

ORDINANCE NO. 2017-1045

An Ordinance of the City of Waitsburg, Washington, authorizing the City to enter into and receive a line of credit from Community Bank in the amount of \$750,000 to provide funding to pay for costs relating to infrastructure improvements associated with the City Water and Sewer System

WHEREAS, the City of Waitsburg, Washington, hereinafter referred to as the “City”, now owns, maintains and operates a water and sewer system which is in need of certain upgrades and improvements; and

WHEREAS, Community Bank has offered to lend the total sum of seven hundred fifty thousand and no cents (\$750,000) to the City of Waitsburg to aid in the upgrades and improvements to the City’s water and sewer system with such line of credit bearing interest at not greater than 4% per annum, resetting after ten years based on the current rate offered by the Federal Home Line of credit Bank of Des Moines, plus 75 basis points, and being repaid over a period of twenty years (20) in semiannual payments, from revenue generated by the water system; and

WHEREAS, it is deemed necessary and in the best interests of the City and its inhabitants that the plan of upgrades and improvements to the water system as hereinafter specified be constructed and the line of credit be authorized to carry out such improvements;

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Waitsburg as follows:

Section 1. As used in the ordinance, the following words shall have the following meanings:

- a. “Line of credit” shall mean the Community Bank line of credit granted to the City of Waitsburg in the amount of \$750,000 and all the terms and conditions related to that line of credit.
- b. “Water and Sewer Fund” shall mean and refer to that fund as codified as WMC 9.01.010 *et seq.*
- c. “Gross Revenue of the System” shall mean all of the earnings and revenue received by the City on account of the ownership and operation of the system.
- d. “Maintenance and Operation Expense” shall be all reasonable expenses incurred by the City in causing the water system to be operated and maintained in good repair, working order and condition, but shall not include any depreciation or taxes or charges in lieu of taxes levied or imposed by the City.
- e. “Net Revenue of the System” shall mean the gross revenue of the system less the maintenance and operation expense and less the money required to be set aside pursuant to pre-approved debt service obligations.
- f. “Water and Sewer System Improvements” shall mean the plan for acquiring and constructing additions, betterments, improvements and extensions to the water and sewer system specified and adopted in Section 2 hereof.
- g. “System” shall mean the water and sewer system of the City of Waitsburg together with all extensions and improvements thereto.

Section 2. The City hereby specifies, adopts, authorizes and orders to be carried out the Water and Sewer System Improvements as specified in detail in the engineering report relating thereto as approved by the City Council which will be kept on file in Waitsburg City Hall.

The City may make or authorize changes of detail or other changes in the above described Water and System Improvements not affecting the general plan and not substantially altering the purpose of the project.

The cost of carrying out the project shall be met and defrayed by the line of credit and by the net revenue of the system.

Section 3. For the purpose of providing the funds required to carry out the Water and Sewer System Improvements, the City shall enter into the line of credit and the City Administrator is hereby authorized to execute the necessary line of credit documents. The line of credit shall be in the amount not to exceed \$750,000, and shall bear interest at the rate not to exceed 4% per annum and shall be amortized over a period of twenty years with the principal payment amounts plus interest being paid in semiannual payments through the life of the line of credit, which is not expected to be longer than December 31, 2037.

Section 4. The line of credit documents and related repayment schedule shall be deemed sufficient for payment on the line of credit under WMC 9.01.010 *et seq.* The line of credit shall be paid only from funds in the Water and Sewer Fund. The line of credit is not intended to be a general obligation of the City, and no officer of the City or any member of the Council shall be liable for any payment of principal and/or interest thereon.

Section 5. The City and its officers are hereby authorized to proceed with the Sewer System Improvement Project related to the Touchet River Sewer Siphon and to do all things necessary for the completion of this project, including the execution of all documents necessary to its completion.

Remaining line of credit funds will used as directed by the City Council in conjunction with the adoption of the City's annual budget as it relates to the City Capital Improvement Plan.

Section 6. This ordinance shall become effective immediately upon its passage and publication as required by law.

PASSED by the City Council of the City of Waitsburg, at a regular meeting thereof held this 20th day of September, 2017

APPROVED:

Marty Dunn, Mayor

ATTEST:

Randy Hinchliffe, City Clerk

APPROVED AS TO FORM:

Jared Hawkins, City Attorney