



## City Council

### Approval of a Resolution Approving the Drinking Water State Revolving Fund (DWSRF) Loan for the Fir Street Reservoirs 1 and 2 Seismic Upgrades

**Agenda Date:** 8/21/2018  
**Agenda Item Number:** 4.E  
**File Number:** 18-0727

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

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#### **Title**

Approval of a Resolution Approving the Drinking Water State Revolving Fund (DWSRF) Loan for the Fir Street Reservoirs 1 and 2 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 Fir Street Reservoirs #1 & #2 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 Fir Street Reservoirs #1 & #2 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 Fir Street Reservoirs #1 & #2. The project will assess the current condition of the Fir Street Reservoirs, design and construct retrofits to bring the reservoirs up to current standard seismic codes, and rehabilitate the adjacent McCormick Valve House. This work will protect the City's drinking water supply by mitigating the risk of a collapse of the reservoirs 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 the resolution authorizing the DWSRF Loan for the Fir Street Reservoirs #1 & #2 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 by mitigating risk from future seismic activity.
  - Olympia's Water System Plan is followed, ensuring the City meets drinking water requirements.
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