Welcome

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Director of Funding
Over 20 Years of public and nonprofit community development and grant writing

Nancy Thorkelson
Senior Funding Specialist
Over 34 years of experience with Bolton & Menk
Acronyms are a given when working with public agencies. Let’s find out what they all mean....
**Acronyms**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>IJJA</td>
<td>Infrastructure Investment and Jobs Act</td>
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<tr>
<td>PFA</td>
<td>Public Facilities Authority</td>
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<tr>
<td>CWRF/DWRF</td>
<td>Clean Water/Drinking Water Revolving Fund</td>
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<tr>
<td>PPL</td>
<td>Project Priority List</td>
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<tr>
<td>IUP</td>
<td>Intended Use Plan</td>
</tr>
<tr>
<td>WIF</td>
<td>Water Infrastructure Fund</td>
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<tr>
<td>PSIG</td>
<td>Point Source Implementation Grant</td>
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<tr>
<td>LSLR</td>
<td>Lead Service Line Replacement</td>
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<tr>
<td>USDA RD</td>
<td>US Department of Agriculture - Rural Development</td>
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<tr>
<td>DEED</td>
<td>MN Department of Employment and Economic Development</td>
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<tr>
<td>SCDP</td>
<td>Small Cities Development Program</td>
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<tr>
<td>MDH</td>
<td>MN Department of Health</td>
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<tr>
<td>MPCA</td>
<td>MN Pollution Control Agency</td>
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<td>AIS</td>
<td>American Iron &amp; Steel</td>
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**PFA**

**Public Facilities Authority**

- State Revolving Fund
- Grant Resources

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>CWRF</td>
<td>Low-interest Loan for sanitary and (storm) system improvements</td>
</tr>
<tr>
<td>DWRF</td>
<td>Low-interest Loan for water system improvements</td>
</tr>
<tr>
<td>WIF</td>
<td>Affordability grant. Only available through use of CW/DWRF or USDA-RD</td>
</tr>
<tr>
<td>PSIG</td>
<td>Grant to address sanitary discharge limits. Can be stand alone</td>
</tr>
<tr>
<td>LSLR</td>
<td>Grant to address drinking water standards. Only available through CW/DWRF</td>
</tr>
<tr>
<td>Emerging Contaminants</td>
<td>Grant to address replacement of lead service lines</td>
</tr>
</tbody>
</table>
Minnesota Lead Service Line Funding

2022-2023

- $240 Million
  Appropriated from Minnesota Legislature

- $43 Million
  Infrastructure Investments and Jobs Act (IIJA)

- $283 Million
  MN Public Facilities Authority (PFA)

- $28.3 Million
  LSL Inventory Technical Assistance Grants

- $254.7 Million
  LSL Replacement funding through Drinking Water Revolving Fund

2024-2028

- $10 Million in Governor’s 2024 budget recommendation and 2026 and 2028 planning estimates
- Approximately $40 Million/year 2024-2026 from IIJA

Lead Service Line Replacement Funding

KEY TAKEAWAYS:

- All replacement funds pass through the MN Public Facilities Authority Drinking Water Revolving Fund Program (DWRF)
- Apply for the MDH Project Priority List (PPL) and PFA Intended Use Plan (IUP)
- LSL replacements will be at no public or private cost (for now)
Annual PFA Funding Cycle

- **CWRF**: Submit PPL and Facility Plan to MPCA by first Friday in March

PPL Website: [Wastewater and stormwater financial assistance | Minnesota Pollution Control Agency](https://state.mn.us)

- Application (2-pages, community and system details)
- Scoring Worksheet
- Facility Plan* (engineering report)

*Only necessary if also intending to list a project on the IUP
Annual PFA Funding Cycle

- **CWRF**: Submit PPL and Facility Plan to MPCA by first Friday in March
- **DWRF (including LSLR)**: Submit PPL to MDH by first Friday in May.

PPL Website: [Drinking Water Revolving Fund Project Priority List - MN Dept. of Health (state.mn.us)](https://state.mn.us)

- Application (“abbreviated engineering report”)
- Template format provided on MDH website
Annual PFA Funding Cycle

• **CWRF**: Submit PPL and Facility Plan to MPCA by first Friday in March
• **DWRF (including LSLR)**: Submit PPL to MDH by first Friday in May.
• **CW/DWRF**: Submit Intended Use Plan (IUP) request to PFA Loan Officer by first Friday in June.

PFA Website: [Public Facilities Authority (PFA) / Public Facilities Authority (mn.gov)]

- IUP Application (letter summarizing PPL request(s))
- Can also submit at the same time as the PPL- copy all relevant agencies
Annual PFA Funding Cycle

- CWRF: Submit PPL and Facility Plan to MPCA by first Friday in March.
- DWRF (including LSLR): Submit PPL to MDH by first Friday in May.
- CW/DWRF: Submit Intended Use Plan (IUP) request to PFA by first Friday in June.
- PPL/IUP lists published in September. Eligible projects are listed on Part B of the IUP.

Public Facilities Authority (PFA) / Public Facilities Authority (mn.gov)

- Once listed on the IUP, the project is eligible to Certify and Fund by:
  - Plan and specification approval by MDH and/or MPCA
  - Loan application to PFA
  - Environmental Clearance
Annual PFA Funding Cycle

Not ready to move forward after all? That’s okay!

- Submit a new IUP request by the next June deadline
- PPL Applications are good for FIVE YEARS
- IUP Applications must be renewed every year if a project does not certify by June 30th

LSL Replacement Projects

LSL Replacement included in a utility project
- Project with city bonding only- must follow PFA guidelines if bid under one contract
- Project with PFA financing- follow the same guidelines

LSL Replacement as a stand-alone project
- Past projects with known lead services
- Addressing a large number of services at once

Work with your consultant to determine the best option for your system

MDH has great resources on their website!
**USDA- RD**

*United States Department of Agriculture- Rural Development*

- Water & Waste Disposal Program
- Loan and Grant Resources

**40-Year Financing**
- Low-interest loans to address water and sanitary system rehabilitation

**SEARCH Grant**
- Up to $30,000 of assistance for the Preliminary Engineering Report

**Affordability Grant**
- May come through USDA or PFA WIF program

**Demographic Limits**
- Rural communities with population under 10,000

**Open Application**
- No application deadlines. Apply whenever your community is ready

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**DEED**

*Department of Employment and Economic Development*

- Small Cities Development Program (SCDP)
- Public Facilities Grant

**Affordability Grant**
- Up to $600,000 to address water and sanitary system rehabilitation*

**Gap Funding**
- Often coupled with USDA-RD or PFA to meet affordability need

**Stand-Alone Grant**
- Can be a stand-alone funding source for a project

**Income Limits**
- Community or benefitting area must be at least 51% LMI

**Annual Application**
- Annual competitive application for non-entitlement communities**

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*Other primary funded activities include housing and commercial rehabilitation

**Cities under 50,000 and Counties under 200,000
Affordability Grants

Both PFA and USDA-RD offer affordability grant options:

- **PFA (WIF)**: 80% of project cost up to $5,000,000
- **USDA-RD**: Median Household Income* (MHI) is used to determine grant thresholds:
  - > $75,750: Not Grant Eligible
  - $60,600 - $75,749: Up to 45% of project cost
  - < $60,600: Up to 75% of project cost
    - Must also have a health and safety issue

*USDA-RD is currently using the 2017-2021 ACS Census Data.

Affordability Determinations

Four Elements of Affordability

Affordability Thresholds for PFA and USDA RD

Affordability Cost Per Household Calculation

Using Affordability Calculation to Evaluate Additional Debt Capacity
### Four Elements of Affordability

Affordability is Based on Four Main Elements:

- Operation and Maintenance (O&M) Costs of the system being financed
- Community Median Household Income (MHI) from census estimates
- Debt for improvements to the system being financed
- Equivalent Residential Units (ERUs) in the community

The total cost per household to operate, maintain and pay debt on the system proposed for improvement must be higher than the affordable monthly cost per household as established by each Program:

\[
\frac{\text{MHI} \times \text{Affordability} \%}{12} = \text{Affordable cost per household/month}
\]

<table>
<thead>
<tr>
<th>System</th>
<th>PFA</th>
<th>USDA-RD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean (Sanitary) Water</td>
<td>1.4%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Drinking Water</td>
<td>1.2%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

### Affordable Cost Per Household Calculation

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<tr>
<th>System</th>
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MHI = $50,000

Program= PFA Drinking Water

\[
\frac{\text{MHI} \times \text{Affordability} \%}{12} = \text{Affordable cost per household/month}
\]

\[
\frac{($50,000 \times 1.2\%)}{12} = $50.00/\text{month}
\]

- $50.00 represents the monthly cost per household the PFA DW Program deems “affordable” to operate the drinking water system.
- Each Utility is evaluated separately, and affordability is not an aggregate of ALL utilities.
Using Affordability Calculation to Evaluate Additional Debt Capacity

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income (MHI)</td>
<td>$50,000</td>
</tr>
<tr>
<td>Total Equivalent Residential Units (ERUs)</td>
<td>4,000</td>
</tr>
<tr>
<td>Max Monthly Water Cost per ERU (1.2% of MHI)</td>
<td>$50.00</td>
</tr>
<tr>
<td>Max Yearly Revenue at 1.2% MHI</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>Operations and Maintenance</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>Average Yearly System Debt Service (P&amp;I)</td>
<td>$500,000</td>
</tr>
<tr>
<td>Total Yearly Expenditures</td>
<td>$2,100,000</td>
</tr>
<tr>
<td>Excess in Yearly Funds at Max Revenue</td>
<td>$300,000</td>
</tr>
<tr>
<td>Yearly Debt Service Payment at 2% Interest Over 20-year Term Per $1.0M Loan</td>
<td>$60,000</td>
</tr>
<tr>
<td>Debt Capacity Range</td>
<td>$5M</td>
</tr>
</tbody>
</table>

Supplemental Funding Resources

**USDA**
- Community Facilities Program
  - Rural communities under 20,000 in population
  - Street improvements not eligible through infrastructure funding also funded by USDA

**MNDOT**
- State Aid
- Local Road Improvement Program (LRIP)
- Local Partnership Program (LPP)

**DEED**
- SCDP- Public Facility Streetscape Grant
- Greater MN Business Development Public Infrastructure (BDPI) Grant
Supplemental Resources

Project Examples:
Do the proposed improvements involve any of the following?

- MnDOT Highways or connection to MnDOT highways?
- County roads or crossing of county roads
- City streets that connect highways to grain elevators or schools
- Providing access and utilities to newly developed business* areas

Local Partnership Program (LPP)
County state aid funding
Local road Improvement Program (LRIP)
DEED Business Development Public Infrastructure (BDPI)

*Industrial, manufacturing, warehousing, including speculative industrial parks

Agency Partnerships

Capitalize on potential partnerships to bring additional funds to the table:

- County Five-Year Plans
  Talk to the county, research their planning documents

- MnDOT Local Partnership Program (LPP)
  MnDOT districts annually solicit for applications for projects that solve transportation issues on Trunk Highways where locally led projects benefit both the agencies.

- MnDOT Capital Highway Investment Plan (CHIP) and State Transportation Improvement Program (STIP)
  Identify future MnDOT projects
  Contact MnDOT early in the process
  Contact MnDOT to request a scoping study
Project Funding Success Stories

CAPITALIZING ON PARTNERSHIPS- City of Morgan:

<table>
<thead>
<tr>
<th>Morgan Infrastructure Improvements</th>
<th>Funding Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>RD Loan</td>
<td>$12,432,000</td>
</tr>
<tr>
<td>RD Grant (includes WIF)</td>
<td>$8,516,000</td>
</tr>
<tr>
<td>Local Funding</td>
<td>$258,000</td>
</tr>
<tr>
<td>Redwood County</td>
<td>$2,940,000</td>
</tr>
<tr>
<td>MnDOT</td>
<td>$1,175,000</td>
</tr>
<tr>
<td>Total</td>
<td>$25,321,000</td>
</tr>
<tr>
<td>City of Morgan</td>
<td>$12,690,000</td>
</tr>
<tr>
<td>Grant / Outside Funding</td>
<td>$12,631,000</td>
</tr>
<tr>
<td>Total</td>
<td>$25,321,000</td>
</tr>
</tbody>
</table>

Project Funding Success Stories

MAXIMIZING GRANT ELIGIBILITY AND RESOURCES- City of Hoyt Lakes WWTP:

<table>
<thead>
<tr>
<th>Components:</th>
<th>Original Project Scope</th>
<th>Final Project Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mercury Filters, Chlorine Contact Tank, Chemical Feed</td>
<td>Original, plus: EQ Tank, Influent Screen and Flume, Trickling Filters, Gas Handling Equipment, Controls, Samplers, Sludge Truck</td>
</tr>
<tr>
<td>Total Project Cost:</td>
<td>$6,000,000</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>Grant (PSIG/WIF):</td>
<td>$4,800,000 (80%)</td>
<td>$10,200,000 (85%)</td>
</tr>
<tr>
<td>Total City Cost:</td>
<td>$1,200,000</td>
<td>$1,800,000</td>
</tr>
</tbody>
</table>
Tips for a Successful Application

- Start early and understand the funding Program
- Build Relationship with overseeing agency/staff
- Develop Partnerships with other key community resources

- Is your Project included in other planning documents?
- Is your project at an appropriate phase for the funding application? Is it “shovel ready”?
- Is the City’s financial “house” in order?

Be creative and persistent
Questions?

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A confirmation email will be sent when you successfully check in.

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Scan code to check out of your session
DO NOT USE YOUR CAMERA APP

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