

Memorandum

June 7, 2019

TO: Infrastructure Finance Authority Board
FROM: Chris Cummings, Assistant Director
SUBJ: Funding Opportunity of \$1,500,000—Water/Wastewater Financing Program for City of La Pine, Wastewater System Improvements, Project No. 981-12797

Requested Action

Informational Only For Board Input For Board Action (see Recommended Motion)

Request

The city of La Pine, located in southern Deschutes County, submitted a Water/Wastewater Financing Program (W/W) application for \$1,500,000 for construction improvements to their wastewater collection, treatment, and disposal systems to properly serve its residents for the next 20-year period, including the addition of the Cagle and Glenwood Acres areas. Matching funds for the project would include \$1,000,000 from the Oregon Department of Environmental Quality Long-term Financing, \$8,699,500 from the U.S. Department of Agriculture Rural Development, and \$1,633,000 from the city of La Pine.

Proposed Project

Water/Wastewater Financing Program funds will be used entirely for construction costs. The proposed improvements will add large diameter wastewater collection piping, replace the existing septage receiving station, relocate and expand the disposal system irrigation area, and construct a 22-million-gallon storage lagoon. This loan and grant are presented to the IFA Board for review and approval because the award exceeds the staff grant approval threshold.

Funding Summary

The city of La Pine is considered a Disadvantaged Community based upon their Median Household Income (MHI) of \$33,462 which is 60% of the state average. The projected user rates of \$50.30 at construction completion will exceed \$34.86 which is considered affordable for the area based upon income. This qualifies the city for a reduced interest rate and grant relief.

Recommended Motion

Move to approve an award of \$1,500,000 in Water/Wastewater Financing Program funding to the city of La Pine, comprised of a \$750,000 loan at 1.00% for 30 years and a \$750,000 grant to construct Wastewater System Improvements.