

## HERON LAKE WATERSHED DISTRICT

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### APPLICATION INFORMATION FOR PROJECT IMPLEMENTATION LOANS UNDER THE STATE CLEAN WATER PARTNERSHIP FINANCIAL ASSISTANCE PROGRAM

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Background information. In its continuing effort to preserve the quality of both surface and ground waters within the Heron Lake Watershed District (HLWD), the Board of Managers has determined that it is in the best interests of the watershed district to promote the implementation of best management practices (BMPs) within the watershed district. To encourage these activities, the HLWD has obtained state revolving loan funds under the MN Clean Water Partnership financial assistance program. Under this program, the HLWD is authorized to make low-interest project implementation loans to individuals, corporations and others for implementation of best management practices (BMPs) within the watershed district. Project implementation loans may cover 100% of the eligible costs of a project.

"Best management practices" means practices, techniques, and measures that prevent or reduce water pollution from non-point sources by using the most effective and practicable means of achieving water quality goals. Best management practices include, but are not limited to, official controls, structural and nonstructural controls, and operation and maintenance procedures. Examples of BMPs include, but are not limited to the following:

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| i. Waste management systems      | viii. Wildlife wetland habitat management |
| ii. Waste storage structure      | ix. Shallow water area for wildlife       |
| iii. Multi-purpose dam           | x. Farmstead windbreak                    |
| iv. Sediment basins              | xi. Wildlife habitat                      |
| v. Grassed waterways             | xii. Wetland restoration                  |
| vi. Stream channel stabilization | xiii. Wetland basins                      |
| vii. Tree plantings              | xiv. Field borders.                       |

The program rules specifically prohibit use of financial assistance for BMPs related to a criminal enforcement action or a civil enforcement action involving financial penalties.

"Eligible costs" for which state revolving funds may be utilized are defined as project costs which are *"reasonable, necessary, and allocable to the project"*; and, specifically include: BMPs consistent with section 319 or 320 of the federal Clean Water Act, as amended. However, BMP financial assistance is limited to: (1) selection, design, layout and installation of BMPs, and (2) development, review and inspection of procedures for installation, operation, and maintenance of BMPs, and (3) costs of implementation of BMPs. BMPs are also subject to a separate evaluation process to determine whether they may be included in an implementation plan.

“Ineligible costs” for which state revolving funds may NOT be utilized, include the following:

- i. Operation and maintenance of BMPs is not an eligible cost.
- ii. Any activity regulated by any of the state or federal environmental regulation/cleanup statutes (i.e., petroleum tank act, environmental liability act, chemical liability act, environmental response act, and resource recovery act.
- iii. Activities regulated by a solid waste permit or MPCA solid/hazardous waste rules.
- iv. Activities related to publicly owed treatment works.
- v. Regulated bulk storage facility activities/practices involving spill-control of pesticides, fertilizer, petroleum and related materials.
- vi. Regulated practices involving toxic or hazardous wastes.
- vii. Commercial/industrial activities, including land use/management, involving plant yards, access roads, drainage ponds, refuse piles, storage piles, and material product loading areas. There is an exception for farming operations occurring on the farm itself.
- viii. Mining activities.
- ix. Building and utility construction.
- x. Highway and road construction.
- xi. Activities primarily related to flood control.
- xii. There is a general prohibition against any activity regulated by NPDES; but, there are many excepted activities from this general prohibition. BMPs for feedlots are specifically authorized.

Method for selecting state revolving fund loan recipients. The decision as to whether any loan funds will be made available for a particular improvement project shall be made in the sole discretion of the Board of Managers of the HLWD. Upon receipt of a completed application for a project implementation loan, with the \$50.00 administrative fee, the HLWD staff will review the application. The HLWD staff deny or approve loans based upon landowner qualification. The recommendations and decision of the HLWD staff as to whether or not to fund a particular improvement project will be based on several factors, including, but not limited to, the following: (i) date of application, (ii) the urgency of correcting the problem, (iii) the particular reason the present system is not in compliance, (iv) the distance to ground or surface water, (v) the need for BMPs to improve water quality, (vi) the projected effectiveness of the project at water quality protection or improvement; (viii) and any other factors related to the system’s threat to or impact upon water quality.

The HLWD shall provide financial assistance to those improvement projects approved by HLWD staff. Loan requests will be submitted to the board of managers for approval at regular monthly meetings as needed. Applicants whose applications are approved will be notified by the HLWD staff and the improvement project will be commenced as soon as practicable. An applicant whose request for state revolving funds is not approved may reapply to the district in a subsequent application period.

Project Initiation, completion and fund disbursement. No construction may be commenced until all loan funds are in place and all necessary permits have been secured and a licensed designer or engineer has submitted detailed plans for the BMP to the HLWD, and said plans have been approved. Applicants and/or their agents or contractors must obtain authorization from the HLWD to commence construction. No loan funds may be released to the contractor until all construction has been completed, and the BMP has met all inspection requirements of the county Planning and Zoning inspector, DNR, MPCA, SWCD, NRCS, or FSA, and a certificate of inspection submitted to the HLWD.

Repayment of Loan, Drainage Lien. The loan issued to an applicant under this program shall be secured by a lien against the property upon which the improvement project is located. A tabular lien statement will be drafted and recorded in accordance with Minnesota Statutes, Chapter 103E, and filed with the Auditor of the County in which the property is located. Repayment of the loan will be as part of the property taxes each year and can only be made at the County Treasurer's office in the County in which the property is located.