

TO: Kurt Hodgen, City Manager
FROM: Mike Collins, Public Utilities
DATE: October 10, 2017
RE: Shenandoah Raw Water Project

Summary:

As Director of Harrisonburg Public Utilities (HPU), I have made recommendation to City Council on September 29, 2016 to re-engage the Shenandoah Raw Water Project. This presentation will provide an update to the progress of the project.

Background:

The City is currently operating under the guidelines of the HPU "Raw Water Supply Management Plan". A key driver of the plan is the City's Virginia Water Withdrawal Permits #16-0760 as issued by DEQ. The most significant activity within the plan and permit is completing the Shenandoah Raw Water Project.

As a follow up to collaboration with the City Council Finance Committee, I have recommended that we fund the waterline construction in FY2018 and the fund the pump station construction (along with some Western Raw Waterline Projects) in FY 2020. I have also collaborated with Finance Director Propst to initiate a progression of rate increases to accommodate forecasted debt payments for the referenced funding. The initial step of the rate increase was enacted for FY2018 beginning July 1, 2017.

Key Issues:

- 1) Presentation of the project organization
- 2) Presentation of the project construction schedule
- 3) Presentation of the construction prerequisites
- 4) Presentation of total project activity schedule

Environmental Impact:

The project is endorsed by DEQ as an environmentally sound project for supplying water to address future growth while adding environmental safe guards to the City's Dry River, North River and South Fork of the Shenandoah River raw water sources.

Fiscal Impact:

- \$ 7M bank loan funding FY2018
- \$ 11M - \$13M bond funding to be coordinate at the recommendation of the Finance Director
- \$ 5M to be funded FY2020

Prior Actions:

- City Council supported the initial presentation and recommendation of September 29, 2016.
- City Council approved the FY2018 water rate increase as a first step funding activity.

Alternatives:

Delay the schedule

Community Engagement:

Open for discussion at City Council

Recommendation:

City Council is an important project stakeholder and should be given opportunity for project input as desired.

Attachments:

- 1) Power point presentation

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

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