

**CITY OF NORTH POLE
RESOLUTION 16-05**

**RESOLUTION TO PLACE AN INITIATIVE ON THE OCTOBER 4, 2016 CITY OF
NORTH POLE BALLOT AUTHORIZING THE CITY TO INCUR \$2,000,000 OF DEBT
IN THE FORM OF A LOW-INTEREST ALASKA DEPARTMENT OF
ENVIRONMENTAL CONSERVATION (ADEC) LOAN FOR THE PURPOSE OF
CONSTRUCTING AN EXTENSION TO THE WASTEWATER TREATMENT PLANT
DISCHARGE SEWER MAIN IN RESPONSE TO AN ADEC NOTICE OF VIOLATION**

WHEREAS, the City of North Pole created its utility system to provide residents with the sanitation, protection and convenience afforded by a municipal utility system and to promote an improved community environment; and

WHEREAS, the Utility has a permit from the Alaska Department of Environmental Conservation (ADEC) allowing the Utility to discharge treated wastewater to the Tanana River; and

WHEREAS, the wastewater treatment plant discharges treated wastewater to the Tanana River via a discharge sewer main; and

WHEREAS, the discharge of treated wastewater to the Tanana River is the last step in the wastewater treatment process where river water dilutes the treated wastewater in a mixing zone; and

WHEREAS, periodically starting in October 2012 the river channel where the Utility discharges treated wastewater has gone dry; and

WHEREAS, the loss of river flow in the discharge channel results in the loss of the Utility's mixing zone; and

WHEREAS, lack of a mixing zone is a violation of the Utility's wastewater discharge permit; and

WHEREAS, in November 2014, the ADEC issued the Utility a Notice of Violation of the Utility's wastewater discharge permit for the lack of a mixing zone; and

WHEREAS, the Utility received an engineering estimate that it would cost approximately \$4 million to construct in 2020 an extension to the discharge sewer main to an active channel of the Tanana River to bring the Utility back in compliance with its ADEC wastewater discharge permit; and

WHEREAS, the Utility submitted a request to the ADEC for a \$2 million loan to help finance the construction of the extension to the discharge sewer main; and

WHEREAS, the Utility will require additional funding to fully finance the construction of an

47 extension to the discharge sewer main and the Utility will solicit grants and use accumulated
48 utility capital funds to generate the balance of the needed construction funds; and
49

50 **WHEREAS**, the Utility has existing capital charges levied on all utility rate payers that generate
51 sufficient revenues to repay the loan over its 20-year life without the need to raise utility rates,
52 the property taxes or sales taxes rates.
53

54 **NOW, THEREFORE, BE IT RESOLVED** that the North Pole City Council approves that the
55 following question shall be placed on the October 4, 2016 ballot as follows:
56

57 Proposition 1
58 City of North Pole
59 October 4, 2016
60

61 The North Pole Utility is requesting authority to accept a \$2 million loan from the Alaska
62 Department of Environmental Conservation (ADEC) to build and extension to the wastewater
63 treatment plant discharge sewer main. The location of the current sewer main discharges to a
64 channel of the Tanana River that has periodically run dry starting in 2012. ADEC issued the
65 Utility a Notice of Violation due to the lack of river flow at the discharge main. The loan will be
66 for 20 years at an annual interest rate of 1.5%. The Utility will repay the loan from the existing
67 capital construction utility charges collected from all utility rate payers. This project will not use
68 property taxes nor sales tax for either construction costs or to repay the loan. The Utility's
69 annual loan payment will be approximately \$116,491. The total construction cost to build the
70 sewer main in 2020 is estimated to be \$4 million and will include a mixture of loan, grant and
71 utility funding:
72

73 Shall the City of North Pole accept a \$2,000,000 loan offer from the Alaska Department of
74 Environmental Conservation (ADEC) at an interest rate of 1.5% for a period of 20 years to be
75 repaid from the existing capital construction utility charges collected from all utility rate payers
76 for the purpose of extending the wastewater treatment plant sewer discharge main to an active
77 channel of the Tanana River to help comply with an ADEC Notice of Violation?
78

79 Yes No
80

81 **PASSED AND APPROVED** by a duly constituted quorum of the North Pole City Council this
82 6th day of June, 2016.
83



Bryce J. Ward
Bryce J. Ward, Mayor

86 **ATTEST:**

87 *Kathryn M. Weber*
88 Kathryn M. Weber, MMC
89 North Pole City Clerk
90

PASSED
Yes: 5 – McCarthy, McGhee, Dawson, Claus, Ward
No: 1 – Holm
Absent: 1 -Smith