

1 Pollution Control Agency

2

3 Adopted Permanent Rules Relating to Municipal Wastewater

4 Treatment Grants

5

6 Rules as Adopted

7 7075.0409 MUNICIPAL PROJECT LIST.

8 Subpart 1. Adoption of municipal project list. The agency
9 shall adopt a municipal project list each fiscal year which
10 shall list in order of priority projects for which federal grant
11 funds will be requested from current allotments and for which
12 independent state grants will be awarded from current
13 appropriations. The municipal project list shall also contain
14 those projects for which state financial assistance will be
15 available for combined sewer overflow abatement projects. The
16 municipal project list shall also list any nonproject uses of
17 the state's allotment of federal grant funds and of the
18 appropriation of state grant funds, including but not limited
19 to, training grants and costs of administration.

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

23 A. If the grant sought is a Step 1, 2, 2+3, or 3
24 grant, the municipality must be listed on the municipal needs
25 list.

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

30 (1) a facilities plan in conformance with part
31 7075.0200, subpart 9; and

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

1 C. If the grant sought is a Step 2, 2+3, or 3 grant,
2 the municipality shall, by June 1 prior to the beginning of the
3 state fiscal year for which the project list is prepared, make
4 all necessary corrections to the documents listed in item B to
5 make them approvable. If the grant sought is a Step 3 grant,
6 the municipality shall also submit a council resolution by June
7 1 agreeing to submit the documents listed below by the following
8 September 1:

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

12 (2) if the city is proposing to change the
13 selected treatment method or any other major element of
14 previously approved plans and specifications, a plans and
15 specifications addendum in conformance with part 7075.0200,
16 subpart 18, and based on a previously approved facilities plan;

17 (3) a sewer service charge system comprised of a
18 user charge system, including a proposed financial management
19 system, and a system for raising funds to cover the
20 municipality's costs of construction and to retire the
21 municipality's debt costs attributable to the wastewater
22 treatment works to be constructed.

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

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

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

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

1 (5) a sewer use ordinance to control discharges
2 to the disposal system throughout the jurisdiction of the
3 municipality.

4 D. A municipality seeking a Step 3 grant shall submit
5 the documents listed in item C by September 1 of the state
6 fiscal year for which the municipal project list is prepared.
7 If the municipality fails to submit the required items by this
8 deadline, the agency shall remove the municipality from the
9 municipal project list.

10 E. If the grant sought is a Step 2+3 or 3 grant, the
11 municipality shall, by June 1 prior to the beginning of the
12 fiscal year for which the municipal project list is prepared,
13 indicate its preferred funding source, if it has one, in writing
14 to the commissioner.

15 F. A municipality seeking a Step 3 federal grant for
16 combined sewer overflow abatement projects or state financial
17 assistance for combined sewer overflow abatement projects shall
18 not be subject to the conditions contained in items C and D.
19 The municipality shall submit by June 1 prior to the beginning
20 of the fiscal year for which the grant or financial assistance
21 is sought, a list and schedule of construction projects to be
22 initiated in the following fiscal year. If the municipality's
23 NPDES/SDS permit provides a different date for submission of the
24 list and schedule, the date in the permit shall take precedence.

25 Subp. 3. [Unchanged.]

26 Subp. 4. Procedures for drafting list. In drafting the
27 proposed municipal project list, the agency shall list projects
28 on the proposed list according to the following procedures:

29 A. The agency shall attempt to accommodate
30 municipalities' preferences for funding sources in priority
31 order until the costs of the projects being funded from one
32 funding source reach the full allotment or appropriation of
33 grant funds available from that source for the fiscal year. If
34 a municipality expresses no preference, the agency shall
35 determine from which source it will be funded.

36 B. The agency shall then list projects in priority

1 order, funding those projects from the remaining funding source,
2 until the costs of the projects reach the full allotment or
3 appropriation of grant funds available for the fiscal year.
4 Projects ineligible under the remaining funding source must be
5 considered for placement on the following fiscal year's
6 municipal project list.

7 C. The agency shall then list on the municipal
8 project list in priority order those projects on the municipal
9 needs list with priority rankings lower than those selected
10 under items A and B, but which have been identified by the
11 Public Facilities Authority as being substantial economic
12 development projects, and for which a portion of the
13 appropriation for the fiscal year has been set aside for such
14 projects.

15 D. The agency shall then list combined sewer overflow
16 abatement projects for which state financial assistance will be
17 awarded in the fiscal year from funds available for those kinds
18 of projects.

19 E. The agency may list projects which will receive
20 Step 1 and 2 grants and advances of allowance in such a manner
21 as to permit funding to proceed in an orderly fashion to fully
22 utilize all allocated and appropriated funds.

23 Subp. 5. **Reimbursement project list.** The agency shall
24 prepare a reimbursement project list that lists those
25 municipalities that are willing to proceed with projects and are
26 willing to be reimbursed in a subsequent year conditioned upon
27 appropriation of sufficient money for that year. No
28 municipality may be listed on the reimbursement project list
29 unless the municipality has requested placement on the list and
30 has received approval of the documents listed in subpart 2, item
31 C. Reimbursement projects must be listed in the same order of
32 priority as they appear on the municipal needs list. A
33 reimbursement project may appear on both the reimbursement
34 project list and the reserve project list.

35 7075.0411 PROJECT ELIGIBILITY.

1 Subpart 1. Steps eligible. Federal grants and state
2 matching grants shall be awarded only for Step 2+3 and Step 3
3 projects. Advances of allowance for Step 1 and 2 projects may
4 also be provided from federal funds. Independent state grants
5 may be awarded for Step 1, Step 2, Step 2+3, and Step 3 projects.
6 Financial assistance for combined sewer overflow abatement shall
7 be awarded only for design and construction work.

8 Subp. 2. General eligibility. No project is eligible for
9 a federal grant or a state matching grant unless it is eligible
10 for funding under the act and applicable federal regulations.
11 No project is eligible for an independent state grant unless it
12 is eligible under this chapter and applicable state statutes.
13 No municipality is eligible for state financial assistance for
14 combined sewer overflow abatement projects unless the
15 municipality complies with the conditions of Minnesota Statutes,
16 section 116.162, subdivision 7.

17 Subp. 3. Initiation of construction. A municipality may
18 retain eligibility of construction costs incurred prior to the
19 award of an independent state grant only if:

20 A. the municipality was listed on a reimbursement
21 project list when construction began;

22 B. the municipality submitted a complete grant
23 application to the agency within 90 days after adoption or
24 revision of the reimbursement project list; and

25 C. the municipality obtained written permission from
26 the agency to advertise for bids and initiate construction
27 before those steps were taken.

28 Subp. 4. Cost-effectiveness. A project is not eligible
29 for a grant unless the agency determines that the project is an
30 environmentally acceptable cost-effective means of handling the
31 municipality's wastewater. The agency shall not award a grant
32 to pay for those portions of a project that are not
33 environmentally acceptable and cost-effective.

34 Subp. 5. Eligible costs. The following provisions govern
35 eligible costs:

36 A. The eligible cost of any project for which a grant

1 or state financial assistance will be awarded shall be
2 determined by the application of applicable state and federal
3 statutes and rules.

4 B. In addition to other eligible costs established by
5 state law for combined sewer overflow abatement projects, storm
6 water conveyance facilities that are part of the most cost
7 effective alternative for combined sewer overflow abatement
8 shall be eligible for state financial assistance. Such
9 facilities shall include those structures, pipes, and
10 appurtenances from the point of entry at the catch basin to the
11 outlet structure which are necessary to convey up to the
12 five-year storm.

13 7075.0428 GRANT AMOUNTS.

14 Subpart 1. **State matching grants.** This subpart applies to
15 state matching grants.

16 A. For projects tendered on or after October 1, 1984,
17 and before October 1, 1987, a federal grant at 55 percent or
18 more of the eligible cost for construction of a treatment works,
19 the agency shall award a state matching grant for up to an
20 additional 30 percent of the eligible cost if construction of
21 the treatment works would otherwise impose a significant
22 financial hardship on the municipality.

23 B. For projects tendered, on or after October 1,
24 1987, a federal grant at 55 percent or more of the eligible cost
25 for construction of a treatment works, the agency shall award a
26 state matching grant for 50 percent of the nonfederal share of
27 the eligible cost of construction for municipalities with
28 populations of 25,000 or less.

29 Subp. 2. **Independent state grants.** The agency may award
30 independent state grants as follows:

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

35 B. The agency may award Step 2+3 and Step 3

1 independent state grants to municipalities to pay for 50 percent
2 of the eligible cost of construction, or, if the population of
3 the municipality is 25,000 or less, 80 percent of the eligible
4 cost of construction.

5 Subp. 2a. and 3. [Unchanged.]

6 Subp. 4. Significant financial hardship. The amount of a
7 state matching grant awarded to a municipality which was awarded
8 a federal grant after October 1, 1984, and before October 1,
9 1987, depends on the extent to which construction of the
10 treatment works imposes a significant financial hardship on the
11 municipality. The determination of the financial hardship and
12 the amount of the grant must be based on per connection capital
13 cost, median household income, and per capita adjusted assessed
14 valuation, in accordance with the following procedures:

15 A. The agency shall award a state matching grant for
16 up to five percent of the eligible cost of construction based on
17 the municipality's per connection capital cost after bidding
18 compared with the median per connection capital cost for all
19 projects which accepted bids under the programs during the two
20 years ending July 1 prior to adoption of the municipal project
21 list on which the municipality appears. The percentage of the
22 eligible cost to be paid for by the grant based on per
23 connection capital cost is determined by the following table.

24 Municipality Per Connection Cost	Percentage
25 $\times 100 \div$ Median Per Connection Cost of	of Cost
26 Projects Bid During Previous Two Years	Funded
27 60 - 69	0.5
28 70 - 79	1.0
29 80 - 89	1.5
30 90 - 99	2.0
31 100 - 119	2.5
32 120 - 139	3.0
33 140 - 159	3.5
34 160 - 179	4.0
35 180 - 199	4.5
36 200 or more	5.0

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38 B. The agency shall award a state matching grant for
39 up to five percent of the eligible cost of construction based on
40 the municipality's median household income compared with the
41 state median nonmetropolitan household income. Median household
42 income must be determined from the latest federal census. The

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

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

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

28 Municipality Per Capita Adjusted	Percentage
29 Assessed Valuation \times 100 \div State	of Cost
30 Median Per Capita Adjusted	Funded
31 Assessed Valuation	
32 105 - 109	0.5
33 100 - 104	1.0
34 95 - 99	1.5
35 90 - 94	2.0
36 85 - 89	2.5
37 80 - 84	3.0
38 75 - 79	3.5
39 70 - 74	4.0
40 65 - 69	4.5
41 less than 65	5.0