



ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Table with 2 columns: Field (To, CC, From, Meeting Date, Subject) and Content (Seguin City Council, Steve Parker, Josh Schneuker, August 6, 2024, I-10 and FM 464 Water Line Extension Project Repayment Agreement)

Background Information

In mid-2022, the City of Seguin and Springs Hill Water Supply Corporation (SHWSC) came to terms on a Service Area Transfer Agreement which will result in the City of Seguin taking over a large portion of SHWSC’s service territory on the north side of the City. One of the areas included in the transfer is the approximately 120-acre industrial site located near Interstate 10 and FM 464, immediately to the west of Caterpillar. This site is one of the best industrial greenfield sites in Seguin and was purchased by Ackerman, in May of 2023. The transfer of the Ackerman site from SHWSC service territory to the City of Seguin service territory occurred as a result of SHWSC being unable to meet certain utility requirements for a proposed industrial development.

In October 2022, the SEDC engaged Trihydro Corporation for design and engineering services associated with a water line extension project to serve the Ackerman industrial site. The design services task involved the preparation of plans, specifications, estimates, permitting, bidding, and construction administration for approximately 7,600 linear feet of new water line adjacent to US 90 and US 90-A. It also included all utility crossings needed at the intersections of US 90/SH 46 and US 90/US 90-A.

In December 2023, Trihydro provided the SEDC with an opinion of probable cost for construction of the new water line. This was estimated at approximately \$3.75 million and would include materials, construction, easement acquisition, project management, and contingencies. Economic Development and City Finance Department Staff proposed the use of City issued bonds to cover the project construction costs, with the intention of arranging formal debt service repayments from the SEDC to the City on an annual basis to pay off the amount loaned by the City for this project.

Chapter 380 Agreement – Terms and Fiscal Impact

The repayment arrangement between the SEDC and the City will be formalized as a Chapter 380 Agreement. This Agreement sets the repayment of funds by the SEDC and the City of Seguin at \$3,958,719.58, assigns a 0% interest rate on the repayment of funds, and sets up an annual repayment from the SEDC to the City for a period of nine (9) years.

Repayment Schedule

The balance of the Loan shall be paid in nine (9) installments, each due on or before September 30 of the year as set forth below:

1. Payment of \$72,723.74, paid in 2024,
2. Payment of \$497,714.14, paid in 2025,
3. Payment of \$500,714.14, paid in 2026,
4. Payment of \$497,714.14, paid in 2027,
5. Payment of \$498,964.14, paid in 2028,
6. Payment of \$504,214.14, paid in 2029,
7. Payment of \$503,214.14, paid in 2030.
8. Payment of \$506,214.14, paid in 2031.
9. Payment of \$377,246.86, paid in 2032.

Total cost to the SEDC will be \$3,958,719.58 over a nine (9) year period.

Attachments

1. Chapter 380 Agreement between the SEDC and the City of Seguin.
2. Resolution 2024-11.

Staff Recommendation and Next Steps

On August 1, 2024, the SEDC Board of Directors approved Resolution No. 2024-11, authorizing the execution of a Chapter 380 Agreement with the City of Seguin for the repayment of construction costs for the I-10 and FM 464 Water Line Project. Staff and the SEDC Board recommend approval of the Resolution.