



Public Facilities Authority ● Pollution Control Agency ● Department of Health

Water Infrastructure Funding Programs & Governor's Capital Budget Recommendations



MN House Capital Investment Hearing

February 26, 2026

Chad Kolstad, P.E. | Minnesota Department of Health

- Major Water Infrastructure Funding Programs in Minnesota
- Water Infrastructure Funding Needs
- CWSRF & DWSRF IUP Projects Summary
- Historic State Appropriations
- Governor's Capital Budget Recommendations
- Future of Federal Funding (if time permits)

Major Water Infrastructure Funding Programs in Minnesota

- Clean Water & Drinking Water State Revolving Funds (CWSRF & DWSRF)
- Water Infrastructure Fund (WIF)
- Point Source Implementation Grant Program (PSIG)
- Drinking Water Emerging Contaminant Grant Program
- Lead Service Line Replacement Program (LSLR)



Clean Water State Revolving Fund (CWSRF)

- Established in 1987 as an amendment to the Clean Water Act.
- Funds pass through EPA to the States.
- Examples of eligible projects – Wastewater treatment, ponds, lift stations, sanitary sewer replacement, etc.
- Follows an annual funding cycle.
- Below market rate loans with some potential for principal forgiveness grants.
- Interest is only charged on disbursed funds.

CWSRF Annual Funding Cycle

1. Apply for the CWSRF Project Priority List (PPL) - MPCA
2. Apply for the CWSRF Intended Use Plan (IUP) - MPFA
3. IUP is finalized in fall (typically). If project is in the funding range, proceed to getting the project certified.
4. Complete steps for project certification (MPCA) & loan application (MPFA)
5. Bid project & provide as bids to MPFA
6. Finalize funding award
7. Start Construction



CWSRF Important Deadlines & Links

- 2027 Project Priority List Deadline – March 6, 2026 (first Friday in March)
 - Apply at: <https://www.pca.state.mn.us/business-with-us/apply-for-financial-assistance>
- 2027 Intended Use Plan Deadline – June 5, 2026 (first Friday in June)
 - IUP application process is being updated. Stay tuned for more information.
- For projects on the 2026 IUP
 - Plans and specs due to MPCA by March 31, 2026.
 - Funding application due to MPFA by March 31, 2026.
 - Project must complete all steps to certification by June 30, 2026.

Drinking Water State Revolving Fund (DWSRF)

- Established in 1996 as an amendment to the Safe Drinking Water Act
- Funds pass through EPA to the States based on the results of the Drinking Water Infrastructure Needs Survey.
- Examples of eligible projects - Water treatment plants, wells, watermain, water storage, water meters, lead service line, etc.
- Projects primarily for growth and fire protection are not eligible.
- Very similar process to CWSRF.
- Below market rate loans with some potential for principal forgiveness grants.
- Interest is only charged on disbursed funds.



DWSRF Annual Funding Cycle



1. Apply for the DWSRF Project Priority List (PPL) - MDH
2. Apply for the DWSRF Intended Use Plan (IUP) - MPFA
3. IUP is finalized in fall (typically). If project is in the funding range, proceed to getting the project certified.
4. Complete steps for project certification (MDH) & loan application (MPFA)
5. Bid project & provide as bids to MPFA
6. Finalize funding award
7. Start Construction

DWSRF Important Deadlines & Links

- 2027 Project Priority List Deadline – **March 13, 2026 (second Friday in March)**
 - Apply at: <https://www.health.state.mn.us/communities/environment/water/DWSRF/ppl.html>
- 2027 Intended Use Plan Deadline – June 5, 2026 (first Friday in June)
 - IUP application process is being updated. Stay tuned for more information.
- For projects on the 2026 IUP
 - Plans and specs due to MDH by March 31, 2026.
 - Funding application due to MPFA by March 31, 2026.
 - Project must complete all steps to certification by June 30, 2026.

Water Infrastructure Fund (WIF)

- State funded grant program for water infrastructure based on affordability criteria.
 - Clean Water – Existing debt service + new debt service from project + O&M with new project in place > 1.4% of MHI
 - Drinking Water – Existing debt service + new debt service from project + O&M with new project in place > 1.2% of MHI
- 80% of project costs once threshold is reached (and funds are available).
- Cap of \$10M (just increased during 2025 legislative session).
- Must be on the Project Priority List (no separate application).
- Often partnered with USDA – Rural Development Programs
- Detailed in MN Statute 446A.072.

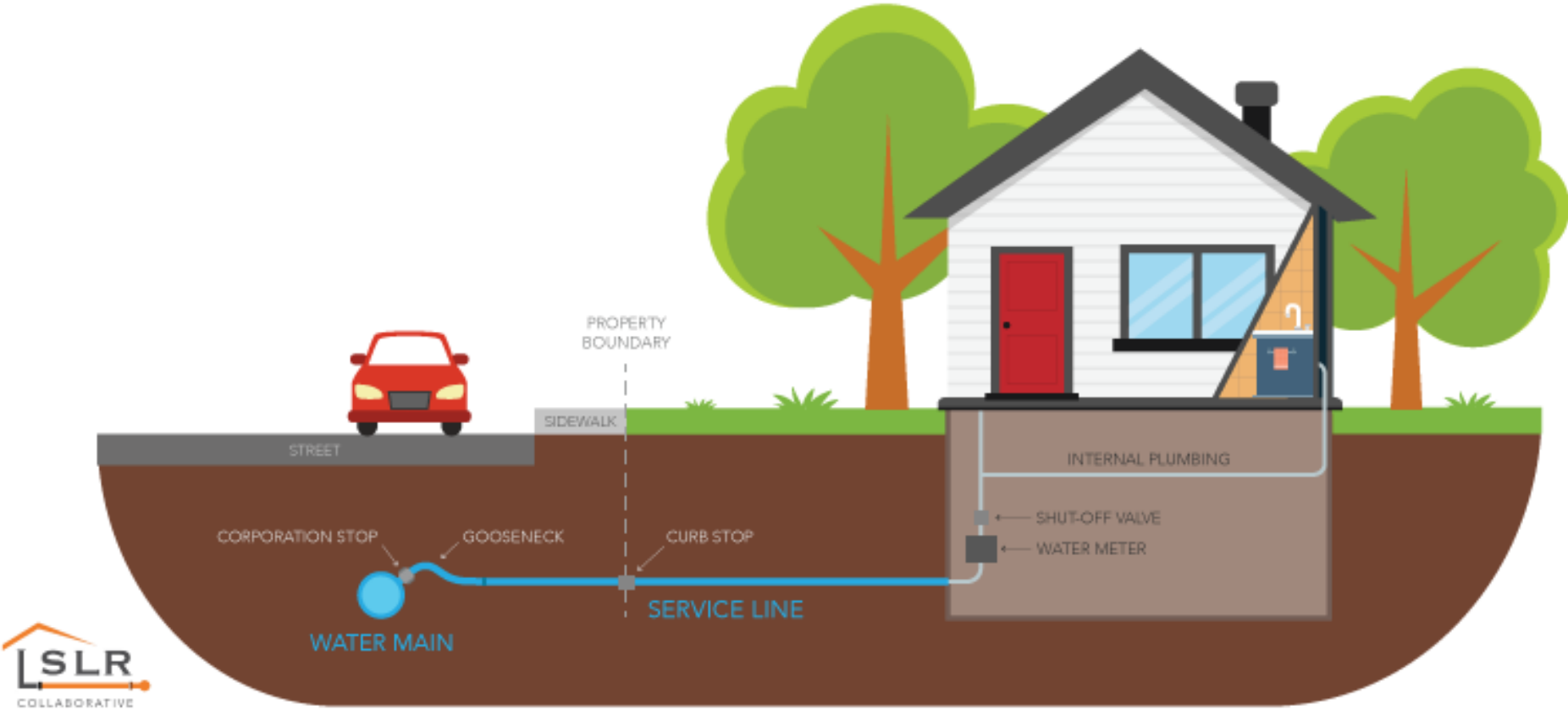
Point Source Implementation Grant (PSIG)

- State funded grant program designed to offset project costs necessary to meet more restrictive wastewater permit limits.
- 80% of eligible project costs (if funds are available).
- Cap of \$12M (just increased during 2025 legislative session).
- Must be on the Project Priority List.
- Separate application for PSIG due at the end of July each year.
- Can be used for a drinking water project if it is a more cost-effective to treat the drinking water by eliminating or reducing the source of the contaminant like chlorides.
- Detailed in Minnesota Statute 446A.073.

Drinking Water Emerging Contaminant Grant Program

- State funded grant program designed to offset project costs necessary to address an emerging contaminant.
- Currently projects address PFAS and manganese.
- 50% of eligible project costs (if funds are available).
- Cap of \$5M (created during 2025 legislative session).
- Must be on the Project Priority List and receive emerging contaminant points.
- No separate application.
- Detailed in Minnesota Statute 446A.082.

Lead Service Lines

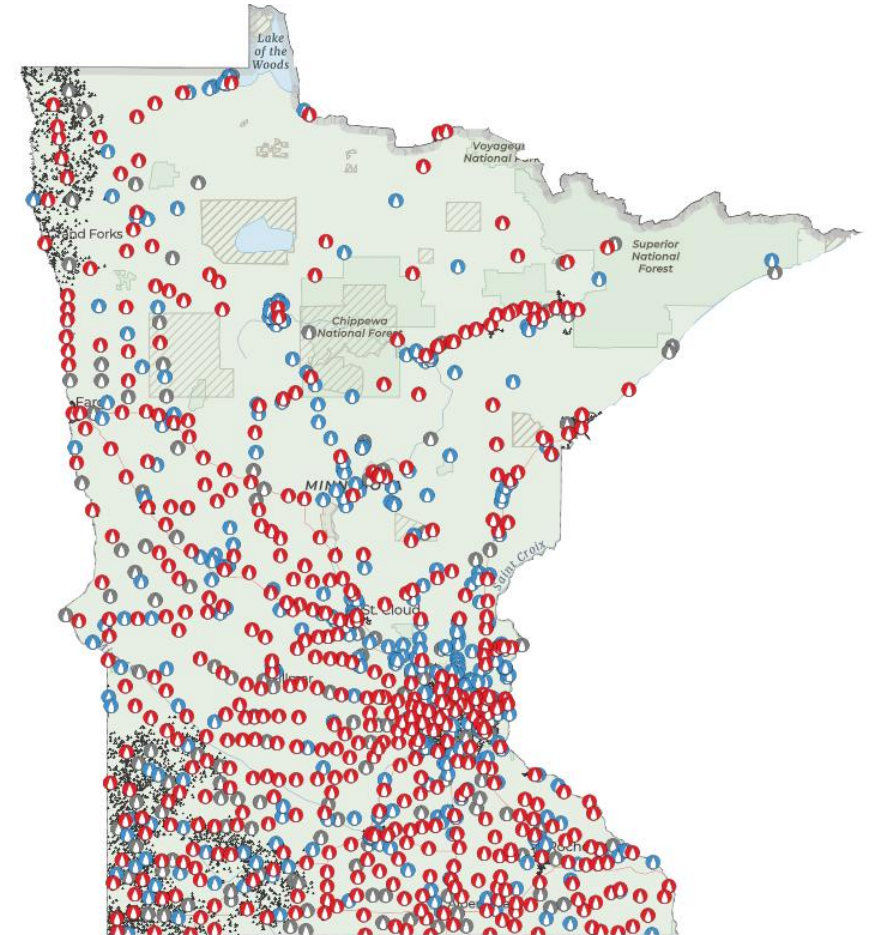


Lead Service Line Replacement (LSLR) Grant Program

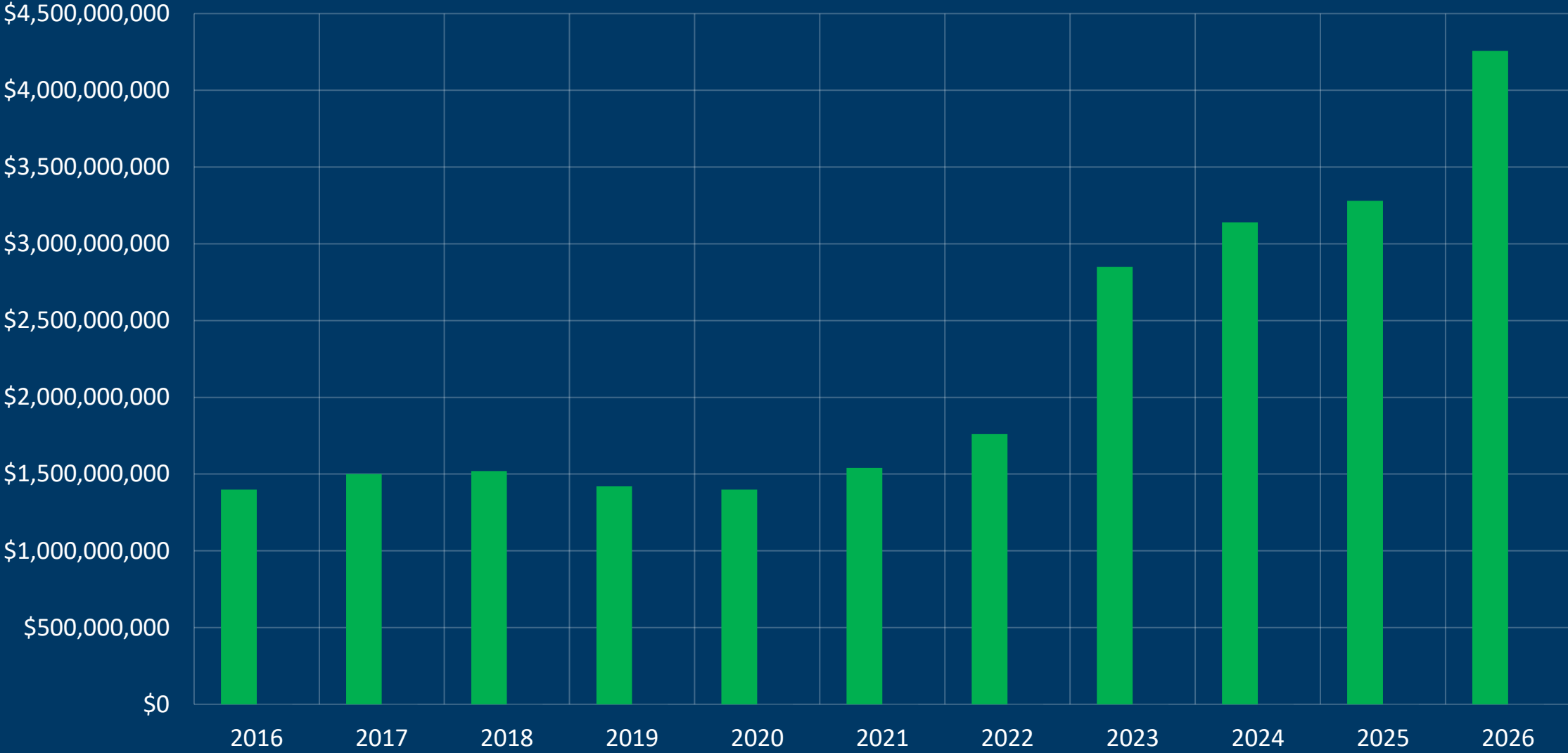
- State funded grant program designed to partner with LSLR federal funding.
- 100% grant for replacement of the privately-owned portion of the service line.
- Grant/loan packed for replacement of the publicly-owned portion of the service line.
 - Loan at zero percent.
 - State funds pay off loan once project is complete before first payment is due.
- Cap determined each fiscal year with a goal to provide enough funds to replace all LSLs by 2037.
- All funding passes through the DWSRF so the project must be on the PPL & IUP.
- Detailed in Minnesota Statute 446A.077.

Lead Inventory Tracking Tool (LITT)

<https://maps.umn.edu/LSL/-new>

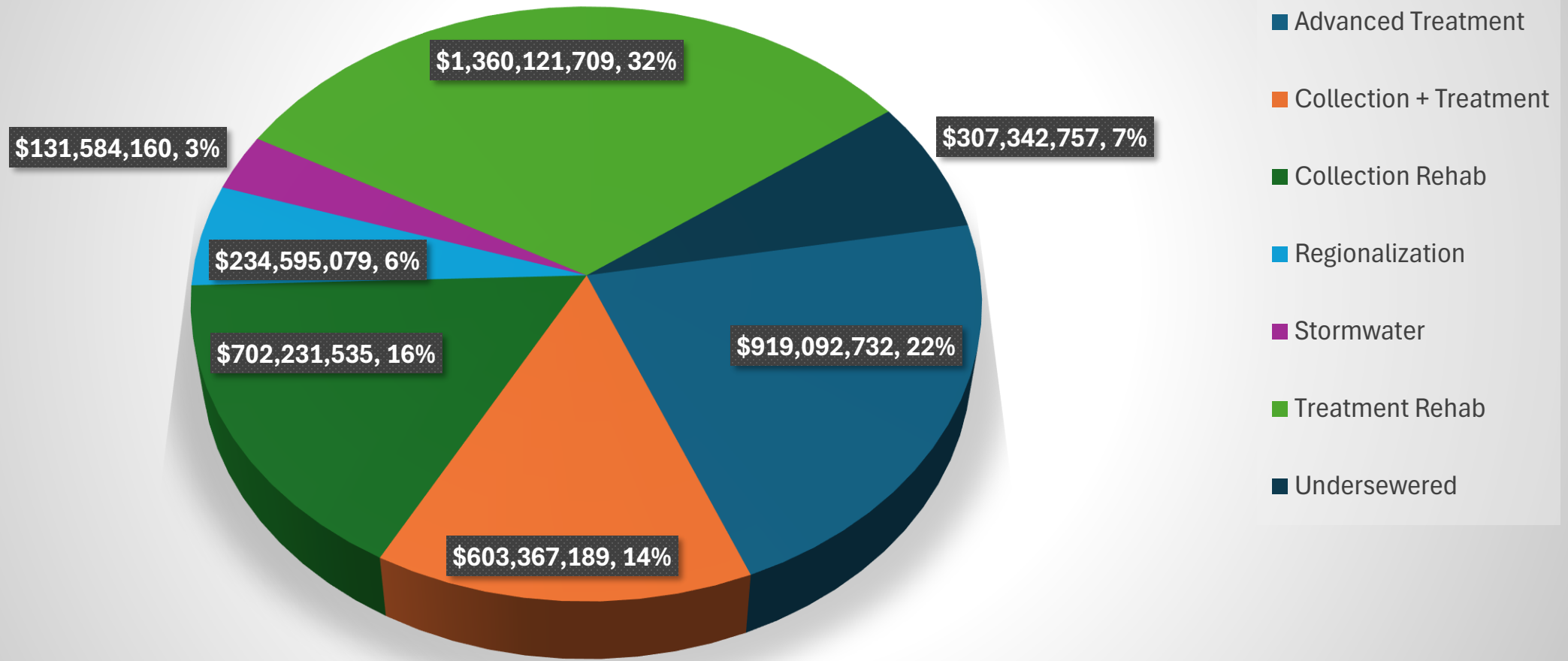


TOTAL PROJECT COSTS FROM CWSRF PPL

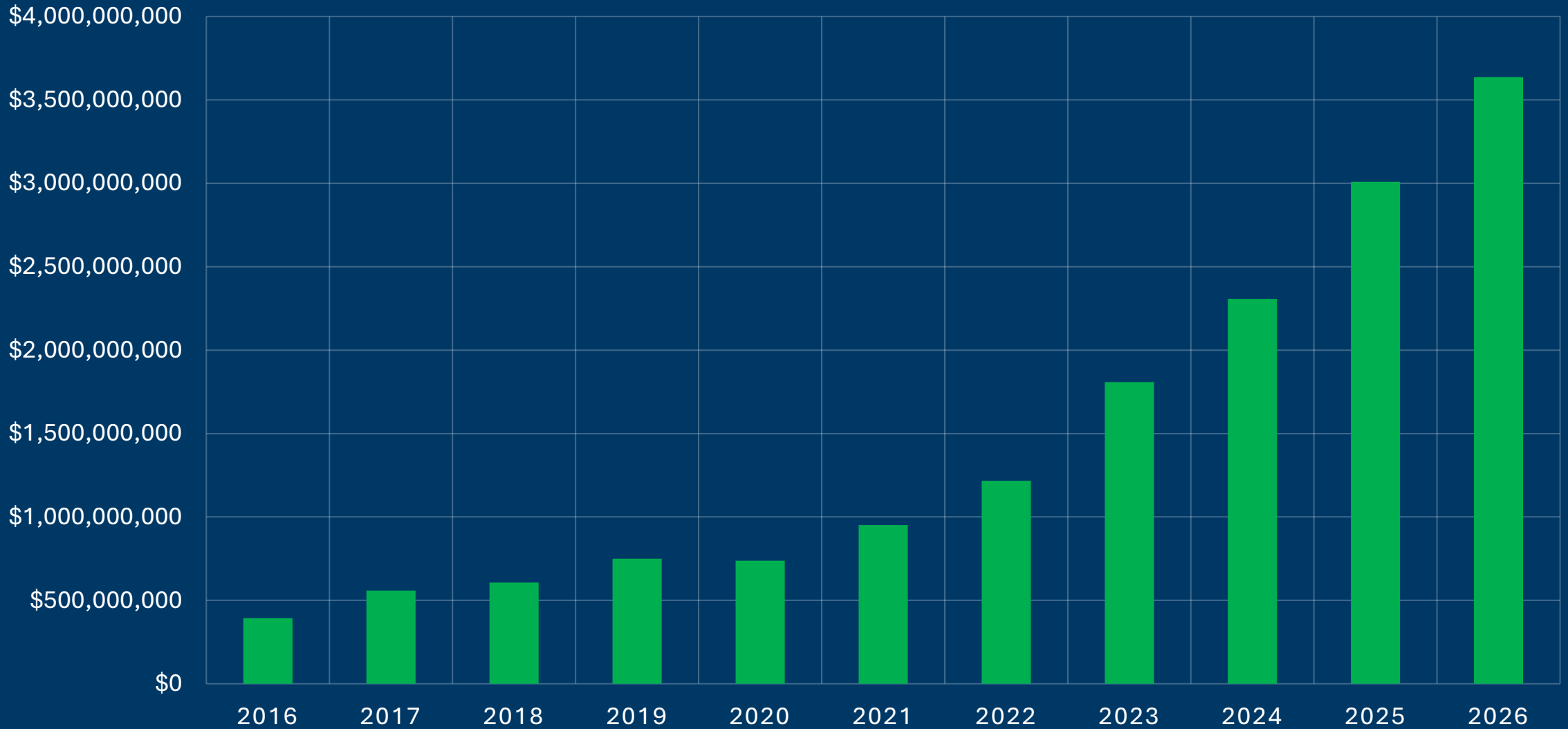


CWSRF 2026 PPL Project Breakdown by Cost

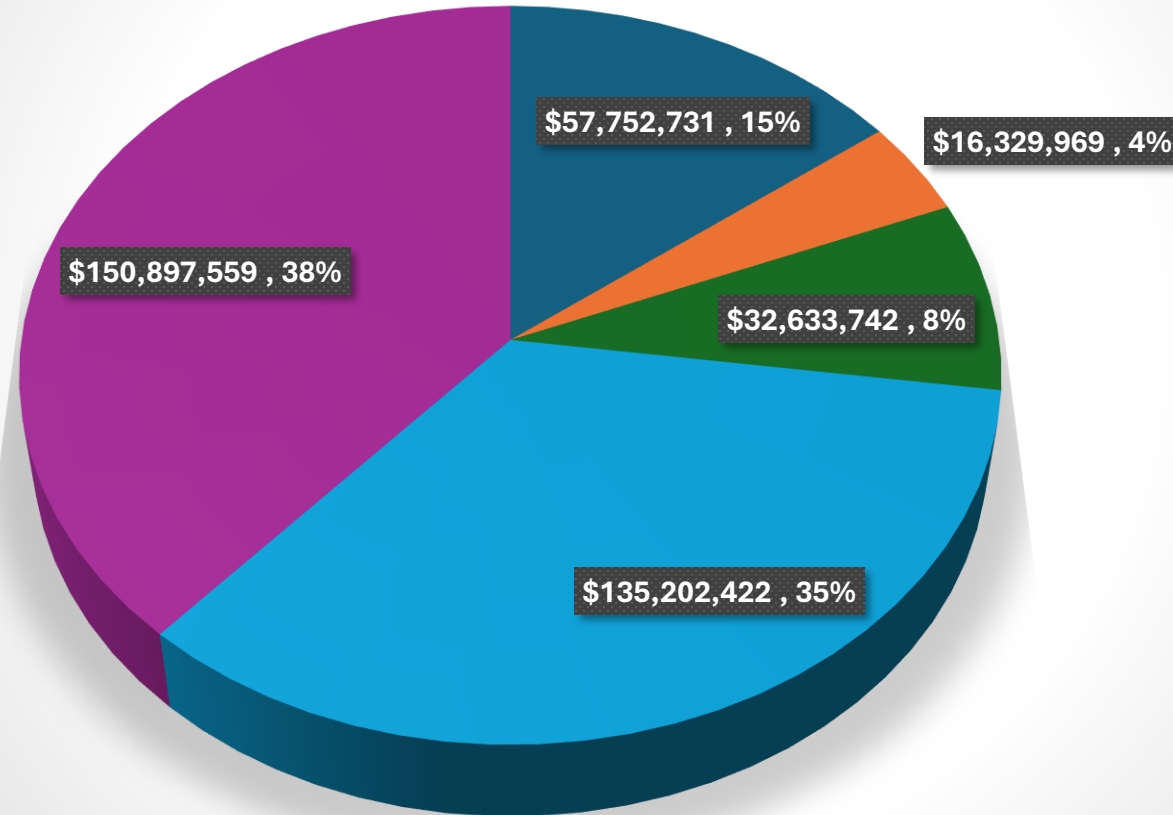
(354 Projects Totaling -\$4,258,335,161)



TOTAL PROJECT COSTS FROM DWSRF PPL

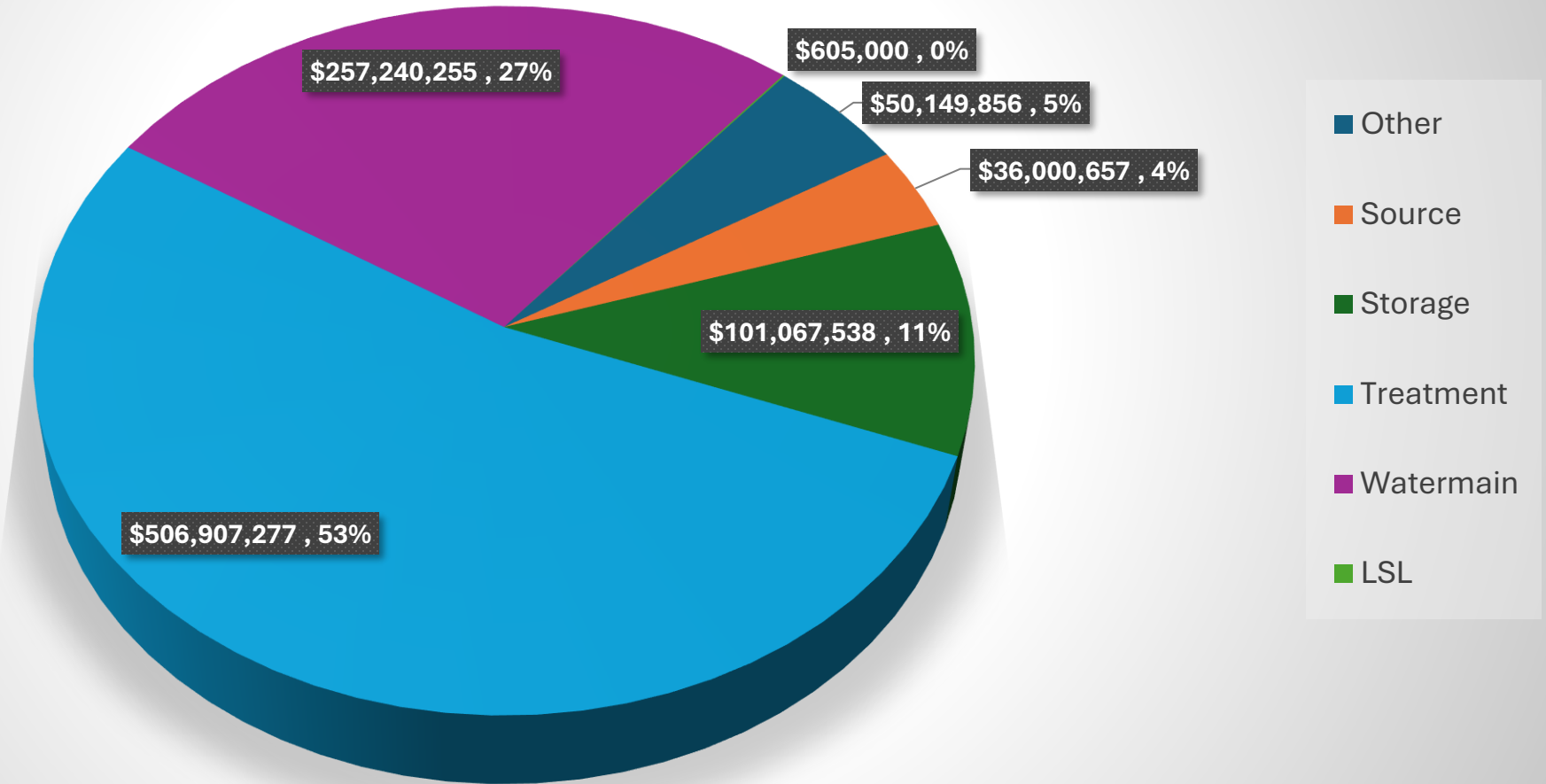


DWSRF 2016 PPL Project Breakdown by Cost (271 Projects - Totaling \$392,816,423)

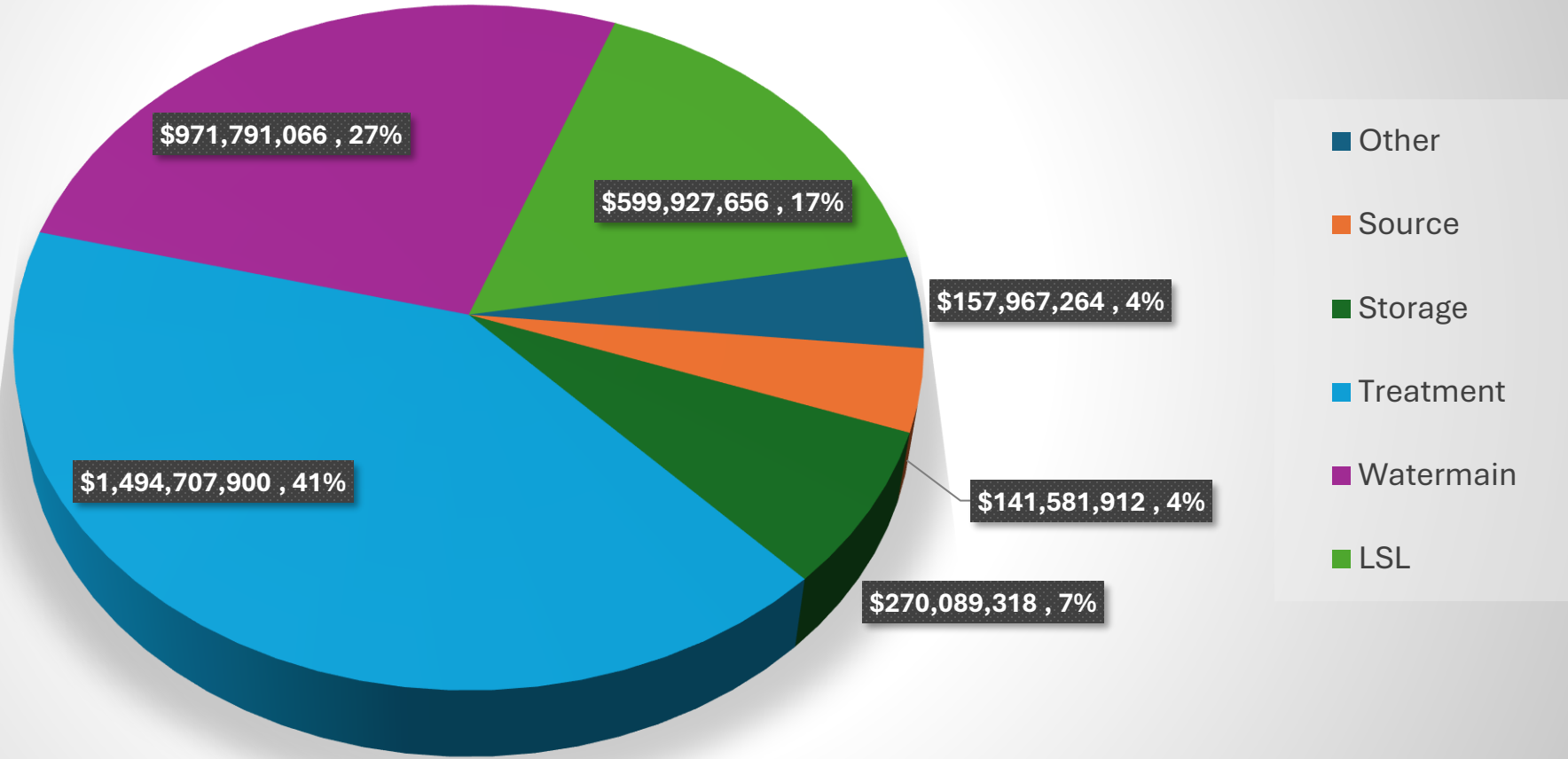


- Other
- Source
- Storage
- Treatment
- Watermain

DWSRF 2021 PPL Project Breakdown by Cost (453 Projects – Totaling \$951,970,583)



DWSRF 2026 PPL Project Breakdown by Cost (1,199 Projects, Totaling \$3,636,065,116)



2026 IUP & PSIG Summary

CWSRF IUP

- 108 CWSRF Projects - \$888,277,431

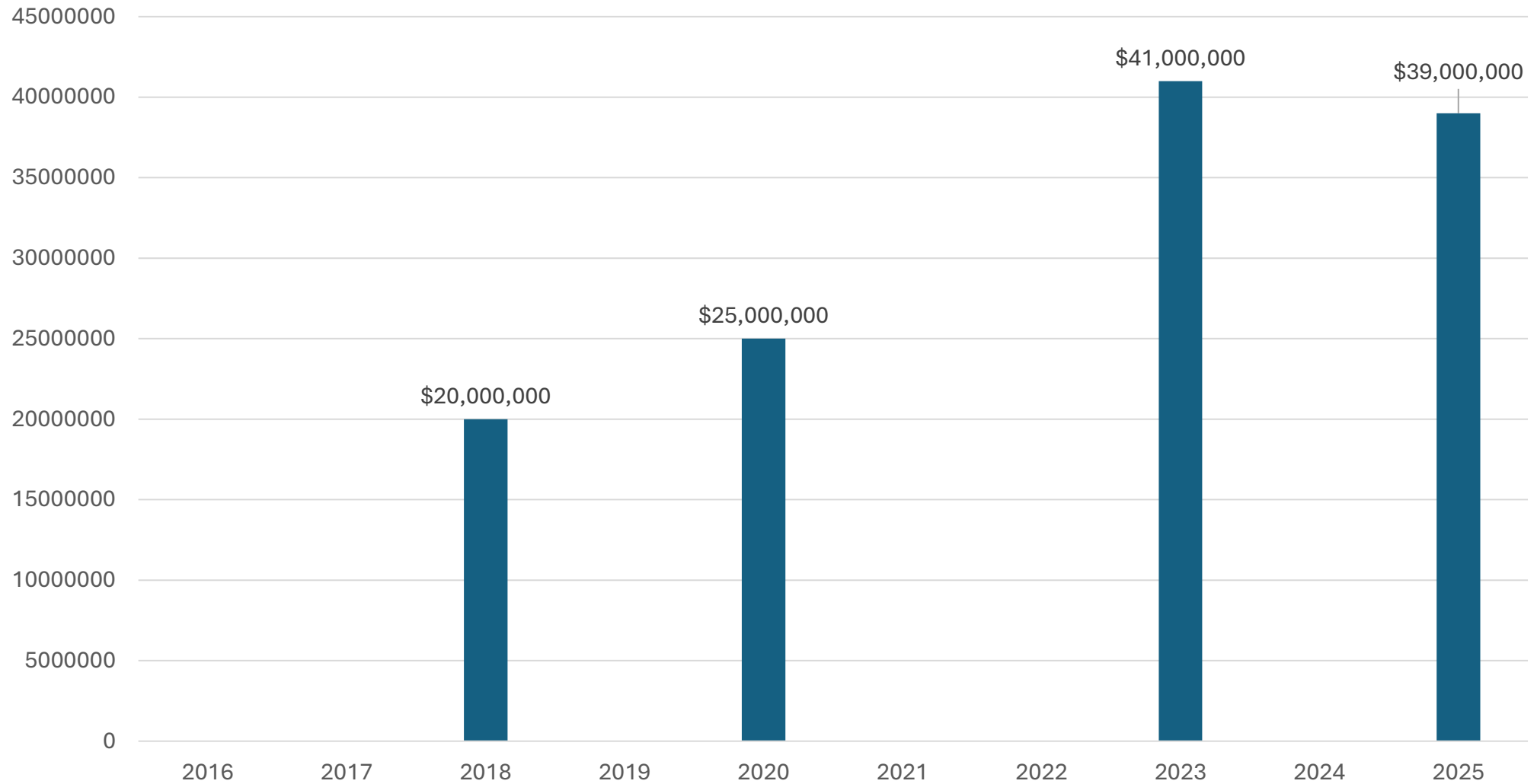
DWSRF IUP

- 200 General DWSRF Projects - \$636,077,827
- 29 Emerging Contaminant Projects - \$287,076,668
- 201 LSLR Projects - \$230,054,287

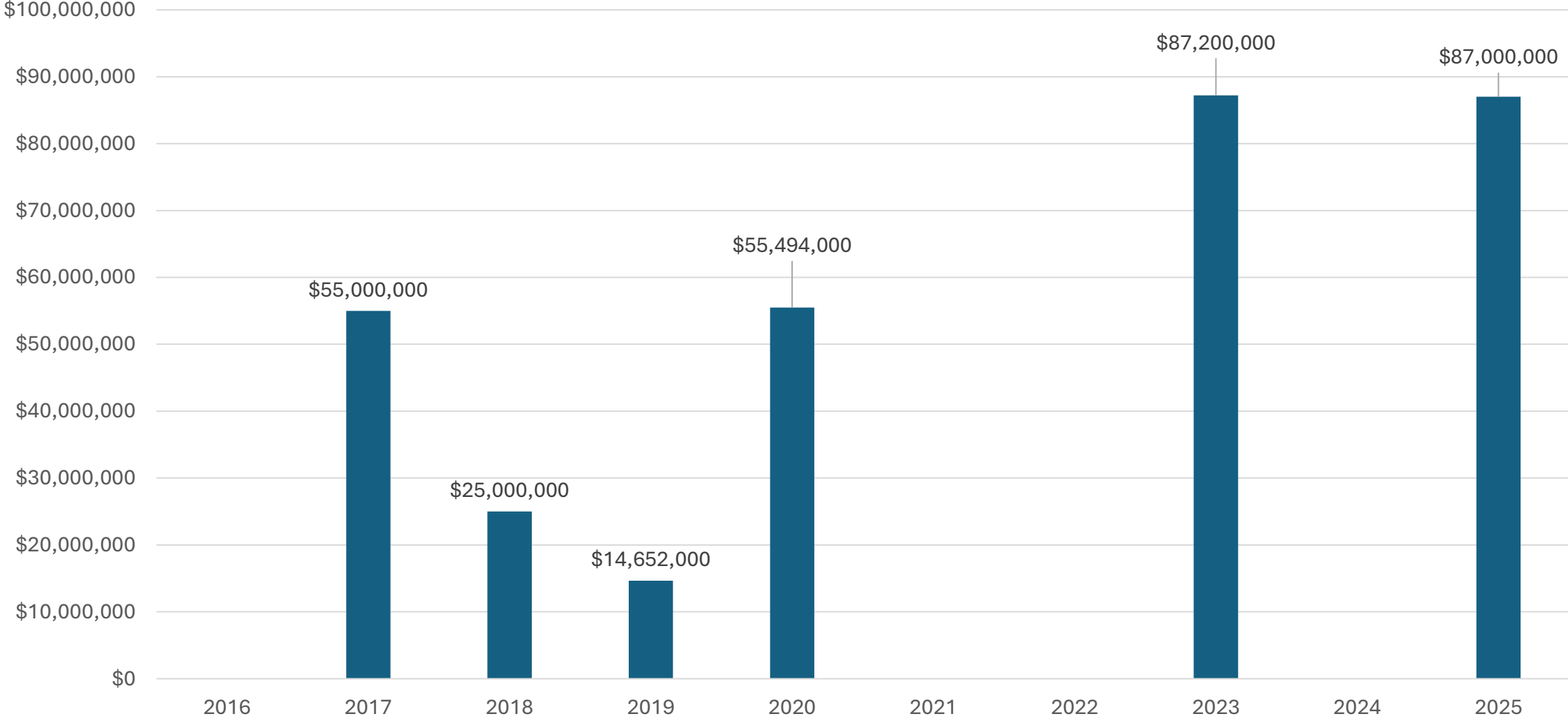
PSIG Grant Need

- 41 Projects - \$248,796,846

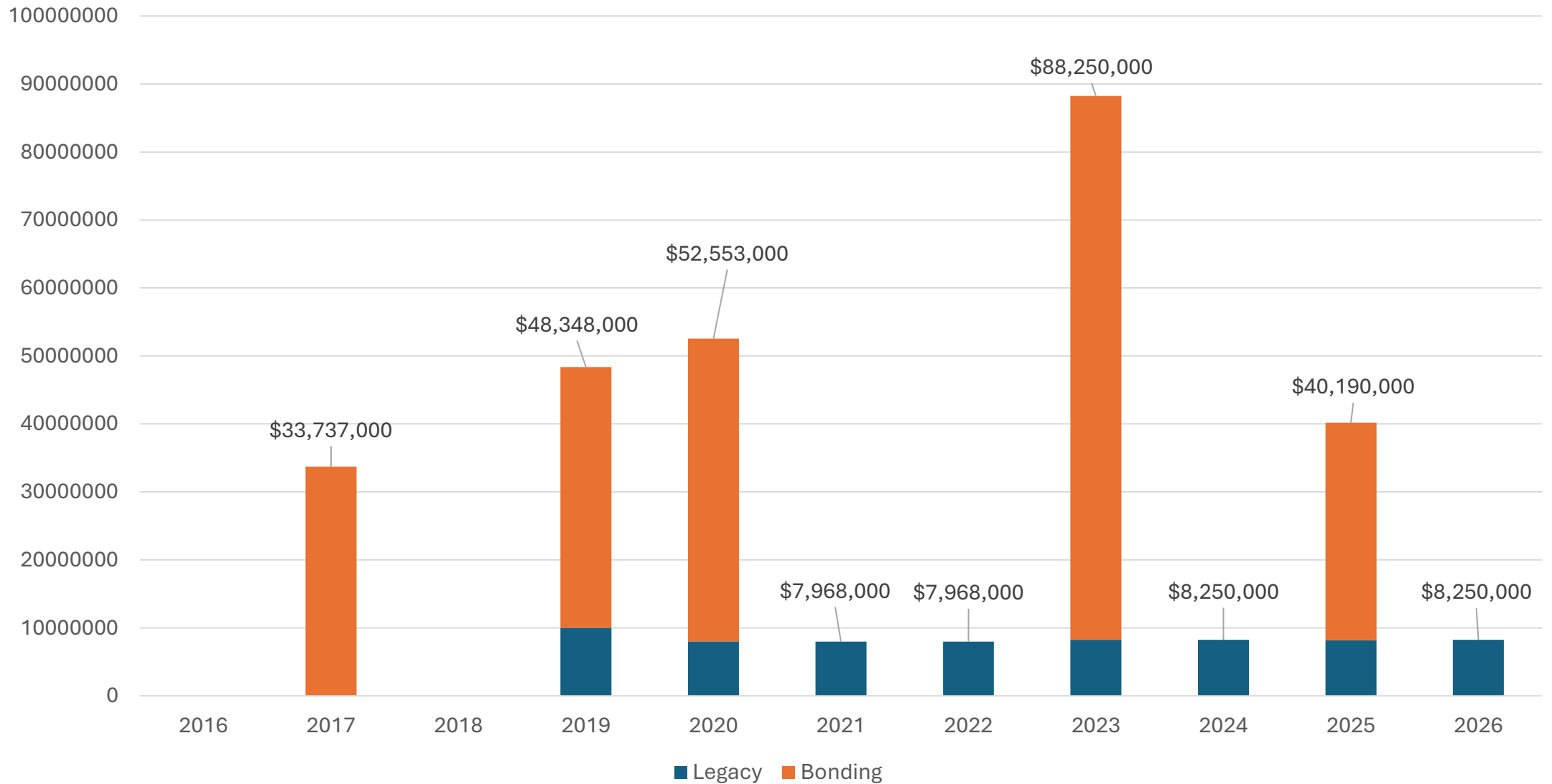
State Revolving Funds State Match



Water Infrastructure Funding



PSIG Funding Totals



Emerging Contaminant & LSLR State Appropriations

Drinking Water Emerging Contaminants Grant Program

- 2025 Legislative Session - \$15M

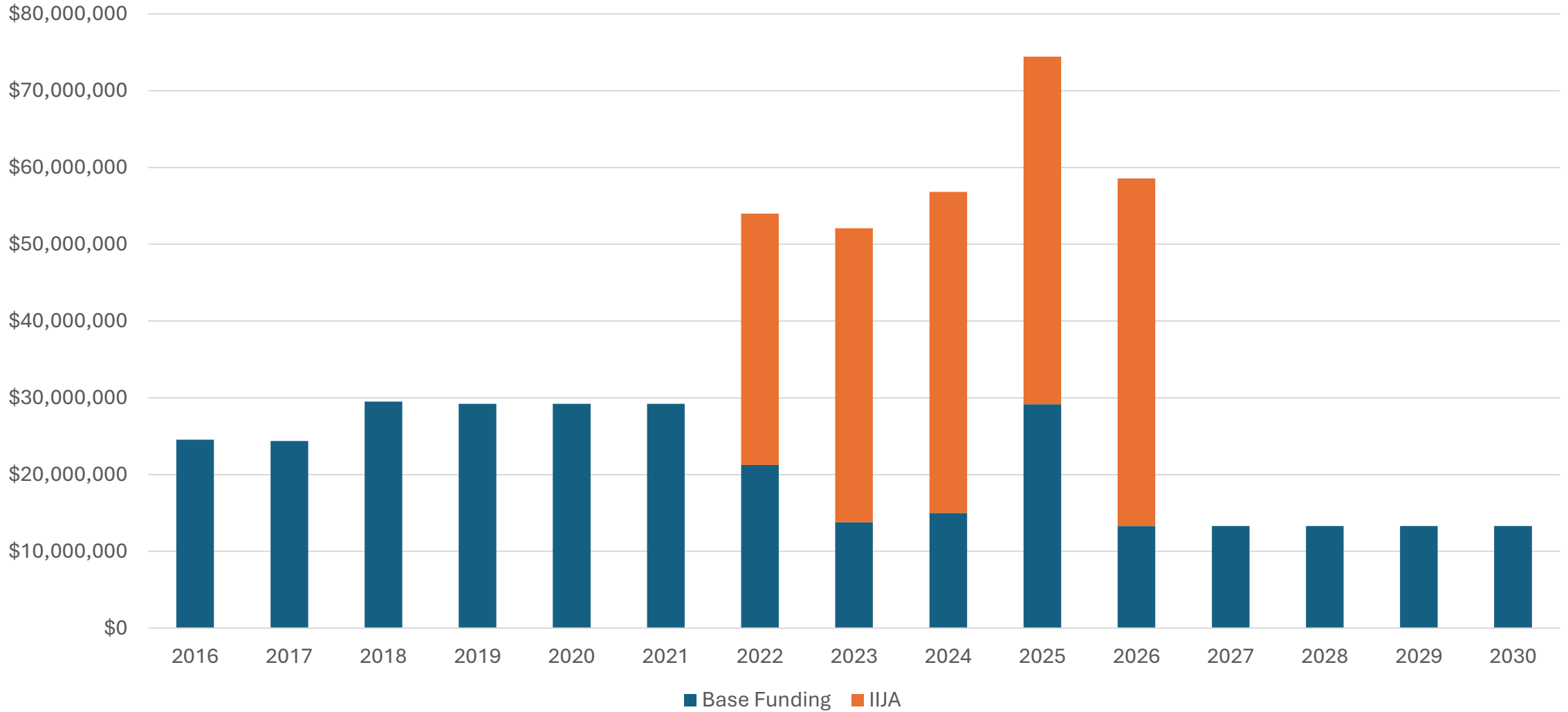
Lead Service Line Replacement Grant Program

- 2023 Legislative Session - \$240M
- 2025 Legislative Session - \$3M

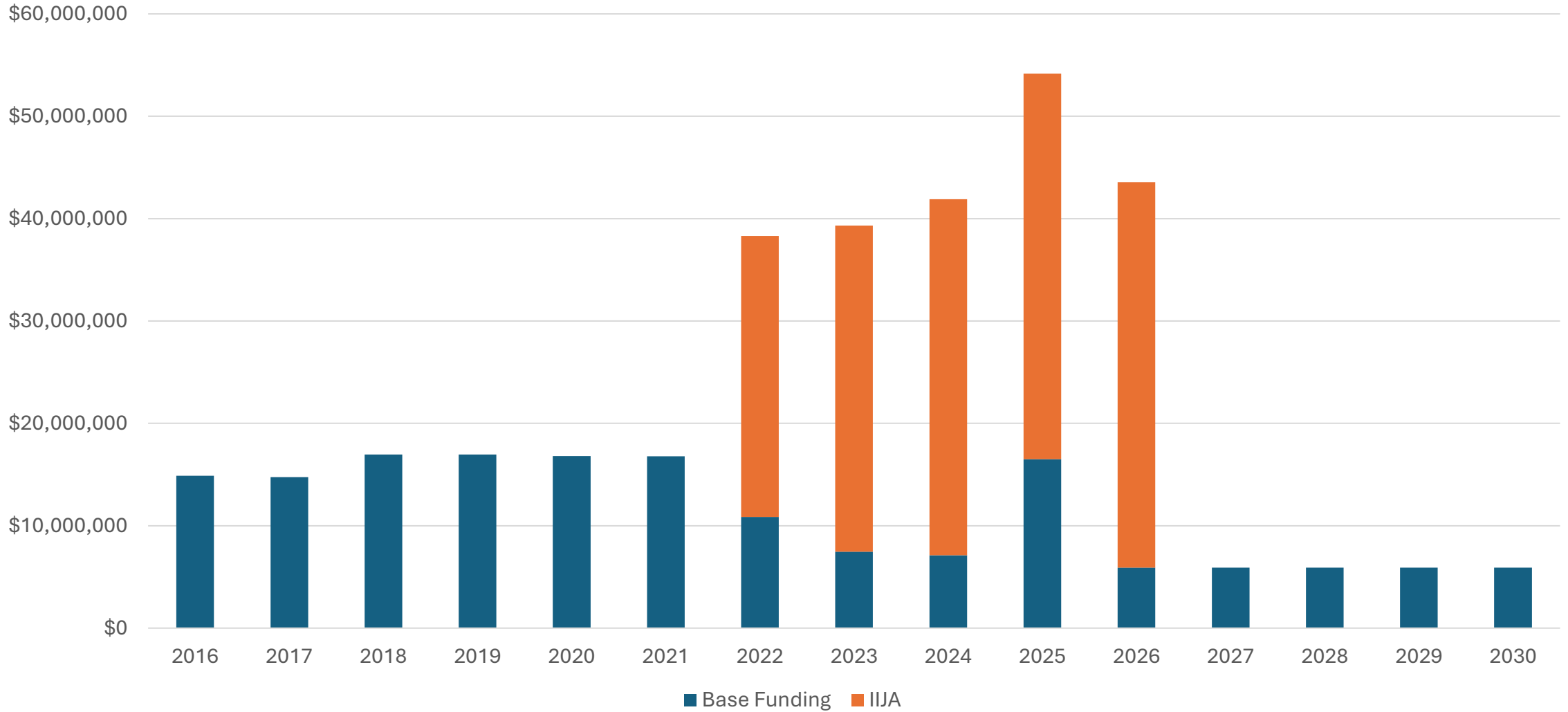
Governor's Capital Budget Recommendations

Governor's Capital Budget Recommendations		
Program	General Fund Cash	General Obligation Bonds
State Match for Federal Funds		\$19,000,000
Water Infrastructure Fund		\$20,000,000
Point Source Implementation Grant		\$45,000,000
DW Emerging Contaminant Grant Program		\$15,000,000
Lead Service Line Replacement Grants	\$7,000,000	
Totals	\$7,000,000	\$99,000,000

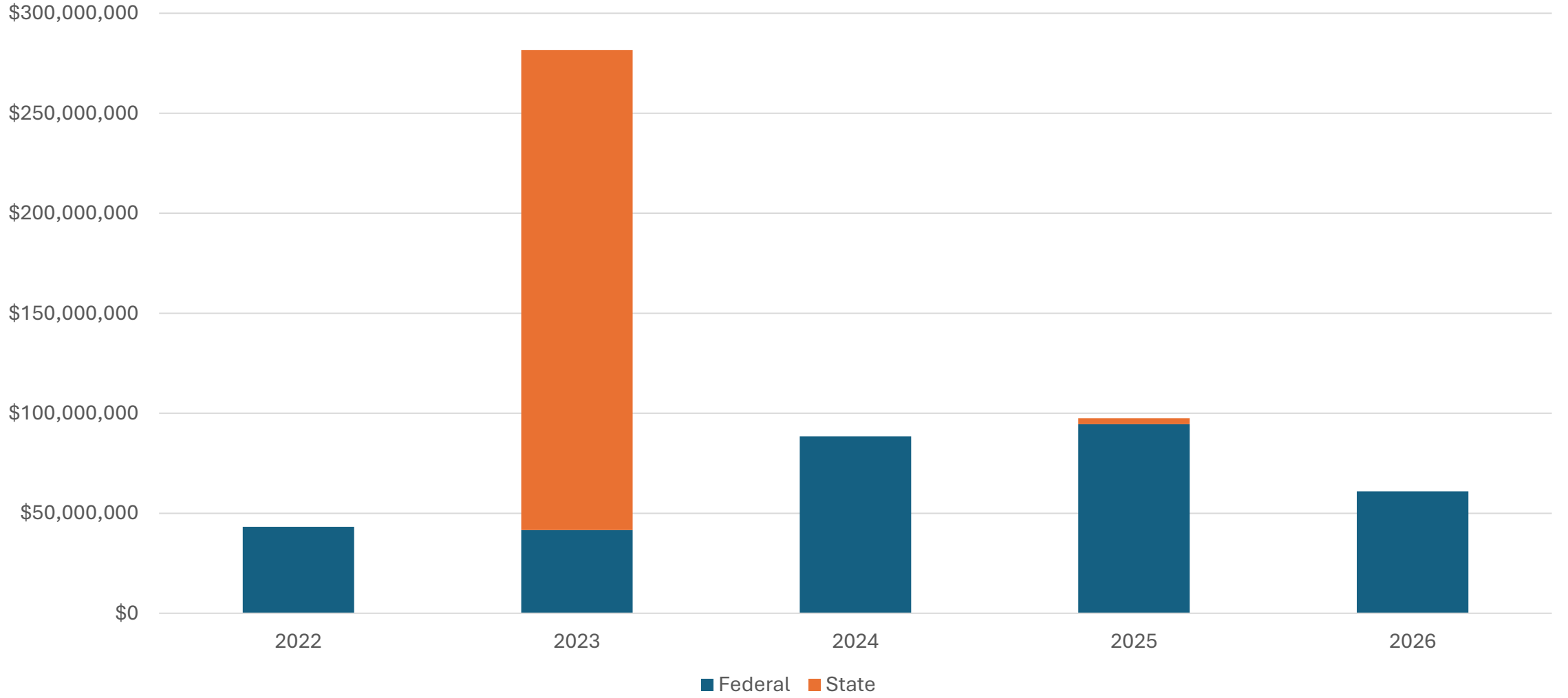
CWSRF Future Federal Funding Projections



DWSRF Future Federal Funding Projections



Lead Service Line Replacement Funding (Approximately \$570M)





Public Facilities Authority ● Pollution Control Agency ● Department of Health

Thank You!

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