

City of Bethel Action Memorandum

Action memorandum No.	18-10		
Date action introduced:	February 13, 2018	Introduced by:	Peter Williams, City Manager
Date action taken:	February 13, 2018	<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Denied
Confirmed by:	LS		

Action Title: Direct Administration to prepare and submit a grant/loan application with USDA-RD to obtain approximately \$5,753,098 in funding to pay for 8 new water trucks, 7 new sewer trucks, and construction of a new water and sewer pipe project between 6th and 7th Avenues.

Attachment(s): (1) Map of Proposed 6th & 7th Avenue Water and Sewer Project; (2) Quote from Kenworth for the potential purchase of 8 water trucks and 7 sewer trucks.

Department/Individual:	Initials:	Remarks:
Administration	<i>[Signature]</i>	Recommend
Finance	<i>[Signature]</i>	
Public Works	<i>[Signature]</i>	

Amount of fiscal impact:		Account information:
	No fiscal impact at this time.	
	Funds in City Budget.	
\$3,164,204 est.	Requires funding in FY 2019 Budget.	TBD

Summary Statement

In July 2017, the Measurement Standards Commercial Vehicle Enforcement Division of the Alaska Department of Transportation and Public Facilities, came to Bethel and performed an inspection on the City's water and sewer trucks and declared them overweight. The City must operate at 2/3 tank capacity to be in compliance or face stiff fines and loss of operator CDLs. The City cannot afford this 33% loss in operating efficiency and must replace its aged fleet.

The City of Bethel is eligible to apply for United States Department of Agriculture – Rural Development funds for water and sewer projects. The City may have one grant/loan project open and active and pursue funds for a second USDA-RD grant/loan project. The USDA office in Palmer will review five years of City of Bethel audited financial statements to determine the grant percentage and loan percentage that it will offer to the City. The City's current sewer lagoon jetty project constitutes 45% grant funding and 55% loan and other match funds.

The City of Bethel expects to pay \$3,618,098 to purchase eight water trucks and seven sewer trucks. See quote attached. These fifteen trucks will replace all but five of our current water delivery and sewer evacuation trucks, some of which have been in service since 1992. The truck

purchase would ameliorate the current DOT&PF truck restrictions, replace aging trucks in the fleet, remedy the poor condition of nearly every truck, and steer the City away from high maintenance costs and parts scarcity.

Every USDA-RD-funded construction project requires that a Preliminary Engineering Report (PER) and Environmental Report (ER) be completed prior to funding approval. The City engaged DOWL engineers to complete the PER and ER for the proposed water pipe project between 6th and 7th Avenues, from Ridgecrest Drive to Main Street. Additional fees will enable DOWL to expand the PER area, to 4th and 5th Avenues, for instance, or across Main Street to the Longhouse/Sammy’s Market/Lumberyard. There is no maximum or minimum size construction project required for funding, but the project must result in a functional operating component of the City’s water/sewer system.

After reviewing the City’s finances, USDA-RD is likely to approve a mix of 45% in grant funds and 55% in loan funds/other City match funds. The City’s expected cost to purchase 15 new water and sewer trucks is \$3,618,098. DOWL provided the cost formula of \$1,000/linear foot for water and sewer pipes run in tandem. The cost for the City to construct water and sewer pipes through 6th and 7th Avenues, a length of 2,135 linear feet, is \$2,135,000. The percentage share for these two project amounts would be:

<u>Item</u>	<u>Project Cost</u>	<u>45% Grant</u>	<u>55% Loan</u>
Construction Project	\$2,135,000	\$960,750	\$1,174,250
15 Trucks	<u>\$3,618,098</u>	<u>\$1,628,144</u>	<u>\$1,989,954</u>
Total	\$5,753,098	\$2,078,144	\$3,164,204

A current 40-year loan from USDA-RD, would require a monthly City loan payment of \$10,876.