



Detroit Water and Sewerage Department

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Legislation Details (With Text)

File #: 18-0043 **Version:** 2 **Name:**

Type: Capital Improvement Project **Status:** Approved

In control: Board of Water Commissioners

On agenda: 4/18/2018 **Final action:**

Title: The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to execute a resolution pertaining to securing low interest loan assistance through the Drinking Water Revolving Fund (DWRF) for Water Main Replacement as detailed in the FY19 DWRF Project Plan, and also authorizes the Director to take such actions as may be necessary to accomplish the intent of this vote.

Indexes: Capital Improvement Plan Committee

Code sections:

Attachments: 1. FINAL 2018-04-16 DWSD DWRF Project Plan_1_1, 2. 18-0043 Resolution

Date	Ver.	Action By	Action	Result
4/18/2018	2	Board of Water Commissioners	adopted	Pass
4/4/2018	2	Capital Improvement Program and Operations Committee	recommended for approval	Pass
3/7/2018	1	Capital Improvement Program and Operations Committee	received and filed	

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **execute a resolution pertaining to securing low interest loan assistance through the Drinking Water Revolving Fund (DWRF) for Water Main Replacement as detailed in the FY19 DWRF Project Plan**, and also authorizes the Director to take such actions as may be necessary to accomplish the intent of this vote.

Agenda of April 18, 2018

Item No. 18-0043

Public Hearing

Drinking Water Revolving Fund (DWRF)

Project Plan FY 19 Water Main Replacement

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Gary Brown, Director
Water and Sewerage Department

RE: **Public Hearing for Water Main Replacement**
Drinking Water Revolving Fund (DWRF), FY19 Project Plan

MOTION

Upon recommendation of Thomas Naughton, Chief Financial Officer, the Board of Water Commissioners for

the City of Detroit, Water and Sewerage Department authorizes the Director to **execute a resolution pertaining to securing low interest loan assistance through the Drinking Water Revolving Fund (DWRf) for Water Main Replacement as detailed in the FY19 DWRf Project Plan**, and also authorizes the Director to take such actions as may be necessary to accomplish the intent of this vote.

JUSTIFICATION

The Water Main Replacement is necessary to ensure that the Detroit Water and Sewerage Department (DWSD) will consistently and reliably provide high quality potable water to its customers in the City of Detroit. DWSD is seeking a low interest loan assistance through the DWRf program. Although the MDEQ interest rate for FY 2019 will not be determined until October 2018, the current year's interest rate of 2.0% is less than the present conventional bond rate. Based on the estimated project amount, DWSD could save an estimated \$9 million interest costs and avoided issuance costs, based on a similar market revenue bond with a 30-year term and 5.0% interest rate. This will afford savings to DWSD and its customers.

The Water Main Replacement Project is comprised of replacing 42,000 feet (approximately 8.0 miles) of aged water mains ranging in size from 8 to 16 inches with new water mains. These water mains are located throughout the City of Detroit.

BACKGROUND

Attached for your review is a copy of the FY19 DWRf Project Plan for the Water Main Replacement and resolution in support of the Project Plan. The Public Hearing on the FY19 Water Main Replacement Plan was held on April 4, 2018 at 1:00 P.M. Upon approval of the resolution, the Water Main Replacement Project Plan will be assembled, printed, and submitted to the MDEQ by May 1, 2018.

PROJECT OBJECTIVE/COST

GLWA will be the loan applicant on the DWRf loans issued on behalf of DWSD, and DWSD will be the DWRf loan recipient as determined by MDEQ. All project costs financed by GLWA, on behalf of DWSD, through the DWRf program bonds and resulting principal and interest payments on the bonds will be directly allocable to the DWSD local system. Debt service is anticipated to begin in FY 2020 for this project and will be included as part of the FY 2020 financial plan.

The overall capital cost of the Project Plan through the DWRf Program is estimated to be \$16,000,000.00 with repayment of the DWRf loan, payable to GLWA, over a 30-year period.