



2024 Capital Budget Requests

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The Minnesota Public Facilities Authority (PFA) finances most types of municipal wastewater and drinking water projects in cooperation with the Minnesota Pollution Control Agency (MPCA) and Minnesota Department of Health (MDH)

- Replace aging infrastructure (pipes and treatment facilities).
- Improve systems for better service and efficiency.
- Upgrade treatment facilities to improve water quality.
- Extend services to meet existing needs.

PFA Funding Framework

All projects are ranked on MPCA (Clean Water) or MDH (Drinking Water) Project Priority Lists (PPLs) based on water quality and public health criteria.

- PPLs list projects seeking construction funding within five years.
 - 2024 Clean Water PPL: 299 projects, \$3.1 billion.
 - 2024 Drinking Water PPL: 884 projects, \$2.4 billion.

Cities request placement on PFA annual CW and DW Intended Use Plans when projects are scheduled for construction

- IUPs list projects eligible to apply for funding each year (fundable range).
 - 2024 Clean Water IUP: 102 projects, \$832M in requested loans and other funding
 - 2024 Drinking Water IUP: 157 projects, \$739M in requested loans and other funding
 - 2024 Drinking Water IUP (LSL): 64 projects, \$104M in requested funding

The PFA provides project financing to cities of all sizes:

- Low interest loans available to all projects in the fundable range of the IUPs.
- Targeted grants based on affordability and specific project types.



MPFA Funding Awards

Average annual PFA funding awards, FY 2019-2023

Program	Awards
CW/DW low interest loans (Average interest rate: 1.35%)	\$201,000,000
CW/DW principal forgiveness grants	\$5,900,000
CW/DW WIF grants	\$23,800,000
PSIG grants	\$25,200,000
Total	\$255,000,000



PFA has made over \$4.4 billion low interest loans since inception in 1989. Each \$1 in state match has leveraged \$15 in construction and \$3 in interest savings.

PFA Water Infrastructure Programs

Clean Water and Drinking Water Revolving Funds (CWRF/DWRF)	Water Infrastructure Fund (WIF) Grant Program	Point Source Implementation Grant (PSIG) Program
Annual federal capitalization grants requiring 20% state match.	Grants to cities to replace aging infrastructure that would otherwise be unaffordable.	Grants to help cities upgrade water treatment facilities to improve water quality by meeting more stringent permit requirements.
Repayments revolve back to pay PFA revenue bond debt service and make new loans.	Goal is to reduce risk of major system failure.	Eligible projects reduce specific pollutants, such as phosphorus, mercury, chlorides.
Federal funds include principal forgiveness grants for disadvantaged communities and green infrastructure.	WIF grants packaged with PFA loans or USDA Rural Development funding for small cities.	PSIG eligible project components are those that reduce discharge of the specific pollutant.

New Lead Service Line (LSL) Replacement Program

Need

100,000 LSLs statewide per MDH.
2024 DW IUP: 64 LSL projects in 42 cities, \$102M for over 7,213+ LSLs.

Resources

State (2023): \$240M (10% for LSL inventories).
Federal IIJA funds: \$195M over 5 years (10% for LSL inventories).

Challenges

Ownership of LSLs often split between public and private.
Cities must conduct inventories to identify LSLs.

Response

Program combines state and federal funding to replace LSLs at no cost to property owners or cities.

Governor's 2024 Funding Recommendations

Total 2024 Request for PFA Programs: \$109,012,000

CW and DW revolving fund state match unlocks \$196M in federal funds	\$39,000,000
Water Infrastructure Funding (WIF) Program	\$23,485,000
Point Source Implementation Grant (PSIG) Program	\$18,527,000
Emerging Contaminants Grants Program (new)	\$18,000,000
Lead Service Line Replacement (LSLR) Grant Program*	\$10,000,000

*fund source = general fund



Policy Recommendations

Program	Policy Recommendations
Emerging Contaminants Grant Program	<p>Establish new program to assist cities with construction projects to meet state drinking water standards for manganese and pending federal and state standards for PFAS substances.</p> <p>Program administered in conjunction with MDH utilizing the DWRF process.</p> <p>State funds will be combined with approximately \$120M in federal funds available through the federal IJJA.</p>
WIF program	Increase maximum grant to \$10 million (currently \$5 million).
PSIG program	Increase maximum grant to \$12 million (currently \$7 million).
CW and DW Revolving Funds	<p>Authorize CW PF grants for projects to address emerging contaminants.</p> <p>Authorize DW PF grants for projects to comply with a maximum contaminant level (MCL) requirement.</p>



Clean Water (wastewater/stormwater)
 Fiscal Year 2024 Project Funding to-date (*\$ in thousands*)

	Available as of July 1, 2023	Awarded	Reserved
CWRF-loans	NA	\$87,265	\$152,651
CWRF-PF grants	\$20,901	\$2,472	\$16,626
WIF grants (PFA/USDA- RD)	\$32,375	\$13,729	\$6,927
PSIG grants	\$109,169	\$29,893	\$65,475

Drinking Water

Fiscal Year 2024 Project Funding to-date (*\$ in thousands*)

	Available as of July 1, 2023	Awarded	Reserved
DWRF-loans	N/A	\$ 73,154	\$126,570
DWRF-PF grants	\$18,949	\$14,248	\$3,685
DWRF-EC grants	\$12,600	\$1,851	-
WIF grant (PFA/USDA-RD)	\$69,883	\$8,022	\$53,880

Questions?

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