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Minutes of the
Board of Water and Natural Resources
In-Person or On-Line
Matthew Training Center
523 East Capitol
Pierre, South Dakota

November 4, 2021
9:00 a.m. Central Time

CALL MEETING TO ORDER: Chairman Jerry Soholt called the meeting to order. The roll was called, and a quorum was present.

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

BOARD MEMBERS PRESENT: Jerry Soholt, Gene Jones, Jr., Karl Adam, Todd Bernhard, Paul Gnirk, Jackie Lanning, and Vance Newman.

BOARD MEMBERS ABSENT: None.

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

Motion by Bernhard, seconded by Lanning, to approve the agenda. A roll call vote was taken, and the motion carried with Adam, Bernhard, Jones, Lanning, Newman, and Soholt voting aye. Due to technical difficulties Gnirk's vote was not heard.

APPROVE MINUTES FROM SEPTEMBER 30, 2021, MEETING: Motion by Bernhard, seconded by Adam, to approve the minutes from the September 30, 2021, Board of Water and Natural Resources meeting. A roll call vote was taken, and the motion carried with Adam, Bernhard, Jones, Lanning, Newman, and Soholt voting aye. Due to technical difficulties Gnirk's vote was not heard.

PUBLIC COMMENT PERIOD: There were no public comments.

DEFERRED SIOUX FALLS SANITARY/STORM SEWER FUNDING APPLICATION: Mike Perkovich reported that the city of Sioux Falls is undertaking a project to modernize and expand its Water Reclamation Facility. This application was presented to the board at the September 2021 meeting but was deferred at the request of the city.

In June 2021, the city submitted an application for \$87,500,000. Shortly before the September meeting the city learned that the estimated project cost had increased significantly, so the city wanted to adjust the loan request. The total estimated cost is now \$194,500,000, an increase of \$35,500,000. This funding application is the third of four anticipated loans to fund the project. A

\$41,625,000 loan was awarded in September 2019 and another \$18,500,000 loan was awarded in September 2020 for the project.

The project will address the need to improve reliability due to age and condition to avert a risk of failure, increase hydraulic and organic capacity to accommodate growth, meet potential future regulations, and improve general treatment operations.

Design of the project is currently underway. It is anticipated that portions of the project will be awarded yet this year with others in 2022. Project completion is expected in the fall of 2024.

The estimated total project amount is \$194,500,000, and the amount requested is \$123,000,000.

Rates in Sioux Falls are \$38.35 per month based on 5,000 gallons usage. The city has enacted an ordinance that will increase rates each year through the year 2023 when rates will be \$41.06 for 5,000 gallons.

Mr. Perkovich noted that by rule, the board has 120 days to act upon a deferred application.

Staff recommended awarding a \$123,000,000 Clean Water SRF loan at 2.00 percent interest for 20 years.

Sioux Falls has pledged system revenues for repayment of the loan. Staff analysis indicates that the city would have 124% coverage based on estimated wastewater revenue and expenses projected in 2023.

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

Mark Cotter, Sioux Falls Public Works Director, discussed the project and the reasons for the increase in cost of the project.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2021-88** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$123,000,000 at 2.00 percent interest for 20 years to the **city of Sioux Falls** for Water Reclamation Facility improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. A roll call vote was taken, and the motion carried with Adam, Bernhard, Jones, Lanning, Newman, and Soholt voting aye. Due to technical difficulties Gnirk's vote was not heard.

2022 STATE WATER PLAN APPLICATIONS: Water projects which will require state funding or need state support for categorical grant or loan funding need to be on the State Water Plan. At its November planning meeting, the Board of Water and Natural Resources approves projects for placement onto the next year's State Water Facilities Plan. Placement of a project on the State

Water Plan by the board provides no guarantee of funding. The projects placed onto the plan at this meeting will remain on the facilities plan through December 2023.

Andy Bruels presented the following 193 State Water Plan applications that were received by the October 1, 2021, deadline.

State Water Facilities Plan Applicants			
Project Sponsor	Description	Project State Funding (\$)	Recommendation
Aberdeen	Raw Water Intake and Transmission Pipeline	\$454,000,000	Place on Facilities Plan
Aberdeen	Water Treatment Facility	\$36,139,132	Place on Facilities Plan
Aberdeen	Wastewater Treatment Facility	\$52,230,000	Place on Facilities Plan
Alcester	Phase 1 Collection System Improvements	\$1,643,400	Place on Facilities Plan
Alexandria	Water, Sanitary and Storm Sewer Improvements	\$9,087,502	Place on Facilities Plan
Arlington	Phase 1 and Phase 2 Wastewater Collection System Improvements	\$10,555,000	Place on Facilities Plan
Arlington	Phase 1 and Phase 2 Water Distribution System Improvements	\$2,639,000	Place on Facilities Plan
Aurora	Wastewater System Improvements	\$10,898,000	Place on Facilities Plan
Baltic	Water System Improvements	\$5,693,000	Place on Facilities Plan
Baltic	Sanitary Sewer System Improvements	\$2,324,000	Place on Facilities Plan
B.D.M. Rural Water System	Water Distribution and Treatment Upgrades	\$11,536,860	Place on Facilities Plan
Bear Butte Valley Water	Backup Well and Tilford Road Loop	\$4,998,000	Place on Facilities Plan
Bear Butte Valley Water	Elk Vale Road Loop	\$8,947,000	Place on Facilities Plan
Bear Butte Valley Water	Greslin Ground Storage Reservoir and Booster	\$1,048,500	Place on Facilities Plan
Belle Fourche	Hat Ranch Well	\$1,050,000	Place on Facilities Plan
Beresford	Drinking Water Main Expansion	\$227,000	Place on Facilities Plan
Beresford	Sewer Main Expansion	\$228,750	Place on Facilities Plan
Beresford	Sanitary Sewer Collection System - Phase 1	\$9,186,000	Place on Facilities Plan
Beresford	Wastewater Treatment Improvements	\$4,579,000	Place on Facilities Plan

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Big Sioux Community Water System	BSCWS and MCWC Joint Regional Water Treatment Plant	\$102,884,000	Place on Facilities Plan
Big Sioux Community Water System	Distribution System Improvements	\$22,084,000	Place on Facilities Plan
Bison	Wastewater Collection and Treatment System Improvements	\$3,826,319	Place on Facilities Plan
Bowdle	Sanitary Sewer Improvements	\$2,246,000	Place on Facilities Plan
Brandon	Wastewater Infrastructure Improvements	\$36,987,000	Place on Facilities Plan
Brandon	Water Infrastructure Improvements	\$18,530,000	Place on Facilities Plan
Bridgewater	Storm Sewer Improvements	\$8,190,000	Place on Facilities Plan
Britton	Wastewater Collection Improvements	\$1,530,861	Place on Facilities Plan
Brookings	Lead Water Service Line Replacement Program	\$920,000	Place on Facilities Plan
Brookings	Wastewater Collection Improvements	\$3,447,000	Place on Facilities Plan
Brookings	Southwest and Eastside Sewer Interceptor Replacement Phase 2	\$6,700,000	Place on Facilities Plan
Brookings	Research Park Sanitary Sewer	\$2,354,000	Place on Facilities Plan
Brookings Deuel Rural Water System	Water Supply System Improvements	\$8,300,000	Place on Facilities Plan
Bryant	Wastewater System Improvements	\$8,702,000	Place on Facilities Plan
Bryant	Drinking Water System Improvements	\$5,056,000	Place on Facilities Plan
Butte-Meade Sanitary District	New Well, Storage Reservoir and Water Mains	\$2,502,959	Place on Facilities Plan
Canton	Beaver Creek Trunk Sewer Improvements	\$2,801,000	Place on Facilities Plan
Canton	Water System Improvements	\$1,926,000	Place on Facilities Plan
Chamberlain	Comprehensive Water and Wastewater Improvements	\$5,352,000	Place on Facilities Plan
Chancellor	Drinking Water Distribution Improvements	\$1,818,000	Place on Facilities Plan
Chancellor	Sanitary and Storm Sewer Improvements	\$1,832,000	Place on Facilities Plan
Clark	Drinking Water System Improvements	\$11,618,000	Place on Facilities Plan
Clark Rural Water System	Parallel Mainline Improvements	\$7,240,000	Place on Facilities Plan

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Clay Rural Water System	Water Treatment and Storage Improvements	\$26,016,000	Place on Facilities Plan
Colton	Sanitary Sewer Rehabilitation and Storm Water Collection Improvements	\$2,343,000	Place on Facilities Plan
Corona	Wastewater System Improvements	\$1,926,000	Place on Facilities Plan
Corona	Water Distribution System Improvements	\$3,389,000	Place on Facilities Plan
Corona	Connection to Grant-Roberts RWS and Water Meter Installation	\$1,742,000	Place on Facilities Plan
Corsica	Water, Sanitary, and Storm Sewer Improvements	\$1,350,000	Place on Facilities Plan
Crooks	Water Tower and Water System Infrastructure Improvements	\$5,683,000	Place on Facilities Plan
Crooks	Lift Station and Wastewater Collection Improvements	\$4,614,000	Place on Facilities Plan
Custer	Wastewater Treatment System Upgrades and New Force Main	\$11,442,000	Place on Facilities Plan
Dakota Dunes Community Improvement District	Water System Improvements	\$10,382,000	Place on Facilities Plan
Dakota Dunes Community Improvement District	Forcemain Improvements	\$523,965	Place on Facilities Plan
Davison Rural Water System	Water Distribution Improvements and Automatic Meter Reading System	\$1,240,000	Place on Facilities Plan
Dell Rapids	Citywide Drinking Water Infrastructure Improvements	\$9,451,000	Place on Facilities Plan
Dell Rapids	Citywide Sewer Infrastructure Improvements	\$23,702,000	Place on Facilities Plan
Dupree	Wastewater System Improvement	\$3,617,737	Place on Facilities Plan
Emery	Storm Sewer Improvements	\$2,494,000	Place on Facilities Plan
Fort Pierre	Drinking Water Storage Facility Improvements	\$5,028,078	Place on Facilities Plan
Freeman	Water and Sewer Improvements	\$2,885,174	Place on Facilities Plan
Garretson	Sanitary and Storm Sewer Improvements	\$4,036,000	Place on Facilities Plan
Garretson	Watermain Improvements	\$3,578,662	Place on Facilities Plan
Geddes	Storm Sewer Replacement	\$378,132	Place on Facilities Plan

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Grant-Roberts Rural Water System	Western Expansion and Internal Improvements	\$62,138,000	Place on Facilities Plan
Gregory	Wastewater and Water Distribution Improvements	\$23,163,700	Place on Facilities Plan
Hanson Rural Water System	Water Distribution Improvements and Automatic Meters	\$3,600,000	Place on Facilities Plan
Harrisburg	Southeastern Water Improvements	\$6,239,000	Place on Facilities Plan
Harrisburg	Southeastern Sewer Improvements	\$8,619,000	Place on Facilities Plan
Harrisburg	Trunk Sewer Installation	\$7,305,000	Place on Facilities Plan
Hartford	Construct Regional Wastewater Treatment Facility and Associated Collection Systems	\$35,086,000	Place on Facilities Plan
Hill City	Water System Supply Improvements	\$637,500	Place on Facilities Plan
Hot Springs	Water System Supply and Storage	\$4,250,000	Place on Facilities Plan
Hudson	Sanitary Sewer Improvements	\$8,146,000	Place on Facilities Plan
Hudson	Water Storage and Distribution Improvements	\$8,120,000	Place on Facilities Plan
Humboldt	Water Distribution Improvements	\$1,355,000	Place on Facilities Plan
Humboldt	Sanitary Sewer Improvements	\$3,572,000	Place on Facilities Plan
Hurley	Sanitary Sewer Improvements	\$820,000	Place on Facilities Plan
Ipswich	Storm Sewer Upgrades	\$13,631,900	Place on Facilities Plan
Irene	Wastewater Treatment Improvements	\$519,000	Place on Facilities Plan
Irene	Water Tower Improvements	\$1,835,000	Place on Facilities Plan
Isabel	Wastewater Collection Improvements	\$1,823,547	Place on Facilities Plan
Joint Well Field, Inc.	New Water Treatment Plant	\$9,460,000	Place on Facilities Plan
Kadoka	Poplar Drinking Water System Improvements	\$658,000	Place on Facilities Plan
Kadoka	Poplar Street Sanitary Sewer and Drainage Improvements	\$2,297,000	Place on Facilities Plan
Kennebec	Storm Sewer Improvements	\$2,833,062	Place on Facilities Plan
Kingbrook Rural Water System	Water Treatment and Pump Station Improvements	\$29,850,000	Place on Facilities Plan
Lake Poinsett Sanitary District	Wastewater Treatment Expansion and Collection Improvements	\$14,085,000	Place on Facilities Plan
Lake Preston	Phase 2 Drinking Water	\$7,027,000	Place on Facilities Plan

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	Improvements		
Lake Preston	Phase 2 Sanitary Sewer Improvements	\$6,913,000	Place on Facilities Plan
Lennox	Central Basin Water System Improvements	\$2,942,000	Place on Facilities Plan
Lennox	Central Basin and Wastewater Treatment Improvements	\$15,012,000	Place on Facilities Plan
Lewis and Clark Regional Water System	Water System Expansion	\$43,782,006	Place on Facilities Plan
Lesterville	Storm Sewer Improvements	\$1,870,000	Place on Facilities Plan
Lincoln County Rural Water System, Inc.	Eastern Distribution System Improvements	\$8,809,000	Place on Facilities Plan
Madison	Sanitary Sewer Improvements (Segments 1-6)	\$5,692,400	Place on Facilities Plan
Madison	Drinking Water Improvements (Segments 1-6)	\$12,308,500	Place on Facilities Plan
McLaughlin	Water System Improvements	\$1,356,000	Place on Facilities Plan
Mid-Dakota Rural Water System	Water Improvements	\$29,036,545	Place on Facilities Plan
Miller	Wastewater Improvements	\$830,388	Place on Facilities Plan
Miller	Water Improvements	\$4,229,871	Place on Facilities Plan
Mitchell	Wastewater System Improvements	\$23,100,000	Place on Facilities Plan
Mitchell	Water Distribution Improvements	\$78,000,000	Place on Facilities Plan
Mitchell	Drinking Water System Improvements	\$22,000,000	Place on Facilities Plan
Mitchell	Wastewater Treatment Improvements Phase 2	\$23,500,000	Place on Facilities Plan
Mitchell	Livesay Lane Sewer and Storm Sewer Improvements	\$1,240,000	Place on Facilities Plan
Mina Lake Sanitary District	Water Meter Replacement	\$352,000	Place on Facilities Plan
Minnehaha Community Water Corp.	Water Distribution Improvements	\$48,678,000	Place on Facilities Plan
Mission Hill	Wastewater Collection and Treatment Improvements	\$662,000	Place on Facilities Plan
Mni Waste' Water Company	Highway 63 North	\$13,081,000	Place on Facilities Plan
Mni Waste' Water Company	Highway 212 West	\$53,869,000	Place on Facilities Plan
Mni Waste' Water Company	Intake Emergency Slide Repair	\$1,938,302	Place on Facilities Plan

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Morristown	Potable Water System Improvements	\$214,760	Place on Facilities Plan
Murdo	Water Meter Improvements	\$429,276	Place on Facilities Plan
Newell	Wastewater System Improvements	\$708,878	Place on Facilities Plan
Newell	Water System Improvements	\$1,141,238	Place on Facilities Plan
Northville	Drinking Water System Improvements	\$1,705,050	Place on Facilities Plan
North Sioux City	Southwest Sewer Basin	\$3,521,310	Place on Facilities Plan
North Sioux City	Streeter Drive Water Treatment Plant Expansion	\$5,328,125	Place on Facilities Plan
Parker	Sanitary and Storm Sewer Improvements Phase 6	\$4,575,000	Place on Facilities Plan
Parker	Water Improvements Phase 6	\$3,666,000	Place on Facilities Plan
Parkston	Wastewater Collection and Treatment Improvements	\$5,900,000	Place on Facilities Plan
Peever	Wastewater Collection and Treatment Improvements	\$1,606,500	Place on Facilities Plan
Philip	Northeast Wastewater System Improvements	\$216,698	Place on Facilities Plan
Perkins County Rural Water System	Ground Storage Tank	\$860,901	Place on Facilities Plan
Pickrel Lake Sanitary District	Wastewater Improvements	\$2,962,554	Place on Facilities Plan
Pickstown	Wastewater Collection Improvements	\$1,400,000	Place on Facilities Plan
Piedmont	Central Wastewater System	\$4,500,000	Place on Facilities Plan
Piedmont	Water Tower and Well Construction	\$2,200,000	Place on Facilities Plan
Plankinton	Wastewater Collection System Improvements	\$5,075,000	Place on Facilities Plan
Platte	Water, Sewer and Drainage System Improvements	\$4,150,000	Place on Facilities Plan
Powder House Pass CID	Wastewater Treatment Expansion and Lift Station	\$7,500,000	Place on Facilities Plan
Presho	Water Meters	\$667,930	Place on Facilities Plan
Pukwana	Sewer Line Extension	\$240,000	Place on Facilities Plan
Randall Community Water District	Internal System Improvements	\$137,874,000	Place on Facilities Plan
Rapid City	Solid Waste Cell #15 Construction, Cell #16 Cover, GCCS Construction and Flare Replacement	\$6,650,000	Place on Facilities Plan

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Rapid City	East Side Rapid City Water Treatment Facility	\$135,000,000	Place on Facilities Plan
Rapid City	Water Reclamation Facility South Plant Improvements	\$145,000,000	Place on Facilities Plan
Rapid Valley Sanitary District	Water Resource Recovery Facility Construction and Collection System Improvements	\$51,575,000	Place on Facilities Plan
Ravinia	Upgrade Stormwater System	\$1,865,000	Place on Facilities Plan
Salem	Wastewater Improvements Phases 2 and 3	\$8,015,000	Place on Facilities Plan
Salem	Water System and Water Treatment Improvements	\$9,281,000	Place on Facilities Plan
Seneca	Sanitary Sewer Improvements	\$609,550	Place on Facilities Plan
Sioux Falls	Water Reclamation Facility Expansion	\$11,675,000	Place on Facilities Plan
Sioux Falls	Pump Station 240 Improvements	\$35,500,000	Place on Facilities Plan
Sioux Rural Water System	Water System Improvements	\$11,112,000	Place on Facilities Plan
SD Department of Agriculture and Natural Resources	South Dakota Riparian Buffer Initiative	\$24,005,000	Place on Facilities Plan
South Lincoln Rural Water System	System-Wide Water Improvements	\$16,061,400	Place on Facilities Plan
South Shore	Water System Improvements	\$6,090,920	Place on Facilities Plan
Southern Black Hills Water System	System Expansion - Paramount Point to Spring Creek Acres	\$1,800,000	Place on Facilities Plan
Spring Creek/Cow Creek Sanitary District	Water Storage and Infrastructure	\$3,528,568	Place on Facilities Plan
Spring Creek/Cow Creek Sanitary District	Wastewater Treatment Improvements	\$1,043,337	Place on Facilities Plan
Springfield	Water System Improvements	\$12,700,000	Place on Facilities Plan
Springfield	Wastewater System Improvements	\$6,800,000	Place on Facilities Plan
Sturgis	Sanitary Sewer Rehabilitation	\$19,751,760	Place on Facilities Plan
Sturgis	New Well, Well House, and Storage Tank	\$6,126,125	Place on Facilities Plan
Summerset	Wastewater Treatment Plant Expansion	\$9,995,000	Place on Facilities Plan
Tea	Sanitary Sewer Improvements	\$5,649,000	Place on Facilities Plan
Tea	Hagedorn Water Improvements	\$1,646,000	Place on Facilities Plan

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Terry Trojan Water District	New Storage Tank	\$215,000	Place on Facilities Plan
Timber Lake	Water Distribution and Storage Improvements	\$3,264,725	Place on Facilities Plan
TM Rural Water District	2022/2023 System Improvements	\$11,571,000	Place on Facilities Plan
Tripp	Water System Improvements and Bulk Service Connection to B-Y WUD	\$1,700,000	Place on Facilities Plan
Tripp	Upgrade Stormwater System	\$1,913,000	Place on Facilities Plan
Tripp County Water Users District	System Wide Improvements	\$14,400,000	Place on Facilities Plan
Tyndall	Water System Improvements	\$3,460,000	Place on Facilities Plan
Tyndall	Wastewater Collection System Improvements	\$13,860,000	Place on Facilities Plan
Tyndall	Stormwater System	\$2,930,000	Place on Facilities Plan
Valley Springs	Sanitary Sewer Improvements	\$2,658,000	Place on Facilities Plan
Valley Springs	Drinking Water Improvements	\$5,412,000	Place on Facilities Plan
Volga	Drinking Water System Improvements	\$2,525,000	Place on Facilities Plan
Wagner	Water System Improvements	\$9,400,000	Place on Facilities Plan
Wagner	Wastewater System Improvements	\$11,500,000	Place on Facilities Plan
Wall	Sanitary Sewer Replacement	\$1,366,413	Place on Facilities Plan
Wall	Water Main Replacement	\$1,378,750	Place on Facilities Plan
Watertown	Wastewater Collection and Treatment Improvements	\$35,042,000	Place on Facilities Plan
Watertown	New Well Field Development	\$4,567,500	Place on Facilities Plan
Watertown	Replace/Upgrade Water Treatment Plant Equipment	\$974,238	Place on Facilities Plan
Watertown	Watermain Replacement Highway 212 from Highway 81 to 19th St E	\$958,913	Place on Facilities Plan
Watertown	Cast Iron Main Replacement	\$4,242,525	Place on Facilities Plan
Watertown	Watermain Replacement for Mellette and Harmony Hill Area	\$5,547,200	Place on Facilities Plan
WEB Rural Water System	Water System Improvements	\$214,993,415	Place on Facilities Plan
Webster	Wastewater Improvements	\$7,557,775	Place on Facilities Plan
Webster	Storm Water Sewer Improvements	\$352,690	Place on Facilities Plan
Webster	Water Improvements Phase 2	\$4,433,000	Place on Facilities Plan
Wessington	Wastewater Improvements	\$3,907,900	Place on Facilities Plan
Wessington Springs	College Ave. Water and Sewer Main Replacement	\$990,000	Place on Facilities Plan

West River/Lyman-Jones Rural Water Systems, Inc.	Water Distribution and Storage Improvements	\$12,000,000	Place on Facilities Plan
Western Dakota Regional Water System	Study for Missouri River Waterline in Western South Dakota	\$4,500,000	Place on Facilities Plan
Weston Heights Homeowners Association	New Water Storage Reservoir and Backup Generator	\$2,629,550	Place on Facilities Plan
Wilmot	Wastewater Collection Improvements	\$4,092,000	Place on Facilities Plan
Worthing	Water Distribution Infrastructure Improvements	\$3,866,000	Place on Facilities Plan
Worthing	Wastewater Treatment and Infrastructure Improvements	\$4,908,000	Place on Facilities Plan
Yankton	Water Distribution and Metering and Sewer Collection and Treatment	\$115,300,000	Place on Facilities Plan

Motion by Bernhard, seconded by Jones, to accept the staff recommendations to place the 193 projects on the 2022 State Water Facilities Plan. A roll call vote was taken, and the motion carried with Adam, Bernhard, Jones, Lanning, Newman, and Soholt voting aye. Due to technical difficulties Gnirk's vote was not heard.

2021 ANNUAL REPORT AND 2022 STATE WATER PLAN: 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 the Governor by the first day of the legislative session.

Mr. Bruels presented the annual report, which provides a description of the activities that were undertaken by the board during calendar year 2021. The report includes tables detailing the funding awards approved by the board throughout the year.

The board awarded more than \$216,600,000 in grant and loan funding for planning, design, and construction of municipal drinking water, wastewater, lake and watershed restoration, rural water, solid waste disposal and recycling projects. These awards were critical in having environmental projects being completed across the state.

The State Water Plan identified the projects approved for placement onto the 2022 facilities plan and provides information for projects on the State Water Resources Management System. The board placed 193 projects on the facilities plan earlier in the meeting, bringing the total number of projects on the 2022 water facilities plan to 361. Projects that have received funding from the board remain on the facilities plan until project completion and remain eligible to request additional funding if costs increase.

The SWRMS component of the State Water Plan includes the nine existing projects on the list. The final version of the report will provide the recommendations in the Omnibus Bill and will be submitted to the Governor and Legislature on the funding levels for various water and solid waste projects, the programs, and activities. The board's recommendations for the SWRMS list designations, the funding levels for projects, programs and activities and the Water and Environment Fund special condition statement are provided as appendices to the report.

Staff recommended approval of the 2021 Annual Report and the 2022 State Water Plan and that the board authorize the staff to print and distribute the report to the State Legislature, Governor, and other interested parties on behalf of the board.

Motion by Newman, seconded by Lanning, to approve the 2021 Annual Report and 2022 State Water Plan, and to authorize the staff to print and distribute the report to the State Legislature and the Governor. A roll call vote was taken, and the motion carried with Adam, Bernhard, Jones, Lanning, Newman, and Soholt voting aye. Due to technical difficulties Gnirk's vote was not heard.

JANUARY 6, 2022, MEETING: Mr. Perkovich discussed agenda items for the January meeting.

The board recessed for lunch. The meeting resumed at 1:00 p.m.

PUBLIC HEARING TO ADOPT FFY 2022 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN: Chairman Soholt opened the public hearing.

The hearing was public noticed in accordance with applicable state and federal requirements.

The purpose of the hearing was to receive public input and adopt the FFY 2022 Clean Water State Revolving Fund (SRF) Intended Use Plan (IUP).

The IUP 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 IUP. Projects seeking a Clean Water SRF loan must be included on the priority list.

Andy Bruels presented the FFY 2022 Clean Water SRF IUP and discussed changes from previous years.

Chairman Soholt requested public comments regarding the Clean Water SRF IUP. There were no public comments, and no written comments were received.

Motion by Jones, seconded by Bernhard, to approve the FFY 2022 Clean Water State Revolving Fund Intended Use Plan as presented. A roll call vote was taken, and the motion carried unanimously.

Chairman Soholt closed the hearing.

PUBLIC HEARING TO ADOPT FFY 2022 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN: Chairman Soholt opened the public hearing.

The hearing was public noticed in accordance with applicable state and federal requirements.

The purpose of the hearing was to receive public input and adopt the FFY 2022 Intended Use Plan for the Drinking Water SRF program.

The IUP describes how the board intends to use available funds to meet the objectives of the Safe Drinking Water Act. The IUP describes the set-aside activities to be performed and amount of funding allocated to these. A prioritized list of potential drinking water projects is included in the IUP. Projects seeking a Drinking Water SRF loan must be included on the priority list.

Mr. Bruels presented the FFY 2022 Drinking Water SRF IUP and discussed changes from previous years.

Chairman Soholt requested public comments regarding the Drinking Water SRF IUP. There were no public comments, and no written comments were received.

Motion by Lanning, seconded by Adam, to approve the FFY 2022 Drinking Water State Revolving Fund Intended Use Plan as presented. A roll call vote was taken, and the motion carried unanimously.

Chairman Soholt closed the hearing.

STATE WATER RESOURCES MANAGEMENT SYSTEM RECOMMENDATIONS: SDCL 46A-1-2.1 designates the water resource projects included on the State Water Resources Management System (SWRMS) component of the State Water Plan that serve as the preferred priority water development objectives of the state.

Mr. Perkovich reported that the Board of Water and Natural Resources annually reviews the projects included on the SWRMS component of the State Water Plan and makes recommendations to the Governor and State Legislature regarding any deletions, additions, or retention of projects on the SWRMS list.

The following projects are currently included on the SWRMS list:

Belle Fourche Irrigation Upgrade Project
Big Sioux Flood Control Study
Cendak Irrigation Project
Gregory County Pumped Storage Site
Hydrology and Water Management Studies
Lake Andes-Wagner/Marty II Irrigation Unit
Lewis and Clark Rural Water System
Sioux Falls Flood Control Project
Vermillion Basin Flood Control Project

Staff recommended that the board adopt a resolution recommending retention of all projects on the State Water Resources Management System list.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2021-89** recommending to the South Dakota Legislature and Governor that all water resources projects on the State Water Resources Management System be retained as preferred, priority objectives of the state. A roll call vote was taken, and the motion carried unanimously.

Board member Newman left the meeting due to a prior commitment.

OMNIBUS BILL FUNDING RECOMMENDATIONS: Stephanie Riggle provided a slide presentation discussing the Omnibus Bill funding recommendations.

The board annually conducts a public meeting to take statements from interested parties regarding water and waste funding needs. A board resolution is developed to recommend funding levels to the Governor and Legislature for individual State Water Resources Management System projects, the consolidated program, the solid waste program, and other special appropriations for water development.

Included in the board packet were a draft board resolution, Omnibus Funding Bill Exhibit, Water and Environment Fund flow chart, lottery distribution flow chart, and the Petroleum Release Compensation and Tank Inspection Fee flow chart. Staff has prepared the documents based on the history of actual revenues and expected future revenues for state FY 2022 and FY 2023.

Ms. Riggle provided a slide presentation discussing the process for estimating the funding levels available for the appropriation recommendations.

Since 1993, nearly \$275 million has been appropriated for Dedicated Water Funding for the Consolidated Management program with 44.2 percent of those fees awarded to Regional Drinking Water Project, 29.6 percent awarded to Sanitary/Storm Sewer and 14.5 percent awarded to Municipal Drinking Water projects.

Since 1993, \$60,000,000 has been appropriated for solid waste fees for the Solid Waste Management program with 57.3 percent of those fees awarded to Solid Waste Disposal projects, 18.7 percent awarded to Waste Tire and 23.9 percent awarded to Recycling projects.

Since the dedicated funding sources were established in the early 1990s, the combined dedicated Water Funding and Solid Waste Fees have provided more than \$335 million dollars for water and waste projects throughout South Dakota.

Ms. Riggle discussed the flow charts providing a summary of dedicated funding deposited into the Water and Environment Fund (WEF), the dedicated funding revenue sources, and the projected funds available for appropriation in the 2022 Omnibus Bill. She also discussed the proposed appropriation levels from the WEF and the WEF State Revolving Fund subfunds.

Two requests for SWRMS funding were submitted.

Mr. Bruels presented the SWRMS funding application from the city of Watertown. The city requested \$249,727 for the Big Sioux Flood Control Study for Watertown and vicinity. The State

Legislature placed the study on the SWRMS in 1989. The Corps completed a feasibility report and cost benefit study in the early 1990's, and the state provided \$150,000 to cost-share on the study.

The Corps of Engineers has a \$1.15 million update to prepare an integrated feasibility study and environmental assessment to evaluate alternatives, identify the National Economic Development Plan and alternatives, and recommend a project plan. Mr. Bruels noted that there is currently an appropriation from the Omnibus Bill in 2015 that the board approved for \$225,125 to the city of Watertown for this same study. The Corps has not moved forward with completing the study, and the funds and the authority to expend those funds will expire in June 2022. In order to keep funds available in the hopes that the Corps will prioritize the study in the coming years, and for Watertown to be able to fund the local portion of the project, they need these additional funds in place to move forward with that. The cost-share on the project is 60 percent Corps money, 40 percent local, and the state had committed, with the initial study, to fund 50 percent of that local cost-share, which is where the \$249,727 request and recommendation on the Omnibus Bill for an appropriation for this project comes from.

Heath VonEye, Watertown public works director and city engineer, Justin Peterson, assistant city engineer, and Amanda Mack, city manager, were present remotely. Mr. VonEye discussed the project.

Eric Gronlund, DANR chief engineer and Water Rights Program administrator, presented the SWRMS funding application from DANR. The department requested \$1,021,500 for Hydrology and Water Management Studies – Observation Well Network.

The Water Rights Program maintains an observation well network of 1,587 wells to monitor and provide historic data on water levels in aquifers throughout the state. The network needs 45 additional observation wells to address areas of concern, refurbishment of six existing observation wells, and automated data collection on approximately 100 select wells.

The observation well network is the backbone for management of the groundwater resources in the state to ensure aquifers are not over appropriated and the resource is preserved into perpetuity for future generations.

There is currently one observation well completed into the Crystalline Rock aquifer in the core of the Black Hills and no observation wells in the Sioux Quartzite aquifer in the Sioux Falls region. With continued development throughout South Dakota, most notably the Black Hills and Sioux Falls region, observation wells are needed to monitor aquifer water levels in order to assess impacts, if any, from withdrawal to these groundwater resources for the purpose of determining if new appropriations can be approved.

Ms. Riggle stated that the department recommended that the board recommend to the Governor and State Legislature the following line-item appropriation levels for projects on the State Water Resources Management System:

Big Sioux Flood Control Study	\$ 249,727
Hydrology and Water Management Studies	\$1,021,500

The department recommended an appropriation level of \$10,500,000 for the Consolidated Water Facilities Construction Program and \$2,750,000 for the Solid Waste Management Program.

The department also recommended the following Water and Environment Fund Subfund appropriation levels:

State Revolving Fund Administrative Surcharge Fees	
CWSRF Water Quality Grants	\$300,000
CWSRF Application and Administration Assistance	\$250,000
DWSRF Application and Administration Assistance	\$275,000
Federal Set-Aside Funds and Federal Subsidy Payments	
DWSRF Small System Technical Assistance	\$150,000
WEF Subfund Total:	\$975,000

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2021-90** recommending to the Governor and State Legislature Water and Environment Fund Fiscal Year 2023 appropriation levels of \$249,727 for the Big Sioux Flood Control Study, \$1,021,500 for Hydrology and Water Management Studies, \$10,500,000 for the Consolidated Water Facilities Construction Program, \$2,750,000 for the Solid Waste Management Program, \$300,000 for Clean Water SRF Water Quality Grants, \$250,000 for Clean Water SRF Application and Administration Assistance, \$275,000 for Drinking Water SRF Application and Administration Assistance, and \$150,000 for Drinking Water SRF Small System Technical Assistance. A roll call vote was taken, and the motion carried unanimously.

SELECTION OF CONTRACTOR FOR DRINKING WATER STATE REVOLVING FUND PROGRAM SMALL SYSTEM TECHNICAL ASSISTANCE: Mr. Perkovich reported that the board approved the release of a “Request for Proposals (RFP) to Provide Small System Technical Assistance for the Drinking Water State Revolving Fund Program” at its September 2021 meeting. The current contract for these services terminates on December 31, 2021.

The RFP was released on October 4, 2021, and proposals were due on October 22, 2021. Proposals were submitted by KLJ Engineering, Inc. and the South Dakota Association of Rural Water Systems.

Staff from the DANR Environmental Funding Program and the Drinking Water Program reviewed the proposals and recommended that the board enter into an agreement with the South Dakota Association of Rural Water Systems to provide small system technical assistance services. The South Dakota Association of Rural Water Systems is the current small system technical assistance provider and has provided these services since 1998.

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With assistance from the Office of Attorney General, a contract for small system technical assistance services has been prepared. The contract period is from January 1, 2022 through December 31, 2024, with an option to renew for an additional three years. The contract amount is \$130,000 per year, and funds come from the two percent Drinking Water SRF Small System Technical Assistance set-aside.

Motion by Jones, seconded by Lanning, to adopt **Resolution No. 2021-91** approving the consulting contract with South Dakota Association of Rural Water Systems based on an hourly rate of \$94.20 per hour for services performed not to exceed \$10,833.33 per calendar month, with the total contract amount not to exceed \$390,000. A roll call vote was taken, and the motion carried unanimously.

ADJOURN: Motion by Bernhard, seconded by Adam, to adjourn. Motion carried.

Approved this 6th day of January 2022.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources

