

## CHAPTER 277—H.F.No. 1030

*An act relating to water pollution; providing for grants and loans for the construction and rehabilitation of wastewater treatment facilities and systems; authorizing rulemaking; amending Minnesota Statutes 1986, section 116.18, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1986, section 116.18, is amended by adding a subdivision to read:

Subd. 3b. CAPITAL COST COMPONENT GRANT. (a) The definitions of "capital cost component," "capital cost component grant," "service fee," "service contract," and "private vendor" in section 471A.02 apply to this subdivision.

(b) Beginning in fiscal year 1989, up to \$1,500,000 of the money to be awarded as grants under subdivision 3a in any single fiscal year may be set aside for the award of capital cost component grants to municipalities on the municipal needs list for part of the capital cost component of the service fee under a service contract for a term of at least 20 years with a private vendor for the purpose of constructing and operating wastewater treatment facilities.

(c) The amount granted to a municipality shall be 50 percent of the average total eligible costs of municipalities of similar size recently awarded state and federal grants under the provisions of subdivisions 2a and 3a and the Federal Water Pollution Control Act, United States Code, title 33, sections 1281 to 1289. Federal and state eligibility requirements for determining the amount of grant dollars to be awarded to a municipality are not applicable to municipalities awarded capital cost component grants. Federal and state eligibility requirements for determining which cities qualify for state and federal grants are applicable, except as provided in this subdivision.

(d) Except as provided in this subdivision, municipalities receiving capital cost component grants shall not be required to comply with federal and state regulations regarding facilities planning and procurement contained in sections 116.16 to 116.18, except those necessary to issue a National Pollutant Discharge Elimination System permit or state disposal system permit and those necessary to assure that the proposed facilities are reasonably capable of meeting the conditions of the permit over 20 years. The municipality and the private vendor shall be parties to the permit. Municipalities receiving capital cost component grants may also be exempted by rules of the agency from other state and federal regulations relating to the award of state and federal grants for wastewater treatment facilities, except those necessary to protect the state from fraud or misuse of state funds.

(e) Funds shall be distributed from the set-aside to municipalities that apply for the funds in accordance with these provisions in the order of their ranking on the municipal needs list.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(f) The authority shall award capital cost component grants to municipalities selected by the state pollution control director upon certification by the state pollution control director that the municipalities' projects and applications have been reviewed and approved in accordance with this subdivision and agency rules adopted under paragraph (g).

(g) The agency shall adopt permanent rules to provide for the administration of grants awarded under this subdivision.

(h) The commissioner of energy and economic development may adopt rules containing procedures for administration of the authority's duties as set forth in paragraph (f).

Sec. 2. Minnesota Statutes 1986, section 116.18, is amended by adding a subdivision to read:

**Subd. 3c. INDIVIDUAL ON-SITE TREATMENT SYSTEMS PROGRAM.** (a) Beginning in fiscal year 1989, up to ten percent of the money to be awarded as grants under subdivision 3a in any single fiscal year, up to a maximum of \$1,000,000, may be set aside for the award of grants by the authority to municipalities to reimburse owners of individual on-site wastewater treatment systems for a part of the costs of upgrading or replacing the systems.

(b) An individual on-site treatment system is a wastewater treatment system, or part thereof, serving one or two dwellings or other establishments, which utilizes subsurface soil treatment and disposal.

(c) Municipalities may apply yearly for grants of up to 50 percent of the cost of replacing or upgrading individual on-site treatment systems within their jurisdiction. Upon application for a grant, a municipality must certify that:

(1) it has adopted and is enforcing the requirements of Minnesota Rules governing individual sewage treatment systems;

(2) the existing systems for which application is made do not conform to those rules, were constructed prior to January 1, 1977, do not serve seasonal residences, and were not constructed with state or federal funds; and

(3) that the costs requested do not include planning and engineering costs, administrative costs, and costs for improvements or replacements made before the application is submitted to the authority unless it pertains to the plan finally adopted.

(d) The federal and state regulations regarding the award of state and federal wastewater treatment grants do not apply to municipalities or systems funded under this subdivision, except as provided in this subdivision.

(e) The authority shall award individual on-site wastewater treatment grants to municipalities selected by the state pollution control director upon certification by the state pollution control director that the municipalities' applications have been reviewed and approved in accordance with this subdivision and agency rules adopted under paragraph (f).

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(f) The agency shall adopt permanent rules regarding priorities, distribution of funds, payments, inspections, and other matters that the agency finds necessary for proper administration of grants awarded under this subdivision.

(g) The commissioner of energy and economic development may adopt rules containing procedures for administration of the authority's duties as set forth in paragraph (e).

### Sec. 3. **[116.181] CORRECTIVE ACTION GRANTS.**

Subdivision 1. DEFINITIONS. (a) The definitions in section 116.16, subdivision 2, apply to this section.

(b) "Corrective action" means action taken to upgrade or correct wastewater treatment facilities, funded under the Federal Water Pollution Control Act or the independent state grants program, that have failed to meet performance standards, and includes engineering, design, construction, legal assistance, and other action as the agency may allow.

Subd. 2. SET ASIDE. In any fiscal year, up to ten percent of the money available for independent state grants, up to a maximum of \$1,000,000, may be set aside for the award of grants to municipalities for corrective action.

Subd. 3. GRANT LIMITATIONS. The amount of a corrective action grant awarded to a municipality shall not exceed \$500,000. In no event shall the grant amount exceed the cost of the corrective action. Construction costs that were not eligible under the original grant are not eligible under a corrective action grant.

Subd. 4. REPAYMENT. Any municipality that is awarded a corrective action grant shall seek recovery from any person who is responsible for the failure of the facility to perform. The municipality shall reimburse the state in the event the municipality recovers any funds from responsible persons. Any repayments must be deposited in the Minnesota state water pollution control fund.

Subd. 5. AWARD OF GRANTS. Until June 30, 1988, the agency shall award corrective action grants. On July 1, 1988, the authority shall award corrective action grants to municipalities selected by the state pollution control director upon certification by the state pollution control director that the municipalities' projects and applications have been reviewed and approved in accordance with this section and agency rules adopted under subdivision 6.

Subd. 6. RULES OF THE AGENCY. The agency shall promulgate permanent rules and may promulgate emergency rules for the administration of the corrective action grant program. The rules must contain at a minimum:

- (1) the method for determining the amount of the corrective action grant;
- (2) application requirements;

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(3) criteria for determining which municipalities will be awarded grants when there are more applicants than money;

(4) conditions for use of the grant funds;

(5) identification of eligible costs;

(6) the amount that must be reimbursed to the authority in the event funds are recovered by the municipality from the responsible person; and

(7) other matters that the agency finds necessary for proper administration of the program.

Subd. 7. RULES OF THE AUTHORITY. The commissioner of energy and economic development may adopt rules containing procedures for administration of the authority's duties as set forth in subdivision 5.

#### Sec. 4. STATE MATCHING GRANTS.

For projects providing wastewater treatment to a federal correctional institution that are tendered, on or after January 1, 1987, a grant of federal money under section 201(g), section 202, 203, or 206(f) of the Federal Water Pollution Control Act, as amended, United States Code, title 33, sections 1251 to 1376, at 55 percent or more of the eligible cost for construction of the treatment works, state money appropriated under Minnesota Statutes, section 116.18, subdivision 1, must be expended for 50 percent of the nonfederal share of the eligible cost of construction for municipalities with populations of 25,000 or less.

Approved May 28, 1987

### CHAPTER 278—H.F.No. 1043

*An act relating to metropolitan government; providing for qualifications of commission members, budget criteria, plans, and reports; clarifying purposes of regional transit board; requiring regional transit board to contract for route planning and scheduling services; requiring the regional transit board to adopt standards for competitive bidding after a public hearing; regulating participation in a transportation program; providing conditions for incurrence of debt for certain purposes; providing conditions for the use of federal funds; removing fare restrictions; amending Minnesota Statutes 1986, sections 473.141, subdivision 2, and by adding a subdivision; 473.161, subdivision 1c; 473.1623, subdivisions 2, 4, and 5, and by adding a subdivision; 473.303, by adding a subdivision; 473.373, by adding a subdivision; 473.377, subdivision 1, and by adding subdivisions; 473.38, subdivision 2; 473.388, subdivision 2; 473.39, subdivisions 1 and 1a; 473.446, subdivision 1; and 473.604, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Laws 1985, First Special Session chapter 10, section 122.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.