



Public Facilities Authority ● Pollution Control Agency ● Department of Health

## Financing Resilience and Adaptation

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# Minnesota Public Facility Authority (PFA)

- A multi-agency authority that provides infrastructure financing and manages revolving loan funds and grant programs for wastewater, drinking water and stormwater projects
  - Financing for publicly-owned facilities
  - Works in partnership with member agencies
    - Minnesota Pollution Control Agency (MPCA) – wastewater and stormwater treatment
    - Minnesota Department of Health (MDH) – drinking water
  - Coordinates with other state and federal agencies to fund projects

# Roles & Responsibilities

- Partner Agency (MPCA/MDH)

- Sets priorities
- Ranks projects
- Develop Project Priority Lists (PPLs)
- Technical review (reviews plans/specifications)
- Approve (certify) projects
- Review, approve change orders

- Public Facilities Authority

- Manage the funds
- Review applications
- Set interest rates, terms
- Award financing, disburse funds
- Collect payments
- On-going monitoring, compliance, audit review
- Prepares the Intended Use Plan (IUP) for the State Revolving Funds

# Water Financing Programs

*All PFA programs follow MPCA and MDH Project Priority Lists (PPLs)*

- State Revolving Funds
  - Clean Water Revolving Fund (CWRF)
  - Drinking Water Revolving Fund (DWRF)
- Water Infrastructure Funding (WIF)
- Point Source Implementation Grant
- Small Community Wastewater Treatment

# Resiliency Examples

- Examples of projects/components
  - Emergency generators, back-up wells, energy efficiency
  - Inflow/Infiltration, replacing undersized pipes
  - Regionalization & consolidation/connect to rural water systems, emergency interconnections (drinking water)
  - Relocate treatment plants
  - “Up-stream” work (non-point source loan programs – MPCA’s Clean Water Partnership, Agriculture’s Best Management Practices (AgBMP))
- PFA has financed resiliency projects/components for many years
- Eligibility determined by our partner agencies

# State Revolving Funds (CWRF & DWRF)

- Low interest loans for clean & drinking water projects
- Secured by a general obligation revenue bond issued by borrower to PFA
  - Eligible applicants must be able to issue GO debt
- Terms – 20 years; up to 30 for high cost projects (not exceed useful life)
- Drawdown based on incurred costs
- Semi-annual debt service payments

# State Revolving Funds (CWRF & DWRF)

- Can finance 100% of eligible project costs (as-bid, engineering, inspection)
- Federal/state requirements (bidding, prevailing wages, American Iron & Steel, Minority/Women Business Enterprises)
- Ongoing compliance for term of loan, independent audits, tax compliance certificates

## State Revolving Funds (CWRF & DWRF)

- Schedule the same, year after year...
- Seek placement on the Project Priority List (Partner Agency)
- Seek placement on the Intended Use Plan (PFA)
- If in fundable range; submit loan application and plans/specs within 6 months of IUP approval
- Other funding agencies encourage use of the PPL (Small Cities, USDA RD)



# Water Infrastructure Funding (WIF)

- State grants for high cost/high priority projects (DW & Wastewater)
- Two ways to access
  - Grants to match USDA Rural Development based on RD application process & funding criteria. If eligible for RD, must apply to RD
  - Grants combined with CWRF or DWRF when eligible system costs exceed 1.4% MHI; DW at 1.2% MHI
- Requires replacement fund (\$.50/1,000 gallons of flow) be set aside each year for future capital items

# Point Source Implementation Grants (PSIG)

- Applications accepted in July
- 80% grants up to \$7 M for the costs necessary to meet:
  - Total Daily Maximum Load (TMDL), phosphorus, other water quality-based effluent limits, total nitrogen limits
  - Check with PCA on project eligibility

# Small Community Wastewater Program

- Funding to help communities replace non-complying septic systems and straight pipes with new cluster subsurface sewage treatment systems
- Publicly owned, operated and maintained
- Technical assistance grants up to \$60,000 to evaluate options
- Construction loans and grants (affordability “WIF-like” formula)

## Case Studies

<b>City of Canby</b>			
Population	882		
Problem	Aging clay pipe with breaks and cracks that contributes to high inflow and infiltration		
Funding Program(s)	Clean Water State Revolving Fund (CWSRF)		
	CWSRF - Loan (30 years at 1.0%)		\$ 4,537,774
	CWSRF Principal Forgiveness		<u>\$ 978,464</u>
		Total	\$ 5,516,238
When Funded	Jul-18		
Results/Status	Replacement and rehabilitation of sanitary collection system infrastructure (Phase 2 project). Project is under construction.		

## Case Studies

<b>City of Heron Lake</b>		
Population	626	
Problem	Potential public health due to lack of reliable water supply.	
Funding Program(s)	Drinking Water State Revolving Fund (DWSRF)	
	DWSRF - Loan (30 years at 1.00%)	\$ 450,962
	WIF grant (PFA)	<u>\$ 1,264,615</u>
		Total \$ 1,715,577
When Funded	Aug-17	
Results/Status	Connected to Red Rock Rural Water system and disconnected the existing water plant from the City's water system. Construction is complete.	

## Case Studies

<b>Cities of Kasson &amp; Mantorville</b>		
Population (combined)	7,332	
Problem	Mantorville's plant at end of useful life; Kasson's original plant not designed to handle excessive peak flows; issues with backups during rain events.	
Funding Program(s)	PSIG (Kasson \$489,494; Mantorville \$1,875,338)	\$ 2,364,832
	CWRF Loan (Kasson \$2,875,500; Mantorville 468,834)	<u>\$ 3,344,334</u>
	Total	\$ 5,709,166
When Funded	Nov-17	
Results/Status	Upgrade to Kasson's plant, including work to address a more stringent phosphorus limit; Mantorville connect to Kasson thereby eliminating a discharge. Project is complete.	

## Case Studies

<b>City of Waubun</b>			
Population	400		
Problem	Potential public health problems due to aging watermains that have been subject to breaks, cracks and corrosion.		
Funding Program(s)	WIF grant (PFA)		\$ 600,000
	USDA Rural Development - Grant		\$ 1,289,000
	USDA Rural Development - Loan		\$ 1,284,000
	MN Small Cities Development Program grant (CDBG)		<u>\$ 600,000</u>
		Total	\$ 3,773,000
When Funded	Aug-18		
Results/Status	Project is beginning construction.		



### Information & Resources

- <https://mn.gov/deed/pfa/>
- Becky Sabie PFA Program Coordinator 651-259-7470
- Bill Dunn, MPCA Program Coordinator 651-757-2324
- Chad Kolstad, MDH Program Coordinator 651-201-3972



## Other Resiliency Projects

- Western Lake Superior Sanitary District, Metropolitan Council, Saint Cloud – energy related
- Faribault
- Le Sueur-Henderson
- St. Peter
- Minneapolis stormwater

