



Legislation Text

File #: ID 17-239, Version: 1

Agenda Information Sheet

DEPARTMENT: Finance

ACM: Bryan Langley

Date: March 7, 2017

SUBJECT

Consider adoption of an ordinance directing the publication of Notice of Intention to issue \$36,610,000 in principal amount of Certificates of Obligation of the City of Denton for General Government and Solid Waste projects; and providing for an effective date.

BACKGROUND

This ordinance provides the Notice of Intention to issue \$36,610,000 in principal amount of Certificates of Obligation (COs) for General Government and Solid Waste 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 thirty-one (31) days before the date tentatively set for the passage of the ordinance authorizing the issuance of the bonds. These bonds will provide funding of \$18,830,000 for General Government and \$17,450,000 for Solid Waste project costs. The additional \$330,000 is for issuance costs and to allow flexibility in marketing and pricing the bond sale. The Audit/Finance Committee is scheduled to discuss this item, along with the entire FY 2016-17 bond program, on this day but prior to Council's consideration of this Notice of Intention.

Staff recommends the sale of \$18,830,000 in COs for General Government. Below is a listing of recommended CO funded projects for General Government's FY 2016-17 CIP:

1. Vehicle Replacements/Additions -	\$ 3,955,000
2. Public Safety Radio Upgrades to Digital -	\$ 2,000,000
3. Computer Aided Dispatch (CAD) System Replacement -	\$ 3,000,000
4. Facilities Maintenance Program (HVAC, Roofing & Flooring) -	\$ 1,175,000
5. Bonnie Brae Road Improvement Matching Funds -	\$ 8,500,000
6. Fleet Fuel Truck -	\$ 200,000
Total -	\$18,830,000

Staff recommends the sale of \$17,450,000 in COs for Solid Waste projects. This amount is a decrease of \$6,130,000 from the planned bond sale of \$23,580,000 included in the FY 2016-17 CIP. Below is a listing of recommended CO funded projects for Solid Waste's revised FY 2016-17 CIP:

1. Roll Off Truck -	\$ 222,600
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2. Auto Side Load Truck -	\$ 294,000
3. Auto Side Load Truck -	\$ 294,000
4. Auto Side Load Truck -	\$ 329,000
5. Rear Load Truck -	\$ 264,000
6. Front Load Truck -	\$ 290,000
7. Front Load Truck -	\$ 352,000
8. Front Load Truck -	\$ 290,000
9. Landfill Excavator -	\$ 450,000
10. Electric Forklift -	\$ 30,000
11. TCEQ Permitted Control Systems -	\$ 1,050,000
12. Articulated Dump Truck -	\$ 580,000
13. Track Loader -	\$ 500,000
14. Dump Truck -	\$ 150,000
15. Mobile Light Power Plants -	\$ 30,000
16. Roll Off Containers -	\$ 50,000
17. Mining Material Diversion Equipment -	\$ 2,150,000
18. Building Materials Recovery Material Diversion Equipment -	\$ 300,000
19. Building Materials Recovery Excavator Material Handler -	\$ 550,000
20. Building Materials Recovery Facility Improvements -	\$ 250,000
21. Building Materials Recovery Wheeled Excavator -	\$ 450,000
22. Building Materials Recovery Trommel -	\$ 580,000
23. Municipal Solid Waste Facility Machinery and Equipment -	\$ 150,000
24. Leachate Recirculation Infrastructure Expansion -	\$ 75,000
25. Solidification Equipment -	\$ 290,000
26. 100 Yard Trailers -	\$ 180,000
27. Site Maintenance Improvements -	\$ 325,000
28. TCEQ Authorized Facility Systems Infrastructure -	\$ 525,000
29. TCEQ Ground Water Well and Methane Gas Monitoring System -	\$ 25,000
30. Operations Building Expansion -	\$ 1,200,000
31. Process Upgrades and Technology Improvements -	\$ 400,000
32. Permit Amendment -	\$ 250,000
33. Natural Gas Line Expansion -	\$ 75,000
34. Entrance Upgrade and Road Tie-In -	\$ 1,300,000
35. Materials Processing Building -	\$ 2,700,000
36. Solid Waste Fund Property Acquisition -	\$ 500,000
Total -	\$17,450,000

CO funded projects totaling \$10,235,000 for General Government and \$23,580,000 for Solid Waste were previously authorized through a reimbursement ordinance (Ord. 2016-318). Solid Waste's planned issuance has decreased since the approval of the reimbursement ordinance and adoption of the FY 2016-17 CIP.

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 2016-17 proposed debt issuance for General Government and Solid Waste: \$18,760,000 will be 5 year debt, \$1,720,000 will be 10 year debt, and \$15,800,000 will be 20 year debt. In addition, the 20 year debt issues will also have a 10 year call option.

Concurrently with the sale of the COs for General Government and Solid Waste, the City anticipates the sale of

approximately \$71,640,000 of COs for Wastewater and Electric projects and approximately \$17.16 million in General Obligation Refunding and Improvement Bonds to fund the fifth and final year (\$4 million) of street reconstruction projects approved by voters in November 2012, the third year (\$13.16 million) of projects approved by voters in November 2014, and the refunding of existing general obligation debt (\$12.98 million). The refunding is contingent upon market conditions and it must meet the City's debt policy requirements.

If approved by the City Council, staff will proceed with the publication of the Notice of Intention and will schedule the Bond Ordinance for consideration and adoption on April 18, 2017. At that time, it is anticipated that staff will request that the City Council authorize a "parameters sale." Under such an arrangement, staff will be permitted to execute the bond sale within six (6) months of April 18th, provided certain interest rate parameters are met.

RECOMMENDATION

Staff recommends adoption of the ordinance.

FISCAL INFORMATION

The ordinance is for the authorization to publish the Notice of Intention to sell \$36,610,000 of Certificates of Obligation for General Government and Solid Waste projects. A notice is only required for the Certificates of Obligation. Concurrently with the sale of the COs for General Government and Solid Waste, the City anticipates the sale of approximately \$71,640,000 of COs for Wastewater and Electric projects. There is no statutory requirement to post such a notice for the General Obligation Refunding and Improvement Bonds, which will include the fifth and final year (\$4 million) of street reconstruction projects approved by voters in November 2012, the third year (\$13.16 million) of projects approved by voters in November 2014, and the refunding of existing general obligation debt (\$12.98 million).

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Organizational Excellence**

Related Goal: **1.1 Manage financial resources in a responsible manner**

EXHIBITS

1. Notice of Intent Ordinance
2. 2014 Bond Issuance Timeline

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