



Office of the Legislative Auditor

State of Minnesota

Public Facilities Authority: Wastewater Infrastructure Programs

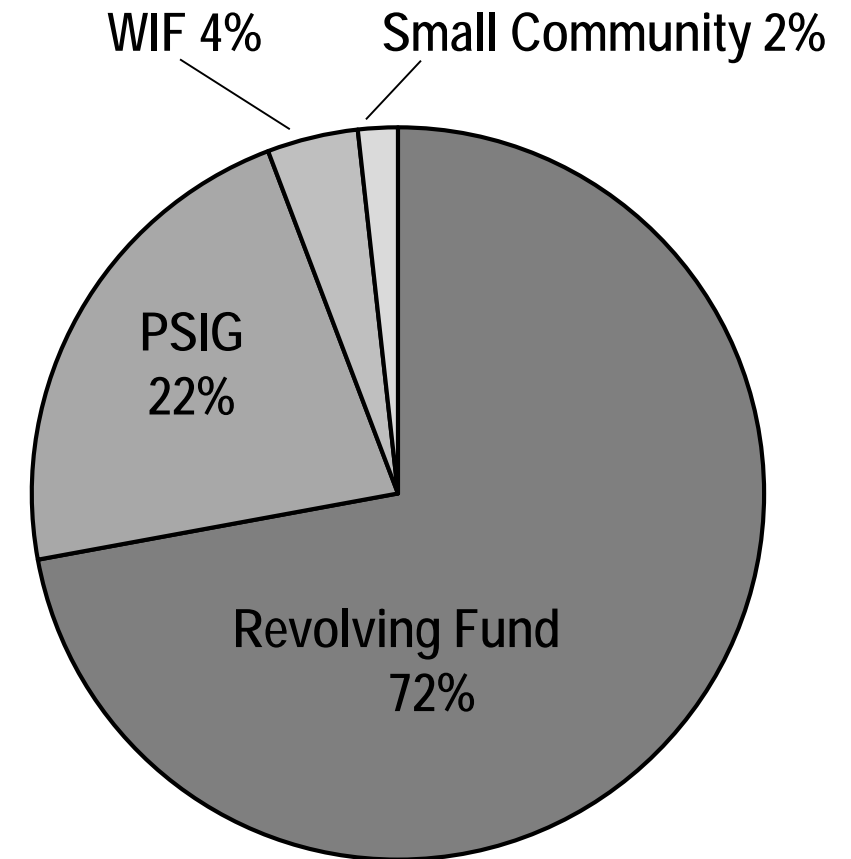
February 7, 2019



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Wastewater Infrastructure Programs

- Clean Water State Revolving Fund
- Point Source Implementation Grants (PSIG)
- Water Infrastructure Fund (WIF)
- Small Community Wastewater Treatment Program



Total PFA Awards FY 2017: \$119 million

Public Facilities Authority Performance

- Thorough and appropriate process
- No compliance issues
- Highly rated
- Well regarded

“Transparent”

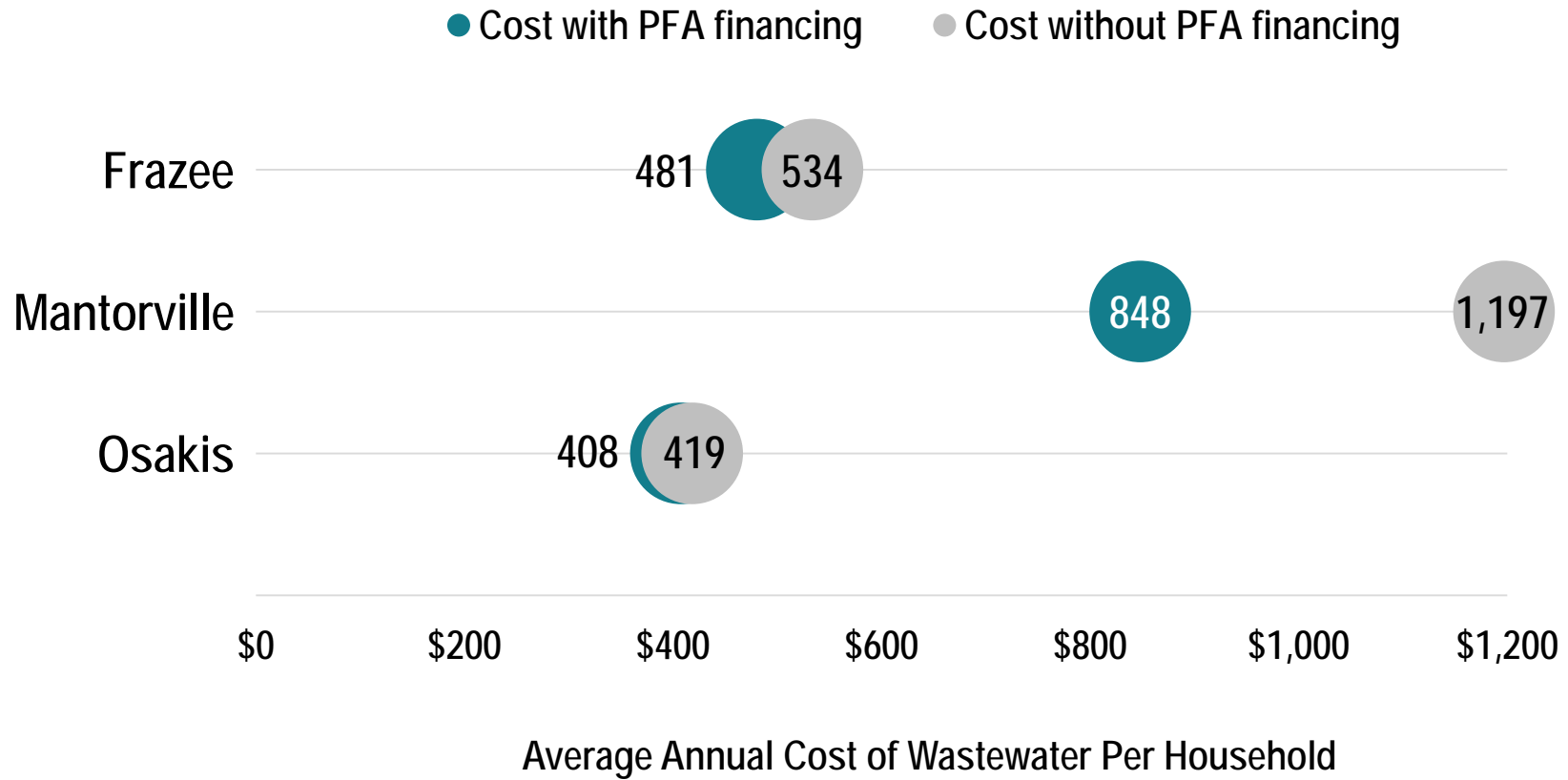
“Helpful”

“Quick to respond”

Benefits of Wastewater Programs

- Environmental and health benefits
- Interest savings (low-interest loans)
 - Since FY 1990: \$675 million in total interest savings
 - FY 2018 loans: average savings of \$648,000
- Total project savings (loans and grants)
 - Annual project costs: 43% lower

Average Annual Per-Household Wastewater Costs



PFA's 20-Year Funding Capacity

	\$5 Billion Long-Term Need	\$3.9 Billion Long-Term Need for PFA Funding
Continued state and federal funding at recent levels	69%	89%

Direct Appropriations

- 2017-2018 biennium:
 - 16 direct appropriations
 - \$27 million
- Finding: Some direct appropriations circumvented PFA process
- Recommendation: Legislature should limit direct appropriations

Unclear State Laws

- Minimum interest rate for Clean Water State Revolving Fund unclear
- Statute: “Loans **must** be made at or below market interest rates, **including interest-free loans.**”
- Unclear whether this applies to:
 - PFA wastewater loans
 - Water-quality loans made by other agencies
- Recommendation: Legislature should clarify minimum interest rate for Clean Water State Revolving Fund loans