



## MEMORANDUM

Date: June 18, 2024

To: Mayor Satya Rhodes-Conway  
Common Council  
Finance Committee  
Water Utility Board

From: Krishna Kumar, General Manager  
Joe Grande, Project Manager  
Pete Holmgren, Chief Engineer

Subject: 2024 SDWLP Revenue Bonds for Funding Well 15 PFAS Treatment Facility Project

## BACKGROUND

On March 5, 2024, Common Council awarded the construction contract for the Well 15 PFAS Treatment Facility Project for a total bid cost of \$4,297,330 to Joe Daniels Construction Co., Inc. of Madison, WI. The estimated total project cost for the treatment facility is \$5.89 million, with \$5.86 million being eligible for funding from the Department of Natural Resources (DNR). Out of the eligible funding amount, \$ 2.93 million (50%) is in the form of principal forgiveness. The construction of the project is expected to be completed by summer 2025.

## FUNDING FOR THE PROJECT

As mentioned above, Madison Water Utility (Utility) has been approved to receive \$2.93 million in principal forgiveness and \$2.93 million as a low-interest loan from the Safe Drinking Water Loan Program (SDWLP) for completing construction of the treatment facility. The SDWLP loan has an attractive annual interest rate of 2.145% and is repayable over a 20-year period.

Under the proposed nationwide PFAS litigation settlements, the Utility is expected to receive an estimated settlement payment of \$3.50 million over a 12-year proposed settlement payment period (2024-2036). The estimated payment would adequately cover the projected principal and interest payments on the \$2.93 million low-interest loan from the SDWL Program above.

The principal forgiveness portion of the SDWL Program (\$2.93 million) along with the estimated PFAS settlement amount (\$3.50 million) would essentially pay for the Utility's Well 15 PFAS treatment facility project (\$5.89 million), resulting in no direct financial impact on the Utility's rate payers.



The attached resolution authorizes the issue of \$2,932,862 in revenue bonds to the SDWLP. The DNR, who administers the SDWLP, plans to close the Utility's loan on July 24, 2024.

The legislative path for this item is shown below.

06/18/24 – Common Council (Introduction)

06/24/24 – Finance Committee

06/25/24 – Water Utility Board

07/02/24 – Common Council (Final Approval)

**ATTACHMENTS:**

Resolution authorizing the sale and issuance of up to \$2,932,862 subordinate water utility revenue bonds, series 2024B; and providing for other details and covenants with respect thereto.