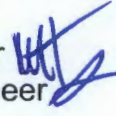






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## MEMORANDUM

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**To:** Mayor Westover and Members of the Assembly  
Jim Dinley, Municipal Administrator

**From:** Michael Harmon, Public Works Director   
Stephen Weatherman, Municipal Engineer   
Lance Henrie, Senior Engineer 

**Reviewed:** Jay Sweeney, Finance Director   
Tammy O'Neill, Contract Coordinator 

**Date:** October 19, 2011

**Subject:** FY12 Alaska Drinking Water Fund and Alaska Clean Water Fund  
Loans with Principal Forgiveness

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Background:

Each year staff submits loan applications to the Alaska Drinking Water Fund (ADWF) and Alaska Clean Water Fund (ACWF). Most recently, the loans have had a 20 year term at 1.5% interest.

The following three projects were identified as being eligible for funding as of July 2011:

UV Disinfection Facility	ADWF	\$2,550,000
Baranof Street Sewer Replacement	ACWF	\$740,000

Of the two projects listed above one of them has been provided the following subsidized amount.

Baranof Street Sewer Replacement	ACWF	\$57,962
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The UV Disinfection Facility is the next major water project mandated by EPA regulations. Baranof Street requires replacement of older sewer pipe with ductile iron, HDPE, or High Pressure PVC pipe. The project will also address the required separation between water and sewer mains.

Analysis

The total value of the funding for these projects through the ADWF and ACWF FY12 programs would be \$3,290,000. The subsidized amount included in this year's program would result in a \$57,962 savings to the Wastewater Fund.

**Recommendation:**

**Approve Resolutions 2011-27 and 2011-28, authorizing the City and Borough to obtain ADWF and ACWF loans for the two projects listed above, in the amount of \$3,290,000, of which \$57,962 will be subsidized.**

**Sponsor: Administrator**

**CITY AND BOROUGH OF SITKA**

**RESOLUTION NO. 2011-28**

**A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF SITKA, ALASKA AUTHORIZING THE APPLICATION FOR A LOAN FROM THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION UNDER THE ALASKA DRINKING WATER FUND FOR UV DISINFECTION FACILITY**

**WHEREAS,** the City and Borough of Sitka (CBS) seeks to obtain the necessary financial assistance to construct water and wastewater improvements; and

**WHEREAS,** the State of Alaska, Department of Environmental Conservation (the Department) is able to offer funding through the Alaska Drinking Water Fund; and

**WHEREAS,** the Municipality wishes to apply for a loan from the Alaska Drinking Water Fund for the UV Disinfection Facility.

**NOW, THEREFORE, BE IT RESOLVED** by the Assembly of the City and Borough of Sitka, Alaska that the municipality is authorized to apply to the Alaska Department of Environmental Conservation for a loan from the Alaska Drinking Water Fund for construction of water treatment projects. Jim Dinley, Administrator, is authorized to execute any and all documents that may be required by the Department to reflect the indebtedness, the terms of its repayment, and any security therefore, including but not limited to a loan agreement and promissory note.

**PASSED AND APPROVED** by the Assembly of the City and Borough of Sitka, Alaska on this 25th day of October 2011.

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Cheryl Westover, Mayor

ATTEST:

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Colleen Ingman, MMC  
Municipal Clerk