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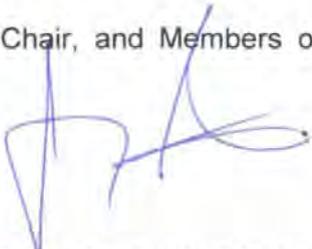


MIAMI BEACH

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

COMMITTEE MEMORANDUM

TO: Commissioner Jonah Wolfson, Chair, and Members of the Finance and Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager 

DATE: March 2, 2015

SUBJECT: **DISCUSSION OF THE ISSUANCE OF ADDITIONAL STORMWATER REVENUE BONDS**

BACKGROUND

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 November 2000, the City issued its first series of Stormwater Bonds in the amount of \$52.17 million. In December 2011, the City issued an additional \$52.13 million in Stormwater Bonds along with \$26.6 million to refund the outstanding Stormwater Series 2000 Bonds.

At the Special Finance and Citywide Projects Committee (FCWPC) meeting of May 20, 2014 the Administration presented a funding strategy for the Stormwater program recommending the issuance of three separate \$100 million Stormwater bonds. The first issue would be in FY 2014/15 and the other issues would follow as funding was needed.

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 \$60 million to award scheduled Stormwater projects in anticipation of the new bond issue. On May 21, 2014, the City Commission authorized the execution of the LOC agreement between the City and Wells Fargo Bank, National Association, and to date we have committed approximately \$30 million from this line for Stormwater projects.

ANALYSIS

In accordance with the provisions of Section 2-278 *Procedures governing the issuance of bonds*, 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 Stormwater program will design and implement the upgrade of the City's storm drainage system to meet the new design criteria set by the City Commission with a potential estimated cost of \$300 million and with a target completion timeframe of approximately 5 years. The estimate includes the Stormwater portion of future neighborhood projects, the retrofit of some previously constructed neighborhood Stormwater systems, and miscellaneous Stormwater upgrades that have been identified by the Public Works Department. The upgrades include the installation of approximately 60 new pump stations and the conversion of 21 injection pumps. The estimated portion of the projects, for which the bonds are to be issued, is \$100 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.

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 were included in the cost model that resulted in the stormwater rate increase from \$9.06 per ERU to \$16.67 per ERU that became effective October 1, 2014. However, additional operating or maintenance costs may require future increases to 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 March 18 and April 15, 2015, and each date will be advertised at least fifteen (15) days prior to the public hearing date.

The Stormwater Enterprise fund must issue tax-exempt debt in the amount of \$100 million, plus issuance costs, this fiscal year to cover the costs of Stormwater improvement projects which will include any amounts committed from the line of credit. The need for future bond issues may be

reduced by the establishment of Stormwater impact fees, the removal of certain restrictions on capital funds currently held by the City and any grant funds for which the City may be eligible. Additionally, the City has applied for \$7.5 million of additional stormwater funding from the State Revolving Fund and anticipates applying for additional amounts as funding becomes available.

JLM/PDW/GE/JAR