



STAFF REPORT

CITY OF GREEN COVE SPRINGS, FLORIDA

TO: City Council Regular Session **MEETING DATE:** November 10, 2020
FROM: Scott Schultz, Asst. Water Utilities Director
SUBJECT: City Council approval of, and authorization for the City Manager to execute, Amendment #1 in the amount of \$56,100.00 to the Design Loan Agreement for the Florida Department of Environmental Protection (FDEP), Drinking Water State Revolving Fund (SRF) Loan Application DW 100102 for \$356,800.00, for the design of capital improvements to the City's Water System. *Scott Schultz*

BACKGROUND

On June 16, 2016 the City Council approved the Rate Study conducted by Staff and Mittauer & Associates.

On March 21, 2017, Council approved a Task Order with Mittauer & Associates for \$50,000.00 for development of a Water Master Plan.

On June 19, 2018, the City Council approved the Water Master Plan conducted by Staff and Mittauer. The Master Plan included a thorough review of the existing Water Capital Improvement Program (CIP) and resulted in an update to the CIP. As a result of the updated CIP, Staff requested an update to the Water portion of the Rate Study to evaluate financing options and alternatives to CIP financing.

On September 4, 2018, City Council approved a Task Authorization with Mittauer & Associates for \$12,000.00 to update the Water Rate Study.

At the March 5, 2019 City Council meeting Staff and Mittauer presented the updated Water Rate Study which was subsequently approved by the City Council. The City Council directed staff to return with an Ordinance authorizing the borrowing of funds to complete the immediate and future CIP needs. Staff was also directed to draft an RFP to secure a loan for the "Priority 1" immediate need CIP projects.

The Priority 1, Reynolds Water System Improvements, total design and construction estimate is \$1,370,000.00

The Priority 2, Harbor Road, Bonaventure and Magnolia Point Cul-de-sac, total design and construction estimate is \$4,850,000.00.

The Priority 3, Reynolds High Service Pumps & Well 2 design and construction estimate is \$2,500,000.00.

The Priority 4, asbestos concrete (AC) pipe replacement. Design and construction estimate is \$6,620,000.00

The Priority 5, Governors Creek Water Main, design, and construction estimate is \$360,000.00

Design and permitting for Priorities 3-5 cost estimate is \$1,424,000.00

- Total 2019 Water CIP Cost Estimate is \$17,124,000.00

Council approved Ordinance No. O-07-2019 on First Reading as to Form Only on 3/19/19 which authorized staff to borrow up to \$18,000,000.00 for capital improvements to the City's Water System.

Council approved Ordinance No. O-07-2019 on Second and Final Reading on 4/2/19 which authorized staff to borrow up to \$18,000,000.00 for capital improvements to the City's Water System

On 6/18/19 Council approved staff to submit and authorized the mayor to execute a Request for Inclusion (RFI) to the FDEP-SRF Program for \$356,800.00 in funding to design certain capital improvements to the City's Water System to be prepared to move into construction as the needs arise.

On 10/15/2019 Council approved of and authorized the Mayor to execute associated documents for the actual loan application. The FDEP-SRF Program has tentatively approved a 10-year loan with a principal amount of \$356,800.00 with a "loan forgiveness" of 50% which would make the actual loan amount approximately \$178,400.00 (there are some loan fees). Final principal forgiveness and loan percentage rate will be determined at completion of loan processing.

On 1/21/2020 Council approved and the mayor executed the actual loan agreement.

Since 1/21/2020 staff and Mittauer have been working on the three tasks, understanding that the pressure / flow improvements to the higher elevations in Magnolia Point would be the more complicated task.

After several months of activity the scope of work for this task has been finalized;

- Build a new water plant at the site of the old Bonaventure Water plant
- Connect the new plant with a 12" water main which will tie into the existing 12" water main on SR 16 South, which goes down Randall Road, through the wetlands, and ties into the primary water main on Colonial Drive in Magnolia Point
- Remove all other connections from the 12" water main

The addition of the work on the 12" water main is an expansion of the original scope of the project as Mittauer is currently tasked. Therefore, they have submitted a revised task order which increases the design costs by \$56,100, the majority of which involves surveying and additional testing of the existing well.

Staff have consulted with FDEP who have agreed to add the additional scope onto the current loan / grant agreement, which will allow for 50% grant funding.

FISCAL IMPACT

\$56,100.00 would be added to the design loan / grant total below;

\$356,800.00 Total Cost of Design Projects

\$1,700.00 Capitalized Interest

\$178,400.00 Principal Forgiveness (Grant)

\$180,100.00 Total Principal (loan) Amount

Loan interest Rate 1.71 percent (%)

\$10,030.00 Semi-Annual Payment Amount

10-Year Term

This item is included in the approved FY 2021 Water Department Budget.

RECOMMENDATION

Approve of, and authorize the City Manager to execute, Amendment #1 in the amount of \$56,100.00 to the Design Loan Agreement for the Florida Department of Environmental Protection (FDEP), Drinking Water State Revolving Fund (SRF) Loan Application DW 100102 for \$356,800.00, for the design of capital improvements to the City's Water System.