



City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:		Item Type:	1 st Reading	2 nd Reading
2/16/2022 File No.: 22-030		<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Other	Ordinance Reading	N/A
			Public Hearing	<input type="checkbox"/>
			Advertising Required	<input type="checkbox"/>
			Quasi Judicial:	<input type="checkbox"/>
Fiscal Impact (\$):		Account Balance (\$):	Funding Source:	Project Number :
N/A		N/A	N/A	N/A
Contract/P.O. Required		RFP/RFQ/Bid Number:	Sponsor Name:	Department:
<input type="checkbox"/> Yes	<input type="checkbox"/> No	N/A	Geovanne Neste, Finance Director	Finance Department
Strategic Plan Focus Areas:				
<input checked="" type="checkbox"/> Finance & Budget		<input checked="" type="checkbox"/> Organizational Capacity		<input checked="" type="checkbox"/> Infrastructure/Projects
Implementation Timeline:				
Estimated Start Date: 12/15/2021 Estimated End Date: 9/30/2022				

SHORT TITLE:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, ESTABLISHING ITS INTENT TO REIMBURSE CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE IMPROVEMENTS TO THE CITY'S UTILITY SYSTEM WITH PROCEEDS OF A FUTURE TAX-EXEMPT FINANCING; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

STAFF SUMMARY:

Summary:

Staff seeks City Commission approval of the attached Resolution authorizing Declaration of Official Intent under U.S. Income Tax Regulations with respect to reimbursement from upcoming bond proceeds for temporary advances made from the Utility and Stormwater funds to pay for costs associated with eligible capital projects prior to bond issuance.

Background:

The Department of Public Works is in the process of completing master plans for the City's Water, Wastewater, and Stormwater utility systems to develop an updated comprehensive capital improvement plan (CIP). The capital projects within the CIP will be completed in phases over the next ten years funded by a series of utility revenue bonds.

There are projects relating to lift stations and other infrastructure (detailed below) that are currently in progress that will be constructed in the first phase. Preliminary project cost for the first phase of capital projects is expected to total an estimated \$59 million. The total number of first phase projects is likely to change as master plans are completed, prioritization of projects is determined, the CIP is updated, and additional funding sources are obtained (eg. Grant awards, Federal/State loan programs). As such, staff is in the process of obtaining financing for the first phase of projects through the issuance of utility revenue bonds.

U.S. Income Tax Regulations allows borrowers issuing tax-exempt bonds to reimburse themselves with bond proceeds for any project-related expenditures 60-days prior to adopting the Declaration of Official Intent. This resolution is necessary as the City intends to reimburse itself from bond proceeds.

The majority of the projects included in the first phase are currently in design. Staff has reviewed the status of the projects in the first phase to determine the total cost that is reimbursable (both design and construction) based on U.S. Income Tax Regulations. Fifteen (15) out of the twenty seven (27) projects in the first phase have project design cost that are reimbursable from bond proceeds with the adoption of the Declaration of Official Intent. Potential projects Identified within this issuance include the following:

PROJECT NAME	Estimated construction completion date	PROPOSED FUNDING SOURCE	Total Outside Project Cost	Reimbursable Project Design Cost	Reimbursable Construction Cost	Revenue Bond Reimbursable (Estimate)
Lift Station #1	7/25/2023	BOND	\$ 3,959,481	\$ -	\$ 3,533,258	\$ 3,533,258
Lift Station #2	7/25/2023	BOND	768,808	-	690,000	690,000
Lift Station #3	10/25/2023	BOND	1,598,895	-	1,488,750	1,488,750
Lift Station #4	12/25/2023	BOND	1,751,000	204,000	1,547,000	1,751,000
Lift Station #5	7/25/2023	BOND	1,568,845	-	1,250,000	1,250,000
Lift Station #6	7/25/2023	GRANT	2,698,600	-	2,314,000	2,314,000
Lift Station #9	12/25/2023	GRANT	1,349,070	199,070	1,150,000	1,349,070
Lift Station #10	12/25/2023	BOND	1,057,159	162,554	894,605	1,057,159
Lift Station #11	12/25/2023	BOND	1,191,707	297,102	894,605	1,191,707
Lift Station #12	12/25/2023	GRANT	3,360,674	297,102	3,063,572	3,360,674
Lift Station #13	12/25/2023	GRANT	1,303,636	203,636	1,100,000	1,303,636
Lift Station #14	7/25/2023	GRANT	1,334,097	-	1,230,000	1,230,000
Lift Station #15	12/25/2023	BOND	1,057,159	162,554	894,605	1,057,159
North Miami Beach Water Interconnect	12/25/2023	BOND	1,942,473	-	1,750,000	1,750,000
RO Skid Project #3	4/23/2024	BOND	3,846,980	-	3,750,000	3,750,000
Telemetry	12/25/2023	GRANT	1,409,450	-	1,209,750	1,209,750
Design of Water Main NE 7th & NE 12th Ave water	4/23/2024	BOND	3,958,168	488,168	3,470,000	3,958,168
30-in Force Main	4/23/2024	GRANT	3,129,483	272,437	2,857,046	3,129,483
Lift Station 1 Force Main Replacement (18-inch FM)	12/25/2023	BOND	2,117,494	-	1,836,169	1,836,169
Design of Force Main NE 7th & NE 12 th Ave	4/23/2024	GRANT	2,366,961	-	1,954,851	1,954,851
Layne Blvd Water Main Replacement (10inch)	12/25/2023	BOND	1,470,695	-	1,296,570	1,296,570
16 inch WM Replacement Three Islands	7/24/2024	BOND	3,735,000	535,000	3,200,000	3,735,000
HBB 14 inch Watermain Golden Isles Dr.	6/25/2024	BOND	1,913,850	242,650	1,671,200	1,913,850
Atlantic Shores Blvd. WM Replacment (NE. 14th Ave)	6/25/2024	BOND	869,447	141,120	728,327	869,447
10 In Watermain Replacement (behind Winn Dixie)	6/25/2024	BOND	1,839,310	227,310	1,612,000	1,839,310
16 inch Water Main Replacement/Subaqueous Crossing	6/25/2024	BOND	4,058,430	499,430	3,559,000	4,058,430
NE. 14th Watermain Replacement (HBB and Atlantic Shores)	6/25/2024	BOND	3,065,272	244,745	2,820,527	3,065,272
TOTAL			\$ 58,722,143	\$ 4,176,878	\$ 51,765,835	\$ 55,942,713
LESS EXPECTED GRANTS				-	(14,879,219)	(14,879,219)
REVENUE BOND REIMBURSABLE				\$ 4,176,878	\$ 36,886,616	\$ 41,063,494

The City was recently awarded a \$14.9 million Mitigation General Infrastructure Program Grant from the Department of Economic Opportunity. Upon execution of a grant agreement, the entire grant award will be used to fund the construction cost of eight (8) capital projects noted above.

Current Situation:

Staff is recommending that the City Commission adopt the attached Resolution authorizing Declaration of Official Intent under U.S. Income Tax Regulations with respect to reimbursement from the bond proceeds for capital expenditures made prior to bond issuance in an amount not to exceed \$50 million.

Why Action is Necessary:

This Resolution is necessary to constitute a "Declaration of Official Intent" within the meaning of Section 1.150-2 of the Income Tax Regulations which were promulgated pursuant to the Internal Revenue Code of 1986, as amended, with respect to the debt incurred to finance the costs of all or a portion of the capital projects.

Cost Benefit:

U.S. Income Tax Regulations allows borrowers issuing tax-exempt bonds to reimburse themselves with bond proceeds for any project-related expenditures 60-days prior to adopting the Declaration of Official Intent. \$2.3 million out of the \$4.2 million in reimbursable project design cost noted above is currently in progress.

Adopting the attached resolution will allow the City to reimburse itself for up to an additional \$2.3 million in project design cost that is currently in progress. Project cost that is determined not to be reimbursable per U.S. Income Tax Regulations would need to be funded from operating income and/or reserves.

PROPOSED ACTION:

The City Commission consider the attached Resolution

ATTACHMENT(S):

Exhibit 1 – Proposed Resolution

Prepared By: Geovanne Neste
Geovanne Neste
Finance Director

Reviewed By: Noemy Sandoval
Noemy Sandoval
Assistant City Manager

Approved By: Jeremy Earle
Dr. Jeremy Earle
City Manager