

ITEM #: 12  
 DATE: 02-27-24  
 DEPT: FIN

**COUNCIL ACTION FORM**

**SUBJECT:**

**RESOLUTION SETTING MARCH 26, 2024 AS DATE OF PUBLIC HEARING AND ADDITIONAL ACTION ON PROPOSAL TO ENTER INTO A GENERAL OBLIGATION LOAN AGREEMENT AND TO BORROW \$2,000,000 THEREUNDER**

**BACKGROUND:**

The FY 2024/25 City Budget includes several General Obligation (G.O.) Bond-funded capital improvements. A public hearing is required to authorize the issuance of bonds and the levy of property taxes for debt to be issued. The proposed public hearing in the amount of \$2,000,000 corresponds to the portion of the FY 2024/25 CIP that is not in support of the indoor aquatic center project.

A separate public hearing which authorized \$21,200,000 to support the construction of the indoor aquatic center project was held on September 14, 2021. **Therefore, all authorizations for the indoor aquatic center are complete and are not included in this proposed public hearing notice**, but will be part of the FY 2024/25 bond issuance. The proposed CIP includes \$16,678,016 of bond proceeds to support the indoor aquatics center for FY 2024/25.

The G.O. Bonds and debt service levy for the FY 2024/25 budget are based on the projects listed in the table below. Council authorization will be required later to approve the sale of the bonds.

**2024/25 CIP G.O. ISSUE**

Intelligent Transportation System	\$ 476,100
Airport Entryway Improvements	680,000
Ada Hayden Heritage Park Improvements	<u>700,000</u>
<b>Total Project Costs</b>	<b>\$ 1,856,100</b>
<b>Previously Authorized Indoor Aquatic Center</b>	<b><u>\$16,678,016</u></b>
<b>Total Project Costs</b>	<b>\$ 18,534,116</b>

**Issuance and Rounding** \$ 143,900

**Total FY 2024/25 Bond Issuance** \$ 18,678,016

As noted above, in addition to the amount to fund the G.O. Bond-funded capital projects, the amount not-to-exceed includes additional authorization to allow for issuance costs and rounding.

Additionally, at the time of sale, staff, in consultation with the City's financial advisor, will review the advantages of issuing bonds at a premium or discount over the par (face value) of bonds, ensuring the lowest true interest cost (TIC). In either case, debt will not be issued in an amount where debt service exceeds the property tax levy included in the proposed FY 2024/25 budget.

In order for the City to utilize the debt service levy to support FY 2024/25 debt-funded CIP projects, a pre-levy resolution will be required as part of the upcoming public hearing. The pre-levy amount will support both the total debt service requirements for the indoor aquatic center and the other projects noted above. The proposed pre-debt service property tax levy is \$1,547,702 of the total \$11,749,157 in annual property taxes expected to be levied for debt service in FY 2024/25.

**ALTERNATIVES:**

1. Set March 26, 2024, as the date of the public hearing to authorize the issuance of General Obligation Bonds in an amount not to exceed \$2,000,000. After the hearing, the Council can authorize the sale and associated pre-levy resolution.
2. Reject or delay the public hearings, reduce the FY 2024/25 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 CIP

**CITY MANAGER'S RECOMMENDED ACTION:**

Prior to the issuance of debt, state law requires that a public hearing be held and associated 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 setting March 26, 2024, as the date of the public hearing to authorize the issuance of General Obligation Bonds in an amount not to exceed \$2,000,000.