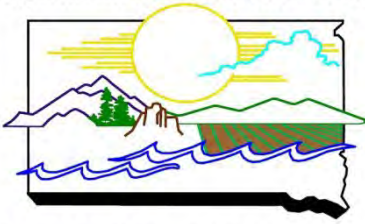


South Dakota Department of
Environment and Natural Resources



Protecting South Dakota's Tomorrow ... Today

**BOARD OF WATER
AND NATURAL RESOURCES**

November 9, 2017

DIGITAL DAKOTA NETWORK

Via Digital Dakota Network (DDN)

Thursday, November 9, 2017

1:00 p.m. CST

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

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 9, 2017

1:00 p.m. CST

1. Call meeting to order
2. Approve agenda
3. Approve minutes of the September 28-29, 2017 meeting
4. 2018 State Water Plan Applications – Andy Bruels
 - a) Aurora-Brule Rural Water System
 - b) Blunt
 - c) Bridgewater
 - d) Clark Rural Water System
 - e) Crooks
 - f) Elk Point
 - g) Fort Pierre
 - h) Frederick
 - i) Hot Springs (Water)
 - j) Hot Springs (Wastewater)
 - k) Humboldt
 - l) Huron
 - m) Lake Norden
 - n) Lake Poinsett Sanitary District
 - o) Lake Preston
 - p) McIntosh
 - q) Oelrichs
 - r) Philip
 - s) Piedmont (Water)
 - t) Piedmont (Wastewater)
 - u) Presho
 - v) Pukwana
 - w) Ree Heights
 - x) Sioux Rural Water System
 - y) Tea (First Street)
 - z) Tea (Brian Street)
 - aa) Wessington Springs

5. Public Hearing to Adopt the FFY 2018 Clean Water State Revolving Fund Intended Use Plan—Andy Bruels
6. Public Hearing to Adopt the FFY 2018 Drinking Water State Revolving Fund Intended Use Plan—Andy Bruels
7. Review of Conservancy District Investment Policy and SFY 2017 State Revolving Fund Investments and Investment Returns—Jon Peschong
8. Lewis & Clark Regional Water System State Water Resources Management System Loan Agreement Scope Amendment—Andy Bruels
9. Omnibus Bill Funding Recommendations—Jon Peschong and Jim Feeney
10. State Water Resource Management System Recommendations—Jim Feeney
11. Distribution of Request for Proposals for Capacity Development for Public Water and Wastewater Systems—Jon Peschong
12. 2017 Annual Report and the 2018 State Water Plan—Andy Bruels
13. Aquifer Delineation Updates by East Dakota Water Development District—Jay Gilbertson
14. January 4, 2018 Meeting
15. Adjourn

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

Digital Dakota Network Sites
Board of Water and Natural Resources
November 9, 2017
1:00 p.m. Central Time

ABERDEEN

Northern State University

Location Map:

<https://www.northern.edu/about/campus/campusmap>

Beulah Williams Library, Room 117

BROOKINGS

State Department of Transportation

2131 34th Avenue

MITCHELL

Mitchell Technical Institute

Location Map:

<https://www.mitchelltech.edu/campus-map>

MTI Technology Center, Room 155

PIERRE

Capitol Building

500 E. Capitol Avenue

Room B12, Studio A

RAPID CITY

Rapid City Emergency Operations Center

130 Kansas City Street

Pennington County Administration Building, 1st Floor Conference Room

(use east public entrance off 1st Street)

SIOUX FALLS

University Center

4801 N. Career Avenue

Location Map:

http://www.sduniversitycenter.org/images/data/files/FADM%201st%20%26%202nd%20Floor%20Plans%20January%202017%208_5x11.pdf

Room FADM 145

WATERTOWN

Department of Environment and Natural Resources

2001 9th Avenue SW

Suite 500

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

Minutes of the
Board of Water and Natural Resources Meeting

September 28, 2017 – Tour of projects in the Vermillion area

September 29, 2017 – Conducted via the Digital Dakota Network

Aberdeen, SD
Northern State University

Brookings, SD
South Dakota State University

Mitchell, SD
Mitchell Technical Institute

Pierre, SD
Capitol Building

Rapid City, SD
Rapid City Emergency Operations Center

Sioux Falls, SD
University Center

Vermillion, SD
University of South Dakota

Watertown, SD
Department of Environment and Natural Resources

SEPTEMBER 28, 2017

The tour began at 8:00 a.m. Central Time.

BOARD MEMBERS PRESENT: Brad Johnson, Todd Bernhard, Jackie Lanning, and Dr. Paul Gnirk.

BOARD MEMBERS ABSENT: Gene Jones, Jr., Paul Goldhammer, and Jerry Soholt.

The following areas were toured:

Adams Homestead and Nature Preserve,
Missouri National Recreational River Mulberry Bend Overlook,
Lewis & Clark Regional Water System (LCRWS) Mulberry Point well field,

Board of Water and Natural Resources
September 28-29, 2017 meeting minutes

South Dakota Geological Survey Core Barn, and
Lewis & Clark Regional Water System Water Treatment Plant.

The board recessed at 5:00 p.m. Central Time.

SEPTEMBER 29, 2017

CALL MEETING TO ORDER: The meeting was called to order by Chairman Brad Johnson at 8:30 a.m. Central Time. The roll was called, and a quorum was present.

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

BOARD MEMBERS PRESENT: Brad Johnson, Gene Jones, Jr., Todd Bernhard, Jackie Lanning, and Dr. Paul Gnirk.

BOARD MEMBERS ABSENT: Paul Goldhammer and Jerry Soholt

OTHERS: See attached attendance sheets.

APPROVE AGENDA: Chairman Johnson approved the agenda.

APPROVE MINUTES OF JUNE 22, JULY 10, AND JULY 21, 2017, MEETINGS: Motion by Gnirk, seconded by Bernhard, to approve the minutes of the June 22, July 10, and July 22, 2017, Board of Water and Natural Resources meetings. A roll call vote was taken, and the motion carried unanimously.

STATE FISCAL YEAR 2017 STATE REVOLVING FUND REPORT TO THE INTERIM BOND REVIEW COMMITTEE: Mr. Perkovich presented the draft SFY 2017 South Dakota Conservancy District Report to the Interim Bond Review Committee.

The South Dakota Conservancy District is required to present an annual report to the Legislative Interim Bond Review Committee annually on its bond-related activities. A combined report for both SRF programs for the legislative committee's review was developed for this purpose. The report covers SFY 2017 (July 1, 2016 – June 30, 2017). A copy of the draft report was included in the board packet.

Information in the report includes program activity and the unaudited financial statements on a state fiscal year basis and contains additional information on the district's bond issues.

Staff recommended the board approve the SFY 2017 State Revolving Fund report to the Interim Bond Review Committee and authorize distribution of the report.

Mr. Perkovich answered questions from the board.

Motion by Bernhard, seconded by Gnirk, to approve the State Fiscal Year 2017 South Dakota Conservancy District State Revolving Fund 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.

AMENDMENT TO 2017 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN: Projects seeking a Clean Water State Revolving Fund loan must be included on the project priority list of the Intended Use Plan (IUP). The FY 2017 Clean Water SRF IUP was approved by the Board of Water and Natural Resources in November 2016 and amended in March and June 2017.

Andy Bruels stated that Powder House Pass Community Improvement District received a \$2,575,218 Clean Water SRF loan in March 2012. Due to changes in the original plans for wastewater treatment and the need for a different type of treatment technology, additional funds are needed to complete the project. The total project cost is now estimated at \$4,635,218.

Staff recommended the project be amended onto the Clean Water IUP with 12 priority points and an estimated loan about of \$2,060,000 at 2.5 percent interest for 30 years.

Motion by Gnirk, seconded by Jones, to amend Powder House Pass Community Improvement District onto the 2017 Clean Water State Revolving Fund Intended Use Plan Project Priority List. A roll call vote was taken, and the motion carried unanimously.

AMENDMENT TO 2017 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN: The FY 2017 Drinking Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2016 and amended in March, June, and July 2017.

Mr. Bruels stated that with the adoption of the 2015 Drinking Water SRF IUP, a new program known as Very Small System Compliance grants was initiated. The purpose of this program is to help public water systems with less than 50 connections to correct a compliance issue with the Safe Drinking Water Act. The program was based on another state's program, and it excluded violations of the Total Coliform Rule from being eligible.

Mr. Bruels stated that the Water and Waste Funding staff and Drinking Water Quality staff have determined that exclusion of violations of the Total Coliform rule should be removed from South Dakota's Very Small System Compliance grants program.

Mr. Bruels noted that, to date, South Dakota has not awarded any grants for this program.

The following is the section within the narrative of the Intended Use Plan that staff proposes to amend. The change is shown by overstrikes.

ADMINISTRATIVE SURCHARGE FEES

In federal fiscal year 2015, \$250,000 of administrative surcharge funds were allocated to provide grants to assist very small systems in violation of the Safe Drinking Water Act ~~excluding the Total Coliform Rule~~. These funds are 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 2017.

Staff recommended the board approved the proposed amendment to the 2017 Drinking Water SRF Intended Use Plan narrative.

Motion by Jones, seconded by Gnirk, to approve the amendment to the 2017 Drinking Water SRF Intended Use Plan, as presented. 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 Principal Forgiveness, Drinking Water SRF loans, Clean Water SRF Water Quality Grants, Clean Water SRF Principal Forgiveness, and Clean Water SRF loans.

Mr. Perkovich noted that the FFY 2017 Capitalization Grants have not yet been received, so any awards made using Drinking Water or Clean Water SRF Principal Forgiveness will have to be contingent upon receipt of the Capitalization Grant.

SANITARY STORM SEWER FUNDING APPLICATION: Mr. Perkovich presented the Sanitary/Storm Sewer Facilities funding application and the staff recommendation for funding. A map showing the location of the project was included in the board packet.

Powder House Pass Community Improvement District encompasses a housing development south of Lead. In March 2012, the district received a \$2,575,218 Clean Water SRF loan to install a sanitary sewer collection system in the district and a sanitary sewer interceptor to convey its wastewater from the district to the Lead-Deadwood Sanitary District for treatment. The Lead-Deadwood Sanitary District refused to accept wastewater from Powder House Pass. As a result, Powder House Pass decided to construct its own wastewater treatment facility, which set the project back.

In December 2015, after a treatment process had been selected, Powder House Pass was notified that the North American supplier of the treatment process equipment was no longer working with the German-based equipment manufacturer. This caused further delay as alternative treatment processes were evaluated and selected.

The majority of the collection system that was planned to be completed using the original SRF loan has been installed, and what remains should be completed yet this year. Construction of the wastewater treatment facility will begin next spring.

The project cost has increased from \$2,575,000 to \$4,635,000.

Powder House Pass Community Improvement District has requested \$2,060,000 for this project.

Because the district contains very few homes at this time, wastewater revenue is not a viable repayment source, nor is sales tax. The district has proposed a special assessment toward repayment of the loan.

Staff recommended award a \$2,060,000 Clean Water SRF loan at 2.5 percent interest for 30 years.

Powder House Pass has pledged a Special Assessment Bond toward repayment of the loan. Staff analysis indicates that an annual levy (special assessment) of \$108,270 will be required to provide the 110 percent coverage for both loans. This is based on approximately \$481 per platted lot and \$88,500 for the undeveloped area of the district.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Staff also recommended the placing the following special condition on the loan: The Borrower is to provide documentation annually to the Conservancy District regarding the amount being levied for both State Revolving Fund loans prior to filing with the Lawrence County Auditor.

Joel Dykstra, Powder House Pass Community Improvement District, Mr. Perkovich and Mr. Feeny answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution #2017-90** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,060,000 at 2.5 percent interest for 30 years to the **Powder House Pass Community Improvement District** for a wastewater treatment 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 with the special condition that the borrower is to provide documentation annually to the Conservancy District regarding the amount being levied for both State Revolving Fund loans prior to filing with the Lawrence County Auditor. A roll call vote was taken, and the motion carried unanimously.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION: Drew Huisken reported that \$2,234,617 was available for this funding round.

Mr. Huisken presented the Solid Waste Management Program funding application and the staff recommendation for funding. A map showing the location of the project was included in the board packet.

Balcon Enterprises, Inc. is a private for-profit entity. In accordance with SDCL 46A-1-98, any documentary material or data made or received by the board or DENR for the purpose of furnishing financial assistance to a business to the extent that the material or data consists of trade secrets or commercial or financial information regarding the operation of such business is not public record and is exempt from disclosure. Any discussion or consideration of such trade secrets or commercial or financial information by the board may be done in executive session.

Balcon Enterprises is a package supply business with two co-owners and its company headquarters in Elk Point, SD. The business sells new and used Gaylord boxes, bulk bags, and many other products. Boxes that are no longer usable are recycled. The business also assists the city of Elk Point with its cardboard recycling efforts. The business has outgrown its existing recycling building, and is requesting Solid Waste Management Program funding to construct a new recycling center and purchase a new baler and forklift.

The estimated total project amount is \$954,213, and the amount requested is \$954,213.

Balcon Enterprises sales are primarily made up of two products, new and used Gaylord Boxes. Recycling of Gaylord Boxes at the Elk Point distribution center keeps each box alive for several generational uses. The distribution center/recycling facility is undersized, and excess cardboard is being shipped off-site. In order to continue growth and develop an even more productive recycling program, the company needs to expand.

Balcon Enterprises is proposing to construct a larger facility, approximately 20,000 square feet, which will allow the company to store and distribute additional boxes, which will increase the facility's recycling capacity and efficiency. The company also proposes to purchase a high-volume baler and forklift skid loader to assist the recycling efforts. The proposed expansion is expected to create a need for five additional employees in the next two years.

Staff recommended awarding a Solid Waste Management Program loan in the amount of \$954,000 at 2.25 percent interest for 20 years.

Staff analysis indicates that by providing a \$954,000 Solid Waste Management loan, when compared to conventional financing methods at current market rates, Balcon Enterprises receives approximately \$190,000, or 20 percent of total project costs, in subsidy through this loan.

The company has pledged business revenues for repayment of the loan. Staff analysis indicates that business revenues will be sufficient to provide the required debt coverage of 100 percent.

Staff recommended the loan being contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon the borrower approving a personal guaranty agreement and providing a key man life insurance policy for each co-owner not less than the face value of the promissory note naming the borrower as the beneficiary with the proceeds payable to the Board of Water and Natural Resources to the extent of the outstanding balance of the loan.

Kevin Connelly, Balcon Enterprises, and Dennis Nelson, Elk Point city administrator, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution #2017-91** approving the South Dakota Solid Waste Management Program loan to **Balcon Enterprises, Inc.**, in an amount not to exceed \$945,000 at 2.25 percent interest for 20 years to construct a new recycling center and purchase a new baler and forklift. The loan is contingent upon the borrower adopting a

resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon the borrower approving a personal guaranty agreement and providing a key man life insurance policy for each co-owner not less than the face value of the promissory note naming the borrower as the beneficiary with the proceeds payable to the Board of Water and Natural Resources to the extent of the outstanding balance of the loan. A roll call vote was taken, and the motion carried unanimously.

RESCISSION OF HARRISBURG CLEAN WATER SRF LOAN C461065-06: Mr. Perkovich reported that in September 2013, the Board of Water and Natural Resources awarded a \$600,000 Consolidated grant and a \$2,577,000 Clean Water SRF loan to the city of Harrisburg to be used toward payment of a system development charge. The Consolidated grant terminated on September 27, 2017.

Harrisburg is one of four communities that send raw or partially treated wastewater to the Sioux Falls Water Reclamation Facility. In 2012, Sioux Falls completed a Comprehensive Wastewater Regionalization Study. The purpose of the study was to develop an equitable financial rate structure for the four regional users. Harrisburg was assessed a system development charge of \$3,677,000.

To date, Harrisburg has not paid the system development charge. The city has explored options for constructing a wastewater treatment facility, but no long-term solution has been selected.

Mr. Perkovich noted that the Clean Water SRF loan was never closed.

Staff recommended the board rescind Resolution #2013-90, which approved Clean Water SRF loan C461065-06 to the city of Harrisburg.

Mr. Perkovich stated that a letter was sent to the city of Harrisburg notifying the city that this action would be brought before the Board of Water and Natural Resources at its September 29, 2017, meeting.

Motion by Lanning, seconded by Jones, to rescind Resolution #2013-90 approving Clean Water SRF loan C461065-06 to the city of Harrisburg. A roll call vote was taken, and the motion carried unanimously.

AMENDMENT TO COLTON CONSOLIDATED GRANT 2018G-106, DWSRF LOAN C462135-04, AND CWSRF LOAN C461135-03: Mr. Bruels presented the Colton sanitary sewer and water amendment requests and the staff recommendations.

This project involves replacement of water and sewer main on Main, First and Sherman Streets with 7,000 feet of 8-inch PVC water main and 5,500 feet of 8-inch PVC sewer main to be installed. The new water main will complete a loop on the north side of town. The current water main is past its useful life, and the city is experiencing issues with water loss.

The new sewer main will help to alleviate issues the city has with infiltration and inflow into the collection system.

The city of Colton anticipates bidding the project in January 2018 with project completion in the fall of 2018.

In March 2017, the board awarded Colton an \$815,000 Consolidated grant and a \$500,000 Drinking Water SRF loan for the water main work, and a \$1,385,000 Clean Water SRF loan for the sewer work. On September 12, the department received a letter from Colton requesting additional funding assistance from the Board of Water and Natural Resources in the amount of \$2,232,938, with \$843,372 for drinking water and \$1,389,566 for clean water.

During initial design preparations the city engineer discovered that the soils underlying the streets were in very poor condition and far too wet to be dried and used for backfill and road base. This will require the poor quality soils to be excavated and removed and new soils suitable for construction to be hauled in. The additional excavation and hauling costs have significantly increased the project costs.

Additionally with the city's planned bidding date and timeline, the potential impacts to PVC pipe prices from hurricane Harvey, and slowed production of PVC products may increase the project costs. To account for this the engineer has increased the contingency amount in their estimate to ensure adequate funds will be available. Total project costs are now estimated at \$4,932,938.

Sanitary and Storm Sewer Funding

The total estimated project amount for the sewer main is \$2,774,566, and the additional amount requested is \$1,389,566.

Colton's current rates are \$45.50 per 5,000 gallons usage.

Staff recommended the board rescind Resolution #2017-35, which awarded the original Clean Water-03 loan, and award a \$1,974,000 Clean Water SRF loan at 2.5 percent interest for 30 years and a Consolidated grant at 28.9 percent of total project costs not to exceed \$800,000.

Colton has pledged a project surcharge for repayment of the loan. Staff analysis indicates a \$27.85 surcharge is required to provide coverage on the loan. Colton has recently raised its wastewater rates \$20 to provide the surcharge required from the loan awarded in March. The additional \$589,000 in loan funds would require an additional \$8.40 surcharge and take total rates to \$53.90.

Mr. Bruels noted that in March 2017, staff analysis indicated that Colton could cover existing debt obligations and operating expenses for approximately \$20 per user. With the \$20 for operation of the system and existing debt and a \$27.85 surcharge for the new loan, staff believes Colton could restructure rates and have a total rate of approximately \$48. Colton has identified other areas within the community where wastewater lines need to be replaced and rates will need to be raised above \$50 when that additional work is funded.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a

level sufficient to provide the required debt coverage, and contingent on the borrower submitting the annual documentation required for loans currently in repayment to the Conservancy District.

Staff also recommended the following special condition for the grant: Grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds.

Drinking Water Funding

The total estimated project amount for the drinking water system improvements project is \$2,158,372; and the amount requested is \$843,372.

Colton's rates are \$49.95 per 5,000 gallons usage.

Staff recommended the board rescind Resolution #2017-47, which approved the original Drinking Water-04 loan, and award a \$1,343,000 Drinking Water SRF loan with 41.6 percent principal forgiveness not to exceed \$558,000 at 2.5 percent interest for 30 years. Staff recommended that the existing \$815,000 Consolidated grant remain, but the grant percentage be amended from 62.0 percent to 37.8 percent of total drinking water project costs.

Colton has pledged a project surcharge for repayment of the loan. An \$11 surcharge is required to provide coverage on the loan. Colton has recently raised its water rates \$5 to provide part of the surcharge required from the loan awarded in March. Staff analysis indicates the additional \$285,000 in loan funds would require an additional \$4 surcharge and take total rates to \$53.95.

Staff analysis indicates Colton could restructure its rates and cover existing debt obligations, operating expenses, and the surcharge without a rate increase and remain at \$49.95. The total subsidy for the drinking water project is 63.7 percent or \$1,373,000. Colton has identified other areas within the community where water lines need to be replaced, and rates will be above \$50 when that additional work is funded.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, contingent on the borrower submitting the annual documentation required for loans currently in repayment to the Conservancy District, and contingent upon receipt of the 2017 Drinking Water State Revolving Fund capitalization grant from EPA.

Staff also recommended the following special condition for the grant: Grant funds for reimbursement of project costs must be drawn concurrently with the Drinking Water SRF loan funds.

Mr. Bruels stated that total funding for both water and sewer projects in Colton is now \$4,932,000, and of that amount approximately 44 percent or \$2,173,000 is being provided as grant or loan subsidy. The total combined rates for a Colton residential user using 5,000 gallons of water and wastewater per month will be approximately \$98.

Gregg Jorgenson, Banner Associates, and Heather Madison, city finance officer, discussed the project. Mr. Jorgenson, Mr. Bruels, and Mr. Feeney answered questions from the board.

Motion by Bernhard, seconded by Lanning, to rescind Resolution #2017-35 and adopt **Resolution #2017-92** approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,974,000 at 2.5 percent interest for 30 years to the **city of Colton** for a sewer main replacement project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent on the borrower submitting the annual documentation required for loans currently in repayment to the Conservancy District; and to adopt **Resolution #2017-93** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the **city of Colton** for up to 28.9 percent of eligible costs not to exceed \$800,000 for a sewer main replacement project with the special condition that grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. A roll call vote was taken, and the motion carried unanimously.

Motion by Jones, seconded by Lanning, to rescind Resolution #2017-47 and adopt **Resolution #2017-94** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,343,000 at 2.5 percent interest for 30 years with up to 41.6 percent principal forgiveness not to exceed \$558,000 to the **city of Colton** for a water system improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, contingent on the borrower submitting the annual documentation required for loans currently in repayment to the Conservancy District, and contingent upon receipt of the 2017 Drinking Water State Revolving Fund capitalization grant from EPA; and to adopt **Resolution #2017-95** approving the first amendment to Grant Agreement 2018G-106 to the **city of Colton** for up to 37.8 percent of all approved total project costs not to exceed \$815,000 for a water system improvements project with the special condition that grant funds for reimbursement of project costs must be drawn concurrently with the Drinking Water SRF loan funds.. A roll call vote was taken, and the motion carried unanimously.

STATE WATER RESOURCE MANAGEMENT SYSTEM GRANT REPORT ON
EXAMINATION OF ISOTOPES IN SELECTED WATERS IN EASTERN SOUTH DAKOTA:

During its June 25, 2015, meeting, the Board of Water and Natural Resources awarded a \$47,000 grant to DENR's Geological Survey Program for the study of isotopes in selected eastern South Dakota aquifers. The funding came from a \$250,000 appropriation for hydrology and water management studies in the 2015 Omnibus Bill.

Board of Water and Natural Resources
September 28-29, 2017 meeting minutes

The Geological Survey proposed to use carbon-14 ages, tritium content, and stable isotope ratios of oxygen-18 and deuterium to (1) examine the degree of mixing of connate glacial meltwater with more recently derived meteoric water in selected bodies of aquifer media and (2) to draw inferences related to ground-water recharge. The grant funding was requested for laboratory analyses of water samples.

The work outlined in the Geological Survey's proposal has been completed, the grant funds have been expended, and a report has been prepared.

Derric Iles, DENR, Geological Survey, discussed the study and the conclusions presented in the report.

Mr. Isles answered questions from the board and audience.

AQUIFER DELINEATION UPDATES BY EAST DAKOTA WATER DEVELOPMENT DISTRICT: Jay Gilbertson, East Dakota Water Development District, asked this item be deferred until the November 9, 2017, Board of Water and Natural Resources meeting.

NOVEMBER 9, 2017 MEETING: The next board meeting is November 9, 2017, via the Digital Dakota Network. Mr. Perkovich discussed possible agenda items for this meeting.

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

Approved this 9th day of November, 2017.

(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 29, 2017

VERMILLION
UNIVERSITY OF SOUTH DAKOTA

NAME (PLEASE PRINT)	ADDRESS	REPRESENTING
Jon Peckong	Pierre	DENR
Drew Huisker	Pierre	DENR
Tim Cowman	Vermillion	DENR
Gregg Torgenson	Brookings	Banner Assoc.
Heather Madison	Colton	City of Colton
Jim Feeney	Pierre	DENR
Abbey Larson	Pierre	DENR
Allen Prince	Pierre	DENR
Andy Bruels	Pierre	DENR
Nick Krohe	Vermillion	DENR
Derric Iles	Vermillion	DENR
Jay Gilbertson	Brookings	East Dakota WDD
Kevin Connelly	ELK Point	Balcon Enterprises Inc
Dennis Nelson	ELK Point	CITY OF ELK POINT
Mike Berkovich	Pierre	DENR
PAUL GNIRK	New Underwood	BWNR
David Johnson	Watertown	BWNR

ATTENDANCE SHEET

BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

SEPTEMBER 29, 2017

VERMILLION
UNIVERSITY OF SOUTH DAKOTA

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

TODD BERNHARD

FOLT PICARE

BUNK

DRAFT

ATTENDANCE SHEET

BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

SEPTEMBER 29, 2017

ABERDEEN
NORTHERN STATE UNIVERSITY

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

Jennifer Sietsema

416 Production St NW

NECOG

DRAFT

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING
CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

SEPTEMBER 29, 2017

BROOKINGS
SDSU

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

JACKIE LANNING

PO Box 270 Brookings

BWNR

DRAFT

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

SEPTEMBER 29, 2017

PIERRE
CAPITOL BUILDING

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

David Ruhake

Pierre

DENR

Lukas Letoholt

PIERRE

DENR

DRAFT

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

SEPTEMBER 29, 2017

RAPID CITY, SD
EMERGENCY OPERATIONS CENTER

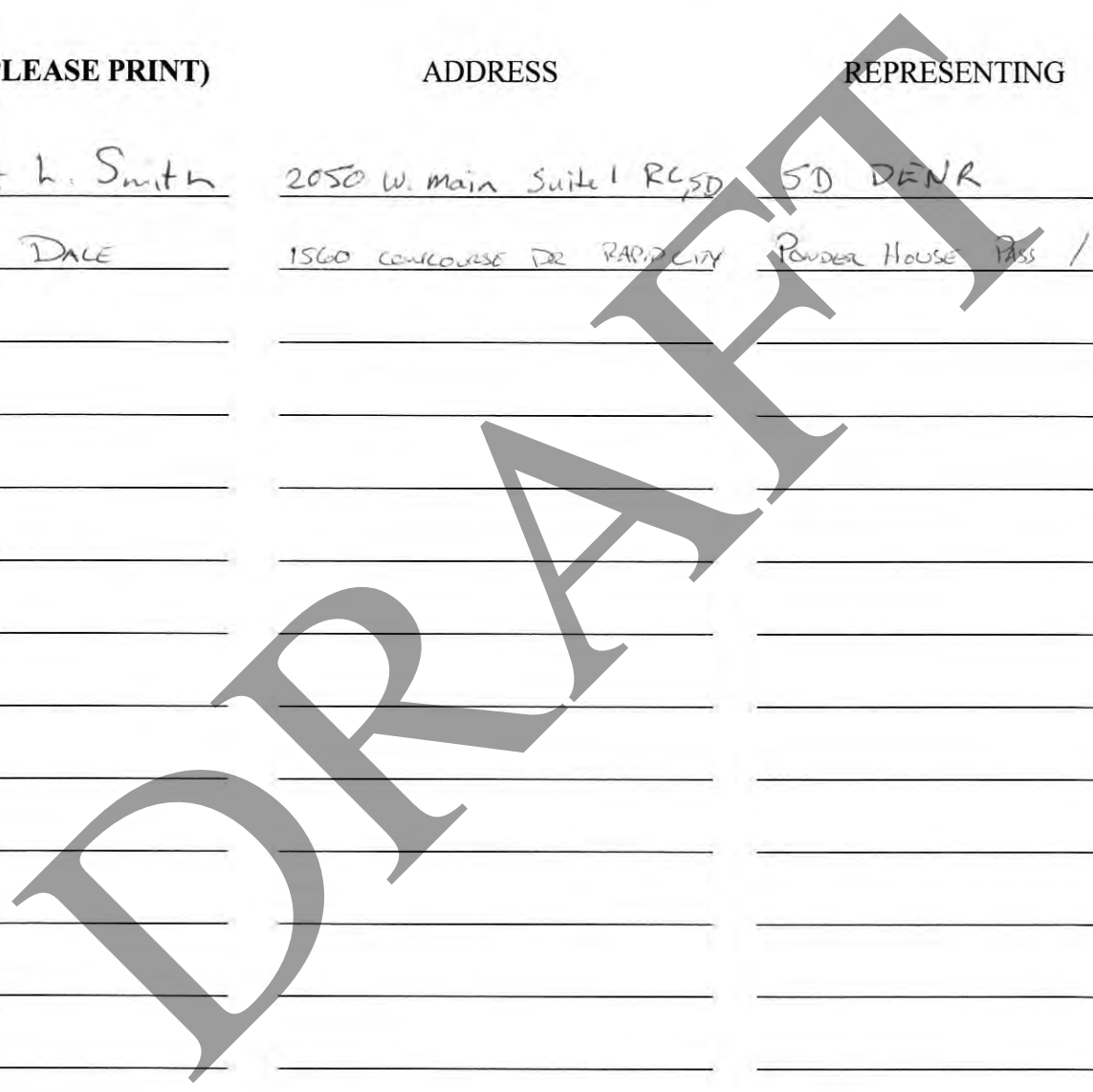
NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

Robert L. Smith 2050 W. Main Suite 1 RC, SD SD DENR

DUSTIN DALE 1560 CONOURSE DR RAPID CITY Powder House Pass / AEZS



ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING
CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

SEPTEMBER 29, 2017

SIOUX FALLS
UNIVERSITY CENTER

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

Joel Dykstra

PO Box 2524, SF 57101

Powder House Press (ID)

Gene Jones Jr

SF, SD

BWNR

DRAFT

TITLE: 2018 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 on the next year's State Water Facilities Plan. The projects placed on the plan at this meeting will remain on the facilities plan through December 2019.

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 2018 State Water Plan.

- | | |
|------------------------------------|-----------------------------|
| a) Aurora-Brule Rural Water System | o) Lake Preston |
| b) Blunt | p) McIntosh |
| c) Bridgewater | q) Oelrichs |
| d) Clark Rural Water System | r) Philip |
| e) Crooks | s) Piedmont (Water) |
| f) Elk Point | t) Piedmont (Wastewater) |
| g) Fort Pierre | u) Presho |
| h) Frederick | v) Pukwana |
| i) Hot Springs (Water) | w) Ree Heights |
| j) Hot Springs (Wastewater) | x) Sioux Rural Water System |
| k) Humboldt | y) Tea (First Street) |
| l) Huron | z) Tea (Brian Street) |
| m) Lake Norden | aa) Wessington Springs |
| n) Lake Poinsett Sanitary District | |

RECOMMENDED ACTION: Approve staff recommendations for amendment of projects on 2018 State Water Facilities Plan

CONTACT: Andy Bruels, 773-4216

State Water Plan Application

Applicant: Aurora-Brule Rural Water System Address: P.O. Box 140 Kimball, SD 57355 Phone Number: 605-778-6110	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;">\$4,500,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$4,500,000</td> </tr> </table>	Projected State Funding	\$4,500,000	Local Cash	0	Other: _____	0	Other: _____	0	TOTAL	\$4,500,000
Projected State Funding	\$4,500,000										
Local Cash	0										
Other: _____	0										
Other: _____	0										
TOTAL	\$4,500,000										

Project Title: System Capacity Improvements - 2018

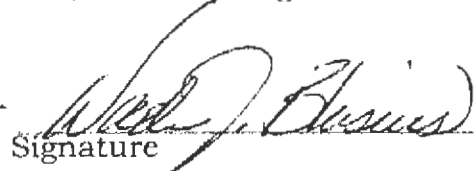
Description: (Include present monthly utility rate.)

The proposed project will improve system capacity, increase pressures, and add redundancy to the Aurora-Brule RWS that was significantly stressed in 2017. The exceptionally dry spring and summer of 2017 significantly increased water demands in the system, revealing several problem areas. Some areas experienced pressures less than 20 psi, and several water storage reservoirs were not able to be refilled for periods of up to a week. Numerous pump stations within the system also ran continuously trying to fill reservoirs during the periods of peak demands. This has raised concerns with Aurora-Brule RWS staff as to whether the system's existing customers can be adequately served.

The existing residential customer's monthly water bill for 7,000 gallons per month is approximately \$58.00 (\$30 base charge and \$4.00/ 1000 gallons). For more information on the proposed improvements, see the additional comments section and the included Technical Memorandum. The Technical Memorandum was prepared to address the issues noted by Aurora-Brule RWS.

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.

<i>Mike Blasius, Manager</i> Name & Title of Authorized Signatory (Typed)	 Signature	9/28/17 Date
---	---	-----------------

Additional Comments:

there are three dead-ends in the distribution system, it is not considered practical by the consulting engineer to loop the system, but rather to install a fire hydrant for flushing purposes to ensure water quality. The project also involves the replacement of mainline valves and curb stops that are not working properly, plus necessary appurtenances. The city is currently working on locating the valves and curb stops in order to complete the water leak detection survey. Currently, the monthly water rate is \$30/5000 gallons, plus \$1.65 for each additional 1,000 gallons. If the entire project is undertaken at once and no grant funds are received, the water rate will increase by \$28.85/month/user going to \$58.85/5000 gallons for each user. This rate is based on two different loans--a \$530,000 loan at 2% for 10 years and a \$115,000 loan at 2.5% for 30 years. There are approximately 185 users. The city wishes to have the water project remain on the State Water Plan as the city has raised their water rates and began the water leak detection survey, plus corrected problems where customer's water hydrants were connected on the wrong side of the meters. It should be noted that the city is also in the process of undertaking a major rehabilitation of the city's wastewater treatment system in order to remain in compliance with their NPDES permit. The wastewater system improvements are estimated to be \$1,210,000.

Note: The engineering report/facility plan is on file with SDDENR.

State Water Plan Application

Applicant: City of Bridgewater Address: PO Box 37 Bridgewater, South Dakota 57319 Phone Number: 605-729-2690	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Projected State Funding</td> <td style="width: 30%; text-align: right;">\$2,583,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$2,583,000</td> </tr> </table>	Projected State Funding	\$2,583,000	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$2,583,000
Projected State Funding	\$2,583,000										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$2,583,000										

Project Title: Phase One Storm Sewer Collection and Water Meters

Description: (Include present monthly utility rate.)

The City of Bridgewater is proposing a complete reconstruction of their existing storm sewer collection system within Basin A. The pipes and inlets will be replaced with adequately sized infrastructure along with full street reconstruction. The roadside ditches would be eliminated and curb and gutter will be installed. Currently, undersized inlets and pipes result in areas where the water ponds and backs into residential properties. A regional detention facility will be constructed at the southwest corner of Basin A. The improvements will allow the City to phase future projects upstream of the trunk line.

The City of Bridgewater also plans on replacing its water meters. The current meters are self-read and result in inefficiencies. The new meters would be read via a Drive-By Radio Read System. Approximately 233 meters will be replaced.

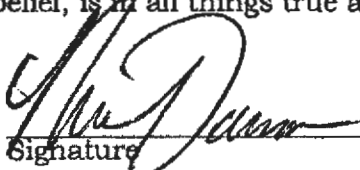
The current water rate is \$40 for 670 cubic feet of water used.

The Applicant Certifies That:

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

Michael Damm, Mayor

 Name & Title of Authorized Signatory
 (Typed)



 Signature

9/28/17

 Date

State Water Plan Application

Applicant: Clark Rural Water System Address: 1001 1st Ave W. Clark, SD 57225 Phone Number: (605) 532-5201	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;">\$3,000,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">0</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$3,000,000</td> </tr> </table>	Projected State Funding	\$3,000,000	Local Cash	0	Other: _____	0	Other: _____	0	TOTAL	\$3,000,000
Projected State Funding	\$3,000,000										
Local Cash	0										
Other: _____	0										
Other: _____	0										
TOTAL	\$3,000,000										

Project Title: Connection to Willow Lake, SD and Bradley, SD Improvements - 2018

Description: (Include present monthly utility rate.)

The proposed project would improve water quality and system pressures to approximately 4,300 people in Clark and Codington County. The proposed project will be a combined effort for Clark Rural Water, City of Bradley, SD and the City of Willow Lake, SD. In 2016, Clark RWS completed a study that indicated that the entire system was near or at system capacity. During peak demands, several locations within the water distribution system would experience pressures less than 20 psi and water storage reservoirs would go empty. This has created operational concerns and the inability to provide adequate service to their approximately 4,000 existing customers. The proposed system improvements would include some of the system improvements that were identified in the 2016 report which would greatly increase system capacity and provide the ability to connect Willow Lake, SD as bulk customer. The existing residential customer's monthly water bill for 5,000 gallons per month is approximately \$57.50 (\$35 base charge and \$4.50/ 1000 gallons). See the additional information sheet and the included City of Bradley, SD and the 2016 Clark RWS Report for more information the system improvements.

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.

Name & Title of Authorized Signatory (Typed)	 Signature	9-26-17 Date
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CLARK RURAL WATER SYSTEM

Additional Comments:

CRWS has been approached by the City of Willow Lake, SD about purchasing bulk water from CRWS to replace their existing water supply. The City of Willow Lake currently utilizes two (2) shallow wells to provide water for the residents of Willow Lake. Chlorine and a polyphosphate are added to the water for disinfection and sequestering iron and manganese. Treated water is extremely hard (in excess of 35 grains hardness) and causes premature failures of metering equipment, water heaters, well pumps and associated equipment.

A Facility Plan for Willow Lake, SD is currently being completed by Banner Associates to evaluate different water treatment alternatives that would significantly increase water quality. In addition to water quality concerns, the water distribution system is losing a significant amount of unsold water. Since June of 2015, the water system loses on average 210% of the water that is being sold to its customers. Banner believes that it is a combination of a leak at the swimming pool, inaccurate raw water meter, inaccurate individual residential meters, and a leak in the well pump check valves.

CRWS currently has an existing 5-inch diameter pipe located approximately 2 miles to the north of the City's existing well field. Unfortunately, the existing 5-inch pipe is at or exceeding its capacity during spring and summer months. The proposed improvements include the construction of approximately two (2) miles of 6-inch pipe that would extend the existing system to the existing Willow Lake well field and included upsizing approximately twelve (12) miles of pipeline (as identified in the 2016 Report). Upsizing this pipeline would allow the system to serve Willow Lake, SD and increase system capacity to a level that would provide sufficient service to the existing customers in this area.

The second part of the project includes replacing the existing water distributions system in the City of Bradley, SD system. The City of Bradley is currently being served by the Clark RWS. The Bradley water system is comprised of aged cast-iron water pipe which has reached the end of its useful life. Helms and Associates of Aberdeen, SD recently completed a water study that recommended the complete replacement of the water distribution system. In conversations with the SDDENR, Clark RWS and Bradley, one option that was evaluated was Clark RWS providing individual water services to each individual customer located within City limits. In effort to better serve the City of Bradley, several improvements within the Clark RWS are needed to provide Bradley and the existing Clark RWS customers located in the north portion of their system with good system pressures and adequate capacity during peak day demands.

State Water Plan Application

Applicant: City of Crooks Address: PO Box 785 Crooks, South Dakota 57020 Phone Number: 605-543-5238	Proposed Funding Package Projected State Funding <u> \$3,264,300 </u> Local Cash <u> </u> Other: <u> </u> Other: <u> </u> <div style="text-align: right;">TOTAL <u> \$3,264,300 </u></div>
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Project Title: Palmira Collection and Distribution Project

Description: (Include present monthly utility rate.)

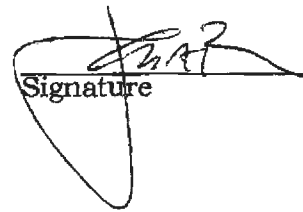
The Palmira Collection and Distribution Project addresses deficiencies in the Palmira neighborhood in Crooks. This area is located north of the railroad tracks and east of West Avenue. Televised reports indicate significant cracked sanitary sewer pipes, protruding services, egg-shaped joints and sag. Replacing these lines would address these deficiencies and reduce the amount of I&I in the system. The water distribution system in this same neighborhood is over 40-years old. Replacement of these lines, in conjunction with sanitary sewer line replacement, will reduce head loss, reduce water loss and increase the flow capacity.

Current water rates for 5,000 gallons of usage are \$34.00 per month. Current sewer rates for 5,000 gallons of usage are \$34.00 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.

Jamison Rounds, Mayor
 Name & Title of Authorized Signatory
 (Typed)


 Signature

9/29/17
 Date

State Water Plan Application

Applicant: City of Elk Point Address: PO Box 280 Elk Point, SD 57025 Phone Number: (605) 356-2141	<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;">\$788,000</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;">\$788,000</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$788,000	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$788,000
Proposed Funding Package													
Projected State Funding	\$788,000												
Local Cash	_____												
Other: _____	_____												
Other: _____	_____												
TOTAL	\$788,000												

Project Title: Douglas Street Utility Improvements

Description: (Include present monthly utility rate.)

South Douglas Street, in the City of Elk Point, is in need of repair. The roadbed needs to be completely restored along with the curb, and the sewer and water lines need to be replaced. The current lines are old, lead pipes. Replacement is necessary but also becomes a safety issue. The scope of the project is approximately four blocks in length that leads directly to the Elk-Point Jefferson School. This project will replace 1,340 linear feet of 6-inch PVC watermain, 340 linear feet of 8-inch PVC sewer pipe and 120 linear feet of 6-inch PVC sewer line. The estimated cost for the water main extension portion of this project is \$545,000. The estimated cost for the sanitary sewer portion of the project is \$243,000, for a total project cost of \$788,000.

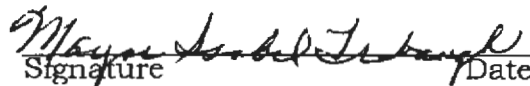
The City of Elk Point does not have established utility reserve funds. The drinking water rate is \$32.39 per 5,000 gallons, and the waste water rate is \$27.48 per 5,000 gallons

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.

Isabel Trobaugh

 Name & Title of Authorized Signatory
 (Typed)



 Signature

9-26-17

 Date

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SEP 29 2017

SD EForm - 0487LD V3

Division of Financial & Technical Assistance

State Water Plan Application

Applicant: City of Fort Pierre	Proposed Funding Package
Address: PO Box 700 08 East 2nd Ave. Fort Pierre, SD 57532	Projected State Funding <u>\$3,930,000</u>
Phone Number: (605) 223-7690	Local Cash <u> </u>
	Other: <u> </u>
	Other: <u> </u>
	TOTAL <u>\$3,930,000</u>

Project Title: Fort Pierre Wastewater System Improvements Project

Description: (Include present monthly utility rate.)

The City of Fort Pierre proposes to undertake wastewater system improvements including rehabilitation of the wastewater treatment system to remain in compliance with the city's NPDES permit. The city is amending the project as previously submitted from construction of an additional lagoon to installation of aeration and mixing equipment into the primary cells of the existing lagoon system, as well as addition of disinfection prior to discharge, and necessary appurtenances. Additional improvements include modifying the discharge point from the Bad River to the Missouri River. These improvements will reduce organic sludge buildup in the system, reduce ammonia levels, allow for a continuous discharge during warmer months, and keep adequate capacity to retain flows over the winter. In addition, city personnel will continue to search out and repair inflow and infiltration in the system to reduce the per capita flow.

Continued in Additional 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.

Gloria Hanson, Mayor

 Name & Title of Authorized Signatory
 (Typed)

Gloria Hanson 9-29-2017

 Signature Date

Additional Comments:

Current wastewater rates for the city are \$22.75 base fee/user/month plus an \$0.85 surcharge, with an additional \$1.75 per 1,000 gallons water use, which equates to \$32.35/user/month for 5,000 gallons. The city will further need to review rates. The city has a reserve fund.

The updated engineering facility plan will be coming from Banner Associates, Inc.

State Water Plan Application

Applicant: City of Frederick Address: PO Box 546 Frederick, SD 57441 Phone Number: 605-329-2242	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;">\$2,988,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other:</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>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;">\$2,988,000</td> </tr> </table>	Projected State Funding	\$2,988,000	Local Cash		Other:		Other:		TOTAL	\$2,988,000
Projected State Funding	\$2,988,000										
Local Cash											
Other:											
Other:											
TOTAL	\$2,988,000										

Project Title: Frederick Wastewater Improvements

Description: (Include present monthly utility rate.)

The Preliminary Engineering Study for Wastewater Treatment Facility Improvements completed in 2017 for the City of Frederick included televising all of the wastewater lines, replacing all existing pipe with Cast-in-place pipe or PVC pipe, installing new controls at the lift station and making rip-rap improvements at the lagoon.

The current wastewater utility rates are \$22.00 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.

Scott Campbell, Town President
 Name & Title of Authorized Signatory
 (Typed)


 Signature

9-27-17
 Date

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SD EForm - 0487LD V3

SEP 29 2017

Division of Financial & Technical Assistance

State Water Plan Application

Applicant: City of Hot Springs	Proposed Funding Package	
Address: 303 North River Street Hot Springs, SD 57747	Projected State Funding	\$3,850,000
Phone Number: (605) 745-3135	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 planning to construct a new Madison well, well house, and a 1.15 million gallon storage tank to better 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 water rate is \$17.43 for the first 1,000 gallons of water usage and \$2.69 for each additional 1,000 gallons.

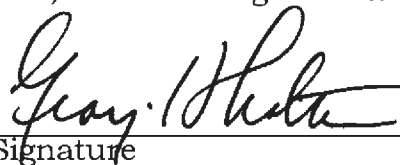
The City of Hot Springs has set aside a reserve fund for water supply and storage system maintenance.

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.

George Kotti, Mayor

Name & Title of Authorized Signatory
(Typed)


Signature

9-26-17

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.

George Kotti, Mayor _____ Name & Title of Authorized Signatory (Typed)	 _____ Signature	9-26-17 _____ Date
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State Water Plan Application

Applicant: Town of Humboldt Address: PO Box 72 Humboldt, South Dakota 57035-0072 Phone Number: 605-363-3789	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;">\$3,959,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other:</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>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;">\$3,959,000</td> </tr> </table>	Projected State Funding	\$3,959,000	Local Cash		Other:		Other:		TOTAL	\$3,959,000
Projected State Funding	\$3,959,000										
Local Cash											
Other:											
Other:											
TOTAL	\$3,959,000										

Project Title: Wastewater Phase 2 and Water Meter Replacement

Description: (Include present monthly utility rate.)

The Town of Humboldt is proposing to complete the second phase of a multi-phase sewer improvement project. The project will replace approximately 1,200 LF of vitrified clay pipe (VCP) with ten-inch polyvinyl chloride (PVC), approximately 5,200 LF of VCP with eight-inch PVC, and 3,000 LF of sanitary sewer service piping. Additionally, the Town of Humboldt is proposing to replace approximately 252 water meters. This proposal includes necessary software and equipment.

The current water rate for 5,000 gallons of use us \$39.00. Current sewer rate is \$33.00 for 5,000 of water used. There are reserve fund for both water and sewer.

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.

Allen Schmeichel, President <hr style="border: 0; border-top: 1px solid black;"/> Name & Title of Authorized Signatory (Typed)	Signature	 <hr style="border: 0; border-top: 1px solid black;"/> Date
		9-25-17

State Water Plan Application

Applicant: City of Huron Address: PO Box 1369 Huron, SD 57350 Phone Number: 605-353-8502	<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;">\$5,706,000</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;">\$5,706,000</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$5,706,000	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$5,706,000
Proposed Funding Package													
Projected State Funding	\$5,706,000												
Local Cash	_____												
Other:	_____												
Other:	_____												
TOTAL	\$5,706,000												

Project Title:

Description: (Include present monthly utility rate.)

The Preliminary Engineering Study for Wastewater Treatment Facility Improvements completed in 2016 for the City of Huron recommended a series of phased projects to address the need for equipment replacement and increased capacity at the Huron Wastewater Treatment Facility. This includes the Phase I Improvements for aging equipment replacement at the Pretreatment Facility and Sequencing Batch Reactors (SBRs).

The funding request, assuming construction in 2019 and 3% annual inflation would be \$5,706,000.

The current wastewater utility rates are \$24.00 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.

Paul Aylward, Mayor <hr style="border: 0; border-top: 1px solid black;"/> Name & Title of Authorized Signatory (Typed)	 <hr style="border: 0; border-top: 1px solid black;"/> Signature	9-22-17 <hr style="border: 0; border-top: 1px solid black;"/> Date
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Division of Financial & Technical Assistance

State Water Plan Application

Applicant: City of Lake Preston	Proposed Funding Package	
Address: 111 3rd Street NE Lake Preston, SD 57249	Projected State Funding	\$4,200,000
Phone Number: (605) 847-4140	Local Cash	_____
	Other: _____	_____
	Other: _____	_____
	TOTAL	\$4,200,000

Project Title: Lake Preston Wastewater Collection System Improvements

Description: (Include present monthly utility rate.)

The City of Lake Preston proposes to make improvements to the wastewater collection system that includes approximately 19,839 linear feet of cast in place pipe relining of existing 6", 8", 10", and 12" diameter clay pipes as well as approximately 26 point repairs.

Current utility rates:
\$7.00/month - base fee
\$2.50/1,000 gallons of water used

5,000 gallons = \$19.50/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.

Andy Wienk, Mayor

Name & Title of Authorized Signatory
(Typed)

Andy Wienk

Signature

9-6-2017

Date

State Water Plan Application

Applicant: Town of Oelrichs, SD Address: PO Box 32 Oelrichs, SD 57763 Phone Number: 605-535-2214	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;">\$412,470</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other:</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>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;">\$412,470</td> </tr> </table>	Projected State Funding	\$412,470	Local Cash		Other:		Other:		TOTAL	\$412,470
Projected State Funding	\$412,470										
Local Cash											
Other:											
Other:											
TOTAL	\$412,470										

Project Title: Water Tower Rehabilitation, and Distribution and Meter Improvements

Description: (Include present monthly utility rate.)

The Town of Oelrichs is proposing a water improvement project consisting of the following primary components: (1) Water Tower Rehabilitation - including a tank mixer, proposed building replacement, sandblasting and recoating of the tower interior and exterior, water main and related appurtenances, and other improvements; (2) Replacement of four hydrants and three mainline valves; (3) The installation of meter setters in thirteen existing meter pits; and, (4) The installation of approximately fifteen backflow prevention valves. (Refer to engineering report for complete details and specifications).

The original facility plan is on file with the SD DENR. However, the project scope, costs and certain pages from the facility plan have been revised to reflect the currently-proposed project (refer to attached September 19, 2017 letter and attachments from SPN). The current monthly water rate is a base fee of \$50 plus \$5.00/1,000 gallons (for a resulting total of \$75.00 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.

Joe Messinio - Town Board President
 Name & Title of Authorized Signatory
 (Typed)

By William D'Connell 9/25/2017
Vice President Town Board

Signature Date

Additional Comments:

The existing valley gutters have begun to break up beyond repair. The city will need to replace all the existing curb and gutter in the southwest portion of Philip in order to ensure that the storm drainage is adequately conveyed to the existing collection systems or outfall ditches. The replacement concrete curb and gutter would be approximately 5,350 linear feet and 157 square yards of concrete valley gutter plus necessary appurtenances. The improvements would also include the installation of approximately 1,915 linear feet of underground RCP storm sewer pipe to better serve the area, plus necessary appurtenances. The total cost of the southwest utilities and street improvements are estimated to cost approximately \$2,400,000.

Current wastewater rates for the city are \$30/5,000 gallons/user/month inside city limits, and \$51/5,000 gallons/user/month outside of city limits. The city will further need to review rates. The city has a reserve fund.

The engineering facility plan is on files with SDDENR.

State Water Plan Application

Applicant: City of Piedmont Address: PO Box 101 Piedmont, SD 57769 Phone Number: (605) 716-5495	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;">\$4,500,000</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;">\$4,500,000</td> </tr> </table>	Projected State Funding	\$4,500,000	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$4,500,000
Projected State Funding	\$4,500,000										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$4,500,000										

Project Title: Central Wastewater System


Description: (Include present monthly utility rate.)

The proposed project will provide for a central wastewater system to serve the citizens of Piedmont and the surrounding area, including a new elementary school. The proposed system will provide collection, transmission and disposal of wastewater to address the failure of existing septic systems being used for on-site wastewater treatment in and around Piedmont, as well as shallow well contamination issues experienced in Piedmont and documented by the SDDENR and other studies over the past 20 years. The proposed system will include an activated sludge type of secondary treatment plant to provide environmentally sound treatment and disposal of wastewater from the City of Piedmont and the surrounding area.

Present month sewer rate: NA

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.

Phil Anderson, Pres., Board of Trustees Name & Title of Authorized Signatory (Typed)	 Signature	9/26/17 Date
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OCT 02 2017

Division of Financial & Technical Assistance

ORIGINAL

SD EForm - 0487LD V3

State Water Plan Application

~~APPLICANT~~

Applicant: City of Presho Address: PO Box 100 Presho, SD 57568-100 Phone Number: 605-895-2337	Proposed Funding Package Projected State Funding <u>\$1,198,000</u> Local Cash <u>\$370,535</u> Other: <u>**Potential DOT**</u> <u>\$400,000</u> Other: _____ TOTAL <u>\$1,968,535</u>
---	---

Project Title: Main Street Infrastructure Improvements

Description: (Include present monthly utility rate.)

The City of Presho has retained Schmucker, Paul, Nohr and Associates to prepare a preliminary report to identify the improvements that are needed on Main Street from Railroad Street to 4th Street. The proposed improvements are the result of a desire to improve access for vehicle and pedestrian use to Presho's central business area.

The proposed improvements contained in this report would replace wastewater utilities, restore the street surface, and provide improved drainage of Main Street. The proposed improvements would also provide for safer access to pedestrian sidewalks, rebuild sidewalks to the Main Street businesses and improve handicap accessibility.

The City charges \$29.00 (\$23.00 minimum + \$2.00/1,000 gallons after 2,000 gallons of consumption) to 300 household and commercial users for 5,000 gallons of drinking water. The City currently charges \$23.00 for 5,000 gallons of wastewater, but will be increasing that rate to \$30.00/5,000 gallons as of January 1, 2018.

The Applicant Certifies That:

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

Mike Sprenger, Mayor
Name & Title of Authorized Signatory
(Typed)

Mike Sprenger, Mayor September 29, 2017
Signature Date

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SEP 25 2017

Division of Financial & Technical Assistance

SD EForm - 0487LD V3

State Water Plan Application

Applicant: Town of Pukwana Address: PO Box 87 Pukwana, SD 57370 Phone Number: 605 894-4316	Proposed Funding Package	
	Projected State Funding	\$1,740,000
	Local Cash	\$2,555
	Other: _____	_____
	Other: _____	_____
	TOTAL	\$1,742,555

Project Title: Pukwana Sewer System Improvements

Description: (Include present monthly utility rate.)

Pukwana's sewer system is in need of major improvements. Approximately 68 percent of the sewer lines are old clay piping, which has been found to have numerous deficiencies, including sags, fractures, broken pipe, offset and separated joints, protruding services, roots, and other issues. Evaluation indicates that approximately 3,130 feet of eight-inch clay pipe needs to be completely replaced, while a further 3,710 feet of piping can be lined with cured in place pipe.

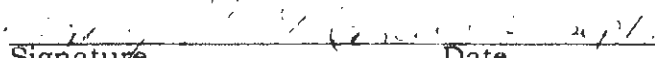
Also, the lift station pumping system is nearing the end of its useful life expectancy and should be either repaired or replaced. The wet well is in poor condition and should be replaced. An automatic stand-by generator is recommended for continuous back-up power.

The Town's current wastewater rate is a flat fee of \$25.00 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.

Larry McManus, Town Board Chairman
 Name & Title of Authorized Signatory
 (Typed)


 Signature

 Date

State Water Plan Application

Applicant: City of Ree Heights Address: PO Box 182 Ree Heights, SD 57371 Phone Number: 605-943-5559	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;">\$509,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other:</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>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;">\$509,000</td> </tr> </table>	Projected State Funding	\$509,000	Local Cash		Other:		Other:		TOTAL	\$509,000
Projected State Funding	\$509,000										
Local Cash											
Other:											
Other:											
TOTAL	\$509,000										

Project Title: ~~Frederick Waste~~ Water Improvements
Ree Heights

Description: (Include present monthly utility rate.)

The Preliminary Engineering Study for Water Facility Improvements completed in 2017 for the City of Ree Heights included replacing all waterlines and meters and abandoning the water tower with on-demand Mid Dakota water.

The current water utility rates are \$23.00 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.

Renaë Phinney, Town President

 Name & Title of Authorized Signatory
 (Typed)

Renaë Phinney

 Signature

9-28-17

 Date

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OCT 03 2017

Division of Finance
& Technical Assistance

State Water Plan Application

<p>Applicant: Sioux Rural Water System, Inc.</p> <p>Address: 45703 176th Street Watertown, SD 57201-7186</p> <p>Phone Number: (605) 882-1321</p>	<p>Proposed Funding Package</p> <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$10,921,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$400,000</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;">\$11,321,000</td> </tr> </table>	Projected State Funding	\$10,921,000	Local Cash	\$400,000	Other: _____	_____	Other: _____	_____	TOTAL	\$11,321,000
Projected State Funding	\$10,921,000										
Local Cash	\$400,000										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$11,321,000										

Project Title: 2018 Water System Improvements

Description: (Include present monthly utility rate.)

Sioux Rural Water System proposes water system improvements including well field improvements, water treatment plant improvements, installation of an automatic meter reading (AMR) system, and distribution system improvements. Well field improvements include rehabilitation of existing wells, raw water pipeline, and meter pits. Water treatment plant improvements include expansion of the existing Castlewood Water Treatment Plant from a current treatment capacity of 750 gpm (0.9 MGD) to a total treatment capacity of 2,420 gpm (2.9 MGD). Installation of an AMR system includes radio meter reading infrastructure and new meters for most users. Distribution improvements include additional pipeline and pumping facilities. Sioux Rural Water System also proposes to acquire the City of Hazel's water distribution system and take on city residents as individual rural water customers. The current monthly utility rate for farms and rural residences is a minimum of \$37 + \$3.89/1,000 gal used and \$3.00/1,000 gal used over 100,000 gal.

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.

Heath Thompson, General Manager
 Name & Title of Authorized Signatory
 (Typed)



Signature

9-28-17
Date

State Water Plan Application

<p>Applicant: City of Tea</p> <p>Address: PO Box 128 Tea, SD 57064</p> <p>Phone Number: (605) 498-5191</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;">\$1,653,000</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;">\$1,653,000</td> </tr> </table>	Projected State Funding	\$1,653,000	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$1,653,000
Projected State Funding	\$1,653,000										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$1,653,000										

Project Title: First Street Watermain and Sanitary Sewer Extension

Description: (Include present monthly utility rate.)

The First Street Watermain and Sanitary Sewer Extension Project will extend water and wastewater lines east along 1st Street from Ceylon Avenue to Sundowner Avenue. The water main extension will connect to the existing distribution system at 1st Street and Ceylon Avenue and will provide water service to eight existing homes and commercial properties southeast of 1st Street and Sundowner Avenue. Approximately 4,335 linear feet of 12-inch diameter watermain will be constructed as part of this project. Approximately 4,335 linear feet of 8-inch diameter and 12-inch diameter sewermain will be constructed as part of this project. The estimated cost for the water main extension portion of this project is \$863,000. The estimated cost for the sanitary sewer portion of the project is \$790,000, for a total project cost of \$1,653,000.

The City of Tea has established utility reserve funds. The drinking water rate is \$31.40 per 5,000 gallons per month, and the wastewater rate is \$20.00 per 5,000 gallons 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.

John Lawler, Mayor		9-28-17
Name & Title of Authorized Signatory (Typed)	Signature	Date

State Water Plan Application

Applicant: City of Tea Address: PO Box 128 Tea, SD 57064 Phone Number: (605) 498-5191	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;">\$3,042,000</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;">\$3,042,000</td> </tr> </table>	Projected State Funding	\$3,042,000	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$3,042,000
Projected State Funding	\$3,042,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
TOTAL	\$3,042,000										

Project Title: Brian Street Water Main and Sanitary Sewer Extension

Description: (Include present monthly utility rate.)

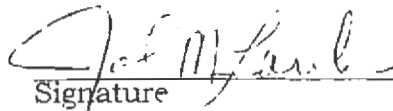
The Brian Street Water Main and Sanitary Sewer Extension Project will extend water and sanitary sewer lines east along Brian Street from Heritage Parkway to Sundowner Avenue, then north along Sundowner Avenue to north of 271st Street. The water main extension will connect to the existing distribution system east of the intersection of Heritage Parkway and Brian Street and will provide water service to the airport and industrial park area west of Sundowner Avenue along Mindy Street and Monty Street. The water main extension will also provide looping of the water distribution system at Christine Avenue, eliminating a dead end and improving the water quality to the existing homes along Christine Avenue. Approximately 8,100 linear feet of 12-inch water main and approximately 10,750 linear feet of 12-inch, 10-inch, and 8-inch sanitary sewer will be constructed as part of this project. The estimated cost for the water main extension is \$1,551,000 and for the sanitary sewer extension is \$1,491,000, for a total project cost of \$3,042,000. The City of Tea has established utility reserve funds. The drinking water rate is \$31.40 per 5,000 gallons per month, and the wastewater rate is \$20.00 per 5,000 gallons 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.

John Lawler, Mayor

 Name & Title of Authorized Signatory
 (Typed)


9-28-17
 Signature Date

State Water Plan Application ORIGINAL

Applicant: City of Wessington Springs	Proposed Funding Package
Address: PO Box 443 Wessington Springs, SD 57382	Projected State Funding <u>\$568,000</u>
Phone Number: (605) 539-1691	Local Cash _____
	Other: _____
	Other: _____
	TOTAL <u>\$568,000</u>

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 \$37.75 (\$14.75 minimum + \$4.65/1,000 gallons) to 540 household and commercial connections for 5,000 gallons of drinking water. The City has initiated regular increases in its water rates beginning on January 1st of each year.

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& Technical Assistance

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)


Signature October 01, 2015
Date

TITLE: Public Hearing to Adopt Federal Fiscal Year 2018 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 2018 Intended Use Plan.

CONTACT: Andy Bruels (773-4216)

SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND FISCAL YEAR 2018 INTENDED USE PLAN

INTRODUCTION

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for federal fiscal year 2018 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 2018 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 2018.

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 2018 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 2018 capitalization grant, the ability exists to transfer over \$47.4 million from the Clean Water SRF program to the Drinking Water SRF program. Nearly \$45.5 million could be transferred from the Drinking Water Program to the Clean Water SRF program. The table on page 10 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 2018.

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 2018 capitalization grant is expected to be \$6,474,000 which requires \$1,294,800 in state match. Bond proceeds will be used to match 2018 capitalization grant funds.

For purposes of meeting fiscal year 2018 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. No bond issue is anticipated in fiscal year 2018.

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 \$8,000,000 in principal repayments will become available for loans in fiscal year 2018.

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 \$7,000,000 in interest earnings will become available for loans in fiscal year 2018.

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.

The 2016 and 2017 appropriation act required an additional 10 percent of the capitalization grant be used for additional subsidy and is available for any eligible borrower. At this time South Dakota will only provide this 10 percent to borrowers who meet the state's affordability criteria.

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 summarizes the amounts of principal forgiveness provided with the 2010 – 2017 capitalization grants.

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	\$652,500	\$2,610,000
2017	\$647,400	\$2,589,600
2018 (est)	\$0	\$1,942,200
	\$4,530,991	\$18,006,899

Awarded as of September 30, 2017

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	\$559,386
Awarded from 2015 grant	\$2,045,100
Awarded from 2016 grant	\$2,555,871
Awarded from 2017 grant	\$0

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 2018 identifies \$3,544,000 in potential principal forgiveness.

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 – 2015 capitalization grants Green Project Reserve requirements.

The Green Project Reserve requirement was included in the 2010 - 2017 capitalization grants, and required that not less than 10 percent be made available for Green Project Reserve eligible projects. It is assumed that the 2018 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 2018 identifies seven projects with \$6,959,360 of Green Project Reserve eligible project components. This amount will exceed the 10 percent requirement of the 2016 - 2018 capitalization grants which has not yet been met.

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 2018 are summarized in Table 2. The rates were last adjusted in November 2016.

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.

Table 2 – Clean Water SRF Interest Rates

	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	0.00%			
Total	2.00%			
<u>Base Rate</u>				
Interest Rate	1.25%	1.50%	1.75%	
Admin. Surcharge	0.75%	0.75%	0.75%	
Total	2.00%	2.25%	2.50%	
<u>Nonpoint Source Incentive Rate</u>				
Interest Rate	0.50%	0.75%	0.75%	
Admin. Surcharge	0.50%	0.50%	0.75%	
Total	1.00%	1.25%	1.50%	

* Term cannot exceed useful life 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.

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 through 2014 had 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 2018

As of September 30, 2017, \$229,332 of unobligated administrative surcharge funds is available. It is anticipated that the administrative surcharge will generate an additional \$1,400,000 in the upcoming fiscal year.

In fiscal year 2018, \$1,000,000 of administrative surcharge funds will be allocated. It is proposed to allocate \$100,000 for planning grants and \$900,000 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 2018 allocation for these activities will be \$150,000.

In fiscal year 2018, \$25,000 of administrative surcharge funds will be allocated to assist SRF applicants to improve the financial or managerial capacity of the wastewater utility. DENR will issue a request for proposals and contract with a qualified entity to provide these services.

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.

Through fiscal year 2017, \$2,750,000 of Build America Bond funds were allocated to supplement the Consolidated program with grants for wastewater or stormwater projects.

No additional funds will be allocated for these activities in federal fiscal year 2018.

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 2018 capitalization grant is \$258,960, and 1/5 of a percent of the current fund valuation of \$230,652,256 results in \$461,304 available for administrative fees. As a result, an administrative allowance of \$461,304 will be reserved for administrative purposes in fiscal year 2018.

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, unless the project has complied with the architectural and engineering procurement procedures identified in 40 U.S.C. 1101 *et seq.*

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 2018 Clean Water SRF Intended Use Plan on November 9, 2017.

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	\$8,312,000	\$2,742,960	\$57,557,445				\$41,983,125	\$40,057,445
2017	\$8,241,000	\$2,719,530	\$60,276,975				\$44,702,655	\$42,776,975
2018 (est)	\$8,241,000	\$2,719,530	\$62,996,505				\$47,422,185	\$45,496,505

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 2018.

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
31	Fort Pierre	C461049-07	Construction of an additional 20-acre wastewater treatment pond to provide additional treatment in order to help meet maintain compliance with the surface water discharge permit, forcemain and gravity sewer to convey the wastewater, and depth indicators in existing ponds. The collection system will be cleaned and televised to prioritize future line replacement.	\$3,930,000	2.50%, 30 yrs	
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	2.50%, 30 yrs	
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	2.50%, 30 yrs	

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
22	Raymond	C461385-02	Upgrade the wastewater treatment ponds to total retention including installation of a synthetic liner and other upgrades to improve pond operation.	\$565,000	2.50%, 30 yrs	Yes (Pending rate increase)
21	Piedmont	C461462-01	Construction of a centralized collection system and activated sludge treatment facility to replace on-site septic systems within the municipality.	\$4,500,000	2.25%, 20 yrs	Yes (Pending rate increase)
21	Volga	C461046-02	Installation of final clarifiers to allow conversion to an activated sludge process and construction of sludge drying beds at wastewater treatment facility to allow the city to continue discharging and maintain compliance. The project will also include making other upgrades at the wastewater treatment facility and relining or replacement of approximately 7,200 feet of sewer main, and related appurtenances.	\$7,766,000	2.25%, 20 yrs	
20	Sioux Falls	C461232-40	Replacement of the city's main wastewater pump station to ensure adequate capacity in the system to handle all sanitary sewer flows.	\$25,646,324	1.00%, 10 yrs	
18	Huron	C461291-05	Replacement and improvements to the wastewater treatment facility pretreatment and sequencing batch reactor equipment that is beyond its useful life.	\$5,706,000	2.50%, 30 yrs	
17	Harrisburg	C461065-07	Construction of a new wastewater treatment facility or payment of a system regionalization development charge implemented by the city of Sioux Falls to be a regional user.	\$23,917,000	2.25%, 20 yrs	

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
16	Hot Springs	C461040-03	Construction of new gravity sewer main to connect users currently utilizing on-site septic systems to the city's wastewater treatment system.	\$270,000	2.50%, 30 yrs	Yes (Pending rate increase)
15	Elk Point	C461059-08	Reconditioning Cell #3 to include relining and replacing inter-pond piping and valves and installing riprap and other appurtenances.	\$283,000	2.50%, 30 yrs	
13	Lake Norden	C461256-02	Bank stabilization and rip-rapping of the two oldest treatment ponds and replacement of control valves. The main lift station will also be replaced as a part of the project.	\$1,541,000	2.50%, 30 yrs	Yes (Pending rate increase)
12	Frederick	C461195-01	Televising the wastewater collection pipe and repair lines with cast-in-place pipe or replace them with PVC. The project will also install new controls for the lift station and rip-rap the treatment ponds	\$2,988,000	2.50%, 30 yrs	Yes (Pending rate increase)
12	Lake Byron Sanitary District	C461482-01	Construction of a central wastewater collection and treatment system.	\$3,770,504	2.50%, 30 yrs	
12	Sioux Falls	C461232-39	Installation of new stormwater conveyance and storage infrastructure to adequately convey storm water flows in the area of 43 rd Street and Terry Avenue.	\$5,649,000	1.00%, 10 yrs	
12	Sioux Falls	C461232-41	Replacement of the existing generators at the wastewater treatment facility with new energy efficient micro-turbines to produce heat for the treatment process.	\$4,929,560	1.00%, 10 yrs	Yes (Green Project)
11	Brandon	C461032-07	Installation of new trunk sewers to eliminate lift stations and convey wastewater to the main lift station to Sioux Falls.	\$10,123,000	2.50%, 30 yrs	

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
11	Crooks	C461227-03	Replacement of 4,050 feet of sanitary sewer pipes within the Palmira neighborhood that are beyond their useful life	\$2,109,570	2.50%, 30 yrs	
10	Dell Rapids	C461064-09	Installation of approximately 20,600 feet of new forcemain, 2 lift stations, 5,900 feet of gravity sewer, and related appurtenances to serve an undeveloped area near Interstate 29. The project would also include replacement of approximately 12,500 feet of sanitary sewer, 34 manholes and related appurtenances in the eastern portion of the city.	\$10,098,900	2.50%, 30 yrs	
10	Hot Springs	C461040-04	Replacement of approximately 1,425 feet of sewer lines and manholes.	\$197,000	2.50%, 30 yrs	Yes (Pending rate increase)
10	Humboldt	C461254-03	Replacement of approximately 6,400 feet of sewer lines, 24 manholes and related appurtenances throughout the city.	\$3,959,000	2.50%, 30 yrs	
10	Lake Preston	C461011-01	Replacement or relining of approximately 20,000 feet of sewer lines and related appurtenances throughout the city.	\$4,200,000	2.50%, 30 yrs	
10	Onida	C461234-02	Replacement of approximately 31,900 feet of sewer lines, 83 manholes and related appurtenances throughout the city. An existing lift station will be replaced that is beyond its useful life.	\$7,900,000	2.50%, 30 yrs	

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
10	Valley Springs	C461239-04	Replacement or relining of approximately 20,500 feet of sewer lines and manholes and replacement of an existing lift station and related appurtenances throughout the city.	\$7,849,000	2.50%, 30 yrs	
9	Elk Point	C461059-08	Replacement of sanitary sewer pipes on Douglas Street that are beyond their useful life.	\$243,000	2.50%, 30 yrs	
9	Faith	C461249-01	Cleaning and televising the entire collection system, replacement or relining of approximately 15,000 feet of sewer lines, 34 manholes, and related appurtenances throughout the city.	\$1,472,814	2.50%, 30 yrs	Yes (Pending rate increase)
9	Tabor	C461259-01	Replacement or relining of approximately 16,500 feet of sewer lines and manholes and rehabilitation of an existing lift station and related appurtenances throughout the city.	\$4,069,371	2.50%, 30 yrs	
9	Tyndall	C461131-02	Replacement of 1,275 feet of clay sanitary sewer with 8-inch PVC pipe and related appurtenances under Maple Street.	\$365,300	2.50%, 30 yrs	Yes (Pending rate increase)
8	McIntosh	C461286-01	Cleaning and televising the entire collection system, replacement or relining of approximately 20,300 feet of sewer lines, and related appurtenances. The project will also re-construct the wastewater treatment pond clay liners and berms.	\$2,005,000	2.50%, 30 yrs	Yes (Pending rate increase)

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
8	Philip	C461205-06	Replacement of 2,600 feet of sanitary sewer and related appurtenances. The project will also install curb and gutter and over 1,900 feet of storm sewer piping and related appurtenances to convey stormwater. This work will occur in the southwest portion of the community.	\$1,850,000	2.50%, 30 yrs	
8	Tea	C461028-08	Replacement of approximately 4,350 feet of sewer lines and manholes as part of the reconstruction of 1 st and Ceylon Avenues.	\$790,000	2.50%, 30 yrs	
8	Tea	C461028-09	Replacement of approximately 5,100 feet of sewer lines and manholes as part of the reconstruction of Brian Street.	\$1,491,000	2.50%, 30 yrs	
8	Tea	C461028-10	Installation of approximately 4,400 feet of gravity sewer lines, 11,800 feet of forcemain to provide for service for future development along and adjacent to 271 st Street.	\$733,000	2.50%, 30 yrs	
7	Chamberlain	C461044-05	Replacement of approximately 200 water meters and upgrade of the automatic meter reading system and transmitters for the 800 meters not being replaced.	\$250,000	2.00%, 10 yrs	Yes (Green Project)
7	Lennox	C461105-09	Installation of approximately 770 feet of gravity sewer lines, 800 feet of forcemain, 1,540 feet of storm sewer and curb and gutter to provide for future development along Main Street south of any existing development.	\$727,164	2.50%, 30 yrs	

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
7	Presho	C461236-01	Replacement of 1,150 feet of sanitary sewer, 2,200 feet of storm sewer and related appurtenances on Main Street.	\$1,198,000	2.50%, 30 yrs	
7	Pukwana	C461417-01	Replacement or relining of approximately 6,850 feet of sewer lines and related appurtenances.	\$1,740,000	2.50%, 30 yrs	Yes (Pending rate increase)
7	Volga	C461046-03	Installation of a lift station to serve a currently undeveloped area of town.	\$619,000	2.25%, 20 yrs	
6	Avon	C461242-01	Replacement of approximately 330 water meters and installation of an automatic meter reading system.	\$469,800	2.00%, 10 yrs	Yes (Green Project)
6	Cavour	C461043-02	Replacement of approximately 3,700 feet of sanitary sewer, 14 manholes and related appurtenances.	\$600,000	2.50%, 30 yrs	
6	Humboldt	C461254-04	Replacement of approximately 260 water meters and installation of an automatic meter reading system.	\$265,000	2.00%, 10 yrs	Yes (Green Project)
6	Philip	C461205-06	Replacement of approximately 220 water meters and installation of an automatic meter reading system and transmitters for all other meters not being replaced.	\$340,000	2.00%, 10 yrs	Yes (Green Project)
6	Valley Springs	C461239-04	Replacement of approximately 350 water meters and installation of an automatic meter reading system.	\$175,000	2.00%, 10 yrs	Yes (Green Project, pending rate increase)
5	Blunt	C461265-02	Replacement of approximately 180 water meters and installation of an automatic meter reading system.	\$530,000	2.00%, 10 yrs	Yes (Green Project, pending rate increase)
5	Bridgewater	C461112-04	Replacement of storm sewer piping and inlet structures throughout the developed portion of the community.	\$2,340,000	2.50%, 30 yrs	

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FY2018

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						
12	Sioux Falls	C461232-39	\$5,649,000	\$0	Jan. 2018	2016/2017
9	Tyndall	C461131-02	\$365,300	\$72,000	Jan. 2018	Lev. Funds
31	Fort Pierre	C461049-07	\$3,930,000	\$0	March 2018	Lev. Funds
28	Watertown	C461029-12	\$832,896	\$0	March 2018	Lev. Funds
20	Sioux Falls	C461232-41	\$25,646,324	\$0	March 2018	2017/2018/ Lev. Funds
18	Huron	C461291-05	\$5,706,000	\$0	March 2018	Lev. Funds
12	Frederick	C461195-01	\$2,988,000	\$600,000	March 2018	Lev. Funds
12	Sioux Falls	C461232-42	\$4,929,560	\$1,000,000	March 2018	Lev. Funds/Repay
	<i>GPR Project Type: Energy Efficiency (Categorical) GPR Amount: \$4,929,560</i>					
11	Crooks	C461227-03	\$2,109,570	\$0	March 2018	Repayments
10	Dell Rapids	C461064-09	\$10,098,900	\$0	March 2018	Repayments
10	Humboldt	C461254-03	\$3,959,000	\$0	March 2018	Repayments
9	Tabor	C461259-01	\$4,069,371	\$0	March 2018	Repayments
8	McIntosh	C461286-01	\$2,005,000	\$400,000	March 2018	Repayments
8	Philip	C461205-06	\$1,850,000	\$0	March 2018	Repayments
8	Tea	C461028-08	\$790,000	\$0	March 2018	Repayments
7	Presho	C461236-01	\$1,198,000	\$0	March 2018	Repayments
7	Pukwana	C461417-01	\$1,740,000	\$350,000	March 2018	Repayments
6	Humboldt	C461254-04	\$265,000	\$52,000	March 2018	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$265,000</i>					
5	Blunt	C461265-02	\$530,000	\$106,000	March 2018	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$530,000</i>					

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

2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the fiscal year 2018 annual report.

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FY2018 (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						
22	Raymond	C461385-02	\$565,000	\$112,000	June 2018	Repayments
13	Lake Norden	C461256-02	\$1,541,000	\$310,000	June 2018	Repayments
9	Elk Point	C461059-08	\$243,000	\$0	June 2018	Repayments
7	Chamberlain	C461044-05	\$250,000	\$50,000	June 2018	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$250,000</i>					
6	Avon	C461242-01	\$469,800	\$94,000	June 2018	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$469,800</i>					
6	Cavour	C461043-02	\$600,000	\$0	June 2018	Repayments
6	Philip	C461205-06	\$340,000	\$68,000	June 2018	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$340,000</i>					
6	Valley Springs	C461239-04	\$175,000	\$36,000	June 2018	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$175,000</i>					
9	Faith	C461249-01	\$1,472,814	\$294,000	Sept. 2018	Repayments

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

2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the fiscal year 2018 annual report.

**ATTACHMENT III
PROGRAM FUNDING STATUS**

Fiscal Years 1989 – 2017

Capitalization Grants	\$187,292,200	
State Match	\$34,862,720	
ARRA Grant	\$19,239,100	
Program Administration Allowance	(\$8,204,622)	
Leveraged Funds	\$249,746,266	
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, 2017	\$89,525,985	
Excess Principal as of September 30, 2017	<u>\$167,844,331</u>	
 Total Funds Dedicated to Loan		 \$727,327,380
 Loans made through September 30, 2017		 <u>(\$665,297,910)</u>
 Balance of funds as of September 30, 2017		 \$62,029,470

Fiscal Year 2018 Projections

Capitalization Grants	\$6,474,000	
State Match	\$1,294,800	
Program Administration Allowance	(\$461,304)	
Projected Excess Principal Repayments	\$8,000,000	
Projected Unrestricted Interest Earnings	<u>\$7,000,000</u>	
Projected Fiscal Year 2018 Loan Subtotal		\$22,307,496
 Total Funds Available for Loans		 <u>\$84,336,966</u>
 Loan Amount Identified on Attachment II - List of Projects to be Funded in Fiscal Year 2018		 <u>\$84,318,535</u>

Administrative Surcharge Funds Available as of September 30, 2017	
Restricted Account (Administrative Purposes Only)	\$100,724
Discretionary Account (Available for Water Quality Grants)	<u>\$118,608</u>
Total	<u>\$229,332</u>

November 9, 2017

Item 6

TITLE: Public Hearing to Adopt Federal Fiscal Year 2018 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 2018 Intended Use Plan.

CONTACT: Andy Bruels (773-4216)

**SOUTH DAKOTA
DRINKING WATER STATE REVOLVING FUND
FISCAL YEAR 2017 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 2018 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 9, 2017, to review the 2018 Intended Use Plan and receive comments. The IUP reflects the results of this review.

The 2018 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 2018, the specific measures are:

1. In fiscal year 2017, the fund utilization rate, as measured by the percentage of executed loans to funds available, was 97.2 percent, which exceeded the target goal of 90 percent. For fiscal year 2018, the goal of the Drinking Water SRF program is to maintain the fund utilization rate at or above 90 percent.
2. In fiscal year 2017, the rate at which projects progressed as measured by disbursements as a percent of assistance provided was 81.5 percent, which met the goal of 80 percent. For fiscal year 2018, the goal is to maintain the construction pace at 80 percent or higher.

3. For fiscal year 2018, the goal of the Drinking Water SRF program is to fund 16 loans, totaling \$31.8 million.
4. For fiscal year 2018, it is estimated that 34 projects will initiate operations.
5. For fiscal year 2018, 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 2018, 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 2018 are summarized in Table 1. Information regarding disadvantaged eligibility and subsidy level criteria can be found in the disadvantaged community subsidies section. The interest rates were last adjusted in November 2016.

	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	0.00%			
Total	2.00%			
<u>Base Rate</u>				
Interest Rate	1.50%	1.75%	2.00%	
Admin. Surcharge	0.50%	0.50%	0.50%	
Total	2.00%	2.25%	2.50%**	
<u>Disadvantaged Rate – 80% to 100% of MHI</u>				
Interest Rate				1.75%
Admin. Surcharge				0.50%
Total				2.25%
<u>Disadvantaged Rate - 60% to 80% of MHI</u>				
Interest Rate	1.00%		1.50%	
Admin. Surcharge	0.00%		0.50%	
Total	1.00%		2.00%	
<u>Disadvantaged Rate – Less than 60% of MHI</u>				
Interest Rate				0.00%
Admin. Surcharge				0.00%
Total				0.00%
* Term cannot exceed useful life of the project				
** Non-profit borrowers are not eligible to receive this loan rate and term.				

ADMINISTRATIVE SURCHARGE FEES

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, 2017, nearly \$4.48 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 2018 allocation for these activities will be \$150,000.

In fiscal year 2018, \$75,000 of administrative surcharge funds will be allocated for operator certification training.

In federal fiscal year 2015, \$250,000 of administrative surcharge funds were allocated to provide grants to assist very small systems in violation of the Safe Drinking Water Act. These funds are 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 2018.

In fiscal year 2018, \$50,000 of administrative surcharge funds will be allocated to provide additional funds for the Small Community Planning Grant program. In previous years these grants have been funded by the two percent technical assistance set-aside, due to increased demand additional funds above the allowable 2 percent are needed to fully fund this program.

In fiscal year 2018, \$1,500,000 of administrative surcharge funds will be allocated. These funds will be used to supplement the Consolidated program with grants for the construction of drinking water facilities.

SMALL SYSTEM FUNDING

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 \$212.4 million have been made to systems meeting this population threshold, or 47.8 percent of the \$444.2 million of total funds available for loan. Attachment II – List of Projects to be funded in Fiscal Year 2018 identifies nearly \$31.8 million in projects, all of which 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 2018 capitalization grant, the ability exists to transfer over \$47.4 million from the Clean Water SRF program to the Drinking Water SRF program. Nearly \$45.5 million could be transferred from the Drinking Water SRF Program to the Clean Water SRF program. Table 4 (page 11) 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 2018.

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 2018 capitalization grant is expected to be \$8,241,000 which requires \$1,648,200 in state match. Bond proceeds will be used to match 2018 capitalization grant funds.

For purposes of meeting fiscal year 2018 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. To date, \$78.7 million in leveraged bonds have been issued for the Drinking Water SRF program. No leveraged bonds are anticipated to be issued in fiscal year 2018.

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 \$6.0 million in principal repayments will become available for loans in fiscal year 2018.

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 \$4.0 million in interest earnings will become available for loans in fiscal year 2018.

As of September 30, 2017, 300 loans totaling \$444,171,214 have been made.

At the beginning of fiscal year 2018, \$12,974,812 is available to loan. With the 2018 capitalization grant, state match, leveraged bonds, excess interest earnings, and repayments, approximately \$31.6 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	\$400,000
Small System Technical Assistance	\$164,820
Local Assistance	\$75,000
State Program Management	\$600,000
Total for set-asides	\$1,239,820

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. The 2016 and 2017 capitalization grant mandated additional subsidy of exactly 20 percent of the total grant be provided to recipients. 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	\$1,662,400	\$1,662,400
2017	\$1,648,200	\$1,648,200
2018 (est.)	\$1,648,200	\$1,648,200
	\$18,861,700	\$38,458,200

Awarded as of September 30, 2017

Awarded from 2010 grant	\$13,573,000
Awarded from 2011 grant	\$9,418,000
Awarded from 2012 grant	\$2,692,500
Awarded from 2013 grant	\$2,526,300
Awarded from 2014 grant	\$2,653,500
Awarded from 2015 grant	\$2,636,100
Awarded from 2016 grant	\$1,638,911
Awarded from 2017 grant	\$558,000

It is anticipated that the 2018 capitalization grant will include the ability to award principal forgiveness for any borrower of exactly 20 percent of the total grant award.

Additional principal forgiveness can also be provided to disadvantaged communities. Further discussion can be found in the Disadvantaged Community Subsidy section beginning on page 9.

Attachment II - List of Projects to be Funded in FY 2018 identifies \$2,384,000 in potential principal forgiveness for communities not eligible for the additional disadvantaged community 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 - 2017 capitalization grants were not subject to the Green Project Reserve requirement.

The Green Project Reserve requirement is not expected to be reinstated with the 2018 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.

Through fiscal year 2017, \$1,250,000 of Build America Bond funds were allocated to supplement the Consolidated program with grants for water projects. No additional funds will be allocated for these activities in federal fiscal year 2018.

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.

The WIIN Act of 2017 provides three options to states to calculate the administrative set-aside available from each year's capitalization grant. States may use the greatest of 1) \$400,000 per year, 2) 1/5 of a percent of the current valuation of the Drinking Water SRF fund based on the most recent previous year's audited financial statements, or 3) an amount equal to four percent of the annual capitalization grant.

Four percent of the fiscal year 2018 capitalization grant is \$329,640, and 1/5 of a percent of the current fund valuation of

\$192,703,154 results in \$385,406 available for administrative fees. **As a result, an administrative set-aside of \$400,000 will be reserved for administrative purposes in fiscal year 2018.**

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 (\$164,820) 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. As described earlier an additional \$50,000 in administrative surcharge funds will be allocated for these grants in fiscal year 2018.

To assure available funds to support the existing small system technical assistance endeavors, \$164,820 from the fiscal year 2018 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, \$5,598 funds remain from previous years' allocations to be used for the purposes described above.

State program management. \$600,000 will be allocated for the administration of the state's Public Water System Supervision (PWSS) program.

The state may use up to 10 percent of its allotment to (1) administer the state PWSS program; (2) administer or provide technical assistance through water protection programs, including the Class V portion of the Underground Injection Control program; (3) develop and implement a capacity development strategy; and (4) develop and implement an operator certification program. The WIIN Act of 2017 removed the requirements for an additional dollar-for-dollar match of capitalization funds for these activities.

Insufficient federal funds have been allocated from the Performance Partnership Grant for South Dakota's PWSS program to complete all tasks and activities identified in the workplan. A total of \$600,000 will be set-aside for these activities in federal fiscal year 2018. An additional \$200,000 of PWSS fees will be used to fully fund all activities identified in the workplan.

Local assistance and other state programs.

Up to \$75,000 will be allocated for the capacity development activities described below.

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

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.

There remains \$55,300 from prior years' allocations. A portion of these funds will be used by a qualified assistance provider, selected through a request for proposals in FY 2018. DENR will select the most qualified firm for contracting of these services.

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 for the disadvantaged interest rate for fiscal year 2018.

Amount of capitalization grant to be made available for providing additional subsidies to disadvantaged communities. Disadvantaged communities are eligible for additional subsidy in the form of principal forgiveness, in an amount equal to 30 percent of the annual capitalization grant. South Dakota utilized the option to provide additional subsidy in the form of principal forgiveness to disadvantaged communities in federal fiscal years 2016 and 2017. Table 3 summarizes the amounts of disadvantaged principal forgiveness provided to date. Disadvantaged communities below 80 percent of the statewide median household income will be given priority for this subsidy.

Table 3 – Disadvantaged Principal Forgiveness

FFY	Principal Forgiveness	
	Minimum	Maximum
2016	\$0	\$2,493,600
2017	\$0	\$2,472,300
2018	\$0	\$2,472,300
	\$0	\$7,438,200

Awarded from 2016 grant \$2,493,600
 Awarded from 2017 grant \$0

In FY 2018 South Dakota will plan to again provide additional principal forgiveness to disadvantaged communities, for up to 30 percent of the capitalization grant. Attachment II - List of Projects to be Funded in FY 2018 identifies \$3,185,000 in potential 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.

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Table 4 – 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	\$8,312,000	\$2,742,960	\$57,557,445				\$41,983,125	\$40,057,445
2017	\$8,241,000	\$2,719,530	\$60,276,975				\$44,702,655	\$42,776,975
2018 (est)	\$8,241,000	\$2,719,530	\$62,996,505				\$47,422,185	\$45,496,505

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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 2018.

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- taged
270	Edgemont	C462216-03	<i>Problem:</i> the town's water supply consists of four free flowing wells that are exceeding the maximum contaminant level for Gross Alpha, and the town's distribution system and underground concrete reservoirs are old and in poor condition. <i>Project:</i> re-case one existing well, drill a new well, construct a new storage reservoir and water treatment system, and replace and reconfigure the distribution system to bring water from all wells to the new storage reservoir.	\$250,000	0%, 30 years	774	Yes
137	Clark Rural Water System	C462460-01	<i>Problem:</i> the town of Bradley currently is a bulk user of Clark RWS, and its system is in need of replacement to provide needed pressure to its residents. In addition the town of Willow Lake currently has its own wells with poor quality water and do not provide sufficient quantity. <i>Project:</i> Clark RWS will reconstruct the Bradley system and supply residents as individual users to alleviate the pressure issues. Willow Lake will be connected as a bulk user and will no longer need its existing wells. Additional pipe and pumping improvements will be needed within the Clark RWS system to make these connections possible.	\$3,000,000	2.00%, 30 years	5,315	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- taged
117	Sioux Rural Water System	C462433-02	<i>Problem:</i> the existing well field cannot supply sufficient quantity to meet peak day demand, the treatment plant filters have had to backwash more frequently to prevent discolored water, the meters within the existing system have reached their useful life, several areas of the system have experienced low pressures or inadequate supply, and the town of Hazel needs to make improvements to its distribution system. <i>Project:</i> install a new well and make improvements to existing wells, install additional settling and filtration equipment to improve treatment plant performance, install an automatic meter reading system, install additional and parallel lines and make pumping improvements within the distribution system, and connect the town of Hazel residents as individual users.	\$11,321,000	2.25%, 20 years	5,742	
111	Hot Springs	C462040-02	<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)
110	South Shore	C462294-01	<i>Problem:</i> the existing distribution mains are poor quality PVC and experiencing excessive breaks and include dead end lines, the system is not metered so 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.	\$2,650,000	2.25%, 30 years	225	Yes (Pending rate increase)

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advantaged
87	McIntosh	C462286-01	<i>Problem:</i> the city's meters are obsolete and unserviceable, pressures within the system drop to less than 20 psi in some areas. <i>Project:</i> replace approximately 112 water meters and install an automatic meter reading system, install a booster pump station to increase system pressure to acceptable levels.	\$840,000	2.00%, 20 years	173	Yes
87	Oelrichs	C462373-01	<i>Problem:</i> the water storage tank does not cycle water adequately leading to negative tastes and odors and is in need of paint and controls to remain operable, several valves and hydrants are not operable, several homes have no backflow prevention and need meter setters for proper metering. <i>Project:</i> Install a mixer in the storage tank, paint the tower, construct a control building, replace the hydrants and valves, and install backflow preventers and meter setters where needed.	\$417,470	2.25%, 30 years	126	Yes
84	Newell	C462109-03	<i>Problem:</i> the existing transite distribution mains are experiencing excessive breaks and leading to service interruptions. <i>Project:</i> install 3,300 feet of new PVC water mains.	\$314,924	2.00%, 30 years	603	Yes (Pending rate increase)
67	Ree Heights	C462386-01	<i>Problem:</i> the existing distribution mains are experiencing excessive breaks and there are pressures less than 20 psi, and the existing meters are obsolete. <i>Project:</i> Replace the distribution system and install new meters, to allow Mid-Dakota RWS to take over the system and serve Ree Heights as individual users.	\$509,000	2.25%, 30 years	62	Yes (Pending rate increase)
53	Lake Norden	C462256-01	<i>Problem:</i> the existing well field produces poor quality water and the wells are reaching their useful life, one of the existing water treatment filters has begun to leak and is in need of replacement. <i>Project:</i> construct a new well field to provide better quality and meet the community's supply needs and install a new stainless steel water filter.	\$3,000,000	2.00%, 30 years	467	Yes (Pending rate increase)

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advantaged
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	2.25%, 30 years	4,556	Yes (Pending rate increase)
25	Elk Point	C462059-07	<i>Problem:</i> the Douglas Street distribution system consists of lead pipe that may present a health hazard and is beyond its useful life. <i>Project:</i> replace approximately 1,340 feet of water main with PVC pipe.	\$788,000	2.50%, 30 years	1,963	
17	Aurora-Brule Rural Water System	C462425-02	<i>Problem:</i> the existing distribution system is not able to supply users with adequate supply or pressures during peak demands. <i>Project:</i> Install several miles of new water main to parallel and loop existing areas and upgrade several booster pump stations.	\$4,500,000	2.25%, 30 years	5,079	Yes
17	Canova	C462321-02	<i>Problem:</i> the town is experiencing significant water loss due to outdated meters and a section of deteriorating asbestos cement pipe. <i>Project:</i> replace approximately 55 water meters and install an automatic meter reading system, replace the existing asbestos cement watermain with 950 feet of PVC pipe, and conduct a leak detection study.	\$225,920	2.50%, 30 years	105	
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.	\$1,551,000	2.50%, 30 years	3,806	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advantaged
16	Tea	C462028-03	<i>Problem:</i> homes north of 271 st Street on Devin Avenue are served by a long un-looped line which is also a mainline into the city from a water storage reservoir. <i>Project:</i> installation of approximately 5,900 feet of PVC watermain to provide a northern loop to the city's distribution system to improve water quality and system redundancy.	\$830,000	2.50%, 30 years	3,806	
15	Chamberlain	C462044-03	<i>Problem:</i> some of the city's meters are beyond their useful life and need to be replaced, and other meters with remote read capability need to be updated to remain compatible with new software. <i>Project:</i> replace approximately 200 water meters and upgrade the automatic meter reading system and transmitters for the 800 meters not being replaced.	\$250,000	2.00%, 10 years	2,387	Yes
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	2.00%, 10 years	590	Yes
14	Humboldt	C462254-03	<i>Problem:</i> the city's meters are obsolete and unserviceable. <i>Project:</i> replace approximately 350 water meters and install an automatic meter reading system.	\$265,000	2.00%, 10 years	581	
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 transmitters for the meters not being replaced.	\$340,000	2.00%, 10 years	779	Yes
14	Valley Springs	C462239-01	<i>Problem:</i> the city's meters are old and in need of replacement. <i>Project:</i> replace approximately 350 water meters and install a drive-by meter reading system.	\$175,000	2.00%, 10 years	759	
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	1.00%, 10 years	956	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advantaged
13	Blunt	C462265-01	<i>Problem:</i> the city's meters are old and in need of replacement. <i>Project:</i> replace approximately 360 water meters and install an automatic meter reading system.	\$530,000	2.00%, 10 years	354	
13	Blunt	C462265-02	<i>Problem:</i> the city's water main valves and several curb stops are old and in need of replacement. <i>Project:</i> replace approximately 10 water valves and 18 curb stops.	\$115,000	2.50%, 30 years	354	
13	Bridgewater	C462112-01	<i>Problem:</i> the city's meters are old and in need of replacement. <i>Project:</i> replace approximately 275 water meters and install an automatic meter reading system.	\$243,000	1.00%, 10 years	492	Yes
11	Dell Rapids	C462064-07	<i>Problem:</i> a portion of the city's distribution system consists of asbestos cement and cast iron pipe that is beyond its useful life. <i>Project:</i> replace approximately 11,700 feet of water main with PVC pipe.	\$4,328,100	2.50%, 30 years	3,633	
10	Crooks	C462227-02	<i>Problem:</i> the distribution system in the Palmira neighborhood is experiencing breaks and is beyond its useful life. <i>Project:</i> replace approximately 4,900 feet of water main with PVC pipe.	\$1,154,730	2.50%, 30 years	1,269	
10	WEB Water Development Association, Inc.	C462426-04	<i>Problem:</i> increased demand within the system's service area has resulted in insufficient flows within the system. <i>Project:</i> install approximately 21 miles of 24-inch ductile iron mainline pipe and install an additional high service pump at the treatment plant.	\$22,504,300	2.25%, 30 years	45,000	Yes
9	Valley Springs	C462239-01	<i>Problem:</i> the existing asbestos cement distribution mains are old and beginning to experience excessive breaks. <i>Project:</i> install 23,000 feet of new PVC water mains.	\$7,300,000	2.50%, 30 years	759	
6	Tea	C462028-04	<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's distribution system.	\$863,000	2.50%, 30 years	3,806	

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FISCAL YEAR 2018

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness¹	Funding Date	Expected Funding Source²
LOANS EXPECTED						
270	Edgemont	C462216-03	\$250,000	\$125,000 ³	March 2018	Lev. Funds
137	Clark Rural Water System	C462460-01	\$3,000,000	\$1,200,000 ³	March 2018	2016/2017
117	Sioux Rural Water System	C462433-02	\$11,321,000	\$1,130,000	March 2018	2017/2018
87	McIntosh	C462286-01	\$840,000	\$336,000 ³	March 2018	Lev. Funds/Repay
87	Oelrichs	C462373-01	\$417,470	\$42,000	March 2018	Repayments
67	Ree Heights	C462386-01	\$509,000	\$50,000	March 2018	Repayments
53	Lake Norden	C462256-01	\$3,000,000	\$1,200,000 ³	March 2018	2018
17	Aurora-Brule Rural Water System	C462425-02	\$4,500,000	\$450,000	March 2018	2018
14	Wessington Springs	C462210-02	\$568,000	\$227,000 ³	March 2018	Repayments
13	Blunt	C462265-01	\$530,000	\$53,000	March 2018	Repayments
13	Blunt	C462265-02	\$115,000	\$12,000	March 2018	Repayments
13	Bridgewater	C462112-01	\$243,000	\$97,000 ³	March 2018	Repayments
11	Dell Rapids	C462064-07	\$4,328,100	\$430,000	March 2018	2018
10	Crooks	C462227-02	\$1,154,730	\$115,000	March 2018	2018/Lev. Funds
25	Elk Point	C462059-07	\$788,000	\$79,000	June 2018	Repayments
17	Canova	C462321-02	\$225,920	\$23,000	June 2018	Repayments

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

2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the fiscal year 2018 annual report.

3. Projects are anticipated to be funded in part utilizing the additional up to 30 percent of the capitalization grant for principal forgiveness to disadvantaged communities.

**ATTACHMENT III
PROGRAM FUNDING STATUS**

Fiscal Years 1997 - 2017

Capitalization Grants	\$182,965,698
State Match	\$39,188,860
ARRA Grant	\$19,500,000
Set-Asides	(\$12,427,842)
Transfer of FY 2002 & 2003 Clean Water Capitalization Grant and State Match	\$15,574,320
Transfer of DWSRF Repayments	(\$10,000,000)
Leveraged Bonds	\$78,725,699
Excess Interest as of September 30, 2017	\$43,002,721
Excess Principal as of Sept. 30, 2017	\$93,212,290
	<hr/>
Total Funds Dedicated to Loan	\$457,146,026
Loans made through September 30, 2017	<u>(\$444,171,214)</u>
Balance of funds as of September 30, 2017	\$12,974,812

Fiscal Year 2018 Projections

Capitalization Grants	\$8,241,000
State Match	\$1,648,200
Set-Asides	(\$1,239,820)
Projected Excess Principal Repayments	\$6,000,000
Projected Unrestricted Interest Earnings	\$4,000,000
Projected Fiscal Year 2018 Loan Sub-total	<u>\$18,649,380</u>
Total Funds Available for Loans	<u><u>\$31,624,192</u></u>
Loan Amount Identified on Attachment II - List of Projects to be Funded in Fiscal Year 2018	<u><u>\$31,790,220</u></u>

Administrative Surcharge Funds Available as of September 30, 2017	
Program Income	\$1,166,624
Non-Program Income	<u>\$3,317,922</u>
Total	<u>\$4,484,546</u>

TITLE: Review of Conservancy District Investment Policy and State Fiscal Year 17 State Revolving Fund Investments and Investment Returns

EXPLANATION: Section 15 of the Investment Policy states that the board will annually review the policy. 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. Part of that policy allowed investments in the SD Cash Flow Fund. The SD Cash Flow Fund is an unrated internal investment pool for the State of South Dakota.

After discussions among Staff, the Successor Trustee U.S. Bank National Association, and the District's financial advisor and counsel, it was determined from a credit perspective it would be in the best interest of the District to liquidate the investments in the SD Cash Flow Fund. On March 31, 2017 the funds in the SD Cash Flow Fund were liquidated.

The enclosed Second Amendment removes the references to the SD Cash Flow Fund in the Investment Policy as an "Investment Obligation".

Staff will also provide a recap of the various SRF investments and investment returns for SFY17.

RECOMMENDED ACTION: Approve the Second Amendment to the District's Investment Policy removing the SD Cash Flow Fund as an eligible investment.

CONTACT: Jon Peschong (773-4216)

SOUTH DAKOTA CONSERVANCY DISTRICT

INVESTMENT POLICY

1. Background.

The South Dakota Conservancy District (the "*District*") ~~has will~~ entered into ~~the at~~ 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 specifically 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 will be at the direction of the District~~has been is granted~~ to the Trustee pursuant to the Indenture and this Policy.

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.

In performance related to the investment of Trust Funds, 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 will follow those policies as established by the Trustee for the administration of trust funds to the extent not in conflict with the Indenture or this Policy.

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 a repurchase agreement is utilized. 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*").

~~e. 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.c.~~ 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.d.~~ 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 of securities shall have a target of 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 District 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. The [First Amendment to the](#) 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. This Investment Policy was hereby amended pursuant to the authority of Resolution 2017-XX on November 9, 2017, adopted by the Board of Water and Natural Resources acting as the South Dakota Conservancy District and made effective on November 9, 2017.

Exhibit A

Investment Obligations as of ~~November 9~~February 17, 2017~~5~~

“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 ~~September 30, 2017~~ February 17, 2015

Bond Issue	Provider	Interest Rate	Cap on Investment	Amount Invested	Termination Date
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⁾	\$61,415,003.5 <u>30,091,570</u>	8/1/25
2005 ⁽¹⁾⁽²⁾	AIG Matched Funding Corp. (guaranteed by American International Group, Inc.)	4.41	\$80,000,000 ⁽³⁾	\$81,869,531.9 <u>975,660,017</u>	8/1/26

⁽¹⁾ Clean Water.

⁽²⁾ Drinking Water.

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

November 9, 2017

Item 8

TITLE: Lewis & Clark Regional Water System SWRMS Loan Agreement Scope Amendment

EXPLANATION: SDCL 46A-1-13.10 authorizes the construction of the Lewis & Clark Regional Water System and authorized the Board of Water and Natural Resources to provide grants and loans for the project. In the 2015 Omnibus Bill, the Legislature appropriated \$7.7 million in loan funds for Lewis & Clark.

On August 13, 2015, the \$7.7 million loan was placed under agreement for engineering, easements, construction and other costs associated with completion of Segment 1 and Segment 5 of the Madison Service Line. Segment 1 provided a connection for Minnehaha Community Water Corporation near Crooks, and Segment 5 was used as part of an interim connection so Madison can receive water from Big Sioux Community Water System. On September 23, 2016, the board approved an amendment to the loan agreement to amend the project scope to include engineering and easement acquisition of Segments 2, 3, and 4 of the Madison Service line.

Included in the board packet are two letters from Lewis & Clark requesting the project scope be amended to include the purchase of a backup generator station for the Tea pump station. Lewis & Clark estimates that there will be roughly \$300,000 to \$600,000 remaining from the state's \$7.7 million federal funding advance after finalizing the engineering and acquiring easements for the middle three segments of the Madison service line. Lewis & Clark has also pledged, if approved, to use remaining FY18 federal funds towards the balance of the generator station which is estimated to cost \$1.28 million.

To amend the scope of the loan agreement, a Second Amendment to the Loan Agreement has been prepared with assistance from the department's legal counsel and the Attorney General's office.

RECOMMENDED ACTION: Approve the Second Amendment to the Lewis & Clark Regional Water System State Water Resources Management System Loan Agreement for a change in project scope.

CONTACT: Andy Bruels, 773-4216

October 6, 2017

SD Board of Water & Natural Resources
523 E. Capitol
Pierre, SD 57501

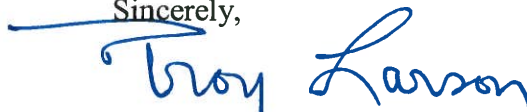
Dear Board of Water & Natural Resources:

In follow up to my September 8, 2017 letter, on behalf of the Lewis & Clark Board of Directors I respectfully request the Board amend the scope of the \$7.7 million State Water Resources Management System loan to allow the use of any remaining funds for the purchase of a backup generator for the Tea pump station. As previously noted, our engineers estimate there will be roughly \$300,000 to \$600,000 remaining from the state's \$7.7 million federal funding advance after we finalize the engineering and acquire the easements for the middle three segments of the Madison service line. The estimated cost of the generator is \$1.28 million.

As indicated in my previous letter, if we lose power at the Tea pump station we will not be able to deliver any water to Lincoln County RWS, Sioux Falls, Tea, Harrisburg or Minnehaha Community Water Corp, which also impacts the water being delivered through the wheeling plan to Big Sioux CWS and Madison. It would also halt service to members in Minnesota and Iowa.

If this request is approved, the Board has committed to using FY18 federal funding toward the remaining balance of the generator. Thank you in advance for consideration of this request at your November 9 meeting. I will be on hand to answer any questions you may have.

Sincerely,



Troy Larson
Executive Director



September 8, 2017

SD Board of Water & Natural Resources
523 E. Capitol
Pierre, SD 57501

Dear Board of Water & Natural Resources:

The purpose of this letter is to give you a courtesy heads up on an upcoming item prior to your tour of our treatment plant on September 28. At the Lewis & Clark board meeting that same day, the directors will be taking action on a motion authorizing me to submit a request to the Board of Water & Natural Resources (BWNR) to use any remaining funds from the \$7.7 million loan toward the purchase of a backup generator for the Tea pump station, as well as making a commitment if their request is approved to use FY18 federal funds toward the remaining balance of the generator. After the September meeting, I will send a formal request to amend the project scope for consideration at your November 9 meeting. The special appropriation language already includes all aspects of the federally authorized project in South Dakota, so no additional action would be needed by the Legislature with regard to the generator.

Our engineers estimate there will be roughly \$300,000 to \$600,000 remaining from the state's \$7.7 million federal funding advance after we finalize the engineering and acquire the easements for the middle three segments of the Madison service line. The estimated cost of the generator is \$1.28 million. Lewis & Clark directors are struggling with the question of when to purchase a backup generator for the Tea pump station. Currently we do not have any backup power for that critical piece of infrastructure. Thankfully we have not had an outage in our first five years, but that could change overnight. If we lose power to the Tea pump station we cannot deliver any water to Lincoln County RWS, Sioux Falls, Tea, Harrisburg or Minnehaha Community Water Corp, which also impacts the water being delivered through the wheeling plan to Big Sioux CWS and Madison. It also would halt service to members in Minnesota and Iowa. In normal circumstances this would be an easy decision, but with seven members still waiting for water there is a high priority to use our limited federal funding to put pipe in the ground.

Regardless of what the BWNR eventually decides, we cannot thank you enough for your incredible support through the years to help bring the project to where it is today. We are very much looking forward to hosting you on September 28.

Sincerely,



Troy Larson
Executive Director

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 2019 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: Jon Peschong, 773-4216

STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2017-_____

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR WATER AND ENVIRONMENT FUND FISCAL YEAR 2019 APPROPRIATION LEVELS.

WHEREAS, SDCL 46A-1-2 provides the means for the planning, funding, and construction of a state water plan and creates the State Water Resources Management System component and the State Water Facilities Plan components of the State Water Plan; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-7, the Board of Water and Natural Resources ("the Board") is responsible for approving all projects placed on the State Water Facilities Plan component of the State Water Plan, an annual listing of potential water related projects; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-10, the Board annually provides recommendations to the Governor and the State Legislature regarding deletions and additions to the State Water Resources Management System component of the State Water Plan; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-12 and 46A-1-13, the Board may recommend state funding levels to the Governor and the State Legislature; and

WHEREAS, the Board has reviewed the projected funding needs of projects on the State Water Resources Management System component of the State Water Plan; and

WHEREAS, the Board has reviewed the projected funding needs of projects on the State Water Facilities Plan component of the State Water Plan; and

WHEREAS, the Board has reviewed potential funding needs of solid waste disposal, recycling, and waste tire projects that may require funding from dedicated fees deposited in the Water and Environment Fund; and

WHEREAS, the Board has reviewed potential financial and technical assistance needs of projects that may require funding from the Clean Water State Revolving Fund Administrative Surcharge fees, Drinking Water State Revolving Fund Set-Asides, and Drinking Water State Revolving Fund Administrative Surcharge fees deposited in the Water and Environment Fund Subfunds; and

WHEREAS, the Board conducted a public hearing and adopted Intended Use Plans that include projects that require funding from the Clean Water State Revolving Fund Administrative Surcharge fees, Drinking Water State Revolving Fund Set-Asides, and Drinking Water State Revolving Fund Administrative Surcharge fees deposited in Water and Environment Fund Subfunds; and

WHEREAS, the Board conducted a public meeting on November 9, 2017, to take statements from all interested parties regarding water development and solid waste funding needs.

NOW THEREFORE BE IT RESOLVED, that the Board recommends to the Governor and the State Legislature a Water and Environment Fund fiscal year 2019 appropriation level of _____ for the Consolidated Water Facilities Construction Program; and

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the Water and Environment Fund fiscal year 2019 appropriation level of _____ for the Solid Waste Management Program; and

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the following Water and Environment Fund Subfund fiscal year 2019 appropriation levels for the Drinking Water State Revolving Fund Set-Asides, the Clean Water State Revolving Fund Administrative Surcharge fees, and the Drinking Water State Revolving Fund Administrative Surcharge fees approved in the respective 2018 Intended Use Plans for the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) programs:

State Revolving Fund Administrative Surcharge Fees

CWSRF Water Quality Grants	\$ _____
CWSRF Application and Administration Assistance	\$ _____
DWSRF Application and Administration Assistance and Small System Technical Assistance	\$ _____
DWSRF Drinking Water SRF Construction Grants	\$ _____

Federal DWSRF Set-Aside Funds

Small System Technical Assistance	\$ _____
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WEF Subfund Total: \$ _____

Dated this 9th day of November, 2017

(SEAL)

BY: _____

Chairman, Board of Water and
Natural Resources

ATTEST:

BY: _____
Secretary, Board of Water and
Natural Resources

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

STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2017-_____

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

WHEREAS, the Board of Water and Natural Resources ("the Board") pursuant to SDCL 46A-1-2, annually provides recommendations to the State Legislature and Governor regarding deletions and additions to the State Water Resources Management System component of the State Water Plan; and

WHEREAS, SDCL 46A-1-2.1 designates the water resource projects included on the State Water Resources Management System component of the State Water Plan that serve as the preferred, priority objectives of the State; and

WHEREAS, the Board has reviewed the list of projects currently included on the State Water Resources Management System component of the State Water Plan; and

WHEREAS, the Board has reviewed the applications submitted from various South Dakota water resource projects for inclusion on the State Water Plan.

NOW THEREFORE BE IT RESOLVED, that the Board recommends that all water resource projects on the State Water Resources Management System be retained as preferred, priority objectives of the State.

Dated this 9th day of November, 2017

(SEAL)

ATTEST:

BY: _____
Chairman, Board of Water and
Natural Resources

BY: _____
Secretary, Board of Water and
Natural Resources

November 9, 2017

Item 11

TITLE: Distribution of Request for Proposals for Capacity Development for Public Water and Wastewater Systems

EXPLANATION: 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 §§ 5-18D-17 to 5-18D-22, inclusive.

A draft “Request for Proposal to Provide Capacity Development for Public Water and Wastewater Systems” is attached for your review. The following is a list of activities and estimated timelines relevant to the RFP process:

- RFP advertisement – November 13, 2017
- RFP submittal – December 8, 2017
- U.S. Environmental Protection Agency’s approval of proposed contractor’s work plan – December 31, 2017
- Tentative contractor selection – January 4, 2018
- Contract execution – January 4, 2018

The staff and designated board committee members will review the submitted proposals and be prepared to make a consultant selection recommendation to the full board at its meeting on January 4, 2018.

RECOMMENDED ACTION: Authorize distribution of the RFP to provide capacity development for public water and wastewater systems and appoint a three member board committee to review the submitted proposals.

CONTACT: Jon Peschong, 773-4216

**STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
ACTING ON BEHALF OF THE SOUTH DAKOTA BOARD OF WATER AND NATURAL RESOURCES
JOE FOSS BUILDING
523 E. CAPITOL
PIERRE, SD 57501-3182**

REQUEST FOR PROPOSALS (RFPs) #1158

Capacity Development for Public Water and Wastewater Systems
(Proposed Contract Period January 4, 2018, through December 31, 2020)

PROPOSALS ARE DUE NO LATER THAN December 8, 2017, at 5:00 p.m. CST

Background

The South Dakota Department of Environment and Natural Resources (DENR) is a state government agency. DENR provides staff resources to the Board of Water and Natural Resources (the "Board") which oversees the Clean Water and Drinking Water State Revolving Fund (SRF) programs in South Dakota. South Dakota receives an annual Drinking Water SRF Capitalization grant of approximately \$9 million and a Clean Water SRF Capitalization grant of approximately \$7 million. The Drinking Water SRF Program includes the option to utilize a Local Assistance Set-aside for public water systems as part of the capacity development strategy. The Board is allowed to use up to ten percent of their annual capitalization grant to provide for local assistance set-aside activity. The Board is also allowed to use administrative surcharge fees from Clean Water SRF loan repayments for the improvement of financial or managerial capacity for public wastewater systems.

DENR is seeking to select the most qualified contractor(s) whose submittal demonstrates the background, experience, capability and contains what is considered the best approach to provide the requested capacity development activities to assist public water and wastewater systems to operate in a cost efficient and effective manner as set forth in the RFP Objective section below.

Work completed for the water system will be paid from the Drinking Water capitalization grant local assistance set-aside and work done on the wastewater system will be paid from the administrative surcharge fees from the Clean Water SRF loan repayments. This RFP is for work to be completed during calendar years 2018 through 2020. The Board reserves the right to renew the contract to be awarded to the successful respondent for up to three additional calendar years if the Board considers any contract price adjustment to be reasonable and justified. The scope of the technical, managerial, or financial capacity assistance activities must be approved by the South Dakota Board of Water and Natural Resources and the U.S. Environmental Protection Agency before the capacity assistance contract is awarded or renewed.

Available Documents

The 2018 Intended Use Plans identified the use of \$75,000 of the Federal Fiscal Year 2018 Drinking Water capitalization grant and \$25,000 of administrative fees from the Clean Water SRF loan repayments for the purpose of providing capacity development for public systems. The 2018 Drinking Water SRF Intended Use Plan can be accessed at: <http://denr.sd.gov/dfta/wwf/dwsrf/18dwsrfiup.pdf> and the 2018 Clean Water SRF Intended Use Plan can be accessed at <http://denr.sd.gov/dfta/wwf/dwsrf/18cwsrfiup.pdf>. It is expected the future Intended Use Plan's will include similar amounts for these activities.

RFP Objective

The primary objective of the RFP is to seek proposals from qualified contractors to provide assistance to public water and wastewater systems in South Dakota as part of capacity development strategy. Capacity development is a process to gain and maintain adequate technical, managerial and financial capacity for the safe operation and upkeep of public water and wastewater systems. To assist public systems, the respondent will need to conduct on-site visits to review deficiencies in the most recent capacity self-assessment form(s), identify any additional technical, managerial, or financial capacity deficiencies from the on-site visit(s), be able to provide board training, review rate structures, provide assistance in water loss, vulnerability assessments, emergency response plans, chemical safety plans, financial training, policy, procedures, record keeping, and any additional approved capacity trainings.

Request for Proposals Schedule

The following is a list of activities and estimated timelines relevant to the RFP process:

- RFP advertisement – November 13, 2017
- RFP submittal – December 8, 2017
- U.S. Environmental Protection Agency's approval of proposed contractor's work plan – December 31, 2017
- Contractor selection – January 4, 2018
- Contract execution – January 4, 2018

Proposal Contents

The proposal shall be prepared and submitted in such form and by such date as specified elsewhere in this RFP. Each page shall be numbered. The proposal should provide a concise description of the respondent's ability to meet the requirements of this RFP.

Respondents should submit a complete response to all the required elements of the RFP as described below.

1. *Transmittal Letter* – Each respondent shall prepare a transmittal letter summarizing the principal points in the respondent's proposal. The letter must be signed by the representative who is legally authorized to bind the responder to the proposal. List the

primary contact for this project and include that person's address, telephone number, fax number, and email address.

2. *Executive Summary* – One or two page executive summary is to briefly describe the respondent's proposal. This summary should highlight the major features of the proposal. It must indicate any requirements that cannot be met by the respondent. The reader should be able to determine the essence of the proposal by reading the executive summary. Proprietary information requests should be identified in this section.
3. *Experience* – Describe the respondent's experience and capabilities as well as any proposed subcontractor's experience and capabilities. Emphasis should be placed on knowledge of the state's public water and wastewater systems as well as capabilities relating to the requirements of the Safe Drinking Water Act, Clean Water Act, South Dakota laws and rules pertaining to the treatment and distribution of water for domestic use, and South Dakota laws and rules pertaining to treatment and collection of wastewater. In addition, the proposal should state the respondent's knowledge of the operation and maintenance of drinking water and wastewater treatment, distribution, and collection systems. Knowledge of generally accepted accounting practices for utility enterprise funds is also required and should be documented.
4. *Proposed Approach* - Describe the activities proposed to accomplish the project's objectives as outlined in the Work Plan as Exhibit A of the draft contract provisions provided as Attachment A and any history of performing similar project activities.
5. *Project Team* – Identify and submit a short resume for each member as well as any proposed subcontractors that will participate in the completion of this project. The use of a subcontractor(s) to increase the effectiveness of the respondent's proposal is allowable. A joint venture is also allowed but one firm shall be designated as the lead agency for the purposes of communication, compensation, and contract execution.
6. *Compensation* – Provide a detailed description of the proposed compensation by the respondent's team, to include any proposed subcontractors. The compensation may be less than but shall not exceed the maximum available amount of \$100,000 per calendar year.

Respondents must also provide the following information:

1. A detailed description of their specialized expertise, capabilities, and technical competence as demonstrated by the proposed approach and methodology to meet the project requirements;
2. A detailed description of their project management techniques and resources available to perform the work, including any specialized services, within the specified time limits for the project;

3. A detailed record of past performance which must include price and cost data from previous projects, a statement of its quality of work, a demonstration of its ability to meet schedules, demonstration cost control measures, and contract administration experience;
4. A detailed description of their availability to travel to South Dakota's public water and wastewater systems;
5. A detailed description of their familiarity with South Dakota's public drinking water and wastewater systems;
6. A detailed description of their overall ability and proven history in handling special project constraints for public drinking water and wastewater systems.

Submitting Your Proposal

Submit three hard copies of the proposal along with the signed transmittal letter. The proposals should be placed in a sealed envelope must be marked with the appropriate RFP Number. The words "Sealed Proposal Enclosed" must be prominently denoted on the outside of the shipping container. If mailing the proposals they must be post marked by December 8, 2017. **Proposals must be addressed and labeled as follows:**

Request For Proposal # 1158

Attn: Jonathan Peschong
SD Department of Environment and Natural Resources
523 E. Capitol Avenue
Pierre, SD 57501-3182

Additionally, please provide an electronic copy of your transmittal letter and proposal to Mr. Peschong at Jonathan.Peschong@state.sd.us on or before the submittal deadline. Questions regarding this RFP may be directed to Jonathan Peschong via email or by phone at 605.773.4216

Criteria for Contractor Selection

Proposals will be evaluated according to the following criteria and points:

- Specialized expertise, capabilities, and technical competence as demonstrated by the proposed approach and methodology to meet the project requirements (25 points)
- Record of past performance, including price and cost data from previous projects, quality of work, ability to meet schedules, cost control, and contract administration (10 points)
- Availability to travel to South Dakota's public water and wastewater systems (10 points)

- Familiarity with South Dakota's public drinking water and wastewater systems (10 points)
- Overall ability and proven history in handling special project constraints for public drinking water and wastewater systems (15 points)
- Project management techniques and resources available to perform the work, including any specialized services, within the specified time limits for the project (15 points)
- Compensation (15 points)

This is not a competitive bidding proposal. DENR personnel will review and rank the submitted proposals and then make a recommendation to the Board. At the discretion of the Board, respondents may be invited to make oral presentations to the Board. The Board reserves the right to hire more than one contractor if the Board deems doing so would be in the best interest of the State of South Dakota.

Proposals which in the judgment of DENR fail to meet the requirements of this RFP, or which are in any way incomplete, conditional, or which contain additions or deletions not called for, alterations or other irregularities, or in which errors occur, may be rejected at DENR's discretion. The DENR reserves the right to waive any requirements of or informalities in any proposal or to reject any or all proposals if it determines that it is in DENR's best interest to do so.

Terms and Conditions

- DENR will make a recommendation to the Board on which contractor to hire. The Board will make the final determination regarding the selection of the contractor(s).
- The Board reserves the right to reject any and all proposals.
- The Board may combine portions of different proposals, if the Board deems this action to be warranted.
- The Board may negotiate the compensation and hire the successful respondent(s) subject to the terms and conditions specified by the Board.
- If the Board is not able to successfully negotiate a contract with the highest ranked respondent, negotiations shall cease. The Board shall then begin negotiations with the second highest ranked respondent. This process may continue until negotiations are successful.
- The successful respondent(s) may not subcontract with any firm(s) not previously identified in its RFP without the prior, written consent of the Board.
- All respondents will be notified in writing of the selection.

Non-Discrimination Statement

The State of South Dakota requires that all contractors, vendors, and suppliers doing business with any State agency, department, or institution, provide a statement of non-discrimination. By signing and submitting their proposal, the offeror certifies they do not discriminate in their employment practices with regard to race, color, creed, religion, age, sex, ancestry, national origin or disability.

Proprietary Information

The proposal of the successful offeror(s) becomes public information. Proprietary information can be protected under limited circumstances such as client lists and non-public financial statements. Pricing and service elements are not considered proprietary. An entire proposal may not be marked as proprietary. Offerors must clearly identify in the Executive Summary and mark in the body of the proposal any specific proprietary information they are requesting to be protected. The Executive Summary must contain specific justification explaining why the information is to be protected. Proposals may be reviewed and evaluated by any person at the discretion of the State. All materials submitted become the property of the State of South Dakota and may be returned only at the State's option.

Governing Law

Venue for any and all legal action regarding or arising out of the transaction covered herein shall be solely in the State of South Dakota. The laws of South Dakota shall govern this transaction.

State Not Liable for Expenses of Proposals

Neither the Board nor DENR shall be liable for any expenses incurred by any respondent in preparing or presenting the proposal.

Standard Contract Terms and Conditions

Any contract or agreement resulting from this RFP will include, at a minimum, the substance of the State's standard contract terms and conditions as set forth in Attachment A attached hereto and by this reference incorporated herein.

ATTACHMENT A
Standard Contract Terms and Conditions

1. The Consultant will perform those services described in the Work Plan, attached hereto as Exhibit A and by this reference incorporated herein.
2. The Agreement shall commence on the _____, 20__, and end on the __th day of December, 20__, unless sooner terminated pursuant to the terms hereof.
3. The Consultant will not use State equipment, supplies or facilities. The Consultant will provide the State with its Employer Identification Number.
4. The State will make payment for services upon satisfactory completion of the services, but not more often than monthly. Payment will be made pursuant to itemized invoices and report that outlines work completed for each water and wastewater system, and will be based on an hourly rate of \$_____ per hour for services performed by the Consultant not to exceed _____ hours. The State will not pay Consultant's expenses as a separate item. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$_____ of which \$_____ is Drinking Water capitalization grant set-aside funds for water system capacity development activities and \$_____ is administrative fees from Clean Water State Revolving Fund loans for wastewater system capacity development activities.

The Consultant is required to submit a W-9 form with the "Required Direct Deposit Information" completed which will authorize the Board to make electronic payments by direct deposit and provide electronic payment notification to the Consultant. This form is available through the DENR Fiscal Office or it can be downloaded directly from <http://denr.sd.gov/dfta/wwf/VendorACHW-9Form.pdf>. The Consultant must fax the completed form to (605) 773-4068, or scan and email to DENRINTERNET@state.sd.us with "Attn: Fiscal Office" in the subject line, or mail it to:

DENR Fiscal Office
523 East Capitol
Pierre, SD 57501-3182

All requests for disbursement for eligible costs under this contract not presented within ninety (90) days after the completion of the term of this contract are barred from payment.

5. The Consultant agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the Consultant to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents or employees.

6. The Consultant, at all times during the term of this Agreement, shall obtain and maintain in force insurance coverage of the types and with the limits as follows:

A. Commercial General Liability Insurance:

The Consultant shall maintain occurrence based commercial liability insurance or equivalent form with a limit of not less than \$1,000,000 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.

B. Professional Liability Insurance or Miscellaneous Professional Liability Insurance:

The Consultant agrees to procure and maintain professional liability insurance or miscellaneous professional liability insurance with a limit not less than \$1,000,000.

C. Business Automobile Liability Insurance:

The Consultant shall maintain business automobile liability insurance or equivalent form with a limit of not less than \$1,000,000 for each accident. Such insurance shall include coverage for owned, hired and non-owned vehicles.

D. Worker's Compensation Insurance:

The Consultant shall procure and maintain workers' compensation and employers' liability insurance as required by South Dakota law.

Before beginning work under this Agreement, the Consultant shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement. In the event a substantial change in insurance, issuance of a new policy, cancellation or nonrenewal of the policy, the Consultant agrees to provide immediate notice to the State and provide a new certificate of insurance showing continuous coverage in the amounts required. The Consultant shall furnish copies of insurance policies if requested by the State.

7. While performing services hereunder, the Consultant is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

8. Consultant agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to the person or property of third parties, or which may otherwise subject Consultant or the State to liability. Consultant shall report any such event to the State immediately upon discovery.

Consultant's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law.

Consultant's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Consultant to report any event to law enforcement or other entities under the requirements of any applicable law.

9. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Consultant breaches any of the terms or conditions hereof, this Agreement may be terminated by the State at any time with or without notice. If termination for such a default is effected by the State, any payments due to Consultant at the time of termination may be adjusted to cover any additional costs to the State because of Consultant's default. Upon termination the State may take over the work and may award another party an agreement to complete the work under this Agreement. If after the State terminates for a default by Consultant it is determined that Consultant was not at fault, then the Consultant shall be paid for eligible services rendered and expenses incurred up to the date of termination.

10. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

11. This Agreement may not be assigned without the express prior written consent of the State. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

13. The Consultant will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

14. The Consultant may not use subcontractors to perform the services described herein without the express prior written consent of the State. The Consultant will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. The Consultant will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

15. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to Steven M. Pirner, Secretary, Department of Environment and Natural Resources on behalf of the State, and by _____, _____, on behalf of the Consultant, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

16. In the event that any provision of this Agreement shall be held unenforceable or invalid by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

17. The Consultant agrees to provide services in compliance with the Americans with Disabilities Act of 1990.

18. The Consultant agrees to provide the state with their Minority Business Enterprise/Woman Business Enterprise (MBE/WBE) status as well as the MBE/WBE status and agreement amounts of all subcontractors.

19. The Consultant certifies that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment or suspension, or declared ineligible from participating in transactions by the federal government or any state or local government department or agency. Consultant further agrees that it will immediately notify the State if during the term of this Agreement Consultant or its principals become subject to debarment, suspension or ineligibility from participating in transactions by the federal government, or by any state or local government department or agency.

20. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

Exhibit A

DRINKING WATER CAPACITY ASSESSMENT WORK PLAN

WORK OBJECTIVES

- A) Consultant field staff in the State of South Dakota will meet with the Capacity Assessment Coordinator and other staff of the Department of Environment and Natural Resources (DENR) on a quarterly basis to review drinking water capacity assessments to determine the extent of any deficiencies, possible noncompliance issues or additional technical assistance for selected systems.
- B) The Consultant's staff will contact all systems identified by DENR and arrange for an on-site visit to review the status of the deficiencies identified in the most recent capacity self-assessment form, submitted funding application, or system identified as needing additional technical assistance during a DENR inspection.
- C) While on the on-site visit, the consultant's staff will review the deficiencies identified, complete the technical assistance identified, and discuss possible additional technical assistance that should be done for the system to address any additional deficiencies identified.
- D) The consultant's staff will gather information relating to the deficiencies identified and any additional deficiencies identified by the on-site visit prepare a Capacity Report to DENR outlining the technical assistance that the consultant has provided and/or additional technical assistance identified. If approved by DENR, the consultant will conduct additional technical assistance for the system.
- E) The consultant's staff will update the Capacity Report to DENR once the additional technical assistance has been completed. DENR will determine based on the report if any follow-up is necessary to include additional on-site technical assistance.

ADDITIONAL ON-SITE TECHNICAL ASSISTANCE

Board Training

Review and conduct rate studies.

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

Assist the system with water loss studies

Assist the system with the VA/ERP

Well Assessments

Assist the Finance Officer prepare for audits

Assist with the review and rewrite of policies and procedures

Assist the community with logs for maintenance and repair of the system
Provide guidance on record management
Provide one-on-one Finance Officer training
Develop Job Descriptions
Develop Flushing Plans
Develop meter testing and replacement plans

REPORTING

The Consultant will file a written report to the Capacity Assessment Coordinator of the South Dakota Department of Environment and Natural Resources on a quarterly basis. This report will include the names and contact information of the systems contacted, deficiencies identified prior to and during the initial on-site visit and a breakdown of technical assistance completed.

WASTEWATER CAPACITY ASSESSMENT WORK PLAN

WORK OBJECTIVES

- A) The Consultant will contact systems identified by the Water and Waste Funding Program staff and determine a course of action to address capacity deficiencies identified, e.g. arrange for an on-site visit, telephone consultations, email exchanges, etc.
- B) Technical assistance will be of a financial and managerial nature and will include, but not be limited to, accounting principles, rate setting assistance and board training.
- C) The Consultant will gather information related to the deficiencies and prepare a plan of action for Water and Waste Funding Program staff review and approval. Once approved, the Consultant will present the plan of action to the system.
- D) The Consultant will keep Water and Waste Funding Program staff informed of the status of the plan of action and arrange for on-site technical assistance follow-ups, if necessary.

Reporting

Upon completion, the Consultant will submit a final plan of action report to the Capacity Assessment Coordinator of the South Dakota Department of Environment and Natural Resources. The plan will include the system name, system contacts, and deficiencies, corrective actions taken, and recorded hours for each of the Consultant's staff assigned.

TITLE: 2017 Annual Report and the 2018 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 2017 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 2018 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.

RECOMMENDED ACTION: Approve the 2017 Annual Report and 2018 State Water Plan for distribution to the State Legislature, Governor, and other interested parties

CONTACT: Andy Bruels, 773-4216

2017 ANNUAL REPORT
~~and~~
2018 STATE WATER PLAN



South Dakota

Board of
Water and Natural Resources

DRAFT



**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-Third
Legislative Session

As required by state law, transmitted herewith is the 2017 Annual Report/2018 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 \$128.4 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. The 2018 State Water Facilities Plan currently includes 56 projects with projected state funding needs of nearly \$221.2 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', is written over a horizontal line.

Steven M. Pirner, P.E.
Secretary

BOARD OF WATER AND NATURAL RESOURCES

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Member since 2003

GENE JONES, JR., VICE CHAIRMAN
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Member since 2002

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Rapid City
Pierre
Sisseton

**To
Governor Dennis Daugaard
and the
Ninety-Third Session, Legislative Assembly
2018**

**2017 ANNUAL REPORT
~~and~~
2018 STATE WATER PLAN**

Board of Water and Natural Resources

January 2018

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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 2017 Annual Report and the 2018 State Water Plan. The annual report provides progress reports on each funding program and other board activities during calendar year 2017.

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 2018 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 2019 appropriation levels are included in Appendix B.

2017 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 2017 activities, including a detailed account of Water and Environment Fund grant and loan awards.

In November 2016, the board placed 34 projects on the 2017 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 19 projects onto the plan.

The board awarded more than \$128.4 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. 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 2017, the board approved 25 loans totaling nearly \$57.9 million (Table 1).

The base interest rates for the Clean Water SRF program were 2.0 percent for loans up to 10 years, 2.25 percent for up to 20 years, 2.5 percent for up to 30 years, and an interim financing rate of 2.0 percent for up to five years. The program's nonpoint source incentive rates were 1.0 percent for loans with a term of 10 years or less, 1.25 percent for loans with a term up to 20 years, and 1.5 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 were 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 2017 appropriations bill for the Clean Water SRF program included the requirements set forth in the Water Resources Reform and Development Act of 2014 along with some specific requirements for the current year. These requirements involve 1) applying Davis-Bacon wage rates to all projects awarded in fiscal year 2017; 2) requiring that not less than 10 percent of the 2017 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 a flat rate) are eligible to receive principal forgiveness. Other applicants were 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 – 2017 Clean Water State Revolving Fund Loan Awards

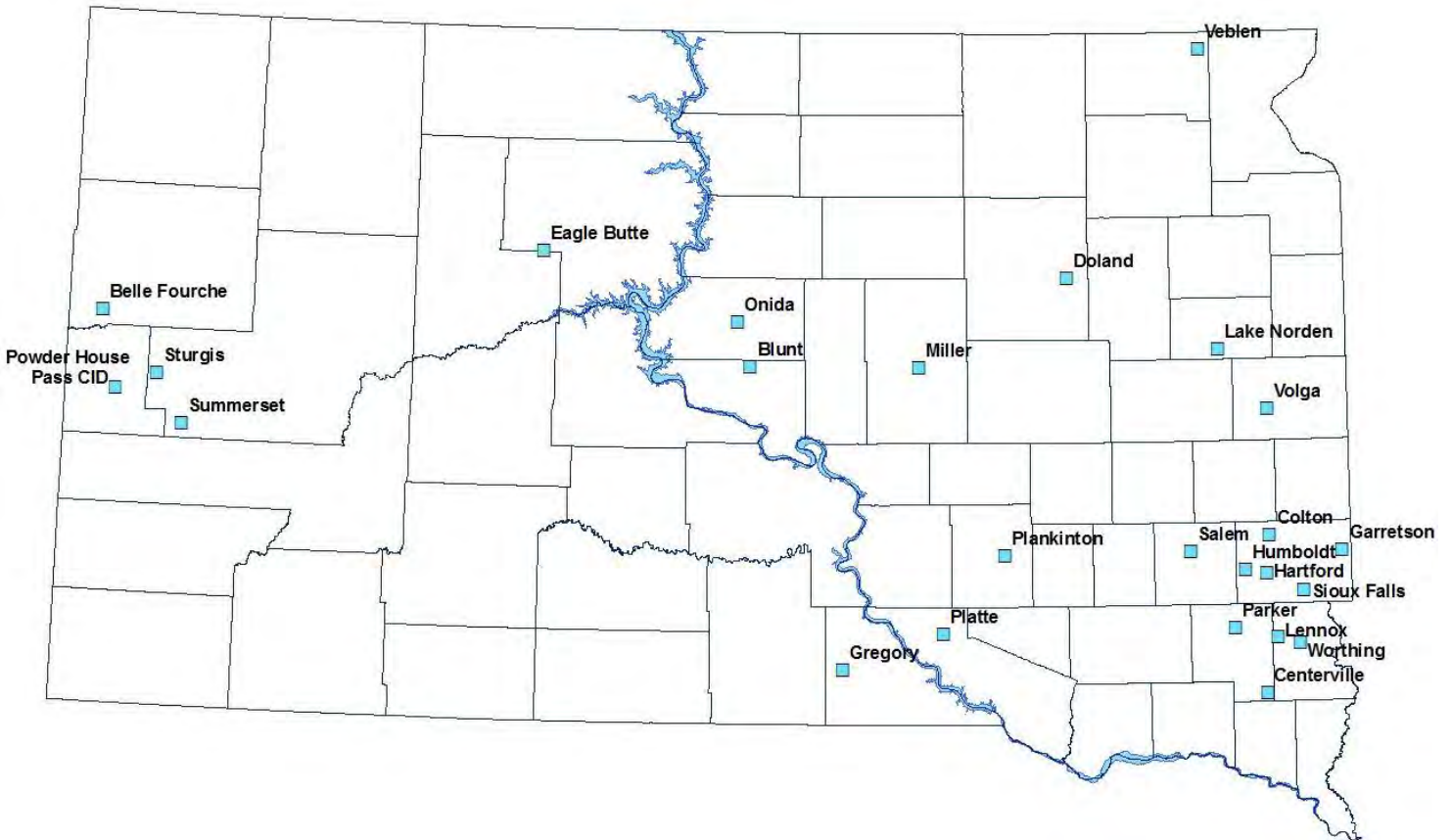
<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Belle Fourche (CW-03)	8th Avenue Sanitary and Storm Sewer Improvements	\$2,125,000		2.25%	20
Blunt (CW-01)	Wastewater Treatment and Lift Station Improvements	\$710,000		2.5%	30
Centerville (CW-03)	Storm Sewer Improvements	\$240,000		2.5%	30
Colton (CW-03)	Sanitary Sewer Improvements	\$1,974,000		2.5%	30
Doland (CW-01)	Water Meter Replacement	\$150,000	\$75,000	2.0%	10
Eagle Butte (CW-03)	Sanitary and Storm Sewer Improvements	\$670,000		2.5%	30
Garretson (CW-03)	Sanitary Sewer Replacement	\$1,160,000		2.5%	30
Gregory (CW-03)	Felton Street Sanitary Sewer Replacement	\$260,000		2.25%	20
Hartford (CW-06)	Mickelson Road Sanitary and Storm Sewer Installation	\$1,482,000		2.5%	30
Humboldt (CW-02)*	Water Meter Replacement	\$272,000		2.0%	10

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Lake Norden (CW-01)	Wastewater Collection System Improvements	\$1,285,000		2.5%	30
Lennox (CW-07)	Central Basin Sanitary and Storm Sewer Improvements Phase 2 and 3	\$1,496,000		2.5%	30
Miller (CW-03)	2017 Infrastructure Improvements	\$1,875,000		2.5%	30
Onida (CW-01)	Wastewater Collection Improvements	\$2,400,000		2.5%	30
Parker (CW-05)	Utility Improvements--Phase 5	\$731,000		2.5%	30
Plankinton (CW-02)	Water Meter Replacement	\$240,000		2.0%	10
Platte (CW-02)	Wastewater Collection Improvements	\$2,300,000		2.5%	30
Powder House Pass Community Improvement District (CW-02)	Centralized Wastewater Collection and Treatment System	\$2,060,000		2.5%	30
Salem (CW-03)	Sanitary Sewer and Watermain Improvements	\$2,556,000		2.5%	30
Sioux Falls (CW-38)	Primary Digester Mixing Improvements	\$11,000,000		1.0%	10
Sioux Falls (CW-38NPS)	Big Sioux Watershed Restoration	\$559,125		1.0%	10
Sturgis (CW-06)	Wastewater Treatment System Improvements	\$16,247,000	\$1,600,000	2.5%	30
Summerset (CW-02)	Wastewater Treatment Facility Improvements	\$1,769,000		2.5%	30
Veblen (CW-01)	Wastewater System Improvements	\$1,387,000		2.5%	30
Volga (CW-01)	Wastewater Treatment Facility Improvements	\$2,819,000		2.25%	20

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Worthing (CW-04)	Water Meter Replacement	\$120,000	\$90,000	2.0%	10
Total		\$57,887,125	\$1,765,000		

* Deobligated prior to December 31, 2017

Map 1 – 2017 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 2017, sixteen loans and two loan amendments were approved totaling nearly \$51.8 million (Table 2).

The base interest rates for the Drinking Water SRF program were 2.0 percent for terms up to 10 years, 2.25 percent for up to 20 years, 2.5 percent for up to 30 years, and an interim financing rate of 2.0 percent for up to five years.

Disadvantaged communities were eligible to 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 a disadvantaged community must be below the statewide median household income (MHI). Communities with a household income less than the MHI but greater than 80 percent of the MHI were eligible for a 30-year term loan at 2.25 percent interest. Communities with a household income between 60 percent and 80 percent of the MHI were eligible for a 30-year term loan at 2.0 percent interest and a 10-year loan at 1.0 percent interest. An average household income less than 60 percent of the MHI is necessary to be eligible for a 30-year term loan at zero percent interest.

The federal fiscal year 2017 appropriations bill for the Drinking Water SRF program 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 2017; 2) requiring that a portion of the 2017 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) were eligible to receive principal forgiveness. Other applicants were required to have residential water rates of \$55 per month (based on 7,000 gallons usage) to be eligible to receive principal forgiveness.

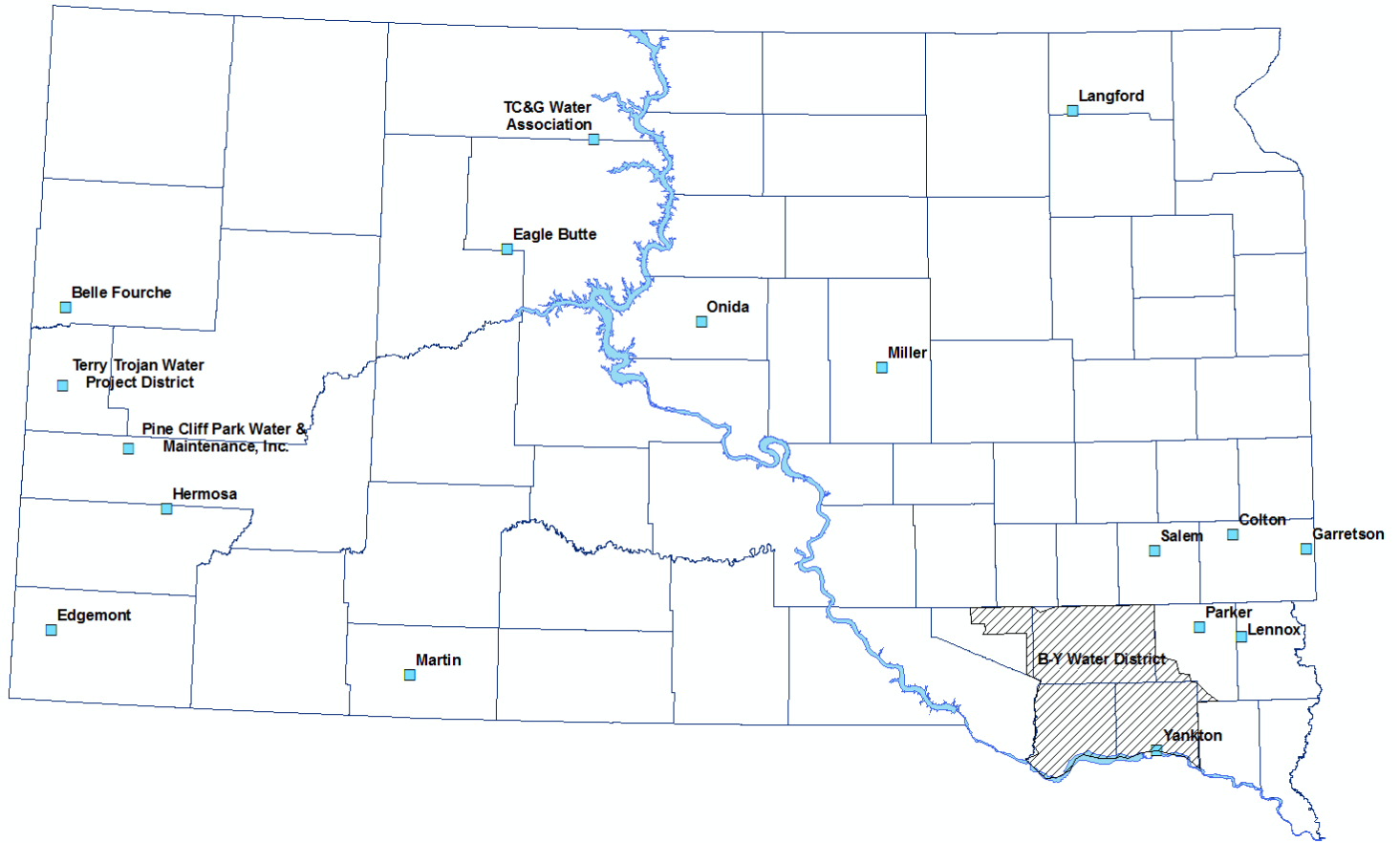
Table 2 – 2017 Drinking Water State Revolving Fund Loan Awards

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Belle Fourche (DW-01)	8th Avenue Water Distribution Improvements	\$265,000		2.25%	20
B-Y Water District (DW-02)	Water Storage Reservoir	\$4,700,000		2.5%	30
Colton (DW-04)	Water Distribution Improvements	\$1,343,000	\$550,000	2.5%	30
Eagle Butte (DW-03)*	Water System Improvements	\$270,000		0%	30

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Edgemont (DW-02)	Water System Upgrades	\$447,000	\$157,000	0%	30
Garretson (DW-02)	Watermain Replacement	\$639,500		2.5%	30
Hermosa (DW-02)	Water Source and Distribution Improvements	\$199,000		2.0%	30
Langford (DW-01)	Water Line and Storage Improvements	\$386,000		0%	30
Lennox (DW-03)	Central Basin Water Improvements Phase 2 and 3	\$912,000		2.25%	30
Martin (DW-02)	4th & 5th Avenue Watermain Improvements	\$633,000		2.0%	30
Miller (DW-03)	2017 Water Infrastructure Improvements	\$1,099,000		2.25%	30
Onida (DW-02)	Water System Improvements	\$950,000	\$250,000	2.25%	20
Parker (DW-04)	Watermain Improvements--Phase 5	\$697,000		2.25%	30
Pine Cliff Park Water & Maintenance, Inc. (DW-01)	Water System Improvements	\$348,000		2.25%	20
Salem (DW-04)	Watermain Improvements	\$302,000		2.25%	30
TC&G Water Association (DW-01)*	Water System Improvements	\$775,000		2.25%	30
Terry Trojan Water Project District (DW-01)	Water System Rehabilitation	\$812,000	\$80,000	2.25%	20
Yankton (DW-06)	Water Treatment Plant Construction	\$37,000,000		2.25%	30
	Total	\$51,777,500	\$1,045,000		

*Amendment to prior year Drinking Water SRF Award

Map 2 – 2017 Drinking Water State Revolving Fund Recipients



Consolidated Water Facilities Construction Program

The 2017 State Legislature appropriated \$10.5 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 2017.

The board awarded fifteen grants and two loans totaling nearly \$10.9 million (Table 3). The 2017 awards leveraged more than \$42.8 million in total project activities.

Table 3 – 2017 Consolidated Awards

<u>Sponsor</u>	<u>Description</u>	<u>Grant Amount</u>	<u>Loan Amount</u>	<u>Total Project</u>
Canova	Drinking Water Improvements	\$32,000	\$20,000	\$52,590
Colton	Water Distribution Improvements	\$815,000		\$2,158,372
Colton	Sanitary Sewer Improvements	\$800,000		\$2,774,566
Garretson	Watermain Replacement	\$639,500		\$1,279,000
James River Water Development District	South Central Watershed Implementation	\$275,000		\$1,833,333
Lake Norden	Wastewater Collection System Improvements	\$321,000		\$1,606,800
Langford	Water Line and Storage Improvements	\$985,000		\$1,921,000
Lennox	Central Basin Sanitary and Storm Sewer Improvements Phase 2 and 3	\$2,000,000		\$3,766,000
Lesterville	Water Main Replacement and Looping	\$353,000	\$100,000	\$453,000
Miller	2017 Watermain Improvements	\$1,300,000		\$2,400,000
Miller	2017 Sanitary Sewer Improvements	\$2,000,000		\$3,876,866
Pine Cliff Park Water & Maintenance, Inc.	Water System Improvements	\$115,000		\$463,607
Salem	Watermain Improvements	\$500,000		\$802,000
Sturgis	Wastewater Treatment System Improvements	\$400,000		\$16,647,000
Summerset	Wastewater Treatment Facility Improvements	\$240,000		\$2,769,000
	Total	\$10,775,500	\$120,000	\$42,803,134

Map 3 – 2017 Consolidated Program Grant/Loan Recipients



State Revolving Fund Programs – Grant Assistance

In 2017, the board allocated additional funds under both the Clean Water and Drinking Water state revolving fund programs for planning, technical assistance, construction activities, and management of the regulatory Public Water System Supervision program. The board’s 2017 intended use plans approved the use of \$2,144,320 in Clean Water and Drinking Water funds for grants (Table 4).

Table 4 – 2017 State Revolving Fund Grant Allocations

<u>Activity</u>	<u>Source</u>	<u>Amount</u>
Water Quality Grants	Clean Water SRF Admin Surcharge (CWSRF WQ)	\$1,000,000
Public Water System Supervision Program	Drinking Water SRF Set-Aside and Drinking Water SRF Admin Surcharge	\$600,000

<u>Activity</u>	<u>Source</u>	<u>Amount</u>
Small System Technical Assistance Grants	Drinking Water SRF Set-Aside and Clean Water Admin Surcharge	\$169,320
SRF Application Preparation and Administration	Clean Water SRF and Drinking Water SRF Admin Surcharge	\$300,000
Drinking Water Operator Certification Training	Drinking Water SRF Admin Surcharge	\$75,000
Total		\$2,144,320

During 2017, the board approved 24 Water Quality or Technical Assistance awards totaling more than \$1.54 million (Table 5). The narrative sections below describe the general categories of the state revolving fund programs 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 stormwater 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.

Public Water System Supervision Program: Insufficient federal funds have been allocated from the Performance Partnership Grant for South Dakota’s Public Water System Supervision (PWSS) program to complete all tasks and activities identified in DENR’s workplan with EPA. The PWSS program is managed by DENR’s Drinking Water program and ensures all public water systems in the state are maintaining compliance with the requirements of the Safe Drinking Water Act. A total of \$400,000 was allocated from the State Program Management set-aside in federal fiscal year 2017. An additional \$200,000 in DWSRF administrative surcharge fees was provided to help fund the PWSS program.

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 (SDARWS) in 2017. SDARWS provides assistance to small drinking water systems serving populations of 10,000 or less with compliance, permitting, and operational issues. In 2017, 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. Midwest Assistance Program was awarded an additional contract to provide technical assistance to wastewater funding applicants with capacity issues.

In 2017, the board provided \$75,000 for operator certification training. These funds are provided to SDARWS and used for operator certification training of drinking water system operators. During state fiscal year 2017, 417 operators received training.

The board continued to offer grants to assist very small systems in violation of the Safe Drinking Water Act, to come into compliance. 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 2017.

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 are all under existing five-year 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. No additional funds were placed under agreement with the planning districts in 2017.

Table 5 – 2017 State Revolving Fund Programs Grant Awards
Watershed /Wastewater Construction Grant Awards

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>	<u>Source of Funds</u>
South Dakota Discovery Center	South Dakota Nonpoint Source Information and Education	\$50,000	CWSRF WQ
Lennox	Central Basin Sanitary and Storm Sewer Improvements Phase 2 and 3	\$270,000	CWSRF WQ
South Dakota Grasslands Coalition	Grasslands Management & Planning	\$50,000	CWSRF WQ
South Dakota Soil Health Coalition	Soil Health Improvement & Planning	\$50,000	CWSRF WQ

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>	<u>Source of Funds</u>
Summerset	Wastewater Treatment Facility Improvements	\$760,000	CWSRF WQ
		Total	\$1,180,000

Map 4 –2017 Watershed/Construction Grant Recipients

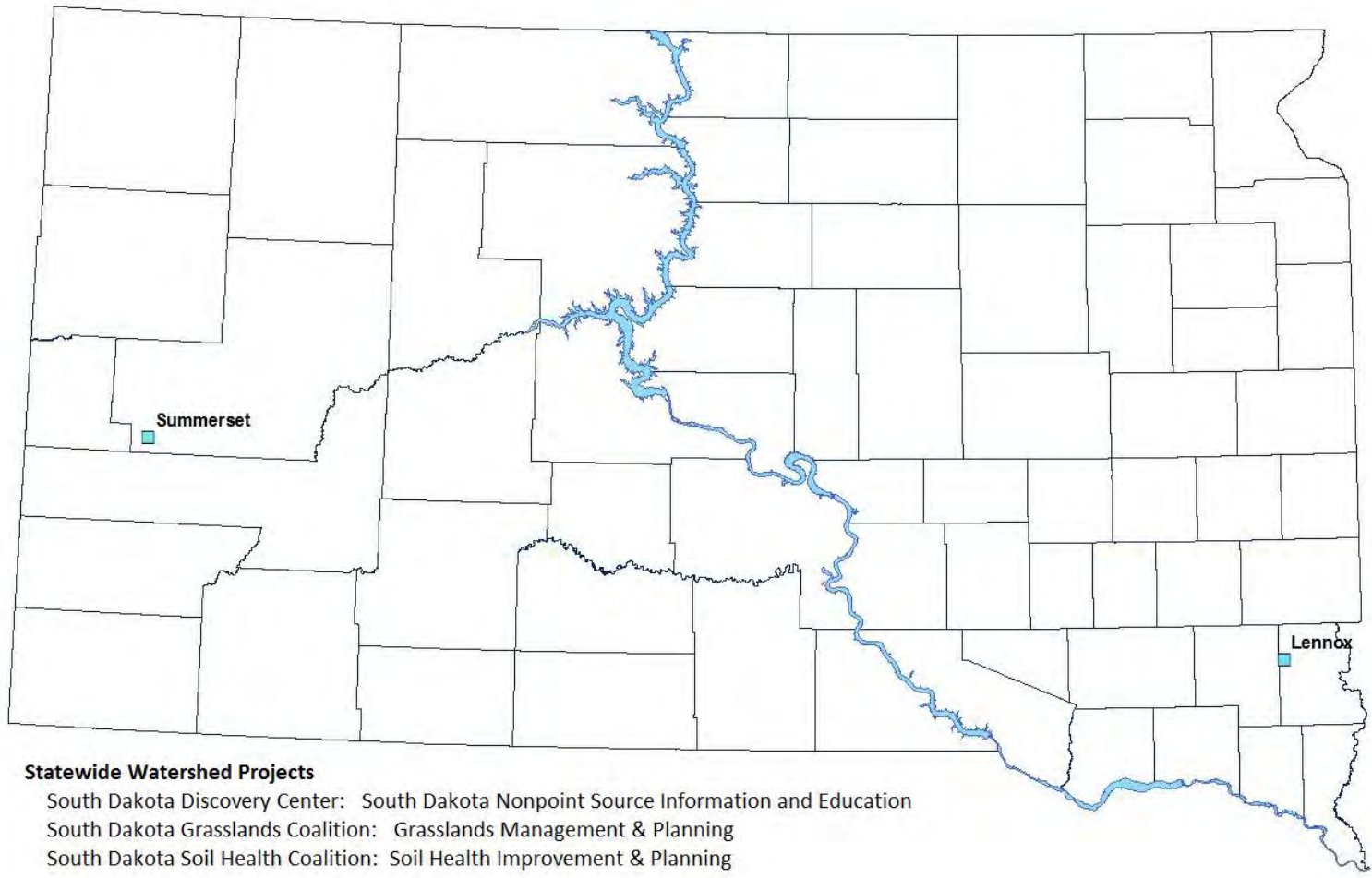


Table 5 (continued)*Small Community Planning Grant Awards*

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>
Bridgewater	Stormwater Management Study	\$10,000
Bryant	Wastewater System Study	\$10,000
Colome	Drinking Water System Study	\$8,000
Elkton	Drinking Water System Study	\$8,000
Grenville	Drinking Water System Study	\$6,400
Groton	Wastewater System & Stormwater Management Study	\$20,000
Groton	Drinking Water System Study	\$8,000
Lake Preston	Drinking Water System Study	\$8,000
Leola	Drinking Water System Study	\$8,000
Springfield	Stormwater Management Study	\$10,000
Springfield	Wastewater System Study	\$10,000
Tulare	Drinking Water System Study	\$8,000
Volga	Water and Wastewater Rate Study	\$1,600
Volga	Water and Wastewater Rate Study	\$1,600
Willow Lake	Drinking Water System Study	\$778
	Total	\$118,378

Map 5 –2017 Small Community Planning Grant Awards

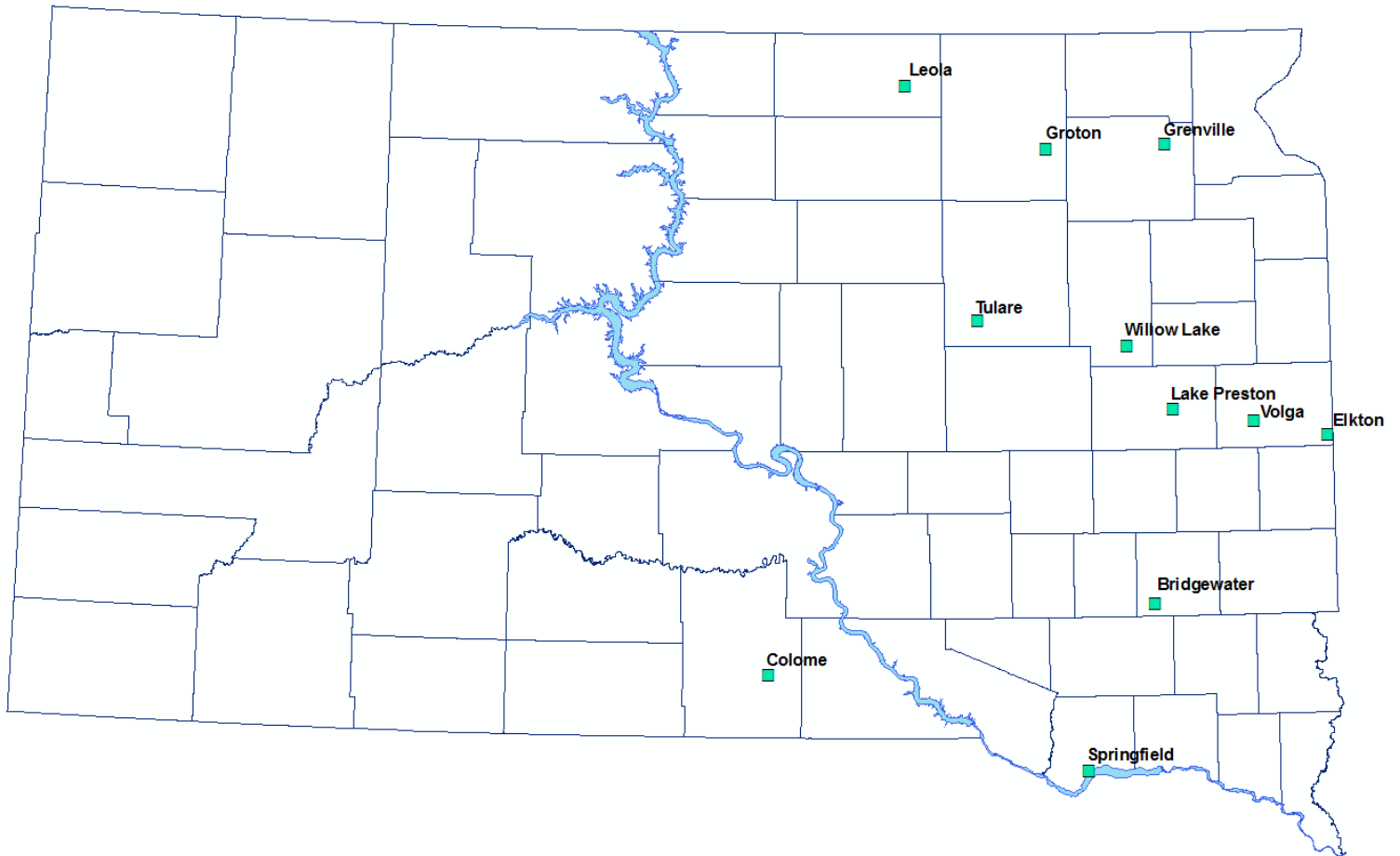


Table 5 (continued)

Technical Assistance Awards

<u>Sponsor</u>	<u>Project</u>	<u>Award</u>
Department of Environment and Natural Resources	Drinking Water Operator Certification Training	\$75,000
Midwest Assistance Program	Drinking Water Small Systems Capacity Assessments	\$45,000
Midwest Assistance Program	Small Systems Wastewater Capacity	\$4,500
SD Association of Rural Water Systems*	Small System Technical Assistance	\$120,000
Total		\$244,500

* Amendment to prior year Technical Assistance award.

State Water Resources Management System

On March 8, 2017, Governor Dugaard signed the 2017 Omnibus Bill (Senate Bill 70) which appropriated \$450,000 for Hydrology and Water Management Studies which is on the State Water Resources Management System (SWRMS) list. Additionally, \$203,080 from prior year appropriations was available for award in 2017. Information on individual SWRMS project accomplishments and activities is provided in the State Water Plan section (pages 35-52). During the year, the board placed the following amount under agreement (Table 6).

Table 6 – 2017 State Water Resources Management System Awards

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Type</u>
Department of Environment and Natural Resources	Big Sioux Basin Hydrologic Model	\$550,000	Grant

Watershed Protection Program – 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 2017, the board recommended that EPA award \$1.864 million in federal fiscal year 2017 Section 319 grant funds to watershed projects (Table 7).

Table 7 - 2017 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 Implementation	\$650,000	\$1,088,500
Day Conservation District	Northeast Glacial Lakes Watershed Protection	\$250,000	\$483,710
South Dakota Discovery Center	South Dakota Nonpoint Source Information and Education	\$200,000	\$418,950
James River Water Development District*	South Central Watershed Implementation	\$464,000	\$7,634,618

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
South Dakota Grasslands Coalition	Grassland Management and Planning	\$200,000	\$405,400
South Dakota Soil Health Coalition	Soil Health Improvement and Planning	\$100,000	\$275,400
Total		\$1,864,000	\$10,306,578

* Amendment to prior year 319 award

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 2017.

Table 8 - 2017 EPA Section 319 Grant Amendments

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
Belle Fourche Watershed Partnership	Belle Fourche River Watershed Implementation	\$18,500	\$2,516,900
James River Water Development District	South Central Watershed Implementation	\$45,452	\$7,634,618
South Dakota Grasslands Coalition	Grassland Management and Planning	\$26,365	\$778,715
Total		\$90,317	\$10,930,233

Solid Waste Management Program

The 2017 State Legislature appropriated \$2,250,000 for the Solid Waste Management Program (SWMP). These appropriations, combined with reverted and unobligated prior year funding, resulted in more than \$2.31 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.

The board awarded four grants, four loans and one grant amendment in 2017, totaling nearly \$3.1 million (Table 9). Of these awards, four were for recycling and five were for solid waste disposal. SWMP awards helped leverage more than \$4 million in total project activities.

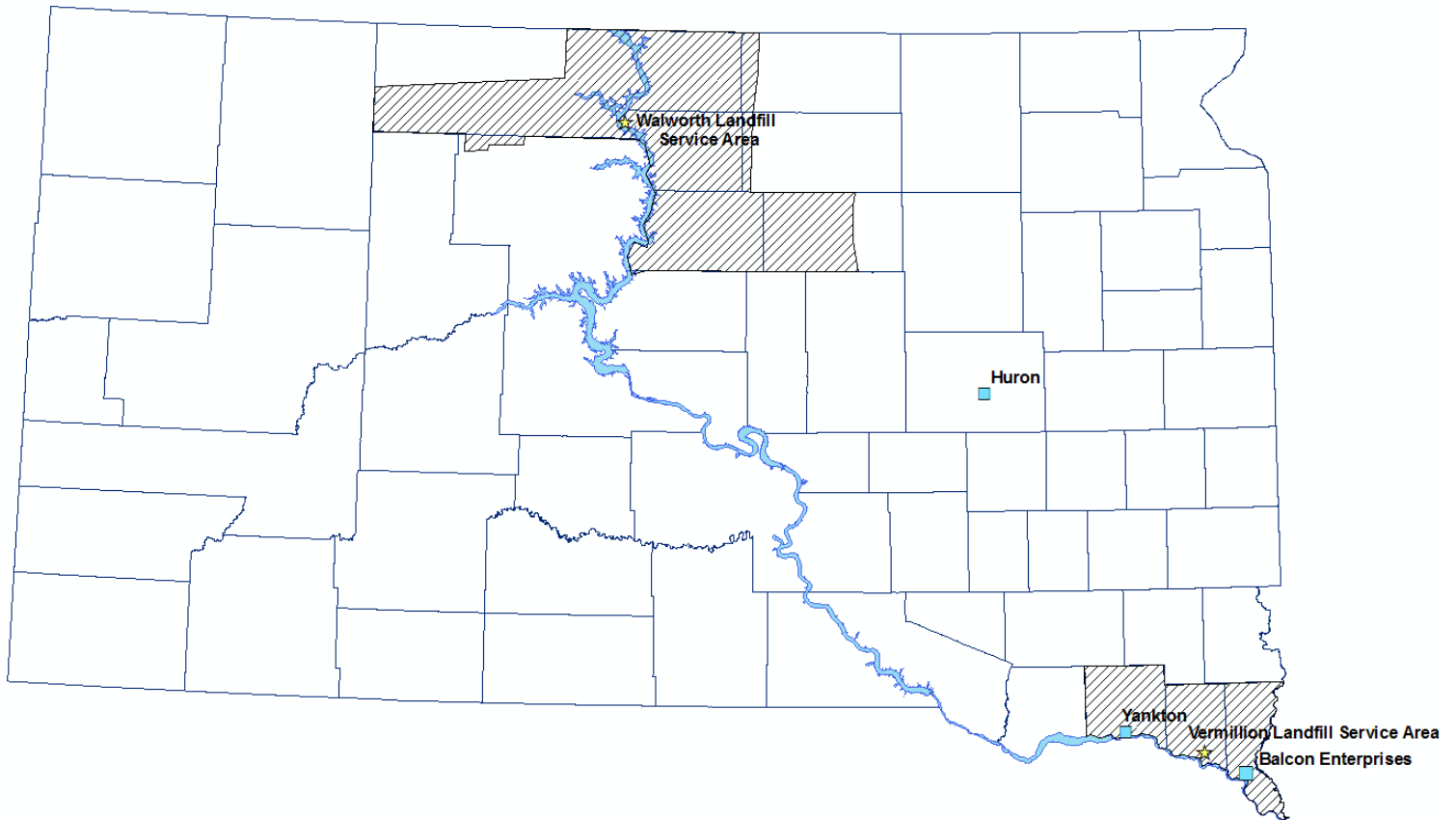
Table 9 - 2017 Solid Waste Management Awards

<i>Disposal</i>				
<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
DENR*	Waste Tire and Other Solid Waste Cleanups		\$250,000	\$812,500
Vermillion	Landfill Dozer Purchase	\$150,000	\$150,000	\$500,000
Walworth County	Landfill Expansion	\$462,000	\$250,000	\$862,268
Total		\$612,000	\$650,000	\$2,174,768

* Amendment to prior year SWMP loan award

<i>Recycling</i>				
<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
Balcon Enterprises	Cardboard Recycling Facility Expansion	\$954,000		\$954,213
Huron	Equipment Purchase for Loading Recyclables		\$21,000	\$70,000
Yankton	Equipment for Recycling and Solid Waste Collection	\$574,500	\$275,500	\$856,000
Total		\$1,528,500	\$296,500	\$1,880,213

Map 6 – 2017 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 the 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 cleanup unless a waiver is granted by EPA. Brownfields projects are nominated by local project sponsors and approved by the board. Table 10 contains a list of all the Brownfields projects approved by the board in calendar year 2017. The Brownfields process is an extremely useful tool to help assess and clean up contaminated lands statewide and move forward with economic development projects that are a high local priority.

Table 10 - 2017 Brownfields Assessment and Cleanup Projects

<u>Applicant</u>	<u>Site Name and Location</u>	<u>Activity</u>	<u>Land After Cleanup</u>	<u>Amount*</u>
Kimball Economic Development Corporation	Former Casino Bar, Kimball	Assessment	Commercial	\$6,599
Madison Economic Development	Former Wenk Foods	Assessment and Cleanup	Public and Commercial	\$45,788
School of Mines and Technology	Vacant property, Rapid City	Assessment	Public	\$2,717
Southern Hills Economic Development Corporation	Abandoned water fill station, Hot Springs	Assessment	Residential	\$6,617
City of Spearfish	Former McLaughlin Sawmill	Assessment	Commercial, residential and Public	-
Sturgis Economic Development Corp.	Former Full Throttle Saloon, Sturgis	Assessment	Commercial	\$5,018
Sturgis Economic Development Corp.	Meade County School District (site 1), Sturgis	Assessment	Commercial	\$6,043
Sturgis Economic Development Corp.	Meade County School District (site 2), Sturgis	Assessment	Commercial	\$4,472
			Total	\$77,254

* Accumulative costs as of September 30, 2016

2017 State Water Development Legislation

On March 8, 2017, Governor Dugaard signed Senate Bill 70, the Omnibus Water Funding Bill. The 2017 Omnibus Bill contained the following appropriations:

Appropriations from the Water and Environment Fund

- Hydrology and Water Management Studies - \$450,000 grant to provide funding for hydrology and water management studies including completion of a hydrologic model for the Big Sioux River basin to help predict impacts of potential future flood events;
- Consolidated Water Facilities Construction Program – \$10,500,000 to provide grants and loans for community drinking water, wastewater, and watershed improvement projects;
- Solid Waste Management Program – \$2,250,000 to provide grants and loans for recycling, solid waste disposal, and waste tire projects. Up to \$250,000 of the funds appropriated may be used by the department to provide one hundred percent grant funding for waste tire and other solid waste clean-up projects.

Appropriations from WEF Subfunds and Other Sources

- Section 4 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 5 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 6 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 7 of the bill appropriated \$150,000 from the Drinking Water State Revolving Fund program subfund for small system technical assistance grants;

Section 8 of the bill amended SDCL 1-40-32 to increase the maximum amount of the transfer of yearly interest deposited into the Water and Environment Fund to the Environment and Natural Resources Fee Fund. The maximum transfer amount was increased from \$500,000 to \$600,000

2018 State Water Plan

2018 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 2017, the board considered 27 applications requesting placement on the State Water Plan. The board placed all 27 projects on the Facilities Plan, bringing the total number of projects on the 2018 State Water Facilities Plan to 173 (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 had not received funding as of December 31, 2017. Projects placed on the plan in November 2016 or that were amended onto the plan during calendar year 2017 remain on the Facilities Plan through December 2018. The 27 projects placed on the plan in November 2017 remain on the Facilities Plan through December 2019.

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 - 2018 State Water Facilities Plan Funded Projects

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Andover	Wastewater Treatment Facility Improvements	\$305,000	\$305,000
Andover	Wastewater Treatment Facility Improvements	\$305,000	\$305,000
Astoria	WWTF Expansion & Diversion Channel Rehabilitation	\$744,000	\$744,000
Belle Fourche	8th Avenue Watermain Improvements	\$265,000	\$265,000
Belle Fourche	8th Avenue Sewer Improvements	\$2,125,000	\$2,125,000
Big Sioux Community Water System	Connection to Minnehaha Community Water Corporation and City of Madison	\$3,014,000	\$3,014,700
Big Sioux Community Water System	Water Meter System	\$900,000	\$900,000
Bison	Wastewater Treatment and Sanitary Sewer Collection	\$419,000	\$419,000
Blunt	Wastewater Treatment and Lift Station Improvements	\$710,000	\$710,000
Box Elder	Ghere Reservoir and Well Project	\$3,562,950	\$3,562,950
Brandon	Lift Station to Sioux Falls	\$2,598,000	\$2,598,000
Brandon	Drinking Water System Improvements	\$12,425,000	\$12,425,000
Britton	Water Distribution System Improvements	\$1,444,000	\$4,656,000
B-Y Water District	Water Storage Reservoir	\$4,700,000	\$4,700,000
Canistota	Main Street Water Improvements	\$96,000	\$96,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Canistota	Main Street Wastewater Improvements	\$378,000	\$378,000
Canova	Water Meter Replacement	\$52,000	\$52,590
Canton	Dakota Street Water Improvements	\$760,000	\$760,000
Canton	Dakota Street Sewer Improvements	\$1,648,000	\$1,648,000
Canton	Well Replacement Project	\$1,550,000	\$1,550,000
Cavour	Wastewater Improvements	\$795,000	\$845,000
Centerville	Storm Sewer Improvements	\$240,000	\$240,000
Chancellor	Water Meter Replacement	\$180,000	\$180,000
Chancellor	Sanitary Sewer Improvements	\$574,000	\$574,000
Clark	Wastewater Treatment Facility Construction	\$6,485,000	\$7,000,000
Colman	Phase 3 - Water Mains and Tower Replacement	\$1,200,000	\$1,200,000
Colton	Water Distribution Improvements	\$2,158,000	\$2,158,000
Colton	Sanitary Sewer Improvements	\$2,774,000	\$2,774,000
Conde	Water Distribution and Storage Improvements	\$2,333,000	\$2,333,000
Dell Rapids	Sewer Improvements	\$1,037,000	\$1,742,000
Dell Rapids	Watermain Improvements	\$705,000	\$705,000
Dell Rapids	Sequencing Batch Reactor Construction	\$5,758,000	\$5,758,000
Dimock	Wastewater Improvements	\$528,000	\$568,000
Doland	Water Meter Replacement	\$150,000	\$150,000
Eagle Butte	Water Distribution System Improvements	\$1,245,000	\$1,245,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Eagle Butte	Sanitary and Storm Sewer Improvements	\$3,080,000	\$3,080,000
Edgemont	Water System Upgrades	\$4,337,000	\$4,337,000
Elk Point	Rose Street Sewer Improvements	\$235,000	\$235,000
Elk Point	Rose Street Water Improvements	\$564,000	\$564,000
Emery	Citywide Watermain Replacement	\$2,355,000	\$2,355,000
Emery	Citywide Wastewater Collection Replacement	\$3,084,000	\$3,084,000
Faulkton	Wastewater System Improvements	\$500,000	\$5,151,000
Florence	Water System Improvements	\$2,255,000	\$2,355,000
Freeman	Restricted Use Facility Expansion Project	\$100,000	\$319,384
Garretson	Water Replacement	\$1,279,000	\$1,279,000
Garretson	Sewer Replacement	\$1,160,000	\$1,160,000
Grant-Roberts Rural Water System	Milbank Service Area Improvements	\$4,500,000	\$4,500,000
Gregory	Felton Street Sanitary Sewer Replacement	\$260,000	\$260,000
Haakon County School District	Geothermal Wastewater Treatment System	\$597,600	\$747,000
Hartford	Mickelson Road Sanitary and Storm Sewer	\$1,482,000	\$1,482,000
Hermosa	Water Source and Distribution Improvements	\$199,000	\$199,000
Hisega Meadows Water, Inc.	Acquisition of and Improvements to Water System	\$546,000	\$546,000
Howard	Wastewater Televising and Lagoon Expansion	\$979,000	\$1,764,000
Humboldt	Wastewater Collection Improvements	\$2,086,000	\$2,086,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
James River Water Development District	South Central Watershed Implementation	\$275,000	\$1,833,333
Kennebec	Wastewater Collection and Treatment Improvements	\$1,160,000	\$1,160,000
Keystone	Well Retrofit Project	\$98,000	\$98,000
Keystone	Wastewater System Improvements	\$431,000	\$431,000
Lake Norden	Wastewater Collection System Improvements	\$1,606,000	\$1,606,800
Lake Poinsett Sanitary District	Wastewater System Expansion	\$3,729,000	\$3,729,000
Langford	Water Line and Storage Improvements	\$1,371,000	\$1,921,000
Lead	Water Replacement	\$939,000	\$939,000
Lead	Sewer Separation	\$937,000	\$937,000
Lead	Water Meter Replacement	\$427,000	\$427,000
Lennox	Storm and Sanitary Sewer Improvements	\$3,433,000	\$5,323,000
Lennox	Central Basin Watermain Improvements	\$912,000	\$912,000
Lennox	Central Basin Sewer Improvements	\$3,766,000	\$3,766,000
Lesterville	Water Main Replacement and Looping	\$453,000	\$453,000
Martin	4th & 5th Avenue Water Main Improvements	\$633,000	\$633,000
Midland	Ground Storage and Looping	\$225,000	\$225,000
Miller	Water Infrastructure Improvements	\$4,511,000	\$5,611,000
Miller	Wastewater Infrastructure Improvements	\$4,875,000	\$10,292,866
Mina Lake Sanitary District	Wastewater Improvements	\$559,000	\$559,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Mobridge	Wastewater Treatment Facility Improvements	\$1,475,000	\$1,475,000
Onida	Water System Improvements	\$2,755,000	\$3,210,000
Onida	Wastewater Collection Improvements	\$2,400,000	\$2,400,000
Parker	Water Improvements	\$697,000	\$697,000
Parker	Wastewater Improvements	\$731,000	\$731,000
Perkins County Rural Water System	Highways 12 and 73 Water Main Realignment	\$1,722,000	\$1,722,000
Pierre	Hilger's Gulch Sanitary Sewer	\$1,450,000	\$1,450,000
Pierre	Wastewater Treatment Facility Improvements	\$3,821,000	\$3,821,000
Pine Cliff Park Water & Maintenance Inc.	Water System Improvements	\$463,000	\$463,607
Plankinton	Water Meter Replacement	\$240,000	\$240,000
Platte	Wastewater Collection Improvements	\$2,300,000	\$2,300,000
Powder House Pass Community Improvement District	Wastewater Treatment and Collection Construction	\$4,635,218	\$4,635,218
Prairie Meadows Sanitary District	Wastewater Collection System Rehabilitation	\$1,388,000	\$1,388,000
Rapid City	East Rapid City Water Expansion	\$5,626,000	\$7,126,000
Raymond	Wastewater Improvements	\$900,000	\$900,000
Salem	Watermain Improvements	\$802,000	\$802,000
Salem	Sanitary Sewer Improvements	\$2,556,000	\$2,556,000
South Dakota Game Fish & Parks	Canyon Lake Sediment Removal	\$155,000	\$415,000
Sinai	Total Retention Treatment Facility	\$1,500,000	\$1,500,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Sioux Falls	Brandon Road Lift Station Parallel Force Main	\$11,979,457	\$11,979,457
Sioux Falls	Basin 14D Sanitary Sewer Extension	\$9,287,000	\$9,287,000
Sioux Falls	Primary Digester Mixing Improvements	\$11,559,125	\$11,559,125
Sioux Falls	Outfall Sewer Replacement	\$26,060,000	\$26,060,000
Sioux Rural Water System	Water System Improvements and System Expansion	\$4,515,000	\$4,564,600
Sturgis	Wastewater Treatment System Improvements	\$16,647,000	\$16,647,000
Summerset	Wastewater Treatment Facility Improvements	\$2,769,000	\$2,769,000
TC&G Water Association	Water System Improvements	\$2,375,000	\$2,875,000
Terry Trojan Water Project District	Water System Rehabilitation	\$812,000	\$812,000
Tripp County Water User District	Internal Improvements and Expansion	\$11,750,000	\$11,750,000
Tyndall	Water Distribution and Storage Upgrades	\$1,570,000	\$1,570,000
Veblen	Wastewater System Improvements	\$1,387,000	\$1,387,000
Vermillion	Prentis Street Lift Station	\$812,000	\$812,000
Viborg	Sewer Improvements	\$105,000	\$105,000
Viborg	Water Improvements	\$606,000	\$606,000
Viewfield Rural Water Association Inc.	Water Treatment Improvements	\$250,000	\$250,000
Volga	Wastewater Treatment Facility Improvements	\$2,819,000	\$2,819,000
Wakonda	Distribution System Upgrades & Water Tower Rehabilitation	\$1,930,000	\$1,930,000
Waubay	Wastewater Treatment Facility Improvements	\$2,170,000	\$3,344,400

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Wessington Springs	Water Improvements	\$259,000	\$259,600
Wessington Springs	Sewer Improvements	\$443,000	\$443,000
Westport	Lift Station Replacement and Storm Sewer Upgrades	\$617,000	\$617,000
Worthing	Water Meter Replacement	\$120,000	\$120,000
Yankton	New Collector Well	\$12,850,000	\$12,850,000
Yankton	East Highway 50 Lift Station	\$3,330,000	\$3,330,000
Yankton	Water Treatment Plant Construction	\$37,000,000	\$37,000,000
Total		\$323,434,350	\$348,319,630

Table 12 - 2018 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>
Aurora-Brule Rural Water System	System Capacity Improvements	2019	\$4,500,000	\$4,500,000
Avon	Water Meter Replacement	2018	\$469,860	\$469,860
Blunt	Storm Water Drainage Improvements	2018	\$920,000	\$920,000
Blunt	Water System Improvements	2019	\$645,000	\$645,000
Bridgewater	Storm Sewer Collection and Water Meter Replacement	2019	\$2,583,000	\$2,583,000
Cavour	Wastewater Improvements	2018	\$800,000	\$877,300
Chamberlain	Water Meter Upgrade/Replacement	2018	\$300,000	\$300,000
Clark Rural Water System	System Improvements and Connections to Bradley and Willow Lake	2019	\$3,000,000	\$3,000,000
Crooks	Palmira Sanitary Sewer and Watermain Replacement	2019	\$3,264,300	\$3,264,300

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Dell Rapids	Water and Sewer Improvements	2018	\$14,427,000	\$14,427,000
Elk Point	Lagoon Expansion	2018	\$283,000	\$283,000
Elk Point	Douglas Street Utility Improvements	2019	\$788,000	\$788,000
Faith	Wastewater System Improvements	2018	\$1,472,814	\$1,472,814
Fort Pierre	Wastewater Treatment Facility Improvements	2019	\$3,930,000	\$3,930,000
Frederick	Wastewater Improvements	2019	\$2,988,000	\$2,988,000
Harrisburg	Wastewater Treatment Facility Construction	2018	\$23,917,000	\$23,917,000
Hot Springs	North 24th Street Sewer Project	2018	\$248,205	\$270,000
Hot Springs	Water System Supply and Storage	2019	\$3,850,000	\$3,850,000
Hot Springs	Houston Avenue Sewer Replacement	2019	\$197,000	\$197,000
Humboldt	Sanitary Sewer Replacement	2018	\$2,784,450	\$2,784,450
Humboldt	Wastewater Improvements and Water Meter Replacement	2019	\$3,959,000	\$3,959,000
Huron	Wastewater Treatment Facility Improvements	2019	\$5,706,000	\$5,706,000
Lake Byron Sanitary District	Collection and Treatment System	2018	\$3,770,504	\$3,770,504
Lake Norden	Wastewater Lagoon Improvements	2018	\$1,541,000	\$1,541,000
Lake Norden	Water System Improvements	2019	\$3,000,000	\$3,000,000
Lake Poinsett Sanitary District	Sanitary Sewer Collection and Treatment Extension	2019	\$10,000,000	\$10,000,000
Lake Preston	Wastewater Collection System Improvements	2019	\$4,200,000	\$4,200,000
Lead-Deadwood Sanitary District	Peake Ditch Pipeline Rehabilitation	2018	\$1,061,000	\$1,061,000
Lennox	Main Street Extension	2018	\$1,164,000	\$1,164,000

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
McIntosh	Water System Improvements Project	2018	\$840,000	\$840,000
McIntosh	Wastewater System Improvements	2019	\$2,005,000	\$2,005,000
Newell	Water Main Replacement Project	2018	\$314,924	\$629,847
North Sioux City	Northshore Force Main	2018	\$557,000	\$557,000
Oelrichs	Water System Improvements	2019	\$412,470	\$412,470
Philip	Water Meter Replacement	2018	\$340,000	\$340,000
Philip	Wastewater and Storm Sewer Improvements	2019	\$1,850,000	\$1,850,000
Piedmont	Water Tower and Well Construction	2019	\$2,200,000	\$2,200,000
Piedmont	Wastewater Collection and Treatment System Construction	2019	\$4,500,000	\$4,500,000
Presho	Main Street Utility Improvements	2019	\$1,198,000	\$1,968,535
Pukwana	Sanitary Sewer Improvements	2019	\$1,740,000	\$1,742,555
Ree Heights	Water System Improvements	2019	\$509,000	\$509,000
Sioux Falls	Energy Recovery	2018	\$4,929,560	\$4,929,560
Sioux Falls	Equalization Basin Expansion	2018	\$4,988,420	\$4,988,420
Sioux Falls	Main Pump Station Replacement	2018	\$25,646,324	\$25,646,324
Sioux Rural Water System	System Improvements	2019	\$10,921,000	\$11,321,000
South Shore	Water System Improvements	2018	\$1,900,000	\$2,650,000
Tabor	Wastewater Collection System Improvements	2018	\$4,069,371	\$4,069,371
Tea	271st Street Water and Sewer Extension	2018	\$1,563,000	\$1,563,000
Tea	First Street and Ceylon Water and Sewer Extension	2019	\$1,653,000	\$1,653,000

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Tea	Brian Street Water and Sewer Extension	2019	\$3,042,000	\$3,042,000
Tyndall	Maple Street Sewer Project	2018	\$365,300	\$365,300
Valley Springs	Water and Sewer System Improvements	2018	\$15,324,000	\$15,324,000
Volga	Lift Station Construction South of Volga	2018	\$619,200	\$619,200
Watertown	Kittelsohn Addition Sanitary Sewer Extension	2018	\$832,896	\$832,896
WEB Water Development Association	Mainline Improvements	2018	\$22,504,300	\$22,504,300
Wessington Springs	Water Meter Replacement	2019	\$568,000	\$568,000
		Total	\$221,161,898	\$223,499,006

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.

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
Gregory County Pumped Storage Site	Multi-Purpose Water Utilization

<u>Project</u>	<u>Description</u>
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, 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 in grant and \$2,500,000 in loan assistance to provide funding for the Belle Fourche Irrigation District Upgrade Project.
- The appropriations for 2012 included a \$1,250,000 grant and a \$1,250,000 loan for engineering design, preconstruction, and construction of the facilities associated with the Belle Fourche irrigation upgrade project.
- During calendar years 2012 and 2013, engineering design of siphons and the canal gatehouse was ongoing.
- The appropriations for 2013 included a \$750,000 grant and a \$750,000 loan for engineering design, preconstruction, and construction of the facilities associated with the Belle Fourche irrigation upgrade project.
- The appropriations for 2014 included a \$500,000 grant and a \$500,000 loan for engineering design, preconstruction, and construction of the facilities associated with the Belle Fourche irrigation upgrade project. This completed 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.
- Bids were opened and awarded for the canal gatehouse upgrade in 2015, and construction started in the fall of 2015. The canal gatehouse upgrade was completed in the spring of 2016 and was operational for the 2016 irrigation season.
- In May 2014, bids were opened for dredging of the reservoir intake structure. Dredging operations were approximately 10 percent complete prior to 2016 when the contractor experienced difficulties with their methods to hydraulically dredge the reservoir. The dredging contractor returned to the site in late summer of 2016 with larger equipment to resume dredging operations. Dredging of the intake was completed in the spring of 2017.
- The final portion of the Belle Fourche Irrigation upgrade project is an assessment of the Belle Fourche River siphon. The work was bid during the 2017 construction season and work is planned to be completed by February of 2018.

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 was 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. The 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 stakeholder's 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.
- In 2016, the \$225,125 in grant funds appropriated by the 2016 legislature was placed under agreement with the city of Watertown. This grant will fund half of the nonfederal cost share for the flood control feasibility study to be completed by the Corps of Engineers.
- In 2017, no work was completed on the study. The Corps of Engineers needs to receive funding for the study and prioritize it in their list of projects before any work will begin. The city of Watertown plans to discuss with the Corps in 2018 how to best move the study forward.

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 2017.

Gregory County Pumped Storage Project – 1981

- The Gregory County Pumped Storage Project is a proposed peak generation hydroelectric facility in northern Gregory County. 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.

- After extensive geotechnical and environmental studies of the site, the Corps was forced to abandon the investigation when its mission was altered and hydroelectric development projects were no longer federally funded.
- Hydroelectric Component – The South Dakota Conservancy District authorized a feasibility study to determine if the state of South Dakota should sponsor a continuation of the project with nonfederal funding. To protect the site during these studies, the District applied for and received a 3 year Preliminary Permit from the Federal Energy Regulatory Commission (FERC) effective August 1, 1988. The state's preliminary permit expired August 1, 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.
- 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 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 applications 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 Black & Veatch study was completed in 2004 and determined that it was not cost-effective to pursue the pumped storage project at that time. These findings were presented to the Board of Water and Natural Resources in June 2004. The state's preliminary permit expired in 2005.
- In 2010, South Dakota Energy, LLC submitted a preliminary permit application prepared by Symbiotics, LLC 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, the Commission issued a preliminary permit to South Dakota Energy. The preliminary permit issued to South Dakota Energy expired on July 1, 2013.
- On July 3, 2013, Gregory County with Schulte Associates, LLC as its designated agent filed a preliminary permit application to study the feasibility of the proposed Gregory County Energy Project.
- On July 30, 2013, Western Minnesota Municipal Power Agency, a municipal corporation and political subdivision of the state of Minnesota filed a preliminary permit application to study the feasibility of the proposed Gregory County Pumped Storage Project. Western Minnesota

MPA finances the construction and acquisition of the generation and transmission facilities for members of Missouri River Energy Services.

- On December 19, 2013, FERC released an order issuing a Preliminary Permit and Granting Priority to File License Application for the project to Western Minnesota Municipal Power Agency. The preliminary permit expired in December 2016.
- On December 1, 2016, the Missouri Basin Municipal Power Agency, doing business as Missouri River Energy Services, applied to FERC for a preliminary permit to study the feasibility of the 1,200-MW Gregory County Pump Storage Project.
- On February 14, 2017, FERC issued a deficiency letter for the Missouri River Energy Services application requesting that revisions be filed within 45 days and informing the applicant that failure to provide this information may result in the application being rejected.
- In a letter dated April 18, 2017, FERC informed Missouri River Energy Services that due to its failure to file a response to FERC's February 14, 2017 letter, the preliminary permit application for the Gregory County Pump Storage Project was rejected pursuant to section 4.32(g) of the Commission's regulations.

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 groundwater 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 conduct aquifer isotope analysis in eastern South Dakota. The department’s Geological Survey program conducted this work and the final report was issued in September 2017.

- The 2016 Omnibus Bill appropriated \$750,000 for the development of a Big Sioux River Basin Hydrologic model. In March 2016, the appropriation was placed under agreement with the Department of Environment and Natural Resources to hire a consulting firm to develop the hydrologic model for the Lower Big Sioux River Basin.
- In May 2016, DENR issued a Request for Proposals to consulting firms to develop the hydrologic and hydraulic model. Nine firms submitted proposals for review. In August 2016, after review by all involved state agencies and interviews of several firms, RESPEC was selected as the consulting firm to complete the hydrologic and hydraulic model.
- The 2017 Omnibus Bill appropriated an additional \$450,000 for the development of a Big Sioux River Basin Hydrologic model. In March 2017, the appropriation was placed under agreement with the Department of Environment and Natural Resources to increase the contract with RESPEC to \$1,300,000 to complete development of the hydrologic model for the Lower Big Sioux River Basin.
- The Big Sioux River Flood Information System is currently being developed. A majority of the effort in 2017 has focused on developing a basin wide hydrologic model as well as hydraulic models for the cities of Watertown, Brookings, Dell Rapids, Sioux Falls, and North Sioux City. Concurrently, a web user interface is being created that will allow access to in-stream sensor data, past and forecast precipitation, and modeled predictions of flood inundation. The project team has also met several times with the local municipalities to gain feedback on model results and user interface. The beta version of the system is scheduled to be operational in the spring of 2018.
- In 2017, placement of stream gauge sensors and surveying of the basin was started. This information is necessary to properly model the Big Sioux River Basin and ensure that the flows and cross sections in the model are accurate. Once sufficient information is gathered development of the model and testing can be completed. Completion of the model is anticipated by December 2018.

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 were 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 the possibility 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 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 2017.

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 & 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. The Iowa and Minnesota State Legislatures authorized the project for construction and completed their cost share commitments.
- The South Dakota Legislature authorized Lewis & 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.
- In 2005, Lewis & Clark agreed 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 financed 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, the 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 included 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 arrived, Lewis & Clark purchased water from Sioux Falls and re-sold 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 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 serve 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 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 construction of the Parker and Centerville service lines. These service lines included 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.
- 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 June 2010, the \$6.3 million approved by the 2010 Legislature was put under agreement. This completed the State's cost share commitment to the project.
- In October 2010, Lewis & Clark was awarded approximately \$3.5 million in reprogrammed American Recovery and Reinvestment Act funding through the Bureau of Reclamation.
- In October 2010, a \$7.55 million contract was awarded for the Minnesota – segment 1 pipeline, 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 three states have prepaid 100 percent of the nonfederal cost share. Because the prepayments made by the 20 members and three states, which total 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.
- In 2015, Lewis & Clark was provided \$19 million in advance federal funding from Minnesota. These funds will be used to connect the Lincoln Pipestone Rural Water System, construct a 4 million-gallon storage reservoir southwest of Luverne, install a booster station southeast of Luverne, acquire easements, and complete design 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. In 2016, the agreement was amended to include construction of segments 2 through 4 and 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 (MCWC) with its second Lewis & Clark connection a mile west of Crooks. That connection increases the delivery of Lewis & Clark water to MCWC to 1.1 million gallons per day and with \$1.8 million in wheeling upgrades, and frees up water from MCWC's water treatment plants to feed its Tower 3B near Colton. Tower 3B will then feed water into a new 12-inch Big Sioux Community Water line going north and west to connect with Lewis & Clark's segment 5 to

deliver 1 million gallons per day of water to Madison costing \$3 million to construct. The wheeling option saves the state more than \$17 million in federal fund advances and gets Madison its needed 1 million gallons per day of water from a regional system supplier as early as November 2016.

- In 2015, Lewis & Clark delivered water to 12 of the 20 members.
- In January 2016, the first of several contracts for the wheeling option to provide water to Madison was awarded. The contract was awarded by MCWC, and construction of the additional lines to free capacity elsewhere within MCWC's distribution system was completed in the fall of 2016. This work was funded partially by a \$900,000 Consolidated grant.
- In May and July of 2016, the Big Sioux Community Water System awarded bids for their portion of the Madison wheeling option. The work includes construction of new water distribution line to connect MCWC to a new Lewis & Clark line east of Madison and a new pump station to provide the pressure needed to move the water. Construction will be completed in late 2016. This work was funded by a \$2,000,000 Consolidated grant and a \$1,014,000 Drinking Water SRF loan.
- In April 2016, Lewis & Clark awarded the contract for construction of the Madison meter building and Crooks meter building/pump station. These buildings will supply metering and pressure for water to get to Madison. Construction will be completed in late 2016.
- In June 2016, the final bids for the Madison wheeling project were awarded by Lewis & Clark for construction of segments 1 and 5 of the Lewis & Clark lines and connections to Minnehaha CWC and Big Sioux CWS. Construction of this work is anticipated in June 2017.
- In 2016, Lewis & Clark delivered water to 13 of the 20 members, with Luverne being connected in March 2016. Water demand has increased and the treatment plant is now staffed 24 hours per day 7 days a week.
- From 2015 through 2017, Lewis & Clark has been provided \$44.5 million in advance federal funding from Minnesota. This federal funding advance will allow all the Lewis & Clark members in Minnesota to be connected and begin receiving water.
- In May 2017, Lewis & Clark received \$2.25 million in advance federal funding from Iowa. These funds will be used to pay for engineering services and easement acquisition for the pipeline and meter building to Sioux Center. The bill passed by Iowa's legislature also committed \$4.75 million for use in the next fiscal year.
- In May 2017, the joint projects of Lewis & Clark, Big Sioux CWS, Minnehaha CWC, and the city of Madison were fully completed. With the completion of the projects Madison now has access to 1 million gallons per day of water from a regional system supplier. All South Dakota members of Lewis and Clark are now directly or indirectly connected to the system.
- Through FY 2016, the federal government has appropriated \$240 million for the project. Recent federal funding levels include \$9.15 million in FY 2017 and \$3.65 million proposed for FY 2018.

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 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 of 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 levies 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 from 2001 to 2007. 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 Flood Zone A of the National Flood Insurance Program.
- Phase 2C raised 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 of the total was advanced to the Corps of Engineers for levee 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.
- 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 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 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.
- In 2015, the major work on the levee system was completed; the Corps of Engineers 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.
- In 2016, the \$2,036,375 in grant funds appropriated by the 2016 legislature was placed under agreement with the city of Sioux Falls. This funding provides the final portion of the state's cost share commitment to provide half of the nonfederal cost share to the city, and all necessary work has been completed.
- In 2017, Sioux Falls continued to work with the Corps of Engineers to complete property appraisals for city-owned land that was not previously appraised. Once this work is completed and accepted by the Corps the city will be able to submit final reimbursement for the state's cost share commitment.

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 worked 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 continued 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 consisted 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 were awarded to the project sponsor to continue Phase I construction, Phase II engineering design and preconstruction, and the Cascade Area engineering design and preconstruction.
- In September 2011, a portion of 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 Phase I construction, Phase II engineering design and preconstruction, and the Cascade Area 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 were awarded to the project sponsor to continue Phase II engineering design, preconstruction and construction, and the Cascade Area engineering design and preconstruction.
- In May 2013, bids were opened for the Phase II distribution project and the Junction storage tank. The 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 the Red Canyon sub-development to the project. This portion of the project was completed in August of 2015.
- In 2016, Southern Black Hills continued efforts to acquire wells and provide regional water to the town of Hermosa and surrounding developments. In 2017, Hermosa decided not to connect to Southern Black Hills. Discussions of providing water in the Cascade Road area south of Hot Springs have also taken place with local residents to gauge interest levels in a potential project.
- In August 2016, Southern Black Hills Water System purchased Spring Creek Acres (aka Heartland Country Ranchettes) water system for \$125,480. Spring Creek Acres is located approximately 4 miles north and 2 miles east of Hermosa, SD. The system is comprised of a 100 gpm Inyan Kara aquifer well with 62 current users and the potential for 26 additional users in the development. SCADA system upgrades have been made along with installation of a temporary generator at the well house.
- In September 2016, Southern Black Hills Water System purchased the Paramount Point Subdivision water system for \$25,580. The Paramount Point Subdivision is located approximately 1 mile north and ½ mile west of Hermosa, SD. The system is comprised of a 50 gpm Inyan Kara aquifer well with 12 current users and the potential for 12 additional users in the development. The current distribution system will be replaced to increase system pressure and better serve the customers. Bids were opened in June 2017 with a low bid of \$170,965, with the work to be completed during 2017. The system holds a water right for up to 150 gpm and Southern Black Hills Water System plans to drill an additional well to increase the capacity. There is the potential to connect the Spring Creek Acres and Paramount Point Systems to serve additional users and provide a redundant source of water.
- In January 2017, Southern Black Hills opened bids for the purchase of back-up generators at all well sites and the treatment plant. These generators will ensure water supply for the users of the system in the event of a power outage. The bid amount for the generators was \$151,032, with the work planned to be completed during 2017.

- In July 2017, Southern Black Hills drilled a monitoring well near their existing treatment plant. This well will help to assess current drawdown levels of the groundwater from the existing water production well to provide factual evidence of actual aquifer drawdown if additional water supply is needed. The new monitoring well has the potential to be used as a water production well in the future if approved.
- In September 2017, Southern Black Hills Water System purchased the Rushmore Ranch water system for \$80,567. Rushmore Ranch is located just north of SD Hwy 40 approximately halfway between Hermosa and Keystone, SD. The system is comprised of a 150 gpm Madison aquifer well with 52 current users with the distribution system in place for 36 additional homes in an adjacent development. The location of this system is near several other small developments near SD Hwy 40 and there is the potential for additional connections.

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 withdrew its request to set the outlet elevation on Lake Thompson and moved to dissolve after financial records are completed. No activity occurred on the project in 2017.

Recommendations to the Governor and State Legislature

In November 2017, the board conducted a public meeting on the State Water Resources Management System (SWRMS) projects. The board adopted Resolution #2017-XXX recommending that all current projects be retained on the SWRMS list. The board also adopted Resolution #2017-XXX providing its recommendations to the Governor and the Legislature for the Water and Environment Fund (WEF) and WEF subfunds fiscal year 2019 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 6/30/2017

Cash Balance as of 6/30/2017		26,364,629
Projected SFY 2018 Revenues		
Capital Construction Fund	9,575,000	
Contractors' Excise Tax	25,000	
Investment Interest (Earned '17 deposited '18)	355,250	
Loan Principal & Interest Payments (Water)	500,000	
Loan Principal & Interest Payments (Solid Waste)	575,000	
Solid Waste Fees	<u>1,725,000</u>	
		12,755,250
FY2018 Transfer (Per SDCL 1-40-32)		
Environment & Natural Resources Fee Fund	<u>(600,000)</u>	
		(600,000)
Board of Water and Natural Resources Commitments as of 6/30/2017		
Consolidated Water Facilities Construction Program	(27,105,224)	
Solid Waste Management Program	(3,620,968)	
SWRMS Grants/Loans - Major Projects		
Belle Fourche Irrigation District	(292,879)	
DENR - Big Sioux River Flood Information System	(661,384)	
Lewis & Clark Regional Water System	(2,760,215)	
Sioux Falls Flood Control	(911,375)	
Southern Black Hills Water System	(1,337,997)	
Watertown Big Sioux Flood Control Study	<u>(225,125)</u>	
		(36,915,167)
Remaining Special Appropriation Authority as of 6/30/2017		
Consolidated Water Facilities Construction Program	(1,426,879)	
Solid Waste Management Program	(2,176,409)	
SWRMS Grants/Loans - Major Projects		
Hydrology and Water Management Studies	<u>(103,080)</u>	
		(3,706,368)
Projected Surplus/(Shortfall) for preparation of 2018 Omnibus Bill		<u>(2,101,655)</u>

Appendix B

Board of Water and Natural Resources Resolutions

STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2017-XXX

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. 2017-XXX

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR WATER AND ENVIRONMENT FUND FISCAL YEAR 2019 APPROPRIATION LEVELS.

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