



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: August 3, 2017

Staff Contact: Darren Schulz, Public Works Director

Agenda Title: For Possible Action: To direct staff to begin the process of pursuing a 20-year bond in the amount of \$4,875,000 to support storm water capital expenses and a one-time Storm Water rate increase of thirty percent (30%) to support the debt service on the bond and to provide maintenance support. (David Bruketta, dbruketta@carson.org)

Staff Summary: On July 6, 2017, the Board of Supervisors directed staff to bring back a proposal that would include a bonding mechanism based on a rate percentage increase that would allow Public Works to complete the first six projects of the 10-year Storm Water Capital Improvement Plan. The Board of Supervisors noted that in 18 months, Public Works will bring forward a rate consultant's report that will review the needs and financial health of the Water, Sewer and Storm Water Utility Funds. The estimated cost of the first six projects on the 10-year storm water capital improvement plan is \$4,875,000 (Exhibit 1). A preliminary analysis to issue a 20-year General Obligation Storm Water Drainage bond estimates an annual debt service of approximately \$357,000 (Exhibit 2). A storm water rate increase of 26% would be needed to fund the cost of the annual debt service cost. Staff is recommending an increase of 30% to cover the debt service cost and provide approximately \$54,000 annually to support maintenance costs (Exhibit 3). Upon approval from the Board of Supervisors, staff would proceed with the rate change process followed by the bond issuance process and staff could start the design work when funds would be available in April of 2018 (Exhibit 4).

Agenda Action: Formal Action/Motion

Time Requested: 10 minutes

Proposed Motion

Move to direct staff to begin the process of pursuing a 20-year bond in the amount of \$4,875,000 to support storm water capital expenses and a one-time Storm Water rate increase of thirty percent (30%) to support the debt service on the bond and to provide maintenance support.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

On March 28, 2017, the Utility Finance Oversight Committee was presented with a staff-recommended plan to fund operations and a 10-year capital improvement plan. The Committee recommended changes to the proposed plan and those recommendations were presented to the Board of Supervisors on May 4, 2017, but no action was taken. On July 6, 2017, additional funding options were presented to the Board of Supervisors. Staff was directed to bring back a proposal with a one-time rate increase to support a limited capital plan funded through bonding.

Background/Issues & Analysis

Applicable Statute, Code, Policy, Rule or Regulation

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: Storm Drain Fund

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: The fiscal impact will depend on how the Board would like to proceed.

Alternatives

The Board may direct staff proceed with other options.

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

Exhibit 1 - Storm Water Capital Improvement Plan

Storm Water 10 Year CIP						
7/6/2017						
	Project Name		Estimated Expense			
1	Lakeview SD Improvements	\$ 250,000				
2	Kings Canyon Channel Maintenance Project (Roop to Saliman)	\$ 110,000				
3	Kings Canyon Road Culvert Upgrade (at Creek Crossing)	\$ 90,000				
4	Carson Street SD Improvements (Fairview to Clearview)	\$ 900,000				
5	Carson Street SD Improvements (5th to Stewart and Curry Street)	\$ 2,900,000				
6	Minor SD Improvements	\$ 625,000				
	Subtotal	4,875,000				
7	Nye/N. Carson Steet Channel Berms		\$ 85,000			
8	Flood Emergency Equipment		\$ 800,000			
9	Anderson Ranch Access and SD Improvements		\$ 100,000			
10	SD Fleet		\$ 1,089,000			
11	Lower Kings Canyon Channel Restoration Project		\$ 400,000			
12	Lower Goni Wash SD Improvements		\$ 115,000			
13	Airport Road SD Improvements (HWY 50 to Sherman)		\$ 350,000			
14	Rand Avenue SD Improvements (William to Rand Ct)		\$ 200,000			
15	Vicee Watershed Access Management		\$ 150,000			
16	Carson Street SD Improvements (Stewart to Rhodes)		\$ 950,000			
17	Carmine Street SD Improvements (N. Lompa to Bunch Way)		\$ 600,000			
18	Panamint & Merrimac SD Improvements		\$ 150,000			
19	Sean Drive SD Improvements (Baker to Gillis Way)		\$ 120,000			
20	Carson Street SD Improvements (N. Carson Street to Nye)		\$ 450,000			
21	Empire System SD Improvements (Gordon Street to Morgan Mill)		\$ 1,100,000			
22	Voltaire Canyon Channel and System Improvements - phase 1		\$ 1,000,000			
	Totals	\$ 4,875,000	\$ 7,659,000	=	\$ 12,534,000	

Exhibit 2 - Preliminary Bond Analysis

Preliminary, subject to change

Carson City, Nevada
 General Obligation (Limited Tax)
 Stormwater Drainage Bonds, Series 2018
 Drainage System Supported Debt Service Coverage Analysis

FY Ending June 30	Pledged Revenues	Existing Bonds Debt Service	Proposed GO-Rev Bonds			GO-Rev Debt Service	GO-Rev Coverage	2012 MTGO Debt Service ¹	Combined	
			Principal	Interest	Total				Debt Service	Coverage
2017	\$740,108									
2018	733,347	\$498,947	\$0	\$0	\$0	\$498,947	1.470	\$107,025	\$605,971	1.210
2019	733,347	499,092	150,000	206,625	356,625	855,717	0.857	107,488	963,205	0.761
2020	733,347	499,009	170,000	185,600	355,600	854,609	0.858	53,801	908,410	0.807
2021	733,347	498,699	175,000	178,700	353,700	852,399	0.860	0	852,399	0.860
2022	733,347	499,160	185,000	171,500	356,500	855,660	0.857	0	855,660	0.857
2023	733,347	499,369	190,000	164,000	354,000	853,369	0.859	0	853,369	0.859
2024	733,347	499,325	200,000	156,200	356,200	855,525	0.857	0	855,525	0.857
2025	733,347	499,028	205,000	148,100	353,100	852,128	0.861	0	852,128	0.861
2026	733,347	71,478	215,000	139,700	354,700	426,178	1.721	0	426,178	1.721
2027	733,347	71,478	225,000	130,900	355,900	427,378	1.716	0	427,378	1.716
2028	733,347	71,478	235,000	121,700	356,700	428,178	1.713	0	428,178	1.713
2029	733,347	71,478	240,000	112,200	352,200	423,678	1.731	0	423,678	1.731
2030	733,347	71,478	250,000	102,400	352,400	423,878	1.730	0	423,878	1.730
2031	733,347	71,478	265,000	92,100	357,100	428,578	1.711	0	428,578	1.711
2032	733,347	71,478	275,000	81,300	356,300	427,778	1.714	0	427,778	1.714
2033	733,347	71,478	285,000	70,100	355,100	426,578	1.719	0	426,578	1.719
2034	733,347	71,478	295,000	58,500	353,500	424,978	1.726	0	424,978	1.726
2035	733,347	0	310,000	46,400	356,400	356,400	2.058	0	356,400	2.058
2036	733,347	0	320,000	33,800	353,800	353,800	2.073	0	353,800	2.073
2037	733,347	0	335,000	20,700	355,700	355,700	2.062	0	355,700	2.062
2038	733,347	0	350,000	7,000	357,000	357,000	2.054	0	357,000	2.054
2039	733,347	0	0	0	0	0	n/a	0	0	n/a
2040	733,347	0	0	0	0	0	n/a	0	0	n/a
2041	733,347	0	0	0	0	0	n/a	0	0	n/a
2042	733,347	0	0	0	0	0	n/a	0	0	n/a
		\$4,635,931	\$4,875,000	\$2,227,525	\$7,102,525	\$11,738,456		\$268,314	\$12,006,770	

MADS: \$855,717
 Occurs in FY: 2019

MADS: \$963,205
 Occurs in FY: 2019

¹ Not secured by a lien upon the pledged revenues, but expected to be paid from these revenues after payment of the revenue secured bonds.

Exhibit 3 - Rates

Classification	Monthly Rates		
	Current	26% Increase	30% Increase
Single Family Property	\$ 4.38	\$ 5.52	\$ 5.69
Multi-Family Property	\$ 22.56	\$ 28.43	\$ 29.33
Public Property	\$ 24.64	\$ 31.05	\$ 32.03
Manufacturing Property	\$ 29.38	\$ 37.02	\$ 38.19
Commercial Property	\$ 31.51	\$ 39.70	\$ 40.96
Annual Revenue	\$ 1,380,992	\$ 1,740,273	\$ 1,794,509
Annual Revenue Increase		\$ 359,281	\$ 413,517
Available to Operating		\$ -	\$ 54,236
Available to Debt Service		\$ 359,281	\$ 359,281

Exhibit 4 - Schedule

\$4,875,000
Carson City, Nevada
Drainage Bonds, Series 2018
Financing Schedule Overview

<u>Date</u>	<u>Activity</u>
Early August 2017	Business Impact Statement
Mid September 2017	Board of Supervisors adopts first reading
Early October 2017	Board of Supervisors adopts second reading
Mid October 2017	*Board of Supervisors adopts DMC Notice Resolution
Early November 2017	Carson City Debt Management Commission adopts Approval Resolution
Mid November 2017	Board of Supervisors adopts Resolution of Intent (begin 90-day period)
Early January 2018	Board of Supervisors holds public hearing
Mid February 2018	90-day petition period ends; Board ready to adopt bond ordinance
Early March 2018	Board adopts bond ordinance
Mid March 2018	Bonds sold
Early April 2018	Funds from bond sale received

*The bonding process will proceed after rate implementation

