



## Legislation Text

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**File #: 2213-2021, Version: 1**

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On February 17, 2021, the City of Columbus issued \$371,940,000 in general obligation bonds to fund the 2020 Capital Improvement Budget. In this sale, the tax-exempt series of bonds produced \$88,839,393.50 in gross premium. Of this premium, \$43,824,514.45 is applicable to the Divisions of Water, Sewers and Drains and Storm Sewer.

In accordance with the IRS guidelines and Auditor of State Bulletin 2014-001, this premium was allocated to various bond retirement funds and is being used for allowable purposes, which includes certain expenses that were budgeted in 2021 in various enterprise operating funds. Due to this, enterprise divisions will have budget savings in the respective operating funds.

In order to efficiently manage cash balances, the City will use the budget offset due to the allowable premium usage and excess cash to fund capital projects. The excess funds will be transferred into new capital PayGo funds allocated by the division that generated the premium. By cash funding rather than financing the projects through the issuance of bonds, the City estimates around \$20,000,000 in nominal savings in interest expense over the next 20 years.

**Fiscal Impact:** This ordinance authorizes the City Auditor to establish new funds for creating PayGo systems, authorizes the transfer of cash within certain operating funds and authorizes the transfer of cash between funds. An amendment to the 2020 Capital Improvement Budget is necessary to align authority with the cash as it is transferred into the new PayGo funds. Emergency action is requested to transfer cash balances in the interest of timely and accurate accounting. (\$0)

To authorize the City Auditor to create new PayGo funds for the Division of Water and the Division of Sewerage and Drainage; to authorize the transfer of cash within the Operating Funds for Divisions of Water and Sewerage and Drainage; to authorize the transfer of cash from the Water, Sewer, and Stormwater Operating Funds to the newly established PayGo Funds; to amend the 2020 Capital Improvement Budget; and to declare an emergency.

**WHEREAS,** the City received premium in the February 17, 2021 bond sale; and

**WHEREAS,** the use of premium is governed by federal and state law; and

**WHEREAS,** in order to adhere to spend down requirements, the City will have significant budget savings in operating funds; and

**WHEREAS,** the City has determined that the best use for this budget savings would be to fund capital projects; and

**WHEREAS,** the City Auditor is authorized to establish such accounting codes as necessary, to make any accounting changes to revise the funding source for all agreements, contracts, or modifications associated with this Ordinance; and

**WHEREAS,** the City Auditor is authorized to appropriate and make any accounting changes to revise the funding source for current contracts from bond funds to PayGo funds per the Department of Public Utilities; and

**WHEREAS,** the 2020 Capital Improvement Budget is hereby amended to provide the necessary budget authority to allow for transfers within this Ordinance; and

**WHEREAS,** an emergency exists in the usual daily operation of the Department of Public Utilities in that it is

immediately necessary to authorize the City Auditor to transfer premiums within the Operating Funds for Divisions of Water and Sewerage and Drainage; to authorize the transfer of cash from these Operating Funds for the said divisions to the newly established PayGo Funds for each division; amend the 2020 Capital Improvement Budget in order to align the authority; and authorize these transfers in cash in the interest of timely and accurate accounting, thereby preserving the public health, peace, property, safety and welfare; **now, therefore**

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

**SECTION 1.** That the City Auditor is hereby authorized and directed to establish funds in order to utilize capital bond sale premiums for capital improvement projects: Sanitary Sewer PayGo Fund #6116, Water PayGo Fund #6016, and Storm Sewer PayGo Fund #6216.

**SECTION 2.** That the City Auditor is hereby authorized and directed to transfer \$19,505,281.00, or so much thereof as may be needed, within Fund 6000 (Water Operating Fund), Dept-Div 60-09, Object Class 07 to Object Class 10 per the accounting codes in the attachment to this ordinance.

**SECTION 3.** That the City Auditor is hereby authorized and directed to transfer \$19,246,082.00, or so much thereof as may be needed, within Fund 6100 (Sewer Operating Sanitary Fund), Dept-Div 60-05 Object Class 07 to Object Class 10 per the accounting codes in the attachment to this ordinance.

**SECTION 4.** That the City Auditor is hereby authorized and directed to transfer \$1,659,585.00, or so much thereof as may be needed, within Fund 6200 (Storm Sewer Operating Fund), Dept-Div 60-15 Object Class 07 to Object Class 10 per the accounting codes in the attachment to this ordinance.

**SECTION 5.** That the City Auditor is hereby authorized and directed to transfer cash in the amount of \$19,505,281.00, or so much thereof as may be needed, from Fund 6000 (Water Operating Fund), Dept-Div 60-09, Object Class 10 to Water PayGo Fund 6016, Project Unallocated, Object Class 80, per the accounting codes in the attachment to this ordinance.

**SECTION 6.** That the City Auditor is hereby authorized and directed to transfer cash in the amount of \$19,246,082.00, or so much thereof as may be needed, from Fund 6100 (Sewer Operating Sanitary Fund), Dept-Div 60-05, Object Class 10 to Sanitary Sewer PayGo Fund 6116, Project Unallocated, Object Class 80, per the accounting codes in the attachment to this ordinance.

**SECTION 7.** That the City Auditor is hereby authorized and directed to transfer cash in the amount of \$1,659,585.00, or so much thereof as may be needed, from Fund 6200 (Storm Sewer Operating Fund), Dept-Div 60-15, Object Class 10 to Storm Sewer PayGo Fund 6216, Project Unallocated, Object Class 80, per the accounting codes in the attachment to this ordinance.

**SECTION 8.** That the City Auditor is authorized to establish such accounting codes as necessary, to make any accounting changes to revise the funding source for all agreements, contracts, or modifications associated with this Ordinance.

**SECTION 9.** That the City Auditor is authorized to appropriate and make any accounting changes to revise the funding source for current contracts from bond funds to PayGo funds per the Department of Public Utilities.

**SECTION 10.** That the 2020 Capital Improvement Budget is hereby amended to align the authority to the transfers within this Ordinance.

**SECTION 11.** That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor or ten days after passage if the Mayor neither approves nor vetoes the same.

