

**SULTAN CITY COUNCIL  
AGENDA ITEM COVER SHEET**

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**Date:** January 24, 2008

**Agenda Item #:** C-3

**SUBJECT:** Termination of Public Works Trust Fund Loan Offer

**CONTACT PERSON:** Donna Murphy Grants and Economic Development

**SUMMARY STATEMENT:**

In 2004 the Washington State Public Works Board offered the City of Sultan a \$500,000 low interest loan for the Sultan Basin Road/US 2 Realignment Project. At the time of application it was believed that by the required date of obligation in 2008 the City would be in a position to repay the loan. As it turns out, the City is not in a position to repay the loan if obligated in 2008.

The City received an Amendment to the Public Works Trust Fund Loan (PWTF) Agreement to terminate Loan Offer PW-04-691-065. (Attachment A)

**STAFF RECOMMENDATION:**

After careful consideration of the financial condition of the City of Sultan, staff recommends to the Mayor and Council to terminate the PWTF Loan Offer for \$500,000.

**MOTION:**

Motion to direct Mayor Eslick to sign the necessary papers to terminate the PWTF Loan Offer PW-04-691-065 of \$500,000 for the Sultan Basin Road and US 2 Realignment Project.

**FISCAL IMPACTS:**

The City will lose the opportunity to use the \$500,000 low interest loan for the Sultan Basin Road and US 2 Realignment Project. The project has several other funding sources including \$1,009,164 from STP(rural) and a \$250,000 Rural Towns Corridor Grant that are currently being used for Design and Purchase of Right of Way of Phase III of this project.

**ATTACHMENTS:**

PWTF Agreement to Terminate Loan Offer PW-04-691-065