

ITEM # 11
DATE: 2/22/2022

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARINGS AND NOTICE OF INTENT TO ISSUE \$11,225,000 ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS, \$700,000 GENERAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS FOR DOWNTOWN PLAZA, \$350,000 GENERAL PURPOSE GENERAL OBLIGATION BONDS FOR FIRE STATION IMPROVEMENTS, AND ASSOCIATED TAX LEVY FOR DEBT SERVICE

BACKGROUND:

The FY 2022/23 City Budget includes several General Obligation (G.O.) 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 G.O. bond issue is included as part of the FY 2022/23 budget.

The G.O. Bonds and debt service levy for the FY 2022/23 budget are based on projects listed in the table below. Council authorization will be required later to approve the sale of the bonds. Bonds are expected to be issued shortly after the start of the new fiscal year.

Though the bonds will be combined in a single sale, the \$700,000 to fund the downtown plaza and \$350,000 (rounded) for fire station concrete rehabilitation are general corporate purpose issues subject to a reverse referendum and separate public hearings are required. The City is limited to \$700,000 in general corporate purpose bonds by purpose of use and each use requires a separate hearing. The remainder bond issue is qualified as essential corporate purpose, not subject to reverse referendum and can be combined in a single public hearing in amount not to exceed \$11,225,000.

On September 14, 2021, the City Council held a public hearing to issue general obligation bonds not to exceed \$21,200,000 to fund the construction of an indoor aquatics center as part of reinvestment district urban renewal plan. The first issue of bonds to fund the aquatic center will be included in the upcoming sale of bonds, but no additional public hearing is needed.

Please note that 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 the option to sell our bonds at a premium over the par or face value of bonds. In any case, debt will not be issued in an amount where debt service exceeds the property tax levy included in the proposed budget.

The public hearings and pre-levy resolution will be required at the time of the budget certification to levy property taxes for the bonds not yet issued. The pre-levy amount is included as part of the total debt service property tax levy and is \$1,511,628 of the total taxes levied for debt service at \$10,627,021.

The Capital Improvements Plan’s 2022/23 G.O. Bond issue includes the following:

Fire Apparatus Replacement	\$747,000	
CyRide Route Pavement Improvements (Lincoln Way)	1,225,000	
Concrete Pavement Improvements	3,600,000	
Asphalt Street Pavement Improvements	3,000,000	
Seal Coat Pavement Improvements	750,000	
Alley Pavement Improvements	400,000	
Downtown Pavement Improvements	250,000	
Intelligent Transportation System	452,560	
Bridge Rehabilitation (South Fourth St/loway Creek)	700,000	
Total G.O. Essential Corporate Purpose		\$11,124,560
Issuance Costs/Rounding		<u>100,440</u>
Grand Total – 2022/23 G.O. Issue		\$11,225,000

Fire Station 3 Concrete Rehabilitation **\$350,000**

Downtown Plaza **\$700,000**

Bond Hearing Already Held For:
Indoor Aquatic Center **\$6,192,512**

ALTERNATIVES:

1. Set March 8, 2022 as the date of public hearing to authorize the issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$11,225,000, a second hearing to authorize the issuance of General Corporate Purpose General Obligation Bonds in an amount not to exceed \$700,000, and a third hearing to authorize issuance of General Purpose General Obligation bonds for fire station improvements in an amount not to exceed \$350,000. After the hearings the Council can authorize the sale and associated pre-levy resolution.
2. Reject or delay the public hearings, reduce the FY 2022/23 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. Rejection of the General Corporate Purpose bonds will delay the Downtown Plaza project.

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 8, 2022 as the date of public hearing to authorize the issuance of Essential Corporate Purpose General Obligation Bonds and General Obligation Refunding Bonds in an amount not to exceed \$11,225,000, a second hearing to authorize the issuance of General Corporate Purpose General Obligation Bonds in an amount not to exceed \$700,000, and a third hearing to authorize issuance of General Purpose General Obligation bonds for fire station improvements in an amount not to exceed \$350,000.