



# City of Grand Island

Tuesday, March 10, 2015

Council Session

## Item G-9

**#2015-68 - Approving Authorizing Clean Water State Revolving Fund (CWSRF) Loans**

Staff Contact: John Collins, P.E. - Public Works Director

# Council Agenda Memo

**From:** Marvin Strong PE, Wastewater Plant Engineer

**Meeting:** March 10, 2015

**Subject:** Consideration of Authorizing Clean Water State Revolving Fund (CWSRF) Loans

**Item #'s:** G-9

**Presenter(s):** John Collins PE, Public Works Director

## Background

On June 10, 2014, a public hearing was held and resolution 2014-162 was approved by Council in support of receiving up to \$40,000,000 in Clean Water State Revolving Fund (CWSRF) loans administered by the Nebraska Department of Environmental Quality (NDEQ) to continue Sanitary Sewer Collection System and Wastewater Treatment Plant Improvement.

As presented at the public hearing, CWSRF loan terms will provide repayment of principal and interest beginning 3 years following the award of each loan or at initiation of each project, whichever is sooner. The first interest payment is due June 15, 2015, with principal payments not being required for 3 years. Interest rates will range from 2 ¼% for green projects - 2 1/2% for non-green projects. These rates include a 1% administration fee.

As discussed at the meeting on June 10, 2014, it is possible to advance the project schedule to complete projects sooner than originally expected with the financing plan presented. Lift Stations are high cost items that increase the creation of damaging chemicals such as hydrogen sulfide (the chemical primarily responsible for shortening the life of the Northeast Interceptor by more than 30%). The new Headworks and Phases 1 and 2 of the North Interceptor allow 8 lift stations to be abandoned. Accelerating construction could allow an additional 3 lift stations to be abandoned, saving operating costs and extending the life of the new infrastructure.

The two (2) CWSRF loans with NDEQ will be a parity obligation with the City's outstanding 2013 Sewer Revenue Bonds issued on September 17, 2013 with current principal amount of \$34,030,000, which is currently the only outstanding debt payable from revenues of the City's wastewater system.

This additional financing will be within the constraints of the rate study provided by Black and Veatch in September of 2013 approved by Council.

On June 10, 2014 City Council approved Resolution No. 2014-162, which authorized a maximum principal amount of debt expected to be issued for Sanitary Sewer Collection System and Wastewater Treatment Plant Improvements at \$74,275,000, with debt expected to include up to \$40,000,000 in principal amount of loan funds from the Clean Water State Revolving Loan Fund program.

Ordinance No. 9493 was approved by City Council on July 29, 2014 giving formal approval to the NDEQ borrowing in a principal amount of up to \$40,000,000. Subsequently, each loan document with NDEQ will be presented for approval by Council resolution.

On September 9, 2014 City Council approved Resolution No. 2014-273 which gave approval for the City to enter into loan contracts in the total amount of \$7,000,000 between the Nebraska Department of Environmental Quality and the City of Grand Island, Nebraska; designated as Project No. C317867 (non-green), in the amount of \$6,000,000 and Project No. C317981 (green), in the amount of \$1,000,000.

### **Discussion**

The request at this time is to amend the green loan contract known as Project No. C317981 (green) from \$1,000,000 to \$29,000,000 with the Nebraska Department of Environmental Quality (NDEQ). The interest rate on such loan is 1.25% with a term of 20 years.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

### **Recommendation**

City Administration recommends that the Council approve a resolution authorizing execution of the amended loan contract for a total amount of \$29,000,000 with Nebraska Department of Environmental Quality (NDEQ) for Sanitary Sewer Collection System and Wastewater Treatment Plant Improvements.

### **Sample Motion**

Move to approve the resolution.

RESOLUTION 2015-68

WHEREAS, the City of Grand Island, Nebraska recognizes that a properly sized and functioning sewer system is necessary to the health and welfare of the citizens of the City of Grand Island; and

WHEREAS, the Mayor and City Council have determined that portions of the Grand Island sewer system are in need of significant repair and improvement, and that sewer service is needed in areas in and around Grand Island; and

WHEREAS, funding for the cost of the repair and improvement of portions of the Grand Island sewer system may be obtained by loans from Clean Water State Revolving Funds (“CWSRF”) from the Nebraska Department of Environmental Quality (“NDEQ”), subject to certain requirements and obligations; and

WHEREAS, City Council approved Resolution No. 2014-162 on June 10, 2014, which authorized a maximum principal amount of debt expected to be issued for Sanitary Sewer Collection System and Wastewater Treatment Plant Improvements at \$74,275,000, with debt expected to include up to \$40,000,000 in principal amount of loan funds from the Clean Water State Revolving Loan Fund program; and

WHEREAS, City Council approved Ordinance No. 9493 on July 29, 2014 (the “Ordinance”) giving formal approval to the NDEQ borrowing in a principal of not to exceed \$40,000,000, which Ordinance requires that each NDEQ Note and NDEQ Contract (as such terms are defined in the Ordinance) entered into with respect to such amount be approved by resolution of the City Council prior to execution and delivery thereof; and

WHEREAS, the execution of the contracts for loans, in the total amount of \$7,000,000.00, between the NDEQ and the City designated as Project No. C317867 (the “Non-Green Contract”), in the amount of \$6,000,000 and Project No. C317981 (the “Green Contract”; and together with the Non-Green Contract, the “NDEQ Contracts”), in the amount of \$1,000,000 were approved by Resolution 2014-273 adopted by the City Council on September 9, 2014, and the Contracts were executed and delivered to NDEQ on September 12, 2014; and

WHEREAS, the City and NDEQ propose to amend the Green Contract to increase the maximum borrowing amount from \$1,000,000 to \$29,000,000, thereby bringing the total amount of the loans under the Contracts to a drawable amount of \$35,000,000 pursuant to the Ordinance; and

WHEREAS, NDEQ has proposed a form of amendment to the Green Contract to increase the principal amount of the loan thereunder, which amendment is in the form of Amendment No. 1 to Loan Contract between NDEQ and the City for NDEQ Project No. 317981 (the “Amendment No. 1”), which is incorporated by reference into this Resolution as if fully set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the form of Amendment No. 1 between the City and NDEQ is hereby approved.

BE IT FURTHER RESOLVED, that the Mayor, City Clerk, and City Treasurer are hereby directed to execute and deliver Amendment No. 1 and all other documents, certificates and

Approved as to Form	□	_____
March 6, 2015	□	City Attorney

instruments necessary to facilitate the loans evidenced by the Contracts and Amendment No. 1 between NDEQ and the City for the purpose of repairing and improving the City of Grand Island sewer system; and

BE IT FURTHER RESOLVED that the Mayor, City Clerk, and City Treasurer, be authorized and directed to sign all necessary documents, to furnish such assurances to the State of Nebraska as may be required by law or regulations, and to receive payment on behalf of the applicant.

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Adopted by the City Council of the City of Grand Island, Nebraska, March 10, 2015.

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Jeremy L. Jensen, Mayor

Attest:

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RaNae Edwards, City Clerk

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