

Crossville Water System Improvements Plan

Projects: Catoosa 127 North – New Water Tank
Brookhaven Waterline Upgrade
Holiday Drive Waterline Replacement
Highland Lane Waterline Replacement
Lantana Estates & Fairyland Acres Waterline Replacement

Cost Estimate: Range of \$2,200,000 to \$2,500,000 (Total of all projects)

Funding Options: Rural Development Public Utilities Program
TML Bond Pool Funds
State Revolving Fund Loan Program

Funding Details:

Rural Development (RD):

- Loan – Interest rate (recently around the 3.25% range) for a 38 year term
- Grants – Potentially 25%-40%. However, the loan portion must be used first before the grant is available. The grant amount is decided on a project by project basis.
- Approval Process –
 - application submittal
 - environmental clearance
 - document preparation and approval,
 - financial submittal and review,
 - possible rate adjustments depending on review results,
 - solicitation of engineering and administration through RFQ process,
 - preparation of required preliminary engineering report(s) (one report if using one engineer, multiple reports if using two or more engineers).
- Implementation
 - Final engineering plans submitted to State RD office for approval. There is one person in Tennessee that reviews all plans. The Hwy. 70N waterline project took almost one year for the review to be completed
 - Bid solicitation
 - Approval of bids by Council and RD
 - Construction can begin
- Advantages – fixed rate loan for 38 years, potential grant
- Disadvantages – lengthy application and approval process before construction can begin (18-20 months minimum)

TML Bond Fund:

- Loan – Interest rate (variable is currently just under 1.5%) for 20-25 years, depending on fixed or variable rate. A variable rate can be converted to a fixed rate.
- Grants - None
- Approval Process – 45-60 days
 - Application
 - Solicitation of engineering and administration through RFQ – not required
 - Financial submittal and review - minimal
 - Environmental clearance – none
 - Preliminary engineering reports – not required
 - Resolution of Council approving the loan and repayment required
- Implementation – No requirements or approvals by TML Bond Pool
- Advantages – low interest rate, fixed or variable; quick turn-around for approval with minor requirements, project construction can occur relatively quickly, multiple engineers can be used without extra costs or approvals
- Disadvantages – shorter repayment period

State Revolving Fund Loan (SRF):

There are two potential pots of funding through SRF. The subsidized funds that include a 25% grant must be applied for in February of each year and are limited, making the process very competitive. The other funding is non-subsidized (100% loan) that can be applied for at any time.

- Loan – Interest rate is currently at 1.81% for 20 years
- Grants – 25% if project high enough on the priority list with applications received in February; grant is allocated with each pay request throughout the project
- Approval Process
 - Project ranking request in February for grant program
 - Application for non-grant program can be filed at any time
 - Financial submittal and review
 - Potential water rate adjustment requirement
 - Solicitation of engineering and administration through RFQ required
 - Engineering facilities plan required (if multiple engineers, each engineer will have to prepare one)
 - Environmental review by State

- Public meeting
- Implementation
 - Bid solicitation
 - Approval of bids by Council and TDEC
 - Construction can begin
- Advantages – Low interest rate; possibility of grant funds;
- Disadvantages – Grant program is competitive and would delay projects; facilities plans required at a cost (approximately \$50,000 per plan); if multiple engineering firms, cost would escalate substantially; State determines City user rate increases to be implemented