



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 3/08/04

Communication

No.: 04-110

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Merrill Stanley, Finance Director

SUBJECT—

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

SYNOPSIS—

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.

FISCAL IMPACT—

Not to exceed \$6,780,000.

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 East 20th Street Trunk Connector Sewer and the Des Moines River Outfall, estimated to cost \$4,000,000 and \$2,780,000, respectively, 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 attached 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.