



Board of Aldermen Request for Action

MEETING DATE: 2/21/2023

DEPARTMENT: Administration and Finance

AGENDA ITEM: Resolution 1191 – declaring the intent to reimburse expenses related to utility project through proceeds from proceeds of debt financing.

REQUESTED BOARD ACTION:

Motion to approve Resolution 1190, declaring the intent of the City to reimburse expenses related to utility project through proceeds from debt financing.

SUMMARY:

The City is planning to issue Certificates of Participation (COPs) for the construction of the West Bypass of the 144th Street Lift Station (estimated cost of \$2,200,000) and the construction of the 144th Street Lift Station (estimated cost of \$1,700,000). During the development of the FY2023 Budget, staff projected the need to debt finance these projects, due to cashflow constraints. During the FY2023 Budget Process, the City contracted with Raftelis Financial Consultants to perform a long-range planning utility rate study. The study and presentation by Rafetelis concluded that utility rate increases are necessary to continue funding water and sewer line replacement projects, fund ongoing system maintenance projects, and fund system capacity upgrades. The rate study demonstrated a need to issue debt for the West Bypass of 144th Street Lift Station and the 144th Street Lift Station, as revenues would not sustain “pay-as-you-go” financing.

Projects planned for debt issuance include:

- **West Bypass of 144th Street:** This project includes the installation of a sewer pump station (lift station) at the end of 144th Street followed by the construction of an 8” force main to carry raw sewage to the south interceptor located on Cliff Drive. The current 8” force main does not have an ability to handle the new flows the that new pump station will produce. Ultimately, the main will create new opportunities for development of land at near and around south municipal boundary of Smithville.
- **144th Street Lift Station:** This lift station will collect wastewater from the surrounding area and convey the follow to the wastewater treatment plant by way of the South Force Main. The addition of this pump station, and associated piping, will consolidate the flows from multiple existing lift stations into a single route, allowing Diversified Metal, McDonalds, Platte Valley Bank, and the Hills of Shannon lift stations to be decommissioned. This lift station will be sized to allow for additional capacity in the area and will provide service to possible future developments.

This resolution pertains to reimbursing the City, via the proceeds of the financing, for expenditures the City has made or expects to make related to this project, such as engineering expenses. This provides additional cashflow flexibility to the City.

Future items related to the issuance of COPs include the Board of Alderman approving a "Go To Market" resolution which indicates the intention of the Board to issue debt. Later this spring, staff and representatives from Piper Sandler, the City's financial advisor, will participate in a rating call, the result of which will be establishing the city's bond rating for issuance of the debt. Final steps include the sale of the COPs, approving the financing ordinance, and the delivery of funds for the project. As we progress through this process, Piper Sandler will provide updates to the Board on the process.

PREVIOUS ACTION:

Financing of this project was included in discussions relating to development of the FY2023 budget.

POLICY OBJECTIVE:

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FINANCIAL CONSIDERATIONS:

ATTACHMENTS:

- | | |
|--|-----------------------------------|
| <input type="checkbox"/> Ordinance | <input type="checkbox"/> Contract |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Plans |
| <input type="checkbox"/> Staff Report | <input type="checkbox"/> Minutes |
| <input type="checkbox"/> Other: | |

RESOLUTION 1191

A RESOLUTION TO DECLARE THE OFFICIAL INTENT OF THE CITY OF SMITHVILLE, MISSOURI

WHEREAS, the City of Smithville, Missouri (the "City") intends to finance the costs of acquiring, constructing, installing, improving, furnishing and equipping various projects related to the City's sewer system, including without limitation the construction and installation of a sewer pump station, force main, and lift station at 144th Street (the "Projects").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF SMITHVILLE, MISSOURI, AS FOLLOWS:

The Board of Aldermen hereby finds it necessary and declares its intent to finance the costs of the Projects. The City has made, or expects to make, expenditures in connection with the Projects. The City may reimburse itself for such expenditures with the proceeds of a tax-exempt financing by, or on behalf of, the City. The maximum principal amount of the tax-exempt financing expected to be issued for the Projects is \$3,930,000.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Smithville, Missouri, the 21st day of February, 2023.

Damien Boley, Mayor

ATTEST:

Linda Drummond, City Clerk