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## MEMORANDUM

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**To:** Mayor McConnell and Members of the Assembly  
Mark Gorman, Municipal Administrator

**From:** Michael Harmon, P.E., Public Works Director *WH*  
Dan Tadic, P.E., Senior Engineer *DMT*

**Reviewed:** Jay Sweeney, Finance Director *WS*  
Mark Buggins, Environmental Superintendent *MB*  
Stephen Weatherman, P.E., Municipal Engineer *SW*  
Tori Fleming, Contract Coordinator *TF*

**Date:** May 14, 2014

**Subject:** Alaska Department of Environmental Conservation  
FY15 Municipal Matching Grant Applications

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### Background

Each year, staff submits loan and grant questionnaires to the Alaska Department of Environmental Conservation (ADEC) Alaska Drinking Water Fund (ADWF) and Alaska Clean Water Fund (ACWF) for priority water and sewer infrastructure projects. Questionnaires are competitively scored and ranked against other applicants statewide. For FY15, several CBS projects scored well enough to be eligible for funding under the Municipal Matching Grant (MMG) Program. The following projects were included in Capital Bill SB119 which was passed by the legislature and is expected to be signed by the Governor soon.

Project	Grant Amount
Hollywood Way Water & Sewer/New Archangel Sewer	\$552,300
Jeff Davis Street Water & Sewer	\$644,000
Monastery & Baranof Water & Sewer – SMC to DeGross	\$763,000

The next necessary step is to complete MMG applications for each of these projects as indicated in the table below. The application deadline for the MMG program is May 30, 2014.

### Analysis

The current MMG program offers a 70% grant / 30% municipal match requirement for communities with a population fewer than 10,000. For each project identified below, ADWF and ACWF loan funds have also been committed by ADEC and will be used for the local match requirement to the extent possible. Most recently, the ADEC loans have had a term of 20 years at 1.5% interest rate.

Project	Est. Project Cost	Grant Eligible Amount	CBS Match Req'd	CBS Match Source
Hollywood Way Water & Sewer / New Archangel Sewer Improvements	\$789,000	\$552,300	\$236,700	ADWF Loan/ ACWF
Jeff Davis Water & Sewer Improvements	\$920,000	\$644,000	\$276,000	ADWF Loan/ ACWF Loan/ WW Fund

Project	Est. Project Cost	Grant Eligible Amount	CBS Match Req'd	CBS Match Source
Monastery & Baranof Street Water & Sewer Improvements – SMC to DeGroff	\$1,090,000	\$763,000	\$327,000	ADWF Loan/ ACWF Loan
<b>TOTALS</b>	\$2,799,000	\$1,959,300	\$839,700	Various

**Fiscal Note**

Each of these projects has been identified in Municipal Capital Improvement Master Plans as top priorities. Funding these projects with grant funds, where possible, is the most prudent fiscal course of action.

In addition, current borrowing rates are very low and uncertain economic times may cause borrowing rates to increase in the future. For this reason, it is also fiscally prudent to utilize fixed-rate, low interest loans for the matching portions of these grants whenever possible.

**Recommendation:**

**Approve Resolution 2014-07 authorizing the City and Borough to apply for and execute grants to the Alaska Department of Environmental Conservation Municipal Matching Grant Program as indicated in the above table.**