

ITEM #: 14
DATE: 03-11-25
DEPT: FIN

COUNCIL ACTION FORM

SUBJECT:

**RESOLUTION SETTING THE DATE FOR PUBLIC HEARING AND
ADDITIONAL ACTION ON PROPOSAL TO ENTER INTO A GENERAL
OBLIGATION LOAN AGREEMENT AND TO BORROW MONEY
THEREUNDER**

BACKGROUND:

The FY 2025/26 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 2025/26 budget.

The G.O. Bonds and debt service levy for the FY 2025/26 budget are based on projects listed in the table below. Council authorization will be required at a later date to approve the sale of the bonds. Bonds are expected to be issued shortly after the start of the new fiscal year.

Please note that in addition to the amount to fund the \$13,610,195 in G.O. Bond-funded capital projects, the not-to-exceed amount for the issuance includes a \$124,805 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 approval 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 for the FY 2025/26 projects and is \$1,543,962 of the total taxes levied for debt service at \$12,180,953 for all outstanding G.O. debt.

It also should be noted that the recommended FY 2025/26 budget also included \$880,000 of revenue abated G.O. Bonds as a funding source for the land acquisition and engineering/design of the new Resource Recovery and Recycling Campus. **Given that the project is in the early stages of development, staff believes the most prudent course of action is to undertake the authorization process once the project's financial requirements are more thoroughly understood.**

The Capital Improvement Plan 2025/26 G.O. Bond issuance includes the following:

Fire Station Alerting System (General Corporate Purpose)	\$ 211,905	
Asphalt Street Pavement Improvements	4,000,000	
Concrete Pavement Improvements	3,800,000	
Seal Coat Street Pavement Improvements	1,000,000	

Collector Street Pavement Improvements	500,000	
Alley Pavement Improvements	400,000	
Downtown Street Pavement Improvements	250,000	
Traffic System Capacity Improvements	1,520,000	
Intelligent Transportation System	367,540	
Airport Airside Improvements	531,750	
Airport Facility Improvements	329,000	
Ada Hayden Heritage Park	700,000	
Subtotal Tax Supported Bonds		\$ 13,610,195
Estimated Issuance Costs		124,805
Grand Total 2025/26 G.O. Bond Issuance		\$ 13,735,000

ALTERNATIVES:

1. Set March 25, 2025, as the date of public hearing to authorize the issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$13,500,000 and a second hearing to authorize the issuance of General Corporate Purpose General Obligation Bonds in an amount not to exceed \$235,000.

After the hearings, the City Council can authorize the sale and associated pre-levy resolution at a time of the City's choosing (typically in the Fall).

2. Reject or delay the public hearings, reduce the FY 2025/26 property tax levy, and delay the capital projects. Rejection of the Bonds 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 City 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, as described above.