

Legislation Text

File #: 15-5682, Version: 1

Resolution to Increase Clean Water State Revolving Fund Loan for Combined Heat and Power Project

Action:

- A. Adopt a resolution authorizing the City to request an increase in the Clean Water State Revolving Fund program loan not to exceed \$1,300,000 for the Combined Heat and Power Project at the McAlpine Creek Wastewater Treatment Plant,**
- B. Authorize the City Manager to take necessary actions to accept and complete the financing, including applying to the State of North Carolina Department of Environmental Quality and obtaining Local Government Commission approval, and**
- C. Adopt a budget ordinance appropriating \$1,300,000 from the Clean Water State Revolving Fund Program.**

Staff Resource(s):

Barry Gullet, Charlotte Water
Randy Harrington, Management and Financial Services
Ronald Hargrove, Charlotte Water
Scott Greer, Management and Financial Services

Explanation

- On June 24, 2015 the City Council authorized the acceptance of a Clean Water State Revolving Fund Loan of \$3,226,736 to fund the Combined Heat and Power Project at the McAlpine Creek Wastewater Treatment Plant (WWTP). There is no interest on this loan due to qualifying as a "Green" Project under the energy production classification. The loan is for 20 years.
- The loan funds were used to build a project at the McAlpine Creek WWTP which utilizes methane gas to run a power generating engine. The engine will generate approximately one milliwatt of continuous power (equivalent to ~1,000 homes) from methane currently being flared as a waste product.
- When the construction contract was originally awarded in 2015, bids were higher than the preliminary estimate used to apply for the 0% interest loan from the state. This caused the total project cost to exceed the loan amount by \$1.3 million.
- All costs above were initially funded by a revenue bond anticipation note and reimbursed by the State Revolving Fund (SRF) Loan.
- Prior communications with the State on this matter have confirmed there is additional available money to borrow to pay for the increased cost of the project. Paying for this project with SRF money saves money in comparison to traditional bond financing.
- If additional loan amount is not approved, funding will be obtained through a revenue bond anticipation note, with the current variable interest rate of approximately one percent.

Fiscal Note

Funding: Charlotte Water Community Investment Plan

Attachment(s)

Budget Ordinance
Resolution