



Memorandum

Date: June 4, 2026

To: Brian Helming, HOVMSD

From: Mike Gerbitz, PE
Christine Schlimgen, PE

Re: **Funding Options for the Screening Project**

The Screening Improvements Project will replace the existing screening and screenings handling systems in the Headworks Building at the Wastewater Treatment Facility. The memorandum outlines several strategies to fund the project and some associated advantages and disadvantages.

Cost

The estimated construction cost is \$3.60M. The current engineering contract for design and bidding services is \$0.27M. Construction phases services have not been defined, but those services could be a similar to the design and bidding fee. For the purposes of this memorandum, we will assume construction phase services is \$0.30M. Project costs are summarized below.

Project Element	Cost (\$M)
Construction	\$3.60
Design and Bidding	\$0.27
Construction	\$0.30
Total project	\$4.17

Funding Option 1 – Clean Water Fund

The project could be financed through the Clean Water Fund (CWF) Program. The current interest rate is 2.365%, although rates are adjusted quarterly. The loan term would be 20 years. During construction, interest is paid on funds as they are drawn, with payments due May 1 and November 1. Principal and interest payments would begin on May 1 following substantial completion of the project.

Use of CWF financing would require compliance with both American Iron and Steel (AIS) and Build America, Buy America (BABA) requirements. BABA generally requires that at least 55 percent of the total equipment cost be domestically sourced. These requirements can increase equipment costs, extend procurement schedules, and reduce the number of manufacturers able to provide compliant equipment. For example, Vulcan, the District's preferred screen manufacturer, has indicated that its step screens do not currently satisfy BABA requirements.

Funding Option 2 – Reserves

The District could fund all or a portion of the project using available replacement fund reserves. This approach avoids the AIS and BABA requirements associated with CWF financing, providing greater flexibility in equipment selection. As a result, reserve funding offers the potential for lower overall capital costs and allows the District to select the equipment that best meets its preferences or performance requirements, regardless of BABA compliance status.

The additional capital cost associated with AIS and BABA compliance cannot be quantified prior to bidding. However, based on industry experience, it is reasonable to assume the requirements of the CWF program could increase the construction costs by 5 percent or more.