



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: R-1314-121

File ID: R-1314-121 **Type:** Resolution **Status:** Non-Consent Items

Version: 1 **Reference:** Item No. 29 **In Control:** City Council

Department: Finance Department **Cost:** **File Created:** 04/14/2014

File Name: Clean Water SRF Loan from OWRB NUA **Final Action:**

Title: RESOLUTION NO. R-1314-121: A RESOLUTION APPROVING AND AUTHORIZING A CLEAN WATER SRF LOAN FROM THE OKLAHOMA WATER RESOURCES BOARD IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF \$50,300,000; APPROVING THE ISSUANCE OF A PROMISSORY NOTE IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF \$50,300,000, SECURED BY A PLEDGE OF REVENUES AND AUTHORIZING ITS EXECUTION; APPROVING AND AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT FOR CLEAN WATER SRF LOAN; DESIGNATING A LOCAL TRUSTEE AND APPROVING AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT; APPROVING AND AUTHORIZING THE EXECUTION OF A SECURITY AGREEMENT; RATIFYING AND CONFIRMING AN AMENDED LEASE AGREEMENT WHEREBY THE CITY OF NORMAN LEASED ITS WATER AND SANITARY SEWER SYSTEMS TO THE NORMAN UTILITIES AUTHORITY; APPROVING VARIOUS COVENANTS; APPROVING AND AUTHORIZING PAYMENT OF FEES AND EXPENSES; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

Notes: ACTION NEEDED: Acting as the Norman Utilities Authority, motion to adopt or reject Resolution No. R-1314-101.

ACTION TAKEN: _____

Agenda Date: 04/22/2014

Agenda Number: 29

Attachments: Text File R-1314-121.pdf, 05 Authority Resolution CW (04-22-14).pdf

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Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:

Text of Legislative File R-1314-121

Body

BACKGROUND: The Norman Utilities Authority (NUA) and the City of Norman adopted a Wastewater Master Plan (WWMP) in 2001. The WWMP identified needed capital projects and courses of action to develop Norman's Water Reclamation ("Wastewater", "Sewer") Utility systems to serve customers of the Utility in 2000 ("current obligations customers") and "future" customers (those sewer obligations added to the system after 2000). The WWMP called for expansion of the Wastewater Utility's sewage treatment capacity from 12 million

gallons per day (MG/D) to 21.5 MG/D in two phases: the construction of a treatment facility in the Little River sewage basin in north Norman and expansion of the existing Water Reclamation Facility (WRF) in the South Canadian sewage basin of southern Norman from 12 MG/D to 17 MG/D.

The NUA adopted a series of actions and policies to implement the WWMP and directed millions of dollars of capital projects to be completed. These projects were financed through three major sources of funding, approved by the voters of Norman on August 14, 2001: a temporary, 5-year, ½ percent sales tax to pay for sewage treatment, collection and conveyance facility improvements to serve “current customer obligations”; a Wastewater Excise Tax on New Development, to pay for improvements to serve “future customer obligations”; and a Sewer Maintenance Rate, to pay for improvements to neighborhood sewer lines.

Of most relevance, the NUA adopted Resolution Nos. R-0506-151 and R-0708-78 which directed a “Northside Sewer Solution” whereby sewage generated in the Little River basin of north Norman would be collected through newly-constructed and enlarged sewer interceptors and carried to an expanded Lift Station D conveyance facility to then be carried through enlarged sewer interceptors to the South Canadian Water Reclamation Facility. The Norman Water Reclamation Utility has been working for over seven years towards the completion of the Northside Sewer Solution to build adequate sewerage facilities to serve customer obligations through the planned build out of the *Norman 2025 Land Use Plan*. The last major remaining project to be completed is the expansion of the treatment capacity recommended in the 2001 WWMP.

On November 12, 2013, the voters of Norman approved an increase to basic sewer rates to pay for the expansion and improvements to the Norman Water Reclamation Facility. The improvements will expand the WRF’s capacity to 17 MG/D, and improve the quality of the treated sewage discharged from the plant to meet all current federal standards and ultimately to provide reclaimed wastewater for irrigation and other purposes.

The Oklahoma Water Resources Board (OWRB), acting as the agent of the U.S. Environmental Protection Agency and the Oklahoma legislature, has administered Drinking Water (“DW”) and Clean Water (“CW” for sewer, wastewater or water reclamation projects) Statewide Revolving Fund loan programs (“SRF”) for many years. These programs provide financial assistance for municipalities to make infrastructural improvements to their water and wastewater systems to comply with federal and state drinking water and pollution control standards. The CWSRF program provides below-market interest rate loans to finance sewer infrastructure improvements. The Norman Utilities Authority (NUA) has participated on several occasions in the OWRB SRF program and has benefitted from the lower interest rates in the program.

On January 14, 2014, the NUA approved its Resolution No. R-1314-89, authorizing an application to be made to the Oklahoma Water Resources Board for financial assistance through the SRF Program to partially offset the costs of the WRF expansion and improvements. The OWRB considered and approved the application on April 15, 2014.

DISCUSSION: The NUA has received final engineering design approval and environmental clearances to proceed with construction of the Water Reclamation Facility expansion and improvements. Bids were received by NUA staff on the construction of the improvements, and the NUA Trustees will consider an award of the bid to Archer Western Company in a separate action.

Now with the SRF loan approved by the OWRB, the NUA and City Council will need to approve the proposed resolutions to complete the SRF loan. The resolutions take the following actions to give final approval, authorization and direction to complete these loan issuances:

NUA Resolution No. R-1314-121 - A Resolution of the NUA Approving and Authorizing A Clean Water (Sewer) SRF Loan in the Principal Amount of \$50,300,000, Pledging NUA Revenues As Security for the Repayment of the Loan; Designating a Trustee; Confirming an Amended Lease Agreement for the City of Norman’s Sanitary Sewer System; and Authorizing the Execution of a Trust Agreement

City Council Resolution No. R-1314-122 - A Resolution of the City Council Approving the Action of the NUA in Authorizing the Clean Water SRF Loan; Ratifying an Amended Lease Agreement for the City’s Water and Sewerage Systems

Upon the favorable consideration of these resolutions by the OWRB, the NUA Trustees and the City Council, staff will proceed with the closing of the SRF loans as executed by the Chairperson /Mayor.

RECOMMENDATION: It is recommended that the resolutions be adopted.