

No: 22-079
Date: December 21, 2022

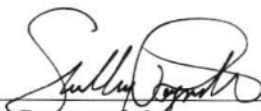
RESOLUTION
OF THE CITY COUNCIL
CITY OF SANDPOINT

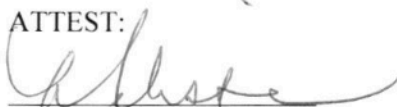
TITLE: WASTEWATER TREATMENT PLANT FUNDING

- WHEREAS: Portions of the City's wastewater treatment plant date back to the 1940s, with a number of components now obsolete, deteriorated, or undersized;
- WHEREAS: Operation of the plant is difficult, and although operators generally have been able to maintain treated water quality that satisfies requirements for discharge to the Pend Oreille River, potential failures of components beyond the operators' control would result in the discharge of excess pollutants;
- WHEREAS: Reconstruction of the City's wastewater treatment plant is a high priority for the City of Sandpoint;
- WHEREAS: A facility plan prepared in 2019 focused on treatment needs, alternative treatment options and siting, with an estimated cost for one option over \$60,000,000, and discussions throughout the planning period having considered costs nearing \$100,000,000 for different treatment options and greater capacity;
- WHEREAS: Given the estimated cost, availability of funding, and complexity of design, including reconstruction on the existing site, it is anticipated the approach to this project will need to be flexible and strategically phased to maximize funding opportunities, where, for instance, City Council has already initiated the process of enacting a wastewater utility rate increase of 19%, while anticipating similar increases over the next two years;
- WHEREAS: In addition to the rate increase, a portfolio of multiple funding sources, such as loans, bonds and grants, are being considered, with grant funding aggressively pursued in order to reduce the burden on rate payers;
- WHEREAS: One such source of funds is the State Revolving Loan Fund (SRF), where, each year, the State of Idaho Department of Environmental Quality (DEQ) opens a process for interested parties to submit a Letter of Interest (LOI) to be considered for funding;
- WHEREAS: The next upcoming deadline for LOI submission is January 13, 2023, with a preliminary list of qualifying applicants expected in March 2023; and
- WHEREAS: City staff has prepared a proposed LOI for submission to DEQ, seeking funding for reconstruction of the City's wastewater treatment plant.

NOW THEREFORE BE IT RESOLVED THAT: The Mayor or his designee, on behalf of the City, is authorized to sign the Idaho Department of Environmental Quality Clean Water Loan Letter of Interest for Fiscal Year 2024, a copy of which is attached hereto and made a part hereof as if fully incorporated herein.

BE IT FURTHER RESOLVED THAT: City staff is directed to submit the LOI to DEQ in time to meet the January 13, 2023, deadline.


Shelby Rognstad, Mayor

ATTEST:

Melissa Ward, City Clerk



January 13, 2023

LaDonn Kaylor
Idaho Department of Environmental Quality
1410 N. Hilton
Boise, ID 83706
Grants.loans@deq.idaho.gov

The City of Sandpoint is pleased to submit this Letter of Interest for the construction of a new wastewater treatment plant under the Idaho Department of Quality Clean Water Loan program.

This application has been a long time coming and is the result of years of community planning efforts, a robust facility master planning process and bridge improvements at the plant as well as significant capital improvements to reduce inflow and infiltration into the plant. Last fall, the Sandpoint City Council adopted updated wastewater rates to support the plant replacement, but this is also contingent upon a successful application and award of SRF funds and some loan forgiveness consideration to make the project affordable to our small community.

The existing wastewater treatment plant discharges to the Pend Oreille River which is classified as a §303(d)-listed water body. The treatment plant is at the end of its useful life with components dating back to World War 2. We are further challenged with high levels of inflow and infiltration that exceed the capacity of the plant and result in periodic permit violations.

Despite this, Sandpoint is committed to meeting very high water quality standards as evidenced through the recommendations made by the community during the facility planning process where they recommended much higher levels of treatment than required by the City's NPDES permit. Treatment plant operators also share this commitment by operating the treatment plant with very few permit violations despite age, condition, and high flows.

Without significant upgrades, the existing facility will not be able to maintain water quality over the long term so the City needs IDEQ assistance in funding a new wastewater treatment facility with an estimated cost of \$65 million.

This Letter of Interest reflects the City's commitment to water quality, sustainability, and the watershed health by focusing plant improvements around preserving the surrounding watershed, including voluntarily focused efforts on phosphorus removal, flow reduction for aggressive I/I removal, and a willingness to continue pursuing regionalization opportunities to improve overall sustainability and the Pend Oreille watershed and plant operations.

Grant funding for the proposed treatment plant upgrades is essential since Sandpoint already has some of the highest rates in the region. The recent rate study increased household rates by 19% and recommended increases of 19% annually for the next three years to support this project. Despite these large increases, the rates will only provide one-half of the funding for the required improvements.

We respectfully submit the attached IDEQ Clean Water Loan Letter of Interest. With any questions, please contact our Utilities Director, Greg Lanning, at 208.946.2702 or our City Administrator, Jennifer Stapleton, at 208.265.1483.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shelby Rognstad', with a stylized flourish at the end.

Shelby Rognstad, Mayor
City of Sandpoint