



Board of Aldermen Request for Action

MEETING DATE: 4/1/2025

DEPARTMENT: Administration and Finance

AGENDA ITEM: Resolution 1455 – Reimbursement Resolution

REQUESTED BOARD ACTION:

Motion to approve Resolution 1455, declaring the intent of the City to reimburse expenses related to utility project through proceeds from debt financing.

SUMMARY:

The Water Master Plan was completed June 1, 2018. The Wastewater Master Plan was completed in January of 2021. These plans identify significant needs in facility and maintenance investment and guide development of the Capital Improvement Plan (CIP).

In 2018 and 2022, 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 as revenues would not sustain "pay-as-you-go" financing.

At the February 20, 2025 Work Session, staff presented information relating to the Combined Water and Wastewater Systems (CWWS) Fund and upcoming significant investments in the utility infrastructure of the City of Smithville. Over the next eight to 10 years, approximately \$70 million in utility investment is recommended. Staff has worked with our financial and bond advisors in reviewing the projects and cash flow in order to develop a recommended plan for financing these projects.

The City is planning to issue Certificates of Participation (COPs) in an amount of \$7.5 million to fund the following projects:

- **144th Street Lift Station and West Bypass:** This project includes the installation of a sewer pump station (lift station) at the end of 144th Street followed by the construction of a 10" force main to carry raw sewage to the south interceptor located on Cliff Drive. The addition of this pump station, and associated piping, will allow the decommissioning of lift stations at Central Bank, McDonalds, and Hills of Shannon. This lift station will be sized to allow for additional capacity in the area, including Forrest Oaks and will provide service to possible future developments.

- **Stonebridge Lift Station** – This project will replace a functionally obsolete and aged lift station providing capacity improvements for the southern portion of Smithville and will allow the decommissioning of other lift stations that are under capacity.
- **12" River Crossing** - This project is necessary to ensure adequate water supply north of the Little Platte River. Currently, there is only one 8" main across the river and this improvement will provide additional capacity and reliability.
- **Owens Branch Gravity Line** - This multi-phased sanitary sewer gravity line project will provide additional capacity to the north end of town and enable removal of some lift stations.
- **Smith Fork Force Main** - The new pump station at Smith Forks identified the existing 4" force main was restricted. This project will replace the existing force main provide continued service and increased capacity in north Smithville.

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, construction, acquisition and electric infrastructure (power) expenses. This provides additional cashflow flexibility to the City.

Future items related to the issuance of COPs include the Board of Aldermen 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:

2018 and 2022 Raftelis Rate Study.

February 20, 2025 Work Session - presentation of utility infrastructure projects and funding options.

POLICY OBJECTIVE:

Financing of Utility Infrastructure

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 1455

A RESOLUTION DECLARING THE INTENT OF THE CITY TO REIMBURSE EXPENSES RELATED TO UTILITY PROJECT THROUGH PROCEEDS FROM DEBT FINANCING

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 water and sewer system, including without limitation the acquisition and installation of electric infrastructure for the system, the construction and installation of sewer lift stations, including force mains, at 144th Street and Stonebridge, the construction and installation of a force main from Smith's Fork lift station, the acquisition and installation of a water main and river crossing, the construction and installation of a gravity sewer main along Owens Beach, and improvements at the water treatment plant (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 \$7,500,000.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Smithville, Missouri, the 1st day of April 2025.

Mayor

ATTEST:

City Clerk