

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: A-4.2

DATE: March 27, 2008

SUBJECT: Waste Water Treatment Plant – State Revolving Fund Application

CONTACT PERSON: Deborah Knight, City Administrator *D. Knight*

ISSUE:

1. Determine whether to pursue a low interest Water Pollution Control Revolving Fund loan (SRF) in 2009 to fund the Waste Water Treatment Plant Upgrade.
2. Authorize the Mayor or designated staff to negotiate and sign a contract amendment with Brown and Caldwell to rewrite chapters of the Waste Water Treatment Plant (WWTP) Engineering Report in order to submit an application to the Department of Ecology for a low interest Water Pollution Control Revolving Fund loan in 2009 to fund the WWTP Upgrade.

Brown and Caldwell estimate the cost to amend the WWTP Engineering Report will be approximately \$70,000. The payoff is a low-interest loan offer necessary to proceed with construction of the WWTP in 2009.

STAFF RECOMMENDATION:

Authorize the Mayor or designated staff to sign a contract amendment with Brown and Caldwell to prepare the necessary amendments to the WWTP Engineering Report to submit an application no later than October 31, 2008 to the Department of Ecology (DOE) for a low interest SRF loan.

SUMMARY:

When the WWTP Engineering Report was initially prepared by the City, the City Council made a policy decision to save some money and not prepare a Facility Plan and State Environmental Policy Act (SEPA) report. A Facility Plan approved by the DOE is a requirement for submitting an application for an SRF loan.

However, the Engineering Report prepared by the City for the WWTP Upgrade did lay the foundation in the event the City decided to come back and complete a Facility Plan.

The following chapters of the Engineering Report will need to be amended:

- Chapter 5- Further Develop NEPA/SEPA requirements
- Chapter 6 – Evaluation Criteria
- Chapter 7 – Evaluating Alternatives
- Chapter 8 – Recommended Upgrade Alternatives

In order to meet the October 31, 2008 submittal deadline, the City must begin working on the Facility Plan no later than March 28, 2007 (Attachment A).

BACKGROUND:

Originally, the City had intended to apply for a Public Works Trust Fund (PWTF) loan in 2007 for funding in 2008 because the interest rates were slightly lower and there are fewer technical requirements for the application submittal.

Due to a miscommunication between City staff and the consulting team, the City missed the deadline date. City staff had planned to submit an application for a PWTF loan in 2008 for funding in 2009. Unfortunately, the State made a policy decision to use all the funds in 2008 rather than spread the funds over a two year period. There will not be an application process for PWTF loan allocations in 2008 for 2009.

As a result, the City must pursue other funding alternatives such as the Water Pollution Control Revolving Fund (SRF) loan to begin constructing the plant upgrade in 2009.

DISCUSSION:

To be eligible for Revolving Fund funding, certain applicants with facilities projects must be in compliance with the Growth Management Act. For Ecology's purposes, applicants must comply with the requirements for comprehensive planning and development regulations. The only exceptions involve situations where a public health need or a significant environmental degradation exist.

The City must certify its compliance with the GMA requirements at the time a loan agreement is signed. The City would certify its compliance by signing the loan agreement.

GMA compliance impacts the program in several ways:

1. GMA compliance status may have an impact on the priority evaluation of proposed facility projects, because facilities projects in areas out of compliance with the GMA may not be ready to proceed.
2. The Department of Ecology (DOE) coordinates with the State Department of Community, Trade and Economic Development to ensure that the applicants are

in compliance with the financial assistant agreement in signed. Revolving fund loan offers are good for one year from the publish date. If GMA compliance is achieved during that time period, the agreement may be signed.

The City is caught between a rock and a hard place. If the City Council wants to proceed with plant construction in 2009, the City Council should authorize the Mayor or designated staff to negotiate and sign an agreement with Brown and Caldwell.

FISCAL IMPACT:

Brown and Caldwell estimate the cost to amend the WWTP Engineering Report will be approximately \$70,000. The payoff is a low-interest loan offer necessary to proceed with construction of the WWTP in 2009.

The money would come from the Sewer System Improvement Fund. The Council would need to amend the Capital Budget and delay the Inflow and Infiltration project (\$60,000) and the design of the Sultan River Crossing (\$25,000). Attachment B is a copy of the City's 2008 Capital Budget.

ALTERNATIVES:

1. Pursue a low interest Water Pollution Control Revolving Fund loan (SRF) in 2009 to fund the Waste Water Treatment Plant Upgrade. Authorize the Mayor or designated staff to negotiate and sign a contract amendment with Brown and Caldwell.

This action will obligate the City to reprioritize the capital budget and divert \$70,000 in funds from the Infill and Infiltration Study (\$60,000) and a portion of the funding for the design of the Sultan River Crossing (\$25,000) to apply for the SRF loan.

2. Do not pursue a low interest Water Pollution Control Revolving Fund loan (SRF) in 2009 to fund the Waste Water Treatment Plant Upgrade. Do not authorize the Mayor Authorize or designated staff to negotiate and sign a contract amendment with Brown and Caldwell.

The Council may want to consider this action if there is concern that the City will not have a compliant comprehensive plan by the October 31, 2008 deadline to submit a requirement. The City may not have a competitive application if there are outstanding issues related to GMA compliance.

The project will be delayed unless the City is able to find other sources of funding such as a state legislature allocation or negotiated developer agreements to keep the project funded through 2009.

RECOMMENDED ACTION:

Authorize the Mayor or designated staff to negotiate and sign a contract amendment with Brown and Caldwell to rewrite chapters of the Waste Water Treatment Plant (WWTP) Engineering Report in order to submit an application to the Department of Ecology for a low interest Water Pollution Control Revolving Fund loan in 2009 to fund the WWTP Upgrade.

ATTACHMENTS

A – Timeline

B – 2008 Capital Budget

Attachment A

Timeline for Water Pollution Control Revolving Fund loan in 2009

This is a DRAFT timeline for Sultan application for SRF Funding.

October 31, 2008 -- Deadline for Application -- a Friday.

October 28, 2008 -- Application requires a letter approving the engineering design. This is a nominal due date for the City to receive the approval letter from Ken Ziebart of DOE.

September 28, 2008 -- Application requires a letter approving a Facility Plan. The existing Engineering Report can be converted to a Facility Plan. This is a nominal due date for the City to receive the approval letter from Ken Ziebart of DOE.

September 24, 2008 -- Incorporation of Ecology comments and completion of design documents.

August 15, 2008 -- Completion of 95% design and submittal of design documents to Ken Ziebart for review and approval. Ecology can take up to 3 months to review -- but Ken has stated he can get it done as long as he gets it before September.

July 30, 2008 -- Incorporation of Ecology comments and completion of Facility Plan; submittal to Ken Ziebart for approval

July 15, 2008 -- Completion of SEPA checklist. Checklist was prepared for the Engineering Report but was never published by the City. This is a required part of the Facility Plan. It may require revision to bring up to date for publishing.

June 30, 2008 -- Facility Plan progress and review meeting with Ken Ziebart. Design progress informational meeting with Ken Ziebart.

April 15, 2008 -- Estimated date for 60% design submittal to City of Sultan.

March 28, 2008 -- Last day on which work on Facility Plan and SEPA can start in order to be assured of completion with time for Ecology review and approval before application deadline.

Capital Budget 2008

Account Number	Year Complete	2008 CIP Expenditures				Total Project Cost	2008 CIP Expenditures													
		Sultan	Grants				Engineering	Design	Construction	Property Buy	CIP Expense									
Motorized																				
	2009	\$0	\$25,000	\$25,000	\$25,000		\$5,000	\$20,000	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000					
	2009	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
303-303-595-10-411	2008	\$0	\$185,000	\$185,000	\$185,000		\$5,000	\$0	\$180,000	\$0	\$185,000	\$0	\$0	\$0	\$185,000					
	2009	\$5,000	\$5,000	\$10,000	\$10,000		\$5,000	\$5,000	\$0	\$0	\$10,000	\$0	\$0	\$0	\$10,000					
303-303-595-10-413	2008	\$200,000	\$0	\$200,000	\$200,000		\$5,000	\$20,000	\$175,000	\$0	\$200,000	\$0	\$0	\$0	\$200,000					
303-303-595-10-412	2011	\$0	\$720,000	\$720,000	\$720,000		\$25,000	\$245,000	\$0	\$450,000	\$720,000	\$0	\$0	\$0	\$720,000					
Non-Motorized																				
			\$12,271	\$12,271	\$12,271		\$5,000	\$0	\$55,000	\$0	\$60,000	\$0	\$0	\$0	\$60,000					
303-303-595-10-413	2008	\$500,000	\$0	\$500,000	\$500,000		\$5,000	\$20,000	\$475,000	\$0	\$500,000	\$0	\$0	\$0	\$500,000					
Parks																				
105-105-575-20-410	2009	\$120,173	\$279,827	\$400,000	\$400,000		\$5,000	\$0	\$0	\$395,000	\$400,000	\$0	\$0	\$0	\$400,000					
105-105-575-25-640	2008	\$138,217	\$111,256	\$249,473	\$249,473		\$5,000	\$0	\$244,437	\$0	\$249,437	\$0	\$0	\$0	\$249,437					
105-105-575-21-640	2008	\$75,000	\$0	\$75,000	\$75,000		\$5,000	\$10,000	\$60,000	\$0	\$75,000	\$0	\$0	\$0	\$75,000					
Water																				
409-409-596-34-631	2008	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
409-409-596-34-411	2008	\$100,000	\$0	\$100,000	\$100,000		\$5,000	\$0	\$95,000	\$0	\$100,000	\$0	\$0	\$0	\$100,000					
409-409-596-34-640	2008	\$25,000	\$0	\$25,000	\$25,000		\$5,000	\$20,000	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000					
Sewer																				
407-407-596-36-631	2013	\$60,000	\$0	\$60,000	\$60,000		\$60,000	\$0	\$0	\$0	\$60,000	\$0	\$0	\$0	\$60,000					
	2008	\$25,000	\$0	\$25,000	\$25,000		\$5,000	\$20,000	\$0	\$0	\$25,000	\$0	\$0	\$0	\$25,000					
407-407-596-36-632	2008	\$120,000	\$0	\$120,000	\$120,000		\$0	\$0	\$120,000	\$0	\$120,000	\$0	\$0	\$0	\$120,000					
	2012	\$500,000	\$0	\$500,000	\$500,000		\$0	\$500,000	\$0	\$0	\$500,000	\$0	\$0	\$0	\$500,000					
Facilities																				
TOTAL		\$1,668,390	\$1,398,354	\$3,254,473	\$3,254,473		\$145,000	\$860,000	\$1,404,437	\$845,000	\$3,254,437	\$0	\$0	\$0	\$3,254,437					

Capital Budget 2008

2008 CIP Revenues/Expenditures

281	Capital Project Fund	REET 1	REET 2	Trans. Impact Fee	Park Impact Fee	Sewer System Improvement	Water Utility Reserve	Surface Water	Grant	Debt	Private Contributions	Contributions (fee-in-lieu)	Special Parks Fund (Treasurer's Trust)	Rev Totals
	Beginning Balance 2008	\$162,500	\$162,500	\$652,000	\$153,739	\$27,318	\$1,124,500	\$0	\$1,250,000	\$500,000	\$0	\$0	\$138,217	\$4,170,774
	Revenues 2008	\$62,500	\$62,500	\$60,621	\$112,695	\$178,852	\$173,328	\$50,000	\$1,603,914	\$0	\$10,000	\$10,000	\$0	\$2,304,410
	Transfer Debt Service	<u>-125,000</u>					<u>-500,000</u>							<u>-625,000</u>
	Total Revenues	\$0	\$225,000	\$712,621	\$268,434	\$208,170	\$797,828	\$50,000	\$2,853,914	\$500,000	\$10,000	\$10,000	\$138,217	\$5,850,184
	2nd Street Reconstruction - Phase I and II								25,000					25,000
	6th Street Overlay													
	Date Avenue - Phase II								185,000					185,000
	Railroad Crossing Improvements								5,000			5,000		10,000
	Sultan Basin Road - Overlay		200,000											200,000
	Sultan Basin Rd - Phase III								720,000					720,000
	Non-Motorized													
	Light guard crossing								60,000					60,000
	Sultan Basin Rd Sidewalk			500,000										500,000
	Parks													
	Park - Westside				120,173				279,827					400,000
	Reese/Sportsmans Parks								111,286				138,217	249,473
	Skate Park	75,000												75,000
	Water													
	Highlevel reservoir and transmission line - Design Only													
	Sultan Basin Rd - waterline						100,000							100,000
	Sultan River Crossing, 12" - Design only						25,000							25,000
	Sewer													
	Inflow and Infiltration Rehabilitation					60,000								60,000
	Sultan River Crossing, 12" force main - design only					25,000								25,000
	Waste water treatment plant - short term					120,000								120,000
	Waste water treatment plant - MBR									500,000				500,000
	Facilities													
	Total Expenditures	\$0	200,000	500,000	120,173	205,000	125,000		1,386,083	500,000		5,000	138,217	3,254,473
	Ending Fund Balance	\$0	25,000	212,621	146,261	1,170	672,828	50,000	1,467,831		10,000	5,000		2,595,711

Capital Budget 2008

	<u>Subtotal</u>	<u>Grants</u>	<u>Total Cost</u>	<u>Engineering</u>	<u>Design</u>	<u>Construction</u>	<u>Property Buy</u>	<u>CIP Expense</u>
Motorized	\$205,000	\$935,000	\$1,140,000	\$45,000	\$290,000	\$355,000	\$450,000	\$1,140,000
Non-Motorized	\$500,000	\$72,271	\$660,000	\$10,000	\$20,000	\$530,000	\$0	\$660,000
Parks	\$333,390	\$391,083	\$724,473	\$15,000	\$10,000	\$304,437	\$395,000	\$724,437
Water	\$125,000	\$0	\$125,000	\$10,000	\$20,000	\$95,000	\$0	\$125,000
Sewer	\$705,000	\$0	\$705,000	\$65,000	\$520,000	\$120,000	\$0	\$705,000
Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$1,868,390	\$1,398,354	\$3,254,473	\$145,000	\$860,000	\$1,404,437	\$845,000	\$3,254,437

	<u>Motorized</u>	<u>Non-Motorized</u>	<u>Parks</u>	<u>Water</u>	<u>Sewer</u>	<u>Facilities</u>	<u>Total</u>	<u>Percentage</u>
Total CIP Budget	\$1,140,000	\$560,000	\$724,473	\$125,000	\$705,000	\$0	\$3,254,473	100.0%
Construction	\$355,000	\$530,000	\$304,437	\$95,000	\$120,000	\$0	\$1,404,437	43.2%
Property Acquisition	\$450,000	\$0	\$395,000	\$0	\$0	\$0	\$845,000	26.0%
Engineering & Design	\$335,000	\$30,000	\$25,000	\$20,000	\$585,000	\$0	\$1,005,000	30.8%
	\$1,140,000	\$560,000	\$724,437	\$125,000	\$705,000	\$0	\$3,254,437	100.0%
	35.0%	17.2%	22.3%	3.8%	21.7%	0.0%		