

1 Pollution Control Agency

2

3 Adopted Rules Relating to Sewage Treatment Grants

4

5 Rules as Adopted

6 7075.0100 PURPOSE.

7 This chapter provides for the administration of the federal  
8 construction grant program, the independent state construction  
9 grant program, the state matching construction grant program,  
10 and the state loan program for the construction of municipal  
11 disposal systems.

12 7075.0200 DEFINITIONS.

13 Subpart 1. and 2. [Unchanged.]

14 Subp. 3. Act. "Act" means the Federal Water Pollution  
15 Control Act, United States Code, title 33, section 1251 et seq.

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

23	Estimated Project	Minimum Amount
24	Construction Cost	of Coverage
25		
26	less than \$1,000,000	\$ 250,000
27	\$1,000,000 to \$2,999,999	\$ 500,000
28	\$3,000,000 to \$9,999,999	\$1,000,000
29	\$10,000,000 or over	\$2,000,000
30		

31 If an engineer has more than one project, the policy must  
32 provide for the minimum coverage applicable to the highest  
33 estimated project construction cost. Requests for variances  
34 from the requirements of this part are governed by part  
35 7075.5000.

36 Subp. 5. to 8. [Unchanged.]

37 Subp. 9. Facilities plan. "Facilities plan" includes the  
38 information required by Code of Federal Regulations, title 40,  
39 section 35.2030, and other information as is necessary to

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1 determine whether the project is consistent with good  
2 engineering practice and capable of complying with applicable  
3 pollution control rules and standards.

4 Subp. 10. to 14. [Unchanged.]

5 Subp. 15. 90 percent compliance. "90 percent compliance"  
6 means compliance with an NPDES/SDS permit limitation or  
7 condition related to effluent quality at a frequency of at least  
8 90 percent of the time during a one-year period computed on the  
9 basis of the time interval appropriate to the limitation or  
10 condition. Periods of noncompliance caused by inadequate  
11 operation and maintenance or negligence on the part of a person  
12 are not included in the percentage computation for the purposes  
13 of this definition.

14 Subp. 16. Outstanding resource value water. "Outstanding  
15 resource value water" means those waters defined in part  
16 7050.0180, subpart 2.

17 Subp. 17. Planning loan. "Planning loan" means a loan for  
18 Step 1 or Step 2 projects.

19 Subp. 18. Plans and specifications. "Plans and  
20 specifications" includes documents that contain the requirements  
21 under which a bidder submits a bid for performing the work and  
22 the contractual requirements and detailed requirements. The  
23 documents that comprise the plans and specifications must  
24 conform with generally accepted engineering practices,  
25 applicable state statutes and rules, and applicable requirements  
26 of Code of Federal Regulations, title 40, parts 33 and 35.

27 Subp. 19. Primary treatment facilities. "Primary  
28 treatment facilities" means facilities designed to provide a  
29 level of treatment lower than that provided by secondary  
30 treatment facilities.

31 Subp. 20. Secondary treatment facilities. "Secondary  
32 treatment facilities" includes facilities designed to provide  
33 effective sedimentation, biochemical oxidation, and  
34 disinfection, or the equivalent, consistent with requirements of  
35 part 7050.0210, subpart 6. Facilities discharging to limited  
36 resource value waters (Class 7 waters) and assigned effluent

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1 limitations based on part 7050.0210, subpart 16, item A or B and  
2 that do not have a phosphorus or toxic substances effluent  
3 limitation are secondary treatment facilities for the purpose of  
4 this chapter.

5 Subp. 21. Step 1. "Step 1" means the preparation of all  
6 necessary preliminary engineering studies for the project.

7 Subp. 22. Step 2. "Step 2" means the preparation of  
8 construction plans and specifications for the project.

9 Subp. 23. Step 3. "Step 3" means the construction of the  
10 project.

11 Subp. 24. Step 2+3. "Step 2+3" means the preparation of  
12 construction plans and specifications for and construction of  
13 the project.

14 Subp. 25. Tertiary treatment facilities. "Tertiary  
15 treatment facilities" includes facilities specifically designed  
16 to achieve effluent limitations based on part 7050.0210, subpart  
17 6 for phosphorus or toxic substances and facilities designed to  
18 provide a level of treatment higher than that provided by  
19 secondary treatment facilities.

20 Subp. 26. Treatment agreement. A "treatment agreement" is  
21 an agreement between a municipality and a major contributing  
22 industry that includes the following:

23 A. to E. [Unchanged.]

24 Subp. 27. Wastewater. "Wastewater" means sewage,  
25 industrial waste, and other wastes collected for treatment in a  
26 disposal system.

27 Subp. 28. Other terms and abbreviations. Other terms and  
28 abbreviations used herein which are not specifically defined by  
29 law shall be construed in conformance with the context and  
30 professional usage.

31 7075.0400 TYPES OF PROGRAMS.

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

35 A. state matching grants for projects tendered a  
36 federal grant under the act;

1 B. grants to reduce or eliminate the local  
2 contribution of a municipality meeting the criteria in part  
3 7075.0425;

4 C. independent state grants for planning and  
5 construction of municipal disposal systems; and

6 D. loans for the construction of municipal disposal  
7 systems.

8 7075.0401 SUMMARY OF CONSTRUCTION GRANTS PROGRAMS.

9 The following provisions apply to the municipal  
10 construction grant programs:

11 A. Federal construction grant funds and state  
12 matching construction grant funds are available for Step 2+3 and  
13 Step 3 projects and advances of allowance for Steps 1 and 2.

14 B. Independent state construction grant funds are  
15 available for Steps 1, 2, 3, and 2+3 projects.

16 C. Except as provided in part 7075.0409, subpart 4,  
17 items C and D, construction grants are awarded to municipalities  
18 on a priority basis. Municipalities with the highest priorities  
19 as determined by a point system are awarded construction grants  
20 first.

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

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

28 F. The agency prepares a municipal project list that  
29 lists in order of priority from the municipal needs list, the  
30 municipalities that are eligible to apply for construction  
31 grants for their projects from funds allotted to the state for  
32 the current fiscal year by the federal government or  
33 appropriated into the fund for the current fiscal year.

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

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## 1 7075.0402 MUNICIPAL NEEDS LIST.

2 Subpart 1. to 4. [Unchanged.]

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

## 7 7075.0403 PRIORITY POINTS FOR WATERS AFFECTED.

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

11	Water Use*	Point Rating
12	Class 1 Domestic consumption:	
13	Class 1A waters	70
14	Class 1B waters	65
15	Class 1C waters	60
16	Class 1D waters	55
17	Class 2 Fisheries and recreation:	
18	Class 2A waters	60
19	Class 2B waters	50
20	Class 2C waters	40
21	Class 7 Limited Resource Value Waters	35
22		

23 \* The water uses are more specifically defined in parts  
 24 7050.0200 and 7050.0220 and the water use of a specific water of  
 25 the state is the water use established by parts 7050.0400 to  
 26 7050.0480.

27 Subp. 2. and 3. [Unchanged.]

## 28 7075.0405 PRIORITY POINTS FOR TYPE OF PROJECT.

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

32	Type of Project	Priority Points
33		
34	Tertiary treatment facilities:	
35	A. major tertiary treatment facilities	160
36	B. dechlorination facilities	120
37	C. ancillary addition to existing	
38	tertiary treatment facilities	80
39		
40	Secondary treatment facilities:	
41	D. major secondary treatment facilities	150
42	E. dechlorination facilities	110
43	F. ancillary addition to existing	
44	secondary treatment facilities	75
45		
46	Collection systems or collector sewers:	
47	G. collection system or collector sewer	
48	<del>in-ether-than-a-totally-unsewered</del>	
49	<del>incorporated-city</del>	10
50	H. improvement of collection system or	

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1 collector sewer reliability 10

2  
3 Combined sewer overflow:  
4 I. control of combined sewer overflow 150

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

7 A. Major treatment facilities are new facilities or  
8 additions to existing facilities which improve effluent quality  
9 in order that a municipality may achieve compliance with its  
10 NPDES/SDS permit conditions. Major treatment facilities include  
11 ~~collection-systems-in-totally-unsewered-incorporated-cities,~~  
12 major interceptor sewers, and sewer system rehabilitation. Land  
13 application systems and stabilization ponds that are proposed as  
14 an alternative to tertiary and secondary treatment facilities  
15 that discharge to waters of the state are considered tertiary  
16 treatment and secondary treatment for purposes of project  
17 priority. Whether a land application system or stabilization  
18 pond is a tertiary or secondary treatment system is determined  
19 as based on the effluent limitations applicable to discharges to  
20 the receiving water. Subsurface disposal systems, including  
21 septic tanks, designed to treat an average daily flow of not  
22 more than 1,200 gallons and the drainfield portion and one  
23 central septic tank to treat an average daily flow in excess of  
24 1,200 gallons are considered secondary treatment for purposes of  
25 project priority.

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

30 (1) transports the wastewater directly to a  
31 wastewater treatment facility;

32 (2) transports the wastewater directly to another  
33 major interceptor sewer; or

34 (3) transports the wastewater directly to the  
35 collector sewer of another municipality.

36 A sewer is a collector sewer and not a major interceptor  
37 sewer if the average design flow of the sewer increases by more  
38 than ten percent from wastewater connections to the sewer

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1 between its origin and its termination or if it has physical  
2 connections closer to each other than 1,000 feet. Infiltration  
3 and inflow directly to the sewer and flow from other major  
4 interceptor sewers is not included in determining whether the  
5 flow has increased by more than ten percent.

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

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

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

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

34 G. A collection system or collector sewer is a  
35 sanitary sewer, including innovative and alternative sewers  
36 carrying raw or partially treated wastewater and providing

1 collection system reliability such as alternative power or dual  
2 pumps, that is not a major interceptor sewer, a relief sewer, or  
3 relief capacity sewer. For treatment works including subsurface  
4 disposal systems designed to treat an average daily flow in  
5 excess of 1,200 gallons, a collection system includes devices  
6 such as grinder pumps and septic tanks that will partly treat  
7 the wastewater, as well as septic tank effluent pumps and small  
8 diameter sewers that will pump and convey the partially treated  
9 waste.

10 H. Dechlorination facilities are facilities that  
11 remove chlorine from the effluent. When a municipality receives  
12 a grant to construct facilities receiving the points assigned in  
13 subpart 1, item A or D, the facilities described in this item  
14 shall be funded concurrently.

15 I. An ancillary addition to existing tertiary or  
16 secondary treatment facilities is an addition that is not a  
17 major addition and is not dechlorination facilities. Examples  
18 are administrative support facilities or sludge handling  
19 facilities to enable a municipality to comply with state  
20 disposal system permit conditions controlling sludge application  
21 to land or sludge disposal. When a municipality receives a  
22 grant to construct facilities receiving the points assigned in  
23 subpart 1, item A or D, the facilities described in this item  
24 shall be funded concurrently.

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

27 A. In order for a sewer system rehabilitation project  
28 to be eligible for priority points under part 7075.0405, subpart  
29 1, item A or D, the municipality must not have obtained a  
30 construction grant for treatment plant construction since  
31 February 11, 1974, and sewer system rehabilitation must be  
32 justified by an infiltration/inflow analysis and sewer system  
33 evaluation survey that complies with the requirements of Code of  
34 Federal Regulations, title 40, section 35.2120.

35 B. A relief capacity sewer is not eligible for  
36 priority points under part 7075.0405, subpart 1, item A or D



1 unless the municipality has not obtained a construction grant  
2 since at least February 11, 1974, and a relief capacity sewer is  
3 justified by an infiltration/inflow analysis and sewer system  
4 evaluation survey that complies with the requirements of Code of  
5 Federal Regulations, title 40, section 35.2120.

6 A relief capacity sewer that qualifies as a major  
7 interceptor sewer is considered major treatment facilities and  
8 the municipality proposing the project shall be awarded the  
9 priority points under part 7075.0405, subpart 1, item A or D for  
10 the entire cost of the project.

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

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

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

18 The component in subitem (2) is considered major treatment  
19 facilities and awarded the priority points under part 7075.0405,  
20 subpart 1, item A or D and the component in subitem (1) is  
21 considered a collector and awarded the priority points under  
22 part 7075.0405, subpart 1, item G.

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

30 C. A municipality proposing to undertake a sewer  
31 system rehabilitation project or to construct a relief capacity  
32 sewer that does not meet the criteria specified in items A and B  
33 must be listed as a separate project on the municipal needs list  
34 and awarded the priority points credited to a collection system  
35 or collector sewer under part 7075.0405, subpart 1, item G or H.

36 D. A project for the control of combined sewer

1 overflow is not eligible for priority points under part  
 2 7075.0405, subpart 1, item I unless the project is necessary to  
 3 meet requirements of the municipality's NPDES/SDS permit and the  
 4 act. In addition, after October 1, 1984, combined sewer  
 5 overflow projects are eligible for funding and for priority  
 6 points under part 7075.0405, subpart 1, item I only if the  
 7 governor, by July 1 prior to the federal fiscal year in which  
 8 funding is sought, has set aside a portion of the state's  
 9 allotment or appropriation for correction of combined sewer  
 10 overflows. This set aside must not exceed 20 percent of the  
 11 state's allotment for each fiscal year. In no event after  
 12 October 1, 1984, may funding for combined sewer overflow  
 13 projects exceed the amount set aside by the governor for these  
 14 projects.

15 Subp. 4. [Unchanged.]

16 7075.0406 EXTRA POINTS.

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

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

27 (1) to (9) [Unchanged.]

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

31 (1) A municipality that presently has a central  
 32 sanitary sewer system serving 50 percent or more of the  
 33 population but provides no treatment prior to discharge, or a  
 34 municipality which collects an average daily flow exceeding one  
 35 million gallons through a system without combined sewers and  
 36 which has bypassed sewage more than 40 percent of the time over

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1 a period of at least two years while its plant is operating at  
2 full capacity, shall be awarded 40 extra points.

3 (2) A municipality with no central sanitary sewer  
4 system where more than 50 percent of the existing septic systems  
5 discharge raw or partially treated sewage directly to the ground  
6 surface shall be awarded 30 extra points.

7 (3) A municipality that presently has a central  
8 sanitary sewer system serving 50 percent or more of the  
9 population and whose present facilities are designed for only  
10 primary treatment shall be awarded 20 extra points.

11 (4) A municipality that discharges untreated  
12 sewage as a result of combined sewer overflows shall be awarded  
13 20 extra points.

14 C. A municipality that proposes a project that is an  
15 integral part of a watershed pollution abatement plan shall be  
16 awarded 15 extra points. A watershed pollution abatement plan  
17 shall include the following:

18 (1) an in depth description of the physical  
19 environment (geology, soils, topography, and land cover), land  
20 use and development in the watershed, as well as the planned  
21 future land use and development;

22 (2) an inventory and in depth description of the  
23 watershed's hydrologic system, including climatic conditions  
24 (precipitation), lakes, wetlands, streams, groundwater,  
25 drainage, and conveyance systems;

26 (3) information on the existing and potential  
27 water quality problems in the watershed, including both point  
28 and nonpoint sources of pollution;

29 (4) objectives and policies, including management  
30 plans for water quality and natural resource protection;

31 (5) a description of the hydrologic and water  
32 quality conditions that will be sought, including a description  
33 of the opportunities for improvement;

34 (6) a statement on conflicts between the  
35 watershed pollution abatement plan and existing plans of local  
36 government units; and

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1 (7) a plan for implementation, consisting of  
2 governmental work agreements and schedules for implementing  
3 corrective actions.

4 A municipality is not entitled to the 15 extra points under  
5 this provision unless the agency received the plan for review by  
6 April 15, and it is in approvable condition by July 1, prior to  
7 the beginning of the fiscal year for which funding is sought.

8 D. A municipality that discharges to or has an  
9 adverse impact upon an outstanding resource value water shall be  
10 awarded ten extra points.

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

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

21 G. A municipality listed on the municipal needs list  
22 on January 1, 1985, shall be awarded 40 extra points.

23 H. A municipality which does not qualify for the  
24 points awarded in item G and which is achieving less than 90  
25 percent compliance with its NPDES/SDS permit conditions shall be  
26 awarded 20 extra points.

27 7075.0409 MUNICIPAL PROJECT LIST.

28 Subpart 1. Adoption of municipal project list. The agency  
29 shall adopt a municipal project list each fiscal year which  
30 shall list in order of priority projects for which federal grant  
31 funds will be requested from current allotments and for which  
32 state grants will be awarded from current appropriations. The  
33 municipal project list shall also list any nonproject uses of  
34 the state's allotment of federal grant funds and of the  
35 appropriation of state grant funds, including but not limited  
36 to, training grants and costs of administration.

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1 Subp. 2. Requirements for placement on list. A  
2 municipality that requests project placement on the municipal  
3 project list shall meet the following requirements:

4 A. If the grant sought is a Step 1, 2, 2+3, or 3  
5 grant, the municipality must be listed on the municipal needs  
6 list.

7 B. If the grant sought is a Step 2 or 2+3 grant, the  
8 municipality shall submit by December 1 prior to the beginning  
9 of the fiscal year for which the municipal project list is  
10 prepared:

11 (1) a facilities plan in conformance with part  
12 7075.0200, subpart 9; and

13 (2) if the municipality is proposing to change  
14 the selected treatment method or any other major element of a  
15 previously approved facilities plan, a facilities plan addendum  
16 in conformance with part 7075.0200, subpart 9.

17 C. If the grant sought is a Step 3 grant, the  
18 municipality shall submit by December 1 prior to the beginning  
19 of the fiscal year for which the municipal project list is  
20 prepared:

21 (1) plans and specifications in conformance with  
22 part 7075.0200, subpart 18, and based on a facilities plan  
23 previously approved by the agency;

24 (2) if the city is proposing to change the  
25 selected treatment method or any other major element of  
26 previously approved plans and specifications, a plans and  
27 specifications addendum in conformance with part 7075.0200,  
28 subpart 18, and based on a previously approved facilities plan;

29 (3) a sewer service charge system comprised of a  
30 user charge system, including a proposed financial management  
31 system, and a system for raising funds to cover the  
32 municipality's costs of construction and to retire the  
33 municipality's debt costs attributable to the wastewater  
34 treatment works to be constructed.

35 The user charge system must ensure the sufficient  
36 generation of revenue to offset the annual costs of operation,

1 maintenance, and replacement (O, M, and R) of the treatment  
2 works and must charge each user class a fee proportional to the  
3 contribution of each user class to the total wastewater loading.

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

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

11 (4) documentation of how the public has been  
12 informed of the proposed sewer service charge system; and

13 (5) a sewer use ordinance to control discharges  
14 to the disposal system throughout the jurisdiction of the  
15 municipality.

16 D. The municipality shall, by June 1 prior to the  
17 beginning of the fiscal year for which the municipal project  
18 list is prepared, make all necessary corrections to the  
19 documents in item B if the grant sought is a Step 2 or 2+3  
20 grant, or the documents in item C if the grant sought is a Step  
21 3 grant, so as to make them approvable.

22 E. If the grant sought is a Step 2+3 or 3 grant, the  
23 municipality shall, by June 1 prior to the beginning of the  
24 fiscal year for which the municipal project list is prepared,  
25 indicate its preferred funding source, if it has one, in writing  
26 to the director.

27 Subp. 3. Preparation of proposed municipal project list.  
28 The agency shall prepare a municipal project list that lists in  
29 order of priority the municipalities that are eligible to apply  
30 for construction grants for their projects from funds allotted  
31 to the state for the current fiscal year by the federal  
32 government or appropriated into the fund for the current fiscal  
33 year.

34 In drafting the proposed municipal project list, the agency  
35 shall consider the following factors in the order given:

36 A. total dollars available for obligation from each

1 funding source;

2 B. eligibility of projects and portions of projects  
3 according to these parts and applicable state and federal  
4 statutes;

5 C. restrictions on obligations mandated by these  
6 parts and applicable state and federal statutes, including but  
7 not limited to set asides for administration of certain types of  
8 projects, and the percentage of the cost of construction that  
9 will be paid by state and federal grants; and

10 D. the municipalities' preference for funding sources.

11 Subp. 4. Procedures for drafting list. In drafting the  
12 proposed municipal project list, the agency shall list projects  
13 on the proposed list according to the following procedures:

14 A. The agency shall attempt to accommodate  
15 municipalities' preferences for funding sources in priority  
16 order until the costs of the projects being funded from one  
17 funding source reach the full allotment or appropriation of  
18 grant funds available from that source for the fiscal year. If  
19 a municipality expresses no preference, the agency shall  
20 determine from which source it will be funded.

21 B. The agency shall then list projects in priority  
22 order, funding those projects from the remaining funding source,  
23 until the costs of the projects reach the full allotment or  
24 appropriation of grant funds available for the fiscal year.  
25 Projects ineligible under the remaining funding source must be  
26 considered for placement on the following fiscal year's  
27 municipal project list.

28 C. The agency shall then list on the municipal  
29 project list in priority order those projects on the municipal  
30 needs list with priority rankings lower than those selected  
31 under items A and B, but which have been identified by the  
32 commissioner of energy and economic development by July 1 as  
33 being substantial economic development projects, and for which a  
34 portion of the appropriation for the fiscal year has been set  
35 aside for such projects.

36 D. The agency may list projects which will receive

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1 Step 1 and 2 grants and advances of allowance in such a manner  
 2 as to permit funding to proceed in an orderly fashion to fully  
 3 utilize all allocated and appropriated funds.

4 Subp. 5. Reimbursement project list. The agency shall  
 5 prepare a reimbursement project list that lists those  
 6 municipalities that are willing to proceed with projects and are  
 7 willing to be reimbursed in a subsequent year conditioned upon  
 8 appropriation of sufficient money for that year. No  
 9 municipality may be listed on the reimbursement project list  
 10 unless the municipality has requested placement on the list and  
 11 has complied with part 7075.0409, subpart 2, items A, C, and D.  
 12 The total cost of these reimbursement projects may not exceed  
 13 the amount of the expected independent state grant appropriation  
 14 for the next year. Reimbursement projects must be listed in the  
 15 same order of priority as they appear on the municipal needs  
 16 list. A reimbursement project may appear on both the  
 17 reimbursement project list and the reserve project list.

18 7075.0410 RESERVE PROJECT LIST.

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

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

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

28 7075.0411 PROJECT ELIGIBILITY.

29 Subpart 1. Steps eligible. Federal grants and state  
 30 matching grants shall be awarded only for Step 2+3 and Step 3  
 31 projects. Advances of allowance for Step 1 and 2 projects may  
 32 also be provided from federal funds. Independent state grants  
 33 may be awarded for Step 1, Step 2, Step 2+3, and Step 3 projects.

34 Subp. 2. General eligibility. No project is eligible for  
 35 a federal grant or a state matching grant unless it is eligible

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1 for funding under the act and applicable federal regulations. No  
2 project is eligible for an independent state grant unless it is  
3 eligible under this chapter and applicable state statutes.

4 Subp. 3. Initiation of construction. A municipality is  
5 not eligible for a federal grant or a state matching grant if  
6 construction on the project has been initiated prior to the  
7 award of the grant.

8 A municipality may be eligible for an independent state  
9 grant after initiation of construction, provided that:

10 A. the municipality was listed on the reimbursement  
11 project list in the fiscal year construction began;

12 B. the municipality submitted a complete grant  
13 application to the agency within 90 days after adoption of the  
14 reimbursement project list; and

15 C. the municipality obtained written permission from  
16 the agency to advertise for bids and initiate construction  
17 before those steps were taken.

18 Subp. 4. Cost-effectiveness. A project is not eligible  
19 for a grant unless the agency determines that the project is an  
20 environmentally acceptable cost-effective means of handling the  
21 municipality's wastewater. The agency shall not award a grant  
22 to pay for those portions of a project that are not  
23 environmentally acceptable and cost-effective.

24 7075.0413 PUBLIC PARTICIPATION.

25 Subpart 1. Needs and project lists. The agency shall  
26 prepare a proposed municipal needs list, a proposed municipal  
27 project list, a proposed reserve project list, and a proposed  
28 reimbursement project list, and make them available to the  
29 public at least 45 days before adoption. The agency shall mail  
30 a free copy of the proposed lists to an interested person upon  
31 request.

32 Subp. 2. [Unchanged.]

33 Subp. 3. Notice. The agency shall give affected  
34 municipalities at least 45 days notice of the agency board  
35 meeting at which the proposed municipal needs list, the proposed  
36 municipal project list, the proposed reserve project list, and

1 the proposed reimbursement project list will be acted upon.

2 Subp. 4. [Unchanged.]

3 7075.0414 GRANT APPLICATIONS.

4 Subpart 1. and 2. [Unchanged.]

5 Subp. 3. Agency notification. The agency shall notify in  
6 writing each municipality on the municipal project list, each  
7 municipality on the reserve project list, and each municipality  
8 on the reimbursement project list of its placement on the  
9 appropriate list. No municipality shall submit a construction  
10 grant application unless the municipality has been notified by  
11 the agency that it is on the municipal project list, the reserve  
12 project list, or the reimbursement project list.

13 Subp. 4. Additional information for Step 1 grant. A  
14 municipality that applies for a Step 1 grant shall, in addition  
15 to submitting the completed application form, submit the  
16 following information for agency review and approval:

17 A. A resolution of the governing body of the  
18 municipality that authorizes the filing of the application and  
19 that designates the municipal official authorized to sign the  
20 application, grant offer, and other related grant documents.

21 B. A plan of study outlining the scope of work which  
22 will lead to an approvable facilities plan.

23 C. A schedule for completion of the facilities plan.

24 D. An engineer's certificate of adequate errors and  
25 omissions insurance.

26 E. If more than one municipality is involved in the  
27 grant application, the resolutions required in items A; G,  
28 subitems (1) to (3); and H must be submitted for each  
29 municipality involved in the project. In addition, the  
30 municipalities shall submit an agreement indicating their intent  
31 to participate in joint treatment, outlining each municipality's  
32 responsibilities during planning and setting forth the  
33 cost-sharing methodology.

34 F. An opinion from the municipality's attorney that  
35 the municipality has the legal authority to construct, assess,  
36 operate, maintain, and replace the wastewater treatment

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1 facilities.

2 G. Unsewered municipalities shall also submit the  
3 following:

4 (1) a resolution by the governing body of the  
5 municipality resolving not to proceed with further planning  
6 beyond a phase 1 needs determination until the agency has  
7 approved phase 1 and concurs that further planning is justified;

8 (2) a resolution by the governing body of the  
9 municipality acknowledging that they are willing to pay the  
10 local share of the project costs;

11 (3) a resolution by the governing body of the  
12 municipality resolving that the sewage collection system will be  
13 constructed concurrently with the sewage treatment works if the  
14 collection system is not part of the project to be funded and  
15 the municipality does not already have a collection system; and

16 (4) the municipality's proposal for funding the  
17 cost of a collection system if the collection system is not part  
18 of the project to be funded and the municipality does not  
19 already have a collection system.

20 H. A resolution of the governing body of the  
21 municipality stating that the municipality will maintain records  
22 of costs incurred for facilities planning.

23 I. Other documents that are required by EPA  
24 regulation or other requirements of the act or other state or  
25 federal statutes.

26 Subp. 5. Additional information for Step 2 or Step 2+3  
27 grant. A municipality that applies for a Step 2 or Step 2+3  
28 grant shall, in addition to submitting the completed application  
29 form, submit the following information for agency review and  
30 approval:

31 A. A resolution of the governing body of the  
32 municipality that authorizes the filing of the application and  
33 that designates the municipal official authorized to sign the  
34 application, grant offer, and other related grant documents.

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

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1 C. A resolution by the governing body of the  
2 municipality resolving that the sewage collection system will be  
3 constructed concurrently with the sewage treatment works if the  
4 collection system is not part of the project to be funded and  
5 the municipality does not already have a collection system.

6 D. and E. [Unchanged.]

7 F. If the municipality will be receiving state funds,  
8 a council resolution stating that the municipality will maintain  
9 records of costs incurred for Step 2 work.

10 G. A treatment agreement for each major contributing  
11 industry that will discharge wastewater to the new or upgraded  
12 system.

13 H. to J. [Unchanged.]

14 K. Schedule for completion of all Step 2 work.

15 L. Other documents that are required by EPA  
16 regulation or other requirements of the act or other state or  
17 federal statutes.

18 Subp. 6. Additional information for Step 3 grant. A  
19 municipality that applies for a Step 3 grant shall, in addition  
20 to submitting the completed application form, submit the  
21 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, grant offer, and other related grant documents.

26 B. A preliminary plan of operation of the treatment  
27 works.

28 C. A proposal for startup/performance certification  
29 of the treatment works, plus the costs for developing an  
30 operation and maintenance manual, a final plan of operation, and  
31 for startup/performance certification of the treatment works.

32 D. A wage rate determination information sheet, as  
33 provided by the agency.

34 E. A signature and registration number of the  
35 consulting engineer accompanying the following certification  
36 statement:

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1 The treatment works described in this grant  
2 application have been designed with full knowledge of  
3 the effluent limitations required by the Minnesota  
4 Pollution Control Agency as set forth in NPDES Permit  
5 No. \_\_\_\_\_ dated \_\_\_\_\_. It is my judgement and  
6 carefully considered opinion that these treatment  
7 works are capable of consistently producing the  
8 required effluent quality, provided that the facility  
9 is operated in conformance with the approved operation  
10 and maintenance manual and that the volume and  
11 characteristics of raw wastewater are within the  
12 limits of "Design Data" stated on page ... of the  
13 plans as follows:

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

22 G. An engineer's certificate of adequate errors and  
23 omissions insurance.

24 H. A treatment agreement with each major contributing  
25 industry that will discharge wastewater to the new or upgraded  
26 system.

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

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

34 K. If more than one municipality is involved in the  
35 grant application, an executed intermunicipal agreement that  
36 sets forth the terms and conditions of joint treatment and the

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1 cost sharing methodology.

2 L. A comprehensive legal opinion identifying that the  
3 grantee has sufficient legal vested interest in all sites,  
4 easements, and/or rights-of-way to ensure immediate construction  
5 and undisturbed utilization for the estimated life of the  
6 facilities.

7 M. Other documents that are required by EPA  
8 regulation or other requirements of the act or other state or  
9 federal statutes.

10 Subp. 7. Requirements prior to authorization to seek  
11 construction bids. A municipality that has received a Step 2+3  
12 grant shall submit, and receive agency approval of, the same  
13 information required of a Step 3 grant applicant in subpart 6,  
14 items B to M and part 7075.0409, subpart 2, items C and D,  
15 before the municipality may receive authorization to seek bids  
16 for construction of the project.

17 Subp. 8. Three copies. Construction grant application  
18 forms and attachments must be submitted in triplicate to the  
19 agency.

20 7075.0416 APPROVAL OF GRANT APPLICATIONS.

21 The agency shall approve grant applications that are not  
22 rejected for one or more of the reasons specified in part  
23 7075.0415.

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

26 7075.0417 TENDER OF FEDERAL GRANTS AND STATE MATCHING GRANTS.

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

30 After the EPA has determined the eligibility of the  
31 application and tendered a federal grant, the agency shall make  
32 a similar grant offer to the municipality in an amount not less  
33 than that required by federal law and regulation as a condition  
34 for the grant of federal funds or in an amount not less than  
35 that allowed by state statutes where not required by federal law.

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1 7075.0419 ADVANCES OF ALLOWANCE.

2 Subpart 1. Allotment reserve. The agency shall reserve a  
3 reasonable portion of its annual federal allotment for advances  
4 to municipalities for Step 1 and Step 2 work. The amount  
5 reserved shall not exceed ten percent of the state's federal  
6 allotment for a fiscal year.

7 Subp. 2. Advance of allowance. A municipality on the  
8 municipal needs list with a population in the service area of  
9 less than 25,000 people is eligible to apply for an advance of  
10 allowance. The application shall be submitted within 60 days  
11 after the date on which the agency informs the city in writing  
12 of its intent to offer an advance.

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

16 A. for a Step 1 advance, the information required in  
17 part 7075.0414, subpart 4, items A to G and I;

18 B. for a Step 2 advance, the information required in  
19 part 7075.0414, subpart 5, items A to E and G to L.

20 Subp. 3a. Submittal of facilities plan. In order to  
21 receive a Step 2 advance, a municipality shall comply with part  
22 7075.0409, subpart 2, items A, B, and D. The facilities plan  
23 must be approved before the advance will be awarded.

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

26 Subp. 5. One advance limit. A municipality is entitled to  
27 one Step 1 advance of allowance and one Step 2 advance of  
28 allowance.

29 Subp. 6. Reduction of Step 3 grant. A municipality that  
30 receives an advance of allowance shall not receive a  
31 construction grant for work paid for by the advance of allowance.

32 Subp. 7. Payments. The agency shall pay an advance of  
33 allowance in accordance with the procedures and requirements in  
34 part 7075.0431. The agency may seek to recover funds tendered  
35 or disbursed if the municipality does not make satisfactory  
36 progress in submitting an approvable facilities plan or plans

1 and specifications within the time frame specified in the  
2 allowance award agreement. If satisfactory progress is not made  
3 in submitting approvable plans and specifications, the agency  
4 reserves the right not to list the project on the next municipal  
5 project list.

6 7075.0420 GRANT AMENDMENTS.

7 Subpart 1. [Unchanged.]

8 Subp. 1a. Limitation of Step 1 and 2 grant increases. For  
9 grants awarded before May 12, 1982, the agency shall not, after  
10 December 31, 1985, award grant increases for Step 1, Step 2, or  
11 the Step 2 portion of Step 2+3 grants.

12 Subp. 2. Approval of Step 3 and the Step 3 portion of Step  
13 2+3 grant increases. The agency may approve a Step 3 and the  
14 Step 3 portion of a Step 2+3 grant increase when a municipality  
15 has solicited contracts that exceed the cost estimated in the  
16 application. The agency shall approve the grant amendment if  
17 funds are available and the costs are eligible and reasonable.  
18 After the as-bid costs have been determined, only cost overruns  
19 caused by unanticipated site conditions shall be eligible for  
20 funding through grant amendments, and the grant amendment shall  
21 be limited to two percent of the as-bid costs.

22 Subp. 3. [Unchanged.]

23 7075.0423 RETAINED PAYMENTS.

24 The agency may withhold Step 3 grant payments and may  
25 request the EPA to withhold grant payments if the director  
26 determines that a project does not substantially conform to  
27 approved plans and specifications, or there has been a major  
28 breach of a condition in the grant agreement, or the  
29 municipality has failed to comply with the applicable  
30 requirements in parts 7075.0429 to 7075.0432. If funds are  
31 withheld pursuant to this part, and the condition causing the  
32 withholding has been corrected, then all retained funds shall be  
33 released to the municipality, unless otherwise agreed to by the  
34 director and the municipality.

35 7075.0425 LOCAL SHARE.



1 The agency may tender a grant of state funds to a  
2 municipality for what would otherwise be the local share of the  
3 cost if:

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

7 B. the municipality is unable to finance the local  
8 share and qualifies for the maximum percentage according to the  
9 criteria in part 7075.0428, subpart 4;

10 C. application is made and approval received from the  
11 agency prior to the initiation of construction; and

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

15 7075.2000 APPLICATION FOR CONSTRUCTION LOAN PROGRAM.

16 Subpart 1. [Unchanged.]

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

19 A. to E. [Unchanged.]

20 Subp. 3. Attachments for construction loan. The  
21 construction loan application form shall be supported by:

22 A. The attachments of subpart 2, items A, B, and D  
23 and part 7075.0414, subpart 6. The director for just cause may  
24 waive or defer the submission of any items required pursuant to  
25 part 7075.0414, subpart 6 if the items are EPA requirements.

26 B. [Unchanged.]

27 Subp. 4. and 5. [Unchanged.]

28 7075.2200 CRITERIA FOR DETERMINING LOAN PRIORITY.

29 Subpart 1. Order of priority for planning loan  
30 applications. The determination of the order of priority for  
31 planning loan applications shall comply with the criteria in  
32 parts 7075.0403 to 7075.0406. Rating points shall be awarded to  
33 a municipality by summing up the applicable percentage points  
34 for the project from the tables in part 7075.0428, subpart 4,  
35 items A, B, and C.

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1 Subp. 2. to 4. [See Repealer.]

2 Subp. 5. [Unchanged.]

3 7075.0428 GRANT AMOUNTS.

4 Subpart 1. State matching grants. For projects tendered  
5 on or after October 1, 1984, a federal grant at 55 percent or  
6 more of the eligible cost for construction of a treatment works,  
7 the agency shall award a state matching grant for up to an  
8 additional 15 percent of the eligible cost if construction of  
9 the treatment works would otherwise impose a significant  
10 financial hardship on the municipality.

11 Subp. 2. Independent state grants. The agency may award  
12 independent state grants as follows:

13 A. The agency may award Step 1 and Step 2 independent  
14 state grants to municipalities in an amount determined according  
15 to the same procedures for calculating an allowance under Code  
16 of Federal Regulations, title 40, part 35, appendix B.

17 B. The agency may award Step 2+3 and Step 3  
18 independent state grants to municipalities to pay for 50 percent  
19 of the eligible cost of construction, or, if the agency requires  
20 and the municipality is constructing advanced treatment, 65  
21 percent of the eligible cost of construction. If construction  
22 of a treatment works would otherwise impose a significant  
23 financial hardship on a municipality, the agency may award an  
24 independent state grant to pay for up to an additional 15  
25 percent of the eligible cost of construction, or if the agency  
26 requires and the municipality is constructing advanced  
27 treatment, an additional ten percent of the eligible cost of  
28 construction.

29 Subp. 3. Local share. Except as provided in part  
30 7075.0425, in no event may a municipality that obtains a state  
31 matching grant or independent state grant be responsible for  
32 less than 25 percent of the eligible cost of the project.

33 Subp. 4. Significant financial hardship. The amount of a  
34 state matching grant awarded to a municipality after October 1,  
35 1984, and the amount of a supplemental independent state grant  
36 awarded to a municipality depends on the extent to which

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1 construction of the treatment works imposes a significant  
 2 financial hardship on the municipality. The determination of  
 3 the financial hardship and the amount of the grant must be based  
 4 on per connection capital cost, median household income, and per  
 5 capita adjusted assessed valuation, in accordance with the  
 6 following procedures:

7           A. The agency shall award a state matching grant or  
 8 independent state grant for up to five percent of the eligible  
 9 cost of construction based on the municipality's per connection  
 10 capital cost after bidding compared with the median per  
 11 connection capital cost for all projects which accepted bids  
 12 under the programs during the two years ending July 1 prior to  
 13 adoption of the municipal project list on which the municipality  
 14 appears. The percentage of the eligible cost to be paid for by  
 15 the grant based on per connection capital cost is determined by  
 16 the following table.

17

18       Municipality Per Connection Cost 19       × 100 ÷ Median Per Connection Cost of 20       Projects Bid During Previous Two Years	Percentage of Cost Funded
22           60 - 69	0.5
23           70 - 79	1.0
24           80 - 89	1.5
25           90 - 99	2.0
26           100 - 119	2.5
27           120 - 139	3.0
28           140 - 159	3.5
29           160 - 179	4.0
30           180 - 199	4.5
31           200 or more	5.0

32           B. The agency shall award a state matching grant or  
 33 independent state grant for up to five percent of the eligible  
 34 cost of construction based on the municipality's median  
 35 household income compared with the state median nonmetropolitan  
 36 household income. Median household income must be determined

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1 from the latest federal census. The percentage of the eligible  
2 cost to be paid for by the grant based on median household  
3 income is determined by the following table.

4

5 Municipality Median Household Income × 100 ÷	6 State Median Nonmetropolitan Household Income	7 Percentage of 8 Cost Funded
9 100 - 104		0.5
10 95 - 100		1.0
11 90 - 94		1.5
12 85 - 89		2.0
13 80 - 84		2.5
14 75 - 79		3.0
15 70 - 74		3.5
16 65 - 69		4.0
17 60 - 64		4.5
18 less than 60		5.0

18 C. The agency shall award a state matching grant or  
19 independent state grant for up to five percent of the eligible  
20 cost of construction based on the municipality's per capita  
21 adjusted assessed valuation compared with the state median per  
22 capita adjusted assessed valuation. Per capita adjusted  
23 assessed valuation must be determined from the latest data  
24 available from the Department of Revenue at the time of the  
25 grant award. The percentage of the eligible cost to be paid for  
26 by the grant based on the per capita adjusted assessed valuation  
27 is determined by the following table.

28

29 Municipality Per Capita Adjusted Assessed 30 Valuation × 100 ÷ State Median Per Capita 31 Adjusted Assessed Valuation	32 Percentage of 33 Cost Funded
34 105 - 109	0.5
35 100 - 104	1.0
36 95 - 99	1.5
90 - 94	2.0

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1	85 - 89	2.5
2	80 - 84	3.0
3	75 - 79	3.5
4	70 - 74	4.0
5	65 - 69	4.5
6	less than 65	5.0

7 7075.0429 PAYMENT OF STATE MATCHING GRANTS.

8 Subpart 1. Step 1 matching grants. The agency shall pay  
 9 50 percent of a Step 1 state matching grant when an adequate  
 10 facilities plan has been received by the director. The  
 11 remaining 50 percent of the Step 1 state matching grant shall be  
 12 paid when the agency approves the facilities plan and after  
 13 final payment has been paid by the Environmental Protection  
 14 Agency.

15 Subp. 2. Step 2 matching grants for federal grants awarded  
 16 before May 12, 1982. The agency shall pay 50 percent of a Step  
 17 2 state matching grant for a federal grant awarded before May  
 18 12, 1982, when adequate plans and specifications, a user charge  
 19 system, and a preliminary plan of operation have been received  
 20 by the director. The remaining 50 percent of the Step 2 state  
 21 matching grant shall be paid when the agency approves of the  
 22 plans and specifications, the user charge system, and the  
 23 preliminary plan of operation, and after final payment has been  
 24 paid by the Environmental Protection Agency.

25 Subp. 3. Step 2 portion of Step 2+3 matching grants for  
 26 federal grants awarded before May 12, 1982. The agency shall  
 27 pay 50 percent of the Step 2 portion of a Step 2+3 state  
 28 matching grant for a federal grant awarded before May 12, 1982,  
 29 when adequate plans and specifications, a user charge system,  
 30 and a preliminary plan of operation have been received by the  
 31 director. The remaining 50 percent of the Step 2 state matching  
 32 grant shall be paid when the agency has given authorization to  
 33 bid and after final payment has been paid by the Environmental  
 34 Protection Agency. The agency shall pay for eligible land costs  
 35 when the municipality submits proof of purchase, if the  
 36 municipality received the agency's advance approval to purchase

1 the land.

2 Subp. 4. Step 2 portion of Step 2+3 matching grants for  
3 federal grants awarded after May 12, 1982. The agency shall pay  
4 50 percent of the Step 2 portion of a Step 2+3 state matching  
5 grant awarded after May 12, 1982, when the plans and  
6 specifications are 50 percent complete, and the municipality has  
7 submitted a payment request certifying that at least 50 percent  
8 of the work on the plans and specifications is complete. The  
9 agency shall pay the remaining 50 percent of the Step 2 portion  
10 of the grant when a payment request indicating the amount of  
11 costs incurred for Step 2, the final invoice, and canceled check  
12 as proof of payment, have been submitted, the Environmental  
13 Protection Agency has paid the federal grant, and the  
14 municipality has awarded all subcontracts for construction and  
15 purchased all eligible land. The agency shall pay for eligible  
16 land costs when the municipality submits proof of purchase,  
17 provided the municipality received the agency's advance approval  
18 to purchase the land.

19 Subp. 5. Step 3 matching grant. A municipality may  
20 request periodic payments of a Step 3 state matching grant up to  
21 50 percent of the total grant. The request for payment shall be  
22 submitted to the agency in writing. With each payment request  
23 the municipality shall submit a summary of all architectural and  
24 engineering costs expended to date in the format required in  
25 submitting the original grant application.

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

30 A. submitted to the agency a request for the payment;

31 B. provided evidence that the municipality has hired  
32 a wastewater treatment works operator having a valid state  
33 certificate;

34 C. adopted the sewer use ordinance that will control  
35 wastewater discharges to the municipality's wastewater treatment  
36 system;

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1 D. adopted a sewer service charge system with updated  
2 cost revisions;

3 E. submitted a certification by the contractor that  
4 the project was built according to the plans and specifications;

5 F. submitted a copy of the as-built specifications;

6 G. certified that the municipality is complying with  
7 the approved operation and maintenance manual for the treatment  
8 works;

9 H. complied with the municipality's NPDES/SDS permit  
10 for the treatment works;

11 I. put the treatment plant into operation and is  
12 operating the treatment plant efficiently;

13 J. received final payment of the federal grant;

14 K. received agency approval of a revised operation  
15 and maintenance manual;

16 L. received agency approval of the final plan of  
17 operations;

18 M. if the federal grant was awarded before December  
19 29, 1981, submitted a start-up report;

20 N. if the federal grant was awarded on or after  
21 December 29, 1981, received agency approval of a start-up  
22 evaluation report, including certification by the municipality  
23 that the facilities meet the project performance standards; and

24 O. received agency approval of the final small,  
25 minority, and women's business enterprise report, which includes  
26 canceled checks or lien waivers as proof of payment.

27 Subp. 6. Step 3 portion of Step 2+3 matching grant. The  
28 agency shall pay the Step 3 portion of a Step 2+3 grant in  
29 accordance with the procedures and requirements in subpart 5.

30 Subp. 7. Step 3 matching grant with allowance. The agency  
31 shall pay 50 percent of the estimated allowance for facilities  
32 planning and design immediately after the grant is awarded  
33 provided the municipality submits a payment request. The agency  
34 shall pay the final payment of the allowance when the  
35 municipality has awarded all subcontracts for construction,  
36 purchased all eligible land, and submitted a payment request,

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1 including a copy of the final invoice and canceled check as  
2 proof of payment, and the EPA has paid the federal allowance.

3 The agency shall pay the Step 3 grant in accordance with  
4 the procedures and requirements in subpart 5.

5 7075.0430 PAYMENT OF INDEPENDENT STATE GRANTS.

6 Subpart 1. Step 1 grants for sewerred communities. The  
7 agency shall pay Step 1 grants for sewerred communities in  
8 accordance with the following schedule:

9 A. 25 percent of the grant when the facilities plan  
10 is 50 percent complete, as certified by the municipality;

11 B. up to 50 percent of the grant when the facilities  
12 plan is received by the director; and

13 C. the balance of the grant when the facilities plan  
14 has been approved by the agency, and the municipality has  
15 submitted a final payment request and a copy of the final  
16 invoice and canceled check as proof of payment.

17 Subp. 2. Step 1 grants for unsewered communities. The  
18 agency shall pay Step 1 grants for unsewered communities in  
19 accordance with the following schedule:

20 A. Twenty-five percent of the grant when the agency  
21 determines that the municipality needs to do additional planning  
22 for sewage treatment. If the agency determines that the  
23 municipality does not need to do additional planning, this  
24 payment will constitute final payment.

25 B. Up to 50 percent of the grant when the facilities  
26 plan is received by the director.

27 C. The balance of the grant when the facilities plan  
28 has been approved by the agency, and the municipality has  
29 submitted the final payment request and a copy of the final  
30 invoice and canceled check as proof of payment.

31 Subp. 3. Step 2 grants. The agency shall pay Step 2  
32 grants in accordance with the following schedule:

33 A. 25 percent of the grant when the plans and  
34 specifications are 50 percent complete, as certified by the  
35 municipality;

36 B. up to 50 percent of the grant when adequate plans



1 and specifications, a user charge system, and a preliminary plan  
2 of operation are received by the director; and

3 C. the balance of the grant when the plans and  
4 specifications, the user charge system, and the preliminary plan  
5 of operation have been approved by the agency, and the  
6 municipality has submitted the final payment request and a copy  
7 of the final invoice and canceled check as proof of payment.

8 Subp. 4. Step 2 portion of Step 2+3 grants. The agency  
9 shall pay the Step 2 portion of a Step 2+3 grant in accordance  
10 with the procedures and requirements in part 7075.0429, subpart  
11 4, except that no federal payment will be required. The agency  
12 shall not make the final 50 percent payment until the  
13 municipality has submitted a copy of the final invoice and  
14 canceled check as proof of payment.

15 Subp. 5. Step 3 portion of Step 2+3 grant. The agency  
16 shall pay the Step 3 portion of a Step 2+3 grant in accordance  
17 with the following schedule:

18 A. A municipality may request in writing periodic  
19 payments of the Step 3 portion of a Step 2+3 grant up to 50  
20 percent of the total grant. With each payment request the  
21 municipality shall submit a summary of all architectural and  
22 engineering costs expended to date in the format required in  
23 submitting the original grant application.

24 B. The agency shall make periodic payments of the  
25 amount encompassing 51 to 80 percent of the Step 3 portion of  
26 the Step 2+3 grant when the municipality submits the information  
27 required in item A and has completed the following:

28 (1) received agency approval of the final plan of  
29 operation;

30 (2) provided evidence that the municipality has  
31 hired a wastewater treatment works operator having a valid state  
32 certificate;

33 (3) adopted a sewer use ordinance that will  
34 control wastewater discharges to the municipality's wastewater  
35 treatment system;

36 (4) adopted a sewer service charge system with

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1 updated cost revisions;

2 (5) submitted an approvable final operation and  
3 maintenance manual; and

4 (6) submitted a small, minority, and women's  
5 business progress report.

6 C. The agency shall make a final payment for the  
7 remaining 20 percent of the grant after the agency has completed  
8 a final inspection of the facilities and the municipality has  
9 completed the tasks for the earlier payments and performed the  
10 following:

11 (1) submitted a certification by the contractor  
12 that the project was built according to the plans and  
13 specifications;

14 (2) submitted a copy of the as-built  
15 specifications;

16 (3) certified that the municipality is complying  
17 with the approved operation and maintenance manual for the  
18 treatment works;

19 (4) complied with the municipality's NPDES/SDS  
20 permit for the treatment works;

21 (5) put the treatment plant into operation and is  
22 operating the treatment plant efficiently;

23 (6) received agency approval of a revised  
24 operation and maintenance manual;

25 (7) received agency approval of a start-up  
26 evaluation report, including certification by the municipality  
27 that the facilities meet the project performance standards;

28 (8) received agency approval of the final small,  
29 minority, and women's business enterprise report, which includes  
30 canceled checks or lien waivers as proof of payment; and

31 (9) submitted a final payment request and a copy  
32 of the final invoice and canceled check as proof of payment.

33 Subp. 6. Step 3 grants. The agency shall make periodic  
34 payments of a Step 3 grant in accordance with the procedures and  
35 requirements in subpart 5.

36 Subp. 7. Step 3 grant with allowance. The agency shall

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1 pay 50 percent of the estimated allowance for facilities  
2 planning and design immediately after the grant is awarded  
3 provided the municipality has submitted a payment request  
4 indicating the amount of costs incurred for facilities planning  
5 and design. The agency shall pay the final payment of the  
6 allowance when the municipality has awarded all subcontracts for  
7 construction, purchased all eligible land, and submitted a  
8 payment request and a copy of the final invoice and canceled  
9 check as proof of payment.

10 The agency shall make periodic payments of the Step 3 grant  
11 in accordance with the procedures and requirements in subpart 5.

12 7075.0431 PAYMENT OF ADVANCES OF ALLOWANCE.

13 Subpart 1. **Sewered communities.** The agency shall pay Step  
14 1 advances of allowance for sewered communities upon submittal  
15 of a payment request by the municipality.

16 Subp. 2. **Unsewered communities.** The agency shall pay Step  
17 1 advances of allowance for unsewered communities in accordance  
18 with the following schedule:

19 A. Twenty-five percent of the allowance upon  
20 submittal of a payment request by the municipality. If the  
21 agency determines that the municipality does not need to do  
22 additional planning for wastewater treatment, this will  
23 constitute final payment.

24 B. The remaining 75 percent shall be paid by the  
25 agency when the agency determines that the municipality needs to  
26 do additional planning for wastewater treatment and the  
27 municipality has submitted a payment request.

28 Subp. 3. **Step 2 advances of allowance.** The agency shall  
29 pay Step 2 advances of allowance upon submittal of a payment  
30 request by the municipality.

31 7075.0432 GENERAL REQUIREMENTS.

32 Subpart 1. **EPA payment.** The agency shall not make any  
33 payments of a state matching grant until the Environmental  
34 Protection Agency has paid the corresponding federal grant  
35 payment.

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1 Subp. 2. Reduction in state grant payments. For all state  
2 grants, including allowances, if the actual costs are less than  
3 the amount on which the grant was based, the agency shall reduce  
4 the grant proportionately.

5 Subp. 3. Payment request. The agency shall not make any  
6 grant payments unless the municipality submits a written payment  
7 request.

8  
9 REPEALER. Minnesota Rules, parts 7075.0422; and 7075.2200,  
10 subparts 2, 3, and 4, are repealed.

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