



Title:	Authorization to Submit 325 Blake Road Stormwater Project for Public Facilities Authority Point Source Implementation Grant Certification
Resolution number:	22-011
Prepared by:	Gabriel Sherman, Planner-Project Manager (952) 641-4510 gsherman@minnehahacreek.org
Reviewed by:	Michael Hayman, Project Planning Manager
Recommended action:	Board authorization to submit plans and specifications for the 325 Blake Road regional stormwater project for certification by MPCA to be eligible for Public Facilities Authority Point Source Implementation Grant (PSIG) funding.
Schedule:	March 2014 – Submitted application for placement on MPCA Project Priority List (PPL) June 2014 – Stormwater Project Plans submitted to MPCA for review July 2014 – Application submitted to PSIG program November 2014 – Powell Road diversion submitted for PSIG certification March 30, 2022 – Submissions due for plans and specifications for MPCA certification June 30, 2022 – MPCA certification date Summer 2022-2024 – Site construction
Budget considerations:	Not applicable
Past Board action:	Res # 14-060 Authorization to Submit Point Source Implementation Grant Application to Minnesota Public Facilities Authority (PFA) Res # 20-091 Authorization to Contract for Design Services for the 325 Blake Road Regional Stormwater and Greenway Project Res # 21-047 Affirming Developer Selection and Agreement Framework for 325 Blake Road Res # 21-075 Approval of Phase II Design Contract for 325 Blake Road Restoration and Redevelopment Res # 22-010 Approval of 60% Design for 325 Blake Road Restoration and Redevelopment

Summary:

Background

In January 2014 the MCWD Board of Managers authorized staff to apply for placement of the 325 Blake Road stormwater project on the 2015 Minnesota Pollution Control Agency (MPCA) Clean Water Revolving Fund (CWRP) Project Priority List (PPL). Projects must first be accepted for placement on the PPL before being eligible for below market rate CWRP loans and other Clean Water Legacy grants and loans from the Minnesota Public Facilities Authority (PFA). PFA funding and financing provided through the Point Source Implementation Grant (PSIG) program targets municipal infrastructure investments that improve water quality.

Historically, the majority of PFA funded projects have been municipal wastewater treatment facility improvements. While the PFA can also provide funding for stormwater infrastructure investments that achieve substantial progress

towards Total Maximum Daily Load (TMDL) Waste Load Allocations (WLA), in the past many submitted stormwater projects have not been sizable enough to be competitive for funding. Moreover, since the District was not directly assigned a WLA under the Minnehaha Creek-Lake Hiawatha TMDL, it was initially viewed as ineligible for PFA funding.

However, in December 2013 the MCWD Board approved a TMDL policy that established a waste load credit distribution framework to member communities benefiting from District capital investments. Among other things, this policy established a legal basis for PFA funding of District capital investments within the Minnehaha Creek corridor. Coupled with the substantial benefit associated with the proposed stormwater improvements at 325 Blake Road, staff determined in collaboration with MPCA and PFA staff that the project and District may be eligible for funding.

Upon this determination, staff applied for placement on the 2015 PPL for the 325 Blake Road Stormwater Management Project. The project was to be phased over a period of years and included the two primary stormwater diversions – Powell Road and Lake Street – and construction of the on-site infiltration/filtration facilities.

Following application to the PPL, staff provided a detailed Stormwater Project Plan (SWPP) to the MPCA. SWPP review and approval is a further requirement to demonstrate the applicant has investigated project feasibility and determined water quality significance and construction cost estimates for the proposed project.

On June 30, 2014 the District received formal decision from the MPCA that the 325 Blake Road Stormwater Management Project scored competitively within the 2015 PPL, and was granted preliminary approval of the SWPP. The 2015 PPL was distributed for public comment in August 2014.

Following placement on the PPL, the next step in the process is to apply for Point Source Implementation Grant (PSIG) funds. The PSIG program (Minnesota Statutes, Section 446A.073 as amended) provides 80% of eligible project costs up to \$7 million, for wastewater or stormwater projects that have been ranked on the PPL.

The District's first PSIG funding application for the competitively ranked 325 Blake Road Stormwater project was for the Powell Road diversion, with application for additional funding towards final implementation of the 325 Blake Road Stormwater project anticipated to occur in subsequent years based on project readiness.

2022 Certification

Under the complete 325 Blake Road application, the District is eligible for 80% of approved project costs (approximately \$2,240,00 based on the initial project application), around \$500,000 of which has already been disbursed for the Powell Road diversion. With Board acceptance of 60% plans on February 24, 2022, MCWD is now seeking certification of the stormwater pond and associated inlets and outlets, which will constitute full implementation of the project. As part of the certification process, MCWD will submit updated cost estimates for the pond and associated structures, which is currently \$2.5 million (including all contingencies).

Given that the total cost of the pond and diversion structures is well below the \$7 million maximum PSIG award, MCWD intends to include the regional stormwater components of the Alatus development in the request for certification. The joint regional stormwater project has additional water quality benefits (through filtration and infiltration not achieved by the pond alone) that are likely eligible for PSIG funding. Any award of funding to the Alatus portion of the regional stormwater system will strengthen the overall financial outlook of the joint project and will in no case diminish the potential funding for MCWD's stormwater project. MCWD will submit plans and specifications for certification by March 31, 2022 and expects to be notified by June 30, 2022 if the project has been certified. Once certified, the project will receive funding based on its position on the PPL and funds available for projects higher on the list. Staff expects the project to be eligible for reimbursement in 2022 or 2023.



RESOLUTION

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- WHEREAS the Minnehaha Creek and Lake Hiawatha Total Maximum Daily Load (TMDL) identifies impairments to both surface waters, with the highest pollutant loading per unit area originating between West 34th Street and Meadowbrook Lake;
- WHEREAS the Minnehaha Creek Watershed District (MCWD) Board of Managers has prioritized capital investment and the alignment of programs within the Minnehaha Creek subwatershed, concentrated within the geography referred to as the urban corridor;
- WHEREAS in July 2013, the MCWD Board of Managers formally ordered the 325 Blake Road Stormwater Improvement Project;
- WHEREAS the Minnesota Public Facilities Authority (PFA) and Minnesota Pollution Control Agency (MPCA) provides funding to local government units through a Point Source Implementation Grant (PSIG), established in Minnesota Statutes (446A.073, as amended), for stormwater infrastructure projects that address assigned Waste Load Allocations (WLA) pursuant to approved TMDLs; and
- WHEREAS the MCWD Board of Managers has adopted a TMDL Policy which establishes a framework for distributing nutrient load reduction credits achieved through its capital improvement projects; and
- WHEREAS this TMDL policy will transfer load reduction credits associated with the 325 Blake Road Stormwater Improvement Project to LGUs with assigned WLAs under the Minnehaha Creek-Lake Hiawatha TMDL; and
- WHEREAS the MPCA and PFA have determined that the District's TMDL Policy makes the MCWD eligible for PSIG funding;
- WHEREAS the MCWD Board of Managers authorized staff to submit an application to place the 325 Blake Road Stormwater Improvement Project on the MPCA-PFA Project Priority List (PPL); and
- WHEREAS on June 30, 2014 the District was provided formal decision from the MPCA that the 325 Blake Road Stormwater Management Project scored competitively on the 2015 MPCA PPL, and was granted preliminary approval of the Stormwater Project Plan (SWPP) submitted for implementation;
- WHEREAS on July 31, 2014 the MCWD Board of Managers approved application to the PFA's PSIG program;
- WHEREAS the applicant must submit project plans and specifications to the MPCA to demonstrate project readiness and receive certification prior to receiving funding;
- WHEREAS the Lake St and Powell Road stormwater diversions have been constructed as of March 2020 and all PSIG disbursements have been received for the Powell Road diversion;

WHEREAS on December 3, 2020 the MCWD Board of Managers authorized a contract with HDR, Inc. to design and engineer the 325 Blake Road Stormwater Improvement Project through schematic design (Res # 20-091) and on November 4, 2021 amended the contract with HDR, Inc. to produce final plans and specifications (Res # 21-075);

WHEREAS on June 17, 2021 the MCWD Board of Managers, jointly with the Hopkins City Council, selected Alatus, LLC as its development partner to deliver a mixed-use development on the portion of the 325 Blake Road parcel not occupied by the MCWD stormwater and greenway project and affirmed its selection on July 8, 2021 (21-047);

WHEREAS the Alatus development ties into the MCWD regional stormwater pond through a pump and cascade system and provides additional water quality treatment through filtration and infiltration;

WHEREAS on February 24, 2022 the MCWD Board of Managers approved the 60% design submittal for the 325 Blake Road Stormwater Improvement Project;

WHEREAS the deadline to submit plans and specifications to be certified for the upcoming PSIG funding round is March 31, 2022;

NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek Watershed District Board of Managers authorizes District staff to submit plans and specifications for the 325 Blake Road Stormwater Improvement Project to the MPCA for certification;

BE IT FURTHER RESOLVED that the MCWD Board of Managers authorizes District staff to submit the regional stormwater components of the 325 Blake Road Alatus development on behalf of developer Alatus, LLC for consideration by the MPCA and PFA for funding as part of a comprehensive regional stormwater system;

BE IT FURTHER RESOLVED that MCWD has the legal authority to apply for the grant, and the financial, technical, and managerial capacity to ensure proper construction, operation and maintenance of the project for its design life;

BE IT FURTHER RESOLVED that upon approval of its application by the PFA, the MCWD may enter into agreement with the PFA for the 325 Blake Road Stormwater Management Project, and that MCWD certifies that it will comply with all applicable laws and regulations as stated in all contract agreements described in the Compliance listing of the application;

BE IT FURTHER RESOLVED that the Board President and Vice President are hereby authorized to execute such agreements, and amendments thereto, as are necessary to implement the above project on behalf of the Minnehaha Creek Watershed District.

Resolution Number 22- 011 was moved by Manager _____, seconded by Manager _____. Motion to adopt the resolution ___ ayes, ___ nays, ___ abstentions. Date: March 10, 2022.

Secretary Date: _____