

Memorandum

To George Meservey, Director of Planning & Community Development
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Subject **Town of Orleans, MA**
Water Quality and Wastewater Planning
Task Number 5.2 – Financial Evaluation
Technical Memorandum on Evaluation of SRF and Other Financing Options

Project Number 60476644

From Thomas Parece, P.E., AECOM Project Manager

Date 12/07/15

1. Background

- a. Purpose of Evaluation of SRF and Other Financing Options Technical Memorandum (1 paragraph).

2. Introduction

- a. Describe Evaluation of SRF and Other Financing Options (1 paragraph).
- b. Definitions (Define the Financing Options and Other Terminology).
- c. Describe financing functionality in the latest version of the financial model developed by the Town.
- d. Describe the planned role and impact of the Financing Options in the updated financial model.

3. Description of Financing Options

- a. Describe options for short-term financing, including term, interest rate, and amount.
- b. Describe options for long-term financing, mainly SRF and conventional loan options, including term, interest rate, and amount. SRF financing includes origination and administrative fees and conventional financing does not. SRF options include:
 - i. 0% interest over 20 years, for nutrient removal projects.
 - ii. 2% interest over 20 years, for non-nutrient removal projects.
 - iii. 2.4% interest over 30 years.

- c. Describe applicability of Financing Options to specific engineering work and treatment types, and to planning, design and construction costs. One example is design costs are not eligible for SRF financing.
- d. Describe other types of cost, which are considered non-capital – operating, maintenance, monitoring, and replacement costs.
- e. Describe Financing Options as they relate to funding capital outlay.
- f. Describe the use of reserves to fund certain project costs.
- g. Describe key factors related to the use of Financing Options, like:
 - i. Who is/are responsible for their administration.
 - ii. The steps by which these options are implemented, including what approvals are needed.

4. Development of Financing Based on Project Costs

- a. Develop short-term and long-term loan schedules for the different Financing Options, including origination and administrative fees.
- b. Using the updated financial model, create loan schedules, based on capital costs from the engineering solutions selected.
- c. Using the updated financial model, present operating, maintenance, monitoring, and replacement costs for the engineering solutions selected.
- d. Develop updated loan schedules if/when cost projections and/or engineering solutions change.

5. Conclusion

- a. Prepare a summary presenting the loan schedules needed to finance certain applicable project costs based on the engineering solutions in place (1 paragraph).