


MEMORANDUM

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

Through: Michael Harmon, Public Works Director 

From: Stephen L. Weatherman, P.E., Municipal Engineer 

Date: September 8, 2010

Subject: FY11 Alaska Drinking Water Fund and Alaska Clean Water Fund
Loans with Principal Forgiveness

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. For the State Fiscal Year 2011, American Recovery and Reinvestment Act (Stimulus) funds have been added to the ADWF and ACWF

The following three projects were identified as being eligible for funding on June 9, 2010:

UV Disinfection Facility- Phase 1	ADWF	\$4,000,000
Japonski Island Sewer Lift Station Upgrades	ACWF	\$1,282,000
Monastery Street Sewer Rehabilitation	ACWF	\$932,000

Of the three projects listed above two of them have been provided the following subsidized amounts.

UV Disinfection Facility	ADWF	\$1,500,000
Japonski Island Sewer Lift Station Upgrades	ACWF	\$192,300

The UV Disinfection Facility is the next major water project mandated by EPA regulations. The Japonski sewer lift stations are obsolete and require pump replacement with state of the art submergible pumps. Monastery Street requires replacement of older concrete pipe sewer with ductile iron or PVC pipe. The project will also address the required separation between water and sewer pipes.

Analysis

The total value of the funding for these projects through the ADWF and ACWF FY11 programs would be \$6,214,000. The subsidized amounts included in this year's program would result in a \$1,692,300 savings to the Water and Wastewater Funds.

Recommendation:

Approve Resolutions 2010-23 and 2010-24, authorizing the City and Borough to obtain ADWF and ACWF loans for the three projects listed above, in the amount of \$6,214,000, of which \$1,692,300 will be subsidized.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2010-24

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 14th day of September 2010.

Scott McAdams, Mayor

ATTEST:

Colleen Ingman, MMC
Municipal Clerk