American Rescue Plan Act Funding

November 7, 2022

Council of Infrastructure Financing Authority SRF Workshop
Presentation Overview

- South Dakota ARPA plans and bills
- DANR proposed distribution of funds
- ARPA challenges
- Board of Water and Natural Resources
- Funding rounds
South Dakota ARPA Plans

- Spring of 2021 discussion of $50-100 million
- Submitted ARPA funding consideration request to Governor’s Office
  - Desire in South Dakota to fund long-term investments
  - Investments that improved quality of life
  - Investments that would provide generational impact
- Water and Sewer Infrastructure rose to top
- Discussion in August of 2021 of $200-$400 million
South Dakota ARPA Plans

- Sent out request for projects in August of 2021
- Requests due October 1, 2021 to coincide with State Water Plan
- Received 193 new project requests
- Combined with existing unfunded projects, requests were over $3.2 billion
DANR Criteria for Distribution of ARPA Funds

• Service Population Grant Caps
  • Service populations up to 1,000: up to 80% grant with a $9,000 per person maximum per applicant for all projects considered for ARPA grants.
  • Service populations up to 2,500: up to 50% grant with a $7,000 per person maximum per applicant for all projects considered for ARPA grants.
  • Service populations above 2,500: 30% grant with a $3,000 per person maximum per applicant for all projects considered for ARPA grants.

• Caps can be exceeded under certain conditions
DANR Criteria for Distribution of ARPA Funds

• Local ARPA funds will be matched by additional state funds on a 1:1 basis
• Up to an additional 5% if rates exceed the following thresholds upon project completion:
  • $55 / 5,000 gallons for municipalities
  • $75 / 7,000 gallons for RWS or sanitary districts
• Potential additional ARPA for regionalization/consolidation, regulatory compliance issues, or other significant environmental issues
• 100% ARPA for engineering studies
Senate Bill 62

- Appropriated $600 million to the Board of Water and Natural Resources to provide grants for water and wastewater infrastructure
- Projects must be on State Water Plan
- Specified criteria to be used to determine funding for eligible projects
- Criteria mimicked policy adopted by the Board of Water and Natural Resources
- No project specific earmarks of funds were designated which is consistent with standard funding process
Senate Bill 62

- Largest one-time appropriation in the history of South Dakota
- Voting record
  - Passed out of Senate State Affairs 8 – 1
  - Passed out of Senate Appropriations 9 – 0
  - Passed on Senate Floor 35 – 0
  - Passed out of House Appropriations 8 – 1
  - Passed on House Floor 69 – 0
- Signed by Governor March 22, 2022
ARPA Challenges

• Timing – funding was not awarded until more than one year after ARPA passage (March 2021)
• Staff time to review and administer volume of funding applications and awards
• Use of funding by counties
• Equitable distribution of funds for a large variety of projects
• Engineering procurement requirements
ARPA Challenges

- Unrealistic expectations
  - Funding of numerous projects for one entity
  - 70-80 percent grant funding
  - Project scopes and timelines
  - Duplicate projects
- Sluggishness of parity agreements
  - Began submitting to Rural Development in late May
  - One received back to date
- Contractor and material availability
Board of Water and Natural Resources

- Statutory authority to administer the South Dakota SRF programs
- Seven-member citizen board appointed by the Governor
- Quarterly funding awards
- Funding applications due the first of January, April, July, and August
April BWNR Meeting

• 151 Applications received by January 1st deadline
• Funding Requests = $1,344,342,864
• Awarded 113 ARPA Grants totaling more than $406.3 million
• Awarded $8.88 million in other grants
• Awarded 110 SRF loans totaling more than $686.8 million
May BWNR Meeting

- Special meeting
- Awarded ARPA funds to projects receiving SRF loans in 2021
  - Awarded 18 ARPA grants
  - $55.8 million
- Applications deferred from April
  - Funded 14 projects
  - $17.4 million of ARPA grants
  - $22.4 million of SRF loans
June BWNR Meeting

• 56 Applications received by April 1\textsuperscript{st} deadline
• Funding Requests = $217.9 million
• Awarded 54 ARPA Grants totaling $115 million
• Awarded 39 SRF loans totaling $106.1 million
September BWNR Meeting

- 32 Applications received by July 1\textsuperscript{st} deadline
- Funding Requests = $246.7 million
- Awarded 10 ARPA Grants totaling $8.33 million
- Awarded 22 SRF loans totaling $137.4 million

- All $600 million of ARPA awarded!
## 2022 Workload vs. 2021

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<th>2022</th>
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<td>• 239 applications received</td>
<td>• 50 applications received</td>
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<td>• Funding Requests = $1.8 billion</td>
<td>• Funding Requests = $212.9 million</td>
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<td>• Awarded 209 ARPA grants</td>
<td>• Awarded 40 SRF loans totaling $195.3 million</td>
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<td>• Awarded 185 SRF loans totaling $1.11 billion</td>
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Other Fun Facts

• Smallest ARPA award = $25,114

• Largest ARPA award = $43,500,000

• Funds by project type
  • Wastewater = $277 million
  • Water = $315.5 million
  • Other = $7.5 million

• Amount disbursed as of October 31, 2022 = $15.1 million
Questions?

Andy Bruels, Director
Division of Financial and Technical Assistance
605-773-4216
andrew.bruels@state.sd.us

Mike Perkovich, Administrator
Environmental Funding Program
605-773-4216
mike.perkovich@state.sd.us