

ITEM # 25  
DATE 2-26-2008

**COUNCIL ACTION FORM**

**SUBJECT: AUTHORIZATION FOR ISSUANCE OF GENERAL OBLIGATION CORPORATE PURPOSE BONDS AND PROVIDING FOR THE LEVY OF TAXES TO PAY DEBT SERVICE PER THE FY 08/09 CIP BUDGET**

**BACKGROUND:**

The budget for FY 2008/09 includes General Obligation Bond funded capital improvements. A public hearing is required to authorize issuance of bonds and the levy of property taxes for debt to be issued.

Projects to be funded by this issue include the following:

Street Improvements	\$ 5,392,573
Raw Well Water Loop Line (Abated)	1,500,000
Total	<u>\$ 6,892,573</u>

The City will also be issuing \$5,278,000 to fund construction of the Donald and Ruth Furman Aquatic center. A public hearing is not required for this issuance since a hearing was already held for the total amount of the referendum but the levy of taxes must be authorized.

In prior years the City was not required to take this action known as a pre-levy resolution as part of the budget process since the debt service levy was only for bonds already issued. The Debt Service Fund balance was used to pay principal and interest payments on bonds issued in the current budget year. As we have spent down the Debt Service Fund balance as part of our financial plan to even out changes in the debt service levy and have added the Aquatic Center, a current levy is needed to pay a portion of the debt service on the bond issues planned for FY 08/09. The dollar amounts and corresponding property tax levy for the planned G.O. bond issue is included as part of the FY 08/09 budget.

Council authorization will be required at a later date to authorize the sale of the FY 08/09 General Obligation Bonds.

**ALTERNATIVES:**

1. Adopt a pre-levy resolution authorizing the issuance of General Obligation Corporate Purpose Bonds in an amount not to exceed \$6,892,573 and the debt service property tax levy to pay principal and interest on the bonds.

2. Reject the pre-levy resolution, reduce the FY 08/09 property tax levy and delay the capital projects.

**MANAGER'S RECOMMENDED ACTION:**

Issuance of these bonds is necessary in order to accomplish the City's approved capital improvements this fiscal year and construction of the Donald and Ruth Furman Aquatic Center.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving a resolution the issuance of General Obligation Corporate Purpose Bonds in an amount not to exceed \$6,892,573 and the levy of property taxes to pay principal and interest on the bonds.