



American Relief Act, 2025 Supplemental Appropriation for Hurricanes Helene and Milton and Hawai'i Wildfires (SA-HMW) DWSRF Capitalization Grant Intended Use Plan

FINAL

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SC DEPARTMENT of
**ENVIRONMENTAL
SERVICES**

*Amended:
XI.G. Public Participation*

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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 funding established under the American Relief Act, 2025, P.L. 118-158 (“the Act”), which was signed into law on December 21, 2024. The Act allocates disaster relief funding to states impacted by Hurricane Helene, Hurricane Milton, and the Hawai’i wildfires via the 2025 Supplemental Appropriation for Hurricanes Helene and Milton and Hawai’i Wildfires (SA-HMW). The SA-HMW DWSRF allotment for South Carolina is \$17,771,000. The areas eligible for SA-HMW DWSRF funding within South Carolina have been designated by the Federal Emergency Management Agency (FEMA) through the [South Carolina Hurricane Helene Disaster Declaration \(DR-4829-SC\)](#) announced on September 29, 2024 (updated on December 3, 2024), and are shown on the map included as Attachment 1. Eligibility for DWSRF loans and DWSRF program requirements, including any requirements of the applicable appropriations legislation, are also included in the IUP.

The South Carolina Department of Environmental Services (SCDES) has primary enforcement responsibility (i.e., primacy) for carrying out the provisions of the SDWA. SCDES also is the designated state agency to apply for and administer the capitalization grants for the DWSRF. The drinking water enforcement program and the DWSRF Program are both in the SCDES Bureau of Water, which facilitates cooperation and coordination between the two programs to address regulatory compliance issues for drinking water systems in the state. The South Carolina Water Quality Revolving Fund Authority (Authority) is responsible for the financial management functions of the DWSRF, including its financial policies, and executes loan agreements with project sponsors. The Office of Local Government within the South Carolina Rural Infrastructure Authority (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 the SCDES SRF Reports and Publications web page at des.sc.gov/srfreports.

II. Financial History

Congress appropriated funds to the State Revolving Funds in the Act, in a one-time disaster relief supplemental funding. The EPA has allotted \$17,771,000 in SA-HMW funds to South Carolina for the DWSRF Program. The State must apply to EPA to receive a grant award from this allotment. There is no state match required for the award of this grant.

As a new, one-time allotment of supplemental funding, a new financial history is being established. After receiving a grant award from EPA, funds may be disbursed to projects and expended on administrative costs. Repayments of loans received by the Authority from DWSRF SA-HMW project funding recipients will be added to the Drinking Water State Revolving Fund to be administered through the DWSRF Program.

III. Goals

South Carolina has identified short- and long-term goals that are designed to promote sustainable improvements to the drinking water infrastructure within the state and help ensure maximum public health and environmental benefits. These goals are reviewed annually and updated as needed.

A. Short Term Goals (Outputs)

1. Utilize SA-HMW DWSRF funds to assist eligible utilities within the disaster declaration area to reduce flood or fire damage risk and vulnerability or to enhance resiliency to rapid hydrologic change or natural disaster at treatment works.

B. Long Term Goals (Outcomes)

1. Assist local communities in their recovery from the destructive forces of Hurricane Helene while reducing vulnerabilities and enhancing resiliency as they strive to achieve and maintain compliance with federal and state water quality standards by funding projects that improve drinking water quality and protect public health (deliverable).
2. Use Principal Forgiveness funds to assist eligible recipients as they strive to achieve and maintain compliance with federal and state drinking water regulations and meet state drinking water standards (deliverable).
3. Maintain a working relationship with other infrastructure funding authorities within the state to coordinate drinking water quality funding.
4. Maintain the fiscal integrity of the DWSRF to ensure the perpetuity of the fund.

IV. Transfer of Funds From/To the Clean Water State Revolving Fund

The SC SRF Program reserves the ability to transfer funds between the Clean Water (CW) SRF and DWSRF 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. Any transferred funds will be subject to SA-HMW DWSRF requirements described in the "[Award and Implementation of the 2025 State Revolving Fund Supplemental Appropriation for Hurricanes Helene and Milton and the Hawai'i Wildfires \(SA-HMW\)](#)" memorandum dated March 13, 2025. EPA will receive written notification prior to any transfers occurring.

The SC SRF will transfer funds totaling \$3,102,000 from the SA-HMW CWSRF to the SA-HMW DWSRF.

V. Cross-Collateralization

The DWSRF fund is not leveraged and DWSRF funds will not be used for debt security. There is no cross-collateralization of programs.

VI. Provisional Projects List

The SA-HMW DWSRF Provisional Project List (PPL) (Appendix A) identifies projects that are considered eligible to receive SA-HMW DWSRF assistance.

All loan projects on the PPL must complete the process detailed in Section VII.C. to receive funding.

Final funding decisions for each project are contingent on a review of the technical and managerial capacity of the project sponsor, a completed environmental review of the proposed project, issuance of a SCDES construction permit (or letter of approval to construct) that meets SRF requirements, 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 financial capacity of the project sponsor 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 SA-HMW DWSRF Capitalization Grant is awarded by EPA and accepted by SCDES. Project listing is not a commitment of funding.

VII. Method for Selecting Projects and Distribution of Funds

A. Priority Ranking System

SCDES 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 Reports and Publications web page at des.sc.gov/srfreports. The priority ranking system is reviewed on an annual basis and updated as needed.

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 (PQ), DES 3463 or a similar funding request application approved by SCDES. The DES 3463 form can be found on the SRF Forms web page at des.sc.gov/srfforms. A project sponsor may submit a completed PQ to the SRF Division within the SCDES Bureau of Water at any time. Once the PQ is received, SCDES 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 the risk to public health and compliance with the Safe Drinking Water Act. SCDES maintains an updated Comprehensive Priority List on the SRF Reports and Publications web page at des.sc.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 Project List (Appendix A) is based on the project rank and cost, availability of funds, consideration of the bypass procedures in Section VII.D., and sponsor indicated readiness to proceed with a project. Ready to proceed 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. Due to the nature of this one-time emergency appropriation for disaster relief, all projects will be expected to have a signed SRF loan agreement on an expedited timeline. 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 XI.D.

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. For large projects, SCDES and RIA reserve the right to impose a limit on the amount of any given DWSRF loan, regardless of ranking, and to consider the ability of a sponsor to obtain financing from other sources and to make SRF funds available to a larger number of eligible sponsors.

When conducting outreach to solicit DWSRF projects, SCDES will emphasize the importance of resiliency, security, and sustainability projects and convey that projects addressing these issues are eligible for DWSRF funding. Disadvantaged communities are targeted through email, webinars, and conferences, as well as being contacted through trade and technical assistance organizations.

D. Bypass Procedure

When selecting projects for SA-HMW DWSRF funding, SCDES may bypass projects on the Comprehensive Priority List as follows:

1. To address direct impacts from Hurricane Helene, as determined by SCDES, located within the area described by FEMA in the [South Carolina Hurricane Helene Disaster Declaration \(DR-4829-SC\)](#) and/or reduce vulnerabilities to and risks from a rapid hydrologic change or natural disaster within that same area defined by FEMA (see Attachment 1);
2. To fund a project that corrects violations of primary drinking water standards through consolidation or regionalization;
3. 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;
4. To fund a project where a viable system owner is willing to assume ownership or receivership of a non-viable or abandoned system;
5. To fund projects for eligible sponsors that have not previously received DWSRF funding;
6. To fund an equitable geographic distribution of projects;
7. To fund projects allowing the SRF to meet the federal expeditious and timely use of funds requirement; and
8. To fund projects that do not receive direct federal allotments in order to distribute funds more evenly. 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, SCDES 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. SCDES 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 12 months of the date of each quarterly payment in the EPA grant award. With current resource shortages for materials and qualified engineers and contractors, SCDES realizes that it may be challenging for sponsors to meet this goal. Additionally, sponsors with active PF projects that have not met established timeliness criteria may be bypassed as discussed in Section VII.D.

Sponsors with projects on the PPL will be encouraged to bid project alternatives, if feasible. A PF project on the PPL may be considered for additional funding above the

budgeted amount shown on the PPL if justified, approved by SCDES, and funds are available. Available funds are discussed in Section IX.E.

F. 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 the EPA 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 promote sustainability and compliance over the long-term (Section 1452(a)(3)(B)(I) of the SDWA).

Sponsor sustainability is evaluated using the SCDES Utility Sustainability Assessment (UtSA) (DES 0574). The UtSA is a written system assessment completed by the Sponsor and reviewed and scored by SCDES 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 Project List. Additional financial assessment is performed by RIA as part of the preliminary financial review and loan application process.

G. 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). In determining whether or not a project is eligible for assistance, SCDES will determine the primary purpose of the project. If the primary purpose is to 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.

H. Interest Rates and Funding Terms for Eligible Projects

Visit the RIA Loans web page at ria.sc.gov/loans to view SRF loan rates and policies. Interest rates for SRF projects are published by RIA in October each year and may be updated throughout the year. To receive the published interest rate, a project must receive a construction permit, or letter of approval to construct, and submit a complete loan application to RIA by the deadline established by RIA.

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 SCDES to determine

items that qualify for 20- or 30-year financing based on useful life. This information will be used for the final loan application; 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 bid by the successful contractor is in sufficient detail for SCDES to determine the useful life of the components, no further breakout will be needed for loan closing. However, when the bid by the successful contractor 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 SCDES 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 breakout to SCDES at the earliest possible time.

I. Loan Application

Sponsors of projects on the Provisional Project List who successfully complete an RIA 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 SCDES construction permit or letter of approval that meets SRF requirements. Authorization to construct the project, either through a SCDES-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.

VIII. Eligibilities

A. SA-HMW DWSRF Eligible Sponsors

Municipalities, counties, special purpose districts and other public entities, and private non-profit community water systems that were impacted by Hurricane Helene and are located within the area designated by FEMA via the [South Carolina Hurricane Helene Disaster Declaration \(DR-4829-SC\)](#) are eligible SA-HMW DWSRF project sponsors. A map of the defined eligible area is included as Attachment 1.

B. SA-HMW DWSRF Eligible Activities

According to Section 1452(a)(2) of the SDWA, the DWSRF may only provide assistance for expenditures (not including monitoring, operation and maintenance expenditures) of a type or category which will facilitate compliance with national primary drinking water regulations applicable to the system under Section 1412 of the Act or otherwise significantly further the health protection objectives of the Act.

Activities that are eligible for SA-HMW DWSRF funding are restricted to the following project types, as outlined within the "[Award and Implementation of the 2025 State](#)

[Revolving Fund Supplemental Appropriation for Hurricanes Helene and Milton and the Hawai'i Wildfires \(SA-HMW\)](#) memorandum dated March 13, 2025:

- Prevention of the interruption of water distribution system operation in the event of a flood or natural disaster;
- Prevention of floodwaters from entering a treatment plant or well house;
- Ensuring the continued operation of a drinking water treatment plant, intake, or well in the event of a flood or natural disaster;
- Preservation and protection of water system equipment in the event of a flood or natural disaster;
- Planning and assessment of the vulnerability of a treatment works to flood damage, provided the planning work is reasonably expected to result in a capital project;
- Planning and assessment of the best approach to integrate system and community sustainability / resiliency priorities in the face of a variety of uncertain futures, including natural disasters and more frequent and intense extreme weather events, provided the planning work is reasonably expected to result in a capital project; or
- Assessment of, preparation for, protection from, or mitigation of damage to a drinking water plant, well house, or water distribution system from wildfires.

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 where eligible treatment or distribution projects will be located. 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, 2) an appraisal, prepared by a qualified appraiser, is submitted on each parcel, right-of-way and easement with the loan application, and 3) the land is acquired from a willing seller. For land with structures or other improvements, only the appraised value of the land is DWSRF loan eligible, not the appraised value of the land with the structures or improvements.

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, or 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 RIA 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 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 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, American Iron and Steel 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 DWSRF 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 waterline project.

G. Contingency

The SRF Program allows a contingency on eligible construction costs funded by the SRF for loan projects as follows: ten percent (10%) of the SRF construction line item for the first \$10 million dollars of construction cost and five percent (5%) for the SRF construction amount that exceeds \$10 million.

The SRF Program allows a contingency of two and a half percent (2.5%) for materials that are directly purchased by the sponsor.

There is no contingency allowed on equipment.

H. Phasing of a 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. Projects for systems that are not within the area described by FEMA in the [South Carolina Hurricane Helene Disaster Declaration \(DR-4829-SC\)](#);
2. Dams, or rehabilitation of dams;
3. 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;
4. The purchase of water rights;
5. Laboratory fees for monitoring;
6. Operation and maintenance expenses;
7. Projects needed mainly for fire protection;
8. Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will facilitate compliance;
9. Projects for systems in significant noncompliance, unless funding will facilitate compliance;
10. Projects primarily intended to serve future growth;
11. Refinancing of existing debt; or
12. 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.

IX. Funds Available

A. Amount of Capitalization Grant

The South Carolina allotment from the SA-HMW DWSRF Capitalization Grant is \$17,771,000.

B. State Match Requirement and Cash Draw

The state match requirement has been waived for the SA-HMW DWSRF Capitalization Grant. The State will draw funds from this capitalization grant according to the payment schedule (timeline) submitted with the grant application and presented in the grant award.

C. Set-Aside for Administration of the DWSRF Program

The SDWA allows a state to set-aside four percent (4%) of each capitalization grant to fund the administration of the state-level DWSRF Program and other non-project activities. The State will use \$710,840, or approximately 4.0%, of the SA-HMW DWSRF

Capitalization Grant for administration of the DWSRF Program. In addition, the state plans to take \$124,079, or approximately 4.0%, of the transferred CWSRF SA-HMW Capitalization Grant for administration of the DWSRF SA-HMW program. Once the transfer has been completed, a combined admin amount of \$834,919, or approximately 4.0%, will be available for administration of the DWSRF SA-HMW program.

D. Set-Aside for Technical Assistance for Small Systems

The SDWA allows states to set aside up to two percent (2%) of each capitalization grant to fund technical assistance (TA) services to small water systems that serve fewer than 10,000 people. The State does not plan to take this set-aside from the SA-HMW DWSRF Capitalization Grant.

E. Estimated Funds Available – SA-HMW DWSRF

SA-HMW DWSRF Capitalization Grant	\$17,771,000
Estimated amount of funds to be transferred to/from the CWSRF	\$3,102,000
Set-aside for administration of the SA-HMW DWSRF Capitalization Grant	-\$710,840
Administrative funds reserved from the transferred SA-HMW CWSRF Capitalization Grant	-\$124,079
Estimated Total Funds Available for SA-HMW DWSRF Projects*	\$20,038,081

*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 project funding needs identified in the PPL are equal to the amount identified in the table above for the SA-HMW Capitalization Grant.

F. Equivalency to Account for Federal Funds

SCDES will use equivalency projects to account for the federal funds awarded to the SC DWSRF 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. All projects on the SA-HMW DWSRF Capitalization Grant are subject to equivalency requirements. Equivalency projects will be required to meet all of the federal requirements listed in Section XI.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 DWSRF Annual Report (deliverable) and reported to the federal government (deliverable) pursuant to the requirements of the Federal Funding Accountability and Transparency Act (FFATA).

G. Fee Income

A 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 loan fee is found in the DW Loan Policies on the RIA Loans web page at ria.sc.gov/loans. The entirety of loan fees collected are used to conduct the financial functions of the SRF Program assigned to RIA

under state law. The fees are used for programs that meet the safe drinking water goals of the DWSRF. Program income generated from direct capitalization grant funds and non-program income generated from repayment funds will be collected and accounted for separately. Guidance on the use of fees can be found at [federalregister.gov/documents/2005/10/20/05-21014/guidance-on-fees-charged-by-states-to-recipients-of-clean-water-state-revolving-fund-program](https://www.federalregister.gov/documents/2005/10/20/05-21014/guidance-on-fees-charged-by-states-to-recipients-of-clean-water-state-revolving-fund-program).

X. Assurances and Specific Proposals

SCDES 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 100% 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 DWSRF in an expeditious and timely manner as previously discussed.

XI. Additional Information / Requirements

A. Federal Requirements

Sponsors will be notified of all environmental and social cross-cutter requirements, as well as other applicable federal requirements once their project is identified as a candidate for funding. Guidance on federal requirements can be found on the SRF Guidance web page at des.sc.gov/srfguidance. 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
- Disadvantaged Business Enterprise (DBE) compliance
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: Title 2 CFR, Parts 200 and 1500 (“Uniform Guidance” – governs single audit requirements)
- SRF Signage (for construction projects)
- Telecommunications and video surveillance prohibition

The projects that meet these federal requirements will be identified in the DWSRF Annual Report (deliverable).

B. Capacity Development

A [Capacity Development Strategy for South Carolina](#) (Strategy) has been developed and implemented. The Strategy was approved by EPA and an Annual Implementation Report is submitted each SFY. The report serves as acceptable demonstration that the State continues to develop and implement its Capacity Development Strategy to assist proposed and existing systems in acquiring and maintaining technical, managerial, and financial capacity. In demonstrating acceptable status for its new systems program and existing systems strategy, the State has satisfied the annual reporting criteria expressed in the EPA guidance established pursuant to Sections 1420(c)(1)(C) and 1452(a)(1)(G) of the Safe Drinking Water Act. Thus, South Carolina will not be subject to Drinking Water State Revolving Loan Fund withholdings in connection with these capacity development provisions.

C. Annual Report and Annual Review

An annual report (deliverable) will be submitted by September 30, 2026, that will quantify the results and present the milestones of the capitalization grants.

DWSRF participated in the 2024 EPA Annual Review held January 7 - 8, 2025. The State did not have any audit findings during SFY 2024. DWSRF anticipates receiving and responding to the EPA Program Evaluation Report (PER) for FFY 2025 funding in SFY 2026 during and following the Annual Review/PER.

D. Additional Subsidies

The Act requires that each state must use at least thirty percent (30%) of the SA-HMW DWSRF Capitalization Grant to provide additional subsidy. Additional subsidy will be offered to disadvantaged communities first. The SC DWSRF Program defines a disadvantaged community as a small system (population less than 10,000) with an MHI less than the State MHI that cannot qualify for an SRF loan. After additional subsidy is offered to disadvantaged communities, additional subsidies may be offered to other communities to meet the subsidy requirement. South Carolina will use assistance agreements with 100% forgiveness of principal to satisfy the additional subsidy requirement.

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 VII.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 DWSRF 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 Office of the State Treasurer as required by SC state law.

RIA staff conduct a thorough financial review of each system sponsor to determine if they can afford an SRF loan.

Appendix A (PPL) indicates the amount of PF that has been assigned to projects for the SA-HMW DWSRF funding on a preliminary basis. The SRF Program reserves the right to adjust PF amounts. PF funds are only available if EPA awards the SA-HMW DWSRF Capitalization Grant and it is accepted by SCDES. Project listing is not a commitment of funding.

E. Environmental Outcomes and Measures

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

F. Project Descriptions and Justifications

Each project identified to receive this SA-HMW DWSRF funding must satisfy the eligibility requirements, which includes a relevant statement of impact and improvements aligned with one or more SA-HMW DWSRF eligibility categories. Information on the selected projects is included below.

i. Project Sponsor

Town of Allendale (SC0310001)

Project Title

Generators for Groundwater Wells

Project Cost

\$560,000

Project Description

The project will consist of the installation of stationary emergency generators at two of the four groundwater wells operated by the town. The generators will provide for operation of the wells in the event of a power outage, allowing for uninterrupted operation of the water distribution system and service to its water system customers. The town experienced such an event in the fall of 2024 when Hurricane Helene passed through South Carolina. The Town of Allendale water distribution system was down for nearly two days due to a major power loss.

Impact Experienced

A total loss of power, lasting almost two days, disrupted the Town of Allendale drinking water system during Hurricane Helene.

Eligibility Category

1. Projects that prevent interruption of water distribution system operation in the event of a flood or natural disaster.

ii. Project Sponsor

Town of Branchville (SC3810005)

Project Title

Stationary Generator for Well

Project Cost

\$330,000

Project Description

The project will install one stationary emergency generator at one of the two groundwater supply wells utilized for the Town of Branchville water system. Neither of the wells currently has a generator to ensure water can be supplied to the water system in the event of a power outage or a natural disaster. The town suffers a major power outage almost every year due to impacts from tropical systems. The most recent power outage event was during Hurricane Helene in late September of 2024.

Impact Experienced

The water system for the town lost power during Hurricane Helene and was unable to supply water from the groundwater wells to the system.

Eligibility Category

I. Projects that prevent interruption of water distribution system operation in the event of a flood or natural disaster.

iii. Project Sponsor

New Holland Rural Community Water (SC0220010)

Project Title

New Holland Emergency Generator for Wells

Project Cost

\$272,700

Project Description

A 100kW +/- diesel generator will be installed to power two potable drinking water wells. This generator will be connected to the electrical system via an automatic transfer switch and will be programmed to periodically exercise. If the budget allows, a Supervisory Control and Data Acquisition (SCADA) system will be installed to notify operators of the well and generator status. These improvements will allow the well to continue to operate in the event of power failure, as well as notify operators of the failure. This issue was highlighted during Hurricane Helene in 2024 when residents had no access to drinking water for an extended period due to widespread power outages and the lack of a backup generator.

Impact Experienced

Extended power outages experienced by the water system in 2024 resulting from Hurricane Helene prevented water system customers from having access to clean drinking water.

Eligibility Category

I. Projects that prevent interruption of water distribution system operation in the event of a flood or natural disaster.

iv. Project Sponsor

Belton Honea Path Water Authority (BHPWA; SC0410011)

Protect Title

Raw Water Supply – Emergency Intake and Pumping System

Project Cost

\$2,000,000

Project Description

The Raw Water Supply – Emergency Intake and Pumping System project will construct an access driveway, parking area, and concrete pad for temporary water pumps; and a ramp to the river to install / launch temporary hoses and floats / intakes needed in the event of a dam breach or other issue that impacts the operation of the existing raw water pumps. Once installed, the temporary pump suction hoses will connect to mobile pumps with discharge hoses that connect to a piping / valve manifold. Approximately 1,200 linear feet of new 16" raw water transmission main will be installed to connect the piping manifold to the existing raw water main at Holliday Dam Road. During Hurricane Helene, rising water levels triggered critical concerns about potential dam failure or the submergence of the pump platform, either of which would have disrupted the raw water supply and downstream treatment operations. Although BHPWA successfully maintained continuous pump operation during the event, an evaluation highlighted key vulnerabilities, particularly the risk of system inoperability due to flooding, dam failure, or pump cavitation during rapid drawdown events.

Impact Experienced

During Hurricane Helene, the heavy rainfall totals raised the overall water levels in the source water lake to the point of jeopardizing the current raw water intake system.

Eligibility Category

III. Projects that maintain the operation of a drinking water treatment plant, intake, or well in the event of a flood or natural disaster.

v. Project Sponsor

Greenville Water (GW; SC2310001)

Project Title

Downtown Transfer Pump Station

Project Cost

\$14,675,381 (of the \$20,000,000 total project need)

Project Description

A 15 MGD pump station located in downtown Greenville is needed to transfer water between service area pressure zones if one of the two GW water treatment plants,

either Stovall WTP or Adkins WTP, is out of service / offline. This new pump station is key if there is a large emergency or disaster at one of the WTPs. The installation of redundant distribution system components will ensure the ongoing operation of the water system in the event of a future flood or natural disaster like Hurricane Helene. System impacts directly from Hurricane Helene caused extensive power outages across our service area, requiring most of our mechanical systems to rely on diesel-powered generators for multiple days to maintain essential operations. Storm damage and debris further limited access to numerous pump stations and storage tanks, complicating response and recovery efforts.

Impact Experienced

Storm damage from Hurricane Helene in 2024 caused extensive power outages that threatened the continued operation of the drinking water system and limited access to multiple sites and facilities vital to the operation of the water system.

Eligibility Category

III. Projects that maintain the operation of a drinking water treatment plant, intake, or well in the event of a flood or natural disaster.

vi. Project Sponsor

Bethune Rural Water Company (BRWC; SC2820006)

Project Title

Final Production Well for Water System Improvements

Project Cost

\$2,200,000

Project Description

This new groundwater well project includes installing an 800 GPM production well with a vertical turbine pump. Approximately 350 linear feet of 10" water line would be installed to connect the groundwater well to the existing booster pump station at the front of the property. In late September 2024, Hurricane Helene caused widespread power outages in the BRWC service area, forcing a one-day office closure that limited customer service. Staggered power restoration from different providers complicated water pumping and distribution. This event highlighted the need for greater system resiliency, resulting in plans for a new groundwater well, a permanent backup emergency generator, and additional emergency measures to ensure sufficient and proper distribution for the water system.

Impact Experienced

Hurricane Helene caused widespread power outages and storm damage resulted in staggered power restoration after the storm across the water system service area. These events complicated the pumping of water and its safe and effective distribution throughout the water system to its customers.

Eligibility Category

III. Projects that maintain the operation of a drinking water treatment plant, intake, or well in the event of a flood or natural disaster.

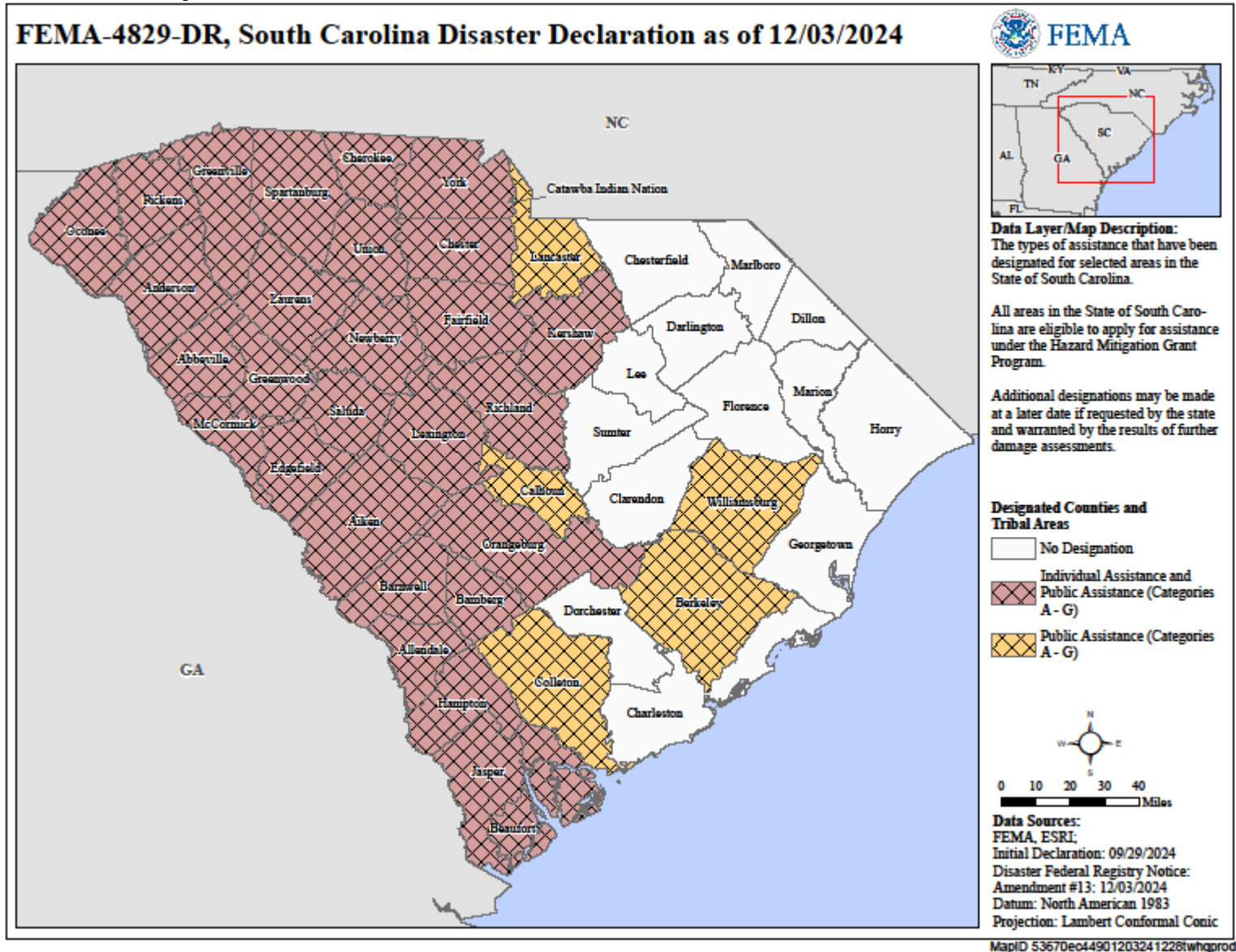
G. Public Participation

Notice of the draft IUP is emailed to each project sponsor on the Comprehensive Priority List of DWSRF Projects and other interested parties.

During the public notice period (30-day minimum), the Draft IUP notice and Draft SA-HMW DWSRF Capitalization Grant IUP are available from the SCDES SRF Reports and Publications web page at des.sc.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. Major comments received on the Draft IUP during the public notice period are addressed within this Final SA-HWM DWSRF IUP below.

The Draft SA-HWM DWSRF Capitalization Grant IUP was posted to the SCDES website on November 5, 2025. Notice of the Draft IUP was emailed to SRF contacts, Rural Infrastructure Authority contacts, SCDES 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 December 4, 2025. No major comments were received.

Attachment 1. Map Associated with SC FEMA Disaster Declaration 42829-DR



DWSRF Supplemental Appropriation for Hurricanes Helene and Milton and Hawai'i Wildfires (SA-HMW)¹

Rank	Sponsor & Project Name	SRF Project Number	Project Description	SC Water System ID Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ²	Sponsor's Service Population	Population Affected by Project	Total Points
1	Allendale, Town of - Generators for Groundwater Wells ³	0310001-03	The project will consist of the installation of stationary emergency generators at two of the town's four groundwater wells. The generators will provide for operation of the wells in the event of a power outage, allowing for uninterrupted operation of the town's water distribution system and service to its water system customers. The town experienced such an event in the fall of 2024 when Hurricane Helene passed through South Carolina. The town's water distribution system was down for nearly two days due to a major power loss.	0310001	\$ 560,000	\$ -	\$ 560,000	2,738	2,738	115
2	Branchville, Town of - Stationary Generator for Well ³	3810005-02	The project is to install one stationary emergency generator at the above listed groundwater well. The town of Branchville's water system is supplied by two wells. Neither of these has a generator to ensure water can be supplied to the town's system in the event of a power outage or a natural disaster. The town suffers a major power outage almost every year due to the impact of tropical systems. The most recent was Hurricane Helene in late September of 2024.	3810005	\$ 330,000	\$ -	\$ 330,000	1,000	1,000	115
3	New Holland Rural Community Water - New Holland Emergency Generator for Wells ³	0220010-02	To provide a means of emergency power via 100kW +/- diesel generator to power two potable drinking water wells. This generator will be connected to the electrical system via an automatic transfer switch and will be programmed to periodically exercise. If the budget allows, a SCADA system will be installed to notify the operators of well and generator status. These improvements will allow the well to continue to operate in the event of power failure, as well as notify operators. This issue was highlighted during Hurricane Helene in 2024 when residents had no access to drinking water for an extended period due to widespread power outages and the lack of a back up generator.	0220010	\$ 272,700	\$ -	\$ 272,700	500	480	110
4	Belton Honea Path Water Authority - Raw Water Supply - Emergency Intake and Pumping System ³	0410011-07	The Raw Water Supply - Emergency Intake and Pumping System project will include constructing an access driveway, parking area and concrete pad for the temporary pumps, and ramp to the river to install/launch the temporary hoses and float/intakes needed in the event of a dam breach or issue that impacts the operation of the existing raw water pumps. Once installed, the temporary pump suction hoses will connect to mobile pumps with discharge hoses that connect to a piping/valve manifold. Approx. 1,200 LF of new 16" raw water transmission main will be installed to connect the piping manifold to the existing raw water main at Holliday Dam Road. During Hurricane Helene, rising water levels triggered critical concerns about potential dam failure or submergence of the pump platform, either of which would have disrupted raw water supply and downstream treatment operations. Although BHPWA successfully maintained continuous pump operation during the event, the evaluation highlighted key vulnerabilities, particularly the risk of system inoperability due to flooding, dam failure or pump cavitation during rapid drawdown events.	0410011	\$ 2,000,000	\$ -	\$ 2,000,000	2,277	17,389	35

DWSRF Supplemental Appropriation for Hurricanes Helene and Milton and Hawai'i Wildfires (SA-HMW)¹

Rank	Sponsor & Project Name	SRF Project Number	Project Description	SC Water System ID Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ²	Sponsor's Service Population	Population Affected by Project	Total Points
5	Greenville Water - Downtown Transfer Pump Station ³	2310001-09	A 15 MGD pump station located in downtown Greenville is needed to transfer water between service area pressure zones if one of the two GW water treatment plants, either Stovall WTP or Adkins WTP, is out of service/offline. This new pump station is key if there is a large emergency or disaster at one of the WTPs. The installation of redundant distribution system components will ensure the ongoing operation of our water system in the event of a future flood or natural disaster like Hurricane Helene. System impacts directly from Hurricane Helene caused extensive power outages across our service area, requiring most of our mechanical systems to rely on diesel-powered generators for multiple days to maintain essential operations. Storm damage and debris further limited access to numerous pump stations and storage tanks, complicating response and recovery efforts.	2310001	\$ 20,000,000	\$ 13,776,181	\$ 899,200	500,000	400,000	20
6	Bethune Rural Water Company - Final Production Well for Water System Improvements ³	2820006-07	The new Groundwater Well Project includes installing an 800-GPM Production Well with a Vertical Turbine Pump. Approximately 350 Linear Feet (LF) of 10-Inch Water Line would also be installed to connect the Groundwater Well to the existing Booster Pump Station at the front of the property. In late September 2024, Hurricane Helene caused widespread power outages in the BRWC's service area, forcing a one (1) day office closure that limited customer service. Staggered power restoration from different providers complicated water pumping and distribution. This event highlighted the need for a greater system resiliency, with plans for a new Groundwater Well, backup Permanent Emergency Generator, and emergency measures to ensure sufficient and proper distribution to the surrounding areas like the Town of Bethune.	2820006	\$ 2,200,000	\$ -	\$ 2,200,000	2,600	2,600	10
Totals:					\$25,362,700	\$ 13,776,181	\$ 6,261,900			
SA-HMW Total of SRF Loan + Principal Forgiveness Amount⁴:							\$ 20,038,081			

1 Projects on the Provisional Project List are ranked based on priority for funding.

2 As discussed in Section XI.D. of this IUP, the required minimum Additional Subsidy is 30% of the capitalization grant or \$6,261,900. SC uses Principal Forgiveness Assistance to satisfy the Additional Subsidy requirement. The total Estimated Principal Forgiveness Assistance is shown on the table above.

3 Equivalency project.

4 See available funds discussions in Section IX.E. of this SA-HMW DWSRF IUP.

Note: The project funding needs identified in the PPL are equal to the amount of the Estimated Total Funds Available for SA-HMW DWSRF Projects.