

City of Oak Harbor  
City Council Agenda Bill

Bill No. 4. f.  
Date: November 15, 2016  
Subject: Amendment to WQC-2016-  
OakHar-00240 - SRF Loan  
Financing

**FROM: Dr. Doug Merriman, City Administrator**

**INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:**

- Bob Severns, Mayor
- Doug Merriman, City Administrator
- Patricia Soule, Finance Director
- Nikki Esparza, City Attorney, as to form

**RECOMMENDED ACTION**

Authorize the City Administrator to sign Amendment No. 1 to agreement No. WQC-2016-OakHar-00240 between the State of Washington Department of Ecology and the City of Oak Harbor.

**BACKGROUND / SUMMARY INFORMATION**

Previously, the City of Oak Harbor issued applications to the Washington Department of Ecology (DOE) to obtain State Revolving Fund financing for the Clean Water Facility in each of the last three years including one for 2015, 2016 and one for 2017. When multiple year applications are made in this manner, DOE will consolidate the annual awards into one Master Agreement upon final approval of each year's award.

Previously, the City and DOE established Agreement WQC-2016-OakHar-00240 for the purpose of establishing the City's 2016 SRF award in the amount of \$20,882,311.00. Now that the City is being awarded a subsequent SRF loan package for 2017, the next step is to consolidate the City's 2017 SRF award, in the amount of \$44,766,854.00, into the 2016 Agreement by using this proposed amendment. The resulting consolidated agreement will now reflect the combined total of \$65,649,165.00 - the sum of the two packages referred to above.

The attached agreement breaks down the scope of work into tasks of Project Administration/Management, Construction Management, and Construction. The Amendment further establishes the two 20-year loans to be amortized separately and simultaneously, using the awarded interest rates for each individual loan package. The Amendment will be effective July 1, 2016 the official date of the award.

While the City did apply for and receive funding in the 2015 SRF cycle, the 2016 SRF and 2017 SRF packages are the only ones being consolidated due to the similar construction nature of the two packages.

## **LEGAL AUTHORITY**

## **FISCAL IMPACT**

This Amendment establishes the contractual obligation of the City to accept the additional \$44,766,854.00 in SRF funding at an interest rate of 1.6% for a 20-year term.

## **PREVIOUS COUNCIL / BOARD / CITIZEN INPUT**

## **ATTACHMENTS**

1. [Amendment to Agreement WQC-2016-OakHar-00240](#)



**AMENDMENT NO. 1  
TO AGREEMENT NO. WQC-2016-OakHar-00240  
BETWEEN  
THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY  
AND  
CITY OF OAK HARBOR**

**PURPOSE:** To amend the above-referenced agreement (AGREEMENT) between the state of Washington Department of Ecology (ECOLOGY) and City of Oak Harbor (RECIPIENT) for the City of Oak Harbor Wastewater Treatment Plant (PROJECT).

This amendment is needed to add in additional funds to the budget based on the FY2017 new award of \$44,766,854 for application/agreement number WQC-2017-OakHar-00081. The scope of work will remain the same, only the task amounts will change. The agreement will have two amortization schedules, one for FY2016 funds and one for FY2017 funds.

IT IS MUTUALLY AGREED that the AGREEMENT is amended as follows:

Total Eligible Cost:

Original: 20,882,311.00 Amended: 65,649,165.00

**CHANGES TO SCOPE OF WORK**

Task Number: 1 **Task Cost:** \$360,000.00

Task Title: Project Administration/Management

Task Description:

A. The RECIPIENT shall carry out all work necessary to meet ECOLOGY grant or loan administration requirements. Responsibilities include, but are not limited to: maintenance of project records; submittal of requests for reimbursement and corresponding backup documentation; progress reports; and a recipient closeout report (including photos).

B. The RECIPIENT shall maintain documentation demonstrating compliance with applicable procurement, contracting, and interlocal agreement requirements; application for, receipt of, and compliance with all required permits, licenses, easements, or property rights necessary for the project; and submittal of required performance items.

C. The RECIPIENT shall manage the project. Efforts include, but are not limited to: conducting, coordinating, and scheduling project activities and assuring quality control. Every effort will be made to maintain effective communication with the RECIPIENT's designees; ECOLOGY; all affected local, state, or federal jurisdictions; and any interested individuals or groups. The RECIPIENT shall carry out this project in accordance with any completion dates outlined in this agreement.

**Task Goal Statement:**

Properly managed and fully documented project that meets ECOLOGY’s grant or loan administrative requirements.

**Task Expected Outcome:**

- \* Timely and complete submittal of requests for reimbursement, quarterly progress reports, and RECIPIENT closeout report.
- \* Properly maintained project documentation

**Recipient Task Coordinator:** Joe Stowell, P.E., Oak Harbor City Engineer

**Deliverables**

Number	Description	Due Date
1.1	Progress Reports	
1.2	Recipient Closeout Report	
1.3	Project Outcome Summary Report	

**CHANGES TO SCOPE OF WORK**

Task Number: 2 **Task Cost:** \$6,533,879.00

Task Title: Construction Management

**Task Description:**

A. The RECIPIENT will provide adequate and competent construction management and inspection for the project. This may involve procuring professional services. If procuring professional services, the RECIPIENT will procure them in accordance with state law. The RECIPIENT will include ECOLOGY’s specification insert in the contract document. The RECIPIENT must submit all contracts for construction management services before ECOLOGY will provide reimbursement for work performed under this task.

B. The RECIPIENT will develop a detailed Construction Quality Assurance Plan as required by WAC 173-240-075 and submit it to ECOLOGY for review. This plan must describe the activities which the RECIPIENT will undertake to achieve adequate and competent oversight of all construction work.

C. The RECIPIENT will provide a plan of interim operation for the Diversion Pump Station to document how this system will remain in continuous operation during construction.

D. The RECIPIENT will ensure construction progresses according to a timely schedule developed to meet completion dates indicated in the construction contract. The RECIPIENT will revise or update the schedule whenever major changes occur and resubmit to ECOLOGY. In the absence of major changes, the RECIPIENT will describe progress of the construction in quarterly progress reports.

E. The RECIPIENT will prepare a facility Operations and Maintenance Manual as required by WAC 173-240-080 and as generally described in section G1-4.4 of ECOLOGY’s Criteria for Sewage Works Design (Orange Book). The

RECIPIENT must provide a complete draft of the O&M manual to ECOLOGY for review prior to start-up testing of the facility.

F. Upon completion of construction, the RECIPIENT will provide ECOLOGY’s Project Manager with a set of "as-built" plans (i.e., record construction drawings which reflect changes, modifications, or other significant revisions made to the project during construction)

G. Upon project completion, the RECIPIENT will submit the Declaration of Construction Completion form to ECOLOGY in accordance with WAC 173-240-090. The form, when signed by a professional engineer, indicates that the project was completed in accordance with the plans and specifications and major change orders approved by the ECOLOGY, and is accurately shown on the as-built plans.

**Task Goal Statement:**

Ensure construction contractor completes construction of a new wastewater treatment facility in Oak Harbor consistent with the requirements of the approved plans, specifications and change orders in a timely manner.

**Task Expected Outcome:**

- \* Wastewater treatment facility construction completed according to approved plans, specifications and change orders.
- \* Construction completed within scheduled timeline specified in the construction contract.
- \* Development of an operations and maintenance manual for the new facility and outfall (funded separately by ECOLOGY).

**Recipient Task Coordinator:** Joe Stowell, P.E., City Engineer

**Deliverables**

Number	Description	Due Date
2.1	A copy of all executed contracts for engineering services and construction management work to be performed under this task.	
2.2	Construction Quality Assurance Plan and, if necessary, plan updates.	
2.3	Plan of Interim Operation for the Diversion Pump Station.	
2.4	Construction schedule and periodic schedule updates.	
2.5	Draft facility Operations and Maintenance Manual.	
2.6	One electronic copy (in PDF) of “as-built” plans. If the RECIPIENT is unable to generate an electronic copy of the “as-built” plans, they may substitute one paper copy formatted as half-size drawings.	
2.7	Declaration of Construction Completion form to be provided by ECOLOGY.	

**CHANGES TO SCOPE OF WORK**

Task Number: 3 **Task Cost: \$58,755,286.00**

Task Title: Construction

Task Description:

A. The RECIPIENT will execute a contract for GC/CM services for the construction of a new wastewater treatment plant according to the rules and restrictions in Chapter 39.10 RCW and as authorized by the Capital Projects Advisory Review Board. The GC/CM contract must include ECOLOGY's specification inserts and the RECIPIENT must ensure that all requests for bids issued by the GC/CM contractor for the project include Ecology's specification inserts.

B. The RECIPIENT will complete construction of the Oak Harbor Clean Water Facility, designed under agreement WQC-2015-OakHar-00021, in accordance with plans (drawings) and specifications approved by ECOLOGY. The Oak Harbor Clean Water Facility will include, but not be limited to: wastewater screening, girt removal, membrane bioreactor treatment, UV disinfection, odor control, biosolids handling, on-site laboratory, and support buildings for administrative and maintenance activities.

The project includes the following items that meet the EPA green project reserve criteria:

1. Treatment and storage systems to allow use of effluent as non-potable water supply.
2. Incorporation of bioswales into exterior landscaping to manage stormwater runoff from the facility .

C. The RECIPIENT will conduct a pre-construction conference and invite ECOLOGY staff to participate.

D. As a condition of receiving this funding, the RECIPIENT will prepare a fiscal sustainability plan. The RECIPIENT will certify that a plan that contains at least the minimum required elements listed above has been developed and is being implemented. The plan must include the following elements

1. An inventory of critical assets that belong to the utility.
2. An evaluation of the condition and performance of the critical assets.
3. A plan to maintain, repair, and replace the critical assets and to fund those activities.
4. A process to evaluate and implement water and energy conservation efforts as part of the plan.

E. The RECIPIENT will negotiate all change orders to the construction contract necessary for successful completion of the PROJECT. The RECIPIENT will submit the change orders to ECOLOGY for approval. Change orders that are a significant deviation from the approved plans/specifications must be submitted for approval, prior to execution. All other change orders must be submitted within 30 days after execution. "Significant deviation" means any change that may result in modifying the approved design details related to treatment process components and strategies. .

Task Goal Statement:

Construct a new wastewater treatment plant in Oak Harbor in accordance with the approved plans and specifications developed under WQC-2015-OakHar-00021.

Task Expected Outcome:

\*Complete installation of a new wastewater treatment plant in Oak Harbor.

Recipient Task Coordinator: Joe Stowell, P.E., City Engineer

**Deliverables**

<b>Number</b>	<b>Description</b>	<b>Due Date</b>
3.1	Copy of each Request for Bid package developed and issued by the GC/CM contractor for project construction components.	
3.2	Copy of each Guaranteed Maximum Price amendment negotiated with the GC/CM contractor for the project, including details demonstrating how the maximum cost was established and describing the process for selecting sub-contractors.	
3.3	Copy of the Notice to Proceed for each project package.	
3.4	Minutes of the pre-construction meeting.	
3.5	Documentation of the project elements that meet the EPA green project reserve criteria.	
3.6	Copy of approved change orders.	
3.7	Copy of the Notice of Substantial Completion.	
3.8	Certification that the Financial Sustainability Plan has been developed and is being implemented.	

**CHANGES TO THE BUDGET**

**Funding Distribution EL170038**

Funding Title: SRF Loan FY2017

Funding Type: Loan

Funding Effective Date: 07/01/2016

Funding Expiration Date: 12/31/2018

Funding Source:

Title: CWSRF - SFY17

Type: Federal

Funding Source %: 100%

Description: Clean Water State Revolving Fund-This grant will provide additional capital for Washington's Water Pollution Control Revolving Fund. This capital will be used to offer low interest loans to projects that will address the state's high priority water quality needs. The projects receiving financial assistance will generally protect and restore water quality and aquatic habitat.

Federal Awarding Agency: U.S. Environmental Protection Agency  
 Federal Awarding Agency Contact: Edward H. Chu  
 Federal Awarding Agency Phone: 206-553-0850  
 Federal Awarding Agency Email: Chu.Ed@epa.gov  
 Federal Awarding Agency Address: EPA Region 10, Mail Code: OMP-173, 1200 Sixth Avenue, Suite 900, Seattle WA 98101  
 CFDA Catalog Name: Capitalization Grants for State Revolving Fund  
 CFDA Number: 66.458  
 FAIN: 53000116  
 Research Grant: No  
 Federal Award Date: 08/12/2014  
 Total Federal Award Amount: \$27,882,000.00  
 Federal Funds Obligated To Recipient: \$44,766,900.00

Approved Indirect Costs Rate: Approved State Indirect: 25%  
 Recipient Match %: 0%  
 InKind Interlocal Allowed: No  
 InKind Other Allowed: No  
 Is this Funding Distribution used to match a federal grant? No

Effective Interest Rate: 1.6% Interest Rate: 0.6% Admin Charge: 1%

Terms: 20 years

Project Start Date: 07/01/2014 Project Completion Date: 12/31/2018

Estimated Initiation of Operation date: 07/01/2018

Loan Security: Revenue Secure Lien Obligation of the Recipient

Final Accrued Interest: \$

Final Loan Amount: \$

Repayment Schedule Number: 2320

<b>SRF Loan FY2017</b>	<b>Task Total</b>
Construction Management	\$ 4,656,854.00
Construction	\$ 40,000,000.0
Project Administration/Management	\$ 110,000.00

**Total: \$ 44,766,854.0**



**Funding Distribution Summary**

**Recipient / Ecology Share**

<b>Funding Distribution Name</b>	<b>Recipient Match %</b>	<b>Recipient Share</b>	<b>Ecology Share</b>	<b>Total</b>
SRF Forgivable Principle	0 %	\$ 0.00	\$ 463,154.00	\$ 463,154.00
Centennial	0 %	\$ 0.00	\$ 4,586,846.00	\$ 4,586,846.00
SRF Loan	0 %	\$ 0.00	\$ 15,832,311.0	\$ 15,832,311.0
SRF Loan FY2017	0 %	\$ 0.00	\$ 44,766,854.0	\$ 44,766,854.0
<b>Total</b>		<b>\$ 0.00</b>	<b>\$ 65,649,165.0</b>	<b>\$ 65,649,165.0</b>

