

**Stormwater, Asset Management, and Wastewater (SAW)  
Workgroup Meeting on August 21, 2013  
At DEQ, Constitution Hall, 4<sup>th</sup> Floor South  
John McCauley Conference Room, 9 am-12 pm**

**Attending:** Dima El-Gamal, Stantec  
Harry Sheehan, Washtenaw County  
Nate Zill, Lenawee County  
Larry Fox, C2AE  
Keith McCormack, HRC  
Gary Burk, City of Owosso  
*Jim Hagerty, Prein & Newhof*  
*Randy Kriscunas, Fleis & VandenBrink*  
OAG: Alan Lambert, Shenique Moss  
DEQ: Liane Shekter Smith, Sonya Butler, Pete Ostlund, Bob Sweet, Charlie Hill  
(by conference call), Kelly Hoffman, Wendy Fitzner, Robert Schneider, Cheri Meyer, and Carla Winegar

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

### **Loan Application**

#### Part A

- Deleted some verbage on page A-20
- Harry- language on limits for rationalization if work is done inhouse. Checklist on Part B, looks like just limited. Is there a hard limit? If construction work is over \$50,000, it has to be competitively bid. Is there an option to do inhouse? Rare, but need flexibility. Gary- if you can do work inhouse, not getting a loan. Harry- or do informal quotes. Add something. Language could be similar as in grant.
- Is 20 percent for indirect costs an eligible grant cost? No. There was group discussion, then internal discussion with Liane and Sonya. Sonya- SAW money is limited, so we should not be covering. Indirect costs are ineligible on SAW grant and loan.
- Harry- Project funding from other sources, can it be used as match (i.e., 319) for SAW? Use as match since it is state funds – Bob Sw. Pete- not using 319 for planning purposes anymore. 319 could get for design. Are they SAW eligible under the loan? If already paid for by someone else, cannot use.
- Keith – grant matching question...costs incurred this year; half paid for by community, other half in loan and project received principal forgiveness. Now can the project apply for a grant? No, the project cannot receive a double benefit.

#### Part B

- Gary- Resolution to tentatively award a construction contract in Part B, formally adopted line. Project proposal is prepared in Part A. Date of final project proposal would have been submitted with Part A. Part B is to award the project. Is it really the date of authorizing resolution? Yes.
- Removed Uniform Relocation Act in Covenant and Certifications.

### **Supplemental Agreement (Shenique)**

No changes made since last meeting; cleaned up typos.

## Interest Rate

Per advisement/suggestions, made same as SRF at 2.5 percent for fiscal year (FY) 2014.

## Allocation of SAW Funds Between Grants and Loans

- First come, first served for grants and loans
- No one loan can get more than 30 percent.
  - Liane- lots of feedback – revisit annually. Concern about setting aside amount and not spending it.
  - Loans will go in lottery? Yes.
  - Harry- if loan kicked to second year, will it be subject to new changes?
    - Harry- need to state that upfront; Larry agreed state subject to change.
    - Liane- going forward; evaluate after first year.
    - Alan- Wouldn't the communities have to reapply? No. Projects approved but not funded will be put on a list.
  - Dima- is 30 percent set in stone, could it be 10 percent? Concerned that three projects will use all of the money.
  - Gary thought would be 50/50 for grants/loans. If loans do not come in, can use for grants. The intent going in was to use asset management program, then establish loan program down the road.
  - Liane- we could say first come, first served, no more than 30 percent for one loan, and no more than 50 percent of total amount goes to loans. Cap the amount on loans, so we can spend on grants.
    - Dima- how would you control it?
    - Harry- why not cap the amount of loan? 15 percent per loan is high.
    - Keith- \$5 million? Individual can only apply for "\$x"M. If have asset management plan. Need to be addressed second year.
    - Liane – limit on total? Gary- first year, more for grants. Workgroup just used 50 percent. Larry- 30 percent for first year. Dima- \$30 total/30 percent for one loan (or \$10M), to be revisited every year. Lottery part of your date. Grants are not limited at all – \$97M could go. \$30M cap for loans. If communities know \$10M is maximum, can adapt project. Harry- no maximum amount.
  - Decided: \$30M cap on total loans in FY 2014. \$10M maximum per loan. No total loan limit per community.

## Grant Application

- Larry asked Pete about groundwater discharge...can you do asset management plan for stormwater that discharges to groundwater?
  - Pete not regulated. Stormwater asset management plan or stormwater management plan – has to address water quality issue.
  - Dima- what if community has contract with homeowner association, but not part of municipal system? Contract relationship, not the communities asset. Municipality has to have ownership.
- Page 2 Table of Contents was requested.
- Certifications (Wendy covered)
  1. Wastewater - end of three years some type of notification regarding rate methodology. Certify implemented asset management plan and making significant progress as defined. Gary- rate methodology submitted to DEQ? Yes. Add "no later than"....5 years to close the gap. We don't intend to go back for review. These

will be in NPDES permits, if applicable, and will be monitored then...Revise after 2 ½ years to say “within.”

2. Stormwater asset management plan – go to law. Bob Sw.- just have them supply letter. We could get approval letter from them. Community doesn’t have to do rate increase, only implementation, and show plan is being maintained
3. Stormwater management plan for SAW program – developed and implementing plan. Add, for other 3 types, letter from DEQ will suffice.
  - Dima- Can this be part of agreement? No, so the community doesn’t complete and submit with grant application.
  - Revise “may” wording – change to must. Fix page numbers.
  - Keith concerned about maintain, financial component. How do you keep up? Not our concern. If not comfortable with NPDES permit conditions, don’t make grant application.

*Subsequently, deleted form as stormwater management plan will need to be reviewed and approved.*

4. Innovative technology – if tested, can’t be implemented, or not feasible. Have to decide which it is at end of three years. Notice to Proceed? Not necessary.
- Resolution (placeholder) brought by Shenique.
    - 4th whereas dropdown box to separate different types of project. Innovative technology, stormwater management plan. Keith- put bracket around and reference. Larry- Why do we list revenue system development? Remove revenue system as it is part of planning and design. Get language on how to select.
  - Harry- grant application, page 3, F - Has this language been changed? No. If not, talking about the need to establish? Drain commission letters, what do they need for legal document? Leave up to community.
  - Appendix A
    - Shortened; pulled out prior information that referenced S2 grant requirements, tweaked couple of grant eligible and ineligible items.
    - Dima- Guidance 2<sup>nd</sup> bullet, temporary flow meters? Community billing? Why would you use that for planning or design?
      - This is not guidance for asset management purposes. Should be loan, not grant. Clients may think they can get for grant.
      - Keith- say no, not addressing water quality.
      - Gary- part of user charge development costs.
      - Larry- but intention is for....justification.
      - Keith- is there limitation? Ask Charlie.
      - Flow monitoring part of condition assessment. Can you use results? Charlie- part of ongoing enforcement, ultimately have asset management plan as proactive, preventative part of your system.
      - Purchase/installation of flow meters is eligible. Limit to 9 months for flow, and pay for rental. Set amount. Let community decide how they want to spend. Why limit? Still have to show data.
  - Appendix C
    - Issue related to rental rates for cleaning and televising.
      - Gary – force accounts or if more than industry standards, track. When submit application, have quote from outside source. Put in same unit cost as if on contractual basis.
      - MDOT website doesn’t have what we need. Kelly did find an average rate from 1997. Bob Sw. will check out.
      - Liane - Other cost estimating resources out there.

- Gary- \$125-150 per hour, not including cleaning.
- Keith- should we leave to applicant to submit?
- Larry- for force account need some type of documentation. We need basis to judge. Charlie, 1993 or should be just say 20 years. Since systems continue to age. Per foot costs, something to go on (Larry)
- Gary suggested to keep less burdensome, inspection report, municipality could be required to submit informal quote on a per-foot-basis. In future could get average cost. If condition assessment, ask for engineer's cost.
- Keith- for grant agreement, might want to include reimbursement has to be shown cost effective. Do we care? Nothing else has to be shown. Spend money wisely.
- Gary was looking at what would be easier to review. Instead of paying contractor, let city do at that rate.
- Staff time – which activities get charged by hour and which by foot? Dima- What about activities incurred as we speak? Need good recordkeeping. Line item? Don't pay employee for doing this task. Want to suggest language? Reasonable rate per foot.
- Dima – have you thought about how you would handle community that misestimates? Apply for additional grant if not at limit.
- Keith- combine GIS software/training in Table. May have different vendors. Do same as hardware. Larry- if community uses county, treat like a contractor.
- Revenue structure, rate methodology - is it really necessary to submit with application? Yes.
  - Bob- intent is to show significant progress, has to be starting point. Could be a gap, but may have asset management plan already in place. Maybe current rates/schedule can be used as basis. Resolution or ordinance.
  - Keith- is there going to be some kind of affordability review or component to analyze gap in structure? Liane- If you can't do it, don't apply. Grant not set up for failure.
- Larry- Sewer modeling, aerial mapping could be more cost effective. Point out...for GIS purposes only. Need clarifying statement.
- Gary still uncomfortable with language page 16, F, NPDES Permit Condition
  - The DEQ will post a copy of permit language on web. The applicant acknowledges that this will be in future permit.
  - Gary- how will you enforce for a regional area, not permit holder.
    - Grant can supplement a portion of program, but permit requirements are for entire system. Only for assets that are owned and operated by permit holder.
    - “conditionally awarded” doesn't necessarily mean you have to accept boilerplate conditions. Charlie- NPDES permit conditions are subject to negotiation. WRD internal meeting next Wednesday, including Kelly and Bob Schneider.
- Appendix F
  - Larry- explain how we are going to choose if community is disadvantaged on annual basis. Would you need separate applications for stormwater and sanitary rates? Under 1 and 2.
    - REUs – more specific in order to get true rate.
    - If you apply table correctly, would accommodate correctly for situations.
    - Can they complete F twice? Yes; once for wastewater and once for stormwater and separate costs.

- Harry- Appendix B. page 13, bullet points approved TMDL plan, is that just TMDL or plan?
  - Cross off plan. Required information on top, submit...how meets goals for documentation?
  - Under design, costs of preparing value engineering services. Any design related services to obtain a construction permit. Should say if? Clarifies. Add s after permit(s). Just put permitting. Get rid of second sentence.
  - So cost of getting permits is ineligible? Eligible costs include design for permitting, preparation, or application.

### **Sample Grant Agreement**

### **SAW Training Sessions**

Let your peers know, spaces still available at RAM Center, Marquette, and the SEMCOG afternoon

### **The End**

- Thanks to all. Please let us know if any other issues or concerns come up. Revisit program next year.
- Liane will have internal meeting to brief front office on the results of the SAW workgroup.
- Application will not be posted on web until October.