Introduced by: City Manager Capela
Date: May 24, 2016
Action: Adopt
Vote: 7-0

CITY OF BETHEL, ALASKA

Resolution #16-20

A RESOLUTION BY THE BETHEL CITY COUNCIL AUTHORIZING WATER AND WASTE SYSTEM GRANT AGREEMENT WITH THE UNITED STATED DEPARTMENT OF AGRICULTURE RURAL UTILTIES SERVICES FOR TWO WASTEWATER SEWER HAULT TRUCKS AND CONSTRUCTION OF A JETTY AT THE SEWAGE LAGOON

WHEREAS, the City of Bethel has determined to undertake a project of acquisition, construction, enlargement, or capital improvements of a waste system to serve the area under its jurisdiction at an estimated cost of $3,738,358 and has authorized the undertaking of such project;

WHEREAS, the City is able to finance not more than $2,069,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to the City resulting in a reasonable user charge and therefore commits $2,069,000 for such project development costs;

WHEREAS, USDA agrees to grant the City a sum not to exceed $1,669358 or 44.65 percent of the project development costs, whichever is the lesser, subject to the terms and conditions established by USDA, provided however that the proportionate share of any grant funds actually advanced and not need for grant purposes shall be returned immediately to USDA;

WHEREAS, the grant/loan project funding will be used for construction of a jetty at the existing sewage lagoon and the purchase of three wastewater haul trucks;

WHEREAS, the project estimated expenditures are:

Administration	$10,000
Construction	$2,443,962
Contingency	$244,396
Engineering Fees	$270,000
Equipment (three sewer haul trucks)	$750,000
Interest-Interim	$10,000
Legal Fees	$10,000
Total	**$3,738,358**

WHEREAS, the project funding sources are (in the order of required use):

City of Bethel Contribution	$206,000
Indian Health Service (1 sewer truck)	$250,000
State of Alaska Legislative Appropriation	$700,000
USDA Loan	$913,000
USDA Grant	$1,669,358
Total	**$3,738,358**

WHEREAS, the loan will be scheduled for repayment over a period of 40 years, equal to $2,895 amortized monthly installments, the loan will be secured by a Revenue instrument (promissory note) with first lien position in the amount of $913,000;

WHEREAS, all projects associated with the grant/loan program are required to be completed and all funds disbursed within five years of obligation unless a written waiver is approved for an extension, any funds remaining shall be returned to the grantor immediately upon the end of the five year term;

WHEREAS, grant funds are to be deposited in an interest-bearing account in accordance with 2 CFR Part 200 and interest in excess of $500 per year remitted to the USDA;

WHEREAS, all projects associated with the grant/loan program are required to be completed and all funds disbursed within five years of obligation unless a written waiver is approved for an extension;

WHEREAS, reserves must be properly budgeted to maintain the financial viability and sustainability of the operation to fund unanticipated emergency maintenance and repairs, and assist with debt service should the need arise, the debt service reserve bust establish a fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment year for ten years or until the balance is equal to one annual loan payment, prior written concurrence from USDA must be obtained before funds may be withdrawn from this account during the life of the loan;

WHEREAS, in addition to the debt service reserve fund, the City must establish a short-lived asses reserve fund of $365,650 annually for the life of the loan to pay for repairs, and/or replacement of majority system assets-current assets can be used to establish and maintain reserves to include but not limited to operation and maintenance, customer deposits, deferred interest during the construction period, and an asset management program;

WHEREAS, contractor to prepare a Storm Water Pollution Prevention Plan; fugitive dust from construction activities must be reduced during construction by use of water or other dust control measures; emissions from vehicles and equipment must be maintained below applicable state and local emission control plans; movement of construction material and machinery must be scheduled for non-peak or non-critical times; in the event historical artifacts are discovered, all work must be stopped immediately and appropriate agencies contacted; Best Management Practices must be utilized during construction to minimize or avoid potential impacts to water quality or resources; all waste material generated during construction will be disposed of in the landfill or the waste will be backhauled to an approved facility; proper sedimentation and erosion control construction techniques will be used;

WHEREAS, the City is required to execute a legal services agreement with the City Attorney and bond council, if applicable, for any legal work needed in connection with this project which shall include a hourly rate for the work, with a "not to exceed" amount for the services, this agreement must be submitted to USDA prior to advertising for bids;

WHEREAS, property rights evidence must be submitted to USDA prior to the advertising of the bids;

WHEREAS, all property purchased under this grant with a value exceeding $5,000 must have proper inventory controls, disposal procedures, loss prevention procedures, and proper maintenance schedules;

WHEREAS, a sound business plan must be adopted and followed to include policies, procedures and/or ordinances outlining the conditions of service to include mandatory connection, effective collection for accounts not pain in full with specified number of days after the date of billing, this should include appropriate late fees, timeframes for disconnection of service and reconnection fees, these policies must be reviewed and approved by USDA prior to advertising for bids;

WHEREAS, the services of the system available within its capacity shall be made available to all persons in the service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap;

WHEREAS, the City must maintain the annual 3% increase for the sewer rates at least through the 2018 rate increase;

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WHEREAS, the City will have to establish a Vulnerability Assessment/Emergency Response Plan and a certification of this VA/ERP must be provided before advertising for bids;

WHEREAS, the attorney must certify that the executed contract documents, including performance and payment, if required are adequate and that the person executing these documents have been property authorized;

WHEREAS, unless exempted, the City must have a full-time inspection service that is required to attend the pre-construction conference, the resume of the resident inspector must be submitted to USDA for review and concurrence prior to the pre-construction conference;

WHEREAS, USDA will perform an inspection of the facility and the records management system every three years for the life of the loan;

WHEREAS, audit requirements to include quarterly reports to USDA, annual audit reports (end of each fiscal year), and annual budget and projected cash flow (thirty days prior to beginning of each fiscal year) are to be submitted;

WHEREAS, upon any default under its representations or agreements, the City, at the option and demand of USDA, will repay forthwith the original principal amount of the grant with the interest at the rate of 5 per centum per annum from the date of the default;

NOW, THEREFORE, BE IT RESOLVED THAT the City of Bethel, City Council, authorizes the Water and Waste System Grant Agreement with the United State Department of Agriculture, Rural Utilities Services.

PASSED AND APPROVED THIS 24 DAY OF MAY 2016, BY A 7 VOTE IN FAVOR AND A 0 VOTE IN OPPOSITION.

Richard Robb, Mayor

ATTEST:

Lori Strickler, City Clerk