

CWSRF Funding for Nonpoint Source Sponsorship

November 2024
2024 CIFA Workshop



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Presentation Overview

- Common CWSRF Funded NPS Work
- NPS Incentive Rate Example
- NPS Sponsorship Limitations
- Big Sioux River NPS Project
 - Big Sioux River Background
 - CWSRF Funding Provided
 - Water Quality Impacts



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Common CWSRF Funded Nonpoint Source BMPs in South Dakota

- Bank stabilization
- Animal Waste Management Systems
- Land conservation easements
 - Seasonal Riparian Area Management (SRAM) easements
- Fencing to keep livestock out of streams
- Alternative water sources
- Other Agricultural BMP's
- Many other eligible NPS activities



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Nonpoint Source Funding

- Direct loans with dedicated source of repayment
 - User rates
 - General obligation = property taxes
 - Sales tax
- Nonpoint source incentive rate funding
 - Traditional wastewater or stormwater projects that include a nonpoint source component
 - Principal and interest payments are calculated for a loan at the higher rate
 - Lower nonpoint source interest rate
 - Loan is sized using the annual payment previously calculated
 - Difference in the two loan amounts is the amount of funding available for the nonpoint source component of the project



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CWSRF Interest Rates

- Base Rates
 - 3.25% for loans up to 10 years
 - 3.50% for loans up to 20 years
 - 3.75% for loans up to 30 years
 - Project must have a useful life of 30 years or more
- NPS Incentive Rates
 - 2.50% for loans up to 10 years
 - 2.75% for loans up to 20 years
 - 3.00% for loans up to 30 years



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NPS Incentive Example

- Standard section 212/POTW project of \$1,000,000
 - Regular interest rate 3.75% for 30-years
 - NPS Interest rate 3.00% for 30-years
- Annual principal payment at base rate
 - \$55,668
- \$55,668 principal payment with 3.00% for 30-years = \$1,098,622 principal
- Amount available for NPS is difference
 - $\$1,098,622 - \$1,000,000 = \$98,622$



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NPS Incentive Limitations

- NPS project must provide direct benefit to community to take debt
 - Typically, communities water source
 - Bond counsel legal opinion
- Must be within existing 319 funded project area
- Must work with 319 project sponsor to make improvements in watershed
- Funds must be spent within 5-years
- Not able to always offer incentive rate as it reduces the funds coming into the program for future loans



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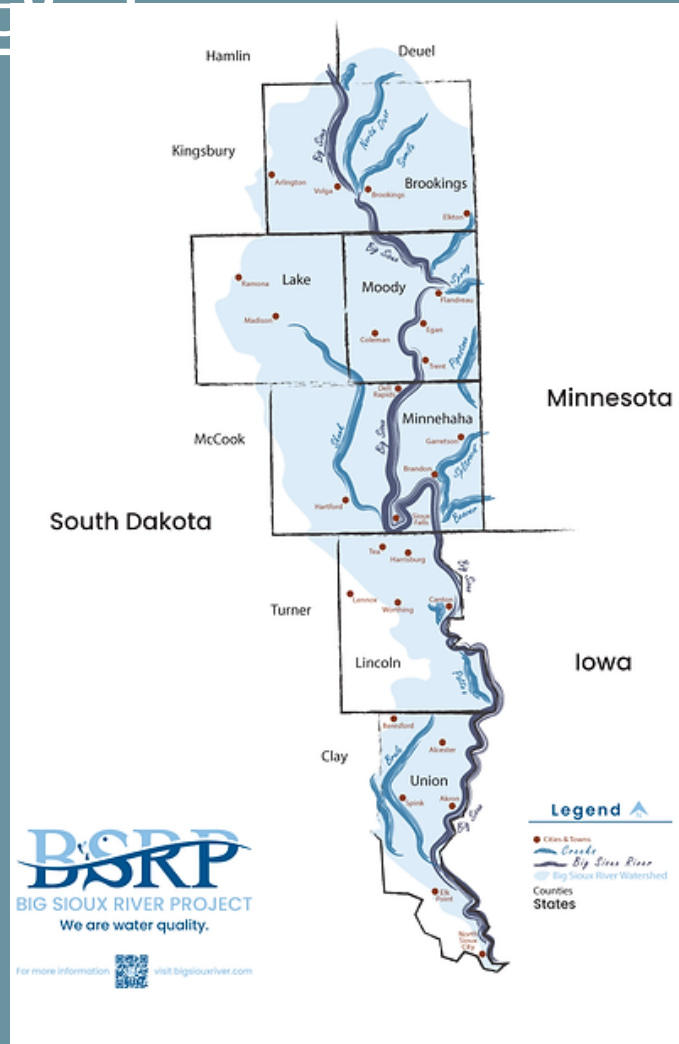
Other DANR NPS Funding

- Section 319 funding passed through to projects has averaged ~\$1.9 million last 5-years
- CWSRF Water Quality grants directly to supplement Section 319 \$200,000
- American Rescue Plan Act (ARPA)
 - James River Water Development District \$5.0 million for NPS project
 - DANR RBI statewide program \$6.0 million
- 2021 HB 1256 Big Sioux River watershed BMPs \$3.0 million



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Big Sioux River Project



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Big Sioux River Project

- 1999 Testing of the Big Sioux River and major tributaries water quality began
 - Dissolved Oxygen
 - Total Suspended Solids
 - Fecal Coliform
 - E.coli
- 2002 testing by state as part of statewide integrated report on water quality – listed as impaired waterway
- 2004 state developed TMDL for impaired parameters
- 2007 first Project Implementation Plan developed focusing on TSS and Fecal Coliform



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CWSRF Sponsorship Funds

- First loan to the BSRP in 2005, most recent in 2023
 - 3 NPS incentive rate loans to Dell Rapids totaling \$809,888
 - 12 NPS incentive rate loans to Sioux Falls totaling \$13,199,281
 - 3 NPS incentive rate loans to Watertown totaling \$253,937
- 18 total NPS incentive rate loans totaling \$14,263,106
 - Total section 212 project loans associated of \$208.6 million
- South Dakota has made 7 other NPS incentive rate loans to other projects totaling \$4,412,131



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NPS Fund Expenditures

Description	SRF NPS
Ag Waste System	\$1,588,636
Bank Stabilization	\$3,722,125
BMP Development	\$145,941
Cropland BMPs	\$77,491
Grassed Waterways	\$1,174
Grazing Management	\$600,102
Information & Education	\$1,987
Nutrient Management	\$3,719
Plan Development	\$204,562
Riparian Restoration/Protection	\$5,447,962
Sediment Traps	\$35,981
Urban BMPs	\$674,448
Project Coordinators	\$72,634
RCCP Technical Assistance	\$35,717
Contract Management	\$42,863
Technical Assistance	\$34,505
	\$12,689,846

*Expenditures shown are not specific to the BSRP and not all awarded funds have been expended



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Water Quality

Impacts

- Water quality sampling shows measurable improvements within many areas of the Big Sioux River Watershed
- Specifically on the Skunk Creek tributary that was targeted for TSS and E. Coli
 - TSS levels in skunk creek are now below water quality standards
 - E. Coli levels remain above standards but have been reduced since efforts began
 - Primary BMP was for Riparian Restoration/Protection in South Dakota this is primarily accomplished through contracts with land-owners for Seasonal Riparian Area Management (SRAM)



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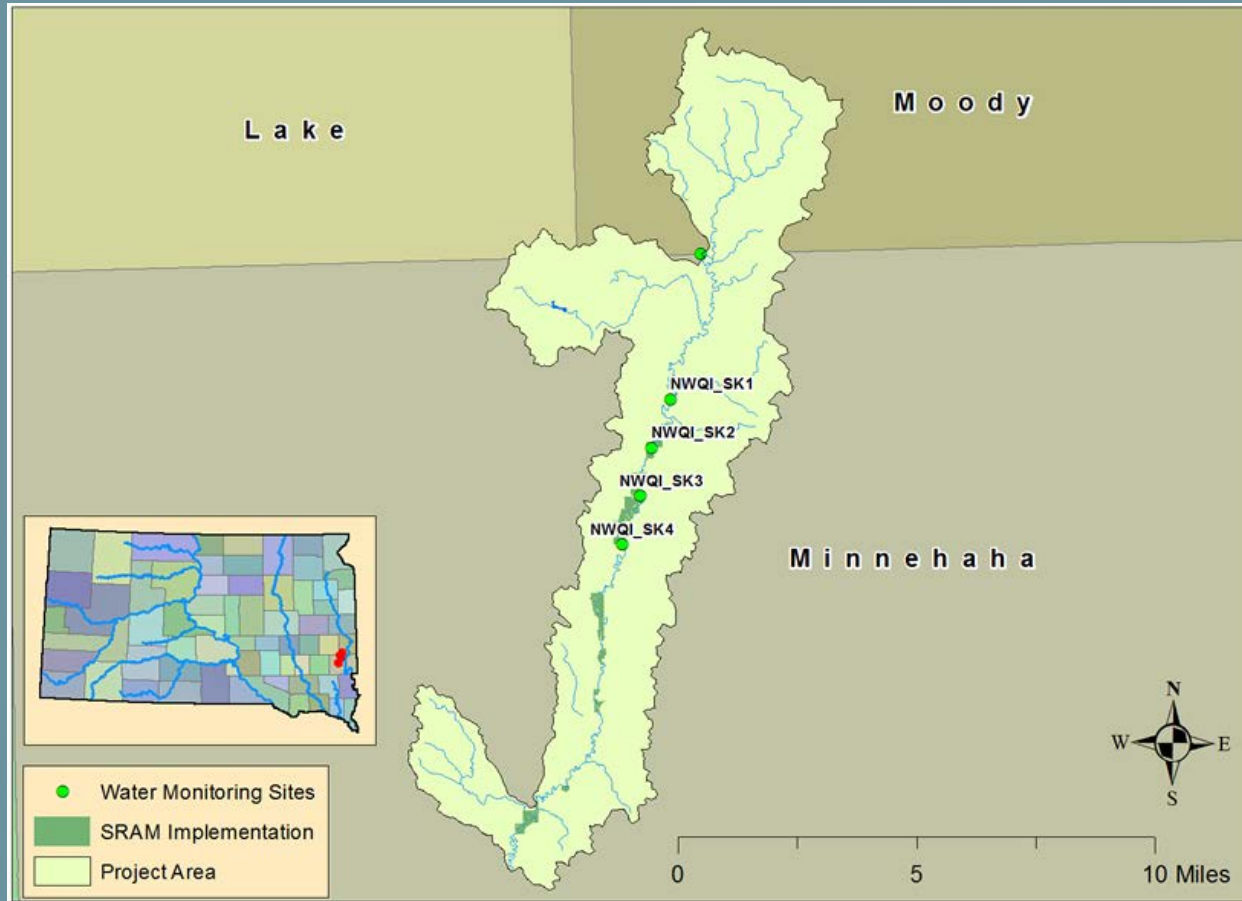
What is SRAM?

- Contract with the landowner to assure certain land use practices
 - Land enrolled immediately adjacent to Skunk Creek and within the 100-year floodplain
 - Deferred grazing on land during recreation season April – September
 - Grazing allowed October – March if vegetative cover of at least 4 inches maintained
 - Alternative water sources were installed if grazing was occurring
 - Haying allowed from June – September provided minimum vegetative cover
- SRAM has been adjusted some and expanded in RBI efforts statewide



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Skunk Creek SRAM Areas



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Skunk Creek SRAM Areas

Seasonal Riparian Area Management (SRAM)

April 2013



July 2013



October 2013



June 2014



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Questions?

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