

**Stormwater, Asset Management, and Wastewater (SAW)  
Workgroup Meeting on July 10, 2013  
At DEQ, Constitution Hall, 2<sup>nd</sup> Floor South  
William Ford Conference Room, 9 am-4 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  
*Karyn Stickel, HRC*  
*Brian Vilmont, Prein & Newhof*  
*Randy Kriscunas, Fleis & VandenBrink*  
*Matt Davis, Wightman & Assoc., Inc.*  
OAG: Alan Lambert, Shenique Moss  
DEQ: Liane Shekter Smith, Sonya Butler, Bob Sweet, Charlie Hill, Robert Schneider, Kelly Hoffman, Wendy Fitzner, Cheri Meyer, and Carla Winegar

**Not in Attendance:** Jim Sygo, Deputy Director, Pete Ostlund, Phil Argiroff, DEQ

### **Draft SAW Grant Application**

#### Asset Management Plan (AMP)

- Proposal to Limit Cleaning and Televising System  
(We put proposed limits in application on page 17 Appendix C)
  - Prior to 1983? Should be 20 years, so that would make it 1993
  - Larry would like to limit so grant wouldn't be only for cleaning and televising; 30 percent?
  - Dima- fill in the blank, \$35,000
  - Keith- small community probably needs to do their whole system.
  - Dima- try for happy medium: community can demonstrate or justify; communities starting from scratch, be more flexible/compromise.
  - Kelly has had calls; communities want more than 30 percent. What is justification?
    - Harry- can it be performance based? Clarification.
    - Gary- what percentage? miles of sewer?
  - Larry any way to proceed with some limit initially, then in second round relax the limit if necessary?
    - Liane- raises issues. Are there going to be opportunities to modify grant application in future years? We should have the ability to do that.
      - Harry- issues that we know about, we will have a need for flexibility.
    - Dima- satisfy justification on application, within appropriate rate structure, for asset management.
    - Liane- what denial could there be to limit cleaning and televising? The more program flexibility, harder to manage the program.

- Nate – if cleaning and televising is limited, a community can get more funds if they have not reached grant maximum. How do you track?
  - Keith- allowing community to submit wastewater system first and collection system separate.
- Gary- limited cleaning and televising is a problem for small systems, it limits their ability.
- Liane- can we leave it up to community? We may not need a limit. Let the community make that judgment; if they don't have AMP, they will have to use grant funds wisely or risk pay back.
- Cheri- In application, it asks for estimate of percentage of complete. This is basis for making community rethink the AMP. Wendy- reiterate, make more clear.
- Nate- give the community the money for what they want to do, and if they don't do it, ask for money back. Not easy to do.
- Appendix C needs to be strong. State what the AMP requirements are (Keith).
  - Cheri- put a statement after that question, emphasize what is required. AMP has to be complete.
- What about the funding structure? See page 14. Bob- not sure we are requiring complete AMP. Grant money may not result in complete plan, but after 3 years it should be complete (Cheri). Bob- edit Items D and E in Appendix C to clarify.
- Gary- for community, condition assessment is ongoing process; they will have to show progress in user charge system.
- The other guidance for limit, what are the community's critical sewers? What is priority? Hard to develop limits in grant application.
  - Dima- the AMP kind of forces community to look at what they have.
  - Bob- could we have as guidance instead of limits? We need to say a complete AMP does not include a complete televising of the system.
- Item A on page 14 will be revised to state that assumptions will be used to determine condition of some assets. There is no expectation that the entire system will be in GPS or cleaned and televised.
- Leave age of pipe and revise to 1993, leave percentage off. This lets communities know there is no expectation of cleaning whole system. Per page 17, justification can be provided for critical areas. Change Items D and E to make statement and clarify AMP expectations.
- Keith- user charge system will recognize assumptions. What is your plan for continuing in the future? Liane- end of 3 years the community should have to submit something. Combine D and E.
- Charlie- NPDES requires AMP documentation. If facility is not permitted, capture in actual grant agreement. Submit annual report? Grant agreement could have document going to WRD, for a few years.
  - Dima- Part 41 permits? Charlie- Those are just for construction. If not constructing anything, no way to track AMP. Wendy- Ask for notice of completion.
  - Think the applicant would expect something. Liane- taxpayers would expect something; something like consent agreement.
  - Sonya- District staff would have input after 3 years. Community should have to do a submittal.
  - Bob Sw.- Hold final payment; sign release saying AMP is done.
  - What do we expect of community at end of three years?
    - Sonya- We could send out a letter at end of 3 years. Liane- Or have in agreement, then send letter to remind the community.

- Gary- User charge system review is the key. Bob- ask applicant to submit rate structure/methodology at time of application and what they plan to do at 2 ½ years. Modify Items H and A (scope). Certification that the community completed what they were going to do.
- Significant Progress
  - Bob will look at rates at time of application and will ask for rates 2 ½ years after grant award.
    - If great discrepancy between the two rates, is the community making progress?
    - Dima- Or at conclusion of AMP? Don't have to be at finish line, but have to show what community is going to do. Some type of movement (vote, council resolution).
  - Our leverage is the community has to pay back grant if they don't make progress.
  - Is any rate change acceptable? At least one rate change for first step.
    - Gary- idea of where we are going/projecting. Liane- would be on record.
    - Dima- public hearing would document and satisfy AMP completion; change in rates. Need to have movement of aligning the rate structure. 10 percent?
    - Gary- if real understanding community will increase rates to become self-sufficient. Want the community to understand commitment and there will be consequences.
  - Significant progress is defined as 10 percent of total required rate increase within 3 years with 5 years implementation plan.
  - Let's look at how significant progress affects a disadvantaged community.
    - Benton Harbor, for example, would struggle to increase rates 10 percent within 5 years. Different rules? If can't raise rates, not meeting objective, shouldn't apply for AMP grant. But, these are communities that need the money. Dima- 5 percent over 10 years for those? What about percentage of medium income? Eventually the communities will have to do something.
    - Decision – disadvantaged communities have to increase rates at 10 percent of total rate required. No special treatment.
  - What is significant progress for road commission? Don't have to adjust rate structure, just have to do stormwater management plan.
- Disadvantaged community– if they do AMP using SAW grant, construct project prior to Dec 2, are construction costs eligible for \$500,000 grant? Emergency repairs, can they be reimbursed with \$500,000? No.
- What about community with an NPDES permit? If asset management is included in permit, any preferential treatment in receiving loan? No, there is no prioritization in giving funds under this program. (Keith) First come, first served.
- Inflow/infiltration Evaluation
  - Should amount be limited if needed? No dollar amount limit; use age of pipe (i.e., older than 1993).
  - Charlie- wouldn't cleaning and televising take care of it? Identify areas that are problematic.

- Is it part of condition assessment? No.
- Would be part of AMP? No, depends on I/I need and what the community wants to spend grant on.

### Review of SEMCOG/OHM Comments on SAW Grant Application

- Page 3, Eligibility. Going to modify Section F per AG feedback. Municipality definition; define what statute the community used to form. Add fill-in-blank for statute.
- Provide in summary, use as example, each entity would be eligible for \$2M (applying separately) add SEMCOG's example to application. Analogy - wastewater authority with five different cities. Each can apply with different scopes of work. How would we know? We can ask if they are aware of other projects. In scopes of work, carry over what is ramification. Can ask if applicant is multi-jurisdictional? Who is actual owner of system? C
- Application Footer - will try to make application a pdf fillable form.
- Page 2, Section D, define performance metric for stormwater AMPs
- Bob Sw- 3 types of plans: MS4, NPS, stormwater management plan. Details in Appendix. Review and approve plan. Stormwater asset management plan. Who is going to review? Water Resources Division.
- Page 2, Section E. Make sure clear; there isn't a stated expectation.
- Planning, design, (user charge) ....remove "for wastewater projects" or say required for wastewater projects.
- Add "SRF/SWQIF" to 3<sup>rd</sup> paragraph, 2<sup>nd</sup> sentence so it reads...documentation of an SRF or SWQIF eligible need...
- What is deliverable for planning activity? A Notice to proceed (NTP) issued within three years and permits, if necessary, with written confirmation. Construction could be done without NTP, internally. This should be FAQ.
- Say execution of grant agreement in Section D (a). Thus, 2<sup>nd</sup> line reads....after the department approves the grant (executed grant agreement).
- Page 3, Section J - they would be filling out in Appendix F. The calculation is part of DEQ procedure.
- Page 4, Entering Cost Figures... Put A, B, A+B to clarify table.
- Page 5, Item 4, line 3 – Charlie- this was also brought up to him at MWEA meeting. Can there be sub-contracts? Yes, documentation must be provided. Keith- should show up on invoice.
- Can a disadvantaged community use a construction grant to address a project identified in a stormwater management plan? Yes, as long as project is in AMP. This should be a FAQ.
- Page 5, Item 4, line 5 – Is there a map of waters of the state? No accurate map. Waters of the state are blue lines on USGS map. This should be a FAQ.
- Page 5, Line 3, Item 4 - our language works; clarify not rate studies, but rate methodology (FAQ). If under asset management part, change some of wording. Asset management has own section.
- Table on page 7 – December 2 is start date, not deadline. Change sentence under the table to say beginning December 2. No application submitted prior to December 2 will be reviewed before that date. We will accept and stamp application, but not look at until December 2. Postmark date will be used.
- What about subsequent funding? Stay in line for next year. What holds your place in line, administrative complete (AC) or approvable? Discrepancies among reviewers. Project managers need comments from district staff. Bob, if everything is there, it is AC, then competitive for approvable. No deadline here. Need strict criteria of what goes through and what doesn't. \$97M becomes the first screen. How do we level the playing field? New date

is when they correct deficiencies. If grant asks for ineligible item, we don't approve that part of the application, but submittal date remains the same. If we need information from the community, can get application kicked back. Application has to be clear. Biggest question and fear is not getting funding.

- Internal discussion needed on processing dates for applications sent by FedEx, etc. No electronic submittals.
- Appendix A, page 9, Planning – if coming in just for planning, what documentation does the community need? What is the deliverable? On I/I issues, we have thresholds for SRF to eliminate I/I is design, the evaluation would be (analysis). Same as SRF – water quality problem. Use same verbiage under 4 in FAQ. If planning does not result in project, have to pay back the grant. Another appendix for non-SRF? Eliminate burdensome requirements, but it makes sense if we need the info. Charlie- money directed toward cost-effective solution.
- Another question is what percentage is needed that is considered doing something; unspoken rule of 50 percent. Not been challenged. Nothing says it has to be cost effective. Planning must result in project, but no limits or constraints.
- Gary- one of key things is how project is going to be financed. Charlie- might have to revise our Part 41 application to say “is this SAW?”
- Page 12, Appendix B, #1 – Is it eligibility or is it trying to determine need? To determine need.
- Page 15, Appendix C, Cross Sectoring – remove parenthesis around stormwater,
- Page 15, Section E. Will be approved or reviewed – if facility has a permit. Gary- permittee may want to contest. Larry- reasonable to conclude if state is paying 90 percent, you should be required to do something. If agency has authority to require in a permit (has it been challenged?). State now requiring AMPs in permits. We should let the applicant know this will be a future permit condition. By accepting this grant, agree to add AMP in NPDES permit. Gary- might require additional reporting. Instead of agreement, looking for acknowledgement of AMP in NPDES permit. Permit will be updated next time it is up for renewal. Charlie- Are the communities waiving any right to negotiate? Discuss with Pete.
- For major facilities that discharge to groundwater....need Pete to clarify (*Subsequently, decided these communities can apply for SAW funding*). Smaller community discharges to groundwater. Still water quality problem. If you do AMP for stormwater system, not MS4, non-permitted collection system. What is deliverable for stormwater AMP? Need internal meeting with Pete – get something out for folks to react to.
- Page 15, F. Primary Contact....put in application on page 1 (add email addresses).
- Page 15, H. Please include current rate methodology (make statements, not questions). Gary- sufficient revenues and reserve funds, how do you deal with? Financial advisor – we don't review or make judgments on. Small communities need guidance. BMPs? Need guidance for the sufficient rate structure. Need to point in right direction.
- Page 16, Item I. How are you going to track it? Are you tracking or splitting the costs? Move law citation up.
- Page 16, Item J. If part of regional system, we need to know who owns (see page 3. F). Keep 1 and 3, checklist for authority and legal requirements. Bob needs information if regional to see responsibility of revenue flow. Do we really need it? Burden should be on the community. If not one of these rate structures, identify which one under Other.
- Page 16, Item K. Might be more helpful to provide ineligible examples. Surface waters of state, need explanation.
- Page 18...IT updates are eligible; annual license renewals are ineligible.
- Develop and implement a survey.
- Add Note at end of document – some items that are grant ineligible may be loan eligible.

### Draft SAW Grant Resolution

- Shenique updated – reasons for paying back (page 2)
- Resolution one size fits all. Do you want to have a formal resolution? Main thing is to make sure the body is agreeing to the undertaking; they need to understand what they are undertaking. Could that be a whereas? Harry- Is there a statement that it can be changed on form that we provide?
- Cheri- 4<sup>th</sup> whereas (page 1)...financing for construction, should that be changed for AMP? Modify, even put in OR.
- Stormwater ...prepare the plan. If we do permit would that have to be addressed?
  - Need repayment condition for stormwater and stormwater management plan and asset management for stormwater management plan.
- What about innovative technology – only if it works, so need a whereas for that. List “under the following conditions” what the requirements are.
- If authorized representative changes, usually just need letter if replacement is in same position.
- Bob 4<sup>th</sup> whereas, revenue structure.
- Condition 4 (page 2) – Gary- raises flags; same verbage as S2 (only change is general fund). Definition of municipality, some don't have ability to raise the money. Still have to have ability to pay back. Liane- could we say if applicable, really is if necessary and applicable if legal.
- Condition 3 (page 2). From first disbursement, interest only on money disbursed. Go back on each date of payment, then accumulative after that. Agreement spells out.

### SAW Trainings

- SEMCOG – Sept. 17
- Ram Center – Sept. 19
- Marquette, Ramada – Sept. 24
- Grand Rapids, Eberhard Ctr – Sept. 26

Township Association and others will market these for us. Webinar? Possibly tape and do on U-tube and will be on web in a couple of weeks.

### Follow-up

- Wording changes and permit condition...need to talk about internally
  - Different grant types need to be listed.
  - It is Department's intention, they need to acknowledge.
- Go through rest of comments
  - Do we intend to respond in writing? Reply taken under consideration.
- Distribute the rest of grant stuff electronically. Reply to all.
  - Post grant changes? No, have internal meeting first.
- Next meeting to cover loan.