



DATE: October 5, 2020

TO: Mayor Bill Foulds City of Dripping Springs
City Council City of Dripping Springs
Michelle Fischer City Administrator
Ginger Faught Deputy City Administrator
Gina Gillis City Treasurer
Laura Mueller City Attorney
Richard Donoghue McCall, Parkhurst & Horton LLP

FROM: Christina M. Lane SAMCO Capital Markets, Inc.

SUBJECT: **City of Dripping Springs, Texas**
TIRZ No. 1 & TIRZ No. 2 Cash Flow Analysis (Town Center Project – Phases 1 & 1A)

Summary:

This has prepared based on request from Council.

Attached for your review is a PROJECTED cash flow analysis for the TIRZ Town Center Project Phases 1 & 1A ONLY (EXCLUDES BUILDING CONSTRUCTION). As requested, the cash flow begins in 2020 with the current and projected budget. Current outstanding amounts owed will be paid out over time which has been included in the cash flow. ***The Cash Flow assumes that City would make a cash contribution to the TIRZ for \$250,000 in years 2020, 2021 and 2022 (At this time - EXCLUDES CONTRIBUTION BY OTHER STAKEHOLDERS).*** The Cash Flow also assumes approximately \$6,500,000 in debt is projected to be issued in FY 2023 and an additional approximately \$6,500,000 would be issued in FY 2024. All funds will not be needed in the first year. The assumption is that Certificates of Obligation or Private Placement issued by the City. This type of transaction will save time and money for the City. If necessary, we would do an open market sale. This includes the estimated infrastructure, land purchase, building demo and issuance costs.

Other Possible Funding Sources:

Reserve for Capital Projects Fund:

Staff has stated there is existing **\$838,747** available in the Reserve for Capital Projects Fund.

Other Balance Forward Amounts:

Another thing to note is that the City will be done in **early 2021** with the Economic Development Agreement with B&O. This will free up \$300,000 to \$460,000 in FY21 depending upon which month it is paid off and annually approximately **\$460,000+** thereafter.

Other Potential and/or Pending City Projects:

Wastewater Project - The City currently has two outstanding commitments with the Texas Water Development Board for the Wastewater System. *These projects are funded from wastewater revenue, impact fees, and a percentage of sales tax collections. The projects are as follows:*

\$ 9,500,000 Projected Funding Date Mid 2021/2022

\$10,395,000 Projected Funding Date Mid 2022/2023

TxDOT Grant (Sidewalks) – Matching funds needed for grant received from TxDOT **\$705,051** as follows (must be included in annual budget):

\$168,454 Projected 2021

\$256,008 Projected 2022

\$182,781 Projected 2023

\$ 97,808 Projected 2024

DSRP (Parking Lot & RV Sites) – Planned expenses approximately \$606,000. Timing to be determined – this year’s budget assumes \$50,000 from Hotel Occupancy Tax Funds. **Remaining Balance Approx. \$556,000.** **Hays Co. Livestock Board - \$150,000** to be paid back over time through rental fees for the Parking Lot and RV Sites.

Stephenson Building Renovation - \$1,724,094 estimated total project cost.

Old Fitzhugh Road Project - \$4,800,000 – This project is also eligible for TIRZ 1 Funding.

Downtown Parking – Working on parking lot plan adjacent to the Stephenson building. In the future we will be looking at additional parking improvements. This project is also eligible for TIRZ 1 and up to 25% of the cost of the parking to be paid by TIRZ 2.

Construction of New City Hall – NOT eligible for TIRZ funding. **New City Hall estimated cost \$10,500,000.** **Bonds issued for 20 years at 4% would be approximately \$750,000 per year in debt service payment.**

Assumptions:

- (1) Are based on PROJECTED information provided by P3 Works; EPS; and the City.
- (2) THIS IS PHASE 1 AND 1A ONLY DOES NOT INCLUDE BLDG. CONSTRUCTION.
- (3) Assumes TIRZ reimburses City and others for contributions made prior to 2020 and those included in Cash Flow overtime (Est. - \$1,500,000).
- (4) Assumes other Stakeholders DO NOT contribute to funding up front.
- (5) Bond Issue Assumptions: City issues C/O’s for 20 yrs. @ 4%.
- (6) Payment by the TIRZ back to the City and others is a recommendation made by the TIRZ with City approval. The Cash Flow is an assumption based on trying to maintain near \$500,000 in the TIRZ fund balance. We have provided assumptions assuming a 20% reduction in revenue also.