

IMPACT STATEMENT

Legislation title: Authorize up to \$250 million of new money sewer revenue bonds to finance sewer system capital improvements and authorize refunding of outstanding bonds (Ordinance)

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Purpose of proposed legislation and background information:

Authorization of Bonds. The proposed legislation authorizes the issuance of bonds secured by the net revenues of the City's sewer system (the "Bonds") that is sufficient to provide proceeds of up to \$250 million to finance capital assets of the sewer system (the "System Improvements"), including amounts that are reasonably required to finance related costs.

Additionally, the Ordinance authorizes the issuance of sewer system revenue refunding bonds to refund any outstanding sewer system revenue bonds that produce debt service savings in accordance with the City's debt management policy (the "Refundable Bonds"). Currently, the only outstanding Refundable Bonds would need to be issued as advance refunding bonds. Federal tax reform legislation is moving toward eliminating federal tax exemption of interest on advance refunding bonds, which reduces the City's ability to achieve debt service savings that meet policy targets. Approval of this Ordinance provides flexibility to refund any bonds that meet City policy savings targets if appropriate or to reorganize outstanding debt if necessary.

Financial and budgetary impacts:

While the repayment structure will not be finalized until the sale date of the Bonds, estimated annual debt service on the New Money Bonds is approximately \$16.2 million.

Based upon current Bureau of Environmental Services revenue projections, and assuming no other offsetting expenditure reductions, the average sewer single family bill would need to increase by approximately three percent in FY 2018-19 to meet debt service coverage requirements with the issuance of the New Money Bonds.

Community impacts and community involvement:

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

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

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