



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Finance

ACM: Christine Taylor

DATE: May 19, 2025

SUBJECT

Consider recommending adoption of an ordinance directing the publication of Notice of Intention to issue \$207,515,000 in principal amount of Certificates of Obligation of the City of Denton for Waterworks and Wastewater System and Electric System projects; and providing an effective date.

BACKGROUND

This ordinance provides the Notice of Intention (NOI) to issue \$207,515,000 of Certificates of Obligation (CO) of the City of Denton for Water, Wastewater and Electric System projects, as required by state law. The notice will be published once a week for two consecutive weeks in the Denton Record Chronicle, with the date of the first publication to be at least forty-six (46) days before the date tentatively set for the passage of the ordinance authorizing the issuance of the bonds. The notice will also be posted on the City's website. The additional \$1.8 million is for issuance costs and to allow flexibility in marketing and pricing the bond sale. Issuance costs are shared between the General Government (GO) and CO Bond Sale.

Staff recommends the sale of \$207,515,000 in COs for Water, Wastewater and Electric System. Changes to material pricing and project requirements for large projects were compared to the initial 2024 scopes and pricing in developing the NOI project list. The increase in Water and Wastewater is associated with the timing of the Environmental Protection Agency WIFIA program funding. An overall review of Electric's capital projects resulted in a reduction of NOI project dollars.

Below is a listing of recommended Water, Wastewater and Electric System CO funded projects for FY 2024-25.

<u>Water Projects</u>	<u>Reimbursement Ordinance</u>	<u>Notice of Intent</u>
AMI/AMR Replacements	\$ 4,590,000	\$ 2,000,000
Annual Field Service Replacements	1,050,000	1,050,000
Bonnie Brae (Phase 3)	459,000	900,000
Bonnie Brae (Phase 5)	344,250	675,000
Bonnie Brae (Phase 6)	51,000	100,000
Clear Creek Slope Maintenance	1,000,000	1,000,000
Elm and Locust (Phase 2)	1,530,000	3,000,000
VFDs at LLRWPS and the LLWTP HSPS	250,000	250,000
Fallmeadow Street Water Main	500,000	500,000
Fire Hydrant Installs	61,493	61,493
Lake Lewisville Filter Media Replacement	1,020,000	-
Lake Lewisville Raw Water Station Rehab	1,020,000	2,000,000
Lakey Street Water Main	500,000	500,000
Large Valve Replacements	127,500	-

LCR (Lead and Copper Rule) Compliance	1,000,000	1,000,000
LCR (Lead and Copper Rule) Remediation	500,000	500,000
LLWTP DME Pond Infill	1,020,000	-
LLWTP LAS Bulk Storage Capacity Redesign	255,000	-
LLWTP Raw Water Transmission Line	500,000	500,000
LLWTP Sludge Dewatering Improvement Project	1,932,900	1,000,000
McKenna Park BPS Rehab & Fence Replacement	500,000	500,000
Oversize Participation Agreements	5,360,000	5,360,000
Ray Roberts Ozone Generator PLC Upgrades	459,000	900,000
RRWTP Capacity Rerate and Upgrades	14,892,000	29,200,000
RRWTP Disinfection Conv. and Chemical Impvs.	3,187,500	6,250,000
RRWTP Emergency Generator ATS Upgrade	510,000	1,000,000
RRWTP Fiber Installation	382,500	750,000
RRWTP Raw Electric Assessment	127,500	-
RRWTP Line Cleaning for Zebra Mussels	153,000	-
Sampling Station Upgrades	200,000	200,000
SCADA/HMI Upgrade Water	637,500	1,000,000
Service Center Renovation	1,530,000	3,000,000
Supplement to Bond Election 2019 Projects	7,140,000	14,000,000
Tank Painting	102,000	200,000
Transmission Line Condition Assessment	1,000,000	1,000,000
Transmission Line Condition Repairs	1,000,000	200,000
Distributor Replacement Program	1,241,139	-
Water Meters	900,000	900,000
Water Production Tank Mixing Options Eval.	250,000	250,000
Water Taps	308,122	308,122
West Allred Transmission Line	1,020,000	-
Westgate Road and Drainage	285,600	560,000
Water Total	\$ 58,897,004	\$ 80,614,615

Wastewater Projects

Reimbursement Ordinance

Notice of Intent

		\$
12/15-inch Robson Ranch Interceptor	\$ 500,000	500,000
21/27/30-inch Roark Branch Interceptor Ph. 2	2,500,000	2,500,000
Annual Field Service Replacements	1,050,000	500,000
Bonnie Brae PH 3-6 Wastewater Upgrades	1,020,000	2,000,000
Collector Replacement Program	2,276,552	-
Cooper Creek Lift Station Improvement Project	331,500	650,000
Emergency Equipment Storage Building	400,000	-
Fallmeadow Street Water Main	500,000	500,000
Granada Lift Station Replacement	1,122,000	500,000
Hickory Creek Interceptor IV	3,570,000	1,000,000
Hickory Creek Water Reclamation Plant Ph 1	100,000	100,000
Hobson Lift Station Electrical Upgrade	632,400	500,000
Lakey Street Water Main	500,000	500,000
Legends Sewer Line	510,000	-
Lift Station Replacement	500,000	500,000
Manhole Repair/Replace/Lining	150,000	150,000
Milam Creek Basin Wastewater Line and LS	12,182,880	23,888,000

Mingo/Ruddell/Quiet Zone Sewer Upgrades	510,000	1,000,000
Oversize Participation	13,040,000	13,040,000
PCWRP Expansion Headworks	4,794,000	9,400,000
PCWRP Utility Power Switch Replacement	250,000	-
Pipe/Force Main Condition Assessment	551,250	-
Robson Ranch Project Phase I & II	1,785,000	-
Robson West Lift Station	2,244,000	1,000,000
SCADA/HMI Upgrade Water Rec	1,250,000	1,000,000
Supplement to Bond Election 2019 Projects	13,000,000	13,000,000
Vehicle Replacement	903,286	903,286
Water Reclamations Grinder	1,500,000	-
Service Center Renovation	4,000,000	4,000,000
Wastewater Total	\$ 71,672,868	\$ 77,131,286

<u>Electric Projects</u>	<u>Reimbursement Ordinance</u>	<u>Notice of Intent</u>
Automated Meter Reading	\$ 1,238,730	\$ 1,850,000
Land & Building Construction	2,500,000	3,900,000
Distribution Substations	6,550,000	5,054,394
Distribution Transformers	7,000,000	-
Feeder Extensions & Improvements	15,886,000	9,000,000
New Residential & Commercial	9,205,000	2,000,000
Power Factor Improvement	600,000	150,000
Street Lighting	800,000	176,330
Transmission Lines	6,400,000	625,000
Transmission Substations	8,350,000	10,160,000
Production Plant	6,358,000	6,358,000
Technology	4,090,000	7,626,276
Electric Relocations	6,000,000	1,000,000
Electric Total	\$ 74,977,730	\$ 47,900,000

Total CO's for Water, Wastewater, and Electric **\$ 205,645,901**

The City sells bonds in accordance with the useful life of the asset that is being acquired. For example, vehicles are typically sold with bonds that will be paid within five years. For the FY 2024-25 proposed debt issuance for Water, Wastewater and Electric System COs: \$7,626,276 will be 5-year debt, \$157,745,901 will be 20-year debt, and \$40,273,724 will be 30-year debt.

If approved by the City Council, staff will proceed with the publication of the Notice of Intention and will schedule the Bond Ordinance consideration and adoption for July 15, 2025. The bond ordinance will dictate the parameters of the bond sale. Under such an arrangement, staff will be permitted to execute the bond sale within six (6) months of July 15, 2025, provided certain interest rate parameters are met.

RECOMMENDATION

Staff recommends adoption of the ordinance.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On October 15, 2024, the City Council adopted reimbursement ordinance (Ord. 24-1662) authorizing the reimbursement of capital program expenditures of \$74,010,000 in GO and \$307,839,583 in CO funded projects for General Government, Solid Waste, Electric, Water and Wastewater.

FISCAL INFORMATION

The ordinance is for the authorization to publish the Notice of Intention to sell \$207,515,000 of Certificates of Obligation for Water, Wastewater and Electric System projects. A notice is only required for Certificates of Obligation.

EXHIBITS

1. Agenda Information Sheet
2. Ordinance
3. Presentation

Respectfully submitted:
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Assistant Director of Finance

Prepared by:
Randee Klingele
Treasury Manager