



MINNESOTA

PUBLIC FACILITIES AUTHORITY

Lead Service Line Replacement Program

Report to the Legislative Committees with jurisdiction over
Environmental and Natural Resource Finance and Policy
Health Finance and Policy
Economic Development Finance and Policy

In Accordance with Minnesota Laws 2023, Chapter 39, Section 2, Subdivision 7

September 15, 2023

**Minnesota Public Facilities Authority
2023 Lead Service Line Replacement Program**

Table of Contents

Introduction 3

Program Operation 3

Other Required Reporting Items 4

Attachment – Draft 2024 IUP Table 1b – LSLR Projects 5

For questions or more information about this report, contact:

Minnesota Public Facilities Authority
1st National Bank Building, Suite W820
332 Minnesota Street
Saint Paul, MN 55101-1378
www.mn.gov/pfa

Jeff Freeman, Executive Director
Phone: 651-259-7465
E-mail: jeff.freeman@state.mn.us

*Note (as required by Minnesota Statutes, section 3.197): Preparation of this report
required an estimated 12 hours of staff time for a total cost of \$1,000.*

Introduction

In recognition of the serious threat to public health from drinking water lead service lines, the 2023 Minnesota Legislature established the Lead Service Line Replacement (LSLR) Program under 2023 Laws of Minnesota, Chapter 39 (Minnesota Statutes, Section 446A.077). The purpose of the program is to provide funding to municipalities and other public water suppliers to remove and replace lead service lines. Minnesota law establishes a goal to remove all lead service lines in public drinking water systems by 2033.

The program is administered by the Minnesota Public Facilities Authority (PFA) in conjunction with the Minnesota Department of Health (MDH). The program is designed to coordinate with and maximize the use of dedicated federal LSLR funds appropriated through the Drinking Water State Revolving Fund in the 2021 Federal Infrastructure Investment and Jobs Act (IIJA). Federal funds are required to be split between loans and principal forgiveness grants.

Program Operation

To maximize the use of federal funds, all program applicants must first submit their project proposals to MDH to be listed on the drinking water Project Priority List (PPL), which identifies projects expected to proceed within the next five years. Applicants whose PPL projects are scheduled for construction in the coming fiscal year submit a request to the PFA to be listed on the annual Intended Use Plan (IUP). Municipalities submit their PPL and IUP requests each year to MDH and PFA in the spring/early summer and the PFA generally approves the IUP in the fall.

The PFA is currently in the process of preparing the 2024 IUP and no state LSLR grants have yet been awarded. The preliminary draft IUP LSLR project list is attached, listing a total of 55 fundable projects with a total estimated cost of \$87.4 million. (Several cities have more than one project listed.) In accordance with the standard IUP process, projects are listed either as 'Carryover Projects' (which were on the 2023 IUP and approved and certified by MDH by June 30, 2023) and 'New Project Requests'. Regardless of how they are listed, all projects on the 2024 IUP are eligible for funding when technical and program approvals are received and they are ready for construction.

The drinking water service line provides the connection between the city watermain in the street and each individual property. In most Minnesota municipalities, ownership of the service line is split between public ownership (the municipality) and private ownership (the property owner). However, there are some municipalities where ordinances specify that the entire service line is privately owned.

The draft IUP table provides an estimate of the public and private cost split for each project. To the extent possible PFA will use Drinking Water Revolving Fund (DWRF) principal forgiveness grants to fund the private share of project costs, supplemented as necessary by state LSLR grant funds. In any case, no cost will be assessed back to the private property owner.

The public share of LSLR project costs will be funded initially through a combination of state LSLR grants and federal DWRF loans. As shown on the draft IUP table, 50% of the public costs will be

funded through a DWRF loan to the municipality, with the other 50% funded by a state LSLR grant. This loan/grant split is necessary to make use of the federal loan funds. After each project is completed, the PFA intends to award a state LSLR grant to the municipality to repay the loan debt as authorized in the LSLR law.

Other Required Reporting Items

1. Estimate of total cost to remove and replace all lead service lines in public drinking water systems in Minnesota.

The MDH estimates there are approximately 100,000 lead service lines in Minnesota. At an estimated cost of \$10,000 each, the total cost is estimated at \$1 billion. MDH estimates 65% (\$650 million) of the total cost is for the privately owned portion and 35% (\$350 million) is for the publicly owned portion.

2. The number of elementary, middle, and secondary schools served by lead service lines.

As required under state law, applicants for LSLR funds must submit a plan to MDH that describes how they will prioritize LSL funding including targeting schools. At this point no funds have been awarded and formal prioritization plans have not yet been fully reviewed and approved. More information on schools served by lead service lines will be available in the future.

3. The number of licensed child care settings that are served by lead service lines.

As stated above, formal prioritization plans have not yet been fully reviewed and approved by MDH. More information on child care settings served by lead service lines will be available in the future.

4. Amounts appropriated for the grant program that remain unspent.

No funds have been awarded at this time. The full \$240 million appropriation remains available.

5. A list of eligible recipients that submitted a plan to the commissioner of health.

Sixty municipalities have submitted preliminary proposals to MDH for a total of 91 LSLR projects. Of these, 55 projects have requested placement on the PFA's 2024 IUP for planned construction in 2024. The draft 2024 IUP project list is attached.

6. A list of eligible recipients that received a grant under this program.

No funds have yet been awarded.

DWRF 2024 Intended Use Plan
Table 1b. Project List - Lead Service Line Projects

Preliminary Draft - 9/14/2023

System Name	MDH 2024 PPL Rank	MDH 2024 PPL Points	Project Description	Project Number	Population	Est. Const Start	Estimated Total Project Cost	Estimated Project Cost PUBLIC (1)	Estimated Project Cost PRIVATE (2)	Estimated DWRF LSL PF Grant (3)	Estimated DWRF LSL Loan (4)	Estimated State LSL Grant (5)	IUP Status
PART A - FUNDABLE: Carryover Projects From Prior IUPs - Lead Service Lines													
Princeton	34	20	Other - LSL Replacement	1480008-8	4,753	May-24	600,000	-	600,000	600,000	-	-	23 Carryover
Sauk Rapids	53	20	Other - LSL Repl Along Division St.	1050004-5	13,926	Sep-23	354,062	177,031	177,031	177,031	88,516	88,516	23 Carryover
Saint Paul Regional Water S	75	20	Other - LSL Replacement Phase 3	1620026-25	305,877	Oct-23	15,000,000	5,000,000	10,000,000	10,000,000	2,500,000	2,500,000	23 Carryover
Saint Cloud	439	10	Other - LSL Replacement Wilson Ave	1730027-10	40,112	May-24	364,000	-	364,000	364,000	-	-	23 Carryover
Saint Cloud	440	10	Other - LSL Replacement Germain St	1730027-12	40,112	May-24	56,000	-	56,000	56,000	-	-	23 Carryover
Sauk Rapids	464	10	Other - LSL Replacement - Private	1050004-3	13,083	Apr-22	154,700	77,350	77,350	77,350	38,675	38,675	22 Carryover
Duluth	487	10	Other - LSL Repl - Phase 1	1690011-12	85,915	May-24	2,880,000	1,152,000	1,728,000	1,728,000	576,000	576,000	23 Carryover
Duluth	488	10	Other - LSL Repl - Phase 2	1690011-14	85,852	May-24	432,000	-	432,000	432,000	-	-	23 Carryover
Duluth	489	10	Other - LSL Repl - Phase 3	1690011-15	85,852	May-24	3,360,000	1,344,000	2,016,000	2,016,000	672,000	672,000	23 Carryover
Duluth	490	10	Other - LSL Repl - Phase 4	1690011-16	85,852	May-24	3,360,000	1,344,000	2,016,000	2,016,000	672,000	672,000	23 Carryover
PART B - FUNDABLE: New Project Requests - Lead Service Lines													
Rich Prairie Sewer and Water	13	20	Other - LSL Replacement	1490004-6	1,500	May-24	496,700	167,700	329,000	329,000	83,850	83,850	Part B
Aurora	15	20	Other - LSL Replacement (W 3rd Ave/Main)	1690002-10	1,709	Jun-24	300,000	120,000	180,000	180,000	60,000	60,000	Part B
Aurora	16	20	Other - LSL Replacement (W 1st Ave N)	1690002-8	1,709	Jun-24	396,000	158,400	237,600	237,600	79,200	79,200	Part B
Crosby	19	20	Other - LSL Replacement	1180008-12	2,749	May-24	250,000	50,000	200,000	200,000	25,000	25,000	Part B
Marble	20	20	Other - LSL Replacement	1310023-5	550	May-24	991,875	396,750	595,125	595,125	198,375	198,375	Part B
Staples	25	20	Other - LSL Replacement (2024 Phase)	1770011-10	1,859	May-24	283,500	105,750	177,750	177,750	52,875	52,875	Part B
Kiester	28	20	Other - LSL Replacement	1220008-6	589	Mar-24	203,000	101,500	101,500	101,500	50,750	50,750	Part B
Little Falls	31	20	Other - LSL Replacement-4th Street	1490002-10	9,049	May-24	472,500	176,250	296,250	296,250	88,125	88,125	Part B
Madison	36	20	Other - LSL Replacement	1370004-7	1,483	Jul-24	72,150	36,075	36,075	36,075	18,038	18,038	Part B
Chisholm	37	20	Other - LSL Replacement	1690007-4	4,784	May-24	300,000	150,000	150,000	150,000	75,000	75,000	Part B
Browerville	38	20	Other - LSL Replacement	1770002-8	920	May-24	275,000	137,500	137,500	137,500	68,750	68,750	Part B
Wells	40	20	Other - LSL Replacement	1220010-5	2,283	Jun-24	50,000	25,000	25,000	25,000	12,500	12,500	Part B
Pipestone	42	20	Other - LSL Replacement Main St. Area	1590005-13	4,185	Jun-24	62,500	31,250	31,250	31,250	15,625	15,625	Part B
Albert Lea	49	20	Other - LSL Replacement	1240001-4	18,433	May-24	1,500,000	750,000	750,000	750,000	375,000	375,000	Part B
Lewisville	50	20	Other - LSL Replacement	1830003-8	333	May-24	65,250	-	65,250	65,250	-	-	Part B
International Falls	51	20	Other - LSL Replacement	1360002-4	5,859	May-24	970,000	450,000	520,000	520,000	225,000	225,000	Part B
Willmar	54	20	Other - LSL Replacement	1340016-2	20,823	May-24	400,700	320,500	80,200	80,200	160,250	160,250	Part B
Two Harbors	55	20	Other - LSL Replacement	1380005-10	3,616	Jun-24	400,000	-	400,000	400,000	-	-	Part B
Saint Cloud	56	20	Other - LSL Repl (Pantown Neighborhood)	1730027-27	54,937	Apr-24	1,183,000	-	1,183,000	1,183,000	-	-	Part B
Royalton	57	20	Other - LSL Replacement	1490006-8	1,236	Jun-24	300,000	75,000	225,000	225,000	37,500	37,500	Part B
Belview	60	20	Other - LSL Replacement	1640001-7	337	Jun-24	229,500	114,750	114,750	114,750	57,375	57,375	Part B
Wabasha	65	20	Other - LSL Replacement	1790013-6	2,477	Jun-24	69,750	34,950	34,950	34,950	17,325	17,475	Part B
Atwater	69	20	Other - LSL Replacement	1340001-11	1,136	Jun-24	232,400	243,200	60,900	60,900	49,900	121,600	Part B
Sauk Rapids	76	20	Other - LSL Repl Along 2nd Ave. South	1050004-6	13,830	May-24	1,167,595	346,317	343,200	343,200	651,237	173,159	Part B

DWRF 2024 Intended Use Plan
Table 1b. Project List - Lead Service Line Projects

Preliminary Draft - 9/14/2023

System Name	MDH 2024 PPL Rank	MDH 2024 PPL Points	Project Description	Project Number	Population	Est. Const Start	Estimated Total Project Cost	Estimated Project Cost PUBLIC (1)	Estimated Project Cost PRIVATE (2)	Estimated DWRF LSL PF Grant (3)	Estimated DWRF LSL Loan (4)	Estimated State LSL Grant (5)	IUP Status
Nashwauk	79	20	Other - LSL Replacement	1310024-6	1,144	May-24	544,000	222,000	216,000	216,000	217,000	111,000	Part B
Moorhead	81	20	Other - LSL Replacement Phase 2	1140008-12	43,409	Jun-24	575,000	287,500	287,500	287,500	143,750	143,750	Part B
Moorhead	82	20	Other - LSL Replacement Phase 3	1140008-15	43,409	Jun-24	790,625	395,313	395,313	395,313	197,656	197,657	Part B
Moorhead	83	20	Other - LSL Replacement Phase 4	1140008-18	43,409	Jun-24	431,250	215,625	215,625	215,625	107,813	107,813	Part B
Moorhead	84	20	Other - LSL Replacement No Watermain	1140008-21	43,409	Jun-24	937,500	437,500	500,000	500,000	218,750	218,750	Part B
Moorhead	85	20	Other - LSL Replacement Phase 1	1140008-9	43,409	Jun-24	1,365,000	539,063	825,938	825,938	269,531	269,532	Part B
Saint Paul Regional Water S	91	20	Other - LSL Replacement Phase 4	1620026-26	309,751	Apr-24	35,000,000	10,630,000	24,370,000	24,370,000	5,315,000	5,315,000	Part B
Minneapolis	94	20	Other - LSL Replacement Streets Year 1	1270024-14	424,536	Apr-24	360,000	-	360,000	360,000	-	-	Part B
Minneapolis	98	20	Other - LSL Repl Green Zones Year 1	1270024-18	424,536	Apr-24	5,166,000	-	5,166,000	5,166,000	-	-	Part B
Anoka	102	20	Other - LSL Replacement (2024 St Area)	1020001-1	17,749	Feb-24	250,000	125,000	125,000	125,000	62,500	62,500	Part B
Anoka	103	20	Other - LSL Replacement (2000-14 Street)	1020001-3	17,749	Feb-24	1,000,000	-	1,000,000	1,000,000	-	-	Part B
Minneapolis	105	20	Other - LSL Repl (Leaking LSL)	1270024-22	425,091	Apr-24	1,590,000	-	1,590,000	1,590,000	-	-	Part B
Maple Plain	107	20	Other - LSL Replacement	1270021-6	1,650	May-24	55,000	27,500	27,500	27,500	13,750	13,750	Part B
Norwood Young America	108	20	Other - LSL Replacement-Railroad St.	1100019-3	3,838	May-24	110,000	55,000	55,000	55,000	27,500	27,500	Part B
Norwood Young America	109	20	Other - LSL Replacement-SW 4th Ave.	1100019-5	3,162	May-24	110,000	55,000	55,000	55,000	27,500	27,500	Part B
Utica	122	15	Other - LSL Replacement	1850011-6	184	May-24	130,000	72,000	60,000	60,000	34,000	36,000	Part B
Cottonwood	123	15	Other - LSL Replacement	1420002-4	1,160	May-24	275,000	137,500	137,500	137,500	68,750	68,750	Part B
North Mankato	124	15	Other - LSL Replacement	1520005-2	14,356	May-24	780,000	-	280,000	280,000	500,000	-	Part B
Mazeppa	127	15	Other - LSL Replacement	1790009-4	956	May-24	153,000	-	153,000	153,000	-	-	Part B
Waconia	135	15	Other - LSL Replacement	1100010-3	12,773	May-24	495,000	247,500	247,500	247,500	123,750	123,750	Part B
Watertown	136	15	Other - LSL Replacement	1100012-6	4,659	Jul-24	72,150	36,075	36,075	36,075	18,038	18,038	Part B

							Number of Projects	Estimated Total Project Cost	Estimated Project Cost PUBLIC (1)	Estimated Project Cost PRIVATE (2)	Estimated DWRF LSL PF Grant (3)	Estimated DWRF LSL Loan (4)	Estimated State LSL Grant (5)
2024 DWRF IUP - Lead Service Line Replacement													
PART A - FUNDABLE: Carryover Projects From Prior IUPs - Lead Service Lines							10	\$ 26,560,762	\$ 9,094,381	\$ 17,466,381	\$ 17,466,381	\$ 4,547,191	\$ 4,547,191
PART B - FUNDABLE: New Project Requests - Lead Service Lines							45	\$ 60,860,945	\$ 17,473,468	\$ 42,377,251	\$ 42,377,251	\$ 9,746,960	\$ 8,736,734
total Parts A and B							55	\$ 87,421,707	\$ 26,567,849	\$ 59,843,632	\$ 59,843,632	\$ 14,294,151	\$ 13,283,925

- Notes:
- (1) Estimated cost to replace the publicly owned portion of lead service lines. Public/private ownership of drinking water service lines may vary based on municipal ordinances. All projects must replace the entire lead service line.
 - (2) Estimated cost to replace the privately owned portion of lead service lines. Public/private ownership of drinking water service lines may vary based on municipal ordinances. All projects must replace the entire lead service line.
 - (3) Estimated principal forgiveness grant from Federal DWSRF IJJA/BIL funds dedicated to replacement of lead service lines.
 - (4) Estimated DWRF loan from Federal DWSRF IJJA/BIL funds dedicated to replacement of lead service lines.
 - (5) Estimated State LSLR grant from funds appropriated under Laws of MN 2023, Chapter 39.