

E Environment Committee

Item: 2009-409

For the Special Metropolitan Council meeting of November 18, 2009

ADVISORY INFORMATION

Date Prepared: November 10, 2009

Subject: Authorization for Additional Inflow/Infiltration (I/I) Grant Program
Funding and Program Modification

Proposed Action:

That the Metropolitan Council authorizes additional Inflow/Infiltration (I/I) grant funding for municipalities from the remaining funds in the ES grant funds, and modification of program.

Summary of Committee Discussion / Questions:

Council Member Wittsack asked about the source and extent of the fund to be used. Staff explained that this is not part of the MCES operating funds or budget, nor is it part of the operating reserve. The grant funds had been charged to the operating fund and set aside years ago as part of a Metro plant permit condition requiring that we give such grants. The grant program has been ongoing since then but is slowly winding down. Some projects continue to return grant funds or have not ever qualified for the full award that was originally intended. This grant fund is the same funding source as the \$700,000 that was originally designated for the I/I grant program. There is now about an additional \$150,000 that is no longer encumbered and hence available. Finally, it was also noted that there is also about \$135,000 that is currently encumbered but not yet awarded for the last 4 projects. All of the remaining projects are expected to be concluded by the end of 2010.

Council Member Leppik asked for clarification of the authorization being proposed. Staff said that the authorization would be to modify the I/I grant program and to allow additional grant funds be awarded to cities for those that met the three conditions (noted in the item) up to all of the funds currently available in these grant funds (this would exclude the encumbered funds from the four remaining projects). In no event would the disbursements be allowed to exceed the available funds nor would the grants exceed the 57% of the eligible costs paid for those that completed work under this grant program in May.

Council Member Bowles asked for clarification regarding the 57% proposed in comparison to the maximum of 50% that would've been covered under the original I/I grant program offer. Staff said that both would be applied; that is the 57% (or a lesser percent) would be applied after all the other program conditions were applied (including the 50% max and grant caps).

Council Member Wittsack expressed concern that the Council is contributing to what is essentially a private repair. Council Members Wulff and Bowles commented that the difference is that the public benefits by these repairs (reducing inflow into the sanitary sewer and correspond costs to all) versus another sort of private repair (e.g. roof repair) that really only benefits the individual property owner.

The proposed action was moved, seconded, and passed unanimously.

E Environment Committee **Meeting date: November 10, 2009**

ADVISORY INFORMATION

Date: November 4, 2009
Subject: Authorization for Additional Inflow/Infiltration (I/I) Grant Program Funding and Program Modification
District(s), Member(s): All
Policy/Legal Reference: Water Resource Management Policy Plan (re: I/I) and Administrative Policy 3-31 (re: grants)
Staff Prepared/Presented: Jason Willett 651-602-1196
Division/Department: MCES/Finance

Proposed Action

That the Metropolitan Council authorizes additional Inflow/Infiltration (I/I) grant funding for municipalities from the remaining funds in the ES grant funds, and modification of program.

Background

This program provided reimbursement to cities to pass through to non-municipal parties that fixed foundation drains or private service lines to mitigate I/I that gets into municipal and consequently metropolitan sewer systems. Private parties were granted reimbursements for up to \$2000 or 50% of projects costs, whichever was lesser. In addition, one municipality matched the Council funding. Council costs were funded with \$700,000 that was returned or undisbursed grant monies from prior non-point source grant programs.

The offer made clear to the municipalities that once the authorized \$700,000 was exhausted that the program would end and further that in the last month only partial reimbursement would be made for eligible costs. The service line reimbursements were popular and the \$700,000 was exhausted in May of 2009. As anticipated, only partial funding was available in May – 57% of the grant funds requested and eligible were paid.

Unfortunately, because of the surge of the service line work in the spring, there were a number of parties that expected partial grant reimbursement and committed to the work prior to the funding being exhausted. Their work was not completed by May (mostly because of contractor backlog) and so they did not qualify for any reimbursement.

The proposed modification of the program is to reimburse municipalities (for pass through to property owners) for a portion of those eligible costs for which 1) a municipal official will certify that the eligible work was committed prior to the end of May, 2) the work was subsequently completed and 3) these facts can be verified by the Council's auditor. The portion to be reimbursed is proposed to be the same 57% that was reimbursed for similar work completed in May, or a lesser percentage to be determined by the total amount eligible by the original rules divided by the amount available in these grant funds. At 57%, based on an informal survey of the communities, the total reported was expected to be \$100,000 to \$200,000 – however, with these documentation requirements it may be less.

Rationale

The I/I mitigation work was done in good faith by the private parties and they reasonably anticipated getting some grant funding. The work benefits both the municipal and metropolitan sewer systems by helping to avoid building unneeded capacity in the future.

Funding

About \$150,000 of additional funds are available in the ES grant funds from unspent non-point grant funds (this is the same source as the original \$700,000 for these grants).

Known Support / Opposition

Four communities were actively getting I/I grants in May and thus would likely support this additional funding. Use of regional funds for specific communities could engender some opposition but this is a minor use and provides good will and the work provided good results for the public benefit.