

The Loan Arranger

Fall/Winter
2011

Revolving Loan Section
Resource Management Division
Michigan Department of Environmental Quality



Extreme Makeover for the Benton Harbor Water Treatment Plant

By Clarence Jones

The city of Benton Harbor has been especially hard hit by Michigan's loss of manufacturing jobs that has led to numerous plant closings, business closures, high unemployment and population loss. These factors have contributed to the city's depressed economy and decreased revenues. However, perhaps things are changing for the better for Benton Harbor through the Drinking Water Revolving Fund (DWRF) and American Reinvestment and Recovery Act (ARRA) funding programs that are playing a significant role in the revitalization of one of the city of Benton Harbor's greatest assets, the water treatment plant (WTP).

The city of Benton Harbor owns and operates the 12,000,000-gallon-per-day capacity WTP that was built in 1950 and currently serves the needs of 43,716 people in the city of Benton Harbor, and the townships of Benton, St. Joseph, Sodus, and Hagar. After a Department of Environmental Quality (DEQ) inspection of the WTP and its distribution system was completed in 2007, the city was required to make a number of upgrades to bring the facility into compliance with the Michigan Safe Drinking Water Act (Act 399). The city responded to the DEQ findings by applying for and receiving a \$14,703,000 DWRF loan to fund DWRF Project No. 7273-01. The city of Benton Harbor also applied for and received ARRA funding for approximately \$5,748,000 that allows the city to offset some of the cost of the DWRF project by having the nearly six million dollar amount forgiven (i.e., deducted) from the final loan repayment amount.

The renovated WTP began its new operations on July 20, 2011. The WTP upgrades included structural improvements and repairs to the roof, lintels, entryways, foundation, doors, windows, and lighting; as well as, tuck pointing and cleaning of exterior brick, the sealing of cap joints, the rebuilding of glass block corners, new handrails and stairwells, and renovated restrooms. Other integral improvements included a new control room and testing laboratory upgrades.

The city also replaced four broken filters that will bring the operable filter total to 12, and added a filter to the waste cycle that follows the backwash cycle. A new 8,400-square-foot plate settler building is up and running with a new clarification system installed. The new clarifier system eliminates the temperature related turbidity problems caused by the old system by mixing alum with incoming raw water to form flocks (clumps) that will settle on the new plates. The clumps fall to the bottom of the plates to be collected and sent through the system for further processing.

A new chemical delivery system will include a change from gas to liquid delivery of chlorine disinfection to the water for enhanced safety and efficiency.

In addition, the WTP also received pump upgrades that include variable frequency drives and a new Heating, Ventilation, and Air Conditioning (HVAC) system. A new electrical building was built to house the new 2,000-kilowatt generator for emergency WTP power, HVAC, secondary electrical supply, and the new Supervisory Control and Data Acquisition system. A new 4.16-Kilovolt generator and electrical system controls, along with new security lighting, cameras, and landscaping are other upgrades that were made. The DWRF project upgrades enhance the aesthetics, functionality, and value of the city of Benton Harbor WTP while enabling the city to provide excellent quality drinking water services to its customers for the next 20 years.



Disadvantaged Business Enterprise Good Faith Efforts for the State Revolving Fund/Drinking Water Revolving Fund Projects

By Izabel Hartman

In order to provide more clarification on the Good Faith Efforts, we have updated our Disadvantaged Business Enterprise (DBE) guidance with input from the Michigan Infrastructure and Transportation Association (MITA) to present instructions on what needs to be accomplished to meet these requirements. We are no longer using the Environmental Protection Agency forms (as the authority to use the forms has lapsed), but have one single Good Faith Efforts Worksheet that **must be filled out**, for each area of work type to be subcontracted out, to document the Good Faith Efforts. Supporting documentation **must be provided** to verify the solicitation. Failure to show that the five Good Faith Efforts were complied with during the bidding process can lead to a bidder being found non-responsive.

Michigan Department of Transportation (MDOT) DBE requirements will not meet SRF/DWRF DBE requirements. Federally funded highway projects utilize DBE goals, which require a certain percentage of work be performed by DBE subcontractors. For SRF/DWRF projects, there is no financial goal; rather, there is a solicitation effort goal. Bidders must use Good Faith Efforts for every area of work to be subcontracted out to obtain DBEs. The bidders are not required to use DBEs if the quotes are higher than non-DBE subcontractors are. There is no required DBE participation percentage goal for the SRF/DWRF.

The following summarizes the actions that must be taken by bidders in order to ensure the DBE Good Faith Efforts are met and properly documented:

- Fill out the Good Faith Efforts Worksheet for each area of work type to be subcontracted out (this includes both major and minor subcontracts).
- A minimum of three DBEs must be contacted during the bidding phase by a verifiable means of communication, such as e-mail, letter, or fax, for each area of work type. Copies of the solicitation letters/e-mails and fax confirmation sheets must be provided with the Good Faith Efforts Worksheet.
- If contact cannot be achieved with three local DBEs, then the solicitations must be sent to DBEs outside of the local area (i.e., statewide).
- If there are less than three DBEs for an area of work, copies of printouts from the MDOT and Central Contractor Registration database must be submitted to document DBE unavailability.
- Copies of all quotes received from DBEs must be submitted. If the DBE is not selected, a reason must be provided.
- Posting solicitations for quotes/proposals from DBEs in the MITA Web site is required. Whenever possible, the solicitation needs to be posted for a minimum of 30 days. The solicitation needs to identify the specific project and the areas of work to be subcontracted out. A copy of the MITA DBE advertisement must be submitted with the Good Faith Efforts Worksheet.
- Other efforts may include follow-up e-mails, faxes, letters, copies of announcements/postings in newspapers, trade publications, or minority media that target DBE firms, and printouts of online solicitations or online search results.
- If the contractor does not intend to subcontract any work, the bidder should still complete the Good Faith Efforts Worksheet with a notation that no subcontracting will be done. However, if the bidder is awarded the contract and then decides to subcontract work at any point, then the Good Faith Efforts must be made to solicit DBEs.

For DBE forms and instructions, including the five Good Faith Efforts, please visit our Web site at http://www.michigan.gov/documents/deq/deq-ess-mfs-formsguidance-REQContractLangDavidBaconDBE_302906_7.pdf. DBE Frequently Asked Questions can be located at http://www.michigan.gov/documents/deq/deq-ess-mfs-formsguidance-DBE-QA_303681_7.pdf.



Discount Rates Set for Fiscal Year 2012

The Environmental Protection Agency has set the discount rate for fiscal year 2012 at 4 3/8 percent (0.04375). This rate is to be used for project planning begins on or after October 1, 2011, for preparation of the cost-effectiveness analysis. This rate is a decrease from last fiscal year, which was 4 5/8 percent.

Remember, this is NOT a rate that should be used to calculate debt retirement needs, but rather is used in cost effectiveness analyses to "bring" future expenditures back into today's dollars for total present worth or equivalent annual cost comparisons.

Marvelous Marquette Management

by Valorie White

Often as we work with communities, we see projects that are reacting to the threat of imminent failures of sewer and water systems, or trying to deal with the inevitable problems of an aging infrastructure. I would like to highlight the city of Marquette for their proactive approach in administering their Lakeshore Boulevard project.

The Lakeshore Boulevard project funding comes from a joint SRF/DWRF project, while also utilizing some local funds, allowing the city to comprehensively address sewer, drinking water, storm sewer, and infrastructure improvements. Lakeshore Boulevard is a dead-end road, running along the shore of Lake Superior, with the LS&I Railroad, wetlands, bogs, and the Dead River on the opposite side of the street.

One of the main components of the project was to install a new collection sewer along Lakeshore Boulevard. Previously, the 42 homes utilized septic systems, roughly half of which were installed before 1974, and well beyond the typical 20-30 year life span of a septic system. Small lot sizes and sitting right on the shores of Lake Superior mean that when a system fails there is no way to easily replace it, and homeowners run the risk of destroying the very beauty that they enjoy. Now, with this extension, Lakeshore Boulevard joins the city of Marquette sewer system, to assist in the protection of water quality along Lake Superior.



The second major component of the project was to install larger water mains, and eliminate the current dead-end main. Dead-end mains allow water to stagnate in the pipe, causing aesthetic problems, discoloration, and low to zero chlorine residuals that can lead to bacterial growth. Therefore, as part of this project, the city decided to directionally drill under the wetlands, bogs, LS&I Railroad, and the Dead River, installing a water main, and connecting Lakeshore Boulevard in a continual loop to the rest of the water system.

As Marquette finishes construction, it is with the knowledge that they are helping to protect our Great Lakes shorelines and its waterways.

What's New with the S2?!

by Cheri Meyer

In December 2010, legislation was signed to commit an additional \$40 million in S2 Grants. The S2 Grant Program provides funds for communities to cover planning, design, and user charge system costs for potential SRF and Strategic Water Quality Initiative Fund (SWQIF) applicants. The grants cover 90 percent of eligible costs incurred for work performed on or after December 14, 2010, providing for a 10 percent local match. Applicants are limited to a total amount of \$1 million in grant assistance (not including the local match). Therefore, applicants need to take into consideration any previous money awarded under the first S2 Grant Program between November 2006 and June 2007.

Applications will be batch-processed and grants awarded on a quarterly basis, in October, January, April, and July. Therefore, communities who applied by October 1, 2011, and have an approvable application by December 1, 2011 will be awarded a grant in January 2012. Similarly, communities who apply by January 1, 2012 and have an approvable application by March 1, 2012 will be awarded a grant in April 2012. The priority of a grant award is based on the date that the application is determined to be administratively complete, grant applications will be accepted until the money runs out. The application has been available on DEQ's Web site since September 1, 2011.

For those who are familiar with the first S2 Grant Program, much of the requirements remain the same. Applications can be submitted to cover costs for planning services, or for design and/or user charge system services when the project plan is complete and approvable (i.e. public participation requirements have been met, environmental clearances have been obtained, etc.). If the applicant fails to submit an administratively complete SRF or SWQIF loan application within three years of the grant award, declines an SRF or SWQIF loan for two consecutive years after placing in the fundable range (unless funding is obtained from another source), or decides not to proceed with the construction of the project for any reason, the grant must be repaid with interest.



One difference between the previous and current S2 applications is that detailed project background information is required with the current application when applying for a planning grant. Communities are expected to provide information on the existing wastewater treatment facilities and collection system, and project need/scope. Those applying for a design grant will need to submit an approvable project plan including an Infiltration and Inflow (I/I) and Sewer System Evaluation Survey (SSES) if applicable, the appropriate public notice/participation requirements, and the necessary environmental clearances. If sewer work is proposed for structural integrity, the application must provide documentation of Class 4/5 defects according to the new pipe rating standards. Further information on these requirements can be found in our guidance documents accessible through our Web site.

As always, please direct questions regarding the S2 Grant Program to your project manager or by calling the Revolving Loan Section at 517-373-2161.

Clean Water Needs Survey!

By Mark Conradi



Data collection for the 2012 Clean Watersheds Needs Survey (CWNS) is about to begin and your help is needed. The CWNS is mandated by the Federal Clean Water Act and is conducted every four years. The survey will begin January 1, 2012 and will end approximately nine months later. The purpose of the CWNS is to assess the current and future (next 20 years) capital needs for wastewater systems throughout the country. Collection of the data is done state by state.

Please note that information garnered for the survey is not used for compliance or enforcement purposes. While participation and documentation of specific needs does not guarantee any federal or state dollars to address the identified needs, by documenting as many needs as possible, lawmakers will have a more accurate picture of how much the state of Michigan needs versus other states. Identifying and documenting needs can also be useful for current and future wastewater infrastructure planning within your respective communities.

For a need to be included in the survey, both the need itself and the cost to address it must be documented. Commonly used and pre-approved documents to support needs estimates include capital improvement plans, facility plans, preliminary and final engineer's estimates, sewer system evaluations, long-term combined sewer overflow (CSO) control plans, non-governmental grant applications, total maximum daily loads, watershed-based plans, and municipal storm water management plans. Some of these documents can provide evidence of both needs and costs while others provide either the needs or the costs. In the upcoming months, the DEQ will be trying to contact as many facilities with known needs as possible. There will also be a concerted effort this year to include as many small systems (serving 10,000 people or less) as possible that may not have been included in prior surveys. Survey forms will be sent directly to these systems if possible. If you are contacted by a mailed survey or other means, please provide the requested information/documentation knowing that it will be used solely for documentation purposes and that it should take a minimal amount of time. You will be providing a great service to the state of Michigan for future years.

Deadlines for Submission of

Project Plans for the Fiscal Year 2013 Project Priority Lists:

Drinking Water Revolving Fund – Project Plans must be received in our office by close of business
OR postmarked no later than

May 1, 2012.

State Revolving Fund/Strategic Water Quality Initiatives Fund– Project Plans must be received
OR postmarked no later than **July 1, 2012.**

State Water Pollution Control Revolving Fund Advisory Committee

On December 14, 2010, Michigan's Governor Jennifer M. Granholm signed into law Public Act 231 of 2010 that created the State Water Pollution Control Revolving Fund Advisory Committee. The Advisory Committee was established to review and provide recommendations regarding the State Water Pollution Control Revolving Fund, commonly known as the SRF. The goals of the Advisory Committee were to increase the level of investment in sewage collection and treatment systems; provide more incentives for actions that improve water quality and prevent pollution; and optimize the cost benefit ratio of alternative designs of sewage collection and treatment systems.

The report from the Advisory Committee to the state Legislature and the DEQ is posted on the Web at: http://www.michigan.gov/documents/deq/deq-ess-mfs-CWSRF-advisorycomm-FinalReport_364766_7.pdf.

Comings and Goings

This summer the Revolving Loan Section had recent additions to the section please give a warm welcome to Cheri Meyer, Jaclyn Merchant, and Jessica Ferris!

Cheri Meyer joined the West Unit, but is not new to the Revolving Loan Section. After earning a Bachelor of Science degree in Environmental Science and Management from Indiana University, Cheri worked as a project manager in the Municipal Facilities Section (as it was known then) for the State Revolving Fund Program from 1990-1993. From there, she transferred to the Southeast Michigan District Office where she helped develop and implement the Storm

Water Permit Program and handled compliance and enforcement activities for the Detroit River watershed. Cheri then traded in the challenges of enforcing environmental laws and regulations for the challenges of raising two active boys. Now she is happy to be back helping communities correct water quality and public health problems by improving their wastewater collection and treatment facilities and drinking water systems.

Jaclyn Merchant comes to us from the DEQ-Remediation Division where she worked as a Case Coordinator for over four years. During that time, she attained a Master's degree in Community, Agriculture, Recreation, and Resource Studies from Michigan State University. In 2006, she graduated with a Bachelor of Science degree in Environmental Studies and Applications from MSU. As a student, Jaclyn had a variety of work experiences: she worked for the DEQ, the Governor's office, and the Department of Natural Resources in the Fisheries Division.

Jessica Ferris was an employee with the DEQ-Remediation and Redevelopment Division (now the Remediation Division) as a student while attending Grand Valley State University where she obtained a Bachelor's degree in Natural Resources Management with an Emphasis in Environmental Science. Jessica also worked for an environmental consulting company in Lansing for three years and writing Phase I Environmental Site Assessments as part of the Michigan Due Diligence process.

It is also with sadness that we say goodbye to **Deana Kinney** as she recently accepted a promotion within the Resource Management Division. After eight very successful years with the Revolving Loan Section; moving from division to division; name change after name change; Deana will now be working in the Office of Oil, Gas, and Minerals, but thankfully never too far away for some help or just good ol' conversation.



Thoughtful planning now may enable a community to be ready to apply for DWRF, SWQIF, and/or SRF assistance in Fiscal Year 2013 and beyond. Contact the Revolving Loan Section (addresses on back page) for more information on community participation in the loan programs

If you know someone, who would like to be added to **THE LOAN ARRANGER** mailing list, or have an address change, please e-mail the editor, Ms. Carla Winegar, at WinegarC@michigan.gov.

If you are interested in receiving **THE LOAN ARRANGER** electronically, please e-mail a request to the editor and your e-mail address will be added to our growing on-line community.

The Loan Arranger

RESOURCE MANAGEMENT DIVISION
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
P.O. BOX 30241
LANSING MI 48909-7741

PRESORTED
FIRST CLASS
U.S. POSTAGE PAID
LANSING, MI
PERMIT NO. 1200

Return Service Requested

State of Michigan
Rick Snyder, Governor
Michigan Department of Environmental Quality
Dan Wyant, Director
Resource Management Division
Liane J. Shekter Smith, P.E., Chief
REVOLVING LOAN SECTION
Sonya T. Butler, Section Chief
Jeff Herrold, Project Management Unit – East Chief
Wendy Jansma, Project Management Unit – West Chief
Telephone: 517-373-2161 Fax: 517-335-0743
INTERNET: www.michigan.gov/deq
The Loan Arranger is published bi-annually by the Revolving Loan Section.
Correspondence may be addressed to *The Loan Arranger* Editor:
REVOLVING LOAN SECTION
RESOURCE MANAGEMENT DIVISION
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
P.O. BOX 30241
LANSING MI 48909-7741

The Michigan Department of Environmental Quality (DEQ) will not discriminate against any individual or group based on race, sex, religion, age, national origin, color, marital status, disability, or political beliefs. Questions or concerns should be directed to the DEQ, P.O. Box 30473, Lansing, MI 48909.



PRINTED BY AUTHORITY OF PART 53 of 1994 PA 451
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
TOTAL NUMBER OF COPIES PRINTED: 1350 TOTAL COST: \$952.48 COST PER COPY: \$0.71

