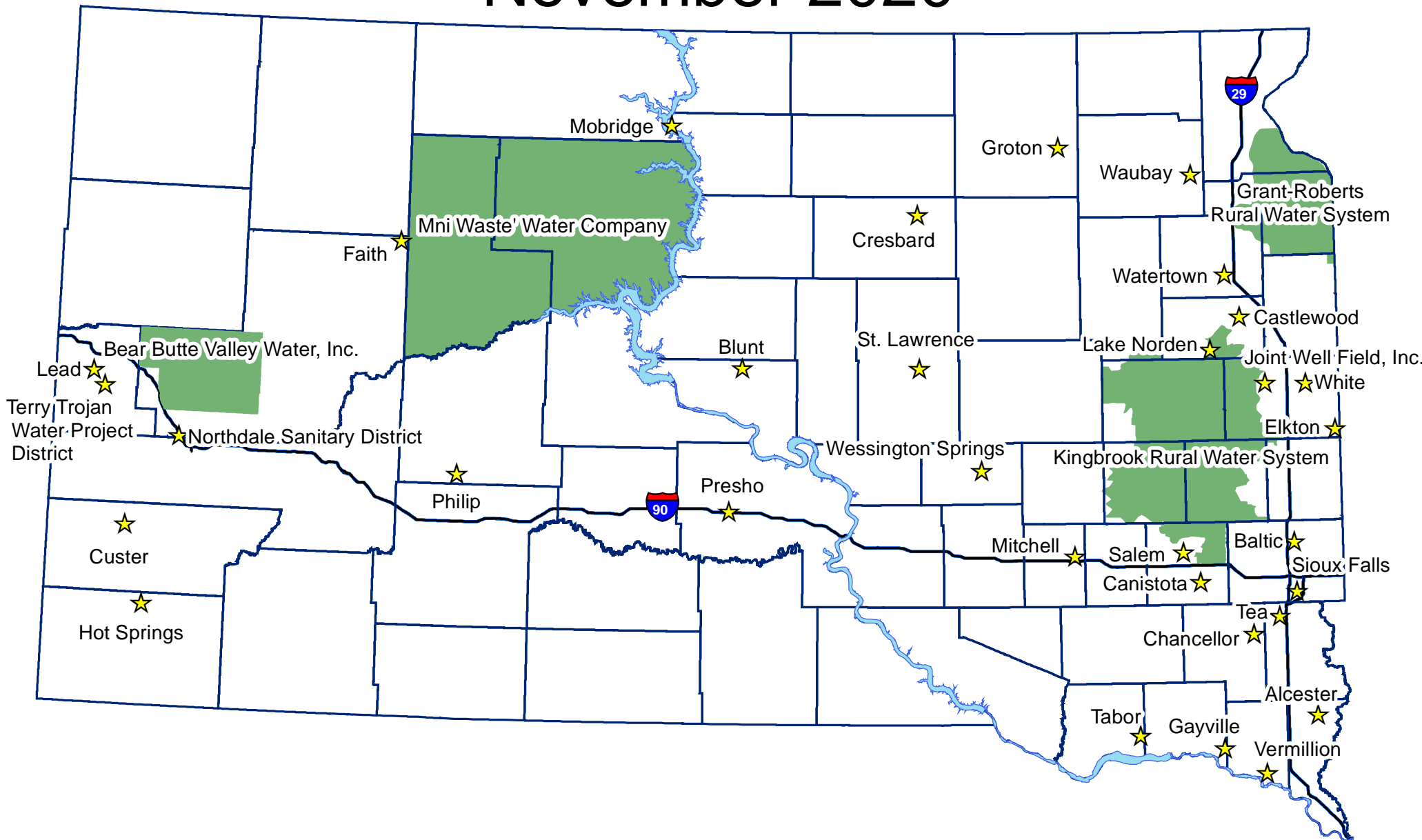


# State Water Plan

## November 2020



## State Water Facilities Plan Applicants

<b>Project Sponsor</b>	<b>Description</b>	<b>Estimated Total Project (\$)</b>	<b>Recommendation</b>
Alcester	Wastewater System Improvements	\$5,500,000	Place on Facilities Plan
Baltic	Main Lift Station Replacement	\$718,600	Place on Facilities Plan
Bear Butte Valley Water, Inc.	Alkali Road Expansion	\$1,999,000	Place on Facilities Plan
Blunt	Storm Water Drainage Improvements	\$1,354,866	Place on Facilities Plan
Canistota	Drinking Water Infrastructure Improvements	\$437,000	Place on Facilities Plan
Canistota	Sanitary and Storm Sewer Infrastructure Improvements	\$1,075,000	Place on Facilities Plan
Castlewood	Water System Improvements	\$800,000	Place on Facilities Plan
Chancellor	Drinking Water Improvements	\$3,300,000	Place on Facilities Plan
Chancellor	Sanitary and Storm Sewer Improvements	\$5,300,000	Place on Facilities Plan
Cresbard	Wastewater System Improvements	\$3,124,127	Place on Facilities Plan
Cresbard	Water System Improvements	\$2,068,305	Place on Facilities Plan
Custer	Wastewater Treatment Upgrades and New Forcemain	\$12,450,400	Place on Facilities Plan
Elkton	Lift Station Improvements	\$867,500	Place on Facilities Plan
Faith	New Water Storage Tank	\$2,274,000	Place on Facilities Plan
Gayville	Sanitary and Storm Sewer Improvements	\$4,429,000	Place on Facilities Plan
Grant-Roberts Rural Water System	System Wide SCADA Upgrades	\$857,000	Place on Facilities Plan
Groton	Water Improvements Phase 2	\$1,265,400	Place on Facilities Plan
Hot Springs	North 24th Street Sewer	\$638,525	Place on Facilities Plan
Hot Springs	North River Street Sewer Replacement	\$704,000	Place on Facilities Plan

## State Water Facilities Plan Applicants

<b>Project Sponsor</b>	<b>Description</b>	<b>Estimated Total Project (\$)</b>	<b>Recommendation</b>
Hot Springs	North River Street Water Replacement	\$392,000	Place on Facilities Plan
Joint Well Field, Inc.	Water Treatment Plant Improvements	\$5,623,000	Place on Facilities Plan
Kingbrook Rural Water System	Carthage Elevated Tank Recoating	\$393,100	Place on Facilities Plan
Lake Norden	North Lift Station and Wastewater Treatment Improvements	\$3,000,000	Place on Facilities Plan
Lake Norden	New Water Storage Tank	\$2,700,000	Place on Facilities Plan
Lead	Mill Street Sanitary Sewer and Storm Sewer Separation	\$378,733	Place on Facilities Plan
Lead	Mill Street Watermain Replacement	\$360,138	Place on Facilities Plan
Mitchell	Dredging of Lake Mitchell	\$11,250,000	Place on Facilities Plan
Mitchell	Wastewater Treatment Facility Improvements	\$10,000,000	Place on Facilities Plan
Mitchell	Landfill Cell #4 Construction	\$1,621,905	Place on Facilities Plan
Mitchell	Drinking Water System Improvements	\$11,000,000	Place on Facilities Plan
Mni Waste' Water Company	Hwy 63 North Transmission Line	\$32,733,000	Place on Facilities Plan
Mobridge	Wastewater Treatment Facility Improvements	\$1,830,000	Place on Facilities Plan
Mobridge	Water System Improvements	\$11,350,000	Place on Facilities Plan
Northdale Sanitary District	Sanitary Sewer Relocation	\$440,000	Place on Facilities Plan
Philip	Water Meter Replacement	\$464,031	Place on Facilities Plan
Presho	Sanitary Sewer Outfall Line Rehabilitation	\$452,000	Place on Facilities Plan
Saint Lawrence	Wastewater Collection Improvements	\$2,134,000	Place on Facilities Plan
Salem	Sanitary Sewer Industrial Area Improvements	\$2,040,000	Place on Facilities Plan
Salem	Drinking Water Industrial Area Improvements	\$1,097,000	Place on Facilities Plan

## State Water Facilities Plan Applicants

<b>Project Sponsor</b>	<b>Description</b>	<b>Estimated Total Project (\$)</b>	<b>Recommendation</b>
Sioux Falls	Water Reclamation Facility Expansion Phases 3 & 4	\$98,875,000	Place on Facilities Plan
Tabor	Wastewater Collection System Improvement	\$4,765,000	Place on Facilities Plan
Tea	Sanitary Sewer Regionalization Phase 2	\$7,392,000	Place on Facilities Plan
Tea	272nd Street Sanitary Sewer Extension	\$1,433,000	Place on Facilities Plan
Tea	272nd Street Watermain Extension	\$805,000	Place on Facilities Plan
Terry Trojan Water Project District	Water Meter Replacement	\$347,262	Place on Facilities Plan
Vermillion	Highway 50 Stormwater Improvements	\$4,150,000	Place on Facilities Plan
Vermillion	Tom Street Lift Station Replacement	\$764,000	Place on Facilities Plan
Vermillion	Landfill Cells #6 & 7 Construction and Existing Cell Closure	\$2,240,000	Place on Facilities Plan
Watertown	Wastewater Primary Clarifier Replacement	\$2,500,000	Place on Facilities Plan
Waubay	Wastewater Treatment Facility Bank Stabilization	\$2,168,910	Place on Facilities Plan
Wessington Springs	Second Street Water and Wastewater Replacement	\$1,108,029	Place on Facilities Plan
Wessington Springs	Wastewater Treatment Facility Improvements	\$960,000	Place on Facilities Plan
Wessington Springs	Water Meter Replacement	\$685,000	Place on Facilities Plan
White	Water System Improvements	\$6,000,000	Place on Facilities Plan
White	Wastewater System Improvements	\$6,100,000	Place on Facilities Plan

## Old Approach Clean Water SRF Program(Example)

Current Loan Fund Cash Balance plus Fed Cap Grants	\$261,700,000
<b>Minus</b> Loan Obligations (Previous Awards)	(\$198,200,000)
<b>Adding</b> 1-yr Excess Principal Repayment	\$3,270,000
<b>Adding</b> 1-yr Excess Interest Earnings	\$3,630,000
<b>Adding</b> 1-yr Capitalization Grant & State Match	<u>\$8,800,000</u>
Available to Loan	\$79,200,000
 1-yr Projected Funding Need	 \$227,000,000
 <b>Short Fall or Amount needed to Leverage</b>	 <b>\$147,800,000</b>

## Clean Water Cash Flow Model - Loan Fund Balances (Example)

Quarter FFY	Beginning	Inflows (Cum Excess)	Outflows (Loan Draws)	Bond Issue	Ending	Projected Lending
1Q 2021	\$261,700,000	\$3,700,000	(\$32,500,000)	\$0	\$232,900,000	
2Q 2021	\$232,900,000	\$3,600,000	(\$29,000,000)	\$0	\$207,500,000	\$120,000,000
3Q 2021	\$207,500,000	\$5,200,000	(\$37,400,000)	\$73,000,000	\$248,300,000	\$15,000,000
4Q 2021	\$248,300,000	\$1,800,000	(\$59,300,000)	\$0	\$190,800,000	\$90,000,000
1Q 2022	\$190,800,000	\$4,100,000	(\$71,800,000)	\$0	\$123,100,000	
2Q 2022	\$123,100,000	(\$4,200,000)	(\$34,200,000)	\$0	\$84,700,000	\$65,000,000
3Q 2022	\$84,700,000	\$1,500,000	(\$34,600,000)	\$165,000,000	\$216,600,000	\$15,000,000
4Q 2022	\$216,600,000	(\$2,700,000)	(\$55,800,000)	\$0	\$158,000,000	\$10,000,000
		\$13,000,000	(\$354,600,000)	\$238,000,000		\$315,000,000

## Cash Flow Model Differences

- Focuses on cash balance vs. amount available to loan
- Takes into account the time it takes to disburse funds for projects
- Evaluates the inflows and outflows
- Manage the desired cash balances
  - Clean Water - \$85,000,000
  - Drinking Water - \$50,000,000
  - Eventually move to issuing within six months of cash balance approaching \$0

## Advantages

- Timing Difference to between issuing bonds based projected cash needs vs. loan awards
  - The going concern from TIPRA where the District must spend 30% with the first year and 95% within three years of issuance
  - Significantly reduces the cost to borrow funds
- Cost Savings – NPV of \$18.5 million by not issuing \$148 million in December

## Challenges

- Negotiated Sales vs. Competitive Sales
- Legal Analysis
- Changes
  - Job duties
  - Processes
  - Reporting

Questions??





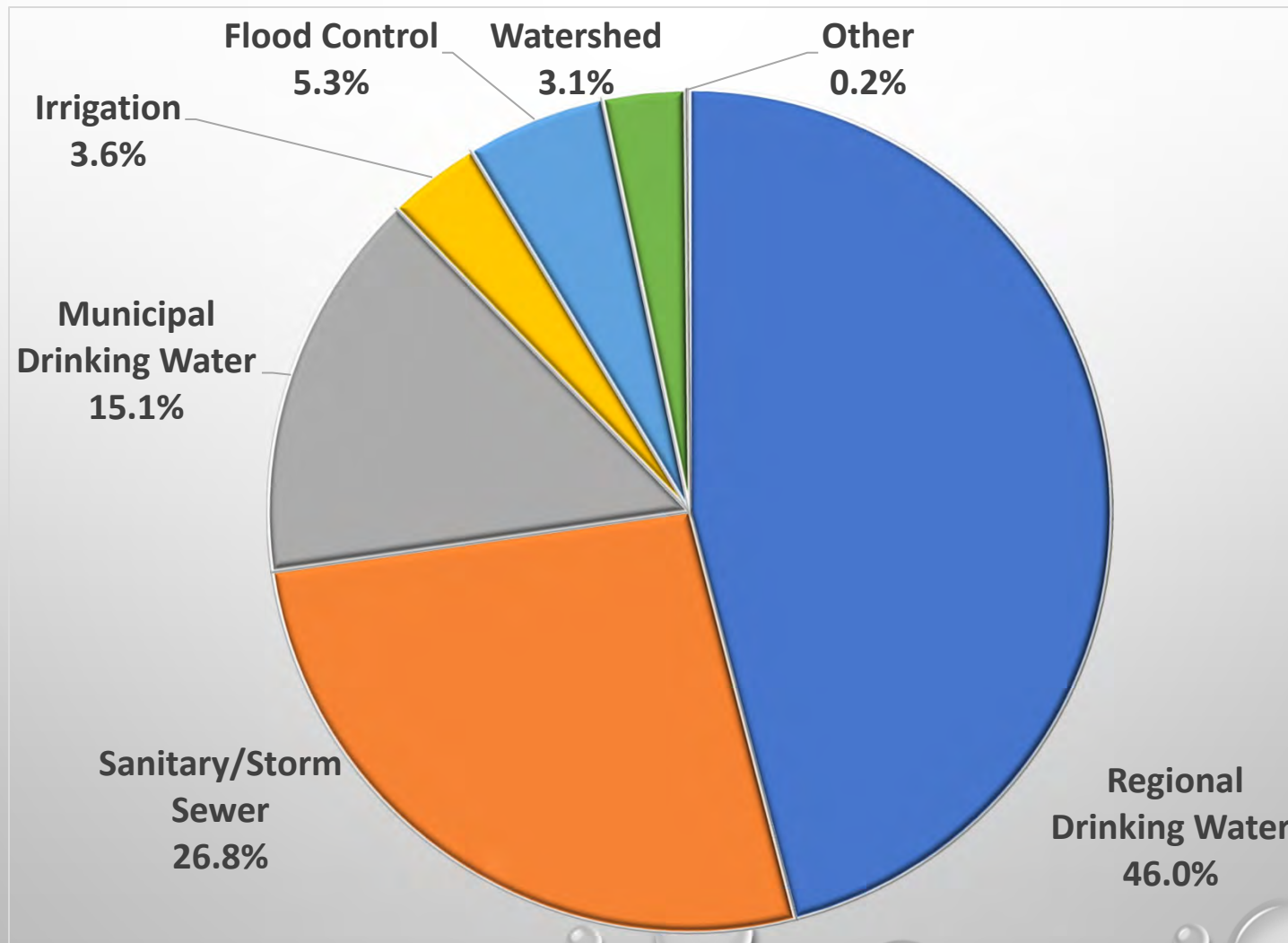
# **2021 OMNIBUS BILL FUNDING RECOMMENDATIONS**

## **BOARD OF WATER & NATURAL RESOURCES**

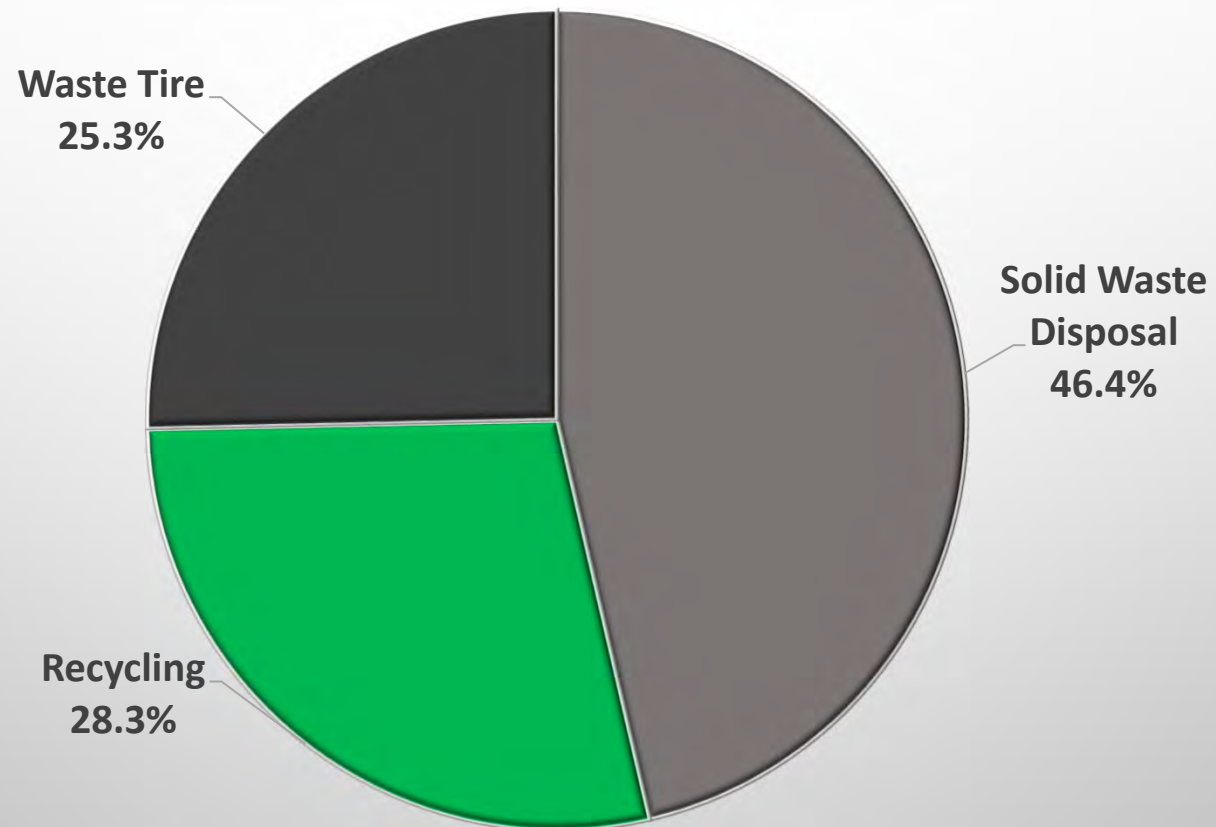
**NOVEMBER 05, 2020**



**Dedicated Water Funding**  
**\$264.8 Million**  
**1993-2020**



**Dedicated Solid Waste Fees  
\$57.5 Million  
1993-2020**





# 2021 OMNIBUS BILL

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Authorizes **Special Appropriations**  
for State Fiscal Year 2022

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Available for four fiscal years (i.e.,  
through 30-Jun-2025)

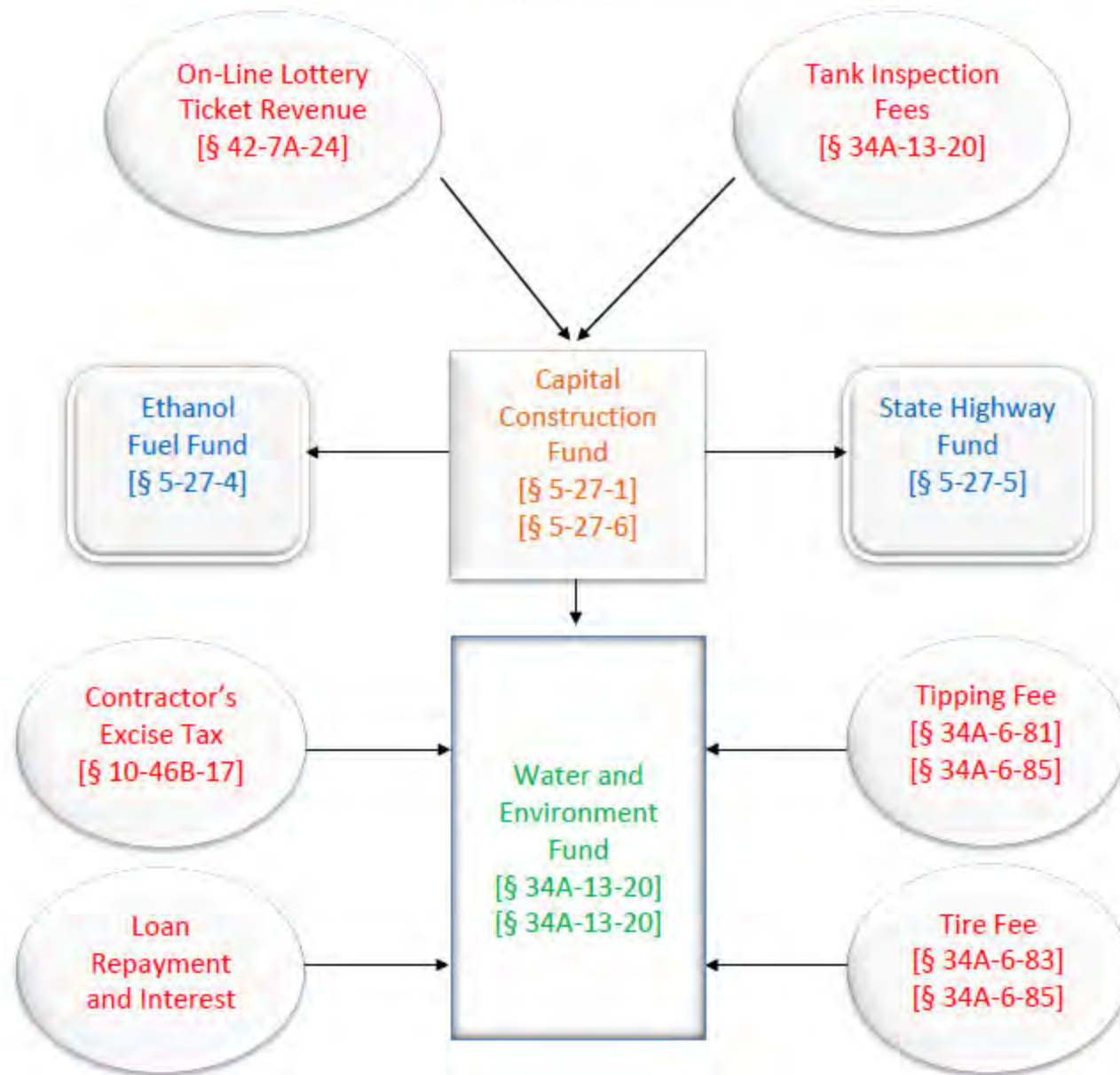
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Based on actual revenues received  
through 30-Jun-2020

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Revenue projections for SFY 2021  
and 2022 used to estimate available  
funds

# Revenue Flows





# Projected SFY 2022 South Dakota Lotto Distribution

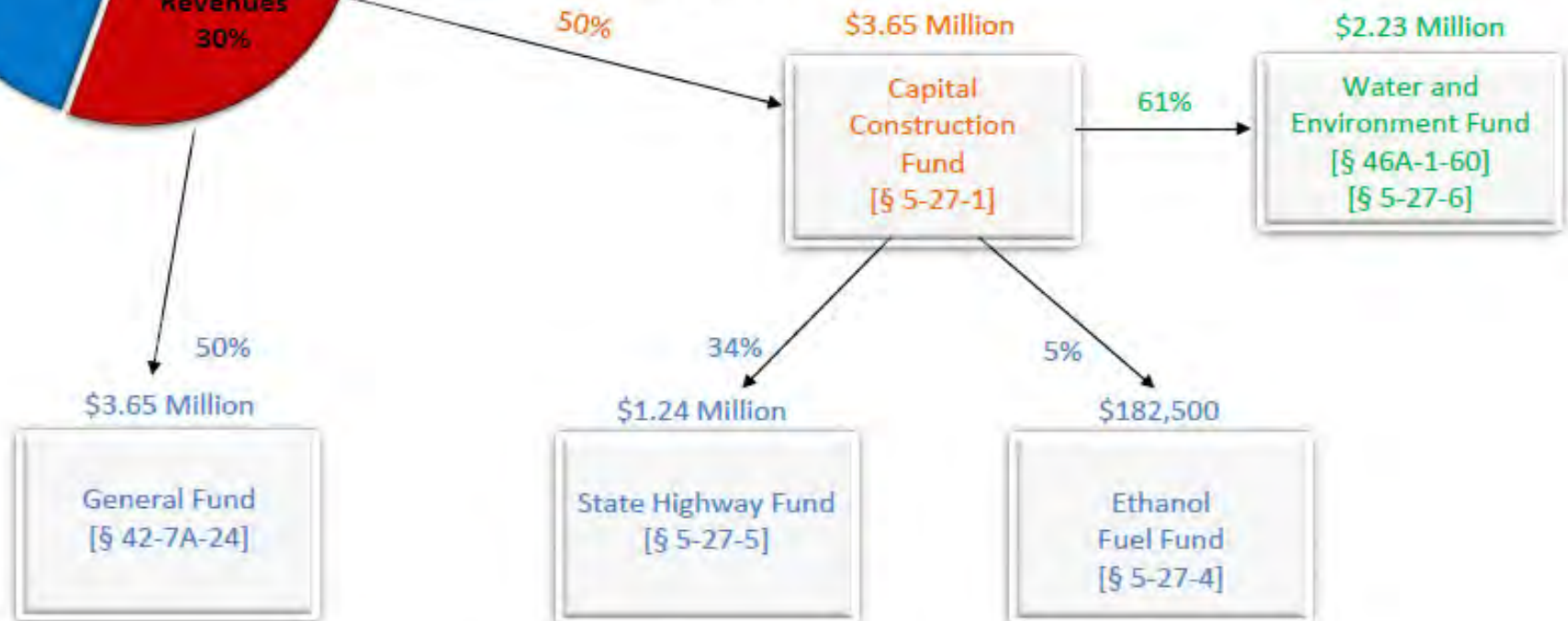
(SB 183 – SFY 2022 Percentages)

**Lotto Breakout**



SFY	On-Line Lottery Net Revenues	Lotto Deposits to Capital Construction Fund	Lotto Distribution to Water & Environment Fund
2016	\$8,577,367	\$7,177,367	\$5,153,349
2017	\$6,937,710	\$5,537,710	\$3,976,075
2018	\$8,244,532	\$6,844,532	\$4,914,374
2019	\$9,060,452	\$6,795,339	\$4,349,017
2020	\$6,718,466	\$4,367,003	\$2,707,542
**2021	\$7,000,000	\$4,550,000	\$2,775,500
**2022	\$7,300,000	\$3,650,000	\$2,226,500

\*\*Projected #s



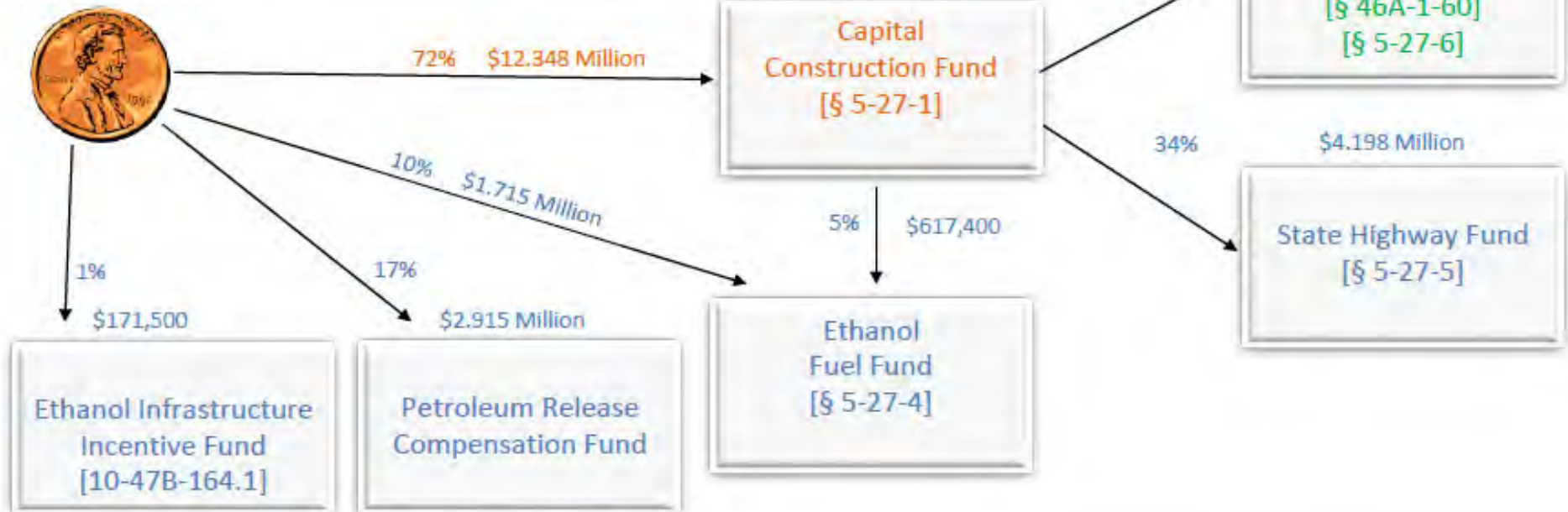
# Projected SFY 2022 Petroleum Release Compensation and Tank Inspection Fee Distribution

(\$20 per 1,000 gallons or \$0.02 per gallon)  
(SB 183 – SFY 2022 Percentages)

SFY	Tank Inspection Fees	Tank Fees Deposits to the Capital Construction Fund	Tank Fees Distribution to the Water & Environment Fund
2016	\$17,186,737	\$6,762,981	\$4,855,820
2017	\$17,131,056	\$6,741,071	\$4,840,088
2018	\$17,100,480	\$6,729,039	\$4,834,450
2019	\$16,889,290	\$9,289,110	\$5,945,030
2020	\$17,354,029	\$10,412,417	\$6,445,699
**2021	\$17,100,000	\$11,286,000	\$6,885,000
**2022	\$17,150,000	\$12,348,000	\$7,532,000

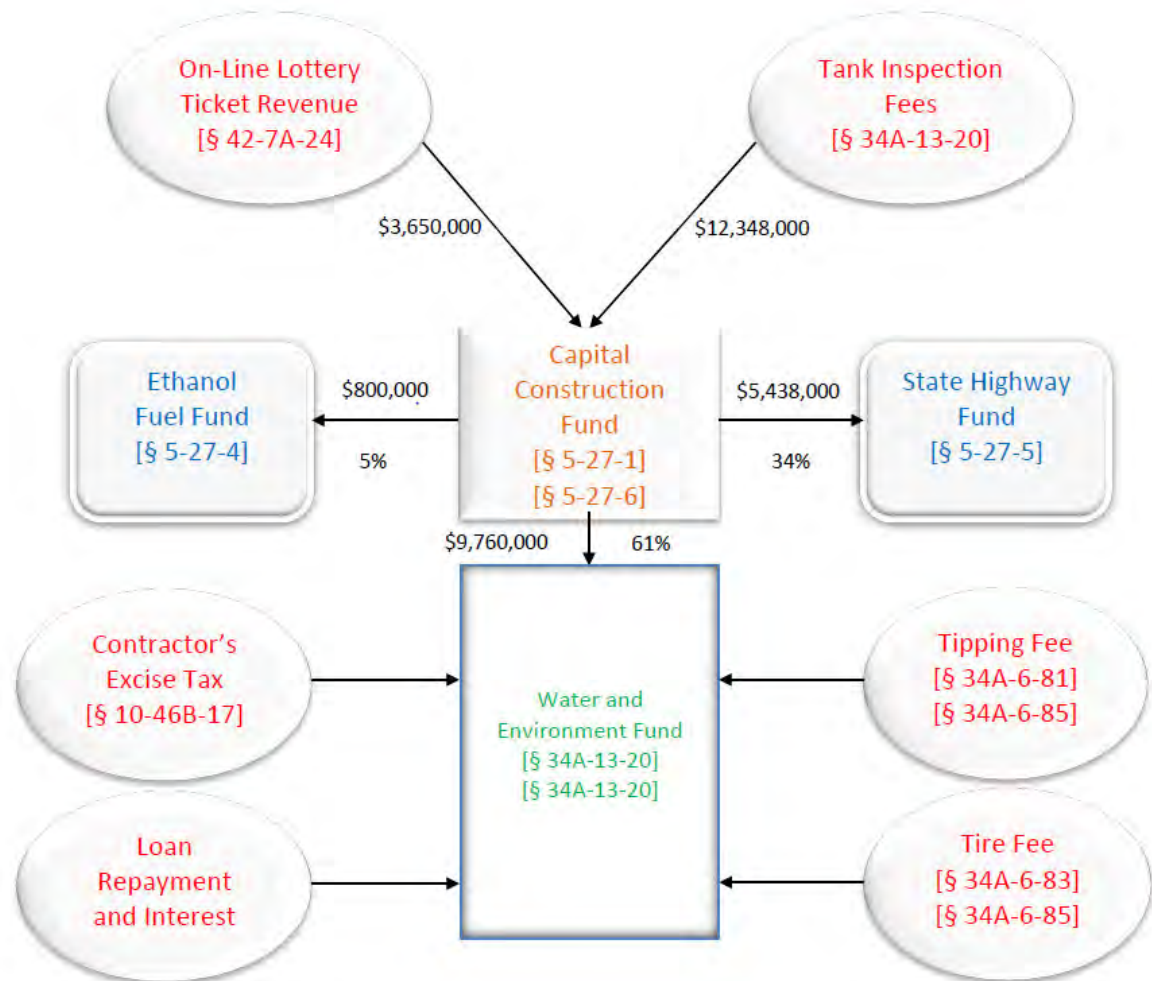
\*\*Projected #s

§ 34A-13-20 Transfers



# 2022 PROJECTED WATER & ENVIRONMENT FUND DEPOSITS

(SB 183— SFY 2022 Percentages)

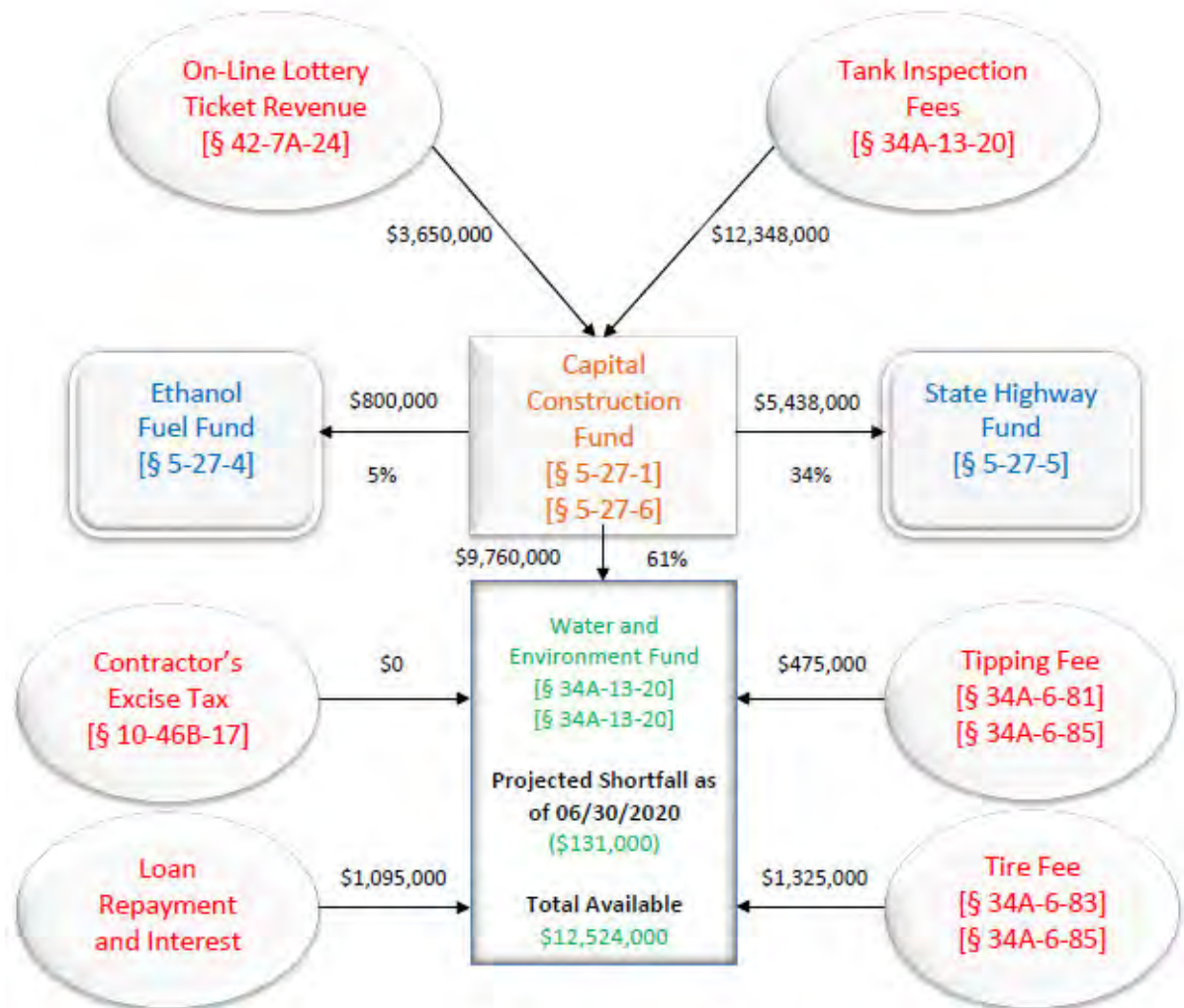




# AVAILABLE FUNDING FOR 2021 OMNIBUS BILL

WATER & ENVIRONMENT FUND	Solid Waste	Water	Total
Projected Surplus/(Shortfall) for Preparation of 2020 Omnibus Bill	\$129,000	(\$260,000)	(\$131,000)
PROJECTED SFY 2021 DEPOSITS			
CCF Transfers		\$9,760,000	\$9,760,000
Contractor's Excise Tax		\$0	\$0
Loan Repayments & Interest	\$583,000	\$512,000	\$1,095,000
Solid Waste Fees	\$1,800,000		
TOTALS	\$2,512,000	\$10,012,000	\$12,524,000

# 2022 PROJECTED WATER & ENVIRONMENT FUND DEPOSITS



(SB 183– SFY 2022 Percentages)

# WEF SPECIAL APPROPRIATIONS

**SWRMS:**  
**\$0**

+

**Consolidated:**  
**\$10,000,000**

+

**SWMP:**  
**\$2,500,000**



**Total Funding  
Recommendation:**  
**\$12,500,000**



## WEF SUBFUNDS

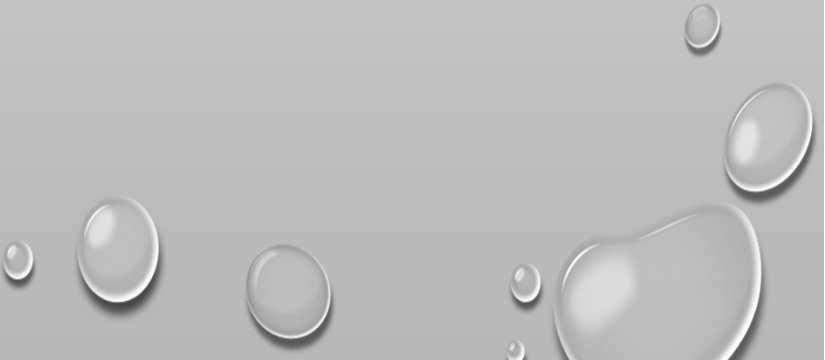
- **SDCL 46A-1-60.1 ESTABLISHED CLEAN WATER SRF PROGRAM AND DRINKING WATER SRF PROGRAM SUBFUNDS WITHIN THE WATER & ENVIRONMENT FUND.**
- **INTENDED USE PLAN ALLOCATES FUNDS FOR PURPOSES AUTHORIZED BY THE FEDERAL ACTS.**
- **OMNIBUS BILL PROVIDES BUDGET AUTHORITY FOR EXPENDITURE OF THESE FUNDS TO INCLUDE DW SRF SET-ASIDES.**
- **SPECIAL APPROPRIATIONS THAT VARY ANNUALLY. BUDGET AUTHORITY ADDRESSED THROUGH THE OMNIBUS BILL RATHER THROUGH DENR'S ANNUAL OPERATING BUDGET.**



# **FFY 2021 INTENDED USE PLAN --**

## **\$1,450,000**

### **CLEAN WATER SRF SURCHARGE FEES**


- **WATER QUALITY GRANTS**
    - **TO SUPPLEMENT THE CONSOLIDATED PROGRAM ASSISTANCE FOR COMMUNITY INFRASTRUCTURE PROJECTS**
    - **TO SUPPLEMENT THE SECTION 319 PROGRAM ASSISTANCE FOR WATERSHED PROJECTS**
  - **SMALL COMMUNITY PLANNING GRANTS**
  - **CLEAN WATER SRF APPLICATION AND ADMINISTRATION TECHNICAL ASSISTANCE**
- 



## **FFY 2021 INTENDED USE PLAN-**

**\$ 125,000**

### **DRINKING WATER SRF SET-ASIDES/ SURCHARGE FEES**

- **2% SMALL SYSTEM TECHNICAL ASSISTANCE**
    - **SMALL COMMUNITY PLANNING GRANTS**
    - **SDARWS TECHNICAL ASSISTANCE CONTRACT**
    - **\$75,000 SFY 2021 EXPENDITURE AUTHORITY**
  
  - **ADMINISTRATIVE SURCHARGE FEES**
    - **DRINKING WATER SRF APPLICATION AND ADMINISTRATION TECHNICAL ASSISTANCE**
    - **\$50,000 SFY 2021 EXPENDITURE AUTHORITY**
- 

# 2021 Omnibus Bill Funding Appropriations

	<u>Solid Waste</u>	<u>Water</u>
Consolidated Program		\$10,000,000
Solid Waste Management Program	\$2,500,000	
<b>TOTAL WEF APPROPRIATIONS</b>	<b>\$2,500,000</b>	<b>\$10,000,000</b>
State Revolving Fund (SRF) Administrative Surcharge Fees		
Clean Water SRF Water Quality Grants		\$1,250,000
Clean Water SRF Application and Admin. Technical Assistance		\$200,000
Drinking Water SRF Application and Admin. Technical Assistance		\$50,000
Federal Set-Aside Funds and Federal Subsidy Payments		
Small System Technical Assistance		\$75,000
<b>WEF SUBFUND TOTAL</b>		<b>\$1,575,000</b>
<b>TOTAL OMNIBUS BILL APPROPRIATIONS</b>		<b>\$14,075,000</b>