



Legislation Text

File #: 19-830, Version: 1

TO: Mayor and Members of City Council

THRU: Telly C. Whitfield, Ph.D., Assistant City Manager

FROM: Jay C. Toland, Chief Financial Officer
Tracey Broyles, Budget and Evaluation Director

DATE: May 28, 2019

RE:
Adoption of Capital Project Ordinance Amendment 2019-38 for Parks & Recreation Bond Issuance Costs

COUNCIL DISTRICT(S):
All

Relationship To Strategic Plan:

Goal 4 - The City of Fayetteville will be a highly desirable place to live, work and recreate with thriving neighborhoods and a high quality of life for its citizens.

Target for Action - Ensure Parks and Recreation Capital Bond Projects are on time and on budget.

Executive Summary:

Council is asked to adopt Capital Project Ordinance Amendment 2019-38 to increase the appropriation for bond issuance costs associated with the first issuance of the Parks & Recreation general obligation bonds. The bond issuance costs are proposed to be paid from premium payments received on the sale of those bonds.

Background:

On February 25, 2019, Council was asked to appropriate \$195,500 in additional funding for estimated bond issuance costs to be paid from premium payments anticipated from the sale of those bonds. At that time the fees associated with the underwriter's discount were not known. The bonds were sold on May 7, 2019, and final issuance costs are now substantially known. As a result, Capital Project Ordinance Amendment 2019-38 is needed to provide an additional project authorization in the amount of \$49,500 for these costs.

This amendment will bring the total appropriation for Parks and Recreation Bond Fund program implementation and issuance costs to \$345,000, including approximately \$245,000 for bond issuance costs and \$100,000 for preliminary consulting costs for project planning and site signage.

Issues/Analysis:

The sale of the general obligation bonds resulted in premium payments of approximately \$1.7 million. A premium received on a bond is an excess of funds on the sale of the bonds beyond the face value of the bonds. Council direction will be sought as to the use of the additional premium payments in the future.

Budget Impact:

There is no impact to the General Fund as it is proposed that the additional appropriation for the bond issuance costs be funded from premium payments from the sale of those bonds.

Options:

- 1.) Adopt Capital Project Ordinance Amendment 2019-38 to provide funding for the estimated bond issuance costs from the premium payments.
- 2.) Do not adopt the capital project ordinance amendment as presented, and provide guidance to staff as to a different source of funding for the amendment.

Recommended Action:

Staff recommends that Council move to adopt Capital Project Ordinance Amendment 2019-38 as presented.

Attachments:

Capital Project Ordinance Amendment 2019-38