

# SRF NEW PROJECT WEBINAR

Understanding the Process

July 24, 2024



# Today's Speakers



**Kyle Maurer Sr, PhD, P.E.**

SRF Program  
Manager

S.C. Department of  
Environmental Services



**Sedona Edgar**

SRF Environmental  
Specialist

S.C. Department of  
Environmental Services



**Noel Hebert, CPA**

Finance Director  
Asst. Loans Program  
Director

S.C. Rural Infrastructure  
Authority

- How the Process Works
- Preliminary Engineering Reports
- Permitting, Plans and Specifications
- Competitive Bidding and Approval
- SRF Loan Application Process
- Construction & Federal Requirements
- Q&A



**Webinar Agenda**

# Partnership in Program Management



SC DEPARTMENT *of*  
**ENVIRONMENTAL  
SERVICES**

DES is the EPA grantee and manages the technical aspects of the program.

RIA's Office of Local Government (OLG) handles the financial responsibilities of the program.



RIA & DES • STATE REVOLVING FUND



South Carolina  
**Rural Infrastructure Authority**

# State Revolving Fund (SRF)

## Clean Water (CWSRF)

- Clean Water Act
- Wastewater & Stormwater Projects
- Low-Cost Loans and Principal Forgiveness Funding

## Drinking Water (DWSRF)

- Safe Drinking Water Act
- Drinking Water Projects
- Low-Cost Loans and Principal Forgiveness Funding



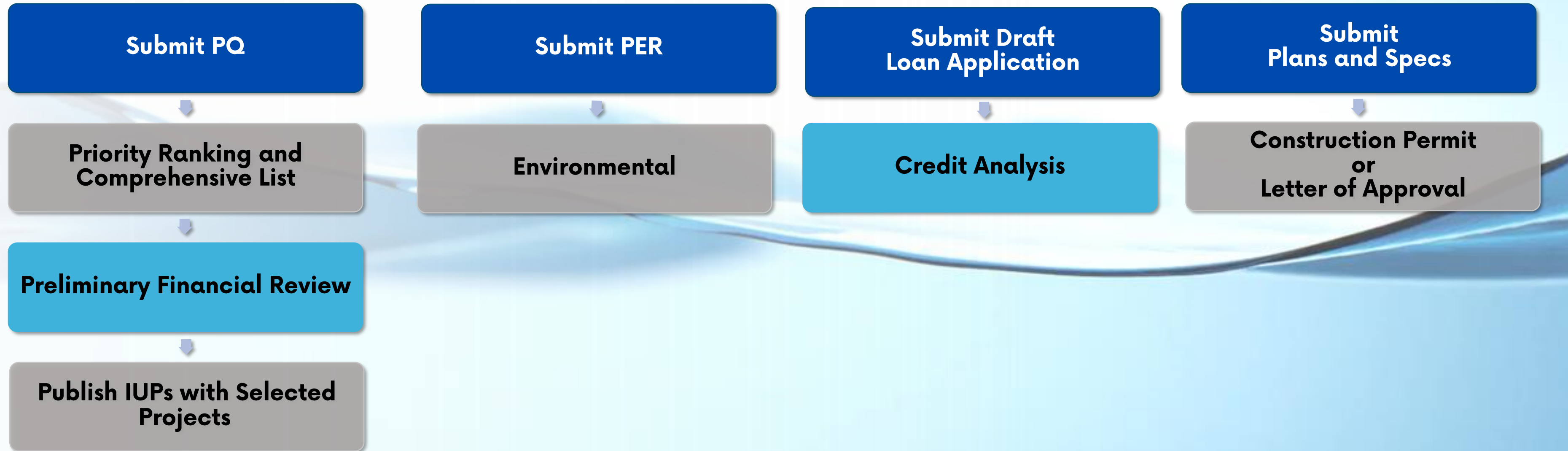
# The Process

KEY:

Activities Performed by Applicant (Sponsor)

Activities Performed by DES

Activities Performed by RIA



Mar – Aug 2024

July – Dec 2024

Nov 2024 – Feb 2025

Oct 2024 – Mar 2025

# The Process

KEY:

Activities Performed by Applicant (Sponsor)

Activities Performed by DES

Activities Performed by RIA



within 30 days  
of permit

Jan – June 2025

March 2025 +  
(6 – 24 months)

# SRF Process Timing

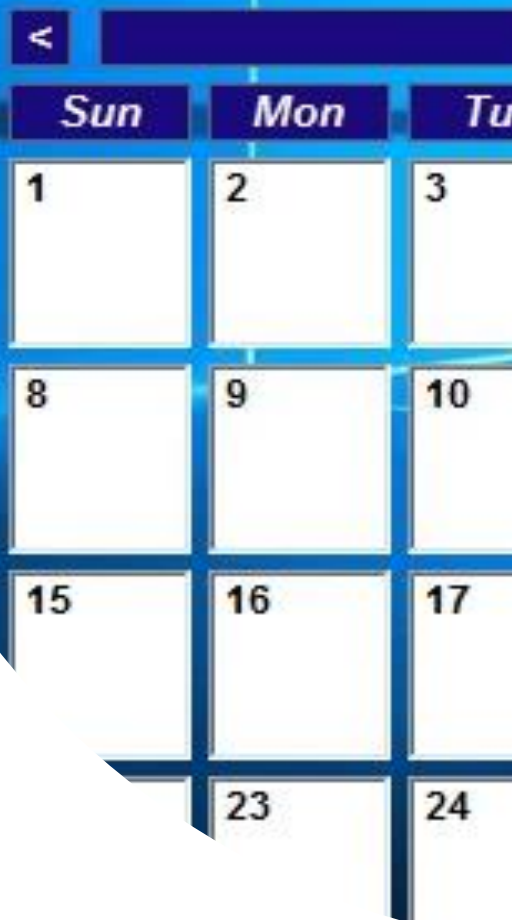
- PQs are typically due in March but are accepted year-round
- PQs are reviewed as more funding is available
- Projects submitted/reviewed mid-cycle must:
  - Score high
  - Be able to move quickly (e.g., submit a PER within 3 months)
- Submit new PQs to:  
[SRF-Info@des.sc.gov](mailto:SRF-Info@des.sc.gov)





# Project Schedules

- DES requests estimated dates: PER submittal, permit application/ plans and specifications submittal, bid opening, and start of construction.
- Notify DES if schedule changes
  - Need construction permit issued and loan application complete prior to July 31, 2025 to obtain SFY25 loan rates and policies: [www.ria.sc.gov/index.php/financing-terms](http://www.ria.sc.gov/index.php/financing-terms)
- Our expectation is that projects will receive a construction permit or letter of approval by July 2025.
- Principal forgiveness projects should have a signed Loan Assistance Agreement by September 30, 2025.



# Know Your Project "Type"

Do you have a  
**CLEAN WATER**  
or  
**DRINKING WATER**  
project?

Will your  
project follow  
**EQUIVALENCY**  
or  
**GENERAL**  
requirements?

Is SRF  
funding only  
**ENGINEERING**  
or is the project  
only a  
**PLANNING**  
**STUDY?**

Do you have a  
**LEAD SERVICE**  
**LINE**  
**REPLACEMENT**  
project?

Which  
**SIGNAGE**  
**GUIDE**  
do you  
follow?

Will funding  
be through a  
**LOAN,**  
**PRINCIPAL**  
**FORGIVENESS**  
or a  
**COMBINATION?**

Are  
**OTHER**  
**FUNDING**  
**AGENCIES**  
Involved?



**Utility Sustainability Assessment**  
**Bureau of Water – State Revolving Fund Program**

Please return a completed assessment along with 1) a copy of the utility's organizational chart, 2) rate schedule(s), and 3) most recent comprehensive financial audit. (Note: if the system operates as a combined utility but the drinking water and wastewater programs function separately, fill out an assessment for the program that corresponds to the SRF project for which you are seeking funding.)

System Name \_\_\_\_\_

Combined Utility?  N  Y - programs combined  Y - programs separate

Drinking Water System # \_\_\_\_\_

Wastewater System # \_\_\_\_\_

Contact Name, Title: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

1. Facility and operator information. (Please, attach additional information as needed.)

Facility Name	Treatment/Distribution or Environmental Classification	Certification Required

Operator Name	Operator Grade			PT/FT/Contract	Years Employed
	Water Treatment	Water Distribution	Biological		

2. Is there an Operations and Maintenance manual(s) for the system?  
 Yes  No  Don't know

3. Does the system's income exceed operating expenses?  
 Yes  No  Don't know

4. Does the system produce enough revenue to cover debt service?  
 Yes  No  Don't know  No Debt

Please fill out the following table of the system's outstanding debt:  
(Please, attach additional information if necessary)

Outstanding Debt	Owed To	Term Remaining
\$		
\$		
\$		

5. Are there written job descriptions/duties for each employee?  
 Yes  No  Don't know

6. If "yes" for #5, are these signed by the employee?  
 Yes  No  Don't know

# Utility Sustainability Assessment (UtSA)

- Utilities must be sustainable to receive SRF funding
- DES requires utilities to submit a Utility Sustainability Assessment form to evaluate sustainability
- Satisfactory score needed to remain eligible for SRF unless the funded project that will help utility achieve sustainability
- Form includes technical, managerial and financial questions (DES form 0574)  
[des.sc.gov/SRFforms](http://des.sc.gov/SRFforms)
- Good for three years



**PRELIMINARY  
ENGINEERING  
REPORT  
(PER)**

## Guide to PERs for Drinking Water SRF



SC Department of Environmental Services

This guide provides information for developing a Preliminary Engineering Report (PER) for funding construction projects under the Drinking Water State Revolving Fund (DWSRF).

Once a construction project has been identified for funding by the Drinking Water Intended Use Plan, the first step the project sponsor must take in securing a loan from the DWSRF is to submit a PER to the South Carolina Department of Health and Environmental Control (DHEC). The PER will be reviewed by an SRF project manager, who will work closely with the engineer preparing the PER, to ensure that the PER contains the following relevant information:

1. **General Information** [required by Section R.61-58.1(C)(1) of the State Primary Drinking Water Regulations (SPDWR)]:
  - a. Name, address and phone number of the project sponsor (i.e., town, utility, owner, or corporation), as well as the name and title of the responsible officer;
  - b. Name, address and phone number of the engineering firm, as well as the name of the engineer responsible for the design;
  - c. General description of the service area and surroundings (e.g., type of economy, estimated percentage residential, estimated percentage industrial, terrain, location, possible rate of development); and,

## Guide to PERs for Clean Water SRF



SC Department of Environmental Services

This guide provides information for developing a Preliminary Engineering Report (PER) under the Clean Water State Revolving Fund (CWSRF) that meets the requirements for funding construction projects covered by Section 212 of the Clean Water Act.

The first step the project sponsor must take in applying for a CWSRF loan is to submit a PER to the South Carolina Department of Health and Environmental Control (DHEC). The PER will be reviewed by an SRF project manager, who will work closely with the engineer preparing the PER, to ensure that the PER contains the following relevant information:

1. **General Information:**
  - a. Name, address and phone number of the project sponsor (i.e., town, utility, owner, or corporation), as well as the name and title of the responsible officer;
  - b. Name, address and phone number of the engineering firm, as well as the name of the engineer responsible for the design;
  - c. General description of the service area and surroundings (e.g., type of economy, estimated percentage residential, estimated percentage industrial, terrain, location, possible rate of development); and,
  - d. Number and type of customers to be served (e.g., domestic, industrial, commercial, agricultural, etc.).

2. **Discussion of Need:** Describe in detail the need for the proposed project. Keep in mind that the primary purpose of the CWSRF is to fund projects that enhance the water quality of the state's

# Basics of the PER

- Sponsor along with their consultant prepare the PER
- Detailed PER guidance for the CWSRF and DWSRF projects can be found at: [des.sc.gov/SRFguidance](https://des.sc.gov/SRFguidance)
- Optional technical assistance meeting with DES
- Must be signed/sealed by SC Professional Engineer
- Submit PER to DES for review and approval



# Submission Requirements

## General Information:

- Sponsor and Engineer Contact information
- Service area description

## Discussion of Need:

- Existing conditions, regulatory violations
- Potential problems if no action is taken

## Discussion of Alternatives:

- Describe alternatives, including “no action”
- When appropriate, evaluate regionalization and land treatment (CWSRF only)
- Planning period should not exceed useful life of the project, usually 20 years

# Submission Requirements

## Discussion of the Rationale for the Alternative Selected:

- Address both monetary and non-monetary factors
- Provide rationale for selected alternative
- Must be consistent with 208 Water Quality Management Plan (CWSRF only)

**Preliminary Engineering Report**



# Submission Requirements

## Cost Estimate of the Selected Alternative:

- Planning and Design Engineering
- Land
- Legal and Appraisal
- Construction & Construction Contingency
- Equipment, Materials, & Materials Contingency (sponsor direct purchase)
- Construction Engineering
- Loan Closing Fee

This estimate must include all project costs and funding sources – not just SRF eligible.





# SRF Land Eligibility

- Land purchase is eligible for SRF funding when:
  - needed for the project
  - it has been purchased less than 1 year from the complete loan application date
  - the purchase is land only – structures are not eligible
  - for DW projects, land must be obtained from a willing seller

- Appraisal of property by qualified appraiser is required to determine fair market value (if >\$2,500 value)
- Purchase price may not exceed fair market value for fee simple title)

- Owners may waive right to an appraisal (in writing) by donating property
- Submit land acquisition form with first draw request

# SRF Land Eligibility – Equivalency Projects

- Equivalency projects must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies (URLAP) Act

- If relocation is involved, inform owner of rights under URLAP

- Sponsor submits URLAP certification DES form 3594
  - Even when no relocation
  - Even if SRF loan doesn't pay for the land
  - Even when no land is purchased

# Submission Requirements

## Design Parameters and Calculations for the Selected Alternative

- Calculations in enough detail to show: proper design, costs reasonable, project needs met

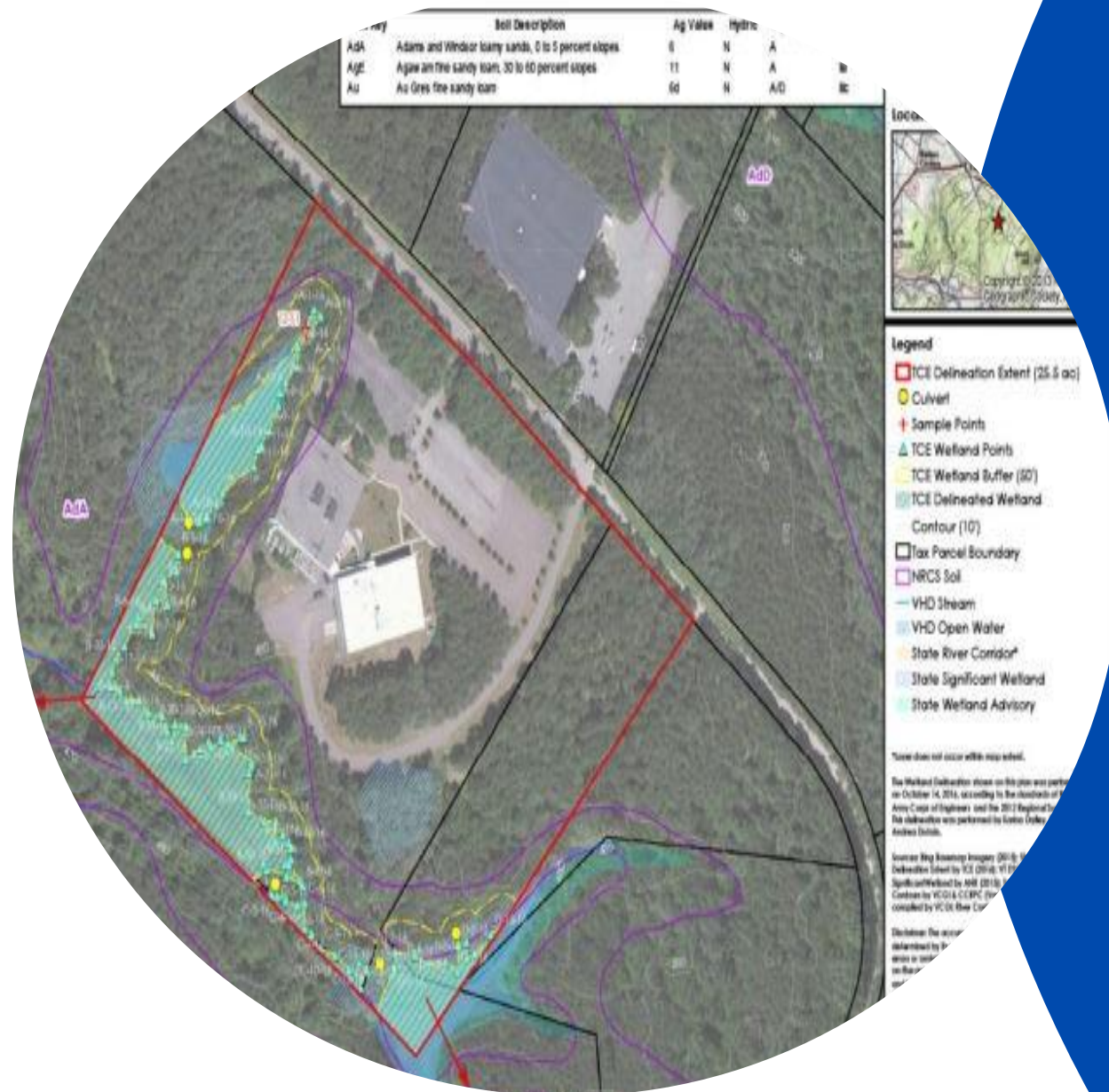
## Location Map

- Must include the location of the proposed project and any relevant information

## Planning Area Map

- Must include the boundaries of the area that will be served by the proposed project

Other info required by R.61-58 & R.61-67



# Submission Requirements

## Preliminary Engineering Report

### Environmental Evaluation:

- Description of current environmental conditions
- Potential environmental impacts of project on the considered proposed alternatives
- Include letters to Agencies contacted and corresponding Agency Responses
- Discuss minimizing potential impacts identified in Agency Response
- List of State and Federal Agencies is in PER Guide



# **Submission Requirements**

## **Public Participation:**

- Public meeting not required for Categorical Exclusion projects
- A public meeting and/or hearing must be held for FNSI projects
  - 30-day public notice of meeting
  - Can be included in regular council or board meeting
  - Meeting discussion must include need for project, alternatives evaluated, rationale for selected alternative and the environmental and financial impacts of project
- Include comments received and discuss mitigation measures proposed

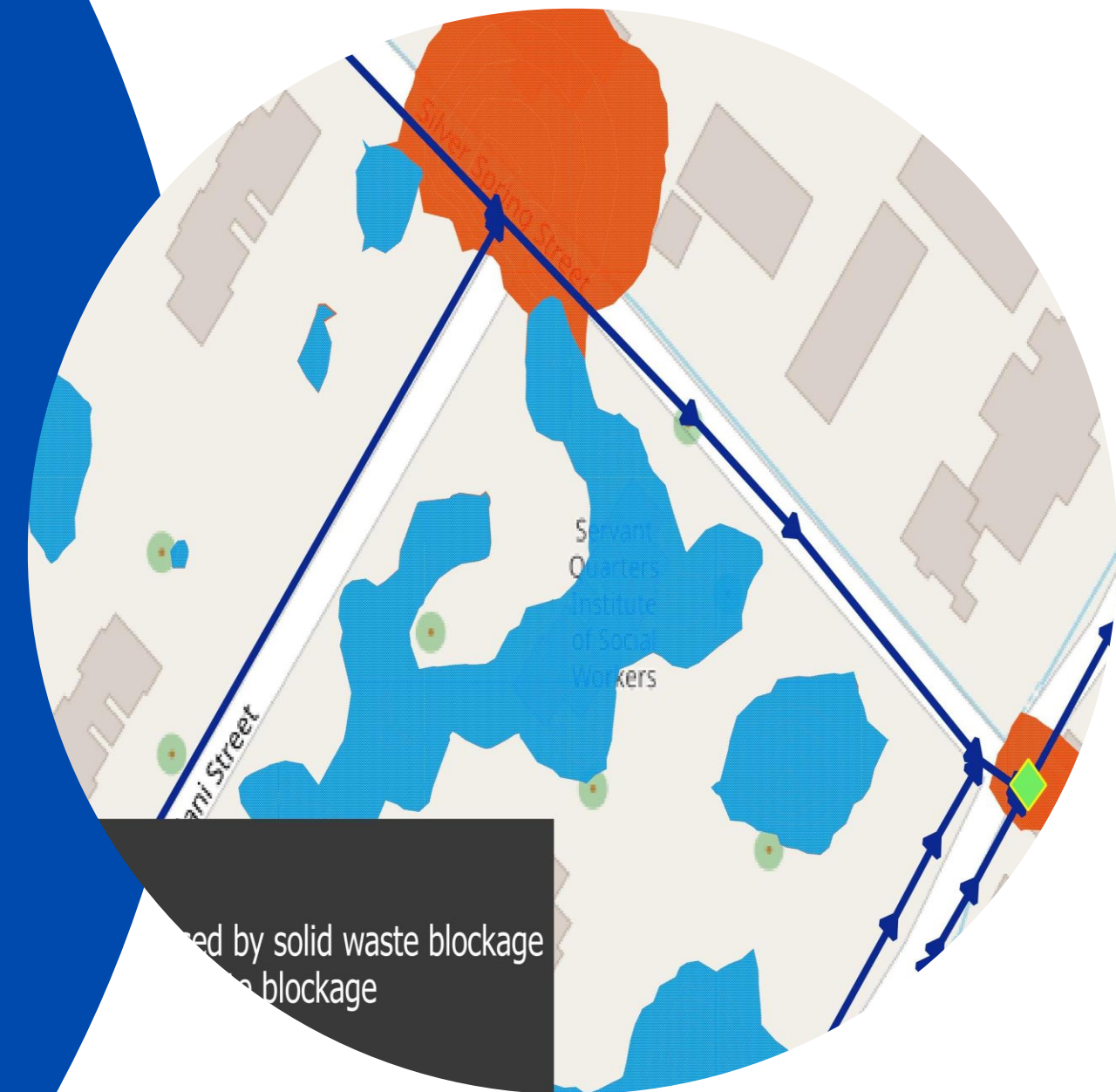


# Submission Requirements

## Federal Flood Risk Management Standard:

- Evaluate the potential impact on floodplains
- If, after evaluation of all practicable alternatives, the proposed project will be located in or will affect a floodplain, a floodplain assessment must be prepared and submitted to SRF with the PER
- This assessment must document the mitigating measures or design modifications that will be taken to reduce the threats from locating the project in the floodplain

## Preliminary Engineering Report



# Submission Requirements



For Clean Water projects only

## Cost and Effectiveness (C&E) Analysis required:

- Present Worth Cost Analysis
- Water and energy conservation considered
- Include [DES form 3152](#) with PER to certify C&E analysis was performed



# Submission Requirements



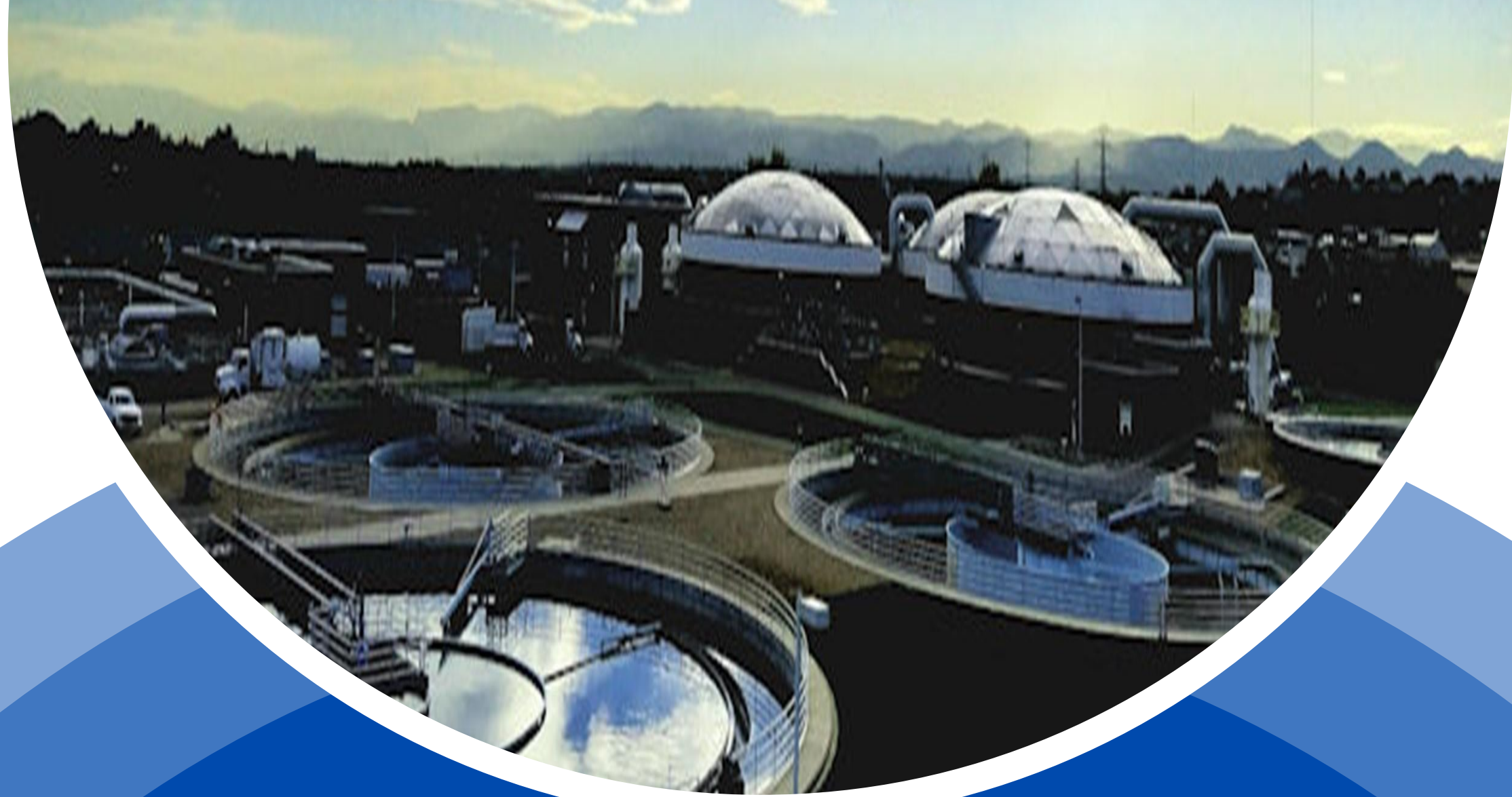
## For Lead Service Line Replacements

In addition to the information in the [Guide to PERs for Drinking Water SRF](#), the LSLR PER must include:

- lead service line inventory data for the proposed replacement areas
- a demographic study showing at least 67% of the work (by construction costs) occurs in disadvantaged areas







**SRF REQUIREMENTS  
FOR PERMITTING, PLANS,  
SPECIFICATIONS, AND BIDDING**

# Construction Permit

- Complete Construction Permit Application Water/Wastewater Facilities (DES form 1970)
- Include final cost estimate
- Proposed schedule for construction (DES form 3588)
- Submit digital set of plans and specifications
  - Material and construction specifications and contract documents, including mandatory SRF contract documents (Appendix A)

*Routine maintenance projects may not require a construction permit (e.g., line rehabilitation when line size remains the same)*



# Bidding Specifications

## Mandatory SRF Contract Documents:

- Appendix A
  - Insert complete copy of applicable Appendix A (Equivalency or General SRF) from Permit Guidance: [des.sc.gov/SRFguidance](https://des.sc.gov/SRFguidance)
  - Sponsor must locate and insert proper Davis-Bacon Wage Determination

### APPENDIX A — EQUIVALENCY

#### Mandatory Supplemental Conditions

For The

South Carolina State Revolving Fund Program

February 2023

Following is the standard language that must be incorporated into all solicitations for offers and bids for (1) construction contracts, (2) subcontracts, (3) equipment, and (4) material to be funded by the Federally assisted State Revolving Fund Program.

The requirements in these Supplemental Conditions shall not relieve the participants in this project of responsibility to meet any requirements of other portions of this contract or of other agencies, whether any other requirements are more or less stringent. The

# Bidding Specifications

## Optional Format SRF Contract Documents:

- Appendix B: from Permit Guidance: [des.sc.gov/SRFguidance](https://des.sc.gov/SRFguidance)

- Bid Bond
- Performance/Payment Bonds
- Contract Change Order
- Notice of Award
- Notice to Proceed
- Bid/Bid Schedule
- Agreement

*NOTE: Bid Specifications must include these documents; however, you may use your own forms as long as all information is included.*

### AGREEMENT

THIS AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_ hereinafter called "OWNER" and \_\_\_\_\_ doing business as (an individual), or (a partnership), or (a corporation) hereinafter called "CONTRACTOR".

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned:

1. The CONTRACTOR will commence and complete the construction of \_\_\_\_\_
2. The CONTRACTOR will furnish all of the material, supplies, tools, equipment, labor and other services necessary for the construction and completion of the PROJECT described herein.
3. The CONTRACTOR will commence the work required by the CONTRACT DOCUMENTS within \_\_\_\_\_ calendar days after the date of the NOTICE TO PROCEED and will complete the same within \_\_\_\_\_ calendar days unless the period for completion is extended otherwise by the CONTRACT DOCUMENTS.
4. The CONTRACTOR agrees to perform all of the WORK described in the CONTRACT DOCUMENTS and comply with the terms therein for the sum of \$\_\_\_\_\_, as shown in the BID schedule.
5. The term "CONTRACT DOCUMENTS" means and includes the following:
  - a. Advertisement for Bids
  - b. Information for Bidders
  - c. Bid
  - d. Bid Bond

# Competitive Bidding

- Required for the following activities:
  - Architectural and Engineering (A/E) Procurement for Clean Water Equivalency Projects (if seeking SRF reimbursement for engineering services)
  - Construction (Prime Contractor)



# Construction Bid Advertisement

- Complete statement of work to be performed
- Place, date and time of public bid opening
- Location of bid documents with instructions and cost to purchase a bid set
- Statement that project is being funded by a State Revolving Fund loan and bidders must comply with all applicable state and federal requirements identified in the bid documents, including Davis-Bacon, American Iron and Steel, and Build America, Buy America provisions (if applicable)
- Statement that Disadvantaged Business Enterprise (DBE) requirements must be met (equivalency projects)
- Minimum 30-day advertisement period

*SRF project manager must review the ad prior to advertisement for completeness*



# Construction Bid Requirements

- Hold a public bid opening
- Use competitive sealed construction bidding
- 5% bid bond or certified check
- 100% payment and performance bonds
- Documentation of fire, extended coverage, vandalism and malicious mischief insurance
- Documentation of Davis-Bacon provisions including appropriate Wage Decision
- Bidder's certification of American Iron and Steel compliance
- Bidder's certification of Build America, Buy America compliance (if applicable)



# Disadvantaged Business Enterprise (DBE) Compliance



- All projects should encourage use of small and disadvantaged businesses (including women and minority-owned businesses)
- Sponsors and contractors with equivalency projects need to:
  - Follow the Six Good Faith Efforts
  - Create and maintain a bidders list
  - Submit required DBE documentation for bid approval
  - Supply required reports during project implementation



# Six Good Faith Efforts

Outreach  
and  
recruitment;  
Solicit from  
DBE list



Solicitations  
posted at least 30  
calendar days,  
when possible,  
before bid  
opening


Consider  
dividing contract  
into smaller tasks to  
permit participation  
by DBE firms, when  
economically  
feasible

Encourage  
contracting with  
group of DBE firms  
when contract is too  
large for one small  
firm to handle

Use  
Small Business  
Administration and  
Minority Business  
Development Agency  
of the US  
Dept. of  
Commerce

If prime  
contractor awards  
subcontracts, prime  
contractor must  
make good faith  
efforts

	<h2>Project Construction Summary – Equivalency</h2>	
SRF Project Number _____ Project Name _____ Project Sponsor _____		
<p>This form assists sponsors in compiling bidding information and documentation, and reporting minor changes. After taking bids, compile the items listed under Item 4. Forward the complete "Bid Package" by email to DHEC project manager (preferred) or by mail to: SRF Section - Water Facilities Permitting Division, S.C. DHEC, 2600 Bull Street, Columbia, SC 29201.</p>		
1. Have there been any changes in the project since the plans and specifications were approved? If yes, list below (or on separate sheet if more than three (3) addenda):		
Addendum No. _____ Approved _____ Addendum No. _____ Approved _____		

	<h2>Project Construction Summary – General</h2>	
SRF Project Number _____ Project Name _____ Project Sponsor _____		
<p>This form assists sponsors in compiling bidding information and documentation, and reporting minor changes. After taking bids, compile the items listed under Item 4. Forward the complete "Bid Package" by email to DHEC project manager (preferred) or by mail to: SRF Section - Water Facilities Permitting Division, S.C. DHEC, 2600 Bull Street, Columbia, SC 29201.</p>		
1. Have there been any changes in the project since the plans and specifications were approved? If yes, list below (or on separate sheet if more than three (3) addenda):		
Addendum No. _____ Approved _____ Addendum No. _____ Approved _____ Addendum No. _____ Approved _____		
2. Please list <i>any other sources</i> of funding necessary to finance this project. Are additional funds necessary to finance ineligible construction or other ineligible expenditures?		

# Bid Package Required Documents

Submit Project Construction Summary (DES form 3589 for equivalency projects or DES form 1295 for general SRF projects) with the following documents:

- Certified copy of advertisement
- Project sponsor's bidders list
- Certified bid tab
- Proposal of the successful bidder
- Copy of the bid bond and power of attorney
- Davis-Bacon wage decision
- Engineer's award recommendation letter
- Project sponsor's tentative award resolution (include contractor name and contract amount)
- Bidder's American Iron and Steel Certification - DES form 2556
- Bidder's Build America, Buy America Certification (if applicable) - DES form 4360
- Project Inspection Designation Form - DES form 2324



\*All SRF forms available at [des.sc.gov/SRFforms](https://des.sc.gov/SRFforms)



# Bid Package Required Documents

Equivalency projects also submit:

- Prime Contractor's Sub-agreement Certification form (DES form 3591)
- Certification Regarding Debarment, Suspension and Other Responsibility Matters (DES form 3590)
  - Applicable to prime and subcontractors with contracts over \$25,000
- EEO Documentation Form (DES form 2323)
  - Applicable to prime and subcontractors with contracts over \$10,000
  - Include Affirmative Action Statement for prime and subcontractors
- Prime's DBE Compliance Documentation (including evidence of implementation of "Good Faith Efforts" strategies to recruit Minority and Women Owned Businesses)


\*All SRF forms available at [des.sc.gov/SRFforms](https://des.sc.gov/SRFforms)

 SC DEPARTMENT of ENVIRONMENTAL SERVICES	<b>Prime Contractor's Subagreement Certification</b>	 SOUTH CAROLINA SRF STATE REVOLVING FUND
SRF Project Number _____		
Project Name _____		Division _____
Contractor's Name and Address _____ _____		
Contractor's Telephone _____		
<b>CERTIFICATION</b>		
I, as the authorized representative of the above named contracting firm, certify that we:		

 SC DEPARTMENT of ENVIRONMENTAL SERVICES	<b>Certification Regarding Debarment, Suspension, and Other Responsibility Matters*</b>	 SOUTH CAROLINA SRF STATE REVOLVING FUND
SRF Project Number _____		
Project Name _____		Project Sponsor _____
<i>*See Instructions for who must submit this form and where/when it should be submitted.</i>		
The prospective participant certifies to the best of its knowledge and belief that it and its principals:		
1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;		
2. Have not within a three year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with		

 SC DEPARTMENT of ENVIRONMENTAL SERVICES	<b>Equal Employment Opportunity (EEO) Documentation Form</b>	 SOUTH CAROLINA SRF STATE REVOLVING FUND
SRF Project Number _____		
Project Name _____		Division _____
Project Sponsor _____		
<i>This form is required of Prime Contractors and any Subcontractors with subcontracts valued at \$10,000 or greater for SRF equivalency projects only.</i>		
1. Proposed Prime Contractor or Subcontractor: _____		
Address: _____		
Telephone Number: _____		
2. Fill out and attach "Certification by Proposed Prime or Subcontractor Regarding Equal Employment Opportunity" (DHEC Form 3592). <input type="checkbox"/> Attached		
3. Attach a copy of the Employer Information Report EEO-1 (also known as Standard Form 100) if the firm meets the criteria outlined on page 3. <input type="checkbox"/> Attached, or <input type="checkbox"/> N/A (Check N/A if the firm does not meet the EEO-1 Report criteria.)		

# Loan Term

- 
- Default loan term is 20 years; however, up to 30-year financing terms are available for construction costs for both CW and DW projects
  - Length of loan term is based on “useful life” of the construction items
    - 20-year examples: motors, pumps, chemical feed systems
    - 30-year examples: piping, concrete structures, steel

*Contact your SRF Project Manager should you wish to pursue a loan term other than 20 years.*



**SRF  
LOAN  
PROCESS**

# All Principal Forgiveness Funds

- No loan application necessary
- Submit a copy of your most recent audit
- Complete your DES requirements first – including bidding
- DES will request your funding from RIA
- RIA will contact you regarding the necessary paperwork
- Paperwork includes the adoption of a resolution with your governing body
- A Loan Assistance Agreement will be drafted and signed by the official designated in your resolution
- You may draw on your funds once the Loan Assistance Agreement is fully executed by the RIA office.



# All Principal Forgiveness Funds

- All principal forgiveness funding is required as a condition of the federal capitalization grants the SRF program receives each year.
- Loan Assistance Agreements cannot be signed until the capitalization grants are received.
- Capitalization Grants are anticipated to be received in the 3<sup>rd</sup> or 4<sup>th</sup> quarter of the calendar year.

# SRF Loan Application Steps

- Preliminary Financial Review of Sponsor following submission of a Project Questionnaire to DES
- Sponsor submits loan application to OLG/RIA at least 30-60 days prior to plans and specs submission to DES
- Loan Application is complete
- Project Sponsor bids the project
- Bond Ordinance/Resolution by Sponsor
- Loan Closing

## SRF Loan Process







## System and Service Area Information:

- ✓ Include for all utilities securing the loan
- ✓ Paints a picture of the service area, system components, and their condition.
- ✓ Customer trends and largest users are also requested
- ✓ Rate information

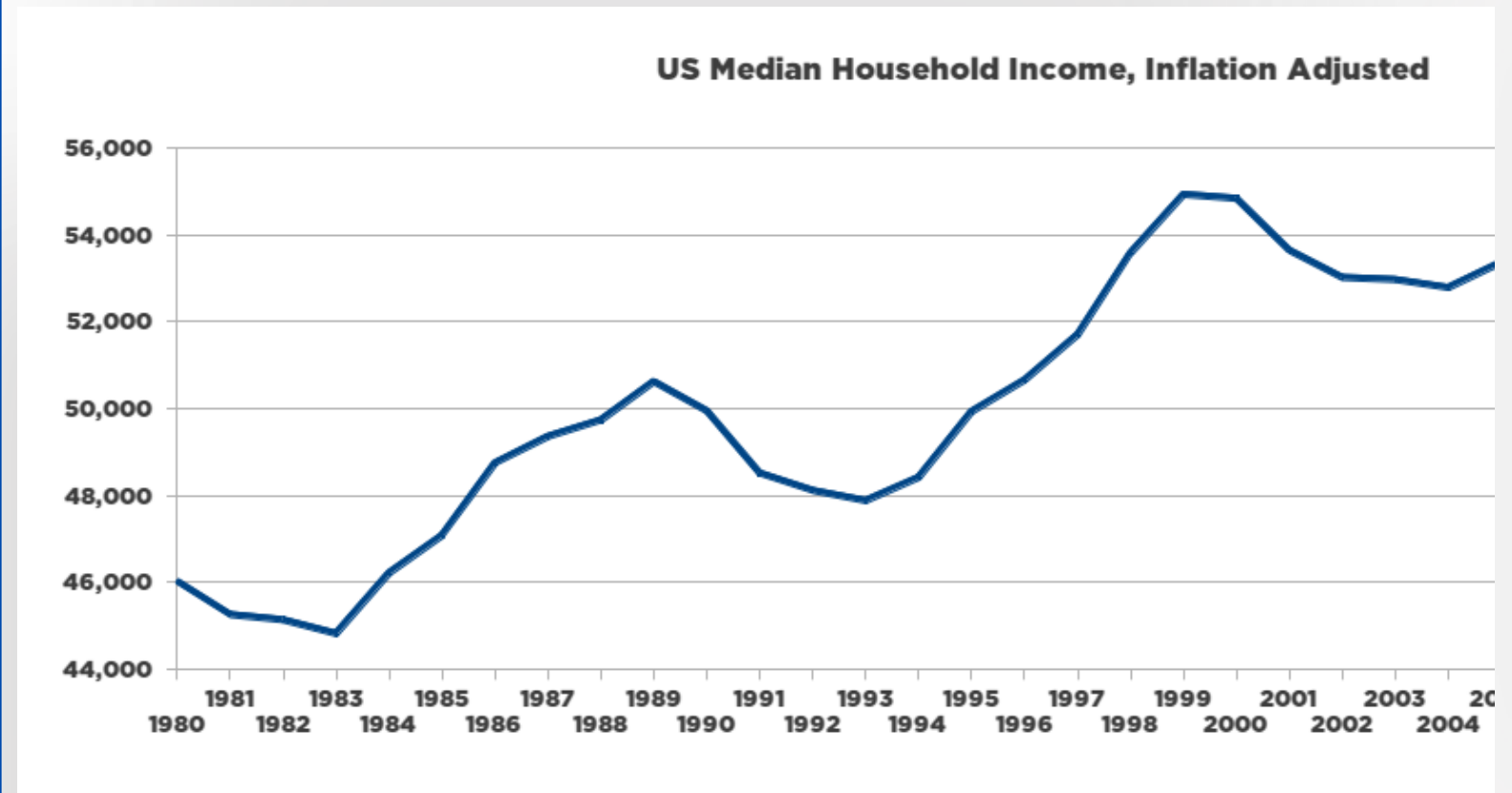
## Financial Information:

- ✓ Rate Studies
- ✓ Capital Improvements Plans
- ✓ Operating budget
- ✓ System transfers
- ✓ Debt
- ✓ Audits



# Key Credit Review Factors

- ✓ Local socio/economic conditions
- ✓ Top customers as a % of total user charges revenue
- ✓ Rates compared to MHI
- ✓ Recent or planned rate increases
- ✓ Debt service coverage
- ✓ Cash resources
- ✓ System transfers



# Loan Closing

- Loan agreement between borrower and SC Water Quality Revolving Fund Authority
- Loan agreement becomes part of the Bond Ordinance/Resolution adopted by the governing body to authorize debt
- Bond and local counsel opinions
- Trustee/custodian agreement
- Additional bonds test of governing Bond Ordinance/Resolution for parity debt
- All Land, Rights-of-way (ROW) or Easements, have been recorded and the recorded deed has been provided to RIA.



# Tips for Your Loan Application

- ✓ Read the line-by-line instructions provided in the application package
- ✓ Make sure you include a current, ample and detailed cost estimate.
- ✓ Update your project schedule throughout the loan application process
- ✓ Begin Land/Easement Acquisition process early to avoid delays in loan closing





**CONSTRUCTION  
AND  
FEDERAL REQUIREMENTS**



# Pre-Construction Conference

- Project Sponsor and Engineer hold a pre-construction conference with contractor, typically, prior to issuance of a Notice to Proceed
- DES SRF Project Manager will participate and discuss the SRF Requirements

# Davis-Bacon Act

- Administered by U.S. Department of Labor (DOL) - Wage and Hour Division (WHD)
- Establishes local prevailing wages for laborers and mechanics on public works projects
- Applies to all contracts > \$2,000
- Applies to entire project regardless of any other funding sources
- Find and include the correct Wage Determination (WD) online at [www.sam.gov/content/wage-determinations](http://www.sam.gov/content/wage-determinations)
- For basic information, visit: [www.dol.gov/agencies/whd/government-contracts/construction/faq](http://www.dol.gov/agencies/whd/government-contracts/construction/faq)





# Davis-Bacon Act

## Wage Classifications

- General laborers, operators, pipe layers, pipefitters, truck drivers, etc.
- Worker classifications not on WD must be “Conformed”
- “Conforming” a wage requires sending proposed pay rate to the DOL-WHD through DES and obtaining a response – use form SF 1444
- For more information, visit:  
[www.dol.gov/agencies/whd/government-contracts/construction/forms](http://www.dol.gov/agencies/whd/government-contracts/construction/forms)





# American Iron and Steel (AIS)

- Applies to all projects not covered by Build America Buy America (BABA)
- Applies to Contractor and Sponsor purchases regardless of cost of item
- Applies to entire project regardless of any other funding sources
- For more information, visit: [www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement](http://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement)

# AIS

- Requires all primarily\* iron and steel products used in CW and DW projects be of domestic origin (Made in USA)

\* Greater than 50% iron or steel measured by material cost

- Covers cast or forged iron and steel products such as:

- Does not include motorized or electrical equipment such as pumps, motors, control panels
- Not applicable to products not permanently incorporated into project
- **Made in USA** includes all manufacturing processes from melting ore, refining, forming, rolling, drawing, finishing, fabricating and coating

- **Must have certifications** on the origin of the AIS-covered items
- Track small items of unknown origin on a *de minimis* list - All products included in the project under the de minimis waiver must total less than 5% of the total materials cost of the project.

# Build America, Buy America (BABA) Requirements

- BABA applies to all SRF equivalency projects (unless a waiver has been granted):  
“...none of the funds made available for a Federal financial assistance program for infrastructure...may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.”
- Recently published implementation guidance from EPA on November 3, 2022 (Q&A format)

[www.epa.gov/cwsrf/build-america-buy-america-baba](https://www.epa.gov/cwsrf/build-america-buy-america-baba)



# BABA



- BABA applies to items consumed in, incorporated into, or permanently affixed to a project
  - Iron and Steel – 100% must be manufactured domestically, like AIS
  - Manufactured Products – 100% manufactured domestically, OR cost of components manufactured in US for a product must be >55% cost
  - Construction Materials (non-ferrous) - 100% must be manufactured domestically
- Section 70917(c) materials
- Does not apply to items brought to and removed from site prior to project completion OR equipment/furnishings used at the finished project

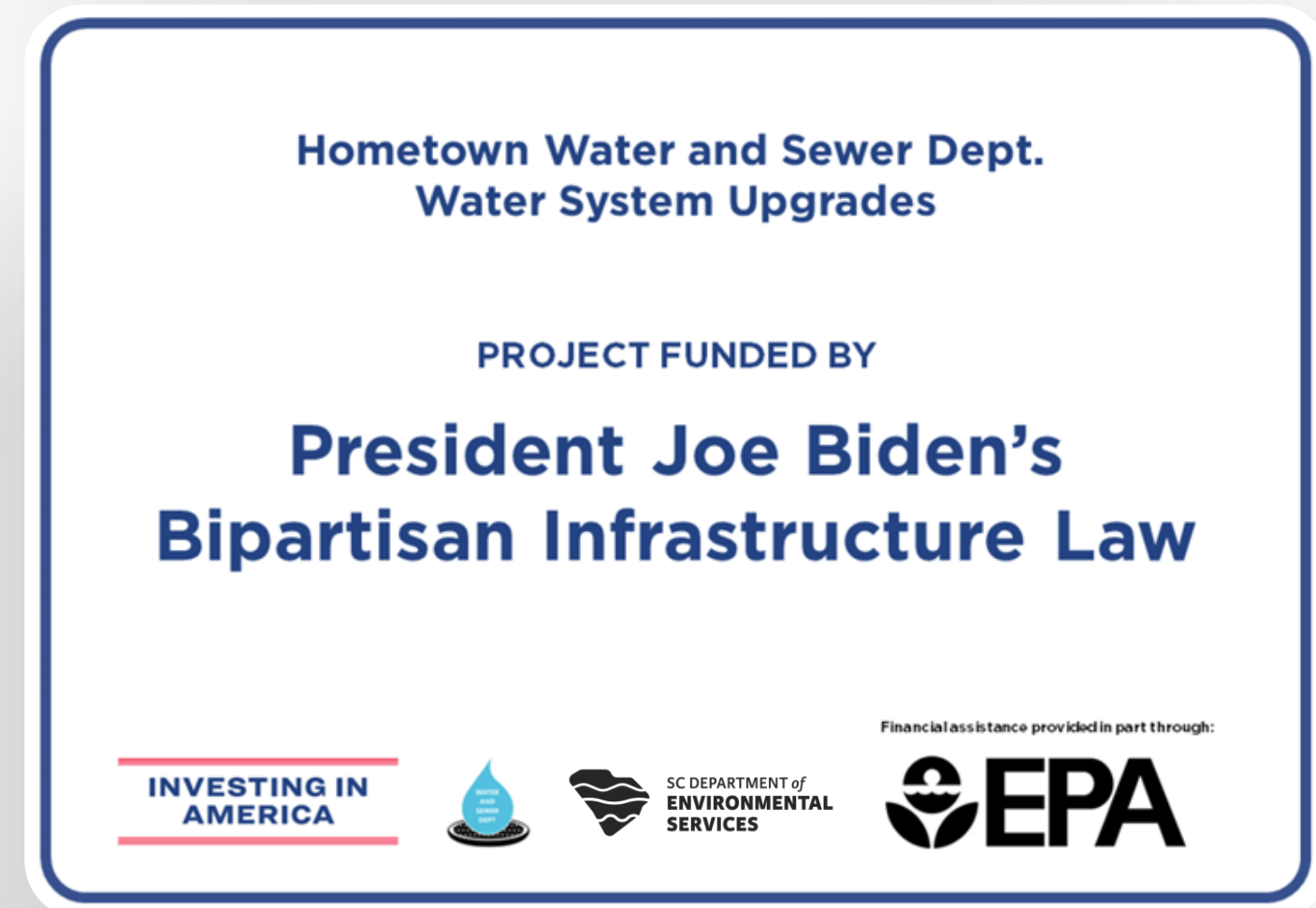
# Compliance Inspections

- DES will conduct at least one compliance inspection during the construction of your project
- DES will specifically be looking for compliance with AIS, BABA, and Davis Bacon
- The EPA may choose to do an inspection as well
- DES will provide the sponsor with notice beforehand and schedule a mutually agreeable time for the inspection





# Base Signage Requirements

- The Base Equivalency “signage requirement” applies to SC SRF projects funded by a Base Capitalization Grant identified as having equivalency requirements.
- The BIL “signage requirement” applies to SC SRF loan and principal forgiveness construction projects funded through Bipartisan Infrastructure Law (BIL) capitalization grants.
  - general supplemental capitalization grants
  - emerging contaminants capitalization grants
  - lead service line replacement capitalization grants



# Fiscal Sustainability Plan (FSP)

- CWSRF only
- Required for portion of system financed by SRF
- FSP Certification Form (DES form 3236) must be completed prior to last draw (note: some projects exempt so review form instructions)
- Requirements on DES form 3236
  - Inventory critical assets and evaluate condition
  - Include plan for maintaining, repairing and replacing assets and how these activities will be funded
  - Certify water and energy conservation were evaluated and will be implemented, as appropriate

	<b>Fiscal Sustainability Plan Certification</b>	
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SRF Project Number \_\_\_\_\_ Project Name \_\_\_\_\_

Project Sponsor \_\_\_\_\_

- Please see "Instructions" on Page 3 to determine if Item 1 or Item 2 applies to the project.
- Check the box and sign **Item 1** if Section 603(d)(1)(E) of the Federal Water Pollution Control Act (FWPCA) applies to the project. Be sure to complete the "FSP Summary" on Page 2.
- Check the box and sign **Item 2** if Section 603(d)(1)(E) does not apply to the project.

Section 603(d)(1)(E) of the Federal Water Pollution Control Act (FWPCA) states:

(E) for a treatment works\*\* proposed for repair, replacement, or expansion, and eligible for assistance under subsection (c)(1), the recipient of a loan shall—

(i) develop and implement a fiscal sustainability plan that includes—

- (i) an inventory of critical assets that are a part of the treatment works;
- (ii) an evaluation of the condition and performance of inventoried assets or asset groupings;
- (iii) a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
- (iv) a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities; or

(ii) certify that the recipient has developed and implemented a plan that meets the requirements under clause (i).

\*\* "Treatment Works" is defined in the Federal Clean Water Act; see Instructions, General Information.

**Item 1. The FSP Requirement Applies to This Project**

Pursuant to Section 603(d)(1)(E) of the FWPCA, I certify that: 1) the Project Sponsor has developed and implemented a fiscal sustainability plan (FSP) that meets the minimum requirements under clause (i) above and that the FSP will be updated as necessary; and 2) the loan recipient has evaluated and will be implementing water and energy conservation efforts as part of the FSP.

The Project Sponsor agrees to make FSP documentation available for review upon request of the Environmental Protection Agency (EPA) or the South Carolina State Revolving Fund Program.

\_\_\_\_\_  
Signature of Project Sponsor's Representative Date

\_\_\_\_\_  
Printed Name of Project Sponsor's Representative

**Item 2. The FSP Requirement Does Not Apply to This Project**

As the authorized representative of the Project Sponsor indicated above, I certify that the project does not require development of a fiscal sustainability plan. (See discussion in "Instructions" on Page 3.)

\_\_\_\_\_  
Signature of Project Sponsor's Representative Date

\_\_\_\_\_  
Printed Name of Project Sponsor's Representative



# Draw Requests

- SRF Disbursement Package provided at Pre-construction conference
- Submit authorized signature form with first draw (DES form 3586)
- No more than one Draw Request per month
- DES form 3585 – Draw Request form for loan projects
- DES form 2560 - Draw Request form for principal forgiveness projects
- Be sure to refer to correct checklist so that you know what should be submitted

*Effective July 1st, SRF will require first and interim draw requests to be a minimum of \$5,000.*

*This new requirement will not apply to final draw requests.*



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# Questions?

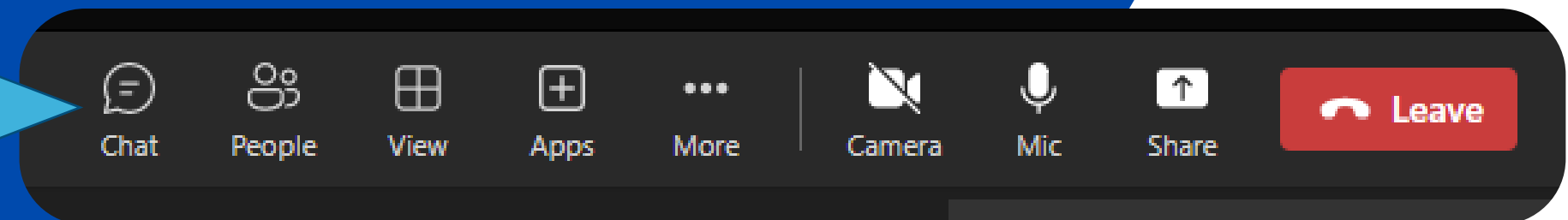
Use the Chat feature in  
Teams NOW to submit  
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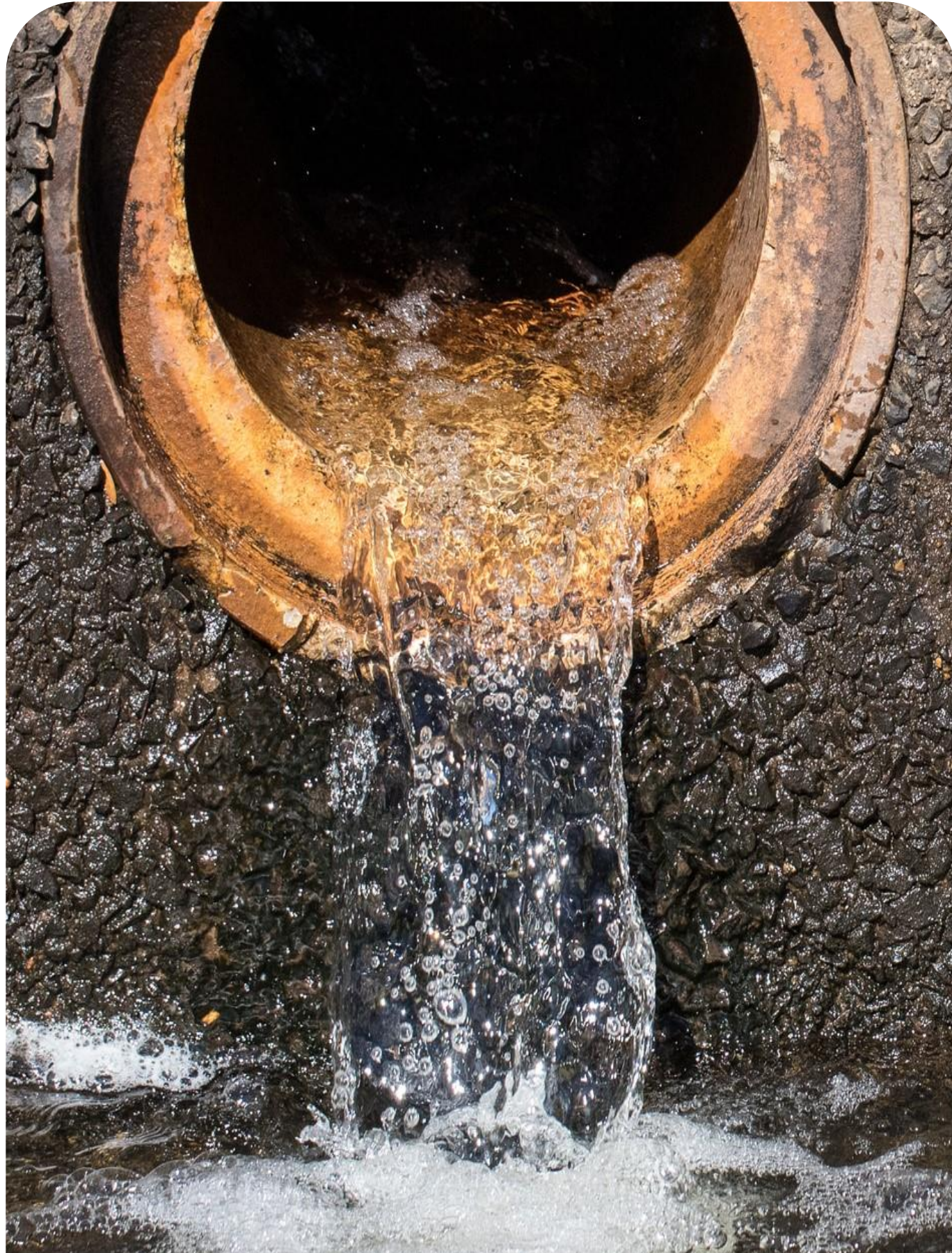
If we don't get to your  
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webinar, RIA or DES staff  
will contact you directly.

Or email us at

[SRF-Info@des.sc.gov](mailto:SRF-Info@des.sc.gov)

Look for the Chat Button  
to submit questions!





# Thank you!

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