

REQUEST FOR COUNCIL ACTION

SUBJECT: Project Bonding Options

SUMMARY: Staff has been asked to bring forward Bonding Option for various projects within the City. An update will be given on the progress of this and recommend three bonds for issuance in March 2015.

FISCAL IMPACT: None, until Bonds are approved and issued

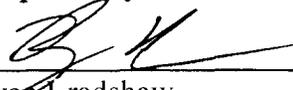
STAFF RECOMMENDATION:

Moving forward with a parameters resolution in early 2015 for the issuance of a \$14,500,000 Sales Tax Bond to cover cost for a Fleet Facility, LED Lighting Conversion, and Parks Improvement Projects

MOTION RECOMMENDED:

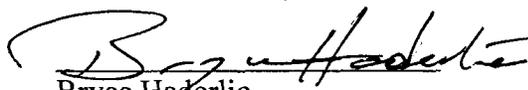
None, Direct Staff to move forward with the parameters resolution

Prepared by:



Ryan I radshaw
Finance Manager/Controller

Recommended by:



Bryce Haderlie
Interim City Manager

BACKGROUND DISCUSSION:

See Attached PowerPoint and Pro Forma

<h1>Bonds for Capital Projects</h1>
<p>Bonding Proposals for 2015-2017</p>

<h1>Fiscal Year 2015</h1>
<p>LED Lighting Fleet Facility Parks</p>

LED Lighting Projects

- **Cost of the Bond**
 - \$2,500,000 (Par \$2,445,000)
- **Estimated True Interest Cost**
 - 2.31917% - 10 Year Bond
 - 2.82666% - 15 Year Bond
- **Date of Issuance**
 - March 2015

LED Lighting Projects

- **Estimated Annual Costs**
 - \$283,512 – 10 Year Bond
 - \$207,283 – 15 Year Bond
- **Estimated Total Principal and Interest**
 - \$2,835,120 - 10 Year Bond
 - \$3,109,243 - 15 Year Bond
- **Payback Method**
 - Rebates and Rate Reduction Savings

Fleet Facility

- **Cost of the Bond**
 - \$7,000,000 (Par \$6,850,000)
- **Estimated True Interest Cost**
 - 2.32052% - 10 Year Bond
 - 2.82747% - 15 Year Bond
- **Date of Issuance**
 - March 2015

Fleet Facility

- **Estimated Annual Costs**
 - \$794,610 – 10 Year Bond
 - \$579,954 – 15 Year Bond
- **Estimated Total Principal and Interest**
 - \$7,946,097- 10 Year Bond
 - \$8,699,303 - 15 Year Bond
- **Payback Method**
 - Currently General Fund is Paying \$856,648 per year for a Bond that mature in December 2015. The last payment would be made with Fund Balance, and amounts would be reallocated to Fleet Facility and Parks Bonds

Parks Projects

- **Cost of the Bond**
 - \$5,000,000 (Par - \$4,890,000)
- **Estimated True Interest Cost**
 - 2.32078% - 10 Year Bond
 - 2.82776% - 15 Year Bond
- **Date of Issuance**
 - March 2015

Parks Projects

- **Estimated Annual Costs**
 - \$567,258 - 10 Year Bond
 - \$414,731 - 15 Year Bond
- **Estimated Total Principal and Interest**
 - \$5,672,580 - 10 Year Bond
 - \$6,220,972 - 15 Year Bond
- **Payback Method**
 - Staff has allocated \$300,000 per year for the Centralized Irrigation System and \$100,000 to address Misc. Projects. \$50,000 to \$60,000 would be allocated from the Bond the matures on December 2015. This would leave payments short by \$100,000 this would be backfill the General Fund or by reducing the Bond to \$4,000,000 would eliminate the shortfall

Combine Projects

LED Lighting, Fleet Facility, and Parks

- **Cost of the Bond**
 - \$14,500,000 (Par - \$14,185,000)
- **Estimated True Interest Cost**
 - 2.32038% - 10 Year Bond
 - 2.82743% - 15 Year Bond
- **Date of Issuance**
 - March 2015

Combine Projects

LED Lighting, Fleet Facility, and Parks

- **Estimated Annual Costs**
 - \$1,645,380 – 10 Year Bond
 - \$1,201,968 – 15 Year Bond
- **Estimated Total Principal and Interest**
 - \$16,453,797 - 10 Year Bond
 - \$18,029,518 - 15 Year Bond
- **Payback Method**
 - Per Previous Discussion

Fiscal Year 2016

Storm Water

Storm Water Projects

- **Cost of Bond**
 - \$5 million

- **Estimated Date of Issuance**
 - December 2015

Storm Water Projects



OPERATING REVENUES

Charges to Borrower	\$ 866,768	\$ 1,562,278	20%
Adopted Revenue from Fee Schedule	368,288	1,562,278	10%
TOTAL OPERATING REVENUES	1,235,056	3,124,556	

OPERATING EXPENSES

Salaries and Benefits	347,612	\$2,081	3%
Materials	247,481	208,879	5%
Supplies and Maintenance	128,217	174,752	30%
TOTAL OPERATING EXPENSES	723,310	2,264,632	

TOTAL OPERATING INCOME

	511,746	859,924	
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NON-OPERATING REVENUES

Interest Earnings	18,324	7,748	0.5%
Impact Fees	248,984	598,747	1.6%
Investment Income	272,229	267,498	0.9%
TOTAL NON-OPERATING REVENUES	539,537	874,003	

FUNDS AVAILABLE FOR DEBT SERVICE

	299,437	1,994,084	
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FUNDS AVAILABLE FOR DEBT SERVICE LESS IMPACT FEES

	44,087	314,485	
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BOND CUMULATIVE DEBT

Series 2015 10 Year Bond	-	-	-
Series 2013 10 Year Bond	-	-	-

DEBT SERVICE COVERAGE ON 10 YEAR BOND

	1.25	1.25	
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DEBT SERVICE COVERAGE ON 15 YEAR BOND

	1.25	1.25	
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DEBT SERVICE COVERAGE ON 20 YEAR BOND

	1.25	1.25	
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DEBT SERVICE COVERAGE ON 25 YEAR BOND

	1.25	1.25	
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DEBT SERVICE COVERAGE ON 30 YEAR BOND

	1.25	1.25	
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NET CASH FLOW

	\$ 299,437	\$ 1,994,084	
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MONTH	PROJECTIONS					
	2014	2015	2016	2017	2018	2019
OPERATING REVENUES	\$ 1,235,056	\$ 1,733,083	\$ 1,789,267	\$ 1,893,224	\$ 1,836,789	\$ 1,676,384
OPERATING EXPENSES	723,310	1,263,455	1,248,271	1,329,229	1,336,228	1,278,162
TOTAL OPERATING INCOME	511,746	469,628	540,996	564,000	500,561	398,222
NON-OPERATING REVENUES	539,537	874,003	874,003	874,003	874,003	874,003
FUNDS AVAILABLE FOR DEBT SERVICE	299,437	1,994,084	1,994,084	1,994,084	1,994,084	1,994,084
FUNDS AVAILABLE FOR DEBT SERVICE LESS IMPACT FEES	44,087	314,485	314,485	314,485	314,485	314,485
BOND CUMULATIVE DEBT	-	-	874,003	971,796	971,796	971,796
DEBT SERVICE COVERAGE ON 10 YEAR BOND	1.25	1.25	1.25	1.25	1.25	1.25
DEBT SERVICE COVERAGE ON 15 YEAR BOND	1.25	1.25	1.25	1.25	1.25	1.25
DEBT SERVICE COVERAGE ON 20 YEAR BOND	1.25	1.25	1.25	1.25	1.25	1.25
DEBT SERVICE COVERAGE ON 25 YEAR BOND	1.25	1.25	1.25	1.25	1.25	1.25
DEBT SERVICE COVERAGE ON 30 YEAR BOND	1.25	1.25	1.25	1.25	1.25	1.25
NET CASH FLOW	\$ 299,437	\$ 1,994,084	\$ 1,718,737	\$ 1,462,288	\$ 1,728,219	\$ 1,717,787

1. Assumptions are based on the most current information available.
 2. All figures are in US Dollars.
 3. All figures are in US Dollars.
 4. All figures are in US Dollars.
 5. All figures are in US Dollars.



Storm Water Projects

- **What does the Debt Service Coverage Less Impact Fees Ratio need to be to issue the Bond?**
 - **1.25**
- **Staff will work to come up with recommendation as to how to improve the Ratio and will bring this to Council at a Future Date**

Fiscal Year 2017

Water Tanks
Safe Sidewalks

Future Projects

- **Project**
 - Water Storage Tank (6500 W Bingham Highway)
 - Water Storage Tank (7800 South 4000 West Near Airport)
- **Cost**
 - \$7.5 million (\$3.5 Million for 6500 W Bingham Highway, \$4 Million for 7800 South 4000 West Near Airport. Bonding would be used for the entire amount)
- **Proposed Payback Method**
 - Through Current Rate Structure and Impact Fees
- **Year of Issuance**
 - 2017

Future Projects

- **Project**
 - Safe Sidewalk Project
- **Cost**
 - \$14 million (Bonding would be used for the entire amount)
- **Proposed Payback Method**
 - Staff will build into Capital Project Plan
- **Year of Issuance**
 - 2017



WEST JORDAN CITY, UTAH
Storm Water Fund Pro Forma
 As of October 6, 2014

	HISTORICAL		GROWTH RATE	PROJECTED ^{D,E,F}					
	2012	2013 ^A		2014	2015(Bdgt.)	2016	2017	2018	2019
OPERATING REVENUES									
Charges for Services	\$ 806,368	\$ 1,540,476	2.0%	\$ 1,711,600	\$ 1,733,683	\$ 1,768,357	\$ 1,803,724	\$ 1,839,798	\$ 1,876,594
Additional Revenue from Rate Increase	-	-	2.0%	-	-	-	-	-	-
TOTAL OPERATING REVENUES	806,368	1,540,476		1,711,600	1,733,683	1,768,357	1,803,724	1,839,798	1,876,594
OPERATING EXPENSES^B									
Salaries and Benefits	347,412	521,051	3.0%	586,149	803,786	827,900	852,737	878,319	904,668
Interfund Charges	247,451	338,978	3.0%	141,478	158,012	162,752	167,635	172,664	177,844
Supplies and Maintenance	135,947	173,742	3.0%	183,246	522,595	538,273	554,421	571,054	588,185
TOTAL OPERATING EXPENSES	730,810	1,033,771		910,873	1,484,393	1,528,925	1,574,793	1,622,036	1,670,697
TOTAL OPERATING INCOME	75,558	506,705		800,727	249,290	239,432	228,931	217,762	205,897
NON - OPERATING REVENUES									
Interest Earnings	18,524	7,748	0.0%	10,000	113,000	113,000	113,000	113,000	113,000
Impact Fees	203,555	588,741	0.0%	900,000	800,000	800,000	800,000	800,000	800,000
Intergovernmental	-	-	0.0%	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	222,079	596,489		910,000	913,000	913,000	913,000	913,000	913,000
FUNDS AVAILABLE FOR DEBT SERVICE	297,637	1,103,194		1,710,727	1,162,290	1,152,432	1,141,931	1,130,762	1,118,897
FUNDS AVAILABLE FOR D/S LESS IMPACT FEES	94,082	514,453		810,727	362,290	352,432	341,931	330,762	318,897
STORM REVENUE BONDS									
Series 2015 10 Year Bond ^C	-	-		-	-	576,287	575,850	571,750	572,550
Series 2015 15 Year Bond ^C	-	-		-	-	419,323	418,675	418,175	417,575
DEBT SERVICE COVERAGE ON 10 YEAR BOND						2.00 x	1.98 x	1.98 x	1.95 x
DEBT SERVICE COVERAGE LESS IMPACT FEES 10 YEAR BOND						0.61 x	0.59 x	0.58 x	0.56 x
DEBT SERVICE COVERAGE ON 15 YEAR BOND						2.75 x	2.73 x	2.70 x	2.68 x
DEBT SERVICE COVERAGE LESS IMPACT FEES 15 YEAR BOND						0.84 x	0.82 x	0.79 x	0.76 x
NET CASH FLOW	\$ 297,637	\$ 1,103,194		\$ 1,710,727	\$ 1,162,290	\$ 1,728,719	\$ 1,717,781	\$ 1,702,512	\$ 1,691,447

Notes:

- A. Increase in 2013 revenues is due to a fee increase from \$1.80 per household to \$3.65 per household.
- B. Operating expenses are net of Depreciation.
- C. Proposed new project in 2015.
- D. 2016 - 2019 Expenses: projections based on historical growth percentages.
- E. Source: City's projections
- F. Projects: Interest earnings and impact fees are based on City's budget



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