

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

INTRODUCTION

The Safe Drinking Water Act Amendments of 1996 and South Dakota Codified Law 46A-1-60.1 to 46A-1-60.3, inclusive, authorize the South Dakota Drinking Water State Revolving Fund (SRF) program. Program rules are established in Administrative Rules of South Dakota chapter 74:05:11.

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for the federal fiscal year (FFY) 2024 as required under Section 1452(b) of the Safe Drinking Water Act and ARSD 74:05:11:03. The IUP describes how the state intends to use the Drinking Water SRF to meet the objectives of the Safe Drinking Water Act and further the goal of protecting public health.

On November 8, 2023, a public hearing was held seeking comments on the Drinking 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 was 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> . The IUP reflects the results of this review.

The IUP includes the following:

- Priority list of projects;
- Short- and long-term goals;
- Criteria and method of fund distribution;
- Funds transferred between the Drinking Water SRF and the Clean Water SRF;
- Financial status;
- Description and amount of non-Drinking Water SRF (set-aside) activities;
- Disadvantaged community subsidies; and
- Bipartisan Infrastructure Law (BIL) Addendum for specific BIL fund uses and activities.

PRIORITY LIST OF 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 Drinking Water SRF loans as a funding source.

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

Priority ratings are based on the project priority system established in ARSD 74:05:11:06. The general objective of the priority system is to assure projects that address compliance or health concerns, meet certain affordability criteria, or regionalize facilities receive priority for funding.

GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS

The long-term goals of the Drinking Water SRF are to fully capitalize the fund, ensure that the state's drinking water supplies remain safe and affordable, ensure that systems are operated and maintained, and promote economic well-being.

The specific long-term objectives of the program are:

1. To maintain a permanent, self-sustaining SRF program that will serve in perpetuity as a financing source for drinking water projects and source water quality protection measures. This will necessitate that the amount of capitalization grant funds for non-Drinking Water SRF activities are reviewed annually to assure adequate cash flow to maintain the fund.
2. To fulfill the requirements of pertinent federal, state, and local laws and regulations governing safe drinking water activities, while providing the state and local project sponsors with maximum flexibility and decision making authority regarding such activities.

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

The specific short-term objectives of the program are:

1. To assist systems in replacing aging infrastructure.
2. To assist systems in maintaining and upgrading its water treatment capabilities to ensure compliance with the Safe Drinking Water Act.
3. To promote regionalization and consolidations of water systems, where mutually beneficial, as a practical means of addressing financial, managerial, and technical capacity.
4. To ensure the technical integrity of Drinking Water SRF projects through the review of planning, design plans and specifications, and construction activities.
5. To ensure the financial integrity of the Drinking Water SRF program through the review of the financial impacts of the set-asides and disadvantaged subsidies and individual loan applications and the ability for repayment.

6. To obtain maximum capitalization of the funds for the state in the shortest time possible while taking advantage of the provisions for disadvantaged communities and supporting the non-Drinking Water SRF activities.

Environmental Results

States are required to establish program activity measures (outcomes) in its Intended Use Plan to receive the federal capitalization grant. Progress related to the measures is to be reported in the following annual report.

For FFY 2024, the specific measures are:

1. In FFY 2023, the fund utilization rate, as measured by the percentage of executed loans to funds available, was 109.2 percent, which exceeded the target goal of 90 percent. Based on South Dakota utilizing the cashflow model for allocation of funds, the fund utilization rate is anticipated to remain above 100 percent in future years.
2. In FFY 2023, the rate at which projects progressed as measured by disbursements as a percent of assistance provided was 70.6 percent, which was below the goal of 80 percent. This was due to a large number of loans being executed which included significant amounts of American Rescue Plan Act grants in the funding package, those grant funds are primarily drawn before the SRF loan funds for the project. For FFY 2024, the goal is to increase the construction pace to 75 percent.
3. For FFY 2024, the goal of the Drinking Water SRF program is to fund 34 loans, totaling more than \$146.3 million.
4. For FFY 2024, it is estimated that 53 projects will initiate operations.
5. For FFY 2024, it is estimated that 10 Small Community Planning Grants will be awarded to small systems to evaluate the system's infrastructure needs.
6. For FFY 2024, it is estimated that the South Dakota Association of Rural Water Systems will provide 1,400 hours of technical assistance to small systems.

To ensure measures are accurate and up-to-date, project data will be entered into the EPA SRF Data System on a quarterly basis.

CRITERIA AND METHOD OF FUND DISTRIBUTION

Projects will be funded based on their assigned priority as set forth on the Project Priority list. Projects with the highest ranking that have submitted a complete State Revolving Fund loan application and demonstrated adequate financial, managerial, and technical capacity to receive the loan shall be funded before any lower ranked projects. Projects on the priority list may be bypassed if they have not demonstrated readiness to proceed by submitting a loan application. "Readiness to Proceed" is defined by EPA as the applicant being prepared to begin construction and is immediately ready, or poised to be ready, to enter into assistance agreements. The next highest priority project

that has submitted an application will be funded. The state shall exert reasonable effort to assure that the higher priority projects on the priority list are funded.

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. Information regarding disadvantaged eligibility and subsidy level criteria can be found in the disadvantaged community subsidies section. The interest 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 and for loans for lead service line replacement activities. 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. For lead service line replacement projects from the BIL lead service line replacement funds all eligible projects and borrowers will receive a 0 percent total interest rate for all loan terms.

Table 1 – Drinking 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	0.00%			
Total	2.50%			
<u>Base Rate</u>				
Interest Rate		3.00%	3.25%	3.50%
Admin. Surcharge		0.25%	0.25%	0.25%
Total		3.25%	3.50%	3.75%
<u>Disadvantaged Rate – 80% to 100% of MHI</u>				
Interest Rate				3.25%
Admin. Surcharge				0.25%
Total				3.50%
<u>Disadvantaged Rate – 60% to 80% of MHI</u>				
Interest Rate		2.25%		3.00%
Admin. Surcharge		0.25%		0.25%
Total		2.50%		3.25%
<u>Disadvantaged Rate – Less than 60% of MHI</u>				
Interest Rate				0.00%
Admin. Surcharge				0.00%
Total				0.00%
<u>BIL Lead Service Line Replacement Loans</u>				
Interest Rate		0.00%	0.00%	0.00%
Admin Rate		0.00%	0.00%	0.00%
Total		0.00%	0.00%	0.00%
<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 FEES

The interest rate includes an administrative surcharge as identified in Table 1. The primary purpose of the surcharge is 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 the department.

As of September 30, 2023, nearly \$4.46 million of administrative surcharge funds are available.

Beginning in FFY 2005, administrative surcharge funds were provided to the planning districts to defray expenses resulting from 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.

The American Recovery and Reinvestment Act (ARRA) of 2009 and subsequent capitalization grants have mandated implementation of Davis-Bacon prevailing wage rules. Under joint powers agreements between the planning districts and the department, the planning districts are to be reimbursed \$1,600 per project to oversee compliance with the Davis-Bacon wage rate verification and certification.

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.

In FFY 2024, \$75,000 of administrative surcharge funds will be allocated for operator certification training.

In federal fiscal year 2024, \$2,000,000 of administrative surcharge funds will be allocated. These funds will be used to supplement the Consolidated program with grants for the construction of drinking water facilities.

SMALL SYSTEM FUNDING

A requirement of the program is that a minimum of 15 percent of all dollars credited to the fund be used to provide loan assistance to small systems that serve fewer than 10,000 persons. Since the inception of the program, loans totaling more than \$567.7 million have been made to systems meeting this population threshold, or 42.6 percent of the \$1.33 billion of total funds available for loan. Attachment II – List of Projects to be funded in FFY 2024 identifies more than \$146.3 million in projects, of which more than \$71.9 million is for systems serving less than 10,000; therefore, the state expects to continue to exceed the 15 percent threshold.

Water systems must demonstrate the technical, managerial, and financial capability to operate a water utility before it can receive a loan.

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

AMOUNT OF FUNDS TRANSFERRED BETWEEN THE DRINKING WATER SRF AND THE CLEAN 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 transferred \$15,574,320 from the Clean Water SRF to the Drinking Water SRF program in past years. In FFY 2006 and 2011, \$7.5 million of 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 \$64.9 million from the Clean Water SRF program to the Drinking Water SRF program. Nearly \$63.0 million could be transferred from the Drinking Water SRF Program to the Clean Water SRF program. Table 2 (pages 12 and 13) itemizes the amount of funds transferred between the programs and the amount of funds available to be transferred.

No base program transfers are expected in FFY 2024.

FINANCIAL STATUS

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 anticipated FFY 2024 capitalization grant is \$4,938,000 which requires \$987,600 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. As of September 30, 2023, \$197.1 million in leveraged bonds have been issued for the Drinking Water SRF program. It is anticipated that up to \$100 million of additional 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 no excess 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 \$6.5 million in interest earnings will become available for loans in FFY 2024.

As of September 30, 2023, 501 loans totaling \$1,332,223,090 have been made.

South Dakota has switched from a cash-on-hand financing model to a cashflow model. This model allows funding to be awarded based on the anticipation of future repayments and leveraged bonds being issued. With the anticipated FFY 2024 capitalization grant, state match, leveraged bonds, excess interest earnings, and repayments, nearly \$138.4 million in new funds for projects will be available. This information is provided in Attachment III, Drinking Water SRF Funding Status.

Funds will be allocated to the set-aside activities in the amounts outlined on pages 8 - 10. All remaining funds will be used to fund projects on the project priority list. A more detailed description of the activities can be found in the section pertaining to set-asides and the attachments.

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.

The Safe Drinking Water Act included three provisions that call for a withholding of Drinking Water SRF grant funds where states fail to implement three necessary programmatic requirements. These provisions were assuring the technical, financial and managerial capacity of new water systems, developing a strategy to address the capacity of existing systems, and developing an operator certification program that complies with EPA guidelines. The State of South Dakota continues to meet the requirements of these provisions and will not be subject to withholding of funds.

Additional Subsidy – Principal Forgiveness

The 2010 and 2011 Drinking Water SRF appropriations mandated that not less than 30 percent of the funds made available for Drinking Water SRF capitalization grants shall be used by the state to provide additional subsidy to eligible recipients. The 2012 through 2015 capitalization grants mandated additional subsidy be provided in an amount not less than 20 percent, but not more than 30 percent, of the capitalization grants. The 2016 through 2019 capitalization grant mandated additional subsidy of exactly 20 percent of the total grant be provided to recipients. The FFY 2020 through 2023 capitalization grants included the ability to award principal forgiveness for any borrower of exactly 14 percent of the total grant award. 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 to qualify for principal forgiveness. Other applicants must have a minimum rate of \$70 per month based on 7,000 gallons usage to qualify for principal forgiveness.

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 to date. It is anticipated the FFY 2024 capitalization grant will include the ability to award principal forgiveness for any borrower equal to 14 percent of the total grant award. Additional principal forgiveness can also be provided to disadvantaged communities. Further discussion can be found in the Disadvantaged Community Subsidy section beginning on page 11.

Attachment II – List of Projects to be Funded in FFY 2024 identifies \$691,320 in principal forgiveness for communities not eligible for the additional disadvantaged community principal forgiveness.

DESCRIPTION AND AMOUNT OF NON-PROJECT ACTIVITIES (SET-ASIDES)

The Safe Drinking Water Act authorizes states to provide funding for certain non-project activities provided that the amount of that funding does not exceed certain ceilings. Unused funds in the non-Drinking Water SRF will be banked for future use, where allowable, or transferred to the project loan account at the discretion of the state and with concurrence from the EPA Regional Administrator.

The following sections identify what portions of the capitalization grant will be used for non-Drinking Water SRF activities and describe how the funds will be used.

Administration. The Water Infrastructure Improvements for the Nation (WIIN) Act of 2017 provides three options to states to calculate the administrative set-aside available from each year's capitalization grant. States may use the greatest of 1) \$400,000 per year, 2) 1/5 of a percent of the current valuation of the Drinking Water SRF fund based on the most recent previous year's audited financial statements, or 3) an amount equal to four percent of the annual capitalization grant allotment. The Bipartisan Infrastructure Law (BIL) also provides these same options for determining the administrative set-aside.

Four percent of the anticipated FFY 2024 base capitalization grant is \$197,520, four percent of the anticipated FFY 2024 BIL Supplemental capitalization grant is up to \$916,000, and 1/5 of a percent of the current fund valuation of \$232,424,205 results in \$464,848 available for administrative fees. **As a result, no administrative set-aside will be allocated from the base capitalization grant, and BIL Supplemental grant funds will be utilized.**

Specific activities to be funded are: staff salary, benefits, travel, and overhead; retaining of bond counsel, bond underwriter, financial advisor, and trustee; and other costs to administer the program.

Unused administrative funds will be banked to assure a source of funds not dependent on state general funds.

Small system technical assistance. **Two percent of the estimated capitalization grant is \$98,760; whereas, two percent of the estimated BIL Supplemental capitalization grant is up to \$458,000. As a result, no small system technical assistance set-aside will be allocated from the base capitalization grant, and BIL Supplemental grant funds will be utilized.**

The objective of this set-aside is to bring non-complying systems into compliance and improve operations of water systems. States may use up to two percent of its allotment to assist in funding these activities.

Since fiscal year 1997, the board has contracted with the South Dakota Association of Rural Water Systems to help communities evaluate the technical, managerial, and financial capability of its water utilities. These contracts have been renewed periodically to allow the continuation of assistance activities. The South Dakota Rural Water Association provides such on-site assistance as leak detection, consumer confidence reports, water audits, board oversight and review, treatment plant operations, operator certification, and rate analysis.

To promote proactive planning within small communities, the Small Community Planning Grant program was initiated in fiscal year 2001. Communities are reimbursed 80 percent of the cost of an engineering study, with the maximum grant amount for any study being \$8,000.

No funds from the base capitalization grant are proposed to be utilized to continue these activities, the BIL supplemental funding set-aside will be utilized for these activities in 2024. Unused funds from previous years' set-aside for small system technical assistance are banked for use in future years. As of September 30, 2023, \$231,939 remains from previous years' base program and BIL supplemental allocations to be used for the purposes described above.

State program management. No funds will be allocated from the base program State Program Management set-aside for the administration of the state's Public Water System Supervision (PWSS) program in FFY 2024. Set-aside funds from the BIL Supplemental grant funds will be utilized.

The state may use up to 10 percent of its allotment to (1) administer the state PWSS program; (2) administer or provide technical assistance through water protection programs, including the Class V portion of the Underground Injection Control program; (3) develop and implement a capacity development strategy; and (4) develop and implement an operator certification program. The WIIN Act of 2017 removed the requirements for an additional dollar-for-dollar match of capitalization funds for these activities.

The Performance Partnership Grant for South Dakota's PWSS program does not provide sufficient funds to complete all tasks and activities identified in the workplan. A total of \$300,000 from the BIL Supplemental grant will be set-aside for these activities in FFY 2024. Additional PWSS fees will be used to fully fund all activities identified in the workplan.

Local assistance and other state programs. No funds will be allocated from the base program Local Assistance set-aside. Set-aside funds from the BIL Supplemental capitalization grant (\$100,000) will be used for the capacity development activities described below.

The state can fund other activities to assist development and implementation of local drinking water protection activities. Up to 15 percent of the capitalization grant may be used for the activities specified below, but not more than 10 percent can be used for any one activity. The allowable activities for this set-aside are: (1) assistance to a public water system to acquire land or a conservation easement for source water protection; (2) assistance to a community water system to implement voluntary, incentive-based source water quality protection measures; (3) to provide funding to delineate and assess source water protection areas; (4) to support the establishment and implementation of a wellhead protection program; and (5) to provide funding to a community water system to implement a project under the capacity development strategy.

Since 2008, Midwest Assistance Program (MAP) has been assisting communities that received an SRF loan and recommendations were made in the capacity assessment to improve the technical, financial, or managerial capacity of the system. In addition, MAP has assisted in the review of capacity assessments required as part of the Drinking Water SRF loan applications.

There remains \$125,420 from prior years' allocations. These funds will be used by a qualified assistance provider, selected through a request for proposals. DANR staff will review proposals and make a recommendation to the board to select the most qualified firm for contracting of these services.

DISADVANTAGED COMMUNITY SUBSIDIES

Communities that meet the disadvantaged eligibility criteria described below may receive additional subsidies. This includes communities that will meet the disadvantaged criteria as a result of the project.

Definition. To be eligible for loan subsidies a community must meet the following criteria:

1. for municipalities and sanitary districts:
 - a. the median household income is below the state-wide median household income; and
 - b. the monthly residential water bill is \$45 or more for 5,000 gallons usage; or
2. for other community water systems:
 - a. the median household income is below the state-wide median household income; and
 - b. the monthly water bill for rural households is \$70 or more for 7,000 gallons usage.

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.

Affordability criteria used to determine subsidy amount. Disadvantaged communities below 80 percent of the statewide median household income, but at or greater than 60 percent may receive up to a one percentage point reduction in interest rates. Disadvantaged communities with a median household income less than 60 percent of the statewide median household income may receive a zero percent loan. See Table 1 for the disadvantaged interest rates for FFY 2024.

Amount of capitalization grant to be made available for providing additional subsidies to disadvantaged communities. Disadvantaged communities are eligible for additional subsidy in the form of principal forgiveness. South Dakota utilized the option to provide additional subsidy in the form of principal forgiveness to disadvantaged communities in federal fiscal years 2016 through 2018, in an amount equal to 30 percent of the annual capitalization grant.

The American Water Infrastructure Act (AWIA) of 2018 added new requirements to provide additional subsidy to disadvantaged communities. The FFY 2019 through 2021 capitalization grants mandated states must provide a minimum of 6 percent and may provide up to 35 percent of the capitalization grant amount as additional subsidy to disadvantaged communities.

The 2021 BIL amendments increased the minimum to 12 percent and maximum of 35 percent of the capitalization grant amount must be provided as additional subsidy to disadvantaged communities. This applies to 2022 and subsequent base program capitalization grants unless amended by Congress.

Table 3 on page 14 summarizes the amounts of disadvantaged principal forgiveness provided to date.

Attachment II – List of Projects to be Funded in FFY 2024 identifies \$19,537,444 in principal forgiveness.

Identification of systems to receive subsidies and the amount. Systems that are eligible to receive disadvantaged community rates and terms are identified in Attachment I and Attachment II.

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								
-	\$42,690,000	\$14,087,700	\$14,087,700				\$14,087,700	\$14,087,700
2001								
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								
-	\$38,094,000	\$12,571,020	\$40,147,305				\$24,572,985	\$32,647,305
2010								
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								
2024 Est.	\$4,938,000	\$1,629,540	\$80,474,625				\$64,900,305	\$62,674,625

BIL General Supplemental Transfers								
Year	DWSRF Capitalization Grant	Amount Available for Transfer	Banked Transfer Ceiling	Amount Transferred from CWSRF to DWSRF	Amount Transferred from DWSRF to CWSRF	Transfer Description	CWSRF Funds Available to Transfer	DWSRF Funds Available to Transfer
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 Est.	\$22,900,000	\$7,557,000	\$20,442,510				\$20,442,510	\$20,442,510

BIL Emerging Contaminants Transfers								
Year	DWSRF Capitalization Grant	Amount Available for Transfer	Banked Transfer Ceiling	Amount Transferred from CWSRF to DWSRF	Amount Transferred from DWSRF to CWSRF	Transfer Description	CWSRF Funds Available to Transfer	DWSRF Funds Available to Transfer
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 Est.	\$7,640,000	\$2,521,200	\$7,535,550				\$7,535,550	\$7,535,550

Table 3 – Principal Forgiveness Allowed and Awarded

Year	Principal Forgiveness for all Borrowers			Disadvantaged-only Principal Forgiveness ^a		
	Minimum	Maximum	Awarded from FY Grant	Minimum	Maximum	Awarded from FY Grant
2010	\$4,071,900	\$13,573,000	\$13,573,000			
2011	\$2,825,400	\$9,418,000	\$9,418,000			
2012	\$1,795,000	\$2,692,500	\$2,692,500			
2013	\$1,684,200	\$2,526,300	\$2,526,300			
2014	\$1,769,000	\$2,653,500	\$2,653,500			
2015	\$1,757,400	\$2,636,100	\$2,636,100			
2016	\$1,662,400	\$1,662,400	\$1,662,400	\$0	\$2,493,600	\$2,493,600
2017	\$1,648,200	\$1,648,200	\$1,648,200	\$0	\$2,472,300	\$2,472,300
2018	\$2,221,400	\$2,221,400	\$2,221,400	\$0	\$3,332,100	\$3,332,100
2019	\$2,220,600	\$2,220,600	\$2,220,600	\$666,180	\$3,886,050	\$3,886,050
2020	\$1,541,540	\$1,541,540	\$1,541,540	\$660,660	\$3,853,850	\$3,853,850
2021	\$1,554,000	\$1,554,000	\$1,554,000	\$666,000	\$3,885,000	\$3,885,000
2022	\$981,120	\$981,120	\$981,120	\$840,960	\$2,452,800	\$2,205,350
2023	\$691,320	\$691,320	\$691,320	\$592,560	\$1,728,300	\$1,728,300
2024 Est.	\$691,320	\$691,320	\$0	\$592,560	\$1,728,300	\$0
Totals	\$27,114,800	\$46,711,300	\$46,019,980	\$4,018,920	\$25,832,300	\$22,127,638

Year	BIL General Supplemental Principal Forgiveness ^a		BIL Lead Service Line Replacement Principal Forgiveness ^a		BIL Emerging Contaminants Principal Forgiveness ^b	
	Required Amount	Awarded from FY Grant	Required Amount	Awarded from FY Grant	Required Amount	Awarded from FY Grant
2022	\$8,816,080	\$8,816,080	\$490,000	\$490,000	\$8,014,000 ^c	\$7,895,000
2023	\$10,316,950	\$5,668,556	\$14,038,500 ^d	\$0	\$8,683,000 ^{c, d}	\$0
2024 Est.	\$11,221,000	\$0	\$14,038,500	\$0	\$8,683,000	\$0
Totals	\$30,354,030	\$14,484,636	\$28,567,000	\$490,000	\$24,337,000	\$7,895,000

^a Principal Forgiveness will only be provided to eligible entities that meet the Disadvantaged Community definition in ARSD 74:05:11:01(11) and described on page 10 of the IUP.

^b At least 25% of these funds must be provided to entities that qualify as a Disadvantaged Community or systems with service populations less than 25,000.

^c Combined total of DWSRF Emerging Contaminant allocation and CWSRF Emerging Contaminant allocation which was transferred to the DWSRF for eligible emerging contaminants projects.

^d No capitalization grant applications have been submitted by South Dakota for these prior year grants as of September 30, 2023.

ATTACHMENT I

PROJECT PRIORITY LIST

Attachment I is a comprehensive list of projects that are eligible for Drinking Water SRF loans. This list was developed from State Water Plan applications. Inclusion on the list carries no obligations to the Drinking Water SRF program. Attachment II lists those projects expected to be funded in FFY 2024.

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
304	Wessington Springs	C462210-04	Problem: the city’s existing water source has experienced E. Coli contamination recently and the existing water treatment plant is in need of extensive repairs or replacement to continue serving users. Project: the city is considering either construction of a new water treatment plant able to remove contaminants and assure sufficient water capacity and quality for users or regionalization with connection to Mid-Dakota RWS for bulk water supply to serve the communities water needs.	\$10,280,000	3.25%, 30 years	771	Yes
159	Southern Black Hills Water System	C462492-02	Problem: two service areas of the distribution system lack redundant supply, have inadequate ground storage to meet demands or pressurize the systems, neither source of water is chlorinated, and control systems are outdated. Project: construct five miles of pipeline to connect the two service areas to provide redundancy in the system, construct an additional well to serve current and future users, construct an elevated storage tank to meet user demands and pressurize the system, and install chlorination and SCADA system equipment at new and existing facilities.	\$500,000	3.75%, 30 years	925	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
115	BDM Rural Water System, Inc.	C462444-03	Problem: the existing water treatment plant is no longer able to meet current demand and various process equipment is in need of replacement, the existing wells are not able to provide sufficient source water, current storage volume does not meet peak demands, several areas within the distribution system are unable to meet demands causing insufficient pressures, and nearly 15 percent of water meters are in need of replacement. Project: construct a new 1.5 MGD treatment plant and make improvements to the existing treatment plant equipment, install five new wells to provide needed source water capacity, construct a 450,000-gallon reservoir, install 17.5 miles of parallel and looping pipe to increase pressure and redundancy, and replace 390 water meters.	\$2,000,000	3.75%, 30 years	5,673	
110	Wagner	C462209-04	Problem: several locations of the distribution system are cast iron or asbestos cement watermain that is beyond its useful life, the system includes several dead-end lines, and portions of the system have pipe that is undersized and causes reduced pressures. Project: install 31,000 feet of new PVC watermain to replace the existing pipe, loop the system, and replace undersized mains.	\$9,400,000	3.25%, 30 years	1,490	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
106	Grant-Roberts Rural Water System	C462475-03	Problem: areas of the existing distribution system are undersized to provide needed pressure and capacity to current and proposed users. Residents and communities adjacent to the current service area boundaries have expressed a desire to be served by the system to replace water sources that have issues with quality and capacity. Project: install 30 miles of transmission line to increase pressures and capacity in areas of the system not able to adequately convey water to users. Serving users outside of the existing system boundaries would require installing 225 miles of transmission lines, constructing elevated storage tank, installing additional wells and making upgrades to the water treatment facility to provide the needed capacity for the region.	\$62,138,000	3.75%, 30 years	4,857	Yes
97	Seneca	C462389-01	Problem: many of the system's meters are old and no longer operate properly and many of the lines in the system are dead-ends reducing pressure and water quality. Project: replace existing water meters with a new remote read drive-by system and billing software and install 2,000 feet of 2-inch PVC pipe to loop the system.	\$440,800	3.25%, 30 years	22	Yes
94	Howard	C462127-01	Problem: portions of the existing distribution system pipe are made of asbestos cement pipe and experiencing leaks. Project: install 7,500 feet of new PVC watermain in various locations.	\$3,652,600	3.25%, 30 years	848	Yes (pending rate increase)
92	Meadow Crest Sanitary District	C462488-01	Problem: the system is served by only one well lacking redundancy and the well does not have sufficient capacity to meet system demand. Project: install a new well to meet system needs.	\$590,000	3.75%, 30 years	48	
90	Deadwood	C462001-01	Problem: areas of the existing distribution system in different pressure zones are only served by one line providing no redundancy for users in those areas or to fill one of the system storage tanks. Project: install approximately 4,500 of watermain and a booster station to increase pressure for the adjacent area being served.	\$2,897,000	3.25%, 30 years	1,156	Yes (Pending rate increase)

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- taged
88	Randall Community Water District	C462436-06	Problem: the city of Mitchell lacks necessary source water to meet peak demands and provide for new customers. Project: installation of 32.5 miles of 20-inch watermain and related appurtenances to allow the system to provide service to Mitchell as a second source of water for the city.	\$5,000,000	3.50%, 30 years	11,028	Yes (Pending rate increase)
86	Lead	C462007-05	Problem: the water supply line owned by Lead that provides service to Deadwood and the Sanford Underground Research Facility has experienced multiple breaks in recent years and is not large enough to meet user demand. Project: install approximately 2,600 feet of new 14-inch PVC.	\$841,425	3.25%, 30 years	2,982	Yes (Pending rate increase)
85	Springfield	C462071-02	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life. Project: install 2,700 feet of new PVC watermain on portions of College, Elm, and Ninth Streets.	\$1,362,100	3.25%, 30 years	1,914	Yes
85	Wagner	C462209-05	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life. Project: install 4,300 feet of new PVC watermain along Highway 46 within the community.	\$925,000	3.25%, 30 years	1,490	Yes
82	Sioux Rural Water System	C462433-04	Problem: areas of the existing distribution system lack necessary source water, pipeline, and storage capacity to provide water to meet current user demand, pumps at the Sioux water treatment plant are beyond their useful life, and the Pemican Plaze mobile home park near the Sioux RWS service area has had violations for nitrate limits. Project: construct 35.4 miles of 3- to 10-inch of new pipeline to parallel or loop existing lines, replaceme pumps at the Sioux water treatment plant, install two new wells, construct a 154,000-gallon ground storage reservoir, and connect the Pelican Plaza mobile home park to Sioux RWS.	\$10,986,000	3.75%, 30 years	9,586	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
81	Lead	C462007-06	Problem: new users have constructed homes southwest of the current distribution system along Highway 85 with no city water service. Project: install 2,600 feet of 8-inch PVC to serve these users and provide availability for other lots planned for development.	\$605,236	3.25%, 30 years	2,982	Yes (Pending rate increase)
79	Lake Preston	C462011-04	Problem: a portion of the existing distribution system pipe is cast iron or asbestors cement pipe and beyond its useful life. Project: install 11,900 feet of new PVC watermain on various streets south of 1st Street.	\$4,574,850	3.50%, 30 years	589	Yes
69	Western Dakota Regional Water System	C462494-01	Problem: individual wells, small developments, and the city of New Underwood have source water capacity limitations currently, these areas are also undergoing testing to determine PFAS impacts related to the Ellsworth Air Force Base to the groundwater in the region. The city of Box Elder also has water capacity limitations to serve existing users. Project: create a new public water system to include installing nearly 20 miles of 12-inch water main between Rapid City and New Underwood, constructing a 2-million-gallon water storage reservoir, two meter vault facilities, and 2 booster pump stations.	\$25,015,000	3.75%, 30 years	690	
53	Valley Heights Estates Sanitary District	C462505-01	Problem: the existing storage tank is in poor condition which provides the needed pressure for users, areas of the distribution system lack sufficient valves, hydrants, and loops to allow proper operation. Project: the existing storage tank will be removed and either a new storage tank constructed or upgrades made to Box Elder's booster pumps which supply the systems water and install new valves, hydrants, and watermain to allow proper operation and maintenacnce.	\$3,339,000	3.75%, 30 years	480	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
34	New Underwood	C462257-03	Problem: one of the systems existing wells is beyond its useful life and in need of replacement, the system lacks sufficient source water redundancy without this well, the storage tank that pressurizes the community has only a single connection to the community lacking redundancy if a break occurs, much of the existing distribution system is asbestos cement pipe that is beyond its useful life, and the system lacks sufficient storage for peak day demand. Project: installation of a new well and transmission loop to the storage tank to provide redundant supply, replacement of 14,500 feet of water main with PVC pipe, construction of a new elevated storage tank to meet peak day demand, and demolition of an existing storage tank no longer in use.	\$3,500,000	3.75%, 30 years	590	
28	Herreid	C462252-01	Problem: the existing water storage tower is beyond its useful life and the system includes several dead-end lines. Project: construct a new elevated storage tower and install 2,000 feet of new PVC watermain to loop the system.	\$2,550,550	3.50%, 30 years	416	Yes
28	Spring/Cow Creek Sanitary Water District	C462493-02	Problem: portions of the distribution system have dead-end lines resulting in low pressures and poor water quality, the existing water storage tank is not able to meet peak demands or provide adequate system pressure, and pressure from the bulk service provider may not be adequate to fill an elevated tank or provide system pressure. Project: install 1,800 feet of PVC watermain to loop the system and construct a 500,000-gallon elevated storage tank and booster station to supply needed storage and pressure.	\$792,000	3.75%, 30 years	460	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan- taged
28	Oacoma	C462289-03	Problem: the city's existing Missouri River surface water intake is experiencing sedimentation and needs to be moved to remain in use. Project: the city is considering either movement of the intake or regionalization with connection to West River/Lyman Jones RWS for bulk water supply to serve the communities water needs.	\$6,890,000	3.75%, 30 years	396	
23	Minnehaha Community Water Corp.	C462440-06	Problem: areas of the existing distribution system lack necessary capacity to provide water to current and proposed users. Project: install 38.3 miles of transmission line to increase capacity in areas of the system not able to adequately convey waters.	\$5,000,000	3.75%, 30 years	28,893	
23	Aberdeen	C462072-04	Problem: the city's existing water storage capacity is not able to meet average day demands. Project: construct a 1.5-million-gallon water storage tower and install approximately 15,000 feet of transmission mains to connect the tower to the distribution system.	\$10,870,000	3.50%, 30 years	28,495	Yes (Pending rate increase)
22	Big Sioux Community Water System	C462439-06	Problem: areas of the existing distribution system lack necessary capacity to provide water to current and proposed users. Project: install 16 miles of transmission line to increase capacity in areas of the system not able to adequately convey water.	\$3,000,000	3.75%, 30 years	9,500	
20	Parker	C462026-06	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life. Project: install 7,600 feet of new PVC watermain in various locations throughout the community.	\$2,076,633	3.75%, 30 years	1,194	
19	Valley Springs	C462239-03	Problem: the city's two existing well houses are beyond their useful life and the buildings along with equipment are in need of repair. Project: construct two new well houses to include chemical feed equipment in compliance with recommended standards for chemical feed systems.	\$684,000	3.75%, 30 years	885	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
19	Elkton	C462229-03	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life. Project: install 6,000 feet of new PVC watermain primarily on streets north of the railroad and east of Antelope Street.	\$2,025,720	3.75%, 30 years	755	
19	Worthing	C462047-03	Problem: a portion of the existing distribution system pipe is asbestos cement pipe and beyond its useful life. Project: install 4,400 feet of new PVC watermain primarily on streets east of Louise Avenue.	\$2,615,000	3.75%, 30 years	927	
17	Lincoln County Rural Water System	C462445-04	Problem: the system is in need of additional source water capacity within a portion of the distribution system to meet user demand. Project: Construct a new meter building near 270th Street and 468th Avenue to provide for a second bulk water connection to Lewis & Clark RWS and install 5.25 miles of 8- and 12-inch water main along 270th Street and 467th Avenue to connect the new meter building to the existing distribution system.	\$3,078,000	3.75%, 30 years	6,000	
13	Gayville	C462250-02	Problem: the existing system storage capacity does not meet peak day demand, the existing storage tank is in need of repair due to age, and several lines throughout the community are 4-inch not able to meet user demands during high use periods. Project: construct a 40,000-gallon ground storage tank, make repairs to the existing elevated water storage tower, and replace 2,300 feet of existing 4-inch water main with 6-inch.	\$2,650,000	3.75%, 30 years	407	
12	Madison	C462024-04	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life. Project: install 3,500 feet of new PVC watermain on Egan Avenue.	\$2,645,916	3.50%, 30 years	6,191	Yes (Pending rate increase)
11	Hot Springs	C462040-02	Problem: the existing water distribution pipe under North River Street/SD Hwy 385/18 is old and the highway will be reconstructed. Project: replace the existing watermain pipe with new PVC pipe prior to the SD DOT reconstruction of the roadway.	\$1,054,025	3.25%, 30 years	3,395	Yes (pending rate increase)

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
10	WEB Water Association	C462426-05	Problem: this is a collaborative effort between WEB, Aberdeen, and BDM water systems to regionalize and meet the current and future demands for treated water capacity in the northeast region of the state. The WEB Water Association currently has many area of its system with moratoriums in place preventing connections to existing homes and businesses, additional areas of the system are in need of significant upgrades to ensure capacity for current and future connections. The city of Aberdeen lacks sufficient water capacity to meet peak demands of existing users and the water quality during summer months has aesthetic issues making users concerned. BDM is in need of additional water capacity for future users and during the construction period of this project those capacity needs will become required to meet the demands of the system. Project: The project will provide at least 42.1 million gallons of water per day to users. To accomplish this goal new raw water intakes, and increased water treatment capacity along with three new water storage tanks, five pumping stations, pressure stations, and 148 miles of 20- to 54-inch watermain need to be constructed to fully complete the needed expansion.	\$50,000,000	3.75%, 30 years	35,000	
10	Clear Lake	C462037-02	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life. Project: install 11,000 feet of new PVC watermain in the northwest and southeast portion of the community.	\$5,524,200	3.75%, 30 years	1,218	
9	Colton	C462135-05	Problem: a portion of the existing distribution system pipe is cast iron pipe and beyond its useful life. Project: install 1,200 feet of new PVC watermain in the 4th Street business district.	\$765,063	3.75%, 30 years	725	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
8	B-Y Water District	C462431-03	Problem: storage reservoirs at the treatment plant lack interconnections to assure water is available for use in the event of a power outage, the storage tank chemical feed equipment is in need of upgrades to assure proper treatment, and two of the reservoir coating are beyond their useful life. Project: install pipe interconnections between the tanks to assure full utilization, upgrade the chemical feed system equipment, and reline two existing tanks.	\$4,000,000	3.75%, 30 years	15,000	
8	Kingbrook Rural Water System	C462432-11	Problem: Kingbrook's distribution system has two pipeline segments in the northern part of the distribution system that are not able to supply current user demands at needed pressure. Project: install a total of 25 miles of large diameter transmission pipeline to improve water pressure and volumes.	\$27,000,000	3.75%, 30 years	15,298	
7	North Brookings Sanitary & Water District	C462370-01	Problem: the existing distribution system pipe is asbestos cement pipe and beyond its useful life and experiencing leaks. Project: install 6,000 feet of new PVC watermain.	\$1,300,000	3.75%, 30 years	50	
5	Platte	C462130-03	Problem: the existing water storage tanks are in need of repair due to age and condition. Project: make repairs and upgrades to the stairs, hatches and piping.	\$370,000	3.50%, 30 years	1,296	Yes
4	Humboldt	C462254-03	Problem: several locations in the distribution system pipe are beyond their useful life and lack sufficient bury depth. Project: replace 4,150 feet of water main with PVC pipe.	\$415,000	3.75%, 30 years	579	
4	Humboldt	C462254-04	Problem: storage within the system is insufficient to meet peak day demands. Project: construct a new 100,000-gallon storage reservoir or purchase an existing reservoir from a nearby rural water system.	\$2,085,638	3.75%, 30 years	579	

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

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness ¹	Funding Date	Expected Funding Source²	Fund/Project Eligibility ^{3,4,5}
Loans Expected							
86	Lead	C462007-05	\$841,425	\$391,263	Jan. 2024	Repay/Lev. Bonds	3
28	Spring/Cow Creek Sanitary Water District	C462493-02	\$792,000	\$79,200	Jan. 2024	Repay/Lev. Bonds	
19	Valley Springs	C462239-03	\$684,000	\$68,400	Jan. 2024	Repay/Lev. Bonds	
4	Humboldt	C462254-03	\$415,000	\$41,500	Jan. 2024	Repay/Lev. Bonds	
304	Wessington Springs	C462210-04	\$10,280,000	\$4,780,200	March 2024	Repay/Lev. Bonds	3
159	Southern Black Hills Water System	C462492-02	\$500,000	\$50,000	March 2024	2024 Base/BIL GS	
115	BDM Rural Water System, Inc.	C462444-03	\$2,000,000	\$200,000	March 2024	2024 Base/BIL GS	
97	Seneca	C462389-01	\$440,800	\$204,972	March 2024	Repay/Lev. Bonds	3
90	Deadwood	C462001-01	\$2,897,000	\$1,347,105	March 2024	Repay/Lev. Bonds	3
85	Springfield	C462071-02	\$1,362,100	\$633,377	March 2024	Repay/Lev. Bonds	3
85	Wagner	C462209-05	\$925,000	\$430,125	March 2024	Repay/Lev. Bonds	3
79	Lake Preston	C462011-04	\$4,574,850	\$2,127,305	March 2024	Repay/Lev. Bonds	3
53	Valley Heights Estates Sanitary District	C462505-01	\$3,339,000	\$50,000	March 2024	Repay/Lev. Bonds	
28	Oacoma	C462289-03	\$6,890,000	\$202,220	March 2024	Repay/Lev. Bonds	
23	Aberdeen	C462072-04	\$10,870,000	\$5,054,550	March 2024	2024 Base/BIL GS	3
20	Parker	C462026-06	\$2,076,633		March 2024	Repay/Lev. Bonds	
19	Elkton	C462229-03	\$2,025,720		March 2024	Repay/Lev. Bonds	
19	Worthing	C462047-03	\$2,615,000		March 2024	Repay/Lev. Bonds	
17	Lincoln County Rural Water System	C462445-04	\$3,078,000		March 2024	Repay/Lev. Bonds	
13	Gayville	C462250-02	\$2,650,000		March 2024	Repay/Lev. Bonds	
12	Madison	C462024-04	\$2,645,916	\$1,230,351	March 2024	Repay/Lev. Bonds	3
10	Clear Lake	C462037-02	\$5,524,200		March 2024	Repay/Lev. Bonds	
9	Colton	C462135-05	\$765,063		March 2024	Repay/Lev. Bonds	
7	North Brookings Sanitary & Water District	C462370-01	\$1,300,000		March 2024	Repay/Lev. Bonds	
5	Platte	C462130-03	\$370,000	\$172,050	March 2024	Repay/Lev. Bonds	3
94	Howard	C462127-01	\$3,652,600	\$1,698,459	June 2024	Repay/Lev. Bonds	3
92	Meadow Crest Sanitary District	C462488-01	\$590,000		June 2024	Repay/Lev. Bonds	
81	Lead	C462007-06	\$605,236	\$281,435	June 2024	Repay/Lev. Bonds	3
69	Western Dakota Regional Water System	C462494-01	\$25,015,000		June 2024	Repay/Lev. Bonds	
28	Herreid	C462252-01	\$2,550,550	\$1,186,006	June 2024	Repay/Lev. Bonds	3
8	B-Y Water District	C462431-03	\$4,000,000		June 2024	Repay/Lev. Bonds	
82	Sioux Rural Water System	C462433-04	\$10,986,000		Sept. 2024	Repay/Lev. Bonds	
8	Kingbrook Rural Water System	C462432-11	\$27,000,000		Sept. 2024	2024 Base/BIL GS	
4	Humboldt	C462254-04	\$2,085,638		Sept. 2024	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 disadvantaged communities, this may be from funds within the base capitalization grant, BIL general supplemental, BIL lead service line replacement, or BIL emerging contaminants grant allotments depending on project eligibility.
4. Projects identified are anticipated to be funded in part utilizing BIL lead service line replacement allotments.
5. Projects identified are anticipated to be funded in part utilizing BIL emerging contaminants allotment.

**ATTACHMENT III
BASE PROGRAM FUNDING STATUS**

Federal Fiscal Years 1997 - 2023

Capitalization Grants	\$239,232,698	
BIL Supplemental Grants	\$39,047,000	
State Match (Base and BIL)	\$51,751,240	
ARRA Grant	\$19,500,000	
Set-Asides (Base and BIL)	(\$20,263,242)	
Transfer of FY 2002 & 2003 Clean Water Capitalization Grant and State Match	\$15,574,320	
Leveraged Bonds	\$197,115,014	
Excess Interest as of September 30, 2023	\$62,973,322	
Excess Principal as of September 30, 2023	<u>\$128,342,313</u>	
 Total Funds Dedicated to Loan		 \$733,272,665
 Closed Loans made through September 30, 2023		 <u>(\$800,808,686)</u>
 Available funds as of September 30, 2023		 (\$67,536,021)

Federal Fiscal Year 2024 Projections

Base Capitalization Grant	\$4,938,000	
BIL General Supplemental Grant	\$22,900,000	
State Match (combined total)	\$5,567,600	
Set-Asides (combined total)	(\$1,516,000)	
Projected Excess Principal Repayments	\$0	
Projected Unrestricted Interest Earnings	\$6,500,000	
Leveraged Bonds	<u>\$100,000,000</u>	
Projected FFY 2024 Loan Sub-total		\$138,389,600
 Funds Available for Loans		 \$70,853,579
 Loans Awarded and Unclosed as of September 30, 2023		 (\$531,414,404)
 Total Funds Available for Loans		 <u><u>(\$460,560,825)</u></u>
 Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2024		 <u><u>\$146,346,731</u></u>

Administrative Surcharge Funds Available as of September 30, 2023	
Program Income	\$484,622
Non-Program Income	<u>\$3,970,460</u>
Total	<u><u>\$4,455,082</u></u>

**BIL EMERGING CONTAMINANTS
PROGRAM FUNDING STATUS**

Federal Fiscal Year 2023

DWSRF BIL Emerging Contaminants Grants	\$7,555,000	
State Match	\$0	
Set-Asides	(\$0)	
Transfer FFY 2022 Grant from CWSRF Emerging Contaminants	\$459,000	
		<hr/>
Total Funds Dedicated to Loan		\$8,014,000
Closed Loans made through September 30, 2023		<hr/> \$7,895,000
Available funds as of September 30, 2023		\$119,000

Federal Fiscal Year 2024 Projections

DWSRF BIL Emerging Contaminants Grant	\$0	
Transfer of FY 2024 Clean Water Emerging Contaminants Grant	\$0	
State Match	\$0	
Set-Asides	\$0	
		<hr/>
Projected FFY 2024 Loan Sub-total		\$0
Funds Available for Loans		\$119,000
Loans Awarded and Unclosed as of September 30, 2023		\$0
Total Funds Available for Loans		<hr/> \$119,000
Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2024		<hr/> <hr/> \$0

**BIL LEAD SERVICE LINE REPLACEMENT
PROGRAM FUNDING STATUS
Federal Fiscal Year 2023**

DWSRF BIL Lead Service Line Replacement	\$1,000,000	
Grants		
State Match	\$0	
Set-Asides	(\$0)	
Total Funds Dedicated to Loan		\$1,000,000
Closed Loans made through September 30, 2023		<u>(\$0)</u>
Available funds as of September 30, 2023		\$1,000,000
Federal Fiscal Year 2023 Projections		
BIL Lead Service Line Replacement Grant	\$0	
State Match	\$0	
Set-Asides	(\$0)	
Projected FFY 2024 Loan Sub-total	<u> </u>	\$0
Funds Available for Loans		\$0
Loans Awarded and Unclosed as of September 30, 2023		\$1,000,000
Total Funds Available for Loans		<u><u>\$0</u></u>
Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2024		<u><u>\$0</u></u>

Addendum to the 2024 DWSRF Intended Use Plan:

Bipartisan Infrastructure Law

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 anticipated 2024 allotment for the Drinking Water State Revolving Fund (DWSRF) program totals approximately \$59.2 million.

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

The BIL funding will be issued through the DWSRF in three categories: 1) DWSRF BIL General Supplemental Funding, 2) DWSRF BIL Emerging Contaminants Funding, and 3) DWSRF BIL Lead Service Line Funding. The IUP amendments and the BIL funding categories are described below.

BIL Funding Categories and Use of Funds

DWSRF BIL General Supplemental Funding

The BIL includes a general supplemental funding allotment to South Dakota anticipated to be \$22,900,000 in 2024 for the DWSRF program. The existing DWSRF 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 DWSRF program.
- All eligible projects for this allotment must be listed on the existing Attachment I – 2024 Project Priority List on the IUP.

Requirements

- Application, prioritization, and approval for funding will be the same as the existing DWSRF 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 issued as additional subsidization in the form of principal forgiveness. Additional subsidization must be provided to eligible entities that meet the Disadvantaged Community definition in ARSD 74:05:11:01(11) and described on pages 10 and 11 of the base program IUP.

Set-Aside Activities for DWSRF BIL General Supplemental Funding

Similar to the DWSRF base program, South Dakota may set-aside a portion of the capitalization grant for non-project, or set-aside activities, that are necessary to accomplish the requirements of the Safe Drinking Water Act.

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The anticipated 2024 BIL DWRF appropriation is \$22,900,000. A description of each set-aside and the funding available from the 2024 BIL general supplemental capitalization grant for each activity is detailed below.

Administration Set-Aside

2024 BIL Federal Year One - Requested Amount \$916,000

The BIL provides three options to states to calculate the administrative set-aside available from each year's capitalization grant. States may use up to the greatest of 1) \$400,000 per year, 2) 1/5 of a percent of the current valuation of the Drinking Water SRF fund based on the most recent previous year's audited financial statements, or 3) an amount equal to four percent of all grant awards to the DWSRF.

Four percent of the anticipated FFY 2024 base capitalization grant is \$197,520, four percent of the FFY 2024 BIL Supplemental capitalization grant is \$916,000, and 1/5 of a percent of the current fund valuation of \$232,424,205 results in \$464,848 available for administrative fees. The state is choosing to utilize \$916,000 allowable from the BIL for administrative purposes.

Use of funds and expected accomplishments

Specific activities to be funded are: staff salary, benefits, travel, and overhead; retaining of bond counsel, bond underwriter, financial advisor, and trustee; and other costs to administer the program.

Small System Training and Technical Assistance (2%)

2024 BIL Federal Year One - Requested Amount \$200,000

These monies support ongoing training and technical assistance to small systems serving less than 10,000 people to bring non-complying systems into compliance and improve operations of water systems as described on pages 8 and 9 of the DWSRF base program IUP.

State's may utilize up to two percent of the BIL general supplemental allocation in this set-aside, which is \$458,000. Unobligated funds available from prior year grants as of September 30, 2023, are \$231,939. South Dakota intends to allocate \$200,000, from the BIL general supplemental set-aside allotment to fund these activities.

Use of funds and expected accomplishments

Funds are used to provide technical assistance, training, and completion of engineering studies for small systems.

State Program Management (10%)

2024 BIL Federal Year One - Requested Amount \$300,000

Funds under this set-aside are available for use to assist in management of state program management to include administration of the state's Public Water System Supervision (PWSS) program and other state program related activities as described on page 9 of the DWSRF base program IUP.

States may utilize up to ten percent of the BIL general supplemental allocation in this set-aside, which is \$2,290,000. South Dakota intends to allocate \$300,000, from the BIL general supplemental set-aside allotment to fund these activities.

Use of funds and expected accomplishments

Funds are used for South Dakota's PWSS program to complete all tasks and activities identified in the Performance Partnership Grant workplan.

Local Assistance and Other State Programs (15%)

2024 BIL Federal Year One - Requested Amount \$100,000

This set-aside can fund other activities to assist development and implementation of local drinking water protection activities. These activities are described on pages 9 and 10 of the base program IUP.

South Dakota intends to take \$100,000 to assist new and existing systems to achieve and maintain technical, managerial, and financial capacity from this set-aside.

Use of funds and expected accomplishments

These funds will be used by a qualified assistance provider, selected through a request for proposals. DANR staff will review proposals and make a recommendation to the board to select the most qualified firm for contracting of these services.

DWSRF BIL Emerging Contaminants Funding

The BIL includes an anticipated funding allocation of \$7,640,000 to South Dakota in 2024 to be applied to drinking water emerging contaminant projects.

Eligibility

- Entities and projects eligible for this funding must be eligible under the existing DWSRF program and the primary purpose must be to address emerging contaminants in drinking water.
- All eligible projects for this allotment must be listed on the 2024 IUP Attachment I - Project Priority List. Projects eligible for this source of funds are identified on Attachment II – List of Projects to be Funded in 2024.
- Eligible emerging contaminants include perfluoroalkyl and polyfluoroalkyl substances (PFAS) and contaminants on EPA's [Contaminant Candidate Lists](#). Additional eligibility details and requirements for this category are defined in the [EPA BIL SRF Implementation Memo](#) dated March 8, 2022.

Requirements

- Application, prioritization, and approval for funding will be the same as the existing DWSRF program.
- State match is not required.
- 100% of the capitalization grant amount, less set-asides, must be issued as additional subsidization in the form of principal forgiveness.
- Distribution of funding
 - Twenty-five percent of funds from this category must go to communities that qualify as a disadvantaged community or communities with populations less than 25,000. Applicants with project costs exceeding available funds or with project components unrelated to addressing emerging contaminants, may receive funds for the remaining project costs through the DWSRF supplemental or base programs. Additional principal forgiveness may be available from the DWSRF supplemental or base programs for applicants that qualify as a disadvantaged

community.

Set-Aside Activities for DWSRF BIL Emerging Contaminants Funding

South Dakota may set-aside a portion of the capitalization grant for non-project, or set-aside activities, that are necessary for implementing Emerging Contaminants activities.

No set-aside funds are proposed to be allocated from the BIL emerging contaminants funding in 2024. South Dakota reserves the ability to request set-aside funding in future years, if necessary, from the 2024 BIL emerging contaminants funding.

DWSRF BIL Lead Service Line Funding

The BIL includes an anticipated funding allotment of \$28,650,000 to South Dakota in 2024 to be applied to the lead service line replacement projects.

Eligibility

- Entities and projects eligible for this funding must be eligible under the existing DWSRF program and be a lead service line replacement project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines.
- All eligible projects for this allotment must be listed on the existing Attachment I - Project Priority List. Projects eligible for this source of funds are identified on Attachment II – List of Projects to be Funded in 2024.
- Additional eligibility requirements for this category of funding are defined in the [EPA BIL SRF Implementation Memo](#) dated March 8, 2022.

Requirements

- Application, prioritization, and approval will be the same as the existing DWSRF program.
- State match is not required
- 49 percent of the capitalization grant amount must be issued as additional subsidization in the form of principal forgiveness. Additional subsidization must be provided to eligible entities that that qualify as a disadvantaged community.
- Distribution of funding
 - Applicants with project costs exceeding available funds, or with project components unrelated to lead service line identification and replacement, may receive funds for the remaining project costs through the DWSRF supplemental or base programs. Additional principal forgiveness may be available from the DWSRF supplemental or base programs for applicants meeting DWSRF BIL Principal Forgiveness Eligibility Criteria or base program principal forgiveness criteria.

Set-Aside Activities for DWSRF BIL Lead Service Line Replacement Funding

South Dakota may set-aside a portion of the capitalization grant for non-project, or set-aside activities, that are necessary for implementing lead service line replacement.

No set-aside funds are proposed to be allocated from the BIL lead service line replacement funding in 2024. South Dakota reserves the ability to request set-aside funding in future years, if necessary, from the 2024 BIL lead service line replacement funding.

DWSRF BIL Principal Forgiveness Eligibility Criteria

An eligible applicant may receive principal forgiveness in the DWSRF BIL Supplemental General Supplemental Funding, DWSRF BIL Emerging Contaminants Funding, and DWSRF BIL Lead Service Line Funding if it meets the Disadvantaged Community definition in ARSD 74:05:11:01(11) and described on pages 10 and 11 of the base program IUP

Project Priority List and List of Projects Expected to be Funded

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 eligible to receive DWSRF BIL Emerging Contaminants Funding and DWSRF BIL Lead Service Line Funding are specifically annotated on Attachment II – List of Projects Expected to be Funded in FFY 2024. Projects may be funded by a combination of BIL supplemental funds and base program funds.

BIL Funding Applicable Provisions and Additional Requirements

All provisions promulgated through statute, guidance, or regulations issued by EPA for the implementation of the CWSRF and DWSRF programs 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 BIL supplemental appropriations are federal funds and therefore all equivalency requirements apply to projects funded by BIL.

The EPA BIL SRF Implementation Memo includes the following other 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 DWSRF 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. 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).

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 (GPR) 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. Recycled Funds: To the extent assistance recipients repay BIL funds or provide interest payments to the state SRF program, those repaid funds and interest have the flexibility to be used for any SRF-eligible purpose. For example, repaid DWSRF BIL LSLR funds are not limited to future LSLR projects and activities.
7. 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

On November 8, 2023, a public hearing was held seeking comments on the BIL addendum to the DWSRF 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>.