



# Transportation Economic Development Grants Procedures



South Dakota

Department of Transportation

Office of Local Government Assistance

04/05/2023

**SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION**  
**ECONOMIC DEVELOPMENT GRANT PROGRAMS**

**OBJECTIVE**

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:

- 1) The Industrial Park grants will be made for the development of new or expanded access for new industry located within industrial parks.
- 2) The Agri-Business Access Grants will be made for the development of access to new or expanded agri-business industries.
- 3) The Community Access Program grants will be made to communities with populations of less than 5,000 to enhance existing access to down-town areas or for roads leading to schools, hospitals, grain terminals, or other significant traffic generating features of a small community.

All grants will be based on the criteria developed by the Department of Transportation. The expenditure authority for the program will be determined by the Transportation Commission at their May meeting for the next Federal fiscal year. All grants must be approved by the Transportation Commission and may be used to construct or reconstruct roads and streets that are eligible for funding.

**DEFINITIONS:**

**SPONSOR** – A City, Town, County, or Tribal government.

**ADT** – Value of average daily traffic on the road.

**I. INDUSTRIAL PARK GRANT PROGRAM**

**A. QUALIFICATION CRITERIA**

The application should show that the following criteria have been met:

1. The Sponsor will file the application.
2. Commitment for the start of actual construction of the industrial or economic development facility within six months of date of commission approval; or
3. Evidence that new construction or expansion of an industrial or economic development facility that meets all other program criteria has been documented within the past year and that previous grants have not been obtained based on the same justification.
4. The project must be for a new road or reconstruction. Maintenance projects are not considered eligible for funding.
5. The project must be located within a defined industrial park, serve as primary access to an industrial park but located parallel to an industrial park, or connect a major route or street to an industrial park.
6. There is a minimum committed capital investment of at least five (5) times the required state participation costs.
7. The total employment for all facilities in the industrial park or development project should be at least 50.
8. A minimum of five (5) new jobs will be created by the industrial or economic development.

Applications can qualify for funding by meeting criteria (1) or (2), (3), and (4). The Transportation Commission can waive items (5), (6), or (7).

## **B. ZONING**

All land in the industrial park or development area must be zoned Industrial.

## **C. LAND TITLE**

Title to all land in the industrial park area or development project area will be vested with one of the following: 1) in a subdivision of government; 2) an industry committed to construction of an industrial development facility or development project; or 3) an Industrial Development Corporation or its equivalent.

## **II. AGRI-BUSINESS GRANT PROGRAM**

### **A. QUALIFICATION CRITERIA**

The application should show that the following criteria have been met:

1. The Sponsor will file the application.
2. Commitment for the start of actual construction of the industrial or economic development facility within six months of date of commission approval; or
3. Evidence that new construction or expansion of an industrial or economic development facility that meets all other program criteria has been documented within the past year and that previous grants have not been obtained based on the same justification.
4. The project must serve as a primary access to an agricultural production or service business.
5. The project must be for a new road or reconstruction. Maintenance projects are not considered eligible for funding.
6. Planning and consideration were given to location based on its impact to the current infrastructure (i.e., roads, bridges, water, sanitary sewer, etc.)
7. There is a minimum committed capital investment of at least five (5) times the required state participation costs.
8. A minimum of five (5) new jobs will be created by the industrial or economic development.

Applications can qualify for funding by meeting criteria 1) or (2), (3), and (4). The Transportation Commission can waive items (5), (6), or (7).

## **III. COMMUNITY ACCESS GRANT PROGRAM**

### **A. QUALIFICATION CRITERIA**

The application should show that the following criteria have been met:

1. The Sponsor will file the application.
2. The community must be less than 5,000 in population.
3. The project must be for reconstruction of important local roads; maintenance projects are not eligible.
4. Important local roads that are eligible include Main Street, road to the elevator or schools, etc.

#### **IV. GENERAL CONDITIONS OF THE GRANTS**

- A. The SDDOT reimburses the Sponsor for 80% of the construction costs up to the grant maximum.
- B. Sponsor is responsible for the 20% match of the construction costs, any costs, over the grant maximum, and 100% of the ineligible item costs included in the project.
- C. These funds may not be used to match federal dollars on any SDDOT project.
- D. The roadway right-of-way must be dedicated to public use and the sponsor is responsible for any additional right-of-way acquisitions or easements. .
- E. The Sponsor will be responsible for maintenance of the completed access road and will provide evidence of that commitment.
- F. Construction costs for furnishing and installing sanitary sewers and utilities cannot be funded by the SDDOT.
- G. Design and construction engineering costs and administrative fees are to be paid for by the applicant and cannot be included as local match.
- H. The final decision on funding will rest with the South Dakota Transportation Commission.

#### **V. APPLICATION REQUIREMENTS**

Applications are available on the SDDOT website at <https://dot.sd.gov/doing-business/local-governments/transportation-economic-development-grants>.

The following is a list of the components that must be included in the application package:

1. Application Cover Sheet
2. Application Form
3. Typical Section
4. Map showing the location of the project
5. Cost estimate prepared by a Professional Engineer
6. Co-operative agreements with other units of city, towns, county, or tribal government if applicable
7. A resolution of firm financial commitment from the governing body to cover the costs of the engineering and local match.
8. A resolution of commitment from the governing body to maintain the road once construction of the project is completed.

Applications must be submitted to the SDDOT by e-mail to Paula Huizenga at [DOT.LOCGOVASSISTOFFICE@state.sd.us](mailto:DOT.LOCGOVASSISTOFFICE@state.sd.us) unless a different email address is designated by SDDOT.

The SDDOT Local Government Assistance Office will request review of the Industrial Park applications from GOED. The GOED will determine:

1. If industrial or economic development has or can be expected to materialize.
2. If the construction of the proposed facility is necessary for development.
3. and, that the future development is in effect a reality.

Applications for all grants are due July 15<sup>th</sup> of each year.

## VI. RANKING CRITERIA

Community Access Grant Applications will be rated and scored against each of the following factors.

### A. Evaluation of need - Existing condition (90 Points)

All applications are compared in terms of existing road/street condition. For example, surfacing condition, drainage issues, safety concerns, etc.

#### Flexible Pavement (Asphalt):

Condition	Possible	Points
Excellent: Hairline Cracks - Minor Depressions	(0-5)	
Very Good: Low to Medium cracking, but cracks are generally very tight.	(5-10)	
Good: Cracks are 1/4" to 1/2" wide, some alligator cracking and rutting.	(10-15)	
Fair: Medium to high severity of alligator cracking and rutting. Cracks are generally 1/2" wide.	(15-20)	
Poor: Severe Alligator Cracking and rutting, pieces of asphalt are missing, and potholes are present.	(20-25)	
Failed: Traffic Operation is Difficult. Potholes and alligator cracking are extensive. Rut depth exceeds 3/4".	(25-30)	

#### Concrete Pavement:

Condition	Possible	Points
Excellent: Isolated Hairline Cracks	(0-5)	
Very Good: Up to 25 ft of cracking per 1000 S.F. of pavement. Cracks are generally tight, but some may be as much as 1/4" wide.	(5-10)	
Good: 25-75 ft of cracking per 1000 S.F. of pavement some spalling and faulting along cracks and joints.	(10-15)	
Fair: Presence of cracks, patches, and spalling is common. Transverse joint faulting is quite evident.	(15-20)	
Poor Condition: Shattered slabs are common, transverse joint faulting is very evident.	(20-25)	
Failed: Traffic operation is difficult and Maintenance is inappropriate.	(25-30)	

Gravel Surface:

Condition	Possible	Points
Very Good: The only distress is dusting in dry conditions.	(0-10)	
Good: Medium-severity loose aggregate, low-severity washboarding, and some slight rutting.	(10-15)	
Fair: Moderate washboarding over 10-25% of area, moderate rutting, small potholes, and some loose aggregate	(15-20)	
Poor: Little or no roadway crown, severe washboarding and loose aggregate, moderate potholing, 25% of road has little or no aggregate.	(20-25)	
Failed: Travel on road is very difficult. No crown or bowl-shaped road. Severe rutting and potholing many areas have little to no aggregate.	(25-30)	

Drainage:

Condition	Possible	Points
<u>Rural Section:</u> Water stands in ditch - allows cat tails to grow <u>Urban Section:</u> Inadequate or non-existent storm sewer, Inadequate or non-existent curb and gutter	(0-10)	
Water collects in ruts and low spots on the road.	(0-10)	
Other: Major Drainage structure in poor condition, frequent flooding (2-3 year occurrence), etc.	(0-10)	
DRAINAGE TOTAL	(0-30)	

Safety:

Condition	Possible	Points
Adequate	0	
Intersection(s) with safety concerns	(0-10)	
Substandard Roadway Width	(0-10)	
Pedestrian Facility Improvements	(0-10)	
Poor visibility	(0-10)	
SAFETY TOTAL	(0-30)	

A project which consists of a new alignment will receive forty-five (45) points.

	<b>GRAND TOTAL</b>	90	
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**B. Average Daily Traffic and Percent Trucks** (30 points). All applications will be compared in terms of the amount of current or projected car and truck traffic on the road/street proposed for improvement.

<b>ADT</b>	<b>Points</b>
0-100	10
101-500	20
> 500	25

Additional 5 points if percent trucks are greater than 10%. 30 total possible points.

The ADT should not be left blank. A traffic counter can be obtained through SDLTAP/TTAP or your consultant. Limited traffic counts can be found on-line at <https://local traffic counts>.

**C. Location** (10 points per facility with a maximum of 50 points). All applications will be compared in terms of the location of the project. Streets leading to hospitals, schools, elevators, factories, assembly plants, businesses, community centers, pow wow grounds, down-town area, etc. will receive 10 points per location.

<b>Location</b>	<b>Points</b>
Hospitals or health care facility	10
Nursing home	10
Schools	10
Grain terminals	10
Manufacturing/Processing plants	10
Downtown area/Business District	10
Community or Youth centers	10
Pow Wow Grounds, Fairgrounds or Public Recreation Areas/	10

**D. Associated Water and Sewer projects (50 points)** All applications will be compared in terms of whether this grant will be used in conjunction with a water and sewer project.

	<b>Points</b>
Water/Sewer Project	50
No Utilities located in the project area	50
Water/Sewer Project completed in the past 5 years	50

**E. Impact on Business (50 POINTS)** All applicants will be compared in terms of the number of businesses that the street/road will effect.

<b>Number of Businesses</b>	<b>Points</b>
20 or more	50
15 or more	40
10 or more	30
5 or more	20
0 to 5	10

**F. Program Factor – Impact of the proposed program (50 POINTS)** This factor will take into consideration the items that do not fall under any other rating factor. The following items will be considered:

- Is this phase 2 or more of a multiple phase project?
- Is the project tied to other projects or phased in order for the community to afford the project?
- What is the rate of deterioration of the street? Will it last for one or two more grant cycles without total deterioration occurring?
- Is it a cooperative project between multiple agencies (state-county-city-township-tribe)?
- Is the project cost effective--will the cost of the fix to the street be justifiable compared to the increase/decrease in population/businesses/industry etc.?

All projects are compared in terms of impact on the identified areas and awarded points from 0 to 50 in 10-point increments.

**G. PREVIOUS GRANT AWARDS ( 50 points)** Applicant has not received a Community Access Grant within the past 5 years.

Yes: 50 points

## **VII. PROJECT DEVELOPMENT PROCESS**

### **A. Sponsor Responsibilities:**

1. Provide plans prepared by a professional engineer to SDDOT for review.
2. Plans will be completed using SDDOT Standard Specifications, Bid Item Numbers, Standard Plates and notes.
3. Plans will follow the SDDOT Local Roads Plan and the SDDOT Road Design Manual.
4. Provide for ROW acquisition.
5. Provide for Utility notification and relocation if needed.
6. Obtain all necessary permits (such as COE 404, Storm Water, Dewatering, DOT, Federal Lands, BIA, Tribal, Municipal, etc.)
7. Address via Blue Beam Review process, to the satisfaction of SDDOT, all SDDOT review comments.
8. Submit final plans.
9. After receipt of SDDOT letting authorization, advertise the project for bids and conduct bid letting.
10. Obtain SDDOT concurrence in the bid
11. Enter into a construction contract and pay contractor directly.
12. Request Reimbursement from SDDOT for eligible construction costs.
13. Provide SDDOT with copies of construction change orders.
14. Provide SDDOT with certification of substantial completion.

### **B. The SDDOT will:**

1. Review and offer comments on plans.
2. Authorize the Sponsor to advertise the project.
3. Concur in the bid award.
4. Reimburse the Sponsor for eligible construction expenses in accordance with the terms and conditions of the grant agreement.

### **C. Reimbursement Process:**

The Sponsor will submit the signed construction contract to Paula Huizenga, Grant Program Engineer at [paula.huizenga@state.sd.us](mailto:paula.huizenga@state.sd.us). Then SDDOT will issue payment to the Sponsor for 75% of the grant award. Unless specified differently in the funding agreement, the second and final payment for any remaining eligible grant funds will be reimbursed upon receipt of all signed construction change orders, signed

contractor pay requests, and the signed substantial completion form. The pay request and other required information is to be submitted electronically.

SDDOT will reimburse the Sponsor for 80% of eligible construction costs up to the grant amount unless otherwise stated in the agreement. If other funding sources are included as part of the project, the Sponsor must submit a table listing the amount paid by each source for each pay request.

## CHECKLIST FOR TRANSPORTATION ECONOMIC DEVELOPMENT GRANTS

The following items will be submitted to SDDOT in order as follows:

1.	Signed Agreement between SDDOT and Sponsor	
2.	Plans Prepared by Professional Engineer and using the following standards:	
	<ul style="list-style-type: none"> <li>• SDDOT Standard Specifications for Roads and Bridges</li> <li>• SDDOT Bid Items</li> <li>• SDDOT Standard Notes and Standard Plates</li> <li>• SDDOT Local Roads Plan</li> <li>• SDDOT Office of Road Design Manual</li> <li>• American's With Disabilities Act (ADA) requirements</li> </ul>	
3.	Submit Plans Electronically for Review by SDDOT	
4.	SDDOT Comments Addressed	
5.	Receive SDDOT authorization for advertisement	
6.	Submit the following for bid concurrence:	
	<ul style="list-style-type: none"> <li>• Engineer's Estimate</li> <li>• Bid Tab</li> <li>• City/County Commission Meeting minutes concurring in the award to lowest bidder contingent on SDDOT approval</li> </ul>	
7.	Receive SDDOT concurrence in bid award	
8.	Submit Contract to Paula Huizenga at paula.huizenga@state.sd.us to receive 75% of grant award.	
9.	Submit the following electronically to Paula Huizenga at paula.huizenga@state.sd.us to receive remaining 25% of grant award	
	<ul style="list-style-type: none"> <li>• All Pay requests (may use own form)</li> <li>• Change orders (do not need to be signed by SDDOT)</li> <li>• Include a table when multiple funding sources are used on the project.</li> <li>• Photos of final project</li> <li>• Substantial Completion Form signed by engineer.</li> </ul>	