

COUNCIL ACTION FORM

SUBJECT: SETTING DATE OF PUBLIC HEARING FOR AN AMENDED LOAN AND DISBURSEMENT AGREEMENT FOR CITY HALL PARKING LOT RECONSTRUCTION (SRF SPONSORED PROJECT)

BACKGROUND:

On October 19, 2018, City of Ames entered into a State Revolving Fund Clean Water Loan Agreement in a principal amount not to exceed \$5,700,000; the loan also includes interest payments totaling \$375,000. This loan provided funding for the annual Sanitary Sewer System Improvements Program for rehabilitation/reconstruction of deficient sanitary sewers and deteriorated manholes at various locations throughout the city. The City's Capital Improvement Plan for this program included State Revolving Fund (SRF) Clean Water funding to make improvements through three projects; Sanitary Sewer Rehabilitation (Manhole Rehabilitation – Basin 1 & 5), Sanitary Sewer Rehabilitation (Flood Prone Manholes), and Sanitary Sewer Rehabilitation (Pipe Lining). **The SRF loan program allows for the interest scheduled to be paid on sewer loans to be granted back to the loan originator (the City) to fund stormwater quality improvement projects; these are referred to as "sponsored projects".**

The City of Ames is amending the existing loan agreement to allow the interest due for the sewer SRF loan to be granted back to the City to fund the City Hall Parking Lot Reconstruction as a sponsored project in the amount \$375,000. Because this project has been completed and the City Council has approved final acceptance, the \$375,000 will serve as a reimbursement into the Stormwater Utility Fund.

The City can now enter into an amended loan and disbursement agreement to restate the principal amount of the loan from \$5,700,000 to \$6,075,000. This new amount is equal to the original \$5,700,000 loan principal plus the \$375,000 sponsored project grant that will be repaid to the City. Repayment of the loan has been budgeted from sanitary sewer utility revenues and will not change from the original loan repayment schedule. A public hearing is required to set date on entering into an amended loan and disbursement agreement.

ALTERNATIVES:

1. Resolution to set January 26, 2021 as the date for public hearing on a proposal to enter into an amended State Revolving Fund Sewer Revenue Loan and Disbursement Agreement in a principal amount not to exceed \$6,075,000.
2. The City Council can delay the hearing on the loan agreement.

MANAGER'S RECOMMENDED ACTION:

Setting the date of public hearing will ensure that City staff can proceed with authorizing the SRF Sponsored project loan amendment providing the City with a return of the interest due on the loan. **Therefore, it is the recommendation of the City Manager that the City Council approve Alternative No. 1, as described above.**