

*State Revolving Loan Fund*

*Drinking Water*

**SRF**

*South Carolina's  
Intended Use Plan  
for  
Fiscal Year 2009*

**June 8, 2009  
Final**



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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 for the purpose of establishing a low interest loan program (the DWSRF) and other types of assistance to eligible water systems.

The South Carolina Department of Health and Environmental Control (DHEC) has primary enforcement responsibility (i.e. primacy) for carrying out the provisions of the SDWA. DHEC is the designated state agency to apply for and administer the capitalization grant for the DWSRF. The South Carolina Budget and Control Board (BCB) Office of Local Government conducts the financial functions of the DWSRF, establishes financial policies and executes loans to project sponsors.

Section 1452(b) of the SDWA requires that an Intended Use Plan (IUP) be developed, reviewed by the public and submitted as part of the state's grant application package to EPA. The purpose of this IUP is to describe how the state intends to use funds allocated to South Carolina from the Fiscal Year (FY) 2009 Federal Appropriations and all other funds available in the State's DWSRF and how those uses support the objectives of the SDWA in the protection of public health.

South Carolina's annual allotment of FY 2009 funds is \$8,146,000.

In addition to the annual allotment of funds from Congress South Carolina's DWSRF program will receive additional funds from the American Recovery and Reinvestment Act of 2009 (ARRA), which was signed by the President on February 17, 2009. South Carolina's allotment from the ARRA is \$19,500,000. The primary objective of the ARRA is to preserve and create jobs to promote the nation's economic recovery. Key provisions of the Act related to the DWSRF program are:

- Priority should be given to projects ready to start construction within 120 days of enactment (June 17, 2009);
- At least 50% of the allotted funds must be used to provide addition subsidies (e.g. principal forgiveness);
- Within 1 year of enactment, all funds must be committed to projects under construction or having awarded contracts for construction;
- 20% of the allotted funds must address "green" infrastructure (please refer to EPA's ARRA guidance concerning "green" infrastructure. A link to this guidance can be found on DHEC's web site at [http://www.scdhec.gov/environment/water/srf\\_stimulus.htm](http://www.scdhec.gov/environment/water/srf_stimulus.htm));
- All steel, iron and manufactured goods used in ARRA funded projects, whether funded in whole or in part by ARRA, must be produced in the United States unless a waiver is granted by the EPA. EPA will have additional guidance on this condition as it becomes available; and
- Davis-Bacon Act wage rules will apply to all ARRA funded projects, whether funded in whole or in part with funds appropriated under the ARRA.

## II. Goals

South Carolina has identified several short and long term goals to guide development of the DWSRF program and ensure maximum public health benefits. Effective with this IUP, the State will initiate a related discussion of "environmental outcome" goals and the means to measure them.

#### **A. Short Term Goals**

1. The State of South Carolina is committed to using the ARRA funds to assist projects which will proceed quickly to construction, thereby creating jobs and furthering the public health protection objectives of the Safe Drinking Water Act, with 50% of the funds being committed by June 17, 2009 and the remaining funds to be under construction no later than February 17, 2010.

South Carolina recognizes that the goal of the ARRA is to expeditiously fund eligible projects that simultaneously will create jobs, promote economic recovery and generate long-term benefits from infrastructure investment.

2. Continue attempts to increase participation of small water systems in the SRF loan program.
3. Continue to implement the State's EPA-approved Capacity Development Strategy to complete the issuance of operating permits to all federally defined public water systems that are current with their drinking water monitoring fees by September 30, 2009.
4. Continue to conduct source water assessments for new community and non-community public water systems and provide technical assistance to systems desiring to implement a voluntary source water protection program.
5. On an annual basis, increase the number of surface water treatment plants achieving the optimized performance goals of the State's Area-Wide Optimization Program. For more information concerning this program, go to [www.asdwa.org](http://www.asdwa.org).
6. Assist new and existing community and non-community public water systems in developing and implementing wellhead protection programs.

#### **B. Long Term Goals**

1. Maintain the fiscal integrity of the DWSRF and preserve the corpus of the fund to ensure continued growth of funding in perpetuity.
2. Enhance the viability of public water systems through continued implementation of the State's capacity development authority.

#### **C. Environmental Outcomes and Measures**

South Carolina will update EPA's web-based project tracking system as required which will be used to gather the necessary information to assess the environmental outcomes and measures for meeting the objectives of the ARRA and DWSRF program.

### **III. Eligible Project Sponsors**

Municipalities, counties, special purpose districts, or nonprofit corporations established under Title 33, Chapter 36 of the Code of Laws of South are eligible project sponsors.

### **IV. Project Selection**

The state must develop a comprehensive priority list of drinking water projects (<http://www.scdhec.gov/environment/water/docs/dwpriority.pdf>) to identify those projects expected to receive funding from the FY 2009 capitalization grant and the ARRA. The comprehensive list must include a description of the project, priority assigned to each project, expected terms of financial assistance, and the population served by the system. Only those projects on the comprehensive list of projects may be considered for funding under the DWSRF program.

## A. Priority Ranking System

Section 1452(b)(3) of the SDWA requires that the IUP, to the maximum extent practicable, give priority for use of the DWSRF to projects that:

- Address the most serious risks to human health;
- Are necessary to ensure compliance with the requirements of the Safe Drinking Water Act; and,
- Assist systems most in need on a per-household basis according to state affordability criteria.

To view or download the Drinking Water SRF Priority Ranking System, visit the SRF web site at <http://www.scdhec.gov/environment/water/docs/dwpriority.pdf> and follow the appropriate prompts.

## B. Project Questionnaire

To be included in the SRF's [comprehensive priority list](#) of projects, an eligible project sponsor must complete a [project questionnaire](#) supplied by DHEC. 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 will evaluate the project based on the ranking system described above. If eligible, the project will be added to the comprehensive priority list of projects, which is maintained in updated form by DHEC on its SRF website. To view or download the project questionnaire or the comprehensive priority list, use the links noted above.

## C. Selecting Projects for Funding

### 1. Selection Process for Projects funded from ARRA Funds and Base SRF Program

The State of South Carolina is committed to using the ARRA funds to assist projects which will proceed quickly to construction, thereby creating jobs and furthering the public health protection objectives of the Safe Drinking Water Act, with a goal of 50% of the funds being committed by June 17, 2009 and the remaining funds to be under construction no later than February 17, 2010. The attached list of selected projects reflects DHEC's and the Budget & Control Board's efforts to identify projects that can quickly proceed to construction while also complying with the ARRA's 'green' infrastructure requirement (20% of funds) and additional loan subsidies (at least 50% of funds) requirement.

For large projects, DHEC and BCB reserve the right to impose a limit on the amount of any given DWSRF loan, regardless of ranking, and to consider a sponsor's ability to obtain financing from other sources.

### 2. Bypass Procedure

In accordance with Section 1452(a)(2) of the SDWA, at least 15% of DWSRF must be used for assisting small water systems (systems serving <10,000 population). DHEC may bypass projects on the comprehensive priority list in order to comply with this requirement.

DHEC may also bypass projects on the comprehensive priority list to fund a project where a viable system will be taking over a non-viable or abandoned system or to address an imminent hazard to public health.

## **D. Eligible Projects**

### **1. Compliance and Public Health**

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

Projects to address SDWA health standards that have been exceeded or to prevent future violations of the rules are eligible for funding. These include projects to maintain compliance with existing regulations for contaminants with acute health effects (i.e. the Surface Water Treatment Rule, the Total Coliform Rule, and nitrate standard) and regulations for contaminants with chronic health effects (i.e. Lead and Copper Rule, Phases I, II, and V rules, total trihalomethanes, etc.).

Projects to replace aging infrastructure are also eligible if they are needed to maintain compliance or further the public health protection goals of the Act. Examples of these include projects to:

- Rehabilitate or develop sources (excluding reservoirs, dams, dam rehabilitation and water rights) to replace contaminated sources;
- Install or upgrade treatment facilities if the project would improve the quality of drinking water to comply with primary or secondary standards;
- Install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the water system; and,
- Install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or to improve water pressure to safe levels.

Projects to consolidate water supplies—for example, when individual homes or a public water supply is contaminated, or the system is unable to maintain compliance for financial or managerial reasons—are eligible for DWSRF assistance.

### **2. Land acquisition**

Land is eligible only if it is integral to a project that is needed to meet or maintain compliance and further public health protection. In this instance, land that is integral to a project is only the land needed to locate eligible treatment or distribution projects. In addition, the acquisition must be from a willing seller.

*Note:* Land acquisition is not eligible for funding with ARRA funds.

### **3. Planning and design of a drinking water project**

The DWSRF may provide assistance for the costs of project planning and design (e.g. costs for consulting engineering services) as a component of a loan for construction.

ARRA funds can be used for planning and design costs only if they were incurred after October 1, 2008.

### **4. 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, i.e. 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.

**5. Restructuring of systems that are in noncompliance or that lack the technical, managerial and financial capability to maintain the system**

The DWSRF may provide assistance to an eligible public water system to consolidate/connect with another public water system(s) only if the assistance will ensure that the system returns to and maintains compliance with SDWA requirements (section 1452(a)(3)(B) of the SDWA).

If the system does not have the technical, managerial, and/or financial capability to ensure compliance, or is in significant noncompliance, the system may receive assistance only if (1) the assistance will ensure compliance, or (2) the owner or operator of the system agrees to undertake appropriate changes in operations. These changes include consolidation or management changes that will ensure that the system has the technical, managerial, and financial capability to ensure and maintain compliance with SDWA requirements. DHEC may require the submission of a business plan as part of the preliminary engineering report for a project.

**E. Projects Not Eligible for Funding**

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

- Dams, or rehabilitation of dams;
- 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;
- Laboratory fees for monitoring;
- Operation and maintenance expenses;
- Projects needed mainly for fire protection;
- Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will ensure compliance;
- Projects for systems in significant noncompliance, unless funding will ensure compliance;
- Projects primarily intended to serve future growth;
- Refinancing of existing debt; and,
- Projects that would not result in the consolidation or regionalization of water systems when consolidation or regionalization is the most feasible alternative.
- Projects or project components that are receiving principal forgiveness assistance that are not considered reasonable in light of the demand for the use of ARRA funds.

**1. Lack of technical, managerial and financial capability**

The DWSRF may not provide any type of assistance to a system that lacks the technical, managerial or financial capability to maintain SDWA compliance, unless the owner or operator of the system agrees to undertake feasible and appropriate changes in operation or if the use of the financial assistance from the DWSRF will ensure compliance over the long-term (section 1452(a)(3)(B)(I) of the SDWA).

## **2. Significant noncompliance**

The DWSRF may not provide assistance to any system that is in significant noncompliance with any national drinking water regulation or variance 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 (section 1452(a)(3)(B)(I) of the SDWA).

## **3. Growth**

The DWSRF cannot provide assistance to finance the expansion of any drinking water system solely in anticipation of future population growth (section 1452(g)(3)(C) of the SDWA). However, assistance may be provided to address population growth expected to occur over the useful life of the facility to be funded. In determining whether or not a project is eligible for assistance, DHEC will determine the primary purpose of the project. If the primary purpose is to supply or attract growth, the project is not eligible to receive DWSRF funds. If the primary purpose is to solve a compliance or public health problem, the entire project, including the portion necessary to accommodate a reasonable amount of growth over its useful life, is eligible.

## **F. Special Requirements of the ARRA**

### **1. Costs Incurred Prior to October 1, 2008**

ARRA Funds may only be used to fund costs incurred after October 1, 2008. Any costs incurred prior to October 1, 2008, including planning and design, may only come from the base SRF program. Therefore, any projects receiving 100% funding from ARRA cannot request funding reimbursement for costs incurred prior to October 1, 2008.

### **2. Green Infrastructure Project Reserve**

The ARRA requires that, to the extent there are sufficient eligible project applications, not less than 20% of the funds provided for projects must be used for water or energy efficiency, green infrastructure or other environmentally innovative activities. The attached project list shows that at least 20% of the total ARRA funds allotted to the South Carolina DWSRF are for projects or portions of projects meeting one or more of the specific objectives required by this provision.

### **3. Prohibition on Purchase of Land or Easements**

ARRA funds may not be used for the purchase of land or easements.

## **G. Loan Applications**

For the SRF loan program the Budget and Control Board will accept loan applications each fiscal year from October 1 through July 31. The issuance by DHEC of a permit to construct the project as a DWSRF project, which includes the required environmental review, is required before a loan application is considered complete. The loan application process for ARRA funds is further explained in Section VI.A below.

## **H. Projects applying for 100% Additional Subsidization Funds from the ARRA**

Projects receiving funds from the DWSRF in the form of 100% principal forgiveness must complete the construction permitting process as a DWSRF project, which includes the required environmental review, by July 31, 2009.

## **V. Public Participation in the Development of the IUP**

A "Notice of Availability" of this IUP was mailed or e-mailed to each project sponsor on the comprehensive priority list and other interested parties. In addition, a notice of availability was published in *The State*, *The Greenville News*, *The Post and Courier*, and the *Sun News*. During the

public notice period, the notice and draft FY 2009 IUP were posted on the Department’s Internet web site at [www.scdhec.gov/srf](http://www.scdhec.gov/srf). Interested parties were invited to review the documents and submit written comments regarding the draft IUP by the deadline established in the “Notice of Availability”. Please refer to Appendix B of this IUP for responses to comments received during the public notice period.

## VI. Stimulus Funds under the ARRA

Pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), South Carolina will use at least 50% of its ARRA DWSRF funds for additional subsidization in the form of principal forgiveness and the remaining 50%, after subtracting set-asides, will be used for loans. The maximum amount available to any one project sponsor from any type of ARRA funds through one or more projects is \$2 million. Generally these funds will not be used to fund projects in the process of applying for funding the same scope of work from other grant or grant/loan programs.

### A. Methodology for Using ARRA Loan Funds

The interest rate for ARRA loan funds will be 0% and blended with base program loan funds on a 50/50 basis up to the ARRA cap of \$2 million to enhance the number of borrowers that are able to receive benefit from the ARRA loan funding. Base program funds will complete the balance of any project costs over \$4 million. All project sponsors with the financial capacity to borrow funds, as further described below, will only receive loan funds unless principal forgiveness funding would be used to take over a nonviable or abandoned system, address an imminent hazard to public health or to meet the 20% green infrastructure goal of the ARRA.

If a project sponsor is interested in borrowing for a project but the entire cost is not affordable through debt financing, then a matrix (shown below) based on the criteria of population and Level of Effort (LOE) Index (annual cost of 6,000 gallons monthly usage/system median household income) will be used to determine the split of ARRA principal forgiveness and base loan program. Each component of the matrix has a maximum point value of 25 and each point is equal to one percentage point of principal forgiveness. Based on the matrix results for principal forgiveness (0 to 50%), financial affordability will be reassessed. If the SRF program determines that the loan is still not affordable, then consideration will be given to funding entirely through principal forgiveness to the cap based on ranking and availability of funds.

Service Area Population	PF %	LOE	PF %	Total PF %
> 100,000	0	< .90	0	
75,000 - 99,999	5	.90 - 1.04	5	
50,000 - 74,999	10	1.05 - 1.14	10	
25,000 - 49,000	15	1.15 - 1.24	15	
10,000 - 24,999	20	1.25 - 1.34	20	
< 10,000	25	> 1.35	25	

The funding list for ARRA loan funds has been developed by including those projects that were already in the process of meeting requirements for a base program DWSRF loan plus going down the priority list and selecting projects that were capable of borrowing, interested in borrowing, large enough to be economical for a loan and meeting all federal requirements and able to proceed expeditiously to construction. Consideration was also given to the by-pass procedure specified in Section C.3 above.

Considerably more projects are on the attached Selected Projects List for Fiscal Year 2009 (FY 09 List) for ARRA loan funds than there are total ARRA funds available for such purpose. Projects to receive the ARRA loan money will be on a first come, first served basis defined as a complete loan application which includes a DHEC DWSRF construction permit or DHEC

approval letter for the plans and specifications, property acquisition, evidence of agreement to acquire or condemnation action initiated for all land parcels necessary for the project and the ability to advertise the project for bid within 2 weeks of a complete loan application. Any project that does not bid within the two-week period will forgo the opportunity to receive stimulus monies until the project is advertised. Projects on the FY 09 List with complete loan applications and able to bid will receive ARRA loan funds until all such funds are exhausted. If two or more projects are determined to have complete applications on the same day and there are not sufficient ARRA loan monies remaining to fully fund the ARRA portion of each, a proportionate share will be made available to each, assuming each is able to bid within 2 weeks. Adjusted funding levels based on bid amounts may require adjustments to the amount of AARA loan funds available to the last project(s) qualifying for participation in such funding.

#### **B. Methodology for Using 100% ARRA Principal Forgiveness Funds**

Additional subsidization in the form of principal forgiveness will not be available to project sponsors that have a service area median household income (MHI) greater than the 2000 Census State MHI of \$37,082 or a service area population exceeding 100,000 except when needed for the takeover of a non-viable or abandoned system, correct an imminent health hazard or to meet the 20% green infrastructure goal of the ARRA. Projects will be selected for 100% principal forgiveness funding based on: (1) Total points assigned from the Drinking Water SRF Priority Ranking System and by-pass procedure outlined in Section IV.C of this IUP; (2) The sponsor's inability to afford a loan as described in Section V.A above, except for green infrastructure projects; and, (3) the ability to quickly proceed to construction while meeting the permitting requirements of the SRF program.

The funding list for ARRA principal forgiveness funds has been developed by first considering any projects where a viable system is willing to take over a non-viable or abandoned system or to address an imminent hazard to public health. The next step was to consider any projects currently in the process of meeting the requirements for a base DWSRF loan that are ready to proceed to construction but are unable to afford a loan or partial loan for the project. The next step in the selection process was to go down the priority list and pick up projects that are not able to afford a loan or partial loan and able to proceed to construction quickly.

### **VII. Disadvantaged Community Systems**

Projects will normally be funded at the applicable interest rate for a maximum term of 20 years; however, loan applicants who are considered disadvantaged community systems may be offered loans at extended terms. To qualify as a Disadvantaged Community System, the 2000 median household income (MHI) for the applicant's entire service area must be less than \$37,082 (the South Carolina MHI). If the applicant meets this criterion, the term of the loan may be extended up to 30 years (but not to exceed the project's useful life) and the project would be funded at the applicable interest rate.

### **VIII. Distribution of Funds**

#### **A. Amount of Capitalization Grant for FY 2009**

South Carolina's annual allotment of the DWSRF funds appropriated by Congress for FY 2009 is \$8,146,000.

The ARRA will provide an additional allotment of \$19,500,000 for DWSRF projects.

#### **B. State 20% Match Requirement**

One condition of receiving the annual allotment is the state must deposit to the DWSRF an amount equal to at least 20% of the total capitalization grant. Based on the \$8,146,000 DWSRF allotment, the state will deposit \$1,629,200 in the DWSRF to comply with state match requirements. The ARRA funds do not require a state match.

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**C. Set-Aside for Administration of the DWSRF Program**

The SDWA allows states to use four percent of each capitalization grant to fund the administration of the State's DWSRF program and other non-project activities. Four percent (4%) of the estimated 2009 capitalization grant, or \$325,840, will be 'banked' for use in subsequent years for the administration of the State's DWSRF program.

The ARRA also allows states to set-aside four percent (4%) of those funds for DWSRF program administration. DHEC will set-aside four percent of the ARRA allotment, or \$780,000.

**D. Set-Aside for Technical Assistance for Small Systems**

The SDWA allows states to set aside up to two percent (2%) of its annual DWSRF allotment to fund technical assistance services to small water systems that serve populations of less than 10,000 persons; DHEC will set-aside 2% of the 2009 capitalization grant, or \$162,920) to fund technical assistance for small systems. In FY 2000 DHEC 'banked' two percent (2%) of that year's capitalization grant, \$167,082, for use in later years to fund technical assistance program activities. This year DHEC will exercise its authority to use that previously set-aside \$167,082 to fund its technical assistance program for small systems. DHEC will not set aside any funds from the ARRA for this program.

**E. Set-Aside for Well-Head Protection**

The SDWA allows states to set aside up to 10% of its annual DWSRF allotment to fund the its well-head protection program. DHEC will set-aside 10% of the annual 2009 capitalization grant to continue the well-head protection program, providing \$814,600 for program activities. DHEC will not set aside any funds from the ARRA for this program.

**F. Assistance to State's Programs**

The SDWA allows states to set aside up to 10% of its annual DWSRF allotment to assist with the funding of States Drinking Water Programs. However, the use of the funds for this purpose requires a one to one state match.

DHEC will set-aside \$814,600 to fund its public water system supervision (PWSS) program activities. These funds will help fund the State's drinking water program activities which are necessary to ensure that public water systems are constructed, monitored, operated and maintained in accordance with federal and state laws and regulations. DHEC will not set aside any funds from the ARRA for these programs.

**G. Total Funds Available for Loans for FY 2009**

Balance of funds as of Dec. 30, 2008	\$26,497,188
FY 2009 capitalization grant less set-asides	6,186,798
FY 2009 state matching funds	1,629,200
Estimated repayments for remainder of FY 2009	3,151,992
Estimated earnings for remainder of FY 2009	510,000
American Recovery & Reinvestment Act, Less 4% for Admin.	<u>18,720,000</u>
<b>Total Funds Available</b>	<b>\$55,695,178</b>

**H. Interest Rates**

Interest rates for the base DWSRF program are established by the Budget & Control Board prior to September 30th of each year. For detailed information on current SRF interest rates, visit the BCB web site at <http://www.olg.sc.gov/interest-rates.html>, or go to the DHEC SRF web site and click on "See our current interest rates".

**SOUTH CAROLINA DRINKING WATER SRF IUP**  
**Selected Projects List for Fiscal Year 2009**

	Sponsor/ Project Name	DHEC Project Number	Date Project Questionnaire Received	PROJECT DESCRIPTION	TOTAL PROJECT COST ESTIMATE	Regular SRF Loan Amount	ARRA Loan Amount *	ARRA Principal Forgiveness	Green Project Reserve Amount	Total Points
1	Olanta, Town of Well replacement and rehab	SRF 2110006-01	03/22/09	Installation of a new 500 gpm deep water well, vertical turbine assembly and disinfection system and rehab of an existing well.	\$600,000			\$600,000		90
2	Breezy Hill Water and Sewer Co., Inc Takeover and Upgrade of Avondale Water System	SRF-0220006-01	02/26/09	Project would include assuming ownership of the Avondale water system and upgrading it to current standards. It is currently experiencing multiple problems with pressure, disinfection and maintenance.	\$4,500,000			\$2,000,000		80
3	Lexington County Joint Municipal WSC Purchase and Consolidation	SRF-3220003-02	03/03/08	Purchase and consolidation of 5 existing non-viable well systems,	\$1,453,869	\$1,453,869				55
4	Georgetown County Water and Sewer System Improvements	SRF 2220006-01	01/12/09	Construction of 92,500 LF of 10", 12", 16" and 20" water mains, 2 million gallon ground storage tank, one 1400 gpm booster pump station and one production well	\$8,172,000	\$6,172,000	\$2,000,000			55
5	Town of Iva Radio Read Meters	SRF-0410001-02	03/24/09	The project includes the addition of 661 radio read meters to the existing water system.	\$1,263,000			\$1,263,000	\$1,263,000	45
6	Town of Calhoun Falls Radio Read Meters	SRF 0110002-03	03/26/09	The project includes the addition of 1,000 radio read meters to the existing water system	\$1,702,000			\$1,702,000	\$1,702,000	45
7	Ware Shoals, Town of Potable Water System Replacement	SRF-2410003-02	02/05/09	This project will replace approximately 25,000 LF of 6" 80 year old leaking tuberculated CI pipe.	\$4,182,700			\$2,000,000	\$2,000,000	40
8	Homeland Park Water and Sewer Water System Upgrades	SRF-0420001-01	02/06/09	This project will replace approximately 20,000 LF of 70 year old tuberculated CI pipe.	\$750,000			\$750,000	\$750,000	40
9	Salley, Town of Water System Upgrade	SRF-0210005-02	02/20/09	Replacement of approximately 1.5 miles of metal pipe and approximately 1000 LF of asbestos pipe.	\$809,800			\$809,800		40
10	Elloree, Town of Water System Valve Installation	SRF-3810003-01	02/23/09	Installation of 30 valves.	\$240,000			\$240,000		40
11	Harleyville, Town of Water Line Replacement	SRF 1810002-02	03/26/09	Replacement of existing 12,000 LF of 6" , 6,000 LF of 8" and 1,000 LF of 10" concrete asbestos waterlines throughout the town.	\$1,175,000			\$385,200		40
12	Winnabow, Town of Parallel Raw Water Line Southside Rural	SRF-2010001-01	03/11/08	Extension of approximately 27000 LF of raw water line from the town's reservoir to the water treatment facility.	\$2,500,000	\$1,250,000	\$1,250,000			35
13	Community Water District Elevated Storage Tank and water mains	SRF-3920010-01	08/14/08	Construction of 1.0 MGD elevated storage tank. Construction of 4 water distribution mains, totaling 27600 LF of 8" pipe and 8600 LF of 6" PVC pipe.	\$3,646,000	\$1,823,000	\$1,823,000			35
14	Abbeville City of Water Treatment Plant Rehabilitation	SRF-0110001-01	02/25/09	Filter media replacement.	\$1,500,000	\$750,000	\$750,000			35
15	Seneca Light & Water Elevated Tank	SRF-3710002-02	05/20/04	1 MG Elevated Tank	\$2,500,000	\$1,250,000	\$1,250,000			30
16	Bennettsville City of Syrtem Upgrades for compliance and line replacement	SRF-3410001-01	07/27/07	Well replacement, chemical feed systems, SCADA systems and replacement of up to 16000 LF of asbestos concrete lines.	\$2,373,000	\$1,186,500	\$1,186,500			30
17	Anderson Regional Joint Water System Transmission Improvements	SRF-0420011-02	11/28/07	Construction of approximately 9500 feet of new 48 inch transmission main.	\$7,995,000	\$7,995,000				30
18	Powersville Water District Elevated Tank	SRF-040002-03	03/03/08	Construct a 750,000 gallon elevated tank	\$2,319,624	\$2,319,624				30
19	Greer CPW Elevated Tank	SRF-2310005-04	05/29/08	Construction of a 1.0 MG elevated storage tank.	\$2,300,000	\$1,150,000	\$1,150,000			30
20	Pioneer Rural Water District Water System Improvements	SRF 3720001-06	07/22/08	Construction of approximately 45,000 LF of 16" transmission main, 500,000 gallon elevated storage tank, and improvements to existing booster pump station.	\$6,000,000	\$4,000,000	\$2,000,000			30
21	Powersville Water District Water Main Extension	SRF-0420002-04	07/24/08	Construction of approximately 20,000 LF of 12" water main along I-85.	\$1,768,000	\$884,000	\$884,000			30

SOUTH CAROLINA DRINKING WATER SRF IUP  
Selected Projects List for Fiscal Year 2009

	Sponsor/ Project Name	DHEC Project Number	Date Project Questionnaire Received	PROJECT DESCRIPTION	TOTAL PROJECT COST ESTIMATE	Regular SRF Loan Amount	ARRA Loan Amount *	ARRA Principal Forgiveness	Green Project Reserve Amount	Total Points
22	BJWSA Storage Tank, Pump Station and ASR project Lexington County Joint	SRF 0720003-15	10/15/08	Construction of a 3.0 Ground Storage Tank, booster pump station and 2.5 mgd ASR system.	\$6,000,000	\$4,000,000	\$2,000,000			30
23	Municipal WSC Water Main Extension	SRF-3220003-05	11/04/08	26,000 LF of 12" water and construction of one 1200 GPM booster pump station.	\$1,800,000	\$900,000	\$900,000			30
24	Liberty-Chesnee- Fingerville Water District Mill Village Water System Upgrades	SRF-4220010-01	01/28/09	Water system upgrades in the Chesnee, Mayo and Fingerville mill villages. This project replaces aging water distribution infrastructure by installing approximately 13,000 LF of 6" water main and appurtenances	\$800,000	\$400,000	\$400,000			30
25	Greer CPW South Buncombe Road and HWY 14 Transmission Improvements	SRF-2310005-05	02/06/09	Construction of 20,200 LF of 24" DI water transmission main.	\$3,500,000	\$2,650,000	\$850,000			30
26	Orangeburg, City of Water Main Rehab along SC Hwy 400	SRF-3810001-01	02/06/09	23,000 LF of DI water main installed along SC HWY 400 to replace 10" PVC water main.	\$1,847,000	\$923,500	\$923,500			30
27	City of Walterboro Elevated Water Storage Tank Rehab	SRF 1510004-04	02/05/09	Complete tank rehab.	\$600,000	\$600,000				30
<b>Total</b>					<b>\$72,296,993</b>	<b>\$39,707,493</b>	<b>\$17,367,000</b>	<b>\$9,750,000</b>	<b>\$5,715,000</b>	

## **Response to Comments Received on the Draft Drinking Water SRF Intended Use Plan**

The following comments were received during the public notice period of the IUP. DHEC's responses to each comment are indicated in *italics*.

### Comment # 1

The IUP's indicate that the ARRA funds will be distributed on a "first come–first served" basis, which is defined as a completed loan application:

- ❑ How will those projects that miss this requirement be reintroduced in the Selected Projects List?
- ❑ How will lower tiered project representatives be notified that they have moved on to the list, up in the list or more funds may now be available for their designated project?

*The ARRA funds available for loans at a reduced interest rate are limited to \$19,844,700 for clean water projects and \$8,970,000 for drinking water projects. To insure that ARRA funds are committed as soon as possible, the Selected Projects Lists identify more projects requesting ARRA funds for low interest loans than there are funds available: This creates a competitive environment for project sponsors to complete the loan application process in a timely manner. Those projects that miss out on receiving ARRA funds will still be eligible to receive an SRF loan at the standard interest rate of 3.5%.*

*For any new projects to be added to the Selected Projects Lists, the IUP will be revised with a new list and a public notice with a 30-day public comment period will be issued. In revising the selected project list DHEC will contact the projects' sponsors on the Comprehensive Priority List in priority order to determine which projects are ready to proceed. New projects will be selected based on the same criteria listed in the IUP with priority on readiness to proceed.*

### Comment # 2

In a March 2, 2009 EPA memorandum to the Water Management Division Directors of Regions I-X, EPA urges States to address their SRF loan terms with the suggestion being to cut their interest rate on standard State SRF money by up to 75%. The commenter recommended incorporating this suggestion into the IUP. For instance, if a project on the IUP list only receives State SRF money and no ARRA matching funds the commenter suggested that the standard rate be applied at 75% of the annual average Bond Buyers 25 index.

*The Budget and Control Board establishes the standard interest rates for the SRF program prior to September 30<sup>th</sup> of each year. This suggestion has been forwarded to the Budget and Control Board for their consideration when they establish the interest rates for the next year.*

Comment # 3

One commenter noted several typographical errors such as the use of CWSRF in the DWSRF IUP.

*These errors have been corrected.*