



Legislation Text

File #: 1046-2024, **Version:** 1

1. BACKGROUND

This ordinance authorizes the Director of the Department of Public Utilities to apply for two additional loans through the Ohio Water Development Authority (OWDA) Direct Loan program to finance Department of Public Utilities capital improvement projects, to accept the loan funding if offered under terms agreeable to the City of Columbus, and to execute the documents needed to accept the loans.

The Department of Public Utilities has been using a loan program administered jointly by the Ohio EPA's Division of Environmental and Financial Assistance and the OWDA to finance part of the department's capital improvement program. In 2023 City Council approved via Ordinance 0997-2023 the Department of Public Utilities to also apply for loans through the OWDA Direct Loan program. The OWDA's mission is to provide financial assistance for environmental infrastructure from the sale of municipal revenue bonds through loans to local governments in Ohio. These loans are available at favorable interest rates, frequently below what the City can obtain through a bond sale, and at favorable repayment terms. The projects to be financed by the OWDA Direct Loan program are projects that typically do not meet the eligibility or timeline requirements of the Ohio EPA/OWDA loan program, which has more stringent requirements for loans funded through that program.

Section 2 of the Be It Ordained part of Ordinance 0997-2023 stated "City Council understands and agrees that the list of projects, phases, and costs in the Background Section of this ordinance are the anticipated projects, phases, and costs; that projects and phases may be added to or subtracted from the list due to schedule changes or department need; that the prices are estimates that will change based upon bid results and/or contract negotiations; and City Council authorizes the Director of Public Utilities to make changes to the list through 3/31/24 as the Director of Public Utilities deems necessary without seeking City Council approval for the changes and without amending this ordinance". Per the authorization from City Council, the Department of Public Utilities requested loan funding for two projects that were not specifically stated in Ordinance 0997-2023. OWDA will not approve loan funding for these projects unless they are specifically listed in an ordinance approved by City Council. The two projects are:

| <u>Project Number</u> | <u>Project Name</u> |
|-----------------------|---|
| 650790-122181 | Inflow Redirection - Markison |
| 690236-100176 | Wilson Ave Area Water Line Improvements |

The loan funding is requested to fund the construction administration and construction inspection portion of the two projects.

2. FISCAL IMPACT

Approval to expend funds is not being requested at this time. Separate ordinances will be submitted for City Council approval to award or modify any contracts to be funded with these loan awards.

There is sufficient budget authority in the 2024 Stormwater and Water Operating funds budgets for any loan application fee expenditures. These loans are anticipated to be repaid over a 20-year period from Stormwater and Water rates (dedicated source of repayment), although a longer repayment period may be used if agreeable to the Department of Public Utilities, the Department of Finance and Management, and the City Auditor's Office. Stormwater and Water rate increases have been projected and planned in anticipation of these projects and loans.

To authorize the Director of the Department of Public Utilities to apply for, accept, and enter into additional loan agreements with the Ohio Water Development Authority for capital improvement projects; and to designate a dedicated

source of repayment for the loans. (\$0.00)

WHEREAS, the Department of Public Utilities anticipated preparing loan applications to submit to the OWDA Direct Loan program for the projects listed in ORD 0997-2023; and

WHEREAS, ORD 0997-2023 stated "City Council understands and agrees that the list of projects, phases, and costs in the Background Section of this ordinance are the anticipated projects, phases, and costs; that projects and phases may be added to or subtracted from the list due to schedule changes or department need; that the prices are estimates that will change based upon bid results and/or contract negotiations; and City Council authorizes the Director of Public Utilities to make changes to the list through 3/31/24 as the Director of Public Utilities deems necessary without seeking City Council approval for the changes and without amending this ordinance".

WHEREAS, the Department of Public Utilities recently submitted loan funding requests to OWDA for two projects not specifically listed in ORD 0997-2023; and

WHEREAS, OWDA has decided they will not approve these two loan requests unless the projects are specifically stated in an ordinance approved by City Council; and

WHEREAS, it will be necessary to repay any loans obtained; and

WHEREAS, Sewerage System Service Charges are the dedicated source of repayment for the Sanitary and Treatment Engineering projects submitted for OWDA Direct loan funding under this ordinance and city water rate revenues are the dedicated source of repayment for the Division of Water projects submitted for OWDA Direct loan funding under this ordinance; and

WHEREAS, it has become necessary in the usual daily operation of the Department of Public Utilities to authorize the Director to apply for, accept and enter into additional loans with the Ohio Water Development Authority to finance Department of Public Utilities capital improvement projects; **NOW, THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of the Department of Public Utilities is hereby authorized to apply for loans through the Ohio Water Development Authority's Direct Loan program to finance construction administration and construction inspection costs associated with capital improvement project 650790-122181 (Inflow Redirection - Markison) and 690236-100176 (Wilson Ave Area Water Line Improvements), to accept the loan funding if offered under terms favorable to the City of Columbus, and to execute the documents needed to accept the loans.

SECTION 2. That Sewerage System Service Charges are hereby authorized to be the dedicated source of repayment for the Sanitary and Treatment Engineering project submitted for OWDA Direct loan funding under this ordinance.

SECTION 3. That city water rate revenues are hereby authorized to be the dedicated source of repayment for the Division of Water project submitted for OWDA Direct loan funding under this ordinance.

SECTION 4. Funds are hereby deemed appropriated and expenditures and transfers authorized to carry out the purposes of this ordinance and the City Auditor shall establish such accounting codes as necessary.

SECTION 5. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.