

Memorandum

January 12, 2018

TO: Infrastructure Finance Authority Board
FROM: Chris Cummings, Assistant Director
SUBJ: Safe Drinking Water Revolving Loan Fund (SDWRLF), City of Chiloquin, Water System Design/Construction Project, No S17021—Award Increase

Requested Action

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

Request

On April 28, 2017, Business Oregon approved a \$930,000 award from the SDWRLF program to the city of Chiloquin to complete their proposed water system improvement project. Since the award date Oregon Water Resources and the Klamath Tribe (Tribe) advised the city that the Klamath Basin Reclamation Act is no longer in effect, and the subsequent Upper Basin Agreement and Oregon Administrative Rule 690-009-0040, allowing exception for surface water impact for wells within 1 mile of the Williamson and Sprague Rivers, are also null and void. The city modified the water project to meet this requirement, which resulted in a \$1,400,000 increase to the project cost. The city is requesting the additional funding from the SDWRLF program. The new total project cost with \$265,000 from the Indian Health Services and \$34,500 of city funds will be \$2,629,500.

Proposed Project

The revised project will include drilling a new well to a depth of 1,300 feet, 7,500 feet of new 10" PVC transmission main from the new well to the existing distribution system, along with reconstruction of Well#1, a redundant water main to serve the west side, and replacement of water meters throughout the entire distribution system. Associated engineering and other project related costs are also included in the project.

Funding Summary

Upon financial review, it is recommended to provide the additional \$1,400,000 through a \$975,000 SDWRLF Loan at 1.00% for 30 years and \$425,000 SDWRLF Forgivable Loan. When combined with the original award of \$930,000 the final financing will consist of \$1,317,000 SDWRLF Loan at 1.00% for 30 years and \$1,013,000 SDWRLF Forgivable Loan.

Recommended Motion

Move to approve an award increase of \$1,400,000 from the Safe Drinking Water Revolving Loan Fund program, to the city of Chiloquin, comprised of a \$975,000 loan at 1.00% for 30 years and a \$435,000 forgivable loan to design and construct the Water System Improvement Project.