

Minnehaha Creek Watershed District

REQUEST FOR BOARD ACTION

MEETING DATE: July 31, 2014

TITLE: Authorization to submit Point Source Implementation grant application to Minnesota Public Facilities Authority (PFA)

RESOLUTION NUMBER: 14-060

PREPARED BY: Michael Hayman

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REVIEWED BY: ☐ Administrator ☒ Counsel ☒ Director of Planning ☐ Board Committee
☐ Engineer ☐ Other

WORKSHOP ACTION:

- | | |
|---|---|
| <input type="checkbox"/> Advance to Board mtg. Consent Agenda. | <input type="checkbox"/> Advance to Board meeting for discussion prior to action. |
| <input type="checkbox"/> Refer to a future workshop (date): _____ | <input type="checkbox"/> Refer to taskforce or committee (date): _____ |
| <input type="checkbox"/> Return to staff for additional work. | <input type="checkbox"/> No further action requested. |
| <input checked="" type="checkbox"/> Other: FINAL ACTION AT JULY 31, 2014 BOARD MEETING | |

PURPOSE or ACTION REQUESTED:

Authorization to submit Point Source Implementation grant application to Minnesota Public Facilities Authority (PFA)

PROJECT/PROGRAM LOCATION:

325 Blake Road (Minnehaha Creek Urban Corridor)

PROJECT TIMELINE:

March 2014 – Submitted application for Placement on MPCA Project Priority List (PPL)
June 2014 – Stormwater Project Plans submitted to MPCA for review
July 2014 – Applications due for 2015 Point Source Implementation Grant (PSIG) Program
August 2014 – Public comment period for 2015 MPCA PPL
October 2014 – Submit final plans and specifications
January-June 2015 – Fund disbursement

PROJECT/PROGAM COST:

None

SUMMARY:

In January 2014 the MCWD Board of Managers authorized staff to apply for placement on the 2015 Minnesota Pollution Control Agency (MPCA) Clean Water Revolving Fund (CWRF) Project Priority List (PPL). Projects must first be accepted for placement on the PPL before being eligible for below market rate CWRF loans and other Clean Water Legacy grants and loans from the Minnesota Public Facilities Authority (PFA). PFA funding

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Resolutions are not final until approved by the Board and signed by the Board Secretary.**

and financing through the Point Source Implementation Grant (PSIG) program targets municipal infrastructure investments that improve water quality.

Historically, the majority of PFA funded projects have been municipal waste water treatment facility improvements. While the PFA can also provide funding for stormwater infrastructure investments that achieve substantial progress towards Total Maximum Daily Load (TMDL) Waste Load Allocations (WLA), in the past many submitted stormwater projects have not been sizable enough to be competitive for funding. Moreover, since the District was not directly assigned a WLA under the Minnehaha Creek-Lake Hiawatha TMDL, it was initially viewed as ineligible for PFA funding.

However, in December 2013 the MCWD Board approved a TMDL policy that established a waste load credit distribution framework to member communities benefiting from District capital investments. Among other things, this policy established a legal basis for PFA funding of District capital investments within the Minnehaha Creek corridor. Coupled with the substantial benefit associated with the proposed stormwater improvements at 325 Blake Road, staff determined in collaboration with MPCA and PFA staff that the project and District may be eligible for funding.

Upon this determination, staff applied for placement on the 2015 PPL for the 325 Blake Road Stormwater Management Project. The project is to be phased over a period of years and includes two primary stormwater diversions – Powell Road and Lake Street – and construction of the on-site infiltration/filtration facilities.

Following application to the PPL, staff provided a detailed Stormwater Project Plan (SWPP) to the MPCA. SWPP review and approval is a further requirement to demonstrate the applicant has investigated project feasibility and determined water quality significance and construction cost estimates for the proposed project.

On June 30, 2014 the District received formal decision from the MPCA that the 325 Blake Road Stormwater Management Project scored competitively within the 2015 Project Priority List, and was granted preliminary approval of the Stormwater Project Plan (SWPP). The 2015 PPL will be distributed for public comment in August 2014.

Following placement on the PPL, the next step in the process is to apply for Point Source Implementation Grant (PSIG) funds. The PSIG program (Minnesota Statutes, Section 446A.073 as amended) provides 50% of eligible project costs up to \$3-million, for wastewater or stormwater projects that have been ranked on the PPL.

The District's first PSIG funding application for the competitively ranked 325 Blake Road Stormwater project is for the two phases of the 325 Stormwater Management Project anticipated for construction in 2015 (Powell Road and Lake Street diversions). Application for additional funding towards final implementation of the 325 Blake Road Stormwater project will occur in subsequent years, as project schedule dictates.

Under the complete 325 Blake Road application, the District is eligible for 50% of approved project costs (~\$1,400,000). Under the current application for Powell and Lake Street, the District is eligible for approximately \$700,000.

Final disbursement of funds is contingent on MPCA approval of construction plans and specifications, anticipated in January 2015.

Staff recommends that the Board of Managers authorize staff to submit a PSIG application to the Minnesota PFA.

RESOLUTION

RESOLUTION NUMBER: **14-060**

TITLE: **Authorization to submit Point Source Implementation grant application to Minnesota Public Facilities Authority (PFA)**

- WHEREAS the Minnehaha Creek and Lake Hiawatha Total Maximum Daily Load (TMDL) identifies impairments to both surface waters, with the highest pollutant loading per unit area originating between West 34th Street and Meadowbrook Lake;
- WHEREAS the Minnehaha Creek Watershed District (MCWD) Board of Managers has prioritized capital investment and the alignment of programs within the Minnehaha Creek subwatershed, concentrated within the geography referred to as the urban corridor;
- WHEREAS in July 2013, the MCWD Board of Managers formally ordered the 325 Blake Road Stormwater Improvement Project;
- WHEREAS the Minnesota Public Facilities Authority (PFA) and Minnesota Pollution Control Agency (MPCA) provides funding to local government units through a Point Source Implementation Grant (PSIG), established in Minnesota Statutes (446A.073, as amended), for stormwater infrastructure projects that address assigned Waste Load Allocations (WLA) pursuant to approved TMDLs; and
- WHEREAS the MCWD Board of Managers has adopted a TMDL Policy which establishes a framework for distributing nutrient load reduction credits achieved through its capital improvement projects; and
- WHEREAS this TMDL policy will transfer load reduction credits associated with the 325 Blake Road Stormwater Improvement Project to LGUs with assigned WLAs under the Minnehaha Creek-Lake Hiawatha TMDL; and
- WHEREAS the MPCA and PFA have determined that the District's TMDL Policy makes the MCWD eligible for PSIG funding;
- WHEREAS the MCWD Board of Managers authorized staff to submit an application to place the 325 Blake Road Stormwater Improvement Project on the MPCA-PFA Project Priority List (PPL); and
- WHEREAS on June 30, 2014 the District was provided formal decision from the MPCA that the 325 Blake Road Stormwater Management Project scored competitively on the 2015 MPCA PPL, and was granted preliminary approval of the Stormwater Project Plan (SWPP) submitted for implementation;
- WHEREAS a requirement to advance the 325 Blake Road Stormwater Improvement Project for PSIG funds is a resolution from the Board approving application;
- NOW THEREFORE BE IT RESOLVED that the MCWD Board of Managers authorizes District staff to submit a Point Source Implementation Grant application to the PFA;

BE IT FURTHER RESOLVED that MCWD has the legal authority to apply for the grant, and the financial, technical, and managerial capacity to ensure proper construction, operation and maintenance of the project for its design life;

BE IT FURTHER RESOLVED that upon approval of its application by the PFA, the MCWD may enter into agreement with the PFA for the 325 Blake Road Stormwater Management Project, and that MCWD certifies that it will comply with all applicable laws and regulations as stated in all contract agreements described in the Compliance listing of the application;

BE IT FINALLY RESOLVED that the Board President and Vice President are hereby authorized to execute such agreements, and amendments thereto, as are necessary to implement the above project on behalf of the Minnehaha Creek Watershed District.

Resolution Number 14-060 was moved by Manager _____, seconded by Manager _____.
Motion to adopt the resolution ____ ayes, ____ nays, ____ abstentions. Date: _____.

Secretary Date: _____