

PUBLIC WORKS AND UTILITIES COMMITTEE

10-0085R

RESOLUTION AUTHORIZING APPLICATION TO THE MINNESOTA PUBLIC FACILITIES AUTHORITY AND TO ENTER INTO A LOAN AGREEMENT FOR PHASE II OF THE EAST INTERCEPTOR SSO STORAGE FACILITY PROJECT, CONSTRUCTION OF AN 8.3 MILLION GALLON STORAGE TANK, DEMOLITION OF LIFT STATION NO. 6 AND REMOVAL OF CONTAMINATED SOIL.

CITY PROPOSAL:

THE CITY COUNCIL FINDS:

(a) That the city of Duluth is under consent decree orders to eliminate sanitary sewer overflows;

(b) The east interceptor is one of the overflow points that the city is mandated to eliminate;

(c) The estimated cost of Phase II of the east interceptor sanitary sewer overflow storage facility (8.3 million gallon storage tank, demolition of existing Lift Station No. 6, and removal of contaminated soil) is estimated to be \$13,300,000 with \$4,000,000 being funded by a grant from WIF funds. The remaining \$9,300,000 is the city's responsibility. The public facilities authority (PFA) may have loan monies available to finance the city's share of the project costs;

(d) To receive this money, the city must submit required information and enter into a loan/grant agreement with the Minnesota public facilities authority.

RESOLVED, that the proper city officials are hereby authorized to submit an application and to enter into a loan agreement with the Minnesota public facilities authority for funding of the east interceptor sanitary sewer overflow storage facility, Phase II, as described in the application.

FURTHER RESOLVED, that the city of Duluth has the legal authority to apply for the money, and the financial, technical and managerial capacity to ensure proper construction, operation and maintenance of the project for its design life.

FURTHER RESOLVED, that the city of Duluth estimates the loan amount to be \$9,300,000 or the as-bid cost of the project.

FURTHER RESOLVED, that the city hereby expresses its official intent to use proceeds of this loan to reimburse engineering and construction expenditures made prior to the issuance of its general obligation bond to the public facilities authority.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

ENG MJG:jh 2/8/2010

STATEMENT OF PURPOSE: This resolution will authorize the submission of an application to enter into a loan/grant agreement with the Minnesota public facilities authority for Phase II of the east interceptor sanitary sewer overflow storage facility (8.3 million gallon sanitary sewer overflow tank, demolition of existing lift station no. 6, and removal of contaminated soil). The PFA funds will be the city's match to the WIF grant funds. The city's matching funds will be payable from the Clean Water Fund 0532, Department/Agency 500, Object 5532, City Project No. 0519SN.