

AGENDA

ISHPEMING CITY COUNCIL SPECIAL MEETING

Tuesday, June 28, 2022 at 5:00 p.m.

Ishpeming City Hall Council Chambers

100 E. Division Street, Ishpeming

City Hall Telephone Number: 906-485-1091

Meeting Called to Order

Roll Call

Agenda Comment

AGENDA ITEMS

1. Public Hearing on the Proposed Water System Improvements Project Plan: Drinking Water Revolving Fund
2. Resolution # 8-2022, Adopting the Water System Improvements Plan and designating an authorized project representative
3. Purchase of the Wheeled Excavator with trade in of 1987 790D Tracked Excavator

Adjournment



Craig H. Cugini
City Manager



424 South Pine Street Ishpeming, MI 49849
906-485-1011 • 877-834-3827 • Fax: 906-485-1013

June 22, 2022

City of Ishpeming City Council
100 E Division Street
Ishpeming, MI 49849

Dear City of Ishpeming,

UP Engineers & Architects was contracted by the City of Ishpeming to complete the Drinking Water State Revolving Fund (DWRP) Project Plan for potential funding through the State Revolving Fund (SRF) Program. The Project Plan was specific to the 2023 construction items identified by UPEA and City Staff for improvements to the City of Ishpeming Water System. This work includes the removal and replacement of aged and undersized water main and lead/galvanized services and associated appurtenances. These improvements are needed to improve the operational capabilities and reliability of the system. The current project cost estimate is at \$15,000,000. It is projected that this project size, with a term of 30 years and a rate of 2.125%, would result in a rate increase of approximately \$28 per residential user. It is worth noting that this assumes zero dollars in principal forgiveness/grant or the use of any current annual reserves that the City collects on the Water System.

If EGLE makes a funding offer to City of Ishpeming for the proposed project, an analysis will be performed by UPEA to determine if that is the most cost-effective funding option. The approval of this project plan and the adoption of the attached resolution moves the application process forward with the State of Michigan but does not require the City to accept a funding offer. There is a good chance that USDA RD will still have more attractive rates/terms/grant percentages for the City of Ishpeming Water System. UPEA will be evaluating all options once a funding offer is made and bringing that information back to the City Council for review/discussion/approval.

Kinds regards,

Matthew Treado, PE
UPEA Ishpeming Office Manager
424 S Pine Street, Ishpeming, MI
906-235-4810

Office also in:
Houghton
Iron Mountain
Marinette
Sault Ste Marie

U.P. Engineers & Architects, Inc.

www.UPEA.com

**City of Ishpeming
DWRF Project Plan Public Hearing
June 28th @ 5:00 pm**

Introduction:

Greetings, this meeting is be held as part of the project plan requirements for the State of Michigan Drinking Water Revolving Fund (DWRF) submittal process. This program is setup for funding water system improvement projects in the State of Michigan. This is one of the funding sources for the City of Ishpeming.

UP Engineers & Architects was retained by the City of Ishpeming to assist with the funding application process. This meeting will outline the purpose and impacts of the project and then open the floor up for public comment.

The following to be discussed at the public hearing:

1. *A description of the drinking water quality needs and problems to be addressed by the proposed project and the principal alternatives that were considered.*

Alternative #1 - The removal and replacement of aged and undersized water main, lead/galvanized water services, and associated appurtenances.

Alternative #2 – No Action

2. *A description of the recommended alternative, including its capital costs and a cost breakdown by project components (e.g., supply, treatment, distribution, storage).*

The total proposed project costs are estimated at \$15 million. The options for the project are either Alternative #1, moving forward with the outlined improvements, or Alternative #2, no action. The preliminary cost opinion is outlined below.

City of Ishpeming - DWRF Preliminary Cost Opinion					
No.	Description	Qty	Unit	Unit Price	Total
1	Mobilization	1	LS	\$ 700,000.00	\$ 700,000.00
2	Lead Service Line Replacement	600	EA	\$ 10,000.00	\$ 6,000,000.00
3	Water Tank Security	1	LS	\$ 400,000.00	\$ 400,000.00
4	8" Ductile Iron Watermain	15000	LFT	\$ 100.00	\$ 1,500,000.00
5	8" Gate Valves	60	EA	\$ 7,500.00	\$ 450,000.00
6	Hydrant Assembly	60	EA	\$ 10,000.00	\$ 600,000.00
7	Curb Stop	600	EA	\$ 500.00	\$ 300,000.00
8	Corp Stop	600	EA	\$ 500.00	\$ 300,000.00
9	Roadway Improvements	20000	SYD	\$ 60.00	\$ 1,200,000.00
10	Misc	1	LS	\$ 800,000.00	\$ 800,000.00

Construction Subtotal	\$ 12,250,000.00
Contingency (10%)	\$ 1,225,000.00
Engineering (11.5%)	\$ 1,405,000.00
Administration	\$ 120,000.00

Total Project Cost Opinion \$ 15,000,000.00

3. A discussion of project financing and costs to users, including the proposed method of project financing and estimated monthly debt retirement; the proposed annual, quarterly, or monthly charge to the typical residential customer; and any special fees that will be assessed.

The proposed project is to be financed through the DWRF section of the State of Michigan Revolving Fund (SRF). The project is estimated to cost \$15 million, on a 30-year 2.125% loan with monthly payment cost of around \$60,000 per month which spread out among the 2,150 Equivalent Dwelling Units (EDUs) results in an approximate cost per single family residential user of \$28 per month. This cost does not include potential grant or principal forgiveness that may be provided by the State of Michigan. It also does not factor in the current contingency built into the City of Ishpeming Water System.

4. A description of the anticipated social and environmental impacts associated with the recommended alternative and the measures that will be taken to mitigate adverse impacts.

No anticipated adverse social or environmental impacts for this project. Construction shall take place during normal hours. The improvements are specific to existing water system infrastructure. Water service shall be maintained by the contractor throughout the construction process.

In the event no one from the public attends the hearing (a reporter would be considered a member of the public, as would members of the applicant's governing body), the public hearing may be opened and closed without a formal presentation of the project plan. However, a transcript or recording must still be submitted with the final project plan documenting this action.

2

**CITY OF ISHPEMING
RESOLUTION 8-2022**

**A RESOLUTION ADOPTING A FINAL PROJECT PLAN FOR WATER SYSTEM IMPROVEMENTS AND
DESIGNATING AN AUTHORIZED PROJECT REPRESENTATIVE**

WHEREAS, the City of Ishpeming recognizes the need to make improvements to its existing water treatment and distribution system; and

WHEREAS, the City of Ishpeming authorized UP Engineers & Architects, Inc. to prepare a Project Plan, which recommends the construction of the removal and replacement of aged and undersized water main, lead/galvanized water services, and associated appurtenances; and

WHEREAS, said Project Plan was presented at a Public Hearing held on June 28, 2022 and all public comments have been considered and addressed;

NOW THEREFORE BE IT RESOLVED, that the City of Ishpeming formally adopts said Project Plan and agrees to implement the selected alternative (Alternative No. 1).

BE IT FURTHER RESOLVED, that the City Manager, a position currently held by Craig Cugini, is designated as the authorized representative for all activities associated with the project referenced above, including the submittal of said Project Plan as the first step in applying to the State of Michigan for a revolving fund loan to assist in the implementation of the selected alternative.

Ayes:

Nays:

Abstain:

Absent:

I certify that the above Resolution was adopted by The City of Ishpeming on June 28, 2022.

BY: Cathy Smith, City Clerk/Assistant to the City Manager

Name and Title (please print or type)

Signature/Date