

CITY OF LAREDO
CITY COUNCIL WORKSHOP REGARDING THE
FINANCING OF BRIDGE IV

CITY COUNCIL CHAMBERS
1110 HOUSTON
LAREDO, TEXAS
5:00 P.M.

MINUTES

M98-W-08

FEBRUARY 23, 1998

I. CALL TO ORDER

With a quorum present Mayor Elizabeth G. Flores called the meeting to order.

II. PLEDGE OF ALLEGIANCE

Mayor Elizabeth G. Flores led in the Pledge of Allegiance.

III. ROLL CALL

IN ATTENDANCE:

ELIZABETH G. FLORES,	MAYOR	
JOSE. R. PEREZ, JR.,	COUNCILMEMBER,	DISTRICT I
LOUIS H. BRUNI,	"	, DISTRICT II
CECILIA MAY MORENO,	"	, DISTRICT IV
ELISEO VALDEZ,	"	, DISTRICT V
JOE A. GUERRA,	"	, DISTRICT VI
MARIO G. ALVARADO,	"	, DISTRICT VII
CONSUELO "CHELO" MONTALVO,	"	, DISTRICT VIII
GUSTAVO GUEVARA, JR.,	CITY SECRETARY	
FLORENCIO PENA, III,	CITY MANAGER	
JAIME L. FLORES,	CITY ATTORNEY	

ABSENCES:

Motion to excuse Cm. Alfonso I. "Poncho" Casso.

Moved : Cm. Guerra

Second: Cw. Moreno

For: 7

Against: 0

Abstain: 0

IV. CITY MANAGER'S REPORT

2. Discussion and possible action regarding the financing for the Laredo Northwest International Bridge (Fourth Bridge) and

consideration of the City's loan application to the Texas Department of Transportation for State Infrastructure Bank Program Funds.

Florencio Pena, City Manager, made the presentation and stated that this is the most important project that City Council has been involved over the last several years. He read part of the correspondence from the United States Department of State. He said that the first paragraph eludes to the fact that GSA has approved the Master Plan and read the second paragraph signed by Elizabeth Swope, Coordinator of U.S.-Mexico Border Affairs, for the record, which eludes to the issue they will be dealing and read as follows:

"We have reviewed a copy of the 1995 Memorandum of Understanding between the City of Laredo and the State of Texas concerning funding of the bridge. However, since these funds have not been appropriated, we will need information about current financial arrangements prior to exchanging Diplomatic Notes with Mexico authorizing construction. We would also appreciate a clarification of the waiver referred to in your letter.

In addition, we note that the construction schedule provided reflected actions taking place as early as the last week, February 1998. Please provide a revised construction schedule reflecting current plans."

Mr. Pena explained that in regards to the waiver it is unfortunate, but he has explained this waiver to Mrs. Swope in the past and it is unfortunate that she does not recall. The waiver issue was the issue dealing with the limitation of the use of funds which the state has already resolved. Instead of using innovative financing funds we are to use State infrastructure bank funds and that provision which required the exclusive use of surplus revenues to be designated over for highway projects has been eliminated, so the waiver issue is no longer an issue. What is an issue is the submission of our financial arrangements.

Jesse Covarrubias, Project Engineer, explained the plan on the proposed bridge site with road connections, interchanges, toll booths, inspection facilities, queuing stations for 310 trucks with the possibility to expand in the future for 220 tractors, and an overall view of the project and the layout of Master Plan for the bridge facility approved by GSA.

Note: Cm. Casso arrived at 5:35 p.m.

Mr. Pena stated we could include an alternative bid to include the 220 queuing area.

Cindy Collazo gave an overview of the financing package that they propose to submit to the TxDot who will be financing a large portion of this project. She presented construction funding sources comparison of City of Laredo and TxDot Proposals. "Exhibit A" attached.

Mr. Pena pointed that March 10 is the date to present the State Infrastructure Bank application to TxDot.

Mr. Noe Hinojosa, Financial Advisor, gave an overview of the impact that this financial package will have on the city in terms of the general fund. He presented financing options and went over the spread sheets.

**CITY OF LAREDO, TEXAS
INTERNATIONAL FOURTH BRIDGE FINANCING**

	OPTION A		OPTION B
SOURCES:			
SIB Loan	\$24,870,000		N/A
Capitalized Interest	5,948,075		N/A
Tax Exempt (20 & 25 years)	3,910,000		\$29,115,000
Taxable (20 years)	7,155,000		7,155,000
Total	\$41,883,075		\$36,270,000
USES:			
Construction Fund	\$32,646,211		\$32,646,211
Reserve Fund	1,370,000		1,365,000
Contingencies	1,295,864		1,126,581
Cost of Issuance and Other	622,925		1,132,208
Total	\$35,935,000		\$36,270,000
IMPACT ON CITY			
<u>Cost of Borrowing:</u>		<u>Difference</u>	
SIB Loan @ 4.1%	\$16,706,522	16,706,522	N/A
Tax Exempt @ 5.35% & 5.5%	2,585,565	(22,830,344)	\$25,415,909
Taxable @ 6.985%	6,469,688	0	6,469,688
TOTAL	\$25,761,775	(6,123,822)	\$31,885,597

LAREDO IV - CONSTRUCTION FUNDING SOURCES
COMPARISON OF CITY OF LAREDO AND TxDOT PROPOSALS

Project Description	Funding Source	Proposal		Difference Explanation
		City	TxDOT	
1A. International Bridge & Facilities (Original SIB Request)	SIB Loan to City of Laredo	\$11,300	\$11,300	Same
1B. International Bridge & Facilities (Additional SIB Request)	SIB Loan to City	\$8,200	\$12,700	The difference is attributed to the omission of the cost of activities including those noted below which have already been incurred or must be incurred prior to the approval of the SIB loan. Design..... \$1,936,550 Geotechnical Investigation..... 58,959 Management During Design..... 293,766 Land Acquisition..... 1,061,316 Loop 20 N. Frontage Rd. Reimbursement..... <u>1,600,000</u> Total..... <u>\$4,950,591</u>
2. Incidental Project Limits FM 1472	TxDOT Funding Categories 4(D)	\$1,600,000	\$1,600,000	Same
3. LP 20 South Frontage Road (From FM 1472 to IH35)	TxDOT Funding Categories (3A)	\$12,500,000	\$12,500,000	Same
4. LP 20 20 N. Frontage Rd. (From FM1472 to IH35)	TxDOT Funding Categories	\$2,000,000	\$400,000	City proposes that the entire cost (\$2,000,000) of the N. Frontage Road from FM. 1472 to IH35 be funded by TxDOT while TxDOT wants the City to fund the major portion (\$1,600,000) and have TxDOT only responsible for \$400,000. The \$1,600,000 is also included as part of the \$12,700,000 listed by TxDOT under the SIB loan.
	City of Laredo	-	\$1,600,000	
5. LP 20 South Frontage Rd. (From FM 1472 to IH35)	Demonstration Project	\$2,000,000	\$2,000,000	Same
6. Milo Interchange (Phase I)	TxDOT Funding Categories 4D & 13 C	\$10,000,000	\$10,000,000	Same
6A. LP 20 Overpass (@ Riverbank Rd.	TxDOT Funding Categories	\$800,000	-	City proposes that TxDOT fund this activity while TxDOT proposes that it be funded by the City through the SIB loan.
	SIB Loan to City	-	\$800,000	
6B. LP 20 North & South Frontage Rd. Extensions	TxDOT Funding Categories	\$750,000	-	City proposes that TxDOT fund this activity while TxDOT proposes that it be funded by the developer.
	Developer	-	\$750,000	

"EXHIBIT A"

LAREDO IV - CONSTRUCTION FUNDING SOURCES
COMPARISON OF CITY OF LAREDO AND TxDOT PROPOSALS

6C. Riverbank Road & Turnaround	TxDOT Funding Categories	\$250,000	-	City proposes that this activity be funded by TxDOT while TxDOT proposes that it be funded by the City through the SIB loan.
	SIB Loan to City	-	\$250,000	
6D. LP 20 Main Lane Extensions	TxDOT Funding Category (3A)	\$500,000	-	The City proposes that only the south main lane extension be constructed at a cost of \$1,000,000 and that the City and TxDOT share the cost 50/50. TxDOT is proposing the construction of both the North and South main lanes @ a combined cost of \$2,000,000 and that the construction be financed by the City through the SIB loan.
	SIB Loan to City	\$500,000	\$2,000,000	
6E. IH 35 Direct Connects	TxDOT funding Category 3A	\$3,000,000	-	City proposes that only the Northbound IH35 connectors (\$6,000,000) be constructed at this time with the City and TxDOT sharing the cost 50/50. TxDOT proposes that both the north and southbound connectors be constructed at a total cost of \$10,000,000 and that the City finance the total cost through the SIB loan.
	SIB Loan to City	\$3,000,000	\$10,000,000	

Summary: The SIB Loan difference of \$14,050,000 between the TxDOT and City proposals is attributable to the following major points:

1. Omission by the City of the cost of activities including design services, geotechnical investigation, management during design, land acquisition, and contingencies totaling \$3,465,055 proposed by the City to be financed through Tax Exempt Bonds.
2. Omission by the City of the \$1,600,000 proposed to be reimbursed to TxDOT for the construction of the Loop 20 North Frontage Road.
3. City's proposal that the construction of the Riverbank Road, Turnaround, and Overpass at Loop 20 totaling \$1,050,000 be financed by TxDOT and not the SIB loan.
4. City proposes that only the South LP 20 Main Lane Extension and Northbound IH35 connectors be constructed at this time for a combined total cost of \$7,000,000 and that the City and TxDOT share the cost 50/50; hence, the City's proposal attributes only \$3,500,000 to the SIB loan for this activity. TxDOT proposes that both the north and south LPL 20 main lane extensions and IH35 connectors be constructed for a combined cost of \$12,000,000 and be charged totally to the City's SIB loan.
5. The City's and TxDOT proposals referenced varying project cost allocation tables; consequently, estimated costs of land acquisition and contingencies did not coincide. Also the City's actual SIB loan cost estimate of \$22,531,632 was rounded up to \$23,000,000 to facilitate reporting and any possible cost overruns.
6. In the instances that the City proposes an activity be funded by TxDOT, all costs have been listed under the TxDOT 3A Designation; however, TxDOT would decide which category the activity would actually fall under.

Average Contribution to Capital
Improvements Fund (1999-2011)

	\$3,332,506	840,010	\$2,492,496
Maximum FY 2000 & FY 2009	\$4,685,331	1,618,028	\$3,067,303
Minimum FY 2010	\$1,247,804	(260,124)	\$1,507,928

Motion to authorize City Manager to submit application with option A for financing of Bridge IV.

Moved : Cm. Perez
Second: Cm. Valdez
For: 8

Against: 0 Abstain: 0

V. ADJOURNMENT

Motion to adjourn.

Moved : Cm. Perez
Second: Cm. Bruni
For: 8

Against: 0 Abstain: 0

Adjournment time: 6:25 p.m.

I HEREBY CERTIFY THAT THE ABOVE MINUTES CONTAINED IN PAGE 01 TO 04 ARE TRUE, COMPLETE, AND CORRECT PROCEEDINGS OF THE CITY COUNCIL WORKSHOP REGARDING THE FINANCING OF BRIDGE IV HELD ON THE 23RD OF FEBRUARY, 1998. A CERTIFIED COPY IS IN FILE AT THE CITY SECRETARY'S OFFICE.


GUSTAVO GUEVARA, JR.
CITY SECRETARY

Minutes approved : March 16, 1998