



CITY OF WASHINGTON, ILLINOIS Committee of the Whole Agenda Communication

Meeting Date: July 14, 2022

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Agenda Item: Stormwater Project Priorities

Explanation: TWM has finalized the stormwater assessment and management report. On the last page of the report, they have a list of projects they identified totaling just over \$26 million.

Council asked that staff bring back priorities for different funding levels. Staff has assembled project lists for funding amounts of \$5 million, \$8 million, and \$13 million if Council wanted to bond for projects.

All three funding levels start with a detention basin on the City's 223 property. We would not need to acquire any ROW for this project and it could be done prior to or in association with any work on the 223 property or a Nofsinger realignment project. This could drastically reduce flows in the upper portion of the tributary and could change the aesthetics of the 223 property to increase its marketability.

\$5 Million

The basin north of Cruger at Dallas is estimated at slightly more than \$5 million, so additional funds would need to be budgeted.

\$8 Million

With the basin north of Cruger/Dallas constructed, the next staff priority would be to reduce the tributary flows through Washington Estates. If the land could not be acquired for a basin, then the channel through Washington Estates should be reconfigured to manage the flows and potentially decrease flows south of Business 24. With the potential reconstruction of Catherine being needed soon after Hilddale, staff also recommends the storm sewer southeast of the Square project to accommodate the storm sewer that will be added during any Catherine project.

\$13 Million

The remaining \$5 million in the budget can be used on the priority list assembled by TWM. Staff would recommend two detention projects to enlarge/reconfigure the outfall of the basin northwest of Patricia and to add detention at the south edge of Washington Park before beginning on an addition of more storm sewer in the remaining projects.

None of these projects are fully designed. Design for the projects could approach 10% of the project cost but would likely be much cheaper for detention projects.

Fiscal Impact: Staff budgeted for a stormwater study project but could use these funds to begin design on any level of project funding necessary.

Recommendation Summary: Discussion on the stormwater priority projects and funding options.

Project	Location	Cost	Funding Level		
			5 Million	8 Million	13 Million
Regional A	Detention located north of the Dallas and Cruger intersection	\$5,200,000	\$5,200,000	\$5,200,000	\$5,200,000
Regional C or Alt 1	Detention NW of Elgin or Channel Improvements	\$924,000		\$924,000	\$924,000
Project K	High, Cedar, Catherine, Holland Storm Sewer	\$1,900,000		\$1,900,000	\$1,900,000
Project E	Enlarge Detention NW of Patricia	\$450,000			\$450,000
Regional D	Detention in Washington Park	\$134,000			\$134,000
Project L	Walnut and Adams Storm Sewer	\$1,300,000			\$1,300,000
Project C	Grandyle Relief Sewer	\$700,000			\$700,000
Project B	Northridge backyard storm sewer	\$1,200,000			\$1,200,000
Project U	Locust Street Storm Sewer	\$300,000			\$300,000
Project A	Meadowview Storm Sewer	\$600,000			\$600,000
			\$5,200,000	\$8,024,000	\$12,708,000

City of Washington

Estimated funding available for capital projects

- The following table shows estimated annual debt service under various project fund amounts over a 20-year period of time (\$5 million, \$8 million and \$13 million). The analysis is based on the following assumptions:
 - 1x revenue coverage with full leveraging of the indicated revenue stream.
 - Tax-exempt interest rates as of June 29, 2022, assuming underlying issuer credit rating of “A+” or “AA-” with “AA” rated bond insurance.
 - Available proceeds are net of all issuance costs such as legal counsel, underwriting fees, credit rating costs, etc. We’ve assumed issuance costs at 1.5% of the financing amount (approximates: \$80,000 for \$5 million scenario, \$125,000 for \$8 million, and \$195,000 for \$13 million scenario).
 - Available proceeds are net of the bond insurance policy premium estimated at 0.4% of gross debt service.
- Mesirow will tailor a specific financing solution for Washington based on the City’s specific needs and objectives. Our goal is always to identify and source the lowest-cost capital for our clients within the constraints of their funding requirements.

Sample Capital Funding Available Under Various Repayment Criteria

	20-Year Level Annual Repayment	Estimated Interest Rate
	Approximate Annual Debt Service Commitment	
\$5 Million Project Fund	\$381,000	4.10%
\$8 Million Project Fund	\$610,000	4.10%
\$13 Million Project Fund	\$990,000	4.10%

Results are preliminary and subject to change based on market conditions and other factors.

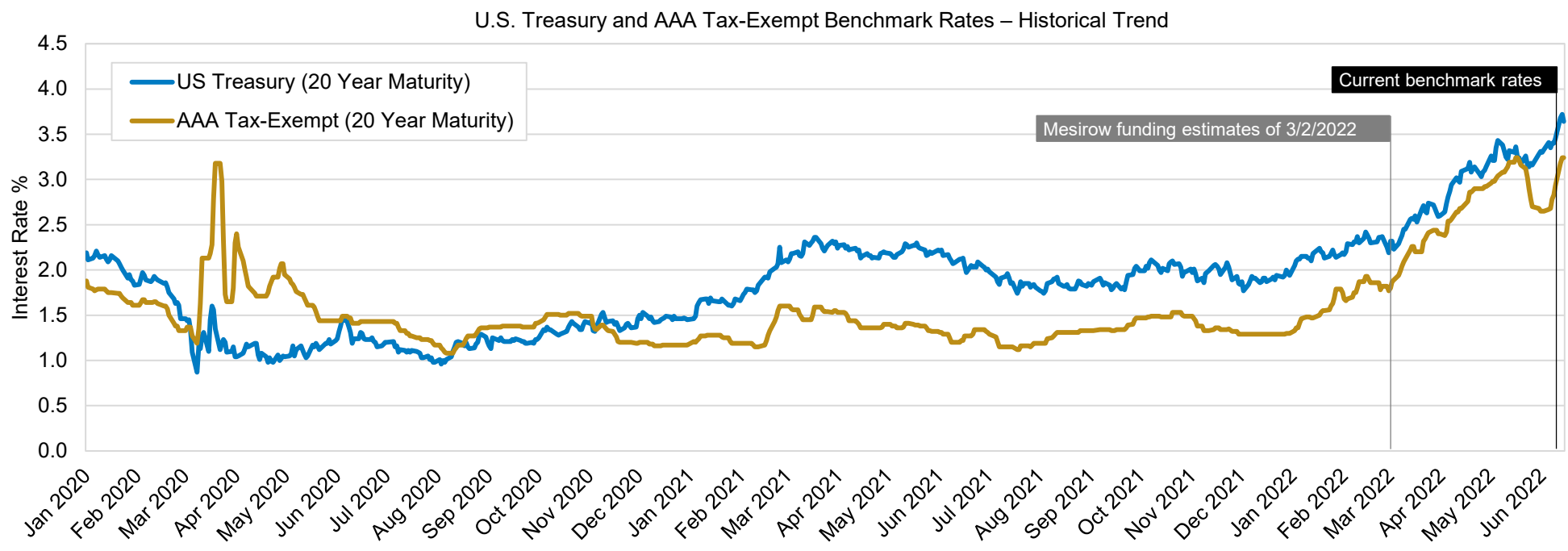
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Interest rates trended upward during the first half of 2022, but there have been recent signs of some stabilization

- US Treasuries serve as the 'AAA' benchmark for taxable interest rates; the MMD Index is the 'AAA' benchmark equivalent for tax-exempt rates. A municipal issuer's bonds trade at a market-determined credit spread above the applicable Treasury or MMD benchmark. **The illustration below shows historical changes in Treasuries/MMD (20-year maturity).**
- March 2020 saw a relative low point as US Treasuries served as a safe-haven investment during COVID-19. At the same time, it was a relative high point for munis as investors sold bonds to increase liquidity. Federal Reserve action, inflation, Russia/Ukraine war, and other supply/demand dynamics have pushed both taxable and tax-exempt yields notably higher in recent months.



Data Sources: The Municipal Market Monitor (TM3) and the U.S. Department of Treasury - Daily Treasury Yield Curve Rates