

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

**INTRODUCTION**

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

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

The IUP includes the following:

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

**LIST OF PROJECTS AND ACTIVITIES**

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

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

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

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

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

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

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

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

**GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS**

Long-term Goals and Objectives:

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

Objectives:

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

maximum flexibility and decision-making authority regarding such activities.

Short-term Goal and Objectives:

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

Objectives:

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

Environmental Results:

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

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

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

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

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

No transfers are expected in FFY 2020.

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

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

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

### **Sources of Loan Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 1 – Principal Forgiveness Status

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

Awarded as of September 30, 2019

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

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

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

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

- c. One point if the applicant’s 2010 census population is less than the applicant’s 2000 census population; and
- d. One point if an applicant’s county unemployment rate is greater than the statewide unemployment rate.

2. If the boundaries of an applicant are located in more than one county, the unemployment rate of the county with the largest percentage of the applicant’s population will be used.
3. Applicants must receive a minimum of five points to be eligible for principal forgiveness in the upcoming fiscal year.

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

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

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

### Green Project Reserve

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

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

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

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

**Interest Rates**

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

to be competitive with other funding agencies.

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

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

	Up to 5 Yrs	Up to 10 Yrs	Up to 20 Yrs	Up to 30 Yrs*
<u>Interim Rate</u>				
Interest Rate	2.00%			
Admin. Surcharge	<u>0.00%</u>			
Total	2.00%			
<u>Base Rate</u>				
Interest Rate		1.25%	1.50%	1.75%
Admin. Surcharge		<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
Total		2.00%	2.25%	2.50%
<u>Nonpoint Source Incentive Rate</u>				
Interest Rate		0.50%	0.75%	1.00%
Admin. Surcharge		<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total		1.00%	1.25%	1.50%

\* Term cannot exceed useful life of the project.

**Administrative Surcharge Activities**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Capitalization Grant Administrative Allowance**

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

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

### **ASSURANCES AND SPECIFIC PROPOSALS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. the applicant’s ability to repay.

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

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

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

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

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

## ATTACHMENT I

### PROJECT PRIORITY LIST

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

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible
31	Fort Pierre	C461049-07	Installation of aeration and mixing equipment in the primary cells of the existing treatment ponds to address organic loadings and ammonia. A chemical disinfection point will be added to allow continuous discharge, and the discharge location will be moved from the Bad River to the Missouri River. The collection system will be cleaned and televised to prioritize future line replacement.	\$3,930,000	2.25%, 20 yrs	
28	Green Valley Sanitary District	C461251-01	Construction of a centralized collection system and removal of failing septic systems. Wastewater will be conveyed to the city of Rapid City's collection system and treated at the water reclamation facility.	\$9,470,000	2.50%, 30 yrs	
28	Watertown	C461029-13	Construction of new gravity and low pressure sewer main to connect a development on the edge of the city currently utilizing on-site septic systems to the city's wastewater treatment system.	\$832,896	2.50%, 30 yrs	

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>	<b>Principal Forgiveness Eligible</b>
24	Huron	C461291-05	Construction of a new Sequencing Batch Reactor (SBR) system near the existing SBR site. The project will also rehabilitate the existing pretreatment facility.	\$14,945,500	2.50%, 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	2.25%, 20 yrs	Yes (Pending rate increase)
20	Sioux Falls	C461232-43	Major replacement and upgrades to the city's water reclamation facility to improve treatment processes and expand the current treatment capacity to meet future growth needs.	\$159,000,000	2.25%, 20 yrs	
18	Pierre	C461288-09	Improvements to the wastewater treatment facility to include influent pumping and screening upgrades, improvements to the digester and solid handling processes, replacement of the outfall line pipe, and installation of an emergency pump facility on the outfall line in case of flooding.	\$11,300,000	2.25%, 20 yrs	
16	Hot Springs	C461040-03	Construction of new gravity sewer main to connect users currently utilizing on-site septic systems to the city's wastewater treatment system.	\$638,525	2.50%, 30 yrs	Yes (Pending rate increase)

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>	<b>Principal Forgiveness Eligible</b>
16	Tea	C461028-07	Payment of a system regionalization development charge implemented by the city of Sioux Falls on regional users and construction of a lift station and 26,800 feet of forcemain to convey all wastewater in the community to Sioux Falls for treatment.	\$12,400,000	2.50%, 30 yrs	
15	Eagle Butte	C461148-04	Replacement of existing sanitary sewer and manholes in several locations, replace two existing lift stations at No Heart and Hwy 212 and necessary piping to convey the wastewater, and to rehabilitate the wastewater treatment ponds to include new rip-rap, embankment shaping and sludge removal.	\$5,506,000	2.50%, 30 yrs	Yes
14	Aurora	C461081-03	Construction of a submerged attached growth reactor system (SAGR), installation of mixing equipment in existing ponds, installation of an ultraviolet disinfection system and construction of an outfall line and lift station for discharge.	\$4,200,000	2.50%, 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	2.50%, 30 yrs	

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>	<b>Principal Forgiveness Eligible</b>
13	Montrose	C461075-04	Rehabilitation of the existing lift station pumps and controls and raising it above flood elevations, relining and replacing 1,600 feet of existing collection system with cast in place pipe, improvements to the wastewater treatment facility access road, and installation of bank stabilization along the river adjacent to the wastewater treatment ponds to prevent erosion of pond embankments.	\$1,000,000	2.50%, 30 yrs	
13	Pickstown	C461378-01	Clean and televise 29,000 feet the wastewater collection system and determine where cast in place or open trench pipe replacement is appropriate for rehabilitating the collection system. The project will also rehabilitate the wastewater treatment facility to continue providing adequate treatment.	\$4,758,625	2.50%, 30 yrs	
12	Pierpont	C461076-02	Replacement of all existing VCP sanitary sewer lines with PVC and installation of a synthetic liner on the primary cell of the treatment ponds.	\$1,333,000	2.50%, 30 yrs	
12	Sioux Falls	C461232-42	Upgrades to the storm water piping in three existing developed areas in the city to include Basin 95, Basin 104, and Basin 371.	\$9,457,466	1.00%, 10 yrs	
11	Madison	C461024-03	Replacement of 5,000 feet of storm and replacement or relining of 19,300 feet of sanitary sewer collection pipes in several locations throughout the community.	\$6,890,000	2.50%, 30 yrs	Yes

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>	<b>Principal Forgiveness Eligible</b>
10	Brookings	C461019-10	Upgrades to existing storm sewer conveyance systems and pipes along Jefferson Avenue, State Avenue and Morningside Drive to adequately convey the 5-year storm event.	\$850,000	2.50%, 30 yrs	
10	Dell Rapids	C461064-10	Replacement of sanitary and storm sewer pipes along portions of 5 <sup>th</sup> , 6 <sup>th</sup> , and Iowa Avenues.	\$2,270,000	2.50%, 30 yrs	
10	Elkton	C461229-03	Cleaning and televising the entire collection system and replacement or relining of approximately 44,500 feet of sewer lines and manholes.	\$8,412,000	2.50%, 30 yrs	
10	Hot Springs	C461040-05	Replacement of approximately 5,640 feet of sewer lines and manholes under SD Hwy 385/18.	\$700,928	2.50%, 30 yrs	Yes (Pending rate increase)
10	Lake Preston	C461011-01	Replacement or relining of approximately 20,000 feet of sewer lines.	\$4,200,000	2.50%, 30 yrs	
10	Lead	C461007-10	Replacement of 1,500 feet of sanitary sewer and manholes and installation of storm sewer on Houston Street.	\$104,046	2.50%, 30 yrs	
10	Mitchell	C461129-07	Replacement of 1,750 feet of sanitary and 4,900 feet of storm sewer pipes within the East Central Drainage system.	\$4,401,100	2.50%, 30 yrs	
10	Valley Springs	C461239-02	Replacement of 7,500 feet of sanitary sewer main in the north and western part of the community.	\$1,757,000	2.50%, 30 yrs	
10	Viborg	C461240-03	Replacement of approximately 2,150 feet of sanitary sewer main and 1,100 feet of storm sewer pipe along Park Avenue and the installation of a outlet structure and piping to an existing storm water retention pond that has experienced over topping.	\$2,762,090	2.50%, 30 yrs	Yes (Pending rate increase)

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>	<b>Principal Forgiveness Eligible</b>
10	Watertown	C461029-12	Construction of a new wastewater treatment administration and operations building. The current buildings were constructed in 1993 and 1930 and no longer meet code or operational needs for the city.	\$5,665,000	2.50%, 30 yrs	
9	Elk Point	C461059-08	Replacement of sanitary sewer pipes on Douglas and Washington Streets that are beyond their useful life.	\$303,660	2.50%, 30 yrs	
9	Faith	C461249-01	Cleaning and televising the entire collection system, replacement or relining of approximately 15,000 feet of sewer lines and 34 manholes throughout the city.	\$1,315,821	2.50%, 30 yrs	Yes (Pending rate increase)
9	Hurley	C461281-02	Replacement of 2,200 feet of sanitary sewer collection pipes on Center Avenue.	\$1,346,000	2.50%, 30 yrs	
9	Tabor	C461259-01	Replacement of approximately 16,500 feet of sewer lines and manholes throughout the city. The project will also rehabilitate a lift station.	\$4,069,371	2.50%, 30 yrs	
9	Volga	C461046-02	Relining 3,100 feet of sanitary sewer main with cast in place pipe and manhole relining to reduce inflow and infiltration.	\$1,800,000	2.50%, 30 yrs	
9	Webster	C461054-04	Replacement of 450 feet of existing sanitary sewer collection pipes and 5,600 feet of service lines to the right of away on previously replaced mainline pipe.	\$1,183,405	2.50%, 30 yrs	Yes
8	Bowdle	C461243-01	Replacement of approximately 11,700 feet of clay sanitary sewer with 8- and 15-inch PVC pipe under Main Street and the outfall line to the treatment facility.	\$2,015,444	2.50%, 30 yrs	

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>	<b>Principal Forgiveness Eligible</b>
8	Eureka	C461194-02	Replacement or relining of approximately 28,000 feet of sewer lines and manholes throughout the city.	\$7,834,059	2.50%, 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	2.50%, 30 yrs	
8	Tea	C461028-09	Installation of approximately 4,400 feet of gravity sewer lines and 11,800 feet of forcemain to provide for service for future development along and adjacent to 271 <sup>st</sup> Street.	\$733,000	2.50%, 30 yrs	
7	Hudson	C461280-01	Replacement of an existing lift station and 2,800 feet of forcemain to the treatment facility, removal of sludge from the treatment ponds, cleaning and televising of the collection system, and 26,000 feet of sanitary sewer pipe replacement throughout the community.	\$8,705,820	2.50%, 30 yrs	
7	Mellette	C461363-01	Installation of 3,000 feet of new forcemain from the lift station to the treatment facility and improvements to the lift station pumps and controls.	\$285,680	2.50%, 30 yrs	
6	Philip	C461205-06	Replacement of approximately 220 water meters and installation of an automatic meter reading system and transmitters for all other meters not being replaced.	\$340,000	2.00%, 10 yrs	Yes (Green Project)
6	Saint Lawrence	C461045-02	Cleaning and televising the collection system of 12,200 feet for future project prioritization and rehabilitation the lift station pumps and controls to extend their life.	\$124,865	2.50%, 30 yrs	

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>	<b>Principal Forgiveness Eligible</b>
5	Blunt	C461265-02	Replacement of approximately 180 water meters and installation of an automatic meter reading system.	\$530,000	2.00%, 10 yrs	Yes (Green Project, pending rate increase)

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

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

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

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

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

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

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

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

**ATTACHMENT III  
PROGRAM FUNDING STATUS**

**Federal Fiscal Years 1989 – 2019**

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

**Federal Fiscal Year 2020 Projections**

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

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