



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78620

Submitted By: Shawn Cox, Deputy City Administrator

Council Meeting Date: Tuesday, February 4, 2025

Agenda Item Wording: **Discuss and consider projects related to the proposed Certificates of Obligation.**

Agenda Item Requestor: Shawn Cox, Deputy City Administrator

Summary/Background:

As a part of the FY 2025 budget preparation, Council considered funding options for a number of upcoming projects: including TIRZ priority projects, street improvements, and a maintenance facility. Since the adoption of the budget, we have included funding for property acquisition. The projects and costs are:

Project		Cost	TIRZ*	City
Street Improvements	Complete Reconstruction of Existing Roads (FY25)	\$ 616,948	\$ -	\$ 616,948
Transportation Improvements	Design/Construction of New Infrastructure	\$ 1,040,000	\$ -	\$ 1,040,000
Maintenance Facility	Purchase & Construction of Maintenance Facility	\$ 412,805	\$ -	\$ 412,805
Property Acquisition		\$ 2,250,000		\$ 2,250,000
TIRZ Projects	Construction of OFR, Stephenson Bldg. & DT Parking Lot	\$ 9,654,799	\$ 7,241,099	\$ 2,413,700
		\$ 13,974,552	\$ 7,241,099	\$ 6,733,452

*TIRZ costs are calculated at 75% of the total costs of their projects.

Below is a breakout of projects under the Street Improvement, Transportation Improvement and TIRZ Project categories:

Project		Cost
Street Improvements	- Post Oak:	
	Segment 1: RR12 to Shetland Rd	\$ 616,948
	Segment 2: Shetland Rd to Roanoak Dr	
Segment 3 – Roanoak Dr to Spanish Oak		
Transportation Improvements	- Sidewalk Design & Construction:	
	Middle School	\$ 50,000
	Mercer Street	\$ 760,000
	- HDR Engineering/Consulting:	
	Symposiums	\$ 5,000
	Grants	\$ 125,000
	Reviews	\$ 100,000
Maintenance Facility	Purchase & Construction of Maintenance Facility	\$ 412,805
Property Acquisition		\$ 2,250,000
TIRZ Projects	Old Fithugh Road	\$ 5,459,636
	Stephenson Building	\$ 3,059,053
	Downtown Parking	\$ 1,136,110
		\$ 13,974,551

After working with the City’s Financial Advisor and Bond Council, for consideration is the issuance of \$13,255,000.00 in Combination Tax and Revenue Certificates of Obligation Bonds with a Reoffering premium of \$1,204,249.40 for a total issuance of \$14,459,249.40. Based on the “Debt Servicing Schedule,” this issuance will be repaid from the General and TIRZ funds as follows:

FY	Total Payment	Payment (Gen.)	Payment (TIRZ 1)	Payment (TIRZ 2)	Rate Impact
FY 2025	\$ 1,002,312.50	\$ 482,950.99	\$ 326,379.30	\$ 192,982.21	\$ 0.02337
FY 2026	\$ 1,007,250.00	\$ 485,330.06	\$ 327,987.08	\$ 193,932.86	\$ 0.02349
FY 2027	\$ 1,007,250.00	\$ 485,330.06	\$ 327,987.08	\$ 193,932.86	\$ 0.02349
FY 2028	\$ 1,006,250.00	\$ 484,848.22	\$ 327,661.45	\$ 193,740.33	\$ 0.02346
FY 2029	\$ 1,004,250.00	\$ 483,884.55	\$ 327,010.20	\$ 193,355.25	\$ 0.02342
FY 2030	\$ 1,006,250.00	\$ 484,848.22	\$ 327,661.45	\$ 193,740.33	\$ 0.02346

The chart above outlines the next five years of payments. This issuance is a 20-year note.

The “Rate Impact” column calculates the Interest & Sinking Tax Rate which could be levied to cover the General Funds portion of the debt. For FY 2025, the City budgeted \$865,000.00 to cover the anticipated annual debt cost.

Commission Recommendations: N/A

Recommended Council Actions: This item is intended for discussion only. Any future action resulting from Council’s discussion will be included in a future agenda item.

Attachments:

Next Steps/Schedule: