

EXECUTIVE BRIEF REGULAR MEETING

AGENDA DATE: February 18, 2020

DEPARTMENT: Water Utilities

TITLE:

Authorize Drinking Water State Revolving Fund Amendment 2 to Loan Agreement DW501720 for the 2-inch watermain phase 3 replacement project

SUMMARY:

Amendment 2 adjusts the total loan amount based on the actual construction cost and revises the principal forgiveness and service fee to reflect this change.

BACKGROUND AND JUSTIFICATION:

The City Water Utility Department has planned the replacement over six years of approximately 17 miles of 2 inch steel water pipes that are corroded and failing within the City water distribution system. The Commission directed staff to fund the capital improvement through water system revenue financing, which has resulted in award of several loans from the Drinking Water State Revolving Fund.

This Amendment adjusts loan DW50120 to match the reduced construction cost of the phase 3 project which was completed on August 17, 2019. The project was awarded by commission for \$3,359,000, however the total cost to complete the project was \$2,316,554.00. In addition this project was eligible for principal forgiveness. The state revolving fund, sponsored by the Department of Environmental Protection, gave the City's water utility \$463,310.80 or 20% of the total loan amount in principal forgiveness on this loan thus reducing the principal to be repaid. This amendment also adjusts the service fee and interest based on the adjusted construction cost. The amortization schedule and revised semiannual loan repayment is complimentary to this agreement.

MOTION:

Move to approve/disapprove authorization of Drinking Water State Revolving Fund Amendment 2 to Loan Agreement DW501720.

ATTACHMENT(S):

Fiscal Impact Analysis – N/A
Amendment 2
Offer Letter
Amortization Schedule