



City of Coral Gables
CITY COMMISSION MEETING
July 22, 2014

ITEM TITLE:

A Resolution of the City of Coral Gables, Florida authorizing the negotiation of a loan in a principal amount not to exceed \$3,800,000 from the Sunshine State Governmental Financing Commission; to finance certain capital improvements related to the sewer system; approving the execution and delivery of a loan agreement; providing certain other matters in connection with the making of such loan.

DEPARTMENT HEAD RECOMMENDATION:

Approval.

BRIEF HISTORY:

The City is presently seeking ways to finance the costs of sewer system improvements, consisting of the following improvements:

(i) **Citywide Inflow and Infiltration Abatement (\$1.5 Million)**- This project has the objective of reducing the amount of rain and ground water that enters the City's sanitary sewer system as required by DERM and Florida Department of Environmental Protection Regulations. It is anticipated that by implementing this program, the occurrence of sanitary sewer overflows, which adversely affects the environment and public health, will be reduced. The project proposes to rehabilitate deteriorated sanitary sewer systems within the City which have an average age of over 50 years. In 2012 the City of Coral Gables performed its Sanitary Sewer Evaluation Survey (SSES), as required by the County Code, and it was determined that a total of 7 sanitary sewer basins were out of compliance with regulatory Inflow and Infiltration limits. As such, the City took immediate action and performed rehabilitation work in two of the seven basins (Lugo and San Pedro) and as a result brought the two basins into compliance. The five remaining basins require extensive work and are relatively large. They include the area of downtown Coral Gables (City 2 Basin), the area near Merrick Park (City 5 Basin), Coco Plum (Coco Plum 1 Basin), Sunrise basin and the area just north of Sunset Drive but south of US-1 (F Basin). As per DERM and FDEP regulations, all basins must be in compliance prior to November of 2016, or otherwise risk being placed into moratorium. The result of these sewer basins going into moratorium includes the prohibition of any new sewer connections/allocations in the basin, essentially halting all future development and

(ii) **Volume Sewer Costumer Ordinance Amendment (\$2.2 Million)**- This project has the objective of the implementation of the proposed Volume Sewer Customer Ordinance Amendments under the Miami-Dade County Consent Decree. Miami-Dade County signed a new Consent Decree with the FDEP, USEPA and the US Department of Justice requiring the County to make changes to its sanitary sewer operating practices in order to insure compliance with State and Federal codes for the operation of sanitary sewer collection systems. The City as part of the Volume Costumer Service has to comply with all Ordinance amendments.

Due to favorable market conditions, the City has the opportunity to finance the above-described projects through the Sunshine State Governmental Financing Commission ("SSGFC"). After a competitive solicitation by Public Financial Management (PFM), in its capacity as the financial advisor to the SSGFC, a proposal was received from JPMorgan Chase Bank, N.A. ("JPMorgan") with the best terms and conditions. JPMorgan proposed an interest rate of not to exceed 2.50%. Please see attached Recommendation Memorandum from Public Financial Management with a summary of the terms. PFM recommends the City move forward with the transaction at this time.

On June 2, 2014 the Sunshine State Governmental Financing Commission approved a Resolution authorizing the City to move forward with the issuance of not exceeding \$3,800,000 of revenue bonds to undertake the above described capital improvements. Pending approval by the City Commission, the loan would be scheduled to close on or about August 30, 2014.

APPROVED BY:

Department Director	City Attorney	City Manager

ATTACHMENT(S):

1. PFM Letter of Recommendation
2. Proposed Resolution