CDBG-MIT Application Process

October 5, 2020

Proposed CDBG-MIT Project

Summary of the proposed project:

- Abandonment of the current wastewater treatment plant (WWTP) facilities
- Identification and implementation of alternate wastewater treatment options and facilities
- Abandonment of the current site to allow for future use as a stormwater detention area

Availability and Application Status

- Program became available on April 1, 2020
- All necessary information is available for application data entry

CDBG-MIT Program/Project Review

Alternatives

- Alternative is status quo, maintain current/future infrastructure and costs
- No alternative projects have been identified that would be competitive with respect to LMI scoring criteria

Pros

- Relocation of flood prone WWTP to improve reliability
- Repurpose flood prone land to detention or joint amenity
- Construction of replacement building without new bond debt ($6-10m)
- Improve aesthetics/quality of life for the area
- Elimination of WWTP excursion risk
- Elimination of future capital costs for maintenance and upgrades to COB WWTP

Cons

- Third-party treatment concept
- Known and capped cost escalators

CDBG-MIT Program/Project Review

Previous Floods

- Flood water and treated/untreated wastewater discharges and ends up in Brays Bayou or flood water surrounding plant

Studies

- Concept engineering from previous exploration of this approach (10+ years prior)

Current or Future Repairs to Facility

- Repairs to protect against flooding are not budgeted
- Continue to repair as needed to maintain functionality
- Industry rule of thumb: 1-2% of asset value can be spent annually to maintain facility
- Existing plant value: $30 – $45 million

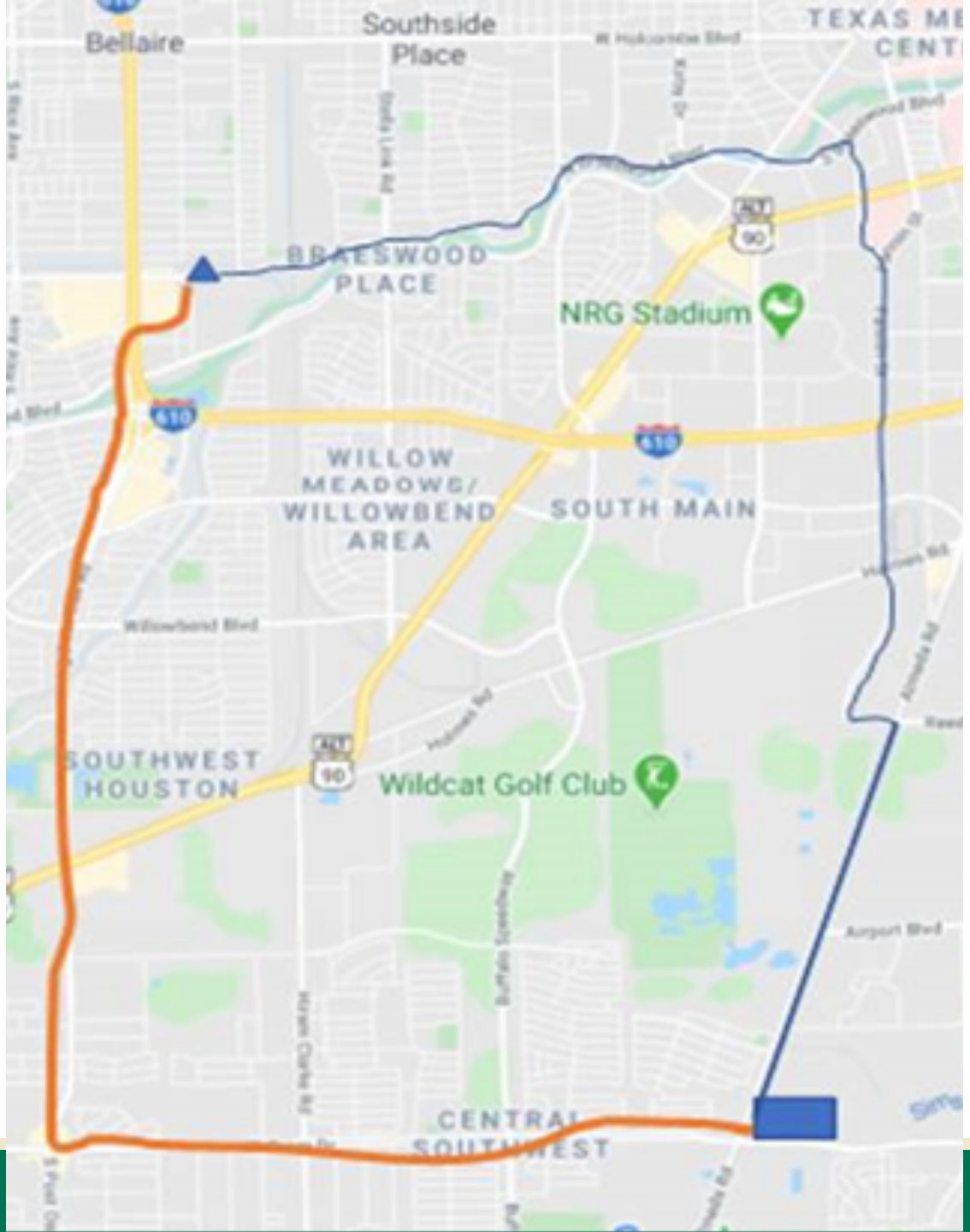
COB-COH Service Agreement Overview

- Proposed project would re-route COB wastewater to a COH WWTP
  - COB would construct the new connection and expand the capacity of the COH plant
  - COB would be "buying into" the COH system
- Initial rate would be $1.638 per thousand gallons for treatment
  - Rate increases tied to a PPI/CPI or results of a rate study
  - COH has a revenue cap per Article IX Section 20 of the COH charter
- Possible Termination?
  - No termination of convenience (TCEQ requirements)
  - Termination by default only
- History of COH wholesale rate:

COH Rate Year	10-Apr	15-Apr	16-Apr	17-Apr	18-Apr	19-Apr	20-Apr
Rate per 1,000 gallons	$1.200	$ 1.428	$ 1.448	$ 1.497	$ 1.540	--	$ 1.638

COB-COH Service Agreement Overview

- Other area cities contract with COH for collection and treatment
  - Potential COB agreement wholesale only
  - Other cities include: Galena Park, Hillshire Village, Spring Valley
- Initial estimates for COH for wastewater treatment would be a cost-neutral proposal for rate payers
  - Ongoing (sunk) costs from debt service, equipment, etc. would remain until retired
  - Would be dependent on actual gallons treated
- Future conditions would result in savings that would offset potential increases
  - Avoidance of future WWTP-related project expenditures and/or bond debt
  - Possible personnel cost savings through attrition



Proposed Line Routing to COH WWTP

- The routing shown in orange was identified during previous discussions as a conservative estimate for budgeting purposes
- Other options will be explored during preliminary design if the project is funded and approved
- Discussions with City of Houston will identify partnership opportunities that may affect routing options

COH South Campus WWTP 100-year Plan (Almeda Sims location)

- COH has plans for consolidation of their wastewater treatment infrastructure
- COH has a consultant to work on related items for the disaster recovery and mitigation activities
- The proposed project would include COB working with COH on one phase of the South Campus WWTP expansion
- COB would work with COH to streamline efforts and decision-making
- We would pursue long-term partnerships on other common issues such as drainage and detention where possible

Wastewater Treatment Plant Prior and Future Improvements

Previous WWTP Improvement Projects (prior 5-years)

- Approximately $8 million of bond proceeds utilized
- Projects were necessary improvements for continued operation of the plant
- Of the original $33.3m of 2017 bond funds issued, $2.4m of principal has been retired
  - WWTP Improvements represent 23.8% of the 2017 bond issuance
- “Sunk” costs include debt service which must be repaid regardless of decision

Currently Anticipated WWTP Improvement Needs ($3m/2-5 years)

- Belt Press Improvements, Electrical Upgrades, Improvements to Tanks and Basins
  - NOT all inclusive
- Preliminary estimates are $3 million over the next 2-5 years
- If project is awarded, efforts will be minimized to make repairs necessary to prevent failure until the COB WWTP would go offline in 3-5 years

CDBG-MIT Program Requirements

- Mitigation Project - Prevent the damage and hardships that may occur from some event in the future
- CDBG-MIT program allows municipalities to address frequently occurring issues without greatly impacting City budgets
- Required to follow federal acquisition guidelines (Uniform Relocation Act) to acquire any property for the new control building
- Follow National Environmental Policy Act (NEPA) environmental guidelines before any construction begins
- Must utilize federal prevailing wages (Davis Bacon Act) during the construction of any improvements

CDBG-MIT Program Requirements

- Adherence to an established Grant Management Plan
- Utilization of a Citizen Participation Plan throughout the application process and post funding as outlined by the GLO
- Follow procedural requirements relative to the terms of the grant
- Ensure federal procurement and financial management guidelines are followed (2CFR200)
- Post-funding reporting requirements must be followed
- Required to maintain the project files for 3 years after the closeout of the grant

Next Steps

Council Action Tonight

- Provide direction to proceed or not with the CDBG-MIT grant application
  - City would not be obligated to anything until acceptance of funding
- If Council chooses to proceed with the application, the Citizen Participation Plan resolution will need to be adopted this evening

Future Council Action

- Possible commitment of one percent (1%) of local funds
- Future Resolutions for Procurement Guidelines for Federally Funded Program
  - Also required for existing CDBG programs

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