



## AGENDA ITEM SUMMARY

Utility Enterprise Board

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### STAFF

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Blaine Dunn, Accounting Director  
John Duval, Legal

### SUBJECT

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**Items Relating to the Authorization and Issuance of Revenue Bonds in the Stormwater Utility Fund, and the Determination of Sale of Those Bonds.**

### EXECUTIVE SUMMARY

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A. First Reading of Ordinance No. 011, Authorizing the Enterprise to Issue and Sale its Tax-exempt Revenue Bonds, Series 2023, Providing for the Sources of Payment of the Bonds, and Providing Other Details Concerning the Bonds and the Enterprise's System.

B. Resolution No. 002, Determining that the Enterprise's Revenue Bonds, Series 2023, Shall be Sold by Public Sale.

The purpose of this item is to: (1) authorize a bond issuance in the Stormwater Fund. This authorization will allow staff to issue bonds for the Oak Street outfall project within the parameters as approved by the Enterprise Board in the Ordinance, (2) sets the method of sale that will be used for the Series 2023 Revenue Bonds.

### STAFF RECOMMENDATION

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Staff recommends adoption of the Resolution and Ordinance on First Reading.

### BACKGROUND / DISCUSSION

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#### Overview

This Oak Street outfall project (Project) has been identified as a top priority stormwater project for the City because it will contribute to resolving urban flooding issues in downtown Fort Collins. The Project is one of several stormwater outfall projects, recently identified as part of the Downtown Stormwater Improvement Program, otherwise known as the "DSIP." The DSIP was recently developed (2017-2019) as a basin-wide evaluation of existing stormwater improvements and is the development of a comprehensive strategy to mitigate flood risk and damages in the Old Town Basin with the implementation of additional stormwater improvements. This Project will re-map a portion of the floodplain in downtown.

Flood hazards in downtown Fort Collins are generally caused by the inability of the existing streets and storm sewers to adequately convey storm runoff. The downtown area was built before there were standards in place for stormwater, so like many older urban areas, downtown Fort Collins has flooding issues.

Addressing the flooding issues will:

- Provide resilience for the future of the community
- Improve public safety
- Avoid costly flood damages (estimated damage costs between \$151M and \$165M for the downtown area)
- Address recurring street and intersection flooding

One goal of the Project is to improve water quality into the Poudre River. Outfall is currently into the Udall Water Quality Pond (or Natural Area). Enhancing water quality treatment at the source through green infrastructure located along the corridor and within the road ROW is the goal.

The design includes three different “rain garden” locations. One at the Howes/Canyon/Oak intersection, another at the Washington/Oak intersection, and a third at the Oak/Jackson intersection at the northeast corner of City Park. These rain garden locations will help improve the water quality that ultimately ends up flowing into the river.

### **Structure**

The bond issuance and structure are summarized as follows:

- Funding \$40.4M of gross proceeds, of which the City will use:
  - \$40.0M for the Project (which will be appropriated later this year)
  - \$0.4M for issuance costs (to be appropriated later this year)

### **CITY FINANCIAL IMPACTS**

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During the 2023-24 Budgeting for Outcomes process, an offer was approved for the issuance of this debt. The 2023 budget appropriation included \$3,128,150 from the Stormwater enterprise fund for the debt service associated with this anticipated debt issuance. A similar amount is included in the 2024 budget appropriation ordinance. This debt issuance was also considered in the 2023 and 2024 rate increases for monthly stormwater fees.

Staff will bring forward an appropriation ordinance for the Revenue Bonds later this year once they have received responses to the construction RFP. Additional information about the issuance is as follows:

## Structure

As currently structured, the bonds have a 20-year maturity. The bonds will fund \$40.4M of gross proceeds.

Funds will be used as follows:

Sources:

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Bond Proceeds:	
Par Amount	39,390,000.00
Net Premium	1,007,015.30
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	40,397,015.30
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Uses:

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Project Fund Deposits:	
Project Fund	40,000,000.00
Delivery Date Expenses:	
Cost of Issuance	200,065.30
Underwriter's Discount	196,950.00
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	397,015.30
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	40,397,015.30
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## Debt Service

Debt service payments will be made in level payments over the course of the bonds. A debt service schedule is included below for reference:

### BOND DEBT SERVICE

**City of Fort Collins, Colorado**  
**Stormwater Enterprise Revenue Bonds, Series 2023**  
**Market Rates as of September 5, 2023**  
**\*\*Preliminary - for discussion only\*\***

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2024	1,090,000	5.000%	1,877,831.81	2,967,831.81
12/01/2025	1,290,000	5.000%	1,674,450.00	2,964,450.00
12/01/2026	1,355,000	5.000%	1,609,950.00	2,964,950.00
12/01/2027	1,425,000	5.000%	1,542,200.00	2,967,200.00
12/01/2028	1,495,000	5.000%	1,470,950.00	2,965,950.00
12/01/2029	1,570,000	5.000%	1,396,200.00	2,966,200.00
12/01/2030	1,650,000	5.000%	1,317,700.00	2,967,700.00
12/01/2031	1,730,000	5.000%	1,235,200.00	2,965,200.00
12/01/2032	1,820,000	5.000%	1,148,700.00	2,968,700.00
12/01/2033	1,910,000	5.000%	1,057,700.00	2,967,700.00
12/01/2034	2,005,000	4.000%	962,200.00	2,967,200.00
12/01/2035	2,085,000	4.000%	882,000.00	2,967,000.00
12/01/2036	2,165,000	4.000%	798,600.00	2,963,600.00
12/01/2037	2,255,000	4.000%	712,000.00	2,967,000.00
12/01/2038	2,345,000	4.000%	621,800.00	2,966,800.00
12/01/2039	2,440,000	4.000%	528,000.00	2,968,000.00
12/01/2040	2,535,000	4.000%	430,400.00	2,965,400.00
12/01/2041	2,635,000	4.000%	329,000.00	2,964,000.00
12/01/2042	2,740,000	4.000%	223,600.00	2,963,600.00
12/01/2043	2,850,000	4.000%	114,000.00	2,964,000.00
	39,390,000		19,932,481.81	59,322,481.81

## BOARD / COMMISSION / COMMITTEE RECOMMENDATION

At the August 3, 2023, meeting, the Council Finance Committee supported proceeding to First Reading for this Ordinance with the full Council.

## PUBLIC OUTREACH

None.

## ATTACHMENTS

1. Ordinance for Consideration
2. Exhibit A to Ordinance
3. Resolution for Consideration