

**CITY OF COOS BAY CITY COUNCIL**  
**Agenda Staff Report**

MEETING DATE	AGENDA ITEM NUMBER
November 5, 2013	

**TO:** Mayor Shoji and City Council

**FROM:** Jim Hossley, Public Works & Development Director *JH*  
Jennifer Wirsing, Engineering Service Coordinator

**THROUGH:** Rodger Craddock, City Manager *RC*

**ISSUE:** IFA Loan for Coos Bay Wastewater System Repairs Design & Construction – Phase 2

**BACKGROUND:**

City Staff submitted an Infrastructure Finance Authority (IFA) Loan applications for 12 projects that totaled \$7,784,025. The projects varied from design projects to construction projects. All projects were associated with our Sanitary Sewer System (treatment and collections) and our Storm Drain Collection System. The 12 projects were taken from our Take Down schedule that we prepared two years ago and presented to the Department of Environmental Quality (DEQ). The Take Down list is a 20 year Capital Improvement Project list that spans from fiscal year ending 2011-2031. The City has a Mutual Agreement Order with Oregon DEQ and as such is mandated by DEQ to not only complete these 12 projects associated with the IFA loan but all the projects on the Take Down list. The City was awarded an IFA loan and grant last year that is comprised of 16 projects (Phase 1). Staff is currently utilizing funds from this loan to complete design and construction projects for the 16 projects. In October of this year staff was notified that not only was IFA approving our loan application for Phase 2 but they were also awarding the City with a \$750,000 grant. Additionally, the loan interest rate is at 1.00%.

**ADVANTAGES:**

If the City accepts the loan for \$7,034,025, the City will be awarded a \$750,000 grant. The City will be able to complete projects associated with Phase 2 and meet the requirements of the MAO. It is anticipated that the duration in which to complete the 12 projects is 4 years. Upon completion of the projects associated with both Phase 1 and Phase 2, the City will have completed all the projects on the 20-year Take Down list through the year 2017. By completing the projects funded by the IFA loan it will aid the City in the upgrades of both treatment plants and it will start addressing the Inflow and Infiltration problem that plagues our City's collection system.

**DISADVANTAGES:**

None

**BUDGET:**

In order to pay for this and other wastewater project loans, the City of Coos Bay has been

working with financial consultant Steve Donovan of Donovan Enterprises for several years. He has created a rate structure recommendation that the City Council has followed to fund the debt service for the loans with user rates. By following the recommendations for the rate structure, the City Council will ensure adequate funds are raised to cover the debt service for this loan.

**RECOMMENDATION:**

If it pleases the City Council, approve the acceptance of the \$7,034,025 loan at 1.00% and the \$750,000 grant from the IFA.