



Department of Transportation

Office of the Secretary

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April 6, 2015

County Commissions and County Highway Superintendents
Class I City Councils and City Engineers / Administrators

RE: Surface Transportation Program (STP) Payout Program

Greetings:

On December 22, 2014, I sent you a letter indicating the South Dakota Department of Transportation (Department) would again be offering the Exchange Program where cities and counties could exchange their federal Surface Transportation Program (STP) allocation funds for state funds for this federal fiscal year. Under the previous program, you were allowed to exchange your federal funds for state funds, but not receive any of the state matching funds (which are equal to 18.05% of the total annual allocation). On February 2, 2015, I sent you an additional letter placing the 2015 funding exchange on hold pending the resolution of legislative issues involving state highway funding. Due to the Governor's signing of Senate Bill 1, those issues have been resolved. As a result, the Department and South Dakota Transportation Commission will be moving forward with the proposal outlined in the Governor's State of the State Address by exchanging all annual federal STP allocations to counties and cities with state highway funds. The details for implementation of this new program and related issues are outlined below:

Annual STP Funding Exchange

- The exchange of your annual federal STP funds allocation will begin with FFY15's allocation for those entities that do not have a federal aid project programmed in the current 2015-2018 STIP.
- Funding provided will be state highway funds which must be used for highway and bridge construction, maintenance and repair.
- Checks will be issued on or about July 1st of 2015 and each year thereafter.
- The amount of the payment will be equal to your annual federal STP allocation plus 50% of the previously provided state matching funds.

Payout of STP Fund Balances in Excess of Annual Allocation

- In addition to the annual exchange of each year's federal STP allocation, unobligated STP account balances will also be exchanged and paid out at the same rate. The payout of these funds will depend on the unobligated balance in your account and the total amount to be paid by the Department to all entities, but in no case over more than a five year period.
- Payments for the STP account balances will be made yearly prior to September 30th.

Projects in the Current 2015-2018 STIP

- Projects currently programmed in the 2015-2018 STIP will proceed as federal aid projects to be let and administered by the Department as currently planned, unless you choose to proceed in a different manner by cancelling the planned project(s). Those entities with projects currently in the STIP will not begin receiving the annual STP funding exchange until the programmed projects are complete.

- If you wish to cancel your programmed federal aid project(s) and instead take the annual STP funding exchange, you must provide the Department a resolution to this effect prior to July 1st, 2015 in order to be eligible for this year's exchange.

Existing Statewide Infrastructure Bank (SIB) Loans

- If you currently have an agreement providing for repayment of a State Infrastructure Bank (SIB) loan, those agreements will be completed consistent with the terms of the existing agreement. You will begin receiving your annual STP funding exchange payment upon completion of repayment of the SIB loan.

The Department understands there may be specific situations that will need to be addressed and we look forward to working through those on a case by case basis. We appreciate your patient and understanding as we work through the details of transitioning to this new program.

If you have questions or need additional information regarding these changes please feel free to contact Laurie Schultz at 605-773-8149 or any of her staff.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Bergquist', written in a cursive style.

Darin P. Bergquist
Secretary