

# Mayor and Council Communication

DATE: 06/02/20

M&C FILE NUMBER: M&C 20-0363

LOG NAME: 21PMD MARYS CREEK LIFT STATION SITE

## **SUBJECT**

Authorize the Acquisition of Fee Simple Interest in Approximately 3.7 Acres of Land and Improvements Located at 315 Winscott Road, Tarrant County, Texas from Michael F. Jones, in the Amount of \$450,000.00 and Pay Estimated Closing Cost up to \$13,000.00 for the Mary's Creek Lift Station Site (Clearfork LF and FM), Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt and Adopt Appropriation Ordinance (COUNCIL DISTRICT 3)

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the acquisition of approximately 3.7 acres of land and improvements, being Lot 1 and 2, Block 1 of the Radio & TV Commission Addition, located at 315 Winscott Road, Tarrant County, Texas, from Michael F. Jones, in the amount of \$450,000.00 and estimated closing costs up to \$13,000.00 for the Mary's Creek Lift Station Site (Clearfork LF and FM) project (City Project No. 102686);
2. Authorize the City Manager, or his designee, to execute, accept the appropriate closing documents and record the appropriate instruments to complete the transaction;
3. Adopt the attached resolution expressing official intent to reimburse expenditures with proceeds of future debt for the Mary's Creek Lift Station Site (Clearfork LF and FM); and
4. Adopt the attached appropriation ordinance increasing appropriations in the Water & Sewer Commercial Paper Fund in the amount of \$463,000.00 from available funds, to fund the Mary's Creek Lift Station Site (Clearfork LF and FM) project (City Project No. 102686).

## **DISCUSSION:**

The purpose of this Mayor and Council Communication is to seek approval to acquire land and improvements located at 315 Winscott Road. The land is necessary for the construction and maintenance of the Mary's Creek Lift Station, which will pump wastewater through a proposed force main to the proposed Mary's Creek Water Reclamation Facility.

An appraisal of the property was prepared by an independent fee appraiser, and the property owner has agreed to the appraised price of \$450,000.00. The real estate taxes will be pro-rated with the Seller being responsible for taxes due up to the closing date. The mineral estate will not be acquired. The deed will contain a surface waiver for the exploration of the mineral estate.

Upon City Council approval, Staff will proceed with acquiring the fee simple interest in the property except for the mineral estate.

Property Ownership	Property Interest	Property Size	Property Address/ Legal Description	Amount
Michael F. Jones	Fee Simple	3.7 Acres	Lot 1 and 2, Block 1, Radio & TV Commission Addition	\$450,000.00
			Total Estimated Closing Cost	\$13,000.00
				\$463,000.00

This project is anticipated to be included in a future revenue bond issue for the Water and Sewer Fund. Available cash within the Water and Sewer portfolio and the City's portfolio along with the appropriation authority authorized under the Callable Commercial Paper Program (CP) will be used to provide interim financing for this project until debt is issued. To the extent resources other than the Water and Sewer portfolio are used to provide interim financing, the Water and Sewer Fund will be charged interest that is equivalent to the overall rate of return being earned by the City portfolio (currently approximately 2.3 percent annually). Should the City's portfolio not support the liquidity needed to provide an interim short-term financing source, another funding source will be required, which could mean issuance of securities under the CP Program or earlier issuance of Water and Sewer revenue bonds than is currently planned. Once debt associated with this project is sold, bond proceeds will be used to reimburse the Water and Sewer portfolio and the City's portfolio in accordance with the attached Reimbursement Resolution.

The City Council approved the Water Department's Fiscal Year 2020-2024 Five Year Capital Improvement Plan on September 17, 2019. The City Council approved plan includes this specific project, with funding identified through the CP program to be reimbursed with future revenue bonds. In accordance with the provisions of the Financial Management Policy Statement, Staff anticipates presenting revenue-supported debt issuances to City Council for consideration within approximately three years. If that does not occur, the costs will no longer be reimbursable by issuing tax-exempt debt and the funding source will have to be made whole through budgetary methods. Adoption of this resolution does not obligate the City

to sell bonds, but preserves the ability to reimburse the City from tax-exempt bond proceeds.

Funding for the Mary's Creek Lift Station Site (Clearfork LF and FM) as depicted in the table below:

<b>FUND</b>	<b>Existing Appropriations</b>	<b>Proposed Appropriations</b>	<b>Project Total*</b>
Water & Sewer Commercial Paper Fund 56017	\$0.00	\$463,000.00	\$463,000.00
<b>Project Total</b>	\$0.00	\$463,000.00	\$463,000.00

\*Numbers rounded for presentation purposes.

The property is located in COUNCIL DISTRICT 3.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the Water & Sewer Commercial Paper Fund (W&S Commercial Paper) for the Mary's Creek Lift Station Site (Clearfork LF and FM) Project to support the approval of the above recommendation and the acquisition of land. Prior to any expenditure being incurred, the Water Department has the responsibility to validate the availability of funds.

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