



Legislation Text

File #: 2019-138, **Version:** 1

Scheduling of Public Hearing for FY 2020 Drinking Water Revolving Fund Project Plan for the 14 Mile Road Transmission Main Loop Project

Agenda of: March 27, 2019
Item No.: **2019-138**
Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: March 27, 2019

RE: Scheduling of Public Hearing for FY 2020 Drinking Water Revolving Fund Project Plan for the 14 Mile Road Transmission Main Loop Project

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, and Cheryl Porter, Chief Operating Officer - Water Operating Services, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA) **approves the scheduling of the public hearing related to the FY 2020 Drinking Water Revolving Fund Project Plan for the 14 Mile Road Transmission Main Loop Project on April 24, 2019 at 2:00 p.m.** and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The "14 Mile Water Transmission Main Loop Project - (CIP# 122013)". includes the 14 Mile Transmission Main that currently serves West Bloomfield Township, Farmington Hills, Commerce Township, Novi, Walled Lake, and Wixom is a single feed transmission system. If a disruption to service were to occur on this transmission main, many of the users along this main would experience a complete loss of pressure and flow. This project would provide a transmission main loop to the 14 Mile system to increase redundancy on this branch of the system.

The project is comprised of design and construction of 6-7 Miles of transmission main from 8 Mile Road to 14 Mile Road along the Halsted/Haggerty Road corridor in order to back-feed the 14 Mile Transmission system during a break in the transmission system along 14 Mile. The work will also include connections to the yard piping and reservoir fill line at the Haggerty Booster Station as well as a control valve to regulate flows along the transmission main. These improvements and modifications are detailed in the Project Plan. The estimated cost of the project is \$54,426,000.

JUSTIFICATION

The 14 Mile Road Transmission Main Loop will drastically improve the redundancy and resiliency of the system, therefore GLWA is seeking low interest loan assistance through the Drinking Water Revolving Fund program for this project. Although the Michigan Department of Environmental Quality (MDEQ) interest rate for FY 2020 will not be determined until October 2019, the current year's interest rate of 2.00% is less than the present conventional revenue bond interest rates. Based on the estimated project amount of \$54.4 million, GLWA could save an estimated \$33 million in interest costs and avoided issuance costs, based on a similar open market revenue bond with a 30-year term and 4.50% interest rate, over the life of the 30-year bond issue. This will afford savings to both GLWA and its member partners.

BUDGET IMPACT

Debt service is anticipated to begin in FY 2021 for this project and will be included as part of the GLWA's updated financial plan if approved.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on March 15, 2019. The Audit Committee unanimously recommended that the Great Lakes Water Authority Board hold the public hearing on April 24, 2019 for the 14 Mile Road Water Transmission Main Loop Project and approve the resolution to accept and submit the Drinking Water Revolving Fund project plan as presented, at its regular meeting on April 24, 2019.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.