

Legislation Text

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Presentation and discussion of 2019 No Tax Increase Bond Initiatives

Issue/Request:

Presentation and discussion of 2019 No Tax Increase Bond Initiatives

Key Issues:

At the May 7, 2019 City Council meeting, the Mayor and City Council requested a presentation on curb replacement needs & activities to gain a better understanding of the needs and potential funding amount that may be necessary to include in the August 2019 No Tax Increase bond initiative. The presentation was requested to help determine: (1) whether or not to include an initiative for curb replacement, and (2) what amount should be targeted for the initiative if pursued. George Binger, City Engineer will be providing the presentation on curb replacement.

In addition to presenting information regarding the curb replacement needs, staff has prepared additional information related to the Network Infrastructure Phase I initiative that is now incorporated within the public safety ordinance/ballot initiative. After discussing the components of the project further with the Mayor and Council and amongst staff, the components within the Network Infrastructure Phase I initiative have been determined to be eligible to be included within the public safety ordinance/ballot initiative. The Network Infrastructure Phase I project information sheet has been updated as well as a graphic representation of the various components of the project(s) which are attached to this packet.

In the attached graphic, the respective projects entail the following:

Project 1: replace aerial with buried fiber along Douglas St. to Police HQ. Coming from Fire station 1.

Project 2: replace aerial with buried fiber along Hamblen Rd. to Public Works Operations.

Project 3: new buried fiber along 3rd, Ward, and Persels to Water operations to connect to Public Works Operations.

Project 4: new fiber to Fire Station 2 along Scruggs, Todd George, and Colbern Rds.

Project 5: new fiber along Jefferson St. to Harris Park Community Center (shelter) and additional internal wireless access

Project 6: new fiber along 3rd St. to Longview Rec Center (shelter) and additional internal wireless access.

Provided below are factors that have assisted in the determination that the Network Infrastructure Phase I initiative may be combined with the public safety related initiative:

* City Hall is the hub of the City's communications network, and connectivity between City Hall and Fire, Police and other facilities to maintain public safety is the primary motivation to undertake these communications improvements.

* Communication interconnectivity among the numerous City facilities (all types including City Hall, water facilities, public works facilities, fire, police, parks) is critical to a reliable communications network for public safety, both in terms of every-day public safety operations and in crisis situations resulting from serious weather events, natural disasters, fires, terrorism, public violence, shooting incidents and other life-threatening situations that require an immediate response and reliable communications.

* Much of the network communications improvements relate directly to the other items in the combined question, including (1) communications improvements to the new fire stations, (2) enhanced communications with the Police Station, and (3) improved wireless networked communications throughout the entire system to operate the new Police car video systems and body worn cameras. For example, this allows for watching live-time video at City facilities for personnel with in-vehicle or body-worn cameras that are out on an emergency call.

* The Longview Recreation Center network improvements have a public safety component because that facility also serves as a storm shelter.

Proposed City Council Motion:

Presentation and discussion only - ordinances related to these matters are placed subsequent to the presentation/discussion for consideration.

Background:

On January 15, 2019 City staff provided the Mayor and City Council with a presentation regarding the City's debt issuance capacity. The Mayor and City Council directed City staff prepare a listing of potential No Tax Increase (NTI) bond projects that could be considered for an August 2019 NTI bond election to maintain the City's current tax levy. The Mayor and City Council directed staff to work with the Community and Economic Development Committee (CEDC) to develop a recommendation(s) to present to the Mayor and City Council for an August NTI election. City staff presented proposed projects & initiatives to the CEDC on March 13th and to the Mayor and Council at the April 9, 2019 Work Session as well as the May 7, 2019 Regular Session meetings. The Mayor and City Council directed staff to prepare ordinances for NTI bond initiatives related to public safety and curb replacement, and requested a presentation prior to considering the ordinance(s).

The City has strived to maintain a consistent tax levy for debt service since the late 1990s. The City's tax levy is currently \$0.4697 per \$100.00 assessed valuation. The residents and the City benefit from the level maintenance of the tax levy through the avoidance of expensive tax elections, stability of tax revenues for support of infrastructure improvements, and stable tax bills for residents. The City plans to continue coordinating its funding needs and debt issuance to correspond with that tax levy cap.

In order to maintain a level tax levy for debt service for Calendar Year 2020 and after, it is necessary to place a ballot issue before the voters in 2019. We need to increase debt service requirements by at least approximately \$1.3 million based on a 3% annual increase in assessed valuation for Calendar Year 2020 alone to maintain the current debt service levy. The amount of debt service obligation required to maintain our current debt service levy is, in large part, based on changes in our assessed valuation. The examples below show the significant impact that changes in assessed valuation have on our debt service. As you can see, the

decision on the size of debt obligation to issue is a moving target. It is also impacted by changes in interest rates. Further, we do not typically receive our final assessed valuation from Jackson and Cass Counties until late September so we have a narrow window of time from October 1 to December 31 to respond and issue bonds in the event of a large unexpected increase.

3% increase in assessed valuation for 2019, 2020, 2021=\$1.3 million for 2020, \$10.3 million cumulative spend through 2022

5% increase in assessed valuation for 2019, 2020, 2021=\$1.7 million for 2020, \$12.1 million cumulative spend through 2022

7% increase in assessed valuation for 2019, 2020, 2021=\$2.1 million for 2020, \$14 million cumulative spend through 2022

To make our debt levy target manageable, the ballot issue should include authorization for bond issuance large enough to provide accommodation for unpredictable changes in assessed valuation and interest rates. Once we have authorization from the voters, we can manage our financing needs and the structure of each bond issue to match up our debt service requirements to the levy thereby avoiding large swings in our debt service levy.

Voter approval of an amount in the range of \$23 to \$30 million should meet the financing needs and allow the flexibility needed to maintain the debt levy. The Mayor and City Council chose not to pursue the full estimated bonding capacity at this time as the Citizen Strategic Plan is underway, therefore leaving some capacity for future community needs which may be considered through a future No Tax Increase bond initiative. The deadline for entities to certify elections to the Election Authority for an August 6, 2019 Special Election is May 28, 2019.

George Binger, City Engineer

Steve Marsh, Chief Technology Officer

Mark Dunning, Assistant City Manager

David Bushek, Chief Counsel of Economic Development & Planning