

**SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND
FEDERAL FISCAL YEAR 2021 INTENDED USE PLAN**

INTRODUCTION

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for Federal Fiscal Year (FFY) 2021 as required under Section 606(c) of the Clean Water Act.

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

The IUP includes the following:

1. List of projects and activities;
2. Goals, objectives, and environmental results;
3. Amount of funds transferred between the Clean Water SRF and the Drinking Water SRF;
4. Information on the activities to be supported;
5. Assurances and specific proposals;
6. Criteria and method for distribution of funds; and
7. Sources and uses of funds.

LIST OF PROJECTS AND ACTIVITIES

The IUP identifies potential municipal wastewater, storm water, and nonpoint source projects. A project must be on the project priority list, Attachment I, to be eligible for a loan. This list was developed from the State

Water Plan and includes projects that did not designate Clean Water SRF loans as a funding source.

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

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

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

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

debt was incurred and construction initiated after March 7, 1985; or

3. Nonpoint source pollution control projects and programs, including non-traditional projects (projects with a primary purpose other than water quality).

A determination of which projects are funded from the above-mentioned lists, the amount of assistance, and the financing terms and conditions will be made by the Board of Water and Natural Resources during FFY 2021.

GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS

Long-term Goals and Objectives:

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

Objectives:

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

making authority regarding such activities.

Short-term Goal and Objectives:

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

Objectives:

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

Environmental Results:

States are required to quantify and report the environmental benefits being realized through the Clean Water SRF loan program. The reporting requirement is being satisfied using an on-line environmental benefits assessment developed by EPA in cooperation with the States and other organizations. A summary of the FFY 2021 loans and the resulting benefits will be provided in the end-of-year-annual report.

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

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

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

South Dakota has transferred \$15,574,320 from the Clean Water SRF program to the Drinking Water SRF program in past years. In fiscal year 2006 and 2011, \$7.5 million in leveraged bond proceeds and \$10 million of repayments, respectively, were transferred from the Drinking Water SRF program to the Clean Water SRF program. With the anticipated FFY 2021 capitalization grant, the ability exists to transfer nearly \$59.3 million from the Clean Water SRF program to the Drinking Water SRF program. More than \$57.3 million could be transferred from the Drinking Water Program to the Clean Water SRF program. Table 2 on page 10 details the amount of funds transferred between the programs and the amount of funds available to be transferred.

No transfers are expected in FFY 2021.

INFORMATION ON THE ACTIVITIES TO BE SUPPORTED

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

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

Sources of Loan Funds

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

Capitalization Grants/State Match: Federal capitalization grants are provided to the state annually. These funds must be matched by the state at a ratio of 5 to 1. The fiscal year 2021 capitalization grant is expected to be \$7,780,000 which requires \$1,556,000 in state match. Bond proceeds will be used to match FFY 2021 capitalization grant funds.

For purposes of meeting FFY 2021 proportionality requirements, the South Dakota Clean Water SRF program will document the expenditure of repayments and bond proceeds in an amount equivalent to the entire required state match.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. It is anticipated that approximately \$65 million in leveraged bonds will be required in FFY 2021.

Borrowers' Principal Repayments: The principal repaid by the loan borrowers is used to make semi-annual leveraged bond payments. Any excess principal is available for loans. It is estimated that \$3,300,000 in principal repayments will become available for loans in FFY 2021.

Interest Earnings: The interest repaid by the loan borrowers, as well as interest earned on investments, is dedicated to make semi-annual state match bond payments. Any excess interest is available for loans. It is estimated that \$3,600,000 in interest earnings will become available for loans in FFY 2021.

Additional Subsidy - Principal Forgiveness

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

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

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

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

The 2016 through 2020 appropriation acts required an additional 10 percent of the capitalization grant be used for additional subsidy and is available for any eligible borrower. At this time South Dakota will only provide this 10 percent to borrowers who meet the state's affordability criteria.

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

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

Table 3 on page 11 summarizes the amounts of principal forgiveness provided with the 2010 – 2020 capitalization grants.

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

1. All applicants will be awarded points to determine principal forgiveness eligibility as follows:
 - a. Five points if an applicant's median household income is equal to or less than 80 percent of the statewide median household income;
 - b. Three points if an applicant's median household income is equal to or less than the statewide median household income and greater than 80 percent of the statewide median household income;
 - c. One point if the applicant's 2010 census population is less than the applicant's 2000 census population; and
 - d. One point if an applicant's county unemployment rate is greater than the statewide unemployment rate.
2. If the boundaries of an applicant are located in more than one county, the unemployment rate of the county with the largest percentage of the applicant's population will be used.
3. Applicants must receive a minimum of five points to be eligible for principal forgiveness in the upcoming fiscal year.

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

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

Systems that are eligible to receive principal forgiveness are identified in Attachment I and Attachment II. Attachment II - List of Projects to be Funded in FFY 2021 identifies \$5,337,100 in principal forgiveness.

Green Project Reserve

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

Sufficient funds have been awarded to qualifying projects to meet the 2010 – 2019 capitalization grants Green Project Reserve requirements.

The Green Project Reserve requirement was included in the 2010 - 2020 capitalization grants, and required that not less than 10 percent be made available for Green Project Reserve eligible projects. It is anticipated that the 2021 capitalization grant will include a requirement that not less than 10 percent be made available for Green Project Reserve eligible projects. South Dakota for several years has utilized incentive rate financing to help encourage borrowers to take additional loan funds for Section 319 Non-point Source project funding. In South Dakota many Non-point Source projects include the purchase of easements adjacent to impaired waterbodies to install best management practices reducing nutrient loading into the streams. These activities are green projects as defined by EPA's eligibility criteria and have been used to meet a portion of the 2016-2020 GPR requirements, additional funds are allocated

to projects and as funds are expended they will be recorded for GPR tracking. Additionally, the Sioux Falls Water Reclamation Facility expansion will replace a significant amount of mechanical equipment replacement. The energy efficiency realized by the equipment replacement will be determined later and the Green Project Reserve amount will be updated. These projects will provide sufficient funds to meet the 10 percent requirement of the remaining 2020 and 2021 capitalization grants anticipated to be \$1,302,122 combined.

Interest Rates

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

The current interest rates for FFY 2021 are summarized in Table 1. The rates were adjusted in April 2020.

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

Administrative Surcharge Activities

The interest rate includes an administrative surcharge as identified in Table 1. The surcharge was established to provide a pool of funds to be used for administrative purposes after the state ceases to receive

| | Up to 5 Yrs | Up to 10 Yrs | Up to 20 Yrs | Up to 30 Yrs* |
|---------------------------------------|----------------|-----------------|-----------------|------------------|
| <u>Interim Rate</u> | | | | |
| Interest Rate | 2.00% | | | |
| Admin. Surcharge | 0.00% | | | |
| Total | 2.00% | | | |
| <u>Base Rate</u> | | | | |
| Interest Rate | 1.375% | 1.50% | 1.625% | |
| Admin. Surcharge | 0.50% | 0.50% | 0.50% | |
| Total | 1.875% | 2.00% | 2.125% | |
| <u>Nonpoint Source Incentive Rate</u> | | | | |
| Interest Rate | 0.50% | 0.75% | 0.875% | |
| Admin. Surcharge | 0.50% | 0.50% | 0.50% | |
| Total | 1.00% | 1.25% | 1.375% | |

* Term cannot exceed useful life of the project.

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

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

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

Additionally, administrative surcharges have been allocated to supplement the

Consolidated program by providing water quality grants to Clean Water SRF eligible projects.

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

The American Recovery and Reinvestment Act (ARRA) of 2009 and subsequent capitalization grants through 2014 had mandated implementation of Davis-Bacon prevailing wage rules. The WRRDA of 2014 included Davis-Bacon prevailing wage requirements for all capitalization grants going forward. Under joint powers agreements between the planning districts and the department, the planning districts are reimbursed \$1,100 per project to oversee compliance with the Davis-Bacon wage rate verification and certification.

Administrative Surcharge Uses in FFY 2021

As of September 30, 2020, \$97,984 of unobligated administrative surcharge funds is available. It is anticipated that the administrative surcharge will generate an additional \$1,700,000 in FFY 2021.

In FFY 2021, \$1,475,000 of administrative surcharge funds will be allocated. It is proposed to allocate \$100,000 for planning grants and \$1,150,000 to supplement the Consolidated and Section 319 programs with grants for wastewater treatment and TMDL implementation projects.

Administrative surcharge funds will again be provided to the planning districts to defray the cost of SRF application preparation and project administration, which includes Davis-Bacon wage rate verification and certification. The FFY 2021 allocation for these activities will be \$200,000.

In FFY 2021, \$25,000 of administrative surcharge funds will be allocated to assist SRF applicants to improve the financial or managerial capacity of the wastewater utility. In 2018, DENR signed a three-year contract with Midwest Assistance Program to provide these services.

Build America Bond Activities and Uses

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

In fiscal year 2020, \$2,000,000 of Build America Bond funds were allocated to supplement the Consolidated program with grants for wastewater and storm sewer projects. No additional funds will be allocated the above amount includes subsidy payments to be received through 2021.

Capitalization Grant Administrative Allowance

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

Four percent of the fiscal year 2021 capitalization grant is \$312,000, and 1/5 of a percent of the current fund valuation of \$260,127,066 results in \$520,254 available for administrative fees. As a result, an administrative allowance of \$520,254 will be reserved for administrative purposes in FFY 2021.

ASSURANCES AND SPECIFIC PROPOSALS

The state has assured compliance with the following sections of the law in the State/EPA Operating Agreement – XI Certification Procedures. In addition, the state has developed specific proposals on implementation of those assurances in the administrative rules promulgated by the Board of Water and Natural Resources.

Section 602(a) – Environmental Reviews – The state certifies that it will conduct environmental reviews of each project on Attachment II receiving assistance from the Clean Water SRF, as applicable. The state will follow EPA-approved National Environmental Policy Act (NEPA) procedures in conjunction with such environmental reviews.

Section 602(b)(3) – Binding Commitments – The state certifies that it will enter into binding commitments equal to at least 120 percent of each quarterly grant payment within one year after receipt.

Section 602(b)(4) – Timely Expenditures of Funds – The state is committed to obligate Clean Water SRF moneys to eligible applicants as quickly and efficiently as possible to facilitate the financing of eligible projects and to initiate construction with a minimum of delay.

Section 602(b)(5) – First Use Enforceable Requirements – The state certifies that all major and minor wastewater treatment facilities identified as part of the National Municipal Policy (NMP) universe are:

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

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

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

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

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

CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

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

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

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

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

A formal public hearing was held for the South Dakota FFY 2021 Clean Water SRF Intended Use Plan on November 5, 2020.

Table 2 – Amounts Available to Transfer between State Revolving Fund Programs

| Year | DWSRF Capitalization Grant | Amount Available for Transfer | Banked Transfer Ceiling | Amount Transferred from CWSRF to DWSRF | Amount Transferred from DWSRF to CWSRF | Transfer Description | CWSRF Funds Available to Transfer | DWSRF Funds Available to Transfer |
|-------------|-----------------------------------|--------------------------------------|--------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------|------------------------------------------|------------------------------------------|
| 1997 | \$12,558,800 | \$4,144,404 | \$4,144,404 | | | | \$4,144,404 | \$4,144,404 |
| 1998 | \$7,121,300 | \$2,350,029 | \$6,494,433 | | | | \$6,494,433 | \$6,494,433 |
| 1999 | \$7,463,800 | \$2,463,054 | \$8,957,487 | | | | \$8,957,487 | \$8,957,487 |
| 2000 | \$7,757,000 | \$2,559,810 | \$11,517,297 | | | | \$11,517,297 | \$11,517,297 |
| 2001 | \$7,789,100 | \$2,570,403 | \$14,087,700 | | | | \$14,087,700 | \$14,087,700 |
| 2002 | \$8,052,500 | \$2,657,325 | \$16,745,025 | \$7,812,960 | | CW Cap Grant/Match | \$8,932,065 | \$16,745,025 |
| 2003 | \$8,004,100 | \$2,641,353 | \$19,386,378 | \$7,761,360 | | CW Cap Grant/Match | \$3,812,058 | \$19,386,378 |
| 2004 | \$8,303,100 | \$2,740,023 | \$22,126,401 | | | | \$6,552,081 | \$22,126,401 |
| 2005 | \$8,285,500 | \$2,734,215 | \$24,860,616 | | | | \$9,286,296 | \$24,860,616 |
| 2006 | \$8,229,300 | \$2,715,669 | \$27,576,285 | | \$7,500,000 | Leveraged Bonds | \$12,001,965 | \$20,076,285 |
| 2007 | \$8,229,000 | \$2,715,570 | \$30,291,855 | | | | \$14,717,535 | \$22,791,855 |
| 2008 | \$8,146,000 | \$2,688,180 | \$32,980,035 | | | | \$17,405,715 | \$25,480,035 |
| 2009 | \$8,146,000 | \$2,688,180 | \$35,668,215 | | | | \$20,093,895 | \$28,168,215 |
| 2010 | \$13,573,000 | \$4,479,090 | \$40,147,305 | | | | \$24,572,985 | \$32,647,305 |
| 2011 | \$9,418,000 | \$3,107,940 | \$43,255,245 | | \$10,000,000 | Repayments | \$27,680,925 | \$25,755,245 |
| 2012 | \$8,975,000 | \$2,961,750 | \$46,216,995 | | | | \$30,642,675 | \$28,716,995 |
| 2013 | \$8,421,000 | \$2,788,930 | \$48,995,925 | | | | \$33,421,605 | \$31,495,925 |
| 2014 | \$8,845,000 | \$2,918,850 | \$51,914,775 | | | | \$36,340,455 | \$34,414,775 |
| 2015 | \$8,787,000 | \$2,899,710 | \$54,814,485 | | | | \$39,240,165 | \$37,314,485 |
| 2016 | \$8,312,000 | \$2,742,960 | \$57,557,445 | | | | \$41,983,125 | \$40,057,445 |
| 2017 | \$8,241,000 | \$2,719,530 | \$60,276,975 | | | | \$44,702,655 | \$42,776,975 |
| 2018 | \$11,107,000 | \$3,665,310 | \$63,942,285 | | | | \$48,367,965 | \$46,442,285 |
| 2019 | \$11,004,000 | \$3,631,320 | \$67,573,605 | | | | \$51,999,285 | \$50,073,605 |
| 2020 | \$11,011,000 | \$3,633,630 | \$71,207,235 | | | | \$55,632,915 | \$53,707,235 |
| 2021 Est. | \$11,011,000 | \$3,633,630 | \$74,840,865 | | | | \$59,266,545 | \$57,340,865 |

Table 3 – Principal Forgiveness Allowed and Awarded

| | Principal Forgiveness for all Borrowers | | |
|---------------|------------------------------------------------|---------------------|----------------------------------|
| Year | Minimum | Maximum | Awarded from FY Grant |
| 2010 | \$1,497,982 | \$4,993,274 | \$4,993,274 |
| 2011 | \$669,233 | \$2,230,777 | \$2,230,777 |
| 2012 | \$383,922 | \$575,882 | \$575,882 |
| 2013 | \$307,120 | \$460,680 | \$460,680 |
| 2014 | \$372,924 | \$559,386 | \$559,386 |
| 2015 | \$0 | \$2,045,100 | \$2,045,100 |
| 2016 | \$652,500 | \$2,610,000 | \$2,610,000 |
| 2017 | \$647,400 | \$2,589,600 | \$2,589,600 |
| 2018 | \$785,900 | \$3,143,600 | \$3,143,600 |
| 2019 | \$777,900 | \$3,111,600 | \$3,111,600 |
| 2020 | \$778,000 | \$3,112,000 | \$172,520 |
| 2021 Est. | \$778,000 | \$3,112,000 | \$0 |
| Totals | \$7,650,881 | \$28,543,899 | \$22,492,419 |

ATTACHMENT I

PROJECT PRIORITY LIST

Attachment I is a comprehensive list of projects that are eligible for Clean Water SRF loans. This list was developed from State Water Plan applications. Inclusion on the list carries no obligations to the Clean Water SRF program. Attachment II lists those projects expected to be funded in FFY 2021.

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible |
|-----------------|----------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------|--------------------------------|
| 28 | Alcester | C461212-01 | Replacement of 7,400 feet of existing collection pipe, cleaning and televising the remaining collection system to prioritize for future repairs, and making wastewater treatment facility improvements to include upgrades to the inflow lift station and equalization basins, new aeration basin construction, upgrades to the existing aeration basin, process pumping system upgrades, and disinfection process upgrades. | \$5,500,000 | 2.125%, 30 yrs | Yes |
| 26 | Mitchell | C461129-09 | Upgrades to the wastewater treatment facility to include a new headworks facility, new equalization basin, improvements to the septage receiving structure, electrical system and other site improvements. | \$10,000,000 | 2.125%, 30 yrs | |
| 22 | Tea | C461028-09 | Construction of a lift station and 26,800 feet of forcemain to convey all wastewater in the community to Sioux Falls for treatment. | \$7,392,000 | 2.125%, 30 yrs | |
| 21 | Piedmont | C461462-01 | Construction of a centralized collection system and activated sludge treatment facility to replace on-site septic systems within the municipality. | \$4,500,000 | 2.00%, 20 yrs | Yes (Pending rate increase) |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible |
|------------------------|-----------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------|---------------------------------------|
| 20 | Rapid City | C461014-07 | Upgrades to the water reclamation facility to include a new clariflocculator for the aeration basin and replacement of siphon pipes near the screenings building. | \$6,075,000 | 2.00%, 20 yrs | |
| 20 | Sioux Falls | C461232-46 | Major replacement and upgrades to the city's water reclamation facility to improve treatment processes and expand the current treatment capacity to meet future growth needs (Phases 3 and 4). | \$98,875,000 | 2.00%, 20 yrs | |
| 18 | Watertown | C461029-13 | Replacement of primary clarifier #2 at the wastewater treatment facility. | \$2,500,000 | 2.125%, 30 yrs | |
| 18 | Yankton | C461038-05 | Upgrades at the wastewater treatment facility to include construction of a new equalization basin, replacing influent piping, installing a splitter at the plant headworks, making upgrades to the electrical system, and installing a back-up generator. | \$3,180,000 | 2.125%, 30 yrs | |
| 16 | Hot Springs | C461040-03 | Construction of new gravity sewer main to connect users currently utilizing on-site septic systems to the city's wastewater treatment system. | \$638,525 | 2.125%, 30 yrs | Yes |
| 16 | Lead | C461007-10 | Replacement of two blocks of sanitary sewer and install separate storm sewer to remove additional combined sewer on Mill Street. | \$378,733 | 2.125%, 30 yrs | |
| 16 | Mobridge | C461016-06 | Upgrades at the wastewater treatment facility to include replacement of the existing screw pumps, grit handling equipment and screening system and repairs to the facility roof and electrical equipment. | \$1,830,000 | 2.00%, 20 yrs | Yes (Pending rate increase) |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible |
|------------------------|-----------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------|---------------------------------------|
| 16 | Rapid City | C461014-08 | Construction of a landfill cap for existing waste cell #16, a landfill gas collection and control system and improvements to the existing gas collection system, and construction of a new landfill disposal cell. | \$4,760,000 | 2.00%, 20 yrs | |
| 15 | Custer | C461021-05 | Upgrades at the wastewater treatment facility to include control building HVAC and electrical, standby generators, SCADA system, pond structures, pumps, interpond piping, installation of a submerged-attached-growth-reactor treatment system, related appurtenances, and UV disinfection. A new lift station and forcemain with a new discharge point will also be installed for better maintenance and ability to meet discharge permits limits. | \$12,450,400 | 2.125%, 30 yrs | Yes |
| 15 | Eagle Butte | C461148-04 | Replacement of existing sanitary sewer and manholes in several locations and lift stations at No Heart and Hwy 212, installation of piping necessary to convey the wastewater, and rehabilitation of the wastewater treatment ponds to include new rip-rap, embankment shaping, and sludge removal. | \$5,506,000 | 2.125%, 30 yrs | Yes |
| 15 | Gregory | C461126-04 | Replacement and relining of the existing sanitary sewer collection lines, replacement of two existing lift stations, and improvements to the wastewater treatment facility to include new rip-rap, embankment shaping, and sludge removal. | \$13,192,400 | 2.125%, 30 yrs | Yes |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible |
|------------------------|-----------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------|---------------------------------------|
| 14 | Mitchell | C461129-10 | Construction of a landfill cap for existing waste cell #2 and construction of a new landfill disposal cell #4. | \$1,600,000 | 2.00%, 20 yrs | |
| 14 | Vermillion | C461022-09 | Construction of a landfill cap for existing waste cells and construction of new landfill disposal cells #6 & 7. | \$2,240,000 | 2.00%, 20 yrs | Yes |
| 14 | Waubay | C461025-04 | Construction of bank stabilization and erosion control protection on the outside berm of the wastewater treatment lagoon facility adjacent to Bitter Lake. | \$2,168,910 | 2.125%, 30 yrs | Yes |
| 14 | Wessington Springs | C461210-02 | Grading of the wastewater treatment facility site will be conducted to redirect stormwater from over topping berms and entering the treatment ponds, installing riprap on the primary treatment cell to prevent erosion. | \$960,000 | 2.125%, 30 yrs | Yes (Pending rate increase) |
| 13 | Gayville | C461250-02 | Replacement of 11,100 feet of existing clay sanitary sewer, installation of 2,250 feet of storm sewer, replacement of an existing lift station, and improvements at the wastewater treatment facility to include repair of the pond liner, repair to pond inlet/outlet structures, and inter pond piping replacement. | \$4,429,000 | 2.125%, 30 yrs | |
| 13 | Harrisburg | C461065-08 | Replacement of 17,000 feet of existing sanitary sewer and installation of 10,700 new storm sewer in the southeastern portion of the city. | \$8,650,000 | 2.125%, 30 yrs | |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible |
|------------------------|-----------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------|---------------------------------------|
| 13 | Lake Norden | C461256-03 | Replacement of the north lift station and repairs to the wastewater treatment lagoons to include riprapping of embankments and replacing control structures. | \$3,000,000 | 2.125%, 30 yrs | Yes |
| 13 | Mitchell | C461129-11 | Dredging of Lake Mitchell to remove nutrient laden lakebed sediments. | \$11,250,000 | 2.00%, 20 yrs | |
| 13 | Pickstown | C461378-01 | Cleaning and televising 29,000 feet the wastewater collection system and determine where cast in place or open trench pipe replacement is appropriate for rehabilitating the collection system. The project will also rehabilitate the wastewater treatment facility to continue providing adequate treatment. | \$4,758,625 | 2.125%, 30 yrs | |
| 12 | Mitchell | C461129-12 | Televising, replacing and relining areas of sanitary sewer collection lines throughout the city, and replacement or rehabilitation of several existing lift stations throughout the city. | \$23,100,000 | 2.125%, 30 yrs | |
| 12 | Rapid City | C461014-09 | Installation of higher capacity wastewater gravity and forcemain lines that enter into and exit the Elk Vale Lift Station to increase the capacity for sewer service in the surrounding area. | \$7,800,000 | 2.125%, 30 yrs | |
| 12 | Sioux Falls | C461232-44 | Increase the capacity of the existing Pump Station 240 from 3.5 million gallons per day to 7 million gallons per day, install a parallel 30-inch forcemain from the pump station to the water reclamation facility, and install best management practices in the Big Sioux River watershed. | \$39,038,000 | 1.25%, 20 yrs | |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible |
|------------------------|-----------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------|---------------------------------------|
| 12 | Sioux Falls | C461232-45 | Installation of approximately two miles of sanitary sewer trunk line in the Basin 15 collection area. Located in the northwest part of Sioux Falls near 12th Street and Ellis Road to provide for future development. | \$10,128,145 | 1.25%, 20 yrs | |
| 12 | Vermillion | C461022-10 | Replacement of an existing lift station that is undersized and in need of improvements. | \$764,000 | 2.00%, 20 yrs | Yes |
| 10 | Elkton | C461229-03 | Cleaning and televising the entire collection system and replacement or relining of approximately 44,500 feet of sewer lines and manholes. | \$8,412,000 | 2.125%, 30 yrs | |
| 10 | Hot Springs | C461040-04 | Replacement of approximately 5,640 feet of sewer lines and manholes under SD Hwy 385/18. | \$704,000 | 2.125%, 30 yrs | Yes |
| 10 | Vermillion | C461022-11 | Installation of 7,800 feet of storm sewer trunk line to help with upstream storm water conveyance. | \$4,150,000 | 2.125%, 30 yrs | Yes |
| 9 | Baltic | C461223-04 | Replacement of the main lift station at the wastewater treatment facility that is beyond its useful life. | \$718,600 | 2.125%, 30 yrs | |
| 9 | Chancellor | C461122-03 | Replacement of 8,500 feet of existing clay sanitary sewer and installation of 6,100 feet of storm sewer throughout the community. | \$5,300,000 | 2.125%, 30 yrs | |
| 9 | Salem | C461057-04 | Replacement of existing sanitary sewer and installation of storm sewer in the city's industrial area. | \$2,040,000 | 2.125%, 30 yrs | |
| 9 | Tabor | C461259-01 | Replacement of approximately 16,500 feet of sewer lines and manholes throughout the city and the rehabilitation of a lift station. | \$4,765,000 | 2.125%, 30 yrs | |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible |
|------------------------|-----------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------|---------------------------------------|
| 9 | White | C461118-01 | Replacement or relining of approximately 13,000 feet of sewer lines and manholes throughout the city. | \$6,100,000 | 2.125%, 30 yrs | Yes (Pending rate increase) |
| 8 | Bowdle | C461243-01 | Replacement of approximately 11,700 feet of clay sanitary sewer with 8- and 15-inch PVC pipe under Main Street and the outfall line to the treatment facility. | \$2,015,444 | 2.125%, 30 yrs | |
| 8 | Canistota | C461226-05 | Replacement of 3,900 feet of existing clay sanitary sewer and installation of 2,800 feet of storm sewer in the 7th Avenue and Pine Street areas | \$1,075,000 | 2.125%, 30 yrs | |
| 8 | Cresbard | C461132-01 | Replacement of 11,000 feet of existing clay sanitary sewer and installation of 7,500 feet of storm sewer throughout the community. | \$3,124,127 | 2.125%, 30 yrs | Yes (Pending rate increase) |
| 8 | Marion | C461020-03 | Replacement of 300 feet of sanitary sewer and installation of 3,400 feet of storm sewer on Broadway Avenue. | \$2,323,261 | 2.125%, 30 yrs | |
| 8 | Northdale Sanitary District | C461005-02 | Replacement and rerouting of existing sanitary sewer collection lines jeopardized by collapsing streets over an abandoned gypsum mine. | \$440,000 | 2.125%, 30 yrs | |
| 8 | Saint Lawrence | C461045-02 | Replacement of 13,175 feet of existing clay sanitary sewer and rehabilitation of an existing lift station. | \$2,134,000 | 2.125%, 30 yrs | |
| 8 | Tea | C461028-10 | Installation of 4,700 feet of new sanitary sewer to connect existing users and provide for future connections. | \$1,433,000 | 2.125%, 30 yrs | |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible |
|------------------------|-----------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------|---------------------------------------|
| 8 | Wessington Springs | C461210-03 | Replacement of 4.5 blocks of sanitary sewer on Second Street. | \$90,000 | 2.125%, 30 yrs | Yes (Pending rate increase) |
| 7 | Hudson | C461280-01 | Replacement of an existing lift station and 2,800 feet of forcemain to the treatment facility, removal of sludge from the treatment ponds, cleaning and televising of the collection system, and 26,000 feet of sanitary sewer pipe replacement throughout the community. | \$8,705,820 | 2.125%, 30 yrs | Yes (Pending rate increase) |

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FFY 2021

| Priority Points | Loan Recipient | Project Number | Assistance Amount | Principal Forgiveness ¹ | Funding Date | Expected Funding Source ² |
|-----------------|-----------------------------------------------------------------------------|----------------|-------------------|------------------------------------|--------------|--------------------------------------|
| | <i>Green Project Reserve Information</i> | | | | | |
| Loans Expected | | | | | | |
| 28 | Alcester | C461212-01 | \$3,720,000 | \$558,000 | March 2021 | Repay/Lev. Bonds |
| 26 | Mitchell | C461129-09 | \$10,000,000 | | March 2021 | Repay/Lev. Bonds |
| 22 | Tea | C461028-09 | \$7,392,000 | | March 2021 | Repay/Lev. Bonds |
| 18 | Watertown | C461029-13 | \$2,500,000 | | March 2021 | Repay/Lev. Bonds |
| 18 | Yankton | C461038-05 | \$3,180,000 | | March 2021 | Repay/Lev. Bonds |
| 16 | Mobridge | C461016-06 | \$1,830,000 | \$274,500 | March 2021 | Repay/Lev. Bonds |
| 16 | Rapid City | C461014-08 | \$4,000,000 | | March 2021 | Repay/Lev. Bonds |
| 15 | Custer | C461021-05 | \$6,300,000 | \$945,000 | March 2021 | Repay/Lev. Bonds |
| 15 | Gregory | C461126-04 | \$6,400,000 | \$960,000 | March 2021 | Repay/Lev. Bonds |
| 14 | Mitchell | C461129-10 | \$1,280,000 | | March 2021 | Repay/Lev. Bonds |
| 14 | Vermillion | C461022-09 | \$1,800,000 | \$270,000 | March 2021 | Repay/Lev. Bonds |
| 14 | Waubay | C461025-04 | \$2,168,910 | \$325,000 | March 2021 | Repay/Lev. Bonds |
| 14 | Wessington Springs | C461210-02 | \$960,000 | \$144,000 | March 2021 | Repay/Lev. Bonds |
| 13 | Gayville | C461250-02 | \$4,429,000 | | March 2021 | Repay/Lev. Bonds |
| 13 | Lake Norden | C461256-03 | \$2,600,000 | \$390,000 | March 2021 | Repay/Lev. Bonds |
| 12 | Sioux Falls | C461232-44 | \$36,000,000 | | March 2021 | 2019/20/21/ Lev. Bonds |
| 12 | Sioux Falls | C461232-45 | \$10,128,145 | | March 2021 | Leveraged Bonds |
| | <i>GPR Project Type: Green Infrastructure (Categorical) GPR Amount: TBD</i> | | | | | |
| 10 | Vermillion | C461022-11 | \$4,150,000 | \$622,500 | March 2021 | Repay/Lev. Bonds |
| 9 | Baltic | C461223-04 | \$718,600 | | March 2021 | Repay/Lev. Bonds |
| 9 | Chancellor | C461122-03 | \$3,900,000 | | March 2021 | Repay/Lev. Bonds |
| 9 | Salem | C461057-04 | \$2,040,000 | | March 2021 | Repay/Lev. Bonds |
| 9 | White | C461118-01 | \$3,300,000 | \$495,000 | March 2021 | Repay/Lev. Bonds |
| 8 | Canistota | C461226-05 | \$1,075,000 | | March 2021 | Repay/Lev. Bonds |
| 8 | Cresbard | C461132-01 | \$1,500,000 | \$225,000 | March 2021 | Repay/Lev. Bonds |
| 8 | Northdale Sanitary District | C461005-02 | \$440,000 | | March 2021 | Repay/Lev. Bonds |
| 8 | Saint Lawrence | C461045-02 | \$2,134,000 | | March 2021 | Repay/Lev. Bonds |

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

2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the FFY 2021 annual report.

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FFY 2021 (Continued)

| Priority Points | Loan Recipient | Project Number | Assistance Amount | Principal Forgiveness ¹ | Funding Date | Expected Funding Source ² |
|-----------------|------------------------------------------------------------------------------|----------------|-------------------|------------------------------------|--------------|--------------------------------------|
| | <i>Green Project Reserve Information</i> | | | | | |
| Loans Expected | | | | | | |
| 20 | Rapid City | C461014-07 | \$6,075,000 | | June 2021 | Repay/Lev. Bonds |
| 12 | Mitchell | C461129-12 | \$6,800,000 | | June 2021 | Repay/Lev. Bonds |
| 12 | Vermillion | C461022-10 | \$764,000 | \$114,600 | June 2021 | Repay/Lev. Bonds |
| 8 | Wessington Springs | C461210-03 | \$90,000 | \$13,500 | June 2021 | Repay/Lev. Bonds |
| 20 | Sioux Falls | C461232-46 | \$87,500,000 | | Sept. 2021 | Leveraged Bonds |
| | <i>GPR Project Type: Energy Efficiency (Categorical) GPR Amount: TBD</i> | | | | | |
| 16 | Lead | C461007-10 | \$378,733 | | Sept. 2021 | Repay/Lev. Bonds |
| 8 | Tea | C461028-10 | \$1,433,000 | | Sept. 2021 | Repay/Lev. Bonds |

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

2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the FFY 2021 annual report.

**ATTACHMENT III
PROGRAM FUNDING STATUS**

Federal Fiscal Years 1989 – 2020

| | | |
|---------------------------------------------------------------------------|----------------------|----------------------------|
| Capitalization Grants | \$210,710,200 | |
| State Match | \$42,142,040 | |
| ARRA Grant | \$19,239,100 | |
| Program Administration Allowance | (\$9,648,395) | |
| Leveraged Funds | \$415,786,052 | |
| Transfer FFY 2002 & 2003 Capitalization Grant and State Match to DWSRF | (\$15,574,320) | |
| Excess Interest as of September 30, 2020 | \$112,255,918 | |
| Excess Principal as of September 30, 2020 | <u>\$182,052,086</u> | |
| Total Funds Dedicated to Loan | | \$956,962,681 |
| Closed Loans made through September 30, 2020 | | <u>(\$813,148,590)</u> |
| Unclosed loans and available funds as of September 30, 2020 | | \$143,814,091 |

Federal Fiscal Year 2021 Projections

| | | |
|--------------------------------------------------------------------------------------------|---------------------|--------------------------|
| Capitalization Grants | \$7,780,000 | |
| State Match | \$1,556,000 | |
| Program Administration Allowance | (\$520,254) | |
| Projected Excess Principal Repayments | \$3,300,000 | |
| Projected Unrestricted Interest Earnings | \$3,600,000 | |
| Leveraged Bonds | <u>\$65,000,000</u> | |
| Projected FFY 2021 Loan Subtotal | | \$80,715,746 |
| Unclosed loans and funds Available for Loans | | \$224,529,837 |
| Loans Awarded and Unclosed as of September 30, 2020 | | (\$80,407,400) |
| Total Funds Available for Loans | | <u>\$144,122,437</u> |
| Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2021 | | <u>\$226,986,388</u> |

| Administrative Surcharge Funds Available as of September 30, 2020 | |
|--------------------------------------------------------------------------|--------------------|
| Restricted Account (Administrative Purposes Only) | \$205,378 |
| Discretionary Account (Available for Water Quality Grants) | <u>(\$107,394)</u> |
| Total | <u>\$97,984</u> |