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STORMWATER FUTURE BOND ISSUE

Project Name	Prior Future Funding Request	Additions / Deletions	Current Funding Requests
Projects with Future Funding Requests			
Flamingo BP 10A	\$ 11,983,432	\$ 1,214,568	\$ 13,198,000
Flamingo BP 10C	\$ 17,154,052	\$ (782,052)	\$ 16,372,000
West Ave. -	\$ 14,970,085	\$ (70,085)	\$ 14,900,000
Middle North Bay Road Drainage Improvements	\$ 7,280,000	\$ (7,266,389)	\$ 13,611
Total	\$ 51,387,569	\$ (6,903,958)	\$ 44,483,611
Current Funded Projects with Additional Future Funding Needs			
ROW Improvements on Prairie Ave.		\$ 29,539	\$ 29,539
Bayshore BP-8B / Lower No. Bay Road		\$ 1,000,000	\$ 1,000,000
Bayshore BP-8A / Central		\$ 2,815,776	\$ 2,815,776
Sunset Harbor Neigh Improvements		\$ 626,000	\$ 626,000
Citywide Tidal Flooding Mitigation		\$ 2,062,000	\$ 2,062,000
La Gorce ROW		\$ 4,435,000	\$ 4,435,000
Drainage Hot Spots (4400 Middle N. Bay Road)		\$ 728	\$ 728
Total		\$ 10,969,043	\$ 10,969,043
New Project			
Drainage Hot Spots		\$2,208,928	\$ 2,208,928
Total			\$ 2,208,928
Total Future Stormwater Bonds			\$ 57,661,582

Rate Increase options for For Bond Sale First Quarter FY15-16

Current rate \$9.06

- 1) Increase rates Oct 1, 2014 to \$17.40
- 2) OR Increase rates Oct 1, 2013 to \$13.59 and to \$14.68 Oct 1, 2014
- 3) OR Increase rates Oct 1, 2013 to \$11.78 and to \$16.49 Oct 1, 2014



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Commissioner Deede Weithorn, Chair, and Members of the Finance and Citywide Projects Committee

FROM: Jorge M. Gonzalez, City Manager

DATE: September 1, 2011

SUBJECT: **DISCUSSION OF THE ISSUANCE OF ADDITIONAL STORMWATER REVENUE BONDS AND THE REFUNDING OF OUTSTANDING STORMWATER REVENUE BONDS, SERIES 2000**

BACKGROUND

In November 2000, the City issued its first series of Stormwater Bonds in the amount of \$52.17 million. The Administration, in concert with the City's Financial Advisor, has determined that the City now has the need and the capacity to issue additional Stormwater Revenue Bonds for new capital projects and the possibility of refunding the remaining outstanding Series 2000 Stormwater Bonds.

On June 30, 2008, the Finance and Citywide Projects Committee recommended that two series of Stormwater Revenue Bonds be issued to fund the approximately \$94.6 million needed for projects. The first issue was proposed to be \$39.1 million in fiscal year 2009/2010 and the second issue in fiscal year 2011/2012 for \$55.5 million. In fiscal year 2010/2011 the Adopted Capital Budget included funding for the Citywide Stormwater Master Plan and several new projects bringing the proposed program total to \$106.8 million. This net increase is a result of savings from awarded projects, additional scope, projects previously scheduled for the second bond series that are being accelerated, some new projects and the deferral of issuance of this series from for approximately two years (FY 2009/2010 to FY 2011/2012.) A reconciliation of these amounts is included on the attached Schedule A.

In an effort to defer issuing debt and to expedite the spend down of existing Stormwater bond proceeds and to comply with State law requirements that funds be available at the time a contract is awarded, the City obtained a Line of Credit (LOC) for \$30 million to award scheduled Stormwater projects in anticipation of the new bond issue. On January 19, 2011, the City Commission authorized the execution of the LOC agreement between the City and JPMorgan Chase Bank, N.A. and to date we have committed approximately \$23.4 million from this line for Stormwater projects.

Based on the current Capital Plan, the Administration is recommending that the size of the proposed issue be increased to \$50.2 million for the new money portion and approximately \$27.1 million in the refunding portion plus cost of issuance and premiums, for a total issue size of approximately \$83 million. Of the new money portion, approximately \$23.4 million has been

awarded from the existing line of credit and an additional \$3.9 million is expected to be awarded from the line of credit for a total of \$27.3 million prior to the proposed bond sale. We anticipate that the remaining capacity in the line of credit is sufficient to pay the cost of awarded projects until the proposed bond is issued, as the Series 2000 proceeds have now been fully expended.

Therefore, assuming \$27.3 million of the proposed bond will be used to cover projects that you will have already approved and awarded, the balance of \$22.9 million is expected to fund all currently planned projects scheduled for award in fiscal year 2011/2012 and will fund the projects that have been previously committed from the line of credit.

The remaining storm water projects in the capital plan which currently include the Flamingo Neighborhood, West Avenue and Middle North Bay Road Drainage Improvement total approximately \$51.4 million and can be funded in a subsequent bond issue. Timing of funding for additional projects identified in the master plan study currently underway will be analyzed upon completion of the master plan.

ANALYSIS

The proposed Stormwater Revenue Bonds are separated into two series; Series 2011A for the purpose of paying the costs of improvements to the Stormwater System and Series 2011B for the refinancing of the outstanding Series 2000 Stormwater Revenue Bonds. (Please see attached schedule Stormwater Funding Attachment B)

The Commission may approve by resolution other improvements as part of the Series 2011 Project in addition to and/or in lieu of one or more of the above improvements.

The security for the repayment of these amounts will be the net revenues generated from the Stormwater System.

Refinancing of the Series 2000 Stormwater Revenue Bonds with Series 2011B

The City's proposed refunding of the outstanding Stormwater Revenue Bonds, Series 2000 is the result of the Administration's continuous review of opportunities to refund outstanding bonds to ensure the City is paying the lowest possible rate within statutory and tax requirements.

Concurrent with the delivery of the Series 2011 Bonds, a portion of the proceeds, not to exceed \$28 million, will be applied to the payment of the City's outstanding Stormwater Revenue Bonds Series 2000. The City's Financial Advisor, has determined that the City has the capacity to refinance the Series 2000 Stormwater Revenue Bonds, and that the refunding of the Series 2000 Stormwater Revenue Bonds will provide a present value savings of approximately \$1.7 million or approximately 6.3%. The refunding of these bonds do not extend the term of the bonds beyond their original maturity date.

In November 2007, the Mayor and City Commission approved Ordinance 2007-3582 which amended the procedures that the City followed in connection with the approval of a bond issue and added the following Section to Chapter 2 of the Miami Beach City Code, entitled "Administration"; Article V entitled "Finance"; Sec. 2-278, entitled "Procedures governing the issuance of bonds.

Sec. 2-278. Procedures governing the issuance of bonds.

- (a) Prior to the adoption by the city commission of the final resolution approving the issuance of any bonds by the city, the following requirements shall be complied with:*
- (1) In order for the city commission and the public to be fully informed on all matters relating to the proposed issuance of bonds, the city manager shall prepare, or cause to be prepared, a fiscal analysis of the economic impact of the proposed bond issuance using the following criteria:*
 - a) The estimated cost of the project or projects on account of which such bonds are to be issued;*
 - b) The estimated annual revenues, if any, to be generated by such project or projects; and*
 - c) The estimated annual cost of maintaining, repairing and operating such project or projects.*
 - (2) Upon completion of the fiscal analysis in subsection (a)(1), the proposed issuance of bonds shall be first considered and reviewed by the city's finance and citywide projects committee.*
 - (3) The city commission shall hold two public hearings, each advertised not less than 15 days prior to the hearing, in order to obtain citizen input into the proposed bond issuance.*

In accordance with this provision the Administration prepared the required fiscal analysis which included the following breakdown of the proposed Stormwater Revenue Bond issue.

In response to Sec. 2-278 (a) 1(a): the estimated cost of the projects on account of which the bonds are to be issued is \$50.2 million.

In response to Sec. 2-278 (a) 1(b): the estimated revenues to be generated by the projects. These projects will either replace or enhance portions of the existing storm water system; the operation of such system is funded entirely by user fees. No additional fees are anticipated to be earned as a result of these projects and no additional increase in the user fee is required at this time. However, additional operating or maintenance costs may require future increases to user fees.

In response to Sec. 2-278 (a) 1(c): the estimated annual cost of maintaining, repairing and operating such projects. Operating and maintenance costs for these enhancements are estimated to average 2% of the capital cost or approximately \$1,000,000 annually. Such incremental costs may require increases to future user fees.

If approved by you today, in accordance with Sec. 2-278 (a) 3, two public hearings will be held for this proposed Stormwater Revenue Bond issue. The dates of the public hearings are proposed for September 27 and October 19, 2011, and each date will be advertised at least fifteen (15) days prior to the public hearing date.

Because of the character of the Series 2011 Stormwater Bonds, the prevailing market conditions, the complexity of structuring a refunding and a new system-wide financing program for the Stormwater System and the recommendations of the Financial Advisor, it was further determined that the sale of the Series 2011 Stormwater Bonds on the basis of a negotiated sale rather than a public sale by competitive bid is in the best interest of the City.

The Resolution for the issuance of the Series 2011 Stormwater Bonds will delegate to the Mayor, relying upon the recommendation of the Chief Financial Officer and RBC Capital Markets, (the City's Financial Advisor) the determination of various terms of the Series 2011 Bonds, including whether to secure one or more Credit Facilities and/or Reserve Account Insurance Policies with respect to the Series 2011 Bonds, the final award of the Series 2011 Bonds, the dates of redemption of the Prior Bonds to be redeemed prior to maturity, the payment of all related costs and expenses in connection with the issuance of the Bonds and all other actions necessary or desirable in connection with the issuance of the Series 2011 Bonds and the refunding of the Prior Bonds.

Finally, the proposed Resolution will provide the structure for the issuance of other Bonds and other forms of indebtedness of the City payable from the Net Revenues of the Stormwater System for the purpose of paying all or any part of the cost of any other improvements to the Stormwater System or to refund or refinance all or a portion of the Bonds or any other series or other indebtedness of the City incurred with respect to the Stormwater System then outstanding. All such additional actions would require approval of the Mayor and City Commission.

JMG/PDA 

CITY OF MIAMI BEACH

CAPITAL PLAN - STORMWATER FUNDING

PROJECT	ORIGINAL	VAR FROM ORIGINAL	AWARDED CONTRACTS
Proposed Future Storm Water Bond			
Bayshore Neighborhood - Bid Pack A	13,514,399.00	-3,657,794.00	9,856,605.00 act
Bayshore Neighborhood - Bid Pack C	2,395,116.00	-796,056.00	1,599,060.00 act
Biscayne Point Neighborhood Improvements	6,960,730.00	-369,471.00	6,591,259.00 act
Normandy Shores Neighborhood Improvement	3,438,180.00	-1,371,482.00	2,066,698.00 act
Star Island Enhancements	730,000.00	73,000.00	803,000.00 proj
		\$ (6,121,803.00)	Savings from awarded projects:
Bayshore Neigh Sunset Isl 1 & 2 BPE	990,000.00	934,652.00	1,924,652.00 proj
Bayshore Neighborhood - Bid Pack B	3,114,750.00	400,531.00	3,515,281.00 act
LaGorce Neighborhood Improvements	5,838,288.00	41,200.00	5,877,488.00 proj
Venetian Neigh - Venetian Islands	710,611.00	1,305,509.00	2,016,120.00 proj
		\$ 2,681,892.00	Additional scope
Bayshore Neighborhood - Bid Pack D Sunset 3&4	88,200.00	2,648,783.00	2,736,983.00 proj
Flamingo Neighborhood - Bid Pack A	119,070.00	309,704.00	428,774.00 proj
Flamingo Neighborhood - Bid Pack C	107,310.00	595,055.00	702,365.00 proj
Palm & Hibiscus Island Enhancement	92,610.00	5,760,788.00	5,853,398.00 proj
West Avenue/Bay Road Improvements	102,900.00	551,425.00	654,325.00 proj
		\$ 9,865,755.00	2nd Issue projects accelerated
48" Outfall at Easement 4180-4200 Chase	0.00	198,962.00	198,962.00 proj
Bay Road Pump Station Outfall	0.00	318,000.00	318,000.00 proj
Belle Isle Outfall Pipes Replacement	0.00	511,238.00	511,238.00 proj
Citywide Stormwater Master Plan	0.00	600,000.00	600,000.00 act
Drainage Hot Spots	0.00	1,300,000.00	1,300,000.00 proj
Drainage Improv- North Bay & 58 St	0.00	187,292.00	187,292.00 proj
Drainage Improv W 44 St & Royal Palm	0.00	650,000.00	650,000.00 proj
ROW Improvements on Prairie Avenue	0.00	377,000.00	377,000.00 act
Seawall-Lincoln Road Streetend W	0.00	173,000.00	173,000.00 act
Sunset Harbor Pump Station Upgrades	0.00	520,000.00	520,000.00 proj
		\$ 4,835,492.00	New projects
Nauticus Neighborhood Improvements	167,220.00	0.00	167,220.00 act
Normandy Isle Neighborhood Improvements	198,006.00	0.00	198,006.00 act
Oceanfront Neighborhood Improvements	546,066.00	-162,820.00	383,246.00 proj
		\$ (162,820.00)	No Variance
	\$ 39,111,456	\$ 11,098,516	\$ 50,209,972

STORMWATER FUNDING

A		B	C	D	E	F G H PROJECTED FUNDING REQUIREMENTS		
Project	Status	Budgeted Prop. Future STW Bond (FY 10-11 Cap. Budget)	Budgeted / Actual STW Prop. Bond to Date	STW LOC Commitments (Fund 429) to Date	Projected Add'l STW LOC Commitments (Fund 429)	Proposed FY-2011/12	Proposed Future	
1	Citywide Stormwater Master Plan	Design	\$600,000	\$600,000	\$600,000			
2	Nautilus Neighborhood Improvements	Completed	\$167,220	\$167,220		\$167,220		
3	Normandy Isle Neighborhood Improvements	Completed	\$198,006	\$198,006		\$198,006		
4	Normandy Shores Neighborhood Improvements	Completed	\$2,066,698	\$2,066,698		\$2,066,698		
5	Seawall - Lincoln Road Streetend West	Completed	\$173,000	\$173,000	\$173,000			
6	Drainage Improvements - 44th St. & Royal Palm	Construction	\$650,000	\$650,000	\$650,000			
7	Stormwater - Pipe Repairs	Construction	\$250,000					
8	Belle Isle Outfall Pipe Replacement	Construction	\$511,238	\$511,238	\$45,000	\$466,238		
9	Oceanfront Neighborhood Improvements	Construction	\$383,246	\$383,246			\$383,246	
10	ROW Improvements on Prairie Ave.	Construction	\$377,000	\$377,000	\$377,000			
11	Star Island Row	Construction	\$1,192,782	\$803,000	\$203,895	\$599,105		
12	Biscayne Point	Construction	\$6,591,259	\$6,591,259	\$5,503,054		\$1,088,205	
13	Bayshore BP-8B / Lower No. Bay Road	Award	\$3,515,281	\$3,515,281	\$3,251,901		\$263,380	
14	Bayshore BP-8A / Central	Award	\$10,034,907	\$9,856,605	\$8,468,637		\$1,387,968	
15	Bayshore BP-8C / Lake Pancoast	Award	\$1,527,837	\$1,599,060	\$1,526,619		\$72,441	
16	Venetian Islands - San Marino Di Lido & Rivo Alto Islands BP-	Permitting	\$2,016,120	\$2,016,120			\$2,016,120	
17	Sunset Islands 1 & 2 ROW BP-8E -	Permitting	\$1,916,234	\$1,924,652	\$1,794,652		\$130,000	
18	Drainage Improvements - North Bay Road & 56th Street	Planning	\$187,292	\$187,292			\$187,292	
19	Sunset Harbor Pump Station Upgrades	Design	\$520,000	\$520,000	\$81,921	\$438,079		
20	La Gorce ROW	Permitting	\$5,877,488	\$5,877,488	\$24,725		\$5,852,763	
21	Drainage Hot Spots (4400 Middle N. Bay Road)	Planning	\$1,300,000	\$1,300,000	\$140,627		\$1,159,373	
22	Bay Road Pump Station Outfall	Design	\$318,000	\$318,000			\$318,000	✓
23	48" Outfall at Easement 4180-4200 Chase	Design	\$198,962	\$198,962			\$198,962	✓
24	Sunset Islands 3 & 4 ROW BP-8D	Design	\$2,736,983	\$2,736,983	\$99,654		\$2,637,329	
25	Sunset Islands 3 & 4 ROW BP-8D							
26	Palm & Hibiscus Islands	Design	\$5,853,398	\$5,853,398			\$5,853,398	
27	Palm & Hibiscus Islands							
28	Flamingo BP 10A	Design	\$16,841,304	\$11,212,309				\$11,212,309
29	Citywide Stormwater Master Plan (Flamingo BP-A Share)	Design		\$155,190	\$155,190			
30	Flamingo BP 10A			\$1,044,707			\$273,584	\$771,123
31	Flamingo BP 10C	Design	\$17,856,417	\$16,606,876				\$16,606,876
32	Flamingo BP 10C - Design Funding Component Only			\$1,094,351			\$547,175	\$547,176
33	Citywide Stormwater Master Plan (Flamingo BP-C Share)	Design		\$155,190	\$155,190			
34	West Ave. -	Planning	\$15,624,410	\$14,445,085				\$14,445,085
35	West Ave. - Design Funding Component Only			\$1,050,000			\$525,000	\$525,000
36	Citywide Stormwater Master Plan (West Ave. Share)	Design		\$129,325	\$129,325			
37	Middle North Bay Road Drainage Improvements		\$7,280,000	\$7,280,000				\$7,280,000
38		TOTAL:	\$106,765,082	\$101,597,541	\$23,380,390	\$3,935,346	\$22,894,236	\$51,387,569
						\$27,315,736		
						\$50,209,972		
						\$101,597,541		