



BOARD OF WATER AND NATURAL RESOURCES

November 6, 2025

1:00 p.m. CT

In-Person or On-Line

Matthew Training Center

Joe Foss Building

The public may participate in-person, by live audio, or by streaming through a computer or other mobile device. The full board packet and directions for access to the meeting and live streaming can be found on the South Dakota Boards and Commissions Portal at

<http://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>

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 6, 2025

1:00 p.m. CT

1. Call meeting to order and roll call
2. Approve Agenda
3. Approve Minutes of September 25, 2025, Board Meeting
4. Public Comment Period
5. 2026 State Water Plan Applications – Andy Bruels
 - a. Belle Fourche – clean water
 - b. Belle Fourche – drinking water
 - c. Brookings-Deuel Rural Water System
 - d. Bryant – clean water
 - e. Bryant – drinking water
 - f. Canistota – clean water
 - g. Canistota – drinking water
 - h. Clear Lake – clean water
 - i. Clear Lake – drinking water
 - j. Crooks – clean water
 - k. Crooks – drinking water
 - l. Custer
 - m. Gregory
 - n. Hecla
 - o. Hot Springs – clean water
 - p. Hot Springs – drinking water
 - q. Howard
 - r. James River Water Development District
 - s. Lake Poinsett Sanitary District
 - t. Lemmon
 - u. Milbank – clean water
 - v. Milbank – drinking water
 - w. Mission Hill
 - x. Mitchell
 - y. Northdale Sanitary District
 - z. Prairiewood Sanitary District
 - aa. Pukwana
 - bb. Roscoe
 - cc. Salem – clean water

Notice is given to individuals with disabilities that the meeting is being held in a physically accessible location. Individuals requiring assistive technology or other services in order to participate in the meeting or materials in an alternate format should contact Brian Walsh, Nondiscrimination Coordinator, by calling (605) 773-5559 or by email at Brian.Walsh@state.sd.us as soon as possible but no later than two business days prior to the meeting in order to ensure accommodations are available.

dd.Salem – drinking water
ee.Valley Springs – clean water
ff. Valley Springs – drinking water
gg. Vermillion

hh.Viborg – clean water
ii. Viborg – drinking water
jj. WEB Water Development Association
kk. Wilmot

6. Public Hearing to Adopt Federal Fiscal Year 2026 Clean Water State Revolving Fund Intended Use Plan, Project Priority List, and Infrastructure Investment and Jobs Act Addendum – Andy Bruels
7. Public Hearing to Adopt Federal Fiscal Year 2026 Drinking Water State Revolving Fund Intended Use Plan, Project Priority List, and Infrastructure Investment and Jobs Act Addendum – Andy Bruels
8. State Water Resources Management System Recommendations – Andy Bruels
9. Omnibus Bill Funding Recommendations – Tina McFarling
10. 2025 Annual Report and the 2026 State Water Plan – Andy Bruels
11. Amendment to U.S. Bank Trust Company, N.A. Contract – Andy Bruels
12. Amendment to Bartlett & West, Inc. Contract – Andy Bruels
13. Oak Mountain Country Estates Owners Association Board Resolution Correction for Consolidated Water Facilities Construction Program (CWFCP) Loan 2026G-107 and CWFCP Grant 2026G-107 – Tina McFarling
14. Canton Request to Deobligate Clean Water SRF Loan C461039-07 and Drinking Water SRF Loan C462039-05 – Tina McFarling
15. Amendment to the FY 2025 Clean Water SRF Intended Use Plan – Andy Bruels
16. January 8, 2026, Meeting
17. Adjourn

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Minutes of the
Board of Water and Natural Resources
In-Person or Remote
Matthew Training Center
523 East Capitol
Pierre, SD

September 25, 2025
1:00 p.m. Central Time

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

The meeting was streaming live on SD.net, a service of South Dakota Public Broadcasting.

BOARD MEMBERS PRESENT: Jerry Soholt, Todd Bernhard, Gary Drewes, Gene Jones, Jr., and Bruce Jennings participated in person. Jackie Lanning participated remotely.

BOARD MEMBERS ABSENT: Cameron Becker.

LEGISLATIVE OVERSIGHT COMMITTEE MEMBERS: None.

OTHERS: See attached attendance sheet.

APPROVE AGENDA: Motion by Drewes, seconded by Bernhard, to approve the agenda. Motion carried unanimously.

APPROVE MINUTES FROM JUNE 26, 2025, MEETINGS: Motion by Bernhard, seconded by Jones, to approve the minutes from the June 26, 2025, Board of Water and Natural Resources meetings. Motion carried unanimously.

PUBLIC COMMENT PERIOD: None.

PUBLIC HEARING TO ADOPT THE FFY 2026 BROWNFIELDS REVITALIZATION AND ECONOMIC DEVELOPMENT PROGRAM WORK PLAN: Chairman Soholt opened the hearing at 1:05 p.m. Central Time.

The purpose of the hearing was to receive public input and adopt the FFY 2026 Brownfields Revitalization and Economic Development Program Work Plan.

Macy Jo Peterson, DANR Inspection, Compliance and Remediation Program, presented and discussed the proposed FFY 2026 Brownfields Revitalization and Economic Development Work Plan.

The Brownfields Program receives annual funding from the EPA to help communities across South Dakota with assessment and cleanup of properties. These properties may desire expansion or redevelopment but are bound by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

This year, in addition to the regular funding in the amount of \$506,800, the department received two grants in the amount of \$1,000,000 and \$20,000 in Technical Assistance funds. DANR will utilize these funds to assess and clean up the Brownfields sites into properties that will provide increased tax resources, an economic boost and/or affordable housing to communities. This is one hundred percent federal money and does not require match either from the State or local communities.

The primary purpose of the work plan is to identify Brownfields projects and their allocated funding.

By law, DANR is required to include the public notice in three newspapers 30 days prior to this board hearing. Notice of the public hearing was published in the Rapid City Journal, Pierre Capital Journal and Aberdeen American News. Affidavits of Publication were received for these public notices. The notice was also available on the Department of Agriculture and Natural Resources' website. No comments or concerns were received after publication of the notice.

The board members received a copy of the 2026 Brownfields work plan in the board packet. Ms. Peterson noted that Table 1 on page 4 of the workplan contains a list of the projects and the amounts allocated or spent on those projects.

Chairman Soholt requested public testimony regarding the proposed work plan. There was no public testimony.

There were no questions from the board regarding the work plan.

Ms. Peterson requested approval of the work plan.

Motion by Jennings, seconded by Drewes, to adopt the FFY 2026 Brownfields Revitalization and Economic Development Program Work Plan. Motion carried unanimously.

Chairman Soholt closed the hearing at 1:15 p.m.

ANNUAL BOARD REVIEW OF OPEN MEETING LAW REQUIREMENTS: Prior to the meeting the board members were provided with a copy of the brochure "Conducting the Public's Business in Public" revised in 2025 as published on the Attorney General's website <https://atg.sd.gov/docs/July%202025OpenMeetingsLaw.pdf>. The board was also provided with copies of SB74 and HB1059.

HB1059 modified the definition of an official meeting to expand the definition to include electronic mail, instant messaging, social media, text messaging, or virtual meeting to the definition.

In SB74, a section was added to SDCL 1-11-1 to include that the Attorney General's Office would publish on its website an explanation of the open meeting laws each year before January 1. The bill also established that state agencies and public subdivisions, including boards and commissions, must annually review the published explanation and other information during an official meeting and include an acknowledgement that it completed this review in the official meeting minutes.

David McVey, Assistant Attorney General, explained the open meeting laws.

Chairman Soholt acknowledged that the board completed the annual review of the open meeting law.

REVIEW INTEREST RATES FOR THE CLEAN WATER STATE REVOLVING FUND, DRINKING WATER STATE REVOLVING FUND, CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM, AND SOLID WASTE MANAGEMENT PROGRAM:

Pursuant to Administrative Rules of South Dakota, Sections 74:05:08:18, 74:05:11:17, 74:05:07:15.01, and 74:05:10:12.02, the Board of Water and Natural Resources shall set the interest rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Program, and Solid Waste Management Program respectively. Interest rates shall be based on the following criteria: 1) current market rates, 2) rates secured on state issued matching funds, and 3) current demand for program funds.

Tina McFarling presented slides that show various market rates as of September 4, 2025. The July 2025 USDA Rural Development had a market rate of 5.250 percent interest, an intermediate rate of 4.250 percent interest, and a poverty rate of 3.125 percent interest. The slides also show the historic trend of the Rural Development rate and the SRF 30-year loan rate and the trends of the federal rate versus the 10- and 20-year bonds.

Ms. McFarling noted that the state has tried to stay between Rural Development's market rate and intermediate rate. In the past year, Rural Development has raised the interest rates by one and three-eighths percent. Looking at the markets rates, the rates secured on our state issued matching bonds, and the current demand for program funds. Staff proposed raising the interest rates by 0.25 percent, except for the Drinking Water SRF Lead Service Line Replacement, which will stay at 0.0 percent interest.

The Federal Reserve lowered federal interest rates by a quarter percent during the last week. However, with guidance from the board's financial advisor, staff believes that a 0.25 percent interest rate is still warranted. The federal rate focuses on short-term lending, whereas DANR looks at long-term bond markets.

Ms. McFarling discussed the current rates and the staff recommendations for new rates, which were included in the board packet.

Ms. McFarling requested that the board adopt separate resolutions approving the new interest rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Program, and Solid Waste Management Program.

Motion by Jennings, seconded by Jones, to adopt **Resolution No. 2025-94** setting the **Consolidated Water Facilities Construction Program** interest rates at 3.50 percent for a term not to exceed the useful life of the project or ten years, whichever is less, 3.75 percent for a term greater than ten years, or the useful life of the project, up to a maximum of twenty years, and 4.00 percent for a term greater than twenty years, or the useful life of the project, up to a maximum of thirty years; and that the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Motion by Jones seconded by Bernhard, to adopt **Resolution No. 2025-95** setting the **Solid Waste Management Program** interest rates at 3.50 percent for a term not to exceed the useful life of the project or ten years, whichever is less, and 3.75 percent for a term greater than ten years, or the useful life of the project, up to a maximum of twenty years; and that the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Motion by Drewes, seconded by Jennings, to adopt **Resolution No. 2025-96** setting the **Clean Water State Revolving Fund** interest rates for **conventional loans** at 3.50 percent (consisting of 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 3.75 percent (consisting of 3.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 4.00 percent (consisting of 3.75 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; the interest rate for **interim financing** at 2.50 percent (with no administrative surcharge component) for a term up to five years; the interest rate for **NPS Watershed Incentive** loans at 2.75 percent (consisting of 2.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 3.00 percent (consisting of 2.75 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 3.25 percent (consisting of 3.00 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; and that the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Ms. McFarling reported that in 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law and Build America, Buy America (BABA) requirements were enacted. BABA requires that construction materials be produced and manufactured in the United States. This requirement has increased the costs of projects and also caused some delays due to the availability of BABA-compliant products. Staff has been identifying BABA-friendly projects, such as water and sewer line replacements, water reservoirs, and lagoon projects, to certify as

BABA-compliant projects. To assist projects that will be subject to BABA, in November 2023, the board implemented a 0.25 percent reduction in the loan interest rates for projects selected for BABA. Eventually as BABA requirements become more mainstream, the extra incentive will likely be dissolved, but there are still a lot of unknowns and materials that do not meet the BABA requirements, and staff believes that the incentive is still warranted.

Motion by Jones, seconded by Jennings, to adopt **Resolution No. 2025-97** setting the **Clean Water State Revolving Fund** interest rates for **conventional loans subject to the Build America, Buy America, Public Law 117-58** provisions at 3.25 percent (consisting of 3.00 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 3.50 percent (consisting of 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 3.75 percent (consisting of 3.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; and the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Ms. McFarling noted that the BABA incentive will only be on conventional loans and will not be combined with the Nonpoint Source incentive, nor will there be an interim financing BABA incentive.

Motion by Jennings, seconded by Bernhard, to adopt **resolution No. 2025-98** setting the **Drinking Water State Revolving Fund** interest rates for **public entity borrowers of conventional loans** at 3.50 percent (consisting of 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 3.75 percent (consisting of 3.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 4.00 percent (consisting of 3.75 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; the interest rate for **disadvantaged communities** at 3.75 percent (consisting of a 3.50 percent interest rate and 0.25 percent administrative surcharge) for loans up to 30 years for communities with a median household income (MHI) between 80 percent to 100 percent of the statewide MHI, and 3.50 percent (consisting of a 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans up to 30 years and 2.75 percent (consisting of a 2.50 percent interest rate and 0.25 percent administrative surcharge) for loans up to 10 years for communities with an MHI between 60 percent to 80 percent of the statewide MHI, and 3.25 percent (consisting of 3.25 percent interest rate and 0.0 percent administrative surcharge) for loans with a term up to 30 years and 2.50 percent (consisting of a 2.50 percent interest rate and 0.00 percent administrative surcharge) for loans with a term up to 10 years for communities with an MHI less than 60 percent of the statewide MHI; and the interest rate for **interim financing** at 2.50 percent (with no administrative surcharge component) for a term up to five years; and the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Ms. McFarling stated that as with the Clean Water SRF Program, the Drinking Water SRF Program also has BABA requirements, and as with the Clean Water SRF program, staff

recommended a quarter percent incentive for BABA incentive. She noted that interim financing will not have a BABA incentive rate.

Motion by Lanning, seconded by Jennings, to adopt **resolution No. 2025-99** setting the **Drinking Water State Revolving Fund** interest rates for public entity borrowers of **conventional loans to public entities subject to Build America, Buy America Public Law 117-58** provisions at 3.25 percent (consisting of 3.00 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 3.50 percent (consisting of 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 3.75 percent (consisting of 3.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; the interest rate for **disadvantaged communities subject to the Build America, Buy America, Public Law 117-58** provisions at 3.50 percent (consisting of a 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans up to 30 years for communities with a median household income (MHI) between 80 percent to 100 percent of the statewide MHI, and 3.25 percent (consisting of a 3.00 percent interest rate and 0.25 percent administrative surcharge) for loans up to 30 years and 2.50 percent (consisting of a 2.25 percent interest rate and 0.25 percent administrative surcharge) for loans up to 10 years for communities with an MHI between 60 percent to 80 percent of the statewide MHI, and 3.00 percent (consisting of a 3.00 percent interest rate and 0.00 percent administrative surcharge) for loans up to 30 years and 2.25 percent (consisting of a 2.25 percent interest rate and 0.00 percent administrative surcharge) for loans up to 10 years for communities with an MHI less than 60 percent of the statewide MHI; and the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Ms. McFarling stated that in June 2024, the board approved a higher interest rate for private non-profit borrowers. As was explained when the higher interest rates were established, when funds are loaned to private non-profit borrowers, the use of taxable bonds or federal capitalization grants are required. When the conservancy district goes to the bond market for leverage bonds, taxable bonds are about 1.0 percent higher than the tax-exempt bonds. Due to this difference, the board approved the higher rates for private non-profit borrowers. The spread between the taxable and tax-exempt bonds is still around 1.0 percent and, therefore, staff suggested an equivalent adjustment for private non-profit borrowers. As with the public entity borrowers, staff recommended continuing the BABA incentive for the private non-profit borrowers.

Motion by Bernhard, seconded by Drewes, to adopt **Resolution No. 2025-100** setting the **Drinking Water SRF** interest rates for **non-profit corporation or cooperative borrowers** interest rates at 4.50 percent (consisting of 4.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 4.75 percent (consisting of 4.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 5.00 percent (consisting of 4.75 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; the interest rates for borrowers subject to the **Build America, Buy America, Public Law 117-58**, provisions at 4.25 percent (consisting of 4.00 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 4.50 percent

(consisting of 4.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 4.75 percent (consisting of 4.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; and the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

AMENDMENT TO THE FY 2024 CLEAN WATER SRF AND FY 2024 DRINKING WATER SRF INTENDED USE PLANS: Andy Bruels reported that the FFY 2024 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2023, and amended in March, June, and September of 2024.

The FFY 2024 Drinking Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2023, and amended in January, March, June, and September of 2024.

At the time both Intended Use Plans were approved there were insufficient projects to fully utilize the SRF program funds specifically for Emerging Contaminants. When approved it was not anticipated to request to receive the \$1,043,000 of funds available through the Clean Water SRF program or to transfer those funds to the Drinking Water SRF program for eligible projects.

In March 2025 the Board awarded funding to Grant- Roberts Rural Water System to provide a bulk service connection to the town of Summit to address a project eligible for Drinking Water SRF Emerging Contaminant fund use. Changes to the Intended Use Plan narrative discussion regarding the use and transfer of funds from the 2024 Clean Water SRF Emerging Contaminants grant to the 2024 Drinking Water Emerging Contaminants grant are needed to allow these funds to be fully utilized.

Additionally, staff proposed to amend Attachment I - Project Priority List of the FY 2024 Drinking Water Intended Use Plan by adding the following entries:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
239	Grant-Roberts Rural Water System	\$8,300,000	0%, 0 years

Motion by Bernhard, seconded by Drewes, to approve the amendments to the FFY 2024 Clean Water Intended Use Plan. Motion carried unanimously.

Motion by Jennings, seconded by Lanning, to approve the amendments to the FFY 2024 Drinking Water Intended Use Plan. Motion carried unanimously.

AMENDMENTS TO THE STATE WATER PLAN, 2025 CLEAN WATER STATE REVOLVING FUND AND 2025 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLANS: Water projects which will require state funding or need state support for categorical grant or loan funding need to be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement onto State Water Facilities Plan

and provides for amendment of projects onto the plan. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed on the plan at this meeting will remain on the facilities plan through December 2026.

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

Mr. Bruels presented the three State Water Plan applications that were received by the August 1, 2025, deadline. A list of projects was included in the board packet. As he presented the State Water Plan applications, Mr. Bruels also identified those projects to be placed on the Clean Water SRF and Drinking Water SRF project priority lists.

Project Sponsor	Description	Projected State Funding (\$)	Recommendation
North Sioux City	River Drive Lift Station Replacement Project	\$4,803,700	Place on Facilities Plan
Sioux Falls	Transmission System Improvements	\$7,648,000	Place on Facilities Plan
Sioux Falls	Water Reclamation Facility Expansion-Primary Clarifier	\$51,900,000	Place on Facilities Plan

Staff recommended amending the three projects onto the 2025 State Water Facilities Plan.

Motion by Bernhard, seconded by Drewes, to place the three projects on the 2025 State Water Facilities Plan. Motion carried unanimously.

Clean Water Intended Use Plan

Staff recommended the following projects be added to the Project Priority list of the 2025 Clean Water SRF Intended Use Plan, and that the interest rate table and anticipated interest rates for projects on the project priority list be adjusted to match the action approved by the board for new interest rates.

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
20	Sioux Falls	\$51,900,000	3.75%, 20 years
10	North Sioux City	\$4,803,700	4.00%, 30 years

Motion by Jones, seconded by Jennings, to approve the addition of both projects to the Project Priority List of the 2025 Clean Water SRF Intended Use Plan with the updated interest rates. Motion carried unanimously.

Drinking Water Intended Use Plan

Staff recommended that the addition of the Sioux Falls project to the Project Priority List of the 2025 Drinking Water SRF Intended Use Plan and that the interest rate table and anticipated interest rates for projects on the project priority list be adjusted to match the action approved by the board for new interest rates.

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
160	Sioux Falls	\$7,648,000	3.75%, 20 years

Motion by Jennings, seconded by Lanning, to approve the addition of the Sioux Falls project to the Project Priority List of the 2025 Drinking Water SRF Intended Use Plan with the updated interest rates. Motion carried unanimously

AVAILABLE FUNDS: Tina McFarling provided an overview of available funds.

SANITARY/STORM SEWER FACILITIES FUNDING APPLICATIONS: Ms. McFarling presented the application and staff recommendation.

The **city of Sioux Falls** requested funding for Phase 2 of the water reclamation facility improvements project.

The city is upgrading the water reclamation facility to meet the needs of the city based on future growth. The capacity is increasing from a 21 MGD average daily flow to 30.1 MGD. The peak flow capacity is increasing from 35 MGD to 57 MGD. The Phase II projects covered by this funding application include the biosolids dewatering and storage facility, HVAC upgrades, gravity thickener, and chemical feed upgrades.

The estimated total project amount is \$32,761,000, and the amount requested is \$32,761,000.

Staff recommended awarding a \$32,761,000 Clean Water SRF loan at 3.50 percent interest for 20 years.

The city pledged system revenues for repayment of the loan. Rates are \$46.12 for 5,000 gallons usage. The city of Sioux Falls has approved annual rate increases through 2027 which will bring rates to \$48.44 for 5,000 gallons usage. Staff analysis indicates that with the already approved increases, the city's anticipated revenues will provide 113 percent debt coverage, which exceeds the 110 percent requirement.

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

Chad Comes, Sioux Falls city engineer, discussed the project and thanked the board for consideration of funding.

Motion by Drewes, seconded by Bernhard, to adopt **Resolution No. 2025-101** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$32,761,000 at 3.50 percent interest for 20 years to the **city of Sioux Falls** for Phase 2 of the water reclamation facility improvements project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried unanimously.

Ms. McFarling provided a recap of available funds for future funding rounds.

SOLID WASTE MANAGEMENT FUNDING APPLICATIONS: Mr. Bruels provided an overview of available funding. He then presented the Solid Waste Management funding applications and staff recommendations.

Roberts County requested funding for landfill expansion to the west into a new unit (Unit 2). Construction will include a solid waste disposal cell, along with leachate and storm water detention cells for the new permitted area. The current Roberts County landfill site is approaching the end of its available airspace for permitted solid waste disposal.

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

Mr. Bruels noted that as a landfill cell construction project many aspects of the project are eligible for Clean Water SRF loan funding related to water quality protection. The county had this project placed on the State Water Plan anticipating Clean Water SRF loan funding being needed.

Staff recommended awarding a \$1,600,000 Clean Water SRF loan at 3.75 percent interest for 30 years and awarding a Solid Waste Management Program grant at 20.0 percent of the total project cost not to exceed \$400,000.

Roberts County pledged system revenue for repayment of the loan. Rates are \$55.00 per ton for municipal solid waste. Staff analysis indicates that, at current system revenues and expenses, debt coverage exceeds the required 110 percent for this loan.

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

Leif Redinger, Helms and Associates, discussed the project and thanked the board for consideration of funding.

Motion by Jones, seconded by Jennings, to adopt **Resolution No. 2025-102** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,600,000 at 3.75 percent interest for 30 years **Roberts County** for a landfill expansion 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 to adopt **Resolution No. 2025-103** approving a South Dakota Solid Waste Management Program grant agreement to **Roberts County** for up to 20.0 percent of approved project costs not to exceed \$400,000 for a landfill expansion project. The motion carried unanimously.

South Dakota Solid Waste Management Association requested funds to assist in hosting Statewide Restricted Use and Rubble Site Operations Training courses in conjunction with the DANR Waste Management Program. These courses will improve access to cost-effective training and strengthen regulatory compliance for existing facilities statewide. Regular course offerings will be provided over the three-year project period.

The estimated total project amount is \$12,000, and the amount requested is \$9,600. The South Dakota Solid Waste Management Association will contribute \$2,400 from in-kind match.

Staff recommended awarding a Solid Waste Management Program Grant at 80.0 percent of the total project cost not to exceed \$9,600.

Carolyn Trautman discussed the project and thanked the board for consideration of funding.

Motion by Bernhard, seconded by Jones, to adopt **Resolution No. 2025-104** approving a South Dakota Solid Waste Management Program grant agreement to **South Dakota Solid Waste Management Association** for up to 20.0 percent of approved project costs not to exceed \$9,600 for a three-year statewide restricted Use Site Training Courses project. The motion carried unanimously.

Mr. Bruels provided a recap of available funds for the next funding round.

GETTYSBURG REQUEST TO DEOBLIGATE CLEAN WATER SRF LOAN C461196-02:

Ms. McFarling reported that in March 2025 the Board of Water and Natural Resources awarded a \$2,964,000 Clean Water SRF loan to the city Gettysburg for a wastewater improvements project.

On July 14, 2025, DANR received a letter from Gettysburg requesting to deobligate this loan. The letter did not specify a reason.

Staff recommended the board rescind the resolution which awarded Clean Waer SRF loan C461196-02 to the city of Gettysburg.

Motion by Jones, seconded by Drewes, to rescind Resolution No. 2025-35 which awarded the Clean Water SRF loan for the city of Gettysburg wastewater improvements project. Motion carried unanimously.

HARRISBURG REQUEST TO DEOBLIGATE CLEAN WATER SRF LOAN C461065-09:

Ms. McFarling stated that on March 30, 2023, the Board of Water and Natural Resources awarded a \$11,709,000 Clean Water SRF loan to the city of Harrisburg for its westside trunk sewer Phase 2 project.

On August 25, 2025, DANR received a letter from Harrisburg stating the city is going to reprioritize and pause this project for the time being. The letter requested to deobligate the \$11,709,000 Clean Water SRF loan.

Staff recommended the board rescind the resolution which awarded Clean Water SRF loan C461065-09 to the city of Harrisburg.

Motion by Jennings, seconded by Bernhard, to rescind Resolution No. 2023-49 which awarded the Clean Water SRF loan for the project. Motion carried unanimously.

STATE FISCAL YEAR 2024 STATE REVOLVING FUNDS REPORT TO THE INTERIM BONDING REVIEW COMMITTEE:

Ms. McFarling stated that the South Dakota Conservancy District is required to present an annual report to the Legislature's Interim Bonding Review Committee at its November 2025 meeting.

A draft combined report for both the Drinking Water and Clean Water SRF programs for the legislative committee's review was developed for this purpose. Information in this report presents program activity and financial statements on a state fiscal year basis and contains additional information on the Conservancy District's bond issues.

In SFY 2025 the Board of Water and Natural Resources awarded 21 Drinking Water SRF loans and four loan amendments totaling \$58,073,257. The board awarded 28 Clean Water SRF loans and one loan amendment totaling \$121,712,000. This leads to a total of 49 loans, one loan amendment and a total award of \$179,785,257.

As of June 30, 2025, there were 11 outstanding bond series with an overall principal balance of \$754,900,000.

The SFY 2025 report includes the August 20, 2024, Bond issuance (2024A Series) and the May 20, 2025, Bond issuance (2025A Series). For the 2024A Series, the Conservancy District received seven bidders with Truist Securities, Inc. being the winning bidder. The Par amount was \$160,450,000 and a true interest rate of 4.0577 percent. This will provide \$120,000,000 in tax-exempt leveraged funds for the Clean Water SRF and \$60,000,000 in tax-exempt leveraged funds for the Drinking Water SRF.

For the 2025A Series, the Conservancy District received six bidders with Bank of America Securities being the winning bidder. The Par amount was \$197,205,000 and the true interest rate was 4.4921 percent. The series provided \$120,000,000 of leveraged funds for the Drinking Water SRF program, \$60,000,000 of leveraged funds for the Clean Water SRF Program, and \$30,980,000 for refunding the 2014B Bond.

Staff recommended the board approve the SFY 2025 State Revolving Funds Report to the Interim Bonding Review Committee and authorize distribution of the report.

Motion by Bernhard, seconded by Jennings, to approve the State Fiscal Year 2025 State Revolving Funds Report to the Interim Bonding Review Committee and authorize distribution of the report. Motion carried unanimously.

MADISON BOARD RESOLUTION CORRECTION FOR DRINKING WATER SRF LOAN

C462024-04: Casey Kahler reported that on June 27, 2024, the Board of Water and Natural Resources awarded a \$2,645,916 Drinking Water SRF loan to the City of Madison for its Egan Avenue drinking water improvements project.

It has been identified that paragraph 3 of the resolution contained language incorrectly indicating the loan would be secured by system revenue. It should have indicated a surcharge as the collateral pledged, which is consistent with the board action and city's request.

Staff recommended the board rescind Resolution No. 2024-124 which awarded the original Drinking Water SRF loan with an error in paragraph 3 and pass a new resolution with the correct verbiage of surcharge as collateral pledged.

Motion by Drewes, seconded by Bernhard, to rescind Resolution No. 2024-124, and adopt a **Resolution No. 2025-105** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,645,916 loan at 3.50 percent interest for 30 years to the **city of Madison** for the Egan Avenue water main replacement project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon the borrower establishing rates at a minimum of \$45.00 per user for 5,000 gallons to receive the disadvantaged rate, and including in paragraph No. 3 surcharge as collateral pledged. Motion carried unanimously.

STATE FISCAL YEAR 2025 INVESTMENT REVIEW AND UPDATE: Mr. Kahler provided a slide presentation discussing the SRF investments and investment returns for SFY 2025. The slide presentation is available on the SD Boards and Commissions Portal at <https://boardsandcommissions.sd.gov/bcuploads/2025-09-25%20Full%20Presentaion.pdf>

There are two Guaranteed Investment Contracts. The first one contracted in 2001 and again in 2004 is for 5.07 percent with a maximum investment amount of sixty million dollars in the Revenue Fund, this Guaranteed Investment Contract (GIC) had approximately \$51,000,000 invested as of June 30, 2025.

The second GIC contract was negotiated in 2005 for 4.41 percent with a maximum investment amount of \$80,000,000 in the Revenue Fund had approximately \$69,000,000 invested as of June 30, 2025.

That brings the total amount that was invested in Guaranteed Investment Contracts to approximately \$120,000,000.

Other Investment balances include \$0 in U.S. Treasury Bonds, \$0 in Agency Bonds, and \$289,700,000 in Money Market Funds for a total investment balance of \$409,700,000.

The amounts shown in the presentation are amounts deposited and not necessarily earned in State Fiscal Year 2025. The Guaranteed Investment Contracts interest deposits totaled approximately \$6,000,000, U.S. Treasury Bonds totaled \$121,600, Agency Bonds totaled \$225,000, and Federated totaled nearly \$6,400,000. This brought the total amount of interest deposits to \$15,000,000 which was an almost \$3,200,000 decrease from last year.

Mr. Kahler discussed a slide showing a summary of the investments and the investment returns. The middle column on the slide is the yield of the investments held as of June 30, 2025. The Guaranteed Investment Contracts yield at the contracted amounts of 5.07 percent and 4.41 percent, the dollar amounts invested in U.S. Treasuries before maturity were yielding at 4.563 percent, Agencies before maturity at 4.616 percent, and the Federated at 4.62 percent.

As of June 30, the District had approximately \$1,300,000,000 in obligations.

As of June 30, 2025, there were 527 loans in repayment with an outstanding principal loan balance of just over \$1,038,000,000. In SFY2025, the Conservancy District received nearly \$58,800,000 in loan repayments of which \$41,000,000 was principal, \$13,700,000 in interest, and a little over \$4,000,000 in administrative surcharge fees.

The Board of Water and Natural is required to do a periodic review of the investment policy. DANR staff and PFM have done the periodic review of the investment policy and determined that no changes are needed.

ELECTION OF OFFICERS: Motion by Lanning, seconded by Drewes, to nominate Jerry Soholt as chairman, Gene Jones, Jr. as vice chairman, and Todd Bernhard as secretary, to cease nominations and cast a unanimous vote for the slate of officers. Motion carried unanimously.

NOVEMBER 6, 2025, MEETING: Ms. McFarling discussed possible agenda items for the November 6, 2025, board meeting.

ADJOURN: Motion by Bernhard, seconded by Jennings, to adjourn the meeting. Motion carried unanimously.

Approved November 6, 2025.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 9-25-25

LOCATION Matthew Training Center- Pierre

Name (PLEASE PRINT)	Address	Representing
Andy Brueels	Pierre	DANR
Gene Jones Jr.	SF	DANR
Jerry Scholt	Six Falls	DANR
Gary Drewes	Rapid City	DANR
Megan Briggs	Pierre	DANR
Holly Briggs	Pierre	DANR
Cary Kahler	Pierre	DANR
Bailey McRigue	Pierre	DANR
Sam Sapkota	Pierre	DANR
Shawannek	Pierre	DANR
Tina McFarling	Pierre	DANR
Suzanne McKinley	Rapid City	DANR
Todd Bernhardt	Font Pierre	BWNR
Mary Jo Peterson	Pierre	DANR
Darryl McVey	Pierre	AG
Bruce Jennings	Belle Fourche	BWNR
Dan Gerhardt	Pierre	DANR
Terry Floritz	Pierre	DANR
Steen Kropp	Pierre	DANR

TITLE: 2026 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 2027.

Placement of a project on the State Water Plan by the board provides no guarantee of funding. The applications shown below have been received for placement on the 2026 State Water Plan.

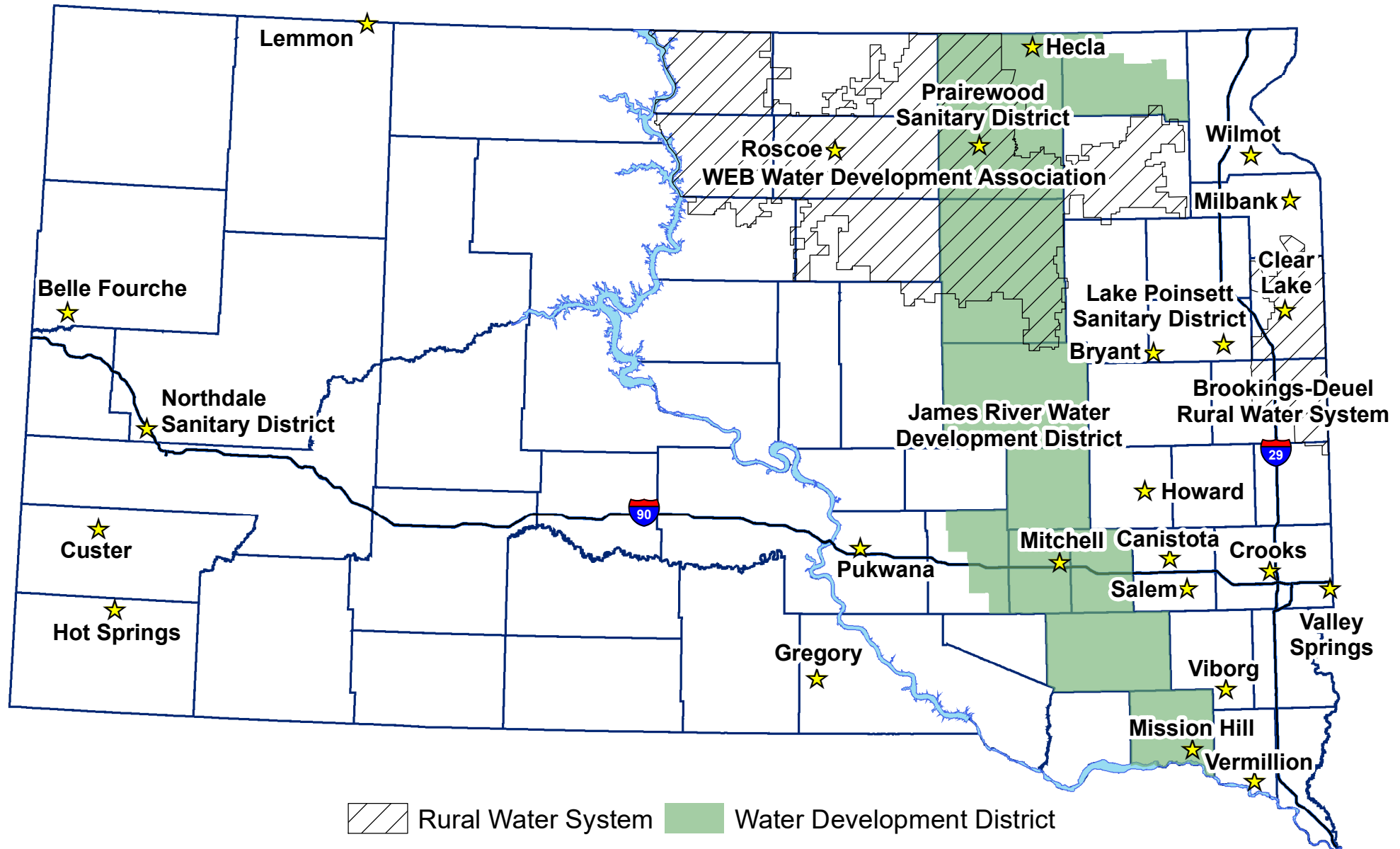
- | | |
|---|---------------------------------------|
| a. Belle Fourche – clean water | s. Lake Poinsett Sanitary District |
| b. Belle Fourche – drinking water | t. Lemmon |
| c. Brookings-Deuel Rural Water System | u. Milbank – clean water |
| d. Bryant – clean water | v. Milbank – drinking water |
| e. Bryant – drinking water | w. Mission Hill |
| f. Canistota – clean water | x. Mitchell |
| g. Canistota – drinking water | y. Northdale Sanitary District |
| h. Clear Lake – clean water | z. Prairewood Sanitary District |
| i. Clear Lake – drinking water | aa. Pukwana |
| j. Crooks – clean water | bb. Roscoe |
| k. Crooks – drinking water | cc. Salem – clean water |
| l. Custer | dd. Salem – drinking water |
| m. Gregory | ee. Valley Springs – clean water |
| n. Hecla | ff. Valley Springs – drinking water |
| o. Hot Springs – clean water | gg. Vermillion |
| p. Hot Springs – drinking water | hh. Viborg – clean water |
| q. Howard | ii. Viborg – drinking water |
| r. James River Water Development District | jj. WEB Water Development Association |
| | kk. Wilmot |

RECOMMENDED ACTION: Approve staff recommendations for placement of projects onto the 2026 State Water Facilities Plan.

CONTACT: Andy Bruels, 773-4216

State Water Plan

November 2025



State Water Plan Application

Applicant: City of Belle Fourche Address: 511 6th Avenue, Belle Fourche, SD 57717	Proposed Funding Package Projected State Funding \$2,836,000 Local Cash _____ Other: _____ Other: _____ TOTAL \$2,836,000
---	--

Project Title: Landfill Cell 3 Construction

Description: (Include present monthly utility rate.)

The City of Belle Fourche proposes construction of Area 3 at the landfill. Currently the City operates as a regional waste disposal facility and requires additional constructed landfill airspace capacity to ensure the region has an environmentally responsible facility to dispose of the region's waste. This project will also provide measures to effectively manage stormwater run-on/run-off to minimize impacts to regional surface water resources. The project includes:

- Construction of Area 3 that includes design components to provide environmental protection including a composite base liner system and leachate collection components.
- A leachate pumping system that will remove leachate from within Area 3 and convey to the city's sanitary sewer infrastructure and ultimately discharged and treated at the city's wastewater lagoons.

Current monthly sewer rate is \$38.14 (\$30.04 + \$8.10) within city limits and \$98.22 (\$90.12 + \$8.10) outside city limits.

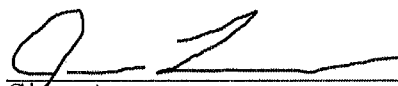
Current monthly garbage rate is \$22.06 for 96 gallon tote.

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.

Jason LaFayette, City Administrator

Name & Title of Authorized Signatory
(Typed)


Signature

9/26/2025
Date

State Water Plan Application

Applicant: City of Belle Fourche Address: 511 6th Avenue, Belle Fourche, SD 57717	Proposed Funding Package Projected State Funding \$5,123,000 Local Cash Other: Other: TOTAL \$5,123,000
---	--

Project Title: Springs Line Replacement- Phase 1

Description: (Include present monthly utility rate.)

City of Belle Fourche is proposing Springs Line Replacement. Original line was constructed in 1920s and has long outlived its useful service life. The replacement line would connect to the existing springs line near Redwater River where the line has already been replaced due to age. The proposed alignment utilizes existing waterline easements as well as additional easements adjacent to the existing line as well as temporary construction easements. The proposed replacement line would provide an additional supply as well as increased reliability to the system. The total line will need to be replaced. This project is Phase 1 of a multiple phase project.

Current water rate for 5,000 gallons is \$34.28 (\$28.40 for the first 3,000 gallons, then \$2.99 per 1,000 gallons : $\$28.40 + \$2.99 \times 2 = \$34.38$)

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.

Jason LaFayette, City Administrator

Name & Title of Authorized Signatory
(Typed)

Signature

Date

Additional Comments:

Water rate expected as a result of the project if the funding is entirely loan (question #2 above) was calculated using the following:

\$5,123,000 loan @ 3.75% interest for 30 years with 110% debt coverage results in a monthly payment of \$26,097.95. With 2,551 users on the system, this would result in a monthly surcharge of \$10.23 for each water user.

State Water Plan Application

Applicant: Brookings-Deuel Rural Water System Address: 47602 SD Hwy 28 Toronto, SD 57268	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; border-bottom: 1px solid black;">6,000,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">65,500</td> </tr> <tr> <td>Other: <u>SDDOT</u></td> <td style="text-align: right; border-bottom: 1px solid black;">750,000</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">6,815,500</td> </tr> </table>	Projected State Funding	6,000,000	Local Cash	65,500	Other: <u>SDDOT</u>	750,000	Other: _____		TOTAL	6,815,500
Projected State Funding	6,000,000										
Local Cash	65,500										
Other: <u>SDDOT</u>	750,000										
Other: _____											
TOTAL	6,815,500										

Project Title: Hwy 15-Altamont Pipeline Improvements

Description: (Include present monthly utility rate.)

Brookings-Deuel Rural Water System plans to construct 29 miles of 4" to 12" diameter pipelines to provide looping for improved system pressures, to replace aging pipelines in an effort to decrease water loss, and to replace a community water source for the town of Ward that contains high levels of manganese. The new waterlines will replace existing glued-joint pipe that was installed as part of the original Brookings-Deuel construction.

This project is being performed in conjunction with the SDDOT reconstruction of SD Hwy 15 between Clear Lake and Hwy 212 scheduled for 2027. A 7 mile segment of the new pipeline is along SD Hwy 15. The SDDOT funding for this project is the replacement cost of the existing BDRWS pipeline that will need to be relocated due to the widening of the highway right-of-way.

Brookings-Deuel currently has over 2,800 active accounts split into multiple rate classes serving 8,500 people. Brookings-Deuel sells water to customers at a pre-project rate of \$46 per month and \$4.10/kgal which equates to \$74.70/7,000 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.

Reed Andries, Manager

Name & Title of Authorized Signatory
(Typed)


Signature

9-30-25
Date

State Water Plan Application

Applicant: City of Bryant Address: PO Box 145 Bryant, SD 57221-0145	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,259,000.00</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;">\$2,259,000.00</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$2,259,000.00	Local Cash		Other: _____		Other: _____		TOTAL	\$2,259,000.00
Proposed Funding Package													
Projected State Funding	\$2,259,000.00												
Local Cash													
Other: _____													
Other: _____													
TOTAL	\$2,259,000.00												

Project Title: Byrant Wastewater Improvements Phase IIb

Description: (Include present monthly utility rate.)

In February of 2024, the City of Bryant contracted with IMEG to update their wastewater facility plan. The City of Bryant, SD wishes to make improvements to their wastewater collection system. The project proposes replacement of 7.5 blocks of aging PVC nearing the end of its useful life and reduce I&I in the system. All manholes, sewer service connections to the main, and sanitary sewer service pipe to the property line will be replaced. The project also proposes to included all work within the DOT right-of-way and expansion to eliminate septic tanks for residents west of Prospect St. along 7th Ave. if grade allows.

The replacement is located on Hill St. from SD Highway 28 to one half block north of 4th Ave., on Railway St. from SD Highway 28 to midway between 4th and 5th Ave, on 4th Ave. between Railway St. and Hill St., on 4th Ave. between Hill St. and Underwood St., and on Prospect St. between 5th Ave. and 7th Ave.

The current monthly sewer rate is \$60.05. The estimated cost of the Wastewater Collection System Improvements Phase IIb project is \$2,259,000.

The Applicant Certifies That:

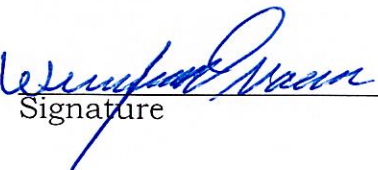
I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Winfred Noem, Mayor

Name & Title of Authorized Signatory
(Typed)

Signature

Date


 29 Sept 25

State Water Plan Application

Applicant: City of Bryant Address: PO Box 145 Bryant, SD 57221-0145	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,643,000.00</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$2,643,000.00</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$2,643,000.00	Local Cash		Other: _____		Other: _____		TOTAL	\$2,643,000.00
Proposed Funding Package													
Projected State Funding	\$2,643,000.00												
Local Cash													
Other: _____													
Other: _____													
TOTAL	\$2,643,000.00												

Project Title: Bryant Water Improvements Phase IIb

Description: (Include present monthly utility rate.)

In February of 2024, the City of Bryant contracted with IMEG to update their water facility plan. The City of Bryant, SD wishes to make improvements to their water distribution system by the replacement of 9 blocks of cast iron and lead water main and looping of approximately 1.5 blocks of water main. The project will increase pressure in parts of town with the additional looping and replacement of the 1-inch water main with a 6-inch main, and increase fire flows. The fire hydrants, valves, and service lines will be replaced or installed new.

The 9 blocks of replacement will occur on Hill St. from SD Highway 28 to 4th Ave., on 4th Ave. from Hill St. to Railway St., on Railway St. north from 4th Ave., on 5th Ave. from Railway St. to Prospect St., and on Prospect St. from 5th Ave. to 7th Ave. Looping of water main will be installed on Railway St. from 4th to 5th Ave. and on SD Highway 28 from Railway St. to Hill St. With the replacement of the existing cast iron water main, a one-inch lead water main that feeds several homes on Railway St. from 5th Ave. to SD Highway 28 will be eliminated.

The present monthly utility rate for water is \$71.79. The estimated cost of the Phase IIb project is \$2,643,000.

The Applicant Certifies That:

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

Winfred Noem, Mayor

 Name & Title of Authorized Signatory
 (Typed)

Signature

Date

 29 Sept 25

State Water Plan Application

Applicant: City of Canistota Address: PO Box 67 Canistota, SD 57012	Proposed Funding Package Projected State Funding \$6,306,200 Local Cash _____ Other: _____ Other: _____ TOTAL \$6,306,200
--	---

Project Title: Phase 4 - Street and Utility Improvements

Description: (Include present monthly utility rate.)

The project area includes replacement of Sanitary Sewer Mains along Willow Street; Fourth Avenue at Elm Street to north of Willow Street; Seventh Avenue from Main Street to Willow Street; Sixth Avenue from Main Street to Wood Street; Elm Street from Sixth Avenue to Railway Avenue; Wood Street from Sixth Avenue to approximately a block east, and Railway Avenue from Elm Street to approximately a block north west. The project also includes adding storm sewer to various parts of Canistota.

The project will remove and replace approximately 6,950 linear feet of sewer pipe, will install approximately 6,710 linear feet of various sizes of storm sewer, and provide approximately 19,200 linear feet of concrete curb and gutter.

The current sewer rate for 5,000 gallons of usage is \$39.88.

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.

Jamie Miller, Council President

Name & Title of Authorized Signatory
 (Typed)



Signature

10-01-25

Date

State Water Plan Application

Applicant: City of Canistota Address: PO Box 67 Canistota, SD 57012	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$7,184,190</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;">\$7,184,190</td> </tr> </table>	Projected State Funding	\$7,184,190	Local Cash		Other:		Other:		TOTAL	\$7,184,190
Projected State Funding	\$7,184,190										
Local Cash											
Other:											
Other:											
TOTAL	\$7,184,190										

Project Title: Phase 4 - Street and Utility Improvements

Description: (Include present monthly utility rate.)

The proposed project will remove approximately 2,800 linear feet of water main and will install approximately 470 linear feet of 6" water main and 6,950 linear feet of 8" water main. The project will occur in the northern portion of Canistota, along Elm Street, Seventh Avenue from Main Street to Elm Street, Sixth Avenue from Main Street to Wood Street, Wood Street from Sixth Avenue to about a block east, Willow Street, Railway Avenue from Elm Street to Willow Street, and East Avenue from Main Street to Spruce Lane.

In addition to improvements to the water main, the project proposes to remove the existing water tower and replace it with a 50,000 gallon elevated water tower.

The current water rate per 5,000 gallons of usage is \$58.45.

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.

Jamie Miller, Council President

Name & Title of Authorized Signatory
 (Typed)



Signature

10-01-25

Date

State Water Plan Application

Applicant: City of Clear Lake Address: 125 Third Avenue South PO Box 107 Clear Lake, SD 57226-0107	Proposed Funding Package Projected State Funding \$2,130,400 Local Cash _____ Other: _____ Other: _____ TOTAL \$2,130,400
---	---

Project Title: Storm Water Collection System Improvements Phase 1B

Description: (Include present monthly utility rate.)

The City of Clear Lake, SD proposes to construct Phase 1B of Storm Water Collection System Improvements. The proposed project will improve aged and undersized storm sewer pipes, storm sewer inlets as well as install and replace curb and gutter so that it flows to the storm sewer inlets in the southeast area of the City of Clear Lake.

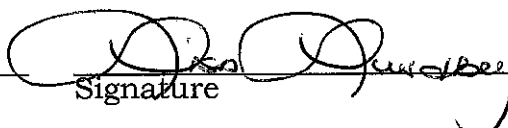
The current monthly residential sewer rate for 5000 gallons of use is \$ 38.00 plus a \$29.65 surcharge.

The proposed project area is: Sixth St and Seventh St from Second Ave to Prospect Ave, Second and First Avenues from Fifth St to Lockhart St, and Prospect Ave from Sixth St to Lockhart St.

A Drinking Water Main replacement project is proposed in the same area to replace aging infrastructure in that system during construction disturbance of the streets in the project area.

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>Lisa Lundberg, Mayor</i> Name & Title of Authorized Signatory (Typed)	 Signature	9/24/25 Date
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State Water Plan Application

Applicant: City of Clear Lake Address: 125 Third Avenue South PO Box 107 Clear Lake, SD 57226-0107	Proposed Funding Package Projected State Funding \$2,696,900 Local Cash _____ Other: _____ Other: _____ TOTAL \$2,696,900
---	---

Project Title: Water Distribution System Improvements Phase 1B

Description: (Include present monthly utility rate.)

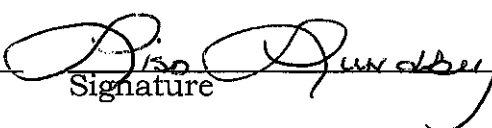
The City of Clear Lake, SD proposes to construct Phase 1B of Water Utility Improvements. The proposed project will improve aged and undersized water distribution system lines, valves and related appurtenances in the southeast area of the City of Clear Lake. Existing 4 inch diameter Cast Iron and Abestos Cement distribution lines along with smaller 1 inch and 1 ¼ inch Copper lines will be replaced with PVC distribution lines, new system control valves, water services, fire hydrants and related appurtenances to improve and update the water distribution system for the City of Clear Lake. The current monthly residential water rate for 5000 gallons of use is \$ 66.40 and will change with new ordinance effective October 1, 2025 to \$55.75 plus \$30.60 surcharge.

The proposed project area is: Sixth St and Seventh St from Second Ave to Prospect Ave, Second and First Avenues from Fifth St to Lockhart St, and Prospect Ave from Sixth St to Lockhart St.

A Storm Water Collection System improvement project is proposed in the same area to correct deficiencies in that system during construction disturbance of the streets in the project area.

The Applicant Certifies That:

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

Lisa Lundberg, Mayor Name & Title of Authorized Signatory (Typed)	 Signature	9/24/25 Date
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State Water Plan Application

Applicant: City of Crooks Address: PO Box 785 Crooks, South Dakota 57020	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;"><u>\$3,030,000</u></td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;"><u> </u></td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;"><u> </u></td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;"><u> </u></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;"><u>\$3,030,000</u></td> </tr> </table>	Projected State Funding	<u>\$3,030,000</u>	Local Cash	<u> </u>	Other:	<u> </u>	Other:	<u> </u>	TOTAL	<u>\$3,030,000</u>
Projected State Funding	<u>\$3,030,000</u>										
Local Cash	<u> </u>										
Other:	<u> </u>										
Other:	<u> </u>										
TOTAL	<u>\$3,030,000</u>										

Project Title: Phase 2 Street and Utility Improvements

Description: (Include present monthly utility rate.)

Phase 2 of the Crooks' Street and Utility Improvements proposes to reconstruct the surfacing and public utilities within the project area, which includes complete reconstruction of surfacing and utilities of eight (8) blocks on 1st Avenue, 3rd Street, and 4th Street. In addition, Phase 2 will include the replacement of existing public utilities along West Avenue.

The replacement of the existing vitrified clay sanitary sewer collection system is proposed as part of the Phase 2 project. While the actual age of the trunk sewer is unknown, it remains critical to Crooks' sewer system as it conveys sewage for a large portion of the central residential district of the community. Should the pipes fail within the project location, it may result in potential system backup.

The project includes installing approximately 3,330 linear feet of 8" PVC sewer, 2,200 linear feet of various sizes of RCP storm sewer, and 4,260 linear feet of various sizes of PVC water mains throughout the project area. In addition, the project will include approximately 5,740 linear feet of curb and gutter.

The current sewer rate for 5,000 gallons of usage is \$70.70.

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.

Butch Oseby, Mayor

Name & Title of Authorized Signatory
(Typed)



Signature

9-30-25

Date

State Water Plan Application

Applicant: City of Crooks Address: PO Box 785 Crooks, South Dakota 57020	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: right; padding-bottom: 10px;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,090,000</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;">2,090,000</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$2,090,000	Local Cash		Other:		Other:		TOTAL	2,090,000
Proposed Funding Package													
Projected State Funding	\$2,090,000												
Local Cash													
Other:													
Other:													
TOTAL	2,090,000												

Project Title: Phase 2 Street and Utility Improvements

Description: (Include present monthly utility rate.)

Phase 2 of the Crooks' Street and Utility Improvements proposes to reconstruct the surfacing and public utilities within the project area, which includes complete reconstruction of surfacing and utilities of eight (8) blocks on 1st Avenue, 3rd Street, and 4th Street. In addition, Phase 2 will include the replacement of existing public utilities along West Avenue.

The replacement of the existing water mains and services is proposed as part of the Phase 2 project. Existing pipes are over 50 years old and have served their useful life resulting in an increase in the number of repairs needed annually.

The project includes installing approximately 3,330 linear feet of 8" PVC sewer, 2,200 linear feet of various sizes of RCP storm sewer, and 4,260 linear feet of various sizes of PVC water mains throughout the project area. In addition, the project will include approximately 5,740 linear feet of curb and gutter.

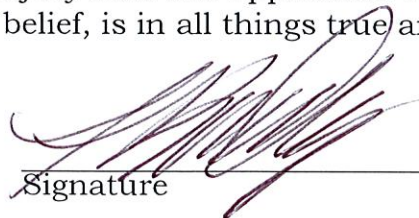
The current water rate for 5,000 gallons of usage is \$77.58.

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.

Butch Oseby, Mayor

 Name & Title of Authorized Signatory
 (Typed)



 Signature

9-30-25

 Date

State Water Plan Application

Applicant: City of Custer Address: City of Custer 622 Crook Street Custer, SD 57730	Proposed Funding Package Projected State Funding <u>\$2,650,000</u> Local Cash _____ Other: _____ Other: _____ TOTAL <u>\$2,650,000</u>
---	---

Project Title: Custer, 5th Street Wastewater System Improvements

Description: (Include present monthly utility rate.)

The SDDOT is currently working on design of the reconstruction of the HWY 16/385 / 5th Street corridor through the City of Custer. The project begins just north of Mount Rushmore Road and will extend approximately 0.60 miles north of City limits. The City intends to make improvements to the sanitary sewer collection system improvements in conjunction with the SDDOT project. The collection system improvements will include replacing the existing Vitrified Clay Pipe (VCP) sewer mains, upsizing existing mains from 4" and 6" to a minimum of 8" PVC and lowering mains that are in conflict with proposed SDDOT storm sewer improvements.

The proposed sanitary sewer collection system improvements are intended to be performed while the HWY 16/385 project is under construction to reduce costs of replacing surfacing with the DOT right-of-way. The current timeline is for the construction to take place in 2027 or 2028. The anticipated cost of the sanitary sewer system improvements is \$2,650,000 as is detailed in the estimate included in the City of Custer's Wastewater Facilities Plan, Amendment #5.

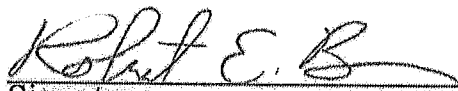
The current rate is \$70.66 per 5000 gallons for typical single family residential service and \$90.39 per 5000 gallons for a commercial service.

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.

Robert E Brown, Mayor

 Name & Title of Authorized Signatory
 (Typed)


9-30-25
 Signature Date

Additional Comments:

The 2020 census listed the population for the City of Custer at 2043 within the corporate limits. The City also provides treatment and billing services to the East Custer Sanitary Sewer and Water District.

The recommended alternative will have a significant impact on existing inflow and infiltration issues and will enable the SD DOT to proceed with the best option to address highway reconstruction (related to existing utility elevations).

Sewer rate expected as a result of the project if the funding is entirely loan is calculated using the following and assumes there's no room in the existing rate structure for a rate-restructure:

\$2,650,000 loan @ 4.00% interest for 30 years with 110% debt coverage results in a monthly payment of \$13,588. With 1,065 users on the system, this would result in a monthly surcharge of \$12.75/ month for each user, and a monthly residential sewer rate of \$83.42.

State Water Plan Application

Applicant: City of Gregory Address: 120 West 6th Street Gregory, SD 57533	<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;">\$4,983,376</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,080,803</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: DOT Community Access</td> <td style="text-align: right; border-bottom: 1px solid black;">\$ 600,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$7,664,179</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$4,983,376	Local Cash	\$2,080,803	Other: DOT Community Access	\$ 600,000	Other: _____	_____	TOTAL	\$7,664,179
Proposed Funding Package													
Projected State Funding	\$4,983,376												
Local Cash	\$2,080,803												
Other: DOT Community Access	\$ 600,000												
Other: _____	_____												
TOTAL	\$7,664,179												

Project Title: Gregory Utilities Improvements Phase 2

Description: (Include present monthly utility rate.)

The City of Gregory plans to continue upgrading water distribution and wastewater collection infrastructure where needed throughout the community. Approximately one half of the work was bid as part of the City's existing Clean Water SRF loan but subsequently removed by change order. The remaining work will occur along Main Street in conjunction with a project the City hopes to have funded through a DOT Community Access grant.

The City's current water rate for customers using 5,000 gallons of water is \$44.20; the sewer rate is \$50.20.

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.

Al Cerny, Mayor

 Name & Title of Authorized Signatory
 (Typed)

Signature



Date

9-22-2025

State Water Plan Application

Applicant: City of Hecla Address: PO Box 188 Hecla, SD 57446	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; border-bottom: 1px solid black;">135,728</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">194,392</td> </tr> <tr> <td>Other: DANR CWSRF</td> <td style="text-align: right; border-bottom: 1px solid black;">219,880</td> </tr> <tr> <td>Other: DOT ABAG</td> <td style="text-align: right; border-bottom: 1px solid black;">600,000</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">1,150,000</td> </tr> </table>	Projected State Funding	135,728	Local Cash	194,392	Other: DANR CWSRF	219,880	Other: DOT ABAG	600,000	TOTAL	1,150,000
Projected State Funding	135,728										
Local Cash	194,392										
Other: DANR CWSRF	219,880										
Other: DOT ABAG	600,000										
TOTAL	1,150,000										

Project Title: Hecla Waterline Project

Description: (Include present monthly utility rate.)

The City of Hecla is proposing to replace several blocks of waterline. These waterlines are being replaced in conjunction with the construction of Full Circle Ag's new fertilizer facility. The city has already applied for and received DANR funding to replace the wastewater lines in the project area and has applied for an Agri-Business Access Grant (ABAG) to replace the road leading to the plant. Hecla will still need to apply to USDA-RD for the local cash match.

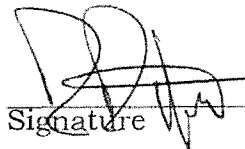
Hecla's water rates are \$38.00 base fee and \$6.00 per 1,000 gallons a month. So 5,000 gallons would cost \$68.00 per month.

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.

Randy Pfutzenreuter, Mayor

 Name & Title of Authorized Signatory
 (Typed)



 Signature

9/28/25

 Date

State Water Plan Application

Applicant: City of Hot Springs Address: 303 N River St, Hot Springs, SD 57747	<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;">\$27,241,000</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;">\$27,241,000</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$27,241,000	Local Cash		Other:		Other:		TOTAL	\$27,241,000
Proposed Funding Package													
Projected State Funding	\$27,241,000												
Local Cash													
Other:													
Other:													
TOTAL	\$27,241,000												

Project Title: Hot Spring's Wastewater System Improvement project

Description: (Include present monthly utility rate.)

City of Hot Springs is proposing to replace it's aging wastewater treatment facility. Current WWTF consists of headworks screening, a primary clarifier, trickling filter, final clarifier, and anaerobic digestion, with effluent discharged to privately owned irrigation ponds. The system is approaching the end of its useful life, with aging infrastructure, odor and corrosion issues, and an expiring effluent irrigation agreement. The city proposes Moving Bed Biofilm Reactor (MBBR/IFAS) alternative with effluent discharge to the Fall River. It includes replacing aging infrastructure, which will result in achieving regulatory compliance, and ensuring reliable wastewater treatment for the foreseeable future. The alternative will be implemented in combination with the common improvements, including headworks upgrades, solids handling improvements, electrical and SCADA modernization, disinfection system upgrades, and site/utility improvements.

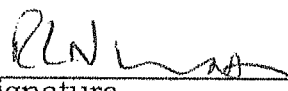
Current sewer rate for 5,000 gallons is a flat fee of \$33.99.

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.

Bob Nelson, Mayor

 Name & Title of Authorized Signatory
 (Typed)


 Signature

9-9-25
 Date

Additional Comments:

Sewer rate expected as a result of the project if the funding is entirely loan (question #2 above) was calculated using the following:

\$27,241,000 loan @ 3.75% interest for 30 years with 110% debt coverage results in a monthly payment of \$138,773.05. With 1613 users on the system, this would result in a monthly surcharge of \$86.03 / month for each water user.

State Water Plan Application

Applicant: City of Hot Springs Address: 303 N River St, Hot Springs, SD 57747	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; border-bottom: 1px solid black;">\$16,350,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$16,350,000</td> </tr> </table>	Projected State Funding	\$16,350,000	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$16,350,000
Projected State Funding	\$16,350,000										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$16,350,000										

Project Title: Hot Springs Water System Improvements

Description: (Include present monthly utility rate.)

City of Hot Springs is proposing to improve their water system by the following:

1. Replace problematic water mains.
2. Upgrade the flow capacity and increase resiliency of the Evans Pump Station.
3. Construct a new booster pump station and dedicated supply line.
4. Construct a new storage tank with distribution main.

The City's water system has aging infrastructure. Several water mains are problematic and known for leaking. Replacing these water mains would reduce the City's annual maintenance costs and provide a more reliable distribution system. The current water supply and storage operate at low factors of safety. An additional supply and storage are necessary to provide reliable water to the City's customers.

Current water rate for 5,000 gallons is \$34.64 (\$20.40 for the first 1,000 gallons, then \$3.56 per 1,000 gallons : $\$20.40 + 4 \times \$3.56 = \$34.64$)



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.

Bob Nelson, Mayor

 Name & Title of Authorized Signatory
 (Typed)

 Signature

 Date

Additional Comments:

Water rate expected as a result of the project if the funding is entirely loan (question #2 above) was calculated using the following:

\$16,350,000 loan @ 3.75% interest for 30 years with 110% debt coverage results in a monthly payment of \$83,291.34. With 1718 users on the system, this would result in a monthly surcharge of \$48.49 for each water user.

State Water Plan Application

Applicant: City of Howard Address: 100 Main Street Howard, SD 57349	Proposed Funding Package Projected State Funding <u>\$2,648,192</u> Local Cash _____ Other: _____ Other: _____ TOTAL <u>\$2,648,192</u>
---	---

Project Title: Howard Wastewater Treatment Facility Improvements

Description: (Include present monthly utility rate.)

The City of Howard is currently under a compliance schedule to meet more stringent discharge limits under their forthcoming NPDES permit. The existing two cell treatment system has been proven to not effectively treat wastewater to the proposed discharge limits. Therefore, the City wishes to pursue treatment system improvements which will meet the new permit limits within the proposed discharge permit.

This option considers the use of multiple improvements to satisfy the requirements of the new NPDES permit limits. Mechanical aeration will be added to Cells 1 and 2 for more efficient treatment. A system of submerged diffused aeration equipment will be used to add oxygen into and mix the wastewater. The existing Cell 2 berms will be raised approximately 2 feet to allow 6 ft of water depth within the secondary cell. An additional secondary lagoon cell will be added for additional retention time within the treatment facility. Finally, an artificial wetland will be constructed which will provide additional retention time, as well as, vegetation within the wetland will provide polishing and tertiary treatment of ammonia prior to any discharge. The cost estimates presented in Tables 4.5 and 4.6 include the cost of building for the aeration equipment, standby generator, dirtwork, and all other related items and equipment.

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.

Eric Rentschler Mayor
 Name & Title of Authorized Signatory
 (Typed)

Eric Rentschler 9-30-2025
 Signature Date

State Water Plan Application

Applicant: James River Water Development District Address: PO Box 849 Huron, SD 57350	<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;">\$1,000,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$17,254,000</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: <u>USDA(Federal)</u></td> <td style="text-align: right; border-bottom: 1px solid black;">\$22,809,930</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Other: <u>319 funds</u></td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,409,500</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$42,473,430</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$1,000,000	Local Cash	\$17,254,000	Other: <u>USDA(Federal)</u>	\$22,809,930	Other: <u>319 funds</u>	\$1,409,500	TOTAL	\$42,473,430
Proposed Funding Package													
Projected State Funding	\$1,000,000												
Local Cash	\$17,254,000												
Other: <u>USDA(Federal)</u>	\$22,809,930												
Other: <u>319 funds</u>	\$1,409,500												
TOTAL	\$42,473,430												

Project Title: South Central Implementation Project-Segment 3

Description: (Include present monthly utility rate.)

This project is a continuation of the successful South Central-Segment 2 project. The main drainages for this project are the South Missouri River, entire South Dakota portion of the James River and complex of the Vermilion River and the named and unnamed tributaries that supply them. The popular Best Management Practices from Segment 2 will be carried forward into this segment, focusing on flows from unrestricted animal feeding operations. Another focus is to address restoring water quality to meet designated beneficial uses as outlined in the TMDL's. Current watershed footprint for this project encompasses around eighteen million acres or roughly 40% of South Dakota.

If this State Water Plan is approved it will allow the South Central Project to apply for additional funds to aid in the implementation of a wide variety of Best Management Practices to address water quality concerns in the entire watershed.

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 Wiese- Board Chairman

Name & Title of Authorized Signatory
(Typed)

Signature

Date

State Water Plan Application

Applicant: Lake Poinsett Sanitary District Address: 19553 US Hwy 81 Suite 3 Arlington, SD 57212	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; border-bottom: 1px solid black;">\$15,181,990</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other:</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other:</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$15,181,990</td> </tr> </table>	Projected State Funding	\$15,181,990	Local Cash		Other:		Other:		TOTAL	\$15,181,990
Projected State Funding	\$15,181,990										
Local Cash											
Other:											
Other:											
TOTAL	\$15,181,990										

Project Title: West & NW Wastewater Collection Improvements

Description: (Include present monthly utility rate.)

The Lake Poinsett Sanitary Sewer District (LPSD) proposes a project to provide wastewater collection and treatment to the areas on West and Northwest Lake Drives along Lake Poinsett. These areas are not currently served by a collection system. Residences use septic tank and drainfield systems for wastewater disposal. The LPSD anticipates providing service to these areas in three phases.

Phase I will include land acquisition for and construction of a Total Retention Stabilization Pond treatment facility; construction of a Primary Lift Station and Forcemain to carry wastewater to the treatment facility; and construction of a wastewater collection system for the area of Oleson's Subdivision to Saaranen's Beach on the north side of Lake Poinsett.

Phase II will include construction of a wastewater collection system on the north side of Lake Poinsett from the Saaranen's Beach area (Phase I) to SD Hwy 28.

Phase III will include construction of a wastewater collection system on the northwest side of Lake Poinsett in the Prairie Quay to Indian Knolls area.

Current utility rates are as follows: \$82/month for residential, \$103.67/month for commercial and \$27.08/month for commercial campgrounds.

The Applicant Certifies That:

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

Dennis B. Micko

Name & Title of Authorized Signatory
(Typed)

Dennis B. Micko 9/25/25

Signature

Date

State Water Plan Application

Applicant: City of Lemmon Address: 301 1st Avenue W. Lemmon, SD 57638-1409	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; border-bottom: 1px solid black;">\$4,700,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other:</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other:</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$4,700,000</td> </tr> </table>	Projected State Funding	\$4,700,000	Local Cash		Other:		Other:		TOTAL	\$4,700,000
Projected State Funding	\$4,700,000										
Local Cash											
Other:											
Other:											
TOTAL	\$4,700,000										

Project Title: Sanitary Sewer Rehabilitation and Replacement- Project 2

Description: (Include present monthly utility rate.)

The City of Lemmon is proposing to replace and/or rehabilitate sanitary sewer mains throughout town. The City completed an engineering study utilizing the SCPG program in 2013. Since then they have recently completed "Project 1" in 2023, which they utilized USDA RD WEP funding to complete.

Project 2, will encompass several "phases" identified in the engineering study. Project 2 will consist of approximately 6,641 feet of sewer line rehabilitation and 4,819 feet of sewer line replacement. The project will also include replacement of 10 manholes and rehabilitation of 19 manholes. Work included in this project will encompass work in several areas of town including but not limited to large portions of Main Avenue, 1st Avenue, 3rd Avenue, 4th Avenue and 3rd Street. The work addresses the most severely compromised areas in town. Future phases will address the rest of the City.

City of Lemmon's current sanitary sewer rates are \$19.50 plus a \$10.00 surcharge collected to pay debt service for Project 1, resulting in a total monthly rate of \$29.50/month for residential users (rate adopted Sept 2, 2025). The City is proposing another increase in January 2026.

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.

Matthew Barnes, Mayor

 Name & Title of Authorized Signatory
 (Typed)


 Signature

8/21/2025

 Date

State Water Plan Application

Applicant: City of Milbank Address: 1001 E 4th Ave, Suite 301 Milbank, SD 57252	Proposed Funding Package Projected State Funding \$17,500,000 Local Cash _____ Other: _____ Other: _____ TOTAL \$17,500,000
---	--

Project Title: Phase 1 WWTF - Controls, Influent Pumping, and Pretreatment Improvements

Description: (Include present monthly utility rate.)

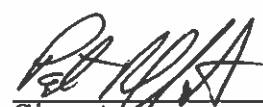
The City of Milbank is located in Grant County in northeast South Dakota and is currently preparing for future improvements needed at the City's Wastewater Treatment Facility (WWTF). The 2020 census population is 3,544, with a current population estimate of 3,640 people. The last major improvements made at the WWTF began in 2003, with phased construction projects occurring until 2012. In addition to equipment not replaced as part of the last major improvements at the WWTF, much of the equipment from those improvements are nearing or have reached the end of their 20 year useful life and must be replaced. Obsolescence of control systems and aging building infrastructure, condition, and capacity is also a consideration for necessary improvements at the facility. The current wastewater rate in Milbank is \$35.67 for 5,000 gallons of usage.

The purpose of this application is to request funding to proceed with Phase 1 of necessary improvements needed at the WWTF. Several phases are recommended, and this funding request is for Phase 1 improvements, including replacement of Supervisory Control and Data Acquisition (SCADA) systems at the facility and construction of Influent Pumping and Pretreatment Facilities improvements. The current influent pumping facilities present capacity, reliability, safety, and maintenance issues that must be addressed. In addition, the existing pretreatment building and influent pumping facilities do not have adequate egress and hydraulic capacity as well as needing replacement of aging pretreatment equipment and building infrastructure. +

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

9/30/2025
 Date

State Water Plan Application

Applicant: City of Milbank Address: 1001 E 4th Ave, Suite 301 Milbank, SD 57252	Proposed Funding Package Projected State Funding \$39,000,000 Local Cash Other: Other: TOTAL \$39,000,000
--	--

Project Title: Phase 1 - Iron and Manganese Gravity Water Treatment Plant

Description: (Include present monthly utility rate.)

The City of Milbank has experienced an increase in iron and total dissolved solids in the water in recent years. Water usage has increased over the past 5 years and the iron concentration in the well water also increased over the past 30 years. With the iron concentration approaching 3.0 mg/L from the wells which provide 70% to 85% of the water, the City has decided to apply for funding of a water treatment plant.

The peak day of usage in 2025 was 1.6 MGD while flows have averaged around 1.1 to 1.2 MGD in 2025.

A 3.0 MGD Iron and Manganese removal plant is proposed to consist of aeration, two detention trains, and conventional gravity filters. A precast and masonry building is proposed with a precast roof, site improvements, and exterior and interior piping and valves. A clearwell, backwash tank, transfer pumps, and chemical storage area are included. Land acquisition for a treatment plant site that could be expanded is also proposed for space to treat hardness in the future.

The current water usage rate in Milbank for 5000 gallons is \$33.20.

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.

Pet Rafferty Mayor
 Name & Title of Authorized Signatory
 (Typed)

Pet Rafferty
 Signature

2/30/25
 Date

Additional Comments:

This proposed project is to remove iron and manganese which are both well above Secondary Maximum Contaminate Levels. Sulfate and total dissolved solids will not be removed by this proposed water treatment plant. A second phase of seeking an additional water source for blending is also proposed to reduce the concentration of sulfate and total dissolved solids.

RECEIVED

OCT 03 2025

SD EForm - 0487LD V4

Department of Agriculture
and Natural Resources

State Water Plan Application

Applicant: Town of Mission Hill Address: PO Box 78 Mission Hill, SD 57046	Proposed Funding Package	
	Projected State Funding	\$1,925,000
	Local Cash	
	Other:	
	Other:	
	TOTAL	\$1,925,000

Project Title: Mission Hill Water System Improvements

Description: (Include present monthly utility rate.)

The Town of Mission Hill is planning to make major upgrades to the community's water storage and distribution systems. For the storage system, a new 65,000-gallon elevated storage tank is proposed. Distribution system improvements will consist of the installation of approximately 1,500 linear feet of 6-inch and 8-inch PVC water main, most of which will replace existing lines that are nearing the end of their useful life and/or are only four inches in diameter. Some new water main will also be installed, which will improve water pressure throughout the system.

The Town's current water rate for customers using 5,000 gallons of water is \$52.50 (base rate of \$30.00 plus \$4.50 per 1,000 gallons).

The Applicant Certifies That:

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

Jess Tramp, Town Board President

Name & Title of Authorized Signatory
(Typed)


Signature

9-22-25
Date

State Water Plan Application

Applicant: City of Mitchell Address: 612 N. Main Street Mitchell, SD 57301	Proposed Funding Package Projected State Funding \$1,560,000 Local Cash \$ 238,425 Other: _____ Other: _____ TOTAL \$1,798,425
--	---

Project Title: Mitchell 13th Avenue Reconstruction

Description: (Include present monthly utility rate.)

The City of Mitchell intends to improve drainage along 13th Avenue between Wisconsin Street and Minnesota Street in Mitchell, an area that is prone to flooding and experienced large rain events that caused localized flooding in 2019 and 2024. The project will reroute storm sewer to a proposed detention pond along the bike path near the SD Hwy 37 Bypass.

The project will include complete removal and replacement of the existing roadway surface, sidewalks, and all necessary tie-ins. Utility upgrades will consist of complete replacement of the existing clay sanitary sewer lines, and replacement of water main, valves, and hydrants. No additional modeling is proposed for sizing of sanitary sewer or water main. Sanitary sewer and water main will be replaced with same size pipes.

The City's current sewer rate, based on 5,000 gallons of water used, is \$61.43 for residential customers and \$68.76 for commercial users.

The Applicant Certifies That:

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

Jordan Hanson, Mayor

Name & Title of Authorized Signatory
(Typed)

Signature _____ Date Sept. 29, 2025

State Water Plan Application

Applicant: Northdale Sanitary District Address: 4925 Saratoga Dr, PO Box 287, Black Hawk, SD 57718	Proposed Funding Package Projected State Funding \$1,181,000 Local Cash Other: Other: TOTAL \$1,181,000
---	---

Project Title: Sanitary Sewer Re-Route - Hideaway Hills Subdivision

Description: (Include present monthly utility rate.)

Northdale Sanitary District is proposing to re-rout a sanitary sewer force main out of the area that has been identified as having a high geotechnical risk due to underground mines. Project includes installation of a new force main along Daisy Dr and abandonment of the existing force main along East Daisy Dr. Currently, the force main remains in service and runs through the area that had previously been identified as being near the sinkhole. If more of the subsurface were to collapse on the force main or beneath the force main, the pipe could be damaged causing a leak or break resulting in sanitary waste leaking into the surrounding area. This poses potential health and sanitation issues if the line were to break or become compromised and is the reason rerouting the force main is being proposed. The project would move the current force main out of the high/medium risk to the medium/low risk geotechnical area.

The current sewer rate is \$45.00 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.

Cottrell Hayes, Board President

Name & Title of Authorized Signatory
(Typed)


 Signature

Date

8-29-2025

Additional Comments:

Sewer rate expected as a result of the project if the funding is entirely loan (question #2 above) was calculated using the following:

\$1,181,000 loan @ 3.75% interest for 30 years with 110% debt coverage results in a monthly payment of \$6,016.34. With 301 users on the system, this would result in a monthly surcharge of \$19.99 per month for each water user.

State Water Plan Application

Applicant: Prairiewood Sanitary District Address: 39084 130th St. Aberdeen, SD 57401	<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;">1,895,000</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;">1,895,000</td> </tr> </table>	Proposed Funding Package		Projected State Funding	1,895,000	Local Cash		Other:		Other:		TOTAL	1,895,000
Proposed Funding Package													
Projected State Funding	1,895,000												
Local Cash													
Other:													
Other:													
TOTAL	1,895,000												

Project Title: Prairiewood Sanitary District Sewer Improvement Project.

Description: (Include present monthly utility rate.)

The Prairiewood Sanitary District is experiencing issues with their wastewater system. They are looking to make improvements to their lift station, outfall lines and lagoon.

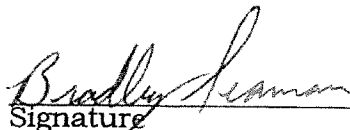
The current monthly sewer rate is a flat \$60.00 per user per month.

The Applicant Certifies That:

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

Brad Seaman, President

 Name & Title of Authorized Signatory
 (Typed)


 Signature

9/2/25
 Date

State Water Plan Application

Applicant: Town of Pukwana Address: PO Box 87 Pukwana, SD 57370	<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="width: 60%; text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$4,363,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,442,000</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right; border-top: 1px solid black;">TOTAL</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$5,805,000</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$4,363,000	Local Cash	\$1,442,000	Other: _____	_____	Other: _____	_____	TOTAL	\$5,805,000
Proposed Funding Package													
Projected State Funding	\$4,363,000												
Local Cash	\$1,442,000												
Other: _____	_____												
Other: _____	_____												
TOTAL	\$5,805,000												

Project Title: Pukwana Westside Development

Description: (Include present monthly utility rate.)

The Town of Pukwana plans to develop land on the west side of the community that will contain up to 91 lots for new residential development. The project will include construction of new roads as well as water and sewer utilities. Up to approximately 9,000 feet of water main and 7,250 feet of sewer line are proposed to be installed.

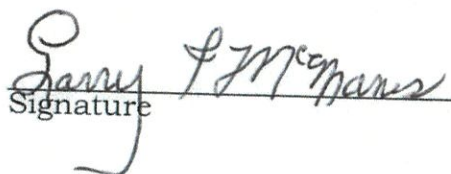
The Town's current utility rates based on 5,000 gallons of water usage are \$56.04 for water and \$40.87 for sewer.

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.

Larry McManus, Town Board President

Name & Title of Authorized Signatory
(Typed)



Date 9/8/2025

State Water Plan Application

Applicant: City of Roscoe Address: PO Box 95 Roscoe, SD 57471-0095	Proposed Funding Package Projected State Funding <u>2,260,000</u> Local Cash _____ Other: _____ Other: _____ TOTAL <u>2,260,000</u>
--	--

Project Title: Roscoe Wastewater Treatment System

Description: (Include present monthly utility rate.)

The City of Roscoe has experienced problems with their wastewater system, the current system is in violation with SD DANR. In order to come back into compliance with DANR, the facility must be expanded and converted to a total retention facility. This alternative includes the construction of an additional 4.5 - acre wetland cell to the existing treatment facility.

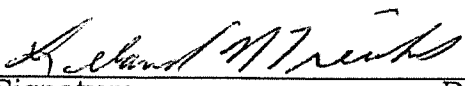
The City's monthly sewer rate is a flat \$45.50 per user per month.

The Applicant Certifies That:

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

Leland Treichel, President

 Name & Title of Authorized Signatory
 (Typed)


8/2/25
 Signature Date

State Water Plan Application

Applicant: City of Salem Address: PO Box 249 Salem, SD 57058	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; border-bottom: 1px solid black;">\$1,620,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,620,000</td> </tr> </table>	Projected State Funding	\$1,620,000	Local Cash		Other: _____		Other: _____		TOTAL	\$1,620,000
Projected State Funding	\$1,620,000										
Local Cash											
Other: _____											
Other: _____											
TOTAL	\$1,620,000										

Project Title: Citywide Sanitary System Improvements

Description: (Include present monthly utility rate.)

The City of Salem proposes to complete Cured-In-Place Pipe (CIPP) lining of various sanitary sewer mains throughout Salem's collection system to correct deficiencies and reduce inflow and infiltration. The proposed segments were selected based on existing conditions as observed through recent televising records. In addition, the project will include isolated excavation and point repairs as needed to facilitate the lining, and adding a submersible pump and discharge pipe to the existing main lift station at the sanitary treatment lagoons to increase capacity.

The proposed project includes approximately 10,370 linear feet of various sizes of CIPP lining.

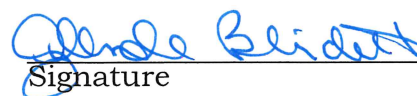
The current Sewer Rate for Salem is a flat fee of \$62.25.

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.

Glenda Blindert, Mayor

 Name & Title of Authorized Signatory
 (Typed)


 Signature

9-30-2025
 Date

State Water Plan Application

Applicant: City of Salem Address: PO Box 249 Salem, SD 57058	<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;">\$860,000</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;">\$860,000</td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$860,000	Local Cash		Other:		Other:		TOTAL	\$860,000
Proposed Funding Package													
Projected State Funding	\$860,000												
Local Cash													
Other:													
Other:													
TOTAL	\$860,000												

Project Title: Water Metering Improvements

Description: (Include present monthly utility rate.)

The City of Salem proposed to replace existing meters and transmitting infrastructure that has served its useful life. The project will include incorporation of Advanced Metering Infrastructure (AMI) for improved data collection and management.

This project will replace approximately 702 water meters and corresponding transmitters. Meter sizes will vary from 3/4" to 3", of which, approximately 95% are 3/4" for residential customers with larger meters reserved for commercial customers.

The current Water Rate based on 5,000 gallons of water usage is \$86.19.

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.

Glenda Blindert, Mayor

Name & Title of Authorized Signatory
(Typed)

Glenda Blindert

Signature

9-30-2020

Date

State Water Plan Application

Applicant: City of Valley Springs Address: PO Box 118 Valley Springs, SD 57068	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$2,417,400</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$2,417,400</td> </tr> </table>	Projected State Funding	\$2,417,400	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$2,417,400
Projected State Funding	\$2,417,400										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$2,417,400										

Project Title: Street & Utility Improvements

Description: (Include present monthly utility rate.)

Valley Springs seeks to remove and replace sanitary sewer mains throughout the city. The city proposed to remove approximately 2,370 linear feet of sanitary sewer main and replace it with 2,370 linear feet of 8" sanitary sewer pipe and bedding material. The city also plans to do work with storm sewer and box culvert as well as constructing approximately 4,730 linear feet of concrete curb and gutter.

The proposed project area is Sunny Side Avenue from Dunham Street to Maple Street, listed on attached maps as Priority 1.

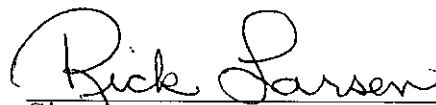
The current sewer rate for 5,000 gallons of usage is \$35.

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.

Rick Larsen, Mayor

Name & Title of Authorized Signatory
(Typed)


Signature

9/30/21
Date

State Water Plan Application

Applicant: City of Valley Springs Address: PO Box 118 Valley Springs, SD 57068	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;">\$1,261,600</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;">\$1,261,600</td> </tr> </table>	Projected State Funding	\$1,261,600	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$1,261,600
Projected State Funding	\$1,261,600										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$1,261,600										

Project Title: Street & Utility Improvements

Description: (Include present monthly utility rate.)

Valley Springs seeks to remove and replace water mains throughout the city. The city proposed to remove approximately 1,060 linear feet of water mains and replace it with 1,100 linear feet of 8" C900 PVC water main. The city also plans to construct approximately 4,730 linear feet of concrete curb and gutter.

The proposed project area is Sunny Side Avenue from Dunham Street to Maple Street, listed on attached maps as Priority 1.

The current water rate for 5,000 gallons of usage is \$50.50.

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.

Rick Larsen, Mayor

 Name & Title of Authorized Signatory
 (Typed)


9/30/25

 Signature Date

State Water Plan Application

Applicant: City of Vermillion Address: 25 Center Street Vermillion, SD 57069	Proposed Funding Package Projected State Funding <u>\$2,620,000</u> Local Cash _____ Other: _____ Other: _____ TOTAL <u>\$2,620,000</u>
--	--

Project Title: Cell 7 Construction and Cell 2-4 Partial Closure

Description: (Include present monthly utility rate.)

The existing cells at the City of Vermillion Landfill are nearing capacity. This requires partial cell closure of existing cells that have already reached capacity and the need to construct additional cells to accommodate the increasing solid waste disposal demand to meet the landfill requirements. The proposed construction requirements for existing cell closure and and new cell construction are as follow:

***Cell construction**

- *Provide mass excavation for new Cell 7 pit
- *Incorporate a liner system to prevent leachate infiltration into groundwater sources
- *Layout a leachate collection system to reduce leachate production from storm water

***Cell closure**

- *Final grading of existing cells
- *Final soil cover
- *Seeding, drainage, and erosion control

The current sewer rate is 170% of the average water bill for January, February, and March of each year. The rate applies from April through the following March.

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.

Jon Cole, Mayor

 Name & Title of Authorized Signatory
 (Typed)

 Signature

 Date

State Water Plan Application

Applicant: City of Viborg Address: 110 N Main St, Viborg, SD 57070	Proposed Funding Package Projected State Funding \$8,072,000 Local Cash _____ Other: _____ Other: _____ TOTAL \$8,072,000
--	--

Project Title: Viborg Collection System and Treatment Facility Improvements Projects

Description: (Include present monthly utility rate.)

The City of Viborg is proposing three wastewater improvement projects for the State Water Plan for approval. These projects include Phase I and Phase II of the collection system improvements, as well as the recommended treatment facility alternative: the Submerged Attached Growth Reactor (SAGR). While the application covers Phases I through III of the collection system, the City is currently prioritizing funding for Phases I and II. Phase I of the collection system project is being coordinated with the South Dakota Department of Transportation's (SDDOT) Highway 19 project, which is scheduled for construction during the 2027 season. Phase II involves the open-cut replacement of the sewer main line along Sorenson Avenue. Included with this application is a collection system phasing map that identifies the piping sections targeted for improvement. Also attached is the site plan for the proposed SAGR treatment facility alternative.

Please refer to the additional comments for further details.

The current wastewater rate is \$39.82 per 5,000 gallons of usage.

The Applicant Certifies That:

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

John Edelman, Mayor

Name & Title of Authorized Signatory
(Typed)

Signature

Date


 9-23-25

Additional Comments:

PHASE I – Collection System Improvements: Phase I Collection System Improvements involve the relocation of sanitary sewer infrastructure in coordination with the South Dakota Department of Transportation's (SDDOT) Highway 19 project. This relocation is necessary to accommodate other components of the highway project. Major elements of Phase I include: Installation of two new manholes, approximately 90 feet of new 4-inch sanitary sewer, and installation of approximately 760 feet of new 8-inch sanitary sewer.

PHASE II – Collection System Improvements

Phase II Collection System Improvements involve open-cut sewer replacement near Peterson Drive and Pioneer Avenue, as well as along Sorenson Street and Nora Street. Key components phase 2 open cut pipe replacement include approximately 12 new manholes, 550 ft of new 4-inch service piping, 2,500 ft of new 8-inch sanitary sewer, 1,100 ft of new 12-inch sanitary sewer, and reconstruction of ½ the width of impacted roadways.

PHASE 1 - Treatment (SAGR)

Alternative #1 Treatment System Improvements to add the SAGR system is recommended. A SAGR system involves construction of two basins following the tertiary cell. A blower building will be built to house the blowers that provide air to the basins. Additionally, as a part of this phase, influent and effluent process piping would be upgraded, and air pipe would be installed to facilitate aeration in the ponds and in the SAGR. There would be additional valve installation, concrete structure/manhole construction, equipment installation, and significant earthwork required to complete this recommended phase of improvements.

State Water Plan Application

Applicant: City of Viborg Address: 110 N Main St, Viborg, SD 57070	Proposed Funding Package Projected State Funding \$2,707,000 Local Cash _____ Other: _____ Other: _____ TOTAL \$2,707,000
--	---

Project Title: Viborg Watermain Improvements Project

Description: (Include present monthly utility rate.)

The City of Viborg, SD proposes to place Phases 1A, 1B, and 2 of Water Utility Improvements on the State Water Plan. The proposed projects will replace outdated and aged cast iron watermain, valves and related appurtenances, as well as provide watermain looping in three general locations throughout the City of Viborg. Phases 1A, 1B, and 2 include installation of approximately 3,700 feet of 6" and 8" PVC watermain, valves and appurtenances on the north portion of Hwy 19, State Street south of Park Avenue, and along Elmwood Avenue and Peterson Drive. It is anticipated that Phases 1A, 1B and 2 would apply for construction in the Spring of 2027. These projects are proposed in conjunction with sanitary sewer improvements within the same project areas.

The current monthly residential water rate for 5000 gallons of use is \$45.79.

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 Edelman, Mayor

 Name & Title of Authorized Signatory
 (Typed)

 Signature

 Date

9-10-25

State Water Plan Application

Applicant: WEB Water Address: 38456 US Highway 12 Aberdeen, SD 57401	Proposed Funding Package Projected State Funding <u>363,000</u> Local Cash _____ Other: _____ Other: _____ TOTAL <u>363,000</u>
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Project Title: WEB Water Wecota Waterline Project

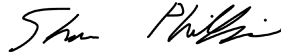
Description: (Include present monthly utility rate.)

WEB Water is proposing to replace Wecota's waterlines and transfer Wecota from a Class "C" Bulk user to individual users. Effectively taking Wecota out of the water business.

WEB's current water rate is \$99.50 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.

Shane Phillips, General Manager Name & Title of Authorized Signatory (Typed)	 Signature	9/26/25 Date
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State Water Plan Application

Applicant: City of Wilmot, South Dakota Address: 725 Main Street, Wilmot South Dakota 57279	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="width: 80%;">Projected State Funding</td> <td style="width: 20%; text-align: right;">\$850,000</td> </tr> <tr> <td>Local Cash</td> <td></td> </tr> <tr> <td>Other:</td> <td></td> </tr> <tr> <td>Other:</td> <td></td> </tr> <tr> <td colspan="2" style="text-align: right;">TOTAL</td> </tr> </table>	Projected State Funding	\$850,000	Local Cash		Other:		Other:		TOTAL	
Projected State Funding	\$850,000										
Local Cash											
Other:											
Other:											
TOTAL											

Project Title: Wilmot, South Dakota Outfall Line Reconstruction

Description: (Include present monthly utility rate.)

Replacement of the 18" VCP outfall line from the intersection of Park Avenue and Main Street to the wastewater treatment facility located on the east side of town. The project also consists of service line replacement and street reconstruction with a combination of asphalt and gravel surfacing.

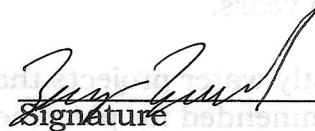
Monthly sewer rates were raised for the Wilmot Sanitary Sewer Improvement project in 2024. The user rate is currently \$55.50 a month.

The Wilmot Facility Plan completed in August 2021, identified a need for sanitary sewer rehabilitation. The City was subsequently awarded funding, however funding was not sufficient for all necessary repairs. This additional funding request will be a continuation of the initial project and provide an ability to complete the necessary outfall line replacement.

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.

Zachery Zempel, Mayor
 Name & Title of Authorized Signatory
 (Typed)


 Signature

Sept. 8, 2025
 Date

November 6, 2025

Item 6

TITLE: Public Hearing to Adopt Federal Fiscal Year 2026 Clean Water State Revolving Fund Intended Use Plan, Project Priority List, and Infrastructure Investment and Jobs Act Addendum

EXPLANATION: The Intended Use Plan consists of three components. One component describes how the state intends to use available funds from the standard program allocation for the year to meet the objectives of the Clean Water Act and further the goal of protecting public health. This includes the amount of funds to be allocated to set-aside activities such as for administration and technical assistance.

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

The third component of the Intended Use Plan is an Addendum to specifically address the allocation of funds and proposed uses, to include set-aside activities, for the funds provided through the Infrastructure Investment and Jobs Act.

RECOMMENDED ACTION: Conduct the public hearing, receive testimony, and approve the Federal Fiscal Year 2026 Intended Use Plan, Project Priority List, and Infrastructure Investment and Jobs Act Addendum.

CONTACT: Andy Bruels, 773-4216

**NOTICE OF PUBLIC HEARING
TO ADOPT
FISCAL YEAR 2026 CLEAN WATER STATE REVOLVING FUND
INTENDED USE PLAN, PROJECT PRIORITY LIST,
AND INFRASTRUCTURE INVESTMENT AND JOBS ACT ADDENDUM**

Notice is hereby given that the South Dakota Board of Water and Natural Resources will hold a public hearing to adopt the South Dakota 2026 Clean Water State Revolving Fund Intended Use Plan, Project Priority List, and Infrastructure Investment and Jobs Act Addendum on November 6, 2025, at 1:00 p.m. CT.

The public may participate in person at the Matthew Training Center, Joe Foss Building, 523 E. Capitol Avenue, Pierre SD, 57501. Online participation is available with live audio or by streaming through a computer or other mobile device. The full board packet and directions for access to the meeting and live streaming can be found on the South Dakota Boards and Commissions Portal at:

<http://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>

This public hearing is being held pursuant to ARSD 74:05:08:05 and meets all requirements of the Clean Water Act.

The Intended Use Plan consists of three components. One component describes how the state intends to use available funds from the standard program allocation for the year to meet the objectives of the Clean Water Act and further the goal of protecting public health. This includes the amount of funds to be allocated to set-aside activities such as for administration and technical assistance.

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The third component of the Intended Use Plan is an Addendum to specifically address the allocation of funds and proposed uses, to include set-aside activities, for the funds provided through the Infrastructure Investment and Jobs Act.

Persons interested in presenting public testimony concerning the adoption of the 2026 Intended Use Plan may appear at the designated place and time. Written or online comments will be received at any time prior to the hearing date by mailing them to the Environmental Funding Program, Department of Agriculture and Natural Resources, 523 E. Capitol Avenue, Pierre, SD 57501 or at the DANR website listed below.

Copies of the proposed 2026 Intended Use Plan can be received at no charge by requesting a copy from the address given above, by calling (605) 773-4216, by sending an e-mail request to andrew.bruels@state.sd.us, or from the DANR website at:

<https://danr.sd.gov/public/default.aspx>

Notice is given to individuals with disabilities that the hearing is being held in a physically accessible location. Individuals requiring assistive technology or other services in order to participate in the hearing or materials in an alternate format should contact Brian Walsh, Nondiscrimination Coordinator, by calling (605) 773-5559 or by email at Brian.Walsh@state.sd.us as soon as possible but no later than two business days prior to the meeting in order to ensure accommodations are available.

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

SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND FEDERAL FISCAL YEAR 2026 INTENDED USE PLAN

INTRODUCTION

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for Federal Fiscal Year (FFY) 2026 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;
7. Sources and uses of funds; and
8. Infrastructure Investment and Jobs Act (IIJA) Addendum for specific IIJA fund uses and activities.

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 FFY 2026.

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:

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 FFY 2026 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 anticipated FFY 2026 capitalization grant, the ability exists to transfer more than \$71.2 million from the Clean Water SRF program to the Drinking Water SRF program. More than \$69.2 million could be transferred from the Drinking Water Program to the Clean Water SRF program. Table 2 on pages 12 and 13 details the amount of funds transferred between the programs and the amount of funds available to be transferred. This table includes IJIA fund transfer authority and descriptions of transfers are provided in the IJIA Addendum.

No base program transfers are currently proposed for FFY 2026, this will be evaluated further during the year.

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 2026 capitalization grant is expected to be \$6,150,000 which requires \$1,230,000 in state match. Bond proceeds and administrative surcharge fees will be used to match FFY 2026 capitalization grant funds.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. It is anticipated that approximately \$100 million in leveraged bonds will be required in FFY 2026.

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 \$10.0 million in principal repayments will become available for loans in FFY 2026.

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 no interest earnings will become available for loans in FFY 2026.

Additional Subsidy - Principal Forgiveness

The 2010 and 2011 Clean Water SRF appropriations 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 billion. 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 billion. 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 \$45 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 \$70 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 billion. The IIJA amendments require a minimum of 10 percent up to a maximum of 30 percent of the capitalization grant be provided as additional subsidy to a municipality that meet 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 through 2025 appropriation acts 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 3 on page 14 summarizes the amounts of principal forgiveness provided with the 2010 – 2025 capitalization grants.

In compliance with the WRRDA provisions, South Dakota has adopted the affordability criteria below in [ARSD 74:05:08:12.03](#).

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 95 percent of the statewide median household income;
 - b. Three points if an applicant's median household income is equal to or less than 105 percent of the statewide median household income and greater than 95 percent of the statewide median household income;
 - c. One point if the applicant's 2020 census population is less than the applicant's 2010 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 [2021 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 FFY 2026 identifies \$8.2 million 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 (GPR).

Sufficient funds have been awarded to qualifying projects to meet the 2010 – 2023 capitalization grant requirements. There remains a combined total of \$2,224,359 to meet the 2024 and 2025 capitalization grant GPR requirements.

The GPR requirement was included in the 2010 - 2025 capitalization grants and required that not less than 10 percent be made available for GPR eligible projects. South Dakota for several years has utilized incentive rate financing to help encourage borrowers to take additional loan funds for Section 319 non-point source project funding. In South Dakota, many non-point source projects include the purchase of easements adjacent to impaired waterbodies to install best management practices reducing nutrient loading into the streams. Other best management practices funded through non-point source SRF funded projects are also installed to reduce nutrient and other contaminant run-off into streams. These non-point source projects are green projects as defined by EPA's eligibility criteria and have been used to meet a portion of the 2016-2025 GPR requirements, additional funds are allocated to projects and as funds are expended, they will be recorded for GPR tracking. These projects in addition to two potential projects as shown on Attachment II will provide sufficient funds to meet the 10 percent requirement of the remaining 2024 through 2026 capitalization grants.

Interest Rates

Interest rates are reviewed quarterly 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 current interest rates for FFY 2026 are summarized in Table 1. The rates were adjusted in September 2025.

In November 2023 specific interest rates were approved for loans that will be subject to Build America, Buy America Act. For loans subject to Build America, Buy America Act requirements a 0.25 percent interest rate reduction will be provided from whatever standard interest rate and term a borrower would normally receive funding.

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 1 – 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	2.50%			
Admin. Surcharge	0.00%			
Total	2.50%			
<u>Base Rate</u>				
Interest Rate		3.25%	3.50%	3.75%
Admin. Surcharge		0.25%	0.25%	0.25%
Total		3.50%	3.75%	4.00%
<u>Nonpoint Source Incentive Rate</u>				
Interest Rate		2.50%	2.75%	3.00%
Admin. Surcharge		0.25%	0.25%	0.25%
Total		2.75%	3.00%	3.25%
<u>Rate Reduction for Build America, Buy America Projects</u>				
For projects subject to Build America, Buy America Act requirements through the Clean Water SRF program a 0.25% reduction in interest rate will be applied to all above rates and terms.				
* Term cannot exceed useful life of the project.				

Administrative Surcharge Activities

The interest rate includes an administrative surcharge as identified in Table 1. 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 of Agriculture and Natural Resources. Recent emphasis has been on using the surcharge for purposes other than reserves for future program administration.

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 previously to supplement the state of South Dakota funded Consolidated Water

Facilities Construction 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 \$10,500 per approved loan with payments made in \$3,500 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 \$1,600 per project to oversee compliance with the Davis-Bacon wage rate verification and certification.

Administrative Surcharge Uses in FFY 2026

As of September 30, 2025, \$1,668,057 of unobligated administrative surcharge funds is available. It is anticipated that the administrative surcharge will generate an additional \$3,000,000 in FFY 2026.

In FFY 2026, \$4,600,000 of administrative surcharge funds will be allocated. It is proposed to allocate \$200,000 to supplement the Section 319 programs with grants for 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 FFY 2026 allocation for these activities will be \$400,000.

In FFY 2026, \$4,000,000 of administrative surcharge funds will be allocated to provide a portion of the necessary state match for the FFY 2026 or prior year capitalization grants.

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 total annual capitalization grants, 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.

The IJA allows states to use an amount equal to four percent of all grant awards to the Clean Water SRF for administrative purposes.

Four percent of the estimated fiscal year 2026 base capitalization grant is \$246,000 and IJA Supplemental grant is \$483,760, and 1/5 of a percent of the current fund valuation of \$288,671,865 results in \$577,343 available for administrative fees. As a result, an administrative allowance of

\$600,000 will be reserved for administrative purposes in FFY 2026. Of this amount, \$116,240 will be from the base grant and the remaining \$483,760 will be from the IIJA Supplemental grant.

Capitalization Grant Technical Assistance Set-Aside

Passage of the IIJA allows states the ability to use an amount up to two percent of all grant awards to the Clean Water SRF for technical assistance activities to small and rural systems. This includes the ability to provide funds for planning studies and for non-profit organizations to assist applicants in need of technical, managerial, or financial capacity training.

In fiscal year 2001, the Board of Water and Natural Resources 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.

Prior to 2022, South Dakota utilized administrative surcharge funds to fund planning grants and a contract for technical, managerial, or financial capacity training. To fund these activities in FFY 2026 South Dakota will utilize \$50,000 of the IIJA general supplemental funds. No base CWSRF program funds will be allocated for this set-aside.

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) like 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 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.

Section 70914(a) of IIJA – Build America, Buy America Provisions – The state certifies that it will require Build America, Buy America products to be utilized for all projects receiving assistance from the Clean Water SRF that are identified as an equivalency project in the annual report, unless exempted by an approved national or project specific waiver.

SRF Data System – Project data will be entered into the EPA SRF Data System on a quarterly basis.

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.

On November 6, 2025, a public hearing was held seeking comments on the Clean Water SRF 2026 Intended Use Plan. The notice was published at least 20 days prior in four newspapers of general circulation in different parts of the state. The department maintains a public notice page on its website <https://danr.sd.gov/public/default.aspx>, and interested parties are able to submit comments through the website. The 2026 IUP and IIJA addendum were made available during the public notice period for review and comment. The department sends out weekly updates to a list of interested parties who have subscribed for updates to the website. Upon posting the public notice on the department's website, the 2026 IUP and IIJA addendum were e-mailed to a list of interested parties that regularly receive notice of Board of Water and Natural Resources activities. As part of the required board meeting notice, the addendum was also available on the Boards and Commissions portal website <https://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>.

Public Comments: This section will be updated after the public comment period and hearing to adopt the IUP.

Table 2 – Amounts Available to Transfer between State Revolving Fund Programs

Year	DWSRF Capitalization Grant	Amount Available for Transfer	Banked Transfer Ceiling	Base Program Transfers		Transfer Description	CWSRF Funds Available to Transfer	DWSRF Funds Available to Transfer
				Amount Transferred from CWSRF to DWSRF	Amount Transferred from DWSRF to CWSRF			
1997 - 2001	\$42,690,000	\$14,087,700	\$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 - 2010	\$38,094,000	\$12,571,020	\$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 - 2023	\$107,848,000	\$35,589,840	\$78,845,085				\$63,270,765	\$61,345,085
2024	\$4,661,000	\$1,538,130	\$80,383,215				\$64,808,895	\$62,883,215
2025	\$10,906,000	\$3,598,980	\$83,982,195				\$68,407,875	\$66,482,195
2026 Est	\$8,500,000	\$2,805,000	\$86,787,195				\$71,212,875	\$69,287,195

IIJA General Supplemental Transfers

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
2022	\$17,992,000	\$5,937,360	\$5,937,360				\$5,937,360	\$5,937,360
2023	\$21,055,000	\$6,948,150	\$12,885,510				\$12,885,510	\$12,885,510
2024	\$22,985,000	\$7,585,050	\$20,470,560				\$20,470,560	\$20,470,560
2025	\$24,898,000	\$8,216,340	\$28,686,900				\$28,686,900	\$28,686,900
2026 Est	\$24,898,000	\$8,216,340	\$36,903,240				\$36,903,240	\$36,903,240

IIJA Emerging Contaminants Transfers

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
2022	\$7,555,000	\$2,493,150	\$2,493,150	\$459,000		CWSRF EC Grant	\$2,034,150	\$2,493,150
2023	\$7,640,000	\$2,521,200	\$5,014,350	\$1,043,000		CWSRF EC Grant	\$3,512,350	\$5,014,350
2024	\$7,640,000	\$2,521,200	\$7,535,550	\$1,043,000		CWSRF EC Grant	\$4,990,550	\$7,535,550
2025	\$7,640,000	\$2,521,200	\$10,056,750				\$7,511,750	\$10,056,750
2026 Est	\$7,640,000	\$2,521,200	\$12,577,950				\$10,032,950	\$12,577,950

Table 3 – Principal Forgiveness Allowed and Awarded

	Principal Forgiveness for all Borrowers*		
Year	Minimum	Maximum	Awarded from FY Grant
2010	\$1,497,982	\$4,993,274	\$4,993,274
2011	\$669,233	\$2,230,777	\$2,230,777
2012	\$383,922	\$575,882	\$575,882
2013	\$307,120	\$460,680	\$359,114
2014	\$372,924	\$559,386	\$548,729
2015	\$0	\$2,045,100	\$2,045,100
2016	\$652,500	\$2,610,000	\$2,610,000
2017	\$647,400	\$2,589,600	\$2,589,600
2018	\$785,900	\$3,143,600	\$3,143,600
2019	\$777,900	\$3,111,600	\$3,079,621
2020	\$778,000	\$3,112,000	\$3,112,000
2021	\$777,900	\$3,111,600	\$2,566,600
2022	\$1,136,200	\$2,272,400	\$2,272,400
2023	\$736,600	\$1,473,200	\$1,473,200
2024	\$801,600	\$1,603,200	\$898,800
2025	\$1,557,600	\$3,115,200	\$1,401,350
2026 Est	\$1,230,000	\$2,460,000	\$0
Totals	\$13,112,781	\$39,467,499	\$33,900,047

	IIJA General Supplemental Principal Forgiveness*		IIJA Emerging Contaminants Principal Forgiveness	
Year	Required Amount	Awarded from FY Grant	Required Amount	Awarded from FY Grant
2022	\$4,281,620	\$4,281,620	\$0**	\$0
2023	\$5,014,170	\$5,014,170	\$0**	\$0
2024	\$5,470,360	\$5,470,360	\$0**	\$0
2025	\$5,926,060	\$5,015,000	\$1,043,000	\$0
2026 Est	\$5,926,060	\$0	\$1,043,000	\$0
Totals	\$26,618,270	\$19,781,150	\$2,086,000	\$0

* Principal Forgiveness will only be provided to eligible entities that meet the Affordability Criteria definition in ARSD 74:05:08:12.03 and described on pages 5 and 6 of the IUP.

** All of the CWSRF Emerging Contaminant allocation was transferred to the DWSRF for eligible emerging contaminants projects.

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 FFY 2026.

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
36	James River Water Development District	C461497-01	Installation of nonpoint source best management practices to improve water quality in the watersheds outlined in the South Central Watershed Implementation Project - Segment 3.	\$1,000,000	4.00%, 30 yrs		NA, NPS
32	Viborg	C461240-05	The wastewater treatment facility is currently under a compliance schedule to upgrade treatment to meet ammonia limits. A submerged attached growth reactor treatment system would be installed to meet limits. Ares of the sanitary sewer collection system are beyond their useful life and 4,400 feet of current clay pipe would be replaced with PVC.	\$8,072,000	4.00%, 30 yrs	Yes (Pending rate increase)	SD0020541
30	Whitewood	C461006-04	The treatment facility is currently out of compliance with discharge permit requirements. The project would repurpose the existing aeration basin to serve as an oxidation ditch to increase the ammonia removal capabilities and install a lift station to facilitate this process.	\$500,000	4.00%, 30 yrs	Yes	SD0021466

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
26	Columbia	C461078-02	Replacement or relining of approximately 10,000 feet of clay sanitary sewer and installation of 2,400 feet of storm sewer throughout the community. The treatment facility would be moved to a new location out of the impact area from flooding and sized for total retention, this would include a lift station and forcemain to convey wastewater to the facility and other necessary work.	\$12,395,003	4.00%, 30 yrs	Yes (Pending rate increase)	SD0022926
24	Howard	C461127-03	The treatment facility is currently out of compliance with discharge permit requirements. The project would add aeration units to the treatment cells, increase the depth of the existing secondary cell, and construct an additional cell and artificial wetland to increase treatment levels.	\$2,648,192	4.00%, 30 yrs	Yes (Pending rate increase)	SD0020613
23	Lake Poinsett Sanitary District	C461027-01	Installation of more than 30,000 feet of sanitary sewer, service connection lines, individual grinder pump stations, 12 main lift stations and associated appurtenances to connect to houses currently on septic systems to centralized collection and construction of a new treatment pond.	\$15,181,990	4.00%, 30 yrs		SD0026450
23	Roscoe	C461292-04	The treatment facility is currently out of compliance with discharge permit requirements. The project would expand the existing facility by constructing an artificial wetland to provide total retention treatment ability for the facility.	\$2,260,000	4.00%, 30 yrs	Yes	SD0020036

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
23	Volga	C461046-03	Expansion and upgrades to the wastewater treatment facility for current and future growth needs. The project will include the following process or equipment improvements pretreatment, pumping, final clarifiers, aeration system, and sludge drying. The project will allow the treatment system to operate as an activated sludge system, the existing lagoons will not be utilized for treatment but will remain for equalization storage.	\$18,709,000	3.75%, 20 yrs	Yes (Pending rate increase)	SD0021920
22	Hill City	C461231-02	Construction of a second sequencing batch reactor wastewater treatment train to provide for needed capacity and system redundancy. After completion of the new treatment process, the existing treatment process equipment and electrical components that are in poor condition will be replaced.	\$13,785,000	3.75%, 20 yrs		SD0020885
21	Prairiewood Sanitary District	C461290-01	The existing wastewater treatment facility and lift station are in need of improvements. The project would replace the current lift station that is beyond its useful life with a new duplex lift station. The treatment improvements would include the regrading of existing pond dikes, sludge removal, installation of a new liner, rip-raping of cells, and improvements to the facility access road.	\$1,895,000	4.00%, 30 yrs		SDG826425

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
20	Sioux Falls	C461232-51	The Sioux Falls Water Reclamation Facility has been completing improvements to maintain compliance with wastewater permits and to expand the facility to meet future growth needs. An identified priority still needing to be completed is the replacement and increased sizing of the primary clarifiers. The existing clarifiers have been in use since the 1980s and are in need of repair and expansion to meet the sizing of the wastewater flows the facility receives.	\$51,900,000	3.75%, 20 yrs		SD0022128
18	Aberdeen	C461072-06	Rehabilitation of the main lift station and improvements to the wastewater treatment facility to provide additional capacity and provide the ability to meet anticipated future permit limits.	\$10,000,000	3.75%, 20 yrs	Yes (Pending rate increase)	SD0020702
18	Mitchell	C461129-17	This project would install curb and gutter, storm water inlets, piping, and a detention pond to manage storm water flows along 13th Avenue between Wisconsin and Minnesota Streets. Sanitary sewer pipe in the area will be replaced along the project route where necessary.	\$1,560,000	4.00%, 30 yrs	Yes	SD0020702
16	Hot Springs	C461040-03	This project would replace the existing wastewater treatment system that is beyond its useful life and not able to meet user capacity demand. The project would install a moving bed biofilm reactor treatment system and new discharge point to the Fall River. Improvements will be made to other existing treatment components to facilitate this and necessary lift stations and forcemains to allow the new discharge point will also be installed.	\$27,241,000	4.00%, 30 yrs	Yes (Pending rate increase)	SD0022918

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
16	Milbank	C461023-03	This project would replace the existing treatment facility headworks building that is beyond its useful life. This would include new influent pumping, SCADA controls, grit removal, pretreatment, and other necessary equipment for proper treatment operation.	\$17,500,000	4.00%, 30 yrs		SD0020371
16	Vermillion	C461022-04	Construction of a new solid waste disposal cell to include liner and leachate collection system, partial closure and capping of three existing landfill cells, and associated fencing and roads for operations.	\$2,620,000	3.50%, 10 yrs	Yes	NA, NPS
15	Belle Fourche	C461012-05	Construction of a new solid waste disposal cell to include liner and leachate collection system, and associated fencing and roads for operations.	\$2,836,000	3.75%, 20 yrs	Yes	NA, NPS
12	Mitchell	C461129-16	Replacement of approximately 28.8 miles of existing sanitary sewer, increasing the capacity of 26,000 feet of sewer and replacement or rehabilitation of six existing lift stations. This project will be completed in multiple phases over many years.	\$55,000,000	4.00%, 30 yrs	Yes	SD0023361
12	Sioux Falls	C461232-50	The southeast area of the city adjacent to the new South Veterans Parkway highway is an area of new growth in the city. To allow for this growth new sanitary sewer trunk lines, lift stations, and gravity sewer are necessary to allow for anticipated growth to occur over the next 20 years.	\$15,535,000	3.75%, 20 yrs		SD0022128

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
11	Salem	C461057-08	Relining with cast in place pipe of approximately 10,400 feet of existing clay sanitary sewer pipe. A submersible pump and discharge pipe will be added to the main lift station to increase sanitary sewer conveyance capacity to the treatment lagoons.	\$1,620,000	4.00%, 30 yrs	Yes	SD0020966
10	North Sioux City	C461009-04	Replacement of an existing lift station serving an industrial park area with a new larger lift station to accommodate increased flows. The existing gravity sewer and forcemain connected to the lift station would also be replaced with larger size pipe to accommodate growth.	\$5,144,180	4.00%, 30 yrs	Yes	SD0020567
10	North Sioux City	C461009-05	Replacement of the existing River Drive lift station which serves a 900-acre area of residential, commercial, and industrial users with a new larger lift station to which is beyond its useful life. To better accommodate lift station design and sizing a new site near the existing lift station will be used.	\$4,803,700	4.00%, 30 yrs	Yes	SD0020567
9	Crooks	C461227-06	Replacement of approximately 3,300 feet of clay sanitary sewer and 2,200 feet of storm sewer throughout the community.	\$3,030,000	4.00%, 30 yrs		SD0020761
9	Custer	C461021-08	Replacement of approximately 4,000 feet of clay sanitary sewer along 5th Street.	\$2,650,000	4.00%, 30 yrs	Yes	SD0023281
9	Gregory	C461126-05	Replacement of approximately 8,000 feet of clay sanitary sewer and 1,700 feet of storm sewer throughout the community.	\$2,381,583	4.00%, 30 yrs	Yes	SD0022179
9	Lemmon	C461015-02	Replacement or relining with cast-in-place pipe approximately 11,500 feet of existing sanitary collection pipe that was identified as beyond its useful life.	\$4,700,000	4.00%, 30 yrs	Yes (Pending rate increase)	NDG32577 1

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
9	Springfield	C461071-03	Replacement of approximately 2,600 feet of clay sanitary sewer and installation of 1,500 feet of storm sewer throughout the community.	\$3,250,000	4.00%, 30 yrs	Yes (Pending rate increase)	SD0022047
8	Canistota	C461226-06	Replacement of approximately 7,000 feet of clay sanitary sewer and installation of 6,700 feet of storm sewer throughout the community.	\$6,306,200	4.00%, 30 yrs	Yes (Pending rate increase)	SD0022497
8	Northdale Sanitary District	C461005-01	Replacement and rerouting of existing sanitary sewer collection lines and forcemain jeopardized by collapsing streets over an abandoned gypsum mine.	\$1,181,000	4.00%, 30 yrs		NA
8	Valley Springs	C461239-04	Replacement of approximately 2,400 feet of clay sanitary sewer and a storm sewer box culvert and associated work within the project area for stormwater management.	\$2,417,400	4.00%, 30 yrs		SD0020923
8	Wessington	C461302-01	Replacement or relining with cast-in-place pipe approximately 9,920 feet of existing sanitary collection pipe that was identified as beyond its useful life.	\$3,618,011	4.00%, 30 yrs	Yes (Pending rate increase)	SDG823591
7	Big Stone City	C461224-01	This project would be for preliminary engineering efforts to clean and televise the wastewater collection system material and condition, for approximately 32,700 feet of sanitary sewer. It will allow for prioritization of future upgrades and replacements.	\$205,000	4.00%, 30 yrs	Yes (Pending rate increase)	SDG823663
7	Bryant	C461121-03	Replacement of approximately 2,100 feet of clay sanitary sewer throughout the community.	\$2,259,000	4.00%, 30 yrs	Yes	SD0021555
7	Clear Lake	C461037-03	Replacement of approximately 2,250 feet of storm sewer throughout the community.	\$2,130,400	4.00%, 30 yrs	Yes	NA, Stormwater
7	Wilmot	C461077-01	Replacement of approximately 1,500 feet of clay sanitary sewer outfall line along Main Street.	\$850,000	4.00%, 30 yrs	Yes	SD0021024

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
6	Ipswich	C461133-04	Installation of approximately 4,000 feet of storm sewer and associated improvements for stormwater conveyance.	\$15,130,500	4.00%, 30 yrs	Yes	NA, Stormwater
5	Pukwana	C461417-01	Installation of 7,250 feet of new sanitary sewer collection pipe and 200 feet of storm sewer. This will serve a currently undeveloped area for potential future residential housing.	\$4,363,000	4.00%, 30 yrs		SDG822586

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FFY 2026

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness ¹	Funding Date	Expected Funding Source ²	Fund/Project Eligibility ^{3,4}
	Green Project Reserve Information						
Loans Expected							
12	Mitchell	C461129-16	\$3,930,000	\$471,600	Jan. 2026	Repay/Lev. Bonds	3
12	Sioux Falls	C461232-50	\$17,746,000		Jan. 2026	2025 & 2026 Base/IIJA GS	4
	GPR Project Type: Energy Efficiency (Categorical) GPR Amount: TBD						
32	Viborg	C461240-05	\$3,000,000	\$360,000	March 2026	Repay/Lev. Bonds	3
24	Howard	C461127-03	\$2,648,192	\$317,783	March 2026	Repay/Lev. Bonds	3
23	Lake Poinsett Sanitary District	C461027-01	\$6,000,000		March 2026	2025 & 2026 Base/IIJA GS	4
23	Roscoe	C461292-04	\$2,260,000	\$271,200	March 2026	Repay/Lev. Bonds	3
22	Hill City	C461231-02	\$7,000,000		March 2026	Repay/Lev. Bonds	
21	Prairiewood Sanitary District	C461290-01	\$1,895,000		March 2026	2025 & 2026 Base/IIJA GS	4
20	Sioux Falls	C461232-51	\$51,900,000		March 2026	Repay/Lev. Bonds	
	GPR Project Type: Energy Efficiency (Categorical) GPR Amount: TBD						
18	Mitchell	C461129-17	\$1,560,000	\$187,200	March 2026	Repay/Lev. Bonds	3
16	Hot Springs	C461040-03	\$14,000,000	\$1,680,000	March 2026	Repay/Lev. Bonds	3
16	Milbank	C461023-03	\$17,500,000		March 2026	Repay/Lev. Bonds	
16	Vermillion	C461022-04	\$2,620,000		March 2026	Repay/Lev. Bonds	3
15	Belle Fourche	C461012-05	\$2,836,000		March 2026	Repay/Lev. Bonds	3
11	Salem	C461057-08	\$1,620,000	\$194,400	March 2026	Repay/Lev. Bonds	3
10	North Sioux City	C461009-04	\$5,144,180	\$617,302	March 2026	Repay/Lev. Bonds	3
9	Crooks	C461227-06	\$3,030,000		March 2026	2025 & 2026 Base/IIJA GS	4
9	Custer	C461021-08	\$2,650,000	\$318,000	March 2026	Repay/Lev. Bonds	3
9	Gregory	C461126-05	\$2,381,583	\$285,790	March 2026	Repay/Lev. Bonds	3
9	Lemmon	C461015-02	\$4,700,000	\$564,000	March 2026	Repay/Lev. Bonds	3
8	Canistota	C461226-06	\$3,000,000	\$360,000	March 2026	Repay/Lev. Bonds	3
8	Northdale Sanitary District	C461005-01	\$1,181,000		March 2026	Repay/Lev. Bonds	
8	Valley Springs	C461239-04	\$2,417,400		March 2026	Repay/Lev. Bonds	
7	Bryant	C461121-03	\$2,259,000	\$271,080	March 2026	Repay/Lev. Bonds	3
7	Clear Lake	C461037-03	\$2,130,400	\$255,648	March 2026	Repay/Lev. Bonds	3
7	Wilmot	C461077-01	\$850,000	\$102,000	March 2026	Repay/Lev. Bonds	3
5	Pukwana	C461417-01	\$4,363,000		March 2026	Repay/Lev. Bonds	
23	Volga	C461046-03	\$8,000,000		June 2026	Repay/Lev. Bonds	3
18	Aberdeen	C461072-06	\$10,000,000	\$1,000,000	Sept. 2026	Repay/Lev. Bonds	3

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 FFY 2026 annual report.

3. Projects are anticipated to be funded in part utilizing capitalization grant principal forgiveness reserved for affordability criteria communities and may be from funds within the base capitalization grant, IIJA general supplemental, or IIJA emerging contaminants grant allotments depending on project eligibility.

4. Projects identified are anticipated to be funded in part utilizing IIJA emerging contaminants allotments.

ATTACHMENT III PROGRAM FUNDING STATUS

Federal Fiscal Years 1989 – 2025

Capitalization Grants	\$239,649,200	
IIJA Supplemental Grants	\$42,229,000	
State Match (Base and IIJA)	\$56,897,340	
ARRA Grant	\$19,239,100	
Set-Asides (Base and IIJA)	(\$12,288,329)	
Leveraged Funds	\$668,703,951	
Transfer FFY 2002 & 2003 Capitalization Grant and State Match to DWSRF	(\$15,574,320)	
Excess Interest as of September 30, 2025	\$148,831,042	
Excess Principal as of September 30, 2025	<u>\$218,573,160</u>	
Total Funds Dedicated to Loan		\$1,366,260,144
Closed Loans made through September 30, 2025		<u>(\$1,624,856,676)</u>
Available funds as of September 30, 2025		(\$258,596,532)

Federal Fiscal Year 2026 Projections

Base Capitalization Grant	\$6,150,000	
IIJA General Supplemental Grant	\$12,094,000	
State Match (combined total)	\$3,648,800	
Set-Asides (combined total)	(\$650,000)	
Projected Excess Principal Repayments	\$10,000,000	
Projected Unrestricted Interest Earnings	\$0	
Leveraged Bonds	<u>\$100,000,000</u>	
Projected FFY 2026 Loan Subtotal		\$131,242,800
Funds Available for Loans		(\$127,353,732)
Loans Awarded and Unclosed as of September 30, 2025		(\$208,397,325)
Total Funds Available for Loans		<u>(\$335,751,057)</u>
Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2026		<u>\$188,621,755</u>

Administrative Surcharge Funds Available as of September 30, 2025	
Restricted Account (Administrative Purposes Only)	\$869,154
Discretionary Account (Available for Other Eligible Purposes)	<u>\$798,903</u>
Total	\$1,668,057

IIJA EMERGING CONTAMINANTS PROGRAM FUNDING STATUS

Federal Fiscal Years 2022-2025

CWSRF IIJA Emerging Contaminants Grants	\$2,545,000	
State Match	\$0	
Set-Asides	\$0	
Transfer FFY 2022, 2023, and 2024 Grants to DWSRF Emerging Contaminants	(\$2,545,000)	
Total Funds Dedicated to Loan		\$0
Closed Loans made through September 30, 2025		\$0
Available funds as of September 30, 2025		\$0

Federal Fiscal Year 2026 Projections

CWSRF IIJA Emerging Contaminants Grant	\$1,043,000	
State Match	\$0	
Set-Asides	\$0	
Projected FFY 2026 Loan Sub-total		\$1,043,000
Funds Available for Loans		\$1,043,000
Loans Awarded and Unclosed as of September 30, 2025		\$0
Total Funds Available for Loans		\$1,043,000
Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2026		\$0

Addendum to the 2026 CWSRF Intended Use Plan:

Infrastructure Investment and Jobs Act

The Infrastructure Investment and Jobs Act (IIJA), was signed into law on November 15, 2021. The IIJA invests more than \$50 billion over the next five years in EPA water infrastructure programs including the State Revolving Funds. South Dakota's anticipated 2026 allotment for the Clean Water State Revolving Fund (CWSRF) program totals \$13,137,000.

This addendum is for the distribution of IIJA funds in 2026.

The IIJA funding will be issued through the CWSRF in two categories: 1) CWSRF IIJA General Supplemental Funding and 2) CWSRF IIJA Emerging Contaminants Funding. The IUP amendments and the IIJA funding categories are described below.

IIJA Funding Categories and Use of Funds

CWSRF IIJA General Supplemental Funding

The IIJA includes a general supplemental funding allotment anticipated to be \$12,094,000 to South Dakota in 2026 for the CWSRF program. The existing CWSRF program as described in this IUP applies to this funding category and includes the following:

Eligibility

- Eligible entities and projects for this funding must be eligible under the existing CWSRF program.
- All CWSRF eligible projects must be listed on the existing Attachment I - 2026 Project Priority List of the CWSRF IUP.

Requirements

- Application, prioritization and approval for funding will be the same as the existing CWSRF program.
- State match is 20% of the total amount of the capitalization grant in fiscal year 2026. Bond proceeds or administrative surcharge fees will be used to provide the matching funds.
- Loan interest rate and terms will be the same as the existing program.
- Forty-nine percent of the capitalization grant amount must be awarded as additional subsidization in the form of principal forgiveness. Additional subsidization will be provided to eligible entities that meet the Affordability Criteria established in [ARSD 74:05:08:12.03](#). Applicants meeting the Affordability Criteria may be eligible for additional principal forgiveness from the base program.

Technical Assistance Set-Asides

IIJA includes the following provision:

Additional Use of Funds--A State may use an additional 2 percent of the funds annually awarded to each State under this title for nonprofit organizations (as defined in section 104(w)) or State, regional, interstate, or municipal entities to provide technical assistance to rural, small, and tribal publicly owned treatment works (within the meaning of section 104(b)(8)(B)) in the State.

States have the flexibility to use up to an amount equal to two percent of its annual CWSRF capitalization grant for the purpose of hiring staff, nonprofit organizations, or regional, interstate, or municipal entities to assist rural, small, and tribal publicly owned treatment works. The form of that assistance is flexible and could include, but is not limited to, community outreach, technical evaluation of wastewater solutions, preparation of applications, preliminary engineering reports, and financial documents necessary for receiving SRF assistance. This provision applies to the base program, the IIJA CWSRF General Supplemental fund, and the IIJA CWSRF Emerging Contaminants fund.

The 2026 IIJA CWSRF appropriation for infrastructure is anticipated to be \$12,094,000. In 2022 and 2023, a combined \$379,420 was set-aside to provide planning grants to communities of 2,500 or less and provide technical assistance to rural communities through a contracted provider. More information on these technical assistance activities is provided on pages 8 and 9 of the base program IUP. There remains \$234,532 funds from prior year capitalization grants to fund these activities. In FFY 2026, \$50,000 of CWSRF program funds will be allocated for this set-aside.

Capitalization Grant Administrative Allowance

The IIJA 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 all grant awards to the CWSRF, 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 estimated fiscal year 2026 base capitalization grant is \$246,000 and IIJA Supplemental grant is \$483,760, and 1/5 of a percent of the current fund valuation of \$288,671,865 results in \$577,343 available for administrative fees. As a result, an administrative allowance of \$600,000 will be reserved for administrative purposes in FFY 2026. Of this amount, \$483,760 will be from the IIJA Supplemental grant and the remaining \$116,240 from the base grant.

CWSRF IIJA Emerging Contaminants Funding

The IIJA includes a funding allocation anticipated to be \$1,043,000 to South Dakota in 2026 to

be applied to clean water emerging contaminants. At this time, no projects meeting the criteria for award of these funds are included on the Project Priority List. Until eligible projects submit a State Water Plan application for inclusion on the Project Priority List, South Dakota does not intend to apply for these funds.

CWSRF IIJA Principal Forgiveness Eligibility Criteria

An eligible applicant may receive principal forgiveness from the CWSRF IIJA General Supplemental Funding if it meets the Affordability Criteria established in [ARSD 74:05:08:12.03](#) and outlined on pages 4 through 6 of the base program IUP.

Project Priority List and List of Projects Expected to be Funded

All projects identified on Attachment I - Project Priority List and Attachment II - List of Projects Expected to be Funded in FFY 2026 are eligible to receive BIL supplemental funding. Projects may be funded by a combination of IIJA supplemental funds and base program funds.

IIJA Funding Provisions and Additional Requirements

All provisions promulgated through statute, guidance, or regulations issued by EPA for the implementation of the CWSRF program will remain in effect (e.g. American Iron and Steel and Davis-Bacon related prevailing wage requirements) unless they are inconsistent with the IIJA, capitalization grant conditions, or the requirements contained in the [EPA IIJA SRF Implementation Memo](#) dated March 8, 2022.

The EPA IIJA SRF Implementation Memo includes the following provisions summarized below:

1. Build America, Buy America Act: IIJA creates the Build America, Buy America (BABA) Act domestic sourcing requirements for Federal financial assistance programs for infrastructure, including the SRF programs. For more specific information on BABA implementation, please refer to the Office of Management and Budget's Build America, Buy America Act Implementation Guidance. EPA issued a separate memorandum for BABA after the United States Office of Management and Budget (OMB) publishes its guidance. The American Iron and Steel provisions of both the CWSRF and DWSRF continue to apply.

BABA applies to both the existing CWSRF program equivalency projects and IIJA equivalency funded projects. IIJA equivalency funded projects will be required to comply with BABA requirements, unless exempted by an approved national or project specific waiver. The OMB guidance and EPA memorandums mentioned above will determine the specific requirements for implementing and meeting the BABA requirement.

2. Reporting: States must use EPA's SRF Data System to report key IIJA project characteristics and milestone information no less than quarterly. Additional reporting will be required through

the terms and conditions of the grant award. The Federal Funding Accountability and Transparency Act (FFATA) of 2010 requires SRF programs to report on recipients that received federal dollars in the FFATA Subaward Reporting System (www.fsrs.gov).

3. Blending Funds and Cash Draws: States have the flexibility to craft single assistance agreements (e.g., loans) that contain multiple types of construction components and activities. These assistance agreements may commit funds from multiple IIJA capitalization grants and base program funds. Upon disbursement of funds, these assistance agreements may draw from both IIJA and base SRF capitalization grants for eligible project components.

4. Green Project Reserve: If provided for in the annual appropriation, the green project reserve is applicable to the IIJA capitalization grants for the corresponding fiscal year.

5. Inter-SRF Transfers: Per SRF statute and regulation, states have the flexibility to transfer funds between the CWSRF and DWSRF. Given IIJA's requirements, authorities, and narrower SRF eligibilities, states may only transfer funds between the specific IIJA appropriations in the equivalent CWSRF or DWSRF program. In other words, transfer of funds may occur between the CWSRF and DWSRF General IIJA capitalization grants and between the CWSRF and DWSRF IIJA Emerging Contaminants capitalization grants. Because there is no similar CWSRF appropriation to the DWSRF IIJA LSLR appropriation, no funds may be transferred from or to the DWSRF IIJA LSLR appropriation. States may not transfer IIJA appropriations to or from base appropriations.

6. Federal Civil Rights Responsibilities, Including Title VI of the Civil Rights Act of 1964 is reviewed by the state to ensure requirements are met and applies to DWSRF and CWSRF programs for both base and IIJA funding.

Public Review and Comment

On November 6, 2025, a public hearing was held seeking comments on the IIJA addendum to the CWSRF 2026 Intended Use Plan. The notice was published at least 20 days prior in four newspapers of general circulation in different parts of the state. The department maintains a public notice page on its website <https://danr.sd.gov/public/default.aspx>, and interested parties are able to submit comments through the website. The 2026 IUP and IIJA addendum were made available during the public notice period for review and comment. The department sends out weekly updates to a list of interested parties who have subscribed for updates to the website. Upon posting the public notice on the department's website, the 2026 IUP and IIJA addendum were e-mailed to a list of interested parties that regularly receive notice of Board of Water and Natural Resources activities. As part of the required board meeting notice, the addendum was also available on the Boards and Commissions portal website <https://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>.

November 6, 2025

Item 7

TITLE: Public Hearing to Adopt Federal Fiscal Year 2026 Drinking Water State Revolving Fund Intended Use Plan, Project Priority List, and Infrastructure Investment and Jobs Act Addendum

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

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

The third component of the Intended Use Plan is an Addendum to specifically address the allocation of funds and proposed uses, to include set-aside activities, for the funds provided through the Infrastructure Investment and Jobs Act.

RECOMMENDED ACTION: Conduct the public hearing, receive testimony, and approve the Federal Fiscal Year 2026 Intended Use Plan, Project Priority List, and Infrastructure Investment and Jobs Act Addendum.

CONTACT: Andy Bruels, 773-4216

**NOTICE OF PUBLIC HEARING
TO ADOPT
FISCAL YEAR 2026 DRINKING WATER STATE REVOLVING FUND
INTENDED USE PLAN, PROJECT PRIORITY LIST,
AND INFRASTRUCTURE INVESTMENT AND JOBS ACT ADDENDUM**

Notice is hereby given that the South Dakota Board of Water and Natural Resources will hold a public hearing to adopt the South Dakota 2026 Drinking Water State Revolving Fund (SRF) Intended Use Plan, Project Priority List, and Infrastructure Investment and Jobs Act Addendum on November 6, 2025, at 1:00 p.m. CT.

The public may participate in person at the Matthew Training Center, Joe Foss Building, 523 E. Capitol Avenue, Pierre SD, 57501. Online participation is available with live audio or by streaming through a computer or other mobile device. The full board packet and directions for access to the meeting and live streaming can be found on the South Dakota Boards and Commissions Portal at:

<http://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>

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

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

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

The third component of the Intended Use Plan is an Addendum to specifically address the allocation of funds and proposed uses, to include set-aside activities, for the funds provided through the Infrastructure Investment and Jobs Act.

Persons interested in presenting public testimony concerning the adoption of the 2026 Intended Use Plan may appear at the designated place and time. Written or online comments will be received at any time prior to the hearing date by mailing them to the Environmental Funding Program, Department of Agriculture and Natural Resources, 523 E. Capitol Avenue, Pierre, SD 57501 or at the DANR website listed below.

A copy of the proposed 2026 Intended Use Plan can be received at no charge by requesting a copy from the address given above, by calling (605) 773-4216, by sending an e-mail request to andrew.bruels@state.sd.us, or from the DANR website at:

<https://danr.sd.gov/public/default.aspx>

Notice is given to individuals with disabilities that the hearing is being held in a physically accessible location. Individuals requiring assistive technology or other services in order to participate in the hearing or materials in an alternate format should contact Brian Walsh, Nondiscrimination Coordinator, by calling (605) 773-5559 or by email at Brian.Walsh@state.sd.us as soon as possible but no later than two business days prior to the meeting in order to ensure accommodations are available.

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

**SOUTH DAKOTA
DRINKING WATER STATE REVOLVING FUND
FEDERAL FISCAL YEAR 2026 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 (FFY) 2026 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.

On November 6, 2025, a public hearing was held seeking comments on the Drinking Water SRF 2026 Intended Use Plan. The notice was published at least 20 days prior in four newspapers of general circulation in different parts of the state. The department maintains a public notice page on its website <https://danr.sd.gov/public/default.aspx>, and interested parties are able to submit comments through the website. The 2026 IUP and IIJA addendum were made available during the public notice period for review and comment. The department sends out weekly updates to a list of interested parties who have subscribed for updates to the website. Upon posting the public notice on the department's website, the 2026 IUP and IIJA addendum was e-mailed to a list of interested parties that regularly receive notice of Board of Water and Natural Resources activities. As part of the required board meeting notice the IUP was also available on the Boards and Commissions portal website <https://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>. The IUP reflects the results of this review.

Public Comments: This section will be updated after the public comment period and hearing to adopt the IUP.

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;
- Disadvantaged community subsidies; and
- Infrastructure Investment and Jobs Act (IIJA) Addendum for specific IIJA fund uses and activities.

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

States are 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 FFY 2026, the specific measures are:

1. In FFY 2025, the fund utilization rate, as measured by the percentage of executed loans to funds available, was 125 percent, which exceeded the target goal of 100 percent. Based on South Dakota utilizing the cashflow model for allocation of funds, the fund utilization rate is anticipated to remain above 100 percent in future years.
2. In FFY 2025, the rate at which projects progressed as measured by disbursements as a percent of assistance provided was 67.1 percent, which was below the goal of 75 percent. This was due to a large number of loans being executed which included significant amounts of American Rescue Plan Act grants in the funding package. Those grant funds are primarily drawn before the SRF loan funds for the project. For FFY 2026, the goal is to increase the construction pace to 75 percent.
3. For FFY 2026, the goal of the Drinking Water SRF program is to fund 24 loans, totaling more than \$106.3 million.
4. For FFY 2026, it is estimated that 94 projects will initiate operations.
5. For FFY 2026, it is estimated that 10 Small Community Planning Grants will be awarded to small systems to evaluate the system's infrastructure needs.
6. For FFY 2026, it is estimated that the South Dakota Association of Rural Water Systems will provide 1,400 hours of technical assistance to small systems.

To ensure measures are accurate and up-to-date, project data will be entered into the EPA SRF Data System on a quarterly basis.

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

Interest rates are reviewed quarterly 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 current interest rates for FFY 2026 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 adjusted in September 2025

In November 2023 specific interest rates were approved for loans that will be subject to Build America, Buy America Act and for loans for lead service line replacement activities. For loans subject to Build America, Buy America Act requirements a 0.25 percent interest rate reduction will be provided from whatever standard interest rate and term a borrower would normally receive funding. For lead service line replacement projects from the BIL lead service line replacement funds all eligible projects and borrowers will receive a 0 percent total interest rate for all loan terms.

Table 1 – Drinking 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	2.50%			
Admin. Surcharge	0.00%			
Total	2.50%			
<u>Public Entity Base Rate</u>				
Interest Rate		3.25%	3.50%	3.75%
Admin. Surcharge		0.25%	0.25%	0.25%
Total		3.50%	3.75%	4.00%
<u>Nonprofit Corporation Rate</u>				
Interest Rate		4.25%	4.50%	4.75%
Admin. Surcharge		0.25%	0.25%	0.25%
Total		4.50%	4.75%	5.00%
<u>Public Entity Disadvantaged Rate – 80% to 100% of MHI</u>				
Interest Rate				3.50%
Admin. Surcharge				0.25%
Total				3.75%
<u>Public Entity Disadvantaged Rate – 60% to 80% of MHI</u>				
Interest Rate		2.50%		3.25%
Admin. Surcharge		0.25%		0.25%
Total		2.75%		3.50%
<u>Public Entity Disadvantaged Rate – Less than 60% of MHI</u>				
Interest Rate		2.50%		3.25%
Admin. Surcharge		0.00%		0.00%
Total		2.50%		3.25%
<u>BIL Lead Service Line Replacement Loans</u>				
Interest Rate		0.00%	0.00%	0.00%
Admin Rate		0.00%	0.00%	0.00%
Total		0.00%	0.00%	0.00%
<u>Rate Reduction for Build America, Buy America Projects</u>				
For projects subject to Build America, Buy America Act requirements through the Drinking Water SRF program a 0.25% reduction in interest rate will be applied to all above rates and terms.				
* Term cannot exceed useful life of the project				

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 of Agriculture and Natural Resources.

As of September 30, 2025, nearly \$1.73 million of administrative surcharge funds are available. It is estimated that during FFY 2026 and additional \$1.5 million of administrative surcharge funds will be received.

Beginning in FFY 2005, administrative surcharge funds were provided to the planning districts to defray expenses resulting from SRF application preparation and project administration. Reimbursement is \$10,500 per approved loan with payments made in \$3,500 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 \$1,600 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 FFY 2026 allocation for these activities will be \$400,000.

In FFY 2026, \$75,000 of administrative surcharge funds will be allocated for operator certification training.

In FFY 2026, \$2,700,000 of administrative surcharge funds will be allocated to provide a portion of the necessary state match for the FFY 2026 capitalization grants.

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 more than \$626.7 million have been made to systems meeting this population threshold, or 44.2 percent of the \$1.419 billion of total funds available for loan. Attachment II – List of Projects to be funded in FFY 2026 identifies more than \$106.3 million in projects, of which more than \$51.2 million is for systems serving less than 10,000; therefore, the state expects to continue to exceed the 15 percent threshold.

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

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

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

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

South Dakota transferred \$15,574,320 from the Clean Water SRF to the Drinking Water SRF program in past years. In FFY 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 anticipated FFY 2026 capitalization grant, the ability exists to transfer more than \$71.2 million from the Clean Water SRF program to the Drinking Water SRF program. More than \$69.2 million could be transferred from the Drinking Water SRF Program to the Clean Water SRF program. Table 2 (pages 13 and 14) itemizes the amount of funds transferred between the programs and the amount of funds available to be transferred.

No base program transfers are currently proposed for FFY 2026, this will be evaluated further during the year.

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 estimated FFY 2026 capitalization grant is \$8,500,000 which requires \$1,700,000 in state match. Bond proceeds or administrative surcharge fees will be used to match FFY 2026 capitalization grant funds.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. As of September 30, 2025, \$377.1 million in leveraged bonds have been issued for the Drinking Water SRF program. It is anticipated that up to \$100 million of additional leveraged bonds will be required in FFY 2026.

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 \$6,000,000 excess principal repayments will become available for loans in FFY 2026.

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 no interest earnings will become available for loans in FFY 2026.

As of September 30, 2025, 553 loans totaling \$1,414,657,878 have been made.

South Dakota has switched from a cash-on-hand financing model to a cashflow model. This model allows funding to be awarded based on the anticipation of future repayments and leveraged bonds being issued. With the anticipated FFY 2026 capitalization grant, state match, leveraged bonds, excess interest earnings, and repayments, nearly \$144.9 million in new funds for projects will be available. This information is provided in Attachment III, Drinking Water SRF Funding Status.

Funds will be allocated to the set-aside activities in the amounts outlined on pages 9 and 10. 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.

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 through 2019 capitalization grant mandated additional subsidy of exactly 20 percent of the total grant be provided to recipients. The FFY 2020 through 2025 capitalization grants included the ability to award principal forgiveness for any borrower of exactly 14 percent of the total grant award. 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 \$45 per month based on 5,000 gallons usage or to qualify for principal forgiveness. Other applicants must have a minimum rate of \$70 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 3 on page 15 summarizes the amounts of principal forgiveness provided to date. It is anticipated the FFY 2026 capitalization grant included the ability to award principal forgiveness for any borrower equal to 14 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 11.

Attachment II – List of Projects to be Funded in FFY 2026 identifies \$2,066,150 in principal forgiveness for communities not eligible for the additional disadvantaged community principal forgiveness.

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 Water Infrastructure Improvements for the Nation (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 allotment. The Infrastructure Investment and Jobs Act (IIJA) also provides these same options for determining the administrative set-aside.

Four percent of the anticipated FFY 2026 base capitalization grant is \$340,000, four percent of the anticipated FFY 2026 IIJA Supplemental capitalization grant is up to \$995,920, and 1/5 of a percent of the current fund valuation of \$280,897,879 results in \$561,795 available for administrative fees. **No administrative set-aside will be allocated from the base capitalization grant, and IIJA Supplemental grant funds will be utilized in the amount of \$600,000.**

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 estimated capitalization grant is \$170,000; whereas, two percent of the estimated IIJA Supplemental capitalization grant is up to \$497,960. No funds will be allocated from the base program capitalization grant from this set-aside. South Dakota intends to allocate \$175,000, from the IIJA general supplemental set-aside allotment to fund these activities.**

The objective of this set-aside is to bring non-complying systems into compliance and improve operations of water systems. States may use up to two percent of its allotment to assist in funding these activities.

Since fiscal year 1997, the board has 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 South Dakota 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.

\$175,000 funds from the IIJA supplemental funding set-aside are proposed to be allocated for these activities in 2026. Unused funds from previous years' set-aside for small system technical assistance are banked for use in future years. As of September 30, 2025, \$233,275 remains from previous years' base program and IIJA supplemental allocations to be used for the purposes described above.

State program management. No funds will be allocated from the base program State Program Management set-aside for the administration of the state's Public Water System Supervision (PWSS) program in FFY 2026. Set-aside funds of \$300,000 from the IIJA Supplemental grant funds will be utilized.

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.

The Performance Partnership Grant for South Dakota's PWSS program does not provide sufficient funds to complete all tasks and activities identified in the workplan. A total of \$300,000 from the IIJA Supplemental grant will be set-aside for these activities in FFY 2026. Additional PWSS fees will be used to fully fund all activities identified in the workplan.

Local assistance and other state programs. No funds will be allocated from the base program Local Assistance set-aside capitalization grant. South Dakota intends to allocate \$100,000, from the IIJA general supplemental set-aside allotment to fund these activities.

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, Midwest Assistance Program (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, MAP has assisted in the review of capacity assessments required as part of the Drinking Water SRF loan applications.

\$100,000 funds from the IIJA supplemental funding set-aside are proposed to be allocated for these activities in 2026. There remains \$147,164 from prior years' allocations for these activities.

DISADVANTAGED COMMUNITY SUBSIDIES

Communities that meet the disadvantaged eligibility criteria described below and in [ARSD 74:05:11.01\(8\)](#) 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 \$45 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 \$70 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. Public entity disadvantaged communities below 80 percent of the statewide median household income, but at or greater than 60 percent may receive up to a one percentage point reduction in interest rates. Public entity disadvantaged communities with a median household income less than 60 percent of the statewide median household income may receive zero percent loans, if interest rates are approved to that level. See Table 1 for the disadvantaged interest rates for FFY 2026.

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. South Dakota utilized the option to provide additional subsidy in the form of principal forgiveness to disadvantaged communities in federal fiscal years 2016 through 2018, in an amount equal to 30 percent of the annual capitalization grant.

The American Water Infrastructure Act (AWIA) of 2018 added new requirements to provide additional subsidy to disadvantaged communities. The FFY 2019 through 2021 capitalization grants mandated states must provide a minimum of 6 percent and may provide up to 35 percent of the capitalization grant amount as additional subsidy to disadvantaged communities.

The 2021 IIJA amendments increased the minimum to 12 percent and maximum of 35 percent of the capitalization grant amount must be provided as additional subsidy to disadvantaged communities. This applies to 2022 and subsequent base program capitalization grants unless amended by Congress.

Table 3 on page 15 summarizes the amounts of disadvantaged principal forgiveness provided to date.

Attachment II – List of Projects to be Funded in FFY 2026 identifies \$23.7 million in 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 2 – Amounts Available to Transfer between State Revolving Fund Programs

Base Program Transfers								
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 - 2001	\$42,690,000	\$14,087,700	\$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 - 2010	\$38,094,000	\$12,571,020	\$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 - 2023	\$107,848,000	\$35,589,840	\$78,845,085				\$63,270,765	\$61,345,085
2024	\$4,661,000	\$1,538,130	\$80,383,215				\$64,808,895	\$62,883,215
2025	\$10,906,000	\$3,598,980	\$83,982,195				\$68,407,875	\$66,482,195
2026 Est	\$8,500,000	\$2,805,000	\$86,787,195				\$71,212,875	\$69,287,195

IIJA General Supplemental Transfers

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
2022	\$17,992,000	\$5,937,360	\$5,937,360				\$5,937,360	\$5,937,360
2023	\$21,055,000	\$6,948,150	\$12,885,510				\$12,885,510	\$12,885,510
2024	\$22,985,000	\$7,585,050	\$20,470,560				\$20,470,560	\$20,470,560
2025	\$24,900,000	\$8,217,000	\$28,687,560				\$28,687,560	\$28,687,560
2026 Est	\$24,898,000	\$8,216,340	\$36,903,240				\$36,903,240	\$36,903,240

IIJA Emerging Contaminants Transfers

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
2022	\$7,555,000	\$2,493,150	\$2,493,150	\$459,000		CWSRF EC Grant	\$2,034,150	\$2,493,150
2023	\$7,640,000	\$2,521,200	\$5,014,350	\$1,043,000		CWSRF EC Grant	\$3,512,350	\$5,014,350
2024	\$7,640,000	\$2,521,200	\$7,535,550	\$1,043,000		CWSRF EC Grant	\$4,990,550	\$7,535,550
2025	\$7,640,000	\$2,521,200	\$10,056,750				\$7,511,750	\$10,056,750
2026 Est	\$7,640,000	\$2,521,200	\$12,577,950				\$10,032,950	\$12,577,950

Table 3 – Principal Forgiveness Allowed and Awarded

	Principal Forgiveness for all Borrowers			Disadvantaged-only Principal Forgiveness ^a		
Year	Minimum	Maximum	Awarded from FY Grant	Minimum	Maximum	Awarded from FY Grant
2010	\$4,071,900	\$13,573,000	\$13,573,000			
2011	\$2,825,400	\$9,418,000	\$9,418,000			
2012	\$1,795,000	\$2,692,500	\$2,692,500			
2013	\$1,684,200	\$2,526,300	\$2,526,300			
2014	\$1,769,000	\$2,653,500	\$2,653,500			
2015	\$1,757,400	\$2,636,100	\$2,636,100			
2016	\$1,662,400	\$1,662,400	\$1,662,400	\$0	\$2,493,600	\$2,493,600
2017	\$1,648,200	\$1,648,200	\$1,648,200	\$0	\$2,472,300	\$2,471,688
2018	\$2,221,400	\$2,221,400	\$2,221,400	\$0	\$3,332,100	\$3,282,690
2019	\$2,220,600	\$2,220,600	\$2,220,600	\$666,180	\$3,886,050	\$3,886,050
2020	\$1,541,540	\$1,541,540	\$1,541,540	\$660,660	\$3,853,850	\$3,693,850
2021	\$1,554,000	\$1,554,000	\$1,554,000	\$666,000	\$3,885,000	\$3,867,106
2022	\$981,120	\$981,120	\$981,120	\$840,960	\$2,452,800	\$2,205,350
2023	\$691,320	\$691,320	\$691,320	\$592,560	\$1,728,300	\$592,560
2024	\$652,540	\$652,540	\$652,540	\$559,320	\$1,631,350	\$559,320
2025	\$1,526,840	\$1,526,840	\$647,460	\$1,308,720	\$3,817,700	\$1,308,720
2026 Est	\$1,190,000	\$1,190,000	\$0	\$1,020,000	\$2,975,000	\$0
Totals	\$29,792,860	\$49,389,360	\$47,319,980	\$6,314,400	\$32,527,450	\$24,360,934

	IIJA General Supplemental Principal Forgiveness ^a		IIJA Lead Service Line Replacement Principal Forgiveness ^a		IIJA Emerging Contaminants Principal Forgiveness ^b	
Year	Required Amount	Awarded from FY Grant	Required Amount	Awarded from FY Grant	Required Amount	Awarded from FY Grant
2022	\$8,816,080	\$8,816,080	\$490,000 ^d	\$490,000	\$8,014,000 ^c	\$8,014,000
2023	\$10,316,950	\$10,316,950	\$0 ^d	\$0	\$8,683,000 ^c	\$8,683,000
2024	\$11,262,650	\$11,262,650	\$0 ^d	\$0	\$8,683,000 ^c	\$7,640,000
2025	\$12,200,020	\$1,350,356	\$14,038,500	\$0	\$7,640,000	\$6,588,000
2026 Est	\$12,200,020	\$0	\$14,038,500	\$0	\$7,640,000	\$0
Totals	\$54,795,720	\$31,746,036	\$28,567,000	\$490,000	\$39,608,000	\$30,925,000

^a Principal Forgiveness will only be provided to eligible entities that meet the Disadvantaged Community definition in ARSD 74:05:11:01(8) and described on page 11 of the IUP.

^b At least 25% of these funds must be provided to entities that qualify as a Disadvantaged Community or systems with service populations less than 25,000.

^c Combined total of DWSRF Emerging Contaminant allocation and CWSRF Emerging Contaminant allocation which was transferred to the DWSRF for eligible emerging contaminants projects.

^d Due to lack of project interest, South Dakota was not able to apply for these grants beyond amounts indicated and no funds will be utilized.

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 FFY 2026.

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
221	Brookings-Deuel Rural Water System	C462453-05	Problem: the town of Ward's existing water source has experienced Manganese contamination above the Health Action Level, and the town does not currently treat for removal of Iron or Manganese. Manganese has been classified as an emerging contaminant and recommended for removal. Portions of the Brookings-Deuel RWS distribution system lack capacity to meet user demands and need to be moved related to a DOT highway realignment project. Project: Ward has determined that regionalization with connection to Brookings-Deuel RWS for bulk water supply to serve the community's water needs. The project includes installation of approximately 8.5 miles of new line to connect with existing distribution main having the needed capacity to serve the town. An additional 20.5 miles of existing distribution system line will be replaced or paralleled to allow increased capacity and pressure to meet existing user demands.	\$6,000,000	5.00%, 30 years	8,500	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- taged
160	Sioux Falls	C462232-13	Problem: The city of Sioux Falls has previously identified PFAS impacted wells near the Sioux Falls Regional Airport. These wells have been taken out of service to remove the source of contamination in drinking water. However, with these wells out of service, Sioux Falls has less source water capacity available to meet user demand. Project: Sioux Falls has identified a project to make a third connection to the Lewis & Clark Regional Water System (L&C) to provide for the replacement of portions of the source water capacity from those wells that were removed from service.	\$7,648,000	3.75%, 30 years	192,533	Yes
153	Carriage Hills Water Association	C462508-01	Problem: the existing water system is beyond its useful life and continued operation of the water system is not cost effective. Project: replace the existing distribution system to meet city of Rapid City standards and at completion of the project users will become individual users of Rapid City.	\$7,600,000	5.00%, 30 years	267	Yes
140	WEB Water Development Association	C462426-05	Problem: the existing distribution system for unincorporated users of Wecota is undersized and beyond its useful life and water meters are beyond their useful life. Project: replace approximately 2,100 feet of water main with PVC pipe, install new water meters and meter pits.	\$363,000	5.00%, 30 years	35,000	
138	Randall Community Water District	C462436-07	Problem: the city of Mitchell lacks necessary source water to meet peak demands and provide for new customers. Project: installation of 32.5 miles of 20-inch watermain and related appurtenances to allow the system to provide service to Mitchell as a second source of water for the city. This project has received previous DWSRF funding.	\$5,000,000	3.75%, 30 years	16,716	Yes
130	Salem	C462057-08	Problem: the existing water treatment system equipment is beyond its useful life and in need of replacement. Project: installation of a new water treatment filtration skid, improvements on the raw water transmission main to prevent membrane fouling, and necessary appurtenances.	\$6,270,000	3.75%, 30 years	1,325	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- tagged
123	Bryant	C462121-04	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life, there are several dead-end lines in the system, and there are believed to be some existing lead service line connection. Project: install 2,250 feet of new PVC watermain in various locations within the community and if lead service line are found replace those to be in compliance.	\$2,643,000	3.50%, 30 years	471	Yes
114	Canistota	C462226-05	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life, there are several dead-end lines in the system, and the existing water storage tank lacks capacity to meet average day demand. Project: install 7,500 feet of new PVC watermain in various locations within the community and construct a new 50,000-gallon elevated water storage tank.	\$7,184,190	3.75%, 30 years	631	Yes
107	Mission Hill	C462364-02	Problem: a portion of the existing distribution system pipe is beyond its useful life, there are several dead-end lines in the system, and the system lacks storage capacity to meet average day demand. Project: install 1,500 feet of new PVC watermain in various locations within the community and construct a new 65,000-gallon elevated water storage tank.	\$1,925,000	3.75%, 30 years	190	Yes
98	Mitchell	C462129-09	Problem: portions of the existing distribution system pipe is cast iron, sand-cast, or asbestos cement pipe and beyond its useful life, several areas of the system are served by dead-end lines, other distribution pipe is undersized to provide needed capacity. Project: replace 43.4 miles of existing watermain with new PVC watermain and install 13,000 feet of new watermain to loop the system in areas throughout the community.	\$57,000,000	3.50%, 30 years	15,660	Yes
97	Buffalo Gap	C462317-03	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life, other distribution pipe is undersized to provide needed capacity. Project: install 2,750 feet of new PVC watermain throughout the community.	\$1,314,000	3.25%, 30 years	131	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
95	Clear Lake	C462037-03	Problem: a portion of the existing distribution system pipe is cast iron or asbestos cement pipe and beyond its useful life and other distribution pipe is undersized to provide needed capacity. Project: install 4,500 feet of new PVC watermain throughout the community.	\$2,696,900	4.00%, 30 years	1,218	
95	Salem	C462057-09	Problem: some of the existing wells are beyond their useful life and positioned too close causing limitations on capacity. Project: install up to two additional wells located appropriately to meet system needs.	\$2,100,000	3.75%, 30 years	1,325	Yes
94	Viborg	C462240-04	Problem: a portion of the existing distribution system pipe is cast iron pipe which is beyond its useful life and there are several dead-end lines in the system. Project: install 3,700 feet of new PVC watermain in various locations within the community.	\$2,707,000	3.50%, 30 years	814	Yes
93	Kingbrook Rural Water System	C462432-12	Problem: a portion of the distribution system lacks sufficient capacity to meet user demand. Project: Install 9 miles of 16-inch transmission main in the pipeline segment between the Bruce water treatment plant and Badger pump station.	\$12,750,000	5.00%, 30 years	15,928	
90	Salem	C462057-10	Problem: the existing water meters are beyond their useful life. Project: install new water meters with remote read capability.	\$860,000	3.50%, 10 year	1,325	Yes
85	Gregory	C462126-04	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life. Project: install 6,300 feet of new PVC watermain throughout the community.	\$1,948,991	3.50%, 30 years	1,221	Yes (Pending rate increase)
85	Rapid City	C462014-06	Problem: two of the city's existing wells are in need of improvements to continue proper functioning, the city lacks adequate supply for user demand in portions of the system and needs additional source water capacity. Project: rehabilitation and upgrades to existing wells #4 and #13 to include construction of new well houses and installation of a new well #14 to meet needed capacity.	\$14,152,000	3.75%, 30 years	74,703	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- tagged
85	Springfield	C462071-03	Problem: a portion of the existing distribution system pipe is cast iron pipe which is beyond its useful life and undersized to meet user demand. Project: install 3,800 feet of new PVC watermain throughout the community.	\$2,250,000	3.50%, 30 years	1,914	Yes
82	Hecla	C462276-01	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life. Project: install 100 feet of new PVC watermain.	\$135,728	3.50%, 30 years	193	Yes
79	Faulkton	C462217-03	Problem: the existing booster station is beyond its useful life and lacks capacity to provide needed service. Project: construct a new booster station facility.	\$668,000	3.50%, 20 years	826	Yes (Pending rate increase)
77	Toronto	C462080-01	Problem: existing water lines need to be moved and realigned due to a DOT project to adjust the alignment of Highway 28 which is also Main Street. Project: approximately 2,600 feet of water main, hydrants and valves to be relocated and installed.	\$700,000	3.50%, 30 years	196	Yes
74	Hill City	C462231-03	Problem: the city currently lacks adequate water capacity with existing wells, an unused well has Arsenic levels above the MCL, areas of the distribution system lack necessary pressure, the distribution system is segregated into separate pressure zones without the ability to move water between zones, several areas of the system are served by dead-end lines or watermains that are beyond their useful life. Project: install treatment and pumping equipment to allow use of an unused well, install a new booster station and ground storage reservoir in the high-pressure zone, replace pressure zone separation valves with new pressure reducing valves to improve system operation, install 9,300 feet of new water main to loop portions of the system, and replace 3,350 feet of existing water main.	\$10,880,000	4.00%, 30 years	872	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- tagged
18	B-Y Water District	C462431-03	Problem: B-Y customers currently read and self-report water usage from meters for billing, this is prone to errors and mistakes. It also increases the time for leaks to be found and creates higher water loss. Project: replace fully approximately 30 percent of all meters that are beyond their useful life. The remaining 70 percent will have new remote read capable equipment installed for remote reading and billing purposes.	\$4,000,000	3.50%, 10 years	19,431	
14	Milbank	C462023-03	Problem: the existing wells serving as water sources for the city exceed secondary maximum contaminant levels for iron, manganese, sulphate, and total dissolved solids. These secondary contaminants contribute to poor water aesthetics for residential users and cause issues with industry and health care facilities utilizing the water for business needs. Project: Construct a new 3.0 MGD treatment plant designed to remove iron and manganese to below secondary MCLs and allow for future installation for softening of water.	\$39,000,000	3.75%, 30 years	3,544	Yes (Pending rate increase)
12	Belle Fourche	C462012-03	Problem: the existing Springs raw water transmission line is undersized to meet capacity needs and beyond its useful life. Project: install 25,000 feet of new and increased size HDPE transmission pipe.	\$5,123,000	3.50%, 30 years	5,617	Yes (Pending rate increase)
11	Hot Springs	C462040-02	Problem: a portion of the existing distribution system is experiencing leaks and beyond its useful life, the system lacks pumping capacity to fully utilize existing wells and meet user demands, portions of the distribution system lack pressure to meet demand, and the total system storage is less than necessary to meet peak day demand. Project: replace 7,200 feet of watermain with new PVC, install additional pumps at the Evans pump station, install a booster station and 9,33 feet of new transmission line to connect wells to the distribution system, and install a new 1,300,000-gallon water storage tank.	\$16,350,000	3.50%, 30 years	3,395	Yes (Pending rate increase)

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- tagged
9	Valley Springs	C462239-04	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life. Project: install 1,100 feet of new PVC watermain throughout the community.	\$1,261,600	4.00%, 30 years	885	
8	Big Stone City	C462224-03	Problem: the existing distribution system pipe size, condition, and material is unknown. Project: the distribution system will be potholed to assess, size, condition, and material and prioritized for future replacement needs as preliminary engineering.	\$100,000	3.75%, 30 years	412	Yes (Pending rate increase)
8	B-Y Water District	C462431-04	Problem: existing water lines need to be moved and realigned due to a DOT project to adjust the alignment of Highway 18. Project: 7 miles of 24-inch pipe, 7 miles of 10-inch pipe, and nearly 4 miles of smaller 2- to 4-inch pipe, needing to be moved. Work will include associated valves, air releases, and a pump station.	\$13,200,000	4.00%, 30 years	19,431	
5	Crooks	C462227-04	Problem: a portion of the existing distribution system pipe is experiencing leaks and beyond its useful life. Project: install 4,250 feet of new PVC watermain throughout the community.	\$2,090,000	4.00%, 30 years	1,362	

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FFY 2026

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness ¹	Funding Date	Expected Funding Source ²	Fund/Project Eligibility ^{3,4,5}
Loans Expected							
160	Sioux Falls	C462232-13	\$7,648,000	\$7,648,000	Jan. 2026	2025 & 2026 IIJA EC	3,5
85	Rapid City	C462014-06	\$14,152,000	\$5,660,800	Jan. 2026	Repay/Lev. Bonds	3
77	Toronto	C462080-01	\$770,000	\$308,000	Jan. 2026	Repay/Lev. Bonds	3
221	Brookings-Deuel Rural Water System	C462453-05	\$6,000,000	\$3,700,000	March 2026	2025 & 2026 IIJA EC and Base/IIJA GS	3,5
140	WEB Water Development Association	C462426-05	\$363,000	\$36,300	March 2026	Repay/Lev. Bonds	
123	Bryant	C462121-04	\$2,643,000	\$1,057,200	March 2026	Repay/Lev. Bonds	3
114	Canistota	C462226-05	\$3,000,000	\$1,200,000	March 2026	Repay/Lev. Bonds	3
107	Mission Hill	C462364-02	\$1,925,000	\$770,000	March 2026	Repay/Lev. Bonds	3
98	Mitchell	C462129-09	\$3,000,000	\$1,200,000	March 2026	2025 & 2026 Base/IIJA GS	3
95	Clear Lake	C462037-03	\$2,696,900	\$269,690	March 2026	Repay/Lev. Bonds	
95	Salem	C462057-09	\$2,100,000	\$840,000	March 2026	Repay/Lev. Bonds	3
94	Viborg	C462240-04	\$2,707,000	\$1,082,800	March 2026	Repay/Lev. Bonds	3
93	Kingbrook Rural Water System	C462432-12	\$12,750,000	\$500,000	March 2026	2025 & 2026 Base/IIJA GS	
90	Salem	C462057-10	\$860,000	\$344,000	March 2026	Repay/Lev. Bonds	3
85	Gregory	C462126-04	\$1,948,991	\$779,596	March 2026	Repay/Lev. Bonds	3
74	Hill City	C462231-03	\$3,000,000	\$300,000	March 2026	Repay/Lev. Bonds	
18	B-Y Water District	C462431-03	\$4,000,000	\$400,000	March 2026	2025 & 2026 Base/IIJA GS	
12	Belle Fourche	C462012-03	\$5,123,000	\$2,049,200	March 2026	2025 & 2026 Base/IIJA GS	3
11	Hot Springs	C462040-02	\$5,000,000	\$2,000,000	March 2026	Repay/Lev. Bonds	3
9	Valley Springs	C462239-04	\$1,261,600	\$126,160	March 2026	Repay/Lev. Bonds	
5	Crooks	C462227-04	\$2,090,000	\$209,000	March 2026	Repay/Lev. Bonds	
82	Hecla	C462276-01	\$135,728	\$54,291	June 2026	Repay/Lev. Bonds	3
8	B-Y Water District	C462431-04	\$13,200,000	\$225,000	June 2026	2025 & 2026 Base/IIJA GS	
14	Milbank	C462023-03	\$10,000,000	\$4,000,000	Sept. 2026	Repay/Lev. Bonds	3

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 FFY 2026 annual report.
3. Projects are anticipated to be funded in part utilizing capitalization grant principal forgiveness reserved for disadvantaged communities, this may be from funds within the base capitalization grant, IIJA general supplemental, IIJA lead service line replacement, or IIJA emerging contaminants grant allotments depending on project eligibility.
4. Projects identified are anticipated to be funded in part utilizing IIJA lead service line replacement allotments.
5. Projects identified are anticipated to be funded in part utilizing IIJA emerging contaminants allotment.

ATTACHMENT III BASE PROGRAM FUNDING STATUS

Federal Fiscal Years 1997 - 2025

Capitalization Grants	\$254,799,698
IIJA Supplemental Grants	\$86,930,000
State Match (Base and IIJA)	\$64,441,240
ARRA Grant	\$19,500,000
Set-Asides (Base and IIJA)	(\$22,110,902)
Transfer of FY 2002 & 2003 Clean Water Capitalization Grant and State Match	\$15,574,320
Leveraged Bonds	\$377,115,014
Excess Interest as of September 30, 2025	\$73,838,270
Excess Principal as of September 30, 2025	<u>\$129,678,502</u>
 Total Funds Dedicated to Loan	 \$999,766,142
 Closed Loans made through September 30, 2025	 <u>(\$1,247,157,922)</u>
 Available funds as of September 30, 2025	 (\$247,391,780)

Federal Fiscal Year 2026 Projections

Base Capitalization Grant	\$8,500,000
IIJA General Supplemental Grant	\$24,898,000
State Match (combined total)	\$6,679,600
Set-Asides (combined total)	(\$1,175,000)
Projected Excess Principal Repayments	\$6,000,000
Projected Unrestricted Interest Earnings	\$0
Leveraged Bonds	<u>\$100,000,000</u>
Projected FFY 2026 Loan Sub-total	\$144,902,600
 Funds Available for Loans	 (\$102,489,180)
 Loans Awarded and Unclosed as of September 30, 2025	 (\$135,514,956)
 Total Funds Available for Loans	 <u>(\$330,257,776)</u>
 Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2026	 <u>\$97,426,219</u>

Administrative Surcharge Funds Available as of September 30, 2025	
Program Income	\$789,905
Non-Program Income	<u>\$944,062</u>
Total	<u>\$1,733,967</u>

**IJJA EMERGING CONTAMINANTS
PROGRAM FUNDING STATUS
Federal Fiscal Years 2022-2025**

DWSRF IJJA Emerging Contaminants Grants	\$29,423,000	
State Match	\$0	
Set-Asides	(\$0)	
Transfer FFY 2022 through 2024 Grants from CWSRF Emerging Contaminants	\$2,545,000	
Total Funds Dedicated to Loan		\$31,968,000
Closed Loans made through September 30, 2025		\$22,265,000
Available funds as of September 30, 2025		\$9,343,000
Federal Fiscal Year 2026 Projections		
2026 DWSRF IJJA Emerging Contaminants Grant	\$7,640,000	
2025 DWSRF IJJA Emerging Contaminants Grant	\$1,052,000	
Transfer of FY 2025 Clean Water Emerging Contaminants Grant	\$1,043,000	
State Match	\$0	
Set-Asides	\$0	
Projected FFY 2026 Loan Sub-total		\$9,735,000
Funds Available for Loans		\$19,078,000
Loans Awarded and Unclosed as of September 30, 2025		(\$8,300,000)
Total Funds Available for Loans		\$10,778,000
Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2026		\$8,948,000

**IJJA LEAD SERVICE LINE REPLACEMENT
PROGRAM FUNDING STATUS
Federal Fiscal Year 2022 - 2025**

DWSRF IJJA Lead Service Line Replacement	\$1,000,000	
Grants		
State Match	\$0	
Set-Asides	(\$0)	
Total Funds Dedicated to Loan		\$1,000,000
Closed Loans made through September 30, 2025		<u>(\$604,426)</u>
Available funds as of September 30, 2025		\$395,574
Federal Fiscal Year 2026 Projections		
IJJA Lead Service Line Replacement Grant	\$28,650,000	
State Match	\$0	
Set-Asides	<u>(\$0)</u>	
Projected FFY 2026 Loan Sub-total		\$28,650,000
Funds Available for Loans		\$29,045,574
Loans Awarded and Unclosed as of September 30, 2025		\$0
Total Funds Available for Loans		<u><u>\$29,045,574</u></u>
Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2026		<u><u>\$0</u></u>

Addendum to the 2026 DWSRF Intended Use Plan:

Infrastructure Investment and Jobs Act

The Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021. The IIJA invests more than \$50 billion over the next five years in EPA water infrastructure programs including the State Revolving Funds. South Dakota's anticipated 2026 allotment for the Drinking Water State Revolving Fund (DWSRF) program totals approximately \$61.2 million.

This addendum is for the distribution of IIJA funds in 2026.

The IIJA funding will be issued through the DWSRF in three categories: 1) DWSRF IIJA General Supplemental Funding, 2) DWSRF IIJA Emerging Contaminants Funding, and 3) DWSRF IIJA Lead Service Line Funding. The IUP amendments and the BIL funding categories are described below.

IIJA Funding Categories and Use of Funds

DWSRF IIJA General Supplemental Funding

The IIJA includes a general supplemental funding allotment to South Dakota anticipated to be \$24,898,000 in 2026 for the DWSRF program. The existing DWSRF program as described in this IUP applies to this funding category and includes the following:

Eligibility

- Eligible entities and projects for this funding must be eligible under the existing DWSRF program.
- All eligible projects for this allotment must be listed on the existing Attachment I – 2026 Project Priority List on the IUP.

Requirements

- Application, prioritization, and approval for funding will be the same as the existing DWSRF program.
- State match is 20% of the total amount of the capitalization grant in fiscal year 2026. Bond proceeds and administrative surcharge funds will be used to provide the matching funds.
- Loan interest rate and terms will be the same as the existing program.
- Forty-nine percent of the capitalization grant amount must be issued as additional subsidization in the form of principal forgiveness. Additional subsidization must be provided to eligible entities that meet the Disadvantaged Community definition in [ARSD 74:05:11.01\(8\)](#) and described on pages 11 and 12 of the base program IUP.

Set-Aside Activities for DWSRF IIJA General Supplemental Funding

Similar to the DWSRF base program, South Dakota may set-aside a portion of the capitalization grant for non-project, or set-aside activities, that are necessary to accomplish the requirements of the Safe Drinking Water Act.

The anticipated 2026 IIJA DWSRF appropriation is \$24,898,000. A description of each set-aside and the funding available from the 2026 IIJA general supplemental capitalization grant for each activity is detailed below.

Administration Set-Aside

2026 IIJA Federal Year One - Requested Amount \$600,000

The IIJA provides three options to states to calculate the administrative set-aside available from each year's capitalization grant. States may use up to 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 all grant awards to the DWSRF.

Four percent of the anticipated FFY 2026 base capitalization grant is \$340,000, four percent of the FFY 2026 IIJA Supplemental capitalization grant is \$995,920, and 1/5 of a percent of the current fund valuation of \$280,897,879 results in \$561,795 available for administrative fees. The state is choosing to utilize \$600,000 allowable from the IIJA for administrative purposes.

Use of funds and expected accomplishments

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.

Small System Training and Technical Assistance (2%)

2026 IIJA Federal Year One - Requested Amount \$175,000

These monies support ongoing training and technical assistance to small systems serving less than 10,000 people to bring non-complying systems into compliance and improve operations of water systems as described on pages 9 and 10 of the DWSRF base program IUP.

State's may utilize up to two percent of the IIJA general supplemental allocation in this set-aside, which is \$497,960. Unobligated funds available from prior year grants as of September 30, 2025, are \$233,275. South Dakota intends to allocate \$175,000, from the IIJA general supplemental set-aside allotment to fund these activities.

Use of funds and expected accomplishments

Funds are used to provide technical assistance, training, and completion of engineering studies for small systems.

State Program Management (10%)

2026 IIJA Federal Year One - Requested Amount \$300,000

Funds under this set-aside are available for use to assist in management of state program management to include administration of the state's Public Water System Supervision (PWSS) program and other state program related activities as described on page 10 of the DWSRF base program IUP.

States may utilize up to ten percent of the IIJA general supplemental allocation in this set-aside, which is \$2,489,800. South Dakota intends to allocate \$300,000, from the IIJA general supplemental set-aside allotment to fund these activities.

Use of funds and expected accomplishments

Funds are used for South Dakota's PWSS program to complete all tasks and activities identified in the Performance Partnership Grant workplan.

Local Assistance and Other State Programs (15%)

2026 IJA Federal Year One - Requested Amount \$100,000

This set-aside can fund other activities to assist development and implementation of local drinking water protection activities. These activities are described on pages 10 and 11 of the base program IUP.

There remains \$147,164 from prior years' allocations, for these activities. South Dakota intends to take \$100,000 to assist new and existing systems to achieve and maintain technical, managerial, and financial capacity from this set-aside.

Use of funds and expected accomplishments

Midwest Assistance Program (MAP) will continue its efforts with borrowers to improve the technical, financial, or managerial capacity of the systems and assist in the review of capacity assessments required as part of the Drinking Water SRF loan applications.

DWSRF IJA Emerging Contaminants Funding

The IJA includes an estimated funding allocation of \$7,640,000 to South Dakota in 2026 to be applied to drinking water emerging contaminant projects, \$1,052,000 from the prior year 2025 allotment remains available to request. The 2025 CWSRF Emerging Contaminant allotment of \$1,043,000 and the anticipated 2026 CWSRF allotment of \$1,043,000 also remain available to request and transfer to the DWSRF Emerging Contaminants funds if needed to fund eligible projects. This totals \$10,778,000 available for DWSRF Emerging Contaminant activities. Depending on which projects submit applications for funding South Dakota may request all or a portion of the available funds for Emerging Contaminants projects.

Eligibility

- Entities and projects eligible for this funding must be eligible under the existing DWSRF program and the primary purpose must be to address emerging contaminants in drinking water.
- All eligible projects for this allotment must be listed on the 2026 IUP Attachment I - Project Priority List. Projects eligible for this source of funds are identified on Attachment II – List of Projects to be Funded in 2026.
- Eligible emerging contaminants include perfluoroalkyl and polyfluoroalkyl substances (PFAS) and contaminants on EPA's [Contaminant Candidate Lists](#). Additional eligibility details and requirements for this category are defined in the [EPA IJA SRF Implementation Memo](#) dated March 8, 2022.

Requirements

- Application, prioritization, and approval for funding will be the same as the existing DWSRF program.
- State match is not required.
- 100% of the capitalization grant amount, less set-asides, must be issued as additional subsidization in the form of principal forgiveness.

- Distribution of funding
 - Twenty-five percent of funds from this category must go to communities that qualify as a disadvantaged community or communities with populations less than 25,000. Applicants with project costs exceeding available funds or with project components unrelated to addressing emerging contaminants, may receive funds for the remaining project costs through the DWSRF supplemental or base programs. Additional principal forgiveness may be available from the DWSRF supplemental or base programs for applicants that qualify as a disadvantaged community.

Set-Aside Activities for DWSRF IIJA Emerging Contaminants Funding

South Dakota may set-aside a portion of the capitalization grant for non-project, or set-aside activities, that are necessary for implementing Emerging Contaminants activities.

No set-aside funds are proposed to be allocated from the IIJA emerging contaminants funding in 2026. South Dakota reserves the ability to request set-aside funding in future years, if necessary, from the 2026 IIJA emerging contaminants funding.

DWSRF IIJA Lead Service Line Funding

The IIJA includes a funding allotment of \$28,650,000 to South Dakota in 2026 to be applied to the lead service line replacement projects.

Eligibility

- Entities and projects eligible for this funding must be eligible under the existing DWSRF program and be a lead service line replacement project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines.
- All eligible projects for this allotment must be listed on the existing Attachment I - Project Priority List. Projects eligible for this source of funds are identified on Attachment II – List of Projects to be Funded in 2026.
- Additional eligibility requirements for this category of funding are defined in the [EPA IIJA SRF Implementation Memo](#) dated March 8, 2022.

Requirements

- Application, prioritization, and approval will be the same as the existing DWSRF program.
- State match is not required
- For lead service line replacement projects from the IIJA lead service line replacement funds, all eligible projects and borrowers will receive a 0 percent total interest rate for all loan terms.
- 49 percent of the capitalization grant amount must be issued as additional subsidization in the form of principal forgiveness. Additional subsidization must be provided to eligible entities that that qualify as a disadvantaged community.
- Distribution of funding
 - Applicants with project costs exceeding available funds, or with project components unrelated to lead service line identification and replacement, may receive funds for the remaining project costs through the DWSRF supplemental or base programs. Additional principal forgiveness may be available from the DWSRF supplemental or base programs for

applicants meeting DWSRF IIJA Principal Forgiveness Eligibility Criteria or base program principal forgiveness criteria.

Set-Aside Activities for DWSRF IIJA Lead Service Line Replacement Funding

South Dakota may set-aside a portion of the capitalization grant for non-project, or set-aside activities, that are necessary for implementing lead service line replacement.

No set-aside funds are proposed to be allocated from the IIJA lead service line replacement funding in 2026. South Dakota reserves the ability to request set-aside funding in future years, if necessary, from the 2026 IIJA lead service line replacement funding.

DWSRF IIJA Principal Forgiveness Eligibility Criteria

An eligible applicant may receive principal forgiveness in the DWSRF IIJA Supplemental General Supplemental Funding, DWSRF IIJA Emerging Contaminants Funding, and DWSRF IIJA Lead Service Line Funding if it meets the Disadvantaged Community definition in [ARSD 74:05:11.01\(8\)](#) and described on pages 11 and 12 of the base program IUP

Project Priority List and List of Projects Expected to be Funded

All projects identified on Attachment I - Project Priority List and Attachment II - List of Projects Expected to be Funded in FFY 2026 are eligible to receive IIJA supplemental funding. Projects eligible to receive DWSRF IIJA Emerging Contaminants Funding and DWSRF IIJA Lead Service Line Funding are specifically annotated on Attachment II – List of Projects Expected to be Funded in FFY 2026. Projects may be funded by a combination of IIJA supplemental funds and base program funds.

IIJA Funding Applicable Provisions and Additional Requirements

All provisions promulgated through statute, guidance, or regulations issued by EPA for the implementation of the CWSRF and DWSRF programs will remain in effect (e.g. American Iron and Steel and Davis-Bacon related prevailing wage requirements) unless they are inconsistent with the IIJA, capitalization grant conditions, or the requirements contained in the [EPA IIJA SRF Implementation Memo](#) dated March 8, 2022. The IIJA supplemental appropriations are federal funds and therefore all equivalency requirements apply to projects funded by IIJA.

The EPA IIJA SRF Implementation Memo includes the following other provisions summarized below:

1. Build America, Buy America Act: IIJA creates the Build America, Buy America (BABA) Act domestic sourcing requirements for Federal financial assistance programs for infrastructure, including the SRF programs. For more specific information on BABA implementation, please refer to the Office of Management and Budget's Build America, Buy America Act Implementation Guidance. EPA will issue a separate memorandum for BABA after the United States Office of Management and Budget (OMB) publishes its guidance. The American Iron and Steel provisions of both the CWSRF and DWSRF

continue to apply.

BABA applies to both the existing DWSRF program equivalency projects and IIJA funded projects. IIJA funded projects will be required to comply with BABA requirements, unless exempted by an approved national or project specific waiver. The OMB guidance and EPA memorandums mentioned above will determine the specific requirements for implementing and meeting the BABA requirement.

2. Reporting: States must use EPA's SRF Data System to report key IIJA project characteristics and milestone information no less than quarterly. Additional reporting will be required through the terms and conditions of the grant award. Federal Funding Accountability and Transparency Act (FFATA) of 2010 requires SRF programs to report on recipients that received federal dollars in the FFATA Subaward Reporting System (www.fsrs.gov).
3. Blending Funds and Cash Draws: States have the flexibility to craft single assistance agreements (e.g., loans) that contain multiple types of construction components and activities. These assistance agreements may commit funds from multiple IIJA capitalization grants and base program funds. Upon disbursement of funds, these assistance agreements may draw from both IIJA and base SRF capitalization grants for eligible project components.
4. Green Project Reserve: If provided for in the annual appropriation, the green project reserve (GPR) is applicable to the IIJA capitalization grants for the corresponding fiscal year.
5. Inter-SRF Transfers: Per SRF statute and regulation, states have the flexibility to transfer funds between the CWSRF and DWSRF. Given IIJA's requirements, authorities, and narrower SRF eligibilities, states may only transfer funds between the specific IIJA appropriations in the equivalent CWSRF or DWSRF program. In other words, transfer of funds may occur between the CWSRF and DWSRF General IIJA capitalization grants and between the CWSRF and DWSRF IIJA Emerging Contaminants capitalization grants. Because there is no similar CWSRF appropriation to the DWSRF IIJA LSLR appropriation, no funds may be transferred from or to the DWSRF IIJA LSLR appropriation. States may not transfer IIJA appropriations to or from base appropriations.
6. Recycled Funds: To the extent assistance recipients repay IIJA funds or provide interest payments to the state SRF program, those repaid funds and interest have the flexibility to be used for any SRF-eligible purpose. For example, repaid DWSRF IIJA LSLR funds are not limited to future LSLR projects and activities.
7. Federal Civil Rights Responsibilities, Including Title VI of the Civil Rights Act of 1964 is reviewed by the state to ensure requirements are met and applies to DWSRF and CWSRF programs for both base and IIJA funding.

Public Review and Comment

On November 6, 2025, a public hearing was held seeking comments on the IIJA addendum to the DWSRF

2026 Intended Use Plan. The notice was published at least 20 days prior in four newspapers of general circulation in different parts of the state. The department maintains a public notice page on its website <https://danr.sd.gov/public/default.aspx>, and interested parties are able to submit comments through the website. The 2026 IUP and IJA addendum were made available during the public notice period for review and comment. The department sends out weekly updates to a list of interested parties who have subscribed for updates to the website. Upon posting the public notice on the department's website, the 2026 IUP and IJA addendum were e-mailed to a list of interested parties that regularly receive notice of Board of Water and Natural Resources activities. As part of the required board meeting notice the addendum was also available on the Boards and Commissions portal website <https://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>.

DRAFT

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. Dakota Mainstem Regional Water System Study
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. Vermillion Basin Flood Control Project
10. Water Investment in Northern South Dakota (WINS) Project
11. Western Dakota Regional Water System Study

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

CONTACT: Andy Bruels, 773-4216

State Water Resources Management System Projected Funding Need

Applicant: Dakota Mainstem Regional Water System Address: 1100 Heritage Dr. PO Box 308 Madison, SD 57042	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">State Funding Requested</td> <td style="width: 30%; text-align: right; border-bottom: 1px solid black;">\$ 750,000.00</td> </tr> <tr> <td colspan="2" style="height: 20px;"></td> </tr> <tr> <td>Federal Appropriation</td> <td></td> </tr> <tr> <td style="text-align: right;">Grant</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">Loan</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$ 187,500.00</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;">363,000</td> </tr> </table>	State Funding Requested	\$ 750,000.00			Federal Appropriation		Grant		Loan		Local Cash	\$ 187,500.00	Other: _____		TOTAL	363,000
State Funding Requested	\$ 750,000.00																
Federal Appropriation																	
Grant																	
Loan																	
Local Cash	\$ 187,500.00																
Other: _____																	
TOTAL	363,000																

Project Title:

Description:

The Dakota Mainstem Regional Water System (DMRWS) is a collaboration of fifty-five public water systems, including regional and municipal utilities in eastern South Dakota, Minnesota, and Iowa. Originally comprising twenty-nine South Dakota members, the project now includes five from Minnesota and eleven from Iowa. DMRWS is nearing completion of the Appraisal Study, with the next phase, a detailed Feasibility Study, anticipated to take approximately 24 months.

The project's primary goal is to enhance the resilience of public water systems against prolonged shortages due to drought, disasters, and climate variability. By establishing additional alternative water supplies, Dakota Mainstem aims to meet current demands and support regional economic growth.

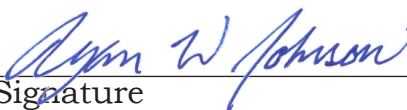
Completion of the Appraisal Study will inform the Feasibility Study, which will define system capacity, treatment processes, and distribution network plans. Supplementary tasks, such as data collection and public outreach, will support these efforts.

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.

Shane Phillips, General Manager

Name & Title of Authorized Signatory
(Typed)


Signature

9/26/25

Date

Professional Consultants

Application Prepared By: Dakota Mainstem Regional Water System, Inc.

Contact Person: Kurt Pfeifle

Mailing Address: 1100 Hertitage Dr. - PO Box 308

City, State, and Zip: Madison, SD 57042

Telephone Number: (605) 204-0125

Fax: _____

Email address: kpfeifle@dmrws.com

Consulting Engineering Firm: HDR Engineering

Contact Person: Gabriel Laber

Mailing Address: 101 S Phillips Ave., Suite 401

City, State, and Zip: Sioux Falls, SD 57104

Telephone Number: (605) 977-7740

Fax: _____

Email address: gabriel.laber@hdrinc.com

Legal Counsel's Firm: May, Adam, Gerdes & Thompson LLP

Contact Person: Tim Engel

Mailing Address: 503 S. Pierre Street - PO Box 160

City, State, and Zip: Pierre, SD 57501

Telephone Number: (605) 224-8803

Fax: (605) 224-6289

Email address: tme@mayadam.net

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MAY 16 2025

SD EForm - 0491LD V5

Department of Agriculture
and Natural Resources

State Water Resources Management System

Projected Funding Need

Applicant: Water Quality Program, DANR Address: Joe Foss Building 523 E Capitol Avenue Pierre, SD 57501	Proposed Funding Package	
	State Funding Requested	\$1,000,000
	Federal Appropriation	
	Grant	
	Loan	
	Local Cash	
Other:		
	TOTAL	\$1,000,000

Project Title:

Development of a Comprehensive Wetland Mapping and Screening Tool

Description:

Wetlands are an essential feature of our South Dakota landscape and regulations protecting wetlands from harmful activities like dredging or filling are essential to preserve them for future generations. They keep water clean by filtering out pollutants, provide habitat for a wide range of game and non-game species including waterfowl and pheasants, and improve water quality for people, wildlife, and plants. Wetlands also reduce flooding by storing excess water during storms. Without them, the risk of flooding rises and the spread of water pollution increases. South Dakota currently lacks a high-resolution map showing where wetlands are located. We need this type of mapping tool to provide the regulated community and public with an easily accessible and accurate wetlands map. The mapping tool will allow for state to improved wetland protection, help with conservation and restoration efforts, and provide data useful for flood attenuation planning. These efforts are necessary to support statewide hydrology and water management practices for current and future generations.

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.

Hunter Roberts, Secretary

Name & Title of Authorized Signatory
(Typed)


Signature

5-16-2025

Date

Professional Consultants

Application Prepared By: Water Quality Program, Dept. of Ag & Natural Resources

Contact Person: Aaron Ward, Program Administrator

Mailing Address: 523 E Capitol Avenue

City, State, and Zip: Pierre, SD 57501

Telephone Number: 605-773-4565 Fax: _____

Email address: aaron.ward@state.sd.us

Consulting Engineering Firm: TBD

Contact Person: _____

Mailing Address: _____

City, State, and Zip: _____

Telephone Number: _____ Fax: _____

Email address: _____

Legal Counsel's Firm: Attorney General's Office

Contact Person: Jen Verleger

Mailing Address: 1302 East Highway 14, Suite 1

City, State, and Zip: Pierre, SD 57501

Telephone Number: 605-773-3215 Fax: _____

Email address: jennifer.verleger@state.sd.us

State Water Resources Management System Projected Funding Need

Applicant: City of Watertown Address: PO Box 910 Watertown, SD 57201	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">State Funding Requested</td> <td style="width: 30%; text-align: right; border-bottom: 1px solid black;">\$175,000</td> </tr> <tr> <td colspan="2" style="padding-top: 10px;">Federal Appropriation</td> </tr> <tr> <td style="text-align: right;">Grant</td> <td style="text-align: right; border-bottom: 1px solid black;">\$500,000</td> </tr> <tr> <td style="text-align: right;">Loan</td> <td style="text-align: right; border-bottom: 1px solid black;">\$0</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$175,000</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">\$0</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$850,000</td> </tr> </table>	State Funding Requested	\$175,000	Federal Appropriation		Grant	\$500,000	Loan	\$0	Local Cash	\$175,000	Other: _____	\$0	TOTAL	\$850,000
State Funding Requested	\$175,000														
Federal Appropriation															
Grant	\$500,000														
Loan	\$0														
Local Cash	\$175,000														
Other: _____	\$0														
TOTAL	\$850,000														

Project Title:

Big Sioux Flood Control Study

Description:

In 2022, the City and the United States Army Corp of Engineers (USACE) agreed to perform a Flood Control Feasibility Study. The general scope of the study includes all investigations and analysis required to prepare an integrated Feasibility Study / Environmental Assessment, including evaluating alternatives and identifying the national economic development plan and any other reasonable alternatives, and recommending a plan. Typically, these studies have a limit of \$3 million, but because of preexisting information from past studies, the USACE estimated the cost to be \$1.8 million with a local share of \$900,000. Of that local share, the SDDANR has provided total grants of \$450,000.

In August 2024, the USACE estimated project cost increased by \$850,000 to \$2.65 million with the total local share increasing \$350,000 to \$1.25 million. The increase was due to review of several additional alternatives and added risk assessment requirements for those alternatives. The City seeks an additional grant from the SDDANR for half of the remaining \$350,000 of local share.

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.

Kristen Bobzien Icm/ICFO
 Name & Title of Authorized Signatory
 (Typed)

[Signature]
 Signature

5-27-25
 Date

Professional Consultants

Application Prepared By: Justin Petersen

Contact Person: Justin Petersen

Mailing Address: PO Box 910

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Consulting Engineering Firm: United States Army Corp of Engineers

Contact Person: J. Greg Johnson, Plan Formulation and Project Management Section

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Legal Counsel's Firm: City of Watertown

Contact Person: Lisa Carrico

Mailing Address: PO Box 910

City, State, and Zip: Watertown, SD 57201

Telephone Number: 605-882-6200

Fax: 605-882-5214

Email address: attorney@watertownsd.us

State Water Resources Management System Projected Funding Need

Applicant: WEB Water Address: 38456 US Highway 12 Aberdeen, SD 57401	<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="width: 70%; text-align: right;">State Funding Requested</td> <td style="text-align: right; border-bottom: 1px solid black;">\$5,000,000</td> </tr> <tr> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">Federal Appropriation</td> </tr> <tr> <td style="text-align: right;">Grant</td> <td style="text-align: right; border-bottom: 1px solid black;">20,000,000</td> </tr> <tr> <td style="text-align: right;">Loan</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">377,000</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;">25,377,000</td> </tr> </table>	Proposed Funding Package		State Funding Requested	\$5,000,000	Federal Appropriation		Grant	20,000,000	Loan		Local Cash	377,000	Other:		TOTAL	25,377,000
Proposed Funding Package																	
State Funding Requested	\$5,000,000																
Federal Appropriation																	
Grant	20,000,000																
Loan																	
Local Cash	377,000																
Other:																	
TOTAL	25,377,000																

Project Title:

Water Investment in Northern South Dakota (WINS) Project - Phase 2B

Description:

The WINS project is a collaborative effort between WEB Water, the City of Aberdeen and BDM Rural Water. The project will provide 42.1 MGD of treated drinking water to the northeast South Dakota region through the three systems. The proposed project consists of a raw water intake, water treatment facility, three (3) storage reservoirs, five (5) pump or control facilities, a pressure reducing facility and 148 miles of pipeline ranging from 20-inch to 54-inch.

Phase 2B will be used for the continued engineering design, pre-construction, and construction activities in the WINS Project in the Ipswich area. A cost estimate, map, Congressionally Directed Spending application through Senator Mike Rounds office and narrative are attached.

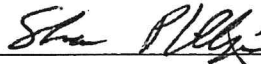
The Water Treatment Plant upgrade is scheduled to be substantially complete June 3rd, and Phase 1 consisting of 14 miles of 49.5" steel pipe is scheduled to be substantially complete by August. Phase 2A of mainline near Bowdle and Spring Lake is scheduled to begin construction in the next month or two and will be completed by the end of 2026.

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.

Shane Phillips, General Manager, WEB

Name & Title of Authorized Signatory


 Signature Date

5/15/25

Robin Bobzien, City Manager, City of Aberdeen

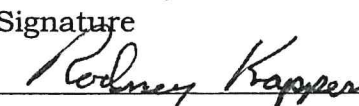
Name & Title of Authorized Signatory


 Signature Date

5/15/25

Rodney Kappes, General Manager, BDM

Name & Title of Authorized Signatory


 Signature Date

5/15/25

Professional Consultants

Application Prepared By: NECOG

Contact Person: Ted Dickey

Mailing Address: 416 Production St. N. Ste. #1

City, State, and Zip: Aberdeen, SD 57401

Telephone Number: 605-626-2595

Fax: _____

Email address: ted@necog.org

Consulting Engineering Firm: Banner and Associates

Contact Person: Bryan Lipp

Mailing Address: 409 22nd Avenue S.

City, State, and Zip: Brookings, SD 57006

Telephone Number: 605-692-6342

Fax: _____

Email address: bryanl@bannerassociates.com

Legal Counsel's Firm: Siegel, Barnett and Schutz

Contact Person: Rod Tobin

Mailing Address: 415 S. Main Street

City, State, and Zip: Aberdeen, SD 57401

Telephone Number: 605-225-5420

Fax: _____

Email address: _____

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.

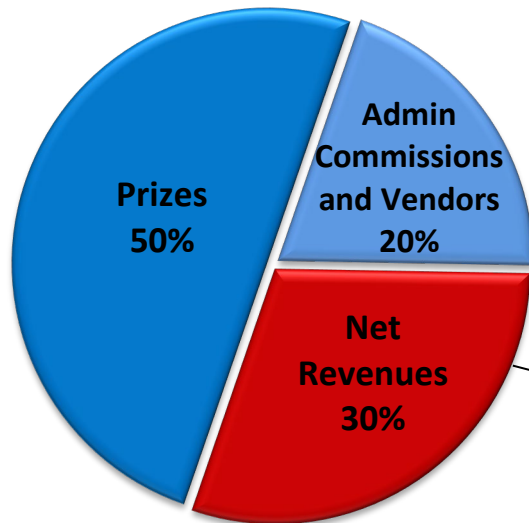
RECOMMENDED ACTION: Approve a resolution providing recommendations to the Governor and the State Legislature on Water & Environment Fund state fiscal year 2027 funding levels for the State Water Resources Management System projects, the Consolidated program, and the Solid Waste Management program, and for appropriations from specific state revolving fund subfunds.

CONTACT: Tina McFarling, 773-4216

Projected SFY 2027 South Dakota Lotto Distribution

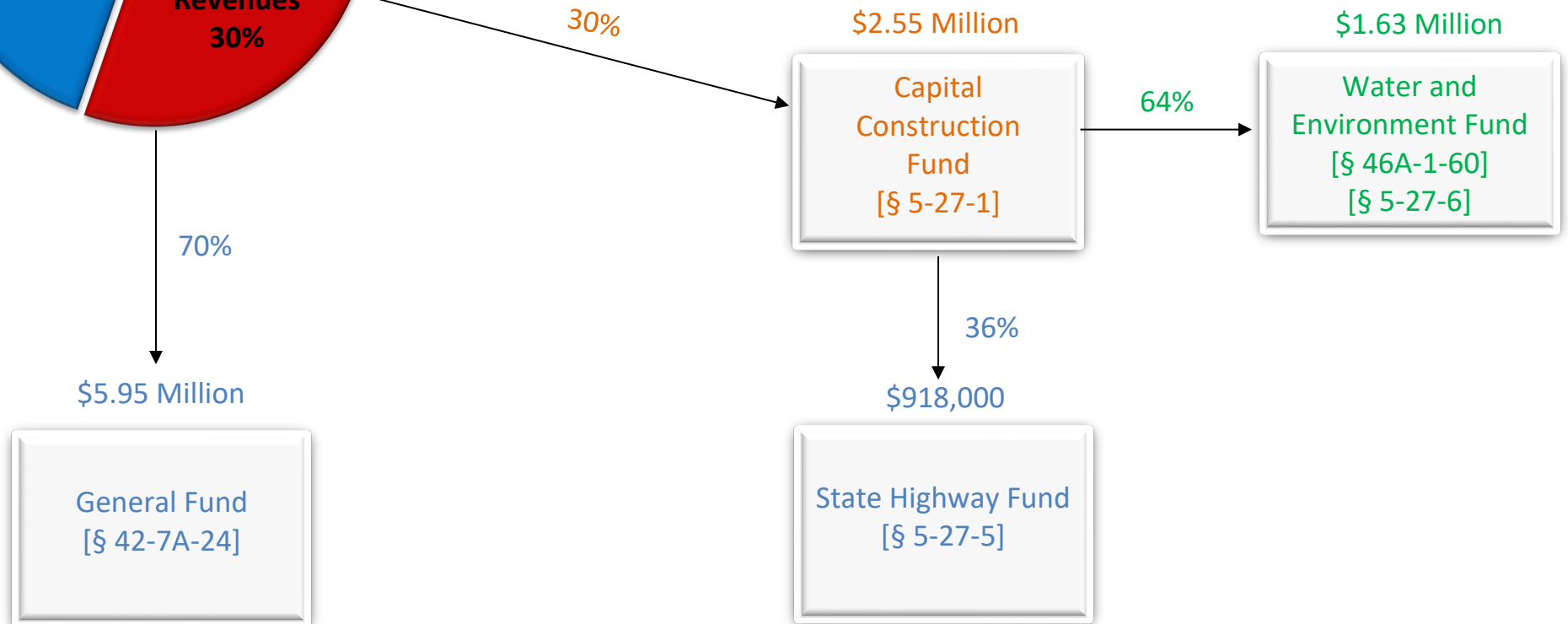
(SFY 2027 Percentages)

Lotto Breakout



SFY	On-Line Lottery Net Revenues	Lotto Deposits to Capital Construction Fund	Lotto Distribution to Water & Environment Fund
2021	\$7,394,061	\$4,806,139	\$2,931,745
2022	\$8,560,177	\$4,280,089	\$2,610,854
2023	\$8,651,739	\$2,595,522	\$1,661,134
2024	\$13,083,823	\$3,925,147	\$2,512,111
2025	\$8,531,420	\$2,559,426	\$1,638,033
**2026	\$8,500,000	\$2,550,000	\$1,632,000
**2027	\$8,500,000	\$2,550,000	\$1,632,000

**Projected #s



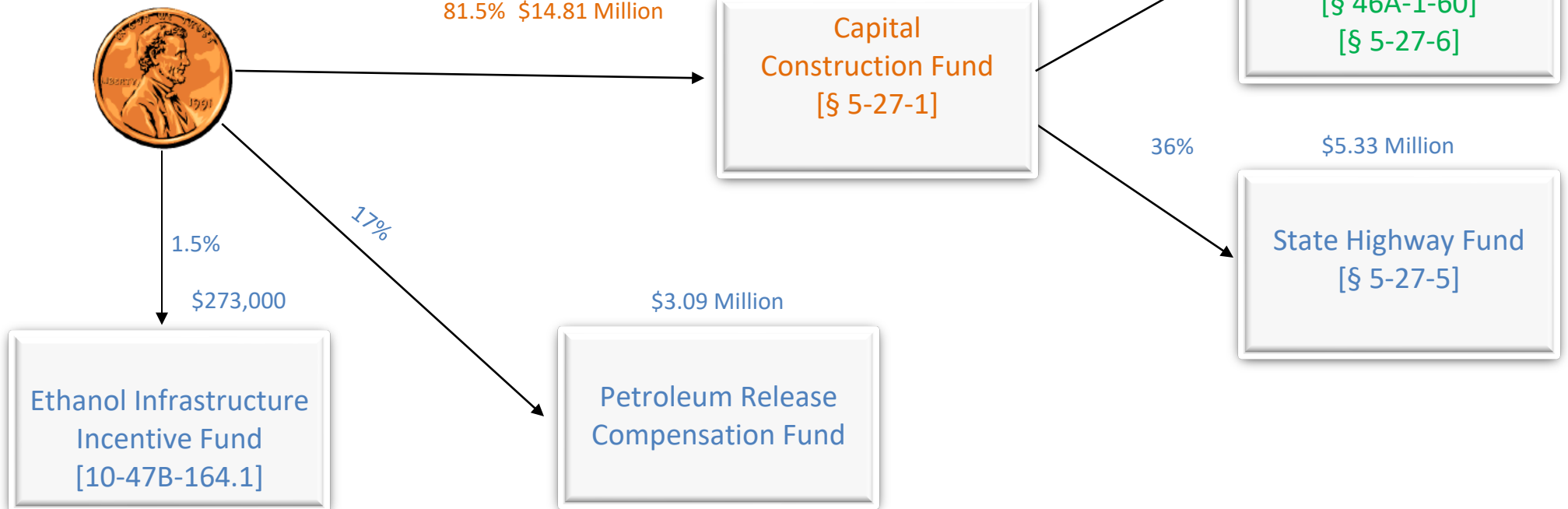
Projected SFY 2027 Petroleum Release Compensation and Tank Inspection Fee Distribution

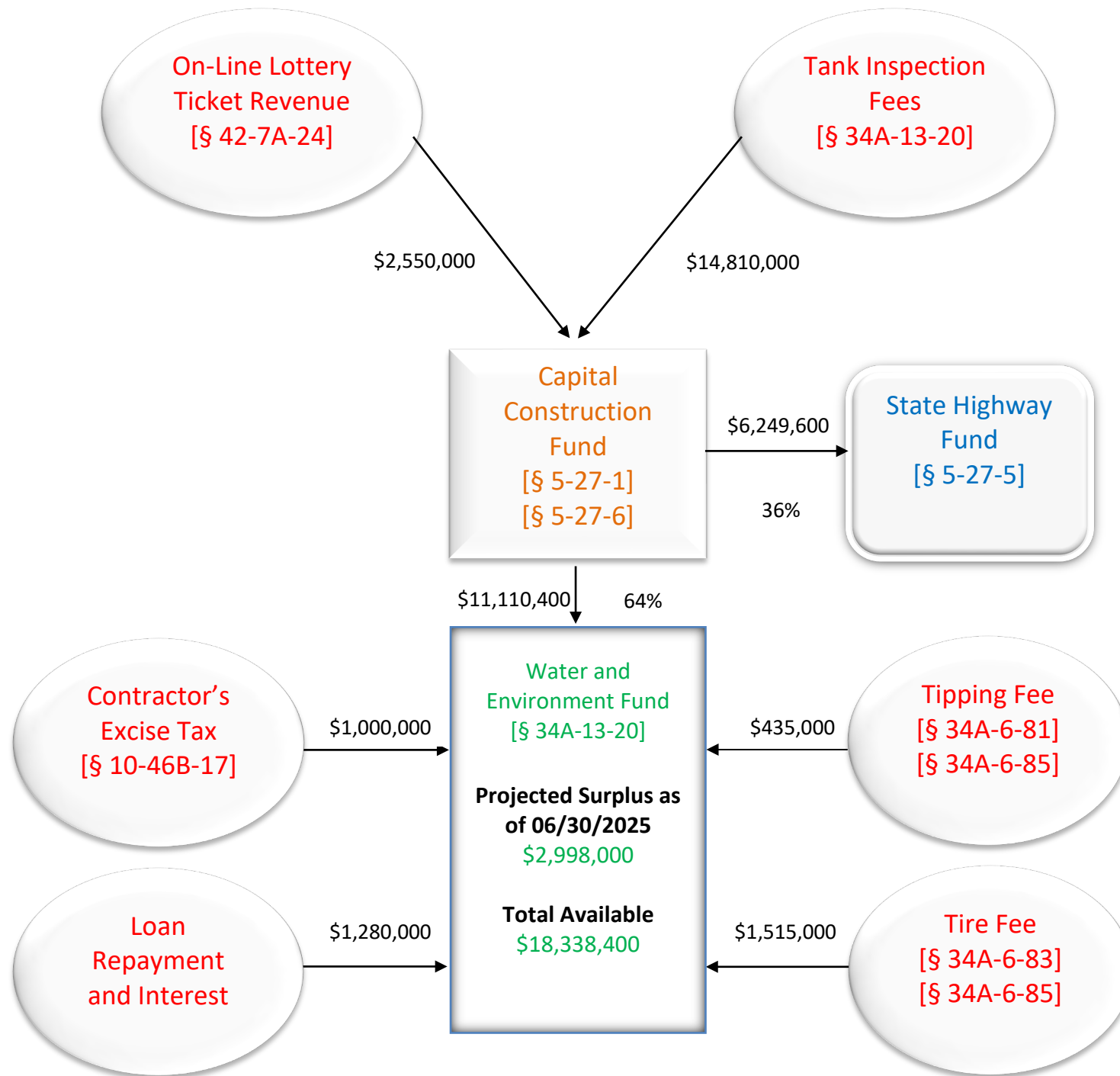
(\$20 per 1,000 gallons or \$0.02 per gallon)
(SFY 2027 Percentages)

SFY	Tank Inspection Fees	Tank Fees Deposits to the Capital Construction Fund	Tank Fees Distribution to the Water & Environment Fund
2021	\$17,379,572	\$11,470,518	\$6,885,000
2022	\$18,016,221	\$12,971,679	\$7,912,724
2023	\$17,391,234	\$14,173,856	\$9,071,268
2024	\$18,225,935	\$14,854,137	\$9,506,648
2025	\$18,212,182	\$14,842,928	\$9,499,474
**2026	\$18,200,000	\$14,810,000	\$9,480,000
**2027	\$18,200,000	\$14,810,000	\$9,480,000

**Projected #s

§ 34A-13-20 Transfers





TITLE: 2025 Annual Report and the 2026 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 2025 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 2026 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 2025 Annual Report and 2026 State Water Plan for distribution to the State Legislature, Governor, and other interested parties.

CONTACT: Andy Bruels, 773-4216

2025 ANNUAL REPORT
~~and~~
2026 STATE WATER PLAN



BOARD OF
WATER AND NATURAL RESOURCES

DRAFT



**DEPARTMENT of AGRICULTURE
and NATURAL RESOURCES**

JOE FOSS BUILDING
523 E CAPITOL AVE
PIERRE SD 57501-3182
danr.sd.gov

Governor Larry Rhoden and Members of the One-Hundred and First Legislative Session

As required by state law, transmitted herewith is the 2025 Annual Report/2026 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 \$216 million in grant and loan funds for the planning, design, and construction of municipal drinking water, wastewater, rural water, watershed restoration, solid waste disposal, and recycling projects. The 2026 State Water Facilities Plan currently includes 64 unfunded projects with projected state funding needs of more than \$542.1 million.

The Department of Agriculture and Natural Resources appreciates everyone who contributes to the development and execution of the State Water Plan and remains committed to working with you, the Board of Water and Natural Resources, and local project partners to identify and address critical infrastructure needs across South Dakota.

Sincerely,

Hunter Roberts
Secretary

DRAFT

BOARD OF WATER AND NATURAL RESOURCES

JERRY SOHOLT, CHAIRMAN
Sioux Falls
Member since 2014

GENE JONES, JR., VICE CHAIRMAN
Sioux Falls
Member since 2002

TODD BERNHARD, SECRETARY
Ft. Pierre
Member since 2010

CAMERON BECKER
Marion
Member since 2024

GARY DREWES
Rapid City
Member since 2023

BRUCE JENNINGS
Belle Fourche
Member since 2024

JACKIE LANNING
Brookings
Member since 2011

2025 LEGISLATIVE OVERSIGHT COMMITTEE

Senator Jim Mehlhaff
Senator Red Dawn Foster
Representative Nicole Uhre-Balk
Representative Scott Odenbach

Pierre
Pine Ridge
Rapid City
Spearfish

DRAFT

**To
Governor Larry Rhoden
and the
One-Hundred and First Session, Legislative Assembly
2026**

**2025 ANNUAL REPORT
~~and~~
2026 STATE WATER PLAN**

Board of Water and Natural Resources

January 2026

DRAFT

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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 2025 Annual Report and the 2026 State Water Plan. The annual report provides progress reports on each funding program and other board activities during calendar year 2025.

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 2026 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 2027 appropriation levels are included in Appendix B.

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2025 Annual Report

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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 2025 activities, including a detailed account of Water and Environment Fund grant and loan awards.

In November 2024, the board placed 36 projects on the 2025 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 took action amend an additional 14 projects onto the plan.

The board awarded more than \$216 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 grant and loan funds helped to provide South Dakotans with safe and dependable environmental infrastructure.

American Rescue Plan Act Grants

The 2022 State Legislature, through Senate Bill 62, appropriated \$600 million of American Rescue Plan Act (ARPA) grant funding to the Board of Water and Natural Resources. The funds were for eligible water and sewer projects on the State Water Plan. In 2022, the board fully obligated all of the original \$600 million.

Funds were awarded to applicants by the board based on the required distribution criteria within Senate Bill 62. This included limitations to project size based on population, a minimum of 30 percent grant for all projects, additional grants for smaller systems with rates above \$55 for municipal systems or \$75 for non-municipal systems, and discretionary grant consideration for certain project types. These requirements were removed during the 2023 legislative session through Senate Bill 20, to allow the board flexibility in reallocating funds to assure full expenditure of all dollars.

The 2024 State Legislature, through Senate Bill 53, appropriated an additional \$89,384,221 of ARPA grant funding to the Board of Water and Natural Resources. The funds were for eligible water and sewer projects that had received previous ARPA grant funds through the board and were focused on projects that had a regional service area. The board fully allocated all of the additional ARPA funds allocated during 2024.

Section 2 of 2024 Senate Bill 53 provided the authority for the board to award up to \$28 million of additional ARPA funds if available. In January 2025 the board was notified by the Bureau of Finance and Management that an additional \$4,538,979.69 would be transferred to the board to

provide to existing ARPA funded projects consistent with U.S. Treasury requirements for fund use. In total \$693,923,200.69 of ARPA funds have been appropriated to the board to make awards for eligible projects.

During 2023 - 2025 some projects deobligated all or a portion of the awarded funding. The board has worked to reallocate deobligated funds within a reasonable period after they have been officially rescinded. Table 1 shows the awards made by the board during calendar year 2025 for additional ARPA fund allocations.

Table 1 – 2025 American Rescue Plan Act Grants

<u>Sponsor</u>	<u>Description</u>	<u>2025 Awarded Amount</u>	<u>Total Grant Amount</u>	<u>Total Project</u>
Mni Waste Water Company	Highway 63 North	\$1,165,548.00	\$14,159,649.00	\$43,400,000
Randall Community Water District	Regional Waterline Upgrade	\$1,165,550.05	\$22,422,375.05	\$94,991,000
Rapid Valley Sanitary District	System Expansion for Service to Box Elder	\$663,000.00	\$5,663,000.00	\$12,701,000
Shared Resources	Water Treatment Plant, Storage & Distribution	\$1,165,548.00	\$49,442,148.00	\$108,210,000
Southern Black Hills Water System	Paramount Point to Spring Creek Acres Extension	\$500,000.00	\$4,102,432.00	\$7,823,432
WEB Water Development Association	WINS Water System Upgrades	\$1,164,796.00	\$26,344,628.00	\$44,650,000
Total		\$5,824,442.05	\$122,134,232.05	\$311,775,432

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 2025, the board approved 28 loans and one loan amendment totaling more than \$141 million (Table 2).

The interest rates for the Clean Water SRF Program were 3.25 percent for loans up to 10 years, 3.50 percent for loans up to 20 years, 3.75 percent for loans up to 30 years, and an interim financing rate of 2.50 percent for loans up to five years. The program's nonpoint source incentive rates were 2.50 percent for loans with a term of 10 years or less, 2.75 percent for loans with a

term up to 20 years, and 3.00 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 board uses principal forgiveness to provide additional subsidy. Municipalities and sanitary districts with monthly residential wastewater rates of \$45 per month (based on 5,000 gallons usage or a flat rate) are eligible to receive principal forgiveness. Other applicants are required to have residential wastewater rates of \$70 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 2 – 2025 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>
Aberdeen (05)	Wastewater Treatment Facility	\$30,000,000		3.75%	30
Bison (04)	Wastewater Collection and Treatment Improvements Phase II	\$370,000		3.75%	30
Box Elder (05)	Highway 14/16 Sanitary Sewer System Improvements Phase II	\$12,344,000		3.50%	30
Bryant (02)	Wastewater Improvements Phase 2A	\$1,240,000		3.75%	30
Canton (07)	West Street Sanitary and Storm Sewer Improvements	\$1,827,000		3.75%	30
Columbia (01)	Wastewater and Stormwater Improvements	\$3,714,000	\$2,863,000	3.75%	30
Dell Rapids (13)	Orleans Avenue Sewer Replacement	\$2,992,000		3.75%	30
Dell Rapids (14)	Western Area Sewer Expansion	\$2,782,000		3.75%	30
Garden City (01)	Wastewater System Improvements	\$488,000	\$187,000	3.75%	30
Gettysburg (02)*	Wastewater Improvements	\$2,964,000		3.75%	30

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Groton (10)	Wastewater Improvements	\$4,587,000		3.75%	30
Hecla (03)	Wastewater Collection Improvements Phase 2	\$2,500,000	\$2,000,000	3.75%	30
Hill City (01)	Wastewater Treatment Expansion and Rehabilitation	\$5,439,000		3.75%	30
Java (02)	Wastewater Improvements	\$2,600,000	\$2,000,000	3.75%	30
Keystone (02)	Sewer Trunkline Improvements	\$3,959,000	\$350,000	3.50%	30
Mitchell (14)	Lake Mitchell Rehabilitation	\$16,815,900		3.50%	20
Mitchell (15)	Fifth Avenue Wastewater Improvements	\$2,350,000		3.50%	20
Oacoma (01)	Wastewater Treatment and Lift Station Improvements	\$1,657,000		3.75%	30
Pierre (10)**	Landfill Cell #4 Construction	\$516,000		3.25%	10
Roberts County (01)	Solid Waste Disposal Cell Construction	\$1,600,000		3.75%	30
Sioux Falls (49)	Water Reclamation Facility Expansion Phase II	\$32,761,000		3.50%	20
Southern Missouri Recycling and Waste Management District (03)	Landfill Cell #4 Construction	\$719,100		3.75%	30
Springfield (02)	Sanitary and Storm Sewer Improvements	\$565,000		3.75%	30
Veblen (02)	Wastewater Improvements	\$1,300,000		3.75%	30
Wagner (03)	Highway 46 Utilities Replacement	\$425,000		3.75%	30

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Webster (07)	Industrial Park Wastewater Improvements	\$1,964,000		3.75%	30
Wessington Springs (04)	Wastewater Facility Treatment Improvements	\$1,245,000		3.75%	30
White (02)	Wastewater Collection Replacement Phase 2	\$1,105,000		3.50%	30
Wolsey (05)	Wastewater Outfall Line Replacement	\$177,000		3.75%	30
		Total	\$141,006,000	\$7,400,000	

*De-obligated in full at borrower's request

**Amendment to Prior Year Award

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 2025, 18 loans were approved totaling nearly \$48.9 million (Table 3).

The interest rates for the Drinking Water SRF Program for public entity borrowers were 3.25 percent for loans up to 10 years, 3.50 percent for loans up to 20 years, 3.75 percent for loans up to 30 years, and an interim financing rate of 2.50 percent for up to five years.

Public entity 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 \$45 per 5,000 gallons usage for municipalities and sanitary districts or \$70 per 7,000 gallons usage for all other public entity 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 3.50 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 3.25 percent interest and a 10-year loan at 2.50 percent interest. Communities with a household income less than 60 percent of the MHI were eligible for a 30-year term loan at 3.00 percent interest and a 10-year loan at 2.25 percent interest.

The interest rates for private nonprofit borrowers are established separately. These borrowers require the use of taxable financing and the current market interest rate difference is substantial. Loan rates were 4.25 percent for loans up to 10 years, 4.50 percent for loans up to 20 years, 4.75 percent for loans up to 30 years, and an interim financing rate of 2.50 percent for up to five years.

The board uses principal forgiveness to provide additional subsidy. Municipalities and sanitary districts with monthly residential water rates of \$45 per month (based on 5,000 gallons usage) were eligible to receive principal forgiveness. Other applicants were required to have residential water rates of \$70 per month (based on 7,000 gallons usage) to be eligible to receive principal forgiveness.

Table 3 – 2025 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>
Alcester (DW-01)	Drinking Water Improvements Phase 1A and 1B	\$2,230,000	\$1,260,000	3.25%	30
Bryant (DW-03)	Water System Phase 2A & Water Tower Improvements	\$1,575,000	\$1,035,000	3.25%	30
Buffalo Gap (DW-02)	Cast Iron and 4-inch PVC Replacement Phase 2	\$1,314,000	\$978,000	3.0%	30
Canton (DW-05)	West Street Drinking Water Improvements	\$1,946,000		3.75%	30
Deer Mountain Sanitary District (DW-03)	Water System Construction and Replacement	\$450,000		3.50%	30
Dell Rapids (DW-11)	Orleans Avenue Waterline Replacement	\$1,158,000		3.75%	30
Fall River Water User District (DW-06)	North Angostura Booster Station	\$3,240,000	\$1,390,000	3.50%	30
Grant-Roberts Rural Water System (DW-04)	Bulk Water Supply to the Town of Summit	\$8,300,000	\$8,300,000	0.0%	0
Henry (DW-02)	Water System Improvements Phases 2 and 3	\$4,075,000	\$3,464,000	2.75%	30
Hill City (DW-02)	Drinking Water System Improvements	\$3,520,000		3.75%	30
Mitchell (DW-08)	Fifth Avenue Drinking Water Improvements	\$1,325,000		3.25%	30

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Perkins County Rural Water System (DW-04)	New Water Tank and Pipeline Replacement	\$5,800,000	\$4,640,000	4.50%	30
Randall Community Water District (DW-06)	Regional Waterline Upgrade	\$5,000,000		3.50%	30
Rapid City (DW-05)	Municipal Well Installation and Improvements	\$3,932,000		3.50%	30
Springfield (DW-02)	Water Distribution Improvements	\$505,000		3.25%	30
Wagner (DW-04)	Highway 46 Utilities Replacement	\$1,400,000	\$515,000	3.25%	30
Wessington Springs (DW-05)	Water Distribution and Meter Improvements	\$1,565,000	\$1,259,000	3.00%	30
White (DW-02)	Watermain Replacement Phase 2	\$1,452,000	\$700,000	3.50%	30
Total		\$48,787,000	\$23,541,000		

Consolidated Water Facilities Construction Program

The 2025 State Legislature appropriated \$12,000,000 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 2025.

The board awarded 11 grants and three loans totaling more than \$13.4 million (Table 4). The 2025 awards leveraged more than \$49.0 million in total project activities.

Table 4 – 2025 Consolidated Awards

<u>Sponsor</u>	<u>Description</u>	<u>Grant Amount</u>	<u>Loan Amount</u>	<u>Total Project</u>
Box Elder	Highway 14/16 Sanitary Sewer System Improvements Phase II	\$2,000,000		\$14,344,000
Dell Rapids	Orleans Avenue Sewer Replacement	\$500,000		\$3,492,000
Groton	Wastewater Improvements	\$2,000,000		\$6,587,000

<u>Sponsor</u>	<u>Description</u>	<u>Grant Amount</u>	<u>Loan Amount</u>	<u>Total Project</u>
Hill City	Drinking Water System Improvements	\$2,000,000		\$5,520,000
Hill City	Wastewater Treatment Expansion and Rehabilitation	\$2,000,000		\$7,521,000
Keystone	Sewer Trunkline Improvements	\$1,650,000		\$5,609,000
Oak Mountain Country Estates Homeowners	Water Distribution System Improvements	\$302,000	\$143,000	\$445,000
Two Bit Ranch Estates Homeowners Association	Water Storage Tank and Backup Generator		\$188,000	\$188,000
Viewfield Rural Water Association Inc.	Water Meter Replacement and SCADA Improvements	\$120,000	\$90,000	\$210,000
WEB Water Development Association	Consolidation of Pleasant Valley HOA Users	\$713,600		\$892,000
White	Wastewater Replacement Phase 2	\$1,059,000		\$2,164,336
White	Watermain Replacement Phase 2	\$665,000		\$2,117,506
Total		\$13,009,600	\$421,000	\$49,089,842

State Revolving Fund Programs – Assistance

In 2025, the board allocated additional funds under both the Clean Water and Drinking Water State Revolving Fund programs for planning, technical assistance, and construction activities. The board's 2025 intended use plans approved the use of \$1,175,000 in Clean Water and Drinking Water funds for assistance (Table 5).

Table 5 – 2024 State Revolving Fund Allocations

<u>Activity</u>	<u>Source</u>	<u>Amount</u>
SRF Application Preparation and Administration	Clean Water SRF and Drinking Water SRF Admin Surcharge	\$600,000
Drinking Water Operator Certification Training	Drinking Water SRF Admin Surcharge	\$75,000
Water Quality Grants	Clean Water SRF Admin Surcharge (CWSRF WQ)	\$200,000

<u>Activity</u>	<u>Source</u>	<u>Amount</u>
Public Water System Supervision Program	Drinking Water SRF Set-Aside	\$300,000
		Total \$1,175,000

During 2025, the board approved 24 Construction or Technical Assistance awards and amendments totaling \$902,000 (Table 6). The narrative sections below describe the general categories of the State Revolving Fund program assistance and provide updates for ongoing activities supported by this funding.

Watershed / Wastewater / Water Construction Grants: The board provided additional grant assistance from Clean Water Administrative Surcharge fees to supplement Section 319 grant awards. Watershed restoration projects are eligible uses for these fees, and its use allows additional projects to be completed.

Drinking Water and Clean Water SRF 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 drinking water, wastewater, or stormwater engineering study for systems serving populations of 2,500 or less. For engineering studies, participating systems are reimbursed 80 percent of the cost up to \$8,000 for drinking water studies and up to \$10,000 for wastewater or stormwater studies.

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 DANR's workplan with EPA. The PWSS program is managed by DANR'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 \$300,000 was allocated from the State Program Management set-aside in federal fiscal year 2025.

Technical Assistance: The board continued its technical assistance contract with the South Dakota Association of Rural Water Systems (SDARWS). SDARWS provides assistance to small drinking water systems serving populations of 10,000 or less with compliance, permitting, and operational issues. 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 also has a contract to provide technical assistance to wastewater funding applicants with capacity issues.

In 2025, 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 2025, 307 operators received training.

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. Five-year joint powers agreements were executed with each of planning districts in 2021 which adjusted the assistance amounts to receive up to \$10,500 per loan for application and loan administration duties and up to \$1,600 per loan for Davis-Bacon wage rate compliance.

Table 6 – 2025 State Revolving Fund Programs Grant Awards
Watershed /Wastewater/Water Construction Grant Awards

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>	<u>Source of Funds</u>
Day Conservation District*	Prairie Coteau Watershed Implementation Project Segment 1	\$200,000	CWSRF WQ
Hill City	Wastewater Treatment Expansion and Rehabilitation	\$82,000	CWSRF WQ
Total		\$282,000	

* Amendment to prior year award.

Small Community Planning Grant Awards

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>
Big Stone City	Drinking Water Engineering Study	\$8,000
Big Stone City	Wastewater Engineering Study	\$10,000
Brentford	Drinking Water Engineering Study	\$8,000
Brentford	Wastewater Engineering Study	\$10,000
Carriage Hills Water Association, Inc.	Drinking Water Engineering Study	\$8,000
Elk Point	Drinking Water Engineering Study	\$8,000
Hayti	Storm Water Engineering Study	\$10,000
Mission Hill	Drinking Water Engineering Study	\$8,000
Oldham	Stormwater Engineering Study	\$10,000
Tabor	Drinking Water Engineering Study	\$8,000

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>
Toronto	Drinking Water Engineering Study	\$8,000
Viborg	Drinking Water Engineering Study	\$8,000
White River	Drinking Water Engineering Study	\$8,000
White River	Wastewater Engineering Study	\$10,000
Total		\$122,000

Technical Assistance Awards

<u>Sponsor</u>	<u>Project</u>	<u>Award</u>
Black Hills Council of Local Governments*	Amendment to SRF Application, Project Administration and Davis-Bacon Wage Rate Monitoring	\$50,000
Central South Dakota Enhancement District*	Amendment to SRF Application, Project Administration and Davis-Bacon Wage Rate Monitoring	\$40,000
Midwest Assistance Program*	Drinking Water Capacity Assessments	\$100,000
Midwest Assistance Program*	Small Systems Wastewater Capacity	\$25,000
Northeast Council of Governments*	Amendment to SRF Application, Project Administration and Davis-Bacon Wage Rate Monitoring	\$100,000
SD Association of Rural Water Systems*	Drinking Water Operator Certification Training	\$75,000
SD Association of Rural Water Systems*	Small System Technical Assistance	\$130,000
South Eastern Council of Governments*	Amendment to SRF Application, Project Administration and Davis-Bacon Wage Rate Monitoring	\$100,000
Total		\$620,000

* Amendment to prior year Technical Assistance award.

State Water Resources Management System

On February 25, 2025, Governor Rhoden signed the 2025 Omnibus Bill (Senate Bill 33), which appropriated \$1,000,000 for the Dakota Mainstem Regional Water System study and \$5,000,000 for the Water Investment in Northern South Dakota project. Information on individual SWRMS project accomplishments and activities is provided in the State Water Plan section (pages 41-61). During the year, the board placed the following amount under agreement (Table 7).

Table 7 - 2025 State Water Resources Management System Awards

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Type</u>
Dakota Mainstem Regional Water System*	Eastern Dakota Regional Water System – Feasibility Study	\$1,000,000	Grant
City of Aberdeen, BDM Rural Water System, WEB Water Development Association*	Water Investment in Northern South Dakota project	\$2,000,000	Grant
		Total	\$3,000,000

* Amendment to prior year SWRMS award

Watershed Protection Program – EPA Section 319 Grants

The South Dakota Watershed Protection Program is designed to assess nonpoint source water pollution and reduce or eliminate the impact on water quality throughout the state. Nonpoint source refers to the polluted runoff 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 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 2025, the board recommended that EPA award \$1.802 million in federal fiscal year 2025 Section 319 grant funds to watershed projects (Table 8). Based on the actual 319 grant award to the state the final allocation was \$1.796 million.

Table 8 - 2025 EPA Section 319 Grants

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
Belle Fourche River Watershed Partnership	Belle Fourche River Watershed Implementation Project – Segment 11	\$819,000	\$3,409,000
Minnehaha Conservation District	Big Sioux River Project – Segment 5	\$525,000	\$9,763,242

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
Day County Conservation District*	Prairie Coteau Watershed Improvement and Protection Program Project – Segment 1	\$252,000	\$3,557,682
West Dakota Water Development District	Rapid Creek Watershed Project – Segment 1	\$200,000	\$333,333
Total		\$1,796,000	\$17,063,257

* Amendment to prior year 319 award

Throughout the year the department works with EPA to reallocate deobligated prior year funds. Table 9 contains the list of grants that were awarded to existing project sponsors during calendar year 2025.

Table 9 - 2025 EPA Section 319 Grant Amendments

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
South Dakota Discovery Center	South Dakota Nonpoint Source Information and Education Project – Segment 7	\$80,000	\$664,000
Belle Fourche River Watershed Partnership	Belle Fourche River Watershed Implementation Project – Segment 11	\$6,000	\$3,409,000
Total		\$86,000	\$4,073,000

Solid Waste Management Program

The 2025 State Legislature appropriated \$2,500,000 for the Solid Waste Management Program (SWMP). Additionally, prior year funding and reversions were available for award in 2025 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 13 grants and two loans in 2025, totaling more than \$2.9 million (Table 10). SWMP awards helped leverage more than \$10.6 million in total project activities.

Table 10 - 2025 Solid Waste Management Awards

<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
Brown County	Landfill Cell #5 Construction		\$675,600	\$3,718,455
Brown County	Landfill Compactor Purchase		\$213,700	\$1,068,611
SD Department of Agriculture and Natural Resources	Statewide PFAS Foam, Solid Waste, or Waste Tire Cleanups		\$250,000	\$250,000
Huron	Yard Waste Collection Truck Purchase		\$192,500	\$385,193
Mitchell	Tractor-Scraper Purchase		\$241,500	\$1,207,730
Platte	Recycling Trailers Purchase		\$19,700	\$39,440
Roberts County	Landfill Loader Purchase		\$68,000	\$339,979
Roberts County	Solid Waste Disposal Cell Construction		\$400,000	\$2,000,000
SD Solid Waste Management Assoc.	2025 Manager of Landfill Operations and Compost Training Classes		\$39,500	\$66,500
SD Solid Waste Management Assoc.	Three-Year Statewide Restricted Use Site Training Courses		\$9,600	\$12,000
Southern Missouri Recycling and Waste Management District	Landfill Cell #4 Construction		\$180,900	\$904,350
Southern Missouri Recycling and Waste Management District*	New Loader Purchase	\$120,000	\$30,000	\$150,000
Vermillion	New Bulldozer Equipment	\$409,100	\$102,200	\$511,344
Total		\$529,100	\$2,423,200	\$10,653,602

*De-obligated in full at recipient's request

Brownfields Revitalization and Economic Development Program

The 2004 South Dakota Legislature followed the federal Brownfields Act and established a state Brownfields Revitalization and Economic Development Program within the Department of Agriculture 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 2004 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 per site for assessment and \$200,000 per site for cleanup unless a waiver is granted by EPA. Brownfields projects are nominated by local project sponsors and approved by the board. Table 11 contains a list of all the Brownfields projects approved by the board in calendar year 2026. 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 11 - 2026 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>
Town of Tabor	Former Elementary School Building	Assessment/ Cleanup	Commercial	\$150,000.00
Town of Tabor	Former Petersen Pit Stop	Assessment/ Cleanup	Commercial	\$74,026.84
Walworth County	Dakota Star Inn - Mobridge	Assessment/ Cleanup	Public	\$250,000.00
City of Yankton	Community Library	Assessment/ Cleanup	Public	\$100,000.00
Department of Agriculture and Natural Resources	Inventory of the Brownfields Sites	Data Gathering	Public	\$20,000.00
Trinity Lutheran Church	Trinity Lutheran Church- Yankton	Assessment/ Cleanup	Commercial	\$200,000.00
First Congregational Church	First Congregational Church – Rapid City	Assessment/ Cleanup	Commercial	\$200,000.00
Lutheran Church	Lutheran Church - Dell Rapids	Assessment/ Cleanup	Commercial	\$200,000.00
City of Sioux Falls	Former Landfill	Assessment	Public	\$100,000.00
Chamberlain School District	Former Elementary School	Assessment/ Cleanup	Public	\$150,000.00
Furniture Mission	Furniture Mission - Sioux Falls	Assessment	Commercial	\$25,000.00

<u>Applicant</u>	<u>Site Name and Location</u>	<u>Activity</u>	<u>Land After Cleanup</u>	<u>Amount*</u>
South Dakota Game, Fish & Parks	Fort Sisseton Historic State Park	Assessment	Public	\$200,000.00
Lewis and Clark Behavioral Health	Lewis and Clark Behavioral Health, Yankton	Assessment/ Cleanup	Commercial	\$100,000.00
Yvonne Cunningham	Ghost Town Former Gas Station	Assessment	Commercial	\$80,000.00
Sue O'Donnell	Wild West Former Gas Station	Assessment	Commercial	\$100,000.00
Total				\$1,949,026.84

* Accumulative costs as of September 25, 2025

2025 State Water Development Legislation

On February 25, 2025, Governor Rhoden signed Senate Bill 33, the Omnibus Water Funding Bill. The 2025 Omnibus Bill contained the following appropriations:

Appropriations from the Water and Environment Fund

- Dakota Mainstem Regional Water System study – \$1,000,000 grant to complete an engineering feasibility study to evaluate the need for additional water sources and systems in eastern South Dakota;
- Water Investment in Northern South Dakota project - \$2,000,000 grant for engineering design, preconstruction, and construction of the facilities associated with constructing a regional water supply pipeline beginning at the Missouri River water intakes, operated by WEB Water Development Association, to Aberdeen and connecting to BDM Rural Water;
- Consolidated Water Facilities Construction Program – \$12,000,000 to provide grants and loans for community drinking water, wastewater, and watershed improvement projects; and
- Solid Waste Management Program – \$2,500,000 to provide grants and loans for recycling, solid waste disposal, and waste tire projects.

Appropriations from WEF Subfunds and Other Sources

- Section 5 of the bill appropriated \$200,000 from the Clean Water State Revolving Fund program subfund for the purpose of providing water quality grants;
- Section 6 of the bill appropriated \$300,000 from the Clean Water State Revolving Fund program subfund for the preparation of loan applications and administration of loans;
- Section 7 of the bill appropriated \$300,000 from the Drinking Water State Revolving Fund program subfund for the preparation of loan applications and administration of loans;

- Section 8 of the bill appropriated \$300,000 from the Drinking Water State Revolving Fund program subfund for technical assistance; and
- Section 9 of the bill appropriated \$200,000 from the Clean Water State Revolving Fund program subfund for technical assistance.
- Section 10 of the bill appropriated \$30,000,000 of federal fund authority for Drinking Water grants for Emerging Contaminants in Small or Disadvantaged Communities.

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2026 State Water Plan

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2026 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 Agriculture 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 2025, the board considered 37 applications requesting placement on the State Water Plan. The board placed all 37 projects on the Facilities Plan, bringing the total number of projects on the 2026 State Water Facilities Plan to 353 (Table 12 and Table 13).

The projects in Table 12 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 or a portion of the project in Table 13 had not received funding as of December 31, 2025. Projects placed on the plan in November 2024 or that were amended onto the plan during calendar year 2025 remain on the Facilities Plan through December 2026. The 37 projects placed on the plan in November 2025 remain on the Facilities Plan through December 2027.

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 12 - 2026 State Water Facilities Plan Funded Projects

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Aberdeen	Wastewater Treatment Facility	\$81,323,000	\$86,323,000
Aberdeen	Water Tower and Transmission Line	\$10,000,000	\$10,000,000
Alcester	Collection System Improvements Phase I	\$1,530,000	\$1,530,000
Alcester	Drinking Water Improvements Phase 1A and 1B	\$2,230,000	\$2,230,000
Alexandria	Water Distribution Improvements	\$500,000	\$500,000
Alexandria	Wastewater System Improvements	\$2,772,000	\$2,894,000
Andover	Wastewater and Storm Sewer System Improvements	\$1,168,000	\$1,168,000
Aurora	Wastewater System Improvements Phase II	\$4,358,859	\$4,508,000
Aurora	Wastewater Treatment Improvements Phase 3A	\$690,000	\$1,200,000
Aurora	Drinking Water System Improvements	\$3,383,200	\$3,383,200
Baltic	Water System Improvements	\$1,828,671	\$1,934,000
Baltic	Lift Station Replacement and Sewer Improvements	\$1,167,839	\$1,167,839
BDM Rural Water System	Water System Improvements	\$13,275,354	\$13,275,354
Bear Butte Valley Water, Inc	Alkali Road Expansion	\$7,817,500	\$7,817,500
Belle Fourche	Hat Ranch Well	\$1,760,000	\$1,760,000
Beresford	Wastewater Collection and Treatment Improvements	\$14,436,000	\$14,436,000
Beresford	Seventh Street Utility Extension	\$672,000	\$672,000
Big Sioux Community Water System	Distribution System Improvements	\$17,788,000	\$17,788,000
Big Sioux Community Water System	Lake Madison Area Improvements	\$2,200,000	\$2,200,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Bison	Wastewater Collection and Treatment Improve 2022	\$2,584,000	\$2,584,000
Black Hawk Water User District	Water System Improvements Phase II	\$1,942,340	\$1,942,340
Bowdle	Wastewater Improvements	\$2,750,309	\$2,750,309
Box Elder	Drinking Water Improvements	\$5,904,499	\$6,190,500
Box Elder	Sanitary Sewer Upgrade and Expansion	\$6,000,000	\$6,000,000
Box Elder	14/16 Sanitary Sewer System Improv Phase II	\$14,344,000	\$14,344,000
Box Elder	Cheyenne Blvd, Westgate Rd., and South Trunk Main	\$6,261,000	\$6,261,000
Box Elder	Drinking Water Improvements 2022	\$6,630,000	\$6,630,000
Bridgewater	Storm Sewer Outfall Improvements	\$4,517,561	\$4,600,000
Britton	Lift Station and Sewer Improvements	\$2,149,830	\$2,149,830
Brookings	Water Treatment Facility	\$120,702,500	\$120,702,500
Brookings-Deuel Rural Water System	Phase Tank Mainline Improvements	\$11,268,508	\$11,268,508
Bryant	Wastewater Improvements Phase 2A	\$1,240,000	\$1,240,000
Bryant	Water System Phase 2A and Water Tower Improvements	\$1,575,000	\$1,575,000
Buffalo Gap	Cast Iron and 4-inch PVC Replacement Phase 2	\$1,314,000	\$1,314,000
Butte-Meade Sanitary Water District	Drinking Water Improvements 2022	\$3,325,000	\$3,325,000
Canton	Drinking Water Improvements 2022	\$2,088,689	\$2,407,000
Canton	West Street Sanitary and Storm Sewer Improvements	\$1,827,000	\$1,827,000
Canton	West Street Drinking Water Improvements	\$1,946,000	\$1,946,000
Centerville	New Water Tower	\$1,412,000	\$1,412,000
Chamberlain	Wastewater Improvements	\$2,100,000	\$2,500,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Chamberlain	Water Improvements	\$1,300,000	\$1,300,000
Claremont	Wastewater Improvements	\$625,000	\$625,000
Claremont	Storm Sewer and Lift Station Improvements	\$505,000	\$505,000
Clark Rural Water System	Raymond Water System Improvements	\$610,000	\$610,000
Clark	Drinking Water System Improvements	\$3,315,316	\$3,315,316
Clay Rural Water System	Water System Improvements	\$19,005,710	\$19,005,710
Clay Rural Water System	Water Treatment Plant Construction	\$21,843,000	\$21,843,000
Clear Lake	Wastewater and Storm Sewer Improvements	\$3,500,000	\$3,500,000
Clear Lake	Water Distribution System Improvements	\$3,694,000	\$3,694,000
Colman	Wastewater Collection System Improvements 2022	\$1,995,000	\$1,995,000
Colman	Water Distribution Improvements 2022	\$397,133	\$480,000
Colton	Sanitary Sewer Improvements Phase 4	\$2,609,000	\$2,609,000
Colton	4th Street Sewer Infrastructure Improvements	\$323,748	\$323,748
Colton	4th Street Water Infrastructure Improvements	\$766,000	\$766,000
Columbia	Wastewater and Stormwater Improvements	\$3,714,000	\$3,714,000
Corona	Water Distribution System Improvements	\$391,000	\$391,000
Corona	Drinking Water System Improvements Phase I	\$1,598,000	\$1,598,000
Corona	Sanitary & Storm Sewer System Improvements Phase I	\$540,000	\$540,000
Cresbard	Distribution System Improvements	\$2,068,000	\$2,068,000
Cresbard	Sanitary and Storm Sewer Improvements	\$3,124,000	\$3,124,000
Cresbard	Water Improvements Phase II	\$1,912,410	\$1,912,410

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Crooks	Water Tower & Water System Improvements	\$3,200,000	\$3,200,000
Custer	Treatment Facility Upgrade & Forcemain Slip-lining	\$18,350,100	\$18,350,100
Dakota Dunes Community Improvement District	Forcemain Improvements	\$358,733	\$823,416
Department of Agriculture and Natural Resources	Riparian Buffer Initiative	\$6,000,000	\$6,000,000
Davison Rural Water System	Water Distribution Improvements and Meter Upgrade	\$2,689,255	\$2,689,255
Deer Mountain Sanitary District	Water System Construction/Replacement	\$5,671,350	\$5,671,350
Dell Rapids	5th, 6th, and Iowa Street Wastewater Improvements	\$2,177,500	\$2,177,500
Dell Rapids	5th, 6th, and Iowa Street Drinking Water Improvements	\$926,000	\$926,000
Dell Rapids	Orleans Ave Sewer Replacement	\$3,492,000	\$3,492,000
Dell Rapids	Orleans Ave Drinking Water Replacement	\$1,158,000	\$1,158,000
Dell Rapids	Western Area Sewer Expansion	\$2,782,000	\$2,782,000
DeSmet	Wastewater Collection System Improvements 2022	\$1,899,750	\$2,090,000
DeSmet	Water Distribution Improvements 2022	\$5,050,000	\$5,050,000
Dupree	Wastewater System Improvements	\$1,753,589	\$4,008,562
Elkton	Water Improvements Phase III	\$1,000,000	\$1,000,000
Elkton	Wastewater Improvements Phase III	\$1,870,000	\$1,870,000
Emery	Storm Sewer Improvements	\$2,494,000	\$2,494,000
Faith	New Elevated Water Storage Tank	\$4,250,000	\$4,250,000
Fall River Water User District	Water System Improvements	\$11,407,007	\$11,407,007
Fall River Water User District	North Angostura Booster Station	\$3,240,000	\$3,240,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Flandreau	Wastewater Collection System Improvements 2022	\$4,172,919	\$4,380,000
Flandreau	Water Distribution Improvements 2022	\$4,232,919	\$4,440,000
Garden City	Wastewater System Improvements	\$488,000	\$488,000
Garretson	Wastewater Collection and Stormwater Improvements	\$2,593,000	\$2,593,000
Garretson	Water Distribution Improvements	\$2,394,000	\$2,394,000
Gary	Wastewater Improvements	\$2,015,822	\$2,015,822
Gayville	Sanitary/Storm Sewer Rehabilitation	\$5,258,000	\$5,258,000
Grant-Roberts Rural Water System	2024 System Improvements	\$1,687,000	\$2,549,000
Grant-Roberts Rural Water System	Bulk Water Supply to the Town of Summit	\$8,300,000	\$8,300,000
Green Valley Sanitary District	Centralized Sewer Collection System	\$5,000,000	\$9,322,000
Gregory	Water Distribution Improvements	\$3,485,000	\$3,485,000
Gregory	Wastewater Improvements Phase I	\$4,452,000	\$4,452,000
Groton	Wastewater Improvements	\$6,587,000	\$6,587,000
Hanson Rural Water System	Water Distribution Improvements and Meter Upgrade	\$7,878,388	\$7,878,388
Harrisburg	Westside Trunk and Southeastern Sewer Improvements	\$16,546,073	\$17,749,000
Harrisburg	Southeastern Water Improvements	\$6,305,000	\$6,305,000
Hartford	Wastewater Treatment Facility and Collection System	\$21,912,216	\$21,912,916
Hartford	Highway 38 Watermain Looping	\$490,800	\$490,800
Hecla	Wastewater Collection Improvements	\$2,500,000	\$2,500,000
Hecla	Wastewater Collection Improvements Phase 2	\$2,500,000	\$2,500,000
Henry	Water System Improvements	\$2,000,000	\$2,000,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Henry	Water System Improvements Phases 2 and 3	\$4,075,000	\$4,075,000
Hermosa	Lagoon Expansion and Gumbo Lily Lane Extension	\$1,071,905	\$1,150,000
Hermosa	Drinking Water Source	\$2,861,956	\$2,861,956
High Meadows Water Association, Inc.	Drinking Water Improvements 2022	\$1,140,000	\$1,140,000
Hill City	Wastewater Treatment Expansion and Rehabilitation	\$7,521,000	\$7,521,000
Hill City	Drinking Water System Improvements	\$5,520,000	\$5,520,000
Howard	Wastewater Collection System Improvements Phase I	\$4,698,373	\$5,274,000
Hudson	Sanitary Sewer Improvements Phase 2	\$2,016,820	\$2,016,820
Hudson	Water System Improvements	\$2,906,305	\$2,906,305
Humboldt	Sanitary Sewer Improvements	\$3,521,000	\$3,521,000
Humboldt	Water Distribution Improvements	\$1,361,000	\$1,361,000
Huron	Wastewater Infrastructure Improvements 2022	\$1,903,500	\$6,345,000
Ipswich	Storm Sewer Upgrades	\$2,974,582	\$2,974,582
Irene	Wastewater Treatment Improvements	\$584,000	\$584,000
Irene	Water Tower Improvements	\$2,024,000	\$2,024,000
Iroquois	Wastewater Improvements	\$1,900,000	\$1,900,000
Isabel	Wastewater Collection Improvements	\$1,247,039	\$2,044,374
James River WDD	South Central Watershed Implementation Project Segment 2	\$5,000,000	\$46,895,340
Java	Wastewater Improvements	\$2,600,000	\$2,600,000
Joint Well Field, Inc.	New Water Treatment Plant	\$14,960,000	\$14,960,000
Joint Well Field, Inc.	Water Treatment Plant Improvements	\$7,179,000	\$7,179,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Kadoka	Poplar Street Drinking Water Improvements	\$641,000	\$641,000
Kadoka	Sanitary and Storm Sewer Improvements	\$3,544,781	\$3,544,781
Keystone	Sewer Trunkline Improvements	\$5,609,000	\$5,609,000
Kimball	Main Street Water and Sewer Improvements	\$1,095,000	\$1,095,000
Kimball	Main Street Water and Sewer Improvements	\$325,000	\$325,000
Kingbrook Rural Water System	2022 System Improvement Project	\$37,722,298	\$37,722,298
Kingbrook Rural Water System	2024 Pipeline Improvements	\$14,500,000	\$14,500,000
Lake Norden	Wastewater Lagoon Improvements	\$3,080,000	\$3,080,000
Lake Norden	Water Storage Tower	\$2,671,463	\$2,671,463
Lake Poinsett Sanitary District	Lift Station and Collection System Improvements	\$4,549,776	\$4,600,000
Lake Preston	Drinking Water Improvements Phase 2A	\$2,599,000	\$2,599,000
Lake Preston	Sanitary Sewer Utility Improvements Phase 2A	\$2,921,000	\$2,921,000
Lake Preston	Elevated Water Storage Tower	\$2,002,000	\$2,002,000
Lake Preston	Sanitary Sewer Utility Improvements Phase 2B	\$2,653,600	\$2,653,600
Lake Preston	Drinking Water Improvements Phase 2B	\$2,492,100	\$2,492,100
Lead	Deadwood Water Supply Line	\$841,425	\$841,425
Lennox	Central Basin Drinking Water Improvements Phase 4	\$2,976,000	\$2,976,000
Lennox	Central Basin Wastewater Improvements Phase 4	\$7,279,000	\$7,279,000
Lennox	Boynton Avenue Wastewater Improvements	\$3,471,251	\$3,471,251
Lennox	Boynton Avenue Water Improvements	\$1,348,400	\$1,348,400
Lesterville	Storm Sewer System Improvements	\$1,310,000	\$1,335,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Lincoln County Rural Water System	Eastern Distribution System Improvements	\$4,201,852	\$4,201,852
Lincoln County Rural Water System	Western Area Improvements and Bulk Water Con.	\$3,078,000	\$3,078,000
Madison	Sanitary Sewer Improvements Segments 1 - 6	\$5,192,400	\$5,692,400
Madison	Drinking Water Improvements Segments 1 - 6	\$11,658,500	\$12,308,500
Madison	Egan Avenue Wastewater Improvements	\$2,692,547	\$2,692,547
Madison	Egan Avenue Drinking Water Improvements	\$2,645,916	\$2,645,916
McLaughlin	Drinking Water Improvements 2022	\$962,396	\$962,396
Meadow Crest Sanitary District	New Well Construction	\$818,000	\$818,000
Mid-Dakota Rural Water System	Water System Improvements	\$52,165,882	\$52,165,882
Mid-Dakota Rural Water System	Wessington Springs Bulk Water Supply	\$14,730,000	\$14,730,000
Milbank	Water Supply and Treatment Improvements	\$12,500,000	\$12,500,000
Miller	Phase IV Wastewater	\$797,000	\$910,000
Miller	Phase IV Water	\$5,294,000	\$5,294,000
Minnehaha Community Water Corporation	Water Storage and Capacity Improvements	\$7,510,000	\$7,510,000
Minnehaha Community Water Corporation	Water Distribution Improvements	\$44,349,000	\$44,349,000
Minnehaha Community Water Corporation	Water Treatment Control Panel Upgrades and Distribution Improvements	\$4,670,000	\$4,670,000
Mission Hill	Wastewater System Improvements	\$820,000	\$851,010
Mitchell	Wastewater Treatment Facilities Improvements	\$20,522,374	\$20,831,000
Mitchell	Wastewater Treatment Facility Improvements Phase 2	\$19,295,564	\$30,000,000
Mitchell	Lake Mitchell Rehabilitation	\$16,815,900	\$16,815,900

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Mitchell	Water Tower Improvements	\$1,175,000	\$1,175,000
Mitchell	Drinking Water System Improvements	\$16,000,000	\$16,000,000
Mitchell	Fifth Avenue Wastewater Improvements	\$2,350,000	\$2,350,000
Mitchell	Fifth Avenue Drinking Water Improvements	\$1,325,000	\$1,325,000
Mni Waste Water Company	Highway 63 North	\$14,159,649	\$43,441,000
Mni Waste Water Company	Intake Emergency Slide Repair	\$1,238,302	\$2,938,302
Mobridge	Drinking Water System Improvements	\$10,677,851	\$11,297,730
Mobridge	Wastewater Treatment Improvements	\$7,350,000	\$7,350,000
Morristown	Potable Water System Improvements	\$133,308	\$214,760
New Underwood	Drinking Water System Improvements	\$4,010,000	\$4,010,000
Niche Sanitary District	Wastewater System Improvements	\$1,697,000	\$1,697,000
North Brookings Sanitary and Water District	Sanitary Sewer Cast-In-Place Pipe Phase 1	\$2,359,000	\$2,359,000
North Sioux City	Streeter Drive Water Treatment Plant Expansion	\$7,351,000	\$7,651,000
Northville	Drinking Water System Improvements	\$1,349,320	\$1,349,320
Oacoma	Wastewater Treatment and Lift Station Improvements	\$1,657,000	\$1,657,000
Oak Mountain Country Estates Homeowners Association	Water Distribution System Improvements	\$445,000	\$445,000
Parker	Drinking Water Improvements Phase 6B	\$2,077,000	\$2,077,000
Parker	Wastewater Improvements Phase 6B	\$1,669,000	\$1,669,000
Parkston	Wastewater Collection and Treatment Improvements	\$5,635,700	\$5,635,700
Peever	Wastewater Collection and Treatment Improvements	\$1,608,014	\$2,606,500

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Perkins County Rural Water System	New Water Tank and Pipeline Replacement	\$5,800,000	\$5,800,000
Philip	Northeast and Stewart Ave Wastewater Improvements	\$160,771	\$353,500
Philip	Northeast and Stewart Ave Wastewater Improvements	\$1,116,623	\$1,116,623
Philip	Stewart Avenue Area Storm Sewer Improvements	\$800,342	\$800,342
Pickerel Lake Sanitary District	Wastewater Collection Improvements	\$4,263,000	\$4,263,000
Pierre	Landfill Cell #4 Construction	\$2,145,000	\$2,145,000
Pierre	Euclid Avenue Drinking Water Improvements	\$5,075,823	\$5,075,823
Plankinton	Wastewater Collection System Improvements	\$5,215,170	\$5,430,250
Platte	Drinking Water System Improvements	\$426,000	\$1,349,175
Powder House Pass Community Improvement District	Water Resource Recovery Facility Expansion and Lift Station	\$9,576,000	\$9,576,000
Randall Community Water District	Internal System Improvements	\$9,036,250	\$9,036,250
Randall Community Water District	Regional Waterline Upgrade	\$111,156,550	\$111,156,550
Rapid City	South Plant Water Reclamation Facility Improvement	\$188,000,000	\$188,000,000
Rapid City	Water Reclamation Facility Upgrades	\$3,400,000	\$7,400,000
Rapid City	Booster Station Improvements	\$350,000	\$785,000
Rapid City	New Cell #15, Gas Collection System, and Flare Construction	\$11,300,000	\$11,300,000
Rapid City	Municipal Well Installation and Improvements	\$3,932,000	\$3,932,000
Rapid Valley Sanitary District	System Expansion for Service to Box Elder	\$7,342,000	\$12,028,000
Ravinia	Stormwater Drainage System Improvements	\$1,865,000	\$1,865,000
Roberts County	Solid Waste Disposal Cell Construction	\$2,000,000	\$2,000,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Rosholt	Water Tower Construction	\$2,150,000	\$2,150,000
Saint Lawrence	Wastewater System Improvements Phase II	\$1,138,000	\$1,138,000
Saint Lawrence	Drinking Water System Improvements - Phase II	\$940,000	\$940,000
Salem	Sanitary and Storm Water Improvements Phase 2	\$3,400,000	\$3,400,000
Salem	Watermain Improvements Phase 2	\$1,400,000	\$1,400,000
Seneca	Water Meters and Looping	\$440,800	\$440,800
Shared Resources	Water Treatment Plant, Storage, and Distribution	\$119,425,548	\$119,425,548
Sioux Falls	Water Reclamation Facility Expansion	\$234,400,000	\$234,400,000
Sioux Falls	Stormwater Improvements Basins 95, 104, and 371	\$9,457,400	\$9,457,400
Sioux Falls	Basin 15 Sewer Extension and Big Sioux River Watershed	\$17,951,000	\$17,951,000
Sioux Falls	Basin 15 Sewer Extension Phase 2A and 2B	\$23,130,000	\$23,130,000
Sioux Falls	Basin 15 Sanitary Sewer Expansion Phase 2B and 2C	\$11,000,000	\$11,000,000
Sioux Falls	Pump Station 240 Capacity Improvements	\$61,000,000	\$61,000,000
Sioux Falls	Transmission Redundancy and Well 25 Improvements	\$12,500,000	\$12,500,000
Sioux Falls	Water Reclamation Facility Expansion Phase II	\$32,761,000	\$32,761,000
Sioux Rural Water System	Water System Improvements	\$5,515,398	\$5,515,398
Sioux Rural Water System	2025 Water System Improvements	\$8,281,000	\$8,281,000
South Dakota Bureau of Administration	Capitol Lake Water Quality Improvements	\$2,000,000	\$3,792,000
South Lincoln Rural Water System	Water System Improvements	\$30,008,055	\$30,008,055
South Shore	Water System Improvements	\$1,635,000	\$1,635,000
Southern Black Hills Water System	Paramount Point to Spring Creek Acres Extension	\$7,823,432	\$7,823,432

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Southern Missouri Recycling and Waste Management District	Landfill Cell #4 Construction	\$900,000	\$904,350
Spearfish	Wastewater Conveyance and Treatment Improvements	\$8,521,000	\$8,521,000
Spearfish	Exit 17 Water Tank and Well	\$8,268,327	\$8,268,327
Spring Creek Cow Creek Sanitary District	Water Storage and Infrastructure	\$3,012,000	\$3,012,000
Spring Creek Cow Creek Sanitary District	Wastewater Treatment Improvements	\$4,860,740	\$4,860,740
Springfield	Sanitary and Storm Sewer Improvements 2025	\$565,000	\$565,000
Springfield	Water Distribution Improvements 2025	\$505,000	\$505,000
Stratford	Wastewater Treatment and Televising Improvements	\$128,220	\$128,220
Stratford	Drinking Water Improvements 2022	\$2,172,000	\$2,172,000
Sturgis	Drinking Water Improvements 2022	\$4,938,000	\$5,688,000
Sturgis	Trunk Line and Sanitary Sewer Improvements	\$10,339,000	\$10,339,000
Tabor	Wastewater Collection System Improvements Phase 2	\$5,900,000	\$5,900,000
Tea	85th Street Elevated Storage Tank	\$2,700,000	\$2,700,000
Terry Trojan Water Project District	New Storage Tank September 2022	\$757,400	\$757,400
Terry Trojan Water Project District	Water Meters and Meter Pits	\$700,000	\$700,000
Timber Lake	Water Distribution and Storage Improvements	\$3,175,491	\$4,034,725
Timber Lake	Wastewater Improvements	\$2,693,400	\$3,513,400
TM Rural Water District	Water System Improvements	\$9,720,908	\$9,720,908
Tripp County Water User District	System Wide Improvements	\$24,834,121	\$24,834,121
Tulare	Wastewater Improvements	\$2,164,095	\$2,540,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Two Bit Ranch Estates Homeowners Association	Water Storage Tank and Backup Generator	\$188,000	\$188,000
Tyndall	Collection System Improvements	\$873,000	\$1,056,000
Tyndall	Watermain Replacement	\$2,000,000	\$2,000,000
Valley Springs	Drinking Water System Improvements 2022	\$4,223,728	\$4,289,000
Veblen	Wastewater Improvements	\$1,300,000	\$1,300,000
Vermillion	Tom Street Lift Station Replacement	\$502,500	\$1,075,000
Vermillion	Wastewater Treatment Facility Upgrades	\$23,100,000	\$23,100,000
Vermillion	Water Treatment Facility Upgrades and Line Replace	\$7,000,000	\$7,000,000
Viborg	Industrial Area Sanitary Sewer Extension	\$512,000	\$512,000
Viewfield Rural Water Association Inc.	Water Meter Replacement and SCADA Improvements	\$210,000	\$210,000
Volga	Drinking Water System Improvements	\$2,162,340	\$2,525,000
Wagner	Walnut Avenue Watermain Upgrade	\$237,500	\$475,000
Wagner	Highway 46 Wastewater Replacement	\$425,000	\$425,000
Wagner	Highway 46 Drinking Water Replacement	\$1,400,000	\$1,400,000
Watertown	Wastewater Collection and Treatment Improvements	\$57,014,000	\$57,014,000
Watertown	Cast Iron Main Replacement	\$4,862,300	\$4,862,300
Watertown	Watermain Replacement: Mellette and Harmony Hill	\$3,341,500	\$3,341,500
WEB Water Development Association	WINS Water System Upgrades	\$26,344,628	\$39,650,000
WEB Water Development Association	Consolidation of Pleasant Valley HOA Users	\$713,600	\$892,000
Webster	Water System Improvements Phase II	\$4,278,673	\$4,433,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Webster	Wastewater Improvements Phase II	\$7,403,673	\$7,558,000
Webster	Sewer Line Replacement	\$1,184,000	\$1,184,000
Webster	Storm Water Improvements	\$353,000	\$353,000
Webster	Industrial Park Wastewater Improvements	\$1,964,000	\$1,964,000
Wessington Springs	2nd Street Drinking Water Improvements	\$331,883	\$924,238
Wessington Springs	2nd Street Wastewater Replacement	\$253,000	\$253,000
Wessington Springs	Wastewater Facility Treatment Improvements	\$1,245,000	\$1,245,000
Wessington Springs	Water Supply Improvements	\$1,660,000	\$1,660,000
Wessington Springs	Water Distribution and Meter Improvements	\$1,565,000	\$1,565,000
Wessington	Drinking Water System Improvements	\$673,000	\$673,000
West River/Lyman-Jones Rural Water System	2024 System Improvements	\$14,500,000	\$14,500,000
Westberry Trails Water Users Association	Drinking Water Improvements 2022	\$1,465,650	\$1,465,650
Weston Heights Homeowners Association	New Water Storage Reservoir	\$4,834,650	\$4,834,650
Weston Heights Sanitary District	Sanitary Sewer Main Improvements	\$1,111,000	\$1,111,000
White	Sanitary Sewer Line Replacements	\$2,567,100	\$2,567,100
White	Watermain Replacements	\$2,501,800	\$2,501,800
White	Wastewater Replacement Phase 2	\$2,164,000	\$2,164,336
White	Watermain Replacement Phase 2	\$2,117,000	\$2,117,506
Whitewood	Wastewater Treatment Facility Upgrades	\$4,150,000	\$4,150,000
Wilmot	Wastewater Collection System Improvements	\$4,002,408	\$4,092,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Worthing	Wastewater Treatment Facility Improvements	\$3,832,961	\$3,832,961
Yankton	Wastewater Treatment Plant Improvements	\$42,000,000	\$44,565,600
Yankton	Wastewater Collection Improvements	\$7,200,000	\$7,200,000
Yankton	Water Distribution and Storage Improvements	\$8,202,000	\$8,202,000
Total		\$2,445,012,204	\$2,588,446,568

Table 13 - 2026 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>
Belle Fourche	Landfill Cell #3 Construction	2027	\$2,836,000	\$2,836,000
Belle Fourche	Springs Waterline Replacement	2027	\$5,123,000	\$5,123,000
Big Stone City	Wastewater System Improvements Preliminary Engineering	2026	\$205,000	\$205,000
Big Stone City	Water System Improvements Preliminary Engineering	2026	\$100,000	\$100,000
Brookings-Deuel Rural Water System	Highway 15 Altamont Pipeline Improvements	2027	\$6,000,000	\$6,815,500
Bryant	Wastewater Improvements Phase 2B	2027	\$2,259,000	\$2,259,000
Bryant	Drinking Water Improvements Phase 2B	2027	\$2,643,000	\$2,643,000
B-Y Water District	Automatic Read Meter Upgrades	2026	\$4,000,000	\$4,000,000
B-Y Water District	Water Line Relocation	2026	\$13,200,000	\$13,200,000
Canistota	Sanitary and Storm Sewer Replacement Phase 4	2027	\$6,306,200	\$6,306,200
Canistota	Drinking Water Replacement Phase 4	2027	\$7,184,190	\$7,184,190
Carriage Hills Water Association, Inc.	Waterline Replacement and Consolidation with Rapid City	2026	\$7,600,000	\$7,600,000
Clear Lake	Storm Sewer Collection Improvements Phase 1B	2027	\$2,130,400	\$2,130,400
Clear Lake	Drinking Water Distribution Improvements Phase 1B	2027	\$2,696,900	\$2,696,900

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Columbia	Wastewater and Stormwater Improvements	2026	\$8,681,003	\$8,681,003
Crooks	Sanitary and Storm Sewer Replacement Phase 2	2027	\$3,030,000	\$3,030,000
Crooks	Drinking Water Replacement Phase 2	2027	\$2,090,000	\$2,090,000
Custer	5th Street Sanitary Sewer Improvements	2027	\$2,650,000	\$2,650,000
Faulton	Drinking Water Pumphouse	2026	\$668,000	\$668,000
Gregory	Water and Wastewater Improvements Phase 2	2027	\$4,983,376	\$7,664,179
Hecla	Drinking Water Distribution Improvements	2027	\$135,728	\$1,150,000
Hecla	Wastewater and Stormwater Improvements	2026	\$12,921,000	\$12,921,000
Hill City	Drinking Water System Improvements	2026	\$5,360,000	\$5,360,000
Hill City	Wastewater Treatment Expansion and Rehabilitation	2026	\$6,264,000	\$6,264,000
Hot Springs	Wastewater Treatment System Improvements	2027	\$27,241,000	\$27,241,000
Hot Springs	Water System Improvements	2027	\$16,350,000	\$16,350,000
Howard	Wastewater Treatment Facility Improvements	2027	\$2,648,192	\$2,648,192
Ipswich	Stormwater Improvements Phase 3	2026	\$15,130,500	\$15,130,500
James River Water Development District	South Central Implementation Project Segment 3	2027	\$1,000,000	\$42,473,430
Kingbrook Rural Water System	Pipeline Improvements Badger to Bruce Segment	2026	\$13,377,500	\$13,377,500
Lake Poinsett Sanitary District	West and Northwest Area Wastewater Collection and Treatment Installation	2027	\$15,181,990	\$15,181,990
Lemmon	Sanitary Sewer Improvements Phase 2	2027	\$4,700,000	\$4,700,000
Milbank	Wastewater Treatment Facility Improvements Phase 1	2027	\$17,500,000	\$17,500,000
Milbank	Drinking Water Treatment Improvements	2027	\$39,000,000	\$39,000,000
Mission Hill	Water System Improvements	2027	\$1,925,000	\$1,925,000

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Mitchell	13th Avenue Sanitary and Storm Sewer Replacement	2027	\$1,560,000	\$1,798,425
Mitchell	Wastewater Collection Improvements 2025	2026	\$55,000,000	\$55,000,000
Mitchell	Water Distribution Improvements 2025	2026	\$57,000,000	\$57,000,000
North Sioux City	River Drive Lift Station Replacement	2026	\$4,803,700	\$4,803,700
North Sioux City	Sioux Laundry Lift Station Replacement	2026	\$5,144,180	\$5,144,180
Northdale Sanitary District	Sanitary Sewer Re-Route Hideaway Hills Subdivision	2027	\$1,181,000	\$1,181,000
Prairiewood Sanitary District	Wastewater Collection and Treatment Improvements	2027	\$1,895,000	\$1,895,000
Pukwana	Sanitary and Storm Sewer Expansion for Westside Development	2027	\$4,363,000	\$5,805,000
Rapid City	Municipal Well Installation and Improvements	2026	\$14,152,000	\$14,152,000
Roscoe	Wastewater Treatment System Improvements	2027	\$2,260,000	\$2,260,000
Salem	Citywide Sanitary Sewer Relining and Lift Station Rehabilitation	2027	\$1,620,000	\$1,620,000
Salem	Water Meter Replacement	2027	\$860,000	\$860,000
Salem	Water Source Improvements	2026	\$2,100,000	\$2,100,000
Salem	Water Treatment Improvements	2026	\$6,270,000	\$6,270,000
Sioux Falls	Southeast Sanitary Sewer Basin Expansion	2026	\$15,535,000	\$15,535,000
Sioux Falls	Water Reclamation Facility Primary Clarifier Expansion	2026	\$51,900,000	\$51,900,000
Sioux Falls	Water Transmission Improvements: 3rd Lewis & Clark Connection	2026	\$7,648,000	\$7,648,000
Springfield	Sanitary and Storm Sewer Improvements 2025	2026	\$2,685,000	\$2,685,000
Springfield	Water Distribution Improvements 2025	2026	\$1,755,000	\$1,755,000
Toronto	Water Line Relocation	2026	\$700,000	\$700,000

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Valley Springs	Sanitary and Storm Sewer Replacement	2027	\$2,417,400	\$2,417,400
Valley Springs	Drinking Water Replacement	2027	\$1,261,600	\$1,261,600
Vermillion	Landfill Cell #7 Construction and Cell #2-4 Partial Closure	2027	\$2,620,000	\$2,620,000
Viborg	Wastewater Collection and Treatment Improvements	2027	\$8,072,000	\$8,072,000
Viborg	Watermain Improvements	2027	\$2,707,000	\$2,707,000
Volga	Wastewater Treatment Facility Expansion	2026	\$18,709,000	\$18,709,000
WEB Water Development Association	Wecota Drinking Water Improvements and Consolidation	2027	\$363,000	\$363,000
Wessington	Wastewater Collection Improvements	2026	\$3,618,011	\$3,618,011
Wilmot	Wastewater Outfall Line Replacement	2027	\$850,000	\$850,000
Total			\$542,170,870	\$589,835,300

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 14) 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.

Table 14 – State Water Resources Management System Projects

<u>Project</u>	<u>Description</u>
Belle Fourche Irrigation Upgrade Project	Irrigation Project – Belle Fourche Region
Big Sioux Flood Control Study	Watertown Flood Control
CENDAK Irrigation Project	Irrigation Project - Central SD
Dakota Mainstem Regional Water System Study	Regional Water System – Eastern SD
Hydrology and Water Management Studies	Statewide Water Resources

Project**Description**

Lake Andes-Wagner/Marty II Irrigation Unit

Irrigation - Charles Mix County

Lewis and Clark Rural Water System

Bulk Water System - Southeastern SD

Sioux Falls Flood Control Project

Increased Flood Protection

Vermillion Basin Flood Control Project

Flood Control on Vermillion River

Water Investment in Northern South Dakota Project

Regional Water System – Northeastern SD

Western Dakota Regional Water System Study

Bulk Water System - Western SD

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 District upgrade project to the SWRMS list. The project was 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 on-going.
- 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 was an assessment of the Belle Fourche River siphon. The work was bid during the 2017 construction season, and the work was completed in the spring of 2018.
- With all proposed work completed, the Board of Water and Natural Resources took action to certify the project complete as of November 1, 2018. As a result of this action the Belle Fourche Irrigation District began making loan payments on November 1, 2019.
- No activity occurred on the project in 2025.

Big Sioux Flood Control Study (Watertown and 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.
- The U.S. Army Corps of Engineers 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 once started, 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 October 2019, discussions were held with the city of Watertown regarding the study and the need for additional flood protection in the area. Through the existing Big Sioux Flood Information System additional flood inundation studies were conducted and reviewed to show potential benefits of construction of the Mahoney Creek Dry Dam.
- In 2020, the additional flood inundation reviews were completed showing potential benefits of the Mahoney Creek Dry Dam. Flood elevation reductions would be realized; however, it appears only in extreme flood events above the 100-year occurrence level. Additional benefits to other downstream communities would be very limited even during high flow events.
- In 2022, the \$225,125 in grant funds appropriated by the 2016 legislature remained unexpended and were reverted. The 2022 Legislature allocated \$249,227 for the project.

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 2022, the city of Watertown met with the Corps of Engineers to discuss how to best move the study forward. Due to recent federal funding appropriations, the Corps believes it will receive funding for the study and prioritize it in its list of projects to begin work in the coming year.
- In 2023, the legislature appropriated an additional \$200,273 bringing the total state funding for the updated study to \$450,000. This amount is half of the Corps of Engineers most recent estimate for the nonfederal cost share update to the feasibility study.
- In 2023, the Corps received funding and began efforts to update the study and undertake public outreach and engagement activities.
- In 2024, the Corps continued outreach activities and the tentatively selected plan was released in September 2024. The tentatively selected plan includes three primary aspects to assist in flood control and reduction of impacts, those include seasonal lowering of Lake Kampeska for additional flood storage, construction of embankments and flood walls on the east side of the river for approximately 1.1 miles, and widening of the existing channel by 50 feet for approximately 4.6 miles. The current estimated capital costs for these alternatives are more than \$22.9 million. Projects selected for final completion are funded at 65 percent federal and 35 percent non-federal cost share.
- The tentatively selected plan is current undergoing public comment, environmental review, and further analysis and is not expected to be finalized until 2026. The Omaha District will submit the final report for Policy review with the Chief of Engineers signing the approved plan by May 2026. If approved, project design and contracting activities would occur during 2027 through 2029, with construction beginning in the spring of 2030, and final completion anticipated for 2032.
- During 2025, the USACE working with the city of Watertown began hosting public informational and comment meeting regarding the proposed plan. The information and comments received from members of the public along with local and state stakeholders and permitting authorities will be reviewed and incorporated into the final report prior to publication.

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 2025.

Dakota Mainstem Regional Water System Study – 2024

- The 2024 Omnibus Bill added the Dakota Mainstem Regional Water System study to the SWRMS list. The Dakota Mainstem Regional Water System Study will complete an engineering feasibility study to evaluate the need for additional water sources and systems in eastern South Dakota. A \$1,000,000 grant was appropriated as part of the 2024 Omnibus

Bill for a feasibility level study, system startup, and administration of the Dakota Mainstem Regional Water System study.

- During 2024, work on the study included the issuance of a Request for Proposals to select an engineering firm for an appraisal level study. In May that process was completed with HDR Engineering selected. An agreement was signed to allow the completion of the appraisal level study anticipated to be completed in 2025. Once completed, efforts will move to complete a more detailed feasibility level study.
- During 2024, Dakota Mainstem continued efforts to increase its membership in the proposed region and included 39 South Dakota members, 10 Iowa members, 5 Minnesota members, and 1 tribal member from Nebraska.
- The 2025 Omnibus Bill provided an additional \$1,000,000 SWRMS grant towards completion of the study. This brings the current state contribution towards the study to \$2,000,000.
- In 2025, HDR Engineering worked to gather information from all members related to current and potential water needs, availability of source water, and conceptual design ideas for the appraisal level study. This information will provide a more detailed outline of the potential for a project to move forward and how different members could be served by any future project. The final results and appraisal level study report are anticipated for completed by the end of the calendar year. Based on the results Dakota Mainstem and members will determine if and how to proceed into the more detailed feasibility level study.
- Dakota Mainstem has begun efforts to receive federal authorization for the feasibility study which would allow direct involvement through the Bureau of Reclamation and potential for funding assistance. Discussions for study and funding support have begun with the states of Iowa, Minnesota, and Nebraska.

Black Hills Hydrology and Water Management Study – 1982 to 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 for 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.

Hydrology and Water Management Studies – 2015 to Present

- 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 models.
- 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 models for the Lower Big Sioux River Basin.
- Using the new models, the Big Sioux River Flood Information System was developed. A majority of the effort in 2017 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 was created to allow access to model predictions, stream gauge data, and precipitation data. The project team met several times with the local authorities to gain feedback on model results and user interface.
- In 2017 and 2018, new stream gauges were installed to improve the stream gauge network available for the Flood Information System.
- The beta version of the Flood Information System was operational in the spring of 2018. The beta version was used to help predict river elevations and flood inundation during flooding in June 2018. The model predictions matched very closely to the actual flood levels observed. Entities that were along the river where flooding occurred were able to accurately predict if any infrastructure would be impacted due to the flood waters and prepare accordingly.
- The Flood Information System was completed in December 2018. With the completion of the model, federal, state, county, and local community authorities are able to use the Flood Information System to evaluate flood scenarios and prepare appropriately for flood response.
- In June 2018, an additional \$10,000 from the remaining funds of the 2017 Omnibus Bill appropriation was placed under agreement with the Department of Environment and Natural

Resources. These funds were used to cost share on a United States Geological Survey high resolution hydrographic mapping study in the Lower Big Sioux River Basin. Other entities contributing to the project include US Geological Survey (\$20,000), SD Department of Transportation (\$20,000), city of North Sioux City (\$3,333), Dakota Dunes Community Improvement District (\$3,333), and Union County (\$3,333). The primary goal of the project is to determine more accurate flow routes for flood waters and runoff from heavy precipitation events. The area under study has a complex drainage pattern through a heavily developed area. The project will give state and local authorities a better understanding of potential impacts from severe drainage events in the area. In 2019, digital data sets were created for terrain and flow paths. Field verification of flow structures, such as culverts, took place during 2020.

- In the spring of 2019 significant flooding occurred along the Big Sioux River corridor from Watertown to North Sioux City and Dakota Dunes. The recently completed Big Sioux River Flood Information System (BSRFIS) was used extensively during the March and April floods by local, state, and federal officials as a tool to predict areas that would be impacted by flood waters. Appropriate protection measures were implemented by county emergency managers and city officials based on the predictions of the BSRFIS. The cities of Watertown, Dell Rapids, Sioux Falls, North Sioux City, and Dakota Dunes, as well as the general public, all benefited from the information the BSRFIS was able to provide. Real time monitoring of flood events by state officials verified that the BSRFIS models were highly accurate.
- In March 2019, \$90,149.50 from the remaining funds of the 2017 Omnibus Bill appropriation was placed under agreement with the Department of Environment and Natural Resources. These funds were used to help fund the replacement of well pumps within the Statewide Ground Water Quality Monitoring Network. The five water development districts with wells needing pumps located within their district's provided the remaining \$26,931.75 needed to complete the funding. The well pumps in the monitoring network were beyond their useful life and experiencing mechanical issues that were beyond normal repair. The lack of reliable operation made it difficult to ensure samples could be obtained as scheduled. The monitoring network provides a valuable resource for state and local entities when making decisions on current water quality conditions and trends in 25 of the state's vulnerable shallow aquifers.
- The 2022 Omnibus Bill appropriated \$1,021,500 for improvements and expansion of the statewide observation monitoring well network. The funds were placed under agreement in March 2022 with the Department of Agriculture and Natural Resources to undertake the upgrades and improvements. The network of nearly 1,600 observation wells provides historic water levels of aquifers through the state and assures proper water management and appropriations are made. Areas of the state have limited and insufficient wells to collect adequate data to assure proper management of the state's water resources. These funds will install and refurbish up to 50 wells along with the installation of automatic data collection units on up to 100 existing wells.
- In 2023, DANR sent a request for quotes to vendors for repair or rehabilitation of three observation wells in the Black Hills region. The department received only one qualifying quote to repair the wells and has entered into a contract for that work. DANR's

understanding of well driller's work backlog is that it has been difficult to find companies to work on observation wells when the drillers are working to meet immediate water supply needs to customers. Work to repair the three observation wells was successfully completed late in 2023.

- In 2025, the ability to retain well driller services remained difficult with little to no interest expressed to repair additional existing observation wells. Efforts to drill new observation wells to expand the network have not been successful as drilling companies continue to have a backlog with contracts to drill new production wells meeting water system's needs.
- In 2025, DANR worked with several vendors to provide a small-scale number of data loggers and pressure transducers with remote read capability. These pilot studies of different technologies will allow DANR to determine which system best meets the needs for remote data access and reporting. It is anticipated in 2026 more full scale installation will occur.

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 2025.

Lewis and Clark Regional Water System – 1989

- The Lewis and Clark Regional Water System is a bulk delivery system providing treated Missouri River water to communities and existing rural water systems in southeastern South Dakota, northwestern Iowa, and southwestern Minnesota. South Dakota membership includes eight communities and three rural water systems. Approximately 155,000 South Dakotans will receive water from Lewis and Clark.
- President Clinton signed Public Law 106-246 on July 13, 2000, authorizing the federal construction of the Lewis and 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 in 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 and Clark's South Dakota project features (\$200 million) in 1993. In 2002, the state cost share commitment of \$18,585,540 in 1993 dollars was established for the Lewis and 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 and 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 and Clark could not submit its final engineering report to Congress until OMB had approved it.

Lewis and Clark worked with OMB to get its final engineering report approved and resubmitted to Congress. Lewis and Clark held its groundbreaking on August 21, 2003.

- In 2005, Lewis and 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 and Clark elected to change the project's name from "Rural" to "Regional". The project is doing business as the Lewis and Clark Regional Water System.
- In May 2008, Lewis and Clark began operating its first segment of pipeline – a nine-mile emergency connection between Sioux Center and Hull, Iowa. Until Lewis and Clark water arrives, Lewis and Clark will purchase water from Sioux Center and resell it to Hull.
- 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 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 riverbank stabilization southwest of Vermillion to protect Lewis and Clark's main well field from erosion, as well as two well houses, four valve vaults, and various piping. Utilizing a permanent easement, Lewis and Clark's main well field is located on land owned by the SD Department of Game, Fish and Parks (Frost Game Production Area).
- In September 2008, Lewis and Clark began operating its second segment of pipeline, a 12-mile emergency connection for Tea and Harrisburg. Until Lewis and Clark water arrived, Lewis and Clark purchased water from Sioux Falls and resold 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 and 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 and 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 include almost fourteen miles for the Parker service line and five miles for the Centerville service line.
- Lewis and 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 and Clark with an estimated 10 million gallons a day of additional capacity. Including the six previously drilled wells, Lewis and 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 trunk 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 and 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 and Clark received \$1,996,000 in federal funding through the Bureau of Reclamation in FFY 2011. Lewis and Clark was also allocated an additional \$306,000 in funding for FFY 2011 in reprogrammed funds.
- In May 2011, Lewis and 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 and Clark received \$5.5 million in federal funds for FY 2012. Lewis and 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 and Clark was provided \$22 million in advance federal funding from Minnesota. These funds were used to construct transmission lines to Luverne and Magnolia.

- In 2014, Lewis and 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 were used to acquire easements and pay for engineering costs for two of the five segments of the Madison service line.
- In 2015, Lewis and Clark was provided \$19 million in advance federal funding from Minnesota. These funds were 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 and 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 were used to construct segments one and five of the Madison service line. Madison was the only South Dakota member system not yet connected; however, construction of segments 1 and 5 did not get a drop of water to Madison. In 2016, the agreement was amended to include engineering design and easement acquisition of segments 2 through 4 and was estimated to cost more than \$22 million for final construction.
- 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 and Clark connection a mile west of Crooks. That connection increases the delivery of Lewis and 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 feeds water into a new 12-inch Big Sioux Community Water line going north and west to connect with Lewis and Clark's segment 5 to deliver 1 million gallons of water per day to Madison costing \$3 million to construct. The wheeling option saved the state more than \$17 million in federal fund advances.
- In 2015, Lewis and 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 its portion of the Madison wheeling option. The work included construction of a new water distribution line to connect MCWC to a new Lewis and Clark line east of Madison and a new pump station to provide the pressure needed to move the water. Construction was completed in early 2017. This work was funded by a \$2,000,000 Consolidated grant and a \$1,014,000 Drinking Water SRF loan.
- In April 2016, Lewis and Clark awarded the contract for construction of the Madison meter building and Crooks meter building/pump station. These buildings supply metering and pressure for water to get to Madison. Construction was completed in late 2016.

- In June 2016, the final bids for the Madison wheeling project were awarded by Lewis and Clark for construction of segments 1 and 5 of the Lewis and Clark lines and connections to MCWC and Big Sioux CWS. Construction of this work was completed early 2017.
- In 2016, Lewis and 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 seven days a week.
- From 2015 through 2017, Lewis and Clark had been provided \$44.5 million in advance federal funding from Minnesota. This federal funding advance allowed all the Lewis and Clark members in Minnesota to be connected and begin receiving water.
- In May 2017, Lewis and Clark received \$2.25 million in advance federal funding from Iowa. These funds were 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 fiscal year 2018.
- In 2017, Lewis and Clark delivered water to 14 of the 20 members, with Lincoln Pipestone Rural Water System being connected in November 2017.
- In May 2017, the joint projects of Lewis and Clark, Big Sioux CWS, MCWC, and the city of Madison were fully completed. With the completion of the projects, Madison now has access to 1 million gallons of water per day from a regional system supplier. All South Dakota members of Lewis and Clark are now directly or indirectly connected to the system.
- In May 2018, Lewis and Clark received \$4.75 million in advance federal funding from Iowa. These funds, along with a \$2.25 million advance in 2017 from Iowa were used to construct pipeline starting at Sioux Center and going approximately six miles west towards the Big Sioux River.
- In June 2018, Lewis and Clark awarded a contract for the purchase of an emergency generator for the Tea Pump Station. Without this generator 93 percent of the water produced by the system cannot be delivered to its customers if power is lost. A portion of the remaining funds from the \$7.7 million federal fund advance from South Dakota in 2015 was used for the procurement of this generator.
- After 2018, Lewis and Clark was able to provide 16 of its 20 members with access to their full allocation of water with Worthington anticipated to be connected in early December 2018. The Lewis and Clark system construction was estimated to be 75 percent complete and anticipated being at 80 percent complete with the construction planned for 2019 and 2020.
- Through FY 2017, the federal government appropriated \$249.15 million for the project. Federal funding levels included \$14.875 million in FY 2018; however, only \$100,000 was included for FY 2019 in the proposed White House budget.
- In May 2019, Lewis and Clark was able to fully connect to Worthington, MN and provide a second connection to Lincoln Pipestone Rural Water System. Of the 20 full members of Lewis and Clark, 16 systems are now able to access their full allocation of water.

- In 2019, the Lewis and Clark system was 82 percent complete with construction underway between Beresford and Sioux Center, IA. Connection to Hull and Sioux Center, IA was anticipated in 2022, and would provide 18 of its 20 members with access to water.
- Through FY 2018, the federal government appropriated \$264,025 million for the project. Federal funding levels included \$14.9 million in FY 2019. The remaining federal cost share to provide is currently \$180 million, which is indexed annually for inflation.
- Through FY 2019, the federal government appropriated \$278,925 million for the project. Recent federal funding levels include \$18.0 million in FY 2020. The remaining federal cost share to provide is currently \$166.8 million, which is indexed annually for inflation.
- In 2020, bids were opened and contracts awarded for construction of a 2.5-million-gallon elevated water storage tower in Union County near Beresford, which will allow Lewis and Clark to provide water to Hull and Sioux Center, Iowa when completed in 2023, and eventually Sheldon, Iowa as well. Work continues on the nearly 34-mile long pipeline segment from Beresford to Sioux Center, which will also connect Hull. The pipeline was scheduled for completion in late 2022.
- In 2020, a contract was also awarded for the construction of a 22-million gallon per day (MGD) radial collector well at the site of the existing wellfield. When completed in the spring of 2023 the total well production capacity will be approximately 49 MGD when combined with the existing vertical well capacity.
- Through FY 2020, the federal government appropriated \$296.925 million for the project. Recent federal funding levels include \$17.5 million in FY 2021.
- Lewis and Clark's current buildout capacity is 45 MGD, but the system has been designed so it can be expanded to 60 MGD in the future. The most recent estimated cost for this expansion is \$114 million in today's dollars. The members who voluntarily participate in this expansion are required to cover 100 percent of their proportional share of the cost. In 2020 when initial discussions began the anticipated need for expansion was estimated at ten years. Due to the impacts of the 2021 drought and demands seen, expansion is necessary as soon as funds are available. In 2022, \$13,136,100 of South Dakota's American Rescue Plan Act funds were awarded for the expansion. Additional funds from Iowa were provided to assist in the expansion project.
- In 2022, direct federal appropriations of \$21.9 million were received through the annual appropriations bill with an additional \$75.5 million appropriated through the Bipartisan Infrastructure Law. The FY 2023 proposed White House budget is \$6.6 million with an additional \$12.0 million requested from the congressional delegation. Lewis and Clark is eligible to receive additional FY 23 and FY 24 funding through the Bipartisan Infrastructure Law.
- In 2023, direct federal appropriations of \$18.6 million were received through the annual appropriations bill with an additional \$60.0 million appropriated through the Bipartisan Infrastructure Law. The FY 2024 proposed White House budget is \$6.825 million with an additional \$12.0 million requested from the congressional delegation. Lewis and Clark is

eligible to receive additional FY 24 and FY 25 funding through the Bipartisan Infrastructure Law. It is anticipated that full funding may be provided within the FY 24 budget.

- During 2023, the South Dakota Legislature approved the conversion of a \$7.7 million advance on federal funding loan to a grant. Minnesota has also approved up to a \$22 million loan to grant conversion for the advance federal funding provided. Discussions are ongoing in Iowa seeking a similar conversion of loans to grants.
- As of 2023, the original 45 MGD system buildout is 95 percent complete. Of the 20 members of Lewis and Clark, 18 members are now able to access their full allocation of water. Based on recent federal funding levels it is estimated all 20 members will be fully connected by 2025.
- In 2023, construction was completed on the 22 MGD horizontal collector well. Due to delays, substantial completion was moved from 2022 into 2023. Other projects completed in 2023 are water tower and pump station upgrades at Beresford. Additional projects that are near completion are meter buildings at Sioux Center and Hull, 32 miles of 16-inch line and a water storage reservoir to fully connect Madison, 17 miles of 16-inch line between Hull and Sheldon, and a water tower and meter building at Sheldon. Projects that will soon be starting include, pipelines and a meter building near Sibley and Phase 3 of the water treatment plant.
- During 2023, as a result of increased demand Lewis and Clark began initial construction activities on certain projects to increase capacity of the system to 60 MGD. At the current pace and estimates of need for the full system buildout is anticipated by 2030.
- In 2024, direct federal appropriations of \$24.825 million were received through the annual appropriations bill with an additional \$16 million appropriated through the Bipartisan Infrastructure Law. The FY 2025 proposed White House budget is \$6.825 million with an additional \$20.0 million requested from the congressional delegation. Lewis and Clark is eligible to receive additional FY 25 funding through the Bipartisan Infrastructure Law. It is anticipated that full funding may be provided within the FY 25 budget.
- As of 2024, the original 45 MGD system buildout is nearly complete. In August 2024, Madison was fully connected to the system. In October 2024 Sibley, MN was connected and all 20 members of Lewis and Clark are now fully connected to the base system.
- In 2024, construction was completed for Madison pipeline segments 2, 3, and 4 of over 32 miles of 16-inch pipe, the Madison storage reservoir, pump improvements at the Crooks pump station and treatment plant sites, and Sibley service line and meter building. Additional projects underway include the Larchwood pump station and Hull reservoir.
- In 2025, direct federal appropriations of \$6.825 million were received through the annual appropriations bill with an additional \$15.17 million appropriated through the Bureau of Reclamation funding budget. This is to be the final federal funding provided for the currently authorized project. Total federal funding provided through 2025 is \$554.2 million and total construction cost of the base system is anticipated to be \$825 million.

- In 2025, the remaining non-treatment plant work for the base system is now limited to backup generator installations at the treatment plant and Tea pump station. Due to long lead times for generator procurement these projects are anticipated to be complete in 2028.
- In 2025, work continued on components of the federally authorized system buildout of 45 MGD, which will provide access to all members' full allocations of contracted capacity. One of the last remaining projects for this is the phase 3 expansion of the water treatment plant which began in May 2024. Work at the treatment plant site also includes projects related to the expansion from 45 MGD to 60 MGD. This includes construction of a second clear well and the addition of an extra lime sludge drying bed, which is being paid for with ARPA funds.

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 one 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 was executed between the Department of the Army and the city of Sioux Falls for final design work.
- Construction of Phase 1A of the Big Sioux River/Skunk Creek Flood Control Project was completed in 2001 and addressed the spillway and stilling basin area at the outfall of the diversion channel. Later that year bids were accepted on Phase 1B of the project addressing the levees adjacent to Morrell's downstream to Cliff Avenue.
- Sioux Falls continued to work with the Corps of Engineers on final design and construction of the project 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 was the final phase of construction.
- The Corps of Engineers prepared documents for certification of the remaining uncertified levees within the city. FEMA completed the process of revising the flood insurance rate maps within the city limits. With the completion of the new rate maps, the Sioux Falls Flood Control Project was completed.
- 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 awarded and completed a 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. FEMA review and issuance of new flood insurance rate maps resulted in approximately 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 provided 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 was completed.

- In 2022, Sioux Falls finalized work with the Corps of Engineers to complete property appraisals for city-owned land that was not previously appraised. After final costs were reviewed it was determined the eligible project costs were less than originally estimated when funds were appropriated. Of the \$2,036,375 provided in 2016, the city of Sioux Falls reverted \$911,375.
- After 2023, no further work on the project is currently planned.

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 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 were completed.
- No activity occurred on the project in 2025.

Water Investment in Northern South Dakota Project – 2023

- The 2023 Omnibus Bill added the Water Investment in Northern South Dakota (WINS) project to the SWRMS list. The WINS project is a joint effort between WEB Water, Inc, the city of Aberdeen, and the BDM Rural Water system to construct a new pipeline to transmit water from the Missouri River to northeast South Dakota estimated at a 2022 cost of more than \$755 million. A \$5,000,000 grant was appropriated as part of the 2023 Omnibus Bill for the engineering design, preconstruction activities, and construction associated with the project.
- In 2022 and 2023, the Board of Water and Natural Resources awarded a total of \$39,230,000 of American Rescue Plan Act (ARPA) grants to several different construction phases of the project.

- The 2024 Omnibus Bill provided an additional \$5,000,000 SWRMS grant towards completion of the project. The Board of Water and Natural Resources awarded an additional \$10,500,000 of ARPA grant funds towards the project. This brings the total state contribution towards the WINS project to \$59,730,000.
- During 2024, construction was ongoing for the 13.5 mile, 49.5-inch raw and treated water main project that connect WEB's Missouri River intake to the water treatment plant, and the water treatment plant to the distribution system near the intersection of Highways 83 and 12. To date, approximately 6 miles of water main have been installed.
- The 2025 Omnibus Bill provided an additional \$2,000,000 SWRMS grant towards completion of the project. The Board of Water and Natural Resources awarded an additional \$1,221,248 of ARPA grant funds towards the project. This brings the total state contribution towards the WINS project to \$62,951,248.
- During 2025, construction was completed for the 13.5 mile, 49.5-inch raw and treated water main project that connect WEB's Missouri River intake to the water treatment plant, and the water treatment plant to the distribution system near the intersection of Highways 83 and 12.
- In March 2025, bids were opened for the Spring Lake and Bowdle phases of the WINS project, which includes approximately 8.5 miles of 36-inch water main. This project began construction during the summer of 2025 and is anticipated to be complete in early 2027. These parallel water mains will increase system capacity to assist with the connection to Aberdeen.
- An additional phase totaling 9 miles must be completed for there to be 4 million gallons a day available at Mina which would supply the next phase, Mina to Aberdeen. These remaining phases to allow connection and service to Aberdeen have an estimated cost of \$108 million.

Western Dakota Regional Water System Study – 2023

- In 2022, the Board of Water and Natural Resources awarded an \$8,000,000 American Rescue Plan Act (ARPA) grant to the Western Dakota Regional Water System to assist in funding the study.
- The 2023 Omnibus Bill added the Western Dakota Regional Water System study to the SWRMS list. The Western Dakota Regional Water System Study will evaluate the feasibility of bringing water from the Missouri River to areas throughout western South Dakota. The total study cost is estimated at \$13.165 million. A \$1,000,000 grant was appropriated as part of the 2023 Omnibus Bill for a feasibility level study, system startup, and administration of the Western Dakota Regional Water System study.
- The 2024 Omnibus Bill provided an additional \$1,000,000 SWRMS grant towards completion of the study. The Board of Water and Natural Resources awarded an additional \$2,165,000 of ARPA grant funds towards the study. This brings the total state contribution towards the feasibility study to \$12,165,000.

- During 2024, work on the study included continued outreach efforts and meetings to inform potential systems of participation in the regionalization effort. Membership was increased by 11 system up to 35 total members.
- During 2025, coordination efforts with South Dakota’s Congressional Delegation and U.S. Bureau of Reclamation concerning federal project authorization and alternatives for general water development project reauthorizations were on-going.
- During 2025, conceptual designs for mainline transmission pipeline from Lake Oahe to Rapid City area was evaluated, to include pumping and storage necessary along the potential routes. A more detailed review of water intake locations was completed with the preferred alternative being identified as a new Lake Oahe intake facility. Desktop reviews of potential regional transmission line routes from Rapid City to other system members were undertaken to further define possible routes.
- In 2025, The U.S. Geological Survey completed an evaluation of ground water availability and use information to review the ability of existing sources to meet the needs of the region. This evaluation is necessary for completion of the feasibility study. To assure necessary water rights necessary to meet anticipated member demands were secured the Western Dakota RWS applied for a 20,765 acre-feet Missouri River surface water right permit. State law requires legislative approval of all water rights in excess of 10,000 acre-feet. In 2025, the legislature approved Western Dakota RWS’s request through SJR 501. After legislative approval was secured, the Water Management Board took action to approve the future use water right.

Recommendations to the Governor and State Legislature

In November 2025, the board conducted a public meeting on the State Water Resources Management System (SWRMS) projects. The board adopted Resolution #2025-___ recommending that all current projects be retained on the SWRMS list. The board also adopted Resolution #2025-___ providing its recommendations to the Governor and the Legislature for the Water and Environment Fund (WEF) and WEF subfunds and state fiscal year 2027 appropriation levels. A summary of the board's recommendations are below. Full resolutions are in Appendix B.

Table 15 – Board of Water and Natural Resources Funding Recommendations

WATER AND ENVIRONMENT FUND (WEF)

Appendix A

Water and Environment Fund Special Condition Statement

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WATER AND ENVIRONMENT FUND
Special Condition Statement
As of 6/30/2025

Cash Balance as of 6/30/2025		41,308,649.90
Projected SFY 2026 Revenues		
Capital Construction Fund	11,110,400	
Contractors' Excise Tax	1,000,000	
Investment Interest	600,000	
Loan Principal & Interest Payments (Water)	490,000	
Loan Principal & Interest Payments (Solid Waste)	790,000	
Solid Waste Fees	<u>1,950,000</u>	
		15,940,400
FY2026 Transfer (Per SDCL 1-41-23.1)		
Environment & Natural Resources Fee Fund	<u>(600,000)</u>	
		(600,000)
Board of Water and Natural Resources Commitments as of 6/30/2025		
Consolidated Water Facilities Construction Program	(33,425,529)	
Solid Waste Management Program	(4,603,092)	
SWRMS Grants/Loans - Major Projects		
DANR - Water Rights Well Installation	(999,961)	
Watertown Big Sioux Flood Control Study	(112,500)	
Western Dakota Regional Water Study	(1,042,226)	
WEB WINS Project	(11,015,035)	
Dakota Mainstem Regional Water Study	<u>(1,544,400)</u>	
		(52,742,743)
Remaining Special Appropriation Authority as of 6/30/2025		
Consolidated Water Facilities Construction Program	(394,266)	
Solid Waste Management Program	(512,243)	
SWRMS Grants/Loans - Major Projects		
DANR - Water Rights Well Installation	-	
Watertown Big Sioux Flood Control Study	-	
Water Investment in Northern South Dakota project	-	
WEB WINS Project	-	
Western Dakota Regional Water Study	-	
		<u>(906,509)</u>
Projected Surplus/(Shortfall) for preparation of 2026 Omnibus Bill		<u><u>2,999,799</u></u>

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Appendix B

Board of Water and Natural Resources Resolutions

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STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2025-____

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STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2025-_____

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175 copies of this document were printed
by the Department of Agriculture and Natural Resources
at a cost of \$_____ per copy.

TITLE: Amendment to U.S. Bank Trust Company, N.A. Contract

EXPLANATION: In December 2022, the Board of Water and Natural Resources, acting as the South Dakota Conservancy District, entered into a consultant contract with U.S. Bank Trust Company, N.A. to provide services to the State as Trustee, Loan Servicer and Paying Agent/Registrar for the State's Clean Water and Drinking Water State Revolving Fund programs.

U.S. Bank Trust Company, N.A. has served as the Trustee, Loan Servicer and Paying Agent/Registrar since 2017. The Board's current contract with U.S. Bank Trust Company, N.A. ends on December 31, 2025.

The primary purpose of the amendment is to extend the contract period to December 31, 2028, and increase the total contract amount to an amount not to exceed \$2,600,000.

The amendment has been prepared with assistance from the Office of the Attorney General and reviewed by U.S. Bank Trust Company, N.A.

RECOMMENDED ACTION: Approve the resolution authorizing the first amendment to the U.S. Bank Trust Company, N.A. contract.

CONTACT: Andy Bruels, 773-5559

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

U.S. Bank Trust Company, N.A.
17650 NE Sandy Blvd
Portland, OR 97230
hereafter referred to as Consultant

South Dakota Conservancy District
523 East Capitol Avenue
Pierre, SD 57501
hereafter referred to as State

WHEREAS, on or about December 23, 2022, the State and the Consultant entered into a Consultant Contract (the “Agreement”) to provide services as Trustee, Loan Servicer and Paying Agent/Registrar for the State’s Clean Water and Drinking Water State Revolving Fund programs; and

WHEREAS, the Agreement expires December 31, 2025; and

WHEREAS, Paragraph 10 of the Agreement states in relevant part that “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”; and

WHEREAS, Paragraph 2 of the Agreement states in relevant part that “The State in its sole discretion may renew the Agreement under the same terms and conditions for up to one additional three-year period. Notice of intent to renew shall be given by the State to the Vendor in writing prior to a term’s expiration as provided in the Agreement”; and

WHEREAS, the parties deem it to their mutual benefit to enter into a First amendment to the Agreement to extend the term of the Contract for an additional three years and to make other revisions both technical and substantive.

NOW THEREFORE, in consideration of the foregoing and of the mutual promises contained herein, the parties agree as follows:

A. Paragraph 2 of the Agreement is amended to read as follows:

2. PERIOD OF PERFORMANCE OF THIS AGREEMENT

This agreement shall be effective upon execution and will end on December 31, 2028, unless sooner terminated pursuant to the terms hereof. The State in its sole discretion may renew the Agreement under the same terms and conditions for up to one (1) additional

three-year period. Notice of intent to renew shall be given by the State to the Consultant in writing prior to a term's expiration as provided in the Agreement. If notice of intent to renew is given, the Agreement shall renew unless terminated by either party pursuant to the Termination Provision of the Agreement.

B. Paragraph 3 of the Agreement is amended to read as follows:

3. NOTICE

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 Andrew Bruels, Director, Division of Financial and Technical Assistance on behalf of the State, and by and to Christopher Cartier, Assistant Vice President, Client Manager, Global Corporate Trust, 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.

C. Paragraph 4 of the Agreement is amended to read as follows:

4. PROVISIONS

- A. The Purpose of this Consultant Contract is to provide services as Trustee, Loan Servicer and Paying Agent/Registrar for the State's Clean Water and Drinking Water State Revolving Fund programs.
- B. The Consultant agrees to perform those activities described in the Scope of Work attached hereto as Exhibit A and incorporated herein.
- C. The Consultant further agrees, represents, and warrants that:
 - i. The Consultant will not use state equipment, supplies or facilities.
 - ii. The Consultant will not be paid expenses as a separate item.
 - iii. The TOTAL CONTRACT AMOUNT will not exceed \$2,600,000. See Exhibit B, which is attached hereto and by this reference for cost breakdown of services.

D. A new Paragraph 25 is added to read as follows:

25. CERTIFICATIONS

A. COMPLIANCE WITH SDCL Ch. 5-18A:

Contractor certifies and agrees that the following information is correct:

The bidder or offeror is not an organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly-owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates, of those entities or business associations, regardless of their principal place of business, which is ultimately owned or controlled, directly or indirectly, by a foreign parent entity from, or the government of, the People's Republic of China, the Republic of Cuba, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Russian Federation, or the Bolivarian Republic of Venezuela.

It is understood and agreed that, if this certification is false, such false certification will constitute grounds for the purchasing agency to reject the bid or response submitted by the bidder or offeror on this project and terminate any contract awarded based on the bid or response, and further would be cause to suspend and debar a business under SDCL § 5-18D-12.

The successful bidder or offeror further agrees to provide immediate written notice to the purchasing agency if during the term of the contract it no longer complies with this certification and agrees such noncompliance may be grounds for contract termination and would be cause to suspend and debar a business under SDCL § 5-18D-12.

- E. Appendix C of the Agreement is deleted and replaced by a new Exhibit A which reads as set forth in Exhibit A hereto.
- F. Exhibit A of the Agreement is deleted and replaced by a new Exhibit B which reads as set forth in Exhibit B attached hereto
- G. Appendix B of the Agreement is deleted and replaced by a new Exhibit C which reads as set forth in Exhibit C attached hereto.
- H. This First Amendment is expressly identified as a part of the Agreement.
- I. Except as specifically amended hereby, the terms and conditions of the Agreement shall continue in full force and effect according to the tenor thereof.

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

STATE

CONSULTANT

SOUTH DAKOTA
CONSERVANCY DISTRICT

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION

BY: _____
Jerry Soholt
Chairman

BY: _____
Christopher Cartier
Assistant Vice President

DATE: _____

DATE: _____

EXHIBIT A
Scope of Trustee Services

1. The Trustee holds and administers 267 accounts according to the Master Trust Indenture and more accounts may be created as more bonds are issued.
2. The Trustee maintains a loan account for each SRF borrower (759 active loans as of October 7, 2025).
3. Any moneys held as part of any fund or account are immediately invested and reinvested by the Trustee in accordance with the Master Trust Indenture, Tax Agreements, and any applicable Investment Agreements.
4. The Trustee provides monthly statements on all funds and accounts.
5. The Trustee consults with the Board, Bond Counsel and the Rebate Consultant, including the calculation agent who works with Bond Counsel which is currently Willdan Financial Services.
6. The Trustee is the responsible party for disbursement from various bond proceeds accounts.
7. The Trustee is responsible to assist the Rebate Consultant in accounting for and preparing investment reports for the outstanding bond issues (2010A, 2010B, 2012A, 2012B, 2017A, 2017B, 2018, 2020, 2022A, 2022B, 2024A, and 2025A and any new series of Additional Bonds) under the SRF programs, including the allocation of funds and accounts and investment proceeds, to each of the bond issues, the outstanding Series of taxable bonds (Series 2012A, 2017A, 2022A) and any additional bonds to be issued in the future.
8. The current Rebate Consultant is the District's Bond Counsel and Bond Counsel subcontracts certain calculation agent services to Willdan Financial Services. Bond Counsel takes the responsibility for the preparation of the actual rebate reports and opinion letter, but the Trustee is responsible for furnishing information in a manner and form that facilitates the calculation. Such reports require the Trustee to generate detailed investment data in a form that is available for use by the Rebate Consultant.
9. The bank must be DTC eligible.
10. The bank must be eligible to receive EPA wire transfers and be eligible to serve as EPA Letter of Credit depository.
11. The bank must be a qualified depository of state funds pursuant to South Dakota law.

Scope of Loan Servicer Services:

1. The Trustee acts as Loan Servicer and is the responsible party for disbursement to the Borrowers from various accounts and the computation and re-computation of amortization and payments under each loan (current portfolio of 759 active loans as of October 7, 2025).
2. The Trustee is responsible for Program Maintenance, including:
 - a. Disbursement of borrower payments.
 - b. Collection of borrower repayments.
 - c. Computation of outstanding loan amount.
 - d. Consultations with the Board, Bond Counsel, and Borrowers.

3. In providing its Loan Servicing services, the Trustee will be required to:
 - a. Set up an accounting system that treats the SRF programs as if they are branch banks.
 - b. Provide monthly status reports on each loan.
 - c. Set up amortization schedule(s) for each loan.

Registrar/Paying Agent Services:

The Trustee will act as the paying agent/registrar and will authenticate, register, and transfer the District's bonds.

1. Registrar Services:
 - a. Authenticate, register, and transfer the District's bonds.
2. Paying Agent Services:
 - a. Pay semiannual interest on the District's bonds.
 - b. Pay annual principal on the District's bonds.
 - c. Combine federal funds with bond proceeds and other state moneys for disbursement to Borrowers.

Other Services:

1. Assist with SRF Annual Reports to EPA.
2. Attend District's board meetings, drafting sessions, and other meetings as requested.
3. Provide escrow services for advance refundings.
4. Send redemption notices as appropriate.
5. Assist with the annual state audit for each SRF program.
6. Assist with secondary market disclosure.
7. Turnaround time for funds must be less than 72 hours.

EXHIBIT B
COST OF SERVICES

TRUSTEE SERVICES (includes paying agent/registrar services):

Trustee Acceptance Fee, per Series of Newly Issued Bonds/Notes: **\$4,000**

The acceptance fee covers the administrative review of documents on each financing, initial set-up of the accounts, and other reasonably required services up to and including the transition or closing. This is a flat one-time fee, payable at transition or closing, on a per series basis.

Legal expenses: **Included**

No charges for initial document review and closing assuming industry standard documentation and that there will be no requirement to provide a legal opinion.

Trustee Annual Administration Fee, per Series: **\$4,000**

The annual account administration fee covers the routine duties of the trustee, registrar and paying agent associated with the administration of the account. Administration fees are payable in advance on a per series basis without proration for partial years. This assumes book-entry-only securities.

Dissemination Agent Fee (if applicable): **Included**

This service will be included as part of our Annual Administration Fee provided there is only one annual scheduled event to report to the standard repository and documents are timely submitted to us in electronic form. Any material events or additional parties to be notified would result in additional charges for this service.

Investment Fees:

No additional fees shall be charged for standard money market investments or bank deposits, provided that the Trustee is directed to invest in funds or deposits that are linked to its trust accounting system for automatic investment of cash and automatic monthly posting and reinvestment of earnings. We do not charge fund level sweep fees. No fees are invoiced for fixed income investments acquired through the U.S. Bank Money Center, a department within U.S. Bank that assists institutional investors investing in fixed income products such as bank deposits, treasuries, commercial paper or CDs. Settlement of investment trades with third parties will incur a \$100 charge per purchase or sale. In the event that an investment or custodian contract is utilized, a \$1,750 annual charge per contract will apply to our handling and reconciliation of each contract. This annual fee will be charged in advance only during the life of a specific third-party contract.

Escrow Fee, per Escrow:**By Appraisal (\$400 minimum)**

No additional fees shall be charged for standard money market investments or bank deposits, provided that the Trustee is directed to invest in funds or deposits that are linked to its trust accounting system for automatic investment of cash and automatic monthly posting and reinvestment of earnings. We do not charge fund level sweep fees. No fees are invoiced for fixed income investments acquired through the U.S. Bank Money Center, a department within U.S. Bank that assists institutional investors investing in fixed income products such as bank deposits, treasuries, commercial paper or CDs. Settlement of investment trades with third parties will incur a \$100 charge per purchase or sale. In the event that an investment or custodian contract is utilized, a \$1,750 annual charge per contract will apply to our handling and reconciliation of each contract. This annual fee will be charged in advance only during the life of a specific third-party contract.

Annual GIC Administration Fee, per GIC:**\$1,750**

The State will pay an annual fee of \$1,750 per guaranteed investment contract for the handling and reconciliation of each investment contract. This annual fee will be charged only during the life of a specific guaranteed investment contract. Payment will be made in semi-annual installments in June and December of each year of the contract.

LOAN SERVICER SERVICES:**Loan Servicer Acceptance Fee, per Newly Issued Loan:****\$500**

The acceptance fee covers the administrative review of documents on the new loan, initial set-up of the account, and other reasonably required services up to and including the transition or closing. This is a flat one-time fee, payable at transition or closing.

Legal expenses:**Included**

No charges for initial document review and closing assuming industry standard documentation and that there will be no requirement to provide a legal opinion.

Loan Servicer Annual Administration Fee, per Loan:**\$500**

Annual account administration fee covers the routine duties of the loan servicer associated with the administration of the account. Administration fees are payable in advance.

EXHIBIT C

SOUTH DAKOTA CONSERVANCY DISTRICT STATE REVOLVING FUND PROGRAMS

BONDS and BOND ANTICIPATION NOTE ISSUES

Issue	Par Amount	Purpose
1989	\$ 5,785,000	CWSRF State Match
1992	\$4,180,000	CWSRF State Match
1994A	\$10,220,000	Refunding and CWSRF State Match
1995A	\$7,970,000	CWSRF State Match and Leveraged
1996A	\$2,770,000	CWSRF State Match
1998A	\$6,450,000	DWSRF State Match
2001	\$5,270,000	DWSRF State Match
2001	\$4,405,000	CWSRF State Match
2004	\$38,460,000	Refunding, DWSRF State Match and Leveraged
2005	\$50,000,000	State Match and Leveraged
2008	\$40,000,000	State Match and Leveraged
2009	\$55,000,000	BANs for State Match and Leveraged
2010	\$54,330,000	BANs to Refinance the 2009 BANs
2010A/B	\$92,380,000	Refunding of 1998 Bonds, 2008 Bonds, and 2010 BANs
2012A/B	\$123,305,000	Refunding of 2001, 2004, and 2005 Bonds and CWSRF State Match and Leveraged
2014A	\$9,060,000	CWSRF and DWSRF State Match
2014B	\$50,755,000	CWSRF and DWSRF Leveraged
2017A	\$16,730,000	CWSRF and DWSRF State Match and Refunds 2012B
2017B	\$77,870,000	CWSRF and DWSRF Leveraged and Refunds 2010B and 2012B
2018	\$96,355,000	CWSRF and DWSRF Leveraged
2020	\$76,310,000	CWSRF Leveraged Sioux Falls Only Issue
2022A	\$58,845,000	CWSRF and DWSRF State Match and DWSRF Taxable Leveraged
2022B	\$97,380,000	CWSRF and DWSRF Tax-Exempt Leveraged
2024A	\$160,450,000	CWSRF and DWSRF Tax-Exempt Leveraged
2025A	\$197,205,000	CWSRF and DWSRF Tax-Exempt Leveraged and Refunds 2014B

OUTSTANDING BONDS PRINCIPAL BALANCES

As of June 30, 2025

Series	Clean Water SRF	Drinking Water SRF	Series Totals
2010A	\$11,475,000.00	\$5,575,000.00	\$17,050,000.00
2010B	\$1,963,984.64	\$1,611,015.36	\$3,575,000.00
2012A	\$5,045,000.00	\$1,105,000.00	\$6,150,000.00
2012B	\$2,950,000.00	\$0.00	\$2,950,000.00
2017B	\$51,415,000.00	\$10,725,000.00	\$62,140,000.00
2018	\$46,025,000.00	\$31,385,000.00	\$77,410,000.00
2020	\$71,295,000.00	\$0.00	\$71,295,000.00
2022A	\$7,695,000.00	\$51,150,000.00	\$58,845,000.00
2022B	\$66,010,000.00	\$31,820,000.00	\$97,830,000.00
2024A	\$106,950,000.00	\$53,500,000.00	\$160,450,000.00
2025A	\$79,835,000.00	\$117,370,000.00	\$197,205,000.00
Totals	\$450,658,984.64	\$304,241,015.36	\$754,900,000.00

TITLE: Amendment to Bartlett & West, Inc. Contract

EXPLANATION: In January 2023, the Board of Water and Natural Resources, acting as the South Dakota Conservancy District, entered into a consultant contract with Bartlett & West, Inc. to provide services to the State for water service line inventories and associated work.

This contract was developed to assist public water systems in South Dakota in complying with Safe Drinking Water Act requirements to have water service line inventories completed. A primary focus of the activities is to identify all unknown service line materials and to determine the presence of lead service lines required for removal. The initial reporting period has been completed however many systems still have service lines with unknown materials. There is additional work to perform, and assistance provided to systems to assist them in fully completing the required inventories for regulatory compliance. The Board's current contract with Bartlett & West, Inc. ends on December 31, 2025.

The primary purpose of the amendment is to extend the contract period to December 31, 2027.

The amendment has been prepared with assistance from the Office of the Attorney General and reviewed by Bartlett & West, Inc.

RECOMMENDED ACTION: Approve the resolution authorizing the first amendment to the Bartlett & West, Inc. contract.

CONTACT: Andy Bruels, 773-5559

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

Bartlett & West, Inc.
2921 E 57th Street
Sioux Falls, SD 57108
hereafter referred to as Consultant

South Dakota Conservancy District
523 East Capitol Avenue
Pierre, SD 57501
hereafter referred to as State

WHEREAS, on or about January 2, 2023, the State and the Consultant entered into a Consultant Contract (the “Agreement”) to provide services for water service line inventories and associated work as outlined in the original Agreement; and

WHEREAS, the Agreement expires December 31, 2025; and

WHEREAS, Paragraph 10 of the Agreement states in relevant part that “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.”; and

WHEREAS, Paragraph 2 of the Agreement states in relevant part that “The State in its sole discretion may renew the Agreement under the same terms and conditions for up to one additional three-year period. Notice of intent to renew shall be given by the State to the Consultant in writing prior to a term’s expiration as provided in the Agreement.”; and

WHEREAS, the parties deem it to their mutual benefit to enter into a First amendment to the Agreement to extend the term of the Contract for an additional two years.

NOW THEREFORE, in consideration of the foregoing and of the mutual promises contained herein, the parties agree as follows:

A. Paragraph 2 of the Agreement is amended to read as follows:

2. PERIOD OF PERFORMANCE OF THIS AGREEMENT

This agreement shall be effective on January 6, 2023 and will end on December 31, 2027, unless sooner terminated pursuant to the terms hereof.

- B. This First Amendment is expressly identified as a part of the Agreement.
- C. Except as specifically amended hereby, the terms and conditions of the Agreement shall continue in full force and effect according to the tenor thereof.

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

STATE

CONSULTANT

SOUTH DAKOTA
CONSERVANCY DISTRICT

BARTLETT & WEST, INC.

BY: _____
Jerry Soholt
Chairman

BY: _____
Jame Todd
Delivery Leader

DATE: _____

DATE: _____

November 6, 2025

Item 13

TITLE:	Oak Mountain Country Estates Owners Association Board Resolution Correction for Consolidated Water Facilities Construction Program (CWFCP) Loan 2026G-107 and CWFCP Grant 2026G-107
EXPLANATION:	On March 27, 2025, the Board of Water and Natural Resources awarded Oak Mountain Country Estates Owners Association a \$445,000 CWFCP loan and a \$302,000 CWFCP grant for its water distribution system improvements project. It has been identified that the official entity name on the grant and loan application was incorrectly recorded as Oak Mountain Country Estates HOA and was submitted and passed as such by the BWNR. However, the official name of the recipient is Oak Mountain Country Estates Owners Association and as such a correction to the name is required. Also, it was found that the recipient has no need to secure a mortgage, therefore we are removing that as a conditional requirement for the loan.
RECOMMENDED ACTION:	Staff recommendation to the board is to rescind Resolutions #2025-18 and #2025-19 which awarded the original CWFCP loan and grant with an incorrect recipient name and an unnecessary conditional requirement of a mortgage and pass a two new Board Resolutions with the correct recipient name and loan conditions.
CONTACT:	Casey Kahler, 773-4907

November 6, 2025

Item 14

TITLE:	Canton Request to Deobligate Clean Water SRF Loan C461039-07 and Drinking Water SRF Loan C462039-05
EXPLANATION:	On March 27, 2025, the Board of Water and Natural Resources awarded Canton a \$1,827,000 Clean Water SRF loan and a \$1,946,000 Drinking Water SRF Loan for its West Street Sanitary, Storm Sewer and Drinking Water Improvements projects. On October 8, 2025, DANR staff received a letter from the city of Canton stating they are going to reprioritize and pause these projects for the time being. The letter requested to deobligate the \$1,827,000 Clean Water SRF loan and the \$1,946,000 Drinking Water SRF loan
RECOMMENDED ACTION:	Rescind Resolutions #2025-28 which awarded the Clean Water SRF loan and #2025-23 which awarded the Drinking Water SRF loan for these projects.
CONTACT:	Tina McFarling, 773-4216

October 8, 2025

Andy Bruels, Director
Division of Financial and Technical Assistance
Department of Agriculture and Natural Resources
523 E Capitol Ave
Pierre, SD 57501

Re: Rescission of 2025 CWSRF and DWSRF loans

Dear Mr. Bruels:

On March 27, 2025, the Board of Water and Natural Resources awarded the City of Canton a \$1,827,000 Clean Water State Revolving Fund (SRF) loan for the West Street Improvement project. The Board also awarded the City of Canton a \$1,946,000 Drinking Water SRF loan Water Improvements project.

The City of Canton has evaluated the priorities of improvement projects for the City and respectfully requests that the Board rescinds the SRF loans awarded on March 27, 2025. We apologize for the additional work and confusion this has created for all involved parties.

Please contact me at (605) 987-2881 or andrew.pietrus@cantonsd.org if you have any questions regarding this request.

Sincerely,



Andrew Pietrus
City Administrator
City of Canton

November 6, 2025

Item 15

TITLE: Amendment to the FY 2025 Clean Water SRF Intended Use Plan

EXPLANATION: The FFY 2025 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2024, and amended in March, June, and September of 2025.

At the time the Intended Use Plan was approved it was recommended that no funds be set-aside as allowed for Small System Technical Assistance. It was anticipated that sufficient funds from prior year grants would be available to carry out allowed activities. Specifically, these the use of these funds includes providing Small Community Planning Grants for completion of engineering studies and for assistance to identified communities for technical, managerial, of financial capacity assistance.

To allow for prior year grant funds to be expended and allocate funds for the above activities into a more current federal grant year it is recommended to amend the 2025 Clean Water SRF Intended Use Plan. The following language would be added to the IUP I the Capitalization Grant Technical Assistance Set-Aside section:

To continue funding these activities South Dakota will utilize \$200,000 of the 2025 IIJA general supplemental grant funds. No base CWSRF program funds will be allocated for this set-aside.

RECOMMENDED ACTION: Approve the proposed amendment to the FFY 2025 Clean Water SRF Intended Use Plan

CONTACT: Andy Bruels, 773-4216