



Council Communication

Office of the City Manager

Date	November 6, 2006
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Agenda Item No.	37
Roll Call No.	<u>06-</u>
Communication No.	<u>06-684</u>
Submitted by:	Allen McKinley, Finance Director

AGENDA HEADING:

Public hearing regarding the issuance of not to exceed \$17,000,000 of Stormwater Management Utility revenue bonds.

SYNOPSIS:

Recommend to hold public hearing on the issuance of Stormwater Management Utility revenue bonds in an aggregate amount not to exceed \$17 million. With this type of bond there is a 30-day notice requirement. This will continue the process of borrowing from the capital markets to pay for the City's stormwater improvements as approved in the City's FY2006/07 – 2011/12 Capital Improvement Program.

FISCAL IMPACT:

Amount: \$17 million plus interest

Funding Source: The City pledges that annual debt service will be paid from revenues of the City's Stormwater Management Utility System within customer rates currently authorized. This is a revenue bond issue, not a general obligation bond issue. Hence, the debt will not count toward the City's constitutional debt limit.

ADDITIONAL INFORMATION:

The stormwater improvements to be financed include the following estimated project costs:

- Crawford Creek – Watershed Improvements - \$4,800,000 – This project provides for improvements addressing structural and capacity deficiencies in the 1,350 acre Crawford Creek Watershed.
- Dean's Lake Pump Station Improvements - \$3,000,000 – This project provides for construction of a storm water pumping station in the Dean's Lake Watershed at the levee outlet to the Des Moines River, as recommended in the Dean's Lake Flood Control Study.
- Easter Lake Watershed Improvements - \$1,000,000 – This project provides for construction of retention basins and drop structure energy dissipaters to provide erosion protection and effective drainage for the tributaries of Easter Lake. This will help protect the lake as a recreational asset.
- Flood Protection System Improvements - \$1,850,000 – This project provides for levee reconstruction at Central Place and Birdland Park and levee closure upgrades in the downtown area.

- Leetown Creekway – Wooden Box Replacement – \$1,500,000 - This project provides for replacement of the aging and deteriorating Leetown Creekway wooden box sewer between Easton Boulevard at East 26th Street and East University Avenue at East 30th Street.
- Twelfth Street Storm Sewer - \$2,850,000 – This project provides for construction of a storm sewer in 12th Street from Cherry Street to High Street – separating the combined sewers in the immediate vicinity of the project.

In addition to project funding, the bond issue will also fund bond issuance costs and the establishment of a debt service reserve fund. The bonds are scheduled for sale on November 29th, continuing the practice of selling on a Wednesday. This date was also chosen in coordination with other known local bond issues scheduled for sale in early December.

PREVIOUS COUNCIL ACTION(S):

Date: September 25, 2006

Roll Call Number: 06-1875

Action: Setting date of hearing on issuance of Stormwater Management Utility Revenue Bonds, not to exceed \$17,000,000, (11-6-06). ([Council Communication No. 06-625](#)) Moved by Vlassis to adopt. Motion Carried 6-0.

Date: September 11, 2006

Roll Call Number: 06-1783

Action: Approving Intent under treasury regulation to issue debt to reimburse Des Moines Stormwater Utility for expenditures paid in conjunction with proposed projects. ([Council Communication No. 06-561](#)) Moved by Vlassis to adopt. Motion Carried 6-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

November 20, 2006: Approval of Preliminary Operating Statement and directing sale of bonds.

November 29, 2006: Special council meeting to award sale of bonds.

December 4, 2006: Approval of bond documents.