

Project Name

- Otsego West Wastewater Treatment Facility (WWTF) Improvements – Phase 1

General description of the project and why it is needed.

The project scope generally includes the infrastructure improvements to comply with stringent environmental regulations (discharge standards to Waters of the State) as well as expansion of the WWTF capacity from serving 6,000 people to 14,100 people. The City of Otsego has continued to experience significant residential population growth, and wastewater costs have been substantial. The City is currently in construction for a Biosolids Facility at the City's East WWTF that already had a project cost of approximately \$17,000,000 and the current opinion of project cost for the West WWTF Improvements is over \$30,000,000.

Major project components include expansion of the influent lift station, expansion and upgrade of the pretreatment processes (screening and grit removal), a new membrane bioreactor system, a new effluent aeration system, expansion of the effluent disinfection system, administration building, and related electrical/controls/civil-site/mechanical improvements.

The discharge is located on a small unnamed creek due to restrictions in direct discharges to the Upper Mississippi, which had already been designated an Outstanding Value Resource Water when the original Otsego West WWTF was constructed in 2005-2006. Phosphorus limits are already in place, and those limits will become increasingly more stringent as the facility capacity expands to accommodate population growth. New limits will also be in place for ammonia, and the facility is planned for total nitrogen limits, which are anticipated within the life of this project. Additionally, the treated effluent is discharged into the watershed of the drinking water source for Minneapolis' and Saint Paul's surface water sources. Due to the permitting situation, the proposed facility is planned to be "limit of technology" for this type of treatment.

What are the benefits of this project and why is it a priority?

- Continued and enhanced environmental protection for the Upper Mississippi River for recreation and drinking water.
- Support of Minnesota's third fastest growing community with necessary infrastructure expansion (housing starts would stop without this WWTF expansion).
- Supporting local construction jobs.

Amount requested for the community project.

A federal support amount of \$15 Million is being requested. The Project is focused on an integrated expansion of capacity and enhancement of treatment capability to meet stringent regulations to protect Minnesota's waterways and the Mississippi watershed. Although the EPA STAG program can authorize up to 80-percent Federal cost share the City is supporting an equal share of the project.

Can the project obligate all appropriated funds within 12 months after enactment?

The City of Otsego is committed to funding the remaining costs through a combination of general obligation revenue bonds and user rates and has provided a letter accompanying this application documenting its commitment.

Funding Source	Funding Type	Amount
Federal Support	Federal STAG	\$15,000,000
City of Otsego	General Obligation Revenue Bonds	\$15,080,000
Total Secured to-date		\$30,080,000

Estimated start and completion dates.

The project is already well into preliminary design, and bids were opened April 15, 2021 for equipment pre-procurement for the heart of the system (membrane bio-reactor equipment).

- Preliminary Design January-June 2021
- MBR Pre-Procurement April 2021
- 60% Design July-November 2021
- 90% Design November 2021 – February 2022
- Final Design March-April 2022
- Bidding May 2022
- Construction Initiation June 2022
- Substantial Completion November 2023
- Final Completion December 2023

Has the request been submitted to another Subcommittee or Committee this fiscal year? If yes, which one(s)?

No.

Does the project have other public (federal, state, local) and/or private funds committed to meet match or cost-share requirements for costs related to construction, operations, and maintenance? If so, what is the source and amount of those funds?

The City of Otsego has committed to providing funding through General Obligation Revenue Bonds supported through user fees. The City has also committed to the full cost of operation and maintenance of the West WWTF.

Has the Project previously received Federal funding, and if so the course and amount:

No, this project has not received federal funding to-date, although most city's WWTFs have received past federal funding. Due to Otsego being a relatively new City (incorporated in 1990), the wastewater treatment infrastructure was funded locally and did not receive the support of [Construction Grants federal funding](#) because the program received its final appropriation in 1990. Although nearly every community in the U.S. was able to benefit from this federal program that supported the Clean Water Act, Otsego was not provided with that federal infrastructure support.

Will the Project receive State Funding?

Despite these stringent discharge limits, the project does not currently qualify for a State Revolving Fund Loan (based upon the current scoring), which is one common funding source for wastewater infrastructure projects, and private financing is currently being considered.

Surrounding Infrastructure that Supports the Project?

The existing West WWTF plus the existing wastewater collection system supports the project as well as the "soft" infrastructure of the City's wastewater operation staff and administration.

Does the project require an environmental review? If so, what is the status and/or outcome of the environmental review and NEPA category of action (if applicable)?

An Environmental Assessment Worksheet (EAW) will be completed for the project only the preliminary design sufficiently defines the location of the buildings on the site so that the EAW can appropriately be completed. The proposed project is completely within the existing parcel of the existing West WWTF, which also minimizes potential environmental impacts.

No Federal environmental review is anticipated for this project.

Type of project eligible under EPA State and Tribal Assistance Grant (STAG):

[Appropriations Guidance](#)

<https://appropriations.house.gov/sites/democrats.appropriations.house.gov/files/FY22%20Interior%20Community%20Project%20Request%20Guide.pdf>

Linked PDF, Page 8, STAG Eligible Projects: #1 Wastewater Treatment Plants, Including Sludge Handling Facilities

Linked PDF, Page 7 to 8, STAG not Eligible Projects: The project does not include any of the characteristics listed as not eligible for wastewater facilities.

Where is the project in the construction process?

The Project is Phase 1 of a three-phase plan for expanding the facility to buildout (approximately 80-year plan). The City completed a [Wastewater Master Plan](#) in 2018, and that plan has been approved by the Minnesota Pollution Control Agency to guide the phased expansion of the West WWTF.

The current status is Preliminary Design with the start of construction anticipated in June 2022.

Was the project on a State, tribal or territorial Drinking Water or Clean Water Intended Use Plan? If yes, please provide a link to the plan.

Yes. The Project is included in the appropriate state-level intended use plan.

[Minnesota Clean Water Revolving Fund – 2021 Project Priority List and Intended Use Plan
https://mn.gov/deed/assets/cw-iup_tcm1045-313601.pdf](https://mn.gov/deed/assets/cw-iup_tcm1045-313601.pdf)

This project is labeled “Otsego West” in the 2021 document and was listed at the time as \$26,000,000. The Project cost has been updated based upon updates to the project scope and construction inflation. The Project has again been submitted to the Project Priority List for 2022, but the Project is not anticipated to receive an SRF Loan due to the scoring of the project being below the range to qualify for an SRF Loan.

Note that the project labeled “Otsego” in the 2021 PPL/IUP document is the Otsego East WWTF Biosolids Building, which is currently in construction.

Attachments

- City of Otsego Letter of Support