

Memorandum

To: Bassett Creek Watershed Management Commission
From: Barr Engineering Company
Subject: Item 5F – Consider Funding Options for XP-SWMM Phase II Project
BCWMC June 18, 2015 Meeting Agenda
Date: June 10, 2015
Project: 23/27-0051 2015

5F Consider Funding Options for XP-SWMM Phase II Project

Options:

1. Do not pursue outside funding – continue XP-SWMM Phase II project by BCWMC Engineer as approved by the Commission at its April 15, 2015 meeting.
2. Pursue funding/assistance through the U.S. Army Corps of Engineers' (ACOE) Flood Plain Management Services program, including development of scope of work for the project and negotiations with ACOE staff – 100% assistance provided (ACOE completes entire model).
3. Pursue funding/assistance through the U.S. Army Corps of Engineers' (ACOE) Planning Assistance to States program, including development of scope of work and cost-share agreement for the project and negotiations with ACOE staff – 50% assistance provided. (ACOE completes up to 50% of the model)
4. Pursue funding through Minnesota Department of Natural Resources' Flood Damage Reduction Grant Assistance program – 50% funding provided
5. Pursue funding through Federal Emergency Management Agency – \$50,000 to \$70,000 in funding provided (pass-through funds via the Minnesota Department of Natural Resources).

Background

At its April 15, 2015 meeting, the Commission approved that:

- the Commission Engineer complete the XP-SWMM Phase II Project
- the project be completed by the end of the Commission's 2016 fiscal year
- \$103,000 in Flood Control Project Long-term Maintenance funds be used for work in fiscal year 2015,

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- the BCWMC Budget Committee determine a source of funding for the fiscal year 2016 project costs, (\$158,000) and
- Commission staff continues to seek project funding from other sources.

To keep the project moving ahead while Commission staff pursued funding/assistance for this project, the Commission Engineer is completing the following preliminary work on the XP-SWMM project:

- Monitoring of the North Branch of Bassett Creek
- Reviewing and determining data needs for the modeling project

The Commission Engineer estimates this work will cost approximately \$11,000. This means the remaining project budget would be about \$250,000. This is the budget amount that would be used in determining cost-share amounts in the funding/assistance options described below.

The following paragraphs summarize the potential for project funding/assistance from the 1) U.S. Army Corps of Engineers' (ACOE) Flood Plain Management Services program, 2) the ACOE's Planning Assistance to States program, 3) the Minnesota Department of Natural Resources' (MDNR) Flood Damage Reduction Grant Assistance Program, and 4) the Federal Emergency Management Agency's (FEMA) funding assistance. Commission staff discussed these programs with ACOE and MDNR staff:

1. ACOE Floodplain Management Services (FPMS) program (100% assistance)

The ACOE developed the FPMS program specifically to address the needs of people who live and work in floodplains. The types of studies are generally associated with flood risk identification, flood risk reduction, or flood risk management. According to the St. Paul District ACOE staff, the BCWMC's XP-SWMM Phase II Project is a good fit for the FPMS program.

FPMS program studies are 100% federally funded, with the studies performed by ACOE staff or ACOE contractors. Entities requesting studies under the FPMS program (called "sponsors") may provide voluntary contributions toward requested services to expand the scope or accelerate the ACOE's provision of the services. According to ACOE staff, when a sponsor (e.g., the BCWMC) is willing to work closely with the ACOE on a project, there is stronger potential for ACOE funding of the project.

Process for obtaining assistance through ACOE FPMS program

1. Send letter to ACOE requesting assistance (**done** – 4/22/15 letter sent to Col. Koprowski)
2. Develop scope of work – this is between St. Paul District ACOE and the BCWMC (sponsor). The Commission Engineer recommends that in addition to the modeling details, the work scope should require close coordination between the ACOE staff (or the ACOE's contractor) and the BCWMC and BCWMC staff throughout the modeling process, and that the ACOE obtain the Interagency Hydrology Review Committee's approval of the updated XP-SWMM Phase II model.

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3. Establish the project in the ACOE's financial system (ACOE staff task). ACOE staff stressed the importance starting a project as soon as possible, as projects already begun/entered into the system are more likely to receive continued funding. There is a small chance that the ACOE could start the project this fiscal year (fiscal year 2015 ends Sept 30, 2015).
4. ACOE headquarters (in Washington, DC) provides funding to each division (similar to a block grant), and then the ACOE Division office (Vicksburg, Mississippi) decides what projects to fund, based on funding and the requests from the District offices. The funding would be available on or after October 1, 2015 for the 2016 fiscal year; it could be as late as May or June 2016 if Congress does not pass budget bills on time in the fall. There is also a nominal chance the ACOE will reject funding.

2. ACOE Planning Assistance to States (PAS) program (50% assistance)

Through the PAS program (also known as the Section 22 program), the ACOE assists states, local governments and other non-Federal entities in the preparation of comprehensive plans for the development, use, and conservation of water and related land resources. Upon written request, the ACOE will cooperate with these entities to prepare these plans.

The most common types of studies are for water supply, water conservation, water quality, environmental conservation/restoration, wetlands evaluation, dam safety/failure analysis, flood risk reduction, floodplain management, coastal zone management/protection and harbor/port studies. Studies do not include detailed design for project construction. The St. Paul District ACOE staff believes the BCWMC's XP-SWMM Phase II Project is also a good fit for the PAS Program.

Projects are cost-shared equally between the Federal government and the non-Federal sponsor. Although called a "cost share," it functions more as a "work share" program where the ACOE staff or ACOE contractors perform 50% of the work and the sponsor (e.g., BCWMC) performs the other 50% of the work.

Process for obtaining assistance through ACOE PAS program

1. Send letter to ACOE requesting assistance (**done** – 4/22/15 letter sent to Col. Koprowski)
2. Develop scope of work – see FPMS process.
3. Develop cost-share agreement, based on scope of work. The scope of work is not attached directly to the agreement.
4. Approve cost-share agreement. This step involves review and approval between the sponsor (BCWMC), the ACOE Office of Counsel, the ACOE Division Office (Mississippi Valley – Vicksburg, Mississippi), and the ACOE St. Paul District. This step also includes a certificate of legal sufficiency.
5. Sign off on project by the ACOE St. Paul District Commander; once the District Commander signs off, then funds can be spent on the project (i.e., funds cannot be spent until District Commander

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signs off). However, ACOE funding may not be available until October 1, 2015 or later for the 2016 fiscal year; it could be as late as May or June 2016 if Congress does not pass budget bills on time in the fall.

6. The ACOE Division office decides what projects to fund, based on funding received from headquarters and the requests from the District offices (same as the FPMS program). As stated above, the funding would be available on or after October 1, 2015 for the 2016 fiscal year, possibly as late as May or June 2016.

3. Minnesota Department of Natural Resources (MDNR) Flood Damage Reduction Grant Assistance (FDR) program (50% cost-share)

The Minnesota Legislature created the FDR program in 1987 to provide technical and financial assistance to local government units to reduce the damaging effects of floods. Under this program, the state can provide cost-share grants to local units of government for up to 50% of the total project cost. Two different classes of grants are available through the FDR program:

- Small Grants – projects with a total cost less than or equal to \$300,000 (maximum state share \$150,000). These competitive grants are made directly by the MDNR from general funds appropriated by the state legislature. Local units of government (including WMOs) are eligible to apply. Small projects and studies are covered through this grant program. The BCWMC's XP-SWMM Phase II model would be an eligible project for this type of grant. However, the FDR program currently does not receive any general fund monies unless there is a disaster appropriation by the state legislature.
- Large Grants – projects with a total cost greater than \$300,000 (state share greater than \$150,000). Large grant applications are received and prioritized by the MDNR and then presented to the Governor and the Legislature for consideration in a capital bonding bill. A project will be funded based on its rank after prioritization and the amount of program funding made available by the state legislature. Currently, most FDR funding is through this large grant process.

At the end of the fiscal year, the MDNR sometimes has funding remaining in the FDR program, which they can use for projects; no funding is available this year. However, if the flood reduction bill (which nearly passed in the regular session) is approved in the state legislature's special session, there could be \$500,000 in general funds for the FDR program. Although the flood reduction bill is the result of the disaster declaration in multiple counties, a project would not be required to show a tie-in to the disaster declaration to be eligible for the general funds (i.e., the XP-SWMM phase II modeling project would be eligible).

If the flood reduction bill passes with the FDR general funds intact, then entities would apply for funding through a Minnesota Recovers Task Force application process. The resulting funding allocation decisions

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would likely be made in about mid-September, and contracting completed in January 2016 (or six months from the date of appropriation, whichever is later).

4. Federal Emergency Management Agency (FEMA) funding assistance (\$50,000 - \$70,000)

FEMA notified the MDNR that FEMA needs updated modeling and mapping for the Main Stem of Bassett Creek. According to MDNR staff, \$50,000 - \$70,000 could be available for the BCWMC's XP-SWMM Phase II modeling. MDNR staff further indicated there is a high likelihood that the funding would be offered to the MDNR and it would be dedicated to Bassett Creek. These would be "pass-through" funds from FEMA to the MDNR that the MDNR would then grant to BCWMC. MDNR staff indicated that the earliest these funds would be available is August 2015. For BCWMC to obtain the funding, there would be some additional work required to meet the FEMA requirements for the project.

Advantages and disadvantages of the funding/assistance programs

Advantages	Disadvantages
ACOE FPMS and PAS programs	
FPMS program: ACOE provides "100%" funding (i.e., \$250,000) PAS program: ACOE provides "50%" funding (i.e., \$125,000)	Sponsor (BCWMC) would incur costs for preliminary work, coordinating with ACOE staff (or ACOE contractor) throughout project and for reviewing project results. For this project, BCWMC costs could be about \$35,000 - \$40,000.
ACOE could obtain approval of XP-SWMM Phase II model from Interagency Hydrology Review Committee, which would make it easier to update the floodplain maps in the future. (This is an extra scope item.)	Sponsor (BCWMC) loses control of the work and the timing/scheduling of the work.
	With ACOE staff or ACOE contractor performing the work, the ACOE staff or contractor does have the full advantage of the Commission and Commission staff's detailed knowledge of the watershed.
	Uncertainty regarding availability of assistance (funding from ACOE), both in dollar amount and date of availability.
	Project delays resulting from later start. At a minimum, the project could start two – three months late (August/September), if ACOE fiscal year 2015 funding is available, four months late (October 1, 2015) when fiscal year 2016 funding is available (at the earliest), or up to almost a year late (May or June 2016), if the U.S. Congress does not pass budget bills on time this fall.

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Advantages	Disadvantages
MDNR FDR program	
FDR provides 50% cost share (i.e., \$125,000)	BCWMC would incur additional costs in applying for the grant.
BCWMC gets the full advantage of the Commission and Commission staff's detailed knowledge of the watershed.	Uncertainty regarding availability of funding (need to wait for results of special session).
Once begun, BCWMC maintains full control of the work and the timing/scheduling of the work.	Project delays resulting from later start. At a minimum, the project would start seven months late (January 2016), when contracting is completed.
FEMA funding assistance	
FEMA provides \$50,000 - \$70,000 in funding (through MDNR); remaining BCWMC costs would be \$180,000 - \$200,000, plus additional costs to perform additional work to meet FEMA requirements.	BCWMC would incur additional costs to perform the additional work required to meet FEMA requirements and to coordinate with MDNR/FEMA to obtain the funding.
BCWMC gets the full advantage of the Commission and Commission staff's detailed knowledge of the watershed.	Uncertainty regarding availability of funding (need to wait until at least August for FEMA decisions).
Once begun, BCWMC maintains full control of the work and the timing/scheduling of the work.	Project delays resulting from later start, assuming work cannot be started until a contract is executed. Then, the project would start at least two to three months late (August/September 2015).
MDNR may be willing to take the lead on obtaining approval of the XP-SWMM Phase II model from the Interagency Hydrology Review Committee, which would make it easier to update the floodplain maps in the future. (This is an extra scope item.)	