

# Memorandum

June 1, 2018

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**TO:** Infrastructure Finance Authority Board  
**FROM:** Chris Cummings, Assistant Director  
**SUBJ:** Funding Opportunity of \$4,516,575—Special Public Works Program for City of Hermiston, North Hermiston Water Storage & Distribution System, No. 178-13244

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## Requested Action

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

## Request

The city of Hermiston, located in northwest Umatilla County, has submitted a Special Public Works (SPWF) application for \$4,516,575 for a water system improvement and expansion project. The city owns and operates a municipal water system that serves the city and its urban growth boundary. A Preliminary Engineering Report (PER) identified general improvements within the Northeast portion of the city to increase water supply, increase storage, and alleviate pressure issues within the distribution to meet the needs of a growing community.

The city is in a unique situation as the city and the county have entered into a Long Term Rural Enterprise Zone (LTREZ) agreement with a major business, Lamb Weston Holdings, Inc. This agreement will provide funds to both the city and the county. The city has entered into a revenue sharing agreement with the county to improve the city's water system.

## Proposed Project

The city will contract for final design and construction services to upgrade their water system. The proposed project will develop a new 1,000,000 gallon standpipe water reservoir near and upgrade booster pump stations within the Northeast portion of the city. The city will provide input throughout the final design build-out to determine locations of the reservoir, pipeline route, connection into the existing system, and the upgrades needed at existing booster pump stations.

## Funding Summary

The city desires a loan from Business Oregon to fund the expansion of the water project. The city has agreements in place whereby \$8.75 million in cash will flow from Lamb Weston, either directly or indirectly from Umatilla County, which support the city's ability to repay the loan. The loan will assist the city in cash flow management and foster community development.

## Recommended Motion

Move to approve an award of \$4,516,575 in Special Public Works funding for the city of Hermiston, comprised of a \$4,516,575 loan at 3.09% for 15 years to construct improvements to the city's Water Storage & Distribution System.