

City Council Agenda Item Memo

From: Laura Julius, Financial & IT Manager

Council Meeting: July 23, 2024

Subject: Resolution 24-067: Close an additional SRF Loan for the BMU Water Treatment Facility and Piping Project

Presenter: Eric Witt, BMU Water/Wastewater & Engineering Manager

Summary:

Brookings Municipal Utilities (BMU) has successfully pursued State Revolving Funding (SRF) for a Water Treatment Facility & Water System Upgrade project. This Resolution will close the additional SRF loan for this project. Staff recommends approval.

Background:

This Water Treatment Facility & Water System Upgrade project was originally presented to City Council at an April 20, 2021 meeting, and again at a November 23, 2021 Public Hearing to support the SRF application. The original SRF funding request was \$74,002,500 and was awarded as \$21,039,300 American Rescue Plan Act (ARPA) grant funding and a \$50,963,200 SRF loan. A second Public Hearing was held on September 13, 2022 to support an additional SRF application. The additional funding request was awarded as a \$40,700,000 SRF loan.

Item Details:

BMU is proceeding with a water system upgrade, including a new water treatment facility along 34th Avenue and associated raw and treated water piping to and from the facility, including a water line to the 20th Street South water tower. An overall project schematic is provided as an attachment.

Public Hearings for the additional \$40,700,000 SRF funding application were held by both the BMU Utility Board (September 12, 2022) and the Brookings City Council (September 13, 2022).

The potential construction costs had increased to \$114,700,000, so BMU pursued and was awarded the additional \$40,700,000 in State Revolving Loan Funds.

Legal Consideration:

Dorsey & Whitney LLP (BMU Bond Counsel) has provided the Bond Resolution, which is before the City Council.

Strategic Plan Consideration:

This project falls under the following strategic plan areas: fiscal responsibility, safe-inclusive-connected community, service and innovation excellence, and sustainability.

Financial Consideration:

The Opinion of Probable Construction Cost (OPCC) had increased to \$114,700,000 to reflect the current construction market conditions. As such, BMU pursued an additional \$40,700,000 SRF funding application. First District Association of Local Governments had presented the financial and rate impact information on September 12, 2022 to the BMU Utility Board and on September 13, 2022 to the Brookings City Council

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a Study Session
5. Discuss / take no action / table

Staff recommends approval.

Supporting Documentation:

Resolution
Project Schematic