

## City Council – Action Request Form

**Date:** April 12, 2021

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

**From:** Damon C. Dequenne, Assistant City Manager  
Lisa M. Saunders, Chief Financial Officer

**Council Action Requested:**

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

**Strategic Focus Area:** Service Excellence

**Strategic Objective:** Maintain 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 Drinking Water State Revolving Fund Program.

The existing 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 plant 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. A majority of the equipment and components in the plant have exceeded their expected life and are in need of modernization. A conceptual design phase was recently 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. The budget for this project is \$121,870,000.

The Winston-Salem/Forsyth County Utility Commission has approved appropriations in the amount of \$81,870,000 in previous years and staff has requested appropriations in the amount of \$40,000,000 for fiscal year 2021-2022.

**Committee Action:**

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| <b>Committee</b> | <u>Finance 4/12/2021</u> | <b>Action</b> | <u>Approval</u> |
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| <b>For</b> | <u>Unanimous</u> | <b>Against</b> | <u></u> |
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**Remarks:**

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 2021 application cycle in order to receive an additional \$40,000,000 potential funding for this project. The attached resolution approves an application for a loan amount of \$40,000,000, which will bridge the gap between the project budget and loans received to date.

The North Carolina Local Government Commission formally approved the City of Winston-Salem as eligible to receive a re-amended Revolving Loan in the amount of \$60,000,000. On March 1, 2021, the North Carolina Division of Water Quality notified the City of their intent to fund an additional \$20,000,000. After the Local Government Commission's approval at the May 4, 2021 meeting, City Council will be asked to approve a resolution accepting a re-amended Revolving Loan in the amount of \$80,000,000 for a term of 20 years at 1.1% 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.

If the City receives the additional \$40,000,000 requested in this resolution, the total Revolving Loan will be \$120,000,000.