

American Rescue Plan Act Funding



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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



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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



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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



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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



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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



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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



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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



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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



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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



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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



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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



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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



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June BWNR Meeting

- 56 Applications received by April 1st deadline
- Funding Requests = \$217.9 million
- Awarded 54 ARPA Grants totaling \$115 million
- Awarded 39 SRF loans totaling \$106.1 million



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September BWNR Meeting

- 32 Applications received by July 1st 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!



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2022 Workload vs. 2021

2022

- 239 applications received
- Funding Requests = \$1.8 billion
- Awarded 209 ARPA grants
- Awarded 185 SRF loans totaling \$1.11 billion

2021

- 50 applications received
- Funding Requests = \$212.9 million
- Awarded 40 SRF loans totaling \$195.3 million



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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



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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



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