AUSTIN CITY COUNCIL

AGENDA



Recommendation for Council Action

Austin City Council	**Item ID**	9392	**Agenda Number**	13.
Meeting Date:	9/12/2011	**Department:**	Budget Office	

Subject

Approve a resolution declaring the City of Austin's official intent to reimburse itself from the proceeds of tax-exempt obligations to be issued through October 2012 for acquisition, construction, relocation, and rehabilitation costs in an aggregate maximum principal amount of $250,000,000 related to Fiscal Year 2011-2012 Austin Water Utility Capital Improvement Projects.

Amount and Source of Funding

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Greg Canally, Deputy Chief Financial Officer, 974-2609
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

The Austin Water Utility requests approval, in accordance with Federal Treasury Regulations, of an Official Declaration of Intent to Reimburse acquisition and construction costs of the FY 2011-2012 Capital Improvement Projects. The Austin Water Utility reasonably expects to incur debt as one or more series of obligations through October 2012, with an aggregate maximum principal amount equal to $250,000,000 for the purpose of paying for costs incurred from October 1, 2011 through October 31, 2012, which are associated with Austin Water Utility Capital Improvement Projects. All costs to be reimbursed will be capital expenditures within the meaning of Section 1.103-18(c)(2)iii of the Treasury Regulations.

A city must have budgeted for and provided a source of funds in order to enter into a contract. For the City to spend money today, but reimburse itself from the issuance of debt obligations in the future, a reimbursement resolution is required by state and federal law. The resolution must contain certain information and is generally drafted by bond counsel to protect the tax-exempt status of the future issuance. The resolution must be passed not more than 60 days after the date that the cost to be reimbursed is paid. Failure to adopt a qualified declaration of official intent will prohibit the City from reimbursing the cost with the proceeds of tax exempt obligations. Reimbursement bonds generally must be issued no later than 18 months after the later of, the date the expenditure was made, or the date that the project, with respect to which the expenditure was made, is placed in service.

WATER SYSTEM

FUND	DESCRIPTION
3840	Provide for the site purchase, design and construction of mains, treatment and storage facilities for Water Treatment Plant 4.
3900	Improvements to the water system in the south and southeast areas of the city.
3960	Improvements to and expansions of the waterworks system and facilities.
3980	Acquisition of land including fee title and easements in the Barton Springs Contributing and recharge zone to provide for the conservation and to maintain the safety and quality of a part of the City's water supply.
4200	Improvements and extensions to the City's waterworks system (improve, upgrade and replace existing facilities).

WASTEWATER SYSTEM

FUND	DESCRIPTION
4530	Improvements to and expansions of wastewater system and facilities.
4570	Improvements to and expansions of the sanitary sewer system and wastewater facilities. .

RECLAIMED WATER SYSTEM

3990	Improvements to and expansions of the reclaimed water system.