THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: September 27, 2022

Subject: Water Resources' 10 Year Capital Improvement Forecast

Staff Resource(s): David Melton, Director of Water Resources
Leslie Carreiro, Assistant Director of Water Resources

Action Requested: Adoption of motion to review and approve the Water Resource Department's 10-year Capital Improvement schedule.

Background:

- The Water Resources Department is seeking funding for major capital improvement projects through the NC Department of Environmental Quality's (NCDEQ) Division of Water Infrastructure's (DWI) ARPA grants and State Revolving Funds (SRF) application process.
- The department has already been awarded two grants from the Spring application process:
    - $400,000.00 for North Fork and Wm. DeBruhl Water Treatment Plant (WTP) Study and
    - $5,000,000.00 towards the Mills River WTP Miscellaneous Improvements - Phase 2 project
    - The combined $5,400,000.00 is the maximum amount a non-distressed water system in North Carolina could receive during the Spring 2022 process.
- Council adopts Water Resources five year CIP as a part of the budget process.
- The Water Resources Department is amending the five (5) Year CIP adopted by City Council.
- Two items have changed within the CIP since the previous approval:
    - Adjustments in Revenue for 2023: $400,000 of the NF & WD WTP Treatment Study and $5,000,000 for the Mills River WTP Misc. Improvements - Phase 2 project
    - Adjustments to CIP Improvement Program for 2024 of $15,000,000 for the Mills River WTP Misc. Improvements - Phase 2 project
- Funding through DWI & SRF are based on a points system.
- Having an adopted 10 year capital plan will allow the City to obtain more points on future grant applications.
- The remaining 5 years of this 10 year CIP forecast is meant to assist the department with creating a new rate plan and improve the ability to obtain funding from NCDEQ - DWI's Grants and State Revolving Funds (SRF) programs.

Council Goal(s):

- Improve/Expand Core Services

Committee(s):

- N/A

Pro(s):

- Additional funding through either ARPA grant or State Revolving Funds (SRF) programs will lessen the burden on our ratepayers by providing funds on a low interest or interest forgiveness basis.
- If awarded, funds will significantly reduce the debt issuance required to complete these projects.
- Project will ensure the Mills River Water Treatment Plant (WTP) is more resilient and will have a higher production capacity to serve the growing population.

Con(s):

- Without adequate funding major improvements will be postponed, potentially impacting the City's ability to meet current and future water demands at the Mills River WTP.

Fiscal Impact:

- There is no direct fiscal impact to approving the 10-year capital plan, adjustments to the Water Resources capital budget will continue to be made through the budget development process.
- If awarded, grant funding or low-interest loans will help to fund needed investments in water system infrastructure.

Suggested Motion:

- Motion to approve the Water Resources Department's 10-year Capital Improvement forecast.

Attachment(s) :

- 10-Year Capital Improvement Forecast
- Letters from NC DEQ of Water Infrastructure of Intent to Fund