



Agenda Memorandum

Contact: Clif Custer

Subject: Capital Improvement Project Discussion

Summary:

During the process of assembling the FY 27 budget, discussions between Council and Staff ensued regarding acceptable Contingency and General Fund balances. As part of that discussion, Public Works is presenting a list of Capital Projects to assist Council in understanding the need for continued revenue to fund Capital Expenditures within the General Fund.

Background Information:

Wastewater – Sanitary sewer evaluation study (Lift Station No. 1 service areas).

Estimated Cost = \$250,000.00 - \$350,000.00

Drainage – East Ditch rehabilitation.

Estimated Cost = \$650,000.00 - \$1,000,000.00

2027 CDBG Construction – Walnut St. drainage rehabilitation.

Estimated Cost = \$50,000.00 (contingent on \$160,000.00 of CDBG funding. \$50,000.00 budgeted in FY 27 for engineering)

Parks – Ellis Park improvements.

Estimated Cost = \$450,000.00 - \$550,000.00 (contingent on 1/1 match grant through TPWL)

Issue:

The illustrated project list provides for Council a snapshot of priority projects that serve infrastructure needs and are based on continued delivery of services, correcting infrastructure deficiencies, quality of life, and public health and safety.

For Richwood to continue to effectively improve aging infrastructure, future projects need a source of localized funding free of debt service. Balancing the use of local funds and debt service to fund infrastructure improvements is the only responsible way to ensure a good bond rating for the city in the future.

A continued good bond rating will be the determining factor for qualification of funds and interest rates paid on bonds when significant funding is required to perform infrastructure improvements or expansion due to TCEQ compliance mandates, future development, etc.

Fiscal Impact:

No immediate fiscal impact; discussion only.

Recommendation:

None