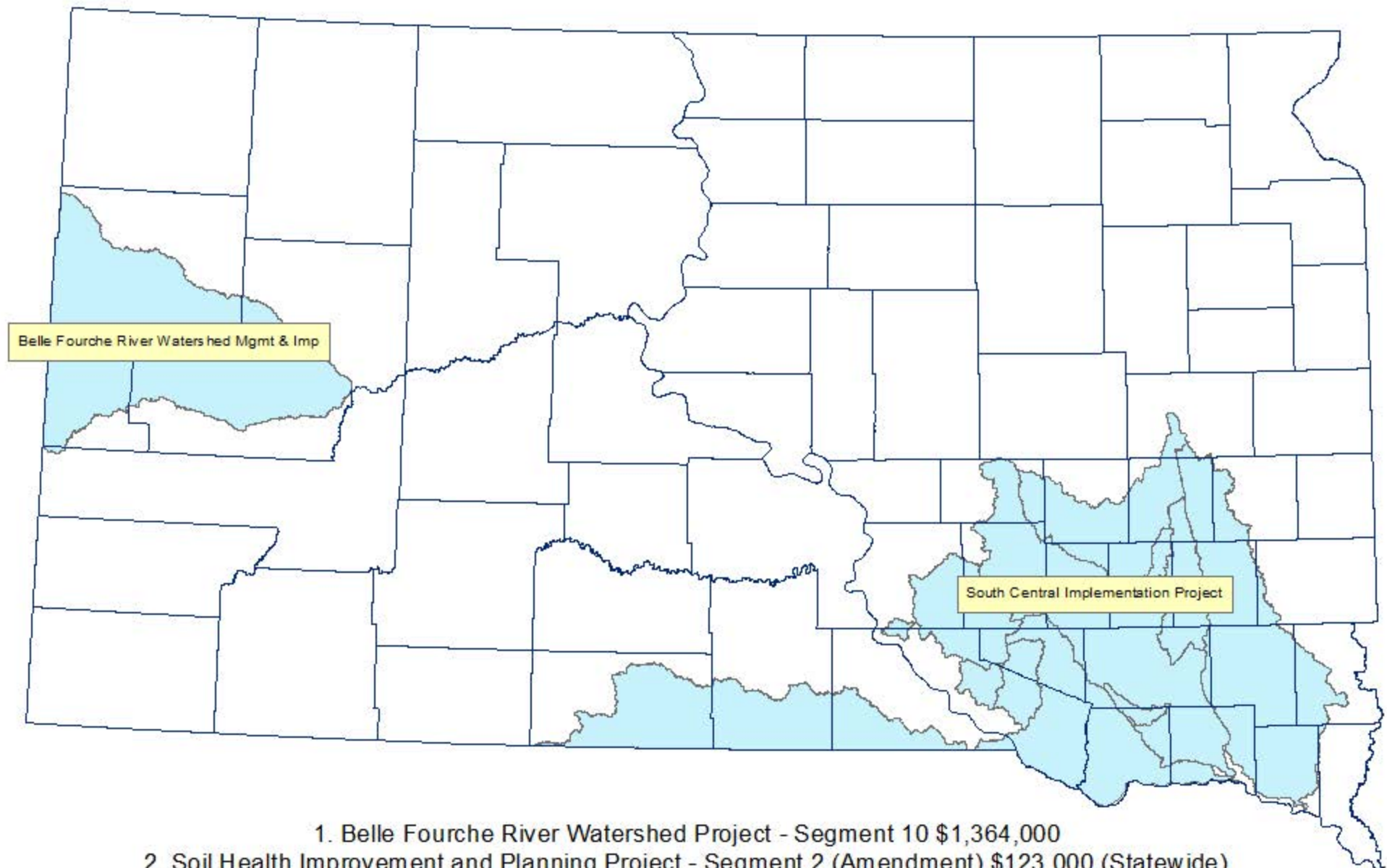


Nonpoint Source Implementation Projects requesting FY2022 Section 319 Funds



1. Belle Fourche River Watershed Project - Segment 10 \$1,364,000

2. Soil Health Improvement and Planning Project - Segment 2 (Amendment) \$123,000 (Statewide)

3. South Central Watershed Project - Segment 2 (Amendment) \$1,151,000

FFY 2022 319 NONPOINT SOURCE PROGRAM
FUNDING RECOMMENDATIONS

FFY 2021 FUNDING

NPS Program Funds	\$1,377,500
Watershed Project Funds	\$1,377,500
	\$2,755,000
DANR Staff & Support	<u>(\$842,000)</u>
Total 319 Available for Projects	\$1,913,000
CWSRF Water Quality Grants	<u>\$200,000</u>
Total Available for Pass Through	\$2,113,000

IMPLEMENTATION PROJECTS

Belle Fourche River Watershed Segment 10 (New)
Soil Health Improvement and Planning Project Segment 2 (Amendment)
South Central Watershed Project Segment 2 (Amendment)

Requested	Recommendations				
	DENR		Total	Task Force	BWNR
	319	WQ Grants			
\$1,364,000	\$ 1,287,000	\$ 77,000	\$1,364,000	\$1,364,000	
\$123,000		\$ 123,000	\$123,000	\$123,000	
\$1,151,000	\$ 626,000		\$626,000	\$626,000	
Total Implementation	\$2,638,000	\$ 1,913,000	\$ 200,000	\$2,113,000	\$2,113,000

Total Request

BALANCE

319 Funds

\$1,913,000

\$0

319 plus CWSRF WQ

Total Available

\$2,113,000

\$ 2,113,000

January 2022

Available Funds Summary

CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM

Available Funds:	\$	202,981
Reversions:	\$	46,309
Available for Award:	\$	<u>249,290</u>

DRINKING WATER SRF PRINCIPAL FORGIVENESS

Prior Year Principal Forgiveness Allocations:	\$	42,793,540
FFY-21 Maximum Allocation:	\$	1,540,140
Reverted Principal Forgiveness:	\$	2,364
Awarded to Date:	\$	<u>(44,270,898)</u>
Available For Award:	\$	65,146
Princ. Forg. for Disadvantaged Communities:	\$	16,037,900
FFY-21 Maximum Allocation:	\$	3,850,350
Reverted Principal Forgiveness:	\$	85,371
Awarded to Date:	\$	<u>(19,530,900)</u>
Available For Award:	\$	442,721
Total Available for Award:	\$	507,867

CLEAN WATER SRF WATER QUALITY GRANTS

Available Funds:	\$	1,429,323
Reversions:	\$	-
2021 SCPG Allotment:	\$	(100,000)
Awarded to Date:	\$	<u>(1,219,000)</u>
Available for Award:	\$	110,323

CLEAN WATER SRF PRINCIPAL FORGIVENESS

Prior Year Principal Forgiveness Allocations:	\$	25,431,899
FFY-21 Maximum Allocation:	\$	3,111,600
Reverted Principal Forgiveness:	\$	166,573
Awarded to Date:	\$	<u>(28,575,419)</u>
Available For Award:	\$	134,653

Drinking Water Facilities Funding Applications January 2022



**DRINKING WATER FACILITIES FUNDING APPLICATION
FINANCIAL ANALYSIS SUMMARY**

APPLICANT: Mitchell DW-06

Total Project Cost:	\$11,020,000
BWNR Funding Assistance Requested:	\$11,000,000
Rate/Term:	1.875%/30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, Mitchell will have to enact a \$7.60 per user surcharge. Current rates are \$36.88 per 5,000 gallons. This will bring rates to \$44.48 per 5,000 gallons.

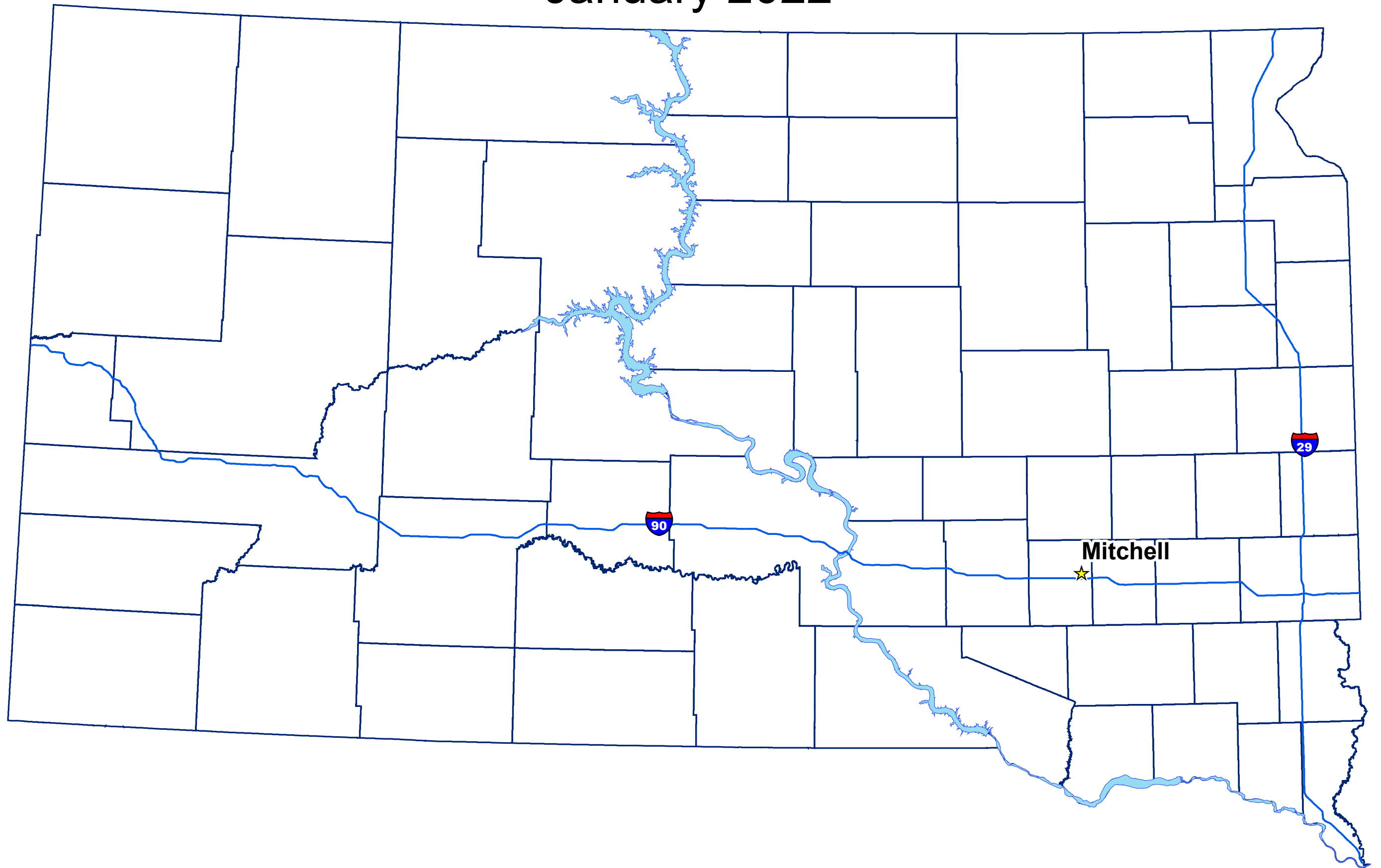
Funding Recommendation: Award a \$11,000,000 Drinking Water State Revolving Fund loan at 1.875% for 30 years.

Debt Service Coverage: 110% with a \$7.60 per user surcharge

Loan Contingencies:

- 1) Contingent upon the Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon the Borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Sanitary/Storm Sewer Facilities Funding Applications January 2022



SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Mitchell CW-09

Total Project Cost:	\$11,087,000
BWNR Funding Assistance Requested:	\$11,087,000
Rate/Term:	1.375%/30 year
Security Pledged For Repayment Of Loan:	Surcharge

Staff Analysis

- 1) If funding is provided as all loan, Mitchell will have to enact a surcharge of \$7.30. Mitchell's current rate is \$40.72 which will bring rates to \$48.02.
- 2) The application requests funding of \$10,000,000 for Wastewater Treatment Facility Improvements and \$1,087,000 for non-point source activities in the Firesteel Creek riparian corridor. This will require a bond for each project.

Funding Recommendation: Award a \$11,087,0000 Clean Water SRF loan at 1.375% for 30 years.

Debt Service Coverage: 110% based on a surcharge of \$7.30 per user.

Loan Contingencies:

- 1) Contingent upon the Borrower adopting two bond resolutions and the resolutions becoming effective.
- 2) Contingent upon the Borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Loan Special Condition:

- 1) It shall be a condition of the Loan that the Borrower may not draw funds from the proceeds of the Series NPS Borrower Bond until EPA approves the revised budget for the Project Implementation Plan.

January 2022

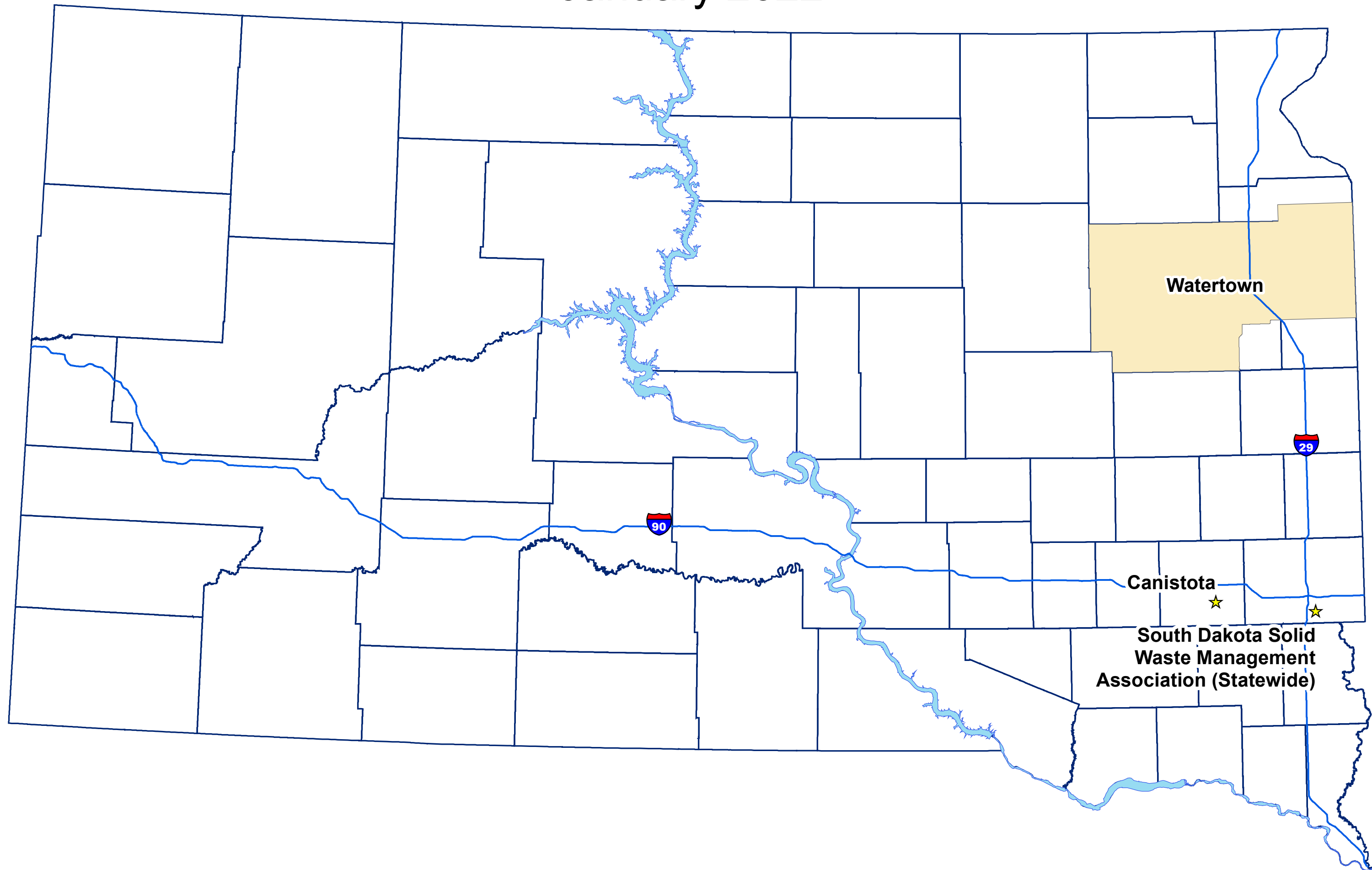
Dedicated Solid Waste Management Fees

Solid Waste Management Program (SWMP)

Available Funds:	\$	1,684,323
Reversions:	\$	43,228
Available for Award:	\$	1,727,551

Solid Waste Management Funding Applications

January 2022



**SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION
FINANCIAL ANALYSIS SUMMARY**

APPLICANT: City of Canistota

Total Project Cost: \$22,450

BWNR Funding Assistance Requested: \$11,225

Rate/Term: N/A

Security Pledged For Repayment Of Loan: N/A

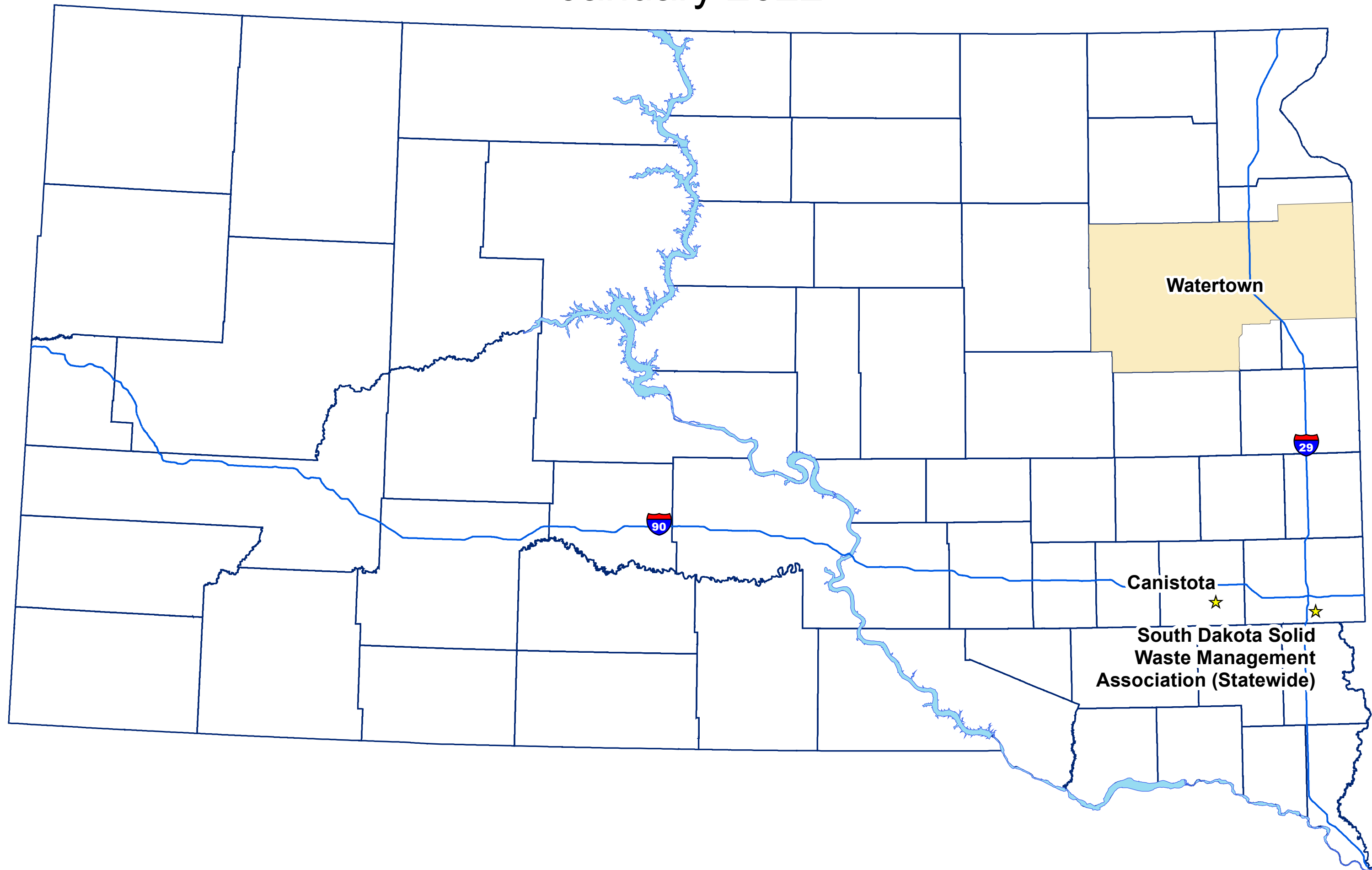
Staff Analysis

- 1) The city of Canistota is proposing to make improvements to its restricted use site including purchase and installation of an access control system, purchase of equipment to remove freon from appliances, and purchase of a screening bucket for their wheel loader.

Funding Recommendation: Award a Solid Waste Management Program grant at 30.0% of eligible project costs, not to exceed \$6,735.

Solid Waste Management Funding Applications

January 2022



SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: SD Solid Waste Management Association

Total Project Cost: \$49,000

BWNR Funding Assistance Requested: \$34,000

Rate/Term: n/a

Security Pledged For Repayment Of Loan: n/a

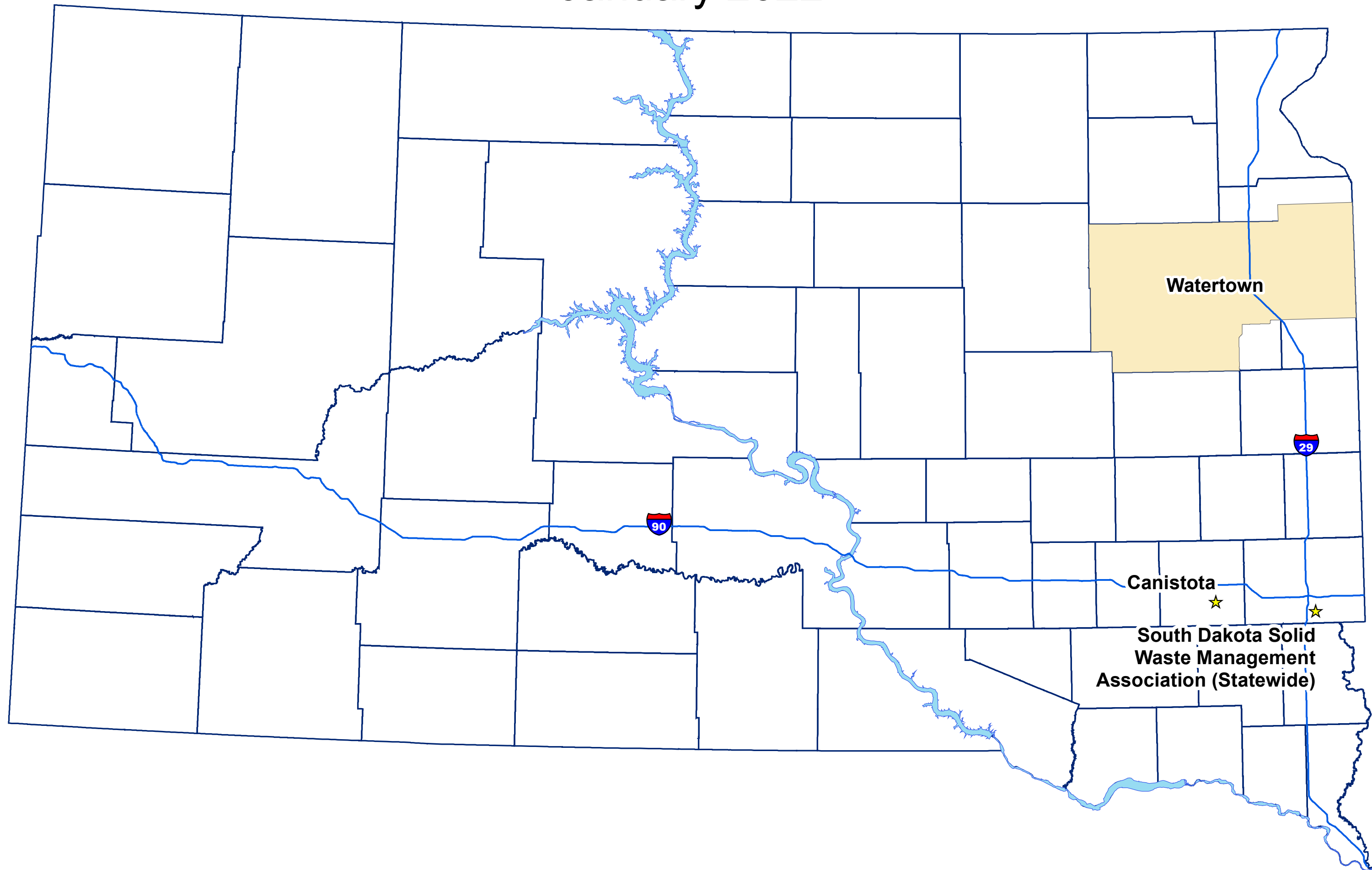
Staff Analysis

- 1) Every 3 years, SDSWMA hosts a Manager of Landfill Operations (MOLO) training course to certify new landfill managers and operators, maintain existing certifications, and train other staff and contractors in the solid waste industry state wide. Funding for this project helps to offset the registration costs for South Dakota solid waste operators and ensure qualified personnel are available to operate the State's solid waste facilities. The current MOLO course is scheduled for April of 2022.

Funding Recommendation: Award a Solid Waste Management Program grant at 69.4% of eligible project costs, not to exceed \$34,000.

Solid Waste Management Funding Applications

January 2022



**SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION
FINANCIAL ANALYSIS SUMMARY**

APPLICANT: City of Watertown

Total Project Cost: \$2,147,076

BWNR Funding Assistance Requested: \$1,073,576

Rate/Term: N/A

Security Pledged For Repayment Of Loan: N/A

Staff Analysis

- 1) The City of Watertown is proposing to construct a new Waste Cell #7, refurbish its composting pad and install stormwater improvements at its landfill facility.

Funding Recommendation: Award a Solid Waste Management Program grant at 18.7% of eligible project costs, not to exceed \$400,000.

January 2022

Dedicated Solid Waste Management Fees

Solid Waste Management Program (SWMP)

Available Funds:	\$	1,684,323
Reversions:	\$	43,228
Available for Award:	\$	1,727,551
Recommended:	\$	(440,735)
Balance:	\$	1,286,816

Department of Agriculture and Natural Resources
Proposed American Rescue Plan Act
Fund Distribution for
Water and Sewer Infrastructure Projects

Governor Noem's recommended budget includes \$600,000,000 in American Rescue Plan Act (ARPA) funding to support improvements to water and sewer infrastructure projects across the state. This significant infrastructure investment is being made because access to quality drinking water and safe and efficient sewer services greatly impacts the quality of life for all South Dakota residents.

To ensure equitable use of the funds the state is proposing to evaluate projects and distribute funding through the Department of Agriculture and Natural Resources (DANR) and Board of Water and Natural Resources (BWNR) existing funding processes. To be eligible, projects must be listed on the State Water Plan. Both new and listed but unfunded projects will be considered.

DANR/BWNR will use the criteria below to determine funding. The process is competitive and based on eligibility and the relative merits and positive impacts of the projects.

Funding Criteria

Funded applicants will receive a minimum 30 percent ARPA grant (percent of total amount requested). A grant cap will be determined by a per person project cost based on the population served by the system (2020 Census numbers or system service numbers). The grant cap applies regardless of the total project cost or the number of projects seeking funding. The grant cap will be determined as follows:

- a. Service populations up to 1,000: up to 80% grant with a \$9,000 per person maximum per applicant for all projects considered for ARPA grants. Grant percentages would be less if not meeting rates outlined below.
- b. Service populations up to 2,500: up to 50% grant with a \$7,000 per person maximum per applicant for all project(s) considered for ARPA grants. Grant percentages would be less if not meeting rates outlined below.
- c. Service populations above 2,500: 30% grant with a \$3,000 per person maximum per applicant for all project(s) considered for ARPA grants.

If an applicant uses local ARPA funds (city or county), these funds will be matched with State ARPA funds up to a maximum of \$5 million. The grant cap determined above may be exceeded with the use of local/State match funds.

The grant cap may also be exceeded if an applicant currently has rates or will have rates upon project completion that meet the following user rate targets:

- a. \$55 for 5,000 gallons for each water or sewer for city residents
- b. \$75 for 7,000 gallons for each water or sewer for rural/sanitary districts.

If user rates already exceed the target rates, subsidy will not be provided to reduce rates to the target. However, applicants whose current rates exceed the target rate may receive up to an additional five percent of ARPA funding toward the total project cost.

Additional Subsidy

Applicants will also be eligible for Clean Water or Drinking Water State Revolving Fund principal forgiveness or other state grants in addition to state ARPA funds. Additional subsidy funding from non-ARPA funds will be provided based on DANR recommendations and BWNR approval.

Special Considerations

Projects addressing regionalization/consolidation, regulatory compliance issues, drought resiliency, water availability, non-point source improvements, or other significant environmental issues may receive funding above the grant cap. DANR will evaluate projects and make recommendations to the BWNR for funding based on merits and positive impacts of the project.

Engineering Studies

Requests for engineering studies for projects to address long term drought resiliency, drinking water availability issues, or water or wastewater regionalization projects may be provided up to 100% State ARPA funds.

Infrastructure Investment and Jobs Act (IIJA) a.k.a. the Bipartisan Infrastructure Law (BIL)

January 6, 2022

Board of Water and Natural Resources



**SOUTH
DAKOTA
DEPARTMENT
of
AGRICULTURE
and NATURAL
RESOURCES**

Presentation Overview

- **Base SRF Program Funds and Subsidy**
- **New Allotments**
- **New Requirements**



**SOUTH
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of
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and NATURAL
RESOURCES**

CWSRF Base Program

- **Clean Water SRF Loan Fund**
 - **2021 Capitalization Grant - \$7,779,000**
 - **2022 BIL Allocation - \$8,809,000**
- **Clean Water SRF Subsidy Levels**
 - **2021 Mandated Subsidy- \$3,111,600**
 - **2022 BIL Mandated Subsidy - \$4,316,410**



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of
AGRICULTURE
and NATURAL
RESOURCES**

DWSRF Base Program

- **Drinking Water SRF Loan Fund**
 - **2021 Capitalization Grant - \$11,001,000**
 - **2022 BIL Allocation - \$17,955,000**
- **Drinking Water SRF Subsidy Levels**
 - **2021 Mandated Subsidy - \$5,390,490**
 - **2022 BIL Mandated Subsidy - \$8,797,950**



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RESOURCES**

Base Program Funding

- **Authorizations are for five years**
- **Funding levels are similar to 2022 levels with slight increase each year**
- **BIL allocations are in addition to annual SRF Capitalization Grants**



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and NATURAL
RESOURCES**

New Allotments

- **Emerging Contaminants (PFAS/PFOS)**
 - **Clean Water SRF - \$462,000 annually**
 - **Drinking Water SRF - \$7,540,000 annually**
 - **Mandates 100% Subsidy**
- **Lead Line Replacement**
 - **Drinking Water SRF - \$28,275,000 annually**
 - **Mandates 49% Subsidy - \$13,854,750**
- **Funding is authorized for 5 years**



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and NATURAL
RESOURCES**

New Requirements

- **Build America, Buy America Act**
 - Requires that construction materials used in a project are produced in the United States.
 - Requires that all manufacturing processes for the construction material occurs in the United States.
 - Construction material includes iron and steel, lumber, and sheetrock
 - More guidance forthcoming
- **Reduces State Match to 10% for 2 years**
- **Increased tracking and reporting**



**SOUTH
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and NATURAL
RESOURCES**

Questions?

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GOVERNOR'S 2022 OMNIBUS WATER FUNDING BILL

		Dedicated Funding	
		<u>Solid Waste</u>	<u>Water</u>
WATER & ENVIRONMENT FUND (WEF)			
	Projected Surplus/(Shortfall) for preparation of 2022 Omnibus Bill	\$295,000	\$1,600,000
	Projected SFY 2023 WEF Deposits		
	Capital Construction Fund Transfers		\$10,500,000
	Contractor's Excise Tax		\$20,000
	Loan Payments & Interest Deposits	\$595,000	\$390,000
	Solid Waste Fees	\$1,900,000	
	TOTAL AVAILABLE	\$2,790,000	\$12,510,000
		DANR Recommendations	
		<u>Solid Waste</u>	<u>Water</u>
Sec.	Water and Environment Fund		
No.	State Water Resources Management System		
1	Hydrology and Water Management Studies		\$1,021,500
2	Big Sioux Flood Control Study		\$249,727
3	Consolidated Program		\$10,500,000
4	Solid Waste Management Program	\$2,750,000	
	Water and Environment Fund Appropriation Subtotals	\$2,750,000	\$11,771,227
	Total Available Dedicated Water and Waste Funds	\$2,790,000	\$12,510,000
	Projected June 30, 2023 Unobligated Balance	\$40,000	\$738,773
Loan Fees and Federal Funds			
	State Revolving Fund (SRF) Administrative Surcharge Fees		
5	Clean Water SRF Water Quality Grants		\$300,000
6	Clean Water SRF Application and Administration Technical Assistance		\$250,000
7	Drinking Water SRF Application and Administration Technical Assistance		\$275,000
	Federal Set-Aside Funds		
8	Technical Assistance		\$150,000
9	Lead Service Line Inventory		\$1,500,000
	Fees and Federal Funds Appropriation Subtotal		\$2,475,000
	TOTAL OMNIBUS BILL APPROPRIATIONS		\$16,996,227
10	DANR Secretary approves vouchers and all payments through the State Auditor		
11	Appropriations not expended or obligated shall revert as per chapter 4-8		
12	Emergency clause so funds can be obligated prior to July 1st		
		Federal	\$1,650,000
		Other	\$15,346,227
		Total	\$16,996,227

01/04/2022