Fiscal Year 2015 Annual Report

South Carolina
Rural Infrastructure Authority

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The "SC Rural Infrastructure Authority Annual Report for Fiscal Year 2015" 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.

"It can be difficult to fund system improvements or expansions given the cash flow challenges inherent with rural systems. Funds provided by the SC Rural Infrastructure Authority can make this challenge more manageable and help minimize some of the burden placed on rural customers."

Jeff Field, Executive Director
Laurens County Water & Sewer Commission

Laying the Groundwork

It's a simple quote that speaks volumes: "If you build it, he will come." This line was made famous in the 1980s baseball movie *Field of Dreams*. The inspirational tone of the film represented the belief that by envisioning success, the stage is set for success. Nearly 30 years after the movie's debut, South Carolina is proof that this concept still rings true.

Rural communities play a vital role in South Carolina's economic future, and it is important that we invest in water, sewer, drainage systems and other public facilities in order to drive growth and development in these areas of the state.

The SC Rural Infrastructure Authority (RIA) is charged by the General Assembly with financing qualified infrastructure projects. To date, $36 million in grants have been awarded to benefit more than 75,000 residential customers and 3,700 businesses. These projects improve the quality of life for residents by addressing public health, environmental and regulatory concerns; increase community sustainability by targeting areas that lack adequate resources for infrastructure needs; and create opportunities for economic impact by building the infrastructure capacity to support economic development in rural areas.

In addition to awarding grants to areas most in need, low cost loan financing will be made available statewide for qualified infrastructure projects through the State Revolving Fund. The Office of Local Government (OLG), formerly housed with the SC Budget and Control Board, is responsible for the financial function of the Drinking Water and Clean Water Revolving Loan Funds. OLG began moving its staff and operations to the RIA at the end of the fiscal year as a result of the Restructuring Act of 2014.

The RIA helps communities identify a range of possible technical and financial resources to address their needs. And by working collaboratively with other funding partners to coordinate assistance, such investments serve as a catalyst for further opportunities in rural communities.

As we look to the future, the RIA Board of Directors and staff are focused on creating impact by making infrastructure loans and grants, supporting new jobs and investment in rural South Carolina and continuing our vision of improving the quality of life for citizens in our state.

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

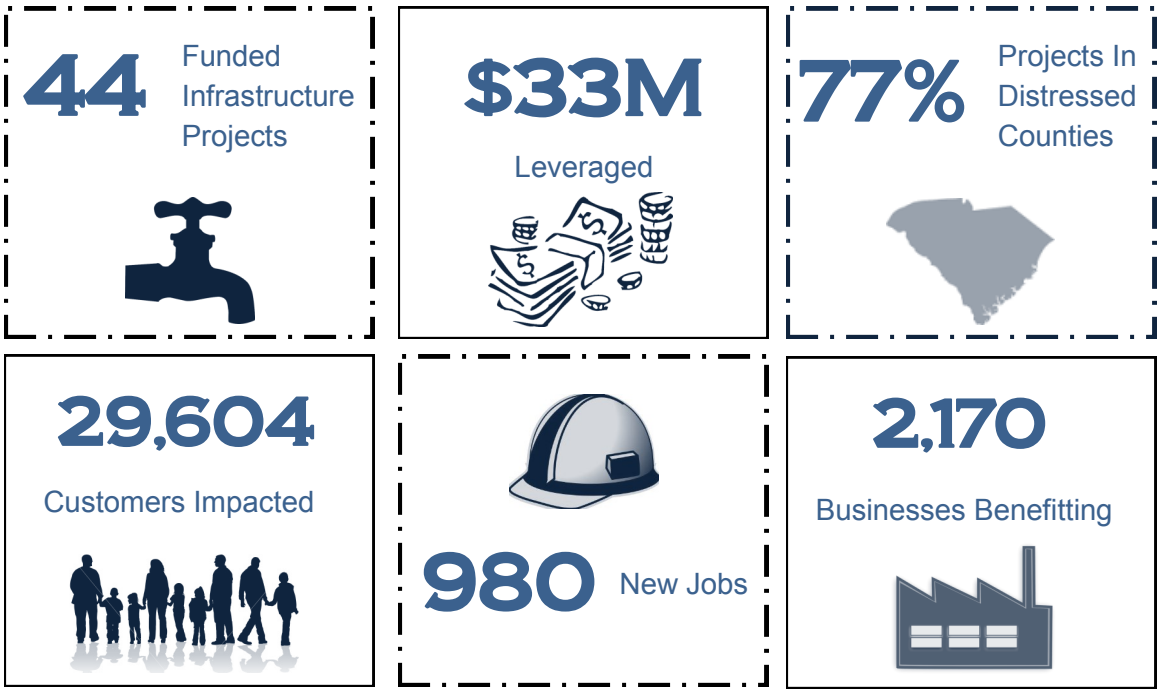
Executive Summary

The SC General Assembly created the SC Rural Infrastructure Authority (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 on assisting public water, waste water and other facilities.

$14.2M
DOLLARS AWARDED IN FY2015

In Fiscal Year (FY) 2015 (July 1, 2014 – June 30, 2015), the RIA awarded 44 water, sewer and public facilities grants totaling $14.2 million. These grant awards were distributed in 28 South Carolina counties to benefit 29,604 customers and 2,170 businesses. In addition, the Economic Infrastructure projects are expected to result in 980 new jobs and $554 million in private investment. Finally, RIA funds leveraged an additional $33 million in local and other funds for infrastructure.

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, these investments also create 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 as distressed or least developed, and the Secretary of the SC Department of 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 FY2015, the Board established two competitive grant cycles and made $14 million in financial assistance available in two program categories:

- Basic Infrastructure
- Economic Infrastructure

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

The RIA's purpose is to provide the infrastructure financing for qualified projects. This mission is being enhanced by the Restructuring Act of 2014, which transferred the Office of Local Government (OLG) within the SC Budget and Control Board to the RIA.

Effective July 1, 2015, the RIA is now comprised of two offices – the Office of Rural Grants, which awards competitive grants to rural areas in need and is governed by the RIA Board of Directors and the OLG, which manages the financial and loan components of the State Revolving Funds (SRF) for Drinking Water and Clean Water Loan Programs.

The State Fiscal Accountability Authority is the governing body for SRF financial functions. The SRF loan programs are available statewide.

Board of Directors

Robert M. Hitt III	Chairman, SC 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

Funding Priorities

BASIC INFRASTRUCTURE

The Basic Infrastructure Grant Program is designed to assist communities in bringing facilities into compliance with environmental quality standards and protecting public health concerns, thereby contributing to community sustainability.

Eligible activities include upgrades, improvements or new construction of water, sewer or storm water drainage facilities. Priority is given to projects that address consent orders or violations issued by a state or federal environmental agency, projects that will address other serious health or environmental concerns as well as projects that upgrade aging infrastructure components that are well past their useful life. Applicants must address the severity of the need and provide supporting documentation to quantify the frequency of the problem and the number of customers impacted.

Basic Infrastructure Grants: Project Outcomes

6 projects
CONSENT ORDERS

7 projects
HEALTH & ENVIRONMENTAL CONCERNS

16 projects
AGING INFRASTRUCTURE

Project Highlight — Basic

Grantee: Town of Pageland

Project Name: Sewer Enhancement

Grant Award: $350,000

Matching Dollars: $65,000

Objective: Upgrade manholes and sewer lines, eliminating the excessive infiltration and inflow of storm water into the waste water treatment plant. These improvements will extend the useful life of the system. The project will benefit the entire system of approximately 7,400 customers.

"With the financial support of the RIA, the Town of Pageland was able to complete an important project that upgraded the capacity of our sewer system. These improvements benefit our residents and put us in position to attract economic growth."

Cecil Kimrey
Town Administrator

Funding Priorities

ECONOMIC INFRASTRUCTURE

Economic Infrastructure projects are focused on building local capacity to support economic and employment opportunities through the provision of publically-owned infrastructure. Upgrades, improvements or extensions of public water or sewer infrastructure, storm drainage and other public facilities are included.

Consideration is given to projects that will create impact through committed job creation and private investment. In addition, projects that improve the readiness of publically-owned industrial sites or parks that can attract new economic activity or that increase system-wide capacity to serve new or expanding development are also a priority.

Economic Infrastructure Grants: Project Outcomes

Economic Development: **50%**

Product Development: **27%**

System Capacity: **23%**

Project Highlight — Economic

Grantee: Colleton County

Project Name: Lowcountry Regional Airport Park—Water & Waste Water Improvements

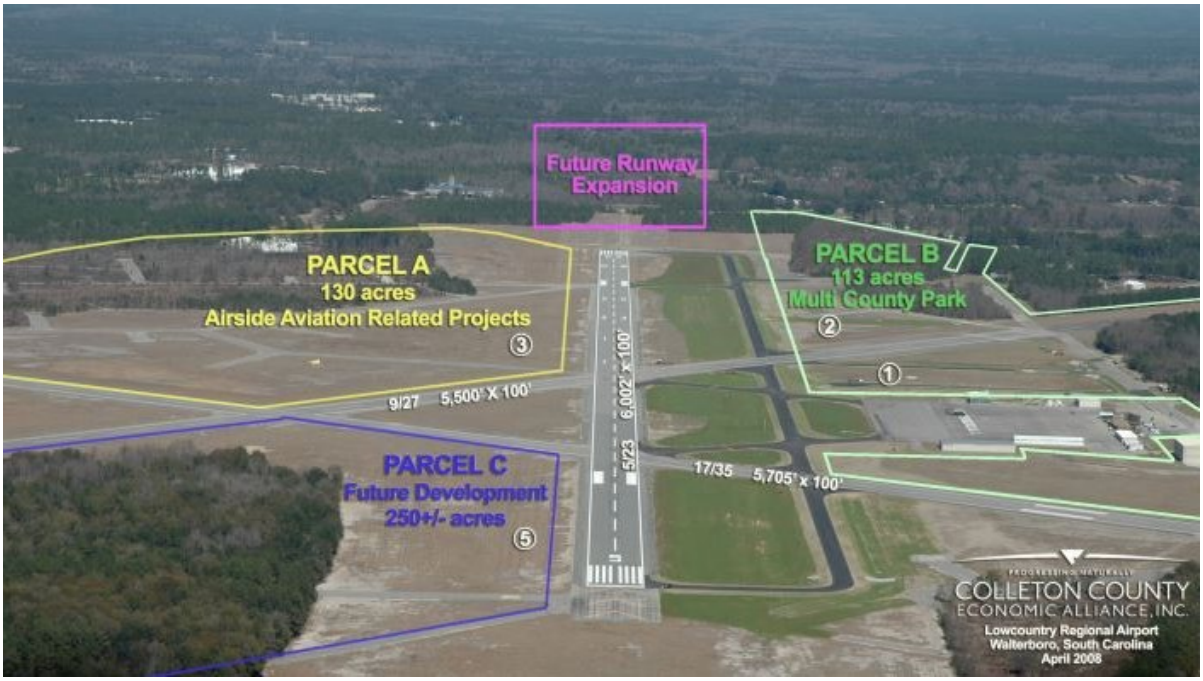
Grant Awards: $645,000

Matching Dollars: $1,065,000

Objective: Install water and sewer infrastructure to serve manufacturing facilities locating in two parcels at the industrial park. Combined, these projects are expected to create 166 jobs and result in $5.8 million in capital investment.

"The Lowcountry Regional Airport is a key asset in our community but we have had limited resources for its development. By providing us with the resources to install water and sewer infrastructure, the Rural Infrastructure Authority has been vital to our plan of attracting jobs and investment to the airport and surrounding properties."

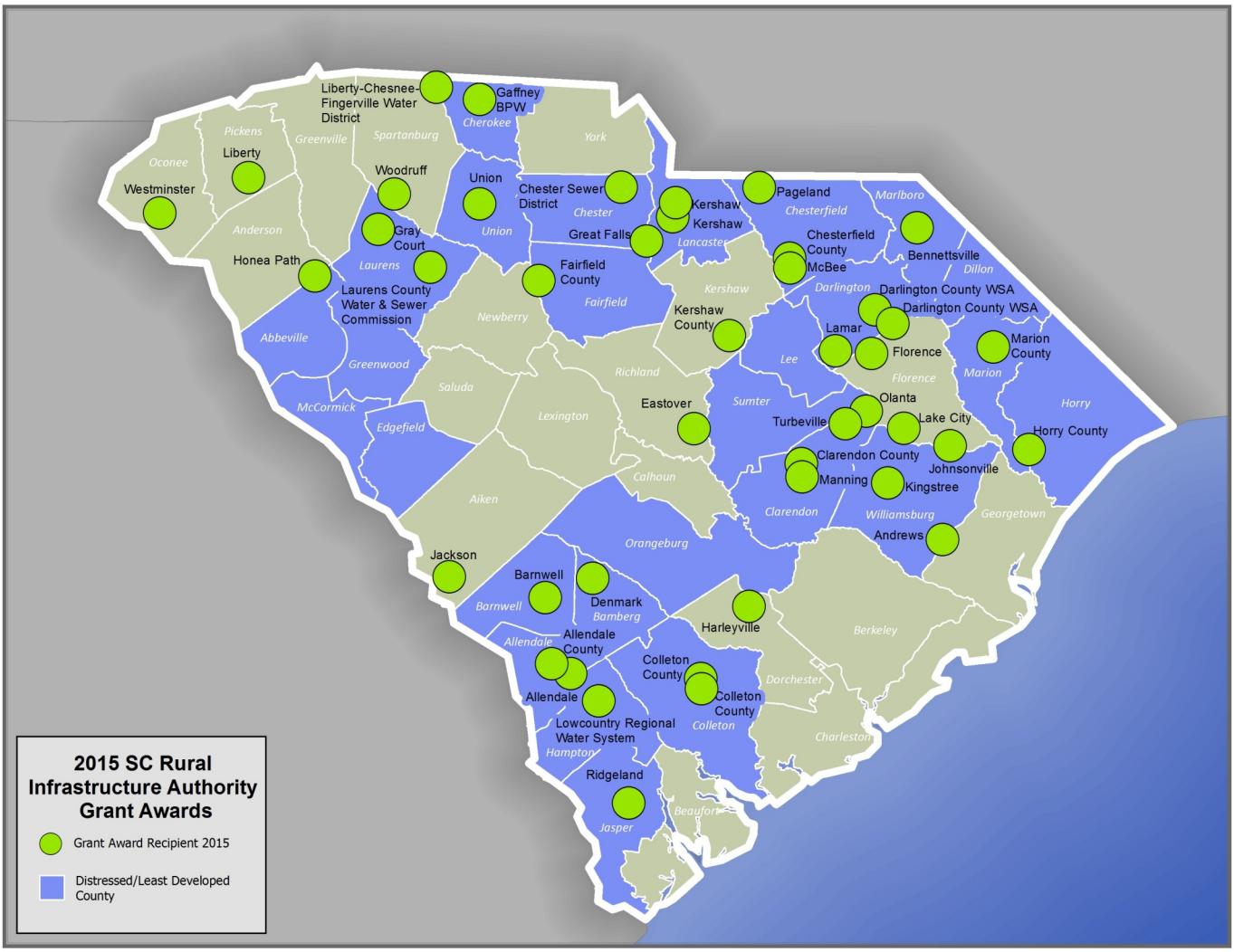
Kevin Griffin
County Administrator



FY15 Grants Awarded

The RIA is authorized to provide 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.

In FY2015, about 80% of grant recipients were local governments.



FY15 Grant Recipients

GRANTEE	COUNTY	PROJECT	AWARD
Allendale County	Allendale	Economic Water and Sewer Infrastructure	$311,583
Allendale, Town of	Allendale	Sewer System Improvements	$71,000
Andrews, Town of	Williamsburg	Sewer System Improvements	$350,000
Barnwell, City of	Barnwell	Economic Sewer Infrastructure	$500,000
Bennettsville, City of	Marlboro	Water Line Upgrade	$350,000
Chester Sewer District	Chester	Economic Sewer Infrastructure	$500,000
Chesterfield County	Chesterfield	Economic Sewer Infrastructure	$350,000
Clarendon County	Clarendon	Economic Sewer Infrastructure	$407,000
Colleton County	Colleton	Economic Water and Sewer Infrastructure	$145,568
Colleton County	Colleton	Economic Water and Sewer Infrastructure	$500,000
Darlington County Water & Sewer Authority	Darlington	Economic Water and Sewer Infrastructure	$500,000
Darlington County Water & Sewer Authority	Darlington	Sewer System Improvements	$350,000
Denmark, City of	Bamberg	Economic Water and Sewer Infrastructure	$275,798
Eastover, Town of	Richland	Sewer System Improvements	$126,000
Fairfield County	Fairfield	Well System Upgrade	$240,000
Florence, City of	Florence	Water System Improvements	$136,125
Gaffney Board of Public Works	Cherokee	Sewer System Improvements	$350,000
Gray Court, Town of	Laurens	Water Line Upgrade	$283,000
Great Falls, Town of	Chester	Sewer System Improvements	$346,800
Harleyville, Town of	Dorchester	Sewer System Improvements	$9,193
Honea Path, Town of	Anderson	Sewer System Improvements	$268,500
Horry County	Horry	Water Line Upgrade	$350,000
Jackson, Town of	Aiken	Water Line Upgrade	$350,000
Johnsonville, City of	Florence	Water System Improvements	$350,000
Kershaw County	Kershaw	Economic Water Infrastructure	$500,000
Kershaw, Town of	Lancaster	Water Line Upgrade	$344,740
Kershaw, Town of	Lancaster	Economic Water Infrastructure	$500,000
Kingstree, Town of	Williamsburg	Water System Improvements	$350,000
Lake City, City of	Florence	Sewer System Improvements	$350,000
Lamar, Town of	Darlington	Pump Station Upgrade	$50,000
Laurens County Water & Sewer Commission	Laurens	Pump Station Upgrade	$350,000
Liberty, City of	Pickens	Sewer System Improvements	$195,164
Liberty-Chesnee-Fingerville Water District	Spartanburg	Water Line Upgrade	$257,750
Lowcountry Regional Water System	Hampton	Regional Water Line Upgrade	$350,000
Manning, City of	Clarendon	Water System Improvements	$350,000
Marion County	Marion	Economic Infrastructure	$500,000
McBee, Town of	Chesterfield	Well System Upgrade	$350,000
Olanta, Town of	Florence	Pump Station Upgrade	$161,250
Pageland, Town of	Chesterfield	Economic Sewer Infrastructure	$350,000
Ridgeland, Town of	Jasper	Economic Sewer Infrastructure	$500,000
Turbeville, Town of	Clarendon	Economic Sewer Infrastructure	$450,000
Union, City of	Union	Sewer System Improvements	$350,000
Westminster, City of	Oconee	Water Line Upgrade	$242,766
Woodruff, City of	Spartanburg	Sewer System Improvements	$286,525
Total		**44 projects**	**$14,208,762**

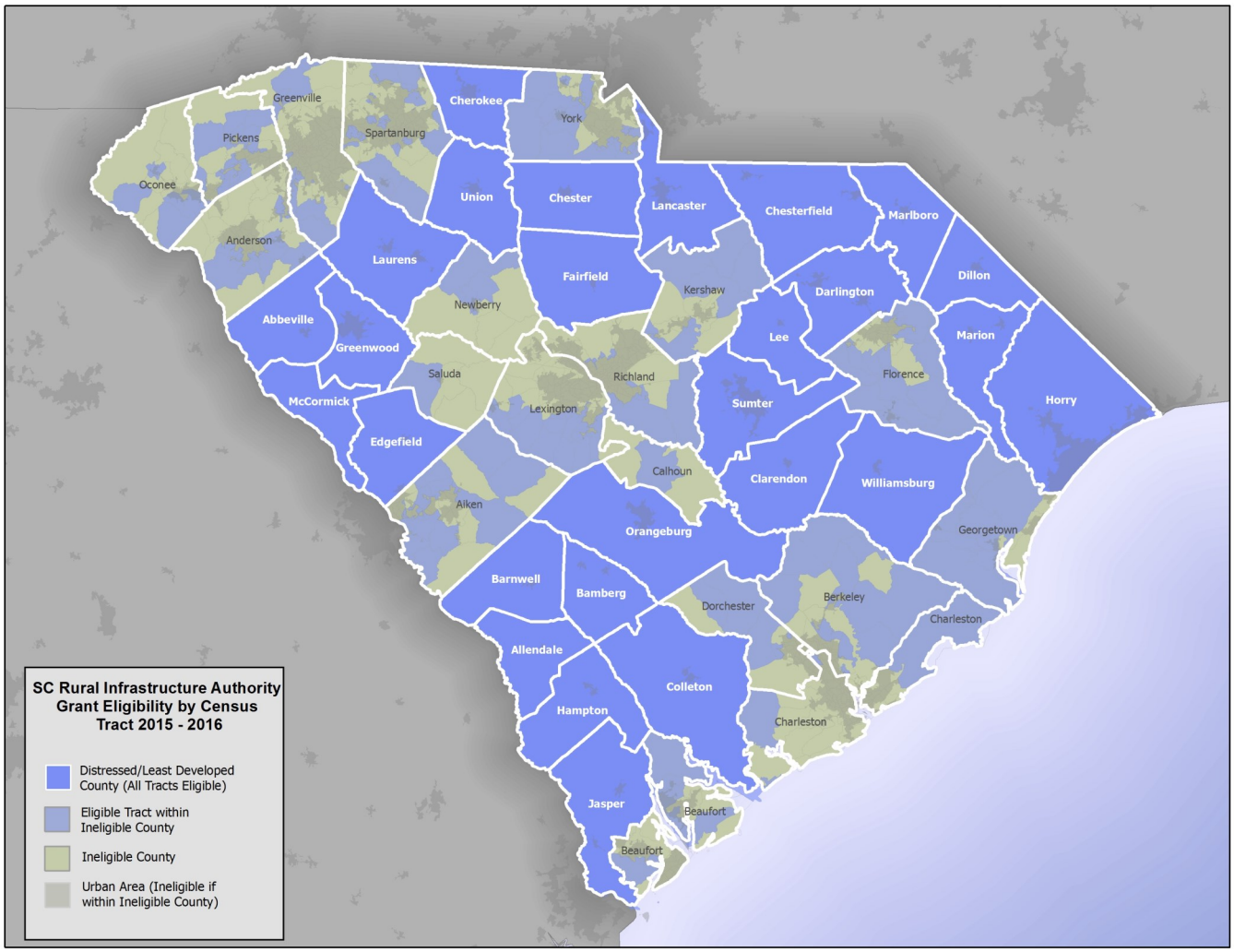
Eligibility

Based on the SC Rural Infrastructure Act (Act), the RIA focuses financial assistance on projects in distressed and least developed counties as defined by the 2009 Jobs Tax Credit Act or other areas that meet this definition. For FY2015, counties that were designated as Tier III and IV counties by the SC Department of Revenue are also considered eligible for RIA assistance.

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 infrastructure grant or a State Community Development Block Grant infrastructure grant. The RIA offers tools on its website and provides technical assistance to help applicants identify eligibility.

77% of funded projects were located in distressed or least developed counties

RIA 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.



Application & Selection Process

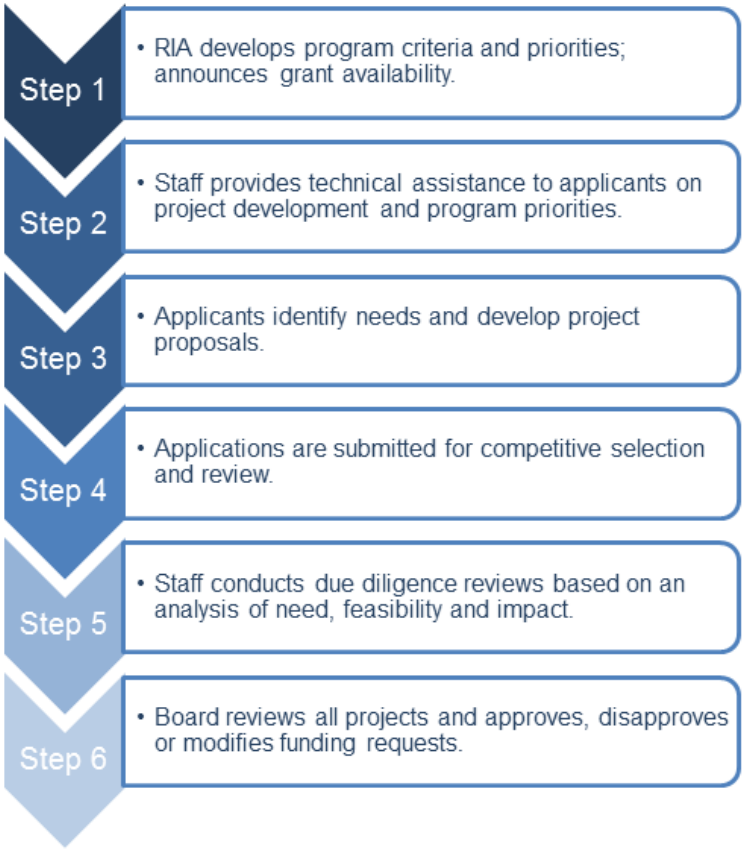
The RIA Board has established a process for the submission of applications and selection of projects to be funded.

The process involves providing technical assistance to potential applicants, developing a user-friendly application and prioritizing requests based on published criteria for need, feasibility and impact.

Two competitive Application Rounds (Spring & Fall)

The RIA Board provides multiple opportunities to access funds for critical projects.

The Board considers the applications submitted and makes funding decisions. All applicants are notified of the results.



Grants Management

The grant agreement serves as a contract between the RIA and the grantee. In addition, guidelines are provided 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 help grantees with implementation throughout the grant period. In FY2015, RIA staff met with all first-time grantees to provide guidance on grant start-up activities and implementation. Grantees provide quarterly reports on progress being made towards project completion.

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

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.

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.

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. RIA will work with clients to help identify appropriate financial solutions to address community needs. 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 220 participants were trained

Work began in late FY2015 to make improvements to the agency's website which serves as the main conduit of disseminating information to potential grantees. In addition, one-on-one project development assistance continued to be provided to potential applicants while current grantees receive help with administration and management of approved grants. In FY2015, assistance was provided through more than 140 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.

The SC Infrastructure Funders Coordinating Committee is comprised of representatives from federal and state community and economic development programs that provide funding for infrastructure in South Carolina. Regular meetings are held to discuss projects, address funding gaps and identify solutions to current challenges. Participating agencies include:

- US Department of Agriculture Rural Development (Rural Utility Services)
- US Economic Development Administration
- SC Department of Commerce: Community Development Block Grant
- SC Department of Health and Environmental Control: State Revolving Fund
- SC Rural Infrastructure Authority

In FY2015 the Infrastructure Funders Coordinating Committee developed a "one-stop" Project Information Form that can be used by interested applicants to obtain technical assistance about a potential project. A list of Funding Resources and contacts can be found on the web at www.ria.sc.gov.

In addition to staffing the Coordinating Committee, RIA serves as the primary state contact for the Small Community Water Infrastructure Exchange—a national network of states who support coordinated funding and technical assistance for infrastructure.

Making An Impact

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. These grant programs put rural areas in a position to succeed and set the stage for more sustainable communities in the future.

Three years after the RIA was created, $36 million has been awarded to address some of the most pressing infrastructure needs for areas most in need. These funds serve as a catalyst ($3.60 to $1) for further investments that positively impact the state's rural communities.

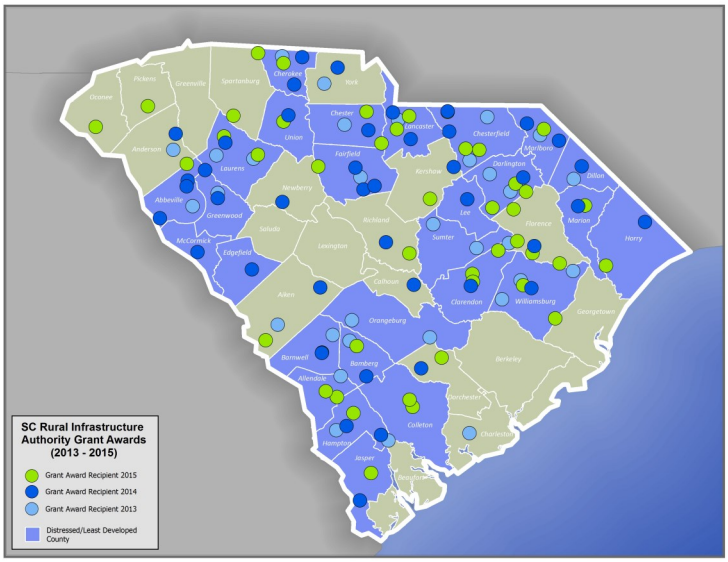
$36 Million

for Infrastructure Projects:

- ✔ Water
- ✔ Sewer
- ✔ Drainage
- ✔ Public Facilities

$130 Million

dollars Leveraged



79,137

customers impacted

RIA

www.ria.sc.gov