

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING AND NOTICE OF INTENT TO ISSUE \$10,750,000 ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS, \$2,500,000 GENERAL OBLIGATION REFUNDING BONDS AND ASSOCIATED TAX LEVY FOR DEBT SERVICE

BACKGROUND:

The FY 2014/15 budget includes a number of General Obligation (G.O.) 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 G.O. bond issue are included as part of the FY 2014/15 budget.

The G.O. Bonds and debt service levy for the FY 2014/15 budget were based on projects listed in the table below. Council authorization will be required at a later date to authorize the actual sale of these bonds. The bonds are expected to be issued shortly after the start of the new fiscal year. **In addition to the G.O. Bonds to fund capital improvement projects, staff has identified a potential bond refunding that may provide savings in debt service costs. Though Council will be holding a public hearing and notice of intent on the sale of those bonds, the refunding sale will not go forward unless adequate savings are expected.**

Please note that, in addition to the amount to fund the \$9,840,000 in G.O. Bond funded capital projects, the not-to-exceed amount for the issuance includes \$910,000 additional authorization to allow for issuance costs and the option to sell our bonds at a premium over the par amount. **In any case, debt will not be issued in an amount where debt service exceeds the property tax levy included in the proposed budget.**

The Capital Improvements Plan's 2014/15 G.O. Bond issue and planned refunding will include the following projects:

Resource Recovery Improvements	\$ 300,000	
Grant Avenue Paving Assessments	2,175,250	
Debt to be Abated by Other Revenues		\$ 2,475,250
Grant Avenue Paving	649,750	
Collector Street Pavement Improvements	1,205,000	
CyRide Route Pavement Improvements	525,000	
Downtown Street Improvements	900,000	
Concrete pavement Improvements	1,655,000	
Asphalt/Seal Coat Street Rehabilitation	1,250,000	
Arterial Street Pavement Improvements	700,000	
Flood Mitigation	300,000	
Bridge Rehabilitation Program	180,000	
FY 14/15 CIP Tax Supported G.O. Debt		7,364,750
Refunding Bonds		2,500,000
Issuance Costs and Allowance for Premium		910,000
Grand Total – 2014/15 G.O. Issue		\$13,250,000

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 \$13,250,000 and the debt service property tax levy to pay principal and interest on the bonds and set the date of public hearing for March 4, 2014.
2. Reject the pre-levy resolution authorizing the issuance of Essential Corporate Purpose General Obligation Bonds, reduce the 2014/15 property tax levy, and delay the capital projects. Delaying the Essential Corporate Purpose Bonds may prevent the City from completing the bond funded projects reflected in the 2014/15 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 \$13,250,000 and the debt service property tax levy to pay principal and interest on the bonds and set the date of public hearing for March 4, 2014.