

Sanitary Sewer Improvement Project SRF Loan Information Sheet

Need for Project: Based upon a methodical analysis of the sanitary sewer system, the City has identified numerous locations where infiltration and inflow (I and I) is present within the system. This I and I cause considerable management and capacity issues in the operation of the system. These issues result in increased contractual costs for treatment of effluent from the City and customer inconvenience due to backups in residential and commercial basements.

Scope of Project: The project involves the rehabilitation of 121 sewer segments utilizing trenchless technologies to correct pipes where severe defects have been detected. Defects include moderate to severe longitudinal and multiple cracking of the pipe, offset joints along the mainline sewer and or broken or deformed pipes. When the project is completed over 11,000 linear feet of pipe will be corrected using Cured-In-Place Pipe Lining, or in some cases sections of pipe will be removed and replaced. Additionally, the project will include repairs to the Retention Basin Outlet and Valve SS-8. This repair and upgrade will allow the City to better manage the operation of the Retention Basin and better utilize its allowed capacity during storm water events that cause the surcharge of the interceptor sewer.

Beneficial Impact of Project:

- Projected large reduction of infiltration and inflow in the sanitary sewer
- Rehabilitation of existing sanitary sewers that extend the useful life of the system
- Will help to control and prevent future basement backups
- Retention Basin Improvements will prevent raw sewage from overflowing into the Ecorse Creek
- Give ability to meet contract capacity with Wayne County

Estimated Cost of the Project: The preliminary estimate for the project is \$1,550,000. The bids for this project are scheduled to be opened on Thursday, February 3, 2016. At that time the cost of the project will become known.

Financing of the Project: Lincoln Park will be selling up to \$2,000,000 in Revenue Bonds to the State of Michigan through the State Revolving Fund. Bond Counsel recommended the authorization level (\$2,000,000) be selected so as to cover a bid price that was over the engineers estimate. Calculations are based upon the estimated project cost of \$1,550,000. The interest on the loan will be 2.5% for a period of 20 Years. The annual debt service for this loan will start out the first year at the projected cost of \$69,875 and increase every year to a maximum of \$124,500 in the year 2035 at which time the debt will be retired. It is estimated that the City will pay a total of \$252,125 in interest costs over this twenty year time frame. Please see attached for the projected Schedule of Debt Service Requirements.

Funding of the Debt Retirement: As it is structured now, the Water/Sewer Fund has sufficient capacity to absorb the cost of retiring this debt without the need to seek additional revenues from customers of the system. I will caution the Mayor and Council that the long term sustainability of this fund, due to increases of water costs from the water provided and wastewater treatment costs from Wayne County, requires that the user fees for the Water/Sewer Fund be periodically reviewed. This review can result in the need to increase the user fees independent of this action of financing this project.

\$1,550,000
 CITY OF LINCOLN PARK
 COUNTY OF WAYNE, STATE OF MICHIGAN
 WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2016

SCHEDULE OF DEBT SERVICE REQUIREMENTS

On a Fiscal Year Basis

Fiscal Year	Interest Due October 1	Principal Due April 1, NEXT	Interest Rate	Interest Due April 1, NEXT	Total Principal & Interest Requirements
2016	\$19,375	30,000	2.500%	20,500 *	\$69,875
2017	20,063	35,000	2.500%	20,063	75,563
2018	19,563	40,000	2.500%	19,563	79,625
2019	18,938	50,000	2.500%	18,938	88,500
2020	18,250	55,000	2.500%	18,250	92,188
2021	17,500	60,000	2.500%	17,500	95,750
2022	16,688	65,000	2.500%	16,688	99,188
2023	15,813	70,000	2.500%	15,813	102,500
2024	14,875	75,000	2.500%	14,875	105,688
2025	13,938	75,000	2.500%	13,938	103,813
2026	12,938	80,000	2.500%	12,938	106,875
2027	11,875	85,000	2.500%	11,875	109,813
2028	10,813	85,000	2.500%	10,813	107,688
2029	9,688	90,000	2.500%	9,688	110,500
2030	8,500	95,000	2.500%	8,500	113,188
2031	7,250	100,000	2.500%	7,250	115,750
2032	5,938	105,000	2.500%	5,938	118,188
2033	4,500	115,000	2.500%	4,500	125,438
2034	3,000	120,000	2.500%	3,000	127,500
2035	1,500	120,000	2.500%	1,500	124,500
	<u>\$251,000</u>	<u>\$1,550,000</u>		<u>\$252,125</u>	<u>\$2,002,250</u>

Assumptions:

Bonds Dated:	04/01/2016
First Interest Payment:	10/01/2016
Number of Days:	180 *
Subsequent Interest Payment:	04/01/2017
Number of Days:	180
First Principal Payment:	04/01/2017
Projected Interest Rate	2.50%

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