

# **SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND FEDERAL FISCAL YEAR 2024 INTENDED USE PLAN**

## **INTRODUCTION**

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for Federal Fiscal Year (FFY) 2024 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;
7. Sources and uses of funds; and
8. Bipartisan Infrastructure Law (BIL) Addendum for specific BIL fund uses and activities.

## **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 2024.

## **GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS**

### Long-term Goals and Objectives:

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

### Objectives:

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

### Short-term Goal and Objectives:

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

### Objectives:

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

## Environmental Results:

States are required to quantify and report the environmental benefits being realized through the Clean Water SRF loan program. The reporting requirement is being satisfied using an on-line environmental benefits assessment developed by EPA in cooperation with the States and other organizations. A summary of the FFY 2024 loans and the resulting benefits will be provided in the end-of-year-annual report.

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

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

South Dakota has transferred \$15,574,320 from the Clean Water SRF program to the Drinking Water SRF program in past years. In fiscal year 2006 and 2011, \$7.5 million in leveraged bond proceeds and \$10 million of repayments, respectively, were transferred from the Drinking Water SRF program to the Clean Water SRF program. With the anticipated FFY 2024 capitalization grant, the ability exists to transfer more than \$64.8 million from the Clean Water SRF program to the Drinking Water SRF program. Nearly \$62.9 million could be transferred from the Drinking Water Program to the Clean Water SRF program. Table 2 on pages 12 and 13 details the amount of funds transferred between the programs and the amount of funds available to be transferred. This table includes BIL fund transfer authority and descriptions of transfers are provided in the BIL Addendum.

No base program transfers are expected in FFY 2024.

## **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 2024 capitalization grant is expected to be \$4,008,000 which requires \$801,600 in state match. Bond proceeds will be used to match FFY 2024 capitalization grant funds.

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 \$120 million in leveraged bonds will be required in FFY 2024.

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 \$5.0 million in principal repayments will become available for loans in FFY 2024.

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 \$12.0 million in interest earnings will become available for loans in FFY 2024.

### **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 billion. 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 \$45 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 \$70 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 billion. The BIL amendments require a minimum of 10 percent up to a maximum of 30 percent of the capitalization grant be provided as additional subsidy to a municipality that meet 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 2023 appropriation acts required an additional 10 percent of the capitalization grant be used for additional subsidy and is available for any eligible borrower. At this time South Dakota will only provide this 10 percent to borrowers who meet the state's affordability criteria.

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

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

Table 3 on page 14 summarizes the amounts of principal forgiveness provided with the 2010 – 2024 capitalization grants.

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

1. All applicants will be awarded points to determine principal forgiveness eligibility as follows:
  - a. Five points if an applicant’s median household income is equal to or less than 95 percent of the statewide median household income;
  - b. Three points if an applicant’s median household income is equal to or less than 105 percent of the statewide median household income and greater than 95 percent of the statewide median household income;
  - c. One point if the applicant’s 2020 census population is less than the applicant’s 2010 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 2022 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 2024 identifies \$9,149,650 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 (GPR).

Sufficient funds have been awarded to qualifying projects to meet the 2010 – 2023 capitalization grants GPR requirements.

The GPR requirement was included in the 2010 - 2023 capitalization grants and required that not less than 10 percent be made available for GPR eligible projects. It is anticipated that the 2024 capitalization grant will include a requirement that not less than 10 percent be made available for GPR eligible projects. South Dakota for several years has utilized incentive rate financing to help encourage borrowers to take additional loan funds for Section 319 non-point source project funding. In South Dakota, many non-point source projects include the purchase of easements adjacent to impaired waterbodies to install best management practices reducing nutrient loading into the streams. These activities are green projects as defined by EPA's eligibility criteria and have been used to meet a portion of the 2016-2023 GPR requirements, additional funds are allocated to projects and as funds are expended, they will be recorded for GPR tracking. These projects will provide sufficient funds to meet the 10 percent requirement of the 2024 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 current interest rates for FFY 2024 are summarized in Table 1. The rates were adjusted in November 2023.

In November 2023 specific interest rates were approved for loans that will be subject to Build America, Buy America Act. For loans subject to Build America, Buy America Act requirements a 0.25 percent interest rate reduction will be provided from whatever standard interest rate and term a borrower would normally receive funding.

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.

Table 1 – Clean Water SRF Interest Rates				
	Up to 5 Yrs	Up to 10 Yrs	Up to 20 Yrs	Up to 30 Yrs*
<u>Interim Rate</u>				
Interest Rate	2.50%			
Admin. Surcharge	<u>0.00%</u>			
Total	2.50%			
<u>Base Rate</u>				
Interest Rate		3.00%	3.25%	3.50%
Admin. Surcharge		<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
Total		3.25%	3.50%	3.75%
<u>Nonpoint Source Incentive Rate</u>				
Interest Rate		2.25%	2.50%	2.75%
Admin. Surcharge		<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
Total		2.50%	2.75%	3.00%
<u>Rate Reduction for Build America, Buy America Projects</u>				
For projects subject to Build America, Buy America Act requirements through the Drinking Water SRF program a 0.25% reduction in interest rate will be applied to all above rates and terms.				
* Term cannot exceed useful life of the project.				

### Administrative Surcharge Activities

The interest rate includes an administrative surcharge as identified in Table 1. The surcharge was established to provide a pool of funds to be used for administrative purposes after the state ceases to receive 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 of Agriculture and Natural Resources. Recent emphasis has been on using the surcharge for purposes other than reserves for future program administration.

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 \$10,500 per approved loan with payments made in \$3,500 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 \$1,600 per project to oversee compliance with the Davis-Bacon wage rate verification and certification.

### **Administrative Surcharge Uses in FFY 2024**

As of September 30, 2023, \$980,327 of unobligated administrative surcharge funds is available. It is anticipated that the administrative surcharge will generate an additional \$2,000,000 in FFY 2024.

In FFY 2024, \$2,700,000 of administrative surcharge funds will be allocated. It is proposed to allocate \$2,200,000 to supplement the Consolidated and Section 319 programs with grants for wastewater 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 2024 allocation for these activities will be \$500,000.

### **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 total annual capitalization grants, 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.

The BIL allows states to use an amount equal to four percent of all grant awards to the Clean Water SRF for administrative purposes.

Four percent of the estimated fiscal year 2024 base capitalization grant and BIL Supplemental grant is \$606,880, and 1/5 of a percent of the current fund valuation of \$270,748,583 results in \$541,497 available for administrative fees. As a result, an administrative allowance of \$606,880 will be reserved for administrative purposes in FFY 2024. Of this amount, \$160,320 will be from the base grant and the remaining \$446,560 will be from the BIL Supplemental grant.

### **Capitalization Grant Technical Assistance Set-Aside**

Passage of the BIL allows states the ability to use an amount up to two percent of all grant awards to the Clean Water SRF for technical assistance activities to small and rural systems. This includes the ability to provide funds for planning studies and for non-profit organizations to assist applicants in need of technical, managerial, or financial capacity training.



In fiscal year 2001, the Board of Water and Natural Resources 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.

Prior to 2022, South Dakota utilized administrative surcharge funds to fund planning grants and a contract for technical, managerial, or financial capacity training. There remains sufficient available funds from prior year capitalization grants to fund these activities. In FFY 2024 no Clean Water SRF program funds will be allocated for this set-aside.

## **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) like 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.

Section 70914(a) of BIL – Build America, Buy America Provisions – The state certifies that it will require Build America, Buy America products to be utilized for all projects receiving assistance from the Clean Water SRF that are identified as an equivalency project in the annual report, unless exempted by an approved national or project specific waiver.

SRF Data System – Project data will be entered into the EPA SRF Data System on a quarterly basis.

## **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.

On November 8, 2023, a public hearing was held seeking comments on the Clean Water SRF 2024 Intended Use Plan. The notice was published at least 20 days prior in four newspapers of general circulation in different parts of the state. The department maintains a public notice page on its website <https://danr.sd.gov/public/default.aspx>, and interested parties are able to submit comments

through the website. The 2024 IUP and BIL addendum were made available during the public notice period for review and comment. The department sends out weekly updates to a list of interested parties who have subscribed for updates to the website. Upon posting the public notice on the department's website, the 2024 IUP and BIL addendum were e-mailed to a list of interested parties that regularly receive notice of Board of Water and Natural Resources activities. As part of the required board meeting notice, the addendum was also available on the Boards and Commissions portal website <https://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>.

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

Year	DWSRF Capitalization Grant	Amount Available for Transfer	Banked Transfer Ceiling	Base Program Transfers		Transfer Description	CWSRF Funds Available to Transfer	DWSRF Funds Available to Transfer
				Amount Transferred from CWSRF to DWSRF	Amount Transferred from DWSRF to CWSRF			
1997 - 2001	\$42,690,000	\$14,087,700	\$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 - 2010	\$38,094,000	\$12,571,020	\$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	\$107,848,000	\$35,589,840	\$78,845,085				\$63,270,765	\$61,345,085
2023	\$4,661,000	\$1,538,130	\$80,383,215				\$64,808,895	\$62,883,215

**BIL General Supplemental Transfers**

<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>
2022	\$17,992,000	\$5,937,360	\$5,937,360				\$5,937,360	\$5,937,360
2023	\$21,055,000	\$6,948,150	\$12,885,510				\$12,885,510	\$12,885,510
2024	\$22,985,000	\$7,585,050	\$20,470,560				\$20,470,560	\$20,470,560

**BIL Emerging Contaminants Transfers**

<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>
2022	\$7,555,000	\$2,493,150	\$2,493,150	\$459,000		CWSRF EC Grant	\$2,034,150	\$2,493,150
2023	\$7,640,000	\$2,521,200	\$5,014,350	\$1,043,000		CWSRF EC Grant	\$3,971,350	\$5,014,350
2024	\$7,640,000	\$2,521,200	\$7,535,550				\$7,535,550	\$7,535,550

**Table 3 – Principal Forgiveness Allowed and Awarded**

<b>Principal Forgiveness for all Borrowers*</b>			
<b>Year</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Awarded from FY Grant</b>
2010	\$1,497,982	\$4,993,274	\$4,993,274
2011	\$669,233	\$2,230,777	\$2,230,777
2012	\$383,922	\$575,882	\$575,882
2013	\$307,120	\$460,680	\$359,114
2014	\$372,924	\$559,386	\$548,729
2015	\$0	\$2,045,100	\$2,045,100
2016	\$652,500	\$2,610,000	\$2,610,000
2017	\$647,400	\$2,589,600	\$2,589,600
2018	\$785,900	\$3,143,600	\$3,143,600
2019	\$777,900	\$3,111,600	\$3,111,600
2020	\$778,000	\$3,112,000	\$3,112,000
2021	\$777,900	\$3,111,600	\$3,111,600
2022	\$1,136,200	\$2,272,400	\$2,272,400
2023	\$736,600	\$1,473,200	\$1,235,000
2024	\$801,600	\$1,603,200	\$0
<b>Totals</b>	<b>\$10,325,181</b>	<b>\$33,892,299</b>	<b>\$31,938,676</b>

<b>Year</b>	<b>BIL General Supplemental Principal Forgiveness*</b>		<b>BIL Emerging Contaminants Principal Forgiveness</b>	
	<b>Required Amount</b>	<b>Awarded from FY Grant</b>	<b>Required Amount</b>	<b>Awarded from FY Grant</b>
2022	\$4,281,620	\$4,086,600	\$0**	\$0
2023	\$5,014,170	\$3,176,280	\$0**	\$0
2024	\$5,470,360	\$0	\$1,043,000	\$0
<b>Totals</b>	<b>\$14,766,150</b>	<b>\$7,457,900</b>	<b>\$1,043,000</b>	<b>\$0</b>

\* Principal Forgiveness will only be provided to eligible entities that meet the Affordability Criteria definition in ARSD 74:05:08:12.03 and described on pages 5 and 6 of the IUP.

\*\* All of the CWSRF Emerging Contaminant allocation was transferred to the DWSRF for eligible emerging contaminants projects.

## 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 2024.

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
30	Whitewood	C461006-04	The treatment facility is currently out of compliance with discharge permit requirements. The project would repurpose the existing aeration basin to serve as an oxidation ditch to increase the ammonia removal capabilities and install a lift station to facilitate this process.	\$500,000	3.75%, 30 yrs	Yes	SD0021466
29	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.	\$9,322,000	3.75%, 30 yrs	Yes (Pending rate increase)	NA
25	Parkston	C461062-04	Installation of an ammonia removal and disinfection system at the treatment lagoons and dredging of the ponds to increase capacity.	\$1,500,000	3.75%, 30 yrs		SD0022021
25	Elk Point	C461059-09	Reconfiguration and replacement of wastewater treatment lagoon piping to better utilize existing treatment capacity and improve facility loading, aeration to further reduce loading and meet required permit limits would be installed.	\$2,200,000	3.75%, 30 yrs	Yes (Pending rate increase)	SD0022080

<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>	<b>NPDES Permit Number</b>
23	Clear Lake	C461037-03	The wastewater treatment system is in need of improvements to meet discharge limits. The project will make process upgrades to allow treatment of ammonia and other nutrients. This project will also include storm sewer improvements in the community.	\$11,674,600	3.75%, 30 yrs	Yes	SD0020699
22	Spring/Cow Creek Sanitary District	C461493-02	Rehabilitation of the existing lagoon system or construction of a new subsurface wastewater dispersal system to address compliance issues.	\$1,043,337	3.75%, 30 yrs		SDG826751
20	Niche Sanitary District	C461473-01	The districts on-site septic tanks for each home are beginning to fail and no longer in compliance with standards. This project would install sanitary sewer collection lines and either individual or centralized pumping to convey wastewater by forcemain to the Summerset wastewater treatment facility.	\$1,696,110	3.75%, 30 yrs		Not Applicable
20	Sioux Falls	C461232-49	Major replacement and upgrades to the city's water reclamation facility to improve treatment processes and expand the current treatment capacity to meet future growth needs (Phases 3 and 4).	\$11,675,000	3.25%, 20 yrs		SD0022128



<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>	<b>NPDES Permit Number</b>
20	Sioux Falls	C461232-51	The city is continuing to make improvements to the existing Water Reclamation Facility to improve current operations and provide additional capacity for future growth. This project will include upgrades and new equipment for the following treatment processes or areas: new thickening equipment, biosolids dewatering and drying improvements, dewatering building rehabilitation, chemical feed building upgrades, and access roadway improvements in the plant area.	\$31,926,000	3.50%, 20 yrs		SD0022128
18	Aberdeen	C461072-05	Rehabilitation of the main lift station and improvements to the wastewater treatment facility to provide additional capacity and provide the ability to meet anticipated future permit limits.	\$10,000,000	3.50%, 20 yrs	Yes (Pending rate increase)	SD0020702
18	Mitchell	C461129-13	Construction of a new laboratory for the north plant and upgrades to the south portion of the wastewater treatment facility to include site improvements to the facility, headworks process improvements, refurbishing the blower building and motor control center, adding equalization storage, new activated sludge blower and aeration system, refurbishment of clarifiers, and installation of a new aerobic sludge digester for nutrient removal capacity, new equalization storage, a back-up generator for the treatment plant, and two miles of forcemain to serve a new industrial facility area..	\$12,908,038	3.75%, 30 yrs	Yes	SD0023361

<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>	<b>NPDES Permit Number</b>
18	Watertown	C461029-16	Replacement and upgrades to the city's wastewater treatment facility to improve treatment processes and expand the current treatment capacity to meet future growth needs, replacement or relining of 10,700 feet of sanitary sewer, and rehabilitation of several lift stations.	\$25,000,000	3.50%, 20 yrs	Yes (Pending rate increase)	SD0023370
18	Yankton	C461038-08	Relocation or rehabilitation of the wastewater treatment facility.	\$5,000,000	3.75%, 30 yrs	Yes	SD0023396
16	Mobridge	C461016-06	Upgrades at the wastewater treatment facility to include construction of new final clarifiers, repurpose of existing clarifiers for new treatment process, installation of a sludge dewatering and biosolids equipment.	\$6,350,000	3.75%, 30 yrs	Yes	SD0020028
16	Pierre	C461288-10	Construction of a new solid waste disposal cell #4 for the regional landfill.	\$1,608,120	3.50%, 20 yrs		NPS
16	Rapid City	C461014-09	Upgrades to the south plant water reclamation facility to expand the treatment capacity and install equipment for nutrient removal processes and decommission the north plant treatment system.	\$20,000,000	3.50%, 20 yrs	Yes (Pending rate increase)	SD0023574
14	Box Elder	C461003-04	Replacement and upsizing of approximately 15,500 feet of existing sanitary sewer trunk line with 30- and 36-inch pipe. The new pipe will help reduce inflow and infiltration from the existing pipe and provide for future growth capacity in the trunk sewer system.	\$14,344,000	3.75%, 30 yrs	Yes	SD0025186
14	Wessington Springs	C461210-04	Grading of the wastewater treatment facility site to redirect stormwater from over topping berms and entering the treatment ponds and installing riprap on the primary treatment cell.	\$316,000	3.75%, 30 yrs	Yes (Pending rate increase)	SD0020460

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
14	White	C461118-02	Installation of influent flow monitoring equipment and replacement of the pond level control structures with valving to better control flows.	\$316,135	3.75%, 30 yrs		SD0021636
14	Worthing	C461047-06	Installation of submerged attached growth reactor at the treatment facility to increase capacity and meet new permit limits.	\$1,800,000	3.75%, 30 yrs		SD0021474
13	Gary	C461273-01	Replacement or relining of approximately 9,100 feet of clay sanitary sewer throughout the community and upgrades to the treatment ponds to include new control structures and piping, sludge removal, installation of riprap, and gravel surfacing roads between ponds for access.	\$4,665,164	3.75%, 30 yrs	Yes (Pending rate increase)	SDG820591
13	Hermosa	C461278-03	Rehabilitating the lagoon system and construction of a new lagoon cell.	\$500,000	3.75%, 30 yrs		SD0022349
13	Oacoma	C461289-01	Improvements to the treatment facility include pond embankment restoration, new pond transfer structures, and primary pond influent pipe replacement. A lift station will be constructed in the downtown area to better convey wastewater within the collection system.	\$2,605,000	3.75%, 30 yrs		SD0020737
12	Mitchell	C461129-13	Dredging of Lake Mitchell to remove nutrient laden lakebed sediments.	\$38,465,000	3.50%, 20 yrs	Yes (Pending rate increase)	Not Applicable
12	Powder House Pass Community Improvement District	C461471-04	Expansion of the current wastewater treatment facility to accommodate additional growth and installation of a new lift station and sanitary sewer lines to allow expansion into undeveloped areas.	\$1,000,000	3.50%, 20 yrs		SD0028615

<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>	<b>NPDES Permit Number</b>
12	Sioux Falls	C461232-46	Increase the capacity of the existing Pump Station 240 from 3.5 million gallons per day to 7 million gallons per day, install a parallel 30-inch forcemain from the pump station to the water reclamation facility.	\$61,000,000	3.50%, 20 yrs		SD0022128
12	Sioux Falls	C461232-47	Installation of 1 mile of sanitary sewer trunk main and related appurtenances in the northwest area of the city in what is known as basin 15 this project is phase 2 of the development. This will open up land for future development, and install best management practices in the Big Sioux River watershed.	\$6,214,000	2.75%, 20 yrs		SD0022128
12	Sioux Falls	C461232-50	Installation of 2.5 miles of sanitary sewer trunk main and related appurtenances in the southeast area of the city in what is known as sewer basins 28 and 29. This will open up to 480 acres of land for future development, and install best management practices in the Big Sioux River watershed.	\$8,410,500	2.75%, 20 yrs		SD0022128
12	Sioux Falls	C461232-48	Installation of sanitary sewer, an equalization basin, and larger lift station and forcemain to fully complete the Basin 15 sewer expansion project.	\$11,000,000	3.50%, 20 yrs		SD0022128
12	Sioux Falls	C461232-52	The southeast area of the city adjacent to the new South Veterans Parkway highway is an area of new growth in the city. To allow for this growth new sanitary sewer trunk lines, lift stations, and gravity sewer are necessary to allow for anticipated growth to occur over the next 20 years.	\$15,535,000	3.25%, 20 yrs		SD0022128

<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>	<b>NPDES Permit Number</b>
11	Madison	C461024-06	Replacement of approximately 3,300 feet of clay sanitary sewer with PVC on Egan Avenue.	\$2,692,547	3.75%, 30 yrs		SD0020010
11	Parker	C461026-07	Replacement of approximately 3,000 feet of clay sanitary sewer with PVC and 4,000 feet of storm sewer in various locations throughout the community.	\$1,668,419	3.75%, 30 yrs		SD0020940
10	Dell Rapids	C461064-13	Replacement of approximately 3,800 feet of sanitary sewer and 2,200 feet of storm sewer along and adjacent to Orleans Avenue. The project will also include a western area sewer expansion with a lift station and total of 5,500 feet of sewer main and forcemain to connect to the existing system.	\$8,540,000	3.75%, 30 yrs		SD0022101
10	Hot Springs	C461040-03	Replacement of approximately 5,640 feet of sewer lines and manholes under SD Highway 385/18.	\$800,000	3.75%, 30 yrs	Yes (Pending rate increase)	SD0022918
10	Lake Preston	C461011-03	Replacement of approximately 6,200 feet of clay sanitary sewer with PVC and 2,000 feet of storm sewer on various streets south of 1st Street.	\$3,987,000	3.75%, 30 yrs	Yes	SD0023655
10	Pierre	C461288-11	Replacement of approximately 800 feet of sanitary sewer along and adjacent to Euclid Avenue.	\$1,009,096	3.75%, 30 yrs		SD0020176
10	Vermillion	C461022-13	Installation of approximately 4,600 feet of new sanitary sewer and connection to the existing collection system in the Tom Street sewer basin for future development.	\$2,511,800	3.75%, 30 yrs	Yes (Pending rate increase)	SD0020061

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
10	Vermillion	C461022-14	Installation of approximately 4,000 feet of new sanitary sewer trunk line, a lift station, and 400 feet of forcemain northeast of the current city limits for future development.	\$4,211,500	3.75%, 30 yrs	Yes (Pending rate increase)	SD0020061
10	Worthing	C461047-06	Replacement of approximately 4,900 feet of clay sanitary sewer with PVC primarily on streets east of Louise Avenue.	\$2,506,000	3.75%, 30 yrs		SD0021474
9	Britton	C461188-06	Replacement of sanitary sewer and installation of a lift station in the city's industrial area.	\$532,000	3.75%, 30 yrs		SDG822292
9	Chamberlain	C461044-07	Replacement of 2,000 feet of sanitary sewer and installation of 5,000 feet of new sanitary sewer to serve a new development.	\$2,676,000	3.75%, 30 yrs	Yes (Pending rate increase)	SD0023698
9	Chancellor	C461122-06	Replacement of 3,600 feet of sanitary sewer, 13 manholes and 2,500 feet of storm sewer.	\$1,832,000	3.75%, 30 yrs	Yes	SD0023639
9	Harrisburg	C461065-10	Installation of 26,000 feet of new sanitary sewer trunk line and a lift station northeast of the current city limits and conversion of an existing lift station to pump flow from the new sewer basin trunk lines to the wastewater treatment facility.	\$36,511,600	3.75%, 30 yrs		SD0023728
9	Iroquois	C461174-01	Replacement of the main lift station and forcemain, wastewater treatment improvements to valves and concrete structures, and relining or replacement of manholes in the collection system.	\$3,143,000	3.75%, 30 yrs	Yes	SDG922438

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
9	Lennox	C461105-11	Construction of new trunk sewer to free capacity in the existing collection system for new and existing users and allow elimination of existing lift stations which requires installation of 28,100 feet sewer pipe, 5,875 feet of new forcemain, and a new main lift station.	\$16,802,280	3.75%, 30 yrs	Yes	SD0021768
9	Rapid Valley Sanitary District	C461013-01	Construction of a new trunk sewer line and collection pipe to disconnect users from the city of Rapid City system and construction of a new wastewater treatment facility.	\$60,000,000	3.75%, 30 yrs		NA
9	Salem	C461057-08	Replacement or relining of 17,600 feet of clay sanitary sewer and installation of 4,000 feet of storm sewer.	\$8,015,000	3.75%, 30 yrs	Yes (Pending rate increase)	SD0020966
9	Springfield	C461071-02	Replacement of approximately 1,500 feet of clay sanitary sewer with PVC and installation of 1,500 feet of storm sewer on portions of College, Elm, and Ninth Streets.	\$1,914,300	3.75%, 30 yrs	Yes (Pending rate increase)	SD0022047
9	Wagner	C461209-03	Replacement of approximately 550 feet of sanitary sewer with PVC along Highway 46 within the community.	\$285,000	3.75%, 30 yrs	Yes	SD0020184
9	Webster	C461054-07	Relining of the industrial park area sanitary sewer to reduce infiltration into the system. The project will also install a new aeration pump at the treatment facility.	\$1,185,000	3.75%, 30 yrs	Yes	SD0020320
9	Weston Heights Sanitary District	C461456-01	Replacement of approximately 1,500 feet of sanitary sewer and related appurtenances on Rosilee Lane, Krista Street, and Susan Street.	\$1,111,000	3.75%, 30 yrs		SD0028142
8	Alcester	C461212-03	Replacement of approximately 7,400 feet of clay sanitary sewer with PVC in the western portion of the city.	\$3,772,400	3.75%, 30 yrs	Yes	SD0021695

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
8	Colton	C461135-05	Replacement of approximately 550 feet of clay sanitary sewer with PVC in the 4th Street business district.	\$378,408	3.75%, 30 yrs		SD0022322
8	Elkton	C461229-04	Replacement of approximately 7,400 feet of clay sanitary sewer with PVC primarily on streets north of the railroad and east of Antelope Street.	\$3,273,279	3.75%, 30 yrs		SD0020788
8	Hecla	C461276-02	Replacement of 15,500 feet of clay sanitary sewer, installation of drain tile to remove groundwater and improve stormwater management, rehabilitation of the wastewater treatment lagoons, and installation of a lift station and forcemain to improve sanitary sewer conveyance.	\$3,000,000	3.75%, 30 yrs	Yes	SDG820214
8	Humboldt	C461254-06	Replacement of 7,000 feet of sanitary sewer, 3,000 feet of service line and relining of 1,200 feet of sewer.	\$720,000	3.75%, 30 yrs		SDG824015
8	Ipswich	C461133-03	Installation of 550 feet of storm sewer pipe and related appurtenances.	\$390,100	3.25%, 30 yrs	Yes	Not Applicable
8	Kadoka	C461061-01	Replacement of sanitary and storm sewer on Poplar Street.	\$800,000	3.75%, 30 yrs	Yes	SD0022357
8	North Brookings Sanitary & Water District	C461370-01	Relining of 10,400 feet of clay sanitary sewer, replacement of the existing lift station, and replacement of 5,400 of forcemain.	\$4,000,000	3.75%, 30 yrs		Not Applicable
7	Bison	C461139-04	Cleaning and televising the collection system, replacing or relining portions of the collection system, and various improvements to the wastewater treatment facility.	\$500,000	3.75%, 30 yrs	Yes	SD0022411
7	Emery	C461248-03	Installation of 8,400 feet of storm sewer.	\$2,494,000	3.75%, 30 yrs		Not Applicable
7	Hudson	C461280-03	Replacement of 3,100 feet of sanitary sewer, 1,050 feet of storm sewer, and service lines.	\$1,295,000	3.75%, 30 yrs		SD0022471



Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term	Principal Forgiveness Eligible	NPDES Permit Number
7	Presho	C461236-02	Replacement and installation of approximately 240 feet of sanitary sewer on West 7th Street, installation of approximately 1,700 feet of storm sewer and inlets in the area of the baseball field and the intersection of 5th Street and Fir Street.	\$1,055,930	3.75%, 30 yrs		SD0020117
6	Java	C461350-02	Replacement or relining of 16,600 feet of sanitary sewer, upgrade the controls for the lift station and purchase a generator for the lift station.	\$4,017,386	3.75%, 30 yrs	Yes (Pending rate increase)	SDG822195
6	Philip	C461205-10	Installation of new sanitary sewer, storm sewer, and curb and gutter in a currently undeveloped area of the city.	\$956,938	3.75%, 30 yrs	Yes (Pending rate increase)	SD0020303
6	Viborg	C461240-04	Installation of approximately 750 feet of new sanitary sewer trunk line and 500 feet of storm sewer in the northeast portion of the community for future development.	\$230,000	3.75%, 30 yrs	Yes (Pending rate increase)	SD0020541
4	Geddes	C461274-01	Installation of 3,600 feet of storm sewer and related appurtenances.	\$1,186,000	3.75%, 30 yrs	Yes (Pending rate increase)	Not Applicable
4	Central City	C461322-01	Installation of storm sewer inlets, pipe, and valley gutter to manage and convey stormwater overflow across a major arterial street.	\$182,000	3.75%, 30 yrs	Yes (Pending rate increase)	NA
2	Powder House Pass Community Improvement District	C461471-05	Expansion of the current wastewater treatment facility to accommodate additional growth, installation of a new lift station and sanitary sewer lines, and improvements to an existing lift station to allow expansion into undeveloped areas.	\$2,075,000	3.75%, 30 yrs		SD0028615

**ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FFY 2024**

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness <sup>1</sup>	Funding Date	Expected Funding Source <sup>2</sup>	Fund/Project Eligibility <sup>3,4</sup>
	<i>Green Project Reserve Information</i>						
Loans Made							
18	Watertown	C461029-16	\$25,000,000		Jan. 2024	Repay/Lev. Bonds	3
12	Sioux Falls	C461232-46	\$61,000,000		Jan. 2024	Repay/Lev. Bonds	
8	Hecla	C461276-02	\$2,500,000	\$1,682,000	Jan. 2024	Repay/Lev. Bonds	3
8	Humboldt	C461254-06	\$330,000		Jan. 2024	Repay/Lev. Bonds	
4	Geddes	C461274-01	\$1,186,000		Jan. 2024	Repay/Lev. Bonds	3
29	Green Valley Sanitary District	C461251-01	\$2,763,000	\$2,763,000	March 2024	Repay/Lev. Bonds	3
25	Parkston	C461062-04	\$1,500,000		March 2024	Repay/Lev. Bonds	
23	Clear Lake	C461037-03	\$3,500,000		March 2024	Repay/Lev. Bonds	3
22	Spring/Cow Creek Sanitary District	C461493-02	\$3,627,880		March 2024	Repay/Lev. Bonds	
20	Niche Sanitary District	C461473-01	\$220,000		March 2024	Repay/Lev. Bonds	
16	Mobridge	C461016-06	\$7,350,000		March 2024	Repay/Lev. Bonds	3
16	Rapid City	C461014-09	\$35,000,000		March 2024	Repay/Lev. Bonds	3
14	Worthing	C461047-06	\$1,078,000		March 2024	Repay/Lev. Bonds	
13	Gary	C461273-01	\$2,015,822	\$815,000	March 2024	Repay/Lev. Bonds	3
12	Sioux Falls	C461232-47	\$23,130,000		March 2024	2024 Base/BIL GS	
11	Parker	C461026-07	\$1,669,000		March 2024	Repay/Lev. Bonds	
10	Lake Preston	C461011-03	\$2,653,600	\$1,063,600	March 2024	Repay/Lev. Bonds	3
10	Vermillion	C461022-13	\$4,211,500		March 2024	Repay/Lev. Bonds	3
9	Iroquois	C461174-01	\$1,900,000	\$1,137,000	March 2024	Repay/Lev. Bonds	3
8	Alcester	C461212-03	\$1,530,000	\$766,000	March 2024	Repay/Lev. Bonds	3
8	Colton	C461135-05	\$323,748		March 2024	Repay/Lev. Bonds	
8	Elkton	C461229-04	\$936,000		March 2024	Repay/Lev. Bonds	
8	Kadoka	C461061-01	\$800,000		March 2024	Repay/Lev. Bonds	3
8	North Brookings Sanitary & Water District	C461370-01	\$1,597,450		March 2024	Repay/Lev. Bonds	
7	Hudson	C461280-03	\$648,000		March 2024	Repay/Lev. Bonds	
6	Viborg	C461240-04	\$512,000		March 2024	Repay/Lev. Bonds	3
12	Powder House Pass Community Improvement District	C461471-04	\$2,075,000		June 2024	Repay/Lev. Bonds	
12	Sioux Falls	C461232-48	\$11,000,000		June 2024	Repay/Lev. Bonds	
11	Madison	C461024-06	\$2,692,547		June 2024	Repay/Lev. Bonds	3
9	Britton	C461188-06	\$733,000		June 2024	Repay/Lev. Bonds	
9	Weston Heights Sanitary District	C461456-01	\$1,111,000		June 2024	Repay/Lev. Bonds	
8	Ipswich	C461133-03	\$390,100	\$100,000	June 2024	Repay/Lev. Bonds	3

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness <sup>1</sup>	Funding Date	Expected Funding Source <sup>2</sup>	Fund/Project Eligibility <sup>3,4</sup>
	<i>Green Project Reserve Information</i>						
Loans Expected							
18	Mitchell	C461129-13	\$13,000,000	\$118,650	Sept. 2024	Repay/Lev. Bonds	3
14	Box Elder	C461003-04	\$2,000,000		Sept. 2024	Repay/Lev. Bonds	3
20	Sioux Falls	C461232-51	\$31,926,000		Jan. 2025	Repay/Lev. Bonds	

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.
2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only Actual projects used for capitalization grant equivalency will be identified on the FFY 2024 annual report.
3. Projects are anticipated to be funded in part utilizing capitalization grant principal forgiveness reserved for affordability criteria communities, and may be from funds within the base capitalization grant, BIL general supplemental, or BIL emerging contaminants grant allotments depending on project eligibility.
4. Projects identified are anticipated to be funded in part utilizing BIL emerging contaminants allotments.

**ATTACHMENT III  
PROGRAM FUNDING STATUS**

**Federal Fiscal Years 1989 – 2023**

Capitalization Grants	\$227,853,200	
BIL Supplemental Grants	\$18,971,000	
State Match (Base and BIL)	\$47,467,740	
ARRA Grant	\$19,239,100	
Set-Asides (Base and BIL)	(\$11,681,199)	
Leveraged Funds	\$488,703,951	
Transfer FFY 2002 & 2003 Capitalization Grant and State Match to DWSRF	(\$15,574,320)	
Excess Interest as of September 30, 2022	\$135,597,352	
Excess Principal as of September 30, 2022	<u>\$215,270,996</u>	
 Total Funds Dedicated to Loan		 \$1,125,847,820
 Closed Loans made through September 30, 2023		 <u>(\$1,279,283,927)</u>
 Available funds as of September 30, 2023		 (\$153,436,107)

**Federal Fiscal Year 2024 Projections**

Base Capitalization Grant	\$3,683,000	
BIL General Supplemental Grant	\$11,150,000	
State Match (combined total)	\$3,366,200	
Set-Asides (combined total)	(\$593,320)	
Projected Excess Principal Repayments	\$5,000,000	
Projected Unrestricted Interest Earnings	\$12,000,000	
Leveraged Bonds	<u>\$120,000,000</u>	
Projected FFY 2024 Loan Subtotal		\$154,605,880
 Funds Available for Loans		 (\$18,830,227)
 Loans Awarded and Unclosed as of September 30, 2023		 (\$231,298,390)
 Total Funds Available for Loans		 <u><u>(\$250,128,617)</u></u>
 Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2024		 <u><u>\$251,909,647</u></u>

<b>Administrative Surcharge Funds Available as of September 30, 2023</b>	
Restricted Account (Administrative Purposes Only)	\$1,445
Discretionary Account (Available for Water Quality Grants)	<u>\$978,882</u>
Total	<u><u>\$980,327</u></u>

**BIL EMERGING CONTAMINANTS  
PROGRAM FUNDING STATUS**

**Federal Fiscal Years 2022-2023**

CWSRF BIL Emerging Contaminants Grants	\$459,000	
State Match	\$0	
Set-Asides	\$0	
Transfer FFY 2022 Grant to DWSRF Emerging Contaminants	(\$459,000)	
	<hr/>	
Total Funds Dedicated to Loan		\$0
Closed Loans made through September 30, 2023		<hr/> \$0
Available funds as of September 30, 2023		\$0

**Federal Fiscal Year 2024 Projections**

CWSRF BIL Emerging Contaminants Grant	\$1,043,000	
State Match	\$0	
Set-Asides	\$0	
Projected FFY 2024 Loan Sub-total	<hr/> \$1,043,000	
Funds Available for Loans		\$1,043,000
Loans Awarded and Unclosed as of September 30, 2023		\$0
Total Funds Available for Loans		<hr/> \$1,043,000
Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2024		<hr/> <hr/> \$0

## **Addendum to the 2024 CWSRF Intended Use Plan:**

### **Bipartisan Infrastructure Law**

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The Bipartisan Infrastructure Law (BIL), previously referred to as the Infrastructure Investment and Jobs Act, was signed into law on November 15, 2021. The BIL invests more than \$50 billion over the next five years in EPA water infrastructure programs including the State Revolving Funds. South Dakota's estimated 2024 allotment for the Clean Water State Revolving Fund (CWSRF) program totals \$12,207,000.

This addendum is for the distribution of BIL funds in 2024.

The BIL funding will be issued through the CWSRF in two categories: 1) CWSRF BIL General Supplemental Funding and 2) CWSRF BIL Emerging Contaminants Funding. The IUP amendments and the BIL funding categories are described below.

### **BIL Funding Categories and Use of Funds**

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#### **CWSRF BIL General Supplemental Funding**

The BIL includes an estimated general supplemental funding allotment of \$11,164,000 to South Dakota in 2024 for the CWSRF program. The existing CWSRF program as described in this IUP applies to this funding category and includes the following:

#### **Eligibility**

- Eligible entities and projects for this funding must be eligible under the existing CWSRF program.
- All CWSRF eligible projects must be listed on the existing Attachment I - 2024 Project Priority List of the CWSRF IUP.

#### **Requirements**

- Application, prioritization and approval for funding will be the same as the existing CWSRF program.
- State match is 20% of the total amount of the capitalization grant in fiscal year 2024. Bond proceeds will be used to provide the matching funds.
- Loan interest rate and terms will be the same as the existing program.
- Forty-nine percent of the capitalization grant amount must be awarded as additional subsidization in the form of principal forgiveness. Additional subsidization will be provided to eligible entities that meet the Affordability Criteria established in ARSD 74:05:08:12.03. Applicants meeting the Affordability Criteria may be eligible for additional principal forgiveness from the base program.

### **Technical Assistance Set-Asides**

BIL includes the following provision:

*Additional Use of Funds--A State may use an additional 2 percent of the funds annually awarded to each State under this title for nonprofit organizations (as defined in section 104(w)) or State, regional, interstate, or municipal entities to provide technical assistance to rural, small, and tribal publicly owned treatment works (within the meaning of section 104(b)(8)(B)) in the State.*

States have the flexibility to use up to an amount equal to two percent of its annual CWSRF capitalization grant for the purpose of hiring staff, nonprofit organizations, or regional, interstate, or municipal entities to assist rural, small, and tribal publicly owned treatment works. The form of that assistance is flexible and could include, but is not limited to, community outreach, technical evaluation of wastewater solutions, preparation of applications, preliminary engineering reports, and financial documents necessary for receiving SRF assistance. This provision applies to the base program, the BIL CWSRF General Supplemental fund, and the BIL CWSRF Emerging Contaminants fund.

The estimated 2024 BIL CWSRF appropriation for infrastructure is \$11,164,000. In 2022 and 2023, a combined \$379,420 was set-aside to provide planning grants to communities of 2,500 or less and provide technical assistance to rural communities through a contracted provider. More information on these technical assistance activities is provided on pages 8 and 9 of the base program IUP. There remains sufficient available funds from prior year capitalization grants to fund these activities. In FFY 2024, no CWSRF program funds will be allocated for this set-aside.

### **Capitalization Grant Administrative Allowance**

The BIL 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 all grant awards to the CWSRF, 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 estimated fiscal year 2024 base capitalization grant and BIL Supplemental grant is \$606,880, and 1/5 of a percent of the current fund valuation of \$270,748,583 results in \$541,497 available for administrative fees. As a result, an administrative allowance of \$606,880 will be reserved for administrative purposes in FFY 2024. Of this amount, \$446,560 will be from the BIL Supplemental grant and the remaining \$160,320 from the base grant.

### **CWSRF BIL Emerging Contaminants Funding**

The BIL includes an estimated funding allocation of \$1,043,000 to South Dakota in 2024 to be applied to clean water emerging contaminants. At this time, no projects meeting the criteria

for award of these funds are included on the Project Priority List. Until eligible projects submit a State Water Plan application for inclusion on the Project Priority List, South Dakota does not intend to apply for these funds.

### **CWSRF BIL Principal Forgiveness Eligibility Criteria**

An eligible applicant may receive principal forgiveness from the CWSRF BIL General Supplemental Funding if it meets the Affordability Criteria established in ARSD 74:05:08:12.03 and outlined on pages 4 through 6 of the base program IUP.

### **Project Priority List and List of Projects Expected to be Funded**

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All projects identified on Attachment I - Project Priority List and Attachment II - List of Projects Expected to be Funded in FFY 2024 are eligible to receive BIL supplemental funding. Projects may be funded by a combination of BIL supplemental funds and base program funds.

### **BIL Funding Provisions and Additional Requirements**

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All provisions promulgated through statute, guidance, or regulations issued by EPA for the implementation of the CWSRF program will remain in effect (e.g. American Iron and Steel and Davis-Bacon related prevailing wage requirements) unless they are inconsistent with the BIL, capitalization grant conditions, or the requirements contained in the [EPA BIL SRF Implementation Memo](#) dated March 8, 2022.

**The EPA BIL SRF Implementation Memo includes the following provisions summarized below:**

1. Build America, Buy America Act: BIL creates the Build America, Buy America (BABA) Act domestic sourcing requirements for Federal financial assistance programs for infrastructure, including the SRF programs. For more specific information on BABA implementation, please refer to the Office of Management and Budget's Build America, Buy America Act Implementation Guidance. EPA will issue a separate memorandum for BABA after the United States Office of Management and Budget (OMB) publishes its guidance. The American Iron and Steel provisions of both the CWSRF and DWSRF continue to apply.

BABA applies to both the existing CWSRF program equivalency projects and BIL funded projects. BIL funded projects will be required to comply with BABA requirements, unless exempted by an approved national or project specific waiver. The OMB guidance and EPA memorandums mentioned above will determine the specific requirements for implementing and meeting the BABA requirement.

2. Reporting: States must use EPA's SRF Data System to report key BIL project characteristics and milestone information no less than quarterly. Additional reporting will be required



through the terms and conditions of the grant award. The Federal Funding Accountability and Transparency Act (FFATA) of 2010 requires SRF programs to report on recipients that received federal dollars in the FFATA Subaward Reporting System ([www.fsrs.gov](http://www.fsrs.gov)).

3. Blending Funds and Cash Draws: States have the flexibility to craft single assistance agreements (e.g., loans) that contain multiple types of construction components and activities. These assistance agreements may commit funds from multiple BIL capitalization grants and base program funds. Upon disbursement of funds, these assistance agreements may draw from both BIL and base SRF capitalization grants for eligible project components.

4. Green Project Reserve: If provided for in the annual appropriation, the green project reserve is applicable to the BIL capitalization grants for the corresponding fiscal year.

5. Inter-SRF Transfers: Per SRF statute and regulation, states have the flexibility to transfer funds between the CWSRF and DWSRF. Given BIL's requirements, authorities, and narrower SRF eligibilities, states may only transfer funds between the specific BIL appropriations in the equivalent CWSRF or DWSRF program. In other words, transfer of funds may occur between the CWSRF and DWSRF General BIL capitalization grants and between the CWSRF and DWSRF BIL Emerging Contaminants capitalization grants. Because there is no similar CWSRF appropriation to the DWSRF BIL LSLR appropriation, no funds may be transferred from or to the DWSRF BIL LSLR appropriation. States may not transfer BIL appropriations to or from base appropriations.

6. Federal Civil Rights Responsibilities, Including Title VI of the Civil Rights Act of 1964 is reviewed by the state to ensure requirements are met and applies to DWSRF and CWSRF programs for both base and BIL funding.

## **Public Review and Comment**

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On November 8, 2023, a public hearing was held seeking comments on the BIL addendum to the CWSRF 2024 Intended Use Plan. The notice was published at least 20 days prior in four newspapers of general circulation in different parts of the state. The department maintains a public notice page on its website <https://danr.sd.gov/public/default.aspx>, and interested parties are able to submit comments through the website. The 2024 IUP and BIL addendum were made available during the public notice period for review and comment. The department sends out weekly updates to a list of interested parties who have subscribed for updates to the website. Upon posting the public notice on the department's website, the 2024 IUP and BIL addendum were e-mailed to a list of interested parties that regularly receive notice of Board of Water and Natural Resources activities. As part of the required board meeting notice, the addendum was also available on the Boards and Commissions portal website <https://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>.