

RESOLUTION NO. 2016-55

A RESOLUTION OF THE CITY OF GULFPORT RELATING TO THE STATE REVOLVING FUND LOAN PROGRAM; ADOPTING A FACILITIES PLAN FOR INFILTRATION AND INFLOW IMPROVEMENTS DATED JULY 2016; AUTHORIZING THE CITY MANAGER TO SUBMIT REQUIRED DOCUMENTATION OF THIS MEETING TO THE FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City is interested in obtaining a State Revolving Fund (SRF) Loan from the Florida Department of Environmental Protection (FDEP) for the Infiltration and Inflow Improvements Project (Project);and

WHEREAS, FDEP's administrative rules require that the City Council adopt a Facilities Plan for the Project as a condition of receipt of SRF loan funds; and

WHEREAS, in accordance with the SRF program requirements, a Facilities Plan has been prepared including a Capital Financing Plan; and

WHEREAS, City Staff has presented the required Facilities Plan for the Project to the City Council at a Public Hearing, after public notice was provided; and

WHEREAS, the City Council has determined that the Project as recommended in the Facilities Plan is in the best interest of its citizens.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GULFPORT:

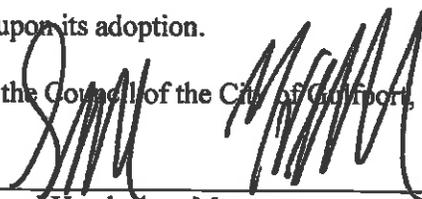
SECTION 1. The City Council hereby adopts the Wastewater Facilities Plan – Infiltration and Inflow Improvements, dated July 2016 prepared by Cardno TBE for the Infiltration and Inflow Improvements Project.

SECTION 2. The Capital Financing Plan associated with the foregoing Facilities Plan for the above-referenced Project has been discussed at a public hearing of the City Council of the City of Gulfport, and hereby adopted.

SECTION 3. The City Manager is authorized and directed to submit the minutes of the public hearing in which the Facilities Plan was considered and adopted and proof of publication of the Notice of Public Hearing to the Florida Department of Environmental Protection.

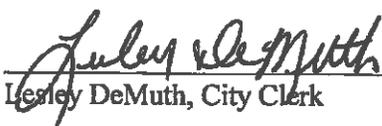
SECTION 4. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 2nd day of August, 2016 by the Council of the City of Gulfport, Florida.



Samuel Henderson, Mayor

ATTEST:



Lesley DeMuth, City Clerk



**CITY OF GULFPORT
CITY COUNCIL
AGENDA MEMORANDUM**

FROM: Cheryl Hannafin, Finance Director

DATE: August 2, 2016

AGENDA ITEM: 7-a

RESOLUTION NO: 2016-55

SUBJECT: Wastewater Facilities Plan – Infiltration and Inflow Improvements including a Capital Financing Plan.

RECOMMENDATION:

Staff is requesting City Council approve the Wastewater Facilities Plan – Infiltration and Inflow Improvements (Exhibit B), dated July 2016, for rehabilitation and improvements to the wastewater collection system. The Facilities Plan includes a Capital Financing Plan (Exhibit C) in support of applying for a Clean Water State Revolving Loan for wastewater facilities associated with this project.

BACKGROUND:

The City's sanitary sewer system experiences substantial increases in wastewater flows during rain events caused by infiltration and inflow (I/I). Infiltration includes groundwater entering sanitary sewers through defective pipe joints and broken pipes, while inflow is water entering sanitary sewers from inappropriate connections such as roof drains. Because sanitary sewers have a typical design life of 75 to 100 years, some parts of the City's system are nearing the end of their useful life span. As a result, I/I is a symptom of an aging collection system. The excess water from I/I takes up needed capacity in pipelines, lift stations, and treatment plants. The added capacity results in higher capital, operating, and maintenance costs to the City. As previously mentioned, the majority of City's wastewater discharges to the City of St. Petersburg for treatment and disposal; therefore, the additional flow from I/I results in an increase in sewer billings from St. Petersburg. As a result, the ultimate goal of this project is to prioritize areas of high I/I within the system and to develop an I/I reduction plan that includes rehabilitation and replacement projects in order to reduce peak flows to St. Petersburg and extend the service life of the collection system

ANALYSIS:

The project will be accomplished with a phased approach. Phase I of the project includes a sanitary sewer evaluation survey (SSES), which includes the review of existing data (wastewater flow, rainfall, groundwater elevation, etc.), discussions with City staff, field reconnaissance, wet weather flow monitoring, closed-circuit television (CCTV) investigations, manhole inspections, and I/I source repairs. The Sanitary Sewer Evaluation Survey (SSES) has been completed, which identified structural and O&M defects as well as sources of substantial I/I. The results of the survey can be found in the *Sanitary Sewer Evaluation Survey Final Report* dated July 2016.

The completed SSES includes the prioritization of rehabilitation and replacement projects into a program that will help reduce I/I and restore the structural integrity of the system. Certain repairs have been identified as priority during the SSES and have been targeted to be completed within the next 5 years. These types of repairs are for fractured or broken pipes, holes, gusher type infiltration, sand infiltration, large offset joints, delaminated liners, defective point repairs, and broken lateral connections and other necessary means to reduce I/I from entering the City's collection system as part of Phase II. The estimated timeline for phase II is as follows:

RFI Submittal for Construction Loan #2, Phase II	September 2016
Facilities Plan / Capital Financing Plan Completion	August 2016
Construction Documents Completion	September 2016
Construction Loan Executed	November 2016
Construction Start	January 2017
Construction Completion	TBD (approx. 5 years)

FINANCIAL IMPACT:

The City entered into an agreement with the Florida Department of Environmental Protection (FDEP) for funding of the SSES under the Clean Water State Revolving Fund (SRF), which includes low-interest funds for finding and removing I/I with the installation of repairs, rehabilitation, and replacement throughout the sanitary sewer system. The SSES phase of the project was funded with a SRF loan amount of \$1.5 million at 2.12%, with a term of 20 years. Repayments are required on a semi-annual basis and will begin approximately six months after completion of the construction of the major rehabilitation portion of the work. The rehabilitation phase will be funded by an amendment to the current SRF loan. A summary of requested dollars for the SRF loan (Exhibit A) is attached.

MOTION:

Move to approve/deny the Wastewater Facilities Plan – Infiltration and Inflow Improvements (Exhibit B), dated July 2016, which includes a Capital Financing Plan (Exhibit C).

Exhibit A

City of Gulfport
State Revolving Loan - Summary
Prepared by C Hannafin July 27, 2016

Loan #1

Phase I		
Project Management	\$	103,230
Date Collection, Review and Recommendations		47,920
Temporary Flow meter installation rainfall monitoring and data analysis		167,020
CCTV		440,936
Piezometer Survey		6,084
Immediate Inflow Source Repairs		658,790
Manhole Inspections		11,000
Report and post Wet Weather Recommendations		30,500
Allowance for change orders		34,520
Capitalized Interest on loan		48,000
Total Loan #1 (Translates to annual payments of 97,216)	\$	1,548,000

Loan #2

Phase I (continued) (August 2016)		
CCTV Remaining Pipelines and Analysis & Immediate Inflow Source Repairs:	\$	560,288
Project Management and SRF Loan Administration		41,000
Preparation of Contract Documents, SSES Report Update, etc.		120,000
Total Phase I (continued)	\$	721,288
Phase II (November 2016)		
Estimated Construction Cost (From Table 8-2 of the SSES Final Report):	\$	2,487,003
Allowance for change orders		31,709
Capitalized Interest on loan		21,500
Loan service fee (2% of capital cost)		64,800
Total Phase II	\$	2,605,012
Total Loan #2 (Translates to annual payments of 176,800)	\$	3,326,300
Grand Total (Translates to annual payments of 274,016)	\$	4,874,300

Wastewater Facilities Plan Infiltration and Inflow Improvements

Prepared for
The City of Gulfport, Florida



Prepared by



Cardno
380 Park Place Boulevard, Suite 300
Clearwater, FL 33759

July 2016



Table of Contents

Table of Contents	i
1.0 Introduction	1
1.1 Project Background	1
1.2 Project Description	1
1.3 Project Need	1
2.0 Analysis of Alternatives	3
2.1 Alternatives Considered	3
2.2 Alternative 1 – No Action	3
2.3 Alternative 2 – Replace Entire Collection System	3
2.4 Alternative 3 – Repair and Rehabilitate Collection System	3
2.5 Cost Comparison of Alternatives	4
3.0 Selected Alternative	4
4.0 Environmental Effects and Benefits	4
5.0 Public Participation Process	5
6.0 Financial Feasibility	5
7.0 Schedule	5
8.0 Resolution	5

Figures

Figure 1-1 Project Location Map	2
---------------------------------	---

Appendices

Appendix A	Federally Listed Species in Pinellas County, FL
Appendix B	Florida Categorical Exclusion Notice
Appendix C	Resolution 12-2016

1.0 Introduction

1.1 Project Background

The City of Gulfport (the City), Florida is located in southern Pinellas County along the shores of Boca Ciega Bay. The City was incorporated in 1910, and covers an area of approximately 3.0 square miles (Figure 1-1). Approximately one third of Gulfport's land area is located within the one hundred year flood boundary i.e., land elevations range from sea level to approximately eight (8) feet. The City's collection system includes over 220,000 linear feet (LF) of sanitary sewers and force mains, 878 manholes, and 2 lift stations, which ultimately discharge to the City of St. Petersburg for treatment and disposal. The wastewater from city residents and businesses is collected by the City's sewer system in about 80% of the City. The remaining 20% is collected by Pinellas County Utilities, and treated by the City of St. Petersburg.

As the City's system has aged, structural defects, operations and maintenance (O&M) defects, in addition to infiltration and inflow (I/I) rates have increased to the point that the City has experienced sanitary sewer overflows (SSOs) during extreme wet weather. The excess water from I/I takes up needed capacity in pipelines, lift stations, and treatment plants, and results in higher capital, operating, and maintenance costs to the City. As previously mentioned, the majority of the City's wastewater discharges to the City of St. Petersburg for treatment and disposal; therefore, the additional flow from I/I results in an increase in sewer billings from St. Petersburg. Furthermore, St. Petersburg recently informed the City that the treatment and disposal charge may increase by a minimum of 25% when the current inter-local agreement expires in 2017.

1.2 Project Description

A Sanitary Sewer Evaluation Survey (SSES) has been completed, which identified structural and O&M defects as well as sources of substantial I/I. The results of the survey can be found in the *Sanitary Sewer Evaluation Survey Final Report* dated February 2016, which includes the prioritization of rehabilitation and replacement projects into a program that will help reduce I/I and restore the structural integrity of the system. The anticipated program is detailed in Section 8 of the SSES Final Report, and includes construction of the Priority 1 repairs, additional closed-circuit television (CCTV) inspection throughout the collection system, and rehabilitation or repair of defects identified as a result of the additional CCTV inspection data. The Priority 1 repairs identified during the SSES are considered imperative and have been targeted to be completed within the next 5 years. These types of repairs are for fractured or broken pipes, holes, gusher type infiltration, sand infiltration, large offset joints, delaminated liners, defective point repairs, and broken lateral connections.

1.3 Project Need

The proposed work included in the program is needed in order to help reinstate the capacity of the collection system by reducing I/I and the potential public health hazards and pollution of Boca Ciega Bay associated with SSOs, blockages, and backups. SSOs caused by weather events were reported by the City in 2013, 2014, and 2015, and are noted in Section 2.2.1 of the SSES Final Report. From an economic standpoint, the City needs to reduce flows discharged to the City of St. Petersburg in order to reduce the cost of treatment for the benefit of wastewater customers. Otherwise, the City could face an increase in disposal charges and penalties from the state because of SSOs.

The program will be located entirely within the City of Gulfport and will cover the entire wastewater collection system except for the portions of the system where City forces have performed rehabilitation in recent years and the area that is served by Pinellas County Utilities. The project boundaries are shown in Figure 1-1.

2.0 Analysis of Alternatives

2.1 Alternatives Considered

Three potential project alternatives were considered to assist with restoring the capacity of the collection system and reducing I/I. There are three alternatives for the City to consider after evaluating the results of the SSES.

2.2 Alternative 1 – No Action

Although taking no action is the alternative with the lowest capital cost, the price of taking no action will be realized as time passes and the system continues to deteriorate and fail. Defects within the collection system will continue to worsen and the rate of extraneous water that enters the collection system will increase. In addition, failures will require emergency repairs at inflated costs because of unplanned purchases of materials, overtime labor, traffic disruptions, etc. Although numerous sanitary sewer defects were identified and repaired during the SSES phase of the project, a large number of Priority 1 repairs are remaining and need to be completed within the next 5 years. In addition, the SSES recommends the remainder of the system be inspected via CCTV. The no action alternative is not considered a viable option, since the defects will continue to deteriorate and contribute to I/I. Furthermore, a public health risk exists because of potential SSOs, blockages, and backups. It is also in the City's economic interest to continue with the program and reduce I/I, because of the potential increase in disposal and treatment charges from St. Petersburg.

2.3 Alternative 2 – Replace Entire Collection System

Based on the age of the wastewater collection system, the design life of the system has been reached or exceeded. Replacement of the entire system is an option that would solve the sewer defects and I/I issues. However, the cost of replacing the entire collection system, and the associated costs of pavement repair/replacement, reconnecting services, bypass pumping, traffic control, disruption to businesses, and inconveniences to customers would be significant, as shown on the following page.

2.4 Alternative 3 – Repair and Rehabilitate Collection System

Alternative 3 includes the rehabilitation or replacement of the Priority 1 deteriorated and failing components identified during the SSES. As previously mentioned, a large number of Priority 1 repairs need to be completed within the next 5 years in order to reduce I/I and help restore the structural integrity of the system. In addition, this alternative will assist with the reduction of flows discharged to St. Petersburg.

Options for repairing or rehabilitating the system in Alternative 3 were further evaluated and compared to determine the most cost effective repair method. Repair methods of the following types of defects were evaluated:

- Structural Defects and Failures
- Sand/Water Infiltration at Pipe Joints
- Offset Pipe Joints
- Broken or Blocked Lateral Connections

Cost estimates for pipeline and manhole repairs were compiled and are listed in Appendix E of the SSES Final Report. The cost projection for the Priority 1 repairs is \$2,648,000 as shown in Table 8-2 of the SSES Final Report. The cost of additional closed-circuit television (CCTV) inspection work is \$560,288 for a total project cost of \$3,208,291.

2.5 Cost Comparison of Alternatives

The following tabulation summarizes the cost comparison of Alternative 2 and Alternative 3:

Alternative 2 – Replace Entire Collection System

220,500 LF of pipe at an average replacement cost of \$150/LF*:	\$33,075,000
870 Manholes at an average replacement cost of \$5,000/MH:	\$4,350,000
Total Construction Cost Estimate:	\$37,425,000

*Cost per LF for replacement includes pavement restoration, maintenance of traffic, dewatering, replacement of service lateral connections and associated lateral piping within the right-of-way.

Alternative 3 – Repair and Rehabilitate Collection System

Phase 1 – CCTV Remaining Pipelines and Analysis:	\$560,288
Phase 1 – Project Management and SRF Loan Administration	\$41,000
Phase 1 – Preparation of Contract Documents, SSES Report Update, etc.	\$120,000
Phase 1 Subtotal:	\$721,288
Phase 2 - Estimated Construction Cost (From Table 8-2 of the SSES Final Report):	\$2,487,003
Total Cost Estimate for Phase 1 and Phase 2:	\$3,208,291

As shown in the cost comparison, the cost of replacing the collection system is significantly higher than the cost to rehabilitate the Priority 1 defects within the system. As a result, Alternative 3 is the only reasonable and cost effective option, and is therefore the chosen alternative.

3.0 Selected Alternative

Alternative 3 is the recommended option and involves the repair or replacement of sanitary sewer mains and lateral connections throughout the collection system at the locations identified as Priority 1 in Figure 6-3 of the SSES Final Report. This alternative will reduce I/I and help restore the structural integrity of the system. In addition, this alternative will assist with the potential increase in disposal and treatment charges by reducing flows discharged to the City of St. Petersburg.

4.0 Environmental Effects and Benefits

The City has experienced excess flows in the wastewater collection system and, as noted in the SSES Report, SSOs have occurred on several occasions. SSOs present potential public health issues and can cause pollution of the surrounding surface waters, including the Boca Ciega Bay Aquatic Preserve. The benefits of this project include reducing extraneous flows that can lead to overflows by restoring the structural integrity of the system and maintaining the level of service for customers. An economic benefit may also occur from the reduced volume of wastewater requiring treatment by the City of St. Petersburg. Since the City of St. Petersburg has also experienced overflows in recent years, reduction of the flows from the City of Gulfport may help with the City of St. Petersburg's effort to reduce I/I in their system.

Construction will occur in previously developed streets and rights of way. No negative environmental impacts other than the normal disturbances to traffic and the normal disruptions caused during construction activities are anticipated. There will be no negative impacts to minority or low-income communities as a result of this project. No known endangered or threatened species in the project area will be negatively affected, as construction will

be conducted in street rights of way. A list of endangered or threatened species for Pinellas County is included herein in **Appendix A**.

The Florida Department of Environmental Protection (FDEP) issued a Florida Categorical Exclusion Notice (FCEN) on February 13, 2015, for this project. The FCEN is included herein in **Appendix B**.

5.0 Public Participation Process

A public meeting will be advertised in accordance with the FDEP requirements to present the Facilities Plan to the public and for adoption by the Gulfport City Council. The meeting has not yet been scheduled but will be held prior the FDEP Priority List Meeting in August 2016. After the meeting, a proof of publication of the public meeting notice and minutes of the meeting will be submitted to the FDEP.

6.0 Financial Feasibility

Capital Financing Plan Worksheets are being prepared and will be submitted for review as a separate document. The Worksheets will be completed and available to the public prior to the public meeting for public participation and City Council adoption.

7.0 Schedule

RFI Submittal for Construction Loan	June 2016
Facilities Plan / Capital Financing Plan Completion	July 2016
Construction Documents Completion	To Be Determined
Construction Loan Executed	September 2016
Construction Start	October 2016
Construction Completion	December 2018

8.0 Resolution

The Authorizing Resolution 2016-12 is shown in **Appendix C**. A signed copy of the Resolution adopting the Facilities Plan will be submitted after the public meeting is held by the City Commission.

APPENDIX A

Federally Listed Species in Pinellas County, Florida

Federally Listed Species in Pinellas County, Florida

This information is provided as a guide to project planning, and is not a substitute for site-specific surveys. Such surveys may be needed to assess species' presence or absence, as well as the extent of project effects on listed species and/or designated critical habitat.

The following table lists those federally-listed species known to be present in the county.

Code Key: E = Endangered, T = Threatened, CH = Critical Habitat Designated, C = Candidate Note 1

Category	Species Common Name	Species Scientific Name	Code
Mammals	West Indian (Florida) Manatee	<i>Trichechus manatus latirostris</i>	E/CH
Birds	Piping Plover	<i>Charadrius melodus</i>	T
	Florida Scrub-jay	<i>Aphelocoma coerulescens</i>	T
	Wood Stork	<i>Mycteria americana</i>	E
	Red-cockaded Woodpecker	<i>Picoides borealis</i>	E
Fish	Gulf Sturgeon	<i>Acipenser oxyrinchus desotoi</i>	T
Reptiles	Gopher Tortoise	<u><i>Gopherus polyphemus</i></u>	C
	Eastern Indigo Snake	<i>Dymarchon corais couperi</i>	T
	Green Sea Turtle	<i>Chelonia mydas</i>	E
	Kemp's Ridley Sea Turtle	<i>Lepidochelys kempii</i>	E
	Leatherback Sea Turtle	<i>Dermochelys coriacea</i>	E
	Loggerhead Sea Turtle	<i>Caretta caretta</i>	T
Amphibians	None		
Mollusks	None		
Crustaceans	None		
Plants	Florida Golden Aster	<i>Chrysopsis (= Heterotheca) floridana floridana</i>	E

► [Home](#) ► [Species: North Florida County](#) ► [Species: South Florida County](#) ► [Species: Panhandle County](#)

For a list of State species by county use the Florida Natural Areas Inventory's Tracking Lists at <http://www.fnai.org/trackinglist.cfm>

For State listed species details, please go to <http://myfwc.com/imperiledspecies/>

Note 1. Candidate species receive no statutory protection under the ESA. The FWS encourages cooperative conservation efforts for these species because they are, by definition, species that may warrant future protection under the ESA.

NOTE: Bald eagles were removed from the endangered species list in June 2007 because their populations recovered sufficiently. However, the protections under the Bald and Golden Eagle Act (Eagle Act) continue to apply. Please see the eagle information on our [Landowner Tools](#) page or our national website at <http://www.fws.gov/migratorybirds/baldeagle.htm> for information regarding new permit requirements under the Eagle Act.

APPENDIX B

Florida Categorical Exclusion Notice



**FLORIDA DEPARTMENT OF
ENVIRONMENTAL PROTECTION**

BOB MARTINEZ CENTER
2600 BLAIRSTONE ROAD MS 3505
TALLAHASSEE, FLORIDA 32399-2400

Exhibit B

RICK SCOTT
GOVERNOR

CARLOS LOPEZ-CANTERA
LT. GOVERNOR

JONATHAN P. STEVERSON
SECRETARY

FLORIDA CATEGORICAL EXCLUSION NOTICE

City of Gulfport, Florida

WW52020– Collection and Transmission System Improvements

February 13, 2015

Chapter 62-503, Florida Administrative Code (FAC), requires the Florida Department of Environmental Protection (DEP) to determine whether DEP decisions pursuant to providing a State Revolving Fund (SRF) loan for the construction of wastewater management facilities will have a significant adverse impact on the environment. One such decision is the approval of a facilities plan, or portion of such facilities plan, for projects that may be financed under the SRF Loan Program. The DEP, in making this determination, assumes that all facilities and actions recommended in the planning documents justifying these facilities will be implemented, whether or not SRF loan assistance is used to fund any of those facilities or actions. The construction involves a water pollution control system that does not involve acquisition of undisturbed land and water pollution control facilities in an area where streets have been established, underground utilities installed, or building sites excavated. Therefore, the project qualifies for a Florida Categorical Exclusion Notice (FCEN).

The City is currently conducting a Sewer System Evaluation Survey (SSES) to identify and quantify the sources and amounts of the extraneous flow. This SSES involves flow monitoring, cleaning and televising lines and manhole inspections. The City has determined that, in some instances, it is more cost-effective to make repairs during the SSES process and has requested funding from the SRF program to do so. These repairs will be done by trenchless methods or by open cut construction. This project will result in reduced flows and reduction in treatment costs. The estimated cost of the SSES is \$1,500,000.

The DEP tentatively finds, based on a review of the City of Gulfport "Request for Inclusion", dated December 20, 2013 and the related information, that the above described work is eligible for categorical exclusion from a detailed environmental review under the criteria in Rule 62-503.751(2), FAC. Unless new information regarding adverse environmental impacts of the proposed project is made available to the Department, State financial assistance may be made available for construction. This FCEN does not commit any regulatory agency to issue permits that may be required for construction of the proposed project.

This determination may be rescinded if new information regarding adverse environmental impacts of the proposed project is made available to the Department. In order to be considered, comments must be submitted within 30 days of the date of this notice to Mahnaz Massoudi, State

FLORIDA CATEGORICAL EXCLUSION NOTICE

City of Gulfport
February 13, 2015
Page Two

Revolving Fund Program, Department of Environmental Protection, 2600 Blair Stone Road, Mail Station #3505, Tallahassee, Florida 32399 2400. Comments also may be offered by telephone at 850/245-8388.

The documentation to support this decision will be available for public inspection at the City of Gulfport, 2401 53rd Street South, Gulfport, Florida and at the DEP office located at 2600 Blair Stone Road, Room 505, Tallahassee, Florida.



Shanin Speas-Frost, P.E., MBA
Program Administrator
State Revolving Fund Program
Division of Water Resource Management

STS/mm

APPENDIX C

Resolution 2016-12

RESOLUTION 2016-12

A RESOLUTION OF THE CITY OF GULFPORT, RELATING TO THE STATE REVOLVING FUND (SRF) PROGRAM; MAKING FINDINGS; AUTHORIZING THE LOAN APPLICATION; AUTHORIZING THE LOAN AGREEMENT; ESTABLISHING PLEDGED REVENUES; DESIGNATING THE AUTHORIZED REPRESENTATIVE; PROVIDING FOR CONFLICTS, SEVERABILITY, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Florida Statutes provide for loans to local government agencies to finance the construction of water pollution control facilities; and

WHEREAS, Florida Administrative Code rules require authorization to apply for loans, to establish pledged revenues, to designate an authorized representative; to provide assurances of compliance with loan program requirements; and to enter into a loan agreement; and

WHEREAS, the City of Gulfport is eligible for additional funding from the State Revolving Fund; and

WHEREAS, the City of Gulfport, Florida, intends to enter into a loan agreement with the Department of Environmental Protection under the State Revolving Fund for project financing.

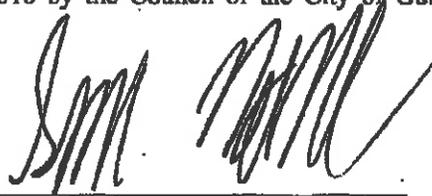
NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GULFPORT, FLORIDA:

The foregoing findings are incorporated herein by reference and made a part hereof.

- Section 1. That the City of Gulfport is hereby authorized to apply for a loan from the FDEP SRF program to finance the Waste Water System Major Rehabilitation Project, and
- Section 2. That the revenues pledged for repayment are the gross revenues derived yearly from the operation of the water and wastewater utilities system (identified as the Water and Sewer Fund) after payment of the operation and maintenance expense and the satisfaction of all yearly payment obligations on account of the senior revenue obligations and revenues of the Local Option Sales Tax (identified as Sales Tax - Infrastructure - Restricted) not to exceed \$300,000 per year.
- Section 3. The Mayor is hereby designated as the authorized representative to provide the assurances and commitments required by the loan application.
- Section 4. The Mayor is hereby designated as the authorized representative to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties. The City Manager is authorized to represent the City in carrying out the City's responsibilities under the loan agreement. The City Manager is authorized to delegate responsibility to appropriate City staff to carryout technical, financial, and administrative activities associated with the loan agreement.
- Section 5. The legal authority for borrowing moneys to construct this project is Florida Statutes 166.111.

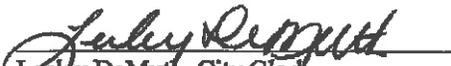
- Section 6. **Conflicts.** All resolutions or part of Resolutions in conflict with any of the provisions of this Resolution are hereby repealed.
- Section 7. **Severability.** If any Section or portion of a Section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not be held to invalidate or impair the validity, force or effect of any other Section or part of this Resolution.
- Section 8. **Effective Date.** This Resolution shall become effective immediately upon its passage and adoption.

PASSED AND ADOPTED this 16th day of February, 2016 by the Council of the City of Gulfport, Florida.

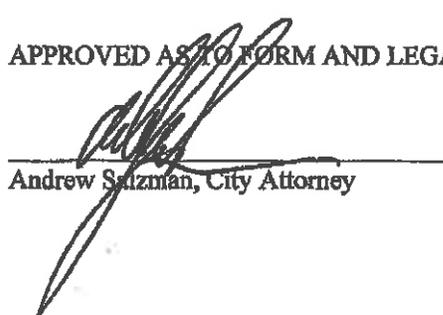


Samuel Henderson, Mayor

ATTEST:


Lesley DeMuth, City Clerk

APPROVED AS TO FORM AND LEGALITY


Andrew Salzman, City Attorney

CAPITAL FINANCING PLAN

City of Gulfport
 (Project Sponsor)
James O'Reilly, City Manager
 (Authorized Representative and Title)
Gulfport, Florida 33707
 (City, State, and Zip Code)

Cheryl Hannafin, Finance Director, 727-893-1014
 (Capital Financing Plan Contact, Title and Telephone Number)
2401 53rd Street South
 (Mailing Address)
Gulfport, FL 33707
 (City, State, and Zip Code)

The Department needs to know about the financial capabilities of potential State Revolving Fund (SRF) loan applicants. Therefore, a financial capability demonstration (and certification) is required well before the evaluation of the actual loan application.

The sources of revenues being dedicated to repayment of the SRF loan are Net Revenue Water and Sewer

(Note: Projects pledging utility operating revenues should attach a copy of the existing/proposed rate ordinance)

Estimate of Proposed SRF Loan Debt Service

Capital Cost*	<u>\$3,240,000</u>
Loan Service Fee (2% of capital cost)	<u>64,800</u>
Subtotal	<u>\$3,304,800</u>
Capitalized Interest**	<u>21,500</u>
Total Cost to be Amortized	<u>\$3,326,300</u>
Interest Rate***	<u>0.60%</u>
Annual Debt Service	<u>\$ 176,800</u>
Annual Debt Service Including Coverage Factor****	<u>\$ 203,300</u>

* Capital Cost = Allowance + Construction Cost (including a 10% contingency) + Technical Services after Bid Opening.

** Estimated Capitalized Interest = Subtotal times Interest Rate times construction time in years divided by two.

***20 GO Bond Rate times Affordability Index divided by 200.

**** Coverage Factor is generally 15%. However, it may be higher if other than utility operating revenues are pledged.

**SCHEDULE OF ACTUAL REVENUES AND DEBT COVERAGE
FOR PLEDGED REVENUE**

(Provide information for the two fiscal years preceding the anticipated date of the SRF loan agreement)

	FY2014	FY2015
(a) Operating Revenues (Identify)		
<u>Water and Sewer Fund</u>	<u>\$ 4,720,012</u>	<u>\$ 5,208,839</u>
(b) Interest Income (Investment)	<u>\$ (316)</u>	<u>\$ 554</u>
(c) Other Incomes or Revenues (Identify)		
<u>Misc. Revenue</u>	<u>0</u>	<u>\$ 5,890</u>
(d) Total Revenues	<u>\$ 4,719,696</u>	<u>\$ 5,215,283</u>
(e) Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	<u>\$ 4,080,171</u>	<u>\$ 4,650,018</u>
(f) Net Revenues (f = d - e)	<u>\$ 639,525</u>	<u>\$ 565,265</u>
(g) Debt Service (including coverage) Excluding SRF Loans	<u>0</u>	<u>0</u>
(h) Debt Service (including coverage) for Outstanding SRF Loans	<u>0</u>	<u>0</u>
(i) Net Revenues After Debt Service (i = f - g - h)	<u>\$ 639,525</u>	<u>\$ 565,265</u>

Source: FY 2014 and FY 2015 CAFR (Pages attached)

Notes: Water and Sewer Rates were increased in FY 2014 and 2015. See attached Schedule 10, FY 2015 CAFR.

**SCHEDULE OF PROJECTED REVENUES AND DEBT COVERAGE
FOR PLEDGED REVENUE**
(Begin with the fiscal year preceding first anticipated semiannual loan payment)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
(a) Operating Revenues (Identify)					
Charge for Services	\$ 5,647,658	\$ 5,788,849	\$ 6,653,570	\$ 6,801,910	\$ 6,953,207
(b) Interest Income (Investment)	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
(c) Other Incomes or Revenues (Identify)					
Misc.	\$ 5,688	\$ 5,843	\$ 6,001	\$ 6,164	\$ 6,331
(d) Total Revenues	\$ 5,653,846	\$ 5,795,192	\$ 6,660,072	\$ 6,808,574	\$ 6,960,038
(e) Operating Expenses ¹	\$ 5,029,459	\$ 5,230,638	\$ 6,159,863	\$ 6,377,458	\$ 6,602,556
(f) Net Revenues (f = d - e)	\$ 624,386	\$ 564,554	\$ 500,208	\$ 431,116	\$ 357,482
(g) Existing Debt Service on Non-SRF Projects (including coverage)					
(h) Existing SRF Loan Debt Service (including coverage)	0	\$ 111,798	\$ 111,798	\$ 111,798	\$ 111,798
(i) Total Existing Debt Service (i = g + h)	0	\$ 111,798	\$ 111,798	\$ 111,798	\$ 111,798
(j) Projected Debt Service on Non-SRF Future Projects (including coverage)					
(k) Projected SRF Loan Debt Service (including coverage)	0	0	\$ 101,700	\$ 203,300	\$ 203,300
(l) Total Debt Service (Existing and Projected) (l = i + j + k)	0	\$ 111,798	\$ 213,498	\$ 315,098	\$ 315,098
(m) Net Revenues After Debt Service (m = f - l)	\$ 624,386	\$ 452,756	\$ 286,710	\$ 116,018	\$ 42,384

Source: Projections from Schedule 2, Change in Net Position from FY 2015 CAFR (pages attached).

Notes: (i.e. rate increases, explanations, etc.)

- For existing and proposed facilities, excluding interest on debt, depreciation, and other non-cash items.
- Operating Revenues (a) reflect a Water and Sewer Rate increase of about 3.2% beginning in FY 2017.
- Operating Revenues (a) are increased 2.5%/year for normal growth.
- The City Council plans to increase rates to cover the anticipated additional \$720,000 per year for treatment charges by the City of St. Petersburg beginning in FY 2019. If rates are not increased, revenue from the Sales Tax - Infrastructure fund is pledged as for debt service if needed.
- Operating Expenses (e) are increased at 4% per year based on prior years and increased by \$720,000 beginning in FY 2019 to cover the increase for treatment charges.

CERTIFICATION

I, Cheryl Hannafin, certify that I have reviewed the information
Chief Financial Officer (please print)

included in the preceding capital financing plan worksheets, and to the best of my knowledge, this
information accurately reflects the financial capability of The City of Gulfport

Project Sponsor

I further certify that The City of Gulfport has the financial capability to ensure
Project Sponsor

adequate construction, operation, and maintenance of the system, including this SRF project.


Signature

7/12/16
Date