

ITEM # 25d
DATE: 02-25-20

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING AND NOTICE OF INTENT TO ISSUE \$13,865,000 ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS, \$9,635,000 GENERAL OBLIGATION REFUNDING BONDS AND ASSOCIATED TAX LEVY FOR DEBT SERVICE

BACKGROUND:

The FY 2020/21 budget includes a number of 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 are included as part of the FY 2020/21 budget.

The G.O. Bonds and debt service levy for the FY 2020/21 budget were based on projects listed in the table below. Council authorization will be required at a later date to authorize the sale of the bonds. Bonds are expected to be issued shortly after the start of the new fiscal year. In addition to the G.O. Bonds to fund capital improvement projects, staff has identified a potential refunding for bonds issued in 2010, 2011, and 2012 that may provide savings in debt service costs. Though Council will be holding a public hearing and notice of intent on the sale of bonds, the refunding sale will not go forward unless adequate savings are expected.

Please note that in addition to the amount to fund the \$13,181,900 in G.O. bond-funded capital projects, the not-to-exceed amount for the issuance includes a \$1,018,100 additional authorization to allow for issuance costs and the option to sell 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 hearing and pre-levy authorization is 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 and is \$1,073,126 of the total taxes levied for debt service at \$10,043,500.

The Capital Improvements Plan's 2020/21 G.O. Bond issue includes the following:

Fire Apparatus Replacement	\$	1,375,000	
Cherry Avenue Extension		510,000	
Arterial Street Pavement Improvements		900,000	
Collector Street Pavement Improvements		1,400,000	
Concrete Pavement Improvements		2,300,000	
Asphalt Street Pavement Improvements		1,400,000	
CyRide Route Pavement Improvements		600,000	
Seal Coat Pavement Improvements		750,000	
U.S. Highway 69 Improvements		230,000	
South Dayton Improvements		700,000	
Intelligent Transportation System		141,900	
Bridge Rehabilitation Program		375,000	
Subtotal Tax Supported Bonds			\$ 10,681,900
East 13 th Street Sanitary Sewer Extension (TIF Abated)		2,500,000	
Subtotal TIF Abated Bonds			2,500,000
Total Bond Funded Projects			13,181,900
Refunding Bonds			9,300,000
Issuance Cost and Allowance for Premium			1,018,100
Grand Total – 2020/21 G.O. Issue			\$23,500,000

ALTERNATIVES:

1. Adopt a resolution authorizing the issuance of Essential Corporate Purpose General Obligation Bonds and General Obligation Refunding Bonds in an amount not to exceed \$23,500,000 and the Debt Service levy to pay principal and interest on the bonds as well as setting the date of public hearing for March 10, 2020.

It should be noted that the \$2,500,000 in TIF abated bonds for extending the sanitary sewer line along 13th Street from Dayton across Highway 35 is included in the public hearing notice. However, the City Council will not be obligated to issue bonds for this project unless we are able to finalize an acceptable agreement with the developer and complete the TIF process.

2. Modify the pre-levy resolution authorizing the issuance of Essential Corporate Purpose General Obligation Bonds, reduce the FY 2020/21 property tax levy, and delay one, or more, of the recommended capital projects. Under this alternative, the City Council will require setting a date of public hearing for March 10, 2020.

CITY MANAGER'S RECOMMENDED ACTION:

Prior to the issuance of this debt, state law requires that this 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, thereby adopting a resolution authorizing the issuance of Essential

Corporate Purpose General Obligation Bonds and General Obligation Refunding Bonds in an amount not to exceed \$23,500,000 and the Debt Service levy to pay principal and interest on the bonds as well as setting the date of public hearing for March 10, 2020.