



CITY OF RAPID CITY

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MEMORANDUM

TO: City Council, Mayor Alan Hanks

FROM: Robert Ellis, Public Works Director

SUBJECT: Public Hearing on Water Reclamation Facility SRF Loan Application

DATE: August 3, 2009

Below is a summary of the projects included in the SRF loan application along with pertinent information regarding the SRF loan package.

The need for the project;

To ensure that adequate wastewater treatment is maintained for the community the City of Rapid City (City) has identified the need for repair, replacement and improvement projects at its Water Reclamation Facility (WRF). These projects consist of repair, replacement or improvements of critical components of the existing facility and will not result in expansion of the facility or disturbance of new areas.

All alternatives that were evaluated, including the cost of each;

The overall project consists of repair and replacement of critical components at the WRF. Options for each component replacement were or will be evaluated and the most cost effective solution was or will be selected. Overall the main alternatives for the project are the no action alternative which may result in the City not being able to provide adequate wastewater treatment, the cost of which cannot be determined, or repair and replacement of the components which will allow the City to provide the wastewater treatment required.

A description of the project;

The project will consist of repair or replacement of the following components.

- Motor Control Center Replacement
- Digester Control Building Improvements
- Non-Potable Water System Improvements



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- Primary Digesters Cover Replacement
- Ultraviolet Disinfection Building HVAC
- Grit Removal and Handling Equipment

The proposed financing for the project;

The proposed project will be totally financed using SRF Loan funds.

The amount of SRF loan expected to be borrowed;

The amount of SRF loan funds to be borrowed is \$5,000,000.00.

The revenue source pledged for repayment;

The revenue source pledged for repayment is water reclamation enterprise funds.

The interest rate and term of the loan;

The interest rate and term of the loan are 3.00% for 20 years.

The effect of the proposed financing on user rates;

The user rates in effect as of January 2009 include the debt service necessary to pay the SRF Loan.