



CITY COUNCIL MEETING STAFF REPORT

Meeting Date: January 20, 2022		Subject: Public Works Complex Resolution No. 2947 – Financing Plan Resolution No. 2948 – Debt Authorization Resolution No. 2949 – Inter-fund Loan Staff Member: Keith Katko, Finance Director Delora Kerber, Public Works Director Department: Finance and Public Works	
Action Required		Advisory Board/Commission Recommendation	
<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable Comments: N/A	
Staff Recommendation: Staff recommends Council adopt Resolution Nos. 2947, 2948 and 2949.			
Recommended Language for Motion: Three separate motions: I move to approve Resolution No. 2947. I move to approve Resolution No. 2948 I move to approve Resolution No. 2949			
Project / Issue Relates To:			
<input checked="" type="checkbox"/> Council Goals/Priorities: Maintain High Quality Infrastructure	<input checked="" type="checkbox"/> Adopted Master Plan(s): 2015 City Facilities Master Plan	<input type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

Three Resolutions related to funding for construction of Public Works Complex (PW Complex).

- Resolution 2947 authorizes a financing plan for construction of the PW Complex.
- Resolution 2948 authorizes staff to proceed with an up to \$16,542,000 full faith and credit borrowing related to construction of PW Complex.
- Resolution 2949 authorizes staff to proceed with inter-fund loan from water operating fund to general fund.

EXECUTIVE SUMMARY:

The Public Works Department staff are considered first responders and provide essential and critical services to the community including the maintenance and operations the City's transportation system and Rights of Way (ROW), water system, wastewater system, stormwater system, and city owned facilities.

Construction of the Public Works Complex project will: address the current and future needs of the Public Works Department; improve efficiency through consolidation, organization, and layout; provide adequate shop space, office space, meeting rooms, breakrooms, locker and shower areas, vehicles, equipment and materials storage, disposal areas and parking; and incorporate sustainability and green energy technology.

The new facility will meet seismic design category IV ensuring operations during and immediate after a seismic event. The PW Complex would be an emergency coordination center in the event of a disaster as well as serve as a redundant support facility for other City needs in the event of subsequent events.

Resolution 2947 layouts the financing plan for the PW Complex with an estimated construction cost of \$22,550,000 allocated proportionately to general fund and operating funds for water, wastewater, stormwater and roads.

With a partial prepayment of \$4,000,000 of project debt from combined water and wastewater reserve funds and full prepayment of project debt of \$3,608,000 from the general fund the remaining project debt of \$16,542,000 to be borrowed from an external financing arrangement.

To minimize financial impact for on-going water, wastewater, and stormwater fund needs it is recommended to pursue a 15-year term private placement loan paid off in full, within 5 years upon receipt of the ground lease balloon payment (\$15,118,357) scheduled for receipt on July 7, 2026.

Resolution 2948 grants the Finance Director or the City Manager the ability to determine the loan's final principal amount, interest rate, payment dates and all other terms of financing, as well as negotiate the final terms of and execute and deliver the financing agreement, and select a commercial bank or another lender to provide the financing authorized by the resolution.

Financing flexibility will be sought to allow for prepayment, partial prepayment, or full pay off options without penalty. The City is consulting with PFM Financial Advisors to structure the most advantageous offering. Hawkins Delafield and Wood LLP is acting bond counsel. City Council will be notified as to lender, amount, and interest rates upon determination.

Resolution 2949 authorizes a four-year inter-fund loan of \$1,500,000 from the water operating fund to the general fund to cover a portion of the general fund full prepayment of \$3,608,000 project debt with the remaining \$2,108,000 of project debt being paid from reserve fund balance.

EXPECTED RESULTS:

Construction of the PW Complex will improve efficiency of operations, enhance security of City's assets and improve emergency preparedness.

Construction funds will become available for use in early March 2022.

TIMELINE:

Requests for Financing Proposals were distributed on October 29, 2021. The City anticipates the review and selection of proposal to occur by the end of January. The closing date and funding anticipated for March 1, 2022.

CURRENT YEAR BUDGET IMPACTS:

The recognition of debt proceeds and debt servicing requirements will not occur until FY 2022/23.

FINANCIAL REVIEW:

Reviewed by: KAK Date: 1/10/2022

LEGAL REVIEW:

Reviewed by: BAJ Date: 1/11/2022

COMMUNITY INVOLVEMENT PROCESS:

N/A

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

The financing will allow for the construction of a needed Public Works Complex that will provide more efficiency of operations by consolidating the various Public Works functions in one location.

ALTERNATIVES:

Not construct or delay construction for the Public Work Complex.

CITY MANAGER COMMENT:

N/A

ATTACHMENTS:

1. Resolution 2947 – PW Complex Financing Plan
2. Resolution No. 2948 –Authorization
3. Resolution No. 2949 – Water Operating to General Fund Loan