

**South Dakota Department of  
Environment and Natural Resources**



*Protecting South Dakota's Tomorrow ... Today*

**BOARD OF WATER AND NATURAL RESOURCES**

**November 7, 2019**

**DIGITAL DAKOTA NETWORK**

**Via Digital Dakota Network (DDN)**

**Thursday, November 7, 2019**

**1:00 p.m. CT**

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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>

**A list of DDN sites is attached.**

**AGENDA**

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

**November 7, 2019**

*1:00 p.m. CT*

1. Call meeting to order
2. Approve Agenda
3. Approve minutes of September 26, 2019 meeting
4. Public Comment Period
5. Review Interest Rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Program, and Solid Waste Management Program — Mike Perkovich

Notice is given to individuals with disabilities that this meeting is being held in a physically accessible location. Please notify the Department of Environment and Natural Resources at least 48 hours before the meeting if you have a disability for which special arrangements must be made. The telephone number for making arrangements is (605) 773-4216.

6. 2020 State Water Plan Applications — Andy Bruels

- |                        |                          |
|------------------------|--------------------------|
| a) Bowdle (water)      | p) Montrose              |
| b) Bowdle (wastewater) | q) North Sioux City      |
| c) Burke               | r) Pickstown             |
| d) Dell Rapids         | s) Piedmont (wastewater) |
| e) DeSmet              | t) Piedmont (water)      |
| f) Eagle Butte         | u) Saint Lawrence        |
| g) Eureka              | v) Tea                   |
| h) Harrisburg          | w) Tripp                 |
| i) Hot Springs         | x) Valley Springs        |
| j) Hudson              | y) Volga                 |
| k) Hurley              | z) Watertown             |
| l) Lake Preston        | aa) Webster (water)      |
| m) Madison             | bb) Webster (wastewater) |
| n) Mellette            | cc) Wolsey               |
| o) Mitchell            |                          |

7. Public Hearing to Adopt the FFY 2020 Clean Water State Revolving Fund Intended Use Plan — Andy Bruels
8. Public Hearing to Adopt the FFY 2020 Drinking Water State Revolving Fund Intended Use Plan — Andy Bruels
9. State Water Resources Management System Recommendations — Mike Perkovich
10. Omnibus Bill Funding Recommendations — Stephanie Riggle
11. State Fiscal Year 2019 Investments & Investment Returns – Jon Peschong
12. Rapid Valley Sanitary District Intercreditor Agreement – Dave Ruhnke
13. 2019 Annual Report and the 2020 State Water Plan — Andy Bruels
14. Extension of Current Contract for Services Between U.S. Bank National Association and the South Dakota Conservancy District – David Ruhnke
15. January 3, 2020 Meeting
16. Adjourn

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**Digital Dakota Network Sites  
Board of Water and Natural  
Resources  
November 7, 2019 1:00 p.m.  
Central Time**

**ABERDEEN**

Northern State University

Location Map:

<https://www.northern.edu/about/campus/campusmap>

Beulah Williams Library, Room 117

**BROOKINGS**

Department of Transportation

2131 34th Avenue

**MITCHELL**

Mitchell Technical Institute

Location Map:

<https://www.mitchelltech.edu/campus-map>

MTI Technology Center, Room 155

**PIERRE**

Capitol Building

500 E. Capitol Avenue

Room B12, Studio A

**RAPID CITY**

Rapid City Emergency Operations Center

130 Kansas City Street

Pennington County Administration Building – 1<sup>st</sup> Floor Conference Room

<http://docs.pennco.org/docs/EM/docs/eoc-location-map-class.pdf>

**SIOUX FALLS**

University Center

Location Map:

<https://denr.sd.gov/FADM%201st%20Floo.pdf>

Room FADM 145

**WATERTOWN**

Department of Environment and Natural Resources

2001 9th Avenue SW

Suite 500

The audio recording for this meeting is available on the South Dakota Boards and Commissions Portal at <http://boardsandcommissions.sd.gov/Meetings.aspx?BoardIDis108>

Minutes of the  
Board of Water and Natural Resources Meeting  
Matthew Training Center  
523 East Capitol  
Pierre, South Dakota

September 26, 2019  
1:00 p.m. CT

CALL MEETING TO ORDER: The meeting was called to order by Chairman Jerry Soholt. A quorum was present.

Chairman Soholt announced that the meeting was streaming live on SD.net, a service of South Dakota Public Broadcasting.

BOARD MEMBERS PRESENT: Jerry Soholt, Gene Jones, Todd Bernhard, Paul Gnirk, and Karl Adam.

BOARD MEMBERS ABSENT: Jackie Lanning and Kathy Johnson.

OTHERS PRESENT: See attached attendance sheets.

APPROVE AGENDA: Andy Bruels noted that Dave Ruhnke would present Item 7, Investment Broker Agreements.

Motion by Gnirk, seconded by Jones, to approve the agenda. Motion carried unanimously.

APPROVE MINUTES OF JUNE 27 AND JULY 22, 2019, MEETINGS: Motion by Gnirk, seconded by Bernhard, to approve the minutes of the June 27 and July 22, 2019, Board of Water and Natural Resources meetings. Motion carried unanimously.

INTRODUCTIONS: Andy Bruels introduced new board member Karl Adam, Pierre, who was appointed by Governor Noem to replace Brad Johnson.

Mr. Bruels introduced new DENR secretary Hunter Roberts, Pierre, who was appointed by Governor Noem to replace Steve Pirner who retired.

The board welcomed Mr. Adam and Secretary Roberts.

PUBLIC COMMENT PERIOD: There were no public comments.

PUBLIC HEARING TO ADOPT 2020 BROWNFIELDS REVITALIZATION AND ECONOMIC DEVELOPMENT PROGRAM WORK PLAN: Chairman Soholt opened the hearing at 1:10 p.m. Central Time.

The purpose of the hearing was to receive public input and adopt the FFY 2020 Brownfields Revitalization and Economic Development Program work plan. The primary purpose of the work plan is to identify Brownfields projects to be funded through the Brownfields Revolving Loan Subfund and Brownfields Assessment and Cleanup Subfund and amounts available to fund such projects.

Nayyer Syed, DENR Ground Water Quality Program, presented and discussed the proposed FFY 2020 Brownfields Revitalization and Economic Development work plan.

Each year the department receives funds from EPA for the development and enhancement of the state Brownfields Program.

Limited funding is available for the Assessment and Cleanup Subfund. The funds will be used by the department to hire contractors to perform assessment and cleanup work on eligible Brownfields sites. The work plan includes a list of Brownfields assessment and cleanup projects to be funded.

Notice of the public hearing was published in the Aberdeen American News, Rapid City Journal, and Pierre Capital Journal on August 16, 2019. The notice is also available on the Department of Environment and Natural Resources' website.

Mr. Syed noted that no public comments were received after publication of the notice. He requested approval of the workplan.

Chairman Soholt requested public testimony regarding the proposed work plan. There was no public testimony.

Motion by Bernhard, seconded by Gnirk, to adopt the FFY 2020 Brownfields Revitalization and Economic Development Program work plan. Motion carried unanimously.

INVESTMENT BROKER AGREEMENTS: Dave Ruhnke reported that at the January 2019 meeting, the board approved the request for proposals for an investment manager since the contract with PFM Asset Management was expiring on March 31, 2019. Staff and the board subcommittee reviewed five proposals that were submitted, and it was decided not to retain an investment manager. It was determined that through an investment broker, staff could direct the purchase or sale of securities, saving the Conservancy District an estimated \$40,000 to \$50,000 annually.

Staff and legal counsel have been working with investment brokers to serve as brokers on fixed income trading of U.S. Government and Agency securities for the South Dakota Conservancy District.

Mr. Ruhnke noted that included in the board packet were the investment broker agreements from Wells Fargo Securities, LLC and U.S. Bank Money Center, as negotiated. Legal counsel has reviewed and approved each of the investment broker agreements. The agreements do not have a specific timeframe, or a cost associated with them, but will allow designated staff members to buy and sell fixed income U.S. Government and Agency securities.

Staff recommended the board approve both agreements.

Motion by Bernhard, seconded by Gnirk, to approve the investment broker agreement with Wells Fargo Securities LLC. Motion carried unanimously.

Motion by Jones, seconded by Bernhard, to approve the investment broker agreement with U.S. Bank Money Center. Motion carried unanimously.

STATE FISCAL YEAR 2019 STATE REVOLVING FUNDS REPORT TO THE INTERIM BOND REVIEW COMMITTEE: Andy Bruels reported that the South Dakota Conservancy District is required to report to the Legislative Bonding Review Committee annually on its bond-related activities. A draft report was included in the board packet. The report covers State fiscal year 2019 (July 1, 2018 – June 30, 2019).

The report consists of six sections. The Executive Summary summarizes the programs and the board's authority and discusses the 2018 bond issue, which was closed in December 2018. It also provides a summary of previous bond activity and SFY 2019 program activity. In SFY 2019, the board awarded 16 Clean Water SRF loans and one amendment totaling \$82,148,775 and 16 Drinking Water SRF loans and one amendment totaling \$58,507,000.

Section 2 contains the unaudited financial statements for both SRF programs.

Sections 3 and 4 of the report include overviews and history of the Clean Water and Drinking Water SRF programs. The board has awarded nearly \$852.8 million in Clean Water SRF loans and \$590.8 million in Drinking Water SRF loans. The two programs have awarded more than \$1.44 billion to South Dakota communities beginning in November 1989 with a Clean Water SRF loan to Huron. The first Drinking Water SRF loan was to Sturgis in January 1998.

Section 5 includes the Bond Issue Summaries. A summary for the 2018 bond issue was added to this report.

Section 6 show the statutes governing the South Dakota Conservancy District and the SRF programs.

Staff recommended that the board approve the 2019 Legislative Bond Review Committee Report and to authorize the staff to print and distribute the report on behalf of the board.

Mr. Bruels answered questions from the board.

Motion by Bernhard, seconded by Gnirk to approve and authorize staff to distribute the SFY 2019 State Revolving Fund report to the Interim Bond Review Committee. Motion carried unanimously.

AMENDMENTS TO THE STATE WATER PLAN, 2019 CLEAN WATER SRF INTENDED USE PLAN, AND 2019 DRINKING WATER SRF INTENDED USE PLAN

## **Amendments to State Water Plan**

Andy Bruels reported that water projects which will require state funding or need state support for categorical grant or loan funding need to be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement on State Water Facilities Plan and provides for amendment of projects onto the plan on a quarterly basis. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed on the plan at this meeting will remain on the facilities plan through December 2020.

Projects seeking a Clean Water or Drinking Water State Revolving Fund loan must be included on the project priority list of the Intended Use Plan. The State Water Plan applications are used to determine which projects should be amended onto the State Revolving Fund Project Priority Lists.

Four State Water Plan applications were received by the August 1, 2019, deadline. As he presented the State Water Plan applications, Mr. Bruels identified those projects to be placed on the Clean Water SRF and Drinking Water SRF project priority lists.

**Clay Rural Water System** requested placement onto the facilities plan to install nine miles of distribution line to better serve customers, install a new booster station, and to upgrade their SCADA and other electronic communication systems. The estimated total project cost is \$2,158,500. The project will be placed on the Drinking Water IUP with 17 priority points and an estimated loan amount of \$2,158,500 at 2.75 percent interest for 30 years.

**Huron** requested placement onto the facilities plan to construct a new Sequencing Batch Reactor (SBR) system near their existing SBR site. The project will also rehabilitate the existing pretreatment facility. The estimated total project cost is \$14,945,500. The project will be placed on the Clean Water IUP with 24 priority points and an estimated loan amount of \$14,945,500 at 2.75 percent interest for 30 years.

**Sioux Falls** requested amendment onto the facilities plan to improve and upgrade the storm water piping in three existing developed areas in the city to include Basin 95 near 53<sup>rd</sup> Street and West Mesa Pass, Basin 104 near 49<sup>th</sup> Street and Oxbow avenue, and Basin 371 near Sertoma and Theodore Avenues. The total funding also includes \$457,466 of nonpoint source improvements to the Big Sioux watershed project. The estimated total project cost is \$9,457,466. The project will be placed on the Clean Water IUP with 12 priority points and an estimated loan amount of \$9,457,466 at 1.25 percent interest for 10 years.

**Volga** requested amendment onto the facilities plan to construct a new 750,000-gallon elevated water storage tower. The existing water tower does not have adequate capacity to meet the average day demand of the city. The estimated total project cost is \$2,790,000. The project will be placed on the Drinking Water IUP with 20 priority points and an estimated loan amount of \$2,790,000 at 2.75 percent interest for 30 years.

Staff recommended amending the four projects onto the State Water Facilities Plan.

Motion by Gnirk, seconded by Bernhard, to amend the four projects onto the State Water Facilities Plan. Motion carried unanimously.

### **Amendments to Clean Water SRF IUP**

In addition to the two clean water projects that were placed on the 2019 State Water Plan, there was one additional project be placed onto the Clean Water SRF Project Priority List.

**Lennox** will complete the Phase III replacement of storm and sanitary sewer pipes in the city's central basin project. The city previously received funding for Phases II and III; however, after bids were opened it was determined that additional funds would be necessary to complete the Phase III portion of the work. The project will be placed on the Clean Water IUP with 10 priority points and an estimated loan amount of \$1,000,000 at 2.75 percent interest for 30 years.

Staff recommended the addition of the Huron, Sioux Falls, and Lennox projects onto the 2019 Clean Water SRF IUP.

Motion by Jones, seconded by Adam, to accept the staff recommendation regarding amendments to the 2019 Clean Water SRF IUP. Motion carried unanimously.

### **Amendments to Drinking Water SRF IUP**

In addition to the two drinking water projects that were placed on the 2019 State Water Plan, there were two additional projects to be placed onto the Drinking Water SRF Project Priority List.

**Lennox** will complete the Phase III replacement of water distribution pipes in the city's central basin project. The city previously received funding for Phases II and III; however, after bids were opened it was determined additional funds would be necessary to complete the Phase III portion of the work. The project will be placed on the Drinking Water IUP with 10 priority points and an estimated loan amount of \$375,000 at 2.50 percent interest for 30 years.

**Ree Heights** will replace the meters and water distribution system. After completion, the system will be turned over to Mid-Dakota Rural Water System with Ree Heights customers becoming individual users of Mid-Dakota. The city previously received funding for this project, however, after changes from the original project scope were made and bids were opened it was determined that additional funds would be necessary to complete the project. The project will be placed on the Drinking Water IUP with 67 priority points and an estimated loan amount of \$590,000 at 2.50 percent interest for 30 years.

Staff recommended the addition of the Ree Heights, Volga, Clay Rural Water System, and Lennox projects onto the 2019 Drinking Water SRF IUP.

Motion by Jones, seconded by Gnirk, to accept the staff recommendation regarding amendments to the 2019 Drinking Water SRF IUP. Motion carried unanimously.

AVAILABLE FUNDING: Mr. Bruels reviewed available funds for the Consolidated Water Facilities Construction Program, Drinking Water SRF Principal Forgiveness, Drinking Water SRF Loans, Clean Water SRF Water Quality Grants, Clean Water SRF Principal Forgiveness, and Clean Water SRF loans.



DRINKING WATER FACILITIES FUNDING APPLICATIONS: Mr. Bruels presented the applications and staff funding recommendations. A map showing the location of the projects was included in the board packet.

**Ree Heights** requested funding to replace the water distribution system. Upon completion of the project, Mid-Dakota Rural Water System (RWS) will take over all operational and maintenance requirements of the system and serve Ree Heights users as individual users.

Ree Heights anticipates bidding the project in the fall of 2019 with project completion in the summer 2020.

The estimated total project amount is \$1,020,000, and the amount requested is \$590,000.

Rates in Ree Heights are \$23.00 per 5,000 gallons.

Mr. Bruels reported that in March 2018 Ree Heights received a \$509,000 Drinking Water SRF loan with 84.5 percent principal forgiveness not to exceed \$430,000 to replace its water distribution system. Mid-Dakota RWS agreed to assume ownership of the water system and provide individual service to the town's users once the distribution system was replaced. The loan was later amended to \$430,000 with 100 percent principal forgiveness. Mid-Dakota RWS agreed to pay for the remaining \$79,000. The project was bid in early 2019, and the bids were much higher than the estimates. This was attributed largely to a mistake in the original cost estimate and a significant increase in the number of services to be replaced. As a result, Ree Heights is now requesting an additional \$590,000.

Staff recommended awarding a \$432,000 Drinking Water SRF loan with 100 percent as principal forgiveness.

The loan amount was determined by subtracting the \$79,000 Mid-Dakota RWS contribution, which was not considered in the new application, from the request and multiplying the result by 84.5 percent as provided in the original award. After a meeting with the town and Mid-Dakota RWS, it was decided that Ree Heights will use funds from its cash reserves to pay the remaining project costs. Current water rates for Mid-Dakota customers are \$65.75 per 5,000 gallons usage, which is similar to recent system consolidation projects approved by the board.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective.

Lyle Schumack, Bartlett & West, Inc., Scott Gross, Mid-Dakota Rural Water System, and Renea Phinney, town of Ree Heights, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2019-65** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$432,000 with 100 percent principal forgiveness to **Ree Heights** for water system improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the

performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried unanimously.

**Pierpont** requested funding to replace 80 old and non-functioning water meters throughout town with a new electronic read water meter system.

Pierpont anticipates bidding the project in February of 2020 with project completion in August 2020.

The estimated total project amount is \$132,000, and the amount requested is \$132,000.

Rates in Pierpont are \$58.00 per 5,000 gallons.

Mr. Bruels noted that water conservation projects, to include water meters, are eligible for Clean Water SRF funding. This project can be used to meet the Green Project Reserve requirements on current and prior year Clean Water capitalization grants. There are no Green Project Reserve requirements associated with recent Drinking Water capitalization grants.

Staff recommended awarding a \$132,000 Clean Water SRF loan at 2.25 percent interest for 10 years with 89.4 percent principal forgiveness not to exceed \$118,000.

Pierpont has pledged a project surcharge for repayment of the loan. Staff analysis shows that a \$2.00 surcharge is required for repayment of the \$14,000 net loan. The town has established an \$11.00 surcharge to repay a previous Drinking Water SRF loan. A surcharge of only \$9.00 is required for repayment of the previous loan, leaving the extra \$2.00 being collected available for repayment of this new loan. Staff also expects Pierpont will realize an increase in revenues once functioning water meters are installed.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Audry Johnson, Town President, and Leif Redinger, Helms & Associates, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2019-66** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$132,000 at 2.25 percent interest for 10 years with 89.4 percent principal forgiveness not to exceed \$118,000 to **Pierpont** for a water meter replacement project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried unanimously.

**Lennox** requested funding to replace, extend, and loop 2,400 feet of water main in the central part of the city. A portion of the work was bid in the spring of 2019, and costs exceeded the engineer's estimate. The engineer projects a shortfall of \$375,000 between current funding and actual costs to complete the water main portion of the project.

The city bid Phase 2 of the project in the spring of 2019 and anticipates bidding Phase 3 in the spring of 2020 with project completion of October 2020.

The estimated total project amount is \$1,282,000, and the amount requested is \$375,000.

Rates in Lennox are \$53.42 per 5,000 gallons.

Lennox previously received a \$921,000 Drinking Water SRF loan to fund this project.

Staff recommended awarding a \$375,000 Drinking Water SRF loan at 2.75 percent interest for 30 years.

Lennox has pledged a project surcharge for repayment of the loan.

Lennox received no subsidy when the original award was made in 2017. At that time the city's rates were \$49.00 for 5,000 gallons. Due to a substantial savings that Lennox was to realize by using the Lewis and Clark Regional Water System as its sole source of water, a rate increase was not necessary to cover the \$921,000 Drinking Water SRF loan. A surcharge of \$1.65 is needed to provide the required 110 percent debt coverage on the additional \$375,000 being requested. Staff analysis indicates that by restructuring current rates to include the new surcharge amount, Lennox can repay this loan without a rate increase.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Denise Hanson, finance officer, read a letter from Mayor Tracy West.

Motion by Jones, seconded by Adam, to adopt **Resolution No. 2019-67** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$375,000 at 2.75 percent interest for 30 years to **Lennox** for the Central Basin water improvements Phases 2 and 3 project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried unanimously.

**Lincoln County Rural Water System** requested funding to install 20,400 feet of parallel transmission mainline in Springdale Township to provide redundancy within the system and increase water quantity and system pressures.

The Rural Water System anticipates bidding the project in December 2019 with project completion in the winter of 2020.

The estimated total project amount is \$2,090,000, and the amount requested is \$750,000. Lincoln County Rural Water System will contribute \$1,340,000 in local cash.

Rates are \$64.75 per 7,000 gallons.

Staff recommended awarding a \$750,000 Drinking Water SRF loan at 2.75 percent interest for 30 years.

Lincoln County Rural Water System has pledged system revenue for repayment of the loan. Staff analysis indicates that the current rates generate 815 percent coverage, which exceeds the 110 percent requirement.

Staff recommended the loan being contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, Lincoln County Rural Water System, and the District.

Robin Dykstra, manager of the rural water system, and Nathan Brandenburg, DGR, discussed the project and answered questions from the board.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2019-68** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$750,000 at 2.75 percent interest for 30 years to **Lincoln County Rural Water System** for main transmission line improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, Lincoln County Rural Water System, and the District. Motion carried unanimously.

**SANITARY/STORM SEWER FACILITIES FUNDING APPLICATIONS:** Mr. Bruels presented the applications and staff funding recommendations. A map showing the location of the projects was included in the board packet.

**Sioux Falls** requested funding for the expansion of the Water Reclamation Facility estimated to cost \$159,000,000. This \$41,625,000 funding application is the first of four loans anticipated to fund the project over the next three to four years. The project includes improvements to the Water Reclamation Facility to address the need to improve reliability due to age and condition to avert a

risk of failure, increase existing and future hydraulic and organic capacity to accommodate growth, meet potential future regulations, and improve treatment operation.

Work will include improvements to the influent flow equalization, headworks facilities, primary clarifier facilities, aeration basin, final clarifiers, return activated sludge and waste activated sludge pumps, tertiary filter, disinfection, effluent flow meter, solids handling and thickening, new generator, site piping and site work, as well as Phase 1 high priority items and Phase 1 medium priority items discussed in the engineering report.

Sioux Falls anticipates bidding the project in the winter of 2021 with project completion in the fall of 2024.

The estimated total project amount is \$159,000,000, and the amount requested is \$41,625,000.

Rates in Sioux Falls are \$34.47 per 5,000 gallons.

Staff recommended awarding a \$41,625,000 Clean Water SRF loan at 2.50 percent interest for 20 years.

Sioux Falls has pledged system revenues for repayment of the loan. Staff analysis indicates Sioux Falls would have 144 percent coverage based on estimated wastewater revenue and expenses projected in 2022. The city has enacted an ordinance that will increase rates each year through the year 2023 when rates will be \$41.06 per for 5,000 gallons.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective.

Ryan Johnson, city of Sioux Falls engineer, discussed the project and answered questions from the board.

Motion by Bernhard, seconded by Adam, to adopt **Resolution No. 2019-69** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$41,625,000 at 2.5 percent interest for 20 years to **Sioux Falls** for the Phase 1 Water Reclamation Facility expansion project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried unanimously.

**Viborg** requested funding to for sanitary and storm sewer improvements along and adjacent to Park Avenue. Sanitary sewer improvements include replacing approximately 3,200 feet of sanitary sewer main and related appurtenances. Storm sewer improvements include replacing and upsizing approximately 1,100 feet of storm sewer main, installing 550 feet of new storm sewer main and related appurtenances.

The city anticipates bidding the project in the spring of 2020 with project completion in November 2020.

The estimated total project amount is \$2,862,000, and the amount requested is \$1,833,000.

Rates in Viborg are \$26.10 per 5,000 gallons.

Viborg is also seeking a \$600,000 DOT Community Access Grant and \$429,000 Community Development Block Grant to complete the funding package. Decisions on both these requests have not been made and are not anticipated until November or December. If either of these grants are not awarded, additional funds from this board would likely be needed to complete the project.

Staff recommended that the board defer the application until the January 2020 Board of Water and Natural Resources meeting.

Mr. Bruels noted that, by rule, the board is allowed to defer action on funding applications up to 120 days from the original presentation to the board, so a decision for funding in January will be necessary.

Motion by Gnirk, seconded by Jones, to defer the Viborg funding application until January 2020. Motion carried unanimously.

**Lennox** requested funding to replace 4,900 feet of aging sanitary sewer and nearly 4,200 feet of storm sewer in the central part of the city of Lennox. A portion of the work was bid in the spring of 2019, and costs exceeded the engineer's estimate. The engineer projects a shortfall of \$1,000,000 between current funding and actual costs to complete the sanitary and storm sewer portion of the project.

The city of Lennox bid Phase 2 of the project in the spring of 2019 and anticipates bidding Phase 3 in the spring of 2020 with project completion in October 2020.

The estimated total project cost is \$4,766,000, and the amount requested is \$1,000,000.

Lennox has a \$54.46 flat fee per month.

Lennox previously received a \$1,496,000 Clean Water SRF loan, a \$2,000,000 Consolidated grant, and a \$270,000 Clean Water SRF Water Quality grant to fund this project. The \$2,000,000 Consolidated grant award is the maximum allowed by law for any one project without specific legislative approval.

Staff recommended awarding a \$1,000,000 Clean Water SRF loan at 2.75 percent interest for 30 years.

Lennox pledged a project surcharge for repayment of the loan. The surcharge required on the loan is \$4.35; however, staff analysis indicates the city can restructure its rates to establish the surcharge and keep rates at the current level.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Denise Hanson, finance officer, answered questions from the board.

Motion by Adam, seconded by Jones, to adopt **Resolution No. 2019-70** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,000,000 at 2.75 percent interest for 30 years to **Lennox** for the Central Basin water improvements Phases 2 and 3 project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

**Hartford** requested funding to install 7,700 feet of sanitary sewer and related appurtenances along Western Avenue to add service to the city's industrial park and residences along the new service route.

The city anticipates bidding the project in March 2020 with project completion in October 2020.

The estimated total project amount is \$1,334,000, and the amount requested is \$1,334,000.

Rates in Hartford are \$43.52 per 5,000 gallons.

Staff recommended awarding a \$1,334,000 Clean Water SRF loan at 2.75 percent interest for 30 years.

Hartford is pledging system revenue for repayment of the loan. Staff analysis indicates that the revenue generated at current rates will provide 190 percent coverage, which exceeds the required 110 percent for the loan.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective.

Teresa Sidel, city administrator, discussed the project and answered questions from the board.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2019-71** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,334,000 at 2.75 percent interest for 30 years to **Hartford** for the Western Avenue sewer expansion project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried unanimously.

WATERSHED RESTORATION PROJECT FUNDING APPLICATION: Mr. Bruels presented the application and staff funding recommendation. A map showing the location of the project was included in the board packet.

**James River Water Development District** requested funding for the first segment of a locally planned 10- to 15-year effort to implement Best Management Practices in the Lewis and Clark Lake watershed, Lake Andes, Geddes, Academy and Platte Lake watersheds, and the impaired reaches of the lower James River watershed and its tributaries. This effort is aimed at restoring water quality to meet designated beneficial uses and address Total Maximum Daily Loads established, and to be established, for water bodies in these watersheds.

The water development district anticipates project implementation upon funding availability to August 31, 2021.

The estimated total project amount is \$19.4 million, and the amount requested is \$500,000.

Since January 2016, James River has been awarded six Consolidated or Water Quality grants totaling \$1,568,000 for this project. The additional funds will provide funding for this component of the South Central Watershed Project.

Staff recommended awarding a \$500,000 Consolidated grant for up to 15 percent of total project costs.

Rocky Knippling, James River Water Development District, discussed the project and answered questions from the board.

Motion by Jones, seconded by Bernhard, to adopt **Resolution No. 2019-72** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement to the **James River Water Development District** for up to 15 percent of approved total project costs not to exceed \$500,000 for the South Central Watershed Implementation project, Segment 1. Motion carried unanimously.

Mr. Bruels provided an overview of available funding.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION: Drew Huisken discussed available funds for this funding round.

Mr. Huisken presented the Solid Waste Management Program funding applications and the staff funding recommendations. A map showing the location of the projects was included in the board packet.

**Belle Fourche** requested funding for a project to replace and relocate the scale at its landfill facility due to age, size, and safety issues. The current scale is beyond its useful life and is also too short, which leads to traffic backups along 8<sup>th</sup> Avenue. The new scale will be relocated to ease traffic and accommodate longer incoming loads. Improvements to the scale house and the access road are also included in this project.



The estimated total project amount is \$525,000, and the amount requested is \$262,000.

Current tipping fees at the Belle Fourche landfill are \$59.27 per ton of municipal solid waste.

Belle Fourche is anticipating bidding the project in late Fall 2019 with completion in the summer 2020.

Staff recommended awarding a Solid Waste Management Program grant for up to 20 percent of total project costs not to exceed \$105,000.

For landfill projects and equipment purchases, grant awards have historically been between 15-25 percent of total project costs. The city indicated that it is not interested in a Solid Waste Management Program loan to fund the remainder of the project cost.

Steve Nafus, Belle Fourche engineer, discussed the project and answered questions from the board.

Motion by Jones, seconded by Gnirk, to adopt **Resolution No. 2019-73** approving the South Dakota Solid Waste Management Program grant agreement to **Belle Fourche** for up to 20 percent of approved total project costs not to exceed \$105,000 for landfill scale replacement. Motion carried unanimously.

**Custer-Fall River Waste Management District** requested funding to purchase a landfill compactor. The current compactor was purchased in 2008 and is beyond its useful life. The compactor has become inefficient to maintain and operate.

The estimated total project amount is \$397,190, and the amount requested is \$198,595.

Current tipping fees at the landfill are \$52.00 per ton of municipal solid waste, which are comparable to the state average.

The district intends to purchase the new compactor in the fall of 2019.

Staff recommended awarding a Solid Waste Management Program grant for up to 20.2 percent of the total project costs not to exceed \$80,000.

Mr. Huisken noted that for landfill projects and equipment purchases, grant awards have historically been between 15 percent and 25 percent of total project costs. Custer-Fall River Waste Management District indicated they are not interested in a Solid Waste Management Program loan to fund the remainder of the project costs.

Motion by Jones, seconded by Gnirk, to adopt **Resolution No. 2019-74** approving the South Dakota Solid Waste Management Program grant agreement to **Custer Fall-River Waste Management District** for up to 20.2 percent of approved total project costs not to exceed \$80,000 for the purchase of a compactor. Motion carried unanimously.

**CyberWorx** requested funding for an eWaste Recovery: Cleaning up South Dakota and North Dakota project.

Mr. Huisken stated that CyberWorx is a private, for-profit entity. In accordance with SDCL 46A-1-98 any documentary material or data made or received by the board or DENR for the purpose of furnishing financial assistance to a business to the extent that the material or data consists of trade secrets or commercial or financial information regarding the operation of such business is not public record and is exempt from disclosure. Any discussion or consideration of such trade secrets or commercial or financial information by the board may be done in executive session.

CyberWorx, is a recycling company based out of Eureka, SD, that specializes in the recovery, refurbishment, and resale of electronic waste (eWaste). The company is seeking funding to expand their business through several improvements.

Improvements in the proposed project include the purchase and development of existing and new business property, a backup generator, purchasing capital equipment for use in processing and repairing eWaste, and working capital for small tools and equipment.

Heavy equipment purchases include a box truck, trailers, and forklift. Technological equipment includes computers, servers, 3D printers, and software. Various tools and light equipment include a lawnmower, snowblower, workbench, and specialized tools for dismantling, refurbishing, and repairing electronics.

The estimated total project amount is \$1,271,000, and the amount requested is \$997,000. The application contains \$400,000 in items ineligible for funding

Mr. Huisken stated that according to the project narrative, CyberWorx deals with approximately 10,000 lbs. of eWaste each month. The proposed improvements would allow CyberWorx to deal with an estimated 30,000 lbs. of eWaste.

CyberWorx intends to complete the improvements within three years from the date of funding.

Mr. Huisken noted that the Solid Waste Management Program has not recommended a grant award, nor has the board awarded grants to private-for-profit businesses that have other competitors in South Dakota as subsidizing one business would offer a competitive advantage.

Staff recommended no funding for this project.

James Fish, owner of CyberWorx, was there to answer questions.

Mr. Huisken reminded the board that any discussion of trade secrets or commercial or financial information must be done in an executive session in accordance with South Dakota Codified Law.

Motion by Gnirk, seconded by Bernhard, to deny funding to CyberWorx. Motion carried unanimously.

**Tri-County Landfill Association** requested funding to construct Phase 2 of its landfill Cell #3. At current capacity, the landfill will run out of space in less than two years. The expansion of Cell #3

will be approximately 44,000 square feet with a depth of 53 feet and will provide approximately ten years of life expectancy to the landfill.

The estimated total project amount is \$600,000, and the amount requested is \$600,000.

Current tipping fees at the landfill are \$44.00 per ton of municipal solid waste.

Tri-County Landfill Association intends to bid the project in the spring of 2020 with project completion in August 2020.

Staff recommended awarding a Solid Waste Management Program grant for up to 40 percent of total project costs not to exceed \$240,000 and a \$360,000 Solid Waste Management Program loan at 2.25 percent interest for 7 years.

Staff recommended that the Solid Waste Management Program loan be contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan and contingent upon the borrower approving a security agreement and mortgage.

The Tri-County Landfill Association is pledging landfill fees for repayment of the loan. Staff analysis indicates that revenues generated will provide approximately 125 percent debt coverage on the loan.

Larry McManus, manager of the Tri-County Landfill Association discussed the project and answered questions from the board.

Motion by Jones, seconded by Adam, to adopt **Resolution No. 2019-75** approving the South Dakota Solid Waste Management Program loan agreement up to a maximum committed amount of \$360,000 a 2.25 percent interest for seven years to **Tri-County Landfill Association** for landfill Cell 3 Phase 2 construction contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan and contingent upon the borrower approving a security agreement and mortgage; and to adopt **Resolution No. 2019-76** approving the South Dakota Solid Waste Management Program grant agreement to **Tri-County Landfill Association** for up to 40 percent of approved total project costs not to exceed \$240,000 for landfill Cell 3 Phase 2 construction. Motion carried unanimously.

Mr. Huisken provided an overview of the remaining funds in the Solid Waste Management Program.

NOVEMBER 2019 MEETING: The next meeting is scheduled on November 7, 2019, via the Digital Dakota Network at sites in Pierre, Rapid City, Sioux Falls, and Brookings. Mr. Bruels highlighted some possible agenda items for that meeting.

ADJOURN: Motion by Jones, seconded by Bernhard, that the meeting be adjourned. Motion carried unanimously.

Approved this 7<sup>th</sup> day of November 2019.

(SEAL)

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Chairman, Board of Water and Natural Resources

ATTEST:

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Secretary, Board of Water and Natural Resources

DRAFT





November 7, 2019

Item 5

**TITLE:** Review Interest Rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Fund, and Solid Waste Management Programs.

**EXPLANATION:** Pursuant to ARSD 74:05:08:18, 74:05:11:17, 74:05:07:15.01, and 74:05:10:12.02, the Board of Water and Natural Resources shall set the interest rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Fund, and Solid Waste Management programs, respectively, based on the following criteria: (1) current market rates, (2) rates secured on state issued matching funds, and (3) current demand for program funds. The board may adjust interest rates at any meeting if the proposed action is included on the board agenda posted for the meeting.

The current interest rates for each program are shown on Attachment I.

Also attached for your reference are a historical recap of the board's State Revolving Fund rates (Attachment II), a compilation of current interest rates from other states' State Revolving Fund programs (Attachment III) and the interest rate trends for the USDA Rural Development program (Attachment IV).

**RECOMMENDED ACTION:** Review and adjust, as necessary, the interest rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Fund, and Solid Waste Management programs.

**CONTACT:** Mike Perkovich  
773-4216

**Clean Water State Revolving Fund Loan Rates**

	Interest	Admin	Total
Term Up to 30 Years	2.00%	0.75%	2.75%
Term Up to 20 Years	1.75%	0.75%	2.50%
Term Up to 10 Years	1.50%	0.75%	2.25%
Interim Financing (5 years)	2.00%	0.00%	2.00%
NPS--Watershed Incentive Rate (Up to 30 Years)	1.00%	0.75%	1.75%
NPS--Watershed Incentive Rate (Up to 20 Years)	1.00%	0.50%	1.50%
NPS--Watershed Incentive Rate (Up to 10 Years)	0.75%	0.50%	1.25%

**Drinking Water State Revolving Fund Loan Rates**

	Interest	Admin	Total
Term Up to 30 Years **	2.25%	0.50%	2.75%
Term Up to 20 Years	2.00%	0.50%	2.50%
Term Up to 10 Years	1.75%	0.50%	2.25%
Interim Financing (5 Years)	2.00%	0.00%	2.00%
<u>Disadvantaged Community* Loans Up To 30 Years</u>			
Median Household Income (MHI) between 80% of MHI and the MHI	2.00%	0.50%	2.50%
MHI between 60% and 80% of MHI	1.75%	0.50%	2.25%
MHI Income less than 60% of MHI	0.00%	0.00%	0.00%
<u>Disadvantaged Community* Loans Up To 10 Years</u>			
MHI between 60% and 80% of MHI	1.25%	0.00%	1.25%

\* Disadvantaged community must meet a MHI and water rate criteria as per ARSD 74:05:11:01(11)

\*\* Must be a municipality or special purpose governmental entities to receive 30-year non-disadvantaged loan

**Consolidated Water Facilities Construction Fund Loan Rates**

Term Up to 30 Years	2.75%
Term Up to 20 Years	2.50%
Term Up to 10 Years	2.25%

**Solid Waste Management Program Loan Rates**

Term Up to 20 Years	2.50%
Term Up to 10 Years	2.25%



### Historic SRF Base Program Interest Rates

From	To	5 Yrs	10 Yrs	15 Yrs	20 Yrs	30 Yrs
<b>Nov-89</b>	<b>Aug-90</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	
Admin. Surcharge		0.75%	0.75%	0.75%	0.75%	
Debt Service		2.25%	2.25%	2.25%	2.25%	
<b>Nov-90</b>	<b>Nov-94</b>		<b>3.00%</b>	<b>4.00%</b>	<b>5.00%</b>	
Admin. Surcharge			0.75%	1.00%	1.25%	
Debt Service			2.25%	3.00%	3.75%	
<b>Mar-95</b>	<b>Jun-98</b>		<b>4.500%</b>	<b>5.000%</b>	<b>5.250%</b>	
Admin. Surcharge			1.125%	1.250%	1.313%	
Debt Service			3.375%	3.750%	3.938%	
<b>Oct-98</b>	<b>Dec-00</b>		<b>4.50%</b>	<b>4.75%</b>	<b>5.00%</b>	
Admin. Surcharge			1.00%	1.00%	1.00%	
Debt Service			3.50%	3.75%	4.00%	
					<u>Up to 20 Yrs</u>	
<b>Jan-01</b>	<b>Jul-01</b>				<b>4.50%</b>	
Admin. Surcharge					1.00%	
Debt Service					3.50%	
					<u>Up to 20 Yrs</u>	
<b>Jul-01</b>	<b>Mar-04</b>				<b>3.50%</b>	
Admin. Surcharge					1.00%	
Debt Service					2.50%	
			<u>Up to 10 Yrs</u>		<u>Up to 20 Yrs</u>	
<b>Mar-04</b>	<b>Apr-07</b>		<b>2.50%</b>		<b>3.25%</b>	
Admin. Surcharge			0.50%		0.75%	
Debt Service			2.00%		2.50%	
			<u>Up to 10 Yrs</u>		<u>Up to 20 Yrs</u>	<u>Up to 30 Yrs</u>
<b>Apr-07</b>	<b>Feb-09</b>		<b>2.50%</b>		<b>3.25%</b>	<b>3.50%</b>
Admin. Surcharge			0.50%		0.75%	0.75%
Debt Service			2.00%		2.50%	2.75%
			<u>Up to 10 Yrs</u>		<u>Up to 20 Yrs</u>	<u>Up to 30 Yrs</u>
<b>Feb-09</b>	<b>Nov-14</b>		<b>2.25%</b>		<b>3.00%</b>	<b>3.25%</b>
Admin. Surcharge			0.50%		0.50%	0.50%
Debt Service			1.75%		2.50%	2.75%
			<u>Up to 10 Yrs</u>		<u>Up to 20 Yrs</u>	<u>Up to 30 Yrs</u>
<b>Nov-14</b>	<b>May-15</b>		<b>2.25%</b>		<b>3.00%</b>	<b>3.25%</b>
Admin. Surcharge			0.50%		0.50%	0.75%
Debt Service			1.75%		2.50%	2.50%
			<u>Up to 10 Yrs</u>		<u>Up to 20 Yrs</u>	<u>Up to 30 Yrs</u>
		<u>DW SRF</u>	<u>DW SRF</u>	<u>DW SRF</u>	<u>CW SRF</u>	<u>CW SRF</u>
<b>May-15</b>	<b>Nov-16</b>	<u>Up to 10 Yrs</u>	<u>Up to 20 Yrs</u>	<u>Up to 30 Yrs</u>	<u>Up to 10 Yrs</u>	<u>Up to 20 Yrs</u>
		<b>2.25%</b>	<b>3.00%</b>	<b>3.25%</b>	<b>2.25%</b>	<b>3.00%</b>
Admin. Surcharge		0.50%	0.50%	0.50%	0.75%	0.75%
Debt Service		1.75%	2.50%	2.75%	1.50%	2.25%
		<u>Up to 10 Yrs</u>	<u>Up to 20 Yrs</u>	<u>Up to 30 Yrs</u>	<u>Up to 10 Yrs</u>	<u>Up to 20 Yrs</u>
<b>Nov-16</b>	<b>Nov-18</b>	<b>2.00%</b>	<b>2.25%</b>	<b>2.50%</b>	<b>2.00%</b>	<b>2.25%</b>
Admin. Surcharge		0.50%	0.50%	0.50%	0.75%	0.75%
Debt Service		1.50%	1.75%	2.00%	1.25%	1.50%
		<u>Up to 10 Yrs</u>	<u>Up to 20 Yrs</u>	<u>Up to 30 Yrs</u>	<u>Up to 10 Yrs</u>	<u>Up to 20 Yrs</u>
<b>Nov-18</b>	<b>Nov-19</b>	<b>2.25%</b>	<b>2.50%</b>	<b>2.75%</b>	<b>2.25%</b>	<b>2.50%</b>
Admin. Surcharge		0.50%	0.50%	0.50%	0.75%	0.75%
Debt Service		1.75%	2.00%	2.25%	1.50%	2.00%

## Colorado Water Resources and Power Development Authority

### Clean Water and Drinking Water SRF Loan Rates

	Interest*
Term Up To 20 Years (under \$3,000,000)	2.5%
Projects with "Green" Components	
Projects with at least 20 percent green components	0.5%
Projects with at least 15% but less than 20% green components	1%
Disadvantaged Community Loans	
Up to 30 Years to communities with a population of 10,000 or less	
Rate varies depending on Affordability Criteria	0.50% or 1.5%
Leveraged Loans (over \$3,000,000)	70% of the Market Rate on the authority's AAA rated Bonds

\*Admin fees are built into the interest rates listed above.

## Iowa Finance Authority

DW/CW SRF borrowers are charged a 0.5% loan origination fee

	Interest
Term Up To 20 Years	2.00% *
Term Up To 30 Years	3.00% *
Term Up To 30 Years (CW/DW Disadvantaged Communities)	2.00% *

\* Includes .25% annual servicing fee

Planning & Design Loans are at 0% interest for up to 3 years. These are either rolled into an SRF loan or paid in full if they get other financing.

Iowa allows all loans over 10-years old to refinance down to the new interest rate. Borrowers are notified on the loan anniversary date.

Iowa has a Water Restoration Sponsored Project program to address nonpoint source water quality issues that operates in a similar fashion to the South Dakota NPS Incentive Rate program.

## **Minnesota Public Facilities Authority**

Rates are determined by a market rate index or the Authority's bond market rate, whichever is higher, less a 1.50 percent discount approved by the Authority. Borrowers with a service area population under 2,500 may be entitled to additional discounts. Minnesota has set a minimum rate of 1%.

Loans are amortized up to a maximum of 20 years, or up to 30 years if the average annual residential cost would exceed 1.2 percent of median household income.

At current market rates, small borrowers are at or near the 1% minimum; for other borrowers rates for 20-year loans are approximately 1.25% and approximately 1.50% for 30-year loans.

## **Montana Department of Natural Resources and Conservation**

### Clean Water and Drinking Water SRF programs

Up To 20 years / 30 years if Hardship

Interest rate: 2.00%

Administration: 0.25%

Loan Loss Reserve: 0.25%

Total loan rate: 2.50%

Up To 3 years

Short term rate: 1.25%

## **North Dakota Public Finance Authority**

### Clean Water and Drinking Water SRF Tax Exempt Loan Rates

20 or 30-year terms: Interest 1.5% + Admin 0.5% = Total 2.0%

### Clean Water and Drinking Water SRF Taxable Loan Rates

20 or 30-year terms: Interest 2.5% + Admin 0.5% = Total 3.0%

(Taxable loans are uncommon)

## **Wyoming Department of Environmental Quality**

SRF core program rate is 2.5% for both 20- and 30-year loans.

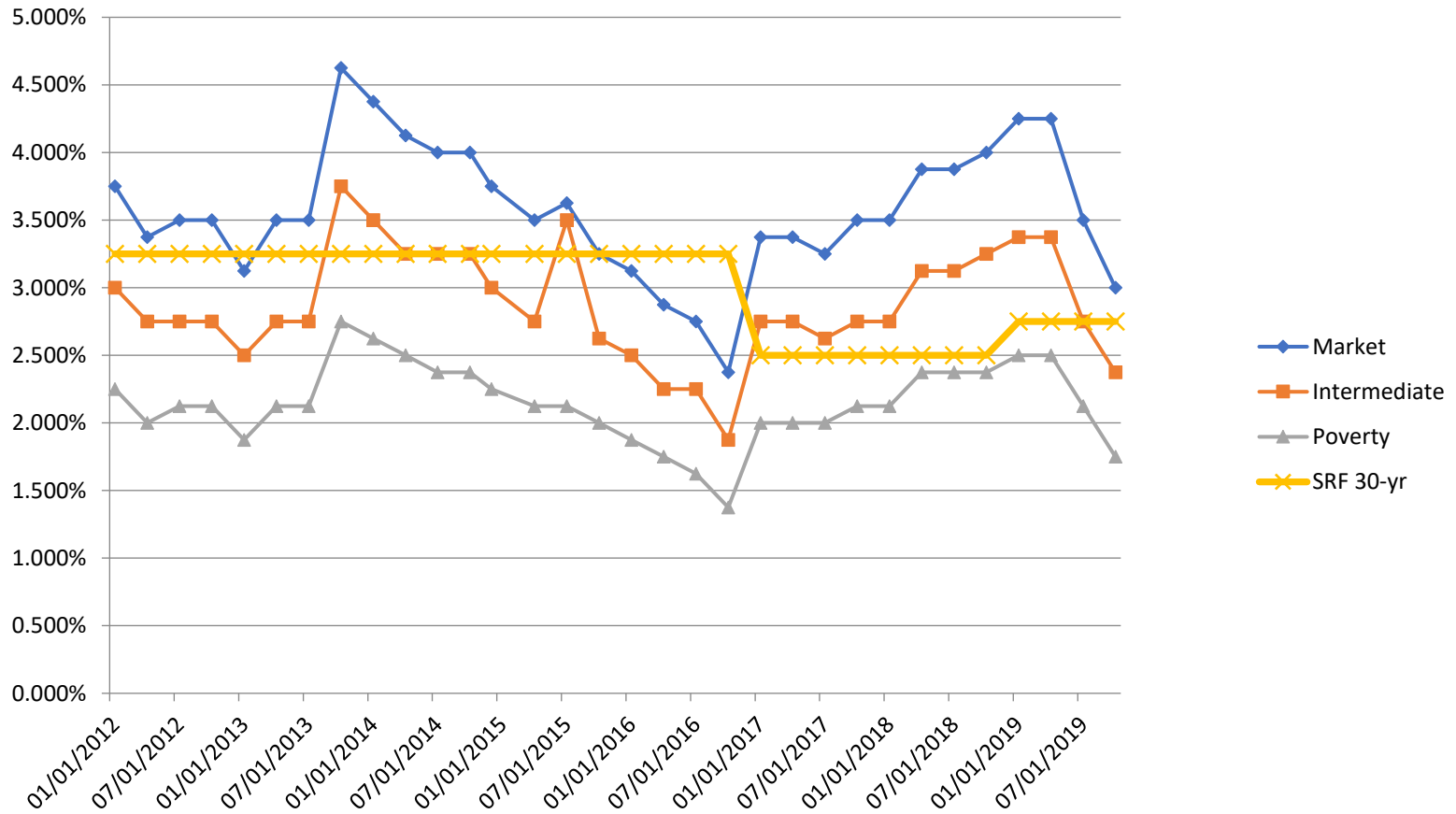
Projects with Green Project components are eligible for 0%.

## Market Rates

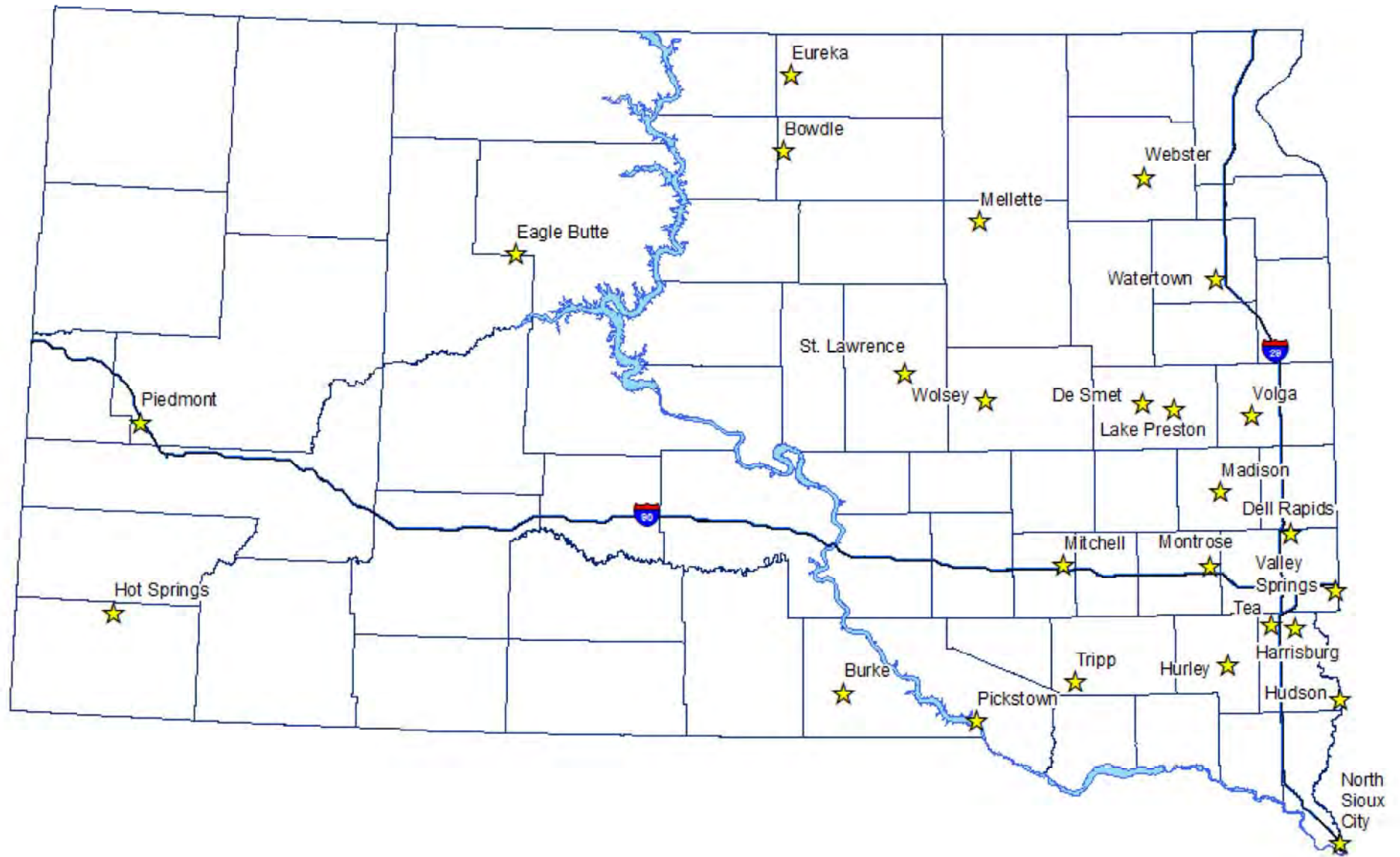
	October 2019	Oct. 2019
Bond Buyer's 20 Bond Index	2.59%	4.18%
Municipal Money Market (MMD) 15-year AAA	1.62%	2.91%
Municipal Money Market (MMD) 30-year AAA	2.01%	3.27%
U.S Treasury 10-year Note	1.76%	3.19%
U.S Treasury 20-year Note	2.05%	3.29%
U.S Treasury 30-year Note	2.24%	3.35%

Rates as of October 17, 2018

### Rural Development & SRF Interest Rates



# State Water Plan Applications November 2019





TITLE: 2020 State Water Plan Applications

EXPLANATION: Water projects that will require state funding or need state support for categorical grant or loan funding must be on the State Water Plan. At its November planning meeting, the Board of Water and Natural Resources approves projects for placement on the next year's State Water Facilities Plan. The projects placed on the plan at this meeting will remain on the facilities plan through December 2021.

Placement of a project on the State Water Plan by the board provides no guarantee of funding. The following applications have been received for placement on the 2020 State Water Plan.

- |                        |                          |
|------------------------|--------------------------|
| a) Bowdle (water)      | p) Montrose              |
| b) Bowdle (wastewater) | q) North Sioux City      |
| c) Burke               | r) Pickstown             |
| d) Dell Rapids         | s) Piedmont (wastewater) |
| e) DeSmet              | t) Piedmont (water)      |
| f) Eagle Butte         | u) Saint Lawrence        |
| g) Eureka              | v) Tea                   |
| h) Harrisburg          | w) Tripp                 |
| i) Hot Springs         | x) Valley Springs        |
| j) Hudson              | y) Volga                 |
| k) Hurley              | z) Watertown             |
| l) Lake Preston        | aa) Webster (water)      |
| m) Madison             | bb) Webster (wastewater) |
| n) Mellette            | cc) Wolsey               |
| o) Mitchell            |                          |

RECOMMENDED ACTION: Approve staff recommendations for placement of projects onto 2020 State Water Facilities Plan.

CONTACT: Andy Bruels, 773-4216

## State Water Plan Application

Applicant: City of Bowdle  Address: PO Box 553 Bowdle, SD 57428-0553  Phone Number: 605-285-6350	Proposed Funding Package  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$783,587</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 1px solid black;"><b>\$783,587</b></td> </tr> </table>	Projected State Funding	\$783,587	Local Cash	_____	Other:	_____	Other:	_____	<b>TOTAL</b>	<b>\$783,587</b>
Projected State Funding	\$783,587										
Local Cash	_____										
Other:	_____										
Other:	_____										
<b>TOTAL</b>	<b>\$783,587</b>										

**RECEIVED**

**SEP 30 2019**

**Division of Financial  
& Technical Assistance**

Project Title: Main Street Water Improvements

Description: (Include present monthly utility rate.)

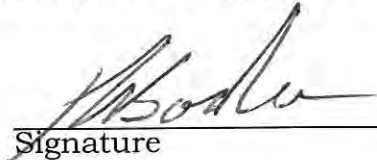
The City of Bowdle had completed a Small Community Planning Grant in 2009 and is requesting to be placed on the State Water Plan for 2019. Due to the City's older water and wastewater collection system, which was constructed in the 1950's, the City is looking at replacing existing sanitary sewer & water main with new PVC pipe along their Main Street which will include work between 10th Ave and a block east of 1st Ave for both water and wastewater. In addition, the City of Bowdle would also like to replace its existing sanitary sewer with new PVC pipe running from 10th Ave to their treatment ponds west of town.

The City's monthly water rate for 5,000 gallons is \$39.40 (Flat fee of \$12.15/month plus \$5.45 per 1,000 gallons)

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Rick Boschee, Mayor  
 \_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

  
 \_\_\_\_\_  
 Signature

September 26, 2019  
 \_\_\_\_\_  
 Date

## State Water Plan Application

Applicant: City of Bowdle  Address: PO Box 553 Bowdle, SD 57428-0553  Phone Number: 605-285-6350	<div style="text-align: center;"> <b>RECEIVED</b>   <b>SEP 30 2019</b>   <small>Division of Financial &amp; Technical Assistance</small> </div> Proposed Funding Package  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$2,015,444</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right;"><b>\$2,015,444</b></td> </tr> </table>	Projected State Funding	\$2,015,444	Local Cash	_____	Other: _____	_____	Other: _____	_____	<b>TOTAL</b>	<b>\$2,015,444</b>
Projected State Funding	\$2,015,444										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
<b>TOTAL</b>	<b>\$2,015,444</b>										

Project Title: Main Street Sewer Improvements

Description: (Include present monthly utility rate.)

The City of Bowdle had completed a Small Community Planning Grant in 2009 and is requesting to be placed on the State Water Plan for 2019. Due to the City's older water and wastewater collection system, which was constructed in the 1950's, the City is looking at replacing existing sanitary sewer & water main with new PVC pipe along their Main Street which will include work between 10th Ave and a block east of 1st Ave for both water and wastewater. In addition, the City of Bowdle would also like to replace its existing sanitary sewer with new PVC pipe running from 10th Ave to their treatment ponds west of town.

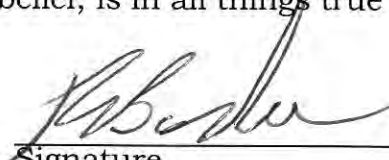
The City's sewer rate is \$30.00

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Rick Boschee, Mayor

\_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

  
 \_\_\_\_\_  
 Signature

September 26, 2019  
 \_\_\_\_\_  
 Date

RECEIVED

SEP 25 2019

Division of Financial  
& Technical Assistance

SD EForm - 0487LD V3

### State Water Plan Application

<b>Applicant:</b> City of Burke  <b>Address:</b> PO Box 250 Burke, SD 57523  <b>Phone Number:</b> 605 775-2913	<b>Proposed Funding Package</b>  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$535,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$302</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 1px solid black;"><b>\$535,302</b></td> </tr> </table>	Projected State Funding	\$535,000	Local Cash	\$302	Other:		Other:		<b>TOTAL</b>	<b>\$535,302</b>
Projected State Funding	\$535,000										
Local Cash	\$302										
Other:											
Other:											
<b>TOTAL</b>	<b>\$535,302</b>										

**Project Title:** Burke Water Main Replacement

**Description:** (Include present monthly utility rate.)


The City of Burke proposes to replace old cast iron water mains under 8th, 9th, and Jefferson Streets in the vicinity of the Burke Regional Hospital. The project will be undertaken in conjunction with the reconstruction of the street segments. A total of approximately 2,060 feet of 6" and 8" PVC piping will be installed to replace the old lines and to close a loop in the water distribution system.

Burke's current water rate is \$35.00 per month based on 5,000 gallons used.

**The Applicant Certifies That:**

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Thomas Glover, Mayor  
\_\_\_\_\_  
Name & Title of Authorized Signatory  
(Typed)

  
\_\_\_\_\_  
Signature

8-20-19  
\_\_\_\_\_  
Date







## State Water Plan Application

<b>Applicant:</b> City of Eagle Butte <b>Address:</b> City of Eagle Butte PO Box 150 Eagle Butte, SD 57625  <b>Phone Number:</b> 605-964-8783	<b>Proposed Funding Package</b> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$5,506,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$0</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">\$0</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">\$0</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 1px solid black;"><b>\$5,506,000</b></td> </tr> </table>	Projected State Funding	\$5,506,000	Local Cash	\$0	Other: _____	\$0	Other: _____	\$0	<b>TOTAL</b>	<b>\$5,506,000</b>
Projected State Funding	\$5,506,000										
Local Cash	\$0										
Other: _____	\$0										
Other: _____	\$0										
<b>TOTAL</b>	<b>\$5,506,000</b>										

RECEIVED  
OCT 02 2019  
Division of Financial  
& Technical Assistance

**Project Title:** Sanitary Sewer and Wastewater Treatment System Improvements

**Description:** (Include present monthly utility rate.)

Replacement of 10 Manholes, 1700 LF of 8-inch sanitary sewer, and 1200 LF of 10-inch sanitary sewer is proposed, utility mapping, and GIS implementation.

**No Heart Lift Station:** The No Heart Lift Station has had electrical and control problems causing the pumps to burn out. The trash basket is also undersized. Replacement of the concrete wet well, 2 pumps and trash basket is proposed. This would include new electrical, control, SCADA system and stand-by generator. **Highway 212 Lift Station:** The existing VCP sanitary collection pipe under Highway 212 has been in poor condition for a number of years and requires frequent flushing. The Hwy 212 Lift Station is also deteriorating. It is located on private property causing access issues. The replacement of the sanitary sewer under Hwy 212 and the lift station is proposed. Directional drilling 850 LF of 8-inch sanitary sewer pipe, 6 manholes, 10 sanitary sewer service connections, concrete wet well, 2 pumps, trash basket, valve vault, winch and support would be included. Also installed would be new electrical, control, SCADA, and perimeter fence and gate.

**Treatment Facility Improvements:** Treatment facility improvements proposed include clearing, grubbing and cleaning 2900 LF of existing drainageway, pond dewatering, removal of approximately 7,000 tons of existing rip rap, 3,000 cubic yards of pond dredging, 4,700 tons of gravel surfacing, installation of 7,000 tons of clean graded rip rap, 14,000 square yards of geotextile fabric, 3 concrete splash pads, 10,000 LF of fencing, gates, signage, and 6,500 square yards of seeding.

An estimated combined project cost for these improvements is \$5,506,000. The current sewer rate is a flat monthly fee of \$30.85. There are currently 1,186 sewer users.

**The Applicant Certifies That:**

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

<p style="font-size: 2em; font-family: cursive;">Sheila J. Franke, F.O.</p>		<p style="font-size: 1.5em; font-family: cursive;">9-25-2019</p>
Name & Title of Authorized Signatory (Typed)	Signature	Date

## State Water Plan Application

Applicant: City of Eureka  Address: PO Box 655 Eureka, SD 57437-0655  Phone Number: 605-284-2441	Proposed Funding Package  <table style="width: 100%; border: none;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$7,384,059</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 3px double black;"><b>\$7,384,059</b></td> </tr> </table>	Projected State Funding	\$7,384,059	Local Cash	_____	Other:	_____	Other:	_____	<b>TOTAL</b>	<b>\$7,384,059</b>
Projected State Funding	\$7,384,059										
Local Cash	_____										
Other:	_____										
Other:	_____										
<b>TOTAL</b>	<b>\$7,384,059</b>										

**RECEIVED**

**SEP 27 2019**

**Division of Financial  
& Technical Assistance**

Project Title: Eureka Sewer Improvement Project

Description: (Include present monthly utility rate.)

Much of Eureka's sewer system was installed prior to 1960, with little improvements to the system over the years. The City of Eureka completed a Small Community Planning Grant in 2012, with recommendations for future improvements to their sewer system. The City has completed four smaller phases since 2012 including: replacing existing pipe under Highway 10, rehabilitation to all existing pipe south of Highway 10, rehabilitation to all existing pipe north of Highway 10 & replacing existing pipe with PVC pipe under Ave. G.

The City has televised their sewer lines during the summer of 2019 and it has been recommended that this project will rehabilitate the remaining existing sanitary sewer pipe with a combination of replacement with PVC and lining with CIPP. This project will also replace the existing brick and concrete block manholes, connecting the pipe with new concrete manholes.

The City's monthly sewer rate for 5,000 gallons is a flat \$27.00 per user. If the City plans to submit an eligible application through DENR, it is understood that rates must be raised to a minimum of \$30.00/month.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Lloyd Miller, Mayor

\_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)



\_\_\_\_\_  
 Signature

9-9-2019

\_\_\_\_\_  
 Date



SEP 26 2019

Division of Financial  
& Technical Assistance  
SD EForm - 0487LD V3

## State Water Plan Application

<b>Applicant:</b> City of Harrisburg  <b>Address:</b> PO Box 26 Harrisburg, South Dakota 57032  <b>Phone Number:</b> (605) 743-5872	<b>Proposed Funding Package</b>  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$14,900,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right;"><b>\$14,900,000</b></td> </tr> </table>	Projected State Funding	\$14,900,000	Local Cash	_____	Other:	_____	Other:	_____	<b>TOTAL</b>	<b>\$14,900,000</b>
Projected State Funding	\$14,900,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
<b>TOTAL</b>	<b>\$14,900,000</b>										

**Project Title:** City of Harrisburg Southeastern Utility Improvement Project

**Description:** (Include present monthly utility rate.)

The City of Harrisburg is proposing to update aging water and sewer infrastructure and add storm sewer infrastructure in the southeastern part of the city. The existing 4-inch and 6-inch water distribution lines are estimated to be over 50 years old. An estimated 1,620 feet of cast iron and 24,546 feet of PVC pipe will be replaced with 8-inch or 12-inch pipes. Four fire hydrants will be added and thirty-one will be replaced. The existing sewer infrastructure is also in poor condition with numerous sags, cracks and infiltration. Approximately 16,000 feet of vitrified clay pipe (VCP) will be replaced with PVC. An additional 890 feet of PVC pipe will be replaced. An estimated 6,200 feet of existing water and sewer service pipe infrastructure will be replaced. There is currently no storm sewer in much of the area. Approximately 10,665 feet of storm sewer collection infrastructure will be installed as well as sump pump collection lines. Monthly rates for a 5,000-gallon single family residential user are \$33.87 for water and \$99.67 for sewer. The City has a reserve, but anticipates needing a funding package to cover 100% of the eligible project costs.

**The Applicant Certifies That:**

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Julie Bowen, Mayor, City of Harrisburg  
 Name & Title of Authorized Signatory  
 (Typed)

  
 \_\_\_\_\_  
 Signature

9/23/19  
 \_\_\_\_\_  
 Date

## State Water Plan Application

Applicant: City of Hot Springs  Address: 303 N. River St. Hot Springs, SD 57747-1626  Phone Number: 605-745-3135	Proposed Funding Package  Projected State Funding <u>\$3,850,000</u>  Local Cash _____  Other: _____  Other: _____  TOTAL <u>\$3,850,000</u>
---	--

**RECEIVED**

**SEP 24 2019**

**Division of Financial  
& Technical Assistance**

**Project Title:** Hot Springs Water System Supply and Storage Project

**Description:** (Include present monthly utility rate.)

The existing water system for the City of Hot Springs does not have adequate well supply or storage capacity; therefore, the City is planning to construct a new Madison well, well house, and a 1.15 million gallon storage tank to better serve the City's water users. The project will remedy the existing water supply and storage capacity issues, as well as provide for system redundancy. Refer to the Water System Facilities Plan on file with the DENR for detailed project information.

The current water rate based on the 5/8" meter size is \$18.00 for the first 1,000 gallons of usage and \$3.15 for each additional 1,000 gallons for a resulting rate of \$30.60 for 5,000 gallons. The City does not have a formally established water system reserve fund, however, ongoing balances are maintained in several different line items within the regular water fund.

**The Applicant Certifies That:**

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

George Kotti, Mayor  
 \_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

*George Kotti*  
 \_\_\_\_\_  
 Signature

9-17-19  
 \_\_\_\_\_  
 Date



Additional Comments:

The Town of Hudson is proposing to make improvements to its water and sewer utility infrastructure. The Town of Hudson has aging infrastructure (1970's) and much of it is in poor condition. The project will be divided into two phases.

Phase 1 includes the construction of a 120,000-gallon elevated storage tower to provide system reliability, expand capacity, and update aging infrastructure. An elevated storage tower would also provide fire protection for the community. The existing ground-level water storage tanks are in extremely poor condition and will be removed. Water meters throughout Hudson will also be replaced and the existing sanitary sewer collection infrastructure will be cleaned and televised. Additionally, the existing wastewater lift station will be replaced and an on site generator will be added. Approximately 2,800 feet of new force main will be installed to the treatment lagoons and the control structures between the lagoons will be replaced. A sludge survey will be conducted to determine the sludge depth in the lagoons and a sludge dredging project will be conducted, if necessary. Land will be acquired as part of the water tower and lift station projects.

Phase 2 includes primarily replacing existing utility infrastructure. The existing lines are past their life expectancy. Water distribution lines are undersized for fire protection and subject to frequent breaks. The wastewater collection system consists of vitrified clay pipe and it has sags, crooked joints, and root growth. Approximately 20,800 feet of water main will be replaced and 4,300 feet of water main will be installed to provide looping. An estimated 26,050 feet of vitrified clay pipe will be replaced. An estimated 10,000 feet of water service lines and 10,000 feet of sewer service lines will be replaced.

Monthly rates for a 5,000-gallon residential user are \$24.50 for water and \$9.00 for sewer. The City does not have a reserve and is anticipating a funding package to cover 100% of the eligible project costs.

The project estimate for Phase 1 improvements is \$4,079,500.

The project estimate for Phase 2 improvements is \$14,119,760.77

## State Water Plan Application

Applicant: City of Hurley  Address: P.O. Box 336 Hurley, SD 57036  Phone Number: (605) 238-0680	Proposed Funding Package  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,346,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td>Other: CAG</td> <td style="text-align: right; border-bottom: 1px solid black;">\$600,000</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 3px double black;"><b>\$1,946,000</b></td> </tr> </table>	Projected State Funding	\$1,346,000	Local Cash	_____	Other: CAG	\$600,000	Other: _____	_____	<b>TOTAL</b>	<b>\$1,946,000</b>
Projected State Funding	\$1,346,000										
Local Cash	_____										
Other: CAG	\$600,000										
Other: _____	_____										
<b>TOTAL</b>	<b>\$1,946,000</b>										

**RECEIVED**  
**SEP 19 2019**  
Division of Financial  
& Technical Assistance

**Project Title:** City of Hurley Center Avenue Street and Sewer Improvement Project

**Description:** (Include present monthly utility rate.)

The City of Hurley needs upgrades to its sanitary sewer system along Center Avenue, which serves downtown and several public entities. The project length is 2,200 feet between Monroe Street and South Dakota Highway 19. The sewer system extends from Main Street to Railway Street and collects all sanitary sewer in town and outlets to the city lift station and lagoon system. The Center Avenue sewer pipe is 8" vitrified clay pipe (VCP) and replacement was recommended in a 2007 report. All five brick manholes along this route cause extensive inflow and infiltration into the sanitary system; they need to be replaced. The existing VCP is cracked and portions of the pipe have severe breaks, sags, misalignment, and protruding services. There is one block along Center Avenue from Sioux Street to Yankton Street with VCP (8" main along the centerline of the road and 10" pipe in the south ditch of the road) running parallel to each other. It would be most cost effective to replace the centerline pipe and abandon the pipe in the ditch. A complete rebuild of the roadway, including ADA sidewalk upgrades, is recommended as part of this project. The total project cost is \$1,946,000. The City of Hurley does not have reserve funds. The wastewater rate is \$55.75 per 5,000 gallons. There is currently no storm sewer water fee.

**The Applicant Certifies That:**

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Linda Nelson, Mayor  
 \_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

*Linda Nelson*  
 \_\_\_\_\_  
 Signature

09/15/2019  
 \_\_\_\_\_  
 Date





## State Water Plan Application

Applicant: City of Madison  Address: 116 W. Center Street Madison, SD 57042-2833  Phone Number: 605-256-7500	Proposed Funding Package  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$6,890,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 1px solid black;"><b>\$6,890,000</b></td> </tr> </table>	Projected State Funding	\$6,890,000	Local Cash	_____	Other:	_____	Other:	_____	<b>TOTAL</b>	<b>\$6,890,000</b>
Projected State Funding	\$6,890,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
<b>TOTAL</b>	<b>\$6,890,000</b>										

**RECEIVED**

**OCT 03 2019**

Division of Financial  
& Technical Assistance

**Project Title:** Madison Wastewater/Storm Water Collection Systems Improvements

**Description:** (Include present monthly utility rate.)

The City of Madison proposes to construct improvements to portions of the wastewater and storm sewer systems. According to the Banner report, a major concern with the sanitary sewer system is the presence of older Vitrified Clay Pipe (VCP). VCP is known to become brittle over time, which results in cracking and breaks in the pipe. Cracks and breaks in the pipes can allow the inflow and infiltration (I/I) of groundwater into the collection system. Excessive amounts of I/I in the collection system can potentially stress the wastewater treatment facility. Another concern is under sized pipes in the wastewater collection system. The Madison storm sewer system is aging and reached the end of its useful life. It still utilizes VCP pipe and older brick structures. The VCP pipe suffers the same issues of cracking and braking as in the wastewater system. The brick structures are deteriorating and suffering joint failures. The storm sewer collection design at the intersections is outdated. The design has issues with clogging and creates challenges for the installation of pedestrian ramps. Under sized pipes are also a problem. The proposed project will resolve the identified issues in those portions of the wastewater and storm sewer collection systems. Madison's wastewater rate for 5,000 gallons of usage is \$46.80.

**The Applicant Certifies That:**

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Marshall Dennert, Mayor  
 \_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

  
 \_\_\_\_\_  
 Signature

9/30/19  
 \_\_\_\_\_  
 Date

## State Water Plan Application

Applicant: City of Mellette  Address: PO Box 105 Mellette, SD 57461  Phone Number: 605-887-3324	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Proposed Funding Package</td> </tr> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$285,680</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 3px double black;"><b>\$285,680</b></td> </tr> </table>	Proposed Funding Package		Projected State Funding	\$285,680	Local Cash	_____	Other:	_____	Other:	_____	<b>TOTAL</b>	<b>\$285,680</b>
Proposed Funding Package													
Projected State Funding	\$285,680												
Local Cash	_____												
Other:	_____												
Other:	_____												
<b>TOTAL</b>	<b>\$285,680</b>												

**RECEIVED**  
**OCT 02 2019**  
 Division of Financial  
 & Technical Assistance

Project Title: Mellette Sewer Improvements

Description: (Include present monthly utility rate.)

The City of Mellette has been experiencing problems with their lift station and pumps, due to excessive infiltration and inflow coming into the system. The lift station is over 20 years old and pumps and controls are outdated. The city currently has two pumps that alternate, pushing water through one 4 inch force main. This project will include installing an additional 6 inch line so the pumps can run concurrently and each pump has a designated line to the wastewater treatment facility. The project will also include pump modifications, new controls/control panel, and SCADA system.

The current sewer rates are \$30.00 flat rate for residential, \$37.50 for commercial users. And the school pays \$2,400 annually. There are 113 users.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Brian Bauer, Mayor  
 \_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

  
 \_\_\_\_\_  
 Signature

September 30, 2019  
 \_\_\_\_\_  
 Date







## State Water Plan Application

<p><b>Applicant:</b> City of North Sioux City</p> <p><b>Address:</b> 504 River Dr. North Sioux City, SD 57049</p> <p><b>Phone Number:</b> (605) 232-4276</p>	<p style="text-align: center;"><b>Proposed Funding Package</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,700,000</td> </tr> <tr> <td style="text-align: center;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td>Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td>Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 1px solid black;"><b>\$2,700,000</b></td> </tr> </table>	Projected State Funding	\$2,700,000	Local Cash	_____	Other:	_____	Other:	_____	<b>TOTAL</b>	<b>\$2,700,000</b>
Projected State Funding	\$2,700,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
<b>TOTAL</b>	<b>\$2,700,000</b>										

RECEIVED

OCT 03 2019

Division of Financial  
& Technical Assistance

**Project Title:** City of North Sioux City Water Tower Project

**Description:** (Include present monthly utility rate.) \_\_\_\_\_

The City of North Sioux City is in need of an additional elevated storage tank to serve existing customers and to complete maintenance work on an existing water tower. Potential site locations are restricted by distribution system bottlenecks and airspace restrictions. The current proposed location is along Waters Road between Military Road and Rickenbacker Road. This area is currently under investigation but will be confirmed during design. An allowance of 2,000 additional feet of pipeline to connect to the existing distribution system as well as costs for land acquisition have been included in the project budget. The current monthly water rate for a 5,000 residential user with a meter not exceeding one inch is \$24. Water rates are based on meter sizing; additional information regarding rates is included in the attached ordinance. The City has a reserve, but anticipates needing a funding package to cover eligible project costs.

**The Applicant Certifies That:**

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Randy Fredericksen, Mayor  
 Name & Title of Authorized Signatory  
 (Typed)

  
 Signature

10/1/19  
 Date

# State Water Plan Application

<p>Applicant: Town of Pickstown</p> <p>Address: PO Box 107 Pickstown, SD 57367-0107</p> <p>Phone Number: 605-487-7553</p>	<p>Proposed Funding Package</p> <p>Projected State Funding <u>\$4,758,625</u></p> <p>Local Cash _____</p> <p>Other: _____</p> <p>Other: _____</p> <p style="text-align: right;">TOTAL <u>\$4,758,625</u></p>
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Project Title: Pickstown Wastewater Improvements

Description: (Include present monthly utility rate.)

Pickstown currently provides sanitary sewer service to 146 service connections. The collection system for the Town is made up of approximately 25,728 feet of PVC and 3,249 feet of VCP pipe. Additionally, there are approximately one hundred and twenty (120) manholes within the collection system. The system also includes two lift stations which serve portions of the Town to the north and northwest. After performing visual inspections of the Pickstown wastewater collection system, it became apparent that I/I contributes a significant amount to the treatment system. It is highly recommended that smoke testing and video inspection of the collection system be completed to further evaluate the system. In terms of treatment the Town has had numerous emergency discharges although covered under a "no discharge" permit. It is recommended that the Town ensure that all the treatment system is addressed in order to stay in compliance with the existing permit conditions. The Town of Pickstown currently charges its residents a flat fee of \$22 for sewer. As of January 1, 2020, the rate will change to a \$23.00 base plus \$0.50 per 1,000. The rate for 5,000 gallons of usage will be \$25.50.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Cindy Broyhill, Town Board President  
 \_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

*Cindy Broyhill*  
 \_\_\_\_\_  
 Signature Date

## State Water Plan Application

Applicant: <b>RECEIVED</b> City of Piedmont Address: <b>SEP 12 2019</b> PO Box 101 Piedmont, SD 57769 Phone Number: (605) 716-5495	Proposed Funding Package Projected State Funding <u>    \$4,500,000    </u> Local Cash <u>                                    </u> Other: <u>  </u> Other: <u>  </u> TOTAL <u>    \$4,500,000    </u>
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Project Title: Central Wastewater System

Description: (Include present monthly utility rate.)

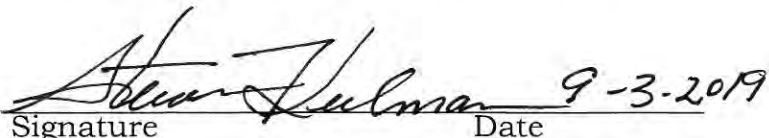
The proposed project will provide for a central wastewater system to serve the citizens of Piedmont and the surrounding area, including the new elementary school. The proposed system will provide collection, transmission and disposal of wastewater to address the failure of existing septic systems being used for on-site wastewater treatment in and around Piedmont, as well as shallow well contamination issues experienced in Piedmont and documented by the SD DENR and other studies over the past 20 years. The proposed system will include an activated sludge type of secondary treatment plant to provide environmentally sound treatment and disposal of wastewater from the City of Piedmont and the surrounding area.

Present monthly sewer rate: NA

---

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Steve Heilman, Pres., Board of Trustees Name & Title of Authorized Signatory (Typed)	<div style="text-align: center;">                   Signature <span style="float: right;">Date</span> </div>
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SEP 26 2019

Division of Financial  
& Technical Assistance

SD EForm - 0487LD V3

## State Water Plan Application

<b>Applicant:</b> City of Tea  <b>Address:</b> PO Box 128 Tea, South Dakota 57064  <b>Phone Number:</b> (605) 498-5191	<b>Proposed Funding Package</b>  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$12,400,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 1px solid black;"><b>\$12,400,000</b></td> </tr> </table>	Projected State Funding	\$12,400,000	Local Cash	_____	Other: _____	_____	Other: _____	_____	<b>TOTAL</b>	<b>\$12,400,000</b>
Projected State Funding	\$12,400,000										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
<b>TOTAL</b>	<b>\$12,400,000</b>										

**Project Title:** City of Tea Sanitary Sewer Regionalization Project

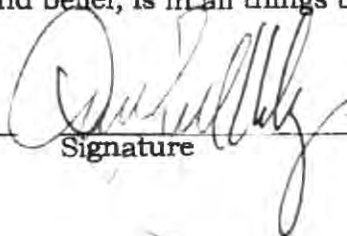
**Description:** (Include present monthly utility rate.)

The City of Tea is proposing to connect their wastewater treatment system to the City of Sioux Falls and desires to obtain financing for the project through the Clean Water State Revolving Fund and Consolidated Water Facilities Construction Program administered by the Department of Environment and Natural Resources (DENR). The proposed lift station and force main will connect the City of Tea to the City of Sioux Falls as a regional customer. All wastewater from the City of Tea will be pumped to the City of Sioux Falls. Connecting to Sioux Falls will provide a long-term solution to treat the City of Tea's wastewater. Currently, the City of Tea's treatment system is at capacity and in need of expansion. This connection will also allow the City to eliminate its wastewater ponds in the future. The requested funding for this project would also include the costs associated with paying system development charges (SDC) to buy into the regional system. The portion of the project costs for the system development charge is \$4,977,702. Current monthly rates for a 5,000-gallon residential user are \$32.00.

**The Applicant Certifies That:**

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Dan Zulkosky, City Administrator  
 Name & Title of Authorized Signatory  
 (Typed)



Signature

09/23/2019  
 Date





## State Water Plan Application

<p><b>Applicant:</b> City of Valley Springs</p> <p><b>Address:</b> PO Box 118 Valley Springs, South Dakota</p> <p><b>Phone Number:</b> 605-757-6555</p>	<p><b>Proposed Funding Package</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$3,340,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 1px solid black;"><b>\$3,340,000</b></td> </tr> </table>	Projected State Funding	\$3,340,000	Local Cash	_____	Other:	_____	Other:	_____	<b>TOTAL</b>	<b>\$3,340,000</b>
Projected State Funding	\$3,340,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
<b>TOTAL</b>	<b>\$3,340,000</b>										

**RECEIVED**

**SEP 30 2019**

Division of Financial  
& Technical Assistance

**Project Title:** Utility Improvements Project

**Description:** (Include present monthly utility rate.)

The City of Valley Springs intends to replace clay sewer and asbestos cement pipe that has outlived the useful life. In addition, the City experiences high infiltration during large rain events which cause sewage backup into homes. This project will help to reduce the infiltration the City is experiencing which will also increase the treatment capacity. The water lines along the project are asbestos and will be replaced with PVC. Water and sewer services will be replaced to the property line.

The existing water tower needs to be recoated along with making some safety improvements. The coating system is over 20 years old and has outlived its useful life. The interior of the tank is experiencing rust along the seams. The coating system needs to be replaced to ensure that the rust doesn't cause any leaks.

Current water rates are \$27.50 for 5,000 gallons of usage and sewer rates are \$30.

**The Applicant Certifies That:**

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Carl Moss, Mayor  
 \_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

  
 \_\_\_\_\_  
 Signature

9/25/19  
 \_\_\_\_\_  
 Date





## State Water Plan Application

Applicant: City of Webster  Address: PO Box 539 Webster, SD 57274-0539  Phone Number: 605-345-3241	Proposed Funding Package  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$6,630,020</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 3px double black;"><b>\$6,630,020</b></td> </tr> </table>	Projected State Funding	\$6,630,020	Local Cash	_____	Other:	_____	Other:	_____	<b>TOTAL</b>	<b>\$6,630,020</b>
Projected State Funding	\$6,630,020										
Local Cash	_____										
Other:	_____										
Other:	_____										
<b>TOTAL</b>	<b>\$6,630,020</b>										

**RECEIVED**  
**SEP 30 2019**  
Division of Financial  
& Technical Assistance

Project Title: Webster Drinking Water Line Replacement

Description: (Include present monthly utility rate.)

Webster hired Clark Engineering to complete an engineering study for the City's drinking water system. The town has been experiencing issues with water main breaks and water loss. The City's water mains are constructed of cast iron and asbestos cement pipe. In addition to replacing water main, the City is also proposing to replace sewer and storm sewer lines where needed, to prevent having to tear up the roads more than once. They have split the project into East and West phase.

The City of Webster has drinking water rates of \$51.00 per 5,000 gallons

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Mike Grosek, Mayor  
 \_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

  
 \_\_\_\_\_  
 Signature

September 24, 2019  
 \_\_\_\_\_  
 Date



## State Water Plan Application

<p>Applicant: City of Webster</p> <p>Address: PO Box 539 Webster, SD 57274</p> <p>Phone Number: 605-345-3241</p>	<p style="text-align: center;"><b>RECEIVED</b> <b>SEP 30 2019</b> Division of Financial &amp; Technical Assistance</p> <p>Proposed Funding Package</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,183,405</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right; border-bottom: 1px solid black;"><b>\$1,183,405</b></td> </tr> </table>	Projected State Funding	\$1,183,405	Local Cash	_____	Other: _____	_____	Other: _____	_____	<b>TOTAL</b>	<b>\$1,183,405</b>
Projected State Funding	\$1,183,405										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
<b>TOTAL</b>	<b>\$1,183,405</b>										

Project Title: Webster Sanitary Sewer Line Replacement

Description: (Include present monthly utility rate.)


The City of Webster hired Clark Engineering to complete a study of their water and sewer infrastructure. The City has been lining and replacing a few city blocks a year as they can afford it. However, they decided to replace the sanitary and storm sewer lines at the same time as the drinking water lines so that they only have to tear up the street one time. The City has split the drinking water project into two phases, an East phase and West phase and plan to complete all of the line replacement (water, sewer, storm sewer) in two phases.

The City of Webster has a sanitary sewer rate of \$28.00 for the first 17,000 gallons plus a sewer surcharge \$9.20 to debt service a loan used for the construction of a new lagoon. The total rate for 5,000 gallons is \$37.20.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Mike Grosek  
 \_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

  
 \_\_\_\_\_  
 Signature

September 25, 2019  
 \_\_\_\_\_  
 Date

## State Water Plan Application

Applicant: City of Wolsey  Address: PO Box 356 Wolsey, SD 57384  Phone Number: 605-883-4710	Proposed Funding Package  <table style="width: 100%; border: none;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$326,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;"><b>TOTAL</b></td> <td style="text-align: right;"><b>\$326,000</b></td> </tr> </table>	Projected State Funding	\$326,000	Local Cash	_____	Other:	_____	Other:	_____	<b>TOTAL</b>	<b>\$326,000</b>
Projected State Funding	\$326,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
<b>TOTAL</b>	<b>\$326,000</b>										

**RECEIVED**  
**SEP 10 2019**  
Division of Financial  
& Technical Assistance

Project Title: Wolsey Pumphouse Project

Description: (Include present monthly utility rate.)

The City of Wolsey is proposing to demolition the existing pumphouse, install a new pumphouse on the existing slab, install new pumps and controls and install a standby generator.

The current water rates are \$41.50 per 5,000 gallons.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Robert McGillvrey, Town President  
 \_\_\_\_\_  
 Name & Title of Authorized Signatory  
 (Typed)

  
 \_\_\_\_\_  
 Signature

September 03, 2019  
 \_\_\_\_\_  
 Date

November 7, 2019

Item 7

**TITLE:** Public Hearing to Adopt Federal Fiscal Year 2020 Clean Water State Revolving Fund Intended Use Plan.

**EXPLANATION:** The Intended Use Plan describes how the board intends to use available funds to meet the objectives of the Clean Water Act. A prioritized list of projects is included in the Intended Use Plan. Projects seeking a Clean Water State Revolving Fund loan must be included on the priority list. The hearing has been advertised in accordance with applicable state and federal requirements.

**RECOMMENDED ACTION:** Conduct the public hearing, receive testimony and approve the Federal Fiscal Year 2020 Intended Use Plan.

**CONTACT:** Andy Bruels, 773-4216



**SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND  
FEDERAL FISCAL YEAR 2020 INTENDED USE PLAN**

**INTRODUCTION**

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for Federal Fiscal Year (FFY) 2020 as required under Section 606(c) of the Clean Water Act.

The primary purpose of the IUP is to identify the proposed annual intended use of the amounts available to the Clean Water State Revolving Fund (SRF). The IUP has been reviewed by the public and reflects the results of that review.

The IUP includes the following:

1. List of projects and activities;
2. Goals, objectives, and environmental results;
3. Amount of funds transferred between the Clean Water SRF and the Drinking Water SRF;
4. Information on the activities to be supported;
5. Assurances and specific proposals;
6. Criteria and method for distribution of funds; and
7. Sources and uses of funds (the 2020 capitalization grant estimate used in the IUP is based on last year's allocation).

**LIST OF PROJECTS AND ACTIVITIES**

The IUP identifies potential municipal wastewater, storm water, and nonpoint source projects. A project must be on the project

priority list, Attachment I, to be eligible for a loan. This list was developed from the State Water Plan and includes projects that did not designate Clean Water SRF loans as a funding source.

Projects may be added to the project priority list by the Board of Water and Natural Resources if the action is included on the meeting agenda at the time it is posted.

Priority ratings are based on the integrated project priority system established in ARSD 74:05:08:03.01. The general objective of the integrated priority system is to ensure that projects funded through the Clean Water SRF program address high priority water quality problems. This is accomplished with a priority system that ranks both municipal wastewater and nonpoint source pollution control projects on an equal basis. Projects and activities utilizing administrative surcharge funds are not required to be ranked and included on the project priority list.

The Clean Water SRF may be used for the following purposes:

1. Low-interest loans for secondary or more stringent treatment of any cost-effective alternatives, new interceptors and appurtenances, infiltration/inflow correction, new collectors, sewer system rehabilitation, expansion and correction of combined sewer overflows, decentralized wastewater treatment systems, and construction of new storm sewers. The low-interest loans can be made for up to 100 percent of the total project cost;

2. Refinancing of existing debt obligations for municipal wastewater facilities if the debt was incurred and construction initiated after March 7, 1985; or
3. Nonpoint source pollution control projects and programs, including non-traditional projects (projects with a primary purpose other than water quality).

A determination of which projects are funded from the above-mentioned lists, the amount of assistance, and the financing terms and conditions will be made by the Board of Water and Natural Resources during FFY 2020.

**GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS**

Long-term Goals and Objectives:

The long-term goals of the State Water Pollution Control Revolving Fund are to fully capitalize the Clean Water SRF, maintain or restore and enhance the chemical, physical, and biological integrity of the state's waters for the benefit of the overall environment, protect public health, and promote economic well-being.

Objectives:

1. Maintain a permanent, self-sustaining Clean Water SRF program that will serve in perpetuity as a financing source for wastewater treatment works projects and nonpoint source pollution control projects; and
2. Fulfill the requirements of pertinent federal, state, and local laws and regulations governing water pollution control activities while providing the state and local project sponsors with

maximum flexibility and decision-making authority regarding such activities.

Short-term Goal and Objectives:

The short-term goal of the Clean Water SRF is to fully capitalize the fund.

Objectives:

1. Ensure the technical integrity of Clean Water SRF projects through the review of planning, design plans and specifications, and construction activities;
2. Ensure compliance with all pertinent federal, state, and local water pollution control laws and regulations; and
3. Obtain maximum capitalization of the funds for the state in the shortest time possible.

Environmental Results:

States were required to quantify and report the environmental benefits being realized through the Clean Water SRF loan program. The reporting requirement is being satisfied using an on-line environmental benefits assessment developed by EPA in cooperation with the States and other organizations. A summary of the FFY 2020 loans and the resulting benefits will be provided in the end-of-year-annual report.

**AMOUNT OF FUNDS TRANSFERRED BETWEEN THE CLEAN WATER SRF AND THE DRINKING WATER SRF**

The Safe Drinking Water Act Amendments of 1996 and subsequent congressional action allows states to transfer an amount equal to 33 percent of its Drinking Water SRF capitalization grant to the Clean Water SRF

or an equivalent amount from the Clean Water SRF to the Drinking Water SRF. States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs and may transfer a previous year's allocation at any time.

South Dakota has transferred \$15,574,320 from the Clean Water SRF program to the Drinking Water SRF program in past years. In fiscal year 2006 and 2011, \$7.5 million in leveraged bond proceeds and \$10 million of repayments, respectively, were transferred from the Drinking Water SRF program to the Clean Water SRF program. With the 2020 capitalization grant, the ability exists to transfer more than \$55.6 million from the Clean Water SRF program to the Drinking Water SRF program. More than \$53.7 million could be transferred from the Drinking Water Program to the Clean Water SRF program. The table on page 10 details the amount of funds transferred between the programs and the amount of funds available to be transferred.

No transfers are expected in FFY 2020.

### **INFORMATION ON THE ACTIVITIES TO BE SUPPORTED**

The primary type of assistance to be provided by the Clean Water SRF is direct loans including refinancing of existing debts where eligible. Loan assistance will be provided to municipalities, sanitary districts, counties, or other units of government for publicly owned wastewater treatment facilities, storm sewers, and nonpoint source pollution control programs in accordance with the Clean Water SRF administrative rules adopted by the Board of Water and Natural Resources. With the adoption of the amended and restated Master Indenture in 2004, the Clean Water and Drinking Water SRF programs are cross-

collateralized. This allows the board to pledge excess revenues on deposit in the Drinking Water SRF program to act as additional security for bonds secured by excess revenues on deposit in the Clean Water SRF program, and vice versa.

### **Sources of Loan Funds**

Loan funds are derived from various sources and include federal capitalization grants, state match, leveraged bonds, borrowers' principal repayments, and interest earnings.

Capitalization Grants/State Match: Federal capitalization grants are provided to the state annually. These funds must be matched by the state at a ratio of 5 to 1. The fiscal year 2020 capitalization grant is expected to be \$7,779,000 which requires \$1,555,800 in state match. Bond proceeds will be used to match FFY 2020 capitalization grant funds.

For purposes of meeting FFY 2020 proportionality requirements, the South Dakota Clean Water SRF program will document the expenditure of repayments and bond proceeds in an amount equivalent to the entire required state match.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. It is anticipated that approximately \$100 million in leveraged bonds will be required in FFY 2020.

Borrowers' Principal Repayments: The principal repaid by the loan borrowers is used to make semi-annual leveraged bond payments. Any excess principal is available for loans. It is estimated that \$6,200,000 in principal repayments will become available for loans in FFY 2020.

Interest Earnings: The interest repaid by the loan borrowers, as well as interest earned on investments, is dedicated to make semi-annual state match bond payments. Any excess interest is available for loans. It is estimated that \$8,500,000 in interest earnings will become available for loans in FFY 2020.

### **Additional Subsidy - Principal Forgiveness**

The 2010 and 2011 Clean Water SRF appropriations mandated that not less than 30 percent of the funds made available for Clean Water SRF capitalization grants be used by the State to provide additional subsidy to eligible recipients and shall only apply to the portion of the national allocation that exceeds \$1 billion. The 2012 through 2014 capitalization grants mandated additional subsidy be provided in an amount not less than 20 percent, but not more than 30 percent, of that portion of the national allocation that exceeds \$1,000,000,000. Additional subsidy may be in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these).

Additional subsidy will be provided in the form of principal forgiveness. Municipalities and sanitary districts must have a minimum rate of \$30 per month based on 5,000 gallons usage or a flat rate to qualify for principal forgiveness. Other applicants must have a minimum rate of \$40 per month based on 5,000 gallons usage or a flat rate to qualify for principal forgiveness.

With the passage of the Water Resources Reform and Development Act (WRRDA) in June 2014, states may provide additional subsidization when the total amount appropriated for capitalization grants exceeds \$1,000,000,000. Additional subsidization can be provided to a municipality only if it meets the affordability requirements

established by the state or to projects that implement a process, material, technique, or technology with water efficiency, energy efficiency, mitigation of stormwater runoff or sustainability benefits.

The 2016 through 2019 appropriation acts required an additional 10 percent of the capitalization grant be used for additional subsidy and is available for any eligible borrower. At this time South Dakota will only provide this 10 percent to borrowers who meet the state's affordability criteria.

When determining the amount of principal forgiveness, the Board of Water and Natural Resources may consider the following decision-making factors, which are set forth in alphabetical order:

- (1) Annual utility operating budgets;
- (2) Available local cash and in-kind contributions;
- (3) Available program funds;
- (4) Compliance with permits and regulations;
- (5) Debt service capability;
- (6) Economic impact;
- (7) Other funding sources;
- (8) Readiness to proceed;
- (9) Regionalization or consolidation of facilities;
- (10) Technical feasibility;
- (11) Utility rates; and
- (12) Water quality benefits.

Table 1 summarizes the amounts of principal forgiveness provided with the 2010 – 2019 capitalization grants.

Table 1 – Principal Forgiveness Status

FFY	Principal Forgiveness	
	Minimum	Maximum
2010	\$1,497,982	\$4,993,274
2011	\$669,233	\$2,230,777
2012	\$383,922	\$575,882
2013	\$307,120	\$460,680
2014	\$372,924	\$559,386
2015	\$0	\$2,045,100
2016	\$652,500	\$2,610,000
2017	\$647,400	\$2,589,600
2018	\$785,900	\$3,143,600
2019	\$777,900	\$3,111,600
2020 (est)	\$777,900	\$3,111,600
	\$6,872,781	\$25,431,499

Awarded as of September 30, 2019

Awarded from 2010 grant	\$4,993,274
Awarded from 2011 grant	\$2,230,777
Awarded from 2012 grant	\$575,882
Awarded from 2013 grant	\$460,680
Awarded from 2014 grant	\$559,386
Awarded from 2015 grant	\$2,045,100
Awarded from 2016 grant	\$2,610,000
Awarded from 2017 grant	\$2,589,600
Awarded from 2018 grant	\$3,143,600
Awarded from 2019 grant	\$567,063

In compliance with the WRRDA provisions South Dakota has adopted the affordability criteria below.

1. All applicants will be awarded points to determine principal forgiveness eligibility as follows:
  - a. Five points if an applicant’s median household income is equal to or less than 80 percent of the statewide median household income;
  - b. Three points if an applicant’s median household income is equal to or less

than the statewide median household income and greater than 80 percent of the statewide median household income;

- c. One point if the applicant’s 2010 census population is less than the applicant’s 2000 census population; and
  - d. One point if an applicant’s county unemployment rate is greater than the statewide unemployment rate.
2. If the boundaries of an applicant are located in more than one county, the unemployment rate of the county with the largest percentage of the applicant’s population will be used.
  3. Applicants must receive a minimum of five points to be eligible for principal forgiveness in the upcoming fiscal year.

The source of median household income statistics will be the American Community Survey or other statistically valid income data supplied by the applicant and acceptable to the board.

The source of unemployment rates will be the 2013 average unemployment rates as determined by the South Dakota Department of Labor and Regulation, Labor Force Statistics.

Systems that are eligible to receive principal forgiveness are identified in Attachment I and Attachment II. Attachment II - List of Projects to be Funded in FFY 2020 identifies \$3,335,099 in potential principal forgiveness.

### Green Project Reserve

Recent Clean Water SRF appropriations mandated that to the extent there are

sufficient eligible project applications, a portion of the funds made available for each year's Clean Water SRF capitalization grant shall be used by the State for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve.

Sufficient funds have been awarded to qualifying projects to meet the 2010 – 2017 capitalization grants Green Project Reserve requirements.

The Green Project Reserve requirement was included in the 2010 - 2019 capitalization grants, and required that not less than 10 percent be made available for Green Project Reserve eligible projects. It is anticipated that the 2020 capitalization grant will include a requirement that not less than 10 percent be made available for Green Project Reserve eligible projects. Attachment II – List of Projects to be Funded in FFY 2020 identifies two projects with a to be determined amount of Green Project Reserve eligible project components. The Sioux Falls Water Reclamation Facility expansion will replace a significant amount of mechanical equipment replacement. The energy efficiency realized by the equipment replacement will be determined later and the Green Project Reserve amount will be updated. This, combined with existing unclosed loan obligations, will meet the 10 percent requirement of the 2018 - 2020 capitalization grants.

**Interest Rates**

Interest rates are reviewed periodically in comparison to established bond rating indexes to assure rates are at or below market rates as required. The SRF rates are then set

to be competitive with other funding agencies.

The interest rates for FFY 2020 are summarized in Table 2. The rates were adjusted in November 2019.

Projects for traditional wastewater or stormwater projects that include a nonpoint source component may receive the nonpoint source rate. The annual principal and interest payments are calculated for a loan at the higher base interest rate. Using the lower interest incentive rate, a loan is sized using the annual payment previously calculated. The difference in the two loan amounts is the amount of funding available for the nonpoint source component of the project.

	Up to 5 Yrs	Up to 10 Yrs	Up to 20 Yrs	Up to 30 Yrs*
<u>Interim Rate</u>				
Interest Rate				
Admin. Surcharge				
Total				
<u>Base Rate</u>				
Interest Rate				
Admin. Surcharge				
Total				
<u>Nonpoint Source Incentive Rate</u>				
Interest Rate				
Admin. Surcharge				
Total				

Clean Water SRF loan interest rates will be reviewed by the Board of Water and Natural Resources at its November 7, 2019 Board meeting prior to the IUP public hearing.

\* Term cannot exceed useful life of the project.

**Administrative Surcharge Activities**

The interest rate includes an administrative surcharge as identified in Table 2. The surcharge was established to provide a pool of funds to be used for administrative purposes after the state ceases to receive capitalization grants. The administrative

surcharge is also available for other purposes, as determined eligible by EPA and at the discretion of the Board of Water and Natural Resources and department. Recent emphasis has been on using the surcharge for purposes other than reserves for future program administration.

In fiscal year 2001, the board initiated the Small Community Planning Grant program to encourage proactive planning by small communities. The planning grants reimburse 80 percent of the cost of the study. Planning grants are available only to communities of 2,500 or less. Communities are reimbursed 80 percent of the cost of an engineering study, with the maximum grant amount for any project being \$10,000.

Administrative surcharges are being used for non-federal cost share for Total Maximum Daily Load (TMDL) assessment and implementation projects.

Additionally, administrative surcharges have been allocated to supplement the Consolidated program by providing water quality grants to Clean Water SRF eligible projects.

Beginning in fiscal year 2005, administrative surcharge funds were also provided to the planning districts to defray the cost of SRF application preparation and project administration. Reimbursement is \$9,000 per approved loan with payments made in \$3,000 increments as certain milestones are met. Future allocations for this activity are anticipated and will be based on expected loan demand.

The American Recovery and Reinvestment Act (ARRA) of 2009 and subsequent capitalization grants through 2014 had mandated implementation of Davis-Bacon prevailing wage rules. The WRRDA of 2014

included Davis-Bacon prevailing wage requirements for all capitalization grants going forward. Under joint powers agreements between the planning districts and the department, the planning districts are reimbursed \$1,100 per project to oversee compliance with the Davis-Bacon wage rate verification and certification.

### **Administrative Surcharge Uses in FFY 2020**

As of September 30, 2019, \$713,767 of unobligated administrative surcharge funds is available. It is anticipated that the administrative surcharge will generate an additional \$1,550,000 in FFY 2020.

In FFY 2020, \$1,250,000 of administrative surcharge funds will be allocated. It is proposed to allocate \$100,000 for planning grants and \$1,150,000 to supplement the Consolidated and Section 319 programs with grants for wastewater treatment and TMDL implementation projects.

Administrative surcharge funds will again be provided to the planning districts to defray the cost of SRF application preparation and project administration, which includes Davis-Bacon wage rate verification and certification. The FFY 2020 allocation for these activities will be \$200,000.

In FFY 2020, \$25,000 of administrative surcharge funds will be allocated to assist SRF applicants to improve the financial or managerial capacity of the wastewater utility. In 2018, DENR signed a three-year contract with Midwest Assistance Program to provide these services.

### **Build America Bond Activities and Uses**

The Series 2010A bonds that were issued in December 2010 were designated as Build

America Bonds. As a result, the District receives subsidy payments from the U.S. Treasury equal to 35% of the interest payable on its Series 2010A Bonds.

In FFY 2020, \$2,000,000 of Build America Bond funds will be allocated to supplement the Consolidated program with grants for wastewater or stormwater projects. The appropriation level reflects the current available balance and anticipated payments through September 2020 on the Clean Water SRF portion of the Build America Bonds.

### **Capitalization Grant Administrative Allowance**

The WRRDA of 2014 provides three options to states to calculate the administrative fees available from each year's capitalization grant. States may use the larger of 1) an amount equal to four percent of the annual capitalization grant, 2) \$400,000 per year or 3) 1/5 of a percent of the current valuation of the Clean Water SRF fund based on the most recent previous year's audited financial statements.

Four percent of the expected fiscal year 2020 capitalization grant is \$311,160, and 1/5 of a percent of the current fund valuation of \$248,444,551 results in \$496,889 available for administrative fees. As a result, an administrative allowance of \$496,889 will be reserved for administrative purposes in FFY 2020.

### **ASSURANCES AND SPECIFIC PROPOSALS**

The state has assured compliance with the following sections of the law in the State/EPA Operating Agreement – XI Certification Procedures. In addition, the state has developed specific proposals on implementation of those assurances in the

administrative rules promulgated by the Board of Water and Natural Resources.

#### Section 602(a) – Environmental Reviews

The state certifies that it will conduct environmental reviews of each project on Attachment II receiving assistance from the Clean Water SRF, as applicable. The state will follow EPA-approved National Environmental Policy Act (NEPA) procedures in conjunction with such environmental reviews.

#### Section 602(b)(3) – Binding Commitments

The state certifies that it will enter into binding commitments equal to at least 120 percent of each quarterly grant payment within one year after receipt.

#### Section 602(b)(4) – Timely Expenditures of Funds

The state is committed to obligate Clean Water SRF moneys to eligible applicants as quickly and efficiently as possible to facilitate the financing of eligible projects and to initiate construction with a minimum of delay.

#### Section 602(b)(5) – First Use Enforceable Requirements

The state certifies that all major and minor wastewater treatment facilities identified as part of the National Municipal Policy (NMP) universe are:

1. in compliance, or
2. have received funding through various state and federal assistance programs and constructed a facility designed to produce an effluent capable of meeting the appropriate permit limits and achieve compliance with its discharge permit, or
3. have upgraded existing facilities or constructed new facilities through its own means to achieve compliance with its discharge permit.



Section 602(b)(6) – Compliance with Title II Requirements – The state certifies that it will comply as applicable.

Section 602(b)(13) – Cost Effectiveness Certification – The state will require Clean Water SRF assistance recipients and their consulting engineer to certify that they have studied and evaluated the cost effectiveness of the proposed project, and to the maximum extent practicable, have selected the alternative that maximizes the potential for efficient water use, reuse, and recapture, and conservation and energy conservation.

Section 602(b)(14) – Procurement of Architectural and Engineering Services – The state will not provide Clean Water SRF assistance to projects for architectural or engineering services that are identified as an equivalency project in the annual report, unless the project has complied with the architectural and engineering procurement procedures identified in 40 U.S.C. 1101 *et seq.*

Section 608 – American Iron and Steel Provisions – The state certifies that it will require American Iron and Steel products to be utilized for all treatment works projects receiving assistance from the Clean Water SRF, as applicable.

#### **CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS**

The Clean Water SRF funds are distributed using the following criteria:

1. the availability of funds in the Clean Water SRF program;
2. the applicant's need;
3. violation of health and safety standards;  
and

4. the applicant's ability to repay.

The methods and criteria used are designed to provide the maximum flexibility and assistance that is affordable to the borrower while providing for the long-term viability of the fund.

**Public Review and Comment** – On May 25, 1988, a public hearing was held to review the initial Clean Water SRF rules and to receive comments. The Board of Water and Natural Resources approved the rules following the hearing. Revisions to the Clean Water SRF rules have been made periodically to reflect the needs of the program.

A formal public hearing was held for the South Dakota FFY 2020 Clean Water SRF Intended Use Plan on November 7, 2019.

**Table 3 – Amounts Available to Transfer between State Revolving Fund Programs**

<b>Year</b>	<b>DWSRF Capitalization Grant</b>	<b>Amount Available for Transfer</b>	<b>Banked Transfer Ceiling</b>	<b>Amount Transferred from CWSRF to DWSRF</b>	<b>Amount Transferred from DWSRF to CWSRF</b>	<b>Transfer Description</b>	<b>CWSRF Funds Available to Transfer</b>	<b>DWSRF Funds Available to Transfer</b>
1997	\$12,558,800	\$4,144,404	\$4,144,404				\$4,144,404	\$4,144,404
1998	\$7,121,300	\$2,350,029	\$6,494,433				\$6,494,433	\$6,494,433
1999	\$7,463,800	\$2,463,054	\$8,957,487				\$8,957,487	\$8,957,487
2000	\$7,757,000	\$2,559,810	\$11,517,297				\$11,517,297	\$11,517,297
2001	\$7,789,100	\$2,570,403	\$14,087,700				\$14,087,700	\$14,087,700
2002	\$8,052,500	\$2,657,325	\$16,745,025	\$7,812,960		CW Cap Grant/Match	\$8,932,065	\$16,745,025
2003	\$8,004,100	\$2,641,353	\$19,386,378	\$7,761,360		CW Cap Grant/Match	\$3,812,058	\$19,386,378
2004	\$8,303,100	\$2,740,023	\$22,126,401				\$6,552,081	\$22,126,401
2005	\$8,285,500	\$2,734,215	\$24,860,616				\$9,286,296	\$24,860,616
2006	\$8,229,300	\$2,715,669	\$27,576,285		\$7,500,000	Leveraged Bonds	\$12,001,965	\$20,076,285
2007	\$8,229,000	\$2,715,570	\$30,291,855				\$14,717,535	\$22,791,855
2008	\$8,146,000	\$2,688,180	\$32,980,035				\$17,405,715	\$25,480,035
2009	\$8,146,000	\$2,688,180	\$35,668,215				\$20,093,895	\$28,168,215
2010	\$13,573,000	\$4,479,090	\$40,147,305				\$24,572,985	\$32,647,305
2011	\$9,418,000	\$3,107,940	\$43,255,245		\$10,000,000	Repayments	\$27,680,925	\$25,755,245
2012	\$8,975,000	\$2,961,750	\$46,216,995				\$30,642,675	\$28,716,995
2013	\$8,421,000	\$2,788,930	\$48,995,925				\$33,421,605	\$31,495,925
2014	\$8,845,000	\$2,918,850	\$51,914,775				\$36,340,455	\$34,414,775
2015	\$8,787,000	\$2,899,710	\$54,814,485				\$39,240,165	\$37,314,485
2016	\$8,312,000	\$2,742,960	\$57,557,445				\$41,983,125	\$40,057,445
2017	\$8,241,000	\$2,719,530	\$60,276,975				\$44,702,655	\$42,776,975
2018	\$11,107,000	\$3,665,310	\$63,942,285				\$48,367,965	\$46,442,285
2019	\$11,004,000	\$3,631,320	\$67,573,605				\$51,999,285	\$50,073,605
2020 (est)	\$11,004,000	\$3,631,320	\$71,204,925				\$55,630,605	\$53,704,925

## ATTACHMENT I

### PROJECT PRIORITY LIST

Attachment I is a comprehensive list of projects that are eligible for Clean Water SRF loans. This list was developed from State Water Plan applications. Inclusion on the list carries no obligations to the Clean Water SRF program. Attachment II lists those projects expected to be funded in FFY 2020.

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Principal Forgiveness Eligible
31	Fort Pierre	C461049-07	Installation of aeration and mixing equipment in the primary cells of the existing treatment ponds to address organic loadings and ammonia. A chemical disinfection point will be added to allow continuous discharge, and the discharge location will be moved from the Bad River to the Missouri River. The collection system will be cleaned and televised to prioritize future line replacement.	\$3,930,000	2.50%, 20 yrs	
28	Green Valley Sanitary District	C461251-01	Construction of a centralized collection system and removal of failing septic systems. Wastewater will be conveyed to the city of Rapid City's collection system and treated at the water reclamation facility.	\$9,470,000	2.75%, 30 yrs	
28	Watertown	C461029-13	Construction of new gravity and low pressure sewer main to connect a development on the edge of the city currently utilizing on-site septic systems to the city's wastewater treatment system.	\$832,896	2.75%, 30 yrs	

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term<sup>1</sup></b>	<b>Principal Forgiveness Eligible</b>
24	Huron	C461291-05	Construction of a new Sequencing Batch Reactor (SBR) system near the existing SBR site. The project will also rehabilitate the existing pretreatment facility.	\$14,945,500	2.75%, 30 yrs	
21	Piedmont	C461462-01	Construction of a centralized collection system and activated sludge treatment facility to replace on-site septic systems within the municipality.	\$4,500,000	2.50%, 20 yrs	Yes (Pending rate increase)
20	Sioux Falls	C461232-43	Major replacement and upgrades to the city's water reclamation facility to improve treatment processes and expand the current treatment capacity to meet future growth needs.	\$159,000,000	2.50%, 20 yrs	
18	Pierre	C461288-09	Improvements to the wastewater treatment facility to include influent pumping and screening upgrades, improvements to the digester and solid handling processes, replacement of the outfall line pipe, and installation of an emergency pump facility on the outfall line in case of flooding.	\$11,300,000	2.50%, 20 yrs	
16	Hot Springs	C461040-03	Construction of new gravity sewer main to connect users currently utilizing on-site septic systems to the city's wastewater treatment system.	\$638,525	2.75%, 30 yrs	Yes (Pending rate increase)

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Principal Forgiveness Eligible
16	Tea	C461028-07	Payment of a system regionalization development charge implemented by the city of Sioux Falls on regional users and construction of a lift station and 26,800 feet of forcemain to convey all wastewater in the community to Sioux Falls for treatment.	\$12,400,000	2.75%, 30 yrs	
15	Eagle Butte	C461148-04	Replacement of existing sanitary sewer and manholes in several locations, replace two existing lift stations at No Heart and Hwy 212 and necessary piping to convey the wastewater, and to rehabilitate the wastewater treatment ponds to include new rip-rap, embankment shaping and sludge removal.	\$5,506,000	2.75%, 30 yrs	Yes
14	Aurora	C461081-03	Construction of a submerged attached growth reactor system (SAGR), installation of mixing equipment in existing ponds, installation of an ultraviolet disinfection system and construction of an outfall line and lift station for discharge.	\$4,200,000	2.75%, 30 yrs	
13	Harrisburg	C461065-08	Replacement of 17,000 feet of existing sanitary sewer and installation of 10,700 new storm sewer in the southeastern portion of the city.	\$8,650,000	2.75%, 30 yrs	

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term<sup>1</sup></b>	<b>Principal Forgiveness Eligible</b>
13	Montrose	C461075-04	Rehabilitation of the existing lift station pumps and controls and raising it above flood elevations, relining and replacing 1,600 feet of existing collection system with cast in place pipe, improvements to the wastewater treatment facility access road, and installation of bank stabilization along the river adjacent to the wastewater treatment ponds to prevent erosion of pond embankments.	\$1,000,000	2.75%, 30 yrs	
13	Pickstown	C461378-01	Clean and televise 29,000 feet the wastewater collection system and determine where cast in place or open trench pipe replacement is appropriate for rehabilitating the collection system. The project will also rehabilitate the wastewater treatment facility to continue providing adequate treatment.	\$4,758,625	2.75%, 30 yrs	
12	Pierpont	C461076-02	Replacement of all existing VCP sanitary sewer lines with PVC and installation of a synthetic liner on the primary cell of the treatment ponds.	\$1,333,000	2.75%, 30 yrs	
12	Sioux Falls	C461232-42	Upgrades to the storm water piping in three existing developed areas in the city to include Basin 95, Basin 104, and Basin 371.	\$9,457,466	1.25%, 10 yrs	
11	Madison	C461024-03	Replacement of 5,000 feet of storm and replacement or relining of 19,300 feet of sanitary sewer collection pipes in several locations throughout the community.	\$6,890,000	2.75%, 30 yrs	Yes

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Principal Forgiveness Eligible
10	Brookings	C461019-10	Upgrades to existing storm sewer conveyance systems and pipes along Jefferson Avenue, State Avenue and Morningside Drive to adequately convey the 5-year storm event.	\$850,000	2.75%, 30 yrs	
10	Dell Rapids	C461064-10	Replacement of sanitary and storm sewer pipes along portions of 5 <sup>th</sup> , 6 <sup>th</sup> , and Iowa Avenues.	\$2,270,000	2.75%, 30 yrs	
10	Elkton	C461229-03	Cleaning and televising the entire collection system and replacement or relining of approximately 44,500 feet of sewer lines and manholes.	\$8,412,000	2.75%, 30 yrs	
10	Hot Springs	C461040-05	Replacement of approximately 5,640 feet of sewer lines and manholes under SD Hwy 385/18.	\$700,928	2.75%, 30 yrs	Yes (Pending rate increase)
10	Lake Preston	C461011-01	Replacement or relining of approximately 20,000 feet of sewer lines.	\$4,200,000	2.75%, 30 yrs	
10	Lead	C461007-10	Replacement of 1,500 feet of sanitary sewer and manholes and installation of storm sewer on Houston Street.	\$104,046	2.75%, 30 yrs	
10	Mitchell	C461129-07	Replacement of 1,750 feet of sanitary and 4,900 feet of storm sewer pipes within the East Central Drainage system.	\$4,401,100	2.75%, 30 yrs	
10	Valley Springs	C461239-02	Replacement of 7,500 feet of sanitary sewer main in the north and western part of the community.	\$1,757,000	2.75%, 30 yrs	
10	Viborg	C461240-03	Replacement of approximately 2,150 feet of sanitary sewer main and 1,100 feet of storm sewer pipe along Park Avenue and the installation of a outlet structure and piping to an existing storm water retention pond that has experienced over topping.	\$2,762,090	2.75%, 30 yrs	Yes (Pending rate increase)

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Principal Forgiveness Eligible
10	Watertown	C461029-12	Construction of a new wastewater treatment administration and operations building. The current buildings were constructed in 1993 and 1930 and no longer meet code or operational needs for the city.	\$5,665,000	2.75%, 30 yrs	
9	Elk Point	C461059-08	Replacement of sanitary sewer pipes on Douglas and Washington Streets that are beyond their useful life.	\$303,660	2.75%, 30 yrs	
9	Faith	C461249-01	Cleaning and televising the entire collection system, replacement or relining of approximately 15,000 feet of sewer lines and 34 manholes throughout the city.	\$1,315,821	2.75%, 30 yrs	Yes (Pending rate increase)
9	Hurley	C461281-02	Replacement of 2,200 feet of sanitary sewer collection pipes on Center Avenue.	\$1,346,000	2.75%, 30 yrs	
9	Tabor	C461259-01	Replacement of approximately 16,500 feet of sewer lines and manholes throughout the city. The project will also rehabilitate a lift station.	\$4,069,371	2.75%, 30 yrs	
9	Volga	C461046-02	Relining 3,100 feet of sanitary sewer main with cast in place pipe and manhole relining to reduce inflow and infiltration.	\$1,800,000	2.75%, 30 yrs	
9	Webster	C461054-04	Replacement of 450 feet of existing sanitary sewer collection pipes and 5,600 feet of service lines to the right of away on previously replaced mainline pipe.	\$1,183,405	2.75%, 30 yrs	Yes
8	Bowdle	C461243-01	Replacement of approximately 11,700 feet of clay sanitary sewer with 8- and 15-inch PVC pipe under Main Street and the outfall line to the treatment facility.	\$2,015,444	2.75%, 30 yrs	



<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term<sup>1</sup></b>	<b>Principal Forgiveness Eligible</b>
8	Eureka	C461194-02	Replacement or relining of approximately 28,000 feet of sewer lines and manholes throughout the city.	\$7,834,059	2.75%, 30 yrs	Yes (Pending rate increase)
8	Marion	C461020-03	Replacement of 300 feet of sanitary sewer and installation of 3,400 feet of storm sewer on Broadway Avenue.	\$2,323,261	2.75%, 30 yrs	
8	Tea	C461028-09	Installation of approximately 4,400 feet of gravity sewer lines and 11,800 feet of forcemain to provide for service for future development along and adjacent to 271 <sup>st</sup> Street.	\$733,000	2.75%, 30 yrs	
7	Hudson	C461280-01	Replacement of an existing lift station and 2,800 feet of forcemain to the treatment facility, removal of sludge from the treatment ponds, cleaning and televising of the collection system, and 26,000 feet of sanitary sewer pipe replacement throughout the community.	\$8,705,820	2.75%, 30 yrs	
7	Mellette	C461363-01	Installation of 3,000 feet of new forcemain from the lift station to the treatment facility and improvements to the lift station pumps and controls.	\$285,680	2.75%, 30 yrs	
6	Philip	C461205-06	Replacement of approximately 220 water meters and installation of an automatic meter reading system and transmitters for all other meters not being replaced.	\$340,000	2.25%, 10 yrs	Yes (Green Project)
6	Saint Lawrence	C461045-02	Cleaning and televising the collection system of 12,200 feet for future project prioritization and rehabilitation the lift station pumps and controls to extend their life.	\$124,865	2.75%, 30 yrs	

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term<sup>1</sup></b>	<b>Principal Forgiveness Eligible</b>
5	Blunt	C461265-02	Replacement of approximately 180 water meters and installation of an automatic meter reading system.	\$530,000	2.25%, 10 yrs	Yes (Green Project, pending rate increase)

1. Expected loan interest rates are based on current available rates and will be adjusted if the Board of Water and Natural Resources adopts new interest rates at its November 7, 2019 meeting.

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**ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FFY 2020**

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness <sup>1</sup>	Funding Date	Expected Funding Source <sup>2</sup>
	<i>Green Project Reserve Information</i>					
<b>Loans Expected</b>						
12	Sioux Falls	C461232-42	\$9,457,466		Jan. 2020	Leveraged Funds
10	Brookings	C461019-10	\$850,000		Jan. 2020	Leveraged Funds
10	Viborg	C461240-03	\$2,762,090	\$552,418	Jan. 2020	Lev. Funds/Repay
10	Watertown	C461029-12	\$5,665,000		Jan. 2020	Repayments
9	Elk Point	C461059-08	\$303,660		Jan. 2020	Repayments
31	Fort Pierre	C461049-07	\$3,930,000		March 2020	Repayments
28	Green Valley Sanitary District	C461251-01	\$3,000,000		March 2020	Repayments
16	Tea	C461028-07	\$4,000,000		March 2020	Repayments
15	Eagle Butte	C461148-04	\$2,000,000	\$400,000	March 2020	Repayments
13	Montrose	C461075-04	\$1,000,000		March 2020	Repayments
13	Pickstown	C461378-01	\$2,500,000		March 2020	Repayments
11	Madison	C461024-03	\$6,890,000	\$1,378,000	March 2020	Repayments
10	Dell Rapids	C461064-10	\$2,270,000		March 2020	Repayments
10	Lake Preston	C461011-01	\$2,100,000		March 2020	Repayments
10	Mitchell	C461129-07	\$4,401,100		March 2020	Repayments
10	Valley Springs	C461239-02	\$1,757,000		March 2020	Repayments
9	Volga	C461046-02	\$1,800,000		March 2020	Repayments
9	Webster	C461054-04	\$1,183,405	\$236,681	March 2020	Repayments
7	Hudson	C461280-01	\$3,000,000		March 2020	Repayments
7	Mellette	C461363-01	\$285,680		March 2020	Repayments
6	Saint Lawrence	C461045-02	\$124,865		March 2020	Repayments
24	Huron	C461291-05	\$14,945,500		June 2020	Repayments
18	Pierre	C461288-09	\$11,300,000		June 2020	Repayments
13	Harrisburg	C461065-08	\$8,650,000		June 2020	Repayments
8	Eureka	C461194-02	\$3,500,000	\$700,000	June 2020	Repayments
8	Marion	C461020-03	\$2,323,261		June 2020	Repayments

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.

2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the FFY 2020 annual report.

**ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FFY 2020 (Continued)**

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness <sup>1</sup>	Funding Date	Expected Funding Source <sup>2</sup>
	<i>Green Project Reserve Information</i>					
Loans Expected						
20	Sioux Falls	C461232-43	\$159,000,000		Sept. 2020	2020/Repayments
	<i>GPR Project Type: Energy Efficiency (Categorical) GPR Amount: TBD</i>					
6	Philip	C461205-06	\$340,000	\$68,000	Sept. 2020	Repayments
	<i>GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$340,000</i>					

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.
2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the FFY 2020 annual report.

DRAFT

**ATTACHMENT III  
PROGRAM FUNDING STATUS**

**Federal Fiscal Years 1989 – 2019**

Capitalization Grants	\$202,930,200	
State Match	\$40,586,040	
ARRA Grant	\$19,239,100	
Program Administration Allowance	(\$9,151,506)	
Leveraged Funds	\$315,786,052	
Transfer FFY 2002 & 2003 Capitalization Grant and State Match to DWSRF	(\$15,574,320)	
Excess Interest as of September 30, 2019	\$103,060,580	
Excess Principal as of September 30, 2019	\$174,845,164	
		<hr/>
Total Funds Dedicated to Loan		\$831,721,310
		<hr/>
Closed Loans made through September 30, 2019		(\$748,037,775)
		<hr/>
Unclosed loans and available funds as of September 30, 2019		\$83,683,535

**Federal Fiscal Year 2020 Projections**

Capitalization Grants	\$7,779,000	
State Match	\$1,555,800	
Program Administration Allowance	(\$496,889)	
Projected Excess Principal Repayments	\$6,200,000	
Projected Unrestricted Interest Earnings	\$8,500,000	
Leveraged Bonds	\$100,000,000	
		<hr/>
Projected FFY 2020 Loan Subtotal		\$123,537,911
		<hr/>
Unclosed loans and funds Available for Loans		\$207,221,446
		<hr/>
Loans Awarded and Unclosed as of September 30, 2019		(\$62,098,000)
		<hr/>
Total Funds Available for Loans		\$145,123,446
		<hr/>
Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2020		\$187,514,027
		<hr/>

<b>Administrative Surcharge Funds Available as of September 30, 2019</b>	
Restricted Account (Administrative Purposes Only)	\$141,168
Discretionary Account (Available for Water Quality Grants)	\$572,599
Total	\$713,767

**NOTICE OF PUBLIC HEARING  
TO ADOPT  
FISCAL YEAR 2020 CLEAN WATER STATE REVOLVING FUND  
INTENDED USE PLAN AND PROJECT PRIORITY LIST**

Notice is hereby given that the South Dakota Board of Water and Natural Resources will hold a public hearing to adopt the South Dakota 2020 Clean Water State Revolving Fund Intended Use Plan and Project Priority List. The hearing will be held over the Digital Dakota Network (DDN) on November 7, 2019, at 1:00 p.m. CT.

The following DDN sites will be available:

Aberdeen - Northern State University, 1200 S. Jay Street, Beulah Williams Library, Room 117  
Brookings – Department of Transportation, 2131 34th Avenue  
Mitchell – Mitchell Technical Institute, 1800 E. Spruce Street, MTI Technology Center, Room 155  
Pierre - State Capitol, 500 East Capitol Avenue, Studio A, Room B12  
Rapid City – Emergency Operations Center, 130 Kansas City Street, Pennington County  
Administration Building, 1<sup>st</sup> Floor Conference Room  
Sioux Falls – University Center, 4801 North Career Avenue, Room FADM 145  
Watertown – Department of Environment and Natural Resources, 2001 9th Avenue SW, Suite 500

Projects seeking a Clean Water State Revolving Fund loan must be on the Intended Use Plan and Project Priority List. This public hearing is being held pursuant to ARSD 74:05:08:05 and meets all requirements of the Clean Water Act. The Intended Use Plan also describes how the state intends to use available funds for the year to meet the objectives of the Clean Water Act and further the goal of protecting public health.

Persons interested in presenting public testimony concerning the adoption of the 2020 Intended Use Plan or Project Priority List may appear at the designated place and time. Written comments will be received at any time prior to the hearing date by mailing them to the Water and Waste Funding Program, Department of Environment and Natural Resources, 523 E. Capitol Avenue, Pierre, SD 57501.

Copies of the proposed 2020 Intended Use Plan and Project Priority List can be received at no charge by requesting a copy from the address given above, by calling (605) 773-4216, by sending an e-mail request to [andrew.bruels@state.sd.us](mailto:andrew.bruels@state.sd.us), or from the DENR website at:

<http://denr.sd.gov/dfta/wwf/wwfpublicnotices.aspx>

Notice is further given to persons with disabilities that this hearing is being held in a physically accessible place. Please notify the above mentioned office at least 48 hours prior to the public hearing if you have a disability for which special arrangements must be made at the hearing.

Published once at the total approximate cost of \$\_\_\_\_\_ .

November 7, 2019

Item 8

**TITLE:** Public Hearing to Adopt Federal Fiscal Year 2020 Drinking Water State Revolving Fund Intended Use Plan.

**EXPLANATION:** The Intended Use Plan describes how the board intends to use available funds to meet the objectives of the Safe Drinking Water Act. The Intended Use Plan describes the set-aside activities to be performed and amount of funding allocated to these. A prioritized list of potential drinking water projects is also included in the Intended Use Plan. Projects seeking a Drinking Water State Revolving Fund loan must be included on the priority list. The hearing has been advertised in accordance with applicable state and federal requirements.

**RECOMMENDED ACTION:** Conduct the public hearing, receive testimony and approve the Federal Fiscal Year 2020 Intended Use Plan.

**CONTACT:** Andy Bruels, 773-4216

**SOUTH DAKOTA  
DRINKING WATER STATE REVOLVING FUND  
FEDERAL FISCAL YEAR 2020 INTENDED USE PLAN**

**INTRODUCTION**

The Safe Drinking Water Act Amendments of 1996 and South Dakota Codified Law 46A-1-60.1 to 46A-1-60.3, inclusive, authorize the South Dakota Drinking Water State Revolving Fund (SRF) program. Program rules are established in Administrative Rules of South Dakota chapter 74:05:11.

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for the federal fiscal year (FFY) 2020 as required under Section 1452(b) of the Safe Drinking Water Act and ARSD 74:05:11:03. The IUP describes how the state intends to use the Drinking Water SRF to meet the objectives of the Safe Drinking Water Act and further the goal of protecting public health. A public hearing was held on November 7, 2019, to review the FFY 2020 Intended Use Plan and receive comments. The IUP reflects the results of this review.

The IUP includes the following:

- Priority list of projects;
- Short- and long-term goals;
- Criteria and method of fund distribution;
- Funds transferred between the Drinking Water SRF and the Clean Water SRF;
- Financial status;
- Description and amount of non-Drinking Water SRF (set-aside) activities; and
- Disadvantaged community subsidies.

**PRIORITY LIST OF PROJECTS**

A project must be on the project priority list, Attachment I, to be eligible for a loan. This list was developed from the State Water Plan and includes projects that did not designate Drinking Water SRF loans as a funding source.

Projects may be added to the project priority list at any meeting of the Board of Water and Natural Resources if the action is included on the agenda at the time it is posted.

Priority ratings are based on the project priority system established in ARSD 74:05:11:06. The general objective of the priority system is to assure projects that address compliance or health concerns, meet certain affordability criteria, or regionalize facilities receive priority for funding.

**GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS**

The long-term goals of the Drinking Water SRF are to fully capitalize the fund, ensure that the state's drinking water supplies remain safe and affordable, ensure that systems are operated and maintained, and promote economic well-being.

The specific long-term objectives of the program are:

1. To maintain a permanent, self-sustaining SRF program that will serve in perpetuity as a financing source for drinking water projects and source water quality protection measures. This will necessitate that



the amount of capitalization grant funds for non-Drinking Water SRF activities are reviewed annually to assure adequate cash flow to maintain the fund.

2. To fulfill the requirements of pertinent federal, state, and local laws and regulations governing safe drinking water activities, while providing the state and local project sponsors with maximum flexibility and decision making authority regarding such activities.

The short-term goal of the SRF is to fully capitalize the fund.

The specific short-term objectives of the program are:

1. To assist systems in replacing aging infrastructure.
2. To assist systems in maintaining and upgrading its water treatment capabilities to ensure compliance with the Safe Drinking Water Act.
3. To promote regionalization and consolidations of water systems, where mutually beneficial, as a practical means of addressing financial, managerial, and technical capacity.
4. To ensure the technical integrity of Drinking Water SRF projects through the review of planning, design plans and specifications, and construction activities.
5. To ensure the financial integrity of the Drinking Water SRF program through the review of the financial impacts of the set-asides and disadvantaged subsidies and individual loan applications and the ability for repayment.
6. To obtain maximum capitalization of the funds for the state in the shortest time

possible while taking advantage of the provisions for disadvantaged communities and supporting the non-Drinking Water SRF activities.

## Environmental Results

States are required to establish program activity measures (outcomes) in its Intended Use Plan to receive the federal capitalization grant. Progress related to the measures is to be reported in the following annual report.

For FFY 2020, the specific measures are:

1. In FFY 2019, the fund utilization rate, as measured by the percentage of executed loans to funds available, was 96.7 percent, which exceeded the target goal of 90 percent. For FFY 2020, the goal of the Drinking Water SRF program is to maintain the fund utilization rate at or above 90 percent.
2. In FFY 2019, the rate at which projects progressed as measured by disbursements as a percent of assistance provided was 80.4 percent, which met the goal of 80 percent. For FFY 2020, the goal is to maintain the construction pace at 80 percent or higher.
3. For FFY 2020, the goal of the Drinking Water SRF program is to fund 19 loans, totaling more than \$36.6 million.
4. For FFY 2020, it is estimated that 30 projects will initiate operations.
5. For FFY 2020, it is estimated that 10 Small Community Planning Grants will be awarded to small systems to evaluate the system's infrastructure needs.
6. For FFY 2020, it is estimated that the South Dakota Association of Rural Water Systems will provide 1,400 hours of technical assistance to small systems.

## CRITERIA AND METHOD OF FUND DISTRIBUTION

Projects will be funded based on their assigned priority as set forth on the Project Priority list. Projects with the highest ranking that have submitted a complete State Revolving Fund loan application and demonstrated adequate financial, managerial, and technical capacity to receive the loan shall be funded before any lower ranked projects. Projects on the priority list may be bypassed if they have not demonstrated readiness to proceed by submitting a loan application. "Readiness to Proceed" is defined by EPA as the applicant being prepared to begin construction and is immediately ready, or poised to be ready, to enter into assistance agreements. The next highest priority project that has submitted an application will be funded. The state shall exert reasonable effort to assure that the higher priority projects on the priority list are funded.

Interest rates are reviewed periodically in comparison to established bond rating indexes to assure rates are at or below market rates as required. The SRF rates are then set to be competitive with other funding agencies.

The interest rates for FFY 2020 are summarized in Table 1. Information regarding disadvantaged eligibility and subsidy level criteria can be found in the disadvantaged community subsidies section. The interest rates were adjusted in November 2019.

### ADMINISTRATIVE SURCHARGE FEES

The interest rate includes an administrative surcharge as identified in Table 1. The primary purpose of the surcharge is to provide a pool of funds to be used for administrative purposes after the state ceases to receive capitalization grants. The administrative surcharge is also available for other purposes, as determined eligible by EPA and at the

Table 1 - Drinking Water SRF Interest Rates

	Up to 5 Yrs	Up to 10 Yrs	Up to 20 Yrs	Up to 30 Yrs*
<u>Interim Rate</u>				
Interest Rate				
Admin. Surcharge				
Total				
<u>Base Rate</u>				
Interest Rate				
Admin. Surcharge				
Total				
<u>Disadvantaged Rate - 80% to 100% of MHI</u>				
Interest Rate				
Admin. Surcharge				
Total				
<u>Disadvantaged Rate - 60% to 80% of MHI</u>				
Interest Rate				
Admin. Surcharge				
Total				
<u>Disadvantaged Rate - Less than 60% of MHI</u>				
Interest Rate				
Admin. Surcharge				
Total				
* Term cannot exceed useful life of the project				

Drinking Water SRF loan interest rates will be reviewed by the Board of Water and Natural Resources at its November 7, 2019 Board meeting prior to the IUP public hearing.

discretion of the Board of Water and Natural Resources and the department.

As of September 30, 2019, nearly \$4.14 million of administrative surcharge funds are available.

Beginning in FFY 2005, administrative surcharge funds were provided to the planning districts to defray expenses resulting from SRF application preparation and project administration. Reimbursement is \$9,000 per approved loan with payments made in \$3,000 increments as certain milestones are met.

The American Recovery and Reinvestment Act (ARRA) of 2009 and subsequent capitalization grants have mandated implementation of Davis-Bacon prevailing wage rules. Under joint powers agreements

between the planning districts and the department, the planning districts are to be reimbursed \$1,100 per project to oversee compliance with the Davis-Bacon wage rate verification and certification.

Administrative surcharge funds will again be provided to the planning districts to defray the cost of SRF application preparation and project administration, which includes Davis-Bacon wage rate verification and certification. The FFY 2020 allocation for these activities will be \$50,000.

In FFY 2020, \$75,000 of administrative surcharge funds will be allocated for operator certification training.

In FFY 2019, \$200,000 of administrative surcharge funds were allocated to provide grants to assist very small systems in violation of the Safe Drinking Water Act. These funds are limited to community systems with 50 or less connections and not-for-profit, non-transient non-community water systems. Funds will be provided for infrastructure projects as 100 percent grants up to a maximum of \$50,000 and for total project costs less than \$100,000. No additional funds will be allocated for these activities in federal fiscal year 2020.

### **SMALL SYSTEM FUNDING**

A requirement of the program is that a minimum of 15 percent of all dollars credited to the fund be used to provide loan assistance to small systems that serve fewer than 10,000 persons. Since the inception of the program, loans totaling nearly \$253.1 million have been made to systems meeting this population threshold, or 48.2 percent of the \$525.2 million of total funds available for loan. Attachment II – List of Projects to be funded in FFY 2020 identifies more than \$36.6 million in projects, of which all \$36.6 million is for systems serving less than 10,000; therefore, the state expects to continue to exceed the 15 percent threshold.

Water systems must demonstrate the technical, managerial, and financial capability to operate a water utility before it can receive a loan.

The distribution methods and criteria are designed to provide affordable assistance to the borrower with maximum flexibility while providing for the long-term viability of the fund.

### **AMOUNT OF FUNDS TRANSFERRED BETWEEN THE DRINKING WATER SRF AND THE CLEAN WATER SRF**

The Safe Drinking Water Act Amendments of 1996 and subsequent Congressional action allows states to transfer an amount equal to 33 percent of its Drinking Water SRF capitalization grant to the Clean Water SRF or an equivalent amount from the Clean Water SRF to the Drinking Water SRF. States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs and may transfer a previous year's allocation at any time.

South Dakota transferred \$15,574,320 from the Clean Water SRF to the Drinking Water SRF program in past years. In FFY 2006 and 2011, \$7.5 million of leveraged bond proceeds and \$10 million of repayments, respectively were transferred from the Drinking Water SRF program to the Clean Water SRF program. With the expected FFY 2020 capitalization grant, the ability exists to transfer more than \$55.6 million from the Clean Water SRF program to the Drinking Water SRF program. More than \$53.7 million could be transferred from the Drinking Water SRF Program to the Clean Water SRF program. Table 4 (page 11) itemizes the amount of funds transferred between the programs and the amount of funds available to be transferred.

No transfers are expected in FFY 2020.

## FINANCIAL STATUS

Loan funds are derived from various sources and include federal capitalization grants, state match, leveraged bonds, borrowers' principal repayments, and interest earnings.

Capitalization Grants/State Match: Federal capitalization grants are provided to the state annually. These funds must be matched by the state at a ratio of 5 to 1. The FFY 2020 capitalization grant is expected to be \$11,004,000 which requires \$2,200,800 in state match. Bond proceeds will be used to match FFY 2020 capitalization grant funds.

For purposes of meeting FFY 2020 proportionality requirements, the South Dakota Drinking Water SRF program will document the expenditure of repayments and bond proceeds in an amount equivalent to the entire required state match.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. To date, \$123.7 million in leveraged bonds have been issued for the Drinking Water SRF program. It is not anticipated that additional leveraged bonds will be required in FFY 2020.

Borrowers' Principal Repayments: The principal repaid by the loan borrowers is used to make semi-annual leveraged bond payments. Any excess principal is available for loans. It is estimated that \$1.5 million in principal repayments will become available for loans in FFY 2020.

Interest Earnings: The interest repaid by the loan borrowers, as well as interest earned on investments, is dedicated to make semi-annual state match bond payments. Any excess interest is available for loans. It is estimated that \$4.9 million in interest earnings will become available for loans in FFY 2020.

As of September 30, 2019, 331 loans totaling \$525,176,462 have been made.

At the beginning of FFY 2020, \$18,269,560 is available to loan. With the expected FFY 2020 capitalization grant, state match, leveraged bonds, excess interest earnings, and repayments, nearly \$36.2 million will be available to loan. This information is provided in Attachment III, Drinking Water SRF Funding Status.

Funds will be allocated to the set-aside activities in the amounts indicated below. All remaining funds will be used to fund projects on the project priority list. A more detailed description of the activities can be found in the section pertaining to set-asides and the attachments.

Administration	\$440,160
Small System Technical Assistance	\$220,080
Local Assistance	\$75,000
State Program Management	\$600,000
<b>Total for set-asides</b>	<b>\$1,335,240</b>

With the adoption of the amended and restated Master Indenture in 2004, the Clean Water and Drinking Water SRF programs are cross-collateralized. This allows the board to pledge excess revenues on deposit in the Drinking Water SRF program to act as additional security for bonds secured by excess revenues on deposit in the Clean Water SRF program, and vice versa.

The Safe Drinking Water Act included three provisions that call for a withholding of Drinking Water SRF grant funds where states fail to implement three necessary programmatic requirements. These provisions were assuring the technical, financial and managerial capacity of new water systems, developing a strategy to address the capacity of existing systems, and developing an operator certification program that complies with EPA guidelines. The State of South Dakota continues to meet the

requirements of these provisions and will not be subject to withholding of funds.

- (10) Technical feasibility;
- (11) Utility rates; and
- (12) Water quality benefits.

**Additional Subsidy - Principal Forgiveness**

The 2010 and 2011 Drinking Water SRF appropriations mandated that not less than 30 percent of the funds made available for Drinking Water SRF capitalization grants shall be used by the state to provide additional subsidy to eligible recipients. The 2012 through 2015 capitalization grants mandated additional subsidy be provided in an amount not less than 20 percent, but not more than 30 percent, of the capitalization grants. The 2016 through 2019 capitalization grant mandated additional subsidy of exactly 20 percent of the total grant be provided to recipients. Additional subsidy may be in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these).

Additional subsidy will be provided in the form of principal forgiveness. Municipalities and sanitary districts must have a minimum rate of \$30 per month based on 5,000 gallons usage or to qualify for principal forgiveness. Other applicants must have a minimum rate of \$55 per month based on 7,000 gallons usage to qualify for principal forgiveness.

When determining the amount of principal forgiveness, the Board of Water and Natural Resources may consider the following decision-making factors, which are set forth in alphabetical order:

- (1) Annual utility operating budgets;
- (2) Available local cash and in-kind contributions;
- (3) Available program funds;
- (4) Compliance with permits and regulations;
- (5) Debt service capability;
- (6) Economic impact;
- (7) Other funding sources;
- (8) Readiness to proceed;
- (9) Regionalization or consolidation of facilities;

Table 2 summarizes the amounts of principal forgiveness provided to date.

Table 2 – Principal Forgiveness Status

FFY	Principal Forgiveness	
	Minimum	Maximum
2010	\$4,071,900	\$13,573,000
2011	\$2,825,400	\$9,418,000
2012	\$1,795,000	\$2,692,500
2013	\$1,684,200	\$2,526,300
2014	\$1,769,000	\$2,653,500
2015	\$1,757,400	\$2,636,100
2016	\$1,662,400	\$1,662,400
2017	\$1,648,200	\$1,648,200
2018	\$2,221,400	\$2,221,400
2019	\$2,200,800	\$2,200,800
2020 (est)	\$2,200,800	\$2,200,800
	\$23,836,500	\$43,433,000

Awarded as of September 30, 2019

Awarded from 2010 grant	\$13,573,000
Awarded from 2011 grant	\$9,418,000
Awarded from 2012 grant	\$2,692,500
Awarded from 2013 grant	\$2,526,300
Awarded from 2014 grant	\$2,653,500
Awarded from 2015 grant	\$2,636,100
Awarded from 2016 grant	\$1,662,400
Awarded from 2017 grant	\$1,648,200
Awarded from 2018 grant	\$2,221,400
Awarded from 2019 grant	\$326,099

It is anticipated that the FFY 2020 capitalization grant includes the ability to award principal forgiveness for any borrower of exactly 20 percent of the total grant award.

Additional principal forgiveness can also be provided to disadvantaged communities. Further discussion can be found in the Disadvantaged Community Subsidy section beginning on page 9.

Attachment II - List of Projects to be Funded in FFY 2020 identifies \$2,566,000 in potential principal forgiveness for communities not eligible for the additional disadvantaged community principal forgiveness.

### **Green Project Reserve**

The 2010 and 2011 Drinking Water SRF appropriations mandate that to the extent there are sufficient eligible project applications, not less than 20 percent of the funds made available for each year's Drinking Water SRF capitalization grant shall be used by the state for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve.

Sufficient funds have been awarded to qualifying projects to meet the 2010 and 2011 Green Project Reserve requirement. The 2012 - 2019 capitalization grants were not subject to the Green Project Reserve requirement.

The Green Project Reserve requirement is not expected to be reinstated with the FFY 2020 capitalization grant.

### **Build America Bond Activities and Uses**

The Series 2010A bonds that were issued in December 2010 were designated as Build America Bonds. As a result, the District receives subsidy payments from the U.S. Treasury equal to 35% of the interest payable on its Series 2010A Bonds.

In FFY 2020, \$1,000,000 of Build America Bond funds will be allocated to supplement the Consolidated program with grants for drinking water projects. The appropriation level reflects the current available balance and anticipated payments through September

2020 on the Drinking Water SRF portion of the Build America Bonds.

### **DESCRIPTION AND AMOUNT OF NON-PROJECT ACTIVITIES (SET-ASIDES)**

The Safe Drinking Water Act authorizes states to provide funding for certain non-project activities provided that the amount of that funding does not exceed certain ceilings. Unused funds in the non-Drinking Water SRF will be banked for future use, where allowable, or transferred to the project loan account at the discretion of the state and with concurrence from the EPA Regional Administrator.

The following sections identify what portions of the capitalization grant will be used for non-Drinking Water SRF activities and describe how the funds will be used.

#### Administration.

The Water Infrastructure Improvements for the Nation (WIIN) Act of 2017 provides three options to states to calculate the administrative set-aside available from each year's capitalization grant. States may use the greatest of 1) \$400,000 per year, 2) 1/5 of a percent of the current valuation of the Drinking Water SRF fund based on the most recent previous year's audited financial statements, or 3) an amount equal to four percent of the annual capitalization grant.

Four percent of the FFY 2020 capitalization grant is expected to be \$440,160, and 1/5 of a percent of the current fund valuation of \$199,386,570 results in \$398,773 available for administrative fees. **As a result, an administrative set-aside of \$440,160 will be reserved for administrative purposes in FFY 2020.**

Specific activities to be funded are: staff salary, benefits, travel, and overhead; retaining of bond counsel, bond underwriter, financial advisor, and trustee; and other costs to administer the program.

Unused administrative funds will be banked to assure a source of funds not dependent on state general funds.

**Small system technical assistance. Two percent of the capitalization grant (\$220,080) will be allocated to provide technical assistance to public water systems serving 10,000 or fewer. This is the maximum allowed for this purpose.**

The objective of this set-aside is to bring non-complying systems into compliance and improve operations of water systems.

In fiscal year 1997, the board contracted with the South Dakota Association of Rural Water Systems to help communities evaluate the technical, managerial, and financial capability of its water utilities. These contracts have been renewed periodically to allow the continuation of assistance activities. The Rural Water Association provides such on-site assistance as leak detection, consumer confidence reports, water audits, board oversight and review, treatment plant operations, operator certification, and rate analysis.

To promote proactive planning within small communities, the Small Community Planning Grant program was initiated in fiscal year 2001. Communities are reimbursed 80 percent of the cost of an engineering study, with the maximum grant amount for any study being \$8,000.

To assure available funds to support the existing small system technical assistance endeavors, \$220,080 from the fiscal year 2020 capitalization grant will be allocated to this set-aside. Unused funds from previous years' set-aside for small system technical assistance are banked for use in future years. Currently, \$177,818 remain from previous years' allocations to be used for the purposes described above.

**State program management. \$600,000 will be allocated for the administration of the state's Public Water System Supervision (PWSS) program.**

The state may use up to 10 percent of its allotment to (1) administer the state PWSS program; (2) administer or provide technical assistance through water protection programs, including the Class V portion of the Underground Injection Control program; (3) develop and implement a capacity development strategy; and (4) develop and implement an operator certification program. The WIIN Act of 2017 removed the requirements for an additional dollar-for-dollar match of capitalization funds for these activities.

Insufficient federal funds have been allocated from the Performance Partnership Grant for South Dakota's PWSS program to complete all tasks and activities identified in the workplan. A total of \$600,000 will be set-aside for these activities in FFY 2020.

**Local assistance and other state programs. Up to \$75,000 will be allocated for the capacity development activities described below.**

The state can fund other activities to assist development and implementation of local drinking water protection activities. Up to 15 percent of the capitalization grant may be used for the activities specified below, but not more than 10 percent can be used for any one activity. The allowable activities for this set-aside are: (1) assistance to a public water system to acquire land or a conservation easement for source water protection; (2) assistance to a community water system to implement voluntary, incentive-based source water quality protection measures; (3) to provide funding to delineate and assess source water protection areas; (4) to support the establishment and implementation of a wellhead protection program; and (5) to provide funding to a community water system

to implement a project under the capacity development strategy.

Since 2008, Midwest Assistance Program (MAP) has been assisting communities that received an SRF loan and recommendations were made in the capacity assessment to improve the technical, financial, or managerial capacity of the system. In addition, the MAP has assisted in the review of capacity assessments required as part of the Drinking Water SRF loan applications.

There remains \$18,400 from prior years' allocations. In FFY 2018 DENR issued a request for proposals to select the most qualified assistance provider firm for contracting of these services. A three-year contract was signed with Midwest Assistance Program to continue their efforts with borrowers to improve the technical, financial, or managerial capacity of the system.

## **DISADVANTAGED COMMUNITY SUBSIDIES**

Communities that meet the disadvantaged eligibility criteria described below may receive additional subsidies. This includes communities that will meet the disadvantaged criteria as a result of the project.

Definition. To be eligible for loan subsidies a community must meet the following criteria:

- (1) for municipalities and sanitary districts:
  - (a) the median household income is below the state-wide median household income; and
  - (b) the monthly residential water bill is \$30 or more for 5,000 gallons usage; or
- (2) for other community water systems:
  - (a) the median household income is below the state-wide median household income; and

- (b) the monthly water bill for rural households is \$55 or more for 7,000 gallons usage.

The source of median household income statistics will be the American Community Survey or other statistically valid income data supplied by the applicant and acceptable to the board.

Affordability criteria used to determine subsidy amount. Loans given to disadvantaged communities may have a term up to 30 years or the expected life of the project, whichever is less. Disadvantaged communities below the statewide median household income, but at or greater than 80 percent, are eligible to extend the term of the loan up to 30 years. Disadvantaged communities below 80 percent of the statewide median household income, but at or greater than 60 percent may receive up to a one percentage point reduction in interest rates. Disadvantaged communities with a median household income less than 60 percent of the statewide median household income may receive a zero percent loan. See Table 1 for the disadvantaged interest rates for FFY 2020.

Amount of capitalization grant to be made available for providing additional subsidies to disadvantaged communities. Disadvantaged communities are eligible for additional subsidy in the form of principal forgiveness. South Dakota utilized the option to provide additional subsidy in the form of principal forgiveness to disadvantaged communities in federal fiscal years 2016 through 2018, in an amount equal to 30 percent of the annual capitalization grant.

The American Water Infrastructure Act (AWIA) of 2018 added new requirements to provide additional subsidy to disadvantaged communities. Beginning with the FFY 2019 capitalization grant states must provide a minimum of 6 percent and may provide up to 35 percent of the capitalization grant amount



as additional subsidy to disadvantaged communities.

Table 3 summarizes the amounts of disadvantaged principal forgiveness provided to date. Disadvantaged communities below 80 percent of the statewide median household income will be eligible for this subsidy.

Table 3 – Disadvantaged Principal Forgiveness

FFY	Principal Forgiveness	
	Minimum	Maximum
2016	\$0	\$2,493,600
2017	\$0	\$2,472,300
2018	\$0	\$3,332,100
2019	\$660,240	\$3,851,400
2020 (est)	\$660,240	\$3,851,400
	\$1,320,480	\$16,000,800

Awarded as of September 30, 2019

Awarded from 2016 grant	\$2,493,600
Awarded from 2017 grant	\$2,472,300
Awarded from 2018 grant	\$3,332,100
Awarded from 2019 grant	\$1,823,600

Attachment II – List of Projects to be Funded in FFY 2020 identifies \$3,298,000 in potential principal forgiveness.

Identification of systems to receive subsidies and the amount. Systems that are eligible to receive disadvantaged community rates and terms are identified in Attachment I and Attachment II.

**Table 4 – Amounts Available to Transfer between State Revolving Fund Programs**

<b>Year</b>	<b>DWSRF Capitalization Grant</b>	<b>Amount Available for Transfer</b>	<b>Banked Transfer Ceiling</b>	<b>Amount Transferred from CWSRF to DWSRF</b>	<b>Amount Transferred from DWSRF to CWSRF</b>	<b>Transfer Description</b>	<b>CWSRF Funds Available to Transfer</b>	<b>DWSRF Funds Available to Transfer</b>
1997	\$12,558,800	\$4,144,404	\$4,144,404				\$4,144,404	\$4,144,404
1998	\$7,121,300	\$2,350,029	\$6,494,433				\$6,494,433	\$6,494,433
1999	\$7,463,800	\$2,463,054	\$8,957,487				\$8,957,487	\$8,957,487
2000	\$7,757,000	\$2,559,810	\$11,517,297				\$11,517,297	\$11,517,297
2001	\$7,789,100	\$2,570,403	\$14,087,700				\$14,087,700	\$14,087,700
2002	\$8,052,500	\$2,657,325	\$16,745,025	\$7,812,960		CW Cap Grant/Match	\$8,932,065	\$16,745,025
2003	\$8,004,100	\$2,641,353	\$19,386,378	\$7,761,360		CW Cap Grant/Match	\$3,812,058	\$19,386,378
2004	\$8,303,100	\$2,740,023	\$22,126,401				\$6,552,081	\$22,126,401
2005	\$8,352,500	\$2,756,325	\$24,882,726				\$9,308,406	\$24,882,726
2006	\$8,229,300	\$2,715,669	\$27,598,395		\$7,500,000	Leveraged Bonds	\$12,024,075	\$20,098,395
2007	\$8,229,000	\$2,715,570	\$30,313,965				\$14,739,645	\$22,813,965
2008	\$8,146,000	\$2,688,180	\$33,002,145				\$17,427,825	\$25,502,145
2009	\$8,146,000	\$2,688,180	\$35,690,325				\$20,116,005	\$28,190,325
2010	\$13,573,000	\$4,479,090	\$40,169,415				\$24,595,095	\$32,669,415
2011	\$9,418,000	\$3,107,940	\$43,277,355		\$10,000,000	Repayments	\$27,703,035	\$25,777,355
2012	\$8,975,000	\$2,961,750	\$46,239,105				\$30,664,785	\$28,739,105
2013	\$8,421,000	\$2,788,930	\$49,018,035				\$33,443,715	\$31,518,035
2014	\$8,845,000	\$2,918,850	\$51,936,885				\$36,362,565	\$34,436,885
2015	\$8,787,000	\$2,899,710	\$54,814,485				\$39,240,165	\$37,314,485
2016	\$8,312,000	\$2,742,960	\$57,557,445				\$41,983,125	\$40,057,445
2017	\$8,241,000	\$2,719,530	\$60,276,975				\$44,702,655	\$42,776,975
2018	\$11,107,000	\$3,665,310	\$63,942,285				\$48,367,965	\$46,442,285
2019	\$11,004,000	\$3,631,320	\$67,573,605				\$51,999,285	\$50,073,605
2020 (est)	\$11,004,000	\$3,631,320	\$71,204,925				\$55,630,605	\$53,704,925

## ATTACHMENT I

### PROJECT PRIORITY LIST

Attachment I is a comprehensive list of projects that are eligible for Drinking Water SRF loans. This list was developed from State Water Plan applications. Inclusion on the list carries no obligations to the Drinking Water SRF program. Attachment II lists those projects expected to be funded in FFY 2020.

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Pop. Served	Dis-advan-taged
150	Tripp	C462238-02	<p><i>Problem:</i> portions of the existing main and all water meters are beyond their useful life, the existing storage does not equalize properly and results in poor turnover of water, the existing source does not have redundancy to meet peak day demands with any one well out of service, the existing wells are also high in chloride, sulfate, and total dissolved solids impacting quality, and there are existing unused wells that have not been properly abandoned. <i>Project:</i> replace 1,500 feet of watermain with PVC, install new remote read meters, raise one water storage tank to match overflow elevations and install a mixer to improve quality, properly abandon unused wells, and either connect to a rural water system for supply or construct new wells to provide better quality and quantity of source for the users.</p>	\$2,210,000	0%, 30 years	647	Yes
111	Hot Springs	C462040-02	<p><i>Problem:</i> the city's raw water pumping system does not have capacity to provide adequate water in the event one of the two pumping stations is out of commission, the storage capacity is less than the peak day demand, and the system does not have adequate well supply. <i>Project:</i> install a new well and pump house, construct a new 3-million gallon water tower, and develop a new Madison well.</p>	\$3,850,000	0%, 30 years	3,711	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Pop. Served	Dis-advan-taged
108	Langford	C462285-02	<i>Problem:</i> the existing 4-inch asbestos cement distribution mains are undersized and experiencing excessive leakage, water meters are old and some locations are unmetered so the town does not accurately bill for water, and the town does not have adequate storage capacity or pressure. <i>Project:</i> install 3,400 feet of new PVC water mains and loop the system, install 184 water meters, and construct a 75,000-gallon water storage tank.	\$570,000	0%, 30 years	313	Yes
88	Willow Lake	C462303-01	<i>Problem:</i> the water meters are old and beyond their useful life resulting in the town not accurately billing for water, and many valves and hydrants are inoperable. <i>Project:</i> replace existing meters with new meters and replace non-operable hydrants and valves.	\$150,000	1.25%, 10 years	263	Yes
86	Hot Springs	C462040-03	<i>Problem:</i> the existing water distribution pipe under North River Street/SD Hwy 385/18 is old and the highway will be reconstructed. <i>Project:</i> replace the existing watermain pipe with new PVC pipe prior to the SD DOT reconstruction of the roadway.	\$391,022	0%, 30 years	3,711	Yes
84	Newell	C462109-03	<i>Problem:</i> the existing transite distribution mains are experiencing excessive breaks leading to service interruptions. <i>Project:</i> install 3,300 feet of new PVC water mains.	\$314,924	2.25%, 30 years	603	Yes (Pending rate increase)
53	Hudson	C462280-01	<i>Problem:</i> the existing cast iron distribution system pipe and water meters are beyond their useful life, the current water storage ground level tanks do not supply adequate pressure or storage for the average day demand and are beyond their useful life. <i>Project:</i> replace and install approximately 25,100 feet of water main with PVC pipe, loop the system, and increase pipe size where needed, install new remote read water meters, and construct a new 120,000-gallon water storage tank.	\$9,494,180	2.25%, 30 years	296	Yes (Pending rate increase)

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Pop. Served	Dis-advan-taged
36	Black Hawk Water User District	C462393-03	<i>Problem:</i> the system has limited ability to provide water to users from different distribution lines impacting flows to users, portions of the existing mains are beyond their useful life, the existing storage is inadequate to supply peak days, and the existing source does not have redundancy to meet peak day demand with any one well out of service. <i>Project:</i> Construct two crossings under the interstate and install a new transmission main to better loop portions of the system, replace a portion of existing cast iron pipe with PVC on Elm Street to alleviate problem areas, construct a new 1,000,000-gallon storage tank, and develop a new Madison aquifer well.	\$8,494,000	2.75%, 30 years	3,850	
34	Lake Preston	C462011-01	<i>Problem:</i> the existing cast iron distribution system pipe is beyond its useful life, some areas of town experience low pressure due to undersized pipe, and the current water storage tower is beyond its useful life. <i>Project:</i> replace approximately 28,500 feet of water main with PVC pipe and increase pipe size where needed and construct a new 100,000-gallon water storage tank.	\$8,405,000	2.50%, 30 years	599	Yes
27	Saint Lawrence	C462045-01	<i>Problem:</i> portions of the existing cast iron distribution system and the water meters are beyond their useful life, the current water tower coatings are in need of replacement, and the booster station has only one pump and no generator lacking redundancy in the system if it would fail. <i>Project:</i> replace and install approximately 5,300 feet of water main with PVC pipe, loop the system, and increase pipe size where needed, install new remote read water meters, recoat the water storage tank, and install a second pump and generator at the booster station.	\$1,454,000	2.75%, 30 years	198	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Pop. Served	Dis-advan- taged
25	Elk Point	C462059-07	<i>Problem:</i> the Douglas and Washington Street distribution systems consists of lead pipe that may present a health hazard and is beyond its useful life. <i>Project:</i> replace approximately 1670 feet of water main with PVC pipe.	\$854,600	2.75%, 30 years	1,963	
25	Webster	C462054-03	<i>Problem:</i> the distribution system in much of the city is beyond its useful life and has several dead ends impacting water quality. <i>Project:</i> replace and install approximately 46,200 feet of water main with PVC pipe and loop the system.	\$6,630,020	2.25%, 30 years	1,886	Yes
24	Elkton	C462229-01	<i>Problem:</i> the existing water distribution system is old and experiencing excessive breaks and high water loss, the current water tower coatings are in need of replacement, and there is an existing unused well that has not been properly abandoned. <i>Project:</i> replace approximately 20,000 feet of water main with PVC pipe, recoat the water storage tank, and properly cap and abandon the unused well.	\$4,600,000	2.75%, 30 years	736	
22	Harrisburg	C462065-04	<i>Problem:</i> the distribution system in the southeastern part of the city is beyond its useful life and has several dead ends impacting water quality. <i>Project:</i> replace and install approximately 26,200 feet of water main with PVC pipe and loop the system.	\$6,250,000	2.75%, 30 years	5,698	
21	North Sioux City	C462009-01	<i>Problem:</i> the existing elevated water storage capacity does not provide adequate storage to meet the average day demands for current or projected future use. <i>Project:</i> construct a new 750,000-gallon elevated water storage take to provide the necessary storage to meet average day demand.	\$2,700,000	2.75%, 30 years	2,530	
20	Volga	C462046-01	<i>Problem:</i> the existing water storage tower does not have adequate capacity to meet the average day demand flows of the system. <i>Project:</i> construct a new 750,000-gallon elevated water storage tower to meet average day demand needs.	\$2,790,000	2.75%, 30 years	1,768	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Pop. Served	Dis-advan-taged
19	Burke	C462225-02	<i>Problem:</i> the distribution system on 8 <sup>th</sup> , 9 <sup>th</sup> , and Jefferson Streets is beyond its useful life and has several dead ends impacting water quality. <i>Project:</i> replace and install approximately 2,060 feet of water main with PVC pipe and loop the system.	\$535,000	2.25%, 30 years	604	Yes
19	Valley Springs	C462239-01	<i>Problem:</i> the existing water distribution system is old and experiencing excessive breaks, high water loss, and dead-end lines and the current water tower coatings are in need of replacement. <i>Project:</i> replace and install approximately 4,700 feet of water main with PVC pipe and loop the system and recoat the water storage tank.	\$1,583,000	2.75%, 30 years	759	
19	Wonderland Homes Water & Service Co.	C462484-01	<i>Problem:</i> the existing water supply well is not able to supply users with adequate capacity and does not provide a redundant source of water. <i>Project:</i> drill a new well to increase capacity and provide redundancy for the system and install distribution pipe and a well house to connect to the rest of the distribution system.	\$795,275	2.75%, 30 years	750	
17	Clay Rural Water System	C462437-05	<i>Problem:</i> the existing system has several areas which experience inadequate pressures and the existing SCADA and electronic controls throughout the system utilize outdated technology. <i>Project:</i> install 9 miles of new water distribution piping as well as a booster station to better supply users with inadequate pressure and install new SCADA and electronic controls with current technology available.	\$2,158,500	2.75%, 30 years	5,800	
16	Tea	C462028-03	<i>Problem:</i> homes north of 271 <sup>st</sup> Street on Devin Avenue are served by a long un-looped line which is also a mainline into the city from a water storage reservoir. <i>Project:</i> installation of approximately 5,900 feet of PVC watermain to provide a northern loop to the city's distribution system to improve water quality and system redundancy.	\$830,000	2.75%, 30 years	3,806	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Pop. Served	Dis-advan-taged
14	Philip	C462205-01	<i>Problem:</i> many of the city's meters are obsolete and unserviceable or require manual reading. <i>Project:</i> replace approximately 220 water meters and install an automatic meter reading system and transmitters for the meters not being replaced.	\$340,000	2.25%, 10 years	779	Yes
13	Blunt	C462265-01	<i>Problem:</i> the city's meters are old and in need of replacement and the city's water main valves and several curb stops are old and in need of replacement. <i>Project:</i> replace approximately 360 water meters and install an automatic meter reading system and replace approximately 10 water valves and 18 curb stops.	\$645,000	2.50%, 20 years	354	
11	Dell Rapids	C462064-08	<i>Problem:</i> the 6 <sup>th</sup> Street and Iowa Avenue distribution system consists of cast iron pipe that is beyond its useful life. <i>Project:</i> replace approximately 1,700 feet of water main with PVC pipe.	\$1,000,000	2.75%, 30 years	3,633	
11	Lead	C462007-05	<i>Problem:</i> the distribution system on Houston Street is beyond its useful life. <i>Project:</i> replace approximately 650 feet of water main with PVC pipe.	\$104,045	2.50%, 30 years	3,124	Yes
10	DeSmet	C462193-02	<i>Problem:</i> portions of the distribution system are cast iron pipe and beyond its useful life. <i>Project:</i> replace and install approximately 2,040 feet of water main with PVC pipe and loop the system.	\$565,000	2.50%, 30 years	1,089	Yes
9	Alexandria	C462241-01	<i>Problem:</i> the existing cast iron distribution mains are old and beginning to experience excessive breaks, the booster pump house to fill the storage tank and elevated storage tank are all beyond their useful life, and one well is no longer in service and has not been properly abandoned. <i>Project:</i> replace approximately 2,000 feet of water main with PVC pipe, construct a new booster pump station and 100,000-gallon elevated storage tank, and properly abandon the unused well.	\$1,450,000	2.50%, 30 years	615	Yes



Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term <sup>1</sup>	Pop. Served	Dis-advan-taged
9	Bowdle	C462243-02	<i>Problem:</i> the distribution system on Main Street is beyond its useful life. <i>Project:</i> replace approximately 1,400 feet of water main with PVC pipe.	\$783,587	2.50%, 30 years	502	Yes
9	Marion	C462020-01	<i>Problem:</i> the distribution system on Broadway Avenue is beyond its useful life. <i>Project:</i> replace approximately 2,500 feet of water main with PVC pipe.	\$1,519,958	2.50%, 30 years	784	Yes
8	Bryant	C462121-01	<i>Problem:</i> the existing cast iron distribution mains are old and beginning to experience excessive breaks. <i>Project:</i> install 8,000 feet of new PVC water mains and related appurtenances.	\$1,051,000	2.25%, 30 years	456	Yes
3	Wolsey	C462262-03	<i>Problem:</i> the existing pump house, pumps and controls are in poor condition and beyond their useful life resulting in pressure issues in the community. <i>Project:</i> construct a new pump house at the existing location and install new pumps, controls and a standby generator to ensure system pressure for the users.	\$326,000	2.25%, 20 years	376	Yes

1. Expected loan interest rates are based on current available rates and will be adjusted if the Board of Water and Natural Resources adopts new interest rates at its November 7, 2019 meeting.

**ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FFY 2020**

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Assistance Amount</b>	<b>Principal Forgiveness <sup>1</sup></b>	<b>Funding Date</b>	<b>Expected Funding Source<sup>2</sup></b>
<b>LOANS EXPECTED</b>						
108	Langford	C462285-02	\$570,000	\$171,000 <sup>3</sup>	Jan. 2020	2019
25	Elk Point	C462059-07	\$788,000	\$79,000	Jan. 2020	2019
13	Blunt	C462265-01	\$645,000	\$65,000	Jan. 2020	2019
150	Tripp	C462238-02	\$2,210,000	\$663,000 <sup>3</sup>	March 2020	2019
53	Hudson	C462280-01	\$3,000,000	\$900,000 <sup>3</sup>	March 2020	2019/2020
34	Lake Preston	C462011-01	\$4,200,000	\$420,000	March 2020	2020
27	Saint Lawrence	C462045-01	\$1,454,000	\$145,000	March 2020	2020
25	Webster	C462054-03	\$3,300,000	\$990,000 <sup>3</sup>	March 2020	2020
22	Harrisburg	C462065-04	\$6,250,000	\$625,000	March 2020	2020/Lev. Funds/ Repay
21	North Sioux City	C462009-01	\$2,700,000	\$270,000	March 2020	Repayments
20	Volga	C462046-01	\$2,790,000	\$279,000	March 2020	Repayments
19	Valley Springs	C462239-01	\$1,583,000	\$158,000	March 2020	Repayments
11	Dell Rapids	C462064-08	\$1,000,000	\$100,000	March 2020	Repayments
10	DeSmet	C462193-02	\$565,000	\$57,000	March 2020	Repayments
9	Marion	C462020-01	\$1,519,958	\$152,000	March 2020	Repayments
19	Burke	C462225-02	\$535,000	\$161,000 <sup>3</sup>	June 2020	Repayments
17	Clay Rural Water System	C462437-05	\$2,158,500	\$216,000	June 2020	2018/2019
3	Wolsey	C462262-03	\$326,000	\$98,000 <sup>3</sup>	June 2020	Repayments
8	Bryant	C462121-01	\$1,051,000	\$315,000 <sup>3</sup>	Sept. 2020	Repayments

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.

2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the FFY 2020 annual report.

3. Projects are anticipated to be funded in part utilizing the additional 6 percent minimum and up to 35 percent of the capitalization grant for principal forgiveness to disadvantaged communities.

**ATTACHMENT III  
PROGRAM FUNDING STATUS**

**Federal Fiscal Years 1997 - 2019**

Capitalization Grants	\$205,076,698	
State Match	\$41,015,340	
ARRA Grant	\$19,500,000	
Set-Asides	(\$15,104,502)	
Transfer of FY 2002 & 2003 Clean Water Capitalization Grant and State Match	\$15,574,320	
Leveraged Bonds	\$123,742,076	
Excess Interest as of September 30, 2019	\$45,110,658	
Excess Principal as of September 30, 2019	<u>\$108,180,511</u>	
 Total Funds Dedicated to Loan		 \$543,095,092
 Closed Loans made through September 30, 2019		 <u>(\$454,789,462)</u>
 Unclosed loans and available funds as of September 30, 2019		 \$88,305,630

**Federal Fiscal Year 2020 Projections**

Capitalization Grants	\$11,004,000	
State Match	\$2,200,800	
Set-Asides	(\$1,335,240)	
Projected Excess Principal Repayments	\$1,500,000	
Projected Unrestricted Interest Earnings	\$4,900,000	
Leveraged Bonds	<u>\$0</u>	
Projected FFY 2020 Loan Sub-total		\$18,269,560
 Unclosed loans and funds Available for Loans		 \$106,575,190
 Loans Awarded and Unclosed as of September 30, 2019		 (\$70,387,000)
 Total Funds Available for Loans		 <u>\$36,188,190</u>
 Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2020		 <u><u>\$36,645,458</u></u>

<b>Administrative Surcharge Funds Available as of September 30, 2019</b>	
Program Income	\$696,241
Non-Program Income	<u>\$3,441,163</u>
Total	<u>\$4,137,404</u>

**NOTICE OF PUBLIC HEARING  
TO ADOPT  
FISCAL YEAR 2020 DRINKING WATER STATE REVOLVING FUND  
INTENDED USE PLAN AND PROJECT PRIORITY LIST**

Notice is hereby given that the South Dakota Board of Water and Natural Resources will hold a public hearing to adopt the South Dakota 2020 Drinking Water State Revolving Fund Intended Use Plan and Project Priority List. The hearing will be held over the Digital Dakota Network (DDN) on November 7, 2019, at 1:00 p.m. CT.

The following DDN sites will be available:

Aberdeen - Northern State University, 1200 S. Jay Street, Beulah Williams Library, Room 117  
Brookings – Department of Transportation, 2131 34th Avenue  
Mitchell – Mitchell Technical Institute, 1800 E. Spruce Street, MTI Technology Center, Room 155  
Pierre - State Capitol, 500 East Capitol Avenue, Studio A, Room B12  
Rapid City – Emergency Operations Center, 130 Kansas City Street, Pennington County  
Administration Building, 1<sup>st</sup> Floor Conference Room  
Sioux Falls – University Center, 4801 North Career Avenue, Room FADM 145  
Watertown – Department of Environment and Natural Resources, 2001 9th Avenue SW, Suite 500

This public hearing is being held pursuant to ARSD 74:05:11:03 and meets all requirements of the federal Safe Drinking Water Act.

The Intended Use Plan consists of two components. One component describes how the state intends to use available funds for the year to meet the objectives of the Safe Drinking Water Act and further the goal of protecting public health. This includes the amount of funds to be allocated to set-aside activities such as administration, state program management, small system technical assistance, and local assistance and other state programs.

The second component of the Intended Use Plan is a priority list of projects that will be eligible to receive funding. Projects seeking a Drinking Water State Revolving Fund loan must be on the priority list.

Persons interested in presenting public testimony concerning the adoption of the 2020 Intended Use Plan may appear at the designated place and time. Written comments will be received at any time prior to the hearing date by mailing them to the Water and Waste Funding Program, Department of Environment and Natural Resources, 523 E. Capitol Avenue, Pierre, SD 57501.

A copy of the proposed 2020 Intended Use Plan can be received at no charge by requesting a copy from the address given above, by calling (605) 773-4216, by sending an e-mail request to [andrew.bruels@state.sd.us](mailto:andrew.bruels@state.sd.us), or from the DENR website at:

<http://denr.sd.gov/dfta/wwf/wwfpublicnotices.aspx>

Notice is further given to persons with disabilities that this hearing is being held in a physically accessible place. Please notify the above mentioned office at least 48 hours prior to the public hearing if you have a disability for which special arrangements must be made at the hearing.

Published once at the total approximate cost of \$\_\_\_\_\_ .

**TITLE:** State Water Resources Management System Recommendations

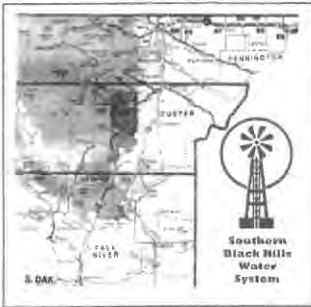
**EXPLANATION:** The Board of Water and Natural Resources annually provides recommendations to the State Legislature and Governor regarding deletions, additions, and retention of projects on the State Water Resources Management System (SWRMS) component of the State Water Plan. The following projects are currently included on the State Water Resources Management System list:

1. Belle Fourche Irrigation Upgrade Project
2. Big Sioux Flood Control Study
3. Cendak Irrigation Project
4. Gregory County Pumped Storage Site
5. Hydrology and Water Management Studies
6. Lake Andes-Wagner/Marty II Irrigation Unit
7. Lewis and Clark Rural Water System
8. Sioux Falls Flood Control Project
9. Southern Black Hills Water System
10. Vermillion Basin Flood Control Project

Included in the board packet is a letter from the Southern Black Hills Water System requesting removal from the State Water Resources Management System list.

**RECOMMENDED ACTION:** Approve a resolution recommending the removal of Southern Black Hills Water System from the State Water Resources Management System list and the retention of all other projects on the State Water Resources Management System list.

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



## **SOUTHERN BLACK HILLS WATER SYSTEM**

**SOUTHERN BLACK HILLS WATER SYSTEM**

**26858 Highway 385**

**Hot Springs, South Dakota 57747**

**Phone 605-745-4669**

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Division of Financial  
& Technical Assistance

### Directory

- ◆ **Ted Wick**  
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605-745-4164
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Hermosa, SD  
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- ◆ **Bob Baird**  
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Secretary  
Custer, SD  
605-673-2027
- ◆ **John Beard**  
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605-890-7611
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605-745-7674
- ◆ **Bob Seaboldt**  
Director  
Hot Springs  
605-745-5556
- ◆ **Kale McNaboe**  
Engineer  
Longbranch Engineering  
605-721-4040
- ◆ **Don Peterson**  
Manager  
605-745-4669

July 25, 2019

Mr. Jerry Soholt, Board Chairman

RE: Removal from the State Water Resources Management System Project List

Dear Mr. Soholt,

Southern Black Hills Water System, Inc. was originally added to the State Water Resources Management System (SWRMS) list in 2006 and adopted by the 2006 Legislature in SDCL 46A-1-2.1. The objective of the project was to construct a rural regional water system capable of delivering quality drinking water to rural residents and area communities in Custer, western Fall River, and southern Pennington counties. From 2006 through 2013 the Board of Water Natural Resources provided our system with \$ 12,000,000 in grant funds through the annual Omnibus Bill appropriations for projects on the SWRMS list.

Southern Black Hills Water System was able to use the funds by the state and over \$ 4.5 million in USDA Rural Development grant and loans to construct a major portion of the system to serve residents in the project area. Currently the system has installed over 90 miles of mainline distribution piping and provides service to 364 number of customers, who now receive high quality and sufficient quantity of water for their needs. Additionally Southern Black Hills Regional Water System was able to purchase three existing privately owned systems in the region and now serves an additional 140 number of users from those systems.

At this time all funds have been expended; however, there are residents in the project area that would like to be connected to our system. After conversations with Department staff we believe that the best course of action to continue moving forward and serving additional users we be to remove our project from the SWRMS list. We would then utilize the State Water Facilities Plan process for funding of upcoming projects.

Sincerely

Roland Wick  
Board Chairman  
Southern Black Hills Water System, Inc.

**TITLE:** Omnibus Bill Funding Recommendations

**EXPLANATION:** The Board of Water and Natural Resources, under the authority provided in SDCL 46A-1-12 and 46A-1-13, may recommend state funding and cost share levels to the Governor and Legislature.

The board annually reviews applications from projects wishing to be placed on the State Water Facilities Plan and the projected funding needs of projects on the State Water Resources Management System (SWRMS) component of the State Water Plan.

The board conducts a public meeting to take statements from all interested parties regarding water development funding needs. A resolution is developed to make specific recommendations to the Governor and State Legislature on funding levels for individual SWRMS projects, the Consolidated program, and the Solid Waste Management program, and for appropriations from specific state revolving fund subfunds.

The board's recommendations developed through this public process provide the basis for the Governor's preparation and the Legislature's consideration of the annual Omnibus Funding bill.

**RECOMMENDED ACTION:** Approve a resolution providing recommendations to the Governor and the State Legislature on Water & Environment Fund state fiscal year 2021 funding levels for the State Water Resources Management System projects, the Consolidated program, and the Solid Waste Management program, and for appropriations from specific state revolving fund subfunds.

**CONTACT:** Stephanie Riggle, 773-4216

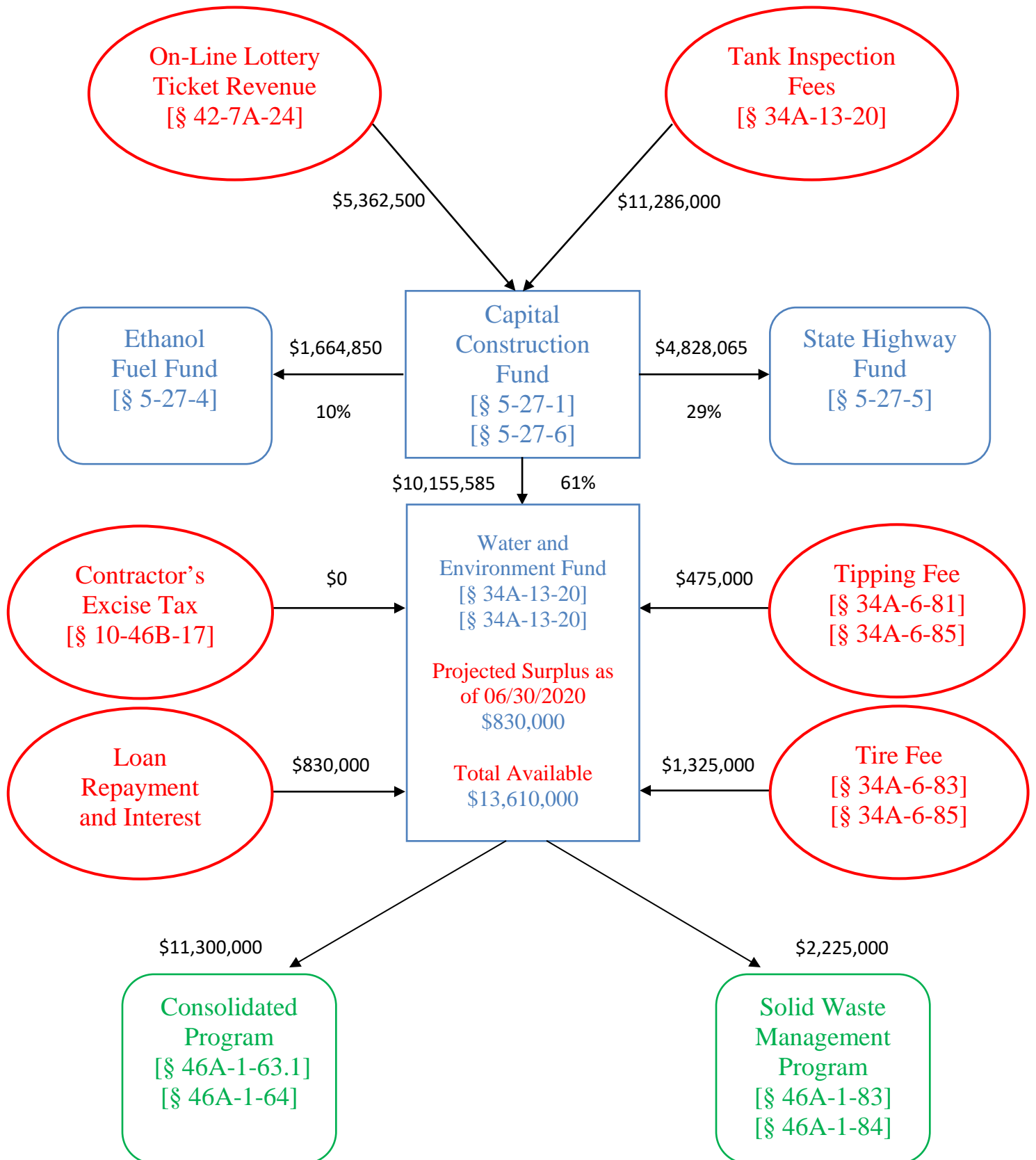


# 2020 GOVERNOR'S OMNIBUS WATER FUNDING BILL

		<b>Dedicated Funding</b>	
		<u>Solid Waste</u>	<u>Water</u>
<b>WATER &amp; ENVIRONMENT FUND (WEF)</b>			
	Projected Surplus/(Shortfall) for preparation of 2020 Omnibus Bill	\$80,000	\$750,000
	Projected SFY 2021 WEF Deposits		
	Capital Construction Fund Transfers		\$10,150,000
	Contractor's Excise Tax		\$0
	Loan Payments & Interest Deposits	\$380,000	\$450,000
	Solid Waste Fees	<u>\$1,800,000</u>	
	TOTAL AVAILABLE	<u>\$2,260,000</u>	<u>\$11,350,000</u>
		<b>DENR Recommendations</b>	
		<u>Solid Waste</u>	<u>Water</u>
Sec. No.	<b>Water and Environment Fund</b>		
1	Removal of Southern Black Hills Water System		
2	Consolidated Program		\$11,300,000
3	Solid Waste Management Program	<u>\$2,225,000</u>	
	<b>Water and Environment Fund Appropriation Subtotals</b>	<b>\$2,225,000</b>	<b>\$11,300,000</b>
	Total Available Dedicated Water and Waste Funds	\$2,260,000	\$11,350,000
	Projected June 30, 2021 Unobligated Balance	\$35,000	\$50,000
<b>Loan Fees and Federal Funds</b>			
	State Revolving Fund (SRF) Administrative Surcharge Fees		
4	Clean Water SRF Water Quality Grants		\$1,250,000
5	Clean Water SRF Application and Administration Technical Assistance		\$200,000
6	Drinking Water SRF Application and Administration Technical Assistance		\$50,000
	Federal Set-Aside Funds and Federal Subsidy Payments		
7	Small System Technical Assistance		\$150,000
8	Wastewater Grants		\$2,000,000
9	Drinking Water Grants		<u>\$1,000,000</u>
	<b>Fees and Federal Funds Appropriation Subtotal</b>		<b>\$4,650,000</b>
<b>TOTAL OMNIBUS BILL APPROPRIATIONS</b>			<b>\$18,175,000</b>
10	DENR 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	\$3,150,000
		Other	<u>\$15,025,000</u>
		Total	<u>\$18,175,000</u>

# 2020 Governor's Omnibus Water Funding Bill

(SB 183 – SFY 2021 Percentages)

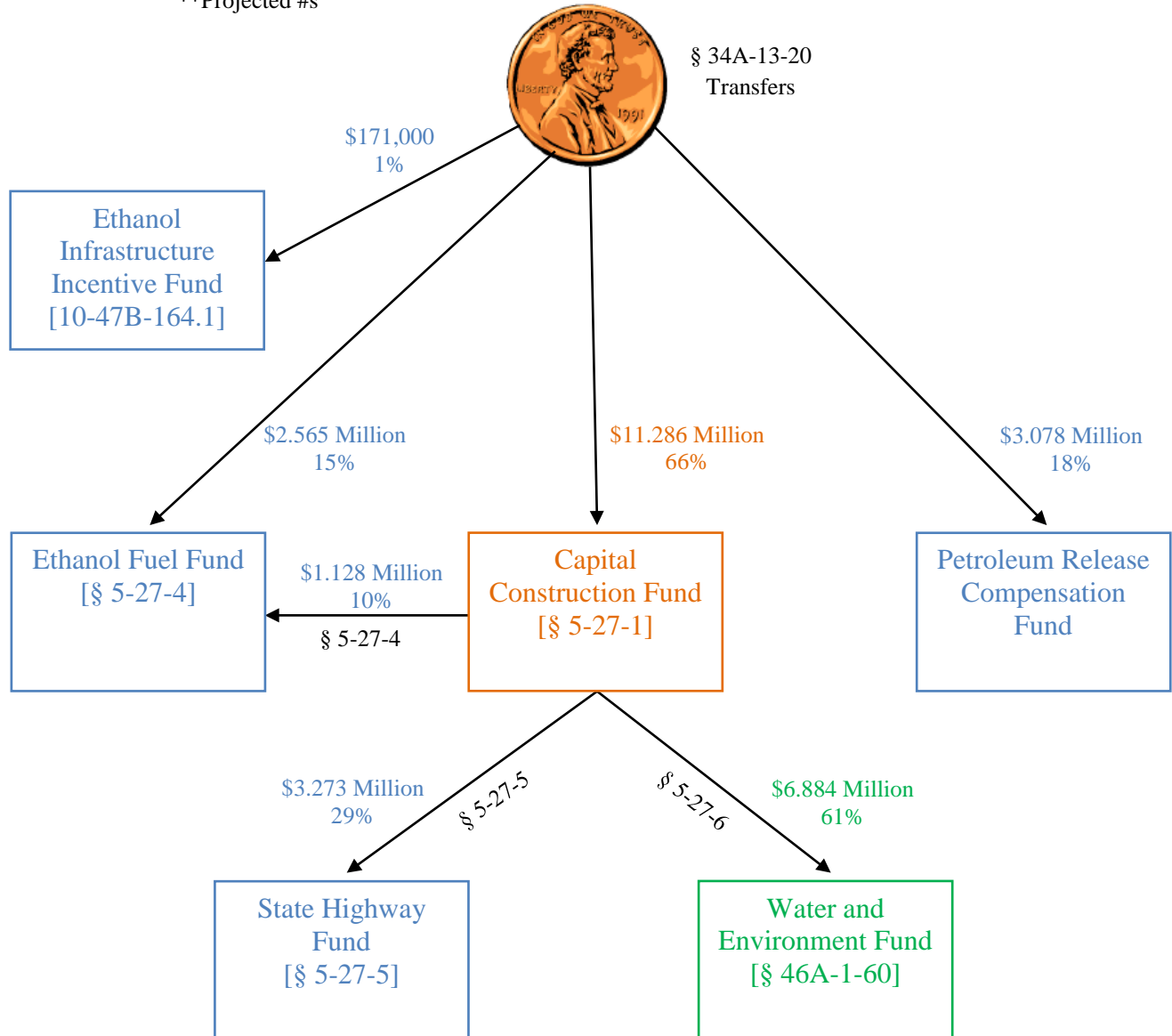


# Projected SFY 2021 Petroleum Release Compensation and Tank Inspection Fee Distribution

(\$20 per 1,000 gallons or \$0.02 per gallon)  
(SB 183 – SFY 2021 Percentages)

SFY	Tank Inspection Fees	Tank Fees Deposits to the Capital Construction Fund	Tank Fees Distribution to the Water & Environment Fund
2015	\$17,216,767	\$6,774,798	\$4,864,305
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	\$17,100,000	\$10,260,000	\$6,361,200
**2021	\$17,100,000	\$11,286,000	\$6,884,460

\*\*Projected #s



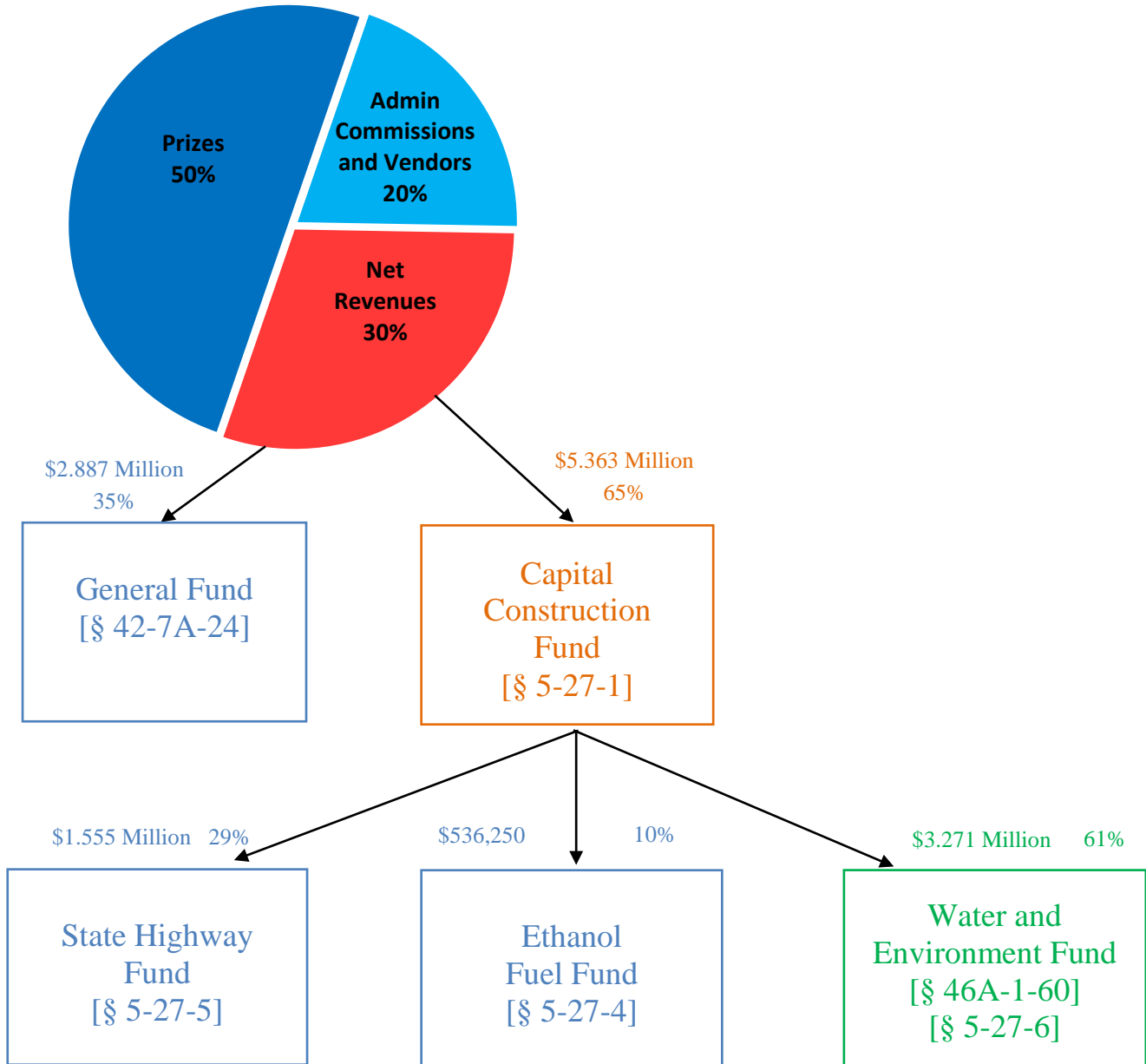
# Projected SFY 2021 South Dakota Lotto Distribution

(SB 183 – SFY 2021 Percentages)

SFY	On-Line Lottery Net Revenues	Lotto Deposits to Capital Construction Fund	Lotto Distribution to Water & Environment Fund
2015	\$8,417,262	\$7,017,262	\$5,038,394
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	\$8,250,000	\$5,362,500	\$3,324,750
**2021	\$8,250,000	\$5,362,500	\$3,271,125

\*\*Projected #s

## Lotto Breakout



STATE OF SOUTH DAKOTA  
BOARD OF WATER AND NATURAL RESOURCES  
RESOLUTION NO. 2019-\_\_\_\_\_

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR STATE WATER RESOURCES MANAGEMENT SYSTEM DESIGNATION.

WHEREAS, the Board of Water and Natural Resources ("the Board") pursuant to SDCL 46A-1-2, annually provides recommendations to the State Legislature and Governor regarding deletions and additions to the State Water Resources Management System component of the State Water Plan; and

WHEREAS, SDCL 46A-1-2.1 designates the water resource projects included on the State Water Resources Management System component of the State Water Plan that serve as the preferred, priority objectives of the State; and

WHEREAS, the Board has reviewed the list of projects currently included on the State Water Resources Management System component of the State Water Plan; and

WHEREAS, the Board has reviewed the applications submitted from various South Dakota water resource projects for inclusion on the State Water Plan; and

WHEREAS, the Board has received a request from the Southern Black Hills Water System for removal of the project from the State Water Resources Management System component of the State Water Plan.

NOW THEREFORE BE IT RESOLVED, that the board recommends to the Governor and the State Legislature that Southern Black Hills Water System be removed from the State Water Resources Management System; and

IT IS FURTHER RESOLVED, that the board recommends that the remaining water resource projects on the State Water Resources Management System be retained as preferred, priority objectives of the State.

Dated this 7th day of November, 2019

(SEAL)

ATTEST:

BY: \_\_\_\_\_  
Chairman, Board of Water and  
Natural Resources

BY: \_\_\_\_\_  
Secretary, Board of Water and  
Natural Resources

STATE OF SOUTH DAKOTA  
BOARD OF WATER AND NATURAL RESOURCES  
RESOLUTION NO. 2019-\_\_\_\_\_

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR WATER AND ENVIRONMENT FUND FISCAL YEAR 2021 APPROPRIATION LEVELS.

WHEREAS, SDCL 46A-1-2 provides the means for the planning, funding, and construction of a state water plan and creates the State Water Resources Management System component and the State Water Facilities Plan components of the State Water Plan; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-7, the Board of Water and Natural Resources ("the Board") is responsible for approving all projects placed on the State Water Facilities Plan component of the State Water Plan, an annual listing of potential water related projects; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-10, the Board annually provides recommendations to the Governor and the State Legislature regarding deletions and additions to the State Water Resources Management System component of the State Water Plan; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-12 and 46A-1-13, the Board may recommend state funding levels to the Governor and the State Legislature; and

WHEREAS, the Board has reviewed the projected funding needs of projects on the State Water Resources Management System component of the State Water Plan; and

WHEREAS, the Board has reviewed the projected funding needs of projects on the State Water Facilities Plan component of the State Water Plan; and

WHEREAS, the Board has reviewed potential funding needs of solid waste disposal, recycling, and waste tire projects that may require funding from dedicated fees deposited in the Water and Environment Fund; and

WHEREAS, the Board has reviewed potential financial and technical assistance needs of projects that may require funding from the Clean Water State Revolving Fund Administrative Surcharge fees, Drinking Water State Revolving Fund Set-Asides, Drinking Water State Revolving Fund Administrative Surcharge fees, and federal subsidy payments deposited in the Water and Environment Fund Subfunds; and

WHEREAS, the Board conducted a public hearing and adopted Intended Use Plans that include projects that require funding from the Clean Water State Revolving Fund Administrative Surcharge fees, Drinking Water State Revolving Fund Set-Asides, Drinking Water State Revolving Fund Administrative Surcharge fees, and federal subsidy payments deposited in Water and Environment Fund Subfunds; and

WHEREAS, the Board conducted a public meeting on November 7, 2019, to take statements from all interested parties regarding water development and solid waste funding needs.

NOW THEREFORE BE IT RESOLVED, that the Board recommends to the Governor and the State Legislature a Water and Environment Fund fiscal year 2021 appropriation level of eleven million three hundred thousand dollars (\$11,300,000) for the Consolidated Water Facilities Construction Program; and

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the Water and Environment Fund fiscal year 2021 appropriation level of two million two hundred twenty-five thousand dollars (\$2,225,000) for the Solid Waste Management Program; and

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the following Water and Environment Fund Subfund fiscal year 2021 appropriation levels for the Drinking Water State Revolving Fund Set-Asides, the Clean Water State Revolving Fund Administrative Surcharge fees, the Drinking Water State Revolving Fund Administrative Surcharge fees, and federal subsidy payments approved in the respective 2020 Intended Use Plans for the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) programs:

State Revolving Fund Administrative Surcharge Fees	
CWSRF Water Quality Grants	\$1,250,000
CWSRF Application and Administration Assistance	\$200,000
DWSRF Application and Administration Assistance	\$50,000
Federal Set-Aside Funds and Federal Subsidy Payments	
DWSRF Small System Technical Assistance	\$150,000
Wastewater Grants	\$2,000,000
Drinking Water Grants	\$1,000,000
WEF Subfund Total:	\$4,650,000

Dated this 7th day of November, 2019

(SEAL)

BY: \_\_\_\_\_

Chairman, Board of Water and  
Natural Resources

ATTEST:

BY: \_\_\_\_\_  
Secretary, Board of Water and  
Natural Resources

**TITLE:** Rapid Valley Sanitary District Request to Approve an Intercreditor Agreement among Rapid Valley Sanitary District, USDA Rural Development, and the South Dakota Conservancy District.

**EXPLANATION:** Rapid Valley Sanitary District has one outstanding Drinking Water State Revolving Fund loan with the South Dakota Conservancy District as well as three existing loans with USDA-RD.

Rapid Valley is preparing to issue bonds which will refund USDA RD 2006A and 2006B loans. By refinancing this debt, Rapid Valley will reduce its existing annual debt. Debt coverage over the last 5 years has averaged over 200 percent therefore coverage should increase due to the reduction in annual debt.

**RECOMMENDED ACTION:** Authorize the Chairman to execute the Intercreditor Agreement.

**CONTACT:** David Ruhnke, 773-4583



October 8, 2019

Mr. David Ruhnke  
South Dakota Department of Environment and Natural Resources  
Joe Foss Building  
523 E. Capitol Ave.  
Pierre, SD 57501

RE: Rapid Valley Sanitary District, Rapid City, SD – Request for approval of Inter-Creditor/Parity Agreement

Dear Mr. Ruhnke:

The Rapid Valley Sanitary District (the "District") is officially requesting the South Dakota Department of Environment and Natural Resources' ("SD DENR") approval and execution of the attached Inter-Creditor Agreement. The Inter-Creditor Agreement applies to the SD DENR State Revolving Fund loan agreement dated February 28, 2014. The Loan Agreement is also attached as a reference.

This approval is related to the refunding the District's Water Revenue Bonds, Series 2006A and 2006B, currently held by the United States Department of Agriculture Rural Development. The Series 2006A and 2006B bonds were in existence at the time the State Revolving Fund loan was initiated in 2014 and were listed in Appendix F of that agreement as parity obligations. The District's request for approval of the attached Inter-Creditor Agreement is being made to maintain the parity status of refunding bonds, Water System Revenue Refunding Bonds, Series 2019. The USDA has agreed to being party to, and to execute, this same Inter-Creditor Agreement and, thus, maintaining the District's existing parity for all bonds.

The refunding for which we are requesting your approval of the Inter-Credit Agreement is only a refunding the USDA RD Bonds, Series 2006A and 2006B. No new money is being added to this financing. The following information is attached to this formal request, with references to pages containing specific information:

1. Preliminary Official Statement for the Refunding Bonds (Series 2019).
  - a. PURPOSE: Page 2
  - b. DEBT SERVICE COVERAGE: Page 11
  - c. FINANCIALS: Page 19
2. Inter-Creditor Agreement (language has been approved by David McVey, Assistant Attorney General, State of South Dakota, and by the Office of General Counsel, USDA RD)
3. SD DENR State Revolving Fund Agreement

The District maintains a strong financial position with positive trajectory. This refunding makes the District even stronger, financially, as it reduces its long-term interest expense, freeing up funds to leverage for ongoing maintenance, repairs and enhancements without utilizing existing debt.

*[Remainder of page intentionally left blank]*

The District's understanding is that the SD DENR Board must approve this request, which we hope can be placed on the Board's agenda for November 7, 2019.

We very much appreciate your consideration of this request and we can be available at your convenience to address any questions or requests for additional information that you may have.

Thank you for your assistance with this matter and we look forward to hearing back from you after the Board has addressed this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Rusty Schmidt". The signature is fluid and cursive, with the first name "Rusty" and last name "Schmidt" clearly distinguishable.

Rusty Schmidt  
General Manager  
Rapid Valley Sanitary District  
4611 Teak Dr.  
Rapid City, SD 57703  
Phone: 605-393-1050  
Email: [rschmidt@rvsd.com](mailto:rschmidt@rvsd.com)

Cc: Mark Deraney, AMKO Advisors LLC

**NEW ISSUE / BANK QUALIFIED**

**RATING: Rating in Progress  
with S&P Global**

*In the opinion of Ohnstad Twichell, P.C., Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes and (ii) is not an item of tax preference for federal alternative minimum tax purposes. Interest on the Bonds is included, however, in net income for purposes of the South Dakota income tax imposed on financial institutions. The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX CONSIDERATIONS" herein.*

**\$4,305,000\***

**RAPID VALLEY SANITARY DISTRICT, SOUTH DAKOTA  
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2019**

**Dated:** Dated Date

**Principal Due:** October 1, As Below  
**Interest Due:** April 1 and October 1

Rapid Valley Sanitary District, Rapid City, South Dakota (the "District") is issuing \$4,305,000\* Water System Revenue Refunding Bonds, Series 2019 (the "Bonds"). The Bonds are special revenue obligations of the District, payable from Net Revenues derived from the water system, as more particularly set forth herein. Proceeds from the sale of the Bonds, along with funds legally available to the District, will be used to (i) current refund the District's Water Utility Revenue Bonds, Series 2006A and 2006B, which were sold to the United States of America, acting through Rural System Services; ii) fund the Reserve Requirement for the Bonds; and iii) pay the costs associated with the issuance of the Bonds (See "THE BONDS – Authority and Purpose" herein). The Series 2019 Bonds are payable from Net Revenues of the District. Additional information regarding the financing and security for the Series 2019 Bonds is provided under the captions "AUTHORITY AND PURPOSE" and "SECURITY AND SOURCE OF PAYMENT" herein.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal will be payable annually on each October 1 of the years 2020 through 2044, and interest, payable semi-annually on each April 1 and October 1, commencing April 1, 2020, to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described herein.

**Maturity Schedule\***

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2020	\$120,000	2025	\$150,000	2030	\$165,000	2035	\$190,000	2040	\$220,000
2021	\$140,000	2026	\$150,000	2031	\$170,000	2036	\$195,000	2041	\$225,000
2022	\$140,000	2027	\$155,000	2032	\$175,000	2037	\$200,000	2042	\$235,000
2023	\$145,000	2028	\$160,000	2033	\$180,000	2038	\$205,000	2043	\$245,000
2024	\$145,000	2029	\$160,000	2034	\$185,000	2039	\$215,000	2044	\$ 35,000

*Bonds maturing on or after October 1, 2027\* will be subject to optional, early redemption on October 1, 2026, or on any date thereafter in any order of maturity upon terms of par plus accrued interest to date of call.*

**BANK QUALIFIED:** The Bonds are designated as "Qualified Tax-Exempt Obligations"  
**LEGAL OPINION:** Ohnstad Twichell, P.C., West Fargo, ND  
**PAYING AGENT/REGISTRAR:** U.S. Bank National Association, St. Paul, MN

*(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)*

This Preliminary Official Statement and the information contained in this Preliminary Official Statement are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\*Preliminary, Subject to Change

## DEBT SERVICE COVERAGE

The following table sets forth the debt service coverage associated with the maximum annual debt service related to the District's Water System Revenue Refunding Bonds, Series 2019 (this issue), along with all other debt obligations secured by system revenue. The debts are then utilized to calculate the Debt Service Coverage (DSC) for the years 2014 through 2018.

### Debt Service Coverage Ratio Proforma - Water Revenue Debt

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Projected Annual Debt Service <sup>(1)</sup>					
Water Revenue Refunding Bonds, Series 2019A <sup>(2)</sup>	\$ 254,820	\$ 254,820	\$ 254,820	\$ 254,820	\$ 254,820
USDA Bond, Series 2006C	139,380	139,380	139,380	139,380	139,380
State of SD Rev Fund (SDCD) - Maturing 02/2035	27,628	27,628	27,628	27,628	27,628
Pioneer Bank Revenue Loan - Maturing 03/2027	<u>77,748</u>	<u>77,748</u>	<u>77,748</u>	<u>77,748</u>	<u>77,748</u>
Total Projected Annual Debt Service <sup>(3)</sup>	\$ 499,576	\$ 499,576	\$ 499,576	\$ 499,576	\$ 499,576
Water System Revenues <sup>(4)</sup>					
Operating Revenue	\$ 1,737,951	\$ 1,849,749	\$ 1,702,537	\$ 1,551,979	\$ 1,467,562
Non-Operating Revenue (Expense)	<u>75,969</u>	<u>\$ (135,684)</u>	<u>\$ (184,385)</u>	<u>\$ (90,795)</u>	<u>\$ (133,805)</u>
Total Water System Revenues	\$ 1,813,920	\$ 1,714,065	\$ 1,518,152	\$ 1,461,184	\$ 1,333,757
Water System Expenses <sup>(4)</sup>					
Operating Expenses	\$ 1,523,381	\$ 1,441,912	\$ 1,379,857	\$ 1,269,242	\$ 865,076
Plus: Costs of Sales	11,257	13,558	11,110	12,215	11,108
Less: Interest Expense	(310,872)	(327,641)	(337,228)	(347,057)	(342,361)
Less: Depreciation	<u>(324,251)</u>	<u>(468,395)</u>	<u>(473,809)</u>	<u>(465,339)</u>	<u>(446,448)</u>
Total Water System Expenses	\$ 899,515	\$ 659,434	\$ 579,930	\$ 469,061	\$ 87,375
Net Operating Revenue	\$ 914,404	\$ 1,054,631	\$ 938,222	\$ 992,123	\$ 1,246,383
<b>Proforma Revenue Cushion (Deficit)</b>	<b>\$ 414,828</b>	<b>\$ 555,055</b>	<b>\$ 438,646</b>	<b>\$ 492,547</b>	<b>\$ 746,807</b>
<b>Proforma Debt Service Coverage Ratio</b>	<b>1.83</b>	<b>2.11</b>	<b>1.88</b>	<b>1.99</b>	<b>2.49</b>

<sup>(1)</sup> The value used for Annual Debt Service is the largest annual payment from the Bond's scale, which is Preliminary, Subject to Change

<sup>(2)</sup> Denotes this issue and is preliminary, subject to change

<sup>(3)</sup> Includes all debt secured by the District's water revenue

<sup>(4)</sup> Includes Revenues and Expenses associated with the water system only (sewer system revenues and expenses are excluded)

[Remainder of page intentionally left blank]

November 7, 2019

Item 13

**TITLE:** 2019 Annual Report and the 2020 State Water Plan

**EXPLANATION:** In accordance with South Dakota Codified Laws § 46A-2-2, § 46A-1-10, and § 46A-1-14, an Annual Report and State Water Plan is to be presented to the Legislature and Governor by the first day of the legislative session.

The Annual Report provides a brief description of activities undertaken in calendar year 2019 and includes tables detailing funding awards approved by the board throughout the year. The State Water Plan identifies the projects approved for placement on the 2020 State Water Facilities Plan and provides information on the State Water Resources Management System projects. The report also provides recommendations to the Governor and Legislature on funding levels for various water and solid waste projects, programs, and activities. The board's recommendations for State Water Resources Management System designation, funding levels for projects, programs, and activities, and a Water and Environment Fund Special Condition Statement are provided as appendices to the report.

**RECOMMENDED ACTION:** Approve the 2019 Annual Report and 2020 State Water Plan for distribution to the State Legislature, Governor, and other interested parties

**CONTACT:** Andy Bruels, 773-4216

**2019 ANNUAL REPORT**  
~~and~~  
**2020 STATE WATER PLAN**



*South Dakota*

Board of  
Water and Natural Resources

**DRAFT**





**DEPARTMENT OF ENVIRONMENT  
and NATURAL RESOURCES**

JOE FOSS BUILDING  
523 EAST CAPITOL  
PIERRE, SOUTH DAKOTA 57501-3182

Governor Kristi Noem  
and Members of the Ninety-Fifth  
Legislative Session

As required by state law, transmitted herewith is the 2019 Annual Report/2020 State Water Plan of the Board of Water and Natural Resources (the Board). The Annual Report describes water development and waste management activities during the past year. The State Water Plan outlines the projects on the State Water Facilities Plan and State Water Resources Management System (SWRMS).

Throughout this document, you will see the on-going needs for water, wastewater, and solid waste projects statewide and how critical state assistance is to construct these projects. During the past year, the Board awarded more than \$182.8 million in grant and loan funds for the planning, design, and construction of municipal drinking water, wastewater, watershed restoration, rural water, solid waste disposal, and recycling projects. The 2020 State Water Facilities Plan currently includes 56 unfunded projects with projected state funding needs of nearly \$210.7 million.

The Department of Environment and Natural Resources (DENR) sincerely appreciates the interest and help of all who have contributed to the success of the State Water Plan. The DENR will continue to work together with the Governor, the Legislature, the Board of Water and Natural Resources and local project sponsors to make the State Water Plan the road map leading to a better environmental future for South Dakota.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Hunter Roberts', with a long horizontal flourish extending to the right.

Hunter Roberts  
Secretary





## **BOARD OF WATER AND NATURAL RESOURCES**

JERRY SOHOLT, CHAIRMAN  
Sioux Falls  
Member since 2014

GENE JONES, JR., VICE CHAIRMAN  
Sioux Falls  
Member since 2002

TODD BERNHARD, SECRETARY  
Ft. Pierre  
Member since 2010

KARLTON ADAM  
Pierre  
Member since 2019

DR. PAUL GNIRK  
New Underwood  
Member since 2009

KATHRYN JOHNSON  
Hill City  
Member since 2019

JACKIE LANNING  
Brookings  
Member since 2011

## **2019 LEGISLATIVE OVERSIGHT COMMITTEE**

Senator Red Dawn Foster  
Senator John Wiik  
Representative Mary Duvall  
Representative Steve McCleery

Pine Ridge  
Big Stone City  
Pierre  
Sisseton



**To  
Governor Kristi Noem  
and the  
Ninety-Fifth Session, Legislative Assembly  
2020**

**2019 ANNUAL REPORT  
~~and~~  
2020 STATE WATER PLAN**

**Board of Water and Natural Resources**

January 2020



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# Preface

The purpose of this document is to fulfill the statutory requirements placed on the Board of Water and Natural Resources. These requirements are generally outlined as follows:

***SDCL 46A-2-2.*** *To prepare and submit to the Governor and Legislature a yearly progress report on the State Water Plan*

***SDCL 46A-1-10.*** *To make recommendations to the Governor and Legislature concerning projects for the State Water Resources Management System*

***SDCL 46A-1-14.*** *To make an annual report on all activities during the preceding year and funding recommendations necessary to implement the water plan*

This report consists of two principal sections – the 2019 Annual Report and the 2020 State Water Plan. The annual report provides progress reports on each funding program and other board activities during calendar year 2019.

The water plan section sets forth the projects included on the State Water Facilities Plan and the State Water Resources Management System. A Water and Environment Fund Special Condition Statement that projects the status of the Water and Environment Fund at the end of fiscal year 2020 is included in Appendix A. A copy of the resolutions approved by the Board of Water and Natural Resources that provide recommendations to the Governor and the Legislature for the designation of projects on the State Water Resources Management System and the recommended Water and Environment Fund fiscal year 2021 appropriation levels are included in Appendix B.





# **2019 Annual Report**



# Board of Water and Natural Resources

## Overview

South Dakota Codified Law 46A-1-14 requires an annual report of the Board of Water and Natural Resources (the board). The report summarizes the board's 2019 activities, including a detailed account of Water and Environment Fund grant and loan awards.

In November 2018, the board placed 31 projects on the 2019 State Water Facilities Plan. This made the projects eligible for financial assistance from a variety of federal and state sources. During the year, the board amended an additional 18 projects onto the plan.

The board awarded more than \$182.8 million in grant and loan funds to finance municipal drinking water systems, rural water systems, wastewater facilities, watershed restoration, solid waste disposal, and recycling activities. The grant and loan funds helped to provide South Dakotans with safe and dependable environmental infrastructure.

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## Clean Water State Revolving Fund Loan Program

In 1989, the Clean Water State Revolving Fund (SRF) loan program began providing low-interest loans to governmental entities including municipalities, sanitary districts, and other special purpose districts. The loans are used for construction of wastewater facilities, storm sewers, and nonpoint source pollution control projects. During 2019, the board approved 17 loans and two loan amendments totaling nearly \$93.3 million (Table 1).

The base interest rates for the Clean Water SRF program were 2.25 percent for loans up to 10 years, 2.50 percent for up to 20 years, 2.75 percent for up to 30 years, and an interim financing rate of 2.0 percent for up to five years. The program's nonpoint source incentive rates were 1.25 percent for loans with a term of 10 years or less, 1.50 percent for loans with a term up to 20 years, and 1.75 percent for loans with a term up to 30 years. Projects for traditional wastewater or stormwater projects that include a nonpoint source component may receive the nonpoint source rate. The annual principal and interest payments were calculated for a loan at the higher base interest rate. Using the lower nonpoint source interest rate, a loan is sized using the annual payment previously calculated. The difference in the two loan amounts is the amount of funding available for the nonpoint source component of the project.

The federal fiscal year 2019 appropriations bill for the Clean Water SRF program included the requirements set forth in the Water Resources Reform and Development Act of 2014 along with some specific requirements for the current year. These requirements involve 1) applying Davis-Bacon wage rates to all projects awarded in fiscal year 2019; 2) requiring that not less than 10 percent of the 2019 capitalization grant be utilized for "green" projects; 3) requiring that a

portion of the capitalization grant be made available as additional subsidy; 4) requirements for American Iron and Steel products to be used for all projects awarded on or after January 17, 2014; 5) adoption of affordability criteria by the state for principal forgiveness eligibility; and 6) requirements for procurement of architectural and engineering services.

The board uses principal forgiveness as the method to provide the additional subsidy. Municipalities and sanitary districts with monthly residential wastewater rates of \$30 per month (based on 5,000 gallons usage or a flat rate) are eligible to receive principal forgiveness. Other applicants are required to have residential wastewater rates of \$40 per month (based on 5,000 gallons usage or a flat rate) to be eligible to receive principal forgiveness. Applicants must also meet the state’s affordability criteria to be eligible to receive principal forgiveness.

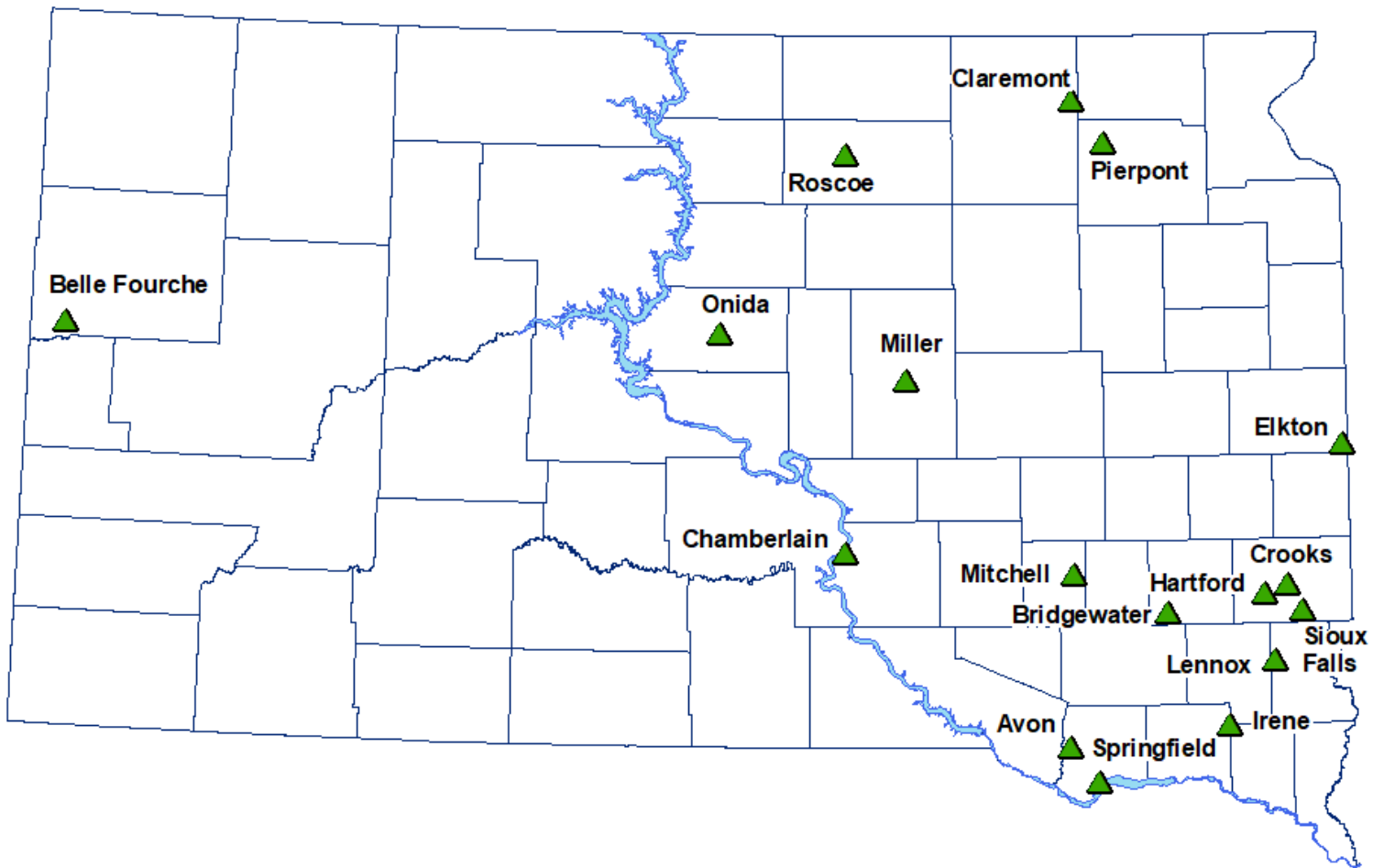
**Table 1 – 2019 Clean Water State Revolving Fund Loan Awards**

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Avon (CW-01)	Main Street Infrastructure Improvements	\$138,000		2.50%	20
Belle Fourche (CW-04)	Day Street Lift Station Replacement	\$1,836,000		2.50%	20
Bridgewater (CW-04)	Storm Sewer Collection	\$1,760,000	\$260,000	2.75%	30
Chamberlain (CW-05)	Water Meter Upgrade/Replacement	\$300,000		2.00%	10
Claremont (CW-01)	Wastewater Improvements	\$1,832,000	\$1,387,000	2.75%	30
Crooks (CW-03)*	Palmira Wastewater and Storm Sewer Improvements	\$348,000		2.50%	30
Elkton (CW-02)	Wastewater Improvements - Phase I	\$1,206,000		2.75%	30
Hartford (CW-07)	Western Avenue Sewer Expansion	\$1,334,000		2.75%	30
Irene (CW-02)	Wastewater Improvements Phase II	\$3,062,000	\$2,300,000	2.75%	30
Lennox (CW-08)	Central Basin Sewer Improvements - Phase 2 and 3	\$1,000,000		2.75%	30

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Miller (CW-04)	Wastewater Improvements - Phase III	\$1,900,000		2.50%	30
Mitchell (CW-05)*	Sanborn Boulevard Wastewater and Storm Sewer Improvements	\$990,000		1.25%	20
Mitchell (CW-05NPS)*	South Central Watershed Restoration	\$98,750		1.25%	20
Mitchell (CW-06)	East Central Drainage Wastewater and Storm Sewer Improvements	\$3,575,000		1.25%	20
Mitchell (CW-06NPS)	South Central Watershed Restoration	\$356,000		1.25%	20
Onida (CW-02)	Wastewater System Improvements - Phase II	\$1,426,000		2.75%	30
Pierpont (CW-01)	Water Meter Replacement	\$132,000	\$118,000	2.25%	10
Roscoe (CW-02)	Wastewater Improvements	\$1,600,000		2.75%	30
Sioux Falls (CW-40)	Main Pump Station Replacement	\$24,400,000		1.50%	20
Sioux Falls (CW-40NPS)	Big Sioux Watershed Restoration	\$2,408,800		1.50%	20
Sioux Falls (CW-41)	Water Reclamation Facility Expansion - Phase I	\$41,625,000		2.50%	20
Springfield (CW-01)	Wastewater and Storm Water Improvements	\$1,950,000		2.75%	30
	<b>Total</b>	<b>\$93,277,550</b>	<b>\$4,065,000</b>		

\*Amendment to prior year Clean Water SRF Award

**Map 1 – 2019 Clean Water State Revolving Fund Recipients**



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### **Drinking Water State Revolving Fund Loan Program**

In 1998, the Drinking Water State Revolving Fund (SRF) loan program began providing low-interest loans to nonprofit corporations and governmental entities including municipalities, sanitary districts, and other special districts for the construction of drinking water facilities. In 2019, 18 loans and two loan amendments were approved totaling more than \$59.2 million (Table 2).

The base interest rates for the Drinking Water SRF program were 2.25 percent for terms up to 10 years, 2.50 percent for up to 20 years, 2.75 percent for up to 30 years, and an interim financing rate of 2.0 percent for up to five years.

Disadvantaged communities were eligible to receive an interest rate below the base rate. To qualify as disadvantaged, the water system’s monthly residential water bill must be at least \$30

per 5,000 gallons usage for municipalities and sanitary districts or \$55 per 7,000 gallons usage for all other community water systems.

Additionally, the median household income of a disadvantaged community must be below the statewide median household income (MHI). Communities with a household income less than the MHI but greater than 80 percent of the MHI were eligible for a 30-year term loan at 2.50 percent interest. Communities with a household income between 60 percent and 80 percent of the MHI were eligible for a 30-year term loan at 2.25 percent interest and a 10-year loan at 1.25 percent interest. An average household income less than 60 percent of the MHI is necessary to be eligible for a 30-year term loan at zero percent interest.

The federal fiscal year 2019 appropriations bill for the Drinking Water SRF program extended several of the requirements set forth in the American Recovery and Reinvestment Act and subsequent SRF appropriation bills. These requirements involve 1) applying Davis-Bacon wage rates to all projects awarded in fiscal year 2019; 2) requiring that a portion of the 2019 capitalization grant be made available as additional subsidy; and 3) requirements for American Iron and Steel products to be used for all projects awarded on or after January 17, 2014.

The board uses principal forgiveness as the method to provide the additional subsidy. Municipalities and sanitary districts with monthly residential water rates of \$30 per month (based on 5,000 gallons usage) were eligible to receive principal forgiveness. Other applicants were required to have residential water rates of \$55 per month (based on 7,000 gallons usage) to be eligible to receive principal forgiveness.

**Table 2 – 2019 Drinking Water State Revolving Fund Loan Awards**

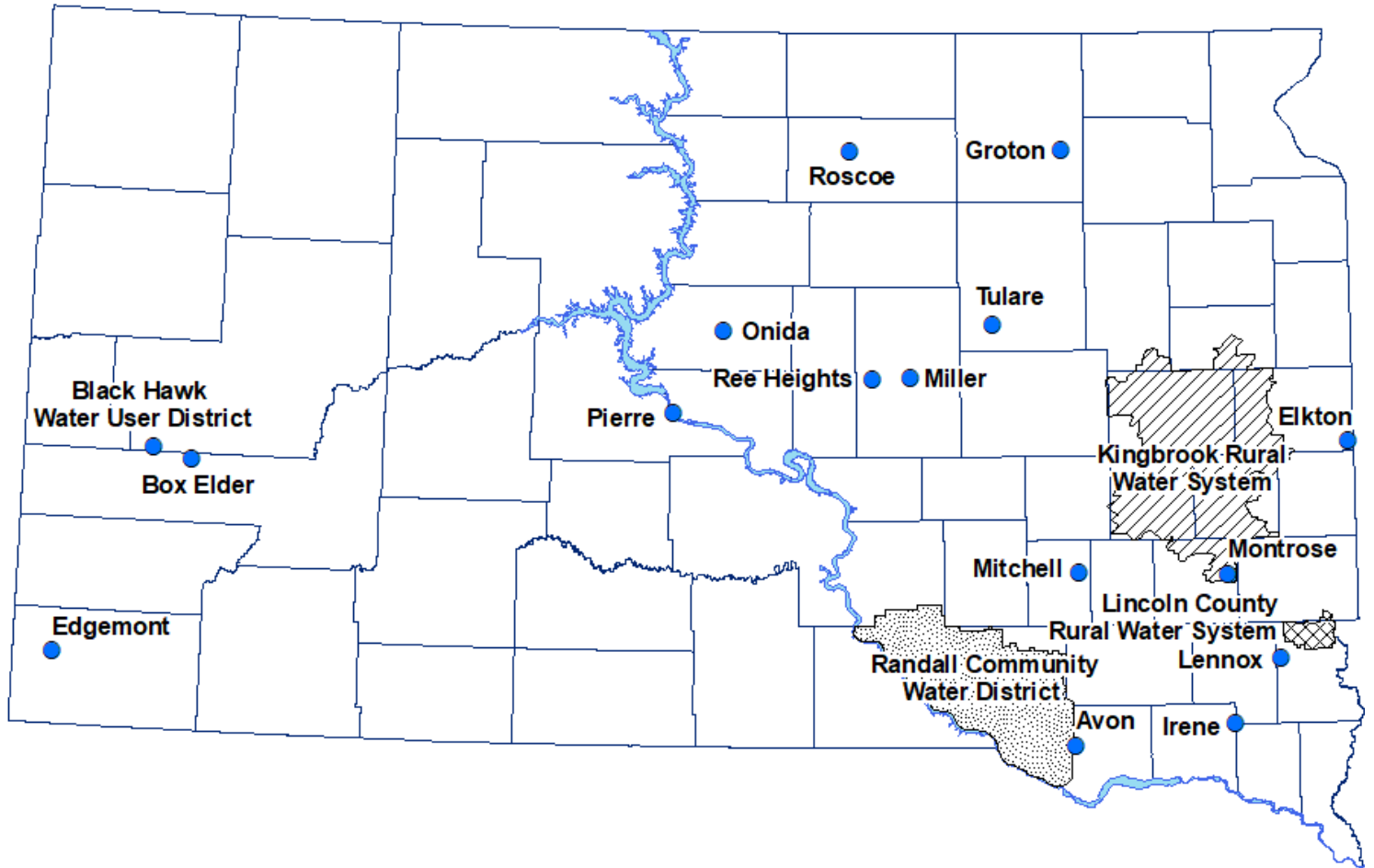
<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Avon (DW-01)	Main Street Water Improvements	\$174,000		2.50%	20
Black Hawk Water User District (DW-03)	Water System Improvements - Phase 1	\$3,810,000		2.50%	20
Box Elder (DW-02)	Well #10 Construction	\$1,742,000		2.25%	20
Edgemont (DW-02)*	Water System Upgrades	\$253,000	\$89,000	0.00%	30
Elkton (DW-01)	Water Improvements - Phase I	\$2,000,000	\$1,164,000	2.75%	30
Groton (DW-05)	Water System Improvements	\$1,798,000		2.75%	30
Irene (DW-03)	Water Improvements - Phase II	\$1,191,000	\$789,000	2.25%	30



<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Kingbrook Rural Water System (DW-07)	Water Service to Oldham	\$1,245,000	\$945,000	2.25%	30
Lennox (DW-04)	Central Basin Water Improvements - Phase 2 and 3	\$375,000		2.75%	30
Lincoln County Rural Water System (DW-02)	Main Transmission Line Improvements	\$750,000		2.75%	30
Miller (DW-04)	Water Improvements - Phase III	\$400,000		2.25%	30
Mitchell (DW-03)*	Sanborn Boulevard Water Improvements	\$207,000		2.25%	20
Mitchell (DW-04)	East Central Drainage Water Improvements	\$690,000		2.25%	20
Montrose (DW-02)	Water Storage Improvements	\$187,000		2.25%	30
Onida (DW-03)	Water Distribution Improvements - Phase 2	\$750,000	\$345,000	2.75%	30
Pierre (DW-03)	Water Treatment System Construction	\$36,850,000		2.50%	30
Randall Community Water District (DW-01)	Geddes Consolidation and System Improvements	\$4,600,000	\$2,263,000	2.25%	30
Ree Heights (DW-02)	Water System Improvements	\$432,000	\$432,000	-	0
Roscoe (DW-01)	Water Improvements	\$644,000		2.50%	30
Tulare (DW-01)	Drinking Water Improvements	\$1,145,000	\$1,145,000	-	0
	<b>Total</b>	<b>\$59,243,000</b>	<b>\$7,172,000</b>		

\*Amendment to prior year Drinking Water SRF Award

**Map 2 – 2019 Drinking Water State Revolving Fund Recipients**



## Consolidated Water Facilities Construction Program

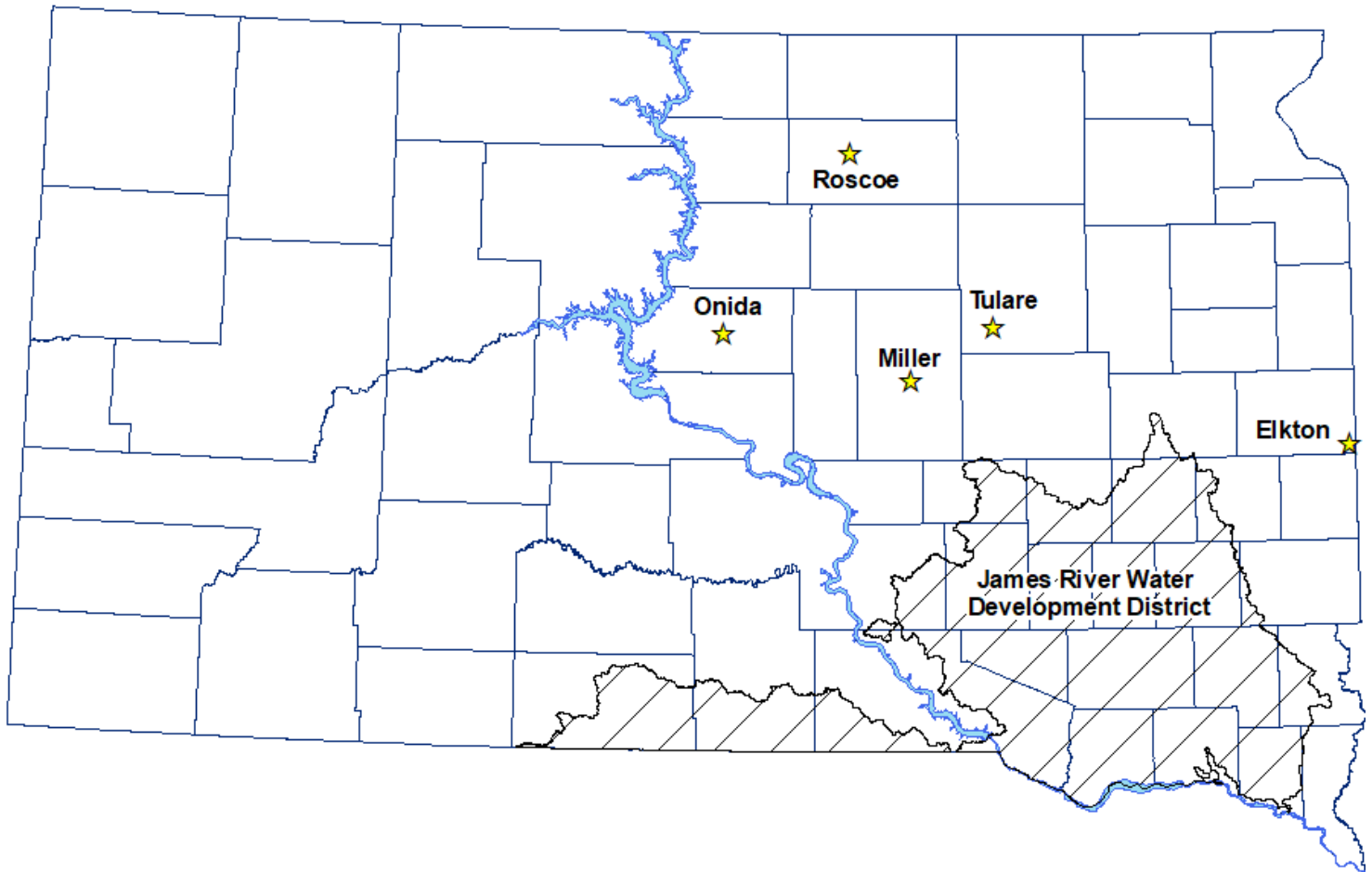
The 2019 State Legislature appropriated \$10.5 million for the Consolidated Water Facilities Construction Program to provide grants and loans for water development projects on the State Water Facilities Plan. Additionally, prior year funding and reversions were available for award in 2019.

The board awarded eight grants and one loan totaling nearly \$12.9 million (Table 3). The 2019 awards leveraged more than \$30.7 million in total project activities.

**Table 3 – 2019 Consolidated Awards**

<u>Sponsor</u>	<u>Description</u>	<u>Grant Amount</u>	<u>Loan Amount</u>	<u>Total Project</u>
Elkton	Drinking Water Improvements - Phase I	\$2,000,000		\$4,000,000
James River Water Development District	South Central Watershed Implementation Project	\$500,000		\$3,333,333
Miller	Wastewater Improvements - Phase III	\$2,000,000		\$5,239,000
Miller	Drinking Water Improvements - Phase III	\$2,000,000		\$2,500,000
Onida	Wastewater System Improvements Phase II	\$2,000,000		\$5,700,000
Onida	Water Distribution Improvements - Phase II	\$1,250,000		\$2,000,000
Roscoe	Drinking Water Improvements	\$1,317,000		\$2,261,790
Roscoe	Wastewater Improvements	\$1,550,000		\$3,530,000
Tulare	Drinking Water Improvements		\$250,000	\$2,145,000
<b>Total</b>		<b>\$12,617,000</b>	<b>\$250,000</b>	<b>\$30,709,123</b>

### Map 3 – 2019 Consolidated Program Grant/Loan Recipients



### State Revolving Fund Programs – Assistance

In 2019, the board allocated additional funds under both the Clean Water and Drinking Water State Revolving Fund programs for planning, technical assistance, construction activities, and management of the regulatory Public Water System Supervision program. The board’s 2019 intended use plans approved the use of \$2,445,080 in Clean Water and Drinking Water funds for assistance (Table 4).

**Table 4 – 2019 State Revolving Fund Allocations**

<u>Activity</u>	<u>Source</u>	<u>Amount</u>
Water Quality Grants	Clean Water SRF Admin Surcharge (CWSRF WQ)	\$900,000
Public Water System Supervision Program	Drinking Water SRF Set-Aside	\$600,000

<u>Activity</u>	<u>Source</u>	<u>Amount</u>
Small System Technical Assistance Grants	Drinking Water SRF Set-Aside and Clean Water Admin Surcharge	\$420,080
SRF Application Preparation and Administration	Clean Water SRF and Drinking Water SRF Admin Surcharge	\$250,000
Drinking Water Operator Certification Training	Drinking Water SRF Admin Surcharge	\$75,000
Very Small System Compliance and Public Health Grants	Drinking Water SRF Admin Surcharge	\$200,000
		<b>Total</b> <b>\$2,445,080</b>

During 2019, the board approved 31 Water Quality or Technical Assistance awards totaling nearly \$2.4 million (Table 5). The narrative sections below describe the general categories of the State Revolving Fund programs assistance and provide updates for on-going activities supported by this funding.

**Water Quality Watershed/Construction Grants:** The board provided additional grant assistance from Clean Water Administrative Surcharge fees to supplement the Consolidated and Section 319 grant awards. The construction of wastewater treatment, collection, or conveyance projects and watershed restoration projects are eligible uses for these fees, and its use allows additional projects to be completed.

**Water Quality Planning Grants:** The Small Community Planning Grant Program was established to encourage proactive planning by small communities and systems. Grants are available for the preparation of a wastewater or stormwater engineering study for systems serving populations of 2,500 or less. For engineering studies, participating systems are reimbursed 80 percent of the cost, up to \$10,000.

**Public Water System Supervision Program:** Insufficient federal funds have been allocated from the Performance Partnership Grant for South Dakota’s Public Water System Supervision (PWSS) program to complete all tasks and activities identified in DENR’s workplan with EPA. The PWSS program is managed by DENR’s Drinking Water program and ensures all public water systems in the state are maintaining compliance with the requirements of the Safe Drinking Water Act. A total of \$600,000 was allocated from the State Program Management set-aside in federal fiscal year 2019.

**Technical Assistance Grants:** Small Community Planning Grants are also available for the preparation of a drinking water engineering study for systems serving populations of 2,500 or less. Participating systems are reimbursed at 80 percent of the cost, up to \$8,000, for engineering studies.

The board continued its technical assistance contract with the South Dakota Association of Rural Water Systems (SDARWS) in 2018. SDARWS provides assistance to small drinking water systems serving populations of 10,000 or less with compliance, permitting, and operational issues. In 2019, the Midwest Assistance Program conducted capacity assessments and follow-up reviews to assist the department in ensuring that all borrowers demonstrate the required technical, financial, or managerial capacity to access Drinking Water SRF loan assistance. Midwest Assistance Program also has a contract to provide technical assistance to wastewater funding applicants with capacity issues.

In 2019, the board provided \$75,000 for operator certification training. These funds are provided to SDARWS and used for operator certification training of drinking water system operators. During state fiscal year 2019, 400 operators received training.

The board continued to offer grants to assist very small systems in violation of the Safe Drinking Water Act to come into compliance. These funds are limited to community systems with 50 or less connections and not-for-profit, non-transient, non-community water systems. Funds will be provided for infrastructure projects as 100 percent grants up to a maximum of \$50,000 and total project costs less than \$100,000. In calendar year 2019, a Very Small System Compliance grant was awarded to Owanka Rural Water System. The grant was awarded for \$50,000 on a total project cost of \$71,552 to install water treatment units at each residence to remove radionuclides.

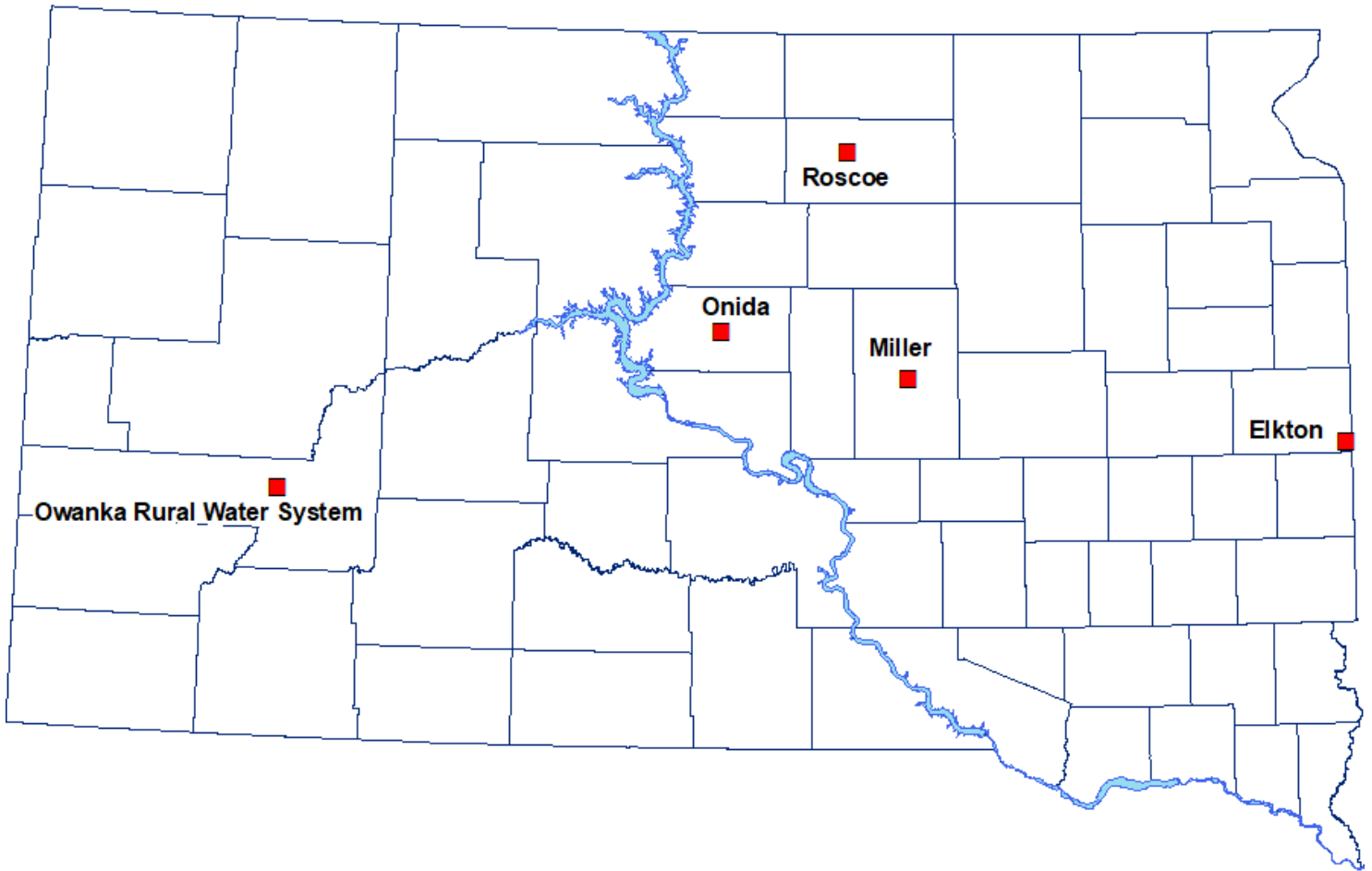
The board continued to provide assistance to the state’s six planning districts for preparation of applications and ongoing loan administration activities to include Davis-Bacon wage rate compliance. The planning districts are all under existing five-year joint powers agreements to receive up to \$9,000 per loan for application and loan administration duties and up to \$1,100 per loan for Davis-Bacon wage rate compliance. No additional funds were placed under agreement with the planning districts in 2019.

**Table 5 – 2019 State Revolving Fund Programs Grant Awards**  
*Watershed /Wastewater/Water Construction Grant Awards*

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>	<u>Source of Funds</u>
Elkton	Wastewater Improvements - Phase I	\$794,000	CWSRF WQ
Miller	Wastewater Improvements - Phase III	\$339,000	CWSRF WQ
Miller	Water Improvements - Phase III	\$100,000	DWSRF CG
Onida	Wastewater Improvements - Phase II	\$320,000	CWSRF WQ
Owanka Rural Water System	Drinking Water Compliance Improvements	\$50,000	VSSC Grants

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>	<u>Source of Funds</u>
Roscoe	Water System Improvements	\$300,000	DWSRF CG
<b>Total</b>		<b>\$1,903,000</b>	

**Map 4 –2019 Watershed/Construction Grant Recipients**



**Table 5 (continued)**

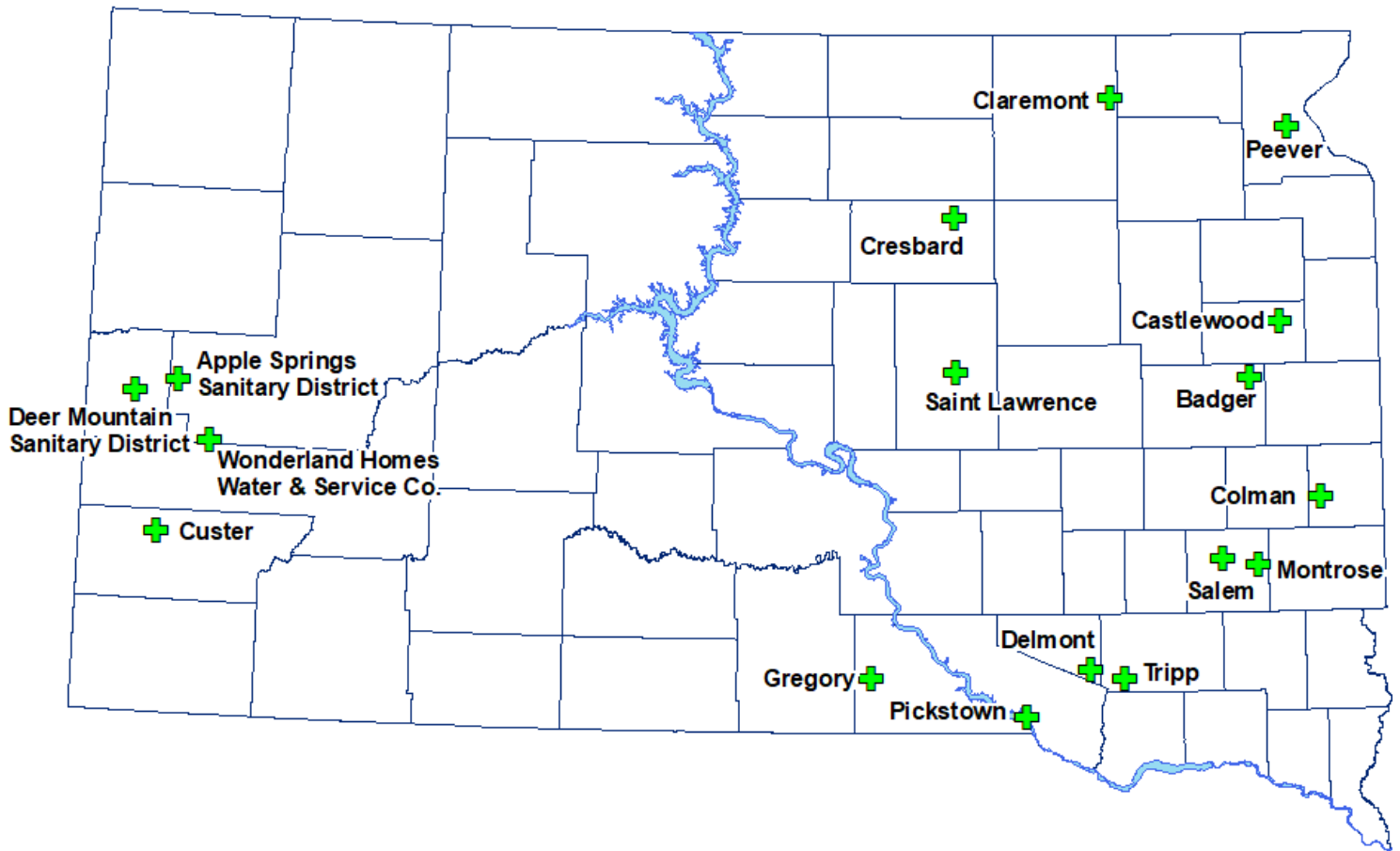
*Small Community Planning Grant Awards*

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>
Apple Springs Sanitary District	Drinking Water Engineering Study	\$8,000
Apple Springs Sanitary District	Wastewater Engineering Study	\$10,000

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>
Badger	Wastewater Engineering Study	\$10,000
Castlewood	Drinking Water Engineering Study	\$8,000
Claremont	Wastewater Engineering Study	\$10,000
Colman	Storm Sewer Engineering Study	\$10,000
Cresbard	Wastewater Engineering Study	\$10,000
Custer	Wastewater Engineering Study	\$10,000
Deer Mountain Sanitary District	Drinking Water Engineering Study	\$8,000
Delmont	Wastewater Engineering Study	\$10,000
Gregory	Wastewater Engineering Study	\$10,000
Montrose	Drinking Water Engineering Study	\$8,000
Montrose	Wastewater Engineering Study	\$10,000
Peever	Wastewater Engineering Study	\$10,000
Pickstown	Wastewater Engineering Study	\$10,000
Saint Lawrence	Drinking Water Engineering Study	\$8,000
Saint Lawrence	Wastewater Engineering Study	\$10,000
Salem	Storm Sewer Engineering Study	\$10,000
Tripp	Drinking Water Engineering Study	\$8,000
Tripp	Storm Sewer Engineering Study	\$10,000
Wonderland Homes Water & Service Co.	Drinking Water Engineering Study	\$8,000
	<b>Total</b>	<b>\$196,000</b>



## Map 5 –2019 Small Community Planning Grant Awards



**Table 5 (continued)**

### *Technical Assistance Awards*

<u>Sponsor</u>	<u>Project</u>	<u>Award</u>
Department of Environment and Natural Resources	Drinking Water Operator Certification Training	\$75,000
Midwest Assistance Program*	Drinking Water Small Systems Capacity Assessments	\$75,000
Midwest Assistance Program*	Small Systems Wastewater Capacity	\$25,000
SD Association of Rural Water Systems*	Small System Technical Assistance	\$120,000
<b>Total</b>		<b>\$295,000</b>

\* Amendment to prior year Technical Assistance award.

## State Water Resources Management System

No new funds were appropriated in the 2019 Omnibus Bill (House Bill 1254) for the State Water Resources Management System (SWRMS) list. There remained \$93,080 from prior year appropriations available for award in 2019. Information on individual SWRMS project accomplishments and activities is provided in the State Water Plan section (pages 35-53). During the year, the board placed the following amount under agreement (Table 6).

**Table 6 – 2019 State Water Resources Management System Awards**

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Type</u>
Department of Environment and Natural Resources	Ground Water Monitoring Pump Replacement	\$90,149.50	Grant

## Watershed Protection Program – EPA Section 319 Grants

The South Dakota Watershed Protection Program is designed to assess nonpoint water pollution sources and reduce or eliminate their impact on water quality throughout the state. Nonpoint source refers to the polluted run-off from urban, agriculture, and forest lands. The program provides technical and financial assistance to local watershed project sponsors in the planning and management of assessment and implementation projects. Additionally, the program administers state and federal grants, monitors the effectiveness of implementation projects, and funds information and education activities. Applications for Section 319 grants must be approved by the board prior to submission to EPA. In 2019, the board recommended that EPA award \$1.83 million in federal fiscal year 2019 Section 319 grant funds to watershed projects (Table 7).

**Table 7 - 2019 EPA Section 319 Grants**

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
Belle Fourche Watershed Partnership	Belle Fourche River Watershed Implementation	\$816,000	\$2,198,000
Day Conservation District*	Northeast Glacial Lakes Watershed Protection	\$250,000	\$854,170
South Dakota Discovery Center*	South Dakota Nonpoint Source Information and Education	\$29,000	\$591,775
James River Water Development District*	South Central Watershed Implementation	\$141,000	\$16,925,792

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
South Dakota Grasslands Coalition*	Grassland Management and Planning	\$69,000	\$896,300
South Dakota Soil Health Coalition*	Soil Health Improvement and Planning	\$25,000	\$460,300
Moody County Conservation District*	Big Sioux River Watershed Implementation	\$450,000	\$14,658,956
City of Watertown*	Upper Big Sioux River Implementation	\$50,000	\$860,000
		<b>Total</b>	<b>\$1,830,000</b>
			<b>\$37,445,293</b>

\* Amendment to prior year 319 award

Throughout the year, the department works with EPA to reallocate deobligated prior year funds. Table 8 contains a list of grants that were awarded to existing project sponsors during the calendar year 2019.

**Table 8 - 2019 EPA Section 319 Grant Amendments**

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
South Dakota Association of Conservation Districts	Water Quality Planning Project	\$18,614	\$428,900
RESPEC	Big Sioux River TMDL	\$49,500	\$49,500
		<b>Total</b>	<b>\$68,114</b>
			<b>\$478,400</b>

## **Solid Waste Management Program**

The 2019 State Legislature appropriated \$2,400,000 for the Solid Waste Management Program (SWMP). These appropriations, combined with reverted and unobligated prior year funding, resulted in more than \$5.3 million being available for grants and loans for recycling, waste tire, and solid waste disposal projects.

These programs are supported by three funding sources – a \$0.75 per ton landfill surcharge on municipal solid waste, a \$0.25 per tire vehicle registration fee, and principal and interest payments from past solid waste loan awards.

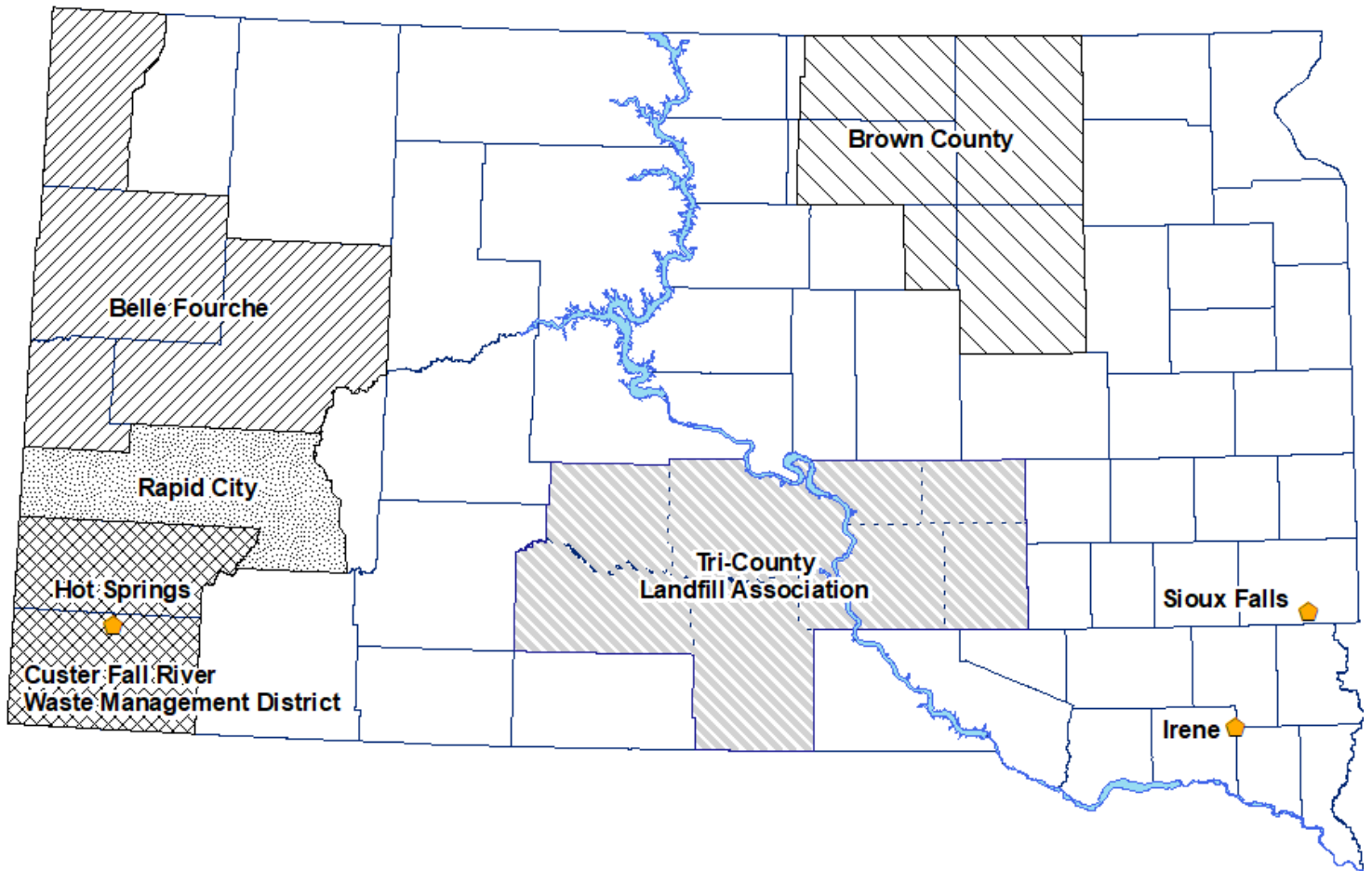
The board awarded 12 grants and two loans in 2019, totaling more than \$3.2 million (Table 9). Of these awards, two were for recycling and ten were for solid waste disposal. SWMP awards helped leverage nearly \$6.3 million in total project activities.

**Table 9 - 2019 Solid Waste Management Awards**

<i>Disposal</i>				
<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
Belle Fourche	Landfill Scale Replacement		\$105,000	\$525,000
Brown County	Landfill Compactor Purchase		\$139,000	\$695,000
Custer Fall River Waste Management District	Landfill Compactor Purchase		\$80,000	\$397,190
DENR	Waste Tire and Other Solid Waste Cleanups 80% Grant Funds		\$250,000	\$250,000
DENR	Waste Tire and Other Solid Waste Cleanups 100% Grant Funds		\$350,000	\$437,500
Hot Springs	Wood Waste Processing		\$17,500	\$70,000
SD Solid Waste Management Association	2019 MOLO Training		\$41,900	\$64,400
Sioux Falls	Emerald Ash Borer Wood Waste Equipment		\$283,000	\$1,132,000
Tri-County Landfill Association	Landfill Compactor Purchase	\$300,000	\$300,000	\$600,000
Tri-County Landfill Association	Landfill Cell 3 - Phase II Construction	\$360,000	\$240,000	\$600,000
<b>Total</b>		<b>\$660,000</b>	<b>\$1,806,400</b>	<b>\$4,771,090</b>

<i>Recycling</i>				
<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
Irene	Recycling Trailer Purchase		\$6,000	\$12,000
Rapid City	Compost and MRF Equipment Purchase		\$750,000	\$1,499,119
<b>Total</b>		<b>\$0</b>	<b>\$756,000</b>	<b>\$1,511,119</b>

## Map 6 – 2019 Solid Waste Management Program Grant/Loan Recipients



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### Brownfields Revitalization and Economic Development Program

The 2004 South Dakota Legislature followed the federal Brownfields Act and established a state Brownfields Revitalization and Economic Development Program within the Department of Environment and Natural Resources (the department). The purpose of Brownfields program is to complete environmental assessments and cleanups so that local governments can put contaminated lands back into productive, beneficial use and complete projects that are necessary to revitalize local economies. The 2004 bill created two subfunds: a Brownfields revolving loan subfund and a Brownfields assessment and cleanup subfund. The board approves annual work plans for both subfunds. The department agreed to use existing staff to administer this program.

While the department has made application for federal funding, the U.S. Environmental Protection Agency has not awarded South Dakota any federal funds for the Brownfields revolving

loan subfund. Therefore, there has been no activity in this subfund. EPA has advised the department that until potential applicants are identified, the department will not be eligible for federal revolving loan funds.

The department has used both federal Brownfields grants and federal Leaking Underground Storage Tank Trust Funds to complete environmental assessments and cleanups of Brownfields projects statewide. Projects are limited by federal Brownfields law to \$200,000 for Assessment and \$200,000 for Clean Up unless a waiver is granted by EPA. Brownfields projects are nominated by local project sponsors and approved by the board. Table 10 contains a list of all the Brownfields projects approved by the board in calendar year 2019. The Brownfields process is an extremely useful tool to help assess and clean up contaminated lands statewide and move economic development projects forward that are a high local priority.

**Table 10 - 2019 Brownfields Assessment and Cleanup Projects**

<u>Applicant</u>	<u>Site Name and Location</u>	<u>Activity</u>	<u>Land After Cleanup</u>	<u>Amount*</u>
Dakota State University	Convent Building	Assessment	Public	\$4,147
City of Salem	Salem Armory	Assessment	Public	\$3,996
City of Huron	Vantage Business Park	Assessment	Commercial	\$3,927
City of Flandreau	Zandt's Building	Assessment	Public	\$3,987
City of Mitchell	Old Buildings	Assessment	Public	\$4,541
City of Carthage	Old School Building	Assessment	Public	\$3,090
City of Pierre	Old City Hall	Assessment	Public	\$8,012
DENR	Database/ GIS based interactive web site	Development/ Enhancement	Public	\$0
City of Parker	Parker-Library	Assessment	Public	\$2,441
City of Pierre	Hughes County Building	Assessment	Public	\$6,557
City of Parker	Parker - Music Museum	Assessment	Public	\$1,850

<u>Applicant</u>	<u>Site Name and Location</u>	<u>Activity</u>	<u>Land After Cleanup</u>	<u>Amount*</u>
City of Pierre	PryntComm Property	Assessment	Commercial	\$7,388
City of Mitchell	Tattoo Shop	Assessment	Public	\$2,932
City of Mitchell	Moody's Western Wear 1	Assessment	Public	\$1,834
City of Mitchell	Moody's Western Wear 2	Assessment	Public	\$1,723
City of Mitchell	Former Merchandise Shop	Assessment	Public	\$2,029
DENR	Inventory of the Brownfields Sites	Data Gathering	Public	\$0
			<b>Total</b>	<b>\$58,454</b>

\* Accumulative costs as of September 30, 2019

## **2019 State Water Development Legislation**

On March 27, 2019, Governor Noem signed House Bill 1254, the Omnibus Water Funding Bill. The 2019 Omnibus Bill contained the following appropriations:

### **Appropriations from the Water and Environment Fund**

- Consolidated Water Facilities Construction Program – \$10,500,000 to provide grants and loans for community drinking water, wastewater, and watershed improvement projects;
- Solid Waste Management Program – \$2,400,000 to provide grants and loans for recycling, solid waste disposal, and waste tire projects.

### **Appropriations from WEF Subfunds and Other Sources**

- Section 3 of the bill appropriated \$1,000,000 from the Clean Water State Revolving Fund program subfund for the purpose of providing water quality grants;
- Section 4 of the bill appropriated \$200,000 from the Clean Water State Revolving Fund program subfund for the preparation of loan applications and administration of loans;
- Section 5 of the bill appropriated \$50,000 from the Drinking Water State Revolving Fund program subfund for the preparation of loan applications and administration of loans;
- Section 6 of the bill appropriated \$200,000 from the Drinking Water State Revolving Fund program subfund to provide grants for very small system compliance and public health improvements; and
- Section 7 of the bill appropriated \$150,000 from the Drinking Water State Revolving Fund program subfund for small system technical assistance grants.





# **2020 State Water Plan**



# 2020 State Water Plan

## Overview

The 1972 State Legislature established the State Water Plan to ensure the optimum overall benefits of the state's water resources for the general health, welfare, safety, and economic well-being of the people of South Dakota through the conservation, development, management, and use of those resources. The Legislature placed the responsibility for this plan with the Board of Water and Natural Resources (the board).

The State Water Plan, as established in SDCL 46A-1-2, consists of two components – the State Water Facilities Plan and the State Water Resources Management System. To be considered for the State Water Facilities Plan, projects must meet criteria established by the board. These eligibility criteria are used as guidelines by the board and the Department of Environment and Natural Resources (the department) when considering a project for inclusion on the State Water Facilities Plan. Additions to or deletions from the State Water Resources Management System can only be made by the State Legislature.

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## State Water Facilities Plan

The State Water Facilities Plan (Facilities Plan) is a list of potential water projects. The Facilities Plan includes projects such as rural, municipal, and industrial water supply, wastewater collection and treatment facilities, storm sewers, groundwater protection, and watershed restoration. The board is responsible for approving the placement of projects on the Facilities Plan. The board can provide direct assistance to projects on the plan and placement on the plan may influence federal and other state agency funding decisions.

In November 2019, the board considered 29 applications requesting placement on the State Water Plan. The board placed all 29 projects on the Facilities Plan, bringing the total number of projects on the 2020 State Water Facilities Plan to 167 (Table 11 and Table 12).

The projects in Table 11 have received either partial or full funding. Projects that have received funding from the board remain on the Facilities Plan until project completion and remain eligible to request additional funding.

The projects in Table 12 had not received funding as of December 31, 2019. Projects placed on the plan in November 2018 or that were amended onto the plan during calendar year 2019 remain on the Facilities Plan through December 2020. The 29 projects placed on the plan in November 2019 remain on the Facilities Plan through December 2021.

Additional projects may be placed on the Facilities Plan during the year. Projects placed on the Facilities Plan through the amendment process remain on the plan for the balance of the calendar year and the following year. Once a project is removed from the Facilities Plan, the project sponsor must submit a new State Water Plan application to be eligible to seek assistance.

**Table 11 - 2020 State Water Facilities Plan Funded Projects**

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Avon	Main Street Wastewater Improvements	\$138,000	\$138,000
Avon	Main Street Water Improvements	\$174,000	\$174,000
Belle Fourche	Day Street Lift Station Replacement	\$1,836,000	\$1,836,000
Black Hawk Water User District	Water System Improvements Phase 1	\$3,810,000	\$3,810,000
Blunt	Wastewater Treatment and Lift Station Improvements	\$710,000	\$710,000
Box Elder	Well #10 Construction	\$1,742,000	\$1,742,000
Brandon	Drinking Water System Improvements	\$12,425,000	\$12,425,000
Bridgewater	Storm Sewer Collection	\$1,760,000	\$1,760,000
Bridgewater	Water Meter Replacement	\$243,000	\$243,000
Britton	Water Distribution System Improvements	\$1,444,000	\$4,656,000
Butte-Meade Sanitary Water District	Water Line Replacement	\$413,000	\$413,000
B-Y Water District	Water Storage Reservoir	\$4,700,000	\$4,700,000
Canova	Drinking Water Improvements	\$52,000	\$52,590
Canton	Well Replacement	\$1,550,000	\$1,550,000
Cavour	Collection System Improvements	\$956,000	\$956,000
Chamberlain	Water Meter Upgrade/Replacement	\$300,000	\$300,000
Chancellor	Sanitary Sewer Improvements	\$574,000	\$574,000

<b><u>Sponsor</u></b>	<b><u>Project Description</u></b>	<b><u>Amount Funded</u></b>	<b><u>Total Project</u></b>
Claremont	Wastewater Improvements	\$1,832,000	\$1,832,000
Clark Rural Water System	System Improvements and Supply to Bradley and Willow Lake	\$2,950,000	\$2,950,000
Colton	Water Distribution Improvements	\$2,158,000	\$2,158,000
Colton	Sanitary Sewer Improvements	\$2,774,000	\$2,774,000
Crooks	Palmira Wastewater Collection Improvements	\$2,400,000	\$2,400,000
Crooks	Palmira Water Distribution Improvements	\$1,214,000	\$1,214,000
Dell Rapids	2016 Utilities Improvements	\$1,037,000	\$1,037,000
Dell Rapids	Southeast Phase 1 and Railroad Wastewater Improvements	\$4,661,700	\$7,661,700
Dell Rapids	Southeast Phase 1 and Railroad Water Improvements	\$2,486,000	\$2,486,000
Eagle Butte	Sanitary and Storm Sewer Improvements	\$3,080,000	\$3,080,000
Eagle Butte	Water System Improvements	\$520,000	\$520,000
Edgemont	Water System Upgrades	\$4,590,000	\$4,590,000
Elk Point	Rose Street Wastewater Improvements	\$235,000	\$235,000
Elk Point	Rose Street Water Improvements	\$564,000	\$564,000
Elkton	Wastewater Improvements - Phase I	\$4,000,000	\$4,000,000
Elkton	Water Improvements - Phase I	\$2,000,000	\$2,000,000
Garretson	Water Replacement	\$1,279,000	\$1,279,000
Garretson	Sewer Replacement	\$1,160,000	\$1,160,000
Grant-Roberts Rural Water System	Milbank Service Area Improvements	\$4,500,000	\$4,500,000
Grenville	Water Meters and Valve Replacement	\$352,000	\$352,000

<b><u>Sponsor</u></b>	<b><u>Project Description</u></b>	<b><u>Amount Funded</u></b>	<b><u>Total Project</u></b>
Groton	Water System Improvements	\$1,798,000	\$1,798,000
Harrisburg	Wastewater Treatment Facility Construction	\$24,487,000	\$24,487,000
Hartford	Western Avenue Sewer Improvements	\$1,334,000	\$1,334,000
Hermosa	Water Source and Distribution Improvements	\$199,000	\$199,000
Humboldt	Wastewater Collection Improvements Phase II	\$3,876,000	\$3,876,000
Humboldt	Water Meter Replacement	\$290,000	\$290,000
Irene	Wastewater Improvements Phase II	\$3,062,000	\$3,062,000
Irene	Water Improvements Phase II	\$1,191,000	\$1,191,000
James River Water Development District	South Central Watershed Implementation - Segment 1	\$1,325,000	\$19,400,000
Keystone	Wastewater System Improvements - Phase I	\$431,000	\$431,000
Keystone	Well Retrofit	\$98,000	\$98,000
Kingbrook Rural Water System	Water Service to Oldham	\$1,245,000	\$1,245,000
Lake Byron Sanitary District	Wastewater Collection and Treatment System Construction	\$5,475,000	\$5,475,000
Lake Norden	Wastewater Collection System Improvements	\$1,606,000	\$1,606,800
Lake Norden	Water Supply and Treatment Improvements	\$1,477,000	\$1,477,000
Lake Poinsett Sanitary District	Wastewater System Expansion	\$1,917,000	\$1,917,000
Langford	Water Line and Storage Improvements	\$1,371,000	\$1,921,000
Lennox	Central Basin Wastewater Improvements Phase 2 and 3	\$4,766,000	\$4,766,000
Lennox	Central Basin Water Improvements Phase 2 and 3	\$1,287,000	\$1,287,000

<b><u>Sponsor</u></b>	<b><u>Project Description</u></b>	<b><u>Amount Funded</u></b>	<b><u>Total Project</u></b>
Leola	Water System Improvements	\$1,891,000	\$1,891,000
Lincoln County Rural Water System	Water Mainline Improvements	\$750,000	\$750,000
Marion	Water Meter Replacement	\$522,000	\$522,000
Martin	4th and 5th Avenue Water Main Improvements	\$633,000	\$633,000
Miller	2017 Wastewater Improvements	\$3,875,000	\$3,876,866
Miller	2017 Water Improvements	\$2,399,000	\$2,400,000
Miller	Wastewater Improvements - Phase III	\$4,239,000	\$5,239,000
Miller	Water Improvements - Phase III	\$2,500,000	\$2,500,000
Mina Lake San District	Wastewater Improvements	\$559,000	\$559,000
Mitchell	Sanborn Boulevard Wastewater Improvements	\$8,612,750	\$8,612,750
Mitchell	Sanborn Boulevard Water Improvements	\$1,028,000	\$1,028,000
Mitchell	East Central Drainage Wastewater Improvements	\$3,931,000	\$3,931,000
Mitchell	East Central Drainage Water Improvements	\$690,000	\$690,000
Montrose	Water Storage Improvements	\$187,000	\$187,000
Oelrichs	Water System and Meter Improvements	\$447,000	\$447,000
Onida	Wastewater System Improvements Phase II	\$3,746,000	\$5,700,000
Onida	Water Distribution Improvements Phase II	\$2,000,000	\$2,000,000
Parker	Wastewater Improvements - Phase 5	\$731,000	\$731,000
Parker	Water Improvements - Phase 5	\$697,000	\$697,000



<b><u>Sponsor</u></b>	<b><u>Project Description</u></b>	<b><u>Amount Funded</u></b>	<b><u>Total Project</u></b>
Philip	Storm Sewer System Improvements	\$536,000	\$536,000
Philip	Wastewater System Improvements	\$605,000	\$605,000
Pierpont	Water Meter Replacement	\$132,000	\$132,000
Pierre	Water Treatment System Construction	\$36,850,000	\$36,850,000
Pine Cliff Park Water & Maintenance Inc.	Water System Improvements	\$463,000	\$463,000
Plankinton	Water Meter Replacement	\$240,000	\$240,000
Platte	Wastewater System Improvements	\$2,300,000	\$2,300,000
Prairie Meadows Sanitary District	Wastewater Collection System Rehabilitation	\$1,388,000	\$1,388,000
Presho	Collection System Improvements	\$4,048,000	\$4,048,000
Randall Community Water District	Geddes Consolidation and System Improvements	\$4,600,000	\$4,600,000
Raymond	Wastewater Improvements - 2016	\$900,000	\$900,000
Raymond	Lift Station and Lagoon Improvements	\$1,011,225	\$1,011,225
Ree Heights	Distribution System Replacement	\$862,000	\$1,020,000
Roscoe	Wastewater Improvements	\$3,150,000	\$3,530,000
Roscoe	Water Improvements	\$2,261,000	\$2,261,790
Salem	Watermain Improvements	\$802,000	\$802,000
Salem	Sanitary Sewer Improvements	\$2,556,000	\$2,556,000
Sheridan Lake Highlands, Inc.	Water System Improvements	\$301,700	\$301,700
Sioux Falls	Basin 14D Sanitary Sewer Extension	\$8,838,000	\$8,838,000
Sioux Falls	Brandon Road Lift Station Parallel Force Main	\$11,400,000	\$11,400,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Sioux Falls	Main Pump Station Replacement	\$26,808,800	\$26,808,800
Sioux Falls	Outfall Sewer Replacement	\$26,060,000	\$26,060,000
Sioux Falls	Primary Digester Mixing Improvements - 2016	\$11,559,125	\$11,559,125
Sioux Falls	Water Reclamation Facility Expansion	\$41,625,000	\$41,625,000
Sioux Rural Water System	Water System Improvements-2018	\$10,921,000	\$11,321,000
Springfield	Wastewater and Storm Water Improvements	\$1,950,000	\$1,950,000
Sturgis	Wastewater Treatment System Improvements	\$16,647,000	\$16,647,000
TC&G Water Association	Water System Improvements	\$2,875,000	\$2,875,000
Terry Trojan Water Project District	Water System Rehabilitation	\$812,000	\$812,000
Tulare	Drinking Water Improvements	\$1,395,000	\$2,145,000
Viewfield Rural Water Association Inc.	Water Treatment Improvements	\$250,000	\$250,000
Volga	Wastewater Treatment Facility Improvements	\$2,819,000	\$2,819,000
Waubay	Wastewater Treatment Facility Improvements	\$2,170,000	\$3,344,400
Westport	Lift Station Replacement and Storm Sewer Upgrades	\$300,000	\$300,000
Yankton	East Highway 50 Lift Station	\$3,330,000	\$3,330,000
Yankton	Water Treatment Plant Construction	\$37,000,000	\$37,000,000
	<b>Total</b>	<b>\$443,058,300</b>	<b>\$473,716,746</b>

**Table 12 - 2020 State Water Facilities Plan Unfunded Projects**

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Alexandria	Water System Improvements	2020	\$1,450,000	\$1,453,970
Aurora	Wastewater Treatment Facility	2020	\$4,200,000	\$4,200,000
Blunt	Storm Water Drainage Improvements	2020	\$920,000	\$920,000
Bowdle	Main Street Sewer Improvements	2021	\$2,015,444	\$2,015,444
Bowdle	Main Street Water Improvements	2021	\$783,587	\$783,587
Brookings	State Avenue Stormwater Improvements	2020	\$850,000	\$850,000
Burke	Water Main Replacement	2021	\$535,000	\$535,302
Clay Rural Water System	2020 Improvements	2020	\$2,158,500	\$2,158,500
Dell Rapids	5th Street, 6th Street, and Iowa Avenue Infrastructure Improvements	2021	\$3,270,000	\$3,270,000
DeSmet	Water System Improvements	2021	\$565,000	\$565,000
Eagle Butte	Sanitary Sewer and Wastewater Treatment Improvements	2021	\$5,506,000	\$5,506,000
Elk Point	Washington Street Utilities Improvements	2020	\$127,260	\$127,260
Eureka	Sewer Improvements	2021	\$7,384,059	\$7,384,059
Faith	Wastewater System Improvements	2020	\$1,315,821	\$1,830,821
Fort Pierre	Wastewater System Improvements	2020	\$3,930,000	\$3,930,000
Green Valley Sanitary District	Centralized Sewer Collection System	2020	\$9,470,000	\$9,470,000
Harrisburg	Southeastern Utility Improvements	2021	\$14,900,000	\$14,900,000
Hot Springs	North 24th Street Sewer	2020	\$638,525	\$638,525
Hot Springs	North River Street Sewer and Water Replacement	2020	\$391,022	\$1,091,950

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Hot Springs	Water System Supply and Storage	2021	\$3,850,000	\$3,850,000
Hudson	Utility Improvements	2021	\$18,200,000	\$18,200,000
Huron	Wastewater Pretreatment Improvements Phase 1	2020	\$14,945,500	\$14,945,500
Hurley	Center Avenue Sewer Improvement	2021	\$1,346,000	\$1,946,000
Lake Norden	Wastewater Lagoon Improvements	2020	\$1,723,700	\$1,723,700
Lake Preston	Wastewater Collection System Improvements	2021	\$4,200,000	\$4,200,000
Lake Preston	Water Distribution System Improvements	2020	\$8,405,000	\$8,405,000
Lead	Houston Street Utility Improvements	2020	\$208,091	\$208,091
	Wastewater and Stormwater Collection System Improvements	2021	\$6,890,000	\$6,890,000
Madison				
Marion	Broadway Avenue Utility Improvements Phase I	2020	\$3,843,218	\$3,843,218
Mellette	Sewer Improvements	2021	\$285,680	\$285,680
	East Central Drainage Utility Improvements - Phase II	2021	\$4,401,100	\$4,401,100
Mitchell				
Montrose	Wastewater System Improvements	2021	\$1,000,000	\$1,000,000
Newell	Water Main Replacement	2020	\$314,924	\$629,847
North Sioux City	Water Tower Construction	2021	\$2,700,000	\$2,700,000
Philip	Water Meter Replacement	2020	\$340,000	\$340,000
Pickstown	Wastewater Improvements	2021	\$4,758,625	\$4,758,625
Piedmont	Central Wastewater System	2021	\$4,500,000	\$4,500,000
Piedmont	Water Tower and Well	2021	\$2,200,000	\$2,200,000
Pierpont	Sanitary Sewer Improvements	2020	\$1,333,000	\$1,933,000
Pierre	Wastewater Facility Equipment Replacement	2020	\$11,300,000	\$11,300,000

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Saint Lawrence	Water and Wastewater Improvements	2021	\$1,578,865	\$1,578,865
Sioux Falls	Stormwater Improvements Basins 95,104 and 371	2020	\$9,457,466	\$9,457,466
Tabor	Wastewater Collection System Improvement	2020	\$4,069,371	\$4,069,371
Tea	Sanitary Sewer Regionalization	2021	\$12,400,000	\$12,400,000
Tripp	Water System Improvements	2021	\$2,210,000	\$2,210,000
Valley Springs	Utility Improvements	2021	\$3,340,000	\$3,340,000
Volga	Water Tower Construction	2020	\$2,790,000	\$2,790,000
Volga	Wastewater Collection Rehabilitation	2021	\$1,800,000	\$1,800,000
Watertown	Kittelson Addition Sanitary Sewer Extension	2020	\$832,896	\$832,896
Watertown	Wastewater Facility Administration and Operations Building Construction	2021	\$5,665,000	\$5,665,000
Webster	Drinking Water Line Replacement	2021	\$6,630,020	\$6,630,020
Webster	Sanitary Sewer Line Replacement	2021	\$1,183,405	\$1,183,405
Whitewood	Laurel Street Utility Improvements	2020	\$300,000	\$1,600,625
Willow Lake	Water Meters and Valve Improvements	2020	\$150,000	\$150,000
Wolsey	Water Pumphouse Replacement	2021	\$326,000	\$326,000
Wonderland Homes Water & Service Co.	Water Supply Well	2020	\$795,275	\$795,275
<b>Total</b>			<b>\$210,687,325</b>	<b>\$214,715,132</b>

## State Water Resources Management System

The State Water Resources Management System (SWRMS) identifies large, costly water projects that require specific state or federal authorization and financing. These projects are placed on the list when recommended by the board and approved by the Governor and the Legislature. The SWRMS list (Table 13) serves as the preferred priority list to optimize water resources management in the state. Once a project is placed on the SWRMS list, it remains on the list until removed by legislative action.

**Table 13 – State Water Resources Management System Projects**

<u>Project</u>	<u>Description</u>
Belle Fourche Irrigation Upgrade Project	Irrigation Project – Belle Fourche Region
Big Sioux Flood Control Study	Watertown Flood Control
CENDAK Irrigation Project	Irrigation Project - Central SD
Gregory County Pumped Storage Site	Multi-Purpose Water Utilization
Hydrology and Water Management Studies	Statewide Water Resources
Lake Andes-Wagner/Marty II Irrigation Unit	Irrigation - Charles Mix County
Lewis & Clark Rural Water System	Bulk Water System - Southeastern SD
Sioux Falls Flood Control Project	Increased Flood Protection
Southern Black Hills Water System	Rural Water System - Southern Hills
Vermillion Basin Flood Control Project	Flood Control on Vermillion River

### SWRMS Project Status

A brief summary of each project and its status is presented on the following pages. The year in the title indicates when the project was placed on the State Water Resources Management System (SWRMS).

#### **Belle Fourche Irrigation Upgrade Project - 2012**

- The 2012 Omnibus Bill added the Belle Fourche Irrigation District upgrade project to the SWRMS list. The project was for the construction of a \$5,000,000 Belle Fourche irrigation upgrade project to include replacement of the Indian Creek siphon, the Horse Creek siphon, the north canal control house, the south canal control house, repair of the Belle Fourche River siphon, and removal of sediment from the south canal intake for the purpose of stabilizing crop and forage production in central western South Dakota to offset the effects of drought conditions which naturally devastate South Dakota's economic viability.

- South Dakota Codified Law 46A-1-13.12 authorized a state cost share commitment of up to \$2,500,000 in grant and \$2,500,000 in loan assistance to provide funding for the Belle Fourche Irrigation District upgrade project.
- The appropriations for 2012 included a \$1,250,000 grant and a \$1,250,000 loan for engineering design, preconstruction, and construction of the facilities associated with the Belle Fourche irrigation upgrade project.
- During calendar years 2012 and 2013, engineering design of siphons and the canal gatehouse was ongoing.
- The appropriations for 2013 included a \$750,000 grant and a \$750,000 loan for engineering design, preconstruction, and construction of the facilities associated with the Belle Fourche irrigation upgrade project.
- The appropriations for 2014 included a \$500,000 grant and a \$500,000 loan for engineering design, preconstruction, and construction of the facilities associated with the Belle Fourche irrigation upgrade project. This completed the state cost share commitment to the upgrade project.
- Bids were opened and awarded for the Indian Creek and Horse Creek siphons in 2013, and construction started in October of 2013. The Indian Creek siphon was completed in 2014 and was operational for the 2014 irrigation season. The Horse Creek siphon was completed in 2015 and was operational for the 2015 irrigation season.
- Bids were opened and awarded for the canal gatehouse upgrade in 2015, and construction started in the fall of 2015. The canal gatehouse upgrade was completed in the spring of 2016 and was operational for the 2016 irrigation season.
- In May 2014, bids were opened for dredging of the reservoir intake structure. Dredging operations were approximately 10 percent complete prior to 2016 when the contractor experienced difficulties with their methods to hydraulically dredge the reservoir. The dredging contractor returned to the site in late summer of 2016 with larger equipment to resume dredging operations. Dredging of the intake was completed in the spring of 2017.
- The final portion of the Belle Fourche irrigation upgrade project was an assessment of the Belle Fourche River siphon. The work was bid during the 2017 construction season, and the work was completed in the spring of 2018.
- With all proposed work completed, the Board of Water and Natural Resources took action to certify the project complete as of November 1, 2018. As a result of this action the Belle Fourche Irrigation District began making loan payments on November 1, 2019.

### **Big Sioux Flood Control Study (Watertown & Vicinity) – 1989**

- The Corps of Engineers completed a reconnaissance report titled “Flood Control for Watertown and Vicinity.” The study concluded the best alternative for flood protection for Watertown, Lake Kampeska, and Pelican Lake was a \$16 million dry dam on the Big Sioux River at the Mahoney Creek site.
- The Corps of Engineers, in cooperation with Watertown, East Dakota Water Development District, Codington County, Lake Kampeska Water Project District, and the Department of Environment and Natural Resources, initiated a feasibility study in 1988. State appropriations of \$150,000 were provided to help meet the nonfederal cost share.
- The final draft feasibility report was distributed in June 1994 for public review and comment. A public hearing in July 1994 in Watertown presented findings of the report and gathered comments. City and county elections were held, and residents voted against further local participation in the project.
- The project regained momentum after severe spring flooding in 1997 forced 5,000 residents from their homes. The Watertown City Council scheduled an election in February 1998, calling for a citywide vote on the proposed Mahoney Creek Dam. The record turnout of voters again rejected the proposed dam.
- In June 2001, the residents of Watertown called for a citywide vote on the proposed Mahoney Creek Dam project. The voters approved the project. City officials proceeded with updating the original Corps of Engineers feasibility study and obtaining support and financing for the project.
- After the affirmative vote, Watertown began negotiations with the Corps of Engineers to complete a General Re-evaluation Report of the city’s flood control alternatives. Negotiations continued in 2003, and the scope of work to be reviewed by the report continued to be evaluated. The cost of the re-evaluation report was estimated at \$2.8 million.
- In 2003, Watertown returned \$450,000 of state funds appropriated in 2003 for local participation during the General Re-evaluation process. Because of cost share and scope of work issues, Watertown decided to step back from participation in the re-evaluation and turned over all work to the Corps of Engineers.
- The Corps of Engineers received \$246,000 in 2003, \$473,000 in 2004, \$176,000 in 2005, and \$344,000 in 2008 to continue with the General Re-evaluation Report. Alternatives to be considered included the Mahoney Creek Dry Dam, three to five medium sized dams, 800 small dams, and a diversion between Lake Kampeska and Lake Pelican.
- A stakeholder’s group consisting of representatives from the Lake Pelican and Kampeska water project districts, the Corps of Engineers, the city of Watertown, Codington County Commissioners, and landowners was created in 2010. The group held several public meetings to discuss and develop a flood control plan.
- The U.S. Army Corps of Engineers has indicated that the most cost-effective solution is the Mahoney Creek Dry Dam. The city of Watertown voted to support the Mahoney Creek Dry



Dam for flood protection. The cost-benefit study of the dam is anticipated to take two years once started, and the total project cost is estimated at \$40 million dollars.

- In 2015, the city of Watertown indicated its intent to partner with the Corps of Engineers to conduct a feasibility level study update to investigate flood risk management solutions for Watertown.
- In 2016, the \$225,125 in grant funds appropriated by the 2016 legislature was placed under agreement with the city of Watertown. This grant will fund half of the nonfederal cost share for the flood control feasibility study to be completed by the Corps of Engineers.
- In 2019, no work was completed on the study. The Corps of Engineers needs to receive funding for the study and prioritize it in their list of projects before any work will begin. The city of Watertown met with the Corps in 2018 to discuss how to best move the study forward, but funding is still needed prior to beginning work.

#### **CENDAK Irrigation Project – 1982**

- This proposed irrigation project would supply Missouri River water to 474,000 acres in Hughes, Hyde, Hand, Spink, Beadle, and Faulk counties in central South Dakota. South Dakota will pursue development of the project when federal policies are more supportive of large-scale irrigation projects. No activity occurred on the project in 2019.

#### **Gregory County Pumped Storage Project - 1981**

- The Gregory County Pumped Storage Project is a proposed peak generation hydroelectric facility in northern Gregory County. The Water Resources Development Act of 1986 (Public Law 99-662) authorized the construction of a \$1.3 billion hydroelectric pumped storage facility by the Corps of Engineers. The Act also authorized up to \$100 million for construction of the associated Gregory Unit of the Pick-Sloan Missouri Basin Program.
- After extensive geotechnical and environmental studies of the site, the Corps was forced to abandon the investigation when its mission was altered and hydroelectric development projects were no longer federally funded.
- Hydroelectric Component – The South Dakota Conservancy District authorized a feasibility study to determine if the state of South Dakota should sponsor a continuation of the project with nonfederal funding. To protect the site during these studies, the District applied for and received a 3-year Preliminary Permit from the Federal Energy Regulatory Commission (FERC) effective August 1, 1988. The state's preliminary permit expired August 1, 1991.
- Water Supply Component – The project has the potential to provide water for irrigation and municipal, rural, and industrial purposes using the hydroelectric project's upper bay as a water supply source. The Bureau of Reclamation completed a *Special Report on the Gregory Unit of the Pick-Sloan Missouri Basin Program, South Dakota* in 1992.
- On June 20, 2001, Dakota Pumped Storage, LLC, a Minnesota corporation, filed a FERC Preliminary Permit application for a pumped storage hydroelectric facility in Gregory County. On September 25, 2001, South Dakota filed a Motion to Intervene and a Notice of Intent to File Competing Application for Preliminary Permit by the State of South Dakota. An

Application for Preliminary Permit for the Gregory County Pumped Storage Hydroelectric Facility was filed with FERC by the South Dakota Conservancy District on October 12, 2001.

- The FERC issued a 3-year Preliminary Permit to the South Dakota Conservancy District on August 12, 2002. FERC denied the application by Dakota Pumped Storage, LLC.
- The 2002 Omnibus Bill appropriated \$100,000 to the South Dakota Department of Environment and Natural Resources to complete preliminary permit and full permit applications to FERC. The department solicited Requests for Proposals from firms interested in providing the research to support the FERC permit. Four proposals were received. Black & Veatch was selected.
- The Black & Veatch study was completed in 2004 and determined that it was not cost-effective to pursue the pumped storage project at that time. These findings were presented to the Board of Water and Natural Resources in June 2004. The state's preliminary permit expired in 2005.
- In 2010, South Dakota Energy, LLC submitted a preliminary permit application prepared by Symbiotics, LLC to FERC to study the feasibility of the South Dakota Energy Hydroelectric Project located on the Missouri River in Gregory County, South Dakota. On July 21, 2010, the Commission issued a preliminary permit to South Dakota Energy. The preliminary permit issued to South Dakota Energy expired on July 1, 2013.
- On July 3, 2013, Gregory County, with Schulte Associates, LLC as its designated agent filed a preliminary permit application to study the feasibility of the proposed Gregory County Energy Project.
- On July 30, 2013, Western Minnesota Municipal Power Agency, a municipal corporation and political subdivision of the state of Minnesota, filed a preliminary permit application to study the feasibility of the proposed Gregory County Pumped Storage Project. Western Minnesota Municipal Power Agency finances the construction and acquisition of the generation and transmission facilities for members of Missouri River Energy Services.
- On December 19, 2013, FERC released an order issuing a Preliminary Permit and Granting Priority to File License Application for the project to Western Minnesota Municipal Power Agency. The preliminary permit expired in December 2016.
- On December 1, 2016, the Missouri Basin Municipal Power Agency, doing business as Missouri River Energy Services, applied to FERC for a preliminary permit to study the feasibility of the 1,200-MW Gregory County Pump Storage Project.
- On February 14, 2017, FERC issued a deficiency letter for the Missouri River Energy Services application requesting that revisions be filed within 45 days and informing the applicant that failure to provide this information may result in the application being rejected.
- In a letter dated April 18, 2017, FERC informed Missouri River Energy Services that due to its failure to file a response to FERC's February 14, 2017, letter, the preliminary permit application for the Gregory County Pump Storage Project was rejected pursuant to section 4.32(g) of the Commission's regulations. No activity occurred on the project in 2019.

## **Black Hills Hydrology and Water Management Study – 1982 to 2015**

- The hydrology study compiled water resource data to assess the quantity, quality, and distribution of surface and groundwater resources in the Black Hills area. These resources have been stressed by increasing population, periodic drought, and developments related to expansion of mineral, timber, agricultural, recreational, municipal and urban needs. The U.S. Geological Survey provided \$3.4 million from federal fiscal years 1988 through 2001 to establish the hydrologic monitoring system, collect the data, and complete data analysis.
- The hydrology study entered Phase II in federal fiscal year 1997 and was completed in 2002. The study emphasis during Phase I was data collection. The emphasis shifted to analytical activities and publication of maps and reports during Phase II.
- The hydrology study produced 31 technical reports including a lay reader summary, a comprehensive report on the hydrology of the Black Hills area, and a comprehensive lay reader atlas of water resources in the Black Hills area.
- The water management study provided interested parties with the tools needed to assist in making informed management decisions about development of water resources. Data gathered during the hydrology study was used in the water management study. Congress appropriated funds in federal fiscal year 1991 to initiate the Federal Black Hills Water Management Study by the Bureau of Reclamation.
- The Black Hills Water Management Study was completed in federal fiscal year 2003. The study focused on needs assessment, management alternatives, and a final report.
- The 2004 Omnibus Bill appropriated \$100,000 for the development, evaluation, and review of studies related to development of regional water supply systems in or near the Black Hills. The Fall River Water User District sponsored a regional water supply study for an area that included all of Custer and portions of Fall River and southern Pennington counties.
- The 2005 Omnibus Bill appropriated \$100,000 for the development, evaluation, and review of studies related to development of regional water supply systems in or near the Black Hills. The Southern Black Hills Water System, Inc., a nonprofit corporation, was formed to continue the feasibility study of a regional water system in Custer, Fall River, and southern Pennington counties. The Southern Black Hills Water System requested additional funds to continue activities begun by the Fall River Water User District. In June 2005, the board awarded \$50,000 for these activities.
- The 2006 Omnibus Bill amended the State Water Resources Management System to add the Southern Black Hills Water System to its list of preferred, priority objectives for South Dakota. The bill also provided an initial appropriation of \$125,000 to allow the Southern Black Hills Water System to continue activities begun by the Fall River Water User District.
- In December 2006, the Lead-Deadwood Sanitary District submitted a request for the remaining \$50,000 of SFY 2006 Black Hills Water Management Study funding placed under agreement with the District to conduct a regional water study in the Lead, Deadwood, and Central City area. The funding was awarded in January 2007, and the sanitary district selected an engineer in June 2007. The Lead-Deadwood Area Water Study Final Report was issued on

July 18, 2008. The study provided an analysis of the Lead-Deadwood Sanitary District intake and water treatment plant, a review of the Lead and Deadwood distribution systems, an analysis of the development in the surrounding area, and analyzed the ability of the Lead-Deadwood Sanitary District to serve them.

- The 2009 Omnibus Bill appropriated \$65,000 for hydrology studies. These funds were awarded to West Dakota Water Development District to cost share the United States Geological Survey groundwater aquifer study in the Black Hills.
- Several microgravity surveys were completed during 2010 and 2011 at three study sites in the Black Hills. Collected data was analyzed spatially to help characterize the heterogeneity of the Madison and Minnelusa aquifers and possibly the transition zone between the two aquifers. Time-series data was analyzed at each of the three study sites and correlated with water levels in Madison aquifer wells. This analysis helps characterize vertical heterogeneity and effective porosity at selected sites.
- A report entitled “Microgravity Methods for Characterization of Groundwater-Storage Changes and Aquifer Properties in the Karstic Madison Aquifer in the Black Hills of South Dakota” was completed in 2012.

#### **Hydrology and Water Management Studies – 2015 to Present**

- The 2015 Omnibus Bill appropriated \$250,000 for statewide hydrology and water management studies. In June 2015, the Department of Environment and Natural Resources was awarded a \$47,000 grant to conduct aquifer isotope analysis in eastern South Dakota. The department’s Geological Survey program conducted this work and the final report was issued in September 2017.
- The 2016 Omnibus Bill appropriated \$750,000 for the development of a Big Sioux River Basin Hydrologic model. In March 2016, the appropriation was placed under agreement with the Department of Environment and Natural Resources to hire a consulting firm to develop the hydrologic model for the Lower Big Sioux River Basin.
- In May 2016, DENR issued a Request for Proposals to consulting firms to develop the hydrologic and hydraulic model. Nine firms submitted proposals for review. In August 2016, after review by all involved state agencies and interviews of several firms, RESPEC was selected as the consulting firm to complete the hydrologic and hydraulic models.
- The 2017 Omnibus Bill appropriated an additional \$450,000 for the development of a Big Sioux River Basin Hydrologic model. In March 2017, the appropriation was placed under agreement with the Department of Environment and Natural Resources to increase the contract with RESPEC to \$1,300,000 to complete development of the models for the Lower Big Sioux River Basin.
- Using the new models, the Big Sioux River Flood Information System is currently being developed. A majority of the effort in 2017 has focused on developing a basin wide hydrologic model as well as hydraulic models for the cities of Watertown, Brookings, Dell Rapids, Sioux Falls, and North Sioux City. Concurrently, a web user interface is being created that will allow access to model predictions, stream gauge data, and precipitation data. The

project team has met several times with the local authorities to gain feedback on model results and user interface.

- In 2017 and 2018, new stream gauges were installed to improve the stream gauge network available for the Flood Information System.
- The beta version of the Flood Information System was operational in the spring of 2018. The beta version was used to help predict river elevations and flood inundation during flooding in June 2018. The model predictions matched very closely to the actual flood levels observed. Entities that were along the river where flooding occurred were able to accurately predict if any infrastructure would be impacted due to the flood waters and prepare accordingly.
- The Flood Information System was completed in December 2018. With the completion of the model, federal, state, county, and local community authorities are able to use the Flood Information System to evaluate flood scenarios and prepare appropriately for flood response.
- In June 2018, an additional \$10,000 from the remaining funds of the 2017 Omnibus Bill appropriation was placed under agreement with the Department of Environment and Natural Resources. These funds will be used to cost share on a United States Geological Survey high resolution hydrographic mapping study in the Lower Big Sioux River Basin. Other entities contributing to the project include US Geological Survey (\$20,000), SD Department of Transportation (\$20,000), city of North Sioux City (\$3,333), Dakota Dunes Community Improvement District (\$3,333), and Union County (\$3,333). The primary goal of the project is to determine more accurate flow routes for flood waters and runoff from heavy precipitation events. The area under study has a complex drainage pattern through a heavily developed area. The project will give state and local authorities a better understanding of potential impacts from severe drainage events in the area. In 2019, digital data sets were created for terrain and flow paths. Field verification of flow structures, such as culverts, will take place during 2020.
- In the spring of 2019 significant flooding occurred along the Big Sioux River corridor from Watertown to North Sioux City and Dakota Dunes. The recently completed Big Sioux River Flood Information System (BSRFIS) was used extensively during the March and April floods by local, state, and federal officials as a tool to predict areas that would be impacted by flood waters. Appropriate protection measures were implemented by county emergency managers and city officials based on the predictions of the BSRFIS. The cities of Watertown, Dell Rapids, Sioux Falls, North Sioux City, and Dakota Dunes, as well as the general public, all benefited from the information the BSRFIS was able to provide. Real time monitoring of flood events by state officials verified that the BSRFIS models were highly accurate.
- In March 2019, \$90,149.50 from the remaining funds of the 2017 Omnibus Bill appropriation was placed under agreement with the Department of Environment and Natural Resources. These funds were used to help fund the replacement of well pumps within the Statewide

Ground Water Quality Monitoring Network. The five Water Development Districts with wells needing pumps located within their district provided the remaining \$26,931.75 needed to complete the funding. The current well pumps in the monitoring network were beyond their useful life and experiencing mechanical issues that were beyond normal repair. The lack of reliable operation made it difficult to ensure samples could be obtained as scheduled. The monitoring network provides a valuable resource for state and local entities when making decisions on current water quality conditions and trends in 25 of the state's vulnerable shallow aquifers.

#### **Lake Andes-Wagner/Marty II Irrigation Unit – 1975**

- The 45,000-acre Lake Andes-Wagner Irrigation project and 3,000-acre Marty II Irrigation project are federally authorized Pick-Sloan Missouri Basin Units in Charles Mix County (Public Law 102-575). Estimated construction costs are \$175 million and \$24 million, respectively.
- In 1990, a plan of study was developed for a 5,000-acre research demonstration program to determine best management practices for irrigating glacial till soils containing selenium.
- The 1992 State Legislature authorized the construction of the Lake Andes-Wagner/Marty II project and provided a state loan cost share commitment of \$7 million. Both the state and federal project authorizations are contingent upon the successful completion of the 5,000-acre research demonstration program.
- In 1995, Congress approved \$250,000 for the research program. State and federal agencies revised the 1990 plan of study to re-scope the demonstration program and identify the specific issues and research components that are of national significance. A nine-year, \$11.3 million effort was projected.
- In 1999, the Bureau of Reclamation (BoR) received \$150,000 to prepare an environmental assessment for the demonstration program.
- The BoR completed the environmental assessment and issued a Finding of No Significant Impact for the demonstration program in 2000. Significant federal funding must be secured before the demonstration program can proceed.
- The Board of Water and Natural Resources placed \$15,000 in 2002 and \$50,000 in 2003 under agreement. The Lake Andes-Wagner Irrigation district continued to seek federal funding for the demonstration program.
- The 2009 Omnibus Bill appropriated \$35,000 for the Lake Andes-Wagner/Marty II research demonstration program. These funds were awarded to the project sponsor to continue its efforts to get this project moving forward.
- During 2010, the sponsor worked to assemble information and research data from multiple resources. Discussions with BoR continued regarding the possibility of funding and placing the project into the BoR's program proposal.
- The 2011 Omnibus Bill appropriated \$55,500 for the Lake Andes-Wagner/Marty II research demonstration program. However, these funds will not be awarded unless the federal

government makes the decision to begin funding the project at levels that will ensure project completion in a reasonable timeframe.

- In June 2012, a portion of South Central Water Development District's future use permit reserving water from the Missouri River was transferred to the Lake Andes-Wagner Irrigation District. The District's transfer was for the reservation of 96,000 acre-feet of water annually from the Missouri River for future development including irrigation, municipal, stock watering, fire protection, industrial, and public recreation use. The seven-year review of this permit, as required by statute, was conducted in October 2013 before the Water Management Board, and the permit was allowed to remain in effect for 96,000 acre-feet annually, subject to the required fee being submitted. No activity occurred on the project in 2019.

### **Lewis & Clark Regional Water System – 1989**

- The Lewis & Clark Regional Water System is a bulk delivery system providing treated Missouri River water to communities and existing rural water systems in southeastern South Dakota, northwestern Iowa, and southwestern Minnesota. South Dakota membership includes eight communities and three rural water systems. Approximately 155,000 South Dakotans will receive water from Lewis & Clark.
- President Clinton signed Public Law 106-246 on July 13, 2000, authorizing the federal construction of the Lewis & Clark Regional Water System. The federal legislation also approved a federal appropriation of \$600,000 to continue project engineering and begin construction. The Board of Water and Natural Resources placed \$200,000 of state funding under agreement in 2000 to assist with these same project activities.
- Iowa and Minnesota sponsors provided funding support for project development in proportion to their service capacity needs. The Iowa and Minnesota State Legislatures authorized the project for construction and completed their cost share commitments.
- The South Dakota Legislature authorized Lewis & Clark's South Dakota project features (\$200 million) in 1993. In 2002, the state cost share commitment of \$18,585,540 in 1993 dollars was established for the Lewis & Clark Regional Water System.
- The 2002 Omnibus Bill appropriated \$750,000 for the project. These funds, combined with federal and other local sources, completed the federal environmental review, the final engineering report, and initiated construction. Lewis & Clark Regional Water System's final engineering report completed its initial required 90-day congressional review on September 8, 2002. The federal Office of Management and Budget (OMB) determined that Lewis & Clark could not submit its final engineering report to Congress until OMB had approved it. Lewis & Clark worked with OMB to get its final engineering report approved and resubmitted to Congress. Lewis & Clark held its groundbreaking on August 21, 2003.
- In 2005, Lewis & Clark agreed to provide Sioux Falls an additional 17 million gallons of water per day, bringing the total delivered capacity to 45 million gallons per day. Sioux Falls financed the cost of the additional capacity.

- In May 2007, Lewis & Clark elected to change the project's name from "Rural" to "Regional". The project will be doing business as the Lewis & Clark Regional Water System.
- In May 2008, Lewis & Clark began operating its first segment of pipeline – a nine-mile emergency connection between Sioux Center and Hull, Iowa. Until Lewis & Clark water arrives, Lewis & Clark is purchasing water from Sioux Center and reselling it to Hull.
- Through June 30, 2008, the South Dakota Legislature had appropriated, and the Board of Water and Natural Resources had placed under agreement, \$19,275,000 toward South Dakota's cost share commitment.
- In July 2008, a \$20.8 million contract was awarded for the first phase of the water treatment plant, which included a three million-gallon underground reservoir, high capacity pumps, electrical building, and two standby generators. This infrastructure is separate from the main treatment plant building.
- In July 2008, work was completed on a \$5.5 million contract that included one mile of river bank stabilization southwest of Vermillion to protect Lewis & Clark's main well field from erosion, as well as two well houses, four valve vaults, and various piping. Utilizing a permanent easement, Lewis & Clark's main well field is located on land owned by the SD Department of Game, Fish & Parks (Frost Game Production Area).
- In September 2008, Lewis & Clark began operating its second segment of pipeline, a 12- mile emergency connection for Tea and Harrisburg. Until Lewis & Clark water arrived, Lewis & Clark purchased water from Sioux Falls and re-sold it to Tea and Harrisburg.
- The 2009 Omnibus Bill appropriated \$6.3 million for the engineering design, preconstruction activities, and construction.
- In April 2009, Lewis & Clark was approved to receive \$56.5 million from the Bureau of Reclamation as part of the American Recovery and Reinvestment Act.
- In May 2009, a \$64.1 million contract was awarded for Phase II of the water treatment plant. In July 2009, Phase II construction of the water treatment plant commenced.
- In July 2009, a \$5.04 million contract was awarded for the construction of the 85<sup>th</sup> Street Tower, which has a three million-gallon storage capacity, located in Sioux Falls.
- In August 2009, a \$9.5 million contract was awarded for the construction of two above-ground reservoirs to be built near Tea. These two reservoirs along with the 85<sup>th</sup> Street tower serve as Lewis & Clark's primary storage facilities.
- In September 2009, a \$3.7 million contract was awarded for the first segment of the "Minnesota Transmission Line." This segment is a five-mile pipeline constructed in South Dakota and serves Minnehaha Community Water Corporation, all Minnesota users, and Rock Rapids, Iowa.
- In September 2009, a \$2.8 million contract was awarded for construction of the Parker and Centerville service lines. These service lines included almost fourteen miles for the Parker service line and five miles for the Centerville service line.



- Lewis & Clark received \$10 million in federal funding in 2009 under the 2010 Energy and Water Appropriation bill.
- In November 2009, the last section of the treated water pipeline, which is the main trunk between the water treatment plant and the city of Sioux Falls, was completed.
- A contract for five new wells was awarded in April 2010 for \$6.8 million. The five new wells will provide Lewis & Clark with an estimated 10 million gallons a day of additional capacity. Including the six previously drilled wells, Lewis & Clark's total well capacity will be 28 million gallons per day.
- A \$4.2 million bid was awarded in May 2010 for the treated water pipeline - segment 11. This five-mile segment connected Beresford to the main truck line. This is the first segment of the "Iowa Transmission Line." Eventually this line will connect to Sioux Center, Hull, and Sheldon.
- In June 2010, the \$6.3 million approved by the 2010 Legislature was put under agreement. This completed the State's cost share commitment to the project.
- In October 2010, Lewis & Clark was awarded approximately \$3.5 million in reprogrammed American Recovery and Reinvestment Act funding through the Bureau of Reclamation.
- In October 2010, a \$7.55 million contract was awarded for the Minnesota – segment 1 pipeline, which runs along the South Dakota - Iowa border from just west of the Big Sioux River to a point six miles west of Rock Rapids.
- Lewis & Clark received \$1,996,000 in federal funding through the Bureau of Reclamation in FFY 2011. Lewis & Clark was also allocated an additional \$306,000 in funding for FFY 2011 in reprogrammed funds.
- In May 2011, Lewis & Clark awarded a \$1.6 million dollar contract for the pipeline commissioning. This contract provided for testing, disinfecting, and cleaning 85 miles of pipes from the water treatment plant near Vermillion to Sioux Falls.
- Lewis & Clark received \$5.5 million in federal funds for FY 2012. Lewis & Clark initiated operation of its water treatment plant and began to serve water to eleven of its twenty members in July 2012.
- The 20 members and three states have prepaid 100 percent of the nonfederal cost share. Because the prepayments made by the 20 members and three states, which total just under \$154 million, have been fully utilized, the schedule to connect the remaining nine members is entirely dependent upon future federal funding.
- In 2014, Lewis & Clark was provided \$22 million in advance federal funding from Minnesota. These funds will be used to construct transmission lines to Luverne and Magnolia.
- In 2014, Lewis & Clark received a \$1 million reimbursable grant for advance federal funding from South Dakota. These funds were made available by the Joint Appropriations Committee in Senate Bill 53. These funds will be used to acquire easements and pay for engineering costs for two of the five segments of the Madison service line.

- In 2015, Lewis & Clark was provided \$19 million in advance federal funding from Minnesota. These funds will be used to connect the Lincoln Pipestone Rural Water System, construct a 4 million-gallon storage reservoir southwest of Luverne, install a booster station southeast of Luverne, acquire easements, and complete design for the pipeline between Adrian and Worthington.
- In 2015, Lewis & Clark received a \$7.7 million loan for advance federal funding from South Dakota. These funds were made available by Senate Bill 173. These funds were used to construct segments one and five of the Madison service line. Madison was the only South Dakota member system not yet connected; however, construction of segments 1 and 5 does not get a drop of water to Madison. In 2016, the agreement was amended to include engineering design and easement acquisition of segments 2 through 4 and is estimated to cost more than \$22 million for final construction.
- DENR worked with three regional water systems and the city of Madison to develop a wheeling option as an alternative to providing federal fund advances to construct the balance of the Madison service line. The wheeling option builds on the construction of segments 1 and 5. Segment 1 provides Minnehaha Community Water Corporation (MCWC) with its second Lewis & Clark connection a mile west of Crooks. That connection increases the delivery of Lewis & Clark water to MCWC to 1.1 million gallons per day and with \$1.8 million in wheeling upgrades, and frees up water from MCWC's water treatment plants to feed its Tower 3B near Colton. Tower 3B feeds water into a new 12-inch Big Sioux Community Water line going north and west to connect with Lewis & Clark's segment 5 to deliver 1 million gallons of water per day to Madison costing \$3 million to construct. The wheeling option saves the state more than \$17 million in federal fund advances.
- In 2015, Lewis & Clark delivered water to 12 of the 20 members.
- In January 2016, the first of several contracts for the wheeling option to provide water to Madison was awarded. The contract was awarded by MCWC, and construction of the additional lines to free capacity elsewhere within MCWC's distribution system was completed in the fall of 2016. This work was funded partially by a \$900,000 Consolidated grant.
- In May and July of 2016, the Big Sioux Community Water System awarded bids for their portion of the Madison wheeling option. The work includes construction of new water distribution line to connect MCWC to a new Lewis & Clark line east of Madison and a new pump station to provide the pressure needed to move the water. Construction was completed early 2017. This work was funded by a \$2,000,000 Consolidated grant and a \$1,014,000 Drinking Water SRF loan.
- In April 2016, Lewis & Clark awarded the contract for construction of the Madison meter building and Crooks meter building/pump station. These buildings supply metering and pressure for water to get to Madison. Construction was completed in late 2016.
- In June 2016, the final bids for the Madison wheeling project were awarded by Lewis & Clark for construction of segments 1 and 5 of the Lewis & Clark lines and connections to Minnehaha CWC and Big Sioux CWS. Construction of this work was completed early 2017.

- In 2016, Lewis & Clark delivered water to 13 of the 20 members, with Luverne being connected in March 2016. Water demand has increased and the treatment plant is now staffed 24 hours per day 7 days a week.
- From 2015 through 2017, Lewis & Clark has been provided \$44.5 million in advance federal funding from Minnesota. This federal funding advance allows all the Lewis & Clark members in Minnesota to be connected and begin receiving water.
- In May 2017, Lewis & Clark received \$2.25 million in advance federal funding from Iowa. These funds will be used to pay for engineering services and easement acquisition for the pipeline and meter building to Sioux Center. The bill passed by Iowa's legislature also committed \$4.75 million for use in the next fiscal year.
- In 2017, Lewis & Clark delivered water to 14 of the 20 members, with Lincoln Pipestone Rural Water System being connected in November 2017.
- In May 2017, the joint projects of Lewis & Clark, Big Sioux CWS, Minnehaha CWC, and the city of Madison were fully completed. With the completion of the projects, Madison now has access to 1 million gallons of water per day from a regional system supplier. All South Dakota members of Lewis and Clark are now directly or indirectly connected to the system.
- In May 2018, Lewis & Clark received \$4.75 million in advance federal funding from Iowa. These funds, along with a \$2.25 million advance last year from Iowa will be used to construct pipeline starting at Sioux Center and going approximately 6 miles west towards the Big Sioux River.
- In June 2018, Lewis & Clark awarded a contract for the purchase of an emergency generator for the Tea Pump Station. Without this generator 93 percent of the water produced by the system cannot be delivered to its customers if power is lost. A portion of the remaining funds from the \$7.7 million federal fund advance from South Dakota in 2015 will be used for the procurement of this generator.
- After 2018, Lewis & Clark will be able to provide 16 of its 20 members with access to their full allocation of water with Worthington anticipated to be connected in early December 2018. The Lewis & Clark system construction is estimated to be 75 percent complete and anticipates being at 80 percent complete with the construction planned for 2019 and 2020.
- Through FY 2017, the federal government has appropriated \$249.15 million for the project. Recent federal funding levels include \$14.875 million in FY 2018; however, only \$100,000 was included for FY 2019 in the proposed White House budget.
- In May 2019, Lewis & Clark was able to fully connect to Worthington, MN and provide a second connection to Lincoln Pipestone Rural Water System. Of the 20 full members of Lewis & Clark, 16 systems are now able to access their full allocation water.
- The Lewis & Clark system is currently 82 percent complete with construction currently underway between Beresford and Sioux Center, IA. Connection to Hull and Sioux Center, IA is anticipated in 2022, and will provide 18 of its 20 members with access to water.

- Through FY 2018, the federal government has appropriated \$264.025 million for the project. Recent federal funding levels include \$14.9 million in FY 2019; however, only \$100,000 was included for FY 2020 in the proposed White House budget. The House proposed budget is a total of \$136.028 million, but the Senate has yet to take up and approve a final budget number. The remaining federal cost share to provide is currently \$180 million, which is indexed annually for inflation.

### **Sioux Falls Flood Control Project – 1989**

- In 1961, the Corps of Engineers completed a channelization, levee, and diversion system to provide 100-year flood protection on the Big Sioux River and Skunk Creek.
- Because of subsequent flooding events on the Big Sioux River and Skunk Creek, the Corps of Engineers reanalyzed the flood criteria in the early 1980s and determined that the 1 percent chance of flood occurrence was greater than previously established. The Corps then recommended that the levee system be upgraded so that it would continue to provide Sioux Falls with 100-year flood protection on the Big Sioux River and Skunk Creek. Project upgrades included constructing a dam on the Big Sioux River just above the confluence of Skunk Creek as well as raising the levees along the Big Sioux River from Skunk Creek to Interstate 229, raising the levees along Skunk Creek from Marion Road to the Big Sioux River, raising the levees above and along the diversion channel, modifying the spillway chute, replacing the stilling basin, and modifying some bridges.
- The 1992 State Legislature authorized project construction and a state cost share commitment of \$4.55 million. Federal authorization was completed as part of the 1996 Water Resources Development Act on October 12, 1996 (Public Law 104-303). The Act authorizes a \$34.6 million construction project under the Corps of Engineers.
- In 1999, a \$2.2 million federal appropriation was provided to the Corps of Engineers. A Project Cooperation Agreement between the Department of the Army and the city of Sioux Falls for final design work was executed.
- Construction of Phase 1A of the Big Sioux River/Skunk Creek Flood Control Project was completed in 2001 and addressed the spillway and stilling basin area at the outfall of the diversion channel. Later that year bids were accepted on Phase 1B of the project addressing the levies adjacent to Morrell's downstream to Cliff Avenue.
- Sioux Falls continued to work with the Corps of Engineers on final design and construction of the project from 2001 to 2007. Sioux Falls continued to secure required easements and properties for the project.
- Construction of Phase 2A of the project continued in 2007. Phase 2A work included improvements to the levees on the Big Sioux River from 49<sup>th</sup> Street to Interstate 229.
- Phase 2B of the project was completed in 2008. This work included the levee and associated structures on the east side of the Big Sioux River from 41st Street to 49th Street. The city advanced sufficient funds to the US Army Corps of Engineers to complete Phase 2 work in the next two years. This was an ambitious schedule, but reduced the high cost of flood insurance

for many properties now being placed in Flood Zone A of the National Flood Insurance Program.

- Phase 2C raised two miles of existing levees approximately two to five feet in order to provide 100-year flood protection along the Big Sioux River within the city of Sioux Falls. In October 2009, the Corps of Engineers accepted proposals for this phase of the project. Phase 2C of the Sioux Falls Flood Control project was awarded in February 2011 for approximately \$12 million. The project was completed by the end of calendar year 2011.
- In December 2009, the city issued \$27 million in taxable revenue bonds; \$17 million of the total was advanced to the Corps of Engineers for levee and dam construction. The balance was to pay for the 41<sup>st</sup> Street Bridge project.
- As part of the 2010 Energy and Water Appropriation bill, \$1.84 million was appropriated to the Corps of Engineers for the Sioux Falls Flood Control Project.
- In March 2010, the city of Sioux Falls reconstructed the existing 41st Street bridge in order to raise the levee system. The project was substantially completed in September 2010.
- The 2011 Omnibus Bill appropriated \$3.31 million for project design and construction.
- Phase 3 was awarded at \$8.8 million, and work began above the diversion dam and on the diversion channel where the levees were raised two to four feet. Phase 3 was completed by the end of calendar year 2012 and is the final phase of construction.
- The Corps of Engineers is in the process of preparing documents for certification of the remaining uncertified levees within the city. Once these documents are complete, FEMA will begin the process of revisiting the flood insurance rate maps within the city limits. Upon completion of the new rate maps, the Sioux Falls Flood Control Project will be complete.
- In 2013, the project reached substantial completion. The new levee system building was built, and all of the gates and posts for the closure structures were received. Testing of the controls for the dam was conducted, and the operation of the gates was successfully completed. The Corps of Engineers awarded and completed a project to replace a deficient drainage structure through the levee next to the Sioux Falls zoo.
- In 2015, the major work on the levee system was completed; the Corps of Engineers submitted the application to FEMA for a physical map revision. The FEMA review and eventual issuing of new flood insurance rate maps should result in 1,500 properties in Sioux Falls being taken out of the floodplain.
- In 2016, the \$2,036,375 in grant funds appropriated by the 2016 legislature was placed under agreement with the city of Sioux Falls. This funding provides the final portion of the state's cost share commitment to provide half of the nonfederal cost share to the city, and all necessary work has been completed.
- In 2019, Sioux Falls continued to work with the Corps of Engineers to complete property appraisals for city-owned land that was not previously appraised. Once this work is completed and accepted by the Corps, the city will be able to submit final reimbursement for the state's cost share commitment.

## **Southern Black Hills Water System – 2006**

- The 2006 Omnibus Bill amended the State Water Resources Management System to add the Southern Black Hills Water System to the list of preferred, priority objectives for South Dakota. The bill also provided an initial appropriation of \$125,000 to allow the Southern Black Hills Water System to continue activities begun under the Black Hills Hydrology and Water Management Study.
- The project objective is to construct a rural regional water system capable of delivering quality drinking water to rural residents and area communities in Custer, western Fall River, and southern Pennington counties. Communities involved include Custer, Edgemont, Hermosa, Hill City, Hot Springs, Keystone, and Pringle.
- Project sponsors worked with representatives from the Department of Agriculture Rural Development Program to secure funding for the construction of the North Hot Springs service area. In 2007, negotiations with the city of Hot Springs for a permanent water source failed to produce a contract.
- Local support continued to be strong for the project with area-wide rural signups near 500 individual homes. Additionally, strong interest continues to be expressed by the Custer State Park, the Mount Rushmore National Park, the Crazy Horse Foundation, and the various area communities for water service from the system.
- In 2009, Southern Black Hills Water System secured an initial water source and received a water permit for a future well site. Southern Black Hills Water Systems secured easements for construction of pipeline and a storage reservoir.
- In 2009, Southern Black Hills Water System secured funding through Department of Agriculture Rural Development Program for Phase I construction.
- The 2010 Omnibus Bill appropriated \$350,000 for the engineering design, preconstruction activities, and construction. The Bill also established the state cost share commitment at \$12 million.
- In 2010, Southern Black Hills opened bids and awarded three contracts for Phase I of the project. Phase I consisted of a water treatment plant, an underground reservoir, and approximately 30 miles of distribution pipeline. Southern Black Hills received more than \$4.5 million in Rural Development loan and grant funding to assist with Phase I.
- The 2011 Omnibus Bill appropriated \$2,000,000 for the engineering design, preconstruction activities, and construction. These funds were awarded to the project sponsor to continue Phase I construction, Phase II engineering design and preconstruction, and the Cascade Area engineering design and preconstruction.
- In September 2011, a portion of Phase I was completed and approximately 200 customers received water.
- The 2012 Omnibus Bill appropriated \$4,000,000 for the engineering design, preconstruction activities, and construction. These funds were awarded to the project sponsor to continue

Phase I construction, Phase II engineering design and preconstruction, and the Cascade Area engineering design and preconstruction.

- Final plans and specifications for Phase II of the project were completed in 2012. Phase II serves approximately 230 customers, consists of 72 miles of pipes, a booster station, and a water storage tank.
- Southern Black Hills was issued a Forest Service Special Use Permit in September 2012. This allows construction and installation of the water transmission pipeline associated with Phase II to cross 2.7 miles of National Forest System lands in the Black Hills National Forest.
- The 2013 Omnibus Bill appropriated \$3,800,000 for the engineering design, preconstruction activities, and construction. These funds were awarded to the project sponsor to continue Phase II engineering design, preconstruction and construction, and the Cascade Area engineering design and preconstruction.
- In May 2013, bids were opened for the Phase II distribution project and the Junction storage tank with construction on both projects starting in September 2013.
- Construction continued in 2014 for both the Phase II distribution project and the Junction storage tank. The Phase II distribution project added the Red Canyon sub-development to the project. This portion of the project was completed in August of 2015.
- In 2016, Southern Black Hills continued efforts to acquire wells and provide regional water to the town of Hermosa and surrounding developments. In 2017, Hermosa decided not to connect to Southern Black Hills. Discussions of providing water in the Cascade Road area south of Hot Springs have also taken place with local residents to gauge interest levels in a potential project.
- In August 2016, Southern Black Hills Water System purchased Spring Creek Acres (aka Heartland Country Ranchettes) water system for \$125,480. Spring Creek Acres is located approximately 4 miles north and 2 miles east of Hermosa, SD. The system is comprised of a 100 gpm Inyan Kara aquifer well with 62 current users and the potential for 26 additional users in the development. SCADA system upgrades have been made along with installation of a temporary generator at the well house.
- In September 2016, Southern Black Hills Water System purchased the Paramount Point Subdivision water system for \$25,580. The Paramount Point Subdivision is located approximately 1 mile north and ½ mile west of Hermosa, SD. The system is comprised of a 50 gpm Inyan Kara aquifer well with 12 current users and the potential for 12 additional users in the development. The current distribution system will be replaced to increase system pressure and better serve the customers. Bids were opened in June 2017 with a low bid of \$170,965, with the work to be completed during 2017. The system holds a water right for up to 150, gpm and Southern Black Hills Water System plans to drill an additional well to increase the capacity. There is the potential to connect the Spring Creek Acres and Paramount Point Systems to serve additional users and provide a redundant source of water.
- In January 2017, Southern Black Hills opened bids for the purchase of back-up generators at all well sites and the treatment plant. These generators will ensure water supply for the users

of the system in the event of a power outage. The bid amount for the generators was \$151,032, with the work planned to be completed during 2017.

- In July 2017, Southern Black Hills drilled a monitoring well near their existing treatment plant. This well will help to assess current drawdown levels of the groundwater from the existing water production well to provide factual evidence of actual aquifer drawdown if additional water supply is needed. The new monitoring well has the potential to be used as a water production well in the future if approved.
- In September 2017, Southern Black Hills Water System purchased the Rushmore Ranch water system for \$80,567. Rushmore Ranch is located just north of SD Hwy 40 approximately halfway between Hermosa and Keystone, SD. The system is comprised of a 150 gpm Madison aquifer well with 52 current users with the distribution system in place for 36 additional homes in an adjacent development. The location of this system is near several other small developments near SD Hwy 40 and there is the potential for additional connections.
- In 2018, Southern Black Hills Water System continued to connect and solicit potential new users. Letters were sent to potential customers along SD Hwys 36 and 40 west of Hermosa in the area around Rushmore Ranch and on SD Hwy 79 north of Hermosa to Spring Creek Acres. The System also constructed a new well in the Paramount Point subdivision and the increased supply will allow them to interconnect systems and serve some of the potential new customers in the areas listed. An additional 10 new users were connected during the year in the areas of Phase 1 and 2 original system construction.
- In 2018, a four day pump test was conducted on the well near the treatment plant known as the Casey Well. Utilizing the monitoring well drilled in 2017 drawdown levels within the aquifer were able to be determined and provide factual evidence for a water right permit application. Southern Black Hills applied for a 300 gallon per minute water right at the Casey Well site and in July 2018 was approved.
- In 2019, Southern Black Hills fully drew the last of the \$12.0 million grant from the State Water Resources Management System funding allocation. Funds were used to install new lines to users on Phase 1 and 2, purchase needed materials to ensure system reliability, and install a well house at the Casey well site.
- In November 2019 the Board of Water and Natural Resources passed resolution #2019-XX (Appendix B) recommending the removal of the Southern Black Hills Water System project from the State Water Resources Management System list. This will allow Southern Black Hills to utilize the board's standard State Water Facilities Plan funding process and receive funds through other programs overseen by the board in future years.

#### **Vermillion Basin Flood Control Project – 1987**

- The project objective is to address the severe flooding problems in the Vermillion River Basin. The basin covers 2,697 square miles in parts of 14 counties and is about 150 miles long with an average width of about 20 miles.
- In 1993, the Corps of Engineers completed The *Vermillion Basin Flood Control Reconnaissance Report* but failed to identify a feasible federal project. The project sponsors re-evaluated



project alternatives for nonfederal development. Local project sponsors submitted a pre-application notification for a Federal Emergency Management Agency (FEMA) Hazard Mitigation grant for a *Feasibility Study of Flood Control Alternatives* for the basin. In 1994, more than 70 technical experts met to develop a multi-objective plan to reduce flooding impacts in the Vermillion River Basin. The National Park Service compiled the group's issues and suggestions and formulated the multi-objective plan.

- The Vermillion River Watershed Authority was incorporated in December 1997 and is comprised of representatives from the Clay, Miner, Turner, McCook, and Lake county commissions. The Authority proposed to use FEMA Hazard Mitigation grant funds to widen the channel at the outlet of Lake Thompson and construct a control structure to retain the natural outlet elevation, channel maintenance along 19 miles of the Vermillion River and its tributaries, and wetland restoration and development throughout the basin. The cost benefit ratio for the outlet of Lake Thompson was found to be in error. The ratio was actually less than one; consequently, all FEMA Hazard Mitigation funds were withdrawn. The Authority withdrew its request to set the outlet elevation on Lake Thompson and moved to dissolve after financial records are completed. No activity occurred on the project in 2019.

## **Recommendations to the Governor and State Legislature**

In November 2019, the board conducted a public meeting on the State Water Resources Management System (SWRMS) projects. The board adopted Resolution #2019-XX recommending the Southern Black Hills Water System project be removed from the SWRMS list. The Board recommended that all other projects be retained on the SWRMS list. The board also adopted Resolution #2019-XX providing its recommendations to the Governor and the Legislature for the Water and Environment Fund (WEF) and WEF subfunds fiscal year 2021 appropriation levels. A summary of the board's recommendations are below. Full resolutions are in Appendix B.

### **Table 14 – Board of Water and Natural Resources Funding Recommendations**



# **Appendix A**

## **Water and Environment Fund Special Condition Statement**



**WATER AND ENVIRONMENT FUND**  
**Special Condition Statement**  
**As of 6/30/2019**

<b>Cash Balance as of 6/30/2019</b>		<b>27,277,179</b>
<b>Projected SFY 2020 Revenues</b>		
Capital Construction Fund	9,685,000	
Contractors' Excise Tax	20,000	
Investment Interest (Earned '19 deposited '20)	482,030	
Loan Principal & Interest Payments (Water)	500,000	
Loan Principal & Interest Payments (Solid Waste)	650,000	
Solid Waste Fees	<u>1,775,000</u>	
		<b>13,112,030</b>
<b>FY2020 Transfer (Per SDCL 1-40-32)</b>		
Environment & Natural Resources Fee Fund	<u>(600,000)</u>	
		<b>(600,000)</b>
<b>Board of Water and Natural Resources Commitments as of 6/30/2019</b>		
Consolidated Water Facilities Construction Program	(28,141,007)	
Solid Waste Management Program	(2,605,261)	
<b>SWRMS Grants/Loans - Major Projects</b>		
DENR - Ground Water Monitoring Pump Replacement	(85,422)	
DENR - Big Sioux River Flood Information System	(10,000)	
Lewis & Clark Regional Water System	(1,640,062)	
Sioux Falls Flood Control	(911,375)	
Watertown Big Sioux Flood Control Study	<u>(225,125)</u>	
		<b>(33,618,251)</b>
<b>Remaining Special Appropriation Authority as of 6/30/2019</b>		
Consolidated Water Facilities Construction Program	(1,601,526)	
Solid Waste Management Program	(3,720,878)	
<b>SWRMS Grants/Loans - Major Projects</b>		
Hydrology and Water Management Studies	<u>(2,931)</u>	
		<b>(5,325,335)</b>
<b>Projected Surplus/(Shortfall) for preparation of 2020 Omnibus Bill</b>		<b><u>845,622</u></b>



# **Appendix B**

## **Board of Water and Natural Resources Resolutions**





STATE OF SOUTH DAKOTA  
BOARD OF WATER AND NATURAL RESOURCES  
RESOLUTION NO. 2019-XX

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR STATE WATER RESOURCES MANAGEMENT SYSTEM DESIGNATION.



STATE OF SOUTH DAKOTA  
BOARD OF WATER AND NATURAL RESOURCES  
RESOLUTION NO. 2019-XX

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR WATER AND ENVIRONMENT FUND FISCAL YEAR 2020 APPROPRIATION LEVELS.



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at a cost of \$X.XX per copy.

November 7, 2019

Item 14

**TITLE:** Extension of Current Contract for Services Between U.S. Bank National Association and the South Dakota Conservancy District.

**EXPLANATION:** The Conservancy District (the District) has an existing contract with U.S. Bank National Association (U.S. Bank) to provide services as Trustee/Loan Servicer for the State Revolving Fund (SRF) programs. The contract expires on December 31, 2019.

Paragraph 2 of the Contract states in relevant part "The District reserves the right to extend the Agreement for an additional three- year term upon such terms as may be mutually agreed upon." Staff has contacted U.S. Bank regarding extending the current contract. U.S. Bank has agreed to extend the Contract under the same terms and conditions, including fees and duties, set forth in the existing Contract as amended.

**RECOMMENDED ACTION:** Authorize the Chairman to execute the Contract amendment extending the Contract to include the period from January 1, 2020 through December 31, 2022, under the same terms and conditions of the existing Contract as amended.

**CONTACT:** David Ruhnke, 773-4583



Global Corporate Trust Services  
1420 Fifth Ave, 7th Floor  
Seattle, WA 98101

October 24, 2019

South Dakota Conservancy District  
Attn: Dave Ruhnke, Grant and Loan Specialist  
Department of Environment and Natural Resources  
523 E. Capitol Avenue  
Pierre, SD 57501

RE: State of South Dakota Contract Control Numbers 2017-65 and 2018-05 (Amendment)

Dear Dave,

Per section 2 of the above referenced Contract 2017-65 between the South Dakota Conservancy District (the "District") and U.S. Bank National Association (the "Service Provider"), the contracted services shall terminate on December 31, 2019. Further, the District may extend this Agreement for an additional three-year term upon terms mutually agreed upon.

Should the District wish to extend the Agreement for another three-year term, the Service Provider will accept the request for such extension with no change to the current services and fee structure as provided under the original Contract and the First Amendment to the Contract. If the District would like to proceed with this extension, please provide your amendment document for my review and execution.

Please do not hesitate to contact me at (206) 344-4607 should you have any further questions or concerns that we should discuss in advance of your consideration.

Sincerely,

Greg E. Skutnik  
Assistant Vice President  
(206) 344-4607 Telephone  
(206) 344-4630 Facsimile