

1993 Septic System Grant Program Abstract
For the period ending June 30, 1995
This project was supported by the MN Future Resources Fund

Title: Septic System Replacement for Water Related
Tourism Businesses
Program Mgr: Paul Moe
Organization: Department of Trade & Economic Development
Legal Citation: M.L. 93 Chapter 172, Sec. 14, Subd. 11(h)
Approp. Amount: \$500,000

STATEMENT OF OBJECTIVES

To eliminate the worst sources of pollution of ground or surface water due to failing septic systems belonging to accommodations based tourism businesses and to provide sufficient information to determine whether any additional State involvement may be needed to solve the problem of failing septic systems.

RESULTS

The target businesses had a 51 day window to apply for a grant of up to \$10,000 or 50% of their project costs, whichever was less, to replace failing or nonconforming septic systems. 175 applications were received. 74 projects were funded. The smallest grant made was \$922.50 and 14 maximum \$10,000 grants were made. The average was \$6,750.92 per project. Businesses in 31 counties received awards with 65% of the funds split between Cass, Hubbard, St Louis, Beltrami, Crow Wing, Becker, and Cook counties.

PROJECT RESULTS USE AND DISSEMINATION

A Final Report has been compiled which was distributed to the Minnesota Resort Association, the Congress of Minnesota Resorts, the Minnesota Motel Association, the Minnesota Campground Association, and the Minnesota Bed & Breakfast Guild. According to the Minnesota Pollution Control Agency (MPCA), an estimated 70% of all individual septic systems in the state do not meet minimum standards for sewage treatment. It was evident from the response to this grant program that tourist accommodations in Minnesota were just as likely to have failed septic systems as individual homeowners and other small businesses. As a result of this effort, the Department of Trade & Economic Development has entered into a joint venture with the MPCA to make low interest loans to the Tourist Industry using funds originating at the U.S. Environmental Protection Agency.

July 1, 1995

LCMR Work Program 1993

I. Project Title: Septic System Replacement for Water
Related Tourism Businesses

Program Manager: Paul Moe, Phone: 612) 297-1391
Agency Affiliation: DTED
Address: 500 Metro Square
121 7th Place East
St. Paul, MN. 55101-2146

A. Legal Citation: M.L. 93 Chapter 172, Sec. 14, Subd. 11(h)
Total Biennial LCMR Budget: \$500,000.00
Remaining balance as of 6-30-95 \$40.99
Appropriation Language: This appropriation is from the future resources fund to the Commissioner of Trade and Economic Development to provide matching grants of up to \$10,000 to resorts and related tourism businesses located on lakes and rivers for replacement of nonconforming septic systems after the effective date of this act are eligible for these grants.

B. LMIC Compatible Data Language: Not Applicable.

C. Status of Match Requirement:
Match Required: 50/50 matching grants
requiring match by each grantee.
Funds Raised to date: \$500,000.00

II. NARRATIVE: This program would provide matching grants of up to \$10,000 to resorts and related tourism businesses located on lakes and rivers for replacement of failing or nonconforming septic systems. Rules and criteria will be developed to determine spending priorities and procedures.

III. Statement of Objectives: Objectives of this project include:

- A.** Develop program rules, including project eligibility, review and funding criteria.
- B.** Market the availability of the grants.
- C.** Review proposals and award grants

IV. Objectives:

- A. Title of Objective:** Develop program rules.
 - A.1. Narrative:** To distribute grant funds in an orderly objective and fair manner, rules will include project eligibility requirements and criteria for reviewing applications and allocating funds.
 - A.2 Procedures:** Staff will develop rules in accordance with State rule making procedures. Staff will solicit ideas and recommendations from other agencies and other interested groups and individuals.

A.3 Budget:

a. Amount budgeted: \$2,000.00 391.04
Remaining balance as of 6-30-95 \$1,609.00 0

A.4 Timeline: Rules finalized 10/31/94

A.5 Status: The Rules have been finalized and published by the Revisor of Statutes. DTED Administrative Funds were used allowing us to transfer \$1,608.96 of budgeted funds to grants instead

A.6 Benefits: Development of program rules will satisfy State requirements and ensure that grants will be awarded in an orderly, objective and fair manner. Timely completion of rules should allow for award of the grants by autumn of 1993.

B. Title of Objective: Market the availability of the grants.

B.1 Narrative: Staff will develop and distribute information about the program so that eligible tourism business owners will be aware of the existence of the program and have the necessary information to decide whether they might be eligible to apply for funding.

B.2 Procedures: Staff will develop and distribute a program fact sheet that will explain the eligibility and application requirements. A notice of availability of grant funds will be published in the State Register. tourism organizations will also be contacted and asked to help promote the program. County officials will be contacted so that they can make their constituents aware of the program.

B.3 Budget:

a. Amount budgeted: \$3,000.00 0
Remaining balance as of 6-30-95 \$ 0.00
This \$3,000 was intended to be used for marketing and promoting the program, instead it will be all used for grants to applicants.

B.4 Timeline:

Fact sheet distributed 7/1/93
State Register notice 8/1/93
Coordination with groups, counties, etc. 8/20/93

B.5 Status: All marketing efforts are complete.

DTED Administrative Funds were used. Budgeted amount was transferred to Grants instead (c3).

B.6 Benefits: Marketing and information dissemination directed toward eligible tourism businesses help to make them aware of the existence of the program and encourage them to take advantage of the program to correct any septic system problems that might exist.

C. Title of Objective: Review proposals and award grants.

C.1 Narrative: Staff will review all eligible proposals and award grants according to the guidelines and criteria contained in the rules.

C.2 Procedures: Staff will review and analyze each individual project proposal to determine which projects best meet the criteria established in the rules and the overall objectives of improving or protecting water quality and the economic viability of the tourism businesses. Staff will conduct an on-site inspection of the project site as needed and prepare a brief written evaluation of each proposal. Grants will be awarded throughout the year.

C.3 Budget:

	\$495,000.00	499,608.96
Funds encumbered as of 6-30-95	\$499,567.97	
Funds Awarded as of 6-30-95	\$499,567.97	
Funds liquidated as of 6/30/95	\$499,567.97	

Emcumbered funds exceeds original budget because \$3,000 of marketing money and \$1,608.96 of Development money was transferred to this budget.

C.4 Timeline:

Complete site inspections	6/30/95
Award grants	9/1/93

C.5 Status: 74 grants have been awarded. All construction is complete. \$40.99 of unused funds are being returned to LCMR.

C.6 Benefits: Grants will be awarded to projects having the greatest likelihood of improving or protecting water quality. This will benefit the tourism businesses assisted, as well as all other users of the water resources. Awarding of grants throughout the year will enable problems to be corrected promptly and allow flexibility for business owners to complete the project at the most convenient time.

V. Evaluation:

Evaluation of each funded project will be kept and a summary status report will be completed at the end of the project period categorizing the type of problems resolved (e.g., drinking water contamination, surface water pollution, failed systems, non-conforming systems, etc.) Correction of existing health or safety problems (as well as potential problem situations), elimination of point source pollution of ground or surface water, successful completion of at least 49 funded

projects, and a better understanding of the extent of septic system problems associated with the tourism industry would indicate that the project has been successful.

VI. Context:

- A. Previous State assistance in this area has been provided to a limited extent through the Tourism Loan Program. The funding available through that program, however, is insufficient to fund more than a few such projects per year. The program provides less of an incentive to make such non-revenue enhancing improvements and focuses more on economic criteria than on environmental improvements.
- B. This proposed program would supplement the existing minimal assistance provided through the Tourism Loan Program.
- C. About 10 septic system projects have been funded to date through the Tourism Loan Program. This has only been sufficient to raise concerns about the extent of the problem and has had only a small impact. The proposed LCMR funded program would result in some real environmental improvements and provide sufficient information to determine whether any additional State involvement may be needed to help solve the problem.

VII. Qualification:

1. Program Manager
 - a. Paul Moe is currently responsible for administration of the Tourism Loan Program, which provides loans to the same clientele that would be served by this proposal.
 - b. Director of the Business Finance Unit, DTED, which administers a variety of financial assistance programs for Minnesota businesses.
2. Cooperators/Other Investigators
 - a. Bob Ahlin is responsible for day to day operations of the Tourism Loan Program. he has previously owned and operated a tourism business and has additional experience as a business consultant.
 - b. Tourism Loan Program staff responsible for loan evaluation, monitoring, portfolio management, etc.

VIII. Semiannual status reports will be submitted not later than Jan. 1, 1994, July 1, 1994, Jan. 1, 1995 and a final status report by Jun. 30, 1995