



AGENDA REPORT

City Council Meeting

TODAY'S DATE: March 11, 2026

MEETING DATE: March 18, 2026

TO: MAYOR AND CITY COUNCIL

FROM: Holly Ellis, Public Works Director

SUBJECT: Authorization to Submit SRF-02 Construction Funding Application – Clean Water State Revolving Fund and Legislative Supplemental Funding for Wastewater Treatment Plant Reconstruction Project

DESCRIPTION/BACKGROUND:

The City of Sandpoint owns and operates a single wastewater treatment plant (WWTP) that discharges to the Pend Oreille River. Portions of the facility date back to the 1940s. Although operators continue to maintain compliance, many structural, mechanical, and electrical components are beyond their useful life. Hydraulic constraints during wet weather events and long-term reliability risks necessitate full reconstruction of the facility.

In December 2025, the City completed an updated Preliminary Engineering Report (PER) confirming the need for comprehensive WWTP reconstruction. The total estimated project cost is approximately \$130 million.

In November 2025, Sandpoint voters approved a bond measure to support reconstruction of the WWTP. The City is implementing a phased financing strategy that combines voter-approved bonds with low-interest State Revolving Fund (SRF) financing to reduce overall borrowing costs and protect ratepayer affordability.

On June 30, 2025, the Idaho Department of Environmental Quality (DEQ) issued an invitation for the City to apply for Fiscal Year 2026 Clean Water State Revolving Fund (CWSRF) loan funding.

On July 1, 2025, DEQ also issued an invitation to apply for Fiscal Year 2026 Legislative Supplemental Funding (LSF).

DEQ administers the CWSRF program, which provides low-interest construction loans for eligible wastewater infrastructure projects. The SRF-02 Construction Funding Application is the formal request for placement on DEQ's funding list and for loan assistance.

The City intends to request approximately \$60 million in Clean Water SRF loan funding as part of the overall financing plan. Based on DEQ's priority list and preliminary discussions, approximately \$38 million may be indicated in the current funding cycle, with additional funding potentially available in subsequent cycles. A portion of the request may qualify for Legislative Supplemental Funding and/or principal forgiveness, subject to final eligibility determinations.

SRF financing offers below-market interest rates and repayment terms of up to 20 years, with extended terms potentially available subject to DEQ approval.

STAFF RECOMMENDATION:

Authorize submission of the State Revolving Fund Construction Funding Application to the Idaho Department of Environmental Quality for the Wastewater Treatment Plant Reconstruction Project and Move to authorize submission of the SRF-02 Construction Funding Application to the Idaho Department of Environmental Quality for the Wastewater Treatment Plant Reconstruction Project and adopt the associated Resolution.

ACTION:

Move to authorize submission of the SRF-02 Construction Funding Application to the Idaho Department of Environmental Quality for the Wastewater Treatment Plant Reconstruction Project and adopt the associated Resolution..

WILL THERE BE ANY FINANCIAL IMPACT? YES HAS THIS ITEM BEEN BUDGETED? YES

If awarded and accepted, SRF funding will create a long-term loan obligation. Financing assumptions have been incorporated into the voter-approved bond strategy and overall financial planning for the project. Submission of the application itself creates no financial obligation.

ATTACHMENTS:

1. Proposed Resolution
2. SRF-02 Construction Loan Application
3. Funding Notification – Clean Water
4. List of Clean Water Loan Projects
5. Funding Notification - Legislative Supplemental Funding
6. List of Legislative Supplemental Funding Projects
7. Letter of Interest
8. SRF Customer Handbook
9. Draft Preliminary Engineering Report