



City Commission Agenda Item

Meeting Date: April 15, 2025

From: Randy Frazer, City Manager

Item: Approval of Loan Agreement with KDHE for KPWSLF Project No. 3246

Motion: An Ordinance authorizing the execution of a loan agreement between the City of Arkansas City, Kansas and the State of Kansas, acting by and through the Kansas Department of Health and Environment for the purpose of obtaining a loan from the Kansas Public Water Supply Loan Fund for the purpose of financing a Public Water Supply Project; establishing a dedicated source of revenue for repayment of such loan; authorizing and approving certain documents in connection therewith; and authorizing certain other actions in connection with the loan agreement. **(Roll Call Vote)**

Background: The City of Arkansas City has been approved to receive a loan in the amount of **\$2,089,000** through the **Kansas Public Water Supply Loan Fund** administered by KDHE. The project, identified as KPWSLF Project No. 3246, involves the installation of **greensand pressure filter equipment** at the existing water treatment plant to reduce manganese levels in the city's drinking water supply.

This project qualifies for **100% principal forgiveness** under funding provisions of the **Infrastructure Investment and Jobs Act (P.L. 117-58)**, due to its designation as addressing emerging contaminants. As a result, the city is responsible only for interest and service fees accrued during the construction period.

The city will repay interest and fees through dedicated system revenues and, if necessary, through ad valorem taxes, as outlined in the agreement. Loan payments are scheduled to begin August 1, 2026, unless extended or modified through amendment.

The gross loan amount is \$2,089,000, all of which will be forgiven through principal forgiveness. The City will only be responsible for a nominal interest rate of 0.35% and a service fee of 2.13% on funds drawn prior to forgiveness, making the net fiscal impact minimal.

Commission Options:

1. Approve the Ordinance
2. Disapprove the Ordinance
3. Table the Ordinance for further discussion

Fiscal Impact: Amount:

Fund: **16 - Water** Department: **880 - Nondepartmental** Expense Code: **9101 - Interest 9103 - Agency Fees**

☒ Included in budget ☐ Grant ☐ Bonds ☐ Other Not Budgeted

Attachments: Ordinance & Loan Agreement Packet

Approved for Agenda by:

Randy Frazer, City Manager