

City Council

Approval of the Drinking Water State Revolving Fund (DWSRF) Loan for the McAllister Wellfield Corrosion Control Facility

Agenda Date: 6/14/2016 Agenda Item Number: 4.D File Number: 16-0662

Type: contract Version: 1 Status: Passed

Title

Approval of the Drinking Water State Revolving Fund (DWSRF) Loan for the McAllister Wellfield Corrosion Control Facility

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Move to approve the Drinking Water State Revolving Fund Loan for the McAllister Wellfield Corrosion Control Facility and authorize the City Manager to sign the loan contract in the amount of \$4,058,632.

Report

Issue:

Whether to confirm staff's recommendation to approve the Drinking Water State Revolving Fund Loan for the McAllister Wellfield Corrosion Control Facility.

Staff Contact:

Tim Richardson, P.E., Project Manager, Public Works Engineering, 360.753.8749

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The Drinking Water State Revolving Fund is a program that provides low interest loans to water utilities to upgrade their water system. The Washington State Department of Health, Public Works Board, and Department of Commerce administer the loans

The loans fund improvements that protect public health and help meet State drinking water regulations. The federal Safe Drinking Water Act requires the City to raise water system pH to a level that prevents pipe corrosion.

This loan will provide funding to construct a Corrosion Control Facility to raise the pH of McAllister

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Wellfield water. This will reduce the chance of lead and copper leaching from household plumbing. The Corrosion Control Facility will use aeration towers (blown air, non-chemical) to raise the pH of McAllister well water.

The project is the last of a series of McAllister projects. It completes improvements to the City's main water source until well into the future.

Once Council has approved the loan, Staff will bid the project. Construction will start later in the summer or early fall. Construction is expected to be complete by the summer of 2017.

Neighborhood/Community Interests (if known):

Construction activity is off the road and typically won't impact traffic flow. Occasionally, equipment will need access to and from the site. The location for the Corrosion Control Facility is at the Meridian Reservoir site, about six miles east of Olympia. The project team will inform the overall City of project construction via social media such as Twitter.

Options:

- 1. Approve the DWSRF Loan for the McAllister Wellfield Corrosion control Facility and authorize the City Manager to sign the loan contract in the amount of \$4,058,632.
 - Project proceeds as planned.
 - Accepting the loan and constructing the Corrosion Control Facility will allow the City to meet Department of Health (DOH) requirements for raising the pH of McAllister Wellfield water.
 - Constructing the facility this year will allow us to meet DOH's timeline to begin use of the Corrosion Control Facility.
- 2. Reject the Loan contract and direct staff to investigate other potential funding sources for the project.
 - Investigating other potential funding sources will delay construction and cause the City to fail at meeting DOH's required timeline to begin use of the facility.

Financial Impact:

Total cost for this project is approximately \$4.5 million dollars as detailed below. Funding for this project is through the Drinking Water Utility, largely with a low-interest loan from the Washington Drinking Water State Revolving Fund. With the loan, there are sufficient funds in the budget to complete this project.

Funding Sources:

DWSRF Loan \$4,058,632 Drinking Water Utility \$441,368

Total Project Costs \$ 4,500,000

Attachments:

DWSRF Loan Contract Project Map

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