



Protecting South Dakota's Tomorrow ... Today

BOARD OF WATER AND NATURAL RESOURCES

June 23, 2016

Matthew Training Center
Joe Foss Building
523 E. Capitol Ave.
Pierre, SD

REVISED AGENDA

****Scheduled times are estimates only. Some items may be delayed due to prior scheduled items or items may be moved up on the agenda.****

June 23, 2016

10:00 a.m. CDT

1. Call meeting to order
2. Approve agenda
3. Approve minutes of the March 30-31, 2016 meeting
4. Approve minutes of the May 11, 2016 meeting
5. Amendment to State Water Plan, 2016 Clean Water State Revolving Fund Intended Use Plan Project Priority List, and 2016 Drinking Water State Revolving Fund Intended Use Plan Project Priority List — Andy Bruels
6. Amendment to 2016 Clean Water State Revolving Fund Intended Use Plan — Andy Bruels
7. Amendment to 2016 Drinking Water State Revolving Fund Intended Use Plan — Andy Bruels
8. Amendment to 2012 Drinking Water State Revolving Fund Intended Use Plan — Andy Bruels
9. Midwest Assistance Program Drinking Water SRF Set-Aside Contract — Jon Peschong
10. Planning Districts' Joint Powers Agreements — Derek Lankford
11. Belle Fourche Irrigation District Request to Amend Grant 2014-68 — Andy Bruels
12. Southern Black Hills Water System Request to Amend Grant 2012-75 — Andy Bruels
13. Montrose Request to Rescind Clean Water SRF Loan C461075-03 — Jim Anderson
14. Northville Request to Rescind Consolidated Loan 2016L-110 — Jon Peschong
15. Waubay Request to Amend Clean Water SRF Grant/Loan C461025-03 — Mike Perkovich
16. Hoven Request to Amend Drinking Water SRF Loan C462253-02 — Nick Nelson
17. Haakon County School District Request to Amend Grant 2016G-204 — Eric Meintsma

11:45 a.m. CDT

RECESS FOR LUNCH

Notice is given to individuals with disabilities that this meeting is being held in a physically accessible location. Please notify the Department of Environment and Natural Resources at least 48 hours before the meeting if you have a disability for which special arrangements must be made. The telephone number for making arrangements is (605) 773-4216.

1:00 p.m. CDT

RECONVENE

18. Sanitary/Storm Sewer Facilities Funding Applications — Mike Perkovich
 - a. Mina Lake Sanitary District (24)
 - b. Lake Poinsett Sanitary District (23)
 - c. Raymond (22)
 - d. Keystone (21)
 - e. Sioux Falls (14)
 - f. Vermillion (12)
 - g. Pierre (10)
 - h. Viborg (10)
 - i. Elk Point (9)
 - j. Canistota (6)
19. Drinking Water Facilities Funding Applications — Andy Bruels
 - a. Midland (112)
 - b. Viborg (84)
 - c. Lead (16)
 - d. Elk Point (10)
 - e. Bridgewater (8)
 - f. Canistota (4)
20. Watershed Restoration Project Funding Application — Mike Perkovich
 - a. James River Water Development District
21. Small Water Facilities Funding Applications — Andy Bruels
 - a. Viewfield Rural Water System (227)
 - b. Keystone (53)
22. Solid Waste Management Program Funding Applications — Andy Bruels
 - a. AGRAT2 LLC
 - b. Roberts County
 - c. South Dakota Solid Waste Management Association
23. State Boards and Commissions Conflict of Interest Notification — Harold Deering
24. South Dakota Water Quality Standards, Monitoring and Data — Paul Lorenzen
25. TransCanada Pipeline Freeman Spill Update – Brian Walsh
26. September 22-23, 2016 Meeting and Tour
27. Adjourn

The audio recording for this meeting is available on the South Dakota Boards and Commissions Portal at <http://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>

Minutes of the
Board of Water and Natural Resources Meeting
Matthew Training Center
523 East Capitol
Pierre, South Dakota

March 30-31, 2016

MARCH 30, 2015 – 1:00 P.M. CT

CALL MEETING TO ORDER: Chairman Brad Johnson called the meeting to order. A quorum was present.

BOARD MEMBERS PRESENT: Brad Johnson, Todd Bernhard, Paul Goldhammer, Jerry Soholt, and Paul Gnirk (March 30).

BOARD MEMBERS ABSENT: Jackie Lanning, Gene Jones, Paul Gnirk (March 31).

LEGISLATIVE OVERSIGHT COMMITTEE MEMBERS PRESENT: Representative Mary Duvall and Senator Jim White.

OTHERS PRESENT: See attached attendance sheets.

APPROVE AGENDA: Mike Perkovich noted that the only change to the posted agenda was that due to a scheduling conflict, Secretary Pirner would be presenting the Legislative Update on March 30, rather than March 31. Chairman Johnson approved the agenda with the change.

APPROVE MINUTES OF JANUARY 8, 2016, MEETING: Motion by Goldhammer, seconded by Bernhard, to approve the minutes of the January 8, 2016, Board of Water and Natural Resources meeting. Motion carried unanimously.

Mr. Perkovich reported that Harold Deering was previously the department's legal counsel with the Attorney General's Office. Mr. Deering retired from the Attorney General's Office in January 2016, and will serve as the department's temporary staff attorney for the next year.

Mr. Perkovich introduced Katie Mallory, assistant Attorney General, who is taking over Mr. Deering's areas of responsibilities in the Attorney General's Office.

AMENDMENT TO STATE WATER PLAN, 2016 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN, AND 2016 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN

Amendments to State Water Plan

Andy Bruels reported that water projects which will require state funding or need state support for categorical grant or loan funding need to be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement on the State Water Facilities Plan and provides for amendment of projects onto the plan on a quarterly basis. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed on the plan at this meeting will remain on the facilities plan through December 2017.

Projects seeking a Clean Water or Drinking Water State Revolving Fund loan must be included on the project priority list of the Intended Use Plan (IUP). The State Water Plan applications are used to determine which projects should be amended onto the State Revolving Fund project priority lists.

Fourteen State Water Plan applications were submitted by the February 1, 2016 deadline. While presenting the State Water Plan applications, Mr. Bruels identified the projects to be placed on the Clean Water SRF IUP and Drinking Water SRF IUP project priority lists.

Big Stone City requested amendment onto the facilities plan to install nearly 13 miles of water pipe to connect to the Grant-Roberts Rural Water System and change the city's water supply. The city currently receives water from Ortonville, MN, and is concerned that water rates may be increasing significantly. The estimated total project cost is \$2,000,000.

This project will not be placed on the Drinking Water SRF IUP as there is no health and safety component because Big Stone City currently has a reliable water source; therefore, the project is not eligible for SRF funding.

Canistota requested amendment onto the facilities plan to replace existing sewer and water service connections and install additional storm sewer under the Main Street. The estimated total project cost is \$2,060,000.

The project will be placed on the Clean Water SRF IUP with six priority points and an estimated loan amount of \$431,000 at 3.25 percent interest for 30 years. The project will also be placed on the Drinking Water SRF IUP with four priority points and an estimated loan amount of \$99,000 at 3 percent interest for 30 years.

James River Water Development District requested amendment onto the facilities plan to provide additional funding for the new South Central Watershed 319 project, which is a combination of the Lower James and Lewis and Clark watersheds. Funds would be used to help install best management practices for agricultural waste management systems in the watershed. The estimated total project cost is \$9,071,287 and the projected state funding is \$275,000.

This project will not be placed on the Clean Water SRF IUP since the project is not eligible for SRF funding.

Keystone requested amendment onto the facilities plan to rehabilitate an existing well and move the piping from a below-grade vault into an above grade well house to help prevent possible contamination from a nearby stream. The estimated total project cost is \$98,000.

The project will be placed on the Drinking Water SRF IUP with 53 priority points and an estimated loan amount of \$98,000 at 2.25 percent interest for 30 years.

Keystone requested amendment onto the facilities plan to make upgrades to the wastewater treatment facility, which include installation of an influent screen, replacement of aeration diffusers, aeration basin isolation valves, UV disinfection equipment replacement, and cleaning and televising the collection system to prioritize future projects. The estimated total project cost is \$630,555.

The project will be placed on the Clean Water SRF IUP with 21 priority points and an estimated loan amount of \$630,555 at 3 percent interest for 20 years.

Lebanon requested amendment onto the facilities plan to replace or reline approximately 11,000 feet of sanitary sewer. The estimated total project cost is \$1,270,641.

The project will be placed on the Clean Water SRF IUP with six priority points and an estimated loan amount of \$1,270,641 at 3.25 percent interest for 30 years.

Northwest South Dakota Regional Landfill Association, Inc. requested amendment onto the facilities plan to construct a new solid waste disposal cell at the regional landfill to provide additional capacity for solid waste. The estimated total project cost is \$604,000.

The project will be placed on the Clean Water SRF IUP with 15 priority points and an estimated loan amount of \$604,000 at 2.25 percent interest for 10 years.

Pierre requested amendment onto the facilities plan to extend a sanitary sewer trunk line to serve an undeveloped area for future business and residential growth. A lift station and force main will be installed to convey the wastewater to the existing collection system. The estimated total project cost is \$1,250,000.

The project will be placed on the Clean Water SRF IUP with 10 priority points and an estimated loan amount of \$1,250,000 at 3.25 percent interest for 30 years.

Raymond requested amendment onto the facilities plan to upgrade the wastewater treatment ponds to total retention, including installation of a synthetic liner and other upgrades to improve pond operation, replacement of sanitary sewer collection pipe, cleaning and televising the collection system, and improvements to the lift station. The estimated total project cost is \$1,465,850.

The project will be placed on the Clean Water IUP with 22 priority points and an estimated loan amount of \$1,465,850 at 3.25 percent interest for 30 years.

Sioux Falls requested amendment onto the facilities plan to extend an 8-inch sanitary sewer collection line to serve an undeveloped area for future business and industrial growth. A lift station and force main will be installed to convey the wastewater to the existing collection system. The estimated total project cost is \$7,700,000.

The project will be placed on the Clean Water SRF IUP with 14 priority points and an estimated loan amount of \$7,700,000 at 2.25 percent interest for 10 years.

Sioux Falls requested amendment onto the facilities plan to replace the mixing system for primary digesters #1, #2, and #3 and replacement of the floating covers for each digester with a fixed steel cover. The estimated total project cost is \$8,115,000.

The project will be placed on the Clean Water SRF IUP with 20 priority points and an estimated loan amount of \$8,115,000 at 2.25 percent interest for 10 years.

Vermillion requested amendment onto the facilities plan to replace an existing lift station that is undersized for current flows and to replace 2,400 feet of undersized downstream sanitary sewer. Brick manholes will also be replaced. The estimated total project cost is \$1,309,000.

The project will be placed on the Clean Water SRF IUP with 12 priority points and an estimated loan amount of \$1,309,000 at 3 percent interest for 20 years.

Viborg requested amendment onto the facilities plan to replace 500 feet of clay sanitary sewer with 8-inch PVC pipe. The estimated total project cost is \$135,000.

The project will be placed on the Clean Water SRF IUP with 10 priority points and an estimated loan amount of \$135,000 at 3.25 percent interest for 30 years.

Viewfield Rural Water Association, Inc. requested amendment onto the facilities plan to install treatment equipment for two well sites to remove Radium 226/228 prior to distribution. The system has had compliance issues with the radium levels being above the EPA maximum contaminant levels for drinking water. The estimated total project cost is \$250,000.

The project will be placed on the Drinking Water SRF IUP with 227 priority points and an estimated loan amount of \$250,000 at 3 percent interest for 30 years.

Mr. Bruels stated that the staff recommended amending all 14 of the projects onto the facilities plan.

Motion by Bernhard, seconded by Soholt, to amend the 14 projects onto the facilities plan. Motion carried unanimously.

Amendments to 2016 Clean Water SRF IUP

Mr. Bruels stated that in order to comply with the provisions of the Water Resources Reform and Development Act of 2014, the narrative portion of the Clean Water SRF IUP concerning procurement of architectural and engineering services is proposed to be amended as follows:

Section 602(b)(14) – Procurement of Architectural and Engineering Services – The state will not provide Clean Water SRF assistance to projects for architectural or engineering services that are identified as an equivalency project in the annual report, unless the project has complied with the architectural and engineering procurement procedures identified in 40 U.S.C. 1101 et seq.

Mr. Bruels stated that South Dakota does not have any requirements for engineering and architectural procurement to be based on a competitive process. The Water Resources Reform and Development Act of 2014 now requires this for certain SRF projects. Mr. Bruels noted that this change is a way to help staff have reporting flexibility if a project sponsor is going through a competitive procurement process.

Mr. Bruels stated that in addition to the 10 sanitary and storm sewer projects that were placed on the 2016 State Water Plan, there is one additional project to be placed onto the Clean Water SRF Project Priority List.

Astoria previously received a \$235,000 Clean Water SRF loan and a \$368,700 Consolidated Water Facilities Construction Program grant. The community has not moved forward with the project as they were attempting to replace some sewer lines and disconnect sump pumps from the sanitary sewer. The city would like to move forward with the project to construct an additional wastewater treatment pond and regrade the diversion channel around the ponds to prevent overtopping due to large storm events. Mr. Bruels noted that Astoria submitted an application for funding, which will be presented to the board later today. The total project costs are now estimated at \$744,400. The project will be placed on the Clean Water SRF IUP with 12 priority points and an estimated loan amount of \$744,400 at 3.25 percent interest for 30 years.

Changes were made to Attachments 2 and 3 to reflect the proposed changes to the IUP.

Staff recommended the board accept the proposed changes to the narrative section and the addition of the following 11 projects onto the Project Priority list of the 2016 Clean Water SRF IUP.

| Priority Points | Loan Recipient | Estimated Loan Amount | Expected Loan Rate & Term |
|------------------------|--------------------------------|------------------------------|--------------------------------------|
| 22 | Raymond | \$1,465,850 | 3.25%, 30 years |
| 21 | Keystone | \$630,555 | 3.00%, 20 years |
| 20 | Sioux Falls – Primary Digester | \$8,115,000 | 2.25%, 10 years |
| 15 | Northwest SD Reg. Landfill | \$604,000 | 2.25%, 10 years |
| 14 | Sioux Falls – Basin 14D | \$7,700,000 | 2.25%, 10 years |
| 12 | Astoria | \$744,400 | 3.25%, 30 years |
| 12 | Vermillion | \$1,309,000 | 3.00%, 20 years |
| 10 | Pierre | \$1,250,000 | 3.25%, 30 years |
| 10 | Viborg | \$135,000 | 3.25%, 30 years |
| 6 | Canistota | \$431,000 | 3.25%, 30 years |
| 6 | Lebanon | \$1,270,641 | 3.25%, 30 years |

Motion by Soholt, seconded by Goldhammer, to accept the staff recommendations regarding amendment of the Clean Water SRF IUP.

Terry Helms, Helms and Associates, expressed concern regarding the proposed addition of project compliance with the architectural and engineering procurement procedures. He noted that the

meeting agenda does not address this change, and he requested that the board defer amending this portion of the IUP.

Mr. Bruels stated that this change was included on the title page of the board packet that was sent to board members. The packet is also on the department's website.

Mr. Helms stated that the public received this information approximately four days before the board meeting.

Mr. Bruels stated that this change will not impact the engineers for projects. For example, the city of Sioux Falls sometimes goes through a procurement process for engineering services. This proposed amendment will allow DENR to utilize that specific loan for reporting on federal requirements.

Mr. Helms asked if the word "competitive" is based on qualifications.

Mr. Bruels answered that it is up to whoever is submitting the Request for Proposals, but in the federal regulations, price cannot factor into a decision on selection. In general, for most communities this will not be required. No rules or laws are being changed to require this procedure to take place. The intent of the change is to allow the department to use it for reporting purposes if it is done by a community.

Mr. Helms asked if the entire United States Code listing the procurement procedures is shown on the board's title page. Mr. Bruels answered it is not.

In response to a question from Chairman Johnson, Mr. Bruels stated that deferring approval of this amendment to the narrative section of the IUP would not have any impact on funding applications.

Chairman Johnson requested an amended motion.

Amended motion by Sohlt, seconded by Bernhard, to approve the amendments to Clean Water SRF IUP, with the exception of the proposed amendment requiring projects to comply with the architectural and engineering procurement procedures.

Mr. Perkovich stated that the Water Resources Reform and Development Act stated that an amount equivalent to the capitalization grant has to comply with the architectural and engineering services, procurement requirements, which means either the Board of Water and Natural Resources has to not use any SRF funds for architectural and engineering services up to an amount equal to the capitalization grant, which is approximately \$6.8 million or the board has to comply with this set of requirements. Last year staff utilized Consolidated funds for architectural and engineering services.

Mr. Perkovich stated that staff has been working with the city of Sioux Falls regarding the procurement process. Sioux Falls has sent the department a copy of a Request for Proposals, which staff believes complies with the federal guidelines.

This proposed amendment to the Clean Water SRF IUP narrative was an attempt by the staff to be able to recommend providing an SRF loan to those communities that voluntarily chose to go

through a procurement process without having to worry about where the architectural and engineering fees are being paid from.

Mr. Bruels stated that the competitive process selection is not in state law and so it will not be required by the department.

Chairman Johnson requested that the proposed amendment regarding the compliance with procurement procedures be placed on the agenda for consideration at the June 23-24, 2016, board meeting.

The amended motion carried unanimously.

Amendments to the 2016 Drinking Water SRF IUP

Mr. Bruels stated that in order to allow continued assistance for SRF loan applicants in the coming year to complete the technical, financial or managerial component of their system's Capacity Assessment, the following changes to the narrative portion of the Drinking Water SRF IUP are proposed:

Local assistance and other state programs. Up to \$75,000 will be allocated for the capacity development activities described below.

The state can fund other activities to assist development and implementation of local drinking water protection activities. Up to 15 percent of the capitalization grant may be used for the activities specified below, but not more than 10 percent can be used for any one activity. The allowable activities for this set-aside are: (1) assistance to a public water system to acquire land or a conservation easement for source water protection; (2) assistance to a community water system to implement voluntary, incentive-based source water quality protection measures; (3) to provide funding to delineate and assess source water protection areas; (4) to support the establishment and implementation of a wellhead protection program; and (5) to provide funding to a community water system to implement a project under the capacity development strategy.

~~No funds will be set aside for these activities in federal fiscal year 2016.~~ There remains \$160,402 from prior years' allocations. It is anticipated that a portion of these funds will be used by the Midwest Assistance Program (MAP) in FY 2016. Since 2008, MAP has been assisting communities that received an SRF loan and recommendations were made in the capacity assessment to improve the technical, financial, or managerial capacity of the system. In addition, the Midwest Assistance Program has assisted in the review of capacity assessments required as part of the Drinking Water SRF loan applications. The DENR and the Midwest Assistance Program will continue the partnership as needed in FY 2016.

In response to an EPA directive to expend prior year's federal funds, any remaining balance from prior set aside funds will be transferred to the SRF loan account at the end of June 2016. A total of \$75,000 will be set aside from the 2016 capitalization grant for the activities described above.

Mr. Bruels stated that in order to provide some additional principal forgiveness because of the high demand for projects and lower than average Consolidated grant funding, staff is proposing to utilize

a provision of the Drinking Water SRF disadvantaged community program and would propose the following changes to the narrative portion of the Drinking Water Intended Use Plan in the Disadvantaged section:

Amount of capitalization grant to be made available for providing additional subsidies. Additional subsidy as mandated under recent capitalization grants is provided as described previously. Disadvantaged communities are eligible for additional subsidy in the form of principal forgiveness. South Dakota will utilize the option to provide 30 percent of the 2016 capitalization grant as additional subsidy in the form of principal forgiveness to disadvantaged communities. This will provide an additional \$2,493,600 of principal forgiveness funds for disadvantaged communities in FY 2016. Disadvantaged communities below 80 percent of the statewide median household income will be given priority for this subsidy.

Mr. Bruels noted that the three drinking water projects that were placed on the 2016 State Water Plan will be placed on the Drinking Water SRF Project Priority List.

Changes were also made to Attachments 2 and 3 to reflect the changes made earlier in the IUP.

Staff recommended the board accept the proposed changes to the narrative section and the addition of the following three projects onto the Project Priority list of the Drinking Water SRF IUP.

| Priority Points | Loan Recipient | Estimated Loan Amount | Expected Loan Rate & Term |
|------------------------|-----------------------------|------------------------------|--------------------------------------|
| 227 | Viewfield Rural Water Assc. | \$250,000 | 3.00%, 30 years |
| 53 | Keystone | \$98,000 | 2.25%, 30 years |
| 4 | Canistota | \$99,000 | 3.00%, 30 years |

Motion by Bernhard, seconded by Sohlt, to approve the amendments to the 2016 Drinking Water SRF IUP as presented. Motion carried unanimously.

AMENDMENT TO THE FY 2015 CLEAN WATER SRF INTENDED USE PLAN: Mr. Bruels reported that the FY 2015 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2014 and amended in March, June, and September 2015.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the Intended Use Plan associated with that capitalization grant. In order to maximize the use of each year’s capitalization grant, it is necessary to amend projects to prior years’ Intended Use Plans.

It is proposed to amend Attachment I - Project Priority List of the FY 2015 Clean Water Intended Use Plan by adding the following entry:

| Priority Points | Loan Recipient | Estimated Loan Amount | Expected Loan Rate & Term |
|------------------------|-----------------------|------------------------------|--------------------------------------|
| 12 | Astoria | \$744,400 | 3.25%, 30 years |

Staff recommended the board approve the proposed amendment to the 2015 Clean Water SRF Intended Use Plan

Motion by Goldhammer, seconded by Sohlt, to approve amendment of the FY 2015 Clean Water SRF IUP as presented. Motion carried unanimously.

TRIPP COUNTY WATER USER DISTRICT REQUEST TO AMEND SCOPE FOR DRINKING WATER STATE REVOLVING LOAN C462434-04: Eric Meintsma reported that the Tripp County Water User District was awarded a Drinking Water State Revolving Fund loan in March 2014 for a system expansion and improvements project. The loan was for \$11,750,000 at 2.25 percent interest for 30 years. The original project is nearing completion, and the water user district anticipates that there is approximately \$1,600,000 of unused funds still remaining.

The user district requested an amendment to the project scope to expand the project with similar type work in other parts of the service area. The user district will use the remaining Drinking Water SRF funds plus an estimated \$427,000 in local funds to make the additional improvements to the system.

The staff recommended approval of the project scope amendment.

Motion by Gnirk, seconded by Bernhard, to approve the amendment to the project scope for Tripp County Water User District, as requested. Motion carried unanimously.

ELLSWORTH DEVELOPMENT AUTHORITY REQUEST TO AMEND SCOPE FOR CONSOLIDATED LOAN 2014L-107: Jim Anderson reported that in August 2012, the Ellsworth Development Authority received a \$16,000,000 Clean Water State Revolving Fund loan for the construction of a regional wastewater treatment facility. In March 2013, the Authority received another Clean Water State Revolving Fund loan for \$6,812,000 for a sanitary sewer interceptor and outfall line. The Authority also received a Consolidated Water Facilities Construction Program loan for \$1,469,000 for water system improvements.

The department recently received a request from the Ellsworth Development Authority to utilize approximately \$55,500 remaining in the Consolidated loan for costs incurred on the treatment facility project. The Authority requested approval of amending the project description for the Consolidated loan (2014L-107) by adding the following description:

South Dakota Ellsworth Development Authority Regional Wastewater Treat Facility to meet the needs of both Box Elder and Ellsworth Air Force Base as outlined in the facilities plan dated March 2008.

Staff recommended approval of the project description change to Consolidated loan 2014L-107.

Motion by Gnirk, seconded by Sohlt, to approve the project description amendment to Ellsworth Development Authority Consolidated Water Facilities Construction Program loan 2014L-107, as presented. Motion carried unanimously.

LAKE POINSETT SANITARY DISTRICT REQUEST TO AMEND SCOPE FOR CLEAN WATER STATE REVOLVING FUND LOAN C461027-04: Claire Peschong reported that in March 2014, the Lake Poinsett Sanitary District received a \$1,917,000 State Revolving Fund loan. The loan has not been closed.

In January 2016, the department received a request from the Lake Poinsett Sanitary District to change the project description from a grey-water sewer system to a conventional sewer system. The conventional sewer system will not incorporate septic tanks and will use an 8-inch main line pipe instead of 6-inch.

The original system was designed as a grey-water system in order to qualify for “Innovative Technology” grants in the 1980’s. Each subsequent project has constructed a grey-water system. The Northeast and East Lake Drive project will be the first conventional sewer system for the sanitary district.

Staff recommended approval of the request to amend the scope of the Northeast and East Lake Drive project from a grey-water system to a conventional sewer system.

Ms. Peschong answered questions from the board.

Motion by Goldhammer, seconded by Bernhard, to approve Lake Poinsett Sanitary District’s request to amend the scope of the Northeast and East Lake Drive project from a grey-water system to a conventional sewer system. Motion carried unanimously.

PIERRE REQUEST TO AMEND SOLID WASTE MANAGEMENT LOAN 2016L-RLA-201:

Mr. Bruels reported that in June 2015, the city received a Regional Landfill Assistance (RLA) loan for \$245,000 and a RLA grant for 40 percent of approved total project costs not to exceed \$330,000 to replace the baler at the regional landfill. The city has had a decrease in their available cash to finance the remainder of the project and has requested the \$250,000 originally identified as local cash to be funded by the board. The total project amount is \$825,000.

Staff recommended the board rescind Resolution #2015-91, which approved the original RLA loan, and to award a new Solid Waste Management Program loan for \$495,000 at 2.25 percent interest for 10 years.

The city has pledged sales tax revenues for repayment of the loan. Staff analysis indicates the sales tax revenues will provide 213 percent debt coverage.

Staff recommended the loan be approved contingent upon the borrower adopting a bond resolution and the resolution becoming effective.

Mr. Bruels noted that since this is an amendment request, the board may take action to provide the recommended funding immediately or wait until the following day to make its decision along with the other funding requests.

Motion by Bernhard, seconded by Gnirk, to rescind Resolution #2015-91 and adopt **Resolution #2016-02** approving the South Dakota Solid Waste Management Program loan agreement between

the Board of Water and Natural Resources and the city of **Pierre** for an amount not to exceed \$495,000 at 2.25 percent interest for 10 years for the purchase of a baler, concrete around the baler area, and improvements to the conveyor system. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried unanimously.

RESCISSION OF BRANDON CLEAN WATER STATE REVOLVING FUND LOAN

C461032-05: Mike Perkovich reported that in March 2015, the city of Brandon requested \$27,800,000 for the construction of a new wastewater facility and to make major improvements to the collection system. The board awarded a \$3,000,000 Clean Water SRF loan to address environmental concerns and continue with design and land acquisition for these projects.

The city of Brandon has abandoned the plan to construct its own wastewater treatment facility and the collection system improvements have been put on hold for the time being. The city has requested that the board rescind Clean Water State Revolving Fund Loan C461032-05. A letter from the city requesting that the loan be rescinded was included in the board packet.

Staff recommended the board rescind Resolution #2015-30 approving Clean Water State Revolving Fund Loan C461032-05 to the city of Brandon.

Mr. Perkovich answered questions from the board regarding Brandon's future plans.

Motion by Soholt, seconded by Gnirk, to rescind Resolution #2015-30 approving Clean Water State Revolving Fund loan C461032-05 to the city of Brandon. Motion carried unanimously.

WAUBAY REQUEST TO AMEND CLEAN WATER STATE REVOLVING FUND LOAN

C461025-03 AND/OR CONSOLIDATED GRANT 2016G-100: Mr. Perkovich stated that in March 2015, Waubay was awarded a \$1,080,000 Clean Water SRF loan and a Consolidated grant for \$700,000 to construct a new wastewater treatment facility. The total project cost was estimated to be \$2,200,000 and the balance of the funding was from a FEMA grant. The town is under a compliance order to construct a total retention treatment facility. A portion of the existing facility was inundated by Bitter Lake and is no longer functional.

The department was notified in January 2016 that the project cost had increased dramatically and Waubay was requesting additional funding.

The landowner was no longer willing to sell the land originally identified for the expansion. The city was also looking into changing the treatment process from a total retention facility using artificial treatment processes to more of a conventional total lagoon-type system. The cost of the new project went from \$2,200,000 to \$4,235,000.

Mr. Perkovich noted that the department has requested the engineer for the city of Waubay to reevaluate the use of the artificial wetland systems to potentially lower the cost of the project.

Staff has learned that the landowner of the original site may have reconsidered and may now be willing to sell the land.

Waubay has applied for a Community Development Block Grant to help cover some of the cost overruns.

Mr. Perkovich stated that with all of the new developments that are taking place, the staff recommendation was to take no action at this time and reconsider the request at the June 2016 board meeting.

Jennifer Sietsema, Northeast Council of Local Governments, answered questions from the board regarding the siting of the facility.

Motion by Gnirk, seconded by Bernhard, to defer board action on the Waubay request to amend Clean Water SRF Loan C461025-03 and/or Consolidated Water Facilities Construction Program grant 2016G-100. Motion carried unanimously.

RESCISSION OF LAKE BYRON CLEAN WATER STATE REVOLVING FUND LOAN C461052-01 AND CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM GRANT 2015G-103:

Mr. Perkovich reported that in March 2014, the Lake Byron Watershed District was awarded a \$1,843,000 Clean Water SRF loan and a \$500,000 Consolidated Water Facilities Construction Program grant to construct a centralized wastewater collection and treatment facility. The total project cost was \$3,693,000, and the remaining \$1,350,000 was to come from assessments placed on landowners in the district. The awards were contingent upon the Lake Byron Watershed District amending its general improvement plan and holding an election to approve the loan and the levying of a special assessment of \$6,000 per landowner by April 1, 2015.

In March 2014, staff recommended that, due to the unique challenges involving the powers and authorities of a watershed district, consideration be given to forming a sanitary district. The Lake Byron Sanitary District was incorporated in April 2015. With the formation of the sanitary district, the elections needed to satisfy the contingencies were not conducted. Staff has contacted the sanitary district regarding the department working with them to transfer the funding from the watershed district to the sanitary district.

Mr. Perkovich noted that since the formation of the sanitary district, little progress has been made to move the project forward. Due to the limited grant funds available for the upcoming year and the fact that no progress has been made on the project, staff recommended the board rescind the award to Lake Byron.

Mr. Perkovich also noted that the department sent a letter (included in the board packet) to the Lake Byron Watershed District and the Lake Byron Sanitary District informing them that this action would be taken. The department has not heard from either the watershed district or the sanitary district.

Motion by Gnirk, seconded by Goldhammer, to rescind Resolution #2014-24, which approved Clean Water State Revolving Fund loan C461052-01, and to rescind Resolution #2014-25, which approved Consolidated Water Facilities Construction Program grant 2015G-103 to Lake Byron Watershed District. Motion carried unanimously.

AVAILABLE FUNDING: Mr. Perkovich reviewed available funds for the Consolidated Water Facilities Construction Program, Drinking Water Facility Grants (Build America Bonds (BABs) Federal Subsidy Payments), Drinking Water SRF Principal Forgiveness, Drinking Water SRF Loans, Clean Water SRF Water Quality Grants, Wastewater Facility Grants (Build America Bonds (BABs) Federal Subsidy Payments), Clean Water SRF Principal Forgiveness, and Clean Water SRF Loans.

EMERY REQUEST TO AMEND DRINKING WATER STATE REVOLVING FUND LOAN C462248-01: Mr. Bruels reported that on June 25, 2015, the city of Emery received a \$1,585,000 Drinking Water SRF loan (DW-01) and a \$615,000 Consolidated grant. The project will replace much of the existing water main in the city and install looping sections to improve pressure and water quality.

At the time of the previous award, staff was aware that the recommended funding package would result in rates being high for the city; however Emery was the lowest ranked drinking water project at that meeting. In order to fund the higher ranking projects at reasonable rates, there was not enough subsidy available at the time to provide a reasonable funding package to Emery.

The original loan amount would require a \$34.20 surcharge to provide the coverage, bringing total rates to \$75.40. Staff encouraged the city to request an amendment at this meeting to seek additional grant or principal forgiveness funding for the project.

An updated cost estimate of the project by Johnson Engineering has indicated that the current drinking water funding package will have a project shortfall of approximately \$155,000. To account for this shortfall, the city has requested an increase in the drinking water funding package for an additional \$155,000, and additional subsidy consideration.

The city of Emery anticipates bidding the project in early 2017 with a project completion date of November 2018.

The total project amount is \$2,355,000.

Emery's rates are \$41.00 per 5,000 gallons based on usage.

Staff recommended the board rescind resolution #2015-87, which awarded the original loan, and to award a new \$490,000 Drinking Water SRF loan at 3 percent interest for 30 years. Staff also recommended awarding a Drinking Water Facility Build America Bond grant for 53.1 percent of approved project costs not to exceed \$1,250,000.

Mr. Bruels stated that the Consolidated grant originally awarded also needs to be amended to reflect the new project cost and grant percentage. Staff recommended amending the consolidated grant to 26.2 percent of approved total project costs not to exceed \$615,000, based on total project costs of \$2,355,000.

Emery has pledged a project surcharge for repayment of the loan. The total subsidy included in this funding package, including the previously awarded Consolidated grant, is 79.2 percent of the

increased project cost. Staff analysis indicated that the surcharge required on a \$490,000 loan is \$10.50 per user per month, which will result in overall user rates of \$51.50 for 5,000 gallons.

Staff recommended the loan be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Mr. Bruels stated that since this is an amendment request, the board may take action to provide the recommended funding immediately or wait until the following day to make a final decision along with the other awards.

Josh Kayser, mayor of Emery, discussed the project and requested approval of the funding request.

Motion by Bernhard, seconded by Soholt, to rescind Resolution #2015-87, which approved the original loan, and to adopt **Resolution #2016-03** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$490,000 at 3 percent interest for 30 years to the city of **Emery** for a water distribution system upgrade and replacement project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; and to adopt **Resolution #2016-04** approving the State Revolving Fund Program Drinking Water Facility grant agreement between the Board of Water and Natural Resources and the city of **Emery** for up to 53.1 percent of approved total project costs not to exceed \$1,250,000 for the water distribution system upgrade and replacement project; and to adopt **Resolution #2016-05** approving an amendment to Consolidated Water Facilities Construction Program grant agreement 2016G-203 between the Board of Water and Natural Resources and the city of **Emery** for up to 26.2 percent of approved total project costs not to exceed \$615,000 for the water distribution system upgrade and replacement project. Motion carried unanimously.

SANITARY/STORM SEWER FACILITIES FUNDING APPLICATIONS: Mike Perkovich presented the Sanitary/Storm Sewer Facilities funding applications and the staff recommendations. The projects were presented in priority points order as identified in the Clean Water SRF IUP. The board made funding decisions the following day.

Dell Rapids proposes to construct a sequencing batch reactor (SBR) system on the site of the existing wastewater treatment facility. The city has had numerous ammonia limit violations. As a result of the violations, the city has been issued a compliance schedule by DENR to meet effluent limits.

Design of the project will begin in the summer of 2016 with construction starting in the fall of 2016 and continuing through 2017.

The total project amount is \$5,758,000, and the amount requested is \$5,758,000.

Rates in Dell Rapids are \$43.64 based on 5,000 gallons usage. The rates went into effect on January 1, 2016.

The staff recommendation was to award a \$2,386,000 Clean Water SRF loan at 3.25 percent interest for 30 years, award a Consolidated grant for 26.8 percent of eligible costs not to exceed \$1,540,000, and award a Wastewater Facility Build America Bond grant for 31.9 percent of eligible costs not to exceed \$1,832,000.

Dell Rapids has pledged a project surcharge for repayment of the loan. Staff analysis indicates that a surcharge of \$8.60 per user is needed to provide the required 110 percent coverage, bring rates up to \$52.20.

Staff recommended the loan be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Justin Wyland, city administrator for Dell Rapids, discussed the project and requested approval of funding. He answered questions from the board.

Lake Poinsett Sanitary District requested funding to complete the third and final phase of its effort to construct a sewer system to serve all lake residences and businesses.

The total project amount is \$8,585,000, and the amount requested is \$8,585,000.

The sanitary district currently has a monthly flat rate of \$59.33 per user.

Lake Poinsett received funding in 2007, 2010, and 2014 totaling \$7,537,000 for projects to construct portions of the wastewater collection and treatment system. Of this amount, \$3,370,000, or 45 percent, was awarded as grants or principal forgiveness. Mr. Perkovich noted that the loan awarded in March of 2014 has not yet closed, and construction will not likely be completed until 2017 or later.

Staff recommendation was to offer the district an \$8,585,000 loan with formal board action being deferred until the June 2016, board meeting. Mr. Perkovich stated that Lake Poinsett will have until June 1, 2016, to notify the board in writing if the loan is wanted. If staff does not hear from the district by that time, a recommendation of denial will be presented to the board at the June meeting.

Staff analysis indicates that rates of nearly \$100 would be needed to provide coverage on the \$8,585,000 loan and the prior loans. With the needs to be addressed today, and amount of available subsidy, staff did not believe it appropriate to provide a grant when the project funded two years ago has not yet begun. With a \$2,000,000 Consolidated grant limit and restrictions on the Clean Water SRF principal forgiveness, providing meaningful subsidy on a project this large is unrealistic.

Mr. Perkovich stated that Phase 3 of the project consists of five segments that could be constructed separately. If the district does not take the full \$8,585,000, staff would encourage the district to resubmit a funding application at a later date that identifies a smaller project scope. This provides a better opportunity to develop a workable funding package.

Larry Furney, board president of the Lake Poinsett Sanitary District, stated that he will take the staff's recommendation back to the sanitary district board.

Westport is proposing to address deficiencies with its lift station by replacing it with a duplex submersible lift station. The project also involves installing 2,800 feet of PVC storm sewer line to improve storm water management.

Westport intends to advertise bids for the project in August 2016 with a 2017 completion date.

The total project amount is \$617,000, and the amount requested is \$617,000.

Westport has a monthly flat rate of \$30.

The staff recommendation was to award a \$445,000 Clean Water SRF loan at 3.25 percent interest for 30 years and award a Consolidated grant for 27.9 percent of eligible costs not to exceed \$172,000.

Westport has pledged a project surcharge for repayment of the loan. Staff analysis indicates the system can be operated on \$6.25 per month per user, leaving \$23.75 per month available for debt service. The surcharge required on the loan is \$39.55 per user per month. By restructuring its rates so \$6.25 goes towards operation and maintenance, and by enacting a \$39.55 surcharge for repayment of the loan, Westport residents would have overall rates of \$45.80 per month.

Staff recommended the awarding be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Mike Wilson, Westport town board vice president, thanked the board for considering the funding request. Doreen Hertel, finance officer, discussed the project and the rates. They answered questions from the board.

Pierre requested funding to make improvements to the wastewater treatment facility. The improvements involve rehabilitation of the grit removal system and primary clarifier, replacing an air line serving an air lift station and replacing the chlorine-based disinfection process with an ultraviolet disinfection system.

The Pierre wastewater treatment facility has experienced a significant number of chlorine residual and coliform violations. As a result, DENR issued an enforcement action requiring Pierre to address the violations. Replacing the existing disinfection system with an ultraviolet disinfection is the city's proposed corrective action.

The total project amount is \$3,821,100, and the amount requested is \$3,821,100.

The city's current rates, which became effective on January 1, 2016, are \$40.84 based on 5,000 gallons usage.

The staff recommendation was to award a \$3,821,000 Clean Water SRF loan at 3 percent interest for 20 years.

Pierre has pledged a project surcharge for repayment of the loan. Staff analysis indicated that a surcharge of \$3.60 is needed to provide coverage on the loan. If added to the current rate, the overall rate would be \$44.44 based on 5,000 gallons usage; however, the staff analysis does show that it appears the existing rate could be restructured to include the surcharge and remain at \$40.84.

Staff recommended the loan be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Leon Schochenmaier, city administrator, discussed the project and requested approval of funding.

Jim Housiaux, Banner Associates, answered questions from the board.

Miller requested funding for the first phase of a three-phase project to replace about 45 percent of the lines in Miller's wastewater collection system and make improvements to its storm water collection system.

The city plans to advertise bids for this project in January 2017 with a November 2017 completion date.

The total project amount is \$6,500,000 - the wastewater collection system improvements amount to \$4,542,000, and the storm water improvements amount to \$1,958,000. The amount requested is \$6,499,000.

Miller has a flat rate of \$31.65 per month.

The city has pledged a wastewater surcharge for repayment of the wastewater collection improvements and storm water fees for repayment of the storm water improvements. Mr. Perkovich noted that this will require two loans be awarded.

The staff recommendation for the wastewater collection system improvements was to award a \$3,541,000 Clean Water SRF loan at 3.25 percent interest for 30 years and award a Water Quality grant for 22.1 percent of eligible costs not to exceed \$1,000,000.

A surcharge of \$20.45 is needed to provide coverage on the loan. Staff analysis also indicates that only \$18.00 of the \$31.65 flat rate is needed for operation and maintenance, leaving \$13.65 available for debt service. By restructuring its rates so \$18.00 goes towards operating the system and establishing a \$20.45 surcharge for repayment of the loan, Miller residents would have overall rates of \$38.45 per month. This would result in rates lower than other applicants, but it will leave capacity for rate increases to address future phases.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

For the storm water system improvements, staff recommended awarding a \$1,958,000 Clean Water SRF loan at 3.25 percent interest for 30 years.

Miller is planning to establish a storm water fee to pay for this project. Staff analysis indicates the city will have to establish a storm water fee of \$0.69 per 100 square feet to meet the 110 percent debt coverage requirement. For illustrative purposes, a 9,000 square foot lot would have an annual payment of \$62.10 or \$5.18 per month.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Jim Bonebright, water superintendent for the city of Miller, discussed the project and requested approval of funding.

Astoria requested funding to expand its wastewater treatment facility, rehabilitate a diversion channel at the wastewater treatment facility, and clean and televise the town's wastewater collection system.

This project was awarded a \$235,000 Clean Water SRF loan and a \$368,700 consolidated grant in January 2013. The grant has since expired, and the town is reapplying for funding.

The total project amount is \$744,400, and the amount requested is \$744,400

Astoria has a flat rate of \$22.20 per month.

The staff recommendation was to rescind Resolution #2013-05 approving the previous Clean Water SRF loan and award a \$744,000 Clean Water SRF loan at 3.25 percent interest for 30 years with 49.6 percent as principal forgiveness not to exceed \$368,700

Astoria has pledged a project surcharge for repayment of the loan. A surcharge of \$26.90 per user is needed to provide coverage on a \$375,300 loan. Staff analysis indicates that \$10.00 of the flat rate is needed to operate the system, leaving \$12.20 available for debt service. By restructuring its rates so \$10.00 goes towards operation and maintenance and establishing a \$26.90 surcharge for repayment of the loan, Astoria residents would have overall rates of \$36.90 per month.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2016 Clean Water State Revolving Fund capitalization grant from EPA.

Harlan Quenzer, SPN and Associates, engineer for the town of Astoria, discussed the project and answered questions from the board.

Brandon - Brandon's wastewater treatment system consists of lagoons that partially treat the city's wastewater. The partially treated wastewater is pumped to the Sioux Falls water reclamation

facility for final treatment. The city wishes to eliminate the lagoons and proposes to construct a new lift station to pump raw wastewater to Sioux Falls. The project includes the construction of a wet/dry well lift station, pump building, standby generator, and SCADA system.

The total project amount is \$2,598,400, and the amount requested is \$2,598,400.

Brandon's current rates are \$51.50 per 5,000 gallons usage.

The staff recommendation was to award a \$2,598,000 Clean Water SRF loan at 3 percent interest for 20 years.

Brandon has pledged a project surcharge for repayment of the loan. The surcharge needed for the loan is \$4.95. Staff analysis indicates that \$46.10 is needed for operating expenses and debt service on an existing loan, leaving \$5.40 available for the surcharge. Therefore, Brandon could avoid raising its rates by restructuring its current rates.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Mitch Mergen, Stockwell Engineering, discussed the project and answered questions from the board.

Canton is replacing sanitary and storm sewer as part of the Dakota Street Reconstruction project. The new sanitary sewer collection system will involve replacing 2,700 feet of 8-inch PVC mains and eight manholes, and lowering the depth of the collection system. The storm sewer improvements involve replacing 3,100 feet of reinforced concrete pipe, 11 junction boxes and 33 inlets.

The city plans to advertise bids for this project in January of 2017 with a November 2017 completion date.

The total project amount is \$1,848,000, and the amount requested is \$1,648,000.

Canton's current rates are \$39.30 for 5,000 gallons usage.

The staff recommendation was to award a \$1,648,000 Clean Water SRF loan at 3.25 percent interest for 30 years.

Canton originally pledged a project surcharge for repayment of the loan; however, bond counsel has determined that the proposed surcharge cannot be used since this project will not benefit all users of the system. Therefore, the city decided to use system revenues for repayment of the loan.

Staff analysis indicates that the existing rate provides 119 percent coverage on the loan, so no rate increase is needed.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective.

Jeff Fossum, city of Canton, discussed the project and requested approval of funding. He answered questions from the board.

Dell Rapids proposes improvements to the sanitary and storm sewer system at two locations in the community; at the intersection of SD Highway 115, Old Highway 77 and 4th Street and on a portion of 10th Street. Approximately 2,400 feet of sanitary sewer will be replaced and 600 feet of storm sewer will be installed in these two areas.

Design of the project will begin in the summer of 2016 with construction starting later in 2016 and continuing through 2017.

The total project amount is \$1,037,000, and the amount requested is \$1,037,000.

Dell Rapids' rates are \$43.64 based on 5,000 gallons usage.

The city had originally pledged a project surcharge as the security pledge in the application. Bond counsel determined that the proposed surcharge cannot be used because the project will not benefit all users of the system. Therefore, Dell Rapids decided to use system revenues for the repayment of a loan.

The staff recommendation was to award a Consolidated grant for 59.7 percent of eligible costs not to exceed \$619,000, and award a Build America Bond grant for 40.4 percent of eligible costs not to exceed \$418,000.

Effective January 1, 2016, the city's rates increased by 20 percent, going from \$36.38 to \$43.64 based on 5,000 gallons usage. This rate is sufficient to cover current operating expenses, the existing debt service on five prior SRF loans, and a \$1,037,000 loan for this project. However, the city will need to establish an \$8.60 monthly surcharge for repayment of the wastewater treatment facility loan that was recommended earlier. This brings the overall rate to \$52.24 per month.

When the new treatment facility comes on-line in two years, operating expenses will increase significantly, and another rate increase is anticipated at that time. Another consideration in providing 100 percent grant assistance for this project and concentrating the loan funding on the treatment project is to maximize Dell Rapids' available constitutional debt for future capital construction projects.

Justin Wyland, Dell Rapids city administrator, discussed the project and answered questions from the board.

Faulkton proposes to address storm water infiltration into the sanitary sewer by replacing its aging sanitary sewer collection system. This will consist of replacing 17,000 feet of clay tile pipe using open trench methods and lining an additional 7,400 feet of pipe using the cast in place pipe lining method.

The total project amount is \$5,151,000, and the amount requested is \$2,000,000.

Mr. Perkovich noted that Faulkton has received a \$515,000 Community Development Block Grant and is seeking the remaining \$2,636,000 from USDA Rural Development.

Faulkton has a flat rate of \$26.20 per month.

The staff recommendation was to award a Wastewater Facility Build America Bond grant for 9.8 percent of eligible costs not to exceed \$500,000.

Mr. Perkovich stated that Faulkton's flat rate of \$26.20 per month is below the \$30 threshold required for grant or principal forgiveness. With the limited subsidy available and Faulkton's low rates, substantial subsidy was ruled out. Additionally, a loan award was not considered since the administration of two loans from two sources is undesirable. Mr. Perkovich noted that staff is hopeful that the state grant assistance will help leverage a viable Rural Development funding package.

Staff recommended the award be contingent upon the recipient establishing the minimum rate required to receive grant assistance.

Slade Roseland, mayor of Faulkton, discussed the project and answered questions from the board.

Prairie Meadows Sanitary District - Prairie Meadows Sanitary District is located on the southwest edge of Sioux Falls and contains 73 homes. The district owns and maintains its own wastewater collection system, which discharges into the city of Sioux Falls' collection system. The district's collection system is in poor shape and experiencing excessive infiltration.

In March 2013, Prairie Meadows received a \$788,000 Clean Water SRF loan with \$200,000 as principal forgiveness and a \$600,000 Consolidated grant to replace or reline its entire collection system. The grant expired on March 28, 2016. The sanitary district is again requesting funding for the project. Prairie Meadows and Sioux Falls have had extensive discussions regarding annexing into the city. The collection system must be constructed to Sioux Falls standards prior to an annexation.

The total project amount is \$1,388,000, and the amount requested is \$1,388,000.

The sanitary district has a flat rate of \$100 per month.

Mr. Perkovich stated that if the district is annexed into Sioux Falls, it is expected that residents will be paying the current residential rate, which is expected to be approximately \$35 per month.

The staff recommendation was to rescind Resolution #2013-46, which approved the previous Clean Water SRF loan, and to award a \$588,000 Clean Water SRF loan at 3.25 percent interest for 30 years and a Consolidated grant for 57.7 percent of eligible costs not to exceed \$800,000.

The sanitary district has pledged system revenues for repayment of the loan. Staff analysis indicates that about \$40 per user per month user will be needed to provide the 110 percent debt

coverage. Staff analysis also indicates that the current rates will provide a 192 percent debt coverage if the district's collection system is taken over by Sioux Falls. If the district is not annexed, it will need to raise rates to \$140 per user per month to provide the required debt coverage.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage.

Mitch Mergen, Stockwell Engineering, discussed the project and answered questions from the board.

Yale requested funding to place rip rap on the lagoon berms at the wastewater treatment facility. Yale received nearly \$1.5 million in 2011 for the rehabilitation of the collection system and to construct a two-cell, total retention treatment system. Rip rap was included in the original project scope, but was eliminated when the cost of the project came in over budget. Considerable erosion has occurred on the cells since the facility was constructed.

The total project amount is \$443,570, and the amount requested is \$327,000.

Mr. Perkovich noted that the James River Water Development District is providing a \$100,000 grant, and the remaining funds will come from a prior Clean Water SRF loan awarded to Yale.

Yale currently has a flat rate of \$40.00 per month.

The staff recommendation was to award an \$84,000 Clean Water SRF loan at 3.25 percent interest for 30 years, and to award a Water Quality grant for 54.8 percent of eligible costs not to exceed \$243,000.

Yale is pledging a project surcharge for repayment of the loan. Staff analysis indicated that a surcharge of \$7.50 per month is needed to repay the \$84,000 loan, which will bring overall rates to \$47.50 per month.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective, and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

This concluded Mr. Perkovich's presentation of the Sanitary/Storm Sewer Facilities funding applications.

Chairman Johnson commended the staff and the applicants for the amount of work they put into submitting and reviewing all of the funding applications.

Terry Helms, Helms and Associates, expressed concern with the staff recommendations to deferring some of the funding requests to other agencies. He questioned whether the State of South Dakota interacted with Rural Development and the city of Faulkton. He noted that the staff recommendation was to defer \$4.1 million worth of funding back to another agency. Mr. Helms

asked the board to keep in mind that rural communities try to keep their wastewater fees at \$45.00 per month.

Mr. Perkovich stated that the staff had discussions with Rural Development. Generally, for every dollar the board puts into a project is a dollar less that Rural Development will put in. Last year, staff believed they put together some reasonable funding packages and Rural Development ended up funding all of them. Mr. Perkovich said staff has communicated with Rural Development, however, those communications have not been overly productive. He stated that the maximum amount for a Consolidated grant is \$2,000,000. In the case of the Faulkton application, \$2,000,000 of grant funds were simply not available to award.

DRINKING WATER FACILITIES FUNDING APPLICATIONS: Andy Bruels presented the Drinking Water Facilities funding applications and the staff recommendations.

Midland has had haloacetic acid (HAA5) violations. The town intends to install a new 53,000-gallon water storage tank with a mixing system, and to construct 3,220 feet of 6-inch main to loop the system, which will help correct the water quality issues.

The town anticipates bidding the project in June 2016 with a project completion date of November 2016.

The total project amount is \$715,000, and the amount requested is \$715,000.

Mr. Bruels noted that Midland also intends to apply for a Community Development Block Grant (CDBG). In some cases, if the project has been fully funded by the Board of Water and Natural Resources, CDBG may choose to not participate, which could limit the grant funds available for the project.

Midland's rates are \$25.00 per 5,000 gallons based on usage. Midland's current rates are below the minimum rate of \$30.00 for 5,000 gallons, which is the minimum to be eligible to receive subsidy; however after project completion the town's rates will be well above the minimum.

The staff recommendation was to award a Consolidated grant for 38.5 percent of project costs not to exceed \$275,000. The grant would include two special conditions:

Contingent upon the recipient establishing the minimum rate required to receive grant assistance; and

If a Community Development Block Grant is awarded to Midland for this project, the Consolidated Water Facilities Construction Program grant will be reduced such that the total amount of the Community Development Block Grant and the Consolidated Water Facilities Construction Program grant will not exceed 60 percent of the total eligible project cost. If the Community Development Block Grant equals or exceeds \$429,000, the Consolidated Water Facilities Construction Program grant will be rescinded.

Mr. Bruels stated that at this time staff is recommending the board defer action for a loan. If no CDBG funding is awarded, at a future board meeting, staff would likely recommend awarding a \$440,000 Drinking Water SRF loan, at 2.25 percent interest for 30 years.

Midland would be pledging a project surcharge for repayment of the loan. Based on a \$440,000 loan, a monthly surcharge of \$18.55 per user would be required for debt coverage. Mr. Bruels stated that staff believes that based on the financial information supplied, Midland will need to raise its current rates from \$25.00 up to \$34.00 to cover operation and maintenance costs. This would result in overall rates of \$52.55 if no additional grant funds are received.

Diana Baeza, Midland town president, discussed the project and requested approval of funding. She and Mr. Bruels answered questions from the board regarding the cause of the haloacetic acid (HAA5) violations.

Perkins County Rural Water System - the rural water system must change the vertical alignment or insulate existing water main along Highways 12 and 73 near the city of Lemmon due to grade elevation changes as a result of an upcoming Department of Transportation project. The grade changes would eliminate minimum cover over the pipe. Without this cover water mains are susceptible to freezing or breaking. Approximately two miles of water main will be realigned and an additional two miles will be insulated as a result of this project. A SCADA system will also be added to the Highway 20 booster station.

Perkins County Rural Water System opened bids for the project on March 29, 2016, and the project is planned for completion in October 2016.

The total project amount is \$1,722,000, and the amount requested is \$1,722,000.

The rural water system's rates are \$108.03 per 7,000 gallons usage.

The staff recommendation was to award a \$1,722,000 Drinking Water SRF loan, at 2.25 percent interest for 30 years with 60.0 percent as principal forgiveness not to exceed \$1,033,200.

The rural water system has pledged system revenues for repayment of the loan. Currently, Perkins County Rural Water System is paying only interest on its existing State Water Resources Management System loan, and will begin paying principal in 2020, which will require an additional \$85,000 for debt repayment, or approximately \$8.10 per connection.

The current rates provide 116 percent debt coverage on the State Water Resources Management System loan and a Dacotah bank loan. The Dacotah bank loan will be repaid in 2017, at approximately the same time that this loan will go into repayment. With annual rate increases of 3.25 percent, the rates expected in 2018 and 2019 will provide required 110 percent coverage for all debt. Staff projections indicate that Perkins County Rural Water System will need rates of \$122.77 for 7,000 gallons to cover operating expenses and debt service in 2020.

Staff recommended the award be contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, contingent upon

an Inter-creditor Agreement being approved and executed by Dacotah Bank, Perkins County Rural Water System, and the Conservancy District, and principal forgiveness is contingent upon receipt of the 2016 Drinking Water State Revolving Fund capitalization grant from EPA.

Larry Thelen, Advanced Engineering and Environmental Services, discussed the project and answered questions from the board.

Conde proposes to replace existing 6-inch ductile iron pipe and 4-inch PVC pipe throughout the town with 6-inch PVC pipe. New pipe would be installed to loop the system and increase pressures. The project includes replacing the existing water tower with a 50,000-gallon ground storage tank and booster pumps. New automatic read water meters will also be installed.

The town of Conde anticipates bidding the project in July 2016 with a project completion date of October 2017.

The total project amount is \$2,795,000, and the amount requested is \$2,795,000.

Conde's rates are \$30.50 per 5,000 gallons usage.

Mr. Bruels stated that staff does not believe funding the entire project is a viable option. To reduce the funding necessary for this project, the looping portion of the water main work was eliminated lowering the total cost to \$2,333,000. If Conde receives favorable bids, staff would allow looping work to be added back into the project as funding allowed.

Staff recommended awarding a \$2,333,000 Drinking Water SRF loan, at 2.25 percent interest for 30 years with 78.6 percent as principal forgiveness not to exceed \$1,833,000.

Conde has pledged a project surcharge for repayment of the loan. The surcharge required on a \$500,000 loan is \$20.25, resulting in overall rates of \$50.75 per 5,000 gallons usage.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2016 Drinking Water State Revolving Fund capitalization grant from EPA.

Cindy Smith, town president, discussed the project and requested approval of funding. She answered questions from the board.

Colman is proposing to replace 4,430 feet of water main along Highway 34. This phase of construction is a continuation of line replacement work that has been completed in the community and funded by the board. The cost of this work is estimated at \$730,000. The requested funding also includes an additional \$400,000 to address a funding shortfall on the current project and \$70,000 from an emergency repair on the Highway 34 water main.

Mr. Bruels stated that the city would utilize some funding almost immediately after award to address the funding shortfall on phase 2. The Highway 34 water main work is anticipated to be bid in the spring of 2016 with completion in the fall of 2016.

The total project amount is \$1,200,000, and the amount requested is \$1,200,000.

Colman's current rates are \$42.42 per 5,000 gallons usage.

Staff recommended awarding a \$500,000 Drinking Water SRF loan at 3 percent for 30 years and a Consolidated grant for 58.4 percent of project costs not to exceed \$700,000.

The city is pledging a project surcharge for repayment of the loan. The surcharge required on the loan is \$7.75, which would bring the overall rates in Colman to \$50.17.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Russ May, Colman city commission, discussed the project and requested approval of funding. He answered questions from the board.

Wakonda is proposing to rehabilitate the existing meter pit and water tower, abandon three unused wells, replace cast iron lines accounting for 42 percent of the water distribution system, replace undersized water mains, and install new lines to loop the system in various locations.

Wakonda plans to advertise bids for this project in July of 2016 with a completion date of December 2017.

The total project amount is \$2,836,710, and the amount requested is \$2,836,710.

Wakonda's rates are \$38.25 per 5,000 gallons usage.

Staff does not believe funding the entire project is a viable option, and to reduce the scope and cost of the project, the well abandonment, water main looping, and replacement of small diameter lines was eliminated from the project for funding consideration. This will lower the estimated cost to \$1,930,000. If Wakonda does receive favorable bids, staff would allow some of the eliminated items to be added back into the project as funding allowed.

The staff recommendation was to award a \$1,378,000 Drinking Water SRF loan at 3 percent interest for 30 years with 68.8 percent as principal forgiveness not to exceed \$948,000, and to award a Consolidated grant for 28.7 percent of project costs not to exceed \$552,000.

Wakonda has pledged a project surcharge for repayment of the loan. The funding package includes 77.8 percent grant funding overall for the reduced project cost. The surcharge required on a \$430,000 loan is \$12.30 per user per month; however staff believes Wakonda will also need to raise its base rates by \$3.00 to cover their operation and maintenance expenses. Increasing the rate to \$41.25 for operating expenses and adding the loan surcharge will result in overall user rates of \$53.55 for 5,000 gallons.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2016 Drinking Water State Revolving Fund capitalization grant from EPA.

Terry Hackett, town of Wakonda, and Terry Aaker, SPN and Associates, discussed the project and answered questions from the board.

Britton is proposing to replace all 4-inch cast iron, asbestos cement, PVC and 6-inch cast iron pipes with 6-inch PVC lines and additional valves. The city is also proposing to paint and update the existing 250,000-gallon ground level and 150,000-gallon elevated storage tanks and construct a new pump house.

Design of the project will begin in the summer of 2016 with construction starting in the spring of 2017 and continuing through the fall of 2017.

The total project amount is \$4,656,000, and the amount requested is \$4,656,000.

Britton's rates are \$34.50 per 5,000 gallons usage.

Staff recommendation was to award a \$3,212,000 Drinking Water SRF loan at 3 percent interest for 30 years, and to award a Consolidated grant for 31.1 percent of project costs not to exceed \$1,444,000.

Britton has pledged a project surcharge for repayment of the loan. Mr. Bruels noted that Britton has sufficient cash on hand to repay the balance remaining on the existing SRF loan, and staff would encourage them to request to repay that loan in full. The surcharge required on this new loan is \$21.85. If Britton opts to repay the existing loan, the overall rate will be \$53.10 per 5,000 gallons.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Clyde Frederickson, mayor of Britton, discussed the project and answered questions from the board.

Brookings-Deuel Rural Water System intends to install meter data transmission units on existing water meters. These will store and transmit meter readings to the Brookings-Deuel office.

Brookings-Deuel anticipates purchasing the units and beginning installation in 2016 with a project completion in 2017.

The total project amount is \$250,000, and the amount requested is \$250,000.

The rural water system's rates are \$55.40 per 7,000 gallons usage.

Mr. Bruels noted that Brookings-Deuel's current rates are only slightly above the minimum rates of \$55.00 for 7,000 gallons to be eligible to receive subsidy.

Staff recommended awarding a \$250,000 Drinking Water SRF loan at 2.25 percent interest for 10 years.

The rural water system is pledging system revenues for repayment of the loan. Staff analysis indicates that a loan of this amount equates to approximately \$1.00 per user; however, existing rates produce sufficient revenue so no increase will be needed to provide the required coverage. Staff analysis shows Brookings-Deuel has approximately 1,400 percent coverage for the loan at current rates.

Staff recommended the award be contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, contingent upon an Inter-creditor Agreement being approved and executed by CoBank, First Bank and Trust, Rural Utilities Service, Brookings-Deuel Rural Water System, and the Conservancy District.

Matt Odekoven, DGR Engineering, answered questions from the board.

Chancellor intends to replace 131 existing water meters that are over 20 years old with an automatic meter reading system.

Chancellor anticipates bidding the project in July 2016 with a project completion date of October 2016.

The total project amount is \$180,415, and the amount requested is \$180,415.

Chancellor's rates are \$37.00 per 5000 gallons usage.

Mr. Bruels stated that water conservation projects, to include water meters, are eligible for Clean Water SRF funding. This project can also be used to meet the Green Project Reserve requirements included in the 2015 Clean Water capitalization grant. Providing funding for this project with Clean Water SRF helps meet the department's reporting requirements for Green Project Reserve. This will not adversely affect the Drinking Water program as there were no Green Project Reserve requirements associated with either the 2015 or 2016 Drinking Water capitalization grants.

The staff recommendation was to award a \$180,000 Clean Water SRF loan at 2.25 percent interest for 10 years with 50 percent as principal forgiveness not to exceed \$90,000.

Chancellor is pledging a project surcharge for repayment of the loan. Staff analysis indicates that a surcharge of \$7.70 is needed to provide coverage on the loan, which would bring overall rates to \$44.70.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, contingent upon receipt of the 2016 Clean Water State Revolving Fund capitalization grant from EPA.

Dennis Wieker, town board president, discussed the project and answered questions from the board.

Canton intends to reconstruct Dakota Street to improve the underground utility infrastructure. The water distribution system replacement will occur in conjunction with the sanitary sewer and storm sewer replacement project presented earlier. Approximately 2,840 feet of new 12-inch PVC main will be installed.

Canton plans to advertise bids for this project in January of 2017 with a completion date of November 2017.

The total project amount is \$960,000, and the amount requested is \$760,000. Canton has received a \$200,000 Department of Transportation Community Access grant for the project.

The city's rates are \$31.20 per 5,000 gallons usage.

Staff recommended awarding a \$760,000 Drinking Water SRF loan at 3 percent interest for 30 years.

Canton has pledged a project surcharge for repayment of the loan. Canton originally pledged system revenues; however, bond counsel has determined that a surcharge can be used since the project will provide benefit to all users of the system.

Mr. Bruels stated that Canton received a \$1,550,000 Drinking Water SRF loan in March 2015, but the loan has not yet been closed. The monthly surcharge required to repay this loan is \$5.45 per user.

Staff analysis indicates that a surcharge of \$2.65 is needed to provide coverage on this new loan. With the surcharge for this loan and the surcharge from the unclosed loan, Canton users will have overall rates of \$39.30 per 5,000 gallons.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Jeff Fossum, city of Canton, discussed the project and answered questions from the board.

Due to a prior engagement, board member Todd Bernhard left the meeting at 4:00 p.m.

Dell Rapids is proposing to replace cast iron water mains at the intersection of Highway 115, Old Highway 77 and 4th Street with 1,900 feet of 6- and 8-inch PVC lines. The city is also proposing to replace just over 800 feet of cast iron water main with 6- and 8-inch PVC waterline on a portion of 10th Street near the hospital. This project will be completed in conjunction with the sanitary sewer project presented earlier.

Design of the project would begin in the summer of 2016 with construction starting in the fall of 2016 and continuing through 2017.

The total project amount is \$705,000, and the amount requested is \$705,000.

The city's rates are \$34.85 per 5,000 gallons usage.

The staff recommendation was to award a \$705,000 Drinking Water SRF loan at 3.25 percent interest for 30 years.

Dell Rapids has pledged water revenue for repayment of the loan. Bond counsel has determined that the proposed surcharge cannot be used since the project will not benefit all users of the system.

Staff analysis indicates that the current rate will not provide coverage for the loan, and that an additional \$2.25 per user needs to be added to the base rate to provide the 110 percent coverage. This will bring the overall rate to \$37.10 for 5,000 gallons usage.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage.

Justin Wyland, city administrator for Dell Rapids, discussed the project and requested approval of funding. He answered questions from the board.

Miller is experiencing problems with its water distribution system this is the first phase of a three-phase project. This phase will replace 7,300 feet of 6-inch water main, 1,000 feet of 8-inch water main and 850 feet of 10-inch water main. This project will be completed in conjunction with the sanitary sewer project presented earlier.

Miller plans to advertise bids for this project in January of 2017 with a completion date of November 2017.

The total project amount is \$2,200,000, and the amount requested is \$2,199,000. The city is also applying for funding from USDA RD.

Miller's rates are \$50.00 per 5,000 gallons usage.

Staff has determined that \$87,000 of the project costs is not eligible for funding. These costs are associated with resurfacing an alley where a water main break occurred in 2010 and was repaired at that time.

The staff recommendation was to award a \$2,112,000 Drinking Water SRF loan at 3 percent interest for 30 years with 32.8 percent as principal forgiveness not to exceed \$692,000.

The city has pledged a project surcharge for repayment of the loan. The surcharge needed for a \$1,420,000 loan is \$8.00 per user per month. Staff analysis indicates only \$45.00 of the existing rates are needed for operational expenses and existing debt, this leaves \$5.00 from current rates available for debt service on this loan. If Miller restructured its current rates, overall rates would be \$53.00 per month.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2016 Drinking Water State Revolving Fund capitalization grant from EPA.

Jim Bonebright, water superintendent for the city of Miller, discussed the project and requested approval of funding. He answered questions from the board.

Kingbrook Rural Water System intends to install new water lines to connect about 220 new users. The new users are primarily existing residences and livestock pasture taps within the service area, but currently use other water sources. The project also includes new mainline to improve capacity and reliability in the service area. This project will include about 6.5 miles of 14- and 16-inch PVC pipe and about 125 miles of 2- to 6-inch PVC pipe. The construction will also include some new booster pumps.

The rural water system anticipates bidding the project in July of 2016 with a project completion date of October 2017.

The total project amount is \$9,550,400, and the amount requested is \$9,000,400. The rural water system is contributing in \$550,000 in local cash from hookup fees for the project.

The rural water system's rates are \$56.55 per 7,000 gallons usage for rural households.

Mr. Bruels noted that that Kingbrook's current rates are only slightly above the minimum rates eligible to receive subsidy of \$55.00 for 7,000 gallons.

The staff recommendation was to award a \$9,000,000 Drinking Water SRF loan at 3 percent interest for 20 years.

The rural water system is pledging system revenues for repayment of the loan. Staff analysis indicates revenues will need to be increased by 11.8 percent to provide the required coverage on the loan. If Kingbrook chooses to apply this revenue increase to both the base and usage rate and across all user classes, the domestic rate for rural households would increase to \$63.25 for 7,000 gallons usage.

Staff recommended the award be contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Inter-creditor Agreement being approved and executed by CoBank, Rural Utilities Service, Kingbrook Rural Water System, and the Conservancy District.

Randy Jencks, general manager for the rural water system, discussed the project and answered questions from the board.

This concluded presentation of the Drinking Water Facilities funding applications.

Chairman Johnson recognized Legislative Oversight Committee members Representative Mary Duvall and Senator Jim White. He thanked them for attending the meeting.

SMALL WATER FACILITIES FUNDING APPLICATION: Jim Feeney presented the one Small Water Facilities funding application and the staff recommendation.

Delmont requested \$138,000 in funding to refinance the current balance on DW-01.

On June 26, 2008, the city of Delmont was awarded a \$185,000 Drinking Water State Revolving Fund loan (DW-01) and \$158,460 was disbursed to complete its drinking water project.

On May 10, 2015, a tornado struck Delmont damaging or destroying more than 40 homes and businesses. As required by the loan documents, Delmont provided notice to the board in May of its inability to meet its debt service obligations due to this act of God.

At the June meeting, the Board of Water and Natural Resources converted Delmont's Consolidated loan balance of approximately \$19,000 to a grant, and concurred that Delmont's inability to make the July 15, 2015, Drinking Water SRF payment was deemed not to constitute a default by reason of force majeure.

The board directed the staff to explore options for debt forgiveness of Delmont's remaining loan. Chairman Johnson referred to his and others experience with natural disasters and the related financial impacts and indicated his support to forgive as much principal as reasonably possible. That sentiment was also expressed by several other board members and by state legislators from the Delmont area.

Staff discussed with EPA the option of providing principal forgiveness for DW-01. As reported at the board's September meeting, it was determined that the current capitalization grant restrictions do not permit the use of principal forgiveness to refinance an existing debt and debt relief would have to be deferred until additional Consolidated funding was available this year.

Also, at the September meeting, the board concurred that Delmont's inability to make its October 15, 2015, and January 15, 2016 payments were deemed not to constitute a default by reason of force majeure.

Mr. Feeney stated that the next payment on DW-01 is due April 15, 2016. The principal balance is \$138,086.75. While payments have not been made because of the act of God, interest has been accruing so there is an additional accrued interest of just over \$3,400.

Staff recommendation was to award a \$126,768 Consolidated grant, which is the maximum Consolidated grant the board can award. Mr. Feeney noted that pursuant to SDCL 46A-1-61, a grant from the Water and Environment Fund cannot exceed 80 percent of the nonfederal share of expenditures based on the original project cost.

If the Consolidated grant is approved by the board, there will be a principal balance of \$11,318.75 plus \$3,410.20 in accrued interest with a payoff date of April 15, 2016.

Mr. Feeney stated that in March the department awarded a \$14,759.95 grant to Delmont to cover the principal balance and accrued interest. This is money from the Department of Environment and Natural Resources Fee Fund, utilizing the department's operating budget. This funding source and the budget authority are limited, but the department, to include Secretary Pirner, supported providing full funding to refinance DW-01. Delmont has been impacted with significant decreases to its tax base and utility income. With the elimination of the SRF surcharge, Delmont has a water rate of \$42.00 per 5,000 gallons. USDA Rural Development has not taken any steps to write down its loans, which includes about \$138,000 on a sewer project and additional smaller loan of more than \$10,000 on a pay loader.

Mr. Feeney stated that while Delmont could provide debt service on a small Consolidated loan, the value of repayments to the Water and Environment Fund over the next decade or two would be minimal. The debt relief provided in 2016 is significant to the town of Delmont, and their financial recovery from the May 2015 tornado. In addition to the Fee Fund grant, DENR agreed to use waste tire and statewide cleanup grant funds that are provided through the Board of Water and Natural Resources under the Solid Waste Management Program to clean up the Delmont tornado debris pile which was located on a site owned by Douglas County. The debris pile was directly over a shallow aquifer, and neither Delmont nor Douglas County had the funds for cleanup. DENR put the removal out for bids through the Office of State Procurement. The low bidder was Robert Johnson Construction from Mitchell at \$59.90 per ton. The tonnage removed to the Mitchell Regional Landfill totaled 4,430 tons, bringing the cleanup cost to \$265,401.

Mr. Feeney reiterated that the staff recommended approving a \$126,768 Consolidated grant to pay off the Drinking Water SRF loan.

Mae Gunnare, mayor of Delmont, thanked the board for past assistance and future assistance. She discussed progress being made in Delmont and the need for funds.

AVAILABLE FUNDING UPDATE: Mr. Perkovich provided an overview of funds that will be remaining if the board accepts the staff recommendations for funding.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION: Mr. Bruels discussed available funding for the Solid Waste Management Program.

He presented the Solid Waste Management Program funding application and the staff recommendation.

Freeman requested funding to expand its existing restricted use site located northwest of the city. The project includes the purchase of five acres of land, excavation, erosion control, and fencing.

The total project amount is \$319,384, and the amount requested is \$191,000. Mr. Bruels noted that local cash will be used to fund the remaining \$128,384.

Mr. Bruels stated that Freeman did not indicate a proposed repayment source or rate and term on the funding application. Staff checked on this missing information and was informed that the city was not interested in receiving a loan for the project.

Based on staff review of the financial information submitted, the city has sufficient funds in its general fund to pay for any portion of the project not funded by the board.

The staff recommendation was to award a Solid Waste Management Program grant for 31.4 percent of total project costs not to exceed \$100,000.

Mr. Bruels provided a recap of available funding for the Solid Waste Management Program.

LEGISLATIVE UPDATE: DENR Secretary Steve Pirner reported on bills that were passed during the 2016 legislative session.

RECESS: Chairman Johnson declared a recess until 8:15 the following morning.

MARCH 31, 2016, 8:15 A.M. CT

Chairman Johnson called the meeting to order at 8:15 a.m. A quorum was present.

SANITARY/STORM SEWER FACILITIES FUNDING DECISIONS: Mr. Perkovich reviewed the applications and staff recommendations for funding.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-06** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,386,000 at 3.25 percent interest for 30 years to the city of **Dell Rapids** for a wastewater treatment facility improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; to adopt **Resolution #2016-07** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Dell Rapids** for up to 26.8 percent of approved total project costs not to exceed \$1,540,000 for a wastewater treatment facility improvements project; and to adopt **Resolution #2016-08** approving the State Revolving Fund Program Drinking Water Facility grant agreement between the Board of Water and Natural Resources and the city of **Dell Rapids** for up to 31.9 percent of approved total project costs not to exceed \$1,832,000 for a wastewater treatment facility improvements project. Motion carried unanimously.

Motion by Goldhammer, seconded by Bernhard, to offer the **Lake Poinsett Sanitary District** a \$8,585,000 Clean Water SRF loan, but to defer formal board action until the June 2016, board meeting. Motion carried unanimously.

Motion by Soholt , seconded by Bernhard, to adopt **Resolution #2016-09** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$445,000 at 3.25 percent interest for 30 years to the town of **Westport** for a wastewater and storm sewer improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other

documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of the Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; and to adopt **Resolution #2016-10** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the town of **Westport** for up to 27.9 percent of approved total project costs not to exceed \$172,000 for a wastewater and storm sewer improvements project. Motion carried unanimously.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-11** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,821,000 at 3 percent interest for 20 years to the city of **Pierre** for a wastewater treatment facility improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by Goldhammer, seconded by Soholt, to adopt **Resolution #2016-12** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,541,000 at 3.25 percent interest for 30 years to the city of **Miller** for a wastewater improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of the Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; and to adopt **Resolution #2016-13** approving the State Revolving Fund Program Water Quality grant agreement between the Board of Water and Natural Resources and the city of **Miller** for up to 22.1 percent of approved total project costs not to exceed \$1,000,000 for wastewater improvements. Motion carried unanimously.

Motion by Soholt, seconded by Bernhard, to adopt **Resolution #2016-14** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,958,000 at 3.25 percent interest for 30 years to the **city of Miller** for storm water improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of the Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by Bernhard, seconded by Goldhammer, to rescind Resolution #2013-05, which approved the previous loan, and to adopt **Resolution #2016-15** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$744,000 at 3.25 percent interest for 30 years with up to 49.6 percent as principal forgiveness not to exceed \$368,700 to the town of **Astoria** for a

wastewater system improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2016 Clean Water State Revolving Fund capitalization grant from EPA. Motion carried unanimously.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-16** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,598,000 at 3 percent interest for 20 years to the city of **Brandon** for a lift station project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by Soholt, seconded by Bernhard, to adopt **Resolution #2016-17** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,648,000 at 3.25 percent interest for 30 years to the city of **Canton** for improvements to the sanitary and storm sewer system; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried unanimously.

Motion by Goldhammer, seconded by Soholt, to adopt **Resolution #2016-18** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Dell Rapids** for up to 59.7 percent of approved total project costs not to exceed \$619,000 for a 10th Street and Highway 115 sewer improvements project; and to adopt **Resolution #2016-19** approving the State Revolving Fund Wastewater Facility grant agreement between the Board of Water and Natural Resources and the city of **Dell Rapids** for up to 40.4 percent of project costs not to exceed \$418,000 for a 10th Street and Highway 115 sanitary and storm sewer improvements project. Motion carried unanimously.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-20** approving the State Revolving Fund Wastewater Facility grant agreement between the Board of Water and Natural Resources and the city of **Faulkton** for up to 9.8 percent of approved total project costs not to exceed \$500,000 for wastewater system improvements contingent upon the recipient establishing the minimum rate required to receive grant assistance. Motion carried unanimously.

Motion by Soholt, seconded by Bernhard, to rescind Resolution #2013-46, which approved the previous loan, and to adopt **Resolution #2016-21** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$588,000 at 3.25 percent interest for 30 years to **Prairie Meadows Sanitary District** for a wastewater collection system improvements project; and

authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing wastewater rates at a level sufficient to provide the required debt coverage; and to adopt **Resolution #2016-22** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and **Prairie Meadows Sanitary District** for up to 57.7 percent of approved total project costs not to exceed \$800,000 for wastewater collection system improvements. Motion carried unanimously.

Motion by Bernhard, seconded by Goldhammer, to adopt **Resolution #2016-23** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$84,000 at 3.25 percent interest for 30 years to the town of **Yale** for a wastewater lagoon improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; and to adopt **Resolution #2016-24** approving the State Revolving Fund Program Water Quality grant agreement between the Board of Water and Natural Resources and the town of **Yale** for up to 54.8 percent of approved total project costs not to exceed \$243,000 for wastewater lagoon improvements. Motion carried unanimously.

DRINKING WATER FACILITIES FUNDING DECISIONS: Mr. Bruels reviewed the applications and the staff recommendations for funding.

Motion by Bernhard, seconded by Goldhammer, to defer formal action on a Drinking Water State Revolving Fund award to the town of Midland for a drinking water system improvements project; and to adopt **Resolution #2016-25** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the town of **Midland** for up to 38.5 percent of approved total project costs not to exceed \$275,000 for drinking water system improvements contingent upon the recipient establishing the minimum rate required to receive grant assistance and with the following Special Condition: If a Community Development Block Grant is awarded to Midland for this project, the Consolidated Water Facilities Construction Program grant will be reduced such that the total amount of the Community Development Block Grant and the Consolidated Water Facilities Construction Program grant will not exceed 60 percent of the total eligible project cost. If the Community Development Block Grant equals or exceeds \$429,000, the Consolidated Water Facilities Construction Program grant will be rescinded. Motion carried unanimously.

Motion by Soholt, seconded by Goldhammer, to adopt **Resolution #2016-26** approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$1,722,000 at 2.25 percent interest for 30 years with up to 60 percent as principal forgiveness not to exceed \$1,033,200 to **Perkins County Rural Water System** for a water line realignment and booster station improvements project; and authorizing the execution of the loan agreement, the acceptance of the

Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for the repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, contingent upon an Inter-creditor Agreement being approved and executed by Dacotah Bank, Perkins County Rural Water System, and the Conservancy District, and principal forgiveness is contingent upon receipt of the 2016 Drinking Water State Revolving Fund capitalization grant from EPA. Motion carried unanimously.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-27** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,333,000 at 2.25 percent interest for 30 years with up to 78.6 percent as principal forgiveness not to exceed \$1,833,000 to the town of **Conde** for a water distribution and storage improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2016 Drinking Water State Revolving Fund capitalization grant from EPA. Motion carried unanimously.

Motion by Soholt, seconded by Goldhammer, to adopt **Resolution #2016-28** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$500,000 at 3 percent interest for 30 years to the city of **Colman** for the Highway 34 water main replacement project - Phase 3; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; and to adopt **Resolution #2016-29** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Colman** for up to 58.4 percent of approved total project costs not to exceed \$700,000 for water main replacement. Motion carried unanimously.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-30** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,378,000 at 3 percent interest for 30 years with up to 68.8 percent as principal forgiveness not to exceed \$948,000 to the town of **Wakonda** for drinking water system improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2016 Drinking Water State Revolving

Fund capitalization grant from EPA; and to adopt **Resolution #2016-31** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the town of **Wakonda** for up to 28.7 percent of approved total project costs not to exceed \$552,000 for drinking water system improvements. Motion carried unanimously.

Motion by Soholt, seconded by Bernhard, to adopt **Resolution #2016-32** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$3,212,000 at 3 percent interest for 30 years to the city of **Britton** for water system improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; and to adopt **Resolution #2016-33** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Britton** for up to 31.1 percent of approved total project costs not to exceed \$1,444,000 for water system improvements. Motion carried unanimously.

Motion by Goldhammer, seconded by Soholt, to adopt **Resolution #2016-34** approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$250,000 at 2.25 percent interest for 10 years to the **Brookings-Deuel Rural Water System** for an automatic meter reading system; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the Borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Inter-creditor Agreement being approved and executed by CoBank, First Bank and Trust, Rural Utility Service, Brookings-Deuel Rural Water System, and the Conservancy District. Motion carried unanimously.

Motion by Soholt seconded by Bernhard, to adopt **Resolution #2016-35** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$180,000 at 2.25 percent interest for 10 years with up to 50 percent as principal forgiveness not to exceed \$90,000 to the town of **Chancellor** for water meters replacement project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of the Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2016 Clean Water State Revolving Fund capitalization grant from EPA. Motion carried unanimously.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-36** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$760,000 at 3 percent

interest for 30 years to the city of **Canton** for improvements to the water distribution system; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by Goldhammer, seconded by Bernhard, to adopt **Resolution #2016-37** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$705,000 at 3.25 percent interest for 30 years to the city of **Dell Rapids** for a 10th Street and Highway 115 water distribution improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower raising rates to a level sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by Sohlt, seconded by Goldhammer, to adopt **Resolution #2016-38** approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$2,112,000 at 3 percent interest for 30 years with up to 32.8 percent as principal forgiveness not to exceed \$692,000 to the city of **Miller** for a water distribution project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2016 Drinking Water State Revolving Fund capitalization grant from EPA. Motion carried unanimously.

Motion by Bernhard, seconded by Goldhammer, to adopt **Resolution #2016-39** approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$9,000,000 at 3 percent interest for 20 years to **Kingbrook Rural Water System** for a 2017 improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for the repayment of the loan, contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Inter-creditor Agreement being approved and executed by Rural Utility Service, CoBank, Kingbrook Rural Water System, and the Conservancy District. Motion carried unanimously.

SMALL WATER FACILITIES FUNDING DECISIONS: Mr. Feeney reviewed the application and staff recommendation for funding.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-40** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Delmont** for up to 80 percent of approved total project costs not to exceed \$126,768 for refinancing Drinking Water State Revolving Fund loan C462083-01. Motion carried unanimously.

SOLID WASTE MANAGEMENT FUNDING: Mr. Bruels reviewed the application and staff recommendation for funding.

Motion by Soholt, seconded by Bernhard, to adopt **Resolution #2016-41** approving the South Dakota Solid Waste Management Program grant agreement between the Board of Water and Natural Resources and the city of **Freeman** for up to 31.4 percent of approved total project costs not to exceed \$100,000 to expand the restricted use site. Motion carried unanimously.

WATERTOWN STATE WATER RESOURCES MANAGEMENT SYSTEM GRANT AGREEMENT: Mr. Feeney reported that agenda items #19, #20, and #21 are grant awards for three State Water Resources Management projects dealing with Big Sioux River flood issues.

In November 2015, the Board of Water and Natural Resources recommended funding levels for these projects, as requested by the sponsors. These recommended amounts were included in the Governor's 2016 Omnibus Bill and appropriated by the 2016 Legislature.

Senate Bill 68 was passed out of the Joint Appropriations Committee on a 16 to 0 vote. It passed the Senate 34 to 0 and passed the House 63 to 6, and it was signed by the Governor on February 19, 2016.

The city of Watertown requested to place the \$225,125 grant appropriated by the 2016 Legislature under agreement for the Watertown and Vicinity Big Sioux Flood Control Study. This amount will provide half of the required nonfederal cost share. The Corps of Engineers has proposed a \$1,050,000 update of the Watertown and Vicinity Big Sioux Flood Control Study. This would prepare an integrated feasibility and environmental assessment to evaluate alternatives, identify the national economic development plan and alternatives, and recommend a project plan.

Staff recommended approval of the \$225,125 SWRMS grant to the city of Watertown.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-42** approving the State Water Resources Management grant agreement between the Board of Water and Natural Resources and the city of **Watertown** for an amount not to exceed \$225,125 for the purpose of a feasibility level study update of the Watertown and Vicinity Big Sioux Flood Control Study to be completed by the United States Army Corps of Engineers. Motion carried unanimously.

SIOUX FALLS STATE WATER RESOURCES MANAGEMENT SYSTEM GRANT AGREEMENT: Mr. Feeney stated that this project received its SWRMS designation in 1989. Construction was authorized by the State of South Dakota in 1992. At that time the Corps' estimate of the project was just under \$27,000,000. Federal authorization was in the Water Resource

Development of 1996 at approximately \$35,000,000 at that time. However, construction did not start until 2000, and the project was completed in 2013.

The project scope being revised and indexed, which is allowed under the state authorization, has seen the federal project cost of the completed project increase to \$65,971,000. The cost share is 75 percent federal and 25 percent nonfederal. The state and the city split the nonfederal cost share at 12.5 percent, or \$8,246,375 being paid by each. Previously, \$6,210,000 in SWRMS grant assistance has been provided to Sioux Falls, leaving the requested balance of \$2,036,375.

Mr. Feeney stated that the project is completed. In December of 2009, the city of Sioux Falls issued \$31,500,000 in taxable revenue bonds. Just over \$18,000,000 of that total was advanced to the Corps to accelerate the levee and dam construction for this project.

The state's cost share commitment for this project will be complete by providing this \$2,036,375 to the city of Sioux Falls.

Staff recommended awarding the \$2,036,375 SWRMS grant to the city of Sioux Falls.

Motion by Sohlt, seconded by Goldhammer, to adopt **Resolution #2016-43** approving the State Water Resources Management grant agreement between the Board of Water and Natural Resources and the **Sioux Falls** for an amount not to exceed \$2,036,375 for the Sioux Falls Flood Control project. Motion carried unanimously.

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES STATE WATER RESOURCES MANAGEMENT SYSTEM GRANT AGREEMENT: Mr. Feeney reported that the department held a public meeting on March 22, 2016, in North Sioux City with approximately 40 people in attendance. Staff discussed the need for a new hydrologic and hydraulic model for the Big Sioux River basin to develop more accurate predictions of river stages during a flood event so that the state and residents can better respond to flood events. The project will produce a user-friendly website that authorities can use to more accurately predict areas that will be inundated during a flood. The data, model and website generated from this study will predict impacted areas for a range of flood scenarios.

The Legislature appropriated \$750,000 for the modeling effort as part of the Governor's Omnibus Water Funding Bill. DENR will release a Request for Proposal in April or May for an engineering and hydrologic consulting firm to develop the model.

The staff recommended approval of the \$750,000 SWRMS grant to the Department of Environment and Natural Resources.

Motion by Goldhammer, seconded by Bernhard, to adopt **Resolution #2016-44** approving the State Water Resources Management grant agreement between the Board of Water and Natural Resources and the **Department of Environment and Natural Resources** for an amount not to exceed \$750,000 for the purpose of contracting for the development of a hydrologic model of the Big Sioux River Basin. Motion carried unanimously.

RETENTION OF FUTURE USE WATER PERMIT NO. 2472-2 FOR THE GREGORY COUNTY PUMPED STORAGE PROJECT:

Mr. Feeney stated that in March 2002, the Board of Water and Natural Resources, acting in its capacity as the South Dakota Conservancy District, applied for and received a Future Use Permit for the Gregory County Hydroelectric Pumped Storage (GCPS) project from the South Dakota Water Management Board. This is a proposed pumped storage hydroelectric facility to be located along Lake Francis Case in Gregory County. Water from Lake Francis Case would be pumped to an upper reservoir during lower cost, off-peak energy demand periods and then released to generate high value peak energy.

Future Use Permit No. 2472-2 is up for a seven year review by the Water Management Board to determine whether a reasonable need exists for the reserved water. Permit No. 2472-2 is for 24,000 acre-feet of water from Lake Francis Case to accommodate the weekly cycle of drawdown and refill of the project's upper storage reservoir.

Future Use Permit No. 2472-2 was last reviewed in March of 2009 and allowed to remain in effect. At the time of the 2002 application and the 2009 seven year review, SDCL 46-2-13 exempted state agencies from paying fees for permit applications.

Legislation that went into effect July 1, 2009, removed this exemption; and state agencies are now required to pay filing fees. The fee to continue to reserve 24,000 acre-feet for this non-consumptive use is \$2,055.

Staff recommended the board adopt a motion to not retain Future Use Permit No. 2477-2 and allow the permit to expire.

Mr. Feeney stated that he met with the South Central Water Development District to explain this action. The water development district board voted to support the action not to retain the future use permit and a director from the water development district had contacted the Gregory County Commission. The department has received no indication from the locals not to proceed as recommended and allow that future use permit to lapse.

Chairman Johnson asked if there has been any activity on this permit during the last nine years.

Mr. Feeney answered that currently the Western Minnesota Public Power Agency holds a Federal Energy Regulatory Commission preliminary permit that will run through the end of this year. In the past, other competing entities have filed for preliminary permits so it continues to be a site being evaluated. As the department views it, pairing pumped storage with wind and solar energy has potential, but transmission seems to be the biggest hurdle as far as the Gregory County site to get that peak power to urban areas where it is needed.

Motion by Soholt, seconded by Goldhammer, not to retain Future User Permit No. 2477-2 . Motion carried unanimously.

AMENDMENT TO SRF PROGRAM INVESTMENT ADVISOR AGREEMENT: Jon Peschong reported that on January 4, 2013, the Board of Water and Natural Resources authorized the distribution of a Request for Proposal for an investment manager for the State Revolving Fund Programs. The Request for Proposal provided that, "The board reserves the right to renew the

contract to be awarded to the successful respondent for an additional three-year period if the board considers any contract adjustment to be reasonable, and justified.”

There were nine respondents to the Request for Proposal, and PFM Asset Management was selected as the successful respondent.

At its March 2013, meeting the board approved an agreement with PFM Asset Management from April 1, 2013 to March 31, 2016, with a total contract amount of \$175,000.

PFM Asset Management submitted a letter requesting that the Investment Advisor agreement be extended to March 31, 2019, under the same terms and conditions and the same fees as set forth in the agreement. Mr. Peschong noted that a copy of the request was provided in the board packet.

Through January 2016, approximately \$76,000 had been disbursed to PFM Asset Management, leaving \$99,000 available for disbursement. With the possibility that the Conservancy District will receive future bond proceeds, staff believes a \$50,000 increase to the total contract amount is needed to cover any possible future increase in compensation from the increase of managed funds during the three-year period.

Staff recommended the board approve the First Amendment to the Investment Advisor agreement with PFM Asset Management to serve as investment advisor to the South Dakota Conservancy District for the Clean Water and Drinking Water SRF programs with the new total contract amount not to exceed \$225,000 and an end date of March 31, 2019, and authorize the Chairman to execute the First Amendment to the Investment Advisor agreement.

Motion by Bernhard, seconded by Sohlt, to approve the First Amendment to the Investment Advisor agreement with PFM Asset Management to serve as investment advisor to the South Dakota Conservancy District for the Clean Water and Drinking Water State Revolving Fund programs with an amended total contract amount not to exceed \$225,000, a new end date of March 31, 2019, and authorizing the execution of the contract. Motion carried unanimously.

SECOND AMENDMENT TO JOINT POWERS AGREEMENT WITH EAST DAKOTA WATER DEVELOPMENT DISTRICT FOR AQUIFER DELINEATION TECHNICAL ASSISTANCE TO COMMUNITY WATER SYSTEMS: Mr. Peschong reported that in March 2013, the Board of Water and Natural Resources approved a \$65,000 Joint Powers Agreement with East Dakota Water Development District to undertake and complete the updating and implementation of Comprehensive Local Groundwater Protection for Shallow Aquifers in eastern South Dakota.

In March 2015, the board approved the First Amendment to the Joint Powers Agreement extending the agreement until April 2016 because work was delayed due to the Department’s Geological Survey Program investigation of the Upper Vermillion-Missouri aquifer for priority pending water permit applications.

With the agreement ending and work still not finalized for the project, East Dakota Water Development District has submitted a letter requesting to extend the Joint Powers Agreement to June 30, 2017. A copy of the letter was included in the board packet.

Mr. Peschong noted that the authority for this agreement is from the 2013 Omnibus Bill, which ends on June 30, 2017.

Staff recommended the board approve the Second Amendment to the Joint Powers Agreement with East Dakota Water Development District to extend the term to June 1, 2017. This will allow enough time for DENR to process payment requests before the authority lapses.

Motion by Goldhammer, seconded by Bernhard, to adopt **Resolution #2016-45** approving the Second Amendment to the Joint Powers agreement with **East Dakota Water Development District** for aquifer delineation technical assistance to community water systems with an amended end date of June 1, 2017, and authorizing the execution of the contract. Motion carried unanimously.

THIRD AMENDMENT TO JOINT POWERS AGREEMENT WITH CENTRAL SOUTH DAKOTA ENHANCEMENT DISTRICT FOR SRF APPLICATION AND ADMINISTRATION AND DAVIS-BACON MONITORING: Derek Lankford reported that the board has contacted with the planning districts since 2005 to assist entities with State Revolving Fund loan applications and administration, and since 2009 for Davis-Bacon monitoring.

The Central South Dakota Enhancement District has requested an amendment to the Joint Powers agreement by adding \$39,900, bringing the total amount to \$110,700.

Since the second amendment at the June 2015 board meeting, Central South Dakota Enhancement District has prepared more loan applications than anticipated. Costs for SRF application and administration has also gone up since the November 2014 meeting.

Staff recommended the board approve the third amendment to the Joint Powers agreement with the Central South Dakota Enhancement District for SRF loan application and administration and Davis-Bacon monitoring.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-46** approving the Third Amendment to Joint Powers Agreement in an amount not to exceed \$110,700 to contract for financial services with the Central South Dakota Enhancement District until June 30, 2017, for preparation of SRF applications, administration of loans, and monitoring Davis-Bacon requirements. Motion carried unanimously.

LEAD AND COPPER MONITORING IN SOUTH DAKOTA: Mark Mayer, DENR Drinking Water Program, provided an informational update on South Dakota's monitoring of lead and copper in public water distribution systems. He answered questions from the board.

BOARD OF WATER AND NATURAL RESOURCES SFY 2017 MEETING SCHEDULE: Mr. Perkovich presented the proposed SRF 2017 board meeting schedule.

Jay Gilbertson suggested the board hold its September meeting in the Black Hills to tour nonpoint source projects in the area.

Board of Water and Natural Resources
March 30-31, 2016, Meeting Minutes

Motion by Sohlt, seconded by Goldhammer, to adopt the following meeting schedule for FY 2017:

September 22-23, 2016 (possibly in Spearfish)
November 9, 2016
January 5, 2017
March 30-31, 2017
June 23-24, 2017

Motion carried unanimously.

JUNE MEETING: The next meeting is scheduled for June 23-24, 2016, at the Matthew Training Center, Foss Building, in Pierre. Mr. Perkovich highlighted some of the agenda items for that meeting.

ADJOURN: Motion by Bernhard, seconded by Goldhammer, that the meeting be adjourned. Motion carried unanimously.

Approved this 23rd day of June, 2016.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3-30-16

LOCATION Matthew Training Center - Pierre

| Name (PLEASE PRINT) | Address | Representing |
|---------------------|-----------------------|--------------------------|
| Mike Perkovich | Pierre | DENR |
| Andy Brvels | Pierre | DENR |
| TAUL GNIRK | New Underwood | BWNR |
| Jim Putnam | Ammoun | CSEWD |
| Jeff Fossum | Sioux Falls | City of Canton |
| Terry Helms | Aberdeen | Helms & Assoc. |
| Brandon Smil | Aberdeen | Helms & Associates |
| Larry Thelen | Bismarck, ND | Perkins Co. Rural Wat. |
| Kristi Waus | Rapid City | Perkins Co. RW/AECS |
| Jean Scholt | Sioux Falls | BWNR |
| TED HAEDER | WATER TOWN | 1 ST DISTRICT |
| Markus Krutten | Pierre | CSDSD |
| Doreen Hertz | Westport | Westport |
| MICHAEL WILSON | WESTPORT | WESTPORT |
| Diana Baeza | Midland | Midland |
| Lawrence Stroppel | Midland | Midland |
| Mae Gunnare | Delmont | Delmont |
| Ronald Blackford | Miller | Miller |
| Dennis L. Wain | PO Box 106 Chancellor | Chancellor |
| Linda Laid | Delmont | Delmont |
| Jim Houston | Brookings | Banner Assoc. |

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3-30-16

LOCATION Matthew Training Center - Pierre

| Name (PLEASE PRINT) | Address | Representing |
|---------------------|-------------------|--------------------|
| David Ruhnke | Pierre | DENR |
| Paul Goldhammer | WALL | BWNR |
| TERDY HACKETT | WAKONDA | TOWN OF WAKONDA |
| James Bauerbright | Miller | City of Miller |
| Terry Aaker | Mitchell | SPN |
| Cabe Ansh | Miller | City of Miller |
| Cabe Laber | Sioux Falls | DGR |
| Slade Roseland | Faulton | City of Faulkton |
| CUREY HELMS | Aberdeen | Helms? ASSOC. |
| Jedd Reethz | Faulton | City of Faulkton |
| DAVID HARRIS | Faulton | City of Faulkton |
| Harold Jeering | Aberdeen | Jeering |
| JUSTIN WELAND | DELRAPAS | CITY OF DELLRAPAS |
| Mitch Mergen | Stockwell | City of Chancellor |
| Twila Hight | PIERRE | City of PIERRE |
| HARLAN QUENZER | SPN | Mitchell |
| TODD BERNHARD | FORT PIERRE | BWNR |
| Jim Auelm | PIERRE | DENR |
| Jay Gilbertson | Brookings | East Dakota WTD |
| Jim Feeney | Pierre | DENR |
| Drew Huibsen | Pierre | DENR |

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3-30-16

LOCATION Matthew Training Center - Pierre

| Name (PLEASE PRINT) | Address | Representing |
|---------------------------|---|--|
| <u>Rob J. Babcock</u> | <u>Aberdeen</u> | <u>Helms & Associates</u> |
| <u>Matt Odehoren</u> | <u>Rock Rapids, IA</u> | <u>NAR Engineering</u> |
| <u>Jason Simmons</u> | <u>Pierre</u> | <u>LRC</u> |
| <u>Val Keller</u> | <u>Pierre</u> | <u>City of Pierre</u> |
| <u>Bob Mercer</u> | <u>"</u> | <u>Newspapers</u> |
| <u>Mary Durall</u> | <u>Pierre</u> | <u>Legis Oversight</u> |
| <u>Larry Furney</u> | <u>Arlington Lake</u> | <u>Lake Poinsett Sanit</u> |
| <u>Bredya McGeogh</u> | <u>Estelline, ^{Poinsett} Lake Poinsett</u> | <u>Lake Poinsett Sanitary District</u> |
| <u>Leon Schochenmaier</u> | <u>City of Pierre</u> | <u>City of Pierre</u> |
| <u>Jennifer Stetzera</u> | <u>NECOG</u> | <u>NECOG</u> |
| <u>Jordan Hinz</u> | <u>NECOG</u> | <u>NECOG</u> |
| <u>Randy Jencks</u> | <u>ARLington</u> | <u>Kingbrook Rural Water</u> |
| <u>Jim White</u> | <u>Huron S.D.</u> | <u>Serra Low</u> |
| <u>Julie Bruchner</u> | <u>Conde</u> | <u>City of Conde</u> |
| <u>Cindy Smith</u> | <u>Conde</u> | <u>City of Conde</u> |
| <u>Ted Dickey</u> | <u>Aberdeen</u> | <u>NECOG</u> |
| <u>Josh Kayser</u> | <u>Emery</u> | <u>City of Emery</u> |
| <u>Brad Palmer</u> | <u>Pierre</u> | <u>City of Pierre</u> |
| <u>LYNN TATTON</u> | <u>City of Pierre</u> | <u>City</u> |
| <u>Clyde FREDRICKSON</u> | <u>CITY OF BRITTON</u> | <u>BRITTON CITY</u> |
| <u>BRIAN BECK</u> | <u>City of Britton</u> | <u>Britton City</u> |

Minutes of the
Board of Water and Natural Resources
Telephone Conference Call Meeting
523 East Capitol
Pierre, South Dakota

May 11, 2016
2:00 p.m. CDT

CALL TO ORDER: The meeting was called to order by Chairman Brad Johnson. A quorum was present.

BOARD MEMBERS PRESENT: Brad Johnson, Todd Bernhard, Paul Goldhammer, Gene Jones, Jr., Jackie Lanning, and Jerry Soholt.

BOARD MEMBER ABSENT: Dr. Paul Gnirk.

OTHERS: Jim Feeney, Mike Perkovich, Andy Bruels, DENR; Lon Kightlinger, State Epidemiologist; Jay Gilbertson, East Dakota Water Development District and Bob Mercer.

APPROVE AGENDA: Chairman Johnson approved the posted agenda.

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION: Andy Bruels reported that the Department of Environment and Natural Resources (DENR) requested approval of \$650,000 in Solid Waste Management Program funding for waste tire cleanups, specifically in the southeastern part of the state, and school chemical removals. The total project cost is \$750,000.

The 2016 Omnibus Bill authorized up to \$250,000 of the Solid Waste Management Program appropriation for DENR waste tire and other solid waste cleanup projects. In addition, the bill authorized these funds to cover 100 percent of project costs.

On April 29, 2016, DENR staff met with staff from the Department of Health and the Governor's office concerning the spread of the Zika virus. The packet distributed to the board members prior to the conference call included an informational handout from the Department of Health regarding the Zika virus threat.

Southeastern South Dakota is adjacent to the range of one mosquito species known to carry the Zika virus.

It is known that old tires provide a breeding location for the mosquito species that carries the Zika virus. Based on the known health effects associated with Zika, especially to pregnant women and their unborn children, DENR believes it is prudent to work with the regional landfills in southeastern South Dakota to remove tires from local residents' yards.

The Southern Missouri Regional landfill service area, which includes Gregory, Charles Mix, Douglas, and Bon Homme counties, and Vermillion landfill service area, which includes Yankton, Clay, and Union counties, were identified as the highest priority areas.

If approved by the board, funding utilizing the original \$250,000 request at 100 percent will be made available immediately to these two landfills. The tire collection events will begin the near future and will allow residents in those landfill service areas to drop off tires at designated locations for pick up and final disposal.

The additional \$400,000 in requested funding is required to have a minimum of a 20 percent local match to access the funding and would leverage at least \$500,000 in total projects. Without special legislative authorization, the maximum Solid Waste Management Program grant is 80 percent of project costs. DENR proposed that these funds be made available to the Sioux Falls, Brookings, Mitchell, and Tri-County (Pukwana) regional landfills. Beginning these collection events before the warm summer weather starts and while many residents are doing yard cleanup will remove more tires that otherwise would be available for mosquito breeding.

By providing DENR the grant for this funding, the department can work quickly with the landfills to put agreements in place and begin collection events. This will also eliminate the need for each landfill to submit an individual application to the board and have to wait until after the July 1 application deadline for funds to be made available.

A portion of the additional funds will be used for school districts to remove old and potentially hazardous chemicals from science classrooms and labs. DENR will continue to fund these projects with 50 percent cost share up to a maximum of \$10,000 for each school district requesting funding.

Staff recommended approval of two separate grants to DENR for these solid waste cleanups. The first grant would be for 100 percent of project costs not to exceed \$250,000. The second grant would be for up to 80 percent of project costs not to exceed \$400,000.

Lon Kightlinger, the State Epidemiologist, presented information regarding the Zika virus.

Dr. Kightlinger and Andy Bruels answered questions from the board members.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2016-47** approving the South Dakota Solid Waste Management Program grant agreement between the Board of Water and Natural Resources and the Department of Environment and Natural Resources for up to 100 percent of approved total project costs not to exceed \$250,000 for waste tire and other solid waste statewide cleanup projects; and to adopt **Resolution #2016-48** approving the South Dakota Solid Waste Management Program grant agreement between the Board of Water and Natural Resources and the Department of Environment and Natural Resources for up to 80 percent of approved total project costs not to exceed \$400,000 for waste tire and other solid waste statewide cleanup projects. A roll call vote was taken, and the motion carried unanimously.

Board of Water and Natural Resources
May 11, 2016, Telephone Conference Call Meeting Minutes

ADJOURN: Motion by Jones, seconded by Bernhard, that the meeting be adjourned. A roll vote was taken, and the motion carried unanimously.

Approved this 23rd day of June 2016.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources

DRAFT

TITLE: Amendments to 2016 State Water Facilities Plan, 2016 Clean Water State Revolving Fund Intended Use Plan Project Priority List and 2016 Drinking Water State Revolving Fund Intended Use Plan Project Priority List

EXPLANATION: Water projects which will require state funding or need state support for categorical grant or loan funding need to be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement onto State Water Facilities Plan and provides for amendment of projects onto the plan. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed onto the plan at this meeting will remain on the facilities plan through December 2017.

Projects seeking a Clean Water or Drinking Water State Revolving Fund loan must be included on the project priority list of the Intended Use Plan. The State Water Plan applications are used to determine which projects should be amended onto the State Revolving Fund Project Priority Lists.

The following is the list of State Water Plan applications received by the May 1, 2016 deadline.

- a. Blunt
- b. Lake Norden
- c. Lead
- d. Veblen – Drinking Water
- e. Veblen – Wastewater
- f. Walworth County
- g. Yankton

Staff is recommending that the following projects be amended onto the 2016 Clean Water State Revolving Fund Project Priority List:

| Priority Points | Loan Recipient | Estimated Loan Amount | Expected Loan Rate & Term |
|------------------------|-----------------------|------------------------------|--------------------------------------|
| 15 | Walworth County | \$500,000 | 2.25%, 10 years |
| 8 | Lead | \$48,905 | 3.25%, 30 years |
| 8 | Veblen | \$2,137,000 | 3.25%, 30 years |
| 5 | Blunt | \$530,000 | 2.25%, 10 years |

Staff is recommending that the following projects be amended onto the 2016 Drinking Water State Revolving Fund Project Priority List:

June 23, 2016

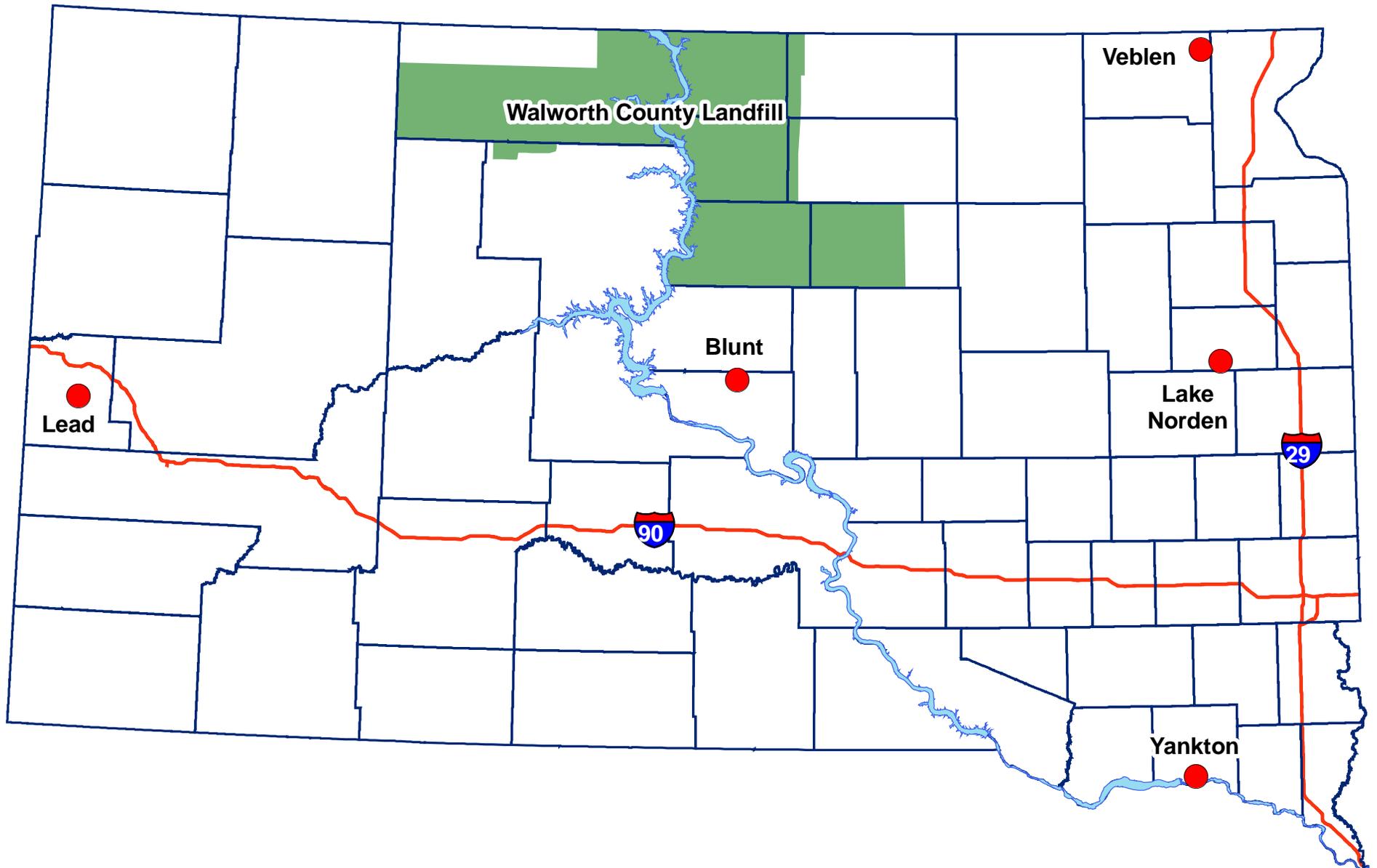
Item 5

| Priority Points | Loan Recipient | Estimated Loan Amount | Expected Loan Rate & Term |
|------------------------|-----------------------|------------------------------|--------------------------------------|
| 134 | Veblen | \$2,976,100 | 0%, 30 years |
| 73 | Yankton | \$34,500,000 | 3.00%, 20 years |
| 53 | Lake Norden | \$500,000 | 2.25%, 20 years |
| 13 | Blunt – Water Meters | \$530,000 | 2.25%, 10 years |
| 13 | Blunt – Distribution | \$115,000 | 3.25%, 30 years |

RECOMMENDED ACTION: Approve amendment of projects onto the 2016 State Water Facilities Plan, 2016 Clean Water State Revolving Fund and 2016 Drinking Water State Revolving Fund Intended Use Plan Project Priority Lists.

CONTACT: Andy Bruels, 773-4216

State Water Plan Applications June 2016



MAY 02 2016

State Water Plan Application

| | | | | | | | | | | | |
|--|--|-------------------------|----------|------------|----------|--------------|--|--------------|--|--------------|-----------------|
| Applicant: City of Lead Address: 801 West Main Street Lead, SD 57754 Phone Number: (605)584-1401 | Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$48,905</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$47,480</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$96,385</td> </tr> </table> | Projected State Funding | \$48,905 | Local Cash | \$47,480 | Other: _____ | | Other: _____ | | TOTAL | \$96,385 |
| Projected State Funding | \$48,905 | | | | | | | | | | |
| Local Cash | \$47,480 | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | |
| TOTAL | \$96,385 | | | | | | | | | | |

Project Title: Prospect Avenue Storm Sewer Installation

Description: (Include present monthly utility rate.)

The City of Lead is proposing to install approximately 300 feet of storm sewer along the west end of Prospect Avenue where no storm sewer infrastructure currently exists. The storm sewer improvements include the installation of three (3) drop inlets and storm sewer piping, as well as the removal and replacement of the existing asphalt road surface and sidewalks. The new storm sewer along Prospect Avenue will connect with existing storm sewer infrastructure at a junction box located on the corner of West Main Street.

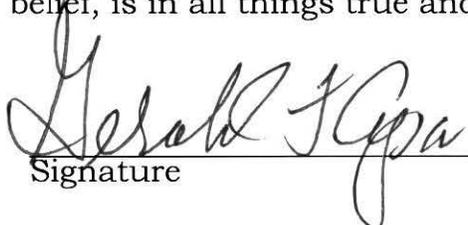
The flow of storm runoff from Prospect Avenue is causing two main problems: 1) a public safety hazard created by the storm runoff icing over on West Main Street during cold weather conditions, which causes unsafe travel conditions for vehicles and pedestrians; and, 2) accelerated deterioration of the asphalt road surfacing on West Main Street. The proposed project will both improve the safety of the community and reduce future costs associated with having to replace the road surfacing of West Main Street prematurely.

The City of Lead's current monthly water rate is \$37.15/5,000 gallons.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Gerald F. Apa, City of Lead, Mayor
 Name & Title of Authorized Signatory
 (Typed)


 Signature

4-28-16
 Date

State Water Plan Application

| | | | | | | | | | | | |
|---|---|-------------------------|-------------|------------|---|--------------|---|--------------|--|--------------|--------------------|
| Applicant: Town of Veblen Address: PO Box 96 Veblen, SD 57270-0096 Phone Number: 605-738-2521 | Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,976,100</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,976,100</td> </tr> </table> | Projected State Funding | \$2,976,100 | Local Cash | 0 | Other: _____ | 0 | Other: _____ | | TOTAL | \$2,976,100 |
| Projected State Funding | \$2,976,100 | | | | | | | | | | |
| Local Cash | 0 | | | | | | | | | | |
| Other: _____ | 0 | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | |
| TOTAL | \$2,976,100 | | | | | | | | | | |

Project Title: Town of Veblen Drinking Water System Improvements

Description: (Include present monthly utility rate.)

The Town of Veblen is proposing to replace all 4" PVC lines with 6" PVC and loop the system, replace all fire hydrants and add valves. The city has been experiencing many breaks with the existing lines. The proposed project will increase pressures throughout the entire system and provide fire flow protection throughout the city as well as reduce water loss. Adding valves to the hydrants will allow the city to conduct regular maintenance on the hydrants. The town is also proposing to add a 170,000 gallon elevated storage tank with a recirculation system. The new tank will provide proper pressure for the distribution system. A pumping system will be required to fill the tank and will be operated with a variable frequency drive (VFD) to eliminate start stop cycling that traditional pumps have.

Present Monthly Utility Rate: \$25 for 2,000 gallons plus \$0.25 per 100 gallons for a total of \$32.50 per month for 5,000 gallons

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Chuck Baus-Mayor

 Name & Title of Authorized Signatory
 (Typed)

 April 04, 2016

 Signature Date

State Water Plan Application

| | | | | | | | | | | | | | |
|---|--|--------------------------|--|-------------------------|-------------|------------|---|--------------|---|--------------|--|--------------|--------------------|
| Applicant: Town of Veblen Address: PO Box 96 Veblen, SD 57270-0096 Phone Number: 605-738-2521 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,137,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;"> </td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,137,000</td> </tr> </table> | Proposed Funding Package | | Projected State Funding | \$2,137,000 | Local Cash | 0 | Other: _____ | 0 | Other: _____ | | TOTAL | \$2,137,000 |
| Proposed Funding Package | | | | | | | | | | | | | |
| Projected State Funding | \$2,137,000 | | | | | | | | | | | | |
| Local Cash | 0 | | | | | | | | | | | | |
| Other: _____ | 0 | | | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | | | |
| TOTAL | \$2,137,000 | | | | | | | | | | | | |

Project Title: Town of Veblen Sanitary Sewer Improvements

Description: (Include present monthly utility rate.)

The Town of Veblen is proposing televise the city's sewer lines to determine how much of the system should be replaced and how much should be lined. The cost estimate reflects approximately 50% will be replaced and 50% will be lined. Improvements will allow them to reduce infiltration and inflow in the system.

The town is also proposing pond improvements which included rip rap around the lagoon.

Present Monthly Utility Rate: \$18 per user per month.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Chuck Baus-Mayor

 Name & Title of Authorized Signatory
 (Typed)

Charles Baus April 04, 2016

 Signature Date

State Water Plan Application

| | | | | | | | | | | | | | |
|---|---|--------------------------|--|-------------------------|-----------|------------|-----------|--------------|--|--------------|--|-------|--|
| Applicant: Walworth County Address: PO Box 199 Selby, SD 57472 Phone Number: (605) 762-3316 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$500,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$250,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> </table> | Proposed Funding Package | | Projected State Funding | \$500,000 | Local Cash | \$250,000 | Other: _____ | | Other: _____ | | TOTAL | |
| Proposed Funding Package | | | | | | | | | | | | | |
| Projected State Funding | \$500,000 | | | | | | | | | | | | |
| Local Cash | \$250,000 | | | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | | | |
| TOTAL | | | | | | | | | | | | | |

Project Title: Walworth County Landfill Expansion

Description: (Include present monthly utility rate.)

Walworth County is proposing the construction of a new municipal solid waste disposal cell within the SD DENR approved boundaries of the Walworth County Landfill. The proposed design would excavate up 45 feet below current grade and utilize an in-situ liner with a slope-riser leachate extraction system--all of the aforementioned being new design features at the Walworth County facility but commonly used in other parts of the State. If approved, the design would provide the facility with an additional 391,000 cubic yards and 14 years of disposal space based on current tonnages and compaction rates. Preliminary plans have been submitted to SD DENR as part of Walworth County's solid waste permit renewal package and are available for review in the Waste Management Program office.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

ACTING

KEVIN HOLGARD - CHAIRPERSON
 Name & Title of Authorized Signatory
 (Typed)



Signature _____ Date 4/19/16

June 23, 2016

Item 6

TITLE: Amendment to FY 2016 Clean Water SRF Intended Use Plan

EXPLANATION: The FY 2016 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2015 and amended in March 2016.

To comply with provisions of the Water Resources Reform and Development Act of 2014 the narrative portion of the Clean Water Intended Use Plan concerning procurement of architectural and engineering services is proposed to be amended as follows:

Section 602(b)(14) – Procurement of Architectural and Engineering Services – The state will not provide Clean Water SRF assistance to projects for architectural or engineering services that are identified as an equivalency project in the annual report, unless the project has complied with the architectural and engineering procurement procedures identified in 40 U.S.C. 1101 et seq.

RECOMMENDED ACTION: Approve the proposed amendment to the 2016 Clean Water SRF Intended Use Plans

CONTACT: Andy Bruels, 773-4216

May 20, 2016

Mr. Bradley Johnson, Chairman
And Board Members
Board of Water and Natural Resources
523 E. Capitol Ave.
Pierre, SD 57501

Re: Item 4, March 30-31, 2016 Board Meeting

Dear Chairman Johnson and Board Members:

I have reviewed the proposed Amendment to the State Water Plan requiring the procurement of Architectural and Engineering Services with SRF funds.

Andy Bruels, Engineering Manager for Water and Wastewater Funding Program, also provided me with an excellent explanation of the Amendment.

I have no objections to the Amendment and encourage its enactment.

We thank you and the other Board Members for your dedicated service to the State of South Dakota.

Best Regards,
Helms and Associates

Terry D. Helms, President

CC: Andy Bruels, P.E.

June 23, 2016

Item 7

TITLE: Amendment to FY 2016 Drinking Water SRF Intended Use Plan

EXPLANATION: The FY 2016 Drinking Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2015 and amended in March 2016.

The State Program Management set-aside in the 2016 capitalization grant allows for up to 10 percent of the grant to be used to administer the Public Water System Supervision (PWSS) program. It is proposed to set-aside \$400,000 from the 2016 capitalization grant to funding for the PWSS program at sufficient levels. This set-aside requires a dollar-for-dollar match from the state. Drinking Water SRF administrative surcharge fees of \$200,000 and PWSS fees will be utilized to provide this match.

Below are the sections within the narrative portion of the Intended Use Plan that will be changed:

Administrative Surcharge Fees

In fiscal year 2016, \$200,000 of administrative surcharge funds will be used to provide part of the dollar-for-dollar match for the state program management set-aside. These set-aside funds will be used to provide funding for South Dakota's Public Water System Supervision (PWSS) program management. The remaining set-aside match will come from PWSS fees.

Description and Amount of Non-Project Activities (Set-Asides)

State program management. **\$400,000 will be allocated for the administration of the state's Public Water System Supervision program.**

The state may use up to 10 percent of its allotment to (1) administer the state PWSS program; (2) administer or provide technical assistance through water protection programs, including the Class V portion of the Underground Injection Control program; (3) develop and implement a capacity development strategy; and (4) develop and implement an operator certification program. A dollar-for-dollar match of capitalization funds must be provided for these activities.

Insufficient federal funds have been allocated from the Performance Partnership Grant (PPG) for South Dakota's PWSS program to complete all tasks and activities identified in the workplan. A total of \$400,000 will be set-aside for these activities in federal fiscal year 2016. The required dollar-

June 23, 2016

Item 7

for-dollar match for the set aside funds will be provided from \$200,000 in DWSRF administrative surcharge fees and \$200,000 in PWSS fees. ~~No funds will be set aside for these activities in federal fiscal year 2016.~~

RECOMMENDED
ACTION:

Approve the proposed amendments to the 2016 Drinking Water SRF Intended Use Plan

CONTACT:

Andy Bruels, 773-4216

June 23, 2016

Item 8

TITLE: Amendment to FY 2012 Drinking Water SRF Intended Use Plan

EXPLANATION: The FY 2012 Drinking Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2011 and amended in March and June 2012, September 2013 and January and March 2014.

The Local Assistance and Other State Programs set-aside in the 2012 capitalization grant allows for up to 15 percent of the capitalization grant to be used to assist development and implementation of local drinking water protection activities. Funds used from this set-aside have been used to conduct energy audits and to help small communities that receive an SRF loan to complete their capacity assessment and improve their technical, managerial or financial capacity.

A recent directive from EPA has been to get all older capitalization grants fully expended to include set-aside funds, and in turn reduce the amount of unliquidated obligations in the Drinking Water SRF program. The amendment to the IUP will allow the department to meet the spend down goals established by EPA.

Below is the section within the narrative portion of the Intended Use Plan that will be changed:

Description and Amount of Non-Project Activities (Set-Asides)

Local assistance and other state programs. Up to \$550,000 will be allocated for the capacity development activities described below.

The state can fund other activities to assist development and implementation of local drinking water protection activities. Up to 15 percent of the capitalization grant may be used for the activities specified below, but not more than 10 percent can be used for any one activity. The allowable activities for this set-aside are: (1) assistance to a public water system to acquire land or a conservation easement for source water protection; (2) assistance to a community water system to implement voluntary, incentive-based source water quality protection measures; (3) to provide funding to delineate and assess source water protection areas; (4) to support the establishment and implementation of a wellhead protection program; and (5) to provide funding to a community water system to implement a project under the capacity development strategy.

June 23, 2016

Item 8

Energy audits for several small systems were conducted using the two percent small system technical assistance set-aside available from the Drinking Water ARRA allocation. It is intended to use the local assistance set-aside to conduct additional energy audits for systems serving more than 10,000.

The Board of Water and Natural Resources and the department encourage regional approaches to address small system compliance. To encourage the consolidation of systems, local assistance set-aside funds will be reserved to study the feasibility of consolidation where such potential exists.

In 2008, the Midwest Assistance Program (MAP) began assisting small communities that received an SRF loan and recommendations were made in the capacity assessment to improve the technical, financial, or managerial capacity of the system. In addition, the Midwest Assistance Program has assisted in the review of capacity assessments required as part of the Drinking Water SRF loan applications. The DENR and the Midwest Assistance Program will continue the partnership in FY 2012.

A total of \$550,000 will be set-aside for the activities described above in federal fiscal year 2012.

To comply with unliquidated obligation spend down requirements, up to \$180,000 in excess local assistance funds from the 2012 capitalization grant will be transferred back to the loan fund.

RECOMMENDED
ACTION:

Approve the proposed amendments to the 2012 Drinking Water SRF Intended Use Plan

CONTACT:

Andy Bruels, 773-4216

June 23, 2016

Item 9

TITLE: Midwest Assistance Program Drinking Water SRF Set-Aside Contract

EXPLANATION: This contract will allow Midwest Assistance Program (MAP) to provide technical assistance and recommendations to small communities that received a DWSRF loan. Technical assistance and recommendations are made in the capacity assessment to improve the technical, financial, or managerial capacity of the system. The MAP will work with DENR SRF and Drinking Water staff to identify communities for follow-up reviews and other capacity assistance needs.

MAP has requested an hourly rate of \$71.00 per hour not to exceed 700 hours for a total of \$49,700. The contract period will be from July 1, 2016 through June 30, 2017.

RECOMMENDED ACTION: Approve a resolution authorizing the chairman to sign a contract with Midwest Assistance Program to provide assistance in capacity assessments to improve technical, financial, or managerial capacity for small systems in South Dakota.

CONTACT: Jon Peschong (773-4216)



May 5, 2016

James Feeney
Natural Resources Administrator
South Dakota DENR
Joe Foss Building
523 East Capitol
Pierre, SD 57501-3181

Dear Mr. Feeney:

Thank you for giving Midwest Assistance Program, Inc. (MAP) the opportunity to submit a concept paper to provide capacity assessment follow-up under the South Dakota SRF program.

MAP believes that we are a very strong and viable option to assist states with capacity issues under the State Revolving Funds 2% Set-Aside Programs.

The Midwest Assistance Program would like to propose to the South Dakota Department of Environment and Natural Resources as continuation of the contract for technical review of the Capacity Assessment Worksheets completed by State Revolving Fund applicants.

The Midwest Assistance Program has conducted capacity self-reviews under the direction of SDDENR since January of 2008. During that time MAP has provided on site review of the capacity documents as well as follow-up technical assistance to the systems having identified financial, managerial or operations issues jeopardizing the overall capacity of their system. We would like to propose a continuation of this contract to assure that small systems (under 10,000 in population) continue to understand that the overall capacity of their system has a direct relationship to the efficiency of operation of their drinking water system.

Services to these states continue to this date. We are confident that MAP can provide the same quality capacity assessment follow-up to communities throughout the state of South Dakota.

If you have any questions or comments, please contact me at 660-562-2575. Again, thank you for this opportunity.

Sincerely,

Michael Brownfield, Executive Director
mbrownfield@map-inc.org

cc: Mark Mayer, Natural Resources Engineer



A Midwest Assistance Program Proposal for:
South Dakota Department of Environmental and Natural Resources

Concept Paper
State Revolving Fund – Capacity Assessment Follow-up

Submitted to:
James Feeney, Natural Resources Engineer
Drinking Water Program
State of South Dakota Department of Environment & Natural Resources
Joe Foss Building
523 East Capitol Building
Pierre, SD. 57501-3182

Submitted by:
Midwest Assistance Program, Inc.
303 N Market St., Ste. 2
Maryville, MO 64468
Telephone: 660.562.2575
Fax: 660.562.2579
E-mail: mbrownfield@map-inc.org

A handwritten signature in black ink, appearing to read "M.W. Brownfield".

Michael W. Brownfield
Executive Director

May 5, 2016

**A MIDWEST ASSISTANCE PROGRAM PROPOSAL FOR:
SOUTH DAKOTA DEPARTMENT OF ENVIRONMENTAL AND NATURAL RESOURCES**

STATE REVOLVING FUND – CAPACITY ASSESSMENT FOLLOW-UP

WORK OBJECTIVES.....ERROR! BOOKMARK NOT DEFINED.

FINANCIAL AND MANAGERIAL EXPERIENCEERROR! BOOKMARK NOT DEFINED.

REPORTING.....ERROR! BOOKMARK NOT DEFINED.

BUDGET.....ERROR! BOOKMARK NOT DEFINED.

Capacity Assessment Contract

Work Objectives

- A). Midwest Assistance Program field staff in the state of South Dakota will meet with the Capacity Assessment Coordinator and other staff of the Department of Environment and Natural Resources (DENR) on a quarterly basis to review capacity assessments and determine the extent of possible non compliance issues of selected systems.
- B). MAP staff will contact all systems identified by DENR and arrange for an on-site visit to these system to review the status of the deficiencies identified in the most recent capacity self-assessment form completed by the applicant community.
- C). At the time of the on-site visit to the system, MAP staff will review the capacity self-assessment form and discuss what action has been taken by the system to address the issues identified.
- D). MAP will gather information relating to unaddressed issues, or insufficiently addressed areas, in the self-assessment document and prepare a plan of action to be presented to each of these systems.
- E). MAP staff will present these findings to the DENR staff and arrange for possible on-site technical assistance follow up to these systems if needed. See attached list for additional items that could be addressed. These visits will require prior DENR approval. These findings will be presented not only to the system staff, but to the governing board as well.
- F). MAP will conduct Board Trainings for approved systems by DENR staff that have applied for or been granted SRF Funding within the 12 months of the identification of the need for such training.

Financial and Managerial Experience

The Midwest Assistance Program has conducted capacity self assessment reviews under the direction of SDDENR since January of 2008. During that time MAP has provided on site reviews of the capacity documents as well as follow-up technical assistance to the systems having identified financial, managerial or operations issues jeopardizing the overall capacity of their system. We would propose continuation of this contract under the State Revolving Fund Local Assistance 15% Set-Aside Program to provide a capacity development assistance to systems to understand that the overall capacity of their system has a direct relationship to the efficiency of operation of their drinking water system.

The Midwest Assistance Program is no stranger to technical assistance provided to state agencies under the State Revolving Funds 2% Set-Aside Program. MAP began providing financial and managerial technical assistance under the direction of the State Health Department of North Dakota in 1999. Since that time, we have continually contracted with the Health Department to provide follow-up to capacity assessments, developed a Standard Operation Procedures Manual to be used by systems operators of small community water systems and conducted capacity assessments to both transient and non-transient systems in that state.

In 1999, MAP began a contractual arrangement with the Montana Department of Environment Quality to provide financial and managerial technical assistance to systems which were non- or near non-compliant. In addition to this program area, we also have a separate contract to provide operation and maintenance assistance to systems as referred by the DEQ.

In the State of Nebraska, Midwest Assistance Program began providing financial and managerial assistance to systems referred by the State Department of Health and Human Services in 2001. Beginning in 2005 under a separate contract with Nebraska, MAP also began providing technical assistance to small system operators experiencing compliance problems. Services provided to these states continue to this date.

Reporting

The Midwest Assistance Program will file a written report to the Capacity Assessment Coordinator of the South Dakota Department of Environment and Natural Resources on a quarterly basis. This report will include the names of the systems contacted, findings of systems deficiencies during the initial site visit, as well as a copy of the final report of the plans of action developed for each system.

Budget

MAP is proposing to continue this assistance at the rate of \$71.00 per hour not to exceed 700 hours for a total of \$49,700.

ADDITIONAL TASKS

The following are additional tasks that might be considered for additional assistance based on the outcome of the initial capacity assessment completed under this contract. These tasks would first be approved by the South Dakota capacity coordinator prior to charge of any time or resources.

Board Training

Review and conduct rate studies.

Create a Chemical Safety Plan and provide training for staff in the safe handling of chemicals

Assist the system with water loss studies

Assist the system with the VA/ERP

Well Head Protection Plans

Assist the Finance Officer prepare for audits

Assist with the review and rewrite of policies and procedures

Assist the community with logs for maintenance and repair of the system

Provide guidance on record management

Provide one-on-one Finance Officer training

Develop Job Descriptions

Develop Flushing Plans

Develop meter testing and replacement plans

TITLE: Planning District Joint Powers Agreements for State Revolving Fund Application and Administration and Davis-Bacon Monitoring

EXPLANATION: The board has contracted with the planning districts to assist entities with State Revolving Fund (SRF) applications and administration since 2005 and with Davis-Bacon monitoring since 2009. Pursuant to Intended Use Plans and Omnibus bills, the board has allocated funds to each of the planning districts to continue to provide this assistance to recipients of SRF funding.

The agreements limit the SRF application/administration reimbursement rate to \$9,000 per loan application, subject to three installment payments: (1) approval of loan by BWNR, (2) first disbursement of funds to borrower, and (3) final disbursement of funds to borrower.

The agreements limit the Davis-Bacon reimbursement rate to \$1,100 per loan application subject to two installment payments: (1) first disbursement of funds to borrower and (2) upon receipt of the contractor's payrolls and employee interviews. Davis-Bacon monitoring payments are made to the planning districts only if no Community Development Block Grant (CDBG) has been awarded for the project, because the planning districts are already required to perform that monitoring for CDBG recipients.

Staff proposes to enter into Joint Powers Agreements with each of the planning districts for SRF application and administration and Davis-Bacon monitoring in the following amounts:

| <u>Planning District</u> | <u>Amount</u> |
|---|---------------|
| Black Hills Council of Local Governments | \$291,000 |
| Central South Dakota Enhancement District | \$219,000 |
| First District Assn of Local Governments | \$243,000 |
| Northeast Council of Governments | \$379,000 |
| South Eastern Council of Governments | \$589,000 |
| Planning and Development District III | \$315,000 |

RECOMMENDED ACTION: Approve the Joint Powers Agreements with the planning districts for SRF loan application and administration and Davis-Bacon monitoring.

CONTACT: Derek Lankford, 773-4907

June 23, 2016

Item 11

TITLE: Belle Fourche Irrigation District SWRMS Grant Agreement Time Extension

EXPLANATION: SDCL 46A-1-13.12 authorizes the construction of the \$5 million Belle Fourche Irrigation District (the District) upgrade project and authorized the Board of Water and Natural Resources (the Board) to provide \$2.5 million in grants and \$2.5 million in loans for the upgrade project. The 2012, 2013 and 2014 Legislatures made appropriations as part of each session's Omnibus Bill to appropriate the full \$5 million; these funds have been placed under agreement by the Board to the District.

The original grant agreement will end on June 30, 2016; however, the District still has over \$670,000 in grant funds remaining and the work is not yet complete. Three major projects were identified as part of the overall upgrade project and include replacing the gate control houses, replacing and upgrading the Indian Creek and Horse Creek siphons, and dredging of the reservoir. The gate control house work is completed, and the work on the siphons is nearly complete. These are in use; however some minor items still need to be finished. The dredging of the reservoir has experienced difficulties resulting in delays in finishing the project.

The department received a letter from the District requesting that the Board extend the grant period for an additional two years to June 30, 2018. To extend the grant agreement, a Third Amendment to the Grant Agreement has been prepared with assistance from the department's legal counsel and the Attorney General's office.

RECOMMENDED ACTION: Approve the time extension to the Belle Fourche Irrigation District State Water Resources Management System grant agreement.

CONTACT: Andy Bruels
773-4216



BELLE FOURCHE
IRRIGATION DISTRICT

RECEIVED
Headquarters:
Box 225 MAY 16 2016
209 Dartmouth
Newell, SD 57760
(605) 456-2541
Division of Financial
& Technical Assistance

May 13, 2016

SUBJECT: Request for Grant Extension – State Grant Agreement no. 2014-68

Dear Mr. Feeney,

The Belle Fourche Irrigation District (BFID) requests that the subject grant be extended for an additional two years, until June 30, 2018. We have completed two of the three major projects funded by the grant/loan. However, dredging of reservoir sediments has not been completed for several reasons. Below is a brief summary of the three projects' status:

1. Gate Control Houses – project complete and final payment made to the contractor (RCS) in April (pay application number 6 was final invoice). Gatehouses are in service and under warranty.
2. Indian Creek & Horse Creek Siphons – project complete and siphons are in service. \$20,000 is currently being withheld from contractor (Heavy Constructors) until completion of some minor punch list items. We anticipate making final payment this summer. This project remains under warranty.
3. Belle Fourche Reservoir Dredging – this project is ongoing. The contractor (Veit) has experienced difficulties with their means and methods to hydraulically dredge the reservoir sediments and differing site conditions with the ensign valve removals. The project was shut down over the winter of 2014-2015 for weather, and from July 2015 to July 2016 to evaluate alternative methods of sediment removal (and for winter weather).

The tentative plan is for Veit to return no later than August 2016 and deploy larger hydraulic pumping equipment. We hope to complete the project this fall, but that is contingent on the effectiveness of the methods used and the weather conditions.

There is approximately \$1,360,000 remaining in the grant/loan fund. We estimate approximately \$1.0 to \$1.1 million will be required to complete the dredging, with projected drawdowns to be \$350,000 per month for September, October, and November of this year. Again this estimate is dependent on how successful the dredging proves to be this fall.

Please contact me if you have any questions or need additional information.

Sincerely,

William J. Anderson, Manager

June 23, 2016

Item 12

TITLE: Southern Black Hills Water System SWRMS Grant Agreement Time Extension

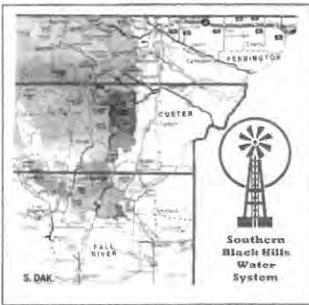
EXPLANATION: SDCL 46A-1-13.11 authorized the construction of the Southern Black Hills Water System and authorized \$12 million in state match grant assistance for the project. The 2006 through 2013 Legislatures made appropriations as part of each session's Omnibus Bill to appropriate the full \$12 million; these funds have been placed under agreement by the board to Southern Black Hills Water System.

The current grant agreement will end on June 30, 2016; however, Southern Black Hills still has nearly \$1.7 million in grant funds remaining and the work is not yet complete. To date 57 miles of distribution pipe, 39 miles of service line pipe, a 125,000 gallon storage tank, booster stations, and over 350 users have been connected to the system and are receiving water. The service area is currently located primarily north of Hot Springs one to two miles and covers between Highway 79 and Highway 89 especially along Argyle Road and adjacent areas. Southern Black Hills is currently working on a potential project to provide water to the town of Hermosa and other users in that area. There are several other locations being considered for future expansion as well.

The department received a letter from Southern Black Hills Water System requesting that the board extend the grant period for an additional three years. To extend the grant agreement, a Seventh Amendment to the Grant Agreement has been prepared with assistance from the department's legal counsel and the Attorney General's office.

RECOMMENDED ACTION: Approve the time extension to the Southern Black Hills Water System State Water Resources Management System grant agreement to May 1, 2019.

CONTACT: Andy Bruels
773-4216



SOUTHERN BLACK HILLS WATER SYSTEM

SOUTHERN BLACK HILLS WATER SYSTEM

26858 Highway 385

Hot Springs, South Dakota 57747

Phone 605-745-4669

RECEIVED

MAY 04 2016

Division of Financial
& Technical Assistance

Directory

- ◆ **Ted Wick**
Chairman
Hot Springs, SD
605-745-4164
- ◆ **Jay Smith**
Vice-Chairman
Hermosa, SD
605-341-5610
- ◆ **Bob Baird**
Treasurer
Hot Springs, SD
605-745-7470
- ◆ **Don Kraus**
Secretary
Custer, SD
605-673-2027
- ◆ **John Beard**
Director
Buffalo Gap, SD
605-890-7611
- ◆ **Mike Fleming**
Director
Pringle, SD
605-745-3284
- ◆ **Danny DeFries**
Director
Hot Springs, SD
605-999-7903
- ◆ **Bob Poplinski**
Director
Pringle, SD
605-745-7674
- ◆ **Bob Seaboldt**
Director
605-745-5556
- ◆ **Ken Royse**
Engineer
Bartlett & West, Inc.
701-258-1110
- ◆ **Don Peterson**
Manager
605-745-4669

April 29, 2016,

Dear Mr. Bruels

Southern Black Hills Water System would like to amend the existing Grant Agreement that is to expire in June 2016, we would like to extend the grant for a period of three years. The reason for remaining funds is due to construction taking longer than expected to complete. Also Southern Black Hills has received very good bids on the projects that we have completed.

Sincerely,

Ted Wick Chairman

TITLE: Rescission of Montrose Clean Water State Revolving Fund Loan C461075-03

EXPLANATION: In June 2015, Montrose was awarded a \$545,000 Clean Water SRF loan with \$100,000 principle forgiveness to replace undersized storm drainage infrastructure. The project consisted of storm sewers and curb and gutter construction on Elder Street, 2nd Avenue, Clark Street and Church avenue.

Montrose has abandoned the plan to construct the project. The city has requested the board rescind Clean Water State Revolving Fund Loan C461075-03.

RECOMMENDED ACTION: Rescind Resolution #2015-78 approving Clean Water State Revolving Fund Loan C461075-03 to the city of Montrose.

CONTACT: Jim Anderson
773-4216

City of Montrose
P.O. Box 97
100 W. Main St., Suite A
Montrose, SD 57048

Phone: 605-363-5065

Fax: 605-363-3982

E-mail montrose@goldenwest.net

www.cityofmontrosesd.com

RECEIVED

JUN 06 2016

Division of Finance
& Technical Assistant

May 11, 2016

Re: SRF Loan covering Drainage Project for the City of Montrose, South Dakota

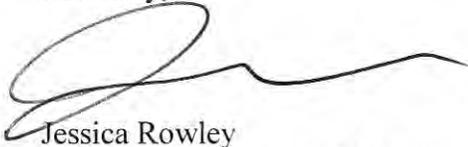
To whom it may concern,

After a lengthy process of study, discussion, public meetings and publication notices, the council has been pressed into cancelling the drainage project that Montrose had hoped to complete.

There were several contributing factors, but without pointing fingers in any direction, we are notifying all involved parties that the council unanimously voted to resend their earlier approval of the project at the city council meeting, held at the community center in Montrose at 7 p.m.

Please feel free to contact the City Offices if you have specific questions or instructions for the finance officer to complete.

Sincerely,



Jessica Rowley
Mayor for The City of Montrose



TITLE: Rescission of Northville's Consolidated Loan 2016L-110

EXPLANATION: In March 2015, Northville was awarded a \$140,000 Consolidated loan to replace clay storm sewer pipe on the west end of Elm Street, and install catch basins and clean outs for individual sumps. The city of Northville was awarded a \$70,000 grant from James River Water Development District in May 2014 and after receiving favorable bids decided not to take the loan from the Board of Water and Natural Resources.

RECOMMENDED ACTION: Rescind Resolution #2015-55 approving Consolidated loan 2016L-110 to the city of Northville.

CONTACT: Jon Peschong
773-4216

City of Northville
PO Box 49
Northville, SD 57465
(605)-887-3651

June 6, 2016

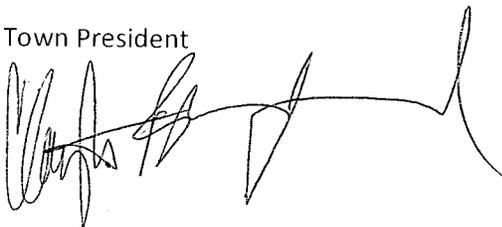
SD DENR
Attn: Andrew Bruels
Joe Foss Building
523 E Capitol Avenue
Pierre, SD 57501

Dear Mr. Bruels:

The City of Northville would like to extend our gratitude to the Board of Water and Natural Resources for their consideration of the City's Storm Sewer Improvements project. However, at this time, the City has decided to decline the loan the BWNR approved on March 27, 2015 and respectfully requests that DENR rescind the \$140,000 Consolidated Water Facilities Program loan. Please contact me at 605-216-3681 or clayton.blachford@cpsagu.com if you have questions or concerns.

Sincerely,

Clayton Blachford, Town President
City of Northville

A handwritten signature in black ink, appearing to read 'Clayton Blachford', written over a horizontal line.

Enclosure

Cc: NECOG

June 23, 2016

Item 15

TITLE: Waubay Request to Amend Clean Water State Revolving Fund Loan C461025-03 and/or Consolidated Grant 2016G-100

EXPLANATION: In March 2015, Waubay was awarded a \$1,080,000 Clean Water SRF loan and a Consolidated grant for \$700,000 to construct a new wastewater treatment facility. The total project cost was estimated to be about \$2.2 million. The town is under a compliance order to construct a total retention treatment system after a portion of the existing facility was inundated by Bitter Lake and is no longer functional.

Staff was informed of changes to the original plan that resulted in the project cost increasing to \$4,235,000. Staff has had several discussions with Waubay's consulting engineer regarding the need to reduce the project cost and the lack of available subsidy. A suitable site has been found and new cost estimates are being prepared.

Waubay has requested additional funds to complete the project. The community applied for a Community Development Block Grant by the April 1, 2016 deadline.

RECOMMENDED ACTION: Approve/disapprove the amendment request.

CONTACT: Mike Perkovich
773-4216

THE CITY OF WAUBAY

Phone: 605-947-4261

PO BOX 155

Fax: 605-947-4272

Waubay, SD 57373

February 1, 2016

DENR-Andrew Bruels
Joe Foss Building
523 East Capitol
Pierre, SD 57501

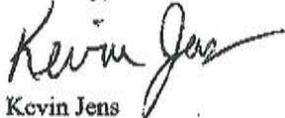
Dear Mr. Bruels:

In March 2015, the City of Waubay received funds from the Clean Water State Revolving Fund (CWSRF) loan program in the amount of \$1,080,000 and the Consolidated Water Facilities Program (CWFCP) in the amount of \$700,000 for lagoon improvements. Since the time of application there have been changes to the project which have affected the total estimated cost of the project.

The project design has changed from an artificial wetland and stabilization pond to a total retention facility because discharge to Bitter Lake is no longer acceptable with its revised fishery beneficial use designation. The opinion of probable cost in 2014 was for a stabilization pond with constructed wetland and had a total estimated cost of \$2,193,700. The new project estimate for total retention ponds has increased to \$4,325,000. The difference leaves the City with a funding shortfall of \$2,131,300. Additional funding is needed for construction of the new treatment ponds due to the new proposed site and design, therefore the City is requesting an amendment to the DENR funding awards to increase the funding by \$2,131,000 to cover the additional cost of the project.

Waubay is committed to the lagoon improvements project and your consideration in regards to this matter is greatly appreciated. If you have any questions, please contact either Jennifer Sietsema with NEOG at 605-626-2595, or the City of Waubay at 605-947-4261.

Sincerely,



Kevin Jens
Mayor

"In the Heart of the Lake Region"

June 23, 2016

Item 16

TITLE: City of Hoven Request to Amend Drinking Water SRF Loan C462253-02

EXPLANATION: On January 8, 2015, the city of Hoven received a \$264,750 Drinking Water SRF loan with 100 percent in principal forgiveness, and an \$88,250 consolidated grant, for the replacement of the water distribution lines along South Dakota Highway 47. A review of the funding package has indicated a shortfall of \$50,000.

To account for this shortfall, the city requests to amend their funding package in the additional amount of \$50,000.

RECOMMENDED ACTION: Staff's recommendation is to approve an amendment request.

CONTACT: Nick Nelson (773-4216)

June 1, 2016

Nick Nelson
DENR
523 East Capitol Avenue
Pierre, SD 57501

Dear Nick:

The City of Hoven is requesting an additional \$50,000.00 in funding from the Board of Water and Natural Resources to cover costs associated with the water replacement project under South Dakota Highway 47. After bids were opened, it was determined that the city is short of funding to pay for the project in full. Since this project was bid by DOT, the city is bound by contract to accept the low bidder when DOT awards the project, and this shortfall must be funded to complete the project. We understand that there may be some cost savings later in the project, but at this time we are requesting an additional \$50,000 from the Board.

If you have any questions regarding this or any other matter, please feel free to write or call the address listed above.

Sincerely,

A handwritten signature in black ink that reads "Jack Feldmeier". The signature is written in a cursive style with a large initial "J".

Jack Feldmeier
Mayor

TITLE: Haakon County School District Request for Additional Funds

EXPLANATION: On June 25, 2015, the Haakon County School District received an 80 percent Consolidated Grant not to exceed \$517,600 for a project to construct a new treatment building and chemical mixing system to treat geothermal wastewater. The project was bid on May 19, 2016 and bids exceeded the engineers estimate by about \$120,000. The school district anticipates a \$100,000 funding shortfall after accounting for the contingencies built into the original project cost.

The school district is requesting additional funding to assist in offsetting the shortfall.

RECOMMENDED ACTION: Staff's recommendation is to amend existing Consolidated grant number 2016G-204 by adjusting the project cost to \$747,000 and a grant amount not to exceed \$597,600. The grant percentage will remain at 80%.

CONTACT: Eric Meintsma (773-4216)

Haakon School District 27-1

Philip Schools

P.O. Box 730 • Philip, SD 57567-0730

June 1, 2016

Brad Johnson, Chairman
SD Board of Water and Natural Resources
%SD Dept of Environment and Natural Resources
Joe Foss Building
523 E Capitol
Pierre, SD 57501

Dear Chairman Johnson,

The Haakon School District thanks the Board of Water and Natural Resources for approving a Consolidated Water Facilities Construction Program grant for up to \$517,600 or 80 percent of approved total project costs for a geothermal wastewater treatment system project. The bids for the project were opened on May 19, 2016 with the low bid received from Quinn Construction, Inc. for \$629,244. The total estimated cost for the project is now at \$747,000. Thus, the Haakon County School District is requesting up to an additional \$80,000 of CWFC grant funds to cover the shortfall in funding with the grant percentage remaining at 80/20. Updated costs for the project are on the attached budget sheet.

The updated budget leaves nothing for contingencies. Should change orders or other cost overruns occur during the project, the school district will be responsible for those costs. The school district had to award bids in order to complete the project by this fall so that there is heat in the school, as well as to give adequate time for the contractor to order appropriate supplies/materials.

The Haakon School District needs to undertake the project in order to take corrective action to avoid receiving substantial fines as a result of being out of compliance with its NPDES permit. The violation involves noncompliant discharges into the Bad River. There is also the need to correct the Radium 226 limit violations which create potential safety violations concerning the use of barium chloride.

The school district must use its capital outlay funds in order to finance its share of the project. There is a need for additional assistance due to the fact that the school district will need the remaining funds for operating and to make improvements within the school in respect to the geothermal system that were not included within the initial engineering report of the system.

"Better Schools Make Better Communities"

Keven Morehart
Supt./Elem. Principal
(605) 859-2679
FAX: (605) 859-3005
keven.morehart@k12.sd.us

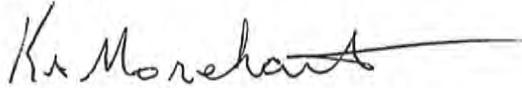
Britni Ross
Business Manager
(605) 859-2679
Fax: (605) 859-3005
britni.ross@k12.sd.us

Mandie Menzel
Secondary Principal
(605) 859-2680
Fax: (605) 859-3550
mandie.menzel@k12.sd.us

This is a greatly needed project for our community and the school district would greatly appreciate the Board of Water and Natural Resources approval of this request.

If you would like additional information, please feel free to contact myself or Emeline Post, Planner for the Central South Dakota Enhancement District at 773-2781 or emeline@csded.org.

Sincerely,

A handwritten signature in black ink that reads "Keven Morehart". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Keven Morehart, Superintendent
Haakon School District

Enclosures

TITLE: Sanitary/Storm Sewer Facilities Funding Applications

EXPLANATION: The following applications have been received by DENR for funding consideration at this meeting. The projects are listed in priority point order as shown in the Intended Use Plan, and the points are listed in parentheses.

- | | |
|---|------------------|
| a. Mina Lake Sanitary District (24) | g. Pierre (10) |
| b. Lake Poinsett Sanitary District (23) | h. Viborg (10) |
| c. Raymond (22) | i. Elk Point (9) |
| d. Keystone (21) | j. Canistota (6) |
| e. Sioux Falls (14) | |
| f. Vermillion (12) | |

COMPLETE APPLICATIONS: Application cover sheets and WRAP summary sheets with financial analysis have been provided as part of the board packet. Complete applications are available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRappsssf0616.pdf>

If you would like hard copies of the applications, please contact Mike Perkovich at (605) 773-4216.

Sanitary/Storm Sewer Facilities Funding Applications June 2016



Sanitary/Storm Sewer Facilities Funding Application

Clean Water State Revolving Fund Program (CWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | | | |
|--|---|--------------------------|--|-------------------|-----------|------------|----------|--------------|--|--------------|--|--------------|--|--------------|------------------|
| Applicant: Mina Lake Sanitary District Address: 105 N. Sunset Drive Mina, SD 57451 Subapplicant: DUNS Number: 048683416 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Requested Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$559,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$20,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$579,000</td> </tr> </table> | Proposed Funding Package | | Requested Funding | \$559,000 | Local Cash | \$20,000 | Other: _____ | | Other: _____ | | Other: _____ | | TOTAL | \$579,000 |
| Proposed Funding Package | | | | | | | | | | | | | | | |
| Requested Funding | \$559,000 | | | | | | | | | | | | | | |
| Local Cash | \$20,000 | | | | | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | | | | | |
| TOTAL | \$579,000 | | | | | | | | | | | | | | |

Project Title: Wastewater Improvement Project

Description:

The Mina Lake Sanitary District is proposing to add a Cell 3 Wetlands cell at the lagoon, pouring a new concrete dump pad and replacing the existing pumps at the lift station with submersible pumps. The \$20,000 local cash will be used for an enzyme treatment.

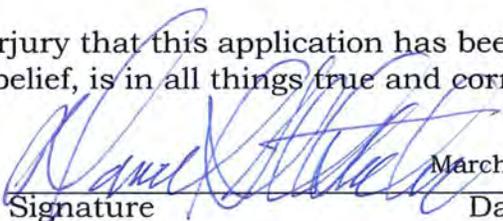
The Mina Lake Sanitary District has a wastewater base rate of \$15.00 and .008 per gallon charge. Therefore the cost per 5,000 gallons is \$55.00.

The Mina Lake Sanitary District is also applying for funding from the James River Water Development District in the amount of \$150,000. This funding source will not meet on the Mina Lake Sanitary District's application until April 14, 2016. If the Mina Lake Sanitary District is awarded funding from the James River Water Development District, then Mina Lake Sanitary District would request the balance of the funding from the South Dakota Department of Environment and Natural Resources.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Dan Ostrander, President
Name & Title of Authorized Signatory
(Typed)


Signature

March 14, 2016
Date

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: MINA LAKE SANITARY DISTRICT

Project Title: Wastewater Improvement Project

Funding Requested: \$559,000

Other Proposed Funding: \$20,000 - Local Cash

Total Project Cost: \$579,000

Project Description: The Mina Lake Sanitary District is proposing to remove the dike between Cell #1 and #2, construct an artificial wetland, make additional treatment cell improvements and replace the pumps in the main lift station with submersible pumps.

Alternatives Evaluated: The "No Action" alternative was not selected because the wastewater treatment system is hydraulically and organically overloaded due to the additional of 36 homes to the system. The treatment system upgrades will improve the overall operation of the facility. The lift station has significant structural problems with rusting on the pumps and piping system. Mina Lake Sanitary District has been issued a compliance schedule by the Department of Environment and Natural Resources to make improvements.

The Mina Lake Sanitary District evaluated the wastewater treatment system rehabilitation and expansion with a conventional stabilization pond. The dike between Cell #1 and #2 would be eliminated in this alternative and a stabilization pond would be constructed. This alternative was not selected due to higher costs than the selected project.

Implementation Schedule: Mina Lake anticipates bidding the project in February 2017 with a project completion date of November 2017.

Service Population: 825

Current Domestic Rate: \$55.00 per 5,000 gallons usage

Interest Rate: 3.25% Term: 30 years Security: Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Mina Lake Sanitary District would have to establish a surcharge of \$8.15. When added to current rate of \$55/5,000 gallons residents would be paying \$63.15 /5,000 gallons. However staff believes that the District can adjust its rates to offset some of the increase resulting from the surcharge.

10% Funding Subsidy: \$55,900 subsidy with a loan of \$503,100.

Coverage at 10% Subsidy: Based on a 10% subsidy and a loan of \$503,100 Mina Lake would have to establish a surcharge of \$7.40 thereby paying \$62.40/5,000 gallons.

30% Funding Subsidy: \$167,700 subsidy with a loan of \$391,300.

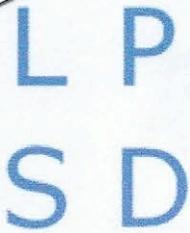
Coverage at 30% Subsidy: Based on a 30% subsidy and a loan of \$391,300 Mina Lake would have to establish a surcharge of \$5.75 thereby paying a rate \$60.75/5,000 gallons.

50% Funding Subsidy: \$279,500 subsidy with a loan of \$279,500.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$279,500 Mina Lake would have to establish a surcharge of \$4.10 thereby paying a rate \$59.10/5,000 gallons.}

ENGINEERING REVIEW COMPLETED BY: JIM ANDERSON

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE



RESOLUTION NO. 2016-5-15

RESOLUTION TO CLARIFY LAKE POINSETT SANITARY DISTRICT'S INTENTION REGARDING A RECOMMENDATION TO AWARD AN \$8,585,000 CLEAN WATER STATE REVOLVING FUND LOAN TO COMPLETE THE THIRD AND FINAL PHASE OF A SANITARY SEWER SYSTEM,

WHEREAS, on March 31st, 2016, the Board of Water and Natural Resources accepted the recommendation of the Department of Environment and Natural Resources staff to award an \$8,585,000 Clean Water State Revolving Fund loan for the the Lake Poinsett Sanitary District,

Whereas, the staff recommendation did not include the award of grant funds for several reasons, perhaps the most relevant being that grant funds were not available at a level comparable to previous awards,

WHEREAS, the the financial award as stated, while generous, would be soundly rejected by our community due to the debt servicing requirements of the financial award,

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of Lake Poinsett Sanitary District, South Dakota, as follows:

Lake Poinsett Sanitary District wishes to divide the project into two or three segments, two segments being preferred as larger sections reduce overall projects costs.

Lake Poinsett Sanitary District further asserts that the project on NE/East Lake Drives was delayed in part because the district found a way to install that part of the system for \$101,000 less than originally projected. Moreover, the system to be installed is now the prepered conventional system as opposed to the originally planned grey-water system. LPSD uncovered this truth independently.

Lake Poinsett Sanitary District further clarifies that the remaining projects to be completed after NE/East Lake Drives are the 167 connections along Northwest and West Lake Drives as originally stated on the application as well as the Sunset Park area on the east side of Lake Poinsett, a newly developing area, which for the time being contains 7 accounts.

NOW, THEREFORE, BE IT FURTHER RESOLVED, Lake Poinsett Sanitary district will re-apply for funding after our current projects our well underway in approximately one year's time or thereafter.

The district hereby wishes to to thank the Board of Water and Natural Resources and the Staff of the DENR for their help and support with our current and future projects.

[DISTRICT SEAL]

Lawrence Furney
Lawrence Furney, President

ATTEST:

Bradylee McGeough
Bradylee McGeough
District Clerk
Lake Poinsett Sanitary District

RECEIVED

MAR 30 2016

SD EForm - 2127LD V4

Division of Environmental
& Technical Assistance

Sanitary/Storm Sewer Facilities Funding Application

Clean Water State Revolving Fund Program (CWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

| | |
|---|--|
| <p>Applicant: Town of Raymond</p> <p>Address: PO Box 116 Raymond, SD 57258</p> <p>Subapplicant: N/A</p> <p>DUNS Number: 968338488</p> | <p>Proposed Funding Package</p> <p>Requested Funding <u>\$1,465,850</u></p> <p>Local Cash _____</p> <p>Other: _____</p> <p>Other: _____</p> <p>Other: _____</p> <p style="text-align: right;">TOTAL <u>\$1,465,850</u></p> |
|---|--|

Project Title: Raymond Wastewater Improvements

Description:

\$40,000

Televising Existing Collection System

\$746,475

Collection Alternative 4: Replace Existing Pipe with CIPP & PVC

\$32,300

Lift Station Alternative 2: Wetwell Improvements

\$647,075

Wastewater Treatment Improvements Alternative 3: Synthetic Pond Liner Improvements

\$1,465,850 - Total

Present monthly wastewater utility rate - \$22.75/month flat fee

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Larry Brannan, Board President
Name & Title of Authorized Signatory
(Typed)

Larry Brannan 3-21-16
Signature Date

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: TOWN OF RAYMOND

Project Title: Raymond Wastewater Improvements

Funding Requested: \$1,465,850

Total Project Cost: \$1,465,850

Project Description: The town is proposing to televise its collection system to determine which pipes can be replaced or lined with a mixture of approximately 7,900 feet of cast in place pipe (CIPP) and new PVC pipe. The town is also proposing to install a new synthetic liner in the primary treatment cell and expand the existing secondary cell to provide total retention, and replace the lift station wetwell.

Alternatives Evaluated: The “Do Nothing” alternative was considered for each aspect of the wastewater system but was not recommended as it did not address any of the deficiencies facing the system.

Alternative 1: Replaces the existing sewer collection system with a combination of CIPP and PVC. Once the system is televised, a determination of where CIPP and PVC shall be placed will be made that is most practical and beneficial. This alternative was considered and selected as it was the most practical alternative.

Alternative 2: Replaces the wetwell as it is showing signs of corrosion. This alternative was considered and selected.

Alternative 3: Places a synthetic liner on cell one of the wastewater treatment system and increases the size of the second cell. This alternative was considered and selected as it would eliminate the seepage issues facing the facility and allow it to provide total retention of wastewater.

Alternative 4: Would convert the total retention facility to a 180-day discharging facility. This alternative would require less area to treat the wastewater. However, there are issues with monitoring and permitting that make this a less than ideal alternative. This alternative was considered but not selected as it was not the most practical alternative.

Alternative 5: Installs individual septic tanks for each user. A high water table and land unavailability, makes this alternative problematic for septic tank drain fields. This

alternative was considered but not selected as it was not the most practical alternative.

Implementation Schedule: The town anticipates bidding the project in December 2016 with a project completion date of October 2016.

Service Population: 50

Current Domestic Rate: \$22.75 flat rate

Interest Rate: 3.25% Term: 30 years Security: Project Surcharge

DEBT SERVICE CAPACITY

| | |
|----------------------------------|---|
| Coverage at Maximum Loan Amount: | If all funding is provided as loan Raymond would have to establish a surcharge of approximately \$207. When added to current rate of \$22.75/5,000 gallons residents would be paying approximately \$230/5,000 gallons. |
|----------------------------------|---|

25% Funding Subsidy: \$366,462 subsidy with a loan of \$1,099,388.

| | |
|--------------------------|---|
| Coverage at 25% Subsidy: | Based on a 25% subsidy and a loan of \$1,099,388 Raymond would have to establish a surcharge of approximately \$155 thereby paying approximately \$178/5,000 gallons. |
|--------------------------|---|

50% Funding Subsidy: \$732,925 subsidy with a loan of \$732,925.

| | |
|--------------------------|--|
| Coverage at 50% Subsidy: | Based on a 50% subsidy and a loan of \$732,925 Raymond would have to establish a surcharge of approximately \$104 thereby paying approximately \$127 /5,000 gallons. |
|--------------------------|--|

75% Funding Subsidy: \$1,099,388 subsidy with a loan of \$366,462.

| | |
|--------------------------|--|
| Coverage at 75% Subsidy: | Based on a 75% subsidy and a loan of \$366,462 Raymond would have to establish a surcharge of approximately \$52 thereby paying approximately \$75 /5,000 gallons. |
|--------------------------|--|

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

Sanitary/Storm Sewer Facilities Funding Application

Clean Water State Revolving Fund Program (CWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | | | |
|---|---|--------------------------|--|-------------------|-----------|------------|-------|--------------|-------|--------------|-------|--------------|-------|--------------|------------------|
| Applicant: Town of Keystone Address: PO Box 689 Keystone, SD 57751 Subapplicant: N/A DUNS Number: 110358251 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Requested Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$631,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$631,000</td> </tr> </table> | Proposed Funding Package | | Requested Funding | \$631,000 | Local Cash | _____ | Other: _____ | _____ | Other: _____ | _____ | Other: _____ | _____ | TOTAL | \$631,000 |
| Proposed Funding Package | | | | | | | | | | | | | | | |
| Requested Funding | \$631,000 | | | | | | | | | | | | | | |
| Local Cash | _____ | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| TOTAL | \$631,000 | | | | | | | | | | | | | | |

Project Title: Wastewater System Improvement Project, Phase I

Description:

The Town of Keystone is proposing a wastewater system improvement project in order to address a significant I&I problem in the sewer collection system and to repair and upgrade their wastewater treatment facility. Existing wastewater system deficiencies have led to numerous effluent permit violations; therefore, the goals of the proposed project are to prevent future violations and to maintain the quality and integrity of the wastewater facilities.

The proposed project consists of an Infiltration and Inflow (I&I) Study; the installation of an influent fine screen at the wastewater treatment facility; and, numerous repairs and upgrades at the wastewater treatment facility, which are detailed in the attached engineering report.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Nikki Ball, President

 Name & Title of Authorized Signatory
 (Typed)

Nikki Ball 3-16-14
 _____ _____
 Signature Date

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: TOWN OF KEYSTONE

Project Title: Wastewater System Improvement

Funding Requested: \$631,000

Total Project Cost: \$631,000

Project Description: The town of Keystone has experienced numerous effluent violations of its Surface Water Discharge permit. To prevent further violations, the town is proposing to upgrade its wastewater treatment facility by installing a new influent fine screen, replacing the UV disinfection equipment, and other items necessary to improve the quality of the wastewater effluent. Keystone will also televise its system to detect sources of infiltration and inflow and identify pipes for possible future replacement.

Alternatives Evaluated: A "Do Nothing" alternative was not evaluated as it would not correct any of the issues facing Keystone's wastewater treatment facility.

Alternative 1: Installs a new influent fine screen to remove contaminants that may be harmful to the downstream equipment as well as solid biodegradable material that are potentially odorous. This alternative was considered and selected.

Alternative 2: Replaces an aging and failing UV disinfection system. This alternative was considered and selected as it was cost effective.

Alternative 3: Replaces ancillary items such as aeration diffusers, valves, pipe saddles, and a slide gate due to damage or wear and tear. This alternative was considered and selected to maintain the integrity of the wastewater treatment facility.

Implementation Schedule: The town anticipates bidding the project in February 2017 with a project completion date of December 2017

Service Population: 344

Current Domestic Rate: \$49.00 per 5,000 gallons usage

Interest Rate: 3.0%

Term: 20 years

Security: System Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If funding is provided as all loan, Keystone would have 76% coverage based on the current rate of \$49/5,000 gallons.

10% Funding Subsidy: \$63,100 subsidy with a loan of \$567,900.

Coverage at 10% Subsidy: Based on a 10% subsidy and a loan of \$567,900, Keystone would have 84% coverage based on the current rate of \$49/5,000 gallons.

25% Funding Subsidy: \$157,750 subsidy with a loan of \$473,250.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$473,250, Keystone would have 101% coverage based on the current rate of \$49/5,000 gallons.

35% Funding Subsidy: \$220,850 subsidy with a loan of \$410,150.

Coverage at 35% Subsidy: Based on a 35% subsidy and a loan of \$410,150, Keystone would have 117% coverage based on the current rate of \$49/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

Sanitary/Storm Sewer Facilities Funding Application

Clean Water State Revolving Fund Program (CWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | | | |
|---|---|--------------------------|--|-------------------|-------------|------------|-------|------------------|-----------|--------------|-------|--------------|-------|--------------|--------------------|
| Applicant: City of Sioux Falls Address: 224 W. 9th Street Sioux Falls, SD 57104 Subapplicant: DUNS Number: 078034683 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right;">Requested Funding</td> <td style="text-align: right;">\$8,838,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____ NPS</td> <td style="text-align: right;">\$449,000</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$9,287,000</td> </tr> </table> | Proposed Funding Package | | Requested Funding | \$8,838,000 | Local Cash | _____ | Other: _____ NPS | \$449,000 | Other: _____ | _____ | Other: _____ | _____ | TOTAL | \$9,287,000 |
| Proposed Funding Package | | | | | | | | | | | | | | | |
| Requested Funding | \$8,838,000 | | | | | | | | | | | | | | |
| Local Cash | _____ | | | | | | | | | | | | | | |
| Other: _____ NPS | \$449,000 | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| TOTAL | \$9,287,000 | | | | | | | | | | | | | | |

Project Title: Basin 14D Sanitary Sewer Extension (CW-37)

Description:

Foundation Park, a business park located north of I-90 and west of I-29, will provide the City of Sioux Falls an 800 acre site to attract world class companies. With convenient rail and highway access, Foundation Park is a favorable location for a variety of businesses and industries. In order to service the future economic growth of Foundation Park and the northwest area of the Sioux Falls, the City proposes the installation of an 8-inch gravity sewer, a force main and a lift station to extend sanitary sewer services to the area.

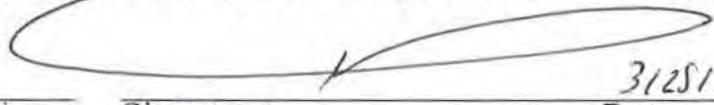
In addition, the City proposes to construct non-point source improvements within the Big Sioux River basin. These non-point source projects would include measures such as stream stabilization, grazing management, agriculture waste management, and creating vegetated buffers along the Big Sioux River and its tributaries.

The City's current monthly rate for 670 cubic feet of wastewater is \$28.95 for residential customers and \$46.43 for commercial customers.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Mike Huether, Mayor
Name & Title of Authorized Signatory



Signature

3/25/16
Date

CITY USE ONLY

Agreement No. 16-3220 Dept/ MOU _____
 Attorney Best Finance _____
 CIP/Project _____

WRAP REVIEW SHEET
WASTEWATER/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF SIOUX FALLS

Project Title: Basin 14D Sanitary Sewer Extension (Foundation Park)

Funding Requested: \$9,287,000

Total Project Cost: \$9,287,000

Project Description: The project is for the construction of a lift station and force mains to provide sewer service connections to a proposed business park in the northwest corner of the city. The lift station and force mains will provide sanitary sewer service to more than 800 acres of the business park.

The loan also includes \$449,000 to construct non-point source improvements in the Big Sioux River basin. These improvements include stream stabilization, grazing management, agricultural waste management and creating vegetative buffers.

Alternatives Evaluated: The “No Action” alternative was not considered because the city is committed to the development of Foundation Park.

The lift station site is in the southeast corner of the site. The lift station will have three force mains: one for the initial domestic strength flows, one for future high strength flows and one for future domestic strength flows. From this site, wastewater will be pumped to the existing Basin 13 gravity sewer.

The city evaluated three alternative alignments, in addition to a base alignment. The base alignment consists of three force mains from the lift station heading east paralleling the section. The force mains will cross Interstate 29 and North Kiwanis Avenue and end at the proposed intersection of West 72 Street North and North Kiwanis Avenue.

Alignment A – The three force mains would start at the proposed intersection of West 72 Street North and North Kiwanis Avenue follow the section line east until North Western Avenue. A gravity sewer would then go south along the right-of-way and cross the Burlington Northern Sante Fe Railway and Interstate 90. The sewer will

parallel the railroad until it reaches the Hay Farm where it follows the 1,440 foot contour, crosses West 60th Street North and ties into the existing Basin 13 gravity sewer.

Alignment B – One force main from the proposed intersection of West 72 Street North and North Kiwanis Avenue runs south along North Kiwanis Avenue and crosses Interstate 90. A gravity sewer will then run from south of Interstate 90 along North Kiwanis Avenue to north of West 66th Street North. From there the sewer will run south east through a field to a point north of West 60th Street North and tie into the Basin 13 gravity sewer.

Alignment C - One force main from the proposed intersection of West 72 Street North and North Kiwanis Avenue runs south along North Kiwanis Avenue and crosses Interstate 90. The force main then continues south along North Kiwanis Avenue to the intersection of West 60th Street North. From there, the force main travels east along West 60th Street North to a point where it crosses the street and ties into the Basin 13 gravity sewer.

Due to costs, acquiring permanent easements, railroad crossings, potential impacts to farmyard and hay operations and lack of access roads for maintenance vehicles, the city determined that Alignment C was the best option.

Implementation Schedule: Sioux Falls anticipates bidding the project in August 2016 with a project completion date of October 2017.

Service Population: 165,800

Current Domestic Rate: \$28.95 per 5,000 gallons usage

Interest Rate: 1.25%

Term: 10 years

Security: System Revenue

|

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If funding is provided as all loan, Sioux Falls would have 126% coverage based on the 2018 rate of \$32.52/670 cubic feet. Sioux Falls has already approved rate increases of 6% for 2017, 2018 and 2019.

10% Funding Subsidy: \$928,700 subsidy with a loan of \$8,358,300.

Coverage at 10% Subsidy: Based on a 10% subsidy and a loan of \$8,358,300, Sioux Falls would have 129% coverage based on the 2018 rate of \$32.52/670 cubic feet.

20% Funding Subsidy: \$1,857,400 subsidy with a loan of \$7,429,600.

Coverage at 20% Subsidy: Based on a 20% subsidy and a loan of \$7,429,600, Sioux Falls would have 131% coverage based on the 2018 rate of \$32.52/670 cubic feet.

30% Funding Subsidy: \$2,786,100 subsidy with a loan of \$6,500,900.

Coverage at 30% Subsidy: Based on a 30% subsidy and a loan of \$6,500,900, Sioux Falls would have 132% coverage based on the 2018 rate of \$32.52/670 cubic feet.

ENGINEERING REVIEW COMPLETED BY: JIM ANDERSON

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF VERMILLION

Project Title: Prentis Street Lift Station

Funding Requested: \$812,000

Other Proposed Funding: \$515,000 - Community Development Block Grant

Total Project Cost: \$1,327,000

Project Description: Replacement of a sanitary sewer lift station located on Prentis Street and approximately 2,000 feet of sanitary sewer collection main downstream of the lift station. An evaluation indicates that the lift station and sewer mains do not have capacity for future flows, the equipment and structure are deteriorating and past their useful life.

Alternatives Evaluated: The “No Action” alternative was evaluated for the lift station and sewer main. The no action alternative was rejected due to the poor condition and limited capacity of the lift station and sewer main.

Lift Station:

Alternative 1: Replaces the existing wetwell/drywell with a lift station using submersible pumps. The controls would be on a panel located at ground level near the lift station wetwell.

Alternative 2: Replaces the existing lift station with a similar to existing style, wetwell/drywell lift station and is the chosen alternative. This alternative is slightly more expensive to construct; however, it is easier and less expensive to operate and maintain.

Sewer Main:

Alternative 1: The sewer pipe will be replaced using pipe bursting. This is accomplished by using a method to expand the existing pipe and inserting a new same size or larger pipe in its place. Very minimal surface restoration after installation is the main advantage of using this method of pipe replacement.

Alternative 2: The sewer pipe will be replaced using conventional excavation and replacement under this alternative. This was the chosen alternative since both methods have similar construction costs and there are more contractors to do this work as opposed to contractors that

can construct sewer mains using the pipe bursting method.

Implementation Schedule: The city anticipates bidding the project in January 2017 with a project completion date of June 2018.

Service Population: 10,697

Current Domestic Rate: \$37.17 per 5,000 gallons usage

Interest Rate: 3.0% Term: 20 years Security: System Revenue

DEBT SERVICE CAPACITY

| | |
|----------------------------------|---|
| Coverage at Maximum Loan Amount: | If all funding is provided as loan Vermillion's current rate of \$37.17 would provide 125% coverage on a loan of \$812,000. A loan of \$1,327,000 (total project cost) would have a coverage of 113%. |
|----------------------------------|---|

| | |
|----------------------|--|
| 10% Funding Subsidy: | \$81,200 subsidy with a loan of \$730,800. |
|----------------------|--|

| | |
|--------------------------|---|
| Coverage at 10% Subsidy: | Based on a 10% subsidy and a loan of \$730,000 Vermillion's current rate of \$37.17 would provide 128% coverage on a loan of \$812,000. A loan of \$1,327,000 (total project cost) would have a coverage of 116%. |
|--------------------------|---|

| | |
|----------------------|---|
| 20% Funding Subsidy: | \$162,400 subsidy with a loan of \$649,600. |
|----------------------|---|

| | |
|--------------------------|--|
| Coverage at 20% Subsidy: | Based on a 20% subsidy and a loan of \$649,600, Vermillion's current rate of \$37.17 would provide 130% coverage on a loan of \$812,000. A loan of \$1,327,000 (total project cost) would have a coverage of 119%. |
|--------------------------|--|

ENGINEERING REVIEW COMPLETED BY: ERIC MEINTSMA

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

Sanitary/Storm Sewer Facilities Funding Application Division of Financial & Technical Assistance

Clean Water State Revolving Fund Program (CWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | |
|---|---|-------------------|-------------|------------|---|--------------|---|--------------|---|--------------|---|--------------|--------------------|
| Applicant: City of Pierre Address: PO Box 1253 222 East Dakota Pierre, SD 57501 Subapplicant: DUNS Number: | Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Requested Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,450,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$1,450,000</td> </tr> </table> | Requested Funding | \$1,450,000 | Local Cash | 0 | Other: _____ | 0 | Other: _____ | 0 | Other: _____ | 0 | TOTAL | \$1,450,000 |
| Requested Funding | \$1,450,000 | | | | | | | | | | | | |
| Local Cash | 0 | | | | | | | | | | | | |
| Other: _____ | 0 | | | | | | | | | | | | |
| Other: _____ | 0 | | | | | | | | | | | | |
| Other: _____ | 0 | | | | | | | | | | | | |
| TOTAL | \$1,450,000 | | | | | | | | | | | | |

Project Title: Hilger's Gulch Sanitary Sewer Phase 1

Description:

Construct an 18" trunk gravity sanitary sewer main with lift station in Phase 1 to serve approximately 198 acres of undeveloped property in the northeast corner of Pierre, This growth area is designated to be zoned local business and multiple family housing in the 2008 City Comprehensive Plan. Phase 1 is capable of serving a proposed event center and adjacent properties south of US Hwy 14. This sewer will become a component of a future sewer serving Sections 21 & 22 located north of Hwy 14. Details are included in the Interstate Engineering - "Hilger's Gulch Sanitary Sewer Project Facilities Plan". In 2004 the City of Pierre engaged Burns & McDonnell of Kansas City, MO to inventory and assess the arterial and trunk legs of its sanitary sewer system. They were also tasked with identifying catchments and sizing sanitary sewers in the Cities' growth areas north of Fourth Street. The conclusions made in the Burns & McDonnell analysis identified both general location and sizing of future sewers and upgrades to existing sewers that will be needed at a future date. Development from 2004 to 2016 has occurred to the point that further additional growth is inhibited by the lack of sanitary sewer. Phase 1 of the Hilger's Gulch Sanitary Sewer Project will serve Pierre's growth into the foreseeable future.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Leon Schochenmaier, City Administrator
 Name & Title of Authorized Signatory
 (Typed)



Signature

4/1/2016
 Date

WRAP REVIEW SHEET
SANITARY/STORM FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF PIERRE

Project Title: Hilger's Gulch Sanitary Sewer Phase I

Funding Requested: \$1,450,000

Total Project Cost: \$1,450,000

Project Description: Construction of an 18-inch gravity sewer main with lift station to serve approximately 198 acres of undeveloped property in northeast Pierre. The land is zoned local business and multiple family housing.

Alternatives Evaluated:

Alternative 1: Includes construction of a lift station and about 3,200 feet of 18-inch PVC sewer line. This is the lower cost alternative but has a higher operation and maintenance cost. This is the chosen alternative.

Alternative 2: Includes construction of about 10,600 feet of 18-inch PVC sewer line. This alternative has a significantly higher initial cost.

Alternative 3: Is the "No Action" alternative. This was rejected due to the need to serve this growing area of the city.

Implementation Schedule: City of Pierre anticipates bidding the project in July 2016 with a project completion date of June 2017.

Service Population: 13,984

Current Domestic Rate: \$40.84 per 5,000 gallons usage

Interest Rate: 2.25% Term: 10 years Security: Sales Tax Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If funding is provided as all loan, Pierre would have 363% coverage based on sales tax revenue generated from its 2nd penny tax.

10% Funding Subsidy: \$145,000 subsidy with a loan of \$1,305,000.

Coverage at 10% Subsidy: Based on a 10% subsidy and a loan of \$1,305,000, Pierre would have 369% coverage based on sales tax revenue generated from its 2nd penny tax.

20% Funding Subsidy: \$290,000 subsidy with a loan of \$1,160,000.

Coverage at 20% Subsidy: Based on a 20% subsidy and a loan of \$1,160,000, Pierre would have 375% coverage based on sales tax revenue generated from its 2nd penny tax.

30% Funding Subsidy: \$435,000 subsidy with a loan of \$1,015,000.

Coverage at 30% Subsidy: Based on a 30% subsidy and a loan of \$1,015,000, Pierre would have 381% coverage based on sales tax revenue generated from its 2nd penny tax.

ENGINEERING REVIEW COMPLETED BY: ERIC MEINTSMA

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

Sanitary/Storm Sewer Facilities Funding Application

Clean Water State Revolving Fund Program (CWSRF)
 Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | | | |
|--|--|--------------------------|--|-------------------|-----------|------------|-------|-------------------|----------|--------------|-------|--------------|-------|--------------|------------------|
| Applicant: City of Viborg Address: 110 N. Main Street Viborg, SD 57070 Subapplicant: DUNS Number: 179259197 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Requested Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$105,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____ CDBG</td> <td style="text-align: right; border-bottom: 1px solid black;">\$74,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$179,000</td> </tr> </table> | Proposed Funding Package | | Requested Funding | \$105,000 | Local Cash | _____ | Other: _____ CDBG | \$74,000 | Other: _____ | _____ | Other: _____ | _____ | TOTAL | \$179,000 |
| Proposed Funding Package | | | | | | | | | | | | | | | |
| Requested Funding | \$105,000 | | | | | | | | | | | | | | |
| Local Cash | _____ | | | | | | | | | | | | | | |
| Other: _____ CDBG | \$74,000 | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| TOTAL | \$179,000 | | | | | | | | | | | | | | |

Project Title: The City of Viborg Sanitary Sewer Collection Project

Description:

The City of Viborg is proposing to construct improvements to its sanitary sewer collection system. The City is proposing to replace sanitary sewer main clay pipe, clay pipe services, and dilapidated brick manholes. The City is also proposing to install a manhole at the end of the main, where one currently does not exist, to improve access for cleaning. The existing collection system has exceeded its useful life and is experiencing inflow and infiltration (I/I). The projects limits on Agnes Street include improvements from Park Avenue to 250' north of Blaine Avenue. Upgrades are needed to reduce I/I in the system, improve maintenance, and provide a reliable gravity sewer to the residents.

The City of Viborg has a reserve fund established for its utility. Its current sewer rate is \$23.83 per month for 5,000 gallons.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

| | | |
|---|-----------|--------------------|
| Steve Bendt, Mayor, City of Viborg Name & Title of Authorized Signatory (Typed) | Signature | 03-25-2016 Date |
|---|-----------|--------------------|

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
CITY OF VIBORG

Project Title: Sanitary Sewer Collection Project

Funding Requested: \$105,000

Other Proposed Funding: \$74,000 - Community Development Block Grant

Total Project Cost: \$179,000

Project Description: Viborg is proposing to replace sections of its clay sanitary sewer main and brick manholes that have reached their useful life and are deteriorating. The project consists of the replacement of 700 feet of sanitary sewer with PVC pipe And related appurtenances.

Alternatives Evaluated: The “Do Nothing” alternative was considered as possible alternative as the issues facing the sanitary sewer main do not require an immediate response. However, as the deteriorating pipe may become an issue in the future, and because other necessary construction activities present an opportunity for more cost effective replacement, this alternative was not selected.

Alternative 1: Replaces the failing section of sanitary sewer main with PVC pipe. This alternative was considered and selected as it was the most cost effective alternative.

Alternative 2: Replaces the failing section of sanitary sewer main with cast in place pipe. This alternative was considered but not selected as it was not the most cost effective alternative.

Implementation Schedule: The city anticipates bidding the project in August 2016 with a project completion date of August 2017.

Service Population: 862

Current Domestic Rate: \$23.83 per 5,000 gallons usage

Interest Rate: 3.25% Term: 30 Security: System Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If funding is provided as all loan, Viborg would have 175% coverage based on the current rate of \$23.83/5,000 gallons.

10% Funding Subsidy: \$10,500 subsidy with a loan of \$94,500

Coverage at 10% Subsidy: Based on a 10% subsidy and a loan of \$94,500, Viborg would have 196% coverage based on the rate of \$23.83/5,000 gallons.

25% Funding Subsidy: \$26,250 subsidy with a loan of \$78,750

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$78,750, Viborg would have 235% coverage based on the rate of \$23.83/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: DEREK LANKFORD

Sanitary/Storm Sewer Facilities Funding Application

Clean Water State Revolving Fund Program (CWSRF)
 Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | |
|--|--|-------------------|-----------|------------|-------|--------|-------|--------|-------|--------|-------|--------------|------------------|
| Applicant: City of Elk Point Address: P.O. Box 280 Elk Point, SD 57025 Subapplicant: DUNS Number: 807083493 | Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Requested Funding</td> <td style="text-align: right;">\$440,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$440,000</td> </tr> </table> | Requested Funding | \$440,000 | Local Cash | _____ | Other: | _____ | Other: | _____ | Other: | _____ | TOTAL | \$440,000 |
| Requested Funding | \$440,000 | | | | | | | | | | | | |
| Local Cash | _____ | | | | | | | | | | | | |
| Other: | _____ | | | | | | | | | | | | |
| Other: | _____ | | | | | | | | | | | | |
| Other: | _____ | | | | | | | | | | | | |
| TOTAL | \$440,000 | | | | | | | | | | | | |

Project Title: City of Elk Point Rose Street Reconstruction Project

Description:

Due to its existing age and present condition, approximately 4,000 linear feet of 8" Cast Iron Pipe (CIP) sanitary sewer main, nine manholes, 36 sanitary sewer service lines located in the right of way, storm sewer, and other appurtenances will have to be reconstructed or replaced as a part of the City of Elk Point's Rose Street Reconstruction Project. The existing 8" CIP sanitary sewer line has met its 60-year life expectancy and its reconstruction with 8" and 10" Polyvinyl Chloride Pipe (PVC) is necessary in order to accommodate recent 10" PVC sanitary sewer line improvements that occurred during Elk Point's 2012 Pearl Street Reconstruction Project. The sanitary sewer main under Rose Street is the main collector line for its entire service area north of the railroad tracks, and the Rose Street sanitary sewer main flows directly into Pearl Street's sanitary sewer main collector line. The City of Elk Point's Rose Street Reconstruction Project will replace 8" (CIP) sewer main that has met the end of its useful life and allow for the City's sewer main collection system to operate more efficiently. The current rate for residential sanitary sewer service for 5,000 gallons is \$27.48.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

| | | |
|--|-----------|-----------------|
| Isabel Trobaugh, Mayor, City of Elk Point Name & Title of Authorized Signatory (Typed) | Signature | 3-28-16 Date |
|--|-----------|-----------------|

WRAP REVIEW SHEET
SANITARY/STORM FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF ELK POINT

Project Title: Rose Street Reconstruction Project

Funding Requested: \$440,000

Total Project Cost: \$440,000

Project Description: Remove and replace or line approximately 4,000 feet of cast iron sanitary sewer and 9 manholes as part of the Rose Street reconstruction project.

Alternatives Evaluated: Lining the sewer main was the only alternative evaluated. The existing sewer main will be televised so areas needing repair prior to lining can be identified.

Implementation Schedule: Elk Point anticipates bidding the project in February 2017 with a project completion date of December 2018.

Service Population: 1,963

Current Domestic Rate: \$27.48 per 5,000 gallons usage

Interest Rate: 3.25% Term: 30 Security: System Revenue

DEBT SERVICE CAPACITY

| | |
|----------------------------------|--|
| Coverage at Maximum Loan Amount: | If funding is provided as all loan, Elk Point would have 136% coverage based on the current rate of \$27.48/5,000 gallons. |
|----------------------------------|--|

| | |
|--------------------------|---|
| 10% Funding Subsidy: | \$44,400 subsidy with a loan of \$399,600 |
| Coverage at 10% Subsidy: | Based on 10% subsidy and a loan of \$399,600 Elk Point would have 151% coverage based on the rate of \$27.48/5,000 gallons. |

| | |
|--------------------------|--|
| 25% Funding Subsidy: | \$111,000 subsidy with a loan of \$333,000 |
| Coverage at 25% Subsidy: | Based on 25% subsidy and a loan of \$333,000, Elk Point would have 181% coverage based on the rate of \$27.48/5,000 gallons. |

ENGINEERING REVIEW COMPLETED BY: ERIC MEINTSMA

FINANCIAL REVIEW COMPLETED BY: DEREK LANKFORD

Sanitary/Storm Sewer Facilities Funding Application

Clean Water State Revolving Fund Program (CWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | |
|---|--|-------------------|-----------|------------|-------|--------|-------|--------|-------|--------|-------|--------------|------------------|
| Applicant: City of Canistota Address: PO Box 67 Canistota, SD 57012 Subapplicant: DUNS Number: 627913382 | Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Requested Funding</td> <td style="text-align: right;">\$378,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$378,000</td> </tr> </table> | Requested Funding | \$378,000 | Local Cash | _____ | Other: | _____ | Other: | _____ | Other: | _____ | TOTAL | \$378,000 |
| Requested Funding | \$378,000 | | | | | | | | | | | | |
| Local Cash | _____ | | | | | | | | | | | | |
| Other: | _____ | | | | | | | | | | | | |
| Other: | _____ | | | | | | | | | | | | |
| Other: | _____ | | | | | | | | | | | | |
| TOTAL | \$378,000 | | | | | | | | | | | | |

Project Title: Main Street Water and Sewer Improvements

Description:

The Main Street Water and Sewer Project will address aging water service lines, failing sewer service lines, and replace an existing storm sewer inlet with outlet pipe. The design also includes installing a new block of storm sewer. In 2001, the City of Canistota completed a utility project that replaced the water and sewer mains, but did not replace the service lines. The City would like to replace the existing water and sewer service lines and then reconstruct the entire street. The City has received Department of Transportation Community Access Grant funds to help offset the cost of the street replacement. In addition, the City need to replace an existing storm sewer inlet with outlet pipe and install a new block of storm sewer. The new storm sewer will connect to the existing storm sewer on Pine Street. This storm sewer will pick up surface flows before they exceed industry standards for width of spread. This will also help route storm flows around the west end of Main Street and reduce the rick for flooding at the intersection of Main Street and 7th Avenue. The City is also seeking assistance through the Governor's Office of Economic Development to assist with funding this project. The current sewer rate is \$33.77 per month for 5,000 gallons of usage.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Rich Becker, Council Vice-President
 Name & Title of Authorized Signatory
 (Typed)


3-29-16

 Signature Date

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF CANISTOTA

| | |
|--------------------------|---|
| Project Title: | Main Street Sewer Improvements |
| Funding Requested: | \$378,000 |
| Total Project Cost: | \$378,000 |
| Project Description: | This project will be part of a reconstruction of approximately 1,000 feet of Main Street and will replace existing sanitary sewer services under the street to the right of way. The sanitary sewer collection line was replaced more recently as part of a different project. An existing storm sewer inlet will be replaced and one block of new storm sewer will be constructed along Main Street. |
| Alternatives Evaluated: | The "No Action" alternative was evaluated for the Main Street improvements. This alternative would not address the deficiencies in the service lines or help resolve the storm flow issues around Main Street. |
| Implementation Schedule: | The city anticipates bidding the project in January 2017 with a project completion date of August 2017. |
| Service Population: | 652 |
| Current Domestic Rate: | \$33.77 per 5,000 gallons usage |
| Interest Rate: 3.25% | Term: 30 years Security: Project Surcharge |

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Canistota would have to establish a surcharge of approximately \$5.90. When added to current rate of \$33.77/5,000 gallons residents would be paying \$39.67/5,000 gallons.

25% Funding Subsidy: \$94,500 subsidy with a loan of \$283,500.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$283,500, Canistota would have to establish a surcharge of approximately \$4.45 thereby paying a rate \$38.22/5,000 gallons.

50% Funding Subsidy: \$189,000 subsidy with a loan of \$189,000.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$189,000, Canistota would have to establish a surcharge of approximately \$2.95 thereby paying a rate \$36.72/5,000 gallons.

75% Funding Subsidy: \$283,500 subsidy with a loan of \$94,500.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$94,500, Canistota would have to establish a surcharge of approximately \$1.50 thereby paying a rate \$35.27/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

TITLE: Drinking Water Facilities Funding Applications

EXPLANATION: The following applications have been received by DENR for funding consideration at this meeting. The projects are listed in priority point order as shown in the Intended Use plan, and the points are listed in parentheses.

- | | |
|------------------|--------------------|
| a. Midland (112) | d. Elk Point (10) |
| b. Viborg (84) | e. Bridgewater (8) |
| c. Lead (16) | f. Canistota (4) |

COMPLETE APPLICATIONS: Application cover sheets and WRAP summary sheets with financial analysis have been provided as part of the board packet. Complete applications are available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRappsdf0616.pdf>

If you would like hard copies of the applications, please contact Andy Bruels at (605) 773-4216.

Drinking Water Facilities Funding Applications June 2016



WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: TOWN OF MIDLAND

Project Title: Water Distribution and Storage Improvements Project

Funding Requested: \$715,000

Total Project Cost: \$715,000

Project Description: The town of Midland has had haloacetic acid (HAA5) violations. Installing a new water storage facility with a new mixing system and looping the watermains will help correct water quality issues. The project consists of a new 53,000-gallon ground storage facility with a new mixing system as well as the construction of 3,220 feet of 6-inch main to loop the system.

Alternatives Evaluated:

“74,000-Gallon Ground Storage Reservoir” alternative proposes to construct a 74,000-gallon ground storage reservoir and mixing system to replace the existing one. This alternative was considered but not recommended due to the size of the tank and the concern that thermal stratification may be affecting HAA5 levels.

“53,000-Gallon Ground Storage Reservoir” alternative proposes to construct a 53,000-gallon ground storage reservoir and mixing system to replace the existing one. This alternative was considered and selected as it was the most cost effective and practical.

“New Meter Vault and Multiple Control Valves” alternative would remove the reservoir and tie Midland’s system directly into the rural water system without the means of storage. This alternative was considered but not selected as it did not leave Midland with the one-day demand should the system be disconnected from the rural water system due to repairs or breaks.

“Distribution Improvements” alternative would loop Midland’s distribution system, eliminating the dead ends in the system.

Implementation Schedule: The town of Midland anticipates bidding the project in June 2016 with a project completion date of November 2016

Service Population: 123

Current Domestic Rate: \$25.00 per 5,000 gallons

Interest Rate: 2.25%

Term: 30 years

Security: Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Midland would have to establish a surcharge of approximately \$30.25. When added to current rate of \$25/5,000 gallons residents would be paying \$55.15/5,000 gallons. However projected operation and maintenance costs indicate that approximately \$33/month is required to cover operation and maintenance costs. Midland needs to increase its water rate approximately \$8/month to cover operation and maintenance costs. Total rates will be \$63.25/5,000 gallons.

25% Funding Subsidy: \$178,750 subsidy with a loan of \$536,250.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$536,250 Midland would have to establish a surcharge of approximately \$22.60 thereby paying a rate \$55.60/5,000 gallons.

50% Funding Subsidy: \$375,500 subsidy with a loan of \$375,500.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$375,500 Midland would have to establish a surcharge of approximately \$15.85 thereby paying a rate \$48.85/5,000 gallons.

75% Funding Subsidy: \$536,250 subsidy with a loan of \$178,750.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$178,750 Midland would have to establish a surcharge of approximately \$7.55 thereby paying a rate \$40.55/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

Drinking Water Facilities Funding Application

Drinking Water State Revolving Fund Program (DWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | | | |
|--|--|--------------------------|--|-------------------|-----------|------------|-------|-------------------|-----------|--------------|-------|--------------|-------|--------------|--------------------|
| Applicant: City of Viborg Address: 110 N. Main Street Viborg, SD 57070 Subapplicant: DUNS Number: 179259197 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right;">Requested Funding</td> <td style="text-align: right;">\$606,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____ CDBG</td> <td style="text-align: right;">\$441,000</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$1,047,000</td> </tr> </table> | Proposed Funding Package | | Requested Funding | \$606,000 | Local Cash | _____ | Other: _____ CDBG | \$441,000 | Other: _____ | _____ | Other: _____ | _____ | TOTAL | \$1,047,000 |
| Proposed Funding Package | | | | | | | | | | | | | | | |
| Requested Funding | \$606,000 | | | | | | | | | | | | | | |
| Local Cash | _____ | | | | | | | | | | | | | | |
| Other: _____ CDBG | \$441,000 | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| TOTAL | \$1,047,000 | | | | | | | | | | | | | | |

Project Title: City of Viborg Water Distribution Replacement Project

Description:

The City of Viborg is proposing to construct improvements to its water distribution system because the existing distribution system has exceeded its useful life. The City is proposing to replace water mains (various sizes of cast iron, ductile iron, PVC and/or asbestos cement pipe materials), replace fire hydrants that no longer function, and replace the service connections to the curb stops. The project limits for Agnes Street include improvements from Park Avenue to Blaine Avenue and the project limits for Maple Street include improvements from ½ block south of Blaine Avenue to 700' north of Lincoln Avenue. Upgrades are needed to ensure the residents of Viborg do not experience utility services interruptions and distribution system failures.

The City of Viborg has a reserve fund established for its utility. Its current water rate is \$40.24 per month for 5,000 gallons.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Steve Bendt, Mayor, City of Viborg
 Name & Title of Authorized Signatory
 (Typed)

Steve Bendt
 Signature

03/25/2016
 Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF VIBORG

Project Title: Water Distribution Replacement Project

Funding Requested: \$606,000

Other Proposed Funding: \$441,000 - Community Development Block Grant

Total Project Cost: \$1,047,000

Project Description: Viborg is proposing to replace a portion of its water distribution system that has exceeded its useful life as well as replace fire hydrants that no longer function. The project will consist of the replacement of 2,880 feet of watermain with PVC watermain, the replacement of five fire hydrants, and other appurtenances required to complete this project.

Alternatives Evaluated: The "Do Nothing" alternative was considered but not selected as it would not address the continual aging of the pipe that has already reached its useful life.

Alternative 1: Replaces the portions of the water distribution system with cast in place pipe. This alternative was considered but not selected as it was not the most cost effective alternative.

Alternative 2: Replaces the portions of the water distribution system with PVC pipe using the conventional, open trench, method. This alternative was considered and selected as it was the most cost effective alternative.

Implementation Schedule: The city anticipates bidding the project in August 2016 with a project completion date of August 2017

Service Population: 862

Current Domestic Rate: \$40.24 per 5,000 gallons usage

Interest Rate: 0 % Term: 30 years Security: System Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If funding is provided as all loan, Viborg would have 117% coverage based on the current rate of \$40.24/5,000 gallons.

10% Funding Subsidy: \$60,600 subsidy with a loan of \$545,400

Coverage at 10% Subsidy: Based on 10% subsidy and a loan of \$545,400, Viborg would have 130% coverage based on the rate of \$40.24/5,000 gallons.

25% Funding Subsidy: \$151,500 subsidy with a loan of \$454,500

Coverage at 25% Subsidy: Based on 25% subsidy and a loan of \$454,500, Viborg would have 157% coverage based on the rate of \$40.24/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: DEREK LANKFORD

Drinking Water Facilities Funding Application

Drinking Water State Revolving Fund Program (DWSRF)
 Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | | | |
|---|--|--------------------------|--|-------------------|-----------|------------|---|--------------|--|--------------|--|--------------|--|--------------|------------------|
| Applicant: City of Lead Address: 801 West Main Street Lead, SD 57754 Subapplicant: N/A DUNS Number: 144270209 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Requested Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$704,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$704,000</td> </tr> </table> | Proposed Funding Package | | Requested Funding | \$704,000 | Local Cash | 0 | Other: _____ | | Other: _____ | | Other: _____ | | TOTAL | \$704,000 |
| Proposed Funding Package | | | | | | | | | | | | | | | |
| Requested Funding | \$704,000 | | | | | | | | | | | | | | |
| Local Cash | 0 | | | | | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | | | | | |
| Other: _____ | | | | | | | | | | | | | | | |
| TOTAL | \$704,000 | | | | | | | | | | | | | | |

Project Title: Water Meter Replacement Project

Description:

The City of Lead is proposing to install an automatic water meter reading system, which consists of new water meters, transmitters, and touch pads being installed at each water customer's residence or business. The system also includes a new hand-held receiver, vehicle base station, laptop, and software for use by city staff to collect the meter readings.

The existing water meters are 20 years old and nearing the end of their life cycle, in which case they are starting to have maintenance problems and may no longer be logging water usage accurately. In addition, it currently takes city personnel an average of 10 days each month to collect water meter readings; with the proposed automatic meter reading system, the City would be able to have all water meter readings collected in one (1) day.

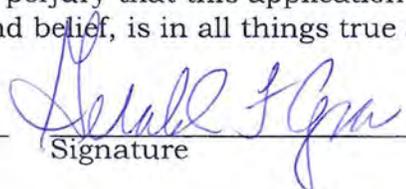
For more detailed information on the proposed project, please see the attached engineering report.

The City of Lead's current monthly water rate is \$37.15/5,000 gallons.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Gerald F. Apa, City of Lead, Mayor
 Name & Title of Authorized Signatory
 (Typed)



Signature

March 21, 2016
 Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF LEAD

Project Title: Water Meter Replacement Project

Funding Requested: \$704,000

Other Proposed Funding: The city has applied for a Community Development Block Grant

Total Project Cost: \$704,000

Project Description: The city of Lead is proposing to install an automatic meter reading system, which consists of new water meters, transmitters, and touch pads being installed at each customer's residence or business. The system also includes a new hand-held receiver, vehicle base station, lap top, and software for use by city staff to collect the meter readings.

Alternatives Evaluated: None

Implementation Schedule: The City of Lead anticipates bidding the project in July 2016 with a project completion date in late Summer 2016.

Service Population: 3,109

Current Domestic Rate: \$37.15 per 5,000 gallons usage

Interest Rate: 2.25% Term: 10 Security: System Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If funding is provided as all loan, Lead would have 110% coverage based on a surcharge of \$5.10/customer. Lead's current rate is \$37.15/5,000 gallons.

10% Funding Subsidy: \$70,400 subsidy with a loan of \$633,600.

Coverage at 10% Subsidy: Based on a 10% subsidy and a loan of \$633,600, Lead would have 110% coverage based on a surcharge of \$4.55/customer. Lead's current rate is \$37.15/5,000 gallons.

20% Funding Subsidy: \$140,800 subsidy with a loan of \$563,200.

Coverage at 20% Subsidy: Based on a 20% subsidy and a loan of \$563,200, Lead would have 110% coverage based on a surcharge of \$4.05/customer. Lead's current rate is \$37.15/5,000 gallons.

30% Funding Subsidy: \$211,200 subsidy with a loan of \$492,800.

Coverage at 30% Subsidy: Based on a 30% subsidy and a loan of 492,800, Lead would have 110% coverage based on a surcharge of \$3.55/customer. Lead's current rate is \$37.15/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

Drinking Water Facilities Funding Application

Drinking Water State Revolving Fund Program (DWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | | | |
|--|---|--------------------------|--|-------------------|-----------|------------|-------|--------|-------|--------|-------|--------|-------|--------------|------------------|
| Applicant: City of Elk Point Address: P.O. Box 280 Elk Point, SD 57025 Subapplicant: DUNS Number: 807083493 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right;">Requested Funding</td> <td style="text-align: right;">\$721,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$721,000</td> </tr> </table> | Proposed Funding Package | | Requested Funding | \$721,000 | Local Cash | _____ | Other: | _____ | Other: | _____ | Other: | _____ | TOTAL | \$721,000 |
| Proposed Funding Package | | | | | | | | | | | | | | | |
| Requested Funding | \$721,000 | | | | | | | | | | | | | | |
| Local Cash | _____ | | | | | | | | | | | | | | |
| Other: | _____ | | | | | | | | | | | | | | |
| Other: | _____ | | | | | | | | | | | | | | |
| Other: | _____ | | | | | | | | | | | | | | |
| TOTAL | \$721,000 | | | | | | | | | | | | | | |

Project Title: City of Elk Point Rose Street Reconstruction Project

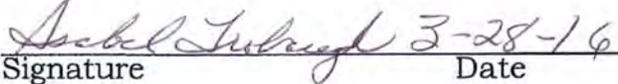
Description:

Due to its age and present condition, approximately 3,400 feet of 6" Ductile Iron Pipe (DIP) water main, hydrants, valves, joints, water service lines in the right of way under Rose Street and adjoining streets, and other appurtenances will have to be replaced as a part of the City of Elk Point's Rose Street Reconstruction Project. The existing 6" DIP has met its 60-year life expectancy and ductile iron pipe is known to be highly susceptible to corrosion and deterioration over time. The Rose Street Reconstruction Project will enable the City to replace its aging 6" DIP water distribution system with a more modern 8" Polyvinyl Chloride Pipe (PVC) water distribution system. The Rose Street Reconstruction Project will also result in the installation of isolation valves which will enable the City to better contain future water main breaks and allow for future connections or expansions for the City of Elk Point's water distribution system. The current rate for residential drinking water is \$32.39 for 5,000 gallons.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Isabel Trobaugh, Mayor, City of Elk Point
 Name & Title of Authorized Signatory
 (Typed)


 Signature 3-28-16 Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF ELK POINT

Project Title: Rose Street Reconstruction Project

Funding Requested: \$721,000

Total Project Cost: \$721,000

Project Description: The project will replace approximately 3,400 feet of ductile iron water main and appurtenances as part of the Rose Street reconstruction project.

Alternatives Evaluated: Replacing the water main in its current location is the only alternative evaluated.

Implementation Schedule: Elk Point anticipates bidding the project in February 2017 with a project completion date of December 2018.

Service Population: 1,963

Current Domestic Rate: \$32.39 per 5,000 gallons usage

Interest Rate: 3.25% Term: 30 years Security: System Revenue

DEBT SERVICE CAPACITY

| | |
|----------------------------------|--|
| Coverage at Maximum Loan Amount: | If funding is provided as all loan, Elk Point would have 142% coverage based on the current rate of \$32.39/5,000 gallons. |
|----------------------------------|--|

| | |
|--------------------------|---|
| 10% Funding Subsidy: | \$72,100 subsidy with a loan of \$648,900 |
| Coverage at 10% Subsidy: | Based on 10% subsidy and a loan of \$648,900 Elk Point would have 158% coverage based on the rate of \$32.39/5,000 gallons. |

| | |
|--------------------------|--|
| 25% Funding Subsidy: | \$180,250 subsidy with a loan of \$540,750 |
| Coverage at 25% Subsidy: | Based on 25% subsidy and a loan of \$540,750, Elk Point would have 189% coverage based on the rate of \$32.39/5,000 gallons. |

ENGINEERING REVIEW COMPLETED BY: ERIC MEINTSMA

FINANCIAL REVIEW COMPLETED BY: DEREK LANKFORD

Drinking Water Facilities Funding Application

Drinking Water State Revolving Fund Program (DWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | |
|---|---|-------------------|-----------|------------|-------|-------------|-----------|--------------|-------|--------------|-------|--------------|------------------|
| Applicant: City of Bridgewater Address: PO Box 37 Bridgewater, SD 57319 Subapplicant: DUNS Number: 145086984 | Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Requested Funding</td> <td style="text-align: right;">\$121,700</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: CDBG</td> <td style="text-align: right;">\$117,500</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$239,200</td> </tr> </table> | Requested Funding | \$121,700 | Local Cash | _____ | Other: CDBG | \$117,500 | Other: _____ | _____ | Other: _____ | _____ | TOTAL | \$239,200 |
| Requested Funding | \$121,700 | | | | | | | | | | | | |
| Local Cash | _____ | | | | | | | | | | | | |
| Other: CDBG | \$117,500 | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | |
| TOTAL | \$239,200 | | | | | | | | | | | | |

Project Title: Main Street Water Distribution Improvement

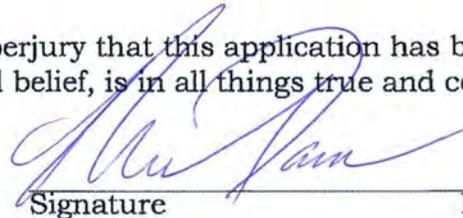
Description:

The City of Bridgewater has determined the need to replace the final two blocks of its original cast iron water main piping. The City's original water distribution system was installed in the 1910s and 1920s of 6" and 8" cast iron pipe. Except for these two blocks on Main Street from Second Street to Fourth Street, the City upgraded its water distribution system in the late 1990s replacing the cast iron pipe with polyvinyl PVC water piping. This two block segment was not replaced in the 1990s because it is under concrete. The project will remove the old cast iron pipe in this two block segment of Main Street and install new 8" PVC in the same location, along with replacement of water services to the curb stops. The curb stops will also be replaced.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Michael Damm, Mayor
 Name & Title of Authorized Signatory
 (Typed)


 Signature

3/24/2016
 Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF BRIDGEWATER

Project Title: Main Avenue Water Distribution Improvement

Funding Requested: \$121,700

Other Proposed Funding: \$117,500 - Community Development Block Grant

Total Project Cost: \$239,200

Project Description: The city of Bridgewater will replace cast iron water mains on two blocks of Main Avenue between Second and Fourth Streets with PVC water pipes, water services and curb stops will also be replaced

Alternatives Evaluated: The "No Action" alternative was not selected as this project is needed to replace aging infrastructure that will continue to deteriorate in the future increasing maintenance costs.

A second alternative that was rejected was the South Main Avenue Water Looping Project. This alternative included water line looping that would be bored under the railroad. This alternative was not selected due to cost.

Implementation Schedule: Bridgewater anticipates bidding the project in August 2016 with a project completion date of November 2016.

Service Population: 488

Current Domestic Rate: \$40.00 per 5,000 gallons usage

Interest Rate: 2.25% Term: 30 years Security: System Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If funding is provided as all loan, Bridgewater would have 165% coverage based on the current rate of \$40.00/5,000 gallons.

10% Funding Subsidy: \$12,170 subsidy with a loan of \$109,530.

Coverage at 10% Subsidy: Based on 10% subsidy and a loan of \$109,530, Bridgewater would have 197% coverage based on the current rate of \$40.00/5,000 gallons.

25% Funding Subsidy: \$30,425 subsidy with a loan of \$91,275

Coverage at 25 % Subsidy: Based on 25% subsidy and a loan of \$60,850, Bridgewater would have 247% coverage based on the current rate of \$40.00/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: JIM ANDERSON

FINANCIAL REVIEW COMPLETED BY: DEREK LANKFORD

Drinking Water Facilities Funding Application

Drinking Water State Revolving Fund Program (DWSRF)
 Consolidated Water Facilities Construction Program (CWFCP)

| | | | | | | | | | | | | | | | |
|---|---|--------------------------|--|-------------------|----------|------------|-------|--------------|-------|--------------|-------|--------------|-------|--------------|-----------------|
| Applicant: City of Canistota Address: PO Box 67 Canistota, SD 57012 Subapplicant: DUNS Number: 627913382 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Requested Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$96,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$96,000</td> </tr> </table> | Proposed Funding Package | | Requested Funding | \$96,000 | Local Cash | _____ | Other: _____ | _____ | Other: _____ | _____ | Other: _____ | _____ | TOTAL | \$96,000 |
| Proposed Funding Package | | | | | | | | | | | | | | | |
| Requested Funding | \$96,000 | | | | | | | | | | | | | | |
| Local Cash | _____ | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| Other: _____ | _____ | | | | | | | | | | | | | | |
| TOTAL | \$96,000 | | | | | | | | | | | | | | |

Project Title: Main Street Water and Sewer Improvements

Description:

The Main Street Water and Sewer Improvements Project will address aging water service lines, failing sewer service lines, and replace an existing storm sewer inlet with outlet pipe. The design also includes installing a new block of storm sewer. In 2001, the City of Canistota completed a utility project that replaced the water and sewer mains, but did not replace the service lines. The City would like to replace the existing water and sewer service lines and then reconstruct the entire street. The City has received Department of Transportation Community Access Grant funds to help offset the cost of the street replacement and will seek a Rural Development loan to fund the balance. In addition, the City need to replace an existing storm sewer inlet with outlet pipe and install a new block of storm sewer. The new storm sewer will connect to the existing storm sewer on Pine Street. This storm sewer will pick up surface flows before they exceed industry standards for width of spread. This will also help route storm flows around the west end of Main Street and reduce the rick for flooding at the intersection of Main Street and 7th Avenue. The City is also seeking assistance through the Governor's Office of Economic Development to assist with funding this project. The current water rate is \$49.84 per month for 5,000 gallons of usage.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Rich Becker, Council Vice-President
 Name & Title of Authorized Signatory
 (Typed)

Rich Becker
 Signature

3-28-16
 Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF CANISTOTA

Project Title: Main Street Water Improvements

Funding Requested: \$96,000

Total Project Cost: \$96,000

Project Description: This project will replace service lines in conjunction with a project to reconstruct approximately 1,000 feet of Main Street. The water lines were replaced in 2001 but the service lines were not addressed at that time.

Alternatives Evaluated: The "No Action" alternative was evaluated for the Main Street improvements. This alternative would not address the deficiencies in the service lines.

Implementation Schedule: The city anticipates bidding the project in January 2017 with a project completion date of August 2017.

Service Population: 652

Current Domestic Rate: \$49.84 per 5,000 gallons usage

Interest Rate: 3.00%

Term: 30 years

Security: Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Canistota would have to establish a surcharge of approximately \$1.45. When added to current rate of \$49.84/5,000 gallons residents would be paying \$51.29/5,000 gallons.

25% Funding Subsidy: \$24,000 subsidy with a loan of \$72,000.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$72,000, Canistota would have to establish a surcharge of approximately \$1.10 thereby paying a rate \$50.94/5,000 gallons.

50% Funding Subsidy: \$48,000 subsidy with a loan of \$48,000.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$48,000, Canistota would have to establish a surcharge of approximately \$0.73 thereby paying a rate \$50.57/5,000 gallons.

75% Funding Subsidy: \$72,000 subsidy with a loan of \$24,000.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$24,000, Canistota would have to establish a surcharge of approximately \$0.38 thereby paying a rate \$50.22/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: JON PECHONG

TITLE: Watershed Restoration Projects Funding Applications

EXPLANATION: The following application has been received by DENR for funding consideration at this meeting.

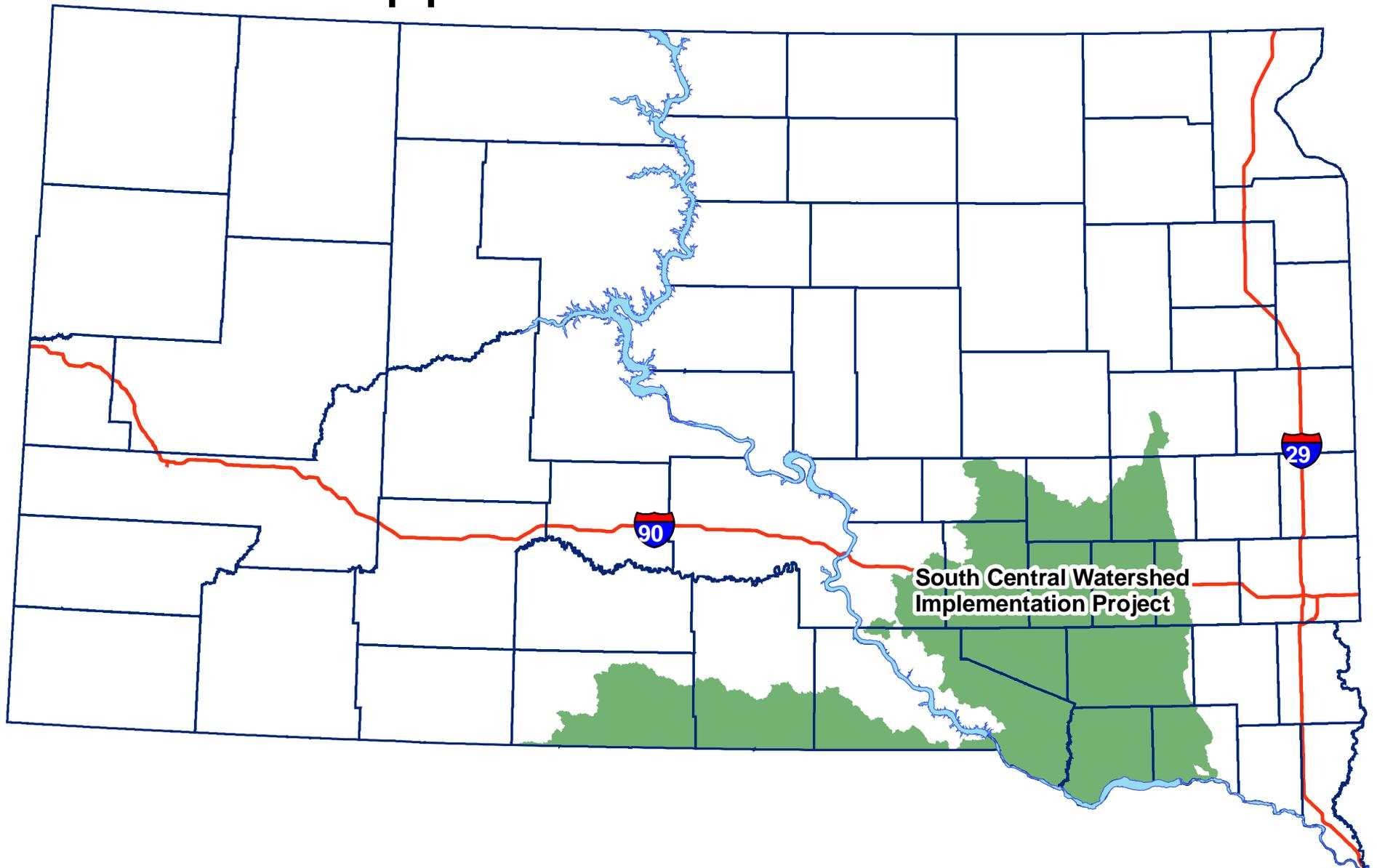
- a. James River Water Development District

COMPLETE APPLICATIONS: Application cover sheet and WRAP summary sheet has been provided as part of the board packet. The complete applications are available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRapps0616.pdf>

If you would like a hard copy of the application, please contact Jon Peschong at (605) 773-4216.

Watershed Restoration Project Funding Application June 2016



Watershed Restoration Project Funding Application

Consolidated Water Facilities Construction Program (CWFCP)

CW SRF Water Quality Grants (WQ Grant)

| | | | | | | | | | | | | | | | |
|---|--|--------------------------|--|-------------------|-----------|------------|-------------|---------------------------------|-----------|----------------------------|----------|-----------------------------|-------------|--------------|--------------------|
| Applicant: James River Water Development District Address: PO Box 849 Huron, SD 57350 Phone Number: (605) 352-0600 Subapplicant: | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right;">Requested Funding</td> <td style="text-align: right;">\$275,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">\$1,588,444</td> </tr> <tr> <td style="text-align: right;">Other: <u>Section 319 Grant</u></td> <td style="text-align: right;">\$988,335</td> </tr> <tr> <td style="text-align: right;">Other: <u>SRF-WQ Funds</u></td> <td style="text-align: right;">\$93,000</td> </tr> <tr> <td style="text-align: right;">Other: <u>Local/Federal</u></td> <td style="text-align: right;">\$4,345,339</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$7,290,118</td> </tr> </table> | Proposed Funding Package | | Requested Funding | \$275,000 | Local Cash | \$1,588,444 | Other: <u>Section 319 Grant</u> | \$988,335 | Other: <u>SRF-WQ Funds</u> | \$93,000 | Other: <u>Local/Federal</u> | \$4,345,339 | TOTAL | \$7,290,118 |
| Proposed Funding Package | | | | | | | | | | | | | | | |
| Requested Funding | \$275,000 | | | | | | | | | | | | | | |
| Local Cash | \$1,588,444 | | | | | | | | | | | | | | |
| Other: <u>Section 319 Grant</u> | \$988,335 | | | | | | | | | | | | | | |
| Other: <u>SRF-WQ Funds</u> | \$93,000 | | | | | | | | | | | | | | |
| Other: <u>Local/Federal</u> | \$4,345,339 | | | | | | | | | | | | | | |
| TOTAL | \$7,290,118 | | | | | | | | | | | | | | |

Project Title: South Central Watershed Implementation Project-Segment I

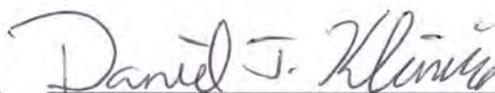
Description:

This proposal is for Segment I of the South Central Watershed Project. The project is a combination of the successful Lewis and Clark and the Lower James 319 projects and includes the drainages into Lewis and Clark Lake along with the tributaries of Pierre Creek, Dawson Creek, Firesteel Creek, and Wolf Creek which supply the lower portions of the James River. The total project area encompasses just above 5,000,000 acres. The project effort is aimed at restoring water quality to meet designated beneficial uses and address TMDL's established for the water bodies in these watersheds along with reducing sedimentation into Lewis and Clark Lake and the lower James River. It also focuses partnership assistance in the watershed area to mainly solve feedlot waste runoff and associated non-point pollution problems from grazing acres. The previous projects were very successful in installing animal waste systems, with the addition of these funds more can be implemented.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Dan Klimisch, Chairman JRWDD Board
 Name & Title of Authorized Signatory
 (Typed)


 Signature

10 MAR 16
 Date

WRAP REVIEW SHEET
WATERSHED RESTORATION FUNDING APPLICATION
APPLICANT: JAMES RIVER WATER DEVELOPMENT DISTRICT

Project Title: South Central Watershed Implementation Project -
Segment 1

Funding Requested: \$275,000

Other Proposed Funding: \$1,619,856 – USDA EQIP
\$1,524,483 – USDA RCPP
\$1,588,444 – Local
\$ 712,500 – State (Consolidated & SRF Water Quality)
\$ 300,000 – Conservation Commission
\$ 901,000 – James River Water Development District
\$ 988,335 – US EPA Section 319

Total Project Cost: \$7,634,618

Project Description: This project is the first segment of a locally planned 10 to 15 year effort to implement Best Management Practices (BMPs) in the Lewis and Clark Lake watershed, Lake Andes, Geddes, Academy and Platte Lake Watersheds, and the impaired reaches of the lower James River watershed and its tributaries. This effort is aimed at restoring water quality to meet designated beneficial uses and address TMDLs established, and to be established, for water bodies in these watersheds.

Implementation Schedule: Upon funding availability to July 31, 2019

Service Population: 17 counties in south central South Dakota

REVIEW COMPLETED BY: BARRY MCCLAURY

June 23, 2016

Item 21

TITLE: Small Water Facilities Funding Applications

EXPLANATION: The following applications have been received by the department for funding consideration at this meeting.

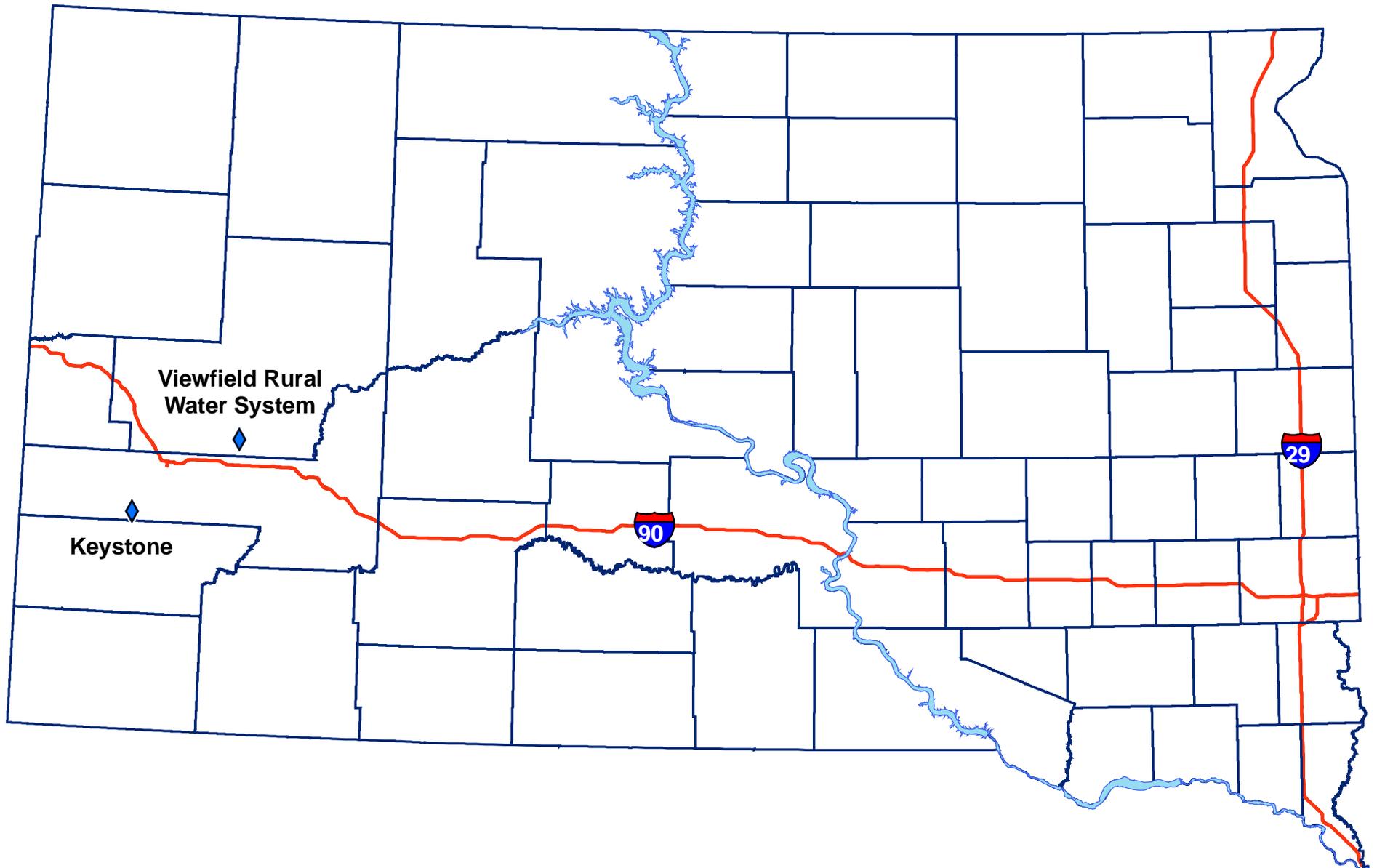
- a. Viewfield Rural Water System
- b. Keystone

COMPLETE APPLICATIONS: Application cover sheets and WRAP summary sheets with financial analysis have been provided as part of the board packet. The complete applications are available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRappsOther0616.pdf>

If you would like hard copies of the applications, please contact Jon Peschong at (605) 773-4216.

Small Water Facilities Funding Applications June 2016



WRAP REVIEW SHEET
SMALL WATER FACILITIES FUNDING APPLICATION
VIEWFIELD RURAL WATER ASSOCIATION INC.

Project Title: Water Treatment for Radium 226/228 Mitigation

Funding Requested: \$250,000

Total Project Cost: \$250,000

Project Description: In 2015, the Viewfield Rural Water System found the Radium 226/228 levels in their water supply had exceed the EPA maximum contaminant level of 5 pCi/L and needs to be brought back into compliance. Viewfield will install twin-alternating, sodium-based water softeners at each well site pump house to mitigate radium levels. Evaporation ponds will also be installed at each site to treat the backwash water from the softening systems.

Alternatives Evaluated: The “No Action” alternative was not chosen because it would not address the non-compliant water source and the system would remain out of compliance.

An alternative to install individual water softeners in each home was reviewed but this was found to be cost prohibitive and impractical for operation and maintenance.

Implementation Schedule: Viewfield anticipates bidding the project in August 2016 with and completion of the project in late October 2016.

Service Population: 170

Current Domestic Rate: \$120.00 per 7,000 gallons usage

Interest Rate: 3.25% Term: 30 years Security: System Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If funding is provided as all loan, Viewfield Rural Water would have 25% coverage based on the current rate of \$120.00/7,000 gallons.

25% Funding Subsidy: \$62,500 subsidy with a loan of \$187,500.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$187,500, Viewfield Rural Water would have 33% coverage based on the current rate of \$120.00/7,000 gallons.

50% Funding Subsidy: \$125,000 subsidy with a loan of \$125,000.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$125,000, Viewfield Rural Water would have 49% coverage based on the current rate of \$120.00/7,000 gallons.

75% Funding Subsidy: \$187,500 subsidy with a loan of \$62,500.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$62,500, Viewfield Rural Water would have 97% coverage based on the current rate of \$120.00/7,000 gallons.

ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

WRAP REVIEW SHEET
SMALL WATER FACILITIES FUNDING APPLICATION
APPLICANT: TOWN OF KEYSTONE

Project Title: Well Retrofit Project

Funding Requested: \$98,000

Total Project Cost: \$98,000

Project Description: The town of Keystone is proposing to retrofit a well house from an existing below-grade vault to an above-grade structure to prevent possible flooding and contamination to the water system.

Alternatives Evaluated: The "No Action" alternative was considered but not selected as it would not solve the issue of possible contamination to the water system.

Alternative 1: Proposes to seal the existing vault with engineered fill and construct a well house on top of the existing below grade vault. This alternative was considered and selected.

Implementation Schedule: The town anticipates bidding the project in June 2016 with a project completion date of November 2016.

Service Population: 344

Current Domestic Rate: \$33.00 per 5,000 gallons usage

Interest Rate: 3.0 % Term: 20 years Security: System Revenue

DEBT SERVICE CAPACITY

| | |
|----------------------------------|---|
| Coverage at Maximum Loan Amount: | If funding is provided as all loan, Keystone would have 135% coverage based on the current rate of \$33.00/5,000 gallons. |
|----------------------------------|---|

| | |
|--------------------------|--|
| 10% Funding Subsidy: | \$9,800 subsidy with a loan of \$88,200. |
| Coverage at 10% Subsidy: | Based on a 10% subsidy and a loan of \$88,200, Keystone would have 150% coverage based on the current rate of \$33.00/5,000 gallons. |

25% Funding Subsidy: \$24,500 subsidy with a loan of \$73,500.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$73,500 Keystone would have 180% coverage based on the current rate of \$33.00/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

June 23, 2016

Item 22

TITLE: Solid Waste Management Program Funding Applications

EXPLANATION: The Solid Waste Management Program was established under SDCL 46A-1-83. The Board of Water and Natural Resources may award grant and loan funds for the purpose of solid waste planning and management under the program. The following applications have been received by DENR for funding consideration at this meeting.

- a. AGRAT2 LLC
- b. Roberts County
- c. South Dakota Solid Waste Management Association

COMPLETE APPLICATIONS: Application cover sheets and summary sheets have been provided as part of the board packet. Complete applications are available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRappsOther0616.pdf>

If you would like hard copies of the applications, please contact Andy Bruels at (605) 773-4216.

Solid Waste Management Applications June 2016



Solid Waste Management Program Application

Applicant AGRAT2 LLC
Travis Hewitt

Proposed Funding Package

SWMP Funds: \$322,000

Local Cash: _____

Address 523 N Kiwanis Ave
Sioux Falls, SD 57103

Other: PO Box 175, Tea, SD 57064

Other: _____

Other: _____

Phone (605)212-3476
Number

Total Project Cost: \$322,000

Project Title: Value Add & Size Reduction for Mattresses & Box Springs

Description: AGRAT2 LLC is the only mattress & box spring recycling company in South Dakota. AGRAT2 has been receiving mattresses and box springs from the Sioux Falls landfill along with local retailers since October 2011. The beds are then dismantled and the contents are sorted and then baled accordingly. AGRAT2 has grown each year with more beds coming in and with last year(2015) receiving 14,003 beds. In the 5 years AGRAT2 has received 36,478 and has removed 1,325,660 lbs of mattress materials from being landfilled. As we continue to grow it has become very apparent to focus our attention on how we can maximize all of the materials we collect for resell on the back end. This will allow us to maximize our recovery, process, and add value. Currently our biggest opportunity for improvement is with the metal we recover from the beds and box springs. The metal baler we have is not strong enough to compact the mattress springs and can only handle the metal from box springs. If we could acquire a baler that can compact the mattress springs quicker and more efficiently not only would we be able to bale all the metal we receive but we will also be able to acquire new customers and more beds. This will also allow us to haul the more compact metal bales further which in return allow us to sell directly to the steel mill and that will increase the value of the metal by about four to five times the current rate.

The Applicant certifies that:

I declare and affirm under the penalties of perjury that this application has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Travis Hewitt Owner

Name and Title of Authorized Signatory (Typed)



Signature

5-20-2016

Date

WRAP REVIEW SHEET
SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION
APPLICANT: AGRAT2 LLC

Project Title: Purchase of Equipment to Increase Capacity

Funding Requested: \$322,000

Other Proposed Funding: \$0 – Local Cash

Total Project Cost: \$322,000

Project Description: AGRAT2 LLC is the only mattress and box spring recycling company in South Dakota and has been receiving mattresses and box springs from the Sioux Falls landfill and area retailers since 2011. The metal baler currently being used is not capable of compacting mattress springs and can only handle the metal from box springs. AGRAT2 LLC is requesting funding to assist in the purchase of a new baler that can compact springs quicker and more efficiently as well as be compatible with mattress springs. The company would also like to expand its service area beyond Sioux Falls, to do this additional rolling stock to include enclosed trailers and a semi cab is needed to be purchased as a part of the expansion.

Type: Solid Waste – Recycling/Resource Reduction

Service Population: 168,586

Financial & History Information: AGRAT2 LLC has never received funding from the Solid Waste Management Program.

Fees: \$8 per mattress or box spring

Implementation Schedule: AGRAT2 anticipates the purchase and operation of equipment by 2017.

Engineering Review Completed By: Drew Huisken

Financial Review Completed By: Jon Peschong

MAR 29 2016

Division of Financial & Technical Assistance

Solid Waste Management Program Application

Applicant
Roberts County

Proposed Funding Package

SWMP Funds: \$135,000

Local Cash: \$135,833

Address
411 2nd Avenue East
Sisseton, SD 57262

Other: _____

Other: _____

Other: _____

Phone Number (605) 698-7336

Total Project Cost: \$270,833

Project Title: Construction of Stage 5 Waste Cell #2

Description:

The proposed project will construct the stage five expansion to Waste Cell #2. The expansion will add approximately 79,400 cubic yards of disposal space to the landfill facility. The proposed project involves stripping and stock piling of top soil, excavation of the stage, installation of a 24 inch clay liner, installation of leachate piping, replacement of top soil, seeding plus any other necessary appurtenances to complete the project. Total project costs are estimated at \$270,833. Holton Engineering provided the preliminary engineering and cost estimates.

The Applicant certifies that:

I declare and affirm under the penalties of perjury that this application has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Roger George, Chairman

Name and Title of Authorized Signatory (Typed)

Roger J. George 3-15-16
Signature Date

WRAP REVIEW SHEET
SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION
APPLICANT: ROBERTS COUNTY

Project Title: Construction of Stage 5 Waste Cell #2

Funding Requested: \$135,000

Other Proposed Funding: \$135,833 – Local Cash

Total Project Cost: \$270,833

Project Description: Roberts County is proposing to construct the stage five expansion to waste cell #2 at the landfill. This expansion will add approximately 79,400 cubic yards of disposal space. The proposed project involves stripping and stockpiling the top soil, excavation of the disposal area, installation of a 24-inch clay liner, installation of leachate piping, replacement of top soil, and other necessary appurtenances.

Type: Solid Waste – Regional Landfill

Service Population: 17,000

Financial & History Information: In June 2012, Roberts County received a \$96,000 grant and a \$144,000 loan to purchase a front end loader and skid steer.

In June 2011, Roberts County received an \$88,240 grant for an expansion of Waste Cell #2.

In March 2008, Roberts County received a \$215,000 grant for a Leachate Pond Construction and Land Acquisition project.

Fees: \$10 - \$55 per ton depending on type of waste
\$47 per ton for municipal solid waste

Implementation Schedule: Roberts County anticipates bidding the project in July of 2016 and completing the project in 2017.

Engineering Review Completed By: Drew Huisken
Financial Review Completed By: Jon Peschong

WRAP REVIEW SHEET
SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION
APPLICANT: SD SOLID WASTE MANAGEMENT ASSOCIATION

Project Title: Joint Annual Conference Speakers

Funding Requested: \$15,000

Other Proposed Funding: \$43,000– Registration Fees

Total Project Cost: \$58,000

Project Description: The SDSWMA hosts a joint conference with the North Dakota Solid Waste and Recycling Association once every three years and needs speakers to provide a quality educational and growth experience for attendees. Any awarded funds will cover speaker fees, conference registration and accommodations. Agencies from North Dakota have also pledged up to \$3,000 of support for the conference.

Type: Solid Waste

Service Population: 853,175

Financial & History Information: In January 2016, SD SWMA received a \$39,000 SWMP grant to host a Manager of Landfill Operations (MOLO) training course.

In March 2013, SD SWMA received a \$24,000 SWMP grant to host a MOLO training course.

In 2010, SD SWMA received a \$34,050 SWMP grant to host a MOLO training course.

In 2007, SD SWMA received a \$34,450 SWMP grant to host a MOLO training course.

Fees: \$215 per registrant

Implementation Schedule: The conference will be held in September of 2016.

Engineering Review Completed By: Drew Huisken
Financial Review Completed By: Jon Peschong

June 23, 2016

Item 23

TITLE: State Boards and Commissions Conflict of Interest Notification

EXPLANATION: The 2016 Legislature enacted new conflict of interest laws (House Bill 1214) applicable to Board of Water and Natural Resources members effective July 1, 2016. Absent a waiver, these new conflict laws prohibit current and certain former members of the Board of Water and Natural Resources from contracting with, or from deriving direct benefits from a contract with, a state agency if the contract is within the jurisdiction or related to the subject matter of the board. Absent a waiver, the conflict laws also prohibit board members from contracting with, or deriving direct benefits from contracts with, political subdivisions of the State that administer or execute similar subject matter programs as the board. These prohibitions also apply to direct benefits derived from a State or political subdivision contract by a spouse or other person living with the board member and commingling assets with the board member.

RECOMMENDED ACTION: Staff will review the provisions of HB 1214 as well as the Conflict Waiver Instructions and Waiver forms and the Conflict of Interest Waiver Decision Matrix.

CONTACT: Harold Deering
605-360-7056

TITLE: South Dakota Water Quality Standards, Monitoring and Data

EXPLANATION: A recent publication by the Izaak Walton League of America gave South Dakota a D grade for the state's assessment of water quality. Half of the final grade was based on Volunteer Engagement. Chairman Johnson requested time on the agenda for the department to discuss the Izaak Walton League report and the use of data collected by volunteers.

Attached is the Izaak Walton League report and the department's response to the report's fact checks, discussion and conclusions. Staff from the department's Watershed Protection and Surface Water Quality programs will provide an overview of water quality standards, state and volunteer monitoring and use of data.

In addition, staff will provide an overview of the preparation and submission of the 2016 Integrated Report. Required under the federal Clean Water Act, this report is used by the state to identify impaired water bodies in South Dakota. The draft report is available at:

<http://denr.sd.gov/documents/16irdraft.pdf>

The draft 2016 Integrated Report contains an assessment of the surface water quality of South Dakota's waters, a description of South Dakota's water quality monitoring programs, pollutants causing impairments of the water bodies and identification of waters targeted for total maximum daily load development. A total maximum daily load (TMDL) is a determination of the amount of pollution a waterbody can receive and still maintain water quality standards.

The draft 2016 report lists 143 waterbodies or waterbody segments needing a total maximum daily load. Of those listed, 88 are stream or river segments and 55 are lakes that periodically do not meet water quality standards.

CONTACT: Paul Lorenzen (773-4254)



SOUTH DAKOTA



THE PROBLEM

South Dakota residents have the right to know whether the water flowing in their neighborhood streams is safe for fishing, swimming, and playing. Under the Clean Water Act, the state is tasked with monitoring all of its waterways, presenting that information to the public, and restoring polluted waters. Residents have much to be concerned about when it comes to water pollution. Pollutants found in South Dakota's waterways include toxic metals, bacteria, and acids; nutrients that spur algae growth; sediment that chokes fish and other aquatic life; and salts that are toxic to fish and wildlife. In addition, water temperatures are often too high for fish to survive.

When the Izaak Walton League did our own investigation, we found that South Dakota's dirty water problems go even deeper.

| Transparency | Site-Specific Information | Age of Data | Frequency of Sampling | Water Quality Standards | Volunteer Engagement* |
|--------------|---------------------------|-------------|-----------------------|-------------------------|-----------------------|
| B | F | B | D | C- | F |

*50% of final grade

How the Numbers Add Up

State reports: 7% of streams tested

IWLA fact check: 2% of streams tested

To adequately assess water quality, the state needs a significant increase in permanent monitoring stations, where data is collected each year at the same place.



Dirty Waters

Most common pollutants and water quality problems reported by the state include:

- Bacteria
- Nutrients/sediment
- Salts
- Acids
- Toxic metals
- High temperatures



Scattershot Testing

Can you believe South Dakota has more than 150,000 miles of streams and rivers but only 146 permanent stations to monitor for water pollution? (U.S. EPA recommends a maximum of 25 miles per station!)

Number of permanent stations now: 146

Number of permanent stations needed: 6,011

Dubious Results?

State reports: 41% of streams clean

IWLA fact check: Fishy



Not only does the state need to monitor thousands more sites to adequately and accurately assess water quality, it has uneven water quality standards and infrequently conducts chemical and macroinvertebrate monitoring. So the state's claim that 42% of its streams and rivers are clean and healthy smells fishy.

With all this unreliable information, how can residents of South Dakota depend on the state's assessment of water quality?

THE DETAILS



Transparency: **B**

Although South Dakota monitors only a small fraction of its streams and rivers, it does a better job than many states of accurately portraying this problem to the public. The small difference between South Dakota's claim of assessing 7% of its streams and rivers and our calculation of 2% earns the state a B in this category, although both numbers leave **most of the state's waters untested and call into question whether these waters meet basic water quality standards.** Our calculation is based on U.S. Environmental Protection Agency (U.S. EPA) guidelines for stream monitoring (25 miles per station) and the total number of miles of rivers and streams in the state.



Site-Specific Information: **F**

Guidelines from U.S. EPA state that samples taken at a specific spot in a river (called a "monitoring station") can be used to gauge water quality for no more than 25 miles upstream. On smaller streams, that data should represent no more than 5 to 10 miles upstream.

Even if we use the maximum of 25 miles per monitoring station, **the state should test more than 6,000 stream sites each year to accurately assess water quality. Instead, South Dakota has 146 permanent monitoring stations – and claims this represents water quality across the whole state, even though most streams aren't actually monitored.**



Age of Data: **B**

South Dakota does a better job than many states on limiting the use of old data, but it still relies on water quality data that is up to five years old – and presents the information in biennial reports to U.S. EPA as if it were current. Pollution spills can cause fish kills in just a few days – or a few hours – and rapid development brings new threats to water quality every year. Residents need more timely information about the safety of their waterways.



Frequency of Sampling: **D**

Biological monitoring, which samples aquatic insects and crustaceans (called "macroinvertebrates"), is the most reliable method to determine stream health. Macroinvertebrates should be monitored four times each year. Chemical monitoring should be done even more frequently. If samples are taken less frequently, a polluted stream could be mistaken for a safe one – or vice versa. South Dakota's **infrequent chemical and macroinvertebrate monitoring** earn it a D in this category.



Water Quality Standards: **C-**

When a state identifies "impaired" waters, it is comparing monitoring results with standards the state sets for how clean public waters need to be for uses such as fishing or swimming. **If water quality standards are weak, it's easy to meet them.**

South Dakota's standards on nutrient pollution – the greatest threat to the health of America's waterways today – are weak. In fact, South Dakota does not have water quality criteria at all for total nitrogen or total phosphorus. The state's standards for bacteria meet U.S. EPA's minimum standards for safe human contact, and South Dakota has strong standards for pH and dissolved oxygen.



Use of Volunteer Data: F

The Izaak Walton League recognizes that water quality monitoring, while critical for public health, can be labor-intensive. Volunteer monitors can solve this problem – as long as states are willing to support volunteer groups and use volunteer-collected data. With rigorous monitoring procedures and training from the Izaak Walton League and other groups, volunteers can collect scientifically valid, accurate water quality data. Because it is so important that states work with volunteer monitors, this counts for 50 percent of a state’s final grade in this report.

To determine each state’s use of volunteer-collected data and support for volunteer groups, the League surveyed state water quality staff and representatives of the volunteer monitoring community. The survey included at least one volunteer monitoring program coordinator in each state as well as experts who support volunteer monitoring nationwide. The League sought supplemental information about volunteer engagement through research and a thorough examination of state water quality reports.

South Dakota supports independent groups that educate, train, and equip volunteers to monitor streams and rivers for bacteria, physical attributes, and aquatic invasive species. Although this is a positive step, the state’s grade is low for several reasons. South Dakota does not use volunteer-collected data in the state’s biennial water quality reports to U.S. EPA (which are required under the Clean Water Act) and has little to no communication with volunteers about how their data is – or is not – being used. Moreover, South Dakota requires volunteers to provide an unnecessary level of biological details when submitting macroinvertebrate data and to submit chemical data to a lab for cost-prohibitive, unnecessary analysis, both of which can be barriers to expanding volunteer monitoring.

SOLVING THE PROBLEM

Volunteers can help close the gaps in public knowledge about the health and safety of South Dakota’s rivers and streams and can move the state closer to actually monitoring all of its waterways. Studies prove that when properly trained and supported, volunteers can collect data as accurately as professionals working for state agencies. The utility and reliability of volunteer data is gaining greater recognition across the country. In fact, in October 2015, the White House launched a new citizen science initiative to encourage greater use of volunteer-collected data by federal and state agencies.

The Izaak Walton League urges South Dakota to expand engagement with volunteer stream monitors and more effectively use the data they collect to ensure the public has accurate, timely, and site-specific information about water quality in streams and rivers statewide.

Interested in being part of the solution? The Izaak Walton League has tools to get you started with water quality monitoring today. Visit www.iwla.org/sos for training videos, data forms, mobile apps, equipment lists, and a place to upload your data.

Curious how this measures up to other states? Read the Executive Summary and reports for all 50 states at www.iwla.org/righttoknow.

DENR Response to National Izaak Walton League Report on South Dakota Water Quality Assessment and Use of Volunteer Monitoring Data

Izaak Walton League Assessment Claim of How the Numbers Add Up:

State reports: 7% of stream miles tested.

Izaak Walton League Assessment (IWLA) fact check: 2% of streams tested.

DENR Response: Both percentages are inaccurate. The 2014 Integrate Report (IR) reported the state assessed 6,160 miles of rivers and streams. The 2014 IR reported that the total number of river/stream miles in South Dakota is 98,009 (Table 1, page 3). Therefore, South Dakota assessed 6.3% of all river/stream miles.

IWLA divided our assessed miles (6,160) by the total intermittent stream miles (87,780) completely leaving out 9,726 miles of perennial streams to get 7%.

South Dakota focuses limited resources on monitoring the more significant continual flowing streams as part of the monitoring network.

Izaak Walton League Assessment Claim of Dirty Waters:

Most common pollutants and water quality problems reported by the state includes: Bacteria, Nutrients/sediment, Salts, Acids, Toxic metals, High temperatures.

DENR Response: The 2014 IR reports the most common pollutants for nonsupport of beneficial uses are total suspended solids and bacteria. All other pollutants listed occur at an extremely low frequency, with the exception of nutrients in lakes.

Acids: No acid problems (pH impairments in lakes and streams are basic in nature)

Salts: likely conductivity, TDS, Salinity, chlorides and sulfates generally natural due to soils in west river streams.

High temperature: Black Hills coldwater streams-new water quality standard criteria-more appropriate than original single level temperature standards.

Toxic metals: Only 2.0 miles cadmium Strawberry Creek-Super Fund site under remediation has an EPA approved TMDL.

Izaak Walton League Assessment Claim of Scattershot Testing:

The IWLA state's that SD has more than 150,000 miles of rivers/streams, but only maintains 146 permanent monitoring stations. IWLA claims the state needs a monitoring site for every 25 miles of stream according to an EPA recommendation.

South Dakota's number of permanent stations now: 146

IWLA's recommended number of permanent stations needed: 6,011

DENR Response: The IWLA likely used the United State Geological Survey (UGGS) National Hydrography Dataset (NHD) high resolution, 1:24,000 scale to determine that the state has 150,000 river/stream miles. The IWLA stated that SD should have a monitoring station for every 25 miles of stream according to an EPA recommendation. They divided the 25 miles by approximately 150,000 miles to suggest SD needs 6,011 monitoring stations. The 2014 IR documented that the state has 146 monitoring stations.

DENR believes the IWLA's 2% of the streams tested is based on dividing our 146 monitoring sites by IWLA's recommended monitoring sites 6,011 to get 2.4% stream miles assessed.

South Dakota's calculation method for determining the number of river/stream miles assessed for IR reporting purposes is far different than the IWLA's calculation method. NHD scale and the 25 mile monitoring station assumption lead to the discrepancy in percentage of river/streams assessed.

The state has always used NHD 1:100,000 scale resolution to determine the total population of river/stream miles in SD. This level of resolution has always been accepted by EPA. The 1:100,000 scale resolution is often considered more practical for statewide or national scale assessments. The NHD high resolution 1:24,000 scale is relatively new data published 3 years ago by USGS. Both 1:100,000 and 1:24,000 have limitations.

IWLA offers no citation for EPA 25 mile per station recommendation, and this reference could not be found in any EPA literature. EPA Region 8 staff could not confirm this recommendation. The federal Clean Water Act does not mandate the number of monitoring stations needed for 305(b) and 303(d) reporting.

Izaak Walton League Assessment Claim of Dubious Results:

IWLA claims we need to monitor thousands more sites to accurately assess water quality. We infrequently conduct chemical and macroinvertebrate monitoring. So the state's claim that 42% of the rivers and streams are healthy "smells fishy."

DENR Response: Frequency of stream ambient water quality monitoring is generally monthly, but greater sample frequency is conducted during focused watershed assessment projects.

Macroinvertebrate sampling is conducted during an index period (July) when stream flow and community dynamics are most stable.

In the 2014 Integrated Report, DENR did not claim 42% of streams were "clean", rather DENR reported that ~30% of assessed stream miles supported all their beneficial uses.

In the Executive Summary, DENR reported that 30.6% of assessed stream miles supported all their beneficial uses. In the next sentence, DENR reports that 53.4% of stream miles designated for immersion recreation support that beneficial use. IWLA misinterpreted these two statements as being additive, whereas they are meant to be two distinctly different statements describing two different conclusions.

IWLA essentially averaged two percentages which was taken out of context with the actual 2014 report. The IWLA's methods for interpreting the state's reporting "smells fishy".

THE DETAILS

Transparency: B

IWLA calculation of 2% of SD's water assessed versus the states claim of 7% earns the state a B in this category, although both numbers leave most of the state's waters untested and calls into question whether the untested waters meet basic water quality standards.

DENR Response: The discrepancy in the IWLA's claim of 2% of streams assessed is based on the use of a different scale (1:24,000) to identify the total stream population and need to place a monitoring station for every 25 miles of stream (EPA recommendation).

The IWLA did not provide a citation for EPA's guidance for placing a monitoring site for every 25 miles of stream. Therefore, there is not a way to verify the veracity of their conclusion.

Site-Specific Information: F

The state should test more than 6,000 stream sites each year to accurately assess water quality. Instead, South Dakota has 146 permanent monitoring stations — and claims this represents water quality across the whole state, even though most streams aren't actually monitored.

The IWLA again references EPA's 25 mile guidance for placing a monitoring station. The IWLA further claims the need for a monitoring site every 5 to 10 miles for smaller streams.

DENR Response: The 2014 IR makes no reference to the assessment of all streams in the state. South Dakota's 146 monitoring stations represent a portion of all the stream miles assessed (i.e., 6.3%). The stations are distributed across the state to capture the most significant streams. DENR spends approximately \$1,800 per year to monitor water quality at a single monitoring station. The cost to implement annual stream monitoring on IWLA's recommended number (6,011) of monitoring stations would be \$10,819,800 per year. The state relies heavily on EPA funding to cover sampling costs to monitor water quality for Integrated Report purposes. EPA grant funds have seen continual cuts over the past several years making an annual cost of more than \$10 million for water quality monitoring not only unfeasible but ridiculous for South Dakota.

The 2014 IR reports 87,780 miles of intermittent streams. Placing a station every 5 to 10 miles would require 17,556 or 8,778 monitoring stations, respectively. At \$1,800 per monitoring station the cost for annual water quality monitoring would be \$31,600,800 or \$15,800,400, respectively. Again, completely ridiculous on many levels (i.e. analytical costs, personnel, time etc).

No state has the resources to place monitoring stations on all streams, especially those with large stream populations like SD. Because this is a nationwide issue; EPA recommends states use a random statistical sampling design to make inferences about water quality for all streams. SD uses a random design for lakes.

Age of Data: B

South Dakota does a better job than many states of limiting the use of old data, but it still relies on water quality data that is up to five years old — and presents the information in biennial reports to U.S. EPA as if it were current.

Pollution spills can cause fish kills in just a few days — or few hours — and rapid development brings new threats to water quality every year. Residents need more timely information about the safety of their waterways.

DENR Response: It is not clear if the IWLA understands that the age of some of the data is only months old, and to make assessment determinations, a sufficient number of samples must be collected. Using 5 years of data allows SD to make more informed decisions with regards to water quality impairment of a given stream in accordance with the listing methodology.

DENR and other water resource agencies react to pollution spills and resulting fish kills on a local level. Results of any major impacts to water quality resources are reported immediately to stakeholders and the general public. The IR does not provide the appropriate forum for reporting instantaneous information regarding safety issues. The Integrate Report simply reports water quality issues such as fish kills that occurred during the two year reporting period.

Frequency of Sampling: D

Macroinvertebrate sampling is the most important indicator of stream health. Macroinvertebrates should be monitored 4 times per year. Chemical monitoring should be done more frequently; a polluted stream could be mistaken for a safe one — or vice versa. South Dakota’s infrequent chemical and macroinvertebrate monitoring earn it a D in this category.

DENR Response: Macroinvertebrate samples are collected once annually during an index period which is supported by scientific literature and actual research conducted in South Dakota streams. Perennial streams are sampled in July and intermittent streams in May.

An index period provides an optimal timeframe for sampling macroinvertebrates. Stream flows are stable and many aquatic larval stages are present in the stream environment. Sampling macroinvertebrates outside an optimal index period will result in significant variation among samples making it difficult to interpret results.

Macroinvertebrates integrate the effects of pollution overtime. Therefore, the resident macroinvertebrate community collected during an index period represents the community that was exposed to a wide variety of water quality conditions.

Chemical monitoring conducted at South Dakota’s fixed monitoring stations is intended to represent ambient water quality condition. Water quality data is often collected more frequently during watershed assessment projects. All available and creditable water quality information over a five year period is used in the IR reporting process. IWLA appears not to recognize the frequency of water quality sampling DENR and other agencies do on a statewide basis.

Water Quality Standards: C-

If water quality standards are weak, it's easy to meet them. South Dakota's standards on nutrient pollution—are weak. In fact, SD does not have water quality criteria at all for total nitrogen and total phosphorus.

DENR Response: South Dakota's low grade is likely based on the lack of numeric nutrient criteria. IWLA does not recognize DENR's efforts at implementing nutrient-related narrative criteria. DENR developed a nutrient-related assessment methodology to evaluate the aquatic life beneficial uses of wadeable perennial streams during the 2014 reporting cycle. The methodology uses a multiple lines of evidence approach which includes nitrogen and phosphorus thresholds, an Index of Biotic Integrity and a stream Habitat Condition Index. DENR continues to build upon this methodology as described in the 2016 Integrated Report (i.e. reference site development).

Use of Volunteer Data: F

SD does not use volunteer-collected data in the state's Integrated Report and has little to no communication with volunteers about how their data is or is not being used.

SD requires volunteers to provide an unnecessary level of biological details when submitting macroinvertebrate data and to submit data to a lab for cost-prohibitive, unnecessary analysis, both of which can be barriers to expanding volunteer monitoring.

DENR Response: IWLA fails to recognize EPA guidance on high quality assurance that state agencies will require. These requirements are an integral part of any sampling plan and have been discussed with South Dakota's volunteer water quality samplers.

SD uses volunteer monitoring data for the IR if:

- samples tested with an EPA approved analytical method
- sample design consistent with the states monitoring protocol

DENR works extensively with Dakota Water Watch to assure volunteer monitoring data is used in the IR if both criteria are met. DENR provides datasheets to volunteer monitors when appropriate to assure their data is received from the Department of Health through an automated process. These data are integrated into DENR's database for use in the Integrated Reporting process. The use of lake volunteer monitoring data is discussed on page 27 of the 2014 Integrated Report.

Not all water quality data is created equal. Macroinvertebrate data for IR purposes is applied to an Index of Biotic Integrity which requires a high level of taxonomic resolution (i.e. genus level). An IBI provides an integrated measure of overall community health.

Volunteer programs often use common name information to make general statements; “Mayflies and Caddisflies are present in the sample, so the water quality must be good”.

Chemical data analyzed with EPA approved analytical methods provides quality controlled and quantitative data to assure an accurate account of water quality condition. Because volunteer monitoring programs generally have different water quality monitoring goals there data may not meet state minimum criteria for use in IR reporting.

Dakota Water Watch goal: provide volunteer monitors with a cost-effective, low labor method to test water quality of local water resources of concern. If volunteer monitoring efforts identify water quality issues, Dakota Water Watch personnel will inform the state. The idea is to have the state conduct a more thorough investigation and recommend remediation options.

The state gives the IWLA an F for insinuating that the state’s data requirements are unnecessary and cost prohibitive which is an unsupported opinion.