

Environment Committee

For the Metropolitan Council meeting of November 18, 2020

Subject: Loretto Wastewater Connection Grant

Proposed Action

That the Metropolitan Council approve the awarding of \$400,000 in state bond funds that were appropriated to the Council in 2018 for a grant to the City of Loretto consistent with the Grant Program Guidelines shown on Attachment A and authorize the Regional Administrator to enter into a grant with the City to connect its existing wastewater collection system to a force main in City of Independence.

Summary of Committee Discussion/Questions

Committee Member Zeran asked if there is a cost estimate for phosphorus being discharged and how much are they saving by connecting to the regional system. Staff stated that the cost to update the treatment plant was too cost-prohibitive for the City. It was much more cost effective to build a lift station and the forcemain and connection to the regional wastewater system.

Committee Member Zeran asked if Loretto was having any other compliance issues as a result. Staff stated there were no known compliance issues. They are impacted by inflow and infiltration (I/I) however because the existing wastewater treatment facility includes two waste stabilization ponds, there was storage in the ponds to accommodate the additional wastewater volume due to the I/I. From a regulatory compliance perspective, the Council is unaware of any compliance issues with their 2015 permit.

Committee Member Zeran asked if there will be ongoing cost savings. Staff stated there were operating expenses to operating the treatment plant. By connecting through the regional system, they will have costs associated with operating and maintaining the new lift station and forcemain likely similar to the level of costs associated with operating the treatment plant. There will be a savings on chemical costs associated with the treatment facility.

Jeannine Clancy, Assistant General Manager, Wastewater Planning and Capital Project Delivery stated there are two benefits to the City (and region) by connecting to the regional system: 1. The city will realize a savings on significant capital expenditures by not having to build a new higher-level treatment facility, and 2. There will be a benefit to the water quality of Lake Independence through the elimination of phosphorous from the wastewater treatment facility discharge. Both benefits are consistent with the Council's mission to provide cost effective wastewater treatment services and to improve the metro area surface water quality.

Committee Member Zeran supports the connection to the regional system.

Environment Committee

Meeting date: November 10, 2020

For the Metropolitan Council meeting of November 18, 2020

Subject: Loretto Wastewater Connection Grant

District(s), Member(s): District 16, Judy Johnson

Policy/Legal Reference: MN Laws 2018, Chap. 214, Art. 1, § 17, subd. 4 and [Council Policy 3-3-1](#) (Grant/Loan Approval)

Staff Prepared/Presented: Matt Gsellmeier, 651-602-1802; Kyle Colvin, 651-602-1151

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

Proposed Action

That the Metropolitan Council approve the awarding of \$400,000 in state bond funds that were appropriated to the Council in 2018 for a grant to the City of Loretto consistent with the Grant Program Guidelines shown on Attachment A and authorize the Regional Administrator to enter into a grant with the City to connect its existing wastewater collection system to a force main in City of Independence.

Background

The Minnesota Pollution Control Agency has issued notice to the City of Loretto that under its new wastewater permit there would be a zero phosphorous limit to help improve water quality in Lake Independence. This resulted in Loretto originally requesting connection to the regional wastewater system by December 31, 2020. It is expected that the actual connection will occur in 2021.

It is anticipated that this area will experience little growth over the next 20 years. For that reason, MCES determined that service to Loretto can best be provided by utilizing local wastewater infrastructure and recently constructed MCES facilities.

Agreements which memorialize these arrangements are in-place, and Loretto can begin construction to connect to the force main in Independence.

Rationale

In May 2018, the Legislature appropriated \$400,000 in state bond funds to the Council for a grant to the City of Loretto for the connection of its wastewater collection system to a force main in the City of Independence for wastewater treatment by the system shared by the cities of Independence, Greenfield and Medina.

Thrive Lens Analysis

By facilitating this grant process, and providing additional funding for Loretto, Loretto's wastewater treatment facility can be decommissioned thereby satisfying the intent of PCA's zero phosphorous limit. This will ensure sustainable wastewater operations for the foreseeable future, and foster sound environmental stewardship by improving the water quality of Lake Independence.

Funding

A \$400,000 appropriation from the State bonding bill was approved in May 2018. The funding is disbursed by the state on a reimbursement basis and is expected by the end of 2020.

Known Support / Opposition

All involved parties support the guidelines. No known opposition.

2018 State Bond Funded Loretto Grant Guidelines

INFO:

Background:

- *The Minnesota Pollution Control Agency has issued notice to the City of Loretto (Loretto) with the requirement to cease wastewater treatment plant discharge and to connect to the regional system by December 31, 2020.*
- *Loretto plans to construct a forcemain and local lift station to facilitate the connection to a forcemain owned and operated by the City of Independence (Independence). Flow from Independence and Loretto will be conveyed through the local sewer system owned by the City of Medina (Medina) and eventually discharge to the regional wastewater collection system at MCES lift station L63. Flow will be treated at the MCES Blue Lake Wastewater Treatment Plant in Shakopee.*

Legislative Language: Chapter 214. Section 17, Subdivision 4

- *For a grant to the city of Loretto to connect the city's existing wastewater collection system to the force main in the city of Independence for wastewater treatment by the wastewater treatment system shared by the cities of Independence, Greenfield, and Medina.*
- *Appropriation total is \$400,000.*

State Requirements for Capital Improvements (bond dollars):

- *The capital expenditure must be made to a “fixed asset” (land, buildings, land improvement, equipment) owned by the city receiving the grant, and the project benefit must last more than one fiscal period.*
- *A fixed asset being acquired must be “long-lived” (at least 10 years).*
- *Normal operating and other overhead costs will not qualify.*
- *Work proposed must satisfy MMB (Minnesota Management and Budget) requirements for title declaration.*
- **Requirements source:** *MN Capital Investment and State Bonding Guide and MMB’s Grant Agreement.*

Construction Grant Agreement Process Requirements:

- To execute this Grant Agreement, Loretto must provide the following to MCES:
 - A city resolution authorizing application and execution of the Grant agreement.
 - A detailed breakdown of grant-specific project costs, including summarized totals.
 - Funding source information for all grant funded and non-grand funded project costs.
 - Completion and submission of jobs reporting information, as required by the State.
 - A signed certification and declaration of real property, including documented easements.
- Once MCES receives all required grant attachments they will compile a Grant Agreement form for final signature.

Calendar:

Council approval of Business Item and Process Requirements
Grant agreement paperwork due from Loretto
MCES processes reimbursement

November 18, 2020

December 2020

Upon receipt of eligible expense reports

