

DANR Funding Programs

May 14, 2025

SD IPA Conference



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Presentation Overview

- ☐ Small Community Planning Grants
- ☐ State Water Plan
- ☐ Types of Programs
- ☐ Application Deadlines
- ☐ Award Process
- ☐ Eligibilities
- ☐ Useful Life
- ☐ Interest Rates
- ☐ Subsidy



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Funding Programs

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Small Community Planning Grant

- Engineering Study/Facilities Plan Development
- Limited to systems less than 2,500
- Pays 80% of cost of study, up to:
 - \$8,000 for water studies
 - \$10,000 for wastewater studies



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State Water Plan

Water and wastewater projects seeking DANR Funding must be on the State Water Plan

- One-page application form
- Preliminary engineering report or facilities plan
- Eligibility & Priority Point Self-assessment (drinking water projects only)



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Consolidated Program

- State Program
- Grants and Loans
- Primary Types of Projects Funded
 - ☐ Drinking Water
 - ☐ Wastewater
 - ☐ Watershed protection (non-point source pollution remediation)
 - ☐ Stormwater



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Consolidated Program

Eligible Applicants

- ☐ Cities
- ☐ Counties
- ☐ Federally recognized Indian tribes
- ☐ Districts (sanitary, water users, etc.)
- ☐ Non-profits organized to provide water or wastewater services



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Solid Waste Management Program

- State Program
- Grants and Loans
- Projects must address one of the following Solid Waste Management Hierarchy areas
 - ☐ Volume reduction at source
 - ☐ Recycling and reuse
 - ☐ Use for energy production
 - ☐ Disposal in landfill or combustion for volume reduction



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Solid Waste Management Program

Eligible Applicants

- ☐ Individuals
- ☐ Partnerships
- ☐ Limited Liability Companies
- ☐ Corporations
- ☐ Cities
- ☐ Counties
- ☐ Federally recognized Indian tribes
- ☐ Special purpose districts with the authority to construct or operate solid waste, tire waste or recycling facilities.



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State Revolving Fund Programs

Low-Interest Loan Programs

- Clean Water (CWSRF)
- Drinking Water (DWSRF)
- Federal programs requiring state match
- Funds come from many sources
 - Federal Capitalization Grants
 - Issuance of bonds
 - Repayments from borrowers
 - Interest earned on un-loaned funds
 - Transfers between SRF programs



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State Revolving Fund Programs

Eligible Applicants

- ☐ Cities
- ☐ Counties
- ☐ Federally recognized Indian tribes
- ☐ Districts (sanitary, water user, etc.)
- ☐ Non-profits organized to provide **water** services (non-profits are **not** eligible for CWSRF program)



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ARPA

- The BWNR has awarded over \$693 million in grants to water and wastewater projects across the state
 - Most projects have a SRF loan attached to the funding package
 - Funds must be disbursed by December 31, 2026.
- Over \$460 million already disbursed.



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Application Deadlines

Small Community Planning Grants

- ☐ Applications accepted anytime

State Water Plan

- ☐ October 1st
- ☐ Amendment applications- 1st of February, May, or August

Funding Applications

- ☐ 1st of January, April, July, or October



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Award Process

1. Staff reviews applications and determines appropriate funding package recommendations
2. Staff presents recommendations to the Board of Water and Natural Resources (BWNR)
3. BWNR takes action and awards funding to recipients
4. DANR staff works with applicants to close loans and complete other necessary requirements for the project



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CWSRF Eligible Projects

- All Publicly Owned Treatment Works (POTW)
 - Mechanical or land-based WWTF
 - Wastewater collection and conveyance
 - Lift Stations
- Storm water management for water quality benefit (gray and green)
 - Drainage and flood control projects are ineligible
- Nonpoint source (NPS) improvements
- Green Project Reserve (GPR)



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DWSRF Eligible Projects

- Most water storage, treatment, distribution, and source development
- Domestic use; not industrial use
- Cannot fund projects primarily for future growth or fire protection



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Useful Life

Term of the loan can not exceed the useful life of the project.

30-Year Eligible

- ☐ Pipes
- ☐ Valves
- ☐ Fittings
- ☐ Water Storage Reservoirs
- ☐ Lagoon/Wetland WWTFs
- ☐ Non-mechanical components of water or wastewater treatment systems



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Useful Life

Not 30 year Eligible

- ☐ Lift stations
- ☐ Booster stations
- ☐ Mechanical components of water or wastewater treatment systems
- ☐ Water meters (10- to 15-year useful life)

What if a project has several components with different useful lives?

Staff conducts a case-by-case evaluation to determine when the components with a 10- or 20-year useful life are paid off.



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Interest Rates

- Rates are established by the Board of Water and Natural Resources
- Last updated June 2024

Current interest rates are available on the DANR website:

<https://danr.sd.gov/Funding/EnviromentalFunding/docs/july24updates/Current%20DWSRF%20Interest%20Rates.pdf>



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Subsidy

Subsidy is provided as:

- ☐ Grants
- ☐ Principal Forgiveness on SRF loans

Common Questions:

How do I get grant funding?

Where do my rates have to be to get a grant?



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Subsidy

Who can receive subsidy?

CWSRF:

- Subsidy only available to communities that meet affordability criteria
- Availability Criteria
 - MHI less than 95% of the State MHI, OR
 - MHI between 95% and 105% of State MHI AND community has a declining population AND community is in a county with the unemployment rate greater than statewide unemployment rate
- Rates required for subsidy consideration:
 - \$45/resident user/month based on 5,000 gallon usage



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Subsidy

Who can receive subsidy?

DWSRF:

- 14% of Capitalization Grant from EPA available to all borrowers
- 12%-35% available only to Disadvantage Communities
- Disadvantage Community (ARSD 74:05:11:01(8))
 - Municipalities and Sanitary Districts
 - MHI is below the state MHI, AND
 - \$45/resident user/month based on 5,000 gallon usage
 - Other Applicants
 - MHI is below the state MHI, AND
 - \$70/resident user/month based on 7,000 gallon usage
- Rates required for subsidy consideration:
Must meet the rates outlined in the Disadvantage Community definition



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Meeting minimum rate and
eligibility criteria is NO
guarantee of receiving subsidy!



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Grant vs. Principal Forgiveness

Your community is awarded \$1,000,000 loan with 20% principal forgiveness not to exceed \$200,000.

What does this mean?



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Subsidy

- 20% of the loan amount will be “forgiven” on each disbursement request
- If \$1,000,000 drawn, principal to be repaid is \$800,000 and interest payments are based on that amount
- If \$600,000 drawn
 - $PF = \$600,000 \times 0.2 = \$120,000$;
 - Amount repaid is \$480,000
- Principal Forgiveness is similar to a grant
- SRF funding is federal dollars. In federal terminology a “grant” has specific reporting requirements. Principal forgiveness is used to provide subsidy without additional requirements for borrowers.



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Questions?



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