

Legislation Text

File #: BILL NO. 16-174, **Version:** 1

AN ORDINANCE CALLING A SPECIAL ELECTION TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE CITY OF LEE'S SUMMIT, MISSOURI.

Issue/Request:

AN ORDINANCE CALLING A SPECIAL ELECTION TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE CITY OF LEE'S SUMMIT, MISSOURI.

Key Issues:

At the August 11, 2016 meeting, City Council directed staff to prepare an ordinance calling for a special election on November 8, 2016 to authorize the issuance of General Obligation (GO) bonds for the purpose of making public safety improvements:

The bonds called for in this election, if approved by voters, would fund **\$14.5M** in important public safety improvement including:

- new radio equipment and related infrastructure; **\$8M**
- network infrastructure to strengthen interconnectivity and system reliability; **\$500K**
- land acquisition, construction, and furnishing and equipping a replacement Fire Station #3; **\$5M**
- replacement of air packs and related equipment **\$1M**

The City has existing debt capacity to issue these bonds without needing an increase in the property tax rate (\$.4697 per \$100 of Assessed Value) to pay for the improvements. Utilizing very short maturities (10 year for the Station and five years for the Radio Equipment) issuance of the debt will consume the future capacity through 2024. Future debt capacity could be realized a year sooner if the Fire Station was financed over 20 years instead of 10.

Proposed City Council Motion:

FIRST READING: An Ordinance CALLING A SPECIAL ELECTION TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE CITY OF LEE'S SUMMIT, MISSOURI. I move for second reading.

SECOND READING: An Ordinance CALLING A SPECIAL ELECTION TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE CITY OF LEE'S SUMMIT, MISSOURI. I move for adoption.

Background:

The City has long utilized general obligation bonds to pay for various needed capital improvements throughout the community. GO bonds require the full faith and credit of the City, and as such are paid for through a special debt property tax levy approved by the voters. As the debt amount is reduced over time the City has sought voter approval to issue new debt within the capacity of the current debt property tax levy, thus paying for new improvements without increasing property tax. These have become known as "No Tax Increase" bond issues.

