



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

**DRAFT**

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**ENVIRONMENTAL  
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# I. Introduction

In 1987, Congress amended the federal Clean Water Act (CWA) authorizing the Clean Water State Revolving Fund (CWSRF), a low interest loan program, to assist public entities with the financing of publicly owned treatment facilities (Section 212) and non-point source management activities (Section 319). The 1987 CWA Amendments authorized the US Environmental Protection Agency (EPA) to award capitalization grants to states to provide seed money for the low interest loan program. While the 1987 Amendments only authorized funding for the first several years of the loan program, Congress continues to provide funding as part of its annual appropriations.

This Intended Use Plan (IUP), required under the CWA, describes how South Carolina intends to use funding established under the American Relief Act, 2025, P.L. 118-158 (“the Act”), which was signed into law on December 21, 2024. The Act allocates disaster relief funding to states impacted by Hurricane Helene, Hurricane Milton, and the Hawai’i wildfires via the 2025 Supplemental Appropriation for Hurricanes Helene and Milton and Hawai’i Wildfires (SA-HMW). The SA-HMW CWSRF allotment for South Carolina is \$3,102,000. The areas eligible for SA-HMW CWSRF funding within South Carolina have been designated by the Federal Emergency Management Agency (FEMA) through the [South Carolina Hurricane Helene Disaster Declaration \(DR-4829-SC\)](#) announced on September 29, 2024 (updated on December 3, 2024), and are shown on the map included as Attachment 1. Eligibility for CWSRF loans and CWSRF program requirements, including any requirements of the applicable appropriations legislation are included in this IUP.

The South Carolina Department of 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 Office of Local Government within the South Carolina Rural Infrastructure Authority (RIA) conducts the staff functions of the Authority.

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

# II. Financial History

Congress appropriated funds to the State Revolving Funds in the Act, in a one-time disaster relief supplemental funding. EPA has allotted \$3,102,000 in SA-HMW funds to South Carolina for the CWSRF Program. The State must apply to EPA to receive a grant award from this allotment. There is no state match required for the award of this grant.

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

### III. Goals

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

#### A. Short Term Goal (Output)

1. Utilize SA-HMW CWSRF funds to assist eligible utilities within the disaster declaration area to reducing flood or fire damage risk and vulnerability or enhancing resiliency to rapid hydrologic change or natural disaster.

#### B. Long Term Goals (Outcomes)

1. Assist local communities in their recovery from the destructive forces of Hurricane Helene while reducing vulnerabilities and enhancing resiliency as they strive to achieve and maintain compliance with federal and state water quality standards by funding projects that improve or protect water quality through the reduction of pollutant loading to attain water quality standards (deliverable).
2. Maintain a working relationship with other infrastructure funding authorities within the state to coordinate water quality funding.
3. Support the use of green practices and investment in green infrastructure, water and energy efficient improvements, and environmentally innovative projects.
4. Maintain the fiscal integrity of the CWSRF to ensure the perpetuity of the fund.

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

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

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

### V. 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.

## VI. Provisional Projects List

The SA-HMW CWSRF Provisional Project List (PPL) is required to identify projects that are considered eligible and ready to proceed. No eligible projects were identified therefore a SA-HMW CWSRF PPL was not developed.

## VII. 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](https://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 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](https://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](https://des.sc.gov/srfreports).

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

### C. Selection of Projects and SRF Funding

The selection of projects for the Provisional Project List (Appendix A) is based upon the sponsor eligibility, project rank and cost, availability of funds, consideration of the bypass procedures in Section VII.D., and an indication from the sponsor on the readiness to proceed with a project. Ready to proceed means that a project will be in compliance with the SRF schedule for submission of an acceptable preliminary engineering report and construction permit application as well as a complete SRF loan application to RIA. The

selection process for sponsors and projects that may receive Additional Subsidies (i.e., 100 percent principal forgiveness for this grant) is discussed in Section XI.C.

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. Due to the nature of this one-time emergency appropriation for disaster relief, all projects will be expected to have a signed SRF loan agreement on an expedited timeline. For large projects, SCDES and RIA reserve the right to impose a limit on the amount of any given CWSRF loan, regardless of ranking, to consider the ability of a sponsor to obtain financing from other sources, and to make SRF funds available to a larger number of eligible sponsors.

When conducting outreach to solicit 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 being contacted through trade and technical assistance organizations.

#### **D. Bypass Procedure**

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

1. To address direct impacts from Hurricane Helene, as determined by SCDES, located within the area described by FEMA in the [South Carolina Hurricane Helene Disaster Declaration \(DR-4829-SC\)](#) and/or reduce vulnerabilities to and risks from a rapid hydrologic change or natural disaster within that same area defined by FEMA (see Attachment 1);
2. To fund a project where a viable system owner is willing to assume ownership or receivership of a non-viable or abandoned system;
3. To address an imminent hazard to public health as determined by SCDES;
4. To fund projects that will eliminate a point source discharge, which is violating effluent limits, by a connection to a regional system;
5. To fund an equitable geographic distribution of projects;
6. To fund projects allowing the SRF to meet the federal expeditious and timely use of funds requirement; and
7. To fund projects that do not receive direct federal allotments in order to distribute funds more evenly. Additionally, the SRF may choose to not fund projects that appear on the PPL that later receive a direct federal allotment.

#### **E. Expeditious Use of Funds**

To promote timely commitment and use of SRF funds, SCDES will determine milestones for each project related to the completion of the PER and submission of plans and specifications to obtain a construction permit or letter of approval to construct. For the

projects listed on the PPL, the project sponsor should meet these milestones to ensure funds will not be committed to other projects. SCDES will take into account the complexity of the project and work with project sponsors in setting, and revising if appropriate, project milestones. It is the goal of the program to have projects on the PPL that have a signed loan agreement or loan assistance agreement (PF projects) within 12 months of the date of each quarterly payment in the EPA grant award. With current resource shortages for materials and qualified engineers and contractors, SCDES realizes that it may be challenging for sponsors to meet this goal. Additionally, sponsors with active PF projects that have not met established timeliness criteria may be bypassed as discussed in Section VII.D.

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 PF projects on the PPL still may exceed the SRF budget amounts shown on the PPL. A PF project on the PPL may receive additional funding above the budgeted amount shown on the PPL if justified and approved by SCDES. Available funds and loan budgets are discussed in Section IX.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 Project 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](http://ria.sc.gov/loans) to view SRF loan rates and policies. Interest rates for SRF projects are published by RIA each October and may be updated throughout the year. To receive the published interest rate, a project must receive a construction permit, or letter of approval to construct, and submit a complete loan application to RIA by the deadline established by RIA.

Up to 30-year financing is available for all borrowers not to exceed the useful life of the project components. For example, pipe and items constructed of concrete or steel qualify for a 30-year term, while mechanical and electrical components are limited to 20 years. Blended amortizations will be provided for loans with differing terms.



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

Loans for projects with both 20- and 30-year requested construction cost items will have the 20/30-year cost breakdowns for the loan agreement determined once the bidding process is complete. If the bid from the successful contractor is in sufficient detail for SCDES to determine the useful life of the components, no further breakout will be needed for loan closing. However, when the bid from the successful contractor is not in sufficient detail to make the 20/30-year determinations, such as in a lump sum bid, the successful contractor, after the tentative award notice but before loan closing, must provide a breakout of the bid in sufficient detail for SCDES to make the necessary determinations of 20- and 30-year eligibility. 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 projects on the Provisional Project List who successfully complete an RIA preliminary financial review may apply to the Authority through RIA for SRF loan financing by submitting a loan application approximately 30 days prior to submitting plans and specifications as required for a SCDES / SRF construction permit or letter of approval. Authorization to construct the project, either through a SCDES-issued 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.

# VIII. Eligibilities

## A. SA-HMW CWSRF Eligible Sponsors

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

## B. SA-HMW CWSRF Eligible Activities

Activities that are eligible for SA-HMW CWSRF funding are restricted to the following project types, as outlined within the [“Award and Implementation of the 2025 State Revolving Fund Supplemental Appropriation for Hurricanes Helene and Milton and the Hawai’i Wildfires \(SA-HMW\)”](#) memorandum dated March 13, 2025:

- Prevention of the interruption of collection system operation in the event of a flood or natural disaster;



- Prevention of floodwaters from entering a treatment works;
- Ensuring the continued operation of a treatment works and the integrity of the treatment train in the event of a flood or natural disaster;
- Preservation and protection of treatment works equipment in the event of a flood or natural disaster;
- Planning and assessment of the vulnerability of a treatment works to flood damage or the analysis of the integration of system and community sustainability and/or resiliency priorities to address an uncertain future of natural disasters and more frequent and intense extreme weather events, only in cases where such planning work creates a reasonable expectation for a capital project; or
- Assessment of, preparation for, protection from, or mitigation of damage to treatment works or a collection system from wildfires.

### C. 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](https://des.sc.gov/programs/bureau-water/wastewater/208-wastewater-water-quality-management).

### D. 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.

### E. 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.

## **F. 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.

## **G. 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 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 CWSRF 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.

## **H. 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. There is no contingency allowed on equipment.

## **I. 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.

## J. Projects Not Eligible for Funding

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

1. Projects for systems that are not within the area described by FEMA in the [South Carolina Hurricane Helene Disaster Declaration \(DR-4829-SC\)](#).
2. 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;
3. Projects exclusively correcting operation and maintenance deficiencies;
4. Projects for systems in NPDES noncompliance, unless funding will help a system achieve compliance; or
5. Projects for systems when consolidation or regionalization is the most feasible alternative for a system to maintain sustainability unless the project addresses or supports consolidation or regionalization.

# IX. Funds Available

## A. Amount of Capitalization Grant

The South Carolina allotment from the SA-HMW CWSRF Capitalization Grant is \$3,102,000.

## B. State Match Requirement and Cash Draw

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

## C. Administration of the CWSRF Program

The CWA allows a state to use an amount equal to four percent (4%) of its capitalization grant to fund the administration of the CWSRF Program. The State plans to retain the authority to use \$124,079, or approximately 4.0%, of the SA-HMW CWSRF Capitalization Grant for administration of the program. This administrative funding amount will be included with the transfer to the DWSRF SA-HMW Capitalization Grant.

## D. Technical Assistance

The CWA allows states to set reserve up to two percent (2%) of each capitalization grant to fund technical assistance (TA) services to rural, small, and tribal publicly owned treatment works. The State does not plan to take funding for TA from the SA-HMW CWSRF Capitalization Grant.

### E. Estimated Funds Available — SA-HMW CWSRF

|                                                                                 |              |
|---------------------------------------------------------------------------------|--------------|
| SA-HMW CWSRF Capitalization Grant                                               | \$3,102,000  |
| State match for the SA-HMW CWSRF Capitalization Grant                           | \$0          |
| Administrative funds to be transferred to the SA-HMW DWSRF Program              | -\$124,079   |
| Estimated amount of project funds to be transferred to the SA-HMW DWSRF Program | -\$2,977,921 |
| Estimated total funds available for SA-HMW CWSRF Projects*                      | \$0          |

\*No loan fee income is used on projects. All loan fees are used to conduct the financial functions of the SC SRF Program assigned to RIA under state law.

### F. Equivalency to Account for Federal Funds

Not applicable since no projects were selected.

### G. Fee Income

Not applicable since no projects were selected.

## X. Assurances and Specific Proposals

SCDES has provided assurances and specific proposals as part of the Operating Agreement between South Carolina and EPA. The Operating Agreement provides a framework of procedures for operation and administration of the 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 100% of the amount of each quarterly payment under the capitalization grant within one year of each such payment.
3. Expeditious and Timely Expenditures: The State will expend all funds in the CWSRF in an expeditious and timely manner as previously discussed.

## XI. Additional Information / Requirements

### A. Federal Requirements

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

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

## **B. Annual Report and Annual Review**

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

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 2025 funding in SFY 2026 during and following the Annual Review/PER.

## **C. Additional Subsidies**

Not applicable since no projects were selected.

## **D. Green Project Reserve (GPR)**

Not applicable since no projects were selected.

## **E. Environmental Outcomes and Measures**

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

## **F. Project Descriptions and Justifications**

Not applicable since no projects were selected.

## **G. 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 SA-HMW CWSRF Capitalization Grant IUP are available from the SCDES SRF Reports and Publications web page at [des.sc.gov/srfreports](https://des.sc.gov/srfreports). Revised IUPs with significant changes must also have a public notice period (14 day minimum). Interested parties are invited to review the documents and submit written comments by the deadline established in the Draft IUP notice. Major comments received on this Draft SA-HMW CWSRF Capitalization

Grant IUP during the public notice period will be addressed in the Final SA-HMW CWSRF Capitalization Grant IUP.

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

