



City Council

Approval of a Resolution Authorizing an Amendment to a Drinking Water State Revolving Fund Loan Agreement Between the City of Olympia and Washington State Department of Health for Elliott Reservoir Seismic Upgrades

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Title

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Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a Resolution authorizing the City Manager to sign an amendment to the Drinking Water State Revolving Fund (DWSRF) loan agreement for the Elliott Reservoir Seismic Upgrades.

Report

Issue:

Whether to approve the Drinking Water State Revolving Fund Loan for the Elliott Reservoir Seismic Upgrades.

Staff Contact:

Eric Christensen, Water Resources Director, Public Works Water Resources, 360.570.3741

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The Drinking Water State Revolving Fund (DWSRF) makes funds available to drinking water systems to pay for infrastructure improvements. The DWSRF program provides federal and state funds through low-interest construction loans to publicly owned (municipal) and privately-owned drinking water systems. These loans help pay for capital improvements that protect public health and improve

compliance with drinking water regulations.

In 2018, the Department of Health (DOH) awarded the City a \$1,515,000 DWSRF construction loan for a capital facilities project that will provide seismic retrofits to the Elliott Reservoir. The project is underway. The current condition of the Elliott Reservoir has been assessed and verified to require retrofit. Design work for the retrofit is currently underway. Construction of the retrofits to bring the reservoir up to standard seismic codes is anticipated to proceed this winter. This work will protect the City's drinking water supply by mitigating the risk of the collapse of the reservoir in an earthquake event.

At the time the original loan was executed, the "Time of Performance" term was erroneously set at 24 months. It should have been 48 months. Time of performance sets forth the amount of time the City must complete the project. The proposed amendment will correct the loan's time of performance length.

Neighborhood/Community Interests (if known):

The Elliott Reservoir is key to sustaining the supply of drinking water and fire protection water to approximately three-quarters of the Westside.

Options:

1. Approve a Resolution authorizing the City Manager to sign an amendment to the Drinking Water State Revolving Fund (DWSRF) loan agreement for the Elliott Reservoir Seismic Upgrades.
 - Project continues to proceed as planned. The City protects the drinking water supply for West Olympia by mitigating risk from future seismic activity.
 - Compliance with Olympia's Water System Plan is maintained, ensuring the City fulfills commitments made to the State Department of Health.
2. Do not approve the resolution, reject the loan and direct staff to investigate other potential funding sources for the project.
 - Investigating other potential funding sources will delay construction.

Financial Impact:

Total cost for this project is approximately \$1.5 million dollars. Funding for this project is through the Drinking Water Utility (Utility), largely with a low-interest loan from the Washington DWSRF. The loan amount is \$1,515,000, financed at a 1.5% interest rate over 20 years. Loan payments of approximately \$88,000 will be due annually on October 1. The loan allows the utility to smooth capital expenditures and moderate rate increases. The Utility has the funds to make these payments for the duration of the loan period. With the loan, there are sufficient funds in the budget to complete this project.

Attachments:

Resolution
Contract Amendment