

Lebanon's Existing Water Treatment plant is hanging on by a thread. It was built in 1946 and it has no redundancy built into it. So if one major element of the process fails, it makes our plant inoperable with only a 2-3 day reserve of water for our 16,000 residents.

We have been planning on a new plant for several years. We applied for and were awarded \$21 million Dollars in loans for the Water Treatment Project.

One loan was from the Safe Drinking Water Revolving Load Fund for \$10 Million

The other loan was from the Special Public Works Fund for \$11 Million

When our actual costs on this major capital project came back from bidding, it was 40% higher than anticipated.

We requested and were awarded an additional \$3 Million from the Special Public Works Fund.

Our interest rate on the SDWRF loan is 1% over 30 years with \$1 million dollars in principal forgiveness

The other SPWF loan is at 3.51% over 25 years.

The city of Lebanon is contributing \$12 million dollars to the project for a total cost of \$36 Million dollars.

Over the years we have had to raise our water rates in order to help pay for the new treatment plant . Without these two loans we would have had to raise our rates at least 20-25% higher than they already are.

Also without these loans if we had to use typical Market rate loans or bonds it would have cost at least \$300,000 - \$400,000 Additional per year in debt service over the life of the bond or loan, compared to the State loans we received.

Without the loans from the Safe Water Drinking Revolving Loan Fund and the Special Public Works Fund, we would not be able to build the new treatment plant and our costs would be prohibitive.

While Lebanon is experiencing positive growth, we still have a large portion of our residents who are struggling economically. In fact, over half of our kids are qualified for free or reduced lunches through our schools.

These loans for smaller communities like ours are crucial to maintain and improve municipal infrastructures and keep costs down.

As I talk to other Mayors around Oregon, I have found that there are many towns in Oregon just like Lebanon. They have aging Infrastructures such as Water Treatment plants that are in need of replacing. They too are struggling to find funding sources and not put such a big financial burden on the city and ultimately individual residents.

I ask that you continue to fund these critical and important programs so that other cities in Oregon will be able to access these valuable resources for their residents.