

IMPACT STATEMENT

Legislation title: Authorize water revenue bonds to finance water system capital improvements and refund water revenue bonds (Ordinance)

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Purpose of proposed legislation and background information:

The proposed legislation authorizes the issuance of bonds secured by the net revenues of the City's water system (the "New Money Bonds") that is sufficient to provide net proceeds of up to \$160.0 million to finance additions and improvements to the water system (the "System Improvements") and amounts that are reasonably required to finance bond reserves and issuance costs. The System Improvements to be financed with the New Money Bonds include additions, improvements, and capital equipment that facilitate supply, treatment, transmission, storage, pumping, distribution, regulatory compliance, customer service and support.

Additionally, the Ordinance authorizes the issuance of water system revenue refunding bonds (the "Refunding Bonds") to refund any outstanding water system revenue bonds to obtain debt service savings or to achieve a favorable reorganization of outstanding bonds, if warranted, (the "Refundable Bonds"). The Refundable Bonds currently include the remaining maturities of the First Lien Water System Revenue Refunding Bonds, 2010 Series A, The Debt Management Division is planning a current refunding of the 2010 Series A Bonds on a forward delivery basis to achieve debt service savings. The proposed refunding is being done in conformance with the City's Debt Management Policy (FIN 2.12), which requires net present value savings of at least \$100,000 for current refundings (as defined for federal tax law purposes).

The Ordinance permits the New Money Bonds and Refunding Bonds (collectively the "2019 Bonds") to be issued as either First Lien Bonds or Second Lien Bonds. The 2019 Bonds are expected to be sold in the fall of 2019.

Financial and budgetary impacts:

While the repayment structure will not be finalized until the sale date of the 2019 Bonds, estimated annual debt service on the New Money Bonds is expected not to exceed approximately \$9.4 million.

Net present value debt service savings achieved by refunding Refundable Bonds is estimated at approximately \$6.1 million through FY 2034-35, or approximately 10.6% of the gross proceeds of the Refunding Bonds.

Community impacts and community involvement:

This is an administrative action taken to authorize the issuance of the 2019 Bonds. No direct community impact or involvement is anticipated.

100% Renewable Goal:

Not applicable.

Budgetary Impact Worksheet**Does this action change appropriations?**

- ☐ **YES:** Please complete the information below.
☒ **NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount