

Protecting South Dakota's Tomorrow ... Today

BOARD OF WATER AND NATURAL RESOURCES

March 26-27, 2015

Matthew Training Center
Joe Foss Building
523 E. Capitol Ave.
Pierre, SD

AGENDA

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

March 26, 2015

1:00 p.m. CDT

1. Call meeting to order
2. Approve agenda
3. Approve minutes of the January 8-9, 2015 meeting
4. Public Hearing to Amend Administrative Rules—Mike Perkovich/Andy Bruels
 - a. Chapter 74:05:07: Consolidated Water Facilities Construction Program
 - b. Chapter 74:05:08: State Water Pollution Control Revolving Fund Program
 - c. Chapter 74:05:10: Solid Waste Management Program
 - d. Chapter 74:05:11: Drinking Water State Revolving Fund Program
5. Review Interest Rates for the Drinking Water State Revolving Fund Program—Mike Perkovich
6. Amendments to 2015 State Water Facilities Plan—Andy Bruels
 - a. Dell Rapids
 - b. Florence - wastewater
 - c. Florence - water
 - d. Haakon County School District
 - e. Hermosa
 - f. Hot Springs
 - g. Lemmon
 - h. Montrose
 - i. Perkins County Rural Water System, Inc.
 - j. Philip
 - k. South Shore
 - l. T.C. & G Water Association, Inc.
 - m. Watertown

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.

7. Amendment to 2011 Clean Water State Revolving Fund IUP Project Priority List—Andy Bruels
8. Amendment to 2012 Clean Water State Revolving Fund IUP Project Priority List—Andy Bruels
9. Amendment to 2013 Clean Water State Revolving Fund IUP Project Priority List—Andy Bruels
10. Amendment to 2014 Clean Water State Revolving Fund IUP Project Priority List—Andy Bruels
11. Amendment to 2015 Clean Water State Revolving Fund Intended Use Plan—Andy Bruels
12. Amendment to 2015 Drinking Water State Revolving Fund Intended Use Plan—Andy Bruels
13. Parker Request to Rescind Consolidated Loan 2015L-113—Jon Peschong
14. Day County Conservation District Request to Amend CWSRF Water Quality Grant 2014G-WQ-401—Barry McLaury
15. Kingbrook Rural Water System Request to Amend Its Parity Agreement Among Rural Development, the South Dakota Conservancy District, and CoBank—Elayne Lande
16. Sanitary/Storm Sewer Facilities Funding Applications—Mike Perkovich
 - a. Waubay (30)
 - b. Clark (25)
 - c. Kennebec (23)
 - d. Humboldt (22)
 - e. Hosmer (21)
 - f. Brandon (17)
 - g. Howard (14)
 - h. Sioux Falls (Brandon Road) (14)
 - i. Sioux Falls (Outfall Replacement) (14)
 - j. Ipswich (10)
 - k. Lennox (9)
 - l. Wessington Springs (8)
17. Drinking Water Facilities Funding Applications—Andy Bruels
 - a. Sioux RWS (161)
 - b. Big Sioux CWS (148)
 - c. Woodland Hills San. Dist. (128)
 - d. Tyndall (90)
 - e. Buffalo (83)
 - f. Brandon (47)
 - g. Minnehaha CWC (32)
 - h. Canton (21)
 - i. Wessington Springs (4)
18. Small Water Facilities Funding Application—Mike Perkovich
 - a. Lesterville
 - b. Northville
19. Solid Waste Management Program Funding Applications—Andy Bruels
 - a. Department of Environment and Natural Resources
 - b. South Eastern Council of Governments

March 27, 2015

8:15 a.m. CDT

20. Legislative Update—Secretary Pirner
21. Funding Decisions
 - a. Sanitary/Storm Sewer Facilities—Mike Perkovich
 - b. Drinking Water Facilities—Andy Bruels
 - c. Small Water Facilities—Mike Perkovich
 - d. Solid Waste Management Program—Andy Bruels
22. Authorization for DENR to Award Grants to Very Small Systems as Allowed by the Drinking Water 2015 IUP and the 2015 Omnibus Bill—Claire Peschong

23. Distribution of Request for Proposals for Financial Advisor for the State Revolving Fund Programs—Mike Perkovich
24. Amendment to Joint Powers Agreement with East Dakota Water Development District for Aquifer Delineation Technical Assistance to Community Water Systems—Jon Peschong
25. SFY 2016 Meeting Schedule—Mike Perkovich
26. June 25-26, 2015 Meeting
27. Adjourn

Minutes of the
Board of Water and Natural Resources Meeting

January 8, 2015
1:00 p.m. CST

Via Digital Dakota Network

Capitol Building
Pierre, SD

South Dakota School of Mines and Technology
Rapid City, SD

SD Department of Labor
Watertown, SD

USD School of Medicine
Sioux Falls, SD

South Dakota State University
Brookings, SD

Northern State University
Aberdeen

CALL MEETING TO ORDER: The meeting was called to order by Chairman Brad Johnson. The roll was called, and a quorum was present.

BOARD MEMBERS PRESENT: Brad Johnson, Gene Jones, Paul Goldhammer, Todd Bernhard, Dr. Paul Gnirk, and Jerry Sohlt.

BOARD MEMBER ABSENT: Jackie Lanning.

OTHERS PRESENT: See attached attendance sheets.

APPROVE AGENDA: There were no additions or corrections to the posted agenda.

APPROVAL OF MINUTES FROM NOVEMBER 6, 2014, MEETING: Motion by Gnirk, seconded by Bernhard, to approve the minutes from the November 6, 2014, Board of Water and Natural Resources meeting. A roll call vote was taken, and the motion carried unanimously.

AMENDMENT TO FFY 2010 DRINKING WATER SRF INTENDED USE PLAN: Andy Bruels reported that the FFY 2010 Drinking Water State Revolving Fund (SRF) Intended Use Plan (IUP) was approved by the Board of Water and Natural Resources in November 2009 and amended in March, May and September 2010 and in January 2012.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the IUP associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior years' IUPs.

Staff proposed amending Attachment I - Project Priority List of the FFY 2010 Drinking Water SRF IUP by adding the following:

Priority Points	Loan Recipient	Project Description	Est. Loan Amount	Expected Loan Rate & Term
210	Rapid City	<i>Problem:</i> there are several small water systems adjacent to Rapid City that have water quality (primarily concerning radionuclides) and water quantity issues, as well as distribution systems that are in poor condition. <i>Project:</i> connect the small systems as part of a project that Rapid City is undertaking to extend a second water line to the regional airport, and reconstruct distribution systems where needed.	\$5,626,000	3.0%, 20 years

Mr. Bruels answered questions from the board.

Motion by Gnirk, seconded by Soholt, to approve amendments to the FFY 2010 Drinking Water State Revolving Fund Intended Use Plan, as presented. A roll call vote was taken, and the motion carried unanimously.

AMENDMENT TO FFY 2014 DRINKING WATER SRF IUP: Mr. Bruels stated that the FFY 2014 Drinking Water SRF IUP was approved by the board in March 2014 and amended in June and September 2014.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the IUP associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior years' IUPs.

Staff proposed amending Attachment I - Project Priority List of the FFY 2014 Drinking Water SRF IUP by adding the following:

Priority Points	Loan Recipient	Project Description	Est. Loan Amount	Expected Loan Rate & Term
4	Hoven	<i>Problem:</i> the distribution system consists primarily of cast iron pipe that is old and is in need of repair. <i>Project:</i> replace cast iron pipe with PVC pipe.	\$353,000	3.0%, 30 years

Motion by Goldhammer, seconded by Jones, to approve amendments to the FFY 2014 Drinking Water State Revolving Fund Intended Use Plan, as presented. A roll call vote was taken, and the motion carried unanimously.

SECTION 319 APPLICATIONS: Barry McLaury reported that the Board of Water and Natural Resources is the designated entity that provides the state's Section 319 nonpoint source pollution project funding recommendations to EPA. The board considers recommendations from the Nonpoint Source (NPS) Task Force as part of its selection process.

Six applications for 319 funding were received and reviewed by DENR and the NPS Task Force.

The FFY 2015 Clean Water SRF Intended Use Plan authorized the use of \$1,000,000 in administrative fee funds to supplement the Consolidated and Section 319 programs for wastewater treatment and TMDL implementation projects. The funding allocation from EPA for federal fiscal year 2015 has not been received, but staff anticipates receiving \$2,487,000 in 319 funds, which is the level of last year's allocation. DENR and the NPS Task Force recommendations reflect both the anticipated FFY 2015 Section 319 federal funding allocation and \$400,000 in Clean Water SRF Water Quality grant funds.

Mr. McLaury noted that prior to the meeting copies of the funding applications were made available to the board. He presented the six 319 funding applications, which total \$2,968,926 in requests, and the department recommendations.

The department proposed using \$600,000 in Section 319 grant funds for administration of the program, which leaves \$1,887,000 for pass through grants. With the \$400,000 Clean Water SRF Water Quality grant funds, the total amount for pass through grants is \$2,287,000. Based on the final allocation of 319 funds, whether it is an increase or decrease, awards will be adjusted on a proportional basis.

Belle Fourche River Watershed Management and Project Implementation Plan - Segment 7

Total Cost: \$3,787,900

319 Grant Request: \$1,135,000

The Belle Fourche River Watershed Partnership is the project sponsor for this two-year project. This is the seventh segment of seven planned project segments that address a cluster of seven total maximum daily loads. Completion of the activities planned for this segment will begin implementing best management practices (BMP) that reduce E. coli and advance the BMP implementation for total suspended solid pollutants to 73 percent complete. The BMPs include: (1) installing irrigation sprinkler systems, (2) implementing grazing management systems, (3) installing riparian vegetation improvements, (4) clean water diversion, and (5) relocating livestock feeding grounds.

Staff recommended \$793,000 in 319 funds. The reduction from the requested \$1,135,000 to \$793,000 is based on limited 319 funds available. To date, over \$5.8 million in 319 and state grant funds have been provided for this project. DENR recommended the Belle Fourche River Watershed Partnership consider a reduction in program management and water quality monitoring to help make up the shortfall in funding.

Big Sioux River Watershed Implementation Project - Segment 3

Total Cost: \$9,160,400

319 Grant Request: \$600,000

The Big Sioux River Watershed Project is a 10-year total maximum daily load implementation strategy that will be completed in multiple segments and parts. The project will restore and/or maintain the water quality of the Big Sioux River and its tributaries to meet the designated beneficial uses. The Lower Big Sioux River, Central Big Sioux River, and the North-Central Big Sioux River/Oakwood Lakes Watershed Assessments identified various segments of the Big Sioux River and certain tributaries between the Brookings/Hamlin County line and Sioux City, Iowa as failing to meet designated uses due to impairments from total suspended solids, dissolved oxygen and/or bacteria. The current project (Segment 3) is focused on further reducing loadings from animal feeding operations, overland sediment transport, and expanding ongoing past project activities. It also extends water quality monitoring through 2018.

Staff recommended \$600,000 as requested (\$500,000 319 grant and \$100,000 Water Quality grant).

Grassland Management & Planning Segment 4 – Amendment

Total Cost: \$953,507

319 Grant Request: \$462,077

The project is a two-year continuation of the current statewide Grassland Management and Planning project. This segment of the project will continue the South Dakota Grassland Coalition’s leadership in providing South Dakota livestock producers with practices that reduce nonpoint source (NPS) pollution from grasslands and promote sustainable agriculture.

Staff recommended \$279,000 (\$179,000 319 grant and \$100,000 Water Quality grant). The reduction from the requested \$462,077 to \$279,000 is based on no funding for the Grassland Mapping and Watershed modeling projects, which is an SDSU/The Nature Conservancy effort to quantify the benefits of natural sod. It was determined that the grassland mapping and watershed modeling projects do not provide water quality benefits to justify consideration of 319 funding.

Lewis & Clark Watershed Implementation Project - Segment 4 Amendment

Total Cost: \$4,336,750

319 Grant Request: \$400,000

The project sponsor is the Randall Resource Conservation Development District (RC&D). The proposal is the fourth segment of a locally-planned multi-year (10-15 years) effort to implement BMPs for sediment, nutrients, and fecal coliform bacteria in the Lewis and Clark Lake watershed, to include Lake Andes, Geddes, Academy and Platte Lake watersheds. 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 waterbodies in these watersheds.

Staff recommended \$400,000 as requested (\$300,000 319 grant and \$100,000 Water Quality grant). In addition to these funds, Randall RC&D requested \$275,000 in Consolidated grant funding for the project. The board considered this request under Agenda item #9 later in the

meeting. The project sponsor proposed utilizing Consolidated funds to provide up to 15 percent cost share for the construction of animal waste systems. The total cost for the Segment 4 project is more than \$4 million with \$1,119,000 in producer contributions.

SDSM&T Bacteria Project

Total Cost: \$261,414

319 Grant Request: \$156,849

This project will help guide future BMPs, establish a temporal baseline of pathogenic potential of the bacterial profiles of Rapid Creek and Spring Creek, and link these estimates with total suspended solids. Although fecal coliforms and E. coli are commonly quantified in the monitoring of water systems by local, state, and federal agencies, the level of pathogenicity is often overlooked. The project will work to create a new monitoring metric for pathogenic potential of the contaminated water by screening the bacteria for harmful traits that can be passed even among harmless bacteria, creating the possibility for severe public health risks.

Staff recommended no 319 funding. The recommendation is based on the fact that the South Dakota Surface Water Quality Standards do not distinguish between E. coli gene types. Mr. McLaury noted that it would appear this research may be appropriate for another funding source, but it does not provide water quality benefits to justify consideration for 319 funding. He stated that following submittal of the 319 application, the project received funding through USGS.

Spring Creek Watershed Management & Implementation Project - Segment 3

Total Cost: \$397,000

319 Grant Request: \$215,000

Pennington County is the project sponsor for this two-year project. This is the third of six planned segments. The project will continue implementation of the BMPs identified in the total maximum daily load reports for the Spring Creek Watershed, the storm water management plan and on-site wastewater management plan. Completion of the activities planned for this segment will advance the BMP implementation to reduce fecal coliform bacteria, E. coli, and total suspended solids. These BMPs include management of riparian zones, storm water, forestry, grazing, lake improvement, and on-site wastewater treatment systems.

Staff recommended \$215,000 as requested (\$115,000 319 grant and \$100,000 Water Quality grant).

Mr. Jay Gilbertson, chairman of the Nonpoint Source Task Force, reported that the 319 Nonpoint Source Task Force met on December 9, 2014, to hear presentations from the applications. The task force agreed with the DENR staff funding recommendations.

Mr. Gilbertson noted that the School of Mines bacteria project is not the kind of project that would normally be funded through the 319 program. He stated that the project did receive funding for a scaled-down version of that activity through the USGS 104 funding process.

Mr. McLaury, Mr. Feeney, and Mr. Gilbertson answered question from the board.

Chairman Johnson requested board action.

Motion by Bernhard, seconded by Gnirk, to concur with the funding recommendations of department and the Nonpoint Source Task Force and authorize the department to forward Section 319 funding recommendations to EPA with adjustments to final available federal funding levels. A roll call vote was taken, and the motion carried unanimously.

Motion by Bernhard, seconded by Jones, to authorize the Department of Environment and Natural Resources to enter into grant agreements with the project sponsors recommended for FFY 2015 Section 319 grant assistance in the aggregate amount of up to \$400,000 from Clean Water SRF administrative surcharge fees pursuant to the FFY 2015 Clean Water SRF Intended Use Plan, contingent upon the 2015 Legislature authorizing the required budget authority for the awards. A roll call vote was taken, and the motion carried unanimously.

RECAP OF AVAILABLE FUNDS: Mike Perkovich presented a summary of available funds for the Consolidated Water Facilities Construction Program, Drinking Water SRF principal forgiveness, Drinking Water SRF loan funds, Clean Water SRF Water Quality Grants, Clean Water SRF principal forgiveness, and Clean Water SRF loan funds.

DRINKING WATER FACILITIES FUNDING APPLICATIONS: Mr. Perkovich presented four Drinking Water Facilities applications and the staff recommendations for funding. The board packet included a map showing the location of the projects.

Mid-Dakota Rural Water System requested \$2,535,000 for an automatic meter reading-advanced meter infrastructure project. The estimated total project cost is \$2,600,000.

Mid-Dakota proposes to install an automatic meter system by installing meter transmission units on existing water meters. Antennas will be constructed throughout the service area or installed on existing water towers where available to collect meter readings transmitted from the meter transmission units. The readings will be relayed to the base station located at the Mid-Dakota office. Mid-Dakota anticipates purchasing the units and bidding the installation in 2015 with a project completion in 2016.

Mid-Dakota's water rate was increased to \$66.65 per 7,000 gallons as of the first of the year.

Staff recommended awarding a \$2,535,000 Drinking Water SRF loan at 3 percent interest for 15 years.

Mr. Perkovich noted that generally loan terms for meter projects have not exceeded ten years. However, in certain instances, longer terms will be allowed if the meter manufacturer provides a warranty on the meters for the length of the loan. Mid-Dakota prefers a 15-year loan and has provided the necessary warranty documentation.

Mid-Dakota pledged system revenues toward repayment of the loan. Staff analysis indicated the current rate of \$66.65 for 7,000 gallons provides 135 percent coverage on the loan.

Staff recommended the 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, contingent upon the borrower approving a security agreement and mortgage, and contingent upon a parity agreement being approved and executed.

Motion by Gnirk, seconded by Goldhammer, to adopt Resolution #2015-01 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$2,535,000 at 3 percent interest for 15 years to the Mid-Dakota Rural Water System for an automatic meter reading/advanced meter infrastructure 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. The loan is 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 a parity agreement being approved and executed. A roll call vote was taken, and the motion carried unanimously.

Dakota Dunes Community Improvement District requested \$1,600,000 for clear well expansion and high service pump addition. The estimated total project cost is \$1,600,000.

The project involves constructing an additional 500,000-gallon clear well to double the existing clear well capacity and the installation of a third high service pump at the water treatment plant.

Dakota Dunes anticipates bidding the project in the spring of 2015 with project completion in the fall of 2015.

The water rate for residents of Dakota Dunes is \$19.25 per 7,000 gallons.

Staff recommended awarding a \$1,600,000 Drinking Water SRF loan at 3 percent interest for 20 years.

Dakota Dunes has pledged system revenues toward repayment of the loan. Staff analysis indicates that the current rate provides 221 percent coverage.

Jeff Dooley, manager of Dakota Dunes Community Improvement District, answered questions from the board.

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

Motion by Jones, seconded by Goldhammer, to adopt Resolution #2015-02 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$1,600,000 at 3 percent interest for 20 years to the Dakota Dunes Community Improvement District for a clear well expansion and high service pump addition 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. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective. A roll call vote was taken, and the motion carried unanimously.

Colonial Pine Hills Sanitary District requested \$400,000 for the Croyle/Nonanna wells filtration system. The estimated total project cost is \$1,476,000.

The project involves the installation of a new microfiltration water treatment unit at the Croyle well house and construction of an 8-inch water main along Pinewood Drive.

Colonial Pine Hills received a \$705,000 SRF loan for this project in June 2012. Since that loan was awarded, project costs have increased and the project scope has changed. As a result, additional funding is required to complete the project. Colonial Pine Hills has requested an additional \$400,000 to complete the project. If approved, the total Drinking Water SRF loan would be \$1,105,000. Colonial Pine Hills is contributing \$371,000 in local cash toward the project.

Bids for the project were opened on December 16, 2014, and will be awarded soon. Completion is expected in early 2016.

The current water rate is \$53.75 based on 5,000 gallons usage.

Staff recommended awarding a \$400,000 Drinking Water SRF loan at 3 percent interest for 20 years.

Colonial Pine Hills has pledged project surcharge toward repayment of the loan. Staff analysis indicates a \$5.80 surcharge will be needed in order to provide the 110 percent required coverage on the loan, resulting in overall rates of \$59.55 per month. Mr. Perkovich noted that based upon rates for other developments in the Rapid City area, this would be on the low end of the rates.

Ted Schultz, AE2S Engineering, discussed the project.

Staff recommended the loan be 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 by Gnirk, seconded by Soholt, to adopt Resolution #2015-03 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$400,000 at 3 percent interest for 20 years to Colonial Pine Hills Sanitary District for the Croyle/Nonanna wells filtration system, 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. The loan is 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. A roll call vote was taken, and the motion carried unanimously.

Hoven requested \$353,000 for a waterline replacement project. The estimated total project cost is \$353,000.

Hoven proposes to replace the deteriorating water main that runs under South Dakota Highway 47. The construction will be done in conjunction with a SD Department of Transportation roadway reconstruction project planned for 2015. Hoven received a \$656,000 Clean Water SRF loan in June 2014 for the sewer line portion of this project.

The city anticipates bidding the project in March 2015 with a project completion date in November 2015.

Hoven recently increased its monthly rates for 5,000 gallons from \$35.00 to \$45.00. This \$10 increase was intended to establish a surcharge to repay a Rural Development (RD) loan that will go into repayment soon. DENR staff does not believe this surcharge amount will be sufficient to repay the loan, and that an additional \$3.55 will be needed. This will result in rates of \$48.55 per month to cover the RD loan and operation and maintenance of the system.

Staff recommended awarding a \$264,750 Drinking Water SRF loan with 100 percent principal forgiveness, and awarding a Consolidated grant for 25 percent of eligible costs not to exceed \$88,250. Mr. Perkovich noted that with monthly rates for Hoven potentially approaching \$50 for 5,000 gallons, staff believes 100 percent subsidy is appropriate.

Terry Helms, Helms & Associates, answered questions from the board.

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

Motion by Gnirk, seconded by Bernhard, to adopt Resolution #2015-04 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$264,750 with 100 percent principal forgiveness to the city of Hoven for a waterline 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. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective. A roll call vote was taken, and the motion carried unanimously.

Motion by Gnirk, seconded by Bernhard, to adopt Resolution #2015-05 approving a Consolidated Water Facilities Construction Program grant to the city of Hoven for up to 25 percent of approved total project costs not to exceed \$88,250 for a waterline replacement project. A roll call vote was taken, and the motion carried unanimously.

SANITARY/STORM SEWER FACILITIES FUNDING APPLICATIONS: Andy Bruels noted that included in the board packet was a map showing the location of the projects. He presented the funding applications and staff recommendations.

Dupree requested \$240,000 for wastewater system improvements. The estimated total project cost is \$1,117,450.

The project includes rehabilitation of the main lift station and installing riprap at the wastewater treatment facility cells to correct erosion problems. The city's collection system is 90 years old and many of the lines need to be replaced. The project includes televising the collection system to determine which lines to replace in the future.

In June 2013, the board awarded a \$450,000 Clean Water SRF loan to Dupree. The city has also received \$427,450 in Community Development Block Grant funding for the project.

Dupree bid the project in September 2014 with a project completion date of August 2015. Project costs have come in above the original project funding provided. The additional funds being requested will allow the city to complete the entire project.

Dupree's rate is \$25.55 for sewer service regardless of usage amounts.

Staff recommended awarding a \$192,000 Clean Water SRF loan at 3.25 percent for 30 years, and awarding a Consolidated grant for 4.3 percent of approved total project costs not to exceed \$48,000.

The city has pledged a project surcharge for repayment of the loan. Staff analysis indicates that in order for Dupree to provide the required 110 percent coverage, a surcharge of \$4.47 will need to be established. This will bring the city's total charge for wastewater to just over \$30.

Staff recommended the loan be 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.

Maurice Lemke, Dupree finance officer, answered questions from the board.

Motion by Gnirk, seconded by Jones, to adopt Resolution #2015-06 approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$192,000 at 3.25 percent interest for 30 years to the city of Dupree for a wastewater system improvements 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. The loan is 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. A roll call vote was taken, and the motion carried unanimously.

Motion by Goldhammer, seconded by Bernhard, to adopt Resolution #2015-07 approving a Consolidated Water Facilities Construction Program grant to the city of Dupree for up to 4.3 percent of approved total project costs not to exceed \$48,000 for a wastewater system improvements project. A roll call vote was taken, and the motion carried unanimously.

Mobridge requested \$1,475,000 for wastewater improvements. The estimated total project cost is \$2,690,000.

Mobridge proposes to upgrade and rehabilitate its wastewater treatment facility. The project includes construction of a new primary clarifier, bio-filter pump station, ultraviolet disinfection system, and disinfection basin drain, and rehabilitation of the existing primary clarifier. These upgrades and improvements will allow the city to remain in compliance with its surface water discharge permit.

The city anticipates bidding the project in February 2015 with project completion in July 2016.

At the time of the application, Mobridge had a \$17.00 flat rate for wastewater. The city has since established a new wastewater rate of \$23.00 for 5,000 gallons. Based on the financial information supplied by the city, the \$23.00 rate, not including any debt surcharges, is not sufficient to cover operation and maintenance expenses.

Staff recommended awarding a \$1,475,000 Clean Water SRF loan at 3 percent for 20 years.

The city has pledged a project surcharge for repayment of the loan. Staff analysis indicates that in order for Mobridge to provide the required 110 percent coverage, a surcharge of approximately \$5.15 will need to be established.

Staff recommended the loan be 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 by Soholt, seconded by Bernhard, to adopt Resolution #2015-08 approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,475,000 at 3 percent interest for 20 years to the city of Mobridge for a wastewater improvements 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. The loan is 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. A roll call vote was taken, and the motion carried unanimously.

WATERSHED RESTORATION PROJECT FUNDING APPLICATIONS: Mr. Perkovich presented the applications and staff recommendations. He noted that a map showing the location of the projects was included in the board packet.

Randall Resource Conservation and Development (RC&D) Association, Inc. requested \$275,000 for the Lewis and Clark Watershed Implementation Project, Segment IV. The estimated total project cost is \$4,330,000. Mr. Perkovich noted that the \$3,069,160 total project cost shown on the application includes only the first two years of the project scope.

The Lewis and Clark Watershed Implementation Project is a multi-year effort to implement Best Management Practices (BMPs) in four watersheds that encompass 2.5 million acres in south central South Dakota.

Consolidated funds will be used to provide up to 15 percent cost share for construction of animal waste management systems.

Other proposed funding for the project includes \$900,000 in Section 319 funds, \$1,175,000 million in EQIP and other federal funds, and \$718,000 in local match.

Staff recommended awarding a Consolidated grant for 15 percent of approved total project costs not to exceed \$275,000 for the construction of animal waste management systems.

Mr. Feeney answered questions from the board.

Motion by Gnirk, seconded by Jones, to adopt Resolution #2015-09 approving a Consolidated Water Facilities Construction Program grant to the Randall Resource Conservation and Development Association, Inc. for up to 15 percent of approved total project costs not to exceed \$275,000 for the construction of animal waste management systems. A roll call vote was taken, and the motion carried unanimously.

Rapid City requested \$155,000 for the Canyon Lake restoration project. The estimated total project cost is \$415,000.

The project includes the removal of sediment while the lake is drained for a dam restoration project. The project seeks to improve flood control, water quality and recreational opportunities. The project will be completed during the 2015 construction season.

Other proposed funding for the project includes \$100,000 from the city of Rapid City, \$150,000 from the West Dakota Water Development District, and \$10,000 from the Black Hills Flyfishers. Mr. Perkovich noted that Rapid City has indicated that it may not be able to provide the full \$100,000 due to overruns on the actual dam project itself.

Staff recommended awarding a Consolidated grant for 37.4 percent of approved total project costs not to exceed \$155,000 with the special condition that Consolidated funds are drawn concurrently with the other funding.

Keith Johnson, Rapid City engineering department, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt Resolution #2015-10 approving a Consolidated Water Facilities Construction Program grant to the city of Rapid City for up to 37.4 percent of approved total project costs not to exceed \$155,000 for the Canyon Lake restoration project with the special condition that Consolidated funds are drawn concurrently with the other funding. A roll call vote was taken, and the motion carried unanimously.

Mr. Perkovich provided a recap of funds anticipated to be available for the next funding round 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.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATIONS: Andy Bruels provided an update on available funds for the Solid Waste Management Program. He noted that the board packet included a map showing the location of the Solid Waste Management Program applicants.

The board may award grant and loan funds for the purpose of solid waste planning and management under the program. In accordance with the administrative rules, the board must make its funding decisions within 120 days after the applications are presented.

The Department received two new applications for solid waste management program funding by the October 1, 2014, deadline that will be presented at this time.

Northwest South Dakota Regional Landfill requested \$412,000 for equipment and facility upgrades. The estimated total project cost is \$412,000.

The Northwest Regional Landfill proposes to purchase a new roll-off container trailer and 14 new roll-off containers, which will allow the landfill to replace equipment that is past its useful life and improve the efficiency of garbage collection. The landfill is also planning to purchase additional litter fence and an ATV to help collect litter around the site. A new onsite restroom and septic system will also be installed. These equipment purchases will help improve the operation of the landfill.

Northwest's rate for municipal solid waste disposal is approximately \$56.55 per ton. Northwest does not charge a flat tipping fee to haulers, but instead charges a \$6.89 per person fee. The approximate per ton fee is based on the revenue collected divided by the number of tons disposed of from the previous year.

Staff recommended awarding a Solid Waste Management Program grant for 60 percent of approved total project costs not to exceed \$247,200. The grant will be contingent on grant funds being drawn concurrently with the Solid Waste Management Program loan awarded for this project.

Staff also recommended awarding a Solid Waste Management Program loan in the amount of \$164,800 at 2.25 percent interest for 10 years contingent upon the borrower 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.

Mr. Bruels noted that the user fee revenues will provide the security for the loan. The recommendation for grant percentage is higher than many recent awards; however, due to the landfill tipping fees being some of the highest in the state and staff's communication with Northwest Regional Landfill about an upcoming new landfill cell project, staff believes this level of subsidy is appropriate.

Mr. Bruels stated that no increase to the user rates is anticipated in order for the landfill to provide the required 100 percent coverage for the recommended loan amount.

Garland Erbele, engineer for the landfill, answered questions from the board.

Motion by Bernhard, seconded by Gnirk, to adopt Resolution #2015-11 approving a South Dakota Solid Waste Management Program grant to the Northwest South Dakota Regional Landfill for up to 60 percent of approved total project costs not to exceed \$247,200 for equipment and facility upgrades with the contingency that grant funds are drawn concurrently with the Solid Waste Management Program loan awarded for this project. A roll call vote was taken, and the motion carried unanimously.

Motion by Jones, seconded by Goldhammer, to adopt Resolution #2015-12 approving a South Dakota Solid Waste Management Program loan to Northwest South Dakota Regional Landfill not to exceed \$164,800 at 2.25 percent for 10 years for equipment and facility upgrades. The loan is contingent upon the borrower 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. A roll call vote was taken, and the motion carried unanimously.

Tri County Landfill Association requested \$167,200 for the construction of a vehicle cold storage building and the purchase of equipment. The estimated total project cost is \$167,200.

The Tri County Landfill Association is proposing to construct a cold storage building to store landfill vehicles and equipment. The building will be approximately 60 by 120 feet and have half the floor area concrete surfaced. The landfill currently stores most equipment and vehicles outdoors making maintenance difficult, contributing to wear and shorter useful life.

Tri-County's municipal solid waste disposal rate is \$41.50 per ton.

Staff recommended awarding a Regional Landfill Assistance grant for 20 percent of the approved total project costs not to exceed \$33,440 with the contingency that grant funds are drawn concurrently with the Solid Waste Management Program loan awarded for this project

Staff also recommended awarding a Solid Waste Management Program loan in the amount of \$133,760 at 2.25 percent interest for seven years contingent upon the borrower 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.

Mr. Bruels noted that no increase to the user rate is anticipated in order for the landfill to provide the required 100 percent coverage for the recommended loan amount.

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

Motion by Gnirk, seconded by Soholt, to adopt Resolution #2015-13 approving a South Dakota Solid Waste Management Program grant to the Tri County Landfill Association for up to 20

percent of approved total project costs not to exceed \$33,440 for the construction of a vehicle cold storage building and the purchase of equipment with the contingency that grant funds are drawn concurrently with the Solid Waste Management Program loan awarded for this project. A roll call vote was taken, and the motion carried unanimously.

Motion by Goldhammer, seconded by Gnirk, to adopt Resolution #2015-14 approving a South Dakota Solid Waste Management Program loan to the Tri County Landfill Association not to exceed \$133,760 at 2.25 percent for seven years for the construction of a vehicle cold storage building and the purchase of equipment. The loan is contingent upon the borrower 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. A roll call vote was taken, and the motion carried unanimously.

Mr. Bruels provided a recap of available funds for the next funding round.

FFY 2014 CLEAN WATER AND DRINKING WATER SRF ANNUAL REPORTS: Elayne Lande presented the federal fiscal year 2014 Clean Water and Drinking Water SRF annual reports.

The South Dakota Conservancy District is required to submit annual reports to EPA for both the Clean Water and Drinking Water SRF programs. The annual reports follow the same format as previous years and discuss activities from October 1, 2013 to September 30, 2014.

Ms. Lande reported that 20 Clean Water SRF loans were awarded in FFY 2014 for total funding of \$18,421,200. One loan received principal forgiveness in the amount of \$100,000.

Loan repayments totaled more than \$24.4 million dollars, with \$19.1 million in principal, \$4.1 million in interest, and \$1.2 million in administrative surcharge.

Ms. Lande requested the board approve the FFY 2014 Clean Water SRF annual report, authorize staff to make the final edits, and authorize staff to distribute the report to the EPA and other interested parties.

Motion by Gnirk, seconded by Bernhard, to approve the FFY 2014 Clean Water SRF annual report, to authorize staff to make final edits, and to distribute the report to EPA and other interested parties. A roll call vote was taken, and the motion carried unanimously.

Ms. Lande reported that 13 Drinking Water SRF loans and one amendment were awarded in FFY 2014 for total funding of \$26,113,000. Six loans received principal forgiveness in the aggregate total of \$6,920,000.

Loan repayments totaled more than \$16.6 million dollars, with \$12.2 million in principal, \$3.5 million in interest, and \$933,000 in administrative surcharge.

Ms. Lande requested the board approve the FFY 2014 Drinking Water SRF annual report, authorize staff to make the final edits, and authorize staff to distribute the report to the EPA and other interested parties.

Motion by Jones, seconded by Gnirk, to approve the FFY 2014 Drinking Water SRF annual report, to authorize staff to make final edits, and to distribute the report to EPA and other interested parties. A roll call vote was taken, and the motion carried unanimously.

FIRST AMENDMENT TO FIFTH AMENDED AND RESTATED MASTER TRUST INDENTURE AND AMENDMENT TO THE CONSERVANCY DISTRICT'S INVESTMENT POLICY: Jon Peschong reported that an inconsistency has been identified between the Fifth Amended and Restated Master Trust Indenture which defines "Investment Obligations" that are permitted investments for the funds on deposit with the State Revolving Fund programs and the Investment Policy regarding investments in government sponsored entities.

The Master Trust Indenture states "any agency or instrumentality of the United States of America which is backed by the full faith and credit of the United States of America" and the Investment Policy states "government sponsored entities or federally related institutions that are guaranteed directly or indirectly by the U.S. Government."

Upon request from PFM Asset Management, the board's investment firm, Bruce Bonjour, the board's Bond Counsel, and Harold Deering, the board's legal counsel, drafted the proposed amendments which were included in the board packet.

The amendments to both the Master Trust Indenture and the Investment Policy would make clear that investment in indebtedness issued by agencies and instrumentalities of the United States government is permissible even if not guaranteed or backed by the full faith and credit of the United States of America, including those issued by government sponsored enterprises such as Ginnie Mae (Government National Mortgage Association), Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation). These amendments will update exhibits in the investment policy; revise the definition of "Investment Obligations" for both the Master Trust Indenture and the Investment Policy by inserting a new bullet under (c) and changing subsequent bullets and references.

The following is the proposed definition:

"To the extent not included within the scope of clause (b) above, such other bonds, debentures, notes or other evidences of indebtedness issued by agencies and instrumentalities of the United States government, including without limitation those issued by government sponsored enterprises such as Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation;" (Otherwise known as Ginnie Mae, Fannie Mae, and Freddie Mac respectively).

Mr. Peschong noted that Section 11.01 (h) of the Master Trust Indenture states that this type of amendment to the Indenture may be made if, in the judgment of an Authorized Representative of the District, the rating of the District's bonds will remain the same. Further, "the Authorized Representative must certify its judgment to the Trustee, and such judgment will be based upon written ratings report or other written evidence provided by each Rating Agency (Moody's and S&P)."

Mr. Peschong stated that at this point there has been verbal confirmation that the proposed amendments would not affect the ratings and written confirmation from the ratings agencies should be received by the end of month.

Staff recommended the board adopt a resolution approving the form of the First Amendment to the Fifth Amended and Restated Master Trust Indenture and approving the form of the Amended Investment Policy presented to the board, but with all such changes and revisions as the Chairman and Secretary may approve following any input provided by any Rating Agency and that the resolution is effective immediately and the First Amendment and Amended Investment Policy shall become effective upon satisfaction of the Amendment Requirement set forth in Section 11.01(h) of the Restated Master Trust Indenture and the filing thereof with the Trustee.

Motion by Bernhard, seconded by Goldhammer, to adopt Resolution #2015-15 approving the First Amendment to Fifth Amended and Restated Master Trust Indenture and Amendment to the Conservancy District's Investment Policy to provide consistency and allow the Conservancy District to invest in government sponsored entities. A roll call vote was taken, and the motion carried unanimously.

MARCH 26-27, 2015, BOARD MEETING: Mr. Perkovich noted that the next meeting is scheduled for March 26-27, 2015, at the Matthew Training Center in Pierre. At this time the agenda includes a public hearing to consider adoption of proposed amendments to rules, consideration of funding applications, State Water Plan amendment requests, and several other items.

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

Approved this 26th day of March, 2015.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources

TITLE: Public Hearing to Amend Administrative Rules

EXPLANATION: A public hearing will be held on March 26, at 1:00 p.m. CDT in the Floyd L. Matthew Training Center, Joe Foss Building, 523 East Capitol, Pierre, South Dakota, to consider amendments to administrative rules in the following chapters:

- * 74:05:07 Consolidated water facilities construction program;
- * 74:05:08 State water pollution control revolving fund program;
- * 74:05:10 Solid waste management program; and
- * 74:05:11 Drinking water state revolving fund program.

RECOMMENDED ACTION: Accept public testimony on proposed rules and approve rules with modifications, if necessary.

CONTACT: Mike Perkovich and Andy Bruels (773-4216)

BOARD OF WATER AND NATURAL RESOURCES
NOTICE OF PUBLIC HEARING TO AMEND RULES

A public hearing will be held on March 26, 2015, at 1:00 p.m. CDT in the Floyd Matthew Training Center, Joe Foss Building, 523 East Capitol, Pierre, South Dakota to consider amendments to administrative rules in chapters

74:05:07	Consolidated water facilities construction program;
74:05:08	State water pollution control revolving fund program;
74:05:10	Solid waste management program; and
74:05:11	Drinking water state revolving fund program.

Chapter 74:05:07 Consolidated water facilities construction program

The effect of the proposed revisions to ARSD 74:05:07 will be to 1) increase the amount in the definition of “Minimum established rates” for water and wastewater users in an incorporated municipality or sanitary district (74:05:08:01); 2) remove application restrictions that prohibit a project from including preliminary design costs in the total project cost (74:05:07:03); 3) remove the requirements of applications to include the status of permits, required lands, easements and right of way (74:05:07:08); and 4) provide a time length for the applicant to correct the identified deficiencies (74:05:07:08.01).

The reason for the amendments is to 1) increase the minimum rates for applicants to be eligible to receive grant funding; 2) allow applicants to include preliminary design costs in the total project cost so those costs can be reimbursed through the program; 3) remove the requirements to submit information with the application that can be submitted at a later date, if needed; and 4) provide consistency for application review and responses throughout the administrative rules for the different funding programs administered by the Department of Environment and Natural Resources.

Chapter 74:05:08 State water pollution control revolving fund program

The effect of the proposed revisions to ARSD 74:05:08 will be to 1) update the definition of “Act” (74:05:08:01); 2) revise the definition of “Interim financing” from three years to five year (74:05:08:01); 3) establish a definition for “Median household income” and source for that information (74:05:08:01); 4) increase the amount in the definition of “Minimum established rates” for wastewater users in an incorporated municipality or sanitary district (74:05:08:01); 5) establish a definition for “Unemployment rate” and the source for that information (74:05:08:01); 6) revise the definition of “Wastewater treatment works” (74:05:08:01); 7) repeal the “Green infrastructure priority points” section (74:05:08:03.02) and remove references to this section (74:05:08:03, 74:05:08:04 and 74:05:08:12.02) ; 8) revise the criteria for principal forgiveness eligibility (74:05:08:12.01); 9) establish affordability criteria to receive principal forgiveness (74:05:08:12.03); 10) revise required information to be submitted as part of the application for funding (74:05:08:13); 11) add a section reference (74:05:08:13.01); and 12) extend the duration of assistance for interim financing to five years and minor grammatical changes (74:05:08:17).

The reason for the amendments is to 1) update references to the Clean Water Act authorizing legislation; 2) provide additional time for projects to complete construction if they have received interim funding; 3) comply with the Water Resource Reform and Development Act (WRRDA) of 2014 requirement that median household income data be included in the affordability criteria established by the state; 4) increase the minimum rates for applicants to be eligible to receive principal forgiveness; 5) comply with the WRRDA requirement that unemployment data be included in the affordability criteria established by the state; 6) comply with the WRRDA requirement that expanded the definition of treatment works; 7) remove the requirement to provide additional priority points for green infrastructure projects; 8) comply with the WRRDA requirement that an applicant meet the affordability criteria established by the state to be eligible to receive principal forgiveness; 9) comply with the WRRDA requirement that the state must

establish affordability criteria; 10) remove certain documents currently required for application submittal which are no longer necessary, and include new documents which are now required; 11) reference section 74:05:08:13.03 in the rule which was inadvertently omitted previously; and 12) allow for interim financing loans to be provided for a period of up to five years and improve the readability of the section.

Chapter 74:05:10 Solid waste management program

The effect of the proposed revisions to ARSD 74:05:10 will be to 1) change the requirements of documents that must be submitted as a part of the application (74:05:10:14); 2) provide a time length for the applicant to correct the identified deficiencies (74:05:10:07); and 3) repeal a duplicate section (74:05:10:32).

The reason for the amendments is to 1) remove certain documents currently required for application submittal which are no longer necessary, and include new documents which are now required; 2) provide consistency for application review and responses throughout the administrative rules for the different funding programs administered by the Department of Environment and Natural Resources; and 3) eliminate duplicate sections in the chapter.

Chapter 74:05:11 Drinking water state revolving fund program

The effect of the proposed revisions to ARSD 74:05:11 will be to 1) update the definition of “Act” (74:05:11:01); 2) increase the amount in the definition of “Disadvantaged community” for water users in an incorporated municipality or sanitary district (74:05:11:01); 3) revise the definition of “Interim financing” from three years to five year (74:05:11:01); 4) update the definition for “Median household income” and the source for that information (74:05:11:01); 5) increase the amount in the definition of “Minimum established rates” for water users in an incorporated municipality or sanitary district (74:05:11:01); 6) repeal the “Green infrastructure priority points” section (74:05:11:06.01), and remove references to this section (74:05:11:05, 74:05:11:08 and 74:05:11:11.02); 7) adjust the affordability priority point criteria (74:05:11:06); 8) revise required information to be submitted as part of the application for funding (74:05:11:12); and 9) extend the duration of assistance for interim financing to five years, and provide for financing to increase from 20 years to up to 30 years as permitted by the Act (74:05:11:16).

The reason for the amendments is to 1) update references to the Safe Drinking Water Act authorizing legislation; 2) increase the minimum rates for applicants to be eligible to receive disadvantaged assistance; 3) provide additional time for projects to complete construction if they have received interim funding; 4) update the current median household income levels which are based on the 2000 census data this data is outdated, and provide consistency for median household income data used in both the state revolving fund programs; 5) increase the minimum rates for applicants to be eligible to receive principal forgiveness; 6) remove the requirement to provide additional priority points for green infrastructure projects; 7) adjust the priority point affordability criteria formula to reflect new median household income data being used; 8) remove certain documents currently required for application submittal which are no longer necessary, and include new documents which are now required; and 9) allow for interim financing loans to be provided for a period of up to five years and that extended financing be provided for up to 30 years for non-disadvantaged communities as permitted by a recent EPA determination.

The proposed rules may be accessed at the Rules.SD.Gov web page at <https://rules.sd.gov/agency.aspx?agency=DENR> Environment and Natural Resources, the DENR web page at <http://denr.sd.gov/public/default.aspx> or copies may be obtained without charge from the following address:

Department of Environment and Natural Resources
Division of Financial and Technical Assistance
523 East Capitol

Pierre, SD 57501

Persons interested in commenting on the proposed amendments may do so by appearing in person or by presenting written comments at the hearing. Written comments may also be submitted through the DENR web page at <http://denr.sd.gov/public/default.aspx> or mailed to the Board of Water and Natural Resources, Department of Environment and Natural Resources, 523 East Capitol, Pierre, SD 57501. Written comments mailed to the Board must be received by close of business on March 25, 2015.

After the hearing, the board will consider all written and oral comments received on the proposed rules. The board may modify or amend a proposed rule at that time to include or exclude matters that are described in this notice.

Notice is given to persons with disabilities that this hearing is being held in a physically accessible place and that interpreter services will be provided, if necessary, during this hearing. Please notify the Department of Environment and Natural Resources at the above address or by calling (605) 773-4216 at least 48 hours prior to the public hearing if you have special needs for which special arrangements must be made.

Steven M. Pirner, Secretary
Department of Environment and Natural Resources

CHAPTER 74:05:07

CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM

74:05:07:01. Definitions. Words defined in SDCL 46A-1-3 and 46A-2-4 have the same meaning when used in this chapter. In addition, terms used in this chapter mean:

(1) "Applicant," the sponsoring entity applying for funding to construct a water resources project;

(2) "Award," grant or loan funds awarded by the Board of Water and Natural Resources for a water resources project pursuant to SDCL 46A-1-61, 46A-1-63.1, and 46A-1-64;

(3) "Board," the Board of Water and Natural Resources acting as that board or as the South Dakota Conservancy District;

(4) "Construction," actual installation of the facility including preparation of final plans, designs, and specifications;

(5) "Cooperative corporation," a cooperative corporation formed pursuant to SDCL chapter 47-15;

(6) "Department," the South Dakota Department of Environment and Natural Resources;

(7) "Designated agent," a person or entity specially designated by resolution of the board;

(8) "Emergency," act of God; strike, lockout, or other labor disturbance; act of a public enemy; order or restraint of any kind of the government of the United States of America or of the State of South Dakota or any of its departments, agencies, or officials or any civil or military authority other than the applicant or a municipal utility board; storm; drought; flood; explosion; breakage or accident to machinery, transmission pipes, or canals; or any other cause or event not reasonably within the control of the applicant;

(9) "Facilities plan," an engineering evaluation that describes the need for the proposed supply, treatment, storage, or distribution project based on present conditions and future needs; evaluates the costs and adequacies of appropriate alternatives; identifies potential environmental impacts of the proposed project; and provides the selection and justification of a final alternative;

(10) "Facility," a water resources project as defined in SDCL 46A-2-4(14);

(11) "In-kind contributions," work or materials provided without a cash outlay that can be used as local match;

(12) "Minimum established rates," rates charged to residential users of a wastewater or water system that meet the following criteria:

(a) Applicants that are either incorporated municipalities or sanitary districts must have established rates for the project that meet the following minimum rates:

(i) Drinking water - ~~\$25~~30 per 5,000 gallons per month;

(ii) Wastewater - ~~\$22~~30 per 5,000 gallons per month;

(b) All other applicants must have established rates for the project that meet the following minimum rates:

(i) Water, individual service - \$55 per 7,000 gallons per month;

(ii) Wastewater, individual service - \$40 per 5,000 gallons per month;

(13) "Nonfederal" or "nonfederal share," funds from any legal source other than federal grants received from a federal agency or received from an entity administering federal grants as pass-through grants;

(14) "Nonprofit corporation," a nonprofit corporation formed pursuant to SDCL chapter 47-22;

(15) "Preliminary design stage," that portion of a project associated with the following activities:

(a) Planning studies to identify the project scope of need;

(b) Initial cost estimates;

(c) Cost-effectiveness analysis;

(d) Preliminary site identification surveys; and

(e) The preparation of funding applications and supporting documentation;

(16) "Recipient," the sponsoring entity receiving funds to construct a water resources project;

(17) "Secretary," the secretary of the Department of Environment and Natural Resources;

(18) "State water facilities plan," a plan developed by the board as provided by SDCL chapter 46A-1; and

(19) "Watershed assessment," a scientific evaluation that involves the measurement, analysis, and interpretation of the physical, chemical, and biological properties of waters and the region draining into those waters; assesses the current health of waters within a specific watershed; and utilizes predictive modeling of watershed conditions so that management decisions can be made to maintain or improve the health of those waters.

Source: 13 SDR 23, effective September 3, 1986; 13 SDR 129, 13 SDR 141, effective July 1, 1987; 19 SDR 102, effective January 17, 1993; 19 SDR 202, effective July 4, 1993; 21 SDR 97, effective November 28, 1994; 22 SDR 95, effective January 17, 1996; 28 SDR 95, effective December 19, 2001; 33 SDR 106, effective December 26, 2006; 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-65.

Law Implemented: SDCL 46A-1-3, 46A-1-61, 46A-1-63.1, 46A-1-64, 46A-2-4.

74:05:07:03. Application restrictions. Eligible entities may apply only if the preliminary design or watershed assessment stage has been completed. Costs associated with the preliminary design or watershed assessment stage may not be considered as local cost sharing and may not be included in the calculation of total project costs.

Source: 13 SDR 23, effective September 3, 1986; 13 SDR 129, 13 SDR 141, effective July 1, 1987; 19 SDR 102, effective January 17, 1993; 19 SDR 202, effective July 4, 1993; 21 SDR 97, effective November 28, 1994; 28 SDR 95, effective December 19, 2001; 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-65.

Law Implemented: SDCL 46A-1-61, 46A-1-63.1, 46A-1-64.

74:05:07:08. Applications. Each applicant shall submit an application on forms provided by the department. The applicant may arrange with the department for a preapplication conference to provide for orderly application preparation. After the application has been submitted, the board or its designated agent may permit the applicant to add to, amend, or correct the application. The application shall include the following items if applicable to the proposed project:

- (1) Application cover sheet;
- (2) Budget sheet;
- (3) Proposed method of financing;

- (4) Utility information;
- (5) Project narrative; and
- (6) Preliminary engineering design or facilities plan or watershed project implementation plan, and cost estimates; ~~and~~.
- ~~(7) Status of necessary permits, required lands, easements, and rights-of-way.~~

Source: 13 SDR 23, effective September 3, 1986; 13 SDR 129, 13 SDR 141, effective July 1, 1987; requirement for proof of water right transferred from § 74:05:07:18, 19 SDR 102, effective January 17, 1993; 19 SDR 202, effective July 4, 1993; requirement for proof of water right transferred to § 74:05:07:20, 21 SDR 97, effective November 28, 1994; 22 SDR 95, effective January 17, 1996; 28 SDR 95, effective December 19, 2001; 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-65.

Law Implemented: SDCL 46A-1-61, 46A-1-63.1, 46A-1-64.

74:05:07:08.01. Application review. ~~The secretary shall notify the applicant within 30 days after receipt of the application if the application does not meet the guidelines referenced in § 74:05:07:08 and shall identify the items that need to be provided before the application is presented to the board. The secretary shall review an application for completeness in accordance with the guidelines in § 74:05:07:08. The secretary shall notify the applicant within 30 days after the application deadline that the application is complete or incomplete. If the application is incomplete, the secretary shall identify in the notice those items required to complete the application. The applicant has 20 days to provide additional information intended to complete an~~

application. The secretary shall notify the applicant whether or not the resubmission or additional information is satisfactory to complete the application.

The secretary shall conduct an overall review of the applicant's financial status and the factors for decision making as identified in § 74:05:07:11. This review may include an analysis of all assets and liabilities and an analysis of the applicant's financial capability as documented by the most recent audit or financial statement. The secretary shall recommend approval or denial of financial assistance. The secretary's recommendation for approval of financial assistance may include awarding any combination of a grant, loan, or partial funding from this program or in combination with other programs.

Source: 22 SDR 95, effective January 17, 1996; 24 SDR 80, effective December 14, 1997; 29 SDR 58, effective November 6, 2002; 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-65.

Law Implemented: SDCL 46A-1-61, 46A-1-63.1, 46A-1-64.

CHAPTER 74:05:08

STATE WATER POLLUTION CONTROL REVOLVING FUND PROGRAM

Section

74:05:08:01	Definitions.
74:05:08:02	Eligibility.
74:05:08:03	Project priority determined by points.
74:05:08:03.01	Project priority rating system.
74:05:08:03.02	Green infrastructure priority points. <u>Repealed.</u>
74:05:08:04	Amendment of priority list.
74:05:08:04.01	Priority list bypass procedures.
74:05:08:05	Annual preparation of IUP.
74:05:08:06	Amendment of IUP.
74:05:08:07	Deadline for application.
74:05:08:08	Reserve for water quality grants.
74:05:08:09 thru 74:05:08:11	Repealed.
74:05:08:12	Financial assistance approval criteria.
74:05:08:12.01	Principal forgiveness as part of assistance agreements.
74:05:08:12.02	Principal forgiveness amount determination.
74:05:08:12.03	<u>Affordability criteria to determine principal forgiveness eligibility.</u>
74:05:08:13	Applications.
74:05:08:13.01	Application review and completeness determination.
74:05:08:13.02	Facilities plan submittal.

74:05:08:13.03	Environmental determinations.
74:05:08:14	Eligible use of funds.
74:05:08:15	Financial security.
74:05:08:16	Repealed.
74:05:08:17	Duration of assistance.
74:05:08:18	Assistance agreement interest rates.
74:05:08:19	Repealed.
74:05:08:20	Assistance agreements.
74:05:08:21	Disbursement of funds.
74:05:08:22	Accounting methods and audits.
74:05:08:23 and 74:05:08:24	Repealed.

74:05:08:01. Definitions. Terms not defined in this section have the meaning given by the Clean Water Act (CWA). The following terms mean:

(1) "Act," "Clean Water Act," "CWA," the federal Water Pollution Control Act Amendments of 1987, as amended to July 1, 2013, and Public Law 111-88, enacted October 30, 2009, Public Law 112-10, enacted April 15, 2011, Public Law 112-74, enacted December 23, 2011, ~~and~~ Public Law 113-6, enacted March 26, 2013, Public Law 113-76, enacted January 17, 2014, and Public Law 113-121 enacted June 10, 2014, collectively known as the Clean Water Act;

(2) "Applicant," the sponsoring entity applying for interim financing or for funding to construct a project eligible under the Act;

(3) "Assistance," financial assistance awarded by the Board of Water and Natural Resources pursuant to SDCL 46A-1-60.1 to 46A-1-60.3, inclusive;

(4) "Board," the Board of Water and Natural Resources acting as that board or as the South Dakota Conservancy District;

(5) "Construction," any of the following procedures: preliminary planning to determine project feasibility; engineering, environmental, architectural, legal, fiscal, or economic studies, surveys, designs, plans, working drawings, specifications, or procedures; other necessary actions for the erection, building acquisition, alteration, remodeling, improvement, or extension of eligible works, the purchase of equipment, and the inspection or supervision of any of these procedures;

(6) "Department," the South Dakota Department of Environment and Natural Resources;

(7) "EPA," the United States Environmental Protection Agency;

(8) "Facilities plan," an engineering evaluation that describes the need for the proposed wastewater treatment works based on present conditions and future needs, evaluates the costs

and adequacies of appropriate alternatives, identifies potential environmental impacts of the proposed project; and provides the selection and justification of a final alternative;

(9) "Intended Use Plan," "IUP," a document prepared annually which provides assurances and specific proposals, including a list of potential SRF projects;

(10) "Interceptor," a sewer that receives wastewater from a number of transverse sewers or outlets and conducts the wastewater to a point for treatment or disposal;

(11) "Interim financing," a loan for a term not to exceed ~~three~~five years which is to be repaid from the proceeds of a federal grant or loan to be made by an agency or instrumentality of the United States government for a project;

(12) "Loan," lending of funds by the board to an eligible applicant pursuant to a financing agreement through the purchase or acquisition of any evidence of indebtedness or other obligation which is issued by the applicant and which is payable from taxes, non-ad valorem sales taxes, or from rates, revenues, charges, or assessments, or from distributions of revenue pursuant to a state appropriation or statutory or constitutional provision, or payable from a pledge of property or other sources;

(13) "Median household income," the median household income as identified in the U.S. Census Bureau, American Community Survey, S1903 Median Income in the Past 12 Months (in

2012 Inflation-Adjusted Dollars) 2008-2012 American Community Survey 5-Year Estimates or by other statistically valid income data supplied by the applicant and acceptable to the board;

~~(13)~~(14) "Minimum established rates," rates charged to residential users of a wastewater system that meet the following criteria;

(a) For municipalities and sanitary districts the monthly residential wastewater bill is ~~\$2230~~ or more for 5,000 gallons usage; or

(b) For all other assistance recipients the monthly residential wastewater bill is \$40 or more for 5,000 gallons usage;

~~(14)~~(15) "Nonpoint source," pollution originating from many diffuse sources caused by rainfall or snowmelt moving over and through the ground, examples of which are excess fertilizers, herbicides, and insecticides from agricultural lands and residential areas; oil, grease, detergents, and other chemicals from urban runoff and energy production; sediment from improperly managed construction sites, crop and forest lands, and eroding stream banks; salt from irrigation practices; acid drainage from abandoned mines; bacteria and nutrients from livestock, pet wastes, and faulty septic systems; and atmospheric deposition from power plants and waste incinerators;

~~(15)~~(16) "Point source," a discernible, confined, and discrete conveyance, including any pipe, ditch, channel, conduit, well, discrete fissure, container, or concentrated animal feeding operation from which pollutants are or may be discharged;

~~(16)~~(17) "Principal forgiveness," a reduction in the outstanding principal balance of a loan to be applied at the time specified in the financial agreement;

~~(17)~~(18) "Project," the actual erection, building acquisition, alteration, remodeling, improvement, or extension of eligible works, including the necessary planning, design, land acquisition, and purchase or installation of equipment, or implementation of nonpoint source practices;

~~(18)~~(19) "Recipient," an applicant receiving funds;

~~(19)~~(20) "Secretary," the secretary of the Department of Environment and Natural Resources;

~~(20)~~(21) "Section 303(d) list," a list of waters targeted for the development of total maximum daily loads (TMDLs) as required by section 303(d) of the Act;

~~(21)~~(22) "Section 319 project," a project that is eligible pursuant to section 319 of the Act;

~~(22)~~(23) "Source Water Assessment Report," a report prepared by the department that identifies potential sources of pollution in the portion of a watershed or groundwater area that contributes water to a water system that has at least 15 service connections for year-round residents or that serves at least 25 year-round residents;

~~(23)~~(24) "SRF," the State Water Pollution Control Revolving Fund, a dedicated financing mechanism to provide loans, grants, and other forms of financial assistance for eligible works and projects;

~~(24)~~(25) "Storm water projects," projects designed to carry or retain only storm waters, surface runoff, street wash waters, and drainage;

~~(25)~~(26) "TMDL process," a determination of the amount of pollution a waterbody can receive and still maintain water quality standards;

~~(26)~~(27) "Trustee," the legal entity to whom the bond is legally committed to be administered under the SRF program for the mutual benefit of the State and for the protection of the bond holders;

(28) "Unemployment rate," the 2013 average unemployment rates as determined by the South Dakota Department of Labor and Regulation, Labor Force Statistics.

~~(27)~~(29) "Wastewater treatment works," any devices and systems ~~for~~used in the storage, treatment, recycling, and reclamation of municipal sewage, domestic sewage, or ~~liquid~~-industrial wastes ~~used~~of a liquid nature to implement section 201 of the Act, or necessary to recycle or reuse water at the most economical cost over the ~~design~~estimated life of the works. ~~These include, including~~ intercepting sewers, outfall sewers, sewage collection systems, individual systems, pumping, power, and other equipment and their appurtenances; extensions, improvement, remodeling, additions, and alterations thereof; elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities; and ~~any works, including~~ acquisition of the land that will be an integral part of the treatment process or ~~is~~will be used for ultimate disposal of residues resulting from such treatment (including land use ~~for~~composting sludge, temporary storage of such compost and land used for the storage of treated wastewater in land treatment systems ~~before~~prior to land application) or is used for the ultimate disposal of residues resulting from such treatment and acquisition of other land, and interests in land, that are necessary for construction; or any other method or system for preventing, abating, reducing, storing, treating, separating, or disposing of municipal waste or industrial waste, including waste in combined storm water and sanitary sewer systems; and

~~(28)~~(30) "Water quality grants," grants made by the board to eligible applicants for the purpose of providing financial assistance for projects eligible under the Act.

Source: 15 SDR 20, effective August 7, 1988; 19 SDR 102, effective January 17, 1993; 21 SDR 97, effective November 28, 1994; 25 SDR 93, effective January 9, 1999; 28 SDR 4, effective July 22, 2001; 29 SDR 87, effective December 22, 2002; 30 SDR 170, effective May

10, 2004; 33 SDR 106, effective December 26, 2006; 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

References: U.S. Census Bureau, American Community Survey, S1903 Median Income in the Past 12 Months (in 2012 Inflation-Adjusted Dollars) 2008-2012 American Community Survey 5-Year Estimates. This is information available at no cost over the internet at <http://denr.sd.gov/documents/MedianHouseholdIncome.pdf>.

Labor Market Information Center, South Dakota Department of Labor and Regulation, Labor Force Statistics. This information is available at no cost over the internet at <http://denr.sd.gov/documents/UnemploymentRate.pdf>.

74:05:08:03. Project priority determined by points. The board shall award points according to § 74:05:08:03.01 ~~and § 74:05:08:03.02~~ to determine the priority of construction needs. The priority list shall be part of the intended use plan. It is not necessary for water quality grant projects to be ranked or listed on the IUP or state water plan.

Source: 15 SDR 20, effective August 7, 1988; 19 SDR 102, effective January 17, 1993; 21 SDR 97, effective November 28, 1994; 28 SDR 4, effective July 22, 2001; 29 SDR 87, effective December 22, 2002; 36 SDR 208, effective June 28, 2010.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

74:05:08:03.02. Green infrastructure priority points. ~~In addition to the priority points awarded pursuant to § 74:05:08:03.01, each project that qualifies as green infrastructure, water or energy efficiency improvements, or other environmentally innovative activity under the Act is assigned an additional 10 priority points. Repealed.~~

Source: 36 SDR 208, effective June 28, 2010.

~~— **General Authority:** SDCL 46A-1-60.3.~~

~~— **Law Implemented:** SDCL 46A-1-60.1 to 46A-1-60.3.~~

74:05:08:04. Amendment of priority list. The board may add a project to the priority list established pursuant to § 74:05:08:03 at any board meeting if the action is included on the agenda posted for the meeting. The department shall assign points to projects added to the priority list according to § 74:05:08:03.01 ~~and § 74:05:08:03.02.~~

Source: 15 SDR 20, effective August 7, 1988; 19 SDR 102, effective January 17, 1993; 29 SDR 87, effective December 22, 2002; 36 SDR 208, effective June 28, 2010.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

74:05:08:12.01. Principal forgiveness as part of assistance agreements. Assistance recipients described in § 74:05:08:02 that meet the affordability criteria described in § 74:05:08:12.03 and minimum established rates may receive principal forgiveness as authorized by the Act in an amount determined by the board. Applicants seeking assistance ~~for storm water~~

~~or nonpoint source projects to implement a process, material, technique, or technology to address water or energy efficiency goals, mitigate storm water run-off, or encourage sustainable project planning, design, and construction~~ may receive principal forgiveness in an amount determined by the board without meeting the affordability criteria and minimum established rate.

Source: 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

74:05:08:12.02. Principal forgiveness amount determination. In exercising its discretion in determining the amount of principal forgiveness, the board 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) Qualifications as a green infrastructure project receiving priority points pursuant to § 74:05:08:03.02;~~
- ~~(9)~~(8) Readiness to proceed;
- ~~(10)~~(9) Regionalization or consolidation of facilities;

- ~~(11)~~(10) Technical feasibility;
- ~~(12)~~(11) Utility rates; and
- ~~(13)~~(12) Water quality benefits.

Source: 36 SDR 208, effective June 28, 2010.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

74:05:08:12.03. Affordability criteria to determine principal forgiveness eligibility.

All applicants will be awarded points to determine principal forgiveness eligibility as follows: five points if an applicant's median household income is equal to or less than 80 percent of the statewide median household income; 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; one point if the applicant's 2010 census population is less than the applicant's 2000 census population; and one point if an applicant's county unemployment rate is greater than the statewide unemployment rate. 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. Applicants must receive a minimum of five points to be eligible for principal forgiveness.

Source:

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

Reference: U.S. Census Bureau, Table 1, 2000 Census of Population and Housing: Summary Population and Housing Characteristics, PHC-1-43, South Dakota, Washington, DC, 2002. This document is available at no cost over the internet at <http://www.census.gov/prod/cen2000/phc-1-43.pdf>.

74:05:08:13. Applications. An applicant for financial assistance shall submit an application to the board on forms obtained from the department. An application may not be considered by the board until the secretary has determined that the application is complete. A complete loan application must include the following items:

- (1) Application form to include:
 - (a) Certification of Clean Water Needs Categories; and
 - ~~(b) EPA Preaward Compliance Review Report; and~~
 - ~~(c)~~ (b) Certification Regarding Debarment, Suspension, and Other Responsibility Matters;

- (2) Most recent audit or financial statements to include specific accounting of the fund pledged for repayment of the loan;

- (3) Current year's budget;

- (4) User charge ordinance or resolution and its effective date;

- (5) Resolution of authorized signatory for submittal of application and signing of payment requests;

(6) Draft facilities plan; ~~and~~

(7) ~~Cultural Resources Effects Assessment Summary for SRF Projects, if required~~

Documentation that the applicant has an active registration in the Federal System for Award Management (SAM) website found at <https://www.sam.gov/portal/SAM/#1>; and

(8) Amortization schedules for all existing debt secured by the proposed revenue pledged.

Source: 15 SDR 20, effective August 7, 1988; 33 SDR 106, effective December 26, 2006; 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

74:05:08:13.01. Application review and completeness determination. The secretary shall review an application for completeness in accordance with the guidelines in § 74:05:08:13. The secretary shall notify the applicant within 30 days after the application deadline that the application is complete or incomplete. If the application is incomplete, the secretary shall identify in the notice those items required to complete the application. Except as addressed in §§ 74:05:08:13.02 and 74:05:08:13.03, the applicant has 20 days to provide additional information intended to complete an application. The secretary shall notify the applicant whether or not the resubmission or additional information is satisfactory to complete the application.

The secretary shall conduct an overall review of the applicant's financial status, the financial assistance approval criteria as identified in § 74:05:08:12, and the factors for principal forgiveness decision making as identified in § 74:05:08:12.02. The secretary shall prepare a summary of the applicant's financial status and may provide a copy to the board. This summary

may include an analysis of all assets and liabilities and an analysis of the applicant's financial capability as documented by the most recent audit or financial statement. The secretary shall recommend approval or denial of financial assistance. The secretary's recommendation for approval of financial assistance may include awarding any combination of principal forgiveness, loan, or partial funding from this program or in combination with other programs.

Source: 33 SDR 106, effective December 26, 2006; 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

74:05:08:17. Duration of assistance. The board shall set the repayment period for each loan in the assistance agreement, which may not exceed ~~three~~five years for interim financing and ~~in all other cases~~ 30 years in all other cases as permitted by the Act. The repayment period may not exceed the useful life of the project.

Source: 15 SDR 20, effective August 7, 1988; 28 SDR 4, effective July 22, 2001; 30 SDR 170, effective May 10, 2004; 33 SDR 106, effective December 26, 2006.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

CHAPTER 74:05:10
SOLID WASTE MANAGEMENT PROGRAM

Section

74:05:10:01	Definitions.
74:05:10:01.01	Project defined.
74:05:10:02	Eligibility.
74:05:10:03	Repealed.
74:05:10:04	Applications.
74:05:10:05	Authority and responsibility.
74:05:10:06	Repealed.
74:05:10:07	Application completeness determination.
74:05:10:08	Review by secretary.
74:05:10:09	Application cycles.
74:05:10:09.01	Repealed.
74:05:10:10	Factors for decision making.
74:05:10:11	Decision on applications by the board.
74:05:10:12	Terms and conditions of awards.
74:05:10:12.01	Loan interest rates, parity positions, and revenue requirements.
74:05:10:12.02	Interest rates.
74:05:10:13	Eligible use of funds.
74:05:10:14	Repealed.
74:05:10:15	Funding agreements.
74:05:10:16 thru 74:05:10:21	Repealed.

74:05:10:22	Disbursement of funds.
74:05:10:23	Recipient's accounting methods.
74:05:10:24	Repealed.
74:05:10:25	Project monitoring.
74:05:10:26	Time restrictions for expenditures.
74:05:10:27 and 74:05:10:28	Repealed.
74:05:10:29	Security.
74:05:10:30	Repealed.
74:05:10:31	Lease agreement.
74:05:10:32	Recipient accounting methods. <u>Repealed.</u>

74:05:10:04. Applications. Applicants shall submit an application to the board on forms obtained from the department. The applicant may arrange with the department for a preapplication conference to provide for orderly application preparation. An application will not be considered by the board until the secretary has determined that the application is complete. A complete application must include the following items, as applicable to the proposal:

- (1) Application ~~cover sheet~~form;
- ~~—(2) Budget sheet;~~
- ~~—(3) Proposed method of financing;~~
- ~~—(4) Utility fee information;~~
- ~~—(5) Project narrative;~~
- ~~—(6) Cooperative agreements with units of local government;~~

~~— (7) Letters of financial commitment from other federal, state, or local agencies or private resources.~~

~~— (8) Status reports for all unclosed and existing solid waste management grants;~~

~~— (9) Local government resolutions;~~

~~— (10) A financial statement, if requested by the department; and~~

~~— (11) Business plan.~~

(2) Project narrative;

(3) Current year budget;

(4) Previous two years of financial statements;

(5) Amortization schedules for all debt pledged to proposed security;

(6) Local government resolution approving signatory of application, agreements, pay requests;

(7) Local government resolution approving current fee structure;

(8) Cooperative agreements with units of local government;

(9) Letters of financial commitment from other federal, state, or local agencies or private resources; and

(10) Business plan.

Source: 17 SDR 7, effective July 22, 1990; 19 SDR 61, effective October 25, 1992; 21 SDR 97, effective November 28, 1994; 28 SDR 95, effective December 19, 2001.

General Authority: SDCL 46A-1-84.

Law Implemented: SDCL 46A-1-82 to 46A-1-84.

74:05:10:07. Application completeness determination. The secretary shall review an application for completeness in accordance with the guidelines in § 74:05:10:04. The secretary shall notify the applicant within 30 days after receipt of the application that the application is complete or incomplete. If the application is incomplete, the secretary shall identify in the notice those items required to complete the application. ~~If the applicant resubmits an application or provides additional information intended to complete an application, the secretary shall notify the applicant whether or not the resubmission or additional information is complete.~~ The applicant has 20 days to provide additional information intended to complete an application. The secretary shall notify the applicant whether or not the resubmission or additional information is satisfactory to complete the application.

Source: 17 SDR 7, effective July 22, 1990; 19 SDR 61, effective October 25, 1992; 21 SDR 97, effective November 28, 1994; 28 SDR 95, effective December 19, 2001.

General Authority: SDCL 46A-1-84.

Law Implemented: SDCL 46A-1-82 to 46A-1-84.

74:05:10:32. Recipient accounting methods. ~~Each recipient shall maintain accounting records in accordance with applicable financial and reporting standards as set forth in the funding agreement. Each recipient shall retain all records, books, and supporting material for a minimum of three years after the completion of the project. This material shall be made available upon request to the board or secretary.~~ Repealed.

Source: 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-84.

— **Law Implemented:** ~~SDCL 46A-1-61, 46A-1-83.~~

CHAPTER 74:05:11

DRINKING WATER STATE REVOLVING FUND PROGRAM

Section

- 74:05:11:01 Definitions.
- 74:05:11:02 Eligible systems.
- 74:05:11:03 Annual public hearing on proposed intended use plan.
- 74:05:11:04 Amendment of intended use plan.
- 74:05:11:05 Project priority determined by points.
- 74:05:11:06 Project priority rating system.
- 74:05:11:06.01 ~~Green infrastructure priority points~~ Repealed.
- 74:05:11:07 Priority list bypass procedures.
- 74:05:11:08 Amendment of priority list.
- 74:05:11:09 Deadline for application.
- 74:05:11:10 Repealed.
- 74:05:11:11 Amount of financial assistance.
 - 74:05:11:11.01 Principal forgiveness as part of assistance agreements.
 - 74:05:11:11.02 Principal forgiveness amount determination.
- 74:05:11:12 Application requirements
 - 74:05:11:12.01 Application review and completeness determination.
 - 74:05:11:12.02 Facilities plan submittal.
 - 74:05:11:12.03 Environmental determinations.
- 74:05:11:13 Eligible use of funds.

- 74:05:11:14 Set-asides.
- 74:05:11:15 Financial security.
- 74:05:11:15.01 Repealed.
- 74:05:11:16 Duration of assistance.
- 74:05:11:17 Assistance agreement interest rate.
- 74:05:11:18 Loans to disadvantaged communities.
- 74:05:11:18.01 Disadvantaged loans to project sponsors acting on behalf of a disadvantaged community.
- 74:05:11:19 Repealed.
- 74:05:11:20 Assistance agreements.
- 74:05:11:21 Disbursement of funds.
- 74:05:11:22 Repealed.
- 74:05:11:23 Accounting methods and audits.

74:05:11:01. Definitions. Terms not defined in this section have the meaning given by the Safe Drinking Water Act. Terms used in this chapter mean:

(1) "Act," "Safe Drinking Water Act," the federal Safe Drinking Water Act, 42 U.S.C. § 300f to 42 U.S.C. § 300j-26, inclusive, including the Safe Drinking Water Act Amendments of 1996, as amended to July 1, 2013, Public Law 111-88, enacted October 30, 2009, Public Law 112-10, enacted April 15, 2011, Public Law 112-74, enacted December 23, 2011, ~~and~~ Public Law 113-6, enacted March 26, 2013, and Public Law 113-76, enacted January 17, 2014, collectively known as the Safe Drinking Water Act;

(2) "Affordability criteria," the expected annual residential water rate, based on 5,000 gallons usage per month for municipalities and sanitary districts and 7,000 gallons usage per month for all other systems, divided by the median household income;

(3) "Applicant," the sponsoring entity applying for interim financing or for funding to construct drinking water works;

(4) "Assistance," financial assistance awarded by the Board of Water and Natural Resources for drinking water works pursuant to SDCL 46A-1-60.1 to 46A-1-60.3, inclusive;

(5) "Board," the Board of Water and Natural Resources acting as that board or as the South Dakota Conservancy District;

(6) "Capacity assessment," a set of worksheets to be completed and submitted as part of the SRF application that assesses the applicant's technical, managerial, and financial capacity to operate a water system;

(7) "Capitalization grant," a grant supplied by EPA to the state to be matched by the state at a 5-to-1 federal-to-state ratio and to be used for purposes outlined in the Act;

(8) "Community water system," a water system that has at least 15 service connections for year-round residents or that serves at least 25 year-round residents;

(9) "Construction," any of the following procedures for drinking water works projects: preliminary planning to determine project feasibility; engineering, architectural, legal, fiscal, environmental, or economic studies, surveys, designs, plans, working drawings, specifications, or procedures; rehabilitation or development of new water sources; other necessary actions for the erection, building, acquisition, alterations, remodeling, improvement, or extension of drinking water works; the purchase of equipment; the acquisition of land integral to a project; and the inspection or supervision of any of these procedures;

(10) "Department," the South Dakota Department of Environment and Natural Resources;

(11) "Disadvantaged community," the service area of a community water system that meets the following criteria:

(a) For municipalities and sanitary districts:

(i) The median household income is below the state-wide median household income; and

(ii) The monthly residential water bill is ~~\$25~~30 or more for 5,000 gallons usage; or

(b) For all other applicants:

(i) The median household income is below the state-wide median household income; and

(ii) The monthly water bill for rural households is \$55 or more for 7,000 gallons usage;

(12) "Drinking water works," a community water system to provide piped water for human consumption, including water treatment facilities, distribution systems, storage facilities, wells and surface sources, and related appurtenances;

(13) "DWSRF," the drinking water state revolving fund, a dedicated financing mechanism to provide financial assistance to drinking water works;

(14) "EPA," the United States Environmental Protection Agency;

(15) "Facilities plan," an engineering evaluation that describes the need for the proposed supply, treatment, storage, or distribution project based on present conditions and future needs; evaluates the costs and adequacies of appropriate alternatives; identifies potential environmental impacts of the proposed project; and provides the selection and justification of a final alternative;

(16) "Intended use plan," a document prepared annually which describes how the board intends to use available funds for the year to meet the objectives of the Act and includes the amount of funding that will be allocated to the set-asides and a list of potential projects showing the rating for each project;

(17) "Interim financing," a loan for a term not to exceed ~~three~~five years which is to be repaid from the proceeds of a federal grant or loan to be made by an agency or instrumentality of the United States government for a project;

(18) "Loan," the lending of funds by the board to an eligible applicant pursuant to a financing agreement through the purchase or acquisition of any evidence of indebtedness or other obligation which is issued by the applicant and which is payable from taxes, non-ad valorem sales taxes, or from rates, revenues, charges, or assessments, or from distributions of revenue pursuant to a state appropriation or statutory or constitutional provision, or payable from pledge of property or other sources;

(19) "Loan servicing agent," an entity hired by the board to disburse payments, prepare amortization schedules, receive loan repayments, invest funds, and ensure the security of the loans remains intact;

(20) "Median household income," the median household income as identified in the 2000 census as published by the Bureau of the Census, U.S. Department of Commerce, U.S. Census Bureau, American Community Survey, S1903 Median Income in the Past 12 Months (in 2012 Inflation-Adjusted Dollars) 2008-2012 American Community Survey 5-Year Estimates or by other statistically valid income data supplied by the applicant and acceptable to the board;

(21) "Minimum established rates," rates charged to residential users of a water system that meet the following criteria:

(a) For municipalities and sanitary districts the monthly residential water bill is ~~\$25~~\$30 or more for 5,000 gallons usage; or

(b) For all other assistance recipients the monthly residential water bill is \$55 or more for 7,000 gallons usage;

(22) "Primary drinking water standards," the water quality standards and other provisions in chapter 74:04:12 to which community water systems are subject;

(23) "Principal forgiveness," a reduction in the outstanding principal balance of a loan to be applied at the time specified in the financial agreement;

(24) "Project," the actual erection, building, acquisition, alteration, remodeling, improvement, or extension of drinking water works, including the necessary planning, design, acquisition of land integral to the project, and purchase or installation of equipment;

(25) "Recipient," an applicant receiving funds to construct a drinking water works project;

(26) "Secretary," the secretary of the Department of Environment and Natural Resources;
and

(27) "Trustee," the entity to whom the board assigns its bonds to be administered under the DWSRF program for the mutual benefit and protection of the state and the bond holders.

Source: 23 SDR 195, effective May 25, 1997; 25 SDR 93, effective January 9, 1999; 28 SDR 95, effective December 19, 2001; 29 SDR 58, effective November 6, 2002; 30 SDR 100, effective December 23, 2003; 30 SDR 170, effective May 10, 2004; 33 SDR 106, effective December 26, 2006; 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-60.1 to 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

Reference: ~~U.S. Census Bureau, 2000 Census of Population and Housing: Summary Social, Economic, and Housing Characteristics, PHC 2-43, South Dakota, Washington, DC, 2002. This document is available at no cost over the internet at <http://www.census.gov/prod/cen2000/phc-2-43.pdf>. U.S. Census Bureau, American Community Survey, S1903 Median Income in the Past 12 Months (in 2012 Inflation-Adjusted Dollars) 2008-2012 American Community Survey 5-Year Estimates. This information is available at no cost over the internet at <http://denr.sd.gov/documents/MedianHouseholdIncome.pdf>.~~

74:05:11:05. Project priority determined by points. The secretary shall award points according to § 74:05:11:06 and ~~§ 74:05:11:06.01~~ to determine the priority of construction needs for a drinking water works project. The priority list shall be part of the intended use plan.

Source: 23 SDR 195, effective May 25, 1997; 36 SDR 208, effective June 28, 2010.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

74:05:11:06. Project priority rating system. Each potential drinking water works project shall be assigned points based on the criteria in the following table:

Priority Criteria	Priority Points
(1) Occurrences of nitrates, fecal coliform, or E. Coli bacteria in samples within the past three years have exceeded the allowable limits as defined in chapter 74:04:12, and this project will address the suspected cause of these occurrences;	150 points
or	
occurrences of chronic primary drinking water contaminants in samples within the past three years have exceeded the allowable limits as defined in chapter 74:04:12 or the system is in violation of a treatment technique, and this project will address the suspected cause of these occurrences or correct the treatment technique violation;	100 points (Maximum Points = 150)
(2) Affordability criteria:	75 points
(a) Greater than 1.0 percent for community water systems whose median household income is under \$24,000 <u>\$33,000</u> ; or	

~~(b) Greater than 1.5 percent for community water systems whose median household income is \$24,000 to \$36,000; or~~

~~(c)~~(b) Greater than 2.0 percent for community water systems whose median household income is over ~~\$36,000~~\$33,000;

(3) Consolidation of facilities where:

(a) One or more community water systems consolidate with another community water system and the consolidation is cost effective; 50 points

(b) A community water system will receive water from another community water system but will continue to operate its water system in some capacity; 25 points

(4) Occurrences of secondary drinking water contaminants in samples within the past three years have exceeded the guidelines, and this project will address the suspected cause of these occurrences. The specific contaminants and the maximum contaminant level are: 2 points per contaminant (up to a maximum of 10 points)

chloride	250 mg/L
color	15 color units
fluoride	2.0 mg/L
foaming agents	0.5 mg/L

iron	0.3 mg/L
manganese	0.05 mg/L
odor	3 threshold odor number
pH	range: 6.5 to 8.5
silver	0.1 mg/L
sulfate	250 mg/L
total dissolved solids	500 mg/L
zinc	5 mg/L

(5) Occurrences of total coliform in samples within the past three years have exceeded the allowable limits, and this project will address the suspected cause of these occurrences; 25 points

(6) Rehabilitation of contaminated drinking water sources or development of sources to replace contaminated sources; 25 points

(7) Development of sources if existing sources are unable to supply the peak day demand; 15 points

(8) Installation of water meters if;

(a) The meters are being installed on services that were previously not metered 50 points

- (b) The meters being installed are replacing existing meters; 10 points
- (9) Replacement of transmission lines for the following reasons (points are additive as they apply);
- (a) Removal of lead piping; 20 points
 - (b) Decrease in water loss volume by 10% or more; 15 points
 - (c) Looping of lines that will result in improved water quality; 10 points
 - (d) Lines are 50 years old or older; 5 points
- (10) Construction of storage for a system with capacity less than an average day demand or to address low pressure problems within the system, where low pressure is defined as less than 20 pounds per square inch at ground level at any point in the distribution system under all conditions of flow; 15 points
- (11) The construction, upgrade, or replacement of a water treatment plant or its components to assure compliance with upcoming or existing regulations; 50 points
- (12) Population points according to the following schedule based on the population of the applicant as reported by the 2010 census as prepared by the Bureau of Census, Department of Commerce: 4 points
- 1 to 200 persons 2 points

201 to 500 persons	3 points
501 to 1,000 persons	4 points
1,001 to 2,500 persons	5 points
2,501 to 5 ,000 persons	6 points
5,001 to 10,000 persons	7 points
10,001 to 30,000 persons	8 points
30,001 and greater	10 points.

Source: 23 SDR 195, effective May 25, 1997; 25 SDR 93, effective January 9, 1999; 28 SDR 95, effective December 19, 2001; 29 SDR 58, effective November 6, 2002; 30 SDR 100, effective December 23, 2003; 33 SDR 106, effective December 26, 2006; 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

Reference: U.S. Census Bureau, 2010 Census of Population and Housing, *Summary Population and Housing Characteristics*, CPH-1-43, South Dakota, Washington, DC, November 2012. This document is available at no cost over the internet at <http://www.census.gov/prod/cen2010/cph-1-43.pdf>.

74:05:11:06.01. Green infrastructure priority points. ~~In addition to the priority points awarded pursuant to § 74:05:11:06, each project that qualifies as green infrastructure, water or~~

~~energy efficiency improvements, or other environmentally innovative activity under the Act is assigned an additional 60 priority points. Repealed.~~

Source: 36 SDR 208, effective June 28, 2010.

~~**General Authority:** SDCL 46A-1-60.3.~~

~~**Law Implemented:** SDCL 46A-1-60.1 to 46A-1-60.3.~~

74:05:11:08. Amendment of priority list. The board may add a project to the priority list at any board meeting if the action is included on the agenda posted for the meeting. The department shall assign points to projects added to the priority list according to § 74:05:11:06~~and § 74:05:11:06.01.~~

Source: 23 SDR 195, effective May 25, 1997; 25 SDR 93, effective January 9, 1999; 36 SDR 208, effective June 28, 2010.

General Authority: SDCL 46A-1-60.1 to 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

74:05:11:11.02. Principal forgiveness amount determination. In exercising its discretion in determining the amount of principal forgiveness, the board 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) Qualifications as a green infrastructure project receiving priority points pursuant to § 74:05:08:03.02;~~
- ~~(9)~~(8) Readiness to proceed;
- ~~(10)~~(9) Regionalization or consolidation of facilities;
- ~~(11)~~(10) Technical feasibility;
- ~~(12)~~(11) Utility rates; and
- ~~(13)~~(12) Water quality benefits.

Source: 36 SDR 208, effective June 28, 2010.

General Authority: SDCL 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

74:05:11:12. Application requirements. Any applicant for financial assistance shall submit an application to the board on forms obtained from the department. An application may not be considered by the board until the secretary has determined that the application is complete. A complete application must include the following items:

- (1) Application form to include:
 - (a) Certification of Clean Water Needs Categories; and

~~(b) EPA Preaward Compliance Review Report; and~~

~~(e)(b) Certification Regarding Debarment, Suspension, and Other Responsibility Matters;~~

~~(d)(c) Capacity Assessment Worksheets for Public Water Systems;~~

(2) Most recent audit or financial statements to include specific accounting of the fund pledged for repayment of the loan;

(3) Current year's budget;

(4) User charge ordinance or resolution and its effective date;

(5) Resolution of authorized signatory for submittal of application and signing of payment requests;

(6) Draft facilities plan; and

(7) ~~Cultural Resources Effects Assessment Summary for SRF Projects, if required~~
Documentation that the applicant has an active registration in the Federal System for Award Management (SAM) website found at <https://www.sam.gov/portal/SAM/#1>; and

(8) Amortization schedules for all existing debt secured by the proposed revenue pledged.

Source: 23 SDR 195, effective May 25, 1997; 28 SDR 95, effective December 19, 2001; 33 SDR 106, effective December 26, 2006; 36 SDR 208, effective June 28, 2010; 40 SDR 14, effective July 29, 2013.

General Authority: SDCL 46A-1-60.1 to 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

74:05:11:16. Duration of assistance. The board shall set the repayment period for each assistance agreement. The maximum allowable repayment period is ~~three~~five years for interim financing, ~~30 years for loans to disadvantaged communities, and 20 years for all other loans~~and 30 years in all other cases as permitted by the Act. The repayment period may not exceed the useful life of the facilities.

Source: 23 SDR 195, effective May 25, 1997; 30 SDR 170, effective May 10, 2004; 33 SDR 106, effective December 6, 2006.

General Authority: SDCL 46A-1-60.1 to 46A-1-60.3.

Law Implemented: SDCL 46A-1-60.1 to 46A-1-60.3.

TITLE: Review Interest Rates for the Drinking Water State Revolving Fund Program (SRF)

EXPLANATION: Pursuant to ARSD 74:05:11:17, the Board of Water and Natural Resources shall set SRF interest rates 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.

In November 2011, the Board established a 1.25 percent rate for 10-year Drinking Water SRF loans to disadvantaged communities. The balance of SRF interest rates were adopted in February 2009 and are shown on Attachment I.

Drinking Water SRF loan terms exceeding 20 years have been limited to disadvantaged communities. Similar to a decision made by EPA in 2006, EPA has determined that under certain circumstances, Drinking Water SRF programs can allow borrowers to extend the repayment period beyond 20 years. The South Dakota program is structured such that extended term financings are allowable. Extended term financings cannot exceed the useful life of the underlying asset, and the state must demonstrate that the long-term nature of the program is protected. Staff submitted a proposal to EPA Region VIII to allow 30-year Drinking Water SRF loans to nondisadvantaged communities. The proposal has been approved.

Staff recommends a rate of 3.25 percent for the 30-year nondisadvantaged loans.

A historical recap of the Board's SRF rates (Attachment II) and a compilation of current interest rates from surrounding states' SRF programs and the USDA Rural Development program (Attachment III) are also attached.

RECOMMENDED ACTION: Review and adjust, as necessary, the SRF interest rates for the Drinking Water SRF program and adopt a resolution approving the Drinking Water SRF extended term rate.

CONTACT: Mike Perkovich, 773-3128

South Dakota Drinking Water SRF Loan Rates

	Interest	Admin	Total
Term Up to 20 Years	2.50%	0.50%	3.00%
Term Up to 10 Years	1.75%	0.50%	2.25%
Interim Financing (3 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	2.50%	0.50%	3.00%
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	1.00%	0.25%	1.25%

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

SRF Base Program Interest Rates

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

Colorado Water Resources and Power Development Authority

Clean Water SRF Loan Rates

	Interest*
Term Up To 20 Years (under \$2,500,000)	2.0%
<u>DAC-Disadvantaged Community Loans Up to 20 Years</u>	
Median Household Income (MHI) levels that range from 61% to 80% of the statewide MHI and Population of 5,000 or less	1.0%
Median Household Income (MHI) levels that are less than 61% of the statewide MHI and Population of 5,000 or less	0%
Interim Financing (2 Years) - after two years rate goes to prime plus 2%	3.5%
Leveraged Loans (over \$2,000,000)	70% of the Market Rate on the Authority's AAA rated Bonds

Drinking Water SRF Loan Rates

	Interest*
Term Up To 20 Years (under \$2,500,000)	2.0%
<u>DAC-Disadvantaged Community Loans Up to 30 Years</u>	
Median Household Income (MHI) levels that range from 61% to 80% of the statewide MHI and Population of 5,000 or less	1.0%
Median Household Income (MHI) levels that are less than 61% of the statewide MHI and Population of 5,000 or less	0%
Interim Financing (2 Years) - after two years rate goes to prime plus 2%	3.5%
Leveraged Loans (over \$2,000,000)	70% of the Market Rate on the Authority's AAA rated Bonds
<i>2012 DWSRF bond issue => 1.86% rate to Leveraged Borrowers</i>	

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

Minnesota Public Facilities Authority

Minnesota sets SRF loan rates based on discounts from a daily market index. All borrowers get a base 1.5% discount from the AAA scale. Small borrowers under 2,500 population can get additional discounts up to 2.5% based on average residential system costs as a percentage of MHI. Minnesota has set a minimum rate of 1%.

With current market rates still near historic lows, most loans are at or near the 1% minimum.

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 (Clean Water only)	2.75%
Term Up To 30 Years (CW/DW Disadvantaged Communities)	2.00% *

* Includes .25% annual servicing fee

Planning & Design Loans are at 0% interest (no payments) up to 3 years. These are either rolled into an SRF loan or paid in full if they get other financing.

Non-point source loans are at 1.75% with no origination fee or servicing fee.

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

Montana Department of Natural Resources and Conservation

CW and DW SRF programs:

Up To 20 years / 30 years if Hardship	Up To 3 years
Interest rate: 2.00%	Short term rate: 1.25%
Administration: 0.25%	
Loan Loss Reserve: <u>0.25%</u>	
Total loan rate: 2.50%	

For loans in place and in compliance with SRF program, Montana is restructuring rates:

5 Years left or less on the loan	1.25%
10 Years left on the loan	2.00%
15 Years left on the loan	2.25%
16+ Years left on the loan	2.50%

North Dakota Public Finance Authority

Clean Water and Drinking Water SRF Tax Exempt Loan Rates

Term Up to 20 Years: Interest 2% + Admin 0.5% = Total 2.5%

Clean Water and Drinking Water SRF Taxable Loan Rates

Term Up to 20 Years: Interest 3% + Admin 0.5% = Total 3.5%

Wyoming Water Quality Division

SRF core program rate is 2.5% for up to 20 years.

Green Project components are eligible for a 0% for up to 20 year loan.

Under special program incentives (aka additional subsidization), the rate is 0% for 20 years, with principal forgiveness.

USDA Rural Development Program

40 Year Term
Interest Rates adjusted quarterly

	<u>2014 4th Q</u>
Market Rate	4.00%
Intermediate Rate (LT 100% MHI)	3.25%
Poverty Rate (LT 80% MHI and Health & Safety Problem)	2.375%

TITLE: Amendments to 2015 State Water Facilities Plan

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. The Board of Water and Natural Resources annually approves projects for placement onto State Water Facilities Plan and provides for amendment of projects onto the plan. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed onto the plan at this meeting will remain on the facilities plan through December 2016.

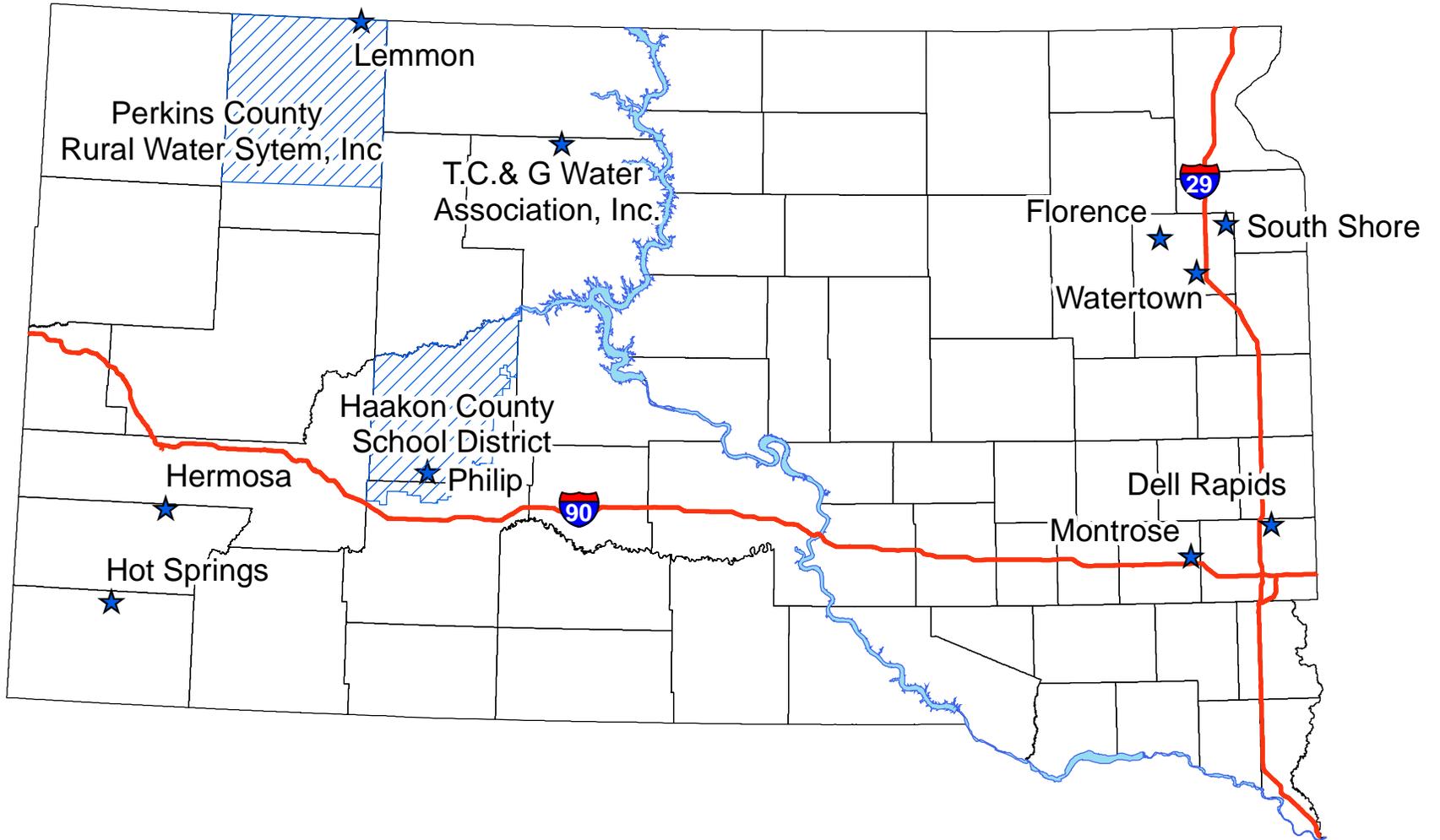
The following is the list of State Water Plan applications received by the February 1, 2015 deadline.

- a. Dell Rapids
- b. Florence - wastewater
- c. Florence - water
- d. Haakon County School District
- e. Hermosa
- f. Hot Springs
- g. Lemmon
- h. Montrose
- i. Perkins County Rural Water System, Inc.
- j. Phillip
- k. South Shore
- l. T.C. & G Water Association, Inc.
- m. Watertown

RECOMMENDED ACTION: Approve amendment of projects on the 2015 State Water Facilities Plan

CONTACT: Andy Bruels, 773-4216

State Water Plan Applications March 2015



RECEIVED

FEB - 2 2015

Division of Financial
& Technical AssistanceState Water Plan
Application Form

Applicant City of Dell Rapids	Proposed Funding Package	
Address: PO Box 10 Dell Rapids, SD 57022	Requested Funding	\$4,195,000
Phone Number: (605) 428-3595	Other _____	_____
	Other _____	_____
	Other _____	_____
	TOTAL	\$4,195,000

Project Title: 2016 Clean Water and Drinking Water Improvements

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

The City of Dell Rapids is proposing to replace old and dilapidated water mains and sanitary sewers along with improving drainage in various areas of town to facilitate existing needs and reduce maintenance costs related to the age and condition of the infrastructure. Approximately \$1,883,000 of the total is Drinking Water related and approximately \$2,312,000 is Clean Water related.

The City has a wastewater and a water reserve fund. The City's rate for 5,000 gallons of wastewater is \$36.38 a month. The City's rate for 5,000 gallons of water is \$31.85 a month.

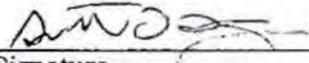
The Applicant Certifies That:

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.

Scott Fiegen, Mayor

Name and Title of Authorized Signatory (Typed)

Application Prepared By:

 1-29-15
Signature Date

Kevin Burnison, Planner

(605) 367-5390

Name and Title (Typed)

Phone #

SECOG

Representing

Lance Mayer, Engineer

(605) 339-4170

Name of Engineer/Architect

Phone #

DGR Engineering

Representing

State Water Plan Application Form

RECEIVED
JAN - 7 2015

Division of Financial
& Technical Assistance

Applicant Town of Florence Address: PO Box 137 Florence, SD 57235-0137 Phone Number: (605) 758-2085	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Requested Funding</td> <td style="width: 30%; text-align: right;">\$1,818,750</td> </tr> <tr> <td>Other <u>CDBG</u></td> <td style="text-align: right;"><u>\$500,000</u></td> </tr> <tr> <td>Other _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">\$2,318,750</td> </tr> </table>	Requested Funding	\$1,818,750	Other <u>CDBG</u>	<u>\$500,000</u>	Other _____	_____	Other _____	_____	TOTAL	\$2,318,750
Requested Funding	\$1,818,750										
Other <u>CDBG</u>	<u>\$500,000</u>										
Other _____	_____										
Other _____	_____										
TOTAL	\$2,318,750										

Project Title: Florence Wastewater System Improvements

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

Florence proposes to construct improvements to its wastewater collection and treatment systems. The proposed project will hire a company to inspect the wastewater collection lines, use a combination of CIPP and PVC pipe replacement to repair the collection system and rehabilitate and reline the existing wastewater treatment ponds. The Town hired Helms and Associates to study its wastewater system. The engineer's report indicates the Town's collection system has serious I/I problems. The report concluded the riprap at the treatment lagoon berms is slumping and the ponds maybe leaking. The Town has some serious issues with its wastewater system that need to be fixed. South Shore's current wastewater fee is a flat rate of \$25 per month. The Town does not have an established wastewater reserve fund to assist with the proposed project.

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.

Patrick Callan, President

 Name and Title of Authorized Signatory (Typed)
 Application Prepared By:

Patrick S. Callan Jan 5, 2015
 Signature Date

Gregory J. Maag, EDO (605) 882-5115

 Name and Title (Typed) Phone #

First District Assn. of Local Govts.

 Representing

Brandon D. Smid, P.E. (605) 225-1212

 Name of Engineer/Architect Phone #

Helms and Associates

 Representing

RECEIVED

JAN - 7 2015

Division of Financial
& Technical AssistanceState Water Plan
Application Form

Applicant Town of Florence Address: PO Box 137 Florence, SD 57235-0137 Phone Number: (605) 758-2085	Proposed Funding Package Requested Funding <u>\$2,354,375</u> Other _____ Other _____ Other _____ TOTAL <u>\$2,354,375</u>
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Project Title: Florence Water System Improvements

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

Florence is proposing to construct improvements to the water system. The project will replace and install approximately 17,000 LF of water main with six inch pipe, 7,250 LF of service line, install 145 meters, install 25 hydrants, construct a new 105,000 gallon ground storage tank and booster pump station, street repairs and fencing plus all of the other necessary appurtenances to complete the project. The Town's existing water distribution system consists of smaller PVC water lines that have reached the end of their useful life. The cracks and breaks in the water lines create a potential for contamination to enter the water distribution system. The system is mostly dead-end lines with little looping. Dead-end lines allow a longer water retention time in the pipe that can be detrimental to water quality. Portions of the system are experiencing low pressure problems. Deficiencies in the water system need to be corrected. Helms and Associates provided the preliminary engineering and cost estimates for the project. Florence's water rate for 5,000 gallons of usage is \$32/month. The city does not have an established reserve account for the 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.

Patrick Callan, President

 Name and Title of Authorized Signatory (Typed)
 Application Prepared By:

Patrick S Callan JAN 5, 2015

 Signature Date

Gregory J. Maag, EDO (605) 882-5115

 Name and Title (Typed) Phone #

First District

 Representing

Bob Babcock, P.E. (605) 977-7740

 Name of Engineer/Architect Phone #

Helms and Associates

 Representing

State Water Plan Application Form

Applicant Town of Hermosa Address: PO Box 298 Hermosa, SD 57744-0298 Phone Number: (605) 255-4291	Proposed Funding Package Requested Funding \$1,471,875 Other _____ Other _____ Other _____ TOTAL \$1,471,875
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Project Title: Hermosa Well/Water Source Project

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

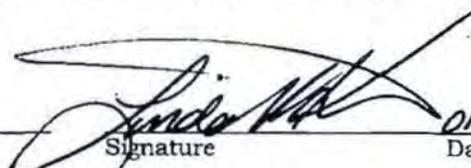
Hermosa needs to develop a new water source. The newest of the Town's two wells; drilled in 2006, is not producing water meeting the MCL for radiological contaminants and the Town has been cited by the DENR. This well also produces much iron scale. Therefore, this well is not in use -- leaving only one well for the community which is not sufficient. The Town's engineer is recommending an additional source of not less than 50 gpm. The attached engineering report reviews a number of alternatives. The attached addendum identifies the selected alternative as the drilling of a new municipal Madison well and associated main. The project has been sized for future potential regional water use. As noted in the addendum, the Town is also talking with the Southern Black Hills Water system about the potential for some type of regional water solution. Accordingly, this application is being submitted to cover both the primary alternative of a new well, plus the secondary alternative of some type of regional water project involving Southern Black Hills Water system. Residential water rates are \$28.50 per 5,000 gallons/mo. There is an established water reserve 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.

Linda Kramer, Town Board President

Name and Title of Authorized Signatory (Typed)
 Application Prepared By:


 Signature Date 01-28-15

Bill Lass, Senior Planner (605) 394-2681
 Name and Title (Typed) Phone #

Black Hills Council of Local Governments
 Representing

Keith Andersen, PE (605) 662-5500
 Name of Engineer/Architect Phone #

Andersen Engineers, Inc.
 Representing

State Water Plan Application Form

Applicant City of Hot Springs Address: 303 N. River St. Hot Springs, SD 57747-1626 Phone Number: (605) 745-3135	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Requested Funding</td> <td style="width: 30%; text-align: right;">\$270,000</td> </tr> <tr> <td>Other _____</td> <td>_____</td> </tr> <tr> <td>Other _____</td> <td>_____</td> </tr> <tr> <td>Other _____</td> <td>_____</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">\$270,000</td> </tr> </table>	Requested Funding	\$270,000	Other _____	_____	Other _____	_____	Other _____	_____	TOTAL	\$270,000
Requested Funding	\$270,000										
Other _____	_____										
Other _____	_____										
Other _____	_____										
TOTAL	\$270,000										

Project Title: North 24th Street Sewer Project

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

The proposed project is to extend city sewer main to homes in the N. 24th St. area that currently have septic systems. The septic tanks are upstream of the SD Veteran's Home well, so there is concern with potential contamination issues. Also, the N. 24th St. area is one of few areas without city sewer. For these reasons, this project is a priority. The sewer extension will tie into the existing manhole at the intersection of 23rd St. and Minnekahta Ave. and then extend north along an unimproved right-of-way to Hampton Rd. and then west along Hampton Rd. to N. 24th Street. The project will include approximately: 1,050' of 8-inch sewer main, six manholes, service wyes, service line pipe, clean outs, a large amount of necessary rock excavation, bedding material, street repair, vegetation removal, seeding and mulching, traffic control, project administration, contingencies, etc. (see attached engineering summary). Service lines are proposed as part of the project due to the large amount of rock excavation costs which would be a hardship for homeowners.

Existing residential sewer rates are a flat \$28.46 per month. There is an established sewer reserve 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.

Cindy Donnell, Mayor

 Name and Title of Authorized Signatory (Typed)
 Application Prepared By:

Cindy Donnell / 11/30/15

 Signature Date

William Lass, Senior Planner (605) 394-2681

 Name and Title (Typed) Phone #

Black Hills Council of Local Governments

 Representing

Tracy Bastian, Public Works Director (605) 745-3135

 Name of Engineer/Architect Phone #

City of Hot Springs

 Representing

State Water Plan Application Form

Applicant City of Lemmon Address: 303 1st Avenue West Lemmon, SD 57638 Phone Number: (605) 374-5681	Proposed Funding Package Requested Funding \$9,515,948 Other _____ Other _____ Other _____ TOTAL \$9,515,948
--	---

Project Title: City of Lemmon Sanitary Sewer Improvement Plan

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

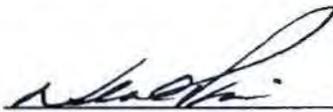
Reference City of Lemmon Sanitary Sewer Improvement Plan along with Amendment #1 to the City of Lemmon Sanitary Sewer Improvement Plan.

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.

Neal Pinnow, Mayor

 Name and Title of Authorized Signatory (Typed)
 Application Prepared By:



 Signature 1-14-15
 Date

Barb Bartell, Finance Officer (605) 374-5681

 Name and Title (Typed) Phone #

City of Lemmon

 Representing

Michele Carter, PE (605) 977-7776

 Name of Engineer/Architect Phone #

HDR, Inc.

 Representing

State Water Plan Application Form

Applicant City of Montrose Address: PO Box 97 Montrose, SD 57048 Phone Number: (605) 363-5065	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Requested Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$913,000</td> </tr> <tr> <td>Other _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right; border-bottom: 3px double black;">\$913,000</td> </tr> </table>	Requested Funding	\$913,000	Other _____		Other _____		Other _____		TOTAL	\$913,000
Requested Funding	\$913,000										
Other _____											
Other _____											
Other _____											
TOTAL	\$913,000										

Project Title: Montrose 2015 Stormwater Improvements

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

The City of Montrose is proposing to construct Stormwater Improvements per the information gathered via the Small Community Planning Grant process in 2014 & 2015.

See attached excerpts of the Banner prepared Montrose Storm Water Plan for further details.

The City has a wastewater reserve fund. The City's sewer rate/waste water rate is \$27 per month for residential and commercial. School rate is \$125 per month. Each apartment unit will be \$27 per 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.

Doris Sager, Mayor, City of Montrose

 Name and Title of Authorized Signatory (Typed)
 Application Prepared By:

Doris Sager 26-15

 Signature Date

Kevin Burnison, Planner (605) 367-5390

 Name and Title (Typed) Phone #

SECOG

 Representing

Kent Johnson, Engineer (605) 692-6342

 Name of Engineer/Architect Phone #

Banner Engineering.

 Representing

State Water Plan Application Form

Applicant City of Philip Address: PO Box 408 Philip, South Dakota 57567-0408 Phone Number: (605) 859-2175	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Requested Funding</td> <td style="text-align: right; border-bottom: 1px solid black;">\$340,000</td> </tr> <tr> <td>Other _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other _____</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">\$340,000</td> </tr> </table>	Requested Funding	\$340,000	Other _____		Other _____		Other _____		TOTAL	\$340,000
Requested Funding	\$340,000										
Other _____											
Other _____											
Other _____											
TOTAL	\$340,000										

Project Title: Philip Water Meter Project

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

The City of Philip has been experiencing water loss on a monthly basis ranging from 9.7% to 16% in 2014 and previously. Over the years, the city has replaced several of its water meters, but approximately 47% of the meters still have more than 500,000 gallons of cumulative flow. Studies have shown worn meters generally under-read actual flow. Therefore, it can be easily concluded that some of the city's water loss is due to old, worn meters that no longer accurately meter water flow. Thus, the city proposes to replace approximately 220 meters, plus install new radio transmitters on the remaining meters to allow for an entirely Automated Reading System. The project also involves all necessary appurtenances for the project. The city currently has water rates of \$35/5000 gallons for inside city limit users and \$55/5000 gallons for outside city limit users. The city does have a reserve 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.

Michael Vetter, Mayor

 Name and Title of Authorized Signatory (Typed)
 Application Prepared By:



 Signature Date 1/27/15

Marlene Knutson, Director (605) 773-2782

 Name and Title (Typed) Phone #

Central South Dakota
 Enhancement District

 Representing

Harlan Quenzer, PE (605) 996-7761

 Name of Engineer/Architect Phone #

Schmucker, Paul, Nohr & Associates

 Representing

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JAN 15 2015

Division of Financial
& Technical AssistanceState Water Plan
Application Form

Applicant Town of South Shore	Proposed Funding Package	
Address: PO Box 57 South Shore, SD 57263-0057	Requested Funding	\$500,000
Phone Number: (605) 756-4130	Other <u>CDBG</u>	\$500,000
	Other <u>Rural Development</u>	\$1,400,000
	Other _____	_____
	TOTAL	\$2,400,000

Project Title: South Shore Water System Improvements

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

The city is proposing to construct improvements to the water system. The project will replace and install approximately 17,300 LF of water main with six inch pipe, install 85 meters, install 20 hydrants, construct a new 50,000 gallon water tower, install an additional well plus all of the other necessary appurtenances to complete the project. The Town's existing water distribution system consists of 2" and 3" PVC water lines that have reached the end of their useful life. The cracks and breaks in the water lines create a potential for contamination to enter the water distribution system. The system is mostly dead-end lines with little looping. Dead-end lines allow a longer water retention time in the pipe that can be detrimental to water quality. The Town needs an additional well to replace wells that have been removed from service. Deficiencies in the water system need to be corrected. Helms and Associates provided the preliminary engineering and cost estimates for the project. South Shore's water rate for 5,000 gallons of usage is \$18/month. The city does not have an established reserve account for the 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.

Robert Grewing, President

Name and Title of Authorized Signatory (Typed)

Application Prepared By:

Robert Grewing 1-12-15
Signature Date

Gregory J. Maag, EDO

Name and Title (Typed)

(605) 882-5115

Phone #

First District

Representing

Bob Babcock, P.E.

Name of Engineer/Architect

(605) 977-7740

Phone #

Helms and Associates

Representing

RECEIVED

FEB - 3 2015

Division of Financial
& Technical AssistanceState Water Plan
Application Form

Applicant T. C. & G Water Association, Inc.	Proposed Funding Package	
Address: 13485 258th Ave Glencross, SD 57630	Requested Funding	\$2,100,000
Phone Number: Kelly Landis 605-845-2591 (605) 865-3366 Office	Other _____	_____
	Other _____	_____
	Other _____	_____
	The project financing may change and the project may need to be phased.	
	TOTAL	\$2,100,000

Project Title: T. C. & G. Water Association, Inc. Water System Improvements Project

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

The T. C. & G Water Association, Inc. is currently experiencing a 28.4% water loss and the inability to meet water demands of its users on the east end of the system largely due to pipe size, water loss, and pressure capacity. The water demand by its users has increased 67% over the last few years. In fact, users on the east end of the system have been without water due to the demands of users on the west end. The storage facility on the east end can go dry within 12 hours and it takes up to 38 hours to refill the facility. A major loss of water is coming from its 20+ year old meter system. Studies have shown worn meters generally under-read actual flow. Therefore, it can be easily concluded that some of the system's water loss is due to old, worn meters that no longer accurately meter water flow. Thus, the Association proposes to replace approximately 140 meters, plus necessary appurtenances for Automated Reading System. The Association proposes to replace the booster pump located on the west end of the system as it is beyond repair.

Continued on last page!

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.

Kelly Landis, Board Member

Name and Title of Authorized Signatory (Typed)

Application Prepared By:

Kelly Landis Jan. 29, 2015
Signature Date

Marlene Knutson, Director

Name and Title (Typed)

(605) 773-2782

Phone #

Central South Dakota
Enhancement District

Representing

Chancey Shrake, PE

Name of Engineer/Architect

(605) 224-1123

Phone #

Brosz Engineering, Inc.

Representing

State Water Plan Application Form

Applicant City of Watertown Address: PO Box 910 Watertown, SD 57201 Phone Number: (605) 882-6200	Proposed Funding Package Requested Funding \$832,896 <hr/> Other _____ <hr/> Other _____ <hr/> Other _____ <hr/> TOTAL \$832,896
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Project Title: Kittelson Addition Sanitary Sewer Extension

Description: (Include present monthly utility rate and whether a reserve fund has been established for the utility to benefit from the project.)

The City of Watertown plans to provide sanitary sewer service to 30 homes on the north shore of Lake Pelican as part of a voluntary annexation project initiated by the homeowners in the project area. Homes in the impacted area are currently served by septic tanks and many of the lots are less than an acre in size. If the project is completed 11 of the lots will be served with a gravity system and 19 of the lots will be served by a pressure system.

Present monthly sanitary sewer rate: \$21.50/MONTH

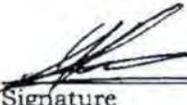
A reserve fund for the sanitary sewer system HAS been established.

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 Thorson, Mayor

 Name and Title of Authorized Signatory (Typed)
 Application Prepared By:



 Signature 1/21/15
Date

Ted Haeder, Economic Dev. Officer (605) 882-5115

 Name and Title (Typed) Phone #

First District

 Representing

Mike Kuno, P.E. (651) 765-2902

 Name of Engineer/Architect Phone #

SEH Incorporated

 Representing

TITLE: Amendment to the FY 2011 Clean Water SRF IUP Project Priority List

EXPLANATION: The FY 2011 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources November 2010 and amended in March and June 2011, January 2012 and March 2013.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the Intended Use Plan associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior year's Intended Use Plans.

It is proposed to amend Attachment I - Project Priority List of the FY 2011 Clean Water Intended Use Plan by adding the following entry:

Priority Points	Loan Recipient	Project Description	Est. Loan Amount	Expected Loan Rate & Term
7	Wakonda	Replacement of a lift station and televising the collection system.	\$529,000	3.00%, 20 yrs

RECOMMENDED ACTION: Approve the proposed amendment to the 2011 Clean Water SRF Intended Use Plan

CONTACT: Andy Bruels, 773-4216

TITLE: Amendment to the FY 2012 Clean Water SRF IUP Project Priority List

EXPLANATION: The FY 2012 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2011 and amended in March and June 2012 and in September 2013.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the Intended Use Plan associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior year's Intended Use Plans.

It is proposed to amend Attachment I - Project Priority List of the FY 2012 Clean Water Intended Use Plan by adding the following entry:

Priority Points	Loan Recipient	Project Description	Est. Loan Amount	Expected Loan Rate & Term
6	Letcher	Replacement of a lift station, rehabilitation of berms at the wastewater treatment facility, and televising the collection system.	\$776,000	3.25%, 30 yrs

RECOMMENDED ACTION: Approve the proposed amendment to the 2012 Clean Water SRF Intended Use Plan

CONTACT: Andy Bruels, 773-4216

TITLE: Amendment to the FY 2013 Clean Water SRF IUP Project Priority List

EXPLANATION: The FY 2013 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2012 and amended in January, March, June and September 2013.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the Intended Use Plan associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior year's Intended Use Plans.

It is proposed to amend Attachment I - Project Priority List of the FY 2013 Clean Water Intended Use Plan by adding the following entry:

Priority Points	Loan Recipient	Project Description	Est. Loan Amount	Expected Loan Rate & Term
15	Eagle Butte	Installation of aeration equipment and dredging of sludge at the wastewater treatment facility and the replacement of approximately 9,500 feet of sanitary sewer collection lines and an aging lift station. The project will also construct approximately 700 feet of storm sewer piping and catch basins.	\$2,910,000	3.25%, 30 yrs

RECOMMENDED ACTION: Approve the proposed amendment to the 2013 Clean Water SRF Intended Use Plan

CONTACT: Andy Bruels, 773-4216

TITLE: Amendment to the FY 2014 Clean Water SRF IUP Project Priority List

EXPLANATION: The FY 2014 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources November 2013 and amended in March, June and September 2014.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the Intended Use Plan associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior year's Intended Use Plans.

It is proposed to amend Attachment I - Project Priority List of the FY 2014 Clean Water Intended Use Plan by adding the following entry:

Priority Points	Loan Recipient	Project Description	Est. Loan Amount	Expected Loan Rate & Term
21	Hosmer	Construction of a new wastewater treatment pond and rehabilitation of the existing ponds, replacement of sanitary sewer collection piping, and cleaning and televising of the existing gravity collection sewer to determine where repairs are needed.	\$4,122,000	3.25%, 30 yrs

RECOMMENDED ACTION: Approve the proposed amendments to the 2014 Clean Water SRF Intended Use Plan

CONTACT: Andy Bruels, 773-4216

TITLE: Amendment to the FY 2015 Clean Water SRF Intended Use Plan

EXPLANATION: The FY 2015 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2014.

The Water Resources Reform and Development Act (WRRDA) of 2014 required that states adopt affordability criteria for the CWSRF program. WRRDA limits the awarding of principal forgiveness to recipients who meet the state's affordability criteria or to projects that implement a process, material, technique, or technology with water efficiency, energy efficiency, mitigation of storm water runoff or sustainability benefits.

In order to continue providing principal forgiveness to recipients, DENR is proposing the following affordability criteria language be amended to the 2015 CWSRF IUP.

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.

March 26-27, 2015

Item 11

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 by 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 FY 2015 identifies \$1,491,000 in potential principal forgiveness.

RECOMMENDED
ACTION:

Approve the proposed amendments to the 2015 Clean Water SRF Intended Use Plan

CONTACT:

Andy Bruels, 773-4216

TITLE: Amendment to FY 2015 Drinking Water SRF Intended Use Plan

EXPLANATION: The FY 2015 Drinking Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2014.

A recent EPA opinion has determined that states may provide Drinking Water SRF funding to nondisadvantaged recipients for terms of up to 30 years, provided the useful life of the project is at least as long as the funding term. DENR is proposing to establish a rate of 3.25 percent for 30 years for all projects meeting the useful life requirements.

This rate and term will only be available to municipalities and other systems organized as political subdivisions.

RECOMMENDED ACTION: Approve the proposed amendment to the 2015 Drinking Water SRF Intended Use Plan

CONTACT: Andy Bruels, 773-4216

TITLE: Parker Request to Rescind Consolidated Loan 2015L-113

EXPLANATION: The city of Parker received a Consolidated Water Facilities Construction Program loan (2015L-113) on March 28, 2014, in the amount of \$100,000 for lift station force main replacement.

The city submitted a letter to the Department requesting that the loan be rescinded. The city has determined that the force main is not in need of repair or replacement.

RECOMMENDED ACTION: Rescind Resolution #2014-52 authorizing the Consolidated loan to Parker

CONTACT: Jon Peschong (773-5616)



CITY OF PARKER

PO Box 265
Parker, SD 57053-0265
Ron Nelson, Mayor
Jeanne Duchschier, Finance Officer

www.parkersd.org

March 2, 2015

SDDENR Jonathan Peschong
Grant and Loan Specialist & Technical Assistance
Joe Foss Building
523 E Capitol
Pierre, SO 57501

RE: Parker City force main project

To Whom It May Concern:

In reference to the above named project, the City of Parker declines the consolidated loan that was provided by the Board of Water & Natural Resources.

It was determined that the force main to our new lift station was not in need of repair/replacing. We will NOT be moving forward with any of that project at this time.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Ron Nelson".

Ron Nelson, Mayor
City of Parker

Phone: 605-297-4453
Fax: 605-297-2149
Email address: cityofparker@iw.net

TITLE: Day County Conservation District Request to Amend CWSRF-WQ Grant 2014G-WQ-401

EXPLANATION: On January 10, 2014, the Day County Conservation District was awarded a \$115,000 Clean Water State Revolving Fund - Water Quality grant for the Northeast Glacial Lakes Watershed Protection and Improvement Project. The award provided \$90,000 for animal waste systems and \$25,000 for stream bank stabilization and grassed waterway projects, all at a rate not to exceed 15 percent of the total project costs.

Due to increased costs for construction of animal waste systems, the \$200,000 cap set in DENR's animal waste system cost share guidelines is met using federal funds. The guidelines provide that once Natural Resources Conservation Service's Environmental Quality Incentive Program (EQIP) funds coupled with Section 319 grant funds have reached the \$200,000 cap, additional state cost share funds cannot be provided. In some cases, EQIP funds alone will meet the cap.

The Day County Conservation District requests that the grant reimbursement percentage be increased to 50 percent for riparian area buffers, stream bank stabilization and grassed waterways, not to exceed \$115,000.

The Board may agree to amend the existing agreement or decline to amend the agreement. If the decision is to not amend, the existing agreement will stand as previously approved.

RECOMMENDED ACTION: Approve the amendment request

CONTACT: Barry McLaurry (773-5859)



67 Years of Conservation EST. January 14, 1942

**Day County
Conservation District**
600 East Hwy. 12 Suite 1
Webster, SD 57274-1135
Phone 605-345-4661 ext. 3

17 February 2015

RECEIVED

FEB 17 2015

Division of Financial
& Technical Assistance

Mr. Brad Johnson
Chairman
SD Board of Water and Natural Resources
Joe Foss Building
523 East Capitol
Pierre, SD 57501

Dear Chairman Johnson,

The Day Conservation District is requesting a change to the State Revolving Fund Program Water Quality Grant #2014G-WQ-401 for the Northeast Glacial Lakes Watershed Protection and Improvement Project – Segment 3. The District is requesting a change in the grant cost share percentage from 15% to 50% for the \$115,000.00 grant amount. The District is also requesting a revision to the project budget removing the \$90,000 allocated for Animal Waste Management and redistributing these grant funds to the following BMPs, Riparian Area Buffers, Streambank Stabilization, and Grassed Waterways.

Sincerely,

Mark Brandlee
CB

Mark Brandlee, Chairman
Day Conservation District

TITLE: Kingbrook Rural Water System Request to Amend Its Parity Agreement Among Rural Development, the South Dakota Conservancy District, and CoBank

EXPLANATION: Kingbrook RWS will close on an agreement with CoBank to refinance two of its Rural Development loans. Kingbrook RWS has requested that the Board agree to the amendment of the existing First Amended and Restated Parity Agreement that will acknowledge the redistribution of Kingbrook's debt. Pursuant to Section 6.5 Additional Debt of the existing Drinking Water SRF loan agreements with Kingbrook RWS, staff has evaluated coverage for SRF and all other debt, including the CoBank loan, and it is satisfied that the 110 percent rate coverage covenant will continue to be met.

RECOMMENDED ACTION: Approve the form and authorize the execution of the Second Amended and Restated Parity Agreement among CoBank, Rural Development, and the South Dakota Conservancy District.

CONTACT: Elayne Lande, 773-4907

**SECOND AMENDED AND RESTATED
INTERCREDITOR AGREEMENT**

THIS SECOND AMENDED AND RESTATED INTERCREDITOR AGREEMENT (this "Intercreditor Agreement"), dated as of March 5, 2015, by and among COBANK, ACB, a federally chartered instrumentality of the United States ("CoBank"), UNITED STATES OF AMERICA, ACTING THROUGH RURAL DEVELOPMENT, UNITED STATES DEPARTMENT OF AGRICULTURE ("RUS"), and SOUTH DAKOTA CONSERVANCY DISTRICT ("SDCD") is made for the purpose of setting out an agreement to share in the pledge of assets as security for loans made or to be made by CoBank, RUS and SDCD to KINGBROOK RURAL WATER SYSTEM, INC.(the "Company").

WHEREAS, as of the date of this Intercreditor Agreement CoBank has made loans in the aggregate principal amounts of \$2,130,229.00, \$793,750.00, for the purposes of allowing the Company to refinance then existing notes from RUS and finance an additional parcel of land, and recently a new loan in the principal amount of \$2,462,500.00 for the purpose of refinancing the Company existing RUS loans no. 91-30 and 91-32. CoBank may make additional new loans in the future, all of which loans are or will be secured by mortgages, security agreement, and financing statements which encumber certain real property, personal property, easements, fixtures, equipment, contracts and revenues including but not limited to accounts, cash, instruments and general intangibles; and

WHEREAS, as of the date of this Intercreditor Agreement RUS and its predecessors (including Rural Development and FmHA) has made loans to the Company in the aggregate original principal amounts of \$4,991,000 for improvements to the water system of the Company, which loans are or will be secured by all property and the improvements thereto; and

WHEREAS, as of the date of this Intercreditor Agreement SDCD has made four (4) loans to the Company in the principal amounts of \$475,000, \$2,115,000, \$3,324,000, \$2,350,000, and \$540,000, and may make additional new loans, for improvements to the Company's water system, which loans are or will be secured by all property and the improvements thereto; and

WHEREAS, SDCD, CoBank and RUS have previously entered into intercreditor agreements in the past, the most recent of which is a First Amended and Restated Intercreditor Agreement dated as of the 21st day of July, 2014, (the "Existing Intercreditor Agreement"), to establish a sharing of priorities in CoBank's, RUS's and SDCD's liens on all real and personal property of the Company as security for the CoBank, RUS and SDCD loans referenced above and any additional secured loans made by CoBank and/or RUS and/or SDCD to the Company in the future (individually, a "Loan" and collectively, the "Loans"), and it is the desire of the parties hereto by this Intercreditor Agreement to amend and restate in its entirety the Existing Intercreditor Agreement; and

WHEREAS, the parties agree that all such CoBank, RUS and SDCD Loans will be secured by perfected mortgage liens and security interests as shall be hereinafter provided.

NOW, THEREFORE, for good and valuable consideration, the parties agree that:

1. CoBank has entered and/or will enter into loan agreements with the Company and has and/or will have filed mortgages on real property, together with financing statements to perfect a lien and security interest in all real and personal property, easements, fixtures, equipment, contracts and revenues including but not limited to accounts, cash, instruments and general intangibles (which documents are described on Exhibit "A" as attached hereto and incorporated herein and which documents, as may amended or supplemented from time to time, are hereinafter referred to as the "CoBank Loan Documents").

2. RUS has entered and/or will enter into loan resolution/security agreement(s) and promissory notes with the Company and has and/or will have filed mortgages on certain real property, together with financing statements to perfect a lien and security interest in all real and personal property, easements, fixtures, equipment, contracts and revenues including but not limited to accounts, cash, instruments and general intangibles (which documents are described in Exhibit "B" as attached hereto and incorporated herein and which documents, as may be amended or supplemented from time to time, are hereinafter referred to as the "RUS Loan Documents").

3. SDCD has entered and/or will enter into loan resolution/security agreement(s) and promissory notes with the Company and has and/or will have filed mortgages on certain real property and perfected a security interest in all personal property, fixtures and equipment used in connection with said real property (which documents are described on Exhibit "C" as attached hereto and incorporated herein and which documents, as may amended or supplemented from time to time, are hereinafter referred to as the "SDCD Loan Documents").

4. In the event of default under the CoBank Loan Documents, the RUS Loan Documents, or the SDCD Loan Documents, CoBank, RUS and SDCD shall share the revenues, personal property security (except CoBank stock and the proceeds therefrom) and real property security and the proceeds thereof, in proportion to the unpaid balances, principal and interest, of all secured indebtedness existing at the time of the notice of default of CoBank, RUS and SDCD referred to herein, regardless of the time or order of attachment or perfection of any of the mortgage liens and security interests.

5. In the event adequate funds are not available to meet regular installments on the Loans herein described, the funds available will be apportioned to the parties based upon the respective current installments of principal and interest due. Such apportionment shall not prevent the parties from seeking any other remedy provided by its loan documents with the Company or otherwise provided by law, and shall not be deemed to be a waiver of any default.

6. CoBank, and its successors and assigns, RUS, and its successors and assigns, and SDCD, and its successors and assigns, shall each notify the others promptly upon the occurrence of any event of default or a potential default under its loan documents. Such notice shall be immediate and in writing and, if made by United States mail, shall be deemed received three (3) days after being deposited with the postal service.

7. Such notice sent due to the occurrence of an event of default shall fix the time and date upon which the pro rata shares shall be determined as 4:00 p.m. of the date of the notice. Any advances or loans made by CoBank, RUS or SDCD after receipt of notice shall not have been made in accordance with the terms of this Agreement, except insofar as said advances represent expenses incurred to maintain and enforce security instruments and maintain the secured property in connection herewith.

8. If any of CoBank, RUS or SDCD accelerates its indebtedness or proposes to commence proceedings to dispose of all or any portion of the security under the terms of its loan documents with the Company (other than a declaration of bankruptcy or insolvency by the Company), that party shall give at least five (5) days' prior notice by United States mail to the other.

9. All notices shall be addressed as provided below:

CoBank, ACB
5500 South Quebec Street
Greenwood Village, CO 80111
Attn: Water Services Banking Group

United States Department of Agriculture
Rural Development
200 4th Street SW,
Federal Building, Room 210
Huron, SD 57350
Attn: Doug Roehl

South Dakota Conservancy District
% S.D. Department of Environment and Natural Resources
Attn: SRF Section
523 East Capitol Ave.
Pierre, SD 57501-3182
Facsimile No.: (605) 773-4068

or to such other address as the party concerned, and its successors and assigns, shall from time to time designate in writing.

10. This Agreement shall be controlling notwithstanding the terms of any agreement between RUS, SDCD or CoBank and the Company with respect to the granting of mortgage liens and security interests in real or personal property; the time at which any mortgage liens or security interest attaches to or is perfected; the order in which financing statements may be filed or continued; or any provisions in any other loan document to the contrary, whether or not bankruptcy, receivership or other insolvency proceedings have been commenced.

11. The terms used but not defined herein which are defined in the Uniform Commercial Code, as adopted by the State of South Dakota, shall have the same meaning as in such Code.

12. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns and no other person or persons shall obtain any right, priority or interest pursuant to this Agreement. This Agreement and the rights granted to the parties by this Agreement shall not be assigned without written notice to CoBank, or its successors or assigns, or to RUS, or its successors and assigns, or SDCD, its successors and assigns. Any such assignment shall be made specifically subject to this Agreement or it shall not be effective, and any such assignment shall not require notice to or the consent of the Company. Nothing herein contained shall be deemed to obligate CoBank, RUS, or SDCD to offer or extend any credit to the Company or to forbear in any effort to collect indebtedness owed by the Company.

13. This Agreement is subject to the following additional restrictions:

- a) None of the parties hereto will voluntarily consent to redemption, prepayment, or refunding, in whole or in part, of any secured Loan to the Company prior to said Loan's stated maturity without the prior written consent of the other parties, so long as any Loans of the Company are held or insured by such other parties; and
- b) The Loans made by CoBank, RUS and SDCD to the Company and the execution of this Agreement do not impose legal restrictions that will prevent the Company from complying with 7 U.S.C. §1983(3) with respect to any other notes so long as said other notes are held or insured by the RUS; and

14. Neither party shall make any amendments, modifications, or changes to frequency of payments, amortization schedule or maturity dates of loans which are subject hereto without the prior written consent of the other party (except in the cases of graduation [pursuant to RUS regulations] and/or acceleration of indebtedness).

15. This Agreement shall be governed by and interpreted in accordance with the laws of the State of South Dakota except where governed by federal law.

16. The invalidity or unenforceability of any portion of this Agreement shall not affect the remaining portions hereof; in the case of such invalidity or unenforceability, this Agreement shall be construed as if such invalid or unenforceable portion had not been included herein.

17. This Intercreditor Agreement may be simultaneously executed in counterparts, and all such counterparts shall constitute but one and the same instrument.

18. This Intercreditor Agreement shall remain in effect until or unless terminated by a written agreement of the parties or until such time as Loans of the Company to CoBank, RUS and SDCD have been repaid in full.

19. This Intercreditor Agreement constitutes the entire agreement between CoBank, RUS and SDCD and except as provided herein, may not be modified or amended except in writing signed by CoBank, RUS and SDCD. It is the intent of the parties that this Intercreditor Agreement replaces the Existing Intercreditor Agreement entered into as of the 24th day of January, 2012 among CoBank, RUS and the District.

IN WITNESS WHEREOF, the parties have caused this Agreement to be fully executed as of the day and year first above written.

CoBANK, ACB

By _____
Assistant Corporate Secretary

Print Name _____

**UNITED STATES OF AMERICA, ACTING
THROUGH RURAL UTILITIES SERVICE**

By _____

Title _____

Print Name _____

SOUTH DAKOTA CONSERVANCY DISTRICT

By: _____
Title: Chairman, Board of Water and Natural Resources
Print Name: _____

ATTEST:

Secretary, Board of Water and
Natural Resources

ACKNOWLEDGED AND ACCEPTED THIS ___ DAY OF _____, 2015:

KINGBROOK RURAL WATER SYSTEM, INC.

By _____

Title _____

Print Name _____

My commission Expires: _____

EXHIBIT A – COBANK LOAN DOCUMENTS

Master Loan Agreement No. RI0941 dated as of October 27, 2010, between Kingbrook Rural Water System, Inc. and CoBank, ACB, if and as amended.

Promissory Note and Single Advance Term Loan Supplement No. RI0941T01 entered into as of October 27, 2010 between Kingbrook Rural Water System, Inc. and CoBank, ACB in the principal amount of \$2,130,229.00, as amended.

Promissory Note and Single Advance Term Loan Supplement No. RI0941T02 entered into as of March 4, 2011 between Kingbrook Rural Water System, Inc. and CoBank, ACB in the principal amount of \$793,750.00, as amended.

Promissory Note and Single Advance Term Loan Supplement No. RI0941T03 between Mortgagor and Mortgagee dated as of February 5, 2015 in the principal amount not to exceed \$2,462,500.00, if and as amended.

Combination Real Estate Mortgage and Security Agreement dated as of August 1, 2011 with a maximum debt limit of \$5,054,208.00 between Kingbrook Rural Water System, Inc. and CoBank, ACB which is covered by this Intercreditor Agreement was recorded in the following locations in South Dakota:

Mortgage Book 309, page 897, Brookings County Register of Deeds, filed for record at 8:00 a.m. on August 5, 2011; as amended by the filing recorded in Miscellaneous Book 181, page 2905, at 9:20 a.m., on December 12, 2011; and as further amended the filing recorded in Miscellaneous Book ____, page ____, at ____, on _____, 2015.

Mortgage Book 545, page 373, Lake County Register of Deeds, filed for record at 9:00 a.m. on August 5, 2011; as amended by the filing recorded in Mortgage Book 551, page 628, at 9:00 a.m., on December 12, 2011; and as further amended by the filing recorded in Mortgage Book ____, page ____, at ____, on _____, 2015.

Mortgage Book 218, page 464, Kingsbury County Register of Deeds, filed for record at 9:30 a.m. on August 5, 2011; as amended by the filing recorded in Mortgage Book 219, page 476, at 10:10 a.m., on December 12, 2011; and as further amended by the filing recorded in Mortgage Book ____, page ____, at ____, on _____, 2015.

Mortgage Book 205, page 431, McCook County Register of Deeds, filed for record at 8:30 a.m. on August 5, 2011; as amended by the filing recorded in Mortgage Book 205, page 701, at 8:45 a.m., on December 12, 2011; and as further amended by the filing recorded in Mortgage Book ____, page ____, at ____, on _____, 2015.

Mortgage Book 182, pages 628-649, Miner County Register of Deeds, filed for record at 9:50 a.m. on August 5, 2011; as amended by the filing recorded in Mortgage Book 183, pages 438-447, at 8:10 a.m., on December 12, 2011; and as further amended by the filing

recorded in Mortgage Book ____, pages _____, at _____, on _____, 2015.

Railway Deeds, Mortgages & Leases Record Book Volume 30, page 23, Office of the Secretary of State, State of South Dakota, filed for record at 2:00 p.m. on August 8, 2011; as amended by the filing recorded in Railway Deeds, Mortgages & Leases Record Book Volume 30, page 29, at 9:00 a.m., on December 12, 2011; and as further amended by the filing recorded in Railway Deeds, Mortgages & Leases Record Book Volume __, page __, at _____, on _____, 2015.

The CoBank Financing Statement in favor of CoBank, ACB, as secured party, filed with the South Dakota Secretary of State on November 28, 2011, as document # 20113320910058.

EXHIBIT B – RUS LOAN DOCUMENTS

1. The RUS Mortgage dated January 20, 1995 in the amount of \$206,200 in favor of the United States Department of Agriculture which is covered by this Intercreditor Agreement was filed as follows:

- a. Mortgage Book 184, pages 352-358, Brookings County Register of Deeds, filed for record at 3:30 o'clock P.M. on January 23, 1995.
- b. Mortgage Book 161, page 568, Kingsbury County Register of Deeds, filed for record at 11:00 o'clock A.M. on January 25, 1995.
- c. Mortgage Book 305, page 245, Lake County Register of Deeds, filed for record at 9:00 o'clock A.M. on January 24, 1995.

2. The RUS Mortgage dated October 26, 1995 in the amount of \$76,000 in favor of the United States Department of Agriculture which is covered by this Intercreditor Agreement was filed as follows:

- a. Mortgage Book 189, pages 441-444, Brookings County Register of Deeds, filed for record at 3:30 o'clock P.M. on November 2, 1995.
- b. Mortgage Book 189, pages 778-781, Brookings County Register of Deeds, filed for record at 2:30 o'clock P.M. on November 30, 1995.
- c. Mortgage Book 163, page 29, Kingsbury County Register of Deeds, filed for record at 11:30 o'clock A.M. on November 1, 1995.
- d. Mortgage Book 312, page 127, Lake County Register of Deeds, filed for record at 9:00 o'clock A.M. on November 1, 1995.
- e. Mortgage Book 144, page 692, Miner county Register of Deeds, filed for record at 10:30 o'clock A.M. on November 1, 1995.
- f. Mortgage Book 165, pages 652-655, McCook County Register of Deeds, filed for record at 9:55 o'clock A.M. on November 1, 1995.

3. The RUS Mortgage dated March 26, 1999, in the amount of \$1,811,200 in favor of the United States Department of Agriculture which is covered by this Intercreditor Agreement as filed as follows:

- a. Mortgage Book 215, pages 914-918, Brookings County Register of Deeds, filed for record at 12:45 o'clock P.M. on March 29, 1999.
- b. Mortgage Book 170, page 5682, Kingsbury county Register of Deeds, filed for record at 8:00 o'clock A.M. on March 30, 1999.

- c. Mortgage Book 341, page 301, Lake County Register of Deeds, filed for record at 9:00 o'clock A.M. on March 30, 1999.
 - d. Mortgage Book 154, page 236, Miner County Register of Deeds, filed for record at 9:15 o'clock A.M. on March 30, 1999.
 - e. Mortgage Book 175, pages 365-368, McCook County Register of Deeds, filed for record at 10:20 o'clock A.M. on March 30, 1999.
4. The RUS Mortgage dated October 23, 2001, in the amount of \$1,158,000 in favor of the United States Department of Agriculture which is covered by this Intercreditor Agreement was filed as follows:
- a. Mortgage Book 243, pages 209-214, Brookings County Register of Deeds, filed for record at 4:50 o'clock P.M. on October 24, 2001.
 - b. Mortgage Book 176 of Mortgages, page 5629, Kingsbury County Register of Deeds, filed for record at 8:20 o'clock A.M. on October 25, 2001.
 - c. Mortgage Book 369, page 221, Lake County Register of Deeds, filed for record at 9:00 o'clock A.M. on October 25, 2001.
 - d. Mortgage Book 160, page 355, Miner County Register of Deeds, filed for record at 9:00 o'clock A.M. on October 25, 2001.
 - e. Mortgage Book 184, pages 770-773, McCook County Register of Deeds, filed for record at 11:15 o'clock A.M. on October 25, 2001.
5. The RUS Promissory Note, Loan Number 35, for \$4,991,000.00 dated December 29, 2010, in favor of the United States Department of Agriculture. The RUS Security Agreement dated December 29, 2010 which is covered by this Intercreditor Agreement was perfected by a filign made with the South Dakota Secretary of State on the 22nd day of December, 1992, amended on the 2nd day of October, 1997. The RUS Mortgage dated December 29, 2010 in the amount of \$4,991,000.00 in favor of the United States Department of Agriculture which is covered by this Intercreditor Agreement and filed as follows:
- a. Mortgage Book 204, Page 942, McCook County Register of Deeds, filed for record at 11:40 o'clock A.M. on Decemeber 30, 2010.
 - b. Mortgage Book 216, Page 438, Kingsbury County Register of Deeds, filed for record at 9:40 o'clock A.M. on December 30, 2010.
 - c. Mortgage Book 308, Page 1753, Brookings County Register of Deeds, filed for record at 11:50 o'clock A.M. on December 29, 2010.

- d. Mortgage Book 539, Page 171, Lake county Register of Deeds, filed for record at 9:00 o'clock on December 30, 2010.
 - e. Mortgage Book 181, Page 391-400, Miner County Register of Deeds, filed for record at 9:05 o'clock A.M. on December 30, 2010.
6. The RUS Financing Statement dated the 11th Day of December, 1989, which is covered by this Intercreditor Agreement, was perfected by a filing made with the South Dakota Secretary of State on the 15th day of November, 1989, filing number 19893451304709.
7. The RUS Financing Statement dated the 31st day of October, 2001 which is covered by this Intercreditor Agreement, was perfected by a filing made with the South Dakota Secretary of State on the 31st day of October, 2001, filing number 013041002294.

EXHIBIT C – SDCD LOAN DOCUMENTS

1. The SDCD Mortgage dated April 17, 2000 in the amount of \$475,000 in favor of the South Dakota Conservancy District which is covered by this Intercreditor Agreement was filed as follows:

(a) Mortgage Book 225, pages 497-513, Brookings County Register of Deeds, filed for record at 3:10 o'clock P.M. on June 15, 2000, as amended by the filing recorded in Miscellaneous Book 156, pages 836-837, Brookings County Register of Deeds, filed for record at 1:35 o'clock P.M. on November 30, 2000.

(b) Mortgage Book 173, page 183, Kingsbury County Register of Deeds, filed for record at 8:00 o'clock A.M. on June 23, 2000, as amended by the filing recorded in Mortgage Book 174, page 224, Kingsbury County Register of Deeds, filed for record at 8:00 o'clock A.M. on December 13, 2000.

(c) Mortgage Book 352, page 693, Lake County Register of Deeds, filed for record at 9:00 o'clock A.M. on June 29, 2000, as amended by the filing recorded in Mortgage Book 357, page 203, Lake County Register of Deeds, filed for record at 9:00 o'clock A.M. on December 18, 2000.

(d) Mortgage Book 156, page 440, Miner County Register of Deeds, filed for record at 1:00 o'clock P.M. on July 3, 2000, as amended by the filing recorded in Mortgage Book 156, page 853, Miner County Register of Deeds, filed for record at 9:00 o'clock A.M. on December 26, 2000.

(e) Mortgage Book 179, pages 426-443, McCook County Register of Deeds, filed for record at 9:45 o'clock A.M. on July 7, 2000, as amended by the filing recorded in Mortgage Book 181, pages 143-44, McCook County Register of Deeds, filed for record at 11:00 o'clock A.M. on January 3, 2001.

2. The SDCD Mortgage dated April 29, 2005 in the amount of \$2,115,000 in favor of the South Dakota Conservancy District which is covered by this Intercreditor Agreement was filed as follows:

(a) Mortgage Book 303, page 521, Brookings County Register of Deeds, filed for record at 8:00 o'clock P.M. on April 28, 2005.

(b) Mortgage Book 193, page 176, Kingsbury County Register of Deeds, filed for record at 1:50 o'clock P.M. on April 28, 2005.

(c) Mortgage Book 444, page 189, Lake County Register of Deeds, filed for record at 10:00 o'clock A.M. on April 28, 2005.

(d) Mortgage Book 169, pages 0227-0245, Miner County Register of Deeds, filed for record at 9:30 o'clock A.M. on April 28, 2005.

(e) Mortgage Book 200, page 199, McCook County Register of Deeds, filed for record at 9:30 o'clock A.M. on April 29, 2005.

3. The SDCD Mortgage dated August 25, 2005 in the amount of \$3,324,000 in favor of the South Dakota Conservancy District which is covered by this Intercreditor Agreement was filed as follows:

(a) Mortgage Book 303, page 1260, Brookings County Register of Deeds, filed for record at 1:25 o'clock P.M. on August 25, 2005.

(b) Mortgage Book 194, page 726, Kingsbury County Register of Deeds, filed for record at 8:00 o'clock A.M. on August 26, 2005.

(c) Mortgage Book 449, page 636, Lake County Register of Deeds, filed for record at 9:00 o'clock A.M. on August 26, 2005.

(d) Mortgage Book 170, pages 0023-0042, Miner County Register of Deeds, filed for record at 1:30 o'clock P.M. on August 26, 2005.

(e) Mortgage Book 200, page 432, McCook County Register of Deeds, filed for record at 10:00 o'clock A.M. on August 26, 2005.

4. The SDCD Mortgage dated October 25, 2006 in the amount of \$2,350,000 in favor of the South Dakota Conservancy District which is covered by this Intercreditor Agreement was filed as follows:

(a) Mortgage Book 304, page 1586, Brookings County Register of Deeds, filed for record at 9:25 o'clock A.M. on October 25, 2006.

(b) Mortgage Book 199, page 831, Kingsbury County Register of Deeds, filed for record at 9:30 o'clock A.M. on October 25, 2006.

(c) Mortgage Book 473, page 625, Lake County Register of Deeds, filed for record at 9:00_ o'clock A.M. on October 25, 2006.

(d) Mortgage Book 172, page 386, Miner County Register of Deeds, filed for record at 2:15 o'clock P.M. on October 25, 2006.

(e) Mortgage Book 201, page 542, McCook County Register of Deeds, filed for record at 9:45 o'clock A.M. on October 25, 2006.

5. The SDCD Mortgage dated July 21, 2014 in the amount of \$540,000 in favor of the South Dakota Conservancy District which is covered by this Intercreditor Agreement was filed as follows:

(a) Mortgage Book 312, page 702, Document #251468, Brookings County Register of Deeds, filed for record at 3:40 o'clock P.M. on July 22, 2014.

(b) Mortgage Book 229, page 497, Document # 37616, Kingsbury County Register of Deeds, filed for record at 10:00 o'clock A.M. on July 24, 2014.

(c) Mortgage Book 594, page 524, Document #110984, Lake County Register of Deeds, filed for record at 9:00 o'clock A.M. on July 23, 2014.

(d) Mortgage Book 190, pages 152-169, Document #213978, Miner County Register of Deeds, filed for record at 9:05 o'clock A.M. on July 24, 2014.

(e) Mortgage Book 207, page 792, Document #14-1206, McCook County Register of Deeds, filed for record at 8:30 o'clock A.M. on July 23, 2014.

6. The SDCD Security Agreement dated the 17th day of April, 2000, which is covered by this Intercreditor Agreement, was perfected by a filing made with the South Dakota Secretary of State on the 23rd day of June, 2000, filing number 20001751001817 and a continuation made with the South Dakota Secretary of State on the 29th day of October, 2009, filing number 20093020810012.

7. The SDCD Security Agreement dated the 29th day of April, 2005, which is covered by this Intercreditor Agreement, was perfected by a filing made with the South Dakota Secretary of State on the 23rd day of May, 2005, filing number 20051430810038.

8. The SDCD Security Agreement dated the 25th day of August, 2005, which is covered by this Intercreditor Agreement, was perfected by a filing made with the South Dakota Secretary of State on the 23rd day of May, 2005, filing number 20051430810038.

9. The SDCD Security Agreement dated the 25th day of October, 2006, which is covered by this Intercreditor Agreement, was perfected by a filing made with the South Dakota Secretary of State on the 13th day of November, 2006, filing number 20063170810051.

10. The SDCD Security Agreement dated the 21st day of July, 2014, which is covered by this Intercreditor Agreement, was perfected by a filing made with the South Dakota Secretary of State on the 17th day of July, 2014, filing number 20141980810012.

TITLE: Sanitary/Storm Sewer Facilities Funding Applications

EXPLANATION: The following applications have been received by DENR for funding consideration at this meeting. The projects are listed in priority point order as shown in the Intended Use Plan, and the points are listed in parentheses.

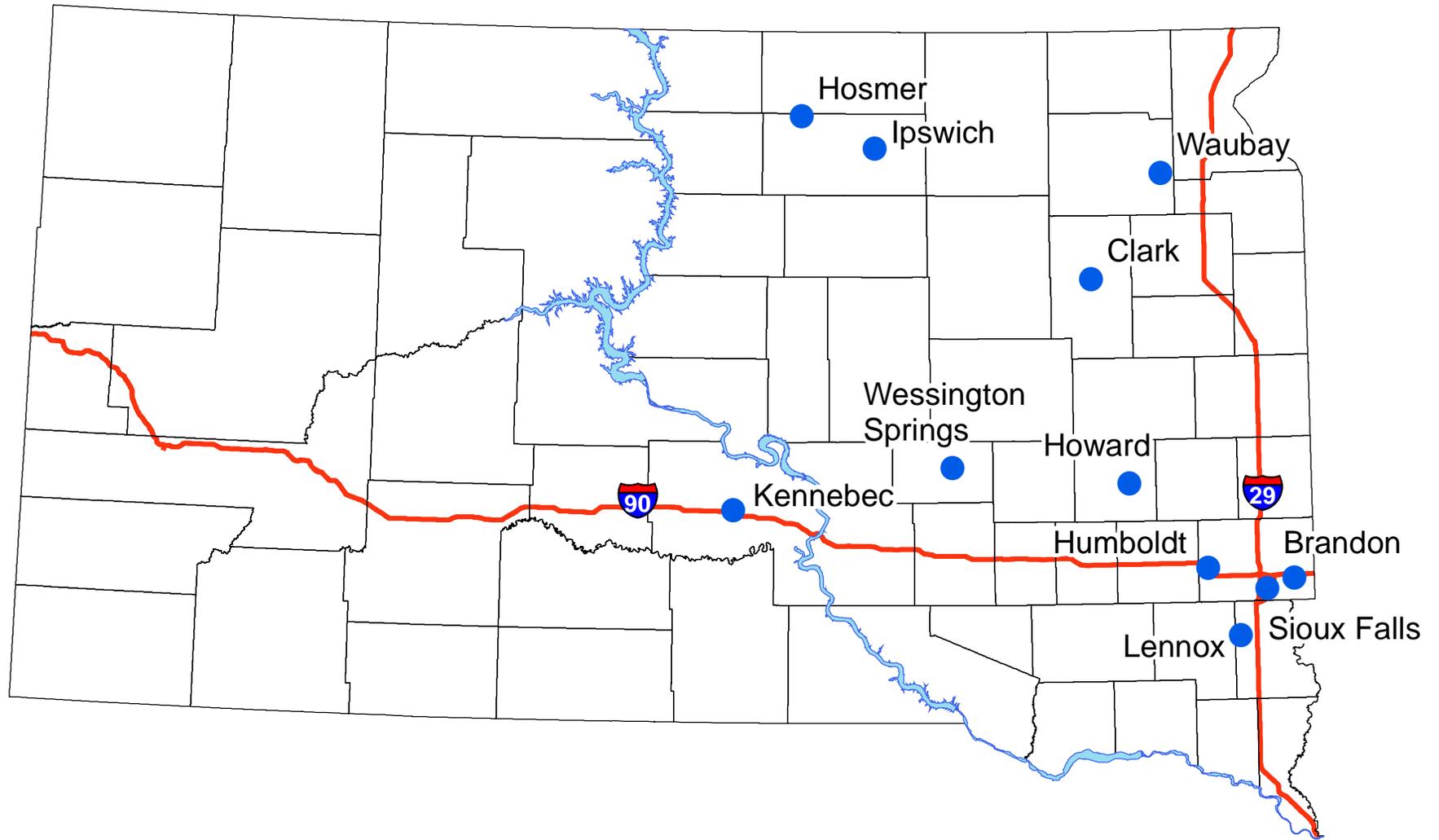
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|------------------|---|
| a. Waubay (30) | g. Howard (14) |
| b. Clark (25) | h. Sioux Falls (Brandon Road) (14) |
| c. Kennebec (23) | i. Sioux Falls (Outfall Replacement) (14) |
| d. Humboldt (22) | j. Ipswich (10) |
| e. Hosmer (21) | k. Lennox (9) |
| f. Brandon (17) | l. Wessington Springs (8) |

COMPLETE APPLICATIONS: Application cover sheets and WRAP summary sheets with financial analysis have been provided as part of the board packet. Complete applications are available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRappsssf0315.pdf>

If you would like hard copies of the applications, please contact Dave Ruhnke at (605) 773-4216.

Sanitary / Storm Sewer Facilities Applications March 2015



WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF WAUBAY

Project Title: Wastewater Treatment Facility Improvements

Funding Requested: \$1,780,000

Other Proposed Funding: \$415,820 - FEMA

Total Project Cost: \$2,195,820

Project Description: Construct additional ponds and wetlands at the existing treatment facility to create a total retention wastewater system.

Alternatives Evaluated: No Action – Was not chosen as the city is under a compliance order from DENR to build a total retention facility by September 30, 2016.

The city evaluated two treatment alternatives: A) discharge to total retention stabilization pond by adding additional capacity to the current ponds and abandoning the infiltration/percolation (I/P) basins and B) discharge to a 150-day retention stabilization pond with discharge to artificial wetland. The city selected the total retention alternative.

Implementation Schedule: Waubay anticipates bidding the project in August 2015 with a project completion date of September 2016.

Service Population: 576

Current Domestic Rate: \$30.00 per 5,000 gallons usage

Proposed Domestic Rate at Project Completion: \$30.00 per 5,000 gallons usage

Interest Rate: 3.25% Term: 30 years Security: Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Waubay would have to enact a surcharge of approximately \$27.62. When added to current rate of \$30/5,000 gallons residents would be paying \$57.62/5,000 gallons.

25% Funding Subsidy: \$445,000 subsidy with a loan of \$1,335,000

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$1,335,000 Waubay would have to enact a surcharge of approximately \$20.72 thereby paying a rate \$50.72/5,000 gallons.

50% Funding Subsidy: \$890,000 subsidy with a loan of \$890,000

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$890,000 Waubay would have to enact a surcharge of approximately \$13.81 thereby paying a rate \$43.81/5,000 gallons.

75% Funding Subsidy: \$1,335,000 subsidy with a loan of \$445,000

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$445,000 Waubay would have to enact a surcharge of approximately \$6.91 thereby paying a rate \$36.91/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: JIM ANDERSON

FINANCIAL REVIEW COMPLETED BY: ELAYNE LANDE

DEC 31 2014

Division of Financial & Technical Assistance

Sanitary/Storm Sewer Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP)
Clean Water State Revolving Fund Program (CWSRF)

Applicant City of Waubay Address PO Box 155 Waubay, SD 57273	<h3 style="text-align: center;">Proposed Funding Package</h3> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">CWFCP / CWSRF</td> <td style="width: 40%; text-align: right;">\$1,780,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other FEMA</td> <td style="text-align: right;">\$415,820</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td colspan="2" style="text-align: right;">TOTAL \$2,195,820</td> </tr> </table>	CWFCP / CWSRF	\$1,780,000	Local Cash	_____	Other FEMA	\$415,820	Other	_____	Other	_____	TOTAL \$2,195,820	
CWFCP / CWSRF	\$1,780,000												
Local Cash	_____												
Other FEMA	\$415,820												
Other	_____												
Other	_____												
TOTAL \$2,195,820													
Subapplicant DUNS Number 46-6000528													

Project Title: Waubay Wastewater Treatment Facility Improvements

Description:

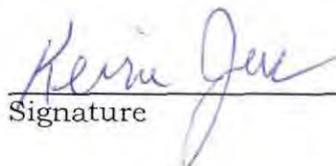
The City of Waubay is under a compliance order from DENR to make the wastewater treatment facility a total retention facility by September 30, 2016. The City is proposing to construct additional ponds and wetlands which have been initially estimated at 65 acres. The initial estimation was based on flow tests conducted during severely high water events at which time many of the sewer lines in town were being infiltrated by high ground water and lake water. The engineer is currently testing flows and will adjust the acreage during design of the project (if necessary) after enough flow data has been collected. The IP ponds are currently under Bitter Lake as the lake has expanded exponentially since the treatment ponds were constructed.

The City's wastewater rates are \$30 per user per month. Of that, \$9.75/user/month is designated for RD loan repayment; \$3.00/user/month is designated to SRF surcharge for lift station improvements, and \$4.10 is designated to pay the wastewater revenue bond for phase II sanitary sewer improvements.

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.

Kevin Jens, Mayor



Dec 1, 2014

Name & Title of Authorized Signatory (Typed)

Signature

Date

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF CLARK

Project Title:	Wastewater Treatment Facility Construction
Funding Requested:	\$5,485,000
Other Proposed Funding:	\$515,000 – Community Development Block Grant \$1,000,000 – CWFCP Grant
Total Project Cost:	\$7,000,000
Project Description:	Construct a total retention facility to replace the existing mechanical wastewater treatment plant due to a reclassification of a lake downstream from the current plant’s outfall discharge line. This project includes land purchase, unclassified excavation, riprapping, force main installation, construction of a lift station, pond valves and piping and other necessary appurtenances for the project.
Alternatives Evaluated:	<p>“No Action” This alternative would allow the current mechanical wastewater treatment plant and discharge to continue. The city would be out of compliance with its Surface Water Discharge Permit and would be subject to fines for noncompliance. This alternative was not selected.</p> <p>Move the Discharge Location This alternative was reviewed with the option of either keeping the existing mechanical wastewater treatment plant or constructing a new 210-day discharging lagoon system which would be smaller than the total retention pond system. In either case the discharge would need to be moved to a new drainage not leading to a lake. Three different forcemain discharge routes were evaluated. The first route would install 3.5 miles of forcemain west of the city to a drainage way which would then travel approximately 12 miles west before entering Logan Dam, on a site visit however a low area that would result in ponding was discovered, and this route was not selected. The second route would install 9 miles of forcemain east of the city and discharge into the Big Sioux watershed. Due to the large cost of amount of forcemain required this route was not selected. The third route was to extend the discharge location north and east of the city to allow up to 10 miles of flow before the discharged effluent</p>

would reach the lake. This route was not selected because the drainage at the proposed discharge point is flat excessive ponding would occur at the discharge location.

Total Retention Pond Locations

The city originally considered a location approximately ¼ southeast of the city for construction of the wastewater treatment ponds. Based on preliminary test pits being dug the site was found to have high groundwater and concerns with soil for use as clay liner were also identified. With these issues the site was determined to be unfeasible for construction and was not selected for further evaluation.

Upgrading the Existing Treatment System to Meet New Limits

This alternative would have required retrofitting or adding additional treatment processes to the existing mechanical treatment plant. The discharge would need to meet the water quality standards at the discharge point. The cost to treat the water to these standards would be significant and difficult to achieve. This alternative was not selected.

Implementation Schedule:	Clark anticipates bidding the project in June 2015 with a project completion date of early 2017.
Service Population:	1,139
Current Domestic Rate:	\$26.00 per 5,000 gallons usage
Proposed Domestic Rate at Project Completion:	\$43.00 per 5,000 gallons usage
Interest Rate: 3.25%	Term: 30 years Security: Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Clark would have to establish a surcharge of approximately \$40.00. When added to current rate of \$26.00/5,000 gallons residents would be paying \$66.00/5,000 gallons.

25% Funding Subsidy: \$1,750,000 subsidy with a loan of \$5,250,000.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$5,250,000 Clark would have to establish a surcharge of approximately \$30.00 thereby paying a rate \$56.00/5,000 gallons.

50% Funding Subsidy: \$2,742,500 subsidy with a loan of \$2,742,500.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$2,742,500 Clark would have to establish a surcharge of approximately \$20.00 thereby paying a rate \$46.00/5,000 gallons.

75% Funding Subsidy: \$4,113,750 subsidy with a loan of \$1,371,250.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$1,371,250 Clark would have to establish a surcharge of approximately \$10.00 thereby paying a rate \$36.00/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: TOWN OF KENNEBEC

Project Title:	Wastewater System Improvements
Funding Requested:	\$1,160,000
Other Proposed Funding:	\$4,915 - Local Cash
Total Project Cost:	\$1,164,915
Project Description:	<p>This project will expand the collection system to unserved areas south of Medicine Creek and west of SD Highway 273 and upgrade the existing wastewater treatment facility by installing an additional primary treatment pond for 180-day storage. This project also includes cleaning and TV inspection of the town's sewer lines.</p>
Alternatives Evaluated:	<p>No Action – Was not chosen due to the condition of the aging infrastructure within the city and would not address the compliance order issued by DENR regarding the wastewater treatment facility.</p> <p>TV Inspection – Was chosen to evaluate and prioritize the condition of the entire sewer system.</p> <p>Replacement of existing Sanitary Sewer – Was not chosen at this time, but will be considered after TV inspection determines which improvements will be necessary.</p> <p>Expansion of the Sanitary Sewer System – Was chosen to provide pressurized sewer service to the west and south for those residents with private systems.</p> <p>180-Day Stabilization Pond – Was chosen alongside the pressurized sewer expansion to meet compliance and provide sufficient hydraulic capacity at the most economic cost.</p> <p>Pretreatment and Conversion of Ponds to Wetlands – Not chosen in favor of the more economical stabilization pond alternative.</p> <p>Total Retention System – Not chosen in favor of the more economical stabilization pond alternative.</p>

Access Road – Chosen to provide an all-weather access to the treatment facility.

Implementation Schedule: Kennebec anticipates bidding the project in July 2015 with a project completion date of November 2015.

Service Population: 240

Current Domestic Rate: \$35.00 per 5,000 gallons flat rate

Proposed Domestic Rate at Project Completion: \$49.08 per 5,000 gallons flat rate (\$12.00 +\$37.08 surcharge)

Interest Rate: 3.25%

Term: 30 years

Security: Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Kennebec would have to enact a surcharge of approximately \$33.11. The town increased its wastewater rate to \$35 in anticipation of a loan and intends to drop its base rate back to \$12. This surcharge added to the base rate would bring Kennebec's wastewater rates to \$45.11.

25% Funding Subsidy: \$290,000 subsidy with a loan of \$870,000

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$870,000 Kennebec would have to enact a surcharge of approximately \$24.84 thereby paying a rate \$36.83/5,000 gallons.

50% Funding Subsidy: \$580,000 subsidy with a loan of \$580,000

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$580,000 Kennebec would have to enact a surcharge of approximately \$16.56 thereby paying a rate \$28.56/5,000 gallons.

75% Funding Subsidy: \$870,000 subsidy with a loan of \$290,000

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$290,000 Kennebec would have to enact a surcharge of approximately \$8.28 thereby paying a rate \$20.28/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: ELAYNE LANDE

DEC 31 2014

Division of Financial & Technical Assistance

Sanitary/Storm Sewer Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP)
Clean Water State Revolving Fund Program (CWSRF)

Applicant Town of Kennebec Address PO Box 61 Kennebec, SD 57544	<p style="text-align: center;">Proposed Funding Package</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">CWFCP / CWSRF</td> <td style="width: 20%; text-align: right;">\$1,160,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">\$4,915</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td colspan="2" style="text-align: right;">TOTAL \$1,164,915</td> </tr> </table>	CWFCP / CWSRF	\$1,160,000	Local Cash	\$4,915	Other	_____	Other	_____	Other	_____	TOTAL \$1,164,915	
CWFCP / CWSRF	\$1,160,000												
Local Cash	\$4,915												
Other	_____												
Other	_____												
Other	_____												
TOTAL \$1,164,915													
Subapplicant DUNS Number 14-933-7870													

Project Title: Kennebec Wastewater System Improvements

Description:

The Town of Kennebec will be undertaking a major wastewater project that will address both the collection and treatment systems. The collection system will be expanded to provide sewer service to unserved areas south of Medicine Creek and west of SD Highway 273, using a pressurized sewer system. The treatment facility will be upgraded by installation of a new primary treatment pond designed for 180-day storage of wastewater flow, and improvements to the two existing treatment cells. The project also includes cleaning and TV inspection of the town's sewer lines to help determine which portions of the system may need to be addressed to reduce infiltration and inflow, and construction of an access road to provide better access to the sewage treatment facility.

In preparation for the project, the Town has just implemented a substantial sewer rate increase. A flat rate of \$35.00 for all residential and commercial users is now in effect, whereas the previous rate was \$12.00 for residences and \$14.00 for businesses.

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.

Eugene Mertens, Town Board President


 _____ Dec 1, 2014
 Signature Date

Name & Title of Authorized Signatory (Typed)

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF HUMBOLDT

Project Title:	Sanitary Sewer Improvements Project
Funding Requested:	\$4,077,000
Other Proposed Funding:	-0-
Total Project Cost:	\$4,077,000
Project Description:	This project will expand the existing wastewater lagoon from a surface area of 12 acres to a 32 -acre total retention facility and replace a portion of the existing clay lines throughout town.
Alternatives Evaluated:	<p>“No Action Alternative” is not recommended as it would not address any of the identified deficiencies in the sanitary sewer system.</p> <p>“TV Inspection Alternative” was chosen to evaluate and prioritize the condition of the entire sewer system.</p> <p>“Replace All Clay Pipe with PVC Alternative” addresses the cost of replacing all clay pipe with PVC line throughout the town. However, due to the large capital cost, it is recommended to prioritize and phase the replacement of the collection line.</p> <p>“Phased Replacement of All Clay Pipe with PVC Alternative” will phase the replacement of the clay line with PVC and will begin with replacing the main trunk line from the ponds to the city and include one third of the clay lines in the city.</p> <p>“Total Retention Treatment Alternative One” expands the treatment system an additional 27 acres to be completed prior to improvements to the collection system. This alternative was not selected.</p> <p>“Total Retention Treatment Alternative Two” recommends that the collection system be improved upon prior to the final sizing of the treatment ponds. The alternative estimates that an additional 20 acres will be required in the total retention system. This alternative is recommended.</p>

Implementation Schedule: Humboldt anticipates bidding the project in January 2016 with a project completion date of October 2016.

Service Population: 613

Current Domestic Rate: \$25.00 per 5,000 gallons usage

Proposed Domestic Rate at Project Completion: \$45.00 per 5,000 gallons usage

Interest Rate: 3.25% Term: 30 years Security: Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Humboldt would have to enact a surcharge of approximately \$78.20. When added to current rate of \$25/5,000 gallons residents would be paying \$103.20/5,000 gallons.

25% Funding Subsidy: \$1,019,250 subsidy with a loan of \$3,057,750

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$3,057,750 Humboldt would have to enact a surcharge of approximately \$58.65 thereby paying a rate \$83.65/5,000 gallons.

50% Funding Subsidy: \$2,038,500 subsidy with a loan of \$2,038,500

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$2,038,500 Humboldt would have to enact a surcharge of approximately \$39.10 thereby paying a rate \$64.10/5,000 gallons.

75% Funding Subsidy: \$3,057,750 subsidy with a loan of \$1,019,250

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$1,019,250 Humboldt would have to enact a surcharge of approximately \$19.55 thereby paying a rate \$44.55/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: CLAIRE PESCHONG

FINANCIAL REVIEW COMPLETED BY: ELAYNE LANDE

Sanitary/Storm Sewer Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP)
Clean Water State Revolving Fund Program (CWSRF)

Applicant City of Humboldt Address PO BOX 72 Humboldt, SD 57035-0072	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">CWFCP / CWSRF</td> <td style="width: 30%; text-align: right;">\$4,077,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> </table>	CWFCP / CWSRF	\$4,077,000	Local Cash	\$0	Other	_____	Other	_____	Other	_____
CWFCP / CWSRF	\$4,077,000										
Local Cash	\$0										
Other	_____										
Other	_____										
Other	_____										
Subapplicant DUNS Number 1594311808	TOTAL \$4,077,000										

Project Title: City of Humboldt Sanitary Sewer Collection & Treatment Improvements Project

Description:

The City of Humboldt proposes to replace a portion of the existing wastewater collection system. A large portion of the existing system is still the original clay pipe. The clay pipe has outlived its useful life and is experiencing cracks, sags, tree roots, and infiltration. The clay pipe, manholes, and service lines will be replaced to the property line. The Town plans to clean and televise the existing system to look for sources of infiltration and to assist with the design process.

The Town also proposes to expand its existing wastewater treatment ponds. The Town has had to discharge out of compliance in the past. The current ponds are undersized for the amount of flow that is going to the ponds. Improvements to the collection system will reduce the size of the new pond.

The wastewater rate for 5,000 Gallons is \$25. The City of Humboldt has a reserve account established for its wastewater utility.

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.

Ritchy Griep, Board President, Humboldt, SD

Name & Title of Authorized Signatory (Typed)

Signature

Date

[Handwritten Signature] 12-22-14

WRAP REVIEW SHEET
SANITARY/ STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF HOSMER

Project Title: Hosmer Wastewater System Improvements

Funding Requested: \$4,122,000

Other Proposed Funding: \$0

Total Project Cost: \$4,122,000

Project Description: The project consists of cleaning, inspecting and televising the entire collection system, replacing the existing vitrified clay pipe (VCP) with PVC pipe and cured in place pipe (CIPP), and constructing a new total retention wastewater treatment facility.

Alternatives Evaluated: “Do Nothing Alternative” was evaluated for both the collection and treatment systems but was not considered since it did not address deficiencies of either system.

The facilities plan evaluated four alternatives for the collection system and three alternatives for the treatment system to improve Hosmer’s overall wastewater system.

“Televise Alternative” would televise the entire wastewater collection system. This alternative was recommended since it would give the city and their consultant a better understanding of the condition of the collection system and a basis for how to advance with the project

“Replace VCP With PVC Pipe Alternative” would replace all VCP with PVC pipe. This alternative was evaluated but not recommended at this time due to the need for televising and anticipated costs.

“Replace VCP with PVC/CIPP Pipe Alternative” would replace all VCP with PVC pipe or CIPP based on the condition of VCP which will be determined by televising. This alternative was evaluated and recommended due to the reduced construction costs of trenchless repair.

“Priority Replacement Project Alternative” would prioritize and repair sections of the collection system in multiple

phases. This alternative was evaluated but not recommended because when projects are phased their overall cost is higher and city wants to avoid prolonged construction interruptions.

“Existing Pond Improvements Alternative” focuses on improving the existing pond and ensuring that proper treatment takes place. This alternative was evaluated but not recommended since it was not the most cost effective alternative.

“New Discharge Facility Alternative” would build new primary treatment ponds and convert the current primary treatment pond into a wetland for the use of a wastewater treatment facility that would be capable of periodic discharge. This alternative was evaluated but not recommended since it was not the most cost effective alternative.

“Total Retention Facility” Alternative would build a new primary treatment pond and convert the current primary treatment pond into a wetland for the use of a wastewater treatment facility that would utilize total retention. This alternative was evaluated and recommended since it was the most cost effective alternative.

Implementation Schedule: City of Hosmer anticipates bidding the project in September 2015 with a project completion date of September 2016.

Service Population: 208

Current Domestic Rate: \$22.00 flat rate

Proposed Domestic Rate at Project Completion: TBD

Interest Rate: 3.25% Term: 30 years Security: Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Hosmer would have to enact a surcharge of approximately \$128. When added to current flat rate of \$22 residents would be paying \$150/month. However Hosmer needs to raise its base rate to \$26/month to cover O&M expenses which would bring the monthly rate to \$154.

25% Funding Subsidy: \$1,030,500 subsidy with a loan of \$3,091,500.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$3,091,500 Hosmer would have to enact a surcharge of approximately \$95.65 thereby requiring a rate of \$121.65/month.

50% Funding Subsidy: 2,061,000 subsidy with a loan of \$2,061,000.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$2,061,000 Hosmer would have to enact a surcharge of approximately \$63.75 thereby requiring a rate of \$89.75/month.

75% Funding Subsidy: \$3,091,500 subsidy with a loan of \$1,030,500.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$1,030,500 Hosmer would have to enact a surcharge of approximately \$31.90 thereby requiring a rate of \$57.90/month.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

DEC 30 2014

Division of Financial & Technical Assistance

Sanitary/Storm Sewer Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP)
Clean Water State Revolving Fund Program (CWSRF)

Applicant City of Hosmer Address PO Box 1 Hosmer, SD 57448	<h3 style="text-align: center;">Proposed Funding Package</h3> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">CWFCP / CWSRF</td> <td style="width: 30%; text-align: right;">\$4,122,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td colspan="2" style="text-align: right;">TOTAL \$4,122,000</td> </tr> </table>	CWFCP / CWSRF	\$4,122,000	Local Cash	_____	Other	_____	Other	_____	Other	_____	TOTAL \$4,122,000	
CWFCP / CWSRF	\$4,122,000												
Local Cash	_____												
Other	_____												
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TOTAL \$4,122,000													
Subapplicant DUNS Number 038378477													

Project Title: Hosmer Wastewater System Improvements

Description:

The City of Hosmer has been experiencing problems with their wastewater system. The current lift station is in poor condition and poses a significant safety risk for the operator as the operator must enter a confined space filled with sewer gas in order to inspect it. In addition, the current valves are failing and the pump house is showing signs of deterioration. The collection system is also in need of repair. Limited televising of the system has been completed and has shown severe deposit buildups, cracks in the lines, and a collapse in the sewer line under Main Street. The treatment facility was constructed in the 1950s and has had minimal improvements made since its construction. The outfall line empties into an Imhoff Tank which settles out solids. From there the remaining waste deposits flow through an open channel to the holding ponds.

Helms and Associates performed a study of the City's sewer system and recommended the City make improvements to their entire system. Therefore, the City is proposing to clean, inspect, and televise the entire collection system, replace the existing Vitrified Clay Pipe with PVC pipe and CIPP liner, where possible, and construct a new total retention wastewater treatment facility. The estimated costs of these improvements totals \$4,122,000.

The City of Hosmer currently charges a flat fee of \$22.00 per month for residential users and \$29.50 per month for business users for use of it's sewer system. The City has a small amount of reserve in their sewer fund; therefore a reserve fund for this project has not been set up. The City will need to utilize grant and loan funding in order to accomplish the improvements needed for their entire wastewater system to function properly.

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 Schwingler, Mayor

Name & Title of Authorized Signatory (Typed)

Mike Schwingler 12-20-14

Signature Date

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF BRANDON

Project Title: Sanitary Sewer Improvements

Funding Requested: \$27,785,000

Other Proposed Funding:

Total Project Cost: \$27,785,000

Project Description: The existing WWTP was built in 1982 when the population in Brandon was 2,589. Brandon's population increased significantly after that, and the city chose to pump its partially treated wastewater to the Sioux Falls Water Reclamation facility rather than upgrade its wastewater treatment facilities. Brandon is now proposing to construct a new wastewater treatment facility and discontinue sending wastewater to Sioux Falls. This project also includes constructing new sanitary sewer trunk lines and lift stations.

Alternatives Evaluated:

"No Action Alternative" does not address the demand for additional hydraulic capacity and treatment.

"Replace VCP with PVC Alternative" would replace all 67,000 feet of clay pipe with new PVC line in order to reduce I & I and correct deficiencies that were discovered during televising. Due to the large capital costs, it is recommended to complete this project in multiple phases.

"Future Basin Improvements Alternative" will construct new trunk sewers along the bottom of the basin. The new trunk sewers would be deeper and would extend further to reduce the needed lift stations from eleven to two. This alternative also includes the installation of a new McHardy Park lift station which would act as a collection point for flows to either be pumped to the existing treatment facility or to a new treatment facility. This is the recommended alternative.

"Replace Lift Stations Alternative" would replace four of the seven existing old and deteriorated lift stations if not abandoned by the new trunk sewer project.

"New SCADA System Alternative" would allow for remote monitoring of wastewater water system from the city shop.

“Core Basin Trunk Sewer Alternative” proposes a new 24 inch trunk sewer be installed to take all existing gravity sewer that flows to the current treatment system and carry the wastewater to the new lift station at McHardy Park where flow would be pumped to a new treatment system. This is the recommended alternative.

“Build New Treatment System Alternative” will construct a treatment plant at a new site south of Brandon on approximately 40 acres. The WWTP system includes continuous treated discharge, two aeration cells followed by three aeration rock beds, and possible UV disinfection. This is the recommended alternative.

“Add Aerated Rock Beds Alternative” will add aeration to cell three at the current WWTP and construct three aerated rock beds followed by a possible UV disinfection system. This alternative would have continuous discharge and eliminate the need to pump to Sioux Falls. This alternative is not recommended. It is anticipated that expansion at the current site will create negative feedback with the adjacent residential areas.

“Rehabilitate the Existing Site Alternative” proposes that the existing WWTP site be modified to add aeration to cells one and two and convert cell three to aerated rock bed. This system would have continuous discharge and eliminate the need to pump to Sioux Falls and is a viable alternative if the City is unable to purchase land for a new site or expand the current footprint.

“Aeration Expansion with Sioux Falls Pumping Alternative” would divide cell one into two aeration cells and pump water to Sioux Falls to handle the hydraulic loading. This alternative can’t provide enough treatment to get the partial treatment credit from the City of Sioux Falls or guarantee the City will always be able to meet the discharge limits. Costs to pump to Sioux Falls include a system development charge and charge per thousand gallons received.

“Pumping Only to Sioux Falls Alternative” proposes that the city stop running the existing aeration system, add a new lift station, and pump everything to Sioux Falls. Costs to pump to Sioux Falls include a system development charge and charge per thousand gallons received.

“Mechanical Treatment Alternative” proposes that a mechanical plant be built on a new site. This alternative is not recommended due to the large capital cost and high O&M.

Implementation Schedule: TBD

Service Population: 9,532

Current Domestic Rate: \$50.00 per 5,000 gallons usage

Proposed Domestic Rate at Project Completion: \$51.55 per 5,000 gallons usage

Interest Rate: 3.25%

Term: 30 years

Security: Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Brandon would have to enact a surcharge of approximately \$45.70. When added to current rate of \$50/5,000 gallons residents would be paying \$75.90/5,000 gallons. However Brandon can reduce its rates by approximately 60% and still cover annual O&M and existing debt payments. This would reduce rates to approximately \$30/5,000 gallons which would bring the monthly cost to \$75.70/5,000 gallons.

25% Funding Subsidy: \$6,946,250 subsidy with a loan of \$20,838,750.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$20,828,750 Brandon would have to enact a surcharge of approximately \$34.25 thereby paying a rate of \$64.25/5,000 gallons if they reduce their base rate.

50% Funding Subsidy: \$13,892,500 subsidy with a loan of \$13,892,500.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$13,892,500 Brandon would have to enact a surcharge of approximately \$20.76 thereby paying a rate of \$50.76/5,000 gallons if they reduce their base rate.

75% Funding Subsidy: 20,838,750 subsidy with a loan of \$6,946,250.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$6,946,250 Brandon would have to enact a surcharge of approximately \$11.45 thereby paying a rate of \$41.45/5,000 gallons if they reduce their base rate.

ENGINEERING REVIEW COMPLETED BY: CLAIRE PESCHONG

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

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Division of Financial & Technical Assistance

Sanitary/Storm Sewer Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP)
Clean Water State Revolving Fund Program (CWSRF)

Table with 2 columns: Applicant/Proposed Funding Package. Rows include City of Brandon, Address, Subapplicant, DUNS Number, and funding breakdown (CWFCP / CWSRF, Local Cash, Other, TOTAL 27,785,000).

Project Title: City of Brandon Sanitary Sewer Improvements Project

Description:

The City of Brandon is proposing the following/improvements to its sanitary sewer system: Future Basin Improvements, Core Basin Trunk Sewer and ~~Build~~ New Treatment System.

Future Basin Improvements: The proposed project would reduce the number of collection lift stations in Brandon from eleven to two. This will be accomplished by installing new trunk sewers along the bottom of the basin. These new trunk sewers would be deeper and would extend further to eliminate the need for lift stations. This project involves installing a new lift station at McHardy Park, 20,000 feet of 21" force main, 5,200 feet of 8" PVC, 2,600 feet of 10" PVC, 3,700 feet of 24" PVC, 11,800 feet of 27" PVC, 2,900 feet of 30" PVC, 500 feet of 42" PVC, and other necessary appurtenances.

Core Basin Trunk Sewer: The proposed project involves constructing a new trunk sewer to take the entire existing gravity sewer that flows to the treatment system and carry the wastewater to the south side of McHardy Park where a new lift station will be constructed. This will involve the installation of approximately 10,100 linear feet of 24" PVC and other necessary appurtenances.

New Treatment System: The proposed project involves constructing a new treatment system at a new site. The City's existing treatment system was built in 1982 when the population was 2,589. The existing treatment system is overloaded both hydraulically and organically because the system has never been expanded and the current population of Brandon is now over 9,088. This will eliminate the need for Brandon to pump sewage to Sioux Falls. The new site includes the purchase of 40 acres and the installation of two aeration cells followed by aerated rock beds.

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.

Larry Beesley, Mayor, City of Brandon

Name & Title of Authorized Signatory (Typed)

Handwritten signature of Larry D. Beesley and date 12/19/14

Signature

Date

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF HOWARD

Project Title:	Lagoon Expansion
Funding Requested:	\$1,764,334
Other Proposed Funding:	\$0
Total Project Cost:	\$1,764,334
Project Description:	<p>This project will expand the existing wastewater lagoon from a surface area of 8.5 acres to 16 acres and construct a 13.7-acre wetland to provide additional storage and treatment of wastewater flows. This project also proposes televising the entire wastewater collection system to prioritize future repairs.</p>
Alternatives Evaluated:	<p>No Action – Was not chosen due to not providing any progress toward identifying or rectifying any deficiencies in the sanitary sewer system.</p> <p>TV Inspection – Was chosen to evaluate and prioritize the condition of the entire sewer system.</p> <p>Expansion of Pond 1 – Was chosen because this alternative will provide proper wastewater treatment at the most economical cost over the life of the project.</p> <p>Split Flow to Existing Ponds – Divides the incoming wastewater flow between the two existing ponds. This was not chosen in favor of the expansion alternative.</p> <p>Diffused Aeration – Provide mechanical aeration of the wastewater for more efficient treatment. This was not chosen in favor of the expansion alternative.</p> <p>Venturi Aeration – Provide oxygen to the wastewater by means of a venturi apparatus before it is discharged. This was not chosen in favor of the expansion alternative.</p>
Implementation Schedule:	Howard anticipates bidding the project in Spring 2015 with a project completion date of early 2016.

Service Population: 856

Current Domestic Rate: \$23.90 per 5,000 gallons

Proposed Domestic Rate at Project Completion: \$31.30 per 5,000 gallons

Interest Rate: 3.25% Term: 30 years Security: Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Howard would have to enact a surcharge of approximately \$17.09. When added to the current rate of \$22.80/5,000 gallons, residents would pay \$40.99/5,000 gallons.
25% Funding Subsidy:	\$441,084 subsidy with a loan of \$1,323,251
Coverage at 25% Subsidy:	Based on a 25% subsidy and a loan of \$1,323,251, Howard would have to enact a surcharge of approximately \$12.82 thereby paying a rate \$36.72/5,000 gallons.
50% Funding Subsidy:	\$882,167 subsidy with a loan of \$882,167
Coverage at 50% Subsidy:	Based on a 50% subsidy and a loan of \$882,167, Howard would have to enact a surcharge of approximately \$8.55 thereby paying a rate \$32.45/5,000 gallons.
75% Funding Subsidy:	\$1,323,250 subsidy with a loan of \$441,084
Coverage at 75% Subsidy:	Based on a 75% subsidy and a loan of \$441,084 Howard would have to enact a surcharge of approximately \$4.27 thereby paying a rate \$28.17/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: ELAYNE LANDE

Sanitary/Storm Sewer Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP)
Clean Water State Revolving Fund Program (CWSRF)

Applicant City of Howard Address 100 Main Street Howard, SD 57349	<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: left; padding-left: 5px;">Proposed Funding Package</th> </tr> <tr> <td style="padding-left: 5px;">CWFCP / CWSRF</td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,764,334</td> </tr> <tr> <td style="padding-left: 5px;">Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="padding-left: 5px;">Other</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="padding-left: 5px;">Other</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="padding-left: 5px;">Other</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td colspan="2" style="text-align: right; padding-top: 10px;">TOTAL \$1,764,334</td> </tr> </table>	Proposed Funding Package		CWFCP / CWSRF	\$1,764,334	Local Cash	_____	Other	_____	Other	_____	Other	_____	TOTAL \$1,764,334	
Proposed Funding Package															
CWFCP / CWSRF	\$1,764,334														
Local Cash	_____														
Other	_____														
Other	_____														
Other	_____														
TOTAL \$1,764,334															
Subapplicant None															
DUNS Number 187935044															

Project Title: Howard Lagoon Expansion

Description:

The City of Howard proposes to televise the entire existing wastewater collection system to prioritize areas within the system that need to be repaired or replaced and to identify sources of inflow and infiltration.

\$98,846 - Televising

The City of Howard also proposes to expand the existing wastewater lagoon from a surface area of 8.5 acres to 16.0 acres. This expansion will reduce the rate of organic loading on the existing primary cell to a level that is at, or lower than, the rate required by SD DENR. The expansion will provide a storage time of 150 days in the modified primary treatment cell and the existing secondary cell at the design winter period flow rate of 193,000 GPD. This alternative proposes the construction of a 13.7 acre wetland to provide additional winter period storage and treatment of wastewater flows to meet the ammonia limitations that are anticipated to be included in future NPDES permits.

\$1,614,100 - Lagoon Construction

\$1,712,946 - Subtotal (Televising + Lagoon Construction)

\$51,388 - +3% Inflation Adjustment

\$1,764,334 - Total

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.

Andrew Dold, Mayor

Name & Title of Authorized Signatory (Typed)



Signature

12-30-14

Date

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF SIOUX FALLS

Project Title: Brandon Road Pump Station Parallel Force Main

Funding Requested: \$11,979,457

Other Proposed Funding:

Total Project Cost: \$11,979,457

Project Description: Construct a second forcemain parallel to the existing forcemain from the Brandon Road Pump Station to the Water Reclamation Facility.

The loan also includes \$579,457 to construct non-point source improvements in the Big Sioux River basin. These improvements include stream stabilization, grazing management, agricultural waste management and creating vegetative buffers.

Alternatives Evaluated: No Action – This alternative was not selected as the city needs an additional forcemain for additional capacity and redundancy in the event that the existing forcemain would fail.

The city only evaluated the installation of the forcemain through the selected route from the pump station to the Water Reclamation Plant. A new headworks structure would also be constructed to receive the forcemain and monitor incoming flows.

Implementation Schedule: Sioux Falls anticipates bidding the project in April 2015 with a project completion date of May 2016.

Service Population: 162,300

Current Domestic Rate: \$27.56 per 670 cubic feet usage

Proposed Domestic Rate at Project Completion: \$28.95 per 670 cubic feet usage

Interest Rate: 1.25% Term: 10 years Security: Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Sioux Falls would have to enact a surcharge of approximately \$2.35 per wastewater account. When added to current rate of \$27.56/5,000 gallons residents would be paying \$29.91/5,000 gallons. Sioux Falls also has a second funding application that will require a surcharge of \$4.15 per wastewater account if all funding is provided as loan. This would bring wastewater rates to \$34.06/5,000 gallons.

25% Funding Subsidy: 2,994,864 subsidy with a loan of \$8,984,593.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$8,984,593 Sioux Falls would have to enact a surcharge of approximately \$1.92 thereby paying a rate of \$29.48/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: JIM ANDERSON

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

Sanitary/Storm Sewer Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP) Clean Water State Revolving Fund Program (CWSRF)

Applicant City of Sioux Falls Address 224 West 9th Street Sioux Falls, SD 57104-6407	<h4 style="text-align: center;">Proposed Funding Package</h4> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">CWFCP / CWSRF</td> <td style="width: 30%; text-align: right;">11,979,457</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td colspan="2" style="text-align: right;">TOTAL 11,979,457</td> </tr> </table>	CWFCP / CWSRF	11,979,457	Local Cash	_____	Other	_____	Other	_____	Other	_____	TOTAL 11,979,457	
CWFCP / CWSRF	11,979,457												
Local Cash	_____												
Other	_____												
Other	_____												
Other	_____												
TOTAL 11,979,457													
Subapplicant DUNS Number 078034683													

Project Title: Brandon Road Pump Station Parallel Force Main (CW-35) with Non-Point Source

Description:

The City Sioux Falls proposes to construct a second parallel force main from the Brandon Road Pump Station (BRPS) to the Water Reclamation Facility. If a failure were to occur in the existing BRPS force main, the set up of a bypass system would be extensive and require a prolonged installation time. In the meantime, the sewage would have nowhere to be pumped, and a system would need to be installed to allow pumping to the river to relieve system backups. In addition to providing a dual force main system for protection against such a failure, the construction of the dual force main would increase the capacity of the lift station to more than 50 MGD and reduce friction losses and pumping costs. The additional pumping capacity gained by installing a second force main would alleviate the need to make immediate upgrades to the Brandon Road Pump Station or increase equalization capacity upstream of the BRPS.

In addition, the City proposes to construct non-point source improvements within the Big Sioux River basin. These non-point source projects would include measures such as stream stabilization, grazing management, agriculture waste management, and creating vegetated buffers along the Big Sioux River and its tributaries.

The cost of the Brandon Road Pump Station Parallel Force Main is \$11,400,000 with an additional \$579,457 for the non-point source projects for a total project cost of \$11,979,457.

The City's 2015 residential sewer rate for 670 cubic feet per month is \$27.56 with a commercial rate of \$45.07 per month. The City has an established wastewater reserve 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.



Mike Huether, Mayor, City of Sioux Falls

Name & Title of Authorized Signatory (Typed)



Signature

12-22-14
Date

CITY USE ONLY

Agreement No. 14-35510 Dept/ MOU 23
 Attorney [Signature] Finance [Signature]
 CIP/Project 33041 / 110410
 City Engineer [Signature] SRA

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF SIOUX FALLS

Project Title:	Outfall Sewer Replacement
Funding Requested:	\$19,475,025
Other Proposed Funding:	
Total Project Cost:	\$19,475,025
Project Description:	<p>Replacement of the existing 66-inch outfall line from the Equalization Basin to the Brandon Road Pump Station.</p> <p>The loan also includes \$942,025 to construct non-point source improvements in the Big Sioux River basin. These improvements include stream stabilization, grazing management, agricultural waste management and creating vegetative buffers.</p>
Alternatives Evaluated:	<p>No Action – This alternative was not selected because the existing pipe is undersized for future peak flows resulting from surcharging during large storm events. Corrosion and deterioration of the pipe has also occurred over time.</p> <p>The city evaluated pipe lining but determined that this would decrease the capacity for future flows.</p> <p>The city chose to upsize the current 66-inch pipe with 72-inch using open cut and trenchless technology. Three alternative routes were evaluated; north, middle and south. The middle route was selected because it has the shortest length of pipe resulting in lower overall project costs.</p> <p>The city will also install two manually operated pump stations, connection to the original diversion box and equalization basin outlet, and lime sludge lagoon drain system improvements.</p>
Implementation Schedule:	Sioux Falls anticipates bidding the project in June 2015 with a project completion date of December 2016.
Service Population:	162,300
Current Domestic Rate:	\$27.56 per 670 cubic feet usage

Proposed Domestic Rate at Project Completion: \$28.95 per 670 cubic feet usage

Interest Rate: 1.25% Term: 10 years Security: Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Sioux Falls would have to enact a surcharge of approximately \$4.15 per wastewater account. When added to current rate of \$27.56/670 cubic feet residents would be paying \$31.71/670 cubic feet. Sioux Falls also has a second funding application that will require a surcharge of \$2.35 per wastewater account if all funding is provided as loan. This would bring wastewater rates to \$34.06/670 cubic feet.
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25% Funding Subsidy:	\$4,868,756 subsidy with a loan of \$14,606,269.
Coverage at 25% Subsidy:	Based on a 25% subsidy and a loan of \$14,606,269 Sioux Falls would have to enact a surcharge of approximately \$3.11/ per wastewater account thereby paying a rate of \$30.67/670 cubic feet. This rate would go up to \$33.02 if funding on the CW-35 loan application is funded with 100% loan.

ENGINEERING REVIEW COMPLETED BY: JIM ANDERSON

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

Sanitary/Storm Sewer Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP)
Clean Water State Revolving Fund Program (CWSRF)

Applicant City of Sioux Falls Address 224 West 9th Street Sioux Falls, SD 57104-6407	Proposed Funding Package CWFCP / CWSRF 19,475,025 <hr/> Local Cash _____ <hr/> Other _____ <hr/> Other _____ <hr/> Other _____ <hr/> <p style="text-align: right;">TOTAL 19,475,025</p>
Subapplicant DUNS Number 078034683	

Project Title: Outfall Sewer Replacement (CW-36) with Non-Point Source

Description:

The City of Sioux Falls is proposing to replace the existing 66 inch outfall gravity sewer with approximately 12,000-14,000 feet of new 72 inch gravity sewer line from the Equalization Basin west of Cliff Avenue, crossing the Big Sioux River, to the Brandon Road Pump Station. The existing outfall sewer was installed in the early 1980's, the liner has significantly deteriorated and sections of the existing pipe along the banks of the Big Sioux River are exposed due to bank erosion. Based on the final alignment, the detention pond near the Equalization Basin could require 24,000 square feet of regrading, a new outlet structure and the installation of three new storm sewer lines. The project also includes modification of the diversion structure that discharges to the Equalization Basin and two small wet weather (high flow condition) pump stations at North Glenwood Circle and east of North Cliff Ave on the south bank of the Big Sioux River.

In addition, the City proposes to construct non-point source improvements within the Big Sioux River basin. These non-point source projects would include measures such as stream stabilization, grazing management, agriculture waste management, and creating vegetated buffers along the Big Sioux River and its tributaries.

The cost of the Outfall Sewer Replacement project is \$18,533,000 with an additional \$942,025 for the non-point source projects for a total project cost of \$19,475,025.

The City's current sewer rate for 670 cubic feet per month is \$27.56 for residential customers and \$45.07 per month for commercial. The City has an established wastewater reserve 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.

Mike Huether, Mayor, City of Sioux Falls

for

Name & Title of Authorized Signatory (Typed)

Henry D. Tvedt 12-22-14
 Signature Date

CITY USE ONLY

Agreement No. 14-3559 Dept/ MOU 23
 Attorney [Signature] Finance [Signature]
 CIP/Project 23019/110416
 City Engineer [Signature] 297

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF IPSWICH

Project Title:	Ipswich Wastewater System Improvements
Funding Requested:	\$5,459,000
Other Proposed Funding:	\$0
Total Project Cost:	\$5,459,000
Project Description:	The project proposes to replace the wastewater collection system consisting mainly of vitrified clay pipe (VCP) with PVC pipe and cast in place pipe (CIPP) liner. Also, the city intends to upgrade lift stations and make improvements to the treatment facility's rip rap, regulating valves, and fencing.
Alternatives Evaluated:	<p>"Do Nothing Alternative" was evaluated for both the collection system alternatives and the treatment system alternatives. This alternative was not considered as it would not address any of the negative characteristics for the collection or treatment system.</p> <p>The facilities plan evaluated five alternatives for the collection system and three alternatives for the treatment system to improve Ipswich's overall wastewater system.</p> <p>"Lift Station Upgrade Alternative" would conduct an in-depth analysis of the existing five lift stations and would upgrade the structure, pumps, and monitoring system as needed. This alternative was evaluated and recommended.</p> <p>"Replace Clay Pipe with PVC Pipe Alternative" proposes replacing all of the VCP collection system with PVC pipe. This alternative was evaluated but not recommended as it was not the most cost effective or practical alternative.</p> <p>"Replace Clay Pipe with CIPP Alternative" proposes replacing all of the VCP collection system with CIPP. This alternative was evaluated but not recommended as it was not considered a practical alternative.</p> <p>"Replace Clay Pipe with PVC Pipe and CIPP Alternative" would replace the entire system VCP with either PVC pipe or CIPP. This alternative was evaluated but not recommended, at this</p>

time, as it was considered not the most practical alternative.

“Replace Clay Pipe with PVC Pipe and CIPP in Phases Alternative” would replace priority areas of the collection system with PVC pipe in phase 1 and secondary areas with PVC pipe and CIPP in phase 2. This alternative was evaluated and selected as it was the most flexible and practical alternative for the city of Ipswich.

“Total Retention with 0 and 70 percent Reduction in I/I Alternatives” would add capacity storage to the existing wastewater treatment facility considering 0 and 70 percent reduction in inflow and infiltration (I/I). These alternatives were evaluated but not recommended as the predicted reduction in I/I for the collection system alternatives would negate the requirement of these alternatives.

“Existing Pond Improvements” Alternative would replace the inter-pond regulating valves, replace the security fence, and improve erosion control by adding rip rap. This alternative was evaluated and recommended since it would ensure the facility is working effectively and that proper treatment is taking place.

Implementation Schedule:	City of Ipswich anticipates bidding the project in November, 2015 with a project completion date of July, 2017.		
Service Population:	954		
Current Domestic Rate:	\$22.00 per 5,000 gallons usage		
Proposed Domestic Rate at Project Completion:	TBD		
Interest Rate:	3.25%	Term:	30 years
		Security:	Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Ipswich would have to enact a surcharge of approximately \$58.30. When added to current rate of \$22 flat rate residents would be paying \$80.30/month.

25% Funding Subsidy: \$1,364,750 subsidy with a loan of \$4,094,250.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$4,094,250 Ipswich would have to enact a surcharge of approximately \$43.75 thereby paying a rate \$65.75/month.

50% Funding Subsidy: \$2,729,500 subsidy with a loan of \$2,729,500.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$2,729,500 Ipswich would have to enact a surcharge of approximately \$29.15 thereby paying a rate \$51.15/month.

75% Funding Subsidy: \$4,094,250 subsidy with a loan of \$1,364,750.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$1,364,750 Ipswich would have to enact a surcharge of approximately \$14.60 thereby paying a rate \$36.60/month.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF LENNOX

Project Title:	Main Street Storm and Sanitary Sewer Improvements
Funding Requested:	\$2,433,000
Other Proposed Funding:	\$100,000 - Local Cash \$200,000 - Community Access Grant
Total Project Cost:	\$2,733,000
Project Description:	Replace storm and sanitary sewer along Main Street from 4 th Avenue to SD Highway 44.
Alternatives Evaluated:	No Action – Was not chosen due to the condition of the aging infrastructure within the city. Replace existing Storm Sewer – Was selected but the city plans to replace the storm sewer in phases. The current project funded by the department in June 2014 includes Phase A and parts of Phases B and C. This funding application is for the construction of Phase D.
Implementation Schedule:	Lennox anticipates bidding the project in August 2015 with a project completion date of November 2016.
Service Population:	2,111
Current Domestic Rate:	\$43.34 per 5,000 gallons usage
Proposed Domestic Rate at Project Completion:	\$43.34 per 5,000 gallons usage
Interest Rate:	3.25%
Term:	30 years
Security:	Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Lennox would have to enact a surcharge of approximately \$12. When added to current rate of \$50.47/670 cubic feet residents would be paying \$62.47/670 c.f.

25% Funding Subsidy: \$608,250 subsidy with a loan of \$1,824,750.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$1,824,750 Lennox would have to enact a surcharge of approximately \$9 thereby paying a rate of \$59.47/670 c.f.

50% Funding Subsidy: \$1,216,500 subsidy with a loan of \$1,216,500.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$1,216,500 Lennox would have to enact a surcharge of approximately \$6 thereby paying a rate \$56.47/670 c.f.

75% Funding Subsidy: \$1,824,750 subsidy with a loan of \$608,250.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$608,250 Lennox would have to enact a surcharge of approximately \$3 thereby paying a rate \$53.47/670 c.f.

ENGINEERING REVIEW COMPLETED BY: ERIC MEINTSMA

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

RECEIVED

JAN -2 2015

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Division of Finance
& Technical Assistance

Sanitary/Storm Sewer Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP) Clean Water State Revolving Fund Program (CWSRF)

Applicant City of Lennox Address PO BOX 228 Lennox, SD 57039-0228	Proposed Funding Package CWFCP / CWSRF \$2,433,000 <hr/> Local Cash \$100,000 <hr/> Other Comm.Access Grant \$200,000 <hr/> Other <hr/> Other <hr/> <p style="text-align: right;">TOTAL \$2,733,000</p>
Subapplicant DUNS Number 1594311808	

Project Title: City of Lennox Main Street Storm Sewer and Sanitary Sewer Improvements Project

Description:

The City of Lennox is proposing to construct storm sewer and sanitary sewer improvements on Main from 4th Avenue to SD Highway 44. Storm Drainage Improvements makes up \$1,873,000 or 77% of the \$2,433,000 funding request and Sanitary Sewer Improvements makes up \$560,000 or 23% of this \$2,433,000 funding request.

A comprehensive assessment of the City's storm drainage system revealed that the existing storm sewer facilities are inadequate or nonexistent. The City is proposing to improve its storm sewer system by replacing numerous aged pipes or installing new storm sewer pipes to increase the flow capacity in this area of Lennox.

Lennox has in place a Storm Drainage Utility Fee via Ordinance #397 that provides approximately \$100,000 per year. The City proposes to utilize that revenue to finance the storm drainage portion of this project.

The City's wastewater collection system was originally installed in the early 1900's, and there are still numerous vitrified clay pipe sections within the system that are in need of replacement. To date, the City has televised and smoke tested its entire sanitary sewer infrastructure. System deficiencies were noted in regards to inflow and infiltration (I/I), sags, holes, and roots. Because of the I/I problems, the Waste Water Treatment Facility has experienced flows during rain events that are nearly 20 times the normal dry-weather flow. The City proposes to replace its antiquated vitrified clay pipe sections in this part of Main with new Polyvinyl Chloride (PVC) pipe and replace the existing manholes that are in need of repair as well.

The sanitary sewer rate for 5,000 Gallons is \$43.34. The City of Lennox has a reserve account established for its wastewater utility.

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.

Orville Wiebers, Mayor, City of Lennox

12-24-14

Name & Title of Authorized Signatory (Typed)

Signature

Date

WRAP REVIEW SHEET
SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF WESSINGTON SPRINGS

Project Title: Wessington Springs Main Street Infrastructure Improvements
Project-Sanitary Sewer

Funding Requested: \$443,000

Other Proposed Funding: \$0

Total Project Cost: \$443,000

Project Description: The project proposes to replace three blocks of vitrified clay pipe (VCP) sanitary sewer on Main Street with PVC sanitary sewer pipe.

Alternatives Evaluated: "Do Nothing Alternative" was evaluated for the wastewater collection system but was not recommended as it did not address any of the negative characteristics of the system.

The facilities plan evaluated six collection system alternatives to improve Wessington Springs' overall wastewater system.

"Clean and Televiser Existing VCP System Alternative" will clean and televiser all VCP that is 6-inch in diameter or larger. This alternative was evaluated but not recommended at this time since it is deemed not the city's first priority.

"Clean and Televiser Existing PVC System Alternative" will clean and televiser all PVC pipe that is larger than 4-inch diameter. This alternative was evaluated and not recommended.

"State Avenue Rehabilitation Alternative" proposes replacing the 8-inch VCP on State Street with PVC pipe and replacing 5 manholes. This alternative was evaluated and not recommended at this time since it is deemed not the city's first priority.

"Second Street Improvements Alternative" proposes replacing 8-inch VCP on Second Street with PVC and cast in place pipe (CIPP). This alternative was evaluated but not recommended at this time since it is deemed not the city's first priority.

"Main Street Improvements: State Avenue to Wallace Avenue

Alternative” proposes replacing the VCP on Main Street with PVC between State and Wallace Avenue. This alternative was evaluated but not recommended at this time since it is deemed not the city’s first priority.

“VCP Sanitary Sewer Rehabilitation Alternative” considers replacing all the VCP lines not mentioned in the above alternatives with PVC pipe. This alternative was evaluated but not recommended at this time since it is deemed not the city’s first priority.

“Main Street Improvements: Dakota Avenue to Blowers Avenue Alternative” considers replacing the VCP on Main Street with PVC between Dakota and Blowers Avenue. This alternative was evaluated and recommended as it is considered to be the city’s first priority.

Implementation Schedule: Wessington Springs anticipates bidding the project in January 2016 with a project completion date of September 2016.

Service Population: 946

Current Domestic Rate: \$24.00 per 5,000 gallons usage

Proposed Domestic Rate at Project Completion: TBD

Interest Rate: 3.0%

Term: 20 years

Security: Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Wessington Springs would have to enact a surcharge of approximately \$5.01. When added to current rate of \$24/5,000 gallons residents would be paying \$29.01/5,000 gallons.

25% Funding Subsidy: \$110,750 subsidy with a loan of \$332,250.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$332,250 Wessington Springs would have to enact a surcharge of approximately \$3.76 thereby paying a rate \$27.76/5,000 gallons.

50% Funding Subsidy: \$221,500 subsidy with a loan of \$221,500

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$221,500 Wessington Springs would have to enact a surcharge of approximately \$2.51 thereby paying a rate \$26.51/5,000 gallons.

75% Funding Subsidy: \$332,250 subsidy with a loan of \$110,750

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$110,750 Wessington Springs would have to enact a surcharge of approximately \$1.25 thereby paying a rate \$25.25/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: ELAYNE LANDE

SD EForm - 2127LD V2

RECEIVED

DEC 31 2014

Division of Financial & Technical Assistance

Sanitary/Storm Sewer Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP) Clean Water State Revolving Fund Program (CWSRF)

Applicant City of Wessington Springs Address PO Box 443 Wessington Springs, SD	Proposed Funding Package CWFCP / CWSRF \$443,000 Local Cash _____ Other _____ Other _____ Other _____ <p style="text-align: right;">TOTAL \$443,000</p>
Subapplicant DUNS Number 14-499-5219	

Project Title: Wessington Springs Main Street Infrastructure Improvements Project-Sewer

Description:

Description: The City of Wessington Springs has retained Schmucker, Paul, Nohr and Associates to prepare a preliminary report to identify the improvements that are needed on Main Street from Dakota Avenue to Blowers Avenue. The proposed improvements are the result of a desire to improve access for vehicle and pedestrian use to the Wessington Springs Main Street business area.

The proposed improvements contained in this report would replace utilities, restore the street surface, and provide improved drainage of Main Street. The proposed improvements would also provide for safer access to pedestrian sidewalks, rebuild sidewalks to the Main Street businesses and improve handicap accessibility.

The Town charges \$33.00 (\$13.00 minimum + \$4.00/1,000 gallons) to 540 household and commercial connections for 5,000 gallons of drinking water. A fee of \$24.00 is charged to all users of the sewer system.

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.

Melissa Mebius, Mayor

Name & Title of Authorized Signatory (Typed)


12-29-2014
 Signature Date

TITLE: Drinking Water Facilities Funding Applications

EXPLANATION: The following applications have been received by DENR for funding consideration at this meeting. The projects' priority points are shown in parentheses.

- | | |
|------------------------------------|---------------------------|
| a. Sioux RWS (161) | f. Brandon (47) |
| b. Big Sioux CWS (148) | g. Minnehaha CWC (32) |
| c. Woodland Hills San. Dist. (128) | h. Canton (21) |
| d. Tyndall (90) | i. Wessington Springs (4) |
| e. Buffalo (83) | |

COMPLETE APPLICATIONS: The application cover sheets and WRAP summary sheets with financial analysis have been provided as part of the board packet. The complete applications are available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRappsdf0315.pdf>

If you would like a hard copy of the applications, please contact Dave Ruhnke at (605) 773-4216.

Drinking Water Facilities Funding Applications March 2015



WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: SIOUX RURAL WATER SYSTEM, INC.

Project Title:	2015 Water System Improvements
Funding Requested:	\$4,515,900
Other Proposed Funding:	\$48,700 Local Cash
Total Project Cost:	\$4,564,600
Project Description:	This project will construct 31 miles of new water distribution line, connect the city Kranzburg as individual users, replace the existing SCADA system, and develop two additional wells at the Castlewood well field.
Alternatives Evaluated:	<p>“No Action Alternative” would not address the need for additional hydraulic capacity and pressure for existing and new water demands.</p> <p>“Distribution System Improvements Alternative” includes the construction of 31 miles of new three-inch to eight-inch line in order to address low system pressures and improve transmission capabilities.</p> <p>“Kranzburg Distribution Improvements Alternative” will replace the entire distribution system inside Kranzburg city limits and consists of one mile of 6-inch water main through the middle of town with 3-inch branch lines. The City is currently served by a bulk meter from Sioux Rural Water System and the City owns and maintains their system. At the completion of this project, Sioux RWS will own and operate the distribution system and individual meter pits would be provided at each customer location.</p> <p>“SCADA System Replacement Alternative” will replace all existing, out dated SCADA controls at thirteen stations in the Sioux Rural Water System.</p> <p>“Well Field Improvements Alternative” includes constructing two additional wells at the Castlewood well field to address the need for higher quality water delivered at a greater capacity.</p> <p>“Water Treatment Plant Improvements Alternative One”</p>

would expand both the Castlewood and Sioux treatment plants and add two additional wells at the Castlewood well field. The plant expansion would include new detention tanks and filters. This alternative is not recommended at this time.

“Water Treatment Plant Improvements Alternative Two” would discontinue treatment at the Sioux plant and build all new capacity at the Castlewood plant. The new capacity at Castlewood would be built as a completely new, stand-alone plant on the same site as the existing plant. The existing plant would continue to be utilized. This alternative is not recommended at this time.

Implementation Schedule:	Sioux RWS anticipates bidding the project in February 2016 with a project completion date of November 2016
Service Population:	4,224
Current Domestic Rate:	\$62.20 per 7,000 gallons usage
Proposed Domestic Rate at Project Completion:	\$62.20 per 7,000 gallons usage
Interest Rate: 3.00%	Term: 20 years Security: System Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan, Sioux RWS would have 27.5% debt coverage based on system revenue generated with the current rate of \$62.20 for 7,000 gallons usage.

25% Funding Subsidy: \$1,128,975 subsidy with a loan of \$3,386,925

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$3,386,925, Sioux RWS would need to increase their rate to \$68.08 for 7,000 gallons usage for 110% debt coverage.

50% Funding Subsidy: \$2,257,950 subsidy with a loan of \$2,257,950

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$2,257,950, Sioux RWS would need to increase their rate to \$65.70 for 7,000 gallons usage for 110% debt coverage.

75% Funding Subsidy: \$3,386,925 subsidy with a loan of \$1,128,975

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$1,128,975, Sioux RWS would need to increase their rate to \$63.39 for 7,000 gallons usage for 110% debt coverage.

ENGINEERING REVIEW COMPLETED BY: CLAIRE PESCHONG

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

RECEIVED

JAN - 2 2015

Division of Financial & Technical Assistance

Drinking Water Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP) Drinking Water State Revolving Fund Program (DWSRF)

Applicant Sioux Rural Water System, Inc. Address 45703 176th Street Watertown, SD 57201	<h4 style="margin: 0;">Proposed Funding Package</h4> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">CWFCP / DWSRF</td> <td style="text-align: right; border-bottom: 1px solid black;">\$4,515,900</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">\$48,700</td> </tr> <tr> <td>Other</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$4,564,600</td> </tr> </table>	CWFCP / DWSRF	\$4,515,900	Local Cash	\$48,700	Other		Other		Other		TOTAL	\$4,564,600
CWFCP / DWSRF	\$4,515,900												
Local Cash	\$48,700												
Other													
Other													
Other													
TOTAL	\$4,564,600												
Subapplicant													
DUNS Number 180958134													

Project Title: Sioux Rural Water 2015 Water System Improvements

Description:

Construction of approximately 31 miles of new distribution system pipeline and apputenances, size 3 inch through 8 inch, will correct identified distribution system hydraulic deficiencies and to provide capacity for individual meter services in Kranzburg. One existing booster pumping station will be replaced due to equipment being made obsolete by distribution system changes.

The City of Kranzburg distribution system will be improved with 14,950 feet of pipeline and apputenances size 3 inch through 6 inch, and with new service pipelines and meter pits. Existing customers of the City of Kranzburg water utility will be customers of Sioux Rural Water, and the City will no longer operate a water utility.

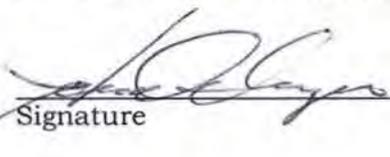
Two new wells and accessories will be constructed at the Castlewood well field, to replace declining capacity in existing wells. The obsolete water system SCADA control system will be replaced.

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.

Heath Thompson General Manager

Name & Title of Authorized Signatory (Typed)


 Signature

12-31-2014
 Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: BIG SIOUX COMMUNITY WATER SYSTEM, INC.

Project Title: System Interconnect Project

Funding Requested: \$3,014,700

Other Proposed Funding: \$0

Total Project Cost: \$3,014,700

Project Description: The project consists of installing a 12-inch water main to connect the Big Sioux Community Water System (BSCWS) to the Minnehaha Community Water Corporation (MCWC) near MCWC Tower 3B and pumping water north to the existing BSCWS Ethanol Tower. This addition will allow BSCWS to deliver up to 1.0 MGD of water to the city of Madison, South Dakota.

Alternatives Evaluated: “Do Nothing” was evaluated but not selected since BSCWS is already pushed to its distribution capacity and Madison would have to look elsewhere for a drinking water source.

The facilities plan evaluated two alternatives that would allow BSCWS to deliver 1.0 MGD to Madison, South Dakota.

“Connection to MCWC System Using 10-Inch and 12-Inch Water Main Alternative” would install approximately 9 miles of 12-inch water main from MCWC Tower 3B to a booster station and 6 miles of 10-inch water main from the booster station to existing 4 and 8-inch water mains running along 465th Avenue that connect to BSCWS Ethanol Tower. This alternative was not recommended because it would be difficult to operate, produce pressures at locations below the required minimum, and have a higher life cycle cost.

“Connection to MCWC System Using All 12-Inch Water Main Alternative” would install approximately 9 miles of 12-inch water main from MCWC Tower 3B to a booster station and 8 miles of 12-inch water main from the booster station to the BSCWS Ethanol Tower. This alternative was recommended and will allow BSCWS to deliver up to 1.0 MGD to Madison, South Dakota without lowering pressures around Lake Madison below the state minimum.

Implementation Schedule: BSCWS anticipates bidding the project in August 2015 with a project completion date of November 2016

Service Population: 8,951

Current Domestic Rate: \$61.30 per 7,000 gallons usage

Proposed Domestic Rate at Project Completion: \$62.30 per 7,000 gallons usage

Interest Rate: 3.00% Term: 20 years Security: System Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan, Big Sioux CWS would have 0.5% debt coverage based on system revenue generated with the proposed rate of \$62.30 for 7,000 gallons usage.

25% Funding Subsidy: \$753,675 subsidy with a loan of \$2,261,025

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$2,261,025, Big Sioux CWS would need to increase their rate to \$67.80 for 7,000 gallons usage for 110% debt coverage.

50% Funding Subsidy: \$1,570,350 subsidy with a loan of \$1,570,350

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$1,570,350, Big Sioux CWS would need to increase their rate to \$66.40 for 7,000 gallons usage for 110% debt coverage.

75% Funding Subsidy: \$2,261,025 subsidy with a loan of \$753,675

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$753,675, Big Sioux CWS would need to increase their rate to \$64.50 for 7,000 gallons usage for 110% debt coverage.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

Drinking Water Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP) Drinking Water State Revolving Fund Program (DWSRF)

<p>Applicant Big Sioux Community Water System, Inc.</p> <p>Address 23343 479th Ave Egan, SD 57024</p> <hr/> <p>Subapplicant None</p> <p>DUNS Number 180984726</p>	<p>Proposed Funding Package</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">CWFCP / DWSRF</td> <td style="width: 30%; text-align: right;">\$3,014,700</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$3,014,700</td> </tr> </table>	CWFCP / DWSRF	\$3,014,700	Local Cash	_____	Other	_____	Other	_____	Other	_____	TOTAL	\$3,014,700
CWFCP / DWSRF	\$3,014,700												
Local Cash	_____												
Other	_____												
Other	_____												
Other	_____												
TOTAL	\$3,014,700												

Project Title: Big Sioux Community Water System - System Interconnect Project

Description:

Alternative 2 - Connection to Minnehaha Community Water Corporation System Using 12-inch Water Main

This alternative involves connecting the Big Sioux Community Water System (BSCWS) to the Minnehaha Community Water Corporation (MCWC) near existing MCWC Tower 3B and pumping water north to the existing BSCWS Ethanol Tower.

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.

Martin Jarrett, Manager

Name & Title of Authorized Signatory (Typed)

Signature

12/22/2024

Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: WOODLAND HILLS SANITARY DISTRICT

Project Title: Water System Improvements – Phase 1

Funding Requested: \$481,000

Other Proposed Funding: \$780,000 – DWSRF (01) Loan

Total Project Cost: \$1,261,000

Project Description: Woodland Hills was awarded a DW SRF loan of \$780,000 with \$480,000 of principal forgiveness in June 2013 for the Phase 1 water system improvement project. The project as proposed included the construction of a ground level water storage tank, installation of 1,800 feet of 4-inch PVC water main, new water meter pits for the entire system, water service line replacements and improvements to the well, well-house, and pump station buildings. The project was bid, and bids came in over the estimate so only a portion of the project was awarded.

The district is seeking funding to complete the remaining items in Phase 1 which were unfunded. This work includes the replacement of the remaining service lines and meter pits and improvements to the well, well-house, and pump station buildings. The ground storage tank has been eliminated from phase 1.

Alternatives Evaluated:

“No Action”

This alternative would result in the system continuing to experience leaks which have been increasing in regularity, and the water loss of over 40 percent would continue to occur. This alternative was not selected.

Regional Water System Connection

This alternative was reviewed; however, the closest regional water system is a mile away and the District is at a higher elevation which would require additional booster pumps. The District’s water supply is not an issue and connection to the regional system would not fix the primary issue of leaking mainlines and services. This alternative was not selected.

Complete System Replacement

This alternative would replace 20,500 feet of watermain, install new water services within the right-of-way, install new

water meter pits, construct a new 10,000-gallon storage tank, and make repairs to the existing well, well house, and pump stations. The total cost of this alternative would be \$2.3 million and was determined to be too expensive for the District and therefore was not selected.

Intersection Valve Replacement

This alternative would replace and add valves within the distribution system. This would allow leaks to be isolated for repair; however, the watermain and services that are the primary cause of the leaks would remain as they are. This alternative would not stop the water loss issues and with future main replacement with larger lines many of the valves would be unusable in any future project. This alternative was not selected.

Implementation Schedule: The District anticipates bidding the project in May 2015 with a project completion date of October 2015.

Service Population: 250

Current Domestic Rate: \$52.50 per 5,000 gallons usage plus an \$18.16 surcharge for DWSRF (01) loan

Proposed Domestic Rate at Project Completion: \$52.50 per 5,000 gallons usage plus an \$18.16 surcharge for DWSRF (01) loan

Interest Rate: 3%

Term: 20 years

Security: Water Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Woodland Hills would have to enact a surcharge of approximately \$29 per resident. When added to current rate of \$70.66/5,000 gallons residents would be paying \$99.66/5,000 gallons.

25% Funding Subsidy: \$120,250 subsidy with a loan of \$360,750.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$360,750 Woodland Hills would have to enact a surcharge of approximately \$21.65 thereby paying a rate of \$92.31/5,000 gallons.

50% Funding Subsidy: 240,500 subsidy with a loan of \$240,500.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$240,500 Woodland Hills would have to enact a surcharge of approximately \$14.45 thereby paying a rate of \$85.11/5,000 gallons.

75% Funding Subsidy: 360,750 subsidy with a loan of \$120,250.

Coverage at 75% Subsidy: Based on a 25% subsidy and a loan of \$360,750 Woodland Hills would have to enact a surcharge of approximately \$7.21 thereby paying a rate of \$77.87/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

RECEIVED

Drinking Water Facilities Funding Application

DEC 31 2014

Consolidated Water Facilities Construction Program (CWFCP) Drinking Water State Revolving Fund Program (DWSRF)

Division of Financial & Technical Assistance

<p>Applicant Woodland Hills Sanitary District</p> <p>Address 8804 Lark Lane Black Hawk, SD 57718</p> <hr/> <p>Subapplicant N/A</p> <p>DUNS Number 80.673.192</p>	<p>Proposed Funding Package</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">CWFCP / DWSRF</td> <td style="width: 40%; text-align: right;">\$481,000</td> </tr> <tr> <td>Local Cash</td> <td style="border-top: 1px solid black; text-align: right;">_____</td> </tr> <tr> <td>Other SRF #1</td> <td style="border-top: 1px solid black; text-align: right;">\$780,000</td> </tr> <tr> <td>Other</td> <td style="border-top: 1px solid black; text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="border-top: 1px solid black; text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$1,261,000</td> </tr> </table>	CWFCP / DWSRF	\$481,000	Local Cash	_____	Other SRF #1	\$780,000	Other	_____	Other	_____	TOTAL	\$1,261,000
CWFCP / DWSRF	\$481,000												
Local Cash	_____												
Other SRF #1	\$780,000												
Other	_____												
Other	_____												
TOTAL	\$1,261,000												

Project Title: Water System Improvement Project, Phase I

Description:

The Woodland Hills Sanitary District is located in Meade County and currently serves 102 residential water service users within the Woodland Hills Subdivision. The subdivision is located approximately 3 miles west of Black Hawk, off of Peaceful Pines Road. The existing water distribution system was installed in the 1970s, and many of the system components have reached the end of their design life.

The Board of Water and Natural Resources awarded the Woodland Hills Sanitary District a \$780,000 loan (\$480,000 in principal forgiveness) in 2013 to complete the proposed project. However, the bids received for the project exceeded the cost estimates, and therefore, only a portion of the project was awarded: the installation of new water main and the replacement of a portion of the water services and meter pits. Construction of these items is currently underway. The District is now seeking financial assistance to complete the remaining, unfunded items in Phase I, which consist of replacement of the remaining service lines and meter pits, replacement of a well pump, a new booster pump, and electrical improvements at the system's mid-level storage tank.

The current drinking water rate is \$52.50 per 5,000 gallons of water, plus a project surcharge for the existing loan of \$18.16 per user per 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.

Randy Alexander, President

Name & Title of Authorized Signatory (Typed)

Randy Alexander 12/29/14

Signature Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF TYNDALL

Project Title: Water Distribution and Storage System Upgrades

Funding Requested: \$1,570,000

Other Proposed Funding: \$5,330 - Local Cash

Total Project Cost: \$1,575,330

Project Description: Construction of a new 200,000-gallon water tower and replacement of water main located throughout the city.

Alternatives Evaluated: The No Action alternative was evaluated for water storage and distribution. The No Action alternative was rejected in both cases since it does not address the problems with aging infrastructure.

A new 200,000-gallon water tower is the chosen water storage alternative. The existing tower was constructed in 1906 and is not at an elevation to provide optimum pressures throughout the city.

The recommended distribution alternative is to replace all the cast iron pipe and selected asbestos concrete pipe throughout the city. This will address water loss issues associated with aging pipe.

An alternative to replace all of the asbestos concrete pipe as well was evaluated and determined to be not cost effective.

Implementation Schedule: Tyndall anticipates bidding the project in August 2015 with a project completion date of October 2016.

Service Population: 1057

Current Domestic Rate: \$43.00 per 5,000 gallons usage

Proposed Domestic Rate at Project Completion: \$43.00 per 5,000 gallons usage

Interest Rate: 2.25% Term: 30 years Security: Water Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Tyndall would have to enact a surcharge of approximately \$12.24. When added to current rate of \$43/5,000 gallons residents would be paying \$55.24/5,000 gallons.

25% Funding Subsidy: \$392,500 subsidy with a loan of \$1,177,500

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$1,177,500 Tyndall would have to enact a surcharge of approximately \$9.18 thereby paying a rate \$52.18/5,000 gallons.

50% Funding Subsidy: \$785,000 subsidy with a loan of \$785,000

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$785,000 Tyndall would have to enact a surcharge of approximately \$6.12 thereby paying a rate \$49.12/5,000 gallons.

75% Funding Subsidy: \$1,177,500 subsidy with a loan of \$392,500

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$392,500 Tyndall would have to enact a surcharge of approximately \$3.06 thereby paying a rate \$46.06/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: ERIC MEINTSMA

FINANCIAL REVIEW COMPLETED BY: ELAYNE LANDE

Drinking Water Facilities Funding Application

**Consolidated Water Facilities Construction Program (CWFCP)
Drinking Water State Revolving Fund Program (DWSRF)**

Applicant City of Tyndall Address PO Box 29 Tyndall, South Dakota 57066	Proposed Funding Package CWFCP / DWSRF \$1,570,000 <hr/> Local Cash \$5,330 <hr/> Other _____ Other _____ Other _____
Subapplicant N/A DUNS Number 17-037-5398	<p style="text-align: right;">TOTAL \$1,575,330</p>

Project Title: Comprehensive Water Distribution and Storage System Upgrades

Description:

The City of Tyndall with the assistance of its consulting engineering firm has identified the need for a comprehensive upgrade to its water distribution and storage infrastructure. The improvements identified by the City's engineers total \$4.7 million which are beyond the community's financial capabilities at this time. Therefore, the engineering firm (SPN) was charged with prioritizing the repairs to note those of critical importance. Those improvements deemed necessary comprise the project before you. The proposed project includes replacement of the existing water tower with a 200,000 gallon single pedestal elevated reservoir. This alternative is further discussed in Section 4.5.2 on pages 42 and 43 of the attached Facilities Plan. The final element of the project addresses the existing distribution system infrastructure and calls for replacement of specific sections of water main as detailed within Section 4.6.2 on pages 48-50. The engineers have identified replacement of the remaining Cast Iron Pipe (CIP) within the distribution system as well as replacing the Asbestos Concrete Pipe (ACP) from the proposed tower to a PVC main on Main Street as critical to the distribution system's functionality.

Please refer to the attached Facilities Plan for a more detailed project description.

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.

Dave Vavruska, Mayor

Name & Title of Authorized Signatory (Typed)

David Vavruska 12-29-14

Signature

Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: TOWN OF BUFFALO

Project Title:	Buffalo Drinking Water System Improvements
Funding Requested:	\$1,695,000
Other Proposed Funding:	\$0
Total Project Cost:	\$1,695,000
Project Description:	<p>The proposed project is to replace all existing cast iron pipe (CIP) and asbestos cement pipe (ACP) watermain with 15,758 LF of 6" PVC watermain and 3,100 LF of 8" PVC watermain. Additionally, 18,858 LF of street repair, 60 valve replacements, 20 hydrant replacements/additions, and 200 service connection replacements will be completed by this project.</p>
Alternatives Evaluated:	<p>"Do Nothing Alternative" was evaluated but not recommended since health and safety concerns would not be addressed and an adequate water supply may not be available to users.</p> <p>The facilities plan evaluated three alternatives that addressed replacing existing watermains.</p> <p>"Replace CIP and ACP Watermain Alternative" would replace all cast iron pipe and asbestos cement pipe watermains with 6 and 8-inch PVC watermains while replacing valves, replacing/adding fire hydrants, and repairing the street. This alternative was evaluated and selected since it had the greatest reduction in future maintenance costs.</p> <p>"Replace 4-inch Watermain Alternative" would replace all 4-inch watermains with 6-inch PVC watermains while replacing valves, replacing/adding fire hydrants, and repairing the street. This alternative was evaluated but not recommended because it did not have the greatest reduction in future maintenance costs.</p> <p>"Replace CIP Watermain Alternative" would replace all cast iron pipe watermains with 6-inch PVC watermains while</p>

replacing valves, replacing/adding fire hydrants, and repairing the street. This alternative was evaluated but not recommended because it did not have the greatest reduction in future maintenance costs.

Implementation Schedule: The town of Buffalo anticipates bidding the project in May, 2015 with a project completion date of August, 2016.

Service Population:

Current Domestic Rate: \$20.00 per 5,000 gallons usage

Proposed Domestic Rate at Project Completion: TBD

Interest Rate: 2.25% Term: 30 years Security: Water Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan Buffalo would have to enact a surcharge of approximately \$29.25. When added to current rate of \$20/5,000 gallons residents would be paying \$49.25/5,000 gallons.
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25% Funding Subsidy:	\$423,750 subsidy with a loan of \$1,271,250.
Coverage at 25% Subsidy:	Based on a 25% subsidy and a loan of \$1,271,250 Buffalo would have to enact a surcharge of approximately \$21.85 thereby paying a rate of \$41.85/5,000 gallons.

50% Funding Subsidy:	847,500 subsidy with a loan of \$847,500.
Coverage at 50% Subsidy:	Based on a 50% subsidy and a loan of \$847,500 Buffalo would have to enact a surcharge of approximately \$14.57 thereby paying a rate of \$34.57/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

Drinking Water Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP) Drinking Water State Revolving Fund Program (DWSRF)

Applicant Town of Buffalo Address PO Box 82 Buffalo, SD 57720-0082	Proposed Funding Package CWFCP / DWSRF \$1,695,000 <hr/> Local Cash _____ <hr/> Other _____ <hr/> Other _____ <hr/> Other _____ <hr/> <div style="text-align: right;">TOTAL \$1,695,000</div>
Subapplicant N/A DUNS Number 137405531	

Project Title: Buffalo Water System Improvements

Description:

The proposed project is to replace all existing cast iron and asbestos cement water main with 6 to 8" PVC pipe. Also, fire hydrants and valves will be replaced or added. Project specifics are: 15,758 LF of 6" PVC main, 3,100 LF of 8" PVC main, 18,858 LF of street repair, 60 valves, 20 new or replaced hydrants, 200 service connections, boring, pipe crosses & tees & bends, related work, engineering, contingency, and administration.

Water main replacement will occur in various areas in and near the town. The final segments as well as the quantities and materials are estimates and will vary upon final design. Funding availability or bid prices could require a reduction in project scope. (Refer to attached feasibility study for full engineering details.)

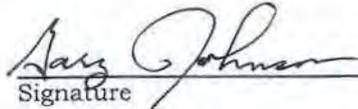
The proposed project will solve multiple problems associated with the age and condition of existing water main. The main to be replaced was installed between 1949 and 1956. The cast iron pipe has failed due to thinning walls thereby resulting in frequent repair. This iron pipe has also led to excessive rust in the water supply. Some of the original mains are only 4-inches in diameter thereby not meeting current sizing standards. Water loss from the aged distribution system is also an ongoing problem. Finally, the system also lacks an adequate number of valves which are needed to isolate locations when doing system repairs.

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.

Gary Johnson, President

Name & Title of Authorized Signatory (Typed)


12/29/2014
 Signature Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF BRANDON

Project Title: Drinking Water System Improvements

Funding Requested: \$12,425,000

Other Proposed Funding:

Total Project Cost: \$12,425,000

Project Description: The City proposes to construct two new 1,250,000-gallon water storage tanks to ensure a reliable water supply, adequate system pressures and achieve the recommended storage volume. This project will also loop distribution lines and upsize trunk lines to eliminate bottlenecks, increase flow capacity, and reduce pressure loss.

Alternatives Evaluated: “No Action Alternative” does not address the demand for additional storage capacity and distribution flow pressures.

“New Wells Alternative” proposes to construct one well into Split Rock Creek aquifer and two wells into the Big Sioux aquifer along with a transmission line to connect the wells to the water treatment plant. The City has previously initiated the construction of three new wells using local funds.

“New Water Treatment Plant Alternative” would construct a new plant with the same capacity adjacent to the existing treatment plant. A more in depth study is recommended to identify treatment processes, upgrades, and cost estimate. This alternative is not recommended at this time.

“New Water Towers Alternative” would construct two new 1,250,000 gallon water towers at the West and East sides of the community in order to increase the system pressure and storage capacity. This alternative is recommended.

“Replace ACP Alternative” will replace all of approximately 13,000 feet of asbestos concrete pipe water mains remaining in the City with PVC pipe. This City has started replacing the ACP lines and will continue to incorporate line replacement into future projects.

“Loop Existing Lines Alternative” proposes to loop existing 8, 12, and 16 inch water main trunk lines to eliminate bottlenecks, increase flow capacity, reduce pressure loss and loop dead end lines. This alternative is recommended.

Implementation Schedule: TBD

Service Population: 9,532

Current Domestic Rate: \$29.18 per 5,000 gallons usage

Proposed Domestic Rate at Project Completion: \$30.05 per 5,000 gallons usage

Interest Rate: 3%

Term: 20 years

Security: Water Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Brandon would have to enact a surcharge of approximately \$25.90. When added to current rate of \$30.05/5,000 gallons residents would be paying \$55.95/5,000 gallons.

25% Funding Subsidy: \$3,106,250 subsidy with a loan of \$9,318,750.
Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$9,318,750 Brandon would have to enact a surcharge of approximately \$19.45 thereby paying a rate of \$49.50/5,000 gallons.

50% Funding Subsidy: \$6,212,500 subsidy with a loan of \$6,212,500.
Coverage at 50% Subsidy: Based on a 50% subsidy and loan of \$6,212,500 Brandon would have to enact a surcharge of approximately \$12.95 thereby paying a rate of \$43/5,000 gallons.

75% Funding Subsidy: 9,318,750 subsidy with a loan of \$3,106,250.
Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$3,106,250 Brandon would have to enact a surcharge of approximately \$6.50 thereby paying a rate of \$36.55/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: CLAIRE PESCHONG

FINANCIAL REVIEW COMPLETED BY: DAVE RUHNKE

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Drinking Water Facilities Funding Application

Division of Financial & Technical Assistance

Consolidated Water Facilities Construction Program (CWFCP) Drinking Water State Revolving Fund Program (DWSRF)

Applicant City of Brandon Address PO Box 95 Brandon, SD 57005-0095	Proposed Funding Package CWFCP / DWSRF 12,425,000 <hr/> Local Cash _____ <hr/> Other _____ <hr/> Other _____ <hr/> Other _____ <hr/> <div style="text-align: right;">TOTAL 12,425,000</div>
Subapplicant DUNS Number 556300200	

Project Title: Brandon Drinking Water System Improvements

Description:

The City of Brandon is seeking funds for improvements to its drinking water system.

The City proposes the construction of two new 1,250,000 gallon water towers to provide adequate storage capacity & pressure. In addition to the City's two existing towers that total 300,000 gallons and an underground 500,000 gallon storage tank, these two new elevated tanks will allow the City to achieve the recommended volume of elevated storage.

The City also proposes the looping of transmission and distribution lines to improve the operation of the system. Existing trunk mains will be upsized to eliminate bottlenecks, new trunk mains will be installed for looping to reduce pressure loss and decrease head loss. The new mains will also loop dead ends in the system. The larger pipe size of the new mains will also reduce head loss.

In addition to the above projects, using local funds, the City of Brandon has previously initiated the construction of three new wells to increase its water supply. The City has also taken steps to raise its water and sewer rates in anticipation of these large projects. The city's rate for 5,000 gallons of drinking water is \$30.05. The City has an established reserve fund for its drinking water utility.

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.

Larry Beesley, Mayor, City of Brandon

Name & Title of Authorized Signatory (Typed)

Signature

Date

Larry D. Beesley 12/19/14

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: MINNEHAHA COMMUNITY WATER CORP.

Project Title:	Connection to Big Sioux CWS and Madison
Funding Requested:	\$1,800,000
Other Proposed Funding:	\$0
Total Project Cost:	\$1,800,000
Project Description:	<p>The project consists of improvements to the Minnehaha Community Water Corporation (MCWC) distribution system which will enable MCWC to receive additional water from the Lewis & Clark Regional Water System (L&CRWS). These improvements will then allow MCWC to deliver 1.0 MGD to Big Sioux Community Water System (BSCWS) who will then, in turn, use the extra capacity to deliver up to 1.0 MGD to the City of Madison.</p>
Alternatives Evaluated:	<p>MCWC considered an alternative of which there are 7 improvements that allow MCWC to take on 1.75 MGD at MCWC north connection from L&CRWS and distribute 0.75 MGD to MCWC and deliver 1.0 MGD to BSCWS. These improvements, when implemented together, allow for the delivery of water to Tower 3B whereby BSCWS will be able to distribute the 1.0 MGD to the City of Madison.</p> <p>These improvements include installation of pipe that either distributes water to Tower 3B directly, distribute water to Tower 3A or Tower 3, connect Booster Pump Station 4 to Hartford Pump Station, or close loops in the distribution system allowing for more water to be distributed to BSCWS. The lengths and sizes of these installations are 5,300' of 16" pipe, 10,600' of 12" pipe, 5,300' of 10" pipe, 3,000' of 12" pipe, 16,000' of 8" pipe, and 5,300' of 6" pipe.</p>
Implementation Schedule:	MCWC anticipates bidding the project in August 2015 with a project completion date of November 2016
Service Population:	9,460
Current Domestic Rate:	\$52.75 per 7,000 gallons usage

Applicant: Minnehaha Community Water Corp.

Page 2 of 2

Proposed Domestic Rate at Project Completion: \$52.75 per 7,000 gallons usage

Interest Rate: 3.00%

Term: 20 years

Security: System Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount:	If all funding is provided as loan, MCWC would have 395% debt coverage based on system revenue generated with the current rate of \$52.75 for 7,000 gallons usage.
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ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

Drinking Water Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP)
 Drinking Water State Revolving Fund Program (DWSRF)

Applicant Minnehaha Community Water Corp. Address 47381 248th St Dell Rapids, SD 57022	<h3 style="margin: 0;">Proposed Funding Package</h3> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">CWFCP / DWSRF</td> <td style="text-align: right; border-bottom: 1px solid black;">\$1,800,000</td> </tr> <tr> <td>Local Cash</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td colspan="2" style="text-align: right; padding-top: 10px;">TOTAL \$1,800,000</td> </tr> </table>	CWFCP / DWSRF	\$1,800,000	Local Cash		Other		Other		Other		TOTAL \$1,800,000	
CWFCP / DWSRF	\$1,800,000												
Local Cash													
Other													
Other													
Other													
TOTAL \$1,800,000													
Subapplicant DUNS Number													

Project Title: Connection to Big Sioux CWS and Madison

Description:

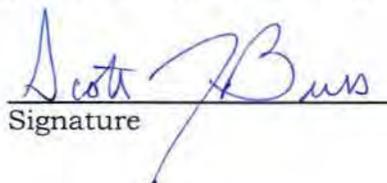
A water distribution system improvement project which will enable Minnehaha Community Water Corp. to receive additional water from the Lewis & Clark Regional Water System. These improvements will, in turn, allow MCWC to deliver 1.0 MGD to Big Sioux Community Water System. Big Sioux will use the extra capacity to deliver up to 1.0 MGD to the City of Madison.

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.

Scott J. Buss, Executive Director

 Name & Title of Authorized Signatory (Typed)


 Signature

12/26/14
 Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF CANTON

Project Title: Water Source Improvements

Funding Requested: \$1,550,000

Other Proposed Funding: \$420,000 - Local Cash

Total Project Cost: \$1,970,000

Project Description: This project includes the installation of two new wells and upgrades to the existing pumps and control system.

Alternatives Evaluated:

“No Action Alternative” would not address the need for additional reliable well capacity or address the sediment problems with the most current well.

“Two Additional Dakota Aquifer Wells Alternative” includes drilling, construction, and development of a two new wells to replace two existing wells and allow Canton to remain a self-sustaining community. This is recommended.

“Existing High Service Pump Upgrade Alternative” is a replacement of the current pump station with new pumps and VFD motors, upgrading the SCADA system, and installation of a diesel generator. This is recommended.

“Additional Wells in Big Sioux Alluvium Sand Alternative” is considered an option, however, may involve high treatment costs if the groundwater is considered under the influence of surface water and at risk of contamination from pathogens and viruses. Treatment of surface water requires high additional costs and therefore this is not a recommended alternative.

“Supplement Flows with South Lincoln Rural Water System Alternative” would allow the city of Canton to continue to provide water with the existing wells and only purchase the amount required to meet flow projections. This alternative would require cost sharing the construction of a booster pump station or a water tower with SLRWS on a supply line near Canton. This alternative is not recommended.

“South Lincoln Rural Water System Alternative” will use the

rural water system to supply water to meet the demands of the city of Canton. SLRWS is currently adding customers north of the city and consideration has already been given to improvements near Canton. It is likely that if Canton were added to the system they would likely participate in funding the 7 to 9 miles of new transmission main installation. This alternative is not recommended at this time.

Implementation Schedule:

Canton anticipates bidding the project in July 2015 with a project completion date of May 2016.

Service Population:

4,224

Current Domestic Rate:

\$31.20 per 5,000 gallons usage

Proposed Domestic Rate at Project Completion:

\$31.20 per 5,000 gallons usage

Interest Rate: 3%

Term: 30 years

Security: Surcharge Revenue

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Canton would have to enact a surcharge of approximately \$5.44. When added to current rate of \$31.20/5,000 gallons residents would be paying \$36.64/5,000 gallons.

25% Funding Subsidy: \$387,500 subsidy with a loan of \$1,162,500

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$1,162,500 Canton would have to enact a surcharge of approximately \$4.08 thereby paying a rate \$35.28/5,000 gallons.

50% Funding Subsidy: \$775,000 subsidy with a loan of \$775,000

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$775,000 Canton would have to enact a surcharge of approximately \$2.72 thereby paying a rate \$33.92/5,000 gallons.

75% Funding Subsidy: \$1,162,500 subsidy with a loan of \$387,500

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$387,500 Canton would have to enact a surcharge of approximately \$1.36 thereby paying a rate \$32.56/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: CLAIRE PESCHONG

FINANCIAL REVIEW COMPLETED BY: ELAYNE LANDE

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Division of Financial & Technical Assistance

Drinking Water Facilities Funding Application

Consolidated Water Facilities Construction Program (CWFCP)
Drinking Water State Revolving Fund Program (DWSRF)

Applicant City of Canton Address 210 N. Dakota Street Canton, SD 57013-1834	Proposed Funding Package CWFCP / DWSRF \$1,550,000 Local Cash \$420,000 Other _____ Other _____ Other _____
Subapplicant DUNS Number 033541236	TOTAL \$1,970,000

Project Title: Water Source Improvements: 2 new wells & upgrade existing wells with high service pumps

Description:

The first component of the project includes the installation of two new wells that will replace existing wells #7 and #11 which are no longer performing as needed. This project is needed due to the fact that these two existing wells have shown a decrease in capacity due to age.

The second component of the project includes replacing and upgrading the existing high service pumps and controls that have some components that date back to pre-1966. New pump technology provided for an opportunity for greater efficiency.

Two new wells and upgrading the existing pumps and controls will allow the City of Canton meet its existing and future requirements.

The City of Canton has a reserve fund established for its utility. Canton's current water rate consists of \$19.55 base per meter for the first 100 cubic feet, and \$2.05 per 100 cubic feet above that, which translates to approximately \$30.37 per month for 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.

Chuck Smith, Mayor, City of Canton

 12/18/14

Name & Title of Authorized Signatory (Typed)

Signature

Date

WRAP REVIEW SHEET
DRINKING WATER FACILITIES FUNDING APPLICATION
APPLICANT: CITY OF WESSINGTON SPRINGS

Project Title: Wessington Springs Main Street Infrastructure Improvements Project-Watermain

Funding Requested: \$259,600

Other Proposed Funding: \$0 - Local Cash

Total Project Cost: \$259,600

Project Description: The project proposes to replace three blocks of asbestos cement pipe (ACP) watermain on Main Street with PVC pipe watermain.

Alternatives Evaluated: “Do Nothing Alternative” was evaluated for the water distribution system but not considered as it will not address any of the system’s deficiencies.

The facilities plan evaluated four water distribution alternatives to improve Wessington Springs’ overall drinking water system.

“Improve System Alternative” will replace several ACP and cast iron pipe (CIP) watermains in the low pressure section of Wessington Springs. This alternative was evaluated but not recommended at this time since it is deemed not the City’s first priority.

“Leak Detection Survey Alternative” proposes to hire a leak detection professional to locate areas of watermain leaks within the system. This alternative was evaluated but not recommended at this time since it is deemed not the City’s first priority.

“Meters and Reading System Alternative” proposes to replace all of the water meters in the system. This alternative was evaluated but not recommended at this time since it is deemed not the City’s first priority.

“Replace Existing ACP on Main Street Alternative” considers replacing the ACP watermain on Main Street between Dakota and Barrett Avenue with PVC watermain. This alternative was evaluated and recommended as it is considered to be the

City's first priority.

Implementation Schedule: The City of Wessington Springs anticipates bidding the project in January 2016 with a project completion date of September 2016

Service Population: 946

Current Domestic Rate: \$33.00 per 5,000 gallons usage

Proposed Domestic Rate at Project Completion: TBD

Interest Rate: 2.25%

Term: 30 years

Security: Water Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Wessington Springs would have to enact a surcharge of approximately \$2.02. When added to current rate of \$33/5,000 gallons residents would be paying \$35.02/5,000 gallons.

25% Funding Subsidy: \$64,750 subsidy with a loan of \$194,250

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$194,250, Wessington Springs would have to enact a surcharge of approximately \$1.51 thereby paying a rate \$34.51/5,000 gallons.

50% Funding Subsidy: \$129,500 subsidy with a loan of \$129,500

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$129,500, Wessington Springs would have to enact a surcharge of approximately \$1.01 thereby paying a rate \$34.01/5,000 gallons.

75% Funding Subsidy: \$194,250 subsidy with a loan of \$64,750

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$64,750, Wessington Springs would have to enact a surcharge of approximately \$0.50 thereby paying a rate \$33.50/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: NICK NELSON

FINANCIAL REVIEW COMPLETED BY: ELAYNE LANDE

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DEC 31 2014

Division of Financial & Technical Assistance

Drinking Water Facilities Funding Application
Consolidated Water Facilities Construction Program (CWFCP)
Drinking Water State Revolving Fund Program (DWSRF)

Applicant City of Wessington Springs Address PO Box 443 Wessington Springs, SD	Proposed Funding Package CWFCP / DWSRF \$259,600 <hr/> Local Cash _____ <hr/> Other _____ <hr/> Other _____ <hr/> Other _____ <hr/> <p align="right">TOTAL \$259,600</p>
Subapplicant DUNS Number 14-499-5219	

Project Title: Wessington Springs Main Street Infrastructure Improvements Project-Water

Description:

Description: The City of Wessington Springs has retained Schmucker, Paul, Nohr and Associates to prepare a preliminary report to identify the improvements that are needed on Main Street from Dakota Avenue to Blowers Avenue. The proposed improvements are the result of a desire to improve access for vehicle and pedestrian use to the Wessington Springs Main Street business area.

The proposed improvements contained in this report would replace utilities, restore the street surface, and provide improved drainage of Main Street. The proposed improvements would also provide for safer access to pedestrian sidewalks, rebuild sidewalks to the Main Street businesses and improve handicap accessibility.

The Town charges \$33.00 (\$13.00 minimum + \$4.00/1,000 gallons) to 540 household and commercial connections for 5,000 gallons of drinking water. A fee of \$24.00 is charged to all users of the sewer system.

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.

Melissa Mebius, Mayor

 Name & Title of Authorized Signatory (Typed)

Melissa Mebius 12-29-2014

 Signature Date

TITLE: Small Water Facilities Funding Applications

EXPLANATION: The following applications have been received by the department for funding consideration at this meeting.

- a. Lesterville
- b. Northville

COMPLETE APPLICATIONS: The application cover sheet and WRAP summary sheet with financial analysis have been provided as part of the board packet. The complete application is available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRappsOther0315.pdf>

If you would like a hard copy of the application, please contact Jon Peschong at (605) 773-4216.

CONTACT: Andy Bruels, 773-4216

Small Water Facilities Funding Applications March 2015



WRAP REVIEW SHEET
SMALL WATER FACILITIES FUNDING APPLICATION
APPLICANT: TOWN OF LESTERVILLE

Project Title: Water Meter Replacement Project

Funding Requested: \$53,000

Other Proposed Funding: \$0 - Local Cash

Total Project Cost: \$53,000

Project Description: Replace water meters in conjunction with switching to remote reading instead of the current self-reporting process. This upgrade will result in a significant reduction in water loss in the community.

Alternatives Evaluated: The No Action Alternative was not considered as it will not address the problems facing the town's water system and will lead to a substantial loss of water revenue.

The Water Meter Replacement alternative was chosen to replace the community's aged meters with current technology. This alternative would contribute to more effective reporting and water loss analysis.

Implementation Schedule: Lesterville anticipates bidding the project in April 2015 with a project completion date of July 2015.

Service Population: 127

Current Domestic Rate: \$35.00 per 5,000 gallons used

Proposed Domestic Rate at Project Completion: \$35.00 per 5,000 gallons used

Interest Rate: 2.25% Term: 10 years Security: System Revenues

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan and a 10% reduction in water loss, Lesterville would have 10.3% debt coverage based on system revenue generated with the current rate of \$35.00 for 5,000 gallons usage.

25% Funding Subsidy: \$13,250 subsidy with a loan of \$39,750

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$39,750, Lesterville would need to increase their rate to \$41.00 for 5,000 gallons usage for 100% debt coverage.

50% Funding Subsidy: \$26,500 subsidy with a loan of \$26,500

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$26,500, Lesterville would need to increase their rate to \$38.75 for 5,000 gallons usage for 100% debt coverage.

75% Funding Subsidy: \$39,750 subsidy with a loan of \$13,250

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$13,250, Lesterville would need to increase their rate to \$36.50 for 5,000 gallons usage for 100% debt coverage.

ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

JAN - 2 2015

Division of Financial & Technical Assistance

Small Water Facilities Funding Application

(Total Project Cost Not To Exceed \$250,000

and

Non-State Revolving Fund Loan Programs to be Utilized)

Consolidated Water Facilities Construction Program (CWFCP) CW SRF Water Quality Grants (WQ Grant)

Applicant	Proposed Funding Package	
Town of Lesterville	CWFCP / WQ Grant	\$53,000
Address	Other _____	_____
210 Main Avenue Lesterville, South Dakota 57040	Other _____	_____
Subapplicant	Other _____	_____
N/A	TOTAL	\$53,000

Project Title: Water Meter Replacement Project

Description:

The Town of Lesterville respectfully requests DENR financial assistance with its efforts to upgrade the community's water meters. BY Water provides bulk service to the Town which is metered prior to entering the community storage and distribution system. This is the same system the District utilizes with all its bulk customers and has proven reliable and accurate. Unfortunately, there is a water loss of 40% between what is delivered by B-Y and what is metered and paid for within the community. It is these extensive water loss figures which are the impetus for the effort to replace the community's 1960's water meters with a modern remote reading system. As is the case with all water loss situations, it is critical to explore all possible options or explanations. Arens Engineering was retained to examine the entire system and assist in identify potential solutions to the water loss. Upon completion of the study it was determined that replacement of the water meters in conjunction with switching to remote reading versus the current self reporting process will result in a significant reduction of water losses. The proposed project is most likely the first step in the rehabilitation of the community's entire drinking water delivery system.

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.

Muriel
Muriel Pratt, President

Name & Title of Authorized Signatory (Typed)

Muriel Pratt 12.30.14

Signature Date

WRAP REVIEW SHEET
SMALL WATER FACILITIES FUNDING APPLICATION
APPLICANT: TOWN OF NORTHVILLE

Project Title:	Storm Sewer Improvements
Funding Requested:	\$140,000
Other Proposed Funding:	\$0
Total Project Cost:	\$140,000
Project Description:	Replace clay storm sewer pipe on the west end of Elm Street and install catch basins and clean outs for individual sumps.
Alternatives Evaluated:	The city only evaluated the proposed storm sewer replacement project.
Implementation Schedule:	Northville anticipates bidding the project in July 2015 with a project completion date of December 2015.
Service Population:	143
Current Domestic Rate:	\$37.60 per 5,000 gallons flat rate
Proposed Domestic Rate at Project Completion:	\$37.60 per 5,000 gallons flat rate
Interest Rate:	3.25%
Term:	30 years
Security:	Wastewater Surcharge

DEBT SERVICE CAPACITY

Coverage at Maximum Loan Amount: If all funding is provided as loan Northville would have to establish a surcharge of approximately \$9.40. When added to current rate of \$37.60/5,000 gallons residents would be paying \$47.00/5,000 gallons.

25% Funding Subsidy: \$35,000 subsidy with a loan of \$105,000.

Coverage at 25% Subsidy: Based on a 25% subsidy and a loan of \$105,000 Northville would have to establish a surcharge of approximately \$7.05 thereby paying a rate \$44.65/5,000 gallons.

50% Funding Subsidy: \$70,000 subsidy with a loan of \$70,000.

Coverage at 50% Subsidy: Based on a 50% subsidy and a loan of \$70,000 Northville would have to establish a surcharge of approximately \$4.70 thereby paying a rate \$42.30/5,000 gallons.

75% Funding Subsidy: \$105,000 subsidy with a loan of \$35,000.

Coverage at 75% Subsidy: Based on a 75% subsidy and a loan of \$35,000 Northville would have to establish a surcharge of approximately \$2.35 thereby paying a rate \$39.95/5,000 gallons.

ENGINEERING REVIEW COMPLETED BY: ERIC MEINTSMA

FINANCIAL REVIEW COMPLETED BY: JON PESCHONG

Small Water Facilities Funding Application

(Total Project Cost Not To Exceed \$250,000

and

Non-State Revolving Fund Loan Programs to be Utilized)

RECEIVED
JAN - 2 2015
 Division of Financial
 & Technical Assistance

Consolidated Water Facilities Construction Program (CWFCP) CW SRF Water Quality Grants (WQ Grant)

Applicant	Proposed Funding Package	
City of Northville	CWFCP / WQ Grant	\$140,000
Address	Other _____	_____
PO Box 49 Northville, SD 57465 (605)-887-3651	Other _____	_____
Subapplicant	Other _____	_____
	TOTAL	\$140,000

Project Title: Northville Storm Sewer Improvements (Elm Street)

Description:

The City of Northville is proposing to install storm sewer along the south side of Elm Street from Village Drive to West Street, connecting it to the existing well overflow. The City will replace the existing VCP storm pipe and installing catch basins at intersections. They will also install clean outs for sump discharge for residents. Storm water will discharge on the west end of Elm Street.

The city does not have a separate monthly utility rate for storm sewer nor has a reserve fund for storm sewer been established. Sewer rates are flat rate of \$37.60, of which \$17.20 is designated for USDA revenue bond repayment for construction of the lagoon in 2002 and \$12.60 is designated for SRF loan repayment for the lagoon improvements in 2012.

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.

Clayton Blachford, Mayor		12/30/14
Name & Title of Authorized Signatory (Typed)	Signature	Date

TITLE: Solid Waste Management Program Funding Applications

EXPLANATION: The Solid Waste Management Program was established under SDCL 46A-1-83. The Board of Water and Natural Resources may award grant and loan funds for the purpose of solid waste planning and management under the program. ARSD 74:05:10:09 provides that applications for the March funding round are due by January 1. The following applications have been received by DENR for funding consideration at this meeting.

- a. Department of Environment and Natural Resources
- b. South Eastern Council of Governments

Pursuant to ARSD 75:05:10:11, the Board must make its funding decisions within 120 days after applications are presented. In accordance with SDCL 46A-1-83, a minimum of 50 percent of the Solid Waste Management Program funds must be reserved for recycling activities.

COMPLETE APPLICATIONS: The application cover sheets and summary sheets have been provided as part of the board packet. Complete applications are available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRapps0315.pdf>

If you would like hard copies of the applications, please contact Andy Bruels at (605) 773-4216.

Solid Waste Management Applications

March 2015



WRAP REVIEW SHEET
SOLID WASTE MANAGEMENT PROGRAM

assisted twelve regional landfills, four cities, four counties, two Native American Tribes, and the National Park Service in the removal of approximately 8,948 tons of tires. The funds have been used by 23 school districts to remove unusable chemicals from their buildings.

Fees:

Not Applicable

Solid Waste Management Program Application

RECEIVED

DEC - 8 2014

Division of Financial
Technical Assistance

Applicant/Tax ID #
South Dakota Department of Environment and
Natural Resources

Proposed Funding Package

SWMP Funds: \$350,000

Address
Joe Foss Building
523 East Capitol
Pierre, SD 57501-3182

Local Cash: _____

Other: _____

Other: _____

Other: _____

Phone Number (605) 773-4216

Total Project Cost: \$350,000

Project Title: South Dakota Waste Tire and Other Solid Waste Cleanups

Description:

The South Dakota Department of Environment and Natural Resources proposes to continue its efforts to fund the statewide cleanup of waste tires and other solid waste. This is a continuation of past department efforts that began in 1999. DENR will work with local communities as sponsors for the tire cleanups. The department will also set aside funds to be used for the cleanup of chemicals that have been in storage on school district properties throughout the State. The department has recently had applications for assistance in funding these clean-ups, and developing a set aside will allow the department to address these requests in a timely manner to promote a healthier environment for students and staff. The department proposes to fund these projects with a one time assistance of 50 percent cost share up to a maximum of \$10,000 for each school district. This should allow many schools to dispose of chemicals which are no use to the school without the full financial burden.

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 Pirner, Department Secretary

Name and Title of Authorized Signatory (Typed)


Signature

12/8/14
Date

WRAP REVIEW SHEET
SOLID WASTE MANAGEMENT PROGRAM

ENGINEERING REVIEW COMPLETED BY: DREW HUISKEN

Applicant: South Eastern Council of Governments

Project Title: Solid Waste Management Regional Revolving Loan Fund
Recapitalization

Funding Requested: \$500,000

Other Proposed Funding: \$125,000 - Local Cash

Total Project Cost: \$625,000

Project Description: Secure funding to pass through to the South Eastern
Development Foundation to recapitalize a fund
promoting the Solid Waste hierarchy in for-profit
businesses in Clay, Lincoln, McCook, Minnehaha, Turner
and Union Counties.

Type: Special Purpose District

Service Population: 256,000

Financial & History Information: In March 2012, South Eastern Council of Governments
received a \$645,000 grant to pass through to the South
Eastern Development Foundation.

In May 2010, South Eastern Council of Governments
received a \$325,000 grant to pass through to the South
Eastern Development Foundation.

In January 2010, South Eastern Council of Governments
received a \$375,000 grant to pass through to the South
Eastern Development Foundation.

TITLE: Authorization for DENR to Award Grants to Very Small Systems as Allowed by the Drinking Water 2015 IUP and the 2015 Omnibus Bill

EXPLANATION: The Very Small System Compliance Grant program is meant to assist very small water systems that are in violation of the Safe Drinking Water Act, excluding the Total Coliform Rule, to achieve compliance.

The implementation of the Very Small Systems Compliance Grant program allows a qualifying water system to receive up to a \$50,000 grant for projects that must be completed to meet a current or future Safe Drinking Water Act requirement. The grant may be used to purchase equipment and pay for engineering and labor costs directly associated with construction of the project. All equipment and materials purchased will remain the property of the water system.

Administrative surcharge funds will be used to provide grants to assist very small systems in violation of the Safe Drinking Water Act. These funds will be limited to community systems with 50 or fewer connections and not-for-profit, nontransient, noncommunity water systems. Funds will be provided as 100 percent grants up to maximum of \$50,000 for total project costs less than \$100,000. The 2015 allocation for these activities will be \$250,000.

RECOMMENDED ACTION: Approve the Very Small System Compliance Grant program proposal and authorize the Department to develop and implement the program; and approve the use of \$250,000 of the administrative surcharge funds as provided in the 2015 Drinking Water State Revolving Fund Intended Use Plan to assist eligible water systems in achieving compliance with current or future standards of the Safe Drinking Water Act, and designate the Secretary of the Department of Environment and Natural Resources as a representative of this Board to do all things on its behalf to develop and implement the Very Small System Compliance Grant Program.

CONTACT: Claire Peschong (773-5668)

TITLE: Distribution of Request for Proposals for Financial Advisor for the State Revolving fund Programs

EXPLANATION: In 2003 and 2011, the Board of Water and Natural Resources requested proposals from qualified firms to serve as its State Revolving Fund Financial Advisor. Public Financial Management (PFM) was selected and has served as Financial Advisor since 2003. The Board's current contract with PFM terminates on June 30, 2015.

SDCL 5-18D-17 provides that state agencies may not award or renew a contract for professional services exceeding fifty thousand dollars without complying with the procedures set forth in §§ 5-18D-17 to 5-18D-22, inclusive. The attached state agency procurement sections outline the requirements for professional services request for proposals.

A draft "Request for Proposal to Serve as Financial Advisor for the State Revolving Fund Programs" is attached for your review. The following is a list of activities and estimated timelines relevant to the RFP process:

- RFP advertisement – April 1, 2015.
- Proposals due – May 1, 2015.
- Financial Advisor selection – June 25, 2015.
- Contract execution – July 1, 2015.

RECOMMENDED ACTION: Authorize distribution of the Request for Proposal to Serve as Financial Advisor for the State Revolving Fund Programs.

CONTACT: Mike Perkovich, 773-4216

Solid Waste Management Program Application

FEB - 9 2015

Division of Financial
& Technical Assistance

Applicant/Tax ID #
South Eastern Council of Governments
46-0305845 SECOG
30-0017659 SEDF

Proposed Funding Package

SWMP Funds: \$500,000

Local Cash: \$125,000

Other: _____

Other: _____

Other: _____

Address
500 N. Western Avenue, Suite 100
Sioux Falls, SD 57104

Phone Number 605-367-5390

Total Project Cost: \$625,000

Project Title: Solid Waste Management Regional Revolving Loan Fund Recapitalization

Description:

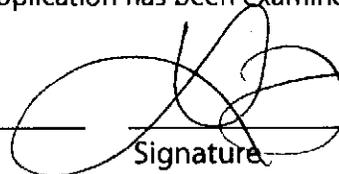
The purpose of this proposed \$500,000 grant is for the South Eastern Council of Governments (SECOG) to secure funding to pass through to the South Eastern Development Foundation (SEDF) to recapitalize a fund within SEDF's existing Economic Development Revolving Loan Fund. The fund is used to make loans for eligible purposes as defined under DENR's existing Solid Waste Management Program to for-profit businesses in Clay, Lincoln, McCook, Minnehaha, Turner and Union Counties.

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.

Lynne Keller Forbes, Executive Director

Name and Title of Authorized Signatory (Typed)



Signature

12/31/14
Date

5-18D-17. Professional services exceeding fifty thousand dollars. No agency of the state may award or renew a contract for professional services exceeding fifty thousand dollars without complying with the procedures set forth in this section to § 5-18D-22, inclusive. Any agency seeking such professional services shall issue a request for proposals. The agency shall publish any request for proposals issued pursuant to this section on the electronic procurement system maintained by the Bureau of Administration. The request for proposals shall include the procedures for the solicitation and award of the contract.

Source: SL 2010, ch 31, § 111.

5-18D-18. Evaluation criteria to be stated in request for proposals. The request for proposals shall state the relative importance of evaluation criteria to be used in the ranking of prospective contractors. The agency shall include the following evaluation criteria in any request for proposals:

- (1) Specialized expertise, capabilities, and technical competence as demonstrated by the proposed approach and methodology to meet the project requirements;
- (2) Resources available to perform the work, including any specialized services, within the specified time limits for the project;
- (3) Record of past performance, including price and cost data from previous projects, quality of work, ability to meet schedules, cost control, and contract administration;
- (4) Availability to the project locale;
- (5) Familiarity with the project locale;
- (6) Proposed project management techniques; and
- (7) Ability and proven history in handling special project constraints.

Source: SL 2010, ch 31, § 112.

5-18D-19. Discussion and negotiation of project. The agency and the highest ranked contractor shall mutually discuss and refine the scope of services for the project and shall negotiate terms, including compensation and performance schedule. The compensation level paid shall be reasonable and fair to the agency, as determined by the agency. If the agency and the highest ranked contractor are unable for any reason to negotiate a contract at a compensation level that is reasonable and fair to the agency, the agency shall, by notification either orally or in writing, terminate negotiations with the contractor. The agency may then negotiate with the next highest ranked contractor. The negotiation process may continue through successive contractors, according to agency ranking, until an agreement is reached or the agency terminates the contracting process.

Source: SL 2010, ch 31, § 113.

5-18D-20. Register of proposals for professional service contract--Confidential information. A register of proposals shall be prepared and maintained by any state agency issuing a request for proposals for a professional service contract. The register shall contain the names of any person whose qualifications were considered and the name of the person that was awarded the contract. Any professional service contract and the documentation that was the basis for the contract is public except for proprietary information which shall remain confidential. The qualifications and any other documentation of any person not issued a contract shall remain confidential.

Source: SL 2010, ch 31, § 114.

5-18D-21. Exemption of certain professional service contracts. The provisions of §§ 5-18D-17 to 5-18D-20, inclusive, do not apply to contracts issued for:

(1) Services of such a unique nature that the contractor selected is clearly and justifiably the only practicable source to provide the service. Determination that the contractor selected is justifiably the sole source is based on either the uniqueness of the service or sole availability at the location required;

(2) Emergency services necessary to meet an urgent or unexpected requirement or if health and public safety or the conservation of public resources is at risk;

(3) Services subject to federal law, regulation, or policy or state statute, under which a state agency is required to use a different selection process or to contract with an identified contractor or type of contractor;

(4) Services for professional legal services;

(5) Services of expert witnesses, hearing officers, or administrative law judges retained by state agencies for administrative or court proceedings;

(6) Services involving state or federal financial assistance passed through by a state agency to a political subdivision;

(7) Medical services and home and community-based services;

(8) Services to be performed for a state agency by another state or local government agency or contracts made by a state agency with a local government agency for the direct provision of services to the public; or

(9) Services to be provided by entertainers for the state fair and other events.

Source: SL 2010, ch 31, § 115.

5-18D-22. Effect on time deadline in contested case. Notwithstanding any other provisions of law, an agency that is required to issue a decision in a contested case proceeding in one year or less may increase its statutory deadline for issuing the agency decision by sixty days if the agency seeks to enter into a professional services contract covered by §§ 5-18D-17 to 5-18D-20, inclusive.

Source: SL 2010, ch 31, § 116.

**SOUTH DAKOTA BOARD OF WATER AND NATURAL RESOURCES
REQUEST FOR PROPOSAL TO SERVE AS
FINANCIAL ADVISOR FOR THE STATE REVOLVING FUND PROGRAMS**

INTRODUCTION

The Board of Water and Natural Resources (“Board”), acting as the South Dakota Conservancy District (“District”), is seeking proposals from qualified firms to serve as its financial advisor. Proposals are requested for financial advisor services for a three year period from July 1, 2015 to June 30, 2018. The Board reserves the right to renew the contract to be awarded to the successful respondent for an additional three-year period if the Board considers any contract adjustment to be reasonable and justified.

BACKGROUND

The Board administers the South Dakota Clean Water State Revolving Fund (CWSRF) Program and the Drinking Water State Revolving Fund (DWSRF) Program. The South Dakota Department of Environment and Natural Resources (“Department”) serves as staff for the Board. The CWSRF program provides low interest loans for the construction of wastewater treatment facilities, wastewater collection lines, storm sewers, and nonpoint source projects to include the water quality protection components of solid waste facilities. Municipalities and other political subdivisions are eligible to receive CWSRF loans. The program has provided loans to more than 140 entities totaling \$592 million dollars from 1989 through September 2014. Current interest rates and terms are 2.25% for 10 years, 3% for 11 to 20 years, and 3.25% for 21 to 30 years.

The DWSRF program provides low interest loans for the construction of drinking water supply, treatment, storage, and distribution projects. Political subdivisions and nonprofit public water systems are eligible to receive DWSRF loans. The program has provided loans to more than 130 entities totaling \$401 million dollars from 1998 through September 2014. Current interest rates and terms are 2.25% for up to 10 years, 3% for 11 to 20 years, and 3.25% for 21 to 30 years. Borrowers meeting the disadvantaged community criteria are eligible for reduced interest rates.

The SRF loan programs are federally authorized, and Federal funds are provided to the state in the form of capitalization grants awarded annually through the United States Environmental Protection Agency. For every \$5 the federal government provides to each program through the annual capitalization grants, the state must provide \$1 of match. The Board does that by issuing revenue bonds and notes. Under South Dakota Codified Law (SDCL 46A-1-31), the District has the authority to issue revenue bonds and notes for the purpose of funding all or part of the match funds required for either or both of the programs. Additionally, the District

has the ability to issue revenue bonds and notes above the amount required for state match to leverage additional funds for the programs.

The District has issued state revolving fund bonds or bond anticipation notes since 1989 as indicated in the table below:

Issue	Original Principal Amount	Purpose
1989	\$5,785,000	CWSRF State Match
1992	4,180,000	CWSRF State Match
1994A	10,220,000	Refunding and CWSRF State Match
1995A	7,970,000	CWSRF State Match and Leveraged
1996A	2,770,000	CWSRF State Match
1998A	6,450,000	DWSRF State Match
2001	5,270,000	DWSRF State Match
2001	4,405,000	CWSRF State Match
2004	38,460,000	Refunding, DWSRF State Match and Leveraged
2005	50,000,000	State Match and Leveraged
2008	40,000,000	State Match and Leveraged
2009	55,000,000	BANs for State Match and Leveraged
2010	54,330,000	BANs to Refinance the 2009 BANs
2010	92,380,000	Refunding of 1998 Bonds, 2008 Bonds, and 2010 BANs
2012	123,305,000	Refunding of 2001, 2004 and 2005 Bonds ; CWSRF State Match and Leveraged
2014	<u>59,815,000</u>	State Match and Leveraged
TOTAL	\$560,340,000	

AVAILABLE DOCUMENTS

Various resource documents pertaining to the state revolving fund programs, including recent official statements, the Master Trust Indenture, series resolutions, investment agreements, and annual reports, are available at: <http://denr.sd.gov/srfrfp.aspx>

SCOPE OF WORK

The financial advisor will be required to perform services with regard to the SRF programs of the type outlined in Attachment A. The Board may request services in addition to those listed. The financial advisor will work closely with the Board and staff and will be expected to respond to specific requests made by the Board and staff. During the course of providing these services, the financial advisor will be expected to make periodic oral and written reports on the status of

its activities to the staff. These reports will help assure that the objectives are met and will minimize misunderstandings on task assignments.

REQUEST FOR PROPOSALS

The following is a list of activities and estimated timelines relevant to the RFP process:

- RFP advertisement – April 1, 2015.
- Proposals due – May 1, 2015.
- Financial Advisor selection – June 25, 2015.
- Contract execution – July 1, 2015.

Proposal Contents

Proposals shall be prepared and submitted in such form as specified below. Each page shall be numbered. The proposal should provide a concise description of the respondent's ability to meet the requirements of this RFP. Information the respondent considers to be proprietary information should be identified as such. However, the Board reserves the right to determine if the information is public.

Proposals which in the judgment of the Board fail to meet the requirements of this RFP, or which are in any way incomplete, conditional, or which contain additions or deletions not called for, alterations or other irregularities, or in which errors occur, may be rejected at the Board's discretion. The Board reserves the right to waive any requirements of or informalities in any proposal or to reject any or all proposals if it determines that it is in the Board's best interest to do so.

Respondents should submit a complete response to all the required elements of the RFP as described below.

1. *Transmittal Letter* – Each respondent shall prepare a transmittal letter summarizing the principal points in the respondent's proposal. The letter must be signed by the representative who would serve as the primary contact for this contract and include that person's address, telephone number, fax number and email address.
2. *Experience* – Describe the respondent's experience and capabilities as well as any proposed subcontractor's experience and capabilities. Emphasis should be placed on knowledge of the Board's State Revolving Loan programs and the federal and state Revolving Fund program requirements.
3. *Project Team* - Identify the members of your firm as well as any proposed subcontractors that will participate in the completion of these services. The use of a

subcontractor(s) to increase the effectiveness of the respondent's proposal is allowable. A joint venture is not allowed.

4. *Compensation* – Provide a detailed description of the proposed compensation for state fiscal years 2016 through 2018. It is expected compensation for state fiscal years 2019 through 2021 will be negotiated later at the appropriate time.

CRITERIA AND PROCESS FOR SELECTION

Proposals will be evaluated in light of the following criteria which are listed in descending order of importance:

- Experience, demonstrated knowledge and acceptable performance history as financial advisor for state revolving fund revenue bond financings, similar pooled loan financings, and South Dakota bond financings, especially public or private public utilities. (30 points)
- Familiarity with South Dakota's state revolving fund programs and national state revolving fund requirements. (30 points)
- Personnel resources committed to the programs. (20 points)
- Overall responsiveness and clarity of the proposal. (10 points)
- Fees. (10 points)

This is not a competitive bidding invitation. An evaluation committee, which may include staff from the SRF Programs, the Office of the Attorney General and the District's bond counsel and trustee, will review the submittals. The committee will make a recommendation to the Board. At the discretion of the Board, candidates may be invited to make oral presentations. Final selection will be made by the Board.

TERMS AND CONDITIONS

- The Department will make a recommendation to the Board on which respondent to hire. The Board will make the final determination regarding the selection of the respondent.
- The Board reserves the right to reject any and all proposals.
- The Board may negotiate the compensation and hire the successful respondent subject to the terms and conditions specified by the Board.
- If the Board is not able to successfully negotiate a contract with the highest ranked respondent, negotiations shall cease. The Board shall then begin negotiations with the second highest ranked respondent. This process may continue until negotiations are successful.
- The successful respondent may not subcontract with any firm not previously identified in its RFP without the prior, written consent of the Board.

- All respondents will be notified in writing of the selection.

STATE NOT LIABLE FOR EXPENSES OF PROPOSALS

Neither the Board nor Department shall be liable for any expenses incurred by any respondent in preparing or presenting the proposal.

PROPOSAL DUE DATE AND CONTACT FOR INFORMATION

Six hard copies of the respondent's proposal should be submitted to Mike Perkovich, Natural Resources Administrator, Water and Waste Funding Program, South Dakota Department of Environment and Natural Resources, 523 East Capitol Avenue, Pierre, South Dakota, 57501 by 5:00 P.M., Central Time, on or before May 1, 2015. Additionally, please provide an electronic copy of your proposal to Mr. Perkovich at mike.perkovich@state.sd.us on or before the submittal deadline. Questions regarding this RFP may be directed to Mike Perkovich via email or by phone at 605-773-4216.

**STATE REVOLVING FUND FINANCIAL ADVISOR
SCOPE OF WORK
ATTACHMENT A**

The Consultant will provide the services detailed below in connection with the issuance of taxable and tax-exempt bonds and notes for the Clean Water State Revolving Fund Program and the Drinking Water State Revolving Fund Program, as well as the District's outstanding Clean Water and Drinking Water bonds. Services include ongoing programmatic support, as well as transaction related services. An overview of the services to the Conservancy District includes:

Programmatic Support

- Maintain and update the custom cash flow models and loan portfolios created on behalf of the Conservancy District.
- Monitor the Conservancy District's outstanding debt for potential refundings.
- Create specialized models, as needed and requested.
- Analyze program capacity and financing needs.
- Notify the Conservancy District of any proposed or ratified regulatory changes which may impact its programs or financings.
- Provide ongoing analysis and support for interactions with and garnering approvals from EPA, as requested.
- Assist the Conservancy District with ongoing administrative decisions related to its programs, including issues relating to the repayment or refunding of borrower loans.
- Keep the Conservancy District apprised of new financing products, as well as changes to industry practice.
- Educate staff and Board, as requested.
- Be available to the Conservancy District to answer questions, attend meetings, furnish research and provide opinions and services, as requested.

Transaction Related Services

Consultant is to provide all of the transaction related services expected of a traditional financial advisory relationship. Following is a summary of the services we would expect to be provided regardless of sale method:

- Coordinate financing team members, including maintaining a time schedule, creating a distribution list, and maintenance of a costs of issuance budget.
- Make recommendations with respect to security provisions, mode of debt, maturity schedules, amortization schedules, redemption provisions and credit enhancement features. Provide ongoing updates to cash flow models and updated bond sizings.
- Work with bond counsel and other financing team members to develop the required legal, disclosure and other financing documents.
- Assist in the development of requests for proposals, evaluation of proposals and selection of ancillary service providers, such as managing underwriters (negotiated sale), private placement agents, remarketing agents (variable rate transactions), printers,

credit enhancement providers, liquidity providers (variable rate transactions), and such other professionals as requested.

- Review the appropriate sale method.
- Implement a comprehensive credit rating strategy appropriate to the financing. Develop rating agency presentations, default tolerance analyses and participate in those meetings.
- After the sale, prepare final transaction schedules including, but not limited to, debt service, pricing summary, proof of arbitrage yield, 8038 statistics and tax levies when appropriate.
- Assist in developing a strategy for the investment of bond proceeds.
- Assist staff and other members of the financing team in the bond closing process, including preparation of a closing memorandum.
- Prepare and deliver a post-sale analysis documenting the results of the sale, summarize the essential terms of the offering, identify market conditions at the time of sale, analyze the performance of the underwriting team, as applicable, and describe the sales results of other comparable issues in the market.

Negotiated Sale Method. The following tasks will be performed for bonds sold through negotiated sale. These tasks are in addition to the tasks which are common to all financings.

- Review the marketing plan and participate in investor meetings, as applicable.
- Represent the Conservancy District during the planning, structuring, and marketing of the issue.
- For fixed rate transactions, prepare an independent analysis of market conditions and proposed interest rates based upon comparable issues.
- For fixed rate transactions, actively monitor the sale of the debt during the order period and provide recommendations regarding re-pricing of all or a part of the debt structure. Negotiate the most favorable interest rates with the managing underwriters during the course of pre-marketing, order taking period and final pricing.
- Review and advise upon bond orders and allotments. Provide a detailed analysis of the underwriting team performance and composition of investors, as applicable.

Competitive Sale Method. Should the Conservancy District decide to utilize a competitive sale process, the following additional tasks would be performed:

- Provide analysis necessary to determine appropriate bid parameters.
- Disseminate disclosure and bid documents.
- Market the issue to potential bidders.
- Set-up and manage sale process including bid receipt and tabulation.

TITLE: Amendment to Joint Powers Agreement with East Dakota Water Development District for Aquifer Delineation Technical Assistance to Community Water Systems

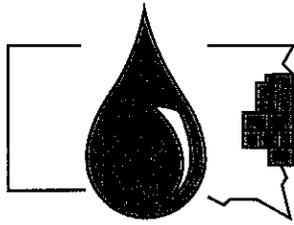
EXPLANATION: The Board entered into a Joint Powers Agreement dated April 24, 2013, with East Dakota Water Development District to undertake and complete the Updating/Implementation of Comprehensive Local Groundwater Protection for Shallow Aquifers in Eastern South Dakota.

The original work plan called for coordination with DENR's Geological Survey Program to install new and possible rehabilitation of old, observation wells at a variety of public water supply well fields during the 2013 field season. The work was delayed due to DENR's Geological Survey Program's investigation of the Upper Vermillion-Missouri aquifer being prioritized due to pending water rights permit applications.

With the current agreement scheduled to terminate on April 1, 2015, East Dakota Water Development District submitted a letter to the department requesting that the Joint Powers Agreement be extended to April 1, 2016.

RECOMMENDED ACTION: Authorize the chairman to execute the First Amendment to the Joint Powers Agreement with East Dakota Water Development District for aquifer delineation technical assistance to community water systems.

CONTACT: Jon Peschong (773-5616)



EAST DAKOTA WATER DEVELOPMENT DISTRICT

February 27, 2015

Jonathan Peschong
SD DENR Water & Waste Water Funding Program
523 East Capitol Avenue
Pierre, South Dakota 57501

Dear Mr. Peschong:

I would like to formally request a one-year, no-cost time extension of the Joint Powers Agreement between the South Dakota Board of Water and Natural Resources (Board) and the East Dakota Water Development District (District) for the completion of the Updating/Implementation of Comprehensive Groundwater Protection for Shallow Aquifers in Eastern South Dakota project (Project). The current Agreement is scheduled to end on April 1, 2015, and we would request that this date be re-set at April 1, 2016.

The original work plan called for the installation of new, and possible rehabilitation of old, observation wells at a variety of public water supply well fields to be completed during the 2013 field season. The work was to be completed in cooperation with the SD DENR Geological Survey Program (SDGS). Unfortunately, SDGS rig time originally scheduled for the Project that summer was re-assigned to investigate the Upper Vermillion-Missouri aquifer in southeast South Dakota. As a result, field work was not completed until the 2014 field season, with a subsequent delay in the remaining Project work activities.

Please forward this request to the Board. I plan to attend their March 26 & 27 meeting in Pierre, and would be happy to answer any questions about this request. If the schedule allows, I would be happy to provide a brief summary of Project efforts to date as well.

If you have any questions about this request, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jay P. Gilbertson', with a long horizontal line extending to the right.

Jay P. Gilbertson
Manager/Treasurer

TITLE: Board of Water and Natural Resources SFY 2016 Meeting Schedule

EXPLANATION: Each year the board establishes a tentative meeting schedule for the coming fiscal year. The following dates are suggested for the board's consideration for SFY 2016.

September 24-25, 2015

November 5 or 6, 2015

January 7-8, 2016

March 23-24, 2016, or

March 24-25, 2016 (25th is Good Friday), or

March 31-April 1, 2016

June 23-24, 2016

RECOMMENDED ACTION: Set tentative SFY 2016 schedule for Board of Water and Natural Resources meetings.

CONTACT: Mike Perkovich (773-4216)

SFY 2016 Calendar

July 2015

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August 2015

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September 2015

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October 2015

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November 2015

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December 2015

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

January 2016

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February 2016

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

March 2016

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
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April 2016

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May 2016

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June 2016

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Administrative Rule Change Highlights

Administrative Rule Changes to 74:05:08 (Clean Water SRF)

- Primarily driven by the Clean Water SRF Amendments in the Water Resources Reform and Development Act (WRRDA)
 - Rules will be effective for June funding round
-

74:05:08:01 Definitions

(1) "Act" - Updates citations to the Clean Water Act which authorized the Clean Water SRF

(11) "Interim Financing" - Extends interim financing from three to five years

(13) "Median Household Income" - Adds Median Household Income data, the source will be the American Community Survey

74:05:08:01 Definitions (Continued)

(14) "Minimum established rates" - Increases the minimum rates for principal forgiveness eligibility to \$30 for 5,000 gallons for municipalities and sanitary districts

(28) "Unemployment rate" - Adds unemployment rate data, the source will be the South Dakota Department of Labor & Regulation

(29) "Wastewater Treatment Works" - Updates the definition of to match the EPA definition and incorporate changes that were made as a result of WRRDA.

74:05:08:03, 74:05:08:03.02,
74:05:08:04 & 74:05:08:12.02

- Removes the Green Infrastructure Priority Points section
 - Removes the points associated with these projects from the priority point system.
 - Removes Green projects from Principal Forgiveness determination considerations
-

74:05:08:12.01 &
74:05:08:12.03

- ❑ Establishes Affordability Criteria as required by WRRDA
 - ❑ Principal Forgiveness eligibility is dependent on meeting Affordability Criteria or being a “Green Project”
-

Affordability Criteria

- ❑ Affordability Criteria must be based on income, unemployment criteria, population trends, and other data deemed relevant by the state

 - ❑ Point System (applicant's must receive at least 5 points to meet eligibility)
 - a. 5 points if the MHI < 80% of the statewide MHI;
 - b. 3 points if the 80% < MHI ≤ 100% statewide MHI;
 - c. 1 point if the 2010 population < 2000 census; and
 - d. 1 point if the county unemployment rate > the statewide unemployment rate.
-

74:05:08:13 Applications

- Removes an EPA form no longer required
 - Removes SHPO form from being required as part of the application
 - Adds requirements to submit documentation that applicant's are registered in the Federal System for Award Management (SAM)
 - Adds requirements to submit amortization schedules for all existing debt secured by the proposed revenue for the project
-

Minor Changes

□ 74:05:08:13.01

- Adds missing reference to section 74:05:08:13.03 for Environmental determinations

□ 74:05:08:17

- Changes terms for interim financing from 3 to 5 years
 - Makes minor wording change
-

Administrative Rule Changes to 74:05:07 (Consolidated)

- Primarily driven by WRRDA
 - Other minor updates
-

74:05:07:01 Definitions

(12) "Minimum established rates" - Increases the minimum rates for grant eligibility to \$30 for 5,000 gallons water or wastewater for municipalities and sanitary districts

74:05:07:03 Application Restrictions

- Allows Preliminary Design costs to be included in total project costs
 - WRRDA driven change to allow applicants to avoid A/E procurement requirements
-

74:05:07:08 Applications

- ❑ Removes the requirement for applicants to submit information concerning permits, lands, easements and right of way
 - ❑ This information is not needed at the time of application and the department can request it if, and when, it is needed
-

74:05:07:08.01 Application Review

- Adjusts the language to match what is used for the SRF programs
-

Administrative Rule Changes to 74:05:10 (SWMP)

- Changes to reflect new application form
 - Other minor updates
-

74:05:10:04 Applications

- Adjusts some of the required documents to be submitted with an application
 - Reflects new application form requirements
-

74:05:10:07 Application

Completeness Determination

- Adjusts the language to match what is used for the SRF programs
-

74:05:10:32 Recipient Accounting Methods

- Repeals this section
 - 74:05:10:23 is the exact same section
-

Administrative Rule Changes to 74:05:11 (Drinking Water SRF)

- Updates based on new reference materials
 - Other minor updates
-

74:05:11:01 Definitions

(1) "Act" - Updates citations to the Safe Drinking Water Act which authorized the Drinking Water SRF

(11) "Disadvantaged Community" - Increases the minimum rates for disadvantaged assistance eligibility to \$30 for 5,000 gallons for municipalities and sanitary districts

(17) "Interim Financing" - Extends interim financing from three to five years

74:05:11:01 Definitions (Continued)

(20) “Median Household Income” - Changes the source for Median Household Income data, the source will be the American Community Survey

(21) “Minimum established rates” - Increases the minimum rates for principal forgiveness eligibility to \$30 for 5,000 gallons for municipalities and sanitary districts

74:05:11:05, 74:05:11:06.01,
74:05:11:08 & 74:05:11:11.02

- Removes the Green Infrastructure Priority Points section
 - Removes the points associated with these projects from the priority point system.
 - Removes Green projects from Principal Forgiveness determination considerations
-

74:05:11:06 Project Priority Rating System

- Adjusts point allocation for Affordability Criteria based on new MHI information
 - Affordability Criteria = 75 points
 - Based on yearly water rates divided by MHI
 - (a) Rates greater than 1.0 percent if MHI is under \$33,000; or
 - (b) Rates greater than 2.0 percent if MHI is over \$33,000
-

74:05:11:12 Application Requirements

- Removes an EPA form no longer required
 - Removes SHPO form from being required as part of the application
 - Adds requirements to submit documentation that applicant's are registered in the Federal System for Award Management (SAM)
 - Adds requirements to submit amortization schedules for all existing debt secured by the proposed revenue for the project
-

74:05:11:16 Duration of Assistance

- ❑ Changes terms for interim financing from 3 to 5 years
 - ❑ Allows providing loans with up to 30 year terms for non-disadvantaged communities
-

South Dakota Drinking Water SRF Loan Rates

	Interest	Admin	Total
Term Up to 20 Years	2.50%	0.50%	3.00%
Term Up to 10 Years	1.75%	0.50%	2.25%
Interim Financing (3 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	2.50%	0.50%	3.00%
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	1.00%	0.25%	1.25%

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

Review of ARSD 74:05:08:18 Criteria

Current Market Rates

SRF rates from **surrounding states** - Rates varied from 1 percent to 2.75 percent for base program loans

USDA Rural Development 2015 2nd Quarter Rates:

Market Rates = 3.50%

Intermediate = 2.75%

Poverty = 2.125%

Bond Buyer's 20 Bond Index = 3.62%

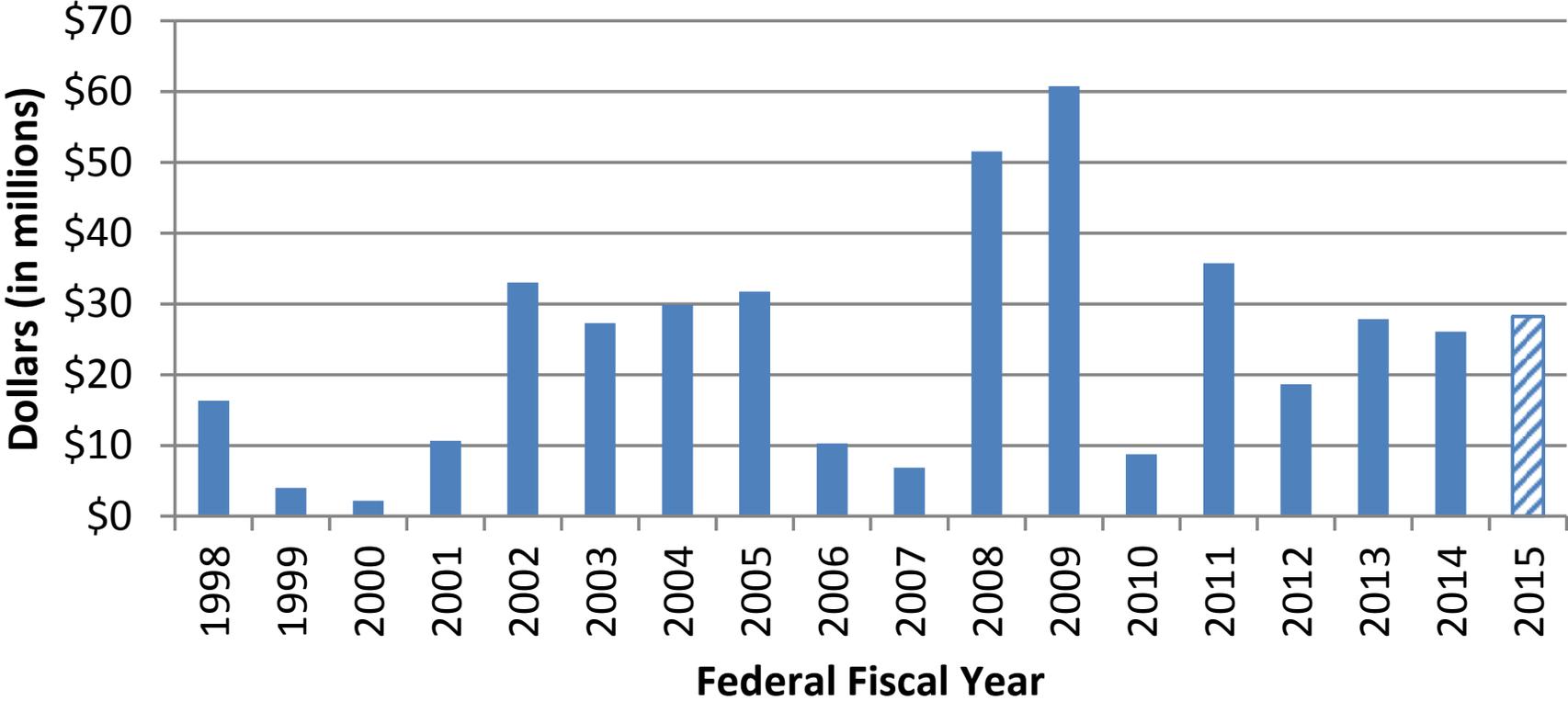
Rates Secured on State Issued Matching Funds

2014 Bond Issue

\$9,060,000 5-year Taxable Series for State Match – All-In True Interest Cost (TIC) = 1.69%

\$50,755,000 20-year Tax-Exempt Leveraged Bond Series - All-In TIC = 3.04%

DWSRF Binding Commitments by Federal Fiscal Year



Drinking Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years	2.75%	0.50%	3.25%
Term Up to 20 Years	2.50%	0.50%	3.00%
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	2.50%	0.50%	3.00%
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	1.00%	0.25%	1.25%

* Must meet MHI and water rate criteria as per ARSD 74:05:11:01(11)

State Water Plan Applications

March 2015



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

- **Dell Rapids**
- **Florence - wastewater**
- **Florence - water**
- **Haakon County School District**
- **Hermosa**
- **Hot Springs**
- **Lemmon**
- **Montrose**
- **Perkins County Rural Water System, Inc.**
- **Phillip**
- **South Shore**
- **T.C. & G Water Association, Inc.**
- **Watertown**

March 2015

Available Funds Summary

CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM

Available Prior Year Funds (8-Jan-2015):	\$	29,104
2015 Omnibus Appropriation:	\$	16,500,000
Reversions:	\$	164,472
Available for Award:	\$	<u>16,693,576</u>

DRINKING WATER SRF PRINCIPAL FORGIVENESS

Prior Year Principal Forgiveness Allocations:	\$	30,863,300
FFY-15 Maximum Allocation:	\$	2,653,500
Reverted Principal Forgiveness:	\$	253,094
Awarded to Date:	\$	<u>(31,070,204)</u>
Available For Award:	\$	2,699,690

DRINKING WATER SRF LOANS

Available Prior Year Funds (30-Sept-2014):	\$	15,458,305
FFY-15 Cap Grant & Match:	\$	10,083,300
FFY-15 Repayments:	\$	13,000,000
Leveraged Bonds:	\$	7,000,000
Deobligations/Recissions:	\$	681,119
FFY-15 Awards to Date:	\$	<u>(5,524,750)</u>
Available for Award:	\$	40,697,974

March 2015 Available Funds Summary

CLEAN WATER SRF WATER QUALITY GRANTS

Available Prior Year Funds (8-Jan-2015):	\$	608
2015 IUP Allocation:	\$	1,000,000
Reversions:	\$	132,491
Awarded to Date:	\$	(400,000)
Available for Award:	\$	<u>733,099</u>

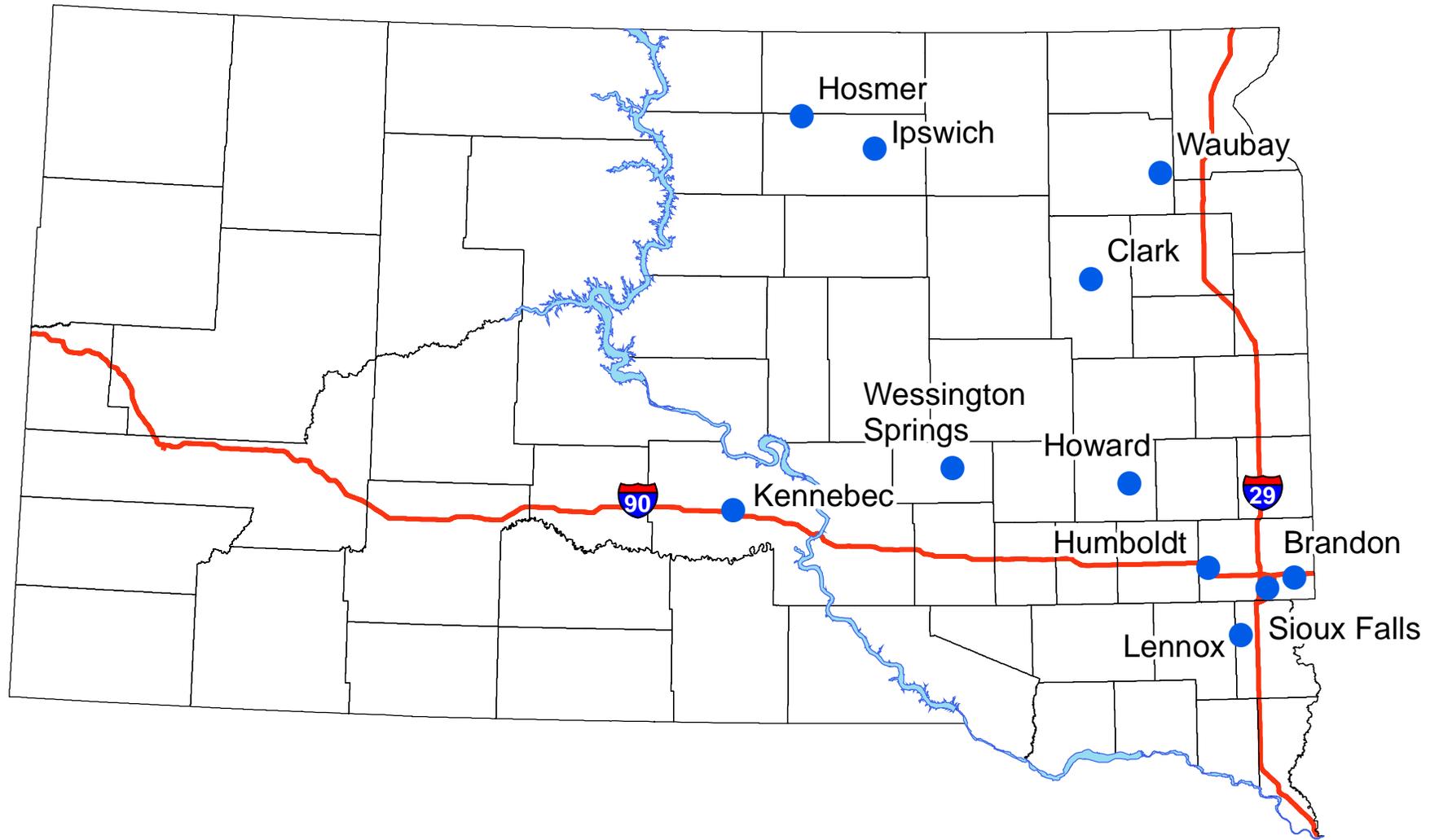
CLEAN WATER SRF PRINCIPAL FORGIVENESS

Prior Year Principal Forgiveness Allocations:	\$	8,819,999
FFY-15 Maximum Allocation:	\$	2,058,900
Reverted Principal Forgiveness:	\$	353,191
Awarded to Date:	\$	(8,785,519)
Available For Award:	\$	<u>2,446,571</u>

CLEAN WATER SRF LOANS

Available Prior Year Funds (30-Sept-2014):	\$	27,617,694
FFY-15 Cap Grant & Match:	\$	7,835,600
FFY-15 Repayments:	\$	14,750,000
Leveraged Bonds:	\$	53,000,000
Deobligations/Recissions:	\$	5,573,921
FFY-15 Awards to Date:	\$	(4,077,000)
Available For Award:	\$	<u>104,700,215</u>

Sanitary / Storm Sewer Facilities Applications March 2015



CLEAN WATER FACILITIES FUNDING APPLICATION

FINANCIAL ANALYSIS SUMMARY

APPLICANT: Waubay, SD

Total Project Cost: \$2,195,820
BWNR Funding Assistance Requested: \$1,780,000
Rate/Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding were provided as all loan, Waubay would have to establish a surcharge of \$27.62/month. When added to its current rate of \$30/5,000 gallons, the monthly rate would increase to \$57.62/5,000 gallons.
- 2) Waubay's current \$30 rate includes \$17.25 base, \$9.75 surcharge pledged to repay an RD loan, and \$3.00 for an existing Clean Water SRF loan.
- 3) Waubay's base rate of \$17.25 per month is sufficient to meet the operating expenses of the system and one Rural Development loan pledged to wastewater revenues.
- 4) A surcharge of \$9.00 must be established for repayment of this loan if funding is provided as recommended.

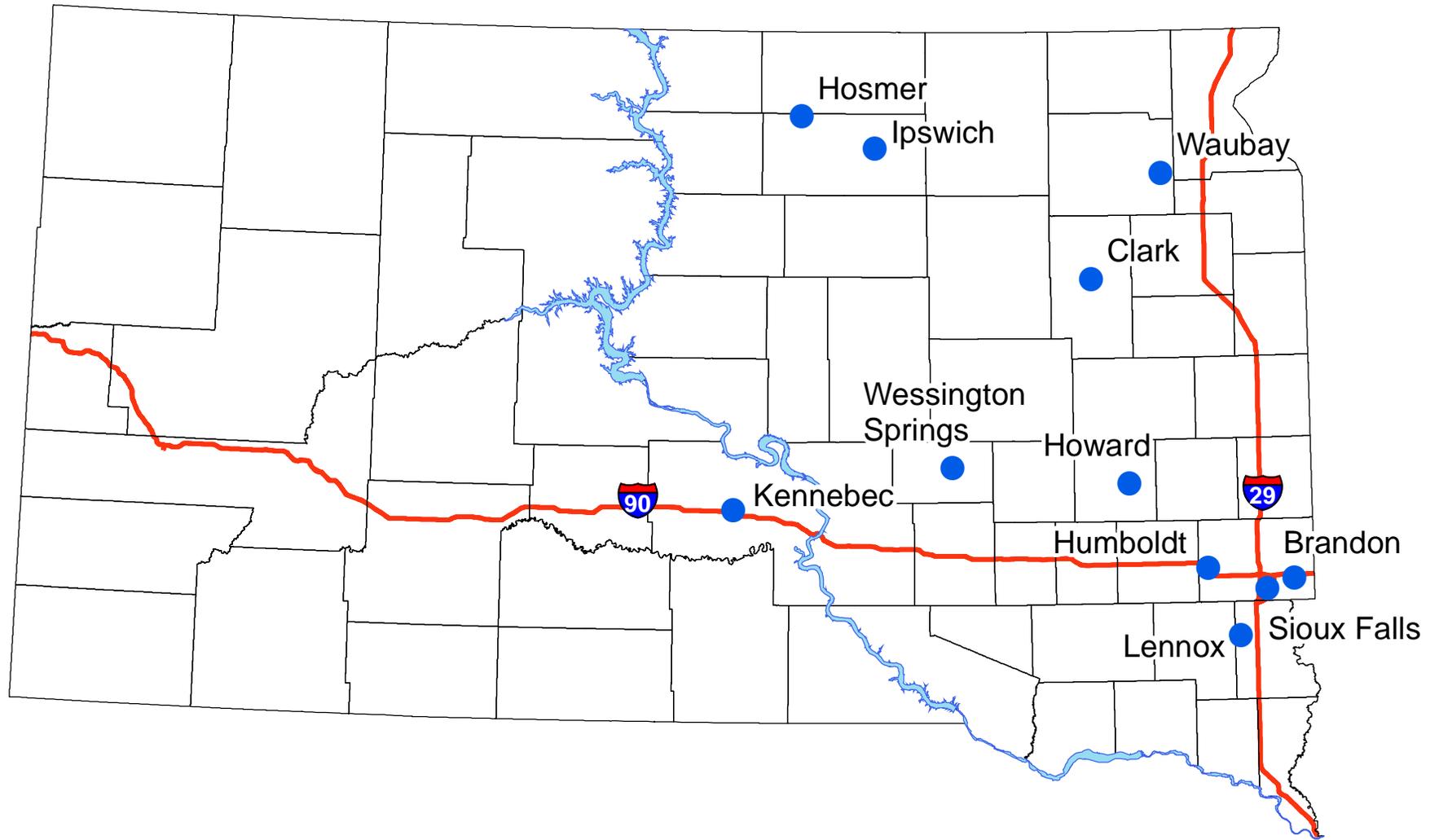
Funding Recommendation: \$1,780,000 provided as \$1,080,000 Clean Water SRF loan with \$500,000 principal forgiveness, and \$700,000 Consolidated grant.

Debt Service Coverage: 110 percent with a surcharge of \$9.00 per month.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:07:03 allowing reimbursement for preliminary design activities becoming effective.
- 4) Contingent upon the rule change to ARSD 74:05:08:12.03 establishing the affordability criteria to award principal forgiveness becoming effective
- 5) Contingent upon receipt of the 2015 Clean Water capitalization grant from EPA.

Sanitary / Storm Sewer Facilities Applications March 2015



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

APPLICANT: Clark CW-03

Total Project Cost: \$7,000,000
BWNR Funding Assistance Requested: \$5,485,000
Rate/Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, the city will have to establish a surcharge of approximately \$40.00 per month. When added to the current rate of \$26.00 per 5,000 gallons residents would be paying \$66.00 per 5,000 gallons.
- 2) The city of Clark has received a \$515,000 Community Development Block Grant and was awarded a \$1,000,000 Consolidated grant on March 28, 2014.

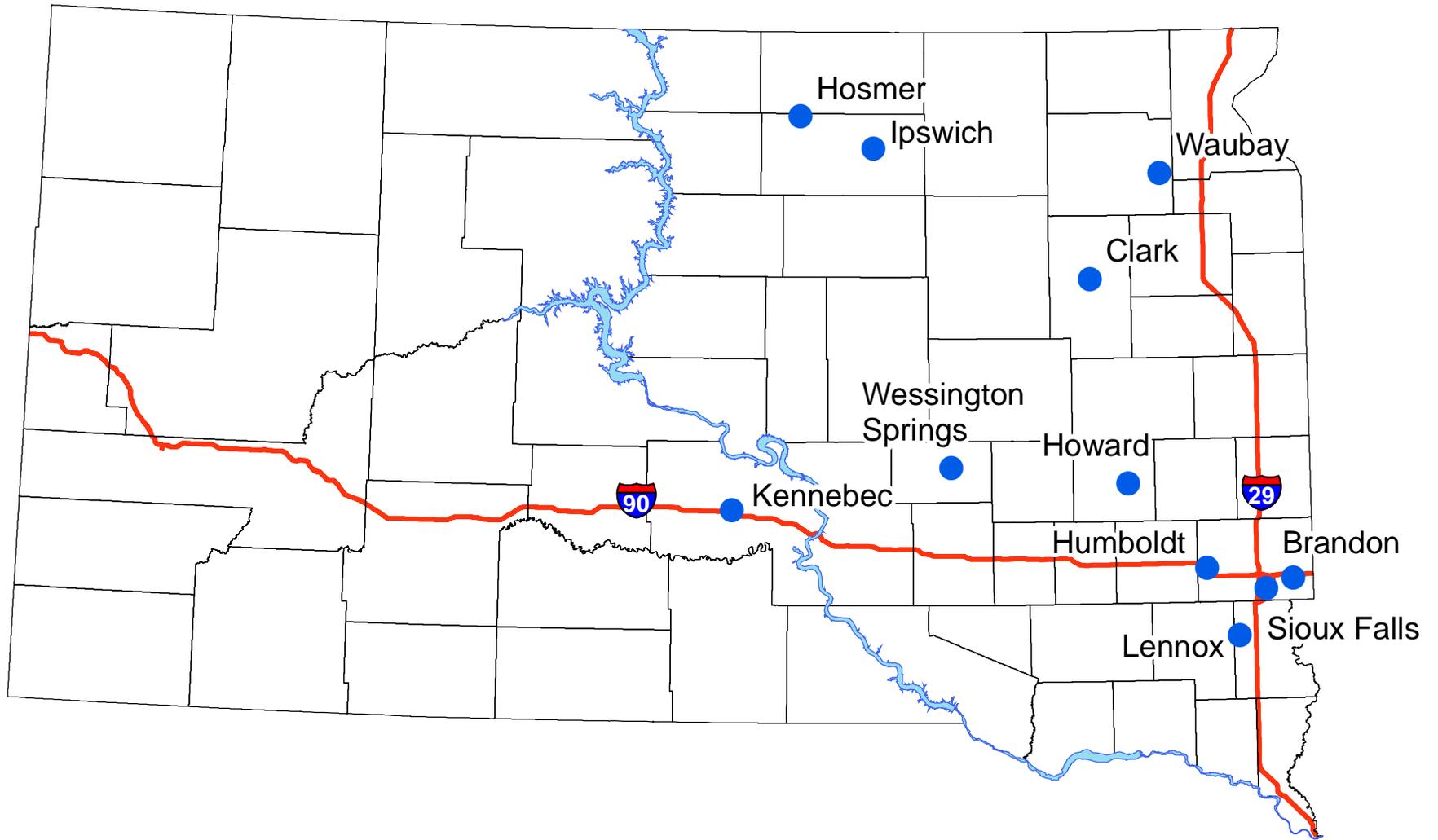
Funding Recommendation: To rescind Consolidated grant 2015G-100, award a new Consolidated grant for \$4,000,000 and approve a \$2,485,000 Clean Water SRF loan

Debt Service Coverage: 110% debt service coverage with a \$17.80 surcharge per user

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:07:03 allowing reimbursement for preliminary design activities becoming effective.

Sanitary / Storm Sewer Facilities Applications March 2015



CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Kennebec, SD

Total Project Cost:	\$1,164,915
BWNR Funding Assistance Requested:	\$1,160,000
Rate/Term:	3.25% for 30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) Kennebec increased its rate for domestic users from \$12 per month flate rate to \$35 per month flat rate in December 2014.
- 2) \$4.25 per month is required to cover the operating expenses as projected.
- 3) Bond counsel determined that a surcharge cannot be used to repay the entire loan since the portion of the project to connect the new users does not benefit the existing users.
- 4) Approximately 2/3 of the project cost is to extend the wastewater collection system to serve 30 new users. With a project surcharge pledge, revenues could be collected from only those 30 users to pay for the collection system extension. This would be cost prohibitive.
- 5) By splitting the total request into two loans and pledging system revenues for repayment of the larger loan, all users would pay for the entire project.
- 6) Bond counsel also determined that the town's five percent constitutional debt limit would be exceeded with the loan pledged to system revenues, and the town has indicated it will schedule an election to apply this debt to the additional 10 percent constitutional debt for water and sewer.
- 7) Overall rates of \$37.00 for each existing and new customer is necessary to cover operating expenses, provide sufficient coverage on the loan pledged to system revenues, and establish the surcharge on the loan pledged to a project surcharge.

Funding Recommendation: Award two loans totaling \$1,160,000 provided as a \$723,000 Clean Water SRF loan pledged to system revenue and a \$437,000 Clean Water SRF loan pledged to a project surcharge.

CW-01 -- Expansion of Collection System to New Users: \$723,000 (System Revenue Pledge)

Debt Service Coverage:

A rate of \$24.50 per month for each existing and and new customer will provide coverage of 114 percent on a \$723,000 CWSRF loan and cover operating expenses.

Contingencies:

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

CW-02 -- Wastewater Treatment Facility Improvements: \$437,000 (Project Surcharge Pledge)

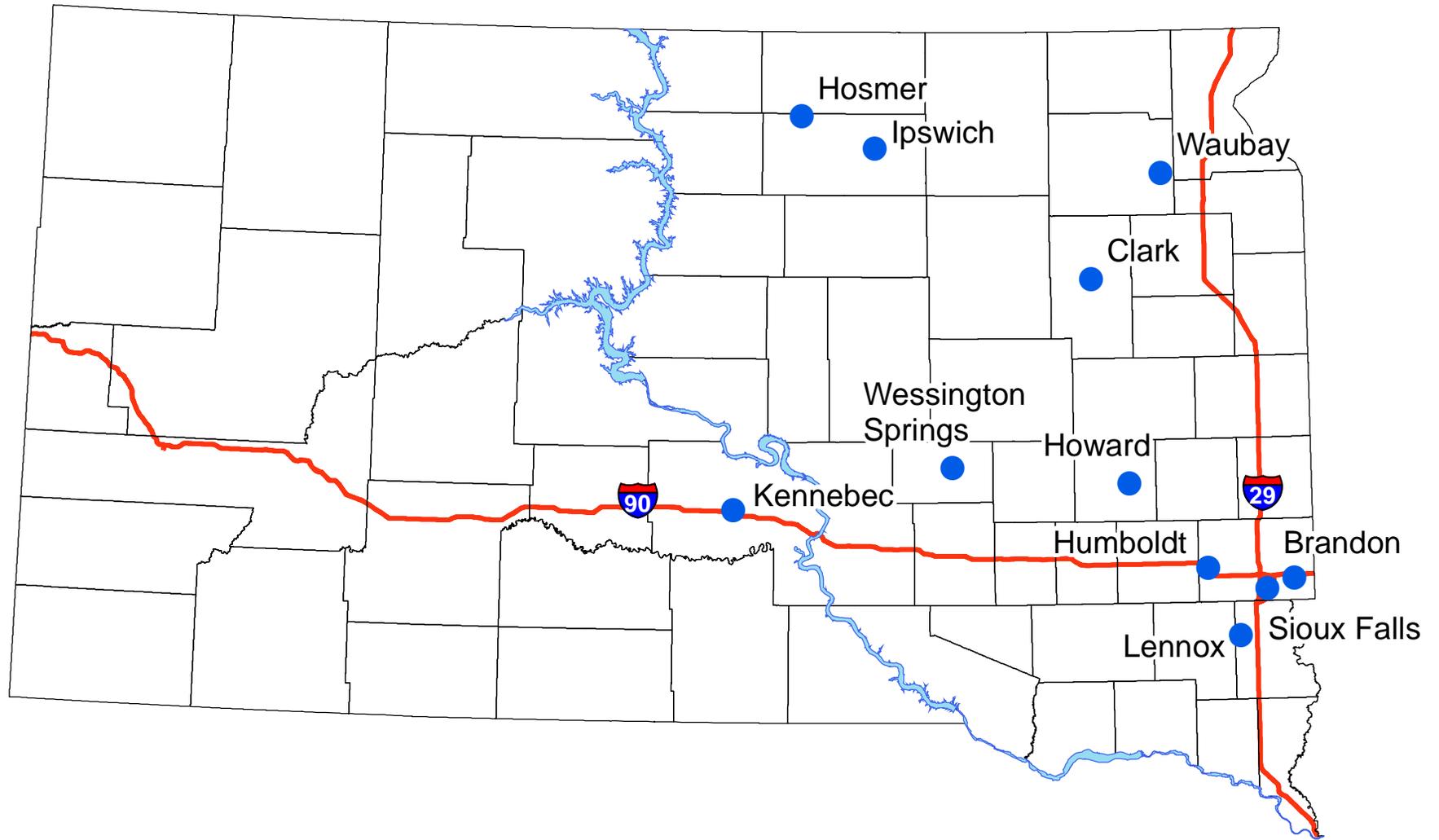
Debt Service Coverage:

A surcharge of \$12.50 per month for each existing and new customer will provide coverage of 110 percent on the \$437,000 CWSRF loan.

Contingencies:

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

Sanitary / Storm Sewer Facilities Applications March 2015



CLEAN WATER FACILITIES FUNDING APPLICATION

FINANCIAL ANALYSIS SUMMARY

APPLICANT: Humboldt, SD

Total Project Cost: \$4,077,000
BWNR Funding Assistance Requested: \$4,077,000
Rate per Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, Humboldt would need to establish a surcharge of \$78.20 per month. When added to its current base rate of \$25 per 5,000 gallons, the monthly rate would increase to \$103.20 per 5,000 gallons.
- 2) At the recommended level of loan funding, Humboldt will need to establish a surcharge of \$8.00 per customer per month, which will bring the rate to \$33 per month per 5,000 gallons.
- 3) At the recommended level of loan funding, Humboldt's current rate is sufficient to provide coverage for both the operating expenses of the system and this loan.

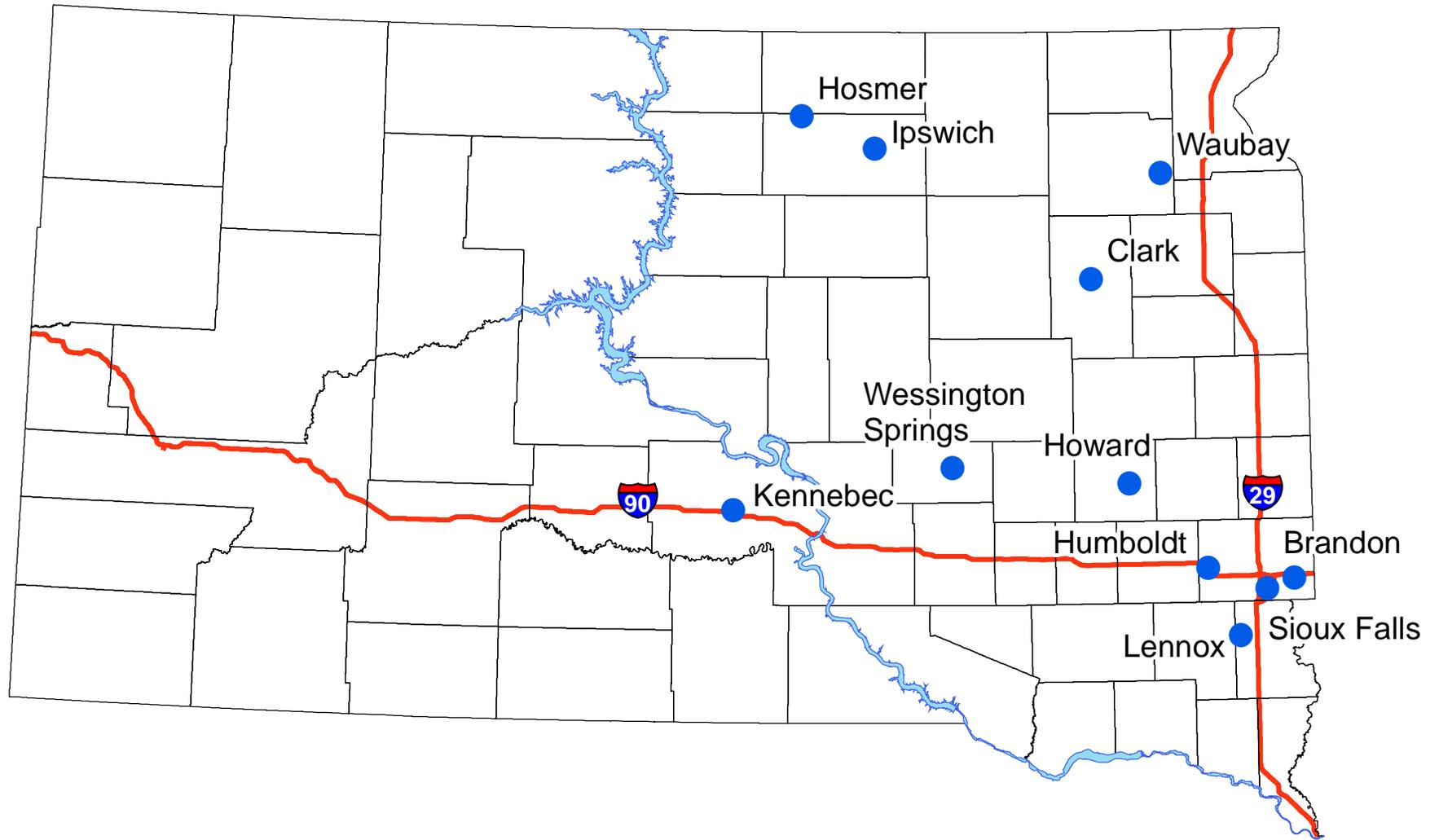
Funding Recommendation: \$2,086,000 provided as \$417,200 Clean Water SRF loan and \$1,668,800 Consolidated grant

Debt Service Coverage: 110 percent based upon \$8.00 surcharge per month per customer.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:07:03 allowing reimbursement for preliminary design activities becoming effective.
- 4) Contingent upon verification that the Borrower has an active registration with the federal System for Award Management.

Sanitary / Storm Sewer Facilities Applications March 2015



CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Hosmer CW-01

Total Project Cost: \$4,122,000
BWNR Funding Assistance Requested: \$4,122,000
Rate/Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If all funding is provided as loan, Hosmer will need a surcharge of \$128 per customer. When added to the current rate of \$22 per 5,000 gallons, Hosmer would have rates of \$150 per month. Staff analysis shows Hosmer needs a rate of approximately \$26 per month to cover O&M expenses. This would raise rates to \$154 per month.
- 2) Hosmer is on the verge of being issued a Compliance Order to upgrade its treatment facility.
- 3) Due to the cost of the project to the town, staff recommends funding only for televising of the collection system and the construction of a total retention treatment facility.

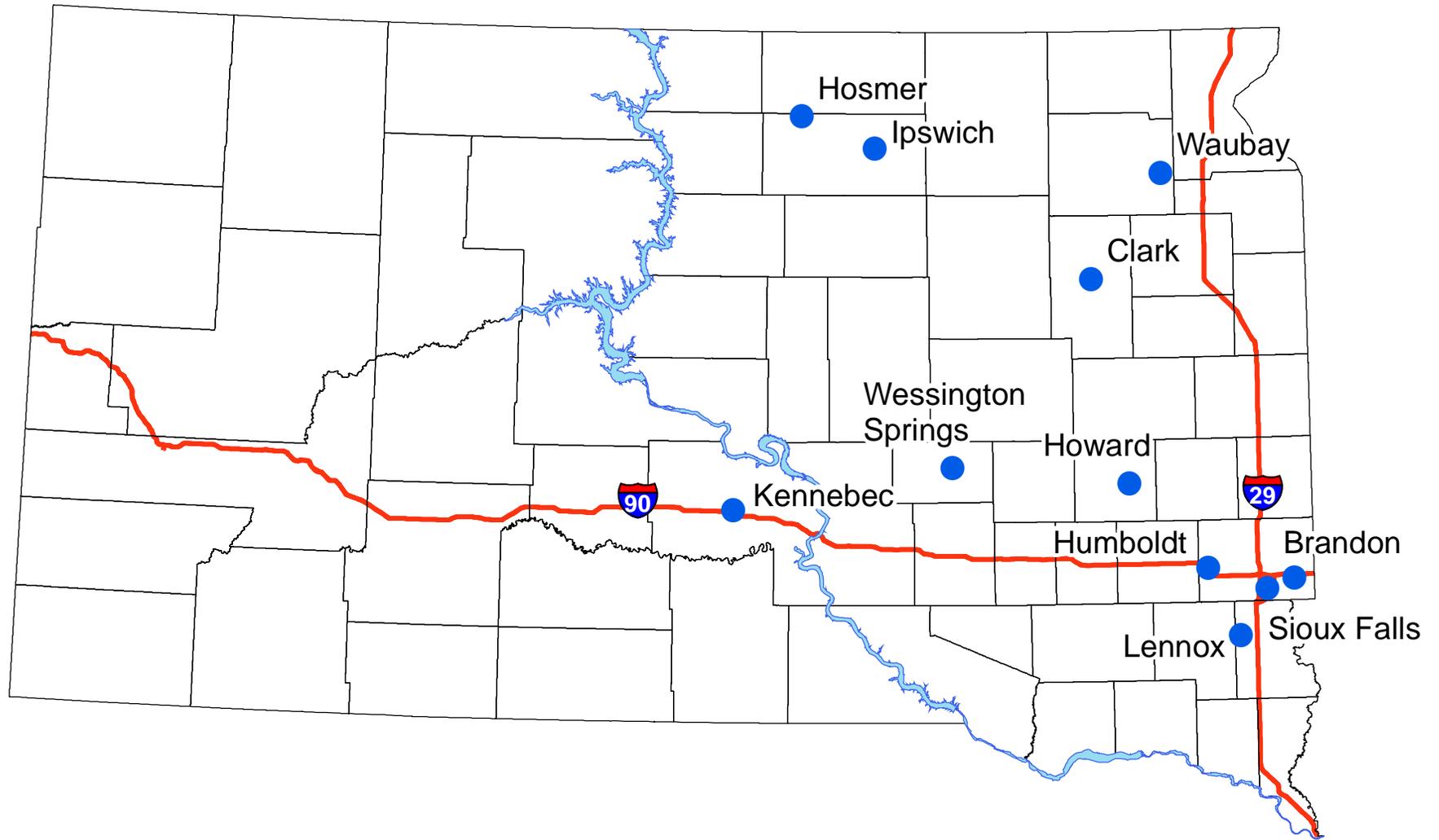
Funding Recommendation: \$968,000 CWSRF loan @ 3.25% for 30 years with 73.9% principal forgiveness not to exceed \$714,400 and a Consolidated grant of \$300,000.

Debt Service Coverage: 110% based on a surcharge of \$7.85 per account; resulting in overall rates of \$33.85 per month.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:07:03 allowing reimbursement for preliminary design activities becoming effective.
- 4) Contingent upon the rule change to ARSD 74:05:08:12.03 establishing the affordability criteria to award principal forgiveness becoming effective.
- 5) Contingent upon receipt of the 2015 Clean Water capitalization grant from EPA.
- 6) Contingent upon Borrower raising its base rate to a level sufficient to cover O&M expenses.

Sanitary / Storm Sewer Facilities Applications March 2015



CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Brandon CW-05

Total Project Cost: \$27,785,000
BWNR Funding Assistance Requested: \$27,785,000
Rate/Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If all funding is provided as loan, Brandon will need a surcharge of \$45.70 per customer. When added to the current rate of \$51.50 per 5,000 gallons, Brandon would have rates of \$97.20. However Brandon could reduce its rates to approximately \$18 per 5,000 gallons to cover O&M and existing debt thereby reducing the monthly charge to \$63.70 per 5,000 gallons.
- 2) If rates are left at current level of \$51.50 per 5,000 gallons, Brandon would have approximately \$33.50 per month available for debt. This would fund a loan of approximately \$19,470,000 which would require a subsidy of \$8,315,000 (30%)
- 3) Staff is concerned that this project may take several years to proceed and is reluctant to tie up this amount of SRF funding for the project at this time.

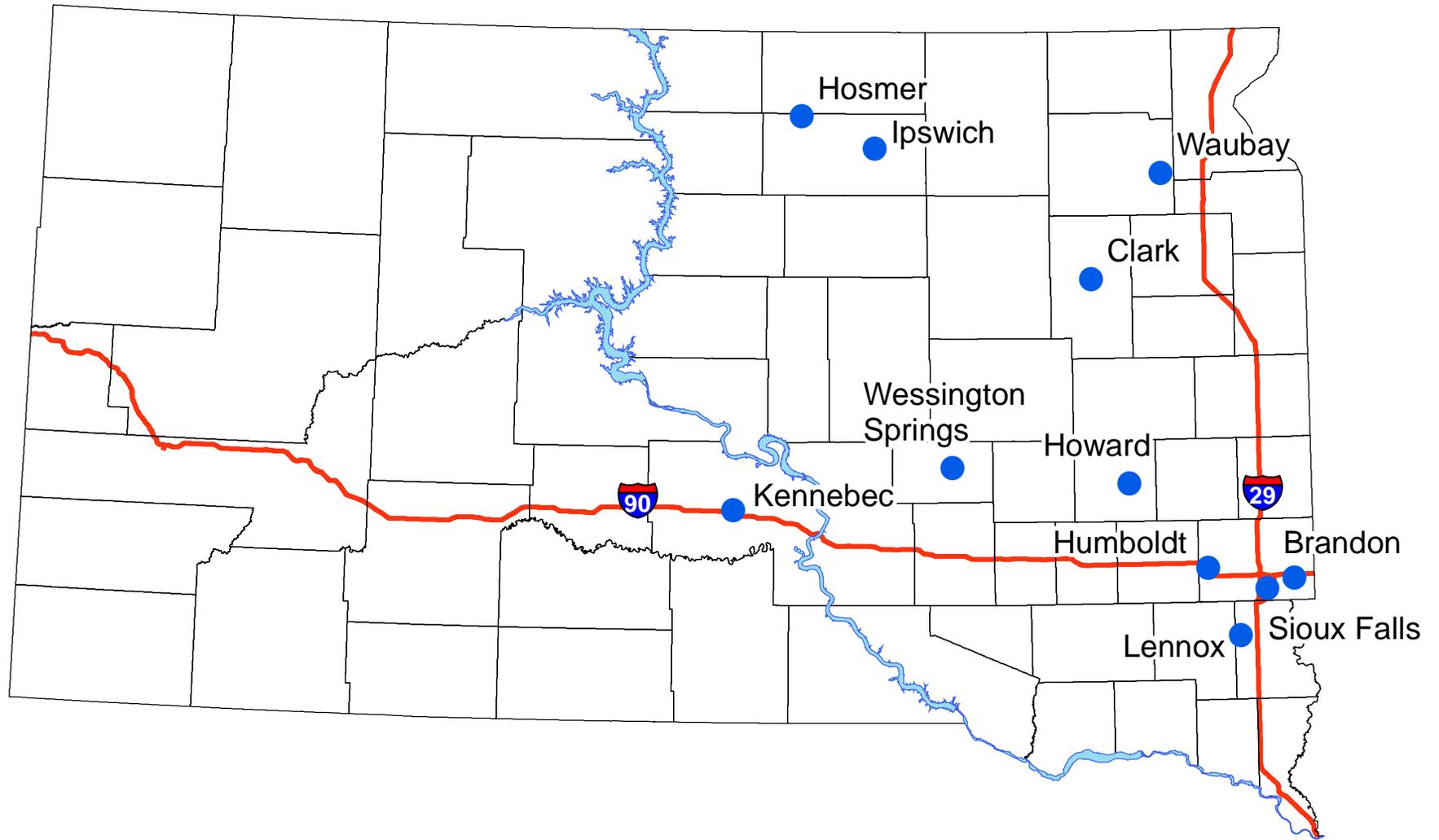
Funding Recommendation: \$3,000,000 CWSRF loan @3.25% for 30 years to fund siting the treatment facility and address environmental issues.

Debt Service Coverage: 110% based on a surcharge of \$4.95 per account. Brandon wastewater rates may be reduced to off set the cost of the surcharge.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon verification that the Borrower has an active registration with the federal System for Award Management.

Sanitary / Storm Sewer Facilities Applications March 2015



CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Howard, SD

Total Project Cost: \$1,764,334

BWNR Funding Assistance Requested: \$1,764,334

Rate/Term: 3.25% for 30 years

Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as recommended, Howard will have to establish a surcharge of \$17.10 per month. When added to its current base rate of \$23.90 per 5,000 gallons, the monthly rate will increase to \$41 per 5,000 gallons.
- 2) Howard's current wastewater rate is insufficient to provide coverage for both this loan and the projected operating expenses.
- 3) The city needs approximately \$9 to cover O&M expenses. By increasing the existing domestic rate to \$26.10 per customer per month and restructuring the rate schedule to include the surcharge, the city would be able to cover both O&M expenses and surcharge for repayment of this debt.

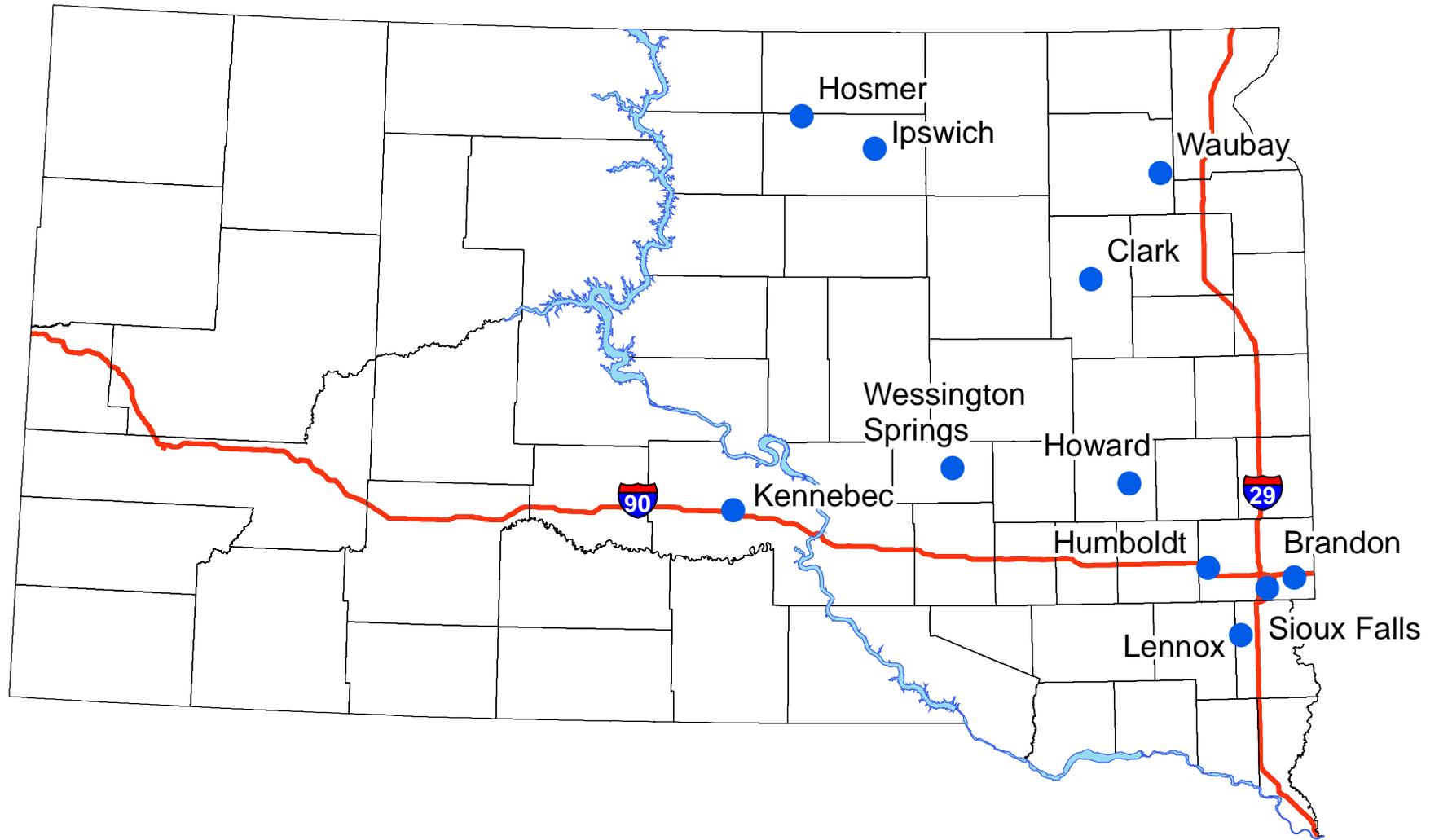
Funding Recommendation: \$1,764,000 Clean Water SRF loan

Debt Service Coverage: 110 percent with a surcharge of \$17.10 per month.

Contingencies:

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

Sanitary / Storm Sewer Facilities Applications March 2015



CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Sioux Falls CW-35

Total Project Cost:	\$11,979,457
BWNR Funding Assistance Requested:	\$11,979,457
Rate/Term:	1.25% for 10 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, Sioux Falls will have to establish a surcharge of \$2.35 per account. When added to current rate of \$27.56, the monthly residential rate will be \$29.91 per 5,000 gallons.
- 2) Sioux Falls has applied for funding for two projects. If funding is provided as all loan, Sioux Falls will have to establish two surcharges totaling \$6.50 per account. When added to the existing rate of \$27.56, the monthly residential rate will be \$34.06 per 5,000 gallons.
- 3) The loan will have two components. The Brandon Road Pump Station Parallel Force Main for \$11,400,000 and a Big Sioux River Basin nonpoint source component for \$579,457.

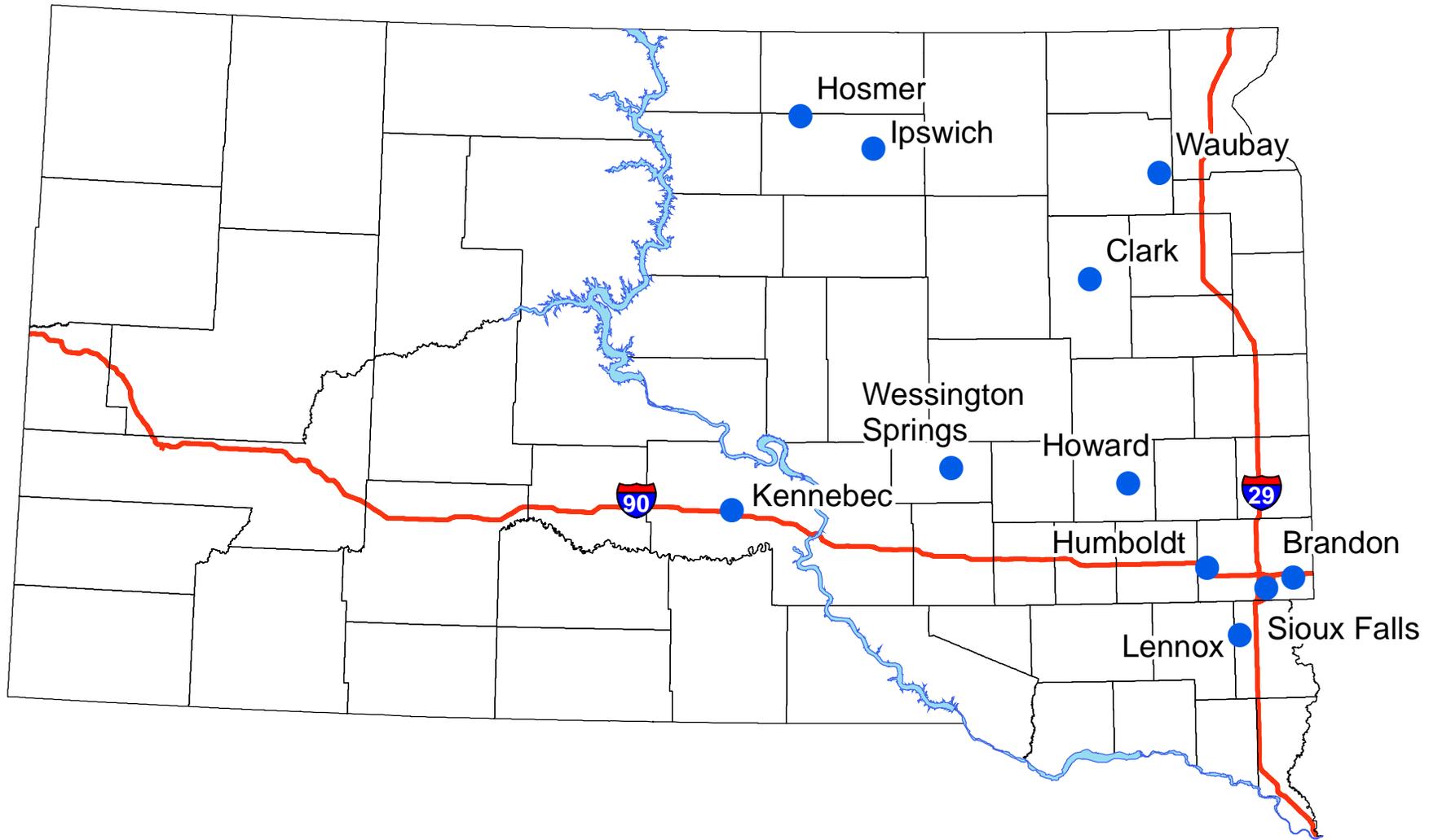
Funding Recommendation: \$11,979,457 CWSRF loan @ 1.25% for 10 years

Debt Service Coverage: 110% based on a surcharge of \$2.35 per account

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon EPA approval of the Big Sioux River Watershed Implementation Project.

Sanitary / Storm Sewer Facilities Applications March 2015



CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Sioux Falls CW-36

Total Project Cost: \$19,475,025
BWNR Funding Assistance Requested: \$19,475,025
Rate/Term: 1.25% for 10 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, Sioux Falls will have to establish a surcharge of \$4.15 per account. When added to current rate of \$27.56, the monthly residential rate will be \$31.71 per 5,000 gallons.
- 2) Sioux Falls has applied for funding for two projects. If funding is provided as all loan, Sioux Falls will have to establish two surcharges totaling \$6.50 per account. When added to the existing rate of \$27.56, the monthly residential rate will be \$34.06 per 5,000 gallons.
- 3) The loan will have two components. The Outfall Sewer Replacement for \$18,533,000 and a Big Sioux River Basin nonpoint source component for \$942,025.

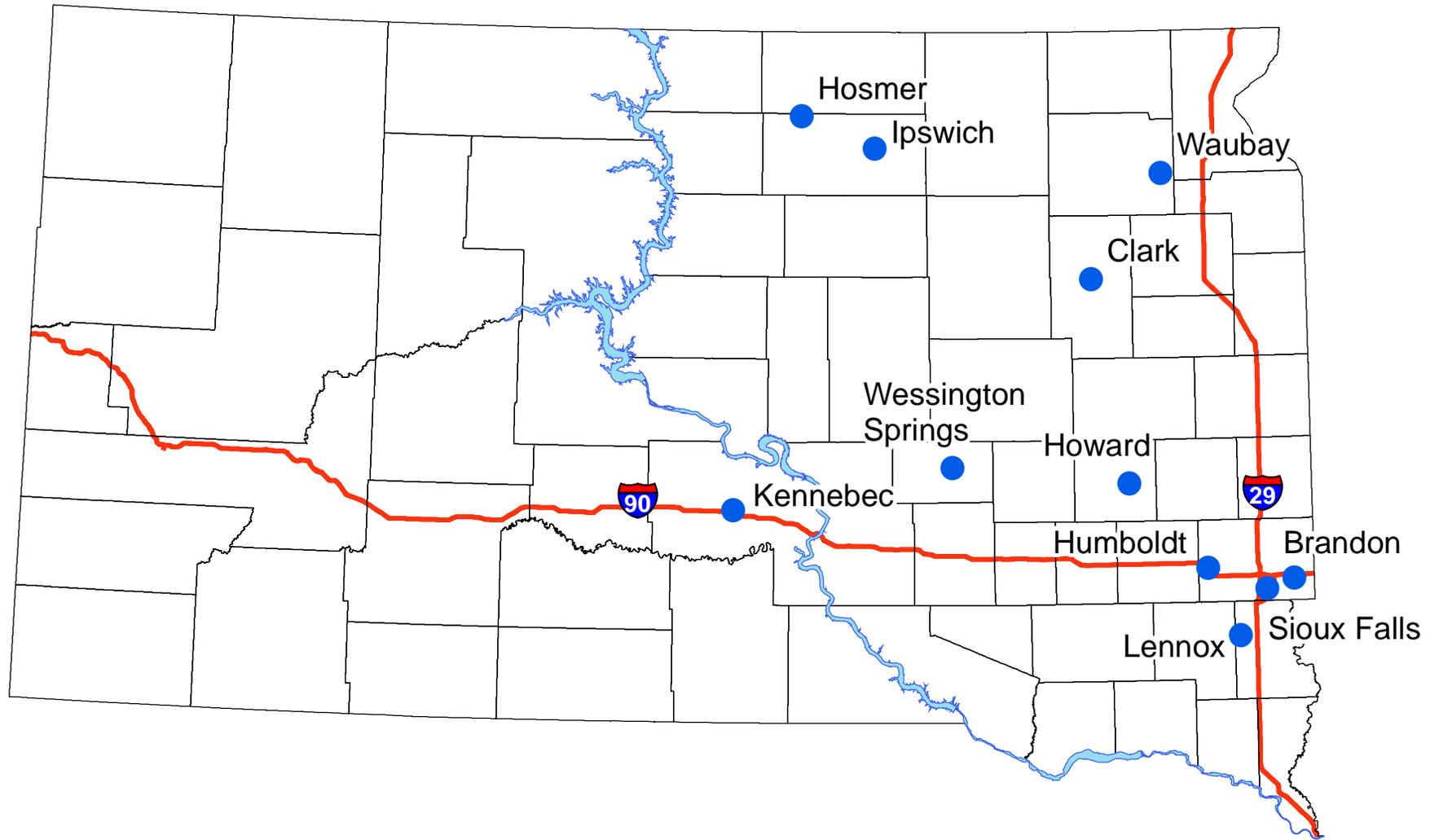
Funding Recommendation: \$19,475,025 CWSRF loan @ 1.25% for 10 years

Debt Service Coverage: 110% based on a surcharge of \$4.15 per account

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon EPA approval of the Big Sioux River Watershed Implementation Project.

Sanitary / Storm Sewer Facilities Applications March 2015



CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Ipswich CW-01

Total Project Cost: \$5,459,000
BWNR Funding Assistance Requested: \$5,459,000
Rate/Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If all funding is provided as loan, Ipswich would need a surcharge of \$58.30 per customer. When added to the current rate of \$22 per month, Ipswich would have rates of \$80.30 per month. However the base rate could be reduced approximately \$5.50 per month to off set the increase required by the surcharge.
- 2) Due to the cost of the project and available funds, staff recommends funding only for the improvements to the lift stations and the most critical areas of the collection system.

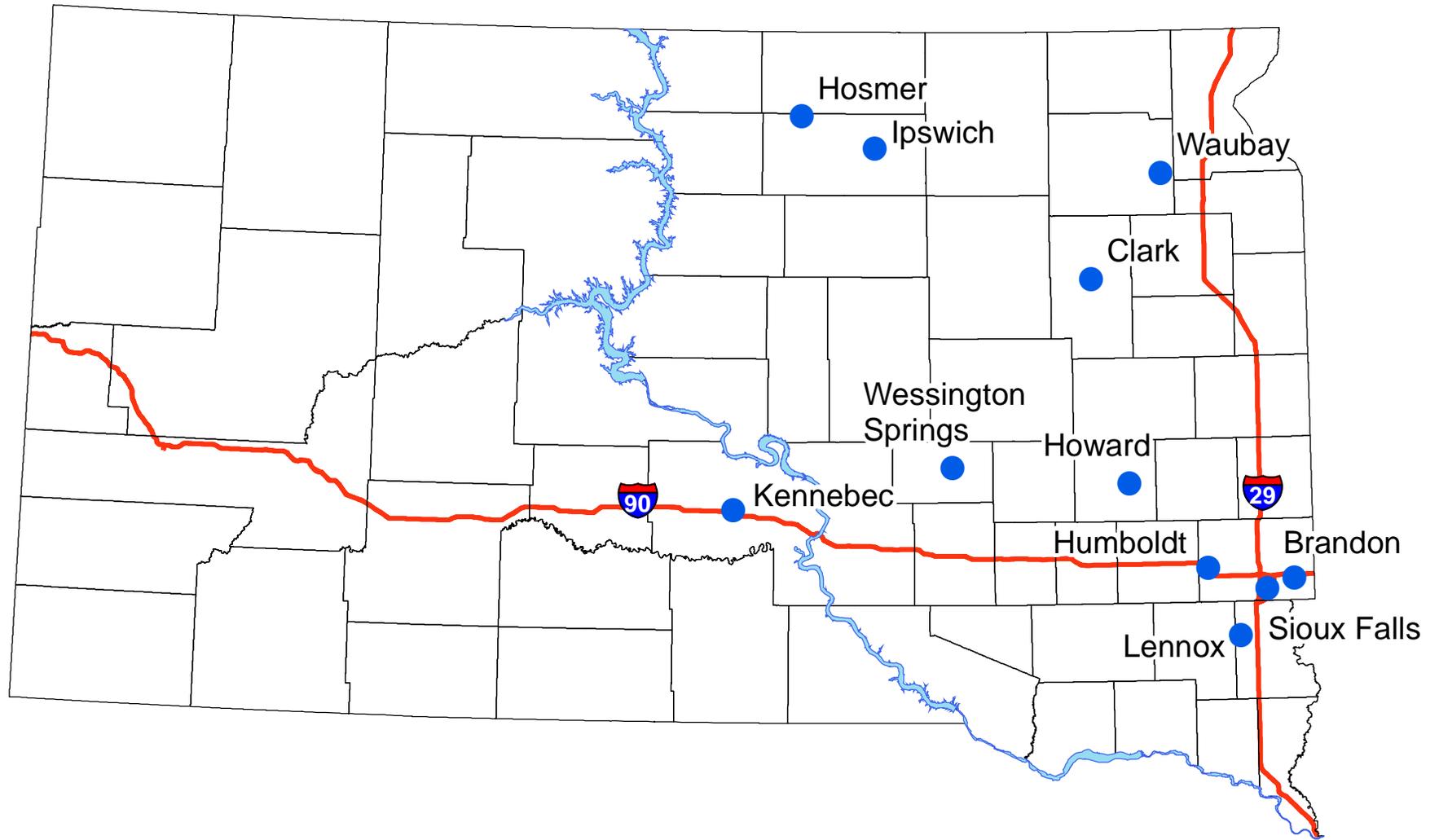
Funding Recommendation: \$1,951,000 CWSRF loan @ 3.25% for 30 years and a Consolidated grant of \$2,000,000.

Debt Service Coverage: 110% based on a surcharge of \$20.85 per account.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:07:03 allowing reimbursement for preliminary design activities becoming effective.

Sanitary / Storm Sewer Facilities Applications March 2015



CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Lennox CW-06

Total Project Cost:	\$2,733,000
BWNR Funding Assistance Requested:	\$2,433,000
Rate/Term:	3.25% for 30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If all funding is provided as loan, Lennox will have to establish a surcharge of \$12 per account. When added to Lennox's current rate of \$50.47 per 5,000 gallons the monthly charge will be \$62.47 per 5,000 gallons.
- 2) Lennox could reduce base rate by approximately \$2 to \$3 to help offset the surcharge.
- 3) Based on funding recommendation and Lennox reducing its base rate by \$2, the monthly rate will increase to \$57.72 per 5,000 gallons.
- 4) If Lennox would decide to fund this through its storm drainage revenue it would have to increase the storm drainage fees by approximately 10% thereby increasing drainage revenue from \$100,000 to \$110,000.

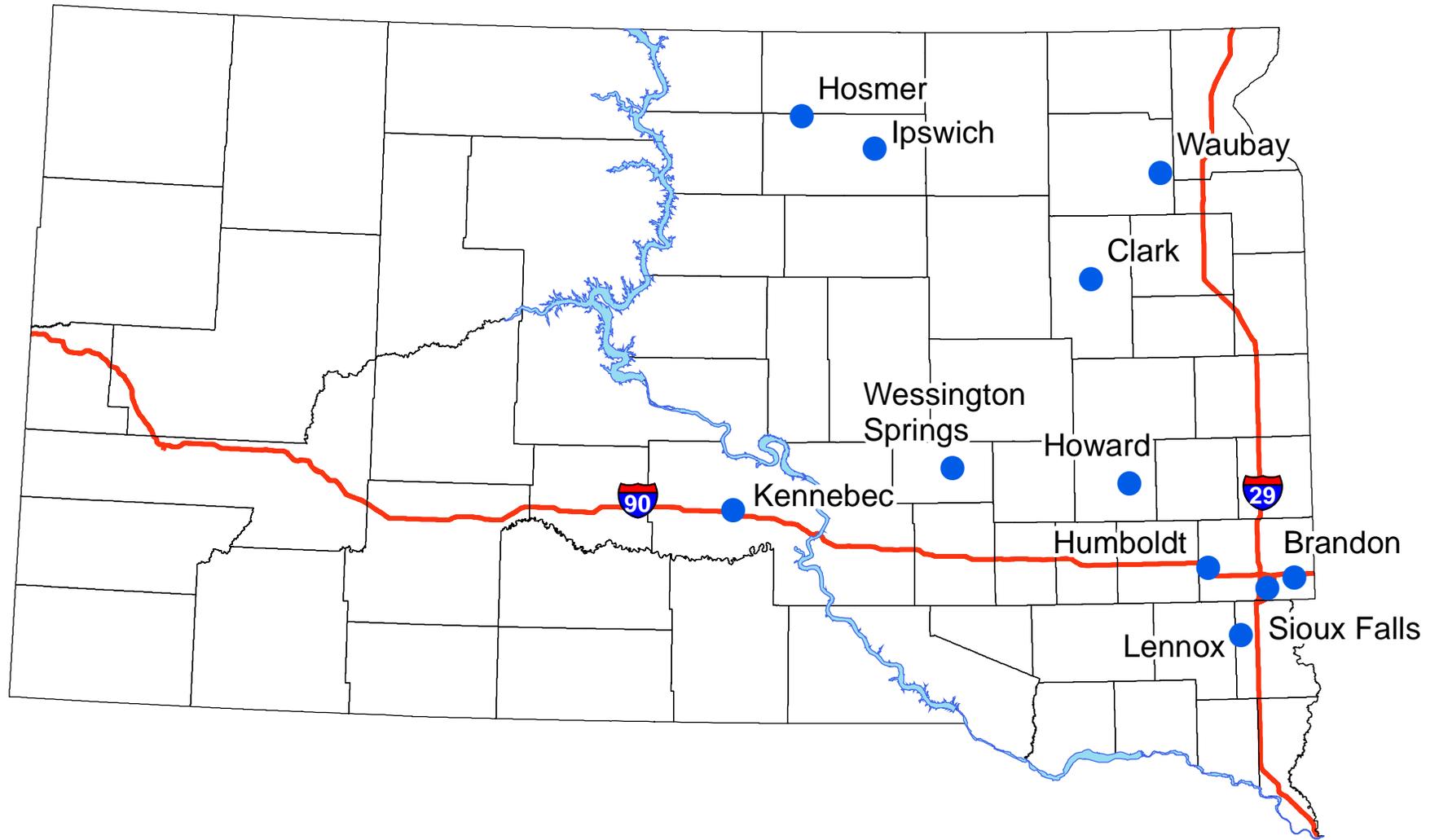
Funding Recommendation: \$1,873,000 CWSRF loan @3.25% for 30 years and a \$560,000 Consolidated grant.

Debt Service Coverage: 110% based on a surcharge of \$9.25

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon verification the Borrower has an active registration with the federal System for Award Management.

Sanitary / Storm Sewer Facilities Applications March 2015



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

APPLICANT: Wessington Springs, SD

Total Project Cost:	\$443,000
BWNR Funding Assistance Requested:	\$443,000
Rate/Term:	3.0% for 20 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If funding is provided as recommended, Wessington Springs will have to establish a surcharge of \$5.05 per customer per month.
- 2) Bond Counsel has determined that a project surcharge cannot be pledged for repayment of the loan, and the city will need to pledge system revenues.
- 3) Wessington Springs' current rate of \$24 per 5,000 is sufficient to provide for its projected operating expenses and for coverage on this loan.

Funding Recommendation: \$443,000 Clean Water SRF loan

Debt Service Coverage: 287.8 percent based on on current rates of \$24.00

Contingencies:

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

Drinking Water Facilities Funding Applications March 2015



DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Sioux Rural Water System

Total Project Cost:	\$4,564,600
BWNR Funding Assistance Requested:	\$4,515,900
Rate/Term:	3.00% for 20 years
Security Pledged For Repayment Of Loan:	System Revenue

Staff Analysis

- 1) If all funding is provided as loan, Sioux Rural Water System would have 27.5 percent debt service coverage based on system revenue generated with the proposed rate of \$62.20 for 7,000 gallons usage.
- 2) At the recommended level of loan funding, Sioux Rural Water System will need to increase its revenues by 3.0 percent.

Funding Recommendation: Award a Consolidated grant for \$2,000,000 and a \$2,515,000 Drinking Water SRF loan @ 3.0 for 20 years

Debt Service Coverage: 110% debt service coverage based on a 3.00 percent increase in revenues.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower raising its rates sufficient to provide the required debt coverage.
- 3) Contingent upon Borrower approving a security agreement and mortgage.
- 4) Contingent upon a Intercreditor Agreement being approved and executed by CoBank, Rural Utilities Service, Sioux Rural Water System and the District.

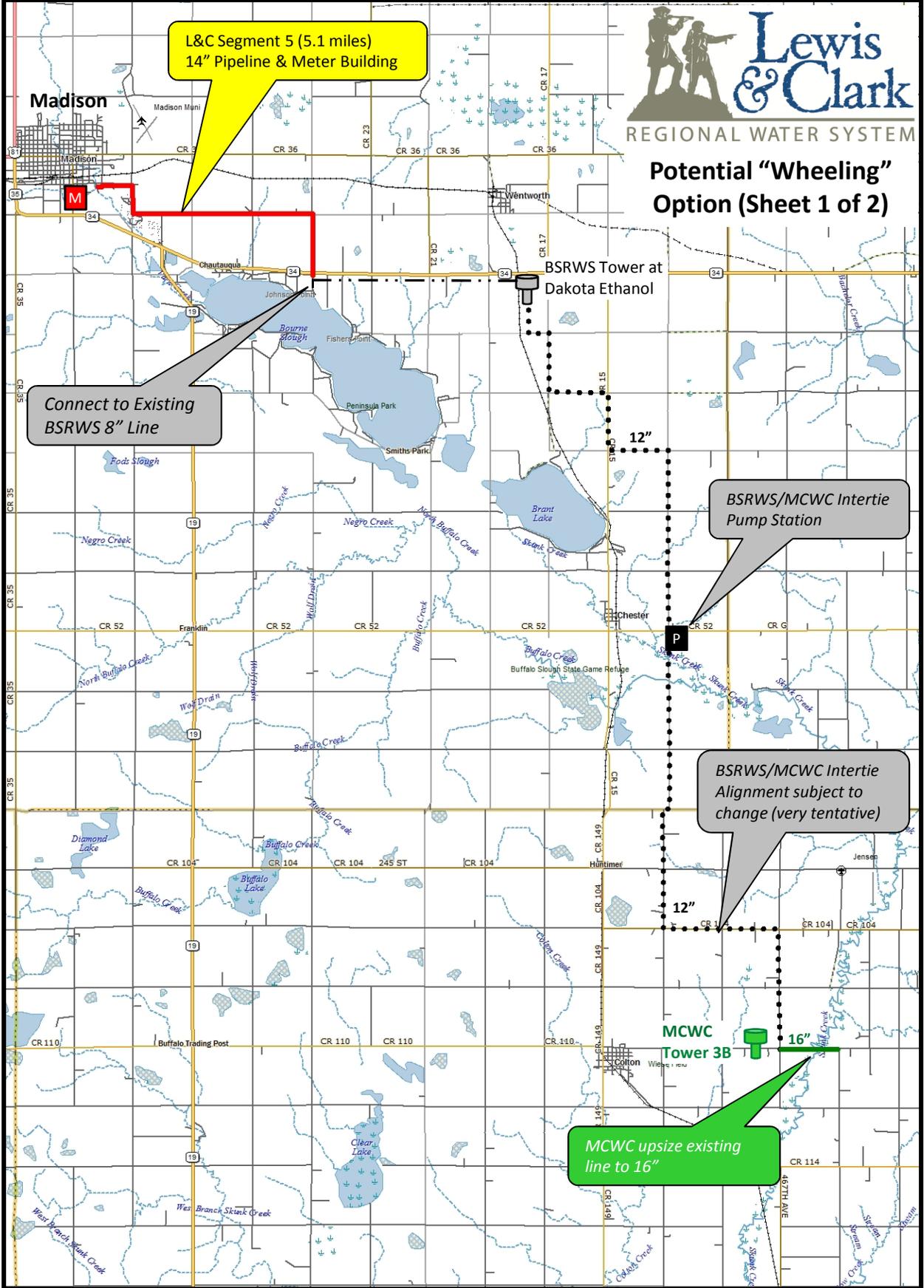
Drinking Water Facilities Funding Applications March 2015





REGIONAL WATER SYSTEM

Potential "Wheeling" Option (Sheet 1 of 2)



L&C Segment 5 (5.1 miles)
14" Pipeline & Meter Building

Connect to Existing
BSRWS 8" Line

BSRWS Tower at
Dakota Ethanol

BSRWS/MCWC Intertie
Pump Station

BSRWS/MCWC Intertie
Alignment subject to
change (very tentative)

MCWC upsizing
existing
line to 16"

MCWC
Tower 3B

Madison

Wentworth

BSRWS Tower at
Dakota Ethanol

BSRWS/MCWC Intertie
Pump Station

BSRWS/MCWC Intertie
Alignment subject to
change (very tentative)

MCWC upsizing
existing
line to 16"

MCWC
Tower 3B

Madison

Wentworth

BSRWS Tower at
Dakota Ethanol

BSRWS/MCWC Intertie
Pump Station

BSRWS/MCWC Intertie
Alignment subject to
change (very tentative)

MCWC upsizing
existing
line to 16"

MCWC
Tower 3B



REGIONAL WATER SYSTEM

Potential "Wheeling" Option (Sheet 2 of 2)

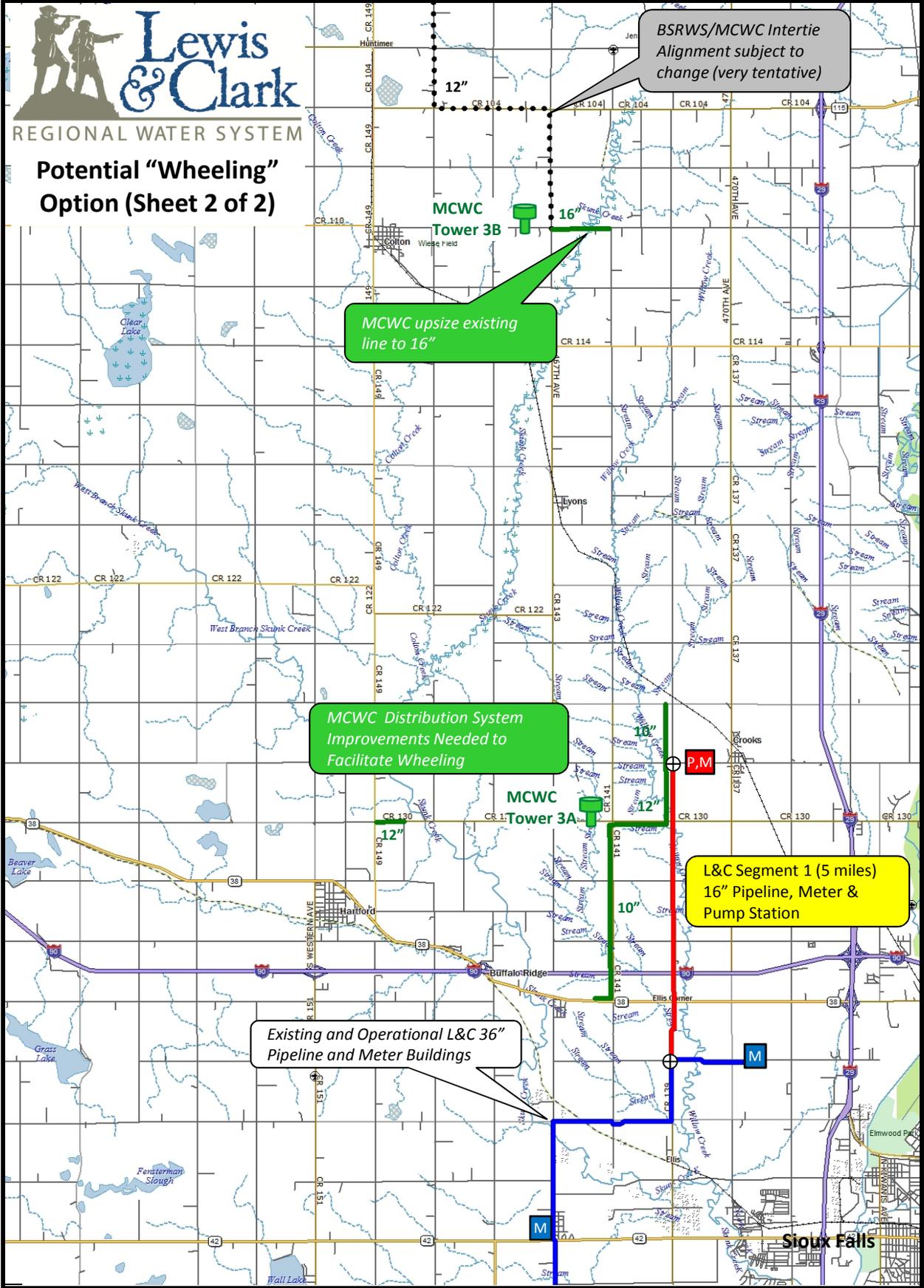
BSRWS/MCWC Intertie Alignment subject to change (very tentative)

MCWC upsze existing line to 16"

MCWC Distribution System Improvements Needed to Facilitate Wheeling

L&C Segment 1 (5 miles)
16" Pipeline, Meter & Pump Station

Existing and Operational L&C 36" Pipeline and Meter Buildings



StouxFalls

DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Big Sioux Community Water System

Total Project Cost: \$3,014,700

BWNR Funding Assistance Requested: \$3,014,700

Rate/Term: 3.00% for 20 years

Security Pledged For Repayment Of Loan: System Revenue

Staff Analysis

- 1) If all funding is provided as loan, Big Sioux Community Water System would have 0.5 percent debt service coverage based on system revenue generated with the proposed rate of \$62.30 for 7,000 gallons usage.
- 2) At the recommended level of loan funding, Big Sioux Community Water System will need to increase its rates to \$64.55 per 7,000 gallons or increase its revenues by 4.8 percent.

Funding Recommendation: Award a \$2,000,000 Consolidated grant and a \$1,014,000 Drinking Water SRF loan @ 3.0 for 20 years

Debt Service Coverage: 110% debt service coverage with a 4.8 percent increase to revenues

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower raising its rates sufficient to provide the required debt coverage.
- 3) Contingent upon Borrower approving a security agreement and mortgage.
- 4) Contingent upon a Intercreditor Agreement being approved and executed by Cobank, Rural Utilities Service, Big Sioux Community Water System and the District.
- 5) Contingent upon service agreements for all parties being signed and executed.

Drinking Water Facilities Funding Applications March 2015



DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Woodland Hills Sanitary District DW-02
Total Project Cost: \$1,261,000
BWNR Funding Assistance Requested: \$481,000
Rate/Term: 3% for 20 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) Loan is to provide additional funds for phase I as bids came in higher than anticipated. Woodland Hills received a prior loan of \$780,000 with \$480,000 principal forgiveness for this project in June 2013.
- 2) If all funding is provided as loan, Woodland Hills would need a surcharge of \$29 per month per account. Woodland Hills current rate is \$70.66 per 5,000 gallons. Without subsidy Woodland Hills would have rates of approximately \$100 per 5,000 gallons.

Funding Recommendation: \$481,000 Drinking Water SRF loan @3% for 20 years with 80% principal forgiveness not to exceed \$384,800.

Debt Service Coverage: 110% based on a surcharge of \$5.76 per account resulting in over all rates of \$76.42

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon receipt of the 2015 Drinking Water capitalization grant from EPA.

Drinking Water Facilities Funding Applications March 2015



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

APPLICANT: Tyndall, SD

Total Project Cost: \$1,575,330

BWNR Funding Assistance Requested: \$1,570,000

Rate/Term: 2.25% for 30 years

Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as recommended, Tyndall will have to establish a surcharge of \$10.68 per month. When added to its current base rate of \$43 per 5,000 gallons, the monthly rate will increase to \$53.68 per 5,000 gallons.
- 2) Tyndall's current water rate is sufficient to provide coverage for both DW-02, pledged to water revenue, and this current loan amount as recommended. A restructure of the rates would be needed if the city chose not to add the surcharge to the current rate.

Funding Recommendation: \$1,570,000 Drinking Water SRF loan with 12.8% principal forgiveness not to exceed \$200,000

Debt Service Coverage: 110 percent with a surcharge of \$10.68 per month.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon receipt of the 2015 Drinking Water capitalization grant from EPA.

Drinking Water Facilities Funding Applications March 2015



DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Buffalo DW-01

Total Project Cost:	\$1,695,000
BWNR Funding Assistance Requested:	\$1,695,000
Rate/Term:	2.25% for 30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, Buffalo will have to establish a surcharge of approximately \$29.25 per account. When added to current rate of \$20 per 5,000 gallons, residential rates would be \$49.25 per 5,000 gallons.
- 2) For every \$100,000 in subsidy, the surcharge would be reduced by approximately \$1.74. A \$600,000 subsidy would reduce the surcharge by \$10.43 to \$18.82 and the total monthly charge to \$38.82 per 5,000 gallons.

Funding Recommendation: \$1,695,000 DWSRF loan @ 2.25% for 30 years with 35.4% principal forgiveness not to exceed \$600,000.

Debt Service Coverage: 110% based on a surcharge of \$18.82 per wastewater account

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon receipt of the 2015 Drinking Water capitalization grant from EPA.

Drinking Water Facilities Funding Applications March 2015



DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Brandon DW-02
Total Project Cost: \$12,425,000
BWNR Funding Assistance Requested: \$12,425,000
Rate/Term: 3% for 20 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, the Brandon will have to establish a surcharge of approximately \$25.90 per account. When added to current rate of \$30.05 per 5,000 gallons Brandon residents would be paying \$55.95 per 5,000 gallons.
- 2) Brandon is currently paying a sales tax obligation debt with its water fund. This debt costs approximately \$2.25 per water account per month. Brandon could reduce its rates if this debt were paid from the pledged security.
- 3) Brandon is eligible for a rate/term of 3.25% for 30 years. This rate/term would reduce the required surcharge to \$20.35 per account and the monthly rate to \$50.40 per 5,000 gallons.
- 4) Brandon's base rate can also be reduced \$3 to \$4 per 5,000 gallons and still have sufficient funds to cover O&M expenses.

Funding Recommendation: \$12,425,000 Drinking Water SRF loan at 3% for 20 years with 4.1% principal forgiveness not to exceed \$500,000.

Debt Service Coverage: 110% based on a surcharge of \$24.85 per account per month

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon verification the Borrower has an active registration with the federal System for Award Management.
- 4) Contingent upon receipt of the 2015 Drinking Water capitalization grant from EPA.

Drinking Water Facilities Funding Applications March 2015



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

APPLICANT: Minnehaha Community Water Corporation

Total Project Cost: \$1,800,000

BWNR Funding Assistance Requested: \$1,800,000

Rate/Term: 3.00% for 20 years

Security Pledged For Repayment Of Loan: System Revenue

Staff Analysis

- 1) If all funding is provided as loan, Minnehaha Community Water Corporation would have 395 percent debt service coverage based on system revenue generated with the current rate of \$52.75 for 7,000 gallons usage.

Funding Recommendation: Award a \$900,000 Consolidated grant and a \$900,000 Drinking Water SRF loan

Debt Service Coverage: 785% debt service coverage

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower approving a security agreement and mortgage.
- 3) Contingent upon a Intercreditor Agreement being approved and executed by Rural Utilities Service, Minnehaha Community Water Corporation, and the District.
- 4) Contingent upon service agreements for all parties being signed and executed.

Drinking Water Facilities Funding Applications March 2015



DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Canton, SD

Total Project Cost:	\$1,970,000
BWNR Funding Assistance Requested:	\$1,550,000
Rate/Term:	3.0% for 30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If funding is provided as recommended, Canton will need to establish a surcharge of \$5.45. When added to its current base rate of \$31.20 per 5,000 gallons, the monthly rate will increase to \$36.65 per 5,000 gallons.
- 2) Canton's current water rate is sufficient to provide coverage for both DW-01, pledged to water revenue, and DW-02, pledged to surcharge. A restructure of the rates would be sufficient if the city chose not to add the surcharge to the current rate.

Funding Recommendation: \$1,550,000 Drinking Water SRF loan at 3.0 percent for 30 years

Debt Service Coverage: 110.17 percent based upon a \$5.45 per month surcharge per customer

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:11:01(20) changing the source of median household income data becoming effective.

Drinking Water Facilities Funding Applications March 2015



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

APPLICANT: Wessington Springs, SD

Total Project Cost: \$259,600

BWNR Funding Assistance Requested: \$259,600

Rate/Term: 3.00% for 20 years

Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as recommended, Wessington Springs will have to establish a surcharge of \$2.02 per month. When added to its current base rate of \$33 per 5,000 gallons, the monthly rate will increase to \$35.02 per 5,000 gallons.
- 2) Bond Counsel has determined that a project surcharge cannot be pledged for repayment of the loan, and the city will need to pledge system revenues.
- 3) Wessington Springs' current rate of \$33 per 5,000 gallons is sufficient to provide for its projected operating expenses and for coverage on this loan.

Funding Recommendation: \$259,000 Drinking Water SRF loan at 2.25 percent for 30 years

Debt Service Coverage: 190.2 percent based upon current rates of \$33.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon the rule change to ARSD 74:05:11:01(20) changing the source of median household income data becoming effective.

Small Water Facilities Funding Applications March 2015



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

APPLICANT: Town of Lesterville

Total Project Cost:	\$53,000
BWNR Funding Assistance Requested:	\$53,000
Rate/Term:	2.25% for 10 years
Security Pledged For Repayment Of Loan:	System Revenues

Staff Analysis

- 1) If all funding is provided as loan and a 10 percent increase in billable water, Lesterville would have 10.3 percent debt service coverage based on system revenue generated with the current rate of \$35.00 for 5,000 gallons usage.
- 2) At the recommended level of loan funding, town of Lesterville will need to increase its rates to \$39.00 per 5,000 gallons.

Funding Recommendation: Award a \$26,500 Consolidated grant and a \$26,500 Consolidated loan

Debt Service Coverage: 100% Debt Service Coverage with a \$4.00 increase in rates

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower raising its rates sufficient to provide the required debt coverage.

Small Water Facilities Funding Applications March 2015



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

APPLICANT: City of Northville

Total Project Cost:	\$140,000
BWNR Funding Assistance Requested:	\$140,000
Rate/Term:	3.25% for 30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If all funding is provided as loan, Northville would have to establish a surcharge of \$9.40. When added to the current rate of \$37.60 per 5,000 gallons residents would be paying \$47.00 per 5,000 gallons.

Funding Recommendation: Award a \$140,000 Consolidated loan

Debt Service Coverage: 100% Debt Service Coverage with a surcharge of \$9.40

Contingencies:

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

March 2015

Dedicated Solid Waste Management Fees

Total Available Dedicated Solid Waste Fees: \$ 3,195,883

Solid Waste Management Program (SWMP)

Previous Balance of Minimum Reserved for Recycling:	\$	799,084
2015 Omnibus Bill Appropriation:	\$	650,000
Reversions:	\$	-
Available for Award:	\$	<u>1,449,084</u>

Previous Balance Available for Disposal or Recycling:	\$	5,187
2015 Omnibus Bill Appropriation:	\$	650,000
Reversions:	\$	5,624
Available for Award:	\$	<u>660,811</u>

Regional Landfill Assistance (RLA)

Previous Balance of RLA Funds:	\$	380,238
2015 Omnibus Bill Appropriation:	\$	1,000,000
Reserved for Tire Projects:	\$	(294,250)
Reversions:	\$	-
Available for Award:	\$	<u>1,085,988</u>

Solid Waste Management Applications

March 2015



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

APPLICANT: SD Department of Environment and Natural Resources

Total Project Cost:	\$350,000
BWNR Funding Assistance Requested:	\$350,000
Rate/Term:	n/a
Security Pledged For Repayment Of Loan:	n/a

Staff Analysis

- 1) The South Dakota Department of Environment and Natural Resources proposes to continue its efforts to fund the statewide cleanup of waste tires and other solid waste as in Section 7 of Senate Bill 195 as passed by the 2012 Legislature and signed by the Governor. This is a continuation of department efforts that began in 1999. DENR will continue to utilize the regional landfills as sponsors for the tire cleanups. The department will also use funds for the cleanup of laboratory chemicals that have been in storage on school district properties throughout the State. The department has received several Solid Waste Management Program applications for assistance in funding these clean-ups, and awarding subgrants through the statewide cleanup grant will allow the department to address these requests in a timely manner to promote a healthier environment for students and staff.

Funding Recommendation: Award a Regional Landfill Assistance grant for up to 100 percent of all approved total project costs not to exceed \$350,000

Debt Service Coverage: None

Contingencies:

- 1) None

Solid Waste Management Applications

March 2015



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

APPLICANT: South Eastern Council of Governments

Total Project Cost: \$625,000
BWNR Funding Assistance Requested: \$500,000
Rate/Term: n/a
Security Pledged For Repayment Of Loan: n/a

Staff Analysis

- 1) South Eastern Council of Governments is proposing to secure funding for their Solid Waste Management Regional Revolving Loan Fund. The funds will be used to make loans for eligible solid waste purposes in Clay, Lincoln, McCook, Minnehaha, Turner, and Union Counties.

Funding Recommendation: Award a Solid Waste Management Program grant for up to 80 percent of all approved total project costs not to exceed \$250,000 for solid waste projects and a Solid Waste Management Program grant for up to 80 percent of all approved total project costs not to exceed \$250,000 for recycling projects.

Debt Service Coverage: None

Contingencies:

- 1) Special Condition that all funds shall pass through the South Eastern Development Foundation.

March 2015 Available Funds Summary

CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM

Available Prior Year Funds (8-Jan-2015):	\$	29,104
2015 Omnibus Appropriation:	\$	-
Reversions:	\$	164,472
Available for Award:	\$	16,693,576
Recommended:	\$	(13,321,800)
Balance:	\$	3,371,776

DRINKING WATER SRF PRINCIPAL FORGIVENESS

Prior Year Principal Forgiveness Allocations:	\$	30,863,300
FFY-15 Maximum Allocation:	\$	2,653,500
Reverted Principal Forgiveness:	\$	253,094
Awarded to Date:	\$	(31,070,204)
Available For Award:	\$	2,699,690
Recommended:	\$	(1,684,800)
Balance:	\$	1,014,890

DRINKING WATER SRF LOANS

Available Prior Year Funds (30-Sept-2014):	\$	15,458,305
FFY-15 Cap Grant & Match:	\$	10,083,300
FFY-15 Repayments:	\$	13,000,000
Leveraged Bonds:	\$	7,000,000
Deobligations/Recissions:	\$	681,119
FFY-15 Awards to Date:	\$	(5,524,750)
Available for Award:	\$	40,697,974
Recommended PF:	\$	(1,684,800)
Recommended Loan:	\$	(20,725,800)
Balance:	\$	18,287,374

March 2015 Available Funds Summary

CLEAN WATER SRF WATER QUALITY GRANTS

Available Prior Year Funds (8-Jan-2015):	\$	608
2015 IUP Allocation:	\$	1,000,000
Reversions:	\$	132,491
Awarded to Date:	\$	(400,000)
Available for Award:	\$	733,099
Recommended:	\$	-
Balance:	\$	733,099

CLEAN WATER SRF PRINCIPAL FORGIVENESS

Prior Year Principal Forgiveness Allocations:	\$	8,819,999
FFY-15 Maximum Allocation:	\$	2,058,900
Reverted Principal Forgiveness:	\$	353,191
Awarded to Date:	\$	(8,785,519)
Available For Award:	\$	2,446,571
Recommended:	\$	(1,214,400)
Balance:	\$	1,232,171

CLEAN WATER SRF LOANS

Available Prior Year Funds (30-Sept-2014):	\$	27,617,694
FFY-15 Cap Grant & Match:	\$	7,835,600
FFY-15 Repayments:	\$	14,750,000
Leveraged Bonds:	\$	53,000,000
Deobligations/Recissions:	\$	5,573,921
FFY-15 Awards to Date:	\$	(4,077,000)
Available For Award:	\$	104,700,215
Recommended PF:	\$	(1,214,400)
Recommended Loan:	\$	(45,381,282)
Balance:	\$	58,104,533

CLEAN WATER FACILITIES FUNDING APPLICATION

FINANCIAL ANALYSIS SUMMARY

APPLICANT: Waubay, SD

Total Project Cost: \$2,195,820
BWNR Funding Assistance Requested: \$1,780,000
Rate/Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding were provided as all loan, Waubay would have to establish a surcharge of \$27.62/month. When added to its current rate of \$30/5,000 gallons, the monthly rate would increase to \$57.62/5,000 gallons.
- 2) Waubay's current \$30 rate includes \$17.25 base, \$9.75 surcharge pledged to repay an RD loan, and \$3.00 for an existing Clean Water SRF loan.
- 3) Waubay's base rate of \$17.25 per month is sufficient to meet the operating expenses of the system and one Rural Development loan pledged to wastewater revenues.
- 4) A surcharge of \$9.00 must be established for repayment of this loan if funding is provided as recommended.

Funding Recommendation: \$1,780,000 provided as \$1,080,000 Clean Water SRF loan with \$500,000 principal forgiveness, and \$700,000 Consolidated grant.

Debt Service Coverage: 110 percent with a surcharge of \$9.00 per month.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:07:03 allowing reimbursement for preliminary design activities becoming effective.
- 4) Contingent upon the rule change to ARSD 74:05:08:12.03 establishing the affordability criteria to award principal forgiveness becoming effective
- 5) Contingent upon receipt of the 2015 Clean Water capitalization grant from EPA.

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

APPLICANT: Clark CW-03

Total Project Cost: \$7,000,000
BWNR Funding Assistance Requested: \$5,485,000
Rate/Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, the city will have to establish a surcharge of approximately \$40.00 per month. When added to the current rate of \$26.00 per 5,000 gallons residents would be paying \$66.00 per 5,000 gallons.
- 2) The city of Clark has received a \$515,000 Community Development Block Grant and was awarded a \$1,000,000 Consolidated grant on March 28, 2014.

Funding Recommendation: To rescind Consolidated grant 2015G-100, award a new Consolidated grant for \$4,000,000 and approve a \$2,485,000 Clean Water SRF loan

Debt Service Coverage: 110% debt service coverage with a \$17.80 surcharge per user

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:07:03 allowing reimbursement for preliminary design activities becoming effective.

CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Kennebec, SD

Total Project Cost:	\$1,164,915
BWNR Funding Assistance Requested:	\$1,160,000
Rate/Term:	3.25% for 30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) Kennebec increased its rate for domestic users from \$12 per month flate rate to \$35 per month flat rate in December 2014.
- 2) \$4.25 per month is required to cover the operating expenses as projected.
- 3) Bond counsel determined that a surcharge cannot be used to repay the entire loan since the portion of the project to connect the new users does not benefit the existing users.
- 4) Approximately 2/3 of the project cost is to extend the wastewater collection system to serve 30 new users. With a project surcharge pledge, revenues could be collected from only those 30 users to pay for the collection system extension. This would be cost prohibitive.
- 5) By splitting the total request into two loans and pledging system revenues for repayment of the larger loan, all users would pay for the entire project.
- 6) Bond counsel also determined that the town's five percent constitutional debt limit would be exceeded with the loan pledged to system revenues, and the town has indicated it will schedule an election to apply this debt to the additional 10 percent constitutional debt for water and sewer.
- 7) Overall rates of \$37.00 for each existing and new customer is necessary to cover operating expenses, provide sufficient coverage on the loan pledged to system revenues, and establish the surcharge on the loan pledged to a project surcharge.

Funding Recommendation: Award two loans totaling \$1,160,000 provided as a \$723,000 Clean Water SRF loan pledged to system revenue and a \$437,000 Clean Water SRF loan pledged to a project surcharge.

CW-01 -- Expansion of Collection System to New Users: \$723,000 (System Revenue Pledge)

Debt Service Coverage:

A rate of \$24.50 per month for each existing and and new customer will provide coverage of 114 percent on a \$723,000 CWSRF loan and cover operating expenses.

Contingencies:

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

CW-02 -- Wastewater Treatment Facility Improvements: \$437,000 (Project Surcharge Pledge)

Debt Service Coverage:

A surcharge of \$12.50 per month for each existing and new customer will provide coverage of 110 percent on the \$437,000 CWSRF loan.

Contingencies:

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

CLEAN WATER FACILITIES FUNDING APPLICATION

FINANCIAL ANALYSIS SUMMARY

APPLICANT: Humboldt, SD

Total Project Cost: \$4,077,000
BWNR Funding Assistance Requested: \$4,077,000
Rate per Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, Humboldt would need to establish a surcharge of \$78.20 per month. When added to its current base rate of \$25 per 5,000 gallons, the monthly rate would increase to \$103.20 per 5,000 gallons.
- 2) At the recommended level of loan funding, Humboldt will need to establish a surcharge of \$8.00 per customer per month, which will bring the rate to \$33 per month per 5,000 gallons.
- 3) At the recommended level of loan funding, Humboldt's current rate is sufficient to provide coverage for both the operating expenses of the system and this loan.

Funding Recommendation: \$2,086,000 provided as \$417,200 Clean Water SRF loan and \$1,668,800 Consolidated grant

Debt Service Coverage: 110 percent based upon \$8.00 surcharge per month per customer.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:07:03 allowing reimbursement for preliminary design activities becoming effective.
- 4) Contingent upon verification that the Borrower has an active registration with the federal System for Award Management.

CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Hosmer CW-01

Total Project Cost: \$4,122,000
BWNR Funding Assistance Requested: \$4,122,000
Rate/Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If all funding is provided as loan, Hosmer will need a surcharge of \$128 per customer. When added to the current rate of \$22 per 5,000 gallons, Hosmer would have rates of \$150 per month. Staff analysis shows Hosmer needs a rate of approximately \$26 per month to cover O&M expenses. This would raise rates to \$154 per month.
- 2) Hosmer is on the verge of being issued a Compliance Order to upgrade its treatment facility.
- 3) Due to the cost of the project to the town, staff recommends funding only for televising of the collection system and the construction of a total retention treatment facility.

Funding Recommendation: \$968,000 CWSRF loan @ 3.25% for 30 years with 73.9% principal forgiveness not to exceed \$714,400 and a Consolidated grant of \$300,000.

Debt Service Coverage: 110% based on a surcharge of \$7.85 per account; resulting in overall rates of \$33.85 per month.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:07:03 allowing reimbursement for preliminary design activities becoming effective.
- 4) Contingent upon the rule change to ARSD 74:05:08:12.03 establishing the affordability criteria to award principal forgiveness becoming effective.
- 5) Contingent upon receipt of the 2015 Clean Water capitalization grant from EPA.
- 6) Contingent upon Borrower raising its base rate to a level sufficient to cover O&M expenses.

CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Brandon CW-05

Total Project Cost: \$27,785,000
BWNR Funding Assistance Requested: \$27,785,000
Rate/Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If all funding is provided as loan, Brandon will need a surcharge of \$45.70 per customer. When added to the current rate of \$51.50 per 5,000 gallons, Brandon would have rates of \$97.20. However Brandon could reduce its rates to approximately \$18 per 5,000 gallons to cover O&M and existing debt thereby reducing the monthly charge to \$63.70 per 5,000 gallons.
- 2) If rates are left at current level of \$51.50 per 5,000 gallons, Brandon would have approximately \$33.50 per month available for debt. This would fund a loan of approximately \$19,470,000 which would require a subsidy of \$8,315,000 (30%)
- 3) Staff is concerned that this project may take several years to proceed and is reluctant to tie up this amount of SRF funding for the project at this time.

Funding Recommendation: \$3,000,000 CWSRF loan @3.25% for 30 years to fund siting the treatment facility and address environmental issues.

Debt Service Coverage: 110% based on a surcharge of \$4.95 per account. Brandon wastewater rates may be reduced to off set the cost of the surcharge.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon verification that the Borrower has an active registration with the federal System for Award Management.

CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Howard, SD

Total Project Cost: \$1,764,334

BWNR Funding Assistance Requested: \$1,764,334

Rate/Term: 3.25% for 30 years

Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as recommended, Howard will have to establish a surcharge of \$17.10 per month. When added to its current base rate of \$23.90 per 5,000 gallons, the monthly rate will increase to \$41 per 5,000 gallons.
- 2) Howard's current wastewater rate is insufficient to provide coverage for both this loan and the projected operating expenses.
- 3) The city needs approximately \$9 to cover O&M expenses. By increasing the existing domestic rate to \$26.10 per customer per month and restructuring the rate schedule to include the surcharge, the city would be able to cover both O&M expenses and surcharge for repayment of this debt.

Funding Recommendation: \$1,764,000 Clean Water SRF loan

Debt Service Coverage: 110 percent with a surcharge of \$17.10 per month.

Contingencies:

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

CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Sioux Falls CW-35

Total Project Cost:	\$11,979,457
BWNR Funding Assistance Requested:	\$11,979,457
Rate/Term:	1.25% for 10 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, Sioux Falls will have to establish a surcharge of \$2.35 per account. When added to current rate of \$27.56, the monthly residential rate will be \$29.91 per 5,000 gallons.
- 2) Sioux Falls has applied for funding for two projects. If funding is provided as all loan, Sioux Falls will have to establish two surcharges totaling \$6.50 per account. When added to the existing rate of \$27.56, the monthly residential rate will be \$34.06 per 5,000 gallons.
- 3) The loan will have two components. The Brandon Road Pump Station Parallel Force Main for \$11,400,000 and a Big Sioux River Basin nonpoint source component for \$579,457.

Funding Recommendation: \$11,979,457 CWSRF loan @ 1.25% for 10 years

Debt Service Coverage: 110% based on a surcharge of \$2.35 per account

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon EPA approval of the Big Sioux River Watershed Implementation Project.

CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Sioux Falls CW-36

Total Project Cost: \$19,475,025

BWNR Funding Assistance Requested: \$19,475,025

Rate/Term: 1.25% for 10 years

Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, Sioux Falls will have to establish a surcharge of \$4.15 per account. When added to current rate of \$27.56, the monthly residential rate will be \$31.71 per 5,000 gallons.
- 2) Sioux Falls has applied for funding for two projects. If funding is provided as all loan, Sioux Falls will have to establish two surcharges totaling \$6.50 per account. When added to the existing rate of \$27.56, the monthly residential rate will be \$34.06 per 5,000 gallons.
- 3) The loan will have two components. The Outfall Sewer Replacement for \$18,533,000 and a Big Sioux River Basin nonpoint source component for \$942,025.

Funding Recommendation: \$19,475,025 CWSRF loan @ 1.25% for 10 years

Debt Service Coverage: 110% based on a surcharge of \$4.15 per account

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon EPA approval of the Big Sioux River Watershed Implementation Project.

CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Ipswich CW-01

Total Project Cost: \$5,459,000
BWNR Funding Assistance Requested: \$5,459,000
Rate/Term: 3.25% for 30 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If all funding is provided as loan, Ipswich would need a surcharge of \$58.30 per customer. When added to the current rate of \$22 per month, Ipswich would have rates of \$80.30 per month. However the base rate could be reduced approximately \$5.50 per month to off set the increase required by the surcharge.
- 2) Due to the cost of the project and available funds, staff recommends funding only for the improvements to the lift stations and the most critical areas of the collection system.

Funding Recommendation: \$1,951,000 CWSRF loan @ 3.25% for 30 years and a Consolidated grant of \$2,000,000.

Debt Service Coverage: 110% based on a surcharge of \$20.85 per account.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:07:03 allowing reimbursement for preliminary design activities becoming effective.

CLEAN WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Lennox CW-06

Total Project Cost:	\$2,733,000
BWNR Funding Assistance Requested:	\$2,433,000
Rate/Term:	3.25% for 30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If all funding is provided as loan, Lennox will have to establish a surcharge of \$12 per account. When added to Lennox's current rate of \$50.47 per 5,000 gallons the monthly charge will be \$62.47 per 5,000 gallons.
- 2) Lennox could reduce base rate by approximately \$2 to \$3 to help offset the surcharge.
- 3) Based on funding recommendation and Lennox reducing its base rate by \$2, the monthly rate will increase to \$57.72 per 5,000 gallons.
- 4) If Lennox would decide to fund this through its storm drainage revenue it would have to increase the storm drainage fees by approximately 10% thereby increasing drainage revenue from \$100,000 to \$110,000.

Funding Recommendation: \$1,873,000 CWSRF loan @3.25% for 30 years and a \$560,000 Consolidated grant.

Debt Service Coverage: 110% based on a surcharge of \$9.25

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon verification the Borrower has an active registration with the federal System for Award Management.

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

APPLICANT: Wessington Springs, SD

Total Project Cost:	\$443,000
BWNR Funding Assistance Requested:	\$443,000
Rate/Term:	3.0% for 20 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If funding is provided as recommended, Wessington Springs will have to establish a surcharge of \$5.05 per customer per month.
- 2) Bond Counsel has determined that a project surcharge cannot be pledged for repayment of the loan, and the city will need to pledge system revenues.
- 3) Wessington Springs' current rate of \$24 per 5,000 is sufficient to provide for its projected operating expenses and for coverage on this loan.

Funding Recommendation: \$443,000 Clean Water SRF loan

Debt Service Coverage: 287.8 percent based on on current rates of \$24.00

Contingencies:

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

DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Sioux Rural Water System

Total Project Cost:	\$4,564,600
BWNR Funding Assistance Requested:	\$4,515,900
Rate/Term:	3.00% for 20 years
Security Pledged For Repayment Of Loan:	System Revenue

Staff Analysis

- 1) If all funding is provided as loan, Sioux Rural Water System would have 27.5 percent debt service coverage based on system revenue generated with the proposed rate of \$62.20 for 7,000 gallons usage.
- 2) At the recommended level of loan funding, Sioux Rural Water System will need to increase its revenues by 3.0 percent.

Funding Recommendation: Award a Consolidated grant for \$2,000,000 and a \$2,515,000 Drinking Water SRF loan @ 3.0 for 20 years

Debt Service Coverage: 110% debt service coverage based on a 3.00 percent increase in revenues.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower raising its rates sufficient to provide the required debt coverage.
- 3) Contingent upon Borrower approving a security agreement and mortgage.
- 4) Contingent upon a Intercreditor Agreement being approved and executed by CoBank, Rural Utilities Service, Sioux Rural Water System and the District.

DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Big Sioux Community Water System

Total Project Cost: \$3,014,700

BWNR Funding Assistance Requested: \$3,014,700

Rate/Term: 3.00% for 20 years

Security Pledged For Repayment Of Loan: System Revenue

Staff Analysis

- 1) If all funding is provided as loan, Big Sioux Community Water System would have 0.5 percent debt service coverage based on system revenue generated with the proposed rate of \$62.30 for 7,000 gallons usage.
- 2) At the recommended level of loan funding, Big Sioux Community Water System will need to increase its rates to \$64.55 per 7,000 gallons or increase its revenues by 4.8 percent.

Funding Recommendation: Award a \$2,000,000 Consolidated grant and a \$1,014,000 Drinking Water SRF loan @ 3.0 for 20 years

Debt Service Coverage: 110% debt service coverage with a 4.8 percent increase to revenues

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower raising its rates sufficient to provide the required debt coverage.
- 3) Contingent upon Borrower approving a security agreement and mortgage.
- 4) Contingent upon a Intercreditor Agreement being approved and executed by Cobank, Rural Utilities Service, Big Sioux Community Water System and the District.
- 5) Contingent upon service agreements for all parties being signed and executed.

DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Woodland Hills Sanitary District DW-02
Total Project Cost: \$1,261,000
BWNR Funding Assistance Requested: \$481,000
Rate/Term: 3% for 20 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) Loan is to provide additional funds for phase I as bids came in higher than anticipated. Woodland Hills received a prior loan of \$780,000 with \$480,000 principal forgiveness for this project in June 2013.
- 2) If all funding is provided as loan, Woodland Hills would need a surcharge of \$29 per month per account. Woodland Hills current rate is \$70.66 per 5,000 gallons. Without subsidy Woodland Hills would have rates of approximately \$100 per 5,000 gallons.

Funding Recommendation: \$481,000 Drinking Water SRF loan @3% for 20 years with 80% principal forgiveness not to exceed \$384,800.

Debt Service Coverage: 110% based on a surcharge of \$5.76 per account resulting in over all rates of \$76.42

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon receipt of the 2015 Drinking Water capitalization grant from EPA.

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

APPLICANT: Tyndall, SD

Total Project Cost: \$1,575,330

BWNR Funding Assistance Requested: \$1,570,000

Rate/Term: 2.25% for 30 years

Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as recommended, Tyndall will have to establish a surcharge of \$10.68 per month. When added to its current base rate of \$43 per 5,000 gallons, the monthly rate will increase to \$53.68 per 5,000 gallons.
- 2) Tyndall's current water rate is sufficient to provide coverage for both DW-02, pledged to water revenue, and this current loan amount as recommended. A restructure of the rates would be needed if the city chose not to add the surcharge to the current rate.

Funding Recommendation: \$1,570,000 Drinking Water SRF loan with 12.8% principal forgiveness not to exceed \$200,000

Debt Service Coverage: 110 percent with a surcharge of \$10.68 per month.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon receipt of the 2015 Drinking Water capitalization grant from EPA.

DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Buffalo DW-01

Total Project Cost:	\$1,695,000
BWNR Funding Assistance Requested:	\$1,695,000
Rate/Term:	2.25% for 30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, Buffalo will have to establish a surcharge of approximately \$29.25 per account. When added to current rate of \$20 per 5,000 gallons, residential rates would be \$49.25 per 5,000 gallons.
- 2) For every \$100,000 in subsidy, the surcharge would be reduced by approximately \$1.74. A \$600,000 subsidy would reduce the surcharge by \$10.43 to \$18.82 and the total monthly charge to \$38.82 per 5,000 gallons.

Funding Recommendation: \$1,695,000 DWSRF loan @ 2.25% for 30 years with 35.4% principal forgiveness not to exceed \$600,000.

Debt Service Coverage: 110% based on a surcharge of \$18.82 per wastewater account

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon receipt of the 2015 Drinking Water capitalization grant from EPA.

DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Brandon DW-02
Total Project Cost: \$12,425,000
BWNR Funding Assistance Requested: \$12,425,000
Rate/Term: 3% for 20 years
Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as all loan, the Brandon will have to establish a surcharge of approximately \$25.90 per account. When added to current rate of \$30.05 per 5,000 gallons Brandon residents would be paying \$55.95 per 5,000 gallons.
- 2) Brandon is currently paying a sales tax obligation debt with its water fund. This debt costs approximately \$2.25 per water account per month. Brandon could reduce its rates if this debt were paid from the pledged security.
- 3) Brandon is eligible for a rate/term of 3.25% for 30 years. This rate/term would reduce the required surcharge to \$20.35 per account and the monthly rate to \$50.40 per 5,000 gallons.
- 4) Brandon's base rate can also be reduced \$3 to \$4 per 5,000 gallons and still have sufficient funds to cover O&M expenses.

Funding Recommendation: \$12,425,000 Drinking Water SRF loan at 3% for 20 years with 4.1% principal forgiveness not to exceed \$500,000.

Debt Service Coverage: 110% based on a surcharge of \$24.85 per account per month

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon verification the Borrower has an active registration with the federal System for Award Management.
- 4) Contingent upon receipt of the 2015 Drinking Water capitalization grant from EPA.

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

APPLICANT: Minnehaha Community Water Corporation

Total Project Cost: \$1,800,000

BWNR Funding Assistance Requested: \$1,800,000

Rate/Term: 3.00% for 20 years

Security Pledged For Repayment Of Loan: System Revenue

Staff Analysis

- 1) If all funding is provided as loan, Minnehaha Community Water Corporation would have 395 percent debt service coverage based on system revenue generated with the current rate of \$52.75 for 7,000 gallons usage.

Funding Recommendation: Award a \$900,000 Consolidated grant and a \$900,000 Drinking Water SRF loan

Debt Service Coverage: 785% debt service coverage

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower approving a security agreement and mortgage.
- 3) Contingent upon a Intercreditor Agreement being approved and executed by Rural Utilities Service, Minnehaha Community Water Corporation, and the District.
- 4) Contingent upon service agreements for all parties being signed and executed.

DRINKING WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Canton, SD

Total Project Cost:	\$1,970,000
BWNR Funding Assistance Requested:	\$1,550,000
Rate/Term:	3.0% for 30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If funding is provided as recommended, Canton will need to establish a surcharge of \$5.45. When added to its current base rate of \$31.20 per 5,000 gallons, the monthly rate will increase to \$36.65 per 5,000 gallons.
- 2) Canton's current water rate is sufficient to provide coverage for both DW-01, pledged to water revenue, and DW-02, pledged to surcharge. A restructure of the rates would be sufficient if the city chose not to add the surcharge to the current rate.

Funding Recommendation: \$1,550,000 Drinking Water SRF loan at 3.0 percent for 30 years

Debt Service Coverage: 110.17 percent based upon a \$5.45 per month surcharge per customer

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower establishing a surcharge sufficient to provide the required debt coverage.
- 3) Contingent upon the rule change to ARSD 74:05:11:01(20) changing the source of median household income data becoming effective.

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

APPLICANT: Wessington Springs, SD

Total Project Cost: \$259,600

BWNR Funding Assistance Requested: \$259,600

Rate/Term: 3.00% for 20 years

Security Pledged For Repayment Of Loan: Project Surcharge

Staff Analysis

- 1) If funding is provided as recommended, Wessington Springs will have to establish a surcharge of \$2.02 per month. When added to its current base rate of \$33 per 5,000 gallons, the monthly rate will increase to \$35.02 per 5,000 gallons.
- 2) Bond Counsel has determined that a project surcharge cannot be pledged for repayment of the loan, and the city will need to pledge system revenues.
- 3) Wessington Springs' current rate of \$33 per 5,000 gallons is sufficient to provide for its projected operating expenses and for coverage on this loan.

Funding Recommendation: \$259,000 Drinking Water SRF loan at 2.25 percent for 30 years

Debt Service Coverage: 190.2 percent based upon current rates of \$33.

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon the rule change to ARSD 74:05:11:01(20) changing the source of median household income data becoming effective.

SMALL WATER FACILITIES FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: Town of Lesterville

Total Project Cost:	\$53,000
BWNR Funding Assistance Requested:	\$53,000
Rate/Term:	2.25% for 10 years
Security Pledged For Repayment Of Loan:	System Revenues

Staff Analysis

- 1) If all funding is provided as loan and a 10 percent increase in billable water, Lesterville would have 10.3 percent debt service coverage based on system revenue generated with the current rate of \$35.00 for 5,000 gallons usage.
- 2) At the recommended level of loan funding, town of Lesterville will need to increase its rates to \$39.00 per 5,000 gallons.

Funding Recommendation: Award a \$26,500 Consolidated grant and a \$26,500 Consolidated loan

Debt Service Coverage: 100% Debt Service Coverage with a \$4.00 increase in rates

Contingencies:

- 1) Contingent upon Borrower adopting a bond resolution and the resolution becoming effective.
- 2) Contingent upon Borrower raising its rates sufficient to provide the required debt coverage.

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

APPLICANT: City of Northville

Total Project Cost:	\$140,000
BWNR Funding Assistance Requested:	\$140,000
Rate/Term:	3.25% for 30 years
Security Pledged For Repayment Of Loan:	Project Surcharge

Staff Analysis

- 1) If all funding is provided as loan, Northville would have to establish a surcharge of \$9.40. When added to the current rate of \$37.60 per 5,000 gallons residents would be paying \$47.00 per 5,000 gallons.

Funding Recommendation: Award a \$140,000 Consolidated loan

Debt Service Coverage: 100% Debt Service Coverage with a surcharge of \$9.40

Contingencies:

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

March 2015 Dedicated Solid Waste Management Fees

Total Available Dedicated Solid Waste Fees:	\$	3,490,133
Recommended:	\$	(850,000)
Balance:	\$	<u>2,640,133</u>

Solid Waste Management Program (SWMP)

Previous Balance of Minimum Reserved for Recycling:	\$	799,084
2015 Omnibus Bill Appropriation:	\$	650,000
Reversions:	\$	-
Available for Award:	\$	<u>1,449,084</u>
Recommended:	\$	(250,000)
Balance:	\$	<u>1,199,084</u>

Previous Balance Available for Disposal or Recycling:	\$	5,187
2015 Omnibus Bill Appropriation:	\$	650,000
Reversions:	\$	5,624
Available for Award:	\$	<u>660,811</u>
Recommended:	\$	(250,000)
Balance:	\$	<u>410,811</u>

Regional Landfill Assistance (RLA)

Previous Balance of RLA Funds:	\$	380,238
2015 Omnibus Bill Appropriation:	\$	1,000,000
Reversions:	\$	-
Available for Award:	\$	<u>1,380,238</u>
Recommended:	\$	(350,000)
Balance:	\$	<u>1,030,238</u>

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: SD Department of Environment and Natural Resources

Total Project Cost:	\$350,000
BWNR Funding Assistance Requested:	\$350,000
Rate/Term:	n/a
Security Pledged For Repayment Of Loan:	n/a

Staff Analysis

- 1) The South Dakota Department of Environment and Natural Resources proposes to continue its efforts to fund the statewide cleanup of waste tires and other solid waste as in Section 7 of Senate Bill 195 as passed by the 2012 Legislature and signed by the Governor. This is a continuation of department efforts that began in 1999. DENR will continue to utilize the regional landfills as sponsors for the tire cleanups. The department will also use funds for the cleanup of laboratory chemicals that have been in storage on school district properties throughout the State. The department has received several Solid Waste Management Program applications for assistance in funding these clean-ups, and awarding subgrants through the statewide cleanup grant will allow the department to address these requests in a timely manner to promote a healthier environment for students and staff.

Funding Recommendation: Award a Regional Landfill Assistance grant for up to 100 percent of all approved total project costs not to exceed \$350,000

Debt Service Coverage: None

Contingencies:

- 1) None

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION FINANCIAL ANALYSIS SUMMARY

APPLICANT: South Eastern Council of Governments

Total Project Cost:	\$625,000
BWNR Funding Assistance Requested:	\$500,000
Rate/Term:	n/a
Security Pledged For Repayment Of Loan:	n/a

Staff Analysis

- 1) South Eastern Council of Governments is proposing to secure funding for their Solid Waste Management Regional Revolving Loan Fund. The funds will be used to make loans for eligible solid waste purposes in Clay, Lincoln, McCook, Minnehaha, Turner, and Union Counties.

Funding Recommendation: Award a Solid Waste Management Program grant for up to 80 percent of all approved total project costs not to exceed \$250,000 for solid waste projects and a Solid Waste Management Program grant for up to 80 percent of all approved total project costs not to exceed \$250,000 for recycling projects.

Debt Service Coverage: None

Contingencies:

- 1) Special Condition that all funds shall pass through the South Eastern Development Foundation.