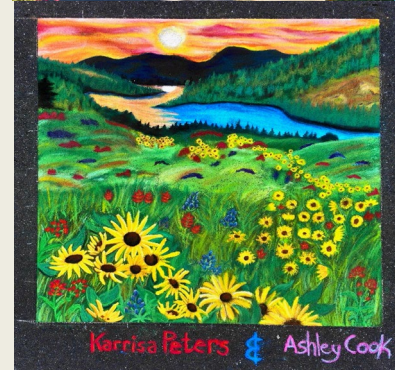
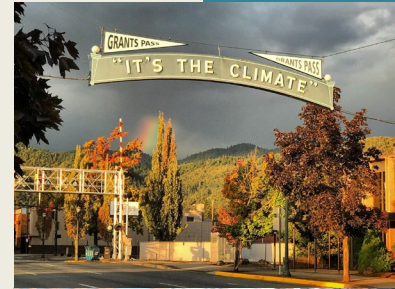




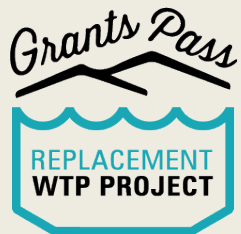
WA6207 Treatment Plant Replacement WIFIA Loan





Subject and Summary

- Provide an explanation of WIFIA loan costs and a discussion of current replacement water treatment plant cost estimates
- Relationship to Council Goals:
 - Maintain, Operate and Expand our Infrastructure to Meet Community Needs
 - Build a replacement Water Treatment Plant***





Background

- Water Infrastructure Finance Innovation Act, (WIFIA) created in 2014 is a federally run program to accelerate infrastructure investment in the US
 - WIFIA provides low cost loans to credit worthy agencies with exceptionally flexible payment terms
 - WIFIA allows Agencies to borrow up to 49% of project costs
 - Up to 35 years for repayment
 - Repayment may be delayed for 5 years after substantial completion
 - Must be credit worthy





WIFIA Application Fees

- At time of application a fee is collected of up to \$100,000
 - Funds are used for:
 - Credit due diligence
 - Legal due diligence
 - Technical due diligence
 - Funds NOT expended during these reviews are applied to the credit processing fees which will range between \$150,000 and \$500,000
 - Varies depending on project complexity and risk





WIFIA Application Fees

- For comparison:
 - 2013 Water bonds for Construction of Reservoir 3: \$4,620,000 issuance cost \$65,145
 - 2017 Wastewater Debt for the Water Restoration Plant Upgrade: \$9,035,000 issuance cost \$130,346
 - 2018 Wastewater Debt for the Water Restoration Plant Upgrade: \$7,985,000 issuance cost \$86,777
 - Future WIFIA Debt: \$57,203,380 cost?
- Application fees listed in the Council packet are on the higher side, but there will be additional fees if the loan is accepted



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Project Costs



- The Council Packet lists a project cost of \$116,741,923
 - This costs represents a high estimate and includes costs previously incurred which are considered eligible under the WIFIA program

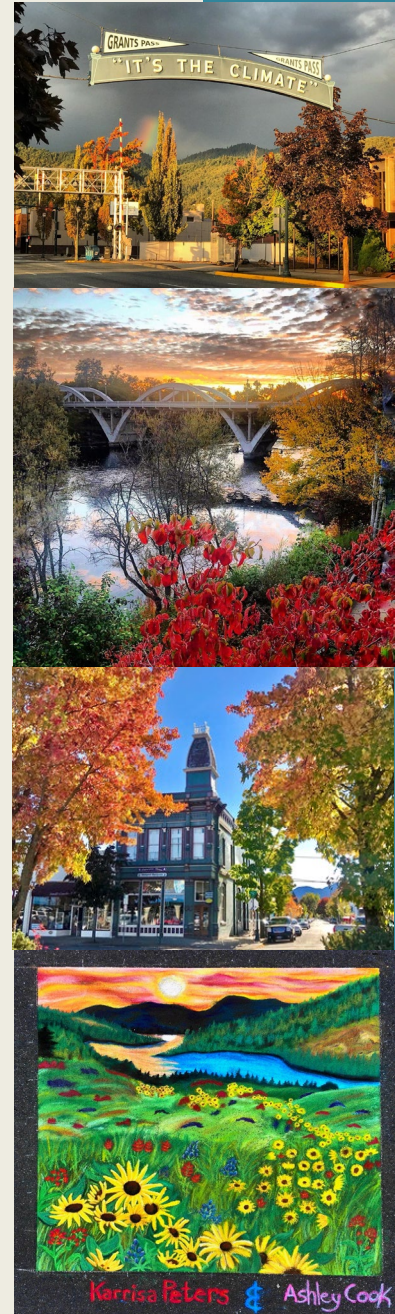
	WIFIA/Draft Basis of Design	Current Basis of Design
Construction	\$94,854,572	\$91,223,460
Design Costs	\$7,213,514	\$5,724,401
Planning		
Land Acquisition	\$6,000,000*	\$6,000,000*
Other Capital Costs		
Contingency	\$2,000,000	\$2,000,000
Construction Management	\$6,673,837	\$6,673,837
Total	\$116,741,923	\$111,621,698

* Eligible Costs already expended



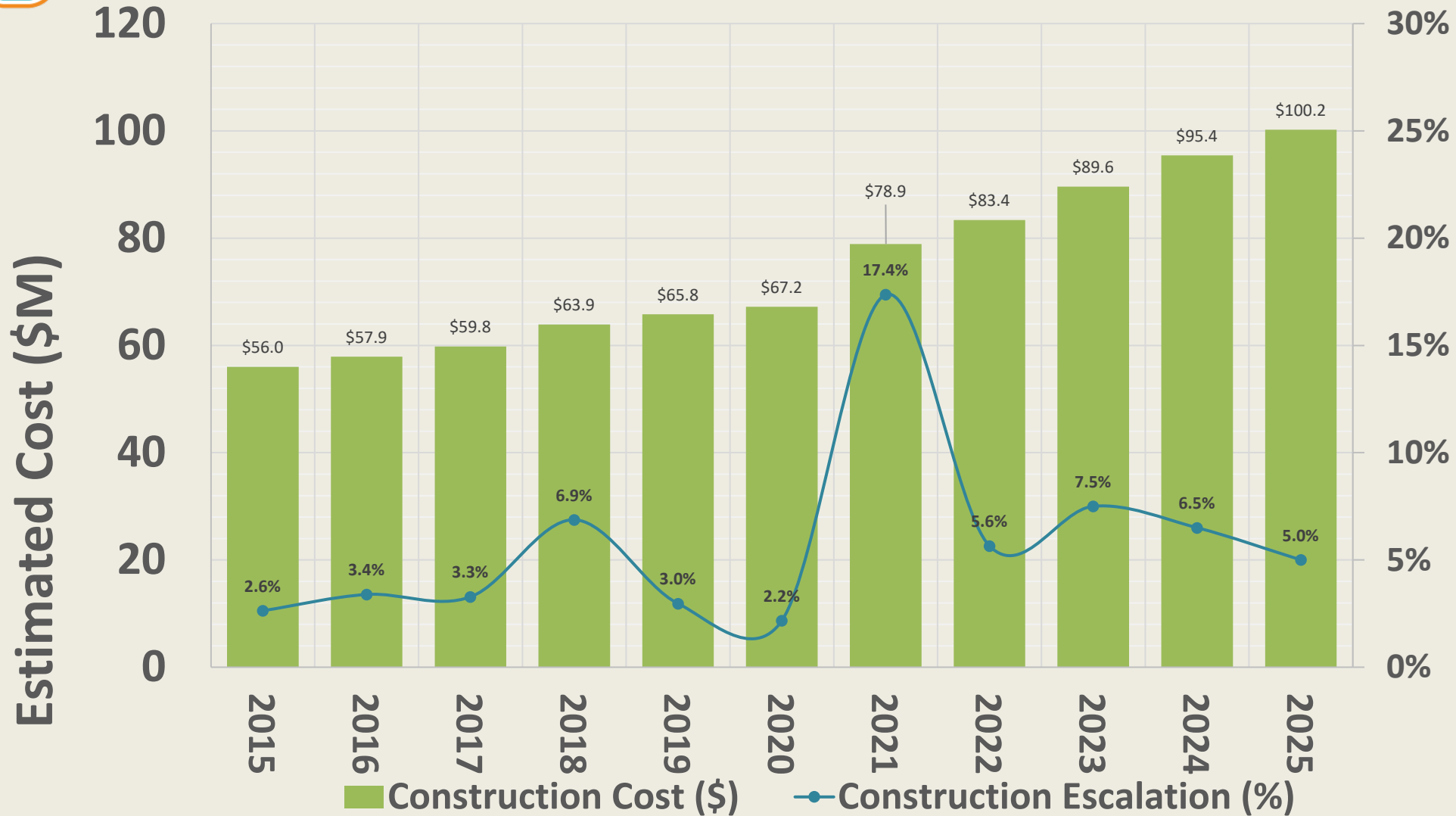
Cost Increases

- In February 2022 Staff asked for an increase in the amount of debt offering as costs had dramatically increased since original cost estimates were created in 2014
 - Council gave direction to pursue an additional \$20,000,000 in loan funds at the lowest possible interest rates while actively pursuing large Federal grants such as FEMA BRIC grant
- Costs have increased in all sectors at unprecedented rates in the past few years in some cases more than doubling the costs of materials and leading to shortages of others
- Construction cost estimates must also predict conditions in 2024 - 2027





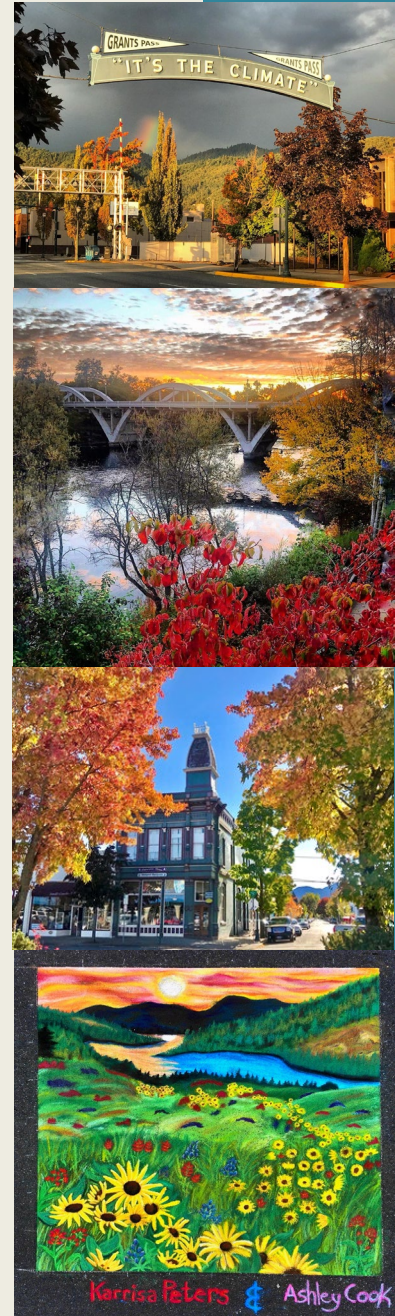
Construction Escalation





Cost Controls

- The Design build team has implemented a number of measures to control the project costs as much as possible
 - Rolling value engineering reviews – after each deliverable the team looks for ways to streamline the project without greatly impacting lifecycle costs
 - Changing materials – steel frame buildings opposed to concrete/masonry structures
 - Outdoor electrical gear vs. electrical buildings
 - Low cost ponds vs. mechanical processes
 - Finished water pumps under shelters instead of enclosed in buildings





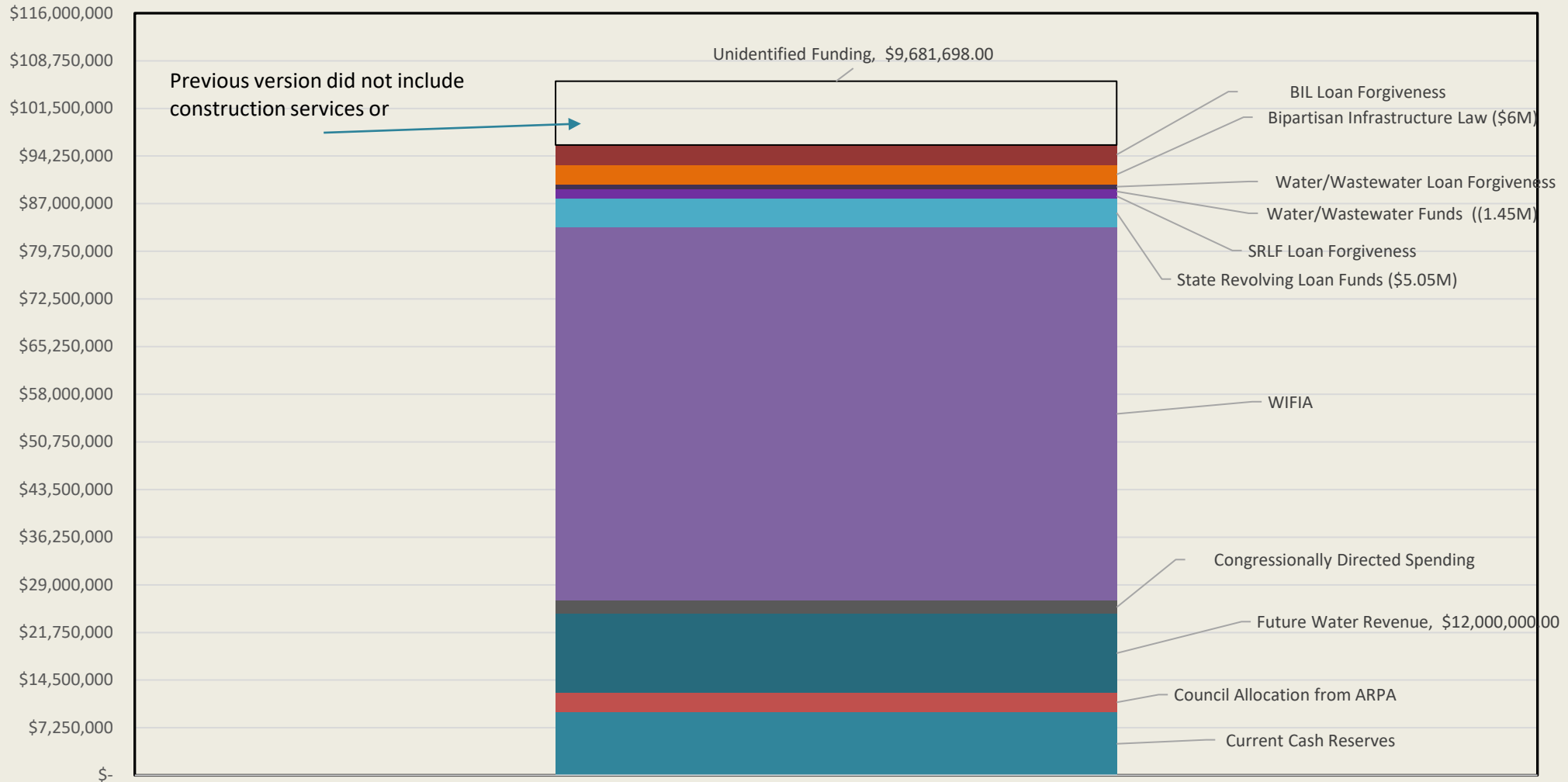
Financing

- Staff are working with numerous agencies to ensure the affordable funding of the project that fits the existing rate structure
 - WIFIA – very competitive rates equal to or slightly higher than Treasury rates
 - Business Oregon – multiple offerings some with significant principal forgiveness
 - Current Water Revenues – staff are directing as much as is practical to the RWTP project
 - ARPA – Council directed \$3,000,000 to the project





Replacement WTP Funding



Karrisa Peters & Ashley Cook



Cost Implications

- Costs have increased due to market factors beyond the project team's control
 - The team continues to work to reduce project costs while not impacting the overall project effectiveness and longevity
 - Costs will continue to be refined as the design matures with additional opportunities for reducing the overall project costs
- Staff are working with the City's Rate Consultant to re-evaluate and ensure the existing rate will support needed debt
 - Debt service payments will be at or below the current rate schedule





Call to Action

- Call to Action Date: 8/17/2022, but can be deferred at Council discretion
 - Letters of Intent for the WIFIA program are due by September 6 and are evaluated on a first in first out basis
- Alternatives:
 - Authorize the City Manager to submit a Letter of Intent for WIFIA funds
 - Do not authorize the City Manager to submit a Letter of Intent for WIFIA funds

