



City of Grand Island

Tuesday, November 08, 2011

Council Session

Item I6

**#2011-343 - Consideration of Declaration of Intent to Issue Bonds
for Uranium Removal System**

Staff Contact: Tim Luchsinger

Council Agenda Memo

From: Timothy Luchsinger, Utilities Director

Meeting: November 8, 2011

Subject: Declaration of Intent to Issue Bonds for Uranium Removal System

Item #'s: I-6

Presenter(s): Timothy Luchsinger, Utilities Director

Background

The City's municipal water system is supplied primarily from its Platte River Well Field. This well field is comprised of 21 wells and a pumping station. Testing for State regulatory requirements indicated composite uranium levels to be approaching the Maximum Containment Level (MCL) established by the EPA. Uranium is not an acute concern but rather is a chronic concern over a lifetime of exposure, and sampling and testing of the Grand Island water system thus far show full compliance with the EPA regulation. Testing of individual wells for uranium has indicated most wells exceed this MCL. To allow use of these wells during high water system demand periods, additional piping was installed in the past year for blending with lower uranium concentration wells. Recent testing of uranium concentrations in the wells indicated a trend towards increasing levels, reducing the effectiveness of well blending to reduce overall levels, therefore, based on Department recommendations, the Utilities Department was authorized by Council on February 22, 2011, to proceed with the procurement and installation of the large-scale pilot uranium removal system. Based on the multiple phase structure of the uranium engineering services RFP, HDR, the City's consultant on this project, was directed to provide a proposal for preparing specifications to issue for bids for an adsorptive media pilot plant. On June 28, 2011, Council awarded the contract for the Uranium Removal System – Equipment Procurement to Water Remediation Technology.

On August 23, 2011, Council approved the proposal of HDR Engineering, Inc., of Lincoln, Nebraska, for Uranium Removal Water Plant – Task Order No. 2. This task order authorized the detailed engineering services which included preparation of specifications for bidding of a new building and foundations, underground piping, well modifications, and installation of the uranium removal equipment. On October 11, 2011, Council awarded the contract for Uranium Removal Water Treatment Plant - Building Construction to Chief Construction of Grand Island, Nebraska, in the amount of

\$324,857.30 for the building and foundations that will be required for installation and operation of the uranium removal system.

Discussion

As previously proposed to Council, it is estimated that the capital cost of this project will be \$3,000,000, to be funded by bonding, with an annual operating cost of approximately \$800,000, which is to be funded by a rate adjustment resulting in additional annual revenue of about 20%. Until the bonding is in place, our bond underwriter, Ameritas, has advised that the City should declare their intention to use bond revenue to fund the capital improvements of adding the uranium removal system. This will allow bond proceeds to be used for costs of the uranium removal system prior to the bonds being issued and the funds are received.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the declaration of intent to issue bonds to reimburse expenses resulting from the procurement and installation of a uranium removal system for the City's water system.

Sample Motion

Move to approve the declaration of intent to issue bonds to reimburse expenses resulting from the procurement and installation of a uranium removal system for the City's water system.

RESOLUTION 2011-243

WHEREAS; the Mayor and Council of the City of Grand Island hereby find and determine that it is necessary and appropriate to declare their official intent to issue tax-exempt bonds on behalf of the City, and in addition, the City's reasonable expectations to reimburse certain expenditures with the proceeds of such bonds as proposed to be issued by the City in connection with the proposed project as described below.

WHEREAS; this Resolution shall stand as a statement of the City's official intent under Regulation Section 1.150-2 of the regulations of the United States Treasury and for such purpose the following information is hereby given:

- 1. A general functional description of the project for which expenditures may be made and reimbursement from bond proceeds provided is as follows:

The procurement and installation of a uranium removal system for improvements to the City's water system.

- 2. The maximum principal amount of debt expected to be issued for such project is \$3,000,000.00.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the declaration of intent to issue bonds to reimburse expenses resulting from the procurement and installation of a uranium removal system for improvements to the City's water system is hereby approved.

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Adopted by the City Council of the City of Grand Island, Nebraska, November 8, 2011.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
November 4, 2011 ☐ City Attorney