



Legislation Text

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Resolution Adopt the Downriver Transmission Main Loop Project FY 2022 Drinking Water Revolving Fund (DWSRF) Project Plan

Agenda of: June 23, 2021

Item No.: **2021-241**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer

DATE: June 23, 2021

RE: Resolution to Adopt the Downriver Transmission Main Loop Project FY 2022 Drinking Water Revolving Fund (DWSRF) Project Plan

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, and Cheryl Porter, Chief Operating Officer-Water & Field Services, the Board of Directors of the Great Lakes Water Authority, **approves the attached Resolution to Adopt the Downriver Transmission Main Loop Project FY 2022 Drinking Water Revolving Fund (DWSRF) Project Plan;** and authorizes the CEO to take such action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Downriver Transmission Main is a single transmission main which services the Downriver population. The project involves the construction of a new transmission main along Inkster Road from Wick Road to Pennsylvania Road, a parallel transmission main along Allen Road and Dixie Highway from Pennsylvania Road to Ready Road, modifications at Trenton Service Meters TN-01 and TN-03, and the removal of two reservoirs at the Electric Avenue Pump Station. The total cost of this project is currently estimated at \$60,900,000.

GLWA wishes to utilize loans available under the State of Michigan Drinking Water Revolving Fund (DWSRF) for this project. A public hearing on the project plan was held on June 23, 2021, at 2:00 pm. The attached Resolution approves the project plan, directs GLWA staff to address all public comments, prepare a responsiveness summary, and publish the final Project Plan; authorizes GLWA's CEO to transmit the final FY 2022 DWSRF Project Plan to the Michigan Department of Environment, Great Lakes, and Energy (EGLE); and to secure a DWSRF loan for the project.

JUSTIFICATION

The project will increase redundancy and reliability in the Downriver portion of the GLWA water system. A single transmission main currently serves the Downriver Communities' population. A break anywhere along the Allen Road transmission main would result in several communities losing pressure and result in boil water advisories until a repair could be made. GLWA is seeking low interest loan assistance through the DWSRF program for these projects. Although the EGLE interest rate for FY 2022 will not be determined until October 2021, the current year's interest rate of 1.875% is less than the present conventional revenue bond interest rates. Based on the estimated project amount of \$60.9 million, GLWA could save an estimated \$23.2 million in interest costs and avoided issuance costs, based on a similar open market revenue bond with a 30-year term and 3.50% interest rate, over the life of the 30-year bond issue. This will offer savings to both GLWA and its members.

BUDGET IMPACT

Debt service is anticipated to begin in FY 2023 for this project and will be included as part of the FY 2023 financial plan.

COMMITTEE REVIEW

This matter was presented to the GLWA Audit Committee at its June 21, 2021 meeting. The Audit Committee unanimously recommends that the Great Lakes Water Authority Board of Director approve the attached Resolution to Adopt the Downriver Transmission Main Loop Project - FY 2022 Drinking Water State Revolving Fund Project Plan at its regularly scheduled meeting on June 23, 2021.

SHARED SERVICES IMPACT

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