



Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	Item Type:	1 st Reading	2 nd Reading
5/17/2023	<input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Other	Ordinance Reading	4/19/2023
		Public Hearing	<input type="checkbox"/>
		Advertising Required	<input type="checkbox"/>
		Quasi Judicial:	<input type="checkbox"/>
File No.:			<input checked="" type="checkbox"/>
22-430			<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 type="checkbox"/> Organizational Capacity	<input checked="" type="checkbox"/> Infrastructure/Projects	
Implementation Timeline:			
Estimated Start Date: 4/19/2023 Estimated End Date: N/A			

SHORT TITLE:

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA AUTHORIZING THE ISSUANCE OF UTILITY SYSTEM REVENUE BONDS TO FINANCE AND/OR REFINANCE THE PROJECTS; PLEDGING CERTAIN NET REVENUES OF THE UTILITY SYSTEM FOR THE PAYMENT THEREOF; PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF; PROVIDING FOR THE ISSUANCE OF TEMPORARY BOND ANTICIPATION NOTES; PROVIDING FOR THE RIGHTS OF THE HOLDERS; MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; REPEALING OTHER INSTRUMENTS; AND PROVIDING FOR AN EFFECTIVE DATE

STAFF SUMMARY:

Summary:

Staff is requesting approval to adopt the Master Utility System Bond Ordinance to authorize the issuance of utility revenue bonds. This ordinance is required for the issuance of Utility System Revenue Bonds, Series 2023, in the amount of approximately \$63.9 million and future utility

revenue bonds issued on parity required for the funding of the City's Water, Wastewater, and Stormwater Capital Improvement Plan through FY 2028-29.

Background:

On September 28, 2022, the City Commission adopted the City's 5-year Capital Improvement Program (CIP Plan) and 5-year utility rate study which included plans for \$230.6 million in capital projects (\$181 million to be funded with public utility revenue bonds) through FY 2028-29 and rates required to service the future debt, respectively.

During the process of completing the necessary bond feasibility study with the City's financial consultants, it was observed that a considerable number of bond-funded projects that were bid out after the completion of design, had bid values significantly exceeding the preliminary estimates incorporated within our initial CIP Plan. These discrepancies can be attributed to current market conditions and the inflationary environment that persistently impacts the development of utility infrastructure projects today.

Consequently, the City's bond consultants advised reassessing the initial cost projections in the CIP Plan, in collaboration with the City's engineers. This revision was crucial before proceeding with the issuance of the first tranche of bonds, which were initially projected to be worth \$53.2 million.

In March 2023, the Public Works Department, in collaboration with the Budget and Finance Departments, updated the CIP Plan to align with current market conditions. This adjustment led to an increase of \$22.3 million in capital project costs within the CIP Plan through FY 2028-29. These changes have been integrated into the amended bond feasibility study and the refreshed 5-year utility rate study slated for City Commission approval before issuing the first series of utility revenue bonds.

As a result of the CIP Plan revisions, the first tranche of utility revenue bonds is projected to rise from \$53.2 million to \$63.9 million (Exhibit 2). This amount encompasses an increase of roughly \$6 million for additional project funding and \$4.7 million for the establishment of a reserve fund in compliance with the Master Utility System Bond Ordinance, as well as covering debt issuance expenses.

Current Situation:

The Master Utility System Bond Ordinance ("the Ordinance") is a legislative instrument aimed at providing the necessary framework and authorization for the issuance and sale of utility revenue bonds by the City. The primary intent of the Ordinance is to facilitate the financing of the updated CIP Plan. The updated total value of CIP Plan projects through FY 2028-29 amount to approximately \$252.9 million with \$207.4 million funded through the issuance of utility revenue bonds.

The Ordinance outlines the terms and conditions under which the bonds may be issued and specifies the purposes for which the bond proceeds will be utilized. The Ordinance also establishes various covenants, restrictions, and guidelines to safeguard the interests of the bondholders, ensure the proper allocation of the bond proceeds, and maintain the financial stability of the utility system. This includes provisions related to rate-setting, revenue allocation, reserve funds, and reporting requirements.

The issuance of the Utility System Revenue Bonds, Series 2023, and future utility revenue bonds issued on parity will be authorized by the City Commission by adopting supplemental ordinances and resolutions as stipulated in the Ordinance.

By implementing the Master Utility System Bond Ordinance, the City aims to strengthen its utility infrastructure, enhance the quality of life for its citizens, and ensure the long-term sustainability and resilience of the City's essential utility services.

Why Action is Necessary:

In accordance with Section 5.01, *Ordinances and resolutions*, City Charter, acts of the City Commission shall be by ordinance which authorize the borrowing of money not inconsistent with the limitations in the constitution and general law of the state.

Cost Benefit:

Adopting this ordinance will provide the necessary framework and authorization for the issuance and sale of utility revenue bonds by the City to implement the City's Water, Wastewater, and Stormwater Capital Improvement Plan through FY 2028-29. The ordinance also establishes the creation of various reserve funds including a renewal and replacement fund which will help reduce the cost associated with deferred maintenance that the utility system experiences today.

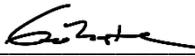
PROPOSED ACTION:

The City Commission consider the attached Ordinance.

ATTACHMENT(S):

Exhibit 1 – Proposed Ordinance

Exhibit 2 – Updated Preliminary Bond Issuance Project Summary

Prepared By: 
Geovanne Neste
Finance Director

Reviewed By: Noemy Sandoval
Noemy Sandoval
Assistant City Manager