



Environment and Natural Resources Trust Fund (ENRTF) M.L. 2019 ENRTF Work Plan (Main Document)

Today's Date: October 16, 2018

Date of Next Status Update Report: January 1, 2020

Date of Work Plan Approval:

Project Completion Date:

Does this submission include an amendment request? No

PROJECT TITLE: PFA Wastewater Treatment System Grants

Project Manager: Jeff Freeman

Organization: Public Facilities Authority

College/Department/Division:

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City/State/Zip Code: Saint Paul, MN 55101-1378

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Web Address: mn.gov/pfa

Location: Statewide

Total Project Budget: \$2,000,000

Amount Spent: \$0

Balance: \$2,000,000

Legal Citation: M.L. 20xx, Chp. xx, Sec. xx, Subd. XX

Appropriation Language: TBD

I. PROJECT STATEMENT:

The ENRTF funds will be used to fund municipal wastewater infrastructure projects under the following two existing PFA grant programs for cities under 5,000 population. All projects must be ranked on the Pollution Control Agency's project priority list.

1. Water Infrastructure Funding (WIF) Program (Minnesota Statutes, Section 446A.072)

The WIF program provides grants to municipalities for up to 80% of project costs to a maximum of \$5 million based on affordability criteria to supplement low interest loans from the PFA's CWRF or match funding from USDA Rural Development. WIF grants enable communities to address existing wastewater infrastructure needs while helping to keep costs affordable for their residents.

2. Point Source Implementation Grant (PSIG) Program (Minnesota Statutes, Section 446A.073)
 The PSIG program provides 80% grants up to \$7 million to municipalities to upgrade water treatment facilities to reduce the discharge of specific pollutants to meet more stringent permit requirements to address water quality protection and restoration goals.

II. OVERALL PROJECT STATUS UPDATES:

- First Update January 1, 2020**
- Second Update July 1, 2020**
- Third Update January 1, 2021**
- Fourth Update July 1, 2021**
- Fifth Update January 1, 2022**
- Sixth Update July 1, 2022**
- Final Report by January 1, 2023**

III. PROJECT ACTIVITIES AND OUTCOMES:

ACTIVITY 1 Title: Water Infrastructure Funding (WIF) Program

Description: The WIF program provides grants up to \$5 million to municipalities based on affordability criteria for high cost wastewater projects. WIF grants are packaged with CWRP loans or USDA Rural Development funding. Projects receiving CWRP loans are eligible for WIF grants up to 80% of project costs if the average annual residential wastewater system cost after completing the project, including costs for operation and maintenance and existing debt service, would otherwise exceed 1.4% of the median household income of the project service area. Projects receiving USDA-RD funding can receive WIF matching grants for up to 65% of the grant need based on RD affordability criteria.

ACTIVITY 1 ENRTF BUDGET: \$1,000,000

Outcome	Completion Date
1. PFA reviews CWRP loan applications for WIF grant eligibility based on affordability criteria in MS 446A.072.	Continuous
2. USDA Rural Development reviews their funding applications for grant eligibility based on RD affordability criteria.	Continuous
3. PFA reserves WIF grant funds in priority order for eligible 2019 projects certified by PCA or approved by USDA-RD.	6/30/2019 (CWRP); 9/30/2019 (RD)
4. PFA awards WIF grants in conjunction with CWRP loans and USDA-RD funding when projects are ready to start construction.	Continuous
5. PFA disburses WIF grant funds monthly to recipients as costs are incurred (generally 1-3 years).	Continuous
6. Assuming an average WIF grant of \$2.5 million per project, the ENRTF funds will provide a partial WIF grant for one municipality under 5000 population to replace aging infrastructure and improve their system to meet permit requirements.	January 1, 2023

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ACTIVITY 2 Title: Point Source Implementation Grant (PSIG) Program

Description: The PSIG program provides grants up to \$7 million for 80% of eligible costs to municipalities to upgrade water treatment facilities to reduce the discharge of specific pollutants to meet more stringent permit requirements. Project applications are accepted each July from projects listed on the Pollution Control Agency’s Project Priority List. The PCA reviews project plans and specifications to determine eligible project costs and approved projects and costs are certified to the PFA. PSIG grants are not awarded until projects are ready to start construction.

As stated in MS 446A.073, Subdivision 1, PSIG eligible projects are those made necessary by:

- (1) a wasteload reduction prescribed under a total maximum daily load plan required by section 303(d) of the federal Clean Water Act;
- (2) a phosphorus concentration or mass limit which requires discharging 1 milligram per liter or less at permitted design flow which is incorporated into a permit issued by PCA;
- (3) any other water quality-based effluent limit established under section 115.03, subdivision 1, paragraph (e), clause (8), and incorporated into a permit issued by PCA that exceeds secondary treatment limits; or
- (4) a total nitrogen concentration or mass limit that requires discharging ten milligrams per liter or less at permitted design flow.

ACTIVITY 2 ENRTF BUDGET: \$1,000,000

Outcome	Completion Date
1. Municipalities submit 2019 PSIG applications to PFA in July 2018.	July 2018
2. PCA reviews PSIG applications and project plans and specifications and certifies 2019 eligible projects to PFA.	6/30/2019
3. PFA reserves PSIG funds for 2019 certified projects in priority order and awards grants from available funds when projects are ready to start construction and have secured any other necessary funding.	Continuous
4. PFA disburses PSIG grant funds monthly to recipients as costs are incurred (generally 1-3 years).	Continuous
5. Assuming an average PSIG grant of \$3.5 million per project, the ENRTF funds will provide a partial PSIG grant for one municipality under 5000 population to upgrade water treatment facilities to meet more stringent permit requirements.	January 1, 2023

First Update January 1, 2020

Second Update July 1, 2020

Third Update January 1, 2021

Fourth Update July 1, 2021

Fifth Update January 1, 2022

Sixth Update July 1, 2022

Final Report by January 1, 2023

IV. DISSEMINATION:

Description: Notices of PFA loan and grant awards are posted on the PFA website and press releases are distributed to news outlets. The notices and press releases will acknowledge ENRTF support.

The Minnesota Environment and Natural Resources Trust Fund (ENRTF) will be acknowledged through use of the trust fund logo or attribution language on project print and electronic media, publications, signage, and other communications per the [ENRTF Acknowledgement Guidelines](#).

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V. ADDITIONAL BUDGET INFORMATION:

A. Personnel and Capital Expenditures

Explanation of Capital Expenditures Greater Than \$5,000:

PFA loan and grant agreements require the recipient to own and operate the system components that make up the project in compliance with all applicable laws, regulations and permit requirements, and that the recipient may not sell or change the use of any portion without prior written approval of the Commissioner of Minnesota Management and Budget.

Explanation of Use of Classified Staff:

NA

Total Number of Full-time Equivalents (FTE) Directly Funded with this ENRTF Appropriation:

Enter Total Estimated Personnel Hours: 0	Divide by 2,080 = TOTAL FTE: 0
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Total Number of Full-time Equivalents (FTE) Estimated to Be Funded through Contracts with this ENRTF Appropriation:

Enter Total Estimated Personnel Hours: 0	Divide by 2,080 = TOTAL FTE: 0
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B. Other Funds:

The WIF program includes appropriations from state general obligation bonds. WIF grants are awarded in conjunction with CWRF loans or USDA Rural Development funding. In 2017, the appropriation for the WIF program (for wastewater projects) from state g.o. bonds was \$40,000,000.

The PSIG program includes appropriations from Clean Water Legacy Funds and state general obligation bonds. PSIG grants may be awarded in conjunction with other PFA loans and grants or USDA Rural Development funding, or cities may choose to use their own funds for the local share. In 2017, appropriations for the PSIG program were \$15,750,000 from Clean Water Legacy Funds and \$33,737,000 from state g.o. bonds.

VI. PROJECT PARTNERS:

A. Partners outside of project manager’s organization receiving ENRTF funding

NA

B. Partners outside of project manager’s organization NOT receiving ENRTF funding

The Pollution Control Agency prepares its project priority list to rank proposed projects, conducts technical and environmental project reviews, and certifies eligible projects to the PFA.

VII. LONG-TERM- IMPLEMENTATION AND FUNDING:

Municipalities receiving PFA loans and grants are responsible for completing their projects and operating and maintaining their water infrastructure systems in compliance with permit requirements. PFA loan officers review municipal audits, budgets, rates and cash flows to ensure that loan recipients have sufficient revenues to cover annual operation and maintenance and debt service costs.

WIF recipients are required to establish a system replacement fund and annually deposit a minimum of \$0.50 per 1000 gallons of flow for major rehabilitation, expansion, or replacement of the wastewater system. Money must remain in the fund for the term of the project loan unless use of the fund is approved by the PFA. The PFA receives an annual report from each recipient indicating the amount deposited and the fund balance.

VIII. REPORTING REQUIREMENTS:

- The ENRTF funds will be used for eligible projects beginning on the day they are made available by MMB.
- The PFA will provide periodic reports showing the disbursement of ENRTF funds to eligible recipients.
- A final report will be provided when the ENRTF funds are fully disbursed showing the recipients and amounts received.
- Project status update reports will be submitted March 1 and September 1 each year of the project
- A final report and associated products will be submitted between July 1, 2022 and January 1, 2023

IX. SEE ADDITIONAL WORK PLAN COMPONENTS:

- A. Budget Spreadsheet** Attached
- B. Visual Component or Map**
- C. Parcel List Spreadsheet**
- D. Acquisition, Easements, and Restoration Requirements**
- E. Research Addendum**

Attachment A:

Environment and Natural Resources Trust Fund

M.L. 2019 Budget Spreadsheet

Legal Citation: M.L. 2018, Chp. 214, Art. 4, Sec. 2, Subd. 11

Project Manager: Jeff Freeman

Project Title: PFA Wastewater Infrastructure Grant Programs

Organization: Public Facilities Authority

Project Budget: \$2,000,000

Project Length and Completion Date: January 1, 2023

Today's Date: October 16, 2018



ENVIRONMENT AND NATURAL RESOURCES TRUST FUND BUDGET	Budget	Amount Spent	Balance
BUDGET ITEM			
Personnel (Wages and Benefits)	\$ -	\$ -	\$ -
Professional/Technical/Service Contracts	\$ -	\$ -	\$ -
Equipment/Tools/Supplies	\$ -	\$ -	\$ -
Capital Expenditures Over \$5,000			
Activity 1. Water Infrastructure Funding (WIF) Program	\$ 1,000,000	\$ -	\$ 1,000,000
Activity 2. Point Source Implementation Grant (PSIG) Program	\$ 1,000,000	\$ -	\$ 1,000,000
Fee Title Acquisition			
Easement Acquisition	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
COLUMN TOTAL	\$ 2,000,000	\$ -	\$ 2,000,000

OTHER FUNDS CONTRIBUTED TO THE PROJECT	Status (secured or pending)	Budget	Spent	Balance
Non-State:		\$ -	\$ -	\$ -
State:		\$ -	\$ -	\$ -
M.L. 2017 G.O. Bonds for WIF	Secured	\$ 40,000,000	\$ -	\$ 40,000,000
M.L. 2017 G.O. Bonds for PSIG	Secured	\$ 33,737,000	\$ -	\$ 33,737,000
M.L. 2017 Clean Water Fund for PSIG	Secured	\$ 15,750,000	\$ -	\$ 15,750,000
In kind:		\$ -	\$ -	\$ -

PAST AND CURRENT ENRTF APPROPRIATIONS	Amount legally obligated but not yet spent	Budget	Spent	Balance
Current appropriation: M.L. 2018, Chp. 214, Art. 6, Sec. 4, Subd. 8		\$ 59,000,000	\$ -	\$ 59,000,000
Past appropriations:		\$ -	\$ -	\$ -