

ITEM #: 48  
DATE: 03-24-26  
DEPT: FIN

## COUNCIL ACTION FORM

**SUBJECT: PUBLIC HEARING AND NOTICE OF INTENT TO ISSUE \$17,375,000  
ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATIONS BONDS,  
AND ASSOCIATED TAX LEVY FOR DEBT PURPOSES**

### **BACKGROUND:**

The FY 2026/27 Budget provides funding for a number of capital improvement projects to be financed through the issuance of General Obligation (G.O.) Bonds. Pursuant to Iowa law, authorization of the bonds requires a public hearing to approve both the issuance of the debt and the levy of property taxes necessary to pay principal and interest. The proposed bond proceeds and corresponding debt service levy have been incorporated into the FY 2026/27 recommended budget.

The proposed G.O. bond issuance is based on the capital projects identified in the table below and included in the FY 2026/27 Capital Improvements Plan (CIP). Approval of this action authorizes issuance up to the not-to-exceed amount; Council will be asked at a later date to approve the final terms and sale of the bonds. Issuance is anticipated shortly after the beginning of the new fiscal year.

The proposed not-to-exceed authorization includes \$16,317,006 to fund capital projects approved in the FY 2026/27 CIP. In addition to direct project funding, the not-to-exceed amount includes \$1,057,994 to cover estimated issuance costs and to provide structural flexibility, including the potential to sell bonds at a premium should market conditions warrant. Regardless of the final structure, debt will not be issued in an amount that causes annual debt service to exceed the property tax levy included in the adopted budget.

It should also be noted that the adjusted FY 2025/26 budget and the recommended FY 2026/27 budget include a combined \$22,006,730 to support development of the Resource Recovery and Recycling Campus (R3C). **Given that the project remains in the early stages of development, staff believes it is prudent to defer bond authorization until the R3C's construction schedule is better defined and a comprehensive financing plan has been developed.**

**Additionally, because the City has already received authorization through a public referendum for the relocation of Fire Station #2, associated costs for this project are not part of this proposed authorization.**

The required public hearings and approve a pre-levy resolution authorize the levy of property taxes for bonds expected to be issued in FY 2026/27. **The pre-levy amount associated with the FY 2026/27 projects is \$1,828,463 and is included within the total FY 2026/27 debt service property tax levy of \$13,360,015 for all outstanding General Obligation debt.**

The FY 2026/27 Capital Improvements Plan G.O. Bond issuance includes the following projects:

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 Facility Improvements	623,250	
Airport Entryway Improvements	140,000	
<b>Subtotal Tax Supported Bonds</b>		<b>\$ 16,317,006</b>
<b>Estimated Issuance Costs</b>		<b>1,057,994</b>
<b>Grand Total 2025/26 G.O. Bond Issuance</b>		<b>\$ 17,375,000</b>

**ALTERNATIVES:**

1. Authorize the issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$17,375,000 and the associated tax levy for repayment.
2. Do not authorize the issuance of Essential Corporate Purpose General Obligation Bonds for the projects noted above. This alternative will prevent the City from completing the bond-funded projects reflected in the FY 2026/27 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. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.**