City of Valdez
212 Chenega Ave.
Valdez, AK 99686

Agenda Statement

File #:	19-0101 **Version:** 1		
Type:	New Business	**Status:**	Filed
File created:	2/27/2019	**In control:**	City Council
On agenda:	3/5/2019	**Final action:**	3/5/2019
Title:	Discussion Item: Fire Station Bond Parameters		
Sponsors:	City Council		
Indexes:			
Code sections:			
Attachments:			

Date	Ver.	Action By	Action	Result
3/5/2019	1	City Council	received and filed	

ITEM TITLE:
Discussion Item: Direction to Staff Regarding Parameters for May 7, 2019 Bonding Ballot Measure
SUBMITTED BY: Brian Carlson, Finance Director

FISCAL NOTES:

Expenditure Required: n/a
Unencumbered Balance: n/a
Funding Source: n/a

RECOMMENDATION:

Provide direction to staff for drafting of ballot measure language, which will be presented to Council via Resolution on 3/19/19.

SUMMARY STATEMENT:

Summary:
- Staff has a 3/19 deadline for obtaining Council approval of the draft ballot measure language for the 5/7 election.
- In order to draft the needed language, staff is needing Council direction on three questions:
    - Whether the ballot measure should be included in the 5/7 election, or at a later date via special election.
    - Whether the bond authorization is for the entire project cost, or a portion thereof.
    - Whether an additional bond authorization measure should be created, either for the 5/7 election or a later date, in the event that the Fire Department bond is not approved.

Analysis:

1: May 7 Election, or Special Election?

- The status of SB57 will likely impact the vote result.
- If the ballot measure fails, a follow-up ballot measure would delay the project by approximately nine months.
- There is lead-time needed for printing ballots, which compels a decision by 3/19 for a 5/7 election.
- Staff could schedule a special election for later in the year, when the outcome of SB 57 will be known.

2. How much to bond?

- The City can seek voter approval for the entire project construction cost, or a portion thereof.
    - Staff will have cost estimates in time for the 3/19 meeting.
    - The project will likely be in the $15MM-$20MM range
- The bonding amount is a matter of ballot tactics, and is not driven by City finances. However it should be not less than $2MM to ensure revenue optimization through 2020.
- A smaller bonded amount may improve the likelihood of voter approval.
- Bonding for less than the entire project may generate confusing public perceptions of the project when the final costs are shown to exceed the authorized debt.

3. Draft an additional bonding ballot measure?

- For financial reasons, the City needs an estimated $400K of additional debt service expense in 2019, or else it will forego an equal amount in over-cap revenue.
- If the Fire Department measure is approved, the City's debt needs will be satisfied for the intermediate future.
- Including two debt ballot measures on the same election may impact the voter approval for the Fire Department measure.
- If the Fire Department measure is on the 5/7 ballot and fails, staff has adequate time remaining in 2019 to pursue another ballot measure in a special election.
- If the Fire Department measure is postponed to a special election and then fails, staff will likely not have adequate time in 2019 for another special election, and the City would then forego its over-cap revenue.