

COUNCIL ACTION FORM

**SUBJECT: PUBLIC HEARING AND NOTICE OF INTENT TO ISSUE \$13,150,000
ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS
AND ASSOCIATED TAX LEVY FOR DEBT SERVICE**

BACKGROUND:

The final FY 2012/13 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 2012/13 budget.

The GO Bonds, debt service levy and anticipated utility rates included with the FY 2012/13 budget were based on a total debt issuance amount of \$17,365,500. A public hearing is not required for the \$4.5 million Library portion of the planned issue, since this amount was already approved by referendum. This brings the issuance amount for the public hearing down to \$13,150,000. Council is also asked to authorize up to an additional \$284,500 in bonds to allow for cost adjustments, issuance costs, and bids for bonds at a premium. 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 2012/13 General Obligation Bonds. Bonds will not be issued until the respective projects advance and are ready for funding.

The Capital Improvements Plan's 2012/13 GO Bond Issue will include the following:

Woodview Drive Water & Sewer Project	\$ 357,000	
Extension of Utilities East	4,300,000	
Extension of Utilities North	<u>1,401,000</u>	
Debt abated by utility revenues:		<u>\$ 6,058,000</u>
Flood Response & Mitigation Projects	820,000	
Collector Street Pavement Improvements	850,000	
Asphalt Street Reconstruction Program	928,000	
CyRide Route Pavement Improvements	1,420,000	
Arterial Street Pavement Improvements	219,000	
Concrete Pavement Improvements	600,000	
Downtown Street Improvements	950,000	
Asphalt/Seal Coat Street Rehabilitation	620,500	
Squaw Creek Footbridge	<u>400,000</u>	
Essential Corporate Purpose Debt covered by property taxes:		<u>\$ 6,807,500</u>
Sub-total – Essential Corporate Purpose Debt		\$12,865,500

Library Expansion/Renovation (Previously approved by voter referendum)

\$ 4,500,000

Grand Total – 2012/13 GO Issue:

\$17,365,500

ALTERNATIVES:

1. Adopt a pre-levy resolution authorizing the issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$13,150,000 and the debt service property tax levy to pay principal and interest on the bonds and set the date of public hearing for March 6, 2012.
2. Reject the pre-levy resolution authorizing the issuance of Essential Corporate Purpose General Obligation Bonds, reduce the 2012/13 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 2012/13 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 Bonds in an amount not to exceed \$13,150,000 and the debt service property tax levy to pay principal and interest on the bonds and set the date of public hearing for March 6, 2012.