

COUNCIL ACTION FORM

SUBJECT: SETTING DATE OF PUBLIC HEARING AND NOTICE OF INTENT TO ISSUE \$6,600,000 ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS AND \$90,000 GENERAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS AND ASSOCIATED TAX LEVY FOR DEBT SERVICE

BACKGROUND:

The budget for FY 2010/11 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 FY 2010/11 budget.

Though the GO Bonds and debt service levy in the FY 2010/11 budget were based on a total issuance amount of \$6,601,000, Council is asked to authorize \$6,690,000 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 FY 2010/11 General Obligation Bonds.

Separate resolutions are required for the Essential Corporate Purpose bonds in the amount of \$6,600,000 and General Corporate Purpose bonds in the amount of \$90,000 since the General Corporate Purpose Bonds for improvements to City Hall are limited in annual issuance amount and subject to a reverse referendum.

ALTERNATIVES:

1. Adopt a pre-levy resolution authorizing the issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$6,600,000 and the debt service property tax levy to pay principal and interest on the bonds.
2. Adopt a pre-levy resolution authorizing the issuance of General Corporate Purpose General Obligation Bonds in an amount not to exceed \$90,000 and the debt service property tax levy to pay principal and interest on the bonds.
3. Reject the pre-levy resolution authorizing the issuance of Essential Corporate Purpose General Obligation Bonds, reduce the 2010/11 property tax levy, and delay the capital projects.

4. Reject the pre-levy resolution authorizing the issuance of General Corporate Purpose General Obligation Bonds, reduce the 2010/11 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 Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$6,600,000 and the debt service property tax levy to pay principal and interest on the bonds.

It is also the recommendation of the City Manager that the City Council adopt Alternative No. 2, thereby adopting a pre-levy resolution authorizing the issuance of General Corporate Purpose General Obligation Bonds in an amount not to exceed \$90,000 and the debt service property tax levy to pay principal and interest on the bonds.