



2020-2021 ANNUAL REPORT

**South Carolina
Rural Infrastructure Authority**



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The S.C. Rural Infrastructure Authority Annual Report for Fiscal Year 2021 is submitted by the S.C. Rural Infrastructure Authority in compliance with the S.C. Rural Infrastructure Act (S.C. 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. This report represents activities between July 1, 2020 - June 30, 2021.

Data included in this report reflects grants at time of award and does not include grants that are adjusted or rescinded. This primarily applies to cumulative numbers and not FY21.

Year-at-a-Glance

\$77 million

grants and loans

65 projects

water, sewer and storm drainage upgrades

32 counties

benefitted from grants and loans

30% of loans

serve small communities

81,000 customers to benefit

a record high for grants

**3,127 jobs and \$933 million
capital investment**

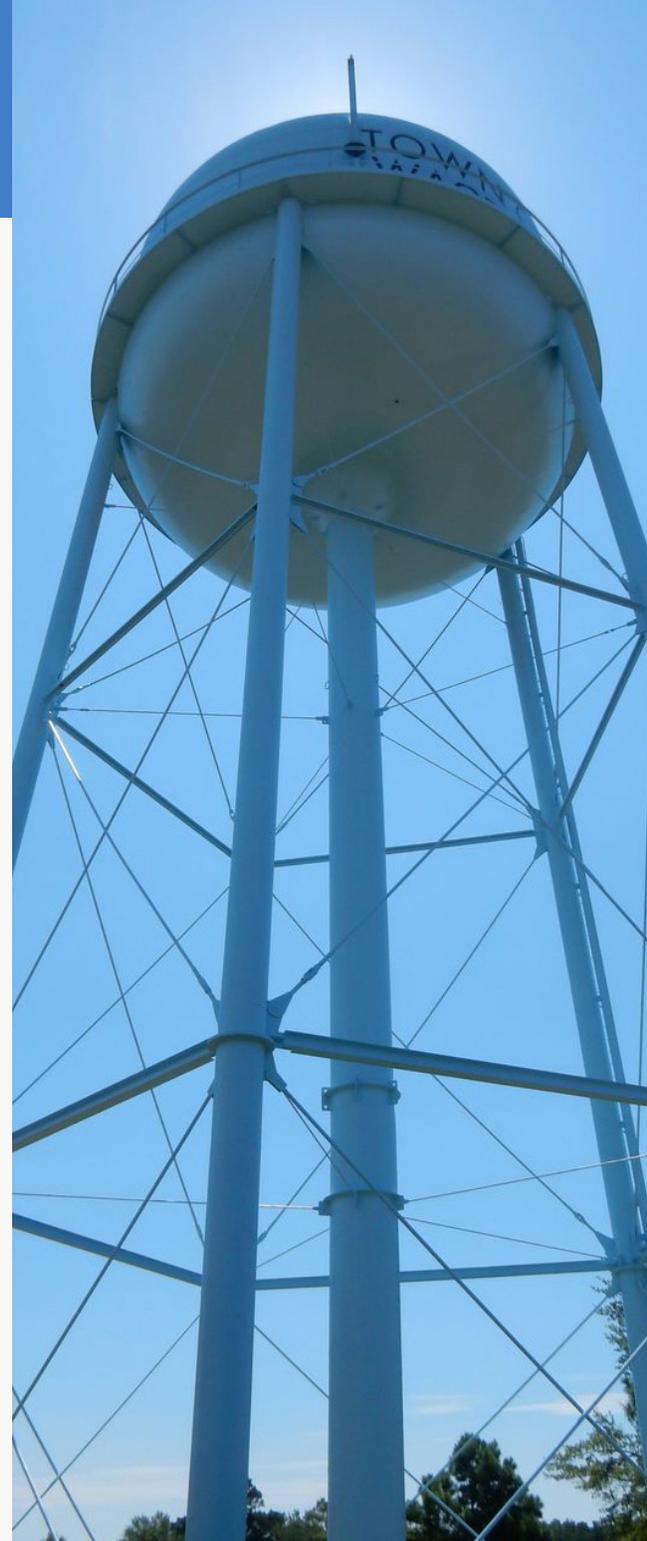
greater than last four years combined

91 grant applications received

largest number in a single year

Zero loan defaults

in 33 year lending history



INCREASE community sustainability by helping to maintain reliable and affordable infrastructure.

IMPROVE the quality of life by addressing public health, environmental and regulatory concerns.

CREATE opportunities for economic impact by building the infrastructure capacity to support economic development.

Infrastructure is a Smart Investment

A MESSAGE FROM BONNIE AMMONS, EXECUTIVE DIRECTOR

Investing in infrastructure is smart. Why? Water and sewer infrastructure brings value to every community.

- It provides an essential service by protecting public health and the environment according to state and federal guidelines.
- These services have an impact on the quality of life – providing a benefit that customers need, and often take for granted.
- It supports economic opportunities by providing the reliability and capacity that businesses need to create jobs and be competitive.
- And, it helps to improve communities by making these services more affordable and sustainable, often saving money for rate-paying customers.

The S.C. Rural Infrastructure Authority's (RIA) grant program – established in 2013 – has funded 419 projects across the state, totaling more than \$174 million. Such funds have benefitted small and large communities in rural and urban parts of the state.

One of the cornerstone efforts of the grant program is its partnership with other funders. As a result, these same projects leveraged \$471 million in additional funding from local, state and federal sources. Since the RIA was created, one out of every four grant projects targeted infrastructure upgrades that supported economic development, resulting in 10,979 proposed jobs and \$3.8 billion in capital investment.

The State Revolving Funds (SRF) loan program (which has been around since 1989) has also made a significant impact in the state by closing on 326 loans, totaling \$1.9 billion for water, sewer and stormwater improvements. In 2015, the SRF program was transferred to RIA and in the six years since, staff have processed 87 loans which add up to more than \$667 million.

The agency has become a go-to source for financing and customer assistance, allowing communities to make key investments by upgrading their water, sewer and storm drainage infrastructure. Through its grant and loan programs, RIA is ready to strengthen communities statewide by investing in their future.



Grants: By The Numbers

Fiscal Year 2021



**55 Projects
Statewide**



**\$26M Grants
Awarded**



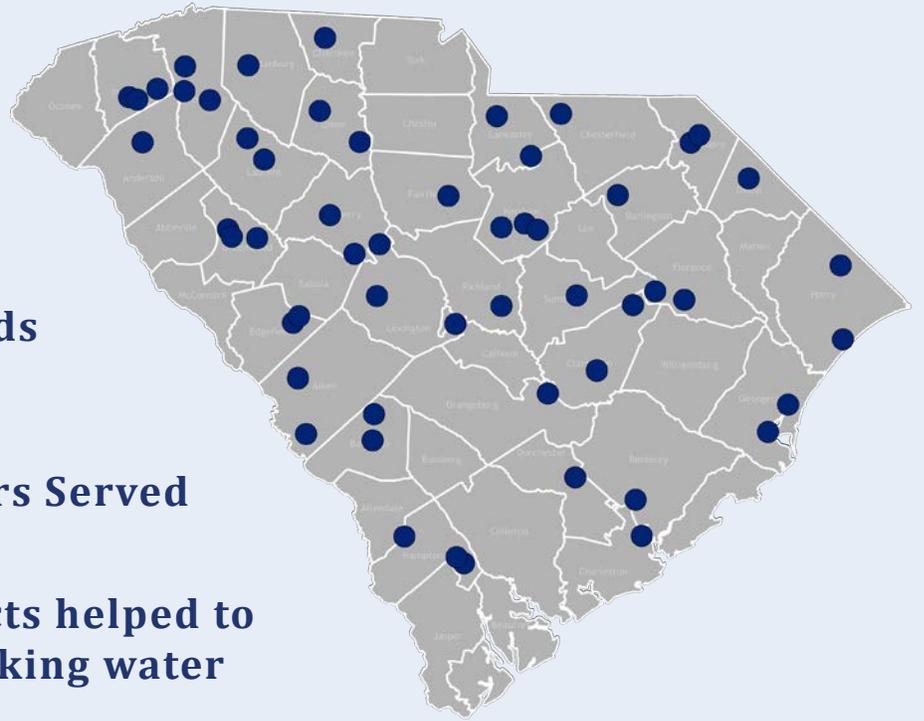
**\$39M Other Funds
Leveraged**



81,000 Customers Served



**Half of all projects helped to
ensure safe drinking water**



Grant Priorities by Number of Projects



Aging Infrastructure

Jobs

Other Health & Environmental Issues

Capacity Increase

Consent Orders/Emergency

Economic/Product Development

Grants: By The Numbers

Fiscal Year 2013 - 2021



**419 Projects
Statewide**



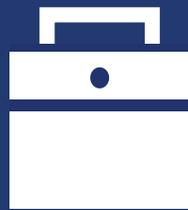
**\$174M Grants
Awarded**



**78% in rural or
distressed areas**



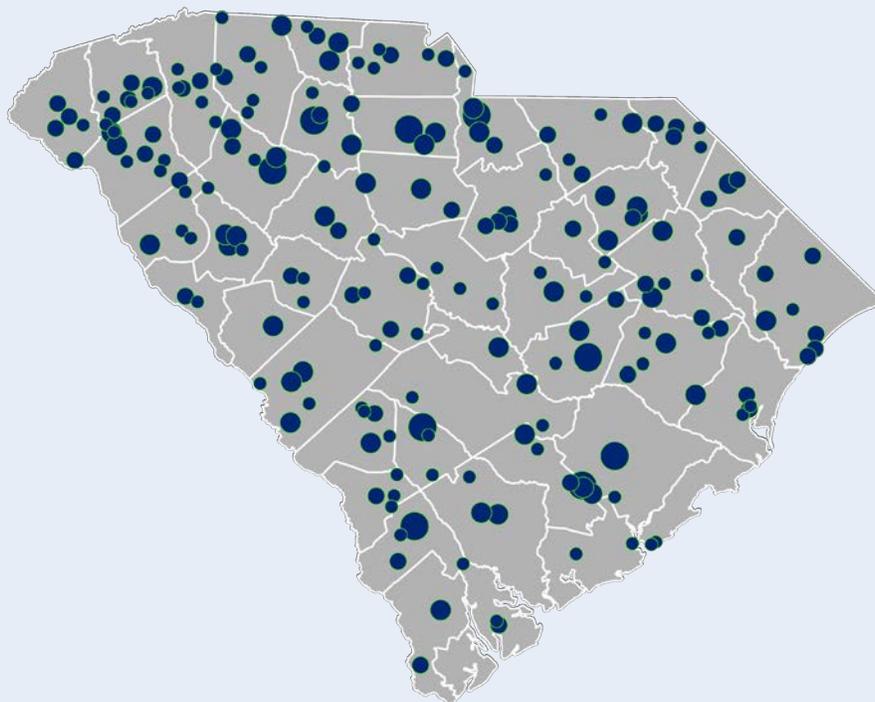
**\$471M Other
Funds Leveraged**



**10,979
Proposed Jobs**



**\$3.8B Capital
Investment**



Grants: Year In Review

With a record 91 applications submitted in FY21, the RIA grant program is recognized as one of the leading sources of funding for water, sewer and storm drainage improvement projects in the state. Grants are awarded to local governments, special purpose and public service districts or public works commissions in two competitive funding rounds each year. Financial assistance is made available through two programs, Basic and Economic Infrastructure.

The Basic Infrastructure program targets projects that will: support regionalization efforts; help to resolve consent orders and regulatory violations impacting water and sewer systems; assist with emergencies or other health and environmental issues; or update aging infrastructure that has reached the end of its useful life and no longer provides quality service. In FY21, more than \$18 million was awarded to address Basic Infrastructure priorities such as correcting issues with sewer overflows, improving drinking water quality and replacing infrastructure that is more than 50 years old and not meeting current standards.

The Economic Infrastructure program is designed to: address financing gaps for infrastructure projects that will directly result in job creation and capital investment; provide infrastructure solutions to publicly-owned industrial sites and parks; or build system capacity to support economic opportunity. RIA continues to play a supportive role in economic development. Despite the COVID-19 challenges, 11 job creation projects were funded in the Economic Infrastructure category in FY21, the highest number ever. Approximately \$4 million went toward upgrading or extending infrastructure to serve companies that have made commitments to bring jobs to South Carolina.

RIA funds must be used for project-related construction costs. Applicants are responsible for engineering, property acquisition or easements and other non-construction related costs. There is also a 25% construction match requirement for projects located in Tier I and II counties, as designated by the S.C. Department of Revenue.

Applications are reviewed on a comparative basis with consideration of the relative need, feasibility and impact of each project. Funding decisions are made by RIA's Board of Directors.

Once awards are made, RIA assists communities with project management including implementation, monitoring and close-out. In FY21, four staff members managed 172 grant projects and processed \$22.7 million in grant disbursements, up 26% from last year.

"Accessing funding opportunities offered by the RIA should be a priority for all entities that operate water and sewer utilities. The City of Manning has used RIA grants to upgrade and renovate critical system components that are essential to the operation and sustainability of our system. Manning's water and sewer system is better because of RIA! They have become the go-to partner in our efforts to provide quality services to our citizens and surrounding community."

Scott Tanner, Administrator,
City of Manning

Investments In Action

Edgefield County Water & Sewer Commission

- \$667,250 RIA grants

To improve water quality, one project will install mixing equipment at three elevated tanks.

Local and state economic leaders accessed grant funds in a second project to extend water lines in an industrial park to serve a company that committed to creating 450 jobs.

City of Lake City

- \$497,555 RIA grant
- \$2M Economic Development Administration grant

This project includes construction of an elevated water tank as well as sewer lines and a pump station for a new hospital – which will provide 300 jobs – serving the region.



Fiscal Year 2021 Grant Recipients

| Grantee | County | Project | Award |
|--|------------|---------------------------------------|-------------|
| Aiken County/Breezy Hill Water and Sewer Company | Aiken | Water Line Improvements | \$500,000 |
| Anderson County | Anderson | Sewer System Improvements | \$490,000 |
| Barnwell, City of | Barnwell | Water System Improvements | \$500,000 |
| Bennettsville, City of | Marlboro | Water System Improvements | \$498,740 |
| Calhoun County | Calhoun | Water Line Improvements | \$500,000 |
| Camden, City of | Kershaw | Water Line Improvements | \$500,000 |
| Carlisle, Town of | Union | Sewer System Improvements | \$2,000,000 |
| Chapin, Town of | Lexington | Sewer System Improvements | \$500,000 |
| Clarendon County | Clarendon | Sewer System Improvements | \$500,000 |
| Dillon, City of | Dillon | Water System Improvements | \$471,000 |
| Dorchester County | Dorchester | Economic Water & Sewer Infrastructure | \$260,000 |
| Easley, City of | Pickens | Drainage System Upgrades | \$483,603 |
| Eastover, Town of | Richland | Water System Improvements | \$135,000 |
| Edgefield County Water & Sewer Authority | Edgefield | Water System Improvements | \$500,000 |
| Edgefield County Water & Sewer Authority | Edgefield | Economic Water Infrastructure | \$167,250 |
| Fairfield County | Fairfield | Economic Water Infrastructure | \$500,000 |
| Gaffney Board of Public Works | Cherokee | Water System Improvements | \$54,617 |
| Georgetown County | Georgetown | Economic Water Infrastructure | \$100,000 |
| Georgetown, City of | Georgetown | Sewer System Improvements | \$403,178 |
| Gilbert-Summit Rural Water District | Lexington | Water Line Improvements | \$500,000 |
| Goose Creek, City of | Berkeley | Water Line Improvements | \$500,000 |
| Greenville County/Blue Ridge Rural Water Company | Greenville | Water Line Improvements | \$500,000 |
| Greenwood Commissioners of Public Works | Greenwood | Economic Water Infrastructure | \$400,000 |
| Greenwood Metropolitan District | Greenwood | Sewer System Improvements | \$500,000 |
| Hartsville, City of | Darlington | Water System Improvements | \$500,000 |
| Jackson, Town of | Aiken | Water Line Improvements | \$188,351 |
| Kershaw County | Kershaw | Economic Sewer Infrastructure | \$800,000 |
| Kershaw, Town of | Lancaster | Water Line Improvements | \$649,875 |
| Lake City, City of | Florence | Economic Water & Sewer Infrastructure | \$497,555 |
| Lancaster, City of | Lancaster | Economic Water Infrastructure | \$409,350 |

Fiscal Year 2021 Grant Recipients

| Grantee | County | Project | Award |
|--|--------------|---------------------------------------|--------------|
| Laurens Commission of Public Works | Laurens | Sewer System Improvements | \$500,000 |
| Laurens County Water & Sewer Commission | Laurens | Water Line Improvements | \$500,000 |
| Liberty, City of | Pickens | Sewer System Improvements | \$259,875 |
| Loris, City of | Horry | Economic Sewer Infrastructure | \$500,000 |
| Lowcountry Regional Water System | Hampton | Sewer System Improvements | \$420,000 |
| Lowcountry Regional Water System | Hampton | Economic Sewer Infrastructure | \$400,000 |
| Lowcountry Regional Water System | Hampton | Economic Water Infrastructure | \$500,000 |
| Lugoff-Elgin Water Authority | Kershaw | Economic Water Infrastructure | \$900,000 |
| Marlboro County/Wallace Water Co. | Marlboro | Water System Improvements | \$500,000 |
| Mauldin, City of | Greenville | Sewer System Improvements | \$500,000 |
| Metropolitan Sewer Subdistrict | Greenville | Sewer System Improvements | \$500,000 |
| Myrtle Beach, City of | Horry | Sewer System Improvements | \$500,000 |
| Newberry County Water and Sewer Authority | Newberry | Sewer System Improvements | \$279,750 |
| Newberry, City of | Newberry | Water System Improvements | \$468,188 |
| Ninety Six Commission of Public Works | Greenwood | Economic Water Infrastructure | \$222,200 |
| North Charleston Sewer District | Charleston | Sewer System Improvements | \$500,000 |
| Olanta, Town of | Florence | Sewer System Improvements | \$429,023 |
| Pageland, Town of | Chesterfield | Economic Water & Sewer Infrastructure | \$181,962 |
| Santee, Town of | Orangeburg | Sewer System Improvements | \$500,000 |
| Southside Rural Community Water District | Pickens | Water Line Improvements | \$259,048 |
| Startex-Jackson-Wellford-Duncan Water District | Spartanburg | Economic Water Infrastructure | \$450,000 |
| Sumter, City of | Sumter | Economic Water & Sewer Infrastructure | \$500,000 |
| Turbeville, Town of | Clarendon | Water System Improvements | \$500,000 |
| Union, City of | Union | Economic Sewer Infrastructure | \$857,750 |
| Williston, Town of | Barnwell | Water System Improvements | \$500,000 |
| 55 Projects | | | \$26,136,315 |
| Grant Adjustment | | | |
| McCormick County | McCormick | Water System Improvements | \$20,000 |
| Total Funds Awarded | | | \$26,156,315 |

Loans: By The Numbers



Fiscal Year 2021



10 Loans Statewide



\$51M Loans Closed



\$50M Loan Repayments



\$146M Disbursed

Fiscal Year 2016 – 2021



87 Loans Statewide



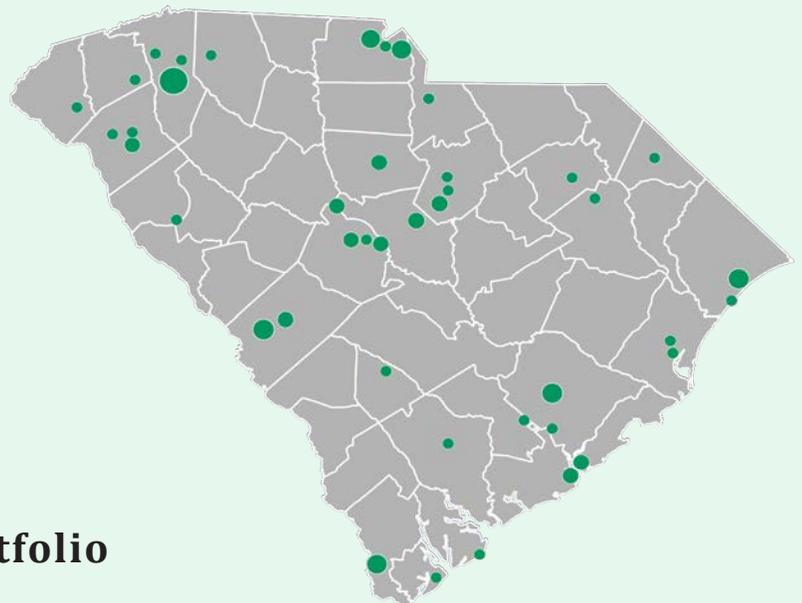
\$667M Loans Closed



\$675M Outstanding Principal Balance



\$1B Current Loan Portfolio



Fiscal Year 2021 SRF Loans

Clean Water

| Sponsor | County | Project | Amount |
|--|------------|--------------------------------------|--------------|
| Berkeley County | Berkeley | Pump Station Replacement | \$5,566,237 |
| Berkeley County | Berkeley | Wastewater Treatment Plant Expansion | \$17,545,413 |
| East Richland County Public Service District | Richland | Sewer Trunk Line Rehab | \$6,490,670 |
| James Island, Town of | Charleston | Pump Station Upgrade | \$1,322,658 |
| James Island, Town of | Charleston | Wastewater Collection Improvement | \$2,000,000 |
| Lexington Joint Municipal Water & Sewer Commission | Lexington | Trunk Line Upgrade | \$2,921,314 |
| Lexington, Town of | Lexington | Sewer System Improvements | \$6,840,803 |
| Renewable Water Resources | Greenville | Sewer System Improvements | \$3,261,948 |
| Renewable Water Resources | Greenville | Sewer System Improvements | \$2,184,315 |

Drinking Water

| Sponsor | County | Project | Amount |
|----------------------------|----------|---------------------------|-------------|
| Powersville Water District | Anderson | Transmission Line Upgrade | \$2,837,910 |

10 SRF Loans Closed

\$50,971,268

17 Principal Forgiveness Loans Closed

\$7,711,998

Loans: Year In Review

One way that utilities can finance their infrastructure investments is through low-interest loans available from the SRF program. Borrowers can finance significant projects at below-market rates with low closing costs. Accessing the SRF program also means a substantial reduction in annual debt service costs, and such savings directly benefit rate-paying customers and ultimately, the utility system itself.

The SRF is a federally capitalized loan program which is jointly administered by the RIA and the S.C. Department of Health and Environmental Control (DHEC). SRF is a well-proven partnership between federal and state governments, effectively and efficiently funding water, sewer and storm drainage projects in two SRF loan programs: Clean Water and Drinking Water. These programs are often used to finance large and complex infrastructure improvement projects.

RIA manages the financial responsibilities of the loan programs including loan policies, loan applications, credit reviews, loan agreements, disbursements and loan administration activities, as well as repayments. RIA also provides the state match (20%) for the federal funds. DHEC serves as the federal recipient and handles the technical aspects of the program including selection of projects that meet water quality priorities and compliance with federal requirements.

Nearly \$51 million in loans were successfully closed in FY21. This was a 50% decrease when compared to the previous year. Due to the pandemic disrupting the economy, the Federal Reserve dropped interest rates to historically low levels, causing interest rates to be lowered in the municipal bond market as well.

The impact on SRF was significant despite offering a record low interest rate of 1.6% in FY21. The SRF saw early payoff of loans, generally those with less than 10 years to maturity, as well as hesitancy to borrow for new projects in the face of considerable uncertainties about the future. SRF received just over \$165 million in early payoffs of 28 loans in FY21. Even with a decline in loan demand, staff conducted extensive technical assistance and outreach. When these early payoffs occur, it creates an opportunity to lend more for future projects.

The low-interest SRF loans are made available to municipalities, counties and special purpose districts statewide. To be eligible, the borrower must have a sufficient revenue stream to repay the loan and show system viability.



“The SRF Loan program gives us financial opportunities to construct critical capital projects while providing affordable, sustainable water and sewer service to our customers.”

Fred Richardson, Chief Executive Officer,
Grand Strand Water & Sewer Authority

Investment In Action

Joint Municipal Water and Sewer Commission

- \$2.9M Clean Water SRF Loan
- \$500,000 RIA grant

This Lexington County project included replacing a sewer trunk line located near environmentally sensitive areas to reduce the chance of sanitary sewer overflows due to aging infrastructure and inadequate line capacity.

City of Rock Hill

- \$21.3M Drinking Water SRF Loans

Two projects upgraded portions of the water system including increasing capacity at the water treatment plant and installing large size water mains to improve system pressure. Together, these projects helped to modernize the system.



Customer Resources

Delivering value to our customers

RIA's focus on customer service comes with a strong desire to assist communities around the state close the gap between the need for infrastructure investment and finding the resources to make it happen.

While financial assistance is at the core of RIA's mission, the agency also believes that technical assistance goes hand-in-hand with the grant and loan programs. This is especially true for potential applicants that may have limitations on capacity and resources to implement a grant or loan project.

RIA delivers a high level of value through trainings, one-on-one assistance as well as outreach and coordination with its customers. The customer support begins before an application is submitted and extends through project implementation and ultimately, grant award close out.

As COVID-19 continued to impact the state, RIA reviewed priorities and operations within the agency. Outreach activities were modified - where workshops became webinars and on-site, in-person meetings were held over Zoom instead. Some RIA processes and procedures were revised to adapt to the workplace changes while ensuring continued efficiency and effectiveness.

385

people trained

- *highest in program history*
- *57% increase over last year*

About South Carolina's Infrastructure Funders...

RIA recognizes that investing in South Carolina's infrastructure cannot be done by a single agency. Instead, it takes teamwork and partnerships with others.

S.C. Infrastructure Funders is a group of state and federal agencies that helps communities statewide address their water, sewer and storm drainage needs. There is extensive coordination and collaboration among the agencies, leveraging dollars and expertise. Instead of each program operating independently, frequent communication between the various agencies makes it easier for communities to access available resources and solve their critical infrastructure issues.

In the last five years, 49 RIA grant projects have been jointly funded with the following:

- Appalachian Regional Development
- Community Development Block Grant
- State Revolving Loan Funds
- U.S. Department of Commerce - Economic Development Administration
- U.S. Department of Agriculture – Rural Development

RIA also works with a number of other groups and associations, providing outreach, training and coordination. Not only does RIA share information with these groups to distribute to their membership, but often these associations, in turn, provide the agency with feedback and suggestions about emerging issues.

Strengthening Utility Viability

Working together to create solutions

In FY21, RIA launched a statewide study of the long-term sustainability issues faced by water and sewer utilities. The need for capital investment in water and sewer infrastructure consistently outpaces the available dollars, and a shortage of qualified personnel is growing as the current water workforce approaches retirement. Although grant-funded capital investment makes a big difference for many communities, some systems face challenges that require a more comprehensive solution.

Funded, in part, by a grant from the U.S. Department of Commerce - Economic Development Administration, the study is designed to first assess the obstacles to utilities' ability to continue providing critical services to their customers. Then, in collaboration with leaders and practitioners across the state, a practical toolkit of strategies to address those challenges will be developed.

The preliminary results of the assessment indicate that small systems – those serving less than 10,000 people – are more likely to struggle to remain financially viable despite charging higher average rates than larger systems. The majority of the systems in South Carolina are small, and a smaller customer base may leave them less equipped to overcome challenges such as declining population, increasing costs of regulations and technology and insufficient revenues.

This effort will continue in FY22 with a statewide forum to share information and gather feedback. A final report will summarize these findings and present strategies for the state's water and sewer utilities and stakeholders to move forward together.



**Working Together:
A Path to Water Viability**



Who We Are

Board of Directors

Secretary Harry M. Lightsey III
Chairman
S.C. Department of Commerce

The Honorable Michael Gambrell
Vice-Chairman
S.C. Senate

Mr. David E. Anderson
Anderson Brothers Bank

The Honorable William Clyburn
S.C. House of Representatives

Mr. William Kellahan
Kellahan & Associates

Mr. Jasper Shuler
S.C. Department of Agriculture

The Honorable Richard Yow
S.C. House of Representatives

*The RIA would like to thank former Chairman **Robert M. Hitt III** who recently retired from the S.C. Department of Commerce.*

Secretary Hitt helped to establish the RIA in 2012 and served as the first chairman of RIA's board.

He provided invaluable leadership as the agency developed its financing programs to improve the state's water and sewer infrastructure, serving both residents and businesses. Secretary Hitt's influence has made a positive impact in South Carolina's communities.



RIA staff pictured from left to right; Front row: **Holley Sparkman**, Loan Administration, **Noel Hebert**, Assistant Loan Programs Director, **Bonnie Ammons**, Executive Director, **Eric Melaro**, Senior Grant Program Manager, **Kendra Wilkerson**, Sustainability Program Manager
Back row: **Pamela Gantt**, Administrative Assistant, **James Absher**, Senior Financial Analyst, **Jackie Mack**, Senior Grant Program Manager, **Liz Rosinski**, Senior Grant Program Manager
Not pictured: Trish Comp, Loan Programs Director

