

ITEM #: 32 & 33  
DATE: 04-11-23  
DEPT: FINANCE

**COUNCIL ACTION FORM**

**SUBJECT: PUBLIC HEARINGS AND NOTICE OF INTENT TO ISSUE \$11,750,000 ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS, \$550,000 GENERAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS FOR MUNICIPAL PARK MAINTENANCE FACILITIES, AND ASSOCIATED TAX LEVY FOR DEBT SERVICE**

**BACKGROUND:**

The FY 2023/24 City Budget includes several General Obligation (G.O.) Bond-funded capital improvements. A public hearing is required to authorize the 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 are included in the FY 2023/24 budget.

The G.O. Bonds and debt service levy for the FY 2023/24 budget are based on projects listed in the table below. Council authorization will be required later to approve the sale of the bonds.

Though the bonds will be combined in a single sale, the \$550,000 to fund the Park Maintenance Facility renovation is a general corporate purpose issuance subject to a reverse referendum and requires a separate public hearing. The City is limited to \$700,000 in general corporate purpose bonds by purpose of use and each use requires a separate hearing. The remaining projects are qualified as essential corporate purposes, not subject to reverse referendum, and can be combined in a single public hearing in amount not to exceed \$11,750,000.

**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 aquatic center as part of reinvestment district urban renewal plan. In FY 2022/23, the City issued the first \$1,000,000 in support of the indoor aquatic facility project. The second issue of bonds to fund the aquatic center, also in the amount of \$1,000,000, 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 the 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 total non-abated annual principle and interest payments for all new and existing debt in FY 2023/24 that is included in the proposed budget is \$11,143,151, of which \$1,469,313 represent the principle and interest payments for the CIP projects for FY 2023/24.

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

**2023/24 CIP G.O. ISSUE**

Arterial Street Pavement Improvements	\$ 500,000
Asphalt Street Pavement Improvements	3,000,000
Concrete Pavement Improvements	950,000
Collector Street Pavement Improvements	1,200,000
Seal Coat Street Pavement Improvements	1,750,000
South 16 <sup>th</sup> Street Road Widening	325,000
Campustown Public Improvements	1,200,000
Alley Pavement Improvements	400,000
Intelligent Transportation System	468,300
Traffic System Capacity Improvements	370,000

<b>Total G.O. Essential Corporate Purpose</b>	<b>\$ 11,163,300</b>
<b>Issuance Costs/Rounding</b>	<b>586,700</b>
<b>GRAND TOTAL – 2023/24 G.O. ISSUANCE</b>	<b>\$ 11,750,000</b>

<b>Park System Facility Improvements</b>	<b>\$ 500,000</b>
<b>Issuance Costs for Park Facility Improvements</b>	<b>50,000</b>

**Bond Hearing Already Held For Indoor Aquatic Center \$ 1,000,000**

The total bond issue, excluding issuance costs, is \$12,663,300, as indicated in the approved FY 2023-2028 CIP.

**ALTERNATIVES:**

1. Authorize the issuance of Essential Corporate Purpose General Obligation Bonds in an amount to exceed \$11,750,000, authorize the issuance of General Obligation Corporate Purpose General Obligation Bonds in an amount not to exceed \$550,000 as well as the associated tax levy for repayment.
2. Do not authorize the issuance of Essential and General Corporate Purpose Bonds for projects reflected above. This alternative will prevent the City from completing the bond-funded projects reflected in the CIP.

**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. At a previous meeting, the City Council set April 11, 2023 as the date of the two public hearings.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.