

# City of Monticello, Iowa

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Posted on May 21, 2021 at 4:00 p.m.

Monticello City Council Meeting May 24, 2021 @ 5:30 p.m.

Monticello Renaissance Center, 220 E. 1<sup>st</sup> Street, Monticello, Iowa

<b>Mayor:</b>	Brian Wolken	<b>Staff:</b>	
<b>City Council:</b>		<b>City Administrator:</b>	Russell Farnum
<b>At Large:</b>	Dave Goedken	<b>City Clerk/Treas.:</b>	Sally Hinrichsen
<b>At Large:</b>	Brenda Hanken	<b>Police Chief:</b>	Britt Smith
<b>Ward #1:</b>	Scott Brighton	<b>City Engineer:</b>	Patrick Schwickerath
<b>Ward #2:</b>	Candy Langerman	<b>Public Works Dir.:</b>	Nick Kahler
<b>Ward #3:</b>	Chris Lux	<b>Water/Wastewater Sup.:</b>	Jim Tjaden
<b>Ward #4:</b>	Tom Yeoman	<b>Park &amp; Rec Director:</b>	Jacob Oswald
		<b>Library Director:</b>	Michelle Turnis

- Call to Order – 5:30 P.M.
- Pledge of Allegiance
- Roll Call
- Agenda Addition/Agenda Approval

**Open Forum:** If you wish to address the City Council on subjects pertaining to today's meeting agenda please wait until that item on the agenda is reached. If you wish to address the City Council on an item not on the agenda, please approach the lectern and give your name and address for the public record before discussing your item. Individuals are normally limited to speaking for no more than three (3) minutes on a topic and the Open Forum is by rule limited to a total of twenty (20) minutes.

## Resolutions:

1. **Resolution** Authorizing the Mayor to execute "Letter of Intent to Meet Conditions" and "Request for Obligation of Funds" related to USDA Loan for Sixth Street Ditch Project
2. **Resolution** Approving Purchase of Lift Pump for the Wastewater Treatment Plant from Electric Pump of Des Moines, Iowa

**Adjournment:** Pursuant to §21.4(2) of the Code of Iowa, the City has the right to amend this agenda up until 24 hours before the posted meeting time.

## **Meeting Instructions for the Public**

**Due to the Covid-19 Virus the public will be admitted into this meeting. Seating is limited.**

**The meeting will continue to be broadcast on Mediacom (Local Access Channel) and will be accessible via Zoom via the following link.**

City of Monticello is inviting you to a scheduled Zoom meeting.

Topic: May 24, 2021 Special City Council Meeting

Time: May 24, 2021 05:30 PM Central Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/85947059397?pwd=U1JVd1RzaEgxWVYyS0pmdW85WQ1Zz09>

Meeting ID: 859 4705 9397

Passcode: 529262

One tap mobile

+13017158592,,85947059397#,,,,\*529262# US (Washington DC)

+13126266799,,85947059397#,,,,\*529262# US (Chicago)

Dial by your location

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 646 558 8656 US (New York)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 669 900 9128 US (San Jose)

Meeting ID: 859 4705 9397

Passcode: 529262

Find your local number: <https://us02web.zoom.us/u/kdiuyeX3sr>

**City Council Meeting**  
**Prep. Date:** 5/21/2021  
**Preparer:** Sally Hinrichsen



**Agenda Item: #** 1  
**Agenda Date:** 05/24/21

*Communication Page*

**Agenda Items Description:** Resolution Authorizing the Mayor to execute "Letter of Intent to Meet Conditions" and "Request for Obligation of Funds" related to USDA Loan for Sixth Street Ditch Project

**Type of Action Requested:** Motion; **Resolution;** Ordinance; Report; Public Hearing; Closed Session

**Attachments & Enclosures:**

resolution

Letter of Conditions, Letter of Intent to Meet Conditions & Request for Obligation of Funds

**Fiscal Impact:**

Budget Line Item:

Budget Summary:

Expenditure:

Revenue:

**Synopsis:** USDA Grant requires Council review the Letter of Conditions and Authorize Mayor to sign grant documents

**Background Information:**

City of Monticello is participating in the pursuit of funds for the 6<sup>th</sup> Street Ditch Rehabilitation Project. Improvements for this project include repair /replacement of existing retaining walls; removal of debris and vegetation restricting flow; increase channel conveyance by reshaping; add protection via Revetment, Bendway Weirs, and Turf Reinforcement Mats; and restoration

City of Monticello has been approved for up to \$743,000 USDA Loan at 1.375% interest over 40 years, if necessary, for the 6<sup>th</sup> Street Ditch Rehabilitation Project

**Staff Recommendation:** Staff recommends Council Authorizing the Mayor to execute "Letter of Intent to Meet Conditions" and "Request for Obligation of Funds" related to USDA Loan for Sixth Street Ditch Project

# THE CITY OF MONTICELLO, IOWA

## RESOLUTION #

Authorizing the Mayor to execute "Letter of Intent to Meet Conditions" and "Request for Obligation of Funds" related to USDA Loan for Sixth Street Ditch Project

**IN THE NAME AND BY THE AUTHORITY OF THE CITY OF MONTICELLO, IOWA**

**WHEREAS,** The City of Monticello is participating in the pursuit of funds for the 6<sup>th</sup> Street Ditch Rehabilitation Project. Improvements for this project include repair /replacement of existing retaining walls; removal of debris and vegetation restricting flow; increase channel conveyance by reshaping; add protection via Revetment, Bendway Weirs, and Turf Reinforcement Mats; and restoration, and

**WHEREAS,** The City of Monticello has been approved for up to \$743,000 USDA Loan at 1.375% interest over 40 years, if necessary, for the 6<sup>th</sup> Street Ditch Rehabilitation Project, and

**WHEREAS,** To ensure Loan funding is available without delay, it is necessary for the City to agree to the execution of the "Letter of Intent to Meet Conditions" and "Request for Obligation of Funds" documents provided by the USDA, and

**WHEREAS,** The execution of the above referenced documents does not lock the City into borrowing any sums of money from the USDA, it merely ensures its' availability as an option if the Council finds it appropriate at a later date to borrow the same.

**NOW THEREFORE BE IT RESOLVED,** by the City Council of the City of Monticello, Iowa does hereby approve and authorize the Mayor to execute the "Letter of Intent to Meet Conditions" and "Request for Obligation of Funds" documents provided by the USDA, as outlined immediately above herein.

**IN TESTIMONY WHEREOF,** I have hereunto subscribed my name and caused the Great Seal for the City of Monticello, Iowa to be affixed. Done this 24<sup>th</sup> day of May 2021.

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Brian Wolken, Mayor

*Attest:*

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Sally Hinrichsen, City Clerk



Rural Development

May 18, 2021

Tipton, Iowa Office

127 W South Street  
Tipton, IA  
52772

City of Monticello  
200 East First Street  
Monticello, IA 52310

563-886-6006 Ext. 4  
Fax 866-255-6573

**SUBJECT:** Letter of Conditions  
Project Name – Storm Water Project  
Loan \$743,000

Dear City Council:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the Application for Federal Assistance. The funding will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA Rural Development (Agency). Any changes in project cost, source of funds, scope of project or any other significant changes in the project or applicant must be reported to and approved by the Agency by written amendment to this letter. This includes significant changes in the Applicant's financial condition, operation, organizational structure, or executive leadership. Any changes not approved by the Agency shall be cause for discontinuing processing of the application.

This letter does not constitute loan approval, nor does it ensure that funds are or will be available for the project. The funding is being processed on the basis of a loan not to exceed \$743,000. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is sent to you.

If you do not meet the conditions of this letter, the Agency reserves the right to withdraw Agency funding. The applicant will ensure projects are completed in a timely, efficient, and economical manner. You must meet all conditions set forth under Section III - Conditions Required Prior to Advertising for Bids within 1 year of this letter. All projects must be completed, and funds disbursed within 5 years of obligation.

If you agree to meet the conditions set forth in this letter and desire further consideration be given to your application, please complete and return the following forms within 15 days:

Form RD 1942-46, "Letter of Intent to Meet Conditions"  
Form RD 1940-1, "Request for Obligation of Funds"

Information and regulations referenced in the letter may be accessed on our website located at <https://www.rd.usda.gov/programs-services/water-waste-disposal-loan-grant-program>.

The conditions are as follows:

### **SECTION I – SCOPE OF PROJECT**

- 1) **Project Description** – Funds will be used for the 6<sup>th</sup> Street Ditch Rehabilitation Project. The proposed improvements for this project include repair / replacement of existing retaining walls; removal of debris and vegetation restricting flow; increase channel conveyance by reshaping; add protection via Revetment, Bendway Weirs, and Turf Reinforcement Mats; and restoration.

Facilities will be designed and constructed in accordance with sound engineering practices and must meet the requirements of federal, state, and local agencies. The proposed facility design must be based on the Preliminary Engineering Report (PER) and Addendum No 1 as concurred with by the Agency.

- 2) **Project Funds** – The Agency is offering the following funding for your project:  
 Agency Loan: \$743,000

Any changes in funding sources following obligation of Agency funds must be reported to the Agency. All rebates or refunds associated with the project shall be considered project funds.

- 3) **Project Budget** – Funding from all sources has been budgeted for the estimated expenditures as follows:

<b><u>Project Costs:</u></b>	<b><u>Total Budgeted:</u></b>
Construction	\$499,000
Legal/Administrative	\$ 5,000
Legal / Easement Negotiation	\$ 2,500
Bond Counsel	\$ 15,000
Engineering Services	\$156,000
Interest	\$ 14,800
Contingencies	\$ 50,700
<b>TOTAL</b>	<b>\$743,000</b>

Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. Obligated loan funds not needed to complete the proposed project will be de-obligated. An “Amended Letter of Conditions” will be issued for any changes to the total project budget.

### **SECTION II – RATES AND TERMS**

- 4) **Interest Rates and Loan Terms** – The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing unless you request otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount. The payment due

date will be established as the day that the loan closes; the 28<sup>th</sup> will be the due date when loans are closed on the 29<sup>th</sup>, 30<sup>th</sup> or 31<sup>st</sup>.

Your loan will be scheduled for repayment over a period of forty (40) years. Payments will be equal amortized monthly installments, beginning one month after closing. For planning purposes, use a 1.375% interest rate and an amortization factor of 2.71, which provides for a monthly payment of \$2,014.

5) **Security** – The loan will be secured by a project note, loan agreement and Revenue bond with first lien position in the amount of \$743,000. The bond will be fully registered as to both principal and interest in the name of the “United States of America Acting through the United States Department of Agriculture.” Bond Counsel will be utilized in preparation of these documents.

The bond and any ordinance or resolution relating thereto must not contain any provision in conflict with the Agency Loan Resolution, applicable regulations, or its authorizing law. There must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 U.S.C. 1983.

Additional security requirements are contained in RUS Bulletin 1780-27, “Loan Resolution (Public Bodies).” Bond/loan resolutions must be duly adopted and executed prior to loan closing.

6) **Reserves** – Reserve funds will be budgeted and set aside to ensure that loan installments will be paid on time, to cover emergency maintenance, and for the replacement of assets which have a useful life significantly less than the repayment period of the loan.

- a. Debt Service Reserve – You must establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment. For planning purposes, 10% of the proposed loan installment would equal \$202 per month; this amount should be deposited monthly until a total of \$24,168 has accumulated. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account throughout the life of the loan.
- b. Short-Lived Asset Reserve – No short-lived assets were identified in the Preliminary Engineering Report. Therefore, no initial deposit is required into a short-lived asset reserve. It is your responsibility to assess your facility’s short-lived asset needs on a regular basis and adjust the amount deposited to meet those needs.

7) **Environmental Requirements** – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

At the conclusion of the proposal’s environmental review process, specific actions were determined necessary to avoid or minimize adverse environmental impacts. The following permits were identified that maybe required to be obtained and in place before construction may

begin for successful completion of the project and must be adhered to during project design and construction:

- 1) Nationwide US Army Corps of Engineers
- 2) Individual US Army Corps of Engineers
- 3) DNR National Pollutant Discharge Elimination System (NPDES) General Permit
- 4) Iowa DOT right-of-way permit
- 5) Iowa DOT permit for removing sediment from the culverts beneath Highway 38

8) **Organization** - The Bond Council transcripts of proceedings must show that your organization is a duly incorporated public body and has continued legal existence. Your organization must have the authority to own, construct, operate, and maintain the proposed facility; as well as for borrowing money, giving security and raising revenues.

### **SECTION III – CONDITIONS REQUIRED PRIOR TO ADVERTISING FOR BIDS**

9) **American Iron and Steel Requirements** - Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) and subsequent statutes mandating domestic preference applies a new American Iron and Steel (AIS) requirement to obligations made after May 5th, 2017:

- a. No Federal funds made available for this fiscal year for the rural water, waste water, waste disposal, and solid waste management programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 et seq.) shall be used for a project for the construction, alteration, maintenance, or repair of a public water or wastewater system unless all of the iron and steel products used in the project are produced in the United States.
- b. The term “iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.
- c. The requirement shall not apply in any case or category of cases in which the Secretary of Agriculture (in this section referred to as the “Secretary”) or the designee of the Secretary finds that—
  - i. applying the requirement would be inconsistent with the public interest;
  - ii. iron and steel products are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or
  - iii. inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.

Owners are ultimately responsible for compliance with AIS requirements and will be responsible for the following:

- a. Signing loan resolutions, grant agreements and letters of intent to meet conditions which include AIS language, accepting AIS requirements in those documents and in the letter of conditions.



- b. Signing change orders (i.e. C-941 of EJCDC) and partial payment estimates (i.e. C-620 of EJCDC) and thereby acknowledging responsibility for compliance with American and Iron Steel requirements.
- c. Obtaining the certification letters from the consulting engineer upon substantial completion of the project and maintaining this documentation for the life of the loan.
- d. Where the owner provides their own engineering and/or construction services, providing copies of engineers', contractors', and manufacturers' certification letters (as applicable) to the Agency to insert into the Agency file. All certification letters must be kept in the engineer's project file and on site during construction. For Owner Construction (Force Account), all clauses from Section 17 must be included in the Agreement for Engineering Services.
- e. Where the owner directly procures AIS products, including AIS clauses in the procurement contracts and obtaining manufacturers' certification letters and providing copies to consulting engineers and contractors.

**10) Obtaining and Approval of Professional Services** – You will be responsible for providing the services necessary to plan projects. Professional services may include engineer, attorney, bond counsel, auditor, appraiser, environmental professionals, financial advisor or fiscal agent. Applicants should negotiate for procurement of professional services, whereby competitor's qualifications are evaluated, and the most qualified competitor is selected, subject to negotiations of fair and reasonable compensation. The Agency's concurrence is required as part of the approval process.

By signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you certify that you have procured professional services through a public announcement and have selected those services based on demonstrated competence and qualifications for the type of services required at a fair and reasonable price.

- a. Legal Services – You have been required to execute a legal services agreement with your attorney and bond counsel, if applicable, for any legal work needed in connection with this project. The agreement should stipulate an hourly rate for the work, with a "not to exceed" amount for the services, including reimbursable expenses. RUS Bulletin 1780-7, "Legal Services Agreement," or similar format may be used. A copy of this agreement must be submitted for Agency review and concurrence prior to advertising for bids. Any changes to the fees or services spelled out in the original agreement must be reflected in an amendment to the agreement and have prior Agency concurrence.
- b. Engineering Services – You have been required to complete an Agreement for Engineering Services, which should consist of the Engineers Joint Contract Documents Committee (EJCDC) documents as indicated in RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Documents on Water and Waste Projects with RUS Financial Assistance," or other approved form of agreement. The Agency will provide concurrence prior to advertising for bids and must approve any modifications to this agreement.

**11) System Policies, Procedures, Contracts and Agreements** – The facility must be operated on a sound business plan. You must adopt policies, procedures, and/or ordinances outlining the conditions of service and use of the proposed system. Mandatory connection policies should be used where enforceable. The policies, procedures, and/or ordinances must contain an effective collection policy for accounts not paid in full within a specified number of

days after the date of billing. They should include appropriate late fees, specified timeframes for disconnection of service, and reconnection fees. A draft of these policies, procedures, and/or ordinances must be submitted for Agency review and concurrence along with the documents below, before closing instructions may be issued. Fully executed copies of any policies, procedures, ordinances, contracts, or agreements must be submitted prior to loan closing.

- a. Conflict of Interest Policy – Prior to obligation of funds, you must certify in writing that your organization has in place an up-to-date written policy on conflict of interest. The policy will include, at a minimum: (1) a requirement for those with a conflict or potential conflict to disclose the conflict/potential conflict; (2) a clause that prohibits interested members of the applicant’s governing body from voting on any matter in which there is a conflict, and (3) a description of the specific process by which the governing body will manage identified or potential conflicts.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Disclosure must be in the form of a written letter signed and dated by the applicant’s official. A negative disclosure in the same format is required if no conflicts are anticipated.

- b. Contracts for Other Services/Lease Agreement – Drafts of any contracts or other forms of agreements for other services, including but not limited to audit, management, operation, and maintenance, or lease agreements covering real property essential to the successful operation of the facility, must be submitted to the Agency for review and concurrence prior to advertising for bids.

**12) Property Rights** - Prior to advertising for bids, satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights-of-way needed for the project must be provided. Acquisitions of necessary land and rights must be accomplished in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act. Such control over the lands and rights will be evidenced by the following:

- a. Right-of-Way Map – Your engineer will provide and certify the validity of a color-coded map clearly showing the location of all lands and rights-of-way needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
- b. Form RD 442-20, “Right-of-Way Easement” – or equivalent and/or option to purchase real estate.
- c. Form RD 442-21, “Right-of-Way Certificate” – You will provide a certification on this form that all right-of-way requirements have been obtained for the proposed project.
- d. Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way” – Your attorney will provide a certification and legal opinion on this form addressing rights-of-way, easements, and title.
- e. Form RD 1927-9, “Preliminary Title Opinion” – Your attorney will provide a preliminary title opinion for any property related to the facility, currently owned and to be acquired, along with copies of deeds, contracts or options for purchasing said property.

The approving official may waive title defects or restrictions, such as utility easements, that do not adversely affect the suitability, successful operation, security value, or transferability of the facility. Any such waivers must be provided by the approving official in writing prior to closing or the start of construction, whichever occurs first.

You are responsible for the acquisition of all property rights necessary for the project and for determining that prices paid are reasonable and fair. The Agency may require an appraisal by an independent appraiser or Agency employee in order to validate the price to be paid.

13) **Bond Resolution** – A draft Bond Resolution will be prepared by your bond counsel and provided to the Agency for review prior to advertising for bids.

14) **Closing Instructions** – The Agency will prepare closing instructions as soon as the above listed requirements under System Policies, Procedures, Contracts and Agreements; Bond Resolution; and Property Rights are complete. Closing instructions must be obtained prior to advertising for bids.

15) **Final Plans, Specifications and Contract Documents** – The contract documents, final plans, and specifications must comply with RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Constructing and Inspections, and must be submitted to the Agency for concurrence prior to advertising for bids along with an updated cost estimate. The Agency may require another updated cost estimate if a significant amount of time elapses between the original submission and advertising for bids. The contract documents must consist of the EJCDC construction contract documents as indicated in RUS Bulletin 1780-26 or other Agency approved forms of agreement. The use of any procurement method other than competitive sealed bids must be requested in writing and approved by the Agency.

16) **Interim Financing** – For all loans exceeding \$500,000, where loan funds can be borrowed at reasonable interest rates on an interim basis from commercial sources for the construction period, such interim financing will be used to preclude the necessity for multiple advances of Agency loan funds. You must provide the Agency with interim loan financing commitment for review prior to advertising for bids. The Agency approving official may make an exception when interim financing is cost prohibitive or unavailable.

The Agency will provide a commitment of financing letter to the interim lender, if requested, after Agency concurrence of all legal documents, issuance of the loan closing instructions and Agency concurrence of final plans, specifications and proposed contract documents.

17) **Construction Account** – You must be able to separately identify, report, and account for all Federal funds, including the receipt, obligation and expenditure of funds. Construction funds will be deposited with an acceptable financial institution or depository that meets the requirements of 31 CFR Part 202. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the construction account at any one time. Additional guidance on collateral acceptability and valuation are available at Treasury's Bureau of the public debt website at [www.publicdebt.treas.gov](http://www.publicdebt.treas.gov).

Agency concurrence will be obtained prior to payment of any bills or vouchers for authorized project expenses.

18) **System Users** – This letter of conditions is based upon your indication at application that there will be at least 1,484 residential users, 217 non-residential users, and 0 bulk/wholesale users on the existing system when construction is completed.

Before the Agency can agree to the project being advertised for construction bids, you must certify that the number of users indicated at application are currently using the system or signed up to use the system once it is operational. If the actual number of existing and/or proposed users that have signed up for service is less than the number indicated at the time of application, you must provide the Agency with a written plan on how you will obtain the necessary revenue to adequately cash flow the expected operation, maintenance, debt service, and reserve requirements of the proposed project (e.g. increase user rates, sign up an adequate number of other users, reduce the project scope, etc.). Similar action is required if there is cause to modify the anticipated flows or volumes presented following approval.

19) **Other Funding** – Prior to advertising for bids, you must provide evidence of applicant contributions and approval of other funding sources. This evidence should include a copy of the commitment letter from each source.

20) **Disbursement of Agency Funds** – Agency funds will be disbursed into the borrower's account through an electronic transfer system. SF 3881, "ACH Vendor/Miscellaneous Payment Enrollment Form," must be completed and submitted to the Agency.

Any applicant contribution shall be considered as the first funds expended, followed by other funding sources. Interim financing or Agency loan funds will be expended after all other funding sources unless an agreement is reached with all other funding sources on how funds are to be disbursed.

21) **Permits** – The owner or responsible party will be required to obtain all applicable permits for the project, prior to advertising for bids. The consulting engineer must submit written evidence that all applicable permits have been obtained with submission of the plans and specifications.

22) **Bid Authorization** - Once all the conditions outlined in Section III of this letter have been met, the Agency will authorize you to advertise the project for bids or to use other procurement methods.

#### **SECTION IV – CONDITIONS REQUIRED PRIOR TO NOTICE TO PROCEED**

23) **Bid Tabulation** – After bid opening, you must provide the Agency with (a) bid tabulation, and (b) your Architect/Engineer's evaluation of bids and (c) your recommendations for contract awards. If the Agency agrees that the construction bids received are acceptable,

adequate funds are available to cover the total project costs, and all the requirements of Section III of this letter have been satisfied, the Agency will authorize you to issue the Notice of Award. Your attorney will provide the Agency with a statement that public bidding proceedings comply with state code requirements.

If bids are higher than expected, or if unexpected construction problems are encountered, you must utilize all options to reduce cost overruns. Negotiations, redesign, use of bidding alternatives, rebidding or other means will be considered prior to commitment of subsequent funding by the Agency. Any requests for subsequent funding to cover cost overruns will be contingent on the availability of funds.

If bids are lower than expected, excess funds must be de-obligated prior to start of construction. A reasonable contingency fund will be maintained. The Agency may approve additions to the project to fully utilize obligated funds for items that were included in the original PER and are within the original scope of the project. Amendments to the environmental report, Letter of Conditions or engineering documentation may be needed for any work not included in the original project.

**24) Contract Review** – Your attorney will certify that the executed contract documents, including performance and payment bonds on contracts over \$100,000, are adequate and that the persons executing these documents have been properly authorized to do so in accordance with RUS Instruction 1780.61(b).

Once your attorney has certified that they are acceptable, the contract documents will be submitted to the Agency for its concurrence. The Notice to Proceed cannot be issued until the Agency has concurred with the construction contracts.

**25) Resident Inspector(s)** – Full-time inspection is required unless you request an exception. Such requests must be made in writing and the Agency must concur with the request. Inspection services are to be provided by the consulting engineer unless other arrangements are requested in writing and concurred with by the Agency. A resume of qualifications of any resident inspector(s) will be submitted to the owner and Agency for review and concurrence prior to the pre-construction conference. The resident inspector(s) must attend the pre-construction conference.

**26) Preconstruction Conference** – A preconstruction conference will be held prior to the issuance of the Notice to Proceed. The consulting engineer will review the planned development with the Agency, owner, resident inspector, attorney, contractor, other funders, and other interested parties, and will provide minutes of this meeting to the owner and Agency.

**27) Change Orders** – Prior Agency concurrence is required for all change orders.

**28) Insurance and Bonding Requirements** – It is the responsibility of the applicant to assure that adequate insurance and fidelity/employee dishonesty bond coverage is obtained prior to the start of construction or loan closing, whichever occurs first and is maintained throughout the life of the loan. Insurance requirements proposed by the applicant will be accepted if the

Agency determines that proposed coverage is adequate to protect the government's interest. Applicants are encouraged to have their insurance provider and/or attorney review proposed types and amounts of coverage including any deductible provisions.

- a. Builder's Risk Insurance – Protects the owner of the facility against damage to buildings and/or structures while they are under construction.
- b. General Liability Insurance – Include vehicular coverage.
- c. Workers' Compensation – In accordance with appropriate State laws.
- d. Fidelity or Employee Dishonesty Bonds – Include coverage for all persons who have access to funds, including persons working under a contract or management agreement. Coverage may be provided either for all individual positions or persons, or through blanket coverage providing protection for all appropriate workers. The Agency will be listed as a loss payee. The amount of coverage required by the Agency should be for at least the total annual debt service of the Agency loan.
- e. Real Property Insurance – Fire and extended coverage will normally be maintained on all structures except reservoirs, pipelines and other structures if such structures are not normally insured, and subsurface lift stations except for the value of electrical and pumping equipment. The Agency will be listed as mortgagee (loss payee) on the policy when the Agency has a lien on the property. Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all facilities identified above.
- f. National Flood Insurance - If the project involves acquisition or construction in designated special flood or mudslide prone areas, you must purchase a flood insurance policy at the time of loan closing.

#### **SECTION V – CONDITIONS REQUIRED PRIOR TO LOAN CLOSING**

29) **Documents from Section II and III** – Documents detailed above regarding Security, Agreements, and Rights-of-way must be executed and submitted to the Agency prior to loan closing.

30) **Other Closing Requirements** – All requirements contained in the Agency's closing instructions, as well as any requirements of your bond counsel and/or attorney, must be met prior to loan closing.

- a) System for Award Management - You will be required to maintain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and maintain an active registration in the System for Award Management (SAM) database. Renewal can be done on-line at: <http://sam.gov>. This registration must be renewed and revalidated every twelve (12) months for as long as there are Agency funds to be expended.
- b) Litigation - You are required to notify the Agency within 30 days of receiving notification of being involved in any type of litigation prior to loan closing or start of construction, whichever occurs first.
- c) Other Delinquency Obligations – You are required to notify the Agency of any delinquent financing or tax obligation. Additional documentation regarding the situation may be required at that time.
- d) Certified Operator - Evidence must be provided that your system has or will have, as defined by applicable State or Federal requirements, a certified operator available prior to

the system becoming operational, or that a suitable supervisory agreement with a certified operator is in effect.

31) **Use of Remaining Funds** – Applicant contribution and connection/tap fees will be the first funds expended in the project, followed by non-Agency sources of funds. Remaining funds may be used for eligible loan purposes, provided the use will not result in major changes to the original scope of work and the purpose of the loan remains the same. Agency loan funds not needed will be canceled or applied as an extra payment on the Agency’s indebtedness.

32) **Loan Closing** –The Agency will coordinate with all parties the date for closing the loan. The requirements for the closing the loan will be coordinated with your attorney and bond counsel. The closing will be within the requirements of state statute, RD Instruction 1780 and closing instructions from our Office of General Counsel, as appropriate.

Funds will be disbursed through the Electronic Funds Transfer system. Debt instruments will be executed at a “preclosing date” prior to funds being electronically deposited into your account.

33) **Electronic Payments** – Payments will be made on the day your payment is due through an electronic preauthorized debit system. You will be required to complete Form RD 3550-28 or Form 3550-CLSS, “Authorization Agreement for Preauthorized Payments,” for all new and existing indebtedness to the Agency prior to loan closing.

#### **SECTION VI – CONDITIONS REQUIRED AFTER LOAN CLOSING**

34) **Final Title Opinion** – RD Form 1927-10, “Final Title Opinion” shall be completed reflecting proper security position and accurate ownership of property.

35) **Technical, Managerial and Financial Capacity** - It is required that members of the Board of Directors, City Council members, trustees, commissioners and other governing members possess the necessary technical, managerial, and financial capacity skills to consistently comply with pertinent Federal and State laws and requirements. It is recommended members receive training within one year of appointment or election to the governing board, and a refresher training for all governing members on a routine basis. The content and amount of training should be tailored to the needs of the particular individual and the utility system. Technical assistance providers are available to provide this training for your organization, often at no cost.

36) **Graduation/Refinancing** - By accepting this loan, you are also agreeing to refinance the unpaid loan balance in whole, or in part, upon request of the Government. If at any time the Agency determines you are able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms, you will be requested to refinance.

37) **Warranty/Security Inspections** – The Engineer will schedule a warranty inspection with the contractor and the Agency before the end of the warranty period to address and/or resolve any warranty issues. The agency will conduct an inspection of your records management system and conflict of interest policy at the same time and will continue to inspect the facility

and your operations every three years for the life of the loan. You must participate in these inspections.

**38) Annual Financial Reporting/Audit Requirements** – You are required to submit an annual financial report at the end of each fiscal year. Annual organizational-wide financial statements must be prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The annual report will include separate reporting for each water and waste disposal facility, and itemize cash accounts by type (debt service, short-lived assets, etc.) under each facility. You will maintain all records, books and supporting material are to be retained for three years after the issuance of the annual report. Technical assistance is available at no cost with preparing financial reports. The type of financial information that must be submitted is specified below:

- a. Audits – An annual audit under the Single Audit Act is required if you expend \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures. All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. It is not intended that audits required by this part be separate and apart from audits performed in accordance with State and local laws. To the extent feasible, the audit work should be done in conjunction with those audits. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law and must be submitted within 9 months of your fiscal year end.
- b. GAGAS Audit or Financial Statements – You may submit either an audit or yearend financial statements each year to meet reporting requirements. An audit will be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). The audit must be prepared by an independent licensed Certified Public Accountant, or a state or federal auditor if allowed by State law and must be submitted within 150 days of your fiscal year end. Alternatively, financial statements may be submitted to include at a minimum a Balance Sheet and an Income and Expense Statement. You may use Form RD 442-2 and 442-3 or similar format to provide the financial information. The financial statements must be submitted within 60 days of your fiscal year end.
- c. Quarterly Reports – Quarterly Income and Expense Statements will be required for a year after the Agency loan is closed. You may use Form RD 442-2 or similar format to provide this information within 30 days of each quarter's end. Your fiscal yearend report will count as the report for that quarter. The Agency will notify you in writing when the quarterly reports are no longer required.

**39) Annual Budget and Projected Cash Flow** - You must submit an annual budget, projected cash flow and rate schedule to the Agency each year. You must maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance (O&M), debt service, and reserves. These items must be submitted to the Agency 30 days prior to the start of the borrower's fiscal year. The budget must be signed by the appropriate borrower official. Form RD 442-2 or similar format may be used. Technical assistance is available at no cost to help you evaluate and complete a rate analysis on your system, as well as completing the annual budget.



**40) Vulnerability Assessment/Emergency Response Plan (VA/ERP)** –The Agency requires all financed water and wastewater systems to have a VA/ERP in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operation, and a certification that a VA is complete must be submitted within one year of the start of operation. The VA/ERP documents are not submitted to the Agency. Technical assistance is available in preparing these documents at no cost to you. The VA/ERP must address potential impacts from natural disasters and other emergency events. The documents should be reviewed and updated every three years at a minimum.

**41) Other Federal Requirements** –Proposals for facilities financed in whole or in part with Rural Utilities Service funds will be coordinated with appropriate Federal, State and local agencies. If there are conflicts between this part and State or local laws or regulatory commission regulations, the provisions of this part will control.

- a. Certifications - Lobbying Restrictions (RD Instruction 1940-Q, Exhibit A), Executive Order 12549 (Form AD-1047, "Certifications Regarding Debarment, Suspension, and Other Responsibilities Matters"), the Drug-free Workplace Act of 1988 (Form AD-1049, "Certification Regarding Drug Free Workplace Requirements"), Nondiscrimination Requirements (Form RD 400-1, "Equal Opportunity Agreement," Form RD 400-4, "Assurance Agreement"), and Corporate Felony Convictions and Corporate Federal Tax Delinquencies Restrictions (AD 3030, "Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants" and AD 3031, "Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants,") need to be completed and requirements complied with.
- b. Section 504 of the Rehabilitation Act of 1973 – Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Agency financial assistance.
- c. Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and 7 CFR 1901, Subpart E, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by Paragraph 1901.202(e) of this Title.
- d. The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.
- e. Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

- f. Limited English Proficiency (LEP) under Executive Order 13166 - LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. You must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information your organization provides. These protections are pursuant to Executive Order 13166 entitled, "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005, "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA."
- g. Architectural barriers - All facilities intended for or accessible to the public or in which physically handicapped persons may be employed must be developed in compliance with the Architectural Barriers Act of 1968 (42 U.S.C. 4151 et seq.) as implemented by 41 CFR 101-19.6, section 504 of the Rehabilitation Act of 1973 (42 U.S.C. 1471 et seq.) as implemented by 7 CFR parts 15 and 15b, and Titles II and III of the Americans with Disabilities Act of 1990.
- h. Nondiscrimination - Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. You must display posters informing users of these requirements. As a recipient of funding, you are also required to post a copy of the Non-Discrimination Statement listed below in your office and include in full, on all materials produced for public information, public education and public distribution both print and non-print.
- Non-Discrimination Statement

*"This institution is an equal opportunity provider and employer."*

*If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov)."*

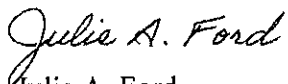
If the material is too small to permit the full statement to be included (the paper is smaller than 8.5x11, folded or not), the material at a minimum will include the statement in print size no smaller than the text that **"This institution is an equal opportunity provider and employer."**

The Agency will monitor your compliance with these requirements during compliance reviews. Compliance reviews will typically be conducted prior to the start of construction or loan closing and every three years thereafter.

- i. Data Collection –If beneficiaries (users) are required to complete an application or screening for the use of the facility or service that you provide, you must request and collect data by race (American Indian or Alaska Native, Asian, Black or African American, White); ethnicity (Hispanic or Latino, Not Hispanic or Latino); and by sex. The Agency will collect this data as part of the required compliance review described above. A sample format is attached.

We look forward to working with you to complete this project. If you have any questions, please contact Julie Ford at (563) 886-6006 Ext. 402 or by e-mail at [Julie.Ford@usda.gov](mailto:Julie.Ford@usda.gov).

Sincerely,



Julie A. Ford  
Area Specialist

## SAMPLE DATA COLLECTION FORM

All USDA Rural Development funded organizations must collect, maintain and provide data on race, ethnicity, gender and other information necessary to determine compliance with civil rights laws. The organizations may be public bodies, non-profit corporations, or for-profit corporations, such as, partnerships, limited liability corporations and proprietorships. This sample form may be used to collect the data.

	PARTICIPANTS (collect data only if application or other screening is done for services)		EMPLOYEES		BOARD of DIRECTORS	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
<b>ETHNICITY</b>						
Hispanic or Latino						
Not Hispanic or Latino						
TOTAL						
<b>RACE</b>						
American Indian, Alaska Native						
Asian						
Black or African American						
Native Hawaiian or other Pacific Islander						
White						
TOTAL						

Dates of data collection \_\_\_\_\_

Collected by \_\_\_\_\_

City Council Meeting  
Prep. Date: 5/21/2021  
Preparer: Jim Tjaden



Agenda Item: # 2  
Agenda Date: 05/24/21

*Communication Page*

**Agenda Items Description:** Resolution Approving Purchase of Lift Pump for the Wastewater Treatment Plant from Electric Pump of Des Moines, Iowa

**Type of Action Requested:** Motion; Resolution; Ordinance; Report; Public Hearing; Closed Session

**Attachments & Enclosures:**

resolution
Electric pump quote

**Fiscal Impact:**

Budget Line Item:	
Budget Summary:	
Expenditure:	Sewer system budget line
Revenue:	

**Synopsis:** Purchasing Lift Pump at Wastewater plant

**Background Information:**

With Electric Pump finishing the maintenance on the pumps at the plant . With the shape, the 23- year old pumps are in, it would be in our best interest to purchase a new pump at the cost of \$32,483.00 plus installation

**Staff Recommendation:** Staff recommends Council approve the purchase of the Lift Pump

# The City of Monticello, Iowa

IN THE NAME AND BY THE AUTHORITY OF THE CITY OF MONTICELLO, IOWA

## RESOLUTION #

### **Resolution** Approving Purchase of Lift Pump at Wastewater Treatment Plant from Electric Pump of Des Moines, Iowa

**WHEREAS**, the City Council was informed that the Lift Pumps that the Wastewater Treatment Plant are currently 23-years old, and were recently service. It was recommended that the City look into replacing one Lift Pumps, and

**WHEREAS**, the Water/Wastewater Superintendent informed the Council that he has looked into repairing and /or replacing it with a current Model to Produce 1000 GPM @ 68' TDH and after doing so recommends that the Council approve the purchase Lift Pump, in the amount of \$32,483.00, and

**WHEREAS**, the council finds the proposed equipment and pricing to be appropriate and, therefore, finds that the equipment as indicated and as recommended by the Water/Wastewater Superintendent should be ordered.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of Monticello, Iowa does hereby approve of the purchase of the Lift Pump for the Wastewater Treatment Plant from Electric Pump of Des Moines, Iowa as noted in their quote.

**IN TESTIMONY WHEREOF**, I have hereunto subscribed my name and caused the Great Seal of the City of Monticello, Iowa to be affixed hereto. Done this 24<sup>th</sup> day of May 2021.

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Brian Wolken, Mayor

Attest:

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Sally Hinrichsen, City Clerk

# QUOTATION



4280 E 14th Street  
Des Moines IA 50313-2604 USA

Telephone: (515) 265-2222 / FAX (515) 265-8079  
Toll Free 1-800-383-PUMP

www.electricpump.com

QUOTE NUMBER: 0142456  
QUOTE DATE: 5/19/2021  
EXPIRE DATE: 6/19/2021

SALESPERSON: BRIAN FROST  
CUSTOMER NO: 4564230  
QUOTED BY: JRF  
JOYCE

QUOTED TO:  
CITY OF MONTICELLO  
200 E 1ST  
MONTICELLO, IA 52310

JOB LOCATION:  
CITY OF MONTICELLO  
200 E 1ST  
MONTICELLO, IA 52310

CONFIRM TO:  
JIM

\*\*\* QUOTE ORDER - DO NOT PAY \*\*\*

CUSTOMER P.O.	SHIP VIA	F.O.B.	TERMS
JIM	BESTWAY	ORIGIN	Net 30 Days

ITEM NUMBER	UNIT	ORDERED	SHIPPED	BACK ORDER	PRICE	AMOUNT
0031710950299	EACH	1.00	0.00	0.00	32,483.00	32,483.00

WE ARE PLEASED TO OFFER THE FOLLOWING QUOTATION FOR  
REPLACING YOUR EXISTING FLYGT3170.090-6057 SN: 9910012  
WITH CURRENT MODEL TO PRODUCE 1000 GPM @ 68' TDH:

NP454-4 34/460/3 65' FM FLS FV

ESTIMATED LEAD TIME IS 1 TO 2 WEEKS ARO, SUBJECT TO  
PRIOR SALE.

THE PRICING ON THIS QUOTE DOES NOT INCLUDE FREIGHT,  
INSTALLATION OR START UP

Electric Pump is committed to supplying you, our  
customer, the highest quality products & service.  
joycef@electricpump.com  
THANK YOU, JOYCE FROHWEIN

All return goods must have written approval from Electric Pump, Inc.  
before returning. Credit will not be issued without written approval and  
if applicable there will be a Restock Fee.

Net Order:	32,483.00
Less Discount:	0.00
Freight:	0.00
Sales Tax:	0.00
<b>Order Total</b>	<b>32,483.00</b>

ABOVE PRICING EFFECTIVE FOR 30 DAYS