



DUST MITIGATION DISCUSSION

South Weber City Council Meeting

May 10, 2022



EVERY DAY EXAMPLES







UTAH STATUTES LIMITING MUNICIPAL REGULATION OF THE NEGATIVE IMPACTS OF SAND, GRAVEL, AND ROCK EXTRACTION

Land use. Municipal Land Use, Development, and Management Act (“LUDMA”) – Vested Critical Infrastructure Materials Operation – UCA § 10-9a-901 et seq.

Cities may not “prohibit, restrict, or otherwise limit” the extraction of sand, gravel, or rock at locations where such operations existed prior to 2019.

Nuisance. Nuisance Liability – UCA § 78B-6-1115

“Activities conducted in the normal and ordinary course of critical infrastructure materials operations or conducted in accordance with sound practices are presumed to be reasonable and [do] not constitute a nuisance.”

“Critical infrastructure materials operations undertaken in conformity with federal, state, and local laws and regulations, including zoning ordinances, are presumed to be operating within sound critical infrastructure materials practices.

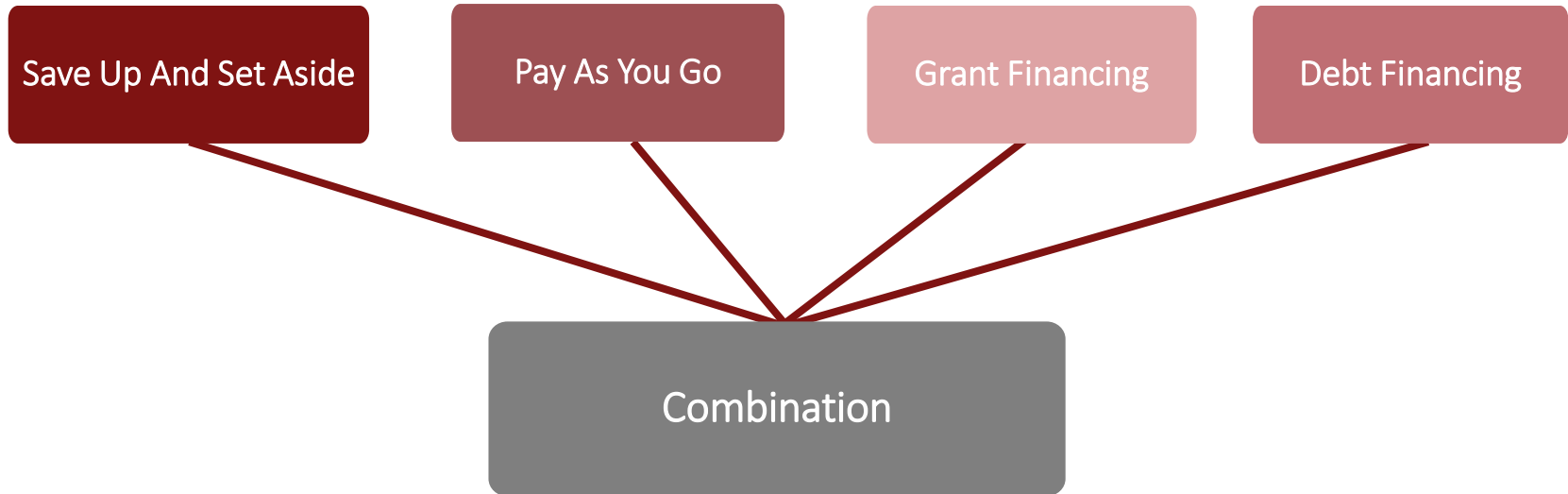


SOUTH WEBER CITY BONDING OPTIONS



METHODS OF FINANCING PUBLIC PROJECTS

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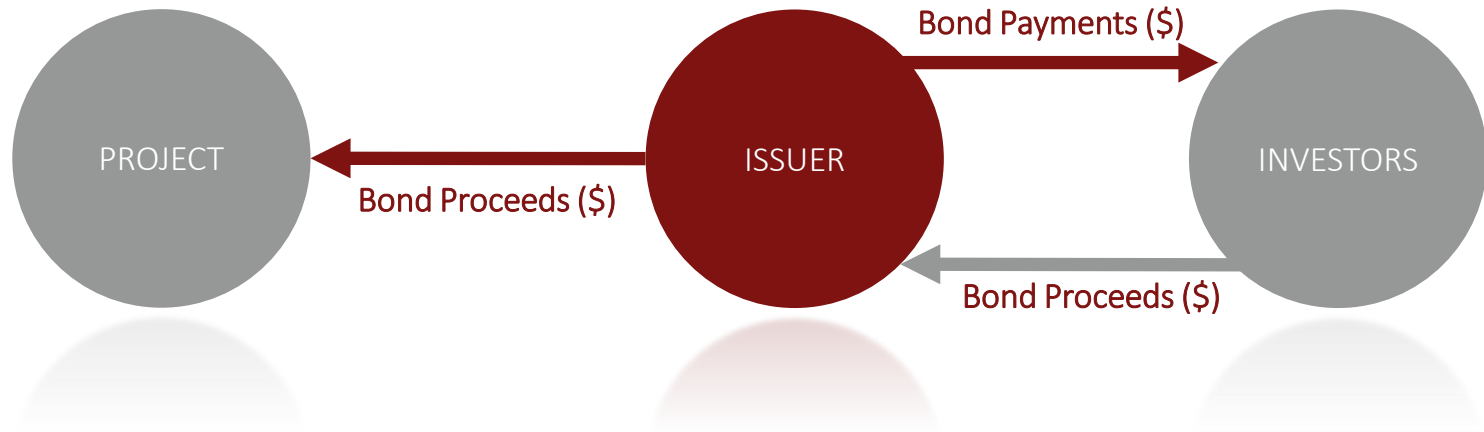
METHODS OF FINANCING CAPITAL PROJECTS

	Pay-As-You-Go Revenue	Save-Up-and Set-Aside Revenue	Grants	Debt Financing
Positives				
Interest is earned		■		
No interest paid	■	■	■	
Those who use the project pay for it (Aligns project users and payers at the same time)				■
The project is completed immediately			■	■
Negatives				
Requires interest payment				■
Long wait time to complete project	■	■		
Risk of inflation costs	■	■		
Possible conditions for use			■	
Arduous qualification process			■	

Source: Zions Public Finance, Inc.

What Are Municipal Bonds?

Bonds - Long term “IOUs” that governments sell to borrow money for a capital project



TYPICAL TYPES OF BONDS FOR PUBLIC WORKS FACILITIES

Type of Bond	Security	Repayment Source	Authority	Interest Rate
General Obligation	Property Tax & Taxing Power	Any Legal Source	Election	Lowest
Utility Revenue	Utility Revenues	Utility Revenues	Resolution	Higher
Excise Tax Revenue	Excise Tax	Any Legal Source	Resolution	Higher
Lease Revenue*/Capital Lease	Annual Appropriations & Improvements	Any Legal Source	Resolution	Highest

*Lease Revenue Bonds require the creation of a Local Building Authority

Advantages to holding a General Obligation Bond Election:

- ❖ Provides the lowest interest rate
- ❖ Does not necessarily impact existing City revenues
- ❖ Tax impact to taxpayers decrease as City taxable value increases
- ❖ Allows for voter input

Disadvantages to holding a General Obligation Bond Election:

- ❖ The Bond Election can only be held once per year which increases interest rate risk
- ❖ They are hard to pass
- ❖ If the bond election fails, the City may still need to move forward with the project
- ❖ Allows for voter input

❖ Advantages to issuing Utility Revenue Bonds

- Will likely do a better job of matching the revenue pledge to the fund benefitted from the project
- Is seen as reliable source of revenue and demands a competitive interest rate
- Is authorized by a Resolution adopted by the Council

❖ Disadvantages to issuing Excise/Sales Tax Revenue Bonds

- Typically requires 1.25X coverage which will require utility rates to be monitored to make sure coverage requirements are met
- No new revenues are generated to aid in the payment of debt service
- Higher interest rate than a GO Bond

- ❖ Advantages to issuing Excise/Sales Tax Revenue Bonds
 - Usually meets coverage requirements to issue bonds for General Fund related projects
 - Is seen as reliable source of revenue and demands a competitive interest rate
 - Is authorized by a Resolution adopted by the Council

- ❖ Disadvantages to issuing Excise/Sales Tax Revenue Bonds
 - Pledges tax revenues that will not be available for other financing needs the City may have
 - No new revenues are generated to aid in the payment of debt service
 - Higher interest rate than a GO Bond

- ❖ Advantages to issuing Lease Revenue Bonds
 - Does not pledge specific revenues of the City which gives more flexibility for financing other future projects
 - Works well when the project is funded by several sources (e.g. Public Works building)
 - Is authorized by a Resolution adopted by the Building Authority and Council

- ❖ Disadvantages of Issuing Lease Revenue Bonds
 - Because the lease is subject to annual appropriation, interest rates are higher than GO or Revenue Bonds
 - Title insurance is required because the asset is the collateral for the loan
 - Lease agreements between the City and the Building Authority are prepared by bond counsel that increase the costs of issuance
 - No new revenues are generated to aid in the payment of debt service

❖ Bonding Steps

- Adoption of Parameters Resolution by the City Council
- Notice of Public Hearing & Notice of Intent to Issue Bonds is published (begins 30-day contest period)
- Public Hearing is held by City Council
- 30-day Contest Period ends
- Preparation of Preliminary Official Statement (POS)*
- Bond rating presentation*
- Bond rating is received*
- Bonds are priced
- Bond documents are prepared
- Bond closing – bonds documents are signed and funds are received

* Steps required in a market sale

- ❖ Private Placement: ~60-day process
- ❖ Market Sale: ~90-day process



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