



State Revolving Loan Program for Wastewater or Storm-Water Facilities

Loans are available from the State Revolving Fund to Minnesota communities needing to improve or construct publicly owned facilities for collection and treatment of wastewater or storm water.

Introduction

The State Revolving Fund offers low-interest loans for planning, design, and/or construction of municipal wastewater or storm water facilities. The program was established by Congress in order to provide funds for public water pollution control projects following the end of the federal construction grants program.

The loan program is administered by two state agencies: The Minnesota Pollution Control Agency (MPCA) and the Public Facilities Authority (Authority), which is part of the Minnesota Department of Trade and Economic Development.

The MPCA is responsible for preparing the annual list of potential loan recipients, called the Intended Use Plan (IUP), and for reviewing and monitoring construction projects to ensure they meet administrative and technical requirements. The Authority is responsible for reviewing the financial capability of the applicants, selling bonds to generate the loan funds, and setting the interest rates, terms and conditions of the loans.

Eligibility

The applicant. To be eligible to request a planning or design loan, a community's project must be on the MPCA's Project Priority List (PPL). To be eligible for a construction loan, a

community's project must: (1) be on the PPL, and (2) have an approved facilities plan.

The project. For a public wastewater or storm water project to be eligible for loan funds, it must address a need for wastewater or storm water collection, transportation or treatment, and be technically adequate, environmentally sound and cost-effective. Wastewater facilities, new or upgraded, must have capital improvements which will be operational over a period of 20 years.

The costs. All planning, design, legal, administrative, and construction costs are eligible to be paid with loan funds if they are directly related to the approved project. Planning and design costs incurred prior to loan approval are eligible to be included in the loan amount.

Loan terms

The length. A loan recipient has up to 20 years after the project is completed to pay back the loan.

The interest rates. The loan program offers below-market interest rates and is designed to provide the lowest interest rates to small communities.

The IUP

The list. Each year, the MPCA prepares an IUP, which identifies potential loan projects for the upcoming construction season.

The request. To be listed on the IUP, submit a written request to the MPCA that briefly describes the proposed project. Include a project cost estimate, a project schedule and a quarterly cash flow projection with this request.



To proceed under the program...

1. Write a letter to the MPCA to request placement on the PPL and to describe wastewater or storm-water treatment needs in your community.
2. Contact the Public Facilities Authority to discuss financing options.
3. Prepare a facilities plan. In the plan, identify the current and future wastewater or storm water treatment needs and evaluate the alternatives to address those needs.
4. Submit a facilities plan to the MPCA for approval.

For more information on:

- Beginning the loan process
- Project Priority List
- Intended Use Plan
- Technical project requirements
- Administrative project requirements

For more information on:

- Interest rates
- Loan conditions
- Financial capability requirements

5. Request placement on the IUP.

Before loan approval...

Before a loan will be approved, a community must complete all MPCA requirements which include approval of the project plans and specifications. Applicants must also fulfill the environmental review and permit requirements.

In addition, a community must complete all Public Facility Authority application forms and requirements. Final loan approval by the Authority will be dependent on the availability of funds.

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