



**BOARD OF WATER  
AND NATURAL RESOURCES**

May 4, 2021  
2:00 p.m. CT

**Via Teleconference on May 4th, 2021 at 2:00 p.m. CT**

**If you wish to participate, dial 1-866-410-8397. When prompted, enter the conference code:  
9393 099 157#.**

**Live audio of the meeting and the full board packet can be found on the South Dakota Boards and Commissions Portal at <http://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>**

**\*\*AMENDED AGENDA\*\***

**\*\*Scheduled times are estimates only. Some items may be delayed due to prior scheduled items or may be moved up on the agenda.\*\***

**May 4, 2021**

*2:00 p.m. CT*

1. Call meeting to order
2. Roll Call
3. Approve Agenda
4. Public Comment Period
5. Amendment to South Eastern Council of Governments' Joint Powers Agreement for SRF Application and Administration and Davis-Bacon Monitoring – Mike Perkovich
6. Volga's request to amend Drinking Water SRF Loan C462046-01 – Tyler Zettl
7. Yankton's request to amend Clean Water SRF loan C461038-08 – Drew Huisken
- 7.1 Chancellor Drinking Water State Revolving Fund Loan Re-award – Mike Perkovich
8. Adjourn

May 4, 2021

Item 5

**TITLE:** Amendment to South Eastern Council of Governments' Joint Powers Agreement for SRF Application and Administration and Davis-Bacon Monitoring

**EXPLANATION:** 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.

At its meeting on June 23, 2016, the Board entered into a Joint Powers Agreement with the South Eastern Council of Governments that put \$589,000 under agreement to provide for SRF application and administration and Davis-Bacon monitoring.

The First Amendment to the Joint Powers Agreement with South Eastern Council of Governments will put an additional \$54,600 under agreement.

**RECOMMENDED ACTION:** Approve the First Amendment to the Joint Powers Agreement with the South Eastern Council of Governments for SRF loan application and administration and Davis-Bacon monitoring.

**CONTACT:** Mike Perkovich, 773-4216

May 4, 2021

Item 6

**TITLE:** Volga's request to amend Drinking Water SRF loan C462046-01

**EXPLANATION:** On April 27, 2020, the City of Volga was awarded a \$2,790,000 Drinking Water SRF loan to construct a new 750,000-gallon water tower. Due to increased costs of materials, the loan was not sufficient to cover the actual project costs when bids were opened.

On March 30, 2021, DANR received a letter from the City of Volga requesting that the DWSRF loan C462046-01 be amended to include an additional \$910,000 to cover the increased project cost. This increase will bring the total of the DWSRF loan to \$3,700,000.

**RECOMMENDED ACTION:** Rescind resolution #2020-52 which awarded the original Drinking Water SRF loan and award a \$3,700,000 Drinking Water SRF loan at 2.0% for 20 years.

**CONTACT:** Tyler Zettl, 773-4216



PO Box 217, Volga, South Dakota 57071 605.627.9113

Jerry Soholt, Chairman  
Board of Water and Natural Resources  
523 E. Capitol Ave  
Pierre, SD 57501

RE: Request for Additional Funding  
Volga 750,000 Gallon Water Tower  
Volga, South Dakota

Chairman Soholt:

The City of Volga is requesting \$910,000.00 in additional funding from the Board of Water and Natural Resources to make the construction of the proposed 750,000 gallon water tower financially feasible.

The City of Volga received bids for the 750,000 gallon water tower project March 16, 2021. Caldwell Tanks, Inc. of Louisville, KY submitted the low bid of \$3,192,000.00, which exceeded available funding for the project by \$816,000 as shown below. The City is requesting an additional funding amount of \$910,000 which could accommodate some unforeseen items that may need to be addressed by change order during the duration of the construction project. In addition, the City would like to request the term of the loan be extended to 30 years instead of the previously proposed 20 year term.

**Project Funding**

Total Funding Package	\$2,790,000
<i>Less Administrative, Legal, Engineering Design and Construction Administration &amp; Observation Costs and Land Acquisition:</i>	<i><u>(\$414,000)</u></i>
<b>Available Funds for Construction:</b>	<b>\$2,376,000</b>
<b>Project Bids</b>	<b>\$3,192,000</b>
<b>Project Funding Short Fall</b>	<b>\$ 816,000</b>
<b>Additional Funding Request</b>	<b>\$ 910,000</b>

Banner Associates, Inc. reviewed the bids and determined that the following factors likely increased the costs from what was presented in the Facility Plan in July of 2019:

- The Facility Plan was updated and completed in July of 2019 with a corresponding State Water Plan application submitted to the DENR in September of 2019 and funding application was completed in December of 2019.
- In discussion with multiple suppliers and tank manufacturers the price of cold milled steel has increased in price by over 50 percent in the past year alone. See increase in bid prices from various sources below:

- \$1,511,100 - 750,000 gallon composite tower, Lawrenceburg, KY (Caldwell Bid)
    - Caldwell Bid – completed July of 2019
  - \$2,655,000 – 750,000 gallon composite tower, Madison, SD
    - Banner Project bid in Fall of 2020
- The increase in steel price was discussed with City Staff in January of 2021 and it was anticipated to come in above the original estimates. The estimated overall project increase in cost since 2019 due to the result of steel increase is approximately \$500,000.
  - On top of the steel prices being high the overall price of construction projects is coming in higher than anticipated in 2021. Speaking with contractors and suppliers this is a direct result of the pandemic causing a shortness in supply of all materials and the general volatility of the bidding market. The estimate overall project increases due to market increases since 2019 (excluding steel) is approximately \$300,000.
  - Attached is the certified Bid Tabulation and the original cost estimate from the Facility Plan.

The low bid received March 16<sup>th</sup> was guaranteed for 30 days per Article 2 of the Bid Form. That 30-day window will expire April 15th.

The City of Volga is considering the following three options in order to deal with the funding shortfall:

**Option 1 – Preferred Option:** Obtain an additional \$910,000.000 in additional funding from the Board of Water and Natural Resources with an increase of the term of the loan from 20 years to 30 years.


**Option 2:** City of Volga has the option of rejecting the bids and rebidding the project later in the calendar year 2021 with hopes of receiving lower bids in a more favorable bidding climate. However, construction costs appear to generally be increasing, there is no guarantee that the project cost will decrease. This action could also result in higher bids. This option is also not favorable as this would delay the project a full year and construction would not be completed until the calendar year of 2023 instead of 2022.

**Option 3:** Awarding the contract to the contractor and using funds from the City’s Water fund to come up with the additional funds needed for construction. This option would delay other water projects within the City that are needed to address aging water infrastructure that the City had planned on funding with cash from the Water Account. In addition the water rate would more than likely need to be raised more than already planned to address the funding needs of the City.

**Option 4:** City of Volga also has the option of rejecting the bids and abandoning the project entirely. This option, however, would not address existing storage capacity issues in the water system.

We would greatly appreciate any assistance with these additional costs so we could begin construction yet this year with the current bid. We are requesting additional funding in the amount of \$910,00.00 to help with this project. Again, the City of Volga appreciates the financial assistance that has been provided for this project and is hopeful that you will receive our request for additional funds favorably.

Respectfully Submitted,



Randy Santema, Mayor  
226 Kasan Ave.  
City of Volga

Enclosures

May 4, 2021

Item 7

**TITLE:** Yankton request to amend Clean Water SRF loan C461038-05

**EXPLANATION:** On March 25, 2021, the City of Yankton was awarded a \$3,500,000 to make improvements to its wastewater treatment facility. This project included 11 construction projects and the development of a collection system and wastewater treatment system master plan. Due to increased costs of materials and expected rising cost estimates it is anticipated that additional funding will be necessary to complete the project.

On March 31, 2021, DANR received a letter from the City of Yankton requesting that the CWSRF loan C461038-05 be amended include an additional \$1,000,000 to cover rising costs. This increase will bring the total of the CWSRF loan to \$4,500,000. Yankton also received a \$6,458,400 Economic Development Authority grant to fund this project.

**RECOMMENDED ACTION:** Rescind resolution #2021-39 which awarded the original Clean Water SRF loan and award a \$4,500,000 Clean Water SRF loan at 2.0% for 20 years.

**CONTACT:** Drew Huisken, 773-4216



March 31, 2021

DENR

Attn: Andy Bruels  
523 E Capitol Ave  
Pierre, SD 57501

Dear Mr. Bruels:

This letter is in reference to the Clean Water State Revolving Fund (SRF) Loan Program Application that was submitted regarding the Yankton Wastewater Treatment Plant (WWTP) project.

The City of Yankton submitted our SRF Application on January 4, 2021 for \$3,500,000 that was approved at the Board of Water and Natural Resources at the March 25, 2021 meeting. Brian McGinnis of District III has been working with the SD DENR on amending our application.

The City has identified the need to make substantial improvements to our wastewater system including improvements at the plant and collection system. This project will include 11 construction projects, collection system master plan, and a wastewater plant master plan. HDR engineering is currently at roughly 50% design on the construction projects. With the current market fluctuation cost estimates are difficult to predict.

Due to the current inflated material cost related to the pandemic and other natural disasters, projects are coming in higher than original cost estimates developed in the application. The original cost estimates were developed in 2019 for a Preliminary Engineering Report as part of an EDA grant program. The grant requires all projects included in the original Preliminary Engineering Report must be completed as scoped. The City of Yankton is responsible to cover those additional cost overages. Staff is recommending an increase of \$1,000,000.00 totaling \$4,500,000.00. The increase will not require a rate increase as part of the application process. The additional funds will be used to cover the cost overages.

Please accept this letter as confirmation that the City of Yankton would like to apply for SRF funding for the Yankton Wastewater Treatment Plant (WWTP) project in the amount of \$4,500,000. If you need additional documentation from us regarding this request, please advise.

Sincerely,

Amy Leon  
City Manager

416 Walnut St

PO Box 176

Yankton, SD 57078-0176

Phone (605) 668-5221

[www.cityofyankton.org](http://www.cityofyankton.org)

EQUAL OPPORTUNITY EMPLOYER

May 4, 2021

Item 7.1

**TITLE:** Chancellor Drinking Water State Revolving Fund Loan Re-award

**EXPLANATION:** In March, the Board of Water and Natural Resources awarded Chancellor a \$2,288,000 Drinking Water State Revolving Fund loan that included \$2,050,000 of principal forgiveness to replace water lines. The award was contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant.

It is expected that the 2021 capitalization grant will not be awarded until July at the earliest. Chancellor would like to close the loan in May, so the project can get underway, but cannot do so because of the aforementioned contingency and the lack of principal forgiveness from prior year grants.

**RECOMMENDED ACTION:** Rescind Resolution 2021-15 and re-award Chancellor a \$2,188,000 Drinking Water State Revolving Fund loan with \$1,950,000 of principal forgiveness at 1.875 percent for 30 years and award a Consolidated grant for 4.4 percent of eligible costs not to exceed \$100,000.

**CONTACT:** Mike Perkovich, 773-4216