

Committee Report

Environment Committee



Committee Meeting Date: July 11, 2023

For the Metropolitan Council: July 26, 2023

Business Item: 2023-153

2023 Private Property Inflow & Infiltration Task Force Report

Proposed Action

That the Metropolitan Council accepts the 2023 Private Property Inflow and Infiltration Task Force Report (Attachment A) and authorizes ES to implement the recommendations of the Report for the Private Property Inflow and Infiltration (I/I) Grant Program.

Summary of Environment Committee Discussion/Questions

- CM Cederberg asked: Did you consider a sliding scale for people of lower income to pay a lower percent? What is the total amount of grant money you were thinking for this pilot?
- Staff responded: Yes, we did consider a sliding scale as a potential way to distribute funds. We didn't choose to pursue that this year, for privacy reasons related to income. We chose to hold off until we looked into it a little more but our task force has been thinking of how they can more equitably implement the funds in their communities.
- CM Wulff stated: The equity component in this program is that a city can provide 100 percent for people that can't afford it. Different communities have different needs and this gives flexibility to communities to implement equity that is impactful in their community.
- Staff responded: In regard to the grant money, we have identified that we have the capacity to fund at least 1.5 million dollars. This comes from an existing revenue source and does not impact rates.
- CM Lindstrom asked: Out of our 100 plus communities, there is a fair amount that meet these requirements. Around what percent is that?
- Staff responded: I believe it is around 80-81 communities, out of the total, that would be eligible to apply.

Motion by CM Cederberg, seconded by CM Wulff. Motion carried.

Business Item

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2023 Private Property Inflow & Infiltration Task Force Report

District(s), Member(s): All Districts
Policy/Legal Reference: Statute 471.342
Staff Prepared/Presented: Kyle Colvin, Manager, 651-602-1151
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Wastewater Planning & Community Programs
Division/Department: MCES c/o Leisa Thompson, 651-602-8101

Proposed Action

That the Metropolitan Council accepts the 2023 Private Property Inflow and Infiltration Task Force Report (Attachment A) and authorizes ES to implement the recommendations of the Report for the Private Property Inflow and Infiltration (I/I) Grant Program.

Background

Inflow and Infiltration (I/I) are terms that describe stormwater runoff and groundwater that makes its way into sanitary sewer pipes and eventually gets treated unnecessarily at wastewater treatment plants. Inflow is clear water that enters the wastewater system through rain leaders, sump pumps, or foundation drains that are illegally connected to sewer lines. The largest amount of inflow occurs during heavy rainstorms. Infiltration is groundwater that seeps into cracked or broken wastewater pipes. The intent of this task force was to provide recommendations to ES to design a grant program to help private property owners with I/I mitigation.

The task force was chaired by Council Member Wendy Wulff and included staff from Metro Cities and representatives from 16 communities with public works, wastewater utility, finance, or city manager experience. The membership was diverse in terms of community size, geographic location, and professional expertise. The Met Council has previously convened task forces to work with regional communities to address I/I.

The task force met 4 times in 2023 and concurred with the findings of the Report. In summary, the task force recommended that ES create a grant program for private property I/I mitigation with the following structure:

- Eligibility: Any municipality that has exceeded their I/I goal or come within 20% of their goal
- Grant amount to be 50% of eligible costs up to \$5,000. Up to \$10,000 grant for those meeting the municipality's equity criteria
- Eligible work:
 - o Private lateral repair and/or replacement
 - o Foundation drain disconnections and new sump pump, if associated with the foundation drain disconnect

- Lateral televising and cleaning costs if:
 - Applicant meets the equity need of the participating municipality or
 - Televising and cleaning result in repair or replacement of sewer lateral

Rationale

Private property I/I is the next big challenge to reduce I/I in the system and extend the life and maintain capacity of the wastewater conveyance and treatment system:

- Local communities, through their 2040 Comprehensive Sewer Plan submittals, indicate that at least 50% of I/I comes from private property.
- Service laterals connecting private properties to the wastewater collection system are the **largest source of inflow and infiltration but receive the least mitigation attention** due to several factors:
 - Most property owners are not aware that they own the service lateral or the condition of the lateral.
 - There is a general lack of support from property owners and real estate agents for point-of-sale programs.
 - Communities lack the financial resources to assist property owners with service lateral repairs.
- Case studies show that investing in both public infrastructure and private property mitigation yields the greatest reduction in inflow and infiltration. Regional communities and the Met Council continue to invest significant resources to mitigate I/I from public infrastructure.
- The average cost to repair a sewer lateral has been estimated to be \$8,000.

Thrive Lens Analysis

The work of this task force furthers the Thrive outcomes of Stewardship, Prosperity, Equity, and Sustainability. This task force and resulting program will extend the service life of the Met Council's interceptor system and wastewater treatment plants, reduce negative environmental impacts from potential wastewater spills and/or overflows, protect our environment, financially assist residents of the region with a potentially costly home repair, and invests in existing infrastructure. In addition to satisfying the Met Council's mission and vision, private property I/I mitigation has been a topic of conversation and request of Council members and communities for multiple years. By doing this work, we are responding to our customers and partners.

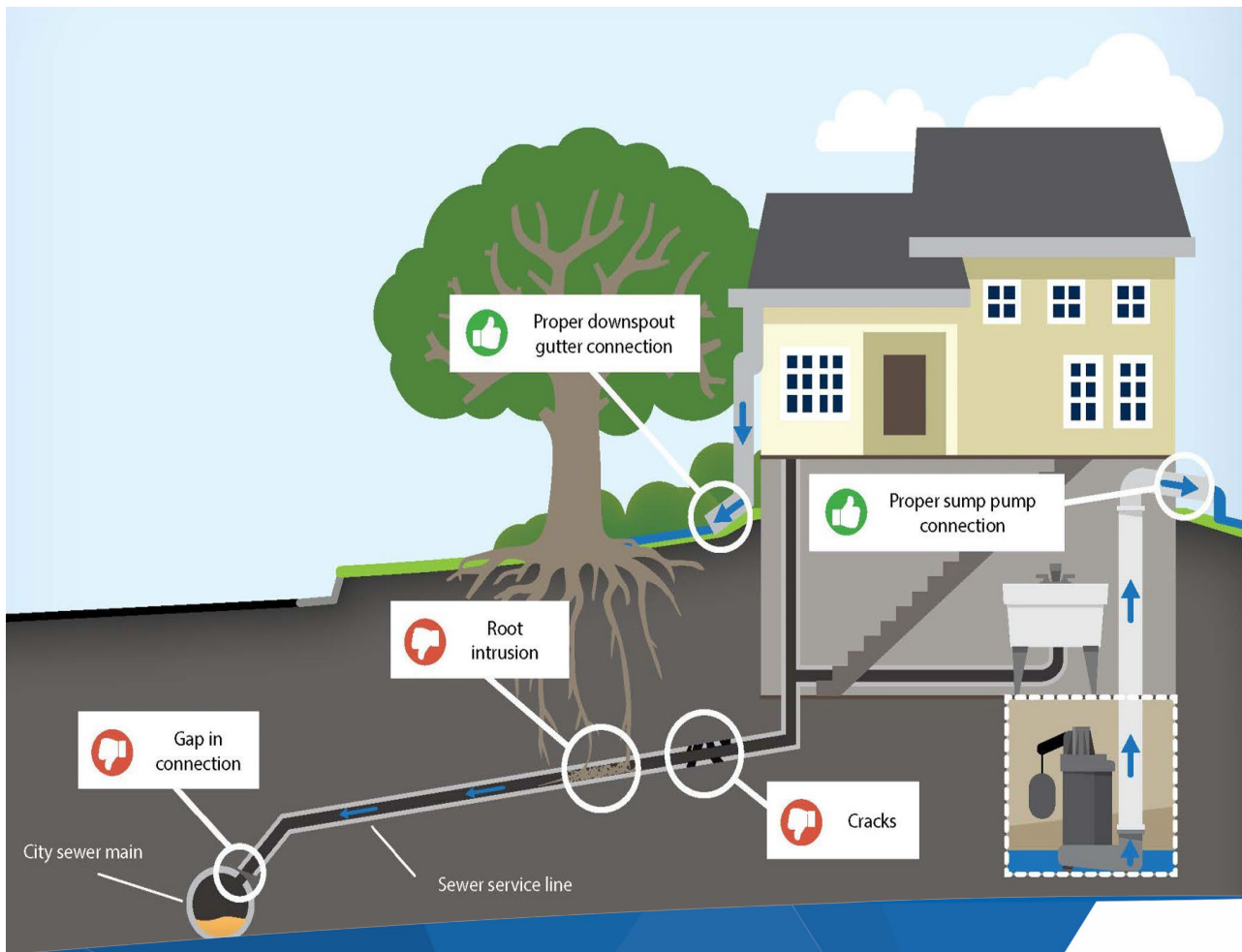
Funding

Funds for the grant program will come from the existing ES PayGo account which is funded by the Municipal Wastewater Charge (MWC).



2023 PRIVATE PROPERTY INFLOW & INFILTRATION TASK FORCE REPORT

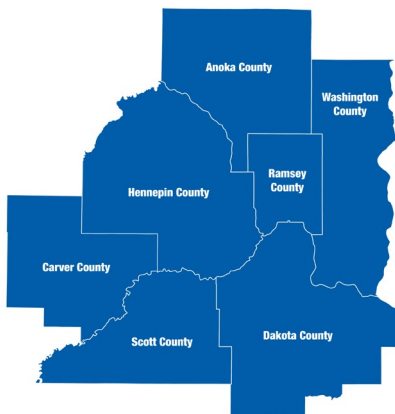
JUNE 2023



The Council's mission is to foster efficient and economic growth for a prosperous metropolitan region

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The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Met Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

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Executive Summary

In late 2022, the Metropolitan Council appointed a task force of local community representatives to discuss and define a grant program to assist private property owners with costs to mitigate inflow and infiltration from their private property. The task force, consisting of previous task force members, public works directors, finance professionals, engineering staff, and city administrators, met in early 2023. This 2023 Private Property Inflow and Infiltration Task Force Report (Report) is a summary of the discussions and recommendations made to the Metropolitan Council.

The task force discussed whether I/I is still an issue in the metro area and whether there is a need for this grant program. They agreed that I/I is still impacting the wastewater conveyance and treatment system and that I/I from private property sources is an untouched area needing mitigation.

In addition to the grant program, the task force revisited the current peaking factors used to determine an acceptable level of I/I into the wastewater system.

In summary, the task force recommended the following guidance for a grant program:

1. Any municipality that has exceeded their I/I goal or come within 20% of that goal may apply to participate in the program.
2. Eligible work for reimbursement includes:
 - a. Private lateral repair and/or replacement
 - b. Foundation drain disconnections and new sump pump, if associated with the foundation drain disconnect
 - c. Lateral televising and cleaning costs if:
 - i. Applicant meets the equity need of the participating municipality or
 - ii. Televising and cleaning result in repair or replacement of sewer lateral
3. Grant reimbursement will be 50% of eligible costs, up to \$5,000, for applicants not meeting any equity criteria set by the participating municipalities.

Introduction

Formation of task force

This task force was formed in response to a recommendation from the 2016 Inflow & Infiltration (I/I) Task Force and the amendment of an existing state statute. The 2016 task force made a recommendation to *“Support efforts to secure funding for public and private I/I mitigation projects including State Bond and Clean Water Legacy Funds. Consider the provision of financial assistance through regional sources, such as a portion of the wastewater fee, to provide assistance to communities for private property I/I mitigation.”* After two legislative session efforts to change the existing statute that allows “cities” the authority to offer private property owners grants for I/I mitigation work, the statute was modified to include: “...a home rule charter or statutory city, township, or any political subdivision of the state with statutory sewer ownership or operational responsibilities.” (Minn. Stat. § 471.342, subd. 1) to offer grants.

The amended statute was signed into law by Governor Walz in April 2022 and allowed the Metropolitan Council (Met Council) and other political subdivisions of the state to “provide loans and grants to property owners to assist the owners in financing the cost of abating inflow and infiltration on their property” (Minn. Stat. § 471.342, subd. 3).

The 2023 Private Property Inflow & Infiltration (PPII) task force was assembled and met four times in 2023 to design a grant program using Met Council funds to provide financial assistance to property owners for mitigating private property I/I. The membership consisted of previous task force members, public works directors, finance professionals, engineering staff, and city administrators. The task force represented the range of geographical locations and municipality sizes across the metro area. The task force was chaired by Metropolitan Council Member Wendy Wulff.

Task Force Chair

- **Wendy Wulff**, Council Member, District 16, Metropolitan Council

Task Force Members

- **Ron Hedberg**, Finance Director, Apple Valley
- **Scott Anderson**, Utilities Superintendent, Bloomington
- **Erik Henricksen**, Project Engineer, Chanhassen
- **Jim Hauth**, Public Works Superintendent, Columbia Heights
- **Jennifer Levitt**, City Administrator, Cottage Grove
- **Russ Matthys**, Public Works Director, Eagan
- **Chad Millner**, Engineering Director, Edina
- **RJ Kakach**, Assistant City Engineer, Golden Valley
- **Heather Butkowski**, City Administrator, Lauderdale
- **Angie Craft**, Director of Surface Water and Sewers, Minneapolis
- **Eric Hoversten**, City Manager/Director of Public Works, Mound
- **Matt Yokiell**, Public Works Superintendent, Newport
- **Shelly Rueckert**, Finance Director, St. Anthony
- **Bruce Elder**, Sewer Utility Manager, Saint Paul
- **Eldon Rameaux**, I/I Inspector, West St. Paul
- **Dale Reed**, Public Works Director, White Bear Township
- **Patricia Nauman**, Executive Director, Metro Cities

Metropolitan Council Representatives

- **Kyle Colvin**, Manager, Wastewater Planning & Community Programs
- **Anna Bessel**, Assistant Manager, Wastewater Planning & Community Programs
- **Emily Steinweg**, Principal Engineer, Wastewater Planning & Community Programs
- **Ned Smith**, Director, Pretreatment & Finance
- **Dan Schueller**, Principal Financial Analyst, Pretreatment & Finance
- **Andrea Kaufman**, Program Coordinator, Workforce & Equity
- **Angela Mazur**, Senior Administrative Specialist, Wastewater Planning & Community Programs
- **Jana Larson**, Senior Outreach Coordinator, Administration & Communication

Background, History, Milestones

I/I is clear water – stormwater and groundwater – that enters the wastewater system. It overloads the system and can cause costly sewer backups into homes and buildings. I/I can also cause sewer overflows into rivers and lakes. Common sources are shown in Figure 1.

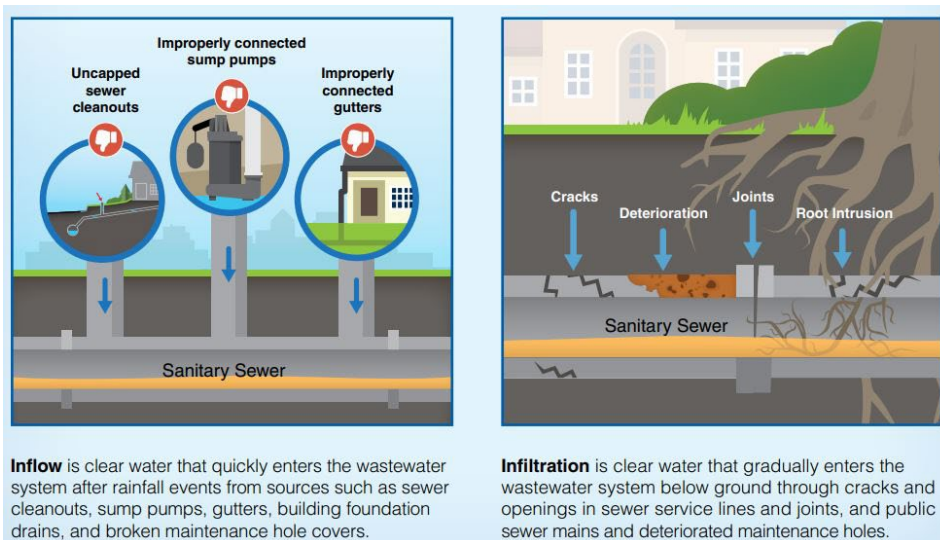


Figure 1: Sources of I/I

Inflow & infiltration mitigation efforts

Met Council and communities across the region have invested significant time and money into mitigation of public I/I sources. The Ongoing I/I Mitigation Program, which identifies areas in the region where I/I is excessive by Met Council definition and works with communities to mitigate the excess I/I, has been in place since 2004 with good success. From 2004 to 2020, communities invested over \$170 million in their public system and Met Council invested over \$100 million in the interceptor system. The efforts have been impactful, with the Met Council able to defer capacity improvements that are estimated at \$1 billion. Despite all the work, I/I is still present in the system, evident by flow exceedances during wet weather events.

Communities also agree that I/I from private property is a major, largely unaddressed source. Local communities, through their 2040 Comprehensive Sewer Plan (CSP) submittals, indicate that at least 50% of I/I comes from private property. In their plans, they also have identified a need for funding to promote I/I mitigation for private property sources. Figure 2 shows common contributors of I/I from private property.

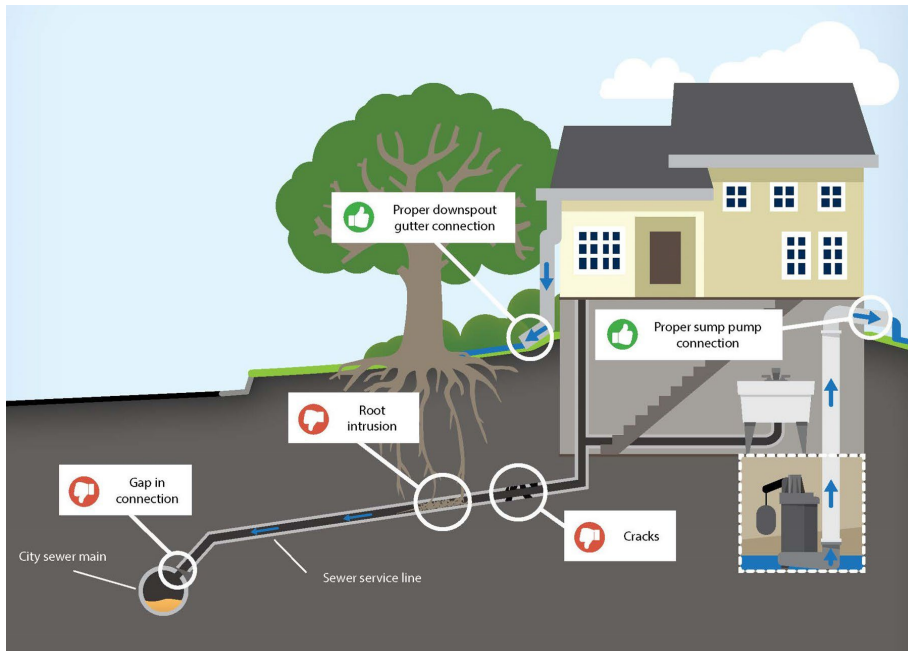


Figure 2: Sources of I/I from private property

Studies do not align on the exact amount of I/I from private property. It is a challenging estimation, with many contributing factors, including topography, stormwater infrastructure, soil type and moisture at the time of the rainfall, and intensity of precipitation events. The Environmental Protection Agency cites a study from 1972 by Field and Struzeski that proposes that *“inflow from roof leaders, sumps, yard and area drains, foundation drains, cooling water discharges, manhole covers, cross connections from storm sewers and combined sewers, catchbasins, surface runoff, street washwater, and drainage... can contribute as much as 70 to 80% of the I/I load”* (EPA, 2008). Note this number includes more than only private property sources. The Water Environment Research Federation performed a study of 58 US water agencies and 3 foreign water agencies. Of the reporting agencies, the average I/I from the private side ranged from 7% to 80% (WERF, 2006).

The Met Council estimates that each private connection that contributes I/I increases the peak hour flow by 6 gallons per minute (Metropolitan Council, 2005). I/I is not measured or metered from the private property from which it comes. The expense of conveyance and treatment is shared among all rate paying customers, not only the customer at the source. Increases in flow over time can be costly and could eventually necessitate the construction of additional treatment plant equipment as well as lead to a higher frequency of spills during extreme wet weather events. Continued efforts are still needed to remove I/I from the system to maintain system hydraulic capacity to allow for the planned growth of the region.

In 2016, Brown and Caldwell, in partnership with Met Council, performed a Meter Review and Analysis for I/I mitigation documentation (Brown and Caldwell, 2016). The study used measured rainfall and wastewater flows in a model to determine the amount of flow reduction attributable to I/I mitigation efforts. The analysis was performed for four communities with varied I/I mitigation programs and types of mitigation activities.

Table 1: 2016 Meter Review and Analysis Summary

I/I Activities		Base Flow Reductions	Peak Flow Reductions	I/I Flow Reductions
Shoreview	Extensive public I/I mitigation	24%	17%	11%
Minneapolis	Extensive public and private I/I mitigation	11%	69%	75%
Golden Valley	Public and private I/I mitigation	5%	24%	28%
Burnsville	Baseline – no I/I mitigation	6%	4%	0%

The reductions in Table 1 are the percent reductions from the pre-rehabilitation (2004 to 2007) and post-rehabilitation (2013 to 2015) flows for the study areas. The results show greater I/I flow reduction for communities addressing private I/I mitigation in addition to public mitigation. This study continues to support the need for a focused effort on private sources.

Another effort supported by the Met Council that may illustrate the impact of private I/I mitigation on flow rates is the I/I study in Saint Paul. The City of Saint Paul was awarded a grant from the Met Council to better understand the effects of service lateral repair on I/I flow. The study focuses on the West Side Flats area in Saint Paul and will measure flow pre-and post- service lateral rehabilitation. Work is ongoing with much interest from the Met Council. More information can be found on Met Council’s website: <https://metro council.org/News-Events/Wastewater-Water/Newsletters/I-I-project-effectiveness-grant-2019.aspx>.

Climate Action Work Plan

In December 2022, the Met Council approved the Climate Action Work Plan, which details Met Council efforts designed to respond to the impacts of climate change. This is an internal-facing effort outlining vision and action for the next five years. The Climate Action Work Plan recognizes the impact climate change may have on I/I, both through changing precipitation patterns and a potential increase in more intense rainfall events. While more extreme rainfall events may increase the stress on aging infrastructure, changing precipitation patterns may result in higher volumes of I/I, especially if the groundwater tables rise.

The Climate Action Work Plan proposes to “evaluate the impacts of climate change on inflow and infiltration to the regional wastewater collection system and develop recommendations to respond accordingly” (Metropolitan Council, 2022).

Past Met Council private property grant programs

The Met Council has implemented two private property I/I mitigation programs in the past. Historically, only a small amount of available funding has been put toward private property I/I mitigation. Funding and mitigation have been very intermittent due to the unreliable funding sources which posed challenges to local communities to commit to the work.

Foundation Drain Disconnection and Service Line Repair

This grant program was established in 2008 with unallocated funding from the Metropolitan Environmental Partnership and the Twin City Water Quality Initiative. Total grant funding was \$800,000. Eligible work that received grant funding included foundation drain disconnections and service line repairs. Four municipalities participated in the program.

This grant program reimbursed applicants 50% of costs up to \$1,000 for foundation drain work and 50% of costs up to \$2,000 for service line work.

Private Property Grant Program

The second grant program, executed from 2013 to 2014, was funded by the Clean Water Land & Legacy Amendment. Total grant funding was \$1,000,000. This program focused on repairs or replacements on active, non-municipal sewer infrastructure. Most of the completed work included service line repair and replacement. This program was very popular, with all funds being encumbered within nine months of implementation.

The program reimbursed applicants one third of actual, reasonable and verifiable repairs costs, limited to \$2,000 per project.

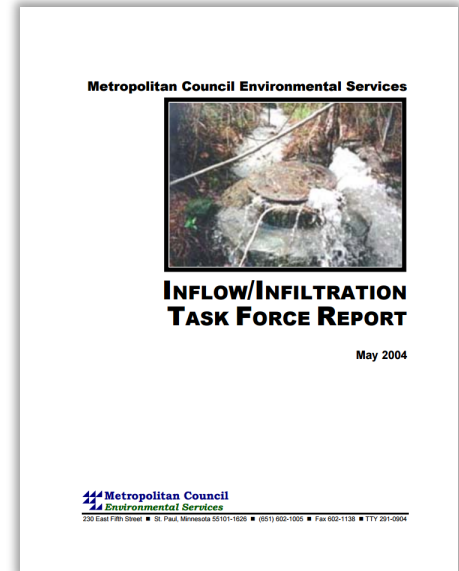
Both programs were very successful and sought after, with funds being allocated in a short amount of time. The following are the lessons learned from these two programs that will be considered in the development of this PPII grant program:

- Encumber funds on application, to ensure availability of funds for future applicants
- Process for grant application and reimbursement should be streamlined and made as easy as possible
- Improve grant announcements to municipalities to increase participation in the program
- Communication in different languages and modes will be essential to communicate the benefits of the program. Communication and application process must be accessible as well.
- One-time funding sources make it challenging to make an impact in private property I/I sources

Task Force 1 – Inflow/Infiltration Task Force

Based on the recommendations of the Interceptor Master Plan, the first I/I Task Force of community public works directors, city engineers, city managers, and finance directors met in 2003 and 2004. The 2004 Task Force concluded that:

- The capacity of regional wastewater conveyance and treatment facilities is exceeded during significant rainfalls because of excessive I/I.
- Overloaded wastewater conveyance and treatment facilities result in unacceptable conditions such as private property damage, spills, and sanitary sewer overflows.
- Environmental Services (ES), as the regional wastewater utility and National Pollutant Discharge Elimination System (NPDES) permittee, must take action to reduce the risk of overloading the regional wastewater facilities.
- It is not feasible to enlarge ES facilities to accommodate all of the I/I from tributary communities.
- ES has a fiduciary responsibility to not expend funds to convey and treat clear water from illegal connections associated with private property sources such as sump pumps and rain leaders.
- The ES design allowance (based on the Ten State Standards) for I/I in the interceptor system is reasonable as many local communities meet this standard.



Based on the Task Force conclusions, ES developed an I/I Mitigation Program.

In fall 2005, a significant rain event occurred in the region that resulted in 47 communities exceeding their I/I goal peak flows. Based on the program guidelines, these communities were given the option of working on I/I mitigation activities or paying a surcharge that could be used for I/I mitigation within the surcharged community. With one exception, all local communities chose to perform I/I mitigation work. Council staff worked with the surcharged community, which identified and mitigated the I/I source, allowing funds to be returned to the community upon completion of the work.

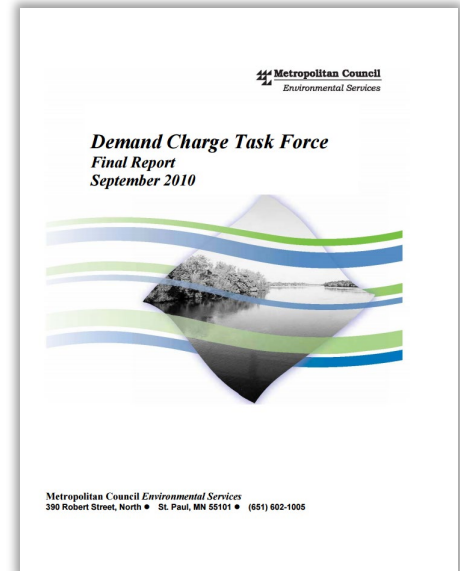
Task Force 2 – Demand Charge Task Force

The Met Council's *2030 Water Resources Management Policy Plan* called for the implementation of a wastewater demand charge in 2013 for communities with excessive I/I. The intent of the demand charge was to help fund the cost of providing storage of excessive I/I to avoid overloading downstream facilities. In 2009, the Met Council appointed a Demand Charge Task Force to develop recommendations for the program, including specific features and a 2013 implementation date. The Task Force sought a balanced approach to foster continued progress for I/I mitigation and recommendations for the next phase of the program, including implementing an ongoing program rather than a demand charge. As a result, ES developed an Ongoing I/I Program, with the following goals:

- Effective in achieving I/I policy goals
- Equitable among served communities
- Defensible using measured flow data
- Fiscally responsible: consistent with cost of service and other policies, accounts for regional economics
- Reasonable, uniform rules and procedures
- Flexible, to deal with uncertainties and change
- Understandable

Based on the Task Force conclusions, ES developed an Ongoing I/I Program.

In spring 2014, much higher than normal rainfall resulted in saturated soils and elevated surface water features. Those factors, combined with the precipitation received in June 2014, resulted in 46 communities exceeding their I/I goal peak flows and subsequently participating in work plans. Communities had four years to complete work plan assignments.

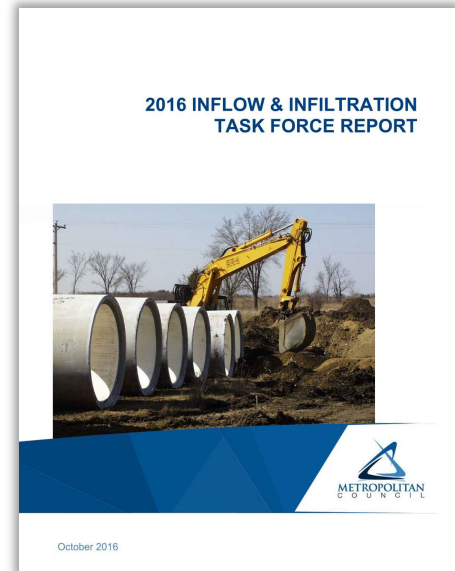


Task Force 3 – Inflow & Infiltration Task Force

The 2016 task force was convened to discuss and identify areas of improvement for the existing Ongoing I/I Program and the potential for future inflow and infiltration mitigation strategies for both public and private infrastructure. The task force reviewed the existing program, mitigation actions undertaken across the region, and system responses to wet weather. They also discussed the challenges, means, and methods to address private I/I.

The Task Force recommended that ES continue to work with local communities to:

1. Maintain the regional planning policy of balancing regional standards with the needs of local communities to tailor programs to individual circumstances.
2. Develop a robust public outreach program for I/I and wastewater system maintenance that would include target audiences such as elected officials, the real estate community, public works professionals, and the public. Topics would include proper maintenance of wastewater collection systems, ownership of sanitary sewer service laterals, and impacts of excessive I/I during wet weather events. Public information toolkits would be developed that could be customized for use by local communities.
3. Pursue consistent funding sources for public and private I/I projects.
 - a. Continue to advocate on behalf of metropolitan communities for State Bond Fund allocation for I/I mitigation in the local collection system.
 - b. Assist Metro Cities in advocating for funds from Clean Water Legacy or other state sources for private property I/I mitigation.
 - c. Consider the provision of financial assistance through regional sources, such as a portion of the wastewater fee, to provide assistance to communities for private property I/I mitigation.
4. Develop a model ordinance for a private property sewer service lateral inspection program in conjunction with the League of Minnesota Cities, Metro Cities, and local communities.
5. Develop best practices for a private property I/I inspection program in conjunction with representatives from local communities and Metro Cities. The best practices toolkit would include inspection standards and training for community personnel using methods such as record keeping and performance standards for repair and rehabilitation of private service laterals.
6. Investigate the ability to develop master contracts held by ES that could be used by communities for private property I/I inspections and service lateral repairs. Communities would have the option of using the inspection service on a fee basis but would be required to schedule the inspection and keep records of the inspection results.
7. Provide technical assistance to communities on sub-metered flow metering to better quantify the impact of private property I/I mitigation. Design and implement a private property I/I mitigation demonstration project that would provide additional opportunity for measurement of impact on wastewater base and peak flows. These results will help in identifying strategies for private property I/I mitigation and public outreach.
8. Review the exceedance peak hour factors used to develop I/I goals currently in place at the time that the *2050 Water Resources Policy Plan* is prepared.



2023 PPII Task Force Discussion

Private property I/I grant program

The task force was assembled in early 2023 and met four times to provide guidance and input on what a private property I/I grant program should entail. Discussions centered on the topics below.

Challenges and concerns

The task force discussed some challenges and concerns with implementing a private property grant program and discussed solutions or ways to remove some challenges.

- Ease of application process for applicants – It can be time consuming to apply for grants. Challenges could be the number of documents needed to provide or fill out, language of the application, lack of plain language on the application, and time to fill out the application in the timeline of the grant. Task force members noted that first-come, first-served grant programs are difficult for certain populations to take advantage of for many reasons, including those listed above.
- Staff time for processing applications – The task force noted that not all communities in the region have staff available to review and process grant applications. They suggested the required documents and process be as streamlined and simple as possible, to allow those smaller communities with fewer resources to still participate.
- Incentivizing program use – Sewer lateral repair costs have been increasing. An average lateral repair can cost \$8,000 or more, a large sum of money. It could be challenging to convince a resident to undertake a lateral repair if they have not experienced a clogged lateral or back up. It will be important to emphasize the environmental benefits of a repair, the future cost savings of not expanding a wastewater treatment plant, and the benefit of reducing the likelihood of sewer backups into the residence.

Eligible work

The task force discussed various activities for private property I/I mitigation that could be eligible for grant reimbursement. It was noted that foundation drain rehabilitation is very effective at reducing I/I and costs less than service lateral replacement. Many communities across the metro have already established I/I mitigation programs and began with foundation drain disconnections. These programs are also useful in identifying areas of high I/I in the community.

Funding source

When the statute was changed, ES Finance committed to assign funding from the PAYGO fund for this grant program. The PAYGO consists of funds from user fees and is used to fund capital expenses in lieu of debt-created funding sources, such as General Obligation bonds or Public Facilities Authority loans. The use of PAYGO funds for private property I/I mitigation grants is considered consistent with the statute's intent, because eliminating the capacity robbing effects of I/I helps defer the need for system capacity improvements or construction of system flow storage facilities.

The first year of the program is estimated to have \$1 million in funding, from the PAYGO fund. Assuming an average repair cost of \$8,000, a total of 125 service lines could be repaired, at full grant reimbursement. If half of the 111 communities and townships served by ES apply for the grant program, each municipality that applied would receive enough grant funding for approximately two service line repairs, at the full grant amount. If the program continues to be desired and successful, it would be advantageous to find ways to increase the grant funding amount to have a greater impact on I/I mitigation.

Tax impacts

In past grant programs, the grant funds were considered taxable income to the resident. The task force wanted to avoid any negative impact this may have on a resident's personal finances, such as creating additional taxable income that may render an applicant ineligible for other need-based assistance. One way to administer the grants without tax impact to the resident is for the municipality to directly pay the bill for the work. If an individual grant does not fully cover the cost of the work, municipalities can set up an assessment on the home for the remaining amount owed.

Equity

Thrive MSP 2040 is the Met Council's vision for the region through the year 2040. It reflects concerns, needs, and aspirations for the region and addresses our responsibility to future generations. Thrive MSP 2040 has five outcomes that reinforce and support each other to produce greater benefits for the region. Those outcomes are Stewardship, Prosperity, Equity, Livability, and Sustainability.

To further support the goals in Thrive MSP 2040, there was a specific ask for the task force to include a component of equity in the program. Thrive MSP 2040 provides the following definition of equity: "Equity connects all residents to opportunity and creates viable housing, transportation, and recreation options for people of all races, ethnicities, incomes, and abilities so that all communities share the opportunities and challenges of growth and change. For our region to reach its full economic potential, all of our residents must be able to access opportunity. Our region is stronger when all people live in communities that provide them access to opportunities for success, prosperity and quality of life." (Metropolitan Council, 2014).

A representative from the Met Council's Workforce and Equity department participated in task force meetings to provide expertise in this area. The task force discussed many different options for an equity metric for the program, including housing cost burden, age of housing stock, income, marginalized and vulnerable populations, and promoting Disadvantaged Business Enterprise (DBE) contractors. Task force members also shared information about programs in their communities that promote and encourage equity. These examples helped facilitate a discussion on the feasibility of including an equity component in this program.

During the task force meetings, a bill was proposed in the Minnesota Legislature pertaining to the public inflow and infiltration grant program. This bill suggested that higher grant amounts be given to cities for work in specific areas of the city that meet at least three of the "Affordability Criteria" listed in the bill. That criterion is:

"Affordability criteria" means an inflow and infiltration project service area that is located, in whole or in part, in a census tract where at least three of the following apply as determined using the most recently published data from the United States Census Bureau or United States Centers for Disease Control and Prevention:

1. 20 percent or more of the residents have income below the federal poverty thresholds;
2. the tract has a United States Centers for Disease Control and Prevention Social Vulnerability Index greater than 0.80;
3. the upper limit of the lowest quintile of household income is less than the state upper limit of the lowest quintile;
4. the housing vacancy rate is greater than the state average; or
5. the percent of the population receiving Supplemental Nutrition Assistance Program (SNAP) benefits is greater than the state average (Minn H.F. 1514 (Proposed)).

The task force agreed that for this program, these criteria are complicated and would be a challenge to verify, especially for smaller communities that may not have staff capacity to review the criteria. It was suggested that each municipality implement equity in their own way. Task force members shared that each community is in the best position, given local knowledge, of where residents are in need of extra financial support, as well as where areas of higher or potential I/I are.

The task force also expressed a desire to continue this program every year, with funds from the PAYGO account. With stable and reliable funding, the region can continue to support residents with financial assistance and reduce system capacity taken by I/I. Consistent funding also allows the program to grow and reach a broader audience. The task force also volunteered to continue supporting this program and provide feedback on any modifications needed to create something beneficial and impactful to the region.

Communication and outreach

The task force discussed the challenges with incentivizing residents to participate in this program. Many residents do not know the condition of their sewer lateral and would not see a need to fix something that doesn't cause them any issues. It was also noted by the task force that it is much cheaper to clean roots out of a pipe, even if it must be done every few years, rather than line or replace the lateral. Many residents also may not understand the impact of I/I on the regional wastewater system and why the Met Council and municipalities are working hard to remove it.

Task force members requested assistance from Met Council to create informational flyers, social media content, and other presentation material as requested to share this grant program and the importance of this work with residents. Met Council committed to helping create these communication materials.

Another action to incentivize this work was shared by a task force member. In that community, residents that repair their sewer lateral get a reduced sewer bill. This could be implemented by other communities looking for ways to increase participation.

Peak hour factor and I/I goal calculation

Another recommendation from the 2016 I/I task force was to review the peak hour factors used in sewer design and I/I exceedance calculations in preparation of the *2050 Water Resources Policy Plan*. The 2016 task force modified the existing peak hour factors to account for the lower regional average flow per capita by adjusting the design flow variation factors upward (divided by 0.85), to reflect available capacity for I/I.

The question was raised to the 2023 task force of whether to keep or modify the adjusted peak hour factors. The task force had no issues with the adjusted peak hour factors and agreed to maintain as is. The maintained peak hour factors are included in Appendix A, Table A-2, of the *2040 Water Resources Policy Plan*.

Task Force Recommendations

The task force supported and recommended the following guidelines for a private property I/I grant program:

Participation: Any municipality that has exceeded their I/I goal or come within 20% of their I/I goal may participate. A pre-application will be required, and municipalities must apply each year for funding.

Grant Amount: The grant amount for each community will vary year to year, depending on how much is available in the PAYGO account and how many municipalities apply. Funding will be distributed in a similar fashion to the Municipal I/I Grant Program fund distribution. This method allows communities to

know how much grant funding they will receive that year and will help them with communication and outreach efforts. The distribution method is described below, with more detail provided in the program documents:

After all applications with requested grant amounts are received, Met Council will review eligibility of proposed grant request amounts and determine a Preliminary Minimum Allocation (PMA) of grant funds based on number of participating municipalities. The remaining grant funding will be distributed to participating applicants proportional to their grant request or housing stock. Participating municipalities will be informed of their total grant amount before the start of the program year.

The Met Council recommends the following for eligible work for grant reimbursement:

1. Private lateral repair and/or replacement
2. Foundation drain disconnections and new sump pump, if associated with the foundation drain disconnect
3. Lateral televising and cleaning costs if:
 - a. Applicant meets the equity need of the participating municipality or
 - b. Televising and cleaning result in repair or replacement of sewer lateral

Grant reimbursement will be 50% of eligible costs, up to \$5,000, for applicants not meeting any equity criteria set by the participating municipalities. This increase in funding amount, from previous program caps, considers the increase in prices for repairs. It was also recommended to increase the cap reimbursement amount for applicants meeting their municipalities' equity criteria. After reviewing average repair costs from 2020 to 2023 provided by the task force members, the cap was recommended to be two times the non-equity applicant grant amount, setting a \$10,000 cap.

Municipalities are not required to follow the recommendations from the Met Council in choosing how to distribute their grant funding. Municipalities may distribute funds differently if the funds are specifically used for private property efforts. Many on the task force supported the flexibility to use money to repair sewer laterals in conjunction with pavement projects. This may result in lower costs due to efficient mobilization and better prices with contractors. It also prevents needing to return to an area to fix a sewer lateral when it could have been fixed with the road project. In these scenarios, it was noted that the grant money would only be spent on private property repairs. Municipalities using funds with street projects will need to submit documentation to show that the grant funds were used as intended.

Another example of a repair that could use grants funds, if the municipalities have flexibility, are sump pump disconnections. This was not included in previous programs because sump pump connections are already illegal, per the state plumbing code. Sump pumps are still a major source of I/I, and addressing the problem could be a cost-effective way of reducing I/I. There has never been a region-wide requirement that homes be inspected for sump pumps, so whether municipalities have done so depended on the priorities of their local elected officials. It can be left up to the applying municipalities whether to provide grant reimbursement for sump pump disconnection work.

Equity: The task force recommended that each participating municipality have the flexibility to determine how to implement equity in their grant distribution. This gives the ability to provide full grants for those meeting the municipality's equity standards/goals. The task force shared that each municipality knows what areas in their communities could use extra financial assistance for this type of work.

The task force shared many instances of how they could implement equity considerations, if given the flexibility. They shared examples of elderly residents unable to sell their home because of an expensive sewer lateral repair. This would be an example where the city would have provided a full grant for the repair cost.

The task force also recognized that not having the resident directly accept the grant monies, which would increase their taxable income, opens the program up for widespread participation. Residents can apply without impact on their taxes or other programs they may be enrolled in.

Another example of a benefit of flexibility was the use of funds to repair laterals during street reconstruction projects. The grant funds could be used to repair all the sewer laterals in the project area, offsetting any potential assessment on the resident as well as improve the efficiency of grant money use. In the long run, the more I/I removed from a municipality's system results in lower wastewater charges for the municipality and residents.

This also allows municipalities to target areas that are known for I/I or have the potential for high I/I, no matter the resident equity eligibility or needs. This can support the municipality's I/I work plan as the municipality may know where the I/I is coming from or the areas that have certain characteristics that may lead to I/I, like clay service laterals.

Equity Advisory Committee

In May 2023, this program was presented to the Metropolitan Council Equity Advisory Committee (EAC). The EAC advises the Met Council in its work to advance equity in the metropolitan region, with a goal to create more equitable outcomes for the people who live and work in the region.

The EAC was consulted regarding equity in the program. One suggestion from the committee was for this program to provide Met Council's list of underutilized businesses (MCUB) that would be able to perform this work so that a resident or applicant municipality may choose to support an MCUB business. The EAC also suggested including rental properties in the grant eligibility.

Pilot program

The task force and Met Council staff acknowledge that this is the first year of implementation and modifications to the program and application process may need to be changed for future years. The task force membership was supportive of continuing to participate and advise the Met Council and help decide what, if any, modifications should be made for future years.

Other items that came up in discussion that may be revisited as the program progresses are whether to allow grant reimbursement to other property owners, including landlords and commercial properties. Any repair of a sanitary sewer lateral provides a benefit to the regional system and maintains capacity for future growth. This first year, due to limited funds and the uncertainty of municipality participation, it was decided to focus eligibility on homeowners. The task force did discuss rental properties, and a component that was discussed by the task force and will need further discussion is how municipalities can verify that any cost to repair a rental sewer lateral does not get passed on to the renters, as that is counteractive to the goal of equitable fund distribution.

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Minn H.F. 1514 (Proposed). *Metropolitan Cities Inflow and Infiltration Grants*. (2023). Posted 03/09/2023. https://www.revisor.mn.gov/bills/text.php?number=HF1514&version=latest&session=92&session_number=0&session_year=2023.

Water Environment Research Federation. *Methods for Cost-Effective Rehabilitation of Private Lateral Sewers*. (2006). <https://mwr d.org/sites/default/files/documents/Cost-Effective-Rehabilitation-of-Private-Lateral-Sewers.pdf>.

Resources

2016 Inflow and Infiltration Task Force Report

<https://metro council.org/Wastewater-Water/Publications-And-Resources/WASTEWATER/Inflow-Infiltration/Inflow-Infiltration-Task-Force-Report,-2016.aspx>

Demand Charge Task Force Report

Upon Request

Inflow/Infiltration Task Force Report

Upon Request

I/I Toolbox

<https://metro council.org/Wastewater-Water/Planning/Wastewater/Inflow-and-Infiltration.aspx>

2040 Water Resources Policy Plan

<https://metro council.org/Wastewater-Water/Planning/2040-Water-Resources-Policy-Plan.aspx>

Municipal I/I Grant Program

<https://metro council.org/Wastewater-Water/Funding-Finance/Available-Funding-Grants.aspx>

Appendix

Private Property I/I Task Force Meeting Minutes

Minutes

Private Property I/I Grant Program Task Force



Meeting Date: January 13, 2023

Time: 9:30 AM

Location: Teams - Virtual

Members Present:

Wendy Wulff, Chair
Ron Hedberg, Apple Valley
Scott Anderson, Bloomington
Erik Henriksen, Chanhassen
Jim Hauth, Columbia Heights

Jennifer Levitt, Cottage Grove
Chad Millner, Edina
Heather Butkowski, Lauderdale
Angie Craft, Minneapolis
Eric Hoversten, Mound

Matt Yokiell, Newport
Shelly Rueckert, St. Anthony
Eldon Rameaux, West St. Paul
Dale Reed, White Bear Twp
Patty Nauman, Metro Cities

Members Absent:

Russ Matthys, Eagan

RJ Kakach, Golden Valley

Bruce Elder, St. Paul

Metropolitan Council Staff Present:

Emily Steinweg (facilitator)
Kyle Colvin
Anna Bessel

Ned Smith
Dan Schueller
Andrea Kaufman

Angela Mazur
Jana Larson

Other Attendees:

Kelly Moriarity, Minneapolis

Welcome and Introductions

Wendy Wulff (task force chair) welcomed the task force and began the meeting. Emily Steinweg (MCES) recorded the meeting and gave a welcome on behalf of Kyle Colvin (MCES), who was having some technical difficulties.

Patty Nauman (Metro Cities) gave a welcome and background on what Metro Cities does and the role played over the years relating to I/I.

Emily Steinweg led the group through introductions.

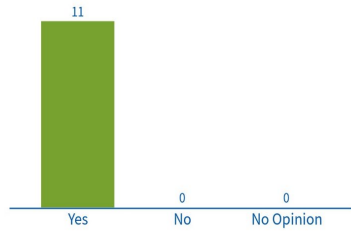
Overview of Inflow and Infiltration Efforts

Emily Steinweg shared a PowerPoint presentation on the history of the I/I program, the previous private property grant programs supported by the Met Council and explained the need for a concerted effort to mitigate private property I/I (PPII). She shared the recommendations from the previous I/I Task Forces and explained the statute change that allows for Met Council to establish a PPII grant program.

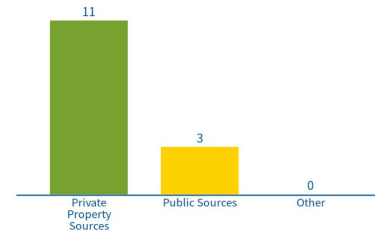
Consensus Discussion

Chair Wulff led the group through a consensus discussion. The task force needed to determine whether a PPII program should be pursued. The following questions and comments were presented to the task force through Mentimeter:

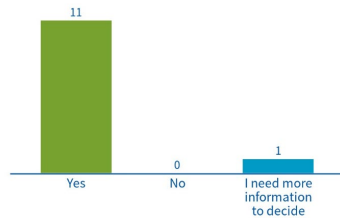
In your opinion, is there still an issue with excess I/I in the Twin Cities wastewater collection system?



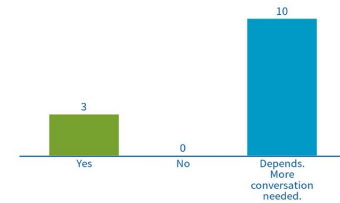
If you agree there is excess I/I in the system, what source is the major contributor?



Is there a need for a private property I/I grant program



If yes, should the funding source for the grant program come from the Municipal Waste Charge (MWC) revenue?



Chair Wulff stated that 100% agreement was not needed, only clear support to continue this conversation to establish an PPII grant program. Poll results indicated a strong support to continue developing a PPII grant program.

Heather Butkowski raised the concern that the last grant program was most beneficial to someone who had a sewer issue at the moment of the grant program. She expressed support for doing this program differently, so it is not only convenience for grant fund reimbursement. She stated she had residents asking for grant money for years after the funds ran out. Chair Wulff agreed for the desire for an ongoing program, so that funds are not depleted.

At the end of the four questions, the space was opened for general discussion. Scott Anderson asked what a private property owner’s motivation is to do this work. He stated a big challenge will be getting people to engage, even with full reimbursement. Scott also raised concern on enforcing ordinances in cities (ex: point of sale).

Chair Wulff asked what steps would be needed to get to point of sale across the region.

Eric Hoversten agreed and noted there is also an education component to the work, educating residents that this is or could be a problem for them. And then providing support for why they should fix something that isn’t an issue for them or is cheaper to maintain (ex: clean roots yearly) than pay for a full fix. He noted that now is a good time because we are unsure what will happen in the economy. It might be less expensive to fix now rather than later.

Angie Craft suggested a sliding scale based on need. She also mentioned that the City of Minneapolis has a number of private sewer mains and wondered if those would be included in the program.

Jim Hauth shared that Columbia Heights began a project to televise 200 service lines but no follow up has occurred. He shared that raising utility rates is already a challenge so any request to add cost or work to a community to provide a service will be a tough sell.

Heather Butkowski shared that she has seen higher rehabilitation and repair costs for sewer laterals. Residents of Lauderdale have seen repairs ranging from \$8,000 - \$15,000, using both excavation/PVC repairs and lining repairs. She also shared that new technology exists for lateral repair and there are preferred and non-preferred repair options.

Eldon Rameaux agreed and sees the average cost closer to \$7,800 (in West St. Paul). When West. St. Paul started their I/I program the hardest hurdle was the cost and residents asking why they had to pay repair costs. Eldon told residents this was a shared responsibility, and we all have to work together for a benefit.



Erik Henricksen shared that each city is at a different point in their ability to implement a PPII program. Some cities already have inspection ordinances, some don't.

Break (10 minutes)

Program Design Brainstorming Session

Emily Steinweg led the group through a brainstorming session using Mural, an online collaboration tool. She walked the task force through 4 questions.

1. What, if any, private I/I work are you seeing in your community?
2. What work should be eligible for this private I/I grant program?
3. What work should NOT be eligible for this private property I/I grant program?
4. What other information do you need to help design this program?

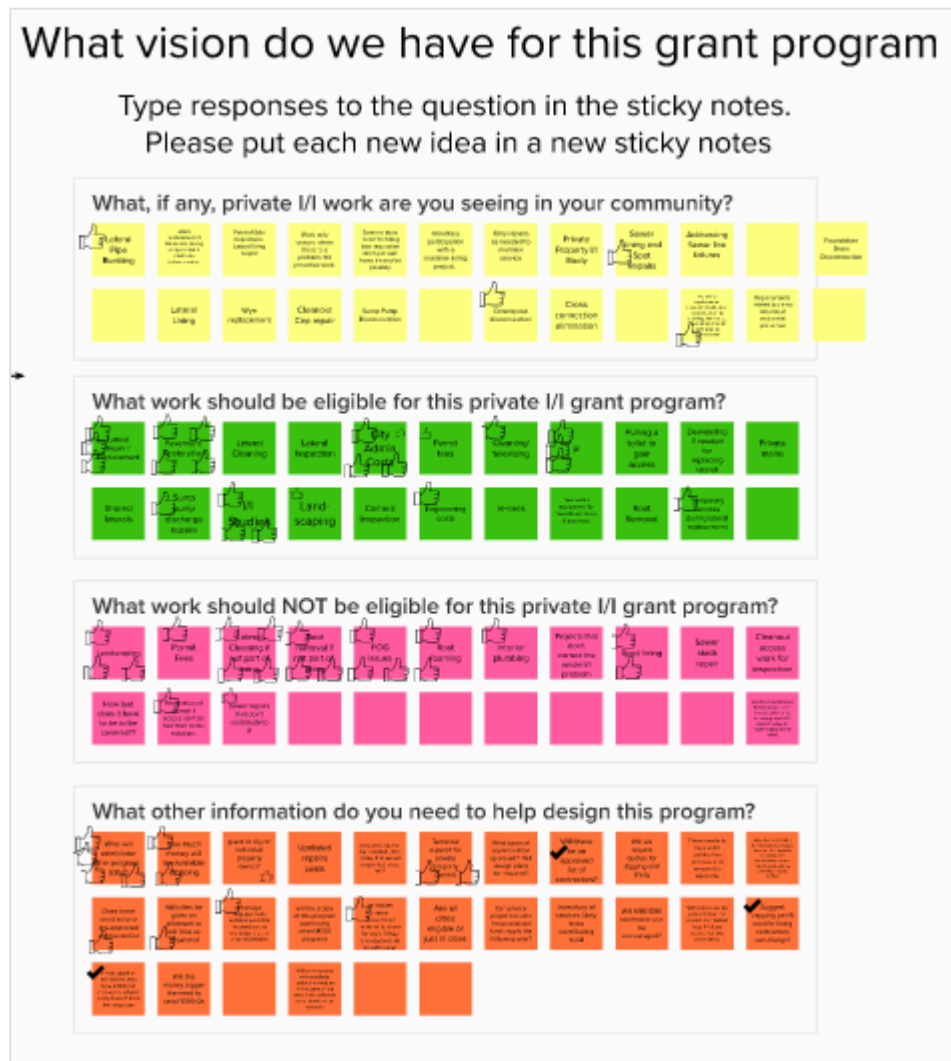


Figure 1: Mural board from PPII grant program meeting.

The 'thumbs up' or check mark icon over the sticky notes mean another task force member liked or agreed with that was in the sticky note.

The text on the sticky notes for each question, with the number of 'thumbs up' or repeated statements, are as follows:



1. What, if any, private I/I work are you seeing in your community?

- Lateral sewer lining and spot repairs (at failure point) - 6
- Voluntary replacement with:
 - o Street reconstruction by allowing them to put the cost on the PID with special assessments - 2
 - o Mainline lining project
- Lateral replacement during scrap/demo-rebuild residential redevelopment - 2
- Lateral pipe bursting - 2
- Downspout disconnection - 2
- Foundation drain disconnection
- Sump pump disconnection
- Cross connection elimination
- Private property I/I study
- Recommendation of pre-sale lateral inspection from realtors
- Cleanout cap repair
- Wye replacement
- Point of sale inspections

2. What work should be eligible for this private I/I grant program?

- Pavement restoration – 4
- City administration costs – 4
- Lateral repair/replacement – 3
- I/I studies – 3
- Cleaning/televising – 3
- Temporary services during lateral replacement – 2
- Sump pump discharge repairs
- Landscaping
- Permit fees
- Shared laterals
- Engineering costs
- Re-lining
- Pulling a toilet to gain access
- New sump equipment for foundation drain disconnect
- Root removal
- Dewatering if needed for replacing lateral
- Private mains

3. What work should NOT be eligible for this private property I/I grant program?

- Lateral cleaning (without lining) – 5
- Root removal (without lining) – 4
- Root foaming – 4
- Landscaping – 4
- FOG issues – 4
- Spot lining – 3
- Permit fees – 2
- Interior plumbing – 2
- Drywall restoration (if removed for access) – 2
- Sewer repairs that don't contribute to I/I – 2
- Projects that don't correct whole I/I problem
- Sewer stack repair

- Cleanout access work for inspection
- Routine maintenance that may have been needed prior to the televising work (shut off valve for water supply to the toilet)

4. What other information do you need to help design this program?

- Who will administer program (the city?) – 5
- Will there be an approved list of contractors? Or pre-approved contractor list? – 4
- How much money will be available ongoing? – 3
- Technical support for private property owners – 3
- Whether the grant is to the city or individual property owners? – 2
- Will cities be given an allotment or will funds be as requested? – 2
- What legal language/code updates would be required on the municipal side to protect liabilities? – 2
- Will MCES create educational material to share for cities if they are responsible to administer? – 2
- Suggest capping the per foot cost that lining contractors can charge – 2
- If municipalities administer, it may take additional resources... what if a city doesn't have the resources? – 2
- Updated repair costs.
- How will requests be prioritized – first come first serve or greatest need, etc?
- What types of repairs will be approved? Will design plans be required?
- Will we require quotes for digging and lining?
- There needs to be a solid justification process and ensure it is equitable.
- How much say will a homeowner/contractor have on the repair to be conducted (homeowner wants new lateral when a short liner would suffice)
- Will the scope of this program restrict any other MCES programs?
- Are all cities eligible or just I/I cities?
- Can private properties who have received funds apply the following year?
- Inventory of services likely to be contributing to I&I?
- Will MBE/DBE contractor use be encouraged?
- Will warranties be provided for the repairs completed (e.g., if failure occurs 1 or two years later)?
- Will this money trigger the need to send 1099-Gs?
- Will communities with residents below the median HH income of the state have different considerations or amounts?

Items brought up in conversation include private sewer main, how much of a lateral in city right of way is owned by a resident, and restoration costs. Scott Anderson raised the point that landscaping and restoration will vary site to site, depending on whether the restoration is in a yard or street, or if a homeowner had unique landscaping or retaining walls.

Jim Hauth suggested that costs covering things in violation of the plumbing code should not be allowed.

Emily Steinweg and Kyle Colvin shared that funds for this round of grant funding will come from the PAYGO account, which is revenue set aside from the municipal waste charge and is associated with funding capital projects. Each year, MCES has on average \$1-1.5 million left over each year in the PAYGO fund.

Chair Wulff also brought up a study that is going on in St. Paul. This project will compare flow rates from a specific neighborhood before and after repair of all deficient sewer laterals. The project has been delayed due to COVID.

Scott Anderson revisited the challenge of getting participation. He asked what the driver for PPII is.



If Met Council does not address PPII, a plant capacity upgrade would be needed and that would increase rates for all. He asked if there could be a fee on homeowners until they inspect their lateral. Scott acknowledged that this idea would not be the best option.

Wendy reiterated the goal to make this an ongoing program. Progress may be slow, but each fix lowers a community's bill.

A question was raised whether the Met Council could reimburse residents directly, and therefore remove some additional costs or inefficiencies. Chair Wulff shared that she can't think of any Met Council grant programs that are not pass through grants.

Erik Henricksen then suggested that cities are better setup to tackle I/I with data: set up sub-metersheds, meter the flow, and identify areas to target for PPII mitigation. He asked if identification of I/I hotspots or an established I/I program should be a prerequisite for communities to receive grant funds.

Kyle Colvin shared some data the Met Council has, collected through the Comprehensive Plans, that could help target I/I. The Comprehensive Plans had specific questions to estimate excess I/I, the percentage of housing stock built prior to 1970, geology, pipe material, and how much work the community has undertaken with I/I. Note that is data for the public system. Housing age is the closest proxy for lateral pipe material. The task force echoed the importance of targeting I/I, either through a community having a program or using data to dial in to hotspots. Some data when collected was deemed sensitive and was stripped from the dataset.

Kyle Colvin raised another question the task force will have to decide. There are 81 communities in the metro area that have excessive I/I or come within 20% of their I/I goals. Should only those communities be eligible for grants? Two task force members shared their preference to target communities that already have excessive I/I or come within 20% of their I/I goals. The other communities may not have I/I issues because they are newer construction, new pipe material, therefore less I/I overall. The communities that have I/I work plans already have costs added to them, so the grant program could be an added benefit/assistance to them. It is possible that communities without work plans contribute excessive amounts of I/I, they just aren't metered.

Patty Nauman shared that on the bonding side of I/I and Metro Cities, Metro Cities has focused efforts for bonding bills for those communities with excessive I/I or within 20% of I/I goals. If cities with excessive I/I continue to do work to address it, all communities benefit.

Wrap-Up and Next Steps

At the end of the meeting, another Mentimeter question was shared: **Anything you'd like more information on for the next meeting? Any specific topics you'd like to address? Any last comments?**

Responses:

- Define who is eligible.
- Outline how equity plays into program.
- Eventually... when and how we'll engage community engagement/relations folks in the municipalities that have them and communities groups/nonprofits elsewhere
- How will recipients be selected? Works issue? Greatest need? First come? Will cities with a greater percentage of flow receive a greater percentage of grant funding?
- If we had answers to some of the questions posed in the mural exercise (orange stickys)
- For communities that have a well established I&I program, at what point should the program end?
- Discuss allotment vs. first come first serve to allow cities the ability to develop and scale their program to what they have available.
- How we can prioritize equity in the eligibility, outreach efforts, and weighting/scoring of applications



- Incentivize cities to take on the televising of private lines if that is of interest to them. As Kyle said, that could be done through the city-side grants. Share that option to cities. Then we could steer those with poor lines to the private program
- Ensure cities are supported with education, technical support, draft program ideas, keep program requirements simple in order to not be a heavy administration burden.
- Are there higher priority areas for MCES – interceptors that are near or over capacity? Would these be higher priority areas?
- What key talking points are needed as we roll this out – what decisions do we anticipate needing to defend or further explain to municipalities not on this committee and property owners who may not be eligible.
- What about the property owners we didn't fund last time – would we reach back out proactively to let them know when the application opens that they may be eligible?
- Kyle touched on an interesting defining concept... using known soils, asset conditions, past performance, etc. to create risk "heat map" for the service area to guide investments.
- More information on an estimate of private lateral contribution and an estimate or other surrogate for identifying hot spots. Equity analysis/impact on disadvantaged communities. Estimated impact from program implementation – estimated vol reduction.
- Will timing be considered? Many cities may require city council approval prior to accepting funding.
- To help identify in which areas to focus, should one of the initial efforts be to complete "sub metershed" metering in areas of the MCES system that are having capacity problems.
- Say grants are \$2000 per household, which would fund about 600 homeowners, would we do first come first served, or allocate so much to qualified cities?
- Since the majority of communities do not have a point of sale requirement at this time would that put the communities who do at an advantage for a larger share of the grant \$\$\$?

Adjournment

Chair Wendy Wulff adjourned the meeting at 11:30 am



Meeting Facilitator and Contact:

Emily Steinweg, Principal Engineer
Emily.Steinweg@metc.state.mn.us

Minutes

Private Property I/I Grant Program Task Force



Meeting Date: February 9, 2023 **Time:** 9:30 AM **Location:** 145 University Ave. W., Saint Paul, MN 55103

Members Present:

Wendy Wulff, Chair
Ron Hedberg, Apple Valley
Scott Anderson, Bloomington
Erik Henriksen, Chanhassen

Russ Matthys, Eagan
Chad Millner, Edina
Heather Butkowski, Lauderdale
Angie Craft, Minneapolis

Eric Hoversten, Mound
Shelly Rueckert, St. Anthony
Dale Reed, White Bear Twp
Patty Nauman, Metro Cities

Members Absent:

Jim Hauth, Columbia Heights
Jennifer Levitt, Cottage Grove

RJ Kakach, Golden Valley
Matt Yokiel, Newport

Bruce Elder, Saint Paul
Eldon Rameaux, West St. Paul

Metropolitan Council Staff Present:

Emily Steinweg (facilitator)
Kyle Colvin

Ned Smith
Andrea Kaufman

Angela Mazur
Jana Larson

Welcome and Introductions

Wendy Wulff (task force chair) welcomed the task force and began the meeting. After brief introductions, members were asked if anyone had comments or revisions to the meeting notes; there were no comments.

Emily Steinweg noted a change to the agenda order, with the eligibility discussion moved before the break to accommodate some attendees' scheduling needs.

Overview of Inflow and Infiltration Efforts

Emily Steinweg shared a PowerPoint presentation reviewing the I/I program goals, the need for private property I/I (PPII) funding, and a recap of the results of the Mural exercise and Mentimeter questions from Meeting #1. The group did not have any additional comments on these when asked.

Kyle Colvin reminded the group that the recent statute change allows Metropolitan Council Environmental Services to use Municipal Wastewater Charge (MWC) funds for PPII and explained that the intent was to use funds from "PAYGO", a capital program funding source.

PAYGO is revenue set aside for small projects and system studies for which it doesn't make sense to take on long-term debt. Historically there is approximately \$1M to \$1.5M in leftover funds in the PAYGO account. At the end of each year, the balance is applied to specific projects to offset debt that would otherwise be incurred. There should be adequate capacity in the PAYGO program to fund a grant program in that range, as Council staff explained during committee hearings last year when asked about the impact of a PPII program on rates.

Ned Smith added that Finance staff are comfortable with this because the purpose of PAYGO funds is to reduce the amount of debt that would otherwise be incurred from using GO Bonds.

Reduction of I/I from the system maintains hydraulic capacity and reduces the need for future capital investments. Therefore, the use of PAYGO for PPII is an appropriate use of those funds.

Group members commented on the Mentimeter question from meeting 1, which asked “In your opinion, is there still an issue with excess I/I in the Twin Cities wastewater collection system?”, pointing out that the existence of excess I/I is a matter of fact, not opinion, and requesting that this statement either be quantified or rephrased to reflect the group’s knowledge of the I/I problem, particularly for outreach and public communications.

Chair Wulff mentioned that the current Saint Paul study could offer one source for solid numbers, but Kyle Colvin added that due to COVID-19-related delays, that information may not be available until late 2024 or early 2025. Council metering data used by cities that had already done PPII work, such as Chanhassen and Eagan, was also mentioned as a possible data source.

Further details were offered on what was learned from PPII work that had already taken place in some cities: in Eagan, most of the work needed was related to sump pumps, and Russ Matthys suggested that this could be a good starting point for work done elsewhere, while also acknowledging that that systems differ in other cities like Minneapolis. Chair Wulff noted that this depends upon when a community was built and what soil types it has.

The issue of tax liability for grant funds received was discussed. This topic arose in recent years related to lead line replacements which received federal funding. Grants or forgiven loans are recognized as additional income for tax purposes, which a member noted could significantly impact the equity discussion for a program. Angie Craft said that Minneapolis offers up to 20-year assessments for needed repairs, which spreads the cost out over time, but involves a fee and low interest. Edina also uses assessments spread out over time for affordability; residents must sign a waiver and get two estimates for the work, which are reviewed and approved by the city, which pays the contractor.

Eligibility Discussion

Emily Steinweg led the group through a discussion on work items that should and should not be eligible for funding, and what the priority level should be for eligible types of work.

Examples were given from past PPII grant programs:

For the 2008 PPII grant program, eligible work included foundation drains, non-municipal service lines, and service line repairs, rehabilitation, or replacement. Reimbursement was 50% of up to \$2,000 for a service line or \$1,000 for a foundation drain.

For the 2013 PPII grant program, eligible work included non-municipal sewer infrastructure, any rehabilitation or service line replacement, foundation drain disconnections, or city-owned service laterals under “Right of Way” (as long as the full connection to the service line is repaired.) Reimbursement was of repair costs only (performed by a licensed contractor, not by the homeowner), and inspection costs only if the service line inspection resulted in eligible repairs. Reimbursement was up to one third of actual, reasonable, and verifiable eligible repair costs, limited to \$2,000 per site.

Ned Smith inquired whether the group thought sump pump problems were continuing to occur despite their discharge to sanitary sewer being illegal, and the group responded that yes, it is still occurring. This problem is resolved by disconnecting the pump from the sanitary sewer and either connecting it to a storm sewer or discharging out in the yard.

Russ Matthys said that the rate of prohibited reconnections in his community is low; the city inspects about 800-1,200 connections per year out of 21,000 and find 1-2 pumps annually that are no longer in compliance. Eric Hoversten agreed and said that while ongoing attention to this problem is needed, the fix has a good half-life between the low rate of reconnections and the issue not occurring in new construction because of inspections. Russ Matthys noted that there are surcharges for the 1-2 pumps per year that are out of compliance.

The group identified the following work types as high priority:

- Pavement restoration
- Lateral repair/replacement
- Sump pumps when associated with foundation drain disconnections

The following work types were not a priority:

- City administrative costs
 - Members noted that funds spent on this are funds not being spent on repairs, thus counteracting the motivation the program is intended to create.
- New sump pumps
 - Sump pumps that are non-functioning due to general wear and tear or due to negligence of the homeowner are not eligible
- Temporary conveyance during sewer repair
 - The group did not believe this would usually be needed, as repairs typically take a few hours or one day.

The following work types generated further discussion:

- Landscaping
 - If we're including pavement, we should also restore green space.
 - Clarify as "restoration" rather than "landscaping", consider limiting scope of restoration (e.g., only grass)
- Additional repairs where work was previously done
 - It was agreed that if a lateral had a new defect unrelated to a previous repair, the work to fix the new defect would be eligible for reimbursement
 - Could be an insurance issue if first repair was not done correctly
- Requirement of identification of "active or evident" I/I to prevent use of program to upgrade antiquated infrastructure that isn't contributing to I/I (e.g., old clay pipe with no water currently coming in.)
- I/I studies, cleaning/televising, root removal
 - More definition was desired for these related items.
 - Kyle Colvin noted that all these activities are eligible work credits in the current public I/I program; the question here is whether they'd be eligible in the PPII program.
 - Members were concerned that studies should lead to repair work, for the intent of the program to be realized, but there was discussion about there being a need to identify a problem and its extent before it can be repaired – if we don't find the problem, we don't get the shared benefit of reduced I/I. Various suggestions were made to address this:
 - Including an "only if" clause – reimbursement only for cleaning or root removal "required for televising" or if it's part of a repair.
 - Focusing on older construction where these problems are more prevalent.
 - Pay only a portion of televising costs, as is done in the public I/I program.
 - Limiting eligibility for reimbursement of these costs to low-income households.
 - There were differing opinions about what the priority of this work should be, with some members rating it "low" or "no" priority, while others felt it was an important equity consideration, and that having an initial inspection covered makes the program more appealing.
 - The complexity and data privacy implications of making inspections eligible only for low-income households was discussed, and other metrics were suggested, such as



- assessed home value, Census data, and the presence of vulnerable people in the home (such as children, senior citizens, or disabled residents).
- Chair Wulff proposed revisiting the practical side of how this item could be structured at a later time.
 - It was suggested that identifying how these projects would be initiated could be a starting point for this conversation.
- It was noted that while most PPII work done in the area so far took place in point of sale programs, not all cities have these.

The conversation shifted to incentivization. Shelley Rueckert said that her city offers a percent discount on sewer rate for a set number of years after the repair work is done. These savings show on customers' bills and generate word-of-mouth discussion among neighbors. She expressed the need to find some way to show people that there is a benefit – a return on investment – for this work, rather than just emphasizing the environmental benefits. Ned Smith noted that avoiding sewage backups into one's basement is another visible benefit.

While some cities have tried surcharges in the past, this has not always been successful, and in some cases, cities have had to later repay the surcharges as a result of legal litigation.

Break (10 minutes)

Equity Discussion

Andrea Kaufman led the group through an equity discussion, starting with a PowerPoint slide with the Thrive outcomes of Stewardship, Prosperity, Equity, Livability, and Sustainability. The Equity outcome from Thrive MSP 2040 was defined, and discussion questions were introduced.

1. Is your community integrating equity in decision making? If so, how?
2. What are ways equity can be incorporated into this grant program?
3. What equity metrics pertain to this program and program goals?
4. What would successful implementation of equity look like for this program? For the first year? (This question was not specifically addressed in the group's conversation.)

Question 1:

- Edina had an equity task force in 2016 after a contentious sidewalk project and has been looking at equity more since then. That task force developed scoring criteria and a values tool that asks questions about equity, sustainability, public health, and engagement. The city has approached a recent project from the viewpoints of the public, staff, and elected officials. Chad Millner suggested some of those ideas could be used for this project.
- Angie Craft said that Minneapolis incorporates racial and economic equity in many decisions and just refreshed the racial equity framework for project prioritization in transportation. Her department uses an equity lens when looking at flood mitigation projects. She noted that those approaches are more community-based vs. the individual resident approach this program would take, and also emphasized the importance of keeping the program simple for accessibility.

Questions 2 and 3:

- Suggested metrics included city-identified green zones in Minneapolis, areas where smoke testing or other methods have already established there is a PPII problem, household income as percentage of poverty line, households that qualify for EBT, housing cost burden (more information available at <https://stats.metc.state.mn.us/profile/Default.aspx>), and age of housing



- Patty Nauman supported the need for an equity lens to include ranking criteria for grant fund awards for cities across the region – however, the equity ranking should not result in any eligible city being unable to apply and receive funds.
 - Heather Butkowski asked if there were a way to identify each city’s percentage of the problem, and Kyle Colvin said that the Council has the data for each community’s wet weather related peak flow which could be used to identify severity of impact. Heather also suggested that impact could be weighted using population, such as excess flow per capita.
 - Kyle Colvin pointed out that cities’ potential to contribute to excess I/I could change over time as weather patterns change and work is completed, so ranking on the list would likely change year to year.
 - Angie noted that the 30-some cities that have not been identified as having an I/I problem or being near the threshold of an I/I problem are not represented on the task force.

Andrea Kaufman asked what concerns the group might have with regard to using an equity lens, and the need to be able to explain the reasoning behind the equity-based decisions to the public and to elected officials was noted as important.

Russ Matthys pointed out that in a previous infrastructure improvement initiative, equity-based approaches reflected the neighborhoods with the worst infrastructure condition, so the equity-based approach seems to help ensure the highest impact for the investment – though members expressed a desire to have the data to support this observation.

Age of housing overlaid with flow data was mentioned as a potential approach; Kyle Colvin explained that 1970 is a common cutoff date due to improvements in materials and technology and plumbing code changes around that date.

Eric Hoversten noted that a map-based eligibility standard has the potential to create situations where one house may be eligible, but its neighbor would not be – and that the group has to recognize that as a potentially unpopular outcome of using this approach rather than using applications reviewed with equity, performance, and condition scoring.

Emily Steinweg offered examples of programs with rubric scoring where up to 50% of cost of certain work might be eligible for reimbursement for everyone, but meeting certain criteria might increase the potential reimbursement percentage. Group members expressed support for this style of program and noted that it is both simple and resembles past programs presented to city councils.

Chair Wulff noted the need to make the program objective enough to be fair, rather than rewarding talent/experience at writing applications. Chad Millner suggested basing it on data that already exists, such as Census data, with regard to the previously-mentioned equity considerations.

Andrea Kaufman discussed the use of outreach to community organizations and city community engagement staff as a means to make the program more accessible, including potentially including a couple of members with these backgrounds in the task force if there is interest.

Angie Craft asked whether the program would be “first-come, first served” or distributed based on criteria, and added that community groups could be engaged to help residents complete applications. Andrea Kaufman suggested that MCES could assist with this.

Chair Wulff cautioned that past experiences have emphasized the importance of making sure funds are available for work before the work is completed. Patty Nauman agreed and added that it takes time for cities to set up programs, and if they do so, they want to know that funds will still be available at the time they request them - some kind of guarantee for cities that they will receive the funds they are eligible for. She pointed out that statutory authority exists currently but could be taken away in the future. Chair Wulff suggested setting a minimum per-city threshold, after which unused funds could be returned to the pot and redistributed for other cities to request.

Erik Henriksen asked whether the program will dictate how much each city is eligible for based on metrics, or if cities will be required to do outreach to assess how much work is needed. Eric



Hoversten noted that cities will want to know that funds are available before putting in the effort of outreach. Chad Millner asked for information at the next meeting about how many people might need to be contacted based on the distribution of the I/I problem. He suggested that this might help inform how much work to put into criteria and outreach, since some cities might only need to talk to a few people.

Throughout the meeting, community eligibility was discussed. In the public Ongoing I/I Program, only communities that have exceeded their I/I goals or come within 20% of their goal receive a work plan and are eligible for reimbursement through the program. Communities with work plans have measured I/I exceedances. The task force discussed whether all communities in the region should be eligible for this PPII grant money or only communities that have a work plan because that community has measured I/I exceedances. The task force appeared to support the PPII grant funding for communities who already have I/I exceedances and an I/I work plan.

Chair Wulff asked if most cities know how big their service lateral problem is, and members replied that it differs from city to city. Kyle Colvin added that during the comprehensive plan update process, communities were asked to include information to quantify and characterize the amount of I/I within their system from private and public portions of the collection systems. Most communities found it difficult to quantify or characterize the susceptibility of I/I on the private part of the system.

Previous grant programs and surcharges were discussed, including the 2008 grant program, during which funds ran out before work was completed, and the demand charge from the 2004-2005 task force, which allowed cities to pay a surcharge in lieu of doing I/I work. Kyle Colvin noted the surcharge was phased out around 2013 as the Council saw the impact of the I/I work that had been completed, though the option still exists for a demand charge to be implemented in the future.

Wrap-Up and Next Steps

At the end of the meeting, another Mentimeter question was shared: **Anything you'd like more information on for the next meeting? Any specific topics you'd like to address? Any last comments?**

One response was received: "Each city needs to decide where they are with I&I. Only spend money you can get or believe in I&I program as right thing to do. That will guide your communication plan and effort. The investment will pay for itself. I'm happy to share our efforts."

Adjournment

Chair Wendy Wulff adjourned the meeting at 11:34 am.



Meeting Facilitator and Contact:

Emily Steinweg, Principal Engineer
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Minutes

Private Property Inflow/Infiltration (I/I) Grant Program Task Force



Meeting Date: March 7, 2023 **Time:** 1:30 PM **Location:** 145 University Ave. W., Saint Paul, MN 55103

Members Present:

Wendy Wulff, Chair
Patty Nauman, Metro Cities
Scott Anderson, Bloomington
Erik Henricksen, Chanhassen
Jim Hauth, Columbia Heights
Jennifer Levitt, Cottage Grove

Chad Millner, Edina
RJ Kakach, Golden Valley
Heather Butkowski, Lauderdale
Angie Craft, Minneapolis
Eric Hoversten, Mound

Matt Yokiell, Newport
Shelly Rueckert, St. Anthony
Bruce Elder, Saint Paul
Eldon Rameaux, West St. Paul
Dale Reed, White Bear Twp

Members Absent:

Ron Hedberg, Apple Valley

Russ Matthys, Eagan

Metropolitan Council Staff Present:

Emily Steinweg (facilitator)
Kyle Colvin
Ned Smith

Andrea Kaufman
Dan Schueller
Anna Bessel

Jana Larson
Angela Mazur

Welcome and Introductions

Wendy Wulff (task force chair) welcomed the task force and began the meeting. Emily Steinweg asked for comments on the Meeting #2 minutes; there were none. She then recapped last meeting's discussion to ensure there was consensus and to take any additional comments.

Key points were:

- Program would include municipalities eligible for the public program: those that already had an I/I work plan or were within 20% of their I/I goal.
- Eligible work listed as high priority would include private lateral repair/replacement, foundation drain disconnection (including new sump pump costs when associated with a drain disconnection), restoration (including but not limited to turf and pavement), and lateral televising and cleaning costs (when resulting in repair/replacement of the sewer lateral).

In response to a question from Ned Smith, Kyle Colvin clarified that eligibility for the public program includes any community that was eligible in any year since the inception of the program in 2004.

Emily continued the recap by summarizing the equity questions discussed: how communities are currently integrating equity, which ways equity might be incorporated into this program, what metrics to use, and what successful equity implementation would look like for the first year.

Emily mentioned a few additional topics from the meeting #2 minutes:

- Incentivization
- Prioritizing outreach to certain areas
- Pre-allocation of funds to communities vs. "first-come, first-serve" approach

- If pre-allocating, should it be by I/I needs/response?
- What equity metrics should be used for this program, and how should it be implemented?

Patty Nauman added that on the public side with I/I bonding, funding has been pre-allocated, which means any eligible city can apply and be sure of receiving some funding. Chair Wulff clarified that this means a minimum amount per community is set, with any additional funds divided up based on requests. Ned commented that this could be more problematic with a private program, as cities get less work funded than they would like, and homeowners are less likely to accept that situation – if they do work, they will want to know they will receive funds. For the Clean Water Fund money that was previously available for private property work, there was about \$1 million, and because it was first-come, first-serve, most funds went to a small number of cities. This was unpopular, and it would be expected that future programs would allow people across the region to have a chance to receive funds.

Chair Wulff asked those in the group who might apply for such a program if they know the size of the problem regarding sewer laterals needing replacement. Many group members nodded, indicating that they suspected significant problems, especially in older neighborhoods.

Erik Henricksen noted that this ties into incentivization: it's hard to know how to best do that without knowing how much funding is available. Jim Hauth added that it could be dependent on a city council's willingness to require repairs: it's less likely that a resident will choose to pay half the cost of a repair unless they're told they must, but cities requiring repairs could eliminate more I/I.

Ned and Kyle clarified that cities that have done a good job of repairing public I/I would still qualify, in response to an equity concern about whether a robust work plan on the public side might prevent that community's residents from qualifying for the program. Cities that have never had a work plan, like Cottage Grove, would not qualify based on the eligibility discussed. Jennifer Levitt questioned whether that's equitable, when older neighborhoods in that city still have many laterals needing repair or replacement.

Angie Craft added that she expects that uncertainty about funds, such as in a reimbursement-based, first-come, first-serve program, would greatly reduce participation by Minneapolis residents, particularly since many might qualify for the higher percentage of reimbursement based on equity measures. These residents are unlikely to proceed until they have confirmation of funding and might be at a disadvantage if needing language assistance slowed their application submittal.

Kyle said a wait list could be possible with this program, which had not happened with the previous program. He also believed that residents could be provided with confirmation that reimbursement will occur. Matt Yokiell asked whether this would include a repair deadline to avoid long delays between receiving funding and completing the work. Emily and Kyle believed there was a one-year deadline before, and residents needed to submit a quote from a contractor. Jim asked whether that level of administration work for the program is something that the Metropolitan Council is willing to take on, and Emily and Kyle said yes.

Erik Henricksen asked if unused funds would roll over or be returned to the general fund for others to apply for. Ned said that PAYGO funds such as the program would use typically don't roll over, but he could ask the CFO about whether it's possible to set up a reserve for that purpose. Eric Hoversten suggested looking at how MnDOT does capital with MSA funding as an example of program with predictability and consistency on the funding end and flexibility on the user end.

Chair Wulff expressed support for all applying communities receiving at least a minimum amount, with the overage distributed based on need. This could also include communities not on the list doing a street reconstruction where this work could be done, since all cities ultimately pay into the funding source for the program. Shelly Rueckert commented that this aspect of the existing public program has worked well; communities feel they're being treated fairly and are getting a proportional share of the overage. This allows them to do a certain amount of planned work, then choose how much risk to take on while applying for a share of overage funds.

Heather Butkowski pointed out that for the vast majority of homeowners doing private lateral work



at this point, it's an emergency situation rather than a choice. Therefore, this program is likely to be oversubscribed, as similar programs have been. She recommended the task force members consider that emergency repairs alone could consume available funding. Members noted that this varies by city, with West St. Paul estimating 10-12 in the last 7 years, out of 200+ inspections. Minneapolis, on the other hand, had 2,000 repaired in a recent 2-year period.

Emily gave an example calculation of how grant funds might be allocated (Figure 1). If the program had \$1 million divided by 81 communities currently on the public I/I grant eligibility list, and the average award were \$5,000 (approximately 50% of the typical repair cost), each city would be able to give two awards. In 2022, 10 communities had an I/I exceedance or were within 20% of their I/I goals. If the funding were focused on those 10 communities, each could give 20 awards.

		Total Pot	# Grants Distributed per Community		
			Award/Community	Ave. Grant Award \$2,000.00	Ave. Grant Award \$5,000.00
Total Pot		\$1,000,000.00			
All Eligible Communities [^]	81	\$12,345.68	6	2	1
2022 Communities*	10	\$100,000.00	50	20	10
2021 Communities*	9	\$111,111.11	56	22	11
2020 Communities*	24	\$41,666.67	21	8	4
2019 Communities*	47	\$21,276.60	11	4	2
Total Individual Receipts (all communities) [#]			500	200	100
Comparison - 2013 CWF PPII program reimbursed 707 projects, max amount per grant was \$2000					
Notes:					
[^] The number of communities that currently have a work plan					
*Number of communities that exceeded or came within 20% of their I/I goal in that year					
[#] Total number of grants that could be distributed, at varying grant amounts					

Figure 1: Sample calculations for a \$1,000,000 grant program

Erik Henricksen asked how many of the 81 communities applied for the 2020 public grant. MCES staff weren't sure, but Kyle said that the 2008 grant of \$800,000 had four applicants.

Patty said the bonding program has had strong participation, and even though the Council doesn't currently have a demand charge, communities are still required to deal with their I/I. This may be a reason for broader eligibility vs. focusing on communities with exceedances, because solving the problem in as many cities as possible is important. However, group members expressed concern that it will be difficult to get cities excited about a program where they might receive only \$9,000.

Chair Wulff asked if it makes sense to focus on the biggest bang for the buck first. Scott Anderson thought so, particularly earlier in the program. This might mean prioritizing cities with current exceedance problems, then if they don't want the funding, making it available to other cities. Jim agreed and added that the group's mandate is to allocate the money for maximum impact reducing I/I in the metro area, so an even allocation may not be the best option, given limited funds.

Kyle was asked by Chair Wulff if it was known what proportion of the recent exceedances were due to private I/I vs. public I/I. He estimated around 50% to 60%, but noted that it varies by community. Chair Wulff continued that cities on that list are likely motivated to be taken off of it, and Scott added that that could make those cities more aggressive about dealing with the public I/I first, and then figuring out where the rest is coming from. Erik Henricksen asked if that doesn't change the goal of the program. Shelly was concerned that focusing on just the heaviest I/I areas would concentrate the benefits of the savings in only a few communities. Ned pointed out that in the long run, everyone benefits from reducing flow capacity.

Patty asked about the difference between being on the exceedance list for 2022 vs. 2021. Kyle explained that it's a measurement of flow vs. a community's goal and doesn't characterize location of flow source. Eric Hoversten added that it varies based on precipitation across the metro area and the age of construction, and that there is some integration between allocation of these funds and work plan penalty cost. A community can reduce the sewerage rate to all of its residents by



seeking out private properties with an I/I problem and getting them to participate in the program. In response to a question about this being for proven, rather than suspected, cases of I/I, Eric noted that use for unproven cases would be counter to equity goals.

Patty asked how you'd compare the priority of funding for two cities if one had a big exceedance problem in 2021 and the other in 2022. Five-year rolling eligibility or intermittent eligibility with 25 or so cities eligible per year were both mentioned as a possibility, but both would be challenging to administrate. However, the more money that is available in the program, the greater the political sensitivity is to all communities having a chance at funding.

Heather wondered if it might be better to focus the program on more significant sources of I/I such as exterior drains, rather than lining or replacing laterals. Chad Millner suggested that each eligible city should decide what to target. Angie wondered if starting with communities that meet affordability criteria would work, assuming that groups that don't meet those criteria will make repairs anyway, and Chair Wulff noted that they still needed to discuss those criteria.

Bruce Elder asked whether the intent was to exclude properties making repairs unless they could demonstrate significant I/I. Kyle said that was a question the task force is here to figure out. For past grants, the Council relied on local communities' interpretation of televised lines, with the application describing the problem. Bruce noted that video review is subjective due to fluctuations in groundwater throughout the year.

Chair Wulff thought that as long as cracks are found by smoke testing or televising, that could be eligible – just so long as intact pipes weren't being replaced. Chad noted that just repairing a cracked pipe doesn't meet the task force's goal, particularly if each community could do only a couple per year. Jim agreed that pipe assessment doesn't necessarily prove I/I, so we need to be discriminating in how funds are allocated. Erik Henriksen thinks that cities should make that determination, because it's difficult in some areas to know whether a crack will contribute to I/I.

Scott was still concerned about the ease and cost of finding private property I/I problems -- who's televising the lines to look for deposits, and what is the motivation to convince property owners to split the cost of that work with the grant, when they might say that this isn't affecting them? Chad replied that that goes to Angie's point about 100% reimbursement and affordability.

Erik Henriksen suggested that's where a city council's willingness to require repairs comes in – would they say, "It's our ordinance that you can't discharge this water, but luckily there's funding"? Scott noted that it's hard to gear up a program like that when you can only offer two grants.

Based on past programs, Chair Wulff didn't think everyone would sign up. She asked if members generally agreed that cities should decide, and Chad responded that it should require evidence of I/I, and then the cities should have the latitude to decide what that means. There was broad consensus among the group on this point.

Bruce had concerns about having to demonstrate active I/I or a history of I/I because part of this is proactive, to avoid future problems. Service replaced will be affected for 70 years, during which we don't know what will happen with climate. Requiring active I/I for eligibility could lead to situations where one person isn't eligible, but their neighbor is. He also noted that it takes a large amount of resources to make a determination of whether there's an I/I problem. He agreed with the consensus of letting cities decide, but felt that pipes with the potential for I/I should be included. Chair Wulff asked if anyone disagreed, and no one did.

The group took a short break, after which Emily proposed they discuss affordability criteria.

Break (10 minutes)

Emily introduced the draft public I/I bond bill language sent out before the meeting and noted that it mirrors what the group has discussed with regard to using an equity focus to target funding. The task force could choose to use the same or different equity criteria. Chair Wulff pointed out that we don't yet know if the bill will pass.



The draft public I/I bill uses a 50% reimbursement rate, with up to 100% possible for applicants meeting 3 of 5 eligibility criteria. Erik Henricksen asked how this ties into the conversation about how funds will be allocated to cities, and if the Council or individual communities will decide the equity portion. Chad and Eric Hoversten noted that the eligibility map for the public bill doesn't include all the communities, and that the criteria are based on neighborhood rather than individual qualifications. Chair Wulff added that many areas on the map have more renters than homeowners, so using this approach could target funds at landlords rather than residents.

Jim commented that using geographic data for public funding might make sense, but these criteria are very restrictive and may not be the best choice for a private property program targeted at individuals. Members noted that you could get to a finer level of detail by using applications, but cities haven't previously done that level of detail work for I/I programs.

Patty asked if it would be possible to map out eligibility, and Emily said yes. Kyle asked Andrea Kaufman if some of the criteria previously mentioned, such as presence of a vulnerable individual in the home, are public information, and she said that it's not. Some mapping could be done using public information like SNAP usage or reduced-rate lunch usage in schools. Staff were unsure what information the Council is allowed to request and retain related to these applications.

Eric Hoversten asked how cities with robust COVID-19 relief programs for financially distressed households filtered those requests, suggesting that similar methods could be used here. Andrea added that some cities, such as Minneapolis, and counties, are able to accept individual income information, but she wasn't sure what's needed to be able to do that. Angie offered to explore how that works, but noted that it needs to be as simple as possible on the application: perhaps a checkbox asking whether a household receives any of a list of benefits.

Chair Wulff asked if the program should be used for homesteaded homes rather than rental properties, and the group agreed that it should.

The group then discussed how to include residents who might make too much to qualify for benefit programs, but still live in poverty. Possible methods of identifying this population included looking at percent of federal poverty level, if using income, or looking at home values – though it was pointed out that market volatility makes that measure difficult.

Jim brought up a potential problem discussed at the last meeting, when it was clarified that the reimbursement would be taxable and could potentially increase residents' tax liability or even make them ineligible for benefits they had previously received. Andrea said this would need to be a disclaimer in the application. Chair Wulff questioned whether people would be willing to share their personal information with a city, and Andrea acknowledged that that is their choice.

Chad suggested that city staff have a good idea of which areas of their city particularly need this help. He proposed the program could lay out a goal, suggest equity factors to consider, but ultimately let the city decide. This would allow for local knowledge to identify areas where housing price may not be a good indicator of financial need.

Erik Henricksen returned to the tax topic and asked if residents participating in the program would receive a 1099 form from their community. Heather said that her community's financial software would generate one, but recommended each member speak to their finance staff to confirm that's the case for them as well. Erik pointed out again that the consequences of receiving a taxable reimbursement could be significant for some homeowners, and Chair Wulff agreed, offering examples of how other reimbursement programs had affected eligibility for the Earned Income Tax Credit in the past. Angie suggested that using assessments to spread the cost out over time could be an option, though Chair Wulff questioned whether this would reduce the impact or just spread it out over a longer period.

Bruce observed that his staff specialize in public works, and the financial and administrative nuances of a complex program are outside their area of knowledge, since these issues are generally handled by other city departments. He was concerned about the security needed and risks involved in handling private information, and also the possibility that a complex program could discourage cities from pursuing the 100% reimbursement option. Chair Wulff noted that the base



50% reimbursement combined with assessing the work over time could at least offer a less complicated first-year option, particularly for cities with fewer staff.

The possibility of using liens to defer impact until there is income from the sale of a home was also raised, but there was consensus from the group that this issue as a whole would require specific tax expertise to solve, as it has the potential to complicate both administering the program and meeting equity goals. Heather suggested asking the Department of Revenue.

Jennifer asked how this program's reimbursement might compare with programs cities already run to subsidize businesses, particularly given the much smaller dollar amounts involved in individual reimbursements. She expressed concern over the impression that individuals would fare worse than developers, despite receiving less money. Others noted that these programs are structured in a variety of ways that may waive fees rather than giving funds directly, and that forgivable loans used in these programs probably also have a tax impact on the recipient.

Chair Wulff asked how West St. Paul handled it when they received grants for private property I/I work during a 2008 program. Eldon Rameaux explained that he was not with the city at that time, but that the city currently uses a point-of-sale program. The buyer and seller can negotiate with each other, put money in escrow, and pay the contractor, after which the city reimburses at 50%. He wasn't sure about the tax implications because that's outside his area of expertise.

Chair Wulff asked whether a pilot study being conducted in Saint Paul should impact the city's eligibility for the first year of this program. Kyle noted that the money for that study was from a levy. Bruce didn't think eligibility should be impacted because the city chose to partner with the Council on a study to determine feasibility and effectiveness of a PPII program. He added that the study was not yet far enough along to demonstrate that or show a citywide meaningful reduction in I/I, since they were only now entering contracts for lining services. He also pointed out that the study had cost Saint Paul \$750,000. Scott asked how the study was handling the tax issue, but Bruce wasn't sure, and said he'd need to follow up with his legal department. He explained that the city is doing the work in the pilot study, so the situation is different from the proposed program. Angie suggested that having the city pay the contractor could offer an option for the proposed program, if that has worked during the Saint Paul study.

Bruce added that their study has offered perspective on the difficulty of persuading property owners to participate when they don't perceive a problem with their existing service. Even the study, which replaced or lined services from the sewer main to the house at no cost to the property owner, required a significant amount of outreach and follow-up to get participants. He emphasized the importance of not overlooking the difficulty of communicating technical and financial aspects to property owners. Chair Wulff asked whether the neighborhood was primarily comprised of renters or homeowners, and Bruce confirmed it was largely owner-occupied, and that notices went to the owner rather than the occupants in the case of rentals.

Scott returned to the tax question, noting that it could be a significant disinvestment to participation in the program if a homeowner would need to both pay for half the work and have a tax burden for the other half. How could such a program be attractive and successful? The group agreed again that expert opinion is needed on this topic before the next meeting, and that work on a disclaimer should wait until these questions are resolved.

Andrea asked whether city finance staff could help with these questions. Angie committed to connecting with Minneapolis finance and real estate staff and getting back to Andrea; she thought asking about CPED loans could offer some insight. Andrea asked other task force members to ask the relevant staff at their cities, and said staff would do the same at the Council. Shelley Rueckert again suggested involving the Department of Revenue.

Jim expressed concerns that he doesn't have enough information to make well-informed decisions about what equity criteria should be part of the program, and suggested inviting an expert to guide the group through that conversation so they could be sure that the program is fair and equitable, but also that it had the intended impact in focusing funds on the most vulnerable residents.

Erik Henricksen asked if cities would have the ability to implement their own equity criteria above



and beyond that specified by the program. Emily noted that cities have the option of reimbursing additional funds beyond the baseline 50%, using their own criteria, and that that investment could count towards a city's I/I work plan. Erik added that if the whole program used this approach, it would essentially drop equity at the program level unless the city included something in its application that affects prioritization for those funds based on equity criteria. Dale Reed was concerned about the impact of each city determining its own equity criteria. Jim said that he supports including equity if the Council wants to, since that's where the funds are coming from, but Council staff noted that it is ultimately ratepayer money.

Bruce offered thoughts on approaching private property I/I work from another angle, by considering where other road or utility work is already being done and using those opportunities to target private property I/I work in the same area at the same time. The city could document the I/I problem in the area ahead of time, initially focus on the public work, and then propose private I/I work in the same area that would significantly reduce I/I. The equity component could be considered as part of the process, and the public and private work could be completed at the same time, which would be more cost-effective. This approach would minimize the daunting administrative burden of working with individual properties, but would still allow cities to do private-property I/I mitigation work they'd previously not had funding for. It would also offer good data to show the effectiveness of the work in reducing I/I. Chair Wulff liked the idea, and thought that it probably costs less to do a whole neighborhood at once, but wanted communities that have a small number of individual properties with problems to also be able to address those.

The group briefly discussed differences from city to city on where owner responsibility for a sewer lateral begins. Typically the property owner owns it from the house to the connection to the sewer main in the street, but in some cities it may only be from the house to the boulevard. Eldon noted that the plumbing code states that it's the homeowner's responsibility to maintain their sewer line in its entirety. Chair Wulff asked that we seek clarification on the issue.

Chair Wulff asked for final comments from the group. Eldon said he wouldn't be able to attend the next meeting. He added that he envisioned this program being able to help citizens such as an elderly woman in his community who had to sell her modest midcentury house when she moved into assisted living. He would hope that the program would retain the ability to help individuals who needed it, rather than only focusing on work that covers a whole neighborhood.

Wrap-Up and Next Steps

Emily confirmed that she would gather the maps and information requested during the meeting and send them to the group quickly. She reminded the group that the next meeting will be at the same time and same location on April 4. Erik Henriksen asked how the group was tracking progress toward attaining its goals from meeting to meeting, particularly as the focus became more granular. Would they start with the draft language presented and update it?

Kyle gave the example of the Council's I/I program: at its past task force, the group discussed elements and reached consensus on eligibility, after which Council staff developed a draft manual. The manual was sent to the task force members, who could submit comments or meet to discuss it. He envisions this process working similarly. Chair Wulff ensured members that they would have the chance to comment on the final product.

Adjournment

Chair Wendy Wulff adjourned the meeting at 3:31 pm.

Meeting Facilitator and Contact:

Emily Steinweg, Principal Engineer
Emily.Steinweg@metc.state.mn.us



Minutes

Private Property Inflow/Infiltration (I/I) Grant Program Task Force



Meeting Date: April 4, 2023 **Time:** 1:30 PM **Location:** 145 University Ave. W., Saint Paul, MN 55103

Members Present:

Wendy Wulff, Chair
Patty Nauman, Metro Cities
Scott Anderson, Bloomington
Erik Henriksen, Chanhassen

Jim Hauth, Columbia Heights
Chad Millner, Edina
RJ Kakach, Golden Valley
Heather Butkowsky, Lauderdale

Angie Craft, Minneapolis
Matt Yokiel, Newport
Shelly Rueckert, St. Anthony
Dale Reed, White Bear Twp

Members Absent:

Jennifer Levitt, Cottage Grove
Eric Hoversten, Mound

Ron Hedberg, Apple Valley
Russ Matthys, Egan

Bruce Elder, Saint Paul
Eldon Rameaux, West St. Paul

Metropolitan Council Staff Present:

Emily Steinweg (facilitator)
Kyle Colvin

Ned Smith
Dan Schueller

Jana Larson
Angela Mazur

Welcome

Wendy Wulff (task force chair) welcomed the task force and began the meeting. She asked for any comments or revisions to the previous meeting's minutes, and there were none.

Peaking factors

Kyle Colvin gave background from the 2016 I/I task force, which recommended a secondary set of peaking factors to determine the threshold for community peak flow. This considered the decrease in base flow from water conservation and I/I mitigation and gave communities flexibility to use more of the reclaimed capacity. Staff recommended continuing with this adjustment and reevaluating it in the future. There were no objections from the task force to this approach.

Program potential tax impact

Emily Steinweg said staff spoke with grant administrators about tax implications of the program, and the easiest option was determined to be having the city pay the contractors directly for the work. West St. Paul used this approach for its program. In this model, the resident gets bids, the city reviews those bids, and the city pays for the work. The grant is given to the city, which has the option of assessing any remaining balance or using other methods like forgivable loans. Emily noted that this is an administrative effort from the community receiving the grant, and asked whether any task force members had discussed the topic with their finance staff.

Scott Anderson had had preliminary conversations with finance staff and confirmed that the model Emily described has been used before, but could be onerous from a staffing perspective. This included keeping track of the financials, finding applicants, and probably an inspection component. Jim Hauth thought many communities probably had a system for this, since cities may pay for urgent repairs and assess the homeowner, even if that's not their preferred approach.

Dan Schueller wondered whether this would necessitate excluding restoration costs. The group

thought it might not be important because in most cases the maximum grant amount would be reached by other work.

Chair Wulff suggested parking that topic until the group reached the survey agenda item. She then asked if it matters whether the city or resident chose the contractor. Heather Butkowski said her city requires the resident to have an agreement with the contractor in case something goes wrong, even if the city is paying. The contractor knows the city will pay, but the agreement is with the resident. Scott agreed, and noted that if the city chose the contractor, they'd have to go out to bid. Chad Millner agreed and added that his city requires the resident to get at least two estimates.

Angie Craft said that with this approach, the city would need to know ahead of time how much money would be available, and Chair Wulff agreed that they would know that.

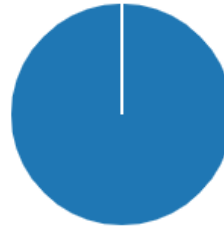
Survey results

Discussion shifted to the results of the survey sent out before the meeting, which are shown below.

1. The task force determined that no municipality staff time will be compensated with grant program funds.

[More Details](#)

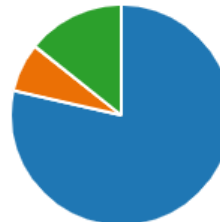
● Agree	14
● Disagree	0
● More information	0



2. Municipalities must fill out a pre-application form to be eligible for grant funding and funding will only go to residents in those pre-approved municipalities.

[More Details](#)

● Agree	11
● Disagree	1
● More information	2



3. Homeowners/homesteaded single family homes and owner-occupied duplex properties are eligible for grant funds.

[More Details](#)

● Agree	14
● Disagree	0
● Needs discussion	0



4. What municipalities should be eligible?

[More Details](#)

- Option 1: Those 81 municipalitie... 7
- Option 2: Any of the 111 munici... 5
- Needs discussion 2



5. Should this program utilize the grant fund distribution method used in the public I/I Grant Program that uses bonding funds? Each municipality that applies is eligible to receive a baseline grant award and if any funding remains, receive an allocation that is proportional to the municipality's requested funding amount.

More information: <https://metro council.org/Wastewater-Water/Funding-Finance/Available-Funding-Grants.aspx>

Note: the "Other" option allows text entry

[More Details](#)

- Yes 8
- No 0
- Other 5



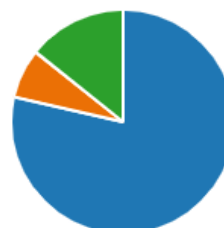
Responses with additional comments:

- No application - allocate funding to ~20 of the 81 communities per year
- Maybe. It would be a small amount but the cities would then be able to focus the money where they saw fit.
- More discussion on this would be helpful
- I like: All cities that have applied to the program by May 1 of each year, are allocated a proportion of that year's grant money (e.g. \$1.5M) based on either flow or number of single family homes.
- For Bonding dollars we have to certify that the location and facility of use are public... This would be exception to that normal part of the public I/I process

6. Awards are only given for lateral repairs for laterals with evidence of I/I, as determined by a community representative.

[More Details](#)

- Agree 11
- Disagree 1
- Needs discussion 2



7. Awards may also be given for pipes with the potential for I/I, as determined by a community representative.

[More Details](#)

● Agree	8
● Disagree	1
● Needs discussion	5



8. "Eligible Repairs" for grant awards include:

- Private lateral repair and/or replacement (private laterals are non-municipal pipes between a building and the municipal pipes under the street);
- Foundation drain disconnections and new sump pump when associated with the disconnection;
- Site restoration (including but not limited to turf and pavement)
- Lateral televising and cleaning costs if:
 - Applicant meets the "Affordability Criteria" defined below; or
 - Televising and cleaning result in the repair or replacement of the sewer lateral

[More Details](#)

● Agree	10
● Disagree	2
● Other	2



Responses with additional comments:

- Are private sewers included in definition of private lateral? If so, I agree with these statements
- Agree except don't think site restoration should be included because this is a separate project which is unnecessary to include since most times the maximum grant will be given without adding this cost. Plus it adds extra admin work and the timing messes things up since it could be done months later. Also it adds a judgement element because someone could add extra landscaping costs. In effect including it doesn't accomplish much except extra work, confusion and delay.



9. Average repair costs have increased. (See image below.)

What should the maximum grant award be? Should it utilize award limits in the public program legislation (HF 1514/SF 1896)?

- o A minimum grant of 50% up to \$5,000

[More Details](#)



Responses with additional comments:

- Should it read "A maximum grant of 50% up to \$5,000?"
- Need to think about this one more
- Would this be better determined by the municipality?

10. What communication information can Met Council assist with? What resources do you need to communicate with your residents?

[More Details](#)

9
Responses

Latest Responses

"Benefits of the program; help sell the "buy-in" from the public to act."

"Fact sheets that we can distribute to potential users"

Responses:

- Providing program details and benefits.
- One pager about program to send out to residents or put on our website
- Produce a pamphlet or sheet explaining the process
- If the money will be allocated to each city to direct as they please, then I think we would be looking for more general information about I/I?
- Language for inclusion in a letter that clearly states the requirements. A city will determine the process through which they will accept applications, but the requirements should be uniform.
- A summarized brochure and a web site for reference would be helpful.
- General promotion materials and a website. Application site or forms.
- Fact sheets that we can distribute to potential users
- Benefits of the program; help sell the "buy-in" from the public to act.



11. Met Council can update the toolbox and resources online. What is missing that would be helpful?

[More Details](#)

4

Responses

Latest Responses

Responses:

- This may seem simple or may already be somewhere else on your website but defining 'clear water'
- I think it looks pretty good. I like the videos.

12. Would you interested in continuing to serve in an advisory role for the private property I/I grant program? We anticipate unique cases and questions to come up as this program gets started. As a member of this advisory group, we would ask for input on those unique cases, first through email, only meeting if necessary.

[More Details](#)

● Yes	12
● No	0
● Other	1



Responses with additional comments:

- If needed

Survey discussion

Question four generated discussion. Ned Smith asked if communities with too little I/I to be on the list of 81 might still have areas with more I/I due to their topography, and the group said yes.

Heather agreed with Patty Nauman’s previous comments about wider eligibility raising fewer objections and possibly resulting in more funding. She thought that cities not in the I/I program might not request many funds anyway. Chair Wulff agreed. Erik noted that everyone pays into the funding source used for this program. RJ Kakach asked about public grant eligibility, and Chair Wulff confirmed it was the 81 cities mentioned, and that that count includes threshold cities. Ned added that 69 cities participated in the most recent program – about an 85% application rate.

Erik Henricksen asked what the justification was for previous programs including only the 81 cities, and Kyle said those cities had work plans, but didn’t think only including them was a task force recommendation. Erik asked if the logic used previously would follow through with this program.

Members discussed how the ultimate goal impacts the answer to this question. Scott was torn between prioritizing the program goal vs. addressing largest need; Jim said that if the goal was to reduce I/I overall, all cities should be eligible, while a goal of removing cities from I/I work plans would require a different approach. Shelly Rueckert pointed out that city staff know where the problem is on the public side, but not as much on the private side.

Erik thought this was a good opportunity to include everyone. Scott asked if it would be possible to prioritize the 81 cities, since it could be a good incentive to participate if a community still had a



problem after working on public I/I. Chair Wulff asked if the group was suggesting that the initial allocation be to the 81 communities in the I/I program, with any remaining funds distributed among the wider group. Patty noted that requirements from the Council for communities to address I/I has provided a reason to secure funding, and asked whether a city would need to have a private property inflow and infiltration (PPII) program to be eligible for this funding. Chair Wulff responded that in some cities, PPII only comes up if there's a blockage. Jim questioned whether an emergency repair would automatically be I/I work.

Shelly described two different approaches: reducing the burden on individuals, or helping cities lessen the overall burden of PPII on ratepayers. Chair Wulff thought the latter approach was the program's goal, but that the program could be broadened later if there were more funding.

Jim brought up the \$1M annual figure from the previous meeting and expressed hope that there could be more funding through the legislature. Chair Wulff said not this year, and Patty added that while there are proposals, they are unlikely to pass. Jim asked whether either proposed approach to the program would improve the chances of securing additional PPII funding from the legislature. Patty didn't think so and noted that funding from the legislature would also come with its own requirements. She added some context that while there is more understanding of I/I at the legislature than in the past, it has always been difficult to secure reliable I/I funding, and having another source of funding available could actually make it more difficult. Chair Wulff thought the benefits of a reliable funding source would outweigh this concern. Erik Henricksen added that he thought the Saint Paul study results might help in the future.

Chad thought starting with the 81 communities could make it more attractive to cities to participate, because they could get more properties done per city, and that this could always be expanded later. RJ asked whether there were likely to be more than 81 communities in the I/I program in the future, and Kyle said hopefully not. Chair Wulff thought it would be easier to expand eligibility than to narrow it, so she leaned toward starting with the 81 communities.

Chair Wulff asked the group if a consensus had been reached on starting the program with the 81 communities. There were no objections, though Patty requested that the program documentation include wording about revisiting that issue on an annual basis.

Jim asked if larger cities were prioritized over smaller ones. Emily said no, but that they do more work, so they might receive more funding. Shelley asked whether communities would need to submit expenditures before applying for leftover funds, and Kyle confirmed that that was the case.

Chad suggested allocating leftover funds to 20 communities per year with no application process, with the requirement that they be used for PPII mitigation, and that documentation be submitted proving that. Chair Wulff thought that would create perception problems with residents who would be upset that their neighbor had received funding the previous year for the same work while they were ineligible. Chad acknowledged this concern, but said the approach could still save time.

Angie expressed concern about the riskiness of a second allocation because communities wouldn't know how much funding they'd receive, and timing messaging to residents appropriately in that situation would be difficult. Kyle clarified that the second allocation is just a way to distribute the remaining balance, and it would occur right after the first allocation, not months later, so the community would know how much funding it would receive up front.

Chair Wulff raised the question of what to do if a community doesn't spend all of its funds in a year, and task force members expressed support for a program that allows them to roll the funds over.

Erik asked if it would help if communities applying were required to gauge interest from homeowners. He thought it could help cities manage the risk of not knowing the scope of the problem when asking for funds.

Matt Yokiell suggested that in a smaller community like his, they could use the funding to reduce the cost-of-service replacements assessed to residents during a larger reconstruction project, which would reduce the effort of searching for individual interested residents. He expected larger cities with more reconstruction projects could get a lot of work done in this way. Erik noted that it would have to be I/I work, and Matt said he knew that any work in certain parts of town would



address I/I. He thought that this funding could encourage reconstruction work, vs. just lining.

Heather proposed allocating extra funds per service line but was concerned the amounts available are small compared to the project cost. She did think it helped if cities could roll over funds. She said that it was difficult to find the middle ground, and a way to balance the size of the city. Chair Wulff agreed that it's an art to figure out a fair balance, and that we won't be sure until we receive the first year's applications, so it may be best to find a starting point and revisit next year.

Patty asked if Council staff had a sense of how many communities might apply. Kyle recalled around 13 applicants for the Clean Water program and four in the 2008 program, so fewer than 81. Chair Wulff thought there might be around 20 applicants initially. Kyle thought the predictability and sustainable funding for this program could increase the number of applicants over time.

Chad returned to Matt's idea and asked if the funds could be inserted into a street reconstruction program. Chair Wulff asked Matt to expand on that, and he said that in his city of fewer than 4,000 people, they do an approximately \$3M construction project every four to five years. They replace out to the edge of the right-of-way and residents are assessed a portion of that value. They're not fixing the entire line but are fixing the part most likely to have I/I problems. Chad liked the idea of cities having the option to use the funding in this way. Chair Wulff thought that was okay but wanted the funding to be proportionate to the work addressing I/I, not just funding city programs. Erik thought work specific to I/I could be broken out, but if groundwater was raised by the work, the problem could spread if the whole line wasn't fixed. Matt said the cast-iron joints farther up the line do a better job than the clay being replaced, so there would still be vast I/I improvements.

Angie asked if the expectation was that all cities would implement the program the same way, or would there be flexibility, including for affordability criteria?

Chair Wulff questioned whether it was decided to not do the 100% reimbursement option this year, and Kyle said that that hadn't been decided yet.

Kyle recalled that at the program start in 2008, there were projects where a city replaced part of the service line, and then the homeowner applied for funding to repair the rest. He questioned whether one property should be awarded two grants, particularly since the combined total exceeded the maximum amount for grant eligibility. Should there be a "one grant per property" rule?

Chair Wulff thought a maximum of \$5,000 per property was appropriate, and also thought Matt's suggestion to let cities offset the cost of I/I-addressing reconstruction projects to residents seemed reasonable. Angie expressed concern over the \$5,000 amount resulting in homeowners electing not to proceed with repairs, especially if the total cost is higher and the repairs are not required. Jim agreed that this would also be a problem in his city – most people would not do the work if the 100% funding option were not available. Based on conversation at the last meeting, he expected that there would be more discussion of the equity aspect. He acknowledged that it would increase the administrative complexity of the program, but thought that for many residents, having the option would make the difference between the work being done or not.

Scott noted that the model suggested by Matt looked more like the public model and asked if that changed how the Council views it, since it's supposed to be for PPII. Kyle thought it was fine, since the purpose of having a PPII program is to fill the gap, since public funding cannot be used to address private-property I/I issues. However, cities using the funds that way would need to submit service addresses and amounts with their documentation.

The group revisited concerns over tax liability in this model, and Chair Wulff reminded them that the earlier information about the city paying the contractor directly would still apply here.

Returning to Angie's earlier question, Chair Wulff agreed that it was better to allow cities flexibility. Chad and RJ also expressed support for letting cities decide.

Chad noted that equity would still need to be considered and was concerned that the application-per-household model could lead to the previously discussed issues where one neighbor's repair was funded at 100%, but the person next door only received 50%. Kyle thought that since the



publicly available information is by Census block, this would be unusual, though it could still occur. Chair Wulff raised the concern that using Census block data could lead to inadvertently rewarding communities that concentrate poverty into smaller geographic areas.

Jim referenced the public I/I bill currently moving through the legislative process and described its equity requirements as being difficult to meet. Only two areas of his city met those requirements, and no other areas outside Minneapolis in his part of the metropolitan area did, that he could recall. He said that the strictness of the requirements is good if the focus is equity, and his community would benefit under that model, but if the goal is to address the maximum amount of PPII, these may not be the ideal metrics. In response to Patty's question, Kyle confirmed that Council staff were working on a map with this information.

Chair Wulff questioned the option of using assessed home value, and Chad thought that would go back to the "neighbor vs. neighbor" comparison problem. Matt preferred to break down the funding between the properties being rehabilitated, rather than giving just one or two homeowners money.

Scott thought that brought the group back to the original problem: it's a hard sell to get homeowners to complete a \$10,000 project where they'll only receive \$5,000 of funding, especially when the homeowner doesn't perceive that there's a problem. He wasn't sure there was a way around that aside from offering the program the first year, seeing who applies, and using that information to inform future program changes.

Dan asked about focusing only on those with backups, and Chad said that those are not always I/I-related. Matt said that in his city, I/I is where the roots are, but that might not be true for everyone.

Jim thought Matt's idea was a great way to reduce PPII. He asked if his city could use the money to install T-liners to cover the first two joints in a lateral, which are the homeowner's responsibility. He noted that since the work is done to avoid cleaning roots out of city-owned lines, and isn't normally charged to the homeowners, he wouldn't have initially considered using the funds for this work and was not sure if doing so would fit the purpose of the program. Chad replied that the city would be reducing I/I if more of that work was done, and that would meet the program goal.

Angie mentioned residents calling her to ask about how to handle this. Ned asked if the calls were disproportionately from wealthier residents, and Angie said that she's received calls from residents who don't have much money and are at a loss for ways to find funding so they can flush their toilet.

Jim said that the conversation had convinced him that allowing cities flexibility could be beneficial, so long as there was documentation that the funds were used on private service lateral issues. Chad added that the flexibility could always be revisited in a few years, if needed. Chair Wulff asked for confirmation that the group meant to give each city the opportunity to create its work plan and then decide where to use 100% funding. Jim said he thought it took the burden off of MCES of defining equity and puts it on local experts who are familiar with what equity looks like in their specific communities. Matt suggested that wording could be added to the application to require cities to consider equity in the distribution of funds, and then show that they did so. Jim agreed and said that it's in cities' best interest to document that to avoid liability. Matt added that it only helps secure future funding if you can show that 85% of the funding went to qualified residents.

Erik commented that he liked the flexibility that had been discussed but wasn't sure we had enough information yet to show where to spend the minimal dollars available for maximum impact.

Dan proposed allocating based on single-family home count, so big industries didn't skew the numbers. Kyle asked what data set would be used to determine number of households, and Chad thought Census data would be close enough. Erik asked if the date of lateral construction would be considered as a way to allocate funds, and Kyle said that while we can get date for housing stock older than 1970, we don't have information about which areas have been reconstructed since then. Matt thought repairs done by individual homeowners wouldn't make a big difference in that consideration, but big city reconstruction projects would have.

Chair Wulff thought newer communities were less likely to apply for funding and noted that some communities have already done reconstruction in their older neighborhoods. She proposed using



these metrics and addressing any outliers when they come up.

Matt asked if the amount of overage (of wastewater flow) should be considered. Emily said that the challenge is how precipitation varies across the metropolitan area. Chair Wulff said that minimum amount plus number of households seems to be the best way to go for now, plus households constructed prior to 1970 for the second allocation, and the group agreed.

Heather asked for clarification that allocation wouldn't occur until cities had applied, and staff confirmed that that was the case. She asked when communities would know about the funding, and Emily said the schedule would still need to be determined. Chair Wulff asked whether the intent was to get the first year of the program allocated this calendar year, and Emily said that allocating it this year for expenditure next year was the goal. In response to a question from Ned, Chair Wulff confirmed that backup documentation for costs would be required.

Angie thought that the city paying the contractor directly and getting reimbursement could work for larger cities like hers because they have the money, but questioned if it would work for everyone. Matt asked how fast reimbursement would be and noted that having one reimbursement per year would be best for bookkeeping purposes. Ned said that's how the current program is handled.

Angie noted that capital programming numbers for 2024 were already submitted for her city, so that could complicate things, but discussions with finance staff would be needed.

Heather thought auditors would be okay with the suggested approach if there's a commitment for reimbursement, and Shelly agreed. Patty suggested that whatever plan is chosen, fiscal staff should be evaluating it and making sure it's sound. Chair Wulff added that municipalities would receive their full amount at once since allocations are decided at the same time.

Erik asked if MCES would provide boilerplate documents to help communities make agreements with homeowners, particularly to help cities that might not already have those documents developed. Emily said MCES would have contracts between the Council and communities, but Kyle thought it would be best if municipalities developed those agreements. Chad noted that his city already has legal documents used when homeowners were assessed for work done during street reconstruction, and that they could share them.

Kyle added that MCES would create a standard reporting form, and Ned said that MCES could also help with promotional materials. Jana Larson was interested in how communities intend to promote the program, since that could impact MCES's materials. Angie said that she would write text that could easily be added to her city council members' regular newsletters to constituents. Chair Wulff suggested that outreach could be targeted to certain parts of communities.

Jim thought targeting sump pumps would be much faster than repairing or replacing sewer lines, and asked if others thought plumbing work to disconnect sump pumps should be included for that reason. This was not included in previous programs because it's already illegal per the state plumbing code, but Jim would like it considered despite that, since sump pumps are still a major source of I/I, and addressing the problem could be a cost-effective way of reducing I/I. Dale Reed asked if these should have been discovered previously by communities inspecting homes. Jim and Kyle explained that there was never a region-wide requirement that homes be inspected for sump pumps, so whether cities did so depended on the priorities of their city council members.

Angie asked if the group had agreed to a \$10,000 reimbursement cap, or if 100% could mean 100% reimbursement for a larger amount at a city's discretion. Emily said that question is up to the task force, and that the amounts originally proposed were just examples based on the average cost of the work. The legislation being considered on the public side doesn't have a cap. Angie wanted the cities to have the option of covering 100% of costs without a cap, because for residents who really need the assistance, an extra few thousand dollars not covered would likely result in the work not being done at all. She thought the process of the city reviewing bids for the work would help avoid unreasonable costs for the work.

Chair Wulff asked what the cap should be if the group decided to impose one. Scott suggested it could be based on the dataset from West St. Paul's prior PPII work, adjusted for inflation. Kyle noted that that data includes the lining work, not restoration or other work that might be covered.



Erik asked if there should be a minimum allocation, as well.

Patty asked if communities would be determining equity criteria independently and pointed out the potential perception problem if this led to one homeowner receiving reimbursement for expensive work while a neighbor couldn't get reimbursed for less expensive work. She emphasized the importance of criteria being defensible across the region and at the legislature, since the ability to create this program was given by the legislature and could be taken away if it were perceived to be unfair. Erik agreed and said that if there were a cap, it couldn't be an arbitrary number, but should rather be based on data. Angie thought more data would be helpful, and that communities could provide their own. Chair Wulff asked if the task force agreed that the municipalities would submit their information and that would be used to propose a cap number, and there were no objections.

Wrap-Up and Next Steps

Emily explained that over the next couple of months, she would draft a report for the group to review. She thanked members for taking the survey prior to this meeting and discussed a survey question about taking part in a continuing advisory group, reminding task force members to let her know if they didn't want to participate in that group, or if they had other questions.

Adjournment

Chair Wulff thanked the task force members for their input and adjourned the meeting at 3:29 pm.



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