



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: August 16, 2023

AGENDA ITEM: Consider a motion to approve reimbursement resolution 08-16-23-8 for the Grand Rapids/Cohasset Industrial Park Utility Extension Project and request the City Council to issue G.O. bonds to finance related costs.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

Grand Rapids/Cohasset Industrial Park Utility Extension (Watermain Loop)

The Grand Rapids/Cohasset Industrial Park Utility Extension (watermain loop) Project is being constructed this summer. The project is to provide sanitary sewer and water to the Ainsworth property. The project includes approximately \$884,118 for sanitary sewer improvements, \$957,794 water improvements, and no costs for street improvements for a total project cost of \$1,841,912 from the GRPUC. The sanitary sewer and water improvements are GRPUC assets and will increase the value of the appropriate sewer and water infrastructure.

This project also will provide future resiliency for the water system to the southwest part of the town including the hospital and elementary school.

The 2023 approved GRPUC capital budget has zero for the water improvements and zero for the sanitary sewer improvements (wastewater collection). Overtime this City project has had scope and construction schedule changes.

The current water capital replacement fund has a balance of \$981,636 at beginning 2023 and the sewer capital replacement fund has a balance of \$526,815 at the beginning 2023. The sewer capital replacement fund does not have enough available funds and the water capital replacement funds would almost completely deplete the fund balance; therefore, additional funding source(s) is/are required.

On August 14, City Engineering, Community Development, and Finance and GRPUC Business Service, Electric, Water/WW Collection/Treatment managers met to discuss this project. After the August 14 discussion, the City has re-evaluated the City funding sources for this project and

GRPU determined debt to be the funding source. The GRPU will bond for this project at the same time as the bond to be obtained for the Sylvan Bay project.

Therefore, the GRPUC needs action items to (1) approve a resolution signaling the intent to use bond proceeds to pay for the Grand Rapids/Cohasset Industrial Park Utility Extension Project, and (2) request the City Council to issue general obligation (G.O.) bonds to finance the costs related to the improvements which language is included in the resolution.

The dollar value in the resolution signaling the intent to use bond proceeds is always projected higher than the actual project costs in case there are any unforeseen cost over runs which the issuer (City/GRPUC) would want covered by the bonds.

RECOMMENDATION:

Consider a motion to approve reimbursement resolution 08-16-23-8 for the Grand Rapids/Cohasset Industrial Park Utility Extension Project and request the City Council to issue G.O. bonds to finance related costs.