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

June 25, 2026
1:00 p.m. Central Time

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

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

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

BOARD MEMBERS ABSENT: Cameron Becker.

LEGISLATIVE OVERSIGHT COMMITTEE MEMBERS: Representative Nicole Uhre-Balk.

OTHERS: See attached attendance sheet.

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

APPROVE MINUTES OF MARCH 26, 2026, MEETINGS: Motion by Bernhard, seconded by Jennings, to approve the minutes of the March 26, 2026, Board of Water and Natural Resources meetings. The motion carried unanimously.

PUBLIC COMMENT PERIOD: There were no public comments.

Tina McFarling introduced newly hired engineer Chloe Ryan and grant and loan specialists Adarsh Nair and Leander Austin. She announced that Casey Kahler and Shay Ritzman have left the program.

AMENDMENT TO THE FFY 2025 CLEAN WATER SRF AND FY 2025 DRINKING WATER SRF INTENDED USE PLANS: The FFY 2025 Clean Water State Revolving Fund

Intended Use Plan was approved by the Board of Water and Natural Resources in November 2024, and amended in March, June, September, and November of 2025.

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

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

In March 2026, the board-eligible projects for use of the IJA Emerging Contaminants grant funds were placed on the Drinking Water SRF Intended Use Plan. Changes to the Intended Use Plan narrative regarding the use and transfer of funds from the 2025 Clean Water SRF Emerging Contaminants grant to the 2025 Drinking Water Emerging Contaminants grant are needed to allow these funds to be fully utilized.

Staff recommended the board approve the proposed amendments to the FFY 2025 Clean Water SRF Intended Use Plan and FFY 2025 Drinking Water SRF Intended Use Plan.

Motion by Drewes, seconded by Lanning, to approve the amendments to the FFY 2025 Clean Water SRF and Drinking Water SRF Intended use Plans, as presented.

AMENDMENTS TO STATE WATER PLAN, FFY 2026 CLEAN WATER SRF AND FFY 2026 DRINKING WATER SRF INTENDED USE PLANS: Water projects which will require state funding or need state support for categorical grant or loan funding must be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement onto State Water Facilities Plan and provides for amendment of projects onto the plan. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed on the plan at this meeting will remain on the facilities plan through December 2027.

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

State Water Facilities Plan

Five State Water Plan applications were received by the May 1, 2026, deadline. The list of projects and a map showing the location of the projects were included in the board packet. As

Mr. Bruels presented the State Water Plan applications, he also identified the projects to be placed on the Clean Water SRF and Drinking Water SRF Project Priority lists.

Staff recommended the board amend the following projects onto the State Water Facilities Plan.

Project Sponsor	Description	Projected State Funding (\$)	Recommendation
Crooks	Southeast Water Distribution Improvements	\$3,800,000	Place on the Facilities Plan
Milbank	Water Treatment Plant Construction	\$10,000,000	Place on the Facilities Plan
Randall Community Water District	Pickstown Water Treatment Plant Expansion	\$31,907,000	Place on the Facilities Plan
Webster	Water Meter Replacement	\$908,000	Place on the Facilities Plan
White	Storm Sewer Improvements	\$325,000	Place on the Facilities Plan

Motion by Bernhard, seconded by Drewes, to place the four projects on the 2026 State Water Facilities Plan. The motion carried unanimously.

Clean Water SRF IUP

Staff recommended adjustments to actual FFY 2026 SRF allotment levels throughout the document. These changes are made based on the approved SRF program amounts by Congress.

Staff also recommended that the following project be added to Attachment I – Project Priority list of the 2026 Clean Water SRF Intended Use Plan.

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
6	White	\$325,000	4.00%, 30 years

Motion by Drewes, seconded by Jennings, to approve amending the narrative and to place the project on the Project Priority List of the FFY 2026 Clean Water SRF Intended Use Plan. The motion carried unanimously.

Drinking Water SRF IUP

Staff recommended adjustments to actual FFY 2026 SRF allotment levels throughout the document. These changes are made based on the approved SRF program amounts by Congress.

Staff also recommended that the following projects be added to Attachment I – Project Priority list of the 2026 Drinking Water SRF Intended Use Plan.

Mr. Bruels noted that Randall Community Water District is not eligible for Drinking Water SRF funding consideration because the project is primarily for future growth.

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
164	Milbank	\$10,000,000	3.75%, 20 years
90	Webster	\$908,000	2.75%, 10 years
15	Crooks	\$3,800,000	4.00%, 30 years

Motion by Jones, seconded by Lanning, to approve amending the narrative and to place the three projects on the Project Priority List of the FFY 2026 Drinking Water SRF Intended Use Plan. The motion carried unanimously.

AMENDMENT TO SHARED RESOURCES, INC. ARPA GRANT #2022G-ARP-192: Mr. Bruels provided an overview of available funding.

Mr. Bruels stated that the American Rescue Plan Act funds were originally provided from the \$600 million by the 2022 Senate Bill 62.

In the 2023, Legislative Session Senate Bill 20 was passed to provide the Board of Water and Natural Resources discretion on the reallocation of those funds. Reallocated funds may only be provided to existing ARPA grant recipients to meet U.S. Treasury requirements. There is currently \$206,749.07 in unobligated ARPA funds due to some portions of other projects being deobligated.

On April 13, 2022, Shared Resources was awarded a \$69,983,400 Drinking Water SRF loan and a \$38,276,600 ARPA grant. In June 2024, May 2025, and January 2026 the ARPA grant was amended to award additional ARPA grant funds, bringing the total ARPA grant to \$50,942,148. Shared Resources is a joint effort between Minnehaha Community Water Corporation and the Big Sioux Community Water System. The project includes an 8-MGD treatment plant, well field, distribution pipeline, and two storage tanks. Shared Resources will treat and deliver water to both systems and they will then distribute water to their existing customer base. There are remaining eligible costs to use additional ARPA grant funds.

Shared Resources, Inc. has submitted a request for additional ARPA grant consideration.

Staff recommended awarding an additional \$206,749.07 in ARPA grant funds, bringing the total ARPA grant to \$51,148,897.07.

Motion by Jennings, seconded by Lanning, to adopt Resolution No. 2026-83 approving the Fourth Amendment to American Rescue Plan Act Grant Agreement 2022G-ARP-192 increasing the total grant amount to \$51,148,897.07 for Shared Resources. The motion carried unanimously.

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

Sioux Falls requested funding for upgrades to the water reclamation facility. The city of Sioux Falls Water Reclamation facility has been going through several upgrades over the past few years.

In November 2018, a condition assessment of the facility, including the primary clarifiers, was conducted. The report concluded that the existing primary clarification system is showing signs of wear, and the system is limiting capacity to less than 44 MGD and is a process bottleneck.

The city proposes to demolish the current primary clarification system and construct three new 95-foot primary clarifiers. In addition, a primary clarifier sludge pumping building, influent splitter box, and an effluent splitter box will be constructed. The new primary clarifier system should have a total capacity of 76 MGD. An odor control system will also be installed for the primary clarifier system.

The estimated total project amount is \$51,900,000, and the amount requested is \$51,900,000.

Staff recommended awarding a \$51,900,000 Clean Water SRF loan at 3.75 percent interest for 20 years.

Sioux Falls pledged system revenues for repayment of the loan. The city of Sioux Falls has adopted rates through 2027. The 2027 rates are \$50.85 for 5,000 gallons usage

Financial Analysis: Staff analysis indicates that using the rates adopted through 2027, the city of Sioux Falls has over 150% debt coverage.

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

Sophie Johnson, South Eastern Council of Governments, spoke in support of funding for the project,

Motion by Jones, seconded by Bernhard, to adopt **Resolution No. 2026-84** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$51,900,000 at 3.75 percent interest for 20 years to the **city of Sioux Falls** for a Water Reclamation Facility 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. The motion carried unanimously.

Hecla requested funding for Phase 3 of its wastewater collection improvements project. The city of Hecla is proposing to improve its sewer collection system with relining and repairing at least 11,000 feet of sewer line and a full lift station replacement. This will reduce the amount of inflow and infiltration into the collection system and correct hazard and safety issues with the current lift station.

The estimated total project amount is \$ 2,500,000, and the amount requested is \$ 2,500,000.

Staff recommended awarding a \$2,500,000 Clean Water SRF loan at 4.00 percent interest for 30 years with principal forgiveness of 80.0 percent not to exceed \$2,000,000.

Hecla pledged a project surcharge for repayment of the loan. Rates in Hecla are \$81.45 for 5,000 gallons usage.

Ms. McFarling noted that later in the meeting the board would be asked to take action to deobligate the city's Clean Water SRF (03) loan. Changes in the project have occurred, and the project scope of the Clean Water (03) loan no longer reflects the needs of the city. The staff recommendation for this funding request is based on the Clean Water (03) loan being deobligated.

The Clean Water (03) loan was for a similar amount and had a \$15.95 surcharge, bringing rates to \$81.45 for 5,000 gallons usage. Due to the change of interest rates, staff analysis indicates that a surcharge of \$16.50 is needed to provide the required debt coverage. Also, since last year's application, the city is anticipating higher operation and maintenance costs. Therefore, the staff analysis indicates that with the increased surcharge and the increased Operation and Maintenance, the overall user rates will be \$84.15 for 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.

Matthew Mazourek, AE2S, discussed the project.

Motion by Jones, seconded by Bernhard, to adopt **Resolution No. 2026-85** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,500,000 at 4.00 percent interest for 30 years with principal forgiveness of 80.0 percent not to exceed \$2,000,000 to the **city of Hecla** for Phase 3 of a wastewater collection 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. The motion carried unanimously.

Ms. McFarling provided a recap of available funding.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATIONS: Mr. Bruels provided an overview of available Solid Waste Management Program funds.

Mr. Bruels presented the application and the staff recommendation for funding.

The Department of Agriculture and Natural Resources (DANR) proposes to use funds for DANR's Inspection, Compliance, and Remediation program to work with local entities to collect and dispose of PFAS foam or other PFAS products. If all of funds are not necessary for the PFAS removal a portion of the funds may be available to regional landfills for waste tire cleanups or to school districts to remove old and potential chemical hazards. The funds may also be used for other solid waste cleanups or removals deemed necessary by DANR.

The estimated total project amount is \$250,000, and the amount requested is \$250,000.

The 2026 Legislature approved Senate Bill 37, which allowed for the ability to provide up to \$250,000 to DANR at 100 percent of project costs.

Staff recommended awarding a Solid Waste Management Program Grant at 100 percent of the approved total project costs not to exceed \$250,000.

Mr. Bruels answered questions from the board.

Motion by Jennings, seconded by Bernhard, to adopt **Resolution No. 2026-86** approving a South Dakota Solid Waste Management Program grant agreement between the Board of Water and Natural Resources and the **Department of Agriculture and Natural Resources** for up to 100 percent of all approved total project costs not to exceed \$250,600 for statewide PFAS Foam, Solid Waste, or Waste Tire Cleanups. The motion carried unanimously.

Mr. Bruel provided a recap of available Solid Waste Management Program funds.

UPDATE AUTHORIZED REPRESENTATIVES ACT ON BEHALF OF THE BOARD OF WATER AND NATURAL RESOURCES AND THE SOUTH DAKOTA CONSERVANCY DISTRICT: In May 2019, staff worked with the Attorney General's Office to create a document that designates and authorizes specific staff to perform duties on behalf of the Board of Water and Natural Resources (the "Board") and the South Dakota Conservancy District (the "District")

through a series of forms from the Trustee, U.S. Bank, and designation letters from the Department Secretary.

Ms. McFarling stated that, due to staff changes, the Authorized Representatives document needs to be updated. The document outlining the designated staff for certain activities was included in the board packet.

Motion by Bernhard, seconded by Jones, to approve the updated Authorized Representatives document outlining authority for staff to perform specific duties on behalf of the Board of Water and Natural Resources and the South Dakota Conservancy District. The motion carried unanimously.

PLANNING DISTRICT JOINT POWERS AGREEMENTS FOR STATE REVOLVING FUND APPLICATIONS AND ADMINISTRATION AND DAVIS-BACON MONITORING: Mr.

Bruels 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 \$13,000 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 \$2,000 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 proposes to enter into Joint Powers Agreements 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	\$988,000
Central South Dakota Enhancement District	\$254,000
First District Assn of Local Governments	\$1,545,000
Northeast Council of Governments	\$825,000
South Eastern Council of Governments	\$1,438,000
Planning and Development District III	\$863,000

Staff recommended that the board adopt resolutions approving the Joint Powers Agreements with the planning districts for SRF loan application and administration and Davis-Bacon monitoring.

Motion by Drewes, seconded by Lanning, to adopt **Resolution No. 2026-87** approving a Joint Powers Agreement not to exceed \$988,000 to contract for State Revolving Fund applications and administration and Davis-Bacon monitoring with **Black Hills Council of Governments** until June 30, 2031; **Resolution No. 2026-88** approving a Joint Powers Agreement not to exceed \$254,000 to contract for State Revolving Fund applications and administration and Davis-Bacon monitoring with **Central South Dakota Enhancement District** until June 30, 2031; **Resolution No. 2026-89** approving a Joint Powers Agreement not to exceed \$1,545,000 to contract for State Revolving Fund applications and administration and Davis-Bacon monitoring with **First District Association of Local Governments** until June 30, 2031; **Resolution No. 2026-90** approving a Joint Powers Agreement not to exceed \$825,000 to contract for State Revolving Fund applications and administration and Davis-Bacon monitoring with **Northeast Council of Governments** until June 30, 2031; **Resolution No. 2026-91** approving a Joint Powers Agreement not to exceed \$1,438,000 to contract for State Revolving Fund applications and administration and Davis-Bacon monitoring with **South Eastern Council of Governments** until June 30, 2031; and **Resolution No. 2026-92** approving a Joint Powers Agreement not to exceed \$863,000 to contract for State Revolving Fund applications and administration and Davis-Bacon monitoring with **Planning and Development District III** until June 30, 2031. Motion carried unanimously.

SOUTH EASTERN COUNCIL OF GOVERNMENTS PRIVATE ENTITY LOAN REVIEW JOINT POWERS AGREEMENT: Mr. Bruels reported that in June 2022, the Board of Water and Natural Resources entered into the current Joint Powers Agreement for \$7,500 with South Eastern Council of Governments (SECOG) to provide private entity loan review services. The contract expires on June 30, 2026, and the contract cannot be extended.

Mr. Bruels noted that private, for-profit entities are only allowed to apply for funding through the Solid Waste Management Program. SECOG, through their revolving fund loan program, has staff that regularly work with private entities, so having SECOG provide the private entity loan review services has been beneficial to staff and the board.

Section 4 of the 2026 Omnibus Bill (SB 37) appropriates \$3.4 million from the Water and Environment Fund to the Solid Waste Management Program. SDCL Chapter 46A-1, which authorizes the Solid Waste Management Program, allows the board to use funds from the appropriation to contract for services to administer the program, including processing and reviewing private entity solid waste loan applications.

Staff worked with legal counsel to prepare a Joint Powers Agreement to place \$10,000 under agreement with the South Eastern Council of Governments effective July 1, 2026, through June 30, 2030. The agreement limits the reimbursement rate to \$100.00 per hour and caps the review of each application at 15 hours without prior written approval.

Staff recommended that the board approve the Joint Powers Agreement with the South Eastern Council of Governments.

Mr. Bruels answered questions from the board.

Motion by Jennings, seconded by Lanning, to adopt **Resolution No. 2026-93** approving a Joint Powers Agreement with the South Eastern Council of Governments not to exceed \$10,000 for private entity loan review services until June 30, 2030. The motion carried unanimously.

DUPREE REQUEST TO DEOBLIGATE CLEAN WATER SRF LOAN C461247-03: Ms. McFarling reported that on June 23, 2022, the Board of Water and Natural Resources awarded a \$1,314,452 Clean Water SRF loan to Dupree for a wastewater system improvements project.

On June 4, 2026, DANR staff received a letter from the city of Dupree requesting to deobligate the \$1,314,452 Clean Water SRF loan.

Staff recommended the board rescind Resolution No. 2022-339 which awarded Clean Water SRF Loan C461247-03.

Motion by Drewes, seconded by Lanning, to rescind Resolution No. 2022-339 which awarded Clean Water SRF Loan C461247-03 to the city of Dupree. The motion carried unanimously.

HECLA REQUEST TO DEOBLIGATE CLEAN WATER SRF LOAN C461276-03: Ms. McFarling reported that on March 27, 2025, the Board of Water and Natural Resources awarded a \$2,500,000 SRF loan to Hecla for its Phase II wastewater improvements project.

On March 31, 2026, DANR staff received a letter from the city of Hecla requesting to deobligate the \$2,500,000 Clean Water SRF loan.

Staff recommended the board rescind Resolution No. 2025-40 which awarded Clean Water SRF Loan C461276-03.

Motion by Bernhard, seconded by Jennings, to rescind Resolution No. 2025-40 which awarded Clean Water SRF Loan C461276-03 to the city of Hecla. The motion carried unanimously.

PRESHO REQUEST TO DEOBLIGATE CONSOLIDATED LOAN 2023L-203: Ms. McFarling reported that on June 23, 2022, the Board of Water and Natural Resources awarded a \$105,000 Consolidated loan to Presho for a water meter replacement project.

On April 21, 2026, DANR staff received a letter from the city of Presho requesting to deobligate the Consolidated loan. The town utilized local funds for the portion of the project that would have required the loan, so the loan is no longer necessary.

Staff recommended the board rescind Resolution No. 2022-377 which awarded Consolidated Water Facilities Construction Program Loan 2023L-203.

Motion by Lanning, seconded by Jones, to rescind Resolution No. 2022-377 which awarded Consolidated Water Facilities Construction Program Loan 2023L-203. The motion carried unanimously.

SOUTH DAKOTA'S SURFACE WATER QUALITY ASSESSMENT AND WATER QUALITY IMPROVEMENT/PROTECTION STRATEGIES INFORMATIONAL BRIEFING:

Josh Strobel, DANR Watershed Protection Program, provided an informational presentation on South Dakota's Surface Water Quality Report.

The Surface Water Quality Report is a biannual document, required under the Clean Water Act, that assesses waterbodies in the state to determine whether they meet water quality standards.

Once pollutants of concern are identified on a lake, river or stream, a Total Maximum Daily Load (TMDL) report is written to identify the sources of pollution and recommend restoration activities to achieve water quality standard attainment. The state implements Clean Water Act programs that are designed to prevent, reduce and eliminate pollution in waters.

A copy of the presentation provided by Mr. Strobel is located on the SD Boards and Commissions Portal at <https://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>

Mr. Strobel and Paul Lorenzen, DANR Watershed Protection Program, answered questions from the board.

NEXT MEETING: The next board meeting is scheduled for September 24, 2026. Ms. McFarling discussed possible agenda items.

ADJOURN: Motion by Jennings, seconded by Lanning, to adjourn. The motion carried unanimously.

Approved September 24, 2026.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources