
State Infrastructure Bank (SIB) / Federal Loan Program

WHAT:

The South Dakota Department of Transportation (SDDOT) State Infrastructure Bank (SIB) / Federal Loan Program is a means for local governments to address road and street needs associated with large scale projects that they do not have adequate funding for in the short term.

- Loans apply to construction of roads and bridges meeting minimum program criteria.
- The project must be on a federal-aid route.
- The local government is responsible for all right-of-way acquisitions, wetland mitigation, and utility notification.
- The SDDOT is responsible to let the project to bid and manage the construction of the project.

CRITERIA:

Interest Rates and Terms

- The current interest rate is 1.5% for a maximum of a 7-year payment duration but could be increased depending on current market rates.
- The primary payment option is the usage of the county/city's annual Surface Transportation Program (STBGP) funds. Local funds may also be utilized.

Award Criteria

- The Secretary of Transportation has the authority to approve the SIB loans. Projects will be considered by the Commission for addition into the Statewide Transportation Improvement Program.

Application Requirements

- Applications must include the entity's proposed method of repayment of the loan. The county or Class I city STBGP future allocations may be used to repay the loan. If local funds are to be used to repay the loan in total or in part, they shall include the most recent audited financial statements or unaudited annual reports. This financial information must include a detailed break-down of the revenue fund pledged toward repayment of the loan.

WHO:

- To be eligible for the SIB, the applicant must be a governmental entity with the authority to generate revenues and ability to repay using a general obligation, revenue obligation, sales tax obligation, or combination of these bonds.
- A local unit of government (city, town, township, county, or tribe) may file an application to SDDOT.
- After approval by the Secretary, an agreement with the loan terms will be drawn up by the department.

APPLICATIONS:

The application is available on the Department of Transportation website at: <https://dot.sd.gov/doing-business/local-governments/forms-documents>

Completed applications are submitted to the DOT Finance Office as directed on the application form. For general questions or assistance in filling out the application, contact Noël Clocksin of the DOT Local Government Assistance Office at (605) 773-4256 or by e-mail at Noel.Clocksin@state.sd.us.

Surface Transportation Block Grant Program (STBGP) Advancement

WHAT:

The South Dakota Department of Transportation (SDDOT) STBGP Advancement is a means for local governments to address road and street needs associated with projects that they do not have adequate funding for in the short term.

- Advancements are only available to counties and Class I cities that receive an annual STBGP allocation.
- Advancements apply to construction of roads and bridges under the jurisdiction of the counties and Class I cities.
- The project must be on a county or Class I city owned public route.
- The SDDOT will issue a lump sum payment for the advancement directly to the county or Class I city.
- The local government is responsible for all aspects of the project including but not limited to right-of-way acquisitions, wetland mitigation, utility notification, letting, and management of the construction of the project.

CRITERIA:

Interest Rates and Terms

- The interest rate for these advancements will be 1.5% for but could be increased by the Transportation Commission if current market rates are significantly higher.
- The maximum amount is set at the local governments estimated 2-year STBGP allocation. A larger amount may be requested but is subject to approval by the department and depends on the availability of state funding.
- The primary payment option is the commitment of the county/city's future annual STBGP funds. Other funds may also be used for reimbursement.

Approval

- Consideration by the South Dakota Transportation Commission.

Application Requirements

- Applications must include the entity's proposed method of repayment of the loan. The county or Class I city's annual allocations will be the primary source of repayment. Other sources of repayment may be considered.

WHO:

- To be eligible for the STBGP Advancement, the applicant must be a county or Class I city receiving an annual STBGP allocation.
- Only a county or Class I city may file an application with the SDDOT.
- After approval by the Commission and the Secretary, an agreement will be drawn up by the department.

APPLICATIONS:

The application is available on the Department of Transportation website at: <https://dot.sd.gov/doing-business/local-governments/forms-documents>

Completed applications are submitted to the DOT Finance Office as directed on the application form. For general questions or assistance in filling out the application, contact Noël Clocksin of the DOT Local Government Assistance Office at (605) 773-4256 or by e-mail at Noel.Clocksin@state.sd.us.

State Highway Fund Loan

WHAT:

State highway fund loans, which are approved by the South Dakota Transportation Commission (the “Commission”), are a means for municipalities, towns, townships, and counties to receive loans to construct, reconstruct, repair, maintain and mark roads and bridges. This guidance document is intended to aid local governments in understanding the application process for state highway fund loans. The Commission may, in its discretion, change or deviate from these guidelines.

Who Awards the Loans?

The Commission decides whether to award State Highway Fund Loans.

CRITERIA:

What Does the Commission Consider When Awarding Loans?

The Commission considers four factors when deciding whether to award a loan:

1. The availability of other funding for the proposed project.

- The Commission views State Highway Fund Loans as funding of **last resort**. Applicants should show they have pursued and exhausted other feasible funding avenues, while demonstrating their loan request is still a reasonable risk.
- Local funding commitments, in addition to the requested loan, increase the likelihood of a loan award.
- Applicants should be prepared to pay for any project expenses that are not eligible for loan funding. **Eligible project costs are limited to** preliminary engineering, design, utility relocations of utilities outside of the right-of-way, right-of-way acquisition, environmental coordination and permitting, bid-letting, materials, construction, and construction engineering.

2. The likelihood the proposed project will foster and support economic development.

- Applicants should refrain from applying for funding for routine highway projects.
- The Commission is more likely to grant a loan request for highway or bridge improvements that are needed for an imminent and impactful economic development project.

3. Whether a highway emergency exists.

- Projects tied to a highway emergency will be given greater weight than non-emergency projects.

4. The ability of the local government to repay the loan on terms satisfactory to the Commission.

- Counties and Class 1 cities will be asked to pledge their STBGP funding allocation to secure repayment of the loan.
- Applicants that don’t receive STBGP funding allocations, such as towns and townships, should be prepared to explain how repayment will be secured. One option is to enter into a joint powers agreement with a county or Class 1 city that supports the project, to ensure STBGP allocations are available for repayment.
- For projects tied to an imminent economic development project, applicants may be required to secure a loan guarantee from the developer.
- Applicants should consider creative methods for securing repayment, such as tax increment financing (TIF).

Interest Rate and Terms:

- Total loans from the State Highway Fund are limited to \$25 million, and loans may not exceed \$7 million for a single project. The Commission may deviate from this amount based on special conditions/circumstances.
- The annual interest rate is 1.5% or current market rate, amortized over a period to be determined by the Commission.
- Annual payments will be required, with final payment due no later than seven years after the initial loan issuance.
- The applicant will be responsible for securing all project approvals (environmental, utility, right of way, etc.), preparing plans and contract documents, letting the project to bids, and awarding and administering the contract.

APPLICATIONS:

The application is available on the Department of Transportation website at: <https://dot.sd.gov/doing-business/local-governments/forms-documents>

Completed applications are submitted to the DOT Finance Office as directed on the application form. For general questions or assistance in filling out the application, contact Noël Clocksin of the DOT Local Government Assistance Office at (605) 773-4256 or by e-mail at Noel.Clocksin@state.sd.us.