



## Legislation Details (With Text)

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<b>Type:</b>	New Business	<b>Status:</b>	Agenda Ready
<b>File created:</b>	4/25/2019	<b>In control:</b>	City Council
<b>On agenda:</b>	5/7/2019	<b>Final action:</b>	
<b>Title:</b>	Consideration and action regarding a resolution directing publication of notice of the City's intention to issue combination tax and revenue certificates of obligation to provide funds for water and sewer system improvements and related issuance costs.		
<b>Attachments:</b>	1. 050719 COs NOI Resolution		

Date	Ver.	Action By	Action	Result
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**To:** Mark R. Hafner, City Manager

**From:** Aaron Rector, Director of Administrative Services

### Subject:

**Consideration and action regarding a resolution directing publication of notice of the City's intention to issue combination tax and revenue certificates of obligation to provide funds for water and sewer system improvements and related issuance costs.**

### Action Requested:

Consider action regarding a resolution directing publication of notice of the City's intention to issue combination tax and revenue certificates of obligation to provide funds for water and sewer improvements and for related issuance costs.

### Background:

The certificate of obligations issuance would be for an amount not to exceed \$7,300,000 would be used to fund the following projects:

Water and Sewer Improvements - \$7,235,000

Alta Vista Transmission Main - \$2,107,890

Alta Vista Pump Station - \$5,127,110

Related Issuance Costs - \$65,000

The Water and Sewer Improvements funding is second round of debt funding for the Alta Vista Transmission Main and Pump Station projects. The total estimated cost for the Alta Vista Transmission Main is \$7,730,000, for the Alta Vista Pump Station is \$7,535,614 and for the Fort Worth 48" Transmission Line is \$1,240,000 for a combined project total of \$16,505,705. Water impact fees of \$3,992,200 have been committed to the Alta Vista Transmission Main and \$778,505 to the Alta Vista Pump Station for a combined project total of \$4,770,705. In summer of 2017, the City issued \$4,500,000 for the first round of certificates of obligations (COs). The first debt issuance and impact fees total \$9,270,705 in funding sources and provided 57.0% of the required funding for the

project. The proposed COs will be for \$7,235,000 and fund the remaining expenditure requirements for the Alta Vista projects. The COs will be issued as twenty year debt obligations. The anticipated asset life of the projects is anticipated to be at least thirty years which complies with the City's financial policy requirement that debt obligations not exceed the asset life. However, the proposed debt issuance does not meet the City's financial policy preference not to exceed fifteen year unless the asset life exceeds fifty years. In order to minimize the impact of annual debt requirements on the water rates, the debt service should be extended beyond the preferred fifteen years but not exceed the asset life.

The resolution provides authorization to reimburse itself for expenditures made prior to the tax-exempt financing. In 2017, the City issued the first round of funding for the AV projects. The second round of debt funding is included on the May 7 agenda and the related 2019 Certificates of Obligations funds should be received around July 18th. Because the projects are on-going, a reimbursement authorization is recommended to cover any potential cash-flow gaps prior to receipt of the funds.

**Budget Impact:**

FY 2018-19 budget included an estimated annual payment for the proposed debt.

**Financial Considerations:**

The water and sewer improvements will be supported thru the water and sewer revenue. The current rate structure included an estimated debt payment related to this issuance.

**Citizen Input/Board Review:**

Not Applicable

**Legal Review:**

Bond counsel has prepared the notice of intent resolution.

**Alternatives:**

City Council has the following alternatives:

- Approve as submitted
- Approve with changes
- Denial

**Council Action:**

Consider action regarding a resolution directing publication of notice of the City's intention to issue combination tax and revenue certificates of obligation to provide funds for water and sewer improvements and for related issuance costs.