

State Water Plan Applications



Staff is recommending that the following projects be placed on the State Water Facilities Plan:

- Pierre
- Springfield
- Tulare
- Watertown

Staff is recommending that the following project be added to *Attachment I – Project Priority* list of the Clean Water SRF Intended Use Plan:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
15	Springfield	\$2,891,068	2.50%, 30 years
10	Watertown	\$5,665,000	2.50%, 30 years

Staff is recommending that the following projects be added to *Attachment I – Project Priority* list of the Drinking Water SRF Intended Use Plan:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
145	Springfield	\$7,615,880	2.00%, 30 years
79	Pierre	\$36,800,000	2.50%, 30 years
3	Tulare	\$1,374,800	2.25%, 30 years

September 2018 Available Funds Summary

CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM

Available Funds:	\$	2,253,805
Reversions:	\$	40,103
Available for Award:	\$	<u>2,293,908</u>

DRINKING WATER SRF WATER CONSTRUCTION GRANTS

2018 Omnibus Appropriation:	\$	1,500,000
Reversions:	\$	-
Awarded to Date:	\$	(1,100,000)
Available for Award:	\$	<u>400,000</u>

DRINKING WATER SRF PRINCIPAL FORGIVENESS

Prior Year Principal Forgiveness Allocations:	\$	36,810,000
FFY-18 Maximum Allocation:	\$	2,221,400
Reverted Principal Forgiveness:	\$	-
Awarded to Date:	\$	(36,376,607)
Available For Award:	\$	<u>2,654,793</u>
Princ. Forg. for Disadvantaged Communities:	\$	4,965,900
FFY-18 Maximum Allocation:	\$	3,332,100
Reverted Principal Forgiveness:	\$	-
Awarded to Date:	\$	(6,035,600)
Available For Award:	\$	<u>2,262,400</u>
Total Available for Award:	\$	<u>4,917,193</u>

DRINKING WATER SRF LOANS

Available Prior Year Funds (30-Sept-2017):	\$	12,974,812
FFY-18 Cap Grant & Match:	\$	11,986,980
FFY-18 Repayments:	\$	7,474,549
Leveraged Bonds:	\$	-
Deobligations/Recissions:	\$	412,522
FFY-18 Awards to Date:	\$	(22,803,000)
Available for Award:	\$	<u>10,045,863</u>

September 2018

Available Funds Summary

CLEAN WATER SRF WATER QUALITY GRANTS

Available Prior Year Funds (4-Jan-2018):	\$	54,908
2018 IUP Allocation:	\$	1,000,000
Reversions:	\$	197,022
2018 SCPG Allotment:	\$	(100,000)
Awarded to Date:	\$	(650,000)
Available for Award:	\$	<u>501,930</u>

CLEAN WATER SRF PRINCIPAL FORGIVENESS

Prior Year Principal Forgiveness Allocations:	\$	16,112,119
FFY-18 Maximum Allocation:	\$	3,143,600
Reverted Principal Forgiveness:	\$	127,182
Awarded to Date:	\$	(14,967,390)
Available For Award:	\$	<u>4,415,511</u>

CLEAN WATER SRF LOANS

Available Prior Year Funds (30-Sept-2017):	\$	62,029,470
FFY-18 Cap Grant & Match:	\$	8,969,496
FFY-18 Repayments:	\$	8,071,997
Leveraged Bonds:	\$	-
Deobligations/Recissions:	\$	3,563,157
FFY-18 Awards to Date:	\$	(25,460,700)
Available For Award:	\$	<u>57,173,420</u>

Sanitary/Storm Sewer Facilities Funding Applications



**SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
FINANCIAL ANALYSIS SUMMARY**

APPLICANT: Raymond CW-02

Total Project Cost: \$1,011,225

BWNR Funding Assistance Requested: \$1,011,225

Rate/Term: 2.5% / 30 years

Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) The town of Raymond has 34 connections. If funding is provided as all loan, the town will have to establish a surcharge of approximately \$129.45 per month.
- 2) At the recommended level of loan funding, the town of Raymond will need to increase its rates to \$41.35 per 5,000 gallons.

Funding Recommendation: \$951,225 Clean Water SRF loan with 100% principal forgiveness and a \$60,000 Consolidated loan at 2.5% for 30 years.

Debt Service Coverage: 100% with a surcharge of \$7.00

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.

**SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
FINANCIAL ANALYSIS SUMMARY**

APPLICANT: Harrisburg CW-07

Total Project Cost:	\$24,487,000
BWNR Funding Assistance Requested:	\$24,487,000
Rate/Term:	2.5%/30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) The city recently increased its wastewater rate from \$66.36/5,000 gallons to \$99.67/5,000 in anticipation of the cost of this project and the purchase of land which is covered under a separate bond issue.
- 2) The city will implement a volume based surcharge accompanied by a flat surcharge to provide security for the loan.

Funding Recommendation: Award a Clean Water SRF loan for \$24,487,000 at 2.5% for 30 years.

Debt Service Coverage: 110% based on the proposed rate structure

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 APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Mitchell CW-05

Total Project Cost: \$7,606,150
BWNR Funding Assistance Requested: \$7,524,000
Rate/Term: 1.25%/20 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) The application will involve two bonds - a project bond for \$6,842,000 and a Non-Point Source bond for \$682,000.
- 2) If funding is provided as all loan, the city will have to establish a surcharge of approximately \$7.05 per month.
- 3) The current sewer rate is \$24.77/5,000 gallons. The surcharge will raise rates to \$31.82/5,000 gallons.

Funding Recommendation: Award a \$6,842,000 Clean Water SRF loan at 1.25% for 20 years for the base project and a \$682,000 Clean Water SRF loan at 1.25% for 20 years for the NPS project.

Debt Service Coverage: 110% based on a surcharge of \$7.05

Loan Contingencies:

- 1) Contingent upon Borrower adopting two bond resolutions and the resolutions becoming effective.
- 2) Contingent upon Borrower establishing a surcharge 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 budget for the Project Implementation Plan.

Drinking Water Facilities Funding Applications



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

APPLICANT: Mitchell DW-03

Total Project Cost:	\$903,250
BWNR Funding Assistance Requested:	\$821,000
Rate/Term:	2.25%/20 years
Security Pledged For Repayment Of Loan:	System Revenue

Staff Analysis

- 1) If funding is provided as all loan, the city will have over 300% debt coverage based on the current rate of \$29.15 per 5,000 gallons.

Funding Recommendation: Award a \$821,000 Drinking Water SRF loan at 2.25% for 20 years.

Debt Service Coverage: 339% based on current rates.

Loan Contingencies:

- 1) Contingent upon the Borrower adopting a bond resolution and the resolution becoming effective.

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CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM

Available Funds:	\$	2,253,805
Reversions:	\$	40,103
Available for Award:	\$	<u>2,293,908</u>
Recommended:	\$	(60,000)
Balance:	\$	<u>2,233,908</u>

DRINKING WATER SRF WATER CONSTRUCTION GRANTS

2018 Omnibus Appropriation:	\$	1,500,000
Reversions:	\$	-
Available for Award:	\$	<u>400,000</u>
Recommended:	\$	-
Balance:	\$	<u>400,000</u>

DRINKING WATER SRF PRINCIPAL FORGIVENESS

Prior Year Principal Forgiveness Allocations:	\$	36,810,000
FFY-18 Maximum Allocation:	\$	2,221,400
Reverted Principal Forgiveness:	\$	-
Awarded to Date:	\$	<u>(36,376,607)</u>
Available For Award:	\$	2,654,793
Recommended:	\$	-
Balance:	\$	<u>2,654,793</u>
Princ. Forg. for Disadvantaged Communities:	\$	4,965,900
FFY-18 Maximum Allocation:	\$	3,332,100
Reverted Principal Forgiveness:	\$	-
Awarded to Date:	\$	<u>(6,035,600)</u>
Available For Award:	\$	2,262,400
Recommended:	\$	-
Balance:	\$	<u>2,262,400</u>
Total Balance:	\$	<u>4,917,193</u>

DRINKING WATER SRF LOANS

Available Prior Year Funds (30-Sept-2017):	\$	12,974,812
FFY-18 Cap Grant & Match:	\$	11,986,980
FFY-18 Repayments:	\$	7,474,549
Leveraged Bonds:	\$	-
Deobligations/Recissions:	\$	412,522
FFY-18 Awards to Date:	\$	<u>(22,803,000)</u>
Available for Award:	\$	10,045,863
Recommended PF:	\$	-
Recommended Loan:	\$	<u>(821,000)</u>
Balance:	\$	<u>9,224,863</u>

September 2018 Available Funds Summary

CLEAN WATER SRF WATER QUALITY GRANTS

Available Prior Year Funds (4-Jan-2018):	\$	54,908
2018 IUP Allocation:	\$	1,000,000
Reversions:	\$	197,022
2018 SCPG Allotment:	\$	(100,000)
Awarded to Date:	\$	<u>(650,000)</u>
Available for Award:	\$	501,930
Recommended:	\$	<u>-</u>
Balance:	\$	501,930

CLEAN WATER SRF PRINCIPAL FORGIVENESS

Prior Year Principal Forgiveness Allocations:	\$	16,112,119
FFY-18 Maximum Allocation:	\$	3,143,600
Reverted Principal Forgiveness:	\$	127,182
Awarded to Date:	\$	<u>(14,967,390)</u>
Available For Award:	\$	4,415,511
Recommended:	\$	<u>(951,225)</u>
Balance:	\$	3,464,286

CLEAN WATER SRF LOANS

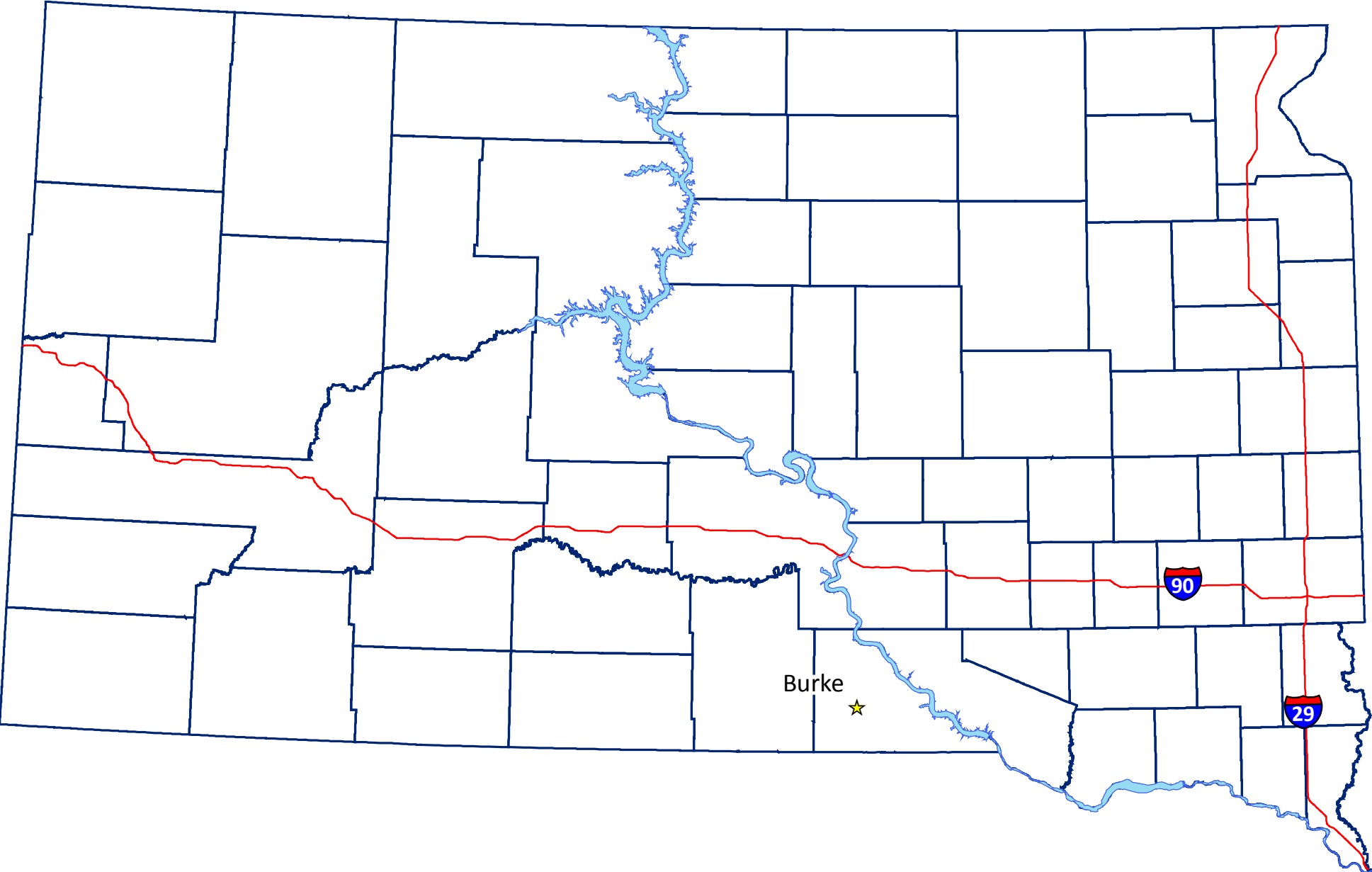
Available Prior Year Funds (30-Sept-2017):	\$	62,029,470
FFY-18 Cap Grant & Match:	\$	8,969,496
FFY-18 Repayments:	\$	8,071,997
Leveraged Bonds:	\$	-
Deobligations/Recissions:	\$	3,563,157
FFY-18 Awards to Date:	\$	<u>(25,460,700)</u>
Available For Award:	\$	57,173,420
Recommended PF:	\$	(951,225)
Recommended Loan:	\$	<u>(32,011,000)</u>
Balance:	\$	24,211,195

September 2018
Dedicated Solid Waste Management Fees

Solid Waste Management Program (SWMP)

Available Funds:	\$	3,459,308
Reversions:	\$	50,529
Available for Award:	\$	<u>3,509,837</u>

Solid Waste Management Program Funding Applications



SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: City of Burke

Total Project Cost: \$14,125
BWNR Funding Assistance Requested: \$7,000

Staff Analysis

- 1) The City of Burke is requesting funding to increase the recycling capacity in the community. Burke recently introduced a small recycling program in the city which was met with overwhelming success. The recycling program needs to increase the size of recycling collection containers to meet the increasing demand and allow for a more reasonable amount of time for hauling to a larger collection facility. The City of Burke is proposing to use Solid Waste Management Program funding in conjunction with city funds and funds from other community organizations to purchase a 25-cubic yard recycling trailer to meet the recycling capacity needs of the community.

Funding Recommendation: Award a Solid Waste Management Program grant at 49.6% of eligible project costs, not to exceed \$7,000.

September 2018

Dedicated Solid Waste Management Fees

Solid Waste Management Program (SWMP)

Available Funds:	\$	3,459,308
Reversions:	\$	50,529
Available for Award:	\$	<u>3,509,837</u>
Recommended:	\$	<u>(7,000)</u>
Balance:	\$	3,502,837

Peschong, Jonathan

From: Ivan Vancas <iazjvancas@gmail.com>
Sent: Monday, September 24, 2018 9:33 AM
To: Lysann Zeller; Deering, Harold; Peschong, Jonathan; Mayer, Mark; Prince, Allen
Cc: Elaine Karsky; Nathan Woods; Talbot J. Wiczorek; Sheila L. Solano
Subject: Fwd: [EXT] Letter to BWNR

Board of Water and Natural Resources

Re: Sheridan Lake Highlands

On behalf of the homeowners in Sheridan Lake Highlands we want to thank you for approving our loan and grant this past June. We are a small community water system in Rapid City that was purchased from the developer. We did so because it was being so poorly managed we felt we had no other choice. This took a great deal of time and effort. As a completely volunteer Board made up of three homeowners we were quite thrilled to have accomplished what we did.

At the final hour we discovered one of the requirements of the loan was going to have a significant impact on our budget and rates. We found that an audit would be required every other year for the life of the loan. Our consolidated loan is for \$211,700 for 30 years. Meaning we would be required to do 15 audits. The cost of these audits was not included in the budget submitted to the BWNR.

We contacted the accounting firm that did our tax return and inquired about the cost of an audit and explained the circumstances for needing it. We were told that an audit would be approximately \$8500. Over the life of our loan that comes to \$127,500. That is a staggering amount of money considering it is more than half of what we are borrowing. Even a final project audit, based on the scope provided by DENR staff, would cost nearly as much as a full compliance audit.

The difficulty this audit requirement places on us cannot be overstated. We had a deadline to pay off the short term loan we received from the West River Foundation and a payment to the developer due. We did NOT want to accept the loan based on this requirement. We however, found we had no choice.

Prior to signing the loan we did some investigating. We were told that it was required because it was a government loan/grant. So again we contacted the accounting firm for guidance. They sent us the transcript of the Single Audit Act 204.10 Audit Threshold which says "-A nonfederal entity that expends \$750,000 or more in its fiscal year in federal awards must have either a single or program-specific audit performed for that year in accordance with 2CFR part 200 [2CFR section 200.514 (single audits) or 200.507 (program-specific audits)].

-A non federal entity that expends less than \$750,000 during its fiscal year in federal awards is exempt from federal audit requirements." We certainly fall into this category.

We contacted the state to ask if this requirement could be removed based on this and the hardship paying for these audits would create. This would require us to raise our monthly water rates by approximately \$15 per month, per household. As we are currently paying a \$110 base rate/ month that will be going up to \$133/

month to cover the loan repayment adding another \$15/ month would create another heavy burden for all homeowners. We are already considered to have one of the highest rates in the state. We were told only you, the BWNR could change these requirements.

We understand you will meet on September 27th and we are requesting that you review and amend these requirements. Especially for small loans such as ours. We believe staff will be requesting that you amend these requirements based on a dollar threshold. We are righting in support of amending this requirement based on loans below \$500,000. And then amend the requirements of our loan specifically.

Respectfully,

The Sheridan Lake Highlands Board

Angela Vancas, President

Nathan Woods, Vice President

Elaine Karsky, Secretary/ Treasurer

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