

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 27, 2010
	Agenda Item No.	48
	Roll Call No.	<u>10-1588</u>
	Communication No.	<u>10-567</u>
	Submitted by:	Allen McKinley, Finance Director

AGENDA HEADING:

Resolution with respect to public hearing on the proposed authorization of loan agreements and the issuance of not to exceed \$15 million, \$6.6 million and \$5.7 million stormwater management utility revenue capital loan notes and additional actions for the authorization of loan agreements, distribution of a Preliminary Official Statement and the use of electronic bidding procedures.

SYNOPSIS:

To hold the required public hearings for the issuance of two Stormwater Management Capital Loan Notes in aggregate amounts of \$19.45 million (new projects and refinancing of 2004F), and \$5.345 million (refinancing 2003B.) With this type of borrowing there is a 30-day notice requirement. This process is required for the borrowing from the capital markets to pay for the City’s stormwater improvements as approved in the City’s FY2010/11 – 2015/16 Capital Improvement Program and to refinance current outstanding stormwater debt Series 2003B and 2004F.

FISCAL IMPACT:

The City pledges that annual debt service will be paid from revenues of the City’s Stormwater Management Utility System. This is a revenue debt 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:

- **\$3,000,000 - Flood Protection System Improvements**
This project provides for the local funding of the Birdland and Central Place levee reconstruction and levee closure reliability upgrades in the downtown area.
- **\$2,000,000 - Crawford Creek Watershed Improvements**
This project provides for improvements addressing structural and capacity deficiencies in the 1,350 acre Crawford Creek Watershed.
- **\$2,000,000 - Dean’s Lake Pump Station/Conveyance Improvements**
This project will provide for construction of a stormwater pumping station in the Dean’s Lake Watershed at the levee outlet to the Des Moines River, and railway and roadway culver improvements, as recommended in the Dean’s Lake Flood Control Study.

- **\$2,250,000 - Court Avenue/Water Street Sewer Separations**
This project provides for the construction of a separate storm sewer system and storm pump station in the Water Street/Court Avenue area.
- **\$3,100,000 - I-235 Storm and Sanitary Sewer Improvements**
This project provides for various improvements needed in conjunction with the I-235 improvement project. The State of Iowa advance funded the City's share in the project, with the City making three repayments, with the last repayment scheduled for June, 2011.

In 2003, the City issued the Series 2003B Stormwater Management Utility Revenue Bonds in the amount of \$9,440,000. The bonds are not callable until June 1, 2011. However, by completing the required statutory notification requirements now, the City will be in position to quickly issue refunding debt at a yet to be determined date. The estimated NPV savings from this refunding is currently conservatively estimated at \$159,000.

In 2004, the City issued the Series 2004F Stormwater Management Utility Revenue Bonds in the amount of \$8,510,000. The bonds are callable now with a 30-day notification. The estimated NPV savings from this refunding is currently conservatively estimated at \$258,000.

Staff discussed Stormwater Bonds/Fees at the Council Workshop meeting on September 13, 2010, and will continue to work with the City Council to establish and periodically review key financial ranges and targets that will maintain its highly rated bonds. Initial reviews have focused on likely annual rate increases of between 3% and 5%.

PREVIOUS COUNCIL ACTION(S):

Date: August 23, 2010

Roll Call Number: 10-1369 through 10-1371

Action: On proposed loan agreement and issuance of Stormwater Management Utility Revenue Capital Loan Notes not to exceed the following amounts, (9-27-10): ([Council Communication No. 10-514](#))

Date: June 28, 2010

Roll Call Number: 10-1041

Action: [Declaring](#) an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the City for certain original expenditures paid in conjunction with specified storm water projects. ([Council Communication No. 10-374](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Special Council Meeting on September 29, 2010 for the sale of bonds.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.