



MEMORANDUM

DATE: February 26, 2024
TO: Chair Bryson and Public Works and Facilities Committee
THRU: Denise Koch, Engineering and Public Works Director
FROM: Brian McGuire, Utilities Superintendent, Utilities Division
SUBJECT: Resolution for Lead Service Line Inventory Project State Revolving Fund (SRF) Loan

The CBJ Utilities Division seeks Assembly authorization for and acceptance of up to \$500,000 in financial assistance in the form of a Lead Service Line Loan application from the Alaska Department of Environmental Conservation (ADEC) [State Revolving Fund](#) (SRF) to complete the Lead Service Line Inventory (LSLI) required by the Environmental Protection Agency (EPA). The loan would include 58% in forgiveness.

The goal of the EPA's Lead and Copper Rule Revisions (LCRR) is to protect public health by minimizing lead and copper levels in drinking water. Per the LCRR, all community public water systems (PWS) such as ours must compile an inventory to identify the materials used for each water service line. The inventory must include all service lines connected to the PWS distribution system, regardless of ownership status. The material of the entire service line must be included, from the main to where the line enters the building. To achieve this, the CBJ Utility will assemble existing information regarding the water system LSLI, determine data gaps and deficiencies, coordinate with the public and relevant agencies to update the data and GIS entries, and create a reporting tool that prioritizes ease of access and updates for the new system.

The CBJ Utility currently has a contractor working on phase one of the LSLI, which is a desktop exercise to filter and exclude contemporary construction from the survey phase. Phase two of the LSLI, which consists of owner-facilitated self-inspections, is scheduled to start in March, 2024. A draft inventory is due by July 24, 2024.

CBJ appropriated \$250,000 for the project in 2023. However, given the technical, administrative, and financial cost of the complex and expansive scope, additional funding is required to complete the project by the required deadline. ADEC is offering a Lead Service Line Loan program with 58% in loan forgiveness through the SRF. CBJ's LSLI eligible to apply for SRF loan funding. If awarded, the \$500,000¹ loan would have a 5-year repayment term. The finance rate would be determined at the time of loan offering in conformance with State regulations (18 AAC 76).

In order for the CBJ Utility to apply for the SRF loan, the Assembly must pass a resolution to (1) authorize the SRF loan application process, and (2) authorize a designated representative of the local government to execute the loan agreement.

Action Requested

Staff requests a resolution be forwarded to the full Assembly for adoption, which authorizes the City Manager to 1.) apply to the Alaska Department of Environmental Conservation (ADEC) for a loan not to exceed \$500,000 from the SRF for the Lead Service Line Inventory Project, and 2.) execute the loan agreement.

¹ With 58.3% of loan funds disbursed forgiven, CBJ's responsibility for the remaining 41.7% would be \$208,500.