

November 13, 2015

To: Mayor and City Council Members

From: Douglas G. Faseler
City Manager

Re: Issuance of Certificates of Obligations and Reimbursement Resolution

Six projects were approved in the Fiscal Year 2016 General Fund budget to be financed through the issuance of \$7,350,000 in Certificates of Obligations. These projects are:

Animal Services Facility	\$2,390,000
South River Street and Drainage Project	\$1,620,000
Eight Street/Rio Nogales Street Construction	\$1,200,000
Vaughan/San Antonio Street Sidewalks	\$ 652,378
Fire Truck	\$ 580,000
Fairgrounds Improvements	\$ 500,000
Contingencies	\$ 407,622

In addition to these projects, the improvement to Heideke Street in the amount of \$500,000 from Interstate 10 to 123 Bypass is proposed to repair the roadway after completion of the major sewer project in the area, and to serve a development prospect. With the addition of this project the total issuance is \$7,850,000. The estimated effect of this issuance on the Interest and Sinking Tax Rate for FY 2017 is 2.4 cents.

City Council held a workshop on Monday, November 9, 2015 and heard the result of the 2015 Street Study. The results indicated that the needs are great in the area of street improvements. If City Council desires, the amount of the issuance can be increased at this time to allow funding for some of the street projects. There are cost efficiencies in doing now, versus deciding to do so in six or nine months. Staff would need direction from City Council Tuesday night if there is interest in doing this.

As a reference, each additional \$2,500,000 would result in an estimated 1 cent increase in the tax rate next year.

In working with our financial advisors, the selling of these bonds is scheduled for January 2016, with proceeds to be received in February 2016. Approval of the attached resolution by City Council is needed Tuesday night to proceed.

The attached resolution provides for reimbursements to the General Fund of expenditures made toward these projects in advance of receiving the proceeds from sale of the Certificates of Obligation.

Staff recommends approval.

C.c. Susan Caddell
Rick Cortes