

SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND FEDERAL FISCAL YEAR 2025 INTENDED USE PLAN

INTRODUCTION

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for Federal Fiscal Year (FFY) 2025 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 2025.

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 2025 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 2025 capitalization grant, the ability exists to transfer more than \$66.3 million from the Clean Water SRF program to the Drinking Water SRF program. More than \$64.4 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 currently proposed for FFY 2025, this will be evaluated further during the year.

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 2025 capitalization grant is expected to be \$4,008,000 which requires \$801,600 in state match. Bond proceeds and administrative surcharge fees will be used to match FFY 2025 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 \$100 million in leveraged bonds will be required in FFY 2025.

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 \$8.0 million in principal repayments will become available for loans in FFY 2025.

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 \$14.0 million in interest earnings will become available for loans in FFY 2025.

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 2024 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 – 2025 capitalization grants.

In compliance with the WRRDA provisions South Dakota has adopted the affordability criteria below in [ARSD 74:05:08:12.03](#).

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 [2021 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 2025 identifies \$7,886,460 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 grant requirements and a portion of the 2024 capitalization grant GPR requirements have been met.

The GPR requirement was included in the 2010 - 2024 capitalization grants and required that not less than 10 percent be made available for GPR eligible projects. It is anticipated that the 2025 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 non-point source projects are green projects as defined by EPA's eligibility criteria and have been used to meet a portion of the 2016-2024 GPR requirements, additional funds are allocated to projects and as funds are expended, they will be recorded for GPR tracking. These projects in addition to one potential project as shown on Attachment II will provide sufficient funds to meet the 10 percent requirement of the remaining 2024 and all of the 2025 capitalization grants.

Interest Rates

Interest rates are reviewed quarterly 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 2025 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.

| | 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>Nonpoint Source Incentive Rate</u> | | | | |
| Interest Rate | 2.25% | 2.50% | 2.75% | |
| Admin. Surcharge | 0.25% | 0.25% | 0.25% | |
| 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 Clean 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 state of South Dakota funded Consolidated Water Facilities Construction 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 2025

As of September 30, 2024, \$1,163,815 of unobligated administrative surcharge funds is available. It is anticipated that the administrative surcharge will generate an additional \$2,600,000 in FFY 2025.

In FFY 2025, \$3,400,000 of administrative surcharge funds will be allocated. It is proposed to allocate \$200,000 to supplement the Section 319 programs with grants for 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 2025 allocation for these activities will be \$300,000.

In FFY 2025, \$2,900,000 of administrative surcharge funds will be allocated. These funds will be used to provide a portion of the necessary state match for the FFY 2025 capitalization grants.

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 2025 base capitalization grant and BIL Supplemental grant is \$640,320, and 1/5 of a percent of the current fund valuation of \$289,329,135 results in \$578,658 available for administrative fees. As a result, an administrative allowance of \$640,320 will be reserved for administrative purposes in FFY 2025. Of this amount, \$160,320 will be from the base grant and the remaining \$480,000 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 2025, 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 7, 2024, a public hearing was held seeking comments on the Clean Water SRF 2025 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 2025 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 2025 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>.

Public Comments: No written or oral public comments were provided during the 20-day public notice period or the board's public hearing held on November 7, 2024.

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 | \$4,661,000 | \$1,538,130 | \$80,383,215 | | | | \$64,808,895 | \$62,883,215 |
| 2025 Est. | \$4,661,000 | \$1,538,130 | \$81,921,345 | | | | \$66,347,025 | \$64,421,345 |

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 | \$22,985,000 | \$7,585,050 | \$20,470,560 | | | | \$20,470,560 | \$20,470,560 |
| 2025 Est. | \$24,900,000 | \$8,217,000 | \$28,687,560 | | | | \$28,687,560 | \$28,687,560 |

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 | \$3,512,350 | \$5,014,350 |
| 2024 | \$7,640,000 | \$2,521,200 | \$7,535,550 | | | | \$6,033,550 | \$7,535,550 |
| 2025 Est. | \$7,640,000 | \$2,521,200 | \$10,056,750 | | | | \$8,554,750 | \$10,056,750 |

Table 3 – Principal Forgiveness Allowed and Awarded

| Principal Forgiveness for all Borrowers* | | | |
|---|---------------------|---------------------|------------------------------|
| Year | Minimum | Maximum | Awarded from FY Grant |
| 2010 | \$1,497,982 | \$4,993,274 | \$4,993,274 |
| 2011 | \$669,233 | \$2,230,777 | \$2,230,777 |
| 2012 | \$383,922 | \$575,882 | \$575,882 |
| 2013 | \$307,120 | \$460,680 | \$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 | \$3,079,621 |
| 2020 | \$778,000 | \$3,112,000 | \$3,112,000 |
| 2021 | \$777,900 | \$3,111,600 | \$2,566,600 |
| 2022 | \$1,136,200 | \$2,272,400 | \$2,272,400 |
| 2023 | \$736,600 | \$1,473,200 | \$1,473,200 |
| 2024 | \$801,600 | \$1,603,200 | \$898,800 |
| 2025 Est | \$801,600 | \$1,603,200 | \$0 |
| Totals | \$11,126,781 | \$35,495,499 | \$32,498,697 |

| Year | BIL General Supplemental Principal Forgiveness* | | BIL Emerging Contaminants Principal Forgiveness | |
|---------------|--|----------------------------------|--|----------------------------------|
| | Required Amount | Awarded from FY Grant | Required Amount | Awarded from FY Grant |
| 2022 | \$4,281,620 | \$4,281,620 | \$0** | \$0 |
| 2023 | \$5,014,170 | \$5,014,170 | \$0** | \$0 |
| 2024 | \$5,470,360 | \$5,351,710 | \$1,043,000 | \$0 |
| 2025 Est | \$5,880,000 | \$0 | \$1,043,000 | \$0 |
| Totals | \$20,646,150 | \$14,647,500 | \$2,086,000 | \$0 |

* 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 2025.

| 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 |
| 26 | Columbia | C461078-01 | Replacement or relining of approximately 10,000 feet of clay sanitary sewer and installation of 2,400 feet of storm sewer throughout the community. The treatment facility would be moved to a new location out of the impact area from flooding and sized for total retention, this would include a lift station and forcemain to convey wastewater to the facility and other necessary work. | \$12,395,003 | 3.75%, 30 yrs | Yes (Pending rate increase) | SD0022926 |
| 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 |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible | NPDES Permit Number |
|-----------------|----------------|----------------|--|-----------------------|---------------------------|--------------------------------|---------------------|
| 24 | Canton | C461039-07 | Installation of approximately 2,600 feet of sanitary sewer with PVC which will remove existing homes from septic systems and installation of 2,700 feet of storm sewer on West Street. | \$2,552,000 | 3.75%, 30 yrs | | SD0022489 |
| 23 | Clear Lake | C461037-04 | 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. | \$8,200,000 | 3.75%, 30 yrs | Yes | SD0020699 |
| 23 | Volga | C461046-03 | Expansion and upgrades to the wastewater treatment facility for current and future growth needs. The project will include the following process or equipment improvements pretreatment, pumping, final clarifiers, aeration system, and sludge drying. The project will allow the treatment system to operate as an activated sludge system, the existing lagoons will not be utilized for treatment but will remain for equalization storage. | \$18,709,000 | 3.50%, 20 yrs | Yes (Pending rate increase) | SD0021920 |
| 22 | Hill City | C461231-01 | Construction of a second sequencing batch reactor wastewater treatment train to provide for needed capacity and system redundancy. After completion of the new treatment process, the existing treatment process equipment and electrical components that are in poor condition will be replaced. | \$13,785,000 | 3.50%, 20 yrs | | SD0020885 |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible | NPDES Permit Number |
|-----------------|---|----------------|--|-----------------------|---------------------------|--------------------------------|---------------------|
| 21 | Groton | C461051-10 | Replacement of an existing lift station and 4,500 of existing forcemain to the treatment facility, a new standby generator will be purchased for the lift station, and the treatment facility will be expanded for additional capacity with an additional lagoon cell and artificial wetland cells. | \$6,587,000 | 3.75%, 30 yrs | | SD0022187 |
| 20 | Sioux Falls | C461232-49 | 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 |
| 16 | Southern Missouri Recycling and Waste Management District | C461013-02 | Construction of a new solid waste disposal cell #4 for the regional landfill. | \$850,000 | 3.50%, 20 yrs | Yes | NA, NPS |
| 15 | Gettysburg | C461196-02 | Cleaning and televising of approximately 78,000 feet of clay sanitary sewer throughout the community to determine future repairs and improvements to the treatment ponds to include reshaping of dikes, new control structures and piping, sludge removal, installation of riprap, and gravel surfacing roads for access. | \$2,963,600 | 3.75%, 30 yrs | Yes (Pending rate increase) | SDG920575 |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible | NPDES Permit Number |
|-----------------|--------------------|----------------|--|-----------------------|---------------------------|--------------------------------|---------------------|
| 14 | Box Elder | C461003-05 | 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 | Improvements to the wastewater treatment facility to include grading of areas adjacent to the treatment ponds to prevent runoff into the ponds and rip-rap around the ponds to prevent erosion. A lift station that is beyond its useful life will also be replaced. | \$1,490,000 | 3.75%, 30 yrs | Yes (Pending rate increase) | SD0020460 |
| 13 | Gary | C461273-02 | 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. | \$2,665,164 | 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 |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible | NPDES Permit Number |
|-----------------|----------------|----------------|---|-----------------------|---------------------------|--------------------------------|---------------------|
| 12 | Hecla | C461276-03 | 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 |
| 12 | Mitchell | C461129-14 | Dredging of Lake Mitchell to remove nutrient laden lakebed sediments. | \$16,815,000 | 3.75%, 30 yrs | Yes | NA, NPS |
| 12 | Mitchell | C461129-15 | Replacement of approximately 28.8 miles of existing sanitary sewer, increasing the capacity of 26,000 feet of sewer and replacement or rehabilitation of six existing lift stations. This project will be completed in multiple phases over many years. | \$55,000,000 | 3.75%, 30 yrs | Yes | SD0023361 |
| 12 | Sioux Falls | C461232-50 | 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 |
| 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 | White | C461118-02 | Replacement of approximately 5,300 feet of clay sanitary sewer with PVC primarily on streets in the southern portion of the community. | \$2,164,335 | 3.75%, 30 yrs | | SD0021636 |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible | NPDES Permit Number |
|-----------------|--------------------------------|----------------|---|-----------------------|---------------------------|--------------------------------|---------------------|
| 10 | Worthing | C461047-07 | 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 | 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 | C461174-02 | 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. | \$1,243,000 | 3.75%, 30 yrs | Yes | SDG922438 |
| 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, New Discharge |
| 9 | Springfield | C461071-02 | Replacement approximately 2,600 feet of clay sanitary sewer and installation of 1,500 feet of storm sewer throughout the community. | \$3,250,000 | 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. | \$425,000 | 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 |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible | NPDES Permit Number |
|-----------------|----------------|----------------|---|-----------------------|---------------------------|--------------------------------|---------------------|
| 7 | Big Stone City | C461224-01 | This project would be for preliminary engineering efforts to clean and televise the wastewater collection system material and condition, for approximately 32,700 feet of sanitary sewer. It will allow for prioritization of future upgrades and replacements. | \$205,000 | 3.75%, 30 yrs | Yes (Pending rate increase) | SDG823663 |
| 7 | Bryant | C461121-02 | Replacement of and new installation of approximately 3,100 feet of sanitary sewer throughout the community to replace pipe that is in poor condition and improve wastewater collection to existing users. | \$2,225,000 | 3.75%, 30 yrs | Yes (Pending rate increase) | SD0021555 |
| 7 | Keystone | C461074-01 | Replacement of approximately 5,600 feet of existing sanitary sewer with a new larger pipe, the existing pipe size is not able to handle the flows as they continue to increase from large tourist and new population and could result in backups. | \$5,609,000 | 3.75%, 30 yrs | Yes | SD0024007 |
| 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 |
| 7 | Veblen | C461186-02 | Cleaning and televising of 19,700 feet of sanitary sewer collection pipe, the results of this will determine if replacement or relining of the pipe being inspected is possible for the project. | \$4,585,000 | 3.75%, 30 yrs | Yes (Pending rate increase) | SD0020001 |
| 7 | Wolsey | C461262-05 | The outfall line to the treatment ponds will be replaced. The existing line is old and includes no manholes which prohibits to city being able to properly clean and maintain the line. | \$241,000 | 3.75%, 30 yrs | Yes (Pending rate increase) | SD0020249 |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term | Principal Forgiveness Eligible | NPDES Permit Number |
|------------------------|-----------------------|-----------------------|--|------------------------------|--------------------------------------|---------------------------------------|----------------------------|
| 6 | Garden City | C461341-01 | Replacement of an existing lift station that is beyond its useful life and minor improvements to the wastewater treatment lagoons. | \$488,000 | 3.50%, 20 yrs | Yes (Pending rate increase) | SDG825399 |
| 6 | Ipswich | C461133-04 | Installation of approximately 4,000 feet of storm sewer and associated improvements for stormwater conveyance. | \$15,130,500 | 3.75%, 30 yrs | Yes | NA, Stormwater |
| 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. | \$2,555,900 | 3.75%, 30 yrs | Yes (Pending rate increase) | SDG822195 |

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FFY 2025

| Priority Points | Loan Recipient | Project Number | Assistance Amount | Principal Forgiveness ¹ | Funding Date | Expected Funding Source ² | Fund/Project Eligibility ^{3,4} |
|-----------------|--|----------------|-------------------|------------------------------------|--------------|--------------------------------------|---|
| | <i>Green Project Reserve Information</i> | | | | | | |
| Loans Expected | | | | | | | |
| 12 | Mitchell | C461129-14 | \$16,815,000 | \$1,681,500 | Jan. 2025 | Repay/Lev. Bonds | 3 |
| 9 | Wagner | C461209-03 | \$425,000 | \$42,500 | Jan. 2025 | Repay/Lev. Bonds | 3 |
| 7 | Wolsey | C461262-05 | \$241,000 | | March 2025 | Repay/Lev. Bonds | |
| 26 | Columbia | C461078-01 | \$3,500,000 | \$350,000 | March 2025 | Repay/Lev. Bonds | 3 |
| 24 | Canton | C461039-07 | \$2,552,000 | | March 2025 | Repay/Lev. Bonds | |
| 22 | Hill City | C461231-01 | \$11,000,000 | | March 2025 | Repay/Lev. Bonds | |
| 21 | Groton | C461051-10 | \$3,000,000 | | March 2025 | Repay/Lev. Bonds | |
| 20 | Sioux Falls | C461232-49 | \$31,926,000 | | March 2025 | Repay/Lev. Bonds | |
| | <i>GPR Project Type: Energy Efficiency (Categorical) GPR Amount: TBD</i> | | | | | | |
| 16 | Southern Missouri Recycling and Waste Management District | C461013-02 | \$850,000 | \$85,000 | March 2025 | Repay/Lev. Bonds | 3 |
| 15 | Gettysburg | C461196-02 | \$2,963,600 | \$296,360 | March 2025 | Repay/Lev. Bonds | 3 |
| 12 | Mitchell | C461129-15 | \$5,000,000 | \$500,000 | March 2025 | Repay/Lev. Bonds | 3 |
| 10 | Dell Rapids | C461064-13 | \$8,540,000 | | March 2025 | Repay/Lev. Bonds | |
| 10 | White | C461118-02 | \$2,164,335 | | March 2025 | Repay/Lev. Bonds | |
| 9 | Springfield | C461071-02 | \$3,250,000 | \$325,000 | March 2025 | Repay/Lev. Bonds | 3 |
| 7 | Big Stone City | C461224-01 | \$205,000 | \$20,500 | March 2025 | Repay/Lev. Bonds | 3 |
| 7 | Bryant | C461121-02 | \$2,225,000 | \$222,500 | March 2025 | Repay/Lev. Bonds | 3 |
| 7 | Keystone | C461074-01 | \$5,609,000 | \$560,900 | March 2025 | Repay/Lev. Bonds | 3 |
| 7 | Veblen | C461186-02 | \$2,500,000 | \$250,000 | March 2025 | Repay/Lev. Bonds | 3 |
| 6 | Garden City | C461341-01 | \$488,000 | \$48,800 | March 2025 | Repay/Lev. Bonds | 3 |
| 6 | Ipswich | C461133-04 | \$2,000,000 | \$200,000 | March 2025 | Repay/Lev. Bonds | 3 |
| 23 | Volga | C461046-03 | \$10,000,000 | \$1,000,000 | June 2025 | Repay/Lev. Bonds | 3 |
| 14 | Box Elder | C461003-05 | \$14,344,000 | \$1,434,400 | June 2025 | Repay/Lev. Bonds | 3 |
| 12 | Sioux Falls | C461232-50 | \$5,000,000 | | June 2025 | 2024 & 2025 Base/BIL GS | |
| 25 | Elk Point | C461059-09 | \$2,200,000 | \$220,000 | Sept. 2025 | Repay/Lev. Bonds | 3 |
| 18 | Aberdeen | C461072-05 | \$5,000,000 | \$500,000 | Sept. 2025 | Repay/Lev. Bonds | 3 |
| 14 | Wessington Springs | C461210-04 | \$1,490,000 | \$149,000 | Sept. 2025 | Repay/Lev. Bonds | 3 |
| 13 | Oacoma | C461289-01 | \$2,605,000 | | Sept. 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 2025 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 – 2024

| | | |
|---|----------------------|------------------------------|
| Capitalization Grants | \$231,861,200 | |
| BIL Supplemental Grants | \$30,135,000 | |
| State Match (Base and BIL) | \$50,502,140 | |
| ARRA Grant | \$19,239,100 | |
| Set-Asides (Base and BIL) | (\$12,288,329) | |
| Leveraged Funds | \$608,703,951 | |
| Transfer FFY 2002 & 2003 Capitalization Grant and State Match to DWSRF | (\$15,574,320) | |
| Excess Interest as of September 30, 2024 | \$148,438,693 | |
| Excess Principal as of September 30, 2024 | <u>\$219,862,686</u> | |
| Total Funds Dedicated to Loan | | \$1,280,880,121 |
| Closed Loans made through September 30, 2024 | | <u>(\$1,531,673,537)</u> |
| Available funds as of September 30, 2024 | | (\$250,793,416) |

Federal Fiscal Year 2025 Projections

| | | |
|--|----------------------|----------------------------|
| Base Capitalization Grant | \$4,008,000 | |
| BIL General Supplemental Grant | \$12,000,000 | |
| State Match (combined total) | \$3,201,600 | |
| Set-Asides (combined total) | (\$640,320) | |
| Projected Excess Principal Repayments | \$8,000,000 | |
| Projected Unrestricted Interest Earnings | \$14,000,000 | |
| Leveraged Bonds | <u>\$100,000,000</u> | |
| Projected FFY 2025 Loan Subtotal | | \$140,569,280 |
| Funds Available for Loans | | (\$110,224,136) |
| Loans Awarded and Unclosed as of September 30, 2024 | | (\$193,498,576) |
| Total Funds Available for Loans | | <u>(\$303,722,712)</u> |
| Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2025 | | <u>\$145,892,935</u> |

| Administrative Surcharge Funds Available as of September 30, 2024 | |
|--|--------------------|
| Restricted Account (Administrative Purposes Only) | \$27,915 |
| Discretionary Account (Available for Other Eligible Purposes) | <u>\$1,135,900</u> |
| Total | <u>\$1,163,815</u> |

**BIL EMERGING CONTAMINANTS
PROGRAM FUNDING STATUS**

Federal Fiscal Years 2022-2024

| | | |
|--|---------------|-----------|
| CWSRF BIL Emerging Contaminants Grants | \$1,502,000 | |
| State Match | | \$0 |
| Set-Asides | | \$0 |
| Transfer FFY 2022 & 2023 Grants to DWSRF Emerging Contaminants | (\$1,502,000) | |
| | <hr/> | |
| Total Funds Dedicated to Loan | | \$0 |
| Closed Loans made through September 30, 2024 | | <hr/> \$0 |
| Available funds as of September 30, 2024 | | \$0 |

Federal Fiscal Year 2025 Projections

| | | |
|---|-------------|-------------------|
| CWSRF BIL Emerging Contaminants Grant | \$1,043,000 | |
| State Match | | \$0 |
| Set-Asides | | \$0 |
| | <hr/> | |
| Projected FFY 2025 Loan Sub-total | | \$1,043,000 |
| Funds Available for Loans | | \$1,043,000 |
| Loans Awarded and Unclosed as of September 30, 2024 | | \$0 |
| Total Funds Available for Loans | | <hr/> \$1,043,000 |
| Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2025 | | <hr/> \$0 |

Addendum to the 2025 CWSRF 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 estimated 2025 allotment for the Clean Water State Revolving Fund (CWSRF) program totals \$13,043,000.

This addendum is for the distribution of BIL funds in 2025.

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

CWSRF BIL General Supplemental Funding

The BIL includes an estimated general supplemental funding allotment of \$12,000,000 to South Dakota in 2025 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 - 2025 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 2025. Bond proceeds or administrative surcharge fees 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 2025 BIL CWSRF appropriation for infrastructure is \$12,000,000. 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 2025, 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 2025 base capitalization grant and BIL Supplemental grant is \$640,320, and 1/5 of a percent of the current fund valuation of \$289,329,135 results in \$578,658 available for administrative fees. As a result, an administrative allowance of \$640,320 will be reserved for administrative purposes in FFY 2025. Of this amount, \$480,000 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 2025 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

All projects identified on Attachment I - Project Priority List and Attachment II - List of Projects Expected to be Funded in FFY 2025 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

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 issued 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 equivalency funded projects. BIL equivalency 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).

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

On November 7, 2024, a public hearing was held seeking comments on the BIL addendum to the CWSRF 2025 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 2025 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 2025 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>.