


**City of Oak Harbor
City Council Agenda Bill**

Bill No. 6.b.
Date: December 3, 2013
Subject: Adopt Wastewater Facilities Plan
Resolution 13-31

**FROM: Cathy Rosen, Public Works Director
Joe Stowell, City Engineer**

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:

 Scott Dudley, Mayor
Larry Cort, City Administrator
Doug Merriman, Finance Director
Grant Weed, Interim City Attorney, as to form

PURPOSE

The purpose of this agenda bill is to adopt Resolution 13-31, Approving the Wastewater Facility Plan as approved by the Washington State Department of Ecology (DOE).

FISCAL IMPACT DESCRIPTION

Funds Required: \$0
Appropriation Source: N/A

SUMMARY STATEMENT

On August 4, 2010, City Council awarded a professional services contract to Carollo Engineers to prepare a Wastewater Facilities Plan for a new wastewater treatment plant. City Council authorized staff to submit a draft Wastewater Facilities Plan to the DOE for approval on March 19, 2013. Final approval of the Wastewater Facility Plan was received from the DOE on November 18, 2013.

In addition to meeting the standards set forth by [WAC 173-98-030](#) for a Facilities Plan, DOE has determined that the plan also meets the standards of an Engineering Report, as described in [WAC 173-98-030](#). By adopting the Facilities Plan, City Council confirms the design parameters for the new WWTP.

CITY COUNCIL WORKSHOP

November 19, 2013 – The approval letter from DOE was presented at the City Council Workshop.

RECOMMENDED ACTION

Adopt Resolution 13-31

ATTACHMENTS

- Resolution 13-31
- Ecology Approval of City of Oak Harbor Wastewater Facilities Plan
- Link - Final Wastewater Facilities Plan (<http://www.oakharborcleanwater.org/Library>)

CITY OF OAK HARBOR
RESOLUTION NO. 13-31

**A Resolution of the City of Oak Harbor Adopting the 2013 Wastewater
Facilities Plan**

WHEREAS, the City of Oak Harbor provides sanitary sewer service for the community;
and

WHEREAS, the City of Oak Harbor received National Pollution Discharge Elimination
System Waste Discharge Permit No. WA0020567 from the Washington State Depart-
ment of Ecology permitting the City to provide such service; and

WHEREAS, the aforementioned permit required submittal of an approvable facilities
plan by June 30, 2013; and

WHEREAS, such facilities plan was submitted on March 30, 2013 and subsequently
approved on November 18, 2013;

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Oak Harbor
that the 2013 Wastewater Facilities Plan be adopted.

PASSED by the City Council and approved by its Mayor this 3rd day of December,
2013.

CITY OF OAK HARBOR

SCOTT DUDLEY, MAYOR

Attest:

Approved as to form:

Valerie J. Loffler, City Clerk

Grant K. Weed, Interim City Attorney



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

Northwest Regional Office • 3190 160th Ave SE • Bellevue, WA 98008-5452 • 425-649-7000
711 for Washington Relay Service • Persons with a speech disability can call 877-833-6341

November 18, 2013

The Honorable Scott Dudley
Mayor, City of Oak Harbor
865 SE Barrington Drive
Oak Harbor, WA 98277

Dear Mayor Dudley:

Re: Ecology Approval of City of Oak Harbor Wastewater Facilities Plan

Ecology has reviewed the above-referenced Facility Plan, as required by RCW 90.48.110 and WAC 173-240-030 and hereby **approves** the document. This approval verifies that the document meets the technical standards of an "Engineering Report", as described in WAC 173-240-060. The document also meets the standards of a "Facility Plan", as defined in WAC 173-98-030. One copy of the approved document is being returned to the City Engineer for your records.

Once constructed, Ecology will use information presented in this approved facility plan as the basis for influent capacity limits and for staffing requirements in the NPDES discharge permit for the new facility. Future permits will use the following design data from the plan:

Parameter	Design Value
Maximum Monthly Average Flow	3.9 million gallons per day (MGD)
Maximum Monthly Average Biochemical Oxygen Demand (BOD ₅)	6,850 pounds per day (ppd)
Maximum Monthly Average Total Suspended Solids	6,400 ppd

In addition, section 8.2.8 of the plan demonstrates that the new facility will require that the operator in responsible charge of day-to-day activities at the facility must be certified by the State of Washington at a Group III level. This is an increase from the existing facility, which requires certification at the Group II level.

The City of Oak Harbor (City) must submit Plans and Specifications (Design Documents) to Ecology for review and approval prior to starting construction of the project described in this approved Facility Plan. If the City chooses to construct portions of the project in phases, the City must submit design documents for each construction phase. The City must also submit an amended Facility Plan for review and approval if the design team makes substantial changes to the project during the design phase.

Concurrence of State Environmental Review Process

Documents submitted to Ecology as "Facility Plans" must include sufficient detail to demonstrate that the planning process carefully considered all environmental impacts of the proposed project, thoroughly examined all project alternatives, and provided adequate opportunity for public involvement in the project development. Upon favorable review of the environmental process documentation, RCW 90.50A

and WAC 173-98 require Ecology to issue a "Letter of Concurrence" stating that the project planning complies with the State Environmental Review Process (SERP). Ecology reviewed the supporting documents submitted as part of this Facility Plan and hereby concurs that the proposed project complies with SERP. The City is thereby eligible to submit a financial assistance application to Ecology for the proposed wastewater facility project. Any significant changes to the project made after the date of this concurrence letter may require additional environmental review of the project

Nothing in this facility plan approval or SERP concurrence shall be construed as satisfying other federal, state or local statutes, ordinances or regulations that may apply to the proposed project.

Grant and Loan Eligibility

Design Funding: Ecology has dedicated a portion of the State Revolving Fund (SRF) Loan Program to specifically assist communities with pre-construction (design) funding. To qualify for this dedicated fund category, the applicant must have a population of 25,000 or less and median household income (MHI) at or below the State's MHI. Funding levels for this category in past fiscal years have ranged from \$3.5 million to \$6.1 million. No single recipient may receive more than 20% of the category's available funds.

The City meets the population requirement and may meet the economic requirement for consideration in this category. Based on past funding levels, the City may qualify for a dedicated Pre-construction Loan of up to \$1.2 million¹. Ecology may also use funds from the SRF Program's General Facility Project category to finance design projects for applicants that do not qualify for the dedicated Pre-construction Category or if the project requires more money than is available under the category cap. The City can use Pre-construction loan financing to pay for costs associated with completing the final design of the project.

Construction Funding: Ecology has determined that the Wastewater Facility Project described in the Facility Plan is eligible for SRF Construction Loan Financing. The SRF program provides low interest loans for wastewater facility construction projects through a competitive application process. Construction loans may finance eligible costs associated with constructing sewage collection and treatment systems for the existing community needs and for up to 20 years of reserve capacity. Successful applicants may receive a loan offer that can finance up to 100% of the eligible construction costs. Ecology limits the actual funding offer based on the project's ranking and based on the total funding available for construction loans. The "Use and Limitations of the Water Pollution Control Revolving Fund" (WAC 173-98) limits projects from receiving more than 50% of the total available funds in each fiscal year. Although the project appears eligible for construction loan financing, the City may not apply for construction financing until after the project design has been reviewed and approved by Ecology.

The Facility Plan estimates the maximum probable construction cost at \$96.3 million, which includes costs for construction, project administration and engineering oversight during construction of the new

¹ Maximum pre-construction award assumes a funding level of \$6.0 million in the Pre-construction loan category for the State Fiscal year 2015. Ecology will not know the actual funding availability until the end of the 2014 legislative session.

treatment facility, new outfall, and conveyance system improvements. The cost estimate also includes \$2.0 million for "Property Acquisition", which is not eligible for financing through the SRF program. The plan does not include any other apparent ineligible costs. Therefore, the total construction cost eligible for this project is \$94.3 million. Based on past funding levels, this amount is likely to exceed the statutory ceiling of 50% of the SRF construction loan funds available. If Ecology is unable to fully finance the project due to funding limitations in the fiscal year in which the City applies, the City may apply for additional funding in subsequent fiscal years.

Hardship Consideration: In addition to low interest loans through the SRF program, Ecology provides construction grant funding from the Centennial Clean Water Fund to public entities that meet financial hardship qualifications. The "Use and Limitations of Centennial Clean Water Funds" (WAC 173-95A) restricts financial hardship funding to the costs necessary to provide treatment capacity for up to 110% of the existing residential need and caps the maximum grant award at \$5 million per project. To qualify for hardship consideration, communities must have a population of less than 25,000 at the time of application and the projected residential sewer rates necessary to fund the project must exceed 2% of the annual median household income for the ratepayers.

Based on data presented in the Facility Plan, the city's population meets the eligibility criteria and the project will increase residential sewer rates to between 2% and 3% of the City's MHI. Therefore, the proposed project may qualify for "Moderate Hardship" funding consideration under the Centennial rules. The Moderate Hardship designation allows the City to compete for Centennial Grant funding for up to 110% of the existing residential need. Based on current population of approximately 17,675 and the design population of 23,776, approximately 82% of the estimated project cost, or \$77.1 million, would be eligible for hardship consideration. As this exceeds the statutory cap of \$5 million for grant funding, the maximum grant Ecology could award for the project would be \$5 million.

In addition to grant funding, communities eligible for hardship consideration may also compete for forgivable principal loans and may receive reduced interest rates on standard loans. Although Ecology may combine an offer of a grant and a forgivable principle loan, the combined offer cannot exceed \$5 million for the project. For the portion of the project cost not funded by a grant or forgivable principal loan, Ecology may offer hardship communities, loans with interest rates lower than our standard low interest loans. Under the current funding cycle, the moderate hardship loan rate is 1.8% for a 20-year loan; the standard loan rate is 2.7% for a 20 year-loan.

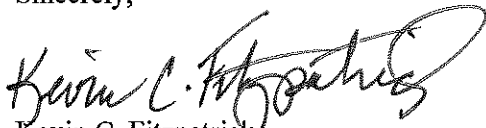
Design and Construct Funding: During discussions over the draft facility plan, the City's staff and consultants expressed interest in completing the outfall portion of the proposed project in a separate phase with an accelerated timeline. The facility plan identifies the probable construction cost for this work as \$2.9 million. If the City chooses to complete this work as a separate project, the work would be eligible for funding as a "Design and Construct" project. Ecology's funding rules allow for the financing of projects that have a total cost of \$5 million or less under a "Design and Construct" process. In this process, the City may apply for construction funding without first having design documents approved by Ecology. The process allows for financing of eligible design and construction costs under a single funding offer. The funding agreement would require delivery of design documents to Ecology for review and approval prior to starting the construction phase of the project.

Mayor Scott Dudley
November 18, 2013
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This preliminary determination is provided as a courtesy for financial planning, and it is based on the current Water Quality Program Funding Guidelines. Future versions of the Guidelines are subject to changes, which may alter this determination. No guarantee of actual State funding is implied by this letter as the City's projects must compete with other projects, and your applications must rank high enough to qualify for the limited amount of funding available.

If you have any questions concerning this approval, please telephone Shawn McKone at (425) 649-7037.

Sincerely,



Kevin C. Fitzpatrick
Water Quality Section Manager

KF:sm
Enclosure

cc: Joe Stowell, City Engineer, City of Oak Harbor (with enclosure)
Cathy Rosen, Public Works Director, City of Oak Harbor
Steve Bebee, Public Works Operations Manager, City of Oak Harbor
Brian Matson, Project Manager, Carollo Engineers
Alice Rubin, Environmental Review Coordinator, Ecology
Shawn McKone, Facility Manger, Ecology
Ecology Central Files: City of Oak Harbor WWTP; WA0020567; WQ 4.0