



Agenda Report

Agenda of:	June 10, 2025
Department:	Administration
Subject:	Discussion by SAMCO Capital Markets, the City's Financial Advisor, regarding proceeding with the issuance of Certificates of Obligations for Utility System Improvements (The Water Well Project which was previously authorized by the Council on March 25, 2025) and the possibility of combining that project with potential General Fund Projects and other matters related thereto.

Recommended Motion: No action. Discussion only.

Background:

On March 25, 2025, the City Council authorized staff to move forward with the development of a Water Well Project to address system resiliency, increased demand, and long-term water supply sustainability. To fund this essential infrastructure improvement, staff is recommending the issuance of Certificates of Obligation (COs), a financing tool authorized under Texas Local Government Code Chapter 271.

SAMCO Capital Markets will present financing options and a timeline for issuing these COs, along with a proposed strategy to consider combining the utility-related issuance with high-priority General Fund capital projects, as permitted under state law. In addition, the presentation will outline the benefits of combining this issuance with additional capital projects from the General Fund to maximize efficiency and reduce future issuance costs.

General Fund projects under consideration are:

To capitalize on interest rate efficiency and reduce future issuance costs, the City may consider bundling additional capital improvements into the same issuance. The following **General Fund projects** have been identified for potential inclusion:

- City Hall Remodel
- New Police Station
- Park Improvements
- Street Improvements
- Library Expansion
- Vehicles and Equipment

Including these projects may provide operational and financial benefits, particularly for those that are critical to maintaining service levels, enhancing public safety, or addressing aging infrastructure.

By combining these projects into a single issuance, the City anticipates significant savings on issuance costs such as legal, financial advisory, and underwriting fees.

Contractual Obligations:

Fiscal Summary:

- SAMCO will present a **Tax Rate Impact Analysis**, including the projected debt service requirements for a combined issuance.
- Preliminary modeling estimates a total issuance size of \$3.5 – 4.5 million, encompassing both utility and General Fund capital needs.
- The **I&S tax rate impact** remains stable due to increased assessed valuation and strategic layering of debt service payments.
- The projected debt service schedule demonstrates how combining issuances aligns with the City's long-range financial plan and debt capacity.

Negotiation and Close-Out:

Next Steps:

- Prepare and publish the required Notice of Intent for CO issuance (minimum 45-day notice).
- Continue refining cost estimates and timing for General Fund projects.
- Schedule public hearing(s) and coordinate with bond counsel for issuance proceedings.

Fiscal Impact:

☐ Budgeted ☐ Requires Budget Amendment

Source of Funding:

Attachments: Project List, Tax Rate Impact Analysis, Minutes excerpt from March 25, 2025,
Current Debt Model as of 08/07/2024

Urgency (0-5 = Low Urgency to High Urgency): 5

Impact (0-5 = Low Impact to High Impact): 3

Submitted by: R. Scott Dixon