

(\$ in thousands)

Project Title	Rank	Fund	Project Requests for State Funds			Gov's Rec	Gov's Planning Estimates	
			2016	2018	2020	2016	2018	2020
Water Infrastructure Initiative: State Matching Funds for U.S. EPA Grants	1	GO	17,000	17,000	17,000	25,000	25,000	25,000
Water Infrastructure Initiative: Wastewater Infrastructure Fund	2	GO	50,000	50,000	50,000	80,000	80,000	80,000
Water Infrastructure Initiative: Point Source Implementation Grants	3	GO	62,000	62,000	62,000	62,000	62,000	62,000
Total Project Requests			129,000	129,000	129,000	167,000	167,000	167,000
General Obligation Bonds (GO) Total			129,000	129,000	129,000	167,000	167,000	167,000

www.mn.gov/deed/pfa

AT A GLANCE

- PFA manages three revolving loan funds and several other funding programs to help local governments build wastewater, storm water, drinking water and transportation infrastructure projects throughout the state.
- From 1990 to 2014, PFA has made 880 loans to local governments totaling \$3.5 billion.
- Below market interest rates on PFA loans have provided an estimated \$824 million in interest savings to local governments and their residents.
- Over the past ten years, the PFA has awarded \$290 million in grants to local governments for infrastructure projects based on affordability criteria and to address specific environmental goals and objectives.
- PFA has allocated \$89.6 million within its clean water revolving fund to nonpoint source loan programs administered by other agencies. These funds have generated a total of \$220 million in loans to implement almost 3,000 best management practices.

PURPOSE

The Minnesota Public Facilities Authority (PFA) is a multi-agency authority that provides financing and technical assistance to local governments for infrastructure projects that support **a thriving economy that encourages business growth and employment opportunities, and a clean, healthy environment with sustainable uses of natural resources.**

PFA priorities are to 1) manage capital assets (currently \$2.3 billion) to ensure a stable source of infrastructure financing in perpetuity; 2) provide financing programs to support water quality, public health, and other priorities identified by PFA member agencies; and 3) help local governments maintain and improve the condition of their water infrastructure assets while keeping costs affordable for their residents.

STRATEGIES

The PFA Board is composed of commissioners from the Departments of Employment and Economic Development, Minnesota Management and Budget, Health, Agriculture, and Transportation, and the Pollution Control Agency. The multi-agency structure of the PFA helps it to focus and manage its infrastructure financing activities to maximize economic, environmental, and public health outcomes. PFA partner agencies are responsible for determining project priorities, including the Pollution Control Agency for wastewater and storm water projects and the Department of Health for drinking water projects. In addition, partner agencies conduct technical and environmental reviews and certify approved projects to the PFA for funding.

PFA staff is responsible for determining that full project financing is in place and that the applicant has established dedicated revenues to pay debt service and operation and maintenance costs. When a financing application is approved and construction bids are accepted by the applicant, the PFA executes the project financing agreement, disburses funds as eligible project costs are incurred, and collects loan repayments. During the planning and design stages of a project, the PFA works with other state and federal partners to leverage resources and coordinate funding activities to minimize duplication, administrative costs, and confusion for the applicants.

M.S. 446A (<https://www.revisor.mn.gov/statutes/?id=446A>) provides the legal authority for PFA.

At A Glance

- The Minnesota Public Facilities Authority (PFA) is a multi-agency authority that provides financing and technical assistance to local governments for infrastructure projects that support a thriving economy and a clean, healthy environment.
- The PFA manages three revolving funds, several grant and loan programs, and has authority to issue \$1.5 billion in revenue bonds to raise capital to make loans.
- All major programs are managed in conjunction with PFA member agencies, which establish priorities and provide technical review of projects before funding is approved.

Strategic goals of the PFA are:

- To maintain the credit quality (AAA rated) and viability of the PFA's revolving funds to provide a permanent source of stable and reliable financing for high priority infrastructure projects.
- To target PFA grant and loan funds and coordinate with other funders to address infrastructure needs that address state environmental and public health priorities.
- To help local governments maintain and improve their water infrastructure assets while keeping costs affordable for their residents.

Factors Impacting Facilities or Capital Programs

Factors affect the demand for infrastructure financing include aging municipal infrastructure that is at or beyond its useful life, improvements needed to restore impaired waters and protect threatened waterbodies, improvements to address chemical and other contamination threats to drinking water systems and new standards to protect public health and safety, a growing awareness of water quality impacts from stormwater runoff and failing septic systems in unsewered communities, and population and economic trends and their effect on municipal budgets. In addition there are the challenges of meeting these needs while being mindful of the importance of energy and water conservation, all in the context of a global economy that puts pressure on communities to keep costs of public services priced competitively.

The PFA's primary clean water programs are the Clean Water Revolving Fund (CWRF) and the Wastewater Infrastructure Funding (WIF) program. The CWRF provides low interest loans to local governments for wastewater and stormwater infrastructure projects. The WIF program provides supplemental assistance grants based on affordability criteria to communities with high cost projects. The PFA manages the CWRF and WIF programs in conjunction with the Pollution Control Agency (PCA). Funding priorities for all PFA clean water programs follow the PCA's Project Priority List (PPL) that lists wastewater and stormwater projects for which municipalities are seeking funding for construction over the next five years. The 2016 clean water PPL lists almost 300 projects totaling \$1.3 billion.

The PFA's Drinking Water Revolving Fund (DWRF) provides low interest loans to local governments for drinking water infrastructure projects. The PFA manages the DWRF in conjunction with the Department of Health (MDH). DWRF funding priorities follow the MDH Project Priority List (PPL) that lists drinking water projects for which municipalities are seeking funding for construction over the next five years. The 2016 drinking water PPL lists 274 projects totaling \$393 million.

Self-Assessment of Agency Facilities and Assets

The PFA does not own or operate any facilities.

Agency Process for Determining Capital Requests

State Matching Funds for USEPA Capitalization Grants. The PFA's highest priority capital request is for state matching funds to provide the required 20% match to federal capitalization grants for the Clean Water and Drinking Water Revolving Funds. These revolving loan funds are the state's primary source of financial assistance to help local governments meet their water infrastructure needs. The PFA state match request assumes federal grants continue at current levels through FY 2018. State match appropriations are directly used to make loans to eligible projects. However the impact of the state appropriations is much greater due to the leveraged nature of the revolving loan programs through which the state funds support all loans. Overall, since the beginning of the programs, each \$1 of state matching funds has generated over \$13 in project construction and more than \$3 in interest savings for local taxpayers.

Demand for wastewater loans exceeds \$200 million per year, double the CWRP's average annual long-term lending capacity of \$100 million. Demand for drinking water loans exceeds \$140 million per year, more than three times the DWRP's average annual long-term lending capacity of \$42 million. In most years the PFA has used its reserves and bonding authority to make loans in both programs at higher levels but this is not sustainable without continued federal and state support.

Wastewater Infrastructure Fund. The Wastewater Infrastructure Funding Program (WIF) provides supplemental assistance grants to communities for high cost wastewater projects. WIF grants help communities implement high priority projects that would otherwise be unaffordable. The PFA WIF request is based on estimated grant needs for projects expected to be ready for construction over the next two years. Projects receiving CWRP loans are eligible for WIF grants if the average cost per household exceeds 1.4% of the city's median household income. Projects that receive funding from the US Department of Agriculture Rural Development (USDA-RD) can receive a WIF matching grant for up to 65% of the grant need determined by USDA-RD. This helps USDA-RD maximize the federal funds available for Minnesota communities and target funds to the state's highest priorities.

The PFA capital requests were reviewed by the PFA Board on June 19, 2015 and were approved for submission to Minnesota Management and Budget

Major Capital Projects Authorized in 2014 & 2015

During the period of FY 2014-2015, the PFA made loans and grants from the CWRP, DWRP, and WIF programs to the following 62 local governments for water infrastructure projects:

Albert Lea	Elko New Market	Maple Lake	Stewart
Audubon	Evansville	Mapleton	Swanville
Backus	Eveleth	Metropolitan Council	Two Harbors
Belgrade	Excelsior	Montevideo	Warren
Blue Earth	Fosston	Moorhead	Western Lake
Brooklyn Center	Gibbon	Mora	Superior SD
Browns Valley	Glenwood	Motley	Willmar
Cambridge	Hanska	Mountain Lake	
Canby	Hayfield	North Mankato	
Central Iron Range SSD	Hayward	Northrop	
Cologne	Hazel Run	Park Rapids	
Cosmos	Henning	Paynesville	
Crow Wing County	Herman	Pelican Rapids	
Darwin	Kandiyohi	Raymond	
Dassel	Kennedy	Rice County	
Duluth	Kenyon	Richmond	
Eden Valley	Lanesboro	Rushford	
Elbow Lake	Lewiston	Saint Paul	
	Mankato	Saint Paul Park	

Water Infrastructure Initiative: State Matching Funds for U.S. EPA Grants

AT A GLANCE

2016 Request Amount: \$17,000

Priority Ranking: 1

Project Summary: The Public Facilities Authority (PFA) is requesting \$17,000,000 to provide the required 20% state match for estimated federal FY 2017-18 capitalization grants for the Clean Water Revolving Fund (M.S. 446A.07), and the Drinking Water Revolving Fund (M.S. 446A.081). The state and federal funds will be used together with loan repayments and PFA revenue bonds to provide low interest loans to local governments for clean water (wastewater and stormwater) and drinking water infrastructure projects.

Project Description

The Clean Water Revolving Fund provides financing for municipal wastewater treatment facilities, sewer collection systems and interceptors, and also for infiltration basins, rain gardens, and other components for stormwater treatment. Demand for clean water loans is driven by cities' need to replace aging facilities, provide additional treatment capacity, and meet more stringent treatment requirements including stormwater requirements.

The Drinking Water Revolving Fund provides financing for municipal drinking water systems, including treatment plants, water towers, watermains, wells and pump houses. Demand for drinking water loans is driven by the need to replace aging facilities, provide additional treatment to meet required public health standards, and replace old watermains to minimize water loss and contamination problems.

Each year the PFA receives funding requests for more than 200 wastewater, stormwater, and drinking water infrastructure projects totaling over \$400 million, more than double the sustainable long-term annual lending capacity of the Clean Water and Drinking Water Revolving Funds. Additional federal and state support is needed to build future lending capacity in order to continue to meet high priority water infrastructure needs.

The PFA's Clean Water and Drinking Water Revolving Funds have a proven track record as effective and efficient programs to finance municipal water infrastructure projects. The AAA ratings of the PFA's clean water and drinking water revenue bonds from Standard and Poors, Fitch, and Moody's reflects the financial strength of the Funds, the credit quality of Minnesota communities, and the PFA's experienced staff and sound financial management.

Project Rationale

The PFA's clean water and drinking water revolving loan programs are important infrastructure financing tools to help communities throughout the state reduce borrowing costs, while providing essential infrastructure to serve their residents and businesses and meet public health and environmental requirements. Under federal and state law, PFA loans are made at below-market

interest rates. Through FY 2015, the PFA has made low interest loans from these two revolving funds in excess of \$3.3 billion, resulting in interest savings to local taxpayers of over \$782 million compared to market rate financing.

Through the PFA's revolving loan programs, the impact of the state match funds is leveraged by federal funds, loan repayments, and the PFA's AAA rated revenue bonds. Overall, each dollar of state matching funds to date has generated over \$13 in project construction. The interest savings for local taxpayers from PFA low-interest loans is more than \$3 for every \$1 of state matching funds.

Other Considerations

Eligible projects are prioritized based on environmental and public health criteria and ranked by the Pollution Control Agency (for wastewater and stormwater projects) and the Health Department (for drinking water projects) on their annual project priority lists, ensuring that limited funds are targeted to the highest priority projects.

Impact on Agency Operating Budgets

The PFA operates the Clean Water and Drinking Water Revolving Funds from a combination of federal administrative funds and special revenues generated from fees on loan repayments, which together cover the administrative expenses for these programs incurred by the PFA, the Minnesota Pollution Control Agency (MPCA), and the Minnesota Department of Health (MDH).

Description of Previous Appropriations

Prior appropriations for state match to US EPA capitalization grants:

1987	\$ 3,200,000
1989	\$ 4,700,000
1990	\$15,600,000
1992	\$ 7,500,000
1993	\$ 4,000,000
1994	\$13,400,000
1996	\$ 4,000,000
1997	\$ 4,444,000
1998	\$24,000,000
1999	\$ 2,200,000
2000	\$14,893,000
2002	\$ 6,000,000
2005	\$ 4,380,000
2006	\$38,800,000
2008	\$30,000,000

2010 \$30,000,000

2012 \$ 8,500,000

2013 \$ 8,000,000

2014 \$12,000,000

Project Contact Person

Jeff Freeman

Executive Director, Minnesota Public Facilities Authority

651-259-7465

Jeff.Freeman@state.mn.us

Governor's Recommendation

The Governor recommends \$25 million in general obligation bonds for this request. Also included are budget estimates of \$25 million for each planning period for 2018 and 2020.

(\$ in thousands)

Water Infrastructure Initiative: State Matching Funds for U.S. EPA Grants

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2016	FY 2018	FY 2020
State Funds Requested				
General Obligation Bonds	\$ 0	\$ 17,000	\$ 17,000	\$ 17,000
Funds Already Committed				
General Obligation Bonds	\$ 58,500	\$ 0	\$ 0	\$ 0
Other Funding	\$ 1,119,620	\$ 0	\$ 0	\$ 0
Pending Contributions				
Other Funding	\$ 0	\$ 383,000	\$ 383,000	\$ 383,000
TOTAL	\$ 1,178,120	\$ 400,000	\$ 400,000	\$ 400,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2016	FY 2018	FY 2020
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 1,178,120	\$ 400,000	\$ 400,000	\$ 400,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 1,178,120	\$ 400,000	\$ 400,000	\$ 400,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2016	FY 2018	FY 2020
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 17,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

M.S. 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)	N/A
M.S. 16B.335(3): Predesign Review Required (by Dept. of Administration)	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
M.S. 16B.325(1): Sustainable Building Guidelines Met	Yes
M.S. 16B.325(2) and M.S. 16B.335(4): Energy Conservation Guidelines	
Do the project designs meet the guidelines?	Yes
Does the project demonstrate compliance with the standards?	Yes
M.S. 16B.335(5 & 6): Information Technology Review (by MN.IT)	N/A
M.S. 16A.695: Public Ownership Required	Yes
M.S. 16A.695(2): Use Agreement Required	N/A
M.S. 16A.695(5): Program Funding Review Required (by granting agency)	Yes
M.S. 16A.86 (4b): Matching Funds Required	N/A
M.S. 16A. 642: Project Cancellation in 2021	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	N/A
Is the required information included in this request?	N/A

Water Infrastructure Initiative: Wastewater Infrastructure Fund

AT A GLANCE

2016 Request Amount: \$50,000

Priority Ranking: 2

Project Summary: The Public Facilities Authority (PFA) is requesting \$50,000,000 for the Wastewater Infrastructure Funding (WIF) program (M.S. 446A.072). For municipalities with high cost wastewater projects on the Minnesota Pollution Control Agency’s (MPCA) project priority list, WIF funds are awarded as grants to supplement low-interest loans from the PFA’s Clean Water Revolving Fund or to match funding from the U.S. Department of Agriculture (USDA) Rural Development.

Project Description

WIF grants are targeted to the highest priority projects based on environmental and public health criteria as determined by MPCA through its project priority list. The WIF program helps communities address their existing wastewater problems while keeping costs affordable for their residents.

WIF grants are not awarded until projects are ready to start construction. Each year that WIF funds are available, funds are reserved for projects in priority order that submit design plans and specifications and receive MPCA certification or receive a funding commitment from USDA Rural Development.

The unique state/federal partnership with USDA Rural Development helps coordinate assistance for small rural communities, making it easier for them to access funding. Providing WIF grants to match USDA Rural Development funding helps the Minnesota Rural Development office fund more projects and obligate all of its allotted federal funds, making it eligible to go to the national pool for additional funds for Minnesota communities. The Minnesota Rural Development office has been very successful in getting additional federal funds from the national pool because of the leveraging they are able to show with the state WIF funds.

Project Rationale

WIF grants are needed when high priority wastewater projects would otherwise not be affordable for local residents based on affordability criteria established in M.S. 446A.072, Subd. 5a. Municipalities that receive Clean Water Revolving Fund loans are eligible for WIF grants if the average per household system cost exceeds 1.4% of median household income. For USDA Rural Development projects, the WIF program provides up to 65 percent of the grant need as determined by USDA Rural Development based on their affordability criteria for small rural communities. WIF grants are capped at \$4,000,000 or \$15,000 per connection, whichever is less, unless specifically approved by law. WIF eligible project costs include only those costs necessary to meet existing needs, not to address future growth.

Other Considerations

The MPCA will finalize its 2016 project priority list in July 2015. That list is expected to include approximately 30 WIF eligible projects that will carry over from the previous list with estimated grant needs in excess of \$50 million, plus 30-40 new projects that have requested placement on the 2016 list. In the fall of 2015 the PFA will survey potential WIF projects on the 2016 project priority list to collect preliminary project information in order to calculate estimated WIF grant needs for the PFA's biennial WIF report to the Legislature in February 2016.

Impact on Agency Operating Budgets

The WIF program is administered in conjunction with other PFA clean water programs and follows the same project prioritization and funding process. Therefore, the program does not have a direct impact on administrative costs of the PFA and MPCA, which are paid from special revenues generated from fees on Clean Water Revolving Fund loan repayments. For projects receiving WIF grants to match funding from USDA Rural Development, the state/federal partnership is a cost effective strategy that has USDA field staff undertaking most of the field work involved in monitoring and reviewing the projects through construction.

Description of Previous Appropriations

Prior appropriations for the WIF program:

1987	\$	3,240,951
1989	\$	390,000
1990	\$	380,970
1996	\$	17,500,000
1997	\$	7,000,000
1998	\$	15,300,000
1999	\$	20,500,000
2000	\$	17,300,000
2003	\$	13,500,000
2005	\$	26,903,338
2006	\$	22,996,039
2008	\$	15,028,056
2010	\$	27,000,000
2011	\$	20,000,000
2012	\$	15,000,000
2014	\$	18,333,000
2015	\$	10,000,000

Project Contact Person

Jeff Freeman

Executive Director, Minnesota Public Facilities Authority

651-259-7465

Jeff.Freeman@state.mn.us

Governor's Recommendation

The Governor recommends \$80 million in general obligation bonds for this request. Also included are budget estimates of \$80 million for each planning period for 2018 and 2020.

(\$ in thousands)

Water Infrastructure Initiative: Wastewater Infrastructure Fund

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2016	FY 2018	FY 2020
State Funds Requested				
General Obligation Bonds	\$ 0	\$ 50,000	\$ 50,000	\$ 50,000
Funds Already Committed				
General Obligation Bonds	\$ 90,333	\$ 0	\$ 0	\$ 0
Pending Contributions				
TOTAL	\$ 90,333	\$ 50,000	\$ 50,000	\$ 50,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2016	FY 2018	FY 2020
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 90,333	\$ 50,000	\$ 50,000	\$ 50,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 90,333	\$ 50,000	\$ 50,000	\$ 50,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2016	FY 2018	FY 2020
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 50,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

M.S. 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)	N/A
M.S. 16B.335(3): Predesign Review Required (by Dept. of Administration)	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
M.S. 16B.325(1): Sustainable Building Guidelines Met	Yes
M.S. 16B.325(2) and M.S. 16B.335(4): Energy Conservation Guidelines	
Do the project designs meet the guidelines?	Yes
Does the project demonstrate compliance with the standards?	Yes
M.S. 16B.335(5 & 6): Information Technology Review (by MN.IT)	N/A
M.S. 16A.695: Public Ownership Required	Yes
M.S. 16A.695(2): Use Agreement Required	N/A
M.S. 16A.695(5): Program Funding Review Required (by granting agency)	Yes
M.S. 16A.86 (4b): Matching Funds Required	N/A
M.S. 16A. 642: Project Cancellation in 2021	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	N/A
Is the required information included in this request?	N/A

Water Infrastructure Initiative: Point Source Implementation Grants**AT A GLANCE****2016 Request Amount:** \$62,000**Priority Ranking:** 3**Project Summary:** \$62 million in state funds is requested for the Point Source Implementation Grants (PSIG) program to provide grants to help cities pay for treatment plant upgrades to address water quality restoration and protection goals.**Project Description**

The PSIG program provides grants for infrastructure construction projects needed to meet more stringent permit requirements to address specific water quality goals. The Public Facilities Authority (PFA) administers the program in partnership with the Pollution Control Agency (PCA). Proposed projects must be ranked on the PCA's project priority list and the PCA reviews and approves projects prior to grant award. PFA does not award a grant until full project funding is in place, which may include local funds and other PFA funds.

Project Rationale

Through Minnesota's interagency water management framework, specific water bodies are identified where pollutant reductions are needed to meet water quality standards, and watershed restoration and protection strategies are developed to guide point source and nonpoint source implementation activities. The PSIG program provides grants to help municipalities construct wastewater, stormwater, and drinking water treatment projects when the Pollution Control Agency determines that higher levels of treatment are necessary to meet water quality goals. These include projects to meet Total Maximum Daily Load (TMDL) requirements and water quality based effluent limits for phosphorus, chlorides, and other pollutants.

Other Considerations

The PFA and PCA track project completions by watershed. Through its monitoring and enforcement activities, the PCA verifies that completed projects meet the required permit limits and conditions, and monitors progress toward overall water quality goals through its watershed monitoring program.

Impact on Agency Operating Budgets

The PFA receives no general fund appropriations for administration. PFA administrative expenses are paid from fee revenues including PSIG application fees. PSIG grants are awarded and administered together with other PFA grant and loan programs. The requested funding will increase the number of PSIG projects over time but it is expected that fee revenues will increase and be sufficient to meet additional administrative costs in the foreseeable future.

Description of Previous Appropriations

Previous appropriations for the PSIG program, and its predecessor the TMDL grant program, have totaled \$62,020,000 from FY 2010 to 2015 from the Clean Water Legacy Fund. Of that amount, \$44.5 million has been awarded to date and \$17.5 million is uncommitted. An additional \$9 million has been appropriated for FY 2016 and for FY 2017, and the PFA has \$29.4 million in pending PSIG applications. Additional applications will be taken in July 2016.

FY 2010-2015 appropriations, Clean Water Legacy Fund:

FY 2010: \$8,816,000

FY 2011: \$12,834,000

FY 2012: \$11,185,000

FY 2013: \$11,185,000

FY 2014: \$9,000,000

FY 2015: \$9,000,000

FY 2010 - 2015 Total: \$62,020,000

FY 2016-2017 appropriations, Clean Water Legacy Fund:

FY 2016: \$9,000,000

FY 2017: \$9,000,000

Project Contact Person

Jeff Freeman
Executive Director
651-259-7465
jeff.freeman@state.mn.us

Governor's Recommendation

The Governor recommends \$62 million in general obligation bonds for this request. Also included are budget estimates of \$62 million for each planning period for 2018 and 2020.

(\$ in thousands)

Water Infrastructure Initiative: Point Source Implementation Grants

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2016	FY 2018	FY 2020
State Funds Requested				
General Obligation Bonds	\$ 0	\$ 62,000	\$ 62,000	\$ 62,000
Other Funding	\$ 62,020	\$ 0	\$ 0	\$ 0
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 62,020	\$ 62,000	\$ 62,000	\$ 62,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2016	FY 2018	FY 2020
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 62,020	\$ 62,000	\$ 62,000	\$ 62,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 62,020	\$ 62,000	\$ 62,000	\$ 62,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2016	FY 2018	FY 2020
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 62,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

M.S. 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)	N/A
M.S. 16B.335(3): Predesign Review Required (by Dept. of Administration)	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
M.S. 16B.325(1): Sustainable Building Guidelines Met	Yes
M.S. 16B.325(2) and M.S. 16B.335(4): Energy Conservation Guidelines	
Do the project designs meet the guidelines?	Yes
Does the project demonstrate compliance with the standards?	Yes
M.S. 16B.335(5 & 6): Information Technology Review (by MN.IT)	N/A
M.S. 16A.695: Public Ownership Required	Yes
M.S. 16A.695(2): Use Agreement Required	N/A
M.S. 16A.695(5): Program Funding Review Required (by granting agency)	Yes
M.S. 16A.86 (4b): Matching Funds Required	N/A
M.S. 16A. 642: Project Cancellation in 2021	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	N/A
Is the required information included in this request?	N/A