

Memorandum

January 14 2021

TO: Infrastructure Finance Authority Board
FROM: Chris Cummings, Assistant Director
SUBJ: Funding Opportunity of \$1,640,000 Water/Wastewater Financing Program for City of Chiloquin, "Wastewater Treatment Plant Replacement", No. 140-14301

Requested Action

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

Request

The City of Chiloquin submitted a Water Wastewater (W-W) application on January 12, 2021 requesting \$1,640,000 to fund construction of a new wastewater treatment facility. Design of this facility is underway with Community Development Block Grant (CDBG) project #P18003, and will be complete in early 2021. The City intends to secure additional construction funding from the Department of Environmental Quality (DEQ) and the CDBG program.

Proposed Project

The City's existing wastewater treatment facility was constructed in 1976, and has failed. Chiloquin sign a Mutual Agreement and Order (MAO) with DEQ in 2007; this MAO required the City to take several steps and make many interim improvements, and this project is intended to satisfy the final requirements of that MAO.

Chiloquin proposes to construct a facultative lagoon-based treatment plant on City-owned property. Effluent, once treated, will be used to irrigate native plants. The total project—not including design, which has been funded separately—will cost about \$4,800,000.

Funding Summary

Based on 2019 American Community Survey data, the MHI for city of Chiloquin was \$32,426 (54.6% of Statewide MHI) indicating an indexed (1.25%) affordability rate of \$33.78 per Equivalent Dwelling Unit (EDU) per month. The city's current sewer user charge \$44.33 on a flat rate basis, and will increase at 3% each year for the next several years, which is well above the indicated affordability rate. Because the city is classified as disadvantaged we are recommending a grant of \$750,000 and a loan of \$890,000 at a subsidized rate of 1.0% for a term of 30 years.

This W-W funding is intended to be the first money committed to the construction phase of the project. Chiloquin has begun the process of applying for DEQ funding, and will start the CDBG application process soon.

Recommended Motion

Move to approve an award of \$1,640,000 in Water Wastewater funding to the City of Chiloquin, comprised of an \$850,000 loan at 1.00% for 30 years and a \$750,000 grant loan to construct a new wastewater treatment facility.