

**CITY COUNCIL
COMMUNICATION:**

03-564

AGENDA:

DECEMBER 8, 2003

SUBJECT:

REIMBURSEMENT
RESOLUTION FOR
WRA OPERATING
AGENCY

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MERRILL R. STANLEY
FINANCE DIRECTOR

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Approval of resolution for the reimbursement of Wastewater Reclamation Authority (WRA) project costs from future bond proceeds.

FISCAL IMPACT —

The WRA has begun incurring project costs from their Renewal and Replacement Fund with the anticipation that the Fund can be reimbursed from the proceeds of a future bond issue. The approval of this resolution will make the reimbursement allowable under U.S. Treasury regulations.

RECOMMENDATION —

Approval.

BACKGROUND —

Past financings of WRA projects have been done by the City of Des Moines on behalf of the WRA. The WRA is studying the feasibility of a new 28E Agreement that would change the manner in which operating and capital costs are shared by participating municipalities, and how WRA debt is issued. New debt is proposed to be issued solely in the name of the WRA. In addition, currently outstanding debt issued by the City is proposed to be refunded and reissued in the name of the WRA.

Projects currently in progress, including the Southwest Area Diversion Facility and the Four-Mile Interceptor Extension, estimated to cost \$8,000,000 each, are being funded initially from the WRA's Renewal and Replacement (R&R) Fund. The R&R Fund is used for more routine repairs and is not adequate, nor intended to fund these projects to completion. The intent is to initially advance project costs from the R&R Fund and to reimburse the Fund from a bond issue in mid- to late-2004 that would be sized appropriately to pay the full amount of project costs.

In order to reimburse project expenses from the proceeds of a future bond issue, a Reimbursement Resolution must be approved prior to

incurring the expenses. The WRA has approved a Reimbursement Resolution similar to this one in the anticipation that the WRA will be issuing future debt. The resolution constitutes the necessary approvals in the event that the new WRA 28E Agreement is not finalized in a timely manner and the City needs to issue the bonds on behalf of the WRA as they have done in the past.