



STAFF REPORT

CITY OF GREEN COVE SPRINGS, FLORIDA

TO: City Council Regular Session **MEETING DATE:** June 15, 2021
FROM: Scott Schultz, Asst. Water Utilities Director
SUBJECT: City Council approval of, and authorization for the Mayor to execute, a Request for Inclusion (RFI) in the amount of \$3,815,700.00 for construction of the Bonaventure Water Plant, to the Florida Department of Environmental Protection (FDEP), Drinking Water Revolving Fund (SRF), loan / grant program.

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.

The design of the three projects (Harbor Road Ground Storage Tank #1, Magnolia Point Cul-de-Sacs, and Bonaventure Water Plant) is now complete and the process of closing the loan is in progress. This request for inclusion is to be considered for a loan / grant to construct the Bonaventure Water Plant.

Construction of the Bonaventure Water Plant will increase pressure and volume to the higher elevations of the core city and Magnolia Point. It may eliminate the need to increase the line size of most of the cul-de-sacs in Magnolia Point. If it doesn't, the project is fully designed and permitted and is "shovel-ready".

Applying for the loan will not commit the City to constructing the plant. There is some turmoil in the utility construction market due to availability of materials, costs of materials, vendor commitments and labor shortages. The loan approval process will take approximately six months, and a full review of market conditions will take place at that time.

FISCAL IMPACT

\$3,500,000.00 from the Water Department CIP Budget

RECOMMENDATION

Approve of, and authorize the Mayor to execute, a Request for Inclusion (RFI) in the amount of \$3,815,700.00 for construction of the Bonaventure Water Plant, to the Florida Department of Environmental Protection (FDEP), Drinking Water Revolving Fund (SRF), loan / grant program.