



City of Ketchum

August 19, 2019

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

Recommendation to Hold Public Hearing and Conduct Second Reading of Ordinance No. 1201 An Ordinance Calling A General Obligation Bond Election

Recommendation and Summary

City staff has not made a recommendation either for or against this item. The decision to impose taxes is a policy decision reserved for elected officials. Should the Ketchum City Council decide to conduct the second reading of Ordinance No. 1201, and read by title only, the following motion may be used:

"I MOVE TO APPROVE THE SECOND READING, BY TITLE ONLY, OF ORDINANCE NO. 1201, AN ORDINANCE CALLING A GENERAL OBLIGATION BOND ELECTION TO BE HELD FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, A PROPOSITION FOR THE ISSUANCE OF NEGOTIABLE GENERAL OBLIGATION BONDS OF THE CITY; DETERMINING THAT THE TOTAL AMOUNT OF BONDED INDEBTEDNESS OF THE CITY WILL NOT EXCEED TWO PERCENT (2%) OF MARKET VALUE OF TAXABLE PROPERTY; DIRECTING THE CITY CLERK TO NOTIFY THE COUNTY CLERK THAT THE MAYOR AND CITY COUNCIL CALLED THE BOND ELECTION; APPROVING THE FORM OF NOTICE OF GENERAL OBLIGATION BOND ELECTION; APPROVING THE FORM OF BALLOT; PROVIDING FOR THE ISSUANCE OF SUCH BONDS AND MAKING PROVISIONS FOR THE PAYMENT OF PRINCIPAL AND INTEREST DUE ON SUCH BONDS; ORDERING PUBLICATION; PROVIDING FOR A WAIVER OF THE READING RULES; AND PROVIDING AN EFFECTIVE DATE."

The reasons for the drafting of the ordinance are as follows:

- On May 6, 2019, the City Council adopted Resolution 19-012 which stated the Council's commitment to "place a bond measure before the voters in November 2019 to fund a new fire station."
- The City has engaged a team of experts to advance the programming, layout, and cost estimate for the new fire station and has received positive feedback in public forums.
- The City conducted a first reading of the ordinance on August 5, 2019.

Introduction and History

On May 6, 2019, the City Council adopted Resolution 19-012 in which the Council resolved to: (1) endeavor to place a bond measure before the voters in November 2019 to fund a new fire station, (2) implement certain actions related to KFD 2.0, and (3) commit to a "roadmap to annexation." Since that time, the City of Ketchum has engaged the team of Cole/TCA to advance the programming, layout, and cost estimate for the new fire station. The City Council has had nine public meetings where the location, layout, cost estimates and funding have been discussed and direction given to staff on certain elements of the proposed building. Additionally, there have been four public open houses and four more schedule to occur in the next few months.

Analysis

As discussed during the July 15, 2019, City Council meeting, the anticipated project cost is approximately \$11.5 million which includes approximately \$11.0 million in design, construction, and contingency costs as well as approximately \$110,000 in issuance costs, as detailed in the July 15, 2019, City Council meeting. In consultation with the design team, staff has also included an allowance for additional soil and site work as well as the energy use index concept presented during that meeting for a total project cost of \$11.5 million. The City's municipal advisor, Zions Bank, estimates that a project of that size would likely result in an increased tax responsibility of \$21.52 over 25 years.

In order to meet the statutory deadline of September 16, 2019, for notifying the County of ballot language, while conducting three readings of the ordinance at regularly scheduled City Council meetings, the first reading of the ordinance occurred on August 5, 2019. The second reading is scheduled to be held on August 19 with a third on September 3, 2019. The Council may elect to waive readings pursuant to Idaho Code 50-902.

Financial Impact

The costs for the issuance of the general obligation bond will be paid through the proceeds of the issuance. The bond itself will be paid through a tax levy on property located within the city limits of Ketchum. At \$11.5 million, the bond would result in approximately \$21.52 additional annual tax responsibility for each \$100,000 of assessed property value.

Attachments

- Attachment A: Ordinance 1201
- Attachment B: Project Budget
- Attachment C: Project Schedule
- Attachment D: Summary of City Indebtedness