

# Memorandum

January 10, 2018

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**TO:** Infrastructure Finance Authority Board  
**FROM:** Chris Cummings, Assistant Director  
**SUBJ:** Funding Opportunity of \$3,200,000—Safe Drinking Water Revolving Loan Fund Program for City of Detroit, Distribution System Replacement, No. 918-12992, SD 16-146

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## Requested Action

Informational Only       For Board Input       For Board Action (see Recommended Motion)

## Request

The city of Detroit, located 50 miles east of Salem on Hwy 22, has submitted a Safe Drinking Water Revolving Loan Fund (SDWRLF) application for \$3,200,000 for a waterline replacement project.

The city owns and operates a municipal water system that serves 210 permanent residents and up to an additional 800 during the summer. A significant portion of the distribution system for the city was constructed when the city was moved prior to the construction of Detroit Dam in 1952. The aging water lines are prone to significant leakage and are a major contributing factor to the large amount of unaccounted water. The proposed solution is replacement of approximately 10,000 lineal feet of water lines, focusing on those that have been identified as high priority areas in the older part of the city.

## Proposed Project

The city will contract for design and construction services to replace approximately 10,000 lineal feet of water mains throughout the city.

## Funding Summary

The city of Detroit qualifies as a Disadvantaged Community due to their projected user rate of \$60.00 by the project completion date, which exceeds their affordability rate of \$46.66.

## Recommended Motion

Move to approve an award of \$3,200,000 in Safe Drinking Water Revolving Loan Fund program funding to the City of Detroit, comprised of a \$2,170,000 loan at 1.00% for 30 years and a \$1,030,000 forgivable loan to replace areas of the distribution system.