



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of August 10, 2026

Title/Subject

Resolution 2440: Safe Drinking Water Revolving Loan Fund Application

Summary

This resolution will authorize submission of an application to the Oregon Health Authority's Safe Drinking Water Revolving Loan Fund: Emerging Contaminants Program.

Background

City Council received a presentation from City Staff and Anderson Perry & Associates during its July 27, 2026 work session which provided background on PFAS, and outlined the results of the PFAS Mitigation Feasibility Study. [This is a link to the video recording of that meeting.](#)

It is anticipated that Council will adopt that study via Resolution 2439 at the August 10, 2026 Council meeting.

The study identifies four actions which the City will undertake in the coming years to fully remove PFAS from the system and meet the 20-year projected water demand:

1. Install treatment and filtration at Well #5
2. Decommission Well #2
3. Decommission Well #4
4. Maximize utilization of the Regional Water Treatment Plant

The Oregon Health Authority and the Oregon Business Development Department manage the Safe Drinking Water Revolving Loan Fund's Emerging Contaminants Program. The 2026 Bipartisan Infrastructure Law (BIL) authorizes states to award 100% forgivable loan funding (i.e. principal forgiveness or subsidy) to address emerging contaminants in drinking water with a focus on PFAS. The deadline for applications is August 13, 2026.

Financial

The total capital construction cost of the improvements is currently estimated at \$26 million. This forgivable loan represents the best source of funding available; however it is unknown to what amount the loan will be forgiven (i.e. converted to grant). Additionally, there is the

possibility of some off-setting revenue to cover the cost as a result of pending class-action lawsuits, which the city is participating in, against PFAS manufacturers.

Depending on the final outcome of this application and lawsuit settlements, the balance of the construction funding will need to be covered through a variety of sources which will need to be analyzed in the future as variables are reduced. The mixture of sources will include system user rates, System Development Charges from new users, reduced spending on system replacement (i.e. reduced CIP projects), and debt stacking as various other Utility Fund debt (i.e. sewer treatment plant) is retired in future years.

Approval of this application does not commit the City to accepting a loan. Nor does it approve any construction contracts. Those actions will come in the future.

Alternatives and Recommendation

Alternatives

1. Approve Resolution 2440
2. Reject Resolution 2440
3. Table Resolution 2440

Recommended Action/Motion

Approve Resolution 2440

Submitted By:

Mark Morgan