

1 Minnesota Pollution Control Agency

2

3 Adopted Revision to 6 MCAR S 4.8034 Relating to the
4 Administration of Federal Grant Funds and State Grant and Loan
5 Funds for Municipal Sewage Treatment Projects

6

7 Rules as Adopted

8 6 MCAR S 4.8034 Rule for the administration of the Minnesota
9 State Water Pollution Control Fund and federal grant funds
10 allotted to Minnesota.

11 A. Purpose. This rule provides for the administration of
12 the federal construction grant program and the state
13 construction grant and loan program for the construction of
14 municipal disposal systems.

15 B. Definitions. For the purpose of this rule, the following
16 terms have the meanings given them.

17 1. The terms "person," "sewage," "industrial wastes,"
18 "other wastes," "treatment works," "sewer system," "disposal
19 system," "waters of the state," "pollution control fund,"
20 "municipality," "director," "agency," "pollution of water,"
21 "eligible cost," "wastewater," "wastewater treatment facility,"
22 as well as any other pertinent terms for which definitions are
23 given in Minnesota Statutes, chapters 115 and 116 have the
24 meanings ascribed to them therein.

25 2. "Act" means the Federal Water Pollution Control Act,
26 United States Code, title 33, section 1251 et seq., as amended
27 through December 31, 1982.

28 3. "EPA" means the United States Environmental Protection
29 Agency.

30 4. "Administrator" means the Administrator of the United
31 States Environmental Protection Agency.

32 5. "Need" means a determination that a new or upgraded
33 disposal system is currently required, or will be required
34 within a five-year period to comply with State Water Pollution
35 Control rules; provided, the situation does not exist primarily
36 due to inadequate operation and maintenance or primarily due to

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1 negligence on the part of any person.

2 6. "Step 1" means the preparation of all necessary
3 preliminary engineering studies for the project.

4 7. "Step 2" means the preparation of construction plans
5 and specifications for the project.

6 8. "Step 2+3" means the preparation of construction plans
7 and specifications for and construction of the project.

8 9. "Step 3" means the construction of the project.

9 10. "Secondary treatment plant" includes plants designed
10 to provide effective sedimentation, biochemical oxidation, and
11 disinfection, or the equivalent, consistent with requirements of
12 6 MCAR SS 4.8014 C.6. and 4.8015 C.6. Plants discharging to
13 limited resource value waters (Class 7 waters) and assigned
14 effluent limitations based on 6 MCAR SS 4.8014 C.16.a. or
15 C.16.b. or 4.8015 C.16.a. or C.16.b. are secondary treatment
16 plants for the purpose of this rule.

17 11. "Tertiary treatment plant" includes plants
18 specifically designed to achieve effluent limitations based on 6
19 MCAR SS 4.8014 C.6. or 4.8015 C.6. for phosphorus or toxic
20 substances and plants designed to provide a level of treatment
21 higher than that provided by a secondary treatment plant.

22 12. "Primary treatment plant" means a plant designed to
23 provide a level of treatment lower than that provided by a
24 secondary treatment plant.

25 13. "Planning loan" means a loan for Step 1 or Step 2
26 projects.

27 14. "Construction loan" means a loan for a Step 3 project.

28 15. "Adequate errors and omissions insurance" means a
29 policy of insurance which provides the minimum amount of
30 coverage for the corresponding estimated project construction
31 cost as determined from the following table, which is maintained
32 for a minimum of two years after acceptance of the project by
33 the grantee.

34	Estimated Project	Minimum Amount
35	Construction Cost	of Coverage
36	less than \$1,000,000	\$ 250,000

1	\$1,000,000 to \$2,999,999	\$ 500,000
2	\$3,000,000 to \$9,999,999	\$1,000,000
3	\$10,000,000 or over	\$2,000,000

4 If an engineer has more than one project, the policy must
5 provide for the minimum coverage applicable to the highest
6 estimated project construction cost. Requests for variances
7 from the requirements of this section are governed by section
8 GG. of this rule.

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

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

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

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

36 20. "NPDES/SDS permit" means a National Pollutant

1 Discharge Elimination System and State Disposal System permit
2 issued by the agency that authorizes under certain conditions
3 the discharge of pollutants to waters of the state and
4 subsurface disposal or on-land disposal and the operation of a
5 disposal system.

6 21. "90 percent compliance" means compliance with an
7 NPDES/SDS permit limitation or condition related to effluent
8 quality at a frequency of at least 90 percent of the time during
9 a one-year period computed on the basis of the time interval
10 appropriate to the limitation or condition. Periods of
11 noncompliance caused by inadequate operation and maintenance,
12 negligence on the part of a person, or increased flow or loading
13 to a treatment plant are not included in the percentage
14 computation for the purposes of this definition.

15 22. A "major contributing industry" means an industrial
16 user of a treatment facility that:

17 a. has a rated flow of 50,000 gallons or more per work
18 day on-the-average where the rated flow is the daily design flow
19 multiplied by 24 and divided by the actual hours of discharge in
20 a day;

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

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

25 d. has in its waste before pretreatment a toxic
26 pollutant in ~~toxic-amounts-as-defined-in-standards-issued-by-the~~
27 ~~U.S.-Environmental-Protection-Agency-under-section-307(a)-of-the~~
28 act in excess of what may be discharged to waters of the state;
29 or.

30 e. is found by the agency in connection with the
31 issuance of an NPDES/SDS permit to the municipality, either
32 singly or in combination with other contributing industries, to
33 interfere with the treatment plant's ability to meet effluent
34 limitations, interfere with digester operation or biological
35 unit process operation, impact the area required for sludge
36 disposal, or increase sizing of the facility by five percent or

1 more.

2 23. A "treatment agreement" is an agreement between a
3 municipality and a major contributing industry that includes the
4 following:

5 a. the variations in daily flow and the monthly
6 average and daily maximum quantity of compatible and
7 incompatible pollutants to be discharged to the treatment
8 facility;

9 b. the intended period of use of the treatment
10 facility;

11 c. signatures by the major contributing industry and
12 the owner of the treatment system accepting the wastewater;

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

16 e. enforceability in a court of law by the
17 municipality.

18 24. "Wastewater" means sewage, industrial waste, and
19 other wastes collected for treatment in a disposal system.

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

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

28 C. Types of programs. Under this rule and Minnesota
29 Statutes, section 116.16 et seq., the agency may disburse funds
30 from the pollution control fund for the following:

31 1. grants for projects tendered a federal grant under the
32 act;

33 2. grants to reduce or eliminate the local contribution
34 of a municipality meeting the criteria set forth in 6 MCAR S
35 4.8034 BB.2.;

36 3. grants to municipalities which would qualify for a

1 federal grant but which desire to initiate construction of the
2 project without a federal grant;

3 4. loans for the construction of municipal disposal
4 systems.

5 D. Summary of construction grants program.

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

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

12 3. Priorities are determined by awarding points for
13 various disposal system projects based on (a) the waters
14 affected; (b) the population affected; (c) the type of project
15 proposed; and (d) extra points for qualifying projects.

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

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

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

26 E. Municipal needs list.

27 1. The ~~director~~ agency shall develop and maintain a
28 municipal needs list of municipalities that have a need for a
29 new or upgraded disposal system.

30 2. A municipality on the municipal needs list shall be
31 awarded points under the criteria established in this rule. The
32 municipalities shall be listed on the municipal needs list in
33 descending order according to the number of points awarded to
34 each.

35 3. A municipality may petition the agency for inclusion
36 on the municipal needs list. A municipality petitioning the

1 agency for inclusion on the list shall submit the following
 2 information:

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

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

11 4. The ~~direeter~~ agency shall review each petition and add
 12 to the municipal needs list each municipality for which a need
 13 has been found to exist. If the ~~direeter~~ agency determines that
 14 a need does not exist, the municipality shall not be added to
 15 the list and the ~~direeter~~ agency shall notify the municipality
 16 of the reasons for the determination.

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

20 F. Priority points for waters affected.

21 1. A municipality shall be awarded priority points based
 22 on the water use of the receiving water of the discharge
 23 according to the following:

24	Water Use*	Point Rating
25 Class 1	Domestic consumption:	
26	Class 1A waters	70
27	Class 1B waters	65
28	Class 1C waters	60
29	Class 1D waters	55
30 Class 2	Fisheries and recreation:	
31	Class 2A waters	60
32	Class 2B waters	50
33	Class 2C waters	40
34 Class 7	Limited Resource Value Waters	35

35 * The water uses are more specifically defined in 6 MCAR SS
 36 4.8014 B. and D. and 4.8015 B. and D. and the water use of a

1 specific water of the state is the water use established by 6
2 MCAR S 4.8024 or 4.8025.

3 2. If a municipality discharges to a receiving water with
4 more than one designated water use, the municipality shall be
5 awarded the points for the designated water use with the
6 greatest number of points.

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

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

18	Priority Points		
19	Population	Log ($_{10}$)	Assigned
20	100	2	10.0
21	1,000	3	15.0
22	10,000	4	20.0
23	100,000	5	25.0
24	1,000,000	6	30.0

25 H. Priority points for type of project.

26 1. A municipality shall be awarded priority points based
27 on the type of project to be constructed according to the
28 following:

29	Type of Project	Priority Points
30	Tertiary Treatment Plants:	
31	a. New tertiary treatment plant	160
32	b. Major addition to existing	
33	tertiary treatment plant	160
34	c. Dechlorination facilities	120
35	d. Ancillary addition to existing	
36	tertiary treatment plant	80

1 Secondary Treatment Plants:

2 e. New secondary treatment plant 150

3 f. Major addition to existing

4 secondary treatment plant 150

5 g. Dechlorination facilities 110

6 h. Ancillary addition to existing

7 secondary treatment plant 75

8 Collection Systems or Collector Sewers:

9 i. Collection system or collector sewer 10

10 j. Improvement of collection system or

11 collector sewer reliability 10

12 Combined Sewer Overflow:

13 k. Control of combined sewer overflow 150

14 Previously Funded Projects:

15 l. Additions to previously funded projects 10

16 m. Modification and replacement of

17 innovative or alternative projects 10

18 2. Description of project types.

19 a. New plant. A new tertiary treatment plant is a

20 plant designed to meet tertiary treatment standards and

21 constructed for which construction was commenced after July 1,

22 1983. A new secondary treatment plant is a plant designed to

23 meet secondary treatment standards and constructed for which

24 construction was commenced after July 1, 1983. Land application

25 systems and stabilization ponds that are proposed as an

26 alternative to tertiary and secondary treatment plants that

27 discharge to waters of the state are considered tertiary

28 treatment and secondary treatment for purposes of project

29 priority. Whether a land application system or stabilization

30 pond is a tertiary or secondary treatment system is determined

31 as based on the effluent limitations applicable to discharges to

32 the receiving water. Subsurface disposal systems, including

33 septic tanks, designed to treat an average daily flow of not

34 more than 1,000 gallons and the drainfield portion and one

35 central septic tank to treat an average daily flow in excess of

36 1,000 gallons are considered secondary treatment for purposes of

1 project priority.

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

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

13 (1) transports the wastewater directly to a
14 wastewater treatment facility;

15 (2) transports the wastewater directly to another
16 major interceptor sewer; or

17 (3) transports the wastewater directly to the
18 collector sewer of another municipality.

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

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

35 e. Flow equalization system. A flow equalization
36 system is a containment system such as a pond, basin, or tank

1 designed to temporarily hold wet weather flow until the flow can
2 be transported to the wastewater treatment plant.

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

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

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

31 i. Dechlorination facilities. Dechlorination
32 facilities are facilities that remove chlorine from the effluent.

33 j. Ancillary addition. An ancillary addition to an
34 existing tertiary or secondary treatment plant is an addition
35 that is not a major addition and is not dechlorination
36 facilities such as administrative support facilities and sludge

1 handling capability to comply with State Disposal System permit
2 conditions controlling sludge application to land or sludge
3 disposal.

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

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

16 3. Special restrictions for sewer system projects.

17 a. Sewer system rehabilitation. In order for a sewer
18 system rehabilitation project ~~is not to be~~ eligible for priority
19 points under section H.l.b. or H.l.f. unless, the municipality
20 has must not have obtained a construction grant for treatment
21 plant construction since ~~at least~~ February 11, 1974, the
22 ~~municipality's existing treatment plant is hydraulically~~
23 ~~overloaded,~~ and sewer system rehabilitation is must be justified
24 by an infiltration/inflow analysis and sewer system evaluation
25 survey that complies with the requirements of Code of Federal
26 Regulations, title 40, section 35.2120, as amended through
27 December 31, 1982.

28 b. Relief capacity sewer.

29 (1) A relief capacity sewer is not eligible for
30 priority points under section H.l.b. or H.l.f. unless the
31 municipality has not obtained a construction grant since at
32 least February 11, 1974, and a relief capacity sewer is
33 justified by an infiltration/inflow analysis and sewer system
34 evaluation survey that complies with the requirements of Code of
35 Federal Regulations, title 40, section 35.2120, as amended
36 through December 31, 1982.

1 (2) A relief capacity sewer that qualifies as a
2 major interceptor sewer is considered a major addition to a
3 treatment plant and the municipality proposing the project shall
4 be awarded the priority points under section H.1.b. or H.1.f.
5 for the entire cost of the project.

6 (3) A relief capacity sewer that is not a major
7 interceptor sewer must be divided into two components: (a) the
8 portion of the sewer for domestic, commercial, and industrial
9 wastewater and normal infiltration and inflow and generally
10 accepted peaking factors; and (b) the portion of the sewer
11 necessary to convey excess infiltration and inflow. Component
12 (b) is considered a major addition to a treatment plant and
13 awarded the priority points under section H.1.b. or H.1.f. and
14 component (a) is considered a collector and awarded the priority
15 points under section H.1.i.

16 (4) That percentage of total sewer flow at design
17 condition that is attributable to component (b), multiplied by
18 the cost of the relief capacity sewer, is fundable as a major
19 addition. That percentage of total sewer flow at design
20 condition that is attributable to component (a), multiplied by
21 the cost of the relief capacity sewer, is fundable as a
22 collector sewer.

23 c. Collection systems or collector sewers. A
24 municipality proposing to undertake a sewer system
25 rehabilitation project or to construct a relief capacity sewer
26 that does not meet the criteria specified in a. and b. must be
27 listed as a separate project on the municipal needs list and
28 awarded the priority points credited to a collection system or
29 collector sewer under section H.1.i. or H.1.j.

30 d. Combined sewer overflow. A project for the control
31 of combined sewer overflow is not eligible for priority points
32 under section H.1.k. unless the project is necessary to meet
33 requirements of the municipality's NPDES permit and the act. In
34 addition, after October 1, 1984, combined sewer overflow
35 projects are eligible for funding and for priority points under
36 section H.1.k. only if the governor, by July 1 prior to the

1 federal fiscal year in which funding is sought, has set aside a
2 portion of the state's allotment for correction of combined
3 sewer overflows. This set aside must not exceed 20 percent of
4 the state's allotment for each fiscal year. In no event after
5 October 1, 1984, may funding for combined sewer overflow
6 projects exceed the amount set aside by the governor for these
7 projects.

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

15 I. Extra points. In addition to the priority points a
16 municipality is entitled to for its project, the following extra
17 points shall also be awarded to a qualifying municipality:

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

26 a. information on geologic and soil conditions
27 including soil types, permeabilities, and presence or absence of
28 confining units;

29 b. groundwater flow patterns in the area of the
30 facility or proposed facility;

31 c. an assessment of the extent and magnitude of the
32 contaminant plume;

33 d. an identification of water users and assessment of
34 the amount of water appropriations in the area of the facility
35 or proposed facility;

36 e. flow rates and flow patterns of surface waters;

1 f. information on well construction for wells in the
2 area of the facility or proposed facility, particularly wells
3 that have been or will be impacted;

4 g. a description of the facility's construction,
5 operation, and performance if there is an existing facility,
6 with an explanation of why the facility is creating a public
7 health hazard;

8 h. an identification and assessment of the suspected
9 route of human exposure and the population exposed; and

10 i. a description of how the proposed improvements will
11 mitigate or eliminate the public health hazard.

12 2. Existing level of treatment. A qualifying
13 municipality shall be awarded extra points under one of the
14 provisions below for its existing level of treatment.

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

23 b. Failing septic system. A municipality with an
24 existing septic system where more than 50 percent of the
25 existing septic systems discharge raw or partially treated
26 sewage to the ground surface or surface waters shall be awarded
27 30 extra points.

28 c. Primary treatment. A municipality whose present
29 facilities are designed for only primary treatment shall be
30 awarded 20 extra points.

31 d. Combined sewer overflow. A municipality that
32 discharges untreated sewage as a result of combined sewer
33 overflows shall be awarded 20 extra points.

34 3. Watershed pollution abatement plan. A municipality
35 that proposes a project that is an integral part of a watershed
36 pollution abatement plan shall be awarded 15 extra points. A

1 watershed pollution abatement plan is a plan prepared by a
2 watershed district or watershed management organization and
3 approved by the Minnesota Water Resources Board and includes the
4 following:

5 a. specific point source and nonpoint source pollution
6 abatement strategy; and

7 b. statewide water quality management plan goals and
8 objectives, including the best management practices.

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

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

25 5. Game fish lakes. A municipality proposing to
26 undertake a project that will result in the elimination of a
27 discharge to a game fish lake or ~~that will adversely affect~~ the
28 elimination of a discharge that has an adverse impact on a game
29 fish lake shall be awarded ten extra points. A game fish lake
30 is a lake managed for propagation of game fish species and used
31 for fisheries and recreation. There may be occasional but not
32 regular winter kill in a game fish lake.

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

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

5 J. Total points. The total points to be awarded a
6 municipality for placement on the municipal needs list is the
7 sum of the priority points awarded under one of the provisions
8 of section F., the priority points awarded under section G., the
9 priority points awarded under one of the provisions of section
10 H., and extra points awarded under one or more of the provisions
11 of section I.

12 K. Resolution of equal point ratings. If in the
13 determination of the order of priority on the municipal needs
14 list, two or more municipalities have the same total number of
15 points, the municipality with the highest priority points under
16 section F. for water use is ranked higher. If two or more
17 municipalities have the same total number of points and the same
18 priority points under section F. for water use, the
19 municipalities are ranked based on population under section G.

20 L. Municipal project list.

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

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

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

12 M. Reserve project list.

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

16 2. The reserve project list shall contain a list of
17 municipalities whose projects are eligible for funding from
18 grants made available when a municipality's application for a
19 grant is rejected pursuant to 6 MCAR S 4.8034 R.

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

23 N. Project eligibility.

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

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

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

35 O. Adjustments in the municipal project list.

36 Notwithstanding any other provision in this rule, the director

1 may ~~establish criteria for determining priority for applications~~
2 ~~for federal and state construction grants upon a basis other~~
3 ~~than that provided in this rule if the criteria complies with~~
4 ~~the act, EPA regulations and guidelines, and Minnesota Statutes,~~
5 ~~chapters 115 and 116, as necessary to establish criteria for~~
6 determining priority for applications for federal and state
7 construction grants under the act, under regulations and
8 guidelines of the Environmental Protection Agency promulgated
9 under the act, and under Minnesota Statutes, chapters 115 and
10 116, establish such criteria for determining priority upon a
11 basis other than that provided herein, to the extent required to
12 comply with the act, and with guidelines and regulations under
13 or resulting from the act.

14 P. Public participation.

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

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

26 3. The agency shall give affected municipalities at least
27 45 days notice of the agency board meeting at which the proposed
28 municipal needs list and proposed municipal project list will be
29 acted upon.

30 4. Interested persons may present oral ~~or written~~
31 ~~statements to the board at the board meeting if a request to do~~
32 ~~so is submitted to the agency at least three days before the~~
33 ~~meeting.~~ The agency chairperson may place reasonable
34 restrictions upon the time and manner in which oral comments are
35 submitted. ~~If a request to present oral or written statements~~
36 ~~is made at the board meeting, the agency may allow participation~~

1 ~~in-a-manner-established-by-the-chairperson~~ Written statements
2 may be served on the director any time up to five days before
3 the meeting.

4 Q. Grant applications.

5 1. No municipality may be eligible for a construction
6 grant unless a completed grant application has been submitted to
7 the agency.

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

13 3. The agency shall notify in writing each municipality
14 on the municipal project list and each municipality on the
15 reserve project list of its placement on the appropriate list.
16 No municipality shall submit a construction grant application
17 unless the municipality has been notified by the agency that it
18 is on the municipal project list.

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

22 a. A resolution of the governing body of the
23 municipality that authorizes the filing of the application and
24 that designates the municipal official authorized to sign the
25 application and grant documents;

26 b. Updated cost estimates for Step 3 project work in a
27 format provided by the agency;

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

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

1 a collection system;

2 e. An engineer's certificate of adequate errors and
3 omissions insurance;

4 f. Amendments to the facilities plan;

5 g. A treatment agreement for each major contributing
6 industry to be used in determining the design basis of the new
7 or upgraded system;

8 h. A certification from the municipality that the
9 municipality shall:

10 (1) prohibit unpolluted water connections to the
11 municipality's sanitary sewer system in the future; and

12 (2) inspect new connections to the sanitary sewer
13 system throughout the municipality's jurisdiction to ensure that
14 the connections are ~~air-tight-and-water-tight-and~~ conform to the
15 Minnesota Plumbing Code, found in the rules of the department of
16 health, MHD 120-1347, and to 7 MCAR S 1.135;

17 i. If more than one municipality is involved in the
18 grant application, the resolutions required in a.-h. must be
19 submitted for each municipality involved in the project. In
20 addition, the municipalities shall submit an unexecuted
21 intermunicipal agreement that sets forth the terms and
22 conditions of joint treatment and the cost-sharing methodology.

23 ~~i.~~ j. An opinion from the municipality's attorney that
24 the municipality has the legal authority to construct, assess,
25 operate, maintain, and replace the wastewater treatment
26 facilities;

27 ~~j.~~ k. Other documents that are required by EPA
28 regulation or other requirements of the act.

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

32 a. Addendums to the plans and specifications for the
33 treatment works or other project to be funded.

34 b. A sewer service charge system comprised of a user
35 charge system, including a proposed financial management system,
36 and a system for raising funds to cover the municipality's costs

1 of construction and to retire the municipality's debt costs
2 attributable to the wastewater treatment works to be constructed.

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

9 (2) The user class includes residential, commercial,
10 industrial, institutional, and governmental classes.

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

16 c. Documentation of how the public has been informed
17 of the proposed sewer service charge system.

18 d. A sewer use ordinance to control discharges to the
19 disposal system throughout the jurisdiction of the municipality.

20 e. A preliminary plan of operation of the treatment
21 works.

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

24 g. A wage rate determination information sheet, as
25 provided by the agency.

26 h. A signature and registration number of the
27 consulting engineer accompanying the following certification
28 statement:

29 The treatment works described in this grant application
30 have been designed with full knowledge of the effluent
31 limitations required by the Minnesota Pollution Control
32 Agency as set forth in NPDES Permit No. dated
33 It is my judgement and carefully considered
34 opinion that these treatment works are capable of
35 consistently producing the required effluent quality,
36 provided that the facility is operated in conformance with

1 the approved operation and maintenance manual and that the
2 volume and characteristics of raw wastewater are within the
3 limits of "Design Data" stated on page ... of the plans as
4 follows:

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

13 j. An engineer's certificate of adequate errors and
14 omissions insurance.

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

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

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

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

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

33 p. Other documents that are required by EPA regulation
34 or other requirements of the act.

35 6. A municipality that has received a Step 2+3 grant
36 shall submit the same information required of a Step 3 grant

1 applicant before the municipality may receive authorization to
2 seek bids for construction of the project.

3 7. Construction grant application forms and attachments
4 must be submitted in triplicate to the agency.

5 R. Rejection of grant applications.

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

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

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

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

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

26 S. Approval of grant applications. The agency shall approve
27 grant applications that are not rejected for one or more of the
28 reasons specified in section R.

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

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

34 After the EPA has determined the eligibility of the
35 application and tendered a federal grant, the agency shall make
36 a similar grant offer to the municipality in an amount not less

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

4 U. ~~Construction-without-grants~~ Preparation of plans without
5 a grant.

6 1. A municipality ~~that elects to develop~~ developing a
7 facilities plan for a project ~~without a federal or state grant~~
8 shall:

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

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

16 2. A municipality ~~that elects to develop~~ developing plans
17 and specifications for a project without a federal or state
18 grant shall notify the agency in writing of its intention to
19 develop plans and specifications for its project. The agency
20 shall review the scope of the proposed project and changes from
21 the previously approved facilities plan and advise the
22 municipality whether the project complies with applicable
23 technical, administrative, and public participation requirements.

24 V. Advances of allowance.

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

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

35 3. A municipality applying for an advance of allowance
36 shall submit the following information to the agency:

- 1 a. council resolution requesting the advance;
- 2 b. certification that funds are not available from
- 3 other sources;
- 4 c. estimate of construction costs of the project with
- 5 supporting documentation;
- 6 d. per capita income;
- 7 e. municipal bonded debt;
- 8 f. adjusted assessed value of the municipality; and
- 9 g. council resolution certifying that the municipality
- 10 cannot afford to do the work with its own resources.

11 4. The amount to be allowed as an advance of allowance
12 shall be that amount determined by EPA.

13 5. A municipality is entitled to an advance of allowance
14 on one occasion only.

15 6. A municipality that receives an advance of allowance
16 shall have its Step 3 construction grant reduced by an amount
17 equal to the advance of allowance.

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

22 8. If more municipalities apply for an advance of
23 allowance than can be awarded from the amount reserved for that
24 purpose, the money available must be awarded to the qualifying
25 municipalities in order of their placement on the municipal
26 needs list.

27 W. Grant amendments.

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

31 2. The agency may approve a grant increase when a
32 municipality has solicited contracts that exceed the cost
33 estimated in the application. The agency shall approve the
34 grant amendment if funds are available and the cost-overruns
35 costs are eligible and reasonable. After the grant has been
36 amended to reflect the as-bid costs, only cost overruns caused

1 by unanticipated site conditions shall be eligible for funding
 2 through grant amendments, and the grant amendment shall be
 3 limited to two percent of the as-bid costs.

4 3. A municipality that seeks a grant amendment shall
 5 submit the following information to the agency:

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

8 b. a complete cost breakdown and scope of work;

9 c. a cost breakdown of engineering fees on EPA form
 10 5700-41, as provided by the agency;

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

14 e. a budget period extension request signed by an
 15 official of the municipality if the budget period must be
 16 extended.

17 X. ~~The director shall give a prior approval for a proposed~~
 18 ~~change in the contract if the change:~~

19 ~~1. results in a cost increase greater than the base~~
 20 ~~contract plus contingencies as stated in the project summary; or~~

21 ~~2. substantially alters the type, efficiency,~~
 22 ~~versatility, or reliability of the treatment process.~~

23 ~~Prior approval of a proposed change is not required if the~~
 24 ~~director agrees the change is of an emergency nature.~~

25 ~~Change orders that do not require prior approval shall be~~
 26 ~~submitted within one month after the date on which the change is~~
 27 ~~ordered by the applicant, its engineer, or other authorized~~
 28 ~~agent for review and approval.~~ Change orders. Any proposed

29 changes in the contract which result in cost increases greater
 30 than that of the base contract plus contingencies as stated in
 31 the project summary or other proposed changes regardless of cost
 32 which substantially alter the type of treatment process, or its
 33 efficiency, versatility, or reliability, must be submitted to
 34 the director for prior approval, except where the work is agreed
 35 by the director to be of an emergency nature. Change orders not
 36 requiring prior approval of the director must be submitted

1 within one month after the date on which the change is ordered
2 by the applicant, its engineer, or other authorized agent for
3 review and approval.

4 Y. Payment of state grant funds.

5 1. Step 2 grants advance of allowance and the Step 2
6 portion of Step 2+3 grants.

7 a. The agency shall pay 50 percent of a Step 2 advance
8 of allowance and the Step 2 portion of a Step 2+3 state grant
9 when adequate plans and specifications have been received by the
10 director. The balance of the Step 2 portion must be paid when
11 the agency and the EPA approve of the plans and specifications
12 and after final payment of the Step 2 portion has been paid by
13 the EPA.

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

19 2. Step 3 grants and the Step 3 portion of Step 2+3
20 grants.

21 a. A municipality may request periodic payments of a
22 Step 3 state grant up to 50 percent of the total grant. The
23 request for payment shall be submitted to the agency in
24 writing. With each payment request the municipality shall
25 submit a summary of all architectural and engineering costs
26 expended to date in the format required in submitting the
27 original grant application.

28 b. The agency shall make a final grant payment for the
29 remaining 50 percent of the grant after the agency has completed
30 a final inspection of the treatment works and the municipality
31 has:

32 (1) submitted to the agency a request for the
33 payment;

34 (2) hired a wastewater treatment works operator
35 having a valid state certificate;

36 (3) adopted a sewer use ordinance that will control

1 wastewater discharges to the municipality's wastewater treatment
2 system;

3 (4) adopted a user charge system that will generate
4 revenue to offset the annual costs of operation, maintenance,
5 and equipment replacement;

6 (5) submitted a certification by the contractor that
7 the project was built according to the plans and specifications;

8 (6) submitted a copy of the as-built specifications;

9 (7) certified that the municipality is complying
10 with the operation and maintenance manual for the treatment
11 works that was approved by the agency;

12 (8) complied with the municipality's NPDES/SDS
13 permit for the treatment works;

14 (9) put the treatment plant into operation and is
15 operating the treatment plant efficiently;

16 (10) received final payment of the federal grant;

17 (11) submitted a revised operation and maintenance
18 manual; and

19 (12) submitted a start-up report.

20 Z. Retained payments. The agency may withhold Step 3 grant
21 payments and may request the EPA to withhold grant payments if
22 the director determines that a project does not substantially
23 conform to approved plans and specifications, or there has been
24 a major breach of a condition in the grant agreement, or the
25 municipality has failed to comply with the applicable
26 requirements in 6 MCAR S 4.8034 Y. If funds are withheld
27 pursuant to this rule, and the condition causing the withholding
28 has been corrected, then all retained funds shall be released to
29 the municipality, unless otherwise agreed to by the director and
30 the municipality.

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

35 BB. State grants.

36 1. The agency may tender a grant of state funds to a

1 municipality that would otherwise qualify for a federal grant
2 but desires to initiate construction of a project without a
3 federal grant if enough funds are in the pollution control fund
4 to cover state matching grants for those projects on the
5 municipal projects list for which federal grants are available.

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

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

12 b. the municipality is unable to finance the local
13 share and attain a minimal point rating of 40 under the criteria
14 of 6 MCAR S 4.8034 EE.3.;

15 c. application is made prior to the initiation of
16 construction; and

17 d. the public health of the state and the prevention,
18 control, and abatement of water pollution require the
19 construction of the project.

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

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

31 EE. Construction loan program.

32 1. Application.

33 a. The application form shall be of the type set forth
34 below:

35 MINNESOTA POLLUTION CONTROL AGENCY

36 Division of Water Quality

1

2 Application for Disposal System Planning To be filled in by
3 and/or Construction Loan the State

4

5 Date Received _____

6 Project Number _____

7 Loan Request _____

8 Legal Name of Applicant

9 _____

10 Address, Zip Code

11 _____

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

15 _____

16 Financial Aspects:

17 Estimated Project Cost \$ _____

18 State Loan Funds _____

19 Local Funds _____

20 Other Funds _____

21 Project Schedule:

22 Project Starting Date _____

23

24 Time to Complete Project _____

25

26 Name and Title of Official Signature of Official Date

27 _____

28 b. The planning loan application form shall be
29 supported by the following attachments:

30 (1) resolution of the governing body authorizing the
31 filing of the application and designating the municipal official
32 authorized to sign the application;

33 (2) resolution of the governing body of the
34 municipality obligating the municipality to repay the loan to
35 the state treasurer in annual installments including both
36 principal and interest, each in an amount sufficient to pay the

1 amount due within five years from user charges, taxes, special
2 assessments, or other funds available to it;

3 (3) resolution of the governing body of the
4 municipality obligating the municipality to establish rates and
5 charges or the execution of contracts sufficient to produce the
6 revenues pledged if required by the agency;

7 (4) proposed method of loan repayment; and

8 (5) proposed contracts for engineering, legal,
9 planning, and other consulting services.

10 c. The construction loan application form shall be
11 supported by:

12 (1) The attachments of b. (1), (3), and (4) and the
13 items of 6 MCAR S 4.8034 Q.5. The director for just cause may
14 waive or defer the submission of any items required pursuant to
15 6 MCAR S 4.8034 Q.5. if the items are EPA requirements.

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

25 d. The loan application form and attachments shall be
26 submitted in duplicate to the agency at the address specified by
27 the director. Substantial deficiencies in the application and
28 supporting documents or failure to conform with applicable
29 requirements as those set forth in the current agency water
30 pollution control program plan or the applicable basin,
31 regional, or area water quality management plan shall be grounds
32 for rejection. A construction loan application shall be
33 rejected at the discretion of the agency if it does not include
34 an engineering report acceptable to the director, include an
35 adequate commitment for support of operation and maintenance of
36 the project, conform to the intent of the applicable statutes,

1 contribute to the overall objectives of effective water quality
2 management, or is not considered to be in the best interests of
3 the state.

4 e. Applications must be restricted to projects or
5 portions of projects for which service contracts or construction
6 contracts can be awarded by June 1, except in cases of advance
7 approval by the director, of the state fiscal year in which the
8 loan is applied for.

9 2. Administration.

10 a. The allocation of state funds shall be established
11 in accordance with 6 MCAR S 4.8034 F., G., H., and I. and
12 priority rating points assignable to loan applications shall be
13 established in accordance with section EE.3. Funds allocable to
14 loans shall be determined each fiscal year by the agency on the
15 basis of total availability and demand for grants.

16 b. Planning applications which receive a priority
17 rating sufficiently high in relation to available funds shall be
18 tendered a state planning loan. Within 60 days after the
19 acceptance of the offer and award of contracts, for engineering,
20 legal, and other consulting services the state payment shall be
21 made.

22 c. Construction loan applications which receive a
23 priority rating sufficiently high in relation to available funds
24 shall be tendered a state construction loan. Within 30 days
25 after acceptance of the offer and award of the construction
26 contract for the project, the state payment shall be made.

27 d. Principal and interest, each in an amount
28 sufficient to pay the principal amount within the loan period,
29 shall be paid in equal annual installments to the state
30 treasurer. Interest shall be calculated on the declining
31 balance at the average annual interest rate on state bonds of
32 issue from the proceeds of which the loan was made.

33 e. Priority ratings shall be established each fiscal
34 year for loan applications filed on or before the beginning of
35 the state fiscal year. Applications postmarked or hand
36 delivered after that day shall be rejected.

1 3. Criteria for determining loan priority.

2 a. The determination of the order of priority for
3 planning loan applications shall comply with:

4 (1) the criteria set forth in 6 MCAR S 4.8034 F.,
5 G., H., and I.

6 (2) Rating points shall be awarded to a municipality
7 by summing up the applicable rating points for the project from
8 tables 1, 2, and 3 relative to per capita project cost, the
9 ratio of municipal bonded debt to adjusted assessed values of
10 municipalities, and per capita buying income.

11 TABLE 1

12 Per Capita Cost of Project

13	Per Capita Cost (\$)	Point Rating
14	0-280	1
15	281-400	3
16	401-600	5
17	601-800	7
18	801-1000	9
19	1001-1300	11
20	1301-1600	13
21	over 1600	15

22 TABLE 2

23 Ratio of Municipal Bonded Debt to

24 Adjusted Assessed Values of Municipalities

25	Ratio x 100	Point Rating
26	0-3	3
27	4-9	5
28	10-15	7
29	16-21	9
30	22-27	11
31	28-33	13
32	over 33	15

33 TABLE 3

34 Per Capita Buying Income

35	Percent of Average	Point Rating
36	0-50	15

1	51-60	13
2	61-70	11
3	71-80	9
4	81-90	7
5	91-100	5
6	101-110	3
7	over 110	1

8 b. Construction loans. The determination of the order
 9 of priority for construction loan applications shall comply with
 10 6 MCAR S 4.8034 F., G., H., and I.

11 FF. Procedural rules and appeals. A request for a hearing,
 12 an appeal, or other procedural matter not specifically provided
 13 for in this rule is governed by the agency rules of procedure,
 14 the rules of the Office of Administrative Hearings, and other
 15 applicable laws.

16 GG. Variances. A person may apply for a variance from any
 17 requirement of these rules. The variance shall be applied for
 18 and acted upon by the agency in accordance with Minnesota
 19 Statutes, section 116.07, subdivision 5, and other applicable
 20 statutes and rules.