



# AGENDA REPORT

## City Council Meeting

**TODAY'S DATE:** April 27, 2026

**MEETING DATE:** May 6, 2026

**TO:** MAYOR AND CITY COUNCIL

**FROM:** Holly Ellis, Public Works Director

**SUBJECT:** Authorization to Accept SRF Loan Offer – Clean Water State Revolving Fund for Wastewater Treatment Plant Reconstruction Project (WW2604)

### 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 and are beyond their useful life. While the facility remains in compliance, hydraulic limitations during wet weather events and long-term reliability concerns necessitate full reconstruction.

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

The City is implementing a phased financing strategy to deliver the project. Phase 1 includes liquid treatment upgrades and supporting infrastructure such as aeration basins, secondary clarifiers, and standby power systems.

On April 13, 2026, the Idaho Department of Environmental Quality (DEQ) issued a funding offer to the City for a Clean Water State Revolving Fund (CWSRF) loan in the amount of \$38,000,000 for the project.

The loan terms include a 30-year repayment period at an effective interest rate of 2.00% (1.00% interest and 1.00% loan fee), with \$3,016,332 in principal forgiveness.

This loan represents the first installment of a larger anticipated SRF funding package, with DEQ indicating additional funding may be available in future cycles.

Acceptance of the loan requires compliance with federal and state requirements, including:

- Completion of environmental review prior to fund disbursement
- Inclusion of Build America, Buy America (BABA) provisions
- Compliance with Davis-Bacon prevailing wage requirements
- DEQ approval of plans, specifications, and construction contracts prior to bidding and award

The City is required to submit and adhere to a DEQ-approved project schedule and maintain a user charge system sufficient to support repayment obligations.

**STAFF RECOMMENDATION:**

Authorize acceptance of the Clean Water State Revolving Fund loan offer from the Idaho Department of Environmental Quality in the amount of \$38,000,000 for the Wastewater Treatment Plant Reconstruction Project and authorize the Mayor to execute all necessary documents.

**ACTION:**

Move to authorize acceptance of the SRF loan offer (WW2604) from the Idaho Department of Environmental Quality in the amount of \$38,000,000 and authorize the Mayor to execute all necessary documents.

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

**ATTACHMENTS:**

1. Proposed Resolution
2. DEQ SRF Loan Offer (WW2604)
3. Project Schedule (Attachment A)
4. Davis-Bacon Requirements (Attachment B)
5. SRF Supplemental Specifications (Attachment C)