



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: July 12, 2023

AGENDA ITEM: Consider a motion to adopt reimbursement resolution 07-12-23-5 Sylvan Bay Utilities Project, and reimbursement resolution 07-12-23-06 Water Treatment Renovation Project; and request the City Council issue G.O. bonds to finance related costs.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

SYLVAN BAY UTILITIES PROJECT

The City of Grand Rapids CP 2015-1 Sylvan Bay phase one project bid was awarded and is being constructed this summer. The project includes \$878,973 for sanitary sewer improvements, \$1,066,705 for water improvements, and \$615,687 for street improvements for a total project cost of \$2,561,365 from the GRPUC. The street improvements of \$615,687 will be considered a GRPUC contribution to the City as the streets are City assets. The sanitary sewer and water improvements are GRPUC assets and will increase the value of the appropriate sewer and water infrastructure.

The 2023 approved GRPUC capital budget has \$1,202,000 for the water improvements and \$1,011,000 for the sanitary sewer (wastewater collection) improvements totaling \$2,213,000 which is less than the actual project bid. There is also an additional \$510,000 in the 2024 water capital plan budget and \$511,000 in the 2024 sanitary sewer (wastewater collection) capital plan budget for phase two of Sylvan Bay. Based on the 2023 actual bids for phase one of the Sylvan Bay project these 2024 budget amounts are under projections and will need to be increased substantially.

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. Neither of the capital replacement funds have enough money to pay for the 2023 Sylvan project and if used would completely deplete the fund balances with additional funding source(s) required. These funds will be used for other smaller GRPUC water and wastewater capital projects.

On April 24, City Engineering and Finance and GRPUC Business Service, Electric, WW Collection/Treatment managers met to discuss city projects. At that time the City funding sources for this project were being finalized. Currently, the City has re-evaluated the City funding sources for this project and it now includes debt. The GRPU staff recommend the 2023 Sylvan Bay Project and possibly the 2024 Sylvan Bay projects be funded using general obligation debt.

Therefore, the GRPUC needs action items to (1) approve a resolution signaling the intent to use bond proceeds to pay for the Sylvan Bay 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.

WATER TREATMENT RENOVATION PROJECT

The City of Grand Rapids was awarded a grant of \$2,500,000 in the most recent 2023 legislative session which is partial funding for the \$5,000,000 GRPUC Water Treatment Renovation project. The GRPUC funding source for this project would be the water capital replacement fund which has a balance of \$981,626 at the beginning of 2023. There are not enough capital replacement funds for the estimated \$2.5 million funding balance of the \$5 million total water treatment renovation project.

Therefore, the GRPUC needs action items to (1) approve a resolution signaling the intent to use bond proceeds to pay for the Water Treatment Renovation 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. Also, standard practice is to have this intent to bond resolution approved in the early planning stages of the project

RECOMMENDATION:

Consider a motion to adopt reimbursement resolution 07-12-23-5 Sylvan Bay Utilities Project, and reimbursement resolution 07-12-23-06 Water Treatment Renovation Project; included in the resolutions a request for the City Council to issue G.O. bonds to finance related costs for the Sylvan Bay Utilities Project and the Water Treatment Renovation Project.