

(\$ in thousands)

Project Title	Rank	Fund	Project Requests for State Funds			Gov's Rec	Gov's Planning Estimates	
			2020	2022	2024	2020	2022	2024
Water Infrastructure Initiative: State Match for Federal Grants to State Revolving Fund Loan Programs	1	GO	25,000	25,000	25,000	25,000	25,000	25,000
Water Infrastructure Initiative: Water Infrastructure Funding Program	2	GO	100,000	100,000	100,000	100,000	100,000	100,000
Water Infrastructure Initiative: Point Source Implementation Grants Program	3	GO	75,000	75,000	75,000	75,000	75,000	75,000
Total Project Requests			200,000	200,000	200,000	200,000	200,000	200,000
General Obligation Bonds (GO) Total			200,000	200,000	200,000	200,000	200,000	200,000

mn.gov/pfa

AT A GLANCE

- PFA manages revolving loan funds and grant programs to help local governments statewide build wastewater, storm water, drinking water and transportation infrastructure.
- Since 1990, PFA has made 1,030 loans to local governments totaling \$4.1 billion. These below-market-rate loans have provided an estimated \$911 million in interest savings to local governments and their residents.
- Over the past ten years PFA has awarded \$464 million in grants to local governments based on affordability criteria and to address specific water quality goals and objectives.
- PFA has allocated \$90.8 million within its clean water revolving fund to nonpoint source loan programs administered by other agencies. The Minnesota Department of Agriculture's Best Management Practices program and the Pollution Control Agency's Clean Water Partnership program have used these funds and revolving loan repayments to provide \$268 million in low and no-interest loans to help landowners reduce nonpoint source pollution.

PURPOSE

The Minnesota Public Facilities Authority (PFA) is a multi-agency authority that provides financing and technical assistance to local governments for infrastructure projects that support a thriving economy and a clean, healthy environment.

PFA priorities are to 1) manage capital assets (currently \$2.3 billion) to ensure a stable source of infrastructure financing in perpetuity; 2) provide financing programs to support water quality, public health, and other priorities identified by PFA member agencies; and 3) help local governments maintain and improve the condition of their water infrastructure assets while keeping costs affordable for their residents.

STRATEGIES

The PFA Board is composed of commissioners of the Departments of Employment and Economic Development, Minnesota Management and Budget, Health, Agriculture, Transportation, and the Pollution Control Agency. PFA manages its infrastructure financing programs to maximize economic, environmental, and public health outcomes. PFA partner agencies are responsible for determining project priorities, conducting technical and environmental reviews, and certifying approved projects to the PFA for funding.

PFA staff is responsible for determining that full project financing is in place and that the applicant has established dedicated revenues to pay debt service and operation and maintenance costs. When an application is approved and construction bids are accepted by the applicant, PFA executes a project financing agreement, disburses funds as eligible project costs are incurred, and collects loan repayments. During project planning and design stages, PFA coordinates funding activities with other state and federal partners to leverage resources and minimize duplication, administrative costs, and confusion for the applicants.

M.S. 446A (<https://www.revisor.mn.gov/statutes/?id=446A>) provides the legal authority for PFA.

AT A GLANCE

- The Minnesota Public Facilities Authority (PFA) is a multi-agency authority that provides financing and technical assistance to local governments for infrastructure projects that support a thriving economy and a clean, healthy environment.
- The PFA manages three revolving funds, several grant and loan programs, and has authority to issue \$2.0 billion in revenue bonds to raise capital to make loans.
- All major programs are managed in conjunction with PFA member agencies, which establish priorities and provide technical review of projects before funding is approved.

Strategic goals of the PFA are:

- To manage capital assets (currently \$2.2 billion) to ensure a stable source of infrastructure financing in perpetuity.
- To provide financing programs to support water quality, public health, and other priorities identified by PFA member agencies.
- To help local governments maintain and improve their water infrastructure assets while keeping costs affordable for their residents.

Factors Impacting Facilities or Capital Programs

Factors affecting the demand for infrastructure financing include aging municipal infrastructure that is at or beyond its useful life, treatment upgrades needed to restore impaired waters and protect threatened waterbodies, improvements to address chemical and other contamination threats to drinking water systems and new standards to protect public health and safety, a growing awareness of water quality impacts from stormwater runoff and failing septic systems in unsewered communities, and population growth and economic trends. In addition there are the challenges of meeting these needs while being mindful of the importance of energy and water conservation, and in the context of a global economy that puts pressure on communities to keep costs of public services priced competitively.

The PFA manages its clean water loan and grant programs in conjunction with the Pollution Control Agency (PCA). Funding priorities for all PFA clean water programs follow the PCA's Project Priority List (PPL) that ranks wastewater and stormwater projects based on age and condition of existing infrastructure and environmental and public health factors. The 2020 clean water PPL lists 244 projects totaling \$1.4 billion that are seeking funding for construction over the next five years.

The PFA manages its drinking water loan and grant programs in conjunction with the Department of Health (MDH). Funding priorities follow the MDH Project Priority List (PPL) that lists drinking water projects based on age and condition of existing infrastructure and public health factors. The 2020 drinking water PPL lists 372 projects totaling \$740 million that are seeking funding for construction over the next five years.

Self-Assessment of Agency Facilities and Assets

The PFA does not own or operate any facilities.

Agency Process for Determining Capital Requests

Local government requests for water infrastructure funding exceeds \$300 million per year for wastewater projects and \$200 million per year for drinking water projects. The Clean Water Revolving Fund (CWRF) and

Drinking Water Revolving Fund (DWRF) loan programs are the state’s primary source of financial assistance to help local governments meet their water infrastructure needs, but the annual lending capacity of these revolving loan funds is far less than demand. Even with low interest PFA loans, project costs are unaffordable for many communities and grant funds are needed to reduce the level of borrowing.

State Match to Federal Grants to State Revolving Loan Programs. The PFA’s highest priority capital request is for state matching funds to federal capitalization grants for the Clean Water and Drinking Water Revolving Funds. The requested \$25 million will provide the required 20% match for estimated 2021-2022 federal grants up to \$125 million and help build future lending capacity. State match appropriations are directly used to make loans for eligible project costs. However the impact of the state appropriations is much greater due to the leveraged nature of the revolving loan programs. Overall, since the beginning of the programs, each \$1 of state matching funds has generated over \$14 in project construction and more than \$3 in interest savings for local taxpayers.

Water Infrastructure Fund (WIF). The WIF provides supplemental grants to communities for high cost wastewater and drinking water projects. WIF grants help communities implement high priority projects that would otherwise be unaffordable. WIF grants are awarded in conjunction with PFA loans or as match to USDA Rural Development funding for small rural communities. The PFA WIF request of \$100 million is based on estimated grant needs for projects expected to be ready for construction over the next two years.

Point Source Implementation Grants (PSIG) Program. The PSIG program provides grants to help cities upgrade treatment facilities to meet more stringent treatment requirements established by the Pollution Control Agency. The PFA PSIG request of \$75 million is based on estimated grant needs for projects expected to be ready for construction over the next two years.

The PFA capital requests were reviewed by the PFA Board on June 4, 2019 and were approved for submission to Minnesota Management and Budget.

Major Capital Projects Authorized in 2018 and 2019

The following table lists the 83 local governments that received loans and grants during fiscal years 2018-2019 from PFA’s CWRF, DWRF, WIF, and PSIG programs for water infrastructure projects:

Albert Lea	Eden Valley	Lucan	Sacred Heart
Alden	Elbow Lake	Mankato	Saint Cloud
Bagley	Erskine	Mantorville	Sherburn
Bird Island	Evansville	Met Council Env. Serv.	Stewart
Blue Earth	Eveleth	Minneapolis	Tonka Bay
Breckenridge	Faribault	Morris	Two Harbors
Browerville	Fertile	Nashwauk	Verndale
Brownston	Frazee	New London	Waseca
Canby	Gilbert	Nobles County	Waubun
Carlton	Glencoe	Northrop	Waverly
Chisholm	Glenwood	Oronoco Township	Welcome
Clarissa	Glyndon	Osakis	W. Lake Superior SD
Cloquet	Greenbush	Oslo	Wheaton
Columbia Heights	Grove City	Ostrander	Wheeler's Point SD
Courtland	Heron Lake	Pemberton	Willmar
Crystal Bay Twp	Houston	Pine River	Windom
Dalton	Hoyt Lakes	Pipestone	Winger
De Graff	Inver Grove Heights	Randall	Winnebago
Detroit Lakes	Kasson	Randolph	Winsted
Eagle Bend	Kelliher	Rice County	Zumbro Township
Echo	Lowry	Rice Lake	

(\$ in thousands)

Water Infrastructure Initiative: State Match for Federal Grants to State Revolving Fund Loan Programs

AT A GLANCE

2020 Request Amount: \$25,000

Priority Ranking: 1

Project Summary: The Public Facilities Authority (PFA) requests \$25,000,000 for deposit to the Clean Water Revolving Fund (MS 446A.07) and the Drinking Water Revolving Fund (MS 446A.081) to make loans to local governments for clean water and drinking water infrastructure projects. The funds will provide the required 20% state match for estimated federal FY 2021-22 capitalization grants for the state revolving loan funds and build future lending capacity to meet demand.

Project Description

The Clean Water Revolving Fund provides low cost financing for municipal wastewater treatment facilities, sewer collection systems and stormwater treatment facilities. Demand for clean water loans is driven by the need to replace aging facilities and sewer lines, provide additional treatment capacity, and meet more stringent treatment requirements.

The Drinking Water Revolving Fund provides low cost financing for municipal drinking water systems, including treatment plants, water towers, water mains, wells and pump houses. Demand for drinking water loans is driven by the need to replace aging facilities, provide additional treatment to meet required public health standards, and replace old water mains to minimize water loss and contamination problems.

Each year the PFA receives funding requests for more than 200 wastewater, stormwater, and drinking water infrastructure projects totaling over \$400 million, more than double the sustainable long-term annual lending capacity of the Clean Water and Drinking Water Revolving Funds. Additional federal and state support is needed to build lending capacity in order to continue to meet high priority water infrastructure needs.

The PFA's Clean Water and Drinking Water Revolving Funds have a proven track record as effective and efficient programs to finance municipal water infrastructure projects. The AAA ratings of the PFA's clean water and drinking water revenue bonds from Standard and Poors, Fitch, and Moody's reflects the financial strength of the Funds, the credit quality of Minnesota communities, and the PFA's experienced staff and sound financial management.

Project Rationale

The PFA's clean water and drinking water revolving loan programs are important infrastructure financing tools to help communities throughout the state reduce borrowing costs for essential infrastructure to serve their residents and businesses and meet public health and environmental requirements. Under federal and state law, PFA loans are made at below-market interest rates. Since inception the PFA has made \$4.2 billion in low interest loans from these two revolving funds, resulting in savings to local taxpayers of over \$1.1 billion compared to market rate financing.

Through the PFA's revolving loan programs, the impact of the state match funds is leveraged by federal funds, loan repayments, and the PFA's AAA rated revenue bonds. Overall, each dollar of state matching funds to date has generated over \$14 in project construction. Savings to local taxpayers from PFA low-interest loans is approximately \$4 for every \$1 of state matching funds.

Project Timeline

Loans are awarded in an on-going process after complete applications are approved.

Other Considerations

Eligible projects are prioritized based on environmental and public health criteria and ranked by the Pollution Control Agency (for wastewater and stormwater projects) and the Health Department (for drinking water projects) on their annual project priority lists, ensuring that limited funds are targeted to the highest priority projects.

Impact on Agency Operating Budgets

Operating costs for the Clean Water and Drinking Water Revolving Funds are paid from fees up to 2% collected on loan repayments. These fees are taken from the interest portion of the loan repayments and are not an additional cost to the borrowers. Fee revenues cover the administrative expenses for these programs incurred by the PFA, the Minnesota Pollution Control Agency (MPCA), and the Minnesota Department of Health (MDH).

Description of Previous Appropriations

Prior appropriations for state match to US EPA capitalization grants:

1987	\$ 3,200,000
1989	\$ 4,700,000
1990	\$15,600,000
1992	\$ 7,500,000
1993	\$ 4,000,000
1994	\$13,400,000
1996	\$ 4,000,000
1997	\$ 4,444,000
1998	\$24,000,000
1999	\$ 2,200,000
2000	\$14,893,000
2002	\$16,000,000
2005	\$14,380,000
2006	\$38,800,000
2008	\$30,000,000
2010	\$30,000,000
2012	\$ 8,500,000
2013	\$ 8,000,000
2014	\$12,000,000
2017	\$17,000,000
2018	\$14,000,000

2019 \$ 6,000,000

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Governor's Recommendation

The Governor recommends \$25 million in general obligation bonds for this request. Also included are budget estimates of \$25 million for each planning period for 2022 and 2024.

(\$ in thousands)

Water Infrastructure Initiative: State Match for Federal Grants to State Revolving Fund Loan Programs
PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2020	FY 2022	FY 2024
State Funds Requested				
General Obligation Bonds	\$ 0	\$ 25,000	\$ 25,000	\$ 25,000
Funds Already Committed				
Other Funding	\$ 4,180,265	\$ 0	\$ 0	\$ 0
Pending Contributions				
Other Funding	\$ 0	\$ 365,000	\$ 365,000	\$ 365,000
TOTAL	\$ 4,180,265	\$ 390,000	\$ 390,000	\$ 390,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2020	FY 2022	FY 2024
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 4,180,265	\$ 390,000	\$ 390,000	\$ 390,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 4,180,265	\$ 390,000	\$ 390,000	\$ 390,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2020	FY 2022	FY 2024
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 25,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	Yes
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?	Yes
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	Yes
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2024?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 473.4485: Guideway Project	
Is this a Guideway Project?	N/A
Is the required information included in this request?	N/A

Water Infrastructure Initiative: Water Infrastructure Funding Program**AT A GLANCE****2020 Request Amount:** \$100,000**Priority Ranking:** 2

Project Summary: The Public Facilities Authority (PFA) requests \$100,000,000 for the Water Infrastructure Funding (WIF) program (MS 446A.072). WIF provides grants to local governments based on affordability criteria. WIF grants supplement low-interest loans from the PFA's clean water revolving fund (CWRF) or drinking water revolving fund (DWRf) or match funding from the U.S. Department of Agriculture Rural Development. PFA recommends \$60,000,000 for wastewater projects and \$40,000,000 for drinking water.

Project Description

WIF grants are targeted to the highest priority projects based on environmental and public health criteria as determined by MPCA or MDH through their clean water and drinking water project priority lists. The WIF program supplements other funding to help communities address their existing water infrastructure needs while keeping costs affordable for their residents.

WIF grants are not awarded until projects are ready to start construction. Each year that WIF funds are available, funds are reserved for projects in priority order after design plans and specifications are approved and certified by MPCA or MDH, or after a funding commitment by USDA Rural Development.

Project Rationale

WIF grants are needed to assist financially challenged communities with high priority water infrastructure projects that would otherwise not be affordable for local residents. WIF grants are capped at \$5,000,000 or \$20,000 per connection, whichever is less, unless specifically approved by law. WIF eligible project costs are only those costs necessary to meet existing needs, not to address future growth.

Based on criteria established in M.S. 446A.072, Subd. 5a, municipalities that receive CWRF loans are eligible for WIF grants if the average per household system cost exceeds 1.4% of median household income. Municipalities that receive Drinking Water Revolving Fund loans are eligible for WIF grants if the average per household system cost exceeds 1.2% of median household income.

For USDA Rural Development projects, the WIF program provides up to 65 percent of the grant need as determined by USDA Rural Development based on their affordability criteria for small rural communities. The unique state/federal partnership with USDA Rural Development helps coordinate assistance for small rural communities, making it easier for them to access funding. Providing WIF grants to match USDA Rural Development funding helps the Minnesota USDA office fund more projects by obligating its allotted federal funds and then accessing the national pool for additional funds for Minnesota communities.

Project Timeline

Grants are awarded in an on-going process after complete applications are approved.

Other Considerations

For cities to make the necessary up-front investments in pre-construction work, they need to have confidence that funding will be available when their projects are ready for construction. The MPCA and MDH project priority lists rank projects for which cities are seeking funding for construction within a five year period. The current priority lists include more than 100 projects with unfunded WIF needs over \$100 million, and additional new projects with WIF needs are expected to submit proposals for the 2020 priority lists. In the fall of 2019 the PFA will survey cities with projects on the project priority lists to more accurately determine estimated WIF needs and project schedules for the PFA's report on estimated funding needs to the Legislature in February 2020.

Impact on Agency Operating Budgets

The WIF program is administered in conjunction with the PFA's Clean Water Revolving Fund and Drinking Water Revolving Fund programs and administrative costs are paid from fees collected on CWRP and DWRP loan repayments. For projects receiving WIF grants to match funding from USDA Rural Development, the state/federal partnership is a cost effective strategy that uses USDA field staff to conduct much of the field work involved in reviewing applications and monitoring projects through construction.

Description of Previous Appropriations

Prior appropriations for the WIF program:

1987	\$	3,240,951
1989	\$	390,000
1990	\$	380,970
1996	\$	17,500,000
1997	\$	7,000,000
1998	\$	15,300,000
1999	\$	20,500,000
2000	\$	17,300,000
2003	\$	13,500,000
2005	\$	26,903,338
2006	\$	22,996,039
2008	\$	15,028,056
2010	\$	27,000,000
2011	\$	20,000,000
2012	\$	15,000,000
2014	\$	18,333,000
2015	\$	10,000,000
2017	\$	55,000,000
2018	\$	25,000,000
2019	\$	14,652,000

Project Contact Person

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Governor's Recommendation

The Governor recommends \$100 million in general obligation bonds for this request. Also included are budget estimates of \$100 million for each planning period for 2022 and 2024.

(\$ in thousands)

Water Infrastructure Initiative: Water Infrastructure Funding Program

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2020	FY 2022	FY 2024
State Funds Requested				
General Obligation Bonds	\$ 122,985	\$ 100,000	\$ 100,000	\$ 100,000
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 122,985	\$ 100,000	\$ 100,000	\$ 100,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2020	FY 2022	FY 2024
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 122,985	\$ 100,000	\$ 100,000	\$ 100,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 122,985	\$ 100,000	\$ 100,000	\$ 100,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2020	FY 2022	FY 2024
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 100,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	Yes
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?	Yes
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	Yes
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2024?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 473.4485: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A

Water Infrastructure Initiative: Point Source Implementation Grants Program**AT A GLANCE****2020 Request Amount:** \$75,000**Priority Ranking:** 3**Project Summary:** The Public Facilities Authority (PFA) requests \$75,000,000 for the Point Source Implementation Grants (PSIG) program under MS 446A.073 to provide grants to cities to help pay for treatment plant upgrades to address water quality restoration and protection goals.**Project Description**

The PSIG program provides grants for infrastructure construction projects needed to meet more stringent permit requirements to address specific water quality goals. The Public Facilities Authority (PFA) administers the program in partnership with the Pollution Control Agency (PCA). Proposed projects must be ranked on the PCA's project priority list (PPL) and the PCA reviews and approves projects prior to grant award. PFA does not award a grant until full project funding is in place, which may include local funds and other PFA funds.

Project Rationale

Through Minnesota's interagency water management framework, specific impaired and threatened water bodies are identified where pollutant reductions are needed to meet water quality standards. Watershed restoration and protection strategies are developed to guide point source and nonpoint source implementation activities. The PSIG program provides grants to help municipalities construct wastewater, stormwater, and drinking water treatment projects when the Pollution Control Agency determines that higher levels of treatment are necessary to meet water quality goals. These include projects to meet Total Maximum Daily Load (TMDL) requirements and water quality based effluent limits for phosphorus, chlorides, and other pollutants.

Project Timeline

Grants are awarded in an on-going process after complete applications are approved.

Other Considerations

Proposed projects are ranked by the PCA on its annual Project Priority List and cities submit PSIG grant applications in July prior to the year of anticipated construction. The PFA currently has unfunded applications for over \$60 million in PSIG grant needs and expects to receive additional applications in July 2019.

Bonding appropriations for the PSIG program supplement appropriations from the Clean Water (Legacy) Fund.

The PFA and PCA track project completions by watershed. Through its monitoring and enforcement activities, the PCA verifies that completed projects meet the required permit limits and conditions, and monitors progress toward overall water quality goals through its watershed monitoring program.

Impact on Agency Operating Budgets

Administrative costs are paid partially from PSIG grant application fees of 1/2 of 1%, collected under MS 446A.04 Subd. 5. The PSIG program is administered in conjunction with the PCA's Clean Water PPL, so a portion of the Clean Water Revolving Fund loan fees are also used for PSIG administration.

Description of Previous Appropriations

Previous appropriations for the PSIG program from FY 2013-2019 are shown below.

2013 \$18,000,000 Clean Water (Legacy) Fund

2015 \$18,000,000 Clean Water (Legacy) Fund

2017 \$15,750,000 Clean Water (Legacy) Fund

2017 \$33,737,000 G.O. Bond Proceeds Fund

2019 \$38,348,000 G.O. Bond Proceeds Fund

2019 \$18,000,000 Clean Water (Legacy) Fund

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Governor's Recommendation

The Governor recommends \$75 million in general obligation bonds for this request. Also included are budget estimates of \$75 million for each planning period for 2022 and 2024.

(\$ in thousands)

Water Infrastructure Initiative: Point Source Implementation Grants Program

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2020	FY 2022	FY 2024
State Funds Requested				
General Obligation Bonds	\$ 72,085	\$ 75,000	\$ 75,000	\$ 75,000
Other Funding	\$ 51,750	\$ 0	\$ 0	\$ 0
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 123,835	\$ 75,000	\$ 75,000	\$ 75,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2020	FY 2022	FY 2024
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 123,835	\$ 75,000	\$ 75,000	\$ 75,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 123,835	\$ 75,000	\$ 75,000	\$ 75,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2020	FY 2022	FY 2024
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 75,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	Yes
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?	Yes
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	Yes
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2024?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 473.4485: Guideway Project	
Is this a Guideway Project?	N/A
Is the required information included in this request?	N/A