



SC RURAL INFRASTRUCTURE AUTHORITY

2017-18

GRANT PROGRAM STRATEGY

**South Carolina
Rural Infrastructure Authority**

**Grant Program Strategy
2017-18**

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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 reflects the Board's plan for distributing grant funds and selecting qualified projects which is updated on an annual basis. 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.

The RIA offers assistance to local governments and other eligible entities primarily through competitive grants for publically-owned water, wastewater and other public facilities necessary to improve communities. This assistance will help communities close the gap between needs and resources and help build a strong foundation for the future.

Investments in qualified infrastructure projects will address the following program objectives:

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

OBJECTIVES:

*Quality of Life
Economic Impact
Community Sustainability*

A portion of the available funding will be targeted to assist rural and distressed communities.

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

Eligible Applicants

The RIA is authorized to provide grants and assistance to local governments, special purpose and public service districts, or 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 agrees to be the applicant.

Application Guidelines

THRESHOLDS

Generally, applicants may submit only one application per program category. However, a local government may submit an application and also apply on behalf of one or more not-for-profit water/sewer companies. If there is an emergency (defined as a recent, imminent public health or environmental threat that requires immediate action) or if a project requires a timely response to ensure job creation and investment, then additional applications in that program category may be considered.

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. 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 considered in future grant requests.

Applicants must be able to demonstrate the ability to properly operate and maintain its system as well as any RIA-funded improvements.

ELIGIBLE AND INELIGIBLE COSTS

The RIA offers assistance for publically-owned water, wastewater or storm water facilities as well as other public facilities that are related to economic development. RIA funds may only be used for project-related construction costs, except those specified as the applicant's responsibility. Contingencies 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.

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, connection or service line costs and customer meters
- Acquisition costs
- In-kind labor
- Planning, engineering, or permitting fees
- Legal or administrative fees

Project costs will be comparatively evaluated and must be reasonable. Generally, RIA costs should not exceed \$10,000 per customer served or job created. 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 and such commitments must be appropriately documented.

MATCH/COST SHARING

All applicants are expected to cost-share in project activities. Projects within counties designated as distressed or least developed by the SC Department of Revenue (DOR) pursuant to the 2009 Jobs Tax Credit Act, or currently designated by DOR as a Tier III or IV county must contribute all non-construction costs. Projects within the remaining counties, designated by DOR as Tiers I or II, are required to provide all non-construction costs as well as a 25% match of the total construction costs.

Application 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.

RIA staff are available to provide technical assistance to help potential applicants determine the eligibility of a project or how to apply for funding.

Application Due Dates

Round 1: September 11, 2017
Round 2: March 12, 2018

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

In order to be considered for RIA funding, the chief executive or administrative 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 four copies must be received no later than 5:00 p.m. on the due date.**

Applications submitted electronically or postmarked on the deadline will not be accepted. 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.

Submit applications to:

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

Projects submitted but not funded in Round 1 may be considered in Round 2 upon written request by the chief executive (elected or administrative) 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 requirement where there are exceptional circumstances, an urgent and compelling need, or if other significant project funding is at risk and there are no other funding sources available. The RIA may request additional documentation (such as financial statements, audits, etc.) to justify the program modification. Such requests must be submitted in writing by the chief executive or administrative 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.

Funding Available and Distribution

The amount of funds to be made available for grant distribution for FY 2018 is \$25 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 project fundability. Also, funds will not be allocated for each funding round but the Board may make a determination to reserve funding for each round.

Grant Program Category	Amount
Basic Infrastructure	\$15,000,000
Economic Infrastructure	\$10,000,000
Total Funds Available	\$25,000,000

Basic Infrastructure

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

Grant Amount: \$500,000

Eligible Activities: Upgrades, improvement or extension of water or sewer infrastructure or storm water drainage

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 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 projects that will resolve an imminent public health or environmental threat that has become critical in the past six months.
2. Projects that address system components identified in DHEC sanitary surveys or compliance evaluation inspections as *needing improvement* or that have resulted in frequent *violations* of DHEC water quality standards.
3. 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.
4. Other system needs that pose potential health or environmental quality concerns, supported by appropriate documentation of the frequency, quantity and severity of the problem.

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

The applicant must be able to demonstrate its long-term ability to operate and maintain the system and improvements with system revenues. Applicants may be asked to provide system financial information such as revenues, historical and planned rate structures, capital improvement and operating budgets, audits as well as plans for staffing and maintaining the improvements.

Projects that require immediate action to resolve a documented emergency may be submitted at any time and 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.

Economic Infrastructure

Purpose: This program is designed to help build local infrastructure capacity to support economic development activities that will create or retain jobs and boost opportunities for long-term community sustainability.

Grant Amount: \$500,000

Eligible Activities: Upgrades, improvement or extension of publically-owned water or sewer infrastructure, storm drainage and other public facilities

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

1. Economic development 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 publically-owned industrial sites or industrial parks that have or are pursuing site certification.
4. Projects that serve other publically-owned properties or other projects with demonstrated potential to create or retain jobs and private investment.

RIA will seek input and recommendation 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.

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 the criteria for need, feasibility and impact, as applicable, and may be funded at any time.

Application Selection Process

Projects will be reviewed by staff for completeness, eligibility and consistency with the 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.

The 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 the 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 federal or state 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 of the projects as documented and addressed in the applications.

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 approval on any or all applications.

RIA reserves the right to negotiate or require changes in activities or funding amounts. For water and sewer projects, a rate structure analysis or adjustment may be required or recommended as a condition of assistance in order to ensure appropriate levels of funding for operation 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. The Board will generally review applications at its regularly scheduled meetings in accordance with the specifications 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.

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 phased projects, what is the total level of local effort or contribution?
- ✓ Are rates sufficient to cover operations, maintenance and debt coverage or is there a timeline for specific rate increases?
- ✓ Is there a firm commitment for all necessary funding at time of application?
- ✓ Is the project ready to proceed to construction and can it be completed in 24 months?
- ✓ 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 impact?