

1.1 **Pollution Control Agency**1.2 **Proposed Permanent Rules Relating to Clean Water Partnership**1.3 **7076.0100 PURPOSE.**

1.4 This chapter provides for the administration of the state clean water partnership  
1.5 financial assistance program and the federal nonpoint source management program as  
1.6 provided by the federal Water Pollution Control Act, United States Code, title 33, section  
1.7 sections 1329 and 1330, as amended, commonly referred to as sections 319 and 320 of the  
1.8 federal Clean Water Act. Parts 7076.0100 to 7076.0290 implement these programs by  
1.9 establishing the ~~substantive criteria and procedural~~ conditions under which the agency  
1.10 may award state matching grants and<sub>2</sub> provide technical assistance for the development  
1.11 and implementation of nonpoint source projects, and ~~also~~ award low-interest loans from  
1.12 the state clean water revolving fund for the implementation of nonpoint source projects.

1.13 **7076.0110 DEFINITIONS.**

1.14 [For text of subps 1 to 3, see M.R.]

1.15 Subp. 4. **Commissioner.** "Commissioner" means the commissioner of the Pollution  
1.16 Control Agency or delegate.

1.17 Subp. 4a. **Financial assistance.** "Financial assistance" means a ~~resource~~  
1.18 ~~investigation or project implementation grant;~~ or a project ~~implementation~~ loan.

1.19 [For text of subps 5 and 5a, see M.R.]

1.20 Subp. 6. **Local share.** "Local share" means the contributions of a local unit of  
1.21 government and project partners to the eligible cost of a project, including the value of  
1.22 cash expenditures; project ~~implementation~~ loans used on eligible project ~~implementation~~  
1.23 activities; and in kind contributions of labor, equipment, material, and real property used  
1.24 for and expended on eligible project activities.

1.25 [For text of subps 7 and 8, see M.R.]

2.1 Subp. 8a. **Measurable outcomes.** "Measurable outcomes" has the meaning given  
2.2 under Minnesota Statutes, section 3.303, subdivision 10, paragraph (b).

2.3 [For text of subp 9, see M.R.]

2.4 Subp. 10. **Official controls.** ~~"Official controls" has the meaning given it in~~  
2.5 ~~Minnesota Statutes, section 103F.711, subdivision 7~~ means ordinances and regulations  
2.6 that control the physical development of the whole or part of a local unit of government or  
2.7 that implement the general objectives of the local unit of government.

2.8 [For text of subps 11 and 12, see M.R.]

2.9 Subp. 13. **Project area.** "Project area" means the area identified as hydrologically  
2.10 contributing to the water of concern ~~for which the diagnostic study and implementation~~  
2.11 ~~plan are prepared and implemented.~~

2.12 Subp. 14. [Repealed, 20 SR 1245]

2.13 Subp. 15. [See repealer.]

2.14 Subp. 16. [Repealed, 16 SR 584]

2.15 Subp. 17. [Repealed, 16 SR 584]

2.16 Subp. 18. [See repealer.]

2.17 Subp. 18a. [See repealer.]

2.18 Subp. 19. **Project implementation grant or grant.** "Project implementation grant"  
2.19 or "grant" means a grant from the agency to the project sponsor for the implementation  
2.20 of a diagnostic study and implementation plan, or their equivalent, that identify best  
2.21 management practices to be implemented nonpoint source project.

2.22 Subp. 19a. **Project implementation loan.** "Project implementation loan" or "loan"  
2.23 means a loan from the agency to the loan sponsor for the implementation of a diagnostic

3.1 ~~study and implementation plan, or their equivalent, that identify best management~~  
3.2 ~~practices to be implemented~~ nonpoint source project.

3.3 Subp. 19b. **Project implementation loan set rate.** "Project implementation loan set  
3.4 rate" means the interest rate designated by the ~~Merrill Lynch 500 Municipal Bond Index, as~~  
3.5 ~~published every Friday~~ prime interest rate as published in the current Wall Street Journal.

3.6 Subp. 19c. **Project implementation period.** "Project implementation period" means  
3.7 a three-year segment of project implementation, ~~which~~ period as found in a project  
3.8 contract for completion of project activities defined in a project work plan. This period  
3.9 may be extended an additional year upon written approval by the commissioner.

3.10 Subp. 19d. **Project partners.** "Project partners" means local individuals and local  
3.11 organizations that will assist the project sponsor in the development and implementation  
3.12 of the project.

3.13 Subp. 20. **Project sponsor.** "Project sponsor" means the local unit of government  
3.14 that is responsible for development and implementation of the project and, applies for  
3.15 financial assistance. ~~For resource investigation, the project sponsor enters into the grant~~  
3.16 ~~contract. For project implementation, the project sponsor shall be, and is~~ a party to all  
3.17 grant and loan contracts entered into by the agency to provide financial assistance.

3.18 Subp. 20a. [See repealer.]

3.19 Subp. 20b. [See repealer.]

3.20 [For text of subp 20c, see M.R.]

3.21 Subp. 20d. **Second-tier loan.** "Second-tier loan" means a loan made by the loan  
3.22 sponsor, using project ~~implementation~~ loan funds, for implementation of project activities  
3.23 by a person other than the loan sponsor.

3.24 [For text of subps 20e to 22, see M.R.]

4.1 Subp. 23. **Water of concern.** "Water of concern" means the specific surface water  
4.2 or groundwater of the state which the project is focused on ~~improving or protecting,~~  
4.3 enhancing, or restoring.

4.4 Subp. 24. **Work plan.** "Work plan" means a document prepared by a project sponsor  
4.5 that describes in detail the work activities to be undertaken by the sponsor to fulfill the  
4.6 requirements of Minnesota Statutes, sections 103F.701 to ~~103F.761~~ 103F.755, and ~~of parts~~  
4.7 ~~7076.0100 to 7076.0290.~~ A work plan is approved by the commissioner and includes  
4.8 the items required under part ~~7076.0230.~~

4.9 **7076.0120 AVAILABLE ASSISTANCE.**

4.10 Subpart 1. **Grants.** ~~There are two types of grants available for nonpoint source~~  
4.11 ~~projects: (1) resource investigation grants, and (2) project implementation grants. The~~  
4.12 grants available for nonpoint source projects are for a maximum of 50 percent of the  
4.13 eligible cost of the project.

4.14 Subp. 1a. **Loans.** ~~Loans are available for project implementation. Loans may cover~~  
4.15 ~~up to 100 percent of the eligible costs of the project or may be used to finance the local~~  
4.16 ~~share of a project implementation grant. Loans and grants will be awarded, within the~~  
4.17 ~~limits of available appropriations, to those applicants having the highest priority as~~  
4.18 ~~determined by the project ranking.~~

4.19 Subp. 2. **Technical assistance.** Within the limits of available resources, the agency  
4.20 may provide technical assistance to local units of government in order to ensure efficient  
4.21 and effective development and implementation of projects. ~~Technical assistance must be~~  
4.22 ~~given to local units of government that receive financial assistance, within the limits of~~  
4.23 ~~available resources.~~

4.24 **7076.0130 ELIGIBILITY CRITERIA.**

5.1 Subpart 1. **Grant-eligible applicants proposers.** Only local units of government are  
 5.2 eligible to apply for grants and receive technical assistance. A local unit of government is  
 5.3 eligible to apply for grants and request technical assistance if it has the following:

5.4 [For text of item A, see M.R.]

5.5 B. the authority to generate cash revenues and in kind contributions for the  
 5.6 local share of a project; and

5.7 ~~C. the authority to adopt and enforce official controls; and~~

5.8 ~~D. C.~~ an approved local water plan that addresses the water of concern.

5.9 Subp. 1a. **Loan-eligible applicants proposers.** Only local units of government that  
 5.10 meet the requirements of subpart 1 are eligible to apply for loans and receive technical  
 5.11 assistance. A local unit of government is eligible to receive a loan if it has the following:

5.12 A. the ability to pledge its full faith and credit to ensure repayment of a project  
 5.13 ~~implementation~~ loan;

5.14 B. the authority to generate cash revenues for the repayment of a loan; and

5.15 C. the authority to enter into a loan agreement with the agency.

5.16 If the local unit of government submitting the application proposal does not meet  
 5.17 the criteria in items A to C, it must submit a resolution from at least one local unit  
 5.18 of government that does meet the criteria stating that the loan-eligible local unit of  
 5.19 government resolves to participate in the project as a loan sponsor.

5.20 Subp. 2. **Eligible costs.** Project costs are eligible for financial assistance if they  
 5.21 are reasonable, necessary, and allocable to the project. ~~Costs associated with resource~~  
 5.22 ~~investigation are eligible for grant funds only. Both grants and loans may be awarded for~~  
 5.23 ~~the costs of project implementation.~~ The dredging of harbors, lakes, ditches, constructed  
 5.24 wetlands, and existing sedimentation basins; sewage treatment system upgrades ~~when part~~

5.25 ~~of an approved project implementation~~; and the use of ferric chloride, aluminum sulfate,  
6.1 or other chemicals to precipitate phosphorus are eligible for loan funds but are not eligible  
6.2 for grant funds. In addition, costs related to any of the following activities are eligible  
6.3 for financial assistance:

6.4 [For text of items A and B, see M.R.]

6.5 C. selection, design, layout, and installation of best management practices  
6.6 consistent with ~~section 319 or~~ the federal Water Pollution Control Act, United States  
6.7 Code, title 33, sections 1329 and 1330, referred to as sections 319 and 320 of the federal  
6.8 Clean Water Act, as amended;

6.9 [For text of items D to I, see M.R.]

6.10 Subp. 3. **Ineligible costs.** Ineligible costs include any costs that are not related to the  
6.11 activities in subpart 2. Costs identified under subpart 2 are ineligible if the related project  
6.12 activities are started before the grant ~~or loan~~ contract has been signed by the commissioner  
6.13 or before the loan contract has been signed by the commissioner and the commissioner of  
6.14 management and budget. Costs identified under subpart 2 that are related to a resource  
6.15 investigation project are ineligible for loan funds. In addition, the following costs are  
6.16 ineligible for financial assistance whether or not they relate to the activities in subpart 2:

6.17 ~~A. installation of best management practices before the financial assistance~~  
6.18 ~~award;~~

6.19 ~~B. A.~~ operation and maintenance of best management practices;

6.20 ~~C. B.~~ activities regulated by the Petroleum Tank Release Cleanup Act,  
6.21 Minnesota Statutes, chapter 115C; the Environmental Response Compensation and  
6.22 Liability Act, Minnesota Statutes, chapter 115B; the Agricultural Chemical Liability  
6.23 Act, Minnesota Statutes, chapter 18D; the Comprehensive Environmental Response,  
6.24 Compensation, and Liability Act, United States Code, title 42, sections 9601 to 9675;

7.1 and the Resource Conservation and Recovery Act, United States Code, title 42, sections  
7.2 6901 to 6991;

7.3 ~~D. C.~~ activities regulated by the national pollutant discharge elimination system  
7.4 permit program, parts 7001.1000 to 7001.1100, except that the following are eligible costs:

7.5 [For text of subitems (1) and (2), see M.R.]

7.6 ~~E. D.~~ activities regulated by a condition of a solid waste or hazardous waste  
7.7 permit or the agency solid waste rules, chapter 7035; or the agency hazardous waste  
7.8 rules, chapter 7045;

7.9 ~~F. E.~~ activities funded by state or federal grants or loans for publicly owned  
7.10 treatment works;

7.11 ~~G. F.~~ regulated practices to control spills of pesticides, fertilizer, petroleum, and  
7.12 related materials from bulk storage facilities;

7.13 ~~H. G.~~ regulated practices to manage toxic or hazardous materials;

7.14 ~~I. H.~~ commercial operations and industrial processes and land use and land  
7.15 management activities directly related to commercial operations and industrial processes  
7.16 including plant yards, access roads, drainage ponds, refuse piles, storage piles, and  
7.17 material product loading areas, excluding farming operations occurring on the farm itself;

7.18 ~~J. I.~~ active and inactive mining activities;

7.19 ~~K. J.~~ building and utility construction;

7.20 ~~L. K.~~ highway and road construction;

7.21 ~~M. L.~~ activities intended primarily for flood control; and

7.22 ~~N. M.~~ activities that violate local, state, and federal statutes, rules, and  
7.23 regulations.

8.1 Subp. 4. **Eligible local share for ~~grant-funded projects~~ project grants.** Any grant-  
8.2 or loan-eligible project costs as described in subparts 2 and 3 that are not funded through  
8.3 a ~~resource investigation~~ or project implementation grant are eligible as local share. At  
8.4 least 30 percent of the project costs must be derived from nonstate and nonfederal sources.  
8.5 Project ~~implementation~~ loans are considered nonstate and nonfederal sources for the  
8.6 purposes of this subpart. Costs incurred by a land occupier or project partner for the  
8.7 installation of best management practices may be considered a part of the local share ~~paid~~  
8.8 ~~by the local unit of government~~ provided the following conditions are met:

8.9 A. the primary purpose of the best management practices is for ~~improvement~~  
8.10 ~~and protection~~, enhancement, or restoration of water quality;

8.11 [For text of item B, see M.R.]

8.12 C. any equipment purchased for operational best management practices must  
8.13 have a minimum effective life of ten years and be maintained or replaced by the land  
8.14 occupier during this period of time, or there must be a plan approved by the commissioner  
8.15 scheduling the phase-out of the operational best management practices; and

8.16 ~~D. the best management practices are a part of an approved implementation~~  
8.17 ~~plan; and~~

8.18 ~~E.~~ D. there must be an operation and maintenance plan for the minimum  
8.19 effective life of the best management practices.

8.20 **7076.0140 NOTICE OF FINANCIAL ASSISTANCE AVAILABILITY.**

8.21 Subpart 1. **Notice.** The commissioner will publish in the State Register a notice that  
8.22 ~~applications proposals~~ for ~~resource investigation grants~~ and project implementation grants  
8.23 and loans will be accepted whenever the commissioner determines that funds are available  
8.24 to award the financial assistance. The notice will contain the requirements necessary for



9.1 ~~the proposal and a deadline for application proposal~~ proposal submittal, which must be no less  
 9.2 than 60 days from the date of publication.

9.3 Subp. 2. [See repealer.]

9.4 Subp. 3. **Financial assistance ~~application~~ proposal periods.** ~~The commissioner~~  
 9.5 ~~may establish a financial assistance application period from time to time but there must be~~  
 9.6 ~~at least one application period each calendar year if funds are available. The commissioner~~  
 9.7 ~~must establish at least one financial assistance proposal period each calendar year, if~~  
 9.8 ~~funds are available.~~ funds are available.

9.9 **7076.0150 FINANCIAL ASSISTANCE ~~APPLICATION~~ PROPOSAL.**

9.10 Subpart 1. **General requirements.** ~~The financial assistance application proposal~~  
 9.11 ~~must be submitted by the local unit of government that will be the project sponsor on an~~  
 9.12 ~~agency form designed to comply with subpart 2. The financial assistance application must~~  
 9.13 ~~be submitted in a timely fashion to be considered. The application must be submitted on~~  
 9.14 ~~a form provided by the agency and must contain the information required in the form~~  
 9.15 ~~and by this part.~~

9.16 Subp. 2. **Resource investigation grant Proposal requirements.** ~~An application for~~  
 9.17 ~~a resource investigation grant~~ A project proposal must contain the following information:

9.18 A. a resolution by the local unit of government that will be the project sponsor,  
 9.19 authorizing the filing of the ~~application proposal~~ proposal and designating an official authorized to  
 9.20 execute the grant ~~application~~ and loan proposal;

9.21 B. written ~~documentation~~ statement that the project sponsor has consulted with  
 9.22 the local water planning authority, soil and water conservation districts, and watershed  
 9.23 districts in the project area in preparing the ~~grant application proposal~~ proposal;

9.24 C. identification of local units of government, agencies, and organizations that  
 9.25 will be involved in ~~resource investigation~~ the project;

10.1 ~~D. letters of support from each participating local unit of government, agency,~~  
10.2 ~~and organization which identify their technical role in resource investigation and their~~  
10.3 ~~estimated contribution to the local share of resource investigation costs;~~

10.4 E. D. an estimated project budget and the amount of grant and loan funding  
10.5 requested, based on estimated project costs;

10.6 F. E. a list identifying the amount, type, and source of the local share;

10.7 ~~G. a project proposal that contains the following:~~

10.8 ~~(1) preliminary goals and objectives;~~

10.9 ~~(2) a list of existing reports and data concerning the quality of the water of~~  
10.10 ~~concern and land use in the project area;~~

10.11 ~~(3) a statement of existing water quality conditions and problems and the~~  
10.12 ~~existing and desired uses of the water of concern;~~

10.13 ~~(4) an identification and summary of activities that the grant would make~~  
10.14 ~~possible;~~

10.15 ~~(5) a preliminary schedule of project activities; and~~

10.16 ~~(6) an estimated project budget; and~~

10.17 ~~H. documents required by state or federal statutes, rules, and regulations.~~

10.18 F. preliminary goals and objectives;

10.19 G. a statement of existing water quality conditions and problems and the  
10.20 existing and desired uses of the water of concern;

10.21 H. an identification and summary of activities that the grant and loan would  
10.22 make possible;

10.23 I. a preliminary schedule of project activities;

11.1 J. documents required by state or federal statutes, rules, and regulations; and

11.2 K. if the proposer is requesting a loan:

11.3 (1) identification of the dedicated sources of revenue to be used for  
 11.4 repayment of the project loan from the agency;

11.5 (2) a resolution from each loan sponsor authorizing the filing of the  
 11.6 proposal, stating:

11.7 (a) the total project loan amount requested; and

11.8 (b) the amount of the total loan that the loan sponsor is requesting  
 11.9 which, when added to all other loan sponsor requests, must equal the total project loan  
 11.10 request; and

11.11 (3) an opinion and supporting documentation from the project sponsor's  
 11.12 attorney stating that the project sponsor and participating local units of government have  
 11.13 the legal authority to conduct the project.

11.14 Subp. 3. [See repealer.]

11.15 **7076.0160 REJECTION OF FINANCIAL ASSISTANCE APPLICATION**  
 11.16 **PROPOSAL.**

11.17 Subpart 1. **Grounds.** ~~An application~~ A proposal for financial assistance shall be  
 11.18 rejected by the commissioner for the following reasons:

11.19 A. an ineligible ~~applicant~~ proposer;

11.20 B. ineligible costs;

11.21 C. a late submittal; ~~or~~

11.22 D. failure to comply with any requirement of statute or rule;

11.23 E. recent agency experience of grant noncompliance by the local unit of  
 11.24 government; or

12.1 F. an incomplete proposal.

12.2 Subp. 2. **Procedure.** The commissioner shall review each financial assistance  
 12.3 ~~application proposal~~ within 30 days after the deadline for ~~application proposal~~ submittal.  
 12.4 The commissioner shall notify each rejected ~~applicant proposer~~ of the rejection of its  
 12.5 ~~application proposal~~ and the reasons for the rejection, as provided under subpart 1.

12.6 Subp. 3. **Effect of rejection.** ~~An applicant~~ A proposer whose ~~application proposal~~ is  
 12.7 rejected ~~must~~ may reapply in a subsequent ~~application proposal~~ period to be considered  
 12.8 for financial assistance.

12.9 **7076.0170 PROJECT RANKING.**

12.10 Subpart 1. **Process of ranking.** Upon completion of the commissioner's review of the  
 12.11 ~~applications proposals~~ for acceptability, the agency shall rank the acceptable ~~applications~~  
 12.12 ~~proposals~~ in order of priority. Each project for which an acceptable ~~application proposal~~  
 12.13 has been submitted must be awarded the number of priority points to which the project is  
 12.14 entitled ~~to~~ under ~~subparts~~ subpart 2 and 3. The ~~project proposal~~ with the highest number  
 12.15 of priority points will be given the highest priority. All ~~projects proposals~~ will be given a  
 12.16 ranking depending on the number of points awarded. ~~The resource investigation grant~~  
 12.17 ~~applications must be ranked separately from the project implementation applications.~~

12.18 Subp. 2. **Priority points for ~~resource investigation grant applications~~ project**  
 12.19 **proposals.**

12.20 A. The agency ~~and the project coordination team~~ must use the following criteria  
 12.21 in item B to determine the number of priority points to be awarded in the evaluation of  
 12.22 each ~~resource investigation grant application~~ project proposal. Each project shall receive a  
 12.23 whole number from zero to ten under each of the following criteria, depending on how  
 12.24 well the project satisfies ~~the~~ each criteria. The number of points awarded under each of  
 12.25 ~~the five~~ criteria assigned by the agency ~~and the project coordination team~~ must be added

13.1 together to determine the project's total point value. This total number must be used to  
13.2 determine the project's overall ranking and priority.

13.3 ~~A~~ B. The criteria for the agency project proposals are as follows:

13.4 (1) ~~the extent to which the proposed project demonstrates a high potential~~  
13.5 ~~for project success based on the project organization and management structure and a~~  
13.6 ~~broad coalition of community support and involvement within the project area~~ project  
13.7 proposal clearly identifies water quality concerns, goals, and objectives;

13.8 (2) ~~the extent to which the project proposal identifies preliminary goals~~  
13.9 ~~and objectives, the existing and desired uses of the water of concern, and the perceived~~  
13.10 ~~water quality problem or threat~~ proposed project demonstrates a high potential for project  
13.11 success based on participation, coordination, and cooperation between local units of  
13.12 government, public agencies, and other local stakeholders within the project area;

13.13 (3) ~~the extent to which the water of concern is identified as a priority water~~  
13.14 ~~in the local water plan~~ proposed project activities are technically feasible relative to the  
13.15 cost of the project; and

13.16 (4) ~~the extent to which the water of concern in the proposed project is of~~  
13.17 ~~state and regional significance and priority; and~~ proposed project activities will lead to  
13.18 protection, enhancement, or restoration of the water of concern.

13.19 (5) ~~the likelihood of water quality protection or improvement of the water~~  
13.20 ~~of concern identified in the proposed project.~~

13.21 ~~B~~. ~~The criteria for the project coordination team are as follows:~~

13.22 (1) ~~the extent to which the proposed project demonstrates a high potential~~  
13.23 ~~for project success based on broad-based community support and involvement within~~  
13.24 ~~the project area;~~

14.1           (2) ~~the extent to which the proposed project includes coordination and~~  
14.2 ~~cooperation of federal, state, and local agencies and units of government for water quality~~  
14.3 ~~protection or improvement;~~

14.4           (3) ~~the extent to which the water of concern in the proposed project is of~~  
14.5 ~~state and regional significance and priority;~~

14.6           (4) ~~the extent to which the proposed project complements the existing~~  
14.7 ~~efforts of local, state, and federal programs; and~~

14.8           (5) ~~the likelihood that the proposed project will serve as a demonstration~~  
14.9 ~~for water quality protection or improvement and provide useful information for the~~  
14.10 ~~geographic area.~~

14.11       Subp. 3. [See repealer.]

14.12       Subp. 4. [See repealer.]

14.13       **7076.0180 ALLOCATION OF FUNDING.**

14.14       Subpart 1. [See repealer.]

14.15       Subp. 2. **Grant fund allocation.** Within ~~90~~ 60 days following the close of an  
14.16 ~~application~~ a proposal period, the agency shall determine how much of the remaining  
14.17 ~~funds, after setting aside funds for project implementation continuations,~~ will be made  
14.18 available for ~~resourcer investigation and project implementation~~ grant awards. In deciding  
14.19 how much money to make available for new grant awards, the agency shall consider the  
14.20 necessity to have money available for subsequent grant periods, ~~the necessity to have~~  
14.21 ~~money available for anticipated project continuations in the next year,~~ and other factors  
14.22 relating to the agency's ability to ensure that money will be available for upcoming  
14.23 projects. If the agency is appropriated grant funding for special purposes, that funding can  
14.24 be set aside for a designated use.

14.25       Subp. 3. [See repealer.]

15.1 Subp. 4. **Loan fund allocation.** Within ~~90~~ 60 days following the close of an  
15.2 ~~application~~ a proposal period, the agency shall determine how much of the ~~remaining~~ loan  
15.3 ~~funding, after setting aside funds for project implementation continuations,~~ will be made  
15.4 available for project ~~implementation~~ loan awards. In deciding how much money to make  
15.5 available for new loan awards, the agency shall consider the necessity to have money  
15.6 available for subsequent loan periods and other factors relating to the agency's ability to  
15.7 ensure that money will be available for upcoming projects.

15.8 **7076.0190 SELECTION OF PROJECTS FOR AWARD.**

15.9 Subpart 1. **Ranking.** The agency shall complete its ranking of all projects for which  
15.10 an acceptable ~~application~~ proposal has been submitted within ~~90~~ 60 days of the close of  
15.11 the ~~application~~ proposal period. ~~The agency shall rank resource investigation separately~~  
15.12 ~~from implementation projects.~~

15.13 Subp. 2. **Projects funded.** The agency shall offer financial assistance to the highest  
15.14 priority ~~resource investigation and project implementation applications~~ proposals within  
15.15 the limits of available funds established under part 7076.0180. A project that receives less  
15.16 ~~than~~ 50 percent or less of the available points will not be considered for award of funds.

15.17 Subp. 3. **Agency decision.** All decisions of the agency in ranking projects and  
15.18 awarding financial assistance must be made ~~at a regular or special board meeting by~~  
15.19 the commissioner.

15.20 Subp. 4. **Timing.** The agency shall make its decision on fund allocation, project  
15.21 ranking, and projects to which financial assistance will be awarded within ~~90~~ 60 days  
15.22 following the close of the ~~application~~ proposal period. After the decision is made, an  
15.23 ~~applicant~~ a proposer may request a written ~~justification~~ explanation of the priority points  
15.24 awarded the ~~application~~ proposal by the agency.

16.1 Subp. 5. **Reapplication.** ~~An applicant~~ A proposer whose application proposal is not  
16.2 awarded financial assistance ~~must~~ may reapply in a subsequent application proposal period  
16.3 to be considered for financial assistance.

16.4 **7076.0210 GRANT CONDITIONS.**

16.5 Subpart 1. **Amount.** A grant may be made for a maximum of 50 percent of the  
16.6 eligible cost of ~~resource investigation or~~ the project implementation. When awarding  
16.7 grants, the agency may award the project all or part of the grant request identified in  
16.8 the application proposal.

16.9 Subp. 2. [Repealed, 20 SR 1245]

16.10 Subp. 3. **Grant contract.** The project sponsor must enter into a grant contract with  
16.11 the agency to receive grant funds. The grant contract may be amended upon agreement of  
16.12 the agency and the project sponsor and execution by all the parties that signed the original  
16.13 contract, or their successors in office. Grant increase amendments shall be subject to the  
16.14 availability of funds. ~~The grant contract project~~ project period for a ~~resource investigation~~ grant  
16.15 shall be for up to three years, with a possible one-year extension upon approval by the  
16.16 commissioner. ~~The grant contract period for a project implementation grant shall be equal~~  
16.17 ~~to the project implementation period and may be extended upon agency approval of a~~  
16.18 ~~project continuation request according to part 7076.0200.~~ The grant contract must:

16.19 [For text of items A to E, see M.R.]

16.20 Subp. 4. **Records.** The project sponsor shall maintain all records relating to the  
16.21 receipt and expenditure of grant funds for at least ~~three~~ six years from the date of  
16.22 termination of the grant contract. Records relating to the installation, operation, and  
16.23 maintenance of best management practices shall be maintained for three years beyond the  
16.24 design or useful life, ~~whichever is longer~~ of the practice.



17.1 Subp. 5. **Audit.** The project sponsor must agree that the books, records, documents,  
17.2 and accounting procedures and practices of the project sponsor relevant to this program  
17.3 may be examined at any reasonable time and location by the commissioner ~~or the~~  
17.4 ~~commissioner's designee~~, legislative auditor, or state auditor.

17.5 [For text of subps 6 to 9, see M.R.]

17.6 Subp. 10. **Eligible costs.** No grant funds shall be provided to the project sponsor for  
17.7 grant eligible project activities started before the ~~grant contract~~ project period established  
17.8 in the grant contract or continuing after the end of the ~~contract~~ project period established  
17.9 in the grant contract.

#### 17.10 **7076.0215 LOAN CONDITIONS.**

17.11 Subpart 1. **Amount.** A loan may be made for up to 100 percent of the eligible cost of  
17.12 a project implementation, or for all or part of the local share of a project ~~implementation~~  
17.13 grant. When awarding loans, the agency may award the project all or part of the loan  
17.14 request identified in the application proposal.

17.15 Subp. 2. **Interest rate.** The interest rate of the project ~~implementation~~ loan must be  
17.16 at or below the project ~~implementation~~ loan set rate. The commissioner shall determine  
17.17 the project ~~implementation~~ loan interest rate for each application cycle based on current  
17.18 market conditions, the project ~~implementation~~ loan set rate, and the need to maintain the  
17.19 fiscal integrity of the state revolving fund.

17.20 [For text of subp 3, see M.R.]

17.21 Subp. 4. **Repayment.** Repayment of loan funds received must begin not more than  
17.22 one year after the end of the project ~~implementation~~ period, and the loan must be fully  
17.23 amortized not later than 20 years after the end of the project ~~implementation~~ period. Loan  
17.24 repayments must be remitted to the agency at least annually, according to a schedule set  
17.25 forth in the loan contract.

18.1 Subp. 5. **Loan contract.** To receive loan funds, the project sponsor and one or more  
18.2 loan sponsors must enter into a loan contract with the agency. A loan contract may be  
18.3 amended upon agreement of the agency, the project sponsor, and the loan sponsor and  
18.4 executed by all parties that signed the original contract, or their successors in office. Loan  
18.5 increase amendments are subject to the availability of funds. The project period for a loan  
18.6 shall be for up to three years, with a possible one-year extension upon approval by the  
18.7 commissioner. All loan contracts must:

18.8 A. establish the terms and conditions of the loan;

18.9 B. require the loan sponsor to undertake an irrevocable obligation and secure  
18.10 the project ~~implementation~~ loan with its full faith and credit, and include an opinion  
18.11 from a bond counsel attorney stating that the loan sponsor has the authority to pledge  
18.12 its full faith and credit;

18.13 [For text of items C to E, see M.R.]

18.14 F. require that the project sponsor submit periodic progress reports and a final  
18.15 report to the commissioner in a ~~format~~ form and schedule prescribed by the commissioner;

18.16 [For text of items G to I, see M.R.]

18.17 Subp. 6. **Records.** The project sponsor and any loan sponsors must maintain all  
18.18 records relating to the receipt and expenditure of loan funds for at least ~~three~~ six years from  
18.19 the date of termination of the loan contract, according to the responsibilities identified in  
18.20 the loan contract. Records relating to the installation, operation, and maintenance of best  
18.21 management practices must be maintained for three years beyond ~~the loan contract, or the~~  
18.22 ~~design or useful life, whichever is longer~~ of the practice.

18.23 Subp. 7. **Audit.** The project sponsor and any loan sponsors must obtain audits in  
18.24 accordance with the Single Audit Act of 1984, United States Code, title 31, ~~section~~  
18.25 ~~7501-7~~ sections 7501 to 7507, and federal Environmental Protection Agency regulations,

19.1 including Code of Federal Regulations, title 40, section 31.26, as applicable. All books,  
19.2 records, documents, and accounting procedures and practices of the project sponsor and  
19.3 any loan sponsors relevant to this program may be examined at any reasonable time and  
19.4 location by the commissioner ~~or commissioner's designee~~, the legislative auditor, the state  
19.5 auditor, or the Environmental Protection Agency.

19.6 Subp. 8. **Eligible costs.** No loan funds shall be provided to the loan sponsor for  
19.7 loan-eligible project activities started before the project ~~implementation~~ period established  
19.8 in the loan contract, or continuing after the end of the project ~~implementation~~ period  
19.9 established in the loan contract.

19.10 **7076.0225 PROJECT REPORTING REQUIREMENTS WORK PLAN AND**  
19.11 **REPORTS FOR PROJECT GRANTS AND LOANS.**

19.12 Subpart 1. [See repealer.]

19.13 Subp. 1a. **Work plan.** The project sponsor, in cooperation with agency staff, must  
19.14 prepare a work plan after the grant and loan is awarded, in a form prescribed by the  
19.15 commissioner, and must submit the work plan to the commissioner for approval. The  
19.16 work plan must provide measurable outcomes. When selecting best management practices  
19.17 for inclusion in a project, the project sponsor shall consider each of the following factors  
19.18 in evaluating the best management practices:

19.19 A. whether the best management practice will achieve the desired project  
19.20 objectives;

19.21 B. whether the best management practice will create other water quality or  
19.22 environmental problems;

19.23 C. the degree of nonpoint source control achieved for the amount of resources  
19.24 allocated for that control;

19.25 D. whether a less costly best management practice could achieve a similar result;

20.1 E. whether the best management practice is reasonably suited for the individual  
20.2 site or priority management area; and

20.3 F. the likelihood of adoption of the best management practice.

20.4 Subp. 2. **Semiannual update progress report.** ~~During each year of the resourcee~~  
20.5 ~~investigation grant or project implementation period, the project sponsor must prepare for~~  
20.6 ~~semiannual submittal or presentation to the commissioner an update of project activities~~  
20.7 ~~and project expenditures.~~ The project sponsor must submit a progress report to the  
20.8 commissioner, in a form prescribed by the commissioner, by August 1 and February 1 for  
20.9 the six-month period of January through June and July through December, respectively, of  
20.10 each calendar year of the project period.

20.11 Subp. 3. [See repealer.]

20.12 Subp. 3a. **Project review and budget adjustment.** Upon expenditure of 50 percent  
20.13 of the project grant or loan, the project sponsor must submit to the commissioner for  
20.14 review and approval a detailed summary of project expenditures and completed work  
20.15 activities. The commissioner shall review the summary to verify cost eligibility and  
20.16 acceptable completion of work plan activities, to compare actual expenditures with the  
20.17 approved project work plan budget, and to verify that the terms of the grant or loan  
20.18 contract are being met.

20.19 Subp. 4. [See repealer.]

20.20 Subp. 5. **Project implementation final report.** Upon completion of the project  
20.21 implementation, and in a form prescribed by the commissioner, the project sponsor  
20.22 must submit to the commissioner a final report that contains the following: for review  
20.23 and approval a detailed summary of project expenditures, completed work activities,  
20.24 and measurable outcomes. The commissioner shall review the summary to verify  
20.25 cost eligibility and acceptable completion of work plan activities, to compare actual  
20.26 expenditures with the approved project work plan budget, and to verify that the terms of

21.1 the grant or loan contract are being met. If the commissioner finds that any funds were  
21.2 used for ineligible project costs, those funds must be returned to the agency, along with  
21.3 any interest or fees, as outlined in the contract.

21.4 ~~A. a summary of the activities completed during the project implementation~~  
21.5 ~~period, and difficulties encountered during project implementation;~~

21.6 ~~B. a summary of any implementation activities listed in the work plan that~~  
21.7 ~~were not completed during project implementation, and an explanation of why they were~~  
21.8 ~~not completed;~~

21.9 ~~C. an evaluation of the monitoring data collected during project implementation,~~  
21.10 ~~including a discussion of pollutant load reductions and changes in the water quality of~~  
21.11 ~~the water of concern;~~

21.12 ~~D. an electronic summary of all data collected during the implementation~~  
21.13 ~~monitoring phase for storage in the Environmental Protection Agency STORET data bank;~~

21.14 ~~E. a discussion of land use changes in the watershed that have resulted from~~  
21.15 ~~project implementation;~~

21.16 ~~F. an evaluation of the effectiveness of the public participation and education~~  
21.17 ~~plans for the project;~~

21.18 ~~G. recommendations for future implementation activities in the project area; and~~

21.19 ~~H. a final financial report containing a detailed summary of project expenditures~~  
21.20 ~~that are correlated to the elements and tasks of the work plan developed according to~~  
21.21 ~~part 7076.0230.~~

21.22 **7076.0280 GRANT PAYMENTS.**

21.23 Subpart 1. **Initial payment.** After the commissioner of management and budget has  
21.24 signed the grant contract between the agency and the project sponsor, and contingent  
21.25 upon the availability of grant funds, the agency shall provide to the project sponsor 25

22.1 percent of the grant award provided in the grant contract. After the project sponsor has  
22.2 spent this amount, the sponsor shall provide, in a form prescribed by the commissioner, an  
22.3 accounting for the grant and match expenditures to the commissioner for review.

22.4 Subp. 2. [See repealer.]

22.5 Subp. 3. [See repealer.]

22.6 Subp. 4. [See repealer.]

22.7 Subp. 5. [See repealer.]

22.8 Subp. 5a. **Reimbursement payments.** Following approval of the accounting in  
22.9 subpart 1, the agency shall promptly pay the project sponsor for any expenses incurred  
22.10 after the sponsor presents an itemized invoice, in a form prescribed by the commissioner,  
22.11 for work actually performed.

22.12 Subp. 6. **Final payment.** The agency shall withhold a minimum of ten percent of the  
22.13 grant award until the agency is satisfied that the project has been completed according to  
22.14 the terms of the grant contract and parts 7076.0100 to 7076.0290. More than ten percent  
22.15 of the grant award shall be withheld if, after the project review outlined in part 7076.0225,  
22.16 subpart 3a, the costs necessary to complete the project are less than those identified in the  
22.17 grant contract. ~~Ten percent of the grant award shall be withheld if the costs necessary to~~  
22.18 ~~complete the project are equal to or exceed the costs identified in the grant contract.~~

22.19 Subp. 7. [Repealed, 20 SR 1245]

## 22.20 **7076.0285 LOAN PAYMENTS.**

22.21 Subpart 1. **Payments.** ~~Loan funds cannot be used for any project costs incurred~~  
22.22 ~~before the loan contract is signed by the commissioner of management and budget.~~ The  
22.23 project sponsor or loan sponsor must submit to the agency a certification of incurred costs  
22.24 in a ~~format~~ form and schedule ~~acceptable to~~ prescribed by the agency, which certifies that  
22.25 eligible costs have been incurred, but not necessarily paid, by the project sponsor or loan

23.1 sponsor for work on the project. Upon receiving the certification, the agency must pay the  
23.2 project sponsor or loan sponsor if the sponsor is in compliance with the conditions of the  
23.3 loan contract and the requirements of parts 7076.0100 to 7076.0290.

23.4 Subp. 2. [See repealer.]

23.5 Subp. 3. [See repealer.]

23.6 **7077.0117 POINTS FOR PROJECTS WITH EXISTING NPDES OR SDS PERMIT.**

23.7 [For text of subps 1 to 14, see M.R.]

23.8 Subp. 15. **Project implements corrective measures.** Five points shall be assigned  
23.9 to a project if it implements actions that contribute to the correction of a water quality  
23.10 problem identified in one or more of the following studies or an equivalent study:

23.11 A. a clean water partnership ~~phase I diagnostic study under part 7076.0240,~~  
23.12 ~~where the corrective actions are set forth in an implementation plan approved under part~~  
23.13 ~~7076.0260~~ project pursuant to chapter 7076;

23.14 [For text of items B and C, see M.R.]

23.15 [For text of subps 16 and 17, see M.R.]

23.16 **7077.0118 PRIORITY POINTS FOR PROJECTS IN UNSEWERED AREAS.**

23.17 [For text of subps 1 to 7, see M.R.]

23.18 Subp. 8. **Project implements corrective measures.** Five points shall be assigned to  
23.19 a project if it implements actions that contribute to correction of a water quality problem  
23.20 identified in one or more of the following studies or an equivalent study:

23.21 A. a clean water partnership ~~phase I diagnostic study under part 7076.0240,~~  
23.22 ~~where the corrective actions are set forth in an implementation plan approved under part~~  
23.23 ~~7076.0260~~ project pursuant to chapter 7076;

23.24 [For text of items B and C, see M.R.]

24.1 [For text of subps 9 and 10, see M.R.]

24.2 **7077.0119 POINTS FOR STORM WATER PROJECTS.**

24.3 [For text of subps 1 and 2, see M.R.]

24.4 Subp. 3. **Project implements corrective measures.** Five points shall be assigned to  
24.5 a project if it implements actions that contribute to correction of a water quality problem  
24.6 identified in one or more of the following studies or an equivalent study:

24.7 A. a clean water partnership phase I diagnostic study under part ~~7076.0240~~,  
24.8 where the corrective actions are set forth in an implementation plan approved under part  
24.9 ~~7076.0260~~ project pursuant to chapter 7076;

24.10 [For text of items B and C, see M.R.]

24.11 [For text of subps 4 and 5, see M.R.]

24.12 **REPEALER.** Minnesota Rules, parts 7076.0110, subparts 15, 18, 18a, 20a, and 20b;  
24.13 7076.0140, subpart 2; 7076.0150, subpart 3; 7076.0170, subparts 3 and 4; 7076.0180,  
24.14 subparts 1 and 3; 7076.0200; 7076.0225, subparts 1, 3, and 4; 7076.0230, subparts 1, 1a,  
24.15 and 2; 7076.0240, subparts 1, 2, 3, and 4; 7076.0250; 7076.0260; 7076.0270; 7076.0280,  
24.16 subparts 2, 3, 4, and 5; and 7076.0285, subparts 2 and 3, are repealed.