



City Council

Authorization to Apply for Two Loans from the Drinking Water State Revolving Fund Construction Loan Program for Seismic Retrofits to the Fir Street and Elliot Water Tanks

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Title

Authorization to Apply for Two Loans from the Drinking Water State Revolving Fund Construction Loan Program for Seismic Retrofits to the Fir Street and Elliot Water Tanks

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to authorize staff to apply for two loans totaling \$2,800,000 from the Drinking Water State Revolving Fund Loan Program

Report

Issue:

Whether to authorize staff to apply for loans to fund seismic retrofits of two water tanks.

Staff Contact:

Eric Christensen, Water Resources Engineering and Planning Manager, Public Works 360.570.3741

Presenter(s):

None - Consent Calendar Item

Background and Analysis:

The City's Fir Street and Elliott water tanks need seismic retrofits identified by a structural engineer following the Nisqually earthquake in 2001. The retrofits will improve reliability of the tanks and the Utility's ability to supply drinking water in the event of an emergency. The cost of seismic retrofits is substantial. The Drinking Water State Revolving Fund Construction Loan Program is a good opportunity to perform the retrofits using low-interest loans.

Drinking Water State Revolving Fund loans have a 1 to 1.5 percent interest rate and 20 year loan repayment period. Funding is limited to \$3 million per jurisdiction. Loan applications are due

September 30, 2016. Descriptions of the projects follow:

Fir Street Tank #1 and #2 Seismic Retrofit (estimated \$1,250,000)

Work includes adding perimeter walls with reinforcing cables and other structural supports. The project will ensure the tanks are in compliance with seismic codes.

Elliott Tank Seismic Retrofit (estimated \$1,550,000)

Work includes building interior support systems, anchoring the roof to the walls and adding a perimeter retaining wall. This project will ensure the tank is in compliance with seismic codes.

The City of Olympia 2015 - 2020 Water System Plan and the 2017 Capital Facilities Plan identify both projects. The Utility Advisory Committee discussed the need for the projects and supports applying for the loans. Without loan funding, the City must defer the projects until alternative funding is available. If loan funding is secured, design of the projects would occur in 2017 with construction in the winter of 2018.

Neighborhood/Community Interests (if known):

Tanks are an essential component of the City water distribution system. They create the pressure that pushes water through the pipes to our homes and businesses.

The Elliott Tank serves approximately half of the west side. The Fir Street Tanks serves downtown and the South Capitol and Eastside neighborhoods.

Options:

Option 1: Approve authorization to apply for up to \$2,800,000 in loans for the Fir Street Tanks #1 and #2 and Elliott Tank Seismic Retrofit projects. With a successful application, Council will be asked to approve the loan agreement in 2017.

Option 2: Do not authorize staff to apply for the loans. The City would need to identify alternative funding sources. Declining the authorization would also postpone potential project funding and construction.

Option 3: Defer work on the tanks until funding is identified and available.

Financial Impact:

The Utility is in a sound position financially. The Utility's debt-to-expense ratio is good and debt service for these loans has been anticipated.

Attachments:

None