



City Council Report

Date: April 20, 2015
To: City Council
Through: Mike Kennington, Chief Financial Officer
Candace Cannistraro, Budget Director
From: Ryan Wimmer, Deputy Budget Director
Subject: Series 2015 General Obligation and Utility Systems Revenue Bond Issuances

Strategic Initiatives



Purpose and Recommendation

The Office of Management and Budget recommends ordering the sale of bonds in amounts sufficient to provide funding for planned capital improvement projects. It is recommended that the City Council order the sale of \$30,220,000 of utility systems revenue bonds and \$13,690,000 of general obligation (G.O.) bonds through competitive sale. The city is scheduled to receive competitive bids on May 13 and return to Council on May 14 with prospective bids.

Background

In citywide elections, residents authorize the city to use bonds to finance major capital projects. The city typically issues bonds once each year to cover projected bond spending on projects. Proceeds from the sale of these bonds would be used to pay for the design, construction, and the purchase of components of certain capital projects which the city would continue, or would begin, by December 31, 2015.

The G.O. and utility revenue bonds in the sale represent portions of bond authorizations approved by the city electorate at bond elections held in 1994, 2010, 2012, and 2014. The recommended bond issues meet the city's revenue bond coverage requirements and other bond parity tests. The following tables outline the city's current available bond authorizations by category, the proposed bond sale amounts for the 2015 sale, and the authorized amounts remaining after issuance of the new bonds.

Utility Systems Revenue Bonds

	Authorization Year(s)	Available Authorization	Proposed Sale Series 2015	Remaining Authorization
Electric	2010, 2014	\$ 30,320,000	\$ 2,310,000	\$ 28,010,000
Natural Gas	2010, 2014	\$ 74,220,000	\$ 3,615,000	\$ 70,605,000
Solid Waste	1994	\$ 7,285,000	\$ 3,715,000	\$ 3,570,000
Water	2010, 2014	\$ 325,365,402	\$ 20,580,000	\$ 304,785,402
Utility Revenue Bond Total		\$ 437,190,402	\$ 30,220,000	\$ 406,970,402

General Obligation (G.O.) Bonds

	Authorization Year(s)	Available Authorization	Proposed Sale Series 2015	Remaining Authorization
Parks and Recreation	2012	\$ 42,535,000	\$ 13,690,000	\$ 28,845,000
G.O. Bond Total		\$ 42,535,000	\$ 13,690,000	\$ 28,845,000

Discussion

Attachment A is a listing of projects that are planned to be funded with the proceeds of the Series 2015 bond issues. The amounts included in the sales will fund anticipated project expenditures through December 31, 2015. Existing bond proceeds for public safety, streets, and wastewater are expected to be sufficient to fund projects through 2015; therefore, these programs are not included in the Series 2015 bond issues. See Attachment E for a complete listing of remaining bond authorization by program and year of authorization.

The city issues voter-authorized general obligation and utility revenue bonds annually in amounts sufficient to fund project spending in the calendar year of the issuance. Since bond proceeds are typically received in early June, new proceeds are intended to reimburse the city's project spending up to that point in the calendar year and fund project spending through the remainder of the calendar year. This approach minimizes interest cost while maintaining flexibility in the timing of future bond issues.

Alternatives

The Council may choose not to proceed with the sale of the proposed bond issues at this time and the city could utilize available reserves to pay for a portion of the capital projects discussed above. However, this is not recommended as such an action would quickly exhaust city reserves and prevent completion of capital projects that are in various stages of planning and construction.

Fiscal Impact

Attachment B (G.O.) and Attachment C (Utility Revenue) are estimated debt payment schedules for the proposed Series 2015 bond issues. Debt service for these issues is structured such that, when combined with the city's current outstanding debt, a stable overall debt structure is achieved.

Attachment D sets forth a summary of the city's total annual debt service payments, inclusive of the proposed Series 2015 bond issues.

Attachment E provides available bond authorization amounts by year of voter authorization.

Attachment F provides a summary of Series 2015 bonds by authorization year.

The Series 2015 bond issues are included in the current budget forecast projections for debt service expenditures.

Coordination

The Office of Management and Budget worked with the Engineering Department as well as all other city departments that manage capital projects in order to determine the amounts of the proposed bond sales.