

Memorandum

July 6, 2018

TO: Infrastructure Finance Authority Board
FROM: Chris Cummings, Assistant Director
SUBJ: Funding Opportunity of \$1,100,000–Water/Wastewater Financing Program for City of Cascade Locks, Wastewater System Improvement, No. 138-13242

Requested Action

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

Request

The city of Cascade Locks, located on the western edge of Hood River County, approximately one hour east of Portland along Interstate 84, has submitted a Water Wastewater Funding (WWF) application for \$1,100,000 for improvements to their waste water facilities. This request is brought before the board as the grant amount for this project exceeds the grant threshold by \$50,000 in the WWF program guidelines.

Proposed Project

The city is currently out of compliance with the National Pollution Discharge Elimination System (NPDES) permit and entered into a Mutual Agreement and Order on June 27, 2013 (#WQ/M-ER-13-163 Hood River County). While the city has made efforts to address issues with the system and reach compliance with the NPDES permit, without making significant improvements they will continue to violate discharge permit limits. Upgrades to the collection system deficiencies, as identified in the 2017 Wastewater Facilities Plan, including broken pipes, deteriorated manholes, separated pipe joints, and lift station.

Funding Summary

The city desires a loan and grant from Business Oregon to fund the improvements of their wastewater facility. Based on 2016 American Community Survey data, the MHI for city of Cascade Locks was \$32,443 (60.9% of Statewide MHI) indicating an indexed (1.25%) affordability rate of \$33.79 per Equivalent Dwelling Unit (EDU) per month. The city's current sewer user charge for a 7,500 gallon water use is \$45.40 and it is projected to be at approximately \$70.00 at project completion, which will be well above the indicated affordability rate. Because the city is classified as disadvantaged the department is recommending a grant of \$550,000 and a loan of \$550,000 at a subsidized rate of 1.0% with a term of 30 years. The improvements being financed have an estimated useful life in excess of 30 years.

Recommended Motion

Move to approve an award of \$1,100,000 in Water Wastewater funding to the city of Cascade Locks, comprised of a \$550,000 loan at 1.00% for 30 years and a \$550,000 grant to complete engineering and initial construction costs of their wastewater system; and first disbursement conditioned upon receipt of the USDA Rural Development funding award to complete construction.