



AGENCY:	MID
MEETING DATE:	December 11, 2017
DEPARTMENT:	Public Works
PRESENTED BY:	J. Smith
EMAIL ADDRESS:	jsmith@fortbragg.com

AGENDA ITEM SUMMARY

TITLE:

RECEIVE REPORT AND CONSIDER ADOPTION OF FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT NO. 1 RESOLUTION APPROVING AGREEMENT FOR LEGAL SERVICES WITH JONES HALL TO PROVIDE BOND COUNSEL SERVICES FOR UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) RURAL DEVELOPMENT LOAN FOR WASTEWATER TREATMENT FACILITY UPGRADE PROJECT AND AUTHORIZING CITY MANAGER TO EXECUTE SAME (AMOUNT NOT TO EXCEED \$50,000; ACCOUNT NO. 716-7001-0731)

ISSUE:

Funds are needed to complete the Wastewater Treatment Plant (WWTP) Upgrade Project. USDA has agreed to provide \$5,000,000 in loan funds to complete the needed funding for the project. Preapproved bond counsel is required by USDA for this transaction. Jones Hall is a qualified and reputable firm approved by USDA and specializes in this work. Jones Hall provided a proposal to complete the required work for the amount not to exceed \$50,000.

ANALYSIS:

The Wastewater Treatment Plant Upgrade Project will provide a major updating of Fort Bragg's 40 year old wastewater treatment facility. While repairs and upgrades have been performed over the years, much of the WWTP's equipment is reaching the end of a normal 25-30 year service life.

A funding package drawing from multiple sources has been assembled to pay for this project. A \$6,000,000 grant from the Clean Water State Revolving Fund (SRF) is being combined with a \$2,254,000 grant and \$5,000,000 loan from the United States Department of Agriculture (USDA) Rural Assistance Program. Up to \$2,200,000 of local monies from the Waste Water Enterprise Fund will be made available. USDA loan requirements include the issuance of a bond to secure the loan given a local agency. The basic steps are: (1) the City issues a bond for the Waste Water Treatment Plant Upgrade Project in the amount of \$5,000,000; (2) the USDA buys the entire proceeds of the bond sale; (3) USDA holds the bond as security for its loan to the City; and (4) USDA provides the loan to the City. This is standard USDA practice for its loans. As part of any bond issuance, the services of a bond counsel are necessary to ensure the bond issuance is done correctly.

With the completion of permits, design and regulatory review there are a few remaining steps needed to finalize the USDA loan. Bond counsel is required by USDA to complete these final steps in the loan process. Jones Hall is a well-regarded law firm that specializes in all aspects of bond financing. With completion of this loan process, we will be able to wrap up the funding arrangements. After that, we will be ready to advertise the construction contract for bids.

RECOMMENDED ACTION:

Adopt Resolution to approve the Professional Services Agreement awarding the contract for bond counsel services to Jones Hall to complete the required documents for the USDA loan.

ALTERNATIVE ACTION(S):

Choose a different bond counsel from the preapproved list provided by USDA.

FISCAL IMPACT:

Funds are available for this portion of the project in the Wastewater Enterprise Fund.

CONSISTENCY:

The expense of hiring bond counsel is within the project scope for the Wastewater Treatment Plant Upgrade Project and therefore included in the adopted 2017/2018 Capital Improvement Program.

IMPLEMENTATION/TIMEFRAMES:

The solicitation of bids to construct the project will commence after execution of the required funding documents.

ATTACHMENTS:

1. Resolution
2. Contract

NOTIFICATION:

1. Jones Hall, Attn: David Fama