



2024 Capital Budget Requests

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The Minnesota Public Facilities Authority (PFA) finances most types of municipal wastewater and drinking water projects in cooperation with the Minnesota Pollution Control Agency (MPCA) and Minnesota Department of Health (MDH) that:

- Replace aging infrastructure (pipes and treatment facilities).
- Improve systems for better service and efficiency.
- Upgrade treatment facilities to improve water quality.
- Extend services to meet existing needs.

PFA Funding Framework

Projects ranked on Clean Water (CW) or Drinking Water (DW) Project Priority Lists (PPLs) applying water quality and public health criteria.

PPLs list projects seeking construction funding within five years.

- 2024 Clean Water PPL: 299 projects, \$3.1 billion.
- 2024 Drinking Water PPL: 884 projects, \$2.4 billion.

Annual CW and DW Intended Use Plans (IUPs) built from PPLs.

- IUPs list the projects eligible to apply for funding each year (fundable range).

The PFA provides project financing to cities of all sizes:

- Low interest loans available to all projects in the fundable range of the IUPs.
- Targeted grants based on affordability and specific project types.



MPFA Funding Awards

Average annual PFA funding awards, FY 2019-2023

| Program | Awards |
|--|----------------------|
| CW/DW low interest loans (Average interest rate: 1.35%) | \$201,000,000 |
| CW/DW principal forgiveness grants | \$5,900,000 |
| CW/DW WIF grants | \$23,800,000 |
| PSIG grants | \$25,200,000 |
| Total | \$255,000,000 |



PFA has made over \$4.4 billion low interest loans since inception in 1989.
Each \$1 in state match has leveraged \$15 in construction and \$3 in interest savings.

PFA Water Infrastructure Programs

| Clean Water and Drinking Water Revolving Funds (CWRP/DWRP) | Water Infrastructure Fund (WIF) Grant Program | Point Source Implementation Grant (PSIG) Program |
|--|--|--|
| Annual federal capitalization grants requiring 20% state match. | Grants to cities to replace aging infrastructure that would otherwise be unaffordable. | Grants to help cities upgrade water treatment facilities to improve water quality by meeting more stringent permit requirements. |
| Repayments revolve back to pay PFA debt serve and make new loans. | Goal is to reduce risk of major system failure. | Eligible projects are those that reduce specific pollutants, such as phosphorus, mercury, chlorides. |
| Federal funds include principal forgiveness grants for disadvantaged communities and green infrastructure. | WIF grants packaged with PFA loans or USDA Rural Development funding for small cities. | PSIG eligible project components are those that reduce discharge of the specific pollutant. |

New Lead Service Line (LSL) Replacement Program

Need

100,000 LSLs statewide per MDH.
2024 DW IUP: 64 LSL projects in 42 cities, \$102M for over 7,213+ LSLs.

Resources

State (2023): \$240M (10% for LSL inventories).
Federal IIJA funds: \$195M over 5 years (10% for LSL inventories).

Challenges

Ownership of LSLs often split between public and private.
Cities must conduct inventories to identify LSLs.

Response

Program combines state and federal funding to replace LSLs at no cost to property owners or cities.

Governor's 2024 Funding Recommendations

| | |
|--|----------------------|
| Total 2024 Request for MPFA Programs: | \$109,012,000 |
| CW and DW revolving fund state match^ unlocks \$196M in federal funds | \$39,000,000 |
| Water Infrastructure Funding (WIF) Program^ | \$23,485,000 |
| Point Source Implementation Grant (PSIG) Program^ | \$18,527,000 |
| Emerging Contaminants Grants Program (new)^ | \$18,000,000 |
| Lead Service Line Replacement (LSLR) Grant Program* | \$10,000,000 |

^fund source=bonds

*fund source =general fund



Policy Recommendations

| Program | Policy Recommendations |
|-------------------------------------|---|
| Emerging Contaminants Grant Program | <p>Establish new program to assist cities with construction projects to meet state drinking water standards for manganese and pending federal and state standards for PFAS substances.</p> <p>Program administered in conjunction with MDH utilizing the DWRF process.</p> <p>State funds will be combined with approximately \$120M in federal funds available through the federal IJJA.</p> |
| WIF program | Increase maximum grant to \$10 million (currently \$5 million). |
| PSIG program | Increase maximum grant to \$12 million (currently \$7 million). |
| CW and DW Revolving Funds | <p>Authorize CW PF grants for projects to address emerging contaminants in wastewater.</p> <p>Authorize DW PF grants for projects to comply with a maximum contaminant level (MCL) requirement.</p> |

Thank you!

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