I. PROJECT STATEMENT:

The ENRTF funds will be used to fund municipal wastewater infrastructure projects under the following two existing PFA grant programs for cities under 5,000 population. All projects must be ranked on the Pollution Control Agency’s project priority list.

1. Water Infrastructure Funding (WIF) Program (Minnesota Statutes, Section 446A.072)

The WIF program provides grants to municipalities for up to 80% of project costs to a maximum of $5 million based on affordability criteria to supplement low interest loans from the PFA’s CWRF or match funding from USDA Rural Development. WIF grants enable communities to address existing wastewater infrastructure needs while helping to keep costs affordable for their residents.
2. Point Source Implementation Grant (PSIG) Program (Minnesota Statutes, Section 446A.073)
The PSIG program provides 80% grants up to $7 million to municipalities to upgrade water treatment
facilities to reduce the discharge of specific pollutants to meet more stringent permit requirements to
address water quality protection and restoration goals.

II. OVERALL PROJECT STATUS UPDATES:

First Update January 1, 2020
Second Update July 1, 2020
Third Update January 1, 2021
Fourth Update July 1, 2021
Fifth Update January 1, 2022
Sixth Update July 1, 2022
Final Report by January 1, 2023

III. PROJECT ACTIVITIES AND OUTCOMES:

ACTIVITY 1 Title: Water Infrastructure Funding (WIF) Program
Description: The WIF program provides grants up to $5 million to municipalities based on affordability criteria
for high cost wastewater projects. WIF grants are packaged with CWRF loans or USDA Rural Development
funding. Projects receiving CWRF loans are eligible for WIF grants up to 80% of project costs if the average
annual residential wastewater system cost after completing the project, including costs for operation and
maintenance and existing debt service, would otherwise exceed 1.4% of the median household income of the
project service area. Projects receiving USDA-RD funding can receive WIF matching grants for up to 65% of the
grant need based on RD affordability criteria.

ACTIVITY 1 ENRTF BUDGET: $1,000,000

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. PFA reviews CWRF loan applications for WIF grant eligibility based on affordability criteria in MS 446A.072.</td>
<td>Continuous</td>
</tr>
<tr>
<td>2. USDA Rural Development reviews their funding applications for grant eligibility based on RD affordability criteria.</td>
<td>Continuous</td>
</tr>
<tr>
<td>3. PFA reserves WIF grant funds in priority order for eligible 2019 projects certified by PCA or approved by USDA-RD.</td>
<td>6/30/2019 (CWRF); 9/30/2019 (RD)</td>
</tr>
<tr>
<td>4. PFA awards WIF grants in conjunction with CWRF loans and USDA-RD funding when projects are ready to start construction.</td>
<td>Continuous</td>
</tr>
<tr>
<td>5. PFA disburses WIF grant funds monthly to recipients as costs are incurred (generally 1-3 years).</td>
<td>Continuous</td>
</tr>
<tr>
<td>6. Assuming an average WIF grant of $2.5 million per project, the ENRTF funds will provide a partial WIF grant for one municipality under 5000 population to replace aging infrastructure and improve their system to meet permit requirements.</td>
<td>January 1, 2023</td>
</tr>
</tbody>
</table>

First Update January 1, 2020
Second Update July 1, 2020
Third Update January 1, 2021
Fourth Update July 1, 2021
Fifth Update January 1, 2022
Sixth Update July 1, 2022
**ACTIVITY 2 Title:** Point Source Implementation Grant (PSIG) Program  

**Description:** The PSIG program provides grants up to $7 million for 80% of eligible costs to municipalities to upgrade water treatment facilities to reduce the discharge of specific pollutants to meet more stringent permit requirements. Project applications are accepted each July from projects listed on the Pollution Control Agency’s Project Priority List. The PCA reviews project plans and specifications to determine eligible project costs and approved projects and costs are certified to the PFA. PSIG grants are not awarded until projects are ready to start construction.

As stated in MS 446A.073, Subdivision 1, PSIG eligible projects are those made necessary by:

1. a wasteload reduction prescribed under a total maximum daily load plan required by section 303(d) of the federal Clean Water Act;
2. a phosphorus concentration or mass limit which requires discharging 1 milligram per liter or less at permitted design flow which is incorporated into a permit issued by PCA;
3. any other water quality-based effluent limit established under section 115.03, subdivision 1, paragraph (e), clause (8), and incorporated into a permit issued by PCA that exceeds secondary treatment limits; or
4. a total nitrogen concentration or mass limit that requires discharging ten milligrams per liter or less at permitted design flow.

**ACTIVITY 2 ENRTF BUDGET: $1,000,000**

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Municipalities submit 2019 PSIG applications to PFA in July 2018.</td>
<td>July 2018</td>
</tr>
<tr>
<td>2. PCA reviews PSIG applications and project plans and specifications and certifies 2019 eligible projects to PFA.</td>
<td>6/30/2019</td>
</tr>
<tr>
<td>3. PFA reserves PSIG funds for 2019 certified projects in priority order and awards grants from available funds when projects are ready to start construction and have secured any other necessary funding.</td>
<td>Continuous</td>
</tr>
<tr>
<td>4. PFA disburses PSIG grant funds monthly to recipients as costs are incurred (generally 1-3 years).</td>
<td>Continuous</td>
</tr>
<tr>
<td>5. Assuming an average PSIG grant of $3.5 million per project, the ENRTF funds will provide a partial PSIG grant for one municipality under 5000 population to upgrade water treatment facilities to meet more stringent permit requirements.</td>
<td>January 1, 2023</td>
</tr>
</tbody>
</table>

First Update January 1, 2020  
Second Update July 1, 2020  
Third Update January 1, 2021  
Fourth Update July 1, 2021  
Fifth Update January 1, 2022  
Sixth Update July 1, 2022  
Final Report by January 1, 2023

**IV. DISSEMINATION:**

**Description:** Notices of PFA loan and grant awards are posted on the PFA website and press releases are distributed to news outlets. The notices and press releases will acknowledge ENRTF support.
The Minnesota Environment and Natural Resources Trust Fund (ENRTF) will be acknowledged through use of the trust fund logo or attribution language on project print and electronic media, publications, signage, and other communications per the ENRTF Acknowledgement Guidelines.

First Update January 1, 2020
Second Update July 1, 2020
Third Update January 1, 2021
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Sixth Update July 1, 2022
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V. ADDITIONAL BUDGET INFORMATION:
A. Personnel and Capital Expenditures

Explanation of Capital Expenditures Greater Than $5,000:
PFA loan and grant agreements require the recipient to own and operate the system components that make up the project in compliance with all applicable laws, regulations and permit requirements, and that the recipient may not sell or change the use of any portion without prior written approval of the Commissioner of Minnesota Management and Budget.

Explanation of Use of Classified Staff:
NA

Total Number of Full-time Equivalents (FTE) Directly Funded with this ENRTF Appropriation:

Enter Total Estimated Personnel Hours: 0
Divide by 2,080 = TOTAL FTE: 0

Total Number of Full-time Equivalents (FTE) Estimated to Be Funded through Contracts with this ENRTF Appropriation:

Enter Total Estimated Personnel Hours: 0
Divide by 2,080 = TOTAL FTE: 0

B. Other Funds:
The WIF program includes appropriations from state general obligation bonds. WIF grants are awarded in conjunction with CWRF loans or USDA Rural Development funding. In 2017, the appropriation for the WIF program (for wastewater projects) from state g.o. bonds was $40,000,000.

The PSIG program includes appropriations from Clean Water Legacy Funds and state general obligation bonds. PSIG grants may be awarded in conjunction with other PFA loans and grants or USDA Rural Development funding, or cities may choose to use their own funds for the local share. In 2017, appropriations for the PSIG program were $15,750,000 from Clean Water Legacy Funds and $33,737,000 from state g.o. bonds.

VI. PROJECT PARTNERS:
A. Partners outside of project manager’s organization receiving ENRTF funding
NA
B. Partners outside of project manager’s organization NOT receiving ENRTF funding
The Pollution Control Agency prepares its project priority list to rank proposed projects, conducts technical and environmental project reviews, and certifies eligible projects to the PFA.

VII. LONG-TERM IMPLEMENTATION AND FUNDING:
Municipalities receiving PFA loans and grants are responsible for completing their projects and operating and maintaining their water infrastructure systems in compliance with permit requirements. PFA loan officers review municipal audits, budgets, rates and cash flows to ensure that loan recipients have sufficient revenues to cover annual operation and maintenance and debt service costs.

WIF recipients are required to establish a system replacement fund and annually deposit a minimum of $0.50 per 1000 gallons of flow for major rehabilitation, expansion, or replacement of the wastewater system. Money must remain in the fund for the term of the project loan unless use of the fund is approved by the PFA. The PFA receives an annual report from each recipient indicating the amount deposited and the fund balance.

VIII. REPORTING REQUIREMENTS:
• The ENRTF funds will be used for eligible projects beginning on the day they are made available by MMB.
• The PFA will provide periodic reports showing the disbursement of ENRTF funds to eligible recipients.
• A final report will be provided when the ENRTF funds are fully disbursed showing the recipients and amounts received.
• Project status update reports will be submitted March 1 and September 1 each year of the project
• A final report and associated products will be submitted between July 1, 2022 and January 1, 2023

IX. SEE ADDITIONAL WORK PLAN COMPONENTS:
A. Budget Spreadsheet Attached
B. Visual Component or Map
C. Parcel List Spreadsheet
D. Acquisition, Easements, and Restoration Requirements
E. Research Addendum
## ENVIRONMENT AND NATURAL RESOURCES TRUST FUND BUDGET

<table>
<thead>
<tr>
<th>BUDGET ITEM</th>
<th>Budget</th>
<th>Amount Spent</th>
<th>Balance</th>
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</thead>
<tbody>
<tr>
<td>Personnel (Wages and Benefits)</td>
<td>$1,000,000</td>
<td>$</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Professional/Technical/Service Contracts</td>
<td>$1,000,000</td>
<td>$</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Equipment/Tools/Supplies</td>
<td>$1,000,000</td>
<td>$</td>
<td>$1,000,000</td>
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<tr>
<td>Capital Expenditures Over $5,000</td>
<td>$1,000,000</td>
<td>$</td>
<td>$1,000,000</td>
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<td>Activity 1. Water Infrastructure Funding (WIF) Program</td>
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<td>$1,000,000</td>
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<tr>
<td>Activity 2. Point Source Implementation Grant (PSIG) Program</td>
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<td>$</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Fee Title Acquisition</td>
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<td>$1,000,000</td>
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<tr>
<td>Easement Acquisition</td>
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<td>$</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Other</td>
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<td><strong>COLUMN TOTAL</strong></td>
<td><strong>$2,000,000</strong></td>
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<td><strong>$2,000,000</strong></td>
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## OTHER FUNDS CONTRIBUTED TO THE PROJECT

<table>
<thead>
<tr>
<th>Status (secured or pending)</th>
<th>Budget</th>
<th>Spent</th>
<th>Balance</th>
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</thead>
<tbody>
<tr>
<td>Non-State</td>
<td>$40,000,000</td>
<td>$</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>State</td>
<td>$33,737,000</td>
<td>$</td>
<td>$33,737,000</td>
</tr>
<tr>
<td>M.L. 2017 G.O. Bonds for WIF</td>
<td>Secured</td>
<td>$40,000,000</td>
<td>$</td>
</tr>
<tr>
<td>M.L. 2017 G.O. Bonds for PSIG</td>
<td>Secured</td>
<td>$33,737,000</td>
<td>$</td>
</tr>
<tr>
<td>M.L. 2017 Clean Water Fund for PSIG</td>
<td>Secured</td>
<td>$15,750,000</td>
<td>$</td>
</tr>
<tr>
<td>In kind</td>
<td>$1,000,000</td>
<td>$</td>
<td>$1,000,000</td>
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</table>

## PAST AND CURRENT ENRTF APPROPRIATIONS

<table>
<thead>
<tr>
<th>Past appropriations:</th>
<th>Amount legally obligated but not yet spent</th>
<th>Budget</th>
<th>Spent</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current appropriation:</td>
<td>M.L. 2018, Chp. 214, Art. 6, Sec. 4, Subd. 8</td>
<td>$59,000,000</td>
<td>$</td>
<td>$59,000,000</td>
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</table>