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CHAPTER 7075 MINNESOTA POLLUTION CONTROL AGENCY WATER QUALITY DIVISION STATE FUND AND FEDERAL GRANTS

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7075.0100 PURPOSE.

This chapter provides for the administration of the federal construction grant program and the state construction grant and loan program for the construction of municipal disposal systems.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0200 DEFINITIONS.

Subpart 1. **Scope.** For the purpose of this chapter, the following terms have the meanings given them.

Subp. 2. **Statutorily-defined terms.** The terms "person," "sewage," "industrial wastes," "other wastes," "treatment works," "sewer system," "disposal system," "waters of the state," "pollution control fund," "municipality," "director," "agency," "pollution of water," "eligible cost," "wastewater treatment facility," as well as any other pertinent terms for which definitions are given in Minnesota Statutes, chapters 115 and 116 have the meanings ascribed to them therein.

Subp. 3. **Act.** "Act" means the Federal Water Pollution Control Act, United States Code, title 33, section 1251 et seq., as amended through December 31, 1982.

Subp. 4. **Adequate errors and omissions insurance.** "Adequate errors and omissions insurance" means a policy of insurance which provides the minimum amount of coverage for the corresponding estimated project construction cost as determined from the following table, which is maintained for a minimum of two years after acceptance of the project by the grantee.

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Estimated Project Construction Cost	Minimum Amount of Coverage
less than \$1,000,000	\$ 250,000
\$1,000,000 to \$2,999,999	\$ 500,000
\$3,000,000 to \$9,999,999	\$1,000,000
\$10,000,000 or over	\$2,000,000

If an engineer has more than one project, the policy must provide for the minimum coverage applicable to the highest estimated project construction cost. Requests for variances from the requirements of this section are governed by part 7075.5000.

Subp. 5. **Administrator.** "Administrator" means the Administrator of the United States Environmental Protection Agency.

Subp. 6. **Adverse impact.** "Adverse impact" means the violation of any water quality standard or an objectionable growth of weeds, algae, or rough fish or any deleterious effect on the physical, chemical, or biological condition of the receiving water that lessens the present or long-term uses of the receiving water.

Subp. 7. **Construction loan.** "Construction loan" means a loan for a Step 3 project.

Subp. 8. **EPA.** "EPA" means the United States Environmental Protection Agency.

Subp. 9. **Facilities plan.** "Facilities plan" includes the information required by Code of Federal Regulations, title 40, section 35.2030, as amended through December 31, 1982, and other information as is necessary to determine whether the project is consistent with good engineering practice and capable of complying with applicable pollution control rules and standards.

Subp. 10. **Infiltration.** "Infiltration" means water other than wastewater that enters a sewer system (including sewer service connections and foundation drains) from the ground through defective pipes, pipe joints, connections, or manholes. Infiltration does not include, and is distinguished from, inflow.

Subp. 11. **Inflow.** "Inflow" means water other than wastewater that enters a sewer system (including sewer service connections) from sources such as, but not limited to, roof leaders, cellar drains, yard drains, area drains, drains from springs and swampy areas, manhole covers, cross connections between storm sewers and sanitary sewers, catch basins, cooling towers, storm waters, surface runoff, street wash waters, or drainage. Inflow does not include, and is distinguished from, infiltration.

Subp. 12. **Need.** "Need" means a determination that a new or upgraded disposal system is currently required, or will be required within a five-year period to comply with state water pollution control rules; provided, the situation does not exist primarily due to inadequate operation and maintenance or primarily due to negligence on the part of any person.

Subp. 13. **Major contributing industry.** A "major contributing industry" means an industrial user of a treatment facility that:

A. has a rated flow of 50,000 gallons or more per work day where the rated flow is the daily design flow multiplied by 24 and divided by the actual hours of discharge in a day;

B. has a rated flow greater than five percent of the total design flow to the treatment works;

C. has a total organic load of greater than five percent of the total organic load to the treatment works;

D. has in its waste before pretreatment a toxic pollutant in excess of what may be discharged to waters of the state; or

E. is found by the agency in connection with the issuance of an NPDES/SDS permit to the municipality, either singly or in combination with other contributing industries, to interfere with the treatment plant's ability to

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meet effluent limitations, interfere with digester operation or biological unit process operation, impact the area required for sludge disposal, or increase sizing of the facility by five percent or more.

Subp. 14. **NPDES/SDS permit.** "NPDES/SDS permit" means a National Pollutant Discharge Elimination System and State Disposal System permit issued by the agency that authorizes under certain conditions the discharge of pollutants to waters of the state and subsurface disposal or on-land disposal and the operation of a disposal system.

Subp. 15. **90 percent compliance.** "90 percent compliance" means compliance with an NPDES/SDS permit limitation or condition related to effluent quality at a frequency of at least 90 percent of the time during a one-year period computed on the basis of the time interval appropriate to the limitation or condition. Periods of noncompliance caused by inadequate operation and maintenance, negligence on the part of a person, or increased flow or loading to a treatment plant are not included in the percentage computation for the purposes of this definition.

Subp. 16. **Planning loan.** "Planning loan" means a loan for Step 1 or Step 2 projects.

Subp. 17. **Plans and specifications.** "Plans and specifications" includes documents that contain the requirements under which a bidder submits a bid for performing the work and the contractual requirements and detailed requirements. The documents that comprise the plans and specifications must conform with generally accepted engineering practices, applicable state statutes and rules, and applicable requirements of Code of Federal Regulations, title 40, parts 33 and 35, as amended through December 31, 1982.

Subp. 18. **Primary treatment plant.** "Primary treatment plant" means a plant designed to provide a level of treatment lower than that provided by a secondary treatment plant.

Subp. 19. **Secondary treatment plant.** "Secondary treatment plant" includes plants designed to provide effective sedimentation, biochemical oxidation, and disinfection, or the equivalent, consistent with requirements of part 7050.0210, subpart 6 and part 7055.0110, subpart 6. Plants discharging to limited resource value waters (Class 7 waters) and assigned effluent limitations based on part 7050.0210, subpart 16, item A or B or part 7055.0110, subpart 16, item A or B are secondary treatment plants for the purpose of this chapter.

Subp. 20. **Step 1.** "Step 1" means the preparation of all necessary preliminary engineering studies for the project.

Subp. 21. **Step 2.** "Step 2" means the preparation of construction plans and specifications for the project.

Subp. 22. **Step 3.** "Step 3" means the construction of the project.

Subp. 23. **Step 2 + 3.** "Step 2 + 3" means the preparation of construction plans and specifications for and construction of the project.

Subp. 24. **Tertiary treatment plant.** "Tertiary treatment plant" includes plants specifically designed to achieve effluent limitations based on part 7050.0210, subpart 6 or part 7055.0110, subpart 6 for phosphorus or toxic substances and plants designed to provide a level of treatment higher than that provided by a secondary treatment plant.

Subp. 25. **Treatment agreement.** A "treatment agreement" is an agreement between a municipality and a major contributing industry that includes the following:

A. the variations in daily flow and the monthly average and daily maximum quantity of compatible and incompatible pollutants to be discharged to the treatment facility;

B. the intended period of use of the treatment facility;

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C. signatures by the major contributing industry and the owner of the treatment system accepting the wastewater;

D. a requirement that the quantities to be discharged to the treatment system will be in accordance with applicable standards and requirements; and

E. enforceability in a court of law by the municipality.

Subp. 26. **Wastewater.** "Wastewater" means sewage, industrial waste, and other wastes collected for treatment in a disposal system.

Subp. 27. **Other terms and abbreviations.** Other terms and abbreviations used herein which are not specifically defined by law shall be construed in conformance with the context and professional usage.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0300 [Repealed by amendment, 8 SR 694]

7075.0400 TYPES OF PROGRAMS.

Under this chapter and Minnesota Statutes, section 116.16 et seq., the agency may disburse funds from the pollution control fund for the following:

A. grants for projects tendered a federal grant under the act;

B. grants to reduce or eliminate the local contribution of a municipality meeting the criteria set forth in part 7075.0425, subpart 2;

C. grants to municipalities which would qualify for a federal grant but which desire to initiate construction of the project without a federal grant;

D. loans for the construction of municipal disposal systems.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

CONSTRUCTION GRANTS PROGRAM

7075.0401 SUMMARY OF CONSTRUCTION GRANTS PROGRAM.

Construction grant funds are available for Step 2 + 3 and Step 3 projects and advances of allowance for Step 2.

Construction grants are awarded to municipalities on a priority basis. Municipalities with the highest priorities as determined by a point system are awarded construction grants first.

Priorities are determined by awarding points for various disposal system projects based on the waters affected, the population affected, the type of project proposed, and extra points for qualifying projects.

The agency develops and maintains a municipal needs list that ranks in order of priority all municipalities within the construction grants program for which a need exists.

The agency prepares a municipal project list that lists in order of priority from the municipal needs list, the municipalities that are eligible to apply for construction grants for their projects from funds allotted to the state for the current fiscal year.

A municipality on the municipal project list must apply for a construction grant before a grant will be awarded.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

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7075.0402 MUNICIPAL NEEDS LIST.

Subpart 1. **Requirement.** The agency shall develop and maintain a municipal needs list of municipalities that have a need for a new or upgraded disposal system.

Subp. 2. **Points and listing order.** A municipality on the municipal needs list shall be awarded points under the criteria established in this chapter. The municipalities shall be listed on the municipal needs list in descending order according to the number of points awarded to each.

Subp. 3. **Petition for inclusion on list.** A municipality may petition the agency for inclusion on the municipal needs list. A municipality petitioning the agency for inclusion on the list shall submit the following information:

A. If the municipality is sewerred, the municipality shall submit data regarding concentration of pollutants in existing discharge; volume of discharge; and waters of the state presently or potentially impacted by the discharge.

B. If the municipality is unsewerred, the municipality shall submit data regarding type of soil in unsewerred area; depth to seasonal high water table; size of all lots in the area; and age and type of existing system.

Subp. 4. **Review of petitions; additions to list.** The agency shall review each petition and add to the municipal needs list each municipality for which a need has been found to exist. If the agency determines that a need does not exist, the municipality shall not be added to the list and the agency shall notify the municipality of the reasons for the determination.

Subp. 5. **Removal from needs list.** Upon approval of a facilities plan, the agency may determine that the municipality does not have a need and remove the municipality and the project from the municipal needs list.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0403 PRIORITY POINTS FOR WATERS AFFECTED.

Subpart 1. **Water use and point ratings.** A municipality shall be awarded priority points based on the water use of the receiving water of the discharge according to the following:

	Water Use*	Point Rating
Class 1	Domestic consumption:	
	Class 1A waters	70
	Class 1B waters	65
	Class 1C waters	60
	Class 1D waters	55
Class 2	Fisheries and recreation:	
	Class 2A waters	60
	Class 2B waters	50
	Class 2C waters	40
Class 7	Limited Resource Value Waters	35

* The water uses are more specifically defined in parts 7050.0200 and 7050.0220 and parts 7055.0100 and 7055.0120 and the water use of a specific water of the state is the water use established by parts 7050.0300 to 7050.0380 or parts 7055.0250 to 7055.0310.

Subp. 2. **Receiving water with more than one designated water use.** If a municipality discharges to a receiving water with more than one designated water use, the municipality shall be awarded the points for the designated water use with the greatest number of points.

Subp. 3. **Adverse impact on downstream water.** If a municipal discharge has an adverse impact on a downstream water with a designated water use receiving more points than the receiving water, the municipality shall be awarded the priority points for the downstream water.

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Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0404 PRIORITY POINTS FOR POPULATION SERVED.

A municipality shall be awarded priority points based on the population of the municipality served by the project. The priority points for population served are five times the logarithm to the base 10 (\log_{10}) of the population determined by the latest official census. The table below gives examples of the priority points assigned for various populations:

Population	Log ($_{10}$)	Priority Points Assigned
100	2	10.0
1,000	3	15.0
10,000	4	20.0
100,000	5	25.0
1,000,000	6	30.0

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0405 PRIORITY POINTS FOR TYPE OF PROJECT.

Subpart 1. **Table of priority points by type of project.** A municipality shall be awarded priority points based on the type of project to be constructed according to the following:

Type of Project	Priority Points
Tertiary treatment plants:	
A. new tertiary treatment plant	160
B. major addition to existing tertiary treatment plant	160
C. dechlorination facilities	120
D. ancillary addition to existing tertiary treatment plant	80
Secondary treatment plants:	
E. new secondary treatment plant	150
F. major addition to existing secondary treatment plant	150
G. dechlorination facilities	110
H. ancillary addition to existing secondary treatment plant	75
Collection systems or collector sewers:	
I. collection system or collector sewer	10
J. improvement of collection system or collector sewer reliability	10
Combined sewer overflow:	
K. control of combined sewer overflow	150
Previously funded projects:	
L. additions to previously funded projects	10
M. modification and replacement of innovative or alternative projects	10

Subp. 2. **Description of project types.** Project types are described as follows:

A. **New plant.** A new tertiary treatment plant is a plant designed to meet tertiary treatment standards for which construction was commenced after July 1, 1983. A new secondary treatment plant is a plant designed to meet secondary treatment standards for which construction was commenced after July

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1, 1983. Land application systems and stabilization ponds that are proposed as an alternative to tertiary and secondary treatment plants that discharge to waters of the state are considered tertiary treatment and secondary treatment for purposes of project priority. Whether a land application system or stabilization pond is a tertiary or secondary treatment system is determined as based on the effluent limitations applicable to discharges to the receiving water. Subsurface disposal systems, including septic tanks, designed to treat an average daily flow of not more than 1,000 gallons and the drainfield portion and one central septic tank to treat an average daily flow in excess of 1,000 gallons are considered secondary treatment for purposes of project priority.

B. Major addition. A major addition to an existing tertiary or secondary treatment plant is an addition that improves effluent quality in order that a municipality achieving less than 90 percent compliance may achieve compliance with applicable NPDES/SDS permit conditions. A major addition also includes major interceptor sewers and sewer system rehabilitation projects.

C. Major interceptor sewer. A major interceptor sewer is a sewer, including related lift stations, that intercepts wastewater from the final point in a collector sewer of a municipality and accomplishes one of the following:

- (1) transports the wastewater directly to a wastewater treatment facility;
- (2) transports the wastewater directly to another major interceptor sewer; or
- (3) transports the wastewater directly to the collector sewer of another municipality.

A sewer is a collector sewer and not a major interceptor sewer if the average design flow of the sewer increases by more than ten percent from wastewater connections to the sewer between its origin and its termination or if it has physical connections closer to each other than 1,000 feet. Infiltration and inflow directly to the sewer and flow from other major interceptor sewers is not included in determining whether the flow has increased by more than ten percent.

D. Sewer system rehabilitation. A sewer system rehabilitation project is a project that repairs or replaces an existing collector or interceptor sewer in order to eliminate bypasses caused by insufficient hydraulic capacity in existing separate sanitary sewers by transporting infiltration and inflow to a wastewater treatment facility or to reduce the hydraulic capacity of the wastewater treatment plant and includes flow equalization systems, relief sewers, and relief capacity sewers.

E. Flow equalization system. A flow equalization system is a containment system such as a pond, basin, or tank designed to temporarily hold wet weather flow until the flow can be transported to the wastewater treatment plant.

F. Relief sewer. A relief sewer is a sewer primarily designed to eliminate bypassing caused by insufficient hydraulic capacity in separate sewer systems by transporting infiltration or inflow to adequately sized sewers or a wastewater treatment facility for proper treatment. A sewer is a relief capacity sewer and not a relief sewer if its design flow includes more than five percent wastewater or if it has physical connections closer to each other than 1,000 feet. Storm sewer separation is not a relief sewer.

G. Relief capacity sewer. A relief capacity sewer is a new sewer designed to handle the normal flow of wastewater and to eliminate bypasses caused by insufficient hydraulic capacity in existing sewers by transporting infiltration and inflow to adequately sized sewers or to a wastewater treatment plant. A relief capacity sewer must be designed to provide future capacity for a minimum of 40 years.

H. Collection system or collector sewer. A collection system or collector sewer is a sanitary sewer, including innovative and alternative sewers carrying raw or partially treated wastewater and providing collection system reliability such as alternative power or dual pumps, that is not a major interceptor sewer, a relief sewer, or relief capacity sewer. For treatment works including subsurface disposal systems designed to treat an average daily flow in excess of 1,000 gallons, a collection system includes devices such as grinder pumps and septic tanks that will partly treat the wastewater, as well as septic tank effluent pumps and small diameter sewers that will pump and convey the partially treated waste.

I. Dechlorination facilities. Dechlorination facilities are facilities that remove chlorine from the effluent.

J. Ancillary addition. An ancillary addition to an existing tertiary or secondary treatment plant is an addition that is not a major addition and is not dechlorination facilities such as administrative support facilities and sludge handling capability to comply with state disposal system permit conditions controlling sludge application to land or sludge disposal.

K. Addition to previously funded project. An addition to a previously funded project is a project that will bring an existing disposal system that has been funded by a construction grant into compliance with the municipality's existing NPDES/SDS permit without a change in the conditions of the NPDES/SDS permit.

L. Modification and replacement of innovative or alternative projects. A modification or replacement of an innovative or alternative project is a project to modify or replace a project that was funded with increased grant funding in accordance with Code of Federal Regulations, title 40, section 35.2032, as amended through December 31, 1982.

Subp. 3. **Special restrictions for sewer system projects.** Special restrictions for sewer system projects are as follows:

A. Sewer system rehabilitation. In order for a sewer system rehabilitation project to be eligible for priority points under part 7075.0405, subpart 1, item B or F, the municipality must not have obtained a construction grant for treatment plant construction since February 11, 1974, and sewer system rehabilitation must be justified by an infiltration/inflow analysis and sewer system evaluation survey that complies with the requirements of Code of Federal Regulations, title 40, section 35.2120, as amended through December 31, 1982.

B. Relief capacity sewer. A relief capacity sewer is not eligible for priority points under part 7075.0405, subpart 1, item B or F unless the municipality has not obtained a construction grant since at least February 11, 1974, and a relief capacity sewer is justified by an infiltration/inflow analysis and sewer system evaluation survey that complies with the requirements of Code of Federal Regulations, title 40, section 35.2120, as amended through December 31, 1982.

A relief capacity sewer that qualifies as a major interceptor sewer is considered a major addition to a treatment plant and the municipality proposing the project shall be awarded the priority points under part 7075.0405, subpart 1, item B or F for the entire cost of the project.

A relief capacity sewer that is not a major interceptor sewer must be divided into two components:

(1) the portion of the sewer for domestic, commercial, and industrial wastewater and normal infiltration and inflow and generally accepted peaking factors; and

(2) the portion of the sewer necessary to convey excess infiltration and inflow.

The component in subitem (2) is considered a major addition to a treatment plant and awarded the priority points under part 7075.0405, subpart 1, item B or

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F and the component in subitem (1) is considered a collector and awarded the priority points under part 7075.0405, subpart 1, item I.

That percentage of total sewer flow at design condition that is attributable to the component in subitem (2), multiplied by the cost of the relief capacity sewer, is fundable as a major addition. That percentage of total sewer flow at design condition that is attributable to the component in subitem (1), multiplied by the cost of the relief capacity sewer, is fundable as a collector sewer.

C. Collection systems or collector sewers. A municipality proposing to undertake a sewer system rehabilitation project or to construct a relief capacity sewer that does not meet the criteria specified in a. and b. must be listed as a separate project on the municipal needs list and awarded the priority points credited to a collection system or collector sewer under part 7075.0405, subpart 1, item I or J.

D. Combined sewer overflow. A project for the control of combined sewer overflow is not eligible for priority points under part 7075.0405, subpart 1, item K unless the project is necessary to meet requirements of the municipality's NPDES permit and the act. In addition, after October 1, 1984, combined sewer overflow projects are eligible for funding and for priority points under part 7075.0405, subpart 1, item K only if the governor, by July 1 prior to the federal fiscal year in which funding is sought, has set aside a portion of the state's allotment for correction of combined sewer overflows. This set aside must not exceed 20 percent of the state's allotment for each fiscal year. In no event after October 1, 1984, may funding for combined sewer overflow projects exceed the amount set aside by the governor for these projects.

Subp. 4. **Temporary improvements.** If a municipality makes improvements to its existing disposal system that are temporary in nature for the purpose of maximizing effluent quality or keeping its system operational while the municipality is awaiting a grant, the municipality shall receive the same priority points for its project as it would have received without the temporary improvements.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0406 EXTRA POINTS.

In addition to the priority points a municipality is entitled to for its project, the following extra points shall also be awarded to a qualifying municipality:

A. Existing public health hazard. A municipality that proposes a project that will eliminate an existing public health hazard assessed by the Minnesota Department of Health in a health advisory or commissioner's order shall be awarded 40 extra points. A municipality requesting the award of 40 extra points under this provision shall submit the following information to the agency and to the Minnesota Department of Health:

- (1) information on geologic and soil conditions including soil types, permeabilities, and presence or absence of confining units;
- (2) groundwater flow patterns in the area of the facility or proposed facility;
- (3) an assessment of the extent and magnitude of the contaminant plume;
- (4) an identification of water users and assessment of the amount of water appropriations in the area of the facility or proposed facility;
- (5) flow rates and flow patterns of surface waters;
- (6) information on well construction for wells in the area of the facility or proposed facility, particularly wells that have been or will be impacted;

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(7) a description of the facility's construction, operation, and performance if there is an existing facility, with an explanation of why the facility is creating a public health hazard;

(8) an identification and assessment of the suspected route of human exposure and the population exposed; and

(9) a description of how the proposed improvements will mitigate or eliminate the public health hazard.

B. Existing level of treatment. A qualifying municipality shall be awarded extra points under one of the provisions below for its existing level of treatment:

(1) No treatment. A municipality that presently has a central collection system serving 50 percent or more of the population but provides no treatment prior to discharge, or a municipality which collects an average daily flow exceeding one million gallons through a system without combined sewers and which has bypassed sewage more than 40 percent of the time over a period of at least two years while its plant is operating at full capacity, shall be awarded 40 extra points.

(2) Failing septic system. A municipality with an existing septic system where more than 50 percent of the existing septic systems discharge raw or partially treated sewage to the ground surface or surface waters shall be awarded 30 extra points.

(3) Primary treatment. A municipality whose present facilities are designed for only primary treatment shall be awarded 20 extra points.

(4) Combined sewer overflow. A municipality that discharges untreated sewage as a result of combined sewer overflows shall be awarded 20 extra points.

C. Watershed pollution abatement plan. A municipality that proposes a project that is an integral part of a watershed pollution abatement plan shall be awarded 15 extra points. A watershed pollution abatement plan is a plan prepared by a watershed district or watershed management organization and approved by the Minnesota Water Resources Board and includes the following:

(1) specific point source and nonpoint source pollution abatement strategy; and

(2) statewide water quality management plan goals and objectives, including the best management practices.

A municipality is not entitled to 15 extra points under this provision unless the watershed district or watershed management organization has adopted specific rules to implement the watershed abatement plan and the plan has been updated in the last ten years. If a project is part of several watershed districts or management organizations, all of the watershed districts or management organizations must have satisfied the above criteria in order for the municipality to receive the extra points.

D. Outstanding resource value waters. A municipality that discharges to or has an adverse impact upon an outstanding resource value water shall be awarded ten extra points. An outstanding resource value water is Lake Superior, any water in the Boundary Waters Canoe Area Wilderness or Voyageurs National Park, and all federal and state designated wild, scenic, or recreational river segments.

E. Game fish lakes. A municipality proposing to undertake a project that will result in the elimination of a discharge to a game fish lake or the elimination of a discharge that has an adverse impact on a game fish lake shall be awarded ten extra points. A game fish lake is a lake managed for propagation of game fish species and used for fisheries and recreation. There may be occasional but not regular winter kill in a game fish lake.

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F. Sanitary district. An applicant who includes planned participation in a sanitary district or other multi-municipal disposal system as part of the project shall be awarded ten extra points.

G. Existing advances of allowance. Any municipality that received an advance of allowance prior to July 1, 1983, shall be awarded 20 extra points for the project covered by the advance of allowance.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0407 TOTAL POINTS.

The total points to be awarded a municipality for placement on the municipal needs list is the sum of the priority points awarded under one of the provisions of part 7075.0600, the priority points awarded under part 7075.0404, the priority points awarded under one of the provisions of part 7075.0405, and extra points awarded under one or more of the provisions of part 7075.0406.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0408 RESOLUTION OF EQUAL POINT RATINGS.

If in the determination of the order of priority on the municipal needs list, two or more municipalities have the same total number of points, the municipality with the highest priority points under part 7075.0403 for water use is ranked higher. If two or more municipalities have the same total number of points and the same priority points under part 7075.0403 for water use, the municipalities are ranked based on population under part 7075.0404.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0409 MUNICIPAL PROJECT LIST.

The agency shall adopt a municipal project list each fiscal year which shall list in order of priority projects for which federal grant funds will be requested from current allotments. The municipal project list shall also list any nonproject uses of the state's allotment of federal construction grant funds, including but not limited to, training grants and costs of administration.

A municipality that requests project placement on the municipal project list shall submit to the agency by July 1 prior to the beginning of the fiscal year for which the municipal project list is prepared, an approvable facilities plan if the grant sought is a Step 2 + 3 grant and approvable plans and specifications if the grant sought is a Step 3 grant. No municipality may be listed on the municipal project list unless the municipality has submitted the necessary facilities plan or plans and specifications.

The agency shall prepare a proposed municipal project list of municipalities on the municipal needs list that have submitted approvable facilities plan or plans and specifications in conventional order of priority until the cost of the proposed projects reaches the full allotment of federal construction grant funds available for the fiscal year. In preparing the list, the agency shall consider the percentage of the cost of the projects that will be paid for by a federal construction grant, as determined by requirements of the act and decisions of the governor under the act to uniformly reduce the federal share of grant assistance.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

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7075.0410 RESERVE PROJECT LIST.

A reserve project list shall be developed by the agency concurrent with the adoption of the municipal project list.

The reserve project list shall contain a list of municipalities whose projects are eligible for funding from grants made available when a municipality's application for a grant is rejected pursuant to part 7075.0415.

Municipalities shall be listed on the reserve project list in the same order of priority as municipalities were listed on the municipal project list.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0411 PROJECT ELIGIBILITY.

Subpart 1. **Steps eligible.** Federal grants shall be awarded only for Step 2 + 3 and Step 3 projects.

Subp. 2. **Initiation of construction.** A municipality is not eligible for a federal grant if construction on the project has been initiated prior to the award of the grant.

Subp. 3. **Cost-effectiveness.** A project is not eligible for a grant unless the agency determines that the project is an environmentally acceptable cost-effective means of handling the municipality's wastewater. The agency shall not award a grant to pay for those portions of a project that are not environmentally acceptable and cost-effective.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0412 ADJUSTMENTS IN THE MUNICIPAL PROJECT LIST.

Notwithstanding any other provision in this chapter, the director may, as necessary to establish criteria for determining priority for applications for federal and state construction grants under the act, under regulations and guidelines of the Environmental Protection Agency promulgated under the act, and under Minnesota Statutes, chapters 115 and 116, establish such criteria for determining priority upon a basis other than that provided herein, to the extent required to comply with the act, and with guidelines and regulations under or resulting from the act.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0413 PUBLIC PARTICIPATION.

Subpart 1. **Needs and project lists.** The agency shall prepare a proposed municipal needs list and a proposed municipal project list and make them available to the public at least 45 days before adoption. The agency shall mail a free copy of the proposed lists to an interested person upon request.

Subp. 2. **Informational meetings.** The agency shall conduct public informational meetings about the proposed lists at locations deemed appropriate by the agency. The agency shall give ten days notice of meetings to all affected municipalities. A person shall be permitted to present oral and written comments about the proposed lists at the meetings.

Subp. 3. **Notice.** The agency shall give affected municipalities at least 45 days notice of the agency board meeting at which the proposed municipal needs list and proposed municipal project list will be acted upon.

Subp. 4. **Oral and written statements.** Interested persons may present oral statements to the board at the board meeting. The chairperson may place reasonable restrictions upon the time and manner in which oral comments are submitted. Written statements may be served on the director any time up to five days before the meeting.

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Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: 8 SR 694

7075.0414 GRANT APPLICATIONS.

Subpart 1. **Complete application required.** No municipality may be eligible for a construction grant unless a completed grant application has been submitted to the agency.

Subp. 2. **Timing of application.** A municipality on the final municipal project list shall submit a completed construction grant application to the agency within 90 days after the date on which the agency adopts that fiscal year's municipal project list. The application shall be on EPA's form 5700-32, as provided by the agency.

Subp. 3. **Agency notification.** The agency shall notify in writing each municipality on the municipal project list and each municipality on the reserve project list of its placement on the appropriate list. No municipality shall submit a construction grant application unless the municipality has been notified by the agency that it is on the municipal project list.

Subp. 4. **Additional information for Step 2 + 3 grant.** A municipality that applies for a Step 2 + 3 grant shall, in addition to submitting the completed application form, submit the following information for agency review and approval:

A. A resolution of the governing body of the municipality that authorizes the filing of the application and that designates the municipal official authorized to sign the application and grant documents.

B. Updated cost estimates for Step 3 project work in a format provided by the agency.

C. A resolution by the governing body of the municipality resolving that the sewage collection system will, at the appropriate time, be constructed concurrently with the sewage treatment works if the collection system is not part of the project to be funded and the municipality does not already have a collection system.

D. The municipality's proposal for funding the cost of a collection system if the collection system is not part of the project to be funded and the municipality does not already have a collection system.

E. An engineer's certificate of adequate errors and omissions insurance.

F. Amendments to the facilities plan.

G. A treatment agreement for each major contributing industry to be used in determining the design basis of the new or upgraded system.

H. A certification from the municipality that the municipality shall prohibit unpolluted water connections to the municipality's sanitary sewer system in the future, and inspect new connections to the sanitary sewer system throughout the municipality's jurisdiction to ensure that the connections conform to the Minnesota Plumbing Code, found in the rules of the Department of Health, chapter 4715.

I. If more than one municipality is involved in the grant application, the resolutions required in items A to H must be submitted for each municipality involved in the project. In addition, the municipalities shall submit an unexecuted intermunicipal agreement that sets forth the terms and conditions of joint treatment and the cost-sharing methodology.

J. An opinion from the municipality's attorney that the municipality has the legal authority to construct, assess, operate, maintain, and replace the wastewater treatment facilities.

K. Other documents that are required by EPA regulation or other requirements of the act.

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Subp. 5. **Additional information for Step 3 grant.** A municipality that applies for a Step 3 grant shall, in addition to submitting the completed application form, submit the following information for agency review and approval:

A. Addendums to the plans and specifications for the treatment works or other project to be funded.

B. A sewer service charge system comprised of a user charge system, including a proposed financial management system, and a system for raising funds to cover the municipality's costs of construction and to retire the municipality's debt costs attributable to the wastewater treatment works to be constructed.

The user charge system must ensure the sufficient generation of revenue to offset the annual costs of operation, maintenance, and replacement (O, M, and R) of the treatment works and must charge each user class a fee proportional to the contribution of each user class to the total wastewater loading.

The user class includes residential, commercial, industrial, institutional, and governmental classes.

The system for raising funds to cover the municipality's costs of construction and to retire the municipality's debt costs need not be proportionally assessed against each user class, but the manner in which the charge will be distributed must be described.

C. Documentation of how the public has been informed of the proposed sewer service charge system.

D. A sewer use ordinance to control discharges to the disposal system throughout the jurisdiction of the municipality.

E. A preliminary plan of operation of the treatment works.

F. Costs for developing an operation and maintenance manual and a procedure for startup of the treatment works.

G. A wage rate determination information sheet, as provided by the agency.

H. A signature and registration number of the consulting engineer accompanying the following certification statement:

The treatment works described in this grant application have been designed with full knowledge of the effluent limitations required by the Minnesota Pollution Control Agency as set forth in NPDES Permit No. _____ dated _____. It is my judgment and carefully considered opinion that these treatment works are capable of consistently producing the required effluent quality, provided that the facility is operated in conformance with the approved operation and maintenance manual and that the volume and characteristics of raw wastewater are within the limits of "Design Data" stated on page ... of the plans as follows:

I. A proposed engineering contract that provides for the consulting engineer or the engineer's agent to be present onsite during the hours of construction for purposes of inspection, although the inspector does not have to be a resident of the municipality, and to submit written reports to the agency on request describing the type of construction inspected and the time involved in inspection after construction commences.

J. An engineer's certificate of adequate errors and omissions insurance.

K. A treatment agreement with each major contributing industry to be used in determining the design basis of the new or upgraded system.

L. A cost breakdown for all project work to be funded by the grant, including separation of eligible and ineligible items, in a format provided by the agency.

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M. Documentation of the municipality's source of funding to cover the cost of a collection system if the collection system is not part of the project to be funded and the municipality does not already have a collection system.

N. If more than one municipality is involved in the grant application, an executed intermunicipal agreement that sets forth the terms and conditions of joint treatment and the cost sharing methodology.

O. Assurance that the municipality has, or will have within 90 days after authorization to bid, full rights to all necessary land to allow construction and operation of the facilities during the useful life of the facilities.

P. Other documents that are required by EPA regulation or other requirements of the act.

Subp. 6. **Requirements prior to authorization to seek construction bids.** A municipality that has received a Step 2+3 grant shall submit the same information required of a Step 3 grant applicant before the municipality may receive authorization to seek bids for construction of the project.

Subp. 7. **Three copies.** Construction grant application forms and attachments must be submitted in triplicate to the agency.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0415 REJECTION OF GRANT APPLICATIONS.

Subpart 1. **Grounds.** A municipality's grant application for a project on the municipal project list may be rejected by the agency for the following reasons:

A. failure to submit the necessary documentation required by this rule within the time allowed, unless the municipality was delayed for reasons beyond its control;

B. failure to develop the necessary user charge system and other fundraising systems or to develop the necessary ordinances or to enter into the necessary contracts and agreements or to do any of the other acts specified in the grant applications requirements to establish that the municipality has the capability to construct, operate, and maintain the disposal system in a manner that will comply with all applicable water pollution control requirements; or

C. a determination by the agency that the municipality cannot implement the project in a timely fashion to avoid the loss of federal grant funds to the state for that fiscal year.

Subp. 2. **Effect of rejection.** Whenever a grant application is rejected, the agency shall remove the municipality from the municipal project list.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0416 APPROVAL OF GRANT APPLICATIONS.

The agency shall approve grant applications that are not rejected for one or more of the reasons specified in part 7075.0415.

The director shall certify to the EPA each approved grant application.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0417 TENDER OF GRANT.

The state may not tender a grant until the EPA has determined the eligibility of the municipality for which a grant application has been certified to EPA.

After the EPA has determined the eligibility of the application and tendered a federal grant, the agency shall make a similar grant offer to the municipality in

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an amount not less than that required by federal law and regulation as a condition for the grant of federal funds or in an amount not less than that allowed by state statutes where not required by federal law.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0418 PREPARATION OF PLANS WITHOUT A GRANT.

A municipality developing a facilities plan for a project shall:

A. notify the agency in writing of its proposed project scope prior to initiation of work on the facilities plan; and

B. obtain written approval from the agency prior to proceeding to the development of plans and specifications that the project conforms with applicable technical, administrative, and public participation requirements.

A municipality developing plans and specifications for a project without a federal or state grant shall notify the agency in writing of its intention to develop plans and specifications for its project. The agency shall review the scope of the proposed project and changes from the previously approved facilities plan and advise the municipality whether the project complies with applicable technical, administrative, and public participation requirements.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0419 ADVANCES OF ALLOWANCE.

Subpart 1. **Allotment reserve.** The agency shall reserve a reasonable portion of its annual allotment for advances to municipalities for Step 2 work. The amount reserved shall not exceed ten percent of the state allotment for a fiscal year.

Subp. 2. **Advance of allowance.** A municipality on the municipal needs list with a population in the service area of less than 3,500 people is eligible to apply for an advance of allowance. The application shall be submitted by July 1 prior to the beginning of the federal fiscal year for which the municipal project list will be prepared.

Subp. 3. **Information required for advance of allowance.** A municipality applying for an advance of allowance shall submit the following information to the agency:

A. council resolution requesting the advance;

B. certification that funds are not available from other sources;

C. estimate of construction costs of the project with supporting documentation;

D. per capita income;

E. municipal bonded debt;

F. adjusted assessed value of the municipality; and

G. council resolution certifying that the municipality cannot afford to do the work with its own resources.

Subp. 4. **Amount of advance.** The amount to be allowed as an advance of allowance shall be that amount determined by EPA.

Subp. 5. **One advance limit.** A municipality is entitled to an advance of allowance on one occasion only.

Subp. 6. **Reduction of Step 3 grant.** A municipality that receives an advance of allowance shall have its Step 3 construction grant reduced by an amount equal to the advance of allowance.

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Subp. 7. **Reimbursement for advance.** A municipality that receives an advance of allowance but does not subsequently receive a Step 3 grant for the project shall reimburse the state the amount of the advance unless the project is constructed with other funds.

Subp. 8. **Order of award for advance.** If more municipalities apply for an advance of allowance than can be awarded from the amount reserved for that purpose, the money available must be awarded to the qualifying municipalities in order of their placement on the municipal needs list.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0420 GRANT AMENDMENTS.

Subpart 1. **Grant increases.** The agency shall reserve a reasonable amount of its allotment to pay for grant increases that become necessary during the fiscal year.

Subp. 2. **Approval of grant increase.** The agency may approve a grant increase when a municipality has solicited contracts that exceed the cost estimated in the application. The agency shall approve the grant amendment if funds are available and the costs are eligible and reasonable. After the grant has been amended to reflect the as-bid costs, only cost overruns caused by unanticipated site conditions shall be eligible for funding through grant amendments, and the grant amendment shall be limited to two percent of the as-bid costs.

Subp. 3. **Information required.** A municipality that seeks a grant amendment shall submit the following information to the agency:

A. a written request for the amendment signed by an official of the municipality;

B. a complete cost breakdown and scope of work;

C. a cost breakdown of engineering fees on EPA form 5700-41, as provided by the agency;

D. an unexecuted amended engineering contract indicating changes in the cost, the scope of work, and the budget period that must be made in the contract; and

E. a budget period extension request signed by an official of the municipality if the budget period must be extended.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0421 CHANGE ORDERS.

Any proposed changes in the contract which result in cost increases greater than that of the base contract plus contingencies as stated in the project summary or other proposed changes regardless of cost which substantially alter the type of treatment process, or its efficiency, versatility, or reliability, must be submitted to the director for prior approval, except where the work is agreed by the director to be of an emergency nature. Change orders not requiring prior approval of the director must be submitted within one month after the date on which the change is ordered by the applicant, its engineer, or other authorized agent for review and approval.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0422 PAYMENT OF STATE GRANT FUNDS.

Subpart 1. **Step 2 advance of allowance and the Step 2 portion of Step 2 + 3 grants.** The agency shall pay 50 percent of a Step 2 advance of allowance and the Step 2 portion of a Step 2+3 state grant when adequate plans and specifications have been received by the director. The balance of the Step 2 portion must be paid when the agency and the EPA approve of the plans and specifications and after final payment of the Step 2 portion has been paid by the EPA.

The agency shall pay for eligible land costs during the Step 2 portion of a Step 2 + 3 grant when the municipality submits proof of purchase of the land. The agency shall pay for only that portion of the land costs that are necessary to the operation of the treatment works and are eligible for payment.

Subp. 2. **Step 3 grants and the Step 3 portion of Step 2 + 3 grants.** A municipality may request periodic payments of a Step 3 state grant up to 50 percent of the total grant. The request for payment shall be submitted to the agency in writing. With each payment request the municipality shall submit a summary of all architectural and engineering costs expended to date in the format required in submitting the original grant application.

The agency shall make a final grant payment for the remaining 50 percent of the grant after the agency has completed a final inspection of the treatment works and the municipality has:

- A. submitted to the agency a request for the payment;
- B. hired a wastewater treatment works operator having a valid state certificate;
- C. adopted a sewer use ordinance that will control wastewater discharges to the municipality's wastewater treatment system;
- D. adopted a user charge system that will generate revenue to offset the annual costs of operation, maintenance, and equipment replacement;
- E. submitted a certification by the contractor that the project was built according to the plans and specifications;
- F. submitted a copy of the as-built specifications;
- G. certified that the municipality is complying with the operation and maintenance manual for the treatment works that was approved by the agency;
- H. complied with the municipality's NPDES/SDS permit for the treatment works;
- I. put the treatment plant into operation and is operating the treatment plant efficiently;
- J. received final payment of the federal grant;
- K. submitted a revised operation and maintenance manual; and
- L. submitted a start-up report.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.0423 RETAINED PAYMENTS.

The agency may withhold Step 3 grant payments and may request the EPA to withhold grant payments if the director determines that a project does not substantially conform to approved plans and specifications, or there has been a major breach of a condition in the grant agreement, or the municipality has failed to comply with the applicable requirements in part 7075.0422. If funds are withheld pursuant to this part, and the condition causing the withholding has been corrected, then all retained funds shall be released to the municipality, unless otherwise agreed to by the director and the municipality.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

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7075.0424 RECOVERY OF FUNDS.

In addition to any other remedies, the agency may seek to recover funds tendered or disbursed for a project that is improperly designed, improperly constructed, or improperly operated and maintained.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: 8 SR 694

7075.0425 STATE GRANTS.

Subpart 1. **Projects for which federal money is available.** The agency may tender a grant of state funds to a municipality that would otherwise qualify for a federal grant but desires to initiate construction of a project without a federal grant if enough funds are in the pollution control fund to cover state matching grants for those projects on the municipal projects list for which federal grants are available.

Subp. 2. **Local share.** The agency may tender a grant of state funds to a municipality for what would otherwise be the local share of the cost if:

A. the municipality has applied for a state grant to cover the local share by July 1 of the fiscal year for which the grant is requested;

B. the municipality is unable to finance the local share and attain a minimal point rating of 40 under the criteria of part 7075.2200;

C. application is made prior to the initiation of construction; and

D. the public health of the state and the prevention, control, and abatement of water pollution require the construction of the project.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: 8 SR 694

7075.0426 CONTRACT ASSIGNMENT.

A municipality that enters into a contract with a contractor or engineer for the planning, design, or construction of a part of or an entire disposal system, to be paid for in whole or in part by state construction grant funds, may assign its rights under the contract to the agency.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: 8 SR 694

7075.0427 CONTRACT BENEFICIARY.

A municipality that enters into a contract with a contractor or engineer for the planning, designing, or construction of a part of or an entire disposal system, to be paid for in whole or in part by state construction grant funds, shall provide in the contract that the agency is a third-party beneficiary to the contract.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: 8 SR 694

7075.0500 [Repealed by amendment, 8 SR 694]

7075.0600 [Repealed by amendment, 8 SR 694]

7075.0700 [Repealed by amendment, 8 SR 694]

7075.0800 [Repealed by amendment, 8 SR 694]

7075.0900 [Repealed by amendment, 8 SR 694]

7075.1000 [Repealed by amendment, 8 SR 694]

7075.1100 [Repealed by amendment, 8 SR 694]

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7075.1200 [Repealed by amendment, 8 SR 694]

7075.1300 [Repealed by amendment, 8 SR 694]

CONSTRUCTION LOAN PROGRAM

7075.2000 APPLICATION FOR CONSTRUCTION LOAN PROGRAM.

Subpart 1. **Application form.** The application form shall be of the type set forth below:

Minnesota Pollution Control Agency

Division of Water Quality

Application for Disposal System Planning
and/or Construction Loan

To be filled in by
the State

Date Received _____

Project Number _____

Loan Request _____

Legal Name of Applicant _____

Address, Zip Code _____

Hereby Makes Application to the Pollution Control Agency of the State of Minnesota for a Loan of Funds for the Planning and/or Construction of: _____

Financial Aspects:

Estimated Project Cost \$ _____

State Loan Funds _____

Local Funds _____

Other Funds _____

Project Schedule:

Project Starting Date _____

Time to Complete Project _____

Name and Title of Official

Signature of Official

Date

Subp. 2. **Attachments.** The planning loan application form shall be supported by the following attachments:

A. resolution of the governing body authorizing the filing of the application and designating the municipal official authorized to sign the application;

B. resolution of the governing body of the municipality obligating the municipality to repay the loan to the state treasurer in annual installments including both principal and interest, each in an amount sufficient to pay the amount due within five years from user charges, taxes, special assessments, or other funds available to it;

C. resolution of the governing body of the municipality obligating the municipality to establish rates and charges or the execution of contracts sufficient to produce the revenues pledged if required by the agency;

D. proposed method of loan repayment; and

E. proposed contracts for engineering, legal, planning, and other consulting services.

Subp. 3. **Other evidence of support.** The construction loan application form shall be supported by:

A. The attachments of subpart 2, items A, C, and D and the items of part 7075.0414, subpart 5. The director for just cause may waive or defer the

submission of any items required pursuant to part 7075.0414, subpart 5 if the items are EPA requirements.

B. Resolution of the governing body of the municipality obligating the municipality to repay the loan to the state treasurer in annual installments including both principal and interest, each in an amount sufficient to pay the principal amount within 20 years or a shorter time interval if the amount of the annual payment will not justify the administrative expenses of processing the payment, from user charges, taxes, special assessments, or other funds available to it.

Subp. 4. **Submission.** The loan application form and attachments shall be submitted in duplicate to the agency at the address specified by the director. Substantial deficiencies in the application and supporting documents or failure to conform with applicable requirements as those set forth in the current agency water pollution control program plan or the applicable basin, regional, or area water quality management plan shall be grounds for rejection. A construction loan application shall be rejected at the discretion of the agency if it does not include an engineering report acceptable to the director, include an adequate commitment for support of operation and maintenance of the project, conform to the intent of the applicable statutes, contribute to the overall objectives of effective water quality management, or is not considered to be in the best interests of the state.

Subp. 5. **Time restriction.** Applications must be restricted to projects or portions of projects for which service contracts or construction contracts can be awarded by June 1, except in cases of advance approval by the director, of the state fiscal year in which the loan is applied for.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.2100 ADMINISTRATION OF CONSTRUCTION LOAN PROGRAM.

Subpart 1. **Allocation of state funds.** The allocation of state funds shall be established in accordance with parts 7075.0403 to 7075.0406 and priority rating points assignable to loan applications shall be established in accordance with part 7075.2200. Funds allocable to loans shall be determined each fiscal year by the agency on the basis of total availability and demand for grants.

Subp. 2. **Tender of planning loan.** Planning applications which receive a priority rating sufficiently high in relation to available funds shall be tendered a state planning loan. Within 60 days after the acceptance of the offer and award of contracts, for engineering, legal, and other consulting services the state payment shall be made.

Subp. 3. **Tender of construction loan.** Construction loan applications which receive a priority rating sufficiently high in relation to available funds shall be tendered a state construction loan. Within 30 days after acceptance of the offer and award of the construction contract for the project, the state payment shall be made.

Subp. 4. **Monthly payments.** Principal and interest, each in an amount sufficient to pay the principal amount within the loan period, shall be paid in equal annual installments to the state treasurer. Interest shall be calculated on the declining balance at the average annual interest rate on state bonds of issue from the proceeds of which the loan was made.

Subp. 5. **Priority ratings.** Priority ratings shall be established each fiscal year for loan applications filed on or before the beginning of the state fiscal year. Applications postmarked or hand delivered after that day shall be rejected.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

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7075.2200 CRITERIA FOR DETERMINING LOAN PRIORITY.

Subpart 1. **Order of priority for planning loan applications.** The determination of the order of priority for planning loan applications shall comply with the criteria set forth in parts 7075.0403 to 7075.0406. Rating points shall be awarded to a municipality by summing up the applicable rating points for the project from tables 1, 2, and 3 in subparts 2 to 4 relative to per capita project cost, the ratio of municipal bonded debt to adjusted assessed values of municipalities, and per capita buying income.

Subp. 2. **Table 1.**

Per Capita Cost of Project	
Per Capita Cost (\$)	Point Rating
0-280	1
281-400	3
401-600	5
601-800	7
801-1000	9
1001-1300	11
1301-1600	13
over 1600	15

Subp. 3. **Table 2.**

Ratio of Municipal Bonded Debt to Adjusted Assessed Values of Municipalities

Ratio x 100	Point Rating
0-3	3
4-9	5
10-15	7
16-21	9
22-27	11
28-33	13
over 33	15

Subp. 4. **Table 3.**

Per Capita Buying Income	
Percent of Average	Point Rating
0-50	15
51-60	13
61-70	11
71-80	9
81-90	7
91-100	5
101-110	3
over 110	1

Subp. 5. **Construction loans.** The determination of the order of priority for construction loan applications shall comply with parts 7075.0403 to 7075.0406.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

7075.4900 PROCEDURAL RULES AND APPEALS.

A request for a hearing, an appeal, or other procedural matter not specifically provided for in this chapter is governed by the agency rules of procedure, the rules of the Office of Administrative Hearings, and other applicable laws.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*

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7075.5000 VARIANCES.

A person may apply for a variance from any requirement of parts in this chapter. The variance shall be applied for and acted upon by the agency in accordance with Minnesota Statutes, section 116.07, subdivision 5, and other applicable statutes and rules.

Statutory Authority: *MS s 115.03 subd 1; 116.16*

History: *8 SR 694*