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STATE WATER POLLUTION CONTROL REVOLVING FUND

How It Works

Provides low-interest loans to local units of government on a prioritized basis for constructing and upgrading wastewater treatment facilities. In Minnesota, the program is delivered through the Department of Employment & Economic Development's Public Facilities Authority (PFA).

Eligible Applicants

Any home rule charter or statutory city, county, sanitary district, or other governmental subdivision having primary responsibility for wastewater treatment.

Minimum Requirements

- 1.) Projects must be included on the Minnesota Pollution Control Agency's (MPCA) Project Priority List (PPL) and, after that, on the PFA's Intended Use Plan (IUP). In order for this to take place, the City must retain the services of an engineering firm to evaluate the wastewater treatment system and outline a plan of action. Typically, the engineer (on the City's behalf) requests that the City's project be placed on the Project Priority List and coordinates this process with MPCA.
- 2.) Projects must be certified by MPCA before the PFA may approve a loan. One step in this certification is for the City's engineer to prepare a Facilities Plan and submit that plan to MPCA for approval.
- 3.) An applicant must demonstrate it has the financial capability to repay the loan and that complete financing of the project is in place. This is done by submitting a financial Community Profile to PFA once it is known the project is certified for a loan.
- 4.) Borrowers must issue a general obligation revenue bond to the Authority as security for the loan. A public referendum is not required for this type of bonding.

Eligible Projects

Allowable costs on a project include site preparation (but not land acquisition costs); construction costs; engineering costs; costs of equipment and machinery; bond issuance costs; and certain fees and contingency costs.

Financing Terms

- 1.) Interest rates are determined by a Quarterly Set Rate (minus discounts) based on demographic characteristics of the borrower; or borrowers may receive a discount from the Authority's bond rate. Typically, this translates to interest rates of 2% to 4%.
- 2.) Loans are amortized up to a maximum of 20 years.

Timetable – For 2009 Construction

- 1.) A request to be placed on the Project Priority List (PPL) can be sent to MPCA at any time throughout the year.
- 2.) June, 2008 – Deadline for Facilities Plan to be submitted to MPCA for their approval. Because a project cannot get a loan without being on this Intended Use Plan, it is essential for the City's engineer to gear efforts towards the IUP's schedule.
- 3.) July, 2008 – Facility Plan preliminary approval by the MPCA.
- 4.) September, 2008 – MPCA is expected to publish a draft Intended Use Plan (IUP).
- 5.) November, 2008 – MPCA is expected to adopt the final 2007 Intended Use Plan.

The above description is adapted from the
Minnesota Department of Employment & Economic Development's web site.
For more information, visit DEED at...

www.deed.state.mn.us