



**Clean Water Revolving Fund
&
Drinking Water Revolving Fund**

APPLICATION FORMS AND INSTRUCTIONS

September 2015

Minnesota Public Facilities Authority
First National Bank Building, Suite W820
St. Paul, MN 55101-1378

www.mn.gov/deed/pfa

Clean Water Revolving Fund and Drinking Water Revolving Fund

APPLICATION FORMS AND INSTRUCTIONS

September 2015

Deadlines for Projects on the 2016 Intended Use Plan	3
Application Checklist	4
Form 1 General Information	6
Form 2a Project Information.....	9
Form 2b Pledged Security.....	14
Form 3a Annual Operation and Maintenance Costs (Illustration).....	17
Form 3b Annual Debt Service Costs (Illustration)	18
Form 3c System Costs (Illustration).....	19
Form 3d Cash Flow Projections (Illustration).....	20
Form 4a Clean Water Budget-Wastewater and Stormwater Projects (Illustration)	21
Form 4b Drinking Water Budget-Water Projects (Illustration).....	21
Form 5 Compliance List	24
Form 6 Fair Share Statement and DBE Certification	28
Example Resolution of Application	32

Application forms are in a fillable PDF document except Forms 3 and 4 which are Excel spreadsheets with built-in formulas. [Forms 3 and 4](#) are shown in this document for illustration and are located on the PFA web page. The Excel “fillable” spreadsheets can be found on the PFA web page www.mn.gov/deed/pfa under Infrastructure Funds and Programs (Clean Water or Drinking Water Revolving Fund) under the “forms” tab.

**Minnesota Public Facilities Authority
Clean Water Revolving Fund (CWRP)
Drinking Water Revolving Fund (DWRP)**

Deadlines for Projects on the 2016 Intended Use Plans

Item	Submitted to	Date Due
DWRP Application	PFA	March 30, 2016
Drinking Water Project Plans and Specifications	Department of Health	March 30, 2016
CWRP Application	PFA	March 30, 2016
Wastewater and Stormwater Project Plans and Specifications	Pollution Control Agency	March 30, 2016

This document contains the Clean Water Revolving Fund and Drinking Water Revolving Fund **Application Forms and Instructions**. [Forms 3 and 4](#) are separate Excel spreadsheets with built-in formulas and can be found on the PFA web page www.mn.gov/deed/pfa under Infrastructure Funds and Programs (Clean Water or Drinking Water Revolving Fund) “forms” tab.

NOTE

- For additional information on the program requirements and resources, refer to the **Application and Supplemental Information** document.
- For documents to be included in bid specifications and construction contracts, refer to the **Contract Packet**.

Please review this information carefully and contact your [PFA loan officer](#) with any questions.

Application Checklist

Please submit the following items with the application

- Forms 1 through 6 and information as requested
- Preliminary Cash Flow Projection (Form 3d): Cash Flow Projection or an alternative format in lieu of the PFA worksheet. A cash flow analysis should identify a plan for generating adequate revenues and assumptions used. Please submit amortization schedules for existing water and/or sewer debt.
- Resolution of Application: an example is included with the application packet
- Annual Financial Reports (Audits): The last three years of annual financial reports
- Budget: The current annual city budget, including enterprise funds
- Ordinances and Fee Schedules: Copy of water, wastewater, or stormwater ordinance (enacted) and service charge system, as appropriate
- Inter-municipal Agreement (enacted) if more than one municipality is involved in the project
- Management Contract/Private Operator Agreement: For applicants who have engaged a private contract operator to manage its drinking water or wastewater system, a copy of the management contract.
- Copy of appraisal(s) and evidence of sale for eligible land purchase, if applicable
- Listing of the number and value of building permits issued for the last five years
- Listing of planned capital financing projects within the next year
- As-bid costs, bid tabulations
- Official Statement if applicant has issued bonds within the year (**NOTE:** If a current Official Statement is not available, the following three items must be submitted:
 - Certificate as to Taxes and Taxable Property, including 10 largest taxpayers. Obtain from the County Auditor. If the municipality is located in two counties, obtain a Certificate as to Taxes and Taxable Property from both counties.
 - Population of the applicant in 1990, 2000 and 2010 and current year, based on the U. S. Census American Community Survey
 - Listing of the 10 largest employers

Final Cash Flow Projection (Form 3d): Submit updated/final projection or alternate documentation when project costs are finalized. The information should include the final plan and schedule for generating required revenues.

After Financing Approval Submit to Minnesota Management and Budget (MMB):

Real Property Declaration and/or Waiver Certification Letter to MMB; copy to PFA loan officer.

Form 1 – General Information

1. APPLICANT NAME _____ DUNS Number _____

Primary Municipal Contact _____ Title _____

Phone _____ Fax _____

Address _____ E-mail _____

_____ County _____

Officials authorized to sign legal documents

Name _____ Title _____

Name _____ Title _____

2. CONSULTANTS AND ADVISORS

Consulting Engineer Name _____ Engineering Firm _____

Address _____ Phone _____

_____ Fax _____

_____ E-mail _____

Identify the date(s) when the consulting engineer was procured (hired for the project)

Briefly describe the procurement process used to select the consulting

Bond Counsel (Attorney) Name _____ Firm _____

Phone _____ Fax _____

E-mail _____

Financial Advisor Name _____ Financial Advisor Firm _____

Address _____ Phone _____

_____ Fax _____

_____ E-mail _____

Other Consultant Name _____ Other Firm _____
 Address _____ Phone _____
 _____ Fax _____
 _____ E-mail _____

Contact for American Iron and Steel Compliance

Name _____ Firm _____
 Address _____ Phone _____
 _____ Fax _____
 _____ E-mail _____

Person responsible for prevailing wage compliance monitoring

Name _____ Firm _____
 Address _____ Phone _____
 _____ Fax _____
 _____ E-mail _____

3. MPCA / MDH ENGINEER

Name _____ Phone _____

4. Will a Public Utilities Commission be responsible for operation and maintenance of the project? If yes, provide information below

Yes No

PUC Contact Person _____ Title _____
 Address _____ Phone _____
 _____ Fax _____
 _____ E-mail _____

5. Is there a Private Operator contract or agreement in place for management and/or operation of the water or sewer system?

If so, please identify private operator name

6. PROPOSED SOURCES OF FINANCING (INCLUDING PFA)

<u>Source</u>	<u>Amount Requested</u>	<u>Contact Person</u>	<u>Contact Phone</u>	<u>Status</u>

Additional information on other sources of project financing Source

7. PUBLIC ANNOUNCEMENT OF FUNDED PROJECT

All borrowers are required, at a minimum, to post a public announcement about the funded project. The PFA will provide the public announcement to the borrower at the time of loan award. The Supplemental Information Packet (page 11) identifies options beyond the minimum requirement (physical signs, press releases, posters, etc.). Describe how the applicant will meet the signage requirement:

- Post PFA provided public announcement (minimum required): or;
- Other notification (identify)

Form 1 – General Information Instructions**To use the application forms:**

First save these files to your computer. The forms can be filled out electronically by using the TAB key to move from one blank to the next. Send one signed original of the completed forms, along with all of the required documentation (identified on the Checklist), to your [PFA loan officer](#). Contact your PFA loan officer with any questions regarding the PFA programs, program requirements or the loan application.

Item 1. Identify the local governmental unit that is applying for the project financing and the primary contact person. (**NOTE:** *The applicant must be the entity that will issue the General Obligation Revenue note or General Obligation Improvement note to the PFA.*)

Provide the municipality's DUNS Number which can be found at <http://fedgov.dnb.com/webform>

Identify the chief officials (elected or appointed) that are authorized to sign all official documents.

Identify who will be responsible for labor standards compliance monitoring.

Item 2. Identify the consulting engineer, bond counsel, financial advisor or and any other project consultant, and the individual(s) responsible for prevailing wage compliance monitoring and American Iron and Steel compliance. Identify when the consulting engineer was hired and the process used.

Item 3. Identify the engineer from the Minnesota Pollution Control Agency (MPCA) or Minnesota Department of Health (MDH) assigned to the project.

Item 4. State whether a Public Utilities Commission (PUC) will be responsible for operation and maintenance of the project. If yes, identify the contact person.

Item 5. State whether the applicant has an existing agreement with a private vendor for operation of the wastewater/drinking water system.

Item 6. List the proposed source(s) of financing for the project, starting with the CWRF / DWRF loan from the Public Facilities Authority. Provide documentation of other funding sources that will be used for the project.

Item 7. Identify how the borrower will meet the public notice requirements about the funded project.

Form 2a – Project Information

1. Briefly describe the area to be served.

Discuss the problem/need and the proposed project.

Identify other infrastructure projects planned for construction at the same time as the PFA project that may be related to the project (included in the same bid, shares road restoration costs, etc.). Describe how the projects are related:

2. Identify other municipalities (cities and townships) or service areas to be served in project area.

Discuss ownership of collection or distribution system and how charges are billed for services. Provide a map of the project area to clarify if necessary.

3. Discuss source of data and basis for 20 year projected population as shown on Form 3c, Section 2.

Are the projections consistent with historical trends? If not, why?

4. Identify whether the project site(s) are owned by the applicant, leased by the applicant, or other (specify):

Will any part of the project occur on the public right-of-way or existing utility or transit corridors?

Will easements or land be purchased for the project?

NOTE: A Real Property Declaration(s) identifying the property/project as “state bond financed property” will need to be recorded with the county recorder’s office unless a waiver is granted by Minnesota Management and Budget (MMB). Some projects may need both a Declaration and waiver. See Supplemental Information packet.

5. Discuss the financial condition of the water/sewer fund over the last three years (revenues, negative balances, existing debt, type of debt, changes in population and users).

Explain any situations that have caused the water/sewer fund to operate at a loss.

Identify steps the applicant has taken to address the loss.

6. Specify the sources of revenue that will be pledged to repay the PFA loan. Provide preliminary cash flow and list assumptions used. Cash flow must include all existing and pending debt related to the water and/or sewer fund.

7. Discuss current drinking water/sewer rates and any recent or planned rate increases. Discuss current charges for new connections and any recent or planned WAC/SAC increases.

8. Identify if special assessments are proposed to pay debt service. (Note: If special assessments are proposed, the applicant will be required to provide additional information. Contact your PFA loan officer for more information and for a copy of the PFA special assessment guidance.)

Identify status of special assessment hearings and notices (required under Minnesota Statutes 429)

Identify when special assessment revenue will be available for debt service payments.

NOTE: Debt service payments begin within one year after approval of loan and are payable on February 20 and August 20.

9. Identify if tax levies are proposed to pay debt service.

Identify when tax levy revenue will be available for debt service payments.

10. Does the community have an asset management program for the drinking water and/or wastewater systems?

If so, briefly describe the asset management program, including how long the program has been in place.

Are you interested in financial assistance to enhance an existing or develop a new asset management plan for the drinking water and/or wastewater systems?

Form 2a – Project Information Instructions

Item 1. Briefly describe the area to be served, the problem/need to be addressed and the proposed project.

Item 2. Identify each local governmental jurisdiction (cities and townships) in the project area. For each jurisdiction, indicate who owns the collection or distribution system and how the billing is handled. Provide a map.

Item 3. Discuss the basis for the 20 year population projections, including whether the projections are consistent with historical trends or why the projections are different.

Item 4. Identify the project site(s) needed for the project and the ownership/acquisition status. Note that a real property declaration will need to be filed with the county recorder's office unless a waiver is granted by Minnesota Management and Budget. An example declaration form and additional information is included in the ***Supplemental Application Information*** packet.

Item 5. Discuss the historical performance and financial condition of the drinking water/ sewer fund. Explain situations that have caused the water/sewer fund to operate at a loss and what steps the applicant has taken to address the loss.

Items 6 through 10. Please address each question. Specify the sources of revenue that will be used to repay the loan, including user charges, special assessments, tax levy and connection charges. Discuss current rates and charges and any recent or planned increases. Prior to receiving PFA approval, applicants must identify and establish dedicated source(s) of revenue sufficient to repay the PFA financing and to cover operational and maintenance costs for the drinking water and or sewer system. Applicants proposing to levy special assessments for the project will need to provide additional information as a part of the application. Please contact your loan officer for the PFA's special assessment guidance.

Form 2b – Pledged Security

NOTE: *The following questions are related to the type of security the applicant will issue to the PFA to secure the loan. The type of security pledged to the PFA has an impact on the interest rate on the transaction (i.e. whether the bond is tax-exempt or taxable). Some of this information may not be known at the time the application is submitted, but it is needed before PFA can move forward with a loan. The following questions may require the applicant to consult with bond counsel.*

1. Does the project have any significant wastewater contributors or significant water users per the PFA definitions (below)? If so, does the applicant have a significant user agreement with the contributor/user?

Definitions

Significant wastewater contributor means a nonresidential user of a municipal wastewater treatment system whose current wastewater flow or projected wastewater flow causes the need for the construction of the project, or whose wastewater contribution, after project completion, will exceed 50% of the wastewater treatment system's capacity.

Significant wastewater contributor agreement means a written agreement between a borrower and a significant wastewater contributor that will protect the financial interest of the borrower in the event the wastewater contributor curtails or ceases its operation. The agreement must include a secured, written guarantee by the significant wastewater contributor for its proportional share of the debt payments for the term of the Authority's loan with the Borrower.

Significant water user means a nonresidential user of a municipal drinking water system whose current water needs or projected water needs cause the need for construction of the project, or whose water intake after the project is completed will exceed 50% of the total gallons annually supplied by the water system.

Significant water user agreement means an agreement between a borrower and a significant water user that will protect the financial interest of the borrower in the event the water user curtails or ceases its operation. The agreement must include a secured, written guarantee by the significant water user for its proportional share of the debt payments for the term of the Authority's loan with the borrower.

2. If the proposed project involves providing water/sewer services to a private user, the project may raise private activity concerns and the PFA must be informed. Applicants should discuss any possible private activity considerations with their bond counsel. Does the project raise any possible private activity considerations? If yes, explain.

3. Applicant should discuss with their bond counsel the Minnesota statutory authority/authorities that the applicant will use to issue the debt to secure the PFA transaction (i.e. MN Statutes 115, 429, 444, 475). Identify the statutory authority (ies).

4. Identify the type of general obligation bond that will be issued (i.e. improvement or revenue):

5. Identify whether the bond will be taxable or tax-exempt:

Form 2b – Pledged Security Instructions

Item 1. Identify whether the project has any significant wastewater contributors or a significant water users as defined on Form 2b. Projects involving a significant wastewater contributor or significant water user must have an executed agreement that meets PFA standards to protect the financial interests of the borrower in the event the significant contributor or user curtails or ceases its operation.

Item 2. Identify whether the project has any private activity considerations involving a major private user. Projects that benefit a private business above the level permitted in the Federal Internal Revenue Service Code may cause bonds issued for the project to be considered private activity bonds. Projects that have any possible private activity considerations must consult with their bond counsel.

Items 3 – 5. Consult with your bond counsel to specify the type of debt instrument (i.e. General Obligation Revenue Note; General Obligation Improvement Note; taxable or tax-exempt) the applicant expects to issue to the PFA. General Obligation Revenue notes are generally backed by user fees, connection fees, etc. General Obligation Improvement notes are generally backed by special assessments, levies, etc.

Illustration of Forms 3, and 4

(See [Forms 3 and 4](#) or www.mn.gov/deed/pfa Infrastructure Funds and Programs (Clean Water or Drinking Water Revolving Fund) “forms” tab for Excel version of the forms.)

Illustration Form 3a Annual Operation & Maintenance Costs

Minnesota Public Facilities Authority CWRF/DWRF Application Form 3a - Annual Operation and Maintenance Costs			
<p><i>Instructions: Fill in all yellow highlighted cells.</i></p> <p>Applicant Name: _____</p> <p>Current and estimated O&M costs for the applicant's <u>Drinking Water</u> system</p>			
	Actual Expenditures From Last Audit	Current Year Estimate Based On Budget	Estimated When Project Begins Operation
Enter Year:			
Salaries			
Fringe Benefits			
Indirect Costs			
Contracts			
Professional Memberships			
Training			
Subscriptions			
Printing/Publishing/Postage			
Electricity/Heating			
Chemicals and Supplies			
Testing			
Capital Outlays*:			
- Equipment Purchase			
- Other: _____			
- Other: _____			
Total	\$ -	\$ -	\$ -
<p>Name of Person Filling Out This Form: _____</p> <p>Title: _____</p> <p>Firm/Organization: _____</p> <p>Phone: _____</p> <p>E-mail address: _____</p> <p>Date: _____</p>			
<p><small>* Indicate actual and estimated capital outlays for purchase, construction, or permanent improvements to buildings, equipment, machinery, and land.</small></p>			

Illustration Form 3b Annual Debt Service Costs

Minnesota Public Facilities Authority CWRP/DWRP Application Form 3b - Annual Debt Service Costs								
<p><i>Instructions: Identify each outstanding series of bonds (original par amount, bond type, year issued) and annual debt service (principal + interest) for the applicable system (drinking water/wastewater/stormwater)</i></p> <p>Applicant Name: _____ -</p> <p>Existing Debt Service For <u>Drinking Water</u> System</p>								
	\$ Par Amount Bond Type Year issued	Total Debt Service						
Current Year (2015)								-
2016								-
2017								-
2018								-
2019								-
2020								-
2021								-
2022								-
2023								-
2024								-
2025								-
2026								-
2027								-

Illustration Form 3c System Costs

Minnesota Public Facilities Authority CWRF/DWRF Application Form 3c - System Costs			
<p><i>Instructions: Fill in all yellow highlighted cells. Other cells will auto-fill.</i></p>			
Applicant Name: _____		Date: _____	
Project Name: _____		Estimated Project Cost: _____	
Project Type: <u>Drinking Water</u>			
	Current	Estimated When Project Begins Operation	
1. <u>Drinking Water</u> System Costs (Annual)			
A. Operation and maintenance (see breakout on Form 3a, totals will auto-fill here)	\$ -	\$ -	
B. System debt:			
i) Existing annual debt service (see breakout on Form 3b, totals will auto-fill here)	\$ -	\$ -	
ii) New debt for this project (fill in data below)		fill in at left	
Estimated Loan amount: _____			
Estimated interest rate: _____			
Term (max:20 yrs): _____			
C. Total annual system costs	\$ -	#VALUE!	
	Current	Estimated When Project Begins Operation	Estimated in 20 Years
2. Residential and Nonresidential Users			
A. Residential HH (billed individually):			
i) connections			
ii) ERU's (should equal connections):			
iii) percentage of system use:			
B. Other residential (multi-family, institutional):			
i) connections			
ii) ERU's			
iii) percentage of system use:			
C. Nonresidential:			
i) connections			
ii) ERU's			
iii) percentage of system use:			
Total			
i) connections			
ii) ERU's			
iii) percentage of system use:			
3. Average System Cost per Household			
i) average cost per household - annual			
ii) average cost per household - monthly			

Illustration-Form 3d Cash Flow Projection

Minnesota Public Facilities Authority CWRP/DWRF Application 3d Cash Flow Projection										
Applicant Name: _____			Requested PFA Loan Amount: _____							
Project Type: _____			Estimated Interest Rate: _____				Loan Term (yrs): _____			
Person Completing Worksheet: _____			Date: _____							
EXPENSES					REVENUES					
Year	O,M & R	Existing Debt Service	New PFA Debt Service (105%)	Total Expenses	User Charges	Assess-ments	SAC / WAC	Other Revenues	Total Revenues	Surplus / Deficit*
2015				-					-	-
2016				-					-	-
2017				-					-	-
2018				-					-	-
2019				-					-	-
2020				-					-	-
2021				-					-	-
2022				-					-	-
2023				-					-	-
2024				-					-	-
2025				-					-	-
2026				-					-	-
2027				-					-	-
2028				-					-	-
2029				-					-	-
2030				-					-	-
2031				-					-	-
2032				-					-	-
2033				-					-	-
2034				-					-	-
2035				-					-	-
2036				-					-	-
2037				-					-	-
Assumptions:					Anticipated future capital improvements					
Inflation factor for O&M costs:		_____			Year:	_____	Type:	_____	Estimated Cost:	_____
Inflation factor for user rates:		_____			Year:	_____	Type:	_____	Estimated Cost:	_____
Number of new connections per year:		_____			Year:	_____	Type:	_____	Estimated Cost:	_____
Estimated avg gallons per HH/month:		_____								

Illustration 3e Cash Flow Assumptions

Minnesota Public Facilities Authority CWRF/DWRF Application 3e Cash Flow Assumptions
<p>Describe or attach the assumptions used for the Cash Flow Projections (Form 3d), such as:</p> <ul style="list-style-type: none">Number of new residential and non-residential connections/year projectedDo the assumptions include reasonable estimates for volume usage by residents and anticipate changes based on historical trends, aging population, conservation use, or other factors?If the municipality is working with a financial advisor to analyze cash flows and rates, please provide that information in lieu of Form 3d <p>The PFA may request, after reviewing the application information, that the municipality conduct a rate study and provide a more detailed cash flow analysis than is provided on form 3d.</p> <p>Cash Flow Assumptions:</p> <div style="background-color: yellow; height: 300px; width: 100%;"></div>
<p>ATTACH ADDITIONAL SHEETS IF NECESSARY</p>

Illustration Form 4b Clean Water Project Budget

Minnesota Public Facilities Authority CWRP Application Form 4a - Clean Water Project Budget (Wastewater Projects)							
Applicant: _____		Project: _____		Costs based on: <u>Select from list</u>		Date: _____	
	Start Date*	End Date	Total Requested From PFA	Other Funding (name source)	Other Funding (name source)	Other Funding (name source)	Total Project Cost
1. Non-Construction Costs							
A. Planning							-
B. Engineering Design							-
C. Inspection/Construction Mgmt							-
D. Other Engineering							-
E. Develop Asset Management Program							-
F. Attorney/Financing Related Fees							-
G. Land							-
Non-Construction Subtotal			\$ -	\$ -	\$ -	\$ -	\$ -
2. Construction Costs ⁽¹⁾							
A. Secondary Treatment (I)							-
B. Advanced Treatment (II)							-
C. Infiltration/Inflow Correction (IIIA)							-
D. Sewer System Rehabilitation (IIIB)							-
E. New Collector Sewers (IVA)							-
F. New Interceptors (IVB)							-
G. CSO Correction (V)							-
H. Storm Sewer (VI)							-
I. Service Connections ⁽²⁾							-
Construction Subtotal			\$ -	\$ -	\$ -	\$ -	\$ -
Contingencies (up to 5% of construction subtotal)							-
3. Contingencies subtotal							-
Total			\$ -	\$ -	\$ -	\$ -	\$ -

* If the applicant will be requesting PFA reimbursement for costs incurred prior to the PFA award date, a list of the specific prior incurred costs based on invoices may be required prior to PFA award. Contact your loan officer for more information.

Notes:

- (1) After as-bid project costs are known, a revised Form 4 must be submitted
- (2) Check with PFA loan officer regarding eligibility of private service connections.

Illustration 4b Drinking Water Project Budget

Minnesota Public Facilities Authority DWRP Application Form 4b - Drinking Water Project Budget							
Applicant: _____		Project: _____		Costs based on: <u>Select from list</u>		Date: _____	
	Start Date*	End Date	Total Requested From PFA	Other Funding (name source)	Other Funding (name source)	Other Funding (name source)	Total Project Cost
1. Non-Construction Costs							
A. Planning							-
B. Engineering Design							-
C. Inspection/Construction Mgmt							-
D. Other Engineering							-
E. Develop Asset Management Program							-
F. Attorney/Financing Related Fees							-
G. Land							-
Non-Construction Subtotal			\$ -	\$ -	\$ -	\$ -	\$ -
2. Construction Costs ⁽¹⁾							
A. Treatment Facilities							-
B. Transmission/Distribution							-
C. Wells/Water Intake							-
D. Storage							-
E. Other							-
F. Service Connections ⁽²⁾							-
Construction Subtotal			\$ -	\$ -	\$ -	\$ -	\$ -
Contingencies (up to 5% of construction subtotal)							-
3. Contingencies subtotal							-
Project Total			\$ -	\$ -	\$ -	\$ -	\$ -

* If the applicant will be requesting PFA reimbursement for costs incurred prior to the PFA award date, a list of the specific prior incurred costs based on invoices may be required prior to PFA award. Contact your loan officer for more information.

Notes:

- (1) After as-bid project costs are known, a revised Form 4 must be submitted
- (2) Check with PFA loan officer regarding eligibility of private service connections.

Form 3a, 3b, 3c, 3d (Cash Flow Projection), 4a and 4b – Instructions

Forms 3a, 3b, 3c, 3d (Cash Flow Projection) 4a and 4b are Excel spreadsheets with built-in formulas. Information on the forms is requested only for the type of system (i.e. drinking water, wastewater, or stormwater) for which the applicant is requesting loan funds. Information on Form 3a and 3c should be based on the actual system costs for the drinking water or wastewater system. The Excel spreadsheets can be found on www.mn.gov/deed/pfa under Infrastructure Funds and Programs (Clean Water or Drinking Water Revolving Fund) “forms” tab.

Note for Wastewater Projects: The information provided on these forms must be consistent with the applicant’s Facilities Plan as approved by the Minnesota Pollution Control Agency (MPCA).

FORM 3a: ANNUAL OPERATION AND MAINTENANCE COSTS

Complete all items marked in yellow. Use the dropdown box to identify the **System Type** (drinking water, wastewater or stormwater)

The form requests information on actual expenditures from the last audit; the current year estimate based on the budget; and, estimated costs when the project begins operation. Show annual operation/maintenance costs, including capital outlays for the purchase, construction, or improvement of buildings, equipment, machinery, and land. Do not include non-cash depreciation.

Actual capital outlays should be from the prior year’s audit. Current capital outlays should be based on the budget. Estimated capital outlays should be based on current outlays adjusted by an inflation factor. For new systems, attach an explanation for how estimated future capital outlays were determined.

Identify the name of the person filling out the form, their title, organization, contact information and date form completed.

FORM 3b – DEBT SERVICE

Insert information in items marked in yellow, if there is debt related to the drinking water, wastewater or stormwater fund. Use the drop-down box to identify the system debt (drinking water, wastewater or stormwater).

If the system has existing debt (Revenue or Improvement), complete Form 3b and attach amortization schedules as requested in the Application Checklist. If an applicant has an alternative format available, submit the information with the application.

FORM 3c – SYSTEM COSTS

Complete all items marked in yellow. Information should be provided in the yellow highlighted areas: *Current* (unless project area is currently unsewered) and *Estimated When Project Begins Operation*.

Section 1 – System Costs (Annual)

- A. **Operation and maintenance costs** will automatically fill in from **Form 3a**
- B. **Annual system debt service** will automatically fill in from **Form 3b**
 - i) Existing annual debt service – Complete **Form 3b**
 - ii) New debt for this project: Fill in the requested loan amount, estimated interest rate and expected term for the proposed project
- C. **Total annual system costs** are calculated on the form.

Section 2 – Residential and Non-Residential Users

Complete all items marked in yellow. Information for **Section 2** should be based on water or sewer billing records. If your system is based on a calculation of Equivalent Residential Connections (ERCs) or Equivalent Residential Units (ERUs) where one household equals one ERC/ERU, the residential percentage would be equal to the residential ERCs (households) divided by the total ERCs.

Section 3 – Average System Cost per Household – these numbers are automatically calculated on the form.

FORM 3d CASH FLOW PROJECTION

Form 3d Cash Flow Projection enables the applicant to demonstrate that revenues are sufficient to cover all system costs (existing debt, new debt and the operation costs of the system). The applicant may submit the information in an alternate form in lieu of completing the PFA cash flow projection. If alternative formats have been completed, contact your PFA loan officer.

FORM 3e CASH FLOW PROJECTION ASSUMPTIONS

Describe or attach the assumptions used for the cash flow projections (Form 3d) such as:

Number of new residential and non-residential connections/year (including SAC/WAC fees); future anticipated or scheduled capital improvements; inflation factor estimated for increases to user rates, operation and maintenance costs and reserve fund. Do the assumptions include reasonable estimates for volume usage by residents and anticipate changes in volume of water or sewer use over time based on historical trends, aging population, or other factors?

If the municipality is working with a financial advisor to analyze cash flows and rates, please provide that information in lieu of Form 3d.

The PFA may request, after reviewing the application information, that the municipality conduct a rate study and provide a more detailed cash flow analysis than is provided on form 3d.

FORM 4a and 4b – PROJECT BUDGET

Please note there is a Form 4 for each program. Use **Form 4a** for the Clean Water Project Budget and **Form 4b** for the Drinking Water Project Budget. Identify source and amount of other funding. Form 4 will calculate totals.

After final project costs are determined, please submit a revised Form 4 that updates project costs with actual start and end dates.

Form 5 – Compliance with Federal and State Laws, Rules, Regulations

As a condition of receiving funding, a Borrower is required to comply with certain state and federal laws, rules and regulations and to ensure that their contractor(s) also comply with these regulations, laws and rules, including, but not limited to the items identified below which will be invoked as a condition of the PFA loan in both the loan agreement and general obligation bond to be executed by the Borrower.

1. Title VI of the Federal Water Pollution Control Act, more commonly known as the Clean Water Act, as amended (Clean Water Revolving Fund recipients).
2. Safe Drinking Water Act (P.L. 93-523) (Drinking Water Revolving Fund recipients)
3. National Environmental Policy Act (P.L. 91-190 (1970)); National Historic Preservation Act (P.L. 89-665 as amended, 80 Stat. 917 (1966)); Archeological and Historic Preservation Act (P.L. 93-291(1974)); Protection of Wetlands, Executive Order No. 11990 (1977), as amended by Executive Order No. 12608 (1997); Flood Plain Management, Executive Order No 11988 (1977), as amended by Executive Order No. 12148 (1979); Farmland Protection Policy Act (P.L. No 97-98 (1981)); Coastal Zone Management Act (P.L. 92-583 (1972), as amended); Coastal Barriers Resources Act (P.L. 97-378, 96 Stat 1653 (1982)); Wild and Scenic Rivers Act (P.L. 90-542, 82 Stat. 913 (1968)); Endangered Species Act (P.L. 93-205 (1973), as amended); Essential Fish Habitat Consultation Process under the Magnuson-Stevens Fishery Conservation and Management Act (P.L. 94-265 (1976), as amended) and; Clean Air Act Conformity (P.L. 95-95 (1977), as amended).
4. Title VI of the Civil Rights Act of 1964 (P.L 88-352), Section 13 of the Federal Water Pollution Control Act Amendments of 1972 (33 U.S.C. Sec. 1251), Section 504 of the Rehabilitation Act of 1973 (P.L. 93-1123, 87 Stat. 355, 29 U.S.C. Sec. 794), The Age Discrimination Act of 1975 (P.L. 94-135 Sec. 303, 89 Stat. 713, 728, 42 U.S.C. Sec. 6102), and subsequent regulations, ensures access to facilities or programs regardless of race, color, national origin, sex, age or handicap.
5. Executive Orders 11246, as amended by Executive Orders 11375 and 12086 and subsequent regulations. Prohibits employment discrimination on the basis of race, color, religion, sex or national origin. Inclusion of the seven clauses in Section 202 of E. O. 11246 as amended by E. O. 11375 and 12086 are required in all project related contracts and subcontracts over \$10,000.
6. Executive Orders 11625, 12138 and 12432; 40 CFR part 33 Participation by Disadvantaged Business Enterprises in Procurement under Environmental Protection Agency (EPA) Financial Assistance Agreements; Section 129 of P. L. 100-590 Small Businesses Reauthorization & Amendment Act of 1988; Public Law 102-389 (42 U.S.C. 437d); a 1993 appropriations act (“EPA’s 8% statute”); Public Law 101-549, Title X of the Clean Air Acts

Form 5 – Compliance with Federal/State Laws, Rules, Regulations
Page 2 of 3

Amendments of 1990 (42 U.S.C. 7601 note) (“EPA’s 10% statute”). Encourages recipients to award construction, supply and professional service contracts to minority, women’s business enterprises (MBE/WBE’s) and small businesses and requires recipients to utilize affirmative steps in procurement.

7. Executive Orders 12549 and 12689, Subpart C of 2 CFR Part 180 and 2 CFR Part 1532 entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons).” Prohibits entering into contracts or sub-contracts with individuals or businesses that are debarred or suspended. Borrowers are required to check and keep a record of the status of all contractors (construction and professional services) and must require contractors to check and keep a record of the status of subcontractors for contracts expected to be equal to or over \$25,000 via this Internet address: <https://www.sam.gov/portal/public/SAM/>
8. Executive Order 13502, use of Project Labor Agreements for Federal Construction Projects.
9. 2 CFR part 200, Subpart F, which establishes audit requirements for state and local governments receiving federal funds.
10. Section 602 (b)(9) of the Clean Water Act, as amended, and 40 CFR Part 35, Subpart L, Section 35.3550(i) require Borrowers to maintain project accounts in accordance with generally accepted government accounting standards (GAAP), and to issue annual financial statements that include the reporting of infrastructure assets in accordance with GASB 34.
11. Section 504 of the Federal Rehabilitation Act of 1973, the Americans with Disabilities Act (ADA), Minn. Statutes 1990, Chapter 363 Minnesota Human Rights Act. Requires that all public spaces and programs be designed and constructed to be accessible to the physically handicapped.
12. Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended and subsequent regulations found at 49 CFR Part 24. Identifies procedures for the acquisition of property and the relocation of persons and businesses.
13. Section 602(b)(6) of the Clean Water Act, as amended and section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)). Requires that all laborers and mechanics employed by contractors or subcontractors be paid wages at rates not less than those prevailing for the same type of work as determined by the U. S. Secretary of Labor in accordance with the federal Davis-Bacon Act (46 Stat. 1494; 40 U.S.C., sec. 276a through 276a-5). Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176) and section 2 of the Davis-Bacon Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

Form 5 – Compliance with Federal/State Laws, Rules, Regulations
Page 3 of 3

- 14. Section 608 of the Federal Clean Water Act, as amended and Public Law 113-235 that requires all of the iron and steel products used in the CWSRF and DWSRF Projects are to be produced in the United States (“Use of American Iron and Steel Requirement”), unless (i) the Borrower has requested and obtained a waiver from the Environmental Protection Agency pertaining to the Project or (ii) the PFA has otherwise advised the Borrower in writing that the American Iron and Steel Requirement is not applicable to the project.
- 15. Minnesota Statutes, Section 471.345, Uniform Municipal Contracting Law.
- 16. Minnesota Statutes, Section 16C.285, Responsible Contractor Requirements. Solicitation documents must include the specified language for all contracts advertised after January 1, 2015.
- 17. Minnesota Statutes, Section 574.26 to 574.32, the Public Contractors’ Performance and Payment Bond Act, as applicable.
- 18. Minnesota Statutes sections 176.181 – 176.182. Requires recipients and subcontractors to have worker’s compensation insurance coverage.
- 19. Minnesota Statutes, sections 177.41 – 177.43 (prevailing wage rate law). Requires that contractors pay laborers and mechanics prevailing wages established by the Minnesota Department of Labor and Industry for public works projects. Contractors or subcontractors failing to comply with the prevailing wage law may result in civil or criminal penalties.
- 20. Minnesota Statutes 290.9705. Requires that 8 percent of payments made to out-of-state contractors be withheld once cumulative payments made to the contractor for work done in Minnesota exceed \$50,000 in a calendar year, unless an exemption is granted by the Department of Revenue.
- 21. Minnesota Statutes, Chapter 13, the Minnesota Government Data Practices Act.
- 22. Minnesota Statutes Chapter 363A, the Minnesota Human Rights Act.
- 23. Minnesota Statutes, Chapter 16A.633, Subdivision 4, Report on Jobs Created or Retained.

The _____(Name of Borrower) certifies that it has or will comply with the above requirements. Additionally, _____(Name of Borrower) will include the PFA Contract Packet in bid solicitations and incorporate the PFA Contract Packet into all construction contracts.

(Signature of Authorized Official)

Date

Form 5 – Compliance with Federal and State Laws, Rules, Regulations – Instructions

As a condition of receiving funding, borrowers are required to comply with certain federal and state laws, rules and regulations, including but not limited to those identified in **Form 5** which will be invoked as a condition of the PFA loan in both the Bond Purchase and Project Loan Agreement and General Obligation bond to be executed by the borrower.

Important: By signing **Form 5**, Borrowers acknowledge that the PFA Contract Packet, applicable State of Minnesota Prevailing Wages and Federal Davis Bacon Prevailing Wages, American Iron and Steel contract language and State Job Reporting Requirements will be physically included in bid solicitations and incorporated into the contract(s) between the borrower and the selected contractor(s).

Review the compliances and have the borrower's authorized representative sign and date the form.

Form 6 – Fair Share Statement and Disadvantaged Business Enterprise (DBE) Certification and Required DBE Procurement and Contract Conditions

Borrowers that receive CWRP or DWRP funding must comply with federal requirements concerning DBEs (i.e. Minority and Women's Business Enterprises (M/WBE) and Small Businesses in Rural Areas (SBRA)) with respect to procurement activities and contracts.

*Note: The PFA has developed a separate **Contract Packet** that includes all **Required Contract Conditions** and contains the EPA Forms that must be used in the procurement process. The **Contract Packet** must be physically included in all bidding and contract documents for construction.*

DISADVANTAGED BUSINESS ENTERPRISE (DBE) REQUIREMENTS:

- DBE requirements apply to the project and borrowers and their prime contractors have specific obligations to meet DBE requirements.

All borrowers shall:

- Follow the **Six Good Faith Efforts** (listed below) in all procurement activities and maintain documentation on file
- Include the **Required Contract Conditions**, along with the **Six Good Faith Efforts** language/conditions in all procurement documents. (*Refer to the Contract Packet.*)
- Require bidders to provide the borrower with information to create a **Bidder's List** (see application page 29)
- Create and maintain the **Bidders List**
- Require contractors to provide certified DBE subcontractors with **EPA Form 6100-2 DBE Subcontractor Participation Form**
- Require contractors to have DBE subcontractors complete **EPA Form 6100-3 DBE Program Subcontractor Performance Form** and include the completed forms as part of the prime contractor's bid package submittal
- Require prime contractor to complete and submit **EPA Form 6100-4 DBE Program Subcontractor Utilization Form** as part of the prime contractor's bid package submittal
- Sign and submit **Form 6 – Fair Share Statement and DBE Certification** with the PFA loan application which includes the Fair Share Objective for MBEs and WBEs. Minnesota's fair share objectives are **3.50% for MBEs and 5.0% for WBEs**.
- Submit semi-annual reports, if required by PFA, on DBE contract activity

All contractors shall:

- Follow the **Six Good Faith Efforts** (listed below) in all procurement activities
- Comply with required **Good Faith Efforts** contract language; Include specific language in sub-contracts

**Form 6 Fair Share Statement/DBE Certification and
Required DBD Procurement and Contract Conditions
Page 2 of 4**

- Comply with the following Required Contract Conditions:
 1. The prime contractor must pay its subcontractor for satisfactory performance no more than 30 days from the prime contractor's receipt of payment from the owner.
 2. The prime contractor must notify the owner in writing prior to the termination of any Disadvantage Business Enterprise subcontractor for convenience by the prime contractor.
 3. If a Disadvantage Business Enterprise contractor fails to complete work under the subcontract for any reason, the prime contractor must employ the six good faith efforts if soliciting a replacement contractor.
 4. The prime contractor must employ the six good faith efforts even if the prime contractor has achieved its fair share objectives.
 5. The prime contractor must provide EPA Form 6100-2 DBE Program Subcontractor Participation Form to all of its Disadvantaged Business Enterprise subcontractors. Disadvantaged Business Enterprise subcontractors may send completed Form 6100-2 directly to the Region 5 DBE Coordinator

Adrienne M. Callahan, Region 5 MBE/WBE Coordinator
USEPA, Acquisition and Assistance Branch
77 West Jackson Boulevard (MC-10J)
Chicago, IL 60604

6. The prime contractor must have its Disadvantaged Business Enterprise subcontractors complete EPA Form 6100-3 – DBE Program Subcontractor Performance Form. The prime contractor must include all completed forms as part of the prime contractor's bid or proposal package to the borrower.
7. The prime contractor must complete and submit EPA 6100-4 DBE Program Subcontractor Utilization Form as part of the prime contractor's bid or proposal package to the borrower.

SIX GOOD FAITH EFFORTS

Borrowers and Prime Contractors must follow and document their good faith efforts in both the procurement process and by complying with specific contract language. The **Six Good Faith Efforts** listed below are to ensure that DBEs have the opportunity to participate in procurements, by increasing DBE awareness of procurement efforts, and outreach. A PFA borrower is required to make and document the following good faith efforts whenever procuring construction, equipment, services or supplies:

Form 6 Fair Share Statement & DBE Certification
Required DBE Procurement and Contract Conditions
Page 3 of 4

1. Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities; including placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitation for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
3. Consider in the contracting process whether firms competing for large contracts could be subcontracted with DBEs. This will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the U. S. Department of Commerce.
6. If the prime contractor awards subcontracts, require the prime contractor to take the steps in numbers 1 through 5 above.

BIDDERS LIST

All CWRP and DWRF borrowers must maintain a Bidders List for their projects. The purpose of a bidders list is to provide the borrower with as accurate a database as possible about the universe of Minority Business Enterprise/Women Business Enterprise (MBE/WBE) and non-MBE/WBE prime and subcontractors. The list must include all firms that bid or quote on prime contracts, or bid or quote subcontracts. The Bidders List must be updated during the disbursement phase of the project. The Bidders List must be retained as part of the project records.

The Bidders List must contain the following information:

Name of Contractor or Subcontractor	Contact Name
Telephone	E-mail address
Mailing Address	

Identify the procurement on which the contractor or subcontractor bid or quoted

Identify the date of the procurement

Identify whether the contractor or subcontractor is a:

- Minority Business Enterprise (MBE)
- Women Business Enterprise (WBE)
- non MBE or WBE

Form 6 – Fair Share Statement
and
Disadvantaged Business Enterprise Certification

The _____ (Borrower) proposes a “fair share objective” percentage of **5.0% for Women Business Enterprise and 3.5% for Minority Business Enterprises** for the _____
_____ (name of project).

The Borrower agrees it will follow the **Six Good Faith Efforts** for DBE participation and will require its contractor(s) to follow these steps and provide documentation to the Borrower. The Borrower will retain all documentation and make it available for inspection.

The Borrower agrees it will include the **Required Contract Conditions** and **Good Faith Efforts** in procurement contracts.

The Borrower agrees it will establish and maintain a Bidders List with the information items identified on the **Bidders List** for the disbursement phase of the project.

The Borrower agrees to submit semi-annual reports, if required, on forms provided by the Authority, of total contracts awarded for the semi-annual period and the amounts awarded to Disadvantaged Business Enterprises.

Signature of Authorized Representative

Title

Date

Form 6 Fair Share Statement, DBE Certification and DBE Contract Conditions
Page 4 of 4
09/15

Example Application Resolution

RESOLUTION OF APPLICATION

BE IT RESOLVED that the City of _____ is hereby applying to the Minnesota Public Facilities Authority for a loan from the Clean Water Revolving Fund/Drinking Revolving Fund for improvements to its drinking water system/municipal wastewater treatment system as described in the loan application.

BE IT FURTHER RESOLVED that the City of _____ estimates the loan amount to be \$_____ or the as-bid cost of the project.

BE IT FURTHER RESOLVED that the City of _____ has the legal authority to apply for the loan, and the financial, technical, and managerial capacity to repay the loan and ensure proper construction, operation and maintenance of the project for its design life.

Reimbursement provision (see note below*)

BE IT FURTHER RESOLVED that the City of _____ hereby expresses its official intent to use proceeds of this loan to reimburse construction expenditures made prior to the issuance of its general obligation bond to the Public Facilities Authority.

I CERTIFY THAT the above resolution was adopted by the _____ City Council on _____ (month, day, and year).

SIGNED:

WITNESSED:

Name
Title

Name
Title

**The reimbursement provision above is not an application requirement and should be deleted from the resolution if it is not the municipality’s intent to reimburse itself for construction expenditures made prior to the issuance of its general obligation bond to the Public Facilities Authority.*