

October 23, 2009

To: Members, City Council
From: Mayor Joe R. Whalen
RE: Resolution 3308 – Amended

During the Finance Committee meeting on Wednesday night, Resolution 3308 was amended (3-0) to require that the remaining balance of loan funds allocated to Carbon Hill improvement project in the amount of \$314,600 be returned to the DNRC State Revolving Fund (SRF) rather than used to re-route our 20" water main from underneath the closed Cenex station on the west end of Main St. The interest rate against these funds is scheduled at 3.75% and the full amount was integrated into the project costs used to calculate our revised water rate schedule two years ago.

This pipeline is 50 years old and serves as the primary feed to our distribution system from the water treatment plant. It's currently routed alongside two fuel underground storage tanks.

The Public Works and Public Utilities directors have both been intimately involved in managing our water distribution system and both strongly recommend the pipeline project as the next most important improvement to the City's water system. A pipeline failure under the fuel station would constitute a major disruption to the City's water supply, a threat to public safety, and an environmental hazard.

Project funding is already budgeted and secured through SRF. No revision to the current water rate schedule is required. Materials costs have fallen from \$51 to \$17 per lineal foot in the past two years.

Al Kelm has 24 years of experience in Public Works. Bruce Larson has 28 years of experience in Public Works. I support their recommendation and urge each of you to do the same. Resolution 3308 should be passed without amendment.