

TO: Honorable Mayor and City Council

FROM: City Administrator Ron Johnson

SUBJECT: Approve Submittal of Application for Placement on MN Pollution Control Agency Priority Project List (PPL) for Sanitary Sewer Bridge and River Road Sanitary Sewer

DATE: February 1, 2017

BACKGROUND

Staff and City Engineer Greg Anderson are requesting approval to submit an application for placement of the Sanitary Sewer Bridge/River Road Sanitary Sewer Projects on the MN Pollution Control Agency Priority Project List (PPL).

This is primarily a low interest loan program for wastewater treatment plants but we were encouraged by an MPCA representative to apply. There is a possibility of receiving grant funds through this program, however.

This program may not be an option for us as the loan/funding requirements may outweigh the interest savings if we are to fund the project on our own. However, the PPL placement effort is minimal and doesn't obligate the city to anything- and there could be a possibility of receipt of grant funds.

Engineer Anderson has provided an information sheet on the program.

The Public Works Commission will be discussing this just prior to the Council meeting.

We will continue our discussions with our new legislators in the coming weeks over the potential of future legislative funding for these projects.

REQUESTED COUNCIL ACTION

Approve submittal of an application for placement on the MN Pollution Control Agency Priority Project List (PPL) for the Sanitary Sewer Bridge and River Road Sanitary Sewer projects.

Attachment(s): MPCA PPL info sheet

Sewer Bridge Replacement and River Road Sewer Extension Project

Public Facilities Authority (PFA) provides below market interest rate loans, usually 20 year term.

Projects selected for funds must be on the MPCA Project Priority List (PPL) and have an approved Intended Use Plan (IUP).

PFA handles the loan administration. A Loan can cover pre-design, final design, and construction costs. The Loan is available once a construction contract is awarded to a contractor for the project. The City would need to cover costs prior to award and could reimburse itself with loan funds for those costs.

Below is a potential schedule for this project:

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| • Request project placement on the PPL* | March 3, 2017 |
| • Complete a facility plan for the project | before end of 2017 |
| • Submit facility plan for approval | by March 1, 2018 |
| • Request placement on 2018 IUP | June 1, 2018 |
| • IUP funding decision** | August 2018 |
| • Prepare final plans & specs | Fall/winter 2018 |
| • Submit plans & specs to MPCA for approval | by March 1, 2019 |
| • Award project and start construction | by June 30, 2019 |
| • Complete construction | Spring of 2020 |

*Once the project is on the PPL, the MPCA scores the project based on need. Projects selected for funding are determined based on the project score in relation to the fundable range which is determined each year by the MPCA based on available funds.

** If selected for funding, the project does not have to move forward that fiscal year, it can be requested to remain on IUP until ready to construct project.

A facility plan would be similar to a feasibility report. The facility plan needs to include:

- Project cost
- Is proposed option appropriate for current and future (20 year) flows?
- Other options considered (why or why not)
- Impact on rates of proposed project & cost
- Due 1st Friday of March

If selected for funding from the IUP, construction needs to start (award a contract at least) by the end of the fiscal year, June 30.

Facility plan, final design, and construction costs are all reimbursable with PFA funds.

The above discussion relates to waste water projects. The PFA also funds drinking water projects with a similar program. This project includes a potential new water main under the Cannon River and some new water main in River Road that may qualify for PFA funds under the drinking water program. Again, points are awarded based on need of the project, in the water case we'd likely need to work with the homeowners on River Road to test their well(s) for contaminants to help show a need.