



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Finance

ACM: Cassey Ogden

DATE: March 25, 2024

SUBJECT

Consider recommending adoption of an ordinance directing the publication of Notice of Intention to issue \$177,560,000 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 \$176,130,968 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 \$1,429,032 is for issuance costs and to allow flexibility in marketing and pricing the bond sale.

Staff recommends the sale of \$177,560,000 in COs for Water, Wastewater and Electric System. Changes to material pricing and project requirements for large projects were compared to the initial 2023 scopes and pricing in developing the NOI project list. The reduction in Water is associated with some projects still in design deferring expenses to next fiscal year. 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 2023-24.

	Budget	NOI
AMI/AMR Replacements	\$7,000,000	\$2,000,000
Sampling Station Upgrades	500,000	500,000
Distributor Replacement Program	4,320,572	4,320,572
LLRWPS Redundant Power Supply	250,000	250,000
LLWTP Clarifiers Rehab (Sludge Rake Coating & Sludge Valves)	3,500,000	3,500,000
LLWTP Raw Water Transmission Line	7,500,000	1,500,000
Robson Ranch Water Line (WMP:15)	400,000	400,000
RRWTP Capacity Rerate and Performance Upgrades	8,000,000	8,000,000
RRWTP Disinfection Conversion and Chemical Improvements	4,000,000	4,000,000
RRWTP Expansion #1 (HC:O-1); RRWTP Expansion #2 (HC:O-6)	31,580,500	20,000,000
Supplement to Bond Election 2019 Projects	12,200,000	12,200,000
Transmission Line Condition Repairs	1,000,000	1,000,000
LLWTP Sludge Dewatering Improvement Project	500,000	500,000
Service Center Renovation	2,000,000	2,000,000
Water Total	\$82,751,072	\$60,170,572

	Budget	NOI
12/15-inch Robson Ranch Interceptor (HC: O-4)	\$2,361,900	\$2,361,900
Clear Creek Water Reclamation Plant (CCWRP)	460,000	460,000
Collector Replacement Program	4,915,318	4,915,318
Hickory Creek Water Reclamation Plant Ph 1 (HC: O-1, O-2, O-3)	171,178	171,178
Milam Creek Basin Wastewater Line and Lift Station	5,752,000	5,752,000
PCWRP New 75 MGD Headworks	24,000,000	24,000,000
PCWRP Expansion to 26 MGD	6,300,000	6,300,000
Supplement to Bond Election 2019 Projects	8,000,000	8,000,000
Oversize Participation - Waterline Increases	\$4,000,000	4,000,000
Wastewater Total	\$55,960,396	\$55,960,396
Automated Meter Reading	\$1,194,689	\$1,250,000
Building Construction	5,000,000	5,000,000
Distribution Substations	8,170,000	6,980,000
Distribution Transformers	7,000,000	5,000,000
Feeder Extensions and Improvements	14,975,000	6,902,100
New Residential & Commercial	7,100,000	5,269,000
Power Factor Improvement	500,000	150,000
Street Lighting	1,800,000	500,000
Transmission Lines	14,850,000	11,800,000
Transmission Substation	15,860,000	9,220,000
Technology - Software/Hardware	100,000	4,528,900
Electric Relocations	\$6,000,000	\$3,400,000
Electric Total	\$82,549,689	\$60,000,000
Subtotal All Funds		\$176,130,968
Issuance Cost and Pricing Flexibility		1,429,032
Total Water, Wastewater and Electric		\$177,560,000

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 2023-24 proposed debt issuance for Water, Wastewater and Electric System COs: \$116,130,968 will be 20-year debt, and \$60,000,000 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 June 4, 2024. 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 June 4, 2024, provided certain interest rate parameters are met.

RECOMMENDATION

Staff recommends adoption of the ordinance.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On October 24, 2023, the City Council adopted reimbursement ordinance (Ord. 23-1426) authorizing the reimbursement of capital program expenditures of \$35,600,000 in GO and \$308,624,528 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 \$177,560,000 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:
Vis Bouaphanthavong
Assistant Director of Finance

Prepared by:
Randee Klingele
Treasury Manager