



1 City of Racine, Wisconsin
2 COMMON COUNCIL

3 **AGENDA BRIEFING MEMORADUM (ABM)**

4 **COMMITTEE:** Waterworks Commission **LEGISLATION ITEM #**

5 **AGENDA DATE:** December 15, 2020

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7 **DEPARTMENT:**

8 **Prepared By:** Keith Haas, General Manager

9 **Reviewed By:** Mike Gitter, Chief of Operations

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11 **SUBJECT:**

12 **Execute a Water Revenue Bond issue to pay for various Capital Improvement projects approved in the**
13 **2021 Water CIP**

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15 **EXECUTIVE SUMMARY:**

16 **From time to time the Utility must issue revenue bonds to pay for capital improvement projects**
17 **approved by the Racine Common Council. The Bonds would be issued by the City as the Water Utility**
18 **is a department of the City. The City uses Baird as its bond counsel. The Interim City Administrator**
19 **Kathleen Fischer has signed off on some documents for this issuance already**

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21 **BACKGROUND & ANALYSIS:**

22 **The 2021 CIP included several projects that need capital borrowing. The Water Utility received new**
23 **rates in 2020 specifically for the purpose to be able to borrow for these necessary projects. The Public**
24 **Service Commission has approved several of these projects already through their approval process.**
25 **Almost all of these projects will add to the PILOT p[ayments that the City revenues when these**
26 **assets are placed on the books in the 2021 audit. A few of the necessary Water mains are related to**
27 **the TID #5 project in Mount Pleasant and these will be constructed in Racine City limits resulting in**
28 **PILOT payments to the City General Fund for many years to come. A large portion of this borrowing**

29 (deficiencies) will be paid for by the Village of Mount Pleasant as spelled out in a 2018 water
30 amendment negotiated by Mayor Mason and Alderman John Tate II

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32 **BUDGETARY IMPACT:**

33 The borrowing will be \$20,000,000. The rate case recently approved by the PSC will provide sufficient
34 revenues to pay back the bonds. In addition, Mt Pleasant will be paying back a large portion of the
35 bonds as a result of the 2018 intergovernmental agreement signed in 2018 between the City and the
36 Village. Funding for the 2020 Washington Avenue water main will be refunded in this borrowing and
37 a comfort resolution will be passed to make this possible as that project was added to the CIP in 2019
38 and the ability to fund it did not exist and limited reserves were advanced to pay for it along with a
39 loan provision from City Hall approved by the Common council

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41 **OPTIONS/ALTERNATIVES:**

- 42 1.) These approved projects are necessary fo the Utility to function for years to come
- 43 2.) The Utility is bound by agreement to finish off the TID#5 water mains by agreement
- 44 3.) The Perry Avenue roof is in structural failure after 90 years of service
- 45 4.) The Variable frequency Drives at the Water treatment plant are in need of replacement or
- 46 treating water on a daily basis is at risk

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48 **RECOMMENDED ACTION:**

49 The bond issue should be approved and advanced to the Racine Common Council via the Racine
50 Finance and personnel Committee so that funds could be available in February 2021 to advertise for
51 2021 water main construction

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53 **ATTACHMENT(S):**

- 54 1.)