

COUNCIL ACTION FORM

SUBJECT: 2009 GENERAL OBLIGATION BOND ISSUANCE AND TAX LEVY

BACKGROUND:

The budget for FY 09/10 includes 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 2009/10 budget.

Though the GO Bonds and debt service levy in the 2009/10 budget were based on a total issuance amount of \$11,432,573, Council is asked to authorize \$11,700,000 in bonds to allow for cost adjustments, issuance costs, and bids for bonds at a premium. Bonds will not be issued in an amount that debt service will exceed the approved debt service levy. Council authorization will be required at a later date to authorize the sale of the 2009/10 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 \$11,700,000 and the debt service property tax levy to pay principal and interest on the bonds.
2. Reject the pre-levy resolution, reduce the 2008/09 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 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 General Obligation Corporate Purpose Bonds in an amount not to exceed \$11,700,000 and the debt service property tax levy to pay principal and interest on the bonds.