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Minutes of the
Board of Water and Natural Resources Meeting
In-Person or Remote via Audio/Visual Conference
Matthew Training Center
523 East Capitol
Pierre, South Dakota

May 17, 2022

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

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

BOARD MEMBERS PARTICIPATING: Jerry Soholt, Karl Adam, Todd Bernhard, Dr. Paul Gnirk, Gene Jones, Jr., and Vance Newman.

BOARD MEMBERS ABSENT: Jackie Lanning.

LEGISLATIVE OVERSIGHT COMMITTEE MEMBERS: Senator Mary Duvall and Representative Mike Weisgram.

OTHERS PRESENT IN-PERSON: See attached attendance sheets.

APPROVE AGENDA: Motion by Adam, seconded by Lanning, to approve the agenda. Motion carried.

PUBLIC COMMENT PERIOD: There were no public comments.

AMENDMENTS TO THE 2019 AND 2021 DRINKING WATER INTENDED USE PLANS: Andy Bruels reported that the FY 2019 Drinking Water State Revolving Fund (SRF) Intended Use Plan (IUP) was approved by the Board of Water and Natural Resources in November 2018 and amended in March, June, and September 2019, March 2020 and June 2021.

The State Program Management set-aside in the 2019 Capitalization grant allows for up to 10 percent of the capitalization grant to be used to assist in funding of the Public Water System Supervision program or what is known in DANR as the Drinking Water regulatory program.

The department originally reserved \$600,000 to assist the Drinking Water Program. It was determined this was more than necessary, and the grant period is nearing completion. The funds

will be transferred back to the loan fund and expended for eligible projects. The amendment to the IUP will allow the department to meet the spend down goals established by EPA.

Additional funds were allocated as part of the 2020 Capitalization grant and there are sufficient funds to provide for operational and regulatory expenses of the Drinking Water Program from that grant during the upcoming year.

Mr. Bruels stated that the narrative section of the IUP that will be changed relates to the State Program Management set-aside. The narrative originally states that \$600,000 will be allocated for the administration of the state's Public Water System Supervision (PWSS) program.

The following paragraph will be added:

To comply with unliquidated obligation spend-down requirements and allow grant closeout, up to \$425,000 in excess state program management funds from the 2019 Capitalization grant will be transferred back to the loan fund.

Motion by Gnirk, seconded by Adam, to approve the amendment to the FY 2019 Drinking Water SRF IUP. A roll call vote was taken, and the motion carried unanimously.

Mr. Bruels stated that the FY 2021 Drinking Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2020 and amended in March, June, and September 2021.

The Local Assistance and Other State Programs set-aside in the 2021 Capitalization grant allows for up to 15 percent of the capitalization grant to be used to assist development and implementation of local drinking water protection activities. Historically, funds from this set-aside have been used to conduct energy audits and to help small systems that receive an SRF loan to complete their capacity assessment and improve their technical, managerial or financial capacity.

The board has a contract with the Midwest Assistance Program (MAP) to assist communities in completing the required capacity assessments and technical, managerial or financial capacity. The amount reserved from the 2021 Local Assistance set-aside was \$75,000 for this work. Due to the unprecedented number of Drinking Water funding applications received this year, MAP will fully utilize this entire amount and needs additional funds to continue this important part of approving Drinking water SRF loans.

Sufficient expenditure authority is available through the DANR budget to provide for these increased amounts; however, the Drinking Water SRF Capitalization Grant needs to be amended to request additional set-aside funds be allocated.

DANR staff proposes to allocate an additional \$50,000 from the local assistance set-aside to be able to fully reimburse MAP for services provided.

Mr. Bruels stated that the Local Assistance and Other State Programs section will be changed to reflect that up to \$125,000 will be allocated for the capacity development activities, and in the following sentence will be deleted, "There remains \$93,400 from prior years' allocations."

Motion by Adam, seconded by Bernhard, to approve the amendments to the FY 2021 Drinking Water SRF IUP. A roll call vote was taken, and the motion carried unanimously.

ARPA GRANT FUNDS FOR PRIOR FUNDED APPLICATIONS: Mr. Bruels provided an overview of available funds.

Mr. Bruels reported that during the 2022 Legislative Session, Senate Bill 62 was passed. The bill appropriated \$600,000,000 in American Rescue Plan Act (ARPA) funds for water and sewer infrastructure. In the approved distribution criteria, projects that received funding in calendar year 2021 that would have received grant funds through the ARPA criteria in excess of the awarded amount and have eligible costs remaining for reimbursement were contacted to submit requests for consideration of these funds. Additionally, the applicants were informed of the ability to include local ARPA match in the request and receive additional state ARPA funds.

Mr. Bruels presented the applications from prior funded projects and the staff recommendations for additional ARPA grant funds. Following presentation of each application, representatives discussed their respective projects and answered questions from the board.

Canistota: On June 24, 2021, the city of Canistota was awarded a \$1,758,000 Clean Water SRF loan and a \$667,000 Drinking Water SRF loan. These projects were for sanitary, storm, and drinking water pipe improvements in a portion of the community.

Staff recommended awarding a \$256,966 ARPA grant for the drinking water improvements project.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2022-254** approving ARPA grant agreement 2022G-ARP-302 to the **city of Canistota** for all approved project costs not to exceed \$256,966 for a watermain replacement project. A roll call vote was taken, and the motion carried unanimously.

Staff recommended awarding a \$584,267 ARPA grant for the sanitary and storm sewer improvements project.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2022-255** approving ARPA grant agreement 2022G-ARP-301 to the **city of Canistota** for all approved project costs not to exceed \$584,267 for sanitary and storm sewer infrastructure improvements. A roll call vote was taken, and the motion carried unanimously.

Castlewood: On March 25, 2021, the town of Castlewood was awarded a \$800,000 Drinking Water SRF loan for improvements to its distribution system and to rehabilitate the water tower.

Staff recommended awarding a \$354,627 ARPA grant for the drinking water improvements project.

Motion by Adam, seconded by Newman, to adopt **Resolution No. 2022-256** approving ARPA grant agreement 2022G-ARP-303 to the **city of Castlewood** for all approved project costs not to exceed \$354,627 for distribution system improvements and water tower rehabilitation. A roll call vote was taken, and the motion carried with Adam, Bernhard, Gnirk, Newman, and Sohlt voting aye. Jones abstained.

Crooks: On June 24, 2021, the city of Crooks was awarded a \$1,173,000 Clean Water SRF loan and a \$650,000 Consolidated grant for a new lift station and sanitary sewer expansion.

Staff recommended awarding a \$161,763 ARPA grant for the sanitary sewer improvements project.

Motion by Jones, seconded by Gnirk, to adopt **Resolution No. 2022-257** approving ARPA grant agreement 2022G-ARP-306 to the **city of Crooks** for all approved project costs not to exceed \$161,763 for a new lift station and sanitary sewer expansion. A roll call vote was taken, and the motion carried unanimously.

Custer: On March 25, 2021, the city of Custer was awarded a \$1,539,000 Clean Water SRF loan and a \$336,600 federal Storm and Sanitary Sewer Overflow grant. This project was to upgrade and expand capacity of its wastewater treatment facility.

Staff recommended awarding a \$125,100 ARPA grant for the wastewater treatment improvements project.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2022-258** approving ARPA grant agreement 2022G-ARP-307 to the **city of Custer** for all approved project costs not to exceed \$125,100 for treatment facility upgrade and force main slip-lining. A roll call vote was taken, and the motion carried unanimously.

Groton: On March 25, 2021, the city of Groton was awarded a \$1,326,000 Drinking Water SRF loan for water main improvements.

Staff recommended awarding a \$664,547 ARPA grant for the drinking water improvements project.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2022-259** approving ARPA grant agreement 2022G-ARP-308 to the **city of Groton** for all approved project costs not to exceed \$664,547 for a watermain replacement project. A roll call vote was taken, and the motion carried unanimously.

Joint Well Field, Inc.: On March 25, 2021, Joint Well Field, Inc. was awarded a \$5,523,000 Drinking Water SRF loan for water treatment plant improvements.

Staff recommended awarding a \$1,656,900 ARPA grant for the drinking water improvements project.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2022-260** approving ARPA grant agreement 2022G-ARP-311 to **Joint Well Field, Inc.** for all approved project costs not to exceed \$1,656,900 for water treatment plant improvements. A roll call vote was taken, and the motion carried unanimously.

Kingbrook Rural Water System: On March 25, 2021, Kingbrook Rural Water System was awarded a \$360,000 Drinking Water SRF loan for improvements to the Carthage water tower.

Staff recommended awarding a \$108,000 ARPA grant for the water tower improvements project.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2022-261** approving ARPA grant agreement 2022G-ARP-312 to **Kingbrook Rural Water System** for all approved project costs not to exceed \$108,000 for Carthage water tower improvements. A roll call vote was taken, and the motion carried with Adam, Bernhard, Gnirk, Newman, and Soholt voting aye. Jones abstained.

Lake Norden: On March 25, 2021, the city of Lake Norden was awarded a \$2,019,000 Drinking Water SRF loan to construct a water tower.

Staff recommended awarding a \$652,463 ARPA grant for the water tower construction project.

Motion by Adam, seconded by Gnirk, to adopt **Resolution No. 2022-262** approving ARPA grant agreement 2022G-ARP-313 to the **city of Lake Norden** for all approved project costs not to exceed \$652,463 for a water storage tower. A roll call vote was taken, and the motion carried with Adam, Bernhard, Gnirk, Newman, and Soholt voting aye. Jones abstained.

Lennox: On June 24, 2021, the city of Lennox was awarded a \$2,299,000 Clean Water SRF loan, a \$510,000 Consolidated grant, and a \$868,000 Drinking Water SRF loan. These projects were for improvements to the water, sanitary, and storm sewer piping along Boynton Avenue.

Staff recommended awarding a \$480,400 ARPA grant for the drinking water improvements project.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2022-263** approving ARPA grant agreement 2022G-ARP-316 to the **city of Lennox** for all approved project costs not to exceed \$480,400 for Boynton Avenue drinking water improvements. A roll call vote was taken, and the motion carried unanimously.

Staff recommended awarding a \$1,172,251 ARPA grant for the sanitary and storm sewer improvements project.

Motion by Adam, seconded by Jones, to adopt **Resolution No. 2022-264** approving ARPA grant agreement 2022G-ARP-315 to the **city of Lennox** for all approved project costs not to exceed

\$1,172,251 for Boyton Avenue wastewater improvements. A roll call vote was taken, and the motion carried unanimously.

Salem: On June 24, 2021, the city of Salem was awarded a \$847,000 Clean Water SRF loan for storm sewer improvements.

Staff recommended awarding a \$370,293 ARPA grant for the storm sewer improvements project.

Motion by Gnirk, seconded by Newman, to adopt **Resolution No. 2022-265** approving ARPA grant agreement 2022G-ARP-320 to the **city of Salem** for all approved project costs not to exceed \$370,293 for 2021 storm sewer improvements. A roll call vote was taken, and the motion carried unanimously.

Sioux Falls: On November 4, 2021, the city of Sioux Falls was awarded a \$123,000,000 Clean Water SRF loan for improvements and expand capacity at the water reclamation facility.

Staff recommended awarding a \$41,900,000 ARPA grant for the wastewater treatment upgrade project.

Motion by Adam, seconded by Gnirk, to adopt **Resolution No. 2022-266** approving ARPA grant agreement 2022G-ARP-321 to the **city of Sioux Falls** for all approved project costs not to exceed \$41,900,000 for water reclamation facility expansion. A roll call vote was taken, and the motion carried unanimously.

Tea: On March 25, 2021, the city of Tea was awarded a \$8,394,000 Clean Water SRF loan to connect its wastewater treatment system to the city of Sioux Falls.

Staff recommended awarding a \$3,694,231 ARPA grant for the wastewater regionalization project.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2022-267** approving ARPA grant agreement 2022G-ARP-322 to the **city of Tea** for all approved project costs not to exceed \$3,694,231 for regionalization with Sioux Falls. A roll call vote was taken, and the motion carried unanimously.

Watertown: On March 25, 2021, the city of Watertown was awarded a \$2,500,000 Clean Water SRF loan to replace its primary clarifier at its wastewater treatment facility.

Staff recommended awarding a \$750,000 ARPA grant for the wastewater treatment improvements project.

Motion by Jones, seconded by Adam, to adopt **Resolution No. 2022-268** approving ARPA grant agreement 2022G-ARP-325 to the **city of Watertown** for all approved project costs not to exceed \$750,000 for primary clarifier replacement. A roll call vote was taken, and the motion carried unanimously.

FUNDING APPLICATIONS DEFERRED FROM APRIL 12-13, 2022: Mike Perkovich presented the applications and the staff recommendations for funding. Following presentation of each application, representatives discussed their respective projects and answered questions from the board.

Box Elder requested funding to replace sanitary sewer lines on Box Elder Road and Highway 14/16 and install new sanitary sewer in the 151st Street expansion area. This will involve approximately 26,500 feet of old lines being replaced and 16,500 feet of new line being installed.

The estimated total project amount is \$5,800,000, and the amount requested is \$4,000,000. Box Elder will use \$1,800,000 in local ARPA funds for the project.

Staff recommended awarding a \$1,540,000 Clean Water SRF loan at 2.125 percent interest for 30 years and a \$2,460,000 ARPA grant.

The city pledged a project surcharge for repayment of the loan. Rates in Box Elder are \$48.82 based on 5,000 gallons usage. Staff analysis indicates that a surcharge of \$2.60 is needed for repayment of the loan, bringing overall rates to \$51.42 based on 5,000 gallons usage.

Staff recommended the loan 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 Gnirk, seconded by Bernhard, to adopt **Resolution No. 2022-269** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,540,000 at 2.125 percent interest for 30 years to the **city of Box Elder** for wastewater collection system replacement and expansion, 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. 2022-270** approving ARPA grant agreement 2022G-ARP-300 to the **city of Box Elder** for all approved project costs not to exceed \$2,460,000 for wastewater collection system replacement and expansion. A roll call vote was taken, and the motion carried unanimously.

Chancellor requested funding to replace approximately 2,000 feet of vitrified clay sewer main, eight manholes and service lines, and install approximately 1,900 feet of storm sewer. This is phase II of a multi-year project.

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

Staff recommended awarding a \$210,000 Clean Water SRF loan at 2.125 percent interest for 30 years and a \$1,190,000 ARPA grant.

Chancellor pledged a project surcharge for repayment of the loan. The town has a \$56.00 flat rate. Staff analysis indicates a surcharge of \$6.00 is need for repayment of the loan, bringing overall rates to a \$62.00 flat rate.

Staff recommended the loan 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 Adam, seconded by Bernhard, to adopt **Resolution No. 2022-271** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$210,000 at 2.125 percent interest for 30 years to the **town of Chancellor** 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, and to adopt **Resolution No. 2022-272** approving ARPA grant agreement 2022G-ARP-304 to the **town of Chancellor** for all approved project costs not to exceed \$1,190,000 for sanitary and storm sewer improvements. A roll call vote was taken, and the motion carried unanimously.

Chancellor requested funding to replace approximately 4,000 feet of cast iron water main with PVC. This phase II work will be done in conjunction with the sewer project.

The estimated total project amount is \$1,300,000, and the amount requested is \$1,300,000.

Staff recommended awarding a \$195,000 Drinking Water SRF loan at 1.875 percent interest for 30 years and a \$1,105,000 ARPA grant.

Chancellor pledged a project surcharge for repayment of the loan. Rates in Chancellor are \$59.00 based on 5,0000 gallons usage. Staff analysis indicates a surcharge of \$6.05 is need for repayment of the loan, bringing overall rates to \$65.05 based on 5,000 gallons usage.

Staff recommended the loan 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 Jones, to adopt **Resolution No. 2022-273** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$195,000 at 1.875 percent interest for 30 years to the **town of Chancellor** for 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. 2022-274** approving ARPA grant agreement 2022G-ARP-305 to the **town of Chancellor** for all approved project costs not to exceed \$1,105,000 for water system improvements. A roll call vote was taken, and the motion carried unanimously.

Hudson requested funding for phase I of a multi-year project to replace aging vitrified clay sanitary sewer lines. This phase will replace approximately 3,100 feet of line.

The estimated total project amount is \$1,678,000, and the amount requested is \$1,378,000. Other funding includes a \$300,000 DOT Community Access Grant

Staff recommended awarding a \$656,180 Clean Water SRF loan at 2.125 percent interest for 30 years and a \$721,820 ARPA grant.

The town of Hudson pledged a project surcharge for repayment of the loan. Hudson has a \$59.00 flat rate. A surcharge of \$15.90 is need for repayment of the loan. Staff analysis indicates the rates can be restructured, and the existing rate of \$59.00 would be sufficient for repayment of debt and operation of the wastewater utility.

Staff recommended the loan 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 Jones, seconded by Adam, to adopt **Resolution No. 2022-275** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$656,180 at 2.125 percent interest for 30 years to the **town of Hudson** 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, and to adopt **Resolution No. 2022-276** approving ARPA grant agreement 2022G-ARP-310 to the **town of Hudson** for all approved project costs not to exceed \$721,820 for sanitary sewer improvements. A roll call vote was taken, and the motion carried unanimously.

Hudson requested funding for improvements to its water system, which include replacing the hydro-pneumatic water tanks with a 50,000-gallon ground storage tank and a booster station, replacing approximately 1,700 feet of water main and installing an additional 6000 feet of line for looping.

The estimated total project amount is \$2,161,000, and the amount requested is \$1,799,305. Hudson will use \$61,695 in local ARPA funds and a \$300,000 DOT Community Access grant for the project.

Staff recommended awarding a \$831,649 Drinking Water SRF loan at 1.625 percent interest for 30 years and a \$967,656 ARPA grant.

The town of Hudson pledged a project surcharge for repayment of the loan. Rates in Hudson are \$45.00 based on 5,000 gallons usage. A surcharge of \$19.50 is need for repayment of the loan. Staff analysis indicates that rates can be restructured, and rates of \$60.25 would be sufficient for repayment of debt and operation of the water utility.

Staff recommended the loan 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 Newman, seconded by Bernhard, to adopt **Resolution No. 2022-277** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$831,649 at 1.625 percent interest for 30 years to the **town of Hudson** for water storage and distribution 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. 2022-278** approving ARPA grant agreement 2022G-ARP-309 to the **town of Hudson** for all approved project costs not to exceed \$967,656 for water storage and distribution improvements. A roll call vote was taken, and the motion carried with Adam, Bernhard, Gnirk, Newman, and Soholt voting aye. Jones abstained.

Joint Well Field received a \$5,523,000 loan in March 2021 to make improvements to the water treatment plant and construct a 1.2-million-gallon ground storage reservoir. Bids came in higher than estimated, so Joint Well Field submitted an application by the January 1, 2022, deadline to cover the shortfall. The request was for \$650,000.

This application was deferred at the April meeting because of staff's commitment to provide ARPA funds to projects that were funded last year and would have received ARPA funds at that time. Earlier Joint Well Field was awarded a \$1,659,000 ARPA grant to fulfill that commitment. As a result, staff recommended the board withdraw the application from consideration. Staff discussed this with Joint Well Field, and they are in agreement.

Motion by Bernhard, seconded by Adam, to **withdraw** the funding application submitted by **Joint Well Field**. A roll call vote was taken, and the motion carried unanimously.

Lake Poinsett Sanitary District requested funding to rehabilitate several lift stations within the system and correct excessive I/I by replacing aging collection lines and deficient manholes.

The estimated total project amount is \$4,600,000, and the amount requested is \$4,600,000.

Staff recommended awarding a \$1,809,749 Clean Water SRF loan at 2.125 percent interest for 30 years and a \$2,790,251 ARPA grant.

The sanitary district pledged a project surcharge for repayment of the loan. Lake Poinsett Sanitary District has a \$64.00 flat rate. Staff analysis indicates a surcharge of \$11.60 is needed for repayment of the loan, bringing overall rates to \$75.60.

Staff recommended the loan 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 Adam, seconded by Jones, to adopt **Resolution No. 2022-279** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,809,749 at 2.125 percent interest for 30 years to **Lake Poinsett Sanitary District** for the system rehabilitation 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, and to adopt **Resolution No. 2022-280** approving ARPA grant agreement 2022G-ARP-314 to **Lake Poinsett Sanitary District** for all approved project costs not to exceed \$2,790,251 for the system rehabilitation project. A roll call vote was taken, and the motion carried unanimously.

North Sioux City requested funding to provide wastewater infrastructure in an undeveloped parcel of land south of the city limits and west of I-29. The project involves installing approximately 2,800 feet of collection lines, a 1,200-foot trunk sewer, a submersible lift station and 2 miles of force main.

The estimated total project amount is \$7,060,897, and the amount requested is \$6,863,000. North Sioux City will use \$197,897 in local ARPA funds for the project.

Staff recommended awarding a \$5,351,110 Clean Water SRF loan at 2.0 percent interest for 20 years and a \$1,511,890 ARPA grant.

The city pledged system revenues for repayment of the loan. Rates in North Sioux City are \$34.20 based on 5,000 gallons usage. Staff analysis indicates debt coverage of 161 percent at the current rates.

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

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2022-281** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$5,351,110 at 2.0 percent interest for 20 years to the **city of North Sioux City** for the southwest sewer basin and lift station project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the

borrower adopting a bond resolution and the resolution becoming effective, and to adopt **Resolution No. 2022-282** approving ARPA grant agreement 2022G-ARP-317 to the **city of North Sioux City** for all approved project costs not to exceed \$1,511,890 for the southwest sewer basin and lift station project. A roll call vote was taken, and the motion carried unanimously.

North Sioux City requested funding for improvements to the Streeter Drive water treatment plant, which involves updating the chemical feed, electrical and other systems to increase capacity and provide redundancy to the system. Other improvements will increase aeration, detention, filtration, and backwash capacity to improve the system.

The estimated total project amount is \$7,651,000, and the amount requested is \$7,351,000. The city will use \$300,000 in local ARPA funds for the project.

Staff recommended awarding a \$5,627,193 Drinking Water SRF loan at 2.125 percent interest for 30 years and a \$1,723,807 ARPA grant.

The city pledged system revenue for repayment of the loan. Rates in North Sioux City are \$24.00 based on 5,000 gallons usage. Staff analysis indicates debt coverage of 170 percent at the current rates.

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

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2022-283** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$5,627,193 at 2.125 percent interest for 30 years to the **city of North Sioux City** for the Streeter Drive water treatment plant expansion project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective, and to adopt **Resolution No. 2022-284** approving ARPA grant agreement 2022G-ARP-318 to the **city of North Sioux City** for all approved project costs not to exceed \$1,723,807 for the Streeter Drive water treatment plant expansion project. A roll call vote was taken, and the motion carried unanimously.

Northville requested funding to replace water meters, construct a 40,000-gallon above ground storage tank and pumphouse, and loop lines on two blocks to increase pressure and improve water quality.

The estimated total project amount is \$1,250,250, and the amount requested is \$1,224,320. Northville will use \$25,930 in local ARPA funds for the project.

Staff recommended awarding a \$179,758 Drinking Water SRF loan at 2.125 percent interest for 30 years and a \$1,044,562 ARPA grant.

The town pledged a project surcharge for repayment of the loan. Rates in Northville are \$50.26 based on 5,000 gallons usage. Staff analysis indicates a surcharge of \$9.95 is needed for repayment of the loan, bringing overall rates to \$60.21.

Staff recommended the loan 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 Adam, seconded by Bernhard to adopt **Resolution No. 2022-285** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$179,758 at 2.125 percent interest for 30 years to the **town of Northville** for 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. 2022-286** approving ARPA grant agreement 2022G-ARP-319 to the **town of Northville** for all approved project costs not to exceed \$1,044,562 for water system improvements. A roll call vote was taken, and the motion carried unanimously.

South Shore requested funding to construct a ground storage tank and associated water lines to connect the tank to the distribution system.

The estimated total project amount is \$1,635,000, and the amount requested is \$1,635,000.

Staff recommended awarding a \$449,000 Drinking Water SRF loan at 1.875 percent interest for 30 years and a \$1,186,000 ARPA grant.

The city pledged a project surcharge for repayment of the loan. South Shore has a \$30.00 flat rate. A surcharge of \$30.00 is needed for repayment of the loan. Staff analysis indicates the rates can be restructured, and rates of \$55.00 would be sufficient to repay the loan and operate the water utility.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon the borrower demonstrating technical, managerial, and financial capacity.

Motion by Bernhard, seconded by Adam, to adopt **Resolution No. 2022-287** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$449,000 at 1.875 percent interest for 30 years to the **city of South Shore** for 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon the borrower demonstrating technical, managerial, and financial capacity, and to adopt **Resolution No. 2022-288** approving ARPA grant agreement 2022G-ARP-328 to the **city of South Shore** for all approved project costs not to exceed \$1,186,000 for water system improvements. A roll call vote was taken, and the motion carried with Adam, Bernhard, Gnirk, Newman, and Soholt voting aye. Jones abstained.

Tea requested funding to expand municipal utility services to existing industrial and commercial properties in the Hagedorn Industrial Park and a rural subdivision that was recently annexed. This will require approximately 9,000 feet of sanitary sewer lines.

The estimated total project amount is \$1,778,000, and the amount requested is \$1,616,914. Tea will use \$161,086 in local ARPA match for the project.

Staff recommended awarding a \$946,288 Clean Water SRF loan at 2.125 percent interest for 30 years and a \$670,626 ARPA grant.

The city pledged a project surcharge for repayment of the loan. Tea has a \$42.00 residential flat rate. A surcharge of \$1.85 is needed for repayment of the loan. There will be an additional \$16.25 surcharge coming to repay a loan awarded last year for a project to convey Tea's wastewater to the Sioux Falls Water Reclamation facility for treatment. When considering the charge to Sioux Falls for treatment, it is expected that rates in Tea will be \$75.00 to \$80.00 per month.

Staff recommended the loan 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 Jones, seconded by Adam, to adopt **Resolution No. 2022-289** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$946,288 at 2.125 percent interest for 30 years to the **city of Tea** for sanitary sewer expansion, 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. 2022-290** approving ARPA grant agreement 2022G-ARP-323 to the **city of Tea** for all approved project costs not to exceed \$670,626 for sanitary sewer expansion. A roll call vote was taken, and the motion carried unanimously.

Tea requested funding to expand municipal utility services to existing industrial and commercial properties in the Hagedorn Industrial Park and a rural subdivision that was recently annexed. This will require approximately 5,100 feet of water lines.

The estimated total project amount is \$1,764,000, and the amount requested is \$1,602,914. Tea will use \$161,086 in local ARPA match for the water project.

Staff recommended awarding a \$1,009,280 Drinking Water SRF loan at 2.125 percent interest for 30 years and a \$593,634 ARPA grant.

The city pledged a project surcharge for repayment of the loan. Rates in Tea are \$31.80 based on 5,000 gallons usage. Staff analysis indicates that a surcharge of \$1.95 is needed for repayment of the loan, bringing overall rates to \$33.75.

Staff recommended the loan 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 Gnirk, to adopt **Resolution No. 2022-291** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,009,280 at 2.125 percent interest for 30 years to the **city of Tea** for Hagedorn area water 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. 2022-292** approving ARPA grant agreement 2022G-ARP-324 to the **city of Tea** for all approved project costs not to exceed \$593,634 for Hagedorn area water improvements. A roll call vote was taken, and the motion carried unanimously.

White requested funding for Phase I of a project to make improvements to its wastewater collection system. This involves replacing or lining approximately 6,300 feet of sewer mains and 1,300 feet of service lines and replacing 16 manholes.

The estimated total project amount is \$2,567,100, and the amount requested is \$2,567,100.

Staff recommended awarding a \$1,832,810 Clean Water SRF loan at 2.125 percent interest for 30 years and a \$734,290 ARPA grant.

The city pledged a project surcharge for repayment of the loan. White has a \$25.00 flat fee. Staff analysis indicates a surcharge of \$30.00 is needed for repayment of the loan, bringing overall rates to \$55.00.

Staff recommended the loan 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 Adam, seconded by Jones, to adopt **Resolution No. 2022-293** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,832,810 at 2.125 percent interest for 30 years to the **city of White** for wastewater collection 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. 2022-294** approving ARPA grant agreement 2022G-ARP-326 to the **city of White** for all approved project costs not to exceed \$734,290 for wastewater collection system improvements. A roll call vote was taken, and the motion carried unanimously.

White requested funding for Phase I of a project to make improvements to its water distribution system. This involves replacing approximately 3,900 feet of water main and 8 fire hydrants. The water tower will also be re-coated as part of the project.

The estimated total project amount is \$2,501,800, and the amount requested is \$2,501,800.

Staff recommended awarding a \$1,786,189 Drinking Water SRF loan at 1.625 percent interest for 30 years and a \$715,611 ARPA grant.

The city pledged a project surcharge for repayment of the loan. Rates in White are \$45.50 based on 5,000 gallons usage. A surcharge of \$27.55 is need for repayment of the loan. Staff analysis indicates the rates can be restructured, and rates of approximately \$48.00 would be sufficient to repay the loan and operate the water utility.

Staff recommended the loan 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 Gnirk, to adopt **Resolution No. 2022-295** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,786,189 at 1.625 percent interest for 30 years to the **city of White** for water distribution 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. 2022-296** approving ARPA grant agreement 2022G-ARP-327 to the **city of White** for all approved project costs not to exceed \$715,611 for water distribution improvements. A roll call vote was taken, and the motion carried with Adam, Bernhard, Gnirk, Newman, and Soholt voting aye. Jones abstained.

REVISED DELL RAPIDS SANITARY/STORM SEWER FUNDING APPLICATION: Mr. Bruels reported that the department received a request for a revision to the Dell Rapids sanitary/storm sewer funding package.

On April 12, 2022, the city of Dell Rapids was awarded a \$2,702,300 ARPA grant and a \$3,534,287 Clean Water SRF loan which included \$346,587 for non-point source incentive rate funds. This funding package resulted in the need to establish a surcharge of \$9.40 and would have taken overall rates to \$71.15. At the April 12 meeting, Dell Rapids had also submitted funding for a drinking water project. Because Dell Rapids had high wastewater rates, the total amount of ARPA funds was utilized for the sanitary/storm sewer funding.

On April 18, 2022, the department received the letter from Dell Rapids indicating that there was a misunderstanding regarding submitting a revised application request to include the city's local ARPA contribution of \$616,929 in the project.

The revised request is for \$5,273,071 of base project funding with consideration of funding for non-point source improvements and included the local ARPA allocation of \$616,929.

Based on this revision, the staff recommendation for funding was to award a \$2,887,379 ARPA grant and a \$2,645,080 Clean Water SRF loan at 1.375 percent for 30 years, which includes \$259,388 for non-point source activities. This funding package resulted in the need to establish a surcharge of \$7.05 and would take overall rates to \$68.80. Staff recommended the loan being contingent upon the borrower adopting two bond resolutions and the resolutions becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Staff recommended the board rescind Resolution No. 2022-75, which awarded the Clean Water SRF loan, and award a new Clean Water SRF loan, as recommended and approve the First Amendment to the ARPA grant agreement, as recommended.

Motion by Jones, seconded by Adam, to rescind Resolution No. 2022-75 and to adopt **Resolution No. 2022-297** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,645,080 at 1.375 percent interest for 30 years to the **city of Dell Rapids** for the 3rd Street sanitary and storm sewer 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, and to adopt **Resolution No. 2022-298** approving the amendment of ARPA grant agreement 2022G-ARP-133 to the **city of Dell Rapids** to increase the grant amount to \$2,887,379 by including calculations of local ARPA funds for the 3rd Street sanitary and storm sewer improvements project. A roll call vote was taken, and the motion carried unanimously.

Mr. Bruels provided an overview of remaining funds.

RESCIND BEAR BUTTE DRINKING WATER SRF LOAN C462486-01: Mr. Bruels reported that on March 25, 2021, the board awarded a \$2,058,000 Drinking Water SRF loan to Bear Butte Valley Water Inc. to expand its drinking water service area to connect 24 new users along Alkali Road.

On April 12, 2022, the board awarded an ARPA grant of \$5,202,000 and a \$1,115,500 Drinking Water SRF loan. This new project funding included the original Alkali Road expansion along with a new well, ground storage tank, booster station, and transmission lines. It was determined by Bear Butte Valley Water Inc. that pursuing the single, larger funding package would be more advantageous and easier for project administration. The system submitted a letter requesting the board rescind the original loan awarded in March 2021.

Staff recommended the board rescind Resolution No. 2021-49, which approved the Drinking Water SRF loan.

Motion by Gnirk, seconded by Bernhard, to rescind Resolution No. 2021-49. A roll call vote was taken, and the motion carried unanimously.

AMENDMENT TO DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES SWMP GRANT 2022G-SW-101: Drew Huisken reported that on March 25, 2021, the board awarded a two Solid Waste Management Program (SWMP) grants to the Department of Agriculture and Natural Resources; one for up to 100 percent of approved total project costs not to exceed \$250,000 (2022G-SW-100) and one for up to 80 percent of approved total project costs not to exceed \$350,000 (2022G-SW-101); to assist sub-grantees with waste tire and other solid waste cleanups throughout the State of South Dakota. In 2021, the department used this funding to fund the disposal of 1,754 tons of waste tires in western and central South Dakota. SWMP funding of this type has also assisted with cleanup of expired chemicals in over thirty-five school districts across the state since 2011.

In an April 19, 2022, letter the department requested an additional \$400,000 to continue efforts to assist with waste tire cleanups throughout the state.

Tire cleanups are anticipated to begin in the summer of 2022 for sponsors in southeastern South Dakota and 2023 for northeastern South Dakota. School chemical cleanup sub-grants will be awarded as they are received.

Staff recommended approval of the First Amendment to Solid Waste Management Program Grant 2022G-SW-101 for \$400,000 in additional funds.

Motion by Adam, seconded by Gnirk, to adopt **Resolution No. 2022-299** approving the First Amendment to Solid Waste Management Program Grant Agreement 2022G-SW-101 for up to 80 percent of all approved total project costs not to exceed \$750,000 to the Department of Agriculture and Natural Resources for the South Dakota Waste Tire and Other Solid Waste Cleanups project. A roll call vote was taken, and the motion carried.

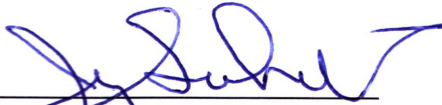
Board of Water and Natural Resources
May 17, 2022, Meeting Minutes

JUNE MEETING: Mr. Perkovich noted that the next meeting will be June 23, 2022. He discussed possible agenda items.

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


Approved this 23 day of June 2022.

(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 5-17-22

LOCATION Matthew Training Center -
Pierre

Name (PLEASE PRINT)

Address

Representing

KARL ADAM PIERRE BOARD MEMBER

Jerry Scholt Scary Falls BOARD

PAUL GNIRK New Underwood BWNR

Mike Perkovich Pierre DANR

David Ruhnke Pierre DANR

Meagan Johnson Pierre DANR

Suzanne McKinley Pierre DANR

Stephanie Riggle Pierre DANR

Andy Bruels Pierre DANR

TODD BERNHARD FORT PIERRE BWNR

Mike Weisgram Fort Pierre oversight

Mary Durall Pierre Legis Oversight

Oliver Fzara Pierre DANR

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