

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 3/16/09
Reviewed by: BP

SUBJECT: Issuance of Parcel Tax Bonds Election of 2006, Series A

RESOLUTION: **Resolution 09-7** A RESOLUTION OF THE CITY OF ALBANY, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF PARCEL TAX BONDS FOR THE PURPOSE OF FINANCING THE COST OF ACQUIRING AND CONSTRUCTING STORM DRAIN IMPROVEMENTS PROJECTS, APPROVING AN OFFICIAL STATEMENT, AND RELATED MATTERS

REPORT BY: Charlie Adams, Finance and Administrative Services Director

STAFF RECOMMENDATION

That Council approve the Resolution #09-7 to authorize issuance of Parcel Tax Bonds and authorized the City Treasurer, City Administrator, and City Finance and Administrative Services Director to complete documents required for issuance of bonds, in accordance with the resolution referenced above.

BACKGROUND/DISCUSSION

The City Administrator has negotiated agreements for professional services in conjunction with the issuance of bonds with the following firms:

- Jones Hall Bond Counsel
- Wulff Hansen & Co Financial Advisors/Underwriters
- US Bank Bond Trustee

Financing is required for completion of the storm drain improvements encompassing micro tunneling under Neilson Street to Codornices Creek. Repayment of the bonds will be from the existing street pavement and storm drain parcel tax approved by City voters in June 2006, and will not require an increase of parcel tax above the current authorization to increase rates annually by an amount equal to the annual percentage increase in the Consumer Price Index. The annual tax revenue is projected to be approximately \$850,000 at the current rate.

The Preliminary Official Statement for the bonds has been provided Council Members for their review and has been posted on the City's website. The maximum amount of bonds authorized to be issued will be \$3,700,000; however, the bond issue will be sized to yield net proceeds of \$3,000,000, and could be issued in a lower amount than the authorized \$3,700,000. The bonds will be scheduled to mature serially, with the final maturity date of August 1, 2022. The City will have the option of calling bonds for redemption prior to August 1, 2022, after a date to be determined at the time of the sale of the Bonds, but we anticipate the call date will not be earlier than August 1, 2016. Annual debt service, for interest on outstanding bonds and scheduled redemption of bonds, is projected to range between \$360,000 and \$410,000.

SUSTAINABILITY

The elimination of flooding of residential property and overflowing of the existing storm drain will enhance the environment in the City, and aid in the City's compliance with water drainage regulations.

FINANCIAL IMPACT

Funds immediately available for storm drain improvement projects will increase by approximately \$3,000,000. The voter approved parcel tax levied on property owners will not increase as a result of the bond issuance. Costs associated with flooding in the area of Neilson and Curtis Streets will be eliminated.

Attachments:

1. Resolution 09-7
2. Preliminary Official Statement