

It's real.

MEMORANDUM

To: Mayor and City Councilmembers
Douglas Faseler, City Manager

From: Susan Caddell
Director of Finance

Subject: Issuance of Utility Revenue Bonds

Date: March 27, 2018

During the budget process, it was approved by City Council to fund the following projects through the issuance of Utility Revenue Bonds. The funding for the following projects is included in the approved water and wastewater rates for FY18.

They include:

Walnut Branch Sanitary Sewer Phase II 42" Replacement (Convent to Walnut Branch WWTP)	\$1,575,000
Lucille Street Elevated Water Tower Repainting	\$660,000
Geronimo Creek Wastewater Line Assessment and Preliminary Engineering	\$500,000
Walnut Branch Phase III Sanitary Sewer 24" and 30" Replacement Engineering (Huber to Kingsbury)	\$174,205
Existing Wastewater Infrastructure Repairs	\$138,000
Olive Street Water Main Replacement and Upgrade to 8" Materials (College to Ireland)	\$79,781
Hackberry Street Water Main Replacement and Upgrade to 8" Materials (San Marcos to Bauer)	\$56,218
Construction Contingencies	\$316,796

These projects total \$3,500,000. In addition, due to the growth on the north side of the City's sanitary sewer service area, several different projects are recommended in order to get sewer services to these developments. City Council had previously approved that

engineering be performed for the Huber and CAVCO sewer lines. Please see the attached requests from Denton Communities and Century Communities regarding their developments.

The projects are as follows:

Sewer Extension Huber from IH-10 to Rudeloff (Engineering is currently underway)	\$1,950,000
Sewer Upgrade Railroad tracks to Huber through CAVCO past existing Hwy. 46 liftstation to Rudeloff (Engineering is currently underway)	\$4,030,000
Developer Sewer Extension Oversize 10" to 18", Rudeloff to Cordova Tract, Developer will contribute \$410,000	\$330,000
Developer Sewer Extension Oversize 12"/15" to 18", Cordova Tract to River Springs Development Developer will contribute \$800,000	\$140,000

These projects total \$6,450,000. The bonds payments will be structured so Sewer Impact Fee Funds or other available Utility funds can be utilized for these payments for a minimum of the first five years, at which time, payments can be made through additional Impact Fees or increased sewer revenues from these developments. The total bond issuance staff is requesting is \$9,950,000.

Included in the agenda is a resolution allowing the City to issue Utility Revenue Bonds for these projects. Duane Westerman will be at the City Council meeting for any questions concerning the financing that you may have. Proceeds should be received by the end of March.