



Protecting South Dakota's Tomorrow ... Today

BOARD OF WATER AND NATURAL RESOURCES

June 22, 2017

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

REVISED AGENDA

Live audio of the meeting and the full board packet can be found on the South Dakota Boards and Commissions Portal at <http://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>

****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 22, 2017

10:00 a.m. CDT

1. Call meeting to order
2. Approve agenda
3. Approve minutes of the March 30-31, 2017 meeting
4. Amendment to State Water Plan, 2017 Clean Water State Revolving Fund Intended Use Plan, and 2017 Drinking Water State Revolving Fund Intended Use Plan — Andy Bruels
5. Amendment to the 2015 Clean Water State Revolving Fund Intended Use Plan — Andy Bruels
6. Amendment to the 2016 Clean Water State Revolving Fund Intended Use Plan — Andy Bruels
7. Amendment to the 2016 Drinking Water State Revolving Fund Intended Use Plan — Andy Bruels
8. Humboldt Request to Rescind Clean Water State Revolving Fund Loan C461254-02 — Drew Huisken
9. Yale Request to Rescind Clean Water State Revolving Fund Loan C461096-02 — Jim Anderson
10. Britton Request to Rescind Drinking Water State Revolving Fund Loan C462188-02 — Andy Bruels
11. Hoven Request to Rescind Consolidated Water Facilities Construction Program Loan 2017L-204 — Jon Peschong
12. Midwest Assistance Program Drinking Water State Revolving Fund Set-Aside Contract — Jon Peschong

13. Midwest Assistance Program Wastewater Capacity Contract –Jon Peschong
14. Perkins Coie LLP Conflict Waiver Request for Simultaneous Representation of South Dakota Conservancy District and U.S. Bank N.A. – Mike Perkovich
- 14.1 Perkins Coie LLP Conflict Waiver Request for Simultaneous Representation of South Dakota Conservancy District and Wells Fargo Bank, N.A. – Mike Perkovich
15. 2017 Bond Issue – Mike Perkovich
16. Sioux Falls Request to Amend Clean Water State Revolving Fund Loan C461232-35A, C461232-35NPS, C461232-36A, C461232-36NPS, C461232-37, C461232-37NPS —Dave Ruhnke
- 16.1 Pipe Lining Video (Informational Item) —Andy Bruels

Recess:

11:45 a.m. CDT

Reconvene:

1:00 p.m. CDT

17. Sanitary/Storm Sewer Facilities Funding Applications—Mike Perkovich
 - a. Blunt (21)
 - b. Volga (21)
 - c. Eagle Butte (15)
 - d. Garretson (9)
 - e. Lennox (9)
 - f. Parker (9)
 - g. Platte (9)
 - h. Hartford (8)
 - i. Veblen (8)
18. Drinking Water Facilities Funding Applications—Andy Bruels
 - a. Edgemont (270)
 - b. Langford (108)
 - c. Garretson (10)
 - d. Lennox (10)
 - e. Parker (10)
19. Eagle Butte Request to Amend Drinking Water State Revolving Fund Loan C462148-03 – Andy Bruels
20. Revision to State Boards and Commissions Conflict of Interest Statutes – Harold Deering
21. Election of Board Officers – Mike Perkovich
22. September 2017 Meeting
23. Adjourn

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.

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, 2017

MARCH 30, 2017 – 1:00 P.M. CT

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

Chairman Johnson announced that this meeting was streaming live on SD.net, a service of South Dakota Public Broadcasting.

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

BOARD MEMBERS ABSENT: Jackie Lanning.

LEGISLATIVE OVERSIGHT COMMITTEE MEMBER PRESENT: Representative Mary Duvall, Pierre.

OTHERS PRESENT: See attached attendance sheets.

APPROVE AGENDA: Mr. Perkovich noted that there were no changes to the posted agenda. Chairman Johnson approved the agenda.

APPROVE MINUTES OF JANUARY 5 and 11, 2017, MEETINGS: Motion by Gnirk, seconded by Bernhard, to approve the minutes of the January 5, 2017, and January 11, 2017, Board of Water and Natural Resources meetings. Motion carried unanimously.

INTRODUCTIONS: Mr. Perkovich announced that the 2017 Legislative Water Development Oversight Committee has been appointed. The members are Representative Mary Duvall, Pierre, Representative Steve McCleerey, Sisseton, Senator Jason Frerichs, Wilmot, and Senator Terri Haverly, Rapid City. Senator Haverly replaces Senator Jim White.

Mr. Perkovich introduced new employee Abbey Larson, an engineer who replaces Nick Nelson. Mr. Perkovich also introduced Lukus Leidholt, a grant and loan specialist who replaces Derek Lankford.

Mr. Perkovich introduced U.S. Bank National Association representatives Greg Skutnik and Dyan Huhta. Mr. Skutnik is the Assistant Vice President, Global Corporate Trust Services, Seattle, WA. He will be the account manager for the district and the primary contact for the SRF borrowers. Ms.

Huhta is Senior Vice President and Manager of the Relationship Manager Units in the Seattle, Denver, Salt Lake City, Houston, and Dallas offices of U.S. Bank.

APPROVAL OF DOCUMENTS FOR U.S. BANK TRUSTEE TRANSITION: Harold Deering and Katie Mallory, legal counsel for the board, and Bruce Bonjour, bond counsel, Perkins Coie, joined the meeting via telephone conference call.

Mr. Perkovich reported that on September 2, 2016, The First National Bank in Sioux Falls submitted written notice of its resignation as the state revolving funds programs Trustee, Loan Servicer, and Paying Agent/Registrar.

At its September 22-23, 2016, meeting the board authorized the release of a Request for Proposal for Trustee, Loan Servicer, and Paying Agent/Registrar services.

On a teleconference on December 7, 2016, the board approved U.S. Bank National Association to succeed The First National Bank in Sioux Falls as Trustee, Loan Servicer, and Paying Agent/Registrar.

Mr. Perkovich stated that legal staff, bond counsel, and the Office of the Attorney General prepared the following documents as part of the transition:

- Tri-Party Agreement among the Conservancy District, U.S. Bank, and The First National Bank in Sioux Falls for the orderly transition of trust assets and duties;
- Trustee Contract between the Conservancy District and U.S. Bank for services as Trustee, Loan Servicer, and Paying Agent/Registrar; and
- Filing Agent Agreement between the Conservancy District and U.S. Bank for the purpose of obtaining from the Internal Revenue Service on a semiannual basis, the federal subsidy in relation to the Conservancy District's 2010 Build America Bonds.

Harold Deering pointed out that the resolution does authorize the chairman of the Board of Water and Natural Resources to execute those agreements with such changes as the chairman deems necessary.

Staff recommended the board approve a resolution authorizing the Chairman to execute the Tri-Party Agreement, the Trustee Contract, and the Filing Agent Agreement.

Motion by Goldhammer, seconded by Soholt, to adopt **Resolution #2017-17** approving selection of U.S. Bank National Association (U.S. Bank) to provide services as successor Trustee, Loan Servicer, and Paying Agent/Registrar for the Clean Water and Drinking Water State Revolving Fund programs; approving the contract between the board and U.S. Bank, approving the Tri-Party Agreement among the Conservancy District, U.S. Bank, and The First National Bank in Sioux Falls for the transfer of the Trust Estate and duties as Trustee under the Master Trust Indenture to U.S. Bank; approving the Filing Agent Agreement between the Conservancy District and U.S. Bank; and authorizing the secretary of the Department of Environment and Natural Resources to act on its behalf. Motion carried unanimously.

AMENDMENTS TO STATE WATER PLAN, 2017 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN, AND 2017 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN

Amendments to State Water Plan

Andy Bruels reported that water projects that 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 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 2018.

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.

Eighteen State Water Plan applications were received by the February 1, 2017, deadline. A map showing the location of each project was included in the board packet. While presenting the State Water Plan applications, Mr. Bruels also identified those projects to be placed on the Clean Water SRF and Drinking Water SRF project priority lists.

Chamberlain requested amendment onto the facilities plan to replace approximately 200 water meters and upgrade the automatic meter reading system and transmitters for another 800 meters not being replaced. The estimated total project cost is \$300,000.

The project will be placed on the Drinking Water IUP with 15 priority points and an estimated loan amount of \$250,000 at 2.0 percent interest for 10 years. The project will also be placed onto the Clean Water IUP with eight priority points and an estimated loan amount of \$250,000 at 2.0 percent interest for 10 years.

Garretson requested amendment onto the facilities plan to replace sanitary sewer collection and drinking water pipes within the community. The estimated total project cost is \$3,184,128.

The project will be placed on the Clean Water IUP with nine priority nine points and an estimated loan amount of \$1,160,305 at 2.5 percent interest for 30 years. The project will also be placed on the Drinking Water IUP with 10 priority points and an estimated loan amount of \$1,279,114 at 2.5 percent interest for 30 years.

Hartford requested amendment onto the facilities plan to install sanitary and storm sewer to allow for future development in the southeastern part of the community. The project also includes installation of water lines and upgrading roads to asphalt; however, state funding is not being requested for those portions of the project. The estimated total project cost is \$6,142,037.

The project will be placed on the Clean Water IUP with eight priority points and an estimated loan amount of \$3,908,723 at 2.5 percent interest for 30 years. Mr. Bruels noted that the project will not be placed on the Drinking Water IUP since the project is for future development and not eligible for SRF funding.

Lake Byron Sanitary District requested amendment onto the facilities plan to construct a central wastewater collection and treatment system. The estimated total project cost is \$3,770,504.

The project will be placed on the Clean Water IUP with 12 priority points and an estimated loan amount of \$3,770,504 at 2.5 percent interest for 30 years.

Lake Norden requested amendment onto the facilities plan for upgrades to the wastewater treatment facility to include bank stabilization and rip-rapping of the two oldest treatment ponds and replacement of control valves. The main lift station will also be replaced as a part of the project. The estimated total project cost is \$1,541,000.

The project will be placed on the Clean Water IUP with 13 priority points and an estimated loan amount of \$1,541,000 at 2.5 percent interest for 30 years.

Lennox requested amendment onto the facilities plan to install sanitary and storm sewer to allow for future development in the southern part of the community (Main Street Extension). The project also includes installation of water lines and upgrading roads to asphalt; however, state funding is not being requested for those portions of the project. The estimated total project cost is \$1,164,000.

The project will be placed on the Clean Water IUP with seven priority points and an estimated loan amount of \$727,164 at 2.5 percent interest for 30 years. Mr. Bruels noted that this project will not be placed on the Drinking Water IUP since the project is for future development and not eligible for SRF funding.

Lennox requested amendment onto the facilities plan to replace sanitary sewer collection and drinking water pipes along and adjacent to Cedar and Elm Streets (Central Basin Phase 2). The estimated total project cost is \$2,501,000.

The project will be placed on the Clean Water IUP with nine priority points and an estimated loan amount of \$2,164,768 at 2.5 percent interest for 30 years. The project will also be placed on the Drinking Water IUP with 10 priority points and an estimated loan amount of \$468,061 at 2.25 percent interest for 30 years.

Lennox requested amendment onto the facilities plan to replace sanitary sewer collection and drinking water pipes along and adjacent to Juniper Street (Central Basin Phase 3). The estimated total project cost is \$1,846,000.

The project will be placed on the Clean Water IUP with nine priority points and an estimated loan amount of \$1,563,126 at 2.5 percent interest for 30 years. The project will also be placed on the Drinking Water IUP with 10 priority points and an estimated loan amount of \$434,569 at 2.25 percent interest for 30 years.

Newell requested amendment onto the facilities plan to replace transite drinking water pipes in several locations throughout the community. The estimated total project cost is \$629,847.

The project will be placed on the Drinking Water IUP with 84 priority points and an estimated loan amount of \$314,924 at 2.0 percent interest for 30 years.

Parker requested amendment onto the facilities plan to replace sanitary sewer collection and drinking water pipes along and adjacent to Sanborn Avenue. The estimated total project cost is \$1,405,472.

The project will be placed on the Clean Water IUP with nine priority points and an estimated loan amount of \$717,564 at 2.5 percent interest for 30 years. The project will also be placed on the Drinking Water IUP with 10 priority points and an estimated loan amount of \$687,909 at 2.25 percent interest for 30 years.

Randall Community Water District requested amendment onto the facilities plan to increase the capacity for the system by installing approximately nine miles of mainline distribution and raw water transmission mains. The estimated total project cost is \$7,000,000.

The project will be placed on the Drinking Water IUP with eight priority points and an estimated loan amount of \$7,000,000 at 2.25 percent interest for 30 years.

Sioux Falls requested amendment onto the facilities plan to replace the existing generators at the wastewater treatment facility with energy efficient micro-turbines (Energy Recovery). The estimated total project cost is \$4,929,560.

The project will be placed on the Clean Water IUP with 12 priority points and an estimated loan amount of \$4,929,560 at 1.0 percent interest for 10 years. Mr. Bruels noted that this is the nonpoint source incentive rate as Sioux Falls plans to continue its efforts to implement Best Management Practices along the Big Sioux River. The rate and term will be the same for the remaining three Sioux Falls applications.

Sioux Falls requested amendment onto the facilities plan to construct a 19.3 million-gallon equalization basin adjacent to an existing basin at the city's street campus, which will help provide additional treatment capacity (Equalization Basin Expansion). The estimated total project cost is \$4,988,420.

The project will be placed on the Clean Water IUP with 20 priority points and an estimated loan amount of \$4,988,420 at 1.0 percent interest for 10 years.

Sioux Falls requested amendment onto the facilities plan to replace the city's main wastewater pump station to ensure adequate capacity in the system to handle all sanitary sewer flows (Main Pump Station Replacement). The estimated total project cost is \$25,646,324.

The project will be placed on the Clean Water IUP with 20 priority points and an estimated loan amount of \$25,646,324 at 1.0 percent interest for 10 years.

Sioux Falls had requested amendment onto the facilities plan for construction of storm water management and flood control infrastructure in the southwest portion of the city (Regional Storm Water Improvements).

Mr. Bruels stated that after discussions with the city's engineering staff regarding potential eligibility issues due to the projects flood control aspects, the city decided to withdraw the application and use local funds for the work. Therefore, the project will not be amended onto the State Water Plan or the Clean Water Intended Use Plan.

Tabor requested amendment onto the facilities plan to replace clay sanitary sewer pipes throughout the community. The estimated total project cost is \$4,069,371.

The project will be placed on the Clean Water IUP with nine priority points and an estimated loan amount of \$4,069,371 at 2.5 percent interest for 30 years.

Tyndall requested amendment onto the facilities plan to replace clay sanitary sewer pipes under Maple Street. The estimated total project cost is \$365,300.

The project will be placed on the Clean Water IUP with nine priority points with an estimated loan amount of \$365,300 at 2.5 percent interest for 30 years.

Volga requested amendment onto the facilities plan to install final clarifiers to allow conversion to an activated sludge process and construct sludge drying beds at the wastewater treatment facility to allow the city to continue discharging and maintain compliance. The project includes other upgrades at the wastewater treatment facility and relining or replacement of sanitary sewer main. The estimated total project cost is \$7,766,000.

The project will be placed on the Clean Water IUP with 21 priority points and an estimated loan amount of \$7,766,000 at 2.25 percent interest for 20 years.

Mr. Bruels noted that staff recommended amending all of the projects, with the exception of the Sioux Falls regional storm water improvements project, onto the facilities plan.

Motion by Jones, seconded by Gnirk, to amend all of the projects, except the Sioux Falls regional storm water improvements project, onto the facilities plan. Motion carried unanimously.

Amendments to 2017 Clean Water SRF IUP

Mr. Bruels stated that in addition to the sanitary and storm sewer projects that were placed on the 2017 State Water Plan, staff recommended placing the following project on the Clean Water SRF IUP Project Priority List:

Miller is currently on the State Water Plan for this project, however when preparing the 2017 IUP, the project was inadvertently left off of the project priority list. This is Phase 2 of a project that received funding last year. However, the city chose to use USDA Rural Development to finance the sanitary and storm sewer portion of the project. Miller has submitted a current application for additional sanitary sewer replacement, and that application will be presented later today.

Staff recommended the project be placed on the Clean Water IUP with 11 priority points and an estimated loan amount of \$3,875,000 at 2.5 percent interest for 30 years.

Changes were made to Attachments - II and III to reflect the changes made earlier in the IUP.

Staff recommended the addition of the following 16 projects onto the Project Priority list of the 2017 Clean Water SRF IUP.

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
21	Volga	\$7,766,000	2.25%, 20 years
20	Sioux Falls – EQ Basin	\$4,988,420	1.0%, 10 years
20	Sioux Falls – Main Pump	\$25,646,324	1.0%, 10 years
13	Lake Norden	\$1,541,000	2.5%, 30 years
12	Lake Byron Sanitary District	\$3,770,504	2.5%, 30 years
12	Sioux Falls – Energy Recovery	\$4,929,560	1.0%, 10 years
11	Miller	\$3,875,000	2.5%, 30 years
9	Garretson	\$1,160,305	2.5%, 30 years
9	Lennox – Central Basin Ph. 2	\$2,164,768	2.5%, 30 years
9	Lennox – Central Basin Ph. 3	\$1,563,126	2.5%, 30 years
9	Parker	\$717,564	2.5%, 30 years
9	Tabor	\$4,069,371	2.5%, 30 years
9	Tyndall	\$365,300	2.5%, 30 years
8	Hartford	\$3,908,723	2.5%, 30 years
8	Chamberlain	\$250,000	2.0%, 10 years
7	Lennox – Main Street	\$727,164	2.5%, 30 years

Motion by Gnirk, seconded by Bernhard, to accept the staff recommendations regarding amendments to the Clean Water SRF IUP. Motion carried unanimously.

Amendments to 2017 Drinking Water SRF IUP

Mr. Bruels stated that in addition to the drinking water projects that were placed on the 2017 State Water Plan, staff recommended placing one additional project on the Drinking Water SRF Project Priority List.

Onida previously received a \$905,000 Drinking Water SRF loan and a \$900,000 Consolidated grant. The city constructed a water storage tower and installed meters with the existing funding. The city originally planned to replace several valves and loop lines in locations throughout the city. In the past year, Onida also completed a sanitary sewer analysis, and it was determined that improvements in some locations are needed immediately. With the street being open, it makes sense to replace the water main at the same time since it would be needed in the near future. Onida submitted a request to amend the existing funding awards for this new water main work and has submitted a new funding application for the increased total costs. Both of these requests will be presented later in the meeting. The estimated total project cost for the new work is \$1,996,000.

Staff recommended placing the project on the Drinking Water IUP with 24 priority points and an estimated loan amount of \$950,000 at 2.25 percent interest for 20 years.

Mr. Bruels noted that changes were made to Attachments - II and III to reflect the changes made earlier in the IUP.

Staff recommends the addition of the following eight projects onto the Project Priority list of the Drinking Water SRF IUP.

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
84	Newell	\$314,924	2.0%, 30 years
24	Onida	\$950,000	2.25%, 20 years
15	Chamberlain	\$250,000	2.0%, 10 years
10	Garretson	\$1,279,114	2.5%, 30 years
10	Lennox – Central Basin Ph. 2	\$468,061	2.25%, 30 years
10	Lennox – Central Basin Ph. 3	\$434,569	2.25%, 30 years
10	Parker	\$687,909	2.25%, 30 years
8	Randall CWD	\$7,000,000	2.25%, 30 years

Motion by Gnirk, seconded by Soholt, to accept the staff recommendation regarding amendments to the 2017 Drinking Water SRF IUP. Motion carried unanimously.

**EDGEMONT REQUEST TO AMEND DRINKING WATER STATE REVOLVING FUND
LOAN C462216-01 AND CONSOLIDATED WATER FACILITIES CONSTRUCTION**

PROGRAM GRANT 2016G-200: Drew Huisken reported that in June 2015, the board awarded a \$1,890,000 Drinking Water SRF loan and a \$2,000,000 Consolidated Water Facilities Construction Program grant to the city of Edgemont. These funds were to construct a water treatment plant and elevated storage tank, replace distribution lines, and rehabilitate city wells No. 2 and No. 4.

During the rehabilitation of city well No. 4, the casing was found to be in worse condition than expected. The condition of well No. 2 was anticipated to be even worse, and it was concluded that project would most likely be unsuccessful. Therefore, the rehabilitation project for well No.2 was abandoned and the contract dissolved.

Without well No. 2, the city of Edgemont will need an additional water supply. Edgemont is proposing to construct a well adjacent to well No. 2 to provide another viable water source. Preliminary cost estimates for the well are \$550,000, which, in combination with the costs of the other proposed projects, exceed the amount of funding currently in the project. The city of Edgemont is planning to submit a Drinking Water SRF loan application for the additional funds but also wishes to use any surplus in the existing funding to pay for construction of the well.

On February 13, 2017, the department received a letter from the city of Edgemont requesting that the scope of the existing funding be amended to include expenses associated with construction of the well. Plugging of well No. 2 will also be included in this project.

Staff recommended approving the amendments to the Edgemont Drinking Water SRF Loan and Consolidated Grant Agreement for a change in project scope.

Motion by Goldhammer, seconded by Gnirk, to adopt **Resolution #2017-18** approving the first amendment to the city of **Edgemont** Drinking Water SRF loan for a change in project scope to include the construction of a well to provide water supply and plugging of well No. 2.; and to adopt **Resolution #2017-19** approving the first amendment to the city of **Edgemont** Consolidated Program grant agreement 2016G-200 for a change in project scope to include the construction of a well to provide water supply and plugging of well No. 2. Motion carried with Bernhard, Goldhammer, Gnirk, Soholt, and Johnson voting yes. Jones abstained.

TC&G WATER ASSOCIATION, INC. REQUEST TO AMEND DRINKING WATER STATE REVOLVING FUND LOAN C462479-01: Drew Huisken reported that in June 2015, the board awarded a \$210,000 Drinking Water SRF loan and a \$1,390,000 Consolidated Water Facilities Construction Program grant to TC&G Water Association. The funds were for the replacement of 140 water meters, installation of a booster station, and replacement of 94,000 feet of two-inch to five-inch PVC and six-inch ductile iron pipe throughout the system with six-inch PVC water main.

On March 3, 2017, the department received a letter from TC&G Water Association requesting additional funding assistance from the Board of Water and Natural Resources in the amount of \$775,000. TC&G Water Association received requests from 10 users to be added to the water system. In order to add these users to the system, approximately 40,000 feet of additional line is needed as well as improvements to the east booster station, an upsize from six-inch to eight-inch water main in some locations to achieve sufficient capacity, meter and meter pit installations, and other necessary appurtenances. The estimated cost of this work is \$775,000, bringing total project costs to \$2,890,000.

Staff recommended the board rescind Resolution #2015-82, effectively deobligating the \$210,000 Drinking Water SRF loan and award TC&G Water Association a \$985,000 Drinking Water State Revolving Fund Loan at 2.25 percent interest for 30 years. Staff recommended that the loan be contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of system revenues as repayment for the loan and contingent upon the borrower approving a security agreement and mortgage.

Chancey Shrake, Brosz Engineering, discussed the project and answered questions from the board.

Dave Ruhnke noted that TC&G has a small loan from Moreau-Grand Electric and a small loan from Western Dakota Bank of Timber Lake. TC&G requested a waiver of the loan parity agreement SRF requirements so the SRF loan can be closed quickly. Mr. Ruhnke stated that the recommended SRF loan agreement does not provide for a parity agreement.

Motion by Soholt, seconded by Jones, to rescind Resolution #2015-82, and to adopt **Resolution #2017-20** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$985,000 at 2.25 percent interest for 30 years to the **TC&G Water Association** for system upgrades; 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 system revenues as repayment for the loan and contingent upon the borrower approving a security agreement and mortgage. Motion carried unanimously.

ONIDA REQUEST TO AMEND DRINKING WATER STATE REVOLVING FUND LOAN C462234-01 AND CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM

GRANT 2015G-301: Andy Bruels reported that in September 2014 the board awarded a \$905,000 Drinking Water SRF loan and a \$900,000 Consolidated grant to the city of Onida. The funds were to construct a water storage tank, install automatic read meters, install lines to loop the system, and install additional hydrants and valves.

Onida has completed construction of the water storage tower and has installed the water meters. The city recently completed a wastewater system study which identified several areas with severe deficiencies in the sanitary sewer collection system in need of replacement. Under the same streets as the deficient sanitary sewer collection pipes are primarily asbestos cement water main, which is beyond its useful life and in need of replacement. It makes economic sense to replace both water and wastewater lines at the same time. Looping of the water system and additional hydrants and valves are not critical issues and will be planned for a future project.

The city has requested that the board amend the scope of the current grant and loan to include replacement of the water distribution main under the identified streets so that all underground utility upgrades can be completed at the same time. To amend the scope of the grant and loan agreements, first amendments to the Loan Agreement and Grant Agreement have been prepared with assistance from the department's legal counsel and the Attorney General's office.

Staff recommended the board approve the first amendments to the Onida Drinking Water SRF Loan and Consolidated grant agreements for a change in project scope.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution #2017-21** approving the first amendment to the city of **Onida** Drinking Water SRF loan for a change in project scope to include the replacement of the water main distribution pipe; and to adopt **Resolution #2017-22** approving the first amendment to city of **Onida** Consolidated Program grant agreement 2015G-301 for a change in project scope to include the replacement of the water main distribution pipe. Motion carried unanimously.

DENR REQUEST TO AMEND SOLID WASTE MANAGEMENT PROGRAM GRANT 2017G-

SW-201: Drew Huisken reported that on May 11, 2016, the Board of Water and Natural Resources awarded the Department of Environment of Natural Resources a \$250,000 Solid Waste Management Program grant for up to 100 percent of eligible project costs and a \$400,000 Solid Waste Management Program grant for up to 80 percent of eligible project costs. The funds will be used for projects associated waste tire and other solid waste cleanups throughout the state.

In 2016, the department used Solid Waste funding to assist with the disposal of 3,025 tons of waste tires in southeast South Dakota. Solid Waste funding has also assisted with cleanup of expired chemicals in thirty school districts across the state since 2011.

In a March 7, 2017 letter, the department requested an additional \$250,000 at 80 percent cost share for eligible expenses to continue efforts to cost share school chemical disposal projects throughout the state and to assist with up to four regional waste tire cleanups.

The additional funds will allow the department to aid local residents with proper disposal of waste tires and school districts with hazardous chemical waste. Tire cleanups are anticipated to begin in the spring and summer of 2017, and school chemical cleanup sub-grants will be awarded as they are received.

Staff recommended approving the first amendment to Solid Waste Management Program Grant 2017G-SW-201 for an additional \$250,000 in grant funding.

Motion by Goldhammer, seconded by Jones, to adopt **Resolution #2017-23** approving the amendment of Solid Waste Management Program grant agreement 2017G-SW-201 to the **South Dakota Department of Environment and Natural Resources** for up to 80 percent of approved total project costs not to exceed \$650,000 for waste tire and other solid waste cleanup projects. Motion carried unanimously.

AVAILABLE FUNDING: Mr. Perkovich reviewed available funds for the Consolidated Water Facilities Construction Program, Drinking Water SRF Principal Forgiveness, Drinking Water SRF Loans, Clean Water SRF Water Quality Grants, Clean Water SRF Principal Forgiveness, and Clean Water SRF Loans.

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. A map showing the location of the applications was included in the board packet. The board made funding decisions the following day.

Summerset requested funding to construct an equalization basin for incoming wastewater, an effluent filter, and a building to enclose exterior treatment processes. The current facility has problems consistently meeting discharge permit limits and is under a compliance order by the department to take corrective action.

Summerset anticipates bidding the project in June 2017 with project completion in February 2018.

The estimated total project cost is \$2,769,000, and the amount requested is \$2,769,000.

Summerset has a flat rate of \$42.70.

Staff recommended awarding a \$1,769,000 Clean Water SRF loan at 2.5 percent interest for 30 years, awarding a Water Quality grant for 27.5 percent of eligible costs not to exceed \$760,000, and awarding a Consolidated grant for 8.7 percent of eligible costs not to exceed \$240,000.

Summerset has pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$7.90, which would bring overall rates to \$50.60. Staff analysis indicates the city should be able to restructure and keep rates at or below \$45.00.

Staff recommended the SRF loan being 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.

Staff also recommended that the following special condition be included on the Consolidated and Water Quality grant agreements: Grant Funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Chris Robinson, HDR Engineering, discussed the project and answered questions from the board.

Sturgis requested funding for improvements to its wastewater collection and treatment systems. The collection system work involves slip lining approximately 31,500 feet of clay tile pipe and replacing the interceptor line that carries the majority of wastewater from Sturgis to the wastewater treatment facility. The existing line is 15 inches in diameter and will be replaced with a 21-inch line to increase capacity. The city is proposing to replace its existing stabilization ponds and irrigation system with a membrane bio-reactor system. The project also involves removing and disposing the bio solids that have accumulated in the existing treatment stabilization ponds. Those ponds will be converted to an aerated pond system for handling future bio solids.

The city anticipates bidding the project in June 2018 with completion in September 2020.

The estimated total project cost is \$16,647,000, and the amount requested is \$16,647,000.

Sturgis has a flat rate of \$26.66.

The cost to operate the membrane reactor system is significantly higher than operating the existing treatment system. The increased operation cost is \$617,000 per year, which equates to \$13.50 per user per month.

Staff recommended awarding a \$16,247,000 Clean Water SRF loan at 2.5 percent interest for 30 years with 9.9 percent as principal forgiveness not to exceed \$1,600,000. Staff also recommended awarding a Consolidated grant for 2.5 percent of eligible costs not to exceed \$400,000.

Sturgis is pledging a project surcharge for repayment of the loan. A surcharge of approximately \$16.80 is needed for repayment of the \$14,647,000 net loan. If the surcharge and the \$13.50 needed for additional operating costs are added to the existing rates, an overall rate of nearly \$57.00 would be expected. In the past, Sturgis has made inter-fund loans to other funds and transferred funds out of the wastewater fund. Staff believes the city can operate the system and repay debt with rates of about \$50.00 if these transfers are discontinued.

Staff recommended the loan being 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.

Ted Schultz, AE2S Engineering, answered questions from the board.

Blunt requested funding to refurbish its existing three-cell wastewater lagoon treatment system and rehabilitate both existing lift stations. The lagoon system is experiencing odor issues, and the city has been receiving complaints about leakage from the lagoons.

The city anticipated bidding the project in April 2017 with project completion in November 2017.

The estimated total project cost is \$1,210,000, and the amount requested is \$1,210,000.

Rates in Blunt were raised from a flat rate of \$23.00 to \$30.00 effective January 1, 2017.

Mr. Perkovich stated that staff just became aware that Blunt has applied for a \$515,000 Community Development Block Grant (CDBG). In the past, if a project was funded by the Board of Water and Natural Resources, CDBG may decline to provide grant funds. Also, without knowing the amount of funds CDBG may provide, it makes it difficult for staff to develop a viable grant and loan package. Staff believes that it would be best to wait until after CDBG has announced its funding awards to determine the staff recommendation for funding. CDBG applications are due April 1 and awards are made sometime in late May or early June. Staff recommended deferring the application until the June 2017, Board of Water and Natural Resources meeting.

Marlene Knutson, Central South Dakota Enhancement District, answered questions from the board.

Sioux Falls requested funding for improvements to the mixing system of three primary digesters and to replace the existing floating covers. The project also includes a nonpoint source component to install best management practices in the Big Sioux River Basin.

Sioux Falls anticipates bidding the digester improvements in April or May of 2017 with completion in May 2019.

The estimated total project cost is \$11,559,125, and the amount requested is \$11,559,125.

Rates in Sioux Falls are \$30.67 for 5,000 gallons usage.

Staff recommended awarding an \$11,559,125 Clean Water SRF loan at the Nonpoint Source incentive rate of 1.0 percent interest for 10 years, which will consist of two bond series – one in the amount of \$11,000,000 for the digester improvements and one in the amount of \$559,125 for the nonpoint source component.

The city has pledged system revenues for repayment of the loan. Staff analysis originally indicated that a rate increase would be needed to meet the required 110 percent debt coverage. However, after recent discussions with the city and further analysis, staff believes Sioux Falls can restructure its existing surcharges, and no rate increase will be needed.

Staff recommended the loan being contingent upon the borrower adopting two bond resolutions and the resolutions becoming effective and contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage.

Staff also recommended including the following special condition: It shall be a condition of the loan that the borrower may not draw funds from the proceeds of the Series NPS-A Borrower Bond until EPA approves the revised budget for the Big Sioux Watershed Implementation Project.

Miller requested funding for Phase II of its effort to replace sanitary sewer throughout the city. The project will replace approximately 9,700 feet of eight-inch sewer main, 2,300 feet of 12-inch sewer main, and 400 feet of 18-inch sewer main, as well as several manholes and other appurtenances.

Miller anticipates bidding the project in November 2017 with project completion in November 2018.

The estimated total project cost is \$3,876,886 and the amount requested is \$3,875,000

Miller has a flat rate of \$40.40.

Staff recommended awarding a \$1,875,000 Clean Water SRF loan at 2.5 percent interest for 30 years and awarding a Consolidated grant for 51.6 percent of eligible costs not to exceed \$2,000,000.

Miller has pledged a project surcharge for repayment of the loan. A \$10.60 surcharge is required to meet the 110 percent coverage requirement. This would bring overall rates to \$51.00. Mr. Perkovich noted that the \$2,000,000 Consolidated grant is the maximum amount allowable without legislative approval, and Miller does not meet the eligibility criteria to receive Clean Water SRF principal forgiveness.

Staff recommended the loan being 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.

Staff also recommended that the following special condition be placed on the Consolidated grant: Grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Camden Hofer, SPN and Associates, answered questions from the board.

Salem requested funding to replace of approximately 7,500 feet of aged and deteriorating clay pipe.

The city anticipates bidding the project in January 2018 with project completion in November 2018.

The estimated total project cost is \$2,556,000 and the amount requested is \$2,556,000.

Rates in Salem were raised from a flat rate of \$23.50 to \$30.00 effective January 1, 2017.

Staff recommended awarding a \$2,556,000 Clean Water SRF loan at 2.5 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. A surcharge of \$17.75 is required for repayment of the loan. Staff analysis indicates rates can be restructured, and an overall rate of \$40.00 or less will cover debt service and operating expenses.

Staff recommended the loan being 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.

Onida requested funding to replace approximately 8,200 feet of clay sewer lines that can be replaced in conjunction with asbestos cement water lines and approximately 3,000 feet of services lines. The city is also replacing the existing submersible lift station with a wet well/dry well lift station.

The city anticipates bidding the project in October 2017 with project completion in October 2018.

The estimated total project cost is \$2,900,000, and the amount requested is \$2,400,000. Onida has pledged \$500,000 in local cash towards the project.

Onida has a flat rate of \$17.00.

Staff recommended awarding a \$2,400,000 Clean Water SRF loan at 2.5 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. A surcharge of \$27.90 is required for repayment of the loan. Staff analysis indicates the rates can be restructured, and an overall rate of \$40.00 or less will cover debt service and operating expenses.

Staff recommended the loan being 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.

Camden Hofer, SPN and Associates and Bob Porter, city council, answered questions from the board.

Gregory requested funding to replace the clay pipe along Felton Street between 4th Street and 2nd Street. This location has experienced structural deficiencies and excess infiltration.

The city anticipates bidding the project in June 2017 with completion in October 2017.

The estimated total project cost is \$334,000, and the amount requested is \$260,000. Gregory has pledged \$74,000 in local cash towards the project.

Rates in Gregory are \$32.00 based on 5,000 gallons usage.

Staff recommended awarding a \$260,000 Clean Water SRF loan at 2.25 percent interest for 20 years.

Gregory has pledged a project surcharge for repayment of the loan. A surcharge of \$2.15 will provide the required coverage, raising rates to \$34.15.

Staff recommended the award being 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.

Eric Ambrosion, Planning and Development District III, answered questions from the board.

Colton requested funding to replace approximately 5,500 feet of clay sanitary sewer on Main and First Streets to address infiltration issues.

Colton anticipates bidding the project in July 2017 with project completion in December 2017.

The estimated total project cost is \$1,385,000, and the amount requested is \$1,385,000.

Rates in Colton are \$25.50 based on 5,000 gallons usage.

The city has a system-wide problem with infiltration and inflow and has identified an additional \$3,000,000 of work to be undertaken to address this problem.

Staff recommended awarding a \$1,385,000 Clean Water SRF loan at 2.5 percent interest for 30 years.

Colton has pledged a project surcharge for repayment of the loan. A surcharge of \$19.45 is needed to provide the required coverage. Staff analysis indicates the existing rates can be restructured and that overall rates of approximately \$40.00 would be needed to cover debt service on the loan and operating expenses.

Staff recommended the award being 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 on the borrower submitting the annual documentation required for loans currently in repayment to the district.

Heather Madison, city administrator, and Gregg Jorgenson, Banner Associates, answered questions from the board.

Lake Norden requested funding to slip line approximately 8,500 feet of sanitary sewer collection pipe and line 188 manholes to rehabilitate areas within the collection system that have been identified to have severe or moderate deficiencies. The project also includes cleaning and televising an additional 8,900 feet of the system to determine if additional rehabilitation is necessary.

Lake Norden anticipates bidding the project in July 2017 with project completion in December 2017.

The estimated total project cost is \$1,606,800, and the amount requested is \$1,606,800.

Lake Norden's rates are \$19.80 based on 5,000 gallons usage.

Staff recommended awarding a \$1,285,000 Clean Water SRF loan at 2.5 percent interest for 30 years and awarding a Consolidated grant for 20 percent of eligible costs not to exceed \$321,000.

Lake Norden has pledged a project surcharge for repayment of the loan. A surcharge of \$22.00 is needed for the required coverage on a \$1,285,000 loan. This would result in overall rates of about \$41.80. Lake Norden has identified an upcoming \$1,500,000 project to address deficiencies at its wastewater treatment facility and replace a lift station. The upcoming televising could detect additional lines to be replaced. For these reasons, staff believes it is reasonable to provide this level of subsidy.

Staff recommended the award being 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.

Gregg Jorgenson, Banner Associates, and Mayor Jason Aho, discussed the project and answered questions from the board.

Centerville requested funding to replace storm sewer on Main Street. The storm sewer will increase capacity and alleviate flooding problems that occur during large storm events.

Centerville anticipates bidding the project in April 2017 with project completion in December 2017.

The estimated total project cost is \$346,000, and the amount requested is \$240,000. Centerville has received a Department of Transportation Community Access Grant for the balance of the project cost.

Rates in Centerville are \$36.50 based on 5,000 gallons usage.

Staff recommended awarding a \$240,000 Clean Water SRF loan at 2.5 percent interest for 30 years.

Centerville has pledged system revenues for repayment of the loan. Staff analysis indicates that current rates provide 130 percent coverage.

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

Jared Hybertson, Centerville Development Corporation, answered questions from the board.

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

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

Hermosa has two wells to supply the community with water. One of the wells has experienced radionuclide violations. Due to these compliance violations, the well has been taken out of operation, and the town is currently unable to supply enough water to meet peak day demand. With only one well in service, the town does not have a redundant water supply. This project would investigate the different well production zones of the noncompliant well to isolate and plug off zones negatively impacting the water quality to provide the town with a second source of water. A portion of the community on the western edge is experiencing low pressure problems. This project would alleviate those pressure issues by installing a booster station to increase pressures to this area.

Hermosa anticipates bidding the project in June 2017 with project completion in August 2017.

The estimated total project cost is \$199,000, and the amount requested is \$199,000.

Hermosa's rates are \$30.00 per 5,000 gallons usage.

In developing alternatives for ways to provide a quality water source for the community, several options were reviewed to include blending of both of the town's existing wells, purchasing a private well, drilling a well several miles from town, treatment of the existing well, or regional water supply from the Southern Black Hills Water System.

Mr. Bruels reported that staff attended meetings and discussed alternatives with the town and has encouraged the regionalization alternative specifically. Southern Black Hills has given the town a proposal to serve them from a nearby well. The town has made the decision to apply for funding for the proposed project.

Staff recommended awarding a \$199,000 Drinking Water SRF loan at 2.0 percent interest for 30 years.

Hermosa has pledged a project surcharge for repayment of the loan. Staff analysis indicates a surcharge of \$3.50 is needed to provide the required 110 percent coverage. This would raise the overall rates in Hermosa to \$33.50 based on 5,000 gallons usage.

Staff recommended the award being 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.

Linda Cramer, town board president, Dan Holzworth, board trustee, and Keith Andersen, Andersen Engineering, discussed the project and answered questions from the board.

Langford requested funding to construct a 75,000-gallon elevated storage tank and a pump house building to house a 4,000-gallon ground storage tank, along with pumps and controls to supply the elevated tank. The project also involves replacing approximately 4,200 feet of four-inch asbestos cement water main with six-inch PVC main. All of the town's water meters will also be replaced. Langford does not have adequate equalization and emergency storage available with its current

30,000-gallon elevated tank. Frequent line breaks in the existing pipe, which is past its design life, contribute to water loss in the system.

The town of Langford anticipates bidding the project in June 2017 with project completion in December 2017.

The estimated total project cost is \$1,921,000, and the amount requested is \$1,921,000.

Langford's rates are \$48.00 per 5,000 gallons usage.

Mr. Bruels stated that Langford has applied for Community Development Block Grant (CDBG) funding. In the past if a project is fully funded by the Board, CDBG may decline to provide any grant funds. Also, without knowing the amount of funds CDBG may be able to provide it makes it difficult for staff to develop a viable grant and loan package to ensure rates in Langford remain affordable. Staff believes that it would be best to wait until after CDBG has announced their funding awards, likely in early June, to determine our funding recommendation.

Mr. Bruels said staff understands that Langford has indicated a construction start of June 2017, however with unknown CDBG funding and the time it would take to close an SRF loan it is more likely that it will be a 2018 construction project.

Staff recommended deferring action on Langford's funding application until the June 2017 meeting.

Gabe Laber, DGR Engineering, answered questions from the board.

Yankton requested funding for the construction of a five-million gallon per day water treatment facility using reverse osmosis. The newest existing treatment plant will be directly connected as a part of this project to have all treatment in one location. The older of the two existing water treatment facilities will be decommissioned after the treatment facility is operational.

The city opened bids for the project on March 24, 2017. Five bids were received, and the bids were very close to the engineer's project estimate. Yankton anticipates project completion in August 2019.

The estimated total project cost is \$39,274,540, and the amount requested is \$37,000,000.

Yankton's rates are \$45.76 per 5,000 gallons usage.

Staff recommended awarding a \$37,000,000 Drinking Water SRF loan at 2.25 percent interest for 30 years.

Yankton has pledged a project surcharge as repayment of the loan. The city has implemented a surcharge that is being increased incrementally each year. They have already begun collecting a portion of the needed surcharge. The overall rates will be \$54.50 based on 5,000 gallons usage upon project completion. Of this amount, about \$27.50 will be surcharges used for repayment of this loan and prior debt.

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

Kyle Goodman, city of Yankton, and Steve Quail, HDR Engineering, answered questions from the board.

Lesterville requested funding to replace 4,050 feet of four-inch and six-inch cast iron and asbestos cement pipe with six-inch PVC water main. The project will also loop the distribution system by installing approximately 1,350 feet of six-inch PVC main on the east and south sides of town. Lead service lines from the cast-iron main will also be replaced. Lesterville has water losses in excess of 37 percent and dead end lines.

The town anticipates bidding the project in May 2017 with project completion in October 2017.

The estimated total project cost is \$453,000, and the amount requested is \$453,000.

Lesterville's rates are \$40.00 per 5,000 gallons usage.

Staff recommended awarding a Consolidated grant for 78 percent of the approved total project costs not to exceed \$353,000 and awarding a \$100,000 Consolidated loan at 2.5 percent interest for 30 years.

Lesterville is pledging a project surcharge for repayment of the loan. Staff analysis indicates a surcharge of \$6.40 is needed to provide the required coverage, which will bring overall rates to \$46.40. Consolidated loans require 100 percent debt coverage rather than the 110 percent required for SRF loans. Lesterville has an existing Consolidated loan. If Lesterville was awarded a SRF loan, the surcharge on the existing loan would have to be raised to meet the 110 percent requirement. Because of this, and the fact that there are only 62 users, staff believes a Consolidated loan is a better option.

Staff recommended the award being 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.

Vern Arens, DGR Engineering, and representatives of Lesterville, discussed the project and answered questions from the board.

Onida requested funding to replace 9,100 feet of asbestos cement water lines, 4,700 feet of services lines, hydrants, valves, and other appurtenances. The project will be done in conjunction with the sanitary sewer replacement project presented earlier.

Onida anticipates bidding the project in October 2017 with project completion in October 2018.

The estimated total project cost is \$1,996,000, and the amount requested is \$950,000. The remainder of the funding package includes \$480,000 in local cash and \$566,000 from a previous funding package.

Onida's rates are \$35.55 per 5,000 gallons usage.

Mr. Bruels noted that earlier in the meeting, the Board approved a request by Onida to amend the scope of its existing grant and loan funding package to include the work on this project and reduce the amount needed in additional funds. The city is also considering an additional phase after this project to replace additional water lines and complete the original looping.

Staff recommended awarding a \$950,000 Drinking Water SRF loan at 2.25 percent interest for 20 years with 26.4 percent as principal forgiveness not to exceed \$250,000.

Onida has pledged a project surcharge for repayment of the loan. A surcharge of \$10.15 is needed to provide the required coverage on a \$700,000 loan, which will bring overall rates to \$45.70 for 5,000 gallons. While this would keep rates below \$50.00, subsidy was provided recognizing that rates of over \$50.00 will be needed to complete the second phase of the distribution system replacement project.

Another possibility to reduce rates would have been to take the loan at a rate/term of 2.5 percent interest for 30 years which would reduce the monthly debt by another \$2.40 and total rates to \$43.30. This option was offered to the city, and DENR staff was informed of the city's preference for the 20 year loan.

Staff recommended the award being 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.

Camden Hofer, SPN and Associates, and Bob Porter, city council, answered questions from the board.

B-Y Water District requested funding to construct a 3,400,000-gallon pre-stressed concrete ground storage reservoir. This will supply additional storage to increase system reliability by reducing the impact of unexpected plant shutdowns due to natural events or mechanical issues.

B-Y Water District anticipates bidding the project in June 2017 with project completion in September 2018.

The estimated total project cost is \$4,795,747, and the amount requested is \$4,700,000. The water district will contribute \$95,747 in local cash.

The water district's rates are \$73.25 per 7,000 gallons usage.

Staff recommended awarding a \$4,700,000 Drinking Water SRF loan at 2.5 percent interest for 30 years.

B-Y Water District has pledged system revenue for repayment of the loan. Staff analysis indicates existing revenues will provide coverage of 114 percent.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, 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, the borrower, and the district.

Terry Hacecky and Terry Wooten, B-Y Water District, answered questions from the board.

Martin requested funding to complete the first phase of a multi-phase project to replace and install water main throughout the city. This project will replace existing two-inch water main on 4th Avenue, replace water main on Dorothy Street between Fourth and Fifth Avenues, and install water main on 5th Avenue where none currently exists. Water meters for services on these streets will also be replaced as part of this project.

The city anticipates bidding the project in January 2018 with completion in August 2018.

The estimated total project cost is \$633,000, and the amount requested is \$633,000.

Martin's rates are \$27.00 per 5,000 gallons usage.

Staff recommended awarding a \$633,000 Drinking Water SRF loan at 2.0 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. Staff analysis indicates a surcharge of \$5.75 is needed to provide the 110 percent coverage. This would raise the overall rates in Martin to \$32.75 based on 5,000 gallons usage.

Staff recommended the award being 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.

Dana Foreman, KLJ Engineering, and Paul Noel, city of Martin, answered questions from the board.

Colton requested funding to replace ductile iron and asbestos concrete water main on Main, First, and Sherman Streets with approximately 7,000 feet of eight-inch PVC water main. The new main will complete a loop on the north side of town. The current water main is past its useful life, and the city is experiencing issues with water loss. This project will be done in conjunction with the sanitary sewer replacement project.

Colton anticipates bidding the project in July 2017 with project completion in December 2017.

The estimated total project cost is \$1,315,000, and the amount requested is \$1,315,000.

Rates in Colton are \$44.95 per 5,000 gallons usage.

Staff recommended awarding a Consolidated grant at 62 percent of approved total project costs not to exceed \$815,000 and awarding a \$500,000 Drinking Water SRF loan at 2.5 percent interest for 30 years.

The city is pledging a project surcharge for repayment of the loan. A \$7.00 surcharge is required to provide coverage on the loan. Staff analysis indicates Colton could restructure its rates and cover existing debt obligations, operating expenses, and the surcharge without a rate increase. Colton has identified other areas within the community where water lines need to be replaced, and rates will likely be at or above \$50.00 when that additional work is funded.

Staff recommended the award being 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 on the borrower submitting the annual documentation required for loans currently in repayment to the District.

Staff recommended the loan include the following Special Condition: It shall be a condition of the loan that the borrower complete an O&M manual and required board training as outlined in the department's capacity letter prior to drawing more than 50 percent of the loan.

Staff also recommended the following Special Condition being included on the grant agreement: Grant funds for reimbursement of project costs must be drawn concurrently with the Drinking Water SRF loan funds.

Heather Madison, city administrator, answered questions from the board.

Pine Cliff Park Water and Maintenance, Inc. requested funding to replace approximately 1,750 feet of six-inch water main between the system's wells and the existing storage reservoir. Pine Cliff Park is also proposing to replace and re-route another 950 feet of six-inch water main from the storage reservoir to Pine Cliff Drive. The lines to be replaced have experienced numerous breaks recently, the cause of which is attributed to insufficient bedding.

Pine Cliff Park anticipates bidding the project in June 2017 with completion in September 2017.

The estimated total project cost is \$463,607, and the amount requested is \$463,607.

Pine Cliff Park's rates are \$69.00 per 7,000 gallons usage. Pine Cliff Water and Maintenance, Inc. serves a 70 home subdivision located west of Rapid City near Johnson Siding.

Staff recommended awarding a Consolidated grant at 24.9 percent of approved total project costs not to exceed \$115,000 and awarding a \$348,000 Drinking Water SRF loan at 2.25 percent interest for 20 years.

Pine Cliff Park has pledged system revenue for repayment of the loan. Staff analysis indicates a rate increase of approximately \$28.40 is needed to provide the required debt coverage. If added to the existing rates, overall rates would be \$97.40 for 7,000 gallons usage. With the recent rate increase, staff believes that rates of \$90.00 or less would be sufficient to operate the system and provide the required debt coverage.

Staff recommended the award being 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 the borrower establishing rates at a level sufficient to provide the required debt coverage, and contingent upon an Inter-creditor Agreement being approved and executed by Rural Utilities Service, the borrower, and the district.

Staff also recommended the following Loan Special Condition: It shall be a condition of the Loan that the borrower complete an O&M manual and required board training as outlined in the department's capacity letter prior to drawing more than 50 percent of the loan.

Sally Kelts, Pine Cliff Park Water and Maintenance, Inc. and Lysann Zeller, Black Hills Council of Local Governments, answered questions from the board.

Humboldt requested funding to upgrade to an automatic meter reading system by replacing all 262 water meters. The water meters are more than 20 years old and beyond their useful life. The town of Humboldt also proposes to purchase the required computer system and software associated with the automatic reading system.

Humboldt anticipates bidding the project in September 2017 with completion in March 2018.

The estimated total project cost is \$272,000, and the amount requested is \$272,000.

Humboldt's rates are \$29.25 per 5,000 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 for the 2015 and 2016 Clean Water Capitalization Grants. Providing funding for this project with Clean Water SRF helps meet the 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.

Staff recommended awarding a \$272,000 Clean Water SRF loan at 2.0 percent interest for 10 years.

Humboldt is pledging a project surcharge for repayment of the loan. A \$10.65 surcharge is required to provide 110 percent coverage on the loan. This will bring overall rates in Humboldt to \$39.90.

Staff recommended the award being 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 answered questions from the board.

Plankinton requested funding to install digital water meters to enable accurate determination of water sales. The city has water loss in excess of 20 percent, and most of the water meters were installed in 1991.

Plankinton anticipates bidding the project in July 2017 with project completion in April 2018.

The estimated total project cost is \$240,000, and the amount requested is \$240,000.

Plankinton's rates are \$33.00 per 5,000 gallons usage.

The project can be used to help meet the Green Project Reserve requirements for the 2015 and 2016 Clean Water Capitalization Grants.

Staff recommended awarding a \$240,000 Clean Water SRF loan at 2.0 percent interest for 10 years.

Plankinton has pledged a project surcharge for repayment of the loan. A surcharge of \$6.90 is needed to provide the required coverage resulting in overall rates of \$39.90 for 5,000 gallons.

Staff recommended the award being 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.

Mayor Joe Staller and Vern Hill, city of Plankinton, answered questions from the board.

Worthing requested funding to replace its existing self-read water meters with remote read meters. In recent years, the city has averaged water loss of 24 percent with some months as high as 35 percent loss. Due to the age of the existing meters, the city does not accurately account for all water especially when combined with the potential for mistakes of self-read meters. The new meters are expected to help to lower the water loss and simplify the reading of meters and billing for water use.

Worthing anticipates bidding the project in October 2017 with project completion in March 2018.

The estimated total project cost is \$120,000, and the amount requested is \$120,000.

Rates in Worthing are \$52.50 per 5,000 gallons usage.

This project can be used to help meet the Green Project Reserve requirements for the 2015 and 2016 Clean Water Capitalization Grants.

Staff recommended awarding a \$120,000 Clean Water SRF loan at 2.0 percent interest for 10 years with 75 percent as principal forgiveness not to exceed \$90,000.

Worthing has pledged system revenue for repayment of the loan. Current rates of \$52.50 will provide 166 percent debt coverage.

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

Mr. Bruels answered questions from the board.

Doland requested funding to upgrade to an automatic meter reading system by replacing all water meters. The water meters are old and beyond their useful life. The town also proposes to purchase the required computer system and software associated with the automatic reading system.

Doland anticipates bidding the project in June 2017 with project completion in December 2017.

The estimated total project cost is \$150,000, and the amount requested is \$150,000.

Rates in Doland are \$41.50 per 5,000 gallons usage.

This project can be used to help meet the Green Project Reserve requirements for the 2015 and 2016 Clean Water Capitalization Grants.

Staff recommended awarding a \$150,000 Clean Water SRF loan at 2.0 percent interest for 10 years with 50 percent as principal forgiveness not to exceed \$75,000.

Doland has pledged a project surcharge for repayment of the loan. A \$4.50 surcharge is required to provide 110 percent coverage on a \$75,000 loan. This will bring overall rates in Doland to \$46.00.

Staff recommended the award being 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.

Mayor Craig Schroeder answered questions from the board.

Miller requested funding to replace water main throughout the city to address problems with its distribution system. This project, Phase II, will replace 13,500 of six-inch water main, 1,650 feet of eight-inch water main, and other necessary appurtenances.

Miller anticipates bidding this project in November 2017 with completion in November 2018.

The estimated total project cost is \$2,400,000, and the amount requested is \$2,399,000.

Rates in Miller are \$53.00 per 5,000 gallons.

Staff recommended awarding a Consolidated grant at 54.2 percent of approved total project costs not to exceed \$1,300,000 and awarding a \$1,099,000 Drinking Water SRF loan at 2.25 percent interest for 30 years.

Miller has pledged a project surcharge for repayment of the loan. A \$5.45 surcharge would be required to meet the 110 percent coverage requirement. Staff analysis indicates that by restructuring its rates, a \$1.00 increase would be needed at that loan amount. This would bring total rates in Miller to \$54.00.

Staff recommended the award being 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.

Staff recommended the loan include the following Special Condition: It shall be a condition of the loan that the borrower complete an O&M manual as outlined in the department's capacity letter prior to drawing more than 50 percent of the loan.

Staff also recommended including the following Special Condition on the grant agreement: Grant funds for reimbursement of project costs must be drawn concurrently with the Drinking Water SRF loan funds.

Camden Hofer, SPN, answered questions from the board.

Salem requested funding to replace 5,000 feet of deteriorating cast iron pipe. The project will be done in conjunction with the sanitary sewer replacement project.

Salem anticipates bidding the project in January 2018 with project completion in November 2018.

The estimated total project cost is \$802,000, and the amount requested is \$802,000.

Rates in Salem are \$55.40 per 5,000 gallons usage.

Staff recommended awarding a Consolidated grant at 62.4 percent of approved total project costs not to exceed \$500,000 and awarding a \$302,000 Drinking Water SRF loan at 2.25 percent interest for 30 years.

Salem has pledged a project surcharge for repayment of the loan. The surcharge required to repay the loan is approximately \$2.00. Staff analysis indicates that Salem can restructure its rates and establish the surcharge with no rate increase.

Staff recommended the award being 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.

Lori Heumiller, finance officer, and George Eichacker, city council president, answered questions from the board.

SMALL WATER FACILITIES FUNDING APPLICATION: Mr. Bruels presented the Small Water Facilities funding application and staff recommendation.

Canova requested funding to replace all 58 existing water meters in town and install several more at unmetered locations.

Canova anticipates a project completion date of October 2017.

The estimated total project cost is \$52,590, and the amount requested is \$52,590.

Canova's rates are \$31.00 per 5,000 gallons usage.

Staff recommended awarding a Consolidated grant at 60.9 percent of approved total project costs not to exceed \$32,000 and awarding a \$20,000 Consolidated loan at 2.0 percent interest for 10 years.

Canova is pledging a project surcharge for repayment of the loan. The surcharge required on the loan is \$3.50. Canova does not have separate utility accounts. This makes it difficult to determine the exact amounts being used for the water system. Staff believes rates will need to be raised to approximately \$45.00 to cover operating expenses and the surcharge to repay this loan. Mr. Bruels noted that the staff recommendation is contingent upon the community going to a fund accounting system.

Staff recommended the award being 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 the borrower engaging Midwest Assistance Program to improve financial capacity by adopting fund accounting principles.

Gabe Laber, DGR Engineering, and Ted Haeder, First District Association of Local Governments, answered questions from the board.

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

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

MARCH 31, 2017, 8:15 A.M. CT

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

LEGISLATIVE UPDATE: Jim Feeney reported on bills of interest to the department and the board that were passed during the 2017 legislative session.

Representative Duvall provided additional comments on the legislative session.

SOUTH DAKOTA LAKE CONDITIONS: Sean Kruger provided information on South Dakota lake conditions.

Over the years, EPA has been asked what the condition of the nation's water bodies is and whether water quality is improving or declining. Although there are decades of monitoring data nationwide, the question could not be accurately answered with existing data due to variable designs and methods. As a result, the National Aquatic Resource Survey (NARS) was developed.

Beginning in 2006, a random statistical design was employed that selected 1,000 lakes nationwide. In 2007, all of these waters were sampled through a collaborative effort between EPA, states, tribes, and contractors. The resulting data provided a baseline for the overall condition of U.S. lakes. This design was repeated again in 2012 and is scheduled for a third cycle during the summer of 2017. Similar designs have been employed for streams, coastlines, and wetlands. Through survey repetition, information on whether and how the nation's waters are changing will begin to emerge.

At the completion of the 2007 survey, staff at DENR determined that a similar design within South Dakota would provide important data on its lakes. To coincide with the biennial Integrated Report (IR), a survey design was initiated that would collect data over a two-year period and could be reported on in each of these reports. The 2010 IR was the first to include this information, and the survey effort has been continued and results reported in the IRs since then.

The importance of the data was highlighted during the 2016 IR. EPA establishes reporting elements to be included in the integrated reports. Metrics which include the percent of impaired waters may reflect changes in water quality standards. This provides the appearance of changing water quality in the absence of real change. The 2016 IR included a substantial increase in the percent of impaired lakes as a result of the state adopting a lower standard for mercury in fish tissue. Statistical data for the 2016 IR indicated that no significant changes had occurred in the water quality of lakes.

Prior to the meeting, the board received summary sheets for both the national and state surveys. The survey designs are the same; however, the South Dakota survey focuses on the water quality parameters that are most important to determining the condition of our lakes.

Mr. Kruger answered questions from the board.

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

Motion by Jones, seconded by Goldhammer, to adopt **Resolution #2017-24** approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,769,000 at 2.5 percent interest for 30 years to the city of **Summerset** for wastewater treatment plant 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; to adopt **Resolution #2017-25** approving the State Revolving Fund Program Water Quality grant agreement between the Board of Water and Natural Resources and the city of **Summerset** for up to 27.5 percent of approved total project costs not to exceed \$760,000 for wastewater treatment plant improvements, with the special condition that grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds; and to adopt **Resolution #2017-26** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Summerset** for up to 8.7 percent of approved total project costs not to exceed \$240,000 for wastewater treatment plant improvements, with the special condition that grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. Motion carried unanimously.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution #2017-27** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$16,247,000 at 2.5 percent interest for 30 years with 9.9 percent principal forgiveness not to exceed \$1,600,000 to the city of

Sturgis for wastewater treatment 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 #2017-28** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Sturgis** for up to 2.5 percent of approved total project costs not to exceed \$400,000 for wastewater treatment system improvements. Motion carried unanimously.

Motion by Gnirk, seconded by Jones, to defer the **Blunt** funding application until the June 2017, Board of Water and Natural Resources meeting. Motion carried unanimously.

Motion by Sohlt, seconded by Goldhammer, to adopt **Resolution #2017-29** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$11,559,125 at 1.0 percent interest for 10 years to the city of **Sioux Falls** for primary digester cover and mixer improvements and nonpoint source best management practices; 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 two bond resolutions and the resolutions becoming effective, and with the special condition that the borrower may not draw funds from the proceeds of the Series NPS-A Borrower Bond until EPA approves the revised budget for the Big Sioux Watershed Implementation Project. Motion carried unanimously.

Motion by Jones, seconded by Gnirk, to adopt **Resolution #2017-30** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,875,000 at 2.5 percent interest for 30 years to the city of **Miller** for wastewater collection replacement; 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 #2017-31** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Miller** for up to 51.6 percent of approved total project costs not to exceed \$2,000,000 for wastewater collection replacement with the special condition that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project. Motion carried unanimously.

Motion by Goldhammer, seconded by Bernhard, to adopt **Resolution #2017-32** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,556,000 at 2.5 percent interest for 30 years to the city of **Salem** for wastewater collection 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. Motion carried unanimously.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution #2017-33** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,400,000 at 2.5 percent interest for 30 years to the city of **Onida** for wastewater 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. Motion carried unanimously.

Motion by Gnirk, seconded by Jones, to adopt **Resolution #2017-34** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$260,000 at 2.25 percent interest for 20 years to the city of **Gregory** for Felton Street sewer replacement; 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 #2017-35** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,385,000 at 2.5 percent interest for 30 years to the city of **Colton** for First and Main Street sanitary sewer replacement; 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 contingent upon the borrower submitting the annual documentation required for loans currently in repayment to the district. Motion carried unanimously.

Motion by Sohlt, seconded by Bernhard, to adopt **Resolution #2017-36** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,285,000 at 2.5 percent interest for 30 years to the city of **Lake Norden** for wastewater collection system relining; 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 #2017-37** approving the South Dakota Consolidated Water Facilities Construction Program grant

agreement between the Board of Water and Natural Resources and the city of **Lake Norden** for up to 20 percent of approved total project costs not to exceed \$321,000 for wastewater collection system relining. Motion carried unanimously.

Motion by Jones, seconded by Goldhammer, to adopt **Resolution #2017-38** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$240,000 at 2.5 percent interest for 30 years to the city of **Centerville** for Main Street storm sewer 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. Motion carried unanimously.

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

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution #2017-39** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$199,000 at 2.0 percent interest for 30 years to the town of **Hermosa** for well rehabilitation and system pressure 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 with the Board of Water and Natural Resources' recommendation that at the outset of the project the upper horizon of the Inyan Kara formation be evaluated for water productivity and water quality, and those data be considered in the conduct of the subsequent aspects of the project. Motion carried unanimously.

Motion by Gnirk, seconded by Soholt, to defer the **Langford** funding application until the June 2017 Board of Water and Natural Resources meeting. Motion carried with Bernhard, Goldhammer, Gnirk, Soholt, and Johnson voting yes. Jones abstained.

Motion by Bernhard, seconded by Jones, to adopt **Resolution #2017-40** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$37,000,000 at 2.25 percent interest for 30 years to the city of **Yankton** for water treatment plant 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. Motion carried unanimously.

Motion by Goldhammer, seconded by Soholt, to adopt **Resolution #2017-41** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the town of **Lesterville** for up to 78 percent of approved total project costs not to exceed \$353,000 for water main replacement and looping; and to adopt

Resolution #2017-42 approving the South Dakota Consolidated Water Facilities Construction Program loan agreement between the Board of Water and Natural Resources and the town of **Lesterville** for a loan not to exceed \$100,000 at 2.5 percent interest for 30 years 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 Gnirk, to adopt **Resolution #2017-43** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$950,000 at 2.25 percent interest for 20 years with 26.4 percent principal forgiveness not to exceed \$250,000 to the city of **Onida** for a water main 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. Motion carried unanimously.

Motion by Gnirk, seconded by Goldhammer, to adopt **Resolution #2017-44** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$4,700,000 at 2.5 percent interest for 30 years to the **B-Y Water District** for a ground storage reservoir; 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 approving a security agreement and mortgage, and contingent upon an Inter-creditor Agreement being approved and executed by Cobank, Rural Utilities Service, the borrower and the district. Motion carried unanimously.

Motion by Gnirk, seconded by Jones, to adopt **Resolution #2017-45** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$633,000 at 2.0 percent interest for 30 years to the city of **Martin** for Fourth and Fifth Avenue water main 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. Motion carried unanimously.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution #2017-46** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Colton** for up to 62 percent of approved total project costs not to exceed \$815,000 for First and Main Street water main replacement with the special condition that grant funds for reimbursement of other project costs must be drawn concurrently with the Drinking Water SRF loan funds; and to adopt **Resolution #2017-47** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$500,000 at 2.5 percent interest for 30 years to the city of **Colton** for First and Main Street water main replacement; 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, contingent upon the borrower submitting the annual documentation required for loans currently in repayment to the district, and with the special condition that the borrower complete an O&M manual and board training as outlined on the Department of Environment and Natural Resources' capacity letter prior to drawing over 50 percent of the loan. Motion carried unanimously.

Motion by Gnirk, seconded by Jones, to adopt **Resolution #2017-48** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and **Pine Cliff Park Water and Maintenance, Inc.** for up to 24.9 percent of approved total project costs not to exceed \$115,000 for water system improvements; and to adopt **Resolution #2017-49** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$348,000 at 2.25 percent interest for 20 years to **Pine Cliff Park Water and Maintenance, Inc.** 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 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 the borrower establishing rates at a level sufficient to provide the required debt coverage, contingent upon an Inter-creditor Agreement being approved and executed by Rural Utilities Service, the borrower, and the district, and with the special condition that that the borrower complete an O&M manual and required board training as outlined on the department's capacity letter prior to drawing over 50 percent of the loan. Motion carried unanimously.

Motion by Jones, seconded by Goldhammer, to adopt **Resolution #2017-50** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$272,000 at 2.0 percent interest for 10 years to the city of **Humboldt** for a water meter 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. Motion carried unanimously.

Motion by Sohlt, seconded by Bernhard, to adopt **Resolution #2017-51** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$240,000 at 2.0 percent interest for 10 years to the city of **Plankinton** for a water meter 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. Motion carried unanimously.

Motion by Goldhammer, seconded by Soholt, to adopt **Resolution #2017-52** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$120,000 at 2.0 percent interest for 10 years with 75 percent principal forgiveness not to exceed \$90,000 to the city of **Worthing** for a water meter 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. Motion carried unanimously.

Motion by Jones, seconded by Bernhard, to adopt **Resolution #2017-53** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$150,000 at 2.0 percent interest for 10 years with 50 percent principal forgiveness not to exceed \$75,000 to the city of **Doland** for a water meter 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. Motion carried unanimously.

Motion by Gnirk, seconded by Soholt, to adopt **Resolution #2017-54** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Miller** for up to 54.2 percent of approved total project costs not to exceed \$1,300,000 for 2017 water distribution improvements with the special condition that grant funds for reimbursement of other project costs must be drawn concurrently with the Drinking Water SRF loan funds; and to adopt **Resolution #2017-55** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,099,000 at 2.25 percent interest for 30 years to the city of **Miller** for 2017 water distribution 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 with the special condition that the borrower complete an O&M manual and board training as outlined on the Department of Environment and Natural Resources' capacity letter prior to drawing over 50 percent of the loan. Motion carried unanimously.

Motion by Bernhard, seconded by Soholt, to adopt **Resolution #2017-56** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of **Salem** for up to 62.4 percent of approved total project costs not to exceed \$500,000 for water distribution improvements; and to adopt **Resolution**

#2017-57 approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$302,000 at 2.25 percent interest for 30 years to the city of **Salem** for water distribution 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. Motion carried unanimously.

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

Motion by Jones, seconded by Goldhammer, to adopt **Resolution #2017-58** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the town of **Canova** for up to 60.9 percent of approved total project costs not to exceed \$32,000 for a water meter replacement project, and to adopt **Resolution #2017-59** approving the South Dakota Consolidated Water Facilities Construction Program loan agreement between the Board of Water and Natural Resources and the town of **Canova** for a loan not to exceed \$20,000 at 2.0 percent interest for 10 years 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 the borrower engaging Midwest Assistance Program to improve financial capacity by adopting fund accounting principles. Motion carried unanimously.

DENR REQUEST TO AMEND STATE WATER RESOURCES MANAGEMENT SYSTEM GRANT 2016-64: Jim Feeney presented the State Water Resources Management amendment request.

At its March 2016 meeting, the Board of Water and Natural Resources placed \$750,000 appropriated by the 2016 State Legislature under agreement with Department of Environment and Natural Resources for development of a hydrologic and hydraulic model of the Big Sioux River Basin. RESPEC Consulting was selected through a request for proposals process to develop the model and inundation mapping tools. Contract terms and scope of work based on the available \$750,000 were negotiated, and the agreement was signed August 25, 2016.

The contract and scope of work were structured to adjust the time and dollars to refine and finish the model and inundation mapping tools based on input from scoping meetings with federal, state, and local entities. The department has submitted a request to place under agreement an additional \$550,000 of the funding appropriated for statewide hydrology and water management studies. The requested funding completes the funding package for the Big Sioux River Basin hydrologic and hydraulic model. Development of the model and inundation mapping tools are on schedule and will be completed in 2018.

Approximately \$200,000 remains available from the funds appropriated by the 2015 State Legislature in Senate Bill 178, and the balance of requested funding would be provided from funds appropriated by the 2017 State Legislature in Senate Bill 70 which was signed by Governor

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Daugaard on March 8, 2017. The First Amendment to the grant agreement has been drafted with the assistance of DENR legal counsel, and the DENR review process has been completed.

Mr. Feeney answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution #2017-60** approving the first amendment to the State Water Resources Management System grant agreement between the Board of Water and Natural Resources and the Department of Environment and Natural Resources for an amount not to exceed \$1,300,000. Motion carried unanimously.

BOARD OF WATER AND NATURAL RESOURCES SFY 2018 MEETING SCHEDULE: Mr. Perkovich presented the proposed SRF 2018 board meeting schedule.

Jay Gilbertson suggested the board consider holding the September meeting in Vermillion and that the board tour projects in the area.

Motion by Gnirk, seconded by Jones, to adopt the following meeting schedule for FY 2018:

September 28-29, 2017 (in Vermillion)
November 9, 2017
January 4, 2018
March 28-29, 2018
June 28-29, 2018

Motion carried unanimously.

JUNE MEETING: The next meeting is scheduled for June 22-23, 2017, at the Matthew Training Center, Foss Building, in Pierre. Mr. Perkovich highlighted some of the agenda items for that meeting.

ADJOURN: Motion by Gnirk, seconded by Jones, that the meeting be adjourned. Motion carried unanimously.

Approved this 22nd day of June, 2017.

(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 3-30-17

LOCATION Matthew Training Center Pierre

Name (PLEASE PRINT)	Address	Representing
Maureen Knutson	Pierre	CSD ED
TODD BEAUMARD	FORT PIERRE	BWNR
Lycann Zeller	Rapid City	Black Hills Council
Ted Schultz	Rapid City	AE2S
Gregg Torgenson	Brookings	Benner Assoc
Chris Robinson	Rapid City	Summerset / HDR
Terry Wootton	B-Y Water	B-Y Water
Terry Haeckly	Bankton	B-Y Water
Heather Madison	Colton	Colton
Jared Hybertson	Centerville, SD	Centerville
Jason Aho	Lake Norden	Lake Norden
TEN HAEDER	FIRST DISTRICT	FIRST DISTRICT
Vernon Arans	Yorktown	Lesterville
Mary Duvall	Pierre	Legis Oversight
RON Blackford	Miller	Miller
Jeff Swartz	Miller	Miller
Janelle Munkvold	Lesterville	Town of Lesterville
Kerina Frangenberg	Lesterville	Town of Lesterville
Danyl Bizzle	Lesterville	Town of Lesterville
Prair Munkvold	Lesterville	Town of Lesterville
Kyle Godderson	City of Yorktown	City of Yorktown

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3-30-17

LOCATION Matthew Training Center, Pierre

Name (PLEASE PRINT)	Address	Representing
Jim Putnam	Armour	SEWARD
PAUL GNIRK	NEW UNDERWOOD	BWNR
Dan Holsworth	HERMOSA	Town Board
Linda Kramer	HERMOSA	Town of Hermosa Board
Paul Goldhammer	WALL, SD	BWNR
Jerry Scholt	Sioux Falls	BWNR
Craig Schroeder	Doland	City of Doland
Andy Bruels	Pierre	DENR
David Ruhnke	Pierre	DENR
Drew Huishen	Pierre	DENR
Allen Prince	Pierre	DENR
Jon Peschong	Pierre	DENR
Sally Kelts	Rapid City	PCPW&M
Abbey Larson	Pierre	DENR
Mike Berkovich	Pierre	DENR
Gabe Laber	Sioux Falls	DBR
Eric Ambrosion	VANKTON	DISTRICT III
Vern Hill	Plankinton	City
JOE STALLER	PLANKINTON	CITY
Rick Bush	Sturgis	CITY
RON Waterland	Sturgis	CITY

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3-30-17

LOCATION Matthew Training Center, Pierre

Name (PLEASE PRINT)	Address	Representing
Jay Gilbertson	Brookings	East Dakota (WA)
Terry Manning	Miller	City of Miller
AL VIERCK	YAWIKTON	CITY
Jeff Hines	Yankton	city
Lori Heumiller	Salem	City
George Eichacker	Salem	City
STEVEN QUAIL	Sioux Falls	garkter
L Echert	Pierre	CPWDD
DYAN HORTA	SEATTLE	U.S. BANK
GREG SKOTNIK	SEATTLE	U.S. BANK
Jim Feeney	Pierre	DENR
Jim Anderson	Pierre	DENR
Ted Dietz	Aberdeen	NECOG
Dana Foreman	Rapid City	KLS
Bob Porter	Onida	City of Onida
Paul Noel	Martin	City of Martin
Chaucer Shraake	Pierre	Bruce Engineering
Keith Anderson	Edgemont	Anderson Engineers

TITLE: Amendment to State Water Plan, 2017 Clean Water State Revolving Fund and 2017 Drinking Water State Revolving Fund Intended Use Plans

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 amendments 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 2018.

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, 2017 deadline.

- a. Cavour
- b. McIntosh

Staff has noticed recently that some of our communities applying for wastewater project funding have some issues with managerial and financial capacity for their system. Unlike the Drinking Water SRF where there is a set-aside amount of the capitalization grant and requirement for borrowers to meet capacity requirements, these issues have largely gone unaddressed in the Clean Water SRF program. We believe assistance would involve primarily financial issues to include: basic accounting, rate setting, account separation, and board training. Staff believes utilizing a portion of our Clean Water SRF Administrative fees to contract with the Midwest Assistance Program, who currently has a contract for similar work under the Drinking Water SRF, would be beneficial to our borrowers and to help provide for better debt security on our loans. We are proposing to use up to \$4,500 of Clean Water SRF Administrative fees for the period from July 1, 2017 – June 30, 2018. The change to the IUP narrative would be:

Administrative Surcharge Uses in FY 2017:

Effective July 1, 2017, \$4,500 of administrative surcharge funds will be allocated to provide for the improvement of financial or managerial capacity of SRF applicants. DENR will contract with the Midwest Assistance Program to provide these services.

June 22, 2017

Item 4

Additionally staff is recommending that the following projects be amended onto the 2017 Clean Water State Revolving Fund Project Priority List:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
15	Eagle Butte	\$670,000	2.50%, 30 years
6	Cavour	\$600,000	2.50%, 30 years

Additionally staff is recommending that the following projects be amended onto the 2017 Drinking Water State Revolving Fund Project Priority List:

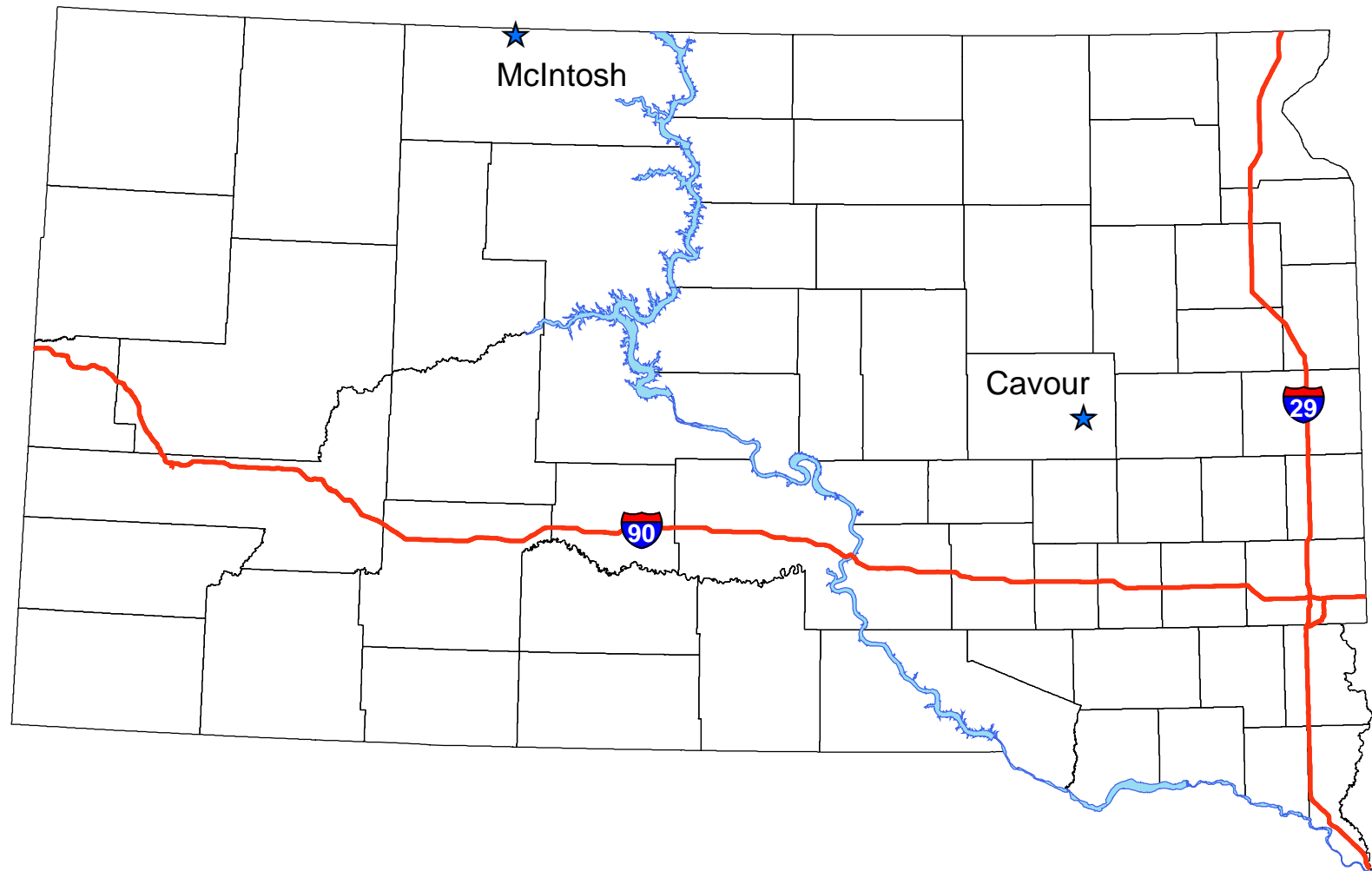
Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
270	Edgemont	\$447,000	0.00%, 30 years
87	McIntosh	\$840,000	2.00%, 20 years

RECOMMENDED ACTION: Approve amendment of projects onto the State Water Plan, 2017 Clean Water State Revolving Fund and 2017 Drinking Water State Revolving Fund Intended Use Plans

CONTACT: Andy Bruels, 773-4216

State Water Plan Applications

June 2017



State Water Plan Application Form

Applicant Town of Cavour Address: PO Box 75 Cavour, SD 57324 Phone Number:	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Requested Funding</td> <td style="width: 40%;"></td> </tr> <tr> <td>Other <u>USDA-RD</u></td> <td style="text-align: right;"><u>\$200,000</u></td> </tr> <tr> <td>Other <u>SDDENR</u></td> <td style="text-align: right;"><u>\$600,000</u></td> </tr> <tr> <td>Other <u>JRWDD</u></td> <td style="text-align: right;"><u>\$77,300</u></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;"><u>\$877,300</u></td> </tr> </table>	Requested Funding		Other <u>USDA-RD</u>	<u>\$200,000</u>	Other <u>SDDENR</u>	<u>\$600,000</u>	Other <u>JRWDD</u>	<u>\$77,300</u>	TOTAL	<u>\$877,300</u>
Requested Funding											
Other <u>USDA-RD</u>	<u>\$200,000</u>										
Other <u>SDDENR</u>	<u>\$600,000</u>										
Other <u>JRWDD</u>	<u>\$77,300</u>										
TOTAL	<u>\$877,300</u>										

Project Title: Cavour Wastewater Improvement Project - Phase II

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

The Town of Cavour is proposing to replace wastewater lines in town. Cavour is currently constructing a new lift station and replacing the sewer forcemain from the lift station to the lagoon.

The Town of Cavour has a flat wastewater rate of \$17.00 and has not established a reserve fund yet for the project.

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.

Lisa Gogolin, Town President

Name and Title of Authorized Signatory (Typed)
Application Prepared By:


2/1/17
 Signature Date

Ted Dickey, Program Coordinator (605) 626-2595
 Name and Title (Typed) Phone #

Northeast Council of Governments
 Representing

Erin Steever (605) 692-6342
 Name of Engineer/Architect Phone #

Banner Associates
 Representing

RECEIVED

APR 06 2017

Division of Financial
& Technical Assistance

SD EForm - 0487LD V3

State Water Plan Application

Applicant: City of McIntosh	Proposed Funding Package
Address: PO Box 416 McIntosh, SD 57641-0416	Projected State Funding <u>\$840,000</u>
Phone Number: 605-273-4498	Local Cash _____
	Other: _____
	Other: _____
	TOTAL <u>\$840,000</u>

Project Title: McIntosh Water System Improvements Project

Description: (Include present monthly utility rate.)

The City of McIntosh proposes to undertake water system improvements including the installation of meters and a pressure booster system. The city is experiencing an unknown amount of water loss. Several of the meters are approximately 35 years old and these old meters can cause water loss by failing to register the entire flow. The project involves the installation of approximately 115 new meters in meter pits at the property lines and the necessary appurtenances to enable the city to convert to an automatic meter reading system. The new meter system should lessen the water loss due to unmetered water, plus solve problems of uncooperative homeowners who will not allow the city staff into their homes to read meters. The city experiences pressures problems, especially in the northwest area of the community. In addition, the project will involve the installation of a booster pump system with the necessary appurtenances that would provide supplemental pressure for the distribution of water in the community in lieu of construction of a new elevated water storage tank which would do the same thing at a cost of approximately \$500,000 more. While there are dead-ends in the distribution system, it is not considered

"Continue page 5"

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.

Benny Schell, Mayor

Name & Title of Authorized Signatory
(Typed)

Signature

Date

 4-3-17

June 22, 2017

Item 5

TITLE: Amendment to the FY 2015 Clean Water State Revolving Fund Intended Use Plan

EXPLANATION:

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 and March 2016.

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 year's 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
25	Sturgis	\$16,247,000	2.50%, 30 years

RECOMMENDED ACTION: Approve the proposed amendments to the 2015 Clean Water SRF Intended Use Plan

CONTACT: Andy Bruels, 773-4216

June 22, 2017

Item 6

TITLE: Amendment to the FY 2016 Clean Water State Revolving Fund 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, June, and September 2016.

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 year's Intended Use Plans.

It is proposed to amend Attachment I - Project Priority List of the FY 2016 Clean Water Intended Use Plan by adding the following entry:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
25	Sturgis	\$16,247,000	2.50%, 30 years

RECOMMENDED ACTION: Approve the proposed amendments to the 2016 Clean Water SRF Intended Use Plan

CONTACT: Andy Bruels, 773-4216

TITLE: Amendment to the FY 2016 Drinking Water State Revolving Fund 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, June, and September 2016.

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 year's Intended Use Plans.

It is proposed to amend Attachment I - Project Priority List of the FY 2016 Drinking Water Intended Use Plan by adding the following entry:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
24	Onida	\$950,000	2.25%, 20 years

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

CONTACT: Andy Bruels, 773-4216

TITLE: Humboldt Request to Rescind Clean Water State Revolving Fund Loan C461254-02

EXPLANATION: On March 31, 2017, the Board approved Resolution #2017-50, awarding the town of Humboldt a \$272,000 Clean Water State Revolving Fund loan for its Water Meter Replacement project. This project would replace all 262 of the town's water meters as well as purchase the necessary hardware and software associated with the automatic reading system.

On May 11, 2017, the department received a letter from the town of Humboldt declining the Clean Water SRF loan. The town stated the replacement of the water meters remains a priority, but is not being pursued at this time.

RECOMMENDED ACTION: Rescind Resolution #2017-50

CONTACT: Drew Huiskens
605-773-5092



Small Town with a Big Heart
100 South Main Street
PO Box 72
Humboldt, SD 57035
(605) 363-3789

RECEIVED

MAY 11 2017

Division of Financial
& Technical Assistance

May 8, 2017

Mike Perkovich
Department of Environment and Natural Resources
Joe Foss Building
523 E. Capitol Ave.
Pierre, SD 57501-3182

RE: Clean Water State Revolving Fund loan

The City of Humboldt was pleased to receive a Drinking Water SRF Loan to aid in the replacement of water meters. However, after giving the matter serious thought the board has decided to respectfully decline the loan. The City is committed to improving/replacing its aging infrastructure. Ultimately that will include the replacement of water meters.

Currently, Humboldt is near the end of a major utility project during which 4,750' of clay sanitary sewer was replaced and 2,780' of storm sewer was installed. The project also included two blocks of water main, curb and gutter installation and asphalt replacement. This project would not have been possible without the SRF program and is the first of three phases during which all the clay sewer will be replaced. The City Board has decided to stay focused on the replacement of the clay sanitary sewer while correcting drainage issues.

As stated above, the replacement of the water meters will remain a priority. However, the City has decided to complete the clay sanitary sewer replacement first. Once again, thank you for your time and effort on this matter and for your continued support.

Sincerely,

Allen Schmeichel
Humboldt Board President

cc: Leslie Mastroianni, South Eastern Council of Governments. Sioux Falls, SD
Jon Fischer, Stockwell Engineers, Sioux Falls, SD
Patrick Glover, Meierhenry Sargent, LLP, Sioux Falls, SD

June 22, 2017

Item 9

TITLE: Yale Request to Rescind Clean Water State Revolving Fund Loan C461096-02

EXPLANATION: In March 2016, Yale was awarded an \$84,000 Clean Water SRF loan and a \$243,000 Water Quality Grant to riprap the town's wastewater ponds. The project has been completed. Due to excellent bids, the town will only utilize the Water Quality Grant and a grant from the James River Water Development District.

A letter was received in March 2017 from the town requesting the board rescind Clean Water State Revolving Fund Loan C461096-02.

RECOMMENDED ACTION: Rescind Resolution #2016-23 approving Clean Water State Revolving Fund Loan C461096-02 to the town of Yale.

CONTACT: Jim Anderson
773-4216

TOWN OF YALE
104 MAIN STREET
YALE, SD 57386

RECEIVED
MAR 30 2017
Division of Financial
& Technical Assistance

March 22, 2017

Jim Feeney
DENR
523 East Capital Avenue
Pierre, SD 57501

Re: Clean Water SRF # C46-1096-02

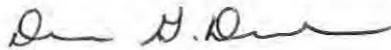
Dear Mr. Feeney:

The Town of Yale requested and received \$84,000 in funding from the South Dakota Department of Environment and Natural Resources in form of a Clean Water State Revolving Fund loan to assist in the rip-rapping of the lagoon.

We are pleased to inform you that the project came in under what the projected project cost would be and the Town of Yale would like to rescind this loan money.

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

Sincerely,



Dennis Decker
Town President

June 22, 2017

Item 10

TITLE: Britton Request to Rescind Drinking Water State Revolving Fund Loan C462188-02

EXPLANATION: In March 2016, Britton was awarded a \$3,212,000 Drinking Water SRF loan and \$1,444,000 Consolidated grant for a major water system improvements project.

A letter was received in March 2017 from the city requesting the board rescind Drinking Water State Revolving Fund Loan C462188-02. Britton received funding from another source but plans on using the Consolidated grant.

RECOMMENDED ACTION: Rescind Resolution #2016-32 approving Drinking Water State Revolving Fund Loan C462188-02 for the city of Britton.

CONTACT: Jim Anderson
773-4216



*City of Britton
PO Box 91
Britton SD 57430-0091
605-448-5721*

March 20, 2017

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

Dear Mr. Bruels:

The City of Britton would like to extend our gratitude to the Board of Water and Natural Resources for their consideration of the City's Drinking Water Improvements project. However, at this time, the City has decided to decline the loan the BWNR approved on March 25, 2016 and respectfully requests that DENR rescind the \$3,212,000 Drinking Water State Revolving Fund loan. Please contact Marie at 605-448-5721 or cityhall@venturecomm.net if you have questions or concerns.

Sincerely,

Clyde Frederickson
Mayor
City of Britton

Cc: NECOG

The View is Great From Here!

TITLE: Hoven Request to Rescind Consolidated Water Facilities Construction Program Loan 2017L-204

EXPLANATION: In June 2016, Hoven was awarded a \$50,000 Consolidated loan for an expected funding shortfall on their South Dakota Highway 47 project. Hoven went to bid, and bids came in below the projected cost of the project. Subsequently on March 30, 2017, the department received a letter from Hoven declining the loan.

RECOMMENDED ACTION: Rescind Resolutions #2016-62 approving the \$50,000 Consolidated Water Facilities Construction Program loan to the city of Hoven.

CONTACT: Jon Peschong
773-4216

City of Hoven
Hoven, S. Dak.

RECEIVED
MAR 30 2017
Division of Financial
& Technical Assistance

March 22, 2017

Jim Feeney
DENR
523 East Capital Avenue
Pierre, SD 57501

Re: Consolidated Loan # 2017L-204


Dear Mr. Feeney:

The Town of Hoven requested and received an additional \$50,000 in funding from the South Dakota Department of Environment and Natural Resources in for form of a Consolidated Water Facilities Construction Program loan to assist in the construction of water mains under South Dakota Highway 47 in Hoven.

We are pleased to inform you that the project came in under what our projected project cost would be and the Town of Hoven would like to rescind this loan money.

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

Sincerely,


Jack Feldmeier
Mayor

June 22, 2017

Item 12

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

EXPLANATION: This contract will allow Midwest Assistance Program (MAP) to provide technical assistance and make recommendations to small communities that received a DWSRF loan. Technical assistance and recommendations are made based on the capacity assessment of the technical, financial, or managerial capacity of the system done by MAP. MAP will work with Water and Waste Funding and Drinking Water staff to identify communities for follow-up reviews and other capacity assistance as needed.

MAP has requested an hourly rate of \$75.00 per hour not to exceed 600 hours for a total contract not to exceed \$45,000. The contract period will be from July 1, 2017 through June 30, 2018.

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

CONTACT: Jon Peschong (773-4216)



May 2, 2017

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

Dear Mr. Perkovich:

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

MAP is a very strong and viable option to assist states with capacity issues under the Drinking Water State Revolving Fund 15% Set-Aside Program.

The Midwest Assistance Program would like to propose to the South Dakota Department of Environment and Natural Resources continuation of the contract for technical review of the Capacity Assessment Worksheets completed by Drinking Water 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 operational issues jeopardizing the overall capacity of their system. MAP proposes a continuation of this contract to assure that applicants continue to understand that the overall capacity of their system has a direct relationship to the efficiency of operation of their drinking water system.

MAP is confident that it will 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
Drinking Water State Revolving Fund – Capacity Assessment Reviews and Follow-up**

Submitted to:
Mike Perkovich, Natural Resources Administrator
Water and Waste Funding 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 2, 2017

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

STATE REVOLVING FUND – CAPACITY ASSESSMENT FOLLOW-UP

WORK OBJECTIVES.....3

FINANCIAL AND MANAGERIAL EXPERIENCE3

REPORTING3

BUDGET.....4

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 noncompliance issues of selected systems.
- B). MAP staff will contact all systems identified by DENR and arrange for an on-site visit to these systems 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 they will determine if any follow-up is necessary to include additional on-site technical assistance if needed. See list at the end of this document for additional items that could be addressed. These visits will require prior DENR approval.
- F). MAP will conduct capacity follow-up for approved systems by DENR staff that have applied for or been granted SRF Funding after the identification of the need for such follow-up.

Financial and Managerial Experience

The Midwest Assistance Program has conducted capacity self-assessment reviews under the direction of SDDENR since January of 2008. During this 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 operational issues jeopardizing the overall capacity of their system. MAP proposes a continuation of this contract under the Drinking Water State Revolving Fund 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 Drinking Water State Revolving Fund 15% 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, MAP has continually contracted with the Health Department to provide follow-up to capacity assessments, developed Standard Operating Procedures Manuals used by operators of small community water systems, and conducted capacity assessments to both transient and non-transient systems alike.

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, MAP also has 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

Upon completion of the capacity assessment, a written report will be submitted to Department of Environment and Natural Resources. This report will summarize all of the findings of systems deficiencies during the initial site visit, as well as a copy of the final report of the plan of action developed for each system, if any.

The Midwest Assistance Program will file a written summary 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 and the dates with activity that MAP staff conducted during the quarter.

Budget

MAP is proposing to continue this assistance at the rate of \$75.00 per hour, not to exceed 660 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. This list is not all inclusive. These are MAP's suggested items based off of previously conducted capacity assessments.

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 Assessments

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

June 22, 2017

Item 13

TITLE: Midwest Assistance Program Wastewater Capacity Contract

EXPLANATION: This contract will allow Midwest Assistance Program (MAP) to provide technical assistance and make recommendations to small communities that need capacity improvements for the wastewater utility. Water and Waste Funding staff will notify MAP to address capacity deficiencies identified by the most recent funding application or annual loan requirement submittals.

MAP has requested an hourly rate of \$75.00 per hour not to exceed 60 hours for a total contract not to exceed \$4,500. The contract period will be from July 1, 2017 through June 30, 2018.

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

CONTACT: Jon Peschong (773-4216)

June 22, 2017

Item 14

TITLE: Perkins Coie LLP Conflict Waiver Request for Simultaneous Representation of South Dakota Conservancy District and U.S. Bank N.A.

EXPLANATION: Bruce Bonjour, Perkins Coie, has served as bond counsel for the Clean Water State Revolving Fund program since 1993 and the Drinking Water SRF program since 1997. Perkins Coie currently has a contract with the District to serve as bond counsel for the State Revolving Fund programs through December 31, 2018.

Effective April 24, 2017, U.S Bank N.A succeeded The First National Bank in Sioux Falls as Trustee, Loan Servicer, and Paying Agent/Registrar for the State Revolving Fund programs.

Attached is a letter requesting the State and the Conservancy District to sign a waiver of a conflict of interest that will allow Mr. Bonjour to continue to represent the District, even though his firm has represented, and is currently representing, US Bank with respect to a variety of unrelated work, including financing and lending transaction matters.

Because there is a theoretical conflict here, the District needs to waive the conflict in order to proceed. Additionally, our legal services contract requires consent of the Attorney General.

As you can see from his letter, Mr. Bonjour does not think the work his firm does for U.S. Bank N.A. will adversely affect the work he does for the District. The District's legal counsel, Mr. Harold Deering, agrees with conclusion of no adverse affect. Attorney General Marty Jackley has signed the waiver on behalf of the State of South Dakota.

RECOMMENDED ACTION: Authorize the chairman to execute the Perkins Coie LLP Conflict Waiver Request for Simultaneous Representation of South Dakota Conservancy District and U.S. Bank N.A.

CONTACT: Mike Perkovich (773-4216)

South Dakota Conservancy District
c/o Jim Feeney
Joe Foss Building
523 East Capitol Avenue
Pierre, SD 57501-3181

Bruce A. Bonjour
BBonjour@perkinscoie.com
D. +312.324.8650
F. +312.324.9650

Marty J. Jackley, Esq.
Attorney General
State of South Dakota
302 East Highway 14, #1
Pierre, SD 57501

**Re: Simultaneous Representation of South Dakota Conservancy District
and U.S. Bank, N.A.**

Dear Attorney General Jackley and Chairman Johnson:

This letter will confirm that Perkins Coie LLP has received the informed consent of South Dakota Conservancy District ("the District") to continue our representation of U.S. Bank, N.A. ("US Bank") as described below in matters unrelated to our ongoing representation of the District as bond counsel (described below) in this unrelated matter in which the interests of the District and US Bank are adverse.

Perkins Coie has served as bond counsel to the District for more than a decade in connection with the District's State Revolving Funds for the Clean Water and the Drinking Water Programs (the "SRF Programs"), and Perkins Coie currently has a contract with the District to serve as bond counsel for the SRF Programs through December 31, 2018. The need for this consent arises from the fact that the District has elected to engage US Bank as trustee for the SRF Programs and Perkins Coie (has represented and) is currently representing US Bank with respect to a variety of unrelated work, including financing and lending transaction matters.

Under the rules governing professional responsibility and conflicts of interest, Perkins Coie may represent the District in a matter adverse to US Bank and simultaneously represent US Bank in unrelated matters only under certain conditions. First, we must have the written consent of both clients. Second, we must reasonably believe that we will be able to provide competent and diligent representation to each client. To the best of our knowledge, the work we are now being asked to undertake for the District is not related to any legal services Perkins Coie has performed or is performing for US Bank. We are confident in our ability to represent each client's interests without limitation or compromise.

In light of the foregoing, please confirm that the District consents on an informed basis, after full disclosure of the conflict of interest, to Perkins Coie's continued representation of the District as

Jim Feeney
Marty J. Jackley
April 18, 2017
Page 2

bond counsel for the SRF Programs in current and future matters adverse to US Bank and simultaneous representation of US Bank in unrelated matters.

I enclose an extra original of this letter for your files. Please sign and return one original for our files.

Very truly yours,



Bruce A. Bonjour

BAB:dd


The undersigned hereby consents to the representation described above.

STATE OF SOUTH DAKOTA
OFFICE OF ATTORNEY GENERAL

By:

Its:

Date:


Attorney General
May 25, 2017

Jim Feeney
Marty J. Jackley
April 18, 2017
Page 3

SOUTH DAKOTA CONSERVANCY DISTRICT

By: _____
Its: _____
Date: _____

June 22, 2017

Item 14.1

TITLE: Perkins Coie LLP Conflict Waiver Request for Simultaneous Representation of South Dakota Conservancy District and Wells Fargo Bank N.A.

EXPLANATION: Bruce Bonjour, Perkins Coie, has served as bond counsel for the Clean Water State Revolving Fund program since 1993 and the Drinking Water SRF program since 1997. Perkins Coie currently has a contract with the District to serve as bond counsel for the State Revolving Fund programs through December 31, 2018.

Wells Fargo Bank is under contract with South Dakota Conservancy District for underwriting services related to the issuance of bonds.

Attached is a letter requesting the State and the Conservancy District to sign a waiver of a conflict of interest that will allow Mr. Bonjour to continue to represent the District, even though his firm has represented, and is currently representing, Wells Fargo Bank with respect to a variety of unrelated work, including financing and lending transaction matters.

Because there is a theoretical conflict here, the District needs to waive the conflict in order to proceed. Additionally, our legal services contract requires consent of the Attorney General.

As you can see from his letter, Mr. Bonjour does not think the work his firm does for Wells Fargo. will adversely affect the work he does for the District. The District's legal counsel, Mr. Harold Deering, agrees with conclusion of no adverse effect. Attorney General Marty Jackley will also need to sign the waiver on behalf of the State of South Dakota.

RECOMMENDED ACTION: Authorize the chairman to execute the Perkins Coie LLP Conflict Waiver Request for Simultaneous Representation of South Dakota Conservancy District and Wells Fargo Bank N.A.

CONTACT: Mike Perkovich (773-4216)

South Dakota Conservancy District
c/o Jim Feeney
Joe Foss Building
523 East Capitol Avenue
Pierre, SD 57501-3181

Bruce A. Bonjour
BBonjour@perkinscoie.com
D. +312.324.8650
F. +312.324.9650

Marty J. Jackley, Esq.
Attorney General
State of South Dakota
302 East Highway 14, #1
Pierre, SD 57501

**Re: Simultaneous Representation of South Dakota Conservancy District
and Wells Fargo Bank, N.A.**

Dear Attorney General Jackley and Chairman Johnson:

This letter will confirm that Perkins Coie LLP has received the informed consent of South Dakota Conservancy District (“the District”) to continue our representation of Wells Fargo Bank, N.A. (“Wells Fargo”) while undertaking the representation of the District in an unrelated matter in which the interests of the District and Wells Fargo are adverse.

Perkins Coie has been asked to represent the District as bond counsel in connection with a tax exempt bond issue for which Wells Fargo is an underwriter. The need for this consent arises from the fact that Perkins Coie has represented and is currently representing Wells Fargo with respect to a variety of unrelated work, including financing and lending transaction matters.

Under the rules governing professional responsibility and conflicts of interest, Perkins Coie may represent the District in a matter adverse to Wells Fargo and simultaneously represent Wells Fargo in unrelated matters only under certain conditions. First, we must have the written consent of both clients. Second, we must reasonably believe that we will be able to provide competent and diligent representation to each client. To the best of our knowledge, the work we are now being asked to undertake for the District is not related to any legal services Perkins Coie has performed or is performing for Wells Fargo. We are confident in our ability to represent each client’s interests without limitation or compromise.

In light of the foregoing, please confirm that the District consents on an informed basis, after full disclosure of the conflict of interest, to Perkins Coie’s representation of the District in a matter adverse to Wells Fargo and simultaneous representation of Wells Fargo in unrelated matters.

I enclose an extra original of this letter for your files. Please sign and return one original for our files.

Jim Feeney
Marty J. Jackley
June 16, 2017
Page 2

Very truly yours,



Bruce A. Bonjour

BAB:dd

The undersigned hereby consents to the representation described above.

STATE OF SOUTH DAKOTA
OFFICE OF ATTORNEY GENERAL

By: _____

Its: _____

Date: _____

Jim Feeney
Marty J. Jackley
June 16, 2017
Page 3

SOUTH DAKOTA CONSERVANCY DISTRICT

By: _____

Its: _____

Date: _____

June 22, 2017

Item 16

TITLE: Sioux Falls Request to Amend Payment Schedule for Clean Water State Revolving Fund Loans.

EXPLANATION: The city of Sioux Falls currently has 12 Clean Water State Revolving Fund loans in repayment. The repayment schedule for these loans require quarterly payments in January, April, July and October. The city has three additional loans (CW-35, CW-36, and CW-37) that are not yet in repayment. These loans are scheduled to have quarterly repayments in February, May, August, and November.

The city of Sioux Falls has requested that the Board approve an amendment to CW-35, CW-36, and CW-37 loans that will change the scheduled repayments to concur with the repayment schedule of the 12 loans currently in repayment.

RECOMMENDED ACTION: Approve Sioux Falls request to amend the CW-35, CW-36, and CW-37 loan agreements to provide quarterly loan payments in January, April, July, and October.

CONTACT: Dave Ruhnke (773-4583)



224 West Ninth Street, P.O. Box 7402, Sioux Falls, SD 57117-7402
www.siouxfalls.org

FAX 605-367-8016
TTY/Hearing Impaired 605-367-7039

May 17, 2017

Mr. David Ruhnke
South Dakota Department of Environment & Natural Resources
523 E Capitol Ave
Pierre, SD 57501

Dear Mr. Ruhnke:

This letter is to serve as a formal request to amend our Clean Water State Revolving Fund agreements for loans #35A and #35-NPS-A, #36A and NPS-A, and #37B and NPS-B. Currently, the loan agreements indicate a payment schedule which requires quarterly payments on the 15th day of February, May, August, and November. To align payments with our established Clean Water SRF loans, we are requesting the payment schedules to be amended so payments are due on the 15th day of January, April, July, and October.

This letter is to fulfill the requirement that the City file an official request to amend these loan documents. If you have questions or require further information regarding this project, please give me a call at 367-8837.

Sincerely,

A handwritten signature in black ink, appearing to read "Tracy Turbak", is written over a horizontal line.

Tracy Turbak
Director of Finance

TITLE: Sanitary/Storm Sewer Facilities Funding Applications

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

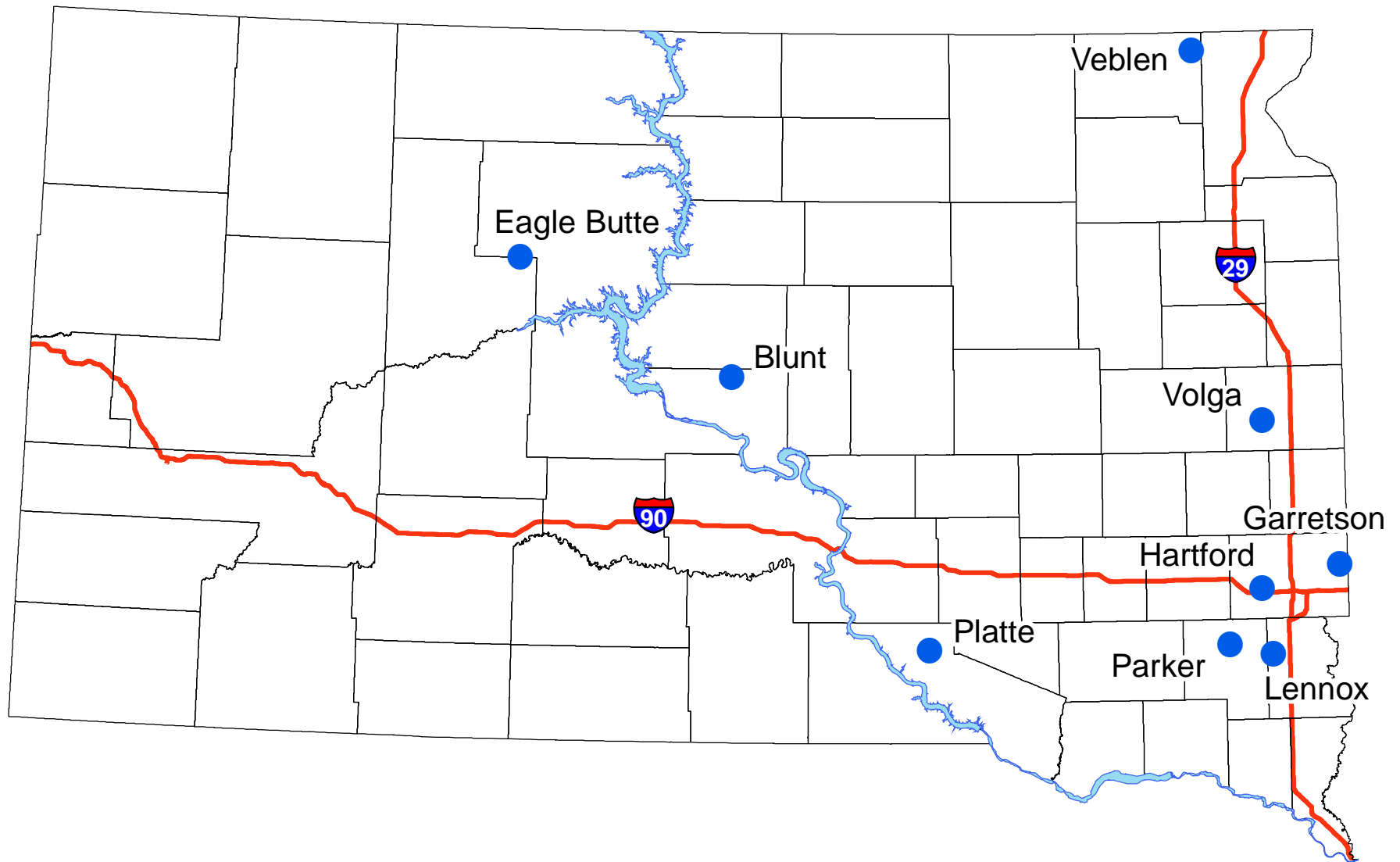
- a. Blunt (21)
- b. Volga (21)
- c. Eagle Butte (15)
- d. Garretson (9)
- e. Lennox (9)
- f. Parker (9)
- g. Platte (9)
- h. Hartford (8)
- i. Veblen (8)

COMPLETE APPLICATIONS: The application cover sheets and summary sheets with a 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/BWNRappsssf0617.pdf>

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

Sanitary / Storm Sewer Facilities Applications June 2017



RECEIVED

DEC 30 2016

Division of Financial
& Technical Assistance**Sanitary/Storm Sewer Facilities Funding Application**Clean Water State Revolving Fund Program (CWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

Applicant: City of Blunt	Proposed Funding Package
Address: PO Box 127 Blunt, South Dakota 57522	Requested Funding <u>\$1,210,000</u>
Subapplicant:	Local Cash <u> </u>
DUNS Number: 179698092	Other: <u> </u>
	Other: <u> </u>
	Other: <u> </u>
	TOTAL <u>\$1,210,000</u>

Project Title: Blunt Wastewater System Improvements Project

Description:

The City of Blunt proposes to undertake wastewater system improvements including rehabilitation of the wastewater treatment system to come into compliance with the city's no discharge NPDES permit and the seepage/leakage of the WWTF. The city also experiences odor issues. The existing three cell system is approximately 26.2 acres and was originally oversized. Thus, it cannot maintain the recommended water depth to operate properly for today's population. Further, the system experiences erosion problems due to animals and heavy rains as the ponds are not riprapped. The proposed treatment improvements include the splitting of current cell #1 into two ponds and the current cell #2 will become the evaporation pond. The project will involve installing riprap, fencing, seeding, and necessary appurtenances. Other sanitary sewer improvements proposed are at the two lift stations to include, but not limited to, replacing iron piping, check valves, gates valves, coating the wetwell, manhole lining, replacement and all necessary appurtenances. Cleaning and televising of the wastewater collection system will be completed by the City and therefore are not a part of this application; according to the engineer, the approximate cost for cleaning and televising will be \$100,000.

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.

Bryce Chambers, Mayor
Name & Title of Authorized Signatory
(Typed)

Bryce Chambers 12/29/2016
Signature Date

FUNDING REQUEST EVALUATION FORM
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF BLUNT

Project Title:	Wastewater System Improvements Project
Funding Requested:	\$1,210,000
Other Proposed Funding:	None
Total Project Cost:	\$1,210,000
Project Description:	<p>The project involves the refurbishment of Blunt's existing three-cell wastewater lagoon treatment system and rehabilitation of both existing lift stations. Cell 1 will be split into two separate cells, the banks of these split cells will be riprapped, both Cell 2 and the new split cell 1 will be relined, and, piping and valves necessary to control flow between the cells will be replaced. Additionally, the main lift station will be coated and have its piping, valves and other appurtenances replaced. The area lift station wet well will be replaced with a manhole. The city is out of compliance with its current surface water discharge permit. The lagoon system is experiencing odor issues, low water levels, and the city has been receiving complaints about leakage from the lagoons.</p>
Alternatives Evaluated:	<p>Alternative 1 - No Action: This alternative was not selected because taking no action will not address the inadequate water levels, leakage and odor problems experienced in the existing system.</p> <p>Alternative 2 - Total Wastewater Treatment System Restoration with Lift Station Improvements: This alternative involves restoring all three cells to their original condition via shaping and compaction of lagoon berms, liner and appurtenance replacement, installing riprap and other improvements. The main lift station will also be coated and have its appurtenances restored and the area lift station wet well will be replaced with a manhole. This alternative was not selected because the existing system is sized improperly, and this alternative is greater in cost than the simple refurbishment.</p> <p>Alternative 3 - Partial Wastewater Treatment System Rehabilitation with Lift Station Improvements: This alternative involves splitting Cell 1 into two cells, reinforcing the banks of the split cells with riprap, lining both the split cells and Cell 2 and installing appurtenances.</p>

The main lift station will also be coated and have its appurtenances restored and the area lift station wet well will be replaced with a manhole. This alternative was selected because it achieves proper depths in cell 1, allows the city to achieve compliance with its surface water discharge permit and is less expensive than total restoration.

Implementation Schedule: City of Blunt anticipates bidding the project in April 2017 with a project completion date of November 2017.

Service Population: 354

Current Domestic Rate: \$30 flat rate

Interest Rate: 2.50% Term: 30 years Security: Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan the city of Blunt would have to establish a surcharge of approximately \$33.55. When added to current flat rate of \$30.00 residents would be paying \$63.55.
25% Funding Subsidy:	\$302,500 subsidy with a loan of \$907,500.
Coverage at 25% Subsidy:	Based on a 25% subsidy and a loan of 907,500, the city of Blunt would have to establish a surcharge of approximately \$25.20 thereby paying a flat rate \$55.20.
50% Funding Subsidy:	\$605,000 subsidy with a loan of \$605,000.
Coverage at 50% Subsidy:	Based on a 50% subsidy and a loan of \$605,000, the city of Blunt would have to establish a surcharge of approximately \$16.80 thereby paying a flat rate \$46.80.
75% Funding Subsidy:	\$907,500 subsidy with a loan of \$302,500.
Coverage at 75% Subsidy:	Based on a 75% subsidy and a loan of \$302,500, the city of Blunt would have to establish a surcharge of approximately \$8.40 thereby paying a flat rate \$38.40.

ENGINEERING REVIEW COMPLETED BY: ALLEN PRINCE

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

APR 03 2017

Division of Financial
& Technical Assistance

SD EForm - 2127LD V4

Sanitary/Storm Sewer Facilities Funding ApplicationClean Water State Revolving Fund Program (CWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

Applicant: City of Volga Address: 226 Kasan Ave Volga, SD 57071 Subapplicant: None DUNS Number: 108664509	Proposed Funding Package Requested Funding <u>\$2,819,600</u> Local Cash _____ Other: _____ Other: _____ Other: _____ TOTAL <u>\$2,819,600</u>
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Project Title: Waste Water Treatment Facility Improvements

Description:

Alternative 1A - Equipment replacement with future final clarification and sludge drying beds (Phase1)

A detailed description of the project described above can be found in the final version of the Volga Waste Water Facility Plan prepared by Banner Associates.

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.

Randy Santema, Mayor
Name & Title of Authorized Signatory
(Typed)
Signature

March 31, 2017

Date

FUNDING REQUEST EVALUATION FORM
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF VOLGA

Project Title:	Wastewater Treatment Facility Improvements
Funding Requested:	\$2,819,600
Other Proposed Funding:	None
Total Project Cost:	\$2,819,600
Project Description:	<p>The city of Volga plans to implement Phase 1 of a two phase project to redesign its wastewater treatment process. The City will improve the pretreatment system by making improvements to the existing blower building. Improvements include installing new blowers, repairing the roof, installing exhaust fans, replacing existing mechanical and electrical equipment, and providing water service. New slide gates will also be furnished at the influent splitting (splitter?) structure. A new pretreatment building will also be constructed which will house a mechanical bar screen system with a washer, compactor, and screenings conveyor. Treatment ponds 1 and 2 will be converted to settling ponds with continuous discharge. The dike walls of these ponds will be reshaped and rip-rapped, and the sludge at the bottom of these ponds will be removed. Appurtenances and control structures at the headworks and between the ponds will be replaced. An ultra-violet disinfection system will also be added to the effluent discharge channel as part of the project. The wastewater treatment system in the city of Volga is near being hydraulically overloaded. Additionally, the system has had BOD₅ and Total Coliform permit violations in the past as well as operational deficiencies including uneven distribution of flow into the wetlands and surface scum in the aeration basins. The city is looking ahead to future limits on total phosphorus and nitrogen that would be addressed by the implementation of this project.</p>
Alternatives Evaluated:	<p>Alternative 1: Pretreatment Improvements with Final Clarifiers and Sludge Drying Beds. This alternative implements everything in the selected alternative with the exception of sludge removal in stabilization ponds 1 and 2. This alternative adds two 58-foot, covered, circular final clarifiers downstream of the current aeration basins for the purpose of implementing a return activated-sludge system. This alternative proposes abandonment of the existing treatment pond and wetland system in favor of continuous discharge</p>

from the final clarifiers. The pond and wetland system would be used only for polishing and emergency storage. Solids from this new return activated-sludge system would be sent to three 3.45-acre sludge drying beds equipped with a windrowing blade as part of this alternative. A pumping building would also be constructed to house the return activated-sludge and waste-sludge system. This alternative was not selected because of the cost.

Alternative 1A: Phased Pretreatment Improvements with Future Final Clarifiers and Sludge Drying Beds. In Phase 1, this alternative involves upgrades to the pretreatment system including new blowers, exhaust fans, screening building and system, repairs to the existing blower building, and influent slide gates. Treatment ponds will be shaped and have their banks stabilized and headworks and appurtenances will be replaced. A new UV disinfections system will be installed at discharge point. In Phase 2, two new final clarifiers, three new sludge drying beds, and a pump house are proposed to convert the existing pond system into a return activated-sludge system where the existing ponds would be abandoned. Phase 1 of this alternative was selected because it addresses all deficiencies with the existing system, plans for future limits on phosphorus and nitrogen, and has lower phased capital costs than Alternative 1.

Alternative 2: Settling Ponds. This alternative proposes three 1.4-acre settling ponds with concrete bottoms downstream of the aeration basins. This alternative also includes a new building which would house a mechanical bar screen, washer, compactor, and screenings conveyor. New blowers, exhaust fans, roof repair work, and water service to the blower building is proposed as part of this alternative. A new ultra-violet disinfection system will also be added to the effluent discharge channel. This alternative was not selected because of anticipated problems with recycling settled solids back into the aeration basins, challenges to dewatering the basins given the high groundwater conditions in the area, and a higher capital cost than Alternative 1A.

Alternative 3: Stabilization Pond Expansion. In this alternative, the existing 3 stabilization ponds would be converted to a single primary pond which would then drain to two proposed 22.4-acre secondary treatment ponds. Valves and appurtenances to control flow to and between the new ponds would be constructed as well as fencing and warning signs.

This alternative also includes a new building which would house a mechanical bar screen, washer, compactor, and screenings conveyor. New blowers, exhaust fans, roof repair work, and water service to the blower building is proposed as part of this alternative. A new ultra-violet disinfection system will also be added to the effluent discharge channel. This alternative was not selected due to the high land purchase cost and because this alternative would not help the city of Volga meet future nutrient effluent limits.

Alternative 4: Pump Wastewater to Brookings. This alternative proposes a large lift station be constructed at the site of the current wastewater influent structure which would convey this wastewater through an 8-inch forcemain to a receiving manhole on the west side of Brookings. This alternative also proposed a new mechanical bar screen upstream of the pumps in the lift station to protect them. Air relief valves would be installed at high points along the route of the force main to relieve pressure. This alternative was not selected because of the high capital costs when compared to Alternative 1A.

Alternative 5: No Action. This alternative was not considered acceptable because taking no action will not resolve hydraulic overloading and future issues effluent nutrient limits.

Implementation Schedule: The City of Volga anticipates bidding the project in December 2017 with a project completion date of June 2019.

Service Population: 1,768

Current Domestic Rate: \$19.63 per 5,000 gallons usage

Interest Rate: 2.25%

Term: 20 years

Security: Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Volga would have to establish a surcharge of approximately \$18. When added to current rate of \$19.63/5,000 gallons residents would be paying \$37.63/5,000 gallons.
----------------------------------	--

20% Funding Subsidy:	\$563,920 subsidy with a loan of \$2,255,680.
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Coverage at 20% Subsidy:	Based on a 20% subsidy and a loan of \$2,255,680 Volga would have to establish a surcharge of approximately \$14.40 thereby paying a rate \$34.03/5,000 gallons.
--------------------------	--

40% Funding Subsidy:	\$1,127,840 subsidy with a loan of \$1,691,760.
----------------------	---

Coverage at 40% Subsidy:	Based on a 40% subsidy and a loan of \$691,760 Volga would have to establish a surcharge of approximately \$10.80 thereby paying a rate \$30.43/5,000 gallons.
--------------------------	--

50% Funding Subsidy:	\$1,409,800 subsidy with a loan of \$1,409,800.
----------------------	---

Coverage at 50% Subsidy:	Based on a 50% subsidy and a loan of \$1,409,800 Volga would have to establish a surcharge of approximately \$9 thereby paying a rate \$28.63/5,000 gallons.
--------------------------	--

ENGINEERING REVIEW COMPLETED BY: ALLEN PRINCE

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

MAR 31 2017

SD EForm - 2127LD V4

Division of Financial
Technology**Sanitary/Storm Sewer Facilities Funding Application**Clean Water State Revolving Fund Program (CWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

Applicant: City of Eagle Butte Address: 209 Main St., PO Box 150 Eagle Butte, SD 57625 Subapplicant: N/A DUNS Number: 027915123	Proposed Funding Package Requested Funding <u>\$670,000</u> Local Cash _____ Other: _____ Other: _____ Other: _____ TOTAL <u>\$670,000</u>
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Project Title: City of Eagle Butte Sanitary and Storm Sewer Project

Description:

The City of Eagle Butte is requesting additional funding to cover a shortfall in remaining project expenses. The project description remains the same as the original June 2014 application.

The city proposes to make improvements to their wastewater and storm sewer systems. The improvements to the Wastewater Treatment Facility portion of the project are complete. The improvements to the collection system include the replacement and extension of approximately 9,500 feet of 4"- 8" sewer mains, lift station construction, manholes, and all necessary appurtenances related to the collection system. Storm sewer improvements include the extension of system, inlet piping, the installation of approximately 700 feet of storm sewer pipe, drainage fabric, inlets, catch basins, seeding, and other necessary appurtenances.

The remaining work includes the gravity sewer north of Highway 212, lift station, force main, water main, and various ancillary items.

The current sewer rate for residential customers of the City of Eagle Butte is a flat rate of \$30.85 per unit 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.

Verzella LaPlante, Mayor
Name & Title of Authorized Signatory
(Typed)

Verzella LaPlante
Signature

March 29, 2017
Date

FUNDING REQUEST EVALUATION FORM
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY/TOWN OF EAGLE BUTTE

Project Title: Sanitary and Storm Sewer Improvements

Funding Requested: \$670,000

Other Proposed Funding: \$2,410,000 – Existing Clean Water SRF Loan

Total Project Cost: \$3,080,000

Project Description: The city received a \$2,410,000 SRF loan in November 2014 for a sanitary and storm sewer improvements project. Due to legal issues, project construction did not occur in 2016. This has created a shortfall in funding on the project, and the city is requesting an additional \$670,000 to finish construction.

The city of Eagle Butte is proposing to replace a 10-inch gravity sewer main with an 8-inch force main and construct a new lift station to connect existing businesses currently not served by the city north of Highway 212.

Alternatives Evaluated: The city evaluated the “no action” alternative but decided that the projects needed to be completed. This alternative will not address the problems with the collection system and lift station.

The existing gravity sewer located under Highway 212 is severely corroded and needs to be replaced. A new force main is cheaper to construct than a new gravity sewer. The existing lift station has reached its useful life. The new lift station will replace the existing lift station in the north part of the city. The new lift station will be placed on city owned property north of Highway 212. Replacement of the gravity sewer with a force main and new lift station was the selected alternative.

Implementation Schedule: Eagle Butte has bid the project and has a project completion date of June 2018.

Service Population: 1,271

Current Domestic Rate: \$30.85 flat rate

Interest Rate: 2.5%

Term: 30 years

Security: Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Eagle Butte would have to establish a surcharge of approximately \$2.47. When added to current flat rate of \$30.85 residents would be paying \$33.32.
----------------------------------	---

10% Funding Subsidy:	\$67,000 subsidy with a loan of \$603,000.
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Coverage at 10% Subsidy:	Based on a 10% subsidy and a loan of \$603,000 Eagle Butte would have to establish a surcharge of approximately \$2.22 thereby paying a rate \$33.07.
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15% Funding Subsidy:	\$100,500 subsidy with a loan of \$569,500.
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Coverage at 15% Subsidy:	Based on a 15% subsidy and a loan of \$569,500 Eagle Butte would have to establish a surcharge of approximately \$2.10 thereby paying a rate \$32.95.
--------------------------	---

20% Funding Subsidy:	\$ 134,000 subsidy with a loan of \$536,000.
----------------------	--

Coverage at 20% Subsidy:	Based on a 20% subsidy and a loan of \$536,000 Eagle Butte would have to establish a surcharge of approximately \$1.98 thereby paying a rate \$32.83.
--------------------------	---

ENGINEERING REVIEW COMPLETED BY: JIM ANDERSON

FINANCIAL REVIEW COMPLETED BY: LUKUS LEIDHOLT

Sanitary/Storm Sewer Facilities Funding Application

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

Applicant: City of Garretson Address: PO Box 370 705 N. Main Ave Garretson, SD 57030 Subapplicant: DUNS Number: 080536605	Proposed Funding Package <div style="text-align: right;"> Requested Funding <u>\$1,160,304</u> </div> <div style="text-align: right;"> Local Cash _____ </div> <div style="text-align: right;"> Other: _____ </div> <div style="text-align: right;"> Other: _____ </div> <div style="text-align: right;"> Other: _____ </div> <div style="text-align: right; margin-top: 10px;"> TOTAL \$1,160,304 </div>
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Project Title: Garretson 3rd St, Main Ave, & Truck Route Water, Sewer, Street Project

Description:

The Garretson 3rd St., Main Ave., and Truck Route Water, Sewer, and Street Project has become a priority to supply the residents and businesses in these areas with clean drinking water and eliminate sewer line failures. The areas of the water and sewer systems involved in this project are original. Many residents and businesses have been experiencing rusty water. Despite the increased hydrant flushing and installation of in-house water filters, the amount of rust in the system increases. Another issue that has surfaced is the low water pressure, which may be seen when hydrants are being flushed and is evident during normal usage in homes and businesses. Our priority is to keep our community healthy and safe. The streets will have to be torn up to install the new water mains. At the same time, it will be prudent for the City of Garretson to replace the clay sewer pipes which are deteriorating. There have been sewer incidents from the clay pipes giving way to the tree roots underground. The City of Garretson has been proactive with our current water and sewer rates which are currently \$40.00 per month for water and \$23.50 per month for sewer based on 5000 gallon usage. However, the City of Garretson is in need of financial assistance to complete this project.

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.

Anna N. Uhl, Finance Officer
 Name & Title of Authorized Signatory
 (Typed)

 Signature

03/30/2017

 Date

FUNDING REQUEST EVALUATION FORM
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF GARRETSON

Project Title: 3rd Street, Main Avenue, and Truck Route Sewer Replacement

Funding Requested: \$1,160,304

Other Proposed Funding: None

Total Project Cost: \$1,160,304

Project Description: The city of Garretson is proposing to replace sanitary sewer on 3rd Street, Main Avenue, and the Truck Route. There have been reports of several deficiencies in the sewer lines in these area and excess infiltration due to intrusive roots. Approximately 4,420 feet of vitrified clay sewer pipe will be replaced with PVC pipe. The project will be done in conjunction with water main and street replacement.

Alternatives Evaluated: The “No Action” alternative was not considered acceptable because it would not address the infiltration and problems with sewer back-ups that current system is experiencing.

A “Trenchless Technology” alternative was evaluated as a means for replacement. This alternative was not chosen because there are a large number of protruding service lines and invasive roots present in the collection system which a trenchless rehabilitation would not address.

A “Conventional/Open Trench” replacement alternative was chosen to address infiltration and inflow and other deficiencies in the collection system. The conventional method will be concurrent with the water main and storm sewer improvements.

Implementation Schedule: The city of Garretson plans to bid this project in August 2017 with construction completed in November 2018.

Service Population: 1,168

Current Domestic Rate: \$23.50 per user per month based on 5,000 gallons usage

Interest Rate: 2.5%

Term: 30 years

Security: Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Garretson would have to establish a surcharge of approximately \$10.50. When added to current rate of \$23.50/5,000 gallons residents would be paying \$34.00/5,000 gallons.
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10% Funding Subsidy:	\$116,000 subsidy with a loan of \$1,044,300.
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Coverage at 10% Subsidy:	Based on a 10% subsidy and a loan of \$1,044,300 Garretson would have to establish a surcharge of approximately \$9.40 thereby paying a rate \$32.90/5,000 gallons.
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15% Funding Subsidy:	\$174,000 subsidy with a loan of \$986,300.
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Coverage at 15% Subsidy:	Based on a 15% subsidy and a loan of \$986,300 Garretson would have to establish a surcharge of approximately \$8.87 thereby paying a rate \$32.37/5,000 gallons.
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20% Funding Subsidy:	\$232,000 subsidy with a loan of \$928,300.
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Coverage at 20% Subsidy:	Based on a 20% subsidy and a loan of \$928,300 Garretson would have to establish a surcharge of approximately \$8.35 thereby paying a rate \$31.85/5,000 gallons.
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ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: LUKUS LEIDHOLT

Sanitary/Storm Sewer Facilities Funding Application

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

Applicant: City of Lennox	Proposed Funding Package
Address: PO Box 228 Lennox, South Dakota 57039	Requested Funding <u>\$3,766,000</u>
	Local Cash <u> </u>
Subapplicant: N/A	Other: <u> </u>
DUNS Number: 159431808	Other: <u> </u>
	Other: <u> </u>
	TOTAL <u>\$3,766,000</u>

Project Title: Central Basin Improvements Phases 2 & 3

Description:

Phase 1 of the City of Lennox's Central Basin Improvements project was completed in 2016. Phases 2 and 3 are the next areas intended for improvement. The purpose of Phases 2 and 3 is to replace infrastructure that has aged and deteriorated. This area of the City was identified through smoke testing as a major contributor to Inflow and Infiltration into the sanitary sewer system. The sanitary sewer lines are to be replaced with 4,890 feet of PVC pipe and ten concrete manholes. The City's comprehensive drainage study identified areas of poor drainage within the project limits. 4,245 feet of new storm sewer system will be constructed. 2,400 feet of water mains will be replaced and extended to improve network loops and service to customers. Streets within the project limits will be upgraded to urban sections with curb and gutter and asphalt surfacing. Pending available funding, construction of Phase 2 is tentatively planned for 2018, and Phase 3 is tentatively planned for 2019.

The current sewer rate for the City of Lennox is \$46.79 / 5,000 gallons, and no reserve fund has been established for this project.

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.

Orville Wiebers, Mayor City of Lennox
Name & Title of Authorized Signatory
(Typed)

 3-30-17
Signature Date

FUNDING REQUEST EVALUATION FORM
SANITARY/STORM FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF LENNOX

Project Title:	Central Basin Improvements Phases 2&3
Funding Requested:	\$3,766,000
Other Proposed Funding:	None
Total Project Cost:	\$3,766,000
Project Description:	Replace approximately 4,900 feet of aging sanitary sewer and construct nearly 4,200 feet of storm sewer in the central part of the city of Lennox.
Alternatives Evaluated:	No Action – Was not chosen due to the condition of the aging infrastructure within the city. Sewer Replacement – Is the chosen alternative because it is the next phase of a multi-phase project to replace old sewer lines and construct a storm water collection system in the city.
Implementation Schedule:	The city of Lennox anticipates bidding the project in December 2017 with a project completion date of October 2018.
Service Population:	2,111
Current Domestic Rate:	\$46.79 per 5,000 gallons usage
Interest Rate:	2.5%
Term:	30 years
Security:	Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Lennox would have to establish a surcharge of approximately \$15.80. When added to current rate of \$46.79/5,000 gallons residents would be paying \$62.59/5,000 gallons.
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20% Funding Subsidy:	\$753,200 subsidy with a loan of \$3,012,800.
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Coverage at 20% Subsidy:	Based on a 20% subsidy and a loan of \$3,012,800 Lennox would have to establish a surcharge of approximately \$12.65 thereby paying a rate \$59.44/5,000 gallons.
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40% Funding Subsidy:	\$1,506,400 subsidy with a loan of \$2,259,600.
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Coverage at 40% Subsidy:	Based on a 40% subsidy and a loan of \$2,259,600 Lennox would have to establish a surcharge of approximately \$9.50 thereby paying a rate \$56.29/5,000 gallons.
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60% Funding Subsidy:	\$2,259,600 subsidy with a loan of \$1,506,400.
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Coverage at 60% Subsidy:	Based on a 60% subsidy and a loan of \$1,506,400 Lennox would have to establish a surcharge of approximately \$6.35 thereby paying a rate \$53.14/5,000 gallons.
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ENGINEERING REVIEW COMPLETED BY: ERIC MEINTSMA

FINANCIAL REVIEW COMPLETED BY: DAVID RUHNKE

Sanitary/Storm Sewer Facilities Funding Application

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

Applicant: City of Parker Address: PO Box 265 Parker, South Dakota 57053 Subapplicant: N/A DUNS Number: 038273293	Proposed Funding Package Requested Funding <u>\$731,000</u> Local Cash _____ Other: _____ Other: _____ Other: _____ TOTAL <u>\$731,000</u>
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Project Title: Parker Utility Improvements Phase 5

Description:

The City of Parker is continuing Phase 5 of the utility improvements along Sanborn Avenue. The City will replace the aging water main and sanitary sewer in Sanborn Street from the Courthouse to the west edge of the City. This will include 8-inch waterline along Sanborn Street from the Courthouse to Elm Avenue, 6-inch waterline along Sanborn Street from Elm Avenue to Oak Avenue, 6-inch waterline along Sanborn Street from Grace Avenue to the west edge of the City limits, sanitary sewer improvements along Sanborn Street from the Courthouse to Grace Avenue, and sanitary sewer improvements along Oak Avenue from Sanborn Street to South Street. The City will also be completing minor piping and valve modifications in the vicinity of the new water tower.

The current sewer rate for the City of Parker is \$34.59 / 5,000 gallons, and no reserve fund has been established for this project.

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.

Ron Nelson, Mayor City of Parker
Name & Title of Authorized Signatory
(Typed)

Ron Nelson 3-28-17
Signature Date

FUNDING REQUEST EVALUATION FORM
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF PARKER

Project Title:	Utility Improvements Phase 5
Funding Requested:	\$731,000
Other Proposed Funding:	None
Total Project Cost:	\$731,000
Project Description:	The city of Parker is proceeding into phase 5 of the utility improvements project. This project includes replacement of approximately 3,100 linear feet of aging clay sanitary sewer pipe lines that experience excessive infiltration and have grade issues that cause operation and maintenance issues for the city. These improvements will be concurrent with the phase 5 water main improvements on Sanborn Street from the courthouse to halfway between Oak Avenue and Grace Avenue and on Oak Avenue from Sanborn Street to South Street.
Alternatives Evaluated:	<p>The "No Action" alternative was not considered acceptable because it would not address the infiltration and grade problems that current system is experiencing.</p> <p>The plans evaluated open trench and trenchless rehabilitation technologies. Open trench was chosen since the sanitary sewer main and manholes being replaced have grade problems that cannot be fixed with trenchless methods, and the sewer improvements will be concurrent with the water main improvements.</p>
Implementation Schedule:	City of Parker anticipates bidding the project in February 2018, with a project completion date of September 2018.
Service Population:	485
Current Domestic Rate:	\$34.34 per 5000 gallons usage
Interest Rate:	2.5%
Term:	30 years
Security:	Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Parker would have to establish a surcharge of approximately \$6.60. When added to current rate of \$34.34/5,000 gallons residents would be paying \$40.94/5,000 gallons.
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10% Funding Subsidy:	\$73,100 subsidy with a loan of \$657,900.
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Coverage at 10% Subsidy:	Based on a 10% subsidy and a loan of \$657,900 Parker would have to establish a surcharge of approximately \$5.90 thereby paying a rate \$40.24/5,000 gallons.
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15% Funding Subsidy:	\$109,650 subsidy with a loan of \$621,350.
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Coverage at 15% Subsidy:	Based on a 15% subsidy and a loan of \$621,350 Parker would have to establish a surcharge of approximately \$5.58 thereby paying a rate \$39.92/5,000 gallons.
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20% Funding Subsidy:	\$146,200 subsidy with a loan of \$584,800.
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Coverage at 20% Subsidy:	Based on a 20% subsidy and a loan of \$584,800 Parker would have to establish a surcharge of approximately \$5.25 thereby paying a rate \$39.59/5,000 gallons.
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ENGINEERING REVIEW COMPLETED BY: ABBEY LARSON

FINANCIAL REVIEW COMPLETED BY: LUKUS LEIDHOLT

RECEIVED

APR 03 2017

Division of Financial
& Technical Assistance**Sanitary/Storm Sewer Facilities Funding Application**Clean Water State Revolving Fund Program (CWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

Applicant:	Proposed Funding Package
City of Platte	
Address:	Requested Funding \$2,300,000
310 Main Avenue	Local Cash \$22,200
Platte, South Dakota 57369	
Subapplicant:	Other: _____
N/A	Other: _____
DUNS Number:	Other: _____
842869385	TOTAL \$2,322,200

Project Title: Wastewater System Improvements

Description:

Currently, the City of Platte is under an Order of Non-Compliance issued by the SD-DENR. The project before you is the proposed solution to the compliance condition, a lagoon overloading and discharge state. In 2016 - 2017, the City with assistance from HRGreen Engineering began project scoping activities to include sewer televising, flow monitoring, smoke testing, and sump pump monitoring. These efforts enabled HRGreen to best address the lagoon issues by clearly documenting severe inflow/infiltration within the existing VCP as well as residential sump pump discharge into the sanitary sewer system.

Upon completion of the aforementioned "pre project" activities the City's consulting engineer presented a course of action. Proposed work activities include utilization of CIPP technology to rehabilitate approximately 17,500 lineal feet of VCP sewer main ranging in size from 8" to 15". Due to sections of pipe being compromised the City will need to replace approximately 489 lineal feet of 8" main. In addition to main improvements 26 manholes will be rehabilitated. The work of the consulting engineer coupled with the community's diligence has resulting in the most effective and economical solution. A detailed overview of the project is provided in the attached Facilities Plan

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 Christensen, Mayor
Name & Title of Authorized Signatory
(Typed)

Signature

Date

3-27-2017

FUNDING REQUEST EVALUATION FORM
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF PLATTE

Project Title:	Wastewater System Improvements
Funding Requested:	\$2,300,000
Other Proposed Funding:	\$22,200 - Local Cash
Total Project Cost:	\$2,322,200
Project Description:	The city of Platte is proposing to use cast in place pipe methods to rehabilitate approximately 17,500 feet of clay sewer main ranging from 8- to-15-inch, and replace approximately 500 feet of 8-inch main. In addition, 26 manholes will be rehabilitated.
Alternatives Evaluated:	<p>The "No Action" alternative was not considered acceptable because it would not address the deficiencies in the sewer system.</p> <p>Two options were considered, option 1 was to rehabilitate all the clay sewers in the entire system with cast in place pipe lining. Option 2 was to replace and rehabilitate sewer pipes based on a pipe and manhole condition assessment report previously completed. Option 1 was chosen based on the results of flow meter data and televising of the collection system.</p>
Implementation Schedule:	Platte anticipates bidding the project in fall 2017 with a project completion date of June 2018.
Service Population:	702
Current Domestic Rate:	\$37.00 per 5000 gallons usage
Interest Rate:	2.5%
Term:	30 years
Security:	Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Platte would have to establish a surcharge of approximately \$15.25. When added to current rate of \$37.00/5,000 gallons residents would be paying \$52.25/5,000 gallons.
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10% Funding Subsidy:	\$230,000 subsidy with a loan of \$2,070,000.
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Coverage at 10% Subsidy:	Based on a 10% subsidy and a loan of \$2,070,000 Platte would have to establish a surcharge of approximately \$13.69 thereby paying a rate \$50.69/5,000 gallons.
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20% Funding Subsidy:	\$460,000 subsidy with a loan of \$1,840,000.
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Coverage at 20% Subsidy:	Based on a 20% subsidy and a loan of \$1,840,000 Platte would have to establish a surcharge of approximately \$12.17 thereby paying a rate \$49.17/5,000 gallons.
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30% Funding Subsidy:	\$690,000 subsidy with a loan of \$1,610,000.
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Coverage at 30% Subsidy:	Based on a 30% subsidy and a loan of \$1,610,000 Platte would have to establish a surcharge of approximately \$10.70 thereby paying a rate \$47.05/5,000 gallons.
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ENGINEERING REVIEW COMPLETED BY: ABBEY LARSON

FINANCIAL REVIEW COMPLETED BY: LUKUS LEIDHOLT

RECEIVED

JUN 14 2017

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Division of Financial
& Technical Assistance

Sanitary/Storm Sewer Facilities Funding Application

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

Applicant: City of Hartford	Proposed Funding Package
Address: 125 North Main Avenue Hartford, South Dakota 57033	Requested Funding <u>\$1,482,000</u>
	Local Cash <u>\$5,017,287</u>
Subapplicant:	Other: _____
	Other: _____
DUNS Number: 079920780	Other: _____
	TOTAL <u>\$6,499,287</u>

Project Title: Mickelson Road Utility Improvements

Description:

Hartford has experienced significant growth, particularly in the Mickelson Road area. This growth has put a strain on the existing clean water and storm sewer infrastructure. The Mickelson Road Utility Improvements Project includes major infrastructure improvements that include sanitary sewer and storm sewer upgrades.

The Mickelson Road Utility Improvements project addresses inadequacies in the wastewater system that are hampering the effectiveness of the system in the southeast portion of the city along Mickelson Road. The project focuses on adding a new sewage lift station, force main and collection line along Mickelson Road from 464th Avenue to Highway 38. Lastly, storm drainage issues between Mickelson Road and Railroad Street will be addressed. Local cash will cover ineligible costs.

Hartford monthly residential sewer rates are \$41.90 per 5,000 gallons of water 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.

Jeremy Menning, Mayor
Name & Title of Authorized Signatory
(Typed)

 6-7-17
Signature Date

FUNDING REQUEST EVALUATION FORM
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF HARTFORD

Project Title:	Mickelson Road Utility Improvements
Funding Requested:	\$1,482,000
Other Proposed Funding:	\$4,948,637 - Local Cash
Total Project Cost:	\$6,430,637
Project Description:	<p>The city of Hartford is experiencing significant growth in the Mickelson Road area. As a result, this growth has put a strain on existing sanitary and storm sewer infrastructure.</p> <p>The city proposes to install sanitary sewer pipe on Mickelson Road between Patrick Avenue and 464th Avenue. The city will also install a new lift station, force main, and storm sewers to accommodate the increasing growth in the area.</p>
Alternatives Evaluated:	<p>Hartford evaluated the “no action” alternative but this alternative did not address the deficiencies identified by the city.</p> <p>The project described above was selected by the city.</p>
Implementation Schedule:	Hartford anticipates bidding the project in January 2018 with a project completion date of November 2018.
Service Population:	3,025
Current Domestic Rate:	\$41.50 per 5,000 gallons usage
Interest Rate: 2.5 %	Term: 30 years Security: System Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If funding is provided as all loan, Hartford would have 249% coverage based on the current rate of \$41.50/5000 gallons.
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10% Funding Subsidy:	\$148,000 subsidy with a loan of \$1,334,000.
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Coverage at 10% Subsidy:	Based on a 10% subsidy and a loan of \$1,334,000 Hartford would have 276% coverage based on the current rate of \$41.50/5000 gallons.
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15% Funding Subsidy:	\$222,000 subsidy with a loan of \$1,260,000.
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Coverage at 15% Subsidy:	Based on a 15% subsidy and a loan of \$1,260,000 Hartford would have 292% coverage based on the current rate of \$41.50/5000 gallons.
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20% Funding Subsidy:	\$296,000 subsidy with a loan of \$1,186,000.
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Coverage at 20% Subsidy:	Based on a 20% subsidy and a loan of \$1,186,000 Hartford would have 311% coverage based on the current rate of \$41.50/5000 gallons.
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ENGINEERING REVIEW COMPLETED BY: JIM ANDERSON

FINANCIAL REVIEW COMPLETED BY: LUKUS LEIDHOLT

Sanitary/Storm Sewer Facilities Funding Application

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

Applicant: Town of Veblen	Proposed Funding Package
Address: PO Box 96 Veblen, SD 57270-0096	Requested Funding <u>\$1,387,000.</u>
	Local Cash _____
Subapplicant:	Other: _____ CDBG <u>\$750,000.</u>
	Other: _____
DUNS Number: 039046193	Other: _____
	TOTAL <u>\$2,137,000.</u>

Project Title: Veblen Wastewater Improvements Project

Description:

The Town of Veblen is proposing to televise the city's sewer lines to determine how much of the sytem should be replaced and hos much can be lined. The cost estimate reflects approximately 50% will be replaced and 50% will be lined. Improvements will reduce infiltration and inflow into the sytem. Currently there are several sizes of VCP throughout town. Veblen also plans to add rip-rap around the lagoon and replacing a manhole cover at the lift station.

The Town's current wastewater rates are \$30.00. This rate took effect January 2017.

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.

Charles Baus, Mayor
Name & Title of Authorized Signatory
(Typed)

 2/16/2017
Signature Date

FUNDING REQUEST EVALUATION FORM
SANITARY/STORM FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF VEBLEN

Project Title: Wastewater Improvements Project

Funding Requested: \$2,137,000

Other Proposed Funding: None

Total Project Cost: \$2,137,000

Project Description: The city of Veblen plans to clean and televise its entire sewer system to identify pipe condition and potential causes of infiltration and inflow. Based on the results of the cleaning and televising, the city will replace 20,000 feet of 6- to 12-inch PVC sanitary sewer and services through a combination of open-cut pipe replacement and cast in place pipe relining. A gravel access road will be built to the three existing treatment ponds as part of the project. Additionally, the treatment ponds will be rip-rapped and a new lid will be installed for the lift station that conveys water to the treatment ponds.

Alternatives Evaluated: Alternative 1: No Action. This alternative was not selected because no action will not resolve current issues that the city of Veblen experiences with infiltration and inflow and bank erosion of the treatment pond system.

Collection Alternative 1: Traditional Open-Cut Pipe Replacement. This alternative involves installation of approximately 20,000 feet of 6- to 12-inch PVC sanitary sewer and 7,000 feet of sanitary sewer service using traditional trenching excavation methods. This alternative was not selected because televising of the system may reveal areas in the sewer system that are structurally suitable for cast in place pipe relining which is a more economical choice than full-scale traditional replacement.

Collection Alternative 2: Cast-in-Place Pipe Relining. This alternative involves lining approximately 20,000 feet of 6- to 12-inch PVC sanitary sewer and post-installation televising. This alternative was not selected because televising may reveal areas that are not suitable for lining and this method of replacement would not replace sewer services which can be a significant source of infiltration and inflow.

Collection Alternative 3: Combination cast in place pipe relining and Open-Cut replacement. This alternative involves replacement of approximately 20,000 feet of 6- to 12-inch PVC sanitary sewer and 3,500 feet of sanitary sewer service through a combination of traditional trenching and relining methods. This alternative was selected because it is more cost-effective than full traditional open-cut replacement.

Treatment Alternative 1: Stabilization Pond Improvements. This alternative involves installing rip-rap on the pond banks, constructing a gravel access road around the existing ponds, and installing a new lid on the lift station wetwell. This alternative was selected because it addresses structural deficiencies present at the stabilization ponds and lift station.

Implementation Schedule:

The city of Veblen anticipates bidding the project in September 2017 with a project completion date of July 2018.

Service Population:

531

Current Domestic Rate:

\$30.00 flat rate

Interest Rate: 2.50%

Term: 30 years

Security: Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Veblen would have to establish a surcharge of approximately \$54.40. When added to current rate of \$30/5,000 gallons residents would be paying \$84.40/5,000 gallons. However, Veblen's projected O&M expenses only require a rate of approximately \$3/month/customer.

25% Funding Subsidy: \$534,250 subsidy with a loan of \$1,602,750.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$1,602,750 Veblen would have to establish a surcharge of approximately \$40.80 thereby paying a rate \$70.80/5,000 gallons. However, Veblen can reduce its rate structure to offset the surcharge.

50% Funding Subsidy: \$1,068,500 subsidy with a loan of \$1,068,500.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$1,068,500 Veblen would have to establish a surcharge of approximately \$27.20 thereby paying a rate \$57.20/5,000 gallons. However, Veblen could adjust its rates to offset most of the surcharge.

75% Funding Subsidy: \$1,602,750 subsidy with a loan of \$534,250.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$534,250 Veblen would have to establish a surcharge of approximately \$13.60 thereby paying a rate \$43.60/5,000 gallons. However, Veblen could adjust its rates to offset the surcharge and not have to raise rates.

ENGINEERING REVIEW COMPLETED BY: ALLEN PRINCE

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

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. Edgemont (270)
- b. Langford (108)
- c. Garretson (10)
- d. Lennox (10)
- e. Parker (10)

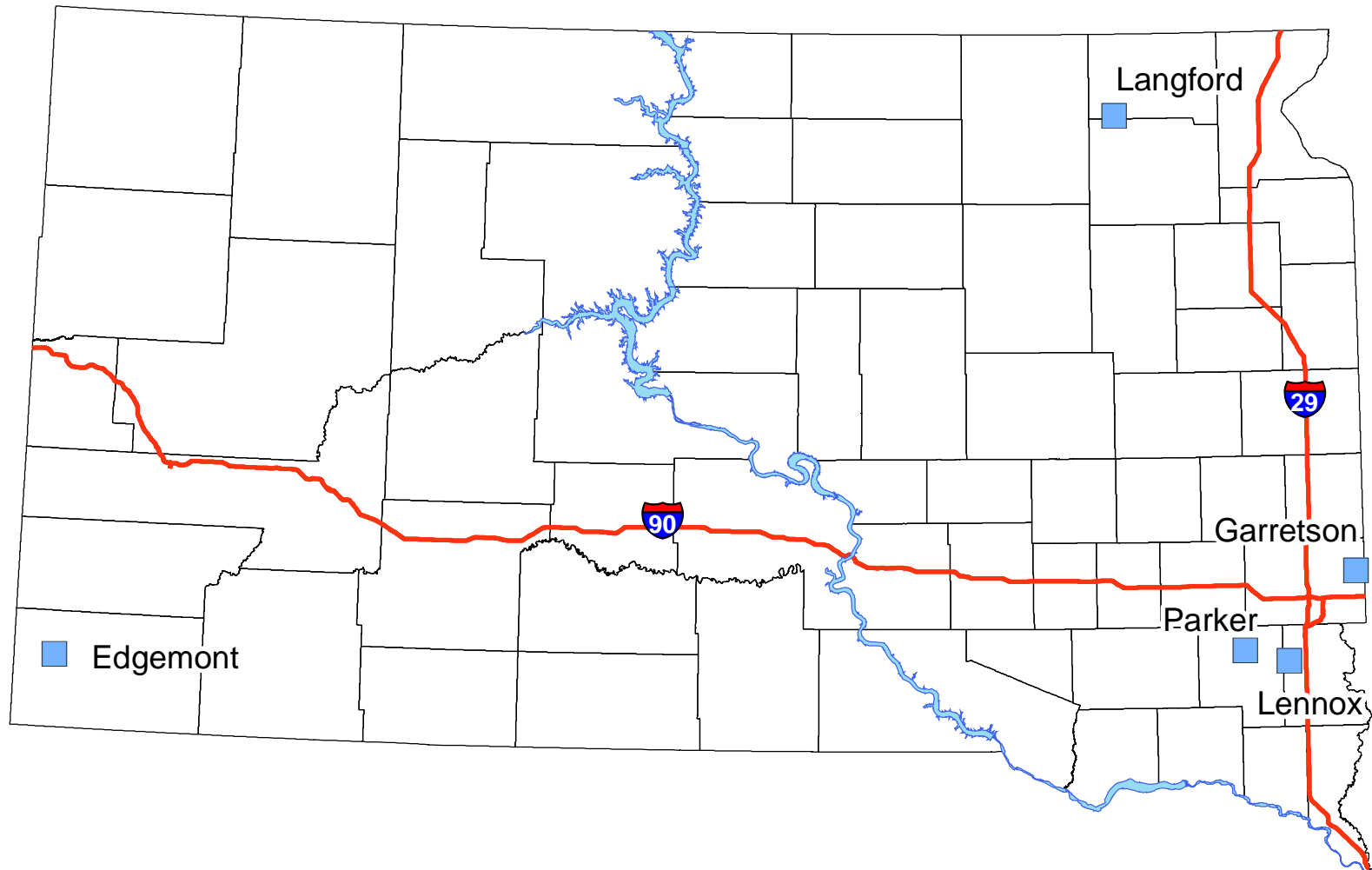
COMPLETE APPLICATIONS: Application cover sheets and summary sheets with financial analysis have been provided as part of the board packet. Complete applications are available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRappsdf0617.pdf>

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

Drinking Water Facilities Funding Applications

June 2017



Drinking Water Facilities Funding Application

Drinking Water State Revolving Fund Program (DWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

Applicant: City of Edgemont Address: PO Box A Edgemont, SD 57735-0809 Subapplicant: DUNS Number: 830590837	<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: left; padding: 5px;">Proposed Funding Package</th> </tr> <tr> <td style="text-align: right; padding: 5px;">Requested Funding</td> <td style="text-align: right; padding: 5px;">\$447,000</td> </tr> <tr> <td style="text-align: right; padding: 5px;">Local Cash</td> <td style="text-align: right; padding: 5px;"></td> </tr> <tr> <td style="text-align: right; padding: 5px;">Other: DWSRF (award)</td> <td style="text-align: right; padding: 5px;">\$1,890,000</td> </tr> <tr> <td style="text-align: right; padding: 5px;">Other: CWFCP Gr.(award)</td> <td style="text-align: right; padding: 5px;">\$2,000,000</td> </tr> <tr> <td style="text-align: right; padding: 5px;">Other:</td> <td style="text-align: right; padding: 5px;"></td> </tr> <tr> <td style="text-align: right; padding: 5px;">TOTAL</td> <td style="text-align: right; padding: 5px;">\$4,337,000</td> </tr> </table>	Proposed Funding Package		Requested Funding	\$447,000	Local Cash		Other: DWSRF (award)	\$1,890,000	Other: CWFCP Gr.(award)	\$2,000,000	Other:		TOTAL	\$4,337,000
Proposed Funding Package															
Requested Funding	\$447,000														
Local Cash															
Other: DWSRF (award)	\$1,890,000														
Other: CWFCP Gr.(award)	\$2,000,000														
Other:															
TOTAL	\$4,337,000														

Project Title: New Water Well #6 and Well #2 Abandonment

Description:

The City of Edgemont is requesting \$447,000 for development of a new water well and abandonment of an existing well. In 2015 the City was awarded a \$3,890,000 funding package from DENR for an extensive water system improvements project. That project began in 2016 and part of the project was the proposed rehabilitation of two wells. It was determined, however, after rehabilitation of the first well, that the wells were in such poor condition that rehabilitation of the second well (Well #2) was not recommended. Instead, the City has decided to drill a new well (proposed Well #6) and then abandon Well #2. This new funding request is needed because there is not enough funding remaining in the budget from the original award to cover the new well project. There is projected to be a small amount from the existing funding package available for the new well project but the additional request of \$447,000 is needed to cover the entire cost.

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.

Carl Shaw, Mayor

Name & Title of Authorized Signatory
(Typed)

Signature

Date

Carl A Shaw May 1 - 2017

FUNDING REQUEST EVALUATION FORM
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF EDMONT

Project Title:	New Water Well #6 and Well #2 Abandonment Project
Funding Requested:	\$447,000
Other Proposed Funding:	\$1,890,000 – Existing DWSRF loan \$2,000,000 – Existing Consolidated grant
Total Project Cost:	\$4,337,000
Project Description:	The city of Edgemont is requesting funding to develop a new water well and abandon an existing well. Edgemont originally received funding to rehabilitate the existing well, but rehabilitation was found to be an unfeasible option and there was not enough money in the previously awarded funding package to develop another water source. Edgemont will drill a new well (Well #6) near the current location of the existing well (Well #2) that is to be abandoned.
Alternatives Evaluated:	<p>The “Rehabilitate Existing Wells” alternative was originally proposed, and the rehabilitation of one well was completed successfully, albeit with considerable setbacks. It was determined that rehabilitation of Well #2 would likely be unsuccessful and this alternative was deemed not feasible for Well #2.</p> <p>The “Connect to Southern Black Hills Rural Water System” alternative was evaluated and was not chosen due to the high capital costs that would be associated with purchasing water as well as the infrastructure improvements that would be required for connection to the rural water system.</p>
Implementation Schedule:	The city of Edgemont plans to bid this project in July 2017 with construction completed in October 2017.
Service Population:	774
Current Domestic Rate:	\$59.30 per 5,000 gallons usage
Interest Rate: 0%	Term: 30 years Security: Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Edgemont would have to establish a surcharge of approximately \$3.45. When added to current rate of \$59.30/5,000 gallons residents would be paying \$62.75/5,000 gallons.
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20% Funding Subsidy:	\$89,400 subsidy with a loan of \$357,600.
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Coverage at 20% Subsidy:	Based on a 20% subsidy and a loan of \$357,600 Edgemont would have to establish a surcharge of approximately \$2.75 thereby paying a rate \$62.05/5,000 gallons.
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40% Funding Subsidy:	\$178,800 subsidy with a loan of \$268,200.
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Coverage at 40% Subsidy:	Based on a 40% subsidy and a loan of \$268,200 Edgemont would have to establish a surcharge of approximately \$2.05 thereby paying a rate \$61.35 /5,000 gallons.
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60% Funding Subsidy:	\$268,200 subsidy with a loan of \$178,800.
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Coverage at 60% Subsidy:	Based on a 60% subsidy and a loan of \$178,800 Edgemont would have to establish a surcharge of approximately \$1.40 thereby paying a rate \$60.70/5,000 gallons.
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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: Town of Langford Address: PO Box 191 Langford, SD 57454 605-493-6610 Subapplicant: DUNS Number: 146873794	Proposed Funding Package <div style="text-align: right;"> Requested Funding <u>\$1,921,000</u> </div> <div style="text-align: right;"> Local Cash _____ </div> <div style="text-align: right;"> Other: _____ </div> <div style="text-align: right;"> Other: _____ </div> <div style="text-align: right;"> Other: _____ </div> <div style="text-align: right;"> TOTAL <u>\$1,921,000</u> </div>
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Project Title: Langford Drinking Water Improvements

Description:

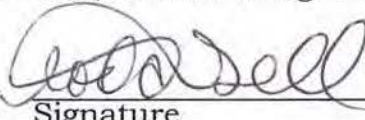
The Town of Langford is proposing to make improvements to the drinking water system which include but are not limited to line replacement, water tower improvements, and water meter replacement to help correct the town's water loss.

The City's current rate for residential users is \$48.00 per 5,000 and \$52.50 per 5,000 gallons for commercial users.

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.

Todd Sell, President
 Name & Title of Authorized Signatory
 (Typed)


 Signature

December 12, 2016
 Date

FUNDING REQUEST EVALUATION FORM
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: TOWN OF LANGFORD

Project Title: Drinking Water Improvements

Funding Requested: \$1,921,000

Other Proposed Funding: None

Total Project Cost: \$1,921,000

Project Description: The town of Langford plans to construct a new 75,000-gallon elevated storage tank and a pump house building to house a 4,000-gallon ground storage tank, along with pumps and controls to supply the elevated tank. The project also involves replacing approximately 4,200 feet of 4-inch asbestos cement water main with 6-inch PVC main. All of the town's water meters will also be replaced. Langford does not have adequate equalization and emergency storage available with their current 30,000-gallon elevated tank. Frequent line breaks in the existing pipe that is past its design life contribute to water loss in the system.

Alternatives Evaluated: Alternative 1 - No Action: This alternative was not selected because taking no action will not address the storage and water loss problems the city is experiencing.

Storage Alternative 1 - New Ground Storage Tank: This alternative involves a new 75,000-ground storage tank, pump house and booster pumps to maintain pressure in the system. This alternative was not selected because despite providing adequate storage and pressures, the O&M on these pumps exceeds that of pumps used in Storage Alternative 2.

Storage Alternative 2 - New Elevated Storage Tank: This alternative involves a 75,000-gallon elevated storage tank, pump house and pumps to fill the elevated reservoir. This alternative was selected because it provides storage and maintains system pressures with pumps that have lower O&M costs than Alternative 1.

Storage Alternative 3 - Multi-leg Elevated Storage Tank: This alternative involves a 75,000-gallon elevated storage tank, pump house and pumps to fill the elevated reservoir. This alternative was not selected due to providing the same benefits as Storage Alternative 2 at a higher lifetime cost.

Distribution Alternative 1 - Open-cut replacement of 4-inch asbestos cement with 6-inch PVC: This alternative involves replacing all asbestos cement pipe in Langford with 6-inch PVC, installing services, hydrants and replacing all the water meters in the town. This alternative was not selected because despite correcting the water loss caused by the asbestos cement pipe, it is more costly than Distribution Alternative 3.

Distribution Alternative 2 - Perimeter Replacement of 4-inch asbestos cement, 4-inch PVC with 6-inch PVC: This alternative involves replacing pipe such that a 6-inch PVC perimeter is formed around the town of Langford. All the town's water meters would also be replaced. While this would replace most of the ageing asbestos cement line and provide increased flows, the cost is nearly double other alternatives; and asbestos cement watermain would still exist in the system. This alternative was not selected.

Distribution Alternative 3 - Underground Boring Replacement of 4-inch asbestos cement with 6-inch PVC: This alternative involves replacing all asbestos cement pipe in Langford with 6-inch PVC, installing services, hydrants and replacing all the water meters in the town. Services and cross streets will be horizontally bored where appropriate. This alternative was selected because it corrects the water loss from the asbestos cement pipe while minimizing street replacement costs

Distribution Alternative 4 - Meter Replacement: This alternative involves replacement of all water meters in the town of Langford. This alternative was not selected because it is already included in Distribution Alternatives 1-3.

Distribution Alternative 5 - Open-Cut replacement of 4-inch PVC with 6-inch PVC: This alternative involves replacing all 4-inch PVC pipe in Langford with 6-inch PVC and installing services and hydrants. This alternative was not selected because increased flows from the 4-inch PVC lines were not a concern and this alternative would not address the leakage from the asbestos cement lines.

Implementation Schedule:

Town of Langford anticipates bidding the project in June 2017 with a project completion date of December 2017.

Service Population:

313

Current Domestic Rate:

\$48.00 per 5,000 gallons usage

Interest Rate: 0%

Term: 30 years

Security: Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan the town of Langford would have to establish a surcharge of approximately \$29.80. When added to current rate of \$48.00/5,000 gallons residents would be paying \$77.80/5,000 gallons.
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25% Funding Subsidy:	\$480,250 subsidy with a loan of \$1,440,750.
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Coverage at 25% Subsidy:	Based on a 25% subsidy and a loan of \$1,440,750, town of Langford would have to establish a surcharge of approximately \$22.35 thereby paying a rate \$70.35/5,000 gallons.
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50% Funding Subsidy:	\$960,500 subsidy with a loan of \$960,500.
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Coverage at 50% Subsidy:	Based on a 50% subsidy and a loan of \$960,500, town of Langford would have to establish a surcharge of approximately \$14.90 thereby paying a rate \$62.90/5,000 gallons.
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75% Funding Subsidy:	\$1,440,750 subsidy with a loan of \$480,250.
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Coverage at 75% Subsidy:	Based on a 75% subsidy and a loan of \$480,250, town of Langford would have to establish a surcharge of approximately \$7.45 thereby paying a rate \$55.45/5,000 gallons.
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ENGINEERING REVIEW COMPLETED BY: ALLEN PRINCE

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

Drinking Water Facilities Funding Application

Drinking Water State Revolving Fund Program (DWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

Applicant: City of Garretson Address: 705 N. Main Ave PO Box 370 Garretson, SD 57030 Subapplicant: DUNS Number: 080536605	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;">\$1,279,114</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="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;">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: 1px solid black;">\$1,279,114</td> </tr> </table>	Requested Funding	\$1,279,114	Local Cash	0	Other:		Other:		Other:		TOTAL	\$1,279,114
Requested Funding	\$1,279,114												
Local Cash	0												
Other:													
Other:													
Other:													
TOTAL	\$1,279,114												

Project Title: Garretson 3rd St, Main Ave, & Truck Route Water, Sewer, Street Project

Description:

The Garretson 3rd St., Main Ave., and Truck Route Water, Sewer, and Street Project has become a priority to supply the residents and businesses in these areas with clean drinking water and eliminate sewer line failures. The areas of the water and sewer systems involved in this project are original. Many residents and businesses have been experiencing rusty water. Despite the increased hydrant flushing and installation of in-house water filters, the amount of rust in the system increases. Another issue that has surfaced is the low water pressure, which may be seen when hydrants are being flushed and is evident during normal usage in homes and businesses. Our priority is to keep our community healthy and safe. The streets will have to be torn up to install the new water mains. At the same time, it will be prudent for the City of Garretson to replace the clay sewer pipes which are deteriorating. There have been sewer incidents from the clay pipes giving way to the tree roots underground. The City of Garretson has been proactive with our current water and sewer rates which are currently \$40.00 per month for water and \$23.50 per month for sewer based on 5000 gallon usage. However, the City of Garretson is in need of financial assistance to complete this project.

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.

Anna N. Uhl
 Name & Title of Authorized Signatory
 (Typed)

Signature

03/30/2017

Date

FUNDING REQUEST EVALUATION FORM
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF GARRETSON

Project Title:	3 rd Street, Main Avenue, and Truck Route Watermain Replacement
Funding Requested:	\$1,279,114
Other Proposed Funding:	None
Total Project Cost:	\$1,279,114
Project Description:	<p>The city of Garretson is proposing to replace water main on 3rd Street, Main Avenue, and the Truck Route. There have been reports of deficiencies in the water system including low water pressure, and rusty water affecting in-house filters. Approximately 6,020 feet of 4-inch asbestos cement pipe will be replaced with 6-inch PVC pipe. The project will be done in conjunction with sanitary sewer and street replacement projects.</p>
Alternatives Evaluated:	<p>The “No Action” alternative was not considered acceptable because it would not address the frequent main breaks, rust-tainted water, and damage to in-home filters caused by the existing water system.</p> <p>A “Conventional/Open Trench” replacement alternative was chosen to replace the aging water system. Replacement of the ACP with 6-inch PVC will prevent main breaks, rust-tainted water, and plugging of in-home filters as well as increase water pressure in the system. The conventional method will be concurrent with the sanitary sewer and storm sewer improvements.</p>
Implementation Schedule:	The city of Garretson plans to bid this project in August 2017 with construction completed in November 2018.
Service Population:	1,168
Current Domestic Rate:	\$40.00 per 5,000 gallons usage
Interest Rate:	2.5%
Term:	30 years
Security:	Project Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Garretson would have to establish a surcharge of approximately \$10.86. When added to current rate of \$40.00/5,000 gallons residents would be paying \$50.86/5,000 gallons.
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25% Funding Subsidy:	\$320,000 subsidy with a loan of \$959,114.
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Coverage at 25% Subsidy:	Based on a 25% subsidy and a loan of \$943,500 Garretson would have to establish a surcharge of approximately \$8.01 thereby paying a rate \$48.01/5,000 gallons.
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50% Funding Subsidy:	\$640,000 subsidy with a loan of \$639,114.
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Coverage at 50% Subsidy:	Based on a 50% subsidy and a loan of \$639,114 Garretson would have to establish a surcharge of approximately \$5.45 thereby paying a rate \$45.45 /5,000 gallons.
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75% Funding Subsidy:	\$959,000 subsidy with a loan of \$320,114.
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Coverage at 75% Subsidy:	Based on a 75% subsidy and a loan of \$320,114 Garretson would have to establish a surcharge of approximately \$2.71 thereby paying a rate \$42.71 /5,000 gallons.
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ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: LUKUS LEIDHOLT

FUNDING REQUEST EVALUATION FORM
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF LENNOX

Project Title:	Central Basin Improvements Phases 2 and 3
Funding Requested:	\$912,000
Other Proposed Funding:	None
Total Project Cost:	\$912,000
Project Description:	Replace, extend and loop approximately 2,400 feet of water main in the central part of the city.
Alternatives Evaluated:	No Action – Was not chosen due to the condition of the aging infrastructure within the city. Water Main Construction – Is the chosen alternative because it is the next phase of a multi-phase project to replace old water lines and make other water improvements in the city.
Implementation Schedule:	City of Lennox anticipates bidding the project in December 2017 with a project completion date of October 2018.
Service Population:	2,111
Current Domestic Rate:	\$49.00 per 670 cubic feet usage
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 Lennox would have to establish a surcharge of approximately \$3.75. When added to current rate of \$49/670 cubic feet residents would be paying \$52.75/670 cf.
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10% Funding Subsidy:	\$91,200 subsidy with a loan of \$820,800.
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Coverage at 10% Subsidy:	Based on a 10% subsidy and a loan of \$820,800 Lennox would have to establish a surcharge of approximately \$3.35 thereby paying a rate \$52.35/670 cf.
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25% Funding Subsidy:	\$228,000 subsidy with a loan of \$684,000.
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Coverage at 25% Subsidy:	Based on a 25% subsidy and a loan of \$684,000 Lennox would have to establish a surcharge of approximately \$2.80 thereby paying a rate \$51.80/670 cf.
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50% Funding Subsidy:	\$456,000 subsidy with a loan of \$456,000.
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Coverage at 50% Subsidy:	Based on a 50% subsidy and a loan of \$456,000 Lennox would have to establish a surcharge of approximately \$1.90 thereby paying a rate \$50.90/670 cf.
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ENGINEERING REVIEW COMPLETED BY: ERIC MEINTSMA

FINANCIAL REVIEW COMPLETED BY: DAVID RUHNKE

FUNDING REQUEST EVALUATION FORM
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF PARKER

Project Title:	Parker Utility Improvements Phase 5
Funding Requested:	\$697,000
Other Proposed Funding:	None
Total Project Cost:	\$697,000
Project Description:	<p>The city of Parker is proceeding into phase 5 of the utility improvements project. This project includes replacement of approximately 3,630 linear feet of aging water main under Sanborn Street from the Courthouse to the western edge of the city. New 8-inch PVC water line will replace the 4-inch line along Sanborn Street from the courthouse to Elm avenue, 6-inch line will be installed from Elm Avenue to Oak Avenue, and the 2-inch line from Grace Avenue to the western edge of the city will be replaced with 4-inch PVC line. This project will also include minor piping and valve modifications in the vicinity of the new water tower.</p>
Alternatives Evaluated:	<p>The “No Action” alternative was not considered acceptable because the existing lines are mainly 2- and 4-inch lines that are undersized and have exceeded their useful life. If no action is taken the deficiencies in the drinking water system will not be addressed.</p> <p>This project addressed three possible methods of rehabilitating water lines, open trench, trenchless, and pipe bursting/directional drilling methods. It was decided that a combination of open trench and trenchless methods were most efficient for this project.</p>
Implementation Schedule:	City of Parker anticipates bidding the project in February 2018, with a project completion date of September 1, 2018.
Service Population:	504
Current Domestic Rate:	\$54.18 per 5,000 gallons usage
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 Parker would have to establish a surcharge of approximately \$5.82. When added to current rate of \$54.18/5,000 gallons residents would be paying \$60.00/5,000 gallons.
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10% Funding Subsidy:	\$70,000 subsidy with a loan of \$627,000.
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Coverage at 10% Subsidy:	Based on a 10% subsidy and a loan of \$627,000. Parker would have to establish a surcharge of approximately \$5.25 thereby paying a rate \$59.28/5,000 gallons.
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15% Funding Subsidy:	\$ 105,000 subsidy with a loan of \$592,000.
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Coverage at 15% Subsidy:	Based on a 15% subsidy and a loan of \$592,000 Parker would have to establish a surcharge of approximately \$4.95 thereby paying a rate \$59.13 /5,000 gallons.
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20% Funding Subsidy:	\$ 140,000 subsidy with a loan of \$557,000.
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Coverage at 20% Subsidy:	Based on a 20% subsidy and a loan of \$557,000 Parker would have to establish a surcharge of approximately \$4.66 thereby paying a rate \$58.84 /5,000 gallons.
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ENGINEERING REVIEW COMPLETED BY: ABBEY LARSON

FINANCIAL REVIEW COMPLETED BY: LUKUS LEIDHOLT

June 22, 2017

Item 19

TITLE:	Eagle Butte Request to Amend Drinking Water State Revolving Fund Loan C462148-03
EXPLANATION:	<p>In March 2013 Eagle But was awarded a \$490,000 with 80 percent principal forgiveness to replace water lines on Willow Street. The project did not proceed due to legal issues regarding the ownership of Willow Street.</p> <p>At the request of the city, the Board of Water and Natural Resources reduced the amount of the loan from \$490,000 to \$250,000 with 80 percent principal forgiveness not to exceed \$200,000. The project description was changed to match the Drinking Water 02 and 04 loan descriptions to allow the loan to be used for another drinking water project. The loan has not yet been closed.</p> <p>The city submitted a letter in April 2017 requesting that the loan amount be increased from \$250,000 to \$520,000. The city has completed a significant portion of the project; however, due to legal issues the project did not proceed during the 2016 construction season. The total for the water system portion of the project has since increased from \$2,219,000 to approximately \$2,489,000. The new loan amount plus the remainder of the Drinking Water 04 loan should be adequate to cover the increased cost of construction.</p>
RECOMMENDED ACTION:	Rescind Resolution #2015-67 reducing the loan from \$490,000 to \$250,000, and approve a resolution to increase the loan amount from \$250,000 to \$520,000 at 0.00% for 30 years with 38.5% principal forgiveness not to exceed \$200,000, and retain the amended project description.
CONTACT:	Andy Bruels 773-4216



CITY OF EAGLE BUTTE

May 9, 2017

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 City of Eagle Butte thanks the Board of Water and Natural Resources for approving/amending three Drinking Water State Revolving Fund loans in the amount of \$2,219,000 to assist us in the replacement of water lines within the city. The total estimated cost for the water project is now at \$2,489,000. Therefore, the City of Eagle Butte requests to increase the amount of the DW-03 (C462148-03) loan from \$250,000 to \$520,000 in order to cover the shortfall in funding. The project description will stay the same previous stated in the last DW-03 amendment. The existing project description for DW-03 will be as follows:

The City of Eagle Butte proposes to receive additional funding to construct water distribution system improvements to improve reliability and operational efficiency to the existing water system. The project is being undertaken to improve aging systems through the construction of approximately 7,050 feet of new 6-inch PVC main to extend water service to a new area, approximately 2,080 feet of 8-inch PVC to replace aged asbestos-cement water main, and all necessary appurtenances related to the water main system. The remaining work includes the water main improvements north of Highway 212, connecting water lines to 7 existing residential and business water users, seeding, and various ancillary items.

With \$1,244,000 from DW-02, \$725,000 from DW-04, \$520,000 from DW-03, and with engineering costs from a consolidated grant, that should enable us to complete the \$2,489,000 project. Due to some legal issues, the project construction got put on hold for most of the 2016 construction season. The city is hopeful that the project can be completed in 2017 and the increase of the funds will enable us to complete the replacement aging water main and the necessary appurtenances approved in DW 02 and 04 loans.

This is a greatly needed project for our community and the city 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 me.

Sincerely,

Verzeila LaPlante, Mayor
City of Eagle Butte, South Dakota

cc: Jim Anderson, SDDENR

June 22, 2017

Item 20

TITLE: Revision to State Boards and Commissions Conflict of Interest Statutes – Harold Deering

EXPLANATION: The 2017 Legislature enacted HB 1170 which amended the 2016 conflict of interest laws (HB 1214) applicable to members of the Board of Water and Natural Resources. The amendments are effective July 1, 2017. Under the amended conflicts law, current and certain former members of the board cannot have an interest in certain contracts, without disclosure of the interest, and may not receive a direct benefit from certain contracts without a waiver from the board.

RECOMMENDED ACTION: Informational Only – No Action Needed

CONTACT: Harold Deering
605-360-7056