

City Council – Action Request Form

Date: April 11, 2022

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Aaron King, Assistant City Manager
Lisa M. Saunders, Chief Financial Officer
Kelly Latham, Deputy Financial Officer

Council Action Requested:

Resolution Approving an Application for North Carolina Drinking Water State Revolving Fund Loans Associated with the Neilson Water Treatment Plant Modernization Project

Strategic Focus Area: Service Excellence

Strategic Objective: Maintain City's Financial Strength

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

Approval of the attached resolution authorizes application for loan funds under the North Carolina Clean Drinking Water State Revolving Fund Program.

The Federal Clean Water Act Amendments of 1987 and the North Carolina Water Infrastructure Act of 2005 (NCGS 159G) have authorized the making of loans and grants to aid eligible units of government in financing the cost of construction of water treatment works projects.

The existing R.W. Neilson Water Treatment Plant (WTP) has a total capacity of 48 million gallons per day (MGD) and was originally constructed in three separate projects. The original Neilson WTP was constructed in 1961 with a capacity of 24 MGD. The East 1 and East 2 additions were constructed in 1982 and 1988, respectively, each with a capacity of 12 MGD. The equipment and components in the plant have exceeded their expected lives and are in need of modernization. A conceptual design phase was completed to evaluate alternatives and identify the scope of work for the modernization project. The Neilson WTP Modernization Project will include improvements to the plant hydraulics, process equipment, chemical feed and storage systems, operations building, wash water and residuals management facilities, power distribution systems, control systems and general site work. Construction for the R.W. Neilson Water Treatment Plant Modernization began in September 2021. City Council has approved the budget for this project in the amount of \$121,870,000.

Committee Action:

Committee	<u>Finance 4/11/22</u>	Action	<u>Approval</u>
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For	<u>Unanimous</u>	Against	<u></u>
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Remarks:

On February 14, 2022, the City Council approved a resolution accepting a re-amended Revolving Fund Loan in the amount of \$100,000,000 for a term of 20 years at 1.02% interest rate. Interest begins to accrue from the date of project completion and repayments begin between 6 to 12 months after project completion. The closing fee is 2% of the loan balance.

Potential stimulus funds may be available from the Drinking Water Infrastructure (DWI) program through the State Revolving Fund for this project. In order to bridge the gap between the project budget and loans received to date, the City would like to apply by submitting a loan application through the spring 2022 application cycle to receive an additional \$21,870,000 in potential funding for this project. The attached resolution approves an application for a loan amount of \$21,870,000, which will bridge the gap between the project budget and loans received to date.