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SOUTH EASTERN COUNCIL OF GOVERNMENTS

SOUTH DAKOTA

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The Director's Corner



As 2018 comes to a close, we would like to reflect on some of the funding successes of 2018.

- SECOG assisted its members with securing over \$37 million in grants and loans in 2018
- SECOG's members paid \$277,619 in dues in 2018
- For every dollar paid in dues, SECOG's members received a return of \$134.30 in grant and loan funding which amounts to a 13,430% Return on Investment

Funding Source	Amount
BUILD Grant	\$ 8,315,854
Clean Water State Revolving Fund Loan	\$14,999,000
Community Action Grant	\$ 1,798,000
Community Development Block Grant	\$ 916,500
Consolidated Water Facilities Construction Program Grant	\$ 4,000,000
Drinking Water State Revolving Fund Loan/Principal Forgiveness	\$ 4,233,000
Economic Development Administration Grant	\$ 686,586
Housing Opportunity Fund Grant	\$ 66,000
Local Infrastructure Improvement Program Grant	\$ 663,500
Land and Water Conservation Fund Grant	\$ 61,984
Recreational Trails Grant	\$ 124,903
REDLG Grant	\$ 250,000
Revolving Loan Fund Capitalization Grant	\$ 30,000
Small Community Planning Grant	\$ 50,000
Transportation Alternative Program Grant	\$ 1,096,699
Total	\$37,283,026

Please let us know if you have any projects you would like assistance with in 2019. We enjoy working with you to make the region a better place!

Leslie & Sara's Notes

DOT Grants Available

The South Dakota Department of Transportation has developed a grant program to foster economic development and enhance community access in South Dakota. The program has three categorical purposes.

The Industrial Park grants will be made to any local unit of government for the development of new or expanded access for new industry located within industrial parks. Applications are due April 15, July 15, or October 15.

The Agri-Business grants will be made to any local unit of government for the development of new or expanded agri-business industries. Applications are due April 15, July 15, or October 15.

Community Access Grants are state funds for towns less than 5,000 in population and are for the construction or reconstruction of major streets such as Main Street, or the road to the elevator, school, hospital, etc. Applications are due July 15.

These programs provide for 80% of the construction costs of the project, excluding engineering and utility work. Grant size is limited to \$600,000 for Community Access and Agri-Business Grants and \$500,000 for Industrial Park Grants.

Application Should Include

- Clear map showing the project location
- Engineer's Estimate
- Resolution of support from the local sponsor

Project Requirements

- Designed in accordance with the South Dakota Department of Transportation Standard Specifications for Roads and Bridges
- Must comply with the American's with Disabilities Act
- Funds cannot be used for routine maintenance
- Must have plans and specifications stamped by a registered professional engineer

Upcoming Dates & Deadlines

Please contact Leslie Mastroianni or Sara Lum, if you are interested in more information or applying for any of these funding opportunities.

February 1	State Water Plan
April 1	State Revolving Loan Fund Consolidated Water Facilities Construction Program Community Development Block Grant
April 15	Industrial Park Road Grant Agri-business Access Grant
April 30	Local Infrastructure Improvement Economic Development Partnership
Anytime	Small Community Planning Grant

Recreational Trails Program Funds Available

South Dakota State Parks Director Katie Ceroll has announced that applications are being accepted for grants from the Recreation Trails Program (RTP). The grants will be available for trail projects sponsored by municipalities, counties, state parks, federal land management agencies or tribal governments.



"When it comes to promoting healthy communities, recreational trails are key," Ceroll said. "As safe corridors for exercise and recreation, trails give families the opportunity to spend quality time together and enjoy the natural beauty of our state."

The Recreation Trails Program provides partial reimbursement (80-percent of eligible project costs) for approved trail projects. Eligible projects include construction of new public trails, rehabilitation of existing public trails, development of trail-related facilities and educational programs that relate to recreational trails.

The application deadline is **Friday, April 12, 2019**. Please contact Leslie at 605-681-8184 or Sara at 605-681-8188 if you have a project idea.

RTP funds come to the state through the Federal Highway Administration and are apportioned to states by Congress to fund both motorized and non-motorized public recreation trail projects. The amount of funds available is based upon the number of recreational vehicles licensed in each state.



Funds Awarded in the SECOG Region

Community Development Block Grant Funds - CDBG

- Montrose (McCook County)
- Bridgewater (McCook County)

Community Access Grant - CAG

- Bridgewater (McCook County)
- Humboldt (Minnehaha County)
- Dell Rapids (Minnehaha County)
- Irene (Clay County)

Local Infrastructure Improvements Project - LIIP

- Full Circle Dairy (Turner County)

State Historical Society Announces Spring Deadwood Grant Applications

The South Dakota State Historical Society announced that the applications for the first round of the 2019 Deadwood Fund grant program are due on February 1, 2019, for work beginning no earlier than May 1, 2019.

Grant forms are available online at <https://history.sd.gov/preservation/fundingopportunities.aspx>.

The program is designed to encourage large-scale restoration or rehabilitation of historic properties by individuals, organizations or public agencies, according to Jay D. Vogt, director of the State Historical Society, whose historic preservation office administers the program. "It is one more way we can promote and protect our history and culture," Vogt said.

Grants will be awarded in amounts ranging from \$1,000 to \$25,000. The grant amount must be matched on a dollar-for-dollar basis from non-federal and non-state sources. Nonprofit organizations will be allowed to use in-kind services for one-half of their match.

In 2017, \$123,869 was distributed among 10 projects, which had matching funds of \$360,498, resulting in a total public-private investment of \$484,367.

Funding for the program is from Deadwood gaming revenue earmarked by state law for historic preservation projects throughout the state and distributed by the State Historical Society.

The second round of 2019 applications will be due on October 1, 2019.

For more information on the South Dakota State Historical Society's Deadwood Fund grant program, contact Leslie at 605-681-8184 or Sara at 605-681-8188.



Funds Awarded in the SECOG Region

Housing Opportunity Funds - HOF

Vermillion (Clay County)

Land Water Conservation Funds - LWCF

Spencer (McCook County)
Crooks (Minnehaha County)

Better Utilizing Investments to Leverage Development Grant - BUILD

Tea (Lincoln County)

From Jim's Desk



New MPO Citizen Advisory Committee Members

The Metropolitan Planning Organization's (MPO) governing body, the Urbanized Development Commission, has approved the appointment of Jennifer Grove, Tracey Hughes, and Brad Meyer to the 13-member Citizens Advisory Committee.

Jennifer Grove is the Staff Attorney and Program Director for Disability Rights South Dakota. Jennifer advocates for the legal and human rights of individuals with disabilities or mental illness by providing legal and practical advice to individual clients while working toward systemic community impact. In her application, Jennifer stated, "In my role as a staff attorney at Disability Rights South Dakota, I am proud to continually advocate for the rights of all individuals with disabilities, while also providing practical and legal advice on how to make existing systems work for everyone. I work with a wide variety of individuals in the disability community and would be honored to represent their interests on a broader scale as a member of your team."

Tracey Hughes is the Administrator of the Meadows On Sycamore assisted living center in Sioux Falls. In this capacity, she works with a variety of people with ages ranging from 29 - 94 years old, traditional assisted living, mental health, private pay, and Medicaid residents. In her application, Tracey stated, "I have built my career on my passion for serving others, which includes advocating for those that cannot advocate for themselves. Transportation is a large part of our struggle to provide the best care and opportunities for the people we serve. I believe I can be a very active member of the Citizens Advisory Committee as I have a lot of experience in trying to navigate the transportation system in Sioux Falls."

Continued on next page

New MPO Citizen Advisory Committee Members (cont.)



Bradley Meyer manages civil, street, surfacing, and utility projects for the Black - Top Paving division of Journey Group. In his application, Bradley stated, "I believe that I would be a good representative for the Citizens Advisory Committee because I have a true passion for building the transportation process presented within the MPO. I feel I can share the great insight related to the construction and development due to my knowledge and experience. I have managed and ran projects from the size of \$500 patches for a local business owner to \$1 million or more for the City of Sioux Falls."



Public Notice

The Sioux Falls Metropolitan Planning Organization (MPO) is accepting applications for the capital and operating assistance provided through the Federal Transit Administration's Section 5310 funding program.

The application and additional information can be found at:

<http://siouxfallsmopo.org/resources/rfp/>

Applications must be received in the Sioux Falls MPO / SECOG office, located at 500 N. Western Avenue, Suite 100, Sioux Falls, SD, 57104, by 5:00 p.m. on Friday, February 15, 2019.

Meetings & Dates

March 6, 2019
CAC Meeting @ 3:00pm

March 7, 2019
TAC Meeting @ 2:00pm

March 7, 2019
UDC Meeting @ 4:00pm

The Planners' Plans



Understanding Spot Zoning

Occasionally, local governments are faced with a request to rezone property only to be challenged with an objector's claim that doing so would constitute illegal spot zoning. At that point, they face a difficult decision: approve the rezone and risk making an improper, if not illegal decision, or deny the rezone and potentially prevent a development they believe could benefit the community. To better assist with this conundrum, it is important to understand exactly what constitutes illegal spot zoning.

The term "spot zoning" is an imprecise term of art. While most view the term with suspicion, any rezoning of either a single or small number of lots is technically spot zoning. Whether a particular case of spot zoning is a proper exercise of a local government's zoning authority largely depends on at least three factors: (1) whether it relates to a legitimate power or purpose; (2) whether it conforms to the comprehensive plan; and (3) whether it is generally consistent with surrounding zoning and uses.

Legitimate Power or Purpose

The purpose of zoning is to promote the health, safety, and welfare of the entire community, rather than maximize the possible enrichment of any particular landowner. Where the local government's motivations aren't readily apparent, many courts engage in a cost/benefit analysis to determine whether the challenged rezone was improper. For instance, in *Griswold v. Homer*, the Alaska Supreme Court determined that the rezone was a legitimate exercise of the local government's police power because, among other things, the underlying ordinance resulted in genuine benefits to the City of Homer as a whole, and not just to the particular landowner. 925 P.2d 1015 (Alaska 1996).

Conformity with the Comprehensive Plan

According to SDCL 11-4-3, zoning regulations and decisions "shall be made in accordance with a comprehensive plan." As such, "[a] zoning law is a legislative act representing a legislative determination and judgment, and like all legislative enactments a zoning law is presumed to be reasonable, valid and constitutional." *Schrank v. County Board of Commissioners*, 610 N.W.2d 90 (S.D. 2000). In the context of zoning decisions, "how various properties shall be classified or reclassified, rests with the local legislative body; its judgment and determination will be conclusive, beyond interference from the courts, unless shown to be arbitrary." *Tillo v. City of Sioux Falls*, 82 S.D. 411, 147 N.W.2d 128 (1966). While consistency with the comprehensive plan does not necessarily defeat a claim of illegal spot zoning, it does provide support for the idea that the local government made a decision based on the merits of the rezone application rather than any ulterior motivations.

Continued on next page

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Consistency with Surrounding Zoning and Uses

Not surprisingly, cases of illegal spot zoning are more frequently found in residential than in commercial neighborhoods. Many courts view small commercial patches scattered amongst traditional housing as zoning anathema and often invalidate the rezoning. For instance, in *Bossman v. Village of Riverton*, 684 N.E.2d 427 (Ill. App. Ct. 1997), the court found that the increased tax revenue resulting from rezoning one residential lot to accommodate a convenience store is not a legitimate objective of zoning and therefore cannot be used to justify the impacts to surrounding residential properties. That being said, other courts have upheld the idea of tax and job gains as reasons for conducting spot zonings. *Rando v. Town of N. Attleborough*, 692 N.E.2d 544 (Mass. App. 1998).

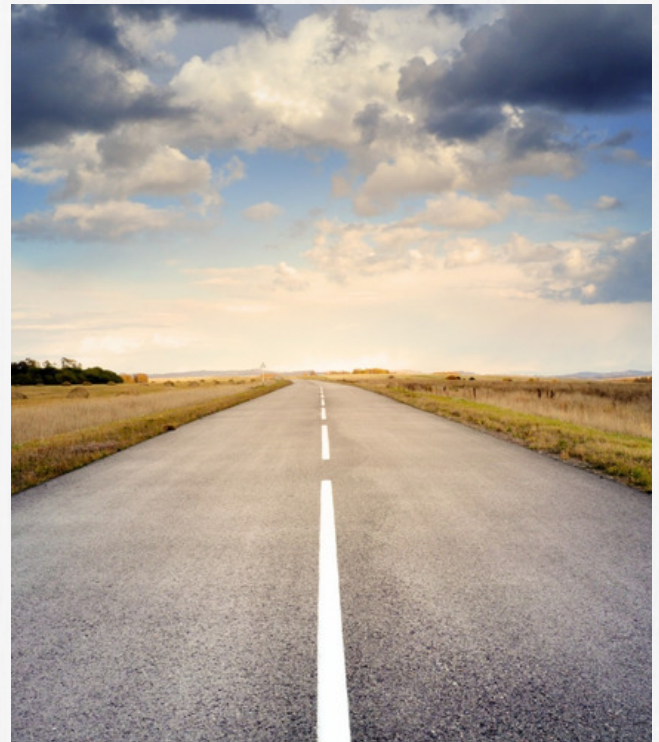
Conclusion

While the concept of spot zoning is relatively well known, it is a very unsettled area of law throughout the country. In South Dakota specifically, there is not a lot of case law on the books to accurately predict how a court may rule in any given situation. As such, if you receive an application for a rezoning that may constitute illegal spot zoning, you should consult with your attorney before making any decisions.



Annual DOT Road Inventory Project

Keep an eye out because SECOG will soon be sending out maps and letters for the annual road inventory. Since 1995, the South Dakota Department of Transportation and the South Dakota Planning and Development Districts have been working together to update any changes to the public road system. SECOG members will soon receive envelopes which will contain two copies of their local road map and a letter further detailing what information is being requested by the DOT Road Inventory program. Members are asked to carefully review these maps for accuracy and provide a response using the included return envelope even if there have been no new roads constructed or any changes made to road surfaces or alignment in the previous year. Your assistance is critical to the accuracy of SDDOT's public road inventory. Please contact Kristen Benidt at gis@secog.org with any questions.



New Approved Loans

Dakota BUSINESS Finance
South Eastern Development Foundation



Accurate Coats and Alger
Customs
(Milford, IA)
Purpose: Refinance, Expansion of
existing building
Participating Lender:
Brett Johnson (Central Bank)



Berg Auto Mall and Trucking
Corporation
(Beresford)
Purpose: Purchase existing
building, renovations
Participating Lender:
Mike Murdy (Black Hills Federal
Credit Union)



Fox Printing
(Sioux Falls)
Purpose: Construct new
building
Participating Lender:
Derek Ohme (First National
Bank in Sioux Falls)



Gage Brothers
(Sioux Falls)
Purpose: Purchase new equipment
Participating Lender:
Jay Mitchell (Great Western Bank)



McClure & Hardy Prof, LLC
(Yankton)
Purpose: Purchase existing
building
Participating Lender:
Adam Walsh (MetaBank)

CONTINUED ON PAGE 9

New Approved Loans

Dakota BUSINESS Finance
South Eastern Development Foundation



Next Door Pizza
(Scranton, ND)
Through SBA Rural Pilot Program
Purpose: Purchase existing building
Participating Lender:
Jason Sundberg (Plains Commerce Bank)



Red Roof Inn and Comfort Suites
(Sioux Falls)
Purpose: Hotel renovations
Participating Lender:
Aaron Tribble (American Bank & Trust)



Sunderman Mfg. Co.
(Rural Baltic)
Purpose: Expand existing building, purchase new equipment
Participating Lender:
Bill Kuhl (One American Bank)



Dan Park Promoted to Loan Officer

Congratulations to Dan Park who has been promoted from Servicing Analyst to Loan Officer. Dan was a former lender at a bank in Lake Andes for 30+ years. He has been working at SECOG for the past five years.



Kim Severson Promoted to Servicing Analyst

Congratulations to Kim Severson who has been promoted from Paraprofessional Bookkeeper to Servicing Analyst. Kim has been working in the accounting field in various capacities since the late 1990s. She has been at SECOG since July 2017.

dakotaBUSINESSfinance NEWS

Dakota BUSINESS Finance
South Eastern Development Foundation



SBA Offers 504 Rural Pilot Program

SBA has started an SBA 504 Loan Program Rural Initiative Pilot Program (504 Rural Pilot). Under the 504 Rural Pilot, Certified Development Companies (CDCs) such as Dakota BUSINESS Finance are permitted to make 504 loans outside their Area of Operations if:

- (1) the loan is for a 504 Project with an address located in a rural county, and
- (2) the rural county is located in the same SBA Region in which the CDC is incorporated.

Dakota BUSINESS Finance can now offer 504 loans in rural counties located in Colorado, Montana, North Dakota, Utah, and Wyoming.

This pilot will provide rural small businesses with increased opportunities to access capital and will further the statutory public policy goal of the 504 Loan Program to achieve rural development impact. The 504 Rural Pilot became available on July 19, 2018, and 504 loans may be approved under its authority through July 20, 2020.

If you have questions whether a project will qualify, contact:

Jessica Evans jessica@dakotabusinessfinance.com 605-681-8177

Dan Park daniel@dakotabusinessfinance.com 605-681-8187



SBA Administrator Visits Sioux Falls

SBA Administrator, Linda McMahon, visited Sioux Falls, South Dakota on November 29, 2018. Dakota BUSINESS Finance's borrower, The Barrel House, was selected to host lunch for her.

Present at the luncheon, from left to right: Sioux Falls Mayor Paul TenHaken; SBA Administrator Linda McMahon; Mark Fonder, Owner of the Barrel House; and Lynne Keller Forbes, Executive Director of Dakota BUSINESS Finance.



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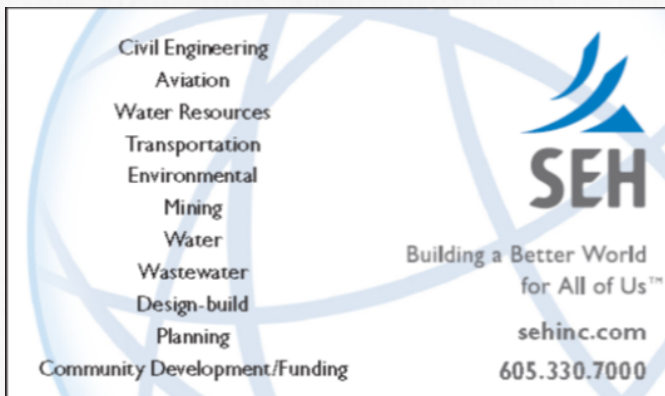


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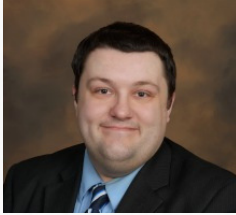
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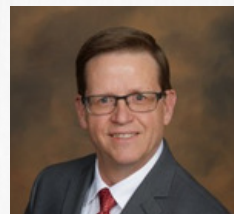
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Betty Gates | Paraprofessional Bookkeeper

Betty worked for SECOG for six years previously where she was responsible for payroll, payables, etc. She recently returned to SECOG in October.

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