

STATE OF MICHIGAN

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Waterworks Park to Northeast  
Transmission Main Project

Project Plan, April 11, 2018

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The Above Proceedings were taken before me, Glenn  
G. Miller, Notary Public within and for the County of  
Oakland, State of Michigan, at 735 Randolph, Fifth  
Floor, Detroit, Michigan, on Wednesday, April 11, 2018.

PRESENT:

Freeman Hendrix, Chairman GLWA

Brian Baker, Vice Chairman GLWA

Craig Hupy, Director GLWA

Gary Brown, Director GLWA

Abe Munfakh, Board Secretary GLWA

Robert Daddow, Director GLWA

Sue F. McCormick, GLWA CEO

William Wolfson, Chief Administrative and  
Compliance Officer,

Randal Brown, General Counsel

Jonathan Wheatley, Public Finance Manager

Dennis Prevo, Wade Trim

1 Detroit, Michigan

2 Wednesday, April 11, 2018

3 At about 1:00 p.m.

4 MR. HENDRIX: Next item on the agenda is a  
5 public hearing.

6 MR. WOLFSON: Mr. Chairman, it is the  
7 public hearing on the plans for the revisions to the  
8 water conveyance system from Waterworks Park to the  
9 Northeast Transmission Main Project, so we ask you call  
10 the hearing to order.

11 MR. HENDRIX: Thank you for reading that  
12 for me, Mr. Wolfson.

13 Are there members of the public who  
14 would like to come forward at this time? Call for  
15 public comment.

16 MR. WOLFSON: We are prepared to offer an  
17 overview of the project.

18 MR. HENDRIX: Beforehand?

19 MR. WOLFSON: Yeah, we can do that.

20 MR. HENDRIX: Who do we have?

21 MR. WOLFSON: Mr. Wheatley and Mr.  
22 Gartrell.

23 MR. WHEATLEY: Good afternoon. Grant.

24 MR. GARTRELL: Grant Gartrell, Director of  
25 Engineering for Water Operations, Great Lakes Water

1 Authority.

2 The Waterworks Park to Northeast  
3 Transmission Main Project, GLWA has submitted a loan  
4 application for a Drinking Water Revolving Loan Fund to  
5 the State for a low interest loan to help fund this  
6 project. As part of the loan application, there's a  
7 project plan that's prepared that details the project.  
8 We've engaged consultant Wade Trim to prepare that plan  
9 and a representative from Wade Trim is here today,  
10 Dennis Prevo, and he's going to give an overview of the  
11 project plan.

12 MR. PREVO: Thank you, Mr. Chairman, and  
13 the Board. I'm going to present this project to you on  
14 an overview basis. Obviously we don't want to get to  
15 much into the detail.

16 This project is for the Waterworks Park  
17 to Northeast Transmission Main. This draft project plan  
18 was posted on GLWA's website and on SEMCOG's website on  
19 March 9th, meeting the 30 day draft public review time  
20 before this site public hearing today.

21 So the construction of the Waterworks  
22 to Northeast Transmission Main is an integral part of  
23 the GLWA's Water Master Plan and part of a series of  
24 independent projects to align the treatment capacity  
25 with the projected system demands while providing system

1 resiliency and redundancy for the city of Detroit and  
2 parts of southern Macomb and Oakland counties.

3 The current system of the water intake  
4 system, Waterworks Park and Northeast are both fed  
5 through the Belle Isle raw water intakes. The raw water  
6 intake is fed to Waterworks Park and there's a bypass  
7 that then feeds raw water to Northeast where treatment  
8 occurs.

9 The recommendation plan calls for  
10 delivery capacity of 160 million gallons per day of  
11 finished water from the Waterworks Park Water Treatment  
12 Plant to the Northeast Water Treatment Plant and  
13 discontinuing water treatment operations and converting  
14 the Northeast facility to a booster pump station. The  
15 Northeast Water Treatment Plant would need extensive  
16 capital improvements to maintain water treatment. And  
17 the Waterworks Park Water Treatment Plant has the  
18 capacity of 240 MGD, but in the current plant's service  
19 area daily demand is approximately 80 MGD with peak  
20 demands at 130 MGD. You can see the excess capacity  
21 there available at Waterworks Park.

22 GLWA owns and operates five treatment  
23 plants and over 800 miles of transmission main. These  
24 plants have a design capacity of 1,720 MGD. However,  
25 there's approximately 700 MGD excess capacity relative

1 to projected water demands. Therefore, the 2015 Water  
2 Master Plan recommended decommissioning treatment at the  
3 Northeast Water Treatment Plant as part of a program to  
4 align treatment capacity with system demand.

5 The repurposed Northeast facility will  
6 operate in the future as a ground level reservoir and  
7 booster pump station that receives treated water from  
8 Waterworks Park Water Treatment Plant. Finished water  
9 will be delivered to the repurposed Northeast booster  
10 pump station from the Waterworks Park Water Treatment  
11 Plant through a proposed water main between the two  
12 facilities. This water main is essentially the project.  
13 The design flow rate of the transmission main to the  
14 Northeast facility is 160 MGD.

15 As part of the DWRP's guidance  
16 documents, alternatives are analyzed as part of the  
17 project plan. There were four alternatives evaluated  
18 under this project plan. They're presented in the  
19 handout. I won't go over each of those, but essentially  
20 it was a new transmission main from Waterworks Park to  
21 Northeast and then two of the alternatives involved  
22 rehabilitating the costly upgrades at Northeast.

23 If you look, I'm on Page 3 now, the  
24 monetary evaluation - cost effectiveness, if you focus  
25 on Alternate 5, that was the selected alternative,

1 there's capital costs, interest, salvage, O & M annual,  
2 net change in O & M to get to a present worth of the  
3 project of \$256,300,000 and the equivalent annual cost  
4 of \$13,499,000.

5 The estimated project cost, as you see,  
6 decreases and there's a reason for that. This project  
7 is only part of the Master Plan and repurposing  
8 Northeast. So the overall cost of the project is broke  
9 down as follows: The estimated construction cost of  
10 \$118,100,000, engineering design cost of \$14,200,000,  
11 and GLWA engineering and admin costs of another 1.4  
12 million, to get you a total grant project cost of  
13 \$133,700,000.

14 Also as part of the guidance  
15 requirements, environmental evaluations are considered  
16 in part of the preparation of the project plan. Some of  
17 the key notes there are noted in bullets: The proposed  
18 improvements will reduce treatment capacity to better  
19 align it with projected system demand; construction is  
20 not expected to have lasting adverse effects on the  
21 neighborhoods in the project area; the project will not  
22 detrimentally affect the water and air quality in the  
23 project; implementation of the improvements will also  
24 generate construction-related jobs and local contractors  
25 will have an opportunity to bid the work.

1                   A further breakdown of the \$133,700,000  
2     for the cost is broke down to an annual cost of the  
3     project of 8.1 million and if you divide that over the  
4     service area households of 1.136 million you get to  
5     roughly \$7.19 per household per year is the cost of the  
6     project.

7                   At the very end, at the conclusion of  
8     my presentation here, is implementation schedule. As I  
9     mentioned earlier, we posted a draft of this project  
10    plan on March 9th, today is April 11th, we're conducting  
11    a public hearing, which is 32 days after the public  
12    hearing -- the draft public report was advertised, and  
13    then the plan is to submit this on or before May 1st to  
14    MDEQ.

15                  Getting further into the project  
16    schedule, the route analysis and preliminary design will  
17    be completed in October of this year and GLWA expects to  
18    procure the design-build contractor by January of next  
19    year, with the start of construction of August 13th of  
20    2019, and the completion of construction on October  
21    30th, 2023.

22                  Pending any questions, that's my  
23    presentation.

24                  MR. HENDRIX: Any questions? Mr. Daddow.

25                  MR. DADDOW: My question here is, 133

1 million is quite a lot of money to ask for. What is the  
2 likelihood of us securing all of that and if we don't  
3 secure all of it what happens then?

4 MR. WHEATLEY: John Wheatley, Public  
5 Finance Manager.

6 To your point, the 133 million is a  
7 large dollar amount especially since the Drinking Water  
8 Revolving Fund has a smaller funding pool than the State  
9 Revolving Fund pool. So they have funded larger  
10 projects in the past, and if this is above what they  
11 anticipate funding, we could also get funding in a  
12 subsequent funding year since the construction period  
13 would take more than just one fiscal year.

14 To the extent that funds are not  
15 available, since this project is in the current CIP, we  
16 could use existing or new bond proceeds or get an  
17 extension of funds to fund the rest of the project.

18 MR. HENDRIX: Mr. Munfakh.

19 MR. MUNFAKH: My question is the treatment  
20 plant is a service to that area. Is there any cost for  
21 that treatment plant not being used?

22 MR. GARTRELL: I'm sorry. What was that?

23 MR. MUNFAKH: The purpose of this is to  
24 abandon the use of one treatment water plant and bring  
25 the water from the other plant to there. Why isn't the



1 one that's being abandoned used as a better use?

2 MS. McCORMICK: Let me try and see if I  
3 can handle that.

4 So in the five plants in total we have  
5 1,740 million gallons of water treatment capacity, but  
6 in the most recent year that we've had, the most recent  
7 history, because there's been such a decline in water  
8 use throughout the country, and here as well, our  
9 highest year of usage has been less than 800 million  
10 gallons. Even when we did the projection for 20 or 30  
11 years, we were looking at if we had growth, given the  
12 area that's reasonably served even if we had growth we  
13 would be looking at a thousand million gallons a day.

14 So this plan that we did when we went  
15 through the Master Plan said we can do a variety of  
16 things. We can re-size all the plants for capacity or  
17 we could take a plant out of service. They looked at  
18 Northeast, they looked at Southwest as the two most  
19 likely plants to take out of service because of  
20 minimizing the amount of transmission main that would  
21 have to be built in order to move water around  
22 effectively and also to look at those facilities that  
23 were the most capital need and would be the most  
24 expensive to continue to capitalize and maintain.

25 This plan said we can get the best

1 value by taking Northeast out of production, building a  
2 little bit of transmission main, downsizing or re-sizing  
3 capacity in other facilities, and that's the most  
4 cost-effective option. It still gives us flexibility  
5 because Lake Huron and Waterworks Park have expansion  
6 capability. So in the event we're wrong and in the  
7 future we have greater capacity needs, we have the  
8 ability to still expand. And the transmission main  
9 that's being built allows us, if one of those other four  
10 plant comes out of service for whatever might happen, we  
11 can still serve average day everywhere in the region  
12 with the three remaining facilities. So that's why.  
13 The estimation was that we could save over 40 million  
14 dollars a year in avoiding capital and operating  
15 expenses.

16 MR. MUNFAKH: The Northeast Plant was  
17 chosen because of its age or what?

18 MS. McCORMICK: Because of its age,  
19 because of the need of capital investment and because  
20 from its physical location in the system it took the  
21 least amount of capital investment in order to be able  
22 to allow to get that flexibility in the system.

23 MR. MUNFAKH: If for some reason one of  
24 the other plants is not usable in the future, is there a  
25 possibility you could put Northeast into service or is

1     that going to be mothballed forever?

2                   MS. McCORMICK: At this point in time it's  
3     not our intent to ever return Northeast to service  
4     because we had expansion capability elsewhere and  
5     because, from a reliability standpoint, even if one of  
6     the other facilities was rendered inoperable in a  
7     short-term basis you could still serve average day. If  
8     we were to take a look today at building a treatment  
9     plant or making investment in new treatment capacity,  
10    that may not be the preferred location.

11                  MR. MUNFAKH: Thanks.

12                  MR. HENDRIX: Anyone else? Mr. Baker.

13                  MR. BAKER: A couple of questions. This  
14    might be for John. Are all three of these Treatment  
15    Water Revolving Fund Projects in theory in competition  
16    with each other? They're all going to be submitted to  
17    the State. Right?

18                  MR. WHEATLEY: Yes. In the fact that  
19    we're submitting them for all the same fiscal year  
20    funding pool, they're technically in competition with  
21    each other, but each project is going to be scored by  
22    the State based upon their different criteria for  
23    evaluating them. Each one brings kind of their own  
24    unique benefits and will score differently.

25                  MS. McCORMICK: If I could add just one

1 thing to that. When it comes to the state revolving  
2 loans fund, there are segregation of those funds for  
3 eligibility purposes and there are special set-asides  
4 for certain purposes including assisting communities  
5 that have affordability constraints. So, well, yes,  
6 there is some competition, not every project would be  
7 competing for the same dollars.

8 MR. BAKER: Alternative 5 on this sheet, I  
9 think Page 3, it speaks to we may be applying for a  
10 Drinking Water Revolving Fund, for a section of  
11 Alternative 5. I think is that what that's saying?

12 MR. GARTRELL: Yes. That 36-inch main  
13 piece from Rochester to Romeo is the project that we  
14 spoke about earlier today.

15 MR. BAKER: So that would be in a  
16 subsequent year's application?

17 MR. GARTRELL: Yes.

18 MR. BAKER: Thank you.

19 MR. HENDRIX: Anyone else?

20 MR. MUNFAKH: John, for the SRF program  
21 when does the priority list come out, October?

22 MR. WHEATLEY: Yes, that priority list  
23 usually comes out around October 1st.

24 MR. MUNFAKH: If you are going to proceed  
25 with them after that -- suppose the project doesn't get

1 funded. Is there an alternative to still do it this  
2 year or do we have to postpone it till the future?  
3 Maybe, Sue, you can answer that.

4 MR. WHEATLEY: I don't know that we've  
5 talked about that strategy.

6 MS. McCORMICK: Given the early stages of  
7 the project are not ones that are in construction and  
8 have high dollars, we would likely continue to move  
9 forward using existing funds on hand and apply in a  
10 subsequent year. One of the other things that we have  
11 done in prior years, particularly, for instance with  
12 RR02, is we actually broke the project into phases and  
13 then applied for phases, which is another opportunity if  
14 we don't receive full funding in October.

15 MR. MUNFAKH: Thank you.

16 MR. HENDRIX: Anyone else?

17 Mr. Wolfson, is this where we move to  
18 public comment?

19 MR. WOLFSON: Yes, Mr. Chairman.

20 MR. HENDRIX: All right. That being the  
21 case, if there is a member of the public that has a  
22 comment regarding the Drinking Water Revolving Fund,  
23 Lake Huron Water Treatment Plant --

24 MR. WOLFSON: No, Mr. Chairman, this is  
25 the repurposing of the water main from the Waterworks

1 Park Plant to the Northeast Plant.

2 MR. HENDRIX: I got the wrong one. I'm  
3 moving ahead of myself. All right. Regarding the Water  
4 Revolving Fund, Northeast Transmission Main Repair  
5 Project, public comment. Would anyone like to make a  
6 public comment on this site? No one? All right. We'll  
7 close the public comment portion of the agenda. Is this  
8 an action item, Mr. Wolfson?

9 MR. WOLFSON: It will be under New  
10 Business, but at this point, Mr. Chairman, if you would  
11 call the second public hearing, which is the Lake Huron  
12 Treatment Plant Sludge System Improvement Project.

## C E R T I F I C A T E

I, Glenn Miller, do hereby certify that I have recorded stenographically the proceedings had and in the above-entitled matter at the time and place hereinbefore set forth, and I do further certify that the foregoing transcript, consisting of fifteen (15) typewritten pages, is a true and correct transcript of my said stenograph notes.

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*Glenn Miller*

Glenn Miller

Certified Shorthand Reporter

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(Date)