

Mayor and Council Communication

DATE: 09/15/20

M&C FILE NUMBER: M&C 20-0671

LOG NAME: 60CORRECTION AOS

SUBJECT

(CD 3 and CD 5) Repeal Two Appropriation Ordinances and Adopt Revised Appropriation Ordinances for Previously Approved Water Department Projects to Correct Fund Name with No Change in Authorized Amount

RECOMMENDATION:

It is recommended that the City Council:

1. Repeal Ordinance Nos. 24211-05-2020, and 24222-06-2020;
 2. Adopt the attached appropriation ordinance, increasing receipts and appropriations in the Water and Sewer Bond 2020A Fund in the amount of \$27,422,151.00, from bond proceeds, for the Village Creek Water Reclamation Facility Grit Facility & South Influent Pump Station project (City Project No. 100075), which replaces Ordinance 24211-05-2020 ; and
 3. Adopt the attached appropriation ordinance, increasing receipts and appropriations in the Water and Sewer Bond 2020A Fund in the amount of \$463,000.00, from bond proceeds, to fund the Mary's Creek Lift Station Site project (City Project No. 102686), which replaces Ordinance 24222-06-2020.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to repeal and readopt appropriation ordinances for previously approved Water Department projects to correct fund names but keep all appropriated amounts the same.

The Water and Sewer System has a Council-authorized system to allow the Water Department to initiate capital projects that will ultimately be bond funded using available cash within the Water and Sewer portfolio and the City's portfolio along with the authority under the Callable Commercial Paper (CP) Program to provide interim financing for projects until debt is issued. Once debt associated with a project is sold, bond proceeds are used to reimburse the Water and Sewer portfolio and the City's portfolio in accordance with Council-adopted reimbursement resolutions.

As projects that cite the CP Program for authorization are approved, appropriations are set in a fund designated as the Water & Sewer Commercial Paper fund, which is assigned a unique identifying number for each new debt cycle. When long-term debt for those projects gets issued, the fund with that identifying number is renamed to reflect the name of the long-term debt, and a new fund designated as the Water & Sewer Commercial Paper fund but with an updated identifying number is created. This approach facilitates the rolling nature of the CP Program and tracking both the initial and long-term funding sources.

For projects started in the second half of 2019 and the early part of 2020, appropriations were set up in the Water & Sewer Commercial Paper Fund (56017). The expectation was that the Water and Sewer Series 2020A bonds authorized by M&C 20-0224 in April 2020 would be issued shortly after they were authorized and that fund 56017 would be renamed as Water and Sewer Bond 2020A Fund and a new Water & Sewer Commercial Paper Fund (56019) would be established.

However, because of market instabilities associated with the onset of COVID-19 in the United States, the closing date for those bonds was pushed out, causing confusion as to whether projects were to be appropriated in fund 56017 or 56019. As a result, funding for a portion of a Village Creek project (M&C 20-0346; Ordinance 24211-05-2020) and a Mary's Creek acquisition (M&C 20-0363; Ordinance 24222-06-2020) were appropriated in the Commercial Paper Fund when the intent was for those projects to be funded out of the Series 2020A bond proceeds.

Approval of this M&C will repeal the prior, incorrect appropriation ordinances and adopt new ones reflecting the same dollar amounts but the correct fund name.

The Village Creek project is located in COUNCIL DISTRICT 5 and the Mary's Creek project is located in COUNCIL DISTRICT 3.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of these recommendations will have no material effect on City funds.

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Additional Information Contact:

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