



HENRY McMASTER
GOVERNOR

December 9, 2021

The Honorable Thomas Alexander
South Carolina Senate
Columbia, South Carolina 29201

The Honorable James H. "Jay" Lucas
South Carolina House of Representatives
Columbia, South Carolina 29201

Dear Gentlemen,

I am providing for the General Assembly's consideration the attached recommendations for the expenditure of funds from the recent legal settlement between the State of South Carolina and the United States Department of Energy (DOE) regarding the federal government's termination of the Mixed Dioxide Fuel (MOX) Fabrication Facility and the removal of the remaining 9.5 metric tons of toxic, radioactive plutonium at the Savannah River Site (SRS).

The State has been embroiled in litigation with the DOE since the 2014 decision by President Obama's administration to unlawfully halt the MOX program. Subsequently, the State sued the DOE in 2016 for its failure to complete the MOX program or remove the weapons-grade plutonium stored in South Carolina.

As you are aware, on August 31, 2020, a settlement between the DOE and the State of South Carolina was announced. Under the terms of the settlement, South Carolina was provided with a lump sum of \$600 million in exchange for a 2037 deadline extension for the DOE to remove the plutonium. Following the payment of attorney's fees, \$525 million remains available for appropriation by the General Assembly.

For over 70 years, SRS has contributed mightily to the economic prosperity of the State and to the Central Savannah River Area (CSRA) - while the men and women working at SRS made even greater contributions to our nation's national security - and played a key role in winning the Cold War. It is my belief that the communities surrounding SRS should be the prime beneficiaries of these settlement funds.

In preparation for issuing these recommendations, public meetings were held with stakeholders from the CSRA to receive input, information, and proposals for how these funds should be invested. This collaborative effort produced a thorough and complete review of the needs within the surrounding communities and will help maintain the public's confidence in the appropriation decisions made by the General Assembly.

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These settlement funds present us with a once in a lifetime opportunity. By making big, bold, and transformative investments in the areas of education, infrastructure, workforce, and economic development, we can quite literally change the future of the region and the State.

I am recommending that approval from the Joint Bond Review Committee and the State Fiscal Accountability Authority be required for each individual project prior to their distribution to recipients. This oversight process will help ensure that the settlement funds are utilized for their intended purpose and done so in a manner that is responsible, transparent, and accountable to the taxpayers.

In addition, settlement funds that are not initially appropriated should be held in reserve by the Department of Commerce to address future needs or requests from counties that surround the Savannah River Site.

Finally, I recommend that these settlement funds be appropriated in a stand-alone bill and not included as part of the FY 2022/23 General Appropriations Act. Here's why: A stand-alone bill will go into effect immediately upon my signature, while the appropriations bill will not take effect until July 1, 2022 when labor, materials and resources may be more expensive and harder to acquire.

I ask that the General Assembly give the attached recommendations thoughtful review and consideration. If you have any questions or need additional information, please do not hesitate to contact me.

Yours very truly,



Henry McMaster

Attachments

AIKEN COUNTY

Battelle Alliance at Savannah River National Lab

\$120,000,000

The University of South Carolina, Clemson University, and South Carolina State University have recently entered into partnership at the Savannah River National Lab (SRNL) with Battelle, the nation's premiere non-profit nuclear research and development company. Founded in 1929, and headquartered in Columbus, Ohio, Battelle operates at national nuclear laboratories like SRNL in partnership with both government and commercial customers.

Known as the "Battelle Alliance at SRNL," this collaborative research partnership will serve as a central research and development hub in the area of nuclear sciences. In addition, the alliance will develop workforce training programs designed to fill engineering, science, research, and management positions for nuclear facilities operated by the Department of Energy.

The one-time investment of \$120 million will be used over the next five years by the alliance to hire scientists, grant scholarships, and upgrade equipment at SRNL, as well as for the construction of a new facility to house the alliance at SRNL.

The universities will provide the alliance with accredited academic personnel, intellectual capital, and the resources necessary to build out research capabilities and programs at the new facility. In return, Battelle will reinvest any profits realized from the work of the alliance back into the universities.

Based on prior experience, Battelle estimates that the alliance has the potential to create 1,000 high-paying tech jobs at SRNL and generate revenues between \$350 million to \$700 million in the next five years.

Economic Development and Industrial Parks

\$30,000,000

The City of Aiken has developed a plan for an extensive revitalization and redevelopment effort for areas that have fallen into disrepair or are currently underutilized. To guide these efforts, City Council created the nine member Aiken Municipal Development Commission.

To attract major private capital investment in the area, the city's plan calls for large public infrastructure investments like new and upgraded water and sewer, relocation of power and utility assets, road, sidewalk and right of way work, as well as new streetscaping and landscaping.

The City envisions the potential for a new full-service hotel and conference center, surrounded by mixed-use commercial, retail, and housing development, as well as a modern high-capacity parking garage and estimates that it will generate \$3.3 million annually in new revenue.

The City Council estimates the completed plan will cost \$60 million and has approved an initial investment of \$9.6 million. They have requested \$25 million from SRS settlement funds be appropriated for the plan.

Additionally, Aiken County has requested \$5 million in settlement funds be used for the purchase of land to build an industrial park located adjacent to Interstate 20 and the border with Lexington County.

The Department of Commerce has identified this area as one with high potential for private investment and economic development – with interstate access and rapidly growing surrounding communities populated by an educated and skilled workforce.

Aiken County School District **\$30,000,000** **Career and Technology Center**

The Aiken County School District has proposed replacing the current 55-year-old Career and Technology Center with a new state-of-the-art center to be located on the campus of Aiken Technical College. The district has requested \$30 million from settlement funds for the new center and has indicated that \$5 million in public and private funds will be provided as a local match.

High school students will benefit from expanded dual enrollment opportunities in career and technical fields available at Aiken Technical College, and the community will benefit from an increasing number of high school students graduating with work-ready credentials in high-demand fields.

Locating the new center on the Aiken Technical College campus will provide students access to the college's existing resources and equipment used for accreditation in the fields of cyberotechnology, automobile technology and diesel technology.

Water and Sewer Infrastructure **\$29,500,000**

In many areas of the state, Aiken County included, water, sewer, and stormwater systems are the key to a community's economic health and public health. With the right water and sewer assets, a community can be transformed for generations.

According to the Rural Infrastructure Authority, the average age of water and sewer systems in our state is 47 to 50 years old. Water and sewer systems in the following towns were identified by Aiken County for \$29.5 million in system upgrades, extension, or expansion:

- City of Aiken
- City of North Augusta
- Town of Salley
- Town of Wagener

The South Carolina Rural Infrastructure Authority will be responsible for managing and awarding grants for water and sewer systems using funds appropriated by the General Assembly from the SRS settlement and the American Rescue Plan Act.

SRS/Whiskey Road Corridor Congestion Relief

\$28,700,000

Aiken County has identified the SRS/Whiskey Road corridor as a high-priority transportation infrastructure project. A \$28.7 million appropriation from settlement funds for this project will relieve traffic congestion on the county's busiest road.

It is estimated that this project will reduce daily traffic along the corridor by 20%, improve public safety, provide greater connectivity, and address the persistent stormwater issues that plague the area. In addition, funding this project will accelerate the start of construction - and deliver much needed congestion relief - years ahead of schedule.

New Savannah River Bluff Lock and Dam

\$20,000,000

The New Savannah River Bluff Lock and Dam was constructed in 1935 and is located 13 miles downstream from the City of Augusta, Georgia and North Augusta, South Carolina. Constructed and managed by the U.S. Army Corps of Engineers (Corps), the lock provided a clear and navigable channel along the river to the port of Savannah, Georgia. The dam controls the water levels and depth upstream, creating a steady 10-mile-long river pool that enables recreation and waterfront development, while minimizing flood water levels and prevents substantial riverbank erosion. While the lock was closed to commercial operations in 1979, the dam continues to be operated by the Corps.

The Savannah Harbor Expansion Project (SHEP) located 180 miles downstream, required the dredging of the river channel to the Atlantic Ocean in order to maintain navigable depths required by commercial ships calling on the port. In compliance with the Endangered Species Act, the Corps is required to reduce or mitigate impacts caused by dredging to sturgeon, a species of fish found in the harbor and one that is listed as endangered under the Endangered Species Act.

Unfortunately, the Corps has determined that no mitigation solution can be implemented without removal of the existing New Savannah River Bluff Lock and Dam and has proposed replacing it with an in-river rock weir that would allow the fish to continue upstream. A weir generates significant risk to the river pool upstream. Without a dam to regulate water levels upstream; recreation, development, and water intake for commercial and residential use will be threatened.

In 2019, the State of South Carolina sued the Corps to prevent demolition of the lock and dam to protect current water levels in the river pool upstream. The State contending that this action violates the Water Infrastructure Improvement for the Nation Act (WIIN) passed by Congress in 2016, which requires the Corps to maintain current water levels. In July of 2020, the federal judge hearing the case issued a stay, halting the Corps from moving forward with their plans.

The Georgia and South Carolina Congressional delegations are currently working on proposed legislation to transfer the lock and dam to the local governments in both states. This appropriation of \$20 million for the maintenance and upkeep of the lock and dam represents the State of South Carolina's anticipated share of these costs.

Aiken Electric Cooperative Broadband Initiative

\$15,000,000

In recent years, facilitating access to broadband connectivity has become a top priority for South Carolina. From health care to education and the increase in people working from home, quality internet service has quickly become a necessity for the prosperity of our state and people.

In 2020, the AccelerateSC task force focused on utilizing funds from the Coronavirus Aid Relief and Economic Security Act ("CARES Act") to expand access to broadband to areas of the state with no high speed or any internet access. Following Governor McMaster's recommendations, the General Assembly placed the Office of Regulatory Staff (ORS) in charge of directing and managing the State's broadband expansion efforts and appropriated \$50 million to be used for this purpose. In addition, the Office of Broadband Coordinator was created within ORS to expand mapping efforts, identify specific areas of need and to coordinate and manage the deployment of funds to internet service providers.

South Carolina's Electric Cooperatives are playing a valuable role in the State's Broadband Infrastructure Program and are deploying broadband within their specific areas of service. In early 2021, the Aiken Electric Cooperative (AEC) announced an aggressive broadband expansion plan through a partnership with Lexington based internet service provider Carolina Connect.

AEC has requested \$15 million from SRS settlement funds to bolster and expedite their plans to install fiber optic cable and provide high-speed internet service to member households in Aiken, Barnwell, Edgefield, and Orangeburg counties. It should be noted that residents in these counties represent 91% of the South Carolinians who work at SRS.

These funds should be allocated to AEC by the Office of Regulatory Staff and deployed in a manner consistent with the state's Broadband Infrastructure Program.

Cyber Initiative Infrastructure at North Augusta

\$15,000,000

The U.S. Army Cyber Command and Cyber Center of Excellence is located at Fort Gordon in Augusta, Georgia. The location of this facility across the Savannah River from North Augusta, and the Army's continued expansion and investment in the Cyber Center, provides South Carolina with a unique opportunity to capitalize on the growing demand for cyber defense contractors and highly secure office space and facilities.

A pre-requisite for the Army's consideration is security. Any facility used by Cyber Command contractors must be accredited and rated a Sensitive Compartmented Information Facility (SCIF), the Department of Defense's requirement for the storage, transmission, or processing of sensitive highly classified electronic information.

The Department of Commerce will manage the State's \$15 million economic development investment and will coordinate with local officials and stakeholders to develop a knowledge based cyber cluster of businesses and defense contractors that will bring high-paying cyber security jobs and capital investment to North Augusta and Aiken County.

The commercial SCIF certified office space market in Augusta and Richmond County in Georgia is considered by real estate professionals to be “tight.” Aiken County economic development officials have identified an existing facility in North Augusta as a prime candidate for SCIF upfitting in order to meet the needs of prospective cyber businesses and contractors. To establish an initial high profile cyber presence across the river, the Department of Commerce will use these funds to upfit and lease the facility to a suitable business for the purpose of marketing the area for cyber investment.

University of South Carolina Aiken

Advanced Manufacturing Collaborative

\$10,000,000

The Advanced Manufacturing Collaborative (AMC) is a public-private partnership between the U.S. Department of Energy (DOE), the Savannah River National Laboratory (SRNL) and the University of South Carolina Aiken (USCA). The collaborative is designed to create an innovation hub for private businesses and industries in the energy and manufacturing sectors to utilize the assets and resources of the DOE, SRNL and USCA.

Through the National Defense Authorization Act of 2020, the DOE received an appropriation of \$50 million for the construction of a 70,000 square foot state-of-the-art building to be located on the USCA campus to house research and development, chemical labs, engineering and fabrication labs, industrial workspace, academic classrooms, and administrative office space. A \$10 million appropriation from the SRS settlement will serve as the State’s contribution on behalf of USCA.

The collaborative will provide opportunities for research and development, workforce training, educational advancement in the areas of chemical and materials manufacturing and will bring jobs and investment to the Aiken community. USCA students will utilize the AMC for programs such as Industrial Process Engineering, Cybersecurity, Alternative Reality (simulation design), Industrial Math, Chemistry, and Computer Science.

University of South Carolina Aiken

National Guard Dreamport/Readiness Center

\$9,800,000

The South Carolina Army National Guard (SCANG), the Savannah River National Laboratory (SRNL) and the University of South Carolina Aiken (USCA) have entered into a joint partnership to build a state-of-the-art facility on the USCA campus to provide cybersecurity training and to serve as the headquarters for the SCANG 125th Cyber Battalion.

Known as the “Dreamport,” the facility’s close proximity to the U.S. Army’s Cyber Command at Fort Gordon in Augusta, Georgia, the SRNL and AMC Collaborative at USCA, makes it an ideal location to facilitate collaboration between the military, higher education, business, and industry.

South Carolina is one of only three states with an Army National Guard Cyber Battalion. These specialized units were created by the Army to assist with the protection of military networks from cyberattacks, conduct cyberwarfare, and provide service members with cybersecurity.

The General Assembly appropriated \$5.2 million to the SCANG in the FY 21-22 state budget for the Dreamport. The \$9.2 million investment from the SRS settlement will fulfill the SCANG's original request for \$15 million and will make available an additional \$15 million in federal matching funds for the Dreamport's construction.

Aiken Technical College

Nursing School and Welding Lab

\$9,500,000

By the year 2030, South Carolina is projected to need 62,500 registered nurses (RNs) and 12,900 licensed practical nurses (LPNs). However, the projected supply of RNs will be 16.6 percent less than the demand, and the projected supply of LPNs will be 36.4 percent less than the demand. Industry analysts attribute the projected shortage to increased demands on our healthcare system by an aging population and to baby boomers reaching retirement age.

In the five-county region of Aiken, Barnwell, and Edgefield counties in South Carolina and Columbia and Richmond counties in Georgia, the demand for patient care technicians and assistants is projected to increase by 8.9 percent, for LPNs by 7 percent, and for RNs by 8.8 percent in the next year alone.

Currently, Aiken Technical College offers nursing certificates and degrees in the following fields: Patient Care Technicians; Licensed Practical Nurses; Practical Nursing to Associate Degree Nursing Transitions; and Associate Degrees in Nursing. Aiken Technical College also has transfer agreements with Claflin University, the Medical University of South Carolina, and the University of South Carolina at Aiken for individuals who have earned an Associate Degree in Nursing and want to pursue a bachelor's degree in nursing.

Investing \$8 million to construct a state-of-the-art, 30,000 square foot Nursing Education Center will increase the number of students attending the nursing program from 158 students per year to 268, a 69.6 percent increase. The new building will provide additional classroom capacity and simulation lab spaces to supplement clinical hours and hospital experience. The existing classroom space dedicated to the nursing program in the Health Science Building will be used to expand other in-demand medical programs including, but not limited to, Dental Assisting, Medical Assisting, Pharmacy Technician, Surgical Technology, and Radiologic Technology.

Another \$1.5 million will be used to expand the welding lab. Welding is ranked as one of the fastest growing career fields in South Carolina by the United States Department of Labor.

Aiken Technical College currently offers an Associate Degree in Applied Science that provides students with practical skills in welding, metallurgy, and design. Aiken Tech also offers a Welding Certificate program, designed for students who have completed the Occupational Studies Certificate or who can demonstrate basic welding skills. Between 75 and 100 students participate in the welding program each semester. However, the existing welding lab can only serve 30 to 40 students. The new lab will provide 20 additional operational booths with the proper ventilation systems to ensure that more students can complete their training.

BARNWELL COUNTY

Barnwell County Consolidated School District High School and Career and Technology Center

\$90,000,000

Future prosperity in Barnwell County requires bold investment in public education to ensure that the next generation's workforce has the knowledge and skills necessary to compete for jobs and capital in the region. This bold investment of \$90 million will be used to construct one centrally located, countywide, state-of-the-art high school and career technology center to serve all 1,500 students in grades 9 through 12 in Barnwell County.

The new facility will provide students with career opportunities and youth apprenticeship programs aligned with current and projected workforce needs of the region. The facility will also serve as a tremendous tool to recruit teachers and school leaders to Barnwell County.

This investment is, however, contingent upon all school districts in Barnwell County being consolidated into the Barnwell County Consolidated School District. While Act 105 of 2021 consolidated the Barnwell County (Blackville) School District No. 19 and Barnwell County (Williston) School District No. 29 into the Barnwell Consolidated School District effective July 1, 2022, the remaining district, Barnwell School District 45 must also be consolidated. This significant investment in the educational system of Barnwell County requires a reciprocal commitment on the part of the residents of Barnwell County to improve fiscal efficiencies through district consolidation.

The funds will be appropriated to the South Carolina Department of Education, which will be responsible for ensuring that the funds are appropriately expended. If countywide consolidation of school districts does not occur by July 1, 2023, the funds shall be transferred to the Department of Commerce and held in reserve to address future needs and requests from counties that surround the Savannah River Site.

Regional Industrial Mega Site

\$25,000,000

Seventy years ago, the federal government acquired approximately 200,000 acres of rural South Carolina for the construction of the Savannah River Site. Combined, 310 square miles, or 198,400 acres, were taken from Barnwell, Aiken and Allendale counties to build this site.

This \$25 million investment will be used to develop a portion of this land – approximately 5,000 acres –located on the outskirts of the Savannah River Site, to Barnwell, Aiken, and Allendale for a regional industrial mega park. The South Carolina Department of Commerce will serve as the custodian of these funds.

This regional industrial park, which will be one of South Carolina's largest, will be located along the borders of Aiken and Barnwell counties, and the Savannah River, and will attract tax-paying, private industries and provide more opportunities for the region's highly skilled workforce.

Additionally, the proposed site has access to the property's rail lines, the Savannah River, and a state highway system.

Before this project can become a reality, the 5,000 acres must be transferred from the U.S. Department of Energy to the State of South Carolina through a land transfer agreement.

Water and Sewer Infrastructure

\$2,000,000

Communities play a critical role in ensuring that safe drinking water and sanitary wastewater services are available for all residents. Businesses also depend on affordable and reliable infrastructure to expand and grow. Water and sewer are the basic building blocks of a community, they are a necessity for the people and economic wellbeing of the community. In some cases, there are pipes that have aged beyond their lifespan and are no longer functioning at the capacity they were intended to function at.

This \$2 million investment in Barnwell County through the Rural Infrastructure Authority will be used for water and wastewater infrastructure upgrades and can also be used as matching funds for state and federal grants. To continue to provide the critical services for the people, infrastructure needs to be upgraded to meet today's standards.

The South Carolina Rural Infrastructure Authority will be responsible for managing and awarding grants for water and sewer systems using funds appropriated by the General Assembly from the SRS settlement and the American Rescue Plan Act.

Advanced Technology Park

\$4,000,000

This \$4 million project will spur rural economic development by creating a 100,000 square foot industrial speculative (spec) building at the South Carolina Advanced Technology Park in Barnwell, S.C. The rail-served park has fiber optic cable and an on-site water and wastewater treatment plant ready to immediately support new development.

The building will provide prospective companies with a move-in-ready space with several resources at their disposal, giving Barnwell County a competitive advantage in attracting high-level investment over surrounding counties.

The funding for the project will go to the Department of Commerce, and after completion the building will be owned by Barnwell County, allowing the county to expand its tax base. Under an existing agreement, Barnwell will share the revenue with Allendale, Bamberg, and Hampton counties.

ALLENDALE COUNTY

University of South Carolina - Salkehatchie Regional Technical Training Center

\$10,000,000

The Southern Carolina Regional Development Alliance recently evaluated the workforce needs of the region and concluded that short-term, targeted training events ranging from a few hours to several weeks are needed to address the skills gap and training needs of the business and industry in the region. The Southern Carolina region includes Allendale, Bamberg, Barnwell, Beaufort, Colleton, Hampton, and Jasper Counties.

The study also concluded that to increase the pipeline of skilled and qualified workers a new training center should be built on the campus of the University of South Carolina Salkehatchie.

This \$10 million training center will address entry-level and “middle” skills needs of employers and job seekers. Businesses in the region will establish the curriculum and training programs designed for job seekers and incumbent workers. The training center will first focus on training entry-level workers who are most needed by employers in the region with the foundational skills needed for employment. Then the training center will scale up to provide job seekers and current workers with the “middle” skills needed to advance in their careers. For example, employers in the region identified the need to have supervisor training programs whereby multiple employers could send one or two employees to the specialized training and pay for their respective cost. Trainees who progress beyond the “middle” skills range and are interested in expanding their career opportunities can then enroll in a technical college program.

Employers in the region maintain that targeted training events will assist businesses in addressing up to 75 percent of the current labor needs of the area and will prepare the future workforce of the region for careers and postsecondary training at the local technical colleges.

Pointe Salkehatchie Industrial Park

\$3,000,000

To bring investment to Allendale County, \$3 million will be invested into the Pointe Salkehatchie Industrial Park located in Fairfax to create a 50,000 square foot industrial speculative (spec) building. The pre-built building will dramatically reduce a company’s start up times and costs, giving Allendale County a leg up in attracting high level investment over competing counties.

The park offers perspective companies over 120-acres of industrial space, fiber optics, and reliable utility services all while being located between the deep-water Ports of Charleston and Savannah. The park is also located minutes from the University of South Carolina Salkehatchie, which will provide companies with a highly skilled talent pool to draw from.

The Department of Commerce will lead the project and once completed the building will be owned by Allendale County. Under an existing agreement, all revenue from the building will be shared with Barnwell, Bamberg, and Hampton counties.

Aiken County		SRS Settlement
		\$120,000,000
Aiken County School District Career and Technology Center		\$30,000,000
Economic Development/Industrial Parks		\$30,000,000
Water and Sewer Infrastructure		\$29,500,000
SRS Corridor/Whiskey Road Congestion Relief		\$28,700,000
New Savannah Bluff Lock and Dam Redevelopment and Improvement		\$20,000,000
Aiken Electric Cooperative Broadband Initiative		\$15,000,000
Cyber Initiative Infrastructure/North Augusta		\$15,000,000
Advanced Manufacturing Collaborative (AMC)		\$10,000,000
USC Aiken/National Guard Dreamport		\$9,800,000
Aiken Tech Nursing School Facility and Welding Lab		\$9,500,000
SUBTOTAL		\$317,500,000
Barnwell County		
Consolidated School District - New High School and Career and Technology Center		\$90,000,000
Regional Industrial Development Mega Site		\$25,000,000
Water and Sewer Infrastructure		\$2,000,000
Advanced Technology Park		\$4,000,000
SUBTOTAL		\$121,000,000
Allendale County		
Regional Technical Training Center - USC Salkehatchie		\$10,000,000
Pointe Salkehatchie Industrial Park		\$3,000,000
SUBTOTAL		\$13,000,000
GRAND TOTAL		\$451,500,000
REMAINING TO BE PLACED IN RESERVES FOR FUTURE USE		\$73,500,000