



# Appendix Q

## Water and Wastewater Infrastructure Money for Projects in Minnesota

### Small Cities Development Program

The **Small Cities Development Program (SCDP)** is a federally funded program administered by the Minnesota Department of Employment and Economic Development (DEED). Approximately \$18 million of CDBG Small Cities Development Program funds are available annually through a competitive Pre-Application/Full Application process through the Department of Employment and Economic Development (DEED). Of the amount available, it is DEED's intention to provide SCDP funds in accordance to the following approximate allocations: thirty percent (30%) for Single Purpose Applications, fifty-five percent (55%) for Comprehensive Applications. (The remaining fifteen percent (15%) allocation is designated for DEED's Federal Economic Development set-aside.) Allocation percentages may be modified by the Commissioner of DEED if the Commissioner determines that there is a shortage of fundable Applications in any category.

Eligible Applicants are cities with a population under 50,000 and counties and townships with an unincorporated population of fewer than 200,000. In order to be considered eligible, an Applicant must be in substantial compliance with all applicable state and federal laws, regulations and executive orders that pertain to the CDBG Small Cities Development Program. In situations where two or more eligible local governments face a common, eligible need, DEED encourages and will give stronger consideration for funding to the submission of joint community applications. Joint community applications are most commonly associated with housing related activities.

Also available through DEED is the Greater Minnesota Business Development Public Infrastructure Public Grant Program which was established by the 2002 legislature to assist eligible communities in Greater MN with complex and costly public infrastructure development projects for industrial development parks and businesses that might not occur without public financial assistance. Funding is from General Obligation Bond funds and the amount available varies each biennium. Applications are accepted on a year round basis. **For more information, please contact: Reed Erickson, Phone (651) 297-1980 or 800-657-3858, E-mail: [reed.erickson@state.mn.us](mailto:reed.erickson@state.mn.us) or Web site: [www.deed.state.mn.us/SCDP/](http://www.deed.state.mn.us/SCDP/).**

### U.S. Army Corps of Engineers

**Environmental Infrastructure Assistance Program: Section 569.** No funding was received for fiscal year 2011 and it doesn't appear likely in the future.

### Water and Wastewater Predevelopment Planning Grants

**Water and Wastewater Predevelopment Planning Grants.** There is a grant available to assist in paying costs associated with development of an application for a proposed water or wastewater project. Documents such as Preliminary Engineering Reports and Environmental Reports are required to be obtained prior to having funds committed for a project. Predevelopment Planning Grant funds can be used to help pay for these costs. Minnesota's annual allocation is approximately \$15,000. Projects are selected by July 1<sup>st</sup> of each year. Each grant is limited to \$15,000 or 75% of the project, whichever is less. Projects will be selected primarily on funding priorities but will also include the following criteria: Limited Resources, Small Systems with Lowest Income, and Funding Availability.

Eligibility and guidelines for the grant include: (a) the median household income (MHI) of the service area must be either below the poverty line or below 80% of the state's MHI; (b) the proposed project must be for eligible loan and grant purposes; (c) applicant's must show they do not have resources to pay predevelopment expenses on their own; and (d) grants are limited to projects the Agency expects to fund soon after the application is submitted. Funds are very limited.

Eligible predevelopment items funded must be agreed to and accepted by Rural Development prior to the disbursement of the grant. **If you are interested in applying for this program, or would like additional information, please contact your local Rural Development office.**

## Minnesota Public Facilities Authority

**The Clean Water Revolving Fund (CWRP)** is the primary source of state funding that provides below-market rate loans to local governments for planning, design and construction of wastewater facilities. The CWRP is jointly administered by the Minnesota Pollution Control Agency (MPCA) and the Minnesota Public Facilities Authority (PFA). The MPCA is responsible for preparing the Project Priority List and for reviewing projects to ensure they meet environmental and technical requirements. The PFA is responsible for the financial administration of the program, including preparing the annual Intended Use Plan (IUP), which list projects eligible to apply for loans, and reviewing and approving loan applications. Projects must start by requesting placement on the MPCA's Project Priority List and preparing a facilities plan. Projects with MPCA approved facilities plans may request placement on the PFA's IUP for the year when they expect to start construction. Projects must be listed on the IUP and certified by the MPCA before the PFA can approve a loan. Borrowers must issue a general obligation bond to the PFA to secure the loan, which may be up to 30 years. **For more information, please contact: MPCA: Bill Dunn, Phone: 651-757-2324, E-mail: [bill.dunn@state.mn.us](mailto:bill.dunn@state.mn.us), or Web site: <http://www.pca.state.mn.us/ppl> or PFA: Jeff Freeman, Phone: 651-259-7465, E-mail: [jeff.freeman@state.mn.us](mailto:jeff.freeman@state.mn.us) or Web site: [www.positivelyminnesota.com/pfa](http://www.positivelyminnesota.com/pfa).**

**The Drinking Water Revolving Fund (DWSRF)** provides below-market rate loans to local governments and other public water suppliers for planning, design and construction of drinking water facilities. The DWSRF is jointly administered by the Minnesota Department of Health (MDH) and the Minnesota Public Facilities Authority (PFA). The MDH is responsible for preparing the Project Priority List and for reviewing projects to ensure they meet environmental and technical requirements. The PFA is responsible for the financial administration of the program, including preparing the annual Intended Use Plan (IUP), which list the projects eligible to apply for loans, and reviewing and approving loan applications. Projects must start by requesting placement on the MDH's Project Priority List. Projects on the Project Priority List may request placement on the PFA's IUP for the year when they expect to start construction. Projects must be listed on the IUP and certified by the MDH before the PFA can approve a loan. Local government borrowers must issue a general obligation bond to the PFA to secure the loan, which may be up to 30 years. **For more information, please contact: MDH: Chad Kolstad, Phone: 651-201-3972, E-mail: [chad.kolstad@state.mn.us](mailto:chad.kolstad@state.mn.us), Website: <http://www.health.state.mn.us/divs/eh/water/dwrf/> or PFA: Jeff Freeman, Phone: 651-259-7465, E-mail: [jeff.freeman@state.mn.us](mailto:jeff.freeman@state.mn.us) or Web site: [www.positivelyminnesota.com/pfa](http://www.positivelyminnesota.com/pfa).**

**The Wastewater Infrastructure Fund (WIF) Program** provides state supplemental assistance grants in conjunction with funding from the PFA's CWRP or USDA Rural Development to keep high cost projects affordable. The program provides grants based on affordability criteria set in state statutes for projects receiving loans from the CWRP, or to match USDA Rural Development grants based on their affordability criteria. The WIF program does not have a separate application process. Applicants eligible for USDA Rural Development funding must apply directly to Rural Development. Non-Rural Development projects must request placement on the CWRP Intended Use Plan and follow the PFA's loan application process. WIF funds are limited and funding follows the MPCA's Project Priority List.

**The Total Daily Maximum Load Grant (TMDL) Program** receives funding from Minnesota's Clean Water Legacy Fund. The program provides grants to assist municipalities with the costs of wastewater or stormwater projects necessary to meet a waste load allocation required by an EPA approved TMDL. The program provides grants for 50% of eligible costs up to a maximum of \$3,000,000. Projects must be listed on the Minnesota Pollution Control Agency's (MPCA) Project Priority List (PPL). Each year the PFA accepts TMDL grant applications in July. Eligible as-bid costs must be certified by the MPCA prior to grant award. Grants are awarded based on the estimated cost in the application or the as-bid cost, whichever is less. **For more information, please contact: MPCA: Bill Dunn, Phone: 651-757-2324, E-mail: [bill.dunn@state.mn.us](mailto:bill.dunn@state.mn.us), or Web site: <http://www.pca.state.mn.us/ppl> or PFA: Jeff Freeman, Phone: 651-259-7465, E-mail: [jeff.freeman@state.mn.us](mailto:jeff.freeman@state.mn.us) or Web site: [www.positivelyminnesota.com/pfa](http://www.positivelyminnesota.com/pfa).**

**Phosphorus Reduction Grant Program** receives funding from Minnesota's Clean Water Legacy Fund. The program provides grants to assist municipalities with the cost of wastewater treatment projects that will reduce their discharge of total phosphorus to one milligram per liter or less. The program provides grants for 50% of eligible costs up to a maximum of \$500,000. Projects must be listed on the Minnesota Pollution Control Agency's (MPCA) Project Priority List (PPL) and eligible as-bid costs must be certified by the MPCA prior to grant award. Grants are awarded based on the estimated cost in the application or the as-bid cost, whichever is less. **For more information, please contact: MPCA: Bill Dunn, Phone: 651-757-2324, E-mail: [bill.dunn@state.mn.us](mailto:bill.dunn@state.mn.us), or Web site: <http://www.pca.state.mn.us/ppl> or PFA: Jeff Freeman, Phone: 651-259-7465, E-mail: [jeff.freeman@state.mn.us](mailto:jeff.freeman@state.mn.us) or Web site: [www.positivelyminnesota.com/pfa](http://www.positivelyminnesota.com/pfa).**

**The Small Community Wastewater Treatment Program** receives funding from Minnesota's Clean Water Legacy Fund. The program provides grants and loans to assist municipalities with the costs of replacing failing Subsurface Sewage Treatment System (SSTS) with new individual or cluster SSTS that will be publicly owned and operated. Projects must be listed on the Minnesota Pollution Control Agency's (MPCA) Project Priority List (PPL). Technical assistance grants up to \$40,000 may be provided for a municipality to contract with consultants and licensed SSTS professionals for feasibility studies, site evaluations, and other technical assistance. Construction financing up to \$500,000 per year is provided in the form of 1% loans, and municipalities with median household income below the state average may receive 50% grants. **For more information, please contact: MPCA: Bill Dunn, Phone: 651-757-2324, E-mail: [bill.dunn@state.mn.us](mailto:bill.dunn@state.mn.us), or Web site: <http://www.pca.state.mn.us/index.php/water/water-types-and-programs/wastewater/wastewater-financial-assistance/wastewater-and-stormwater-financial-assistance.html?menuid=&redirect=1> or PFA: Jeff Freeman, Phone: 651-259-7465, E-mail: [jeff.freeman@state.mn.us](mailto:jeff.freeman@state.mn.us) or Web site: [www.positivelyminnesota.com/pfa](http://www.positivelyminnesota.com/pfa).**

## **USDA Rural Development**

Water and Environmental Programs (WEP) provides loans, grants and loan guarantees for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas and cities and towns of 10,000 or less. Public bodies, non-profit organizations and recognized Indian tribes may qualify for assistance. WEP also makes grants to nonprofit organizations to provide technical assistance and training to assist rural communities with their water, wastewater, and solid waste problems.

**Water and Waste Disposal Direct Loans and Grants Purposes:** To develop water and waste disposal systems in rural areas and towns with a population not in excess of 10,000. The funds are available to public bodies, non-profit corporations and Indian tribes.

**Eligibility:** To qualify, applicants must be unable to obtain the financing from other sources at rates and terms they can afford and/or their own resources. Funds can be used for construction, land acquisition, legal fees, engineering fees, capitalized interest, equipment, initial operation and maintenance costs, project contingencies, and any other cost that is determined by the Rural Development to be necessary for the completion of the project. Projects must be primarily for the benefit of rural users. **Terms:** The rates that are used to calculate these loans are subject to change quarterly. Loans are made based on the applicant's authority and the life expectancy of the system's project, which may be up to the maximum of 40 years.

**Requirements:** The material submitted with the application should include an application SF 424.2, two copies of the Preliminary Engineering Report, Environmental Report, population and median household income of the area to be served, current audits or financial information for the past three years, evidence of outstanding indebtedness, organizational documents, the applicant's IRS tax identification number, DUNS number, a proposed operating budget, and some certification forms. This loan program is based on repayment ability. These loans are calculated on similar systems rates, median household income, financial status of the system, and outstanding indebtedness. There are some systems that qualify for grant funding; however, grant funding availability is limited. Applicant contributions show ownership in the projects and are often recommended. These applicant contributions are the first money spent in any project. **Basic**

**Instruction:** RUS Instruction 1780. **Where to apply:** Applications are accepted at any time through our Rural Development State and Area Offices. To locate an office: [www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html).

## Small Communities in Need of Wastewater Treatment Solutions

The Southeast Minnesota Water Resources Board announces the availability of funds for small communities where some or all of the homes have inadequate sewage treatment resulting from failing septic systems. Up to \$3000 (with a required match) is available to communities for an assessment of current conditions such as lot sizes, soil conditions, and state of existing septic systems. Up to \$6000 (with a required match) is available to communities to fund an engineering feasibility study for a community wastewater treatment solution. **These funds cannot be used to install individual sewage treatment systems, however, contact the names below to find out if your county has loan funds available for this purpose.** For more information and to obtain the short application form, contact Sheila Craig, "Community Sewage Treatment Facilitator," 507-765-3896 or [scraig@co.fillmore.mn.us](mailto:scraig@co.fillmore.mn.us) if you are in Dodge, Fillmore, Houston, Olmsted, or Winona Counties or Aaron Wills, "Community Sewage Treatment Facilitator" 507-646-8400 or [aaron@crwp.net](mailto:aaron@crwp.net) if you are in Rice, Goodhue, Wabasha, Steele, or Le Sueur Counties.

## Minnesota Rural Water Finance Authority

The purpose of the **Minnesota Rural Water Finance Authority** is to provide an interim construction loan program to provide funding for communities which have received a permanent loan commitment from the United State Department of Agriculture, Rural Development (RD). The program is structured to provide a mechanism for obtaining competitive fixed rate loans for construction projects at a very low cost of borrowing. The stated or nominal loan rate is fixed at the market level. Loan funds are disbursed on an invoice requisition basis. The effective rate of funds is estimated at approximately 1% - 3% depending on the actual timing of disbursements. For more information: [www.mrwa.com/interimfinancing.htm](http://www.mrwa.com/interimfinancing.htm) or MRWA Administrator Ruth Hubbard at 800-367-6792.

## Midi Loan Program

**Minnesota Rural Water Association's Midi Loan Program.** This new program provides Minnesota units of government with a quick and low-cost alternative to conventional G.O. Bond Sales. It is most suitable for debt amounts of up to \$1 million, which can be repaid in 15 years or less. **Basic Credit Criteria:** **1.** Borrowers must have a population of 400; reduced to at least 200 if population has not declined since the 2000 census. **2.** Borrower's G.O. direct debt must be less than \$5,000 per capita, including the proposed debt amount and including any debt the borrowers plan to issue in the next 12 months. **3.** Debt must carry the full faith and credit G.O. Pledge of the borrower. **4.** Note amounts are limited to \$1 million or less, and repaid over 15 years or less. **Benefits to Borrowers:** •Easy application and immediate commitment. •Lower issuance costs – and smaller debt issues. •Flexible Prepayment. •Competitive Payments. •Free quotes and preliminary structuring. •Professional advisor support available as needed. These services are all part of the MIDI program. Feel free to use them. For more information: [www.mrwa.com/midi.htm](http://www.mrwa.com/midi.htm) or MRWA Administrator Ruth Hubbard at 800-367-6792 or Financial Advisor David Drown Associates at 612-920-3320.

## Micro Loan Program

The objective of **Minnesota Rural Water Association's Micro Loan Program** is to help Members finance small projects at the lowest possible cost. Program specifics: loans from \$30,000 to \$200,000 repaid in seven years or less, structured as single G.O. Note, tax-exempt, bank qualified, all loans placed with one bank, proceeds closed to a checking account at the same bank, loans with terms of two years or less can be prepaid at anytime at par; loans with terms over 2 years must pay a call premium of 0.5% if prepaid in the first two years. Benefits to borrowers: simple, quick, competitive interest rates, and low, fixed costs. For more information: [www.mrwa.com/microloan.htm](http://www.mrwa.com/microloan.htm) or MRWA Administrator Ruth Hubbard at 800-367-6792 or Financial Advisor David Drown Associates at 612-920-3320.

## MEGA Loan Program

**MEGA Loan Program.** This loan program makes available loans over \$1 million. Ask for a custom quote online at: [www.mrwa.com/wform12.htm](http://www.mrwa.com/wform12.htm) or MRWA Administrator Ruth Hubbard at 800-367-6792 or Financial Advisor David Drown Associates at 612-920-3320.