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Minutes of the
Board of Water and Natural Resources
Telephone Conference Call Meeting
523 East Capitol
Pierre, South Dakota

March 31, 2020
10:00 a.m. Central Time

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

BOARD MEMBERS PRESENT: Jerry Soholt, Gene Jones, Jr., Todd Bernhard, Dr. Paul Gnirk, Jackie Lanning, Dr. Kathryn Johnson.

BOARD MEMBERS ABSENT: Karl Adam.

OTHERS: Mike Perkovich, Jon Peschong, Andy Bruels, Stephanie Riggle, David Ruhnke, Kris Dozark, DENR.

APPROVE AGENDA: Chairman Soholt approved the agenda.

PUBLIC COMMENT PERIOD: No public comments were offered.

AMEND 319 RECOMMENDATION: Kris Dozark reported that the Board of Water and Natural Resources is the designated entity that provides the state's Section 319 nonpoint source project funding recommendations to EPA. The Board considers recommendations from the Nonpoint Source (NPS) Task Force as part of its selection process. Six applications requesting \$3,463,242 in 319 funding were received by DENR, reviewed by the NPS Task Force, and were presented to the Board in January 2020.

Shortly after the January Board meeting, Dr. Rachel McDaniel, South Dakota State University, who was the primary researcher for the *E. coli* in Stream Sediments Project, accepted a different job out of state. DENR notified SDSU that a contract would not be signed for the 2020 grant funds due to the vacancy. DENR proposes to redistribute all of the \$295,000 from the SDSU Bacteria Project to the Big Sioux River Watershed Project Segment 4. This will increase the Big Sioux River Watershed funds from \$605,000 to \$900,000.

DENR was also allocated an additional \$109,000 in the FY2020 grant. DENR proposes to distribute \$26,000 of those extra funds to DENR staff and support, which will increase total funds from \$744,000 to \$770,000. The remaining \$83,000 would be distributed to the Belle Fourche River Watershed Project Segment 9 for an increase of funds from \$200,000 to \$283,000.

Mr. Dozark stated that DENR requests a motion to concur with amended funding recommendations of the department, and to authorize the department to forward the FFY 2020 Section 319 funding recommendations to EPA with adjustments to the final federal funding level.

Mr. Dozark answered a question from Dr. Johnson regarding how the funds will be used.

Motion by Gnirk, seconded by Jones, to concur with the amended funding recommendations of the department, and to authorize the department to forward the FFY 2020 Section 319 funding recommendations to EPA with adjustments to the final federal funding level. A roll call vote was taken, and the motion carried unanimously.

AMENDMENTS TO STATE WATER PLAN, 2020 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN, AND 2020 DRINKING STATE REVOLVING FUND INTENDED USE PLAN: Andy Bruels reported that water projects which will require state funding or need state support for categorical grant or loan funding need to be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement onto State Water Facilities Plan and provides for amendments of projects onto the plan on a quarterly basis. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed onto the plan at this meeting will remain on the facilities plan through December 2021.

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.

Nine State Water Plan applications were received by the February 1, 2020 deadline. As Mr. Bruels presented the applications, he also identified those projects to be placed on the Clean Water SRF and Drinking Water SRF project priority lists.

Andover requested amendment onto the facilities plan to replace and reline the existing sanitary sewer collection lines and to install stormwater collection pipe to remove storm water from entering the sanitary sewer system. The estimated total project cost is \$1,168,750. The project will be added to the Clean Water IUP with 8 priority points and an estimated loan amount of \$1,168,750 at 2.5 percent interest for 30 years.

Aurora requested amendment onto the facilities plan to replace and reline the existing sanitary sewer collection lines, increase the capacity of the existing main lift station and construct a new parallel forcemain from the lift station to the treatment ponds. The estimated total project cost is \$5,000,000. The project will be added to the Clean Water IUP with 10 priority points and an estimated loan amount of \$5,000,000 at 2.5 percent interest for 30 years.

Brandon requested amendment onto the facilities plan to construct a 1.25 million-gallon elevated water storage tank and to upgrade two booster stations. The estimated total project cost

is \$5,501,000. The project will be added to the Drinking Water IUP with 22 priority points and an estimated loan amount of \$5,501,000 at 2.5 percent interest for 30 years.

Deer Mountain Sanitary District requested amendment onto the facilities plan to construct a new drinking water system to include a new raw water treatment facility, distribution mains, booster station, water storage tank, and installing meters at each connection. The users are currently served by a privately-owned company and the existing system has had service issues and is in poor operational condition. An agreement to take ownership of the existing system by the district has not been able to be negotiated to date. The estimated total project cost is \$2,125,000. The project will be added the Drinking Water IUP with 102 priority points and an estimated loan amount of \$2,125,000 at 2.5 percent interest for 30 years

Delmont requested amendment onto the facilities plan to replace a large amount of the sanitary sewer collection pipes throughout the community, the existing pipes are old and beyond their useful life. The project would also rehabilitate a lift station and make improvements to the wastewater treatment lagoons to extend the life of the facility and assure continued treatment in compliance with their permit. The estimated total project cost is \$3,542,734. The project will be added to the Clean Water IUP with 13 priority points and an estimated loan amount of \$1,770,000 at 2.5 percent interest for 30 years.

Kingbrook Rural Water System requested amendment onto the facilities plan to consolidate the town of Nunda water system in Kingbrook's system, the project will include replacing the town's existing water distribution system and installing water meters for each connection. At the completion of the project, Kingbrook Rural Water System will take over the users as individual customers. The estimated total project cost is \$849,000. The project will be added to the Drinking Water IUP with 123 priority points and an estimated loan amount of \$836,500 at 2 percent interest for 30 years.

Renner Sanitary District requested amendment onto the facilities plan to rehabilitate and upgrade three existing lift stations to improve operations and to install storm sewer with sump pump connection to help remove excess infiltration and inflow from entering and overloading the sanitary sewer collection system. The estimated total project cost is \$1,784,000. The project will be added to the Clean Water IUP with 9 priority points and an estimated loan amount of \$1,784,000 at 2.5 percent interest for 30 years.

Rosholt requested amendment onto the facilities plan to rehabilitate the existing water storage tank. The estimated total project cost is \$500,000. The project will be added to the Drinking Water IUP with 3 priority points and an estimated loan amount of \$500,000 at 2.5 percent interest for 30 years.

Springfield requested amendment onto the facilities plan to replace the existing water treatment facility, construct a new transmission line from the tower to the Mike Durfee State Prison, install new water meters, and rehabilitate an existing water tower. The estimated total project cost is \$8,000,000. The project will be added to the Drinking Water IUP with 145 priority points and an estimated loan amount of \$8,000,000 at 2 percent interest for 30 years.

Staff recommended amending the nine projects onto the facilities plan.

Motion by Gnirk, seconded by Bernhard, to amend the nine projects onto the State Water Facilities Plan. A roll call vote was taken, and the motion carried unanimously.

Clean Water IUP

Mr. Bruels stated that since adoption of the 2020 Clean Water SRF Intended Use Plan, a higher than anticipated demand for wastewater and stormwater small community planning grants has been received. Due to this increased demand, the original allocation of using \$100,000 of administrative surcharge fees to fund planning grants does not appear to be sufficient. Staff recommended that the amount be increased to provide up to \$200,000 for small community planning grants, which will allow an additional ten grants to be provided, if requested.

Mr. Bruels noted that in February the final allotment numbers for the 2020 Capitalization grant were received, and throughout the IUP the values based on that amount have been updated. The 2020 Clean Water SRF total capitalization grant is \$7,780,000, which is \$1,000 more than in 2019.

In addition to the clean water projects that were placed on the 2020 State Water Plan, one additional project was placed onto the Clean Water SRF Project Priority List.

Garretson received a previous Clean Water SRF loan for a sanitary sewer replacement project. Due to project costs increasing and insufficient local funds from when the project funding was originally provided, Garretson has submitted a new funding application to make up the shortfall. The application will be presented at an upcoming board meeting. Current funds necessary are estimated at \$1,142,000. The project will be added to the Clean Water IUP with 10 priority points and an estimated loan amount of \$1,142,000 at 2.5 percent interest for 30 years.

Staff recommended approval of the adjustments to the narrative section and the addition of all five projects onto the Project Priority list of the Clean Water SRF IUP.

Motion by Jones, seconded by Gnirk, to accept the staff recommendation regarding amendments to the Clean Water SRF IUP. A roll vote was taken, and the motion carried unanimously.

Drinking Water IUP

Mr. Bruels stated that in February the final allotment numbers for the 2020 Capitalization grant were received, and throughout the IUP the values based on that amount have been updated. The 2020 Drinking Water SRF total capitalization grant is \$11,011,000, which is \$7,000 more than in 2019.

In addition to the drinking water projects that were placed on the 2020 State Water Plan, there were two additional projects to be placed onto the Drinking Water SRF Project Priority List.

Garretson - received a previous Drinking Water SRF loan and a Consolidated grant for a water main replacement project. Due to project costs increasing and insufficient local funds from when the project funding was originally provided, Garretson has submitted a new funding application to make up the shortfall. The application will be presented at an upcoming board meeting. Current funds necessary are estimated to be \$917,000. The project will be added to the Drinking Water IUP with 10 priority points and an estimated loan amount of \$917,000 at 2.5 percent interest for 30 years.

Lake Norden - received a previous Drinking Water SRF loan to install a well to provide better quality and an increased quantity of water, install transmission main to connect the new well to the treatment system, and make improvements to the treatment facility. Due to high groundwater conditions along the route of the transmission main, the city must have the pipe directionally bored instead of open trench laid for construction, which has resulted in a significant cost increase. Lake Norden submitted a new funding application to make up the shortfall. The application will be presented at an upcoming board meeting. Current funds necessary are estimated to be \$1,345,000. The project will be placed on the Drinking Water IUP with 53 priority points and an estimated loan amount of \$1,345,000 at 2 percent interest for 20 years.

Staff recommended approval of the adjustments to the narrative section and the addition of all seven projects to the Project Priority list of the Drinking Water SRF IUP.

Motion by Gnirk, seconded by Bernhard, to accept the staff recommendation regarding amendments to the Drinking Water SRF IUP. A roll vote was taken, and the motion carried unanimously.

CITY OF SIOUX FALLS SWRMS GRANT AGREEMENT TIME EXTENSION: SDCL 46A-1-13.7 authorized the construction of the Sioux Falls Flood Control Project. The 2016 State Legislature appropriated \$2,036,375 in grant funds for the Sioux Falls flood control project in Section 1 of Senate Bill 68. This funding was provided through the State Water Resources Management System component of the State Water Plan.

The funds are for the engineering design, right-of-way acquisition, preconstruction activities, and construction of the Sioux Falls Flood Control Project as authorized in Section 17 of Chapter 254 of the 1992 Session Laws. The work for this project is complete and has resulted in 1,600 properties along the Big Sioux River in Sioux Falls being removed from the flood zone on Flood Insurance Rate Maps.

Mr. Bruels reported that the current grant agreement will end on March 31, 2020; however, Sioux Falls still has \$911,375 in grant funds remaining and the project funds cannot be drawn until the United States Army Corps of Engineers certifies all real estate needs associated with the project and determines the final costs. The city is continuing to work with the Corps to complete the real estate review process. After those items are complete, the city of Sioux Falls will request the remaining grant funds for reimbursement. These funds will complete the state's cost share commitment for this project.

The department received a letter from the city of Sioux Falls requesting that the board extend the grant period for an additional two years. To extend the grant agreement, the First Amendment to the Grant Agreement has been prepared with assistance from the Attorney General's office.

Staff recommended approval of a time extension to the city of Sioux Falls State Water Resources Management System grant agreement to March 31, 2022.

Motion by Johnson, seconded by Lanning, to adopt **Resolution No. 2020-16** approving a time extension to the city of Sioux Falls State Water Resources Management System grant agreement to March 31, 2022. A roll call vote was taken, and the motion carried unanimously.

CITY OF WATERTOWN SWRMS GRANT AGREEMENT TIME EXTENSION: SDCL 46A-1-2.1 includes the Big Sioux Flood Control Study on the State Water Resources Management System project list. The 2016 State Legislature appropriated \$225,125 in grant funds for the Watertown & Vicinity Big Sioux Flood Control Study in Section 3 of Senate Bill 68.

These funds are for the feasibility level study update of the Watertown & Vicinity Big Sioux Flood Control Study to be completed by the United States Army Corps of Engineers. The Corps of Engineers completed a feasibility report and cost-benefit study in the 1990s. The Corps has proposed a \$1.05 million update to prepare an integrated Feasibility Study and Environmental Assessment to evaluate alternatives, identify the national economic development plan and alternatives, and recommend a project plan.

Mr. Bruels stated that the current grant agreement will end on March 31, 2020; however, Watertown still has the full \$225,125 in grant funds remaining, and the study cannot begin until the U.S. Army Corps of Engineers receives an appropriation for the study. Once that appropriation is in place, the city of Watertown is committed to provide \$225,125 to complete the necessary funding. These funds will provide half of the required nonfederal cost share.

The department received a letter from the city of Watertown requesting that the board extend the grant period for an additional two years. To extend the grant agreement, the First Amendment to the Grant Agreement has been prepared with assistance from the Attorney General's office.

Staff recommended board approval of a time extension to the city of Watertown State Water Resources Management System grant agreement to March 31, 2022

Motion by Bernhard, seconded by Jones, to adopt **Resolution No. 2020-17** approving a time extension to the city of Watertown State Water Resources Management System grant agreement to March 31, 2022. A roll call vote was taken, and the motion carried unanimously.

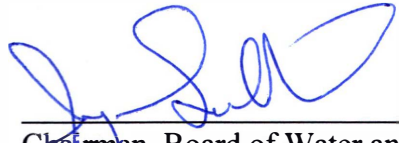
RESCHEDULE MARCH 26-27, 2020, MEETING: Mr. Perkovich stated that a telephone conference call will be scheduled sometime during the week of April 13. Staff will let the board know when it is scheduled.

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

Board of Water and Natural Resources
March 31, 2020, Meeting Minutes

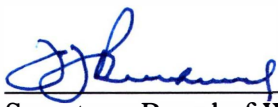
Approved this 29th day of April 2020.

(SEAL)



Chairman, Board of Water and
Natural Resources

ATTEST:



Secretary, Board of Water and
Natural Resources