SOUTH DAKOTA
DRINKING WATER STATE REVOLVING FUND
FEDERAL FISCAL YEAR 2021 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) 2021 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. A public hearing was held on November 5, 2020, to review the FFY 2021 Intended Use Plan and receive comments. 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; and
- Disadvantaged community subsidies.

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 2021, the specific measures are:

1. In FFY 2020, the fund utilization rate, as measured by the percentage of executed loans to funds available, was 98.0 percent, which exceeded the target goal of 90 percent. For FFY 2021, the goal of the Drinking Water SRF program is to maintain the fund utilization rate at or above 90 percent.

2. In FFY 2020, the rate at which projects progressed as measured by disbursements as a percent of assistance provided was 80.5 percent, which met the goal of 80 percent. For FFY 2021, the goal is to maintain the construction pace at 80 percent or higher.

3. For FFY 2021, the goal of the Drinking Water SRF program is to fund 22 loans, totaling more than $44.6 million.

4. For FFY 2021, it is estimated that 36 projects will initiate operations.

5. For FFY 2021, 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 2021, it is estimated that the South Dakota Association of Rural Water Systems will provide 1,400 hours of technical assistance to small systems.

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 2021 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 April 2020.

Table 1 - Drinking Water SRF Interest Rates

	Up to 5 Yrs	Up to 10 Yrs	Up to 20 Yrs	Up to 30 Yrs*
Interim Rate				
Interest Rate	2.00%			
Admin. Surcharge	0.00%			
Total	2.00%			
Base Rate				
Interest Rate		1.375%	1.50%	1.625%
Admin. Surcharge		0.50%	0.50%	0.50%
Total		1.875%	2.00%	2.125%
Disadvantaged Rate – 80% to100% of MHI				
Interest Rate				1.625%
Admin. Surcharge				0.25%
Total				1.875%
Disadvantaged Rate - 60% to 80% of MHI				
Interest Rate		1.00%		1.375%
Admin. Surcharge		0.00%		0.25%
Total		1.00%		1.625%
Disadvantaged Rate – Less than 60% of MHI				
Interest Rate				0.00%
Admin. Surcharge				0.00%
Total				0.00%

* 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, 2020, nearly $4.79 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 $9,000 per approved loan with payments made in $3,000 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 $1,100 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 2021 allocation for these activities will be $50,000.

In FFY 2021, $75,000 of administrative surcharge funds will be allocated for operator certification training.

In FFY 2019, $200,000 of administrative surcharge funds were allocated to provide grants to assist very small systems in violation of the Safe Drinking Water Act. These funds are limited to community systems with 50 or less connections and not-for-profit, non-transient non-community water systems. Funds will be provided for infrastructure projects as 100 percent grants up to a maximum of $50,000 and for total project costs less than $100,000. No additional funds will be allocated for these activities in federal fiscal year 2021.

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 nearly $278.0 million have been made to systems meeting this population threshold, or 49.4 percent of the $562.2 million of total funds available for loan. Attachment II – List of Projects to be funded in FFY 2021 identifies more than $44.6 million in projects, of which more than $34.7 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 expected FFY 2021 capitalization grant, the ability exists to transfer nearly $59.3 million from the Clean Water SRF program to the Drinking Water SRF program. More than $57.3 million could be transferred from the Drinking Water SRF Program to the Clean Water SRF program. Table 2 (page 10) itemizes the amount of funds transferred between the programs and the amount of funds available to be transferred.

No transfers are expected in FFY 2021.

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 2021 capitalization grant is expected to be $11,011,000 which requires $2,202,200 in state match. Bond proceeds will be used to match FFY 2021 capitalization grant funds.

For purposes of meeting FFY 2021 proportionality requirements, the South Dakota Drinking Water SRF program will document the expenditure of repayments and bond proceeds in an amount equivalent to the entire required state match.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. To date, $123.7 million in leveraged bonds have been issued for the Drinking Water SRF program. It is not anticipated that additional leveraged bonds will be required in FFY 2021.

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 $9.9 million in principal repayments will become available for loans in FFY 2021.

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 $1.3 million in interest earnings will become available for loans in FFY 2021.

As of September 30, 2020, 354 loans totaling $550,791,753 have been made.

At the beginning of FFY 2021, $11,497,516 is available to loan. With the expected FFY 2021 capitalization grant, state match, leveraged bonds, excess interest earnings, and repayments, nearly $35.4 million will be available to loan. This information is provided in Attachment III, Drinking Water SRF Funding Status.

Funds will be allocated to the set-aside activities in the amounts indicated below. 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.

Administration	$440,440
Local Assistance	$75,000
Total for set-asides	**$515,440**

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 capitalization grant includes 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 $30 per month based on 5,000 gallons usage or to qualify for principal forgiveness. Other applicants must have a minimum rate of $55 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 11 summarizes the amounts of principal forgiveness provided to date.

It is anticipated FFY 2021 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 9.

Attachment II - List of Projects to be Funded in FFY 2021 identifies $2,590.890 in principal forgiveness for communities not eligible for the additional disadvantaged community principal forgiveness.

Build America Bond Activities and Uses

The Series 2010A bonds that were issued in December 2010 were designated as Build America Bonds. As a result, the District receives subsidy payments from the U.S. Treasury equal to 35% of the interest payable on its Series 2010A Bonds.

In fiscal year 2020, $1,000,000 of Build America Bond funds were allocated to supplement the Consolidated program with grants for water projects. No additional funds will be allocated the above amount includes subsidy payments to be received through 2021.

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.

Four percent of the FFY 2021 capitalization grant is $440,440, and 1/5 of a percent of the current fund valuation of $210,221,328 results in $420,442 available for administrative fees. **As a result, an administrative set-aside of $440,440 will be reserved for administrative purposes in FFY 2021.**

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. **No funds will be allocated from the two percent technical assistance set-aside to public water systems serving 10,000 or fewer in FFY 2021.**

The objective of this set-aside is to bring non-complying systems into compliance and improve operations of water systems.

In fiscal year 1997, the board 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 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.

Unused funds from previous years' set-aside for small system technical assistance are banked for use in future years. Currently, $230,038 remains from previous years' allocations to be used for the purposes described above. Previous year capitalization grant allocations will provide sufficient funding for South Dakota's technical assistance programs to complete all tasks and activities identified above. No additional funds will be set-aside for these activities in FFY 2021.

State program management. **No funds will be allocated for the administration of the state's Public Water System Supervision (PWSS) program in FFY 2021.**

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.

Previous year capitalization grant allocations will provide sufficient funding for South Dakota's PWSS program to complete all tasks and activities identified in the workplan. No additional funds will be set-aside for these activities in FFY 2021.

Local assistance and other state programs.
Up to $75,000 will be allocated 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, the MAP has assisted in the review of capacity assessments required as part of the Drinking Water SRF loan applications.

There remains $93,400 from prior years' allocations. In FFY 2018, DENR issued a request for proposals to select the most qualified assistance provider firm for contracting of these services. A three-year contract was signed with Midwest Assistance Program to continue their efforts with borrowers to improve the technical, financial, or managerial capacity of the system.

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 $30 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 $55 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. Loans given to disadvantaged communities may have a term up to 30 years or the expected life of the project, whichever is less. Disadvantaged communities below the statewide median household income, but at or greater than 80 percent, are eligible to extend the term of the loan up to 30 years. 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 2021.

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. Beginning with the FFY 2019 capitalization grant and all subsequent grants 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.

Table 3 on page 11 summarizes the amounts of disadvantaged principal forgiveness provided to date.

Attachment II – List of Projects to be Funded in FFY 2021 identifies $4,664,500 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	Amount Transferred from CWSRF to DWSRF	Amount Transferred from DWSRF to CWSRF	Transfer Description	CWSRF Funds Available to Transfer	DWSRF Funds Available to Transfer
1997	$12,558,800	$4,144,404	$4,144,404				$4,144,404	$4,144,404
1998	$7,121,300	$2,350,029	$6,494,433				$6,494,433	$6,494,433
1999	$7,463,800	$2,463,054	$8,957,487				$8,957,487	$8,957,487
2000	$7,757,000	$2,559,810	$11,517,297				$11,517,297	$11,517,297
2001	$7,789,100	$2,570,403	$14,087,700				$14,087,700	$14,087,700
2002	$8,052,500	$2,657,325	$16,745,025	$7,812,960		CW Cap Grant/Match	$8,932,065	$16,745,025
2003	$8,004,100	$2,641,353	$19,386,378	$7,761,360		CW Cap Grant/Match	$3,812,058	$19,386,378
2004	$8,303,100	$2,740,023	$22,126,401				$6,552,081	$22,126,401
2005	$8,352,500	$2,756,325	$24,882,726				$9,308,406	$24,882,726
2006	$8,229,300	$2,715,669	$27,598,395		$7,500,000	Leveraged Bonds	$12,024,075	$20,098,395
2007	$8,229,000	$2,715,570	$30,313,965				$14,739,645	$22,813,965
2008	$8,146,000	$2,688,180	$33,002,145				$17,427,825	$25,502,145
2009	$8,146,000	$2,688,180	$35,690,325				$20,116,005	$28,190,325
2010	$13,573,000	$4,479,090	$40,169,415				$24,595,095	$32,669,415
2011	$9,418,000	$3,107,940	$43,277,355		$10,000,000	Repayments	$27,703,035	$25,777,355
2012	$8,975,000	$2,961,750	$46,239,105				$30,664,785	$28,739,105
2013	$8,421,000	$2,788,930	$49,018,035				$33,443,715	$31.518,035
2014	$8,845,000	$2,918,850	$51,936,885				$36,362,565	$34,436,885
2015	$8,787,000	$2,899,710	$54,814,485				$39,240,165	$37,314,485
2016	$8,312,000	$2,742,960	$57,557,445				$41,983,125	$40,057,445
2017	$8,241,000	$2,719,530	$60,276,975				$44,702,655	$42,776,975
2018	$11,107,000	$3,665,310	$63,942,285				$48,367,965	$46,442,285
2019	$11,004,000	$3,631,320	$67,573,605				$51,999,285	$50,073,605
2020	$11,011,000	$3,633,630	$71,207,235				$55,632,915	$53,707,235
2021 Est.	$11,011,000	$3,633,630	$74,840,865				$59,266,545	$57,340,865

Table 3 – Principal Forgiveness Allowed and Awarded

	Principal Forgiveness for all Borrowers			Disadvantaged-only Principal Forgiveness		
Year	**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	$2,200,800	$2,200,800	$2,154,798	$660,240	$3,851,400	$3,851,400
2020	$1,541,540	$1,541,540	$0	$660,660	$3,853,850	$3,043,200
2021 Est.	$1,541,540	$1,541,540	$0	$660,660	$3,853,850	$3,043,200
Totals	$24,718,780	$44,315,280	$41,186,198	$1,981,560	$19,857,100	$18,235,800

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 2021.

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
150	Tripp	C462238-02	*Problem:* portions of the existing main and all water meters are beyond their useful life, the existing storage does not equalize properly resulting in poor turnover of water, the existing source does not have redundancy to meet peak day demands with any one well out of service, the existing wells are also high in chloride, sulfate, and total dissolved solids impacting water quality, and existing unused wells that have not been properly abandoned. *Project:* replace 1,500 feet of watermain with PVC, install new remote read meters, raise one water storage tank to match overflow elevations and install a mixer to improve quality, properly abandon unused wells, and either connect to a rural water system for supply or construct new wells to provide better water quality.	$2,210,000	0%, 30 years	647	Yes
131	Edgemont	C462216-04	*Problem:* the town's new water supply has been found to be high in iron causing discoloration in the water and issues with a recently installed treatment system. *Project:* install a iron removal system to reduce the content prior to the treatment system to improve color and allow proper operation of the treatment system.	$637,000	0%, 30 years	774	Yes
117	Cresbard	C462132-01	*Problem:* the existing water distribution system is old and experiencing excessive breaks and high-water loss and the existing meters are beyond their useful life with several unmetered locations contributing to high water loss. *Project:* replace 15,400 feet of watermain with PVC and install new remote read meters.	$2,068,305	1.625%, 30 years	104	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
111	Hot Springs	C462040-02	*Problem*: the city's raw water pumping system does not have capacity to provide adequate water in the event one of the two pumping stations is out of commission, the storage capacity is less than the peak day demand, and the system does not have adequate well supply. *Project*: install a new well and pump house, construct a new 3-million gallon water tower, and develop a new Madison well.	$3,850,000	0%, 30 years	3,711	Yes
103	Bear Butte Valley Water, Inc.	C462486-01	*Problem:* Twenty-four existing homes along Alkali Road in the southeast portion of the distribution system currently rely on private wells with poor water quality or haul water for domestic use. *Project:* install 18.5 miles of transmission line and related appurtenances to provide water to the existing homes.	$1,999,000	2.125%, 30 years	360	
95	Gregory	C462126-03	*Problem:* the existing cast iron and asbestos cement distribution system pipe is beyond its useful life and some areas of town experience low pressure due to undersized pipe. *Project:* replace approximately 35,000 feet of water main with PVC pipe and increase pipe size where needed.	$6,752,000	0.00%, 30 years	1,295	Yes
93	Lake Norden	C462256-03	*Problem:* the existing water storage in the community is not sufficient to provide average day use. *Project:* construct a new 500,000 elevated water storage tower to provide adequate storage and pressures.	$2,700,000	1.625%, 30 years	467	Yes
86	Hot Springs	C462040-03	*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.	$392,000	0%, 30 years	3,711	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
83	Kingbrook Rural Water System	C462432-09	*Problem:* an existing water storage tank is in need of repairs to assure continued use and supply of high quality water. *Project:* re-coat the tank, make repairs and improvements for water quality and OSHA compliance to extend the useful life of the tank.	$360,000	1.625%, 30 years	13,528	Yes
73	Joint Well Field, Inc.	C462454-01	*Problem:* Brookings-Deuel and Kingbrook Rural Water Systems which utilize the water produced by the system have the need for additional water quantity within their distribution systems and the existing backwash ponds are in poor condition and undersized. *Project:* make upgrades to the water treatment plant to increase the treatment and pumping capacity by 2.6 million gallons per day, install a new 1.2-million gallon ground storage tank, and replace the existing backwash ponds.	$5,523,000	2.125%, 30 years	22,028	
56	Mobridge	C462016-08	*Problem:* the existing water treatment facility is in need of significant repairs to the raw water intake system is beyond it useful life and in need of repair, and the North water tower height does not provide full system storage or adequate pressure. *Project:* make repairs or replacement at the water treatment facility to include controls, high service pumps, lime slaker and HVAC system, repair or replace the existing raw water intake system, and increase the height of the North water tower to allow full utilization of the storage and pressure provided.	$11,350,000	1.875%, 30 years	3,465	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
53	Hudson	C462280-01	*Problem:* the existing cast iron distribution system pipe and water meters are beyond their useful life, the current water storage ground level tanks do not supply adequate pressure or storage for the average day demand and are beyond their useful life. *Project:* replace and install approximately 25,100 feet of water main with PVC pipe, loop the system, and increase pipe size where needed, install new remote read water meters, and construct a new 120,000-gallon water storage tank.	$9,494,180	1.625%, 30 years	296	Yes (Pending rate increase)
37	Mni Waste' Water Company	C462487-01	*Problem:* the existing water line running north along Highway 63 for the system is inadequate to supply current users and those requesting service and capacity is also not available to provide bulk service to Timber Lake. *Project:* install 35 miles of transmission main from Highway 212 north along Highway 63 to serve current and anticipated new users and bulk water transmission to Timber Lake.	$2,517,000	1.625%, 30 years	8,102	Yes (Pending rate increase)
36	Black Hawk Water User District	C462393-03	*Problem:* the system has limited looping of lines impacting flows to users, portions of the existing mains are beyond their useful life, the existing storage is inadequate to supply peak days, and the existing source does not have redundancy to meet peak day demand with any one well out of service. *Project:* construct two crossings under Interstate 90 and install a new transmission main to better loop portions of the system, replace a portion of existing cast iron pipe with PVC on Elm Street to alleviate problem areas, construct a new 1,000,000-gallon storage tank, and develop a new Madison aquifer well.	$8,494,000	2.125%, 30 years	3,850	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
34	Lake Preston	C462011-01	*Problem:* the existing cast iron distribution system pipe is beyond its useful life, some areas of town experience low pressure due to undersized pipe, and the current water storage tower is beyond its useful life. *Project:* replace approximately 28,500 feet of water main with PVC pipe and increase pipe size where needed and construct a new 100,000-gallon water storage tank.	$8,405,000	1.875%, 30 years	599	Yes
32	Minnehaha Community Water Corp.	C462440-03	*Problem:* two zones of the existing distribution system does not have average day storage capacity for current users and in one zone the pressures are limited due to smaller diameter lower pressure rated mainline pipe. *Project:* construct two new elevated storage tanks in each zone provide the needed storage for average day use, install a new control valve structure to monitor and adjust pressure as needed, and construct approximately eight miles of 12-inch mainline pipe to increase capacity and pressures.	$7,505,900	2.125%, 30 years	6,474	
24	Elkton	C462229-01	*Problem:* the existing water distribution system is old and experiencing excessive breaks and high water loss, the current water tower coatings are in need of replacement, and an existing unused well not properly abandoned. *Project:* replace approximately 20,000 feet of water main with PVC pipe, recoat the water storage tank, and properly cap and abandon the unused well.	$4,600,000	2.125%, 30 years	736	
22	Harrisburg	C462065-04	*Problem:* the distribution system in the southeastern part of the city is beyond its useful life and has several dead ends impacting water quality. *Project:* replace and install approximately 26,200 feet of water main with PVC pipe and loop the system.	$6,250,000	2.125%, 30 years	5,698	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
20	Salem	C462057-04	*Problem:* the distribution system in the southeastern part of the city is beyond its useful life and has several dead ends impacting water quality and pressure. *Project:* replace and install approximately 3,000 feet of water main with PVC pipe and loop the system.	$1,097,000	1.875%, 30 years	1,347	Yes
19	Castlewood	C462246-01	*Problem:* the distribution system in much of the city is beyond its useful life and has several dead ends impacting water quality and the existing interior and exterior coating on the water tower are in poor condition and need repair. *Project:* replace and install approximately 6,500 feet of water main with PVC pipe and loop the system and recoat the water tower interior and exterior.	$800,000	1.875%, 30 years	627	Yes
19	Valley Springs	C462239-01	*Problem:* the existing water distribution system is old and experiencing excessive breaks and high water loss, has several dead-end lines and the current water tower coatings are in need of replacement. *Project:* replace and install approximately 4,700 feet of water main with PVC pipe and loop the system and recoat the water storage tank.	$1,583,000	2.125%, 30 years	759	
18	Chancellor	C462122-02	*Problem:* the distribution system throughout the city is beyond its useful life and has several dead ends impacting water quality. *Project:* replace and install approximately 9,700 feet of water main with PVC pipe.	$3,300,000	1.875%, 30 years	264	Yes
18	White	C462118-01	*Problem:* the distribution system in much of the city is beyond its useful life and has several dead ends impacting water quality, the existing interior and exterior coating on the water tower are in poor condition and need repair. *Project:* replace approximately 17,000 feet of water main with PVC pipe and loop the system and recoat the water tower interior and exterior.	$6,000,000	1.625%, 30 years	485	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
14	Philip	C462205-01	*Problem:* many of the city's meters are obsolete and unserviceable or require manual reading. *Project:* replace approximately 220 water meters and install an automatic meter reading system and transmitters for the meters not being replaced.	$464,031	1.875%, 10 years	779	Yes
14	Wessington Springs	C462210-02	*Problem:* many of the city's meters are obsolete and unserviceable or require manual reading. *Project:* replace approximately 540 water meters and install an automatic meter reading system.	$685,000	1.00%, 10 years	956	Yes
11	Lead	C462007-05	*Problem:* the distribution system on Mill Street is beyond its useful life. *Project:* replace two blocks of water main with PVC pipe.	$360,138	1.875%, 30 years	3,124	Yes
9	Bowdle	C462243-02	*Problem:* the distribution system on Main Street is beyond its useful life. *Project:* replace approximately 1,400 feet of water main with PVC pipe.	$783,587	1.875%, 30 years	502	Yes
9	Canistota	C462226-04	*Problem:* the distribution system in the 7th Ave and Pine Street area is beyond its useful life. *Project:* replace approximately 3,400 feet of water main with PVC pipe.	$437,000	1.875%, 30 years	656	Yes
9	Marion	C462020-01	*Problem:* the distribution system on Broadway Avenue is beyond its useful life. *Project:* replace approximately 2,500 feet of water main with PVC pipe.	$1,519,958	1.875%, 30 years	784	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
8	Mitchell	C462129-05	*Problem:* the existing West water tower is in need of coating and equipment improvements, the existing Burr Street tower is beyond its useful life and undersized for the storage needs of the area, certain areas of the distribution system have inadequate pressures, ability to provide peak flows or lack chemical residual to assure water quality. *Project:* recoat the West tower and install new mixing system and valve vault, construct a new 2.5-million gallon Burr Street tank, construct a new pump station and chemical feed building near the existing ground storage tank, and make improvements to the distribution system piping to improve flows and pressures in various locations.	$11,000,000	1.875%, 30 years	15,254	Yes
6	Grant-Roberts Rural Water System	C462475-02	*Problem:* the existing SCADA system is old and beyond repair and will not communicate well with existing newer technology. *Project:* replace SCADA system components system wide to enhance operational management ability.	$857,000	2.00%, 20 years	4,857	
6	Tea	C462028-03	*Problem:* there are existing homes along 272nd Street that are currently unserved by the city's distribution system. *Project:* installation of approximately 4,400 feet of PVC watermain to connect these users to the city's distribution system.	$805,000	2.125%, 30 years	3,806	
4	Wessington Springs	C462210-03	*Problem:* the distribution system on Second Street is beyond its useful life. *Project:* replace 4.5 blocks of water main with PVC pipe.	$100,000	1.625%, 30 years	956	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term	Pop. Served	Dis-advan-taged
3	Faith	C462249-01	*Problem:* the town's primary storage source is a ground storage tank that utilizes a single pump to feed the water system, and the capacity of the existing elevated is insufficient to meet average day consumption when the single pump is offline due to maintenance or power outages. *Project:* construct a 225,000-gallon elevated storage tank to replace the ground storage tanks and install a new 12-inch water line to connect the new tank to the distribution system.	$2,274,000	1.875%, 30 years	421	Yes
3	Rosholt	C462258-01	*Problem:* the existing water storage tank is in need of repairs. *Project:* re-coat the tank, make repairs and improvements for water quality and OSHA compliance to extend the useful life of the tank.	$500,000	2.125%, 30 years	423	

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FFY 2021

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness [1]	Funding Date	Expected Funding Source[2]
LOANS EXPECTED						
131	Edgemont	C462216-04	$637,000	$127,400[3]	Jan. 2021	2021
32	Minnehaha Community Water Corp.	C462440-03	$7,505,900	$750,590	Jan. 2021	2020
117	Cresbard	C462132-01	$2,068,305	$413,600[3]	March 2021	2021/Lev. Bonds
103	Bear Butte Valley Water, Inc.	C462486-01	$1,999,000	$199,900	March 2021	2020/2021
95	Gregory	C462126-03	$1,607,000	$321,400[3]	March 2021	Repayments
93	Lake Norden	C462256-03	$2,700,000	$540,000[3]	March 2021	Repayments
83	Kingbrook Rural Water System	C462432-09	$360,000	$72,000[3]	March 2021	2021
73	Joint Well Field, Inc.	C462454-01	$5,523,000	$552,300	March 2021	2021
56	Mobridge	C462016-08	$4,000,000	$800,000[3]	March 2021	Repayments
37	Mni Waste' Water Company	C462487-01	$2,517,000	$503,400[3]	March 2021	2021
20	Salem	C462057-04	$1,097,000	$219,400[3]	March 2021	Repayments
19	Castlewood	C462246-01	$800,000	$160,000[3]	March 2021	Repayments
18	Chancellor	C462122-02	$2,300,000	$460,000[3]	March 2021	Repayments
18	White	C462118-01	$3,800,000	$760,000[3]	March 2021	Repayments
9	Canistota	C462226-04	$437,000	$87,400[3]	March 2021	Repayments
6	Grant-Roberts Rural Water System	C462475-02	$857,000	$85,700	March 2021	2021
14	Wessington Springs	C462210-02	$685,000	$137,000[3]	June 2021	Repayments
8	Mitchell	C462129-05	$4,000,000	$800,000[3]	June 2021	Repayments
4	Wessington Springs	C462210-03	$100,000	$20,000[3]	June 2021	Repayments
14	Philip	C462205-01	$464,031	$92,800[3]	Sept. 2021	Repayments
11	Lead	C462007-05	$360,138	$72,000[3]	Sept. 2021	Repayments
6	Tea	C462028-03	$805,000	$80,500	Sept. 2021	Repayments

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.
2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the FFY 2021 annual report.
3. Projects are anticipated to be funded in part utilizing the additional 6 percent minimum and up to 35 percent of the capitalization grant for principal forgiveness to disadvantaged communities.

ATTACHMENT III
PROGRAM FUNDING STATUS

Federal Fiscal Years 1997 - 2020		
Capitalization Grants	$216,087,698	
State Match	$43,217,540	
ARRA Grant	$19,500,000	
Set-Asides	($16,440,162)	
Transfer of FY 2002 & 2003 Clean Water Capitalization Grant and State Match	$15,574,320	
Leveraged Bonds	$123,742,076	
Excess Interest as of September 30, 2020	$49,715,146	
Excess Principal as of September 30, 2020	$110,892,660	
Total Funds Dedicated to Loan		$562,289,269
Closed Loans made through September 30, 2020		($510,782,753)
Unclosed loans and available funds as of September 30, 2020		$51,506,516
Federal Fiscal Year 2021 Projections		
Capitalization Grants	$11,011,000	
State Match	$2,202,200	
Set-Asides	($515,440)	
Projected Excess Principal Repayments	$9,900,000	
Projected Unrestricted Interest Earnings	$1,300,000	
Leveraged Bonds	$0	
Projected FFY 2021 Loan Sub-total		$23,897,760
Unclosed loans and funds Available for Loans		$75,404,276
Loans Awarded and Unclosed as of September 30, 2020		($40,009,000)
Total Funds Available for Loans		$35,395,276
Loan Amount Identified on Attachment II - List of Projects to be Funded in FFY 2021		$44,622,374

Administrative Surcharge Funds Available as of September 30, 2020	
Program Income	$719,590
Non-Program Income	$4,066,552
Total	$4,786,142