



Legislation Text

File #: 18-0459, **Version:** 2

Ordinance 18-98 amending Ordinance No. 15-83 relating to Utilities System Commercial Paper Notes of the City; ratifying action heretofore taken relating to such Notes; and providing other matters relating thereto

Presenter:

Tamela Monroe, Chief Planning and Finance Officer
Eric Tharp, Acting Chief Executive Officer, Colorado Springs Utilities

Summary:

Ordinance 15-83 requires that Colorado Springs Utilities maintains Letters of Credit at all times to support the Commercial Paper program, regardless of outstanding balance. The Amendment to Ordinance 15-83 will provide the Utilities flexibility in maintaining Letters of Credit during extended periods when no Commercial Paper is outstanding.

Previous Council Action:

Ordinance No. 15-83 passed by City Council on November 24, 2015 to establish the Commercial Paper program

Background:

The \$150 million Commercial Paper program was established in 2015 with Series A and Series B Notes to be issued in principal amounts not to exceed \$75 million each. The Commercial Paper program is utilized to provide funding to reimburse selected capital project expenditures for all services. Letters of Credit are required to support the maximum issuance amount of both Series at all times, regardless of outstanding balance. The cost to the Utilities for these Letters of Credit is over \$600,000 per year.

Colorado Springs Utilities has adequate funds available to fund 2019/2020 capital projects, primarily from 2018A-4 bond proceeds. Therefore, Colorado Springs Utilities recommends that the Commercial Paper program go dormant until such time that funds available are completely utilized and additional funding for capital projects is needed. Current estimates of this timing are mid-2020.

Financial Implications:

Colorado Springs Utilities estimates savings between \$700,000 and \$1,200,000 during the period (present to 2020) the Commercial Paper program is approved to go dormant

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

City Council could choose not to approve the Amendment to Ordinance 15-83. This would require Colorado Springs Utilities to maintain Letters of Credit for the Commercial Paper program during the period the program is dormant and forego any cost savings that could be realized.

Proposed Motion:

Move approval of proposed Ordinance

Colorado Springs Utilities is requesting approval of an Amendment to Ordinance 15-83, which established the Commercial Paper program. The Amending Ordinance will provide the Utilities additional flexibility in managing the Commercial Paper program going forward.