



**CITY COUNCIL MEETING
STAFF REPORT**

<p>Meeting Date: December 2, 2024</p>	<p>Subject: Resolution No. 3178 A Resolution Of The City Of Wilsonville Authorizing And Approving A DEQ State Revolving Fund Loan To Finance Wastewater System Improvement Projects</p> <p>Staff Member: Keith Katko, Finance Director</p> <p>Department: Finance</p>	
<p>Action Required</p> <p><input checked="" type="checkbox"/> Motion</p> <p><input type="checkbox"/> Public Hearing Date:</p> <p><input type="checkbox"/> Ordinance 1st Reading Date:</p> <p><input type="checkbox"/> Ordinance 2nd Reading Date:</p> <p><input checked="" type="checkbox"/> Resolution</p> <p><input type="checkbox"/> Information or Direction</p> <p><input type="checkbox"/> Information Only</p> <p><input type="checkbox"/> Council Direction</p> <p><input checked="" type="checkbox"/> Consent Agenda</p>	<p>Advisory Board/Commission Recommendation</p> <p><input type="checkbox"/> Approval</p> <p><input type="checkbox"/> Denial</p> <p><input type="checkbox"/> None Forwarded</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p>Comments:</p>	
<p>Staff Recommendation: Staff recommends Council adopt the Consent Agenda.</p>		
<p>Recommended Language for Motion: I move to adopt the Consent Agenda.</p>		
<p>Project / Issue Relates To:</p>		
<p><input type="checkbox"/> Council Goals/Priorities:</p>	<p><input type="checkbox"/> Adopted Master Plan(s)</p>	<p><input checked="" type="checkbox"/> Not Applicable</p>

ISSUE BEFORE COUNCIL:

Resolution to authorize staff to establish a revolving loan of up to \$29,000,000 from the State of Oregon Department of Environmental Quality (DEQ) Clean Water State Revolving Fund (CWSRF) to finance wastewater system capital improvements.

EXECUTIVE SUMMARY:

The Clean Water State Revolving Fund (CWSRF) functions as an environmental infrastructure bank, offering below-market loans to public agencies at favorable interest rates for the planning, design, and construction of water pollution control facilities.

This program presents a valuable opportunity for the City by providing flexible, low-interest financing for two sewer-related capital projects over the next two fiscal years. The City can borrow up to a \$29 million limit, on an as needed basis throughout the allocated projects respective durations. Current interest rates are 2.14% for a 20-year term or 2.64% for a 30-year term, with repayment typically beginning six (6) months after project completion. To cover the required payback, City sewer system development fees (SDCs) will be adjusted to include debt servicing. The Sewer SDC nexus ensures that growth and benefiting developments contribute their fair share to infrastructure costs through SDC collections.

The \$29 million financing would be allocated as follows between two City sewer projects:

1. **\$18 million** for the construction phase of the Boeckman Creek Interceptor Project (CIP 2107). This project aims to upsize the sewer line along the Boeckman Creek corridor, increasing capacity to serve existing and planned residential areas on the east side of Wilsonville by replacing 12-to-18 inch pipelines with 18-to-24 inch pipelines. The project is currently in the design phase.
2. **\$11 million** for the planning and construction of the Waste Water Treatment Plant (WWTP) Aeration Basin Expansion. This project will enhance capacity, modernize operations, and ensure compliance with National Pollutant Discharge Elimination System (NPDES) limitations as the City continues to grow. The additional capacity is projected to be necessary by 2027.

Additionally, the CWSRF program offers the possibility of up to \$4 million in principal forgiveness (\$2 million for each project). To qualify, projects must meet specific criteria, and funds must be available at the time the loan is signed. There is no guarantee of receiving principal forgiveness, as the amount is determined when the loan agreement is executed. Criteria is based on borrowers with rate payer hardships, those offering rate reduction programs, or based on the green/sustainability of the project

The resolution before the Council this evening will authorize the Finance Director or the City Manager to execute a CWSRF loan agreement and any other necessary documents for closing the loan.

EXPECTED RESULTS:

Funds will be available for use July 1, 2025.

TIMELINE:

N/A

CURRENT YEAR BUDGET IMPACTS: Not applicable for current year. Both projects will be budgeted for in the upcoming Fiscal Year 2025-2026.

COMMUNITY INVOLVEMENT PROCESS:

N/A

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

The financing will allow for the construction of a needed sewer infrastructure upgrades.

ALTERNATIVES:

The City could issue revenue bonds or general obligation bonds. Revenue bonds are repaid from the income generated by the sewer system, whereas general obligation bonds are secured by the city's overall credit and can be repaid through property taxes. Both options present disadvantages for the city regarding cost, flexibility, and the burden they impose on current system users in the case of revenue bonds, or on taxpayers for general obligation bonds.

CITY MANAGER COMMENT:

N/A

ATTACHMENT:

1. Resolution No. 3178