



Board:	City Commission
Agenda Date:	06/23/2025
Department:	Water
Presenter:	Rob Spreitzer

## Staff Report

### Agenda Item Title:

Accept offer of obligation to receive funding from USDA for The Gladstone Water Department Intake Project.

### Background:

At the March 25, 2024, Commission Meeting the Water Department was given commission approval to post a public notice of intent to apply for Federal Financial Assistance with USDA Rural Development in the Daily Press (April 08, 2024) and schedule a public hearing for April 22, 2024. At the April 22, 2024, Public Hearing and Commission meeting, the Water Department was authorized by the Commission to file an application for federal financial assistance with USDA, Rural Development.

On Tuesday June 17, 2025, we received an email from USDA with a REQUEST FOR OBLIGATION OF FUNDS and LETTER OF INTENT TO MEET CONDITIONS. The USDA is offering a loan in the amount of \$7,927,000 to fund our Water Intake Project.

### Fiscal Effect:

This would be a loan for \$7,927,000 scheduled for repayment over 40 years at an interest rate of 3.375%. For planning purposes this would be an annual payment of \$364,035. In addition to this annual payment, we would be required to establish a **Debit Service Reserve** of 10% or \$3,035 per month for 10 years; and establish a **Short-Lived Asset Reserve** with an annual deposit of \$ 78,000 for the life of the loan.

The purpose of the project is to replace the old water intake and crib assembly and install a second 12-inch water main to the million-gallon reservoir on the bluff.

### Supporting Documentation:

See Attachments

### Recommendation:

Make a Motion to authorize the mayor to sign **RD forms 1940-1 Request for Obligation of Funds and RD-1940-6 Letter of Intent to Meet Conditions.**