



Federal FY 2025 CWSRF General Supplemental Grant Intended Use Plan

For State FY 2026

FINAL

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SC DEPARTMENT *of*
**ENVIRONMENTAL
SERVICES**

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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.

The Infrastructure Investment and Jobs Act of 2021 includes two new appropriations for the CWSRF, one of which is the General Supplemental appropriations. The CWSRF General Supplemental appropriations are authorized for five years starting with Federal Fiscal Year (FFY) 2022.

This Intended Use Plan (IUP), required under the CWA, describes how South Carolina intends to use available CWSRF funds for State Fiscal Year (SFY) 2026 (July 1, 2025 through June 30, 2026) provided by federal funds allocated to South Carolina through the CWSRF General Supplemental appropriations for FFY 2025. South Carolina's allotment from the General Supplemental appropriations for FFY 2025 is \$25,237,000. Eligibility for CWSRF loans and CWSRF program requirements, including any requirements of the applicable appropriations legislation are included in the IUP.

The South Carolina Department Environmental Services (SCDES) 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 management functions of the CWSRF, including its financial policies, and executes loan agreements with project sponsors. The South Carolina Rural Infrastructure Authority's Office of Local Government (RIA) conducts the staff functions of the Authority. On July 1, 2024, Act 60 of S.C. law took effect, and the Department of Health and Environmental Control (DHEC) was split into two agencies, one being SCDES. The SRF responsibilities associated with DHEC were transferred to SCDES.

Once prepared, an IUP must be noticed for a period of at least 30 days to accept comments from the public. Comments on all facets of the draft IUP are accepted. After considering comments received, the IUP is finalized and posted on the SCDES SRF Reports and Publications web page at des.sc.gov/srfreports.

II. 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. These goals are reviewed annually and updated as needed.

A. Short Term Goals (Outputs)

1. Maintain a subcontract with a qualified vendor to provide technical assistance to small systems that have publicly owned treatment works (deliverable).

B. Long Term Goals (Outcomes)

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 to attain water quality standards (deliverable).
3. Use Principal Forgiveness funds to assist small and disadvantaged communities and utilities as they strive to achieve and maintain compliance with federal and state wastewater and stormwater regulations and meet state water quality standards (deliverable).
4. Maintain a working relationship with other infrastructure funding authorities within the state to coordinate water quality funding.
5. Work collaboratively to direct CWSRF funds to areas where additional SCDES and EPA resources are already invested (i.e., Priority Watersheds and Section 319 grants).
6. Support the use of green practices and investment in green infrastructure, water and energy efficient improvements and environmentally innovative projects.
7. 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 ability to transfer funds between the CWSRF and Drinking Water (DW) SRF as provided for by federal law. Fund transfers from the CWSRF to the DWSRF or from the DWSRF to the CWSRF will be done to assist in meeting the funding demands in the CWSRF and DWSRF. The law allows the SRFs to transfer an amount equal to 33% of each annual Drinking Water capitalization grant. SC SRF would transfer non-federal funds made available by loan repayments. The EPA will receive written notification prior to any transfers occurring.

For SFY 2026, the SC SRF has no plans to transfer funds between the CWSRF and DWSRF but reserves the right to do so if needed to meet demand in either the Clean Water or Drinking Water General Supplemental capitalization grant programs during SFY 2026.

IV. Cross Collateralization

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

V. 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 SFY 2026.

All loan projects on this list must complete the process detailed in Section VI.C. to receive funding.

Final funding decisions for each project are contingent on a review of the project sponsor's technical and managerial capacity, a completed environmental review of the proposed project, issuance of a SCDES construction permit (or construction approval letter) that meets SRF requirements, and a successful final credit review by RIA for the Authority for projects receiving loans. The availability of a loan from the Authority will be based on the project sponsor's financial capacity and its ability to afford repayment on the requested amount of debt.

The Provisional Projects List includes projects that have been identified to receive principal forgiveness funds. These funds are only available if the FFY 2025 CWSRF General Supplemental Grant is awarded by EPA and accepted by SCDES. Project listing is not a commitment of funding.

VI. Method for Selecting Projects and Distribution of Funds

A. Priority Ranking System

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

B. Comprehensive Priority List of CWSRF Projects

For a project to be considered for funding by 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 (PQ), DES 3561 or a similar funding request application approved by SCDES. The DES 3561 form can be found on the SRF Forms web page at des.sc.gov/srfforms. A project sponsor may submit a completed PQ to the SRF Division

of the SCDES Bureau of Water at any time. Once the PQ is received, SCDES staff will 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 in the following order: 1) first – score for “implement an approved TMDL” and 2) second – score for “impairment(s) addressed on current 303(d) list” and then by date the project questionnaire was received. SCDES maintains an updated Comprehensive Priority List on the SRF Reports and Publications web page at des.sc.gov/srfreports.

If a project remains on the Comprehensive Priority List for two years and does not proceed, the project will be removed from the list unless the sponsor provides an updated PQ.

C. Selection of Projects and SRF Funding

The selection of projects for the Provisional Projects List (Appendix A) is based on the project rank and cost, availability of funds, and the sponsor’s indicated readiness to proceed with a project during SFY 2026. Ready to proceed in SFY 2026 means that a project will be in compliance with the SRF schedule for submission of an acceptable preliminary engineering report and construction permit application as well as a complete SRF loan application to RIA. The selection process for sponsors and projects that may receive Additional Subsidies (i.e., 100 percent principal forgiveness for this grant) are discussed in Section X.B.

The successful completion of a preliminary financial review should occur before a project sponsor proceeds with meeting the technical requirements for a loan. Based on the schedule established for a project, RIA will send the sponsor a loan application package. To proceed as an SFY 2026 SRF project, a project must receive a construction permit, or letter of approval to construct, and submit a complete loan application to RIA by July 31, 2026. For large projects, SCDES and RIA 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 and to make SRF funds available to a larger number of eligible sponsors.

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

The CWSRF does not provide funding for emergencies. These funds may be made available to utilities by Federal Emergency Management Agency (FEMA) or through other federal supplemental disaster appropriations.

D. Bypass Procedure

When selecting projects for funding, SCDES 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 or receivership of a non-viable or abandoned system;
2. To select Green Project Reserve eligible projects or portions of projects that equal at least \$2,523,700 (10% of the expected capitalization grant amount);
3. To address an imminent hazard to public health as determined by SCDES;
4. To address an imminent release of untreated wastewater directly to a surface water body as determined by SCDES;
5. To fund projects that will eliminate a point source discharge, which is violating effluent limits, by a connection to a regional system;
6. To fund projects that support consolidation or regionalization of systems to enhance the sustainability, regulatory compliance and/or quality of service of the systems involved;
7. To fund projects for eligible sponsors that have not previously received CWSRF funding;
8. To fund an equitable geographic distribution of projects;
9. To fund a project for an eligible sponsor that is not receiving SRF funds, especially principal forgiveness funds, from some other FFY 2025 CWSRF or DWSRF grant. The purpose of this bypass is to facilitate the distribution of SRF funds to a larger number of eligible sponsors, especially sponsors receiving principal forgiveness funds;
10. To fund projects to meet federal equivalency requirements;
11. To fund projects allowing the SRF to meet the federal expeditious and timely use of funds requirement;
12. To preserve or improve the pace of the SRF when a sponsor with an active project, particularly an active principal forgiveness project, has not met established timeliness criteria; and,
13. To fund projects that do not receive direct federal allotments in order to distribute funds more evenly. Additionally, the SRF may choose to not fund projects that appear on the PPL that later receive a direct federal allotment.

E. Expeditious Use of Funds

To promote timely commitment and use of SRF funds, SCDES will determine milestones for each project related to the completion of the PER and submission of plans and specifications to obtain a construction permit or letter of approval to construct. For the projects listed on the PPL, the project sponsor should meet these milestones to ensure funds will not be committed to other projects. SCDES will take into account the complexity of the project and work with project sponsors in setting, and revising if

appropriate, project milestones. It is the goal of the program to have projects on the PPL that have a signed loan agreement or loan assistance agreement (PF projects) within 12 months of the date of each quarterly payment in the EPA grant award. With current resource shortages for materials and qualified engineers and contractors, SCDES realizes that it may be challenging for sponsors to meet this goal. Additionally, sponsors with active PF projects that have not met established timeliness criteria may be bypassed as discussed in Section VI.D.

Currently, project design and construction costs are increasing, often at a rapid pace. Therefore, sponsors with projects on the PPL will be encouraged to bid project alternatives, if feasible. Some or many projects on the PPL may still exceed the SRF project budget shown on the PPL. To address this possibility, projects on the PPL may receive additional funding if justified and approved by SCDES. Once the total PF funds under binding commitments for PF projects on the PPL reaches the 49% grant requirement, PF projects on the PPL without a binding commitment when the requirement is met will be addressed as follows: 1) projects with a Preliminary Engineering Report (PER) that has been approved by the SCDES SRF program will be moved to the next year's IUP and PPL for the General Supplemental grant; and, 2) projects without an approved PER will need to be resubmitted to the SRF program for future funding consideration. Available funds and loan budgets are discussed in Section VIII.E.

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 promote sustainability and compliance over the long-term.

Sponsor sustainability is evaluated using the SCDES Utility Sustainability Assessment (UtSA) (DES 0574). The UtSA is a written system assessment completed by the Sponsor and reviewed and scored by SCDES that includes operational issues, managerial issues and limited financial information. Unless an acceptable score was received on a UtSA within the previous three years, a UtSA is requested of sponsors with projects on the Provisional Projects List. Additional financial assessment is performed by RIA as part of the preliminary financial review and loan application process.

G. Interest Rates and Funding Terms for Eligible Projects

Visit the RIA Loans web page at ria.sc.gov/loans to view SRF loan rates and policies. Interest rates for SFY 2026 projects will be published by RIA in early October 2025. To receive that interest rate, a project must receive a construction permit, or letter of approval to construct, and submit a complete loan application to RIA by July 31, 2026.

Up to 30-year financing is available for all borrowers not to exceed the useful life of the project components. For example, pipe and items constructed of concrete or steel

qualify for a 30-year term, while mechanical and electrical components are limited to 20 years. Blended amortizations will be provided for loans with differing terms.

For any project requesting funds for both 20- and 30-year eligibilities, the engineer will provide in the PER an estimated cost breakout in sufficient detail for SCDES to determine items that qualify for 20- or 30-year financing based on useful life. This information will be used for the final loan application; however, the 20- and 30-year eligibilities used for loan closing must be based on contractor prices.

Loans for projects with both 20- and 30-year requested construction cost items will have the 20/30-year cost breakdowns for the loan agreement determined once the bidding process is complete. If the successful contractor's bid is in sufficient detail for SCDES to determine the useful life of the components, no further breakout will be needed for loan closing. However, when the successful contractor's bid is not in sufficient detail to make the 20/30-year determinations, such as in a lump sum bid, the successful contractor, after the tentative award notice but before loan closing, must provide a breakout of the bid in sufficient detail for SCDES to make the necessary determinations of 20- and 30-year eligibility. So as to not delay loan closing and, in most cases, execution of the construction contract, the selected contractor needs to develop and submit the detailed 20/30-year cost breakout to SCDES at the earliest possible time.

H. Loan Application

Sponsors of Provisional Projects who successfully complete RIA's preliminary financial review may apply to the Authority through RIA for SRF loan financing by submitting a loan application approximately 30 days prior to submitting plans and specifications as required for a SCDES-issued construction permit or letter of approval. Authorization to construct the project, either through a SCDES Permit to Construct or Letter of Approval that meets SRF requirements, 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.

VII. Eligibilities

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 found at des.sc.gov/programs/bureau-water/wastewater/208-wastewater-water-quality-management.

C. Land

Land needed in support of construction and for collection, transport, treatment and stormwater 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 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. For land with structures or other improvements, only the appraised value of the land is CWSRF loan eligible, not the appraised value of the land with the structures or improvements. In the CWSRF program, land may be acquired under proper eminent domain procedures when 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, 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 RIA 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 a complete loan application to RIA.

F. Construction Costs

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

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

Materials such as pipe, valves, brick, mortar, etc., that are directly purchased by the sponsor are eligible. The materials may be installed either by a contractor or by the sponsor using its own employees and equipment. Eligibility is limited to the costs of materials. The costs of supplies such as fuel, oil and tools used by the sponsor to install the materials are not eligible for funding under the 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 on eligible construction costs funded by the SRF for loan projects as follows: ten percent (10%) of the SRF construction line item for the first \$10 million dollars of construction costs and five percent (5%) for the SRF construction amount that exceeds \$10 million.

The SRF program allows a contingency of two and a half percent (2.5%) for materials that are directly purchased by the sponsor. Projects that are co-funded with SCIIP will not be allowed a contingency through SRF for materials 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), unless the project is needed to address a high-priority environmental or human health concern or will promote sustainability and compliance over the long-term;
2. Projects exclusively correcting operation and maintenance deficiencies;
3. Projects for systems in NPDES noncompliance, unless funding will help a system achieve compliance; or

4. Projects for systems when consolidation or regionalization is the most feasible alternative for a system to maintain sustainability unless the project addresses or supports consolidation or regionalization.

VIII. Funds Available

A. Amount of Capitalization Grant

South Carolina's allotment from the FFY 2025 CWSRF General Supplemental Capitalization Grant is \$25,237,000.

B. State Match Requirement and Cash Draw

One condition of receiving the annual capitalization grant allotment is the State must deposit into the CWSRF a match equal to at least twenty percent (20%) of the total amount of the expected federal grant. RIA will deposit the full state match of \$5,047,400 into the CWSRF from state appropriations and other resources available to RIA prior to receiving the capitalization grant. It will fully expend the state match before the first draw of funds from the capitalization grant with subsequent federal draw at 100%. The State will draw funds from the capitalization grant according to the payment schedule (timeline) submitted with the grant application and presented in the grant award.

C. Administration of the CWSRF Program

The CWA allows each state to use an amount equal to four percent (4%) of its capitalization grant to fund the administration of the CWSRF program. SCDES plans to retain the authority to use \$1,009,480, or approximately 4.0%, of its expected capitalization grant amount for program management, including funding staff, paying operational expenses, and providing technical assistance to potential loan applicants. Administrative expenses will be paid for using recycled funds and will be accounted for on the FFY 2025 Base IUP.

D. Technical Assistance

The CWA allows states to reserve to two percent (2%) of each capitalization grant to fund technical assistance (TA) services to rural, small, and tribal publicly owned treatment works. For FFY 2025, \$150,000, or approximately 0.6%, of the grant will be used for TA. SCDES anticipates that the TA funds (\$150,000) will be used to fund an existing TA contract with the South Carolina Rural Water Association to help small public sewer systems address technical, managerial, and financial capacity. Priority for contracted TA is given to those entities that have requested financial assistance from the SRF program but currently lack the technical, managerial, and/or financial capacity to ensure long-term sustainability and/or the necessary resources to apply for SRF assistance. TA will be paid for using recycled funds and will be accounted for on the FFY 2025 Base IUP.

E. Estimated Funds Available — State Fiscal Year (SFY) 2026

FFY 2025 General Supplemental Capitalization Grant	\$25,237,000
State match for FFY 2025 General Supplemental Capitalization Grant	\$5,047,400
Transfers between CWSRF and DWSRF	\$0
Estimated Total Funds Available for SFY 2026 General Supplemental Loans	\$30,284,400

Note: The project funding needs that are identified in the PPL exceed the estimated total funds available for projects on the FFY 2025 CWSRF General Supplemental Capitalization Grant. The additional money required to fund projects on the PPL may come from “recycled” CWSRF funds, the project sponsor’s own resources, or some combination thereof. All available CWSRF funds, including recycled funds, will be accounted for in the FFY 2025 CWSRF Base Capitalization Grant IUP. In addition, equivalency projects that do not have a construction permit (or letter of approval) and a closed loan by July 31, 2026 may be moved to the next available IUP.

F. Equivalency to Account for Federal Funds

SCDES will use equivalency projects to account for the federal funds awarded to the SC CWSRF program through this capitalization grant. The amount that must be accounted for includes the total federal grant award minus any set-aside funds received from the grant. The potential equivalency projects are noted on the PPL. When possible, SCDES will select projects for equivalency that are straightforward to construct, require a relatively limited range of construction materials and equipment to complete, and are requesting a large CWSRF loan. The equivalency projects will be required to meet all of the federal requirements listed in Section X.A.

The equivalency projects that have binding commitments (signed loan agreements) and are selected to account for the federal funds received from this capitalization grant will be identified in the CWSRF Annual Report (deliverable) and reported to the federal government (deliverable) pursuant the requirements of the Federal Funding Accountability and Transparency Act (FFATA).

G. Fee Income

A loan closing fee will be charged on all loans, but such fees will not be assessed on any principal forgiveness projects or portions of projects. The loan fee is found in the CW Loan Policies on the RIA Loans web page at ria.sc.gov/loans. The entirety of loan fees collected are used to conduct the financial functions of the SRFs assigned to RIA under state law. The fees are used for programs that meet the water quality goals of the CWSRF. Program income generated from direct capitalization grant funds and non-program income generated from repayment funds, will be collected and accounted for separately. Guidance on the use of fees can be found at [federalregister.gov/documents/2005/10/20/05-21014/guidance-on-fees-charged-by-states-to-recipients-of-clean-water-state-revolving-fund-program](https://www.federalregister.gov/documents/2005/10/20/05-21014/guidance-on-fees-charged-by-states-to-recipients-of-clean-water-state-revolving-fund-program).

IX. Assurances and Specific Proposals

SCDES has provided assurances and specific proposals as part of the Operating Agreement between South Carolina and EPA. The Operating Agreement provides a framework of procedures for operation and administration of the 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 quarterly payment under the capitalization grant within one year of each such payment.
3. Expeditious and Timely Expenditures: The State will expend all funds in the CWSRF in an expeditious and timely manner as previously discussed.

X. Additional Information / Requirements

A. Federal Requirements

Sponsors will be notified of all environmental and social cross-cutter requirements, as well as other applicable federal requirements once their project is identified as a candidate for funding. Guidance on federal requirements can be found at des.sc.gov/srfguidance. Several federal requirements are required of all SRF loan recipients as follows:

- Environmental review of the project
- Compliance with Civil Rights Laws
- Davis-Bacon prevailing wage rates
- American Iron and Steel
- Fiscal sustainability plans for project components
- SRF Signage (for construction projects)
- Cost and effectiveness analysis of the project

Additional federal requirements are tied to the capitalization grant and will be required of any project receiving a loan designated as being made with federal capitalization funds. These requirements include but are not limited to:

- Build America, Buy America Act provisions
- Disadvantaged Business Enterprise compliance (DBE)
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: Title 2 CFR, Parts 200 and 1500 ("Uniform Guidance" – governs single audit requirements)
- Architectural and Engineering Procurement
- Telecommunications and video surveillance prohibition

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

B. Annual Reporting and Annual Review

An annual report (deliverable) will be submitted by September 30, 2025 that will quantify the results and present the milestones of the Capitalization Grants awarded for FFY 2024.

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

C. Additional Subsidies

The FFY 2025 General Supplemental appropriation requires that 49% of the capitalization grant (\$12,366,130) shall be used to provide additional subsidy to CWSRF projects and that all additional subsidies must be in the form of assistance agreements with 100% forgiveness of principal or grants. South Carolina will use assistance agreements with 100% forgiveness of principal to satisfy this requirement. Section 603(i) of the CWA, outlines conditions under which additional subsidy may be offered to a project. The affordability criteria that South Carolina uses to provide principal forgiveness is a small system (population less than 10,000) with an MHI less than the State MHI that cannot qualify for an SRF loan. RIA staff conduct a thorough financial review of each system sponsor to determine if they can afford an SRF loan.

EPA expects the SRF program to ensure that systems and project sponsors that receive additional subsidy have the technical, managerial, and financial capacity to maintain compliance with federal and state regulations. The Utility Sustainability Assessment mentioned in Section VI.F. above is one tool used by the SRF to evaluate the technical, managerial, and financial capacity of a potential SRF additional subsidy recipient. Systems that do not have adequate technical, managerial, and financial capacity may receive additional subsidy funds if the system/sponsor agrees to undertake needed changes in operation that will promote sustainability or if the use of the financial assistance from the CWSRF will promote sustainability and compliance over the long-term. The sponsor may not be eligible for additional subsidies on future projects until the agreed upon operational changes have been fully implemented. Also, systems that ask to be considered for principal forgiveness funds must not be delinquent on submission of annual financial audits to the State Treasurer's Office as required by SC state law.

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

- That enhance the sustainability of small systems (population less than 10,000) by fixing existing infrastructure;

- Where a sustainable system owner is willing to assume ownership or receivership of an unsustainable or abandoned system; or,
- To provide a long-term solution to ongoing surface water or groundwater contamination problems from the discharge of treated or untreated wastewater or sludge.

Eligible sponsors with eligible projects that may receive PF assistance are as follows:

- Small systems (population less than 10,000) with a Median Household Income (MHI) less than the State MHI that cannot qualify for a CWSRF loan, or
- A sustainable system owner willing to assume ownership or receivership of an unsustainable or abandoned system.

To make maximum benefit of PF funds for SFY 2026, no one sponsor may receive more than \$2,000,000 for additional 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 SFY 2026 on a preliminary basis. The SRF Program reserves the right to adjust PF amounts. PF funds are only available if EPA awards the FFY 2025 CWSRF General Supplemental Capitalization Grant and it is accepted by SCDES. Project listing is not a commitment of PF funding.

If a sponsor requests PF assistance for a project, but the sponsor and project are eligible for a conventional SRF loan, the sponsor will be offered a conventional SRF loan in lieu of PF assistance (see the principal forgiveness loan eligibility criteria discussed above); the exception being a sustainable system owner willing to assume ownership or receivership of an unsustainable or abandoned system. The PF assistance requirements are reviewed on an annual basis and updated as needed.

D. Green Project Reserve (GPR)

The Full-Year Continuing Appropriations and Extensions Act, 2025 requires to the extent there are eligible projects, not less than 10% of the State's expected FFY 2025 CWSRF General Supplemental 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 \$2,523,700. SCDES GPR guidance can be found on the SRF Guidance web page at des.sc.gov/srfguidance.

In the SFY 2026 annual report for this grant, SCDES will identify the projects with binding commitments that will be used satisfy the 10% GPR requirement for the grant. To make this determination, SCDES will use EPA GPR guidance and best professional judgement in accordance with the EPA Memorandum dated February 21, 2017, "[Change to Clean Water State Revolving Fund Green Project Reserve Guidance](#)."

E. Environmental Outcomes and Measures

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

F. Public Participation

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

During the public notice period (30-day minimum), the Draft IUP notice and Draft FFY 2025 CWSRF General Supplemental IUP are available from the SCDES Reports and Publications web page at des.sc.gov/srfreports. Revised IUPs with significant changes must also have a public notice period (14 day minimum). Interested parties are invited to review the documents and submit written comments by the deadline established in the Draft IUP notice.

The Draft FFY 2025 CWSRF General Supplemental Capitalization Grant IUP was posted to the SCDES website on May 21, 2025. Notice of the draft IUP was emailed to SRF contacts, Rural Infrastructure Authority contacts, SCDES watershed stakeholders, and included in communications to members of the SC Rural Water Association, the South Carolina Association of Counties, and the Municipal Association of South Carolina. Comments were accepted until 5:00 PM on June 19, 2025. No comments were received.

CWSRF SFY 2026 General Supplemental Provisional Project List¹

Final

Rank	Sponsor & Project Name	SRF Project Number	Project Description	NPDES, SSS, or ND Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ²	Estimated Green Project Reserve Amount ³		Total Points
1	Barnwell, City of - Emergency Bypass Pumps for Pump Stations	445-07	Installing permanently mounted emergency by-pass pumps at five (5) of their pump stations along with adding them to their SCADA system	SC0047872	\$ 1,242,920	\$ -	\$ 840,000			130
2	East Richland County Public Service District - Basin 16 Pump Station & Force Main	524-33	Construction costs along with engineering services for the design, construction, construction engineering administration and observation for an approximate 1-3 MGD pump station and force main to provide relief capacity in the existing Basin 16 service area and related 18" gravity lines. Population has gradually increased over the past 40 years. Parts of Basin 16 are nearing capacity. Although line rehab is ongoing, additional wet weather capacity can also be gained by construction of the pump station and force main.	SC0038865	\$ 9,000,000	\$ 9,000,000	\$ -			120
3	Newberry, City of - Industrial Park Pump Station Relocation	320-07	The proposed project will relocate the Industrial Park PS from existing its location to a new location approximately 1,000 feet to the southwest. The existing pump station is located in a difficult to access portion of the property that requires a deep wetwell in excess of 25' due to the existing topography. Relocation of the pump station will improve access for the city of Newberry, and will also allow for a shallower wetwell.	SC0024490	\$ 2,250,000	\$ -	\$ 2,000,000			100
4	Renewable Water Resources - Swamp Rabbit Gravity Upgrade Phase 1B ⁴	370-135	The Swamp Rabbit Trunk Gravity Sewer Upgrades Improvements project will be designed to upsize the existing gravity system as well as the relocation of various lengths of pipe to accommodate current and future flows. The currently proposed approach includes approximately 4,500 LF of new 60-inch and 48-inch diameter pipe. Other various design considerations include new manholes, new sewer junction boxes, and reestablishing permanent easements. The proposed upgrades of the gravity sewer consist of above ground pipe, buried pipe, road crossings, river crossings, and tie-ins with existing gravity. The upsized gravity sewer will predominantly be installed in place of the existing or in close horizontal proximity to the existing lines.	SC0041211	\$ 26,500,000	\$ 22,600,000	\$ -			80
5	Laurens County Water & Sewer Commission - Clinton-Joanna WWTP - EQ Basin and Clarifiers	540-16	Overall scope of the project includes the removing and replacing the existing equipment in the clarifiers #1 and #2. The existing clarifier's equipment are over 45 years old and have outlived their service life. Installation of aerators in the existing equalization basin and upgrades to the controls of the existing EQ Basin pump station. Install pumping/flow controls to the existing RAS pump station to reduce the hydraulic shock to the system and enable the RAS flow to be stabilized (which will better maintain the % solids of the sludge in the clarifier prior to wasting). Pilot study to determine if replacement of the ex. chlorine disinfection system with a peracetic acid system will be feasible.	SC0037074	\$ 2,000,000	\$ -	\$ 1,750,000			70
6	Renewable Water Resources - Georges Creek Onsite EQ ⁴	370-121	New on-site 3.0 MG influent wet weather equalization basin, modifications to the Headworks effluent distribution box, new RAS flow distribution box, addition of anoxic zone flow control gates, new redundant influent pump and associated controls, and new 2,500 square foot storage building.	SC0047309	\$ 11,400,000	\$ 11,400,000	\$ -			70

CWSRF SFY 2026 General Supplemental Provisional Project List¹

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7	Renewable Water Resources - Basins 400A and 300B Gravity Sewer Rehab ⁴	370-134	This project consists on performing rehabilitation to existing sewer infrastructure with CIPP Lining and coating manholes with a cementitious materiel. point repairs and manhole replacement will be performed when needed on aged infrastructure.		\$ 2,500,000	\$ 2,500,000	\$ -			70
8	Central, Town of - Maw Bridge Road Sewer Replacement	517-02	The project will consist of the replacement of approximately 2,850 linear feet of 8-inch gravity sewer along Maw Bridge Road with new 12-inch gravity sewer, pipe bursting approximately 1,000 linear feet of 6-inch gravity sewer to 1 0" HOPE gravity sewer along portions of Madden Bridge Road and Mauldin Road, and the rehabilitation of approximately 1,200 linear feet of 8-inch gravity sewer along portions of Mauldin Road. The section of 8-inch gravity sewer to be replaced along Maw Bridge Road receives flow from a forcemain that conveys wastewater from the D.W. Daniel High School and the RC Edwards Middle School. When this forcemain is active, the gravity sewer acts as a flow bottleneck in this area due to its limited capacity, especially during wet weather conditions. This makes this sewer prone to sewer overflows, and limits flow capacity for additional development in the area. The existing 6-inch and 8-inch gravity sewer and manholes to be pipe burst and rehabilitated along Madden Bridge Road and Mauldin Road are in poor condition, and are subject to increased I&I flows due to their vitrified clay pipe and brick manhole construction. Rehabilitation of these sections of gravity sewer via pipe bursting, cured in place piping, and manhole lining will reduce I&I flow impacts, and provide structural integrity for the sewer system in the future.	SC0024996	\$ 2,000,000	\$ -	\$ 1,850,000			50
9	Ridgeway, Town of - Pump Station Rehabilitation	818-01	The project will consist of the refurbishment of 5 wastewater pumping stations. Four of the five existing pumping stations are above-ground, end-suction centrifugal pump stations. The work at each of the four (4) end-suction centrifugal pump stations will consist of the installation of a bypass connection, removal of all pump station equipment, refurbishment of the wetwells, installation of the new pump station equipment, and necessary electrical work to bring the stations into electrical code compliance. The fifth pump station is the newest of the five pump stations and consists of submersible pumps and is in the best condition of all the stations. Work at that station consists of removal and replacement of the existing pumping equipment and no other electrical work is anticipated at that station since the control panel appears to be in satisfactory condition.	SC0022900	\$ 2,655,347	\$ -	\$ 1,155,347			40

CWSRF SFY 2026 General Supplemental Provisional Project List¹

Final

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10	Heath Springs, Town of - Rowland Avenue Lift Station Replacement	819-01	The Rowland Avenue Lift Station improvements will consist of the demolition of the existing lift station including the wet well, valve vault, control panel, fencing, yard piping, valves, and other components associated with the existing lift station. The new infrastructure will consist of a new wet well, valve vault, pumps, electrical system, SCADA controls, fencing, valves, yard piping, a permanent generator, and other necessary items for a complete and operable new lift station. It is anticipated that the lift station will be re-built in the existing location due to easement limitations so the existing station will need to be taken off-line in order to complete the improvements. It is anticipated that bypass pumping utilizing an existing or new manhole and the existing force main will be needed to complete the improvements.	SC0040118	\$ 1,055,000	\$ -	\$ 1,055,000			40
11	Swansea, Town of - Town of Swansea Gravity Sewer Improvements	820-01	The top priority is to rehabilitate the system considered the Fourth Creek System and the Downtown Sewer System. The rehabilitation process will include: cleaning of manholes, removal of obstructions, replacement of manholes and rings and covers, pipe lining, point repair and complete replacement.	SSS000057	\$ 2,000,000	\$ -	\$ 2,000,000			40
12	Holly Hill, Town of - Collection System Improvements	821-01	The proposed project will consist of the following items of work: cleaning and CCTV inspection of approximately 50,000 LF of 8" through 15" gravity sewer with heavy cleaning and root removal as required (pre-construction); CIPP lining of approximately 9,500 LF of gravity sewer within the project area (8" to 15"); pipe bursting of approximately 800 LF of 6-inch gravity sewer; post construction CCTV inspection of approximately 10,300 LF of gravity sewer; reconnection of approximately 87 sewer services to CIPP or pipe burst sewer main; installation of approximately 87 sewer cleanouts; Repair and/or lining of approximately 36 manholes within the project area; replace manhole frame and cover on approximately 10 manholes; rebuild manhole invert and bench on approximately 10 manholes.	ND0063380	\$ 1,999,850	\$ -	\$ 1,715,783	\$ 1,715,783	Yes	40
13	Grand Strand Water and Sewer Authority - Central WWTP 4 MGD	381-85	In 1986, GSWSA commissioned the original Central WWTP (NPDES SC0040410) with a 1.2 MGD capacity. The plant was decommissioned in 2005 and the existing Central WWTP currently serves as an equalization basin. Due to the growth in the area for both the city of Conway and the surrounding GSWSA service area, the Central WWTP has been re-permitted (NPDES permit #SC0049362) and will be upgraded to treat a maximum capacity of 4.0 MGD using a proposed conventional activated sludge facility.	SC0040410 SC0049362	\$ 80,000,000	\$ 50,000,000	\$ -			40
14	Renewable Water Resources - Lower Reedy Blower Replacement	370-136	This project includes the replacement of four 300-hp multistage centrifugal blowers (CB-1, -2, -3, and -4) which serve the Biological Treatment Basins.	SC0024261	\$ 13,179,111	\$ 13,179,111	\$ -			20

CWSRF SFY 2026 General Supplemental Provisional Project List¹

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15	Myrtle Beach, City of - Pump Station Upgrades	494-26	<p>3 sewer pump stations will undergo significant renovations to meet new City and SCDES standards. These pump station renovations will enhance functionality and efficiency. All location renovations include raising the existing wet well above the 100-year floodplain, upgrading all necessary piping and valving, installing an engine-driven standby pump for backup, cleaning and lining of the existing wet well and the 60" horizontal storage, and new electrical service and controls.</p> <p>The Bear Branch Pump Station is located off North Ocean Boulevard in the Grand Dunes development in Myrtle Beach. The project involves replacing the existing 46 +/- year old above-ground duplex 1200 +/- gpm T- 6 Gorman Rupp pump station in 7' x 10' pump in a Kwanza hut with a new duplex 1,200 gpm± Flygt submersible pump station.</p> <p>The Hilton Station is located off Kingston Road at the beach front north of Myrtle Beach. The project includes replacing the existing 50+/- year plus duplex above-ground 650 +/- gpm T-6 Gorman Rupp pump station with a new 650+/- gpm duplex Flygt submersible pump station.</p> <p>The Kingston Plantation Pump Station is located in the Radisson parking lot off Lake Drive in the Kingston Plantation development north of the City of Myrtle Beach. The project involves replacing the existing 36" +/- year old below-ground triplex 1600 +/- gpm pump station that contains two (2) T-10 Gorman Rupp pumps and one (1) T-6 Gorman Rupp pump with a new triplex 1600 +/- gpm Flygt submersible pump station.</p>	SC0037753	\$ 6,864,360	\$ 6,864,360	\$ -			10
16	Renewable Water Resources - Durbin Creek Primary Sludge Pump Station Rehab	370-137	This project consists of rehabilitating the Primary Sludge Pumping Station structure, including replacement of the rotary lobe pumps, grinders, process piping, HVAC system, lighting improvements, and architectural repairs.	SC0040002	\$ 10,020,000	\$ 10,020,000	\$ -			0
17	Rock Hill, City of - Standard Mill Gravity Sewer Relocation ⁴	393-40	This project consists of the redirection of existing wastewater flow from 6", 8", and 12" vitrified clay sanitary sewer lines installed in 1911 that serves Annafrel St. that is failing and past its service life and that numerous residential structures have been built directly over. The flow will be directed to a proposed 12" sanitary sewer that will replace the existing 6" and 8" vitrified clay sanitary sewer along Iredell St, with portions under residential dwellings being redirected to Iredell St. The project will include new piping, manholes, service laterals, and related appurtenances.	SC0020443	\$ 2,990,878	\$ 2,723,511	\$ -			0
Totals:					\$ 177,657,466	\$ 128,286,982	\$ 12,366,130			
					Totals of SRF Loan + Principal Forgiveness Loan Amount:			\$ 140,653,112		

¹ Projects that appear on the Provisional Project List are ranked based on priority for funding. However a loan offer is dependent on the financial capacity of the sponsor, which may not have been evaluated to date.

² As discussed in Section X.C. of this IUP, the minimum required Additional Subsidy is 49% of the capitalization grant or \$12,366,130. SC uses Principal Forgiveness Assistance to satisfy the Additional Subsidy requirement. The total Estimated Principal Forgiveness Assistance is shown on the table above. Principal forgiveness funds are subject to change and are only available if the CWSRF Capitalization Grant referenced in this IUP is awarded by EPA and accepted by SCDES. Project listing is not a commitment of funding.

³ FFY25 federal appropriations require that to the extent there are eligible projects, the CWSRF identify GPR eligible projects or parts of projects in an amount equal to at least 10% of the expected capitalization grant amount, or \$2,523,700, as GPR eligible (see Section X.D. of the CWSRF IUP). Projects on this Provisional Project List have not submitted documentation, but may qualify in whole or in part for the GPR. If any projects are identified as GPR eligible the project or portion of the project will be reported in the CWSRF SFY25 Annual Report.

CWSRF SFY 2026 General Supplemental Provisional Project List¹

Final

Rank	Sponsor & Project Name	SRF Project Number	Project Description	NPDES, SSS, or ND Permit Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance ²	Estimated Green Project Reserve Amount ³	Total Points
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4 Equivalency project. SCDES reserves the right to modify, as needed and when appropriate, which project(s) will serve as the equivalency project(s) for this grant.

5 Denotes a project where the sponsor requested a principal forgiveness (PF) loan, but the sponsor and project are eligible for a conventional SRF loan and do not meet the criteria for an offer of a PF loan (see Section X.C. Additional Subsidies).

Note: The project funding needs that are identified in the PPL exceed the estimated total funds available for projects on the FFY 2025 CWSRF General Supplemental Capitalization Grant. The additional money required to fund projects on the PPL may come from "recycled" CWSRF funds, the project sponsor's own resources, or some combination thereof. All available CWSRF funds, including recycled funds, will be accounted for in the FFY 2025 CWSRF Base Capitalization Grant IUP. In addition, equivalency projects that do not have a construction permit (or letter of approval) and a closed loan by July 31, 2026 may be moved to the next available IUP.