

Council Meeting Staff Report

April 19, 2017

Agenda No.:	7.C
Indexes (Council Goals):	BCC - N/A
Presenters:	Tim Glasco
Legislative File:	9184-17

Title

Options for the White Rock Wastewater Treatment Plant

Recommended Action

None

Staff Recommendation

See Body.

Body

The White Rock Wastewater Treatment Plant was constructed in the mid 1960's. The treatment process consists of an entrance works, two primary clarifiers, two trickling filters, two secondary clarifiers and a chlorine contact basin. Design flow of the treatment plant is 0.8 million gallons per day (MGD). In recent years peak flows received by the plant are less than 0.5 MGD, well below the plant design capacity. The plant has now been in operation over 50 years.

The plant was first scheduled for replacement beginning in fiscal year 2010 as follows.

- FY2010 White Rock Entrance Works Design
- FY2011 White Rock Entrance Works Construction
- FY2012 Facilities Plan for White Rock Treatment Plant
- FY2013 White Rock Treatment Plant Renovation Design
- FY2014 White Rock Treatment Plant Renovation

In 2008, the plant construction was deferred for 10 years after consideration of the financial reality of operating the sewer collection and treatment facilities, paying the debt incurred with the construction of the new Los Alamos Treatment Plant and avoiding increasing sewer rates.

In 2009, the DPU hired a consultant to prepare a condition/risk assessment which included a 10-year life extension plan that would keep the plant operational and meet the National Pollutant Discharge Elimination System permit through 2019. The following life extension projects were completed to keep the plant operational until 2019 when the new plant would come online.

- 2010 - Purchased septic Hauler for \$126,000 and hauled sludge to LAWWTP/Pojoaque Septic Facility. Abandoned existing digesters, boiler and associated pumps (2009 cost \$805,000 to return to reliable operation).
- 2011 - Replaced one trickling filter center column and distribution arms for \$172,000.
- 2012 - New fine screen for \$100,000.
- 2014 - Replace chlorination equipment and metering for \$64,000

In 2016, the DPU completed the Preliminary Engineering Report, Environmental Document and received proposals for the engineering services to design the new White Rock plant, consistent with the schedule to have the new plant operational in 2019. Evaluation of the wastewater fund finances and the current engineering and construction costs revealed the need to wait two years and generate additional revenue prior to seeking financing for the project. Current estimated costs for the project are as follow:

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- Engineering Design \$1,011,000
 - Construction Engineering/Inspection \$515,000
 - Construction \$12,750,000

In the current budget approved by the Utility Board in March of 2017 the White Rock plant design has been deferred to FY 2020 and construction to FY 2021. Staff is currently working on contingency planning in the event that critical aged and vulnerable equipment may fail given the that the old plant must now last to 2022. At a minimum, the trickling filter recirculation pumps will have to be replaced.

Staff has consulted with the New Mexico Environment Department Construction Programs Bureau who administers the Clean Water State Revolving Loan Program (CWSRLP) to coordinate our planning efforts with their administrative requirements. Notable information:

- The interest rates will be reduced to an all-time low of 2.38% in the spring of 2017 for terms up to 30 years.
- There may be an upcoming grant opportunity similar to the past American Recovery and Reinvestment Act of 2009. This would result in a grant component to new CWSRLP loans. To be eligible the DPU would have to complete an application by the open enrollment deadline or April 28, 2017. There is no commitment or consequences for applying and not proceeding with the loan. We were strongly encouraged to apply.
- Projected revenues that are secured by an executed ordinance that includes multi-year rate increases are recognized in consideration of an applicant's revenues.
- Refinancing our existing loan for the Los Alamos plant is an option. This can achieved for just the loan, or it can be rolled into a new loan for the White Rock plan replacement. There is a fee of 2% of the balance refinanced.

We recommend proceeding with the application so we can be eligible for grant funds if they become available. DPU could apply for engineering, construction or both. DPU must establish additional revenue through a rate increase to build-up adequate reserves to qualify for loan.

We provide the following options that have been discussed on path forward to replace the White Rock plant.

Move the project up 1-year (design FY2019, construct FY2020)

- This would require a loan secured by an approved rate increase.
- Refinancing existing debt could realize savings that could be applied.
- If we proceed to make application for the CWSRLP, grant funds may be available.
- This could be for only design if limited by revenues.

Defer construction of new plant until 2029 when the Los Alamos plant is paid off

- Existing plant cannot meet compliance for another 12 years.
- An estimated \$3.5 million temporary package plant would be required to meet permit requirements.
- This would require a loan secured by an approved rate increase.
- If we proceed to make application for the CWSRLP, grant funds may be available.
- Explore the possibility of designing new replacement plant to be constructed by 2029 with the capacity to receive sewage from LANL. LANL's wastewater plant is approaching it useful life. DPU would charge LANL a fee for this service that would cover proportional capital costs, administrative costs and O&M costs.

Alternatives

NA

Fiscal and Staff Impact

None

Attachments

A - White Rock Plant Picture

