
PROGRAM STRATEGY FOR



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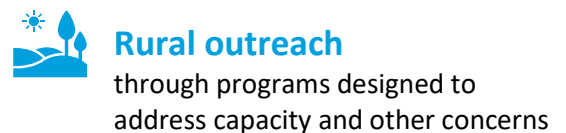
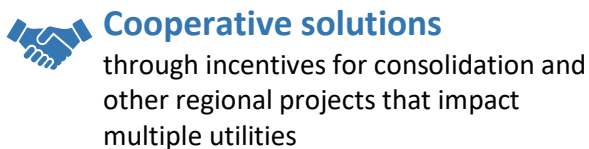
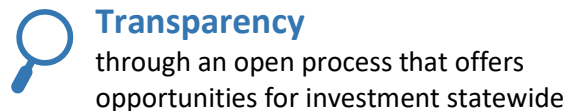
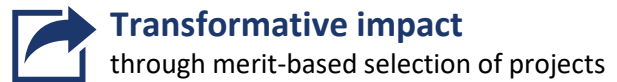


Funded by the

American Rescue Plan Act (ARPA)

The federal American Rescue Plan Act of 2021 (ARPA) directed Coronavirus Fiscal Recovery Funds to both state and local governments as part of a larger effort to combat the effects of the COVID-19 pandemic, including public health and economic impacts. ARPA identifies investments in water, wastewater and stormwater infrastructure as eligible uses of the fiscal recovery funds. In May 2022, the SC General Assembly allocated \$900M of these funds to the SC Rural Infrastructure Authority (RIA) for distribution primarily through a competitive grant process.

This funding offers a unique opportunity to make long-term capital improvements that will strengthen critical services to residents and businesses across the state, create more resilient communities and build the capacity to support economic and growth opportunities for the future. The guiding principles for allocating these dollars include:



PROGRAM OVERVIEW

Funding Allocation	<i>Grant Categories</i>	
	Special Economic Development	\$100M
	Community Impact Grants	\$683M
	Regional Solutions Grants	\$80M
	Viability Planning Grants	\$20M
	<i>Administration and Technical Assistance</i>	
	RIA Administration of SCIIP	\$6M
	DHEC Permitting of SCIIP projects	\$6M
	Councils of Governments (COGs) <i>Application and Compliance Assistance for Smaller Systems</i>	\$5M
	Total	\$900M

Eligible Applicants Units of local government, special purpose districts, commissions of public works and joint municipal organizations. Applicants generally must own or operate the infrastructure to be improved. However, units of local government may apply on behalf of non-profit water and sewer systems.

Applicants for Community Impact or Regional Solutions grants must be able to demonstrate viability and compliance with state and federal requirements for audit submissions.

Eligible Activities The activities eligible to be paid for with SCIIP grant funds are construction and related non-construction costs for water, wastewater and storm water projects defined as eligible by the ARPA legislation. Non-construction costs include engineering, property acquisition/right of way and planning. Equipment, software and installation necessary for cybersecurity is also eligible.

Capital improvement projects considered eligible under the US Environmental Protection Agency's State Revolving Funds Drinking Water and Clean Water Programs are considered a safe

harbor for eligibility determinations. Capacity and growth projects for drinking water improvements may be considered eligible based on ARPA guidance.¹ Planning activities, other than preliminary engineering and design, are only eligible as part of the Viability Planning grant.

All construction projects should take into account the rising costs of material, equipment and labor as well as potential delays. Appropriate steps must be taken to ensure that any cost overruns can be handled with local and other funds so that projects can be completed on time and within the available budget. As a buffer for such unexpected cost

Contingencies

All capital improvement projects must incorporate a 25% construction contingency in the preliminary cost estimate. The applicant must also develop a plan for dealing with possible cost overruns.

overruns, all capital improvement project budgets must include a 25% construction contingency as a separate line item. In addition, it is strongly recommended that design-bid-build projects include bid alternates that would allow the project to be completed with available funds. Plans for cost overruns must also be addressed in the application narrative. Failure to adequately account for these contingencies could impact the evaluation of project feasibility and ability to meet program deadlines.

¹ See pages 72-74 of the [supplementary information](#) to the Coronavirus State and Local Fiscal Recovery Funds Final Rule; and pages 37-38 of the [Overview of the Final Rule](#).

Pre-Award Costs

Non-construction costs (such as preliminary engineering and design, permitting, and acquisition) and the purchase of materials/equipment prior to a grant award may be eligible for reimbursement with SCIIP grant funds if the following conditions are met:

- costs were incurred after March 3, 2021
- the costs are directly related to the funded project
- the expenditures otherwise meet the SCIIP guidelines as well as other ARPA requirements, including federal procurement or equivalent procedures
- the grantee separately identifies such costs and provides compliance documentation in the application.

Ineligible Activities

Ineligible activities include routine operating costs, maintenance and repairs, vehicles or non-permanent equipment, debt or interest payments, purchase agreements, impact fees, connections or service lines on private property, or in-kind labor. Additionally, construction costs incurred through a signed contract and notice to proceed prior to SCIIP grant award are not eligible for grant reimbursement.

Local Investment Eligibility

In order to maximize SCIIP funds and increase impact, a local funding contribution is required for Community Impact and Regional Solutions grants. The local investment may be provided by any source of funds except as prohibited by other funders' requirements.

Expenditures of local or other funds for any project activities listed as eligible in the section above may be counted as local investment if appropriately documented. RIA will not request documentation of compliance with federal procurement requirements for non-construction or materials/equipment costs that are funded solely with local investment. In addition, grant administration costs may be counted as local investment.

Local investment minimum requirements for each grant category (listed in sections below) will apply even if actual project costs are lower than budgeted.

RIA State Grant
Requests for SCIIP
Local Investment

Utilities serving 10,000 people or less may request up to \$500,000 of RIA state grant funds to be used toward local investment requirements. The applicant should be able to demonstrate viability and ongoing investment in system capital improvement needs. The request must be made in the SCIIP application and justified based on need, feasibility and impact.

Application Limits

A single grantee may receive an award in both the Community Impact and Regional Solutions categories, either for the same project or for different projects. However, Viability Planning funds will not be awarded to recipients of Community Impact or Regional Solutions grants. An applicant may apply in the Viability Planning category as well as one or both of the other categories, but the Viability Planning application will only be considered if no other grant is awarded.

Multiple applications from the same applicant may be submitted for each eligible category. However, geographic diversity is a selection factor and may impact whether multiple projects can be awarded to the same entity. Generally, a maximum of one grant award per applicant and per grant category is the goal unless demand is limited.

One application may include multiple components that consist of any combination of water, wastewater or storm water activities. However, for each project component, a separate justification, cost estimate and other documentation, as appropriate, must be provided in the application. RIA reserves the right to approve or deny all or part of an application request.

A local government may submit an application and also apply on behalf of one or more not-for-profit water/sewer entities.

Each participant in a new regional partnership agreement may submit an application for a separate project.

Infrastructure that is owned by one eligible, public entity, but operated and/or maintained by another eligible, public entity, may request the operator to submit an application or implement

the project on behalf of the owner if authorized in writing by the chief executive official (elected or administrative) for the owner. The operating system may still be eligible to submit an application on its own behalf.

Note: Eligible applicants may apply for SCIIP funds even if they have a current RIA state grant.

Timeline

The federal expenditure deadline for ARPA funds is December 31, 2026. A demonstrated ability to complete projects by that date is required for applications in all grant categories.

SPECIAL ECONOMIC DEVELOPMENT GRANTS: \$100M

Funding is being made available for projects that are significant to economic development and may be funded up to \$50 million with no local investment. Such projects will be designated by the Secretary of the SC Department of Commerce. RIA will award and administer such projects in accordance with federal guidelines.

COMMUNITY IMPACT GRANTS: \$683M

Community Impact grants are competitive and fund priority investments in capital improvements.

Funding Allocation

• Large Utilities <i>(30,000 or more population served)</i>	\$410M 60% of funds
• Small/Medium or Tier III/IV Utilities <i>(less than 30,000 population served or serving a Tier III or IV county²)</i>	\$273M 40% of funds

Grant Amount

Applicants may request up to \$10 million per application. There is no minimum grant request.

Local Investment

• Large Utilities <i>(30,000 or more population served)</i>	25% of project costs
• Small/Medium or Tier III/IV Utilities	15%

² County tiers are determined annually by the SC Department of Revenue. The tiers for calendar year 2022 can be found here: <https://dor.sc.gov/resources-site/lawandpolicy/Advisory%20Opinions/IL21-28.pdf>

(less than 30,000 population served or serving a Tier III or IV county)

of project costs

Priorities

Priority consideration will be given to projects based on a comparative analysis in the following relative order of need:

1. **Regional Solutions**
Projects that implement solutions that impact multiple systems
2. **Water Quality**
Projects that address consent orders, violations or other public health or environmental impacts
3. **Resilience and storm protection**
Projects that help utilities prepare for emergencies
4. **Other aging infrastructure**
Projects that upgrade or replace infrastructure that has exceeded its useful life
5. **Capacity**
Projects that improve service for existing residents while preparing for future opportunities

REGIONAL SOLUTIONS GRANTS: \$80M

Regional Solutions grants are designed to encourage and incentivize systems to partner and cooperate in a variety of ways including consolidation in order to gain greater economies of scale and to promote long-term viability, particularly for small systems.

Grant Amount Applicants may request up to \$10 million per application. Multiple, related projects may be included in one application but the application must make a case for each project based on the selection criteria.

There is no minimum grant request.

Local Investment The minimum contribution for all applicants is 15% of project costs.

Priorities Priority consideration will be given to projects based on a comparative analysis in the following relative order of need:

1. Project will result in a consolidation or operating agreement with at least one small system with viability concerns
2. Project will result in an expanded partnership agreement with at least one small system with viability concerns
3. Project will result in a new or expanded consolidation or operating agreement with other systems

VIABILITY PLANNING GRANTS: \$20M

These grants will assist those very small systems, defined as serving a population of 3,300 people or less, that are unable to provide the required local investment for a construction project or to identify a competitive construction project for assistance.

Eligible Applicants To qualify, a system must identify the specific activities to be undertaken with the grant and demonstrate willingness to implement the recommendations of the planning assistance.

Eligible Activities Planning and analyses designed to help systems become more viable or to evaluate regional and consolidation options. Assistance could include system mapping, asset management plans, televising lines, smoke testing, capital improvement plans, rate studies, and other necessary analysis. Preliminary planning and design of necessary capital improvement projects are also eligible.

Grant Amount Applicants may request up to \$1 million per application. There is no minimum grant request.

Local Investment No local investment is required to apply for assistance.

Priorities Priority consideration will be given to projects based on a comparative analysis in the following relative order of need:

- 1. Regional Solutions**
Projects that consider solutions that impact multiple systems
- 2. System Planning**
Projects that address systemwide long-term planning needs, such as mapping, asset management plans, capital improvement plans, and rate studies
- 3. Project Planning**
Planning and preliminary design of necessary capital improvement projects

PROGRAM ADMINISTRATION

Project Selection Applications will be reviewed for completeness, eligibility and consistency with program objectives, priorities and guidelines. Applications that are incomplete or contain significant problems, deficiencies or discrepancies, such that a determination of the eligibility or feasibility of the project cannot be readily determined, will not be presented to the RIA Board as a qualified project. Projects which are locally controversial will not be considered feasible until the controversy is satisfactorily resolved. To be considered minimally feasible, a project must be able to be completed within the federally designated ARPA deadline for expenditures of December 31, 2026.

RIA may request additional information from the applicant or other sources as necessary to evaluate the application and proposed project, but such requests should not be viewed as an indication of priority consideration. Any clarifications requested must be submitted within the timeframe specified and must be acceptable to RIA. Failure to adequately respond or submit the requested documentation within the requested timeframe may result in the project not being presented to the RIA Board as a qualified project. An on-site review of the proposed project may be conducted as necessary to verify information in the application.

As part of the due diligence review, RIA may seek the expertise of other appropriate state or federal agencies (DHEC, Commerce, EPA, Rural Development, Army Corps of Engineers, etc.) to determine the appropriateness of the assistance or compliance with federal or state requirements. Upon completion of all due diligence reviews, qualified projects will be prioritized based on a comparative evaluation of the selection factors.

To ensure equitable distribution of funds, the following factors will be considered and should be adequately addressed in the application:

Selection Factor	Points
Priority needs	25
Transformational impact on communities	25
Readiness to proceed and meet program deadlines	15
Project feasibility	15
Geographic diversity	10
Extent of additional leveraging	10

Qualified projects will be submitted to the RIA Board of Directors for consideration along with recommendations for funding. All funding decisions are made by the Board. The Board will be provided information on all qualified applications received and may approve, modify or decline funding on any or all applications. RIA reserves the right to negotiate or require changes in activities or requested amounts.

All applicants will be notified of funding decisions. Applications that are not approved for funding may be carried forward for consideration for the next round if funds are still available. Any applicant not funded may appeal the Board's funding decision if there are still funds available for obligation. The appeal must be submitted in writing to the Executive Director within 15 calendar days of the date of the RIA funding decision letter and must be signed by the chief executive official of the applicant. The written appeal must detail the basis for reconsideration using the evaluation criteria stated herein.

Application Timelines

All program funds are available for obligation in the first funding round. If necessary to obligate all funds, applications will be accepted over additional funding rounds prior to December 31, 2024.

	<u>Application Due Date</u>	<u>Awards Expected</u>
Round 1	September 12, 2022	1 st quarter 2023
Round 2	July 2023	4 th quarter 2023
Round 3	May 2024	3 rd quarter 2024

Any funds not obligated through the competitive program before the December 31, 2024 obligation deadline will be obligated to projects that have experienced cost overruns.

COG Application Assistance

The SC General Assembly directed RIA to provide \$500,000 to each of the ten Councils of Governments to fund application and compliance assistance to eligible applicants and grantees for these ARPA State Fiscal Recovery Funds. The COG assistance will give priority to helping very small systems (serving 3,300 or less population) and small systems (serving 10,000 or less population).

ARPA Federal Requirements

Use of these funds must comply with all applicable federal compliance, reporting, and contract requirements, including but not limited to:

- The American Rescue Plan Act
- US Department of Treasury rules, policies, and procedures, and directives
- Uniform Guidance (2 CFR 200), including Uniform Administrative Requirements, Cost Principles, and Audit Requirements including:
 - Procurement standards outlined in [2 CFR 200.317 through 2 CFR 200.327](#).

Davis-Bacon Act wage requirements may be applicable for projects over \$10 million.

All ARPA funds must be expended by the federal expenditure deadline of December 31, 2026.

Requests for Waivers or Other Modifications

RIA has some ability to modify or waive certain program parameters to ensure timely and equitable distribution of funds and compliance with federal guidelines, subject to oversight by the Joint Bond Review Committee.

Modifications of the local investment requirement will only be considered for small and medium systems (serving 30,000 people or less) and those in Tier III/IV counties. It is important to note that the Viability Planning Grant was designed for very small system applicants that are unable to provide local investments for community impact or regional solutions projects. Additionally, all applicants are expected to demonstrate long-term

Viability Self-Assessment Tool

RIA developed an Excel-based viability self-assessment tool based on the results of a statewide study of water utilities. It is intended to help utilities identify issues that may need to be addressed to strengthen long-term viability. Completion of this tool may be required or recommended to demonstrate viability for some SCIIP applications.

[Download the tool now!](#)

viability and as such should be able to make local contributions for priority projects. Any applicant requesting modifications to the local investment requirements must complete RIA's viability self-assessment tool and submit the results with the request.

Requests for modifications must be made in a letter from the chief executive official of the applicant and submitted with the application. The request should include the type of modification and the rationale along with supporting documentation, as appropriate. RIA will not consider waivers or modifications without the required letter or request and documentation. Considerations for granting waivers or modifications include: the size and financial ability of the applicant, the impact the project will have on the health and safety of residents, the extent that local ARPA resources have been used for infrastructure improvements, the extent of economic opportunity created by the project in Tier III and IV counties, the impact of the proposed project on the long-term

viability of vulnerable systems, and the need for equitable distribution of funds.

Dig Once Policy

In order to enhance the impact of these funds, RIA is encouraging implementation of a “Dig Once” local policy on appropriate SCIIP funded projects. This policy would optimize opportunities and create greater economies of scale by planning for the installation of fiber conduit for broadband at the same time as new or replacement pipes are being installed. Interested applicants should consult broadband maps published by the Office of Regulatory Staff (ORS) which identify unserved and underserved areas of the state. The ORS may also have funding available that could assist with these efforts. South Carolina’s broadband maps are located at www.scdigitaldrive.org. In addition, you may contact them directly at broadband@ors.sc.gov or call (803) 737-0800.