

REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: January 22, 2007

Agenda Item: 7 (A)	Prepared By: William P. Harrison
	Date: December 12, 2006
Agenda Section: Business: RESOLUTIONS (2)	
Subject: STATE REVOLVING LOAN FUND APPLICATIONS	Department: Finance

BACKGROUND: City Council is requested to hold two public hearings and approve Capital Facilities Plans for water and wastewater and funding applications for utility capital projects to the Florida State Revolving Loan Fund.

Earlier this year, City Council approved a consultant contract with Angie Brewer & Associates to assist the City in the development of Capital Facility Plans and in applying for funding from the State Revolving Loan Fund for utility capital projects. This is a low interest rate loan program that has replaced the old federal direct grant program to municipalities for utility projects.

The Revolving Loan Program has separate divisions for wastewater and drinking water projects, each requiring separate applications. With the assistance of our consultants, we have completed both Capital Facility Plans and have prepared loan applications for the 2007 Septic Tank Replacement Program assessment districts on the wastewater side and for the new 4-million gallon potable water storage tank on the drinking water side. Separate resolutions have been prepared for both water and wastewater.

The current interest rate for water projects is 2.64%, calculated on the basis of 60% of the current tax-exempt bond rate for 20-year utility revenue bonds. The current rate for wastewater projects is 2.97%. This rate is weighted based on the census data of income of the local population. If both projects are approved, interest rate savings over twenty years will be in the range of \$3.1 million. We would anticipate continuing to use this program for future utility capital projects. The funding alternative would be the use of tax-exempt utility revenue bonds, with current interest rates of 4.25% to 4.50% for 20-year bonds.

The two Capital Facility Plans are lengthy documents. They are available for inspection at the Office of the City Clerk.

RECOMMENDED ACTION: Hold two public hearings and approve resolutions accepting the Capital Facility Plans and authorizing application to the State Revolving Loan Fund for utility capital projects.

Reviewed by Department Director	Reviewed by City Manager
Council Action: Motion by:	Second by: