Business Item 2023-267:
2023 Municipal Inflow and Infiltration Grant Program

Environment Committee: November 14, 2023

Matt Gsellmeier, Budget Manager
Metropolitan Council Environmental Survives
That the Metropolitan Council approves the Inflow and Infiltration (I/I) grant program guidelines and authorizes the Regional Administrator to award and execute grants and grant agreements pursuant to the guidelines outlined in Attachment A.
Public Inflow and Infiltration mitigation is a key capital strategy for MCES

15+ year partnership between ES and the region’s communities

Billions of gallons of clear water prevented from entering ES plants

$100s of millions of prevented capital expansion since we do not have to treat clear water

Significant operating and debt service savings
$12M appropriated to Metropolitan Council to administer grants for capital improvements that reduce I/I into municipal wastewater collection systems.

Cities are eligible if:
- they have been identified as an excessive I/I contributor, or
- they have a measurable flow rate within 20% of the allowable flow limit.

Grant funding is pursuant to guidelines approved by the Metropolitan Council.
2023 Public I/I Grant Program: Eligible Cities

- Apple Valley
- Arden Hills
- Bayport
- Birchwood
- Blaine
- Bloomington
- Brooklyn Center
- Brooklyn Park
- Carver
- Centerville
- Chanhassen
- Chaska
- Columbia Heights
- Crystal
- Dayton
- Deephaven
- Eagan
- Eden Prairie
- Edina
- Elko-New Market
- Excelsior
- Farmington
- Forest Lake
- Fridley
- Golden Valley
- Greenwood
- Hastings
- Hopkins
- Inver Grove Heights
- Lakeville
- Lauderdale
- Lexington
- Lilydale
- Lino Lakes
- Little Canada
- Long Lake
- Mahtomedi
- Maple Grove
- Maple Plain
- Maplewood
- Medicine Lake
- Medina
- Mendota
- Mendota Heights
- Minneapolis
- Minnetonka
- Minnetonka Beach
- Mound
- Mounds View
- New Brighton
- New Hope
- Newport
- North St. Paul
- Oak Park Heights
- Oakdale
- Orono
- Osseo
- Plymouth
- Prior Lake
- Ramsey
- Robbinsdale
- Rosemount
- Roseville
- Savage
- Shoreview
- Shorewood
- South St. Paul
- St. Anthony
- St. Bonifacius
- St. Louis Park
- St. Paul
- St. Paul Park
- Stillwater
- Spring Park
- Tonka Bay
- Vadnais Heights
- Waconia
- West St. Paul
- Woodbury
- Wayzata

2021 NTC/Capita <85%
Public I/I Grant – State Requirements

- Funding must be used to finance publicly owned and publicly operated projects
- Must extend useful life or substantially increase value of fixed asset
- Cannot be operating or overhead expense
- M.S.16C.285 responsible contractor requirements
- M.S.16A.695 restricts sale, lease and management contracts
  - Included MMB Commissioner’s Order

Other Information Sources
- MN Capital Investment and State Bonding Guide
- MMB’s End Grant Agreement
Qualified spending between 1/1/24 and 12/31/25
Only construction costs qualify
Each participating city is eligible to receive:
  Part 1: Lesser of $50,000 or 75 to 100 percent of eligible expenses submitted based on Net Tax Capacity per capita, plus
  Part 2: Allocation proportional to cities’ remaining eligible expenses
The legislature and the council are committed to investing in communities with limited fiscal capacity

- Fiscal capacity will be measured by 2021’s Net Tax Capacity (NTC) per capita
  - Common property tax capacity measure across all communities
  - Used for other Council investments, such as the Council’s Community Development Planning Assistance Grant Program
- Communities with a 2021 NTC per capita that is lower than 85% of the eligible communities median NTC per capita ($1,060) will receive 100% funding on Part 1
Part 2 Eligible and Non-Eligible I/I Work

**Eligible:**

<table>
<thead>
<tr>
<th>Description</th>
<th>% Eligible for Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pipe Lining and Replacement (Project Costs)</td>
<td>50%</td>
</tr>
<tr>
<td>2. Pipe Joint Sealing</td>
<td>100%</td>
</tr>
<tr>
<td>3. Manholes - Lining/replacement (Project Costs)</td>
<td>50%</td>
</tr>
<tr>
<td>4. Chimney seals, MH sealing/joints/castings/covers</td>
<td>100%</td>
</tr>
<tr>
<td>5. Flood Mitigation (Project Costs)</td>
<td>10%</td>
</tr>
<tr>
<td>6. Cross Connection Elimination (Project Costs)</td>
<td>100%</td>
</tr>
<tr>
<td>7. Repair or replace lateral tee, wye, or tap connections owned by municipality (not including any portion of a lateral)</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Non-Eligible:**

- Studies, investigations, or inspections
- Engineering costs
- Any improvements to privately owned infrastructure or private service lines
## Funding Example

### Step 1: Determine the Amount Eligible for Funding

<table>
<thead>
<tr>
<th>City</th>
<th>Type of Work</th>
<th>Total Project Cost</th>
<th>Equity Eligible</th>
<th>Percent Covered</th>
<th>Covered Amount</th>
<th>Percent Eligible</th>
<th>Amt Eligible for Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>City 1</td>
<td>1. Pipe Lining and Replacement</td>
<td>$10,000,000</td>
<td>No</td>
<td>75%</td>
<td>$7,500,000</td>
<td>50%</td>
<td>$3,750,000</td>
</tr>
<tr>
<td>City 1</td>
<td>2. Pipe Joint Sealing</td>
<td>$5,000,000</td>
<td>No</td>
<td>75%</td>
<td>$3,750,000</td>
<td>100%</td>
<td>$3,750,000</td>
</tr>
<tr>
<td>City 1</td>
<td>3. Manholes – Lining/Replacement</td>
<td>$3,000,000</td>
<td>No</td>
<td>75%</td>
<td>$2,250,000</td>
<td>50%</td>
<td>$1,125,000</td>
</tr>
<tr>
<td>City 1 Total</td>
<td></td>
<td>$18,000,000</td>
<td></td>
<td></td>
<td>$13,500,000</td>
<td></td>
<td>$8,625,000</td>
</tr>
<tr>
<td>City 2</td>
<td>1. Pipe Lining and Replacement</td>
<td>$5,000,000</td>
<td>Yes</td>
<td>100%</td>
<td>$5,000,000</td>
<td>50%</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>City 2</td>
<td>4. Chimney Seals, MH Sealing…</td>
<td>$3,000,000</td>
<td>Yes</td>
<td>100%</td>
<td>$3,000,000</td>
<td>100%</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>City 2 Total</td>
<td></td>
<td>$8,000,000</td>
<td></td>
<td></td>
<td>$8,000,000</td>
<td></td>
<td>$5,500,000</td>
</tr>
<tr>
<td>City 3</td>
<td>3. Manholes – Lining/Replacement</td>
<td>$2,000,000</td>
<td>No</td>
<td>75%</td>
<td>$1,500,000</td>
<td>50%</td>
<td>$750,000</td>
</tr>
<tr>
<td>City 3</td>
<td>5. Flood Mitigation</td>
<td>$1,000,000</td>
<td>No</td>
<td>75%</td>
<td>$750,000</td>
<td>10%</td>
<td>$75,000</td>
</tr>
<tr>
<td>City 3</td>
<td>6. Cross Connection Elimination</td>
<td>$1,000,000</td>
<td>No</td>
<td>75%</td>
<td>$750,000</td>
<td>100%</td>
<td>$750,000</td>
</tr>
<tr>
<td>City 3 Total</td>
<td></td>
<td>$4,000,000</td>
<td></td>
<td></td>
<td>$3,000,000</td>
<td></td>
<td>$1,575,000</td>
</tr>
<tr>
<td>City 4</td>
<td>1. Pipe Lining and Replacement</td>
<td>$40,000</td>
<td>Yes</td>
<td>100%</td>
<td>$40,000</td>
<td>50%</td>
<td>$20,000</td>
</tr>
<tr>
<td>City 4</td>
<td>3. Manholes – Lining/Replacement</td>
<td>$10,000</td>
<td>Yes</td>
<td>100%</td>
<td>$10,000</td>
<td>50%</td>
<td>$5,000</td>
</tr>
<tr>
<td>City 4</td>
<td>7. Repair or Replace Lateral Tee…</td>
<td>$20,000</td>
<td>Yes</td>
<td>100%</td>
<td>$20,000</td>
<td>100%</td>
<td>$20,000</td>
</tr>
<tr>
<td>City 4 Total</td>
<td></td>
<td>$70,000</td>
<td></td>
<td></td>
<td>$70,000</td>
<td></td>
<td>$45,000</td>
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<tr>
<td>Grand Total</td>
<td></td>
<td>$30,070,000</td>
<td></td>
<td></td>
<td>$24,570,000</td>
<td></td>
<td>$15,745,000</td>
</tr>
</tbody>
</table>
## Funding Example

### Step 2: Determine Part 1 and Part 2 Funding

<table>
<thead>
<tr>
<th>City</th>
<th>Amt Eligible for Funding</th>
<th>Part 1 Funding</th>
<th>Remaining Eligible Balance</th>
<th>Part 2 Allocation %</th>
<th>Part 2 Funding</th>
<th>Final Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>City 1</td>
<td>$8,625,000</td>
<td>$50,000</td>
<td>$8,575,000</td>
<td>75.9%</td>
<td>$6,500,000</td>
<td>$6,550,000</td>
</tr>
<tr>
<td>City 2</td>
<td>$5,500,000</td>
<td>$50,000</td>
<td>$5,450,000</td>
<td>75.9%</td>
<td>$4,155,000</td>
<td>$4,205,000</td>
</tr>
<tr>
<td>City 3</td>
<td>$1,575,000</td>
<td>$50,000</td>
<td>$1,525,000</td>
<td>75.9%</td>
<td>$1,115,000</td>
<td>$1,165,000</td>
</tr>
<tr>
<td>City 4</td>
<td>$45,000</td>
<td>$45,000</td>
<td>0</td>
<td>75.9%</td>
<td>$45,000</td>
<td>$45,000</td>
</tr>
<tr>
<td>Total</td>
<td>$15,745,000</td>
<td>$195,000</td>
<td>$15,550,000</td>
<td></td>
<td>$11,805,000</td>
<td>$12,000,000</td>
</tr>
</tbody>
</table>

### Part 2 Allocation %

- Total Grant Funding: $12,000,000
- Part 1 Funding: -$195,000
- Remaining Funds for Part 2: $11,805,000
- Remaining Eligible Balance: $15,550,000
- % Allocation for Part 2: 75.9%

- **2017 % Allocation for Part 2 was 68.5% ($8.7M in Grant Funding)**
- **2020 % Allocation for Part 2 was 22.6% ($5M in Grant Funding)**
Tentative 2023 I/I Grant Calendar

- 2023 Public I/I Grant Information Session
- MCES presents Council with guidelines for approval
- MCES submits RFP to cities
- Start Date for Eligible I/I Grant Project Work
- **Grant Application due from cities**
- MCES sends LOI notifying cities of their assigned PMA
- End Date for Eligible I/I Grant Project Work
- **End Grant Materials due from cities**
- MCES sends grant agreements, including FRA
- MCES processes reimbursement upon receipt of signed agreement.

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023 Public I/I Grant Information Session</td>
<td>November 2, 2023</td>
</tr>
<tr>
<td>MCES presents Council with guidelines for approval</td>
<td>December 13, 2023</td>
</tr>
<tr>
<td>MCES submits RFP to cities</td>
<td>By December 20, 2023</td>
</tr>
<tr>
<td>Start Date for Eligible I/I Grant Project Work</td>
<td>January 1, 2024</td>
</tr>
<tr>
<td><strong>Grant Application due from cities</strong></td>
<td>January 26, 2024</td>
</tr>
<tr>
<td>MCES sends LOI notifying cities of their assigned PMA</td>
<td>By February 29, 2024</td>
</tr>
<tr>
<td>End Date for Eligible I/I Grant Project Work</td>
<td>December 31, 2025</td>
</tr>
<tr>
<td><strong>End Grant Materials due from cities</strong></td>
<td>March 31, 2026</td>
</tr>
<tr>
<td>MCES sends grant agreements, including FRA</td>
<td>May 1, 2026</td>
</tr>
<tr>
<td>MCES processes reimbursement upon receipt of signed agreement.</td>
<td></td>
</tr>
</tbody>
</table>

MCES – Met Council Environmental Services  
RFP – Request for Participation  
LOI – Letter of Intent  
PMA – Preliminary Minimum Allocation  
FRA – Final Reimbursement Amount
Questions?

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