



STORMWATER MANAGEMENT COMMISSION

MEMORANDUM

TO: Lake County Stormwater Management Commission

FROM: Mike Warner, Executive Director

DATE: July 27th, 2020

RE: Stormwater Capital Improvement Program (DCEO-STOCIP) – Policies & Procedures Additions

ACTION REQUESTED: Approval

Last month the Commission approved the attached policy and procedure documents. Further additions recommended include a project funding cap to achieve the intended countywide application of the program. Several projects came in on the initial list with over \$5 million requested, and the overall funding amount allocated would only support approximately 20 projects of that magnitude. Additionally, the multiplier for SMC cost share is recommended to be changed to the low-mod income percentage rather than only the low-income percentage. That tracks with other HUD-CDBG based systems covering economically disadvantaged areas. This multiplier adjustment lowers the overall cost share expected in revenue to SMC from \$1.9 million to \$1.5 million, for \$17.4 million worth of projected DCEO funding. The \$1.5 million revenue value also more closely tracks our new program request moving through the budget approval process.

Following this item on the agenda is a request for approval of this initial project list, and staff plans to bring back an announcement for a subsequent countywide request for projects to the September SMC meeting with a recommendation of approval. The project list financials are changing almost daily with project partner design and cost share communications that are ongoing.

All the information presented is draft and can be modified based on feedback and direction given. Our project list scoring will include an attachment with full calculations shown to enhance understanding and discussion of the process.

If you have any questions, please feel free to contact me at (847) 377-7700 or email kwoolford@lakecountyil.gov or mwarner@lakecountyil.gov

Thank you.



STORMWATER MANAGEMENT COMMISSION

POLICIES AND PROCEDURES

**Department of Commerce and Economic Opportunity
Stormwater Capital Improvement Program (DCEO-STOCIP)**

Lake County Stormwater Management Commission

Approved date:
July 9th, 2020
August 6th Draft Update

Policies and Procedures
Department of Commerce and Economic Opportunity-Stormwater Capital Improvement Program
(DCEO-STOCIP)

These Policies and Procedures provide general guidance on administration and project eligibility for the DCEO-STOCIP Program of the Lake County Stormwater Management Commission (SMC).

SECTION 1: PURPOSE AND INTENT

The DCEO-STOCIP Program primary role is to assist in implementing regional stormwater infrastructure projects to resolve multi-jurisdictional drainage and flooding related problems discovered through interactions of SMC personnel with the public, local governments, and other project partners. Examples include the Citizen Inquiry Response System, Flood Hazard Inventory, Watershed Planning, periodic Request for Project Proposals, or other planned public engagement. Projects will be consistent with the program requirements set forth by DCEO and the Policies and Procedures in this document.

The intent of DCEO-STOCIP is to allocate project funds across Lake County's four major watersheds: the Fox River, Des Plaines River, North Branch Chicago River, and Lake Michigan. The goal over the life of the program is to distribute funding based on: the equalized assessed valuation (EAV) of the property within each major watershed; utilize the CMAP Principles of Inclusive Growth, Resilience, and Prioritized Investment ([CMAP Link](#)) with regard to distribution to local government and political jurisdictions; and give consideration of the SMC Enhanced Environmental Justice areas described herein. It is recognized however that each project funding cycle may vary from these guidelines given the funding magnitudes of individual projects.

SECTION 2: ADMINISTRATION

- A. DCEO-STOCIP shall be administered by SMC staff and all fund expenditures shall be approved by the Commission at a SMC meeting. Program service components include: Stormwater infrastructure for the purposes of flood mitigation, including phase specific project expenses (including pre-award); stream maintenance; stormwater infrastructure emergency and critical need implementation (see F below); and flood-damaged property buyouts (in conjunction with storage or conveyance improvements). Excepting pre-award project administration and preliminary engineering by SMC, all program service components must fall under the bondability guidelines defined by DCEO ([DCEO Link](#)).
- B. DCEO-STOCIP project partners are required to provide a Project Expense Match to support SMC administrative and preliminary engineering expenses, and long-term maintenance responsibilities. The Project Expense Match amounts are based on a sliding scale. (see Project Expense Match Requirements below). Reference the Environmental Justice Area criteria as described in Paragraph I below and in the DCEO-STOCIP project rating criteria. Project Expense Match can be from any funding source outside DCEO-STOCIP itself. For example, project partner match can be from a grant source, local units of government, homeowners' associations.
- C. All program funds will be specifically attached to a program service component or associated with a specific project and project phase. Due to grant cycles and the limited funding this program provides, successful implementation of most projects will require a multi-year accumulation of carryover funding. Fund and project summary financial reports shall be created for DCEO and copied to the Commission, based on DCEO reporting requirements, showing results of project implementation and cost share amounts per project partner for each project implemented or underway.
- D. Benefited property owners are expected to provide, at no cost to the project partners, the deed or plat restrictions necessary to construct and maintain the project, and the value of those land rights can be applied to the Project Expense Match. Projects receiving DCEO-STOCIP funding must be located on real property in which the project partner has interest evidenced by valid title or easement interest, extending in perpetuity. DCEO-STOCIP funding will not pay for any easements, deed or plat restrictions, necessary to implement the project on property that is benefiting from the project.
- E. Due to the rolling nature of application and acceptance of projects, SMC will develop project lists based on DCEO bondability requirements referenced above and readiness of individual projects. Projects submitted

for eligibility authorization of DCEO-STOCIP funding should achieve a state of project readiness generally defined as at or near Phase 2 of the Project Phase Categorization checklist included below. For otherwise apparently eligible projects that do not qualify for DCEO STOCIP under project readiness criteria, scope and cost estimates should be generated to determine what resources would be required to achieve a state of eligible project readiness.

- F. Project eligibility recommendations to SMC will be made based on project specific basis and shall include a completed Eligibility Authorization form. Each project will be evaluated and accompanied by staff recommendations. A minimum project damage point calculation is required for a project to be considered for funding and a minimum protection level attained by project implementation is the 10-year critical duration storm event. An exception that may be funded through the SMC local partnership revenue, is a project specific one-time expenditure of less than \$50,000 for stormwater infrastructure emergency and critical need implementation per project area that is in conjunction with an eligible permanent project measure.
- G. The project agreement may be made directly to the project partner if it is an incorporated entity (e.g., municipality, unit of local government). The project partner must have the corporate capabilities to maintain infrastructure in perpetuity.
- H. Project partner shall provide evidence, if requested, that the project partner has an existing fiscal system in place to track and administer funds. Awardees will also be required to sign a project agreement and submit a final project report.
- I. Embedded in the SMC Enhanced Environmental Justice GIS application that applies countywide is the EJ Multiplier and is applied to the project evaluation process and Project Expense Match on a project specific basis (see Project Rating Criteria). Municipalities are encouraged to provide additional documentation and analysis as a basis to support adjusting the EJ Multiplier for the area serviced by the project. The EJ adjustment analysis would be approved by the SMC and could result in increasing the prioritization assessment and affect the Project Expense Match within this program.

SECTION 3: DCEO-STOCIP PRE-AWARD PROCESS

DCEO-STOCIP utilizes funding appropriated to DCEO for regional stormwater infrastructure in Lake County. DCEO and the State of Illinois follow a separate administrative process to award funding. SMC administration of projects through this stage may comprise a significant component of the DCEO-STOCIP pre-award process. SMC pre-award project administration may also include tasks related to project eligibility and project readiness. DCEO and State of Illinois administrative process for awarding funding is generally summarized as follows, with the overall process time expectation of several months to complete for each project cycle.

- A. SMC coordinates with State Legislators' offices with approved project specific information, including pertinent details regarding those projects that might aid the case for release of the appropriation.
- B. State Legislators work through their caucuses, assigned staff and coordinate with the Governor's Office of Management & Budget (GOMB).
- C. GOMB informs DCEO of appropriations release, the project is assigned to DCEO office & staff.
- D. DCEO corresponds with SMC staff and provides necessary project application materials to be completed by SMC.
- E. SMC completes application documentation & submits to DCEO.
- F. DCEO reviews application documents and obtains all necessary approvals.
- G. Project specific grant agreements are generated and sent to SMC for execution.

- H. Agreements are executed through County processes and project start dates are determined.
- I. Project implementation commences, including tracking of tasks and finances.
- J. Project concludes and project documentation is finalized.

SECTION 4: PROJECT COMPLIANCE CRITERIA

The following requirements shall provide basis for compliance with the DCEO-STOCIP program.

- A. Identify one or more clearly defined stormwater infrastructure problems that the project will address.
- B. Produce a clear work plan, which describes the tasks to be accomplished, end results, method for evaluating the effects of the project, products to be completed and the time frame to accomplish.
- C. All requests for resources shall result in the implementation of in-the-ground projects, although Project Expense Match may be in the categories of project-related planning, engineering analysis, alternate solution evaluation, design, capital construction, maintenance and repairs and property acquisition. Capital project expenses shall be within “bondable” project activities as defined by DCEO. Projects implemented to meet the minimum requirements of a regulatory permit are not eligible for DCEO-STOCIP funding, however, project components that expand the original project to achieve higher levels of flood mitigation may be eligible.
- D. Project partners must adhere to the Project Expense Match Requirements outlined below. Several project partners could combine resources to provide Project Expense Match or propose other funding sources to meet that requirement.
- E. Project Readiness – Projects applying for DCEO-STOCIP funding should be at or near Phase 2 of the Project Phase Categorization checklist below. The checklist is utilized as an additional prioritization tool.
- F. Municipalities requesting DCEO-STOCIP funds as a project partner shall be a member and in good standing with the National Flood Insurance Program and comply with SMC policies.
- G. The project shall comply with or be consistent with the Watershed Development Ordinance (WDO), applicable watershed plans, and all regulations, laws, and statutes.
- H. Approval and execution of project agreements are limited to funding and SMC staff capacity that are not currently encumbered by workplan commitments or prior executed project agreements.
- I. “Land Rights” - For all properties where in-the-ground construction will or may occur, the project partner shall provide evidence of authority to perform the work allowing the intended use. Documentation or authorization may include, WDO defined ‘deed or plat restrictions’, or prescriptive easement (with Owner's authorization or evidence of local government authority); or other Owner-approved and SMC accepted legal instruments (e.g., Owner-executed License Agreement). Work within public road rights-of-way shall not be performed without appropriate permits or authorization from the jurisdictional Road Authority.
- J. Project partners shall agree and have the corporate capability for maintenance of the project in perpetuity. Responsibility for perpetual, long-term maintenance and the minimum life span of the project shall be stipulated in the project agreement, according to DCEO bondability guidelines.
- K. Project Audit: SMC may audit any project for; completeness of DCEO-STOCIP funded work products or deliverables, adherence to agreed schedules or extensions, and appropriateness of DCEO-STOCIP fund expenditures. Incomplete work products or deliverables, delays beyond agreed deadlines and expenditures of funds that do not achieve agreed deliverables may result in forfeiture of grant funding pursuant to the executed project agreement or a determination of ineligibility for the applicant, project manager or project consultant to apply for future grants.

SECTION 5: PROJECT EXPENSE MATCH REQUIREMENTS

- A. Minimum required Project Expense Match utilizes a sliding scale based on the project location and applying the EJ Multiplier, and multiplied against a maximum required 15% total project expense, cost share requirement, plus long-term maintenance of the project. Within a defined low-**moderate (CDBG eligible)** income area or entitlement community, the calculated Project Expense Match may be reduced or waived by SMC upon application by the local government accompanied by a SMC staff analysis of project funding options and opportunities.
- B. ***Funding Limits per Cycle: The Upper/Lower Limit for the DCEO-STOCIP total contribution is set at \$2,500,000/\$250,000 per project based on a Professional Engineer's Opinion of Probable Cost, with a 10% contingency allowance based on construction bid outcome. If there are not enough eligible projects submitted to meet the total project funding expectations for an individual funding cycle, future phases of previously eligible projects may be considered for additional funding above the limit. An eligible project with a significant impact and total cost either exceeding or under the Funding Limits, and no potential to scale the project or develop a viable outside funding source, may apply for a Funding Limit Waiver. The Funding Limit Waiver application shall be submitted to SMC staff for review and subsequently presented to the Commission for a waiver decision.***
- C. All project partners must agree to a long-term maintenance commitment of the project. This cost is capitalized when calculating total project cost or required Project Expense Match.
- D. Upon eligibility authorization by SMC, administrative costs incurred by SMC to advance through the DCEO-STOCIP pre-award process shall be divided equally (50/50) between SMC and the project partner. The amount provided by the project partner to reimburse SMC administrative expenses shall be deducted from the overall Project Expense Match requirement upon approval of the project by DCEO.
- E. EXAMPLE: Total project cost is \$1,000,000. Required Project Expense Match is (EJ Multiplier = $0.8 \times 15\% = 12\%$), That sets the Project Expense Match at \$120,000. SMC incurs \$10,000 in administrative costs during the DCEO-STOCIP pre-award process. The local partner is responsible for \$5,000 of these costs, and their remaining Project Expense Match requirement is reduced to \$115,000.
- F. Project partners may provide Project Expense Match in addition to the minimum match required which may place the project in more favorable standing depending upon review criteria and overall program financing capabilities.

SECTION 6: DCEO-STOCIP RESOURCE REQUEST PROCESS

- A. All requests should be filed with the SMC Director, and follow funding cycles set up in the formal 'Requests For Projects'
- B. The project partner shall complete the DCEO-STOCIP Eligibility Authorization Form and provide the required attachments.
- C. SMC Staff will review the Eligibility Authorization Forms submitted considering DCEO-STOCIP fund availability, staff capacity and compliance criteria. After consulting with the project partner for any additional information, SMC staff will perform project evaluations and develop a written staff recommendations.
- D. The DCEO-STOCIP Eligibility Authorization Forms, project evaluations, summary information and recommendations will be included in the SMC agenda packet along with an invitation to the project partners to attend the meeting
- E. SMC staff will present the requests, evaluation results, recommendations, and rationale. The project partner may expand on this presentation. A project partner representative is recommended to attend the meeting to address questions that may arise by the SMC. A comment, question and answer, and discussion period shall be facilitated by the SMC Chairperson.

- F. After a motion, second and any further discussion, an SMC roll call vote will be taken to authorize, not authorize, authorize with revisions or conditions added to the staff recommendations, or defer action until a following meeting.
- G. Commission approval of the Eligibility Authorization does not constitute a project agreement and does not authorize expenditure of any reimbursable expenses.
- H. Projects that receive an Eligibility Authorization will proceed into the DCEO-STOCIP pre-award process (see DCEO-STOCIP Pre-Award Process). SMC and the project partner will execute an agreement stipulating equal cost share of SMC pre-award administrative costs (see Project Expense Match Requirements, see Section 5).
- I. SMC staff will work with the project partner to ensure that all remaining project compliance criteria are met and will administer the project through the DCEO-STOCIP pre-award process. Upon approval and generation of a grant agreement by DCEO, SMC staff will bring the project back to the Commission for approval and execution of the Project Agreement.
- J. SMC staff shall prepare the project agreement with the project partners for the disposition of approved, available funds and staff commitments. All project agreements must be approved and executed at a subsequent SMC board meeting unless the project agreement is approved and executed by the Commission along with the Eligibility Authorization Form.
- K. Only project expenses incurred after DCEO and Commission approval and execution of the project agreement can be reimbursed.
- L. It is recognized that specific beneficial projects meeting policy criteria may become readied for implementation and that status may be factored into Commission decisions on implementation of project agreements.

SECTION 7: PROJECT PRIORITIZATION CRITERIA

The following shall be considered by SMC staff in the development of the staff recommendation. The project by itself or as a component of a candidate project shall to the extent possible:

- A. Benefit multiple jurisdictions
- B. Address tributary area problems greater than 100 acres
- C. Have beneficial results during flood events at a minimum of the 10-year storm level with higher protection levels being preferred.
- D. Alleviate flood damages with consideration of the type and quantity of damages occurring.
- E. Satisfy DCEO bondability and SMC project readiness criteria in Section 10 below. Readiness prioritization comes into consideration when ranking projects with a comparable total project damage point score and cost per project damage point. Project A, that checks a larger number of boxes would be ranked higher than Project B with less readiness boxes checked.

SECTION 8: DCEO-STOCIP PROJECT RATING CRITERIA

- A. The DCEO-STOCIP Project Rating Criteria will be used to evaluate the severity and frequency of several flood damage categories. The outcome of the evaluation uses weighted flood damage point categories that are totaled to produce Project Damage Points.
- B. Project Effectiveness is determined by dividing the estimated DCEO-STOCIP component of the Project Cost by the Project Damage Points. The project with the lowest number represents the most cost-effective use of funding rank and higher priority.
- C. Project can achieve a lower Project Effectiveness score through cooperative intergovernmental arrangements that lower the estimated DCEO-STOCIP project expense. Therefore, project partners that can, e.g., provide land, funds, to reduce DCEO-STOCIP project costs, may result in a higher project priority.

- D. The estimated total project cost includes engineering, land acquisition, construction, and capitalized operation and maintenance costs.
- E. Maintenance of stormwater infrastructure will not be considered an eligible project unless the project could upgrade the existing system to alleviate or prevent flood damages to a minimum of the 10-year storm event and achieves an additional project damage point rating of 1000 or more.
- F. To account for Environmental Justice area income disparity, the EJ Multiplier (EJM) is determined as the complementary percentage of the Low-**Moderate** Income Percent (Equals 1 minus the 'Low-**Moderate** Income Percentage' expressed as a decimal value). The **census tract with the highest percent low-moderate income weighted average of the EJM** for the area benefitting from the project, is **chosen to determine the EJM. The EJM can** then be applied to the estimated project cost to ~~reduce that value, which thereby~~ increase the project priority **and is also multiplied against the Project Expense Match as described in Section 5.A.** This data component is within the metadata of the SMC Enhanced Environmental Justice Area GIS Application and can be determined at any county location by clicking on the GIS map at the location of the project ([SMC EJ Map](#)).

SECTION 9: Project Damage Evaluation Matrix

Flood problem areas will be evaluated and assigned Project Damage Points. The flood occurrences for each property or road in the 10 years preceding the evaluation will be used in the calculation and based upon the best available information. Projects must receive a minimum score of 1000 Project Damage Points to qualify for DCEO-STOCIP funding.

Project Name	Project Cost	Environmental Justice Multiplier	Outside Funding Designated	Damage Type	# Affected	Frequency of Occurrence (Previous 10 Years)	Primary Road Multiplication Factor	Weight Factor ¹	Category Score ¹	Cost Per Damage Point Rating (Unadjusted)	Cost Per Damage Point Rating (EJ Adjusted)	Cost/Damage Point Rating (Outside Funding Adjusted)
Example Project	\$1,000,000	0.63	500,000	Primary Property Damage	50	5		10	2500			
				Disruption of Business/Revenue	0	0		5	0			
				Secondary Property Damage	40	10		3	1200			
ADT Value =	15,000			Primary Road Damage	2	5	1.25	30	375			
				Secondary Road Damage	5	5		10	250			
				Nuisance Flooding	0	0		1	0			
				Project Damage Point Score					4325	231	146	73

Lake County AVG ADT = 12000

[IDOT ADT Database](#)

SMC Environmental Justice L [SMC EJ GIS](#)

¹ - If the project is a floodplain buyout that achieves a positive FEMA Benefit/Cost Analysis, then the weight factor is shown as a "Buyout" which automatically places a minimum 1000 score for the category, if the total score for Primary Property Damage is less than 1000, otherwise it reports the score. [FEMA Benefit/Cost Analysis](#)

Primary Property Damages are considered to be flood damage impacted residential and commercial principal buildings and non-roadway infrastructure providing a public benefit. Each principal building, dwelling unit, or infrastructure component is counted once. No additional points will be given for secondary property or nuisance flood damage on a property that claims primary property damage.

Disruption of Revenue/Business are considered for each business, and groups of employees in multiples of 10, that cannot operate due to flooding, including flooded parking lots. Each business, or employee group of ten that is disrupted is counted as '1' and this value can be added to primary property damage.

Secondary Property Damages are considered to be detached garages, sheds, water body bank erosion with severe or higher rating, Health/safety (septic systems, wells). Each secondary damage type can be added and accumulated per parcel (e.g. 1 garage, 1 well, 1 septic =3). No additional points will be given for nuisance flood damage on a property that claims secondary property damage.

Primary Road* Damages are given to structural or traffic impacts to roads classified as Interstate, Freeway/Expressway, Other Principal Arterials, Minor Arterials, Major and Minor collectors (e.g. state, county, township, municipal). Each roadway impacted is counted once.

PRD Multiplication Factor – This numeric value is developed from traffic count information using the average of ADT values for primary roads at the location impacted by flooding and is a multiplier to the weight factor category for roads to recognize the disruption of roadway users for differing level of users of the road system. Using [the IDOT ADT Database](#), for example, Washington Street has an Average Daily Traffic (ADT) count of 27,900 and IL Route 120 has a count of 27,900, which are both higher than the Countywide Average ADT of 12,000. The PRDMF = $((27900+27900)/2) \div 12000 = 2.33$. Total Primary Road Damage Weight Factor = $30 \times 2.33 = 69.9$. For locations with ADT's less than the average the multiplier default is 1.0.

Secondary Road* Damages are given to all Local Roads and Streets not classified as a Primary Road; for example, neighborhood/subdivision/private local roads and streets. Each roadway impacted is counted once.

Nuisance Flooding Damages – parcels that are flooded and affect the aesthetics or results in minor ponding. Each parcel impacted is counted once.

*Road classifications are as defined in the CMAP Roadway Functional Classification Revision Workbook (August 2019) [CMAP Roadway Classification \(August 2019\)](#)

Footnote 1 - If the project is a structural floodplain buyout (in conjunction with storage or conveyance improvements) that achieves a positive FEMA Benefit/Cost Analysis, then the weight factor is shown as a "Buyout" which automatically places a minimum 1000 score for the category for each principle structure removed. If the total score for Primary Property Damage is greater than 1000, the formula reports the actual score.

SECTION 10: PROJECT READINESS/PHASE CATEGORIZATION

The following shall be considered by SMC staff in the categorization of project readiness. Each project phase will have an estimated cost and projected phase completion date.

Project Phasing Criteria

Phase 1: Needs Analysis, Scope Development, Concept Plan and Preliminary Engineering

- ☐ 1. Establish need and scope
- ☐ 2. Initiate early coordination with stakeholders and alignment on the project scope
- ☐ 3. Create concept plan and estimate project concept cost
- ☐ 4. Determine land rights needs
- ☐ 5. Conduct field inventories, environmental assessments
- ☐ 6. Outline permitting with Local, State and Federal Permitting Authorities
- ☐ 7. Obtain preliminary agreement with local partners
- ☐ 8. Investigate Alternative Funding Sources

Phase 2: Design, Permitting and Land Rights

- ☐ 1. Project design development
- ☐ 2. Land survey and geotechnical investigation
- ☐ 3. Carry out permit process to construction start - Municipal, Township, County, FPD, IDNR, IEPA, USACE
- ☐ 4. Assess property needs, negotiate with landowners, complete land rights process
- ☐ 5. Utility investigations and relocation plan
- ☐ 6. Finalize local partner agreements
- ☐ 7. Finalize alternative funding sources
- ☐ 8. Complete final construction plans and bids docs

Phase 3: Construction Contract and Bid Docs, Advertising For Bids, Construction

- ☐ 1. Advertise for Bid/Vendors
- ☐ 2. Conduct bid letting
- ☐ 3. Contract Award
- ☐ 4. Sureties/Bonds Setup
- ☐ 5. Conduct pre-construction meeting
- ☐ 6. Inspections/Construction oversight
- ☐ 7. Traffic control/Utility Relocations
- ☐ 8. Construction/Contract Management
- ☐ 9. Maintenance Period
- ☐ 10. Project Closeout