

It's real.

MEMORANDUM

To: Mayor and City Councilmembers
Rick Cortes, Acting City Manager

From: Susan Caddell
Director of Finance

Subject: Issuance of Certificates of Obligation

Date: November 26, 2019

During the FY2020 budget process, staff recommended the issuance of Certificates of Obligation (CO's) for several capital improvement projects. They include:

North Milam Street Reconstruction \$5,181,440
(Mountain to Kingsbury Street)

This is a total street reconstruction project to include drainage, curbing, and sidewalk on one side of the roadway. Engineering is currently underway.

Rudeloff Road Phase I \$994,137
This is a major MPO project and has available funding for the right of way acquisition phase. Progress has been slowed due to TxDOT review processes to include environmental clearance.

Meadowlake Drive Rehabilitation \$140,000
(123 Business to 123 Bypass)
This is a large Zipper improvement project that will be completed in-house.

Street Rehabilitation \$700,000
This will fund rehabilitation of numerous streets throughout the City utilizing the Zipper.

Chip Seal \$240,000
This is the annual funding of our chip seal program that extends the life of numerous streets and improves the driving surface of the roadway.

Total of Street Projects \$7,255,577

We are estimating a carryover of funds from FY19 of \$1,799,525 from Street Bond funds, so the additional funding for these streets that is needed is \$6,200,000.

Max Starcke Park Golf Course Pro Shop Renovation and Improvements \$1,500,000

Architectural plans to improve this dated facility are currently being finalized. This project has been considered for a number of years, however due to the nature of the deterioration of the pro shop, it is imperative that these issues are addressed. The building leaks, does not meet ADA compliance, and is in poor condition creating unwelcoming conditions for employees and patrons.

Radio Technology \$1,050,000

The current Motorola radio infrastructure that serves our city operations was installed in 2006 and Motorola has discontinued selling this equipment and will discontinue supporting it in December 2020. It is at the end of its service life. Staff has discussed the possibility of purchasing new equipment from this vendor, however costs were projected to exceed \$4,000,000. Staff has identified the Lower Colorado River Authority (LCRA) communication system as a viable option. LCRA operates more than 67 radio towers throughout Central Texas. This funding would support the necessary infrastructure and the replacement of handheld mobile, and base station radios throughout the City. Major improvements with the City's interoperability with other agencies will be gained due to the purchase of this equipment. Please note that expenditures will also be required from the Utility Fund for their radios.

Walnut Springs Trail Phase II (Convent to Starcke Park East) \$854,500

Engineering is currently underway on this MPO project. This funding is required as the City's matching funds for the trails construction.

Additionally, City Council approved the purchase of a street sweeper during the November 19, 2019 City Council meeting for \$242,120. Staff will also be purchasing a greens mower for the Golf Course at a costs of \$26,729. In an effort to secure lower interest rates, staff is recommending financing these two pieces of equipment along with the other capital equipment purchases. The first four years of payments on the recommended Certificates of Obligations will include the payments for this equipment.

Finally, the wash rack at the Public Works Warehouse is in need of replacement. We are estimating costs to replace the wash rack at approximately \$500,000. This cost will be split between the Utility Fund and General Fund. This will require an additional \$250,000 be added into the recommended Certificates of Obligation.

We are recommending issuing \$10,200,000 in Certificates of Obligation to also include contingencies for the projects. The debt service payments required to finance \$1,500,000 for the Pro Shop and Golf Course Improvements will funded from the Golf Course's

Building Fund revenue. Included in the agenda is a resolution allowing the City to issue Certificates of Obligation 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 February or beginning of March.

2020 CERTIFICATES OF OBLIGATION BOND PROJECTS

North Milam Street Reconstruction (Mountain to Kingsbury Street)	\$ 5,181,440
Rudeloff Road Phase I	\$ 994,137
Meadowlake Drive Rehabilitation (123 Business to 123 Bypass)	\$ 140,000
Street Rehabilitaion (Zipper)	\$ 700,000
Chip Seal	\$ 240,000
Max Starcke Park Golf Course Pro Shop Renovation and Improvements	\$ 1,500,000
Radio Technology	\$ 1,050,000
Walnut Springs Trail Phase II (Convent to Starcke Park East)	\$ 854,500
Street Sweeper	\$ 242,120
Greensmower	\$ 26,729
Public Works Wash Rack	\$ 250,000
Construction Contingencies	\$ 820,599
Less: Savings from prior issues	<u>\$ (1,799,525)</u>
	<u><u>\$ 10,200,000</u></u>