

AGENDA



Thursday, July 29, 2010

**Financial and Administrative Services
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 29

Subject: Approve the 2010 General Obligation Bond Sale Schedule (\$105,928,000 in Public Improvement Bonds, \$22,300,000 in Certificates of Obligation, and \$16,450,000 in Contractual Obligations).

Amount and Source of Funding: \$105,928,000 in Public Improvement Bonds, \$22,300,000 in Certificates of Obligation, and \$16,450,000 in Contractual Obligations.

For More Information: Leslie Browder, Chief Financial Officer, 974-2283 or Art Alfaro, Treasurer, 974-7882

The City Manager is requesting approval of the attached proposed bond sale schedule. Approval of this schedule will allow for the necessary preparation of documents for presentation to Council on August 26, 2010 for the sale of the debt included for the 2010-11 fiscal year.

The proposed bond sale for 2010-11 includes Public Improvement Bonds, Certificates of Obligation, and Contractual Obligations.

Public Improvement Bonds are secured by and payable from ad valorem taxes and require voter approval. The City generally uses these bonds to purchase land or make improvements to real property. The proposed Public Improvement Bond sale for 2010-11 is \$105,928,000. This includes the final sale for the 2000 Bond Program, which was intended to be carried out over a ten year period.

Highlights of the proposed Public Improvement Bond sale include:

- Proposition 1 (2000 Bonds): Street improvements and bikeways (\$16,998,000)
- Proposition 1 (2006 Bonds): Street reconstruction, sidewalks, and signals (\$15,800,000)
- Proposition 2 (2006 Bonds): Watershed Protection Master Plan Projects (\$24,000,000)
- Proposition 3 (2006 Bonds): Parks and recreation facility, pool, playscape and trail improvements and renovations (\$20,130,000)
- Proposition 4 (2006 Bonds): Asian American Resource Center (\$100,000)
- Proposition 5 (2006 Bonds): Affordable Housing (\$26,400,000)
- Proposition 6 (2006 Bonds): Central Library (\$1,000,000)
- Proposition 7 (2006 Bonds): EMS Stations and Animal Services Center (\$1,500,000)

Certificates of Obligation may be issued with or without voter approval. State law requires publication of a Notice of Intent to Issue Certificates. An election is required only if, before the Certificates are authorized by the City Council, a petition is signed by at least 5% of the qualified voters of the City, protesting the issuance of the Certificates. The proposed projects to be financed with Certificates of Obligation total \$22,300,000.

Highlights of the proposed Certificates of Obligation sale include:

- APD Evidence Storage Facility (\$3,850,000)
- Public Works Street and Bridge Manor Road Facility (\$1,350,000)
- Public Works Transportation Projects and Street Improvements (\$9,000,000)
- SWS Landfill Closure (\$8,100,000)

Contractual Obligations do not require voter approval and there is no provision in state law for notice or petition. Contractual Obligations may only be issued for the purchase of personal property. The City generally limits Contractual Obligations to property with a minimum life expectancy of 5 years. The proposed Contractual Obligation sale totals \$16,450,000.

Highlights of the proposed Contractual Obligation sale include:

- AWU Capital Equipment (\$1,675,000)
- Golf Capital Equipment (\$1,070,000)
- Public Works/ATD Capital Equipment (\$2,505,000)
- ATD Parking Meter Pay Stations (\$2,600,000)
- SWS Capital Equipment (\$8,600,000)

This year's bond sale includes debt related to several reimbursement resolutions approved by Council during the 2009-10 fiscal year. Reimbursement resolutions allow the City to provide appropriations necessary to begin the project and let contracts and schedule the related debt sale according to actual cash expenditures. The use of reimbursement resolutions as a cash management tool is encouraged by the financial policies. Of the \$105,928,000 in Public Improvement Bonds that is being issued, \$103,928,000 is being issued to provide funding for reimbursement resolutions that have already been approved by Council. Of the \$22,300,000 in Certificates of Obligation that is being issued, \$22,300,000 is being issued to provide funding for reimbursement resolutions that have already been approved by Council. Of the \$16,450,000 in Contractual Obligations that is being issued, \$3,670,000 is being issued to provide funding for reimbursement resolutions that have already been approved by Council.

\$105,928,000 in Public Improvement Bonds and \$9,000,000 in Certificates of Obligation will be issued as general obligation debt of the City paid from a tax levy. \$13,300,000 in Certificates of Obligation and \$16,450,000 in Contractual Obligations will be issued as general obligation debt of the City paid from transfers from the Department's operating funds.

The debt service costs are estimated as follows:

Total Issuance \$105,928,000 Public Improvement Bonds \$ 22,300,000 Certificates of Obligation \$ 16,450,000 Contractual Obligations \$144,678,000 Total Bond Sale

Fiscal Year 2010-11 Requirements Principal \$12,830,000 Interest \$ 7,411,608 Total Debt Service \$20,241,608

Total Debt Service over the life of the bonds Principal \$144,678,000 Interest \$ 94,930,151 Total Debt Service \$239,608,151