



AGENCY: City of Fort Bragg  
MEETING DATE: February 26, 2017  
DEPARTMENT: Public Works  
PRESENTED BY: John Smith  
EMAIL ADDRESS: jsmith@fortbragg.com

## AGENDA ITEM SUMMARY

### **TITLE:**

**RECEIVE REPORT AND CONSIDER ADOPTION OF CITY COUNCIL RESOLUTION AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING THE CITY OF FORT BRAGG'S WASTEWATER TREATMENT FACILITY TO SERVE AN AREA LAWFULLY IN ITS JURISDICTION TO SERVE IN THE AMOUNT OF \$5,000,000**

### **ISSUE:**

As part of assembling the financing package for the Waste Water Treatment Plant (WWTP) Upgrade Project, the United States Department of Agriculture (USDA) requires the City to adopt a Resolution acknowledging and accepting the requirements of the USDA's \$5,000,000 loan. Staff will also provide a brief update on the schedule and progress of the Project.

### **ANALYSIS:**

The Project will replace an existing, worn out trickling filter system with a modern activated sludge system (Aeromod-Sequox extended aeration system). In general, the Wastewater Treatment Facility Upgrade Project will update the solids handling system, collect and treat storm water, repurpose clarifiers to be used as equalization basins, and use the trickling filter concrete slabs for biosolids storage.

The plans and specifications for the Project are complete. Representatives from each funding source, City staff and our engineers have completed their final review and approval of the bid documents. A Request for Proposals for construction management services was sent out February 15, 2018. Advertisement for construction bids is expected to begin March 1, 2018.

The City has been awarded a \$6,000,000 grant from the Clean Water State Revolving Fund, \$2,254,000 grant from the United States Department of Agriculture (USDA) and the Wastewater Enterprise Fund will contribute \$2,200,000. A \$5,000,000 USDA loan is the remaining funding needed to complete the funding requirement for the Project.

This final item will be a form of debt financing known as a Certificate of Participation (COP). The City of Fort Bragg Joint Powers Financing Authority (JPA) will be used as the financing conduit. The JPA will sell a COP and the sole purchaser will be the USDA. These funds will be used to construct the WWTP Upgrade project. The JPA will sell the project back to the City via an Installment Sales Agreement. The purchase occurs with periodic payments from the operating revenues from the Waste Water Enterprise Fund. This is a process that the City has used for other debt financing (e.g., the closure of the Caspar Landfill). The USDA has specified this process and it is the one that must be followed to receive the \$5,000,000. Staff, including the Finance Director and City Attorney, have reviewed the proposed financing structure including the agreement and all relevant documents, and are satisfied with the financing structure. The financing is consistent with City debt management policies, prior debt issued by the City, and standard industry practices. A standard Resolution form supplied by USDA is being used for this action.

**RECOMMENDED ACTION:**

Recommend adoption of the attached Resolution. Please note that the City is not formally committed to the requirements contained in the Resolution until the loan documents are executed.

**ATTACHMENTS:**

1. Resolution

**FISCAL IMPACT:**

No fiscal impact is anticipated by the passage of this resolution.

**NOTIFICATION:**

None