

Legislation Text

File #: 15-2094, Version: 1

NC Clean Water State Revolving Fund Application

Action:

- A. Adopt a resolution authorizing Charlotte Water to apply for a Clean Water State Revolving Fund loan in an amount not to exceed \$21,000,000, and**
- B. Authorize City staff to take necessary actions to complete the financing, including making application to the State of North Carolina Department of Environment and Natural Resources and obtaining Local Government Commission approval**

Staff Resource(s):

Barry Gullet, Charlotte Water
Robert Campbell, Management & Financial Services

Explanation

- Charlotte Water desires to apply for a Clean Water State Revolving Fund loan for the construction of the Sugar Creek Wastewater Treatment Plant Reliability Upgrades project.
- The North Carolina Clean Water State Revolving Fund loan program offers interest free loans for projects that demonstrate a significant energy savings. A portion of this project includes the construction of a new blower building and the replacement of older air blowers with new high efficiency blowers which will result in approximately a 25% reduction in energy usage at the plant. This blower replacement is estimated to cost \$9 million and qualifies for the 0% interest rate. The remaining balance of the project (\$12 million) will have a 1.9% interest rate. The resulting blended interest rate for total financing for this project is 1.08%.
- If Charlotte Water is not selected to receive this loan, the project will be funded from the Charlotte Water Community Investment Plan, which is financed through revenue bonds at approximately 3.56% interest.
- If selected for the loan program, Charlotte Water will save approximately \$6.4 million over the 20 year term.
- The loan is available from a fund established by the state and administered by the Department of Environment and Natural Resources. The City would sign a promissory note to repay the funds, which would then be re-loaned for other projects across the state as the City makes payments.
- Charlotte Water presented a project plan to the Charlotte Water Advisory Committee on October 15, 2015, and the City Council Environment Committee on November 11, 2015.
- On November 23, 2015, City Council approved a contract with HDR Engineering Inc. of the Carolinas for the final design, procurement assistance, and construction administration services associated with this project. The selection of a Construction Manager At-Risk is in process.

Fiscal Note

Funding: Charlotte Water Debt Service Fund

Attachment

Resolution