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City Council

Approval of a Resolution Approving the Drinking Water State Revolving Fund (DWSRF) Loan for the Elliott Reservoir Seismic Upgrades

Agenda Date: 8/21/2018
Agenda Item Number: 4.D
File Number: 18-0726

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

Title

Approval of a Resolution Approving the Drinking Water State Revolving Fund (DWSRF) Loan for the Elliott Reservoir Seismic Upgrades

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the resolution approving the Drinking Water State Revolving Fund Loan for the Elliott Reservoir Seismic Upgrades and authorize the City Manager to sign the loan contract in the amount of \$1,515,000.

Report

Issue:

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

Staff Contact:

Tom Swartout, P.E., Water Resources Engineer, Public Works Water Resources, 360.753.8441

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.

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 will

assess the current condition of the Elliott Reservoir, and design and construct retrofits to bring the reservoir up to standard seismic codes. This work will protect the City's drinking water supply by mitigating the risk of the collapse of the reservoir in an earthquake event.

Once Council has approved the loan, we will put out a Request for Proposals for an engineering design consultant. Design should start in fall of 2018, with construction beginning in summer of 2019.

Options:

1. Approve resolution authorizing the DWSRF Loan for the Elliott Reservoir Seismic Upgrades and authorize the City Manager to sign the loan contract in the amount of \$1,515,000.
 - Project proceeds as planned. The City protects the drinking water supply for West Olympia by mitigating risk from future seismic activity.
 - Olympia's Water System Plan is followed, ensuring the City meets drinking water requirements for the Westside.
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, largely with a low-interest loan from the Washington Drinking Water State Revolving Fund. 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 Drinking Water 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