

# REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: June 4, 2007

Agenda Item: 7(C)	Prepared By: William P. Harrison
	Date: May 18, 2007
Agenda Section: Business: RESOLUTION	
Subject: FINANCING UTILITY CAPITAL PROJECTS	Department: Finance

**BACKGROUND:** City Council is requested to consider a resolution authorizing the expenditure of funds for capital projects with reimbursement through a future bond issue.

By previous action, City Council has approved a ten-year capital improvements budget for the Water and Sewer Utility Enterprise Fund. This budget is updated annually as part of our budgeting process. Financing for these capital projects comes from a combination of funds generated by annual operating revenues of the utility as well as bond financing. The Internal Revenue Code requires that municipalities approve a reimbursement resolution prior to expenditure of funds for capital projects that will be part of a future bond issue.

Resolution 05-11, approved by the City Council on February 22, 2005, authorized up to \$27 million in capital expenditures to be reimbursed by future bond issues. A combination of the 2006 Utility Revenue Bonds in the amount of \$5.5 million and the recently approved \$20 bank line of credit has exhausted that prior reimbursement resolution.

Upcoming capital projects include \$25 million for expansion of the wastewater treatment plant and major wastewater collection systems financed by STRP Capacity Assessments, \$12.4 million in projects to be financed by utility revenue bonds for fiscal years 2007 – 2009, \$3 million in capital expenditures for projects to be financed by the Capital Reserve Fund prior to operating revenues deposited into this fund to be sufficient, and \$3.3 million in STRP roadway resurfacing projects over the next three years for a total of \$43.7 million. The attached resolution has been prepared by Bryant Miller & Olive, bond counsel to the City.

**RECOMMENDED ACTION:** Approval of a resolution authorizing up to \$43.7 million in Water and Sewer Utility Enterprise Fund capital projects to be reimbursed by future bond issues.

Reviewed by Department Director

Reviewed by City Manager

Council Action: Motion by:

Second by: