

City of Brisbane

Agenda Report

To: City Council via City Manager

From: Stuart Schillinger, Administrative Services Director

Subject: Reimbursement Resolution for Water and Sewer 2013/14 Capital Improvement Program

Date: September 18, 2014

Purpose:

To provide a safe and secure water and wastewater system to the community which is financially viable.

Recommendation:

Adopt Resolution 2014-36 which expresses the official intent of the City regarding certain capital expenditures to be reimbursed with proceeds from future bond obligations.

Background:

In June of 2013 City Council adopted the 2013/14 fiscal year budget. Included in this budget were four capital projects for the water and sewer systems. The cost of these projects were budgeted at \$5 million. The projects are:

- Bayshore Blvd South – 8” Force Main Underground relocation (construction)
- Glen Park Pump Station Upgrade
- Pressure Reducing Valves (PRV) Construction and Fire Main on Annis/Line F,G,H,I,J and Annis Pressure Reducing Valve
- Supervisory Control and Data Acquisition System Replacement

The City has not begun work on these projects since the funding source identified for these projects were future bond proceeds. On April 21, 2014 the City Council directed staff to begin the process of implementing a capital facilities fee as a secure source to pay off the bond. Staff has worked with the Facilities subcommittee to draft the letter which needs to be sent to all users of the system and property owners prior to the Council implementing the necessary rate increase. The rate will not be reviewed by City Council until their November meeting and the rate will not go into affect until the March 2015 bill.

Discussion:

In order to begin projects during this upcoming year, soon after the bonds are sold, the City will need to begin the design process of the various projects. In order to repay ourselves for any cost of the design of the projects done prior to the sale of the bonds next calendar year a reimbursement resolution needs to be adopted. The City's bond counsel has drafted the attached resolution for the City Council's approval.

Fiscal Impact:

There is no fiscal impact to the City's Utility Fund if the reimbursement resolution is adopted. Any money spent prior to the sale of the bonds will be reimbursed by the bond proceeds. If the resolution is not adopted then the City will not be able to reimburse itself and there will be decrease in the Utility Fund reserve. The reserve is used for a variety of purposes including meeting the Council policy of having 20% of expenditures in reserve, providing a financial cushion for emergencies (ie. Earthquakes), and stabilize rates for short periods of decreased water usage (ie. Short term droughts, or large water users reducing their needs). As of July 2014 there is currently \$3,000,000 in cash in the Utility Fund which meets these three basic needs. A future project of the City Financial Subcommittee is to review the Fund Balance policies of the City to determine long-term reserve requirements.

Measure of Success

The design of the projects have begun prior to the Sale of the Bonds.

Attachments:

Resolution 2014-36



Stuart Schillinger
Administrative Services Director



Clay Holstine
City Manager

CITY OF BRISBANE

RESOLUTION NO. 2014-36

RESOLUTION EXPRESSING OFFICIAL INTENT REGARDING
CERTAIN CAPITAL EXPENDITURES TO BE REIMBURSED
WITH PROCEEDS OF OBLIGATIONS

RESOLVED, by the City Council of the City of Brisbane (the "City"):

WHEREAS, the City, or an entity on behalf of the City, proposes to issue obligations (the "Obligations") to finance certain capital improvements described in Exhibit A hereto (the "Project");

WHEREAS, capital expenditures relating to the Project (the "Expenditures") have been paid not more than 60 days prior to the adoption of this Resolution or will be paid on or after the adoption of this Resolution; and

WHEREAS, the City reasonably expects to reimburse itself for the Expenditures with the proceeds of the Obligations;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. The City reasonably expects to reimburse all or a portion of the Expenditures with the proceeds of the Obligations.

Section 2. The maximum principal amount of the Obligations is \$5,000,000.

Section 3. This Resolution is a declaration of official intent to reimburse expenditures pursuant to Treasury Regulations Section 1.150-2.

Section 4. Appropriate officers and officials of the City are hereby authorized and directed to take such action and to execute such documents as may be necessary or desirable to effectuate the intent of this resolution.

Section 5. This Resolution shall be in full force and effect immediately upon its adoption.

I hereby certify that the foregoing resolution was duly adopted at a meeting of the City Council of the City of Brisbane held on the 18th day of September, 2014, by the following vote:

AYES, and in favor of, Council Members:

NOES, Council Members:

ABSENT, Council Members:

By _____
City Clerk

EXHIBIT A

DESCRIPTION OF PROJECT

The Project consists of:

- Bayshore Blvd South - 8" Force Main Underground relocation (construction)
- Glen Park Pump Station Upgrade
- Pressure Reducing Valves (PRV) Construction and Fire Main on Annis/Line F,G,H,I,J and Annis Pressure Reducing Valve
- Supervisory Control and Data Acquisition System Replacement