authority) is responsible for the financial functions of the CWSRF, including its financial policies, and executes loan agreements with project sponsors. The South Carolina Rural Infrastructure Authority's Office of Local Government (RIA) conducts the staff functions of the Authority.

Once prepared, an IUP must be noticed for a period of at least 30 days to accept comments from the public. Comments on all facets of the DRAFT IUP are accepted. After considering comments received, the IUP is finalized and posted on DHEC's Reports and Publications web page at [www.scdhec.gov/srfreports](http://www.scdhec.gov/srfreports).

# II. Goals

South Carolina has identified several short- and long-term goals designed to promote sustainable improvements to the state's infrastructure and help ensure maximum environmental and public health benefits.

## A. Short Term Goals

1. Maintain a subcontract with a qualified vendor to provide technical assistance to small systems that have publicly owned treatment works.

## B. Long Term Goals

1. Promote sustainable system capacity through consolidation of systems thereby taking advantage of the economies of scale to address technical, managerial, and financial capacity problems.

2. Assist local communities as they strive to achieve and maintain compliance with federal and state water quality standards by funding projects that improve or protect water quality by reducing pollutant loading to attain water quality standards.
3. Use Principal Forgiveness funds to assist small and disadvantaged communities and utilities as they strive to achieve and maintain compliance with federal and state wastewater and stormwater regulations and meet state water quality standards.
4. Maintain a working relationship with other infrastructure funding authorities within the state to coordinate water quality funding.
5. Work collaboratively to direct CWSRF funds to areas where additional DHEC and EPA resources are already invested (i.e., Priority Watersheds and 319 grants).
6. Support the use of green practices and investment in green infrastructure, water and energy efficient improvements and environmentally innovative projects.
7. Maintain the fiscal integrity of the CWSRF to ensure the perpetuity of the fund.

### **III. Transfer of Funds From/To the Clean Water State Revolving Fund**

The SC SRF program reserves the ability to transfer funds between the CWSRF and Drinking Water (DW) SRF as provided for by federal law. Fund transfers from the CWSRF to the DWSRF or from the DWSRF to the CWSRF will be done to assist in meeting the funding demands in the CWSRF and DWSRF. The law allows the SRFs to transfer an amount equal to 33% of each annual Drinking Water capitalization grant. SC SRF would transfer non-federal funds made available by loan repayments. The EPA will receive written notification prior to any transfers occurring.

For SFY 2024, the SC SRF has no plans to transfer funds between the CWSRF and DWSRF but reserves the right to do so if needed to meet demand in either the Clean Water or Drinking Water Base capitalization grant programs during SFY 2024.

### **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 2024.

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

Final funding decisions for each project are contingent on a review of the project sponsor's technical and managerial capacity, a completed environmental review of the proposed project, issuance of a DHEC SRF construction permit (or construction approval letter), and a successful final credit review by RIA for the Authority for projects receiving loans. The availability of a loan from the Authority will be based on the project sponsor's financial capacity and its ability to afford repayment on the requested amount of debt.

The Provisional Projects List includes projects that have been identified to receive principal forgiveness funds. These funds are only available if the FFY 2023 CWSRF Base 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 Reports and Publications web page at [www.scdhec.gov/srfreports](http://www.scdhec.gov/srfreports).

### B. Comprehensive Priority List of CWSRF Projects

For a project to be considered for funding by the CWSRF, it must appear on the State's Comprehensive Priority List of CWSRF Projects. To be included in this list, an eligible project sponsor (municipalities, counties, or special purpose districts) must complete a Project Questionnaire (PQ), DHEC 3561 or a similar funding request application approved by DHEC. The DHEC 3561 form can be found on the SRF Forms web page at [www.scdhec.gov/srfforms](http://www.scdhec.gov/srfforms). A project sponsor may submit a completed PQ to the SRF Division 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 Reports and Publications web page at [www.scdhec.gov/srfreports](http://www.scdhec.gov/srfreports).

If a project remains on the Comprehensive Priority List for two years and does not proceed, the project will be removed from the list unless the sponsor provides an updated PQ.

### C. Selection of Projects and SRF Funding

The selection of projects for the Provisional Projects List (Appendix A) is based on the project rank and cost, availability of funds, and the sponsor's indicated readiness to proceed with a project during SFY 2024. Ready to proceed in SFY 2024 means that a project will be in compliance with the SRF schedule for submission of an acceptable preliminary engineering report and construction permit application as well as a complete SRF loan application to RIA. The selection process for sponsors and projects that may

receive Additional Subsidies (i.e., 100 percent principal forgiveness for this grant) are discussed in Section IX.B.

The successful completion of a preliminary financial review should occur before a project sponsor proceeds with meeting the technical requirements for a loan. Based on the schedule established for a project, RIA will send the sponsor a loan application package. To proceed as an SFY 2024 SRF project, a project must receive a construction permit, or letter of approval to construct, and submit a complete loan application to RIA by July 31, 2024. For large projects, DHEC and RIA reserve the right to impose a limit on the amount of any given CWSRF loan, regardless of ranking, and to consider a sponsor's ability to obtain financing from other sources and to make SRF funds available to a larger number of eligible sponsors.

When conducting outreach to solicit CWSRF projects, DHEC will emphasize the importance of resiliency, security, and sustainability projects and convey that projects to address these issues are eligible for CWSRF funding.

#### **D. Bypass Procedure**

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

1. To fund a project where a viable system owner is willing to assume ownership or receivership of a non-viable or abandoned system;
2. To select Green Project Reserve eligible projects or portions of projects that equal at least \$768,400 (10% of the expected capitalization grant amount);
3. To address an imminent hazard to public health as determined by DHEC;
4. To address an imminent release of untreated wastewater directly to a surface water body as determined by DHEC;
5. To fund projects that will eliminate a point source discharge, which is violating effluent limits, by a connection to a regional system;
6. To fund projects that support consolidation or regionalization of systems to enhance the sustainability, regulatory compliance and/or quality of service of the systems involved;
7. To fund projects for eligible sponsors that have not previously received CWSRF funding;
8. To fund an equitable geographic distribution of projects;
9. To fund a project for an eligible sponsor that is not receiving SRF funds, especially principal forgiveness funds, from some other FFY 2023 CWSRF or DWSRF grant. The purpose of this bypass is to facilitate the distribution of SRF funds to a larger number of eligible sponsors, especially sponsors receiving principal forgiveness funds; and
10. To fund projects that do not receive direct federal allotments in order to distribute funds more evenly across the state. Additionally, the SRF may choose to not fund projects that appear on the PPL that later receive a direct federal allotment.

## E. Expeditious Use of Funds

To promote timely commitment and use of SRF funds, DHEC will determine milestones for each project related to the completion of the PER and submission of plans and specifications to obtain a construction permit or letter of approval to construct. For the projects listed on the PPL, the project sponsor should meet these milestones to ensure funds will not be committed to other projects. DHEC will take into account the complexity of the project and work with project sponsors in setting, and revising if appropriate, project milestones. It is the goal of the program to have projects on the PPL that have a signed loan agreement or loan assistance agreement (PF projects) within 18 months of the date EPA awards the grant. With current resource shortages for materials and qualified engineers and contractors, DHEC realizes that it may be challenging for sponsors to meet this goal.

Currently, project design and construction costs are increasing, often at a rapid pace. Therefore, sponsors with projects on the PPL will be encouraged to bid on project alternatives, if feasible. Some or many PF projects on the PPL still may exceed the SRF budget amounts shown on the PPL. A PF project on the PPL may receive additional funding above the budgeted amount shown on the PPL if justified and approved by DHEC. Once the total PF funds under binding commitment reach the total PF amount shown on the PPL, PF projects without a binding commitment when that amount is reached will be addressed as follows: 1) projects with a Preliminary Engineering Report (PER) that has been approved by the DHEC SRF program will be moved to the next year's IUP and PPL for the Base grant; and, 2) projects without an approved PER will need to be resubmitted to the SRF program for future funding consideration. Available funds and loan budgets are discussed in Section VII.D.

## F. Sustainability Requirement

The CWSRF will not provide any type of assistance to a project sponsor that lacks the technical, managerial, or financial capability to operate sustainably, unless the sponsor agrees to undertake feasible and appropriate changes in operation or if the use of the financial assistance from the CWSRF will promote sustainability and compliance over the long-term.

Sponsor sustainability is evaluated using DHEC's Utility Sustainability Assessment (UtSA) (DHEC 0574). The UtSA is a written system assessment completed by the Sponsor and reviewed and scored by DHEC that includes operational issues, managerial issues and limited financial information. Unless an acceptable score was received on a UtSA within the previous three years, a UtSA is requested of sponsors with projects on the Provisional Projects List. Additional financial assessment is performed by RIA as part of the preliminary financial review and loan application process.

## G. Interest Rates and Funding Terms for Eligible Projects

Visit the RIA website at [www.ria.sc.gov](http://www.ria.sc.gov) to view SRF loan rates and policies. Interest rates for SFY 2024 projects will be published by RIA in early October, 2023. To receive that

interest rate, a project must receive a construction permit, or letter of approval to construct, and submit a complete loan application to RIA by July 31, 2024.

Up to 30-year financing is available for all borrowers not to exceed the useful life of the project components. For example, pipe and items constructed of concrete or steel qualify for a 30-year term, while mechanical and electrical components are limited to 20 years. Blended amortizations will be provided for loans with differing terms.

For any project requesting funds for both 20- and 30-year eligibilities, the engineer will provide in the PER an estimated cost breakout in sufficient detail for DHEC to determine items that qualify for 20- or 30-year financing based on useful life. This information will be used for the conditional loan commitment letter; however, the 20- and 30-year eligibilities used for loan closing must be based on contractor prices.

Loans for projects with both 20- and 30-year requested construction cost items will have the 20/30-year cost breakdowns for the loan agreement determined once the bidding process is complete. If the successful contractor's bid is in sufficient detail for DHEC to determine the useful life of the components, no further breakout will be needed for loan closing. However, when the successful contractor's bid is not in sufficient detail to make the 20/30-year determinations, such as in a lump sum bid, the successful contractor, after the tentative award notice but before loan closing, must provide a breakout of the bid in sufficient detail for DHEC to make the necessary determinations of 20- and 30-year eligibility. So as to not delay loan closing and, in most cases, execution of the construction contract, the selected contractor needs to develop and submit the detailed 20/30-year cost breakout to DHEC at the earliest possible time.

## H. Loan Application

Sponsors of Provisional Projects who successfully complete RIA's preliminary financial review may apply to the Authority through RIA for SRF loan financing by submitting a loan application approximately 30 days prior to submitting plans and specifications as required for a DHEC/SRF construction permit or letter of approval. Authorization to construct the project, either through an SRF-issued Permit to Construct or Letter of Approval, both of which require a completed environmental review, is required before an SRF loan application is considered complete.

Loan applications are accepted from October 1 through July 31.

# VI. Eligibilities

## A. Eligible Sponsors

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

## B. Water Quality Management (WQM) Plans

Pursuant to Section 208 of the Clean Water Act, Section 212 CWSRF projects must not conflict with the applicable Water Quality Management (WQM) plan. The sponsor of a



CWSRF project must be a designated management agency, which is any municipality, county or special purpose district that accepts the responsibilities associated with implementing an applicable WQM plan. The management agency designation process may be pursued concurrently with the CWSRF project if necessary. More information about management agency responsibilities and the designation process can be found in the 208 Water Quality Management Plan for the Non-designated Area of South Carolina at [www.scdhec.gov/sites/default/files/Library/CR-010129.pdf](http://www.scdhec.gov/sites/default/files/Library/CR-010129.pdf).

### **C. Land**

Land needed in support of construction and for collection, transport, treatment, and stormwater projects, is eligible for CWSRF loan participation. The purchase price of all land, rights-of-ways, and easements, not to exceed the appraised value, may be included in the loan when: 1) the land is obtained less than one year prior to the date of a complete loan application, and 2) an appraisal, prepared by a qualified appraiser, is submitted on each parcel, right-of-way and easement with the loan application. For land with structures or other improvements, only the appraised value of the land is CWSRF loan eligible, not the appraised value of the land with the structures or improvements. In the CWSRF program, land may be acquired under proper eminent domain procedures when necessary.

### **D. Planning and Design Costs**

A CWSRF loan may include the costs of project planning and services incurred prior to construction (e.g., costs associated with preparing the PER, plans and specifications, advertising, pre-bid conference, bidding procedures, pre-construction conference, loan application, administration, or creating a watershed-based plan). Only those costs for which there is clear documentation of expenses incurred solely for the proposed project and are dated no earlier than 36 months prior to the date of a complete loan application to RIA are eligible for funding under the CWSRF program.

### **E. Legal and Appraisal Fees**

In general, legal and appraisal costs associated with obtaining land (rights-of-way and easements) and attorney fees associated with the SRF loan application and loan closing process are eligible. Legal and appraisal costs associated with obtaining land are not eligible for funding under the CWSRF program if incurred earlier than one year prior to the date of a complete loan application to RIA.

### **F. Construction Costs**

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

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

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

Service connections are eligible for funding from the SRF but only that portion of a service connection that will be owned and maintained by the project sponsor and installed as part of an SRF funded sewer line project.

## **G. Contingency**

The SRF program allows a contingency on eligible construction costs for loan projects as follows: ten percent (10%) of the construction line item for the first \$10 million dollars of construction costs and five percent (5%) for the construction amount that exceeds \$10 million. However, projects that are co-funded with the South Carolina Infrastructure Investment Program (SCIIP) will not be allowed a contingency amount through SRF, since a 25% contingency has already been factored into the initial construction estimate for the entire project and subsequently reflected in the SCIIP grant award.

The SRF program allows a contingency of two and a half percent (2.5%) for materials that are directly purchased by the sponsor. Projects that are co-funded with SCIIP will not be allowed a contingency through SRF for materials directly purchased by the sponsor.

There is no contingency allowed on equipment.

## **H. Phasing of a CWSRF Project**

To make construction and/or funding more manageable, a project may be divided into separately funded phases or segments, at the option of the sponsor. However, to be CWSRF-eligible, any such phase or segment must be of reasonable scope and, when constructed, must have the capability of being placed into immediate full operation, without its full operation being dependent on a subsequent project phase or segment or another outside operation yet to be completed. After a given project phase is funded, subsequent phases must stand separately in competing with other projects for priority list ranking in later fiscal years.

## **I. Projects Not Eligible for Funding**

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

1. Projects for systems that lack adequate technical, managerial and financial capability (i.e., non-viable systems), unless the project is needed to address a high-priority environmental or human health concern or will promote sustainability and compliance over the long-term;
2. Projects exclusively correcting operation and maintenance deficiencies;

3. Projects for systems in NPDES noncompliance, unless funding will help a system achieve compliance; or
4. Projects for systems when consolidation or regionalization is the most feasible alternative for a system to maintain sustainability, unless the project addresses or supports consolidation or regionalization.

## VII. Funds Available

### A. Amount of Capitalization Grant

South Carolina's capitalization grant allotment from the FFY 2023 CWSRF Base grant is \$7,684,000.

### B. State Match Requirement and Anticipated Cash Draw Ratio

One condition of receiving the annual capitalization grant allotment is the State must deposit into the CWSRF state match in an amount equal to at least twenty percent (20%) of the total amount of the expected federal grant. RIA will deposit the full state match of \$1,536,800 into the CWSRF from state appropriations and other resources available to RIA prior to receiving the capitalization grant. It will fully expend the state match before the first draw of funds from the capitalization grant with subsequent federal draws at 100%.

### C. Administration of the CWSRF Program

The CWA allows each state to use an amount equal to four percent (4%) of its capitalization grant to fund the administration of the CWSRF program. For SFY 2024, the State will take \$306,455, or approximately 4%, of the FFY 2023 CWSRF Base capitalization grant for administration of the CWSRF program.

### D. Estimated Funds Available – State Fiscal Year (SFY) 2024

Estimated Amount of Funds to be available for loans as of 6/30/23	\$16,262,700*
FFY 2023 Base capitalization grant	\$7,684,000
State match for FFY 2023 Base capitalization grant	\$1,536,800
CWSRF administrative fee for Base capitalization grant	-\$306,455
Estimated SFY 2024 repayments (7/1/23 to 6/30/24)	\$49,740,000
Estimated SFY 2024 investment earnings (7/1/23 to 6/30/24)	\$7,800,000
Estimated recycled funds needed for FY23 Base & General Supplemental APF projects	-\$12,012,970
Estimated amount of funds to be transferred to/from the DWSRF	\$0
<b>Estimated Total Funds Available for SFY 2024 Loans</b>	<b>\$70,704,075</b>

\*This is the estimated amount of funds available for SFY 2024 loans and does not include any funds reserved to fund the remaining SFY 2023 loans yet to close. All prior capitalization grant funds are committed to projects. No loan fee income is used on projects. All loan fees are used to conduct the financial functions of the SRF program assigned to RIA under state law.

**Note:** The estimated total funds available for SFY 2024 loans may change from the figure quoted above due to the ongoing administration of projects, including projects on prior CWSRF IUPs where bids have not been opened. Since the PPL already shows an overcommitment of funding and with the escalation of project costs, loan requests will likely continue to exceed available money, thereby severely limiting consideration of bid overages. Any additional funding will be based on the availability of funds, the size of the overage, the financial capability of the project sponsor to use its own cash reserves or ability to access other funds, and the total amount of funding requested by a project sponsor in multiple projects. Also, projects will be financed in the order of having a complete loan application (including construction permit/letter of approval) and any projects that cannot be funded will be moved to the next available IUP. In addition, equivalency projects that do not have a construction permit (or letter of approval) and a closed loan by July 31, 2024 may be moved to the next available IUP.

### **E. Equivalency to Account for Federal Funds**

DHEC will use equivalency projects to account for the federal funds awarded to the SC CWSRF program through this capitalization grant. The amount that must be accounted for includes the total federal grant award minus any set-aside funds received from the grant. The potential equivalency projects are noted on the PPL. When possible, DHEC will select projects for equivalency that are straightforward to construct, require a relatively limited range of construction materials and equipment to complete, and are requesting a large CWSRF loan. The equivalency projects will be required to meet all of the federal requirements listed in Section IX.A.

The equivalency projects that have binding commitments (signed loan agreements) and are selected to account for the federal funds received from this capitalization grant will be identified in the CWSRF Base grant annual report and reported to the federal government pursuant the requirements of the Federal Funding Accountability and Transparency Act (FFATA).

### **F. Fee Income**

A 0.35% loan closing fee will be charged on all loans, but such fees will not be assessed on any principal forgiveness projects or portions of projects. The entirety of loan fees collected are used to conduct the financial functions of the SRFs assigned to RIA under state law.

## **VIII. Assurances and Specific Proposals**

DHEC has provided assurances and specific proposals as part of the Operating Agreement between South Carolina and EPA. The Operating Agreement provides a framework of procedures for operation and administration of the CWSRF including:

1. Environmental Reviews: The State will conduct environmental reviews according to the procedures identified in its Operating Agreement.

2. Binding Commitments: The State will enter into binding commitments for 120% of the amount of each quarterly payment under the capitalization grant within one year of each such payment.
3. Expeditious and Timely Expenditures: The State will expend all funds in the CWSRF in an expeditious and timely manner as previously discussed.

## IX. Additional Information / Requirements

### A. Federal Requirements

Sponsors will be notified of all applicable federal requirements once their project is identified as a candidate for funding. Several federal requirements are required of all SRF loan recipients as follows:

- Environmental review of the project
- Compliance with Civil Rights Laws
- Davis-Bacon prevailing wage rates
- American Iron and Steel
- Fiscal sustainability plans for project components
- Cost and effectiveness analysis of the project

Additional federal requirements are tied to the capitalization grant and will be required of any project receiving a loan designated as being made with federal capitalization funds. These requirements include but are not limited to:

- Disadvantaged Business Enterprise compliance (DBE)
- Build America, Buy America Act provisions
- Equal Employment Opportunity
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: Title 2 CFR, Parts 200 and 1500 (“Uniform Guidance” – governs single audit requirements)
- Architectural and Engineering Procurement
- Base Equivalency Signage

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

### B. Additional Subsidies

The Consolidated Appropriations Act, 2023 requires that ten percent (10%) of the CW capitalization grant be used to provide additional subsidy. The CWA requires that 10% to 30% of the capitalization grant be used to provide additional subsidy to state-defined disadvantaged communities, which the South Carolina CWSRF program defines as a small system (population less than 10,000) with an MHI less than the State MHI that cannot qualify for an SRF loan. The two additional subsidy requirements are additive, therefore, the total required additional subsidy for this capitalization grant is 20% to 40%. South Carolina will use assistance agreements with 100% forgiveness of principal to satisfy this requirement. Section 603(i) of the CWA, outlines conditions under which

additional subsidy may be offered to a project. RIA staff conduct a thorough financial review of each system sponsor to determine if they can afford an SRF loan. The ability to afford an SRF loan combined with system population and Median Household Income (MHI) data are the basis of the criteria described below for a system to receive PF assistance for a project.

EPA expects the SRF program to ensure that systems and project sponsors that receive additional subsidy have the technical, managerial, and financial capacity to maintain compliance with federal and state regulations. The Utility Sustainability Assessment mentioned in Section V.F. above is one tool used by the SRF to evaluate the technical, managerial, and financial capacity of a potential SRF additional subsidy recipient. Systems that do not have adequate technical, managerial, and financial capacity may receive additional subsidy funds if the system/sponsor agrees to undertake needed changes in operation that will promote sustainability or if the use of the financial assistance from the CWSRF will promote sustainability and compliance over the long-term. The sponsor may not be eligible for additional subsidies on future projects until the agreed upon operational changes have been fully implemented. Also, systems that ask to be considered for principal forgiveness funds must not be delinquent on submission of annual financial audits to the State Treasurer's Office as required by SC state law.

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

- That enhance the sustainability of small systems (population less than 10,000) by fixing existing infrastructure;
- Where a sustainable system owner is willing to assume ownership or receivership of an unsustainable or abandoned system; or,
- To provide a long-term solution to ongoing surface water or groundwater contamination problems from the discharge of treated or untreated wastewater or sludge.

Eligible sponsors with eligible projects that may receive PF assistance are as follows:

- Small systems (population less than 10,000) with a Median Household Income (MHI) less than the State MHI that cannot qualify for a CWSRF loan, or
- A sustainable system owner willing to assume ownership or receivership of an unsustainable or abandoned system.

To make maximum benefit of PF funds for SFY 2024, no one sponsor may receive more than \$1,500,000 for additional subsidy unless PF funds remain unassigned or are not committed to an identified project as expected.

Appendix A indicates the amount of PF that has been assigned to projects for SFY 2024 on a preliminary basis. The SRF Program reserves the right to adjust PF amounts. PF funds are only available if EPA awards the FFY 2023 CWSRF Base grant and it is accepted by DHEC. Project listing is not a commitment of PF funding.

If a sponsor requests PF assistance for a project, but the sponsor and project are eligible for a conventional SRF loan, the sponsor will be offered a conventional SRF loan in lieu of PF assistance (see the principal forgiveness loan eligibility criteria discussed above); the exception being a sustainable system owner willing to assume ownership or receivership of an unsustainable or abandoned system.

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

The Consolidated Appropriations Act, 2023 requires to the extent there are eligible projects, not less than 10% of the State's expected FFY 2023 CWSRF Base grant 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 \$768,400. DHEC's GPR guidance is posted on the SRF Guidance web page at [www.scdhec.gov/srfguidance](http://www.scdhec.gov/srfguidance).

In the FY 2024 annual report for this grant, DHEC will identify the projects with binding commitments that will be used satisfy the 10% GPR requirement for the grant. To make this determination, DHEC will use EPA's GPR guidance and best professional judgement in accordance with the EPA Memorandum dated February 21, 2017, "[Change to Clean Water State Revolving Fund Green Project Reserve Guidance](#)."

### **D. Environmental Outcomes and Measures**

DHEC will update EPA's SRF Data System at least quarterly to report financial information about the program and projects, loan information, and project activities and benefits.

### **E. Public Participation**

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

During the public notice period (30-day minimum), the Draft IUP notice and Draft FFY 2023 CWSRF Base Capitalization Grant IUP are available from the DHEC Reports and Publications web page at [www.scdhec.gov/srfreports](http://www.scdhec.gov/srfreports). Revised IUPs with significant changes must also have a public notice period (14 day minimum). Interested parties are invited to review the documents and submit written comments by the deadline established in the Draft IUP notice.

The Draft FFY 2023 CWSRF Base Capitalization Grant IUP was posted to the DHEC website on July 6, 2023. Notice of the draft IUP was emailed to SRF contacts, Rural Infrastructure Authority contacts, DHEC watershed stakeholders, and included in communications to members of the SC Rural Water Association, the South Carolina Association of Counties, and the Municipal Association of South Carolina. Comments were accepted until 5:00 PM on August 5, 2023. No comments were received.

The Draft Amended FFY 2023 CWSRF Base Capitalization Grant IUP was posted to the DHEC website on May 22, 2024. Notice of the draft IUP was emailed to SRF contacts, Rural Infrastructure Authority contacts, DHEC watershed stakeholders, and included in communications to members of the SC Rural Water Association, the South Carolina

Association of Counties, and the Municipal Association of South Carolina. Comments were accepted until 5:00 PM on June 5, 2024. No comments were received.



SOUTH CAROLINA  
CWSRF SFY 2024 Base Provisional Project List<sup>1</sup>

	Sponsor & Project Name	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance <sup>2</sup>	Estimated Green Project Reserve Amount <sup>3</sup>		Total Points
1	<b>Pendleton, Town of</b> - Central Road PS Replacement	472-10	This project will include replacement of the existing Old Central Pump Station. The pump station has exceeded it's useful life and has flooded multiple times in the past 3 years. The wet well is brick and requires an operator to enter the wet well to maintain the redundant pump. In addition, the pump station currently does not have SCADA.	N/A	\$ 600,000	\$ -	\$ 500,000			70
2	<b>James Island Public Service District</b> - Phase 5 Rehabilitation of Wastewater Facilities	543-24	Phase-5 of a planned five-phase capital improvement project to include repairs of remaining, previously prioritized Grade 2, 3, and 4 sewers, service lines, service line connections, open-cut structural sewer line point repairs, and manhole structural repairs and lining. The Phase-5 scope-of-work will include structural repairs and lining of approximately 60 manholes.	SC0021229	\$ 1,000,000	\$ 1,000,000	\$ -			70
3	<b>Anderson, City of</b> - Rocky River WWTP and Generostee Creek WWTP Improvements	379-21	This project will include the replacement of the floating anaerobic digester lid at the Rocky River WWTP and upgrading the SCADA system to a more robust and versatile software system at both the Rocky River WWTP and Generostee Creek WWTP. These improvements will replace aging infrastructure and improve operations, but will not increase treatment capacity at either facility.	SC0023744 SC0023752	\$ 2,190,000	\$ 2,190,000	\$ -			60
4	<b>Mount Pleasant Waterworks</b> - Environmental Protection through Force Main Renewal, Replacement, Improvement Program	511-56	North Highway 17 (from Faison Road to Carolina Park Blvd): Existing 12-inch force main on Highway 17 is over 30-years old. A new force main is required due to the deterioration of the existing pipe. This was determined during MPW's force main condition assessment program when an attempt to inspect the force main resulted in a rupture of the line in front of the Roper St. Francis Hospital. Rifle Range Road (from Long Grove to Magnolia Woods Drive): Existing 20-inch force main on Rifle Range Road is over 30 years old. It has experienced three failures in the past 10-years, with the most recent one in December 2020, resulting in an expensive emergency repair.	SC0040771	\$ 14,000,000	\$ 14,000,000	\$ -			50
5	<b>Chester County Wastewater Recovery</b> - Lando-Manetta WWTP Connection to Rock Hill system	380-12	The proposed project includes a 4 MGD pump station at the CWR Lando-Manetta WWTP with approximately 47,400 feet of 20-inch force main connecting to the existing Wildcat force main near Southland on the City of Rock Hill system.	SC0001741	\$ 25,000,011	\$ 1	\$ -			40

SOUTH CAROLINA  
CWSRF SFY 2024 Base Provisional Project List<sup>1</sup>

	Sponsor & Project Name	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance <sup>2</sup>	Estimated Green Project Reserve Amount <sup>3</sup>		Total Points
6	North Charleston Sewer District - NCS D Collection System Improvements	810-01	This project includes 2 priority projects: 1)Construction of a new 2.5 MGD wastewater pump station to replace the existing station that was built in the late 1960's & has reached the end of its useful life. It has been modified over the years to address changes in flow conditions, but the current structure will not accommodate additional upgrades and a new station is needed. 2)Rehabilitation of approximately 7200LF of wastewater force main that has reached the end of its useful life and has had multiple failures in recent years, including one in August 2022 that resulted in a reportable SSO.	SC0024783	\$ 5,500,000	\$ 5,500,000	\$ -			40
7	Grand Strand WSA - Conway to Bucksport Diversion <sup>4</sup>	381-81	Install ~40,000 LF of 20" force main and a duplex pump station to allow GSWSA to redirect flows between the Conway WWTP and the Bucksport Regional WWTP if needed, especially during extreme weather events.	SC0021733, ND0086240	\$ 8,500,000	\$ 8,500,000	\$ -			30
8	Honea Path, Town of - Chiquola and Clatworthy Subbasin - Sewer Rehabilitation (Phase 1)	515-06	Phase 1 will utilize Sanitary Sewer Evaluation Surveys (SSES) to fully evaluate the basin; including CCTV investigations, smoke testing, and manhole inspections. This SSES would then allow for critical areas to be identified as well as provide the data necessary to develop cost-effective and beneficial plans to rehabilitate the basin within the remaining, allocated PF funds through some combination of open-cut relocations, pipe bursting, and cured-in-place pipe along with manhole rehabilitation or replacement and lateral connection improvements. As part of the SSES, Manhole inspections would also include GPS mapping grade survey of manholes for GIS development. The new GIS would be the beginning of an asset management system to be built upon in the future and allow for long-range planning and system-wide CIP development.	SC0020214	\$ 1,500,000	\$ -	\$ 1,050,000			30
9	James Island Public Service District - Harbor View Road Force Main Capacity Upgrade Project <sup>4</sup>	543-23	The Project will include a total of 5,573 Ft. of 20" and 24" nominal diameter (ID) wastewater transmission force main extending from at existing junction assembly at Harbor View Road and Waites Drive to the CWS Plum Island WWTF. The Project will include three (3) HDPE Horizontal Directional Drills (HDD) of 863 Ft., 1,215 Ft., a 3,309 Ft tidal march and creek crossing, 186 of open-cut 20" ID C905 PVC, diversion of CWS-61 flow into the District's existing 18" force main, four (4) force main junctions including two emergency flow diversion cross-connections to divert flow into either the existing 18" ID or proposed 24" ID force main, and a new Master Flow Meter. The proposed force main will parallel the District's existing 18" ID circa 1996 force main, provide additional transmission capacity to meet projected 2040 demand, and provide emergency transmission redundancy for three JIPSD pump stations and one CWS Pump Station.	SC0021229	\$ 8,711,836	\$ 8,711,836	\$ -			0
Totals:					\$ 58,290,011	\$ 31,190,001	\$ 1,550,000			
					<b>Total of SRF Loan + Principal Forgiveness Loan Amount:</b>		<b>\$ 32,740,001</b>			

SOUTH CAROLINA  
CWSRF SFY 2024 Base Provisional Project List<sup>1</sup>

	Sponsor & Project Name	SRF Project Number	Project Description	NPDES Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance <sup>2</sup>	Estimated Green Project Reserve Amount <sup>3</sup>	Total Points
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**Footnotes:**

- 1 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.
  - 2 As discussed in Section IX.B. of this IUP, the minimum required Additional Subsidy is 20% of the capitalization grant or \$1,536,800. SC uses Principal Forgiveness Assistance to satisfy the Additional Subsidy requirement. The total Estimate Principal Forgiveness Assistance is shown on the table above. The Principal forgiveness funds are subject to change and are only available if the CWSRF Capitalization Grant referenced in this IUP is awarded by EPA and accepted by DHEC. Project listing is not a commitment of funding.
  - 3 FY23 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 \$768,400, as GPR eligible (see Section IX.C. of this CWSRF IUP). The footnoted projects are GPR eligible projects with requested SRF loan amounts that exceed 10% of the capitalization grant.
  - 4 Equivalency project. DHEC reserves the right to modify, as needed and when appropriate, which project(s) will serve as the equivalency project(s) for this grant.
  - 5 Denotes a project where the sponsor requested a principal forgiveness (PF) loan, but the sponsor and project are eligible for a conventional SRF loan (see Section IX.B. Additional Subsidies of this IUP).
- Note: The estimated total funds available for SFY 2024 loans may change due to the ongoing administration of projects, including projects on prior CWSRF IUPs where bids have not been opened. Since this PPL already shows an overcommitment of funding and with the escalation of project costs, loan requests will likely continue to exceed available money, thereby severely limiting consideration of bid overages. Any additional funding will be based on the availability of funds, the size of the overage, the financial capability of the project sponsor to use its own cash reserves or ability to access other funds, and the total amount of funding requested by a project sponsor in multiple projects. Also, projects will be financed in the order of having a complete loan application (including construction permit/letter of approval) and any projects that cannot be funded will be moved to the next available IUP. In addition, equivalency projects that do not have a construction permit (or letter of approval) and a closed loan by July 31, 2024 may be moved to the next available IUP.