



# **CITY OF** **St. Joseph**

## **Drinking Water Revolving Fund Project Plan Update**

April 20, 2024 DRAFT to  
original plan dated June 11, 2020  
amended plan dated June 13, 2022

## **Purpose**

The purpose of this DWSRF Project Plan Update is to provide the scope of work proposed to be funded through the DWSRF loan process and notify City of St. Joseph rate payers of the rate increase needed to fund the projects. This updates the DWSRF Project Plan dated June 11, 2020, and amended on June 13, 2022.

## **Water Distribution System Improvements**

The projects proposed for funding in FY25 include replacement of the watermain on Botham Avenue from South State Street to Niles Avenue and Lead Service Line Replacement Projects throughout the City of St. Joseph. The plan closely follows what was included in the June 2022 DWSRF Project Plan Amendment.

### Botham Avenue Reconstruction Project

The Botham Avenue Project includes installation of a 12" diameter watermain from South State Street to Niles Avenue. This will include a jack & bore under Niles Avenue in order to connect to the 12" diameter water main installed in 2015 when Botham Avenue was reconstructed from Niles Avenue to Morton Avenue. This work was originally estimated at \$450,000 in the 2022 DWSRF Project Plan Amendment. The City updated the water eligible estimate to \$725,000, and added a contingency for this project as part of the intent to apply process given recent construction inflation. Lead service line replacements on Botham Avenue were completed in advance of this planned reconstruction project in accordance with the prioritization process outlined in the 2020 DWSRF Project Plan and the 2022 DWSRF Project Plan Amendment.

### Lead Service Line Replacement Project(s)

The Lead Service Line Replacement (LSLR) work is expected to occur City-wide and focus on replacing galvanized services previously connected to lead over a period of three years. The LSLR Projects will also include future project areas listed in the Asset Management Plan on roads eligible for federal aid, and lead services that test high for lead. In 2018, City staff estimated the cost of the LSLR program to be approximately \$1,000,000 per year in order to maintain a 5% replacement pace to remain in compliance with the 2018 Lead and Copper Rule. The 2022 DWSRF Project Plan Amendment estimated a cost of \$4,140,000 to replace approximately 150 lead service lines per year on average from 2025 through 2027. The \$3,750,000 amount is slightly lower than that listed in the 2022 amendment for a several reasons.

1. The work will focus on galvanized services previously connected to lead in areas of the City where the public side of the services have already been replaced. Therefore, roadway removal and replacement is not required for these LSLRs, significantly reducing the cost per service replaced.

- The City Commission authorized hiring a Construction Manager in 2022. As a result of this, the City has been able to manage most aspects of LSLR DWSRF Projects in-house at a significant savings due to the reduction in consulting fees.

Part of the justification in seeking a \$5,000,000 total DWSRF loan, and three years of LSLR projects in a single loan, is to reduce the SRF loan generation fees as a percent of each project.

The attached maps provide the potential areas for lead service line replacements as part of a FY25 DWSRF Loan. City staff intends to bid the projects similar to how it has been done in the past, using a base bid and add alternate approach in order to optimize the number of LSLRs within the DWSRF loan amount. A replacement rate of approximately 60% of the services in the work areas shown is predicated on our experience on LSLR projects to date.

### Summary of Costs

The following tables provide a summary of the lead service line replacement and the overall summary of costs associated with the proposed DWSRF FY25 low interest loan.

<b>FY25 DWSRF Loan - Lead Service Line Replacement (LSLR) Estimate</b>			
<b>Type of Service Replacement</b>	<b>Estimated LSLRs</b>	<b>Cost / LSLR</b>	<b>Total</b>
Galvanized Previously Connected to Lead	517	\$ 4,000	\$ 2,068,000
Future Project Areas	124	\$ 8,000	\$ 992,000
Services that test high for lead (~25/Year)	75	\$ 9,000	\$ 675,000
<b>Total</b>			<b>\$ 3,735,000</b>

<b>FY25 DWSRF Loan - Overall Summary</b>	
<b>Project/Cost</b>	<b>Cost</b>
Botham Avenue Reconstruction Project	\$ 725,000
LSLR Projects	\$ 3,735,000
Contingency (10%)	\$ 446,000
Bond Origination Costs	\$ 94,000
<b>Total</b>	<b>\$ 5,000,000</b>

The costs listed above are limited to eligible DWSRF expenses. The Botham Avenue Reconstruction Project is included in the Twin Cities Area Transportation Study (TwinCATS) Transportation Improvement Program (TIP) and is slated to receive up to \$687,500 in Surface Transportation Block Grant (STBG funding) for roadway eligible costs.

## **Costs to Users**

The expected annual debt repayment for the FY2025 loan is \$10,363.75 per month for 30 years. With 5,342 users (based upon residential equivalent units) in the City system, it is expected that the necessary rate increase, to finance the debt service will be on average of \$3.81/month per a typical City residential user. However, the rate increase could be lower if the loan forgiveness is provided for the lead service line replacements as it has been in the recent past.

## **Public Involvement**

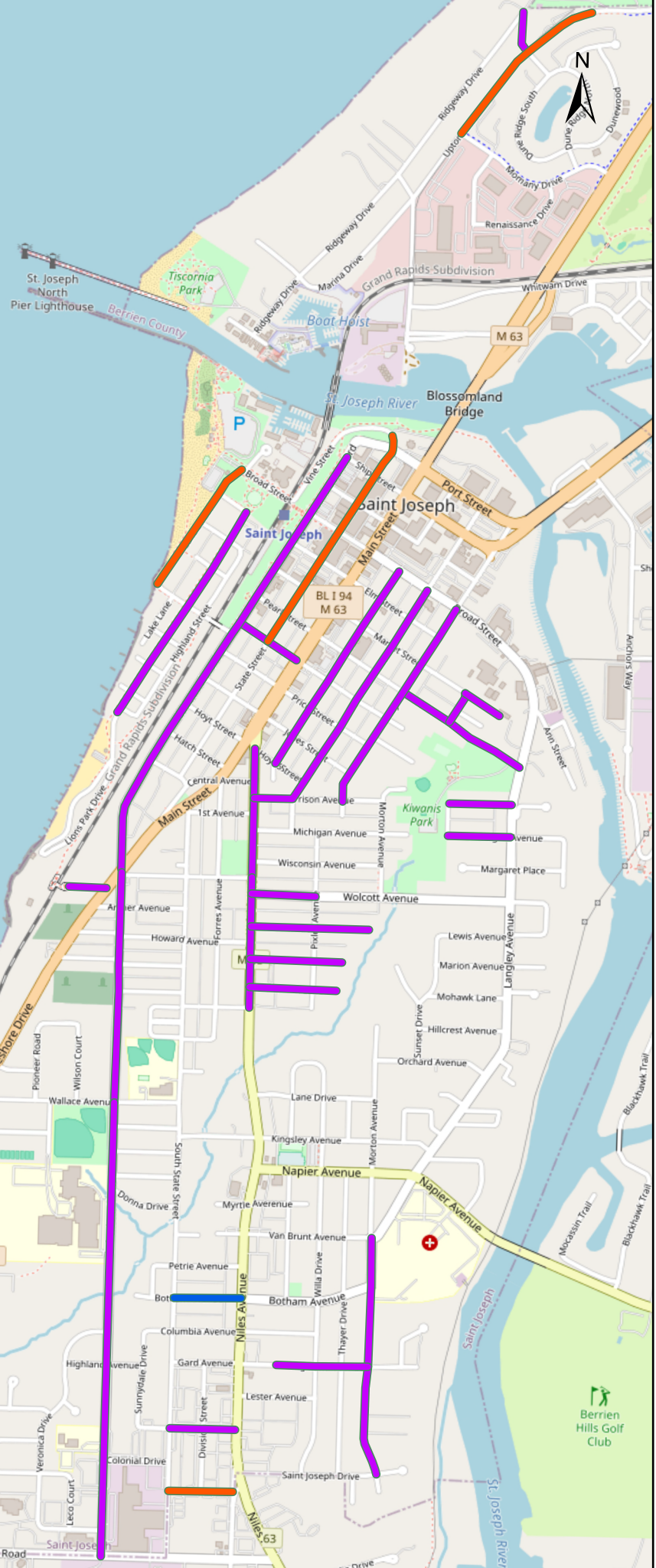
A public hearing is scheduled on May 13, 2024 as part of the regular City Commission Meeting commencing at 6 PM.

# Project Areas

- █ Estimated Private Service Replacements (517 - LSLRs)
- █ Estimated Future Project LSLRs (124 - LSLRs)
- █ Water Distribution System Improvement Project

Street Name	Estimated Number of GPCL Replacements	Estimated Number of Future Project LSLRs	Total Number of Services within Area
Church St	42	0	70
Cleveland Ave	0	15	15
Court St	45	0	74
Greenwood Ave	16	0	27
Harrison Ave	22	0	24
Highland Ave	6	0	9
Lake Blvd	44	0	72
Lake Ct	5	0	8
Lake Street	0	14	14

Lakeview Ave	25	0	41
Lakeview Ave	31	0	51
Lewis Ave	26	0	43
Lions Park Drive	54	0	89
Market St	6	0	6
Michigan Ave	20	0	22
Midway Ave	1	0	1
Mohawk Lane	12	0	16
Morton Ave	21	0	35
N Upton Dr	5	0	7
Niles Ave	22	0	36
Niles Ave	19	0	32
Old Lakeshore Dr	11	0	20
Olive St	2	0	2
Park St	3	0	8
Pearl St	17	0	27
St. Joseph Dr	0	6	6
State St	0	63	63
Upton Drive	0	26	27
Wayne St	42	0	68
Wolcott Ave	20	0	25
<b>Total</b>	<b>517</b>	<b>124</b>	<b>938</b>



Lead services that sample high for lead area - 75 have been estimated (25/year) for the purpose of this DWSRF loan.

