



2015-16

***SC Rural Infrastructure Authority
Annual Report***



SC Rural Infrastructure Authority

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www.ria.sc.gov

The "SC Rural Infrastructure Authority Annual Report for Fiscal Year 2016" 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.

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South Carolina Rural Infrastructure Authority

Board of Directors

The RIA is governed by a Board of Directors (Board) consisting of six members and a chairman. Strategic objectives are developed annually by the Board along with a program strategy for the allocation of resources. The Board is responsible for approving grants, establishing funding priorities and ensuring there are adequate management and financial procedures for administering grants. Members include:

- ◆ Robert M. Hitt III Chairman, SC Department of Commerce
- ◆ William H. O'Dell Vice-Chairman, State Senator (In memoriam)
- ◆ David E. Anderson Anderson Brothers Bank
- ◆ William Clyburn State Representative
- ◆ William Kellahan, Jr. Kellahan & Associates
- ◆ Michael A. Pitts State Representative
- ◆ Jasper W. Shuler Palmetto Agribusiness Council



In January 2016, Sen. Billy O'Dell passed away, leaving a legacy of public service including his participation on the RIA Board. He served as its Vice-Chairman since the agency's creation in 2012. Sen. O'Dell is remembered as a great advocate of the RIA's mission to support SC communities.

Positioning Rural Communities for Success

From the Chairman....

I've often said that people don't move to a city or a state, they move to a community. And, in South Carolina, we have an abundance of warm, welcoming communities. It's these communities that we must keep in mind as we work daily to recruit industry and jobs to our state.

In an effort to ensure prosperity in communities of all sizes, the South Carolina Rural Infrastructure Authority (RIA) works to provide our rural areas with the resources needed to foster economic growth. From water and sewage systems to storm drains, the RIA is tasked with establishing new infrastructure, as well as making upgrades to existing infrastructure.

These efforts have yielded remarkable results. To date, the RIA has awarded \$50 million in grants that have helped more than 98,000 residential and 6,000 business customers. With a tremendous resource like the RIA, the state was able to announce 49 economic development projects in rural counties in 2015. Those projects accounted for more than \$1.1 billion in capital investment and approximately 5,500 new jobs.

Despite this recent success, however, now is no time to get complacent. The continued progress of our rural areas will play a major role in building on the momentum we've achieved thus far. In the coming year, as instructed by legislation, which passed in the 2016 Legislative Session, the RIA will expand its reach across the entire state, which in turn will help us put all of our communities in a position to win.

Moving forward, the advancement of each of our communities will be critical as we seek to create opportunities for all of the citizens of this great state. Whether they be coastal or inland, urban or rural, all of South Carolina's communities have something unique to offer, and the RIA will help to ensure that each of them have the tools they need to succeed.



A handwritten signature in black ink that reads "R. Hitt".

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

Executive Summary



From the Executive Director...

The success of communities in South Carolina can be measured by the quality of life, economic growth and community sustainability.

One way to build stronger communities is to invest in infrastructure that is capable of supporting homes, schools and businesses. Such investments will protect the health of residents, create jobs and open the door to future opportunities.

The infrastructure needs in our state are significant—water and sewer systems are increasingly facing compliance issues, aging or deteriorating lines and limited growth capacity. And the ability for many communities to fund these costly improvements can be challenging.

The SC Rural Infrastructure Authority (RIA) helps solve these issues by financing qualified infrastructure projects and offering coordinated technical assistance, particularly in rural areas.

As part of that effort, the RIA has undergone some organizational changes. First in 2014, the Restructuring Act transferred the Office of Local Government (formerly with the SC Budget and Control Board) to the RIA effective July 1, 2015. This past fiscal year, the General Assembly authorized a new Statewide Water and Sewer Fund to assist qualified projects not otherwise eligible for the Rural Infrastructure Fund (RIF). Projects will be selected using the same process and procedures established by the RIA Board for the RIF.

The RIA is now comprised of the Office of Grant Programs, which awards competitive grants and the Office of Local Government, which manages the financial and loan components of the State Revolving Funds (SRF) for the Drinking Water and Clean Water Programs. Both financial assistance programs will be available statewide.

With these financing options in place, the RIA strives to build stronger communities for the future, through targeted investments in water, sewer and drainage infrastructure.

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

Bonnie Ammons
Executive Director, SC Rural Infrastructure Authority

Executive Summary

The RIA provided multiple options for financing critical community infrastructure improvements that helped maintain a safe and healthy environment for residents, supported economic development and contributed to a more sustainable future.

Twenty-two competitive grants were awarded to assist in the development of reliable infrastructure and to prepare communities for future economic opportunities. Low interest loan financing was also made available for infrastructure improvements through the SRF program which is jointly administered by the SC Department of Health and Environmental Control and the RIA's Office of Local Government.

RIA leverages grant funding to maximize the impact of infrastructure projects.

**Return on Investment:
\$4.55 to \$1**

Both the grant and loan programs have seen an increasing level of demand for the available funding, reflected not only in the number of applications received but also in the amounts requested, including \$27M in grants and \$150M in loans.

Grants and Loans by the Numbers in FY 2016

(July 1, 2015 - June 30, 2016)

Quality of Life

Grants

- ◆ 68% in rural areas
- ◆ 23,536 residential customers

Loans

\$48.6M loans closed/committed

Economic Development

Grants

- ◆ 2,287 jobs
- ◆ 2,491 businesses served



Community Sustainability

Grants

- ◆ \$14.6M awarded
- ◆ \$66M leveraged

Loans

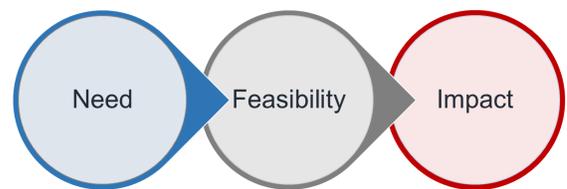
\$867M current loans

Office of Grant Programs

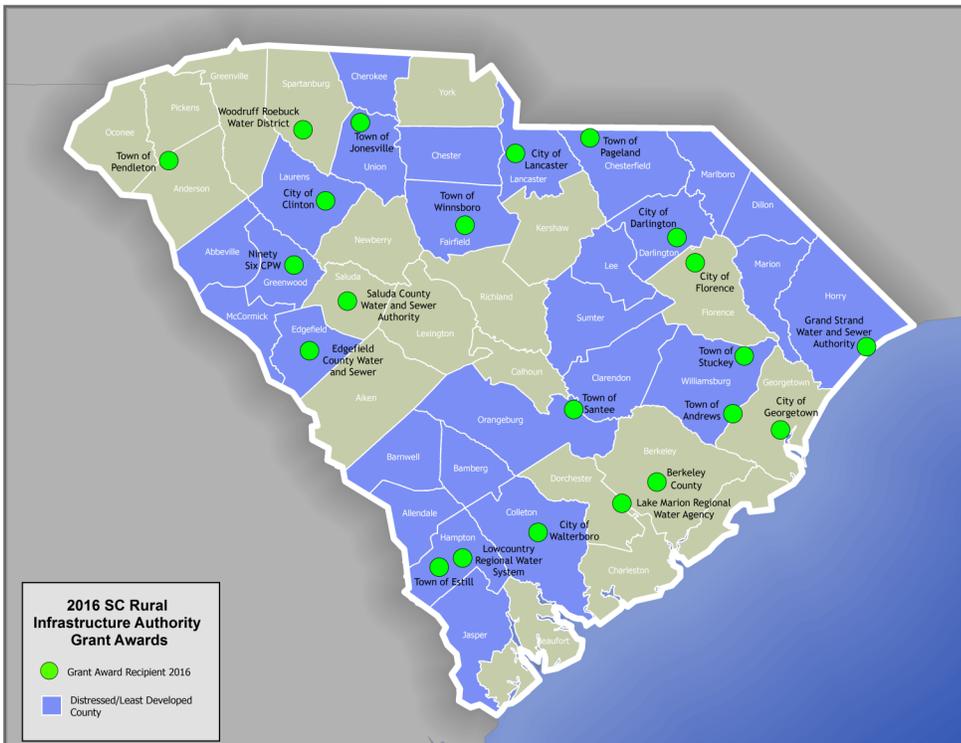
In Fiscal Year 2016, the Office of Grant Programs, under the direction of the RIA Board of Directors, offered two competitive grant cycles (spring and fall) to provide multiple opportunities to access funds. Grants totaling \$14.6 million were awarded in two program categories: Basic Infrastructure and Economic Infrastructure.

The Office of Grant Programs is authorized to provide these grants to local governments, special purpose and public service districts, or public works commissions. 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.

Projects selected on a competitive basis:



RIA grant funds are targeted to areas most in need including rural and distressed counties. Eligible activities include upgrades, improvements or extensions of water, sewer and drainage systems. Funds are used for construction only. 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.

However, additional leveraging is encouraged to increase the impact of each project.

Office of Grant Programs: FY2016 Grant Recipients

GRANTEE	COUNTY	PROJECT	AWARD
Andrews, Town of	Georgetown	Economic Water and Sewer Infrastructure	\$500,000
Berkeley County	Berkeley	Economic Water Infrastructure	\$3,000,000
Clinton, City of	Laurens	Sewer System Improvements	\$234,900
Darlington, City of	Darlington	Drainage System Upgrade	\$444,870
Edgefield County Water & Sewer Authority	Edgefield	Sewer System Improvements	\$250,000
Estill, Town of	Hampton	Sewer System Improvements	\$500,000
Florence, City of	Florence	Water Tank Construction	\$500,000
Georgetown, City of	Georgetown	Drainage System Upgrade	\$159,365
Grand Strand Water & Sewer Authority	Horry	Economic Sewer Infrastructure	\$500,000
Jonesville, Town of	Union	Water Line Upgrades	\$161,000
Lake Marion Regional Water Agency	Dorchester	Economic Water Infrastructure	\$3,000,000
Lancaster, City of	Lancaster	Sewer System Improvements	\$1,500,000
Lowcountry Regional Water System	Hampton	Economic Water and Sewer Infrastructure	\$150,000
Ninety Six CPW	Greenwood	Water Line Upgrades	\$350,000
Pageland, Town of	Chesterfield	Economic Sewer Infrastructure	\$443,850
Pendleton, Town of	Anderson	Sewer System Improvements	\$500,000
Saluda County Water & Sewer Authority	Saluda	Water System Improvements	\$500,000
Santee, Town of	Orangeburg	Pump Station Upgrade	\$417,195
Stuckey, Town of	Williamsburg	Water Tank Improvements	\$137,500
Walterboro, City of	Colleton	Sewer System Improvements	\$500,000
Winnsboro, Town of	Fairfield	Water System Improvements	\$500,000
Woodruff-Roebuck Water District	Spartanburg	Sewer System Improvements	\$288,750
		22 projects	\$14,537,430
		<i>Grant Award Amendments</i>	<i>\$160,000</i>
TOTAL FUNDS AWARDED			\$14,697,430

Office of Grant Programs: *Basic Infrastructure*

The Basic Infrastructure Grant program strives to fund much-needed improvements to existing water and sewer systems. In turn, these systems serve residents and existing businesses, protecting public health and the environment.

Priority is given to projects that address consent orders or violations issued by a regulatory agency, followed by projects that address other health or environmental issues and projects that upgrade infrastructure that is aging and severely deteriorated.



Basic Infrastructure Project Outcomes in FY16

Consent Orders:	63%
Aging Infrastructure:	31%
Other Health/Environmental Issues:	6%
Dollars Awarded:	\$7,103,580

In FY16, more than 23,000 residential customers in 20 counties were positively impacted by the basic infrastructure improvements.

Basic Infrastructure Project Highlight:

Grantee: Town of Estill

Project Name: Upgrades to Waste Water Treatment Plant

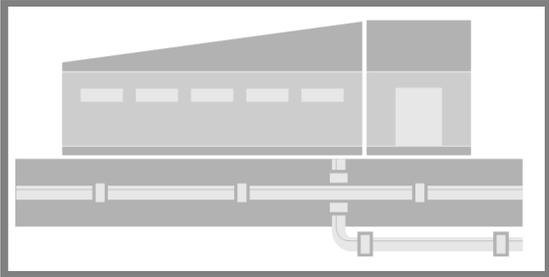
Grant Award: \$500,000

Matching Dollars: \$2,913,500

Objective: To address a DHEC consent order, the Town will make a significant investment to upgrade equipment and technology at the waste water treatment plant as well as the land application site, thereby increasing its long-term capacity to serve residents.



Office of Grant Programs: *Economic Infrastructure*



In order to assist communities in preparing for economic opportunities, the RIA established the Economic Infrastructure Grant program. The assistance is designed to help build local water and sewer infrastructure capacity in order to support economic development activities that will boost long-term community sustainability.

Priority is given to projects that will create impact through job creation and private investment, followed by projects that improve the readiness of publicly-owned industrial sites or parks and projects that increase system capacity to serve new or expanding businesses.

Economic Infrastructure Project Outcomes in FY16

Economic Development:	83%
Product Development:	17%
Dollars Awarded:	\$7,593,850

In FY16, the RIA-supported Economic Infrastructure projects are expected to create more than 2,200 new jobs, benefit nearly 2,500 businesses as well as generate \$540 million in private investment.

Economic Infrastructure Project Highlight:

Grantee: Town of Andrews
Project Name: Water and Waste Water Upgrades
Grant Awarded: \$500,000
Matching Dollars: \$440,650
Objective: The Town will make improvements to pump stations and gravity sewer lines to support the expansion of a local industry. These sewer system improvements will help to support the retention of 92 existing jobs and the creation of 50 jobs with \$11,575,000 in capital investment.



Office of Local Government: SRF Loan Program

The State Revolving Fund (SRF) is a federally capitalized loan program for water and waste water infrastructure projects. The program offers low-interest financing for waste water treatment and collection, drinking water supply and distribution, water quality and storm water infrastructure.

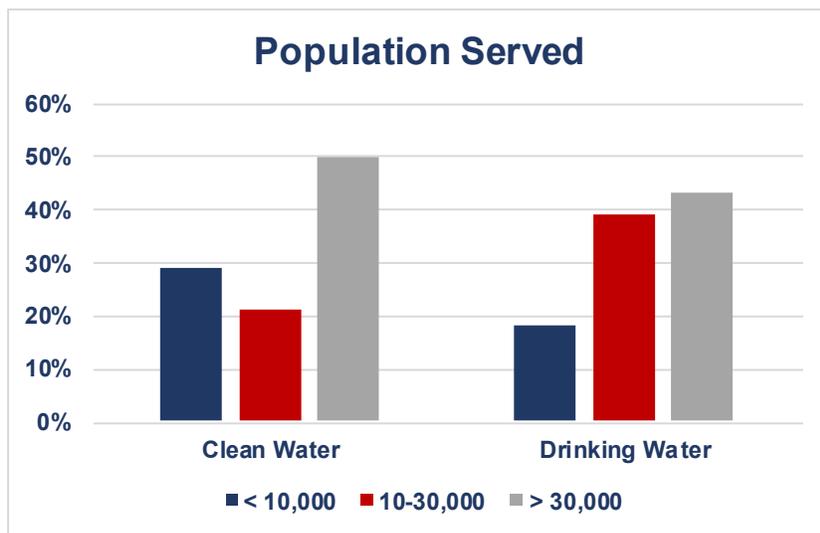
The Office of Local Government is the administrative arm of the SC Water Quality Revolving Fund Authority which is the entity responsible for the financial functions of the SRF including development of financial loan policies, evaluation of credit worthiness, issuance of loan agreements, disbursement of funds and management of the loan portfolio.

The SRF program is jointly administered with the SC Department of Health and Environmental Control (DHEC). DHEC serves as the grantee for the annual federal capitalization grant from the US Environmental Protection Agency (EPA) and manages the technical aspects of the program including project selection and federal compliance.

In FY16, enhanced SRF marketing efforts to increase demand included:

- Workshop training for 79 SRF potential and current customers
- Timely communication of financial benefits and other program information
- Coordination with DHEC and other stakeholders

These low-interest loans are available to municipalities, counties and special purpose districts for public water, sewer and storm water projects.



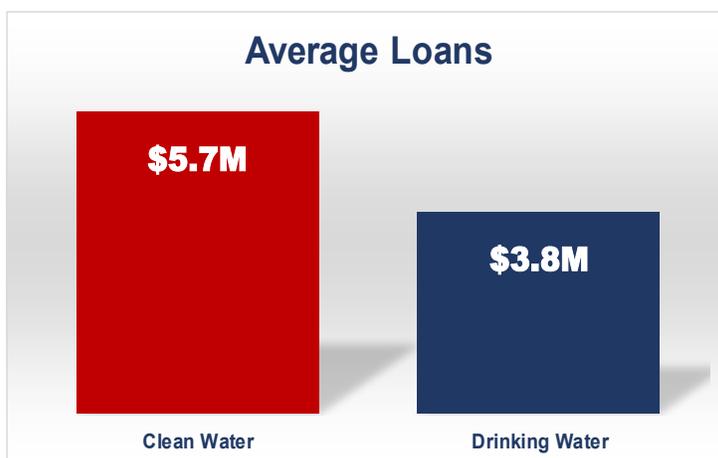
*The information represented in the OLG charts reflects cumulative program data.

In FY16, the SRF program offered a historically low interest rate of 1.8% as well as a 30-year term for qualifying projects. Current demand for Drinking Water SRF loans exceed the availability of funds and demand for the Clean Water program has risen significantly to its highest level with 17 projects totaling \$139 million in loans. A total of 11 loan agreements equaling \$48.6 million have been closed this year.

Office of Local Government: *SRF Loan Program*

WHAT ARE THE BENEFITS OF A SRF LOAN?

- Low-interest rates
- Fixed rate financing
- Extended terms of up to 30 years
- Low closing costs
- Up to 100% financing of all eligible costs
- Availability of deferral periods on principal + interest through construction
- Option to capitalize interest at the end of deferred period
- No debt service reserve for borrowers with at least an underlying "A" rating
- Non tax-exempt financing



SRF Project Highlight:



The City of North Augusta used \$26 million in SRF loans to construct a new, 30-million gallon raw water storage tank and raw water transfer pump station. Because of the loan, North Augusta officials were able to bring the system into compliance with state disinfection requirements and improve the system's reliability to protect the Savannah River, the system's raw water source.

Outreach & Technical Assistance

One of the key roles of the RIA is to serve as a resource for South Carolina communities, whether the need is for technical or financial assistance. RIA works with clients to help identify appropriate financial solutions to address community needs. In FY16, outreach and technical assistance efforts were provided through three workshops, a webinar, conference presentations and other efforts to share information about RIA programs.

Marketing Outcomes

400 Participants Trained

140 Technical Assists

The RIA works closely with other state and federal funders to leverage additional resources, which includes joint funding on projects. Organized as the SC Infrastructure Funders Coordinating Committee, participating agencies include:

- US Department of Agriculture Rural Development
- US Economic Development Administration
- SC Department of Commerce: Community Development Block Grant (CDBG) and Appalachian Regional Commission
- SC Department of Health and Environmental Control: State Revolving Fund (SRF)
- SC Rural Infrastructure Authority



Multi-Agency Funding Project Highlight:

Grantee: City of Lancaster

Project Name: Sewer System Improvements

Total estimated project costs: \$18 million

Participating Funders include: CDBG, SRF, RIA

Objective: To resolve an EPA Administrative Order, the City combined funding resources from multiple agencies to upgrade gravity sewer lines and pump stations.

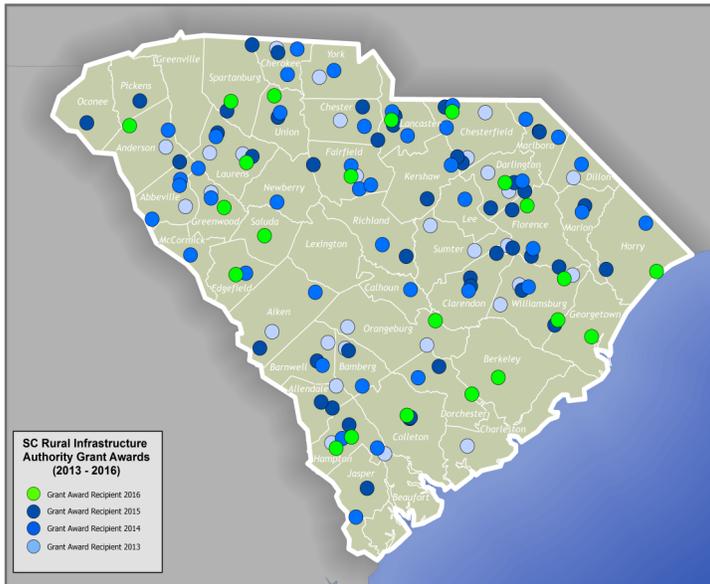


Making an Impact

8,000 Jobs and \$1.7B Capital Investment



\$1.2B in SRF Loans



\$50M in Grants Awarded

More than four years after the SC Rural Infrastructure Authority was created, the focus of the grant and loan programs continues to be on improving and upgrading water and sewer infrastructure, ensuring clean water for those in need, improving the quality of life and in the case of grants, building the capacity necessary to support economic opportunities.

