

**BOARD MANAGEMENT AND PLANNING AGENDA**

**MONDAY – APRIL 5, 2010**

**1:30 – 4:00 P.M.**

**COMMISSION CHAMBER**

- 1. ANALYSIS OF INTERNAL LOAN FOR CONSTRUCTION OF BOSTON RED SOX STADIUM AND POSSIBLE BOND ISSUES**  
**PRESENTER:** Pete Winton, County Administration  
David Owen, County Attorney  
Craig Dunlap, Dunlap & Associates  
**TIME REQUESTED:** 60 Minutes
- 2. LEE COUNTY UTILITIES PROPOSED RATE INCREASE**  
**PRESENTER:** Doug Meurer, Utilities  
**TIME REQUIRED:** 25 Minutes
- 3. THREE OAKS SOUTH RIGHT OF WAY ACQUISITION – DRAINAGE OUTFALL**  
**PRESENTER:** Don DeBerry, Transportation  
John Renner, County Attorney  
**TIME REQUIRED:** 15 Minutes

**BOARD COMMENTS/DISCUSSION**

**ADJOURN**

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FROM THE PUBLIC RESOURCES OFFICE (239) 533-2737.  
The Management And Planning Meeting Is Televised Live On Comcast Cable Channel 97.**

**MANAGEMENT & PLANNING COMMITTEE  
AGENDA REQUEST FORM  
COMMISSION DISTRICT #**

**PRESENTED BY:** Pete Winton, County Administration      **REQUESTED BY:**  
David Owen, County Attorney  
Craig Dunlap, Dunlap & Associates  
**Name/Department**

**TITLE OF ITEM FOR AGENDA: Analysis of Internal Loan for Construction of Boston Red Sox Stadium and Possible Bond Issues**

**1. DESCRIPTION AND OBJECTIVE OF THE ISSUE**

On April 29, 2009, the BoCC approved an initial loan for site and design costs associated with the construction of a new spring training facility for the Boston Red Sox for one year at an interest rate of 1.5%. On June 2, 2009, the BoCC approved a loan from the Unincorporated MSTU Fund to be repaid from Tourist Development Tax Revenues for the Red Sox Stadium in fulfillment of the Development Agreement approved on November 1, 2008. The two actions constitute an internal loan of \$75,000,000 at 1.5% for 30 years. At that time, it was recommended that the interest rates be reviewed at least every three years and bond markets be monitored for changes in financial conditions and more favorable interest rates. The BoCC also approved a reimbursement resolution on April 29, 2009. The internal loan was further spread between two funds on Feb. 16, 2010 (\$58 million to the Unincorporated MSTU and \$17 million to the Vehicle Replacement Fund).

Lee County received an allocation of \$37,403,000 in Recovery Zone Economic Development Bonds through the American Recovery & Reinvestment Act of 2009 (ARRA) approved on February 17, 2009. This program was created to provide tax incentives to state and local governments by lowering borrowing costs to promote job creation and economic recovery. These funds presently must be issued on or before December 31, 2010. These bonds include a 45% "write down" of the interest. In addition, the County has the opportunity to borrow Build America Bonds, also part of ARRA, which have a 35% interest "write down" with no limitation. The presence of these new financing options led to a request to re-evaluate the possibility of refunding all or part of the internal loans that were made last year.

Three alternatives are presented for consideration:

- Option 1.** Continuation of the Internal Loans approved last year at an interest rate of 1.5% for a fixed term (e.g. 2 yrs., 3 yrs., 5 yrs., etc.) – constant rate used for this model but is subject to review as market conditions change.
- Option 2.** Consideration of an Option which Incorporates the Use of all the Recovery Zone Economic Development Bonds allocated to Lee County with a continued lesser amount through the existing Internal Loan.
- Option 3.** Replacement of virtually all of the Internal Loan (less \$1.5 million) that was approved for Red Sox stadium construction and replacement with a series of Bond Issues that utilize the entire Recovery Zone Economic Development Bonds (\$33.6 Million - Net) as Series 2010A and Build America Bond (\$39.9 Million – Net) as Series 2010B. With total net proceeds of \$73.5 Million, an additional \$1.5 million will still be needed from county sources.

**2. PROPOSED POLICY, PROCEDURE OR PLAN OF ACTION**

To provide Administration with guidance regarding the continuation of the internal loan for construction approved in June, 2009 or either a combination of an internal loan for construction and a bond issue or the virtual elimination of the internal loan for construction and two bond issue series that utilize programs with interest rate subsidies.

### **3. OPTIONS (List Advantages/Disadvantages of Each Option Listed)**

#### **1. Continuation of the Internal Loan**

##### *Advantages*

- A) Continues the low interest rate of 1.5% in the short term at a time when tourist tax revenues are constrained due to economic conditions.
- B) Payment amount and timing at discretion of the County depending upon tourist tax revenues – can be repaid more quickly or slowly depending on conditions.
- C) Covers all potential costs, including an estimate of major maintenance costs for three stadiums.

##### *Disadvantages*

- A) Used reserves from Funds 15500 (Unincorporated MSTU) and Fund 59401 (Vehicle Replacement), tying up these fund balances as a financing mechanism
- B) Unincorporated MSTU fund balance is constrained in that it is projected to be about \$25 million at October 1, 2010, but is operating at an \$11 million annual loss (i.e., two years of reserves left).
- C) The county has never done an internal loan in this amount for a public recreation facility.

#### **2. Use Recovery Zone Economic Development Bonds and Smaller Amount of Internal Loan for Construction.**

##### *Advantages*

- A) Takes advantage of the bonds allocated to Lee County through the ARRA program, at a low (subsidized) interest rate of about 4.10% (recent issues, see attached, have interest rates ranging from 4.36% to 5.97%).
- B) Reduces internal loan amount for construction and replaces MSTU fund balance.

##### *Disadvantages*

- A) Requires specific schedule for repayment for the bonds with an estimated interest cost of 4.10% (TIC) at March 1, 2010 vs. the Internal Loan of 1.5%.

#### **3. Eliminate Virtually the Entire Internal Loan for Construction and Replace with Recovery Zone Economic Development Bonds and Build America Bonds in Two Bond Series**

##### *Advantages*

- A) Eliminates the Internal Loan for Construction which is funded from Reserves in Fund 15500 and Fund 59401. Replaces all pre-existing fund balance.
- B) Utilizes the bond programs created for economic stimulus.

##### *Disadvantages*

- A) Gives up the 1.5% internal loan interest rates for higher interest rates with the two Bond Issues.
- B) Establishes fixed payment schedules in place of a flexible payment schedule.
- C) Major maintenance for existing baseball facilities may, or may not, be constrained in the short term.

**4. FINANCIAL IMPACTS/FUNDING SOURCE**

**Option 1** includes an estimated \$96.1 million in debt service for the internal loan over a proposed 30 year period at a 1.5% rate. The 1.5% rate is held constant for this model but that rate is subject to review every three years as a result of changes in market conditions. Other revenues included are lease and rental payments for the Minnesota Twins and Boston Red Sox. Expenditures include debt service payments for Hammond Stadium (ending in FY15-16) and maintenance, insurance for the facilities.

**Option 2** includes an estimated \$118.4 million in debt service with an internal loan over 30 years of \$41.3 million at 1.5% and a Recovery Zone Bond for \$33.7 million – Net with an interest rate of 4.10% (TIC on March 1, 2010). Other revenues included are lease and rental payments for the Minnesota Twins and Boston Red Sox, Debt service payments for Hammond Stadium (ending in FY15-16). *It includes maintenance and insurance coverage for an estimated \$56.6 million over a 30 year period or 90% of the projected total. A minimum of \$150,000 per year is assumed as an ending reserve.*

**Option 3** includes an estimated \$143.6 million in debt service with two bond issues over 30 years – Recovery Zone Economic Development Bonds for \$33.7 million – Net at 4.10% interest rate (TIC) as of March 1, 2010 and Build America Bonds for \$39.8 million at 4.76% interest rate (TIC) as of March 1, 2010 *for a total of \$73.5 Million.* Other revenues included are lease and rental payments for the Minnesota Twins and Boston Red Sox, Debt service payments for Hammond Stadium (ending in FY15-16) are included. *It does not include maintenance, insurance etc. which is estimated \$63.1 million over a 30 year period. With this option an additional \$1.5 million will be needed from other sources. A minimum of at least \$40,000 per year is assumed as an ending reserve.*

**Payment Options for the Maintenance, Insurance etc funds if not funded from Tourist Tax**

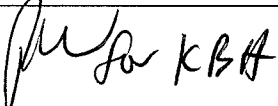
Option 3 excludes all maintenance & insurance costs from tourist tax.

General Fund or Unincorporated MSTU are possible funding sources that may be used to cover non-bonded remaining costs.

**5. STAFF RECOMMENDATION AND JUSTIFICATION FOR RECOMMENDATION**

Request Board Direction

**6. MANDATED?    Y     N     BY WHAT AUTHORITY?**

DEPARTMENT DIRECTOR SIGNATURE	COUNTY MANAGER SIGNATURE	MEETING DATE	TIME REQUIRED
		April 5, 2010	60 Minutes

## Option Summary

	#1	#2	#3
Project Amount	\$75 m (internal)	\$33.7 m (bonds) \$41.3 m (internal)	\$33.7 m (bond A) \$39.8 m (bond B)
Interest Rate	1.5% (adjusted every 3 years)	4.10% (bonds) 1.5% (Internal)	4.1% (bond A) 4.76% (bond B)
Term	30 yrs, but Flexible	30 yrs.	30 yrs.
Total Principal & Interest	\$96.1 m	\$118.4 m	\$143.6 m
Major maintenance sinking fund over 30 years	\$58.4 m	\$56.6 m	undetermined

\* Option 3 results in financing \$73.5 million. \$1.5 million remains as an internal loan.

\*\* All options assume Sports Authority and Attractions Marketing are funded from other sources at least in the early years.









Year	Original Amount	Bond Issue	Purpose	Equivalent Interest Rate
2005	\$30,285,000	Transportation Facilities Refunding Revenue Bonds, Series 2005A	Refunded portion of Series 1995 Bonds - Midpoint Bridge	5.54
2004	\$8,195,000	Tourist Development Tax Revenue Refunding Bonds, Series 2004	Refunded Tourist Tax Issue for Stadium	5.22
2001	\$140,925,000	Solid Waste Refunding Revenue Bonds, Series 2001	Refunded Series 1991A and 1991B used to build Waste to Energy Facility	5.81
2004	\$58,375,000	Transportation Facilities Refunding Revenue Bonds, Series 2004B	Refunded portion of Series 1995 Bonds - Midpoint Bridge	5.97
2004	\$55,530,000	Capital Revenue Bonds, Series 2004 - Justice Center	Justice Center addition	4.99
2003	\$40,518,000	Capital & Transportation Facilities Refunding Revenue Bonds, Series 2003	Refunded Cap and Tran Bonds for Design and Engineering of Midpoint Bridge	4.88
2006	\$63,605,000	Capital Revenue Bonds, Series 2006 - Jail and Evidence Facility	New Jail and Evidence Facilities	4.46
2005	\$63,865,000	Transportation Facilities Revenue Bonds, Series 2005B - Sanibel Causeway	New Sanibel Causeway	4.36

**FY07-08 Maintenance and Repair**

1,074,610 Attractions Marketing (\$325,000) and Sports Authority (\$749,610)  
280,000 Hammond & City of Palms Capital Projects  
641,844 Stadium Ins, Airt of the Olympians, RSW Kiosk  
140,000 Stadium (\$80,000; Program Coordinator \$60,000)  
2,136,454 TOTAL FOR FY07-08

**FY11-12 Maintenance and Repair**

1,700,000 Stadium Maintenance and Improvements  
40,000 City of Palms R & R  
40,000 Hammond Stadium R & R  
188,375 Stadium Insurance (+10% per year after FY09-10)  
140,000 Stadium (\$80,000; Program Coordinator \$60,000)  
2,108,375 TOTAL FOR FY11-12

**FY08-09 Maintenance and Repair**

1,074,610 Attractions Marketing (\$325,000) and Sports Authority (\$749,610)  
623,368 Stadium CIP & Five Plex  
326,388 Stadium Ins (\$288,388), Berne Art Center (\$38,000)  
140,000 Stadium (\$80,000; Program Coordinator \$60,000)  
2,164,366 TOTAL FOR FY08-09

**FY12-13 Maintenance and Repair**

1,700,000 Stadium Maintenance and Improvements  
40,000 City of Palms R & R  
40,000 Hammond Stadium R & R  
207,213 Stadium Insurance (+10% per year after FY09-10)  
140,000 Stadium (\$80,000; Program Coordinator \$60,000)  
2,127,213 TOTAL FOR FY12-13

**FY09-10 Maintenance and Repair**

1,074,610 Attractions Marketing (\$325,000) and Sports Authority (\$749,610)  
745,000 Stadium Maintenance and Improvements  
40,000 City of Palms R & R  
40,000 Hammond Stadium R & R  
155,682 Stadium Insurance  
140,000 Stadium (\$80,000; Program Coordinator \$60,000)  
2,195,292 TOTAL FOR FY09-10

**FY13-14 Maintenance and Repair**

927,000 Stadium Maintenance and Improvements  
40,000 City of Palms R & R  
40,000 Hammond Stadium R & R  
227,934 Stadium Insurance (+10% per year after FY09-10)  
140,000 Stadium (\$80,000; Program Coordinator \$60,000)  
1,374,934 TOTAL FOR FY13-14

**FY10-11 Maintenance and Repair**

1,000,000 Stadium Maintenance and Improvements  
40,000 City of Palms R & R  
40,000 Hammond Stadium R & R  
171,250 Stadium Insurance (+10% per year after FY09-10)  
140,000 Stadium (\$80,000; Program Coordinator \$60,000)  
1,391,250 TOTAL FOR FY10-11

**MANAGEMENT & PLANNING COMMITTEE  
AGENDA REQUEST FORM  
COMMISSION DISTRICT # CW**

**PRESENTED BY:** Doug Meurer, P.E.  
Utilities Director

**REQUESTED BY:** Doug Meurer/LCU

**TITLE FOR AGENDA:** LEE COUNTY UTILITIES (LCU) PROPOSED RATE INCREASE

**1. DESCRIPTION AND OBJECTIVE OF THE ISSUE**

Present the results of Lee County Utilities' FY 2009 Rate Review; provide information regarding recommended proposed retail rate increases and why the rate increases are needed, and request direction to schedule item for June Public Hearing.

**2. PROPOSED POLICY PROCEDURE OR PLAN OF ACTION**

Plan of action is to explain why a retail rate increase is needed, address areas of concern and bring the recommended rate increase to the first Public Hearing in June for consideration. If new retail rates are adopted they would be effective October 1, 2010.

**3. OPTIONS (LIST ADVANTAGES/DISADVANTAGES OF EACH OPTION LISTED)**

Lee County Utilities has postponed recommended rate increases by cutting costs, improved solids handling technology, and reduction of personnel among other measures. Higher rates are needed to remain fiscally responsible by maintaining LCU's creditworthiness and debt service coverage ratios, prevent shrinkage of the Utilities operating margin which is needed to provide for continued renewal and replacement of an aging infrastructure.

Rate payers prefer small incremental rate increases to large increases once every 5 years. Smaller increases are easier for single-family residential customers and homeowner associations to budget and assess their residents of multi-family dwellings, such as condo associations, apartment buildings, and mobile home/RV communities.

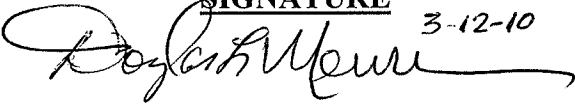
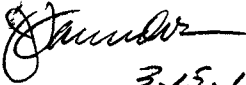
**4. FINANCIAL IMPACTS/FUNDING SOURCE**

Ability to adjust rates will allow for continued good credit rating, adequate debt service coverage, sufficient funding for renewal and replacement of aging infrastructure and proper utility operations.

**5. STAFF RECOMMENDATIONS, AND JUSTIFICATION FOR RECOMMENDATIONS**

Approval to move to Public Hearing.

**6. MANDATED: Y (N) BY WHAT AUTHORITY?**

<u>DEPARTMENT/DIV DIRECTOR SIGNATURE</u>	<u>COUNTY MANAGER SIGNATURE</u>	<u>MEETING DATE</u>	<u>TIME REQUIRED</u>
 3-12-10	 3.15.10	April 5, 2010	25 Minutes

**MANAGEMENT & PLANNING COMMITTEE  
AGENDA REQUEST FORM  
COMMISSION DISTRICT - All**

**PRESENTED BY:** County Attorney/Department of Transportation

**REQUESTED BY:** CA/DOT

**TITLE OF ITEM FOR THE AGENDA:** Three Oaks South Right of Way Acquisition - Drainage Outfall.

**1. DESCRIPTION AND OBJECTIVE OF THE ISSUE:** Lee County and Centex entered into an agreement to realign Three Oaks Parkway. Centex agreed to provide any additional land and easements needed to construct the road and connect the road drainage to the planned drainage in the Hawthorne development. The land on which the easement to connect the road drainage to the Hawthorne drainage system was sold to Tex Development before the agreement was finalized, but Centex neglected to retain a drainage easement. As a result, the needed link in the drainage system is missing. Centex was unable to obtain the easement from Tex Development. Additionally, a slope easement is needed over a small strip of land as fill dirt for the road extended onto the Tex property. The new owners (the Heuthers) do not want a storm water easement on their property; therefore, they are reluctant to sell us an interest in their property, but instead will sell us the entire 77 acre parcel. We don't have the money to buy the entire parcel. We have offered to buy a portion of the property outright in a couple different configurations; however they refused those offers also.

**2. PROPOSED POLICY, PROCEDURE OR PLAN OF ACTION:** Staff is seeking Board direction as to how to proceed.

**3. OPTIONS (List advantages/Disadvantages of Each Option Listed)**

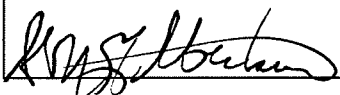
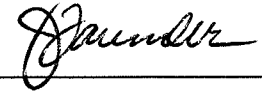
- 1) Condemn the property needed from the Heuthers. A condemnation action for the drainage easement and a slope easement is pending.
- 2) Reevaluate the situation and look for other properties to provide the storm water treatment needed for the project recognizing that to do so will still require the acquisition of a strip of property from the Heuthers for a pipe to convey the water around their property to a new pond location and slope easement.
- 3) Other options as recommended.

**4. FINANCIAL IMPACTS/FUNDING SOURCE:** DOT has funding for acquisition of the necessary property (roughly 10 acres); however, there are not funds for additional property acquisition.

**5. STAFF RECOMMENDATIONS, AND JUSTIFICATION FOR RECOMMENDATIONS:**

After attending the mediation with the Heuthers and realizing their objections to any association with roadway storm water facilities, staff recommends pursuing other properties prior to proceeding with condemnation of the Heuther parcel.

**6. Mandated:**    Y    N X    **BY WHAT AUTHORITY?**

<u>DEPARTMENT DIRECTOR SIGNATURE</u>	<u>COUNTY MANAGER SIGNATURE</u>	<u>MEETING DATE</u>	<u>TIME REQUIRED</u>
 3/9/10	 3.9.10	4/5/2010	15 minutes