

FRUITA COLORADO

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February 7, 2023

Mr. Dana Hlavac
NW Regional Manager
Colorado Department of Local Affairs
1313 Sherman St.
Denver, CO 80203

Dear Mr. Hlavac:

The City of Fruita is requesting a supplemental grant to increase funds to grant award contract EIAF 9494 – Fruita Hydrogen Sulfide Mitigation System. The City of Fruita has been working with our Construction Manager at Risk (CMAR) and Engineering team to value engineer this project. The proposed cost of the project based on engineer's estimate at the time of the grant application was \$1.2 million dollars. Based on updated costs from vendors for materials and required bypass pumping, the project is estimated to cost \$2.1 million dollars.

The city is requesting additional funds due to financial limitations in the sewer fund. Pursuant to the loan for the Wastewater Reclamation Facility from the Colorado Water Resources and Power Development Authority, the city is required to have an operations and maintenance reserve fund in the amount of 3 months (25%) of operation and maintenance expenses. In addition, the sewer fund has annual funding required for a reserve fund for the wastewater treatment plant and equipment established for emergency and future replacement of equipment at the facility. Beginning in 2022, the plant investment fees are assigned for future expansion and improvements to the sewer collection and treatment system.

The scope of work for this project remains the same, however due to unforeseen and unanticipated increase in material costs, long lead times, and required bypass pumping of sewer flows, this project has almost doubled in price. Therefore, the City is requesting a supplemental grant in the amount of \$300,000 which is 50% of the total grant award of \$600,000 for the line item of Equipment, Vehicles or Materials Acquisition as identified in the contract. The city will fund the remaining \$600,000 using ARPA funds to complete this project. We appreciate your consideration for this request and look forward to answering any additional questions you may have.

Sincerely,

Mr. Joel Kincaid
Mayor, City of Fruita