



City Council

Approval of an Ordinance Authorizing Issuance of General Obligation Bonds

Agenda Date: 11/19/2019
Agenda Item Number: 4.E
File Number: 19-1045

Type: ordinance **Version:** 2 **Status:** Passed

Title

Approval of an Ordinance Authorizing Issuance of General Obligation Bonds

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Move to approve the Ordinance authorizing issuance of General Obligation Bonds in the amount of \$53,039,238 on second reading.

Report

Issue:

Whether to approve Ordinance authorizing issuance of General Obligation Bonds

Staff Contact:

Debbie Sullivan, Administrative Services Director, 360.753.8499

Presenter(s):

None - Consent Calendar Item

Background and Analysis:

Background and analysis has not changed from first to second reading.

This Ordinance provides fiscal authority to provide the funds necessary for Park acquisition; a ladder truck for the Fire Department; paying the existing Bond Anticipated Note (BAN), which is due in 2020; refinancing the existing City Hall and Fire Station Bond debt at a substantially lower interest rate; and paying the costs of issuance and sale of the bonds.

Interest rates are historically low at this time. Estimates for upcoming debt issue are projected in the 2.63 percent - 2.66 percent range. The overall projected savings by refinancing existing debt is \$5.4 million over 20 years. The low interest rates also make it an excellent time to refinance and issue additional debt for other capital needs.

The City Hall, Parks and Fire Truck debt are Limited Tax General Obligation (LTGO); bonds which can be issued without voter approval. The Fire Station refinancing is Unlimited Tax General Obligation (UTGO) Bonds which were approved by the voters in 2009.

The total bond issue is \$53,039,238. Following is a summary of the items included in the 2019 debt issue:

City Hall	\$25,168,349	LTGO
Parks Acquisition	\$16,183,865	LTGO
Fire Ladder Truck	\$ 1,921,629	LTGO
Fire Station	\$ 9,765,395	UTGO

Total Bond Issue **\$53,039,238**

Neighborhood/Community Interests (if known):

N/A

Options:

1. Approve the ordinance on first reading and forward to second reading. This allows staff to continue with the process to refund existing debt for long-term savings, and provide additional funding for Parks and Fire acquisitions.
2. Direct staff to modify the ordinance and schedule for Council consideration at a future meeting.
3. Do not approve the ordinance. This would stop certain projects and not allow for the reduction in debt service costs from refunding current debt.

Financial Impact:

- Refund the LTGO Bonds, 2009B (BABs) - **\$4.3 million projected savings** to the City Hall Debt Fund (225)
- Required refinance of BAN and additional \$2 million for Parks projects - **Low 2.66 percent interest rate** for Capital Improvement Fund (317)
- Additional \$1.9 million for Fire - **Low 2.66 percent interest rate** for Fire Equipment Reserve Fund (331)
- Refund the UTGO Bonds, 2009 - **\$1.1 million projected savings** to the Fire Station Debt Fund (224)

Attachments:

Ordinance