

Robert M. Hitt III
Chairman



Bonnie Ammons
Executive Director

South Carolina
Rural Infrastructure Authority

October 1, 2014

Members of the General Assembly
P. O. Box 142
Columbia, SC, 29202

Re: SC Rural Infrastructure Authority
Annual Report for FY2014

Dear Members:

The SC Rural Infrastructure Authority is pleased to transmit its Annual Report for FY 2014. This report is being submitted in accordance with the requirements set forth in Section 11-50-160 of the South Carolina Code of Laws.

The Authority helps rural communities by making the necessary investments in water and sewer infrastructure to position them for economic growth and opportunity. Such investments also contribute to the quality of life for residents by protecting the public health and meeting environment quality standards.

If you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Bonnie Ammons".

Bonnie Ammons

Cc: Angela Hill, Legislative Printing, Information and Technology Systems



South Carolina
Rural Infrastructure
Authority



Annual Report

Fiscal Year 2014

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SOUTH CAROLINA RURAL INFRASTRUCTURE AUTHORITY'S BOARD OF DIRECTORS

- | | |
|-------------------------|---------------------------------------|
| • Robert M. Hitt III | Chairman, S.C. Department of Commerce |
| • William H. O'Dell | Vice-Chairman, State Senator |
| • David A. Anderson | Anderson Brothers Bank |
| • William Clyburn | State Representative |
| • William Kellahan, Jr. | Kellahan & Associates |
| • Michael A. Pitts | State Representative |
| • Jack W. Shuler | Palmetto Agribusiness Council |

The "SC Rural Infrastructure Authority Annual Report for Fiscal Year 2014" is submitted by the SC Rural Infrastructure Authority in compliance with the SC Rural Infrastructure Act (SC Code of Laws §11-50-160). Additionally, Act 119 of 2005 mandates that agencies provide all reports to the General Assembly in an electronic format.

A MESSAGE FROM THE CHAIRMAN

From the Upstate to the Lowcountry, South Carolina's rural communities are at the very center of the nation's manufacturing renaissance – playing an integral role in drawing business to our borders.

In the last three years alone, nearly a quarter of the jobs created have gone into the state's rural counties. These communities play a vital role in South Carolina's economic future, and it is important that we continue to drive growth and development into these parts of the state.

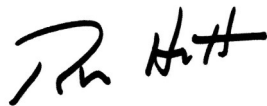
One way to build more sustainable rural areas and maintain their quality of life is to provide adequate infrastructure. Connecting to basic necessities like water, wastewater, drainage systems and other public facilities is essential to setting the table for economic development.

The SC Rural Infrastructure Authority (RIA) was created to help close this gap. RIA provides financial resources to support qualified infrastructure projects in areas that are most in need, and helps to spur economic opportunity and long-term community sustainability.

Within its first 18 months of existence, RIA has made several notable contributions to rural areas statewide including the approval of grants for 73 projects that total more than \$21 million, benefitting more than 47,000 customers statewide and leveraging nearly \$98 million.

Additionally, the RIA worked to establish strong partnerships with other federal and state infrastructure funding agencies to maximize available resources, and target investments to the state's untapped areas.

As chairman, I am extremely proud of what the RIA and its Board has been able to accomplish in a year and half. We will continue this focus of creating greater sustainability, boosting economic development and improving the quality of life in the state's rural communities.



Robert M. Hitt III
Secretary, SC Department of Commerce
Chairman, SC Rural Infrastructure Authority



By the Numbers

42

Total projects awarded

\$12M

Total funds awarded

\$65M

Other resources leveraged by
RIA grants

\$5.50 to \$1

Return On Investment

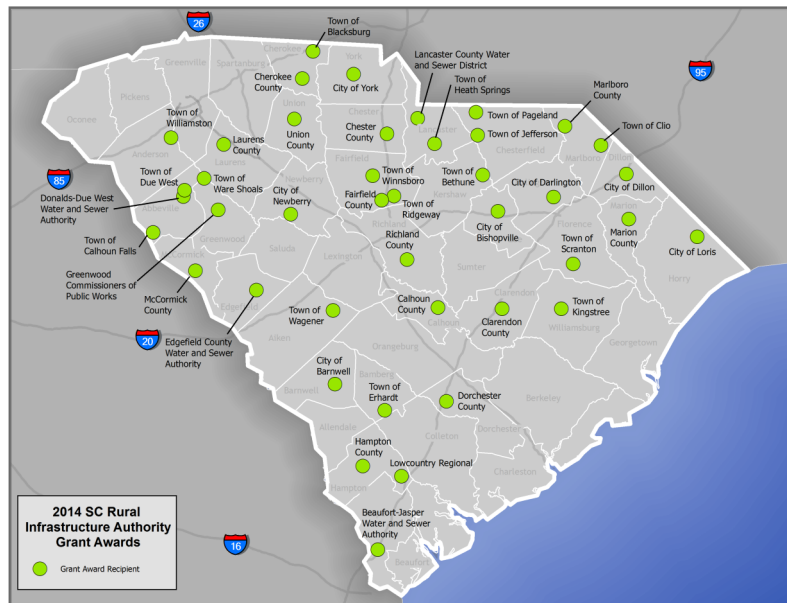


EXECUTIVE SUMMARY

The SC General Assembly created the RIA under Title 11, Chapter 50 of the SC Code of Laws to help build the capacity of rural communities to compete for jobs and investment as well as to provide environmental facilities that protect public health and meet water quality standards. To achieve this purpose, the RIA offers competitive grants and other financial assistance to support qualified rural infrastructure projects in areas that are most in need. The RIA is focused primarily on assisting public water, wastewater and other facilities.

In Fiscal Year (FY) 2014 (July 1, 2013 – June 30, 2014), the RIA awarded 42 water, sewer and storm drainage grants totaling nearly \$12 million. These grant awards were distributed in 31 South Carolina counties to benefit 15,694 residents and 1,524 businesses. RIA funds leveraged the investment of an additional \$65 million in local and other funds.

These investments are necessary to improve the quality of life in rural communities. And by building the capacity of rural communities to support economic growth and development that will provide jobs, it also creates the opportunity for long-term sustainability.



GOVERNING BOARD

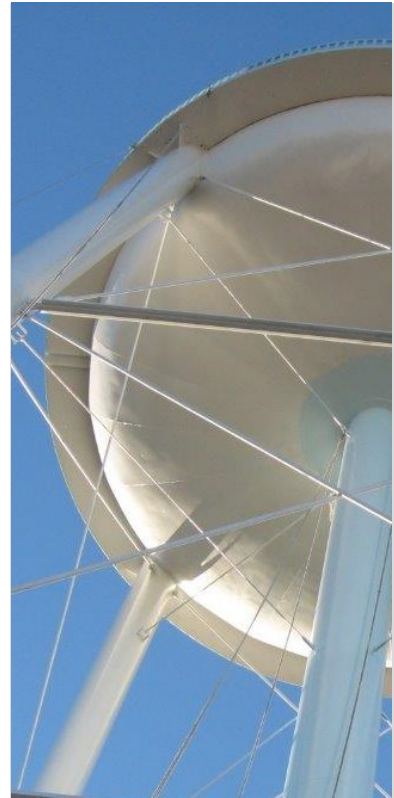
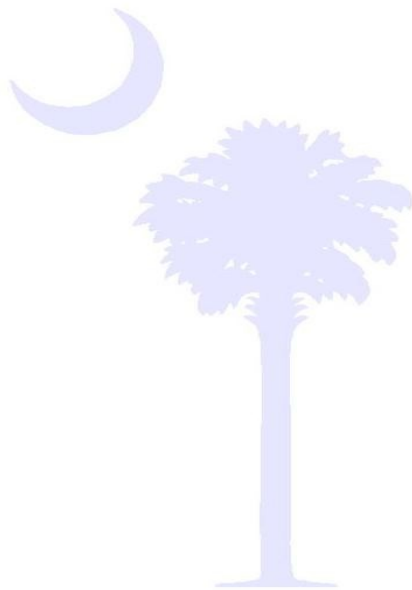
The RIA is governed by a Board of Directors (Board) consisting of six members and a chairman.

Each of the six members reside in or represent counties that are designated by the SC Department of Revenue (DOR) as distressed or least developed, and the Secretary of the SC Department of Commerce (Commerce) serves as chairman.

One appointment each is made by the President Pro Tempore of the Senate, Speaker of the House of Representatives, Chairman of the Senate Finance Committee, Chairman of the House Ways and Means Committee, as well as two appointments made by the Governor.

Strategic objectives are developed annually by the Board along with a program strategy for the allocation of resources. For FY14, the Board established two competitive grant cycles and made \$12 million in financial assistance available in four program categories that include: Basic Infrastructure, Emergency Infrastructure, Economic Infrastructure and Economic Impact.

The Board is responsible for approving grants, establishing funding priorities and ensuring there are adequate management and financial procedures for administering grants.



Project Highlight

Calhoun Falls:

The town had a critical need for repairs and modifications to the exterior and interior of two aging and deteriorating elevated water storage tanks.

The project will ensure compliance with regulatory standards and improve water quality for 822 residential customers as well as 54 businesses.

By the Numbers

87%

Percent in distressed counties

15,694

of residents benefitting



Eligible Counties

The following counties are ranked Tier III or Tier IV:

Abbeville, Allendale, Bamberg, Barnwell, Cherokee, Chester, Chesterfield, Clarendon, Colleton, Darlington, Dillon, Edgefield, Fairfield, Greenwood, Hampton, Horry, Jasper, Lancaster, Laurens, Lee, Marion, Marlboro, McCormick, Orangeburg, Sumter, Union and Williamsburg.

APPLICANT ELIGIBILITY

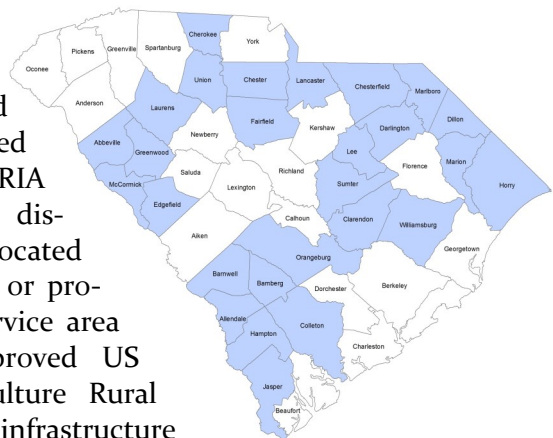
The RIA is authorized to provide grants to local governments, special purpose and public service districts, or public works commissions. More than 80% of FY14 applicants were local governments.

Not-for-profit water/sewer companies may be assisted with RIA funds if the local government being served by the project agrees to be the applicant.

PROJECT ELIGIBILITY

The SC Rural Infrastructure Act (Act) directs that financial assistance be primarily targeted to projects in distressed and least developed counties. For FY14, counties that were designated as Tier III and IV counties by DOR and considered eligible for RIA assistance are shown in blue on the map below and listed in the highlight box at left.

While the RIA primarily targets projects in distressed and least developed counties, other distressed areas may qualify for RIA assistance including distressed census tracts located outside of urban areas or projects which share a service area with a currently approved US Department of Agriculture Rural Development (RD) infrastructure grant or a State Community Development Block Grant (CDBG) infrastructure grant. The RIA offers tools on its website and provides technical assistance to help applicants identify eligibility.



Eligible activities in qualified rural infrastructure projects include upgrades, improvements or extensions of water, sanitary sewer or storm drainage infrastructure. Applicants are required to cost-share in project activities and are responsible for non-construction related costs such as planning, engineering and acquisition. For projects in Tier I and II counties, an additional 25% construction match is required.

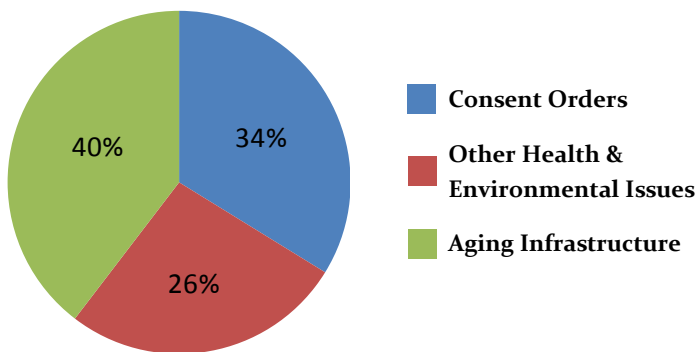
FUNDING PRIORITIES

A total of \$12 million was allocated for distribution in four program categories. Each of the funding categories was designed to address strategic objectives:

Basic Infrastructure—Solve public health and environmental quality problems to ensure community sustainability.

Emergency Infrastructure—Address urgent infrastructure needs that pose an immediate health/environmental threat where immediate action is required.

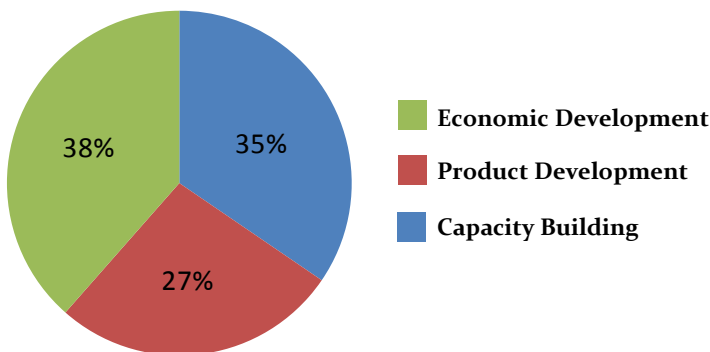
**Basic and Emergency Grants:
Project Outcomes**



Economic Infrastructure—Improve infrastructure capacity to support economic development or improve “product” development related to publicly-owned, certified industrial parks or sites.

Economic Impact—Provide infrastructure or facilities to serve economic development projects that result in capital investment and job creation.

**Economic Infrastructure and Impact Grants:
Project Outcomes**



By the Numbers in Economic Development

1,524

Number of businesses assisted

1,700

Number of jobs to be created

\$560M

Amount of capital investment



Project Highlight

Fairfield County:

Fairfield County will install wastewater infrastructure to serve the Fairfield Commerce Center, a 684-acre Class A industrial park. The project involves installation of gravity lines, force main and a pump station which will provide sufficient capacity to serve new or expanding businesses. Development of the industrial park will provide a shovel-ready location and help to create much needed jobs in Fairfield County.



SC Rural Infrastructure Authority FY14 Grant Recipients			
Grantee	County	Project	Award
Barnwell	Barnwell	Water Line Upgrade	\$313,000
Beaufort-Jasper Water & Sewer Authority (WSA)	Jasper	Water Line Upgrade	\$350,000
Bethune	Kershaw	Elevated Water Tank Refurbishment	\$55,350
Bishopville	Lee	Gravity Sewer Line Replacement	\$350,000
Blacksburg	Cherokee	Sewer System Improvements	\$350,000
Calhoun County	Calhoun	Elevated Water Tank Construction	\$282,000
Calhoun Falls	Abbeville	Elevated Water Tank Refurbishment	\$306,000
Cherokee County	Cherokee	Water Line Upgrade	\$350,000
Chester County	Chester	Economic Infrastructure	\$2,000,000
Clarendon County	Clarendon	Water Line Extension: Phase 1C	\$280,000
Clio	Marlboro	Water System Improvements	\$208,150
Darlington	Darlington	Water Line Upgrade	\$239,480
Dillon	Dillon	Pump Station Upgrade	\$350,000
Donalds-Due West WSA	Abbeville	Water Line Upgrade	\$89,400
Dorchester County	Dorchester	Pump Station Upgrade	\$51,180
Due West	Abbeville	Sewer System Improvements	\$271,000
Edgefield County WSA	Edgefield	Regional Sewer Line Upgrade	\$350,000
Ehrhardt	Bamberg	Sewer System Extension	\$350,000
Fairfield County	Fairfield	Sewer Line Extension	\$350,000
Greenwood Commissioners of Public Works	Greenwood	Water Line Upgrade	\$350,000
Hampton County	Hampton	Economic Water & Sewer Infrastructure	\$349,865
Heath Springs	Lancaster	Water Line Upgrade	\$160,000

SC Rural Infrastructure Authority FY14 Grant Recipients			
Grantee	County	Project	Award
Jefferson	Chesterfield	Sewer System Improvements	\$328,805
Kingstree	Williamsburg	Sewer System Improvements	\$50,000
Lancaster County Water & Sewer District	Lancaster	Sewer System Improvements	\$349,990
Laurens County	Laurens	Water & Sewer Line Extension	\$350,000
Loris	Horry	Pump Station Upgrade	\$100,000
Lowcountry Regional Water System	Hampton	Emergency Well Replacement	\$9,444
Marion County	Marion	Economic Water & Sewer Infrastructure	\$350,000
Marlboro County	Marlboro	Water Line Extension	\$61,650
McCormick County	McCormick	Sewer Pump Replacements	\$126,000
Newberry	Newberry	Water Treatment Plant Upgrades	\$350,000
Pageland	Chesterfield	Sewer System Improvements	\$350,000
Richland County	Richland	Sewer System Extension	\$350,000
Ridgeway	Fairfield	Wastewater Treatment Plant Upgrades	\$220,000
Scranton	Florence	Water Line Extension	\$60,000
Union County	Union	Water Line Upgrade	\$63,500
Wagener	Aiken	Elevated Water Tank Refurbishment	\$98,500
Ware Shoals	Greenwood	Water Line Upgrade	\$241,500
Williamston	Anderson	Gravity Sewer Line Replacement	\$25,875
Winnsboro	Fairfield	Pump Station Upgrade	\$241,000
York	York	Water Line Upgrade	\$272,500
42 projects			\$11,754,189
Sumter	Sumter	Rembert Water Amendment	\$206,900
TOTAL FUNDS AWARDED			\$11,961,089



Project Highlight

City of Dillon:

Two of the city's sewer pump stations have been severely damaged over the years due to hydrogen sulfide corrosion. High levels of hydrogen sulfide pose a direct threat to the health of the community and to the environment.

RIA is assisting with a chemical application process that will help reduce the amount of sulfides in the system and limit any further corrosion.

Beneficiaries of the project include 2,900 local residents.



APPLICATION & SELECTION PROCESS

The RIA has established a process for the submission of applications and selection of projects to be funded. The process involves technical assistance to potential applicants, preparation of a user-friendly application and prioritization of requests based on published criteria for need, feasibility and impact. The RIA Board makes funding decisions and all applicants are notified of the results.

Step 1: RIA develops program criteria and priorities; announces grant availability.

Step 2: Staff provides technical assistance to applicants on project development and program priorities.

Step 3: Applicants identify needs and develop project proposals.

Step 4: Applications are submitted for competitive selection and review.

Step 5: Staff conducts due diligence reviews based on an analysis of need, feasibility and impact.

Step 6: Board reviews all projects and approves, disapproves or modifies funding requests.

GRANTS MANAGEMENT

The grant agreement serves as a contract between the RIA and the grantee. In addition, there are guidelines to ensure compliance and accountability for public funds, including but not limited to financial management, audits, procurement, contracts, reports, record-keeping and monitoring.

RIA staff are assigned projects (typically by geographic region) to provide technical assistance throughout the grant period. In FY14, RIA staff met with first-time grantees to provide guidance on grant start-up activities and implementation. Grantees provide quarterly reports on progress being made towards project completion.

Staff monitors the progress of all projects, reviews invoices prior to issuing grant payments, ensures compliance with grant conditions and documents the accomplishments before the grant is closed.

Projects are expected to be completed within 18 months of grant award.

Audits

In accordance with Section 11-50-160 of the SC Code of Laws, an independent certified public accountant will perform an audit of the books and accounts of the RIA at least once in each state fiscal year.

An audit was completed this fiscal year, and RIA was found to be in full compliance.

Project Highlight

Hampton County:

Hampton County is extending water and wastewater lines to serve a newly constructed and publicly owned speculative building located in the Southern Carolina Industrial Campus, a SC Department of Commerce Certified Site.



The project will increase the competitiveness of the site because of the availability of water and wastewater infrastructure, which will reduce the start-up time for any businesses locating in the park.



SC Infrastructure Funders Coordinating Committee

This group is comprised of representatives from state and federal agencies that provide funding for infrastructure in South Carolina. Regular meetings are held to discuss projects, address funding gaps and identify solutions for current challenges.

Participants include:

- SC Department of Commerce: Community Development Block Grant Program & Appalachian Regional Commission
- SC Department of Health and Environmental Control: State Revolving Fund
- SC Budget and Control Board's Office of Local Government: State Revolving Fund
- SC Rural Infrastructure Authority: Basic and Economic Infrastructure Grants
- US Department of Agriculture's Rural Development: Rural Utilities Grants
- US Department of Commerce's Economic Development Administration: Economic Development Grants

CUSTOMER FOCUS

One of the key roles of the RIA is to serve as a resource for rural areas, whether the need is for technical or financial assistance. Information about the available resources is communicated to eligible applicants, affiliate organizations and other interested entities through electronic outreach, workshop presentations and newsletter articles. Two application workshops were held prior to the first grant cycle with a follow-up webinar conducted before the second grant cycle. More than 275 participants were trained.

An easy-to-use website serves as the main conduit of disseminating information to potential grantees. In addition, one-on-one project development assistance is provided to potential applicants while current grantees receive help with administration and management of approved grants. In FY14, assistance was provided through more than 250 meetings and project discussions.

Additionally, RIA receives input through regular communication with stakeholder groups. This feedback is used to design programs that are responsive to customer needs. RIA also works with other state agencies on common goals and shares technical and administrative resources to ensure effective and efficient services are provided.

An important initiative to improve coordination with other state and federal funding was undertaken this year with the newly organized South Carolina Infrastructure Funders Coordinating Committee. The goal of this group is to maximize resources and coordinate programs, wherever feasible. An Infrastructure Funding Resources list was compiled and widely distributed statewide.

RIA Activities

Outreach	Coordination
Workshops	Infrastructure Funders Committee
Technical Assistance	Funding Resources List
Website	Liaison with Affiliate Groups
Presentations and Other Marketing	Shared Resource Contracts with Commerce and DHEC

MAKING AN IMPACT

In its second year, the SC Rural Infrastructure Authority has successfully implemented grant programs that are designed to address both Basic and Economic Infrastructure needs in rural areas. Two rounds of competitive funding were offered, giving applicants multiple opportunities to access funds. Nearly \$12 million was awarded this fiscal year to assist in implementing critical water and sewer projects that are in distressed rural areas.

Improving and upgrading infrastructure facilities ensures clean water for those in need, improves the quality of life and builds the capacity necessary to support economic opportunities. This type of investment puts rural areas in a position to succeed and sets the stage for more sustainable communities in the future.

CUMULATIVE RESULTS 2013-2014

- **140** applications received
- **73** projects funded
- **47,363** customers impacted
- **\$21 million** awarded
- **\$98 million** leveraged

