



MEMORANDUM

Resolution 25-048(S), 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 Clean Water Revolving Loan Program in Connection with a Fully Forgiven Loan in an Amount Not to Exceed \$324,000 to Assist in Financing the Ohlson Lane and Bunnell Avenue Storm Drain Upgrade 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 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 for the Ohlson Ln. and W. Bunnell Ave. Storm Drain Project.

II. Background:

This project is to add storm drain, curb and gutter to Ohlson Ln. and W. Bunnell Ave. 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 part which they call principal forgiveness. The loan for the Ohlson Ln. and W. Bunnell Ave. Water and Storm Drain Project is for an amount not to exceed \$324,000, with 100 percent principal forgiveness. The remainder of project funding is coming from the HART Roads 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 23-068 authorized the City to apply for a loan for this project. Second a resolution is also 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 Clean Water Revolving Loan Program, in the amount not to exceed \$324,000 for the Ohlson Ln. and W. Bunnell Storm Drain Project.

Attachments:

Resolution 25-031

Resolution 23-068