



# **FY2022 Proposed Tax Anticipation Note**

*Budget & Fiscal Policy Department  
Commissioners Court Regular Session  
July 11, 2022*

# Tax Note

El Paso County has the opportunity to shift the funding for current capital project eligible expenses from the General fund and M&O portion of the tax rate to Debt Service fund and I&S side of the tax rate.

## ■ Opportunities

- Lower the M&O and overall tax rate
- Preserves the I&S portion of the tax rate and our future bonding capacity for future debt issuances with little or no impact to the total future tax rate
- No timeline restrictions

## ■ Risks

- Future Bond issuance would be a tax rate increase if I&S not preserved in FY 22
- Legislative actions that further restricts the County's ability to issue bonded debt
- Timing and interest rate risk (future rate increases)

# Proposed Tax Note Projects

<b>Project Title</b>	<b>Description</b>	<b>Amount</b>
Ascension Road improvements	Design for an 8 mile length of Ascension Roadway	\$1,000,000
Fabens Airport Pond	Design of a pond to capture the arroyo that runs west of the airport runway.	\$300,000
Mankato Pond	Design of a pond to capture the arroyo that runs north of Mankato low water crossing.	\$350,000
Mankato Crossing	Design of a bridge structure that allows arroyo to cross under roadway.	\$500,000
Stage coach Crossing	Design of a bridge structure that allows arroyo M-2 to cross under roadway.	\$500,000
Overland stage Crossing	Design of a bridge structure that allows arroyo M-2 to cross under roadway.	\$500,000
O'Leary Crossing	Design of a bridge structure that allows arroyo M-4 to cross under roadway.	\$500,000
Tamara Crossing	Design of a bridge structure that allows arroyo M-4 to cross under roadway.	\$500,000
Hueco Mountain Crossing	Design of a bridge structure that allows arroyo M-2 to cross under roadway.	\$500,000
Sparks Arroyo Discharge	Design of the channel protection system to protect culvert system under Peyton roadway.	\$750,000
Fabens Dam Improvements	Repairs to the Fabens Dam.	\$1,850,000
Bradly Detention pond	Excavation of a proposed retention pond on Bradly street in Montana Vista area.	\$1,500,000
Desert Acceptance Linear Park	Construction phase of a linear park to serve the Desert Acceptance community.	\$2,000,000

*Note: Project Listing, Scope of Work & Programmed Amounts Subject to Change*

# Proposed Tax Note Projects

<b>Project Title</b>	<b>Description</b>	<b>Amount</b>
Fabens Airport T-hangar Design	Design of 10 new T-Hangars at the Fabens Airport.	\$400,000
John Hayes Construction Phase I Match	Match for the upcoming FY23 Construction Project.	\$760,000
John Hayes Construction Phase I	Professional Services to manage construction and reporting of federally funded project.	\$1,620,000
Fabens Sidewalk- Design Phase	Design the state grant funded sidewalk project.	\$55,200
PDN Trail - Design Phase	Design the state grant funded shared-use path trail project.	\$201,000
Montwood Design Pending (FY23&FY24)	Design the roadway project--construction funding source pending.	\$1,221,500
Tornillo Sidewalks Construction	Professional Services to manage construction and reporting of federally funded project.	\$200,000
Montana Ph. 2 ROW (FY24 Pymnt to TxDOT)	County's right-of-way commitment to TxDOT required by previous CC Approval.	\$190,561
Desert Acceptance (Square Dance) Linear Park	Design of a proposed 1 mile linear park to include a Share Use Path (SUP) and sidewalk.	\$500,000
SO Detention Facility - Elevator Modernization	Five Downtown Detention Facility (DDF) elevators that require complete modernization.	\$1,650,696
Freight Elevator Modernization	County Courthouse freight elevator modernization.	\$233,000
Meeting Management Equipment & System	Upgrade the agenda/minutes system within the Commissioners Courtroom.	\$265,000
1% for Art	Community art project in 4 precincts based on public input and creative placemaking.	\$196,100
Various heavy equipment	To respond to stormwater, road maintenance, water/wastewater issues	\$1,366,943
Dredging Ascarate Lake	Consultation, Bathymetry, Plan, Dredging, and Disposal	\$3,000,000
	<b>Total</b>	<b>\$22,610,000</b>

*Note: Project Listing, Scope of Work & Programmed Amounts Subject to Change*



# *FY22 Tax Note Estimated Impact*



**Tax Notes, Taxable Series 2022**

*June 30, 2022*

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**STIFEL** | Public Finance

# FY22 Tax Note Estimated Impact

## Proposal Tabulation and Recommendation

El Paso County Tax Notes, Taxable Series 2022						
	Vantage Bank Texas	PNC Bank	Amegy Bank	Frost Bank	Key Government Finance	Bank of Texas
<b>Interest Rate Bid</b>	<b>2023: 2.750%</b> <b>2024: 3.250%</b>					
Dated Date	7/27/2022	7/27/2022	7/27/2022	7/27/2022	7/27/2022	7/27/2022
<b>All-in TIC</b>	<b>3.747%</b>	4.092%	4.230%	4.226%	4.666%	4.815%
Principal Amount	\$20,117,830	\$20,117,830	\$20,112,820	\$20,117,830	\$20,112,820	\$20,117,830
Project Funds	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
<b>Total Debt Service</b>	<b>\$20,584,891</b>	\$20,638,494	\$20,659,873	\$20,659,351	\$20,727,902	\$20,751,409
Average Annual Debt Service	\$13,280,575	\$13,315,157	\$13,328,950	\$13,328,614	\$13,372,840	\$13,388,006
Average Life (years)	0.780	0.780	0.779	0.780	0.779	0.780
Estimated Cost of Issuance <sup>2</sup>	\$112,824	\$112,824	\$112,824	\$112,824	\$112,824	\$112,824
Bank Counsel Fee	\$5,000	\$5,000	N/A	\$5,000	N/A	\$5,000
Final Maturity	2/15/2024	2/15/2024	2/15/2024	2/15/2024	2/15/2024	2/15/2024
Call Optionality	No	Yes	Yes	Yes	Yes	Yes

1. Rate proposal of 2-year Treasury +50 bps. 2-year Treasury as of 6/30/2022.

2. Cost of issuance excludes bank counsel fee proposal.

**Additional Assumptions:**

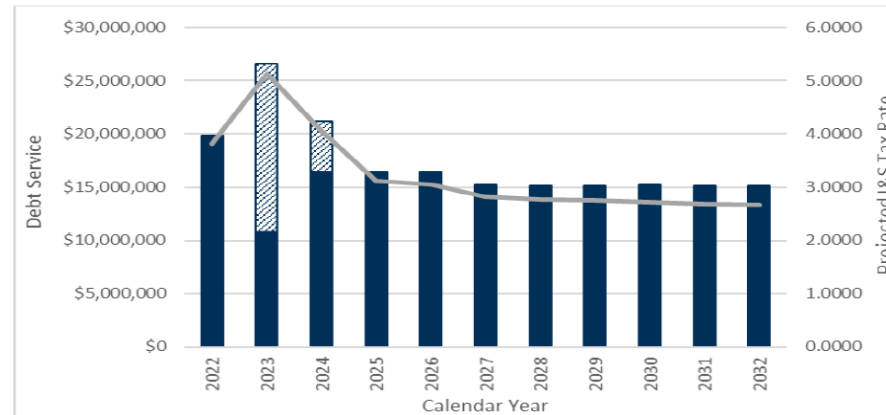
- 12.50% Growth Rate is lower and more conservative relative to Preliminary Values provided by the assessor. A higher TAV will lower tax rates additionally.
- Projected M&O Rate of 0.3974 assumes FY2022 M&O Revenue grown by 3.5% and divided by the Projected Assessed Valuation (which is grown at 10%).
- Additional Sales Tax Receipts will most likely be used to offset debt service in 2024.



# FY22 Tax Note Estimated Impact

## Plan of Finance – Tax Notes, Taxable Series 2022

Tax Impact and Debt Service Schedules															
Current Debt Service and Tax Rate Schedule					Plan of Finance and Tax Impact Projection					Aggregate Tax Rate					
Calendar Year	Growth Factor	Projected Assessed Valuation	Existing Debt Service	Sales Tax Receipts	Net Debt Service	Current Total I&S Tax Rate	TWDB FIF C/O S2022	Tax Note S2022	New USDA Loan S2022	New TWDB Loan S2023	Total Additional Debt Service	Projected Impact to I&S Rate	Projected I&S Rate	Projected M&O Rate	Projected Total Tax Rate
2022	Current	\$47,577,795,829	\$19,880,918		\$19,880,918	0.0382	\$20,718,000	\$20,000,000		\$4,155,600		99%	0.0382	0.4320	0.4702
2023	12.50%	53,525,020,308	15,967,570	\$ (5,194,000)	10,773,570	0.0202	\$690,000	\$15,816,981	\$92,284		\$16,599,265	0.031	0.0514	0.3974	0.4489
2024	2.00%	54,595,520,714	16,431,827		16,431,827	0.0303	690,000	4,767,909	92,539	\$138,000	5,688,448	0.010	0.0408	0.3974	0.4382
2025	2.00%	55,687,431,128	16,439,580		16,439,580	0.0297	690,000		92,477	138,000	920,477	0.002	0.0314	0.3974	0.4288
2026	2.00%	56,801,179,751	16,415,555		16,415,555	0.0291	690,000		92,539	138,000	920,539	0.002	0.0307	0.3974	0.4281
2027	1.00%	57,369,191,548	15,199,957		15,199,957	0.0266	690,000		92,577	138,000	920,577	0.002	0.0283	0.3974	0.4257
2028	1.00%	57,942,883,464	15,138,607		15,138,607	0.0263	690,000		91,741	138,000	919,741	0.002	0.0279	0.3974	0.4253
2029	1.00%	58,522,312,298	15,132,302		15,132,302	0.0260	690,000		92,606	138,000	920,606	0.002	0.0276	0.3974	0.4250
2030	1.00%	59,107,535,421	15,180,720		15,180,720	0.0258	690,000		92,573	138,000	920,573	0.002	0.0274	0.3974	0.4248
2031	1.00%	59,698,610,775	15,112,754		15,112,754	0.0255	690,000		92,516	138,000	920,516	0.002	0.0270	0.3974	0.4245
2032	1.00%	60,295,596,883	15,163,827		15,163,827	0.0253	690,000		92,561	138,000	920,561	0.002	0.0268	0.3974	0.4243
<b>Totals:</b>					<b>\$170,869,617</b>			<b>\$20,584,891</b>			<b>\$29,651,304</b>				







# *Questions*

Approve and adopt an Order authorizing the issuance and sale of El Paso County, Texas Tax Notes, Taxable Series 2022; levying an annual *ad valorem* tax and providing for the security for and payment of said Notes; and enacting other provisions relating to the subject.