

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING AND NOTICE OF INTENT TO ISSUE \$7,750,000 ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS, \$2,250,000 GENERAL OBLIGATION REFUNDING BONDS AND ASSOCIATED TAX LEVY FOR DEBT SERVICE

BACKGROUND:

The FY 2013/14 budget includes a number of General Obligation (GO) 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. The dollar amounts and corresponding property tax levy for the planned GO bond issue are included as part of the FY 2013/14 budget.

The GO Bonds and debt service levy for the FY 2013/14 budget were based on projects listed in the table below. A public hearing is not required for the \$13,500,000 Library portion of the planned issue, since this amount was already approved by referendum. Authorization is required for an additional \$2,250,000 to refund the Series 2005 and 2005A Bonds with an estimated net present value savings of \$86,000. Bonds will not be issued in an amount where debt service will exceed the approved debt service levy. **Council authorization will be required at a later date to authorize the sale of the FY 2013/14 General Obligation Bonds. Bonds are expected to be issued in May to meet Library project funding requirements and facilitate the refunding on the bond call date.**

The Capital Improvements Plan's 2013/14 GO Bond Issue and planned refunding will include the following:

Resource Recovery Improvements	\$ 1,355,370	
Debt abated by utility revenues		\$ 1,355,370
Collector Street Pavement Improvements	420,000	
CyRide Route Pavement Improvements	2,000,000	
Downtown Street Improvements	1,000,000	
Concrete pavement Improvements	1,185,000	
Asphalt/Seal Coat Street Rehabilitation	470,000	
Arterial Street Pavement Improvements	825,000	
Grand Avenue Extension	300,000	
FY 13/14 CIP Tax Supported GO Debt		6,200,000
Refunding Bonds		2,250,000
Issuance Costs & Allowance for Premium		194,630
Total GO Debt Subject to Public Hearing		\$ 10,000,000
Library Expansion/Renovation & Issuance Costs		13,500,000
Grand Total – 2013/14 GO Issue		\$23,500,000

ALTERNATIVES:

1. Adopt a pre-levy resolution authorizing the issuance of Essential Corporate Purpose General Obligation and General Obligation Refunding Bonds in an amount not to exceed \$10,000,000 and the debt service property tax levy to pay principal and interest on the bonds and set the date of public hearing for February 26, 2013.
2. Reject the pre-levy resolution authorizing the issuance of Essential Corporate Purpose General Obligation Bonds, reduce the 2013/14 property tax levy, and delay the capital projects. Rejection of the Essential Corporate Purpose Bonds will prevent the City from completing the bond funded projects reflected in the 2013/14 CIP.

MANAGER'S RECOMMENDED ACTION:

Prior to the issuance of this debt, state law requires that this pre-levy resolution be adopted. This is a required step in order to accomplish the Council's approved capital improvements for the upcoming fiscal year.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby adopting a pre-levy resolution authorizing the issuance of Essential Corporate Purpose General Obligation and General Obligation Refunding Bonds in an amount not to exceed \$10,000,000 and the debt service property tax levy to pay principal and interest on the bonds and set the date of public hearing for February 26, 2013.