
THE SOUTH DAKOTA CONSERVANCY DISTRICT
STATE WATER POLLUTION CONTROL REVOLVING LOAN FUND
ANNUAL REPORT
FEDERAL FISCAL YEAR 1993

Department of Environment and Natural Resources
Division of Water Resources Management
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MISSION

The objective of the South Dakota State Water Pollution Control Revolving Loan Fund is to capitalize the State Revolving Fund (SRF) to the fullest; maintain, 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 the economic well-being of the citizens of the State of South Dakota.

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Special thanks to The First National Bank in Sioux Falls for their input in completing the 1993 SRF Annual Report.

STATE REVOLVING FUND
LOAN PORTFOLIO

STATE REVOLVING FUND LOAN PROGRAM

SPONSOR	RATE, TERM	LOAN AMOUNT
Belle Fourche	3%,20	\$253,000.00
Box Elder	3%,20	648,600.00
Brandon (01)	3%,10	105,049.00
Brandon (02)	3%,10	600,000.00
Brookings	4%,15	188,065.00
Canton	4%,15	515,715.00
Chamberlain (01)	3%,10	350,500.00
Chamberlain (02)	3%,10	265,000.00
Clear Lake	4%,15	370,000.00
Custer (01)	3%,20	430,000.00
Custer (02)	3%,20	182,000.00
Custer (03)	3%,10	231,000.00
Elk Point	4%,15	458,000.00
Hot Springs	3%,10	196,930.00
Huron (01)	3%,20	1,656,000.00
Huron (02)	3%,10	701,997.00
Lake Cochrane Sanitary District	3%,20	80,000.00
Lake Madison Sanitary District	4%,15	330,000.00
Lead (01)	3%,20	186,409.00
Lead (02)	3%,10	500,770.00
Lead (03)	3%,10	405,000.00
Lead-Deadwood Sanitary District	3%,5	106,855.00
Lemmon	3%,20	427,100.00
Madison	3%,10	119,416.00
McCook Lake Sanitary District	5%,20	641,935.00
Mobridge (01)	3%,20	1,500,000.00
Mobridge (02)	4%,15	158,000.00
North Sioux City	3%,10	239,650.00
Pierre	4%,15	433,976.00
Pollock	3%,10	170,000.00
Rapid City (01)	4%,15	2,637,000.00
Rapid City (02)	4%,15	1,138,200.00
Rapid City (03)	4%,15	777,500.00
Rapid Valley Sanitary District	3%,20	614,000.00
Sioux Falls (01)	3%,20	2,836,962.58
Sioux Falls (02)	3%,10	453,999.19
Sioux Falls (03)	3%,10	845,000.00
Sioux Falls (04)	3%,10	1,199,999.89
Sioux Falls (05)	3%,10	1,955,000.00
Sioux Falls (06)	3%,10	699,999.92
Sioux Falls (07)	3%,10	4,500,000.00
Spearfish	4%,15	1,956,000.00
Sturgis	5%,20	502,000.00
Tea	4%,15	600,000.00
Vermillion	3%,20	125,000.00
Watertown (01)	4%,15	2,000,000.00
Watertown (02)	4%,15	4,000,000.00
Waubay	5%,20	81,454.00
Whitewood	4%,15	180,801.95
TOTAL		\$39,553,884.53

- BELLE FOURCHE -** The City of Belle Fourche constructed sanitary sewer lines and manholes with a \$253,000 loan. Portions of the sewer lines were built in areas that will have future development. The term of the loan is for 20 years at 3%.
- BOX ELDER -** Box Elder utilized a \$648,600 SRF loan to refinance existing sewer debt incurred to expand its treatment facility. The term of the loan is 20 years at a rate of 3%.
- BRANDON -** The City of Brandon received two SRF loans totalling \$705,049. The first loan of \$105,049 was for a storm drainage project. The second loan of \$600,000 is for the construction of a forcemain to convey partially treated wastewater from the Brandon wastewater treatment facility to the Sioux Falls wastewater treatment plant. This loan is also financing the associated pumping station and some minor improvements to the existing treatment facility. Both loans are for 10 year terms at an interest rate of 3%.
- BROOKINGS -** The City of Brookings received a loan of \$188,065 at an interest rate of 4% and a term of 15 years. The loan financed the construction of a new interceptor.
- CANTON -** The City of Canton received one SRF loan for \$515,715. This loan financed sanitary and storm sewer improvements in Canton. The loan is for a 15 year term at an interest rate of 4%.
- CHAMBERLAIN -** Chamberlain received two loans that total \$615,500. The loans were used to rehabilitate sanitary sewer lines and construct storm sewer lines under two major streets in the City. The term of both loans is 3% for 10 years.
- CLEAR LAKE -** The City of Clear Lake used a \$370,000, 4%, 15 year loan to construct a new wastewater treatment facility. The facility consisted of the construction of two new wastewater treatment stabilization ponds and the conversion of the existing pond into an artificial wetland.
- CUSTER -** The City of Custer received three SRF loans totalling \$843,000. The first loan of \$430,000 financed the construction of a forcemain to convey treated effluent from the Custer

wastewater treatment facility to the Custer municipal golf course; a storage reservoir at the golf course to store the effluent; and irrigation facilities at the golf course to utilize the effluent. The second loan of \$182,000 partially financed sewer improvements which included collection lines and an interceptor line extension on the west edge of the city limits. The first and second loans were for 20 years at an interest rate of 3%. The third loan of \$231,000 will partially finance the expansion of the existing wastewater treatment facility. The third loan is for a 10 year term at an interest rate of 3%.

ELK POINT -

The City of Elk Point will replace two existing lift stations with a new lift station, forcemain and interceptor lines. The City has a \$458,000 loan with a term of 4% for 15 years.

HOT SPRINGS -

The City of Hot Springs received a 3%, 10 year loan of \$196,930 to build new collection lines. The new lines will be constructed in an area of the City that is not connected to the sanitary system.

HURON -

The City of Huron received two SRF loans. The first loan was used to partially fund improvements at the mechanical wastewater treatment facility and artificial wetlands treatment site. This loan totalled \$1,656,000 at a rate of 3% for 20 years. The second loan was used to construct an extension to the storm sewer system to provide drainage in the rapidly developing northwest part of the City. The second loan totalled \$701,997 at a rate of 3% for 10 years.

**LAKE COCHRANE
SANITARY DISTRICT -**

The Lake Cochrane Sanitary District constructed a wastewater collection and treatment system at Lake Cochrane. An \$80,000 loan was made to the District to refinance a portion of the project which was ineligible for Construction Grant funds. The loan was made for 20 years at a 3% rate.

**LAKE MADISON
SANITARY DISTRICT -**

The Lake Madison Sanitary District received a 4%, 15 year term SRF loan for \$330,000. The loan was used to refinance a Farmers Home Administration loan, which partially funded the installation of a wastewater collection and treatment system to serve Lake Madison.

- LEAD -** The City of Lead received three SRF loans which have been used for the separation of combined sanitary and storm sewers along with the rehabilitation of portions of the sanitary sewer system. The first loan totalled \$186,409 at a rate of 3% for 20 years. The second and third loans totalled \$905,770, (\$500,770 and \$405,000 respectively) at a rate of 3% for 10 years. All three projects have been completed.
- LEAD-DEADWOOD
SANITARY DISTRICT -** A sludge disposal vehicle and a sewer jet were purchased by the Lead-Deadwood Sanitary District with this loan. The loan was for \$106,855 at a rate of 3% for 5 years.
- LEMMON -** The City of Lemmon received a \$427,100 loan at a rate of 3% for 20 years to refinance a general obligation sewer bond issued in 1985. The bonds were issued to correct an infiltration/inflow problem.
- MADISON -** The city of Madison received an SRF loan to finance the construction of new collectors. The loan was issued for \$119,416 at 3% for 10 years.
- McCOOK LAKE
SANITARY DISTRICT -** The Sanitary District received an SRF loan in the amount of \$641,935 to partially fund the upgrade and expansion of the wastewater treatment facility. The loan rate is 5% for 20 years.
- MOBRIDGE -** The City of Mobridge received two SRF loans to partially fund the upgrade and expansion of the wastewater treatment facility. The first loan totalled \$1,500,000 at a rate of 3% for 20 years. The second loan totalled \$158,000 at a rate of 4% for 15 years.
- NORTH SIOUX CITY -** North Sioux City received an SRF loan in the amount of \$239,650 at a rate of 3% for 10 years. The loan is being used to construct storm sewer and drainage improvements in this community.
- PIERRE -** The City of Pierre used an SRF loan to completely finance the construction of an interceptor line near the airport and the addition of comminutors at the treatment plant. The airport interceptor rerouted wastewater going to an unpermitted lagoon near the airport into the main sewer system. The loan also partially financed improvements to the sludge handling facilities

at the treatment plant. The loan was for \$433,976 at 4% for 15 years.

POLLOCK -

Pollock received an SRF loan in the amount of \$170,000 at a rate of 3% for 10 years. The loan will be used to cover costs which exceed the available EPA grant funding. The loan is being utilized to upgrade Pollock's wastewater treatment facility.

RAPID CITY -

Rapid City has received three SRF loans which have been used for construction activities at the wastewater treatment facility as well as rehabilitation and extension of the sanitary sewer system. All construction under the first loan has been completed, with the loan totalling \$2,637,000. Construction activities are ongoing under the second and third loans with the SRF loan obligation under these loans totalling \$1,915,700. All Rapid City loans are at a rate of 4% for 15 years.

RAPID VALLEY

SANITARY DISTRICT -

The Rapid Valley Sanitary District received a \$614,000 SRF loan at a rate of 3% for 20 years. The loan was used for rehabilitation and extension of the existing sanitary sewer system. The project has been completed.

SIoux FALLS -

The City of Sioux Falls has received seven SRF loans totalling \$12,490,962. Sioux Falls has used the loans on a variety of projects. These projects include the construction of new interceptor lines and lift stations, sanitary sewer rehabilitation, the purchase of sludge handling equipment, infiltration/inflow correction, stormwater drainage improvements, flow equalization basin construction and sludge handling improvements. All loans are at 3% for 10 year terms.

SPEARFISH -

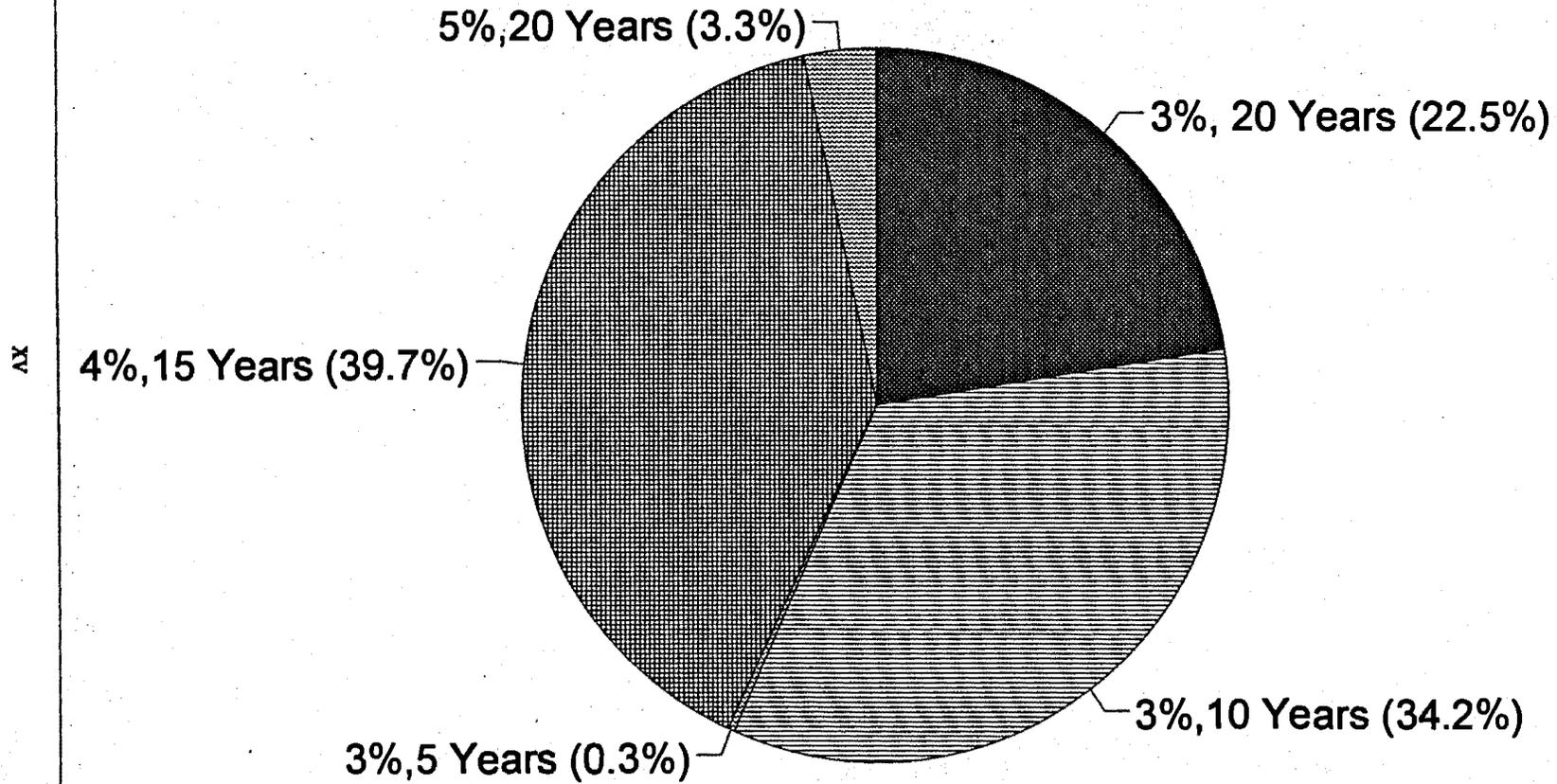
The City of Spearfish received a \$1,956,000 SRF loan to fund the expansion of the wastewater treatment facility. The loan rate is 4% for 15 years.

STURGIS -

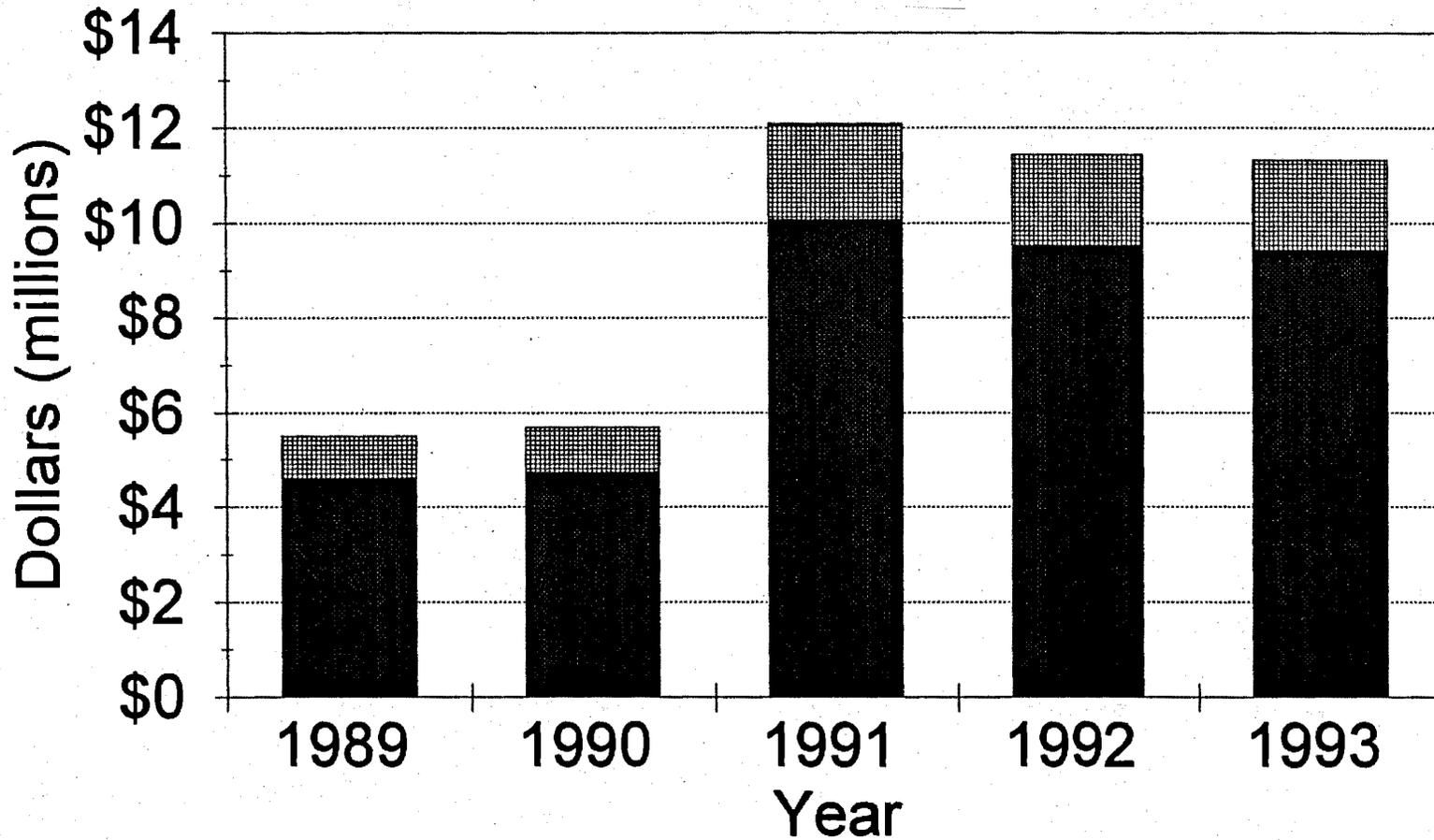
The City of Sturgis received one SRF loan for \$502,000. This loan will finance the construction of three sewer interceptor lines and one sewer collection line. The loan is for 20 years at 5%.

- TEA -** The City of Tea received one SRF loan for \$600,000. The loan will finance the construction of a storm sewer system. The loan is for 15 years at an interest rate of 4%.
- VERMILLION -** Vermillion received a \$125,000 SRF loan to reconstruct a sanitary sewer interceptor which was in need of replacement. The loan rate was 3% for 20 years.
- WATERTOWN -** The City of Watertown has received two SRF loans for the upgrade and expansion of the City's wastewater treatment facility. The first loan totalled \$2,000,000 and has been entirely utilized. The second loan obligation totals \$4,000,000. Both loans are at a rate of 4% for 15 years.
- WAUBAY -** The City of Waubay received an SRF loan of \$81,454 to construct a wastewater collection system within the city limits on the south shore of Blue Dog Lake. This area was previously served by septic tanks. The loan was for 20 years at 5%.
- WHITEWOOD -** Whitewood constructed a new mechanical wastewater treatment facility in conjunction with the existing stabilization pond system. The City partially funded the project with an SRF loan of \$180,801 at 4% for 15 years.

**STATE REVOLVING FUND INTEREST RATES
BY % OF LOAN PORTFOLIO (\$39.6 M)**



ANNUAL CAPITALIZATION STATE REVOLVING FUND



■ Capitalization Grant ▨ State Match

SOUTH DAKOTA
STATE WATER POLLUTION CONTROL
REVOLVING LOAN FUND
PROGRAM HISTORY

INITIATION OF THE PROGRAM

The Department of Environment and Natural Resources introduced legislation to the South Dakota Legislature for the State Water Pollution Control Revolving Loan Fund (SRF) in 1988. The 1988 South Dakota Legislature authorized the program with a grant in the amount of \$1,200,000 to initiate the fund and directed the South Dakota Conservancy District (Conservancy District) to administer the Program.

CAPITALIZATION GRANTS

Since 1988, the Conservancy District has received the full amount of each of its five capitalization grants totalling \$38,355,900. In order to receive each of the capitalization grants, the Conservancy District must have state matching funds in place equal to at least 20% of each grant. To meet this requirement the Conservancy District has issued bonds in the amount of \$10,055,000.

STATE MATCHING FUNDS

In 1989 \$5,875,000 in revenue bonds were issued with a AAA rating from Standard & Poor's Ratings Corporation (S & P). This issue was secured by the insurance company Capital Guaranty, thus the AAA rating. There are 36 loans under this program. In 1992 the District issued \$4,180,000 in revenue bonds with a BBB rating by S & P without being insured. There are currently 13 loans under this program.

ADVANCE REFUNDING

The Conservancy District is currently proceeding with an advance refunding of both outstanding bond issues. The advance refunding will not only provide cost savings by securing a lower interest rate, but also decrease the various management requirements by combining the administration of the program under one bond issue instead of two. The Conservancy District plans to issue these bonds in early January, 1994.

TRUSTEE

The Trustee for the Conservancy District is The First National Bank in Sioux Falls. The First National Bank in Sioux Falls has been the Conservancy District's trustee since the onset of the program in 1989. The trustee manages and invests all funds and accounts for the SRF Program; issues amortization schedules; disburses loan funds; and accepts all repayments of loans from each of the Program's 49 loans.

BOND COUNSEL

The Bond Counsel for the Conservancy District is the firm of Kutak Rock. Kutak Rock has been the bond counsel since the onset of the program in 1989. Kutak Rock has prepared all documents necessary for each bond issue, and has also prepared numerous opinions concerning the administration of the State Revolving Fund Program.

UNDERWRITER

Shearson Lehman has been the underwriter for both series of bonds. Shearson Lehman has sold each series of bonds and has assisted the bond counsel and trustee in determining the flow of funds through the numerous funds and accounts of each series of bonds.

EPA REGION VIII

Region VIII of the Environmental Protection Agency oversees the South Dakota State Revolving Fund Program. It assists the State in securing Capitalization Grants and guides the Conservancy District in its administration of the program.

FEDERAL FISCAL YEAR

1993

ANNUAL REPORT

I. INTRODUCTION

The State of South Dakota herewith submits its Annual Report for Federal Fiscal Year 1993 (October 1, 1992 through September 30, 1993). This report describes how South Dakota has met the goals and objectives of the State Revolving Fund Loan Program as identified in the 1993 Intended Use Plan, the actual use of funds, and the financial position of the SRF.

II. EXECUTIVE SUMMARY

South Dakota's SRF Program received a federal appropriation of \$9,431,000 in Federal Fiscal Year 1993. Federal funds made available in Federal Fiscal Year 1993 by all SRF grants were \$10,773,645 (this includes funds from the 1992 grant).

Nine communities entered into binding commitments with the Conservancy District totalling \$8,103,500 in loans for the construction of wastewater treatment projects. A breakdown of the binding commitments is shown in Exhibit I.

Loan disbursements from the program to the various recipients totalled \$9,755,089 federal monies and \$99,338 state match. For administration of the program, \$130,385 federal monies and \$26,077 state monies were expended. The required ratio of 1/6:5/6, state:federal monies was not adhered to because of the "overmatching" of state monies necessitated in 1992.

Numerous changes were made to the program to improve the loan review process for awarding new loans. The loan application was revised, and procedures in providing information to bond counsel and the attorney general's office were formalized. New tracking systems were developed, and those presently in place were revised.

The Conservancy District amended the Operating Agreement with EPA twice. In November, 1992, Paragraph B.10.a of attachment VI was amended to allow communities to be eligible for the SRF as long as the majority of the flow was existing on October 2, 1972. In January, 1993, Attachment II was revised to incorporate the changes the State made to its SRF administrative rules.

In October, 1992, the Conservancy District reviewed and approved the SRF interest rates for Federal Fiscal Year 1993 at their present rates of 3% for a 10 year term, 4% for a 15 year term, and 5% for a 20 year term.

Fourteen wastewater projects having SRF loans initiated operations this past year: Whitewood, Lead (03), McCook Lake Sanitary District, Rapid Valley Sanitary District, Belle Fourche, Waubay, Watertown (01), Canton, Chamberlain (01), Chamberlain (02), and Sioux Falls (04), Rapid City (01), Rapid City (02), and Sioux Falls (06).

The South Dakota SRF had its first loan fully repaid in 1993. The City of Waubay's loan in the amount of \$81,454 at 5% and 20 year term was repaid March 16, 1993.

III. GOALS AND ACCOMPLISHMENTS

A. Short Term Goals and Accomplishments

In its 1993 Intended Use Plan, the State of South Dakota identified one short term goal to be implemented. It also identified three objectives to be accomplished. The State has made significant progress toward successful completion of its short term goals and objectives.

GOAL: To fully capitalize the SRF fund.

The State received the full amount awarded in its Capitalization Grant and has issued bonds to fulfill the state match requirements to draw on the grant.

OBJECTIVE: Ensure the technical integrity of the SRF projects through the review of planning, design, plans and specifications, and construction activities.

Each SRF application is assigned to one engineer and is followed through by that engineer until project completion and initiation of operations.

OBJECTIVE: Ensure compliance with all pertinent federal, state, and local water pollution control laws and regulations.

The state works with all federal, state, and local agencies to ensure compliance.

OBJECTIVE: Obtain maximum capitalization of the funds for the state in the shortest time possible.

The State applied for its capitalization grants as soon as the awards were announced. State matching funds were in place at that time.

B. Long Term Goals and Accomplishments

GOAL: To fully capitalize the SRF.

The State has received and expended each Capitalization Grant in the required time period and has had state match monies available for each Capitalization Grant.

GOAL: Maintain or restore and enhance the chemical, physical and biological integrity of the State's waters for the benefit of the overall environment, the protection of public health, and the promotion of economic well-being.

The State has awarded 49 loans to 31 communities to assist them with construction of wastewater projects.

OBJECTIVE: Maintain a permanent, self-sustaining SRF program that will serve in perpetuity as a financing source for wastewater treatment works projects and water pollution control activities, including nonpoint source and groundwater protection projects.

By ensuring that all loans are made to financially sound and responsible borrowers, the SRF program will serve in perpetuity for South Dakota's wastewater and nonpoint source projects.

OBJECTIVE: 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.

The State has tailored the Handbook of Procedures to reflect the minimum of State oversight and maximum recipient leeway in the activities of the SRF. Certain activities such as a Plan of Operation and an Operation and Maintenance Manual will not normally be required. Also, activities such as a change order review for cost negotiation have been deleted since the funding source is now loans.

IV. DETAILS OF ACCOMPLISHMENTS

A. Fund Financial Status

1. Binding Commitments

Nine binding commitments were entered into during Federal Fiscal Year 1993

in order to provide financial assistance for Section 212 projects totalling \$8,103,500. Exhibit I lists the recipients of these SRF loans. All nine loans met the Equivalency Requirements (Title II Clean Water Act requirements) that apply to funds directly made available by the Capitalization Grant. The remaining 1993 allowance of \$3,213,700 must be obligated by May 3, 1995. It is anticipated that these funds will be obligated by March 31, 1994.

2. Sources of Funds

During 1993, the State was awarded a \$9,431,000 federal capitalization grant that was matched by \$1,886,200 in State funds. Exhibit III shows the annual allocation and source of SRF funds.

3. Revenues and Expenses

Fund revenues consisted of interest earned on loans to communities, investments, the loan loss reserve fund, the capitalized interest fund, and administrative expense surcharge payments received from each borrower. These earnings totalled \$1,018,000. Fund expenses included administration expenditures, interest payable on bonds, and the amortization of each bond issuance's costs. These totalled \$885,000. The Statement of Revenues, Expenditures, and Changes in Fund Balance is shown in Exhibit VII.

4. Disbursements and Guarantees

There were no loan guarantees during Federal Fiscal Year 1993.

5. Findings of the 1992 Audit

The SRF Program was audited by the South Dakota Department of Legislative Audit in March, 1993 for state fiscal year 1992 (July 1, 1991 through June 30, 1992). The Department responded and all findings were resolved. A copy of the financial statements can be found in Exhibit XI. Findings and responses are available upon request.

In February, 1993 EPA Region VIII conducted its annual review of the South Dakota SRF Program. All findings by EPA were answered or resolved to EPA's satisfaction and the program was deemed in compliance. A copy of EPA's findings and the State's response is available upon request.

B. Assistance Activity

Exhibits I through V illustrate the assistance activity of the SRF in Federal Fiscal Year 1993.

Exhibit I shows those recipients that received SRF loans during Federal Fiscal Year 1993. All loans were for Section 212 projects (wastewater and stormwater).

Exhibit II lists the 1989 - 1993 payment schedules contained in the past Capitalization Grant Agreements.

Exhibit III shows the total SRF funds available, broken down by fiscal year, capitalization amounts, and State match amounts.

Exhibit IV lists the estimated and actual cash disbursement schedule from the federal Letter of Credit (LOC) for FFY 1993. The estimated schedule was agreed upon by the State and EPA in the 1993 Annual Workplan.

Exhibit V lists the assistance amount provided to each Section 212 project by needs category. The table also lists the year's funds used for each project.

C. Provisions of the Operating Agreement / Conditions of the Grant

The State of South Dakota agreed to 18 conditions in the Operating Agreement and Capitalization Grant Agreement. The following 11 conditions have been met and need no further description.

- Agreement to Accept Payments
- Cash Draws for SRF Program Separate
- Prior Incurred Costs not as State Match
- Revenues Dedicated for Repayment of Loans
- Procurement Actions - 40 CFR Part 31
- Administrative Surcharge
- State Match
- Cash Draw Schedule
- Anti-Lobbying
- Expenditure of State Matching Funds
- Deposit of State Matching funds with Federal Monies

The following seven conditions have been met and are further described below.

1. No allotted FFY 93 Title II funds are to be transferred into the State Water Pollution Control Revolving Fund.

The State of South Dakota did not transfer any Title II funds during 1993.

2. Establishment of Minority Business Enterprise (MBE)/Women's Business Enterprise (WBE) Goals and Submittal of MBE/WBE Utilization Report.

The State and EPA have agreed on "fair share" goals of 6 percent and 2 percent for MBE and WBE firms. The actual goals achieved for Federal Fiscal Year 1993 were 3.4% for MBE and 0.5% for WBE.

3. Prior to executing binding commitments on SRF projects, the Regional Administrator must certify project compliance with Title VI of the Civil Rights Act.

The nine loan recipients all submitted project certification forms (EPA 4700-4) to the DENR, which in turn submitted these forms to EPA for concurrence. The forms were in most cases returned with EPA approval prior to the Board of Water and Natural Resources' action on the loans. In those cases that EPA did not return the forms prior

to Board approval, the Board approved each loan on a contingency basis that the form be approved by EPA.

4. Beginning in 1991 storm sewers were eligible to receive SRF loan assistance.

2 projects received loans for storm sewers in Federal Fiscal Year 1993.

5. Each disbursement from the SRF for activities shall be composed of an 83.33 percent/16.67 percent Federal/State ratio.

The State did overmatch on disbursements made prior to June 30, 1992 in order to close out the State's matching fund account. Post date July 1, 1992, the State proceeded to draw 100% federal letter of credit to compensate the fund for drawing 100% State Match prior to that date and will continue to do so until all 1989 Series Program Loans are fully drawn.

6. The State hereby establishes that it has reviewed all SRF funded Section 212 projects in accordance with the approved environmental review procedures as required by 40 CFR Section 35.3165 (b) (1).
7. Capitalization Grant FFY 1994 projected payments from the LOC are summarized as follows.

FFY 1994	1st Qtr.	\$	0
	2nd Qtr.		0
	3rd Qtr.		0
	4th Qtr.		400,000
FFY 1995	1st Qtr.		600,000
	2nd Qtr.		1,000,000
	3rd Qtr.		2,000,000
	4th Qtr.		1,500,000
<u>FFY 1996</u>	<u>1st Qtr.</u>		<u>600,000</u>
TOTAL			\$6,100,000

V. PROGRAM CHANGES

A. 1994 Intended Use Plan

The Annual Report contains the 1994 Intended Use Plan as approved by the Board of Water and Natural Resources on September 23, 1993.

B. Modifications of Goals and Objectives.

It was requested by EPA Region VIII that South Dakota revise its goals and objectives. The earliest this can be accomplished will be when the 1995 Intended Use Plan is published in September, 1994.

VI. PROPOSED IMPROVEMENTS.

A. Modification of the Program

The South Dakota SRF Program is presently administered separately under two bond issues. In January, 1994 the Conservancy District will complete an advanced refunding of both its series of bonds and combine both programs

under one issue. This will greatly decrease the various requirements of administering the program under two separate issues. At this time the Conservancy District will issue additional bonds to continue to provide the state matching funds for the 1994 Capitalization Grant.

The South Dakota Department of Environment and Natural Resources has proposed new legislation for the 1994 SD Legislative Session to allow the State to establish a drinking water SRF upon Congress' approval of such State Revolving Fund Program.

The Handbook of Procedures for Non-point Source and Groundwater Protection is currently under review by EPA Region VIII. SRF financing will be available upon approval of the Handbook of Procedures for groundwater protection and non-point source projects to include projects such as livestock waste, solid waste transfer stations, and municipal solid waste disposal.

B. Long and Short Term Goals and Objectives for Future IUP

The SRF Program will work on revising its goals and objectives throughout FFY 1994 for inclusion into the 1995 Intended Use Plan.

EXHIBITS I - IV
SRF STATUS REPORTS

**EXHIBIT I
PROJECTS RECEIVING SRF ASSISTANCE
FFY 1993**

COMMUNITY	ASSISTANCE AMOUNT	BINDING COMMITMENT DATE	RATE, TERM
City of Sioux Falls (07)	\$4,500,000.00	01/26/93	3%,10
City of Chamberlain (02)*	265,000.00	01/26/93	3%,10
City of Tea*	600,000.00	03/31/93	4%,15
City of Brandon (02)	600,000.00	03/31/93	3%,10
City of Elk Point	458,000.00	05/27/93	4%,15
City of Rapid City (03)	777,500.00	06/23/93	4%,15
City of Sturgis	502,000.00	08/23/93	5%,20
City of Custer (03)	231,000.00	08/23/93	3%,10
City of Pollock	170,000.00	09/23/93	3%,10
TOTAL	\$8,103,500.00		

*Storm Sewer

**EXHIBIT II
CAPITALIZATION GRANT PAYMENT SCHEDULES**

		FFY 1989	FFY 1990	FFY 1991	FFY 1992	FFY 1993
Q U A R T E R S	FFY 1989					
	QT 1					
	QT 2					
	QT 3	\$85,000.00				
	QT 4	2,952,963.00				
	FFY 1990					
	QT 1	1,539,237.00				
	QT 2					
	QT 3		\$2,893,800.00			
	QT 4		500,900.00			
	FFY 1991					
	QT 1		1,343,300.00			
	QT 2					
	QT 3			\$3,854,182.00		
	QT 4			665,368.00		
	FFY 1992					
	QT 1			1,587,628.00		
	QT 2			3,967,622.00		
	QT 3					
	QT 4				\$2,287,500.00	
FFY 1993						
QT 1				1,614,108.00		
QT 2				549,126.00		
QT 3				1,650,833.00	\$500,000.00	
QT 4				1,683,333.00	1,500,000.00	
FFY 1994						
QT 1				750,000.00	2,000,000.00	
QT 2				1,000,000.00	750,000.00	
QT 3					1,000,000.00	
QT 4					2,250,000.00	
FFY 1995						
QT 1					1,431,000.00	
QT 2						
QT 3						
QT 4						
	TOTAL	\$4,577,200.00	\$4,738,000.00	\$10,074,800.00	\$9,534,900.00	\$9,431,000.00

**EXHIBIT III
ALLOCATION AND SOURCE OF
TOTAL AVAILABLE SRF FUNDS**

Fiscal Year	Capitalization Grant Award	State Match	Total
1989	\$4,577,200.00	\$915,440.00	\$5,492,640.00
1990	4,738,000.00	947,600.00	5,685,600.00
1991	10,074,800.00	2,014,960.00	12,089,760.00
1992	9,534,900.00	1,906,980.00	11,441,880.00
1993	9,431,000.00	1,886,200.00	11,317,200.00
TOTAL	\$38,355,900.00	\$7,671,180.00	\$46,027,080.00

EXHIBIT IV
LETTER OF CREDIT CASH DRAWS
PROJECTED VS. ACTUAL
FFY 1993

QUARTER	PROJECTED DRAWS	ACTUAL DRAW	DIFFERENCE
1st	\$2,885,451.00	\$4,075,386.00	\$1,189,935.00
2nd	1,052,640.00	2,197,936.00	1,145,296.00
3rd	2,849,670.00	1,348,209.00	(1,501,461.00)
4th	3,483,055.00	2,133,558.00	(1,349,497.00)
TOTAL	\$10,270,816.00	\$9,755,089.00	

**EXHIBIT V
ASSISTANCE AMOUNT BY NEEDS CATEGORIES**

Community	Project No.	SRF Amount Obligated	I Sec. Treat.	II Adv. Treat.	III A I/I Correc.	III B Sys. Rehab.	IV A New Collect.	IV B New Inter.	V CS	VI Storm Sewer
Sioux Falls	C461232-07	\$4,500,000				\$555,180		\$185,060		
		*3,331,072	\$2,590,832			132,500				\$132,500
Chamberlain	C461044-02	265,000								600,000
Tea	C461028-01	600,000						600,000		
Brandon	C461032-02	600,000								
Elk Point	C461059-01	458,000				458,000				
Rapid City	C461014-03	777,500				434,200				
Sturgis	C461068-01	502,000					\$45,000	343,300		
Custer	C461021-03	231,000	231,000					457,000		
Pollock	C461018-01	170,000	129,433			40,567				
Totals		\$6,934,572	\$2,951,265	\$0	\$0	\$1,620,447	\$45,000	\$1,585,360	\$0	\$732,500

* \$1,168,928 obligated under 1992 Capitalization Grant

EXHIBITS VI - XI
SRF FINANCIAL STATEMENTS

**EXHIBIT VI
SRF BALANCE SHEET
DATED SEPTEMBER 30, 1993
\$(000)**

<u>ASSETS</u>	<u>SERIES 1989 BOND ISSUE SRF NON-SRF</u>	<u>SERIES 1992 BOND ISSUE SRF NON-SRF</u>	<u>TOTAL</u>
Cash and Investments (Note 1)	\$1,272	\$203	\$5,178
Accrued Interest	153	8	230
Federal LOC Commitment less Cash Draws	0	2,906	15,774
Loan Loss Reserve Fund (Note 2)	0	580	993
Loans Outstanding	22,540	0	25,599
Capitalized Interest Fund	0	351	592
Deferred Bond Issuance Costs	0	638	848
Due from SRF	0	945	1,059
TOTAL ASSETS	\$23,965	\$5,631	\$50,273
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accrued Interest - Bonds (Note 3)	\$0	\$60	\$106
Bonds Payable (Note 3)	0	5,145	\$9,325
Due to Non/SRF	945	0	\$1,059
TOTAL LIABILITIES	\$945	\$5,205	\$10,490
<u>FUND EQUITY</u>			
Contribution from EPA (Note 4)	\$22,451	\$0	\$38,356
Contribution from State	0	677	\$1,298
Fund Balance	569	(251)	\$129
TOTAL FUND EQUITY	\$23,020	\$426	\$39,783
TOTAL LIABILITIES AND FUND EQUITY	\$23,965	\$5,631	\$50,273

EXHIBIT VII
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDING SEPTEMBER 30, 1993
\$(000)

<u>REVENUES</u>	<u>SERIES 1989</u>		<u>SERIES 1992</u>		<u>TOTAL</u>
	<u>SRF</u>	<u>NON-SRF</u>	<u>SRF</u>	<u>NON-SRF</u>	
Interest Earned On:					
Loans	\$551	\$0	\$34	\$0	\$585
Investments	25	3	0	125	153
Loan Loss Reserve Fund	0	35	0	25	60
Capitalized Interest Fund	0	14	0	10	24
Administrative Expense Surcharge Payments	184	0	12	0	196
TOTAL REVENUES	\$760	\$52	\$46	\$160	\$1,018
EXPENDITURES					
Program Administration	\$82	\$0	\$75	\$27	\$184
Interest on Bonds	372	0	0	278	650
Amortization of Bond Issuance Costs	0	40	0	11	51
TOTAL EXPENDITURES	\$454	\$40	\$75	\$316	\$885
Excess (Deficit) of Revenues over Expenditures	\$306	\$12	\$(29)	\$(156)	\$133
Fund Balance (Deficit) at Beginning of Year	\$263	\$(263)	\$0	\$(4)	\$(4)
Fund Balance (Deficit) at End of Year	\$569	\$(251)	\$(29)	\$(160)	\$129

EXHIBI VII
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDING SEPTEMBER 30, 1993
\$ (000)

SOURCES OF WORKING CAPITAL	SERIES SRF	1989 NON-SRF	SERIES SRF	1989 NON-SRF	TOTAL
Excess (Deficit) of Revenues over Expenditures	\$306	\$12	\$(29)	\$(160)	\$129
Federal Capitalization Grant	0	0	0	9,431	9,431
Increase in Loans Outstanding	6,066	0	3,059	0	9,125
Loan Principal Repayments	714	0	15	0	729
Due from SRF	0	945	0	114	1,059
Miscellaneous	(168)	166	77	(50)	25
TOTAL SOURCES OF WORKING CAPITAL	\$6,918	\$1,123	\$3,122	\$9,335	\$20,498
USES OF WORKING CAPITAL					
Loan Advances	\$0	\$6,780	\$0	\$3,074	\$9,854
Bond Principal Repayments	0	175	0	0	175
TOTAL USES OF WORKING CAPITAL	\$0	\$6,955	\$0	\$3,074	\$10,029
Net Increase (Decrease) in Working Capital	\$6,918	\$(5,832)	\$3,122	\$6,261	\$10,469
Balance Beginning of Year	\$17,047	\$11,463	\$0	\$11,294	\$39,804
Balance End of Year	\$23,965	\$5,631	\$3,122	\$17,555	\$50,273

**EXHIBIT IX
STATE REVOLVING FUND LOAN PARTICIPANTS
SEPTEMBER 30, 1993**

SERIES 1989 BOND ISSUE

CUSTOMER NAME	LOAN #461	RATE,TERM	LOAN AMOUNT	ADVANCES	REPAYMENTS	BALANCE
Belle Fourche	012-01	3%,20	\$253,000	\$253,000	\$6,985	\$246,015
Box Elder	003-01	3%,20	648,600	648,600	74,324	574,276
Brandon (01)	032-01	3%,10	105,049	105,049	6,874	98,175
Brookings	019-01	4%,15	188,065	188,065	20,945	167,120
Canton	039-01	4%,15	515,715	515,715	0	515,715
Clear Lake	037-01	4%,15	370,000	73,113	0	73,113
Custer (01)	021-01	3%,20	430,000	415,049	14,913	400,136
Custer (02)	021-02	3%,20	182,000	182,000	14,898	167,102
Hot Springs	040-01	3%,10	196,930	0	0	0
Huron (01)	291-01	3%,20	1,656,000	1,656,000	107,588	1,548,412
Huron (02)	291-02	3%,10	701,997	701,997	45,683	656,314
Lake Cochrane San. Dist.	008-01	3%,20	80,000	80,000	10,410	69,590
Lake Madison San. Dist.	036-01	4%,15	330,000	330,000	38,997	291,003
Lead-Deadwood San. Dist.	002-01	3%,5	106,855	106,855	49,013	57,842
Lead (01)	007-01	3%,20	186,409	186,409	15,233	171,176
Lead (02)	007-02	3%,10	500,770	500,770	32,537	468,233
Lead (03)	007-03	3%,10	405,000	360,639	0	360,639
Lemmon	015-01	3%,20	427,100	427,100	48,976	378,124
Madison	024-01	3%,10	119,416	119,416	15,718	103,698
McCook Lake San. Dist.	010-01	5%,20	641,935	570,646	0	570,646
Mobridge (01)	016-01	3%,20	1,500,000	1,500,000	108,027	1,391,973
Mobridge (02)	016-02	4%,15	158,000	158,000	9,547	148,453
Pierre	228-01	4%,15	433,976	433,976	17,902	416,074
Rapid City (01)	014-01	4%,15	2,637,000	2,479,905	0	2,479,905
Rapid Valley San. Dist.	013-01	3%,20	614,000	614,000	9,336	604,664
Sioux Falls (01)	232-01	3%,20	2,836,963	2,836,963	122,999	2,713,964
Sioux Falls (02)	232-02	3%,10	453,999	453,999	33,416	420,583
Sioux Falls (03)	232-03	3%,10	845,000	655,643	0	655,643
Sioux Falls (04)	232-04	3%,10	1,200,000	1,200,000	60,564	1,139,436
Sioux Falls (05)	232-05	3%,10	1,955,000	967,732	0	967,732
Sioux Falls (06)	232-06	3%,10	700,000	700,000	0	700,000
Spearfish	030-01	4%,15	1,956,000	1,730,211	0	1,730,211
Vermillion	022-01	3%,20	125,000	125,000	2,301	122,699
Watertown (01)	029-01	4%,15	2,000,000	2,000,000	49,223	1,950,777
Waubay	025-01	5%,20	81,454	81,454	81,454	0
Whitewood	006-01	4%,15	180,801	180,801	0	180,801
TOTAL			\$25,722,034	\$23,538,107	\$997,863	\$22,540,244

SERIES 1992 BOND ISSUE

CUSTOMER NAME	LOAN #461	RATE,TERM	LOAN AMOUNT	ADVANCES	REPAYMENTS	BALANCE
Brandon (02)	032-02	3%,10	\$600,000	\$56,918	\$0	\$56,918
Chamberlain (01)	004-01	3%,10	350,500	350,500	15,144	335,356
Chamberlain (02)	004-02	3%,10	265,000	0	0	0
Custer (03)	021-03	3%,10	231,000	0	0	0
Elk Point	059-01	4%,15	458,000	0	0	0
North Sioux City	009-01	3%,10	239,650	192,598	0	192,598
Pollock	018-01	3%,10	170,000	0	0	0
Rapid City (02)	014-02	4%,15	1,138,200	827,823	0	827,823
Rapid City (03)	014-03	4%,15	777,500	0	0	0
Sioux Falls (07)	232-07	3%,10	4,500,000	410,544	0	410,544
Sturgis	068-01	5%,20	502,000	0	0	0
Tea	028-01	4%,15	600,000	0	0	0
Watertown (02)	029-02	4%,15	4,000,000	1,235,918	0	1,235,918
TOTAL			\$13,831,850	\$3,074,301	\$15,144	\$3,059,157

EXHIBIT X
STATE REVOLVING FUND PROGRAM
SCHEDULE OF SOURCES AND USES OF CASH AND INVESTMENTS
PERIOD FROM AUGUST 1, 1989 TO SEPTEMBER 30, 1993
\$(000)

<u>SOURCES</u>	SERIES 1989 BOND ISSUE	SERIES 1992 BOND ISSUE	TOTAL
Contribution from EPA	\$22,451	\$15,905	\$38,356
Bond Proceeds	5,785	4,180	9,965
Contribution from State	677	621	1,298
Investment Earnings	1,055	162	1,217
Loan Interest Earnings	1,165	34	1,199
Administrative Expense Surcharge Payments	283	12	295
Accrued Interest - Bonds	60	46	106
Loan Principal Repayments (See Exhibit IX)	998	15	1,013
Beginning Cash and Investments	0	0	0
TOTAL SOURCES	\$32,474	\$20,975	\$53,449
<u>USES</u>			
Loan Advances (See Exhibit IX)	\$23,538	\$3,074	\$26,612
Federal LOC Commitment less Cash Draws	2,906	12,868	15,774
Ending Cash and Investments	1,475	3,703	5,178
Bond Interest	1,614	283	1,897
Deferred Bond Issuance Costs	638	210	848
Loan Loss Reserve Fund	580	413	993
Capitalized Interest Fund	351	241	592
Bond Principal Repayments	640	0	640
Program Administration	417	102	519
Accrued Interest - Investments and Loans	161	69	230
Amortized Bond Issuance Costs	154	12	166
TOTAL USES	\$32,474	\$20,975	\$53,449

NOTES TO FINANCIAL STATEMENTS

1. Investments consist substantially of a 3.29% Investment Agreement with Citibank, N.A. due August 1, 1997, totalling \$3,552,680 in the Series 1992 account. The remaining funds are held in a Goldman Sachs money market fund rated "AAAm" by Standard and Poors.
2. The Loan Loss Reserve Funds have the following major investments: \$280,000 Federal Home Loan Bank Notes due July 25, 1994, \$123,000 United States Treasury Notes due July 31, 1994, \$170,000 United States Treasury Notes due January 31, 1994 in the Series 1989 account and \$390,000 United States Treasury Notes due June 30, 1997, in the Series 1992 account. The remaining funds are held in a Goldman Sachs money market fund rated "AAAm" by Standard and Poors.
3. The following principal and interest payments on the bonds were due as follows:

	<u>February 1, 1993</u>	<u>August 1, 1993</u>
Principal - Series 1989	\$ 0	\$ 175,000
Series 1992	0	0
Interest - Series 1989	186,818	186,818
Series 1992	<u>138,850</u>	<u>138,850</u>
Total	<u>\$ 325,668</u>	<u>\$ 500,668</u>

4. The contribution from the EPA is the full amount authorized for the periods ending as follows:

September 30, 1989	\$ 4,577,200
September 30, 1990	4,738,000
September 30, 1991	10,074,800
September 30, 1992	9,534,900
September 30, 1993	<u>9,431,000</u>
Total	<u>\$38,355,900</u>

5. A summary of the administrative costs paid by the SRF program reported on Exhibit X is as follows:

State Administrative Costs	\$394,606
First National Bank - Trustee	58,512
Standard and Poors - Ratings	27,500
Neufeld Consulting - Financial Services	18,720
Lindquist/Alzheimer - Arbitrage Calculations	13,000
Kutak Rock - Legal Services	4,111
Planning and Development District III	<u>3,124</u>
Total	<u>\$519,573</u>

EXHIBIT XI

DENR STATE REVOLVING FUND
BALANCE SHEET
STATE FISCAL YEAR ENDING JUNE 30, 1993

ASSETS

Cash and Investments	\$6,821,017.46
Loans Receivable	23,534,359.49
Accrued Interest Receivable	108,163.34
Due from Federal Government	29,461.11
Deferred Charges	864,449.60
TOTAL ASSETS	<u>31,357,451.00</u>

LIABILITIES AND FUND EQUITY:

LIABILITIES

Accounts Payable	2,499.60
Bonds Payable	9,500,000.00
Accrued Interest Payable	389,027.12
Due to Other Funds	32,853.16
TOTAL LIABILITIES	<u>9,924,379.88</u>

FUND EQUITY

Retained Earnings	20,233,071.12
Contributed Capital	1,200,000.00
TOTAL FUND EQUITY	<u>21,433,071.12</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$31,357,451.00</u>

STATEMENT OF INCOME AND RETAINED EARNINGS
STATE FISCAL YEAR ENDING JUNE 30, 1993

OPERATING REVENUES

Interest Income	\$470,554.29
Investment Income	194,845.77
Revenue for Administering the Program	9,457,465.27
Other Income	150,937.20

TOTAL OPERATING REVENUE 10,273,802.53

OPERATING EXPENSES

ADMINISTRATIVE EXPENSES

Personal Services	91,039.42
Employee Benefits	16,957.94
Travel	7,939.95
Contractual	75,707.78
Supplies	2,364.24
Capital Assets	101.94

TOTAL ADMINISTRATIVE EXPENSES 194,111.27

BOND ISSUANCE EXPENSE 37,726.23

BOND DISCOUNT EXPENSE 11,168.72

TOTAL OPERATING EXPENSES 243,006.22

NET INCOME FROM OPERATIONS 10,030,796.31

Interest Expense 607,862.33

NET INCOME 9,422,933.98

FUND EQUITY, BEGINNING 10,810,137.14

RETAINED EARNINGS, ENDING \$20,233,071.12

STATE FISCAL YEAR ENDING JUNE 30, 1993

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income \$10,030,796.31

ADJUSTMENTS TO RECONCILE NET INCOME
TO NET CASH PROVIDED (USED) BY
OPERATING ACTIVITIES

Amortization of bond issuance cost 37,726.23
Amortization of bond discount 11,168.72

ASSETS: (INCREASE)/DECREASE

Loans Receivable (\$8,724,206.84)
Accrued Interest Receivable (\$41,110.33)
Due from Federal Government (\$9,796.27)

LIABILITIES: INCREASE/(DECREASE)

Accounts Payable (\$1,294.98)
Accrued Interest Payable 228,944.83
Due to Other Funds 13,050.55

NET CASH PROVIDED BY OPERATIONS 1,545,278.22

CASH FLOWS FROM NON-CAPITAL
FINANCING ACTIVITIES

Unamortized Bond Issuance Costs (\$172,737.09)
Unamortized Bond Discount Costs (\$52,150.00)
Interest Payments on Bonds (\$607,862.33)
Bonds Payable 4,015,000.00

NET CASH PROVIDED BY NON-CAPITAL
FINANCING ACTIVITIES 3,182,250.58

NET INCREASE IN CASH AND CASH
EQUIVALENTS 4,727,528.80

CASH AND CASH EQUIVALENTS AT
BEGINNING OF YEAR 2,093,488.66

CASH AND CASH EQUIVALENTS AT YEAR END
CASH AND CASH EQUIVALENTS AT YEAR END \$6,821,017.46

FFY 1994

INTENDED USE PLAN

SOUTH DAKOTA REVOLVING FUND FY 1994 INTENDED USE PLAN

FINAL

I. INTRODUCTION

The State of South Dakota proposes to adopt the following Intended Use Plan (IUP) for federal fiscal year 1994 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 State Revolving Fund (SRF). The IUP has been reviewed by the public and reflects the results of such review.

The IUP includes the following:

1. List of Projects, and Activities,
2. Long and Short Term Goals,
3. Assurances and Specific Proposals,
4. Criteria and Method for Distribution of Funds,
5. Proposed Schedule of Grant Payments, and
6. Commitment of Matching State Funds.

II. LIST OF PROJECTS

The State is considering the following list of eligible projects/activities for receiving revolving funds in Federal FY 1994:

1. Attachment I - Potential Wastewater Treatment Projects; and
2. Attachment II - Potential Nonpoint Source Management Activities.

The IUP identifies potential wastewater facilities projects and nonpoint source management activities. The list of potential wastewater facilities projects incorporates a

priority ranking system to comply with Project Priority List requirements as per Federal regulations. To be eligible for SRF funding the project/activity must be identified and included as a potential project in the IUP. The SRF funds will basically be administered on a first-come, first-serve basis, regardless of the project's priority list ranking. Attachments I and II contain lists of projects and activities that are projected for use of SRF funds during federal fiscal year 1994. Additional projects from the priority list can be added to the IUP list by the amendment process identified in the SRF rules. The State will also fund nonpoint source management projects / activities from Attachment II as they apply, subject to the 20 percent discretionary limit and the SRF rules adopted by the Board of Water and Natural Resources (BWNR) on May 25, 1988. According to the approved rules, the BWNR may set aside a portion of the 1994 SRF allocation for nonpoint source management projects/activities.

The SRF may be used for the following purposes:

1. Low interest loans to municipalities for secondary or more stringent treatment of any cost-effective alternatives, new interceptors and appurtenances, infiltration/filter correction, new collectors, sewer system rehabilitation, expansion and correction of combined sewer overflows, 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 implementation projects/programs.

A determination of which projects are selected from the above mentioned lists, the amount of assistance, and the financing terms and conditions will be made by the BWNR during federal FY 1994.

III. GOALS AND OBJECTIVES

Long Term Goals and Objectives:

The long term goals of the State water pollution control revolving fund are to fully capitalize the SRF, maintain or restore and enhance the chemical, physical and biological integrity of the State's waters for the benefit of the overall environment, the protection of public health, and the promotion of economic well-being.

Objectives:

1. Maintain a permanent, self-sustaining SRF program that will serve in perpetuity as a financing source for wastewater treatment works projects and water pollution control activities including nonpoint source and groundwater protection 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 SRF is to fully capitalize the fund.

Objectives:

1. Ensure the technical integrity of 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.

IV. INFORMATION ON THE ACTIVITIES TO BE SUPPORTED

The primary type of assistance to be provided by the SRF is loans and refinancing of existing debts, where eligible. The state plans on reserving 4 percent of the capitalization grant amount for administrative expenses. On a more limited basis, the state may guarantee or buy insurance for local debt obligations, or leverage bond issues.

From the SRF these types of assistance will be provided to local communities, sanitary districts, counties, or other units of government for the construction of publicly owned wastewater treatment facilities (WWTF), for the implementation of nonpoint source pollution control programs in conjunction with the SRF rules adopted by the BWNR on May 25, 1988.

V. ASSURANCE AND SPECIFIC PROPOSALS

A. Environmental Reviews (Section 602(a))

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 rules promulgated by the BWNR.

Section 602(a) - Environmental Reviews - The state certifies that it will conduct environmental reviews of each project on Attachment I receiving assistance from the SRF. 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 - The state certifies that it will expend all funds in the SRF in an expeditious and timely manner.

Section 602(b)(5) - First Use Enforceable Requirements - The staff certifies that all major and minor WWTF's that the state has previously identified as part of the NMP Universe are:

- (a) in compliance, or
- (b) on an enforceable schedule, or
- (c) have an enforcement action filed, or
- (d) have a funding commitment (appear on Project Priority List for

grant funding) during or prior to the first year covered by the IUP. Unless otherwise noted on Attachment I, all Section 212 projects will be required to meet the equivalency requirements. Those projects identified as part of the NMP Universe will receive priority for SRF assistance.

Section 602(b)(6) - Compliance with Title II Requirements - The state certifies that it will ensure that sufficient financial assistance is provided from the fund to treatment works projects with eligible construction costs to satisfy the Title II equivalency requirements specified in Section 602(b)(6) in an amount equal to the funds directly made available by the Federal capitalization grant.

VI. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

SRF funds are being distributed using the method, criteria and eligible activities described in the SRF program rules. The methods and criteria used are designed to provide the maximum flexibility and assistance which is affordable to the community 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 SRF rules and to receive comments. Copies of these documents were mailed to interested parties prior to the public hearing. The BWNR approved the rules following the hearing. A formal public hearing was held for the South Dakota State/EPA FY 94 SRF IUP on September 22, 1993, and acted upon at that time.

**ATTACHMENT I
FISCAL YEAR 1994**

PROJECT PRIORITY LIST/POTENTIAL WASTEWATER TREATMENT PROJECTS

<u>Priority Rank/Pts.</u>	<u>Community</u>	<u>Loan #</u>	<u>Project Description</u>	<u>Estimated Loan Amount</u>
1/ 81	Lead-Deadwood S.D.	C461002-02	Treatment	\$1,200,000
2/ 53	Parkston	C461062-01	Treatment	\$ 200,000
3/ 52	Garretson	C461063-01	Treatment	\$ 400,000
4/ 50	Northdale S.D.	C461005-01	Treatment	\$1,000,000
5/ 50	Spearfish	C461030-02	Treatment	\$ 900,000
6/ 46	Yankton	C461038-01	Treatment/Interceptor	\$ 750,000
7/ 45	Frankfort	C461055-01	Treatment/Sewer Rehab.	\$ 250,000
8/ 44	Worthing	C461047-01	I/I Correction/Treatment	\$ 400,000
9/ 41	Leola	C461060-01	Treatment	\$ 137,200
10/ 40	Harrisburg	C461065-01	Treat./Int./Storm Sewer	\$ 700,000
11/ 34	Midland	C461056-01	Treatment	\$ 250,000
12/ 25	Sioux Falls	C461232-08	Sewer Rehab./Inter./Treat.	\$1,000,000
13/ 24	Lead	C461007-04	Sewer Rehabilitation	\$ 450,000
14/ 22	Kadoka	C461061-01	Sewer Rehabilitation	\$ 101,700
15/ 21	Lake Preston	C461011-01	I/I Correct./Sewer Rehab.	\$ 300,000
16/ 20	Rapid City	C461014-04	Int./Sewer Rehab./Treat.	\$ 635,000
17/ 15	Vermillion	C461022-02	Storm Sewer	\$ 500,000
18/ 10	Madison	C461024-02	Storm Sewer	\$1,000,000
19/ 9	Dell Rapids	C461064-01	Storm Sewer/Sewer Rehab.	\$ 500,000
20/ 9	Lake Poinsett S.D.	C461027-01	System Expansion	\$ 510,000
21/ 9	Milbank	C461023-01	Collection/Interceptor	\$ 750,000
22/ 9	Sisseton	C461053-01	Storm Sewer	\$ 540,000
23/ 8	Deadwood	C461001-01	Sewer Rehabilitation	\$ 300,000
24/ 8	Elk Point	C461059-02	Storm Sewer	\$ 275,000
25/ 8	Fort Pierre	C461049-01	St. Sewer/Coll./Inter.	\$ 200,000
26/ 8	Freeman	C461017-01	Collection/Interceptor	\$ 138,700
27/ 8	Salem	C461057-01	Storm Sewer	\$ 400,000
28/ 8	Webster	C461054-01	Sewer Rehabilitation	\$ 250,000
29/ 7	Armour	C461048-01	Sewer Rehabilitation	\$ 116,000
30/ 7	Marion	C461020-01	Interceptor/Sewer Rehab.	\$ 130,000
31/ 7	Parker	C461026-01	Interceptor/Collection	\$ 300,000
32/ 7	Scotland	C461069-01	Storm Sewer	\$ 115,200
33/ 6	Misslon	C461058-01	Treatment	\$ 500,000
34/ 5	Norton-Froehlich S.D.	C461031-01	Collection/Interceptor	\$ 300,000
35/ 5	Pickrel Lake S.D.	C461066-01	Collection/Treatment	\$1,000,000
36/ 4	Doland	C461050-01	Storm Sewer/Sewer Rehab.	\$ 200,000
37/ 4	Mount Vernon	C461034-01	Storm Sewer	\$ 200,000
38/ 4	Richmond Lake S.D.	C461067-01	Collection/Treatment	\$1,000,000
39/ 4	Warner	C461042-01	Storm Sewer	\$ 262,000
40/ 2	Dakota Dunes C.I.D.	C461035-01	Collection/Interceptor	\$ 192,600
41/ 2	Lake Byron W.D.	C461052-01	Collection/Treatment	\$1,400,000
42/ 2	Reville	C461041-01	Sewer Rehabilitation	\$ 500,000
43/ 2	Wentworth	C461004-01	Refinancing/Storm Sewer	\$ 200,000

ATTACHMENT IIA

LIST OF POTENTIAL SRF NONPOINT SOURCE PROGRAMS

Activities to be implemented for the control of NPS pollution in the project areas listed for consideration include:

1. **Agricultural Best Management Practices** such as reduced tillage, sod based crop rotation, terraces and fertilizer/pesticide management.
2. **Urban Best Management Practices** such as street cleaning, retention/detention basins and non-vegetative soil stabilization.
3. **Sediment Control Structures.**
4. **Studies**
 - A. **Groundwater impacts from agricultural activities.**
 - B. **Groundwater characterization from selected aquifers.**
 - C. **Wellhead protection area identification.**
5. **Shoreline/Streambank Erosion Control.**
6. **Animal Waste Management Systems.**
7. **Shoreline Waste Management Systems.**
8. **Silviculture Best Management Practices** such as ground cover and debris removal.
9. **Mining Best Management Practices** such as water diversion and block cutting.
10. **Ground Water Protection for Solid Waste Disposal Facilities**

(See attached list for individual projects)

ATTACHMENT IIB

POTENTIAL GROUND WATER PROTECTION PROJECTS

<u>Applicant</u>	<u>Loan #</u>	<u>Project Desc.</u>	<u>Estimated Loan Amount</u>
Belle Fourche	C465001-01	Expand/Upgrade	\$ 100,000
Brookings	C465002-01	New Landfill	\$ 100,000
Brown County	C465003-01	Expand/Upgrade	\$ 100,000
Custer-Fall River District	C465004-01	New Landfill	\$ 100,000
Hot Springs	C465005-01	TS/Closure	\$1,100,000
Mitchell	C465006-01	TS/Upgrade	\$ 100,000
Northwest District	C465007-01	New Landfill	\$ 100,000
Pierre	C465008-01	Expand/Upgrade	\$ 68,000
Rapid City	C465009-01	TS/Expansion	\$ 700,000
Roberts County	C465010-01	Expand/Upgrade	\$ 100,000
Sioux Falls	C465011-01	Expand/Upgrade	\$ 100,000
Southeast Central Solid Waste and Recycling Association	C465012-01	New Landfill	\$ 100,000
Southern Missouri Waste Management Association	C465013-01	New Landfill	\$ 100,000
Tri-County Landfill Association	C465014-01	New Landfill	\$ 100,000
Vermillion	C465015-01	Expand/Upgrade	\$ 100,000
Walworth County	C465016-01	Expand/Upgrade	\$ 100,000
Watertown	C465017-01	Expand/Upgrade	\$ 100,000
Yankton	C465018-01	Expand/Upgrade	\$ 100,000

THE
SOUTH DAKOTA CONSERVANCY DISTRICT

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