



# MEMORANDUM

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**Resolution 25-047(S)(A), A Resolution of the City Council of Homer, Alaska, Authorizing the Execution and Delivery of a Loan Agreement Required by the State of Alaska Department of Environmental Conservation under its Drinking Water Revolving Loan Program in Connection with a Fully Forgiven Loan in an Amount Not to Exceed \$491,400 to Assist in Financing the Ohlson Lane and West Bunnell Avenue Water Main Replacement Project.**  
**City Manager/Public Works Director.**

**Item Type:** Backup Memorandum  
**Prepared For:** City Council  
**Date:** May 1, 2025  
**From:** Daniel Kort, Public Works Director  
**Through:** Melissa Jacobsen, City Manager

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**I. Issue:** The purpose of this Memorandum is to request authorization for the City Manager to execute and deliver a loan agreement to secure financing from the Alaska Department of Environmental Conservation ("ADEC") for the Ohlson Ln. and W. Bunnell Ave. Water Main Replacement Project.

**II. Background:**

This project is to replace the 60-year old, cast iron water main on Ohlson Ln. and W. Bunnell Ave., which is at the end of its useful life. On April 14, 2025, Resolution 25-031 authorized the City Manager to negotiate and execute a contract with East Road Services, Inc. for the construction of the Improvement and a notice to proceed was issued on April 28, 2025.

Much of the Funding for this project is coming from a loan that the City applied for from the ADEC's State Revolving fund. The State Revolving Fund doesn't technically issue grants, but they can issue loans and then forgive the loan, in whole or in part, which they call principal forgiveness. The loan for the Ohlson Ln. and W. Bunnell Ave. Water Main Replacement Project is for an amount not to exceed \$491,400, with 100 percent principal forgiveness.. The remainder of project funding is coming from the Water CARMA Fund.

Two resolutions are required before the City can fully execute a loan agreement with the ADEC. First, a resolution is needed to apply for the loan. Resolution 23-070 authorized the City to apply for a loan for this project. Second a resolution is needed to execute the loan agreement.

**RECOMMENDATIONS:**

That the City Council authorize the City Manager to execute and deliver a loan agreement to secure funds from ADEC (100 percent forgiven through use of an ADEC subsidy) under its Drinking Water Revolving Loan Program, in the amount not to exceed \$491,400 for the Ohlson Ln. and W. Bunnell Water Main Replacement.