

# Mayor and Council Communication

**DATE:** 04/13/21

**M&C FILE NUMBER:** M&C 21-0287

**LOG NAME:** 60WATERIFTRANSFERFY2021

## **SUBJECT**

(ALL) Adopt Attached Appropriation Ordinances Totaling \$25,202,174.00 in the Water and Sewer Impact Fee Funds and the Water Priority Lien Debt Service Fund for the Purpose of Making a Transfer and Reimbursing Impact Fee Eligible Debt Service Payments Made from Other System Revenues

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance increasing receipts and appropriations in the Water Impact Fee Fund in the amount of \$13,563,825.00 from available funds within the Water/Wastewater Wholesale Impact Fees and Water/Wastewater Retail Impact Fees projects for the purpose of transferring to the Water Priority Lien Debt Service Fund to reimburse impact fee eligible debt payments made from other system revenues;
2. Adopt the attached appropriation ordinances increasing receipts and appropriations in the Sewer Impact Fee Fund in the amount of \$11,638,349.00 from available funds within the Water/Wastewater Wholesale Impact Fees and Water/Wastewater Retail Impact Fees projects (City Project Nos. B20004 and B20005) for the purpose of transferring to the Water Priority Lien Debt Service Fund to reimburse impact fee eligible debt payments made from other system revenues; and
3. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Water Priority Lien Debt Service Fund in the amount of \$25,202,174.00 transferred from the Water and Sewer Impact Fee Funds to reimburse impact fee eligible debt payments made from other system revenues and to fund partial cash defeasance of Water and Sewer System debt, with the appropriation for defeasance subject to reduction to conform to final figures at the time of defeasance.

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to appropriate funding from the Water and Sewer Impact Fee Funds and transfer it to the Water Priority Lien Debt Service Fund for the purpose of reimbursing payments made on debt associated with impact fee eligible projects using other system revenues. In accordance with Texas Local Government Code Chapter 395, the Utility may pledge impact fee revenue for payment of debt service on growth-related capital improvement projects or public facility expansions as identified in the capital improvement program.

Because these debt service costs were actually incurred and were eligible for impact fee funding, staff recommends that impact fees be used to reimburse the other system revenues that bore the debt service costs attributable to the impact fees in the Water Priority Lien Debt Service Fund.

Adoption of the third appropriation ordinance reimburses the Debt Service Fund with the transferred impact fee revenues; it also makes these funds available for a partial cash defeasance of outstanding Water and Sewer System debt.

A separate M&C on today's agenda authorizes the defeasance and provides details of the anticipated present value savings, which are projected to be almost 25%. The appropriation for the defeasance reflects the maximum amount that might be used for that purpose but allows figures to "settle" if the final numbers at defeasance end up being slightly less. This structure accommodates variables in costs that are associated with the transaction date being a couple weeks away and ensures that the ultimate appropriation amount does not exceed actual cost.

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 funds are currently available in the W/WW Wholesale Impact Fees and W/WW Retail Impact Fees projects within the Water and Sewer Impact Fee Funds and upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the Water Priority Lien Debt Service Fund. Prior to an expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

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