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Minutes of the
Board of Water and Natural Resources
Matthew Training Center
523 E. Capitol
Pierre, SD
and
Via Audio/Visual Conference

June 24, 2021
1:00 p.m. Central Time

CALL TO ORDER: Chairman Jerry Soholt called the meeting to order. A quorum was present.

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

Chairman Soholt acknowledged former board member Paul Goldhammer's service on the board. Mr. Goldhammer recently passed away.

BOARD MEMBERS PARTICIPATING: Jerry Soholt, Dr. Paul Gnirk, and Todd Bernhard participated in person. Dr. Kathryn Johnson, Karl Adam, Gene Jones, Jr., and Jackie Lanning participated remotely.

BOARD MEMBERS ABSENT: None

LEGISLATIVE OVERSIGHT COMMITTEE: Representative Mike Weisgram.

OTHERS: See attached attendance sheet.

APPROVE AGENDA: Motion by Gnirk, seconded by Bernhard, to approve the agenda. A roll call vote was taken, and the motion carried unanimously.

APPROVE MINUTES OF MARCH 25, 2021, AND MAY 4, 2021, MEETINGS: Motion by Gnirk, seconded by Bernhard, to approve the minutes of the March 25, 2021, and May 4, 2021, Board of Water and Natural Resources meetings. A roll call vote was taken, and the motion carried unanimously.

PUBLIC COMMENT PERIOD: None.

AMENDMENTS TO THE FY 2019 DRINKING WATER SRF INTENDED USE PLAN: Tyler Zettl reported that the FY 2019 Drinking Water SRF Intended Use Plan was approved by the

Board of Water and Natural Resources in November 2018 and amended in March, June, and September 2019 and in March 2020.

The state of Wyoming has chosen not to request its 2019 Drinking Water SRF allocation. EPA is reallocating Wyoming's funds to the other Drinking Water SRF programs throughout the nation and, as a result, the South Dakota Drinking Water SRF program is receiving an additional \$99,000. This will require an additional \$19,800 in state matching funds.

No additional funds are proposed for the Small System Technical Assistance, Administration, State Program Management, or Local Assistance set-asides. All additional funds will be used for Drinking Water SRF loans, with up to \$54,450 being provided as principal forgiveness.

The 2019 Drinking Water SRF Intended Use Plan must be amended to address these additional funds for the program before an application can be submitted to EPA.

Staff recommended that the board approve the proposed amendments to the 2019 Drinking Water SRF Intended Use Plan.

Motion by Gnirk, seconded by Jones, to approve the amendments to the 2019 Drinking Water State Revolving Fund Intended Use Plan. A roll call vote was taken, and the motion carried unanimously.

AMENDMENTS TO STATE WATER PLAN, 2021 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN, AND 2021 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN

Amendments to State Water Plan

Tyler Zettl 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 the 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 on the plan at this meeting will remain on the facilities plan through December 2022.

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 (IUP). The State Water Plan applications are used to determine which projects should be amended onto the State Revolving Fund Project Priority Lists.

Seven State Water Plan applications were received by the May 1, 2021, deadline. As he presented the State Water Plan applications, Mr. Zettl identified the projects to be placed on the Clean Water SRF and Drinking Water SRF project priority lists.

Box Elder requested placement onto the facilities plan to replace the sewer interceptor line along Highway 14/Highway 16 interchange and to install a new sewer interceptor line to serve the land

to the east. The estimated total project cost is \$5,800,000. The project will be placed on the Clean Water SRF IUP with 10 priority points and an estimated loan amount of \$5,800,000 at 2.125 percent interest for 30 years.

Brookings requested placement onto the facilities plan to construct a new six MGD lime softening water treatment facility and install 28,500 feet of raw water line and 20,000 feet of water main. The estimated total project cost is \$54,000,000. The project will be placed on the Drinking Water IUP with 58 priority points and an estimated loan amount of \$54,000,000 at 1.875 percent interest for 30 years.

Chamberlain requested placement onto the facilities plan to install a screen on the raw water intake and a chemical treatment system at the intake entrance to prevent zebra mussels from plugging the intake pipe. The estimated total project cost is \$670,000. The project will be placed on the Drinking Water IUP with 28 priority points and an estimated loan amount of \$670,000 at 1.875 percent interest for 30 years.

Hermosa requested placement onto the facilities plan to rehabilitate the existing lagoon system and construct a new lagoon cell. The estimated total project cost is \$3,531,727. The project will be placed on the Clean Water IUP with nine priority points and an estimated loan amount of \$3,531,727 at 2.125 percent interest for 30 years.

Kimball requested placement onto the facilities plan to replace approximately 1,800 feet of sanitary sewer around the I-90/Highway 45 interchange. The estimated total project cost is \$978,471. The project will be placed on the Clean Water IUP with eight priority points and an estimated loan amount of \$978,471 at 2.125 percent interest for 30 years.

Meadow Crest Sanitary District requested placement onto the facilities plan to drill a new well. The estimated total project cost is \$514,000. The project will be placed on the Drinking Water IUP with 17 priority points and an estimated loan amount of \$514,000 at 1.875 percent interest for 30 years.

Perkins County Rural Water System requested placement onto the facilities plan to construct two new water towers to provide sufficient pressure during peak times and provide adequate storage. The estimated total project cost is \$4,106,500. The project will be placed on the Drinking Water IUP with 96 priority points and an estimated loan amount of \$4,106,500 at 1.625 percent interest for 30 years.

Staff recommended that all seven projects be amended on to the facilities plan.

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

Amendments to the 2021 Clean Water SRF IUP

Staff recommended that the board approve the addition of the Box Elder, Hermosa, and Kimball projects onto the Project Priority list of the Clean Water SRF IUP.

Motion by Bernhard, seconded by Gnirk, to approve the addition of Box Elder, Hermosa, and Kimball onto the Clean Water SRF Intended Use Plan Project Priority List. A roll call vote was taken, and the motion carried unanimously.

Amendments to the 2021 Drinking Water SRF IUP

Staff recommended that the board approve the addition of the Brookings, Chamberlain, Meadow Crest Sanitary District, and Perkins County Rural Water System projects onto the Project Priority list of the Drinking Water SRF IUP.

Motion by Gnirk, seconded by Adam, to approve the addition of Brookings, Chamberlain, Meadow Crest Sanitary District, and Perkins County Rural Water System onto the Drinking Water SRF Intended Use Plan Project Priority list. A roll call vote was taken, and the motion carried unanimously.

AVAILABLE FUNDING: Mike Perkovich reviewed available funds for the Consolidated Water Facilities Construction Program, Drinking Water SRF Loans, Drinking Water SRF Principal Forgiveness, Clean Water SRF Water Quality Grants, Clean Water SRF loans, and Clean Water SRF Principal Forgiveness.

SANITARY/STORM SEWER FACILITIES FUNDING APPLICATIONS: Mr. Perkovich presented the sanitary/storm sewer facilities applications and staff recommendations for funding.

Lennox requested funding to replace four blocks of aging and deteriorated storm and sanitary sewer infrastructure on Boynton Avenue from SD Highway 17 to Juniper Street. This involves approximately 2,300 feet of storm sewer and 2,000 feet of sanitary sewer.

Lennox anticipates bidding the project in March 2022 with project completion in November 2022.

The estimated total project amount is \$2,809,000, and the amount requested is \$2,809,000.

Lennox has a flat rate of \$58.92.

Staff recommended awarding a \$2,299,000 Clean Water SRF loan at 2.125 percent interest for 30 years and awarding a Consolidated grant for 18.2 percent of eligible costs not to exceed \$510,000.

The city has pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$9.25. Staff analysis indicates that by restructuring rates the current rates are sufficient for debt repayment and to operate the system.

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.

Staff also recommended a Special Condition to the Consolidated Grant stating that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2021-65** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,299,000 at 2.125 percent interest for 30 years to the **city of Lennox** for Boynton Avenue 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 **Resolution No. 2021-66** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **city of Lennox** for up to 18.2 percent of eligible costs not to exceed \$510,000 for Boynton Avenue sanitary and storm sewer improvements with the special condition that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project. A roll call vote was taken, and the motion carried unanimously.

Canistota requested funding to replace approximately 2,700 feet of sanitary sewer lines and to install approximately 2,700 feet of new storm sewer.

The city anticipates bidding the project in January 2022 with project completion in October 2022.

The estimated total project amount is \$1,758,000, and the amount requested is \$1,758,000.

Rates in Canistota are \$36.57 based on 5,000 gallons usage.

Mr. Perkovich noted that Canistota has also applied for a Community Development Block Grant (CDBG) for this project and for the water line replacement project, which was presented later in the meeting.

Staff recommended awarding a \$1,758,000 Clean Water SRF loan at 2.125 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$23.50. Staff analysis indicates that by restructuring rates, rates of approximately \$51.00 would be sufficient for debt service and to operate the system if the CDBG grant is denied.

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.

Darin Nugteren, city of Canistota utility manager, thanked the board for consideration of funding for the project.

Motion by Lanning, seconded by Johnson, to adopt **Resolution No. 2021-67** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,758,000 at 2.125 percent interest for 30 years to the **city of Canistota** 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. A roll call vote was taken, and the motion carried unanimously.

Crooks requested funding to construct two new lift stations to replace an existing lift station that experiences surcharges during wet weather events. The project will also involve installing approximately 5,000 feet of force main and gravity sewer, which will allow an area south of the city to be developed.

The city anticipates bidding the project later this summer with project completion in the summer of 2022.

The estimated total project amount is \$1,823,000, and the amount requested is \$1,823,000.

Current rates in Crooks are \$56.25 based on 5,000 gallons usage.

Staff recommended awarding a \$1,173,000 Clean Water SRF loan at 2.125 percent interest for 30 years and awarding a Consolidated grant for 35.7 percent of eligible costs not to exceed \$650,000.

Crooks has pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$9.20. Staff analysis indicates that by restructuring rates, the current rates are sufficient for debt service and to operate the system.

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.

Staff also recommended a Special Condition to the Consolidated Grant stating that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

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

Motion by Adam, seconded by Jones, to adopt **Resolution No. 2021-68** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,173,000 at 2.125 percent interest for 30 years to the **city of Crooks** for sanitary sewer expansion and lift stations, 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 **Resolution No. 2021-69** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **city of Crooks** for up to 35.7 percent of eligible costs not to exceed \$650,000 for sanitary sewer expansion and lift stations with the special condition that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project. A roll call vote was taken, and the motion carried unanimously.

Salem requested funding to make improvements to its storm sewer system by replacing a rock archway with reinforced concrete pipe and replacing approximately 650 feet of undersized storm sewer pipe.

The city anticipates bidding the project in the summer of 2021 with project completion in December 2021.

The estimated total project amount is \$847,000, and the amount requested is \$847,000.

Salem has a \$5.00 per month storm water fee.

Staff recommended awarding an \$847,000 Clean Water SRF loan at 2.125 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. A \$5.30 per month surcharge is required for repayment of the loan, which will require the storm sewer fee to be increased. All or part of the \$5.00 currently being collected could be dedicated to the surcharge.

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.

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

Jake Morris, DGR, and Mr. Perkovich answered questions from the board.

Motion by Lanning, seconded by Jones, to adopt **Resolution No. 2021-70** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$847,000 at 2.125 percent interest for 30 years to the **city of Salem** 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. A roll call vote was taken, and the motion carried unanimously.

DRINKING WATER FACILITIES FUNDING APPLICATIONS: Andy Bruels presented the applications and the staff recommendations for funding.

Lennox requested funding to replace aging and deteriorated water mains to add looping and correct shallow burial depths. The portion of the system addressed in this project includes four blocks of Boynton Avenue from SD Highway 17 to Juniper Street. Approximately 2,000 feet of water main will be replaced. This project will be done in conjunction with the sanitary storm sewer project.

The city anticipates bidding the project in March 2022 with project completion in November 2022.

The estimated total project amount is \$868,000, and the amount requested is \$868,000.

Rates in Lennox are \$54.23 per 5,000 gallons.

Staff recommended awarding a \$868,000 Drinking Water SRF loan at 1.875 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$3.20. Staff analysis indicates that by restructuring rates, the current rates are sufficient for debt service and to operate the system.

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.

Mitch Mergen, Stockwell Engineering, thanked the board for consideration of funding for this project. Mr. Mergen and Mr. Bruels answered questions from the board.

Motion by Bernhard, seconded by Adam, to adopt **Resolution No. 2021-71** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$868,000 at 1.875 percent interest for 30 years to **city of Lennox** for Boynton Avenue water main 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. A roll call vote was taken, and the motion carried unanimously.

Canistota requested funding to replace approximately 2,100 feet of aged 4-inch water main with 8-inch PVC pipe. The improvements will increase distribution capacity and will bring the system into compliance with current design standards. The project area follows 5th Avenue and Pine Street then extends south.

Canistota anticipates bidding the project in January 2022 with project completion in October 2022.

The estimated total project amount is \$667,000, and the amount requested is \$667,000. The city has also applied for a CDBG, which, if awarded, would reduce the amount of the SRF loan.

Rates in Canistota are \$53.98 per 5,000 gallons.

Staff recommended awarding a \$667,000 Drinking Water SRF loan at 1.875 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$8.65. Staff analysis indicates that by restructuring rates, the current rates are sufficient for debt service and to operate the system regardless of receipt of the CDBG grant.

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.

Darin Nugteren, Canistota utilities manager, thanked the board for consideration of funding for the project. Mr. Bruels answered questions from the board regarding contingencies that are built into the funding estimate for projects in general.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2021-72** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$667,000 at 1.875 percent interest for 30 years to **city of Canistota** for water main 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. A roll call vote was taken, and the motion carried unanimously.

Mitchell requested funding for improvements to its west water tower and its valve vault. The primary work will consist of re-coating the exterior, repairing coatings inside the dry portions of

the tower, installing a tank mixing system, and replacing valves and small amounts of process piping in the tower's valve vault.

The city anticipates bidding the project in August 2021 with project completion in October 2022.

The estimated total project amount is \$1,175,000, and the amount requested is \$1,175,000.

Rates in Mitchell are \$36.88 per 5,000 gallons.

Staff recommended awarding a \$1,175,000 Drinking Water SRF loan at 1.875 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$0.85, bringing overall rates to \$37.73.

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.

Camden Hofer, SPN, answered questions from the board.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2021-73** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,175,000 at 1.875 percent interest for 30 years to **city of Mitchell** for the west water tower 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. A roll call vote was taken, and the motion carried with Adam, Bernhard, Gnirk, Johnson, Lanning, and Soholt voting aye. Jones abstained.

SMALL WATER FACILITIES FUNDING APPLICATION: Mr. Bruels presented the application and staff recommendation for funding.

Canova requested funding for improvements to its existing water storage and treatment facilities to improve water quality and safety. The water tower riser pipe and elbow are failing and need replacement. Improvements at the treatment facility will include building updates, filter cleaning and media replacement, and piping modifications at the potassium permanganate injection location.

Canova anticipates bidding the project in October 2021 with project completion in May 2022.

The estimated total project amount is \$190,000, and the amount requested is \$190,000.

Rates in Canova are \$34.50 per 5,000 gallons.

Staff recommended awarding a \$140,000 Consolidated loan at 2.125 percent interest for 30 years and awarding a consolidated grant at 26.4 percent of the total project cost not to exceed \$50,000.

Canova pledged a project surcharge for repayment of the loan. A surcharge of \$9.80 is required to provide the 100 percent debt coverage requirement for a consolidated loan. Staff analysis shows the town has been operating the water utility at a loss for the past several years, and the application shows the town operating at a loss going forward. Staff believes that with the recommended funding package, overall rates of approximately \$55.00 would be needed for debt service and to operate the system.

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.

Megan Gassman, Canova finance officer, and Jake Morris, DGR, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Johnson, to adopt **Resolution No. 2021-74** approving a South Dakota Consolidated Water Facilities Construction Program revenue obligation loan up to a maximum committed amount of \$140,000 at 2.125 percent interest for 30 years to the **town of Canova** for water storage and treatment improvements, 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. 2021-75** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **town of Canova** for up to 26.4 percent of eligible costs not to exceed \$50,000 for water storage and treatment improvements. A roll call vote was taken, and the motion carried with Adam, Bernhard, Gnirk, Johnson, Lanning, and Sohlt voting aye. Jones abstained.

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

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATIONS: Tyler Zettl provided an overview of available funds.

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

Custer Fall River Regional Waste Management District requested funding for a landfill cell closure and drainage improvements project. The proposed project will entail constructing a final cover over the Phase II municipal solid waste landfill cell and implementing stormwater drainage improvements around the rubble site and white goods areas.

Custer Fall River Regional Waste Management District anticipates bidding the project in the summer of 2021 with project completion in November 2021.

The estimated total project amount is \$393,500, and the amount requested is \$78,700.

Staff recommended awarding a Solid Waste Management Program grant at 17.8 percent of eligible project costs not to exceed \$70,000.

Mr. Zettl noted that for landfill projects and equipment purchases, grant awards have historically been between 15-25 percent of total project costs. Custer-Fall River Waste Management District indicated they are not interested in a Solid Waste Management Program loan to fund the remainder of the project costs.

Motion by Johnson, seconded by Jones, to adopt **Resolution No. 2021-76** approving a South Dakota Solid Waste Management Program grant agreement for the **Custer Fall River Regional Waste Management District** for up to 17.8 percent of eligible costs not to exceed \$70,000 for landfill cell closure and drainage improvements. A roll call vote was taken, and the motion carried unanimously.

Rapid City requested funding for a berm and litter control project. The project entails constructing an earthen perimeter berm along the northern limits of Cell 18 and installing litter control netting to prevent windblown litter from exiting the landfill.

Rapid City anticipates bidding the project in the summer of 2021 with project completion in the winter of 2021.

The estimated total project amount is \$1,378,700, and the amount requested is \$275,600.

Staff recommended awarding a Solid Waste Management Program grant at 20.0 percent of eligible project costs not to exceed \$275,600.

Mr. Zettl stated that for landfill projects and equipment purchases, grant awards have historically been between 15-25 percent of total project costs. Rapid City indicated they are not interested in a Solid Waste Management Program loan to fund the remainder of the project costs.

Eddie Lopez and Stacey Titus, engineers with the city of Rapid City, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2021-77** approving a South Dakota Solid Waste Management Program grant agreement for the **city of Rapid City** for up to 20.0 percent of eligible costs not to exceed \$275,600 for a berm and litter control project. A roll call vote was taken, and the motion carried unanimously.

South Eastern Council of Local Governments (SECOG) requested funding to pass through to the South Eastern Development Foundation to recapitalize its revolving loan fund program. This program assists with economic development and makes loans to for-profit entities that request assistance for eligible projects that advance South Dakota's Solid Waste Hierarchy.

Since 2010, SECOG has used previous Solid Waste Management Program grants and other funding to leverage approximately \$22,500,000 in total funding and the creation and retention of 65 jobs in the solid waste industry. The funding is available to eligible entities in SECOG's region, which includes Clay, Lincoln, McCook, Minnehaha, Turner, and Union counties.

Since 2010, the board has awarded \$2,345,000 to SECOG for these projects.

The estimated total project amount is \$625,000, and the amount requested is \$500,000.

Staff recommended awarding a Solid Waste Management Program grant at 80.0 percent of the total project cost not to exceed \$500,000.

Mr. Zetl noted that historically, the Board of Water and Natural Resources has awarded 80 percent grants to the South Eastern Council of Governments for this type of pass-through project.

Mr. Bruels answered questions from the board regarding the Solid Waste Management Hierarchy and the SECOG revolving loan program.

Motion by Johnson, seconded by Adam, to adopt **Resolution No. 2021-78** approving a South Dakota Solid Waste Management Program grant agreement for **South Eastern Council of Governments** for up to 80.0 percent of eligible costs not to exceed \$500,000 for the Regional Revolving Loan Fund Recapitalization project. A roll call vote was taken, and the motion carried unanimously.

Mr. Zetl provided a recap of available funds.

PLANNING DISTRICT JOIT POWERS AGREEMENT CONTRACTS: Stephanie Riggle reported that the board has contracted with the planning districts to assist entities with State Revolving Fund (SRF) applications and administration since 2005 and with Davis-Bacon monitoring since 2009. Pursuant to Intended Use Plans and Omnibus bills, the board has allocated funds to each of the planning districts to continue to provide this assistance to recipients of SRF funding.

The agreements limit the SRF application/administration reimbursement rate to \$10,500 per loan application, subject to three installment payments: (1) approval of loan by BWNR, (2) first disbursement of funds to borrower, and (3) final disbursement of funds to borrower.

The agreements limit the Davis-Bacon reimbursement rate to \$1,600 per loan application subject to two installment payments: (1) first disbursement of funds to borrower and (2) upon receipt of the contractor's payrolls and employee interviews. Davis-Bacon monitoring payments are made to the planning districts only if no Community Development Block Grant (CDBG) has been awarded for the project, because the planning districts are already required to perform that monitoring for CDBG recipients.

Staff proposed to enter into a five-year Joint Powers Agreements contract with each of the planning districts for SRF application and administration and Davis-Bacon monitoring in the following amounts:

Black Hills Council of Local Governments	\$240,000
Central South Dakota Enhancement District	\$110,000
First District Assn of Local Governments	\$250,000
Northeast Council of Governments	\$300,000
South Eastern Council of Governments	\$725,000
Planning and Development District III	\$250,000

Staff recommended board approval of the Joint Powers Agreements with the planning districts for SRF loan application and administration and Davis-Bacon monitoring.

Motion by Gnirk, seconded by Jones, to adopt the following resolutions:

Resolution No. 2021-79 approving a Joint Powers Agreement for the preparation of applications and the administration of SRF loans and for the completion of Davis-Bacon wage rate verification and certification between the state and **Black Hills Council of Local Governments** in an amount not to exceed \$240,000, and authorizing the chairman of the Board of Water and Natural Resources to execute the agreement; **Resolution No. 2021-80** approving a Joint Powers Agreement for the preparation of applications and the administration of SRF loans and for the completion of Davis-Bacon wage rate verification and certification between the state and **Central South Dakota Enhancement District** in an amount not to exceed \$110,000, and authorizing the chairman of the Board of Water and Natural Resources to execute the agreement; **Resolution No. 2021-81** approving a Joint Powers Agreement for the preparation of applications and the administration of SRF loans and for the completion of Davis-Bacon wage rate verification and certification between the state and **First District Association of Local Governments** in an amount not to exceed \$250,000, and authorizing the chairman of the Board of Water and Natural Resources to execute the agreement; **Resolution No. 2021-82** approving a Joint Powers Agreement for the preparation of applications and the administration of SRF loans and for the completion of Davis-Bacon wage rate verification and certification between the state and **Northeast Council of Governments** in an amount not to exceed \$300,000, and authorizing the chairman of the Board of Water and Natural Resources to execute the agreement; **Resolution No. 2021-83** approving a Joint Powers Agreement for the preparation of applications and the administration of SRF loans and for the completion of Davis-Bacon wage rate verification and certification between the state and **South Eastern Council of Governments** in an amount not to exceed \$725,000, and authorizing the chairman of the Board of Water and Natural Resources to execute the agreement; and **Resolution No. 2021-84** approving a Joint Powers Agreement for the preparation of applications and the administration of SRF loans and for the completion of Davis-Bacon wage rate verification and certification between the state and **Planning and Development District III** in an amount not to exceed \$250,000, and authorizing the chairman of the Board of Water and Natural Resources to execute the agreement.

A roll call vote was taken, and the motion carried unanimously.

SRF FINANCIAL ADVISOR CONTRACT: Mr. Perkovich reported that the contract with PFM Financial Management to serve as the Conservancy District's financial advisor expires on June 30, 2021.

At the March 2021 meeting, the board approved the release of a Request for Proposals (RFP) to Serve as Financial Advisor for the State Revolving Fund Programs. The RFP was released on March 29, 2021, and proposals were due on May 7, 2021.

PFM Financial Management was the only firm to submit a proposal to serve as the SRF financial advisor.

With assistance from the Office of the Attorney General, a contract for financial advisor services was prepared, and it has been reviewed by PFM and DANR. The contract period is from July 1, 2021 to June 30, 2025.

Staff recommended the board adopt a resolution authorizing the execution of the financial advisor contract with PFM Financial Management.

Mr. Perkovich and Mr. Ruhnke answered questions from the board.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2021-85** which approves entering into a contract with PFM Financial Advisors LLC, to serve as financial advisor to the South Dakota Conservancy District for the Clean Water and Drinking Water State Revolving Fund Programs and authorizing the chairman of the board of Water and Natural Resources to execute the consultant contract. A roll call vote was taken, and the motion carried unanimously.

BRANT LAKE SANITARY DISTRICT INTERCREDITOR AGREEMENT: Ms. Riggle reported that the Brant Lake Sanitary District is preparing to finance a new loan with USDA Rural Electric Services to pay off a recent judgement. DANR received a letter requesting the Conservancy District agree to parity with the new loan.

Staff recommended that the board authorize the chairman to execute the Intercreditor Agreement.

Motion by Adam, seconded by Bernhard, to authorize the chairman of the Board of Water and Natural Resources to execute the Intercreditor Agreement. A roll call vote was taken, and the motion carried unanimously.

SEPTEMBER BOARD MEETING: The next meeting is scheduled for September 29-30, 2021. Mr. Perkovich discussed possible agenda items for that meeting.

Mr. Perkovich announced the Dr. Kathryn Johnson had submitted her resignation from the board effective June 30, 2021. He thanked Dr. Johnson for her time on the board.

Dr. Johnson stated that she has enjoyed her time on the board.

Chairman Soholt thanked Dr. Johnson for serving on the board.

Mr. Perkovich acknowledged Representative Mike Weisgram's presence at the meeting. Representative Weisgram is a member of the Legislative Oversight Committee.

ADJOURN: Motion by Bernhard, seconded by Johnson, to adjourn. Chairman Soholt declared the meeting adjourned.

Approved this ____ day of September 2021.

(SEAL)

Chairman, Board of Water and
Natural Resources

ATTEST:

Secretary, Board of Water and
Natural Resources

DRAFT