



## **CITY COUNCIL STAFF REPORT**

**ITEM NO. 6.7**

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**DATE:** January 12, 2026

**TO:** Honorable Mayor and City Council

**FROM:** Tina Olson, Administrative Services Director

**SUBJECT:** Update on Host Community Impact Fee Reserve Policy related to the Bankhead Theater.

### **RECOMMENDED ACTION**

Staff recommends City Council receive the update.

### **DECISION TYPE**

Administrative

### **SUMMARY**

City Council adopted the Host Community Impact Fee Reserve Policy (Policy) at their July 24, 2017 meeting. The purpose of this Policy is to establish adequate reserves for the Host Community Impact Fee (HCIF) revenues to insulate the City's General Fund from the future financial obligations associated with the ownership of the Bankhead Theater. The HCIF Reserve Policy calls for an annual review of the HCIF Policy to determine whether it continues to help the City fulfill its Bankhead Theater obligations. Staff reviewed the HCIF revenues, expenses, and fund balance and determined that there is no need to amend the Policy at this time.

### **DISCUSSION**

In September of 2014, the City participated in a complex multi-party settlement agreement which secured the Bankhead Theater as a community facility. To facilitate the purchase of the Bankhead Theater, the City issued a variable rate debt obligation called a Certificate of Participation (COP). The 2014 COP Series A was issued for \$9,380,000 in accordance with the Master Settlement Agreement and to be repaid with Host Community Impact Fees (HCIF) collected at the Vasco and Altamont Landfills. In June of 2020 the City issued fixed rate 2020 COPs refinancing the 2014 COPs to eliminate the inevitable interest rate increases that would affect the variable 2014 bond debt service payments. While these fixed payments are higher than the variable rates in 2020, they will remain the same regardless of interest rate swings. The 2020 COPs will be fully redeemed in 2042. If enough HCIF is not available to fund major structural and mechanical systems maintenance and replacement costs after making debt service

payments, the General Fund will make up for the shortfall.

To insulate the City's General Fund from the financial risks associated with owning the Bankhead Theater, and in support of Council's goal of long-term financial stability, Council adopted a HCIF Reserve Policy that requires the City to hold in reserve HCIF revenues received that are greater than the amount required to pay debt service to provide funding for maintenance and replacement of the facility's major structural and mechanical systems. The policy also requires that this reserve and the factors that dictate its existence be regularly monitored and reported upon to ensure that adequate resources are available when needed.

Staff reviewed actual HCIF revenues, expenses, and fund balance and based on that review, staff do not recommend making any changes to the HCIF Policy. As such, all HCIF revenue received beyond that required to cover debt service will continue to be held in reserve to be available to meet the City's financial obligations of the Bankhead Theater. As required in the Policy, staff will evaluate HCIF Policy updates as part of the FY 2027-28 budget

### **FISCAL AND ADMINISTRATIVE IMPACTS**

There are no administrative or fiscal impacts associated with receiving this report.

### **COMMUNITY PILLAR**

5: A City That Works

#### **GOAL**

17: Ensure effective use of public resources

#### **ATTACHMENTS**

Prepared by: Erik Peterson  
Finance Manager

Approved by:



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Marianna A. Burch  
City Manager

Fiscal Review by:



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Tina Olson  
Administrative Services Director