

COUNCIL ACTION FORM

**SUBJECT: APPROVAL OF LOAN AGREEMENT FOR STATE REVOLVING FUND
CLEAN WATER DEBT IN AN AMOUNT NOT TO EXCEED \$5,700,000 FOR
SANITARY SEWER SYSTEM IMPROVEMENTS**

BACKGROUND:

The City's Capital Improvements Plan includes an ongoing program for rehabilitation and reconstruction of deficient sanitary sewers and deteriorated manholes at various locations throughout the City. This program will reduce the amount of inflow and infiltration (I & I) that must be treated at our Water Pollution Control Facility. The program is expected to continue for at least the next six to seven years; and State Revolving Fund (SRF) Clean Water Loans are the annual funding source for these improvements.

A SRF Clean Water Loan in the amount of \$5,700,000 is needed to finance the next phase of these improvements. Repayment of the loan will be from wastewater utility revenues. A public hearing was held on September 25, 2018, and a Council resolution is now required to enter into the agreement and receive the funds for the project.

ALTERNATIVES:

1. The City Council can approve the State Revolving Fund Clean Water Loan agreement in an amount not to exceed \$5,700,000.
2. The Council can deny approval of the loan agreement and direct City staff to identify other sources to fund the project.

CITY MANAGER'S RECOMMENDED ACTION:

Approval of this loan agreement will ensure that funding is available to carry out the rehabilitation and reconstruction of deficient sanitary sewers and deteriorated manholes as previously approved by Council.

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative No. 1 as described above.