



Item: Resolution 9745, Acknowledging the receipt of the letter of approval from Montana Department of Natural Resources and Conservation and authorize the sale and delivery of the City's \$4,010,000 in water revenue bonds

From: Martha Capps, Operations Supervisor

Initiated By: Fiscal Services, Public Works/Water Utility

Presented By: Coleen Balzarini, Fiscal Services Director

Action Requested: Adoption of Resolution 9745

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission adopt Resolution 9745”

2. Mayor calls for a second, discussion, inquiries from the public, and calls for the vote.

Staff Recommendation: Staff recommends adoption of Resolution 9745, acknowledging the receipt of the letter of approval from Montana Department of Natural Resources and Conservation and authorizes the sale and delivery of the City's \$4,010,000 in water revenue bonds.

Background: Distribution mains in the City of Great Falls range in age from newly constructed to mains installed in 1889. Taking a proactive replacement approach to water main replacements has decreased the likelihood of unforeseen breaks, causing service interruptions to our customers and large, unavoidable constructions costs in an emergency situation. In 2002, the City had 90 breaks, compared to 73 in 2007.

The issuance of water utility system debt, in the amount of \$4,010,000, is intended to finance water main replacements within the city limits of Great Falls during the next two construction seasons. Currently, seven separate areas of replacements are planned throughout the City limits, and as bids are received and if funds are available, additional projects may be added.

The Department of Natural Resources and Conservation has agreed to finance the debt at 3.75% per annum, for 20 years, plus a one time origination fee of 1%. All engineering services have been completed through City staff. All issuance fees and costs will be paid out of this financing.

Pending completion of the financing process, cash balances in the water fund will provide sufficient cash to pay upfront expenses. This debt financing supplements the yearly capital improvements constructed using accumulated funds. At a future date, the Commission will be asked to approve a resolution fixing the terms and conditions of the bonds. Staff anticipates the bond closing in July, 2008.

Dorsey & Whitney, LLC will serve as bond counsel. In this capacity, they prepare necessary documents requiring action by the City Commission and staff, and the DNRC. They will also provide assurance that the procedures used to issue the bonds are in compliance with rules and regulations regarding the issuance of tax exempt revenue bonds, and also in compliance with existing bond ordinances of the outstanding Water System Revenue Bonds of the City.

Concurrences: 2006 Water Master Plan

Fiscal Impact: The water utility rates, implemented in February 2008, are capable of supporting this debt issuance.

Alternatives: The City Commission may deny passage of the resolution and the issuance of debt.

Attachments/Exhibits: Resolution 9745, A Resolution of the City of Great Falls, Montana, Acknowledging receipt of a letter of approval for drinking water revolving fund loan program in lieu of commitment agreement from the Department of Natural Resources and Conservation regarding the sale and delivery of the City's \$4,010,000 Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2008, and authorizing the City to proceed with the issuance of the bond.