



Business Item 2023-267:

2023 Municipal Inflow and Infiltration Grant Program



Environment Committee: November 14, 2023

**Matt Gsellmeier, Budget Manager
Metropolitan Council Environmental Services**

Proposed Action

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.

Municipal Inflow and Infiltration (I/I) Grant Program

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

Public I/I Grant – Bonding Bill Language

\$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

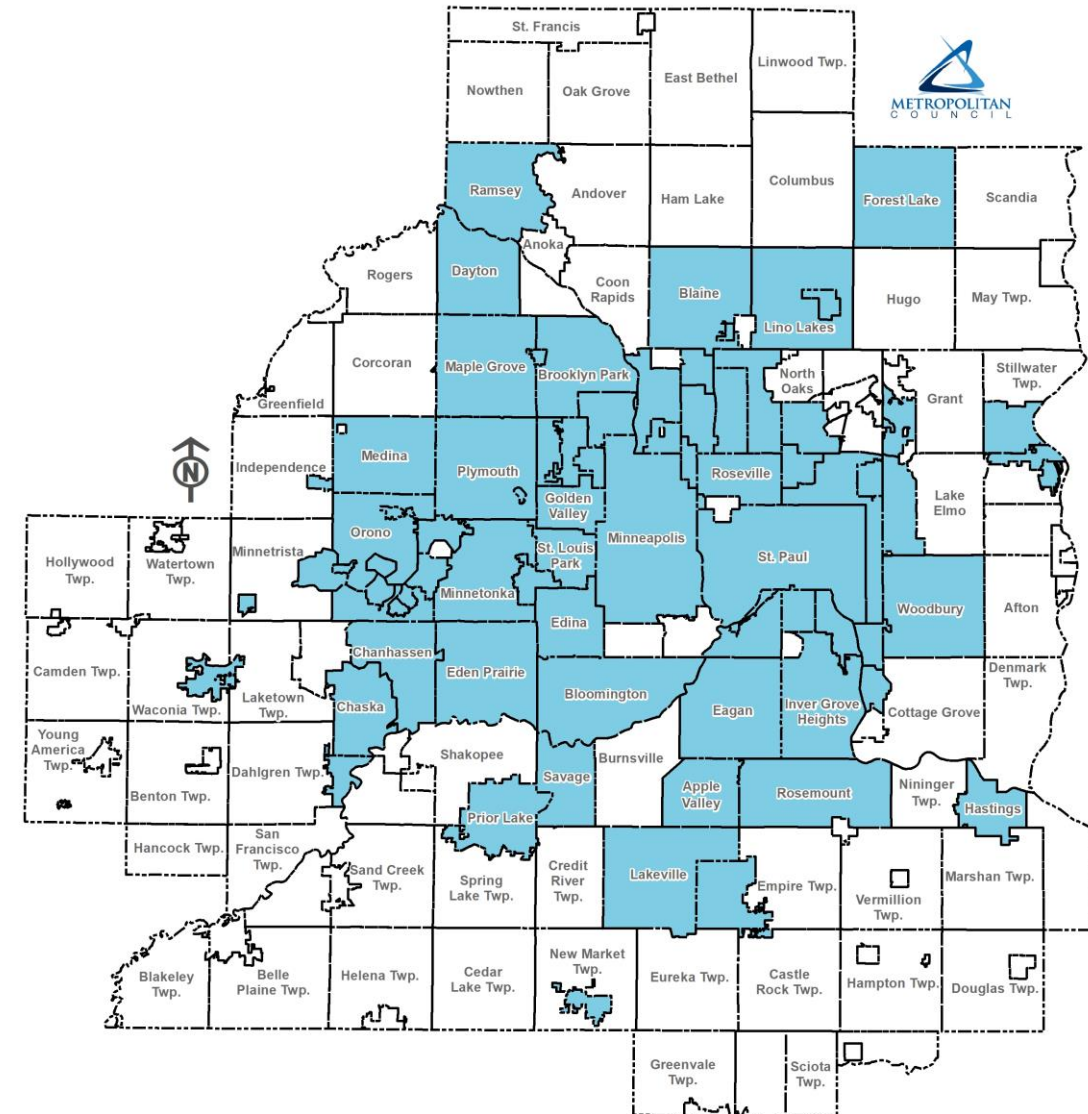
Vadnais Heights

Waconia

West St. Paul

Woodbury

Wayzata



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](#)



Public I/I Grant – Council Guidelines

- 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

Equity Pilot for 2023 Program

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:

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

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

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

Funding Example

Step 2: Determine Part 1 and Part 2 Funding

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

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

MCES – Met Council Environmental Services

RFP – Request for Participation

LOI – Letter of Intent

PMA – Preliminary Minimum Allocation

FRA – Final Reimbursement Amount

Questions?

Matt Gsellmeier – Budget Manager and 2023 Municipal I/I Grant Administrator

matt.gsellmeier@metc.state.mn.us

651-602-1802

Kyle Colvin – Manager of Wastewater Planning and Community Programs

kyle.colvin@metc.state.mn.us

651-602-1151