



Legislation Text

File #: 13-1270, **Version:** 1

Resolution for Grant Application to the Michigan Department of Environmental Quality - Stormwater, Asset Management and Wastewater (SAW) Program (\$1.2 M Total Project Cost) (3 of 6) (Sanitary Sewer Wet Weather Evaluation Project)

The City of Ann Arbor is committed to maintaining and improving the public health protection and performance of our wastewater plant, sanitary collection and stormwater management utility system assets, while minimizing the long-term cost of operating those assets. We strive to make the most cost-effective renewal and replacement investments and provide the highest-quality customer service possible.

New State legislation (Public Acts 511, 560, and 562 of 2012) has established funding for grants and loans for asset management plan development, stormwater management plan development, sewage collection and treatment design plan development, and state-funded loans to construct projects identified in the asset management plans. Communities that are awarded grants can receive a maximum of \$2 million in total grant funds. The first \$1 million has a 10% local match requirement, while the second \$1 million has a 25% local match requirement. The local match is not eligible for loan assistance. Funds can be utilized for projects that are already underway, with retroactive reimbursements possible for expenses back to January 2, 2013.

Ninety-seven million dollars has been made available for the first round of applications. Funds will be awarded to grant and loan recipients on a first come, first served basis. The MDEQ has indicated that if more applications are received than the available dollars, a lottery system will be implemented. The City intends to submit multiple grant applications, to ensure the highest opportunity if a lottery system is used for the award process.

Staff is assembling grant applications for the following projects:

- Asset Management Plan for the Sanitary Sewer System
- Asset Management Plan for the Stormwater System
- Asset Management Plan for the Wastewater Treatment Plant
- Stormwater Model Calibration Project (retroactive)
- Sanitary Sewer Wet Weather Evaluation Project (retroactive)
- Asset Management Plan for the Wastewater Treatment Plant and the Sanitary Sewer System

The attached resolution language has been prescribed by the Michigan Department of Environmental Quality (MDEQ), and cannot be altered. The language has been written for all eligible entities statewide.

The attached resolution is for an application to fund the City of Ann Arbor Sanitary Sewer Wet Weather Evaluation Project. This current project has existing and budgeted expenditures in the amount of \$1.2M. All costs incurred as of January 2, 2013 are eligible for reimbursement. If this grant is awarded, retroactive reimbursements can be made, and will enable the City to complete

additional projects from the unallocated capital budget amount made available.

The maximum grant match would be \$150,000 (see table below).

Match required:		\$150,000.00
Standalone project (\$1.2 Million dollars)	<i>10% of 1st Million:</i>	<i>\$100,000.00</i>
	<i>25% of 2nd Million:</i>	<i>\$50,000.00</i>

Funding was previously made available in the approved Sanitary Disposal System Capital budget.

Prepared by: Jennifer Lawson, Water Quality Manager

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, Part 52 (strategic water quality initiatives) of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended ("Part 52"), provides at MCL 324.5204e that the Michigan Finance Authority (the "MFA") in consultation with the Michigan Department of Environmental Quality (the "DEQ") shall establish a strategic water quality initiatives grant program;

Whereas, In accordance with the provisions of 2012 PA 511, which provides grants to municipalities for sewage collection and treatment systems or storm water or nonpoint source pollution control;

Whereas, In accordance with the provisions of 1985 PA 227, as amended, Part 52, and other applicable provisions of law, the MFA, the DEQ, and the Municipality that is a grant recipient shall enter into a grant agreement (the "SAW Grant Agreement") that requires the Municipality to repay the grant under certain conditions as set forth in MCL 324.5204e, as amended;

Whereas, The Municipality does hereby determine it necessary to establish an asset management plan;

Whereas, It is the determination of the Municipality that at this time, a grant in the aggregate principal amount not to exceed \$1.2M ("Grant") be requested from the MFA and the DEQ to pay for the planning and/or design activities; and

Whereas, The Municipality shall obtain this Grant by entering into the SAW Grant Agreement with the MFA and the DEQ.

RESOLVED, That:

1. Public Services Area Administrator, a position currently held by Craig Hupy, is designated as the Authorized Representative for purposes of the SAW Grant Agreement.
2. The proposed form of the SAW Grant Agreement between the Municipality, the MFA and DEQ (attached hereto as Appendix I) is hereby approved and the Authorized Representative is authorized and directed to execute the SAW Grant Agreement with such revisions as are permitted by law and agreed to by the Authorized Representative.
3. The Municipality shall repay the Grant, within 90 days of being informed to do so, with interest at a rate not to exceed 8 percent per year, to the Authority if the Municipality is unable to, or decides not to, proceed with constructing the project or implementing the asset management program for which

the funding is provided within 3 years of the Grant award.

4. The Grant, if repayable, shall be a first budget obligation from the general funds of the Municipality, and the Municipality is required, if necessary, to levy ad valorem taxes on all taxable property in the Municipality for the payment thereof, subject to applicable constitutional, statutory and Municipality tax rate limitations.

5. The Municipality shall not invest, reinvest or accumulate any moneys deemed to be Grant funds, nor shall it use Grant funds for the general local government administration activities or activities performed by municipal employees that are unrelated to the project.

6. The Authorized Representative is hereby jointly or severally authorized to take any actions necessary to comply with the requirements of the MFA and the DEQ in connection with the issuance of the Grant. The Authorized Representative is hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other papers as may be required by the MFA or the DEQ or as may be otherwise necessary to effect the approval and delivery of the Grant.

7. The Municipality acknowledges that the SAW Grant Agreement is a contract between the Municipality, the MFA and the DEQ.

8. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution are rescinded.