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Title: Resolution to Adopt the Project Plans for FY 2023 Clean Water State Revolving Fund (CWSRF) Consideration

Sponsors: Nicolette Bateson

Indexes: Finance

Code sections:

Attachments: 1. 7C1 AC Memo - Request to Approve CWRF Resolution for FY 2023, 2. 7C3 Resolution for the FY 2023 CWSRF Project Plans - GLWA, 3. 7C4 GLWA 2023 WRRF SRF Project Plan Summary, 4. 7C5 Oakwood District Relief Sewer - Project Plan Summary_5-20-2022, 5. 7C6 Freud Pump Station Improvements - Project Plan Summary_5-19-22

Date	Ver.	Action By	Action	Result
5/25/2022	1	Board of Directors	Approved	Pass
4/22/2022	1	Audit Committee	Recommended for Approval	Pass

Resolution to Adopt the Project Plans for FY 2023 Clean Water State Revolving Fund (CWSRF) Consideration

Agenda of: May 25, 2022
Item No.: **2022-150**
Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Interim Chief Executive Officer
Great Lakes Water Authority

DATE: May 25, 2022

RE: Resolution to Adopt the Project Plans for FY 2023 Clean Water State Revolving Fund (CWSRF) Consideration

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer//Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves the attached Resolution to Adopt the project plans for the 1) Rehabilitation of Pump Station 1 Improvements, 2) Pump Station 2 Bar Rack Replacements and Grit Collection System Improvements, 3) Rehabilitation of Screened Final Effluent (SFE) Pump Station, and 4) Aeration Decks 1-2 Modification, 5) Oakwood District Intercommunity Relief Sewer Modification at Oakwood District - Northwest Interceptor Relief Sewer (NWI), and 6) Freud Pump Station projects for FY 2023 Clean Water State Revolving Fund (CWSRF) at its regularly scheduled meeting on May 25, 2022** and authorizes the Interim CEO to take such action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Great Lakes Water Authority (the "GLWA") has identified six wastewater system projects in the FY 2023 to FY 2027 Capital Improvement Plan (CIP) for submittal to the Michigan Department of Environment, Great Lakes, and Energy (EGLE) FY 2023 SRF financing program. The deadline for submitting all CWSRF project plans to EGLE is June 1, 2022. Prior to submitting the project plans, GLWA must hold a public hearing to present the project plans, which is scheduled for May 25, 2022, at 2:00 pm.

The FY 2023 CWSRF project plans and public hearing notice for the following six proposed projects will be posted on the [GLWA website <https://www.glwater.org/>](https://www.glwater.org/): 1) Rehabilitation of Pump Station 1 Improvements, 2) Pump Station 2 Bar Rack Replacements and Grit Collection System Improvements, 3) Rehabilitation of Screened Final Effluent (SFE) Pump Station, 4) Aeration Decks 1-2 Modification, 5) Oakwood District Intercommunity Relief Sewer Modification at Oakwood District - Northwest Interceptor Relief Sewer (NWI), and 6) Freud Pump Station. A summary of each project plan will be presented at the public hearing. After the public hearing is closed, a resolution for the projects will be scheduled for action by the GLWA Board of Directors at its regularly scheduled meeting also on May 25, 2022. The resolution must be approved and signed to ensure the finalized project plans are assembled, printed, and submitted to the EGLE by the deadline of June 1, 2022.

The Projects:

Water Resource Recovery Facility (WRRF) Improvements - 4 Projects - The WRRF was originally constructed in the 1920s. Improvements to the infrastructure are needed to maintain the long-term reliability of the WRRF to treat wastewater from the surrounding communities. The following four (4) WRRF projects collectively will improve and provide for further safe and reliable transport and treatment of sewage flows to and through the WRRF. The total cost of the WRRF project improvements is currently estimated at \$347.8 million.

Rehabilitation of Pump Station 1 Improvements (CIP #211006) - The project is comprised of significant structural, mechanical, process, and electrical upgrades that will maintain the long-term reliability of this critical pumping facility at the headworks of the WRRF. The eight rehabilitated large

main lift pumps will more reliably convey sewage for treatment during dry and wet weather conditions. The total cost of this project is currently estimated at \$95.6 million.

Aeration Decks 1-2 Modification - (CIP #212008): This project will allow for step-feed, biological phosphorus removal, and improved hydraulic control. The addition of step-feeding will allow the facility to accommodate larger swings in demand from wet weather conditions. The total cost of this project is currently estimated at \$74.1 million.

Pump Station 2 Bar Rack Replacements and Grit Collection System Improvements - (CIP #211007): This project includes finer bar screens for enhanced capture, the addition of additional bar screens, improved screenings removal, improved grit removal, and a new grit processing facility. The total cost of this project is currently estimated at \$98 million.

Rehabilitation of Screened Final Effluent (SFE) Pump Station - (CIP #216008): This project provides for new right-sized pumps at the existing SFE pump station and includes additional water treatment allowing GLWA to significantly reduce the amount of potable water required to operate the WRRF. The total cost of this project is currently estimated at \$80.1 million.

Oakwood District Intercommunity Relief Sewer Modification at Oakwood District - Northwest Interceptor Relief Sewer (NWI) - (CIP #222001): This project is comprised of the construction of a relief tunnel between the NWI and the Oakwood CSO Control Facility. The proposed relief sewer will divert wet weather flow from the NWI to the currently underutilized Oakwood CSO Control Facility's Retention Treatment Basin to take advantage of its available capacity. The positive impacts of the project include reducing untreated CSO's to the Rouge River, reducing flooding of the Southfield Freeway near Hubbard Avenue, and providing GLWA better control of the high flow levels in the NWI and Detroit River Interceptor (DRI) during wet weather. The total cost of the project is currently estimated at \$75 million.

Freud Pump Station - (CIP #232002): This project is comprised of operational improvements to the storm pumps, structural and architectural improvements, and upgrading the ventilation and heating system. In addition, a new sanitary pump station will be constructed over the two (2) existing 16-foot diameter sewers which will require realigning Freud Street to the north between Conner Street and Navahoe Street. The impact of the project will improve GLWA's operational management of combined storm flows in the area served by the Freud Pump Station. The total cost of the project is currently estimated at \$82. million.

JUSTIFICATION

GLWA is seeking low interest loan assistance through the CWSRF program for these projects. There are several significant benefits to GLWA in utilizing funding through this program. First, although the EGLE interest rate for FY 2023 will not be determined until October 2022, the current year's interest rate of 1.875% for 20 -year and 2.125% for 30-year loans. Savings are typically significant when

comparing the interest rates under the CWSRF program with a similar open market revenue bond issue.

In addition, funding secured through the CWSRF program does not require GLWA to undertake the rigorous effort of preparing an official statement as is necessary with a standard open market bond transaction. And finally, use of SRF funding as junior lien debt does not impact GLWA debt reserve requirements.

BUDGET IMPACT

Debt service interest payments on these projects would begin in the fall of FY 2024 and will be included as part of the FY 2024 financial plan.

COMMITTEE REVIEW

This matter was presented to the GLWA Audit Committee at its April 22, 2022 meeting. The Audit Committee unanimously recommends that the Great Lakes Water Authority Board of Directors approve the attached Resolution to Adopt project plans for the 1) Rehabilitation of Pump Station 1 Improvements, 2) Pump Station 2 Bar Rack Replacements and Grit Collection System Improvements, 3) Rehabilitation of Screened Final Effluent (SFE) Pump Station, and 4) Aeration Decks 1-2 Modification, 5) Oakwood District Intercommunity Relief Sewer Modification at Oakwood District - Northwest Interceptor Relief Sewer (NWI), and 6) Freud Pump Station projects for FY 2023 Clean Water State Revolving Fund (CWSRF) at its regularly scheduled meeting on May 25, 2022.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.