WE ARE DIFFERENT: WE ARE ALIKE

SC Rural Infrastructure Authority (RIA) Grants,

SC Community Development Block Grant (CDBG) Program,

and State Revolving Fund (SRF) Loan Program

November 20, 2019
Other Potential Funding Sources

- Appalachian Regional Commission Area Development
- US Department of Agriculture – Rural Development
- US Economic Development Administration
### SC Infrastructure Funders

#### South Carolina Public Infrastructure Funding Resources

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<th>Agency</th>
<th>Program</th>
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<th>Grant or Loan</th>
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<tr>
<td>SC Department of Commerce</td>
<td>Community Development Block Grant Program (CDBG) (water, sewer, drainage, public facilities)</td>
<td>The CDBG Program provides grants for a wide variety of projects from revitalizing neighborhoods to improving community infrastructure, providing public facilities and creating or retaining jobs. The program targets low-to-moderate income areas.</td>
<td>Competitive Grants</td>
<td>FY2017, $35 million is estimated for community development grants.</td>
<td>Units of local government in areas of the state that do not directly receive their own funding from the US Department of Housing and Urban Development. Community infrastructure application requests typically due in March and applications due in April. Applications are available upon request by the Chief Administrator Office for the local government. Before submitting an application request, review the CDBG Program Description and Application Guidelines.</td>
<td>Lisa Kautlbeck, <a href="mailto:sc.cdbg@commerce.state.sc.us">sc.cdbg@commerce.state.sc.us</a> 803-734-0429 1201 Main Street Suite 1000 Columbia, SC 29011 <a href="http://www.scdep.org">www.scdep.org</a></td>
</tr>
<tr>
<td>SC Department of Commerce</td>
<td>Appalachian Regional Commission Area Development Funds (ARC)</td>
<td>ARC funds may be used for projects that meet one or more of the following goals: 1) Economic Opportunities; 2) Ready/Workforce; 3) Critical Infrastructure; 4) Care Natural and Cultural Assets; and 5) Leased Liabilities and community capacity.</td>
<td>Competitive Grants</td>
<td>FY2017 estimated at $2.5 million.</td>
<td>Community-based organizations, public and private non-profit organizations, educational institutions, Local Development Corporations (LDCs), local and state governments. Projects must benefit the Appalachian counties of Anderson, Cherokee, Greenville, Oconee, Pickens and Spartanburg. Community infrastructure application requests typically due in November. Please contact the ARC Program Manager for additional information.</td>
<td>Jeff Francisco, ARC Program Manager 864-734-3566 1201 Main Street Suite 1000 Columbia, SC 29011 <a href="http://www.arc.gov/appr">www.arc.gov/appr</a> <a href="http://www.scarccommerce.org/applounge-regional-commission">www.scarccommerce.org/applounge-regional-commission</a></td>
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<tr>
<td>SC Department of Health and Environmental Control (DHEC) for Project Management and SC Rural Infrastructure Authority, Office of Local Government (OLG) for Financial Assistance</td>
<td>State Revolving Funds (SRF): Clean Water SRF (sewer, stormwater)</td>
<td>Both SRF programs provide long-term, low-interest loans. The Clean Water SRF finances all types of sewer facilities including treatment plants, collection systems, stormwater improvements, and the removal of non-point sources of pollution that can harm water quality.</td>
<td>Competitive Grants</td>
<td>In FY17, about $175 million is available for Clean Water SRF projects, and about $70 million is available for Drinking Water SRF projects.</td>
<td>Municipalities, counties and special purpose districts in the Drinking Water SRF only, assistance to private, non-profits may also be available on a restricted basis. Submit a Clean Water SRF Project Questionnaire (PCQ) or a Drinking Water SRF PO to DHEC to be approved, added to the Priority List, and begin process (funds are available at <a href="http://www.sc.gov/index.jhtml">www.sc.gov/index.jhtml</a>). Chuck Gorman, program director, <a href="mailto:corman@sc.gov">corman@sc.gov</a> DHEC Program Director 803-896-3993 2600 Bull Street Columbia, SC 29011 <a href="http://www.scahec.org/GDF">www.scahec.org/GDF</a></td>
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SC Rural Infrastructure Authority (RIA) Grants
SC Rural Infrastructure Authority

Mission:
Assist in financing qualified water, sewer and storm water infrastructure projects

✓ Grants
✓ Loans
✓ Technical Assistance
2013 – 2019

305 grant projects totaling $122M (awarded in every county)
2019-2020 FUNDING AVAILABLE

<table>
<thead>
<tr>
<th>Grant Program Category</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Basic Infrastructure</td>
<td>$17,000,000</td>
</tr>
<tr>
<td>Economic Infrastructure</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Total Funds Available</td>
<td>$25,000,000</td>
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</table>
Who is Eligible?

- Local Governments*
- Special Purpose Districts
- Public Service Districts
- Public Works Commissions

* A local government may also apply on behalf of a not-for-profit water/sewer company operating within their jurisdiction.

What is Eligible?

New, Upgrades, Improvements or Extensions of:

- Water
- Sewer
- Storm Drainage
Match Requirements

ALL Applicants must pay for non-construction costs

In addition....
Tier I and II Counties must pay for 25% of total construction costs
BASIC PRIORITIES

- Regional solutions
- Consent orders; Unsatisfactory ratings
- Needs improvement ratings; Frequent violations
- Aging facilities; End of useful life
ECONOMIC PRIORITIES

Jobs
System Capacity
Product Development
Application Deadlines

Applications accepted twice a year: Spring and Fall

Webinar
January 30, 2020

Applications Due
March 16, 2020
For More Information

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803-737-0435
emelaro@ria.sc.gov
www.ria.sc.gov
Community Development Block Grant (CDBG) Program
Program Overview

• Federal grant program funded through U.S. Department of Housing and Urban Development (HUD)

• State CDBG program administered by the Grants Division at the SC Department of Commerce

• Primary purpose is to address essential community development needs of low and moderate income (LMI) persons
Grant Program Categories

• Community Infrastructure - $12M in 2019
  o Water/sewer/drainage

• Community Enrichment - $3M in 2019
  o Activities including libraries, fire substations, demolition, downtown streetscape, etc.

• Neighborhood Revitalization - $914K in 2019
  o Comprehensive mix of activities in a targeted LMI neighborhood

• Special Projects - $300K in 2019
  o Needs not covered in other categories, such as parks
Eligible infrastructure activities:
• Water (including replacing lead pipes)
• Sewer
• Drainage
• Roads

Grant Maximum = $750,000
(but can request $1M if document urgent need, regional solution, or system-wide improvements, AND you have significant leveraging & CDBG cost of $10K or less per household)
Who Can Apply?

Units of local government that are not HUD entitlement

• Towns
• Cities
• Counties

*Water & sewer authorities are not eligible to apply, but may partner with local government and be subrecipient for project*
National Objective

All projects must meet a HUD national objective:

1. Benefit low & moderate income persons (LMI – those that make 80 % or less of median income (most used national objective)

2. Address slum and blighted conditions, or

3 Address urgent needs which pose hazards or imminent threats to the public health and safety
Service Area

**Must define your service area**

- Depending on project, may be able to use HUD census data to qualify – **however, most projects require door to door income surveying**

- Service area must be primarily residential & serve at least 51% LMI *(both people and units)*

- For new service, the connection rate must be at least 70%
Matching/Other Funds

• All projects require a 10% match of the total CDBG request
  o Match can come from any non-Commerce source
  o Can be in form of cash, waiver of fees, in-kind

• All funds for the project should be available/committed at the time of CDBG application
Eligible Water/Sewer Costs

• **Engineering** *(must follow CDBG procurement though)*

• **Construction costs**
  - Specifically for connections, can cover:
    - Reconnections in the ROW for occupied residential units (LMI and non-LMI)
    - Service connections on private property for LMI occupied residences
Ineligible Infrastructure Costs

- Excess capacity
- Fees of any kind (i.e. impact, capacity, connection)
- Repairs or maintenance
- Connections/reconnections for vacant units or businesses
- Lines on private property for non-LMI homes, vacant units, or businesses
Application Deadlines

• Typically infrastructure application request deadline is mid-March, with applications due in mid-April

• For other three (3) categories, requests typically due in mid-August with application due in mid-September
Competitive Process

• Application process is competitive

• Projects are scored on variety of factors including need, citizen participation, level of other funding, feasibility, costs per unit/person, outcome, sustainability, state priorities, & local government capacity *(see our application guidelines)*
ARC Funding

• Only available to 6 Appalachian counties
• SC receives approximately $2M in ARC funds annually
• Eligible applicants are local governments, state/local agencies, local governing boards, and non-profits
• Must address one or more of the goals identified in the ARC strategic plan (see SC DOC web site for plan)

• $500K limit for construction projects
• Match is 50% for all counties except Cherokee (30%)
• Process also competitive
South Carolina Department of Commerce
Grants Administration Division
803-734-0429
Keely McMahan-CDBG/Caroline Griffin - ARC
State Revolving Fund

Lynne LaSalle
State Revolving Fund Program
November 20, 2019
SRF

- There are two separate funds
  - Clean Water (wastewater & stormwater)
  - Drinking Water
  - Fund $$ from loan repayments and an annual federal capitalization grant for each program

- State Revolving Fund (SRF) funds provide low-cost financing for projects that protect environmental water quality or protect public health

- The SRF program is administered by two agencies:
  - Department of Health and Environmental Control (DHEC)
  - Rural Infrastructure Authority’s (RIA) Office of Local Government (OLG)
SRF Borrowers

Public water systems, public wastewater systems, and public entities responsible for stormwater management

**Clean Water SRF**
- Municipalities
- Counties
- Special Purpose Districts
- Joint Regional Entities as established by state law (Title VI, Chapter 25)

**Drinking Water SRF**
- Community Water Systems (e.g., Municipalities, Counties and Special Purpose Districts)
- Non-profit, non-community systems
### Example SRF Projects

**Clean Water**
- New, Upgrade or Expansion of a Wastewater Treatment Plant
- Sewer Line Rehabilitation or Replacement
- New or Rehabilitated Pump Stations
- New or Improved Collection Systems
- New or Rehabilitation of Interceptors
- Reduce Stormwater Impact on Water Quality
- Relocation of Wastewater Lines due to Road Widening Projects

**Drinking Water**
- New, Upgrade or Expansion of a Surface Water Treatment Plant
- Water Storage Facilities
- New or Rehabilitation of Water Lines
- Looping of Distribution Lines
- Interconnecting Systems
- Addition of New Wells
- Water Meter Replacement
- Relocation of Water Lines due to Road Widening Projects
SRF Loans

Traditional Loan

- Below market rate (2.2% for SFY 2020*)
- Can cover 100% of construction costs
- May qualify for up to 30 year term – not to exceed useful life of project components
- Borrowing entity may qualify for a discount from the standard rate
  - Small System, Hardship, Takeover, Green, Nonpoint Source
- Financial review of system conducted by RIA-OLG
- Loan amount varies depending on the project and the borrower

* Rate may be adjusted in March 2021
SRF Loans

Principal Forgiveness Loan

• SRFs must use a portion of federal allotments to provide subsidized financial assistance
• The SC SRF subsidy method is Principal Forgiveness (PF)
  • The amount of PF funds in a loan do not have to be paid back
  • There is no required match
  • Can cover 100% of project costs
• Preferred recipients for loans with PF funds are small sustainable systems/communities
• PF $$$ are limited – max & min defined by Congress
• Average PF amount awarded is $500,000
Potential SRF Projects

- Submitted to DHEC on a 2-page Project Questionnaire
- Published criteria are used to assign a score used to rank all eligible projects
  - Clean Water prioritizes protection of environmental water quality
  - Drinking Water prioritizes protection of public health
  - Scored projects are included on the Comprehensive Priority List of Projects (CPL)
  - Intended Use Plans identify projects from the CPL for funding
SRF Timeline

- Call for Potential SRF Projects occurs in late winter
- Intended Use Plans (IUPs) drafted in the spring
  - The IUPs contain SRF goals, requirements & Selected Projects
- IUPs are finalized after 30-day public comment period
- Application is made to EPA for the annual capitalization grant
- Projects are “officially” notified by DHEC and begin actively working to meet SRF requirements by late summer
  - Loans are closed when relevant technical & financial requirements are complete - including sustainability & financial reviews, permitting of construction & competitive bidding
Contact

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State Revolving Fund
Program
Bureau of Water
SCDHEC

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State Revolving Fund
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Examples of Jointly Funded Projects
Town of Yemassee

**Project:** Construct new 150,000 gallon elevated water storage tank

**Total Costs:** $1 M

**Funders:**
- SRF - $750,000
- RIA - $252,500

*Construction Complete – 2,200 Beneficiaries*
Town of Pageland

Project: Upgrades two WWTPs and force main

Total Costs: $18.8 M

Funders:
• CDBG - $1 M
• RIA - $500,000
• RD - $17.3 M

Bids Received - 845 Residential & 160 Business Beneficiaries
City of Lancaster

Project: Upgrade deteriorated gravity sewer lines in multiple basins

Total Costs: $10.6M

Funders:
- CDBG - $727,155
- RIA - $1,500,000
- SRF - $8,152,966
- Local - $175,909

Construction Complete – 1,424 Residential & 131 Business Beneficiaries
Powdersville Water District

**Project:** Upgrade water mains along growing business corridor

**Total Costs:** $1.2 M

**Funders:**
- ARC - $500,000
- RIA - $500,000
- Local - $246,196

*Construction Underway – 165 Business & 1,200 Residential Beneficiaries*
Coordination With Multiple Funders

SC Funders Working Together to Help Water & Sewer Systems

- Need to consider timing of project and application submission deadline
- Seek technical assistance
- Include ALL funders in discussion & planning of project – coordinate the application process
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