



**Report No.** SUA-16-09

**Agenda Item No.** 5A

**Status:** General Orders

**Purpose:** Water 2040 Implementation Plan III

**Background Summary:** Since early 2012 planning has been ongoing for major improvements to Stillwater's water distribution system. The Water 2040 Program addresses needs and allows for growth in the southwest part of Stillwater while also providing peripheral benefits to other parts of the City's water distribution systems. In May 2013, the Trustees approved Water 2040 Implementation Plan II.

In May 2014, the Oklahoma Department of Environmental Quality (ODEQ) issued a Consent Order ([SUA-14-38](#)) to the City requiring completion of certain projects within a specific timeframe in order to eliminate the use of unpermitted booster stations in the southern and southwestern areas of the City. The Order requires the City to begin construction by July 1, 2016 and complete construction of projects related to the unpermitted temporary booster stations by July 1, 2018.

The proposed Implementation Plan III, attached, separates the Water 2040 Program into 16 projects, orders the projects by hydraulic priority and divides them into three financing packages - A, B and C. Package A, which began in 2014, includes program development, design and real estate acquisition for all of the projects, and construction for nearly half of the projects. Package B, beginning in 2017, includes construction for the second half of the projects and design for the 36" Paired Water Line Project. Package C, beginning in 2018, includes construction for the 36" Paired Water Line Project.

**Budget Impact:** Implementation Plan III increases the Water 2040 overall program by \$15M to a new estimate of \$93M. The increase is mostly due to updated construction costs and inflation for project completion in later years. To date, Water 2040 expenses of about \$2.3M have been paid from the Water Capital Fund (WCF). Trustees have previously approved making application for DWSRF financing in order to provide adequate funding for the Water 2040 Program. Council and Trustees authorized debt of approximately \$30M for FY16 through Resolutions CC-2016-2 and SUA-2016-1. Under Implementation Plan III, approximately \$15M in debt will be presented to Trustees in FY17 for authorization of Package B financing.

**Alternatives:** The alternatives available to Trustees include:

- continuing with Implementation Plan II,
- providing additional guidance for Implementation Plan III, or
- authorizing Implementation Plan III, as attached.

**Recommendation:** Staff recommends Trustees provide the following:

- approval of the proposed Implementation Plan III as presented in this report and direction for staff to proceed with implementation,
- authorize \$8,100,000 for the PSA with CH2M HILL for Packages A and B only, and
- authorize \$9,072,000 in total program costs, which includes a 12% contingency, a higher contingency to provide for program-level planning and coordination efforts which are requirements above and beyond typical project needs.

**Reviewed by:** William Millis

**Reviewed by:** Dan Blankenship, Utility Director

**Attachments:** Implementation Plan III