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**Minnesota Pollution  
Control Agency**

# Funding Planning Stages

# Small Community Technical Assistance Needs

A variety of technical planning skills maybe needed over the years...

1. Community Organizer
2. Meeting Facilitator
3. SSTS Inspector
4. SSTS Designer
5. Professional Engineer
6. Financial Management Consultant
7. Ordinance and Code Drafter

# Virtue of Planning

All wastewater projects will likely derive benefits from a organized and robust planning approach.

1. Develops a **common understanding** of location and type of failures
2. Truly evaluates **all reasonable alternatives** that are potentially cost-effective, environmentally sound and aligned with community future growth vision
3. Helps educate elected officials and citizens
4. Shows due diligence and may save time in the end

# Funding for Planning Assistance

Sources (not a comprehensive list):

1. Communities can self-fund
2. Fed and State Sources (USDA – Rural Development Pre-development Planning Grants) or MN Public Facilities Authority (PFA) Technical Assistance Grants
3. Technical Resources Available
  - County Officials
  - OSTP
  - Midwest Assistance Program (MAP)
  - Minnesota Rural Water Association
  - Consultants
  - Others...

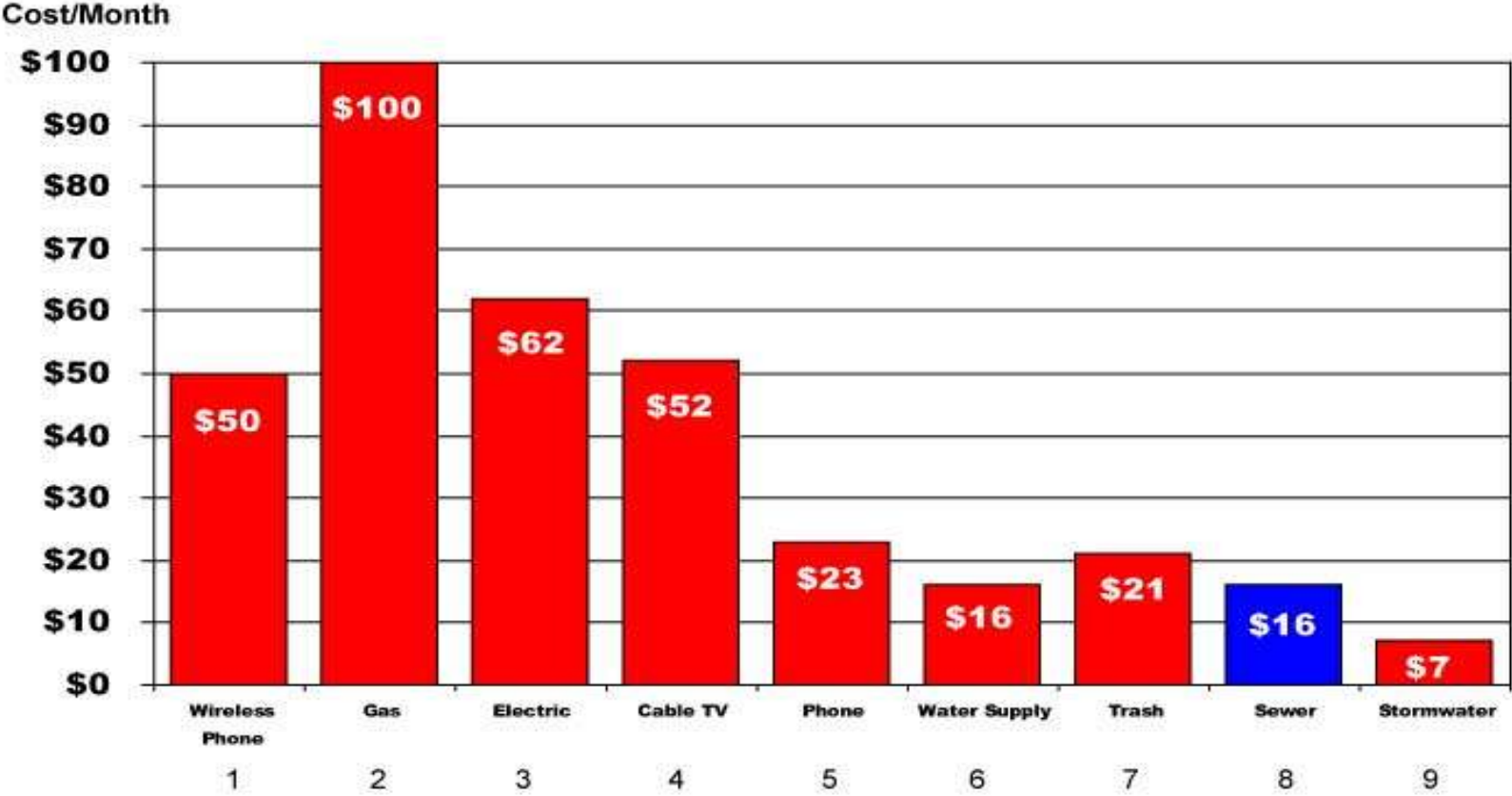
# There is a huge difference between Grant and Loan!

- Historically, state financial assistance programs have allowed planning costs to be included in the loan funding.
- Many communities find it difficult to upfront pay for planning unless there is grant funds to cover initial planning stages.
- Grant is always preferred, but very limited funding.

# Remember Why This is Important

- Communities may have limits on their future due to insufficient wastewater treatment
- There may be public health or environmental risks
- This is about investing in the future
- Maintaining property values

# Monthly utility comparison



# Funding System Design and Construction

# Project Priority List (PPL)

- An integrated list of municipal infrastructure projects:
  - wastewater – existing NPDES/SDS permit
  - wastewater – unsewered area
  - Stormwater
- Vast majority of score related to environmental conditions that current exists in the project area
- PPL is used by all state and federal financial assistance programs



## Project Priority List (PPL)

### Projects in Unsewered Areas Scoring Worksheet

Minnesota Rule Chapter 7077.0118

**Facility Information** (please print)

Project name: \_\_\_\_\_  
 Applicant name: \_\_\_\_\_  
 (if different): \_\_\_\_\_  
 Contact name: \_\_\_\_\_ Title: \_\_\_\_\_  
 E-mail address: \_\_\_\_\_ Phone: \_\_\_\_\_

**Office use only**

Project Number
Staff Engineer
Total Points
Date

**Instructions**

This worksheet is used to score all requests for state financial assistance for wastewater improvement projects in unsewered areas. Scoring is based on the environmental criteria contained in Minnesota Rule Chapter 7077. The result of scoring is a ranked list called the Project Priority List (PPL) from which projects will be selected for funding.

Applicants must complete their sections of the worksheet and submit it with their requests for placement on the PPL. As part of completing the worksheet, the applicant must provide sufficient documentation to support the award of points. Complete application information is located on the Minnesota Pollution Control Agency (MPCA) Web site at [www.pca.state.mn.us/water/wpcr-psource.html](http://www.pca.state.mn.us/water/wpcr-psource.html).

Complete this form if your proposal includes new or improved wastewater facilities within an unsewered area.

**NOTE: Round up calculated point value for each of the questions 105 – 115 and 125 to the next whole number (e.g., 4.1 = 5).**

**NOTE: Subsurface Sewage Treatment System (SSTS)**

**Applicant completes questions 105 - 140; MPCA completes questions 145 - 150** Points

**Required submittals include:**

- 1) State Revolving Fund Project Priority List, Part 1: Unsewered Area Needs Documentation for questions 105, 110, 115, 120 and 125. Form is located at <http://www.pca.state.mn.us/publications/lrq-wwtp2-10.doc>.
- 2) Provide a scaled map showing locations of existing Subsurface Sewage Treatment System (SSTS) as supporting documentation for questions 120, 125 and 130.

**[105] Existing SSTS systems discharges posing threat to public health or safety [subp. 1]**

*Existing SSTS systems that have the potential to immediately and adversely affect or threaten public health or safety. At a minimum, this includes ground surface or surface water discharges of untreated or partially treated wastewater and sewage backup into a dwelling or other establishment. (Minn. R. 7080.0020, subpart 19a)*

105.1 How many total structures with SSTS systems are included in the project?

105.2 How many structures with SSTS systems are posing a threat to public safety?

**(45) x (total number of failures calculated in 105.2) / (total number of waste discharging structures 105.1) =**

**[110] Existing SSTS systems with failure to protect ground water [subp. 2]**

110.1 How many structures with SSTS systems or other systems (not counted in question 105.1 above) in the proposed project area that have one or more sewage tanks which obviously leak below the designated operating level or have less than the required vertical separation (Minn. R. 7080.0060, subpart 3, item B)?

**(15) x (total number of failures to protect ground water in 110.1) / (total number of waste discharging structures 105.1) =**

Approved – 08/26/2009



**Clean Water Revolving Fund  
2010 Intended Use Plan**

**I. Introduction**

The federal Clean Water Act authorizes the Clean Water State Revolving Fund program to provide funds to states to finance water pollution control projects. Under the Act, the U.S. Environmental Protection Agency awards annual capitalization grants to each state to capitalize a state revolving fund, which the state can then use to provide loans for point source (wastewater and stormwater) and nonpoint source water pollution control projects. As part of its capitalization grant application, each state must annually prepare an Intended Use Plan (IUP) that describes the intended uses of the available funds.

The Minnesota Legislature has established the Clean Water Revolving Fund (CWRV) under Minnesota Statutes Section 446A.07 to receive federal capitalization grants and state matching funds. The Minnesota Public Facilities Authority (PFA) is responsible for managing the Fund and its assets. The PFA is authorized to prepare the annual IUP based on the Project Priority List prepared by the Minnesota Pollution Control Agency (MPCA). The PFA is also responsible for the financial administration of the point source (wastewater and stormwater) loan program, including reviewing loan applications, setting the rates, terms and conditions of the loans, and selling revenue bonds to leverage additional loan funds. In addition to preparing the Project Priority List, the MPCA is responsible for reviewing wastewater and stormwater projects to ensure they meet technical and environmental requirements. Nonpoint source loan programs are administered by the MPCA, the Department of Agriculture, and the Department of Employment and Economic Development.

The 2010 IUP identifies projects and activities the PFA intends to fund from the Clean Water Revolving Fund in state fiscal year (FY) 2010 (July 1, 2009 to June 30, 2010). To fund these projects and activities, the PFA expects to use funds from federal capitalization grants, loan repayments and PFA revenue bond proceeds.

**II. American Recovery and Reinvestment Act (ARRA) of 2009**

On February 17, 2009 the President signed into law the American Recovery and Reinvestment Act (ARRA) of 2009 which included funds appropriated for clean water infrastructure projects through the Clean Water State Revolving Funds. The objective of the ARRA funds is to expeditiously fund eligible projects that simultaneously will create jobs, promote economic recovery, and generate

# Why Get on the PPL?

- Little to no cost
- Keeps options open
- Grant opportunities
- Loan opportunities
- Helps community know all options to seek competitive funding are being pursued

# 2011 Project Priority List

## Schedule *(approximate)*

Facility Plans due to the MPCA March 5, 2010

Wastewater and Stormwater application May 7, 2010  
and unsewered area scoring worksheet  
due to the MPCA (on or before)

IUP applications due to PFA June 4 or 11, 2010



# Water Infrastructure Financing Programs

[www.positivelyminnesota.com/community/assistance/pfa.htm](http://www.positivelyminnesota.com/community/assistance/pfa.htm)

# PFA Wastewater Programs

- Clean Water State Revolving Fund
- Wastewater Infrastructure Fund (WIF)
- Small Community Wastewater Treatment program
- Total Maximum Daily Load (TMDL) grant program
- Phosphorus Reduction grant program

# Wastewater Infrastructure Fund (WIF)

- WIF provides supplemental assistance for high cost, high priority wastewater projects
- WIF can provide grants to match with USDA Rural Development for small rural communities, or
- All WIF projects must be ranked on the PPL
  - Projects seeking WIF matching grants with RD are not required to be on IUP

# TMDL Grant Program

- Projects that are made necessary due to a Total Maximum Daily Load may:
- Provides up to 50% funding with a maximum of \$3 Million

# Small Community Wastewater Treatment Program

- Loans and grants to help small communities replace failing septic systems (SSTS) with new SSTS systems, including small clusters and mounds.
- Loans at 1% for 100% of eligible costs. Communities with median income below state average may receive 50% grants.
- Funding priorities based on project rank on PPL.
- New systems must be publicly-owned and centrally managed.
  - Voluntary participation by property owners
  - Must grant utility easement if want to participate
- Up-front grants for site evaluation and technical assistance from University of Minnesota Extension Service.
- Currently accepting applications from top candidates on PPL.
  - Other interested communities should first apply to MPCA to be ranked on priority list.

# Technical Assistance Grants

- An applicant may apply for a technical assistance grant to:
  - Contract with a SSTS professional for preliminary site evaluations (feasibility study).
  - Contract with U of M Extension to advise community on alternatives and help develop its technical, managerial and financial capacity to build, operate and maintain SSTS systems.
- \$10,000 plus \$500 per household, up to a maximum grant of \$40,000

# Small Community Wastewater Treatment Grant and Loan Program

## \$\$\$ Technical Assistance Grants \$\$\$

[Minn. Stat. § 446A.075, Subd. 1a]

Eligible activities:

1. Confirm lot by lot SSTS operating condition
2. Determine if the lot can support a replacement individual SSTS
3. Assess the suitability of cluster SSTS
4. Financial, managerial and operational capacity

\$10,000 per community plus \$500 per non-conforming residential SSTS with a maximum of \$40,000

Note: voluntary participants only.

# Construction Financing

- Construction application must include:
  - Feasibility Study / Community Assessment Report (CAR)
    - Identify existing conditions, evaluate alternatives, select
    - Must be approved by MPCA
  - Financing Plan
    - Must document dedicated source(s) of revenue to pay debt service and ongoing operation and maintenance costs
    - Special assessments, user charge ordinance
  - Management Plan
    - Schedule and annual budget for observation, operation, maintenance, and repair/replacement of the SSTS systems

# Construction Financing

- Applicants must follow the State Uniform Municipal Contracting Law, prevailing wages and other applicable requirements
  - Sealed bids required for contracts over \$50,000
- Before awarding funds, PFA must receive a project certification from MPCA
  - Requires approval of plans and specs / design documents
- Loan/grant award will be based on as-bid costs or contractor quotes

# Other Program Requirements

- Program is voluntary. Each property owner choosing to participate must provide a utility easement to the LGU to allow access for construction, management and repair/replacement.
- All equipment and structures will be state bond financed property. A declaration must be filed with the County Recorder for each parcel.
- LGU's attorney should be involved in development of all documents.

# Program Funding

- Technical assistance grants
  - 7 projects under contract
  - 4-5 working on applications
  - \$100,000 annual general fund base budget
- Construction loans/grants
  - \$2.2 million available from state bond funds
- Funds will be awarded based on PPL ranking and readiness to proceed



Committed to the future of rural communities.

# **Community Programs**

## **Loans and Grants**

# SEARCH Grants

**Special Evaluation Assistance for Rural  
Communities and Households**

Replaces Pre-Development  
Planning Grants

# RD Long Term Financing

- Grant funds
- Loan funds (40 year terms)
- Rural areas, cities and towns with up to 10,000 population.
- Interest rate is set quarterly, based on an index of current market yields for municipal obligation. Repayment period is 40 years max. Grant funds may be available.



## Small Cities Development Program

- Grants to address public facility needs to principally benefit low to moderate income households.
- Public facility improvements, such as water and sewer systems.
- Cities with a population under 50,000 and counties and townships with an unincorporated Population of fewer than 200,000.
- Maximum grant is \$600,000. Must benefit low- and moderate income persons or households.