

COUNCIL ACTION FORM

Meeting Date: August 8, 2024

Staff Contact: Leslie Herring, City Administrator

Agenda Item: Consider Ordinance No. 1043 issuing Industrial Revenue Bonds to finance improvements at Woodside

Background/Description of Item

In July 2022, Woodside Health Club requested the City issue Industrial Revenue Bonds (IRB) in an amount not to exceed \$9,500,000 (maximum total value of construction materials and equipment which Woodside may purchase as a result of the project). That request was granted by the adoption of Resolution No. 107-2022 and allowed Woodside a sales tax exemption on construction materials and equipment relating to Woodside's then-proposed and now completed improvements to the South Club facilities.

The total initial project budget was between \$10-11M, with actual costs being higher than budgeted. As such, the actual issuance of bonds by way of Ordinance 1043 amends the not to exceed value of \$9.5M to \$11M.

As stated during the July 2022 adoption of the Resolution of Intent (Res. No. 107-2022), approving the use of IRBs for sales tax exemption is a two-step City process: (1) adoption of a resolution of intent (July 2022), and (2) passage of an ordinance issuing the bonds (August 2024).

Staff Comments/Recommendation

As construction has already taken place and has now been completed, passing this Ordinance allows for the legal closing of the loop in the use of the sales tax exemption for construction materials and equipment. Although the bond sale will legally and technically occur, this process does not result in Woodside receiving hard dollars for its improvements, again already financed and completed by other means. Issuance of bonds through the adoption of Ordinance 1043 is a necessary step to allow the bonds to close (at the Company's cost) and completion of the IRB process to provide the sales tax exemption.

Budget Impact

Blair Tanner of Tanner Consolidated Holdings, Inc. and Woodside committed to one-half of the sales tax savings being used for public benefit. As such, 50% of the sales tax savings will be wired to the City of Westwood upon bond sale closing on August 22, 2024. A final accounting has not yet been provided to the City.

Suggested Motion

I move to approve Ordinance 1043 issuing Industrial Revenue Bonds to finance improvements at Woodside.