

Missouri Clean Water Commission Meeting  
Department of Natural Resources  
Lewis and Clark State Office Building  
Nightingale Creek Conference Room  
1101 Riverside Drive  
Jefferson City, Missouri

February 7, 2017

**State Direct Loan for the village of Silex**

**Issue:** The village of Silex is requesting a state direct loan (non-SRF) in the amount of \$250,000 to partially fund the costs to upgrade the wastewater treatment system to construct a land application drip irrigation system.

**Background:** The village of Silex is served by a three cell discharging lagoon. The National Pollutant Discharge Elimination System Operating Permit issued on March 26, 2010, included a Schedule of Compliance to upgrade the lagoon to meet final limits for Biochemical Oxygen Demand (BOD); Total Suspended Solids (TSS); Ammonia as Nitrate; and Total Residual Chlorine by March 26, 2013. The facility is currently under enforcement for failure to upgrade the lagoon and exceeding effluent limitations. The village has also experienced chronic flooding, which has contributed to the delay of wastewater system improvements. The city is proposing to upgrade their treatment facility to a no discharge subsurface drip dispersal system to meet permit limits and maintain compliance with the Missouri Clean Water Law and its implementing regulations.

The total project is estimated to cost \$1,032,600. The department has determined that the city is eligible for \$152,600 Rural Sewer Grant. A Community Development Block Grant (CDBG) is expected in the amount \$500,000 from the Department of Economic Development. The city also plans to enter into a \$150,000 loan with Missouri Development Finance Board (MDFB).

The department previously brought this project to the Clean Water Commission for approval of a \$100,000 Small Borrower Loan on April 1, 2015. The village had contemplated issuing approximately \$130,000 bonds with a private buyer and entering into the MDFB loan and Small Borrower loan. The state direct loan will reduce the loans for this project from three to two, and will help the village realize lower financing costs and simplify administration on this project. State direct loans come from repayments of loans originated with the state Water Pollution Control bonds. There are adequate funds available for this loan. The department is working with the village in reviewing its user charge based on the current financing proposal. The department will require that the user charge be sufficient to cover existing debt, operation and maintenance costs, and new debt before entering into the state direct loan and awarding the Rural Sewer Grant. The village will also need to show that the MDFB loan and CDBG funds are in place at loan closing.

**Recommended Action:** The department recommends that the Commission approve the allocation of funding in the amount of \$250,000 for a state direct loan to the village of Silex.

**Suggested Motion Language:** “I move to approve the allocation of funding in the amount of \$250,000 for a state direct loan for the village of Silex.”