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

March 30, 2023
10:00 a.m. Central Time

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

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

BOARD MEMBERS PRESENT: Jerry Soholt, Jackie Lanning, and Karl Adam participated remotely. Todd Bernhard and Paul Gnirk participated in person.

BOARD MEMBERS ABSENT: Vance Newman and Gene Jones, Jr.

OTHERS: See attached attendance sheet.

APPROVE AGENDA: Agenda Item No. 19 was moved to the end of the agenda.

Motion by Gnirk, seconded by Bernhard, to approve the agenda as amended. Motion carried unanimously.

APPROVE MINUTES OF JANUARY 5, 2023, MEETING: Motion by Lanning, seconded by Gnirk, to approve the minutes of the January 5, 2023, Board of Water and Natural Resources meeting. A roll call vote was taken, and the motion carried unanimously.

PUBLIC COMMENT PERIOD: Public comments regarding the city of Custer funding application were given by the following:

Jill Schanzenbach, Custer
Neil Schanzenbach, Chairman of Preserve French Creek, Custer
Kathryn Mary Merritt, Custer
Blair Waite, Custer
Jack Winter, Custer
Anda Anderson, Custer

PUBLIC HEARING TO AMEND ADMINISTRATIVE RULES 74:05:08 AND 74:05:11: The Board of Water and Natural Resources convened at 10:00 a.m. Central Time on March 30, 2023, in the Matthew Training Center, Joe Foss Building, 523 E Capitol Avenue, Pierre SD, 57501.

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The purpose of the hearing was to consider amendments to ARSD 74:05:08, State Water Pollution Control Revolving Fund Program, and ARSD 74:05:11, Drinking Water State Revolving Fund Program.

The hearing officer was Board of Water and Natural Resources chairman Jerry Soholt. Other board members participating included Dr. Paul Gnirk and Todd Bernhard, participating in person, and Karl Adam, and Jackie Lanning, participating remotely.

The attached attendance sheet includes others who attended the hearing.

The Legislative Research Council (LRC) reviewed the rules for form, style, and legality. The changes made by LRC were incorporated into the final rules.

There were no written or oral comments.

Environmental Funding Program Administrator, Mike Perkovich, provided a summary of the proposed amendments to ARSD 74:05:08:01, 74:05:08:02, 74:05:08:03.01, 74:05:08:12.03, 74:05:08:13, 74:05:08:13.02, 74:05:08:18.01, 74:05:08:18.02, 74:05:11:01, 74:05:11:02, 74:05:11:06, 74:05:11:12, 74:05:11:12.02, 74:05:11:14, 74:05:11:18, 74:05:11:18.01, and 74:05:11:18.02.

The changes will establish guidelines for eligibility to receive principal forgiveness from the new Emerging Contaminants and Lead Service Line Replacement funding and broaden the universe of eligible water system that can access from these programs. The revisions also allow borrowers to receive a reduced interest rate on loans that are subject to the Build America, Buy American procurement requirements and provide loans with no interest to projects that are using the Lead Service Line Replacement funding. The proposed revisions will also modify the application requirements, include priority points for Emerging Contaminants and Lead Service Line Replacement projects, update or correct references to the Drinking Water Act authorizing legislation, census data and state statutes, and make other minor grammatical changes.

The reason for the changes is to implement new funding programs made available through the Bipartisan Infrastructure Law and update metrics using data from the 2020 Census.

Motion by Bernhard, seconded by Gnirk, to adopt amendments to ARSD 74:05:08:01, 74:05:08:02, 74:05:08:03.01, 74:05:08:12.03, 74:05:08:13, 74:05:08:13.02, 74:05:08:18.01, 74:05:08:18.02, 74:05:11:01, 74:05:11:02, 74:05:11:06, 74:05:11:12, 74:05:11:12.02, 74:05:11:14, 74:05:11:18, 74:05:11:18.01, and 74:05:11:18.02, as presented. Motion carried unanimously.

Chairman Soholt closed the hearing at 11:00 a.m. Central Time.

AMENDMENTS TO STATE WATER PLAN, 2023 CLEAN WATER SRF AND 2023 DRINKING WATER SRF INTENDED USE PLANS: Water projects which will require state funding or need state support for categorical grant or loan funding must 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 2024.

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.

Andy Bruels reported that 16 State Water Plan applications were received by the February 1, 2023, 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.

Mr. Bruels presented the following State Water Facilities Plan applications and staff recommendation:

Project Sponsor	Description	Projected State Funding (\$)	Recommendation
Big Sioux Community Water System	This project will add three segments of water line loops in the Lake Madison and Brant Lake service area to increase pressure and flow. The project will install 5.2 miles of 6- and 8-inch PVC watermain.	\$2,200,000	Place on Facilities Plan
B-Y Water District	The project will include improvements to chemical feed systems on three storage reservoirs near the treatment plant, rehabilitation of two of the reservoir coatings, and additional pipeline interconnections between the reservoirs to improve storage utilization.	\$4,000,000	Place on Facilities Plan
Centerville	Construction of a new water storage tank to replace the existing standpipe that is beyond its useful life.	\$1,400,000	Place on Facilities Plan

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Claremont	This project will replace and install 1,100 feet of storm sewer pipe in a portion of the community with storm water issues. The project will also make improvements the existing sanitary sewer lift station including pumps and controls.	\$505,000	Place on Facilities Plan
Hartford	Installation of 4,400 feet of 6- and 8-inch PVC to loop two areas of the water distribution system currently served by dead-end lines.	\$990,800	Place on Facilities Plan
Hecla	Replacement of 15,500 feet of clay sanitary sewer, installation of drain tile to remove groundwater and improve stormwater management, rehabilitation of the wastewater treatment lagoons, and installation of a lift station and forcemain to improve sanitary sewer conveyance.	\$12,921,000	Place on Facilities Plan
Herreid	Replace its existing water storage tower that is beyond its useful life and install 2,000 feet of watermain to better loop portions of the distribution system.	\$2,550,550	Place on Facilities Plan
Java	Replacement or relining of 16,600 feet of sanitary sewer, upgrade the controls for the lift station and purchase a generator for the lift station.	\$4,017,386	Place on Facilities Plan

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Meadow Crest Sanitary District	The project will install a new well to provide a redundant supply for the system and necessary capacity for current and future users.	\$590,000	Place on Facilities Plan
Milbank	Replacement of existing well pumps in 3 wells that are beyond their useful life and installation of a new well to meet current source water needs The project will also make Water Treatment improvements to include replacement of high service pumps, chemical feed and storage, UV disinfection, and an iron precipitation tank.	\$12,500,000	Place on Facilities Plan
Minnehaha Community Water Corp	Replacement of existing treatment plant control systems and related electrical upgrades.	\$543,400	Place on Facilities Plan
North Brookings Sanitary & Water District - Water	Replace of 6,000 feet of asbestos cement water main with PVC pipe.	\$1,300,000	Place on Facilities Plan
North Brookings Sanitary & Water District - Wastewater	Relining of 10,400 feet of clay sanitary sewer, replacement of the existing lift station, and replacement of 5,400 of forcemain.	\$4,000,000	Place on Facilities Plan
North Sioux City	Installation of 1,000 feet of new watermain a meter vault and system controls to allow an interconnection for water between the city and Dakota Dunes CID.	\$574,100	Place on Facilities Plan

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Sioux Falls – Basin 15 Phase 2	Installation of 1 mile of sanitary sewer trunk main and related appurtenances in the northwest area of the city in what is known as basin 15 this project is phase 2 of the development. This will open up land for future development and install best management practices in the Big Sioux River watershed.	\$6,214,000	Place on Facilities Plan
Sioux Falls – Basins 28 and 29	Installation of 2.5 miles of sanitary sewer trunk main and related appurtenances in the southeast area of the city in what is known as sewer basins 28 and 29. This will open up to 480 acres of land for future development and install best management practices in the Big Sioux River watershed.	\$42,317,600	Place on Facilities Plan

Motion by Lanning, seconded by Gnirk, to place the 16 projects on the 2023 State Water Facilities Plan. Motion carried unanimously.

Staff recommended that the following projects be added to Attachment I – Project Priority list of the 2023 Clean Water SRF Intended Use Plan:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
13	Hecla	\$12,921,000	3.25%, 30 years
12	Sioux Falls – Basin 15 Phase 2	\$6,214,000	2.25%, 20 years
12	Sioux Falls – Basins 28 and 29	\$8,410,500	2.25%, 20 years
9	Tabor	\$1,000,000	3.25%, 30 years
8	North Brookings Sanitary & Water District	\$4,000,000	3.25%, 30 years
6	Claremont	\$12,921,000	3.25%, 30 years
6	Java	\$6,214,000	2.25%, 20 years

Motion by Lanning, seconded by Gnirk, to place the seven projects on the 2023 Clean Water SRF Project Priority List. Motion carried unanimously.

Staff recommended that the following projects be added to Attachment I – Project Priority list of the 2023 Drinking Water SRF Intended Use Plan:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
103	Herreid	\$2,550,550	0%, 30 years
77	Milbank	\$12,500,000	2.75%, 30 years
31	North Sioux City	\$574,100	3.25%, 30 years
27	Saint Lawrence	\$940,000	3.25%, 30 years
17	Big Sioux Community Water System	\$2,200,000	3.25%, 30 years
17	Meadow Crest Sanitary District	\$590,000	3.25%, 30 years
16	Hartford	\$990,800	3.25%, 30 years
8	B-Y Water District	\$4,000,000	3.25%, 30 years
8	Minnehaha Community Water Corporation	\$543,400	3.00%, 20 years
7	North Brookings Sanitary & Water District	\$1,300,000	3.25%, 30 years
4	Centerville	\$1,400,000	3.00%, 30 years

Motion by Bernhard, seconded by Gnirk, to place the 11 projects on the 2023 Drinking Water SRF Project Priority List. Motion carried unanimously.

AMENDMENTS TO THE 2022 CLEAN WATER SRF INTENDED USE PLAN: The FFY 2022 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2021 and amended in March, June, July, and September 2022.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the Intended Use Plan associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior years' Intended Use Plans.

Staff recommended that the following projects be added to Attachment I - Project Priority List of the FFY 2022 Clean Water Intended Use Plan:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
27	Vermillion	\$23,100,000	3.25%, 30 years
8	Kimball	\$1,095,000	3.25%, 30 years
7	Wolsey	\$134,000	3.25%, 30 years

Motion by Adam, seconded by Bernhard to approve the amendments to the FFY 2022 Clean Water SRF Intended Use Plan. Motion carried unanimously.

AMENDMENTS TO THE 2022 DRINKING WATER SRF INTENDED USE PLAN: The FFY 2022 Drinking Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2021 and amended in January, March, April, June, and September 2022, and January 2023.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the Intended Use Plan associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior years' Intended Use Plans.

Staff recommended that the following projects be added Attachment I - Project Priority List of the FY 2022 Drinking Water Intended Use Plan:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
138	Vermillion	\$7,000,000	2.75%, 30 years
77	Wessington	\$673,000	0%, 30 years
34	New Underwood	\$7,580,000	3.00%, 30 years
27	Saint Lawrence	\$940,000	3.25%, 30 years
20	Salem	\$1,400,000	3.00%, 30 years

Motion by Lanning, seconded by Adam, to approve the amendments to the FFY 2022 Drinking Water SRF Intended Use Plan. Motion carried unanimously.

MILLER REQUEST TO AMEND CLEAN WATER SRF WATER QUALITY GRANT 2020G-WQ-100 AND DRINKING WATER CONSTRUCTION GRANT 2020G-DW-101: Mr. Bruels reported that on March 28, 2019, the Board of Water and Natural Resources awarded Miller a \$400,000 Drinking Water SRF loan, a \$2,000,000 Consolidated grant, and a \$100,000 Drinking Water SRF Construction grant to replace cast iron and asbestos cement watermain. The city also received a \$1,900,000 Clean Water SRF loan, a \$2,000,000 Consolidated grant, and a \$339,000 Clean Water SRF Water Quality grant to replace sanitary and storm sewer collection pipes. The grants expire in March 2023. The Consolidated grants cannot receive a time extension; however, this limitation does not apply to the SRF grants.

Due to unforeseen circumstances with receiving funds from another source and coordination between the agencies, the project was not bid as soon as anticipated. A construction delay also occurred to allow for an additional freeze/thaw cycle and asphalt installation. As a result, the project will not be completed within the original grant period.

On February 23, 2023, staff received a letter from Miller requesting the grant periods of the Drinking Water SRF Construction grant and the Clean Water SRF Water Quality grant be extended to allow for project completion. The city also requested that both remaining Consolidated grants fund balances be re-allocated to the respective SRF grants and the grant percentages be increased to allow the city to fully utilize all grant funds originally provided.

As of March 1, 2023, Miller had \$35,980.90 remaining in Consolidated grant 2020G-104 for the drinking water project and \$453,743.74 remaining in Consolidated grant 2020G-100 for the sanitary and storm sewer project.

With assistance from the Attorney General's office, staff has prepared amendments to both the Drinking Water SRF Construction grant and Clean Water SRF Water Quality grant for the amendments.

Staff recommended the board approve amending Drinking Water SRF Construction grant 2020G-DW-101 to extend the grant period until March 31, 2024, increase the total grant amount to \$135,980, and increase the grant percentage to 5.5 percent of eligible total project costs.

Staff also recommended the board approve amending Clean Water SRF Water Quality grant 2020G-WQ-100 to extend the grant period until March 31, 2024, increase the total grant amount to \$792,743, and increase the grant percentage to 15.2 percent of eligible total project costs.

Mr. Bruels noted that the remaining funds from Consolidated grants 2020G-104 and 2020G-100 will be de-obligated.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2023-19** approving the First Amendment to SRF Drinking Water Grant Agreement 2020G-DW-101 with the **city of Miller** to extend the termination date of the grant to March 31, 2024, increase the grant percentage to 5.5 percent, and increase the total grant amount to \$135,980. Motion carried unanimously.

Motion by Bernhard, seconded by Adam, to adopt **Resolution No. 2023-20** approving the First Amendment to SRF Water Quality Grant Agreement 2020G-WQ-100 with the **city of Miller** to extend the termination date of the grant to March 31, 2024, increase the grant percentage to 15.2 percent, and increase the total grant amount to \$792,743. Motion carried unanimously.

SUMMERSET CHANGE OF PLEDGE REQUEST FOR CLEAN WATER SRF LOAN C461448-03: Stephanie Riggle reported that on April 13, 2022, the Board of Water and Natural Resources awarded a \$5,923,042 Clean Water SRF loan and a \$3,596,279 ARPA grant to the city of Summerset. The pledge on the original application was a project surcharge.

Staff has had conversations with the city of Summerset about a change of pledge from a project surcharge to using their already established Tax Increment Finance (TIF) district for repayment of the loan to help keep their wastewater user rates lower. The city has agreed to add a clause in the loan requiring them to establish a surcharge if the TIF revenues become insufficient for debt repayment.

On February 21, 2023, staff received a letter from Summerset outlining this request and noted the city has passed resolutions to allow use of its TIF funds for repayment of the loan.

TIFs can only exist for 20 years, and this TIF was established in 2018 and, therefore, only has 15 years left. The term of the loan cannot be longer than the remaining term of the TIF.

Staff recommended that the board rescind Resolution No. 2022-212, which awarded the original loan, and adopt a resolution approving a \$5,923,042 Clean Water SRF loan at 2.0 percent interest for 15 years with the TIF as the revenue pledge.

Motion by Gnirk, seconded by Bernhard, to rescind Resolution No. 2022-212 and adopt **Resolution No. 2023-21** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$5,923,042 at 2.0 percent interest for 15 years to the **city of Summerset** to increase its wastewater treatment facility capacity, 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.

ALCESTER PROJECT SCOPE AMENDMENT REQUEST FOR CLEAN WATER SRF LOAN C461212-02 AND ARPA GRANT 2022G-ARP-101: Suzanne McKinley reported that on April 13, 2022, the city of Alcester was awarded a \$250,350 Clean Water SRF Loan and a \$1,418,650 ARPA grant to complete upgrades to its wastewater collection system.

On December 13, 2022, DANR received a letter from the city of Alcester requesting reallocation of those funds to the wastewater treatment plant project that was funded with SRF loan C461212-01 on March 25, 2021. Although the city was awarded a \$770,000 Community Development Block Grant to help with wastewater treatment plant project costs, Alcester still expects a funding deficit of approximately \$1,153,000 on a \$5,000,000 bid. If bids come in higher, the deficit will increase.

The city has requested that the scope of the ARPA grant 2022G-ARP-101 and Clean Water SRF loan C461212-02 be amended to align with the scope of the Clean Water SRF loan C461212-01 for the wastewater treatment system improvements.

At this time, the city is not planning to pursue the wastewater collection system project.

Staff recommended the board approve amendment of the scope of Clean Water SRF loan C461212-02 and ARPA grant 2022G-ARP-101 to the proposed wastewater treatment plant work.

Motion by Adam, seconded by Lanning, to adopt **Resolution No. 2023-22** approving the First Amendment to American Rescue Plan Act Grant Agreement 2022G-ARP-101 with the **city of Alcester** to amend the project name and the scope of the project, and to amend the scope of Clean Water SRF loan C461212-02 for the **city of Alcester**. Motion carried unanimously.

PARKSTON ADDITIONAL FUNDING REQUEST FOR CLEAN WATER SRF LOAN C461062-02: Abbey Larson reported that on April 13, 2022, the city of Parkston was awarded a \$1,926,260 Clean Water SRF loan and a \$1,089,740 American Rescue Plan Act grant for a wastewater collection and treatment improvements project.

On February 13, 2023, the Department of Agriculture and Natural Resources received a letter from the city of Parkston requesting that Clean Water SRF loan C461062-02 be amended to include an additional \$1,119,700. The additional funding is necessary to cover increased construction material and labor costs.

This increase will bring the project total to \$4,400,000.

Staff recommended that the board rescind Resolution No. 2022-167, which awarded the original Clean Water SRF loan, and award a \$3,045,960 Clean Water SRF loan at 2.125 percent interest for 30 years contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Motion by Bernhard, seconded by Gnirk, to rescind Resolution No. 2022-167 and adopt **Resolution No. 2023-23** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,045,960 at 2.125 percent interest for 30 years to the **city of Parkston** for wastewater treatment system improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

WATERTOWN STATE WATER RESOURCES MANAGEMENT SYSTEM GRANT AGREEMENT AMENDMENT: Andy Bruels reported that the 2022 State Legislature appropriated \$249,727 in grant funds for the Watertown & Vicinity Big Sioux Flood Control Study. The board placed these funds under agreement with the city of Watertown in March 2022.

The 2023 State Legislature appropriated \$200,273 in grant funds for the Watertown & Vicinity Big Sioux Flood Control Study.

The department received a request from the city of Watertown to place the 2023 appropriation under agreement. The first amendment to the grant agreement was drafted with the assistance of DANR legal counsel, and the DANR review process has been completed.

This will raise the total grant amount for the study to \$450,000.

Staff recommended approval of a resolution authorizing the Chairman to execute the State Water Resources Management System Grant Agreement First Amendment with the city of Watertown.

Motion by Adam, seconded by Gnirk, to adopt **Resolution No. 2023-24** approving the First Amendment to the South Dakota Water and Environment Fund grant agreement to provide an additional \$200,273 to the **city of Watertown** for the Big Sioux Flood Control study, and authorizing the chairman of the board to execute the Water Resources Management System grant agreement.. Motion carried unanimously.

WATER INVESTMENT IN NORTHERN SOUTH DAKOTA (WINS) STATE WATER RESOURCES MANAGEMENT SYSTEM GRANT AGREEMENT: Mr. Bruels reported that Section 1 of Senate Bill 17 approved by the 2023 Legislature amended the State Water Resources Management System list in SDCL 46A-1-2.1 to add the Water Investment in Northern South Dakota (WINS) project as a preferred priority project of the state.

Section 4 of Senate Bill 17 approved by the 2023 Legislature appropriated \$5,000,000 in grant funds for the WINS project. The legislation authorized the state grant to the local project sponsors for the engineering design, preconstruction activities, and construction of the facilities included in the project. The grant is subject to the terms and conditions established by the Board of Water and Natural Resources.

The department has received a joint request from the three local project sponsors to place the \$5,000,000 appropriation under agreement. A grant agreement was drafted with the assistance of DANR legal counsel, and the DANR review process has been completed.

Staff recommended board approval of a resolution authorizing the chairman to execute the State Water Resources Management System Grant Agreement with the joint project sponsors, which are the city of Aberdeen, BDM Rural Water System, and WEB Water Development Association, Inc.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2023-25** approving the State Water Resources Management System grant agreement to the **Water Investment in Northern South Dakota** joint project sponsors for an amount not to exceed \$5,000,000 for engineering design, preconstruction activities, and construction of the facilities included in the project, and authorizing the chairman of the board to execute the Water Resources Management System grant agreement. Motion carried unanimously.

WESTERN DAKOTA REGIONAL WATER SYSTEM STATE WATER RESOURCES MANAGEMENT SYSTEM GRANT AGREEMENT: Mr. Bruels reported that Section 1 of Senate Bill 17 approved by the 2023 Legislature amended the State Water Resources Management System list in SDCL 46A-1-2.1 to add the Western Dakota Regional Water System study as a preferred priority project of the state.

Section 5 of Senate Bill 17 approved by the 2023 Legislature appropriated \$1,000,000 in grant funds for the Western Dakota Regional Water System study. The Legislation authorized the state grant to the local project sponsors for a feasibility level study, system startup, and administration of the study. The grant is subject to the terms and conditions established by the Board of Water and Natural Resources.

The department received a request from the Western Dakota Regional Water System, as the local project sponsor, to place the \$1,000,000 appropriation under agreement. A grant agreement has been drafted with the assistance of DANR legal counsel, and the DANR review process has been completed.

Staff recommended board approval of a resolution authorizing the chairman to execute the State Water Resources Management System Grant Agreement with the Western Dakota Regional Water System.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2023-26** approving the State Water Resources Management System grant agreement to the **Western Dakota Regional Water System** for an amount not to exceed \$1,000,000 for a feasibility level study, system startup, and

administration of the study, and authorizing the chairman of the board to execute the Water Resources Management System grant agreement. Motion carried unanimously.

LEWIS & CLARK REGIONAL WATER SYSTEM ACKNOWLEDGEMENT OF STATE WATER RESOURCES MANAGEMENT SYSTEM LOAN TO GRANT CONVERSION: Mr. Bruels reported that the 2015 Legislature appropriated funds for the purpose of providing a no-interest loan in the amount of \$7,700,000 to the Lewis and Clark Rural Water System project. The board took action to enter into a loan agreement for the funds on June 25, 2015.

The funds were used for engineering, easements, construction and other costs associated with completion of Segment 1 and Segment 5 of the Madison Service Line. The work has been completed, and all funds have been disbursed for eligible costs.

In April 2022 the board approved a \$13,136,100 ARPA grant to Lewis & Clark RWS with the following conditions:

- The award will be limited to drawing and utilizing no more than \$7,300,000 of ARPA grant funds prior to April 1, 2023.
- During the 2023 legislative session as a part of the annual Omnibus Bill, the Department of Agriculture and Natural Resources and the Board of Water and Natural Resources will propose that Lewis and Clark's existing \$7,700,000 State Water Resources Management System loan be converted to a grant.
- If the conversion of the \$7,700,000 loan to a grant is approved by the legislature, the ARPA grant total will be \$7,300,000, resulting in a combined grant allocation of \$15,000,000 to Lewis & Clark RWS.
- If conversion of the loan to a grant is unsuccessful, Lewis & Clark will be allowed to utilize the full ARPA award of \$13,136,100.

The reason the conditions were included in the ARPA grant agreement is that it would be beneficial for the board to retain some additional ARPA funds to use in the future, and it provides the ability for Lewis & Clark to receive additional funds.

Mr. Bruels stated that the 2023 Legislature in Senate Bill 17, section 2 amended the 2015 session law, chapter 224, section 2 for the purpose of converting the loan agreement to a grant. To document this legislative act an acknowledgement was drafted with the assistance of DANR legal counsel.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2023-27** acknowledging the \$7,700,000 State Water Resources Management System loan to **Lewis & Clark Rural Water System, Inc.** was converted to a grant by an act of the 2023 South Dakota Legislature through Senate Bill 17, section 2. Motion carried unanimously.

LAKE THOMPSON WATER PROJECT DISTRICT FORMATION PETITION: Mike Perkovich reported that persons desiring to establish an area as a water project district may petition the Board of

Water and Natural Resources to submit to an election the question of whether such area shall become a water project district.

The department received a petition to form the Lake Thompson Area Water Project District. The proposed district is located in Kingsbury County and encompasses Lake Henry and that portion of Lake Thompson located in Kingsbury County.

The object and purpose of the proposed district is to provide a focus and representation for addressing water management issues related to flooding in the Lake Thompson/Lake Henry area and to pursue funding sources to implement solutions to the flooding issues.

Specifically, directors shall be elected to propose and implement studies related to flooding in the Lake Thompson watershed and to utilize the results of the studies to pursue approval and implementation of projects and water management practices to better address flooding issues in the Lake Thompson/Lake Henry area. All projects will be conducted with coordination and approval of appropriate local, county, state, and federal agencies.

James Knight, co-Chair of the Lake Thompson Area Water Project District petition committee, stated that the formation of a water project district is an attempt for citizens in the Lake Thompson area to be involved in ways of addressing the flooding issues. The dollars the area was not able to apply for in the previous floods, and the lack of emergency services prompted the group to realize that there needs to be official representation for the area. The petition committee believes the formation of a water project district is an appropriate avenue to pursue funding to address the flooding issues.

Mr. Knight answered questions from the board.

Mr. Perkovich noted that the petition has been verified to meet the statutory requirements of SDCL 46A-18 and 6-16.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2023-28** finding that the petition submitted to create and establish the Lake Thompson Area Water Project District substantially complies with all the applicable requirements specified in SDCL 46A-18 and SDCL 6-16, and that the proposed project is feasible and conforms to the public convenience and welfare, that the Board of Water and Natural Resources approves the petition and calls for an election of the qualified voters of the Lake Thompson Area Water Project District on the question of whether the Lake Thompson Area Water Project District should be created and established with the date of said election being set not more than sixty days after the board declares that the application for incorporation is valid. If a majority of the votes cast on the question of formation is in favor, an election of the initial board of directors shall be conducted immediately thereafter. The Board hereby directs the Department of Agriculture and Natural Resources to enter into a Joint Powers Agreement with the Kingsbury County Commissioners for the Kingsbury County Auditor to select a date for the election on the creation of the water project district and to cause the appropriate notices to be published for the election and agrees to conduct the election in accordance with the applicable requirements of SDCL chapter 6-16. Motion carried unanimously.

MEETING SCHEDULE FOR SFY 2024: Mike Perkovich presented the proposed board meeting schedule for SFY 2024.

Motion by Adam, seconded by Gnirk, to adopt the following tentative meeting schedule for SFY 2024: September 28-29, 2023, November 9, 2023, January 4, 2024, March 28-29, 2024, and June 27-28, 2024. Motion carried unanimously.

Mr. Perkovich announced that he will be retiring on June 8, 2023.

Chairman Soholt called a recess for lunch at 11:50 a.m. He called the meeting back to order at 1:10 p.m. Central Time. A quorum as present.

LEAD SERVICE LINE PRESENTATION: Erin Steever, Bartlett & West, provided a slide presentation discussing the Statewide Lead Service Line Inventory. The inventory team includes DANR, Bartlett & West, Black & Veach, Brosz Engineering, and ClickRain and Lemonly. The South Dakota Rural Water Association is a significant resource partner for this project.

Ms. Steever discussed what water systems are doing now, developing the messaging, understanding the requirements, and implementation of the inventory.

Ms. Steever, Andy Bruels and Mark Mayer, DANR Drinking Water Program, answered questions.

DRINKING WATER FACILITIES FUNDING APPLICATIONS: Mr. Bruels provided an overview of available funds.

Mr. Bruels announced that this is Mike Perkovich's last board meeting as he will be retiring on June 8. Mike has been involved in the water and wastewater funding programs since 1988. During his time with DANR, Mike has been here for every SRF loan the board awarded, and he has been involved since the beginning of the dedicated water and solid waste funding, which is part of the annual Omnibus Bill.

During this time, the board has awarded more than 1,100 loans between the SRF programs totaling more than \$2,700,000,000 in funds. Approximately \$400,000,000 in additional funds for projects through the Omnibus Bill and more than 1,000 other grants and loans were awarded. In 2022, \$600,000,000 in ARPA funds were awarded.

In total, Mike has been a part of awarding approximately \$3,700,000,000, which doesn't include other funds from sources outside of this board. Mike has assisted in funding projects from the smallest communities in the state to the largest cities and regional systems. There is almost nowhere in the state that has not benefited from the assistance Mike has been an integral part of providing for over three decades.

Mike has also been involved in multiple other Board of Water and Natural Resources and DANR activities.

Mr. Bruels thanked Mike for his dedication to the board and DANR.

Chairman Soholt thanked Mike for his service to the State of South Dakota.

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

Vermillion requested funding to replace equipment that is deteriorated or nearing the end of design life in both the treatment plant and well field. Replaced components will result in upgraded equipment and improved efficiency. The project will also replace approximately 5,120 feet of cast iron pipe with PVC pipe.

The estimated total project amount is \$7,000,000, and the amount requested is \$7,000,000.

Staff recommended awarding a \$7,000,000 Drinking Water SRF loan at 2.75 percent interest for 30 years.

Vermillion pledged a project surcharge for repayment of the loan. Current rates in Vermillion are \$31.27 for 5,000 gallons. Staff analysis indicates that a surcharge of \$8.90 is needed for repayment of the loan, bringing overall rates to \$40.17 based on 5,000 gallons usage.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Shane Griese, city of Vermillion, thanked the board for consideration of funding.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2023-29** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$7,000,000 at 2.75 percent interest for 30 years to the **city of Vermillion** for replacement of equipment at the treatment plant and wellfield, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Wessington requested funding for water tower improvements, which include painting and repairs, and to replace hydrants and gate valves in the distribution system.

The estimated total project amount is \$673,001, and the amount requested is \$673,000. The city was considering submitting a CDBG application.

Staff recommended awarding a \$673,000 Drinking Water SRF loan at 0.0 percent interest for 30 years with 80.0 percent as principal forgiveness not to exceed \$538,000.

The city has pledged a project surcharge for repayment of the loan. Current rates in Wessington are \$54.00 for 5,000 gallons. Staff analysis indicates that a surcharge of \$3.55 is needed for repayment of the \$135,000 net loan bringing overall rates to \$57.55 based on 5,000 gallons usage.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Darin Swartz, city of Wessington Trustee, discussed the project.

Motion by Lanning, seconded by Gnirk, to adopt **Resolution No. 2023-30** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$673,000 at 0.0 percent interest for 30 years with 80.0 percent as principal forgiveness not to exceed \$538,000 to the **city of Wessington** for water tower, hydrant, and gate valve improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Henry requested funding to replace the existing water distribution system, which includes 16,500 feet of PVC main, 25 hydrants, 4,000 feet of service lines, 125 service connections, 2,000 feet of new PVC line from the existing rural water supply connection point, and a 60,000-gallon water storage tank.

The estimated total project amount is \$6,119,000, and the amount requested is \$6,119,000.

Mr. Bruels stated that with the board's earlier action for approval of the proposed revisions to the Administrative Rules for the SRF programs, there are impacts to funding for a few projects. The rule changes include updating the MHI and unemployment data currently used to determine if a community is considered disadvantaged for Drinking Water SRF loans or meets the affordability criteria for Clean Water SRF loans. The rule changes will not go into effect until April or May 2023. There are several applicants that would become eligible for principal forgiveness, lower interest rates, or both as a result of the proposed rule changes. Henry is one of the communities that would benefit from the new rule changes.

Staff does not believe it is feasible to provide funding on the full project scope identified in the application and keep rates reasonable. Staff has asked Henry to review their project and submit a revised application to reduce the project scope for both the water and wastewater improvements projects.

Staff recommended the board defer action.

Mr. Bruels noted that, per administrative rules, the board has 120 days from the presentation of an application to make a final funding decision. Staff proposes to bring the Henry application to the board at the June meeting, which meets that requirement.

Motion by Bernhard, seconded by Gnirk, to **defer** board action on the **Henry** funding application. Motion carried unanimously.

New Underwood requested funding to replace approximately 14,540 feet of outdated water main, a new supply line to provide an additional line between the distribution system and storage reservoir, three new looping projects to increase system redundancy, construction of a new well and storage reservoir, and related appurtenances.

The estimated total project amount is \$7,580,000, and the amount requested is \$7,580,000.

Staff does not believe funding the entire project scope with the subsidy that would be necessary to keep rates reasonable in one phase is feasible. Staff has visited with the community to determine its priorities within the overall project. The city has informed staff that its primary priorities are to complete the replacement of existing watermain and install loops to improve water pressure and water quality within the system. These alternatives total \$4,010,000, and that is the basis for the staff recommendation.

Mr. Bruels noted that staff is planning to include the full scope of the project in the award so that if bids come in below the estimate, the city would have the ability to possibly include other portions of the project.

Staff recommended awarding a \$4,010,000 Drinking Water SRF loan at 3.0 percent interest for 30 years with 61.4 percent as principal forgiveness not to exceed \$2,460,000.

The city pledged a project surcharge for repayment of the loan. Rates in New Underwood are \$41.00 for 5,000 gallons. Staff analysis indicates that a surcharge of \$24.95 is needed for repayment of the net \$1,550,000 loan. Staff believes that New Underwood can restructure its current rates and include the surcharge as well as operational and maintenance costs with total rates of \$60.95 based on 5,000 gallons usage.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Teresa Hall, Mayor of New Underwood, thanked the board for consideration of funding for the project.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2023-31** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$4,010,000 at 3.0 percent interest for 30 years with 61.4 percent as principal forgiveness not to exceed \$2,460,000 to the **city of New Underwood** for a system-wide water improvements project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the

Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Saint Lawrence requested funding to complete Phase 2 drinking water improvements, which include the repair of an existing ground storage tank, replacement of water lines, and looping of water lines. This is part of a larger planned water improvement project for the town and completes work that was originally funded in 2020. This project will be completed concurrent with the wastewater system improvement project – Phase 2, which was presented later in the meeting.

The estimated total project amount is \$940,000, and the amount requested is \$940,000.

Mr. Bruels stated that with the board's earlier action for approval of the proposed revisions to the Administrative Rules for the SRF programs, there are impacts to funding for a few projects. The rule changes include updating the MHI and unemployment data currently used to determine if a community is considered disadvantaged for Drinking Water SRF loans or meets the affordability criteria for Clean Water SRF loans. The rule changes will not go into effect until April or May 2023. There are several applicants that would become eligible for principal forgiveness, lower interest rates, or both as a result of the proposed rule changes. Saint Lawrence is one of the communities that would benefit from the new rule changes.

Staff recommended the board defer action.

Mr. Bruels noted that, per administrative rules, the board has 120 days from the presentation of an application to make a final funding decision. Staff proposes to bring the Saint Lawrence application to the board at the June meeting, which meets that requirement.

Motion by Adam, seconded by Lanning, to **defer** board action on the **Saint Lawrence** funding application. Motion carried unanimously.

Dell Rapids requested funding for drinking water system improvements.

In April 2022, the city of Dell Rapids was awarded a \$2,136,000 Drinking Water SRF loan for the drinking water portion of its 3rd Street utility improvements project. It has since been determined that the city will need an additional \$800,000 to fund the drinking water portion of the project.

The estimated total project amount is \$2,936,000, and the amount requested is \$800,000.

Staff recommended awarding a \$800,000 Drinking Water SRF loan at 3.25 percent interest for 30 years.

Dell Rapids pledged a project surcharge for repayment of the loan. In 2022, staff anticipated rates in Dell Rapids of \$51.05 for 5,000 gallons to take on the loan at that time. Staff analysis indicates that

an additional surcharge of \$2.70 is needed for repayment of the new loan, bringing overall rates to \$53.75 based on 5,000 gallons usage.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Trent Bruce, DGR Engineering, thanked the board for consideration of funding for this project.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2023-32** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$800,000 at 3.25 percent interest for 30 years to the **city of Dell Rapids** for the 3rd Street drinking water system improvements project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Crooks requested funding to replace and upsize 4,630 feet of water main and associated services, add loops, and hydrants at dead ends for flushing. The existing water tower will be removed, and a 250,000-gallon water tower will be installed.

The estimated total project amount is \$3,200,000, and the amount requested is \$3,200,000.

Staff recommended awarding a \$1,575,000 Drinking Water SRF loan at 3.25 percent interest for 30 years and award a Drinking Water SRF Construction Grant at 50.8 percent interest not to exceed \$1,625,000.

Crooks pledged a project surcharge for repayment of the loan. Rates in Crooks were \$53.80 for 5,000 gallons at the time of the application submission. Staff analysis indicates a surcharge of \$14.25 is needed for repayment of the loan. Staff believes that Crooks can restructure its current rates and include the surcharge as well as operational and maintenance costs with total rates of \$60.00 based on 5,000 gallons usage.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Staff also recommended placing the following Special Condition on the Drinking Water SRF Construction Grant: Grant funds for reimbursement of project costs must be drawn concurrently with the Drinking Water SRF loan funds.

Jake Morris, DGR Engineering, thanked the board for consideration of funding for the project.

Motion by Adam, seconded by Lanning, to adopt **Resolution No. 2023-33** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,575,000 at 3.25 percent interest for 30 years to the **city of Crooks** for water tower and water system improvements, and

authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; and to adopt **Resolution No. 2023-34** approving SRF Program Drinking Water Grant Agreement 2023G-DW-101 to the **city of Crooks** for up to 50.8 percent of all approved total project costs not to exceed \$1,625,000 for water tower and water system improvements with the Special Condition that grant funds for reimbursement of project costs must be drawn concurrently with the Drinking Water SRF loan funds. Motion carried unanimously.

Salem requested funding to replace cast iron pipe and asbestos cement pipe water mains, services, fire hydrants, valves, and appurtenances in the area west of US Highway 81 from Washington Avenue to Corson Avenue.

The estimated total project amount is \$1,400,000, and the amount requested is \$1,400,000.

Staff recommended awarding a \$1,400,000 Drinking Water SRF loan at 3.0 percent interest for 30 years.

The city pledged a project surcharge for repayment of the loan. Rates in Salem are \$65.60 for 5,000 gallons. Based on the surcharge from the loan awarded to Salem in April 2022, staff anticipated rates of \$68.00 with no restructure. Staff analysis indicates a surcharge of \$9.75 is needed for repayment of the new loan. Staff believes that Salem can restructure its current rates and include the surcharge as well as operational and maintenance costs with total rates remaining at \$68.00 based on 5,000 gallons usage.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Lori Heumiller, Salem finance officer, thanked the board for consideration of funding for the project.

Motion by Bernhard, seconded by Lanning, to adopt **Resolution No. 2023-35** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,400,000 at 3.0 percent interest for 30 years to the **city of Salem** for street and utility improvements Phase II, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Chancellor requested funding for Phase III of its drinking water distribution system improvements project, which includes approximately 1,700 feet of new 6-inch PVC water main, water services

replaced within the right-of-way, curb stops, fire hydrants, valves, and fittings. The proposed water main along 5th Street from Dewey Avenue to South Dakota Highway 44 is expected to improve service and provide additional looping.

The estimated total project amount is \$906,000, and the amount requested is \$906,000.

Mr. Bruels stated that with the board's earlier action for approval of the proposed revisions to the Administrative Rules for the SRF programs there are impacts to funding for a few projects. The rules changes include updating the MHI and unemployment data currently used to determine if a community is considered disadvantaged for DWSRF loans or meet the affordability criteria for Clean Water SRF loans. The rules will not go into effect until April or May. Chancellor is one of the communities that would benefit from the new rule changes.

Staff recommended the board defer action until the next meeting.

Motion by Adam, seconded by Bernhard, to **defer** board action on the **Chancellor** funding application. Motion carried unanimously.

Chester Sanitary District requested funding to replace an existing water tower with a 75,000-gallon water tower. The existing tank is undersized for the community. The new tank will include controls necessary for the bulk water supplier, Big Sioux Community Water System, to monitor water levels in the structure.

The estimated total project amount is \$2,342,000, and the amount requested is \$2,342,000.

Staff recommended awarding a \$2,342,000 Drinking Water SRF loan at 3.0 percent interest for 30 years with 62.5 percent as principal forgiveness not to exceed \$1,462,000. The sanitary district has pledged system revenue for repayment of the loan. Chester Sanitary District has rates of \$44.25 for 5,000 gallons. Staff analysis indicates that a user charge of \$29.10 is needed to generate the revenue for the \$880,000 loan. Staff believes that the district can restructure its current rates and include the charges for debt service as well as operational and maintenance costs with total rates of \$60.00 based on 5,000 gallons usage.

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

Bryan Lipp, Banner Associates, thanked the board for consideration of funding for the project.

Motion by Lanning, seconded by Adam, to adopt **Resolution No. 2023-36** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,342,000 at 3.0 percent interest for 30 years with 62.5 percent as principal forgiveness not to exceed \$1,462,000 to the **Chester Sanitary District** for a 75,000-gallon water tower, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of

Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Corona requested funding for drinking water improvements to include replacement of 2,100 feet of water main, valves, and service lines within the road right-of-way on Main Street.

The estimated total project amount is \$1,598,000, and the amount requested is \$1,598,000.

Staff recommended awarding a \$159,800 Drinking Water SRF loan at 3.25 percent interest for 30 years, award a Consolidated grant at 80.0 percent of project costs not to exceed \$1,278,400, and award a Drinking Water SRF Construction Grant at 10.0 percent interest not to exceed \$159,800.

Corona has pledged a project surcharge for repayment of the loan. Rates are \$60.00 for 5,000 gallons. Based on awards made in April 2022 for the town to replace meters and an award for Grant-Roberts Rural Water System to connect the town as a bulk user, rates are anticipated to be approximately \$85.00 per 5,000 gallons. Staff analysis indicates a surcharge of \$15.35 is needed for repayment of the loan, bringing overall rates to \$100.00 based on 5,000 gallons usage.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

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

Jerry Settje, town of Corona Trustee, thanked the board for consideration of funding for the project.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2023-37** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$159,800 at 3.25 percent interest for 30 years to the **town of Corona** for drinking water system improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; to adopt **Resolution No. 2023-38** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the **town of Corona** for up to 80 percent of approved total project costs not to exceed \$1,278,400 for drinking water system improvements with the special condition that grant funds will be drawn concurrently with the Drinking Water State Revolving Fund loan awarded for this project; and to adopt **Resolution No. 2023-39** approving SRF Program Drinking Water Grant Agreement 2023G-DW-100 to the **town of Corona** for up to 10 percent of all approved total project costs not to exceed \$159,800 for drinking water system improvements with the Special

Condition that grant funds for reimbursement of project costs must be drawn concurrently with the Drinking Water SRF loan funds. Motion carried unanimously.

Kimball requested funding to replace approximately 1,100 feet of water main and services on Main Street.

The estimated total project amount is \$325,000, and the amount requested is \$325,000.

Staff recommended awarding a \$325,000 Drinking Water SRF loan at 3.0 percent interest for 30 years. Kimball has pledged a project surcharge for repayment of the loan. Rates are \$37.50 for 5,000 gallons. Staff analysis indicates that a surcharge of \$4.50 is needed for repayment of the loan, bringing overall rates to \$42.00.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Motion by Bernhard, seconded by Adam, to adopt **Resolution No. 2023-40** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$325,000 loan at 3.0 percent interest for 30 years to the **city of Kimball** for drinking water system improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Lake Preston requested funding to replace its existing water tower with a 100,000-gallon water tower. The current water tower has reached the end of its useful life and does not currently have the capacity or pressure to meet the demand on an average peak day.

The estimated total project amount is \$2,002,000, and the amount requested is \$2,002,000.

Staff recommended awarding \$2,002,000 Drinking Water SRF loan at 3.0 percent interest for 30 years with 85.1 percent as principal forgiveness not to exceed \$1,702,000.

Lake Preston pledged a project surcharge for repayment of the loan. Rates are \$71.75 for 5,000 gallons. Staff analysis indicates a surcharge of \$4.45 is needed for repayment of the \$300,000 loan, bringing overall rates to \$76.20.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Weston Blasius, Banner Associates, thanked the board for consideration of funding for the project.

Motion by Adam, seconded by Lanning, to adopt **Resolution No. 2023-41** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,002,000 at 3.0 percent interest for 30 years with 85.1 percent as principal forgiveness not to exceed \$1,702,000 to the **city of Lake Preston** for a water tower, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

SANITARY/ STORM SEWER FUNDING APPLICATIONS: Mike Perkovich presented the applications and staff recommendations for funding.

Vermillion requested funding to replace various components in the wastewater treatment facility that have reached the end of their useful life. Specifically, improvements will be made to the pretreatment building, primary clarifier, intermediate lift station (screw pumps), generator building, hydraulics and site piping, and the SCADA system.

The estimated total project amount is \$23,100,000, and the amount requested is \$23,100,000.

Staff recommended awarding a \$23,100,000 Clean Water SRF loan at 3.25 percent interest for 30 years.

Rates in Vermillion are \$39.96 based on 5,000 gallons usage.

The city pledged a project surcharge for repayment of the loan. Staff analysis indicates that a surcharge of \$31.25 is needed for repayment of the loan. However, the analysis shows that the city can restructure its rates and repay the loan and operate the system with rates of approximately \$56.00 based on 5,000 gallons.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

A representative for Vermillion thanked the board for consideration of funding.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2023-42** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$23,100,000 at 3.25 percent interest for 30 years to the **city of Vermillion** for wastewater treatment facility improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolutions and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Custer requested additional funding to complete the upgrade to the wastewater treatment facility. The city was awarded a \$4,832,051 Clean Water SRF loan and \$6,247,949 ARPA grant in April 2022 to upgrade the treatment facility and relocate the effluent discharge line.

The revised project amount is \$17,038,000, and the amount requested is \$5,596,000, which is needed only for the wastewater treatment facility portion of the project.

Staff recommended awarding a \$5,596,000 Clean Water SRF loan at 3.25 percent interest for 30 years with 55 percent as principal forgiveness not to exceed \$3,075,000.

Rates in Custer are \$60.56 based on 5,000 gallons usage.

The city pledged a project surcharge for repayment of the loan. Staff analysis indicates that a surcharge of \$10.10 is needed for repayment of the net loan amount of \$2,521,000, bringing overall rates to \$70.66.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

A member of the audience asked if he could make a comment. Chairman Soholt stated that the public comment period was on the agenda at the beginning of the meeting. He said the board heard many comments, emails, and various information about this particular project. The board knows the discharge permit was approved approximately two years ago, and the wastewater treatment that will be done with this project will raise the discharge level of the water to that of the current cold water fishery level, which means that the water will be in very good shape that is necessary to go through the discharge.

Chairman Soholt stated that the board appreciates the comments that were made during the public comment period and the time people have spent in making sure the board is all aware of the concerns and the situation. He stated that is the time for representatives of the city of Custer to be available to discuss the project and answer questions.

Trent Bruce, DGR, thanked the board for consideration of funding for this project.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2023-43** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$5,596,000 at 3.25 percent interest for 30 years with 55 percent as principal forgiveness not to exceed \$3,075,000 to the **city of Custer** for wastewater treatment facility improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolutions and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Aurora requested funding for Phase 3A of a wastewater system improvements project. Phase 3A consists of providing aeration to both the primary and secondary stabilization ponds to improve treatment and reduce odors. This involves construction of a blower building, aeration piping from the blower building to the ponds, and aeration lateral piping and diffusers.

The estimated total project amount is \$1,200,000, and the amount requested is \$1,200,000.

Staff recommended awarding a \$240,000 Clean Water SRF loan at 3.25 percent interest for 30 years, a \$450,000 Consolidated Grant, and a \$510,000 Clean Water SRF Water Quality Grant.

Aurora has a flat rate of \$73.25. The city pledged a project surcharge for repayment of the loan. Staff analysis indicates that a surcharge of \$2.60 is needed for repayment of the loan, bringing overall rates to \$75.85.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Staff also recommended placing the following Special Condition on the Consolidated and Water Quality Grants: Grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds.

Josh Jones, Mayor of Aurora, discussed the project and thanked the board for consideration of funding.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2023-44** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$240,000 loan at 3.25 percent interest for 30 years to the **city of Aurora** for wastewater treatment improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; to adopt **Resolution No. 2023-45** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the **city of Aurora** for up to 37.5 percent of approved total project costs not to exceed \$450,000 for wastewater treatment improvements with the special condition that grant funds must be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project; and to adopt **Resolution No. 2023-46** approving SRF Program Clean Water Grant Agreement 2024G-WQ-100 to the **city of Aurora** for up to 42.5 percent of all approved total project costs not to exceed \$510,000 for wastewater treatment improvements with the Special Condition that grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. Motion carried unanimously.

Henry requested funding to replace 19,000 feet of sanitary sewer, 5,000 feet of service lines, 41 manholes, and for 125 cleanouts in the wastewater collection system. The request is also for the replacement of a lift station and to make general site improvements at the wastewater treatment facility.

The estimated total project amount is \$8,050,000, and the amount requested is \$8,050,000.

Mr. Perkovich stated that Henry is currently not eligible to receive principal forgiveness. Once the rule changes that the board approved earlier in the meeting go into effect, Henry will become eligible for a loan with principal forgiveness.

Staff recommended that the board defer action until the June board meeting. By rule, the board has 120 days to make a funding decision after an application is presented.

Mr. Perkovich noted that staff believes the project scope for both the water and wastewater projects need to be reduced to keep rates reasonable, and staff has asked the town to review the projects to accomplish that.

Motion by Adam, seconded by Bernhard, to **defer** board action on the **Henry** funding application. Motion carried unanimously.

Dell Rapids – In April 2022 Dell Rapids was awarded a \$2,385,692 Clean Water SRF loan and a \$2,887,379 ARPA grant for a project to replace approximately 3,300 feet of sewer lines and 4,900 feet of storm sewer. It has since been determined that additional funds are needed to complete the project.

The revised project amount is \$7,449,388, and the amount requested is \$1,300,000 to address the shortfall on the sanitary and storm sewer portion of the project

Staff recommended awarding an \$845,000 Clean Water SRF loan at 3.25 percent interest for 30 years and a \$455,000 Consolidated Grant.

Rates in Dell Rapids are \$68.80 based on 5,000 gallons usage.

The city pledged a project surcharge for repayment of the loan. Staff analysis indicates that a surcharge of \$2.90 is needed for repayment of the loan, bringing overall rates to \$71.70.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Staff also recommended placing the following Special Condition on the Consolidated Grant: Grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds.

Trent Bruce, DGR Engineering, thanked the board for consideration of funding for the project.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2023-47** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$845,000 loan at 3.25 percent interest for 30 years to the **city of Dell Rapids** for sanitary and storm sewer improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; to adopt **Resolution No. 2023-48** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the **city of Dell Rapids** for up to 6.2 percent of approved total project costs not to exceed \$455,000 for sanitary and storm sewer improvements with the special condition that grant funds must be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project. Motion carried unanimously.

Harrisburg requested funding for the second phase of the westside trunk sewer project. This involves construction of approximately 8,800 feet of 24-inch sanitary sewer and 7,000 feet of 30-inch sewer. The purpose of the project is to bypass an existing trunk sewer and free up capacity in the collection system.

The estimated total project amount is \$11,709,000, and the amount requested is \$11,709,000.

Staff recommended awarding a \$11,709,000 Clean Water SRF loan at 3.25 percent interest for 30 years.

Rates in Harrisburg are \$97.01 based on 5,000 gallons usage.

The city pledged a project surcharge for repayment of the loan. Staff analysis indicates a surcharge of \$21.80 is needed for repayment of the loan, bringing overall rates to \$118.81.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Mitch Mergen, Stockwell Engineers, thanked the board for consideration of funding for the project.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2023-49** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$11,709,000 at 3.25 percent interest for 30 years to the **city of Harrisburg** for the westside trunk sewer Phase 2 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 resolutions and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Chancellor requested funding for Phase III of an infrastructure improvements project. Improvements include replacing approximately 1,400 feet of sanitary sewer lines and installing approximately 1,300 feet of new storm sewer to better manage storm flows.

The estimated total project amount is \$1,450,000, and the amount requested is \$1,450,000.

Chancellor is another community currently not eligible to receive principal forgiveness. Once the rules approved by the board earlier in the meeting go into effect, Chancellor will become eligible for a loan with principal forgiveness.

Staff recommended that the board defer action on the application until the June board meeting.

Motion by Adam, seconded by Lanning, to **defer** board action on the **Chancellor** funding application. Motion carried unanimously.

Salem requested funding to replace vitrified clay sanitary sewer mains, services, and manholes in the western portion of the city. Improvements will also be made to the storm sewer system to improve storm water management within the project area.

The estimated total project amount is \$3,400,000, and the amount requested is \$3,400,000.

Staff recommended awarding a \$1,400,000 Clean Water SRF loan at 3.25 percent interest for 30 years and a \$2,000,000 Consolidated Grant, which is the maximum amount allowable by statute.

Salem has a \$52.00 flat rate, which includes the surcharge needed for repayment of a loan awarded to Salem in 2022.

The city pledged a project surcharge for repayment of the loan. Staff analysis indicates a surcharge of \$10.25 is needed for repayment of the loan, bringing overall rates to \$62.25.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Staff also recommended the placing the following Special Condition on the Consolidated Grant: Grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds.

Lori Heumiller, Salem finance officer, thanked the board for consideration of funding for the project.

Motion by Bernhard, seconded by Lanning, to adopt **Resolution No. 2023-50** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,400,000 loan at 3.25 percent interest for 30 years to the **city of Salem** to replace vitrified clay sanitary sewer mains, services, manholes, and for storm sewer improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the

Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; to adopt **Resolution No. 2023-51** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the **city of Salem** for up to 58.9 percent of approved total project costs not to exceed \$2,000,000 to replace vitrified clay sanitary sewer mains, services, manholes, and for storm sewer improvements with the special condition that grant funds must be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project. Motion carried unanimously.

Tabor – In 2021, the city was awarded a \$2,248,000 Clean Water SRF loan and a \$1,902,000 Consolidated grant to replace approximately 28 blocks of sewer lines throughout the town, line another 11 blocks of sewer, replace manholes, and replace a lift station. Bids were opened in 2022 and were significantly higher than estimated.

Mr. Perkovich noted that Taber also received a \$750,000 Community Development Block Grant for the project.

The revised project amount is \$5,900,000, and the amount requested is \$1,000,000 to address the shortfall.

Staff recommended awarding a \$250,000 Clean Water SRF loan at 3.25 percent interest for 30 years and a \$750,000 Consolidated Grant.

Current rates in Tabor are \$55 per month.

The city pledged a project surcharge for repayment of the loan. Staff analysis indicates a surcharge of \$5.60 is needed for repayment of the loan, bringing overall rates to \$60.60.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Staff also recommended placing the following Special Condition on the Consolidated Grant: Grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds.

Camden Hofer, SPN, thanked the board for consideration of funding for the project.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2023-52** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$250,000 loan at 3.25 percent interest for 30 years to the **city of Tabor** for wastewater system improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set

forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; to adopt **Resolution No. 2023-53** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the **city of Tabor** for up to 12.8 percent of approved total project costs not to exceed \$750,000 for wastewater system improvements with the special condition that grant funds must be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project. Motion carried unanimously.

Kimball requested funding to replace approximately 1,100 linear feet of sanitary sewer main and approximately 2,000 feet of curb and gutter.

The estimated total project amount is \$1,095,000, and the amount requested is \$1,095,000.

Kimball has also received a DOT Community Access Grant for the project.

Staff recommended awarding a \$1,095,000 Clean Water SRF loan at 3.25 percent interest for 30 years,.

The current rates of \$30.00 per month, based on 5,000 gallons usage, went into effect January 1, 2023.

Kimball pledged a project surcharge for repayment of the loan. Staff analysis indicates that a surcharge of \$15.65 is needed for repayment of the loan, bringing overall rates to \$45.65.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Weston Blasius, Banner Associates, thanked the board for consideration of funding.

Motion by Adam, seconded by Lanning, to adopt **Resolution No. 2023-54** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,095,000 loan at 3.25 percent interest for 30 years to the **city of Kimball** for sanitary sewer improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

St. Lawrence requested funding for Phase II of a project to the replace or line existing collection lines. This phase also proposes addition of riprap at the wastewater treatment ponds.

The estimated total project amount is \$1,138,000, and the amount requested is \$1,138,000.

St. Lawrence is another community currently not eligible to receive principal forgiveness. As with Henry and Chancellor, once the rule changes that were approved this morning go into effect, St. Lawrence will become eligible for a loan with principal forgiveness.

Staff recommended the board defer action on the application until the June board meeting.

Motion by Bernhard, seconded by Gnirk, to **defer** board action on the **St. Lawrence** funding application. Motion carried unanimously.

Wolsey requested funding to replace the outfall line from the city's wastewater collection system to the wastewater treatment ponds. The existing line is deteriorating and has no manholes or cleanouts making cleaning and maintenance of the line difficult. This will involve installing approximately 1,000 linear feet of 15-inch sanitary sewer line and two manholes.

The estimated total project amount is \$256,000, and the amount requested is \$134,000. Wolsey will also contribute \$72,000 in local ARPA grant funds and has a \$50,000 grant from the James River Water Development District.

Staff recommended awarding a \$134,000 Clean Water SRF loan at 3.25 percent interest for 30 years.

Wolsey has a flat rate of \$30.55.

The city pledged a project surcharge for repayment of the loan. Staff analysis indicates that a surcharge of \$3.40 is needed for repayment of the loan, bringing overall rates to \$34.95.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective; and 2) Contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Robert McGillivray, Mayor of Wolsey, thanked the board for consideration of funding for the project.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2023-55** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$134,000 loan at 3.25 percent interest for 30 years to the **city of Wolsey** for a wastewater outfall line replacement project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Corona requested funding to make utility improvements as part of a Main Street reconstruction project. The project involves installing approximately 2,100 of various sized storm sewer and a small amount of sanitary sewer.

The estimated total project amount is \$1,312,000, and the amount requested is \$1,312,000.

Staff recommended awarding a \$540,000 Clean Water SRF loan at 3.25 percent interest for 30 years and a \$772,000 Clean Water SRF Water Quality grant.

Corona has a \$35.00 flat rate.

Corona pledged a project surcharge for repayment of the loan. Staff analysis indicates a surcharge of \$51.00 is needed for repayment of the loan. The analysis shows that the town can restructure its rates and repay the loan and operate the system with a flat rate of \$60.00.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Staff also recommended the placing the following Special Condition on the Water Quality Grant: Grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds.

Trent Bruce, DGR Engineering, thanked the board for consideration of funding for this project.

Motion by Lanning, seconded by Adam, to adopt **Resolution No. 2023-56** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$540,000 loan at 3.25 percent interest for 30 years to the **town of Corona** for wastewater improvements Phase 1, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage; and to adopt **Resolution No. 2023-57** approving SRF Program Clean Water Grant Agreement 2024G-WQ-101 to the **town of Corona** for up to 58.9 percent of all approved total project costs not to exceed \$772,000 for wastewater improvements Phase 1 with the Special Condition that grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. Motion carried unanimously.

SMALL WATER FACILITIES FUNDING APPLICATIONS: Mr. Bruels presented the applications and staff recommendations for funding.

South Dakota Bureau of Administration requested funding for a project that will assist in conserving more than 8,000,000 gallons of treated drinking water annually that is currently used for irrigation. Capitol Lake in Pierre is currently fed by a well with poor water quality and structural safety issues and needs to be properly abandoned. The lake will be dredged to remove sediment and further improve water quality. With completion of these steps an alternative water source will be installed, which will have the ability to utilize the lake as an irrigation reservoir. The alternative water source will pump water into the lake, which can then be pumped out during irrigation season to irrigate 40 acres of green space in areas surrounding the Capitol complex. Further use for irrigation with the city of Pierre and

Pierre School District are being discussed to broaden the impact. This would increase the amount of potable water being conserved and lower the demand on the water treatment facilities.

Portions of the project are underway related to dredging of the lake. Well capping and alternative water source are planned to be pursued during 2023.

The estimated total project amount is \$3,792,000, and the amount requested is \$2,000,000.

Staff recommended awarding a Consolidated grant at 80.0 percent of eligible project costs not to exceed \$2,000,000.

Motion by Adam, seconded by Gnirk, to adopt **Resolution No. 2023-58** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the **South Dakota Bureau of Administration** for up to 80.0 percent of approved total project costs not to exceed \$2,000,000 for the Capitol Lake alternative water source and potable water conservation. Motion carried unanimously.

Copper Oaks #1 Water Association requested funding for improvements to the water tank, replacement of water meters and fire hydrants, and rehabilitation of the well house.

The estimated total project amount is \$93,000, and the amount requested is \$93,000.

Staff recommended awarding \$93,000 Consolidated loan at 3.25 percent interest for 30 years.

Copper Oaks pledged system revenue for repayment of the loan. Current rates are \$100.00 per month. Staff analysis showed that in order to provide the necessary 100 percent debt coverage a cost per user of \$16.90 is necessary for repayment of the loan. The existing rates charged to Copper Oaks residents have generated sufficient revenue for system operation and maintenance and would provide the necessary debt coverage for the loan, so rates could stay at \$100.00 per month.

Staff recommended the award being contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon the borrower adopting a yearly budget and properly recording revenues and expenses as per SDCL 9-22-16.

Vernon Osterloo, manager of the Copper Oaks #1 Water Association water system discussed the project and thanked the board for consideration of funding.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2023-59** approving a South Dakota Consolidated Water Facilities Construction Program loan agreement not to exceed \$93,000 at 3.25 percent interest for 30 years to **Copper Oaks #1 Water Association** for a water system improvements project contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon the borrower adopting a yearly budget and properly recording revenues and expenses as per SDCL

9-22-16. Motion carried unanimously.

Emery requested funding to replace all 240 water meters in the community. In addition to acquiring and installing the meters, the city will purchase new software to collect, store, and evaluate the transmitted meter data. The project is expected to correct the approximately 15 percent water loss caused by the old meters and enable a more efficient billing system.

The estimated total project amount is \$83,000, and the amount requested is \$70,000. Emery is using \$13,000 in local cash for the project.

Staff recommended awarding a \$70,000 Consolidated loan at 2.75 percent interest for 10 years.

Emery pledged a project surcharge for repayment of the loan. Current rates are \$43.60 for 5,000 gallons. Staff analysis indicates that a surcharge of \$2.95 is needed for repayment of the loan, bringing overall rates to \$46.55.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Kristi Wollman, Emery Finance Officer,

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2023-60** approving a South Dakota Consolidated Water Facilities Construction Program loan agreement not to exceed \$70,000 at 2.75 percent interest for 10 years to the **city of Emery** for a water meter replacement project contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Mr. Bruels provided an overview the funds available for the next funding round.

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

Huron requested funding to purchase a horizontal baler with pit conveyor and bagging system for baling solid waste and recyclable materials. The city also intends to purchase 1,600 gallons of hydraulic oil to run the baler.

The estimated total project amount is \$996,247, and the amount requested is \$498,123. The city will use \$498,124 local cash for the project.

Staff recommended awarding a Solid Waste Management Program grant at 30.2 percent of eligible project costs not to exceed \$300,000. The recommended amount is based on the equipment serving

both solid waste and recycling purposes, and it is not solely for recycling activities. This is consistent with past awards for this type of project.

Huron indicated they were not interested in a loan and will use local funds for the portion of the project not funded by the grant.

Dale Thornton, Solid Waste Superintendent, thanked the board for consideration of funding for the project.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2023-61** approving a South Dakota Solid Waste Management Program grant agreement for the **city of Huron** for up to 30.2 percent of eligible costs not to exceed \$300,000 to purchase a baler for recycling and solid waste. Motion carried unanimously.

Mitchell requested funding for the construction of a 12,500 square foot bi-level building for recycling operations to include a tipping floor with a lower level to facilitate loading walking floor trailers.

The estimated total project amount is \$2,680,000, and the amount requested is \$1,340,000. The city will use \$1,340,000 in local cash for the project.

Staff recommended awarding Solid Waste Management Program grant at 37.4 percent of eligible costs not to exceed \$1,000,000.

Mr. Bruels noted that this is a large project and necessary due to Mitchell choosing to take over recycling operations for the city. Staff does not believe providing the full requested amount in grant funds was reasonable for a project of this scale.

Mitchell indicated that the city is not interested in a loan and will use local funds for the portion of the project not funded by the grant.

Joe Schroeder, Mitchell Public Works Director, thanked the board for consideration of funding. He answered questions from the board.

Motion by Lanning, seconded by Adam, to adopt **Resolution No. 2023-62** approving a South Dakota Solid Waste Management Program grant agreement for the **city of Mitchell** for up to 37.4 percent of eligible costs not to exceed \$1,000,000 for construction of a recycling transfer station. Motion carried unanimously.

Rapid City requested funding to construct a new landfill cell, expand the existing gas collection and control system, and install a new landfill gas flare.

The estimated total project amount is \$12,000,000, and the amount requested is \$11,900,000. The city will use \$100,000 in local cash for the project.

This project was placed on the state water plan previously by the board, and the work being completed is eligible for funding through both the Clean Water SRF and the Solid Waste Management Program.

Staff recommended awarding a \$11,300,000 Clean Water SRF loan at 3.0 percent interest for 20 years and awarding a Solid Waste Management Program grant at 5.0 percent of project costs not to exceed \$600,000.

Mr. Bruels noted that the smaller grant award percentage is based on the substantial size of the project, but the level of grant funding is similar to many other solid waste only type projects.

Rapid City pledged solid waste revenues for repayment of the loan. Staff analysis indicates that Rapid City's current solid waste revenues will provide 362 percent debt coverage for the Clean Water SRF loan.

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

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

John Leahy, Rapid City project engineer, thanked the board for consideration of funding for the project. He answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2023-63** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$11,300,000 at 3.0 percent interest for 20 years to the **city of Rapid City** to construct a new landfill cell, expand the existing gas collection and control system, and install a new landfill gas flare, 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, award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective; and to adopt **Resolution No. 2023-64** approving a South Dakota Solid Waste Management Program grant agreement for the **city of Rapid City** for up to 5.0 percent of eligible costs not to exceed \$600,000 to construct a new landfill cell, expand the existing gas collection and control system, and install a new landfill gas flare with the Special Condition that grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. Motion carried unanimously.

Vermillion requested funding to construct a new leachate pond to increase storage capacity at the Vermillion Landfill.

The estimated total project amount is \$1,304,000, and the amount requested is \$260,800. The city received a \$1,043,200 Clean Water SRF loan in January 2023 for this project. At that time sufficient Solid Waste Management Programs funds were not available to have made the grant award for this project.

Staff recommended awarding a Solid Waste Management Program grant at 20.0 percent of eligible project costs not to exceed \$260,800. This amount will fully fund the project, and the percentage is consistent with normal awards from the board for solid waste only projects.

Luke Rodig, Burns & McDonnell, thanked the board for consideration of funding for the project.

Motion by Adam, seconded by Lanning, to adopt **Resolution No. 2023-65** approving a South Dakota Solid Waste Management Program grant agreement for the **city of Vermillion** for up to 20.0 percent of eligible costs not to exceed \$260,800 to construct a new leachate pond. A roll call vote was taken, and the motion carried unanimously.

Mr. Bruels provided an overview Solid Waste Management Program funds available for the next funding round.

WESSINGTON SPRINGS AMENDMENT TO EXISTING SANITARY/STORM SEWER AND DRINKING WATER FUNDING PACKAGE FOR THE COLLEGE AVENUE UTILITY

IMPROVEMENTS PROJECT: Suzanne McKinley reported that on April 13, 2022, the city of Wessington Springs was awarded a \$341,075 Drinking Water SRF loan and a \$337,925 ARPA grant to complete upgrades to its drinking water system within the College Avenue corridor. The city also received a \$43,974 Consolidated loan and a \$278,726 ARPA grant to complete upgrades to the wastewater and storm sewer systems within the same corridor.

On March 14, 2023, DANR received a letter from the city of Wessington Springs requesting additional funding for this project. Bids were higher than expected, and the city is requesting an additional \$300,000 for drinking water costs and an additional \$122,000 for sanitary and storm sewer costs.

Staff recommended the board rescind Resolution No. 2022-237 awarding the DW-02 loan and adopt a resolution awarding a new \$641,075 DW-02 loan at 1.625 percent interest for 30 years. This will require a surcharge of \$5.35 and would bring overall rates to \$54.10.

The staff also recommended the board rescind Resolution No. 2022-240 awarding the Consolidated loan and adopt a resolution awarding a \$165,974 CW-03 loan at 2.125 percent interest for 30 years requiring 110 percent coverage. This will require a surcharge of \$1.50 and would bring overall rates to \$31.50 with this funding award.

Staff recommended the awards being is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Motion by Bernhard, seconded by Lanning, to rescind Resolution 2022-237 and to adopt **Resolution No. 2023-66** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$641,075 at 1.625 percent interest for 30 years to the **city of Wessington Springs** for upgrades to the drinking water system within the College Avenue corridor, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by Adam, seconded by Bernhard, to rescind Resolution No. 2022-240 and adopt **Resolution No. 2023-67** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$165,974 at 2.125 percent interest for 30 years to the **city of Wessington Springs** for upgrades to the wastewater and storm sewer systems within the College Avenue corridor, 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, award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

WESSINGTON SPRINGS AMENDMENT TO EXISTING SANITARY/STORM SEWER AND DRINKING WATER FUNDING PACKAGE FOR THE 2ND STREET SURFACING AND UTILITY REPLACEMENT PROJECT: Ms. McKinley reported that on April 13, 2022, the city of Wessington Springs was awarded a \$176,387 Clean Water SRF loan to complete upgrades to the wastewater and storm sewer systems within the 2nd Street corridor. Wessington Springs also received a \$180,883 ARPA grant to complete upgrades to the drinking water system within the same corridor.

On March 14, 2023, DANR received a letter from the city of Wessington Springs requesting additional funding for this project. Bids were higher than expected, and the city is requesting an additional \$151,000 for drinking water costs and an additional \$73,613 for sanitary and storm sewer costs.

Staff recommended the board rescind Resolution No. 2022-241 awarding the Clean Water SRF loan and adopt a resolution awarding a \$253,000 CW-02 loan at 2.125 percent interest for 30 years. The Clean Water SRF loan will require a surcharge of \$2.30 and would bring overall rates to \$33.80.

Staff also recommended the board adopt a resolution awarding a \$151,000 DW-03 loan at 1.625 percent for 30 years. This will require a surcharge of \$1.30, bringing overall rates to \$55.40.

Staff recommended the awards being contingent upon the borrower adopting a bond resolution and the resolution becoming effective. It is also contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Motion by Adam, seconded by Gnirk, to rescind Resolution No. 2022-241 and adopt **Resolution No. 2023-68** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$253,000 at 2.125 percent interest for 30 years to the **city of Wessington Springs** for upgrades to the wastewater and storm sewer systems within the 2nd Street corridor, 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, award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2023-69** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$151,000 at 1.625 percent interest for 30 years to the **city of Wessington Springs** for upgrades to the wastewater and storm sewer systems within the 2nd Street corridor, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

LEGISLATIVE UPDATE: Mr. Perkovich provided an update on the following bills that were introduced in the 2023 Legislative Session:

- SB 17 - An Act to make appropriations for water and environmental purposes and to declare an emergency. The bill was signed by the Governor.
- SB 20 - An Act to authorize the awarding of deobligated grants in accordance with policies of the Board of Water and Natural Resources. The bill was signed by the Governor.
- SB 152 - An Act to provide increased funding for the water and environment fund. The bill was deferred to the 41st legislative day.
- SB 156 - An Act to make an appropriation of American Rescue Plan Act monies for preconstruction activities of water resources in western South Dakota and to declare an emergency. After being amended several times, the bill ultimately failed.
- SB 184 - An Act to make an appropriation of American Rescue Plan Act monies for preconstruction activities of regional water system projects and to declare an emergency. The amended bill was deferred to the 41st legislative day.
- HB 1058 - An Act to revise the water resources projects list. This bill was deferred to the 41st legislative day.

Jay Gilbertson, East Dakota Water Development District, discussed the following bills:

Board of Water and Natural Resources
March 30, 2023, Meeting Minutes

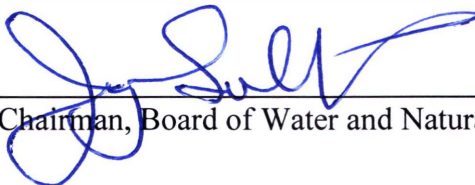
- SB 83 - An Act to revise provisions regarding water development districts. The bill was signed by the Governor.
- SB 143 - An Act to raise the revenue threshold for a required audit of a water development district. The bill was signed by the Governor.
- SB 195 - An Act to authorize the redistricting of water development district director areas by the district's board of directors. The bill was tabled in the Senate.

NEXT MEETING: The next meeting is scheduled for June 29, 2023, in the Matthew Training Center in Pierre. Mr. Perkovich discussed possible agenda items.

ADJOURN: Chairman Soholt adjourned the meeting at 3:45 p.m. Central Time.


Approved June 29, 2023.

(SEAL)



Chairman, Board of Water and Natural Resources

ATTEST:



Secretary, Board of Water and Natural Resources

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3/30/23

LOCATION Matthew Training Center, Pierre, SD

Name (PLEASE PRINT)	Address	Representing
Andy Brvels	Pierre	DANR
Stephanie Riggie	Pierre	DANR
Abbey Larson	Pierre	DANR
Shaunne Rizzman	Pierre	DANR.
Suzanne McKinley	Pierre	DANR
Megan Johnson	Pierre	DANR
Tim Knight	Lake Preston	Lake Thompson Area WPA
Holly Briggs	Pierre	DANR
Dan GEMMARD	PIERRE	DANR
TODD BERNHARD	FORT PIERRE	BWNR
Mike Perkovich	Pierre	DANR
Fanniel Wasserburg	Lake Preston	DANR
Charlie Wasserburg	Lake Preston	Lake Thompson Water Project
Dale Fortin	Huron, SD	City of Huron
PAUL GNIRK	New Underwood	DANR
John Lawler	Rapid City	Rapid City
JEFF Barber	Rapid City	Rapid City
Dale Fortin	Huron	City of Huron
Dale		
Mike Weisgram	Fort Pierre	Oversight