

**Stormwater, Asset Management, and Wastewater (SAW)
Workgroup Meeting on May 1, 2013
At DEQ, Constitution Hall, 3rd Floor North
Lillian Hatcher Conference Room, 9 am-12 pm**

Attending: Harry Sheehan, Washtenaw County
Nate Zill, Lenawee County
Larry Fox, C2AE
Dima El-Gamal, Stantec
Keith McCormack, HRC
Gary Burk, City of Owosso
Treasury: John Barton, Matt Bowman
OAG: Alan Lambert, Shenique Moss
DEQ: Liane Shekter Smith, Sonya Butler, Pete Ostlund, Bob Sweet, Robert Schneider, Kelly Hoffman, Wendy Fitzner, Cheri Meyer, and Carla Winegar

Not in Attendance: Jim Sygo, Deputy Director, Phil Argiroff, and Charlie Hill, DEQ

Introductions were made as Finance and Legal joined the workgroup.

ASSET MANAGEMENT

Draft SAW Schedule and Responsibilities

Remaining Tasks/Topics for SAW Workgroup as of May 1, 2013 (handout) to help determine the way we want to get to the finish line, with only six scheduled meetings left before September 1, 2013.

- Goal - money will be appropriated and available by October 1.
- Draft of applications done by June 1.
- Final application completed by September 1
- Applications can be submitted any time; first come first served
 - Concern regarding that all the money may be gone by November 1
 - More time is needed to put together quality applications and to do proper work.
 - We can say, we won't accept applications until November 1 if necessary
 - After draft application is complete, we could ask others how long it takes to complete the application.
- What if we have more applications than money?
 - First come, first served - no way of gauging interest. That's the way the law is written.

Draft Documents

Concern expressed about draft documents not posted on website with meeting minutes.

- We will not be posting draft documents until near final; too many chances of something being out there that is not correct.
- We added a note stating such to last meeting minutes.

Prior Meeting Follow-up

Cleaning and televising equipment/training (Gary)

More discussion.

- Purchase of vacator/equipment could eat up $\frac{3}{4}$ of grant.

- If community has equipment, would like crew doing work or renting equipment.
 - How are they using that equipment?
 - How much should we allow?
 - Is that a good grant category? Legislation talks more about grant activities, not loan.
 - Look at 3rd party costs; community would have to show beneficial, cost-effective to buy vs. rent
 - Vactor not eligible for grant, other part of demonstration, look at as ongoing part of process.
 - Hourly charge could be eligible, (force account) do work in-house as if rented.
 - Often in-kind match.
 - Could recoup part of equipment cost if use own equipment. This would be similar to force account for labor.
 - May be cost effective to train/certify own crew
 - Sonya- what is the scope of the grant for these costs?
 - Gary- condition assessment for asset management.
 - Is it possible the DEQ/state of Michigan has already purchased equipment? Maybe under SRF loan.
 - Would we have to inventory this equipment purchased by the grant? This is a requirement for federal grants; what about state grant?
 - Put on list to ask auditor.
 - Sharing this type of equipment is not practical for a large community.
 - Keith- under purchase of equipment, simplify limit
 - Make certain amounts eligible; community decides how to use the amount.
 - 3 levels of eligibility. Match eligible should be same as grant eligible. If the cost exceeds \$150,000, that is grant eligible.
 - Larry- no purchase of vactor, allow charge of rental fee for reimbursement in the grant.
 - We need to set a rate/limit.
 - Can use force account and rental rates published by MDOT.
 - Larger community: purchase would be cheaper and more beneficial for them.
 - If purchased, can't charge rental fee for equipment.
 - How would we evaluate?
 - Have to have documentation: detail in application.
 - Provide justification. Gary- Equipment will be needed for the long run, not just initial assessment.
 - Gary will come with written proposal to our next meeting.
 - Aspect of renting equipment or purchasing
 - No purchase of equipment, use standard rental rate
 - Need qualified, certified personnel. Training cost will not be limited.

Draft Asset Management Plan Grant Application (Bob)

- This will be Appendix to base SAW application.
- Handout more defined than last draft.
- Components
 - F. Rate methodology
 - Guidance will define what an asset management plan is.
 - What if not charging adequate rate?
 - Add more questions; are you charging sufficient fee to cover costs?
 - G. What is intention of Asset Management Plan?
 - Encouragement, hope asset management plan would be all inclusive (e.g., utility, roads, stormwater)
 - Breakdown? How do they pay for asset management plan and will they get reimbursed for it?

- Are you planning to do more than one asset type?
 - Time in field – not primary source or focus.
 - How does this program integrate with other asset management plans, if trying to encourage this approach.
 - Come right out and say, this is what asset management plan grant will pay for.
 - Inventory other assets if they are going to use asset management plan. Identify what they are going to use. We recognize this, but we are not going to pay for inventorying assets other than for wastewater and stormwater.
 - Ask community to explain how it will inventory assets for things that are not SAW grant eligible (i.e., drinking water).
- Harry- if county drains are permitted, can they get an asset management grant?
Yes.
 - If they do all at one time, we can only pay for part of it
 - Leave up to community to only ask for legitimate, eligible part.
- How are you going to inventory and charge costs if collecting data on various types of assets not related to wastewater or stormwater?
- How are you going to do condition assessment?
- Need a few more specific questions. Guide community on what you want to be there; that is what will be part of asset management guide.
- Is training onetime only expense or can go up to the maximum per population?
 - Will we allow community to come back for another grant? Yes, as many as they want until grant cap is met.
- Do you have to implement a construction activity at end of stormwater management plan?
No, plan is the project.
 - Developing stormwater management plan is the project.
 - Revisit 10 items in Harry's draft.

Draft Base SAW Application (Sonya)

Draft application began with current S2 grant application for discussion purposes only.

- Components
 - C. Designated Contacts
 - Do we need bond counsel? No – remove from application
 - Do we need financial advisor? Yes.
 - E. Proposed Scope of Work
 - If a project only wants to come in to do planning and design, will SAW planning grant pay for this expansion of what we currently do in the S2 grant program? Per section 5204(e)(2)(b)(iii) Yes.
 - If eligible, what is expected at end of 3 years? A project that can be constructed (same as current S2 grant).
 - Pete- asset management plan must be for wastewater and collection system in order to meet NPDES permit requirements
 - Need to do both; can do phased asset management plan in pieces.
 - The grant language will stipulate.
 - F. Clarify owner/operator ...
 - Document legal relationship and easements
 - West Bay County WWTP has 8 owners, proportionately shared; each has own collection system. How would asset management plan work for them? Pete to check out permit.
 - Subsequently, determined that Bay County owns the WWTP and a portion of the collection system. The county refers to customers of the system as owners. The county would be the applicant for the WWTP and the portion of the collection system.

Intent /Design of program is to get communities self sufficient; identify what community will do for significant progress.

Dima asked that we keep SAW grant application simple. It takes a month to do an S2 grant as community has to have written bids/contracts, contingent on grant award, prior to applying for funds.

- J. Applicant qualifying for disadvantaged community
 - o Disadvantaged communities can use \$500,000 of grant funds for construction if project is identified in asset management plan.

Disadvantaged Community Determinations (Bob)

- o Legislation was conceived initially with no discussion about disadvantaged communities. Bob is encountering issues on how to determine how community is disadvantaged.
 - Generally determined 4 ways per Section 5301(e)(iii). Issue with how to define poverty area. Census data for community with less than 8,000 people may be unreliable (huge data variance for some communities).
 - Some communities don't have a defined project yet; thus, hard to do debt calculation to determine disadvantaged status.
 - If Bob can't do calculation, how do we determine a community as disadvantaged?
 - Bob's recommendations: Use current debt rates and then after community does asset management plan, they can get \$500,000. Thus, grant cap would be \$1,500,000 for a disadvantaged community to get remaining funds for construction.
- o Going with Bob's recommendation; no better insight. When community has plan, can go back and take a look, they could get another grant

Return to Base SAW Grant Application

- L. Covenants and Certifications - Up for discussion, copied over from S2 grant application.
 - o 3. Rework to make match requirement more vague
 - o 8. Leave NREPA. Does that pull in federal requirements? Just say "in compliance with Part 41.
 - o Remove 10 states standards. Does not need to be in there. Strike federal.

M. Required Documents

- o Authorized Resolution. Do we need? Yes.
 - Another tool to say community is committing long term. We recognize we will need to do other things.
 - Resolution would be generic, grant agreement would have details.
 - Alan will determine if we need two different resolutions.

Schedule

- o What can the DEQ manage? SRF is calendar quarter; offset with S2 grant (60-day processing).
- o Keep SAW like S2 grant schedule; stick with process that works. Start with October 1.

Appendices

Miscellaneous

- Can an Authority apply for an asset management plan for their systems that includes septic systems? Yes.

- Status on House budget. Nothing changed. Hoping to have budget by June 1. This program funding will be year by year. Debt service appropriation missing. Authorization is another hurdle.
- What is interest for loan on SAW? Not yet determined.