



FY16 CWSRF Intended Use Plan For SFY17

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FINAL

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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) 2017 (July 1, 2016 through June 30, 2017) including federal funds allocated to South Carolina from the Consolidated Appropriations Act, 2016 (P.L. 114-113). South Carolina's allotment from the federal appropriations is \$13,688,000. Eligibility for CWSRF loans and CWSRF program requirements, including implementation of the 2014 CWA Amendments and any requirements of P.L. 114-113 are also included in this 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 Rural Infrastructure Authority (RIA) Office of Local Government (OLG) 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 website at <http://www.scdhec.gov/srf>.

II. Goals

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

A. Short Term Goals

1. Promote the use of green practices and investment in green infrastructure, water and energy efficient improvements and environmentally innovative projects.
2. Work with potential sponsors to encourage and facilitate submission of eligible projects that are ready to proceed and to guide those projects toward binding commitments within one year of placement on the IUP.
3. Total Maximum Daily Load (TMDL) implementation through initiation (and completion) of projects that have received priority ranking points for a proposed project scope that reduces the level of a targeted pollutant or pollutants in a waterbody with an approved TMDL.

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 in order to attain water quality standards.
3. Maintain a working relationship with other infrastructure funding authorities within the state to coordinate water quality funding.
4. Work collaboratively to direct CWSRF funds to areas where additional DHEC and EPA resources are already invested (i.e., Priority Watersheds and 319 grants).
5. 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 authority to transfer funds between the CWSRF and Drinking Water (DW) SRF program as provided for by federal authority. The ability to transfer funds from prior and current grants can assist in meeting demand for CWSRF and DWSRF funding.

Due to the demand for funds in the DWSRF program for SFY17, SC SRF proposes to transfer funds from CWSRF to DWSRF under federal authorities. An amount equal to 33% of the FY16 capitalization grant is the maximum transfer allowed and amounts to \$2,742,960. Additionally, SC SRF plans to ask for a deviation from DWSRF regulations in order to transfer the maximum eligible amount of leftover funds that were not previously transferred in any given year in which the state received a DWSRF capitalization grant, going back to the inception of the DWSRF program. For SC SRF that would amount to \$37,431,852, representing capitalization grants from FY97-FY09. The transfer funds are non-federal funds made available by loan repayments. This transfer will help meet the demand for DW funds without adversely impacting the CW fund.

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 State Fiscal Year 2017. The list consists of projects that are in the process of meeting SRF program requirements and new projects.

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 satisfactory review of the project sponsor's technical and managerial capacity, a completed environmental review of the proposed project, issuance of a DHEC SRF construction permit, and a successful final credit review by the RIA/OLG for the Authority. The availability of a loan from the Authority will be based on the project sponsor's financial capacity and its ability to afford repayment on the requested amount of debt.

The Provisional Project List includes projects that have been identified to receive principal forgiveness funds. These funds are only available if the FY16 CWSRF 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 Documents and Forms webpage at <http://www.scdhec.gov/srfforms>.

B. Comprehensive Priority List of CWSRF Projects

For a project to be considered for funding from 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, DHEC-3561. DHEC-3561 may be found on the SRF Documents and Forms webpage, <http://www.scdhec.gov/srfforms>. A project sponsor may submit a completed questionnaire to the SRF section of DHEC's Bureau of Water at any time. Once the questionnaire is received, DHEC staff evaluate the project based on the 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 (1st – score for “implement an approved TMDL”, 2nd – score for “impairment(s) addressed on current 303d list”) and date project questionnaire received. DHEC maintains an updated Comprehensive Priority List on the SRF Documents and Forms webpage, <http://www.scdhec.gov/srfforms>.

If a project remains on the Comprehensive Priority List for two years and is not ready to proceed, DHEC staff will contact the sponsor and request that a revised project questionnaire be submitted within 30 days that updates the cost estimate along with any changes to the project description. If DHEC does not receive a revised project questionnaire, the project will be removed from the Comprehensive Priority List.

C. Selection of Projects & SRF Funding

The selection of projects for the Provisional Project List (Appendix A) is based on project ranking and the sponsor's indicated readiness to proceed with a project during SFY17. Ready to proceed in SFY17 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 the RIA/OLG.

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/OLG will send the sponsor a loan application package. To proceed as an SFY17 SRF project, a project must receive a construction permit and submit a complete loan application to RIA/OLG by July 31, 2017. For large projects, DHEC and RIA/OLG reserve the right to impose a limit on the amount of any given CWSRF loan, regardless of ranking, and to consider a sponsor's ability to obtain financing from other sources.

D. Bypass Procedure

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 of a non-viable or abandoned system;
2. To select Green Project Reserve eligible projects or portions of projects that equal at least \$1,368,800;
3. To address an imminent hazard to public health declared by DHEC, and;
4. To fund projects that will eliminate a point source discharge, which is violating effluent limits, and connect to a regional system.

E. Expeditious Use of Funds

Due to an increase in expected utilization of SRF funding and in order to promote timely commitment and use of SRF funds, DHEC will set milestones for each project related to the completion of the PER and the construction permit application. For the projects listed in Appendix A, the project sponsor must meet these milestones to ensure funds will not be committed to other projects. For example, if the project sponsor does not meet the PER deadline, DHEC may move to another sponsor whose project has met the deadline (even a project from the CW Comprehensive Priority List but not listed in Appendix A). If that occurs, the original sponsor may need to wait and compete for available (and possibly more limited) funds in the next funding cycle. The same thing would apply to the deadline for submission of the plans/specifications. DHEC will take in account the complexity of the project and work with project sponsors in setting project milestones.

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 ensure compliance over the long-term.

Sponsor sustainability is evaluated using DHEC's Utility Sustainability Assessment (UtSA) (DHEC form 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 an UtSA within the previous three years an UtSA is requested of sponsors with projects on the Provisional Projects List. Additional financial assessment is performed by the RIA/OLG as part of the preliminary financial review and loan application process.

G. Funding Terms and Interest Rates for Eligible Projects

Up to 30 year financing is available for all borrowers not to exceed the useful life of the project components. 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.

Visit the RIA/OLG website, <http://www.ria.sc.gov/> to view current SRF loan rates and policies. Interest rates **for SFY17** are expected to be published by the RIA/OLG in early October 2016.

H. Loan Application

Sponsors of Provisional Projects who successfully complete RIA/OLG's preliminary financial review may apply to the Authority through RIA/OLG for SRF loan financing by submitting a loan application approximately 30 days prior to submitting plans and specifications as required for a DHEC/SRF construction permit. 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. Eligibility Criteria

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, <http://www.scdhec.gov/library/CR-010129.pdf>.

C. Land

Land needed in support of construction and for collection, transport or treatment 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 submission 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. In the CWSRF program, land may be acquired under proper eminent domain procedures where 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, watershed-based plans, 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 the RIA/OLG 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 submission of a complete loan application to the RIA/OLG.

F. Construction Costs

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

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

Materials such as pipe, valves, brick, mortar, etc., that are directly purchased by the sponsor are eligible. The materials may be installed either by a contractor or by the sponsor using its own employees and equipment. Eligibility is limited to the costs of materials. The costs of supplies such as fuel, oil and tools used by the sponsor to install the materials are not eligible for funding under the 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 of 10% of the construction line item where the construction cost of an SRF loan is \$10 million dollars or less. When the construction cost is greater than \$10 million dollars the contingency will be limited to 5%.
- The SRF program allows a contingency of 2.5% for materials that are directly purchased by the sponsor.
- There is no contingency allowed on equipment.

H. Phasing of a 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);
2. Projects exclusively correcting operation and maintenance deficiencies;
3. Projects for systems in NPDES noncompliance, unless funding will ensure compliance.

VII. Funds Available

A. Amount of Capitalization Grant

South Carolina's allotment from the FY 2016 federal appropriations law is \$13,688,000.

B. State Match Requirement

One condition of receiving the annual capitalization grant allotment is the State must deposit into the CWSRF an amount equal to at least 20% of the total amount of the capitalization grant.

The RIA/OLG will deposit to the CWSRF fund the required amount of \$2,737,600 to comply with the state match requirement.

C. Administration of the CWSRF Program

The CWA allows each state to use an amount equal to 4% of its capitalization grant to fund the administration of the CWSRF program. DHEC plans to retain the authority to use four percent (4%) of its capitalization grant amount (\$547,520) plus draw \$75,440 from unused CW administration funds to provide a total of \$622,960 for program management, including hiring staff, paying operational expenses and providing technical assistance to potential loan applicants.

DHEC plans to use a portion of its administration funding to maintain a contract with a consultant/technical assistance provider to assist CWSRF loan recipients in meeting the Fiscal Sustainability Plan requirement as set forth in the CWA amendments of 2014.

D. Estimated Funds Available for Loans for State Fiscal Year (SFY) 2017

Estimated Amount of Funds available as of 6/30/16	\$153,970,781
FY 2016 federal capitalization grant	\$13,688, 000
State match for FY 2016 capitalization grant	\$2,737,600
Estimated SFY 17 repayments (7/1/16 to 6/30/17)	\$36,298,320
Estimated SFY 17 investment earnings (7/1/16 to 6/30/17)	\$4,200,000
Expected transfer of funds to DWSRF fund ¹	(\$2,742,960)
Expected one-time retroactive transfer of funds to DWSRF fund ²	(\$37,431,852)
CWSRF administrative set-aside	(\$622,960)
Estimated Total Funds Available for SFY 2017 Loans	\$170,096,929

The estimated total funds for SFY17 loans **may decrease** from the figure quoted above due to the ongoing administration of SFY16 projects where bids have not been opened (which may lead to an increase in the loan amount for one or more SFY16 projects and a subsequent decrease in funds available).

E. Anticipated Cash Draw Ratio

Since the advent of requiring additional subsidy (accomplished in SC through principal forgiveness) in FY 2010 and its attachment to specific capitalization grants, all state match is deposited in the CW fund and fully expended before then drawing federal money at 100%.

F. Fee Income

A loan closing fee is charged to loan recipients to support RIA/OLG’s operating costs. This fee is not eligible for inclusion in the loan.

The CWSRF SFY17 closing fee is expected to be published in early October 2016 on the RIA website, <http://www.ria.sc.gov/>.

1 Expected transfer of CW repayment funds to SC’s Drinking Water SRF fund as allowed by federal authority against the FY16 Drinking Water Capitalization Grant.

2 DHEC will request to transfer, from the CWSRF, the maximum eligible amount of funds that were not previously transferred in any given year in which the state received a DWSRF capitalization grant, going back to the inception of the DWSRF program, to meet demand for funding in the DWSRF program.

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 payment received under the capitalization grant within one year of receipt of payment.
3. Expeditious and Timely Expenditures: The State will expend all funds in the CWSRF in an expeditious and timely manner.

IX. Additional Information / Requirements

A. Federal Requirements

Various federal requirements are tied to the capitalization grant, and will be required of any project receiving a loan made with federal capitalization funds. These requirements are:

- Federal Environmental Crosscutters
- Disadvantaged Business Enterprise compliance (DBE)
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: Title 2 CFR, Parts 200 and 1500
- Federal Funding Accountability and Transparency Act (FFATA) reporting
- Architectural and Engineering Procurement (see Section IX.E)

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

B. Davis Bacon and Related Acts

The 2014 CWA Amendments made permanent the provision that CWSRF projects comply with Davis-Bacon requirements. Davis-Bacon prevailing wage rates shall apply to any construction of treatment works - as defined in the CWA, Section 212 - carried out in whole or in part with assistance made available by the CWSRF. Davis-Bacon may not apply to some nonpoint source projects.

C. Additional Subsidies

The 2014 CWA Amendments made the use of additional subsidization funds optional for State CWSRF programs and set forth that no more than 30% of the annual capitalization grant could be used for additional subsidy to projects. However, the Consolidated Appropriations Act, 2016, requires that 10% of a State's FY16 capitalization grant be used to provide additional subsidy to CWSRF projects. Section 603(i) of the CWA, states the conditions under which additional subsidy may be offered to a project.

In September 2015 DHEC established, public noticed and published affordability criteria that comply with Section 603(i)³ of the CWA to use in the event that hardship is considered as a condition for assigning additional subsidy to a project.

EPA expects the SRF program to ensure that systems and project sponsors who receive additional subsidy have the technical, managerial and financial capacity to maintain compliance with federal and state regulations. Systems that do not have adequate technical, managerial and financial capacity may receive additional subsidy funds if the system/sponsor agrees to undertake needed changes in operation that will ensure long term sustainability.

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

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

To make maximum benefit of PF funds for SFY17, no one sponsor may receive more than \$1,000,000 of this subsidy unless PF funds remain unassigned or are not committed to an identified project as expected.

Appendix A indicates the amount of PF that has been assigned to projects for SFY17 on a preliminary basis. The SRF Program reserves the right to adjust PF amounts. PF funds are only available if EPA awards the FY16 CWSRF Capitalization Grant and it is accepted by DHEC. Project listing is not a commitment of PF funding.

D. Fiscal Sustainability Plan

The 2014 CWA Amendments require CWSRF loan recipients to develop and implement a Fiscal Sustainability Plan (FSP). The FSP must include an asset management plan and incorporate water and energy conservation efforts. CWSRF loan recipients with projects submitted on a Project Questionnaire after October 1, 2014 will develop and execute an FSP before the completion of the SRF-funded project, or, certify that an existing plan satisfies the FSP requirement.

DHEC has contracted with a technical assistance provider to supply training on FSP development and to provide assistance in FSP development for eligible SRF project sponsors.

E. Procurement

The State Procurement Code process must be followed for procurement of Architectural and/or Engineering service contracts for federally designated projects. This is to satisfy the procurement requirement introduced into the CWSRF through the 2014 CWA Amendments. New solicitations, significant contractual amendments, and contract renewals initiated on or after the effective date of October 1, 2014 are subject to this requirement.

³ “Affordability criteria shall be based on income and unemployment data, population trends, and other data determined relevant by the State.”

F. Cost and Effectiveness

The 2014 CWA Amendments require CWSRF loan recipients to evaluate cost and effectiveness as well as water and energy efficiency. CWSRF loan recipients must evaluate cost and effectiveness, and water and energy efficiency for any projects submitted on a Project Questionnaire after October 1, 2015.

G. Green Project Reserve (GPR)

The Consolidated Appropriations Act, 2016 requires, to the extent there are eligible projects, not less than 10% of the FY16 CWSRF loan 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 \$1,368,800. EPA's GPR guidance is posted on the SRF Guidance page within the SRF Section of the DHEC Website at <http://www.scdhec.gov/srf>. At the time this IUP was finalized, no projects had been identified as qualifying for the GPR. To reach the minimum of 10%, projects currently on the Provisional Project List will be reviewed to see if any qualify for the GPR. and projects will continue to be solicited for SFY17 to be GPR eligible projects.

Any project or project portion wanting to be considered for the GPR must submit documentation or, when applicable, a business case outlining the benefits of the green components of the project. Guidance on GPR documentation, and example business cases are posted to the SRF Guidance page of the SRF section of the DHEC website.

DHEC reserves the right to give funding priority to all or a portion of GPR qualifying projects through the bypass procedures.

H. "American Iron and Steel" Requirement

American Iron and Steel (AIS) requirements were made permanent for CWSRF projects with passage of the CWA Amendments of 2014. AIS requires that all iron and steel products used in SRF projects be produced in the United States unless a waiver is granted by the EPA. More information is available at the American Iron and Steel (AIS) webpage: http://water.epa.gov/grants_funding/aisrequirement.cfm.

I. Environmental Outcomes and Measures

DHEC will update EPA's Clean Water Benefits Reporting (CBR) database and enter data into the CWSRF National Information Management System (NIMS). CBR collects project level information and anticipated environmental benefits associated with CWSRF projects, while NIMS produces annual reports that provide a record of progress and accountability for the program. EPA uses the information provided to oversee the CWSRF State programs and develop reports to the US Congress concerning activities funded by the SRF program. For more information, go to EPA's Clean Water SRF Performance webpage, http://water.epa.gov/grants_funding/cwsrf/cwnims_index.cfm.

J. Public Participation

Notice of this draft IUP is e-mailed or mailed to each project sponsor on the Comprehensive Priority List of CWSRF Projects and other interested parties. In addition, a notice (legal advertisement) is published in The State, The Greenville News, The Post and Courier, and the Sun News newspapers.

During the 30-day public notice period, the notice and DRAFT FY2016 CWSRF IUP are posted on the DHEC website, <http://www.scdhec.gov/srf>. Interested parties were invited to review the documents and submit written comments by the deadline established in the Draft IUP notice.

Written notice regarding the draft CWIUP and the DRAFT FY16 CWIUP were posted to the DHEC website on June 9, 2016 and the notice was published as a legal advertisement in the above-mentioned papers on the same day. Comments were accepted until 5:00 pm on July 11, 2016.

The only comments received on the FY2016 Draft CWIUP were in a letter from Upstate Forever, dated July 7, 2016. These comments are addressed in Appendix B, “Response to Comments Received on the Draft FY16 CWSRF Intended Use Plan.”

Additionally, the SFY17 CW Provisional Project List was revised due to additional information provided by two Project Sponsors, which resulted in an increase in the estimated total project cost for SRF #734-01 (Lowcountry Regional Water – Brunson WWTP Upgrade) and the removal of SRF#368-25 (Greenwood Metropolitan District – Sample Branch Trunk Line Replacement-Phase 2) due to a delay in the anticipated construction schedule.

SOUTH CAROLINA
CWSRF SFY17 Provisional Project List

Project Sponsors/Projects listed here are eligible to be recipients of SRF funding assistance in State Fiscal Year 2017. Final funding decisions for each project will depend on: a satisfactory review of the project sponsor's technical and managerial capacity; a completed environmental review of the proposed project; issuance of a DHEC SRF construction permit; and, successful final credit review by the Rural Infrastructure Authority - Office of Local Government.

	Sponsor & Project	SRF Project Number	Project Description	NPDES Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ¹	Estimated Green Project Reserve Amount ²	Total Points
New Projects									
1	ReWa FY17 Gravity Sewer & Manhole Rehabilitation	370-69	Lining existing sewers with Cured in Place Piping & lining of existing manholes with cementitious material to reduce the potential for wet weather sanitary sewer overflows resulting from inflow and infiltration.		\$5,500,000	\$5,500,000			90
2	Simpsonville, City of Sanitary Sewer System Rehabilitation	715-03	Evaluation of the sanitary sewer system to identify sections subject to excessive infiltration and inflow and reduce SSOs. Replacement or repair (point repair or CIPP) of sewer lines as needed with post-repair/rehab evaluation.		\$10,000,000	\$10,000,000			80
3	Union, City of Regional Wastewater Facility along Hwy. 176 Corridor	373-02	This project will eliminate the Town of Jonesville WWTP and transfer the Wastewater to the City of Union Tosch's Creek WWTP.		\$6,055,000	\$6,055,000			80
4	Clover, Town of Town of Clover Calabash Improvements & Guinn Street Rehab	402-10	Install new bar screen and rehabilitate the air diffuser system at the Calabash WWTP to aid in complying with a Consent Order to reduce nitrogen levels in the discharge pumped to Gastonia, NC for treatment and disposal. Replace old gravity sewer line on Guinn Street to reduce infiltration and inflow.	discharge to Gastonia NC	\$468,800		\$468,800		70
5	Laurens County WSC Whitten Center Sewer Lift Stations	540-12	Install 2 sewer lift stations and ~ 4,000 LF of force main to transport the wastewater flow from the Whitten Center to LCWSC replacing interceptor lines that are subject to overflows due to improper sizing.		\$748,000		\$748,000		70
6	GSWSA South Wastewater Transmission System Upgrade	381-77	Installation of ~35,500 LF of force main to interconnect sections of the sewer system to address reliability and redundancy in handling sewer flows. A pump station will be constructed at the headworks of the Schwartz WWTP to intercept the influent flows from the multiple force mains.	SC0037753	\$10,000,000	\$10,000,000			70
7	Parker Sewer and Fire Subdistrict Brushy Creek Basin - Sewer Rehabilitation	750-03	Rehabilitation/replacement of ~100 year old gravity sewer collection system in three subbasins (R15, R16, R17) to prevent infiltration & inflow and resulting sanitary sewer overflows and surcharge to the WWTP.	SC0041211	\$12,000,000	\$10,000,000			70
8	Berea Public Service District Sanitary Sewer Rehabilitation Program	735-01	Repair and rehabilitate 8" sewer lines through point repairs and cured-in-place pipe, and repair and apply cementitious lining to hundreds of manholes to address numerous issues that have contributed to varying degrees of infiltration and inflow throughout the collection system.	SSS000732	\$2,400,000	\$2,400,000			70
9	Lowcountry Regional Water Brunson WWTP Upgrade	734-01	Upgrade WWTP to meet new NPDES limits.	SC0042382	\$2,500,000		\$1,000,000		50

SOUTH CAROLINA
CWSRF SFY17 Provisional Project List

	Sponsor & Project	SRF Project Number	Project Description	NPDES Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ¹	Estimated Green Project Reserve Amount ²	Total Points
10	Aiken, City of Sand River Sanitary Sewer Basin Rehabilitation	549-06	Evaluate and replace or rehabilitate as needed sanitary sewer lines and manholes to eliminate I&I and pipe failures.		\$10,000,000	\$10,000,000			50
11	Lancaster, City of West Arch St. Sewer Service Area Rehabilitation	497-19	Sewer rehab of ~16,500 LF of gravity sewer through CIPP lining, point repair, sewer line enhancements, manhole lining and service lateral lining.	SC0046892	\$3,000,000	\$2,000,000	\$1,000,000		50
12	Rock Hill, City of Stormwater Improvements - Ph 2 Cavendale Drive	393-29	Replace an existing under-road culvert and restore the channel of a feeder stream to Wildcat Creek to address flooding that occurs during a 10-year rain event.		\$2,000,000	\$2,000,000			50
13	Easley Combined Utilities Arial Mill Sewer Improvements	711-05	Install ~12,300 linear feet of 8" PVC sewer line, 62 manholes and new service laterals to 128 residences to replace aging sewer collection system that is poorly sited and subject to failure.		\$3,000,000	\$3,000,000			40
14	Easley Combined Utilities Alice Mill Sewer Improvements	711-06	Install ~17,700 linear feet of 8" PVC sewer line, 87 manholes and new service laterals to 225 residences to replace an aging sewer collection system that is poorly sited and subject to failure.		\$5,000,000	\$5,000,000			40
15	ReWa Downtown Conveyance Improvements	370-85	Construct an underground tunnel to convey wet weather peak flows to prevent SSOs due to lack of capacity in the existing parallel sewer.		\$50,000,000	\$50,000,000			40
16	Mount Pleasant Waterworks Conversion and/or Rehabilitation of Six Pump Stations	511-47	Convert above ground suction lift pump stations to submersible pump stations with accompanying renewal of all PS components.	SC0040771	\$4,000,000	\$4,000,000			20
17	GSWSA Myrtle Beach WWTP Influent Pump Station and Headworks	381-76	Replace existing screw pumps with a submersible pump station and wetwell and add new screening, flow measuring, grit removal and scrubber equipment to the headworks to improve influent treatment and odor control.	SC0037753	\$5,000,000	\$5,000,000			20
18	Bamberg Board of Public Works New Bridge Sewer Rehabilitation	278-01	Installation of new sewer line to replace existing poorly sited sewer line. Rehabilitation of existing sewer lines in the area as determined by CCTV inspection.	ND0063398	\$2,277,600	\$2,277,600			20
19	Bamberg Board of Public Works Pine Street Sewer Rehabilitation	278-02	Reduce infiltration and inflow through sewer line installation and repair and rehabilitation of aging vitrified clay pipe with PVC pipe.	ND0063398	\$2,908,620	\$2,908,620			20
Totals: New Projects Section					\$136,858,020	\$130,141,220	\$3,216,800		

SOUTH CAROLINA
CWSRF SFY17 Provisional Project List

	Sponsor & Project	SRF Project Number	Project Description	NPDES Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ¹	Estimated Green Project Reserve Amount ²	Total Points
Continuing Projects ³									
1	Chapin, Town of WWTP Expansion and Upgrade	732-01	Construct a 2.4 MGD wastewater treatment plant to replace the current 1.2 MGD lagoon system and provide treatment able to meet NPDES limits.	SC0040631	\$12,000,000	\$10,000,000			
2	East Richland County Public Service District New 64-inch Interceptor Sewer	524-26	Installation of a new 64-inch interceptor to replace aging parallel 54-inch and 42-inch interceptors.	SC0038865	\$3,700,000	\$3,700,000			
3	Florence, City of Timmons ville Sewer System Improvements Phase 2	378-24	Continue collection system rehabilitation to assist takeover and complete WWTP rehabilitation/upgrade to include lagoon liner replacements, disposal of WWTP primary lagoon solids, rebuild influent pumps, headworks improvements and SCADA improvements.	SC0025356	\$4,000,000	\$4,000,000			
4	Florence, City of Timmons ville Sewer Collection System Rehabilitation	378-25	Rehabilitation of wastewater lines identified to be in need of repair to assist in the takeover of the Timmons ville collection system.	SC0025356	\$1,687,000	\$687,000	\$1,000,000 (From FY15 Cap. Grant)		
5	Hilton Head PSD1 Spanish Wells PS1, Mid-Marshland PS, Summit Dr. PS	509-05	Construct 2 sewer pump stations and upgrade an existing pump station.	SC0046191/ ND0068462	\$906,750	\$906,750			
6	Mount Pleasant, Town of Snee Farm Stormwater Rehabilitation Project	511-40	Survey and design stormwater rehabilitation work; replace and improve lake outfall structure; rehabilitate/replace drainage pipe for flood mitigation; restore/stabilize primary drainage canals; clean, inspect, rehabilitate/replace drainage pipe.	SCR031906	\$8,481,083	\$8,481,083			
7	Seneca Light and Water Pump Station & Gravity Sewer Rehabs	707-02	Replace some aging pump station and ~ 3,200 linear feet of sewer force main. Also rehab ~ 46,000 linear feet of aging gravity sewer lines to reduce blockages, leaks and infiltration and inflow.	SC0033553	\$5,500,000	\$5,500,000			
Totals: Continuing Projects Section					\$36,274,833	\$33,274,833	\$0	\$0	
Totals: New Projects Section (from page 2)					\$136,858,020	\$130,141,220	\$3,216,800		
SFY 2017 Total of SRF Loan + Principal Forgiveness Loan Amounts						\$166,632,853			

- 1 Principal forgiveness funds are subject to change and are only available if the FY16 CWSRF Capitalization Grant is awarded by EPA and accepted by DHEC. Project listing is not a commitment of funding.
- 2 GPR projects are classified as "c" for categorical" or "bc" for business case.
- 3 SFY16 projects that are not expected to have a complete CWSRF application by July 31, 2016.

Response to Comments Received on the Draft FY16 CWSRF Intended Use Plan (IUP)

The only comments received on the FY2016 Draft CWIUP were provided in a letter from Upstate Forever, dated July 7, 2016. These comments focused on SRF procedure and policy as reflected in the IUP. DHEC's response to these comments are indicated in italics below.

Preamble to Comment 1 and Comment 2:

State Revolving Fund (SRF) programs were first required to incorporate EPA's Green Project Reserve (GPR) initiative as a provision of the American Recovery and Reinvestment Act (ARRA) of 2009. The GPR initiative identifies four categories of projects that qualify for GPR funding: green infrastructure, water efficiency, energy efficiency, and environmental innovation. In 2009, the ARRA required States to dedicate 20% of federal funds provided for SRF programs to green projects. Currently the Consolidated Appropriations Act, 2016 now only requires States to reserve at least 10% of funds for capitalization grants to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. However, many states have exceeded minimum reserve requirements by revising project Priority Ranking Systems (PRS) to reflect elements of the GPR, and providing additional financial subsidized offers to projects that qualify under GPR criteria. To date, the SC Department of Health and Environmental Control (SCDHEC) has yet to implement either of these strategies, which would increase project participation under GPR guidelines while helping the SC SRF programs achieve the goals set in both the Clean Water Intended Use Plan (CWIUP) and the Drinking Water Intended Use Plan (DWIUP).

The Consolidated Appropriations Act, 2016 requires State Clean Water (CW) SRF Programs to assign 10 % of capitalization funds to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities "to the extent there are sufficient eligible project applications and projects are consistent with State Intended Use Plans." The Act does not require the same for Drinking Water (DW) SRF, but leaves that to the State's discretion. The State has made available a lower interest rate to projects or portions of projects, in both the CWSRF and DWSRF programs, that have been determined to meet the criteria required to be funded through the Green Project Reserve. (See response to Comment 2, below.)

Comment 1

Updating the Priority Ranking System for both Clean Water and Drinking Water State Revolving Fund programs to include elements of the Green Project Reserve would encourage more projects that qualify under Green Project Reserve guidelines.

The Clean Water and the Drinking Water SRF programs' Draft IUPs both include a variety of goals, including: consolidating systems to achieve economies of scale, TMDL implementation, and promoting projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. Upstate Forever supports the goals proposed in the Draft IUPs. However, while the Priority Ranking Systems award points for

projects that meet other goals listed in the IUPs they do not award points for project meeting GPR criteria. As such, Upstate Forever recommends the PRS for both SRF programs be revised to reflect elements of the GPR, which would encourage “green” projects and increase the likelihood of achieving all goals stated in the IUPs.

Revision of the Priority Ranking Systems (PRSs) takes place outside of the IUP process. However, the SRF currently incentivizes “green” projects by offering a lower interest rate to eligible green projects or green portions of projects. DHEC will consider this comment and issue when updating the PRSs in the future.

Comment 2

Providing additional subsidization programs for projects that meet GPR requirements would encourage increased participation and successful completion of projects that qualify under Green Project Reserve guidelines.

To encourage more projects that qualify under criteria for GPR, and to ensure these projects are successfully completed, the SRF programs and IUPs should include additional financial incentives, such as waiving closing fees, offering lower interest rates, extending loan periods, or forgiving the principal balance of the loan. The CWIUP includes a fee income to support Rural Infrastructure Authority and the Office of Local Government operating costs. Although it has not yet been published, the SCDHEC should consider waiving this fee for GPR projects.

Additionally, the SCDHEC could establish a “green” loan program for qualified projects that extends the loan period from 20 years to 30 years, as long as the period of the loan does not exceed the expected design life of the project. Alternatively, the “green” loan program could offer a 1.00% “Green Rate” for projects or portions of projects that meet GPR criteria or improve water quality by reducing nonpoint pollution. Finally, the SCDHEC could include a principal forgiveness loan program for projects that meet GPR criteria, or projects in priority watersheds.

The Rural Infrastructure Authority-Office of Local Government finalizes SRF interest rates, fees and loan policies in October of each year. This occurs outside the IUP process. Currently the SRF incentivizes “green” projects by offering a lower interest rate to eligible green projects or green portions of projects. Under current CWSRF guidance, a green project that has infrastructure with a 30 year useful life would be able to obtain a 30-year loan. (Note: Blended amortizations are provided for loans with differing terms.) DWSRF projects would not have the same consideration for a 30 year term. With regard to principal forgiveness (PF) DHEC’s current priorities for PF are to use funds where communities could not otherwise afford a loan, and to enable projects that improve the sustainability of a system through takeover by a larger sustainable system, thereby protecting public health and the environment.