



City Council

Approval of a Resolution Authorizing the Pursuit of a Drinking Water State Revolving Fund Construction Loan for Boulevard Road Reservoir Rehabilitation

Agenda Date: 11/17/2020
Agenda Item Number: 4.C
File Number: 20-0940

Type: resolution **Version:** 1 **Status:** Passed

Title

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Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the resolution authorizing the City to apply for a Drinking Water State Revolving Fund (DWSRF) construction loan for the Boulevard Road Reservoir rehabilitation and authorizing the City Manager to sign the loan, if awarded.

Report

Issue:

Whether to approve a resolution authorizing the City to apply for a construction loan for the rehabilitation of the Boulevard Road Reservoir.

Staff Contact:

Aurora S. Isabel, Project Engineer II, Public Works/Water Resources, City work phone 360.753.8323

Presenter:

None - Consent Calendar Item

Background and Analysis:

The 2020 Washington State Department of Health DWSRF. Construction Loan Program provides low-interest construction loans to publicly (municipal) and privately-owned drinking water systems in Washington State. The DWSRF Construction Loan Program goals are to provide loans to water systems for capital improvements that increase public health protection and compliance with drinking water regulations and to protect the health of the people of Washington by ensuring safe and reliable drinking water.

The City's Drinking Water Utility is proposing to rehabilitate the Boulevard Road Reservoir. The project is included in the proposed 2021-2026 Capital Facilities Plan (CFP) list of projects. This project will rehabilitate the Boulevard Road Reservoir to address deficiencies in interior coating systems and structural components, as well as complete recommended seismic retrofits to prolong service life and enhance system reliability.

The City's 2.4 MG Boulevard Road Reservoir is a 100-foot-tall, 66-foot-diameter welded steel tank constructed in 2001 located on the southwest side of the intersection of Log Cabin Road and Boulevard Road in Olympia. Consistent with the 2015-2020 Water System Plan capital improvement plan project OM-3 Storage Tank Coatings (Interior/Exterior), in 2017, Tank Industry Consultants (TIC) evaluated the reservoir and recommended that the interior surfaces of the tank be recoated. Various safety-related, operational and structural deficiencies, including seismic deficiencies, requiring correction were also identified. In 2018, Gray & Osborne performed a detailed seismic evaluation of the Boulevard Road Reservoir and identified needed seismic retrofit improvements including:

- Increasing buckling resistance
- Expanding the concrete foundation
- Installing flexible connections where piping connects to the reservoir
- Additional anchorage of the shell to the foundation.

The 2020 DWSRF Construction Loan Program has approximately \$45 million available for award, with a maximum award of \$5 million per jurisdiction. If additional funds remain available after all eligible projects have been awarded funding, maximum award may be increased to make projects complete. The basic interest rate for DWSRF Construction Loan Program is 1.75 percent over 20 years. If the project is completed within 24 months of contract execution, the loan will be eligible for a lower interest rate adjustment to 1.25 percent.

The construction loan application is due November 30, 2020. Including documentation of the utility's governing body approval to submit a loan request is requirement of the application process.

Neighborhood/Community Interests (if known):

Tank corrosion could result to several environmental and public safety hazards including water contamination, leaks, spills, and in extreme cases, tank rupture or explosion during seismic events. While the effects of corrosion can be devastating, they can be avoided by taking the necessary precautions. Interior painting will prevent further corrosion of the welded-steel tank, which will prolong the life of the tank. Structural repairs and seismic retrofits will also prolong the life of the tank. Structural repairs will enable the tank to withstand stronger earthquakes. Failure or loss of this facility in an earthquake would significantly jeopardize the Drinking Water Utility's ability to supply water to the community.

Options:

1. Approve the resolution authorizing the City to apply for Drinking Water State Revolving Fund construction loan for the Boulevard Road Reservoir rehabilitation and authorizing the City Manager to sign the loan. This allows staff to apply for the loan by the deadline and implement the project in 2021-2023 as proposed in the 2021 Capital Facilities Plan.

2. Decline the request to submit the loan application. Staff would not apply for grant funding but may re-evaluate the potential to implement the project with alternative funding such as increasing the water utility rates to fund the rehabilitation of the water storage facility.

Financial Impact:

The total project cost is estimated at \$2,658,320.

Attachment:

Resolution