

## South Dakota Clean Water and Drinking Water State Revolving Funds

Responsibilities	South Dakota Department of Agriculture & Natural Resources <a href="https://danr.sd.gov/Funding/EnvironmentalFunding/default.aspx">https://danr.sd.gov/Funding/EnvironmentalFunding/default.aspx</a>
Project Priority List	Clean & Drinking
Intended Use Plan	Clean & Drinking
Application Submissions	Clean & Drinking
Engineering Review	Clean & Drinking
Environmental Review	Clean & Drinking
Loan Agreements	Clean & Drinking
Monitoring (construction)	Clean & Drinking
Monitoring (loan)	Clean & Drinking
Reporting	Clean & Drinking
Bond	Clean & Drinking

### State Funding

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Source of Match: Bond or Administrative Surcharge Discretionary Fees  
 Leveraging: Frequently (Every year or every other year)  
 Bond Rating: AAA

### Loans

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Terms: 10, 20, 30

#### Subsidized Interest Rates

Basis: Discounted from Market Rate and reset Quarterly

Clean & Drinking: Public Entities:

- 3.25% for loans up to 10-years
- 3.50% for loans 11-20 years
- 3.75% for loans 21-30 years

Disadvantaged Community Public Entities (drinking water):

- Interest rate reduced by 0.25% to 0.75% based on Median Household Income.

Private Entities:

- 4.25% for loans up to 10-years
- 4.50% for loans 11-20 years
- 4.75% for loans 21-30 years.

## Fees

Origination: 0.25% administrative fee as part of above interest rate, charged for loan term

## **Additional Subsidy**

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(percent of annual federal funding provided as grants or principal forgiveness)

Type: Principal Forgiveness

### Amount:

Clean Water: up to 40% of annual federal capitalization grant

Drinking Water: up to 49% of annual federal capitalization grant

### Clean Water SRF Affordability Criteria:

Eligibility: In compliance with the Water Resources Reform and Development Act 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.

Amount: Up to maximum but not required, must meet minimum rates

## Drinking Water SRF Disadvantaged Community Criteria:

**Eligibility:** Communities that meet the disadvantaged eligibility criteria described below and in ARSD 74:05:11.01(8) may receive additional subsidies. This includes communities that will meet the disadvantaged criteria as a result of the project.

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

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

The source of median household income statistics will be the American Community Survey or other statistically valid income data supplied by the applicant and acceptable to the board.

**Amount:** Up to maximum but not required, must meet minimum rates

## **Program**

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**Application Cycle:** Quarterly

**Types of Assistance:** Direct loans for non-profit, bond purchase for public entity

**Governance:** Board of Water and Natural Resources

### Drinking Water SRF Programmatic Funding ("set-asides")

**State Programs:** \$300,000 annually for the Public Water Supply Supervision program

**Local & Other State:** \$100,000 annually for Technical, Financial and Managerial capacity development with Midwest Assistance Program

## **Targeted Assistance and Programs**

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### Technical Assistance for Small Systems

**Clean Water SRF:** ~\$100,000 annually borrower TMF capacity development with Midwest Assistance Program and Plant Grant studies, see below. From 2% TA set-aside.

~\$300,000 or as needed for application preparation, project administration, and David-Bacon monitoring (\$12,100 per SRF loan), contracted with local planning Districts. From Administrative loan surcharge fees.

Drinking Water SRF: ~\$200,000 annually for Small System onsite operator assistance and Planning Grant studies

~\$300,000 or as needed for application preparation, project administration, and David-Bacon monitoring (\$12,100 per SRF loan), contracted with local planning Districts. From Administrative loan surcharge fees.

\$75,000 annually for Operator Certification testing. From Administrative loan surcharge fees.

Green Projects (percent of capitalization grants since 2012-2024 to date used for green projects)

Amount: \$12,295,873

Percent: 10.7%

Small Community Planning Grant (SCPG)

Eligibility: Clean & Drinking Water, small systems with population under 2,500, comprehensive engineering review of system infrastructure and alternatives for necessary improvements

Amount: Up to \$10,000 per wastewater study, 20% match requirement  
Up to \$8,000 per drinking water study, 20% match requirement