

Agenda Item: 6.a.

MEMORANDUM

TO: Programs, Projects, and Operations Subcommittee

FROM: Zach Nelson, Project Manager

SUBJECT: Review and Recommendation on the Washington County Rural Water System – Lakeland Connection Project – SRF Loan

DATE: September 1, 2016

The District’s Board of Directors approved a water supply agreement with the Lakeland Estates Water Company at its August 11, 2016 Meeting. The agreement allows for the extension of a 10” diameter water main to serve the Lakeland Estates Water Company.

District staff has evaluated multiple financing options for the proposed project and recommends utilizing the Nebraska Department of Health and Human Services and Department of Environmental Quality’s State Revolving Fund (SRF) Loan Program to finance the project. The SRF Loan program allows for a 20 year term loan with an interest rate of 2.75%. The District is requesting a loan in the amount of \$350,000 to cover the cost of the project. The anticipated annual debt service payment is expected to be \$23,774.28, which will be offset by an anticipated increase of \$128,100 in additional water sales revenue as a result of the project.

Below is a breakdown of the total project cost:

1	Administrative and legal expenses	\$ 10,000.00
2	Land, structures, right-of-ways, appraisals, etc.	\$ 1,000.00
3	Architectural and engineering fees	\$ 12,000.00
4	Project inspection fees	\$ 12,800.00
5	Construction	\$ 230,000.00
6	Washington County Rebate	\$ 181,125.00
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7	SUBTOTAL (sum of lines 1-6)	\$ 446,925.00
8	Contingencies	\$ 43,075.00
9	TOTAL PROJECT COSTS	\$ 490,000.00
10	Minus Lakeland Connection Fee Collected	\$(140,000.00)
11	SRF Total Requested Loan Amount Not to Exceed	\$ 350,000.00

The proposed Lakeland Connection Project will provide a clean and dependable water source to over 500 households in Washington County. It will also result in additional revenue for the Washington County Rural Water System, which will help to improve the long term financial stability of the system.

It is Staff recommendation that the PPO Subcommittee recommend to the Board of Directors, that the General Manager be authorized to execute a Nebraska SRF Loan, in an amount not to exceed \$350,000, as presented to the Subcommittee, subject to changes deemed necessary by the General Manager and approval as to form by District Legal Counsel.