



Memorandum

Office of the Village Manager

TO: Honorable President Narsh and Village Council
FROM: Darwin D. P. McClary, Village Manager
DATE: March 11, 2024

RE: **VILLAGE MANAGER'S REPORT**

FEMA FLOOD INSURANCE STUDY

FEMA is commencing a flood insurance study of Lake Orion and the Paint Creek as part of a larger regional study in this area. The Village has received initial notice and information regarding the methodologies to be used in the study, and this information has been shared with the Village's Planning and Zoning Coordinator, Public Works Director, and Engineer. Several opportunities will be available for the Village to provide input on the study throughout the study process.

OAKLAND-MACOMB INTERCEPTOR DRAIN ODOR AND CORROSION CONTROL PROJECT

Attached is a copy of the notice of public hearing from the Oakland County Water Resources Commissioner regarding the above-referenced sanitary sewer project. Based upon the estimated project cost of \$14 million, the Village of Lake Orion's apportionment would be 0.3409% or \$47,726.

FY 2024-25 BUDGET PREPARATION UPDATE

Department directors have submitted their departmental budget requests to my office. I am reviewing the requests and following up with directors to review and revise requests. I will be preparing the final proposed budget for presentation to Council at your April 8 regular meeting in accordance with village charter requirements.

SANITARY SEWER PUMP STATIONS IMPROVEMENT PROJECT UPDATE

Administration has revised the schedule for completion of this project to try to maximize grant funding opportunities. We made changes to the phase I project to remove pump stations 5 and 6 from phase I to phase III and moved both force main upgrades to phase I. This has reduced the cost of phase I to maximize the benefit of the anticipated 2024 grant funding and permit additional costs to be submitted for grant funding in future phases.

Attached is a revised copy of the engineer's presentation on the project illustrating the revised phasing and cost estimates for the project.

2024 AND 2025 CONGRESSIONAL COMMUNITY PROJECTS GRANT UPDATE

Congresswoman McClain's office notified us that the FY 2024 funding (\$1,750,000) has been approved by Congress and the President and that the funds will be released to the Village within the next few months.

I have completed and submitted to Congresswoman McClain's office an application for FY 2025 funding in the amount of \$6,162,895 for phases II and III of the sanitary sewer pump stations improvements. The total project cost for phases II and III is \$7,703,619. If full funding is received, both phases can be completed in 2025. Otherwise, the Village will complete phase II in 2025 and seek additional funding for phase III for project construction in 2026.

SANITARY SEWER PUMP STATIONS IMPROVEMENT PROJECT BONDING

After a series of meetings with the Village's bond counsel and financial advisor, as well as with Oakland County Water Resources Commissioner's office, I am recommending that the Village issue bonds on its own rather than utilize the county's bonding for the following reasons:

- Utilizing the county's bonding significantly reduces the Village's discretion in debt issuance decisions. Under the county's proposed agreement, the county would have authority to issue up to \$11 million in bonds without seeking additional approval from the Village.
- Utilizing the county's bonding would require issuing Limited Tax General Obligation (LTGO) bonds rather than the possibility of issuing capital improvement (revenue) bonds. LTGO bonds count toward the Village's maximum debt limit, while revenue bonds do not. Our advisors have indicated that, while revenue bonds come with a slightly higher interest rate, the utilization of the county's credit rating as compared to the Village's will result in negligible interest rate savings.
- Utilizing the county's bonding would result in the county charging additional administrative costs to the Village to manage the debt.

Attached is a copy of the county's proposed bond authorizing resolution and debt issuance contract for council's information.

DEPUTY CLERK/TREASURER RECRUITMENT UPDATE

Administration has presented a proposed employment agreement to the finalist for the position, and we are awaiting acceptance. If accepted, the employment agreement will be presented to Village Council at your March 25 regular meeting. The proposed employment start date is Monday, April 1.

SEASONAL GREEN'S PARK STAFFING

Administration is currently advertising for lifeguard and park attendant positions. Anyone interested in seeking summer employment can visit the Village's web site at <https://lakeorion.org/jobs>. If the Village experiences problems with recruiting an adequate number of lifeguards for Green's Park beach, Administration may request that council approve eliminating lifeguards at the beach and install "SWIM AT YOUR OWN RISK" signage as needed.

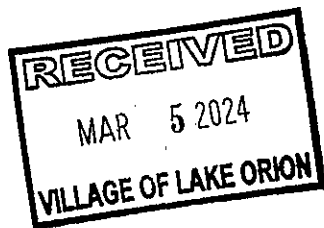


cc: Clerk/Treasurer

Oakland-Macomb Interceptor Drain Drainage District

February 27, 2024

Via Certified Mail



COPY

Re: Oakland-Macomb Interceptor Drain – Odor and Corrosion Control Project Notice of Hearing on Tentative Apportionment for the Project

Dear Clerk:

On February 21, 2024 the Drainage Board for the Oakland-Macomb Interceptor Drain Drainage District (“District”) approved a capital improvement project to address odor and corrosion within the Oakland-Macomb Interceptor Drain (“OMID Drain”). The OMID Drain is a wastewater sewer collection system serving your community and 22 other communities within the counties of Oakland and Macomb. The system is approaching 50 years in age and has experienced degradation due to sulfuric acid formed from hydrogen sulfide (H₂S). The H₂S emitted from the system has also been the source of odor complaints. The estimated cost of the Project should not exceed \$14,000,000 and will be apportioned and assessed to all 23 communities within the District.

Pursuant to Chapter 21 of the Michigan Drain Code of 1956, as amended, the drainage board is required to hold a hearing and receive objections in connection with the tentative apportionments which will be used to calculate the assessments to the communities within the District for the Project. Accordingly, please find enclosed a copy of the Notice of Hearing. The hearing is scheduled for **March 20, 2024 at 11:30 a.m.**, or sometime thereafter at the Office of the Oakland County Water Resources Commissioner, One Public Works Drive, Building 95 West, Waterford, Michigan 48328.

Should you have any questions, please contact Jen Cook, PE, Oakland County Water Resources at 248-858-0958 (cookjm@oakgov.com), or Stephen Downing, PE, Macomb County Public Works Office, (586) 469-5325, stephen.downing@macombgov.com.

Sincerely,

Jim Nash
Oakland County Water Resources Commissioner and Secretary,
OMIDD Drainage Board

**NOTICE OF PUBLIC HEARING ON THE TENTATIVE APPORTIONMENTS FOR THE
OAKLAND-MACOMB INTERCEPTOR DRAIN**

NOTICE is hereby given that the Drainage Board for the Oakland-Macomb Interceptor Drain Drainage District ("OMIDD") will meet to hold a public hearing on **March 20, 2024 at 11:30 a.m., or sometime thereafter at the Office of the Oakland County Water Resources Commissioner, One Public Works Drive, Building 95 West, Waterford, Michigan 48328**, for the purpose of hearing objections to the tentative apportionments for the Oakland-Macomb Interceptor Drain for the Project described in the petitions which were filed on June 18, 2009 by the Charter Township of Clinton (Macomb County), and on June 22, 2009 by the Charter Township of Independence (Oakland County) requesting the construction, maintenance, repairs and improvement of the Oakland-Macomb Interceptor Drain ("OMID Drain") pursuant to Section 535 of the Michigan Drain Code of 1956 ("Drain Code"), as amended, MCL 280.535.

The project involves the construction, maintenance, repairs and improvement to the intercounty drain known as OMID Drain or any portion thereof, which is necessary for the public health. The OMID Drain, sewer interceptor wastewater collection system that was originally constructed in the 1970s. The system has experienced degradation due to sulfuric acid formed from hydrogen sulfide (H₂S). The H₂S emitted from the system has also been the source of excessive odor complaints and poses a threat to unlined sewer components as well as a continual odor issue in certain locations. The project includes designing and constructing new odor and corrosion control systems to reduce excessive odor complaints throughout the system (the "Project").

At the conclusion of the public hearing, the Drainage Board will consider the comments made by the public and or public corporations at the hearing and make a determination as to whether it will confirm the apportionments as tentatively made and issue its Final Order of Apportionment or will adjust the apportionments in accordance with Section 521 of the Drain Code, MCL 280.521.

Pursuant to Section 536 of the Drain Code, MCL 280.536, should the Drainage Board issue its Final Order of Apportionment following the hearing specified herein, the Order shall not be subject to attack in any court, except by proceedings in certiorari brought within 20 days after the filing of such Final Order of Apportionment in the office of the chairperson of the Drainage Board. If no such proceeding shall be brought with the time above prescribed, the drain shall be deemed to have been legally established and the legality of the drain and the assessments therefor shall not thereafter be questioned in any suit at law or in equity.

The public corporations to be assessed for the cost of the Drain, and their tentative apportionments, are as follows:

**OAKLAND - MACOMB INTERCEPTOR DRAIN
TENTATIVE APPORTIONMENT**

OVERALL COUNTY APPORTIONMENT

MACOMB	66.9%
OAKLAND	33.1%
	<hr/>
	100.00%

**MACOMB COUNTY COMMUNITIES -
APPORTIONMENT**

Chesterfield Township	4.9783%
Clinton Township	13.9899%
City of Fraser	2.8103%
Harrison Township	4.1896%
Lenox Township	0.7827%
Macomb Township	9.4656%
Village of New Haven	0.5614%
Shelby Township	6.5484%
City of Sterling Heights	20.6591%
City of Utica	1.0966%
Washington Township	1.8181%
	<hr/>
	66.9000%

**OAKLAND COUNTY COMMUNITIES -
APPORTIONMENT**

City of Auburn Hills	4.9705%
Independence Township (includes Village of Clarkston)	2.4213%
City of Lake Angelus	0.0185%
Village of Lake Orion	0.3409%
Oakland Township	1.0393%
Orion Township	3.1494%
Oxford Township	1.2468%
Village of Oxford	0.5928%
City of Rochester	1.9526%
City of Rochester Hills	8.1106%
Waterford Township	7.6159%
West Bloomfield Township	1.6414%
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	33.1000%

Copies of the Petition(s) are available for public inspection at the Oakland County Water Resources Commissioner's Office, Public Works Building 95 West, One Public Works Drive, Waterford, Michigan, and at the Macomb County Public Works Commissioner's Office, 21777 Dunham Road, Clinton Township, Michigan.

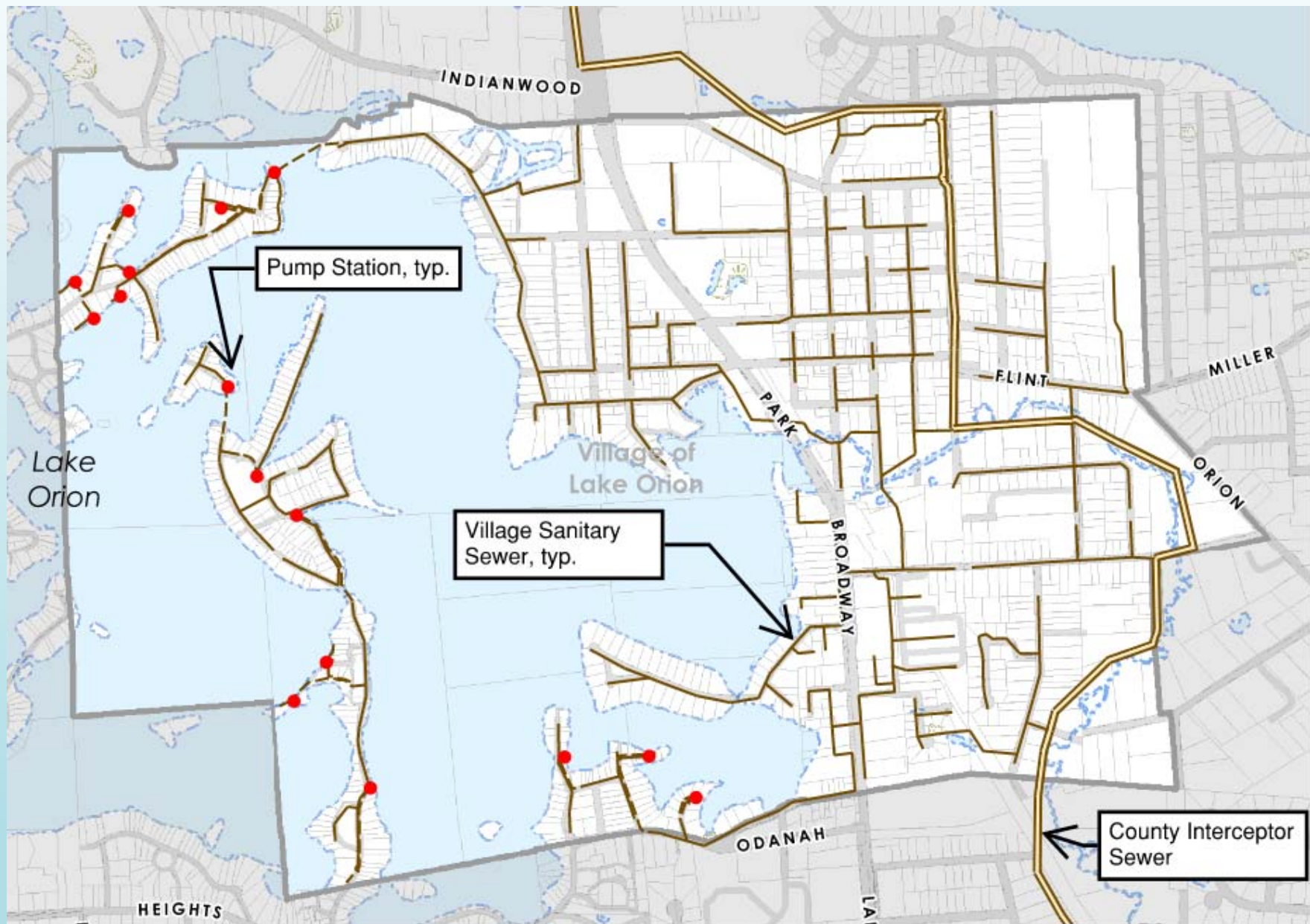
Dated: February 21, 2024

/s/ Jim Nash
Secretary, Oakland – Macomb Interceptor Drain
Drainage Board

Pump Station Improvements



Village of Lake Orion
January 2024



Sewer System Map

History of Project

- ❖ Sanitary system constructed in the early 1970's to address widespread septic system failures
- ❖ County maintains the system, no major capital improvements to stations in past 50 years.
- ❖ VLO received SAW Grant October 2015 to develop an Asset Management Plan (AMP)
- ❖ Asset Management Plan and Capital Improvement Plan (CIP) finalized and presented November 2018
- ❖ Findings: all 16 Pump Stations have exceeded design life, require complete rehabilitation

Recap Specific Problems

- ❖ **50-Year–Old Lift Stations and Force Mains**
 - Equipment obsolete, parts unavailable
 - Electrical no longer code compliant, impedes access
 - Corrosion of structure & components
 - Risk of failure and potential contamination



Project Recap & Update

- ❖ October 2022 HRC engaged to design rehabilitation plans & specifications, est. \$6.4 Million
- ❖ May 2023 Village applied for CWSRF low interest loan, est. \$7.3 Million
- ❖ October 2023 final Project Priority List issued, VLO project not funded by CWSRF
- ❖ December 2023 100% Design Plans and Specifications received, FINAL EST. \$9.1 Million
- ❖ Project bid approximately March 2024
- ❖ Construction to begin summer 2024

Cost Discussion

❖ 40% Design Estimate \$6.4 Million

- Did not include Force Main replacement

❖ CWSRF Estimate \$7.3 Million

- Did not include Full Updated Electrical
 - *2020 SCADA update expected to reuse “as is”*

❖ 100% Design Estimate \$9.1 Million

- Includes Force Main replacement at lake crossings
 - *Initially placed on lakebed surface, no cover/protection*
- Includes Full Updated Electrical
 - *SCADA Replacement (more cost effective than reconfiguration)*
 - *Separate Power and Controls Cabinets*
 - *Relocated Emergency Power switch & receptacle*
- Additional Scope & Inflation
 - *Includes lining suction piping while accessible*
 - *Pump Equipment, Electrical & Controls costs increased ~40%*

Cost Estimate 100% Design



1/3/2024

Jim Nash

**Project Cost Estimate for
Lake Orion Lift Stations
PRJ1-3381
December 2023**

	Total Cost	% of Construction
1) Construction Project Construction Cost (Est)	\$ 7,246,000	
2) Project Development: Engineering Consulting	\$ 367,000	5.06%
3) Project Financing & Legal	\$ 99,000	1.37%
3) Right-of-Way Services	\$ 128,000	1.77%
4) Exclusive County Services	\$ 435,000	6.00%
5) Subtotal:	\$ 8,275,000	
6) Contingency (10%)	\$ 828,000	11.43%
	Total Project Cost	Total % Admin & Contingency
	\$ 9,103,000	25.63%

Current Project Funding

❖ 2024 Congressional Community Projects Funding

- \$1.75 Million funding recommendation
- Awaiting final Congressional Approval, Signature

❖ Water and Sewer Fund

- Fund Balance not sufficient for Project
- Rate increases necessary

❖ CWSRF Low-interest Loan

- Project Plan good for 5 years, can reapply if phased
- Priority Rating unlikely to rise UNLESS system failure occurs

❖ Bond Sale Required

- $\$9.1 \text{ Million}^* - \$1.75 \text{ Million} = \underline{\$7.35 \text{ Million}}$ Village Cost

***Assumes project bid and constructed under a single contract / phase this year**

Potential Phasing / Funding

❖ Congressional Community Projects Funding

- Apply for Congressional Projects Funding in 2025 and 2026
- If received, CPF grants allowed to cover up to 80% of project costs
- **HOWEVER**, phasing increases overall project costs
 - *Inflation, labor & materials*
 - *Additional bonding, contracting, administrative costs*

❖ Pursue CWSRF Low-interest Loans

- Revise Project Plan, limit to Phase 2 and Phase 3
 - *Additional Cost to Village for revisions*
- Priority Rating unlikely to rise **UNLESS** system failure occurs

❖ Project Phasing would allow rate increases to be phased over time as well

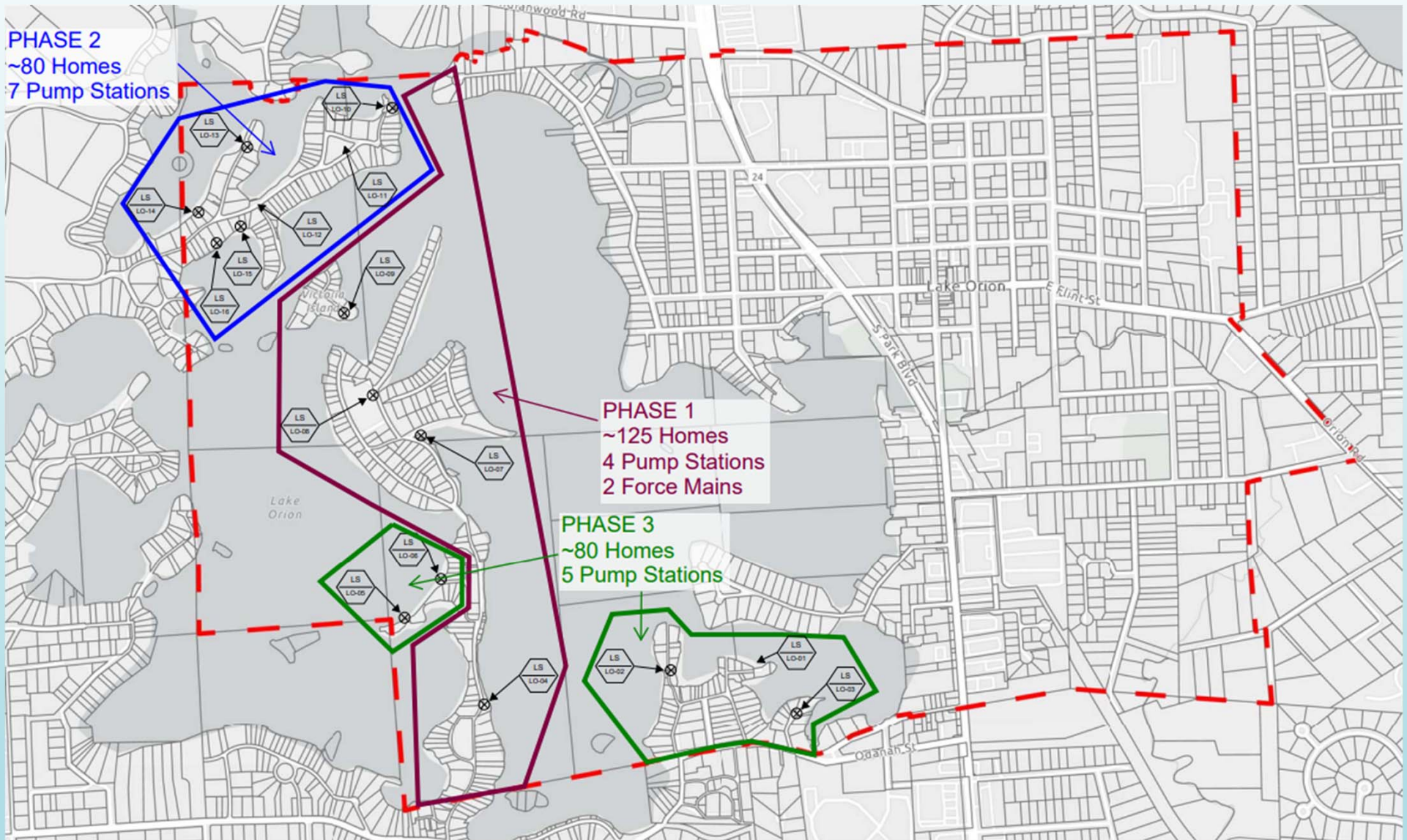
Phasing Risks / Rewards

❖ RISKS

- Additional costs to Village residents > \$1,000,000
- Larger increase in sewer rates
- Increased risk of failure due to deferred rehab
- Potential for emergency response costs

❖ REWARDS

- Possible savings to Village up to \$4,280,000
- Lower increase in sewer rates
- Rate increases spread over three year project



Potential Project Phasing

Worst-Case Phasing Cost

❖ Phase 1 – 2024

Phase 1 (LO-9 through LO-7 & LO-4, FM 9 and FM 10, Victoria Island & Bellevue peninsula minus Westpointe, largest population)

Construction Costs	25.63% "Admin"	1.50% Add'l Bonding	20.00% Inflation	Phase Cost	CPF Grant	Final Cost
\$2,010,000	\$515,121	\$30,150	\$0	\$2,555,271	\$1,750,000	\$805,271

❖ Phase 2 – 2025

Phase 2 (LO-16 through LO-10, All of Central & Peninsular)

Construction Costs	25.63% "Admin"	1.50% Add'l Bonding	20.00% Inflation	Phase Cost	CPF Grant	Final Cost
\$3,025,000	\$775,245	\$45,375	\$605,000	\$4,450,620	\$0	\$4,450,620

❖ Phase 3 - 2026

Phase 3 (LO-1 through LO-3 plus LO-5 and LO-6)

Construction Costs	25.63% "Admin"	1.50% Add'l Bonding	20.00% Inflation	Phase Cost	CPF Grant	Final Cost
\$2,211,000	\$566,634	\$33,165	\$442,200	\$3,252,999	\$0	\$3,252,999

Total 3-year cost \$8,508,890

Potential Additional Costs if NO grants received \$1,155,890

❖ Analysis based on project bid and constructed in three phases, no additional CPF Grants

Best-Case Phasing Cost

❖ Phase 1 – 2024

	Construction Costs	25.63% "Admin"	1.50% Add'l Bonding	20.00% Inflation	Phase Cost	CPF Grant	Final Cost
Phase 1 (LO-9 through LO-7 & LO-4, FM 9 and FM 10, Victoria Island & Bellevue peninsula minus Westpointe, largest population)	\$2,010,000	\$515,121	\$30,150	\$0	\$2,555,271	\$1,750,000	\$805,271

❖ Phase 2 – 2025

	Construction Costs	25.63% "Admin"	1.50% Add'l Bonding	20.00% Inflation	Program Cost	80% CPF Grant	Final Cost
Phase 2 (LO-16 through LO-10, All of Central & Peninsular)	\$3,025,000	\$775,245	\$45,375	\$605,000	\$4,450,620	\$3,560,496	\$890,124

❖ Phase 3 - 2026

	Construction Costs	25.63% "Admin"	1.50% Add'l Bonding	20.00% Inflation	Program Cost	80% CPF Grant	Final Cost
Phase 3 (LO-1 through LO-3 plus LO-5 and LO-6)	\$2,211,000	\$566,634	\$33,165	\$442,200	\$3,252,999	\$2,602,399	\$650,600

Total 3-year cost \$2,345,995

Potential Savings if MAXIMUM grants received \$5,007,005

❖ Analysis based on project bid and constructed in three phases, maximum add'l CPF Grants

Thank You