



Legislation Details (With Text)

File #: 21-0587 **Name:** Reimbursement resolution
Type: Resolution **Status:** Agenda Ready
File created: 12/22/2020 **In control:** City Council Legislative Meeting
On agenda: 1/26/2021 **Final action:**
Title: Consideration of a Resolution Declaring the Official Intent of the City of Alexandria, Virginia to Reimburse Itself for Certain Capital Expenditures from Proceeds of General Obligation Bonds.[ROLL-CALL VOTE]
Sponsors:
Indexes:
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Attachments: 1. 21-0587_Att 1 - Reimbursement Resolution, 2. 21-0587_Final Resolution

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 20, 2021
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:
 Consideration of a Resolution Declaring the Official Intent of the City of Alexandria, Virginia to Reimburse Itself for Certain Capital Expenditures from Proceeds of General Obligation Bonds.[ROLL-CALL VOTE]

ISSUE: Consideration of a resolution declaring the official intent of the City of Alexandria, Virginia to reimburse itself for certain capital expenditures from proceeds of general obligation bonds.

RECOMMENDATION: That City Council adopt this Resolution declaring the City’s intent to reimburse itself from the proceeds of future debt obligations for capital expenditures for certain projects paid or to be paid on a temporary basis with existing cash resources.

BACKGROUND: The proposed resolution declares the City intent to use on hand bond resources to make expenditures and then reimburse itself from the proceeds of future debt obligations for capital expenditures. These expenditures of up to \$120 million for projects already approved in the Capital Improvement Program in FY 2020 and FY 2021. The obligations are anticipated to finance projects for the Alexandria City Public Schools in the amount of \$90 million, projects related to city buildings and facilities in the amount of \$10

million and sewer infrastructure projects totaling \$20 million.

Prior to the end of the Fiscal Year, staff will return to City Council to request authorization for the issuance of General Obligation Bonds for capital projects approved in the FY 2020, FY 2021 and FY 2022 Capital Improvement Programs. It is expected that the actual authorization request and subsequent issuance will be sized to minimize borrowing costs and more closely align borrowing with project cash flow. Budget authority is needed to commence projects, but the vast majority of a projects cash is often not needed until a future date. Provided the City ultimately issues such bonds, the proposed resolution will allow the City to reimburse itself at the time of issuance from the proceeds of those bonds for these capital projects. Expenditures need to have occurred within 60 days in advance this declaration and bond proceeds must be obtained within 18 months of this declaration.

For the past several years, the City has utilized non-borrowed sources and utilize bond proceeds from prior years. This has enabled the City to delay borrowing for several years and avoid increased debt service impacts to the Operating Budget. This resolution will enable the City to delay borrowing while getting vital projects such as the new MacArthur Elementary School project underway.

In Fall 2019, City Council authorized issuance of general obligation bonds for the Potomac Yard Metrorail Station project and approximately half of the bonds needed for the FY 2020 CIP. At this time, ACPS is ready to proceed with the Douglas MacArthur capacity project, initial work related to the new high school and several smaller projects at John Adams and Francis Hammond. Several stormwater projects are also anticipated to be underway in the coming months.

There is no change to the authorization of capital projects previously approved by City Council. Projects which have been approved by City Council remain approved and many will need to be funded by general obligation bond proceeds. The bonds are currently planned to be issued in the Fall of 2021, pending City Council authorization.

This reimbursement resolution will enable staff to identify future bond proceeds as a potential funding source for the reimbursement of funds advanced by the City to pay certain costs of the projects described, prior to receiving bond proceeds. By passing a reimbursement resolution, the procurement process for projects can begin in a timely manner, while allowing the borrowing for projects to be more closely aligned with the final amount, scope, and timing of cash outlays required. By delaying the borrowing until Fall 2021, the City will reduce additional debt service costs for FY 2022.

DISCUSSION: The major categories and estimated maximum amounts covered by this resolution are described below:

- Schools and City Buildings and Parks - \$100 million

Construction, renovation, remodeling, repairing and improvement of new and existing City and School buildings and park facilities and acquisition of necessary land and equipment (includes projects contained in the capital improvement program under “Alexandria City Public Schools”, “Recreation and Parks”, “Public Buildings”, and “Information Technology Plan”).

- Infrastructure - \$20 million

Construction, renovation and improvement of City storm sewers and waterways and acquisition of necessary equipment (includes projects contained in the capital improvement program under “Community Development,” and “Storm water Management”).

FISCAL IMPACT: There is no direct fiscal impact from this resolution. The projects that are expected to be funded at this time have already been approved by City Council in the Capital Improvement Program. Debt service costs will be lower depending on the timing and structure of the bonds issued expected to be issued in FY 2022.

ATTACHMENT: Reimbursement Resolution authorizing use of future bond proceeds

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director of Finance

Morgan Routt, Director, Management and Budget

Arthur Wicks, Capital Improvement Program Analyst, OMB