



## *Finance Department*

**DATE:** February 19, 2020

**FROM:** Dmitriy Chernyak, Finance Director

**ITEM:** State Revolving Fund and Bank of North Dakota Loans for Water and Wastewater

### **REQUEST**

Consider request to apply for the State Revolving Fund and Bank of North Dakota Infrastructure Loans to finance water and wastewater infrastructure improvements in the City.

Please place this item on the 2/25/2020 City Commission meeting regular agenda.

### **BACKGROUND INFORMATION**

The City needs to continue replacement of obsolete cast-iron mains and associated lead service water lines (street-to-curb) in areas around the City where current street projects are going to be completed in order to improve the City's water utility infrastructure. In order to complete this larger project without causing additional infrastructure costs or water quality issues, the City needs to undertake this project in 2020. The cast iron replacement project is estimated at \$5.2 million. The City is requesting to finance \$4.5 million by a loan / bond.

In 2020, the City also needs to undertake two crucial projects relating to the wastewater treatment plant and sanitary sewer system. Hydrogen Sulfide control improvements are needed to protect the City's critical infrastructure by reducing risk of corrosion in both the force-main and at the wastewater treatment plant. Disinfection improvements at the wastewater treatment plant are required to continue to comply with federal and state regulatory requirements. These projects would cost the City \$5 million and would also need to be financed by a loan / bond.

The Bank of North Dakota and the State Revolving Fund provide the City the most advantageous loan terms, interest rates, and fees at this time. The City's water and wastewater funds have accounted for these projects and the related debt service costs of these loans through the 2018 Utility Rate Study.

### **RECOMMENDED CITY COMMISSION ACTION**

Approve the request to apply for and obtain the State Revolving Fund Loan and Infrastructure Loan from the State of North Dakota and the Bank of North Dakota, respectively.

**STAFF CONTACT INFORMATION**

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