



Legislation Text

File #: 1030-2016, **Version:** 1

1. **BACKGROUND:** As authorized by Ordinance 1128-2014 the City issued Notes via PNC Bank in order to most economically finance two large Division of Water plant projects (the Dublin Rd. Water Plant Ion Exchange Plant Reliability Upgrade Project, CIP 690428-100005; and the Parsons Avenue Water Plant Upgrades Project, CIP 690488-100000). These Notes, in the amount of \$163,860,000.00, must now be converted and funding to do so is available through the Ohio Water Development Authority (OWDA) Fresh Water Market Rate Loan Program.

Need: In order for the Department of Public Utilities to apply for and enter into a Fresh Water Market Rate Loan Program Loan Agreement the Ohio Water Development Authority (OWDA) requires legislation authorizing the Director of Public Utilities to do so. This ordinance authorizes the Director of Public Utilities to apply for and execute a Fresh Water Market Rate Loan Program Loan Agreement for the construction of two capital improvements projects as identified in Section 1. under the direction of the Division of Water, and establish water rate revenues as the dedicated source of repayment for the Loan. This loan program is administered by the OWDA. The loan program provides low interest rate loans for municipal water utility capital improvements.

2. **EMERGENCY DESIGNATION:** The Fresh Water Market Rate Loan Program Loan Application is now being processed for these projects. This authorizing legislation is a requirement for loan approval and must be submitted to the OWDA as a part of the Loan Application process prior to consideration by the OWDA Board for loan award. For the purpose of converting these Notes expeditiously to take advantage of current low interest rates emergency designation is requested.

FISCAL IMPACT

Budgeted Amount: The OWDA Loan Administration Fee expenditure in the amount of \$437,500.00 will be rolled into the total loan amount of the loan. The loan will be paid off over a 20-year period from revenues from water system rates (the dedicated source of repayment). Water rate increases have been projected and planned in anticipation of these projects and loan.

To authorize the Director of Public Utilities to apply for, accept, and enter into an Ohio Water Development Authority Fresh Water Market Rate Loan Program Loan Agreement, for the financing of two Division of Water construction projects; to designate a dedicated source of repayment for the loan; and to declare an emergency.

WHEREAS, the Department of Public Utilities is scheduled to prepare a Loan Application for submittal to the Ohio Water Development Authority (OWDA) under the Fresh Water Market Rate Loan Program to finance, through a low interest rate loan, the construction of two (2) Capital Improvements Projects under the Division of Water, which financial assistance will be of help in reducing total project costs to the City's Water customers; and

WHEREAS, prior to Loan Agreement approval by the OWDA, the Loan Application and Loan Agreement documents require the City to submit to the OWDA a certified copy of approved City Council legislation authorizing the Director of the Public Utilities Department to apply for and subsequently execute the Loan Agreement, and to authorize a dedicated source of repayment for the Loan; and

WHEREAS, an emergency exists in the usual daily operations of the Division of Water, Department of Public Utilities,

in that it is immediately necessary to authorize the Director of Public Utilities to enter into a Fresh Water Market Rate Loan Program Loan Agreement with the Ohio Water Development Authority at the earliest practical date for the immediate preservation of the public health, welfare, peace, property, and safety; **now, therefore**

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

SECTION 1. That the Director of the Department of Public Utilities be, and hereby is, authorized to apply for, accept, and enter into an Ohio Water Development Authority (OWDA) Fresh Water Market Rate Loan Program Loan Agreement, for the financing of two Division of Water Capital Improvements Projects, as described below with the "not to exceed" construction project and associated Loan Administration Fee costs listed as follows:

1. DRWP Ion Exchange & Plant Reliability Upgrades, CIP No. 690428-100005; (\$103,280,119.00).
 2. Parsons Avenue Water Plant Upgrades, CIP No. 690488-100000; (\$61,017,382.00).
- Total Loan not to exceed: \$164,297,501.00

SECTION 2. That Water rates are hereby authorized to be the dedicated source of repayment for the Ohio Water Development Authority Fresh Water Market Rate Loan Program Loan Agreement.

SECTION 3. That the funds necessary hereby authorized for expenditure.

SECTION 4. That the necessary accounting and expenditure codes are to be assigned by the City Auditor.

SECTION 5. That the funds necessary to carry out the purpose of this ordinance are hereby deemed appropriated, and the City Auditor shall establish such accounting codes as necessary.

SECTION 6. That the City Auditor is authorized to make any accounting changes to revise the funding source for all contracts or contract modifications associated with this ordinance.

SECTION 7. That for the reasons stated in the preamble hereto, which is made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.