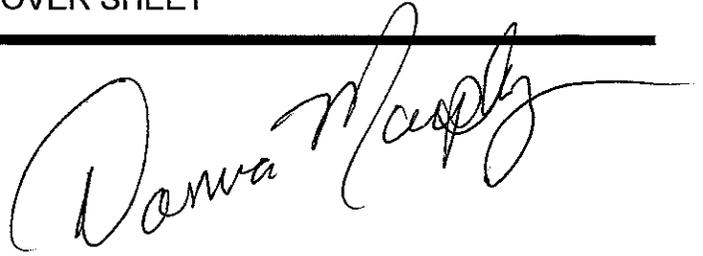


SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET

Date: April 23, 2009

Agenda Item #: A-2 (B)
Resolution 09-06



SUBJECT: Application to the Public Works Trust Fund (PWTF) Construction Loan Program – Wastewater Treatment Plant

CONTACT PERSON: Donna Murphy Grants and Economic Development Coordinator

STAFF RECOMMENDATION: Direct staff to apply for the Public Works Trust Fund Low Interest Construction Loan, and authorize Mayor Eslick to sign the application and Resolution Number 09-06 on behalf of the City of Sultan.

SUMMARY STATEMENT:

The issue before the City Council is to authorize the Mayor to direct staff to apply for the Public Works Trust Fund Low Interest Construction Loan, and authorize Mayor Eslick to sign the application on behalf of the City of Sultan.

Washington State Public Works Board is offering a maximum of \$20 million dollars per applicant in low interest loans for construction of the Waste Water Treatment Facility over the next 2 years from the Public Works Trust Fund (PWTF). Interest rates vary from ½ percent to 2 percent, depending on the local matching funds (5 to 15+ percent) provided by the City.

The City must submit the application is due June 1, 2009 in order to be eligible for funding in 2010 and completion of plant construction by the end of 2011. Delaying the application will result in a delay in construction until 2013.

Submittal of the application does not obligate the City to accept funding if awarded. The Council will need to make a determination after the award to accept the loan and obligate funding. This is keeping with the financing strategy for the Wastewater Treatment Plant approved by Council.

FISCAL IMPACTS:

To date, the City has spent \$1 million dollars in PWTF Pre-Construction loan money toward the design of the Wastewater Treatment Plant that is at 50% complete. The City will apply for an additional \$500,000 to complete the design, Resolution 09-05 Agenda Item A-2 (A). Currently, the \$1 million design loan is on a 5 year repayment schedule, but the repayment could be extended to 20 years when construction funds are secured.

The total construction cost for the Wastewater Treatment Plant is \$18,000,000. The PWTF \$20 million construction loan is a 20 year loan with the first repayment due (interest only) in July 2010, a year after the first "draw" of funds next spring. Principle and interest payments will be due each year thereafter.

The next opportunity to apply for this funding will be the 2011 Budget biennium.

ISSUES AND NEED

The Waste Water Treatment Plant is the limiting factor for the future economic growth of the City of Sultan.

- Flows and loads are approaching the capacity of the existing system. The General Sewer Plan (May 2006) estimates the treatment facility will reach 85% capacity about 2009 and 100% approximately 2012. Due to the economic slow down the capacity of the plant has been delayed and will resume when the economy gains momentum.
- Since design, permitting and construction will take at least three years, the construction of added capacity will be determined by funding availability.
- The PWTF Program is competitive and requested loan funds are not assured each year, so it is important to apply for the maximum amount of funds when they are available and not miss opportunities.
- If awarded, this PWTF loan will help provide low cost funding for project completion construction costs starting in mid 2010.
- Repayment of the loan is projected to be provided by general facility charges, developer contributions, and other revenues of the sewer system. The City Council will review a detailed loan repayment plan if the loan is awarded prior to Council approval to accept the funds.
- Additional funding will be required to support the local match and pay additional costs. Additional funds are projected to come from reserves, developer contributions, potential grants, general facility charges, and other sources.

ALTERNATIVES:

1. Direct staff to apply for the \$20 million dollar PWTF low interest construction loan. This alternative provides the City with the opportunity to secure a loan offer that will be used for construction of the Wastewater Treatment Facility starting in mid 2010.
2. Do not apply for the \$20 million dollar PWTF low interest construction loan. This alternative eliminates the opportunity to construct the Wastewater Treatment Facility within the timeframe needed.

MOTION: I move to direct staff to complete the Public Works Trust Fund Construction Loan application, and authorize Mayor Eslick to sign the application and Resolution 09-06 on behalf of the City of Sultan.

Attachments:

- A- Resolution 09-06 (Application for Certification)
- B- Debt Service Payment Table

APPLICANT CERTIFICATION

WHEREAS, **the City of Sultan** (name of local government) is applying to the Washington State Public Works Trust Fund program for a low-interest loan for an eligible project; and

WHEREAS, RCW 43.155.070 requires that applicants planning under RCW 36.70A.040 must have adopted comprehensive plans in conformance with the requirements of chapter 36.70A RCW, and must have adopted development regulations in conformance with the requirements of chapter 36.70A RCW; and

WHEREAS, RCW 70.95 requires a comprehensive Solid Waste Management plan be adopted by the city or county; and

WHEREAS, RCW 43.155.070(10) requires that solid waste or recycling facility is consistent with and necessary to implement the comprehensive solid waste management plan adopted by the city or county under chapter 70.95 RCW.

WHEREAS, the applicant certifies that it has a currently adopted plan for each and every one of the systems it owns and operates and that these plans fully conform to the specifics within this application; and

WHEREAS, RCW 43.155.070 requires that county and city applicants must have adopted the local optional one-quarter of one percent Real Estate Excise Tax, as described in Chapter 82.46 RCW; and

WHEREAS, the applicant states that their Capital Facility Plan is consistent with the Comprehensive Land Use Plan of the jurisdiction in which they provide service; and

WHEREAS, the local governing body has approved submission of this application for a Public Works Trust Fund loan; and

WHEREAS the applicant certifies that if they have permitting authority (Counties and Cities) that they have developed and are adhering to guidelines regarding their permitting process for those applying for development permits consistent with section 1(2) of Chapter 31, 2007 laws.

WHEREAS the applicant certifies that, there is currently no litigation in existence seeking to enjoin the commencement or completion of the above-described public facilities project or to enjoin the applicant from repaying the Public Works Trust Fund loan extended by the Public Works Board with respect to such project. The applicant is not a party to litigation, which will materially affect its ability to repay such loan on the terms contained in the loan agreement.

WHEREAS, the applicant recognizes and acknowledges that the information in the application forms is the only information, which will be considered in the evaluation and/or rating process. Incomplete responses will result in a reduced chance of funding. In order to ensure fairness to all, the Public Works Board does not accept any additional written materials or permit applicants to make presentations before the Board; and

WHEREAS, it is necessary that certain conditions be met as part of the application process; and

WHEREAS, RCW 43.155.060 requires that the project will be advertised for competitive bids and administered according to standard local procedure; and

WHEREAS, the loan will not exceed the maximum amount allowed by the Board of eligible costs incurred for the project; and

WHEREAS, any loan arising from this application constitutes a debt to be repaid, and **Carolyn Eslick, Mayor** (person/title) has reviewed and concluded it has the necessary capacity to repay such a loan; and

WHEREAS, the information provided in this application is true and correct to the best of the government's belief and knowledge and it is understood that the state may verify information, and that untruthful or misleading information may be cause for rejection of this application or termination of any subsequent loan agreement(s); and

NOW THEREFORE, **City of Sultan** (name of local government) certifies that it meets these requirements, and further that it intends to enter into a loan agreement with the Public Works Board, provided that the terms and conditions for a Public Works Trust Fund loan are satisfactory to both parties.

Signed: _____
Name: _____
Title: _____
Phone Number: _____
Date: _____
Attest: _____

CERTIFICATION BY PREPARER OF APPLICATION

To Be Completed by Staff Member or Consultant

WHEREAS, **Sarah Davenport-Smith** has prepared this application for a Washington State Public Works Trust Fund loan; and

WHEREAS, the preparer recognizes and acknowledges that the information in this application is the only information that will be considered in the evaluation and/or rating process. Incomplete responses will result in a reduced chance of funding, and that in order to ensure fairness for all, the Public Works Board does not accept any additional written materials or permit applicants to make presentations before the Board; and

WHEREAS, the information provided in this application is true and correct to the best of the preparer's belief and knowledge; and

NOW THEREFORE, **Carolyn Eslick, Mayor** recognizes and acknowledges the above declarations and certifies that this application meets the above requirements.

Signed:

Name:

Title:

Phone Number:

Date:

Attest:

LOAN AMORTIZATION SCHEDULE

ATTACHMENT B

\$20,000,000.00 @ 2% Interest

| DATE | DRAWS | PRINCIPAL PAYMENT | INTEREST PAYMENT | BALANCE OF PRINCIPAL | ANNUAL PAYMENT |
|--------|---------------|-------------------|------------------|----------------------|----------------|
| 2010 | 5,000,000.00 | | 100,000.00 | 5,000,000.00 | 100,000.00 |
| 2011 | 15,000,000.00 | 1,000,000.00 | 400,000.00 | 19,000,000.00 | 1,400,000.00 |
| 2012 | | 1,000,000.00 | 380,000.00 | 18,000,000.00 | 1,380,000.00 |
| 2013 | | 1,000,000.00 | 360,000.00 | 17,000,000.00 | 1,360,000.00 |
| 2014 | | 1,000,000.00 | 340,000.00 | 16,000,000.00 | 1,340,000.00 |
| 2015 | | 1,000,000.00 | 320,000.00 | 15,000,000.00 | 1,320,000.00 |
| 2016 | | 1,000,000.00 | 300,000.00 | 14,000,000.00 | 1,300,000.00 |
| 2017 | | 1,000,000.00 | 280,000.00 | 13,000,000.00 | 1,280,000.00 |
| 2018 | | 1,000,000.00 | 260,000.00 | 12,000,000.00 | 1,260,000.00 |
| 2019 | | 1,000,000.00 | 240,000.00 | 11,000,000.00 | 1,240,000.00 |
| 2020 | | 1,000,000.00 | 220,000.00 | 10,000,000.00 | 1,220,000.00 |
| 2021 | | 1,000,000.00 | 200,000.00 | 9,000,000.00 | 1,200,000.00 |
| 2022 | | 1,000,000.00 | 180,000.00 | 8,000,000.00 | 1,180,000.00 |
| 2023 | | 1,000,000.00 | 160,000.00 | 7,000,000.00 | 1,160,000.00 |
| 2024 | | 1,000,000.00 | 140,000.00 | 6,000,000.00 | 1,140,000.00 |
| 2025 | | 1,000,000.00 | 120,000.00 | 5,000,000.00 | 1,120,000.00 |
| 2026 | | 1,000,000.00 | 100,000.00 | 4,000,000.00 | 1,100,000.00 |
| 2027 | | 1,000,000.00 | 80,000.00 | 3,000,000.00 | 1,080,000.00 |
| 2028 | | 1,000,000.00 | 60,000.00 | 2,000,000.00 | 1,060,000.00 |
| 2029 | | 1,000,000.00 | 40,000.00 | 1,000,000.00 | 1,040,000.00 |
| 2030 | | 1,000,000.00 | 20,000.00 | 0.00 | 1,020,000.00 |
| | | | | | |
| Totals | 20,000,000.00 | 20,000,000.00 | 4,300,000.00 | | |
| | | | | | |