



REQUEST FOR COUNCIL ACTION

Title: Wastewater Treatment Plant Project 1A _**REVISED**

Preferred Agenda: May 24, 2022

Submitted By: Brandon Neish, Finance Director

Reviewed By: Christy Wurster, City Manager Pro Tem

Type of Action: Resolution ____ Motion **X** Roll Call ____ Other ____

Relevant Code/Policy: N/A

Towards Council Goal: Goal 2.b: Increase community awareness of infrastructure needs and appropriate planning documents (sewer).

Attachments: Phase 1A – Scenario 1 Engineer’s Opinion of Probable Construction Costs
Phase 1A – Scenario 6 Engineer’s Opinion of Probable Construction Costs
Brandon Neish email re: Business Oregon IGA & Docs

Purpose of this RCA:

To review the proposals for a reduced scope in phase 1 of the Wastewater Treatment Plant project, make a determination on allocation of American Rescue Plan Act (ARPA) funds and **authorize the City Manager Pro Tem to submit an application for Direct Legislative Appropriation to Business Oregon.**

Background/Context:

During the City Council meeting on May 10, 2022, staff presented a comprehensive picture of funds available for the Wastewater Treatment Plant and asked the City Council for a directive on how to move forward with the project. The City Council decided to direct staff to move forward with the previously approved engineering and a reduced scope for the initial phase of construction. As presented, this reduced scope could not exceed cash that the City has available which is approximately \$12.0 million (including the cost of engineering which is \$2.2 million for the period).

The City’s engineering firm came back with multiple scenarios, three of which exceeded the \$9.5 million that staff had given them. Scenario six (attached) had a total cost of \$8.6 million plus engineering and construction services. This seemed like the best option for moving forward until staff realized that this scenario did not include any functional components once project 1A was complete. Scenario six includes the development of the plants civil site, the manufactured building A, the main electrical and blower building and the electrical, instrumentation and controls for building A that would eventually control the updated plant.

Other items were included including some pre-purchased equipment to spend, at a minimum, the \$7 million allocated by the State of Oregon.

Scenario one when presented totaled \$10.1 million which concerned staff since there is \$2.2 million in engineering costs that must be paid as well. However, completion of scenario one would yield some functional components such as the generator, electrical equipment in Building A and an upgraded influent pump station. While there are some functional components when compared to scenario six, there is minimal, if any, process improvement in the current plant. Both scenarios would require the completion of construction to be useful.

Staff is presenting both options for Council review. To complete scenario one, additional funding would be necessary. Two options are available to complete scenario one. As presented during the meeting on May 10th, the City could obtain loan funds totaling \$1.5 million from Business Oregon. These funds include a potential for 50% loan forgiveness. The downside to this option is that staff had hoped to use these funds for the second phase of the project to have cash on-hand available to front payments during construction until the Oregon Department of Environmental Quality (DEQ) reimburses for the expenses. Staff has identified available funding in the water funds that could be loaned to the Wastewater Treatment Plant (WWTP) project to provide this bridge funding if Business Oregon funds are used in the first phase. The City would need to put off projects at the Water Treatment Plant to utilize these funds.

The second option would be to reappropriate ARPA funds the Council preliminarily assigned for obtaining a generator at the Water Treatment Plant. The City Council previously allocated the ARPA funds toward this project with the statement that the Council wanted to review the project and its plans before it moved forward. Moving forward with this option allows the Water Treatment Plant to continue the upgrades necessary for operations (such as a SCADA update) and provides adequate funding for scenario 1 to move forward without a loan from Business Oregon.

The Challenge/Problem:

What is the best scenario for moving forward with the City Council directive while ensuring funds are spent appropriately forward the overall improvements needed at the WWTP?

Stakeholders:

- Sweet Home staff – Staff is charged with following the directives of the City Council and bringing funding needs to the City Council for transparency, review and decision.
- Sweet Home City Council – The City Council is the deciding body for budget, operations and infrastructure needs in the community. While the City Manager and their staff aid in managing the operations, it is the City Council who must represent the citizens that elect them and ensure the long-term viability of the community (which includes its infrastructure needs).

Issues and Financial Impacts:

Moving forward with Phase 1A – Scenario one requires additional funding to ensure the Wastewater Treatment Plant project fund maintains a positive fund balance in accordance with state law.

Elements of a Stable Solution:

A directive from the City Council on which path they would like to pursue represents a stable solution.

Options:

1. Do nothing – If this option is selected, staff will move forward with scenario six as presented since the spending lines up with previous Council direction.
2. Move to redistribute \$1.0 million in American Rescue Plan Act funds from the Water Treatment Plant Generator project to the Wastewater Treatment Plant project and

approve Project 1A Scenario One and authorize the City Manager Pro Tem to submit the FY 21-23 Direct Legislative Appropriation Information form to Business Oregon. – Staff would direct West Yost to move forward with their original proposal and the Finance Office would use a mix of cash on-hand from utility rates, state funding and ARPA funds to complete Project 1A.

3. Propose an alternative Project 1A – The City Council could direct staff to revisit the scenarios and find an option that best fits the desires of the City Council and the community.

Recommendation:

Staff recommends option 2, move to redistribute \$1.0 million in American Rescue Plan Act funds from the Water Treatment Plant Generator project to the Wastewater Treatment Plant project, approve Project 1A Scenario One, and authorize the City Manager Pro Tem to submit the FY 21-23 Direct Legislative Appropriation Information form to Business Oregon. Staff believes this scenario includes some tangible and real benefits upon completion that could be incorporated into the plants existing operations should the second part of the WWTP project not move forward for an extended period of time.