

**Stormwater, Asset Management, and Wastewater (SAW)
Workgroup Meeting on February 5, 2013
At DEQ, Constitution Hall, 3rd Floor North
Lillian Hatcher Conference Room – 1:30 pm**

Attending: Harry Sheehan, Washtenaw County
Gary Burk, City of Owosso
Larry Fox, C2AE
Dima El-Gamal, Stantec
Keith McCormack, HRC
Nate Zill, Lenawee County
DEQ: Jim Sygo, Deputy Director, Liane Shekter Smith, Sonya Butler,
Pete Ostlund, Charles Hill (conference call), Robert Schneider,
Kelly Hoffman, Wendy Fitzner, and Carla Winegar

Not in Attendance: Phil Argiroff, DEQ

Introductions

- Everyone introduced themselves.
- *Jim Sygo* welcomed and thanked everyone for attending.
- Objective
 - How to modify the current grant and loan programs and to enact new legislation.
 - Remove federal limitations where applicable.
 - Application development process, including lean process improvements.
 - Workgroup member input is important to us.
- Each member shared their experiences with the Revolving Loan Section programs.

Housekeeping

Role of Workgroup Members

- Act as representatives; people would contact you
 - Get feedback
 - Provide outreach
- Bring in more expertise later (i.e., stormwater, asset management)

Meeting Frequency

- Every three weeks, 3-hour increments, Wednesdays
 - Next meeting would be Wednesday, February 27, at 9 am
- Target end date – minimum six months
 - Meetings will be scheduled for six months out.
- Complete summary of minutes will be posted to the website

Target Implementation Date

- Our intent is to have program materials available by late August
 - FY 2014 budget will include funding
 - Ready to go October 1.
- *Liane* – accomplish these goals
 - 1) New programs
 - 2) Look at existing program for improvements

Name of New Program - Stormwater, Asset Management and Wastewater (SAW)

(Grant and loan info will be on website soon regarding SAW)

Sonya gave presentation at Joint Expo, including overview of new program

- Eligible activities of SAW
 - Planning and design - stormwater and nonpoint source
 - Asset management
 - Development of stormwater management plans
 - Innovative technologies
- Ineligible SAW activities noted in statute
 - Local government administrative activities
 - Municipal staff – not performing specific activities for the grant
- SAW grant and loan applications will be funded first come, first serve
 - 120 days to review applications
 - \$2M cap per community, in addition to what they already received from the S2 grant program, if any
 - First million – 90-10 percent local match split
 - Second million – 75-25 local match;
 - Disadvantaged communities – 100 percent grant
- Four different ways community can qualify as disadvantaged per the statute.

Grant Requirements

- Any funding source can be used to construct the project
 - Three years to begin construction
- No Davis Bacon or DBE for SAW loan
- Interest rate – not known yet
- State funds used to provide funding for SAW grants and loans
 - \$450M available for SAW
 - Money will go wherever applications are (loans/grants)
 - Once money is gone, that's it
 - SAW loan repayments go back to SWQIF
- The state has been criticized for not getting the Prop 2 dollars out to municipalities
 - 1) Authorization each year for appropriations
 - 2) Ability to bond - Treasury

Solicitation of Ideas/information

- *Keith suggested* we get info out there regarding where funds are, how funds may be allocated for all RLS programs.
 - This information will be provided by the next meeting.
- *Harry* – Questions should be sent via email, so we all see what is being discussed.
- SRF Advisory Committee process
- *Gary* would like to get utilities to be more self-sustaining using asset management process.
 - SAW grant could give jumpstart for communities to adequately begin the process.
 - Asset management – how many communities will buy into?
 - See how much interest
- Encourage stormwater utilities – another legislative component
 - Has to fit in asset management plan
 - How does stormwater work?
 - We need more clarification

Subcommittees

- What is each member's niche?
 - All non-DEQ staff had extensive experience with RLS programs.
 - Harry – nonpoint source

Brainstorming

Asset Management

- Identify and document what a facility needs before preparing a project plan (aka master plan, capital improvements, etc.)
 - Could include maintenance and operation – prioritize needs
- Distinction is implementation of the asset management
 - Legislative language states asset management grantee must make significant progress toward achieving the funding structure necessary to implement the asset management program within three years.
- Establish value of the WWTP system
- NPS has federal requirements (319); won't have to deal with these in the state-funded SAW programs.
 - Just state requirements need to be addressed with SAW programs
- Definition of 319 – municipality
 - Question on table – up for discussion:
- Who is eligible to apply for SAW grant or loan?
 - *Sonya*: We have relied on the legislation that the entity would use to borrow to determine who can apply for loan/grant.
 - What will be defining factor?
- *Harry*: MDEQ – current loan interest rate?
 - Treasury decides, but the DEQ makes recommendation
 - Interest rate is established in summer.
- *Bob* works with wastewater and drinking water staff on user charge systems
 - User charge system rate methodology - developing Asset Management templates for communities to use to meet NPDES permit, asset management, and capital improvement needs
 - A draft of the templates will be presented to district staff by the end of February
 - *Harry* asked about desired level of service – cost benefit analysis (language in legislature)
 - *Bob* - local decision to be worked through based on the following:
 - 1) Asset inventory – what you have
 - 2) Rate methodology – how to pay for assets to operate and maintain
 - 3) Capital improvement plan – what you do with it
- *Sonya* asked the engineers: What are you finding in the community as it related to asset management?
 - *Dima* – clients want it; resistance from city – some not educated, want but may not have money. Budget/politics issue
 - *Larry* – see municipalities receptive for planning, but can't afford; with grant program they could get ahead.
 - *Keith* – asset inventory, value inherent; long-term solution; how received? Difference in judging....implementation
- Consider CUPSS - EPA software for asset management used for water and wastewater
 - data can be transferred using Excel spreadsheet.

- Questions on asset management
 - What do we include as eligible in the grant on asset management?
 - Software, computers, training; need to interconnect field work with office (*Dima*)
 - Map – aerial view? GIS?
 - Expenses – activities prior to grant award as early as January 2, 2013, can be included in the grant.
 - Have not identified what is eligible or eligible as match (i.e., in-kind)
- Risk of asset management
 - Cannot implement; don't want to set communities up to fail
 - Depends; set up as small, medium, or large system
 - Anticipate timeline or look at
 - 1) community has nothing (need more time)
 - 2) community has inventory only
 - 3) community has asset management plan
 - What is condition assessment? Is statistical data sufficient?
 - Framework important – pilot study
 - Keep in mind – can the community implement the asset management plan?
- *Sonya*: Will community be willing to do asset management (add to work)
 - Need staff person that can do/carry out inventory of assets
 - *Gary*: asset management approach – fix before failure with maintenance/preservation.
 - Asset management could cover small chunks of time
 - Framework – project needs funding
 - 1) Start in worst areas – percent
 - 2) Spread out to other areas of the community
- Guidance – how would you accept representative sample; different elements
- What utilities can asset management include? (not DW)
 - If community does include other utilities, how do you prorate the costs/grant and coordinate construction activities?
 - AJE
 - *Gary*: Sales pitch to communities should be to look at asset management as a whole, not piecemeal.
- Detroit has asset management built into its draft NPDES permit,
 - Sue McCormick asked at the Joint Expo DEQ presentation if Detroit's permit requirements would preclude a SAW grant.
 - No, a permit requirement does not keep a community from requesting funds from the RLS programs. It all works together.
- 100 major municipal wastewater treatment plants will be expected to have an asset management plan in their NPDES permit within the next five years.
- Training on asset management is currently advertised and being conducted around the state by the DEQ, Office of Environmental Assistance.

Stormwater Management Plan

- *Charlie* may have something he can send
- *Harry*, not 319, MS4, CMI – structure there
 - Watershed plan (same as stormwater plan) based on watershed, not municipality
 - Inventory of solutions/causes
 - Stormwater not considered pollutant driven
 - quantity of water and quality (was to be called out in advisory committee)
 - DEQ website currently lists approved watershed plans

- Grant is to come up with stormwater plan – not required to implement the plan
- Can use S2 grant as model for application – it has drainage districts on it
 - Get copy of CMI application to review
 - Region 5 – MS4, point source
 - Constituents in stormwater
 - pollutant components – ph, ecoli, sediment
 - CMI was used to match SRF
 - for this purpose, pull out qualify – recommend verbage – water quantity
 - Easy to review
 - SRF permit review – not eligible
 - Pieces are there – pull out for large-scale treatment

Innovative Technology

- Look to district staff; *Charlie* will assist
- Would need to meet 10 States Standards
- Part 41 wastewater construction review
- Formal application for equipment would need to be submitted
- *Liane* - regarding Legislation
 - A business is not eligible for Prop 2 money
 - SAW would help with project cost to municipality, not business
 - Innovative application of technology
- *Harry*: law doesn't include evaluation
 - “demonstration” would include component (approved by the DEQ)
- Why can't non-innovative technology be paid for?
 - Phosphorus reduced – no continuous measurement
- *Dima*: What about green?
 - Certain technologies, are those innovative?
 - “Pilot component” – related to green
 - Could be problematic if pilot doesn't go forward
- *Sonya*: Need group discussion on what we call innovative – table for discussion
 - Sections 5202c, 5204e, etc. – have to define demonstration

Next Steps

- Asset Management
 - Define primary components
 - What is eligible?
- Stormwater
- Loan (application) Requirements – bring to table
 - Federal – what can we do away with?
 - State – do we need additional info?
 - If loan, who is applicant: who would use/need user charge system?
- Depends on level of authority to apply for grant
 - Who will pay back?