

220
City of Las Cruces[®]
 PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 14 Ordinance/Resolution# 12-103

For Meeting of _____
 (Ordinance First Reading Date)

For Meeting of December 19, 2011
 (Adoption Date)

TITLE: A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES TO ACCEPT AWARDED FUNDING FROM THE NEW MEXICO FINANCE AUTHORITY'S WATER TRUST BOARD IN THE AMOUNT OF \$100,620.00 WITH A MATCH REQUIREMENT OF \$11,180.00 AND A LOAN COMPONENT OF \$11,180.00 AND TO ADJUST THE FY 2012 BUDGET.

PURPOSE(S) OF ACTION:

To accept funds and adjust budget.

COUNCIL DISTRICT: ALL		
<u>Drafter/Staff Contact:</u> Elizabeth Vega	<u>Department/Section:</u> Finance/Grants	<u>Phone:</u> 575-541-2717
<u>City Manager Signature:</u>		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The City of Las Cruces received an award agreement from the New Mexico Finance Authority's Water Trust Board which outlined that funds were granted for plan and design efforts with regards to the Burn Lake's Water Storage, Conveyance and Delivery Long-Term Plan. The plan and design funds may only be used for contracting of services related to plan and design of pump placement and outline the regulating and measurement equipment necessary to run the pumps efficiently. Once the plan and design phase is complete, the City of Las Cruces may apply for additional funds from the Water Trust Board to assist in completing the project.

The entire project includes the City's collaboration with the El Paso Water Board and the Elephant Butte Irrigation District (EBID) to improve the quality of water and the quality of recreational opportunities surrounding Burn Lake. Pumps will be installed so that Burn Lake can better be utilized as a regulating reservoir, making it easier for the City and EBID to regulate storm water runoff, operational spills, and irrigation water.

SUPPORT INFORMATION:

1. Resolution.
2. Exhibit "A", Award Letter.
3. Exhibit "B", Budget Adjustment.

(Continue on additional sheets as required)

SOURCE OF FUNDING:

Is this action already budgeted?	Yes	<input type="checkbox"/>	See fund summary below
	No	<input checked="" type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from:
		<input checked="" type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?	Yes	<input checked="" type="checkbox"/>	Funds will be deposited into this fund: <u>2760 State Operating Grant Fund</u> in the amount of <u>\$100,620.00</u> for FY 2012.
	No	<input type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE

The City of Las Cruces was awarded \$111,800 through the New Mexico Finance Authority's (NMFA) Water Trust Board program (\$100,620 grant and \$11,180 loan), with an \$11,180 required match. The loan component is over a twenty-year term and at a zero percent (0%) interest rate secured by Net System Revenues. MUNIS accountability for the loan component is still being determined. The loan will be paid out of Fund 3270 (05 GRT DS) secured for the Burn Lake Project from a 2005 Bond measure. Repayment of loan will begin in FY 2013. Reimbursement requests from the City to NMFA will drawdown from each of the two accounts (grant and match) at the same percentage rate as the loan payments are made.

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Fund in Current FY	Remaining Funds	Purpose for Remaining Funds
State Operating Grant Fund	27226010-722190-60306	\$100,620.00	\$100,620.00*	\$0.00	N/A
05 Public Improv. (match)	40123040-854222-61R02	\$11,180.00	\$355,292.00	\$344,112.00*	Burn Lake Project completion

*pending adjustment

OPTIONS / ALTERNATIVES:

- Vote "Yes"; this will authorize the City of Las Cruces to accept the grant award from the NMFA's Water Trust Board and obligate the loan. It will also adjust the FY 2012 budget.
- Vote "No"; this will prevent the City of Las Cruces from receiving plan and design funds for the Burn Lake Project.

(Continue on additional sheets as required)

3. Vote to "Amend"; this could affect the agreement between the City of Las Cruces and the NMFA's Water Trust Board.
4. Vote to "Table"; this not an option, as funding has already been allocated.

REFERENCE INFORMATION:

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

1. Resolution No. 11-122

(Continue on additional sheets as required)

RESOLUTION NO. 12-103

A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES TO ACCEPT AWARDED FUNDING FROM THE NEW MEXICO FINANCE AUTHORITY'S WATER TRUST BOARD IN THE AMOUNT OF \$100,620.00 WITH A MATCH REQUIREMENT OF \$11,180.00 AND A LOAN COMPONENT OF \$11,180.00 AND TO ADJUST THE FY 2012 BUDGET.

The City Council is informed that:

WHEREAS, the New Mexico Finance Authority's (NMFA) Water Trust Board has awarded the City of Las Cruces a grant as shown through Exhibit "A" and attached hereto, in the amount of \$100,620.00 and a loan agreement in the amount of \$11,180.00; and

WHEREAS, the loan portion is entered into at a zero percent (0%) interest rate over twenty years; and

WHEREAS, the grant requires a match in the amount of \$11,180.00 that exists within the budget for the Burn Lake Project; and

WHEREAS, the grant funds, loan, and match are to be used solely for plan and design of the pump and regulating equipment installation of the Burn Lake Project in accordance with the award agreement; and

WHEREAS, the grant funds and match will be drawn down at the same percentage rate as the loan is repaid for reimbursement purposes.

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT the City of Las Cruces is authorized to accept the awarded grant and loan agreement from the NMFA's Water Trust Board for a total of \$111,800.00 with a City match requirement of \$11,180.00.

(II)

THAT the FY 2012 Adopted Budget is hereby adjusted as reflected in Exhibit "B" attached hereto and made a part of this resolution.

(III)

THAT City staff is hereby authorized to do all deeds as necessary in the accomplishment of the herein above.

DONE AND APPROVED this ____ day of _____, 2011.

APPROVED:

Mayor

ATTEST:

City Clerk

(SEAL)

Moved by _____

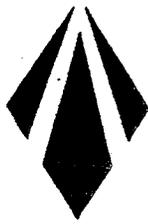
Seconded by _____

VOTE:

Mayor Miyagishima:	_____
Councillor Silva:	_____
Councillor Smith:	_____
Councillor Pedroza:	_____
Councillor Small:	_____
Councillor Sorg:	_____
Councillor Thomas:	_____

APPROVED AS TO FORM:

[Signature]
City Attorney

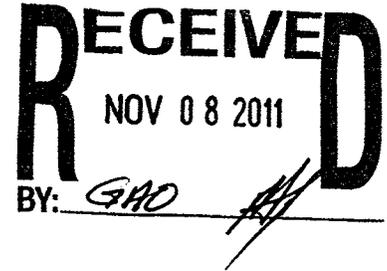


NEW MEXICO²²⁵
FINANCE AUTHORITY

EXHIBIT "A"
CCFI

November 2, 2011

Ken Miyagishima
Mayor, City of Las Cruces
PO Box 20000
Las Cruces, New Mexico 88004



RE: Elephant Butte Irrigation District flood prevention, WTB-0235

Dear Mayor Miyagishima,

The Board of Directors of the New Mexico Finance Authority ("NMFA") met on October 27, 2011 to approve the final terms, structure and conditions of the Water Project Funding to the City of Las Cruces – for its Flood prevention project. This is a result of the Water Trust Board conditional approval on September 28, 2011. The approved funding structure requires a 10% loan component in the amount of \$11,180 with a 20 year term at a net effective interest rate of .25% (0% interest rate with an administrative fee component of ¼ of 1%) and 90% grant in the amount of \$100,620.

The loan issued will be subordinate to the entity's existing debt, be structured without an additional bonds test and provide for hardship waivers of annual principal payments as determined by the Department of Finance and Administration.

The loan and grant are to be used by the City of Las Cruces for plan and design for regulating the reservoir of the Elephant Butte Irrigation Districts' water distribution system.

To secure the loan/grant agreement the following Readiness to Proceed items must be submitted by **December 28, 2011**.

Submission of Readiness to Proceed items:

This funding is conditional and the following Readiness to Proceed items, as applicable, must be submitted before the loan/grant agreement can be scheduled to close:

1. Current open meetings act resolution;
2. Copy of detailed cost estimates for project;
3. A monthly draw-down schedule of project expenditures;
4. Verification of 10% match requirement in the amount of \$11,180 (Items that may be submitted to fulfill this include signed funding agreements, and minutes of the board meeting in which action was taken to authorized the monies and the match component. The match requirement is separate from the loan component.);

207 Shelby Street
Santa Fe, NM 87501
505-984-1454

1-877-ASK-NMFA * Main Fax: 505-992-9635
Accounting Fax: 505-992-9640 * www.nmfa.net

COPY



226
NEW MEXICO
FINANCE AUTHORITY

5. All contingencies must be satisfied by **December 28, 2011**;
6. Any additional information may be requested by the NMFA or the Water Trust Board

An additional service that NMFA has added to the WTB process is project oversight with the New Mexico Environment Department Construction Programs Bureau (if applicable). I will continue to be your contact as the project develops.

If you have any questions or need further assistance, please contact me at 505-992-9648 or by e-mail at aquintana@nmfa.net. I look forward to working with you.

Sincerely,

Angela Quintana
Program Administrator

Enclosed: New Mexico Finance Authority Board Approval write-up

Cc: Augie Henry, City of Las Cruces
Zach Dillenback, Financial Analyst, NMFA

**City of Las Cruces
Water Storage, Conveyance and Delivery
Water Trust Board**

Application #: 112

235-WTB

A. EXECUTIVE SUMMARY

1. **Applicant:** City of Las Cruces
Dona Ana County
2. **NMFA Analyst:** Santiago Chavez
3. **Loan Description:**
 90% Grant: Water Project Fund grant in the amount of \$100,620
 10% Loan: Water Project Fund loan in the amount of \$11,180 with a 20-year term at a 0% interest rate secured by Net System Revenues
 10% Match: \$11,180
4. **Policies:** Compliance with NMFA & WTB Project Management
 Yes No
5. **Recommendation:** NMFA Staff Recommends approval.

B. PROJECT

1. **Project Background:**

The City of Las Cruces has applied for funding to install pumps on the Elephant Butte Irrigation District water distribution system which will allow the City's Burn Lake to be utilized as a regulating reservoir. Pumps installed on the Mesilla Drain and Burn Lake will allow the district to regulate storm water runoff, operational spills and irrigation water. Additionally, pumps, measuring equipment and erosion control measures will be implemented at the shoreline of Burn Lake. This project will be completed in partnership with the Elephant Butte Irrigation District which is part of a larger partnership that includes the El Paso Water Services Board. The project will create additional storage capacity for storm and runoff water, remove standing water from fields and urban areas, create an ability to release excess water downstream and benefit the City's residents and farmers.

2. **Timing:** Project will begin in 9/2011

3. **Total Estimated Project Cost:**

SOURCES:	NMFA WTB Grant - 90%	\$100,620
	NMFA WTB Loan - 10%	\$11,180
	Local Funds	\$84,247
	Total Sources	\$196,047
USES:	Water Project Fund	\$111,800
	Other Public Funds	\$84,247
	Total Uses	\$196,047

4. OSE Water Rights Verification:

YES

NO

N/A

5. Consulting Professionals

Engineer / Architect:
Appraiser:

City of Las Cruces

Legal Counsel:

City of Las Cruces

N/A

Financial Advisor:

N/A

C. FINANCING

1. Financial Analysis

Section 2.4 of the Water Trust Board Project Management Policies requires that non-tribal applicants supported by rate-paying constituents undertake a loan for 10%-40% of the Water Project Fund assistance, based on their ability to handle debt. Using a three year average of net revenues available for debt service, the applicant has the ability to undertake the maximum loan required by the policies.

2. Funding Structure

Grant Amount	\$100,620	Term (years)	20
Loan Amount	\$11,180	Interest Rate	0%

3. Security

Pledge
 ** All WTB Project Fund Loans will contain waivers for annual principal and interest payments for hardship cases as determined annually by the Department of Finance.

4. WTB Funding History /

Project Type	Project #	Status	Grant Amt	Loan Amt	Total Amt	Notes
Water Storage, Conveyance &	235-WTB	Approved 9/28/11	\$100,620	\$11,180	\$111,800	Pending
					\$111,800	

D. READINESS TO PROCEED

Prior to funding of this application, the NMFA will require the City of Las Cruces to submit or meet the following criteria:

1. Verification from NMED that the system is in compliance with all regulatory requirements;
2. Verification that entity is in good standing on its governance structure; including the Open Meetings Act;
3. Copy of detailed final cost estimates for project;
4. A monthly draw-down schedule of project expenditures;
6. Verification of 10% match requirement in the amount of \$11,180;
7. All contingencies must be satisfied by December 28, 2011;
8. Any additional information requested by the Water Trust Board or the NMFA Board.

New Mexico Finance Authority

10/11/11

Las Cruces

Revenue: Net System Revenue

Sources	Amounts
NMFA WTB Loan - Primary Loan	11,180
Total Sources	11,180
Uses	Amounts
Deposit to Project Fund	11,180
Total Uses	11,180
Assumptions	As Agreed
Loan Funding Date	01/27/12
First Interest Calculation Date	12/01/12
First Principal & Interest Calculation Date	06/01/13
Final Maturity Date	06/01/32
First Principal Calculation Period (days)	484
Loan Term	20
Average Life of Loan	10.93
Maximum Fiscal Year Debt Service	574
Required Coverage Ratio	1.30
Annual Revenue Requirement	7,956,033
Available Pledged Revenue	6,337,790
NMFA Fee	25.000%
Net Rate Adj for Credit/Other Purposes	0.000%
Arbitrage Yield	0.2502%

EXHIBIT "B"

**CITY OF LAS CRUCES
ADOPTED BUDGET FY 2011/2012**

FUND	DIVISION		FUND TYPE	
State Operating Grants Fund 2760	Various		Special Revenue	
	FY 2010/11 Preliminary*	FY 2011/12 Adopted	Adjustment	FY 2011/12 Adjusted
RESOURCES				
Beginning Balance	\$ 48,603	13,600		13,600
REVENUES				
21002 NM State Library Aid 2008	\$ 7,116	0		0
21006 NM State Library Aid 2011	7,120	2,401		2,401
21009 Grants -In-Aid Program FY12	0	8,966	0	8,966
17001 NM Dept. of Transportation	5,696	0		0
22005 NM Dept of Humanities	1,230	0		0
22006 NM Dept. of Cultural Affairs	6,740	0		0
22009 NM Museum of Art	0	6,394		6,394
60306 Water Trust Board	0	0	100,620	100,620
23003 NM Dept of Health Summer Food	74,546	0		0
Total Revenues	\$ 102,448	17,761	100,620	118,381
Total Resources	\$ 151,051	31,361	100,620	131,981
EXPENDITURES				
21002 Branigan Library State Aid	7,116	0		0
21006 Branigan Library State Aid	7,120	2,401		2,401
21009 Grants -In-Aid Program FY12	0	8,966	0	8,966
17001 Rideshare Program	5,696	0		0
22005 NM Humanities 2009	1,230	0		0
22006 New Mexico Arts	6,740	0		0
22009 NM Museum of Art	0	6,394		6,394
60306 Water Trust Board	0	0	100,620	100,620
23003 NM Dept of Health Summer Food	109,549	0		0
Total Expenditures	\$ 137,451	17,761	100,620	118,381
ENDING BALANCE	\$ 13,600	13,600	0	13,600

*Preliminary as of November 10, 2011