

DANR Water and Sewer Infrastructure Funding



**SOUTH
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DEPARTMENT
of
AGRICULTURE
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RESOURCES**

August 31, 2021

COVID Relief Liaison Committee

Pierre, SD

Presentation Overview

- State Water Plan Funding Process
- Application Timelines
- CWSRF and DWSRF Programs
- Comparison between ARP and SRF
- State Owned Facilities Funding Needs
- Non-State Entity Funding
- Time Limits



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State Water Plan Process

- Water, wastewater, and stormwater projects seeking DANR Funding must be on the State Water Plan
 - One-page application form
 - Preliminary engineering report or facilities plan (flexible on what is necessary)
 - Eligibility & Priority Point Self-assessment for DWSRF (drinking water projects only)



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Application Timelines

- State Water Plan Applications
 - October 1st
 - Amendment applications – 1st of February, May or August
 - Projects remain on SWP for 2 years or prorated portion for amendments
- Funding Applications (including SRF)
 - 1st of January, April, July or October



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State Revolving Fund Programs

- Federal Low-interest loan programs
- Funds come from many sources
 - Federal capitalization grants
 - Issuance of bonds
 - Repayments from borrowers
 - Interest earned on un-loaned funds
- Eligible applicants
 - Cities
 - Counties
 - Districts (sanitary, water user, etc.)
 - Tribal Governments
 - Non-profits organized to provide water services (non-profits not eligible for CWSRF program)



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State Revolving Fund Project Eligibilities

CWSRF Projects

- All publicly owned wastewater treatment and conveyance
- Storm water
- Non-point source (NPS) pollution
 - Bank stabilization
 - Certain components of landfill projects
 - Agricultural BMP's
- **Drainage and Flood Control Projects are ineligible**

DWSRF Projects

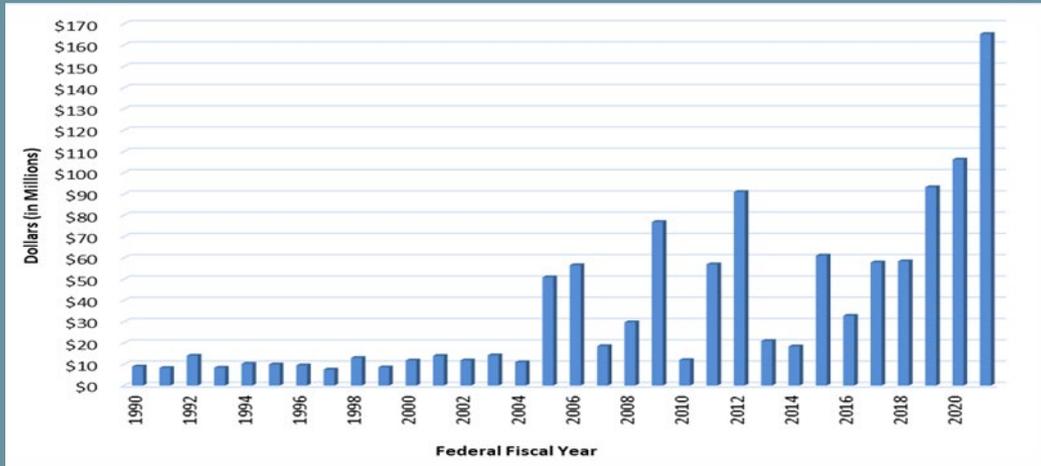
- Most water
 - storage
 - treatment distribution
 - source development
- Domestic use
 - not primarily for industrial use
- **Cannot fund projects primarily for future growth or fire protection**
 - i.e. new housing developments



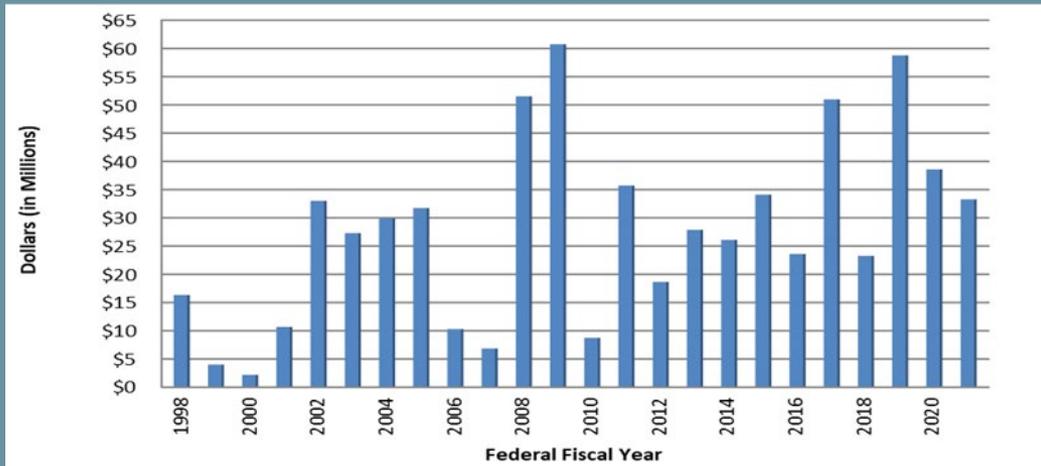
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State Revolving Fund Awards

CWSRF



DWSRF



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2021 amounts pending BWNR approval in September

DANR Funding Programs Subsidy

- Rates req'd for subsidy consideration as per Administrative Rules:
 - Municipalities/San. Dist. - \$30/residential user/month based on 5,000 gallons usage
 - Others - \$55 (water) or \$40 (wastewater) /residential user/month based on 7,000 gallons usage or flat rate
- Meeting minimum rate is no guarantee of receiving subsidy
- Typical Minimum Rates for Subsidy
 - Municipal Wastewater: \$50 - \$55
 - Municipal Water: \$50 - \$55
 - Rural Water/Others: \$75
 - Maybe lower if projects involve regionalization or consolidation



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ARP vs. SRF Comparison

Similarities

- Project eligibilities identical
- Contractor procurement requirements
- American made Iron and Steel (ARP preferred vs SRF required)
- Wage rate requirements

Differences

- Eligible recipients – no limitations (ARP)
- Engineering procurement requirements (ARP)
- Environmental reviews (SRF)
- Grant funds not loans (ARP)
- Deadlines - all funds must be expended by 12/31/26 (ARP)



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State Owned Facilities Needs

- Many state agencies with eligible water and sewer infrastructure in need of improvements
- Agencies are developing list of needs for funding consideration in coordination with DANR review for eligibility
- If ARP funds are provided this will reduce the need for Maintenance & Repair funds for these utilities and allow other necessary improvements to be funded instead
- Would have long term positive impact on state owned facilities



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Non-State Entity Funding

- Known Funding Requests
 - SD Association of Rural Water Systems ~\$609 Million
 - City of Sioux Falls \$100 Million
 - Raw Water Pipeline to Aberdeen ~\$150 Million
 - Raw Water Pipeline to Black Hills up to ~\$1.5 B Billion
 - Unfunded projects on current State Water Plan ~\$300 Million
- Unknown Funding Requests
 - Municipalities, Sanitary Districts, and others likely to submit State Water Plan applications October 1st
- Moving Target on Federal Infrastructure Legislation



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Time limits for ARP Funding

- Quarterly reporting required
- December 31, 2024:
 - Funding must be INCURRED or OBLIGATE
- December 31, 2026:
 - Funding must need to be expended
- Timing Concerns:
 - Availability of:
 - Contractors
 - Materials
 - Consultants
 - Inflation
 - Design/Construction Timelines



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Questions?

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