CC-25-132

MEMORANDUM

Resolution 25-047, A Resolution of the City Council of Homer, Alaska, Authorizing the City Manager to Execute a Loan Agreement with the State of Alaska Department of Environmental Conservation under its Alaska Drinking Water Fund Program in an Amount Not to Exceed $491,400 to Finance the Ohlson Lane 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

I. Issue: The purpose of this Memorandum is to request approval to allow the City Manager to accept loan funds from the 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 a portion of the loan, which they call principal forgiveness. The loan for the Ohlson Ln. and W. Bunnell Ave. Water Main Replacement Project has $491,400 in principal forgiveness attached. The rest of the project funding is coming from the Water CARMA Fund.

Two resolutions are required before the City can fully execute a loan 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:
City Council authorize the City Manager to accept loan funds from the ADEC under its Drinking Water Fund Program in the amount of $491,400 for the Ohlson Ln. and W. Bunnell Water Main Replacement Project and execute the appropriate documents.

Attachments:

Resolution 23-070

Memorandum CC-23-168