



## Legislation Text

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**File #:** 17-0611, **Version:** 1

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**DATE:** June 28, 2017

**TO:** Board of Mayor and Aldermen

**FROM:** Eric Stuckey, City Administrator

**SUBJECT:**

\*Consideration of Resolution 2017-52 A Resolution Authorizing And Providing For The Financing Of The Construction Of A Wastewater Facilities Project, Including Authorizing The Execution Of Applications, Contractual Agreements, And Other Necessary Documents, And Making Certain Representations, Certifications, And Pledges Of Certain Revenue In Connection With Such Financing for the Water Reclamation Facility Upgrades and Expansion Project with the State Revolving Fund (COF Contract 2017-0174)

**Purpose**

The purpose of this memo is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning a financing agreement with the State Revolving Fund (SRF) to finance the upgrade and expansion of the Water Reclamation Facility.

**Background**

The Water Management Department has proposed an upgrade and expansion of the City's Water Reclamation Facility from 12 million gallons per day (MGD) to 16 MGD. Among the many improvements designed, the project provides substantial improvements to the liquids treatment processes with the addition of a fermentation zone and chemical treatment capabilities for enhanced removal of nutrients. The project also provides for significant improvements to the biosolids processes which will enable the City to produce Class A, Exceptional Quality (EQ) biosolids providing a range of disposal options that includes a beneficial reuse product.

To date, the State Revolving Fund has agreed to finance \$80,000,000 of the project. The City has been offered an additional sum of money to fund a portion of the remaining balance for this project at particularly favorable interest rates, which the City would be unlikely to obtain in the municipal bond market. The project, proposed to be funded largely through the SRF, will provide operators and supervisory staff much needed treatment capabilities in terms of current and future regulatory requirements.

The contractual agreement, COF Contract 2017-0174, is attached as part of this item.

**Financial Impact**

The estimated project cost is \$112,875,000, including construction, contract administration services and

resident project representative services. Two SRF loans have been established as follows:

1. CG5 2017-375: Loan amount is \$1,275,000 with \$225,000 principle forgiveness. (COF Resolution 2017-28)
2. SRF 2017-376: Loan amount is \$78,500,000. (COF Resolution 2017-29)

Resolution 2017-52 pertains to an additional loan in the amount yet to be established at the time of drafting this document. It is expected that the loan will be approximately \$20,000,000. The three SRF loans in total would add \$99,775,000 in debt obligations to the Water Management department, which would be retired over a thirty-year period at an interest rate of approximately 1.75%. The final interest rate is established at the Tennessee Local Development Authority board meeting at which the loan is approved.

**Recommendation**

Staff recommends approval of the Resolution 2017-52, subject to final approval by the Law Department.