ITEM #:	36
DATE:	08-25-26
DEPT:	FIN

COUNCIL ACTION FORM

SUBJECT: LOAN AGREEMENT, PROVIDING FOR THE SALE AND ISSUANCE OF GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2026C, AND PROVIDING FOR THE LEVY OF TAXES TO PAY THE SAME

BACKGROUND:

The FY 2026/27 Budget includes General Obligation (G.O.) Bond-funded capital improvement projects totaling $45,587,686. In addition, the proposed issuance includes $616,390 for estimated issuance costs and rounding, resulting in total required proceeds of $46,204,076.

The proposed bond issuance is currently structured with a par amount of $44,320,000 and an estimated bond premium of $1,884,076, providing total proceeds of $46,204,076.

The City's annual G.O. Bond issuance traditionally finances projects such as street improvements, shared-use paths, airport improvements, and parks and recreation projects. This year's issuance is significantly larger because it also includes funding for the Fire Station #2 Relocation Project and construction of the Resource Recovery and Recycling Campus (R3C).

The projects and costs to be financed through the issuance are summarized below:

PROJECT	COST FINANCED
Asphalt Street Pavement Improvements	$2,340,000
Arterial Street Pavement Improvements	1,260,000
CyRide Route Pavement Improvements	3,800,000
Concrete Pavement Improvements	3,300,000
Seal Coat Street Pavement Improvements	900,000
Collector Street Pavement Improvements	2,800,000
Freel Drive Paving	975,000
Intelligent Transportation System	178,756
Airport Airside Improvements	623,250
Airport Entryway Improvements	140,000
Total CIP	**$16,317,006**
FY 2025/26 Fire Station #2 Relocation	$589,725
FY 2026/27 Fire Station #2 Relocation	6,680,955
Total Fire Station #2 Relocation	**$7,270,680**

R3C Construction (abated by Resource Recovery)	**$22,000,000**
Total Project Funding	**$45,587,686**
Cost of Issuance and Rounding	616,390
Total Proceeds	**$46,204,076**

On the morning of August 25, 2026, the City will accept bids for the bonds in accordance with the terms of the offering documents. The City's financial advisor, bond counsel, and staff will evaluate the bids. Following this review, staff will recommend that the City Council award the bonds to the bidder offering the lowest borrowing cost in accordance with the established bidding criteria.

A report summarizing the bids will be presented to the City Council that evening. The Council will then be asked to adopt a resolution accepting the best bid and authorizing the sale of the bonds to the successful bidder.

ALTERNATIVES:

1. Adopt a resolution accepting bids and authorizing the sale and issuance of General Obligation Bonds in an amount not to exceed a combined par and premium amount of $46,204,076.

2. Reject the bond sale resolution and delay the associated capital projects.

CITY MANAGER'S RECOMMENDED ACTION:

Issuance of these bonds is necessary to fund the City's approved capital improvement projects during the current fiscal year. Therefore, the City Manager recommends that the City Council adopt Alternative No. 1, as described above.