



## Legislation Text

**File #: 2103-2007, Version: 1**

### 1. BACKGROUND

To be eligible for financing, The Ohio Water Development Authority (OWDA) requires this legislation which authorizes the Director of Public Utilities to apply for and enter into a Cooperative Loan Agreement totaling \$25 million, for the Sewerage & Drainage Division Southerly Wastewater Treatment Plant Primary Clarifiers and Aeration Tanks Improvements project, CIP No. 650367. This project is being partially financed with Bond money and partially financed through OWDA's Master Program: Fresh Water Group. With interest rate discounts, and other advantages, this loan program will benefit the City and its sewerage rate payers by lowering the overall cost of these CIP projects and thereby reducing the sanitary sewerage rates.

**EMERGENCY DESIGNATION:** In order to obtain OWDA board approval of the cooperative agreement in January 2008, a certified copy of this authorizing legislation must be submitted to the OWDA as a part of each loan application and prior to the OWDA board meeting on January 31, 2008. And, the construction contract legislation cannot be certified by the Auditor until such time as the cooperative agreement is approved and an OWDA loan number is assigned. The earliest effective date of this ordinance insures compliance with the OWDA loan program requirements and thereby expediting the construction project initiation.

### FISCAL IMPACT

**Budgeted Amount:** This loan-which will include the OWDA application fees in the total loan amount-will be paid off over a 20-year period from sewerage system fees. Sewerage fee increases have been projected and planned in anticipation of this project and loan.

To authorize the Director of Public Utilities to apply for, accept, and enter into a Cooperative Loan Agreement during the year 2008 between the City of Columbus and the Ohio Water Development Authority, for the construction, maintenance and operation of the Southerly Wastewater Treatment Plant Primary Clarifiers and Aeration Tanks Improvements project, for the Division of Sewerage and Drainage; to designate a dedicated repayment source for the loan; and to declare an emergency.

**WHEREAS,** in 2007 the Columbus Department of Public Utilities is scheduled to submit a loan application to the Ohio Water Development Authority (hereinafter referred to as the "OWDA") to borrow \$25 million which will partially finance the Southerly Wastewater Treatment Plant Primary Clarifiers & Aeration Tanks Improvements project, CIP No. 650367 for the Division of Sewerage and Drainage, which assistance will be of help in reducing total project costs to the City's sewerage customers; and

**WHEREAS,** to be eligible for financing, the City is required to submit to the OWDA a certified copy of the approved City Council legislation which authorizes the Director of the Public Utilities Department to execute and deliver the OWDA Cooperative Agreements; and

**WHEREAS,** this legislation must be approved by City Council and a certified copy must be submitted to the OWDA prior to the January 31, 2008 OWDA board meeting as part of the loan application and loan agreement approval process, so as to expedite the planning, design and construction of this project scheduled to commence in early 2008, therefore an emergency exists in the usual daily operation of the Division of Sewerage and Drainage, Department of Public Utilities, in that it is immediately necessary to authorize the Director of Public Utilities to execute a Cooperative Loan Agreement with the OWDA for the immediate preservation of the public peace, health, property, and safety; Now Therefore:

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

**Section 1.** That the Director of Public Utilities be, and hereby is, authorized to apply for, accept, and enter into a Cooperative Loan Agreement during the year 2008 between the City of Columbus and the Ohio Water Development Authority, with a loan total of \$25

million, for the partial financing of the construction, maintenance and operation of the Southerly Wastewater Treatment Plant Primary Clarifiers and Aeration Tanks Improvements project, Capital Improvements Project No. 650367, for the Division of Sewerage and Drainage.

**Section 2.** That Sewerage System Service Charges is hereby authorized to be the dedicated source of repayment for the Cooperative Loan Agreement.

**Section 3.** That the City of Columbus hereby incorporates the construction of the aforesaid project as described in Section 1. into the upcoming 2008 Capital Improvements Plan, in cooperation with the OWDA under the provisions, terms, and conditions set forth in the "Cooperative Agreement for State Construction Project" as set forth in Exhibit A (the "Cooperative Agreement") and hereby authorizes the Director of Public Utilities and the City Auditor to execute the Cooperative Agreement with the OWDA, for the aforesaid project, substantially in the form set forth in Exhibit A.

**Section 4.** That the City of Columbus hereby agrees to pay the Cooperative Agreement interest rate specified in the Term Sheet for each Cooperative Agreement, whereby said interest rate is calculated quarterly beginning January 1 based on the previous 8 week average of The Bond Buyer 20 Bond Index plus 50 basis points (i.e., one-half of one percent), minus the maximum discount of 1% for up to \$15 million in borrowing during a calendar year, and 0.5% discount for borrowing from \$15 million to \$25 million during a calendar year, and no discount for borrowing greater than \$25 million during a calendar year which the City of Columbus is entitled to receive and eligible for under OWDA policies in effect at the time as set forth in Exhibit B-Program Guidelines; and also agrees to pay the OWDA loan administration fee of .35% (.0035) of total project costs for each project or the \$400.00 minimum for each project as set forth in Exhibit B.

**Section 5.** 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.