



Legislation Text

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Scheduling of Public Hearing for the GLWA FY 2025 Clean Water State Revolving Fund (CWSRF) Program Project Plan Submittals

Agenda of: February 28, 2024

Item No.: **2024-022**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: February 28, 2024

RE: Scheduling of Public Hearing for the GLWA FY 2025 Clean Water State Revolving Fund (CWSRF) Program Project Plan Submittals

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 Scheduling of a Public Hearing for the Clean Water State Revolving Fund (CWSRF) project plan submittals for the 1) Combined Sewer Overflow (CSO) Outfall Rehabilitation, 2) Oakwood and Leib CSO Improvements, and 3) Rehabilitation of the 7 Mile Sewer System for April 24, 2024 at 2:00 p.m.** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Great Lakes Water Authority (the "GLWA") has identified three (3) projects in the FY 2024 to FY 2028 Capital Improvement Plan (CIP) for submittal to the Michigan Department of Environment, Great Lakes and Energy (EGLE) FY 2025 CWSRF financing program. The deadline for submitting all CWSRF project plans to EGLE is May 1, 2024. Prior to submitting the project plans, GLWA must hold a public hearing to present the project plans. That public hearing should be scheduled for April 24, 2024, at 2:00 pm.

The FY 2025 CWSRF public hearing notice and project plans for the following three proposed projects will be posted on

the [GLWA website <https://www.glwater.org/>](https://www.glwater.org/):

- 1) CSO Outfall Rehabilitation Phase VI,
- 2) Oakwood and Leib CSO Improvements, and
- 3) Rehabilitation of the 7 Mile Sewer System

At the public hearing, a summary of each project plan will be presented. After the public hearing is closed, a resolution to adopt the final project planning document will be scheduled for action by the GLWA Board of Directors at its regularly scheduled meeting also on April 24, 2024. The resolution must be approved and signed to ensure the finalized project plans are assembled and submitted to the EGLE by the deadline of May 1, 2024.

The Projects:

CSO Outfall Rehabilitation Phase VI (CIP # 260510) - The project is comprised of the rehabilitation of nineteen (19) outfall sewers located along the Rouge River. The outfall sewers function as the interface between collector sewers and the Northwest Interceptor (NWI) throughout the City of Detroit. The proposed structural rehabilitation of the outfalls will extend the service lives by another 25 to 30 years and allow them to continue to provide relief to the NWI and other GLWA and City of Detroit assets during wet weather events. The total cost of this project is estimated at \$10,000,000.

Oakwood and Leib CSO Improvements (CIP # 270004) - The project involves a significant series of improvements at the Oakwood CSO Retention Treatment Basin and storm/ sanitary pumping station, and the Leib CSO Screening and Disinfection Facility (SDF). The proposed improvements will increase facility reliability, flexibility, operation, maintenance, and safety to support planned increases in utilization. The total cost of this project is estimated at \$51,000,000.

Rehabilitation of the 7 Mile Sewer System (CIP # 260206) - The project consists of the rehabilitation of several large diameter combined sewers including Segments 1, 2, and 3 of the 7 Mile Sewer, East 7 Mile Relief Sewer, and the West 7 Mile Relief Sewer. The structural rehabilitation of the sewers will extend their service lives by another 25 to 30 years and allows them to continue to convey flow to the GLWA Water Resource Recovery Facility (WRRF) providing relief to other components of the regional conveyance system during wet weather events. The total cost of this project is estimated at \$30,000,000.

JUSTIFICATION

GLWA is seeking low interest loan assistance through the CWSRF program for these projects. Although the EGLE interest rate for FY 2025 will not be determined until October 2024, the current year's interest rate of 2.00% for 20-year and 30-year loans is lower than the present conventional revenue bond interest rates. Note that these projects may qualify for "overburdened applicant status". As long as interest rates for 30-year are comparable to 20-year loans, GLWA will select the 30-year option. Savings are typically significant when comparing the interest rates under the CWSRF program with a similar open market revenue bond issue.

It is prudent for GLWA to continue to pursue CWSRF loan funding as actual savings are anticipated to be higher due to general expectations of rising interest rates over the next year (and therefore increasing potential savings compared to use of municipal bonds). In addition, use of SRF funding as junior lien does not impact GLWA debt reserve requirements.

BUDGET IMPACT

Debt service interest payments on these projects would begin in the fall of FY 2025 and will be included as part of the FY 2025 financial plan.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on February 9, 2024. The Audit Committee unanimously recommended that the Board of Directors of the Great Lakes Water Authority, schedule a Public Hearing for the Clean Water State Revolving Fund (CWSRF) project plan submittals for the 1) Combined Sewer Overflow (CSO) Outfall Rehabilitation, 2) Oakwood and Leib CSO Improvements, and 3) Rehabilitation of the 7 Mile Sewer System for April 24, 2024 at 2:00 p.m.