

GENERAL

Ordinance Fact Sheet

180512

Ordinance Number

Brief Title

Authorizing an inter-fund borrowing to finance local match requirements on a flood control project (Swope Park Industrial Area Flood Reduction Project) constructed by the United States Army Corps of Engineers, and to authorize payment of the local funds to the Corps.

Reason

Authorizing an inter-fund borrowing to finance local match requirements on a flood control project (Swope Park Industrial Area Flood Control Project) constructed by the United States Army Corps of Engineers, and to authorize payment of the local funds to the Corps.

Reason for Legislation

Authorizing the Director of Finance to enter into an inter-fund borrowing agreement with the Kansas City Water Services Department in order to provide local matching funds for a flood control project being constructed by the United States Army Corps of Engineers ("Corps") pursuant to a Project Partnership Agreement ("PPA"), establishing Fund Number 3321, the 2018 Flood Control Fund, appropriating \$9.1 million from the unappropriated fund balance of Fund Number 8010, the Water Fund, estimating revenues and appropriating \$9.1 million in Fund Number 3321, the 2018 Flood Control Fund; authorizing the Director of Water services to expend up to \$6.1 million towards the PPA; designating requisitioning authority; declaring the intent of the City to reimburse itself from bond proceeds for certain expenditures; authorizing the Director of Finance to close project accounts, and recognizing this ordinance as having an accelerated effective date.

Discussion (explain all financial aspects of the proposed legislation, including future implications, any direct/indirect costs, specific account numbers,

Background:

Ordinance No. 030886, passed on August 28, 2003, authorized the City to enter into a \$1,000,000 cost-share Design Agreement with the Corps for the provision of engineering and design services in connection with the Swope Park Industrial Area Flood Reduction Project. Ordinance No. 081208, passed on December 18, 2008 authorized an amendment to the 2003 Design Agreement for an additional \$100,000.00.

Ordinance No. 110013, passed on January 13, 2011, authorized a Memorandum of Agreement to the Design Agreement to allow the Corps to design an access betterment to Swope Park Industrial Area Flood Reduction Project at a cost of \$800,000.00.

Ordinance No. 110283, passed on April 21, 2011, authorized the Director of Water Services to enter into a PPA for the purpose of constructing a flood damage reduction project in the Swope Park Industrial Area.

The Swope Park Industrial Area Flood Reduction Project will construct a levee to provide protection to the Swope Park Industrial Area from flooding from the Blue River. The Swope Industrial Area Project will include the relocation of a City-owned pump station and adjacent sanitary lines in order to build the levee. The current vehicular access to the Swope Industrial Area Project is frequently blocked by trains. A supplemental project will include the construction of a flyover bridge which will allow businesses to have access to the Industrial Area and eliminate the at-grade railroad crossing.

Pursuant to the PPA, the Corps has requested \$6,100,000.00 in local match on or before August 1. An additional \$3 million is for relocation of utilities, re-design of a flyover bridge and construction of a western embankment ("Additional Improvements"). All of the Additional Improvements are the responsibility of the City to complete. The departments of Finance and Water Services of the City of Kansas City, Missouri, will enter into a Memorandum of Understanding ("MOU") wherein the Water Fund will loan available proceeds to fund the requested local match.

Sponsor	Randall J. Landes, Director of Finance Terry Leeds, Water Services Department
Programs, Departments, or Groups Affected	Finance Department Water Services Department
Applicants / Proponents	Applicant City Department Finance Department Other
Opponents	Groups or Individuals None Known Basis of opposition
Staff Recommendation	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against Reason Against
Board or Commission Recommendation	By <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken <input type="checkbox"/> For, with revisions or conditions (see details column for conditions)
Council Committee Actions	<input type="checkbox"/> Do pass <input type="checkbox"/> Do pass (as amended) <input type="checkbox"/> Committee Sub. <input type="checkbox"/> Without Recommendation <input type="checkbox"/> Hold

(Continued on reverse side)

Details

The loan is expected to have a term of two and one-half years and the agreed interest rate is 2.75%. Principal payments are expected to be reimbursed through proceeds of general obligation bonds between 2020-2021 under the general obligation bond authorization question #2, approved by voters on April 4th, 2017, relating to flood control projects. Interest payments will be paid from general municipal revenues as federal tax law does not allow for the reimbursement of carrying costs of funds expended prior to issuance.

Is it good for the children?
Yes.

How will this contribute to a sustainable Kansas City?
The local financial support to this federal flood control project will greatly benefit the current and future citizens of Kansas City, Missouri and protect property from potential floodwaters.

Policy/Program Impact

Policy or Program Change	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
Operational Impact Assessment	

Finances

Cost & Revenue Projections -- Including Indirect Costs	Based on an agreed upon interest rate of 2.75% the cost of the MOU will be as follows: Par Amount: \$ 9,100,000.00 Avg. Annual Debt Service: \$ 4,810,677.09 Total Debt Service: \$ 9,621,354.17
Financial Impact	
Fund Source (s) and Appropriation Account Codes	Debt service is anticipated to be covered by appropriation of general municipal revenues.

(Use this space for further discussion, if necessary)

Applicable Dates:

Fact Sheet Prepared by:

Name: Dan Grandcolas Date July 6, 2018
Title: Public Finance Manager

Reviewed by:

Name: Douglas Buehler Date July 6, 2018
Title: City Treasurer

Reference Numbers