

ITEM # 8
DATE: 05-25-21

COUNCIL ACTION FORM

SUBJECT: SETTING DATE OF PUBLIC HEARING TO AUTHORIZE ADDITIONAL USES FOR GENERAL OBLIGATION BONDS SERIES 2017 AND SERIES 2018A TO FUND EXTENSION OF UTILITIES TO THE EAST INDUSTRIAL AREA

BACKGROUND:

In 2017 and 2018 the City issued general obligation bonds to fund capital improvements. The public hearings for these bond issues included the planned capital uses which consisted of street improvements, the city-wide radio system, and improvements to Fire Station 1.

The projects funded by these bonds are now completed or under contract. Bond proceeds remain available since actual costs have been lower than estimated. Options for use of the remaining bond proceeds include closing to the debt service fund to make future debt service payments or use of other essential corporate purpose qualified capital projects.

The extension of water and sanitary sewer utilities qualifies is an essential corporate purpose use but was not included in the proceedings when the 2017 and 2018 bonds were issued. A public hearing and Council resolution is required to authorize the additional uses of the 2017 and 2018 bond proceeds to fund the extension of utilities. The additional uses will have no impact on the debt service costs to the City since the bonds have already been issued and the repayment schedule is in place. The amounts to be authorized for additional use are \$150,000 for Series 2017 and \$625,000 for Series 2018A. These are not to exceed amounts and only the actual additional amounts needed to fund projects will be used.

ALTERNATIVES:

1. Set June 8, 2021 as the date of public hearing to consider including water and sanitary sewer utility capital improvements as additional authorized uses for General Obligation Bond issues Series 2017 in amount not to exceed \$150,000 and Series 2018A in amount not to exceed \$625,000.
2. Direct staff to identify another authorized use for these bond proceeds and present other alternatives for funding the extension of utilities to the East Industrial Area.

CITY MANAGER'S RECOMMENDED ACTION:

City staff has identified remaining bond proceeds from debt issuance in 2017 and 2018 as the best alternative to provide additional available funding to complete the extension of utilities to the East Industrial Area, only to be used depending on bid results. A public hearing and Council resolution is required to authorize the use of the bond proceeds for the project. **Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.**