

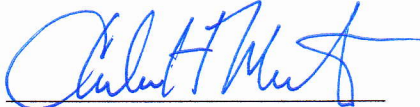


Lexington-Fayette Urban County Government
DEPARTMENT OF ENVIRONMENTAL QUALITY AND PUBLIC WORKS

Jim Gray
Mayor

David L. Holmes
Commissioner

To: Mayor Jim Gray
Urban County Council

From: 
Charles H. Martin, P.E., Director
Division of Water Quality

Date: August 13, 2014

Re: Request Approval of Resolution Authorizing the Lexington-Fayette Urban County Government (LFUCG) to Apply for Low-Interest State Revolving Fund Loan for a Sanitary Sewer Related Project in the Amount of at Least \$35,976,329

The LFUCG has been invited to submit a loan application for the West Hickman WWTP Wet Weather Storage Tanks – Phase I project. The Kentucky Infrastructure Authority (KIA) is extending this invitation to replace previously submitted applications for the West Hickman Sub-basin WH-7 WWS Tank in the amount of \$19,087,695, and Expansion Area Three Sanitary Sewer Infrastructure in the amount of \$16,888,634. The total amount for which we are requesting approval to apply is the same as the earlier two projects combined - \$35,976,329.

Based on discussions with KIA staff, it has been determined that the schedule for accessing and spending available KIA loan funds more closely matches the West Hickman WWTP tank construction schedule than the construction schedule of the previously invited projects. KIA strongly prefers short durations between the time of awarding a loan and the distribution of those loan proceeds. The KIA is allowing us to “swap” projects in a spirit of cooperation and acknowledgement of the importance of keeping the work moving forward.

Upon receipt of the application, the Kentucky Infrastructure and its Board will review the submittal and the community’s financial status and either grant or deny the loan. The interest rate tied to those loans approved for this round is 1.75%. These loan rates are significantly lower than what the LFUCG could obtain through our bonding process, and if we are successful in securing this loan it will reduce the cost of these projects.

I can be reached at 425-2455 should you have questions or require additional information.