

ITEM #:	<u>34</u>
DATE:	<u>03-26-24</u>
DEPT:	<u>FIN</u>

COUNCIL ACTION FORM

**SUBJECT: PUBLIC HEARING AND NOTICE OF INTENT TO ISSUE \$2,000,000
ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS,
AND ASSOCIATED TAX LEVY FOR DEBT SERVICE**

BACKGROUND:

The FY 2024/25 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 proposed CIP includes \$16,678,016 of bond proceeds to support the indoor aquatics center for FY 2024/25. A hearing was held on September 14, 2021 regarding the authorization of \$21,200,000 to support the construction of the indoor aquatic center project. Therefore, all authorizations for the indoor aquatic center are complete, and this amount is included as part of the FY 2024/25 bond issuance.

This action is to authorize \$2,000,000 in G.O. Bonds in support of the portion of the FY 2024/25 CIP that is unrelated to the indoor aquatic center project. The G.O. Bonds and debt service levy for the FY 2024/25 budget are based on the projects listed in the table below. Council authorization will be required later to approve the sale of the bonds.

2024/25 CIP G.O. ISSUE

Intelligent Transportation System	\$ 476,100
Airport Entryway Improvements	680,000
Ada Hayden Heritage Park Improvements	<u>700,000</u>
Total Project Costs	\$ 1,856,100

Previously Authorized Indoor Aquatic Center	<u>\$16,678,016</u>
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Total Project Costs	\$18,534,116
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Issuance and Rounding	\$ 143,900
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Total FY 2024/25 Bond Issuance	<u>\$18,678,016</u>
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As noted above, 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 rounding. Additionally, at the time of sale, staff, in consultation with the City's financial advisor, will review the advantages of issuing bonds at a premium or discount over the par (face value) of bonds, ensuring the lowest true interest cost (TIC). In either case, debt will not be issued in an amount where debt service exceeds the property tax levy included in the proposed FY 2024/25 budget.

In order for the City to utilize the debt service levy to support FY 2024/25 debt-funded CIP projects, a pre-levy resolution will be required as part of the upcoming public hearing. The pre-levy amount will

support both the total debt service requirements for the indoor aquatic center and the other projects noted above. The proposed pre-debt service property tax levy is \$1,547,702 of the total \$11,749,157 in annual property taxes expected to be levied for debt service in FY 2024/25.

ALTERNATIVES:

1. Authorize the issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$2,000,000, as well as 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 2024/25 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 projects included in the FY 2024/25 CIP funded by debt obligations. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.