

Protecting South Dakota's Tomorrow ... Today

BOARD OF WATER AND NATURAL RESOURCES

November 5, 2015

1:00 p.m. CST

DIGITAL DAKOTA NETWORK

Via Digital Dakota Network (DDN)

Thursday, November 5, 2015

1:00 p.m. – 4:00 p.m. CST

A list of DDN sites is attached.

AGENDA

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

November 5, 2015

1:00 p.m. CST

1. Call meeting to order
2. Approve agenda
3. Approve minutes of the September 24, 2015 meeting
4. State Water Plan Applications—Andy Bruels
 - a. Belle Fourche
 - b. Brandon
 - c. Britton
 - d. Canton
 - e. Chancellor
 - f. Dell Rapids
 - g. Delmont
 - h. Hot Springs (Water)
 - i. Hot Springs (Wastewater)
 - j. Kingbrook Rural Water System
 - k. Lake Poinsett Sanitary District
 - l. Midland
 - m. Miller (Wastewater)
 - n. Miller (Water)
 - o. Piedmont (Water)
 - p. Piedmont (Wastewater)
 - q. Plankinton
 - r. Platte
 - s. Raymond
 - t. Tea (Water)
 - u. Tea (Wastewater)
 - v. Veblen (Wastewater)
 - w. Veblen (Water)
 - x. Viborg
 - y. Wakonda
 - z. Wessington Springs
 - aa. Westport
 - bb. Yale
5. Public Hearing to Adopt the FFY 2016 Clean Water State Revolving Fund Intended Use Plan—Andy Bruels
6. Public Hearing to Adopt the FFY 2016 Drinking Water State Revolving Fund Intended Use Plan—Andy Bruels
7. Approval of 2015 Annual Report and the 2016 State Water Plan—Andy Bruels

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.

8. Amendment to the Contract for Trustee, Loan Servicer, and Paying Agent/Registrar Services for the South Dakota Conservancy District's State Revolving Fund Programs — Mike Perkovich
9. Bond Counsel Contract for the South Dakota Conservancy District's State Revolving Fund Loan Programs — Mike Perkovich
10. Selection of Contractor for Drinking Water State Revolving Fund Program Small System Technical Assistance — Jon Peschong
11. Review of Conservancy District's Investment Policy and Investment Returns—Jon Peschong
12. Bristol Request to Amend Project Scope for Drinking Water SRF Loan C462244-02—Nick Nelson
13. State Water Resources Management System List Recommendations — Jim Feeney
14. Omnibus Bill Funding Recommendations—Jon Peschong, Jim Feeney, and Mike Perkovich
15. South Lincoln Rural Water System Request to Amend its Intercreditor Agreement among CoBank, USDA Rural Development, and the South Dakota Conservancy District — Dave Ruhnke
16. January 8, 2016 Meeting
17. Adjourn

Digital Dakota Network Sites

Board of Water and Natural Resources

Nov. 5, 2015

1:00 p.m.-4:00 p.m. Central Time

PIERRE

Capitol Building, HOST SITE
500 E. Capitol Ave.
Room B12, Studio A

ABERDEEN

Northern State University
1200 S. Jay
Beulah Williams Library, Room 117

BROOKINGS

Department of Transportation
2131 34th Avenue

MITCHELL

Mitchell Technical Institute
1800 E. Spruce St.
MTI Technology Center, Room 155

RAPID CITY

University Center
4300 Cheyenne Blvd.
Room 113

SIOUX FALLS

USD School of Medicine
1400 W. 22nd St.
Room SF126

WATERTOWN

South Dakota Department of Health
2001 9th Avenue SW
Suite 500

VERMILLION

University of South Dakota
414 East Clark
Old Main Building, Room OM 101

HURON

South Dakota Department of Transportation
901 Dakota Street

Minutes of the
Board of Water and Natural Resources Meeting

September 24, 2015
1:00 p.m. CDT

Via Digital Dakota Network

Capitol Building
Pierre, SD

Northern State University
Aberdeen

South Dakota State University
Brookings, SD

Mitchell Technical Institute
Mitchell, SD

South Dakota School of Mines and Technology
Rapid City, SD

USD School of Medicine
Sioux Falls, SD

SD Department of Human Services
Watertown, SD

CALL MEETING TO ORDER: Vice Chairman Gene Jones called the meeting to order. A quorum was present.

BOARD MEMBERS PRESENT: Gene Jones, Todd Bernhard, Paul Gnirk, and Jackie Lanning.

BOARD MEMBERS ABSENT: Brad Johnson, Paul Goldhammer, and Jerry Soholt.

OTHERS: See attached attendance sheets.

APPROVE AGENDA: Mike Perkovich noted that there were no changes to the posted agenda.

Motion by Gnirk, seconded by Lanning, to approve the agenda. A roll call vote was taken, and the motion carried unanimously.

AMEND MINUTES OF THE MARCH 27, 2015, MEETING: Mr. Perkovich reported that some of the resolution numbers on pages 35-37 of the March meeting minutes reflected “2014” rather than “2015.” He requested that the board amend the minutes changing “2014” to “2015.”

Motion by Gnirk, seconded by Bernhard, to revise the resolution numbers on pages 35-37 as identified, and to approve the amended minutes of the March 27, 2015, meeting. A roll call vote was taken, and the motion carried unanimously.

APPROVE MINUTES OF JUNE 25, 2015, MEETING: Motion by Gnirk, seconded by Jones, to approve the minutes of the June 25, 2015, Board of Water and Natural Resources meeting. A roll call vote was taken, and the motion carried unanimously.

PUBLIC HEARING TO ADOPT BROWNFIELDS REVITALIZATION AND ECONOMIC DEVELOPMENT PROGRAM WORK PLAN: Vice Chairman Jones opened the public hearing at 1:05 p.m.

The purpose of the hearing was to receive public input and adopt the FY 2016 Brownfields Revitalization and Economic Development Program work plan. The primary purpose of the work plan is to identify proposed annual Brownfields projects to be funded through the Brownfields Revolving Loan Subfund and Brownfields Assessment and Cleanup Subfund and amounts available to fund such projects.

Kim McIntosh, DENR Ground Water Quality Program, presented and discussed the proposed FY 2016 Brownfields Revitalization and Economic Development work plan. Each year the department receives funds from EPA for the development and enhancement of a state Brownfields program.

DENR currently has no funds available to capitalize the Revolving Loan Subfund.

DENR does have limited funding for the Assessment and Cleanup Subfund. These funds will be used by the department to hire contractors to perform assessment and cleanup work on eligible Brownfields sites. The work plan includes a list of Brownfields assessment and cleanup projects to be funded.

For FY 2016, the department will receive \$450,500 for the Brownfields Program.

Notice of the public hearing was published in the Aberdeen American News, Rapid City Journal, and Pierre Capital Journal. Copies of the work plan have been provided to those parties requesting a copy.

Ms. McIntosh stated that no public comments were submitted after publication of the notice.

Vice Chairman Jones requested public testimony regarding the proposed work plan.

No one from the public offered comments.

Ms. McIntosh requested adoption of the work plan.

Motion by Lanning, seconded by Gnirk, to adopt the FY 2016 Brownfields Revitalization and Economic Development Program work plan. A roll call vote was taken, and the motion carried unanimously.

DELMONT FORCE MAJEURE NOTIFICATION: On May 10, 2015, a tornado struck Delmont and caused extensive damage or destruction of 44 water service connections or nearly a third of the community's 153 water users.

In May, as required by section 9.1 (b) of the board's loan documents, Delmont provided written notice to the board of its inability to meet its debt service obligation due to this act of God.

At its June meeting, the board converted Delmont's state Consolidated Program loan balance of \$19,050 to a grant and concurred that Delmont's inability to make its July 15, 2015, Drinking Water SRF payment was deemed not to constitute a default by reason of force majeure.

Also at its June meeting, the board directed staff to explore options for debt forgiveness of Delmont's remaining loan. The balance of that loan is \$138,087.

Staff discussed the option of providing principal forgiveness for DW-01 with EPA Region 8. Due to older SRF capitalization grants being closed, and based on the award date, the use of principal forgiveness for disadvantaged communities was not allowed and newer grants not allowing the use of principal forgiveness for refinancing of an existing debt, it was determined that SRF principal forgiveness is not an option.

Staff recommended that the board inform Delmont that its inability to make its October 15, 2015, and January 15, 2016, payments is deemed not to constitute a default by reason of force majeure.

Staff will work with Delmont to determine a course of action to provide additional debt relief. It is anticipated that this cannot be addressed until additional Consolidated funding is available in March 2016.

Linda Laib, Finance Officer for Delmont, requested that the board approve a grant in the amount of \$13,220.27 to cover the payments on the Drinking Water SRF loan from October 15, 2015, through April 15, 2017. This would give the city time to see how much development and revenue will be regenerated. Ms. Laib stated that the city could then come back to the board with a better knowledge of the financial capability to meet the loan requirements.

Mr. Feeney stated that in accordance with the Consolidated rules, the board cannot consider a funding request at the board meeting; Delmont would need to submit a new application by the new application deadline. For example, if Delmont submitted an application by October 1, it would be considered by the board in January.

Mr. Feeney stated that the board is not requiring Delmont to make the payments during this force majeure period.

Motion by Bernhard, seconded by Gnirk, to inform Delmont that its inability to make the October 15, 2015 and January 15, 2016, loan payments is deemed not to constitute a default by reason of force majeure. A roll call vote was taken, and the motion carried unanimously.

AMENDMENTS TO STATE WATER FACILITIES PLAN, 2015 CLEAN WATER SRF INTENDED USE PLAN (IUP), AND 2015 DRINKING WATER SRF IUP: Andy Bruels reported that water projects which will require state funding or need state support for categorical grant or loan funding need to be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement onto State Water Facilities Plan and provides for amendments of projects onto the plan on a quarterly basis. The board packet contained a map showing the location of the projects requesting amendment onto the facilities 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 2016.

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

Mr. Bruels presented the two State Water Plan applications that were submitted by the August 1, 2015, deadline.

Brookings-Deuel Rural Water System requested amendment onto the facilities plan for an automatic meter reading system. Staff recommended amending the project onto the facilities plan.

Staff recommended this project be placed on the Drinking Water SRF IUP with 17 priority points and an estimated loan amount of \$675,000 at 2.25 percent interest for 10 years.

Lead requested amendment onto the facilities plan for a water meter replacement project. The estimated total project cost is \$560,000. Staff recommended amendment onto the facilities plan.

Staff recommended the project be placed on the Drinking Water SRF IUP with 16 priority points and an estimated loan amount of \$560,000 at 2.25 percent interest for 10 years.

Staff also recommended the Lead project also be placed on the Clean Water SRF IUP with eight project priority points and an estimated loan amount of \$560,000 at 2.25 percent interest for 10 years.

Motion by Gnirk, seconded by Goldhammer, to amend Brookings-Deuel RWS and Lead onto the 2015 State Water Facilities Plan. A roll call vote was taken, and the motion carried unanimously.

Motion by Gnirk, seconded by Lanning, to amend Lead onto the 2015 Clean Water SRF IUP. A roll call vote was taken, and the motion carried unanimously.

Motion by Bernhard, seconded by Gnirk, to amend Brookings-Deuel RWS and Lead onto the 2015 Drinking Water SRF IUP. A roll call vote was taken, and the motion carried unanimously.

AVAILABLE FUNDING: Mr. Perkovich provided a summary of available funds for the Consolidated Water Facilities Construction program, Drinking Water SRF program, and Clean Water SRF program.

SANITARY/STORM SEWER FACILITIES FUNDING APPLICATIONS: Mike Perkovich presented the sanitary/storm sewer facilities funding applications and staff recommendations. A map showing the location of the applications was included in the board packet.

Dimock requested \$528,000 for a wastewater treatment improvements project. The estimated total project cost is \$568,000. Dimock is contributing \$40,000 in local cash.

Dimock proposes to make improvements to its wastewater treatment facility and the influent line to the wastewater treatment facility. The existing wastewater treatment facility consists of one bi-level pond that is unable to maintain proper depth. To address this, the existing bi-level cell will be divided into two cells. One cell will be lined with a synthetic liner and the other cell converted into a wetland. The influent line includes an above-ground stream crossing that leaks wastewater into the south fork of Twelve Mile Creek. The line and supporting structure will be replaced as part of this project. The city is also proposing to extend the wastewater collection system to serve a proposed 20-home development. The town is developing a plan to replace or line portions of the collection system.

Dimock anticipates bidding the project in May 2016 with a project completion date of September 2016.

The town of Dimock has a \$25 flat rate.

Staff recommended awarding a \$478,000 Clean Water SRF loan at 3.25 percent interest for 30 years and a Water Quality grant for 8.9 percent of eligible costs not to exceed \$50,000.

Dimock has pledged a project surcharge for repayment of the loan. Based on the information provided in the application, future operating expenses will require \$3.20 per user of the \$25 per month charge. Staff analysis indicates that a surcharge of \$33.25 per user is required to provide 110 percent coverage on a \$478,000 loan. Coupling the surcharge with the operating expenses, the overall rates in Dimock would be \$36.45. Without grant assistance rates in Dimock would be \$39.90. Staff believes that providing the subsidy leaves some debt service capacity for the line repair work.

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.

Richard Herrold, town board president, and Vernon Arens, engineer, discussed the project and answered questions from the board.

Motion by Bernhard, seconded by Lanning to adopt Resolution #**2015-95** approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$478,000 at 3.25 percent interest for 30 years to the town of Dimock for a wastewater treatment improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; and to adopt Resolution #**2015-96** approving State Revolving Fund Water Quality grant agreement 2016G-WQ-300 to the town of Dimock for up to 8.9 percent of approved total project costs not to exceed \$50,000 for a wastewater treatment improvements project. A roll call vote was taken, and the motion carried unanimously.

Lake Madison Sanitary District requested \$428,000 for a lift station and force main improvements project. The estimated total project cost is \$428,000.

The southeast corner of Lake Madison Sanitary District's sanitary sewer system is being overloaded due to high growth rates. The district proposes to increase the capacity of the sanitary sewer system by replacing 7,800 feet of 3-inch force main with 6-inch force main and upgrading three lift stations.

The sanitary district anticipates bidding the project in February 2016 with project completion in July 2016.

The sanitary district currently has a \$36 flat rate with a proposed increase to \$40 in September 2016.

Staff recommended awarding a \$428,000 Clean Water SRF loan at 3.25 percent interest for 30 years.

The sanitary district is pledging a project surcharge for repayment of the loan.

Staff analysis shows a \$2.55 surcharge would be needed to provide the required debt coverage on the \$428,000 loan. The \$36 rate is sufficient to provide the surcharge and cover the district's existing debt and current operating expenses.

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.

A representative of the Lake Madison Sanitary District discussed the project.

Motion by Gnirk, seconded by Lanning to adopt Resolution #**2015-97** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$428,000 at 3.25 percent interest for 30 years to the Lake Madison Sanitary District for a lift station and force main improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATIONS: Andy Bruels provided a summary of available funds.

The board packet included a map showing the locations of the Solid Waste Management Program applicants.

Mr. Bruels presented the applications and staff recommendations for funding.

Wakonda requested \$7,773 to purchase a recycling collection drop-off trailer for community residents to use. The estimated total project cost is \$9,716. Wakonda will provide the remaining funds in local cash.

Currently, in order to recycle, the residents of Wakonda must gather the materials on their own then drive 20 miles to Vermillion to drop them off at the recycling center. This is a large burden on residents and has kept the number of residents who recycle to a minimum because of the time and cost to participate. The purchase of a trailer will allow residents to collect recyclables in smaller quantities at their homes and make a short trip to the trailer to drop them off. The town and the county have agreed that the county will, on an as needed basis, haul the trailer to the Vermillion recycling center to be emptied. The trailer is expected to significantly increase the rate of recycling participation within the community.

Mr. Bruels noted that the project has received letters of support from the Landfill Joint Powers Board, the Clay County Commission, and community residents, all of whom feel this project will be beneficial to the community and the landfill by reducing the amount of material currently being thrown away.

Staff recommended awarding a Solid Waste Management Program recycling grant for 80 percent of total project costs not to exceed \$7,773.

Mr. Bruels and Nancy Anderson, Wakonda Finance Officer, answered questions from the board.

Motion by Bernhard, seconded by Lanning, to adopt Resolution #**2015-98** approving the South Dakota Solid Waste Management Program grant agreement (2016G-REC-300) between the Board of Water and Natural Resources and the town of Wakonda for up to 80 percent of

approved total project costs not to exceed \$7,773 to purchase a recycling collection drop-off trailer. A roll call vote was taken, and the motion carried unanimously.

Watertown requested \$500,000 for the construction of a new landfill cell and leachate collection system. The estimated total project cost is \$1,073,436. The city intends to use local cash for the remaining funds.

The city of Watertown proposes to construct a new landfill cell (Cell #6) and leachate collection system for disposal of solid waste at the regional landfill site.

Staff recommended no funding for this project due to limited funding available for disposal projects. Staff believes that the Yankton project is a higher priority for funding at this time.

Mr. Bruels stated that the staff recommendation for no funding is based on two primary issues.

The first issue is that Watertown has indicated the city would not accept a loan to fund this project because sufficient local cash is available and the city is only interested in receiving grant funds at this time. Watertown's application indicates that the city has sufficient reserves to fund this entire expansion project.

The second issue is that the department does not agree the city needs to construct a new landfill cell at this time. While the application notes that the existing landfill cells are nearly filled to match the existing grade, the landfill cells are permitted to be filled up to 48 feet above grade. Mr. Bruels stated that this management decision to continue expanding the footprint of the landfill instead of filling above grade, as is permitted and done by nearly all other regional landfills in the state, does not effectively utilize all available landfill space.

DENR's Waste Management program staff estimates that up to 15 years of capacity exists within the landfill's current cell footprint if the existing cells are filled to permitted levels.

Mr. Bruels stated that if Watertown were to resubmit an application by the January 1, 2016, deadline for the March funding round when additional funds will be available from the 2016 Omnibus bill, staff may recommend some level of grant funding for the project. There is some justification for constructing Cell 6 at this time due to the layout of Cells 4 and 5 and related storm water drainage considerations. However, after Cell 6 construction is completed, no additional grant funding will be recommended for future cell construction until above ground disposal occurs. Mr. Bruels noted that construction of Cell 6 will add five to seven years of capacity to the landfill.

Mike Boerger, city of Watertown, discussed the project and answered questions from the board.

Motion by Bernhard, seconded by Lanning, to deny funding to the city of Watertown. A roll call vote was taken, and the motion carried unanimously.

Yankton requested \$750,000 for a transfer station entrance reconfiguration and scale replacement project. The estimated total project cost is \$750,000.

The city of Yankton is proposing to replace the existing scale, make improvements to the scale house and reconfigure the entrance at the city's solid waste transfer station. The Yankton transfer facility operates as the primary spot for waste disposal for materials collected within the city of Yankton and nearby areas. The waste is collected in Yankton and then transported to the regional landfill near Vermillion. The cities of Yankton and Vermillion along with Clay and Union Counties jointly oversee the landfill through a Joint Powers Board.

Currently, all traffic coming into and leaving the transfer station must go over the scale, which is near the road entrance. This can result in backups on the road and it discourages many residents from being more active in recycling and yard waste collection programs offered by the transfer station. The new configuration will move the scale house and scale further from the entrance allowing residents with only yard waste or recycling to bypass the scale. This will help improve traffic flow and encourage participation in those programs.

The scale used at the transfer station has outlived its useful life and is in need of replacement. This project will install a new scale capable of accommodating the larger trucks. The scale house will be moved, and an addition will be added to better accommodate users and transfer station staff.

Staff recommended awarding a Solid Waste Management Program grant for 40 percent of total project costs not to exceed \$300,000 and awarding a Solid Waste Management Program loan for \$450,000 at 2.25 percent interest for 10 years. The loan will be split between two separate sources because not enough funds are available in either solid waste disposal funds or in the Regional Landfill Assistance program to fund the project entirely from either one. The solid waste disposal loan amount will be \$159,736 and the Regional Landfill Assistance loan amount will be \$290,264, for a total loan of \$450,000.

Yankton has pledged solid waste fee revenue for repayment of the loan. Staff analysis indicated that the city's existing solid waste revenue will provide 190 percent debt coverage.

Staff recommended the loan be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower executing a revised Joint Powers Agreement.

A representative from the city of Yankton discussed the project and answered questions from the board.

Mr. Bruels also answered questions from the board.

Motion by Jones, seconded by Bernhard, to adopt Resolution #**2015-99** approving South Dakota Solid Waste Management Program grant agreement 2016G-SW-301 between the Board of Water and Natural Resources and the city of Yankton for up to 40 percent of approved total project costs not to exceed \$300,000 for a transfer station entrance reconfiguration and scale replacement project, and to adopt Resolution #**2015-100** approving South Dakota Solid Waste Management Program loan agreement 2016L-SW-301 between the Board of Water and Natural

Resources and the city of Yankton not to exceed \$450,000 at 2.25 percent interest for 10 years for a transfer station entrance reconfiguration and scale replacement project. The loan is contingent on the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower executing a revised Joint Powers Agreement. A roll call vote was taken, and the motion carried unanimously.

Mr. Bruels reviewed available funds for upcoming funding rounds.

EMERY REQUEST TO AMEND LOAN C461248-01: Mr. Perkovich reported that at the June 25, 2015, board meeting Emery received a \$2,890,000 Clean Water SRF loan with \$1,677,000 in principal forgiveness. The loan was to be used to replace the majority of Emery's wastewater collection system.

The engineer has revised the estimated project cost, resulting in a shortfall of \$194,000, on the wastewater side of the project. The city has submitted a letter requesting the June award be increased by \$194,000 to cover the shortfall.

Staff recommended the board rescind Resolution 2015-75, which approved the \$2,890,000 Clean Water SRF loan, and award a new \$3,084,000 Clean Water SRF loan at 3.25 percent for 30 years, with 60.7 percent as principal forgiveness not to exceed \$1,871,000.

This recommendation provides an additional \$194,000 of principal forgiveness to cover the shortfall.

Staff analysis at the June meeting indicated that rates of \$40.80 were needed to cover operating expenses and provide the 110 percent debt coverage on the surcharge required in order to repay the \$1,213,000 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.

A representative from Emery discussed the project.

Motion by Gnirk, seconded by Bernhard, to rescind Resolution #2015-75 and to adopt Resolution #**2015-101** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,084,000 at 3.25 percent interest for 30 years with 60.7 percent principal forgiveness not to exceed \$1,871,000 to the city of Emery for a wastewater collection system 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. A roll call vote was taken, and the motion carried unanimously.

LENNOX REQUEST TO AMEND LOAN C462105-01: Dave Ruhnke reported that in July 2004 the Board of Water and Natural Resources approved Drinking Water SRF loan #C462105-01 in the amount of \$2,000,000 for the construction of three wells, two 500,000-gallon water towers, and upgrading a portion of the water distribution system for the city of Lennox.

The city pledged system revenue for repayment of the loan, and the loan was closed in July 2005 with a rate and term of 3.25 percent interest for 30 years.

The city of Lennox has requested that the board approve amending the revenue pledge from system revenue to a project surcharge.

Mr. Ruhnke noted that the city worked with its bond counsel and department staff has worked with Harold Deering, Attorney General's Office, on this issue.

Staff recommended the board approve the city's request to change the revenue pledged for repayment for Drinking Water SRF loan DW-01 from system revenue to a pledge of project surcharge revenue and that the amendment be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Motion by Lanning, seconded by Bernhard, to adopt Resolution #**2015-102** approving an amendment to the city of Lennox Drinking Water SRF loan (C462105-01) security pledge from system revenue to project surcharge revenue and that loan be contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

SIOUX FALLS REQUEST TO AMEND LOANS C461232-36 AND C461232-36NPS: Jim Anderson reported that the city of Sioux Falls requested an amendment for Clean Water SRF Loan 36.

In March 2015, the city received an SRF loan for \$18,533,000 and a \$942,025 Nonpoint Source loan.

Additional project items have increased the total project costs. As a result of the increased project costs, the city of Sioux Falls has requested an additional \$6,267,000 in SRF loan funds and an additional \$317,975 in Nonpoint Source loan funds.

The project will replace the existing 66-inch outfall line with a 72-inch line using open cut and trenchless technology from the equalization basin to the Brandon Road pump station. The city will also install two manually operated pump stations, a connection to the original diversion box and equalization basin outlet, siphon box rehabilitation, additional siphon boxes and barrels for increased capacity.

The nonpoint source improvements in the Big Sioux River basin include stream stabilization, grazing management, agricultural waste management, and creating vegetative buffers.

Staff recommended the board rescind Resolution #2015-33 that was approved in March of 2015, and that the board approve a new Clean Water SRF loan for \$26,060,000 at 1.25 percent interest for 10 years. The city has pledged a sanitary sewer surcharge for repayment of the loans. The loan will consist of two bond series: \$24,800,000 for the outfall line and \$1,260,000 for nonpoint source activities.

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 sufficient to provide the required debt coverage.

Motion by Lanning, seconded by Bernhard, to rescind Resolution #2015-33 and to adopt Resolution #**2015-103** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$26,060,000 at 1.25 percent interest for 10 years consisting of two bond series - \$24,800,000 for the outfall line and \$1,260,000 for nonpoint source activities to the city of Sioux Falls for an outfall sewer 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. A roll call vote was taken, and the motion carried unanimously.

APPROVAL OF STATE FISCAL YEAR (SFY) 2015 STATE REVOLVING FUNDS REPORT TO THE INTERIM BOND REVIEW COMMITTEE: Mr. Perkovich presented the draft SFY 2015 South Dakota Conservancy District Report to the Interim Bond Review Committee.

The South Dakota Conservancy District is required to present an annual report on its bond-related activities to the Legislature's Interim Bond Review Committee.

A combined report for both SRF programs for the legislative committee's review was developed for this purpose. Information in this report presents program activity and financial statements on a state fiscal year basis, and it contains additional information on the district's past bond issues.

Staff recommended the board approve the SFY 2015 State Revolving Fund report to the Interim Bond Review Committee and authorize distribution of the report.

Mr. Perkovich and Mr. Feeney answered questions from the board.

Motion by Bernhard, seconded by Lanning, to approve the SFY 2015 South Dakota Conservancy District report to the Interim Bond Review Committee and to authorize distribution of the final report. A roll call vote was taken, and the motion carried unanimously.

BLACK HILLS COUNCIL OF LOCAL GOVERNMENTS REQUEST TO AMEND JOINT POWERS AGREEMENT FOR SRF APPLICATION AND ADMINISTRATION AND DAVIS-BACON MONITORING: Mr. Perkovich reported that the board has contracted with the planning districts since 2005 to assist entities with SRF applications and administration and since 2009 for Davis-Bacon monitoring.

The joint powers agreements with the planning districts were amended at the November 2014 meeting. Since that time, Black Hills Council of Local Governments has prepared more loan applications than anticipated, and costs per SRF application administration has increased since the November 2014 meeting.

Black Hills Council of Local Governments has requested an amendment to its Joint Powers Agreement for an additional \$52,000. This will bring the total agreement to \$170,800.

Staff recommends approval of the second amendment to the Joint Powers Agreement with Black Hills Council of Local Governments for SRF loan application and administration and Davis-Bacon monitoring.

Motion by Gnirk, seconded by Bernhard, to adopt Resolution # **2015-104** approving the second amendment to the Joint Powers Agreement with Black Hills Council of Local Governments increasing the amount by \$52,000 to a total of \$170,800 for SRF loan application and administration and Davis-Bacon monitoring. A roll call vote was taken, and the motion carried unanimously.

BROWN COUNTY MUD CREEK WATERSHED DISTRICT'S GENERAL IMPROVEMENT PLAN: Pete Jahraus reported that Brown County Mud Creek Watershed District is a new watershed district which was formed on July 26, 2012.

In September of 2012, the department received a request from the watershed district to participate in the special purpose water district loan program (SDCL 46A-1-96). The request for \$30,000 was approved for the first year of administrative and operating expenses. The loan has been repaid in full.

On September 4, 2015, the department received a copy of watershed district's general improvement plan, as required by SDCL 46A-14-47.

SDCL 46A-14-47 states that the general improvement plan shall consist of a map on which is shown the area to be benefitted, the location of the proposed works of improvement, the location of buildings, roads, streams, and such other topographic features pertinent to the proposed works of improvement. The statute also requires that the general improvement plan include a narrative stating the estimated benefits that will result and the proposed method of financing and accomplishing the work to be done. Upon receipt of a copy of the general improvement plan, the Board of Water and Natural Resources shall examine the plan and within 30 days transmit a report of their recommendations to the watershed district's managers.

Mr. Jahraus noted that a copy of the general improvement plan was included in the board packet.

Mr. Jahraus stated that he received one public comment regarding the general improvement plan in the form of a telephone call from State Senator Jim White. Senator White commented that the watershed district should contact and involve the James River Water Development District in the proposed works of improvement.

Staff has reviewed the general improvement plan and has concluded that the plan does contain the necessary items outlined in statute.

Staff recommended the board approve a motion to proceed with the Brown County Mud Creek Watershed District's general improvement plan as submitted.

Roger Rix, chairman of the watershed district, and Randy Bacon, Helms & Associates, discussed the general improvement plan and answered questions from the board.

Motion by Lanning, seconded by Bernhard, to proceed with the Brown County Mud Creek Watershed District's general improvement plan as submitted. A roll call vote was taken, and the motion carried unanimously.

MILLENNIUM RECYCLING, ING. REQUEST TO PROVIDE LOAN PAYMENT

DEFERMENT: Andy Bruels reported that in June 2012, Millennium Recycling was awarded an \$860,000 Solid Waste Management Program recycling loan at 2.25 percent interest for 10 years. The loan funded the purchase of equipment to accept aseptic containers (i.e., milk and juice cartons), reconfigure the sorting stream, and add additional tipping capacity in the sorting area.

Millennium Recycling has requested a one-year deferment on loan payments beginning with the upcoming December 2015 payment. This request is based on poor global recycling commodities prices, which has resulted in a downturn in Millennium Recycling's earnings.

Staff recommended loan payment deferment for one year to include the December 2015 and June 2016 loan payments. Staff also recommended that during the one-year time period Millennium be required to make interest payments based on the outstanding principal loan balance. The payment would be \$8,009.70 each time based on the current outstanding balance, which would be a reduction of \$38,237.97 each in the total payment amount for those semi-annual payments. After the one-year deferment for loan payments, the original payment schedule would remain in place and an additional year would be added to the term of the loan.

Staff recommended the board approve the First Amendment to the Loan Agreement and the Amended and Restated Promissory Note. Mr. Bruels noted that staff worked with the Attorney General's office to prepare amended loan documents for this request.

Jake Anderson, Millennium Recycling, answered questions from the board regarding the deferment request.

Motion by Gnirk, seconded by Bernhard, to adopt Resolution # **2015-105** approving the First Amendment to Solid Waste Management Program Loan Agreement 2013L-REC-201 with

Millennium Recycling, Inc., and approving the Amended and Restated Promissory Note. A roll call vote was taken, and the motion carried unanimously.

REQUEST TO ADVERTISE REQUEST FOR PROPOSALS FOR DRINKING WATER SRF SMALL SYSTEM TECHNICAL ASSISTANCE: Jon Peschong reported that the current Drinking Water SRF Program Small System Technical Assistance contract with South Dakota Association of Rural Water Systems ends December 31, 2015.

SDCL 5-18D-17 provides that state agencies may not award or renew a contract for professional services exceeding fifty thousand dollars without complying with the procedures set forth in Sections 5-18D-17 through 22.

A draft "Request for Proposal to provide Small System Technical Assistance for the Drinking Water SRF Program" was provided in the supplemental board packet.

Mr. Peschong stated that the department proposes to advertise the RFP on September 28, 2015, with proposals due on October 19, 2015. Staff will review the submitted proposals and be prepared to make a consultant selection recommendation to the board at its November 5, 2015, meeting. With the board's approval, the contract will be executed on January 1, 2016.

Staff requested the board approve distribution of the Request for Proposals to provide Small System Technical Assistance for the Drinking Water SRF Program.

Motion by Gnirk, seconded by Lanning, to authorize distribution of the Request for Proposals to provide Small System Technical Assistance for the Drinking Water SRF program. A roll call vote was taken, and the motion carried unanimously.

NOVEMBER BOARD MEETING: The next meeting is November 5, 2015, and will be held via the Digital Dakota Network. Mr. Perkovich discussed possible agenda items.

ADJOURN: Vice Chairman Jones declared the meeting adjourned.

Approved this 5th day of November, 2015.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

SEPTEMBER 24, 2015

PIERRE
CAPITOL BUILDING

<u>NAME (PLEASE PRINT)</u>	<u>ADDRESS</u>	<u>REPRESENTING</u>
Jim Putnam	Aamoka SD	SCWDD
Vim Anderson	Pierre	DENR
Mike Perkovich	Pierre	DENR
Linda Laib	Delmont, SD	FD City of Delmont
Errol Peterson	Delmont SD	City of Delmont " " "
NICK NELSON	PIERRE, SD	DENR
CLAIRE PESCHONG	PIERRE	DENR
JONATHAN PESCHONG	PIERRE	DENR
Kim McIntosh	PIERRE	DENR
Jim Feeney	Pierre	DENR
Andy Bruels	Pierre	DENR
David Ruhoff	Pierre	DENR
PAUL GNIRK	NEW UNDERWOOD	BWNR
Drew Huisken	SD DENR - Pierre	DENR
Pete Jahraus	Pierre	DENR
Bob Mercer	Pierre	Newspapers

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

SEPTEMBER 24, 2015

S.D. SCHOOL OF MINES & TECHNOLOGY
RAPID CITY, SD

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

TODD BERNHARD

FORT PIERRE, SD

BWNR

ATTENDANCE SHEET

BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

SEPTEMBER 24, 2015

ABERDEEN
NORTHERN STATE UNIVERSITY

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

Randy Bacon

Aberdeen

Helm's & Assoc.

Roger Rix

Groton

Brown County Mud Creek
Watershed District

Gordon King

Aberdeen

NECOG

TITLE: 2016 State Water Plan Applications

EXPLANATION: Water projects that will require state funding or need state support for categorical grant or loan funding must be on the State Water Plan. At its November planning meeting, the Board of Water and Natural Resources approves projects for placement onto the next year's State Water Facilities Plan. The projects placed onto the plan at this meeting will remain on the facilities plan through December 2017.

Placement of a project on the State Water Plan by the board provides no guarantee of funding. The following applications have been received for placement on the 2016 State Water Plan.

- | | |
|------------------------------------|--------------------------|
| a. Belle Fourche | o. Piedmont (Water) |
| b. Brandon | p. Piedmont (Wastewater) |
| c. Britton | q. Plankinton |
| d. Canton | r. Platte |
| e. Chancellor | s. Raymond |
| f. Dell Rapids | t. Tea (Water) |
| g. Delmont | u. Tea (Wastewater) |
| h. Hot Springs (Water) | v. Veblen (Wastewater) |
| i. Hot Springs (Wastewater) | w. Veblen (Water) |
| j. Kingbrook Rural Water System | x. Viborg |
| k. Lake Poinsett Sanitary District | y. Wakonda |
| l. Midland | z. Wessington Springs |
| m. Miller (Wastewater) | aa. Westport |
| n. Miller (Water) | bb. Yale |

RECOMMENDED ACTION: Approve staff recommendations for amendment of projects on 2016 State Water Facilities Plan

CONTACT: Andy Bruels, 773-4216

State Water Plan Application

<p>Applicant: City of Brandon</p> <p>Address: PO Box 95 Brandon, SD 57005-0095</p> <p>Phone Number: (605) 532-3991</p>	<p>Proposed Funding Package</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,260,875</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,260,875</td> </tr> </table>	Projected State Funding	\$2,260,875	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$2,260,875
Projected State Funding	\$2,260,875										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$2,260,875										

Project Title: Lift Station

Description: (Include present monthly utility rate.)

A new pump station to be utilized for pumping raw sewage to the City of Sioux Falls WWTF. The project will utilize the existing 12" force main until 90% of capacity is met. At that point design would begin on an upsized force main to parallel the existing 12" force main. This would allow for redundancy. The proposed lift station will be expandable to accommodate additional pump capacity to meet future growth of the City of Brandon.

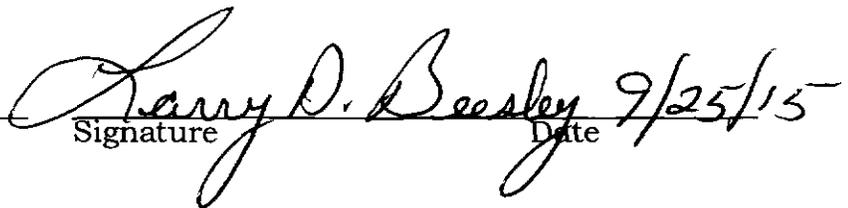
Current city sewer utility rate is \$51.50/month for a 5000 gal customer.

The Applicant Certifies That:

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

Larry Beesley, Mayor

Name & Title of Authorized Signatory
(Typed)



Signature

Date

9/25/15

State Water Plan Application

Division of Financial
& Technical Assistance

Applicant: City of Britton Address: 803 8th St Britton, SD 57430 Phone Number: 605-448-5721	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$4,896,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;"> </td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$4,896,000</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$4,896,000	Local Cash	0	Other: _____	0	Other: _____		TOTAL	\$4,896,000
Proposed Funding Package													
Projected State Funding	\$4,896,000												
Local Cash	0												
Other: _____	0												
Other: _____													
TOTAL	\$4,896,000												

Project Title: City of Britton Drinking Water Improvement

Description: (Include present monthly utility rate.)

The city is proposing to update and paint the existing 250,000 gallon storage, and constructing a new pump house with new booster pumps.

The city is also proposing to replace all 4" cast iron pipe and all cement 4" pipe with 6" PVC pipe and add additional valves to help isolate sections of the City. This will help increase water flows and allow the City to isolate sections of town when repairs are needed. Existing valves that are not working will be replaced and valves will be added to fire hydrants so servicing can be completed without disrupting service.

The City's monthly water rate for 5,000 gallons is \$31.25. (Flat fee of \$18.75/mo plus \$2.50 per 1,000 gallons).

The Applicant Certifies That:

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

Clyde Fredrickson-Mayor

 Name & Title of Authorized Signatory
 (Typed)



9/14/2015

 Signature Date

State Water Plan Application

Applicant: City of Canton Address: 210 N Dakota St Canton, SD 57013 Phone Number: (605)987-2881	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,263,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$450,000</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;">\$2,713,000</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$2,263,000	Local Cash	\$450,000	Other:		Other:		TOTAL	\$2,713,000
Proposed Funding Package													
Projected State Funding	\$2,263,000												
Local Cash	\$450,000												
Other:													
Other:													
TOTAL	\$2,713,000												

Project Title: Dakota Street Project-Phase 1

Description: (Include present monthly utility rate.)

The City of Canton is proposing to construct the first phase of the Dakota Street Improvements Project which consists of improvements to the water distribution system, wastewater collection system and storm water system. The project area extends about one-half mile along Dakota Street beginning at US Hwy 18 (5th Street) and proceeding north to Lynn Avenue. The City proposes (1) to replace the existing water distribution system (comprised of aging smaller diameter cast-iron, ductile iron, asbestos cement and PVC pipe) with new larger-diameter PVC mains, (2) to replace the existing sanitary sewer collection system (comprised mainly of aging vitrified clay pipe exhibiting multiple joints, cracking, root intrusions, service line intrusions, and infiltration/exfiltration) with new gravity PVC sewer mains, and (3) to replace and expand upon the existing storm sewer collection system (comprised mainly of undersized RCP, VCP and PVC mains and laterals) using reinforced concrete pipe and concrete junction boxes/inlets.

The City of Canton has reserve funds established for its utilities. Current rates for the City of Canton are \$31.19 for 5,000 gallons of water and \$39.30 for 5,000 gallons of wastewater.

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.

Sean Pederson, City Manager

 Name & Title of Authorized Signatory
 (Typed)



Signature

9-22-15

 Date

State Water Plan Application

Applicant: Town of Chancellor Address: PO Box 106 Chancellor, SD 57015-0106 Phone Number: (605)647-8696	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$177,415</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$177,415</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$177,415	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$177,415
Proposed Funding Package													
Projected State Funding	\$177,415												
Local Cash	_____												
Other:	_____												
Other:	_____												
TOTAL	\$177,415												

Project Title: Water Meter Replacement Project

Description: (Include present monthly utility rate.)

The City of Chancellor proposes to convert approximately 131 existing water meters to an automatic meter reading system. The existing meters are a variety of older meters that are over 20 years old. All meters require a complete replacement. The City also proposes to purchase the required computer system and software associated with the new meters. The proposed water metering system will allow the City to more efficiently gather water usage data and improve the overall accuracy of the data collected.

Current drinking water rate for the City of Chancellor is \$37.00 for 5,000 gallons. The City currently has a drinking water reserve fund established.

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.

Dennis Wieker, Town Board President

 Name & Title of Authorized Signatory
 (Typed)



 Signature

9-28-15

 Date

State Water Plan Application

Applicant: City of Hot Springs Address: 303 North River Street Hot Springs, SD 57747 Phone Number: (605)745-3135	Proposed Funding Package	
	Projected State Funding	\$3,850,000
	Local Cash	_____
	Other: _____	_____
	Other: _____	_____
	TOTAL	\$3,850,000

Project Title: Hot Springs Water System Supply and Storage Project

Description: (Include present monthly utility rate.)

The existing water system for the City of Hot Springs does not have adequate well supply or storage capacity; therefore, the City is proposing the construction of a new Madison well, well house, and 1.15 million gallon storage tank to serve the City's water users. The project will rectify the existing water supply and storage capacity issues as well as provide for system redundancy. Please see the Water System Facilities Plan for a detailed project description.

The current utility rate is \$28.19 per 5,000 gallons of water, and \$2.69 for each additional 1,000 gallons of water.

The City of Hot Springs has set aside a reserve fund for supply and storage system maintenance.

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.

Cindy Donnell, Mayor
Name & Title of Authorized Signatory
(Typed)

Cindy Donnell 9/26/15
Signature Date

State Water Plan Application

Applicant: City of Hot Springs Address: 303 North River Street Hot Springs, SD 57747 Phone Number: (605)745-3135	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$197,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$197,000</td> </tr> </table>	Projected State Funding	\$197,000	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$197,000
Projected State Funding	\$197,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
TOTAL	\$197,000										

Project Title: Hot Springs Houston Avenue Sewer Main Replacement Project

Description: (Include present monthly utility rate.)

The City of Hot Springs is proposing to replace approx. 680 feet of existing 6" PVC sewer main located along Houston Ave. with 12" PVC main and also to replace existing 8" clay tile main along South River St. and Indianapolis Ave. with 745 feet of 12" PVC main. The South River St./Indianapolis Ave. portion will also be relocated to a nearby drainage ditch that will provide a more direct connection to an existing 15" main trunk line of the City's wastewater collection system. The existing 6" and 8" mains are inadequately sized for receiving upstream flow from a 12" main installed in 2008 to service a new hospital, nursing home complex, and ambulance service. The replacement of the existing, undersized mains is needed to accommodate the continued future growth and associated wastewater flows that are anticipated in the vicinity of the hospital as well as to prevent sewage backups potentially caused by the current reduction in wastewater flow diameter.

The current sewer rate is a flat \$28.46 per month.

The City of Hot Springs has established a sewer reserve fund.

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.

Cindy Donnell

 Name & Title of Authorized Signatory
 (Typed)

Cindy Donnell 9/26/15

 Signature Date

RECEIVED

SEP 30 2015

State Water Plan Application

Division of Financial
& Technical Assistance

<p>Applicant: Kingbrook Rural Water</p> <p>Address: 302 East Ash St. PO Box 299 Arlington SD 57212</p> <p>Phone Number: (605) 983-5074</p>	<p>Proposed Funding Package</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$13,143,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$487,500</td> </tr> <tr> <td>Other: _____</td> <td></td> </tr> <tr> <td>Other: _____</td> <td></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">\$13,630,500</td> </tr> </table>	Projected State Funding	\$13,143,000	Local Cash	\$487,500	Other: _____		Other: _____		TOTAL	\$13,630,500
Projected State Funding	\$13,143,000										
Local Cash	\$487,500										
Other: _____											
Other: _____											
TOTAL	\$13,630,500										

Project Title: 2017 Improvements Project

Description: (Include present monthly utility rate.)

The Kingbrook Rural Water System proposes to construct pipeline and storage additions to connect approximately 195 new service locations, and to improve the reliability of the existing water system. The project includes approximately 150 miles of new pipelines, two booster pumps, and one new elevated tank of 750,000 gallons capacity. The water rate at KBRW for rural customers is \$59.60 for 7,000 gallons. The KBRW maintains a reserve fund.

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 Jencks, General Manager

 Name & Title of Authorized Signatory
 (Typed)

Randy Jencks office supervisor

 Signature Date
Randy Jencks, General manager

RECEIVED

Read Me First!

SD EForm - 0487LD V3

SEP 21 2015

Division of Financial & Technical Assistance

State Water Plan Application

Applicant: Lake Poinsett Sanitary District Address: 19553 US Highway 81, Suite 3 Arlington, SD 57212 Phone Number: (605) 880-4503	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$10,000,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$10,000,000</td> </tr> </table>	Projected State Funding	\$10,000,000	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$10,000,000
Projected State Funding	\$10,000,000										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$10,000,000										

Project Title: Lake Poinsett Sanitary District - System Completion

Description: (Include present monthly utility rate.)

The Lake Poinsett Sanitary District proposes to complete the remainder of Project Area 1, Project Area 2 and Project Area 3 as identified in the Facilities Plan prepared by Banner Associates. This project will result in the completion of the sanitary sewer system that will serve all of the households and businesses that are located within the boundaries of the Lake Poinsett Sanitary District.

Current utility rates for the Lake Poinsett Sanitary District are as follows:

- \$59.33/month - residential users
- \$66.67/month - commercial users
- \$178.00/year - commercial rentals

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.

Lawrence Furney, LPSD President

 Name & Title of Authorized Signatory
 (Typed)

Lawrence Furney 9-15-15

 Signature Date

Division of Financial & Technical Assistance

State Water Plan Application

Applicant: Town of Midland Address: PO Box 232 Midland, South Dakota 57552-0232 Phone Number: 605-843-2810 or 605-843-2277	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$715,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td colspan="2">Other: _____</td> </tr> <tr> <td colspan="2">Other: _____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$715,000</td> </tr> </table>	Projected State Funding	\$715,000	Local Cash	0	Other: _____		Other: _____		TOTAL	\$715,000
Projected State Funding	\$715,000										
Local Cash	0										
Other: _____											
Other: _____											
TOTAL	\$715,000										

Project Title: Midland Water Project

Description: (Include present monthly utility rate.)

The City of Midland proposed to undertake water system improvements including storage and distribution. While the city is connected to the West River/Lyman-Jones RWS for its drinking water supply, the community has been in violation for HAA5 a primary drinking water standard. The construction of a new water storage facility with a mixing system and the looping of mains will help correct water quality issues. The city's 75,000 gallon existing water storage facility was constructed in the 1960's and has seen its useful life—the tank has been leaking for over 10 years and has had numerous repairs. In addition, the storage facility does not have a mixing system which contributes to the HAA5 violation. The proposed new storage facility will be a 53,000 gallon ground storage facility with a mixing system, necessary gates, valves, tees, water main tie in and necessary appurtenances. The old tank will then be demolitions. The city also proposes to undertake the looping of the system water system in order to provide better water quality. The distribution improvement include approximately 3,220 feet of 6" main, gates, valves, tees, and necessary appurtenances. Health risks associated with long-term HAA5 include cancer, anemia, dry skin, miscarriages, underdeveloped brain cells among fetuses and babies, etc.

Continued on Comments Section

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.

Diana Baeza, Town Board President

 Name & Title of Authorized Signatory
 (Typed)

Diana Baeza September 28, 2015

 Signature Date

State Water Plan Application

Applicant: City of Miller Address: 120 West 2nd Street Miller, SD 57362 Phone Number: 6058532705	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$5,111,369</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$5,111,369</td> </tr> </table>	Projected State Funding	\$5,111,369	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$5,111,369
Projected State Funding	\$5,111,369										
Local Cash	_____										
Other:	_____										
Other:	_____										
TOTAL	\$5,111,369										

Project Title: Wastewater Replacement Project

Description: (Include present monthly utility rate.)

The City of Miller is proposing to make major upgrades to its wastewater system. Attached are copies of the cost estimates. The wastewater system upgrades are projected to run \$5,111,369.

The wastewater rates are \$30.00 for the first 6,000 gallons and then \$1.00 per thousand thereafter.

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 Blachford, Mayor

 Name & Title of Authorized Signatory
 (Typed)



Signature _____ Date September 21, 2015

State Water Plan Application

Applicant: City of Miller Address: 120 West 2nd Street Miller, SD 57362 Phone Number: 6058532705	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$6,318,460</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$6,318,460</td> </tr> </table>	Projected State Funding	\$6,318,460	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$6,318,460
Projected State Funding	\$6,318,460										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$6,318,460										

Project Title: Water Replacement Project

Description: (Include present monthly utility rate.)

The City of Miller is proposing to make major upgrades to its water system. Attached are copies of the cost estimates. The water system upgrades are projected to run \$6,318,460.

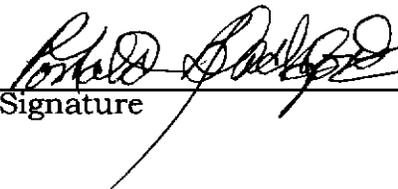
A copy of the water rate schedule is attached.

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 Blachford, Mayor

 Name & Title of Authorized Signatory
 (Typed)



 Signature

September 21, 2015

 Date

State Water Plan Application

Applicant: City of PLankinton Address: PO Box 517 Plankinton, SD 57368 Phone Number: (605) 942-7767	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$240,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$240,000</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$240,000	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$240,000
Proposed Funding Package													
Projected State Funding	\$240,000												
Local Cash	_____												
Other:	_____												
Other:	_____												
TOTAL	\$240,000												

Project Title:

Description: (Include present monthly utility rate.)

The City has experienced water loss in excess of 15% in recent years. The City would like to automate the meter reading system to be able to notify residents when a water leak has been identified.

The City will use new software to collect, store, and evaluate the meter data. The new system will help the City accurately monitor water sales and evaluate potential water losses. Finally, the new system will make operation of the system more cost-effective through a more efficient billing system.

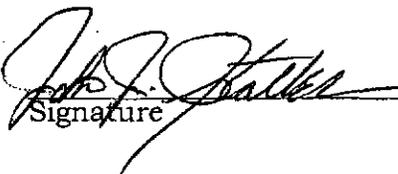
The City charges \$33 to 382 household and commercial connections for 5,000 gallons of drinking water. The City also charges \$49.50 /5,000 gallons for several connections outside the City limits.

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.

Joe Staller, Mayor

 Name & Title of Authorized Signatory
 (Typed)



 Signature

October 01, 2015

 Date

State Water Plan Application

Applicant: City of Platte Address: 310 S. Main Street P.O. Box 236 Platte, SD 57369-0236 Phone Number: (605) 337-3921	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,075,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$55,000</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;">\$1,130,000</td> </tr> </table>	Projected State Funding	\$1,075,000	Local Cash	\$55,000	Other: _____		Other: _____		TOTAL	\$1,130,000
Projected State Funding	\$1,075,000										
Local Cash	\$55,000										
Other: _____											
Other: _____											
TOTAL	\$1,130,000										

Project Title:

Description: (Include present monthly utility rate.)

The City of Platte is proposing to improve its wastewater collection system, because the pond system is currently hydraulically overloaded. This overloading results in issues of non-compliant discharges. Work to resolve this issue will be implemented as a phased approach as outlined in the attached letter.

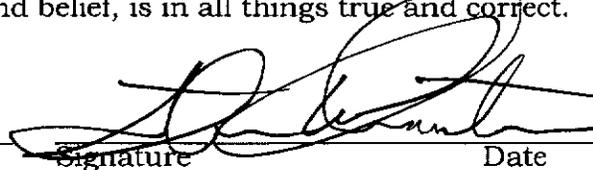
In February and August of 2015, the City increased its base rate and price per gallon rate structure. The rate structure, as raised in August, is attached. The City is also currently working with MAP to determine an additional rate increase to take effect in early 2016.

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)


9-29-2015

RECEIVED

SD EForm - 0487LD V3

SEP 21 2015

State Water Plan Application

DIVISION of Financial
Technical Assistance

Applicant:
Town of Raymond

Address:
PO Box 116
Raymond, SD 57258

Phone Number:
(605) 487-7518

Proposed Funding Package	
Projected State Funding	\$1,673,050
Local Cash	
Other:	
Other:	
TOTAL	\$1,673,050

Project Title: Raymond Wastewater Improvements

Description: (Include present monthly utility rate.)

\$40,000

Televising Existing Collection System

\$746,475

Collection Alternative 4: Replace Existing Pipe with CIPP & PVC

\$32,300

Lift Station Alternative 2: Wetwell Improvements

\$854,275

Wastewater Treatment Improvements Alternative 3: Synthetic Pond Liner Improvements

\$1,673,050 - Total

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

The Applicant Certifies That:

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

Larry Brannan, Board President

Name & Title of Authorized Signatory
(Typed)



Signature

September 3, 2015

Date

State Water Plan Application

Applicant: City of Tea Address: PO Box 128 Tea, SD 57064-0128 Phone Number: 605-498-5191	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,550,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td>Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td>Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,550,000</td> </tr> </table>	Projected State Funding	\$1,550,000	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$1,550,000
Projected State Funding	\$1,550,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
TOTAL	\$1,550,000										

Project Title: 2016 Ceylon Avenue Water and Sewer extension Ceylon Ave to Sundowner.

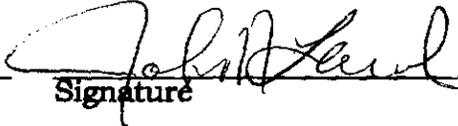
Description: (Include present monthly utility rate.)

The project will include the extension of water and sewer east along 1st Street from Ceylon Avenue to Sundowner Avenue. The watermain extension will connect to the existing distribution system at 1st Street and Ceylon Avenue and provide water service to eight existing homes and commercial property southeast of 1st Street and Sundowner Ave. Approximately 4,335 lineal feet of 12-inch watermain will be constructed as part of this project. The estimated cost for the watermain extension portion of this project is \$808,000.00. The estimated cost for the sanitary sewer extension portion of this project is \$745,000.00, giving a total project cost of \$1.55 million dollars.

The City of Tea has reserve funds, and the drinking water rate is \$31.00 per 5,000 gallons and the waste water rate \$20.00 per 5,000 gallons

The Applicant Certifies That:

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

John Lawler, Mayor		9.25-15
Name & Title of Authorized Signatory (Typed)	Signature	Date

State Water Plan Application

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

Project Title: Town of Veblen Sanitary Sewer Improvements

Description: (Include present monthly utility rate.)

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

The town of Veblen is also proposing to make improvements to the ponds at the Wastewater treatment plant.

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

The Applicant Certifies That:

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

Chuck Baus-Mayor

 Name & Title of Authorized Signatory
 (Typed)

Charles Baus 9/28/2015

 Signature Date

State Water Plan Application

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

Project Title: Town of Veblen Drinking Water System Improvements

Description: (Include present monthly utility rate.)

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

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

The Applicant Certifies That:

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

Chuck Baus-Mayor

 Name & Title of Authorized Signatory
 (Typed)

Charles Baus 9/28/2015

 Signature Date

State Water Plan Application

<p>Applicant: Town of Wakonda</p> <p>Address: PO Box 265 Wakonda, SD 57073-0265</p> <p>Phone Number: (605)267-3118</p>	<p style="text-align: center;">Proposed Funding Package</p> <p style="text-align: right;">Projected State Funding <u>\$2,655,910</u></p> <p style="text-align: right;">Local Cash _____</p> <p>Other: _____</p> <p>Other: _____</p> <p style="text-align: right;">TOTAL <u>\$2,655,910</u></p>
---	---

Project Title: Drinking Water Systems Improvements Project

Description: (Include present monthly utility rate.)

The Town of Wakonda is proposing to complete the Drinking Water Systems Improvement Project which consists of the following options that the Town has determined to be necessary :

- 1) Replacing the meter pit which currently has failing steel surfaces,
- 2) Abandoning wells that have not been used for many years,
- 3) Rehabilitating the water tower by sandblasting and recoating for continued use,
- 4) Replacing cast iron pipe that is believed to be the source of 28% water loss,
- 5) Conducting a leak detection survey,
- 6) Looping and adding additional piping to eliminate dead ends, and
- 7) Replacing small diameter pipes that are undersized for their use

The Town of Wakonda does not have reserve funds established for its drinking water utility, but will establish one. Current rates for the Town of Wakonda are \$38.25 for 5,000 gallons of water.

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 Mohr, Town Board President

 Name & Title of Authorized Signatory
 (Typed)

Signature

Date

Steve Mohr : 9/16/15

State Water Plan Application

Applicant: City of Wessington Springs Address: PO Box 443 Wessington Springs, SD 57382 Phone Number: (605) 539-1691	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$568,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$568,000</td> </tr> </table>	Projected State Funding	\$568,000	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$568,000
Projected State Funding	\$568,000										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$568,000										

Project Title: Water Meters

Description: (Include present monthly utility rate.)

An analysis of the water usage data indicates that the City of Wessington Springs produced an average of approximately 33.1 million gallons per year (mgy). Of this amount, approximately 26.1 mgy were billed or accounted for through household, business or city meters. This amounts to an average of 21.2 percent unaccounted-for water. The city has been trying to locate and repair water leaks during the last few years. The residential and business water meters consist of varying types and ages over 20 years old. The City is interested in an automatic meter reading system.

The Town charges \$33.00 (\$13.00 minimum + \$4.00/1,000 gallons) to 540 household and commercial connections for 5,000 gallons of drinking water.

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.

Melissa Mebius, Mayor

 Name & Title of Authorized Signatory
 (Typed)

Melissa Mebius

 Signature

October 01, 2015

 Date

State Water Plan Application

Applicant: Town of Westport Address: PO Box 18 Westport, SD 57481 Phone Number: 605-225-8639	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$723,030</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$723,030</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$723,030	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$723,030
Proposed Funding Package													
Projected State Funding	\$723,030												
Local Cash	_____												
Other: _____	_____												
Other: _____	_____												
TOTAL	\$723,030												

Project Title: Westport Wastewater and Storm Sewer Improvement Project

Description: (Include present monthly utility rate.)

The Town of Westport is proposing replace its existing lift station, construct a new storm sewer, and make improvements to the lagoons.

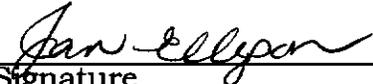
The monthly sewer rate is \$30 and it is a flat rate.

The Applicant Certifies That:

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

Jan Ellefson, Town President

 Name & Title of Authorized Signatory
 (Typed)



 Signature

September 28, 2015

 Date

State Water Plan Application

Applicant: Town of Yale Address: 104 Main St. Suite A Yale, SD 57386 Phone Number: 605-599-2801	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$443,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$443,000</td> </tr> </table>	Projected State Funding	\$443,000	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$443,000
Projected State Funding	\$443,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
TOTAL	\$443,000										

Project Title: Yale Rip-Rap Project

Description: (Include present monthly utility rate.)

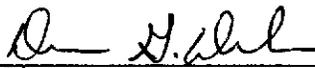
The Town of Yale is proposing to rip-rap its lagoon to prevent erosion.

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.

Dennis Decker, Town President

 Name & Title of Authorized Signatory
 (Typed)



 Signature

September 28, 2015

 Date

TITLE: Public Hearing to Adopt Federal Fiscal Year 2016 Clean Water State Revolving Fund Intended Use Plan.

EXPLANATION: The Intended Use Plan describes how the Board intends to use available funds to meet the objectives of the Clean Water Act. A prioritized list of projects is included in the Intended Use Plan. Projects seeking a Clean Water State Revolving Fund loan must be included on the priority list. The hearing has been advertised in accordance with applicable State and Federal requirements.

RECOMMENDED ACTION: Conduct the public hearing, receive testimony, and approve the Federal Fiscal Year 2016 Intended Use Plan.

CONTACT: Andy Bruels (773-4216)

**NOTICE OF PUBLIC HEARING
TO ADOPT
FISCAL YEAR 2016 CLEAN WATER STATE REVOLVING FUND
INTENDED USE PLAN AND PROJECT PRIORITY LIST**

Notice is hereby given that a public hearing will be held to adopt the South Dakota 2016 Clean Water State Revolving Fund Intended Use Plan and Project Priority List. The hearing will be held over the Digital Dakota Network (DDN) on November 5, 2015, at 1:00 p.m. CT.

The following DDN sites will be available:

Aberdeen - Northern State University, 1200 S. Jay Street, Beulah Williams Library, Room 117
Brookings – Department of Transportation, 2131 34th Avenue
Pierre - State Capitol, 500 East Capitol Avenue, Studio A, Room B12
Mitchell – Mitchell Technical Institute, 1800 E. Spruce Street, MTI Technology Center, Room 155
Rapid City – University Center, 4300 Cheyenne Boulevard, Room 113
Sioux Falls – USD School of Medicine, 1400 West 22nd Street, Room SF126
Watertown – South Dakota Department of Health, 2001 9th Avenue SW, Suite 200

Projects seeking a Clean Water State Revolving Fund loan must be on the Intended Use Plan and Project Priority List. This public hearing is being held pursuant to ARSD 74:05:08:05 and meets all requirements of the Clean Water Act. The Intended Use Plan also describes how the state intends to use available funds for the year to meet the objectives of the Clean Water Act and further the goal of protecting public health.

Persons interested in presenting public testimony concerning the adoption of the 2016 Intended Use Plan or Project Priority List may appear at the designated place and time. Written comments will be received at any time prior to the hearing date by mailing them to the Water and Waste Funding Program, Department of Environment and Natural Resources, 523 E. Capitol Avenue, Pierre, SD 57501.

Copies of the proposed 2016 Intended Use Plan and Project Priority List can be received at no charge by requesting a copy from the address given above, by calling (605) 773-4216, by sending an e-mail request to andrew.bruels@state.sd.us, or from the DENR website at:

<http://denr.sd.gov/dfta/wwf/wwfpublicnotices.aspx>

Notice is further given to persons with disabilities that this hearing is being held in a physically accessible place. Please notify the above mentioned office at least 48 hours prior to the public hearing if you have a disability for which special arrangements must be made at the hearing.

Published once at the total approximate cost of \$_____ .

**SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND
FISCAL YEAR 2016 INTENDED USE PLAN**

INTRODUCTION

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for federal fiscal year 2016 as required under Section 606(c) of the Clean Water Act.

The primary purpose of the IUP is to identify the proposed annual intended use of the amounts available to the Clean Water State Revolving Fund (SRF). The IUP has been reviewed by the public and reflects the results of that review.

The IUP includes the following:

1. List of projects and activities;
2. Goals, objectives, and environmental results;
3. Amount of funds transferred between the Clean Water SRF and the Drinking Water SRF;
4. Information on the activities to be supported;
5. Assurances and specific proposals;
6. Criteria and method for distribution of funds; and
7. Sources and uses of funds (the 2016 capitalization grant estimate used in the IUP is based on last year's allocation).

LIST OF PROJECTS AND ACTIVITIES

The IUP identifies potential municipal wastewater, storm water, and nonpoint source projects. A project must be on the project

priority list, Attachment I, to be eligible for a loan. This list was developed from the State Water Plan and includes projects that did not designate Clean Water SRF loans as a funding source.

Projects may be added to the project priority list by the Board of Water and Natural Resources if the action is included on the meeting agenda at the time it is posted.

Priority ratings are based on the integrated project priority system established in ARSD 74:05:08:03.01. The general objective of the integrated priority system is to ensure that projects funded through the Clean Water SRF program address high priority water quality problems. This is accomplished with a priority system that ranks both municipal wastewater and nonpoint source pollution control projects on an equal basis. Projects and activities utilizing administrative surcharge funds are not required to be ranked and included on the project priority list.

The Clean Water SRF may be used for the following purposes:

1. Low-interest loans for secondary or more stringent treatment of any cost-effective alternatives, new interceptors and appurtenances, infiltration/inflow correction, new collectors, sewer system rehabilitation, expansion and correction of combined sewer overflows, decentralized wastewater treatment systems, and construction of new storm sewers. The low-interest loans can be made for up to 100 percent of the total project cost;

2. Refinancing of existing debt obligations for municipal wastewater facilities if the debt was incurred and construction initiated after March 7, 1985; or
3. Nonpoint source pollution control projects and programs, including non-traditional projects (projects with a primary purpose other than water quality).

A determination of which projects are funded from the above mentioned lists, the amount of assistance, and the financing terms and conditions will be made by the Board of Water and Natural Resources during federal fiscal year 2016.

GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS

Long-term Goals and Objectives:

The long-term goals of the State Water Pollution Control Revolving Fund are to fully capitalize the Clean Water SRF, maintain or restore and enhance the chemical, physical, and biological integrity of the state's waters for the benefit of the overall environment, protect public health, and promote economic well-being.

Objectives:

1. Maintain a permanent, self-sustaining Clean Water SRF program that will serve in perpetuity as a financing source for wastewater treatment works projects and nonpoint source pollution control projects; and
2. Fulfill the requirements of pertinent federal, state, and local laws and regulations governing water pollution control activities while providing the state and local project sponsors with

maximum flexibility and decision-making authority regarding such activities.

Short-term Goal and Objectives:

The short-term goal of the Clean Water SRF is to fully capitalize the fund.

Objectives:

1. Ensure the technical integrity of Clean Water SRF projects through the review of planning, design plans and specifications, and construction activities;
2. Ensure compliance with all pertinent federal, state, and local water pollution control laws and regulations; and
3. Obtain maximum capitalization of the funds for the state in the shortest time possible.

Environmental Results

Beginning January 1, 2005, states are required to quantify and report the environmental benefits being realized through the Clean Water SRF loan program. The reporting requirement is being satisfied using an on-line environmental benefits assessment developed by EPA in cooperation with the States and other organizations. A summary of the fiscal year 2016 loans and the resulting benefits will be provided in the end-of-year-annual report.

AMOUNT OF FUNDS TRANSFERRED BETWEEN THE CLEAN WATER SRF AND THE DRINKING WATER SRF

The Safe Drinking Water Act Amendments of 1996 and subsequent Congressional action allows states to transfer an amount equal to 33 percent of its Drinking Water SRF

capitalization grant to the Clean Water SRF or an equivalent amount from the Clean Water SRF to the Drinking Water SRF. States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs and may transfer a previous year's allocation at any time.

South Dakota has transferred \$15,574,320 from the Clean Water SRF program to the Drinking Water SRF program in past years. In fiscal year 2006 and 2011, \$7.5 million in leveraged bond proceeds and \$10 million of repayments, respectively, were transferred from the Drinking Water SRF program to the Clean Water SRF program. With the 2016 capitalization grant, the ability exists to transfer more than \$42.1 million from the Clean Water SRF program to the Drinking Water SRF program. More than \$40.2 million could be transferred from the Drinking Water Program to the Clean Water SRF program. The table on page 9 details the amount of funds transferred between the programs and the amount of funds available to be transferred.

No transfers are expected in fiscal year 2016.

INFORMATION ON THE ACTIVITIES TO BE SUPPORTED

The primary type of assistance to be provided by the Clean Water SRF is direct loans including refinancing of existing debts where eligible. Loan assistance will be provided to municipalities, sanitary districts, counties, or other units of government for publicly owned wastewater treatment facilities, storm sewers, and nonpoint source pollution control programs in accordance with the Clean Water SRF administrative rules adopted by the Board of Water and Natural Resources. With the adoption of the amended and restated Master Indenture in 2004, the Clean Water

and Drinking Water SRF programs are cross-collateralized. This allows the board to pledge excess revenues on deposit in the Drinking Water SRF program to act as additional security for bonds secured by excess revenues on deposit in the Clean Water SRF program, and vice versa.

Sources of Loan Funds

Loan funds are derived from various sources and include federal capitalization grants, state match, leveraged bonds, borrowers' principal repayments, and interest earnings.

Capitalization Grants/State Match: Federal capitalization grants are provided to the state annually. These funds must be matched by the state at a ratio of 5 to 1. The fiscal year 2016 capitalization grant is expected to be \$6,817,000 which requires \$1,363,400 in state match. Bond proceeds will be used to match 2016 capitalization grant funds.

For purposes of meeting fiscal year 2016 proportionality requirements, the South Dakota Clean Water SRF program will document the expenditure of repayments and bond proceeds in an amount equivalent to the entire required state match.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. If demand significantly exceeds that shown on Attachment II - List of Projects to be Funded in FY 2016, additional leveraged bonds may be required in 2016.

Borrowers' Principal Repayments: The principal repaid by the loan borrowers is used to make semi-annual leveraged bond payments. Any excess principal is available for loans. It is estimated that \$5,500,000 in

principal repayments will become available for loans in fiscal year 2016.

Interest Earnings: The interest repaid by the loan borrowers, as well as interest earned on investments, is dedicated to make semi-annual state match bond payments. Any excess interest is available for loans. It is estimated that \$8,000,000 in interest earnings will become available for loans in fiscal year 2016.

Additional Subsidy - Principal Forgiveness

The 2010 and 2011 Clean Water SRF appropriation mandated that not less than 30 percent of the funds made available for Clean Water SRF capitalization grants be used by the State to provide additional subsidy to eligible recipients and shall only apply to the portion of the national allocation that exceeds \$1,000,000,000. The 2012 through 2014 capitalization grants mandated additional subsidy be provided in an amount not less than 20 percent, but not more than 30 percent, of that portion of the national allocation that exceeds \$1,000,000,000. Additional subsidy may be in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these).

Additional subsidy will be provided in the form of principal forgiveness. Municipalities and sanitary districts must have a minimum rate of \$30 per month based on 5,000 gallons usage or a flat rate to qualify for principal forgiveness. Other applicants must have a minimum rate of \$40 per month based on 5,000 gallons usage or a flat rate to qualify for principal forgiveness.

With the passage of the Water Resources Reform and Development Act (WRRDA) in June 2014, states may provide additional subsidization when the total amount

appropriated for capitalization grants exceeds \$1,000,000,000. Additional subsidization can be provided to a municipality only if it meets the affordability requirements established by the state or to projects that implement a process, material, technique, or technology with water efficiency, energy efficiency, mitigation of stormwater runoff or sustainability benefits.

When determining the amount of principal forgiveness, the Board of Water and Natural Resources may consider the following decision-making factors, which are set forth in alphabetical order:

- (1) Annual utility operating budgets;
- (2) Available local cash and in-kind contributions;
- (3) Available program funds;
- (4) Compliance with permits and regulations;
- (5) Debt service capability;
- (6) Economic impact;
- (7) Other funding sources;
- (8) Readiness to proceed;
- (9) Regionalization or consolidation of facilities;
- (10) Technical feasibility;
- (11) Utility rates; and
- (12) Water quality benefits.

Table 1 – Principal Forgiveness Status

FFY	Principal Forgiveness	
	Minimum	Maximum
2010	\$1,497,892	\$4,993,274
2011	\$669,233	\$2,230,777
2012	\$383,922	\$575,882
2013	\$307,120	\$460,680
2014	\$372,924	\$559,386
2015	\$0	\$2,045,100
2016 (est)	\$0	\$2,045,100
	\$3,231,181	\$12,910,199

Table 1 – Principal Forgiveness Status (Cont.)

Awarded from 2010 grant	\$4,993,274
Awarded from 2011 grant	\$2,230,777
Awarded from 2012 grant	\$575,882
Awarded from 2013 grant	\$460,680
Awarded from 2014 grant	\$559,836
Awarded from 2015 grant	\$1,992,086

In compliance with the WRRDA provisions South Dakota has adopted the affordability criteria below.

1. All applicants will be awarded points to determine principal forgiveness eligibility as follows:
 - a. Five points if an applicant’s median household income is equal to or less than 80 percent of the statewide median household income;
 - b. Three points if an applicant’s median household income is equal to or less than the statewide median household income and greater than 80 percent of the statewide median household income;
 - c. One point if the applicant’s 2010 census population is less than the applicant’s 2000 census population; and
 - d. One point if an applicant’s county unemployment rate is greater than the statewide unemployment rate.
2. If the boundaries of an applicant are located in more than one county, the unemployment rate of the county with the largest percentage of the applicant’s population will be used.
3. Applicants must receive a minimum of five points to be eligible for principal forgiveness in the upcoming fiscal year.

The source of median household income statistics will be the American Community Survey or other statistically valid income data supplied by the applicant and acceptable to the board.

The source of unemployment rates will be the 2013 average unemployment rates as determined by the South Dakota Department of Labor and Regulation, Labor Force Statistics.

Systems that are eligible to receive principal forgiveness are identified in Attachment I and Attachment II. Attachment II - List of Projects to be Funded in FY 2016 identifies \$1,381,000 in potential principal forgiveness.

Table 1 on the previous page summarizes the amounts of principal forgiveness provided with the 2010 - 2015 capitalization grants.

Green Project Reserve

Recent Clean Water SRF appropriations mandated that to the extent there are sufficient eligible project applications, a portion of the funds made available for each year’s Clean Water SRF capitalization grant shall be used by the State for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve.

Sufficient funds have been awarded to qualifying projects to meet the 2010 – 2014 capitalization grants Green Project Reserve requirements.

The Green Project Reserve requirement was included in the 2015 capitalization grant, and required that not less than 10 percent be made available for Green Project Reserve eligible projects. It is assumed that 2016

capitalization grant will include a requirement that not less than 10 percent be made available for Green Project Reserve eligible projects. Attachment II - List of Projects to be Funded in FY 2016 identifies six projects with \$2,027,215 of Green Project Reserve eligible project components. This amount will meet the 10 percent threshold of the 2015 and 2016 capitalization grants.

Interest Rates

Interest rates are reviewed periodically in comparison to established bond rating indexes to assure rates are at or below market rates as required. The SRF rates are then set to be competitive with other funding agencies.

The interest rates for fiscal year 2016 are summarized in Table 2. The rates were last adjusted in November 2014.

Projects for traditional wastewater or stormwater projects that include a nonpoint source component may receive the nonpoint source rate. The annual principal and interest payments are calculated for a loan at the higher base interest rate. Using the lower interest incentive rate, a loan is sized using the annual payment previously calculated. The difference in the two loan amounts is the amount of funding available for the nonpoint source component of the project.

Administrative Surcharge Activities

The interest rate includes an administrative surcharge as identified in Table 2. The surcharge was established to provide a pool of funds to be used for administrative purposes after the state ceases to receive capitalization grants. The administrative surcharge is also available for other purposes, as determined eligible by EPA and at the discretion of the Board of Water and Natural

Resources and department. Recent emphasis has been on using the surcharge for purposes other than reserves for future program administration.

In fiscal year 2001, the board initiated the Small Community Planning Grant program to encourage proactive planning by small communities. The planning grants reimburse 80 percent of the cost of the study. Planning grants are available only to communities of 2,500 or less. Communities are reimbursed 80 percent of the cost of an engineering study, with the maximum grant amount for any project being \$10,000.

The board provides additional grants for studies incorporating a rate analysis using Rate Maker software. Reimbursement for performing a rate analysis is 80 percent of costs up to a maximum of \$1,600.

	Up to 3 Yrs	Up to 10 Yrs	Up to 20 Yrs	Up to 30 Yrs*
<u>Interim Rate</u>				
Interest Rate	2.00%			
Admin. Surcharge	<u>0.00%</u>			
Total	2.00%			
<u>Base Rate</u>				
Interest Rate		1.50%	2.25%	2.50%
Admin. Surcharge		<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
Total		2.25%	3.00%	3.25%
<u>Nonpoint Source Incentive Rate</u>				
Interest Rate		0.75%	1.25%	1.50%
Admin. Surcharge		<u>0.50%</u>	<u>0.75%</u>	<u>0.75%</u>
Total		1.25%	2.00%	2.25%

* Term cannot exceed useful life of the project.

Administrative surcharges are being used for non-federal cost share for Total Maximum Daily Load (TMDL) assessment and implementation projects.

Additionally, administrative surcharges have been allocated to supplement the Consolidated program by providing water quality grants to Clean Water SRF eligible projects.

Beginning in fiscal year 2005, administrative surcharge funds were also provided to the planning districts to defray the cost of SRF application preparation and project administration. Reimbursement is \$9,000 per approved loan with payments made in \$3,000 increments as certain milestones are met. Future allocations for this activity are anticipated and will be based on expected loan demand.

The American Recovery and Reinvestment Act (ARRA) of 2009 and subsequent capitalization grants have mandated implementation of Davis-Bacon prevailing wage rules. The WRRDA of 2014 included Davis-Bacon prevailing wage requirements for all capitalization grants going forward. Under joint powers agreements between the planning districts and the department, the planning districts are reimbursed \$1,100 per project to oversee compliance with the Davis-Bacon wage rate verification and certification.

Administrative Surcharge Uses in FY 2016

As of September 30, 2015, \$595,008 of unobligated administrative surcharge funds is available. It is anticipated that the administrative surcharge will generate an additional \$1,500,000 in the upcoming fiscal year.

In fiscal year 2016, \$1,300,000 of administrative surcharge funds will be allocated. It is proposed to allocate \$100,000 for planning grants and \$1,200,000 to supplement the Consolidated and Section 319 programs with grants for wastewater

treatment and TMDL implementation projects.

Administrative surcharge funds will again be provided to the planning districts to defray the cost of SRF application preparation and project administration, which includes Davis-Bacon wage rate verification and certification. The 2016 allocation for these activities will be \$150,000.

Administrative surcharge funds in the amount of \$69,837 will be used to match that portion of the 2016 capitalization grant reserved for program administration. The 2014 bond issue did not differentiate between state match funds needed to match program administration and funds needed to match loan disbursements. Due to tax and accounting issues, restructuring the 2014 bond issue was not viable.

Build America Bond Activities and Uses

The Series 2010A bonds that were issued in December 2010 were designated as Build America Bonds. As a result the District receives subsidy payments from the U.S. Treasury equal to 35% of the interest payable on its Series 2010A Bonds.

In fiscal year 2016, approximately \$2,500,000 of Build America Bond funds will be allocated to supplement the Consolidated program with grants for wastewater or stormwater projects. The appropriation level reflects the semi-annual subsidy payments received from July 2011 through September 2016 on the Clean Water SRF portion of the Build America Bonds.

Capitalization Grant Administrative Allowance

The WRRDA of 2014 provides three options to states to calculate the administrative fees

available from each year's capitalization grant. States may use the larger of 1) an amount equal to four percent of the annual capitalization grant, 2) \$400,000 per year or 3) 1/5 of a percent of the current valuation of the Clean Water SRF fund based on the most recent previous year's audited financial statements.

Four percent of the expected fiscal year 2016 capitalization grant is \$272,680, and 1/5 of a percent of the current fund valuation of \$209,510,280 would result in \$419,020 available for administrative fees. As a result, an administrative allowance of \$419,020 will be reserved for administrative purposes in fiscal year 2016.

ASSURANCES AND SPECIFIC PROPOSALS

The state has assured compliance with the following sections of the law in the State/EPA Operating Agreement - XI Certification Procedures. In addition, the state has developed specific proposals on implementation of those assurances in the administrative rules promulgated by the Board of Water and Natural Resources.

Section 602(a) - Environmental Reviews - The state certifies that it will conduct environmental reviews of each project on Attachment II receiving assistance from the Clean Water SRF, as applicable. The state will follow EPA-approved National Environmental Policy Act (NEPA) procedures in conjunction with such environmental reviews.

Section 602(b)(3) - Binding Commitments - The state certifies that it will enter into binding commitments equal to at least 120 percent of each quarterly grant payment within one year after receipt.

Section 602(b)(4) - Timely Expenditures of Funds - The state is committed to obligate Clean Water SRF moneys to eligible applicants as quickly and efficiently as possible to facilitate the financing of eligible projects and to initiate construction with a minimum of delay.

Section 602(b)(5) - First Use Enforceable Requirements - The state certifies that all major and minor wastewater treatment facilities identified as part of the National Municipal Policy (NMP) universe are:

1. in compliance, or
2. have received funding through various state and federal assistance programs and constructed a facility designed to produce an effluent capable of meeting the appropriate permit limits and achieve compliance with its discharge permit, or
3. have upgraded existing facilities or constructed new facilities through its own means to achieve compliance with its discharge permit.

Section 602(b)(6) - Compliance with Title II Requirements - The state certifies that it will comply as applicable.

Section 602(b)(13) - Cost Effectiveness Certification - The state will require Clean Water SRF assistance recipients and their consulting engineer to certify that they have studied and evaluated the cost effectiveness of the proposed project, and to the maximum extent practicable, have selected the alternative that maximizes the potential for efficient water use, reuse, and recapture, and conservation and energy conservation.

Section 602(b)(14) - Procurement of Architectural and Engineering Services - The state will not provide Clean Water SRF

assistance to projects for architectural or engineering services that are identified as an equivalency project in the annual report.

Section 608 – American Iron and Steel Provisions – The state certifies that it will require American Iron and Steel products to be utilized for all treatment works projects receiving assistance from the Clean Water SRF, as applicable.

CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

The Clean Water SRF funds are distributed using the following criteria:

1. the availability of funds in the Clean Water SRF program;
2. the applicant's need;
3. violation of health and safety standards;
and
4. the applicant's ability to repay.

The methods and criteria used are designed to provide the maximum flexibility and assistance that is affordable to the borrower while providing for the long-term viability of the fund.

Public Review and Comment - On May 25, 1988, a public hearing was held to review the initial Clean Water SRF rules and to receive comments. The Board of Water and Natural Resources approved the rules following the hearing. Revisions to the Clean Water SRF rules have been made periodically to reflect the needs of the program.

A formal public hearing was held for the South Dakota fiscal year 2016 Clean Water SRF Intended Use Plan on November 5, 2015.

Table 3 - Amounts Available to Transfer between State Revolving Fund Programs

Year	DWSRF Capitalization Grant	Amount Available for Transfer	Banked Transfer Ceiling	Amount Transferred from CWSRF to DWSRF	Amount Transferred from DWSRF to CWSRF	Transfer Description	CWSRF Funds Available to Transfer	DWSRF Funds Available to Transfer
1997	\$12,558,800	\$4,144,404	\$4,144,404				\$4,144,404	\$4,144,404
1998	\$7,121,300	\$2,350,029	\$6,494,433				\$6,494,433	\$6,494,433
1999	\$7,463,800	\$2,463,054	\$8,957,487				\$8,957,487	\$8,957,487
2000	\$7,757,000	\$2,559,810	\$11,517,297				\$11,517,297	\$11,517,297
2001	\$7,789,100	\$2,570,403	\$14,087,700				\$14,087,700	\$14,087,700
2002	\$8,052,500	\$2,657,325	\$16,745,025	\$7,812,960		CW Cap Grant/Match	\$8,932,065	\$16,745,025
2003	\$8,004,100	\$2,641,353	\$19,386,378	\$7,761,360		CW Cap Grant/Match	\$3,812,058	\$19,386,378
2004	\$8,303,100	\$2,740,023	\$22,126,401				\$6,552,081	\$22,126,401
2005	\$8,285,500	\$2,734,215	\$24,860,616				\$9,286,296	\$24,860,616
2006	\$8,229,300	\$2,715,669	\$27,576,285		\$7,500,000	Leveraged Bonds	\$12,001,965	\$20,076,285
2007	\$8,229,000	\$2,715,570	\$30,291,855				\$14,717,535	\$22,791,855
2008	\$8,146,000	\$2,688,180	\$32,980,035				\$17,405,715	\$25,480,035
2009	\$8,146,000	\$2,688,180	\$35,668,215				\$20,093,895	\$28,168,215
2010	\$13,573,000	\$4,479,090	\$40,147,305				\$24,572,985	\$32,647,305
2011	\$9,418,000	\$3,107,940	\$43,255,245		\$10,000,000	Repayments	\$27,680,925	\$25,755,245
2012	\$8,975,000	\$2,961,750	\$46,216,995				\$30,642,675	\$28,716,995
2013	\$8,421,000	\$2,788,930	\$48,995,925				\$33,421,605	\$31,495,925
2014	\$8,845,000	\$2,918,850	\$51,914,775				\$36,340,455	\$34,414,775
2015	\$8,787,000	\$2,899,710	\$54,814,485				\$39,240,165	\$37,314,485
2016 (est.)	\$8,787,000	\$2,899,710	\$57,714,195				\$42,139,875	\$40,214,195

ATTACHMENT I

PROJECT PRIORITY LIST

Attachment I is a comprehensive list of projects that are eligible for Clean Water SRF loans. This list was developed from State Water Plan applications. Inclusion on the list carries no obligations to the Clean Water SRF program. Attachment II lists those projects expected to be funded in fiscal year 2016.

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
28	Watertown	C461029-12	Construction of new gravity and low pressure sewer main to connect a development on the edge of the city currently utilizing on-site septic systems to the city's wastewater treatment system.	\$832,896	3.25%, 30 yrs	
26	Dell Rapids	C461064-09	Construction of a new wastewater treatment system to include either sequencing batch reactors or the installation of a Submerged Attached Growth Reactor system to allow the system to meet limits for ammonia in discharges.	\$5,758,000	3.00%, 20 yrs	
25	Platte	C461130-03	Reconfiguration of its wastewater treatment lagoons to include fine bubble aeration and the installation of a Submerged Attached Growth Reactor system to allow the system to meet limits for ammonia in discharges.	\$2,537,000	3.00%, 20 yrs	Yes (Pending rate increase)
24	Mina Lake Sanitary District	C461287-01	Construction of a new wastewater treatment artificial wetland and rehabilitation of the existing ponds, installation of new sanitary sewer collection piping utilizing small diameter pressure sewer to connect 36 additional users, replacement of	\$2,624,000	3.00%, 20 yrs	

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
			individual home sewer lift pits, and pump replacement at the lift station.			
23	Lake Poinsett Sanitary District	C461027-05	Extension of the sanitary sewer collection system to serve additional residences and the construction of a total retention wastewater treatment lagoon system.	\$10,000,000	3.25%, 30 yrs	
22	Humboldt	C461254-02	Construction of a new wastewater treatment pond and rehabilitation of the existing ponds to provide total retention and installation of new sanitary sewer collection piping.	\$1,980,000	3.25%, 30 yrs	
21	Piedmont	C461462-01	Construction of a centralized collection system and activated sludge treatment facility to replace on-site septic systems within the recently incorporated municipality.	\$4,500,000	3.00%, 20 yrs	Yes (Pending rate increase)
20	Westport	C461409-01	Replacement of an existing lift station, installation of storm sewer line, and construction of a new wastewater treatment pond to provide total retention.	\$723,030	3.00%, 20yrs	
18	Pierre	C461288-07	Upgrades to the wastewater treatment facility to include grit removal equipment, primary clarifier drive mechanism and scrapers, an air lift station and line, the ATAD system, aeration basin compressed air piping system, and the facility control system.	\$1,772,100	3.00%, 20 yrs	
17	Brandon	C461032-06	Construction of a new wastewater treatment facility and installation of new trunk sewers to eliminate lift stations and convey wastewater to the new treatment facility.	\$20,123,000	3.00%, 20 yrs	
16	Hot Springs	C461040-03	Construction of new gravity sewer main to connect users currently	\$270,000	3.25%, 30 yrs	Yes (Pending

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
			utilizing on-site septic systems to the city's wastewater treatment system.			rate increase)
15	Elk Point	C461059-07	Reconditioning Cell #3 to include relining and replacing inter-pond piping, valves, and other appurtenances.	\$500,000	3.00%, 20 yrs	
15	Miller	C461128-01	Replacement of approximately 9,300 feet of sewer lines, rehabilitation of two lift stations, and expansion of cell #2 at the wastewater treatment facility.	\$5,111,369	3.25%, 30 yrs	
13	Belle Fourche	C461012-03	Replacement of approximately 7,300 feet of sewer and storm sewer lines, 25 manholes, and other appurtenances as part of the reconstruction of Rose Street.	\$2,070,000	3.25%, 30 yrs	Yes (Pending rate increase)
13	Pickstown	C461378-01	Expansion of the existing wastewater treatment facility to a three-cell discharging pond system and installation of a lift station to transfer water within the ponds.	\$405,000	3.25%, 30 yrs	
11	Brandon	C461032-06	Construction of a new lift station to convey the city's wastewater to the city of Sioux Falls' treatment facility.	\$2,260,875	3.00%, 20 yrs	
11	Lemmon	C461015-02	Replacement or relining of approximately 44,750 feet of sewer lines and necessary manhole rehabilitation.	\$9,515,948	3.25%, 30 yrs	Yes (Pending rate increase)
10	Canton	C461039-05	Replacement of approximately 3,150 feet of storm sewer, 2,750 feet of sanitary sewer, 10 manholes, and other appurtenances as part of the reconstruction of Dakota Street.	\$1,199,000	3.25%, 30 yrs	
10	Dell Rapids	C461064-08	Replacement of approximately 5,400 feet of sewer lines and necessary manhole replacement.	\$2,312,000	3.25%, 30 yrs	

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
10	Hot Springs	C461040-04	Replacement of approximately 1,425 feet of sewer lines and necessary manhole replacement.	\$197,000	3.25%, 30 yrs	Yes (Pending rate increase)
9	Elk Point	C461059-08	Replacement of approximately 4,000 feet of sewer lines, nine manholes, and 36 service lines as part of the reconstruction of Rose Street.	\$1,750,000	3.25%, 30 yrs	
9	Platte	C461130-02	Cleaning and televising the entire collection system, relining of approximately 14,565 feet of sewer lines, necessary manhole rehabilitation and installation of an influent flow meter at the treatment facility.	\$1,075,000	3.25%, 30 yrs	Yes
8	Faulkton	C461217-02	Rehabilitation of approximately 32,400 feet of sanitary sewer lines and related appurtenances.	\$3,670,000	3.25%, 30 yrs	Yes (Pending rate increase)
8	Lead	C461007-09	Replacement of approximately 1,400 water meters and installation of an automatic meter reading system.	\$560,000	2.25%, 10 yrs	Yes
8	Tea	C461028-08	Replacement of approximately 4,350 feet of sewer lines and necessary manhole replacement as part of the reconstruction of Ceylon Avenue.	\$745,000	3.25%, 30 yrs	
8	Tea	C461028-09	Replacement of approximately 5,100 feet of sewer lines and necessary manhole replacement as part of the reconstruction of Brian Street.	\$749,000	3.25%, 30 yrs	
7	Emery	C461248-01	Replacement of approximately 15,100 feet of sewer line and 40 manholes.	\$3,100,000	3.25%, 30 yrs	Yes (Based on income survey)
7	Lake Norden	C461256-01	Cleaning and televising the entire collection system and relining the existing cast iron lines.	\$510,000	3.00%, 20 yrs	Yes (Pending rate increase)

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
7	Miller	C461128-02	Replacement of approximately 33,600 feet of storm sewer pipe and related appurtenances.	\$6,000,000	3.25%, 30 yrs	
7	Volga	C461046-01	Installation of a lift station to serve a currently undeveloped area of town that will be installing sanitary sewer collection pipe.	\$619,000	3.00%, 20 yrs	
6	Avon	C461242-01	Replacement of approximately 330 water meters and installation of an automatic meter reading system.	\$469,800	2.25%, 10 yrs	Yes
6	Cavour	C461043-01	Replacement of approximately 7,000 feet of sanitary sewer and appurtenances, cleaning and televising of collection system, and upgrades to the wastewater treatment ponds.	\$2,390,000	3.25%, 30 yrs	
6	Humboldt	C461254-02	Replacement of approximately 300 water meters and installation of an automatic meter reading system.	\$240,000	2.25%, 10 yrs	Yes (Pending rate increase)
6	Philip	C461205-06	Replacement of approximately 220 water meters and installation of an automatic meter reading system and equipment for all other meters not being replaced.	\$340,000	2.25%, 10 yrs	Yes
6	Plankinton	C461110-02	Replacement of approximately 380 water meters and installation of an automatic meter reading system.	\$240,000	2.25%, 10 yrs	Yes
5	Chancellor	C461122-02	Replacement of approximately 131 water meters and installation of an automatic meter reading system.	\$177,415	2.25%, 10 yrs	Yes
4	Yale	C461096-02	Installation of rip-rap at the wastewater treatment ponds to prevent erosion of the dikes.	\$443,000	3.25%, 30 yrs	

ATTACHMENT II - LIST OF PROJECTS TO BE FUNDED IN FY2016

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness ¹	Funding Date	Expected Funding Source ²
	<i>Green Project Reserve Information</i>					
Loans Expected						
18	Pierre	C461288-07	\$1,772,100	-0-	Jan. 2016	2015
28	Watertown	C461029-12	\$832,896	-0-	March 2016	2015/2016
26	Dell Rapids	C461064-09	\$5,758,000	-0-	March 2016	2016
22	Humboldt	C461254-02	\$1,980,000	-0-	March 2016	2016/Lev. Funds
20	Westport	C461409-01	\$723,030	-0-	March 2016	Repayments
16	Hot Springs	C461040-03	\$270,000	\$27,000	March 2016	Repayments
13	Belle Fourche	C461012-03	\$2,070,000	\$207,000	March 2016	Repayments
10	Canton	C461039-05	\$1,199,000	-0-	March 2016	Repayments
10	Dell Rapids	C461064-08	\$2,312,000	-0-	March 2016	Repayments
9	Elk Point	C461059-08	\$1,750,000	-0-	March 2016	Repayments
9	Platte	C461130-02	\$1,075,000	\$107,000	March 2016	Repayments
8	Faulkton	C461217-02	\$3,670,000	\$367,000	March 2016	Repayments
8	Lead	C461007-09	\$560,000	\$56,000	March 2016	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$560,000</i>					
8	Tea	C461028-08	\$745,000	-0-	March 2016	Repayments
6	Cavour	C461043-01	\$2,390,000	-0-	March 2016	Repayments
6	Plankinton	C461110-02	\$240,000	\$24,000	March 2016	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$240,000</i>					
5	Chancellor	C461122-02	\$177,415	\$18,000	March 2016	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$177,415</i>					
24	Mina Lake SD	C461287-01	\$2,624,000	-0-	June 2016	Repayments
17	Brandon	C461032-06	\$20,123,000	-0-	June 2016	Lev. Funds/Repay
10	Hot Springs	C461040-04	\$197,000	\$20,000	June 2016	Repayments
8	Tea	C461028-09	\$749,000	-0-	June 2016	Repayments

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.

2. Projects identified using 2016 capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the fiscal year 2016 annual report.

ATTACHMENT II - LIST OF PROJECTS TO BE FUNDED IN FY2016 (Continued)

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness ¹	Funding Date	Expected Funding Source ²
	<i>Green Project Reserve Information</i>					
Loans Expected						
21	Piedmont	C461462-01	\$4,500,000	\$450,000	Sept. 2016	Repayments
15	Miller	C461128-01	\$5,111,369	-0-	Sept. 2016	Repayments
15	Elk Point	C461059-07	\$500,000	-0-	Sept. 2016	Repayments
6	Avon	C461242-01	\$469,800	\$47,000	Sept. 2016	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$469,800</i>					
6	Humboldt	C461254-02	\$240,000	\$24,000	Sept. 2016	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$240,000</i>					
6	Philip	C461205-06	\$340,000	\$34,000	Sept. 2016	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$340,000</i>					

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.

2. Projects identified using 2016 capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the fiscal year 2016 annual report.

**ATTACHMENT III
PROGRAM FUNDING STATUS**

Fiscal Years 1989 - 2015

Capitalization Grants	\$174,293,200	
State Match	\$32,262,920	
ARRA Grant	\$19,239,100	
Program Administration Allowance	(\$7,349,452)	
Leveraged Funds	\$207,246,266	
Transfer of FY 2002 & 2003 Capitalization Grant and State Match to DWSRF	(\$15,574,320)	
Transfer of DWSRF Repayments	\$10,000,000	
Excess Interest as of September 30, 2015	\$74,656,243	
Excess Principal as of Sept. 30, 2015	<u>\$152,213,479</u>	
Total Funds Dedicated to Loan		\$639,583,156
Loans made through September 30, 2015		<u>(\$598,182,041)</u>
Balance of funds as of September 30, 2015		\$41,401,115

Fiscal Year 2016 Projections

Capitalization Grants	\$6,817,000	
State Match	\$1,363,400	
Program Administration Allowance	(\$419,020)	
Projected Excess Principal Repayments	\$5,500,000	
Projected Unrestricted Interest Earnings	<u>\$8,000,000</u>	
Projected Fiscal Year 2016 Loan Subtotal		\$21,261,380
Total Funds Available for Loans		<u><u>\$62,662,495</u></u>
Loan Amount Identified on Attachment II - List of Projects to be Funded in Fiscal Year 2016		<u><u>\$62,378,610</u></u>

Administrative Surcharge Funds Available as of September 30, 2015	
Restricted Account (Administrative Purposes Only)	\$62,101
Discretionary Account (Available for Water Quality Grants)	\$532,907
Total	\$595,008

November 5, 2015

Item 6

TITLE: Public Hearing to Adopt Federal Fiscal Year 2016 Drinking Water State Revolving Fund Intended Use Plan.

EXPLANATION: The Intended Use Plan describes how the Board intends to use available funds to meet the objectives of the Safe Drinking Water Act. The Intended Use Plan describes the set-aside activities to be performed and amount of funding allocated to these. A prioritized list of potential drinking water projects is also included in the Intended Use Plan. Projects seeking a Drinking Water State Revolving Fund loan must be included on the priority list. The hearing has been advertised in accordance with applicable State and Federal requirements.

RECOMMENDED ACTION: Conduct the public hearing, receive testimony, and approve the Federal Fiscal Year 2016 Intended Use Plan.

CONTACT: Andy Bruels (773-4216)

**SOUTH DAKOTA
DRINKING WATER STATE REVOLVING FUND
FISCAL YEAR 2016 INTENDED USE PLAN**

INTRODUCTION

The Safe Drinking Water Act Amendments of 1996 and South Dakota Codified Law 46A-1-60.1 to 46A-1-60.3, inclusive, authorize the South Dakota Drinking Water State Revolving Fund (SRF) program. Program rules are established in Administrative Rules of South Dakota chapter 74:05:11.

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for the federal fiscal year 2016 as required under Section 1452(b) of the Safe Drinking Water Act and ARSD 74:05:11:03. The IUP describes how the state intends to use the Drinking Water SRF to meet the objectives of the Safe Drinking Water Act and further the goal of protecting public health. A public hearing was held on November 5, 2015, to review the 2016 Intended Use Plan and receive comments. The IUP reflects the results of this review.

The 2016 capitalization grant estimate used in the IUP is based on last year's allocation.

The IUP includes the following:

- Priority list of projects;
- Short- and long-term goals;
- Criteria and method of fund distribution;
- Funds transferred between the Drinking Water SRF and the Clean Water SRF;
- Financial status;

- Description and amount of non-Drinking Water SRF (set-aside) activities; and
- Disadvantaged community subsidies.

PRIORITY LIST OF PROJECTS

A project must be on the project priority list, Attachment I, to be eligible for a loan. This list was developed from the State Water Plan and includes projects that did not designate Drinking Water SRF loans as a funding source.

Projects may be added to the project priority list at any meeting of the Board of Water and Natural Resources if the action is included on the agenda at the time it is posted.

Priority ratings are based on the project priority system established in ARSD 74:05:11:06. The general objective of the priority system is to assure projects that address compliance or health concerns, meet certain affordability criteria, or regionalize facilities receive priority for funding.

GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS

The long-term goals of the Drinking Water SRF are to fully capitalize the fund, ensure that the state's drinking water supplies remain safe and affordable, ensure that systems are operated and maintained, and promote economic well-being.

The specific long-term objectives of the program are:

1. To maintain a permanent, self-sustaining SRF program that will serve in perpetuity as a financing source for drinking water projects and source water quality protection measures. This will necessitate that the amount of capitalization grant funds for non-Drinking Water SRF activities are reviewed annually to assure adequate cash flow to maintain the fund.
2. To fulfill the requirements of pertinent federal, state, and local laws and regulations governing safe drinking water activities, while providing the state and local project sponsors with maximum flexibility and decision making authority regarding such activities.

The short-term goal of the SRF is to fully capitalize the fund.

The specific short-term objectives of the program are:

1. To assist systems in replacing aging infrastructure.
2. To assist systems in maintaining and upgrading its water treatment capabilities to ensure compliance with the Safe Drinking Water Act.
3. To promote regionalization and consolidations of water systems, where mutually beneficial, as a practical means of addressing financial, managerial, and technical capacity.
4. To ensure the technical integrity of Drinking Water SRF projects through the review of planning, design plans and specifications, and construction activities.

5. To ensure the financial integrity of the Drinking Water SRF program through the review of the financial impacts of the set-asides and disadvantaged subsidies and individual loan applications and the ability for repayment.
6. To obtain maximum capitalization of the funds for the state in the shortest time possible while taking advantage of the provisions for disadvantaged communities and supporting the non-Drinking Water SRF activities.

Environmental Results

Beginning January 1, 2005, states were required to establish program activity measures (outcomes) in its Intended Use Plan to receive the federal capitalization grant. Progress related to the measures is to be reported in the following annual report.

For fiscal year 2016, the specific measures are:

1. In fiscal year 2015, the fund utilization rate, as measured by the percentage of executed loans to funds available, was 94.0 percent, which exceeded the target goal of 90 percent. For fiscal year 2016, the goal of the Drinking Water SRF program is to maintain the fund utilization rate at or above 90 percent.
2. In fiscal year 2015, the rate at which projects progressed as measured by disbursements as a percent of assistance provided was 83.1 percent, which met the goal of 80 percent. For fiscal year 2016, the goal is to maintain the construction pace at 80 percent or higher.
3. For fiscal year 2016, the goal of the Drinking Water SRF program is to fund 25 loans, totaling \$46.0 million.

4. For fiscal year 2016, it is estimated that 29 projects will initiate operations.
5. For fiscal year 2016, it is estimated that 10 Small Community Planning Grants will be awarded to small systems to evaluate the system's infrastructure needs.
6. For fiscal year 2016, it is estimated that the South Dakota Association of Rural Water Systems will provide 1,500 hours of technical assistance to small systems.

CRITERIA AND METHOD OF FUND DISTRIBUTION

Projects will be funded based on their assigned priority as set forth on the Project Priority list. Projects with the highest ranking that have submitted a complete State Revolving Fund loan application and demonstrated adequate financial, managerial, and technical capacity to receive the loan shall be funded before any lower ranked projects. Projects on the priority list may be bypassed if they have not demonstrated readiness to proceed by submitting a loan application. "Readiness to Proceed" is defined by EPA as the applicant being prepared to begin construction and is immediately ready, or poised to be ready, to enter into assistance agreements. The next highest priority project that has submitted an application will be funded. The state shall exert reasonable effort to assure that the higher priority projects on the priority list are funded.

Interest rates are reviewed periodically in comparison to established bond rating indexes to assure rates are at or below market rates as required. The SRF rates are then set to be competitive with other funding agencies.

The interest rates for fiscal year 2016 are summarized in Table 1. Information regarding disadvantaged eligibility and subsidy level criteria can be found in the

disadvantaged community subsidies section. The 10-year disadvantaged rate was established in November 2011. The 30-year base program rate and extension of interim financing to 5 years were established in March 2015. The other rates were last adjusted in February 2009.

	Up to 5 Yrs	Up to 10 Yrs	Up to 20 Yrs	Up to 30 Yrs*
<u>Interim Rate</u>				
Interest Rate	2.00%			
Admin. Surcharge	<u>0.00%</u>			
Total	2.00%			
<u>Base Rate</u>				
Interest Rate		1.75%	2.50%	2.75%
Admin. Surcharge		<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total		2.25%	3.00%	3.25%**
<u>Disadvantaged Rate - 100% of MHI</u>				
Interest Rate				2.50%
Admin. Surcharge				<u>0.50%</u>
Total				3.00%
<u>Disadvantaged Rate - 80% of MHI</u>				
Interest Rate		1.00%		1.75%
Admin. Surcharge		<u>0.25%</u>		<u>0.50%</u>
Total		1.25%		2.25%
<u>Disadvantaged Rate - 60% of MHI</u>				
Interest Rate				0.00%
Admin. Surcharge				<u>0.00%</u>
Total				0.00%

* Term cannot exceed useful life of the project
 ** Non-Profit Borrowers are not eligible to receive this loan rate and term.

The interest rate includes an administrative surcharge as identified in Table 1. The primary purpose of the surcharge is to provide a pool of funds to be used for administrative purposes after the state ceases to receive capitalization grants. The administrative surcharge is also available for other purposes, as determined eligible by EPA and at the discretion of the Board of Water and Natural Resources and the department.

As of September 30, 2015, \$3.57 million of administrative surcharge funds are available.

Beginning in fiscal year 2005, administrative surcharge funds were provided to the planning districts to defray expenses resulting from SRF application preparation and project administration. Reimbursement is \$9,000 per approved loan with payments made in \$3,000 increments as certain milestones are met.

The American Recovery and Reinvestment Act (ARRA) of 2009 and subsequent capitalization grants have mandated implementation of Davis-Bacon prevailing wage rules. Under joint powers agreements between the planning districts and the department, the planning districts are to be reimbursed \$1,100 per project to oversee compliance with the Davis-Bacon wage rate verification and certification.

Administrative surcharge funds will again be provided to the planning districts to defray the cost of SRF application preparation and project administration, which includes Davis-Bacon wage rate verification and certification. The 2016 allocation for these activities will be \$50,000.

In fiscal year 2015, \$75,000 of administrative surcharge funds will be used for operator certification training.

Administrative surcharge funds will be used to provide grants to assist very small systems in violation of the Safe Drinking Water Act excluding the Total Coliform Rule. These funds will be limited to community systems with 50 or less connections and not-for-profit, non-transient non-community water systems. Funds will be provided for infrastructure projects as 100 percent grants up to a maximum of \$50,000 and for total project costs less than \$100,000. No additional funds will be allocated for these activities in federal fiscal year 2016.

A requirement of the program is that a minimum of 15 percent of all dollars credited to the fund be used to provide loan assistance to small systems that serve fewer than 10,000 persons. Since the inception of the program, loans totaling nearly \$193.2 million have been made to systems meeting this population threshold, or 47.4 percent of the \$407.6 million of total funds available for loan. Attachment II – List of Projects to be funded in Fiscal Year 2016 identifies more than \$46.0 million in projects, of which approximately \$32.9 million is for systems serving less than 10,000; therefore, the state expects to continue to exceed the 15 percent threshold.

Water systems must demonstrate the technical, managerial, and financial capability to operate a water utility before it can receive a loan.

The distribution methods and criteria are designed to provide affordable assistance to the borrower with maximum flexibility while providing for the long-term viability of the fund.

AMOUNT OF FUNDS TRANSFERRED BETWEEN THE DRINKING WATER SRF AND THE CLEAN WATER SRF

The Safe Drinking Water Act Amendments of 1996 and subsequent Congressional action allows states to transfer an amount equal to 33 percent of its Drinking Water SRF capitalization grant to the Clean Water SRF or an equivalent amount from the Clean Water SRF to the Drinking Water SRF. States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs and may transfer a previous year's allocation at any time.

South Dakota transferred \$15,574,320 from the Clean Water SRF to the Drinking Water SRF program in past years. In fiscal year

2006 and 2011, \$7.5 million of leveraged bond proceeds and \$10 million of repayments, respectively were transferred from the Drinking Water SRF program to the Clean Water SRF program. With the 2016 capitalization grant, the ability exists to transfer up to \$42.1 million from the Clean Water SRF program to the Drinking Water SRF program. More than \$40.2 million could be transferred from the Drinking Water SRF Program to the Clean Water SRF program. Table 3 (page 10) itemizes the amount of funds transferred between the programs and the amount of funds available to be transferred.

No transfers are expected in fiscal year 2016.

FINANCIAL STATUS

Loan funds are derived from various sources and include federal capitalization grants, state match, leveraged bonds, borrowers' principal repayments, and interest earnings.

Capitalization Grants/State Match: Federal capitalization grants are provided to the state annually. These funds must be matched by the state at a ratio of 5 to 1. The fiscal year 2016 capitalization grant is expected to be \$8,787,000 which requires \$1,757,400 in state match. Bond proceeds will be used to match 2016 capitalization grant funds.

For purposes of meeting fiscal year 2016 proportionality requirements, the South Dakota Drinking Water SRF program will document the expenditure of repayments and bond proceeds in an amount equivalent to the entire required state match.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. If demand significantly exceeds that shown on Attachment II - List of Projects to be Funded

in FY 2016, additional leveraged bonds may be required in 2016. .

Borrowers' Principal Repayments: The principal repaid by the loan borrowers is used to make semi-annual leveraged bond payments. Any excess principal is available for loans. It is estimated that \$7.25 million in principal repayments will become available for loans in fiscal year 2016.

Interest Earnings: The interest repaid by the loan borrowers, as well as interest earned on investments, is dedicated to make semi-annual state match bond payments. Any excess interest is available for loans. It is estimated that \$4.25 million in interest earnings will become available for loans in fiscal year 2016.

As of September 30, 2015, 270 loans totaling \$383,075,266 have been made.

At the beginning of fiscal year 2016, \$24,567,413 is available for loan. With the 2016 capitalization grant, state match, leveraged bonds, excess interest earnings, and repayments, approximately \$46.1 million will be available to loan. This information is provided in Attachment III, Drinking Water SRF Funding Status.

Funds will be allocated to the set-aside activities in the amounts indicated below. All remaining funds will be used to fund projects on the project priority list. A more detailed description of the activities can be found in the section pertaining to set-asides and the attachments.

Administration	\$351,480
Small System Technical Assistance	\$175,740
Total for set-asides	\$527,220

A conservative approach to set-asides has been taken to assure achieving the goals of developing a permanent, self-sustaining SRF

program. Future demand on the program will influence the allocation of funds to set-asides and loan subsidies.

With the adoption of the amended and restated Master Indenture in 2004, the Clean Water and Drinking Water SRF programs are cross-collateralized. This allows the board to pledge excess revenues on deposit in the Drinking Water SRF program to act as additional security for bonds secured by excess revenues on deposit in the Clean Water SRF program, and vice versa.

The Safe Drinking Water Act included three provisions that call for a withholding of Drinking Water SRF grant funds where states fail to implement three necessary programmatic requirements. These provisions were assuring the technical, financial and managerial capacity of new water systems, developing a strategy to address the capacity of existing systems, and developing an operator certification program that complies with EPA guidelines. The State of South Dakota continues to meet the requirements of these provisions and will not be subject to withholding of funds.

Additional Subsidy - Principal Forgiveness

The 2010 and 2011 Drinking Water SRF appropriations mandated that not less than 30 percent of the funds made available for Drinking Water SRF capitalization grants shall be used by the State to provide additional subsidy to eligible recipients. The 2012 through 2015 capitalization grants mandated additional subsidy be provided in an amount not less than 20 percent, but not more than 30 percent, of the capitalization grants. Additional subsidy may be in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these).

Additional subsidy will be provided in the form of principal forgiveness. Municipalities

and sanitary districts must have a minimum rate of \$30 per month based on 5,000 gallons usage or to qualify for principal forgiveness. Other applicants must have a minimum rate of \$55 per month based on 7,000 gallons usage to qualify for principal forgiveness.

When determining the amount of principal forgiveness, the Board of Water and Natural Resources may consider the following decision-making factors, which are set forth in alphabetical order:

- (1) Annual utility operating budgets;
- (2) Available local cash and in-kind contributions;
- (3) Available program funds;
- (4) Compliance with permits and regulations;
- (5) Debt service capability;
- (6) Economic impact;
- (7) Other funding sources;
- (8) Readiness to proceed;
- (9) Regionalization or consolidation of facilities;
- (10) Technical feasibility;
- (11) Utility rates; and
- (12) Water quality benefits.

Table 2 summarizes the amounts of principal forgiveness provided to date.

Table 2 – Principal Forgiveness Status

FFY	Principal Forgiveness	
	Minimum	Maximum
2010	\$4,071,900	\$13,573,000
2011	\$2,825,400	\$9,418,000
2012	\$1,795,000	\$2,692,500
2013	\$1,684,200	\$2,526,300
2014	\$1,769,000	\$2,653,500
2015	\$1,757,400	\$2,636,100
2016 (est.)	\$1,757,400	\$2,636,100
	\$15,660,300	\$36,135,500

Table 2 – Principal Forgiveness Status (Cont.)

Awarded from 2010 grant	\$13,504,075
Awarded from 2011 grant	\$9,418,000
Awarded from 2012 grant	\$2,692,000
Awarded from 2013 grant	\$2,526,300
Awarded from 2014 grant	\$2,653,500
Awarded from 2015 grant	\$2,285,890

It is anticipated that the 2016 capitalization grant will include the ability to award principal forgiveness. Attachment II - List of Projects to be Funded in FY 2016 identifies \$2,652,000 in potential principal forgiveness.

Green Project Reserve

The 2010 and 2011 Drinking Water SRF appropriations mandate that to the extent there are sufficient eligible project applications, not less than 20 percent of the funds made available for each year’s Drinking Water SRF capitalization grant shall be used by the State for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve.

Sufficient funds have been awarded to qualifying projects to meet the 2010 and 2011 Green Project Reserve requirement. The 2012 - 2015 capitalization grants were not subject to the Green Project Reserve requirement.

The Green Project Reserve requirement is not expected to be reinstated in with the 2016 capitalization grant.

Build America Bond Activities and Uses

The Series 2010A bonds that were issued in December 2010 were designated as Build America Bonds. As a result the District receives subsidy payments from the U.S.

Treasury equal to 35% of the interest payable on its Series 2010A Bonds.

In fiscal year 2016, approximately \$1,200,000 of Build America Bond funds will be allocated to supplement the Consolidated program with grants for water projects. The appropriation level reflects the semi-annual subsidy payments received from July 2011 through September 2016 on the Clean Water SRF portion of the Build America Bonds.

DESCRIPTION AND AMOUNT OF NON-PROJECT ACTIVITIES (SET-ASIDES)

The Safe Drinking Water Act authorizes states to provide funding for certain non-project activities provided that the amount of that funding does not exceed certain ceilings. Unused funds in the non-Drinking Water SRF will be banked for future use, where allowable, or transferred to the project loan account at the discretion of the State and with concurrence from the EPA Regional Administrator.

The following sections identify what portions of the capitalization grant will be used for non-Drinking Water SRF activities and describe how the funds will be used.

Administration. Four percent of the fiscal year capitalization grant (\$351,480) will be allocated to administer the Drinking Water SRF program. This is the maximum allowed for this purpose.

Specific activities to be funded are: staff salary, benefits, travel, and overhead; retaining of bond counsel, bond underwriter, financial advisor, and trustee; and other costs to administer the program.

Unused administrative funds will be banked to assure a source of funds not dependent on state general funds.

Small system technical assistance. Two percent of the capitalization grant (\$175,740) will be allocated to provide technical assistance to public water systems serving 10,000 or fewer. This is the maximum allowed for this purpose.

The objective of this set-aside is to bring non-complying systems into compliance and improve operations of water systems.

In fiscal year 1997, the board contracted with the South Dakota Association of Rural Water Systems to help communities evaluate the technical, managerial, and financial capability of its water utilities. These contracts have been renewed periodically to allow the continuation of assistance activities. The Rural Water Association provides such on-site assistance as leak detection, consumer confidence reports, water audits, board oversight and review, treatment plant operations, operator certification, and rate analysis.

To promote proactive planning within small communities, the Small Community Planning Grant program was initiated in fiscal year 2001. Communities are reimbursed 80 percent of the cost of an engineering study, with the maximum grant amount for any study being \$8,000.

The board also provides additional grants for studies incorporating a rate analysis using Rate Maker software. Reimbursement for performing a rate analysis is 80 percent of costs up to a maximum of \$1,600.

To assure available funds to support the existing small system technical assistance endeavors, \$175,740 from the fiscal year 2016 capitalization grant will be allocated to this set-aside. Unused funds from previous years' set-aside for small system technical assistance are banked for use in future years. Currently, \$198,138 remains from previous

years' allocations to be used for the purposes described above.

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

No funds will be set-aside for these activities in federal fiscal year 2016.

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

No funds will be set-aside for these activities in federal fiscal year 2016. There remains \$160,402 from prior years' allocations. It is anticipated that a portion of these funds will be used by the Midwest Assistance Program (MAP). Since 2008, MAP has been assisting communities that received an SRF loan and

recommendations were made in the capacity assessment to improve the technical, financial, or managerial capacity of the system. In addition, the Midwest Assistance Program has assisted in the review of capacity assessments required as part of the Drinking Water SRF loan applications. The DENR and the Midwest Assistance Program will continue the partnership as needed.

DISADVANTAGED COMMUNITY SUBSIDIES

Communities that meet the disadvantaged eligibility criteria described below may receive additional subsidies. This includes communities that will meet the disadvantaged criteria as a result of the project.

Definition. To be eligible for loan subsidies a community must meet the following criteria:

- (1) for municipalities and sanitary districts:
 - (a) the median household income is below the state-wide median household income; and
 - (b) the monthly residential water bill is \$30 or more for 5,000 gallons usage; or
- (2) for other community water systems:
 - (a) the median household income is below the state-wide median household income; and
 - (b) the monthly water bill for rural households is \$55 or more for 7,000 gallons usage.

The source of median household income statistics will be the American Community Survey or other statistically valid income data supplied by the applicant and acceptable to the board.

Affordability criteria used to determine subsidy amount. Loans given to

disadvantaged communities may have a term up to 30 years or the expected life of the project, whichever is less. Disadvantaged communities below the statewide median household income, but at or greater than 80 percent, are eligible to extend the term of the loan up to 30 years. Disadvantaged communities below 80 percent of the statewide median household income, but at or greater than 60 percent may receive up to a two percentage point reduction in interest rates. Disadvantaged communities with a median household income less than 60 percent of the statewide median household income may receive a zero percent loan. See Table 1 on page 3 for the disadvantaged interest rate for fiscal year 2016.

Amount of capitalization grant to be made available for providing additional subsidies. Additional subsidy as mandated under recent capitalization grants is provided as described previously. Disadvantaged communities are eligible for additional subsidy in the form of principal forgiveness.

Identification of systems to receive subsidies and the amount. Systems that are eligible to receive disadvantaged community rates and terms are identified in Attachment I and Attachment II.

Table 3 - Amounts Available to Transfer between State Revolving Fund Programs

Year	DWSRF Capitalization Grant	Amount Available for Transfer	Banked Transfer Ceiling	Amount Transferred from CWSRF to DWSRF	Amount Transferred from DWSRF to CWSRF	Transfer Description	CWSRF Funds Available to Transfer	DWSRF Funds Available to Transfer
1997	\$12,558,800	\$4,144,404	\$4,144,404				\$4,144,404	\$4,144,404
1998	\$7,121,300	\$2,350,029	\$6,494,433				\$6,494,433	\$6,494,433
1999	\$7,463,800	\$2,463,054	\$8,957,487				\$8,957,487	\$8,957,487
2000	\$7,757,000	\$2,559,810	\$11,517,297				\$11,517,297	\$11,517,297
2001	\$7,789,100	\$2,570,403	\$14,087,700				\$14,087,700	\$14,087,700
2002	\$8,052,500	\$2,657,325	\$16,745,025	\$7,812,960		CW Cap Grant/Match	\$8,932,065	\$16,745,025
2003	\$8,004,100	\$2,641,353	\$19,386,378	\$7,761,360		CW Cap Grant/Match	\$3,812,058	\$19,386,378
2004	\$8,303,100	\$2,740,023	\$22,126,401				\$6,552,081	\$22,126,401
2005	\$8,352,500	\$2,756,325	\$24,882,726				\$9,308,406	\$24,882,726
2006	\$8,229,300	\$2,715,669	\$27,598,395		\$7,500,000	Leveraged Bonds	\$12,024,075	\$20,098,395
2007	\$8,229,000	\$2,715,570	\$30,313,965				\$14,739,645	\$22,813,965
2008	\$8,146,000	\$2,688,180	\$33,002,145				\$17,427,825	\$25,502,145
2009	\$8,146,000	\$2,688,180	\$35,690,325				\$20,116,005	\$28,190,325
2010	\$13,573,000	\$4,479,090	\$40,169,415				\$24,595,095	\$32,669,415
2011	\$9,418,000	\$3,107,940	\$43,277,355		\$10,000,000	Repayments	\$27,703,035	\$25,777,355
2012	\$8,975,000	\$2,961,750	\$46,239,105				\$30,664,785	\$28,739,105
2013	\$8,421,000	\$2,788,930	\$49,018,035				\$33,443,715	\$31,518,035
2014	\$8,845,000	\$2,918,850	\$51,936,885				\$36,362,565	\$34,436,885
2015	\$8,787,000	\$2,899,710	\$54,814,485				\$39,240,165	\$37,314,485
2016 (est.)	\$8,787,000	\$2,899,710	\$57,714,195				\$42,139,875	\$40,214,195

ATTACHMENT I

PROJECT PRIORITY LIST

Attachment I is a comprehensive list of projects that are eligible for Drinking Water SRF loans. This list was developed from State Water Plan applications. Inclusion on the list carries no obligations to the Drinking Water SRF program. Attachment II lists those projects expected to be funded in fiscal year 2016.

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- taged
145	Hermosa	C462278-02	<i>Problem:</i> the town does not have sufficient water supply from its wells as one has exceeded the maximum contaminant level for radionuclides and is not in use. <i>Project:</i> install a new well and distribution line to supply the community or connect to a regional supplier to purchase water.	\$1,471,875	2.25%, 30 years	398	Yes (Pending rate Increase)
112	Midland	C462056-01	<i>Problem:</i> the existing water storage tank does not have a mixing system and has contributed to the town exceeding the maximum contaminant level for haloacetic acids and is experiencing leakage; the town also has several dead end distribution lines. <i>Project:</i> construct a new 53,000-gallon storage tank that will have a mixing system and install 3,200 feet of new PVC water main to loop the system.	\$715,000	2.25%, 30 years	129	Yes (Pending rate Increase)
110	South Shore	C462294-01	<i>Problem:</i> the existing distribution mains are poor quality PVC and experiencing excessive breaks and a includes dead end lines, no water meters are currently installed and the town does not accurately bill for water, the town does not have adequate storage capacity, and the existing wells cannot supply the necessary water to meet demands. <i>Project:</i> install 17,300-feet of new PVC water mains and loop the system, install 85 water meters, construct a 50,000-gallon water storage tank, and install a new well.	\$2,400,000	3.00%, 30 years	225	Yes (Pending rate increase)
108	Hecla	C462276-01	<i>Problem:</i> the existing distribution mains are old cast iron and asbestos cement pipe and are	\$554,000	2.25%, 30 years	227	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- taged
96	Hot Springs	C462040-02	experiencing excessive breaks existing water meters are old and no longer accurately measure use. <i>Project:</i> install 5,400-feet of new PVC water mains and install 100 water meters. <i>Problem:</i> the city's raw water pumping system does not have capacity to provide adequate water in the event one of the two pumping stations is out of commission, the storage capacity is less than a peak day, and the system does not have adequate well supply. <i>Project:</i> install a new well and pump house, construct a new 3-million gallon water tower, and develop a new Madison well.	\$3,850,000	0%, 30 years	3,711	Yes (Pending rate increase)
84	Viborg	C462240-03	<i>Problem:</i> the distribution system consists primarily of old cast iron, ductile iron, and asbestos cement lines and very few of the valves and hydrants are operable. <i>Project:</i> install approximately 2,100 feet of PVC line to replace the old lines, new gate valves, hydrants, and 35 service lines.	\$579,936	0%, 30 years	782	Yes
81	Perkins County Rural Water System	C462474-02	<i>Problem:</i> The system's existing water lines will not have proper burial depth to prevent freezing or damage from loads as a result of a DOT project to change highway grade elevations. <i>Project:</i> Relocate approximately 50,650-feet of existing water main outside of the DOT work area to provide proper burial depth to prevent freezing and damage to the pipes.	\$1,516,700	2.25%, 30 yrs	3,201	Yes
53	Florence	C462338-01	<i>Problem:</i> the existing distribution mains are poor quality PVC and experiencing excessive breaks and includes dead end lines, existing water meters are old and no longer accurately measure use, and the town does not have adequate storage capacity. <i>Project:</i> install 17,000-feet of new PVC water mains and loop the system, install 145 water meters and construct a 105,000-gallon water storage tank.	\$2,354,375	3.25%, 30 years	374	
42	Conde	C462082-01	<i>Problem:</i> the distribution system has several dead-end lines, has experienced excessive line	\$3,442,700	2.25%, 30 years	140	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- taged
39	Colman	C462144-04	breaks and the community does not have adequate water storage capacity. <i>Project:</i> loop portions of the distribution system, replace the brittle ductile iron pipe and construct a new water tower.	\$925,000	3.00%, 30 years	594	Yes
38	Emery	C462248-01	<i>Problem:</i> the city's water lines are old and experiencing breaks and excessive water loss and the water tower is old and undersized. <i>Project:</i> replace water lines along Highway 34 and install a 100,000-gallon elevated water tank.	\$1,962,000	3.00%, 30 years	439	Yes
33	Wakonda	C462299-01	<i>Problem:</i> the distribution system consists primarily of old cast iron lines and very few of the valves on the mainline or service lines are operable. <i>Project:</i> install approximately 16,600 feet of PVC line to replace the cast iron lines, 73 gate valves, and 157 service lines.	\$2,655,910	3.00%, 30 years	321	Yes
26	Lead-Deadwood Sanitary District	C462002-02	<i>Problem:</i> the Peake Ditch raw water source has limited use due to a landslide that damaged a portion of the water line. <i>Project:</i> abandon approximately 17,200 feet of the existing line and replace it with approximately 16,600 feet of new HDPE line.	\$1,061,000	3.00%, 30 years	4,556	Yes (Pending rate increase)
20	Britton	C462188-02	<i>Problem:</i> the existing distribution mains are cast iron and asbestos cement pipe and experiencing excessive breaks, there are not enough valves in the system and breaks require large portions of the community to be shut down for repair, the water storage town is in need of	\$4,896,000	3.00%, 30 years	1,241	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- taged
18	Brookings-Deuel Rural Water System	C462453-03	repair and the existing booster station is not able to meet demands. <i>Project:</i> install 22,500-feet of new PVC water mains and loop the system, install 65 water valves, rehabilitate the water storage tank and construct a new pump house and booster pumps.	\$675,000	2.25%, 10 years	8,500	
16	Hartford	C462104-04	<i>Problem:</i> the system is supplied by a single 8-inch water line which is susceptible to breaks and there is no other water supply for the community. <i>Project:</i> construct an additional water supply line to provide a looped system to prevent interruptions in service.	\$711,200	3.25%, 30 years	2,534	
16	Lead	C462007-05	<i>Problem:</i> many of the city's meters are obsolete and unserviceable or require manual reading. <i>Project:</i> replace approximately 1,400 water meters and install an automatic meter reading system and equipment for the meters not being replaced.	\$560,000	2.25%, 10 years	3,124	Yes
16	Tea	C462028-02	<i>Problem:</i> currently the city's airport is not served by the distribution system, and homes along Christine Ave are served by a long dead end line. <i>Project:</i> installation of approximately 5,300 feet of PVC watermain to connect the airport to the system and to provide looping to remove dead ends.	\$941,000	3.25%, 30 years	3,806	
14	Avon	C462242-01	<i>Problem:</i> the city's meters are obsolete and unserviceable. <i>Project:</i> replace approximately 330 water meters and install an automatic meter reading system.	\$469,800	2.25%, 10 years	590	Yes
14	Humboldt	C462254-02	<i>Problem:</i> the city's meters are obsolete and unserviceable. <i>Project:</i> replace approximately 300 water meters and install an automatic meter reading system.	\$240,000	2.25%, 10 years	581	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
14	Philip	C462205-01	<i>Problem:</i> many of the city's meters are obsolete and unserviceable or require manual reading. <i>Project:</i> replace approximately 220 water meters and install an automatic meter reading system and equipment for the meters not being replaced.	\$340,000	2.25%, 10 years	779	Yes
14	Plankinton	C462110-02	<i>Problem:</i> the city's meters are old and in need of replacement. <i>Project:</i> replace approximately 380 water meters and install drive by meter reading system.	\$240,000	2.25%, 10 years	707	Yes
14	Wessington Springs	C462210-02	<i>Problem:</i> the city's meters are old and in need of replacement. <i>Project:</i> replace approximately 540 water meters and install an automatic meter reading system.	\$568,000	1.25%, 10 years	956	Yes
13	Chancellor	C462122-02	<i>Problem:</i> the city's meters are old and in need of replacement. <i>Project:</i> replace approximately 131 water meters and install an automatic meter reading system.	\$177,415	2.25%, 10 years	264	Yes
12	Belle Fourche	C462012-01	<i>Problem:</i> the water line under 8 th Avenue consists of old cast iron pipe that is susceptible to corrosion. <i>Project:</i> replace the cast line with approximately 1,500 feet of PVC pipe.	\$230,000	2.25%, 30 years	5,594	Yes (Pending rate increase)
11	Canton	C462039-03	<i>Problem:</i> the water line under Dakota Street consists of old cast iron, ductile iron and asbestos cement pipe that is susceptible to corrosion and breaks. <i>Project:</i> replace the existing line with approximately 3,850 feet of PVC pipe.	\$1,064,000	3.00%, 30 years	3,057	Yes
11	Dell Rapids	C462064-06	<i>Problem:</i> much of the city's water mains are cast iron pipe that are in need of replacement. <i>Project:</i> replace approximately 7,135 feet of water main with new 6- and 8-inch PVC pipe.	\$1,883,000	3.25%, 30 years	3,633	
10	Elk Point	C462059-06	<i>Problem:</i> the water line under Rose Street consists of old ductile iron pipe that is susceptible to corrosion. <i>Project:</i> replace the ductile line with approximately 2,500 feet of PVC pipe.	\$1,750,000	3.25%, 30 years	1,963	
10	Miller	C462128-02	<i>Problem:</i> a portion of the city's distribution system consists of asbestos cement pipe that is	\$6,318,460	3.00%, 30 years	1,489	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
8	Bridgewater	C462112-01	experiencing excessive breaks. <i>Project:</i> replace approximately 53,000 feet of asbestos cement pipe with PVC pipe. <i>Problem:</i> a portion of the city's distribution system consists of cast iron pipe that is experiencing excessive breaks. <i>Project:</i> replace approximately 700 feet of cast iron pipe with PVC pipe.	\$218,900	2.25%, 30 years	492	Yes
8	Kingbrook Rural Water System	C462432-06	<i>Problem:</i> Kingbrook RWS has requests to provide water to 195 potential customers but does not have adequate storage, distribution capacity and pressure within the system to provide address the additional connections. <i>Project:</i> construct a 750,000-gallon water storage tank to provide additional storage and install 150 miles of new pipelines to provide capacity in the distribution system and two new booster pumps to provide needed pressures.	\$13,143,000	3.00%, 20 years	15,298	
6	Tea	C462028-03	<i>Problem:</i> there are eight existing homes that are currently unserved by the city's distribution system. <i>Project:</i> installation of approximately 4,335 feet of PVC watermain to connect these users to the city distribution system.	\$808,000	3.25%, 30 years	3,806	

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FISCAL YEAR 2016

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness ¹	Funding Date	Expected Funding Source²
LOANS EXPECTED						
112	Midland	C462056-01	\$715,000	\$72,000	March 2016	Leveraged Funds
81	Perkins County Rural Water System	C462474-02	\$1,516,700	\$150,000	March 2016	2015/2016
42	Conde	C462082-01	\$3,442,700	\$340,000	March 2016	Repayments
33	Wakonda	C462299-01	\$2,655,910	\$265,000	March 2016	Repayments
20	Britton	C462188-02	\$4,896,000	\$489,000	March 2016	Repayments
18	Brookings-Deuel Rural Water System	C462453-03	\$675,000	-0-	March 2016	2016
16	Lead	C462007-05	\$560,000	\$56,000	March 2016	Repayments
16	Tea	C462028-02	\$941,000	-0-	March 2016	Repayments
14	Plankinton	C462110-02	\$240,000	\$24,000	March 2016	Repayments
13	Chancellor	C462122-02	\$177,415	\$18,000	March 2016	Repayments
12	Belle Fourche	C462012-01	\$230,000	\$23,000	March 2016	Repayments
11	Canton	C462039-03	\$1,064,000	\$106,000	March 2016	Repayments
11	Dell Rapids	C462064-06	\$1,883,000	-0-	March 2016	Repayments
10	Elk Point	C462059-06	\$1,750,000	-0-	March 2016	Repayments
8	Kingbrook Rural Water System	C462432-06	\$13,143,000	-0-	March 2016	2016/2017
145	Hermosa	C462278-02	\$1,471,784	\$147,000	June 2016	Repayments
84	Viborg	C462240-03	\$579,916	\$58,000	June 2016	Repayments
39	Colman	C462144-04	\$925,000	\$92,000	June 2016	Repayments
6	Tea	C462028-03	\$808,000	-0-	June 2016	Repayments
110	South Shore	C462294-01	\$2,400,000	\$240,000	Sept. 2016	Repayments
96	Hot Springs	C462040-02	\$3,850,000	\$385,000	Sept. 2016	Repayments
26	Lead-Deadwood Sanitary District	C462002-02	\$1,061,000	\$106,000	Sept. 2016	Repayments
14	Avon	C462242-01	\$469,800	\$47,000	Sept. 2016	Repayments
14	Humboldt	C462254-02	\$240,000	-0-	Sept. 2016	Repayments
14	Philip	C462205-01	\$340,000	\$34,000	Sept. 2016	Repayments

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.

2. Projects identified using 2016 capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the fiscal year 2016 annual report.

**ATTACHMENT III
PROGRAM FUNDING STATUS**

Fiscal Years 1997 - 2015

Capitalization Grants	\$166,412,698
State Match	\$35,878,260
ARRA Grant	\$19,500,000
Set-Asides	(\$10,586,336)
Transfer of FY 2002 & 2003 Clean Water Capitalization Grant and State Match	\$15,574,320
Transfer of DWSRF Repayments	(\$10,000,000)
Leveraged Bonds	\$67,725,699
Excess Interest as of September 30, 2015	\$36,597,932
Excess Principal as of Sept. 30, 2015	<u>\$79,135,826</u>
 Total Funds Dedicated to Loan	 \$407,642,679
 Loans made through September 30, 2015	 <u>(\$383,075,266)</u>
 Balance of funds as of September 30, 2015	 \$24,567,413

Fiscal Year 2016 Projections

Capitalization Grants	\$8,787,000
State Match	\$1,757,400
Set-Asides	(\$527,220)
Projected Excess Principal Repayments	\$7,250,000
Projected Unrestricted Interest Earnings	\$4,250,000
Projected Fiscal Year 2016 Loan Sub-total	<u>\$21,517,180</u>
 Total Funds Available for Loans	 <u><u>\$46,084,593</u></u>
 Loan Amount Identified on Attachment II - List of Projects to be Funded in Fiscal Year 2016	 <u><u>\$46,035,225</u></u>

Administrative Surcharge Funds Available as of September 30, 2015	
Program Income	\$1,203,324
Non-Program Income	<u>\$2,372,650</u>
Total	<u>\$3,575,974</u>

**NOTICE OF PUBLIC HEARING
TO ADOPT
FISCAL YEAR 2016 DRINKING WATER STATE REVOLVING FUND
INTENDED USE PLAN AND PROJECT PRIORITY LIST**

Notice is hereby given that a public hearing will be held to adopt the South Dakota 2016 Drinking Water State Revolving Fund Intended Use Plan and Project Priority List. The hearing will be held over the Digital Dakota Network (DDN) on November 5, 2015, at 1:00 p.m. CT.

The following DDN sites will be available:

Aberdeen - Northern State University, 1200 S. Jay Street, Beulah Williams Library, Room 117
Brookings – Department of Transportation, 2131 34th Avenue
Pierre - State Capitol, 500 East Capitol Avenue, Studio A, Room B12
Mitchell – Mitchell Technical Institute, 1800 E. Spruce Street, MTI Technology Center, Room 155
Rapid City – University Center, 4300 Cheyenne Boulevard, Room 113
Sioux Falls – USD School of Medicine, 1400 West 22nd Street, Room SF126
Watertown – South Dakota Department of Health, 2001 9th Avenue SW, Suite 200

This public hearing is being held pursuant to ARSD 74:05:11:03 and meets all requirements of the federal Safe Drinking Water Act.

The Intended Use Plan consists of two components. One component describes how the state intends to use available funds for the year to meet the objectives of the Safe Drinking Water Act and further the goal of protecting public health. This includes the amount of funds to be allocated to set-aside activities such as administration, state program management, small system technical assistance, and local assistance and other state programs.

The second component of the Intended Use Plan is a priority list of projects that will be eligible to receive funding. Projects seeking a Drinking Water State Revolving Fund loan must be on the priority list.

Persons interested in presenting public testimony concerning the adoption of the 2016 Intended Use Plan may appear at the designated place and time. Written comments will be received at any time prior to the hearing date by mailing them to the Water and Waste Funding Program, Department of Environment and Natural Resources, 523 E. Capitol Avenue, Pierre, SD 57501.

A copy of the proposed 2016 Intended Use Plan can be received at no charge by requesting a copy from the address given above, by calling (605) 773-4216, by sending an e-mail request to andrew.bruels@state.sd.us, or from the DENR website at:

<http://denr.sd.gov/dfta/wwf/wwfpublicnotices.aspx>

Notice is further given to persons with disabilities that this hearing is being held in a physically accessible place. Please notify the above mentioned office at least 48 hours prior to the public hearing if you have a disability for which special arrangements must be made at the hearing.

Published once at the total approximate cost of \$_____ .

TITLE: 2015 Annual Report and the 2016 State Water Plan

EXPLANATION: In accordance with South Dakota Codified Laws § 46A-2-2, § 46A-1-10, and § 46A-1-14, an Annual Report and State Water Plan is to be presented to the Legislature and Governor by the first day of the legislative session.

The Annual Report provides a brief description of activities undertaken in calendar year 2015 and includes tables detailing funding awards approved by the board throughout the year. The State Water Plan identifies the projects approved for placement on the 2016 State Water Facilities Plan and provides information on the State Water Resources Management System projects. The report also provides recommendations to the Governor and Legislature on funding levels for various water and solid waste projects, programs, and activities. The board's recommendations for State Water Resources Management System designation; funding levels for projects, programs, and activities; and a Water and Environment Fund Special Condition Statement are provided as appendices to the report.

A draft copy of the report will be sent under separate cover.

RECOMMENDED ACTION: Approve the 2015 Annual Report and 2016 State Water Plan for distribution to the State Legislature, Governor, and other interested parties

CONTACT: Andy Bruels, 773-4216

2015 ANNUAL REPORT
~~and~~
2016 STATE WATER PLAN



South Dakota
Board of
Water and Natural Resources



**DEPARTMENT OF ENVIRONMENT
and NATURAL RESOURCES**

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
denr.sd.gov

Governor Dennis Daugaard
and Members of the Ninety-First
Legislative Session

As required by state law, transmitted herewith is the 2015 Annual Report/2016 State Water Plan of the Board of Water and Natural Resources (the Board). The Annual Report describes water development and waste management activities during the past year. The State Water Plan outlines the projects on the State Water Facilities Plan and State Water Resources Management System (SWRMS).

Throughout this document, you will see the on-going needs for water, wastewater, and solid waste projects statewide and how critical state assistance is to construct these projects. During the past year, the board awarded more than \$131.1 million in grant and loan funds for the planning, design, and construction of municipal drinking water, wastewater, watershed restoration, rural water, solid waste disposal, and recycling projects. These awards were a critical link in having environmental projects totaling more than \$188 million moving forward last year. The 2016 State Water Facilities Plan currently includes 56 projects with projected state funding needs of more than \$118 million.

The Department of Environment and Natural Resources (DENR) sincerely appreciates the interest and help of all who have contributed to the success of the State Water Plan. The DENR will continue to work together with the Governor, the Legislature, the Board of Water and Natural Resources and local project sponsors to make the State Water Plan the road map leading to a better environmental future for South Dakota.

Sincerely,

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

Steven M. Pirner, P.E.
Secretary

BOARD OF WATER AND NATURAL RESOURCES

BRAD JOHNSON, CHAIRMAN
Watertown
Member since 2003

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Sioux Falls
Member since 2002

TODD BERNHARD, SECRETARY
Fort Pierre
Member since 2010

DR. PAUL GNIRK
New Underwood
Member since 2009

PAUL GOLDHAMMER
Wall
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JACKIE LANNING
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2015 LEGISLATIVE OVERSIGHT COMMITTEE

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Representative Mary Duvall
Representative Steve McCleery

Wilmont
Huron
Pierre
Sisseton

**To
Governor Dennis Daugaard
and the
Ninety-First Session, Legislative Assembly
2016**

**2015 ANNUAL REPORT
~~and~~
2016 STATE WATER PLAN**

Board of Water and Natural Resources

January 2016

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Preface

The purpose of this document is to fulfill the statutory requirements placed on the Board of Water and Natural Resources. These requirements are generally outlined as follows:

SDCL 46A-2-2. *To prepare and submit to the Governor and Legislature a yearly progress report on the State Water Plan*

SDCL 46A-1-10. *To make recommendations to the Governor and Legislature concerning projects for the State Water Resources Management System*

SDCL 46A-1-14. *To make an annual report on all activities during the preceding year and funding recommendations necessary to implement the water plan*

This report consists of two principal sections – the 2015 Annual Report and the 2016 State Water Plan. The annual report provides progress reports on each funding program and other board activities during calendar year 2015.

The water plan section sets forth the projects included on the State Water Facilities Plan and the State Water Resources Management System. A Water and Environment Fund Special Condition Statement that projects the status of the Water and Environment Fund at the end of fiscal year 2016 is included in Appendix A. A copy of the resolutions approved by the Board of Water and Natural Resources that provide recommendations to the Governor and the Legislature for the designation of projects on the State Water Resources Management System and the recommended Water and Environment Fund fiscal year 2017 appropriation levels are included in Appendix B.

2015 Annual Report

Board of Water and Natural Resources

Overview

South Dakota Codified Law 46A-1-14 requires an annual report of the Board of Water and Natural Resources (the board). The report summarizes the board's 2015 activities, including a detailed account of Water and Environment Fund grant and loan awards.

In November 2014, the board placed 33 projects on the 2015 State Water Facilities Plan. This made the projects eligible for financial assistance from a variety of federal and state sources. During the year, the board amended an additional 20 projects onto the plan.

The board awarded more than \$130.7 million in grant and loan funds to finance municipal drinking water systems, rural water systems, wastewater facilities, watershed restoration, solid waste disposal, and recycling activities. These awards resulted in more than \$188 million in total activity. The loan and grant funds helped provide South Dakotans with safe and dependable environmental infrastructure.

Clean Water State Revolving Fund Loan Program

In 1989, the Clean Water State Revolving Fund (SRF) loan program began providing low-interest loans to governmental entities including municipalities, sanitary districts, and other special purpose districts. The loans are used for construction of wastewater facilities, storm sewers, and nonpoint source pollution control projects. During 2015, the board approved 22 loans totaling nearly \$59.5 million (Table 1).

The base interest rates for the Clean Water SRF program were 2.25 percent for loans up to 10 years, 3.0 percent for up to 20 years, 3.25 percent for up to 30 years, and an interim financing rate of 2.0 percent for up to 5 years. The program's nonpoint source incentive rates are 1.25 percent for loans with a term of 10 years or less, 2.0 percent for loans with a term up to 20 years, and 2.25 percent for loans with a term up to 30 years. Projects for traditional wastewater or stormwater projects that include a nonpoint source component may receive the nonpoint source rate. The annual principal and interest payments are calculated for a loan at the higher base interest rate. Using the lower nonpoint source interest rate, a loan is sized using the annual payment previously calculated. The difference in the two loan amounts is the amount of funding available for the nonpoint source component of the project.

The federal fiscal year 2015 appropriations bill for the Clean Water SRF program initiated several of the requirements set forth in the Water Resources Reform and Development Act. These requirements involve 1) applying Davis-Bacon wage rates to all projects awarded in fiscal year 2015; 2) requiring that not less than 10 percent of the 2015 capitalization grant be utilized

for “green” projects; 3) requiring that a portion of the capitalization grant be made available as additional subsidy; 4) requirements for American Iron and Steel products to be used for all projects awarded on or after January 17, 2014; 5) adoption of affordability criteria by the state for principal forgiveness eligibility; and 6) requirements for procurement of architectural and engineering services.

The board uses principal forgiveness as the method to provide the additional subsidy. Municipalities and sanitary districts with monthly residential wastewater rates of \$30 per month (based on 5,000 gallons usage or flat rate for wastewater) are eligible to receive principal forgiveness. Other applicants are required to have residential wastewater rates of \$40 per month (based on 5,000 gallons usage or a flat rate) to be eligible to receive principal forgiveness. Applicants must also meet the state’s affordability criteria to be eligible to receive principal forgiveness.

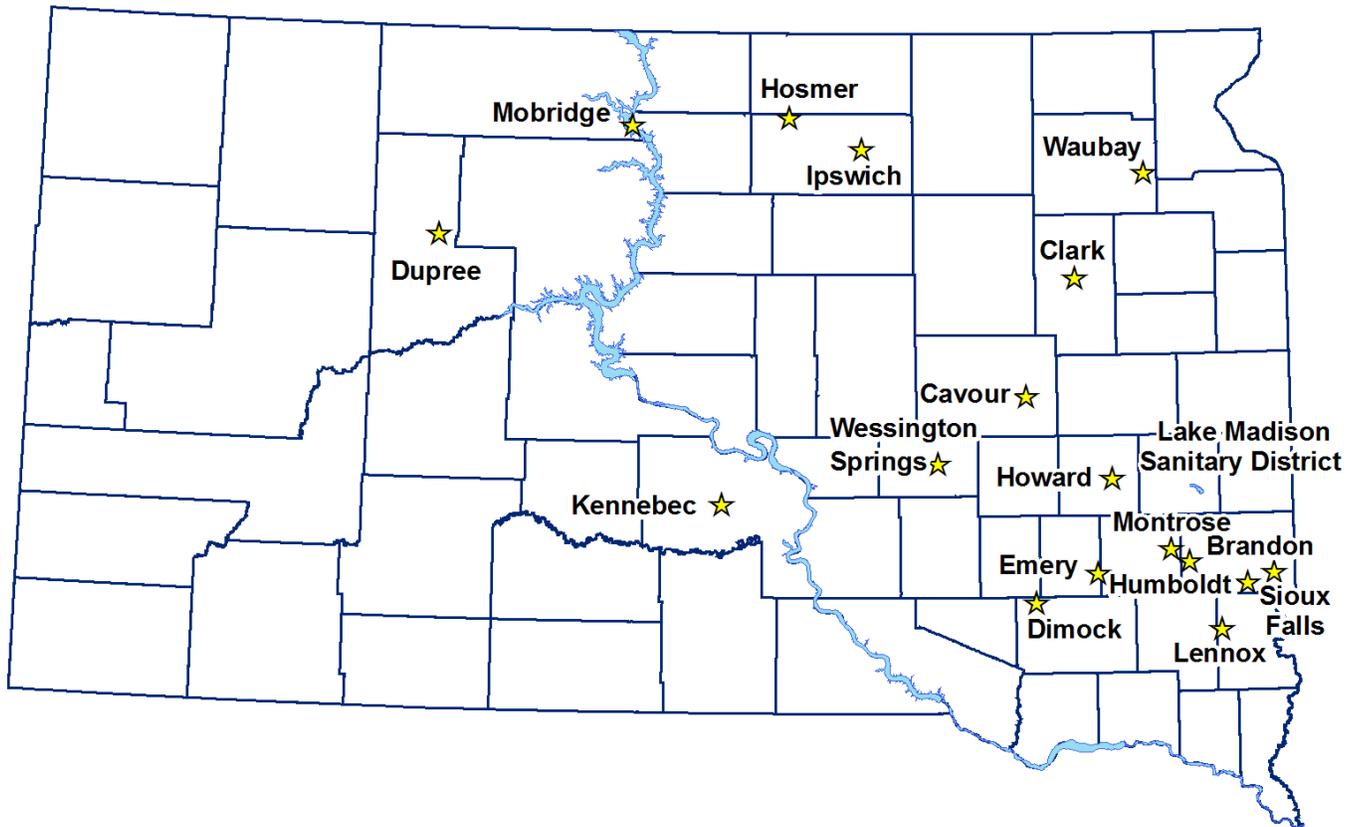
Table 1 – 2015 Clean Water State Revolving Fund Loan Awards

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Brandon (CW-05)	Sanitary Sewer System Improvements	\$3,000,000		3.25%	30
Cavour (CW-01)	Lift Station and Forcemain Replacement	\$150,000		3.25%	30
Clark (CW-02)	Wastewater Treatment Facilities Improvements	\$2,485,000		3.25%	30
Dimock (CW-01)	Wastewater Treatment Facilities Improvements	\$478,000		3.25%	30
Dupree (CW-02)	Wastewater Treatment and Lift Station Improvements	\$192,000		3.25%	30
Emery (CW-01)	Wastewater Collection Replacement	\$3,084,000	\$1,871,000	3.25%	30
Hosmer (CW-01)*	Wastewater Treatment Facilities Improvements	\$968,000	\$714,400	3.25%	30
Howard (CW-01)	Wastewater Televising and Lagoon Expansion	\$1,764,000		3.25%	30
Humboldt (CW-01)	Wastewater Collection and Treatment Improvements	\$417,200		3.25%	30

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Ipswich (CW-01)*	Wastewater Collection Improvements	\$1,951,000		3.25%	30
Kennebec (CW-01)	Wastewater Collection and Treatment Improvements	\$723,000		3.25%	30
Kennebec (CW-02)	Wastewater Collection and Treatment Improvements	\$437,000		3.25%	30
Lake Madison Sanitary District (CW-03)	Lift Station and Forcemain Replacement	\$428,000		3.25%	30
Lennox (CW-06)	Storm and Sanitary Sewer Improvements	\$1,873,000		3.25%	30
Mobridge (CW-05)	Wastewater Treatment Facility Improvements	\$1,475,000		3.0%	20
Montrose (CW-03)	Storm Sewer Improvements	\$545,000	\$100,000	3.25%	30
Sioux Falls (CW-35)	Brandon Road Lift Station Parallel Force Main	\$11,400,000		1.25%	10
Sioux Falls (CW-35NPS)	Big Sioux Watershed Restoration Project	\$579,457		1.25%	10
Sioux Falls (CW-36)	Outfall Sewer Replacement	\$24,800,000		1.25%	10
Sioux Falls (CW-36NPS)	Big Sioux Watershed Restoration Project	\$1,260,000		1.25%	10
Waubay (CW-03)	Wastewater Treatment Facility Improvements	\$1,080,000	\$500,000	3.25%	30
Wessington Springs (CW-01)	Wastewater Collection Improvements	\$393,000		3.0%	20
	Total	\$59,482,657	\$3,185,400		

*Deobligated prior to December 31, 2015

Map 1 – Clean Water State Revolving Fund Recipients



Drinking Water State Revolving Fund Loan Program

In 1998, the Drinking Water State Revolving Fund (SRF) loan program began providing low-interest loans to nonprofit corporations and governmental entities including municipalities, sanitary districts, and other special districts for the construction of drinking water facilities. In 2015, 18 loans were approved totaling more than \$32.0 million (Table 2).

The base interest rates for the Drinking Water SRF program were 2.25 percent for terms up to 10 years, 3.0 percent for up to 20 years, 3.25 percent for up to 30 years, and an interim financing rate of 2.0 percent for up to 5 years.

Disadvantaged communities are eligible to extend the repayment period from 20 to 30 years and may receive an interest rate below the base rate. To qualify as disadvantaged, the water system's monthly residential water bill must be at least \$30 per 5,000 gallons usage for municipalities and sanitary districts or \$55 per 7,000 gallons usage for all other community water systems.

Additionally, the median household income of the community must be below the statewide median household income (MHI). Communities with a median household income less than the MHI but greater than 80 percent of the MHI are eligible for an extended 30-year term loan at the base rate of 3.0 percent interest. Communities with a household income between 60 percent and 80 percent of the MHI are eligible for an extended 30-year term loan at 2.25 percent interest and a 10 year loan at 1.25 percent interest. An average household income less than 60 percent of the MHI is necessary to be eligible for an extended 30-year term loan at zero percent interest.

The federal fiscal year 2015 appropriations bills for the SRF programs extended several of the requirements set forth in the American Recovery and Reinvestment Act and subsequent SRF appropriation bills. These requirements involve 1) applying Davis-Bacon wage rates to all projects awarded in fiscal year 2015; 2) requiring that a portion of the 2015 capitalization grant be made available as additional subsidy; and 3) requirements for American Iron and Steel products to be used for all projects awarded on or after January 17, 2014.

The board uses principal forgiveness as the method to provide the additional subsidy. Municipalities and sanitary districts with monthly residential water rates of \$30 per month (based on 5,000 gallons usage) are eligible to receive principal forgiveness. Other applicants are required to have residential water rates of \$55 per month (based on 7,000 gallons usage) to be eligible to receive principal forgiveness.

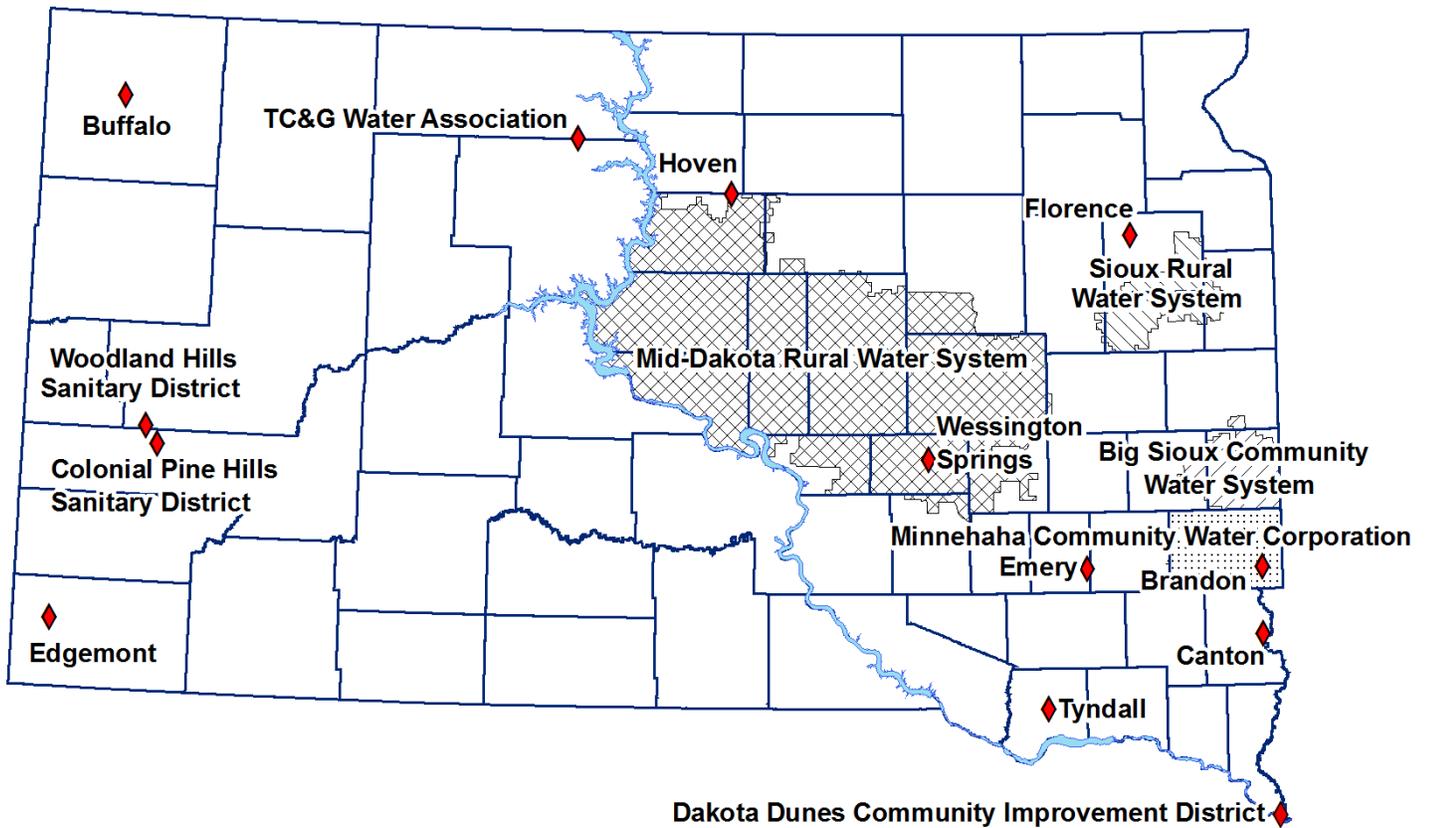
Table 2 – 2015 Drinking Water State Revolving Fund Loans Awards

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Big Sioux Community Water System (DW-03)	Connection to MCWC and City of Madison	\$1,014,000		3.0%	20
Brandon (DW-02)	Water Distribution and Storage Improvements	\$12,425,000	\$500,000	3.0%	20
Buffalo (DW-01)	Water Distribution Improvements	\$1,695,000	\$600,000	2.25%	30
Canton (DW-02)	Well Replacement Project	\$1,550,000		3.0%	30
Colonial Pine Hills Sanitary District (DW-04)	Microfiltration System Installation	\$400,000		3.0%	20
Dakota Dunes Community Improvement District (DW-02)	Clear Well Expansion	\$1,600,000		3.0%	20
Edgemont (DW-01)	Water System Upgrades	\$1,890,000	\$1,206,890	0%	30
Emery (DW-01)	Watermain Replacement	\$1,585,000		3.0%	30

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Florence (DW-01)	Water Distribution Improvements	\$688,000		3.25%	30
Florence (DW-02)	Water Distribution Improvements	\$567,000		3.25%	30
Hoven (DW-02)	Highway 47 Watermain Replacement	\$264,750	\$264,750	0%	0
Mid-Dakota Rural Water System (DW-05)	Automatic Meter Installation	\$2,535,000		3.0%	15
Minnehaha Community Water Corporation (DW-02)*	Connection to Big Sioux RWS and City of Madison	\$900,000		3%	20
Sioux Rural Water System (DW-01)	Water System Improvements and System Expansion	\$2,515,000		3.0%	20
TC&G Water Association (DW-01)	Water System Improvements	\$210,000		2.25%	30
Tyndall (DW-03)	Water Distribution and Storage Improvements	\$1,570,000	\$200,000	2.25%	30
Wessington Springs (DW-01)	Water Distribution Improvements	\$209,000		2.25%	30
Woodland Hills Sanitary District (DW-02)	Water Distribution Improvements	\$481,000	\$384,800	3.0%	20
		Total	\$32,098,750	\$3,156,440	

* Deobligated prior to December 31, 2015

Map 2 – Drinking Water State Revolving Fund Recipients



Consolidated Water Facilities Construction Program

The 2015 State Legislature appropriated \$16.5 million for the Consolidated Water Facilities Construction Program to provide grants and loans for water development projects on the State Water Facilities Plan. Additionally, prior year funding and reversions were available for award in 2015.

The board awarded 22 grants, 1 grant amendment and 2 loans totaling more than \$21.0 million (Table 3). The 2015 awards leveraged \$44.4 million in total project activities.

Table 3 – 2015 Consolidated Awards

<u>Sponsor</u>	<u>Description</u>	<u>Grant Amount</u>	<u>Loan Amount</u>	<u>Total Project</u>
Bear Butte Valley Water, Inc.*	Regional Water System Construction	\$500,000		\$7,000,000
Big Sioux Community Water System	Connection to MCWC and City of Madison	\$2,000,000		\$3,014,700

<u>Sponsor</u>	<u>Description</u>	<u>Grant Amount</u>	<u>Loan Amount</u>	<u>Total Project</u>
Clark	Wastewater Treatment Facilities Improvements	\$4,000,000		\$7,000,000
Dupree	Wastewater Treatment and Lift Station Improvements	\$48,000		\$1,117,450
Edgemont	Water System Upgrades	\$2,000,000		\$3,890,000
Emery	Watermain Replacement	\$615,000		\$2,221,587
Florence	Water Distribution Improvements	\$1,000,000		\$2,355,000
Haakon County School District	Geothermal Wastewater Treatment System	\$517,600		\$647,000
Hosmer**	Wastewater Treatment Facilities Improvements	\$300,000		\$1,268,000
Hoven	Highway 47 Watermain Replacement	\$88,250		\$353,000
Humboldt	Wastewater Collection and Treatment Improvements	\$1,668,800		\$2,086,000
Ipswich**	Wastewater Collection Improvements	\$2,000,000		\$3,951,000
James River Water Development District***	Lewis & Clark Implementation	\$275,000		\$1,833,333
Lennox	Storm and Sanitary Sewer Improvements	\$560,000		\$2,733,000
Lesterville	Water Meter Replacement	\$26,500	\$26,500	\$53,000
Minnehaha Community Water Corp.	Connection to Big Sioux RWS and City of Madison	\$900,000		\$1,800,000
Northville	Storm Sewer Improvements		\$140,000	\$140,000
Rapid City	Canyon Lake Sediment Removal	\$155,000		\$415,000
Sioux Rural Water System	Water System Improvements and System Expansion	\$2,000,000		\$4,564,600
TC&G Water Association	Water System Improvements	\$1,390,000		\$2,100,000
Waubay	Wastewater Treatment Facility Improvements	\$700,000		\$2,195,820

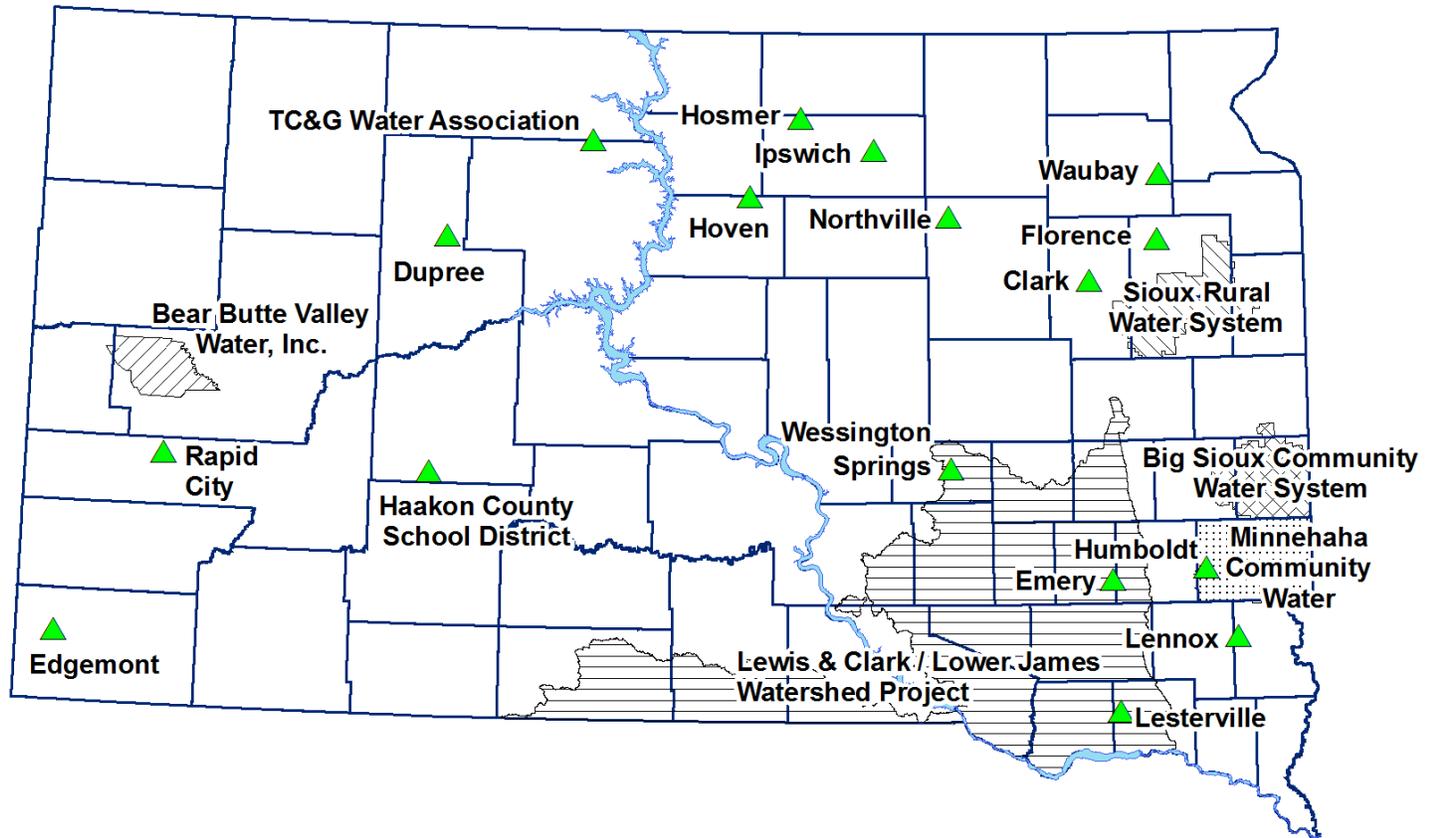
<u>Sponsor</u>	<u>Description</u>	<u>Grant Amount</u>	<u>Loan Amount</u>	<u>Total Project</u>
Wessington Springs	Water Distribution Improvements	\$50,000		\$259,600
Wessington Springs	Wastewater Collection Improvements	\$50,000		\$443,000
Totals		\$20,844,150	\$166,500	\$44,441,090

* Amendment to prior year Consolidated award

** Deobligated prior to December 31, 2015

*** Originally obligated to Randall RC&D in January 2015, the project funding was transferred to James River WDD in June 2015

Map 3 – Consolidated Program Grant/Loan Recipients



State Revolving Fund Programs – Grant Assistance

In 2015, the board allocated additional funds under both the Clean Water and Drinking Water state revolving fund programs for planning, technical assistance, and construction activities. The board’s 2015 intended use plans approved the use of \$1,825,000 in Clean Water and Drinking Water funds for grants (Table 4).

Table 4 – 2015 State Revolving Fund Grant Allocations

<u>Activity</u>	<u>Source</u>	<u>Amount</u>
Water Quality Grants	Clean Water SRF Admin Surcharge	\$ 1,000,000
Small System Technical Assistance Grants	Drinking Water SRF Set-Aside	\$ 200,000
SRF Application Preparation and Administration	Clean Water SRF & Drinking Water SRF Admin Surcharge	\$ 300,000
Drinking Water Operator Certification Training	Drinking Water SRF Admin Surcharge	\$ 75,000
Very Small System Compliance and Public Health Grants	Drinking Water SRF Admin Surcharge	\$250,000
		<hr/>
	Total	\$ 1,825,000

During 2015, the board approved 26 Water Quality or Technical Assistance awards totaling nearly \$1.5 million (Table 5). The narrative sections below describe the general categories of the state revolving fund programs grant assistance and provide updates for on-going activities supported by this funding.

Water Quality Watershed/Construction Grants: The board provided additional grant assistance from Clean Water Administrative Surcharge fees to supplement the Consolidated and Section 319 grant awards. The construction of wastewater treatment, collection, or conveyance projects and watershed restoration projects are eligible uses for these fees, and its use allows additional projects to be completed.

Water Quality Planning Grants: The Small Community Planning Grant Program was established to encourage proactive planning by small communities and systems. Grants are available for the preparation of a wastewater or storm water engineering study or rate analysis for systems serving populations of 2,500 or less. For engineering studies, participating systems are reimbursed 80 percent of the cost, up to \$10,000. For wastewater utility rate analysis reviews, participating systems are reimbursed 80 percent of the cost, up to \$1,600.

Technical Assistance Grants: Small Community Planning Grants are also available for the preparation of a drinking water engineering study or rate analysis for systems serving populations of 2,500 or less. Participating systems are reimbursed 80 percent of the cost, up to \$8,000 for engineering studies. For drinking water utility rate analysis reviews, participating systems are reimbursed 80 percent of the cost, up to \$1,600.

The board continued its technical assistance contract with the South Dakota Association of Rural Water Systems (Rural Water) in 2015. Rural Water provides assistance to small drinking water systems serving populations of 10,000 or less with compliance, permitting, and operational issues. In 2015, the Midwest Assistance Program conducted capacity assessments and follow-up reviews to assist the department in ensuring that all borrowers demonstrate the required technical, financial, or managerial capacity to access Drinking Water SRF loan assistance.

In 2015, the board provided \$75,000 for operator certification training. These funds are used for operator certification training of drinking water system operators. During state fiscal year 2015, 485 operators were provided training.

In 2015, the board allocated \$250,000 for grants to assist very small systems in violation of the Safe Drinking Water Act excluding the Total Coliform Rule. These funds will be limited to community systems with 50 or less connections and not-for-profit, non-transient non-community water systems. Funds will be provided for infrastructure projects as 100 percent grants up to a maximum of \$50,000 and for total project costs less than \$100,000. No very small system compliance grants were awarded in 2015.

The board continued to provide assistance to the state's six planning districts for preparation of applications and ongoing loan administration activities to include Davis-Bacon wage rate compliance. The planning districts all have joint powers agreements to receive up to \$9,000 per loan for application and loan administration duties and up to \$1,100 per loan for Davis-Bacon wage rate compliance. An additional \$74,000 was placed under agreement with the planning districts in 2015.

In 2015, East Dakota Water Development District (EDWDD) continued its work with the South Dakota Association of Rural Water Systems and the South Dakota Geological Survey to reassess and update existing well head protection areas previously delineated for public water supply well fields utilizing shallow aquifers. The study area includes the ten counties in the EDWDD, Marshall County, and Clay County. The project will collect current data on all functioning well fields, install observation wells as needed and collect current water table elevation information, update the well head protection area delineations to reflect current conditions, and promote the adoption/updating of local ground water protection ordinances by the individual counties.

Table 5 – 2015 State Revolving Fund Programs Grant Awards
Watershed/Construction Grant Awards

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>
Cavour	Wastewater Improvements	\$645,000
James River Water Development District*	Lewis & Clark Implementation	\$100,000
Moody County Conservation District	Big Sioux River Watershed Implementation	\$100,000
Pennington County	Spring Creek Watershed Implementation	\$100,000
South Dakota Grasslands Coalition*	Grassland Management & Planning	\$100,000
Total		\$1,045,000

* Amendment to prior year Water Quality grant award.

Map 4 –Watershed/Construction Grant Recipients

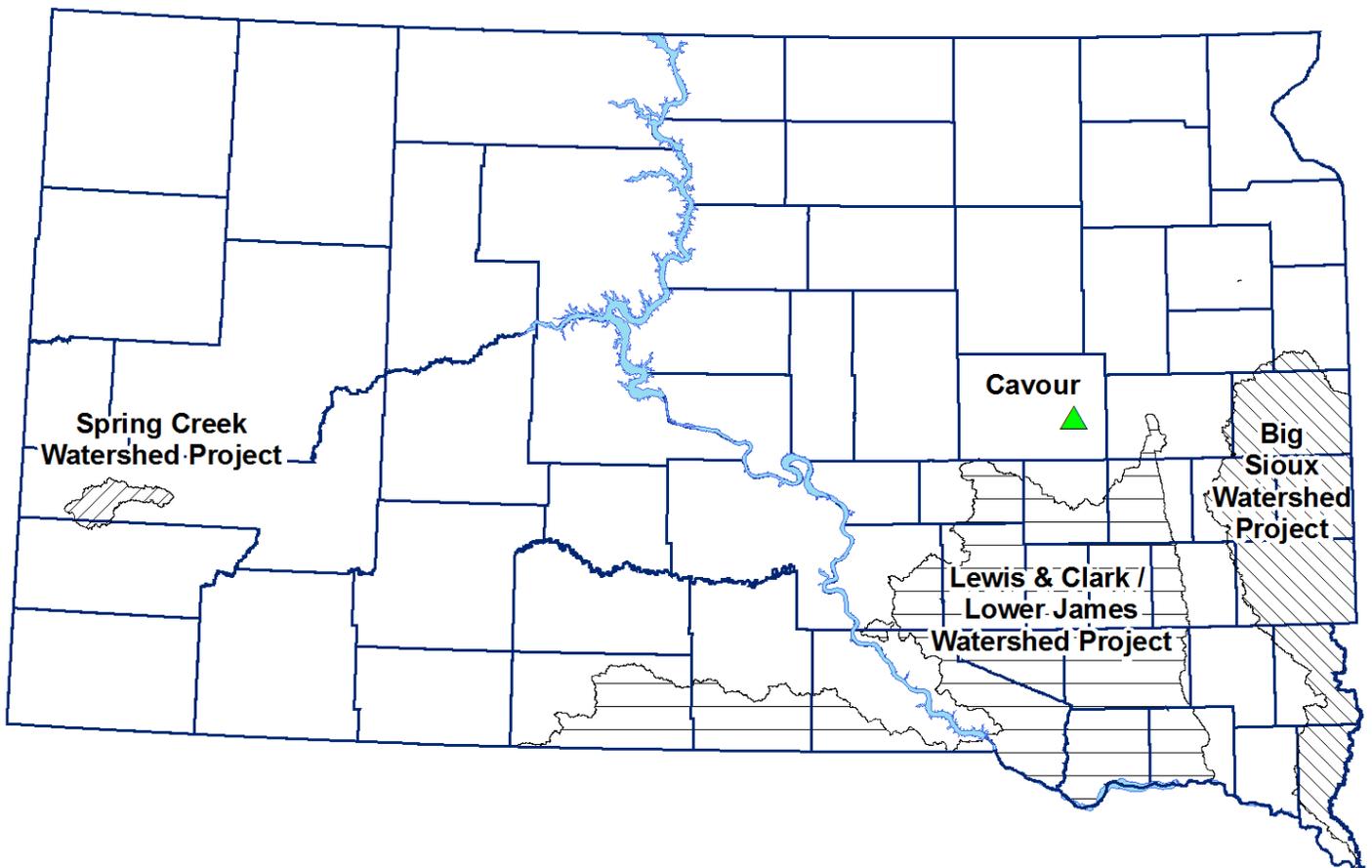


Table 5 (continued)*Small Community Planning Grant Awards*

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>
Blunt	Water System Improvements Study	\$8,000
Canistota	Storm Water Management Study	\$10,000
Dimock	Wastewater System Improvements Study	\$4,480
Dimock	Water System Improvements Study	\$1,920
Keystone	Water System Improvements Study	\$8,000
Langford	Water System Improvements Study	\$8,000
Martin	Water System Improvements Study	\$8,000
Midland	Water Systems Improvements Study	\$8,000
Monroe	Sanitary Sewer System Improvements Study	\$9,600
Onida	Wastewater System Improvements Study	\$10,000
Platte	Water System Improvements Study	\$8,000
Tabor	Sanitary Sewer Improvements Study	\$10,000
Volga	Water System Improvements Study	\$8,000
Wagner	Storm Water Management Study	\$8,000
Wakonda	Storm Sewer Improvements Study	\$8,000
Wakonda	Water System Improvements Study	\$8,000
Total		\$126,000

Table 5 (continued)*Technical Assistance Awards*

<u>Sponsor</u>	<u>Project</u>	<u>Award</u>
Black Hills Council of Local Governments*	Amendment to SRF Application and Administration and to Davis-Bacon Wage Rate Administration	\$52,000
Central South Dakota Enhancement District*	Amendment to SRF Application and Administration and to Davis-Bacon Wage Rate Administration	\$22,000
Department of Environment and Natural Resources	Drinking Water Operator Certification Training	\$75,000
Midwest Assistance Program	Small System Capacity Assessments	\$49,700
SD Association of Rural Water Systems	Small System Technical Assistance	\$120,000
	Total	\$318,700

* Amendment to prior year Technical Assistance award.

State Water Resources Management System

On March 12, 2015, Governor Dugaard signed the 2015 Omnibus Bill (Senate Bill 173) which appropriated \$7,700,000 million for the Lewis & Clark Regional Water System and \$250,000 for Statewide Hydrology and Water Management Studies which are projects on the State Water Resources Management System (SWRMS) list. Information on individual SWRMS project accomplishments and activities is provided in the State Water Plan section (pages 35-53). During the year, the board placed the following amounts under agreement (Table 6).

Table 6 – 2015 State Water Resources Management System Awards

<u>Project</u>	<u>Amount</u>	<u>Type</u>
Department of Environment and Natural Resources – Aquifer Isotope Analysis in Eastern South Dakota	\$47,000	Grant
Lewis & Clark Regional Water System	\$7,700,000	Loan
	Total	\$7,747,000

Watershed Protection – EPA Section 319 Grants

The South Dakota Watershed Protection Program is designed to assess nonpoint water pollution sources and to reduce or eliminate their impact on water quality throughout the state. Nonpoint source refers to the polluted run-off from urban, agriculture, and forest lands. The program provides technical and financial assistance to local watershed project sponsors in the planning and management of assessment and implementation projects. Additionally, the program administers state and federal grants, monitors the effectiveness of implementation projects, and funds information and education activities. Applications for Section 319 grants must be approved by the board prior to submission to EPA. In 2015, the board recommended that EPA award \$1.89 million in federal fiscal year 2015 funding to watershed projects (Table 7).

Table 7 - 2015 EPA Section 319 Grants

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
Belle Fourche Watershed Partnership	Belle Fourche River Watershed	\$793,000	\$2,516,900
James River Water Development District*	Lewis & Clark Implementation	\$300,000	\$3,069,160
Moody County Conservation District	Big Sioux River Implementation	\$500,000	\$8,760,400
Pennington County	Spring Creek Watershed Project	\$115,000	\$397,000
South Dakota Grasslands Coalition	Grassland Management & Planning	\$179,000	\$778,715
Total		\$1,887,000	\$15,522,175

* Originally obligated to Randall RC&D, the project funding was transferred to James River WDD in June 2015

Throughout the year, the department works with EPA to reallocate deobligated prior year funds. Table 8 contains a list of grants that were awarded to existing project sponsors during the calendar year 2015.

Table 8 - 2015 EPA Section 319 Grant Amendments

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
James River Water Development District*	Lewis & Clark Implementation	\$58,027	\$3,069,160
James River Water Development District	Lewis & Clark Implementation	\$179,958	\$3,069,160
Moody County Conservation District	Big Sioux River Implementation	\$153,194	\$8,760,400

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
South Dakota Association of Conservation Districts	303(d) Watershed Planning & Assistance	\$248,000	\$3,102,517
Total		\$639,179	\$14,932,077

* Originally obligated to Randall RC&D, the project funding was transferred to James River WDD in June 2015

Solid Waste Management Program

The 2015 State Legislature appropriated \$2,300,000 for the Solid Waste Management Program (SWMP). These appropriations, combined with reverted and unobligated prior year funding, resulted in more than \$3.55 million being available for grants and loans for recycling, waste tire, and solid waste disposal projects.

These programs are supported by three funding sources – a \$0.75 per ton landfill surcharge on municipal solid waste, a \$0.25 per tire vehicle registration fee, and principal and interest payments from past solid waste loan awards. A minimum of 50 percent of the SWMP funds appropriated is reserved for recycling activities.

The board awarded eight grants and four loans in 2015, totaling nearly \$3 million (Table 9). Of these awards, two were for recycling, four were for solid waste disposal, and five were for regional landfills. SWMP awards helped leverage nearly \$4 million in total project activities.

Table 9 - 2015 Solid Waste Management and Regional Landfill Assistance Awards

<u>Sponsor</u>	<u>Description</u>	<i>Disposal</i>		
		<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
Northwest SD Regional Landfill	Equipment and Facility Upgrades	\$164,800	\$247,200	\$412,000
South Eastern Council of Governments	Regional Revolving Loan Fund Capitalization		\$250,000	\$312,500
Tri-County Landfill Assn	Equipment and Vehicle Cold Storage Building	\$133,760		\$167,200
Yankton	Transfer Station Entrance Reconfiguration and Scale Replacement	\$159,736	\$300,000	\$750,000
Total		\$458,296	\$797,200	\$1,641,700

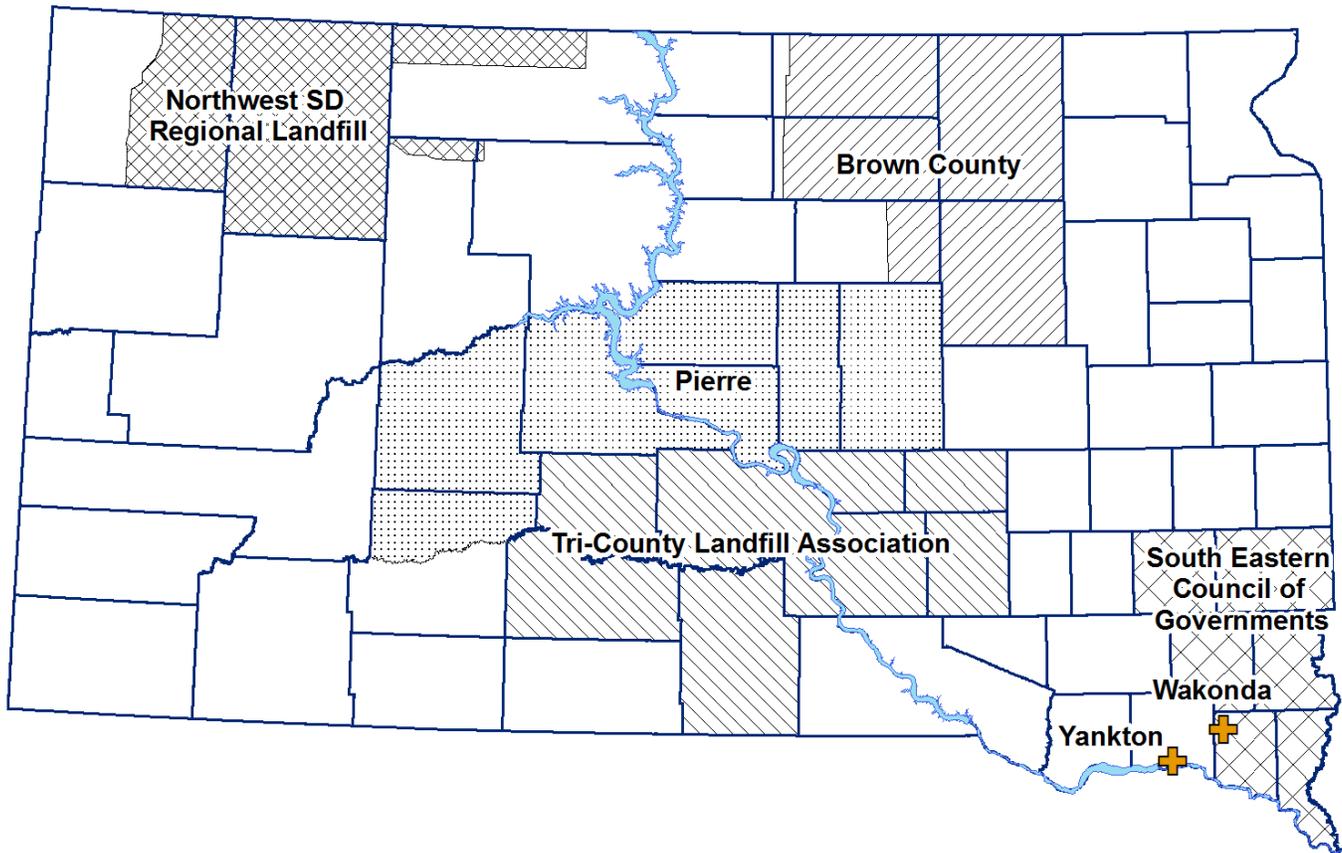
Recycling

<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
South Eastern Council of Governments	Regional Revolving Loan Fund Capitalization		\$250,000	\$312,500
Wakonda	Recycling Drop-Off Trailer Purchase		\$7,773	\$9,716
	Total	\$0	\$257,773	\$322,216

Regional Landfill

<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
Brown County	Landfill Scraper Purchase		\$231,000	\$770,494
DENR	Waste Tire and Other Solid Waste Cleanups		\$350,000	\$350,000
Pierre	Landfill Baler Replacement	\$245,000	\$330,000	\$825,000
Tri-County Landfill Assn	Equipment and Vehicle Cold Storage Building		\$33,440	\$167,200
Yankton	Transfer Station Entrance Reconfiguration and Scale Replacement	\$290,264		\$750,000
	Total	\$535,264	\$944,440	\$2,862,694

Map 5 - Solid Waste Management Program Grant/Loan Recipients



Brownfields Revitalization and Economic Development Program

The 2003 South Dakota Legislature followed the federal Brownfields Act and established a state Brownfields Revitalization and Economic Development Program within the Department of Environment and Natural Resources (the department). The purpose of Brownfields program is to complete environmental assessments and cleanups so that local governments can put contaminated lands back into productive, beneficial use and complete projects that are necessary to revitalize local economies. The 2003 bill created two subfunds: a Brownfields revolving loan subfund and a Brownfields assessment and cleanup subfund. The board approves annual work plans for both subfunds. The department agreed to use existing staff to administer this program.

While the department has made application for federal funding, the U.S. Environmental Protection Agency has not awarded South Dakota any federal funds for the Brownfields revolving loan subfund. Therefore, there has been no activity in this subfund. EPA has advised the department that until potential applicants are identified, the department will not be eligible for federal revolving loan funds.

The department has used both federal Brownfields grants and federal Leaking Underground Storage Tank Trust Funds to complete environmental assessments and cleanups of Brownfields projects statewide. Projects are limited by federal Brownfields law to \$200,000 for Assessment and \$200,000 for Clean Up unless a waiver is granted by EPA. Brownfields projects are nominated by local project sponsors and approved by the board. Table 9 contains a list of all the Brownfields projects approved by the board in calendar year 2015. The Brownfields process is an extremely useful tool to help assess and clean up contaminated lands statewide and move economic development projects forward that are a high local priority.

Table 10 - 2015 Brownfields Assessment and Cleanup Projects

<u>Applicant</u>	<u>Site Name and Location</u>	<u>Activity</u>	<u>Land After Clean Up</u>	<u>Amount*</u>
Colman	Utility Project	Assessment & Cleanup	Public	\$4,607
Harding County	Harding County Airport	Assessment & Cleanup	Public	\$31,528
Highmore	Utility Project	Assessment & Cleanup	Public	\$46,757
Howard	Behm's Service and Utility Project	Assessment & Cleanup	Commercial	\$157,236
Huron Economic Development	Former Huron Water Treatment Plant	Assessment	Public	\$12,712
Jerkin's Living Center	Former St. Martin's Church	Cleanup	Health Care /Commercial	\$61,988
Kadoka School District	Former Ponderosa Campground	Assessment & Cleanup	Public School	\$33,024
Northern State University	Former Madison Community Hospital	Assessment	Public	-\$0-
Pierre	City Well VOC Impact	Assessment & Cleanup	Public	\$ 474,917
			Total	\$ 822,769

* Accumulative costs as of September 30, 2015

2014 State Water Development Legislation

On March 12, 2015, Governor Daugaard signed Senate Bill 173, the Omnibus Water Funding Bill. The 2015 Omnibus Bill contained the following appropriations:

Appropriations from the Water and Environment Fund

- Consolidated Water Facilities Construction Program – \$16,500,000 to provide grants and loans for community drinking water, wastewater, and watershed improvement projects;
- Lewis & Clark Regional Water System – \$7,700,000 loan for engineering design, preconstruction, and construction of the facilities associated with constructing pipe segments 1 and 5 of the water supply line to Madison;
- Statewide Hydrology and Water Management Studies - \$250,000 grant to provide funding for local sponsors to assess, model and quantify the state’s surface water and groundwater resources for current and future generations.
- Solid Waste Management Program – \$2,300,000 to provide grants and low interest loans for recycling, solid waste disposal, and waste tire projects.

Appropriations from WEF Subfunds and Other Sources

- Section 11 of the bill appropriated \$1,000,000 from the Clean Water State Revolving Fund program subfund for the purpose of providing water quality grants;
- Section 12 of the bill appropriated \$150,000 from the Clean Water State Revolving Fund program subfund for the preparation of loan applications and administration of loans;
- Section 13 of the bill appropriated \$150,000 from the Drinking Water State Revolving Fund program subfund for the preparation of loan applications and administration of loans;
- Section 14 of the bill appropriated \$250,000 from the Drinking Water State Revolving Fund program subfund to provide grants for very small system compliance and public health improvements; and
- Section 15 of the bill appropriated \$200,000 from the Drinking Water State Revolving Fund program subfund for small system technical assistance grants.

In addition, Section 8 of the bill amended SDCL 46A-1-64 increasing from \$1.0 million to \$2.0 million the amount the Board of Water and Natural Resources may provide in Consolidated Program funding to any project without specific legislative authorization.

2016 State Water Plan

2016 State Water Plan

Overview

The 1972 State Legislature established the State Water Plan to ensure the optimum overall benefits of the state's water resources for the general health, welfare, safety, and economic well-being of the people of South Dakota through the conservation, development, management, and use of those resources. The Legislature placed the responsibility for this plan with the Board of Water and Natural Resources (the board).

The State Water Plan, as established in SDCL 46A-1-2, consists of two components – the State Water Facilities Plan and the State Water Resources Management System. To be considered for the State Water Facilities Plan, projects must meet criteria established by the board. These eligibility criteria are used as guidelines by the board and the Department of Environment and Natural Resources (the department) when considering a project for inclusion on the State Water Facilities Plan. Additions to or deletions from the State Water Resources Management System can only be made by the State Legislature.

State Water Facilities Plan

The State Water Facilities Plan (Facilities Plan) is a list of potential water projects. The Facilities Plan includes projects such as rural, municipal, and industrial water supply, wastewater collection and treatment facilities, storm sewers, groundwater protection, and watershed restoration. The board is responsible for approving the placement of projects on the Facilities Plan. The board can provide direct assistance to projects on the plan and placement on the plan may influence federal and other state agency funding decisions.

In November 2015, the board considered 28 applications requesting placement on the State Water Plan. The board placed 25 projects on the Facilities Plan, bringing the total number of projects on the 2016 State Water Facilities Plan to 180 (Table 11 and Table 12).

The projects in Table 11 have received either partial or full funding. Projects that have received funding from the board remain on the Facilities Plan until project completion and remain eligible to request additional funding.

The projects in Table 12 have not received funding as of December 31, 2015. Projects placed on the plan in November 2014 or that were amended onto the plan during calendar year 2015 remain on the Facilities Plan through December 2016. The 25 projects placed on the plan in November remain on the Facilities Plan through December 2017.

Additional projects may be placed on the Facilities Plan during the year. Projects placed on the Facilities Plan through the amendment process remain on the plan for the balance of the calendar year and the following year. Once a project is removed from the Facilities Plan, the project sponsor must submit a new state water plan application to be eligible to seek assistance.

Table 11 - 2016 State Water Facilities Plan Funded Projects

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Aberdeen	Raw Water Intake Replacement Project	\$1,040,000	\$1,040,000
Alpena	Wastewater Treatment Facility Upgrade and Expansion	\$905,474	\$1,465,000
Andover	Wastewater Treatment Facility Improvements	\$305,000	\$305,000
Astoria	Wastewater Treatment System Improvements	\$603,700	\$603,700
Bear Butte Valley Water, Inc	Regional Water System	\$1,765,000	\$7,000,000
Beresford	SD Highway 46 Water Improvements	\$745,000	\$745,000
Beresford	SD Highway 46 Wastewater Improvements	\$605,000	\$605,000
Big Sioux Community Water System	Connection to Minnehaha Community Water Corporation and the City of Madison	\$3,014,000	\$3,014,700
Big Sioux Community Water System	Water Meters	\$900,000	\$900,000
Bison	Wastewater Treatment and Sanitary Sewer Collection	\$419,000	\$419,000
Bonesteel	Water Infrastructure Upgrades	\$2,043,000	\$2,043,000
Bonesteel	Wastewater Treatment and Collection Improvements	\$588,000	\$588,000
Box Elder	Ghere Reservoir and Well Project	\$3,562,950	\$3,562,950
Brandon	Sanitary Sewer System Improvements	\$3,000,000	\$3,000,000
Brandon	Drinking Water System Improvements	\$12,425,000	\$12,425,000
Brentford	Wastewater Treatment and Collection Improvements	\$968,000	\$968,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Bristol	Water Improvements	\$1,979,000	\$1,979,000
Bristol	Wastewater & Storm Sewer Improvements	\$1,343,000	\$1,343,000
Britton	Wastewater Collection Improvements	\$4,000,000	\$4,000,000
Brookings	Wastewater Treatment System Improvements	\$30,600,000	\$30,600,000
Brookings	Division Avenue Storm Water Management	\$1,570,000	\$1,570,000
Brown County	Crow Creek Control Structure Replacement	\$120,000	\$300,000
Buffalo	Distribution System Improvements	\$1,695,000	\$1,695,000
Canistota	Water System Improvements	\$1,095,000	\$1,095,000
Canistota	Wastewater System Improvements	\$1,381,000	\$1,381,000
Canton	Well Replacement Project	\$1,550,000	\$1,550,000
Cavour	Wastewater Improvements	\$795,000	\$845,000
Chancellor	Sanitary Sewer Improvements	\$574,000	\$574,000
Clark	Total Retention Wastewater Treatment Facility Construction	\$6,485,000	\$7,000,000
Clear Lake	Sanitary Sewer Line Improvements	\$700,000	\$3,200,000
Colman	Phase 2 & 3 - Water Mains and Tower Replacement	\$1,600,000	\$1,600,000
Colman	Phase 2 - Sewer Line Replacement	\$1,800,000	\$1,800,000
Colonial Pine Hills Sanitary District	Microfiltration System Installation	\$1,105,000	\$400,000
Dakota Dunes Community Improvement District	Clear Well Expansion	\$1,600,000	\$1,600,000
Day Conservation District	Northeast Glacial Lakes Implementation	\$115,000	\$1,585,420
Dell Rapids	2013 Wastewater Improvements	\$1,200,000	\$1,200,000
Dimock	Wastewater Improvements	\$528,000	\$568,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Dupree	Wastewater Treatment and Lift Station Improvements	\$690,000	\$1,117,450
Eagle Butte	Water Distribution System Improvements	\$725,000	\$725,000
Eagle Butte	Willow Street Water System Improvements	\$250,000	\$490,000
Eagle Butte	Water Distribution System Improvements	\$1,244,000	\$1,244,000
Eagle Butte	Water Meter Replacement	\$593,000	\$593,000
Eagle Butte	Sanitary and Storm Sewer Improvements	\$2,410,000	\$2,410,000
Eagle Butte	Wastewater Treatment and Collection Improvements	\$433,500	\$541,875
Edgemont	Water System Upgrades	\$3,890,000	\$3,890,000
Ellsworth Development Authority	Regional Wastewater Treatment Facility	\$24,281,000	\$24,281,000
Emery	Citywide Watermain Replacement	\$2,200,000	\$2,221,587
Emery	Citywide Wastewater Collection Replacement	\$3,084,000	\$3,084,000
Ethan	Water Meter Project	\$178,000	\$178,000
Eureka	Highway 10 Sewer Replacement & Treatment Upgrades	\$1,494,000	\$1,494,000
Faulkton	Sanitary/Storm Separation and Access Road	\$902,000	\$902,000
Florence	Water System Improvements	\$2,255,000	\$2,355,000
Freeman	Wastewater Treatment Facility Improvements	\$1,000,000	\$1,536,000
Grant-Roberts Rural Water System	Milbank Service Area Improvements	\$4,500,000	\$4,500,000
Haakon County School District	Geothermal Wastewater Treatment System	\$517,600	\$647,000
Harrisburg	Colombia Basin Sanitary/Storm Sewer Project	\$3,219,100	\$3,219,100

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Harrisburg	Wastewater Regionalization Development Charge	\$3,177,000	\$3,677,000
Highmore	Highway 47 Wastewater Utility Relocation Project	\$679,000	\$679,000
Highmore	Highway 47 Water Utility Relocation Project	\$395,000	\$395,000
Hisega Meadows Water, Inc.	Acquisition of and Improvements to Water System	\$546,000	\$546,000
Hoven	Water Meters and Water Lines Project	\$750,000	\$750,000
Hoven	Highway 47 Water Utilities Replacement	\$353,000	\$353,000
Hoven	Highway 47 Wastewater Utilities Replacement	\$656,000	\$656,000
Howard	Wastewater Televising and Lagoon Expansion	\$979,000	\$1,764,000
Humboldt	Wastewater Collection and Treatment Improvements	\$2,086,000	\$2,086,000
Irene	Water Improvements	\$1,546,000	\$1,546,000
Irene	Wastewater Improvements	\$1,656,000	\$1,913,500
James River Water Development District	Lewis & Clark Implementation	\$244,740	\$1,833,333
Kennebec	Wastewater Collection and Treatment Improvements	\$1,160,000	\$1,160,000
Kingbrook Rural Water System	Water Service to Sinai	\$1,290,000	\$1,569,000
Lake Byron Watershed District	New Collection and Treatment System	\$2,343,000	\$3,694,000
Lake Madison San District	Lift Station and Forcemain Replacement	\$428,000	\$428,000
Lake Poinsett Sanitary District	Wastewater Collection and Treatment Expansion	\$3,729,000	\$3,729,000
Lead	Water Replacement	\$939,000	\$939,000
Lead	Sewer Separation and Replacement	\$937,000	\$937,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Lennox	4th Ave Water Main Replacement and Meter Upgrades	\$712,431	\$712,431
Lennox	2016 Storm and Sanitary Sewer Improvements	\$2,433,000	\$2,733,000
Lennox	2015 Storm and Sanitary Sewer Improvements	\$2,290,000	\$2,590,000
Lesterville	Water Meter Replacement	\$53,000	\$53,000
Letcher	Collection System Replacement and Lagoon Riprap	\$775,000	\$775,000
McLaughlin	Wastewater System Improvements Project	\$1,145,675	\$1,145,675
Mid-Dakota Rural Water System	Automatic Meter Reading Project	\$2,535,000	\$2,535,000
Miller	Wastewater Improvements	\$242,000	\$242,041
Minnehaha Community Water Corporation	Connection to Big Sioux Community Water System and the City of Madison	\$900,000	\$1,800,000
Mobridge	Water Tower Replacement Project	\$400,000	\$400,000
Mobridge	Wastewater Treatment Facility Improvements	\$1,475,000	\$1,475,000
Montrose	2015 Stormwater Improvements	\$545,000	\$545,000
Northville	Elm Street Storm Sewer Improvements	\$140,000	\$140,000
Oacoma	Relocation of Cedar Shores Wastewater Main	\$100,000	\$525,660
Onida	Water System Improvements	\$1,805,000	\$2,305,000
Parker	Water Distribution Improvements	\$241,000	\$1,303,900
Pierre	Regional Landfill - Cell #3 Construction	\$817,600	\$817,600
Pierre	Lincoln Avenue Storm Sewer Project	\$210,000	\$1,118,000
Powder House Pass Community Improvement District	Wastewater Treatment and Collection System Construction	\$2,575,218	\$2,575,218
Prairie Meadows Sanitary District	Wastewater Collection System Rehabilitation	\$1,388,000	\$1,388,000
Pukwana	Water Meter Project	\$227,000	\$227,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Rapid City	East Rapid City Water Expansion	\$5,626,000	\$7,126,000
Rapid City	Canyon Lake Sediment Removal	\$155,000	\$415,000
Redfield	Shar-Wynn Estates Sanitary and Storm Sewer Improvements	\$884,000	\$884,000
Saint Lawrence	Lagoon Repairs	\$373,000	\$373,000
Sinai	Total Retention Treatment Facility	\$1,500,000	\$1,500,000
Sioux Falls	East Side Sanitary Sewer System Improvements	\$20,108,000	\$21,608,000
Sioux Falls	Brandon Road Lift Station Parallel Force Main	\$11,979,457	\$11,979,457
Sioux Falls	Outfall Sewer Replacement	\$26,060,000	\$26,060,000
Sioux Falls	Sioux River South Interceptor Phase 1	\$14,711,614	\$14,711,614
Sioux Falls	Sioux River South Interceptor Phase 2	\$12,464,000	\$12,464,000
Sioux Rural Water System	Water System Improvements and System Expansion	\$4,515,000	\$4,564,600
Stickney	Wastewater System Improvements	\$500,000	\$2,304,000
Summerset	Castlewood Drainage Improvements	\$79,000	\$79,000
Tabor	Distribution System Improvements	\$1,530,000	\$1,530,000
TC&G Water Association	Water System Improvements	\$1,600,000	\$2,100,000
Tri-County Water Association	Elevated Water Storage Tank	\$200,000	\$200,000
Tripp County Water User District	Internal Improvements and Expansion	\$11,750,000	\$11,750,000
Turton	Wastewater Improvements	\$596,000	\$596,000
Twin Brooks	Connection to Grant Roberts Rural Water System	\$262,900	\$260,900
Tyndall	Water Distribution and Storage Upgrades	\$1,570,000	\$1,570,000
Waubay	Wastewater Treatment Facility Improvements	\$1,780,000	\$2,195,820
Wessington Springs	Wastewater Infrastructure Improvements	\$443,000	\$443,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Wessington Springs	Water Infrastructure Improvements	\$259,000	\$259,600
Westport	Water Meter Project	\$100,000	\$100,000
Woodland Hills Sanitary District	Water System Improvements	\$481,000	\$481,000
Yale	Wastewater Treatment Facility Expansion	\$1,499,300	\$1,499,300
Yankton	East Highway 50 Lift Station	\$3,330,000	\$3,330,000
Yankton	New Collector Well	\$12,850,000	\$12,850,000
Total		\$330,700,259	\$357,294,431

Table 12 - 2016 State Water Facilities Plan Unfunded Projects

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Avon	Water Meter Replacement	2016	\$469,860	\$469,860
Belle Fourche	8th Avenue Utility Improvements	2017	\$2,300,000	\$4,000,000
Brandon	Lift Station to Sioux Falls	2017	\$2,260,875	\$2,260,875
Bridgewater	Main Street Water Distribution Improvements	2016	\$218,900	\$218,900
Britton	Drinking Water System Improvements	2017	\$4,896,000	\$4,896,000
Brookings-Deuel Rural Water System	Automatic Meter System	2016	\$675,000	\$675,000
Canton	Dakota Street - Phase 1 Upgrades	2017	\$2,263,000	\$2,713,000
Chancellor	Water Meter Replacement	2017	\$177,415	\$177,415
Charles Mix County	Lake Improvements	2016	\$2,321,000	\$2,321,000
Conde	Water System Improvements	2016	\$3,442,785	\$3,442,785
Dell Rapids	2016 Utilities Improvements	2016	\$4,195,000	\$4,195,000
Dell Rapids	Wastewater Treatment Improvements	2017	\$5,758,000	\$5,758,000

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Delmont	Refinancing of DWSRF-01 Loan	2017	\$139,000	\$139,000
Elk Point	Lagoon Cell Number 3 Rehabilitation	2016	\$500,000	\$500,000
Elk Point	Rose Street Sanitary Sewer Reconstruction	2016	\$1,542,000	\$1,750,000
Elk Point	Rose Street Water Distribution Improvements	2016	\$1,542,000	\$1,750,000
Faulkton	Wastewater System Improvements	2016	\$3,670,000	\$7,841,000
Florence	Wastewater System Improvements	2016	\$1,818,750	\$2,318,750
Hartford	2014 Water Main Extension	2016	\$711,200	\$711,200
Hecla	Water Distribution System Improvements	2016	\$544,000	\$544,000
Hermosa	New Well/Water Source	2016	\$1,471,875	\$1,471,875
Hot Springs	North 24th Street Sewer	2016	\$270,000	\$270,000
Hot Springs	Water System Supply and Storage	2017	\$3,850,000	\$3,850,000
Hot Springs	Houston Avenue Wastewater Collection Replacement	2017	\$197,000	\$197,000
Humboldt	Water Meter Replacement	2016	\$240,000	\$240,000
Kingbrook Rural Water System	2017 Water System Improvements	2017	\$13,143,000	\$13,630,500
Lake Norden	Wastewater Collection System Improvements	2016	\$510,000	\$510,000
Lake Poinsett Sanitary District	Wastewater Collection and Treatment System Expansion	2017	\$10,000,000	\$10,000,000
Lead	Water Meter Replacement	2016	\$560,000	\$560,000
Lead-Deadwood Sanitary District	Peake Ditch Pipeline Rehabilitation	2016	\$1,061,000	\$1,061,000
Lemmon	Sanitary Sewer Improvements	2016	\$9,515,948	\$9,515,948
Midland	Water System Improvements	2017	\$715,000	\$715,000
Miller	Storm Sewer Upgrades	2016	\$1,000,000	\$12,058,000

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Miller	Wastewater Collection and Treatment System Improvements	2017	\$5,111,369	\$5,111,369
Miller	Water System Improvements	2017	\$6,318,460	\$6,318,460
Mina Lake Sanitary District	Wastewater Improvements	2016	\$500,000	\$2,624,000
Perkins County Rural Water System	Booster Pump Station Improvements	2016	\$46,000	\$46,000
Perkins County Rural Water System	Highways 12 and 73 Watermain Realignment	2016	\$1,516,700	\$1,516,700
Philip	Water Meter Replacement	2016	\$340,000	\$340,000
Pickstown	Wastewater Treatment System Improvements	2016	\$405,000	\$405,000
Piedmont	Central Wastewater System	2017	\$4,500,000	\$4,500,000
Piedmont	Water Tower and Well	2017	\$2,200,000	\$2,200,000
Pierre	2015 Wastewater Treatment Upgrade	2016	\$1,722,100	\$1,722,100
Plankinton	Water Meter Replacement	2017	\$240,000	\$240,000
Platte	Wastewater Treatment Improvements	2016	\$2,500,000	\$2,537,700
Platte	Wastewater Collection Improvements	2017	\$1,075,000	\$1,130,000
South Shore	Water System Improvements	2016	\$500,000	\$2,400,000
Tea	Ceylon Avenue Water and Sewer Extension	2017	\$1,550,000	\$1,550,000
Tea	Brian Street Water and Sewer Extension	2017	\$1,691,000	\$1,691,000
Viborg	Water Distribution System Replacement	2017	\$579,936	\$903,253
Volga	Lift Station Construction	2016	\$619,200	\$619,200
Wakonda	Water System Improvements	2017	\$2,655,910	\$2,655,910
Watertown	Sanitary Sewer Extension	2016	\$832,896	\$832,896
Wessington Springs	Water Meter Replacement	2017	\$568,000	\$568,000

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Westport	Wastewater and Storm Sewer Improvements	2017	\$723,030	\$723,030
Yale	Wastewater Treatment Pond Rip-Rap	2017	\$443,000	\$443,000
		Total	\$118,616,209	\$141,838,726

State Water Resources Management System

The State Water Resources Management System (SWRMS) identifies large, costly water projects that require specific state or federal authorization and financing. These projects are placed on the list when recommended by the board and approved by the Governor and the Legislature. The SWRMS list (Table 13) serves as the preferred priority list to optimize water resources management in the state. Once a project is placed on the SWRMS list, it remains on the list until removed by legislative action.

In 2014, tribal and nontribal sponsors of the Mni Wiconi Rural Water System fully obligated their final allocations of federal funding to construction contracts, and the Perkins County Rural Water System utilized a Drinking Water State Revolving Fund award to construct the final component of its federally authorized project. In June 2014, the board passed resolutions certifying completion of the West River/Lyman Jones component of Mni Wiconi Rural Water System and the Perkins County Rural Water System. The completion certification initiated the repayment of \$17.644 million in SWRMS loans by these systems. As part of the 2015 Omnibus Bill (Senate Bill 173), the board recommended removal of these two projects from the State Water Resources Management System list. The bill was signed on March 12, 2015 and the West River/Lyman Jones and Perkins County projects were removed from the SWRMS preferred priority list.

The current SWRMS list is shown on Table 13:

Table 13 – State Water Resources Management System Projects

<u>Project</u>	<u>Description</u>
Belle Fourche Irrigation	Upgrade Project
Big Sioux Flood Control Study	Watertown Flood Control
CENDAK Irrigation Project	Irrigation Project - Central SD

<u>Project</u>	<u>Description</u>
Gregory County Pumped Storage Site	Multi-Purpose Water Utilization
Hydrology and Water Management Studies	Statewide Water Resources
Lake Andes-Wagner/Marty II Irrigation Unit	Irrigation - Charles Mix County
Lewis & Clark Rural Water System	Bulk Water System - Southeastern SD
Sioux Falls Flood Control Project	Increased Flood Protection
Southern Black Hills Water System	Rural Water System - Southern Hills
Vermillion Basin Flood Control Project	Flood Control on Vermillion River

SWRMS Project Status

A brief summary of each project and its status is presented on the following pages. The year in the title indicates when the project was placed on the State Water Resources Management System (SWRMS).

Belle Fourche Irrigation Upgrade Project - 2012

- The 2012 Omnibus Bill added the Belle Fourche Irrigation Upgrade project to the SWRMS list. The project is for the construction of a \$5,000,000 Belle Fourche Irrigation Upgrade Project to include replacement of the Indian Creek siphon, the Horse Creek siphon, the north canal control house, and the south canal control house, repair of the Belle Fourche River siphon, and removal of sediment from the south canal intake for the purpose of stabilizing crop and forage production in central western South Dakota to offset the effects of drought conditions which naturally devastate South Dakota's economic viability.
- South Dakota Codified Law 46A-1-13.12 authorized a state cost share commitment of up to \$2,500,000 of grant and \$2,500,000 of loan assistance, to provide funding for the Belle Fourche Irrigation District Upgrade Project.
- The appropriations for 2012 included \$1,250,000 grant and a \$1,250,000 loan for engineering design, preconstruction, and construction of the facilities associated with Belle Fourche irrigation upgrade project.
- During the calendar year 2012 and 2013 engineering design of siphons and the canal gatehouse was ongoing.
- The appropriations for 2013 included \$750,000 grant and a \$750,000 loan for engineering design, preconstruction, and construction of the facilities associated with Belle Fourche irrigation upgrade project.
- The appropriations for 2014 included \$500,000 grant and a \$500,000 loan for engineering design, preconstruction, and construction of the facilities associated with Belle Fourche

irrigation upgrade project. This completes the state cost share commitment to the upgrade project.

- Bids were opened and awarded for the Indian Creek and Horse Creek siphons in 2013, and construction started in October of 2013. The Indian Creek siphon was completed in 2014 and was operational for the 2014 irrigation season. The Horse Creek siphon was completed in 2015 and was operational for the 2015 irrigation season.
- In May 2014, bids were opened for dredging of the reservoir intake structure. Dredging operations are approximately 10 percent complete with work set to continue in the fall of 2015. Valve removal for the intake is scheduled to be completed the spring of 2016.
- In 2015, bids were opened for the canal gatehouse upgrade; work was started in the fall of 2015 with completion the spring of 2016.

Big Sioux Flood Control Study (Watertown & Vicinity) – 1989

- The Corps of Engineers completed a reconnaissance report titled “Flood Control for Watertown and Vicinity.” The study concluded the best alternative for flood protection for Watertown, Lake Kampeska, and Pelican Lake is a \$16 million dry dam on the Big Sioux River at the Mahoney Creek site.
- The Corps of Engineers, in cooperation with Watertown, East Dakota Water Development District, Codington County, Lake Kampeska Water Project District, and the Department of Environment and Natural Resources, initiated a feasibility study in 1988. State appropriations of \$150,000 were provided to help meet the nonfederal cost share.
- The final draft feasibility report was distributed in June 1994, for public review and comment. A public hearing in July 1994 in Watertown presented findings of the report and gathered comments. City and county elections were held, and residents voted against further local participation in the project.
- The project regained momentum after severe spring flooding in 1997 forced 5,000 residents from their homes. The Watertown City Council scheduled an election in February 1998, calling for a citywide vote on the proposed Mahoney Creek Dam. The record turnout of voters again rejected the proposed dam.
- In June 2001, the residents of Watertown called for a citywide vote on the proposed Mahoney Creek Dam project. The voters approved the project. City officials proceeded with updating the original Corps of Engineers feasibility study and obtaining support and financing for the project.
- After the affirmative vote, Watertown began negotiations with the Corps of Engineers to complete a General Re-evaluation Report of the city’s flood control alternatives. Negotiations continued in 2003, and the scope of work to be reviewed by the report continued to be evaluated. Cost of the re-evaluation report was estimated at \$2.8 million.
- In 2003, Watertown returned \$450,000 of state funds appropriated in 2003 for local participation during the General Re-evaluation process. Because of cost share and scope of

work issues, Watertown decided to step back from participation in the re-evaluation and turned over all work to the Corps of Engineers.

- The Corps of Engineers received \$246,000 in 2003, \$473,000 in 2004, \$176,000 in 2005, and \$344,000 in 2008 to continue with the General Re-evaluation Report. Alternatives to be considered included the Mahoney Creek Dry Dam, three to five medium sized dams, 800 small dams, and a diversion between Lake Kampeska and Lake Pelican.
- A stakeholders group consisting of representatives from the Lake Pelican and Kampeska water project districts, the Corps of Engineers, the City of Watertown, Codington County Commissioners and landowners was created in 2010. The group held several public meetings to discuss and develop a flood control plan.
- U.S. Army Corps of Engineers have indicated that the most cost effective solution is the Mahoney Creek Dry Dam. The City of Watertown voted to support the Mahoney Creek Dry Dam for flood protection. The cost-benefit study of the dam is anticipated to take two years, and the total project cost is estimated at \$40 million dollars.
- In 2015, the City of Watertown indicated its intent to partner with the Corps of Engineers to conduct a feasibility level study update to investigate flood risk management solutions for Watertown.

CENDAK Irrigation Project – 1982

- This proposed irrigation project would supply Missouri River water to 474,000 acres in Hughes, Hyde, Hand, Spink, Beadle, and Faulk Counties in central South Dakota. South Dakota will pursue development of the project when federal policies are more supportive of large-scale irrigation projects. No activity occurred on the project in 2015.

Gregory County Pumped Storage Project – 1981

- Hydroelectric Component – The Gregory County Pumped Storage Project is a peak generation hydroelectric facility in northern Gregory County. In 1988, the Federal Energy Regulatory Commission (FERC) issued a preliminary permit for development of the project. The state's preliminary permit expired August 1991.
- Water Supply Component – The project has the potential to provide water for irrigation and municipal, rural, and industrial purposes using the hydroelectric project's upper bay as a water supply source. The Bureau of Reclamation completed a *Special Report on the Gregory Unit of the Pick-Sloan Missouri Basin Program, South Dakota* in 1992.
- The Water Resources Development Act of 1986 (Public Law 99-662) authorized the construction of a \$1.3 billion hydroelectric pumped storage facility by the Corps of Engineers. The Act also authorized up to \$100 million for construction of the associated Gregory Unit of the Pick-Sloan Missouri Basin Program.
- On June 20, 2001, Dakota Pumped Storage, LLC, a Minnesota corporation, filed a FERC Preliminary Permit application for a pumped storage hydroelectric facility in Gregory County. On September 25, 2001, South Dakota filed a Motion to Intervene and a Notice of Intent to File Competing Application for Preliminary Permit by the State of South Dakota.

An Application for Preliminary Permit for the Gregory County Pumped Storage Hydroelectric Facility in Gregory County, South Dakota was filed with FERC by the South Dakota Conservancy District on October 12, 2001.

- The FERC issued a 3-year Preliminary Permit to the South Dakota Conservancy District on August 12, 2002. FERC denied the application by Dakota Pumped Storage, LLC.
- The 2002 Omnibus Bill appropriated \$100,000 to the South Dakota Department of Environment and Natural Resources to complete preliminary permit and full permit application to FERC. The department solicited Requests for Proposals from firms interested in providing the research to support the FERC permit. Four proposals were received. Black & Veatch was selected.
- The 2004 Black & Veatch study determined it did not appear to be cost effective to pursue the pumped storage project at this time. These findings were presented to the Board of Water and Natural Resources in June 2004. The FERC permit expired in 2005.
- In 2010, South Dakota Energy, L.L.C. submitted a preliminary permit application to FERC to study the feasibility of the South Dakota Energy Hydroelectric Project located on the Missouri River in Gregory County, South Dakota. On July 21, 2010, FERC issued an Order Issuing Preliminary Permit and Granting Priority to File License Application for the project.
- In 2013, both Missouri River Energy Services and the Western Minnesota Municipal Power Agency submitted preliminary permit applications to FERC to study the feasibility of the Gregory County Pump Storage Project.
- On December 19, 2013, FERC issued an order issuing a Preliminary Permit and Granting Priority to File License Application for the project to Western Minnesota Municipal Power Agency. No activity occurred on the project in 2015.

Hydrology and Water Management Studies – (2015 - Present)

Black Hills Hydrology and Water Management Study – (1982 – 2015)

- The hydrology study compiled water resource data to assess the quantity, quality, and distribution of surface and ground water resources in the Black Hills area. These resources have been stressed by increasing population, periodic drought, and developments related to expansion of mineral, timber, agricultural, recreational, municipal and urban needs. The U.S. Geological Survey provided \$3.4 million from federal fiscal years 1988 through 2001 to establish the hydrologic monitoring system, collect the data, and complete data analysis.
- The hydrology study entered Phase II in federal fiscal year 1997 and was completed in 2002. The study emphasis during Phase I was data collection. The emphasis shifted to analytical activities and publication of maps and reports during Phase II.
- The hydrology study produced 31 technical reports including a lay reader summary, a comprehensive report on the hydrology of the Black Hills area, and a comprehensive lay reader atlas of water resources in the Black Hills area.

- The water management study provided interested parties with the tools needed to assist in making informed management decisions about development of water resources. Data gathered during the hydrology study was used in the water management study. Congress appropriated funds in federal fiscal year 1991 to initiate the Federal Black Hills Water Management Study by the Bureau of Reclamation.
- The Black Hills Water Management Study was completed in federal fiscal year 2003. The study focused on needs assessment, management alternatives, and a final report.
- The 2004 Omnibus Bill appropriated \$100,000 for the development, evaluation, and review of studies related to development of regional water supply systems in or near the Black Hills. The Fall River Water User District sponsored a regional water supply study for an area that included all of Custer and portions of Fall River and southern Pennington counties.
- The 2005 Omnibus Bill appropriated \$100,000 for the development, evaluation, and review of studies related to development of regional water supply systems in or near the Black Hills. The Southern Black Hills Water System Inc., a nonprofit corporation, was formed to continue the feasibility study of a regional water system in Custer, Fall River, and southern Pennington counties. The Southern Black Hills Water System requested additional funds to continue activities begun by the Fall River Water User District. In June 2005, the board awarded \$50,000 for these activities.
- The 2006 Omnibus Bill amended the State Water Resources Management System to add the Southern Black Hills Water System to its list of preferred, priority objectives for South Dakota. The bill also provided an initial appropriation of \$125,000 to allow the Southern Black Hills Water System to continue activities begun by the Fall River Water User District.
- In December 2006, the Lead-Deadwood Sanitary District submitted a request to have the remaining \$50,000 of SFY 2006 Black Hills Water Management Study funding placed under agreement with the district to conduct a regional water study in the Lead, Deadwood, and Central City area. The funding was awarded in January 2007, and the sanitary district selected an engineer in June 2007. The Lead-Deadwood Area Water Study Final Report was issued on July 18, 2008. The study provided an analysis of the Lead-Deadwood Sanitary District intake and water treatment plant, a review of the Lead and Deadwood distribution systems, an analysis of the development in the surrounding area, and analyzed the ability of the Lead-Deadwood Sanitary District to serve them.
- The 2009 Omnibus Bill appropriated \$65,000 for hydrology studies. These funds were awarded to West Dakota Water Development District to cost share the United States Geological Survey groundwater aquifer study in the Black Hills.
- Several microgravity surveys were completed during 2010 and 2011 at three study sites in the Black Hills. Collected data was analyzed spatially to help characterize the heterogeneity of the Madison and Minnelusa aquifers and possibly the transition zone between the two aquifers. Time-series data was analyzed at each of the three study sites and correlated with water levels in Madison aquifer wells. This analysis helps characterize vertical heterogeneity and effective porosity at selected sites.

- A report entitled “Microgravity Methods for Characterization of Groundwater-Storage Changes and Aquifer Properties in the Karstic Madison Aquifer in the Black Hills of South Dakota” was completed in 2012.
- The 2015 Omnibus Bill appropriated \$250,000 for statewide hydrology and water management studies. In June 2015, the Department of Environment and Natural Resources was awarded a \$47,000 grant to DENR to conduct aquifer isotope analysis in eastern South Dakota. The department’s Geological Survey program will be conducting this work.

Lake Andes-Wagner/Marty II Irrigation Unit – 1975

- The 45,000-acre Lake Andes-Wagner Irrigation project and 3,000-acre Marty II Irrigation project are federally authorized Pick-Sloan Missouri Basin Units in Charles Mix County (Public Law 102-575). Estimated construction costs are \$175 million and \$24 million, respectively.
- In 1990, a plan of study was developed for a 5,000-acre research demonstration program to determine best management practices for irrigating glacial till soils containing selenium.
- The 1992 State Legislature authorized the construction of the Lake Andes-Wagner/Marty II project and provided a state loan cost share commitment of \$7 million. Both the state and federal project authorizations are contingent upon the successful completion of the 5,000-acre research demonstration program.
- In 1995, Congress approved \$250,000 for the research program. State and federal agencies revised the 1990 plan of study to re-scope the demonstration program and identify the specific issues and research components that are of national significance. A nine-year, \$11.3 million effort was projected.
- In 1999, the Bureau of Reclamation (BoR) received \$150,000 to prepare an environmental assessment for the demonstration program.
- The BoR completed the environmental assessment and issued a Finding of No Significant Impact for the demonstration program in 2000. Significant federal funding must be secured before the demonstration program can proceed.
- The Board of Water and Natural Resources placed \$15,000 in 2002 and \$50,000 in 2003 under agreement. The Lake Andes-Wagner Irrigation district continued to seek federal funding for the demonstration program.
- The 2009 Omnibus Bill appropriated \$35,000 for the Lake Andes-Wagner/Marty II research demonstration program. These funds have been awarded to the project sponsor to continue its efforts to get this project moving forward.
- During 2010, the sponsor worked to assemble information and research data from multiple resources. Discussions with BoR continued regarding possibly of funding and placing the project into the BoR’s program proposal.
- The 2011 Omnibus Bill appropriated \$55,500 for the Lake Andes-Wagner/Marty II research demonstration program. However, these funds will not be awarded unless the federal

government makes the decision to begin funding the project at levels that will ensure project completion in a reasonable timeframe.

- In June 2012, a portion of South Central Water Development District's future use permit reserving water from the Missouri River was transferred to the Lake Andes-Wagner Irrigation District. The Irrigation District's transfer was for the reservation of 96,000 acre-feet of water annually from the Missouri River for future development including irrigation, municipal, stock watering, fire protection, industrial and public recreation use. The seven year review of this permit as required by statute was conducted in October 2013 before the Water Management Board, and the permit was allowed to remain in effect for 96,000 acre feet annually subject to the required fee being submitted. No activity occurred on the project in 2015.

Lewis & Clark Regional Water System – 1989

- The Lewis & Clark Regional Water System is a bulk delivery system providing treated Missouri River water to communities and existing rural water systems in southeastern South Dakota, northwestern Iowa, and southwestern Minnesota. South Dakota membership includes eight communities and three rural water systems. Approximately 155,000 South Dakotans will receive water from Lewis and Clark.
- President Clinton signed Public Law 106-246 on July 13, 2000, authorizing the federal construction of the Lewis & Clark Regional Water System. The federal legislation also approved a federal appropriation of \$600,000 to continue project engineering and begin construction. The Board of Water and Natural Resources placed \$200,000 of state funding under agreement in 2000 to assist with these same project activities.
- Iowa and Minnesota sponsors provided funding support for project development in proportion to their service capacity needs. Iowa and Minnesota state legislatures authorized the project for construction and completed their cost share commitments.
- South Dakota Legislature authorized Lewis and Clark's South Dakota project features (\$200 million) in 1993. In 2002, the state cost share commitment of \$18,585,540 in 1993 dollars was established for the Lewis & Clark Regional Water System.
- The 2002 Omnibus Bill appropriated \$750,000 for the project. These funds, combined with federal and other local sources, completed the federal environmental review, the Final Engineering Report and initiated construction. Lewis & Clark Regional Water System's Final Engineering Report completed its initial required 90-day congressional review on September 8, 2002. The federal Office of Management and Budget (OMB) determined that Lewis & Clark could not submit its Final Engineering Report to Congress until OMB had approved it. Lewis & Clark worked with OMB to get its Final Engineering Report approved and resubmitted to Congress. Lewis & Clark held its groundbreaking on August 21, 2003.
- Lewis & Clark agreed in 2005 to provide Sioux Falls an additional 17 million gallons of water per day, bringing the total delivered capacity to 45 million gallons per day. Sioux Falls will finance the cost of the additional capacity.

- In May 2007, Lewis & Clark elected to change the project's name from "Rural" to "Regional". The project will be doing business as the Lewis & Clark Regional Water System.
- Through June 30, 2008, South Dakota Legislature had appropriated and the Board of Water and Natural Resources had placed under agreement \$19,275,000 toward South Dakota's cost share commitment.
- In May 2008, Lewis & Clark began operating its first segment of pipeline – a nine mile emergency connection between Sioux Center and Hull, Iowa. Until Lewis & Clark water arrives, Lewis & Clark is purchasing water from Sioux Center and reselling it to Hull.
- In July 2008, a \$20.8 million contract was awarded for the first phase of the water treatment plant, which includes a three million gallon underground reservoir, high capacity pumps, electrical building and two standby generators. This infrastructure is separate from the main treatment plant building.
- In July 2008, work was completed on a \$5.5 million contract that included one mile of river bank stabilization southwest of Vermillion to protect Lewis & Clark's main well field from erosion, as well as two well houses, four valve vaults and various piping. Utilizing a permanent easement, Lewis & Clark's main well field is located on land owned by the SD Department of Game, Fish & Parks (Frost Game Production Area).
- In September 2008, Lewis & Clark began operating its second segment of pipeline – a 12 mile emergency connection for Tea and Harrisburg. Until Lewis & Clark water arrives, Lewis & Clark is purchasing water from Sioux Falls and reselling it to Tea and Harrisburg.
- The 2009 Omnibus Bill appropriated \$6.3 million for the engineering design, preconstruction activities, and construction.
- In April 2009, Lewis & Clark was approved to receive \$56.5 million from the Bureau of Reclamation as part of the American Recovery and Reinvestment Act.
- In May 2009, a \$64.1 million contract was awarded for Phase II of the water treatment plant. In July 2009, Phase II construction of the water treatment plant commenced.
- In July 2009, a \$5.04 million contract was awarded for the construction of the 85th Street Tower, which has a three million gallon storage capacity, located in Sioux Falls.
- In August 2009, a \$9.5 million dollar contract was awarded for the construction of two above ground reservoirs to be built near Tea. These two reservoirs along with the 85th Street tower serves as Lewis & Clark's primary storage facilities.
- In September 2009, a \$3.7 million contract was awarded for the first segment of the "Minnesota Transmission Line." This segment is a five mile pipeline to be constructed in South Dakota and serves Minnehaha Community Water Corporation, all Minnesota users, and Rock Rapids, Iowa.
- In September 2009, a \$2.8 million contract was awarded for the construction of the Parker and Centerville service lines. These service lines include almost fourteen miles for the Parker service line and five miles for the Centerville service line.

- Lewis & Clark received \$10 million in federal funding in 2009 under the 2010 Energy and Water Appropriation bill.
- In November 2009, the last section of the Treated Water Pipeline, which is the main trunk between the water treatment plant and the city of Sioux Falls, was completed.
- In June 2010, the \$6.3M approved by the 2010 Legislature was put under agreement. This completed the State's cost share commitment to the project.
- A contract for five new wells was awarded in April 2010 for \$6.8 million. The five new wells will provide Lewis & Clark with an estimated 10 million gallons a day of additional capacity. Including the six previously drilled wells, Lewis & Clark's total well capacity will be 28 million gallons per day.
- A \$4.2 million bid was awarded in May 2010 for the Treated Water Pipeline - Segment 11. This five mile segment connected Beresford to the main truck line. This is the first segment of the "Iowa Transmission Line." Eventually this line will connect to Sioux Center, Hull and Sheldon.
- In October 2010, Lewis & Clark was awarded approximately \$3.5 million in reprogrammed American Recovery & Reinvestment Act funding through the Bureau of Reclamation.
- In October 2010, a \$7.55 million contract was awarded for the Minnesota – Segment 1, which runs along the South Dakota - Iowa border from just west of the Big Sioux River to a point six miles west of Rock Rapids.
- Lewis & Clark received \$1,996,000 in federal funding, through the Bureau of Reclamation in FFY 2011. Lewis & Clark was also allocated an additional \$306,000 in funding for FFY 2011 in reprogrammed funds.
- In May 2011, Lewis & Clark awarded a \$1.6 million dollar contract for the Pipeline Commissioning. This contract provided for testing, disinfecting, and cleaning 85 miles of pipes from the water treatment plant near Vermillion to Sioux Falls.
- Lewis & Clark received \$5.5 million in federal funds for FY 2012. Lewis & Clark initiated operation of its water treatment plant and began to serve water to eleven of its twenty members in July 2012.
- The 20 members and 3 states have prepaid 100 percent of the nonfederal cost share. Because the prepayments made by the 20 members and three States, which totals just under \$154 million, have been fully utilized, the schedule to connect the remaining nine members is entirely dependent upon future federal funding.
- In 2014, Lewis & Clark was provided \$22 million in advance federal funding from Minnesota. These funds will be used to construct transmission lines to Luverne and Magnolia.
- In 2014, Lewis & Clark received a \$1 million reimbursable grant for advance federal funding from South Dakota. These funds were made available by the joint appropriations committee in Senate Bill 53. These funds will be used to acquire easements and pay for engineering costs for two of the five segments of the Madison service line.

- In 2014 Lewis & Clark delivered water to 11 of the 20 members. The system provided an average of 9 million gallons per day to the connected members and a peak day production of 19.6 million gallons. Water demand increased by 20 percent from 2013 production numbers.
- In 2015, Lewis & Clark was provided \$19 million in advance federal funding from Minnesota. These funds will be used to connect Lincoln Pipestone Rural Water system, construct a 4 million gallon storage reservoir southwest of Luverne, install a booster station southeast of Luverne, and get the easements acquired and design completed for the pipeline between Adrian and Worthington.
- In 2015 Lewis & Clark received a \$7.7 million loan for advance federal funding from South Dakota. These funds were made available by Senate Bill 173. These funds will be used to construct segments one and five of the Madison service line. Madison is the only South Dakota member system not yet connected; however, construction of segments 1 and 5 does not get a drop of water to Madison. Construction of segments 2 through 4 is estimated to cost more than \$22 million.
- DENR worked with three regional water systems and the city of Madison to develop a wheeling option as an alternative to providing federal fund advances to construct the balance of the Madison service line. The wheeling option builds on the construction of segments 1 and 5. Segment 1 provides Minnehaha Community Water Corporation with its second Lewis & Clark connection a mile west of Crooks. That connection increases the delivery of Lewis & Clark water to Minnehaha to 1.1 million gallons per day (mgd) and with \$1.8 million in wheeling upgrades, frees up water from Minnehaha's water treatment plants to feed its Tower 3B near Colton. Tower 3B would then feed water into a new \$3 million 12-inch Big Sioux Community Water line going north and west to connect with Lewis & Clark's segment 5 to deliver 1 mgd water to Madison. The wheeling option saves the state more than \$17 million in federal fund advances and gets Madison its needed 1 mgd of water from a regional system supplier as early as November 2016.
- In 2015, Lewis & Clark delivered water to 12 of the 20 members. The system provided an average of 12.7 million gallons per day to the connected members and a peak day production of 21 million gallons. Water demand has increased by 44 percent from 2014 production numbers.
- Through FY14, the federal government appropriated \$220 million to the project. Recent federal funding levels include \$9 million in FY15 and \$2.774 million proposed for FY16.

Mni Wiconi Rural Water System – 1989

- Public Law 100-516, as amended in 1994, authorized a \$263 million federal project to provide high quality Missouri River water to 50,000 western South Dakota citizens in a 10-county area extending south and west of Fort Pierre through the Pine Ridge Indian Reservation.
- The Oglala Water Supply System component encompasses the distribution facilities on the Pine Ridge Indian Reservation and the off-reservation core system facilities including the

Missouri River intake and water treatment plant. The Rosebud and Lower Brule components include the delivery and distribution facilities associated with service to their respective reservations. About \$200 million of the project costs are allocated to the tribal systems as non-reimbursable federal costs. Operation and maintenance for the tribal systems are a federal trust responsibility.

- West River/Lyman-Jones Rural Water System, Inc. (WR/LJ) is the non-Indian distribution component. The cost share for construction is 80 percent federal and 20 percent nonfederal. WR/LJ is responsible for its operation and maintenance costs.
- The 1992 State Legislature authorized the construction of the Mni Wiconi project. In 1995, the state authorization was amended to reflect the \$263 million project and a state cost share commitment of \$12.9 million.
- WR/LJ initiated construction of advanced features in 1993. These features were distribution systems that had access to interim ground water supplies. In June 1993, the Oglala Sioux Water Supply System also initiated construction of advanced features in the White Clay and Wakpamni districts of the Pine Ridge Reservation.
- In July 1996, the Oglala Sioux Water Supply System, along with WR/LJ, Rosebud, and Lower Brule rural water systems, held Mni Wiconi core facilities groundbreaking ceremonies at Echo Point near Ft. Pierre.
- In 1997, the Oglala Sioux Water Supply System awarded a \$16.4 million contract for the construction of the water treatment plant near Ft. Pierre. Construction activities began in 1997 and were completed in 2002.
- In 2001, the state appropriated a \$1.7 million loan for continued construction of the Mni Wiconi Rural Water System. This appropriation completed the state's cost share commitment to the project.
- WR/LJ secured an \$8.0 million Drinking Water State Revolving Fund Program loan in 2006, to advance construction of the North Core Pipeline. Construction on the first phase was completed in 2007, conveying water from the water treatment plant near Ft. Pierre to Hayes. This first phase of the North Core Pipeline hooked up over 100 rural residences along the way.
- In the fall of 2008, WR/LJ bid its last major distribution area to serve the Powell area project. Construction of the Powell area project was completed in 2009.
- In August 2008, the Oglala Sioux Water Supply System celebrated the delivery of Missouri River water to the Pine Ridge Indian Reservation with its 24-inch South Core Pipeline providing service to users in the Wanblee area.
- In 2008, the Rosebud Sioux Water Supply System installed a second 12-inch pipeline from White River to Highway 18. Completion of this project provided the Rosebud system with its full design capacity of Missouri River water delivery to Todd County.
- The federally authorized Lower Brule Sioux Water Supply System component of the Mni Wiconi system was completed in 2008.

- In October 2009, the Federal Fiscal Year 2010 Energy and Water Appropriation bill was signed. The bill appropriated \$22 million for the continued construction of the Mni Wiconi project.
- The Bureau of Reclamation, as part of the American Recovery and Reinvestment Act in 2009, approved \$10 million for the rehabilitation of Indian education water systems on Pine Ridge Indian Reservation. The Mni Wiconi system was also allocated \$10.2 million for operation and maintenance, including the operation of the treatment plant located in Fort Pierre.
- WR/LJ worked out an agreement with the city of Ft. Pierre to sell the city water for a period of three years. WR/LJ already had a connection to the city, but it was sized for only temporary and emergency purposes. WR/LJ upsized the connection and installed a large automatic control valve. On February 8, 2010, rural water was turned on to city of Fort Pierre.
- Bids for the Cedar Community Project were opened in July. The Cedar Project is located between the communities of Quinn, Cottonwood, and Cactus Flat, and borders the north side of the Badlands National Park. It will consist of approximately 40 miles of new pipeline and will serve 38 user connections. This project was complete by the end of the calendar year 2011.
- The Mni Wiconi system received \$16,270,000 for construction and \$10,060,000 for operation and maintenance in FFY 2011 appropriations.
- In 2011, contracts of nearly \$1 million were awarded for the Bad River Area Project. This will provide construction in Haakon and Jackson counties. This project was complete by the end of the calendar year 2011.
- The Mni Wiconi system was allocated in FFY 2012 \$16,075,000 for construction and \$9,937,000 for operation and maintenance.
- A contract was awarded to Carstensen Contracting to upgrade the Automatic Meter Reading equipment to satellite. The contract was in the amount of almost \$2.1 million. This project was completed in the spring of 2012.
- MicroComm was awarded a contract in the amount of \$324,000 to update the Supervisory Control and Data Acquisition system throughout the water distribution system. This contract was completed in 2012.
- The President's FFY 2013 budget included \$23 million for construction of the Mni Wiconi system. This completed the federal authorized ceiling for this project. WR/LJ was allocated \$2.2 million to reach its authorized ceiling. Projects to be completed in FFY 2013 included Elbon Service area and chlorination treatment equipment at Badlands National Park pump station.
- WR/LJ will initiate construction of its last pipeline project associated with the federally authorized project by the end of 2013. The Elbon project consists of two booster stations

and pipeline north of Phillip to the service area near Elbon. Construction to be completed by June 30, 2014.

- Final federal funds allocated to WR/LJ were \$90.275 million. With Bureau of Reclamation costs, total final federal funding ceiling, including the system contribution, is \$91.3 million.
- In June 2014 the Board of Water and Natural Resources passed resolution #2014-79 certifying completion of the WR/LJ component of the Mni Wiconi Rural Water System. This action served to put the SWRMS loans into repayment. On July 1, 2014 WR/LJ submitted a single payment for the full \$12.5 million in SWRMS loans to complete repayment.
- The 2015 Omnibus Bill (Senate Bill 173) provided for the removal of the Mni Wiconi Rural Water System project from the State Water Resources Management System list. The bill was signed on March 12, 2015, and the project was removed from the SWRMS list.

Perkins County Rural Water System – 2004

- The Perkins County RWS provides quality drinking water to the communities of Lemmon, Bison, and Lodgepole. Additionally, the system provides 185 rural users with domestic and livestock water. The project was originally placed on the State Water Resources Management System list in 1993.
- The State Legislature provided \$50,000 per year in 1993 and 1994 to assist the project with its initial feasibility study and federal authorization. In 1994, a feasibility study was completed and identified hooking up to the Southwest Pipeline Project in North Dakota as the preferred alternative. The Perkins County Rural Water System signed a water service agreement with the North Dakota State Water Commission in May 1996.
- The 1996 State Legislature authorized the construction of the Perkins County RWS project and approved a state cost share commitment of \$1.0 million. The 1996 Legislature also appropriated \$450,000 of the \$1.0 million commitment. In 1997, the state Legislature appropriated the remaining \$550,000 for the Perkins County project providing the cost share required by North Dakota to bring water service to the Perkins County area. Perkins County RWS provided \$898,478 of these funds to the North Dakota State Water Commission to make water available at the border. The project was removed in 2000 when the original \$1.0 million state cost share commitment was provided and expended.
- President Clinton signed Public Law 106-136 on December 7, 1999. The federal authorization for construction of the rural water system was originally introduced on August 2, 1996. The legislation provided a 75 percent federal cost share. Federal legislation was reintroduced in 1999. On August 4, 1999, the House Committee on Resources conducted a hearing and amended the authorization. The amended bill passed the House by unanimous consent on October 26, 1999. The bill was sent to the Senate and on November 22, 1999, also passed by unanimous consent.
- In November 2003, the Board of Water and Natural Resources recommended the return of the Perkins County Rural Water System to the State Water Resources Management System list and recommended revising the state cost share commitment to the project to \$2.5 million in grant and \$4.5 million in loan funding. In 2004, the Perkins County Rural Water

System was placed on the SWRMS list, and the state cost share commitment of \$2.5 million in grant and \$4.5 million in loan funding was approved by the Legislature.

- Project sponsors held an official groundbreaking on May 1, 2004, in Hettinger, North Dakota. The project began its South Dakota construction with the Lodgepole area distribution system. Construction activities included distribution lines to provide water to nearly 100 sites, and the construction of the system's main booster pump station near the North Dakota border.
- Construction was initiated on the main transmission pipelines toward Lemmon and Bison in 2005. Lemmon began receiving water from the Perkins County Rural Water System in September 2005, and Bison in 2006. Rural distribution from the main transmission pipelines continued in 2006 with service being provided in the Lemmon and Shadehill service areas.
- The Perkins County Rural Water System continued to rely heavily on the state funding in 2007, receiving a total of \$2.0 million in state assistance consisting of \$1.5 million in grant and \$500,000 in loan. Federal funding received in 2007 totaled \$358,000. This state and federal funding allowed Perkins County to award its fourth distribution system contract.
- Perkins County Rural Water System received \$500,000 in state funding in 2008 consisting of a \$356,000 loan and \$144,000 grant. These awards fulfilled the state's cost share commitment to Perkins County.
- Federal funding received in 2008 totaled \$3.0 million. A distribution system contract was awarded in August 2008 for 41 miles of pipeline to serve approximately 45 residential and pasture taps. Additionally in 2008, a 330,000-gallon water storage tank was built at the pump house. It spreads out the water usage so that water from Southwest Water Authority can be used more efficiently.
- Perkins County Rural Water System received approximately \$2.3 federal funding in 2009 and received approximately \$4.5 million under the federal American Recovery and Reinvestment Act. The funding was partitioned between two phases, Phase VI, with \$1.0 million in funding, and Phase VII, with \$3.5 million in funding. The contract for Phase VI was awarded in August 2009 for 79 miles of pipeline to serve approximately 68 residential and pasture taps. This section of the distribution system was completed in April 2010. Advertisement for bids on Phase VII was completed by the end of year 2009. Phase VII included 168 miles of pipeline and serves approximately 100 residential and pasture taps.
- During the months of April through June 2009, Perkins County Rural Water System conducted a study for an alternative water supply and water treatment plant utilizing the Shadehill Reservoir as a water source. Perkins County Rural Water System has a contract to receive 400 gallons per minute from Southwest Water Authority and the demand is projected to exceed the contracted amount.
- As part of the 2010 Energy and Water Appropriation bill, Perkins County Rural Water System was approved for \$1 million in funding. In 2010, Perkins County Rural Water System

was awarded \$3.2 million reprogrammed American Recovery & Reinvestment Act funding through the Bureau of Reclamation (BoR).

- A \$3.2 million contract was awarded in February 2010 for Phase VII.
- A value engineering study, in conjunction with BoR, was completed in May 2011 for an alternative water supply and water treatment plant.
- Perkins County awarded a \$1.4 million contract in August 2011 for Phase VIII. This phase was completed the end of calendar year 2012.
- The authorized federal funding ceiling for the Perkins County Rural Water System was reached with the FFY 2011 appropriation.
- The Board of Water and Natural Resources awarded a Drinking Water State Revolving Fund loan in the amount of \$131,000 with 100 percent principal forgiveness to Perkins County in June 2012. The award was for a booster station located along Highway 75. In March 2014 the loan was amended to include an additional \$20,000 with 100 percent principal forgiveness to allow Perkins County to install a SCADA system on the booster station.
- In the fall of 2013 construction was started on the Highway 75 booster station project. This is the last component of the federally authorized project and was completed in July 2014.
- In June 2014 the Board of Water and Natural Resources passed resolution #2014-80 certifying certified completion of the Perkins County Rural Water System. This action served to put the SWRMS loans into repayment. Perkins County will pay interest only for the first five years starting in 2015 and will make full principal and interest payments beginning in 2020 for the term of the loan.
- The 2015 Omnibus Bill (Senate Bill 173) provided for the removal of the Perkins County Rural Water system project from the State Water Resources Management System list. The bill was signed on March 12, 2015, and the project was removed from the SWRMS list.

Sioux Falls Flood Control Project – 1989

- In 1961, the Corps of Engineers completed a channelization, levee, and diversion system to provide 100 year flood protection on the Big Sioux River and on Skunk Creek.
- Because of subsequent flooding events on the Big Sioux River and Skunk Creek, the Corps of Engineers reanalyzed the flood criteria in the early 1980s and determined that the 1 percent chance flood occurrence was greater than previously established. The Corps then recommended that the levee system be upgraded so that it would continue to provide Sioux Falls with 100-year flood protection on the Big Sioux River and Skunk Creek. Project upgrades included constructing a dam on the Big Sioux River just above the confluence of Skunk Creek as well as raising the levees along the Big Sioux River from Skunk Creek to Interstate 229, raising the levees along Skunk Creek from Marion Road to the Big Sioux River, raising the levees above and along the diversion channel, modifying the spillway chute, replacing the stilling basin, and modifying some bridges.

- The 1992 State Legislature authorized project construction and a state cost share commitment of \$4.55 million. Federal authorization was completed as part of the 1996 Water Resources Development Act on October 12, 1996 (Public Law 104-303). The Act authorizes a \$34.6 million construction project under the Corps of Engineers.
- In 1999, a \$2.2 million federal appropriation was provided to the Corps of Engineers. A Project Cooperation Agreement between the Department of the Army and the city of Sioux Falls for final design work was executed.
- Construction of Phase 1A of the Big Sioux River/Skunk Creek Flood Control Project was completed in 2001 and addressed the spillway and stilling basin area at the outfall of the diversion channel. Later that year bids were accepted on Phase 1B of the project addressing the levees adjacent to Morrell's downstream to Cliff Avenue.
- Sioux Falls continued to work with the Corps of Engineers on final design and construction of the project. State assistance totals \$2.9 million to date. Sioux Falls continued to secure required easements and properties for the project.
- Construction of Phase 2A of the project continued in 2007. Phase 2A work included improvements to the levees on the Big Sioux River from 49th Street to Interstate 229.
- Phase 2B of the project was completed in 2008. This work included the levee and associated structures on the east side of the Big Sioux River from 41st Street to 49th Street. The city advanced sufficient funds to the US Army Corps of Engineers to complete Phase 2 work in the next two years. This was an ambitious schedule, but reduced the high cost of flood insurance for many properties now being placed in the flood zone A of the National Flood Insurance Program.
- Phase 2C raised about two miles of existing levees approximately two to five feet in order to provide 100-year flood protection along the Big Sioux River within the city of Sioux Falls. In October 2009, the Corps of Engineers accepted proposals for this phase of the project. Phase 2C of the Sioux Falls Flood Control project was awarded in February 2011 for approximately \$12 million. The project was completed by the end of calendar year 2011.
- In December 2009, the city issued \$27 million in taxable revenue bonds. \$17 million was advanced to the Corps of Engineers for levy and dam construction. The balance was to pay for the 41st Street Bridge project.
- As part of the 2010 Energy and Water Appropriation bill, \$1.84 million was appropriated to the Corps of Engineers for the Sioux Falls Flood Control Project.
- In March 2010, the city of Sioux Falls reconstructed the existing 41st Street bridge in order to raise the levee system. The project was substantially completed in September 2010.
- The 2011 Omnibus Bill appropriated \$3.31 million for project design and construction. This appropriation completed the state's cost share commitment to this project.
- Phase 3 was awarded at \$8.8 million, and work began above the diversion dam and on the diversion channel, where the levees were raised about two to four feet. Phase 3 was completed by the end of calendar year 2012 and is the final phase of construction.

- The Corps of Engineers is in the process of preparing documents for the certification of the remaining uncertified levees within the city. Once these documents are complete, FEMA will begin the process of revisiting the Flood Insurance Rate Maps within the city limits. Upon completion of the new rate maps, the Sioux Falls Flood Control Project will be complete.
- In 2013, the project reached substantial completion. The new levee system building was built, and all of the gates and posts for the closure structures were received. Testing of the controls for the dam was conducted, and the operation of the gates was successfully completed. The Corps of Engineers has awarded and is completing a new project to replace a deficient drainage structure through the levee next to the Sioux Falls zoo.
- The major work on the levee system has been completed; the Corps of Engineers has submitted the application to FEMA for a Physical Map Revision. The FEMA review and eventual issuing of new Flood Insurance Rate Maps should result in 1,500 properties in Sioux Falls being taken out of the floodplain.

Southern Black Hills Water System – 2006

- The 2006 Omnibus Bill amended the State Water Resources Management System to add the Southern Black Hills Water System to the list of preferred, priority objectives for South Dakota. The bill also provided an initial appropriation of \$125,000 to allow the Southern Black Hills Water System to continue activities begun under the Black Hills Hydrology and Water Management Study.
- The project objective is to construct a rural regional water system capable of delivering quality drinking water to rural residents and area communities in Custer, western Fall River, and southern Pennington counties. Communities involved include Custer, Edgemont, Hermosa, Hill City, Hot Springs, Keystone, and Pringle.
- Project sponsors continued to work with representatives from the Department of Agriculture, Rural Development Program to secure funding for the construction of the North Hot Springs service area. In 2007, negotiations with the city of Hot Springs for a permanent water source failed to produce a contract.
- Local support continues to be strong for the project with area-wide rural signups near 500 individual homes. Additionally, strong interest continues to be expressed by the Custer State Park, the Mount Rushmore National Park, the Crazy Horse Foundation, and the various area communities for water service from the system.
- In 2009, Southern Black Hills Water System secured an initial water source and received a water permit for a future well site. Southern Black Hills Water Systems secured easements for construction of pipeline and a storage reservoir.
- In 2009, Southern Black Hills Water System secured funding through Department of Agriculture, Rural Development Program for Phase I construction.

- The 2010 Omnibus Bill appropriated \$350,000 for the engineering design, preconstruction activities, and construction. The 2010 Omnibus bill established the state cost share commitment at \$12 million.
- In 2010, Southern Black Hills opened bids and awarded three contracts for Phase I of the project. Phase I consists of a water treatment plant, an underground reservoir, and approximately 30 miles of distribution pipeline. Southern Black Hills received more than \$4.5 million in Rural Development loan and grant funding to assist with Phase I.
- The 2011 Omnibus Bill appropriated \$2,000,000 for the engineering design, preconstruction activities, and construction. These funds have been awarded to the project sponsor to continue their efforts for Phase I construction, Phase II engineering design and preconstruction, and Cascade engineering design and preconstruction.
- In September 2011, Phase I was completed and approximately 200 customers received water.
- The 2012 Omnibus Bill appropriated \$4,000,000 for the engineering design, preconstruction activities, and construction. These funds were awarded to the project sponsor to continue their efforts for Phase I construction, Phase II engineering design and preconstruction, and Cascade engineering design and preconstruction.
- Final plans and specifications for Phase II of the project were completed in 2012. Phase II will serve approximately 230 customers, consist of 72 miles of pipes, a booster station, and a water storage tank.
- Southern Black Hills was issued a Forest Service Special Use Permit in September 2012. This allows construction and installation of the water transmission pipeline associated with Phase II to cross 2.7 miles of National Forest System lands in the Black Hills National Forest.
- The 2013 Omnibus Bill appropriated \$3,800,000 for the engineering design, preconstruction activities, and construction. These funds have been awarded to the project sponsor to continue their efforts for Phase II engineering design, preconstruction and construction, and Cascade engineering design and preconstruction.
- In May 2013, bids were opened for the Phase II Distribution project and the Junction Storage Tank. These bids were awarded in June of 2013 with construction on both projects starting in September 2013.
- Construction continued in 2014 for both the Phase II Distribution project and the Junction Storage Tank. The original portions of these projects were scheduled for completion in the fall of 2014. The Phase II Distribution project added with the addition of the Red Canyon sub-development to the project. This portion of the project was completed in August of 2015.

Vermillion Basin Flood Control Project – 1987

- The project objective is to address the severe flooding problems in the Vermillion River Basin. The basin covers 2,697 square miles in parts of 14 counties and is about 150 miles long with an average width of about 20 miles.

- In 1993, the Corps of Engineers completed The *Vermillion Basin Flood Control Reconnaissance Report* but failed to identify a feasible federal project. The project sponsors re-evaluated project alternatives for nonfederal development. Local project sponsors submitted a pre-application notification for a Federal Emergency Management Agency (FEMA) Hazard Mitigation grant for a *Feasibility Study of Flood Control Alternatives* for the basin. In 1994, more than 70 technical experts met to develop a multi-objective plan to reduce flooding impacts in the Vermillion River Basin. The National Park Service compiled the group's issues and suggestions and formulated the multi-objective plan.
- The Vermillion River Watershed Authority was incorporated in December 1997 and is comprised of representatives from the Clay, Miner, Turner, McCook, and Lake county commissions.
- The Vermillion River Watershed Authority proposed to use FEMA Hazard Mitigation grant funds to widen the channel at the outlet of Lake Thompson and construct a control structure to retain the natural outlet elevation, channel maintenance along 19 miles of the Vermillion River and its tributaries, and wetland restoration and development throughout the basin. The cost benefit ratio for the outlet of Lake Thompson was found to be in error. The ratio was actually less than one; consequently, all FEMA Hazard Mitigation funds were withdrawn. The Authority has withdrawn its request to set the outlet elevation on Lake Thompson and has moved to dissolve after financial records are completed. No activity occurred on the project in 2015.

Recommendations to the Governor and State Legislature

In November 2015, the board conducted a public meeting on the State Water Resources Management System (SWRMS) projects. The board adopted Resolution #2015-XXX recommending that all current projects be retained on the SWRMS list. The board also adopted Resolution #2015-XXX providing its recommendations to the Governor and the Legislature for the Water and Environment Fund (WEF) and WEF subfunds fiscal year 2017 appropriation levels. A summary of the board's recommendations are summarized below. Full resolutions are in Appendix B.

Table 14 – Board of Water and Natural Resources Funding Recommendations

Appendix A

Water and Environment Fund Special Condition Statement

WATER AND ENVIRONMENT FUND
Special Condition Statement
As of 7-1-15

Cash Balance from MSA 6-30-2015		35,008,188
Projected SFY 2016 Revenues		
Capital Construction Fund	12,280,000	
Contractors' Excise Tax	300,000	
Investment Interest (Earned '15 deposited '16)	364,933	
Loan Principal & Interest Payments (Water)	280,000	
Loan Principal & Interest Payments (Solid Waste)	545,000	
Solid Waste Fees	<u>1,750,000</u>	
		<u>15,519,933</u>
Projected Fund Balance Available for Expenditure		<u>50,528,122</u>
FY2016 Transfer (Per SDCL 1-40-32)		
Environment & Natural Resources Fee Fund	<u>(470,817)</u>	
		(470,817)
Obligations (Signed contract by 7/1/15)		
Consolidated	(32,043,384.65)	
Solid Waste & RLA Grants/Loans	(3,593,248)	
SWRMS Grants/Loans - Major Projects		
Belle Fourche Irrigation District	(2,293,832.92)	
DENR - Aquifer Isotope Analysis	(47,000.00)	
Lewis & Clark Regional Water System	(7,700,000.00)	
Southern Black Hills Water System	<u>(2,046,341.77)</u>	
		(47,723,807)
Expenditures Authorized by the Legislature - No agreement signed		
Consolidated Program Available Authority	(186)	
SWMP/RLA Available Authority	(1,972,182)	
SWRMS Grants/Loans - Major Projects		
Hydrology and Water Management Studies	<u>(203,000)</u>	
		<u>(2,175,368)</u>
Surplus/(Deficit) Funds Available (as of 6/30/16)		<u>158,130</u>

Appendix B

Board of Water and Natural Resources Resolutions

STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2015-_____

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR STATE WATER RESOURCES MANAGEMENT SYSTEM DESIGNATION.

STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2015-___

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR WATER AND ENVIRONMENT FUND FISCAL YEAR 2017 APPROPRIATION LEVELS.

180 copies of this document were printed
by the Department of Environment and Natural Resources
at a cost of \$4.74 per copy.

TITLE: First Amendment to the Contract for Trustee, Loan Servicer, and Paying Agent/Registrar Services for the South Dakota Conservancy District's State Revolving Fund Loan Programs

EXPLANATION: In 2012 a Request for Proposal (RFP) for SRF Trustee, Loan Servicer, and Paying Agent/Registrar Services for 2013 through 2015 was distributed. The only proposal received was from The First National Bank in Sioux Falls, and a contract for service was executed at the September 2012 Board of Water and Natural Resources meeting. The RFP provided the option to extend the agreement for an additional three years if contract terms are mutually agreed upon.

The attached fee proposal from The First National Bank in Sioux Falls is in response to a staff request for a proposal to extend services for the additional three-year period.

RECOMMENDED ACTION: Authorize the chairman to execute the attached contract amendment for SRF Trustee, Loan Servicer, and Paying Agent/Registrar Services for 2016-2018

CONTACT: Mike Perkovich
773-4216



100 South Phillips Avenue
P.O. Box 5186
Sioux Falls, SD 57117-5186

Ⓟ 605.335.5180
www.fnbsf.com

October 6, 2015

Mike Perkovich
Department of Environment & Natural Resources
Joe Foss Building
523 East Capitol
Pierre, SD 57501-3181

RE: South Dakota Conservancy District
Clean Water SRF and Drinking Water SRF Programs

Dear Mike:

The First National Bank in Sioux Falls would like to propose the following Clean Water SRF and Drinking Water SRF Trustee Contract Service Fee for the next three calendar years:

2016 – Annual per loan fee of \$450 based on the number of loans outstanding,
2017 – Annual per loan fee of \$460 based on the number of loans outstanding,
2018 – Annual per loan fee of \$470 based on the number of loans outstanding
with payments made in semi-annual installments in June and December of each year of the contract.

Trustee Acceptance Fee - Up to \$4,000 per new Series of Bonds or Notes to be paid at the time of bond closing.

Total Contract Amount, based on the fees described above, will not exceed \$800,000.

Thank you for letting us propose a fee schedule through December 31, 2018.

If you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink that reads 'Kristie Wiederrich'.

Kristie Wiederrich
Assistant Vice President
And Trust Officer

STATE OF SOUTH DAKOTA
FIRST AMNENDMENT TO
CONSULTANT/CONTRACTOR CONTRACT
FOR
CONSULTANT SERVICES
BETWEEN

Control #2016-__

The First National Bank in Sioux Falls
100 South Phillips Avenue
P.O. Box 5186
Sioux Falls, SD 57117-5186
hereafter referred to as Consultant

South Dakota Conservancy District
523 East Capitol Ave
Joe Foss Building
Pierre, South Dakota 57501
hereafter referred to as District

WHEREAS, the District and the Consultant entered into a Consultant Contract (the "Agreement") effective October 3, 2012 whereby the Consultant agreed to provide services as Trustee in connection with the South Dakota Conservancy District Clean Water State Revolving Fund Bonds and Drinking Water State Revolving Fund Bonds; and

WHEREAS, the term of the Agreement expires on December 31, 2015, with the District reserving the right to extend the Agreement for an additional three year term upon such terms as may be mutually agreed; and

WHEREAS, the parties deem it to their mutual benefit to extend the term of the Agreement for an additional three year term pursuant to the terms and conditions of the Agreement as amended herein

NOW THEREFORE IT IS MUTUALLY AGREED

1. That section 2 of the Agreement be amended to read as follows:

"2. The Consultant's services under this Agreement shall commence upon execution by both parties and end on December 31, 2018, unless sooner terminated pursuant to the terms hereof."

2. That section 4 of the Agreement be amended to read as follows:

"4. The District will make payment:

A. For trustee services upon satisfactory completion of services as specified in the Work Plan with reference to the Drinking Water SRF Program a per loan fee of \$410 based on the number of loans outstanding at the time of payment for calendar year 2013; a per loan fee of \$425 based on the number of loans outstanding at the time of payment for calendar year 2014; and a per loan fee of

\$440 based on the number of loans outstanding at the time of payment for calendar year 2015. Payment will be made in semi-annual installments in June and December of each year of the contract.

B. For trustee services upon satisfactory completion of services as specified in the Work Plan with reference to the Clean Water SRF Program a per loan fee of \$410 based on the number of loans outstanding at the time of payment for calendar year 2013; a per loan fee of \$425 based on the number of loans outstanding at the time of payment for calendar year 2014; and a per loan fee of \$440 based on the number of loans outstanding at the time of payment for calendar year 2015. Payment will be made in semi-annual installments in June and December of each year of the contract.

C. For trustee services upon satisfactory completion of services as specified in the Work Plan with reference to the Drinking Water SRF Program an annual per loan fee of \$450 based on the number of loans outstanding at the time of payment for calendar year 2016; an annual per loan fee of \$460 based on the number of loans outstanding at the time of payment for calendar year 2017; and an annual per loan fee of \$470 based on the number of loans outstanding at the time of payment for calendar year 2018. Payment will be made in semi-annual installments in June and December of each year of the contract.

D. For trustee services upon satisfactory completion of services as specified in the Work Plan with reference to the Clean Water SRF Program an annual per loan fee of \$450 based on the number of loans outstanding at the time of payment for calendar year 2016; an annual per loan fee of \$460 based on the number of loans outstanding at the time of payment for calendar year 2017; and an annual per loan fee of \$470 based on the number of loans outstanding at the time of payment for calendar year 2018. Payment will be made in semi-annual installments in June and December of each year of the contract.

E. The District will pay a Trustee Acceptance Fee of up to \$4,000 per new Series of Bonds or Notes. Payment will be made at the time of bond closing.

F. The District will not pay Consultant expenses as a separate item.

F. TOTAL CONTRACT AMOUNT based on the fees as described in Section 4.(A) through (F) above will be an amount not to exceed \$1,300,000.”

3. That Exhibit A to the Agreement be amended to read as set forth in Exhibit A attached hereto.

4. That except as specifically modified herein, the Agreement shall remain in full force and effect in accordance with its original terms and conditions.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

DISTRICT

CONSULTANT

BY: _____

Brad Johnson
Chairman
(date)

BY: _____

F. Bert Olson
Vice President and Trust Officer
(date)

EXHIBIT A WORK PLAN

The Consultant agrees to act as Trustee in connection with the South Dakota Conservancy District Clean Water State Revolving Fund Series 1996A, 2010A, 2010B, 2012A, 2012B, 2014A and 2014B Revenue Bonds pursuant to the Indentures of Trust dated September 1, 1992 and January 1, 1994, the Supplemental Indenture dated January 1, 1995, the Amended and Restated Master Trust Indenture dated July 1, 2005, the First Amendment to Amended and Restated Master Trust Indenture dated October 1, 2005, the Second Amendment to Amended and Restated Master Trust Indenture dated April 1, 2006, the Third Amended and Restated Master Trust Indenture and the Series 2008 Supplemental Indenture, each dated as of March 1, 2008, the Fourth Amended and Restated Master Trust Indenture dated August 1, 2009, the Fifth Amended and Restated Master Trust Indenture dated September 1, 2010, the First Amendment to Fifth Amended and Restated Master Trust Indenture dated February 17, 2015, and the Series Resolution dated November 13, 1996 adopted in connection with the Series 1996A Revenue Bonds the Series Resolution dated December 10, 2010, adopted in connection with the Series 2010A and 2010B Bonds, the Series Resolution dated April 10, 2012 adopted in connection with the Series 2012 Bonds, and the Series Resolution dated September 26, 2014, adopted in connection with the Series 2014A and 2014B Bonds (the “Indentures”). The Trustee will perform all services required under the Indentures including but not limited to: making payment on the Series 1996A, 2010A, 2010B, 2012A, 2012B, 2014A and 2014B bonds, semiannually; executing borrower loan documents for loan closings; receiving Order Authorizing Loan Disbursement and Letter of Credit requests and disbursing loan funds to all Borrowers; maintaining, investing and updating all funds, accounts and subaccounts within the SRF in accordance with the Indentures; providing the Issuer with monthly statements of all funds, accounts and subaccounts detailing the monthly activities in each; providing the Issuer with the SRF Commercial Loan Tracking Report on a monthly basis; setting up an amortization schedule for each loan and receiving and depositing borrower loan repayments in the appropriate accounts; participating in the annual Environmental Protection Agency and State Legislative Audit SRF program audits; assisting with the preparation of the required SRF Annual Report to the Environmental Protection Agency; and participating in conferences and meetings as Trustee as needed or requested by the Issuer, which may include Board of Water and Natural Resources’ meetings. Annual arbitrage rebate calculations will be performed and paid for under a separate contract with Perkins Coie, LLP.

The Consultant agrees to act as Trustee in connection with the South Dakota Conservancy District Drinking Water State Revolving Fund Series 2010A, 2010B, 2014A, and 2014B Revenue Bonds issued pursuant to the Amended and Restated Master Trust Indenture dated July 1, 2005; the First Amendment to Amended and Restated Master Trust Indenture dated October 1, 2005, the Second Amendment to Amended and Restated Master Trust Indenture dated April 1, 2006, the Third Amended and Restated Master Trust Indenture and the Series 2008 Supplemental Indenture, each dated as of March 1, 2008, the Fourth Amended and Restated Master Trust Indenture dated August 1, 2009, the Fifth Amended and Restated Master Trust Indenture dated September 1, 2010, the First Amendment to Fifth Amended and Restated Master Trust Indenture dated February 17, 2015, the Series Resolution dated December 10, 2010,

adopted in connection with the Series 2010A and 2010B Bonds, and the Series Resolution dated September 26, 2014, adopted in connection with the Series 2014A and 2014B Bonds (the “Indentures”). The Trustee will also perform similar services as a Loan Servicing Agent for those Drinking Water State Revolving Fund program loans not funded with bond proceeds. The Trustee will perform all services required under the Indentures including but not limited to: making payment on the Series 2010A, 2010B, 2014A and 2014B bonds semiannually; executing borrower loan documents for loan closings; receiving Order Authorizing Loan Disbursement and Letter of Credit requests and disbursing loan funds to all Borrowers; maintaining, investing and updating all funds, accounts and subaccounts within the SRF in accordance with the Indentures; providing the Issuer with monthly statements of all funds, accounts and subaccounts detailing the monthly activities in each; providing the Issuer with the SRF Commercial Loan Tracking Report on a monthly basis; setting up an amortization schedule for each loan and receiving and depositing borrower loan repayments in the appropriate accounts; participating in the annual Environmental Protection Agency and State Legislative Audit SRF program audits; assisting with the preparation of the required SRF Annual Report to the Environmental Protection Agency; and participating in conferences and meetings as Trustee as needed or requested by the Issuer, which may include Board of Water and Natural Resources’ meetings. Annual arbitrage rebate calculations will be performed and paid for under a separate contract with Perkins Coie, LLP.

The liability and obligations of the Consultant are specified in the Indentures, the Escrow Agreements, the Forward Purchase Agreement, the Guaranteed Investment Contract, and the related documents.

November 5, 2015

Item 9

TITLE: Bond Counsel Contract for the South Dakota Conservancy District's State Revolving Fund Loan Programs

EXPLANATION: Bruce Bonjour, Perkins Coie LLP, has served as bond counsel for the Clean Water State Revolving Fund program since 1993 and has been working on the program since its inception in 1989. He has also served as bond counsel for the Drinking Water State Revolving Fund program since its inception in 1997.

The current contract expires December 31, 2015. Staff is proposing that the Board contract with Mr. Bonjour to provide continued service for 2016 through 2018. The proposed contract will provide legal services on 1) the eligibility of loans and the flow of funds within the Master Trust Indenture of both State Revolving Fund programs; 2) the filing of secondary market disclosure information on existing bonds within both programs; and 3) preparing, or cause for preparing, arbitrage rebate reports on existing bonds.

The contracts will begin upon execution by all parties and end on December 31, 2018.

RECOMMENDED ACTION: Authorize the Chairman to execute the contract for bond counsel services for 2016-2018.

CONTACT: Mike Perkovich, 773-4216

September 29, 2015

Bruce A. Bonjour
BBonjour@perkinscoie.com
D +1.312.324.8650
F +1.312.324.9650

Mike Perkovich, PE
Program Administrator
Water and Waste Funding Program
South Dakota DNR
523 E. Capitol
Pierre, SD 57571

Dear Mike:

I note that our current contract for services as bond counsel for the SRF Clean Water and Drinking Water Programs (the "SRF Programs") will expire at the end of this calendar year, so I am writing to suggest that the term be extended for an additional three year period through December 31, 2018. Such an extension could be accomplished either by amendment or by entering into a new contract.

I think the fees and expenses set forth in our current contract remain fair and reflect a reasonable estimate of the time, effort and commitment necessary to achieve the results the District desires. So I would propose that the extended contract incorporate the same level of compensation and the other terms and conditions as our current contract subject only to any necessary adjustment to reflect the actual number of series of bonds which require an annual rebate report and using a pricing formula of \$3,000 per series of bonds or notes plus reimbursement of third party costs consistent with current practice.

As was the case in prior contracts, I would not expect the extended contract to cover any IRS audit or specific regulatory proceedings nor would it cover services relating to the issuance of any new series of bonds or notes. Rather, consistent with past practice, I would suggest that the parties contemplate amending the contract if and when it becomes evident that the District will be issuing new bonds or notes.

Our firm values our relationship with the State, the District, the Office of Attorney General, the Department and staff, and we want you to be satisfied with both the quality of service and its cost. If you have any questions or comments on this proposal, please call me at your convenience

Mike Perkovich, PE
September 29, 2015
Page 2

Please let me know if this proposal is acceptable to you. If so, I can work with Harold Deering on an amendment or new contract, whichever works better.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Bruce A. Bonjour".

Bruce A. Bonjour

BAB:ddd

cc: Jim Feeney
Harold Deering

128072106.1

TITLE: Selection of Contactor for Drinking Water State Revolving Fund (SRF) Program Small System Technical Assistance

EXPLANATION: The Board approved the release of a “Request For Proposals To Provide Small System Technical Assistance for the Drinking Water State Revolving Fund Program” at its September 2015 meeting. The following is a list of activities and estimated timelines relevant to the Small System Technical Assistance procurement.

- RFP advertisement – September 28, 2015
- Proposals due – October 19, 2015
- Technical Assistance provider selection – November 5, 2015
- Contract execution – January 1, 2016

The South Dakota Association of Rural Water Systems was the only respondent to the Request for Proposals. The South Dakota Association of Rural Water Systems is the current small system technical assistance provider, and its contract terminates on December 31, 2015.

With assistance from the Office of Attorney General, a contract for small system technical assistance services has been prepared. The contract period is from January 1, 2016 through December 31, 2019.

RECOMMENDED ACTION: Approve resolution authorizing the execution of the Small System Technical Assistance for the Drinking Water State Revolving Fund Program contract.

CONTACT: Jon Peschong, 773-4216

TITLE: Review of Conservancy District Investment Policy and Investment Returns

EXPLANATION: The current Investment Policy was approved pursuant to Resolution 2015-15 adopted by the Board of Water and Natural Resources acting as the South Dakota Conservancy District on January 8, 2015 and made effective February 17, 2015. Section 15 of the Investment Policy states that the Board will annually review the policy.

A key aspect of the policy is the method for determining what minimum portion of the amounts on deposit should be in investments rated in the highest short-term rating category or two highest long-term rating categories by the Rating Agencies in order to ensure maintenance of the District's outstanding bond ratings.

The SRF financial advisor, Public Financial Management, Inc. (PFM), recommended and the Board adopted a method using the amount not required to be deposited into the guaranteed investment contracts or, if less, a designated percentage of the total balance of the Trust Funds to determine the minimum portion.

The designated percentage provides a lower amount and requires an annual update to the percentage utilized to ensure the District is not unduly limiting its investment options while accounting for the current methodology utilized by the Rating Agencies in providing ratings on the Bonds.

In consultation with bond and tax counsel, PFM has determined that the restriction of "15% of the Total Trust Funds will be invested in Investment Obligations rated in one of the two highest long-term rating categories or the highest short-term rating category by the Rating Agencies" does not need to be adjusted for the upcoming program year.

RECOMMENDED ACTION: Retain the South Dakota Conservancy District Investment Policy adopted on January 8, 2015 and made effective February 17, 2015.

CONTACT: Jon Peschong (773-4216)

SOUTH DAKOTA CONSERVANCY DISTRICT
INVESTMENT POLICY

1. Background.

The South Dakota Conservancy District (the "*District*") will enter into that certain Fifth Amended and Restated Master Trust Indenture (as hereafter amended or supplemented from time to time, the "Master Trust Indenture") with The First National Bank in Sioux Falls, as trustee (together with any successor trustee, the "*Trustee*") on or about September 1, 2010 . The Master Trust Indenture is supplemented from time to time by Series Supplemental Resolutions or supplemental indentures relating to individual Series of Bonds or Notes (as defined in the Master Trust Indenture). The Master Trust Indenture, as so supplemented, is herein defined as the "*Indenture*." In addition, from time to time, the District has entered into or will in the future enter into tax regulatory or similar agreements with the Trustee governing various matters relating to the investment of funds on deposit with the Trustee (herein, such tax regulatory and similar agreements, as entered into and effective from time to time, the "*Tax Documents*"). Terms not defined herein shall have the meaning assigned thereto by the Indenture or Tax Documents, as applicable.

Reference is hereby made to the definition of "Investment Obligations" in the Master Trust Indenture. *Exhibit A* to this Policy contains a list of the Investment Obligations as set forth in the Master Trust Indenture, and if and when such term is amended, Exhibit A shall automatically be revised to conform with any such amendments. *Exhibit B* to this Policy contains a list of the investment agreements and other contracts (herein, the "*Investment Agreements*"), all of which qualify within clause (g) of the definition of "Investment Obligations", which have heretofore been entered into by the District or the Trustee through the date hereof, other than those which have expired prior to the date hereof. If and when the District or the Trustee enter into additional agreements described in clause (g) of the definition of "Investment Obligations", Exhibit B shall automatically be revised to conform with any such amendments.

2. Policy.

It is the policy of the District to invest amounts on deposit in the various Funds, Accounts and Subaccounts under the Indenture (the "**Trust Funds**") in a manner which will provide the maximum security, sufficient liquidity, and a competitive investment return to meet the daily cash flow demands of the Programs pending application of the funds to make loans or otherwise disburse funds for Program purposes. This policy must conform with all applicable laws and procedures governing the investment of public funds.

3. Scope.

This policy supplements the provisions of the Indenture and the Tax Documents, and in the event of a conflict between the Indenture or Tax Documents on the one hand and this Policy on the other, then the provisions of the Indenture or Tax Documents, as applicable, shall prevail.

4. Standard of Care.

The standard of care to be observed by the Trustee in the investment of Trust Funds shall be as provided in the Indenture.

5. Objectives.

The primary objectives, in priority order, of the District's investment activities shall be:

A. Safety of Principal

Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall Trust Funds. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the Trust Funds. The District has determined that diversification will primarily be addressed by the investment of Trust Funds associated with each Series of Bonds or Notes, where feasible, in Investment Agreements.

The Trust Funds shall also be invested to control interest rate risk. Interest rate risk is the risk that the market value of investments purchased with Trust Funds will fall due to changes in interest rates. The District has determined that interest rate risk will primarily be addressed by the investment of Trust Funds associated with each Series of Bonds or Notes, where feasible, in Investment Agreements.

B. Liquidity

The District Program Trust Funds will remain sufficiently liquid to enable the District to meet all requirements which might be reasonably anticipated. The Trust Funds shall be invested so that securities mature to meet cash requirements for ongoing operations, including loan originations and debt service payments, thereby avoiding the need to sell securities on the open market prior to maturity except when liquidity needs require.

C. Return on Investments

The District's Trust Funds shall be invested with the objective of attaining a competitive rate of return commensurate with the District's investment risk constraints and the cash flow requirements of the Programs, and subject in all events to the requirements of safety of principal and liquidity outlined above.

6. Management of Investments.

Authority to manage the investment of Trust Funds has been granted to the Trustee pursuant to the Indenture.

The Trustee shall carry out established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Trustee shall have in place procedures for: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral depository agreements, and banking services contracts.

7. Ethics and Conflicts of Interest.

The employees of the Trustee involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees of the Trustee shall disclose any material interests in financial institutions with which they conduct business and any personal financial investment positions that could be related to the performance of the investment Trust Funds.

8. Certain Security Transactions.

All security transactions, including collateral for repurchase agreements, entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian approved by the Trustee and evidenced by safekeeping receipts. If repurchase agreements are utilized, a Master Repurchase Agreement will be signed with the bank or dealer.

9. Authorized and Suitable Investments.

The District is empowered by statute to invest only in the Investment Obligations listed in Exhibit A which include the Investment Agreements listed on Exhibit B, and subject in all events to changes in law or amendments or supplements to the Indenture.

10. Collateralization.

In accordance with SDCL 4-6A, 51-10-9, and 52-5-20, Qualified Public Depositories will furnish collateral in the sum equal to one hundred ten percent (110%) of the public deposit accounts which exceed deposit insurance.

SDCL 4-6A-3 requires that collateral be segregated by each depository in such manner as approved by the South Dakota Public Deposit Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve.

11. Diversification.

The District has pursued diversification of the investment of its Trust Funds primarily by selecting different Investment Agreements on a series by series basis.

The balance of funds not invested in Investment Agreements is referred to herein as the "**Remaining Balance**". Investment of the Remaining Balance is subject to the following restrictions for the purpose of achieving diversification:

- a. The Remaining Balance or, if less, 15% of the Total Trust Funds will be invested in Investment Obligations rated in one of the two highest long-term rating categories or the highest or short-term rating category by the Rating Agencies.
- b. Subject to the exception of securities issued by the U.S. Treasury or guaranteed directly or indirectly by the U.S. Government, no more than 25 percent of the

aggregate of the Remaining Balance will be invested in the deposits of a single financial institution, provided, however, this limitation shall not apply to any money market fund or other investment described in clause (e) of the definition of "Investment Obligations" if such investment directly or indirectly involves solely securities described in clauses (a) or (b) of the definition of "Investment Obligations" or is rated in one of the two-highest long-term rating categories or the highest short-term rating category by the Rating Agencies (herein, each a "*Qualified Fund*").

- c. In addition, no more than 40 percent of the aggregate total of funds on deposit in the Revenue Fund, including all accounts and subaccounts therein, will be invested in the South Dakota Cash Flow Fund described in clause (i) of the definition of "Investment Obligations".
- d. The District will limit its investment in securities issued by government sponsored entities described in clause (c) of the definition of "Investment Obligations (a/k/a "*GSEs*")", or federally related institutions that are guaranteed directly or indirectly by, or backed by the full faith and credit of the U.S. Government to no greater than 40 percent of the total Trust Funds.
- e. Amounts credited to the Bond Fund, including any account or subaccount therein, shall only be invested in (i) Investment Agreements (if applicable), (ii) investments described in clauses (a) or (b) of the definition of "Investment Obligations", or (iii) Qualified Funds.

12. Maturity Constraints.

Maximum Maturity — To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. The District may invest in individual securities with maturities of 5 years or less from the date of purchase, and mutual and money market funds holding securities with maturities of 5 years or less. Securities shall be redeemable at the option of the District in the open market. Mutual and money market fund investments shall be redeemable at the option of the District.

Average Maturity — The average dollar-weighted maturity target of the Trust Funds is 1.5 years, and for such purposes, amounts invested in Trust Funds shall be assigned a weighted average maturity of no more than 30 days. The Trust Funds shall be reviewed by the Trustee for rebalancing if the average maturity moves to either less than one (1) year or greater than two (2) years.

13. Internal Controls.

The Trustee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

14. Reporting.

The investment of the Trust Funds will be managed in accordance with the parameters specified within this policy. The Trustee shall prepare investment reports as required by the Indenture.

15. Annual Review.

The Board intends to review this policy annually.

This Investment Policy was hereby approved and established pursuant to the authority of Resolution 2012-152 adopted by the Board of Water and Natural Resources acting as the South Dakota Conservancy District on November 8, 2012. This Investment Policy was hereby amended pursuant to the authority of Resolution 2015-15 on January 8, 2015, adopted by the Board of Water and Natural Resources acting as the South Dakota Conservancy District and made effective February 17, 2015.

Exhibit A

Investment Obligations as of February 17, 2015

“Investment Obligations” means and includes any of the following, if and to the extent the same are authorized as permitted investments for the District’s moneys in the Funds and Accounts created and maintained under this Indenture:

(a) Direct obligations of, or obligations the prompt payment of principal and interest on which are fully guaranteed by, the United States of America; or

(b) Bonds, debentures, notes or other evidences of indebtedness issued or fully insured or guaranteed by any agency or instrumentality of the United States of America which is backed by the full faith and credit of the United States of America; or

(c) To the extent not included within the scope of clause (b) above, such other bonds, debentures, notes or other evidences of indebtedness issued by agencies and instrumentalities of the United States government, including without limitation those issued by government sponsored enterprises such as Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation;

(d) Interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any Depository (including the Trustee), provided that such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in clauses (a) or (b) of this definition, or a combination thereof; or

(e) Money market funds or similar funds which invest exclusively in obligations described in clauses (a), (b), (f) or (g) of this definition, or a combination thereof; or

(f) Bonds, debentures, notes or other evidences of indebtedness issued by any state of the United States of America or any political subdivision thereof or any public authority or body or instrumentality therein which constitute obligations described in Section 103(a) of the Code and which are assigned a long-term rating by the Rating Agency which is no lower than the long-term rating assigned by the Rating Agency to the Outstanding Bonds (without taking into account any higher rating assigned to the Bonds by virtue of Credit Enhancement); or

(g) Any repurchase agreement or similar financial transaction with a national banking association or a bank or trust company organized under the laws of any state (including the Trustee), or with a government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement satisfies the following requirements: (1) it is secured, in the opinion of counsel, by a perfected security interest in any one or more of the securities described in clause (a) or (b); (2) provides that the collateral must be valued at least weekly and must

be maintained at a value of at least 103% of the amount invested plus accrued interest (with a no more than one-week cure period, if the value of collateral falls below this amount); (3) is entered into with a primary reporting dealer that reports to the Federal Reserve Bank of New York or one of the 100 largest United States commercial banks, as measured by domestic deposits; and (4) the securities which are the subject of the repurchase agreement must be held by the Trustee or by an agent or custodian on its behalf, provided that the requirements of clauses (3) and (4) shall apply only if and to the extent that South Dakota law so requires; or

(h) Any investment agreement, guaranteed investment contract or similar debt obligation which in the opinion of counsel is permitted by South Dakota law and the issuer or guarantor of such obligation is assigned, or such agreement, contract or obligation is assigned, the highest short-term debt rating by the Rating Agency or which is assigned a long-term rating by the Rating Agency which is no lower than the two highest long-term rating categories (without regard to numeric or other modifiers) at the time such investment is acquired or which agreement is approved by each Rating Agency then rating Outstanding Bonds as of the date the agreement is entered into by the District; or

(i) The South Dakota Cash Flow Fund provided the District determines that such fund invests solely in investments authorized by SDCL 4-5-26 or other investments which the District is authorized to acquire and hold.

Exhibit B

Investment Agreements as of February 17, 2015

<u>Bond Issue</u>	<u>Provider</u>	<u>Interest Rate</u>	<u>Cap on Investment</u>	<u>Amount Invested</u>	<u>Termination Date</u>
1996 ⁽¹⁾	MBIA Inc.	6.22	15,000,000	\$ 1,126,451	8/1/17
2001& 2004 ⁽¹⁾⁽²⁾	AIG Matched Funding Corp. (guaranteed by American International Group, Inc.)	5.07	60,000,000 ⁽³⁾	\$60,091,570	8/1/25
2005 ⁽¹⁾⁽²⁾	AIG Matched Funding Corp. (guaranteed by American International Group, Inc.)	4.41	\$80,000,000 ⁽³⁾	\$75,660,017	8/1/26

⁽¹⁾ Clean Water.

⁽²⁾ Drinking Water.

⁽³⁾ Cap solely on Revenue Fund portion of total investment.

TITLE: City of Bristol Request to Amend Project Scope for Drinking Water State Revolving Fund Loan C462244-02

EXPLANATION: On March 28, 2014, the City of Bristol received a \$1,979,000 Drinking Water State Revolving Fund loan (3.0 percent interest for 30 years with 76.6% in principal forgiveness not to exceed \$1,514,000) for the replacement of the water distribution systems. As a result of low bids, the project has come in under budget, and the city has the available funds to purchase and install remote read water meters. This was evaluated in the facilities plan and the environmental review but was not part of the original bid.

The city requests to amend the scope of the project to include the purchase and installation of remote read water meters.

RECOMMENDED ACTION: Approve the amendment request.

CONTACT: Nick Nelson (773-4216)

RECEIVED

OCT 09 2015

Division of Financial
& Technical Assistance

City of Bristol
201 1st Avenue East
Bristol, SD 57219

October 5, 2015

DENR-Nick Nelson
Joe Foss Building
523 East Capitol
Pierre, SD 57501

Dear Mr. Nelson:

The City of Bristol received funds from the Drinking Water State Revolving Fund (DWSRF) loan program in the amount of \$1,979,000 for drinking water improvements. Since the bids for the project came in under budget, the City would like to amend the scope of the project to include remote read water meters and software. Water meters were included in the engineering study, discussed at the public hearings, and included in the application and the memorandum sent to the environmental agencies. The City feels that having accurate meters is necessary to ensure that they will be able to pay the debt service on the DWSRF loan.

Bristol is committed to the drinking water improvements project and your consideration in regards to this matter is greatly appreciated. If you have any questions, please contact either Jennifer Sietsema with NECOG at 605-626-2595, or the City of Bristol at 605-492-3225.

Sincerely,



Fran Morehouse
President

TITLE: State Water Resources Management System Recommendations

EXPLANATION: The Board of Water and Natural Resources annually provides recommendations to the State Legislature and Governor regarding deletions, additions, and retention of projects on the State Water Resources Management System (SWRMS) component of the State Water Plan. The following projects are currently included on the State Water Resources Management System list:

1. Belle Fourche Irrigation Upgrade Project
2. Big Sioux Flood Control Study
3. Cendak Irrigation Project
4. Gregory County Pumped Storage Site
5. Hydrology and Water Management Studies
6. Lake Andes-Wagner/Marty II Irrigation Unit
7. Lewis and Clark Rural Water System
8. Sioux Falls Flood Control Project
9. Southern Black Hills Water System
10. Vermillion Basin Flood Control Project

There are no proposed revisions to the SWRMS list.

RECOMMENDED ACTION: Approve a resolution recommending the retention of all projects on the State Water Resources Management System list.

CONTACT: Jim Feeney, 773-4216

TITLE: Omnibus Bill Funding Recommendations

EXPLANATION: The Board of Water and Natural Resources, under the authority provided in SDCL 46A-1-12 and 46A-1-13, may recommend state funding and cost share levels to the Governor and Legislature.

The Board annually reviews applications from projects wishing to be placed on the State Water Facilities Plan and the projected funding needs of projects on the State Water Resources Management System (SWRMS) component of the State Water Plan.

The Board conducts a public meeting to take statements from all interested parties regarding water development funding needs. A resolution is developed to make specific recommendations to the Governor and State Legislature on funding levels for individual SWRMS projects, the Consolidated program, and the Solid Waste Management program, and for appropriations from specific state revolving fund subfunds.

The Board's recommendations developed through this public process provide the basis for the Governor's preparation and the Legislature's consideration of the annual Omnibus Funding bill.

RECOMMENDED ACTION: Approve a resolution providing recommendations to the Governor and the State Legislature on Water & Environment Fund fiscal year 2016 funding levels for the State Water Resources Management System projects, the Consolidated program, and the Solid Waste Management program, and for appropriations from specific state revolving fund subfunds.

CONTACT: Jim Feeney, 773-4216

Professional Consultants

Application Prepared By: DENR - Geological Survey Program

Contact Person: Tim Cowman, Natural Resources Administrator

Mailing Address: Akeley-Lawrence Science Center - 414 East Clark

City, State, and Zip: Vermillion, SD 57069-2390

Telephone Number: 605.677.5227

Fax: 605.677.5895

Email address: Tim.Cowman@usd.edu

Consulting Engineering Firm: To be selected through a Request for Proposal process

Contact Person: _____

Mailing Address: _____

City, State, and Zip: _____

Telephone Number: _____

Fax: _____

Email address: _____

Legal Counsel's Firm: Office of the Attorney General

Contact Person: _____

Mailing Address: _____

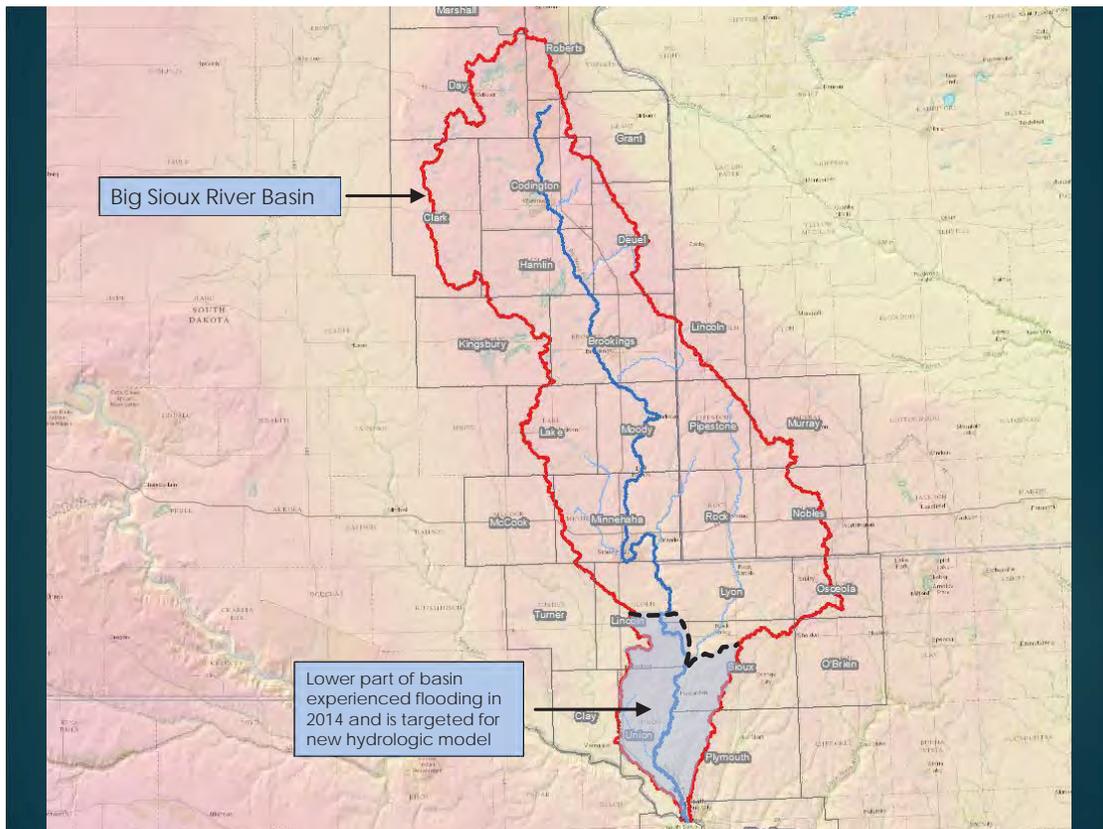
City, State, and Zip: _____

Telephone Number: _____

Fax: _____

Email address: _____

\$750,000 SWRMS funding request for hydrologic modeling in the Big Sioux River Basin

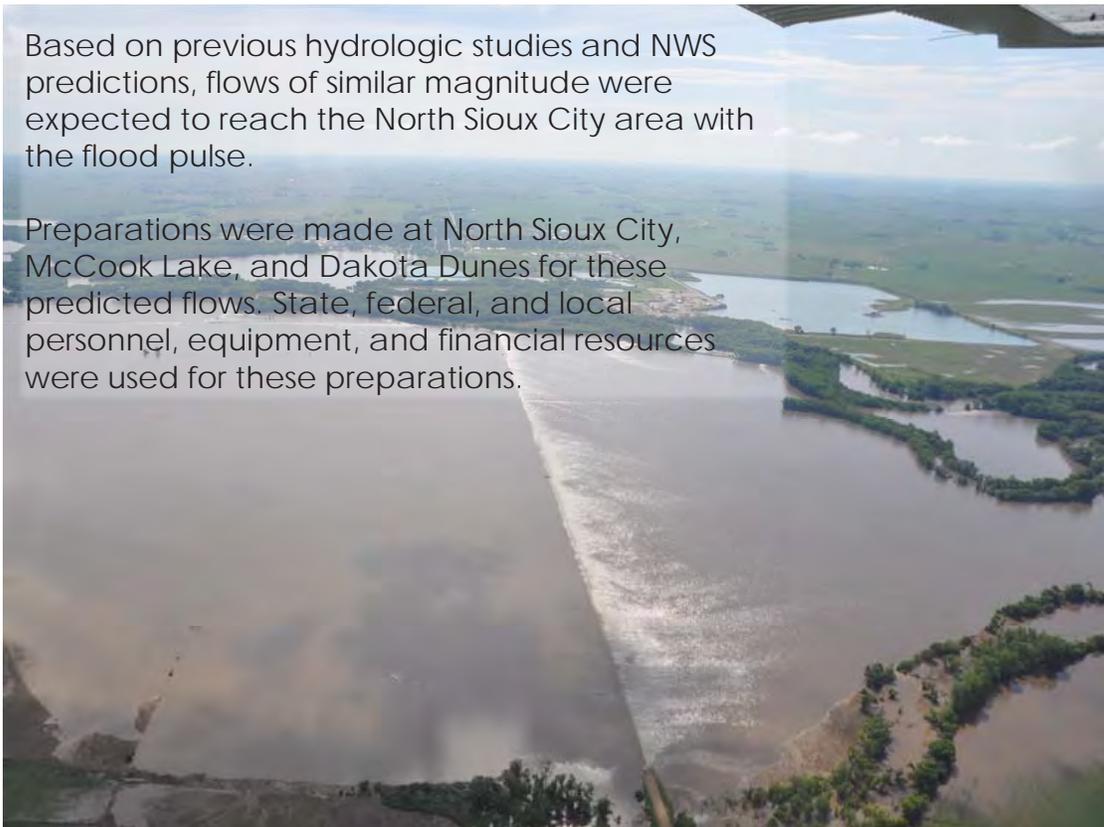


In June 2014 large rain events in the lower Big Sioux River Basin created a large flood event between Canton and North Sioux City. Flows at Akron, IA hit a record 108,000 cfs, exceeding the flows of a 100-year flood.



Based on previous hydrologic studies and NWS predictions, flows of similar magnitude were expected to reach the North Sioux City area with the flood pulse.

Preparations were made at North Sioux City, McCook Lake, and Dakota Dunes for these predicted flows. State, federal, and local personnel, equipment, and financial resources were used for these preparations.

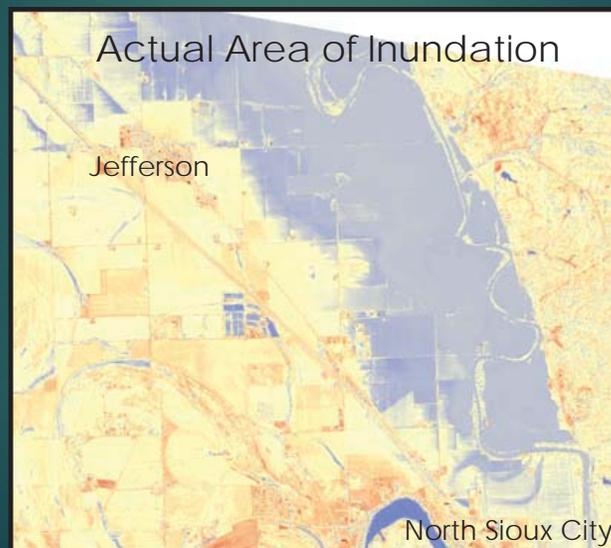


Due to spreading out and attenuation of the flood pulse in the Missouri River floodplain, the flows and flood crest at North Sioux City were much less than predicted.

Although severe flooding was experienced between Jefferson and North Sioux City, flood waters never reached Interstate 29 or the McCook Lake area.



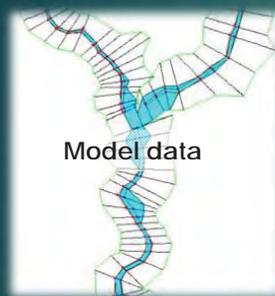
Post-flood analysis showed that current models do not accurately portray the hydrology of this complex area. A new hydrologic model is needed to accurately predict what will happen the next time this area floods so that appropriate preparations can be made.



The hydrologic model will evaluate the impact of the wider Missouri River valley on flood waters and also account for different flow scenarios in the Missouri River.



Data generated from this model will allow the state to create inundation maps in critical areas to prepare for the next flood response.



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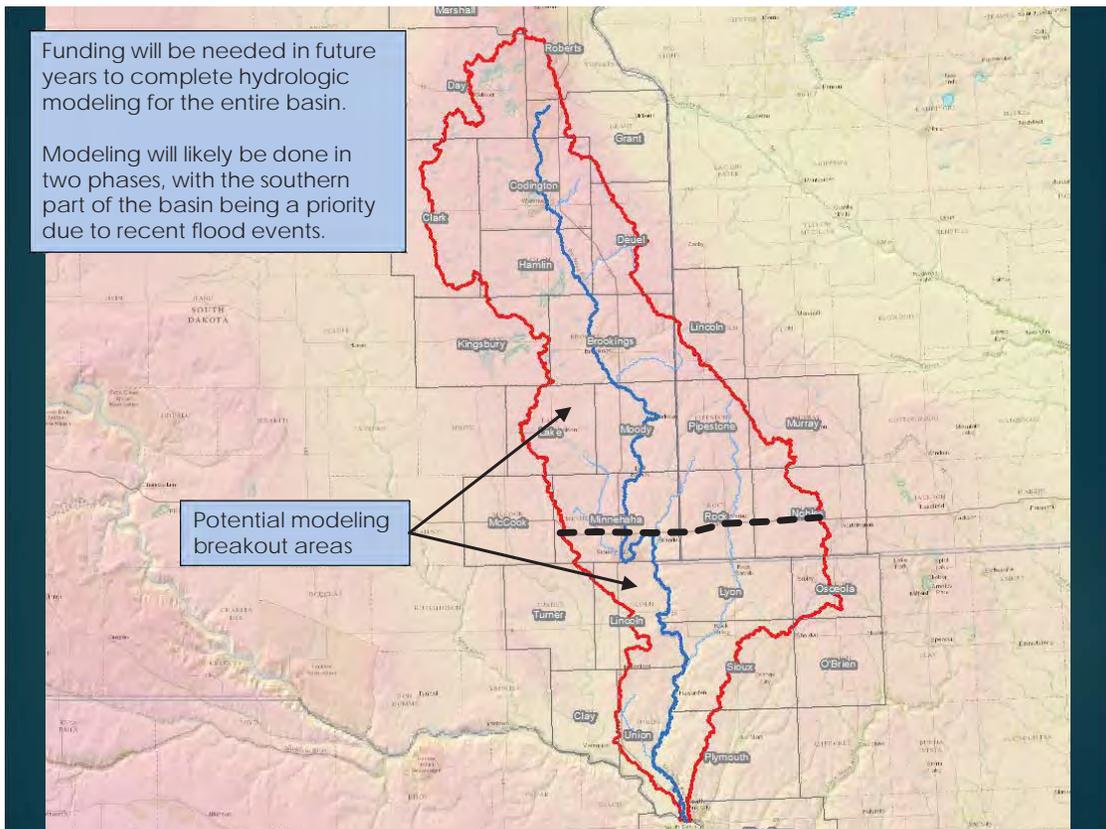
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Large amounts of time, materials, and financial resources were consumed to try to protect homes and infrastructure from the rising flood waters.





State Water Resources Management System Projected Funding Need

<p>Applicant: City of Sioux Falls</p> <p>Address: 224 W 9th Street Sioux Falls, SD 57117-7402</p> <p>Phone Number: 605-367-8600</p> <p>Project Title: Sioux Falls Flood Control</p>	<p>Proposed Funding Package</p> <p>Project Period _____</p> <p>State Appropriation</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: right;">Grant</td> <td style="border-bottom: 1px solid black; text-align: right;">\$2,036,375</td> </tr> <tr> <td style="text-align: right;">Loan</td> <td style="border-bottom: 1px solid black;"></td> </tr> </table> <p>Federal Appropriation</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: right;">Grant</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">Loan</td> <td style="border-bottom: 1px solid black;"></td> </tr> </table> <p>Local Funds _____</p> <p>Other: _____</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: right; font-weight: bold;">TOTAL</td> <td style="border-bottom: 1px solid black; text-align: right; font-weight: bold;">\$2,036,375</td> </tr> </table>	Grant	\$2,036,375	Loan		Grant		Loan		TOTAL	\$2,036,375
Grant	\$2,036,375										
Loan											
Grant											
Loan											
TOTAL	\$2,036,375										

Description:

The State of South Dakota and the City of Sioux Falls joined together in funding the sponsor portion of the Sioux Falls Flood Control Project. The Project is complete and we are requesting the State of South Dakota to fund their final portion of the sponsorship. The 902 limit on the Project is \$65,971,000 and the City and State have both committed to contribute 12.5% of the Project cost to the Corp of Engineers for the sponsorship portion of the Project. The State has already contributed \$6,210,000 of the \$8,246,375 of their commitment and the City is requesting the final contribution of \$2,036,375. The City of Sioux Falls appreciates the continuing support we have received from the State of South Dakota.

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.

Tracy Turbak
Name & Title of Authorized Signatory
(Typed)

Tracy Turbak 9-29-15
Signature Date
for Mayor

Professional Consultants

Application Prepared By: City of Sioux Falls

Contact Person: Dean Borchardt

Mailing Address: 224 W 9th Street

City, State, and Zip: Sioux Falls SD 57117-7402

Telephone Number: 605-367-8600 Fax: _____

Email address: dborchardt@siouxfalls.org

Consulting Engineering Firm: N/A

Contact Person: _____

Mailing Address: _____

City, State, and Zip: _____

Telephone Number: _____ Fax: _____

Email address: _____

Legal Counsel's Firm: N/S

Contact Person: _____

Mailing Address: _____

City, State, and Zip: _____

Telephone Number: _____ Fax: _____

Email address: _____

EXECUTIVE ORDER

Subject: Appointing Certain Administrative Officers

This amends Executive Order No. 11-02.

Whereas, Article 4.01 of the Sioux Falls Charter authorizes the Mayor to appoint the officers who administer the departments, offices, and agencies under his direction and supervision.

NOW, THEREFORE, I hereby appoint the following person as administrator of a City department:

Tracy Turbak, Director of Finance

Source: EO #14-11 (05-19-14) Huether
EO #11-02 (01-10-11) Huether

Responsible Party/MOU: _____ Mayor _____ Expiration Date: _____ May 2018 _____

EXECUTIVE ORDER

Subject: Authorization to Sign Documents

This amends Executive Order No. 11-38.

I, Mike Huether, hereby designate the following City Directors as my authorized designees to sign all contracts, agreements, and plats during any temporary absences from my office as Mayor of the City of Sioux Falls:

1. Director of Finance
2. Director of Public Works
3. Chief of Police
4. Director of Community Development/Public Parking
5. Director of Human Resources
6. Director of Parks and Recreation

Source: EO #14-27 (05-19-14) Huether
EO #11-38 (08-29-11) Huether
EO #10-22 (05-26-10) Huether
EO #07-17 (02-20-07) Munson
EO #06-12 (03-21-06) Munson
EO #04-28 (03-17-04) Munson
EO #02-53 (06-21-02) Munson
EO #98-25 (08-06-98) Hanson
EO #95-72 (07-21-95) Hanson

Responsible Party/MOU: _____ Mayor _____ Expiration Date: _____ May 2018 _____

CITY OF WATERTOWN

23 Second St. NE
P.O. Box 910
Watertown, SD 57201-0910
www.watertownsd.us

Mayor
605-882-6200
Fax: 605-882-5214

Regional Airport
605-882-6209
Fax: 605-882-5285

Building Services
605-882-6201
Fax: 605-882-5264

Mt. Hope Cemetery
605-882-6208

City Attorney
605-882-6200
Fax: 605-882-5214

Engineering
& Planning
605-882-6202
Fax: 605-882-5264

Finance Office
605-882-6203
FAX 605-882-6218

Fire Department
605-882-5030
FAX 605-882-5041

Library
605-882-6220
FAX 605-882-6221

Park, Rec &
Forestry Dept.
605-882-6260
FAX 605-882-5204

Police Dept.
605-882-6210
FAX 605-882-6216

Solid Waste Dept.
605-882-6219
Fax: 605-882-6375

Street Dept.
605-882-6207

Watertown
Community
Recreation Center
605-882-6250
FAX 605-882-6254

Wastewater
Treatment Facility
605-882-6243
FAX 605-882-6242

September 28, 2015

Jim Feeney, Division Director
Department of Environment and Natural Resources
Division of Financial and Technical Assistance
Joe Foss Building
523 E. Capitol Avenue
Pierre, SD 57501

RE: SWRMS Application- Watertown Flood Risk Management Feasibility Study

Dear Mr. Feeney:

Please find the enclosed application for State Water Resources Management System funding from the City of Watertown. The funding would go toward the feasibility level study update to be completed by the US Army Corps of Engineers to further investigate flood risk management solutions for our community.

We appreciate your consideration of assistance in this project. Please feel free to contact me if further information is required.

Sincerely,



Sarah Caron, PE, CFM
Assistant City Engineer

Enclosures: SWRMS funding application
USACE Draft Project Management Plan dated May 2015

State Water Resources Management System Projected Funding Need

Applicant: City of Watertown Address: 23 Second Street NE Phone Number: 605-882-6200 Project Title: Big Sioux Flood Control Study	Proposed Funding Package Project Period 2016-2018 <hr/> State Appropriation <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Grant</td> <td style="text-align: right;">\$ 300,000</td> </tr> <tr> <td style="text-align: right;">Loan</td> <td style="text-align: right;">\$ 0</td> </tr> </table> <hr/> Federal Appropriation <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Grant</td> <td style="text-align: right;">\$ 600,225</td> </tr> <tr> <td style="text-align: right;">Loan</td> <td style="text-align: right;">\$ 0</td> </tr> </table> <hr/> Local Funds <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;"></td> <td style="text-align: right;">\$ 150,225</td> </tr> </table> <hr/> Other: _____ <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$1,050,450</td> </tr> </table>	Grant	\$ 300,000	Loan	\$ 0	Grant	\$ 600,225	Loan	\$ 0		\$ 150,225	TOTAL	\$1,050,450
Grant	\$ 300,000												
Loan	\$ 0												
Grant	\$ 600,225												
Loan	\$ 0												
	\$ 150,225												
TOTAL	\$1,050,450												

Description:

The funding is requested in order to complete the feasibility level study update which has been undertaken by the US Army Corps of Engineers to further investigate flood risk management solutions for the City of Watertown and surrounding area.

The general scope of the study includes all investigations and analysis required to prepare an integrated Feasibility Study/Environmental Assessment, including evaluating alternatives and identifying the national economic development plan and any other reasonable alternatives, and recommending a plan.

The total cost of the study is expected to be \$1,050,450 with the non-federal share being \$450,225. Of this, the City is requesting \$300,000 from the State of South Dakota to put toward the local share. A DRAFT Project Management Plan is included.

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 Thorson, Mayor

 Name & Title of Authorized Signatory
 (Typed)



 Signature

9-28-15

 Date

Professional Consultants

Application Prepared By: City of Watertown Engineering Department

Contact Person: Sarah Caron, PE, CFM, Assistant City Engineer

Mailing Address: PO Box 910

City, State, and Zip: Watertown, SD 57201

Telephone Number: (605) 882-6202 ext. 40 Fax: (605) 882-5264

Email address: scaron@watertownsd.us

Consulting Engineering Firm: United States Army Corps of Engineers

Contact Person: Jeff Greenwald, Planner/Project Manager

Mailing Address: 1616 Capitol Avenue

City, State, and Zip: Omaha, NE 68102-4901

Telephone Number: (402) 995-2698 Fax: _____

Email address: Jeffrey.R.Greenwald@usace.army.mil

Legal Counsel's Firm: City of Watertown

Contact Person: Stanton Fox, City Attorney

Mailing Address: PO Box 910

City, State, and Zip: Watertown, SD 57201

Telephone Number: (605) 882-6202 ext. 13 Fax: (605) 882-5214

Email address: sfox@watertownsd.us

DRAFT Project Management Plan

WATERTOWN AND VICINITY, SOUTH DAKOTA FLOOD RISK MANAGEMENT FEASIBILITY STUDY

May 2015



**US Army Corps
of Engineers®**

Prepared by:
U.S. Army Corps of Engineers
Omaha District
1616 Capitol Avenue
Omaha, NE 68102-4901

	<u>DATE</u>	<u>DESCRIPTION & LOCATION WITHIN PMP OF REVISION</u>	<u>DATE APPROVED</u>	<u>APPROVED BY</u>
Original PMP	5/11/2015			
Revision # _____				

20-May-15

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Appendix B	Review Plan
Appendix C	PMP Approvals

LIST OF ACRONYMS

EA	Environmental Assessment
EC	Engineering Circular
EM	Engineering Manual
FCSA	Feasibility Cost-Sharing Agreement
FS	Feasibility Study
FRM	Flood Risk Management
GRR	General Reevaluation Report
HQ	Headquarters
LPWPD	Lake Pelican Water Project District
msl	mean sea level
NED	National Economic Development
NWD	Northwestern Division
PDT	Project Delivery Team
PMP	Project Management Plan
PM	Project Manager
PRB	Project Review Board
SACCR	Schedule and Cost Change Report
SOHM	Safety and Occupational Health Manager
SOHP	Safety and Occupational Health Program
SSHP	Site Safety and Health Plan
USACE	United States Army Corps of Engineers
WBS	Work Breakdown Structure
WRDA	Water Resources Development Act

1.0 INTRODUCTION

The purpose of this Project Management Plan (PMP) is to guide the preparation of a Feasibility Report Update and Environmental Assessment (FS/EA) for the Watertown and Vicinity, South Dakota Flood Risk Management Project (the Project). It defines the baseline scope, schedule, and budget for preparing the FS/EA update and provides a change management plan for the Project. The PMP is intended to be a living document created by the Corps, the non-Federal sponsor, and involved stakeholders detailing how work will be executed and resources will be expended in preparation of the FS/EA.

1.1 Study Authority

This FS/EA is being prepared per U.S. Army Corps of Engineers (USACE or Corps) Northwestern Division direction received in 2014, modifying 20 November 2002 guidance that a General Reevaluation Report (GRR) was the appropriate format for conducting a restudy of the Project. A feasibility report update is the appropriate approach since no construction authorization was ever provided. The study is being conducted under the authority contained in three resolutions by the committees on Public Works of the United States Senate and House of Representatives.

Two identical resolutions by the United States Senate and House of Representatives, adopted on 1 August 1963 and 8 May 1964 respectively, state, "That the Board of Engineers for Rivers and Harbors is hereby requested to review the reports on the Big Sioux River and its Tributaries, Iowa and South Dakota, published as House document Numbered 133, Eighty-fourth Congress, and other reports, with a view to determining whether any modifications should be made in the recommendations therein, with particular reference to utilization of storage reservoirs for flood control and related water problems, including municipal water supply, outdoor recreation, fish and wildlife conservation, irrigation, erosion, and water quality control, in the Big Sioux basin upstream from the mouth of the Rock River but including the Rock River basin."

A resolution by the United States Senate Committee on Public Works, adopted on 26 March 1968, states, "That the Board of Engineers for Rivers and Harbors is hereby requested to review the report of the Chief of Engineers on the Big Sioux River and Tributaries, Iowa and South Dakota, published as House Document Numbered 133, Eighty-fourth Congress, and other pertinent reports, with a view to determining whether any modifications of the recommendations contained therein are advisable at the present time, with particular reference to improvements of Lake Herman and Lake Madison, South Dakota, and other lakes in the Big Sioux River watershed, in the interest of flood control, pollution abatement, recreation, and other allied water resource purposes."

1.2 Sponsor Information

The sponsor for the Project is city of Watertown. The city of Watertown submitted a letter requesting to cost-share a feasibility study to the Corps in _____ 2015. Specific interests of the sponsor in this project include reducing flood risk in the city of Watertown and surrounding communities.

1.3 Study Area Description

The study area is Watertown and Vicinity, which is located in Codington County, South Dakota in the northeastern part of the state. The area includes the Big Sioux River, Lake Kampeska, and Lake Pelican, as shown on Figure 1.

The Big Sioux River basin originates in northeastern South Dakota, and has a length of 210 miles and a maximum width of 75 miles. It has an area of 9,006 square miles, 6,150 square miles of which are

located in South Dakota. The upper portion of the Big Sioux River is broad, largely without alluvial bottoms and bordering bluffs. The upper basin has a channel slope of approximately one foot per mile, while the average slope in the Watertown vicinity is seven feet per mile. The drainage area of the river (including Willow Creek) upstream from Watertown is 1,902 square miles, 1,391 square miles of which are usually non-contributing (213 square miles of the non-contributing area contributed runoff starting in 1994).

Lake Kampeska is a natural lake formed during the glacial period with a natural outlet to the Big Sioux River. The lake is located approximately two miles northwest of Watertown near the confluence of the Big Sioux River and Mud Creek. It has a normal water surface area of approximately 4,800 acres. Its maximum depth is 16 feet at a full pool of 1,717.8 feet above mean sea level (ft msl), with an average depth of 10 feet. A low weir has been installed in the channel between the lake and the Big Sioux River to ensure a water supply to the lake and to prevent it from draining too quickly during extended droughts.

Lake Pelican is also a natural, glacially formed lake, and it also has a natural outlet to the Big Sioux River. The lake is located approximately one mile southwest of Watertown just upstream of the confluence of the Big Sioux River and Willow Creek. It has a normal water surface area of approximately 2,800 acres. Its maximum depth is seven feet at a normal pool of 1,708.0 ft msl, with an average depth of six feet. As with Lake Kampeska, the Lake Pelican elevation is controlled by a weir, which diverts flows into the lake and also controls outflows.

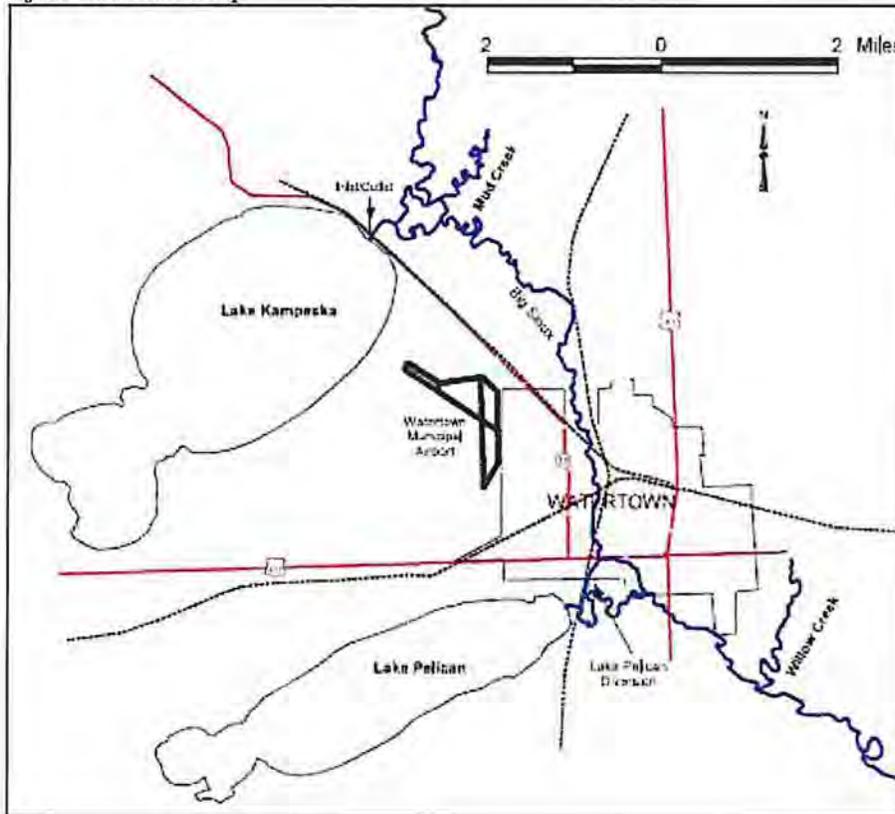
1.4 Project Goal and Key Products

In general, the Corps goal in flood risk management planning is to contribute to national economic development (NED). Contributions to NED are cost savings to the Nation. Measurement of NED is based on flood damages prevented compared to costs of a plan.

This PMP guides the development of an integrated feasibility study and environmental assessment. The feasibility study is a detailed evaluation of the problems, opportunities and constraints and the evaluation of alternative methods of cost effective ecosystem restoration plans. The PMP would be updated during the design and implementation phases to cover the purpose of that phase. The design effort is comprehensive in nature, and will address the flood risk problem and all design features related to the construction of an NED plan.

An integrated feasibility report and environmental assessment will be prepared, which will lead to the preparation of Plans and Specifications to be used for construction. The plans, specifications and documents related to bid preparation are the products of the design phase of work. A completed functioning flood risk management project and operation and maintenance manuals are the products of the construction phase.

Figure 1. Project Location Map



1.5 Study Background

A FS and EA for the Project, completed in 1994, recommended implementation of the Mahoney Creek Dry Dam, which was included in the House Version of the 1996 Water Resources Development Act (WRDA). The dam was withdrawn from the WRDA due to lack of local support.

After severe flooding in 1997, the city of Watertown requested that the Corps evaluate alternatives to the Mahoney Creek Dry Dam. The Corps completed a GRR for the Project in 2000 that again recommended implementation of the dam. However, due to lack of local support, the dam was not implemented. After severe flooding in 2001, the city again requested that the Corps reopen the study, and the Corps began work on the current GRR in 2003. Work on the GRR was halted in 2006 and 2007 due to lack of Federal funding, but was resumed in 2008 when additional Federal funds were allocated to the Project.

The Mahoney Creek Dry Dam project has faced considerable local opposition in the past, which has prevented its implementation. In late 2008, the city requested that the Corps expand the scope of the GRR to include evaluation of a flood risk management alternative proposed by the Lake Pelican Water Project District (LPWPD), a local stakeholder group. The LPWPD's Comprehensive Water Resource Management Plan (LPWPD Plan) proposal, which would include 822 small impoundments in the upper Big Sioux River watershed, was intended to overcome local opposition to implementation of a flood risk management project.

Through discussions with the city and the LPWPD, the Corps determined it would evaluate the LPWPD proposal, as well as the previously recommended Mahoney Creek Dry Dam, and two other previously unevaluated alternatives, in the GRR. The previously unevaluated alternatives are a diversion through Lakes Kampeska and Pelican and a set of three to five medium-sized dry dams in the upper Big Sioux River watershed. From 2008 through 2012 the Corps considered combinations of these alternatives, including a smaller Mahoney Creek Dry Dam than previously recommended in combination with flood risk management measures, such as levees, in the city of Watertown. The reevaluation of alternatives showed that the previously recommended alternative, the Mahoney Creek Dry Dam, remains the best alternative.

The purpose of the Project – flood risk management for Watertown and Vicinity – has not changed. This PMP recognizes that considerable work for the FS/EA update has already been completed. The primary reason for updating the PMP is to reflect the expanded scope of the FS/EA update and to establish a collaborative approach to the Project that will help build local consensus on the decision making process and conclusions of the study.

1.6 Study Objectives

The primary objective of the study is to determine whether there are any feasible and economically justified flood risk management alternatives for Watertown and Vicinity. Related study objectives include:

- To conduct an efficient and focused study process that addresses all significant issues.
- To focus study effort on those alternatives that have the highest likelihood of being feasible and economically justified by eliminating any infeasible or economically unjustified alternatives early in the study process.
- To prepare a FS/EA that is a complete decision document; is in compliance with Corps guidance; and is sufficiently detailed for the sponsor, the Corps, and ultimately the Congress to determine whether to authorize and implement a Federal project.
- To conduct the study using a collaborative approach with the City and other stakeholders that will help build local consensus on the decision making process and conclusions of the study.

1.7 Planning Objectives

The objectives for the Watertown and Vicinity Feasibility Study have been identified as:

- Reduce damages to the city of Watertown, Lake Kampeska, Lake Pelican, and the surrounding area caused by floods and increase resiliency on the Big Sioux River.
- Reduce the potential for life loss and human suffering cause by flooding along the Big Sioux River.

- Enhance the local and regional economics of the study area by reducing the existing flood threat to homes, businesses, and infrastructure.
- Minimize and avoid impacts to the environment along the Big Sioux River and surrounding areas.
- Minimize and avoid impacts of any proposed project on the surrounding rural areas to the extent possible.

1.8 Constraints

The following planning constraints have been identified:

- Avoid protecting some areas that are currently at risk while increasing flood risks to other areas. This relates to the complex hydraulic conditions in the study area. Flooding on the shores of the two lakes is interrelated to the flooding adjacent to the channel in Watertown. Existing condition flows from the river into the lakes causes flooding around the lakes, but also provides water storage which reduces flooding in the town.

1.9 Tentative Selected Plan

The Tentative Selected Plan to be verified as part of the study and vertical team coordination:

- Mahoney Creek Dry Dam. The dry dam would be located on the Big Sioux River approximately six miles upstream of the City, near the river's confluence with Mahoney Creek. It would temporarily store and then slowly release floodwaters from the river's upper basin. It was the recommend NED Plan in both the 1994 FS and the 2000 GRR. Based on engineering and economic updates completed as part of the GRR between 2008 and 2012 this was the recommended plan still.

Plans previously considered and eliminated include:

- Flood Emergency Preparedness and Flood Warning. Flood preparedness and flood warnings help reduce the potential for loss of life and the magnitude of flood damages to the extent that people and personal property can be evacuated from the floodplain in the event of a flood.
- Floodplain Management. Floodplain management helps prevent and eliminate floodplain land uses that are incompatible with the objective of flood risk management.
- Channel Improvements. This alternative involves modifying the Big Sioux River channel, and possibly a number of road and railroad bridge structures, so that the channel will contain and convey floodwaters through the City.
- Levees. This alternative consists of a system of levees and modifications to a number of road and railroad bridge structures to contain and convey floodwaters through the City.
- Diversions. Two different diversion alternatives have been studied previously: diversion of Big Sioux River flood flows to Goose Lake or to Dry Lake via Still Lake.

- LPWPD Comprehensive Water Resource Management Plan (LPWPD Plan). This plan was proposed as an alternative to the Mahoney Creek Dry Dam. It consists of 822 small-scale structures to store and then slowly release floodwaters from the upper Big Sioux River basin.
- Lake Kampeska – Lake Pelican Diversion. This alternative involves constructing a channel to hydraulically connect Lakes Kampeska and Pelican. The connection, along with control structures at the lake inlet/outlet points, would divert Big Sioux River flood flows around the city through the lakes.
- Medium-Sized Reservoirs. This alternative involves constructing three to five medium-sized dry dams to temporarily store and then slowly release floodwaters from the upper Big Sioux River basin.

Nonstructural plans will consider the following in the FS/EA update:

- Flood Proofing. Flood proofing includes various techniques intended to reduce the damages sustained by a structure during flooding. Potential techniques include elevating the structure and/or its contents, reinforcing the structure and covering openings with water-resistant material, and constructing small individual ring levees or flood walls around highly susceptible structures.
- Relocations. This alternative involves acquiring property and either relocating or demolishing the structures within the floodplain.

2.0 SCOPE OF WORK AND COST ESTIMATE

The general scope of this study includes all investigations and analysis required to prepare an integrated FS/EA. This includes evaluating alternatives and identifying the NED plan and any other reasonable alternatives, and recommending a plan. Also included is coordination with the sponsors and other stakeholders and public outreach to ensure that the study adequately considers and reflects local concerns and input.

The costs of the study are provided below. The study costs reflect a scope of work that was generally discussed and developed among the Corps PDT and sponsor. The majority of the planning and engineering work that is needed to complete the study involves finalizing and updating engineering, economic, cost, and environmental work for the recommended plan and updating the FS/EA. Public involvement and compliance with necessary environmental laws and regulations are also required.

Please note the accompanying scope and cost estimates assume labor performed at or slightly above current pay rates and only includes essential tasks at this time. Some deviation may occur over the duration of the project's development. Such deviations would need to be coordinated with the study partners.

Table 1 shows the summary of costs. The accompanying work descriptions are in Appendix A.

Table 1. Watertown and Vicinity FRM FS/EA Summary of Costs

Watertown and Vicinity Feasibility Study / Environmental Assessment Update Summary of Costs		
Technical Discipline Area	Cost	USACE or Sponsor
Planning, Programs, and Project Management Division		
Planning and Project Management	\$ 113,000	USACE
Programs	\$ 25,000	USACE
Environmental Resources	\$ 35,046	USACE
Cultural Resources	\$ 14,208	USACE
Economics	\$ 112,128	USACE
Engineering Division		
Hydrologic Engineering	\$ 46,000	USACE
Hydraulic Engineering	\$ 66,856	USACE
Flood Risk and Floodplain Management	\$ 72,220	USACE
Geotechnical Engineering	\$ 43,330	USACE
Cost Engineering	\$ 25,000	USACE
Structural Engineering	\$ 5,000	USACE
Real Estate Division		
Real Estate	\$ 72,662	USACE
Miscellaneous		
District Quality Control Review	\$ 50,000	USACE
Agency Technical Review	\$ 80,000	USACE

Independent External Peer Review (IEPR)*	\$ 150,000	USACE
Public Involvement	\$ 40,000	USACE
Summary of Feasibility Costs		
Total Cost-Shared Study Cost (minus IEPR)	\$ 800,450	
Contingency	\$ 100,000	
Total w/Contingency	\$ 900,450	
Cost-Shared Federal Share (50%)	\$ 450,225	USACE
Non Cost-Shared Federal Share (IEPR)	\$ 150,000	USACE
Non-Federal Share (50%)	\$ 450,225	Sponsor
TOTAL STUDY COST	\$ 1,050,450	

*IEPR is 100% federally funded and not cost-shared.

3.0 PROJECT DELIVERY TEAM MEMBERSHIP INFORMATION

3.1 List of Project Delivery Team Members

Tables 2 and 3 show the current membership of the PDT.

Table 2. Corps of Engineers Project Delivery Team Members

Name	Organization	Title	Phone	E-Mail
Jeff Greenwald	CENWO-PM-AA	Project Manager	402.995.2698	Jeffrey.R.Greenwald@usace.army.mil
Matt Vandenberg	CENWO-PM-AC	Environmental Resource Specialist	402-995-2694	Matthew.D.Vandenberg@usace.army.mil
Kara Reeves	CENWO-PM-AB	Senior Economist	402-995-2688	Kara.M.Reeves@usace.army.mil
Dennis Gaare	CENWO-ED-GA	Civil Engineer (Geotechnical Engineer)	402-995-2246	Dennis.S.Gaare@usace.army.mil
Steve Hightower	CENWO-ED-C	Cost Engineer	402-995-2101	Steven.D.Hightower@usace.army.mil
Kevin Adams	CENWO-ED-HD	Civil Engineer (Hydraulic Engineer)	402-995-2331	Kevin.K.Adams@usace.army.mil
Candace Akins	CENWO-RE-C	Real Estate Specialist	402-995-2859	Candace.E.Akins@usace.army.mil
Nicole Cominoli	CENWO-ED-HB	Civil Engineer (Hydraulic Engineer)	402-995-2327	Mary.N.Cominoli@usace.army.mil
Leslie Jaramillo	CENWO-PM-P	Program Analyst	402-995-2793	Leslie.D.Jaramillo@usace.army.mil
Nicole Shorney	CENWO-ED-HE	Hydrologic Engineer	402-995-2345	Nicole.L.Shorney@usace.army.mil
Sandy Barnum	CENWO-PM-AB	Cultural Resources	402-995-2674	Sandra.V.Barnum@usace.army.mil
Kathlene Shook	CENWO-ED-DF	Structural Engineer	402-995-2157	Kathlene.I.Shook@usace.army.mil

Table 3. Sponsor Project Delivery Team Members

Name	Organization	Title	Phone	E-Mail
Sarah Caron	City of Watertown	Acting City Engineer	605-882-6202 ext. 40	scaron@watertownsd.us

3.2 Roles and Responsibilities

3.2.1 Customer Representative

Sarah Caron is the customer representative and Project Manager of the city of Watertown. She will serve as the point of contact for the local sponsor with the Corps.

3.2.2 District Project Manager

Greg Johnson is the Chief of the Plan Formulation and Project Management Section of the Omaha District Corps of Engineers. He will serve as the point of contact for the Corps with the local sponsor.

3.2.3 Project Technical Lead

The Corps has not identified a technical lead.

3.2.4 Construction Team Leader

TBD in design and construction phase.

3.2.5 Contracting Team Leader

TBD in design and construction phase.

Note: Contractors and consultants working on the study during the feasibility phase should coordinate directly with the customer representative, district project manager, or technical lead.

4.0 WORK BREAKDOWN STRUCTURE

The Work Breakdown Structure (WBS) is a description of the scope of work into its component products and sub-products in a hierarchy of levels. A product at any level is made up of those products in the levels below it. The breakdown of the scope continues down to a level at which work can be assigned to a specific organization (a district branch, section, consultant, sponsor, etc.). This generally corresponds to the lowest level of cost account reporting. For contracted or in-kind work, the breakdown is similar, as each subproject, parent task and subordinate task needs to be specified and provided with an estimated cost.

A WBS of tasks and subtasks proposed for the feasibility phase is provided in Table 2. The WBS in the initial PMP as of 5/11/2015 covers steps 1 and 2 of the planning process. This will be updated as the study progresses.

Table 4. Work Breakdown Structure

	CENWO- PM-AA	CENWO- PM-AB	CENWO- PM-AC	CENWO- ED-G	CENWO- ED-HD	CENWO- ED-HE	CENWO- ED-HB	CENWO- ED-DF	CENWO- RE	City of Watertown
Environmental Work Products										
Updated Mitigation Plan			X							
Updated NEPA/Environmental Compliance Documentation			X							
Updated Environmental Assessment Write-up			X							
Other Existing & FWOP Condition Assessments			X							
Cultural Resources										
Existing Condition Assessment		x								
Economics Work										
Economics Appendix		x								
Geotechnical Work										
Geotechnical Summary Report				x						
Hydrology and Hydraulics Work										
Hydrology Report					x					
Hydraulics Report					x					
Flood Risk and Floodplain Management Work										
Nonstructural Plan / Floodplain Assessment							x			
Structural Engineering										
Structural Support/Analysis for Design								x		
Real Estate										
Gross Appraisal									x	
Public Involvement										
Public Meeting Report	x		X							
Agency Meeting Report	x		X							
Integrated Feasibility Report and EA										
Existing Condition Compiled Report	x		X							

5.0 FUNDING

A feasibility cost-sharing agreement was signed on _____, 2015 to complete the remaining work needed to update the FS/EA at a cost-sharing of 50 percent federal and 50 percent non-federal. For efforts conducted as GRR from 2003 to 2015, costs were 100 percent federally funded. The city of Watertown is the non-Federal partner in the study.

6.0 SCHEDULE

The draft schedule is shown below. It is subject to funding, but the feasibility study can be complete in approximately two years. The study will be updated following the first increment of funding being received.

Feasibility Cost Sharing Agreement Signed	1 Oct 2016
Tentatively Selected Plan Milestone	1 July 2017
Agency Decision Milestone	1 Dec 2017
Division Engineer Transmittal	1 Feb 2018
Civil Works Review Board	1 Apr 2018
30-Day S&A Review start	1 May 2018
30-Day S&A Review end	1 June 2018
Chief's Report Approved	30 Sept 2018

7.0 QUALITY CONTROL PLAN AND OBJECTIVES

The details of the quality control and review process are provided in the review plan, which is a separate document. The review plan is provided in Appendix B.

A Design Quality Management Plan will be discussed with Engineering Division during the initial portion of the study and developed if needed. This is a requirement of Engineering Division's review process.

8.0 ACQUISITION STRATEGY

The Omaha District performs the majority of FRM studies and subsequent design work with in-house staff. The PDT and corresponding supervisory staff will evaluate each phase of this project on a case-by-case basis to determine the need for contracting support.

The acquisition strategy for the construction phase will be developed during the design phase in cooperation with Contracting Division and the Construction Division using Corps processes and recommended tools.

9.0 RISK ANALYSIS

Risk management seeks to reduce risk by identifying the risks and placing controls on it. In the context of the project goals, a number of procedures are in place through this PMP to assist in reducing the risk of unrealistic scope, cost estimates, schedule changes, and study resources. These procedures will help to maintain schedule within cost limitations and under the project manager's span of control authority.

Risks to the project at this time are:

- The current cost-benefit ratio (which is preliminary) is approximately 2.0 (as of April 2015). There is risk that following incorporation of updated cost estimates (from real estate and geotechnical engineering) the costs could rise and show that the Mahoney Creek Dry Dam alternative is not cost effective.
- Level of detail on geotechnical information has been minimal to date, creating risk related to cost and detail issues (under seepage, seismic, and construction materials). During the Feasibility Study phase the risks will be addressed through cost contingency and evaluation of existing data. Further data collection and analysis will be conducted as part of the subsequent Pre-construction Engineering and Design (PED) Phase.
- Unavailability of staff to perform a key project task. If identified early on, can be remedied by contracting for the services.
- Contingency funds are also budgeted to minimize potential need for additional money beyond the original cost estimate.
- A risk also exists in that either one of the signatories to the Feasibility Cost-Sharing Agreement, for various reasons, may decide to terminate the agreement during any phase of work. This would result in inefficient use of non-federal and federal resources. Controls that help reduce risk of project termination are frequent meetings and contacts with the sponsor, the monthly upward reporting in Omaha District, and project team meetings with project managers, any consultants, local government, and vertical coordination meetings with Northwestern Division USACE.
- Risk exists that federal funding will not be available at consistency needed to maintain the schedule. Omaha District Planning Branch is the lead for ensuring that this project is budgeted appropriately by the Corps.

10.0 SAFETY PLAN

The Omaha District Project Manager and Technical Lead will coordinate with the Omaha District Safety and Occupational Health Manager (SOHM) as needed. The SOHM is responsible for the district Safety and Occupational Health Program (SOHP). The SOHM is responsible for planning, organizing, overseeing, and evaluating the District SOHP, in conjunction with the PM. The SOHM or personnel from CENWO-ED-G reviews the Site Safety and Health Plan (SSHP), if required.

10.1 Safety Requirements

Safety is our primary concern for the activities on-site. A Government representative is required to monitor contractor activities from a quality assurance viewpoint. This includes the contractor's safety program. Under the terms of the contract, FAR 52-212-3 Stop-Work Order clause of the basic contract, the Contracting Officer has full authority to require the contractor to take any steps deemed necessary for maintaining safe operating conditions.

The contractor is obligated by the terms of the contract to protect the lives and health of persons exposed to their operations and to safeguard property and equipment from accidental loss or destruction. All work will be performed in accordance with the safety and health provisions of the contract, EM 385-1-1 (USACE Safety and Health Requirements Manual), and federal state and local codes and standards. When a difference in standards exists, the most stringent standard applies.

In addition to being a contract requirement, a well-planned and conscientiously applied accident prevention program is essential to the efficiency, quality, and scheduling of work and the minimization of costs. The prime contractor is responsible for informing their subcontractors of the safety provisions under the terms of the contract and the penalties for noncompliance; coordinating the work to prevent one craft from interfering with or creating hazardous working conditions for other crafts; and inspecting subcontractor operations to ensure that accident prevention responsibilities are being carried out. Public safety is paramount. Sites must be secured from public access during construction.

Unsafe practices will not be tolerated. Reckless behavior or disregard of safety and health requirements will not be allowed to exist on Corps of Engineers projects. If any USACE employee or contractor employee endangers his own life, the lives of others, or property by disregard of safety and health requirements, the contractor shall be informed of the employee and his unacceptable attitude towards accident prevention. The contractor will be reminded of the contract requirements and be instructed to immediately resolve the problem.

When a Corps of Engineers employee identifies an immediate endangerment to life or health, imminent danger, a Stop-Work Order may be issued. Situations in this category include, but are not limited to, workers being crushed, buried, electrocuted, suffocated, thrown from moving equipment, falling, drowning, being blown up, etc.

11.0 CHANGE MANAGEMENT

A procedure is necessary for defining how changes to project scope, schedule, and budget can be made for the project. Significant changes must have the approval of the project sponsor and the Corps. Changes or anticipated changes would be reported.

In practice, most changes will be made at the management level, acting in concert with recommendations from the PDT, including the local sponsor. If there are no significant changes in scope, costs, and schedule, the project manager can approve the change. A modification to the PMP would be needed if the change is considered significant, with notable impact to scope, schedule or budget.

If there are changes that would result in an increase in total project cost or a delay in completion of the overall effort, the Corps will follow a procedure known as the project Schedule and Cost Change Report (SACCR). After concurrence from the Project Management Team, the Corps PM will prepare the SACCR in concert with a program analyst with the Planning, Programs and Project Management Division. This provides a justification for the changes. Action is taken on SACCRs at the Omaha District and Northwestern Division project review boards. To be approved by the Corps at the District and the Division level, a SACCR must first be approved and signed by the project sponsor if the project is in a cost-shared phase. At the local level, the request for change and costs would be reviewed by one of the sponsor's advisory committees. In absence of concurrence on change in scope and schedule, the full Council or even the Executive Committee may need to be involved.

Both the Corps and the sponsor at the executive level have veto power over any proposed scope and cost changes that are perceived to be or might become controversial. This provides both parties protection against commitments that would be unacceptable to either party. The intent is that issues would be resolved at the PDT as much as possible. There will be monthly opportunities for thorough communication about potential issues at the Corps in briefings/meetings and at the sponsor level at regular agency meetings. Issues that cannot be resolved at the level of the PDT would be raised to the executive level. The Omaha District would assign the Deputy to the Omaha District Commander, as the Corps representative on the Executive Council. Any matter that could not be resolved at this level would first be raised to the NWD and possibly HQ level before any final decision would be made. During this time period, the sponsor would be welcome to participate in discussions and meetings to resolve any issues.

12.0 COMMUNICATIONS STRATEGY

The study and design have been conducted with full and open communications within the Corps and between the Corps and the sponsors.

- The PDT periodically meets to discuss and resolve issues, update project status, and review project reports, etc.
- The sponsor will be updated periodically on the status of the project and receives financial information consistent with public law, regulations, and good business practices.
- The Corps upper management is kept informed of the work status through reports to the branch chiefs and Project Review Board (PRB) and at Quarterly Reviews with NWD. These reports are prepared by the Corps PM and discuss accomplishment of project objectives, identify issues, and forecast changes to schedules and costs. Such internal reports are prepared monthly, quarterly, or annually, according to established District procedures.
- Fact sheets with condensed information about the project are maintained and updated periodically by the Corps PM to provide background information to higher authority or to respond to other inquiries.
- PDT members communicating with contractors and the local sponsor should keep the district project manager informed. The project manager is the first point of contact for the sponsor.
- The Corps will send customer satisfaction surveys to Sarah Caron.

In addition to internal PDT communication, a priority for the project is to provide for public participation.

- This includes obtaining timely input from other federal and state agencies and interested local communities, residents and other stakeholders.
- This is accomplished through periodic public meetings and/or workshops, formal and informal interagency coordination, and by allowing all stakeholders the opportunity to review and comment on decision documents (e.g., the feasibility report).

A permanent project file for this project has been developed and maintained by the PM at the Omaha District in accordance with current District policies. This record file will include all formal correspondence, decision documents, and financial documents relevant to the project in electronic and/or hard copy format, as applicable.

13.0 VALUE ENGINEERING MANAGEMENT

Value Management is a process to facilitate and encourage the understanding, consideration, and integration of the needs of all customers, PDT members, partners and stakeholders. Value management seeks the highest value for a project by balancing resources and quality and should be applied continuously throughout the life cycle of the project. Value Management is maintaining important functions in regard to efficiency, effectiveness and cost control during the project. A Value Engineering Study is often done during the early part of the Design and Implementation Phase. Reference EC 11-1-114 is used as a guide to value engineering.

14.0 CLOSEOUT

The process covers closeout of the Plans and Specifications and Construction phases and its activities, including but not limited to completion of the design, fiscal completion, checking of contractor performance, and evaluations of the process. An Operation and Maintenance Manual is often prepared as a final task before closeout, and the relinquishment of the completed project to the local sponsor.

The PM is responsible for closeout. However, the required actions may require participation of the PDT members, especially for closeout of financial cost accounts. The closeout would also apply in situations where the project might be terminated. All outstanding obligations and commitments will need to be cleared. The sponsor's PDT member responsible for keeping financial records will assist the PM in carrying out an audit design cost expenditures, including funds used for contracted services and those for in-kind services. The sponsor is required to submit quarterly or monthly work in-kind documentation. The PM shall also insure that all contracted services products have been accepted prior to making any final payments.

Omaha District procedures for closeout shall follow standard operation procedures. The amounts of federal and non-federal costs will be determined and a balancing of expenditures based on the approved cost share ratio will be determined. The outcome will determine the direction and amount of any funds to be transferred between the sponsor and the federal government.

15.0 APPROVALS

Approvals for the PMP by the USACE PDT are in Appendix C.

TITLE: South Lincoln Rural Water System Request to Amend its Intercreditor Agreement Among CoBank, USDA Rural Development, and the South Dakota Conservancy District.

EXPLANATION: South Lincoln Rural Water System has two outstanding Drinking Water State Revolving Fund loans with the South Dakota Conservancy District- loan #C462441-01 with a loan balance of \$1,168,873.72 and loan #C462441-02 with a loan balance of \$220,894.15. South Lincoln has other existing loans with CoBank and Rural Development. The Conservancy District has approved prior Intercreditor Agreements for these loans.

CoBank has recently approved a new loan for South Lincoln RWS which will refinance Drinking Water SRF loan C462441-01 and has requested the District's consent to amend the existing Intercreditor Agreement which will move the debt from the Conservancy District to CoBank. The new loan agreement with CoBank will require a debt coverage ratio of 125% which will provide sufficient coverage for Drinking Water SRF loan C462441-02.

RECOMMENDED

ACTION: Authorize the execution of the 4th Amended and Restated Intercreditor Parity Agreement.

CONTACT: David Ruhnke, 773-4583

From: Maikoetter, Mary [<mailto:MMaikoetter@cobank.com>]
Sent: Thursday, October 08, 2015 4:48 PM
To: Ruhnke, David
Cc: tom@slrws.com; Deering, Harold; McCusker, Julia
Subject: RE: South Lincoln Rural Water System, Inc.

David,

CoBank's loan agreement with SLRWS contains a financial covenant requiring a debt service coverage ratio of 1.25 to 1, or 125%, which exceeds the District's requirement of 1.10 to 1 or 110%. Please let us know if you need any other information from CoBank in order to take the parity agreement to your board on November 5th.

Although we haven't received a response from RD yet, we are hopeful that there won't be any issues since SLRWS's existing level of outstanding indebtedness won't increase as a result of this refinancing transaction.

Thanks for the update! Mary

Mary Maikoetter

Attorney, Rural Infrastructure
mmaikoetter@cobank.com
303.740.6453 (direct) | Fax 303.221.9800
303.907.1877 (mobile)

SOUTH LINCOLN RURAL WATER SYSTEM, INC.

**28647 472ND AVE.
BERESFORD, SD 57004**

October 13, 2015

Mr. David Ruhnke
SD – DENR
Joe Foss Building
523 E. Capitol
Pierre, SD 57501

Re: South Lincoln Rural Water System, Inc.

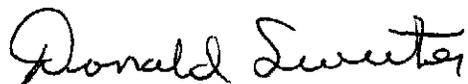
Dear Mr. Ruhnke:

South Lincoln Rural Water System, Inc., is respectfully requesting permission to prepay the Drinking Water State Revolving Fund loan identified as loan #C462441-01. The funds for the prepayment will be made available by refinancing the loan with CoBank. As South Lincoln and CoBank have not set a closing date at this time, it is anticipated that the prepayment will occur on or about December 15, 2015.

Respectfully,

South Lincoln Rural Water System, Inc.

Chairman, Board of Directors





**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

PMB 2020
JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
denr.sd.gov

October 21, 2015

Thomas Rausch, Manager
South Lincoln Rural Water System, Inc.
28647 472nd Avenue
Beresford, SD 57004

Dear Mr. Rausch:

I am in receipt of a letter from South Lincoln Rural Water System requesting permission to prepay Drinking Water State Revolving Fund loan #C462441-01. The letter identifies the source of the funds as a refinancing loan with CoBank.

The Department hereby approves the request. I remind SLRWS that it will need to coordinate this payment with Ms. Kristie Wiedderich of the First National Bank in Sioux Falls. Ms. Wiedderich will need the date of repayment so that she can calculate the payment amount to include principal and accrued interest/admin surcharge due.

Please contact me if you have any questions.

Sincerely,

David Ruhnke, Grant and Loan Specialist II
Water and Waste Funding Program

Cc: Kristie Wiedderich, First National Bank, Sioux Falls, SD
Phillip Peterson, Peterson, Stuart, Rumpca & Rasmussen, Beresford, SD