2013 ANNUAL REPORT
~~and~~
2014 STATE WATER PLAN

South Dakota
Board of
Water and Natural Resources

DEPARTMENT OF ENVIRONMENT and NATURAL RESOURCES

JOE FOSS BUILDING
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PIERRE, SOUTH DAKOTA 57501-3182
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Governor Dennis Daugaard
and Members of the Eighty-Ninth
Legislative Session

As required by state law, transmitted herewith is the 2013 Annual Report/2014 State Water Plan of the Board of Water and Natural Resources. The Annual Report describes water development and waste management activities during the past year. The State Water Plan outlines the projects on the State Water Facilities Plan and State Water Resources Management System.

Throughout this document, you will see the on-going needs for water, wastewater, and solid waste projects statewide and how critical state assistance is to construct these projects. During the past year, the board awarded more than $69 million in grant and loan funds for the planning, design, and construction of municipal drinking water, wastewater, lake/watershed restoration, rural water, solid waste disposal, and recycling projects. These awards were a critical link in having environmental projects totaling more than $114 million moving forward last year.

The Department of Environment and Natural Resources (DENR) sincerely appreciates the interest and help of all who have contributed to the success of the State Water Plan. The DENR will continue to work together with the Governor, the Legislature, the Board of Water and Natural Resources and local project sponsors to make the State Water Plan the road map leading to a better environmental future for South Dakota.

Sincerely,

Steven M. Pirner, P.E.
Secretary

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To
Governor Dennis Daugaard
and the
Eighty-Ninth Session, Legislative Assembly
2014

2013 ANNUAL REPORT
~~and~~
2014 STATE WATER PLAN

Board of Water and Natural Resources

January 2014

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Preface

The purpose of this document is to fulfill the statutory requirements placed on the Board of Water and Natural Resources. These requirements are generally outlined as follows:

SDCL 46A-2-2. *To prepare and submit to the Governor and Legislature a yearly progress report on the State Water Plan*

SDCL 46A-1-10. *To make recommendations to the Governor and Legislature concerning projects for the State Water Resources Management System*

SDCL 46A-1-14. *To make an annual report on all activities during the preceding year and funding recommendations necessary to implement the water plan*

This report consists of two principal sections – the 2013 Annual Report and the 2014 State Water Plan. The annual report provides progress reports on each funding program and other board activities during calendar year 2013.

The water plan section sets forth the projects included on the State Water Facilities Plan and the State Water Resources Management System. A Water and Environment Fund Special Condition Statement that projects the status of the Water and Environment Fund at the end of fiscal year 2014 is included in Appendix A. A copy of the resolutions approved by the Board of Water and Natural Resources that provide recommendations to the Governor and the Legislature for the designation of projects on the State Water Resources Management System and the recommended Water and Environment Fund fiscal year 2015 appropriation levels are included in Appendix B.

2013 Annual Report

Board of Water and Natural Resources

Overview

South Dakota Codified Law 46A-1-14 requires an annual report of the Board of Water and Natural Resources (the board). The report summarizes the board's 2013 activities, including a detailed account of Water and Environment Fund grant and loan awards.

In November 2012, the board placed 25 projects on the 2013 State Water Facilities Plan. This made the projects eligible for financial assistance from a variety of federal and state sources. During the year, the board amended an additional 46 projects onto the plan.

The board awarded more than $69 million in grant and loan funds to finance municipal drinking water systems, rural water systems, wastewater facilities, watershed restoration, solid waste disposal, and recycling activities. These awards resulted in more than $114 million in total activity. The loan and grant funds helped provide South Dakotans with safe and dependable environmental infrastructure.

Clean Water State Revolving Fund Loan Program

In 1989, the Clean Water State Revolving Fund (SRF) loan program began providing low-interest loans to governmental entities including municipalities, sanitary districts, and other special purpose districts. The loans are used for construction of wastewater facilities, storm sewers, and nonpoint source pollution control projects. During 2013, the board approved 17 loans totaling $20.7 million (Table 1).

The base interest rates for the Clean Water SRF program were 2.25 percent for loans up to 10 years, 3.0 percent for up to 20 years, 3.25 percent for up to 30 years, and an interim financing rate of 2.0 percent for up to 3 years. The program's nonpoint source incentive rates are 1.25 percent for loans with a term of 10 years or less, 2.0 percent for loans with a term up to 20 years, and 2.25 percent for loans with a term up to 30 years. Projects for traditional wastewater or stormwater projects that include a nonpoint source component may receive the nonpoint source rate. The annual principal and interest payments are calculated for a loan at the higher base interest rate. Using the lower nonpoint source interest rate, a loan is sized using the annual payment previously calculated. The difference in the two loan amounts is the amount of funding available for the nonpoint source component of the project.

The federal fiscal year 2013 appropriations bills for the SRF programs extended several of the requirements set forth in the American Recovery and Reinvestment Act and subsequent years' SRF appropriation bills. These requirements involve 1) applying Davis-

Bacon wage rates to all projects awarded in fiscal year 2013; 2) requiring that not less than 10 percent of the 2013 capitalization grant be utilized for "green" projects; and 3) requiring that a portion of the capitalization grant be made available as additional subsidy.

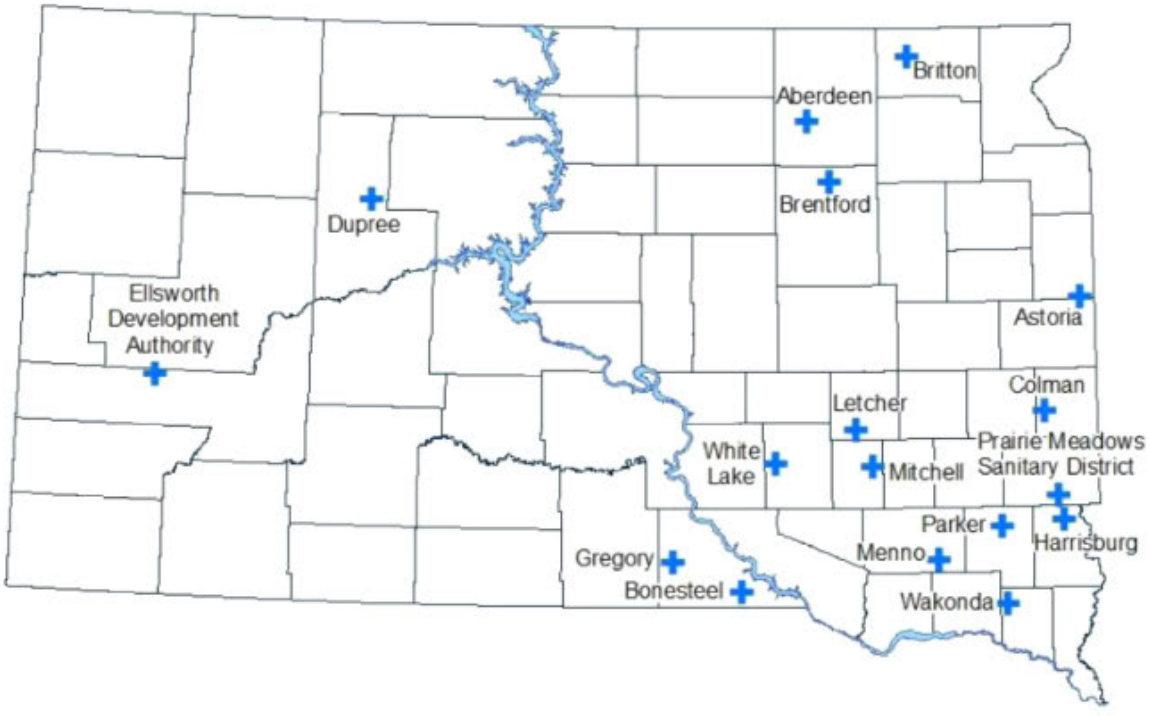
The board uses principal forgiveness as the method to provide the additional subsidy. Municipalities and sanitary districts with monthly residential wastewater rates of $22 per month (based on 5,000 gallons usage or flat rate for wastewater) are eligible to receive principal forgiveness. Other applicants are required to have residential wastewater rates of $40 per month (based on 5,000 gallons usage or a flat rate) to be eligible to receive principal forgiveness.

Table 1 – 2013 Clean Water State Revolving Fund Loan Awards

Sponsor	Description	Total Award	Principal Forgiveness	Interest Rate	Term
Aberdeen (CW-03)	Storm Sewer Improvements	$1,500,000		2.25%	10
Astoria (CW-01)	Wastewater Treatment System Improvements	$235,000		3.25%	30
Bonesteel (CW-01)	Wastewater Treatment and Collection Improvements	$588,000		3.25%	30
Brentford (CW-01)	Wastewater Treatment and Collection Improvements	$194,000		3.25%	30
Britton (CW-04)	Wastewater Collection Improvements	$2,500,000		3.25%	30
Colman (CW-02)	Sewer Line Replacement	$800,000	$500,000	3.25%	30
Dupree (CW-01)	Wastewater Treatment and Lift Station Improvements	$450,000		3.25%	30
Ellsworth Development Authority (CW-02A)	Regional Wastewater Treatment Facility	$1,703,000		3.0%	20
Ellsworth Development Authority (CW-02B)	Regional Wastewater Treatment Facility	$5,109,000		3.0%	20
Gregory (CW-02)	Wastewater Upgrades	$259,000		2.25%	10
Harrisburg (CW-06)	System Regionalization Development Charge	$2,857,000		3.25%	30
Letcher (CW-01)	Collection System Replacement and Lagoon Riprap	$775,000	$275,000	3.25%	30
Menno (CW-02)	Wastewater Collection System Improvements	$1,230,000		3.25%	30

Sponsor	Description	Total Award	Principal Forgiveness	Interest Rate	Term
Mitchell (CW-04)	Lift Station Replacement	$800,000		3.0%	20
Parker (CW-04)	Lift Station Replacement	$295,000		3.0%	20
Prairie Meadows Sanitary District (CW-01)	Wastewater Collection System Rehabilitation	$788,000	$200,000	3.25%	30
Wakonda (CW-01)	Lift Station Replacement and Video Inspection	$529,000	$195,000	3.0%	20
White Lake (CW-01)	Utility Upgrades	$371,000		3.25%	30
	Total	**$20,703,000**	**$1,170,000**		

Map 1 - Clean Water State Revolving Fund Recipients



Drinking Water State Revolving Fund Loan Program

In 1998, the Drinking Water State Revolving Fund (SRF) loan program began providing low-interest loans to nonprofit corporations and governmental entities including municipalities, sanitary districts, and other special districts for the construction of drinking water facilities. In 2013, ten loans were approved totaling more than $27.8 million (Table 2).

The base interest rates for the Drinking Water SRF program were 2.25 percent for terms up to 10 years, 3.0 percent for up to 20 years, and an interim financing rate of 2.0 percent for up to 3 years.

Disadvantaged communities are eligible to extend the repayment period from 20 to 30 years and may receive an interest rate below the base rate. To qualify as disadvantaged, the water system's monthly residential water bill must be at least $25 per 5,000 gallons usage for municipalities and sanitary districts or $55 per 7,000 gallons usage for all other community water systems.

Additionally, the median household income of the community must be below the statewide median household income (MHI). Communities with a median household income less than the MHI but greater than 80 percent of the MHI are eligible for an extended 30-year term loan at the base rate of 3.0 percent interest. Communities with a household income between 60 percent and 80 percent of the MHI are eligible for an extended 30-year term loan at 2.25 percent interest and a 10 year loan at 1.25 percent interest. An average household income less than 60 percent of the MHI is necessary to be eligible for an extended 30-year term loan at zero percent interest.

The federal fiscal year 2013 appropriations bills for the SRF programs extended several of the requirements set forth in the American Recovery and Reinvestment Act and prior years appropriation bills. These requirements involve 1) applying Davis-Bacon wage rates to all projects awarded in fiscal year 2013; and 2) requiring that a portion of the 2013 capitalization grant be made available as additional subsidy.

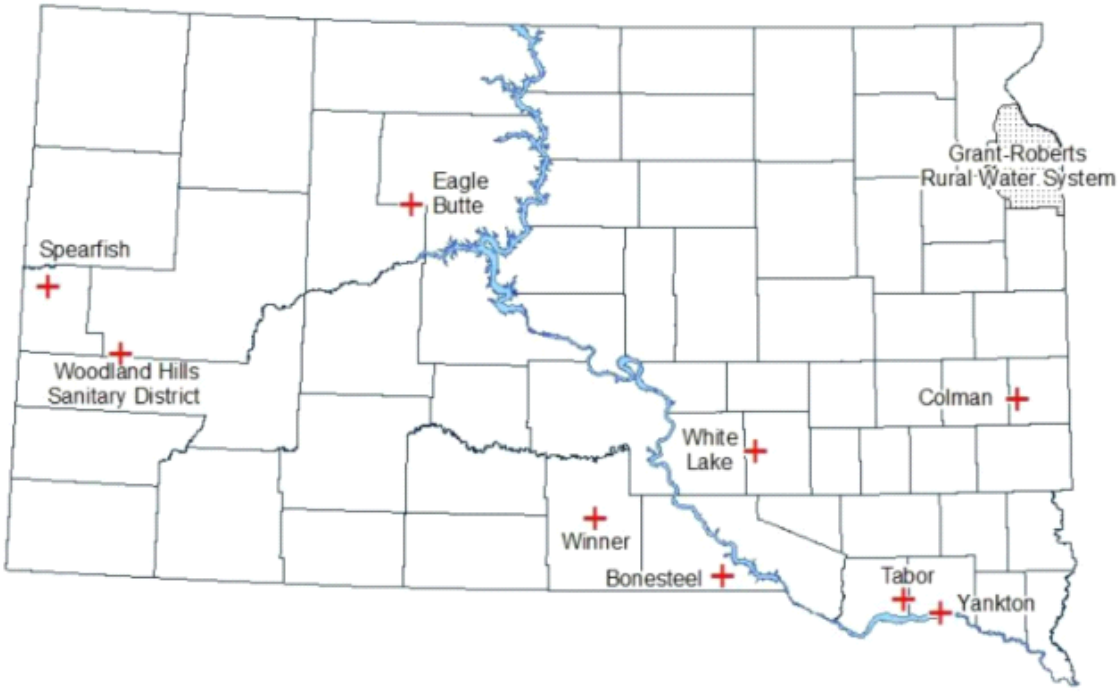
The board uses principal forgiveness as the method to provide the additional subsidy. Municipalities and sanitary districts with monthly residential water rates of $25 per month (based on 5,000 gallons usage) are eligible to receive principal forgiveness. Other applicants are required to have residential water rates of $55 per month (based on 7,000 gallons usage) to be eligible to receive principal forgiveness.

Table 2 – 2013 Drinking Water State Revolving Fund Loans Awards

Sponsor	Description	Total Award	Principal Forgiveness	Interest Rate	Term
Bonesteel (DW-01)	Water Infrastructure Upgrades	$2,043,000	$1,543,000	2.25%	30

Sponsor	Description	Total Award	Principal Forgiveness	Interest Rate	Term
Colman (DW-03)	Water Mains and Tower Replacement	$1,600,000	$968,000	3.0%	30
Eagle Butte (DW-03)	Water System Improvements	$490,000	$392,000	0%	30
Grant-Roberts Rural Water System (DW-01)	Milbank Service Area Improvements	$4,500,000		3.0%	30
Spearfish (DW-01)	West Zone Water Tank and Water Main	$3,254,000		2.25%	10
Tabor (DW-01)	Distribution System Improvements	$1,530,000	$700,000	3.0%	30
White Lake (DW-01)	Utility Upgrades	$362,000	$85,000	2.25%	30
Winner (DW-01)	Chlorine Building Replacement	$450,000		2.25%	30
Woodland Hills Sanitary District (DW-01)	Water System Improvements	$780,000	$480,000	3.0%	20
Yankton (DW-05)	Water Supply	$12,850,000	$1,000,000	3.0%	30
	Total	**$27,859,000**	**$5,168,000**		

Map 2 - Drinking Water State Revolving Fund Recipients



Consolidated Water Facilities Construction Program

The 2013 State Legislature appropriated $7.5 million for the Consolidated Water Facilities Construction Program to provide grants and loans for water development projects on the State Water Facilities Plan. Additionally, prior year funding and reversions were available for award in 2013.

The board awarded 15 grants, 2 grant amendments and 5 loans totaling more than $9.2 million (Table 3). The 2013 awards leveraged $35.7 million in total project activities.

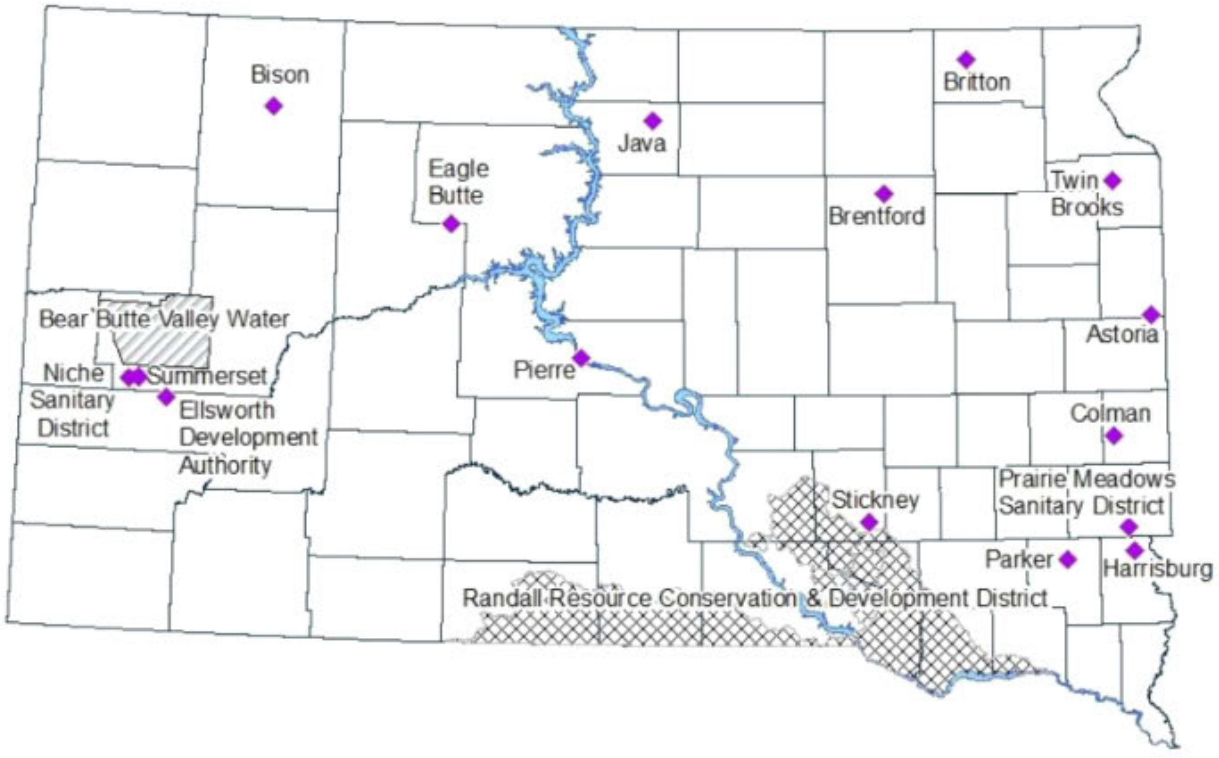
Table 3 – 2013 Consolidated Awards

Sponsor	Description	Grant Amount	Loan Amount	Total Project
Astoria	Wastewater Treatment System Improvements	$368,700		$603,700
Bear Butte Valley Water, Inc	Regional Water System	$1,265,000		$7,000,000
Bison*	Storm Water Management System	$19,350		$722,000
Brentford	Wastewater Treatment and Collection Improvements	$774,000		$968,000
Brentford	Water Meter Replacement	$33,000	$45,000	$78,000
Britton	Wastewater Collection Improvements	$1,000,000		$4,000,000
Colman	Sewer Line Replacement	$1,000,000		$1,800,000
Ellsworth Development Authority	Regional Wastewater Treatment Facility		$1,469,000	$3,406,458
Eagle Butte*	Wastewater Treatment and Collection Improvements	$260,000		$1,735,000
Harrisburg	System Regionalization Development Charge	$600,000		$3,677,000
Java**	Water Meter Improvements	$25,000	$116,000	$141,000
Niche Sanitary District*	Water System Regionalization	$22,000		$399,730
Parker	Distribution Improvements	$241,000		$1,303,900
Pierre	Storm Sewer Improvements	$210,000		$1,118,000
Prairie Meadows Sanitary District	Wastewater Collection System Rehabilitation	$600,000		$1,388,000

Sponsor	Description	Grant Amount	Loan Amount	Total Project
Randall Resource Conservation & Development District	Lewis & Clark Implementation	$200,000		$4,724,185
Stickney	Wastewater System Improvements	$500,000		$2,304,000
Summerset	Castlewood Drainage Improvements		$79,000	$79,000
Twin Brooks	Connection to Grant Roberts RWS	$81,900	$50,000	$260,900
	Total	**$7,479,950**	**$1,759,000**	**$35,708,873**

* Amendment to prior year Consolidated award.
** Deobligated prior to December 31, 2013

Map 3 – Consolidated Program Grant/Loan Recipients



State Revolving Fund Programs – Grant Assistance

In 2013, the board allocated additional funds under both the Clean Water and Drinking Water state revolving fund programs for planning, technical assistance, and construction activities. The board's 2013 intended use plans approved the use of $1,800,000 in Clean Water and Drinking Water funds for grants (Table 4).

Table 4 – 2012 State Revolving Fund Grant Allocations

Activity	Source	Amount
Water Quality Grants	Clean Water SRF Admin Surcharge	$ 1,250,000
Small System Technical Assistance Grants	Drinking Water SRF Set-Aside	200,000
SRF Application Preparation and Administration	Clean Water SRF & Drinking Water SRF Admin Surcharge	200,000
Drinking Water Operator Certification Training	Drinking Water SRF Admin Surcharge	75,000
Aquifer Delineation	Drinking Water SRF Admin Surcharge	75,000
	Total	**$ 1,800,000**

Water Quality Watershed/Construction Grants: The board provided additional grant assistance from Clean Water Administrative Surcharge fees to supplement the Consolidated and Section 319 grant awards. The construction of wastewater treatment, collection, or conveyance projects and watershed restoration projects are eligible uses for these fees, and its use allows additional projects to be completed.

Water Quality Planning Grants: The Small Community Planning Grant Program was established to encourage proactive planning by small communities and systems. Grants are available for the preparation of a wastewater or storm water engineering study or rate analysis for systems serving populations of 2,500 or less. For engineering studies, participating systems are reimbursed 80 percent of the cost, up to $10,000. For wastewater utility rate analysis reviews, participating systems are reimbursed 80 percent of the cost, up to $1,600.

Technical Assistance Grants: Small Community Planning Grants are also available for the preparation of a drinking water engineering study or rate analysis for systems serving populations of 2,500 or less. Participating systems are reimbursed 80 percent of the cost, up to $8,000 for engineering studies. For drinking water utility rate analysis reviews, participating systems are reimbursed 80 percent of the cost, up to $1,600.

The board continued its technical assistance contract with the South Dakota Association of Rural Water Systems (Rural Water) in 2013. Rural Water provides assistance to small drinking water systems serving populations of 10,000 or less with compliance,

permitting, and operational issues. In 2013, the Rural Community Assistance Corporation conducted capacity assessments and follow-up reviews to assist the department in ensuring that all borrowers demonstrate the required technical, financial, or managerial capacity to access Drinking Water SRF loan assistance.

Energy audits for water systems continued in 2013, using prior year Drinking Water SRF Local Assistance set aside funds. The systems being evaluated are larger water systems serving populations of more than 10,000. The audits assess the energy uses of each system, identified potential cost saving measures, and projected the estimated payback period of each cost saving measure. The department selected HDR Engineering, Inc. to conduct the audits.

The board continued to provide assistance to the state's six planning districts for preparation of applications and ongoing loan administration activities to include Davis-Bacon wage rate compliance. The planning districts all have joint powers agreements to receive up to $7,500 per loan for application and loan administration duties and up to $1,000 per loan for Davis-Bacon wage rate compliance. An additional $838,000 was placed under agreement with the planning districts in 2013.

The East Dakota Water Development District (EDWDD), in cooperation with the South Dakota Association of Rural Water Systems and the South Dakota Geological Survey, developed a project proposal to reassess and update existing well head protection areas previously delineated for public water supply well fields utilizing shallow aquifers. The study area includes the ten counties in the EDWDD, Marshall County, and Clay County. The project will collect current data on all functioning well fields, install observation wells as needed and collect current water table elevation information, update the well head protection area delineations to reflect current conditions, and promote the adoption/updating of local ground water protection ordinances by the individual counties.

During 2013, the board approved twenty-three Water Quality or Technical Assistance awards totaling more than $2.4 million (Table 5).

Table 5 – 2013 State Revolving Fund Programs Grant Awards

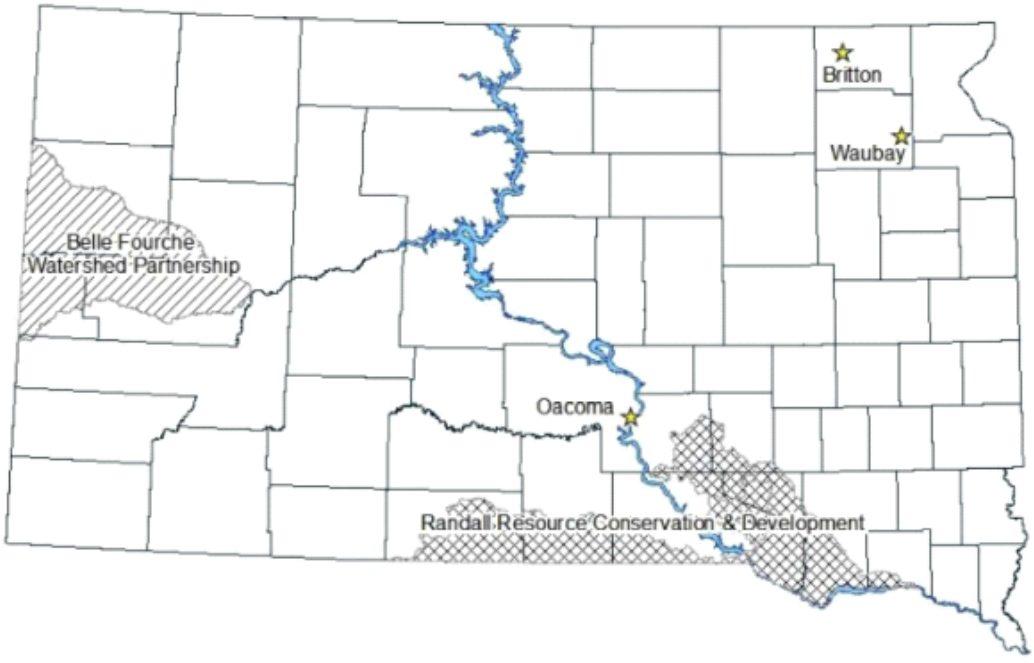
Watershed/Construction Grant Awards

Sponsor	Project	Grant Amount
Belle Fourche Watershed Partnership	Belle Fourche River Watershed Project	$100,000
Britton	Wastewater Collection Improvements	$500,000
Oacoma	Relocation of Cedar Shores Wastewater Main	$100,000

Sponsor	Project	Grant Amount
Randall Resource Conservation & Development*	Lewis & Clark Implementation Project	$100,000
South Dakota Grasslands Coalition	Grassland Management & Planning	$115,000
South Dakota Association of Conservation Districts	303(d) Watershed Planning & Assistance	$100,000
Waubay*	Lift Station and Collection System Improvements	$75,000
	Total	**$1,090,000**

* Amendment to prior year Water Quality Construction award.

Map 4 –Watershed/Construction Grant Recipients



Small Community Planning Grant Awards

Sponsor	Project	Grant Amount
Bison	Wastewater Systems Improvements Study	$4,800
Conde	Water System Improvements Study	$6,000
Geddes	Water System Improvements Study	$8,000

Sponsor	Project	Grant Amount
Hermosa	Water Source/Treatment Study	$6,800
Kennebec	Wastewater System Improvements Project	$10,000
Lemmon	Wastewater System Improvements Study	$10,000
Lennox	Stormwater System Improvements Study	$10,000
Onida	Water System Improvements Study	$8,000
Sisseton	Wastewater System Improvements Study	$10,000
Sisseton	Water System Improvements Study	$8,000
Stickney	Water Systems Improvements Study	$8,000
University & Bridle Estates Sanitary District	Wastewater System Improvements Study	$9,600
University Estates Homeowners Association	Water System Improvements Study	$7,360
Valley Springs	Water Rate Analysis	$1,600
Valley Springs	Wastewater Rate Analysis	$1,600
Wakonda	Storm Sewer Improvements	$8,000
	Total	**$117,760**

Technical Assistance Awards

Sponsor	Project	Award
Black Hills Council of Local Governments	SRF Application Preparation and Administration	$85,000
Black Hills Council of Local Governments	Amendment to SRF Application Preparation and Administration	$45,000
Black Hills Council of Local Governments	Amendment to Davis-Bacon Wage Rate Administration	$1,500
Central South Dakota Enhancement District	SRF Application Preparation and Administration	$35,000
Department of Environment and Natural Resources	Drinking Water Operator Certification Training	$75,000
East Dakota Water Development District	Aquifer Delineation Technical Assistance	$65,000

Sponsor	Project	Award
First District Association of Local Governments	SRF Application Preparation and Administration	$85,000
HDR Engineering, Incorporated	Water Treatment Facility Energy Audit	$197,800
Northeast Council of Governments	SRF Application Preparation and Administration	$150,000
South Eastern Council of Local Governments	SRF Application Preparation and Administration	$300,000
South Eastern Council of Local Governments	Amendment to Davis-Bacon Wage Rate Administration	$500
South Dakota Association of Rural Water Systems	Small System Technical Assistance	$120,000
Third Planning and Development District	SRF Application Preparation and Administration	$136,000
	Total	**$1,295,800**

State Water Resources Management System

On March 6, 2013, Governor Daugaard signed the 2013 Omnibus Bill (Senate Bill 189) which appropriated $5,300,000 million for State Water Resources Management System (SWRMS) projects. Information on individual SWRMS project accomplishments and activities is provided in the State Water Plan section (pages 34-53). During the year, the board placed the 2013 appropriations under agreement (Table 6).

Table 6 – 2013 State Water Resources Management System Awards

Project	Amount	Type
Belle Fourche Irrigation Upgrade Project	$ 750,000	Loan
Belle Fourche Irrigation Upgrade Project	$ 750,000	Grant
Southern Black Hills Water System	$ 3,800,000	Grant
Total	**$ 5,300,000**	

Watershed Protection – EPA Section 319 Grants

The South Dakota Watershed Protection Program is designed to assess nonpoint water pollution sources and to reduce or eliminate their impact on water quality throughout the state. Nonpoint source refers to the polluted run-off from urban, agriculture, and forest lands. The program provides technical and financial assistance to local watershed project sponsors in the planning and management of assessment and implementation projects. Additionally, the program administers state and federal grants, monitors the effectiveness of implementation projects, and funds information and education activities. Applications for Section 319 grants must be approved by the board prior to submission to EPA. In 2013, the board recommended that EPA award more than $1.8 million in Federal fiscal year 2013 funding to watershed projects (Table 7).

Table 7 - 2013 EPA Section 319 Grants

Sponsor	Project	Amount	Total Project
Belle Fourche Watershed Partnership	Belle Fourche River Watershed Project	$805,000	$4,332,900
Randall Resource Conservation & Development	Lewis & Clark Implementation Project	$300,000	$5,053,211
South Dakota Grasslands Coalition	Grassland Management & Planning	$201,000	$778,715
South Dakota Association of Conservation Districts	303(d) Watershed Planning & Assistance	$455,000	$3,062,517
South Dakota State University	Impacts of Winter Manure Spreading	$70,000	$213,208
	Total	**$ 1,831,000**	**$ 13,440,550**

Throughout the year, the department works with EPA to reallocate deobligated prior year funds. Table 8 contains a list of grant amendments that were awarded to existing project sponsors during the calendar year 2013.

Table 8 - 2013 EPA Section 319 Grant Amendments

Sponsor	Project	Amount	Total Project
Discovery Center	Nonpoint Source I&E Project	$78,792	$704,460
Randall Resource Conservation & Development	Lewis & Clark Implementation Project	$343,289	$5,073,211
	Total	**$ 422,081**	**$ 5,777,671**

Solid Waste Management Program

The 2013 State Legislature appropriated $2,650,000 for the Solid Waste Management Program (SWMP) These appropriations, combined with reverted and unobligated prior year funding, resulted in more than $3.27 million being available for grants and loans for recycling, waste tire, and solid waste disposal projects. The prior year funding included $964,000 reserved for regional landfill upgrades.

These programs are supported by three funding sources – a $0.75 per ton landfill surcharge on municipal solid waste, a $0.25 per tire vehicle registration fee, and principal and interest payments from past solid waste loan awards. A minimum of 50 percent of the SWMP funds appropriated is reserved for recycling activities.

The board awarded twelve grants, three amendments, and one loan in 2013, totaling more than $2.7 million (Table 9). Of these awards, six were for recycling activities, seven were for solid waste management activities, and two were regional landfill appropriation activities. SWMP awards helped leverage more than $6.4 million in total project activities.

Table 9 - 2013 Solid Waste Management and Regional Landfill Assistance Awards

Disposal

Sponsor	Description	Loan Amount	Grant Amount	Total Project
Lincoln County	Transfer Station Trailer Purchase	-	$33,750	$67,500
Rapid City	Scale House	-	$300,000	$654,000
South Dakota Solid Waste Management Association	2013 Manager of Landfill Operations Training	-	$24,000	$37,200
South Eastern Council of Governments*	Regional Revolving Loan Fund	-	$345,000	$806,250
Walworth County	Cell 4 Construction	-	$112,400	$281,000
Watertown	Cell 5 Construction	-	$296,400	$741,000
Vermillion	New Baler Building	-	$225,000	$1,207,300
	Total	**$ 0**	**$ 1,336,550**	**$ 3,793,950**

Recycling

Sponsor	Description	Loan Amount	Grant Amount	Total Project
Brookings*	Recycling Vehicle and Containers	-	$30,000	$311,000
Freeman	Recycling Center Additions & Renovations	-	$158,000	$263,400

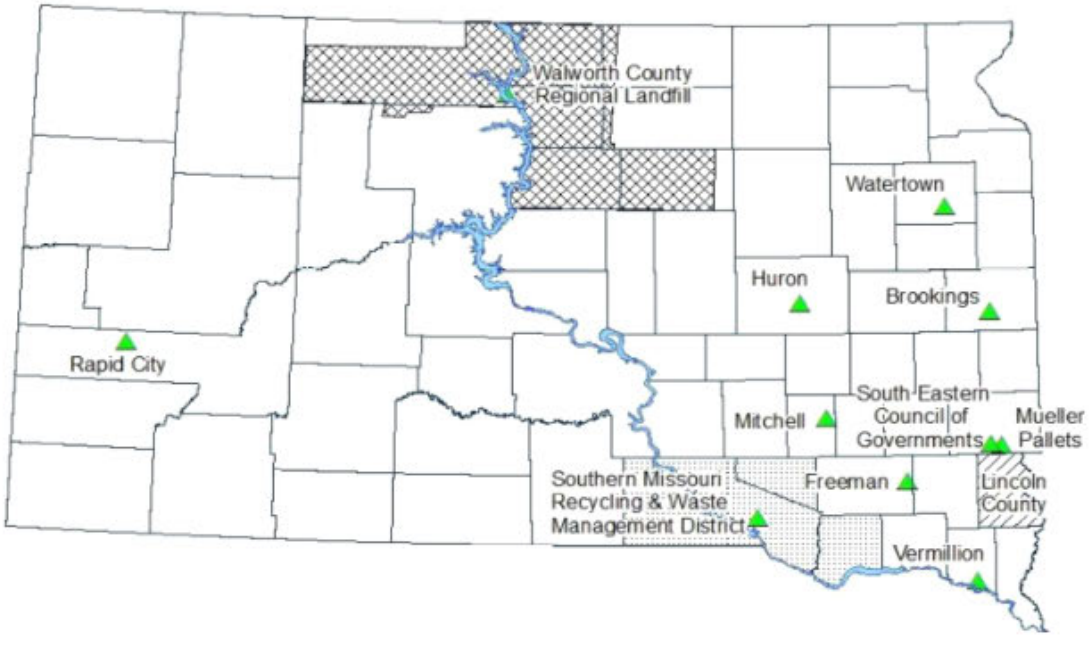
Huron	Commingled Recycling Collection and Management	-	$227,950	$455,900
Mueller Pallets LLC	Purchase of Wood Grinder and Clamshell	-	$149,186	$149,186
Rapid City	Secured 24-Hour Service Area	-	$100,000	$146,000
Watertown*	Recycling Vehicle and Containers	-	$77,300	$311,000
	Total	**$ 0**	**$ 742,436**	**$ 1,636,486**

Regional Landfill

Sponsor	Description	Loan Amount	Grant Amount	Total Project
Mitchell	Landfill Compactor Purchase	-	$230,000	$575,000
Southern Missouri Recycling & Waste Management District	New Baler and Bagger Purchase	$165,000	$275,000	$440,000
	Total	**$ 165,000**	**$ 505,000**	**$ 1,015,000**

* Amendment to existing agreement.

Map 5 - Solid Waste Management Program Grant/Loan Recipients



Brownfields Revitalization and Economic Development Program

The 2003 South Dakota Legislature followed the federal Brownfields Act and established a state Brownfields Revitalization and Economic Development Program within the Department of Environment and Natural Resources (the department). The purpose of the Brownfields Program is to complete environmental assessments and cleanups so that local governments can put contaminated lands back into productive, beneficial use and complete projects that are necessary to revitalize local economies. The 2003 bill created two subfunds: a Brownfields revolving loan subfund and a Brownfields assessment and cleanup subfund. The board approves annual work plans for both subfunds. The department agreed to use existing staff to administer this new program.

While the department has made application for federal funding, the U.S. Environmental Protection Agency has not awarded South Dakota any federal funds for the Brownfields revolving loan subfund. Therefore, there has been no activity in this subfund. EPA has advised the department that until potential applicants are identified, the department will not be eligible for federal revolving loan funds.

The department has used both federal Brownfields grants and federal Leaking Underground Storage Tank Trust Funds to complete environmental assessments and cleanups of Brownfields projects statewide. Projects are limited by federal law to $200,000 for Assessment and $200,000 for Clean Up. Brownfields projects are nominated by local project sponsors and approved by the board. Table 10 contains a list of all the Brownfields projects that were approved by the board in calendar year 2013. The Brownfields process is an extremely useful tool to help assess and clean up contaminated lands statewide and move economic development projects forward that are a high local priority.

Table 10 - 2013 Brownfields Assessment and Cleanup Projects

Applicant	Site Name and Location	Activity	Land After Clean Up	Amount*
Pierre	City Well VOC Impact	Assessment & Cleanup	Commercial	$ 343,816
Arlington	Utility and Street Project	Assessment & Cleanup	Commercial	$28,132
Harding County	Harding County Airport	Assessment & Cleanup	Commercial	$31,528
Winner	Main Street Project	Assessment & Cleanup	Commercial	$10,895

Applicant	Site Name and Location	Activity	Land After Clean Up	Amount*
Sioux Falls Development Corporation	Elmwood Redevelopment	Assessment	Commercial	$31,198
Ipswich	Utility Project	Assessment & Cleanup	Commercial	$0
Governor's Office of Economic Development	Pierre Hotel redevelopment	Assessment & Cleanup	Commercial	$5,403
Mitchell	Longhorn Bar Site	Cleanup	Commercial	$9,246
Turton	LaBris Building	Assessment	Commercial	$1,488
Mitchell	Proposed City Hall	Assessment	Commercial	$19,505
Grow Spink-Redfield	Former Railroad Property	Assessment	Commercial	$26,947
Mt. Vernon	Utility Project	Assessment & Cleanup	Commercial	$2,863
Stanley County School	Ft. Pierre Elementary School	Assessment & Cleanup	Commercial	$0
Parkston	Former Vern's Body Shop	Assessment	Commercial	$0
Mitchell	Former VFW	Assessment	Commercial	$0
Chancellor	Former Turner County Mutual Building	Assessment	Commercial	$0
Mitchell	Former Garden of Eden Building	Assessment	Commercial	$0
			Total	**$ 511,021**

* Accumulative costs as of September 30, 2013

2013 State Water Development Legislation

On March 6, 2013, Governor Daugaard signed Senate Bill 189, the Omnibus Water Funding Bill. The 2013 Omnibus Bill contained the following appropriations:

Appropriations from the Water and Environment Fund

- Consolidated Water Facilities Construction Program – $7,500,000 to provide grants and loans for community drinking water, wastewater, and watershed improvement projects;
- Belle Fourche Irrigation District – $750,000 grant and a $750,000 loan for engineering design, preconstruction, and construction of the facilities associated with Belle Fourche irrigation upgrade project;
- Southern Black Hills Water System – $3,800,000 grant for engineering design, preconstruction, and construction of the regional water supply system;
- Solid Waste Management Program – $2,650,000 to provide grants and low interest loans for recycling, solid waste disposal, and waste tire projects.

Appropriations from WEF Subfunds and Other Sources

- Section 7 of the bill appropriated $1,250,000 from the Clean Water State Revolving Fund program subfund for the purpose of providing water quality grants;
- Section 8 of the bill appropriated $100,000 from the Clean Water State Revolving Fund program subfund for the preparation of loan applications and administration of loans;
- Section 9 of the bill appropriated $100,000 from the Drinking Water State Revolving Fund program subfund for the preparation of loan applications and administration of loans; and
- Section 10 of the bill appropriated $75,000 from the Drinking Water State Revolving Fund program subfund to provide aquifer delineation technical assistance to community water systems; and
- Section 11 of the bill appropriated $200,000 from the Drinking Water State Revolving Fund program subfund for small system technical assistance grants.

2014 State Water Plan

2014 State Water Plan

Overview

The 1972 State Legislature established the State Water Plan to ensure the optimum overall benefits of the state's water resources for the general health, welfare, safety, and economic well-being of the people of South Dakota through the conservation, development, management, and use of those resources. The Legislature placed the responsibility for this plan with the Board of Water and Natural Resources (the board).

The State Water Plan, as established in SDCL 46A-1-2, consists of two components – the State Water Facilities Plan and the State Water Resources Management System. To be considered for the State Water Facilities Plan, projects must meet criteria established by the board. These eligibility criteria are used as guidelines by the board and the Department of Environment and Natural Resources (the department) when considering a project for inclusion on the State Water Facilities Plan. Additions to or deletions from the State Water Resources Management System can only be accomplished by the State Legislature.

State Water Facilities Plan

The State Water Facilities Plan (Facilities Plan) is a list of potential water projects. The Facilities Plan includes projects such as rural, municipal, and industrial water supply, wastewater collection and treatment facilities, storm sewers, groundwater protection, and watershed restoration. The board is responsible for approving the placement of projects on the Facilities Plan. The board can provide direct assistance to projects on the plan and placement on the plan may influence federal and other state agency funding decisions.

In November 2013, the board considered 27 applications requesting placement on the State Water Plan. The board placed 27 projects on the Facilities Plan, bringing the total number of projects on the 2014 State Water Facilities Plan to 200 (Table 11 and Table 12). The 27 projects placed on the plan in November will remain on the Facilities Plan through December 2015. Projects placed on the plan in November 2012 or that were amended onto the plan during calendar year 2013 will remain on the Facilities Plan through December 2014.

The date certain for projects to remain on the Facilities Plan is for projects that have not received funding from the board. The projects in Table 12 have not received funding as of December 31, 2013.

The projects in Table 11 have received either partial or full funding. Projects funded by the board remain on the Facilities Plan and remain eligible to request additional funding until project completion.

Additional projects may be placed on the Facilities Plan during the year. Projects placed on the Facilities Plan through the amendment process remain on the plan for the balance of the calendar year and the following year. Once a project is removed from the Facilities Plan, the project sponsor must submit a new state water plan application to be eligible to seek assistance.

Table 11 - 2014 State Water Facilities Plan Funded Projects

Sponsor	Project Description	Amount Funded	Total Project
Aberdeen	Storm Sewer	$1,500,000	$1,500,000
Aberdeen	Raw Water Intake Replacement	$1,040,000	$1,040,000
Alpena	Wastewater Treatment Facility Upgrade and Expansion	$1,465,000	$1,465,000
Andover	Wastewater Treatment Facility Improvements	$463,700	$463,700
Astoria	Wastewater Treatment System Improvements	$603,700	$603,700
Autumn Meadows Sanitary District	Purchase Water System	$138,500	$138,500
Baltic	Utilities Reconstruction	$1,221,000	$1,221,000
Bear Butte Valley Water, Inc	Regional Water System	$1,265,000	$7,000,000
Belle Fourche Watershed Partnership	Belle Fourche River Watershed	$100,000	$4,332,900
Beresford	2012 Drinking Water Utilities Replacement	$916,040	$916,040
Beresford	2012 Wastewater Utilities Replacement	$789,790	$789,790
Bison	Storm Water Management System	$612,300	$722,000
Bonesteel	Water and Wastewater Infrastructure Upgrades	$2,631,000	$2,631,000
Box Elder	Ghere Reservoir and Well	$3,562,950	$3,562,950
Brant Lake Sanitary District	Wastewater Collection and Treatment System	$1,700,000	$1,700,000
Brentford	Water Meter Replacement	$78,000	$78,000
Brentford	Wastewater Treatment and Collection Improvements	$968,000	$968,000

Sponsor	Project Description	Amount Funded	Total Project
Britton	Wastewater Collection Improvements	$4,000,000	$4,000,000
Britton	Wastewater Collection Improvements	$1,042,034	$1,042,034
Brookings	Wastewater Pretreatment Facility	$1,000,000	$5,537,000
Brookings	Wastewater Treatment System Improvements	$30,600,000	$30,600,000
Canton	Sewer Lift Station Improvements	$732,000	$732,000
Centerville	Sanitary Sewer Lining	$435,471	$435,471
Clay Rural Water System	Lime Sludge Lagoon and Automatic Meter Reading	$1,369,758	$1,369,758
Colman	Utility Replacement	$2,013,256	$2,013,256
Colman	Water Meter Replacement	$182,000	$182,000
Colman	Sewer Line Replacement	$1,800,000	$1,800,000
Colman	Water Mains and Tower Replacement	$1,600,000	$1,600,000
Colonial Pine Hills Sanitary District	Microfiltration System Installation	$705,000	$705,000
Colton	Water Meter Replacement	$210,740	$210,740
Custer	Wastewater System Improvements	$1,633,000	$1,633,000
Day Conservation District	Northeast Glacial Lakes Implementation	$50,000	$1,650,874
Dell Rapids	2012 Utilities Improvements	$1,884,000	$1,884,000
Doland	Line Replacement and New Water Tank	$1,762,200	$1,762,200
Dupree	Wastewater Treatment and Lift Station Improvements	$450,000	$450,000
Dupree	Water Line Replacement	$163,500	$163,500
Eagle Butte	Water Meter Replacement	$593,000	$593,000
Eagle Butte	Water Distribution System Improvements	$1,244,000	$1,244,000
Eagle Butte	Willow Street Water System Improvements	$490,000	$490,000
Eagle Butte	Wastewater Treatment and Collection Improvements	$433,500	$1,995,000
Elkton	Wastewater Treatment Lagoons Improvements	$510,000	$510,000

Sponsor	Project Description	Amount Funded	Total Project
Ellsworth Development Authority	Regional Wastewater Treatment Facility	$24,281,000	$24,281,000
Ethan	Wastewater Collection and Treatment Improvements	$1,050,000	$1,100,000
Eureka	Highway 10 Sewer Replacement & Treatment Upgrades	$1,494,000	$1,494,000
Faulkton	Sanitary/Storm Separation & Sludge Removal	$902,000	$902,000
Fort Pierre	Wastewater Treatment Facility Improvements	$266,000	$266,000
Grant-Roberts Rural Water System	Milbank Service Area Improvements	$4,500,000	$4,500,000
Gregory	Wastewater Collection Upgrades	$259,000	$309,000
Harrisburg	Colombia Basin Sanitary/Storm Sewer	$3,219,100	$3,219,000
Harrisburg	System Regionalization Development Charge	$3,177,000	$3,677,000
Hermosa	Water Main Extension	$181,035	$181,035
Hermosa	North Sewer Collection Line	$508,604	$508,604
Herreid	Wastewater Improvement	$994,300	$994,300
Hisega Meadows Water, Inc.	Acquisition and Improvements of Water System	$487,500	$487,500
Hoven	Water Meters and Water Lines	$750,000	$750,000
Hurley	Wastewater Collection System Improvements	$973,464	$1,281,986
Huron	Water Tower Replacement	$1,098,900	$1,098,900
James River Water Development District	Lower James River Water Implementation	$175,000	$1,733,091
Java	Wastewater Improvements to Collection, Treatment, Lift Station	$438,325	$438,325
Lake Poinsett Sanitary District	Sanitary Sewer Expansion/New Treatment Pond	$3,075,000	$3,075,000
Langford	Wastewater Improvements	$400,000	$1,320,160
Lennox	Water Main Replacement and Meter Upgrades	$712,431	$712,431
Leola	Wastewater Improvements	$385,000	$3,181,500
Letcher	Collection System Replacement and Lagoon Riprap	$775,000	$775,000
Lincoln County	Spring Creek Drainage	$100,000	$1,997,000

Sponsor	Project Description	Amount Funded	Total Project
Mansfield Water Users Association	Individual Hookups to WEB Water	$125,000	$160,000
McCook Conservation District	Vermillion River Basin Watershed	$133,000	$1,077,697
McLaughlin	Wastewater System Improvements	$2,045,000	$2,045,000
McLaughlin	Water System Improvements	$4,151,050	$4,151,050
Menno	Wastewater Collection System Improvements	$1,230,000	$1,230,000
Mid-Dakota Rural Water System	Redfield Service Area Water Storage Tank	$719,000	$719,962
Mitchell	Lift Station Replacement	$800,000	$800,000
Mobridge	Storm Water Management	$764,000	$764,000
Mobridge	Water Tower Replacement	$1,212,000	$1,212,000
Moody County Conservation District	Lower Big Sioux River Implementation	$86,000	$677,000
Newell	Water Meter Replacement	$266,250	$266,250
Niche Sanitary District	Water System Regionalization	$377,730	$377,730
Northville	Wastewater Treatment Facility Improvements	$413,300	$413,300
Oacoma	Relocation of Cedar Shores Wastewater Main	$100,000	$525,660
Parker	Lift Station Replacement	$295,000	$295,000
Parker	Water Distribution Improvements	$541,000	$1,303,900
Pennington County	Spring Creek Watershed Implementation	$100,000	$796,000
Perkins County Rural Water System	Booster Station	$131,000	$131,000
Philip	Sanitary and Storm Sewer	$1,823,000	$1,823,000
Piedmont	Water Supply and Distribution System	$1,404,000	$1,404,000
Pierre	Lincoln Avenue Storm Sewer	$210,000	$1,118,000
Plankinton	Comprehensive Utility Upgrades	$2,770,744	$2,770,744
Powder House Pass Community Improvement District	Wastewater Treatment and Collection	$2,575,218	$2,575,218

Sponsor	Project Description	Amount Funded	Total Project
Prairie Meadows Sanitary District	Wastewater Collection System Rehabilitation	$1,388,000	$1,388,000
Randall Resource Conservation & Development	Lewis & Clark Implementation	$400,000	$4,724,185
Rapid City	Water Utility System Enhancements	$637,590	$6,000,000
Rapid Valley Sanitary District	High Level Water Storage Tank	$500,000	$500,000
Redfield	Shar-Wynn Estates Sanitary and Storm Sewer Improvements	$884,000	$884,000
Richmond Lake San District	Lagoon and Lift Station	$339,800	$339,800
South Dakota Department of Game Fish & Parks	Sylvan Lake Wastewater Treatment Facility	$781,050	$781,050
South Dakota Grasslands Coalition	Grassland Management & Planning Segment 4	$115,000	$778,715
South Dakota Association of Conservation Districts	303(d) Watershed Planning & Assistance	$100,000	$3,062,517
Selby	Wastewater Improvement	$700,000	$700,000
Sioux Falls	Sioux River South Interceptor Phase 1	$14,711,614	$14,711,614
Sioux Falls	Sioux River South Interceptor Phase 2	$12,464,000	$12,464,000
Sioux Falls	Central Main, Dakota Avenue & Sliplining	$24,589,400	$24,589,400
Sioux Falls	Central Main Interceptor	$8,462,000	$8,462,000
Sioux Falls	East Side Sanitary Sewer System Improvements	$20,108,000	$21,608,000
Spearfish	West Zone Water Tank and Water Main	$3,254,000	$3,254,000
Stickney	Wastewater System Improvements	$500,000	$2,304,000
Sturgis	Drinking Water System Improvements	$3,460,000	$3,460,000
Summerset	Sludge Treatment	$600,000	$600,000
Summerset	Castlewood Drainage Improvements	$79,000	$79,000
Tabor	Distribution System Improvements	$1,530,000	$1,530,000
Trail West Sanitary District	Acquisition and System Upgrades of Trail West Water Company	$1,838,640	$1,838,640

Sponsor	Project Description	Amount Funded	Total Project
Tri-County Water Association	SW 7 Elevated Water Storage Tank	$200,000	$200,000
Twin Brooks	Connection to Grant Roberts Rural Water System	$131,900	$260,900
Vermillion	Landfill Expansion	$1,639,000	$1,639,000
Vermillion	Water Tower	$1,532,000	$1,532,000
Wakonda	Lift Station Replacement and Video Inspection	$529,000	$529,000
Wall Lake Sanitary District	Lagoon Expansion and Improvements	$375,825	$425,825
Warner	Wastewater Treatment Facility Expansion & Lift Station Improvements	$1,826,760	$1,826,760
Watertown	Upper Big Sioux Watershed	$50,000	$1,751,862
Watertown	Wastewater Treatment Facility Headworks, Lift Station & Sewer Rehabilitation	$16,446,000	$16,446,000
Waubay	Lift Station & Collection System Improvements	$746,000	$746,000
White Lake	Main Street Utility Upgrades	$733,000	$733,000
Winner	Chlorine Building Replacement	$450,000	$450,000
Woodland Hills Sanitary District	Water System Improvements	$780,000	$780,000
Worthing	2012 Utility Improvements	$811,059	$811,059
Yale	Wastewater Treatment Facility Expansion	$1,499,300	$1,499,300
Yankton	East Highway 50 Lift Station	$3,700,000	$3,700,000
Yankton	Water Supply	$12,850,000	$12,857,000
Yankton	Water System Improvements	$3,000,000	$3,000,000
	Total	**$291,175,328**	**$339,901,383**

Table 12 - 2014 State Water Facilities Plan Unfunded Projects

Sponsor	Project Description	On Plan Through	Projected State Funding	Total Project
Alcester	Water Main Improvements	2015	$1,478,000	$1,478,000
Alcester	Wastewater Collection System Improvements	2015	$750,000	$750,000

Sponsor	Project Description	On Plan Through	Projected State Funding	Total Project
Arlington	Utility Improvements	2014	$1,007,700	$1,007,700
Beresford	Drinking Water Improvements	2014	$449,000	$449,000
Beresford	Sanitary Sewer Improvements	2014	$432,000	$432,000
Big Sioux Rural Water System	Water Management System	2015	$900,000	$900,000
Bison	Wastewater Treatment Upgrade, Repair and Expansion	2015	$3,297,000	$3,297,000
Bowdle	Lagoon Improvements	2014	$305,800	$305,800
Bristol	Drinking Water Improvements	2014	$1,978,815	$1,978,815
Bristol	Wastewater and Storm Sewer Improvements	2014	$1,342,720	$1,342,720
Brookings	Division Avenue Drainage Improvement	2014	$1,956,264	$1,956,264
Brookings	Main Avenue South Sanitary Sewer Reconstruction	2014	$2,916,000	$6,169,200
Brookings	Main Avenue South Storm Sewer Reconstruction	2014	$455,000	$6,169,200
Brown County	Landfill Cell Construction	2015	$1,732,019	$1,732,019
Canistota	Water and Wastewater Improvements	2015	$2,476,000	$2,476,000
Canton	Well Replacement	2014	$1,741,000	$1,741,000
Chancellor	Sanitary Sewer Improvements	2014	$2,057,325	$2,057,325
Charles Mix County Lake Restoration	Lake Improvements	2014	$2,321,000	$2,321,000
Clark	Total Retention Wastewater Treatment Facility Construction	2014	$500,000	$4,900,000
Clear Lake	Sanitary Sewer Line Improvements	2015	$3,200,000	$3,200,000
Countryside Homeowners Association	Water System Improvements	2014	$987,000	$1,287,000
Day Conservation District	Northeast Glacial Lakes Watershed Improvement/Protection	2014	$50,000	$50,000
Dell Rapids	Wastewater Improvements 2013	2014	$2,169,000	$2,169,000
Edgemont	Gross Alpha Contamination Remediation	2014	$4,930,000	$4,930,000

Sponsor	Project Description	On Plan Through	Projected State Funding	Total Project
Elk Point	Lagoon Cell Number 3 Rehabilitation	2014	$500,000	$500,000
Elk Point	Rose Street Sanitary Sewer Reconstruction	2014	$1,542,000	$1,542,000
Elk Point	Rose Street Water Distribution Improvements	2014	$1,542,000	$1,542,000
Emery	Water and Wastewater City Wide Replacement	2015	$5,065,000	$5,065,000
Ethan	Water Meter	2014	$100,000	$100,000
Geddes	Water Meter	2015	$151,000	$151,000
Hartford	Water Extension	2015	$380,000	$380,000
Highmore	Storm Sewer System Improvements	2014	$2,279,150	$2,779,150
Highmore	Water and Sanitary Sewer Improvements	2015	$322,000	$462,000
Hot Springs	Water System Supply and Storage	2015	$3,850,000	$3,850,000
Hoven	Sanitary Sewer Improvements	2015	$655,552	$655,552
Humboldt	Water Meter Replacement	2014	$210,000	$210,000
Ipswich	Wastewater Improvements	2015	$3,475,000	$7,450,000
Irene	Water and Wastewater Improvements	2015	$3,702,000	$3,702,000
Kingbrook Rural Water System	Water System Sinai Connection	2014	$1,569,000	$1,569,000
Kranzburg	Water System Upgrades	2015	$1,311,000	$1,311,000
Lake Byron Watershed District	New Sanitary Sewer Collection and Treatment	2014	$3,694,604	$3,694,604
Lake Norden	Wastewater Collection System Improvements	2014	$510,000	$510,000
Lake Norden	Water Meter Replacement	2014	$60,000	$60,000
Lake Poinsett Sanitary District	Wastewater System Expansion	2014	$3,729,000	$3,729,000
Lead	Sanitary and Storm Sewer Separation	2014	$516,208	$516,208
Lead	Water Line Replacement	2014	$516,208	$516,208
Lead-Deadwood Sanitary District	Pipeline Rehabilitation	2014	$1,061,000	$1,061,000

Sponsor	Project Description	On Plan Through	Projected State Funding	Total Project
Lennox	Storm and Sanitary Sewer Improvements	2014	$5,239,000	$5,239,000
Miller	Wastewater Improvements	2014	$242,000	$242,000
Miller	Water Improvements	2015	$6,318,460	$6,318,460
Miller	Wastewater Collection and Treatment Improvements	2015	$5,000,000	$5,111,369
Mobridge	Wastewater Treatment Facility Improvements	2015	$1,872,550	$1,872,550
New Underwood	Water Distribution System Upgrades	2015	$282,700	$282,700
North Sioux City	Ground Storage Reservoir	2014	$1,362,000	$1,362,000
North Sioux City	Sanitary Sewer Forcemain	2014	$300,000	$300,000
Piedmont	Central Wastewater System	2015	$4,500,000	$4,500,000
Piedmont	Water Tower and Well	2015	$2,200,000	$2,200,000
Quinn	Municipal Sanitary Sewer System	2015	$1,474,942	$1,474,942
Rapid City	Water Expansion	2015	$8,233,000	$8,233,000
South Dakota Department of Environment and Natural Resources	Pooled Bond Issue to Refinance Non-USDA Loan Debt	2014	$8,000,000	$8,000,000
Sinai	Total Retention Pond System	2015	$1,500,000	$1,500,000
Sioux Rural Water System	2014 Water System Improvements	2014	$4,730,000	$5,045,000
South Shore	Wastewater System Improvements	2014	$500,000	$2,034,797
Stickney	Water System Improvements	2015	$2,965,520	$2,965,520
Tabor	Stormwater Drainage System Improvements	2014	$2,857,000	$2,857,000
Timberland Park Homeowners Association	Lift Station Replacement	2014	$200,000	$205,530
Tripp County Water User District	Internal Improvements and Expansion	2014	$10,000,000	$10,600,000
Turton	Wastewater Improvements	2014	$596,000	$596,000

Sponsor	Project Description	On Plan Through	Projected State Funding	Total Project
University Estates Homeowners Association	Water Distribution System Improvements	2014	$654,299	$654,299
Valley View Estates Homeowners Association	Water System Regionalization with Rapid City	2014	$929,000	$929,000
Wagner	Utility Improvements	2014	$1,575,000	$1,576,324
Westport	Water Meter	2015	$97,600	$97,600
Yankton	Water Treatment Plant	2014	$15,843,000	$15,843,000
		Total	**$ 163,644,436**	**$ 184,494,856**

State Water Resources Management System

The State Water Resources Management System (SWRMS) identifies large, costly water projects that require specific state or federal authorization and financing. These projects are placed on the list when recommended by the board and approved by the Governor and the Legislature. The SWRMS list (Table 13) serves as the preferred priority list to optimize water resources management in the state. Once a project is placed on the SWRMS list, it remains on the list until removed by legislative action.

The current SWRMS list is shown below:

Table 13 – State Water Resources Management System Projects

Project	Description
Belle Fourche Irrigation	Upgrade Project
Big Sioux Flood Control Study	Watertown Flood Control
Black Hills Hydrology & Water Management Study	Black Hills Water Resources
CENDAK Irrigation Project	Irrigation Project - Central SD
Gregory County Pumped Storage Site	Multi-Purpose Water Utilization
Lake Andes-Wagner/Marty II Irrigation Unit	Irrigation - Charles Mix County
Lewis & Clark Rural Water System	Bulk Water System - Southeastern SD
Mni Wiconi Rural Water System	Rural Water System - Western SD

Perkins County Rural Water System	Rural Water System - Northwest SD
Sioux Falls Flood Control Project	Increased Flood Protection
Southern Black Hills Water System	Rural Water System - Southern Hills
Vermillion Basin Flood Control Project	Flood Control on Vermillion River

SWRMS Project Status

A brief summary of each project and its status is presented on the following pages. The year in the title indicates when the project was placed on the State Water Resources Management System (SWRMS).

Belle Fourche Irrigation Upgrade Project - 2012

- The 2012 Omnibus Bill added the Belle Fourche Irrigation Upgrade project to the SWRMS list. The project is for the construction of a $5,000,000 Belle Fourche Irrigation Upgrade Project to include replacement of the Indian Creek siphon, the Horse Creek siphon, the north canal control house, and the south canal control house, repair of the Belle Fourche River siphon, and removal of sediment from the south canal intake for the purpose of stabilizing crop and forage production in central western South Dakota to offset the effects of drought conditions which naturally devastate South Dakota's economic viability.

- South Dakota Codified Law 46A-1-13.12 authorized a state cost share commitment of up to $2,500,000 of grant and $2,500,000 of loan assistance, to provide funding for the Belle Fourche Irrigation District Upgrade Project.

- The appropriations for 2012 included $1,250,000 grant and a $1,250,000 loan for engineering design, preconstruction, and construction of the facilities associated with Belle Fourche irrigation upgrade project.

- During the calendar year 2012 and 2013, engineering design of siphons and the canal gatehouse was ongoing.

- The appropriations for 2013, included $750,000 grant and a $750,000 loan for engineering design, preconstruction, and construction of the facilities associated with Belle Fourche irrigation upgrade project.

- Bids were opened and awarded for the Indian Creek and Horse Creek siphons in 2013, and construction started in October of 2013. Dredging of the reservoir intake structure is scheduled for the fall of 2014, with design work nearing completion. The canal gate house construction is anticipated to begin in 2015.

Big Sioux Flood Control Study (Watertown & Vicinity) – 1989

- The Corps of Engineers completed a reconnaissance report titled "Flood Control for Watertown and Vicinity." The study concluded the best alternative for flood protection for Watertown, Lake Kampeska, and Pelican Lake is a $16 million dry dam on the Big Sioux River at the Mahoney Creek site.

- The Corps of Engineers, in cooperation with Watertown, East Dakota Water Development District, Codington County, Lake Kampeska Water Project District, and the Department of Environment and Natural Resources, initiated a feasibility study in 1988. State appropriations of $150,000 were provided to help meet the nonfederal cost share.

- The final draft feasibility report was distributed in June 1994, for public review and comment. A public hearing in July 1994 in Watertown presented findings of the report and gathered comments. City and county elections were held, and residents voted against further local participation in the project.

- The project regained momentum after severe spring flooding in 1997 forced 5,000 residents from their homes. The Watertown City Council scheduled an election in February 1998, calling for a citywide vote on the proposed Mahoney Creek Dam. The record turnout of voters again rejected the proposed dam.

- In June 2001, the residents of Watertown called for a citywide vote on the proposed Mahoney Creek Dam project. The voters approved the project. City officials proceeded with updating the original Corps of Engineers feasibility study and obtaining support and financing for the project.

- After the affirmative vote, Watertown began negotiations with the Corps of Engineers to complete a General Re-evaluation Report of the city's flood control alternatives. Negotiations continued in 2003, and the scope of work to be reviewed by the report continued to be evaluated. Cost of the re-evaluation report was estimated at $2.8 million.

- In 2003, Watertown returned $450,000 of state funds appropriated in 2003 for local participation during the General Re-evaluation process. Because of cost share and scope of work issues, Watertown decided to step back from participation in the re-evaluation and turned over all work to the Corps of Engineers.

- The Corps of Engineers received $246,000 in 2003, $473,000 in 2004, $176,000 in 2005, and $344,000 in 2008 to continue with the General Re-evaluation Report. Alternatives to be considered included the Mahoney Creek Dry Dam, three to five

medium sized dams, 800 small dams, and a diversion between Lake Kampeska and Lake Pelican.

- A stakeholders group consisting of representatives from the Lake Pelican and Kampeska water project districts, the Corps of Engineers, the City of Watertown, Codington County Commissioners and landowners was created in 2010. The group held several public meetings to discuss and develop a flood control plan.

- U.S. Army Corps of Engineers have indicated that the most cost effective solution is the Mahoney Creek Dry Dam. The City of Watertown voted to support the Mahoney Creek Dry Dam for flood protection. The cost-benefit study of the dam is anticipated to take two years, and the total project cost is estimated at $40 million dollars. No activity occurred on the project in 2013.

Black Hills Hydrology and Water Management Study – 1982

- The hydrology study compiled water resource data to assess the quantity, quality, and distribution of surface and ground water resources in the Black Hills area. These resources have been stressed by increasing population, periodic drought, and developments related to expansion of mineral, timber, agricultural, recreational, municipal and urban needs. The U.S. Geological Survey provided $3.4 million from Federal Fiscal Years 1988 through 2001 to establish the hydrologic monitoring system, collect the data, and complete data analysis.

- The hydrology study entered Phase II in Federal Fiscal Year 1997 and was completed in 2002. The study emphasis during Phase I was data collection. The emphasis shifted to analytical activities and publication of maps and reports during Phase II.

- The hydrology study produced 31 technical reports including a lay reader summary, a comprehensive report on the hydrology of the Black Hills area, and a comprehensive lay reader atlas of water resources in the Black Hills area.

- The water management study provided interested parties with the tools needed to assist in making informed management decisions about development of water resources. Data gathered during the hydrology study was used in the water management study. Congress appropriated funds in Federal Fiscal Year 1991 to initiate the Federal Black Hills Water Management Study by the Bureau of Reclamation.

- The Black Hills Water Management Study was completed in Federal Fiscal Year 2003. The study focused on needs assessment, management alternatives, and a final report.

- The 2004 Omnibus Bill appropriated $100,000 for the development, evaluation, and review of studies related to development of regional water supply systems in or near the Black Hills. The Fall River Water User District sponsored a regional water supply study for an area that included all of Custer and portions of Fall River and southern Pennington counties.

- The 2005 Omnibus Bill appropriated $100,000 for the development, evaluation, and review of studies related to development of regional water supply systems in or near the Black Hills. The Southern Black Hills Water System Inc., a nonprofit corporation, was formed to continue the feasibility study of a regional water system in Custer, Fall River, and southern Pennington counties. The Southern Black Hills Water System requested additional funds to continue activities begun by the Fall River Water User District. In June 2005, the board awarded $50,000 for these activities.

- The 2006 Omnibus Bill amended the State Water Resources Management System to add the Southern Black Hills Water System to its list of preferred, priority objectives for South Dakota. The bill also provided an initial appropriation of $125,000 to allow the Southern Black Hills Water System to continue activities begun by the Fall River Water User District.

- In December 2006, the Lead-Deadwood Sanitary District submitted a request to have the remaining $50,000 of SFY 2006 Black Hills Water Management Study funding placed under agreement with the district to conduct a regional water study in the Lead, Deadwood, and Central City area. The funding was awarded in January 2007, and the sanitary district selected an engineer in June 2007. The Lead-Deadwood Area Water Study Final Report was issued on July 18, 2008. The study provided an analysis of the Lead-Deadwood Sanitary District intake and water treatment plant, a review of the Lead and Deadwood distribution systems, an analysis of the development in the surrounding area, and analyzed the ability of the Lead-Deadwood Sanitary District to serve them.

- The 2009 Omnibus Bill appropriated $65,000 for hydrology studies. These funds were awarded to West Dakota Water Development District to cost share the United States Geological Survey groundwater aquifer study in the Black Hills.

- Several microgravity surveys were completed during 2010 and 2011 at three study sites in the Black Hills. Collected data was analyzed spatially to help characterize the heterogeneity of the Madison and Minnelusa aquifers and possibly the transition zone between the two aquifers. Time-series data was analyzed at each of the three study sites and correlated with water levels in Madison aquifer wells. This analysis helps characterize vertical heterogeneity and effective porosity at selected sites.

- A report entiteled "Microgravity Methods for Characterization of Groundwater-Storage Changes and Aquifer Properties in the Karstic Madison Aquifer in the Black Hills of South Dakota" was completed in 2012. No activity occurred on the project in 2013.

CENDAK Irrigation Project – 1982

- This proposed irrigation project would supply Missouri River water to 474,000 acres in Hughes, Hyde, Hand, Spink, Beadle, and Faulk Counties in central South Dakota. South Dakota will pursue development of the project when federal policies are more supportive of large-scale irrigation projects. No activity occurred on the project in 2013.

Gregory County Pumped Storage Project – 1981

- Hydroelectric Component – The Gregory County Pumped Storage Project is a peak generation hydroelectric facility in northern Gregory County. In 1988, the Federal Energy Regulatory Commission (FERC) issued a preliminary permit for development of the project. The state's preliminary permit expired August 1991.

- Water Supply Component – The project has the potential to provide water for irrigation and municipal, rural, and industrial purposes using the hydroelectric project's upper bay as a water supply source. The Bureau of Reclamation completed a *Special Report on the Gregory Unit of the Pick-Sloan Missouri Basin Program, South Dakota* in 1992.

- The Water Resources Development Act of 1986 (Public Law 99-662) authorized the construction of a $1.3 billion hydroelectric pumped storage facility by the Corps of Engineers. The Act also authorized up to $100 million for construction of the associated Gregory Unit of the Pick-Sloan Missouri Basin Program.

- On June 20, 2001, Dakota Pumped Storage, LLC, a Minnesota corporation, filed a FERC Preliminary Permit application for a pumped storage hydroelectric facility in Gregory County. On September 25, 2001, South Dakota filed a Motion to Intervene and a Notice of Intent to File Competing Application for Preliminary Permit by the State of South Dakota. An Application for Preliminary Permit for the Gregory County Pumped Storage Hydroelectric Facility in Gregory County, South Dakota was filed with FERC by the South Dakota Conservancy District on October 12, 2001.

- The FERC issued a 3-year Preliminary Permit to the South Dakota Conservancy District on August 12, 2002. FERC denied the application by Dakota Pumped Storage, LLC.

- The 2002 Omnibus Bill appropriated $100,000 to the South Dakota Department of Environment and Natural Resources to complete preliminary permit and full permit

application to FERC. The department solicited Requests for Proposals from firms interested in providing the research to support the FERC permit. Four proposals were received. Black & Veatch was selected.

- The 2004 Black & Veatch study determined it did not appear to be cost effective to pursue the pumped storage project at this time. These findings were presented to the Board of Water and Natural Resources in June 2004. The FERC permit expired in 2005.

- In 2010, South Dakota Energy, L.L.C. submitted a preliminary permit application to FERC to study the feasibility of the South Dakota Energy Hydroelectric Project located on the Missouri River in Gregory County, South Dakota. On July 21, 2010, the Commission issued an Order Issuing Preliminary Permit and Granting Priority to File License Application for the project.

- In 2013, both Missouri River Energy Services and the Western Minnesota Municipal Power Agency submitted preliminary permit applications to FERC to study the feasibility of the Gregory County Pump Storage Project.

Lake Andes-Wagner/Marty II Irrigation Unit – 1975

- The 45,000-acre Lake Andes-Wagner Irrigation project and 3,000-acre Marty II Irrigation project are federally authorized Pick-Sloan Missouri Basin Units in Charles Mix County (Public Law 102-575). Estimated construction costs are $175 million and $24 million, respectively.

- In 1990, a plan of study was developed for a 5,000-acre research demonstration program to determine best management practices for irrigating glacial till soils containing selenium.

- The 1992 State Legislature authorized the construction of the Lake Andes-Wagner/Marty II project and provided a state loan cost share commitment of $7 million. Both the state and federal project authorizations are contingent upon the successful completion of the 5,000-acre research demonstration program.

- In 1995, Congress approved $250,000 for the research program. State and federal agencies revised the 1990 plan of study to re-scope the demonstration program and identify the specific issues and research components that are of national significance. A nine-year, $11.3 million effort was projected.

- In 1999, the Bureau of Reclamation (BoR) received $150,000 to prepare an environmental assessment for the demonstration program.

- The BoR completed the environmental assessment and issued a Finding of No Significant Impact for the demonstration program in 2000. Significant federal funding must be secured before the demonstration program can proceed.

- Since 2002, $15,000 appropriated in 2002 and $50,000 appropriated in 2003 has been placed under agreement by the Board of Water and Natural Resources. The Lake Andes-Wagner Irrigation district continued to seek federal funding for the demonstration program. No significant activity occurred on the project in 2008.

- The 2009 Omnibus Bill appropriated $35,000 for the Lake Andes-Wagner/Marty II research demonstration program. These funds have been awarded to the project sponsor to continue its efforts to get this project moving forward.

- During 2010, the sponsor worked to assemble information and research data from multiple resources. Discussions with BoR continued regarding possibly of funding and placing the project into the BoR's program proposal.

- The 2011 Omnibus Bill appropriated $55,500 for the Lake Andes-Wagner/Marty II research demonstration program. However, these funds will not be awarded unless the federal government makes the decision to begin funding the project at levels that will ensure project completion in a reasonable timeframe.

- In June 2012, a portion of South Central Water Development District's future use permit reserving water from the Missouri River was transferred to the Lake Andes-Wagner Irrigation District. The Irrigation District's transfer was for the reservation of 96,000 acre-feet of water annually from the Missouri River for future development including irrigation, municipal, stock watering, fire protection, industrial and public recreation use. The seven year review of this permit as required by statute was conducted in October 2013 before the Water Management Board, and the permit was allowed to remain in effect for 96,000 acre feet annually subject to the required fee being submitted.

Lewis & Clark Regional Water System – 1989

- The Lewis & Clark Regional Water System is a bulk delivery system providing treated Missouri River water to communities and existing rural water systems in southeastern South Dakota, northwestern Iowa, and southwestern Minnesota. South Dakota membership includes eight communities and three rural water systems. Approximately 155,000 South Dakotans will receive water from Lewis and Clark.

- President Clinton signed Public Law 106-246 on July 13, 2000, authorizing the federal construction of the Lewis & Clark Regional Water System. The federal legislation

also approved a federal appropriation of $600,000 to continue project engineering and begin construction. The Board of Water and Natural Resources placed $200,000 of state funding under agreement in 2000 to assist with these same project activities.

- Iowa and Minnesota sponsors provided funding support for project development in proportion to their service capacity needs. Iowa and Minnesota state legislatures authorized the project for construction and completed their cost share commitments.

- South Dakota Legislature authorized Lewis and Clark's South Dakota project features ($200 million) in 1993. In 2002, the state cost share commitment of $18,585,540 in 1993 dollars was established for the Lewis & Clark Regional Water System.

- The 2002 Omnibus Bill appropriated $750,000 for the project. These funds, combined with federal and other local sources, completed the federal environmental review, the Final Engineering Report and initiated construction. Lewis & Clark Regional Water System's Final Engineering Report completed its initial required 90-day congressional review on September 8, 2002. The federal Office of Management and Budget (OMB) determined that Lewis & Clark could not submit its Final Engineering Report to Congress until OMB had approved it. Lewis & Clark worked with OMB to get its Final Engineering Report approved and resubmitted to Congress. Lewis & Clark held its groundbreaking on August 21, 2003.

- Lewis & Clark agreed in 2005 to provide Sioux Falls an additional 17 million gallons of water per day, bringing the total delivered capacity to 45 million gallons per day. Sioux Falls will finance the cost of the additional capacity.

- In May 2007, Lewis & Clark elected to change the project's name from "Rural" to "Regional". The project will be doing business as the Lewis & Clark Regional Water System.

- Through June 30, 2008, South Dakota Legislature had appropriated and the Board of Water and Natural Resources had placed under agreement $19,275,000 toward South Dakota's cost share commitment.

- In May 2008, Lewis & Clark began operating its first segment of pipeline – a nine mile emergency connection between Sioux Center and Hull, Iowa. Until Lewis & Clark water arrives, Lewis & Clark is purchasing water from Sioux Center and reselling it to Hull.

- In July 2008, a $20.8 million contract was awarded for the first phase of the water treatment plant, which includes a three million gallon underground reservoir, high

capacity pumps, electrical building and two standby generators. This infrastructure is separate from the main treatment plant building.

- In July 2008, work was completed on a $5.5 million contract that included one mile of river bank stabilization southwest of Vermillion to protect Lewis & Clark's main well field from erosion, as well as two well houses, four valve vaults and various piping. Utilizing a permanent easement, Lewis & Clark's main well field is located on land owned by the SD Department of Game, Fish & Parks (Frost Game Production Area).

- In September 2008, Lewis & Clark began operating its second segment of pipeline – a 12 mile emergency connection for Tea and Harrisburg. Until Lewis & Clark water arrives, Lewis & Clark is purchasing water from Sioux Falls and reselling it to Tea and Harrisburg.

- The 2009 Omnibus Bill appropriated $6.3 million for the engineering design, preconstruction activities, and construction.

- In April 2009, Lewis & Clark was approved to receive $56.5 million from the Bureau of Reclamation as part of the American Recovery and Reinvestment Act.

- In May 2009, a $64.1 million contract was awarded for Phase II of the water treatment plant. In July 2009, Phase II construction of the water treatment plant commenced.

- In July 2009, a $5.04 million contract was awarded for the construction of the 85th Street Tower, which has a three million gallon storage capacity, located in Sioux Falls. The tower will be one of three storage reservoirs for Lewis & Clark. This tower is one of only 15 in the nation at this capacity.

- In August 2009, a $9.5 million dollar contract was awarded for the construction of two above ground reservoirs to be built near Tea. These two reservoirs along with the 85th Street tower serves as Lewis & Clark's primary storage facilities.

- In September 2009, a $3.7 million contract was awarded for the first segment of the "Minnesota Transmission Line." This segment is a five mile pipeline to be constructed in South Dakota and serves Minnehaha Community Water Corporation, all Minnesota users, and Rock Rapids, Iowa.

- In September 2009, a $2.8 million contract was awarded for the construction of the Parker and Centerville service lines. These service lines include almost fourteen miles for the Parker service line and five miles for the Centerville service line.

- Lewis & Clark received $10 million in federal funding in 2009 under the 2010 Energy and Water Appropriation bill.

- In November 2009, the last section of the Treated Water Pipeline, which is the main trunk between the water treatment plant and the city of Sioux Falls, was completed.

- In June 2010, the $6.3M approved by the 2010 Legislature was put under agreement. This completed the State's cost share commitment to the project.

- A contract for five new wells was awarded in April 2010 for $6.8 million. The five new wells will provide Lewis & Clark with an estimated 10 million gallons a day of additional capacity. Including the six previously drilled wells, Lewis & Clark's total well capacity will be 28 million gallons per day.

- A $4.2 million bid was awarded in May 2010 for the Treated Water Pipeline - Segment 11. This five mile segment connected Beresford to the main truck line. This is the first segment of the "Iowa Transmission Line." Eventually this line will connect to Sioux Center, Hull and Sheldon.

- In October 2010, Lewis & Clark was awarded approximately $3.5 million in reprogrammed American Recovery & Reinvestment Act funding through the Bureau of Reclamation.

- In October 2010, a $7.55 million contract was awarded for the Minnesota – Segment 1, which runs along the South Dakota - Iowa border from just west of the Big Sioux River to a point six miles west of Rock Rapids.

- Lewis & Clark received $1,996,000 in federal funding, through the Bureau of Reclamation in FFY 2011. Lewis & Clark was also allocated an additional $306,000 in funding for FFY 2011 in reprogrammed funds.

- In May 2011, Lewis & Clark awarded a $1.6 million dollar contract for the Pipeline Commissioning. This contract provided for testing, disinfecting, and cleaning 85 miles of pipes from the water treatment plant near Vermillion to Sioux Falls.

- Lewis & Clark received $5.5 million in federal funds for FY 2012. Lewis & Clark initiated operation of its water treatment plant and began to serve water to eleven of its twenty members in July 2012.

- The 20 members and 3 states have prepaid 100 percent of the nonfederal cost share. Because the prepayments made by the 20 members and three States, which totals just under $154 million, have been fully utilized, the schedule to connect the remaining nine members is entirely dependent upon future federal funding.

- The remaining federal cost share as of September 30, 2012 was $201.3 million. Lewis & Clark received $4.5 million in federal funds for FY 2013.

- The line from Sioux Falls to Madison is the last component of construction in South Dakota. Lewis & Clark has prioritized the construction of its Iowa and Minnesota distribution systems prior to the bidding and constructing of the Madison line. Madison is currently the second to last member scheduled to be connected, with Sibley, Iowa, being last.

Mni Wiconi Rural Water System – 1989

- Public Law 100-516, as amended in 1994, authorized a $263 million federal project to provide high quality Missouri River water to 50,000 western South Dakota citizens in a 10-county area extending south and west of Fort Pierre through the Pine Ridge Indian Reservation.

- The Oglala Water Supply System component encompasses the distribution facilities on the Pine Ridge Indian Reservation and the off-reservation core system facilities including the Missouri River intake and water treatment plant. The Rosebud and Lower Brule components include the delivery and distribution facilities associated with service to their respective reservations. About $200 million of the project costs are allocated to the tribal systems as non-reimbursable federal costs. Operation and maintenance for the tribal systems are a federal trust responsibility.

- West River/Lyman-Jones Rural Water System, Inc. (WR/LJ) is the non-Indian distribution component. The cost share for construction is 80 percent federal and 20 percent nonfederal. WR/LJ is responsible for its operation and maintenance costs.

- The 1992 State Legislature authorized the construction of the Mni Wiconi project. In 1995, the state authorization was amended to reflect the $263 million project and a state cost share commitment of $12.9 million.

- WR/LJ initiated construction of advanced features in 1993. These features were distribution systems that had access to interim ground water supplies. In June 1993, the Oglala Sioux Water Supply System also initiated construction of advanced features in the White Clay and Wakpamni districts of the Pine Ridge Reservation.

- In July 1996, the Oglala Sioux Water Supply System, along with WR/LJ, Rosebud, and Lower Brule rural water systems, held Mni Wiconi core facilities groundbreaking ceremonies at Echo Point near Ft. Pierre.

- In 1997, the Oglala Sioux Water Supply System awarded a $16.4 million contract for the construction of the water treatment plant near Ft. Pierre. Construction activities began in 1997 and were completed in 2002.

- In 2001, the state appropriated a $1.7 million loan for continued construction of the Mni Wiconi Rural Water System. This appropriation completed the state's cost share commitment to the project.

- WR/LJ secured an $8.0 million Drinking Water State Revolving Fund Program loan in 2006, to advance construction of the North Core Pipeline. Construction on the first phase was completed in 2007, conveying water from the water treatment plant near Ft. Pierre to Hayes. This first phase of the North Core Pipeline hooked up over 100 rural residences along the way.

- In the fall of 2008, WR/LJ bid its last major distribution area to serve the Powell area project. Construction of the Powell area project was completed in 2009.

- In August 2008, the Oglala Sioux Water Supply System celebrated the delivery of Missouri River water to the Pine Ridge Indian Reservation with its 24-inch South Core Pipeline providing service to users in the Wanblee area.

- In 2008, the Rosebud Sioux Water Supply System installed a second 12-inch pipeline from White River to Highway 18. Completion of this project provided the Rosebud system with its full design capacity of Missouri River water delivery to Todd County.

- The federally authorized Lower Brule Sioux Water Supply System component of the Mni Wiconi system was completed in 2008.

- In October 2009, the Federal Fiscal Year 2010 Energy and Water Appropriation bill was signed. The bill appropriated $22 million for the continued construction of the Mni Wiconi project.

- The Bureau of Reclamation, as part of the American Recovery and Reinvestment Act in 2009, approved $10 million for the rehabilitation of Indian education water systems on Pine Ridge Indian Reservation. The Mni Wiconi system was also allocated $10.2 million for operation and maintenance, including the operation of the treatment plant located in Fort Pierre.

- WR/LJ worked out an agreement with the City of Ft. Pierre to sell the City water for a period of three years. WR/LJ already had a connection to the City, but it was sized for only temporary and emergency purposes. WR/LJ upsized the connection and installed a large automatic control valve. On February 8, 2010, rural water was turned on to City of Fort Pierre.

- Bids for the Cedar Community Project were opened in July. The Cedar Project is located between the communities of Quinn, Cottonwood, and Cactus Flat, and borders the north side of the Badlands National Park. It will consist of approximately 40 miles of new pipeline and will serve 38 user connections. This project was complete by the end of the calendar year 2011.

- The Mni Wiconi system received $16,270,000 for construction and $10,060,000 for operation and maintenance in FFY 2011 appropriations.

- In 2011, contracts of nearly $1 million were awarded for the Bad River Area Project. This will provide construction in Haakon and Jackson counties. This project was complete by the end of the calendar year 2011.

- The Mni Wiconi system was allocated in FFY 2012 $16,075,000 for construction and $9,937,000 for operation and maintenance.

- A contract was awarded to Carstensen Contracting to upgrade the Automatic Meter Reading equipment to satellite. The contract was in the amount of almost $2.1 million. This project was completed in the spring of 2012.

- MicroComm was awarded a contract in the amount of $324,000 to update the Supervisory Control and Data Acquisition system throughout the water distribution system. This contract was completed in 2012.

- The President's FFY 2013 budget included $23 million for construction of the Mni Wiconi system. This completed the federal authorized ceiling for this project. WR/LJ was allocated $2.2 million to reach its authorized ceiling. Projects to be completed in FFY 2013 included Elbon Service area and chlorination treatment equipment at Badlands National Park pump station.

- WR/LJ will initiate construction of its last pipeline project associated with the federally authorized project by the end of 2013. The Elbon project consists of two booster stations and pipeline north of Phillip to the service area near Elbon. Construction to be completed by June 30, 2014.

Perkins County Rural Water System – 2004

- The Perkins County RWS provides quality drinking water to the communities of Lemmon, Bison, and Lodgepole. Additionally, the system provides 185 rural users with domestic and livestock water. The project was originally placed on the State Water Resources Management System list in 1993.

- The State Legislature provided $50,000 per year in 1993 and 1994 to assist the project with its initial feasibility study and federal authorization. In 1994, a feasibility study was completed and identified hooking up to the Southwest Pipeline Project in North Dakota as the preferred alternative. The Perkins County Rural Water System signed a water service agreement with the North Dakota State Water Commission in May 1996.

- The 1996 State Legislature authorized the construction of the Perkins County RWS project and approved a state cost share commitment of $1.0 million. The 1996 Legislature also appropriated $450,000 of the $1.0 million commitment. In 1997, the state Legislature appropriated the remaining $550,000 for the Perkins County project providing the cost share required by North Dakota to bring water service to the Perkins County area. Perkins County RWS provided $898,478 of these funds to the North Dakota State Water Commission to make water available at the border. The project was removed in 2000 when the original $1.0 million state cost share commitment was provided and expended.

- President Clinton signed Public Law 106-136 on December 7, 1999. The federal authorization for construction of the rural water system was originally introduced on August 2, 1996. The legislation provided a 75 percent federal cost share. Federal legislation was reintroduced in 1999. On August 4, 1999, the House Committee on Resources conducted a hearing and amended the authorization. The amended bill passed the House by unanimous consent on October 26, 1999. The bill was sent to the Senate and on November 22, 1999, also passed by unanimous consent.

- In November 2003, the Board of Water and Natural Resources recommended the return of the Perkins County Rural Water System to the State Water Resources Management System list and recommended revising the state cost share commitment to the project to $2.5 million in grant and $4.5 million in loan funding. In 2004, the Perkins County Rural Water System was placed on the SWRMS list, and the state cost share commitment of $2.5 million in grant and $4.5 million in loan funding was approved by the Legislature.

- Project sponsors held an official groundbreaking on May 1, 2004, in Hettinger, North Dakota. The project began its South Dakota construction with the Lodgepole area distribution system. Construction activities included distribution lines to provide water to nearly 100 sites, and the construction of the system's main booster pump station near the North Dakota border.

- Construction was initiated on the main transmission pipelines toward Lemmon and Bison in 2005. Lemmon began receiving water from the Perkins County Rural Water System in September 2005, and Bison in 2006. Rural distribution from the main

transmission pipelines continued in 2006 with service being provided in the Lemmon and Shadehill service areas.

- The Perkins County Rural Water System continued to rely heavily on the state funding in 2007, receiving a total of $2.0 million in state assistance consisting of $1.5 million in grant and $500,000 in loan. Federal funding received in 2007 totaled $358,000. This state and federal funding allowed Perkins County to award its fourth distribution system contract.

- Perkins County Rural Water System received $500,000 in state funding in 2008 consisting of a $356,000 loan and $144,000 grant. These awards fulfilled the state's cost share commitment to Perkins County.

- Federal funding received in 2008 totaled $3.0 million. A distribution system contract was awarded in August 2008 for 41 miles of pipeline to serve approximately 45 residential and pasture taps. Additionally in 2008, a 330,000-gallon water storage tank was built at the pump house. It spreads out the water usage so that water from Southwest Water Authority can be used more efficiently.

- Perkins County Rural Water System received approximately $2.3 federal funding in 2009 and received approximately $4.5 million under the federal American Recovery and Reinvestment Act. The funding was partitioned between two phases, Phase VI, with $1.0 million in funding, and Phase VII, with $3.5 million in funding. The contract for Phase VI was awarded in August 2009 for 79 miles of pipeline to serve approximately 68 residential and pasture taps. This section of the distribution system was completed in April 2010. Advertisement for bids on Phase VII was completed by the end of year 2009. Phase VII included 168 miles of pipeline and serves approximately 100 residential and pasture taps.

- During the months of April through June 2009, Perkins County Rural Water System conducted a study for an alternative water supply and water treatment plant utilizing the Shadehill Reservoir as a water source. Perkins County Rural Water System has a contract to receive 400 gallons per minute from Southwest Water Authority and the demand is projected to exceed the contracted amount.

- As part of the 2010 Energy and Water Appropriation bill, Perkins County Rural Water System was approved for $1 million in funding. In 2010, Perkins County Rural Water System was awarded $3.2 million reprogrammed American Recovery & Reinvestment Act funding through the Bureau of Reclamation (BoR).

- A $3.2 million contract was awarded in February 2010 for Phase VII.

- A value engineering study, in conjunction with BoR, was completed in May 2011 for an alternative water supply and water treatment plant.

- Perkins County awarded a $1.4 million contract in August 2011 for Phase VIII. This phase was completed the end of calendar year 2012.

- The authorized federal funding ceiling for the Perkins County Rural Water System was reached with the FFY 2011 appropriation.

- The Board of Water and Natural Resources awarded a drinking water state revolving loan in the amount of $131,000 with 100 percent principal forgiveness to Perkins County in June 2012. The award was for a booster station located along Highway 75.

- In the fall of 2013 construction was started on the Highway 75 booster station project. This is the last component of the federally authorized project and will be completed in early 2014.

Sioux Falls Flood Control Project – 1989

- In 1961, the Corps of Engineers completed a channelization, levee, and diversion system to provide 100 year flood protection on the Big Sioux River and on Skunk Creek.

- Because of subsequent flooding events on the Big Sioux River and Skunk Creek, the Corps of Engineers reanalyzed the flood criteria in the early 1980s and determined that the 1 percent chance flood occurrence was greater than previously established. The Corps then recommended that the levee system be upgraded so that it would continue to provide Sioux Falls with 100-year flood protection on the Big Sioux River and Skunk Creek. Project upgrades included constructing a dam on the Big Sioux River just above the confluence of Skunk Creek as well as raising the levees along the Big Sioux River from Skunk Creek to Interstate 229, raising the levees along Skunk Creek from Marion Road to the Big Sioux River, raising the levees above and along the diversion channel, modifying the spillway chute, replacing the stilling basin, and modifying some bridges.

- The 1992 State Legislature authorized project construction and a state cost share commitment of $4.55 million. Federal authorization was completed as part of the 1996 Water Resources Development Act on October 12, 1996 (Public Law 104-303). The Act authorizes a $34.6 million construction project under the Corps of Engineers.

- In 1999, a $2.2 million federal appropriation was provided to the Corps of Engineers. A Project Cooperation Agreement between the Department of the Army and the city of Sioux Falls for final design work was executed.

- Construction of Phase 1A of the Big Sioux River/Skunk Creek Flood Control Project was completed in 2001 and addressed the spillway and stilling basin area at the outfall of the diversion channel. Later that year bids were accepted on Phase 1B of the project addressing the levies adjacent to Morrell's downstream to Cliff Avenue.

- Sioux Falls continued to work with the Corps of Engineers on final design and construction of the project. State assistance totals $2.9 million to date. Sioux Falls continued to secure required easements and properties for the project.

- Construction of Phase 2A of the project continued in 2007. Phase 2A work included improvements to the levees on the Big Sioux River from 49th Street to Interstate 229.

- Phase 2B of the project was completed in 2008. This work included the levee and associated structures on the east side of the Big Sioux River from 41st Street to 49th Street. The City advanced sufficient funds to the US Army Corps of Engineers to complete Phase 2 work in the next two years. This was an ambitious schedule, but reduced the high cost of flood insurance for many properties now being placed in the flood zone A of the National Flood Insurance Program.

- Phase 2C raised about two miles of existing levees approximately two to five feet in order to provide 100-year flood protection along the Big Sioux River within the City of Sioux Falls. In October 2009, the Corps of Engineers accepted proposals for this phase of the project. Phase 2C of the Sioux Falls Flood Control project was awarded in February 2011 for approximately $12 million. The project was completed by the end of calendar year 2011.

- In December 2009, the city issued $27 million in taxable revenue bonds. $17 million was advanced to the Corps of Engineers for levy and dam construction. The balance was to pay for the 41st Street Bridge project.

- As part of the 2010 Energy and Water Appropriation bill, $1.84 million was appropriated to the Corps of Engineers for the Sioux Falls Flood Control Project.

- In March 2010, the City of Sioux Falls reconstructed the existing 41st Street bridge in order to raise the levee system. The project was substantially completed in September 2010.

- The 2011 Omnibus Bill appropriated $3.31 million for project design and construction. This appropriation completed the state's cost share commitment to this project.

- Phase 3 was awarded at $8.8 million, and work began above the diversion dam and on the diversion channel, where the levees were raised about two to four feet.

Phase 3 was completed by the end of calendar year 2012 and is the final phase of construction.

- The Corps of Engineers is in the process of preparing documents for the certification of the remaining uncertified levees within the city. Once these documents are complete, FEMA will begin the process of revisiting the Flood Insurance Rate Maps within the city limits. Upon completion of the new rate maps, the Sioux Falls Flood Control Project will be complete.

- In 2013, the project reached substantial completion. The new levee system building was built, and all of the gates and posts for the closure structures were received. Testing of the controls for the dam was conducted, and the operation of the gates was successfully completed. The Corps of Engineers has awarded and is completing a new project to replace a deficient drainage structure through the levee next to the Sioux Falls zoo.

Southern Black Hills Water System – 2006

- The 2006 Omnibus Bill amended the State Water Resources Management System to add the Southern Black Hills Water System to the list of preferred, priority objectives for South Dakota. The bill also provided an initial appropriation of $125,000 to allow the Southern Black Hills Water System to continue activities begun under the Black Hills Hydrology and Water Management Study (page 36).

- The project objective is to construct a rural regional water system capable of delivering quality drinking water to rural residents and area communities in Custer, western Fall River, and southern Pennington counties. Communities involved include Custer, Edgemont, Hermosa, Hill City, Hot Springs, Keystone, and Pringle.

- Project sponsors continued to work with representatives from the Department of Agriculture, Rural Development Program to secure funding for the construction of the North Hot Springs service area. In 2007, negotiations with the city of Hot Springs for a permanent water source failed to produce a contract.

- Local support continues to be strong for the project with area-wide rural signups near 500 individual homes. Additionally, strong interest continues to be expressed by the Custer State Park, the Mount Rushmore National Park, the Crazy Horse Foundation, and the various area communities for water service from the system.

- In 2009, Southern Black Hills Water System secured an initial water source and received a water permit for a future well site. Southern Black Hills Water Systems secured easements for construction of pipeline and a storage reservoir.

- In 2009, Southern Black Hills Water System secured funding through Department of Agriculture, Rural Development Program for Phase I construction.

- The 2010 Omnibus Bill appropriated $350,000 for the engineering design, preconstruction activities, and construction. The 2010 Omnibus bill established the state cost share commitment at $12 million.

- In 2010, Southern Black Hills opened bids and awarded three contracts for Phase I of the project. Phase I consists of a water treatment plant, an underground reservoir, and approximately 30 miles of distribution pipeline. Southern Black Hills received more than $4.5 million in Rural Development loan and grant funding to assist with Phase I.

- The 2011 Omnibus Bill appropriated $2,000,000 for the engineering design, preconstruction activities, and construction. These funds have been awarded to the project sponsor to continue their efforts for Phase I construction, Phase II engineering design and preconstruction, and Cascade engineering design and preconstruction.

- In September 2011, Phase I was completed and approximately 200 customers received water.

- The 2012 Omnibus Bill appropriated $4,000,000 for the engineering design, preconstruction activities, and construction. These funds were awarded to the project sponsor to continue their efforts for Phase I construction, Phase II engineering design and preconstruction, and Cascade engineering design and preconstruction.

- Final plans and specifications for Phase II of the project were completed in 2012. Phase II will serve approximately 230 customers, consist of 72 miles of pipes, a booster station, and a water storage tank.

- Southern Black Hills was issued a Forest Service Special Use Permit in September 2012. This allows construction and installation of the water transmission pipeline associated with Phase II to cross 2.7 miles of National Forest System lands in the Black Hills National Forest.

- The 2013 Omnibus Bill appropriated $3,800,000 for the engineering design, preconstruction activities, and construction. These funds have been awarded to the project sponsor to continue their efforts for Phase II engineering design, preconstruction and construction, and Cascade engineering design and preconstruction.

- In May 2013, bids were opened for the Phase II Distribution project and the Junction Storage Tank. These bids were awarded in June of 2013 with construction on both projects starting in September 2013. Completion of both projects is scheduled for 2014.

Vermillion Basin Flood Control Project – 1987

- The project objective is to address the severe flooding problems in the Vermillion River Basin. The basin covers 2,697 square miles in parts of 14 counties and is about 150 miles long with an average width of about 20 miles.

- In 1993, the Corps of Engineers completed The *Vermillion Basin Flood Control Reconnaissance Report* but failed to identify a feasible federal project. The project sponsors re-evaluated project alternatives for nonfederal development. Local project sponsors submitted a pre-application notification for a Federal Emergency Management Agency (FEMA) Hazard Mitigation grant for a *Feasibility Study of Flood Control Alternatives* for the basin. In 1994, more than 70 technical experts met to develop a multi-objective plan to reduce flooding impacts in the Vermillion River Basin. The National Park Service compiled the group's issues and suggestions and formulated the multi-objective plan.

- The Vermillion River Watershed Authority was incorporated in December 1997 and is comprised of representatives from the Clay, Miner, Turner, McCook, and Lake county commissions.

- The Vermillion River Watershed Authority proposed to use FEMA Hazard Mitigation grant funds to widen the channel at the outlet of Lake Thompson and construct a control structure to retain the natural outlet elevation, channel maintenance along 19 miles of the Vermillion River and its tributaries, and wetland restoration and development throughout the basin. The cost benefit ratio for the outlet of Lake Thompson was found to be in error. The ratio was actually less than one; consequently, all FEMA Hazard Mitigation funds were withdrawn. The Authority has withdrawn its request to set the outlet elevation on Lake Thompson and has moved to dissolve after financial records are completed. No activity occurred on the project in 2013.

Recommendations to the Governor and State Legislature

In November 2013, the board conducted a public meeting on the State Water Resources Management System (SWRMS) projects. The board adopted Resolution #2013-103 recommending all the projects be retained on the SWRMS list. The board also adopted Resolution #2013-104 providing its recommendations to the Governor and the Legislature for the Water and Environment Fund and SRF subfunds fiscal year 2015 appropriation levels. A summary of the board's recommendations is provided below (Table 14). Full resolutions are in Appendix B.

Table 14 – 2013 Board of Water and Natural Resources Funding Recommendations

WATER AND ENVIRONMENT FUND

SWRMS	
Belle Fourche Irrigation District	$1,000,000
Consolidated Water Facilities Construction Program	$ 12,000,000
Solid Waste Management Program	$ 2,650,000

SRF SUBFUNDS

Clean Water State Revolving Fund (SRF) Admin Surcharge Fees	
Water Quality Grants	$ 800,000
SRF Application and Administration Assistance	100,000
Drinking Water SRF Set-Asides and Admin Surcharge Fees	
SRF Application and Administration Assistance	100,000
Local and Small System Technical Assistance	200,000
WEF Subfund Total	$ 1,200,000
Total	**$ 16,850,000**

Appendix A

Water and Environment Fund Special Condition Statement

WATER AND ENVIRONMENT FUND
Special Condition Statement
As of 7-1-13

Cash Balance from MSA - 6-30-2013		**21,321,611**
Projected SFY 2014 Revenues		
Capital Construction Fund	11,000,000	
Contractors' Excise Tax	50,000	
Investment Interest (Earned '13 deposited '14)	225,000	
Loan Principal & Interest Payments (Water)	150,000	
Loan Principal & Interest Payments (Solid Waste)	880,000	
Solid Waste Fees	1,650,000	
		13,955,000
Projected Fund Balance Available for Expenditure		**35,276,611**
Projected FY2014 Expenditures (Per SDCL 1-40-32)		
Administrative Fee Fund	(381,033)	
		(381,033)
Obligations (Signed contract by 7/1/13)		
Consolidated	(14,561,547)	
Solid Waste & RLA Grants/Loans	(3,718,522)	
SWRMS Grants/Loans - Major Projects		
Southern Black Hills Water System	(8,339,644)	
Belle Fourche Irrigation District	(3,634,510)	
		(30,254,222)
Project Expenditures Authorized by the Legislature - No agreement signed		
SWRMS Grants/Loans - Major Projects		
LA-Wagner	(55,500)	
Project Authority Reversions		
	-	
		(55,500)
Program Expenditures Authorized by the Legislature - No agreement signed		
Consolidated Program Available Authority	(1,640,516)	
SWMP/RLA Available Authority	(1,003,885)	
		(2,644,401)
Surplus/(Deficit) Funds Available (as of 6/30/14)		**1,941,455**

Appendix B

Board of Water and Natural Resources Resolutions

STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION # 2013-103

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR STATE WATER RESOURCES MANAGEMENT SYSTEM DESIGNATION.

WHEREAS, the board pursuant to SDCL 46A-1-2, annually provides recommendations to the State Legislature and Governor regarding deletions and additions to the State Water Resources Management System component of the State Water Plan; and,

WHEREAS, SDCL 46A-1-2.1 designates the water resources projects included on the State Water Resources Management System component of the State Water Plan that serve as the preferred, priority objectives of the State; and,

WHEREAS, the Board has reviewed the list of projects currently included on the State Water Resources Management System component of the State Water Plan; and,

WHEREAS, the Board has reviewed the applications submitted from various South Dakota water resource projects for inclusion onto the State Water Resources Management System component of the State Water Plan.

NOW THEREFORE BE IT RESOLVED, that the board recommends to the Governor and the State Legislature that all water resource projects currently on the State Water Resources Management System be retained as preferred, priority objectives of the State.

Dated this 7th day of November, 2013.

BY: /s/ Brad Johnson
Chairman, Board of Water and
Natural Resources

(SEAL)

ATTEST:

BY: /s/ Todd Bernhard
Secretary, Board of Water and
Natural Resources

STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION #2013-104

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR WATER AND ENVIRONMENT FUND FISCAL YEAR 2015 APPROPRIATION LEVELS.

WHEREAS, SDCL 46A-1-2 provides the means for the planning, funding and construction of a state water plan and creates a State Water Resources Management System component and a State Water Facilities Plan component of the State Water Plan; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-7, the Board of Water and Natural Resources (the Board) is responsible for approving all projects placed onto the State Water Facilities Plan component of the State Water Plan, an annual listing of potential water related projects; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-10, the Board annually provides recommendations to the Governor and the State Legislature regarding deletions and additions to the State Water Resources Management System component of the State Water Plan; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-12 and 46A-1-13, the Board may recommend state funding levels to the Governor and the State Legislature; and

WHEREAS, the Board has reviewed the projected funding needs of projects on the State Water Resources Management System component of the State Water Plan; and

WHEREAS, the Board has reviewed the projected funding needs of projects on the State Water Facilities Plan component of the State Water Plan; and

WHEREAS, the Board has reviewed potential funding needs of solid waste disposal, recycling, waste tire, and regional landfill projects that may require funding from dedicated fees deposited in the Water and Environment Fund; and

WHEREAS, the Board has reviewed potential funding and technical assistance needs of projects that may require funding from the Clean Water State Revolving Fund Administrative Surcharge fees, Drinking Water State Revolving Fund Set-Asides, and Drinking Water State Revolving Fund Administrative Surcharge fees deposited in the Water and Environment Fund Subfunds; and

WHEREAS, the Board conducted a public hearing and adopted an Intended Use Plan that includes projects that require funding from the Clean Water State Revolving Fund Administrative Surcharge fees deposited in Water and Environment Fund Subfunds; and

WHEREAS, the Board will conduct, in January 2014, a public hearing and adopt an Intended Use Plan that includes projects that require funding from Drinking Water State Revolving Fund Set-Asides and Drinking Water State Revolving Fund Administrative Surcharge fees deposited in Water and Environment Fund Subfunds; and

WHEREAS, the Board conducted a public meeting on November 7, 2013, to take statements from all interested parties regarding water development and solid waste funding needs.

NOW THEREFORE BE IT RESOLVED, that the Board recommends to the Governor and the State Legislature a Water and Environment Fund fiscal year 2015 appropriation level of one million dollars ($1,000,000) for the Belle Fourche Irrigation Upgrade project on the State Water Resources Management System; and

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature a Water and Environment Fund fiscal year 2015 appropriation level of twelve million dollars ($12,000,000) for the Consolidated Water Facilities Construction Program; and

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the Water and Environment Fund fiscal year 2015 appropriation level of two million six hundred fifty thousand dollars ($2,650,000) for the Solid Waste Management Program; and

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the following Water and Environment Fund Subfund fiscal year 2015 appropriation levels for the Drinking Water State Revolving Fund Set-Asides, the Clean Water State Revolving Fund Administrative Surcharge fees, and the Drinking Water State Revolving Fund Administrative Surcharge fees approved in the respective 2014 Intended Use Plans for the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) programs:

CWSRF Administrative Surcharge Fees

Water Quality Grants	$ 800,000
CWSRF Application and Administration Assistance	$ 100,000

DWSRF Set-Asides and Administrative Surcharge Fees

DWSRF Application and Administration Assistance	$ 100,000

Small System Technical Assistance	$ 200,000
WEF Subfund Total:	$ 1,200,000

Dated this 7th day of November, 2013.

BY: /s/ Brad Johnson

Chairman, Board of Water and Natural Resources

(SEAL)

ATTEST:

BY: /s/ Todd Bernhard

Secretary, Board of Water and Natural Resources

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