

## Environment Committee

Meeting date: July 9, 2013

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**Subject:** Direction to Hold Public Meeting on a Proposed Infiltration and Inflow (I/I) Grant Program Design

District(s), Member(s): All

**Policy/Legal Reference:** MN Statute Section 114.D.50 (appropriation in HF 1183 conference committee report; and Council Policy 3-3-1 (Grant/Loan approval)

**Staff Prepared/Presented:** Jason Willett 651-602-1196

**Division/Department:** MCES c/o Leisa Thompson, 651-602-8101

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### Proposed Action

That the Environment Committee directs staff to hold a formal public meeting to gather input and discuss the proposed grant program design for a \$1 million Infiltration/Inflow Grant Program.

### Background

The 2013 Minnesota Legislature, through Clean Water Fund (“Legacy”) appropriations approved \$500,000 the first year and \$500,000 the second year are for grants or loans for local inflow and infiltration reduction programs addressing high priority areas in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. This appropriation is available until expended.

MCES staff are proposing a grant program that is intended for non-public sewer infrastructure for residents and businesses residing in eligible communities. Those communities would consist of the 50 metro area communities eligible under the 2012 Public Infrastructure I&I program and any other communities that receive an I&I surcharge notice for the first time and are required to take action. Elements of the proposed program design are shown on the attachment.

The following is a tentative schedule for approval of the program grant program design:

Environment Committee authorization to conduct the public meeting ...	July 9
Public meeting .....	<b>August 13</b>
Public input (written comment period) ends .....	August 23
Environment Committee review of public input, and recommendation ..	September 10
Potential Council approval.....	September 25

### Rationale

The expected improvements in non-public infrastructure from these grants will benefit the region because future regional capital spending on sewer system expansion can be avoided (unused capacity in the system can be used as planned to accommodate growth rather than excess I/I).

### Funding

The \$1 million appropriation comes from the Legacy Appropriations bill approved by the 2013 legislature. The funding will be disbursed by the state on a scheduled payment basis.

### Known Support / Opposition

None

**1. Community Eligibility:**

- a. Communities eligible include:
  - o The 50 metro area communities eligible under the Public Infrastructure bond grant program offered in 2012 (and ongoing)
  - o In addition, during 2013 and during the grant program any communities that receive an I/I surcharge notice for the first time from MCES and are required to take some action will also be eligible.
- b. Communities eligible per (a) above must also must pre-apply and sign a standard Council grant agreement, before any eligible expenses occur. Agreements shall require that communities:
  - o Entirely pass through grants received (as is being done by MCES).
  - o Cooperate with pre-qualification requirements of MCES, and screening of eligibility.
  - o Sign certification of work done to receive grants.
  - o Retain records, and cooperate with any audit.
  - o Do communications with retail applicants.
  - o Issue plumbing permits for all eligible repairs.
  - o Report quantitative info of fixes, for our reporting to state.

**2. Repair Eligibility:**

- a) Grants are only for non-municipal sewer infrastructure (i.e. municipally owned pipes, lift stations and other related appurtenances are **not** eligible).
- b) A prequalification will be mandatory. Retail applicants will submit a dated contractors bid/estimate for the repair to their City.
- c) Types of repairs eligible include:
  - i. Any rehabilitation or service line replacement, either in part, or in its entirety that is owned and maintained by the property owner, between its connection to the municipally owned trunk or lateral system and the first cleanout inside the building shall be eligible for grant reimbursement., and
  - ii. In addition, foundation drain disconnections will be eligible.
- d) The private service line or foundation drain must be active and serving an occupied building.
- e) All repairs and replacements must be made with materials and methods consistent with local codes.
- f) The completed improvement must be inspected and found acceptable *by the city* having jurisdiction for said improvements.

### 3. Eligible Costs:

- a. Eligible expenses are for out-of-pocket costs of a repair only, not inspections and not any owner labor costs.
- b. Grants to be **1/3 of actual, reasonable and verifiable eligible repair costs**, but limited to \$2000 maximum per site. Note: Given the regional sewer, city sewer and private benefit, a City and private match are proposed so funding would be 1/3 regional, 1/3 municipal, and 1/3 private (if total cost is \$6000 or less). However, the City match will not be mandatory (this will not change the MCES grant limit of 1/3 of eligible costs and max of \$2000 per site).

### 4. Process:

- a) Eligible cities will need to first apply to participate in the program.
- b) Monthly, participating cities screen & submit requests in batch for prequalification approvals.
- c) MCES reviews technical details and approves by applicant, within 30 days. MCES to encumber the amounts prequalified. MCES can only approve \$500k in the state's FY14 (July 1, 13 – June 30, 14) and \$500k for FY15. If qualified applications exceed amount available the date of contractor bid/estimate will be used to determine those funded in FY14, remaining eligible costs will be put on waiting list for FY15. During FY15 the contractor bid/estimate date will also be used to prioritize the final funding. If there are multiple applications on the single last day in each FY that cannot be fully funded, MCES will use a random assignment method to select those funded.
- d) Cities to notify retail applicants of decisions and that the approved amount is the maximum grant from MCES. In addition that applicant must submit actual receipts for work to get the rebates.
- e) Cities to send in (limited) info to MCES, basically certifying that the work was done and records auditable.
- f) MCES to reduce encumbrances. If claims come in less than the prequalified amounts, the released funding will become available for next applications in line.