



Department of Transportation
Division of Planning and Engineering
Administration
700 East Broadway Avenue
Pierre, South Dakota 57501-2586
PHONE: 605/773-8148 FAX: 605/773-4870

MEMORANDUM

DATE: February 20, 2020

TO: Mike Behm, Director
Division of Planning and Engineering

FROM: Tammy Williams, Program Manager
Office of Administration

SUBJECT: **Transportation Commission Meeting – February 27, 2020**
Consideration of State Highway Loan application – Lyman County

Attached is a request from Lyman County for consideration of an increase to the State Highway Fund Loan approved by the Transportation Commission at their August 29, 2019 meeting.

Loan approved on August 27, 2019 = \$2,300,000

Consideration to increase loan by \$823,166

cc: File

Lyman County, South Dakota

Office of

THE COUNTY AUDITOR

PO Box 38 Telephone (605) 869-2247

Kennebec, South Dakota 57544-0038

lymancounty.org Fax (605) 869-2247



February 7, 2020

Dear SD Transportation Commission,

First of all, we would like to thank you for granting a \$2.3 million State Highway Fund Loan to Lyman County on August 23, 2019, for the county road and bridge improvements to the Dakota Mill & Grain facility east of Presho. Since that time, utility and right of way acquisition issues and subsequent revisions to the plans have caused for an increase in project costs. Lyman County is requesting an increase in the State Highway Fund Loan of \$823,166.

Initial project cost estimate as noted on loan application = \$2,878,000

Revised current project cost estimate = \$3,201,166

Difference = \$323,166

State Highway Fund Loan granted 8/23/2019 = \$2.3 million

Loan increase request = Up to \$323,166 + \$500,000 Contingency = \$823,166

Payback would be as already agreed upon in the existing agreement on a loan up to \$3,123,166, if granted. Thank you for the consideration.

Sincerely,

Debra Halverson
Lyman County Auditor on behalf of the
Lyman County Commission



State Highway Fund Loans for Local Governments

Initial Project Application

Please provide the information below to the South Dakota Department of Transportation (SDDOT).

General

The applicant is	A city	A county	A township		
Applicant name					Date submitted
Project name					Project zip code
Mailing address			City	State	Zip code
Contact person			Title	Phone	
Contact address			City	State	Zip code
Email address					

Project description

Route name/facility

Location

SDDOT Region		County		City
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Type of project Highway Other (please specify)

Is this project eligible on a federal-aid route? Yes No

Project description (Briefly describe the project here and in more detail in attachment A.)

Please briefly describe project benefits below and in more detail in attachment B. These would include the project's importance to the community and to economic development in an area.

Please briefly describe below what might happen if the project does not receive the loan.

- | | | |
|---|-----|----|
| 1. Are other funding opportunities available? | Yes | No |
| 2. Will the proposed project foster and support economic development? | Yes | No |
| 3. Does an emergency exist? | Yes | No |
| 4. Does the local government have the ability to repay the loan? | Yes | No |

Project financing

Project status (Please explain the current status of the project, including planning, design, start and completion dates.)

Estimate project construction time line Start date End date

Total project cost State Highway Fund loan amount requested

Describe any costs that may be ineligible

Proposed project financing sources (do not include State Highway Fund repayment source):

State Highway Fund Loan

Assessments

User payments/fees

Local funds

Other (please specify)

TOTAL

Proposed project financing uses:

Preliminary engineering

Design

Right-of-way acquisition

Construction

Other

Other

TOTAL

Loan repayment terms Start date

Repayment sources for State Highway Fund loan to local government:

TOTAL

Checklist

Check both the following to indicate the attachments are included with this application.

Attachment A: Description of proposed project

Attachment B: Benefits of proposed project

Certification

Signature

Title

Date

Print and sign the completed Initial Project Application and all applicable attachments and submit them for initiation of the state loan review process to:

State Highway Fund Loan for Local Governments
South Dakota Department of Transportation
Division of Planning and Engineering
Administration Program Manager
700 E. Broadway Ave.
Pierre, SD 57501-2586

Questions?
Call (605) 773-8149

Attachment A

Description of Proposed Project

Describe the problem this project is designed to address and include a map. Attach additional pages if necessary.

Attachment B

Benefits of Proposed Project

Describe how State Highway Fund financing will help attract new public/private investment, reduce project costs and accelerate project completion. Identify other project benefits, such as access, mobility, economic development, preservation and environmental improvement Attach additional pages if necessary.

Project Descriptions/Description of Economic Benefits: The MRC Line has become a mainstay of economic revival in Central SD. Since the rehabilitation of the MRC in 2011, over \$115 million in new grain facilities , fertilizer storage and agronomy centers have been built. These investments have created over 80 direct jobs with excellent pay and benefits. Another major impact of this development is an average \$.20 per bushel basis improvements for area farmers. This improvement puts over \$10M annually to the farmers bottom line, which on a 5x turn would put another \$50M in local and state impact. In 2018 almost 12,000 rail cars moved an estimated 50M bushels of grain to end use markets. The main driver of this is the Dakota Southern / BNSF Shuttle Loader partnership. The process allows the Rail Road and Shippers to team up and load larger 110 car trains, which in turns produces efficiency to allow higher margins to the farmers.