

POSSIBLE MOTION

I MOVE TO approve Resolution 2024-16 on first and final reading authorizing the Municipal Administrator to apply for and execute loans offered under Clean Water and Drinking Water loan programs.

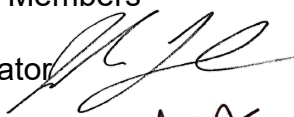



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Amy Ainslie, Acting Public Works Director 

Date: September 27, 2024

Subject: **Alaska DEC Loan Approval for Sewer and Water Improvements**
Lake-Hirst-Monastery-Kinkead Project #90843

Background

The Alaska Department of Environmental Conservation (ADEC) and the City and Borough of Sitka code require the CBS Assembly to approve low-interest loan funding. The CBS Assembly in Ord. 2023-07 adopted the FY2024 budget which included the authorization of the additional loan amounts that have been applied for through ADEC. The resolution being presented now is required by ADEC for the Municipal Administrator to execute the loan agreements.

The Lake-Hirst-Monastery-Kinkead project includes replacing the water and sewer lines under that section of road and storm drains and repaving. Each fund pays for the replacement of assets it owns, so the loans will be repaid by the Water and Wastewater Funds.

For further information on the project please refer to the attached project coversheet and the project website: <https://www.cityofsitka.com/departments/PublicWorks/LakeHirstMonasteryKinkeadProject>

Analysis

The overall estimated cost of this project, including design and construction is \$8.6M. ADEC loans already accepted are a clean water (wastewater) loan for \$1.25M and a drinking water loan for \$1.5M. Added loan amounts in this resolution are \$1.705M. The CBS will fund the remainder through a combination of working capital contributed from the Water, Wastewater, and General Funds.

ADEC Loans: \$4,455,000

CBS Funds: \$5,002,288

This project is identified as a priority project in the CBS 2023 Water and Sewer Master Plan and has met all fiscal sustainability and cost-effectiveness requirements.

Fiscal Note

The cost to the CBS for the proposed and current loans are included in the current fiscal year budget and will not result in further increases to user rates. While the current project cost estimate is considerably below the total project budget, this represents a healthy contingency going into construction bidding. Any unused CBS funding (identified as working capital in the project coversheet) will be returned to the respective contributing funds at the end of the project.

Given the current market trends for municipal bonds, (which if the Bond Buyer's Municipal Bond Index Current Day Yield to Maturity is higher than 4% can increase the interest rate on the loan) rates are anticipated to be 1.5% APR.

Recommendation

Adopt this resolution authorizing the municipal administrator to sign and execute the loans offered under Clean Water and Drinking Water loan programs.

PROJECT COVER SHEET

Updated 09/24/2024

Project Title/ Number: Lake-Hirst and Monastery-Kinkead Utility & Street Improvements - 90843

Project Manager: Loren Gehring Project Sponsor: Micheal Harmon/Joe Swain

Project Description: This Public Works project will replace all water, sewer and storm drainage infrastructure, as well as pavement within the project corridors (Lake Street, Hirst Street, Monastery Street, Kinkead Street, from DeGroff to Arrowhead, see charter for limits). This project was initiated due to aging water and sewer mains and to improve sewer system flow in the project area. The project will also include a pedestrian connection to the dock at Swan Lake. The project is currently in the design phase which is expected to extend through 2023.

- ✓ Design
- ✓ Construction
- Other (Study)

Project Charter Available? Yes No

Project Status: *(highlight green, yellow, red)*

| | | |
|--------------|-----------------|---------------|
| Scope | Schedule | Budget |
|--------------|-----------------|---------------|

Milestones:

| <u>Recently Completed</u> | <u>Upcoming</u> |
|--|--|
| <ul style="list-style-type: none"> ✓ Public meeting: April 24, 2024 ✓ Assembly approved FY25 budget: June 2024. ✓ 95% Review completed and final design underway ✓ ROW Completed: August 2024 ✓ ADEC Loan Applications complete: Sept. 2024 ✓ Environmental Completed: August 2024 | <ul style="list-style-type: none"> <input type="checkbox"/> Final design: October 2024 <input type="checkbox"/> Assembly DEC Loan resolution: October 2024 <input type="checkbox"/> Bidding: Oct-Nov, 2024 <input type="checkbox"/> Public Meeting on Traffic Control: Q1 2026 <input type="checkbox"/> Construction anticipated: 2025-2026 |

Project Budget:

| | |
|-------------------------------------|---------------------|
| Estimated Total Project Cost | \$ 8,639,000 |
| Working Capital ¹ | \$5,002,288 |
| Loans ² | \$2,750,000 |
| Grants | \$0 |
| Other ³ | \$100,000 |
| Total Funded | \$7,852,288 |
| Funding Gap | \$786,408 |

1. Budget includes FY25 funding authorizations: (+340k Water fund, +670k Wastewater Fund, +1,272.478k General Fund = +2.3M, +2.7M appropriated in past fiscal years)
2. Loan amount reflects 2018 ADEC loans for Water and Wastewater. Authorized additional loan contingency would allow: +895k Water, +810k Wastewater = +1,705,000
3. Funding from Swan Lake Dock & Pedestrian Improvements project (Project #90620)

Contract Management: (list all contracts anticipated on the project)

| <u>Contractor (Function)</u> | <u>Status</u> | <u>Type</u> | <u>Amount</u> | <u>% Of Project</u> |
|------------------------------|---------------|-------------|---------------|---------------------|
| CBS (Project Management) | Estimated | T&E | \$200,000 | <1% |
| PND Engineers, Inc. (Design) | Secured | LS/T&E | \$642,907 | 8% |
| TBD, Construction | Estimated | Bid + CE | \$6,979,453 | 89% |

General Comments:

Application for additional ADEC Loans in process.

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CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2024-16

A RESOLUTION OF THE CITY AND BOROUGH OF SITKA AUTHORIZING THE MUNICIPAL ADMINISTRATOR TO APPLY FOR AND EXECUTE LOANS OFFERED UNDER CLEAN WATER AND DRINKING WATER LOAN PROGRAMS

WHEREAS, on July 1, 2023, the Borough Assembly adopted Ordinance Number 2023-07 authorizing the Municipal Administrator to apply to the Alaska Department of Environmental Conservation (ADEC) for a low-interest loan through the Alaska Drinking Water Fund / Alaska Clean Water Fund for the Lake-Hirst-Monastery-Kinthead Improvements Streets and Utility Improvement Project 90843 (LHMK); and

WHEREAS, the ADEC has authorized additional loans for the LHMK project in the amount of up to \$1,705,000 (ADWF 783421 for \$895,000 and ACWF 783251 for \$810,000); and

WHEREAS, Assembly authorization is required by ordinance when borrowing money which has been completed.

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the City and Borough of Sitka (CBS) authorizes the Municipal Administrator to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties.

BE IT FURTHER RESOLVED, that the Municipal Administrator is authorized to 1) represent the CBS in carrying out the CBS's responsibilities under the loan agreement, and 2) delegate responsibility to appropriate CBS staff to carry out technical financial, and administrative activities associated with the loan agreement.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 8th day of October, 2024.

Steven Eisenbeisz, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st and final reading: 10/8/24

Sponsor: Administrator