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**CITY OF PORT LAVACA**

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**MEETING:** JANUARY 8, 2024 **AGENDA ITEM** \_\_\_\_\_

**DATE:** 1.04.24

**TO:** HONORABLE MAYOR AND CITY COUNCIL MEMBERS

**FROM:** JODY WEAVER, INTERIM CITY MANAGER

**SUBJECT:** RESOLUTION AUTHORIZING PUBLICATION OF NOTICE OF INTENT TO ISSUE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION – SERIES 2024

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With the receipt of bids for the construction of Phase 1 and Phase 2 of Alamo Heights, we are now in a better position to determine the amount of Series 2024 CO's we need to complete the Capital Improvement project that we planned when the \$7.5M Series 2022 CO's were issued.

See the attached spreadsheet.

- The first column shows the breakdown of how we initially estimated the use of the \$7.5M.
  - The second column shows how we have/are actually spending these dollars.
  - The third column shows the proposed use of a 2024 issuance.
  - Although we have not bid out the Independence Road project yet, the cost estimate shown uses the unit prices from the recently bid Alamo Heights project, so we are relatively confident that the engineer's estimate is within contingency.
- So in order to award the work of Phases 1 & 2 of the Alamo Heights Streets and Drainage improvements and then reconstruct Independence from Virginia to Sandcrab with a sidewalk on one side, we need a little over \$11.6M.
- The Anne Street Lift Station is in great need of reconstruction. We applied for a grant for this a couple years ago, but because all of the drainage basin is not in a Low-to-Moderate income area, the application was rejected. This cost is approximately \$0.9M (and would be paid from water rates). This would bring the total to \$12.5M

**Preliminary** calculations indicate that we can reasonably expect to be able to issue this \$12.5M and still generate the same dollars as fiscal year 23-24 for O&M by raising the tax rate back to 0.7944.

- I understand there is a desire to include the reconstruction of Independence from Sandcrab to Half League. This would add an estimated \$1.6M in cost.
- We also recognize that there are some potential residential development opportunities along Independence that are stalled because the area has no sewer. A lift station would cost approximately \$0.9 M and could be added as Economic Development dollars.

To accomplish all these projects, the total would be \$15M, however at this level, most assuredly the property tax rate would need to increase a couple pennies.

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## CITY OF PORT LAVACA

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At this time, Council is only authorizing the publication of a Notice of Intent (NOI) to Issue CO's and establishing a MAXIMUM amount that is being considered. Later in February Council will actually vote on the final amount to issue, which can always be less than what is stated in the NOI, but it can't be more.

This information and preliminary calculations have been shared and reviewed with the Finance Committee. Based upon the preliminary calculations, if we needed to increase the property tax rate to say \$0.81, that would equate to \$23.40 additional tax on a \$150,000 house (above the 0.7944) or \$44 on that same house above the current 0.7807.

In the next 45 days I will provide more detailed information to Council for their review before making a decision on the final amount of CO's to issue.

Recommendation:

Adopt the proposed resolution as presented to authorize publication of the Notice of Intent (NOI) to issue Combination Tax & Revenue Certificates of Obligation, Series 2024 in an amount NOT TO EXCEED \$15 million.

**CITY OF PORT LAVACA  
PROPOSED CERTIFICATES OF OBLIGATION (CO) BOND ISSUES**

Identified Projects:	Series 2022		Series 2024	Actual Bid Amount
	Estimated Cost at the time we sold Bonds	Actual planned expenditures: 10/23/2023	Estimated Cost	
Streets & Draining including Utility Relocation				
5th Street Outfall (COMPLETE)		\$ 514,676.75		
Alamo Heights Phase 1	\$ 500,000.00	\$ 1,800,397.85	\$ 7,171,833.15	\$ 8,972,231.00
Alamo Heights Phase 2				
Independence (Virginia to Sandcrab 10' sidewalk one side)			\$ 4,440,598.79	<i>Engineer's Estimate</i>
Engineering Alamo Heights	\$ 1,500,000.00	\$ 685,000.00		
Engineering Independence		\$ 497,031.25		
Other Street & Drainage Projects	\$ 2,000,000.00			
CDBG DR Project Cost Over-run	\$ 1,352,289.15	\$ 1,352,289.15		
Water & Sewer System Improvements (Over-run CLFRF)	\$ 1,000,000.00			
SUPPLEMENT WATER AND WWTP PROJECTS (ENGR & CONSTR)		\$ 2,650,605.00		
Additional Street & Drainage and Shoreline Protection/ Remediation Projects	\$ 1,147,710.85			
Total Bond Issue to complete Alamo Heights Phase 1 and 2 and Independence (Virginia to Sandcrab)			\$ 11,612,431.94	
* ADD Ann Street Lift Station (Engineering and Construction)			\$ 887,568.06	<i>Engineer's Estimate</i>
Total Bond Issue	\$ 7,500,000.00	\$ 7,500,000.00	\$ 12,500,000.00	
** ADD road reconstruction from Sandcrab to Half League (no sidewalk)			\$ 1,600,000.00	<i>Engineer's Estimate</i>
*** ADD Economic Development funds for Independence Lift Station			\$ 900,000.00	<i>Engineer's Estimate</i>
			\$ 15,000,000.00	

**BREAKDOWN OF FUNDS FOR 2023 WATER/WASTEWATER IMPROVEMENTS**

		ARA GRANT	Bond
WWTP CONTRACT	\$ 1,252,125.83	\$ 1,037,628.57	\$ 214,497.26
WATER CONTRACT	\$ 4,194,840.00	\$ 1,758,731.01	\$ 2,436,108.99
Grantworks	\$ 146,700.00	\$ 146,700.00	\$ -
LESS ARPA	\$ (2,943,059.58)	\$ 2,943,059.58	\$ 2,650,606.25
	\$ 2,650,606.25		

**RESOLUTION NO. R-010824-3**  
**RESOLUTION AUTHORIZING PUBLICATION**  
**OF NOTICE OF INTENTION TO ISSUE**  
**COMBINATION TAX AND REVENUE**  
**CERTIFICATES OF OBLIGATION**

**THE STATE OF TEXAS §**  
**COUNTY OF CALHOUN §**  
**CITY OF PORT LAVACA §**

WHEREAS, the City Council of the City of Port Lavaca, Texas (the “City Council”) deems it advisable to give notice of intention to issue combination tax and revenue certificates of obligation of said City, as hereinafter provided; and

WHEREAS, it is officially found and determined that the meeting at which this Resolution has been considered and acted upon was open to the public and public notice of the time, place and subject of said meeting was given, all as required by Chapter 551, Texas Government Code, as amended;

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS:

Section 1. FORM OF NOTICE. Attached hereto and marked Exhibit “A” is a form of Notice of Intention to Issue Combination Tax and Revenue Certificates of Obligation, the form and substance of which are hereby adopted and approved.

Section 2. PUBLICATION OF NOTICE. Said Notice shall be published, in substantially the form attached hereto, in a newspaper, as defined in Subchapter C of Chapter 2051, Texas Government Code, of general circulation in said City once a week for two consecutive weeks, the date of the first publication thereof to be at least forty-five (45) days prior to the date tentatively set for passage of the ordinance authorizing the issuance of such certificates.

Section 3. POSTING OF NOTICE ON WEBSITE. Further, said Notice shall be posted in substantially the form attached hereto continuously on the City’s website for at least forty-five (45) days prior to the date tentatively set for passage of the ordinance authorizing the issuance of such certificates.

PASSED AND APPROVED this 8<sup>th</sup> day of January, 2024.

\_\_\_\_\_  
Jack Whitlow, Mayor

ATTEST:

\_\_\_\_\_  
Mandy Grant, City Secretary

## Exhibit "A"

### NOTICE OF INTENTION TO ISSUE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that the City Council of the City of Port Lavaca, Texas, will convene at the City Council Chambers, 202 N. Virginia St., Port Lavaca, Texas at 5:30 p.m. on Monday, February 26, 2024 and, during such meeting, the City Council will consider passage of an ordinance and take such other actions as may be deemed necessary to authorize the issuance of combination tax and revenue certificates of obligation in an aggregate principal amount not to exceed \$15,000,000 for the purpose of paying contractual obligations of the City to be incurred for (1) various Capital Improvement Projects; (2) construction of streets and drainage, including utility relocation and sidewalks and shared use paths and lighting; (3) water and sewer system improvements; and (4) the payment of professional services and costs of issuance related thereto. The certificates of obligation will be payable from the levy of an annual ad valorem tax, within the limits prescribed by law, upon all taxable property within the City and a limited pledge (not to exceed \$1,000) of the surplus revenues of the City's Waterworks and Sewer System. The certificates of obligation are to be issued, and this notice is given, under and pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Local Government Code, Section 271.041, et seq.

As further required by Local Government Code Section 271.049(b)(4), the following additional information is provided:

- (A) The current principal of all outstanding debt obligations of the City is \$8,975,000.
- (B) The current combined principal and interest required to pay all outstanding debt obligations of the City on time and in full is \$12,629,080.
- (C) The maximum principal amount of the certificates to be authorized is \$15,000,000.
- (D) The estimated combined principal and interest required to pay the certificates to be authorized on time and in full is approximately \$23,145,225.
- (E) The maximum interest rate for the certificates may not exceed the maximum legal interest rate.
- (F) The maximum maturity date of the certificates to be authorized is September 1, 2044.

Pursuant to Texas Local Government Code Section 271.049(c), an election on the question of the issuance of the certificates will be called if before the time tentatively set for the authorization and issuance or if before the authorization of the certificates, the City Secretary receives a petition signed by at least five percent of the qualified voters of the City protesting the issuance of the certificates, the City may not issue the certificates unless the issuance is approved at an election ordered, held and conducted in the manner provided for bond elections under Chapter 1251, Government Code.

/s/ Jack Whitlow  
Mayor, City of Port Lavaca, Texas