

June 24, 2022

Angela Yu
Project Manager
Water Infrastructure Financing Section
Marquette District Office
Michigan Department of Environment, Great Lakes, & Energy (EGLE)

Re: City of Onaway– DWSRF Project Plan FY2023 Consideration

Dear Ms. Yu,

On behalf of the City of Onaway, please accept this letter as project cost adjustment for their 2021 DWSRF Project Plan.

The City of Onaway submitted a complete Project Plan, but was not selected to receive funding in 2021. It is the City's intent to continue pursuing loan and principle forgiveness funding through DWSRF for their lead impacted water service replacements throughout the city.

The approved Project Plan has not changed in scope nor size of the project. However, due to escalating construction and material costs, inflation and the abundance of construction work available, pricing outlined in the original Project Plan submittal are outdated. The project cost estimate outlined in the approved Project Plan was \$3,104,483. Based on more recent bidding of similar work, the revised estimate is now \$5,164,540. This includes construction, engineering, admin/legal fees and contingency.

The user rate cost adjustment is as follows:

| | |
|---|--------------------------|
| Current User Rate (Monthly Billing for 5,000 gallon or less): | \$25.76 per month |
| Initial Rate Increase (100% loan – From original Project Plan): | <u>\$22.73</u> per month |
| | \$48.49 per month total |

| | |
|---|--------------------------|
| Current User Rate (Monthly Billing for 5,000 gallon or less): | \$25.76 per month |
| Revised Rate Increase (100% loan – no principle forgiveness): | <u>\$38.24</u> per month |
| | \$64.00 per month total |

The City of Onaway qualifies as a Disadvantaged Community and anticipation is for principle forgiveness to be applied towards this project to offset the user rate increase, if selected on the FY22 Priority List.

Please include this letter as a supplement to the City of Onaway DWSRF Project Plan documentation.

Respectfully,

C2AE 

Darren Pionk, P.E.
Project Manager