

IX. B) Sewer Improvements Project

The sewer improvements project has been previously reviewed with Council, and outlines several important construction, enhancement, and repair projects within the Town's aging sewer infrastructure.

Essentially, the project consists of:

- A) Improvements and Enhancements to the Wastewater Treatment Plant (\$900,000)
 - a. Septage Receiving
 - b. Grit Removal
 - c. Pump Enhancements
- B) East Luray Sewer Improvements (\$3,850,000)
 - a. Sewer Line Up-sizing & Replacements
 - b. Additional Gravity Sewer Mains to new properties
 - c. An Enhanced Sewer Pump Station
 - d. A Force Main connecting directly to the Town's primary sewer trunk-line

Included in your packet is an estimated breakdown of the project, as well as the proposed impact on our sewer rate structure, which is significant. Item A above allows for significant improvements at our WWTP which will provide enhanced operations and cost-savings in the long-term. Item B above will provide significant additional sewerage capacity in the eastern portion of Luray, as well as improvements to the collection and pumping systems.

Of note is that the Town can qualify for up to 45% grant funding. For the purposes of this worksheet, the grant amount was set at 30% - a more realistic figure.

At this point, Council needs to discuss whether to move forward with this project or not. To do so would mean authorizing staff and their consultants to submit the necessary application to the USDA to determine whether the Town could be approved, and to what extent grant funding is available. This would be long-term financing over a 40-year period. The Town qualifies for the Intermediate Rate which is currently 2.75%.

The draft FY 2019 budget does not include any budgeted amounts for this project since award would come after the budget is approved. A budget amendment would be required if the Council elects to proceed, and if the submittal is approved by the USDA-Rural Development program staff.

In light of the fact that these issues will continue to persist and the costs to attenuate them will continue to rise with each passing year, staff recommends pursuing the funding and implementing the projects.