



Legislation Text

File #: R2024-120, Version: 1

A Resolution by the City Council of the City of Farmers Branch, Texas, authorizing publication of notice of intention to issue combination tax and revenue certificates of obligation: approving the preparation of a preliminary official statement and notice of sale; providing for other matters incidental thereto; and providing for an effective date.

BACKGROUND:

City Administration has previously held a number of discussions with the City Council regarding the desire to finance costs associated with land acquisition, design, construction, and equipping public safety communication dispatch facility, North Texas Emergency Communication Center (NTECC), for \$5M, and acquiring vehicles and equipment for public safety for \$5M. We are combining the NTECC and fire fleet Certificates of Obligation (CO) issuance in order to save on the costs of issuance. Resolution 2024-119 is on the agenda to authorize the City to reimburse itself for these costs once the certificates are issued.

The Certificates are expected to be issued with a maturity not exceeding 25 years. The maximum of 25 years relates to the useful life of NTECC buildings. The maturity of the Fire fleet will be for a shorter period. The debt tax rate is not anticipated to increase from this issuance. The City is proposing an overall tax rate decrease of at least 3 cents for fiscal year 2025, which will come from the Maintenance & Operation (M&O) tax rate.

DISCUSSION:

This resolution gives notice of the City's intent to issue certificates of obligation, in an amount not to exceed \$10.0 million, for the purpose of paying contractual obligations to be incurred for the following purposes: (i) designing, constructing, developing, and equipping public safety facilities, including a public safety communication facility and dispatch center, and the acquisition of land therefor; (ii) acquiring vehicles and equipment for public safety, including fire, police and emergency services (items (i) and (ii), collectively, the "Project"); (iv) professional services incurred in connection with the Project, and (v) to pay the costs incurred in connection with the issuance of the Certificates. (a) designing, constructing, renovating, improving, and equipping the new public recreational multi-sport and fitness facility (the "Project"), and (b) paying professional services of attorneys, financial advisors, and other professionals in connection with the Project and the issuance of the Certificates.

This resolution provides notice of intent but does not authorize the actual issuance of debt. City staff anticipates authorizing the sale of these certificates at a Council meeting on September 10th. This agenda item supports the City Council's guiding principle of providing for efficient and fiscally sound government through conservative budgeting, spending, and debt management. These policies have successfully maintained an impressively low debt ratio of 3%. According to bond rating standards, a debt ratio below 20% is recommended, with exceptional management achieving below 10%. Even with the upcoming debt issuance, we will continue to sustain a strong financial position, keeping our debt ratio under 5%. Our investment advisors, Hilltop Securities, will be present to answer any questions concerning the debt issuance.

FISCAL IMPACT:

Budgeted Financial Impact - Final debt service costs will be factored into the final 2024-25 Annual Budget.

POSSIBLE COUNCIL ACTION:

1. I move to approve Resolution No. 2024-120, providing for notice to be given of intent to issue Certificates of Obligation, Series 2024, for the purpose of acquiring land and equipment, constructing a public safety dispatch center, purchasing public safety vehicles in an amount not to exceed \$10.0 million, and declaring intent to reimburse certain prior capital costs, as presented.
2. I move to approve Resolution No. 2024-120, providing for notice to be given of intent to issue Certificates of Obligation, Series 2024, for the purpose of acquiring land and equipment, constructing a public safety dispatch center, and purchasing public safety vehicles in an amount not to exceed \$10.0 million. The resolution also declares intent to reimburse certain prior capital costs, with modifications.
3. I move to table the issue for further study or take no action.

ATTACHMENTS:

1. Resolution No. 2024-120
2. Debt Issuance Timeline
3. Presentation