




***South Carolina
Rural Infrastructure Authority***



**Grant
Program Strategy**

Fiscal Year 2021-2022

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 1201 Main Street
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RIA Grant Program Strategy FY 2021-22

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Program Objectives

The South Carolina Rural Infrastructure Authority (RIA) was created under Title 11, Chapter 50 of the South Carolina Code of Laws to select and assist in financing qualified rural infrastructure projects. In 2016, this assistance was extended to qualified infrastructure projects statewide.

Qualified infrastructure projects must protect public health and water quality by improving environmental facilities and services or building infrastructure capacity to support economic development and employment opportunities.

RIA is governed by a seven-member Board of Directors (Board) which selects qualified infrastructure projects for grant funding. This RIA Grant Program Strategy, which is updated on an annual basis, reflects the Board's plan for distributing grant funds and selecting qualified projects. It includes a description of the grant programs and funds available as well as the process for project selection. Each program category includes a description of the eligible activities, grant amounts, and other information for applicants.

RIA offers assistance to local governments and other eligible entities primarily through competitive grants for publicly-owned water, wastewater and stormwater drainage facilities. This assistance helps communities close the gap between needs and resources as well as build a strong foundation for the future.

RIA makes strategic investments in qualified infrastructure projects that target the following program objectives:

- Improve the quality of life by addressing public health, environmental and regulatory concerns;
- Create opportunities for economic impact by building infrastructure capacity to support economic development; and
- Increase community sustainability by helping to maintain reliable and affordable infrastructure as well as by encouraging regional solutions.

Objectives:

- *Quality of Life*
- *Economic Opportunity*
- *Sustainability*

The majority of the available funding will be targeted to assist rural and distressed communities.

Wherever possible, RIA will leverage additional resources in order to maximize the impact of projects statewide. To further such efforts, RIA will work collaboratively with applicants and other partners to coordinate any available assistance and serve as a catalyst for further investment in communities.

Eligible Applicants

RIA is authorized to provide grants and assistance to local governments, special purpose and public service districts, as well as public works commissions for constructing and improving infrastructure facilities statewide.

Not-for-profit water/sewer companies are not eligible applicants, but may be assisted with RIA funds if the local government being served by the project serves as the applicant.

Application Guidelines

MATCH/COST SHARING

All applicants are expected to cost-share in construction project activities. Applicants within counties designated by the SC Department of Revenue (DOR) as a Tier III or IV county must fund all non-construction and other ineligible costs. Applicants within the remaining counties, designated by DOR as Tiers I or II, are required to fund all non-construction and other ineligible costs as well as provide a match of at least 25% of the total construction costs.

Applicants for Regional Feasibility Planning activities within Tier III and IV counties are not required to provide a match for planning activities. Applicants for such planning grants within Tier I and II counties are required to provide a 25% match of the total RIA grant award.

THRESHOLDS

Generally, applicants may submit only one application per program category. With the exception of phased projects, a single project is not eligible for more than one grant, regardless of the applicant. Additional applications may be considered under the following circumstances.

- A local government may submit an application and also apply on behalf of one or more not-for-profit water/sewer entities.
- If there is an emergency or if a project requires a timely response to ensure job creation and investment, then additional applications in that program category may be considered.
- 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.

- **Current grantees, located in Tier III or IV counties at the time of application, may be eligible to submit another application within the same competitive grant category if:**
 - **75% of RIA funds have been drawn and documented; or**
 - **the grantee has a recent public health violation requiring timely action.**
 - **To determine this eligibility, the grantee should submit a written request from the chief executive official at least 30 days prior to the application due date. RIA may require the close-out of an existing grant as a condition of a new grant award.**

In all cases, the grantee must document the capacity to carry out multiple grant projects simultaneously.

Additional applications from an eligible applicant in the same program category are subject to RIA approval. Please contact an RIA grant manager for additional guidance.

Emergency projects (as defined in the Basic Infrastructure Program description) submitted outside of a competitive funding round will only be accepted from applicants in Tier III or IV counties.

The applicant must own, operate and maintain the facilities being improved except that a local government may: (1) apply on behalf of a not-for-profit water/sewer company; or (2) apply for an Economic Infrastructure project.

Once a project has been approved, it should generally be completed before another application is submitted within the same category. Emergency projects should be completed and closed within 12 months of grant award. Other projects are expected to be completed and closed within 24 months of grant award. An inability to complete a project within the grant period may be taken into consideration on future grant requests.

All applicants must demonstrate the ability to properly operate and maintain their systems as well as any RIA-funded improvements. State law requires municipalities and counties to conduct annual audits. If an audit is listed as delinquent on the Office of the State Treasurer's website, an RIA grant may not be awarded or may be conditioned upon compliance with the audit requirements.

ELIGIBLE AND INELIGIBLE COSTS

RIA offers assistance for publicly-owned water, wastewater and stormwater drainage facilities. Other public facilities that are related to economic development may be considered for eligibility on a case-by-case basis by the RIA Board. RIA funds may only be used for eligible, project-related construction costs, except those specified as the applicant's responsibility. If contingencies are included in the detailed cost estimate submitted with the application, they should not exceed 10%.

Applications should not be submitted for activities that are under contract or obligated at the time of application. RIA will not reimburse expenditures incurred prior to grant award and clearance of grant conditions, unless otherwise approved.

Non-construction and other costs that are the applicant's responsibility include:

- Repairs, operating or maintenance expenses
- Relocation of utilities unless there is an upgrade of the line
- Equipment that is not a permanent part of the system
- Impact fees, service line costs, or new connections
- Acquisition costs
- In-kind labor
- Engineering or permitting fees
- Legal or administrative fees

For projects within Tier III and IV counties, RIA may consider funding certain permanently installed equipment where there is a demonstrated need for greater resiliency and sustainability, but it will not receive the highest priority.

In some cases, infrastructure planning and other studies may be an allowable cost if required as part of an RIA grant condition.

Project costs will be comparatively evaluated and must be reasonable. Generally, RIA costs should not exceed \$10,000 per customer served or job created. If such costs are higher, additional justification must be provided in the application to document the cost effectiveness of the proposed project. For new line extensions, the applicant should have written agreements/commitments from customers to connect to the new line. A commitment rate of 70% is considered appropriate to ensure the feasibility of project costs. Such commitments must be appropriately documented.

Applications and Deadlines

Applications will be considered on a competitive basis in two funding rounds scheduled for the fall and spring of each year. However, applications for projects requiring a more timely response due to an emergency or to address a job creation and investment commitment may be submitted for consideration at any time. In cooperation with other infrastructure funders, RIA may consider application submissions to other programs or co-funding opportunities on projects that meet RIA eligibility criteria.

RIA staff are available to provide technical assistance to help potential applicants determine the eligibility of a project or discuss how to apply for funding. Application workshops are held before each round to help applicants with the submittal process.

Application Due Dates

Round 1: September 13, 2021

Round 2: March 14, 2022

The applications for RIA grant funds may be downloaded from the website (www.ria.sc.gov) and are available upon request by contacting RIA at 803-737-0390 or Info@ria.sc.gov.

In order to be considered for RIA funding, the chief executive official for the applicant must sign and submit a complete application that meets all program requirements. Grant applications consist of project application forms and certifications, as well as a narrative description of the project and justification for the need, feasibility, impact and amount requested. The application also consists of attachments including funding commitments, a detailed budget, maps and other appropriate documentation.

The signed original application and five copies must be received no later than 5:00 p.m. on the due date. Applications postmarked on the deadline will not be accepted. In lieu of the submission of five copies, an applicant may submit a .pdf file (by email or flash drive) and one copy along with the signed original application. All submissions – electronic and hard copy - must be received by the deadline. Failure to submit a complete application and the required copies by the deadline could delay consideration of your project or result in a determination that the application is incomplete.

Projects submitted, but not funded in Round 1, may be considered in Round 2 upon written request by the chief executive official of the applicant. Applicants may also request technical assistance and will have the opportunity to improve the competitiveness of the project by submitting a revised application for consideration in Round 2.

Applicants may request a modification of any program guideline if there are exceptional circumstances, such as an urgent and compelling need or other significant project funding is at risk and there are no other funding sources available. RIA may request additional documentation (such as financial statements, audits, etc.) to justify the program modification(s). Such requests must be submitted in writing by the chief executive official with the application submission and will be considered on a case-by-case basis. The Board may make modifications to these guidelines when it is considered to be necessary or appropriate to achieve the purposes and intent of the South Carolina Rural Infrastructure Act.

Available Funding and Distribution

The amount of funds to be made available for grant distribution for FY 2022 is \$30 million. Funds are being set aside in the grant program categories as described herein. However, the Board may allocate more or less than the total funding or the amounts for each grant program category depending on demand and fundability of projects. Also, funds will not be allocated for each funding round, but the Board may make a determination to reserve funding for each round.

Submit a signed original application and 5 copies to:

*SC Rural Infrastructure Authority
1201 Main Street, Suite 1600
Columbia, SC 29201*

OR

Submit the application as a .pdf file by email or flash drive to:

Info@ria.sc.gov

plus one original and one copy.

An original signature must be provided with pen and ink.

| Grant Program Category | Amount |
|-------------------------------|--------------|
| Basic Infrastructure | \$21,000,000 |
| Economic Infrastructure | \$8,000,000 |
| Regional Feasibility Planning | \$1,000,000 |
| Total Funds Available | \$30,000,000 |

Basic Infrastructure

Purpose: This program is designed to assist communities in bringing systems into compliance with environmental quality standards, protecting public health from environmental concerns or improving the capacity and viability of existing infrastructure.

Grant Requests: Grant requests are typically \$500,000 or less.

A larger grant may be requested where there are special circumstances to justify the request. The chief executive official must submit a written request along with the rationale for a larger grant. The request and documentation of the special circumstances must be provided with the application. Factors which may be considered in determining the appropriateness of the grant request include:

- (1) the project involves a regional solution that will lead to greater viability for one or more systems, or resolution of a consent order, or other system-wide improvement that will have substantial impact;
- (2) a significant contribution of other funds; and
- (3) the financial capability of the applicant.

Grants exceeding \$500,000 may result in a delay of eligibility to apply for future Basic Infrastructure grants. Consult an RIA program manager for assistance before making such a request.

Eligible Activities: New, upgrades, improvements or extensions of publicly-owned water, wastewater or stormwater drainage facilities.

Priorities: Applicants must address the severity of the need and provide supporting documentation which quantifies the frequency of the problem and the number of customers impacted. Priority consideration will be given to projects based on a comparative analysis of the documentation in the following relative order.

1. Projects that implement a new regional or integrated solution in order to achieve long-term viability for one or more systems.
2. Projects that address US Environmental Protection Agency (EPA) or SC Department of Health and Environmental Control (DHEC) *consent orders* or *unsatisfactory ratings* related to public health or environmental quality or emergency projects that will resolve an imminent public health or environmental threat that has become critical in the past six months.
3. Projects that address facilities identified in DHEC sanitary surveys or compliance evaluation inspections as *needing improvement* or that have resulted in frequent *violations* of DHEC water quality standards.
4. Projects that improve existing infrastructure that has reached the end of its useful life or is in severely deteriorating condition and negatively impacting the system or other improvements that will have a significant impact on system capacity.

EPA or DHEC violations related to reporting, monitoring, program management or operational issues are not considered a priority.

Applicants must be able to demonstrate the financial, managerial and technical ability to carry out the project and to properly operate and maintain the RIA-funded improvements as well as the overall system. Applicants will be asked to provide system financial information such as revenues, historical and planned rate structures, capital improvement plans, operating budgets, audits as well as plans for staffing and maintaining the improvements.

Emergency projects are defined as those addressing an imminent public health or environmental threat that has become critical in the past six months; requiring immediate action to resolve the emergency and where no other funds are available. Such projects may be submitted at any time and will not be subject to comparative analysis in a funding round. Emergency projects will be evaluated using criteria for need, feasibility and impact, as applicable, and may be funded at any time. To address the emergency in a timely manner, if funded, the project must be completed and closed within 12 months.

Economic Infrastructure

Purpose: This program is designed to help build local infrastructure capacity to support economic development activities that will lead to the creation or retention of jobs and boost opportunities for economic impact within communities.

Grant Requests: Grant requests are typically \$500,000 or less.

A larger grant may be requested where there are special circumstances to justify the request. The chief executive official must submit a written request along with the rationale for a larger grant. The request and documentation of the special circumstances must be provided with the application. Factors which may be considered in making a determination of the appropriateness of the grant request include:

- (1) the project involves job creation or retention of at least 100 jobs or system-wide improvements that are necessary for economic development;
- (2) a significant contribution of other funds; and
- (3) the financial capability of the applicant.

Grants exceeding \$500,000 may result in a delay of eligibility to apply for future Economic Infrastructure grants. Consult an RIA program manager for assistance in making such a request.

Eligible Activities: New, upgrades, improvements or extensions of publicly-owned water, wastewater or stormwater drainage facilities.

Priorities: Consideration will be given to projects based on a comparative analysis of the supporting documentation in the following relative order.

1. Projects that create impact through new job creation and private investment.
2. Projects that will expand system capacity to help existing businesses create or retain jobs or to accommodate reasonable growth.
3. Projects that support development of publicly-owned industrial sites or industrial parks.
4. Projects that serve other publicly-owned properties with demonstrated potential to create or retain jobs and private investment.

RIA will seek input and recommendations from the SC Department of Commerce (Commerce) to determine the feasibility, potential economic impact and appropriateness of assistance.

Generally, RIA will only fund economic development projects to support job creation where there is a funding gap after state and local assistance is exhausted. Applications for such projects should be submitted to RIA simultaneously with or following approval of any other incentives. A performance agreement that commits to job creation within five years will be required, unless otherwise approved.

Projects that require a timely response to ensure job creation and investment will not be subject to comparative analysis in a funding round. Such projects will be evaluated using criteria for need, feasibility and impact, as applicable, and may be funded at any time.

Regional Feasibility Planning

Purpose: This pilot program is designed to support water and sewer systems in planning for long-term viability through regional solutions. Eligible entities that are seeking a path to viability, including regional consolidation or other partnerships, may apply for assistance to

assess the feasibility and resource requirements of various alternatives in order to make informed decisions.

Grant Requests: Up to \$100,000 based on the scope of work proposed.

Eligible Activities: Planning funds may be used for engineering, financial and other consultant costs associated with preparation of studies. Studies should assess the technical, operational and financial conditions of one or more systems and evaluate the alternative courses of action, including at least one regional approach, in order to provide recommendations that will lead to greater long-term viability.

RIA will fund 100% of the eligible planning costs for applicants in Tier III and IV counties. If all participants are in Tier I or II counties, the applicant must provide non-RIA funds for at least 25% of the total study costs.

Priorities: Applicants must be able to document the need and demonstrate how the project will contribute to long-term viability for one or more systems. Priority consideration will be given to projects based on a comparative analysis of the documentation as well as the scope of the study proposed in the following relative order.

1. Studies involving at least one small system with a demonstrated need and interest in pursuing regional solutions
2. Studies involving at least one system with compliance issues and affordability concerns
3. Studies involving systems with current partnership agreements interested in expanding such agreements to achieve greater viability
4. Studies involving systems interested in optimizing current technical, operational and financial capacity through regional solutions

There is a separate application for Regional Feasibility Planning Grants that may be downloaded from the website (www.ria.sc.gov) and is available upon request by contacting RIA at 803-737-0390 or Info@ria.sc.gov.

Studies are expected to be completed within 12 months of grant award. As a condition of the grant, applicants may be required to demonstrate a commitment to implement the study recommendations. Following completion and closure of the grant, an applicant may apply for a Basic Infrastructure grant to assist in funding the eligible activities recommended in the study.

Application Selection Process

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.

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 need, feasibility and impact as documented and addressed in the applications. Following are the evaluation factors considered.

Evaluation Factors

Need

- ✓ What is the severity and extent of the problem?
- ✓ Is there recent documentation of the problem?
- ✓ Does the project address the identified problem?
- ✓ Is the project consistent with program priorities?
- ✓ Is there a need for timely action?

Feasibility

- ✓ Is the application complete and consistent with program guidelines?
- ✓ What past efforts have been taken to solve the problem?
- ✓ Will the project resolve the problem or are additional improvements needed?
- ✓ Were alternatives considered and is the most appropriate/cost-effective solution proposed?
- ✓ Are cost estimates current and all necessary costs included?
- ✓ Are costs reasonable for the scope of work proposed?
- ✓ Are costs reasonable given the number of customers/beneficiaries/jobs impacted?
- ✓ For phased projects, what is the total level of local effort or contribution and the proposed timing for each phase?
- ✓ Are rates sufficient for operations, maintenance and debt coverage? Is there a timeline for specific rate increases?
- ✓ Is there a firm commitment for all necessary funding at the time of application?

- ✓ Is the project ready to proceed to construction and can it be completed in 24 months (or 12 months for emergency as well as regional feasibility planning projects)?
- ✓ Does the applicant have the technical, operational and financial capacity to sustain improvements?

Impact

- ✓ What are the quantitative and qualitative benefits?
- ✓ Will the project result in EPA or DHEC compliance?
- ✓ Are there appropriate commitments to achieve the level of benefit proposed?
- ✓ Will benefits be achieved in the timeframe provided?
- ✓ Will the project have a system-wide impact?
- ✓ Will the project have local or regional impacts?
- ✓ Are benefits long-term or short-term?
- ✓ Does the project build capacity to support economic activity?
- ✓ Is there potential to create economic capacity?

Qualified projects will be submitted to the Board for consideration along with priority recommendations for funding. The Board, in its sole discretion, will determine the appropriate program source of funding for each qualified project selected. The Board may give additional consideration to qualified projects that will ensure a more equitable geographical distribution of funds or to applicants that have not previously received an RIA grant. The Board reserves the right to limit the number of grants that benefit one entity or service area if funding is limited. All funding decisions are made by the Board. The Board will be provided information on all 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. For some water and sewer projects, a planning study, rate structure analysis or rate adjustment may be required or recommended as a condition of assistance in order to ensure appropriate levels of funding for operations and maintenance.

All applicants will be notified of funding decisions. Applications that are not approved for funding may not be carried forward for consideration beyond the current fiscal year. However, applicants may submit an application for the unfunded project in the next funding round. Any applicant who does not wish to resubmit its application may appeal the Board's funding decision. 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.

The Board will generally review applications at its regularly scheduled meetings in accordance with the requirements of each grant program category. However, specially called meetings may be held as needed to address emergency requests or for projects requiring immediate action to ensure job creation.