

Legislation Text

File #: 18-330, **Version:** 1

Presenter/Contact

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SUBJECT:

Presentation and possible action on Design and Cost Estimating Firm Contracts for Preliminary Design for the Proposed 2019 Bond Projects and an associated funding strategy.

BACKGROUND / RATIONALE:**ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:**

X	Yes	City Plan/Council Priority	Strategic Priorities: Continue an ongoing program of infrastructure, construction and maintenance.
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FISCAL IMPACT:

There are currently no funds allocated in the FY 2017-18 Adopted Budget for the preliminary design and cost estimating services contracts. However, for professional services such as these, the City is able to take advantage of utilizing existing General Fund reserves and reimbursing ourselves with a debt instrument at a later date. To be conservative staff recommends that we target a total issuance amount of \$3,000,000 for the tax note. However, this amount can be increased or decreased based on City Council direction.

The attached presentation briefly covers a recommended FY 2017-18 Debt Issuance strategy that incorporates the issuance of a tax note to support the cost of these contracts. Tax notes carry a lower interest rate and shorter maturity (7 years) in comparison to the GO bonds and Certificates of Obligation (20 years) that we have issued in the past.

The tax note would be issued concurrently with the already planned 2013 bond issuance. Our current cash flow need for the 2013 bond projects is approximately \$23,000,000. Therefore, the total issuance amount would be \$26,000,000. The first-year principal and interest payment(s) for both issuances would be structured in such a way that it will fit within the current tax rate of 48.822 cents.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of the Design and Cost Estimating Firm Contracts for Preliminary Design for the Proposed 2019 Bond Projects and an associated funding strategy.