

**COUNCIL ACTION FORM**

**SUBJECT: RESOLUTION TO ESTABLISH A DATE FOR A PUBLIC HEARING REGARDING PROPOSAL TO ENTER INTO A WATER REVENUE LOAN AND DISBURSEMENT AGREEMENT TO BORROW MONEY THEREUNDER IN A PRINCIPAL AMOUNT NOT TO EXCEED \$3,500,000**

**BACKGROUND:**

During the design of the new water treatment plant, City staff made a commitment to demolish the old treatment facility as soon as practical to prevent it from becoming an abandoned eyesore for the neighborhood. The new water treatment plant started operation in the fall of 2017, and it is time to demolish the old water treatment plant.

This project will demolish the filter building, chemical feed building, external treatment basins, administrative offices, and ¾-million-gallon ground reservoir. Improvements to the site distribution and raw water piping will be included in this project as well. The high service pump station, two-million-gallon storage reservoir, and five-million-gallon storage reservoir will remain. The City's capital improvement plan includes \$2,663,476 for this demolition project. Current project estimates indicate that the project can be completed within the budgeted amount.

A State Revolving Fund (SRF) Drinking Water Loan in an amount not to exceed \$3,500,000 has been identified as the funding source for the demolition of the old water plant. Repayment of the loan will be from water utility revenues. The not to exceed amount for the public hearing has been set at a level to cover possible cost increases; the City will only borrow the amount needed to fund the project. A public hearing is required to proceed with the SRF loan.

**ALTERNATIVES:**

1. Set June 14, 2022, as the date of public hearing to enter into a State Revolving Fund Drinking Water Loan agreement in an amount not to exceed \$3,500,000.
2. Delay the hearing on the loan agreement and the project to demolish the old water treatment plant.

**CITY MANAGER'S RECOMMENDED ACTION:**

Setting the date of public hearing to enter into this agreement will ensure that City staff can proceed with the loan funding and old water plant demolition plan 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.