



To: Members of Dublin City Council
From: Dana L. McDaniel, City Manager
Date: February 8, 2022
Initiated By: Matthew L. Stiffler, Director of Finance
Re: Ordinance 03-22 – Amending the Annual Appropriations for Fiscal Year Ending December 31, 2022 (Q1 – Deer Run Force Main and Lift Station Project – Debt Financing)

Summary

Ordinance 03-22 amends the annual appropriations for the fiscal year ending December 31, 2022 Summary to provide supplemental funding for debt financing the Deer Run Force Main and Lift Station Project previously approved in the City's prior 2021 – 2025 Capital Improvements Program (CIP) as the Deer Run Sanitary Sewer – Group #1 Project (ES-179).

This project, which includes installing approximately 12,750 linear feet of 16-inch force main (sanitary sewer) and a wet-weather sanitary pump station (lift station), was recommended in the Deer Run Sewer Modeling Report (2012). The lift station will be located on the existing sanitary sewer alignment near Deer Run and west of the Dublin Road right-of-way on property formerly owned by the Muirfield Village Golf Club (MVGCC). The force main will be located along Dublin Road between Deer Run and Emerald Parkway. Project design began in 2019 and was substantially completed by the end of 2021. The resolution accepting the lowest and best bid for construction of the project is planned for Council's approval during the February 28, 2022 meeting. The lowest and best bid was submitted by Elite Excavating Company for \$4.98 million.

Funding History

Based on the 2020-2024 CIP, the construction of the Deer Run Sanitary Sewer Project – Group #1 was estimated to be \$2.92 million. In 2020, the City issued \$3 million in debt for the project as reflected in the amounts below. In order to provide \$5 million for construction of the referenced project as efficiently as possible, staff reviewed the bond proceeds remaining in the Sewer Construction Fund (Fund 623). Staff determined the funding listed below is available for use in funding the Deer Run Sanitary Sewer – Group #1 Project as the projects associated with those funds have been completed. By utilizing remaining funds from earlier sewer bond issues, the City will minimize the additional amount of debt issuance needed for this project.

Deer Run Sanitary Sewer – Group #1 Project Funding

Funding	Amount Available
2020 Bonds - Deer Run Upsizing	\$3,000,000
2020 Bond Interest	\$32,934
2017 Bonds/Interest Remaining	\$5,030
2018 Bonds/Interest Remaining	\$343,206
2020 Bonds/Interest Remaining	\$624,116
2022 New Debt Issuance	\$1,000,000
Total Available for Project	\$5,005,286

Budget Impact

- \$5.0 million appropriated in Fund 623 for project construction;
- \$1.0 million appropriated in Fund 620 for advance (if needed);
- \$1.0 million appropriated in Fund 623 for repayment of advance to Fund 620 from bond proceeds (if advance made).

Increasing Construction Costs on the Sewer Fund

As witnessed over time with the Deer Run Sanitary Sewer - Group #1 Project, construction cost projections have increased from \$2.7 million in the 2017-2021 CIP to the current bid of \$5 million. This increase and any additional increases in debt funded sewer construction projects approved in future years in the 2022 – 2026 Capital Improvements Program will create additional upward pressure on sanitary sewer rates.

Last August during the CIP process, staff reported to City Council that a 4.0% sewer rate increase would be necessary each year during 2022 through 2026 to cover the increasing cost of sewer maintenance, operations and debt service. Those calculations did not include the additional debt service costs associated with this project. It is anticipated that issuing \$1 million in additional debt for the Deer Run Sanitary Sewer Project – Group #1 will add approximately \$80,000 to the City's annual debt service payments in the Sewer Fund. Sanitary sewer rate increases will continue to be evaluated during the upcoming 2023-2027 CIP review based on the increasing costs of sewer construction and debt service.

Recommendation

Staff recommends City Council approval of Ordinance 03-22, amending the Annual Appropriations for the Fiscal Year Ending December 31, 2022, at the second reading and public hearing of the Ordinance on February 28, 2022.

RECORD OF ORDINANCES

Ordinance No. 03-22 Passed _____, 20____

AN ORDINANCE AMENDING THE ANNUAL APPROPRIATIONS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2022

WHEREAS, the Ohio Revised Code requires, when necessary, amendments to the annual appropriations ordinance be made in order that appropriations are not over expended; and

WHEREAS, it is necessary to amend the annual appropriations ordinance to provide funding in certain budget accounts; and

WHEREAS, at the beginning of each year, it is necessary to appropriate unencumbered balances in various funds to authorize those funds for debt payments, project-related expenditures and other miscellaneous expenses; and

WHEREAS, if any funding is appropriated herein to provide for transfers or advances for debt service, the debt transfer is also authorized as a part of this ordinance.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Dublin, State of Ohio, _____ of the elected members concurring, that:

Section 1. There shall be appropriated from the unappropriated balance in the Sewer Construction Fund the total amount of \$5,000,000 in account 62380320-735008 for the purpose of funding the Deer Run Force Main and Lift Station Project (project ES179).

Section 2. There shall be appropriated from the unappropriated balance of the Sewer Fund the total amount of \$1,000,000 which will be advanced to the Sewer Construction Fund for the Deer Run Force Main and Lift Station Project if needed. The advance will be repaid upon receipt of bond proceeds (for a net neutral financial impact to the Sewer Fund). If the need does not arise, this advance will not be made.

<u>Sewer Fund</u>			
62097290-742000	Advances - Out	\$	1,000,000
62397290-742000	Advances – Out (repayment)	\$	1,000,000

Section 3. This ordinance shall take effect and be in force in accordance with Section 4.04(a) of the Dublin Revised Charter.

Passed this _____ day of _____, 2022.

Mayor – Presiding Officer

ATTEST:

Clerk of Council