

**Council of State Governments
Application Form for 2004 Innovations**

1. **Program Name** – Livestock Auction Barn Planning Grant Program
2. **Administering Agency** – South Dakota Department of Environment and Natural Resources (SD DENR)
3. **Contact Person (Name & Title)** – David Templeton, Division Director, SD DENR
4. **Address** – SD DENR, 523 East Capitol, Pierre, South Dakota 57501-3182
5. **Telephone Number** – (605) 773-4216
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7. **E-mail Address** – dave.templeton@state.sd.us
8. **Please provide a two sentence description of this program.** Many livestock auction barns are an important hub of economic activity in small rural towns and also provide livestock producers access to markets. To identify options for livestock auction barns to come into compliance with new U.S. Environmental Protection Agency (EPA) rules for concentrated animal feeding operations, SD DENR developed a new program to offer planning grants to communities with livestock auction barns from fees derived under our Clean Water State Revolving Fund program.
9. **How long has this program been operational (month and year)?** The program was announced in May 2003.
10. **Why was this program created? (What problem(s) or issue(s) was it designed to address?)** Driving the need for the livestock auction barn planning grants are new EPA regulations for concentrated animal feeding operations. These new rules require concentrated animal feeding operations, which include livestock auction barns, to comply with manure handling requirements and to collect runoff from open lots to protect the nation's water resources. EPA has made compliance with these regulations one of its highest priorities. To construct the necessary manure management systems, most owners and operators of existing livestock feeding operations can seek financial cost share assistance from the United States Department of Agriculture's Environmental Quality Incentives Program, but livestock auction barns have been declared ineligible. Adding to the problems for auction barns, lagoons, which are typically used to collect and store runoff from animal confinement areas, may not be a good solution in many cases due to the close proximity of the auction barns to the municipalities. Because many livestock auction barns are an important hub of economic activity in small rural towns in South Dakota, a program was needed to get them started identifying options for compliance. Therefore, SD DENR worked with the South Dakota Department of Agriculture and EPA to develop a new program to

provide planning grants to livestock auction barns. Administrative surcharge fees from our Clean Water State Revolving Fund program are used to provide the grants. The planning grants will reimburse a community 60 percent of the cost of an environmental engineering study of the livestock auction barn, up to a maximum grant amount of \$4,200. After reaching an agreement with the owner of the auction barn, the community uses the planning grant to hire an engineer to complete a preliminary engineering report that analyzes various options for gaining compliance. Besides the traditional holding ponds for runoff, the preliminary engineering report is to include an analysis of other unique and innovative options such as eliminating the need for holding ponds by enclosing all livestock pens or constructing a collection system to hold and meter runoff from the auction barn property into the city sanitary sewer system. If the livestock auction barn and city agree a metering system into the city sewer is the most feasible, SD DENR may be able to provide further financial assistance to the city through existing programs such as the Clean Water State Revolving Fund program.

11. Describe the specific activities and operations of the program in chronological order.

The activities in chronological order are:

- City officials and owner of livestock auction barn discuss the need for livestock auction barn to upgrade to meet new EPA regulations for concentrated animal feeding operations.
- If both parties agree, the two parties execute a Memorandum of Understanding which details who pays the match, the scope of the engineering study, and gives the engineering consultant access to the livestock auction barn property.
- Community submits a completed application to the SD DENR together with the signed Memorandum of Understanding.
- SD DENR drafts a contract with the city that spells out the responsibilities for each party under the planning grant. If acceptable, the contract is then signed by both parties.
- Community hires an engineer who analyzes potential solutions for the livestock auction barn to gain compliance. SD DENR encourages the engineer to include innovative solutions in the analysis.
- The engineer submits a completed preliminary engineering report to the city, the livestock auction, and SD DENR for approval and final payment of the livestock auction barn grant.
- If the recommended alternative is for a connection to the city sanitary sewer system, the community can apply to SD DENR for financial assistance to help fund the connection and any improvements to the community's wastewater treatment system needed to handle the runoff flows from the livestock auction barn.

- 12. Why is this program a new and creative approach or method?** There are five aspects of this program that are new and creative. First, this is a new use for the Clean Water State Revolving Fund program. Traditionally, the Clean Water State Revolving Fund program has been used to provide low interest loans to only publicly owned treatment works. This new approach couples a community's eligibility status under the State Revolving Fund with the livestock auction barn's need for an upgrade to get the needed engineering study completed. Second, this is the first time livestock auction barns have been given an incentive to begin thinking about complying with the federal rules for concentrated animal feeding operations. Third, to apply for the livestock auction barn planning grant, both the city and the owner of the livestock auction must agree to work together which creates a unique local partnership. Fourth, the program is helping to preserve the economic vitality of small rural towns by identifying options for livestock auction barns to gain compliance. And finally, the program is helping all local livestock producers maintain access to markets.
- 13. What was the program's start up costs? (Provide detail about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)** Starts up costs were minimal. SD DENR used existing staff and equipment. Promotion of the new livestock auction barn planning grant program was accomplished through SD DENR's website, a press release, and letters to the livestock auction barns and communities.
- 14. What are the program's annual operational costs?** The annual costs include the staff time required to get the contracts executed, provide any requested technical assistance, and review and approve the preliminary engineering reports. Best estimate is about \$12,500 per year.
- 15. How is this program funded?** The staff time and supplies are funded with Clean Water State Revolving Fund administrative funds. The actual livestock auction barn planning grant is funded with Clean Water State Revolving Fund administrative surcharge fees which are generated from Clean Water State Revolving Fund program loans.
- 16. How many state employees (full-time equivalent) work with this program?** There are 43 licensed livestock auction barns in the state. SD DENR is handling the new livestock auction barn planning grant program with less than one FTE. Best estimate is ¼ FTE.
- 17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.** No. This program was created administratively by first requesting the state Board of Water and Natural Resources to amend livestock auction barn planning grants as an eligible activity in the state Intended Use Plan for the Clean Water State Revolving Fund program, and then submitting the amended Intended Use Plan to EPA for approval.
- 18. What equipment, technology and software are used to operate and administer this program?** Primarily computers with Microsoft software products.
- 19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address and telephone number.** Yes. The

innovator is David Templeton, South Dakota DENR at 523 East Capitol, Pierre, South Dakota 57501-3182. (605) 773-4216.

- 20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?** No, SD DENR is not aware of any similar program in other states.
- 21. Has this program been fully implemented? If NO, what actions remain to be taken?** Yes. The program is in place. Six livestock auction barn planning grants have been awarded with more anticipated.
- 22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem(s) or issue(s). Provide tangible examples.** Pro – With the six livestock auction barn planning grants that have been issued, we now have six livestock auction barns actively seeking options to comply with the new water protection rules for concentrated animal feeding operations. Con – Once the preliminary design reports are completed, there is no source of financial assistance to help owners of livestock auction barns construct manure management systems.
- 23. How has the program grown and/or changed since its inception?** To help all owners and operators of existing concentrated animal feeding operations comply with the new water quality rules, SD DENR recently added another new program to offer design planning grants. These grants may be given to owners and operators of concentrated animal feeding operations, to include livestock auction barns with completed preliminary engineering reports, for completion of construction plans and specifications for manure management systems and nutrient management plans. These design planning grants will pay for 60 percent of the cost of the engineering design, up to a maximum grant of \$12,000.
- 24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?** Each state would need to either get EPA approval to add livestock auction barn planning grants as an eligible activity to their Intended Use Plan for Clean Water State Revolving Fund program fees or identify a different funding source for the program.