



## Agenda Statement

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**Title:** Discussion Item: Fire Station Bond Parameters  
**Sponsors:** City Council  
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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.