

**CITY OF OAKLAND PARK, FLORIDA
CITY COMMISSION AGENDA ITEM REPORT**

AGENDA ITEM NO. 19

MEETING DATE: 5/2/2018

PREPARED BY: Andrew M. Thompson **DEPARTMENT HEAD** FINANCIAL SERVICES
Director, Financial **APPROVAL:**
Services

SUBJECT: General Obligation Bond Ballot Referendum

1. BACKGROUND/HISTORY

Issue Statement: The City of Oakland Park has reviewed and updated past studies of municipal facilities and seeks to address identified facility needs through a combination of public-private partnerships, enterprise funds, grants, and general obligation bonds. As discussed in greater detail below, \$40 million in general obligation bonds are being considered to provide funding for facilities improvements. Florida law requires that the issuance of General Obligation Bonds be authorized and approved by a majority of the City's voters. To provide for this vote, the City Commission would need to submit a resolution to Supervisor of Elections requesting a referendum be called and providing the ballot question to be considered by the City's voters.

Issue Solution: The City Commission adopt a resolution calling a referendum to be held on November 6, 2018 and approving ballot language to be presented to voters for consideration.

Over the course of many years, the City of Oakland Park has adopted various plans and conducted operational and other studies which have recommended actions be taken to modernize and replace existing City facilities based on identified structural needs and the strategic goals of the City. These recommendations are intended to achieve a variety of outcomes, such as increasing accessibility, enhancing operational efficiency, improving public safety and emergency management functions, increasing energy efficiency, promoting redevelopment, and improving the quality of life for residents. Due to the major downturn in the nation's economy, the collapse of the housing market, and a major decline in City revenues, many of these recommendations for facilities could not be implemented over the past decade. As the economy continues to improve and the tax base recovers, the City is now in the position to begin contemplating how to update and implement the facilities plans adopted to achieve the strategic goals of the City.

On February 21, 2018, staff presented the state of the City's facilities to the Commission and provided an overview of these prior studies and recommendations. These studies included the 2005 CRA Plan, the 2010 Facilities Master Plan, 2017 Facility Assessment, the 2017 CRA Plan, and the 2017 Fire-Rescue Operations Study. Staff presented a plan for community outreach to provide residents an opportunity to engage and provide feedback and ideas. This outreach included an Open House Informational Session at the Collins Community Center on March 14th and tours of City facilities over March 17 & 18 and 24 & 25. These events were noticed to the public through a special citywide mailing to residents, the City's website, e-mail/NotifyMe communications, and featured in the Oakleaf. In addition, staff made presentations to Home Owners Associations and civic groups.

During the April 18, 2018 Commission meeting, staff provided a thorough overview of the facility initiative's progress, including the community outreach campaign and the results of the Facilities Conditions Assessment conducted by ACAI Associates, Inc. (approved by Commission on March 7, 2018). A copy of the agenda item is attached as Exhibit A for reference. As outlined in the presentation, funding for facilities can be challenging. Staff is recommending a fiscally conservative, multi-pronged strategy to address this challenge. The strategy includes using enterprise funding when appropriate (Public Works facilities), public private-partnerships (City Hall), and aggressive pursuit of grant funding (all projects). The last prong of strategy is the issuance of general obligation bonds. Based on the recommendations from the 2010 and 2017 Facility Reports and the current facility assessments, general obligation bonds could be utilized to finance the costs of public safety, emergency services, transportation, recreation, library and municipal land, buildings and facilities, such as:

- Fire Rescue Station 87
- Fire Rescue Station 9
- Fire Rescue Station 20
- Park Place at Jaco
- Collins Community Center
- Ethel M. Gordon Oakland Park Library
- North Andrew Gardens Community Center

Based on the most recent cost estimates from the 2018 Facilities Conditions Assessment, \$40 million in funding from general obligation bonds is recommended. Should bonds be ultimately issued, the anticipated monthly impact would be less than \$10 a month for the median single-family home based on the 2017 *taxable* value (approximately \$100,000). As 2018 tax roll data is made available from the Broward County Property Appraiser (BCPA), revised estimates of the impact will be performed. It should be noted that *taxable* value is determined by BCPA based on homestead exemptions, Save-Our-Homes, and other exemptions that may apply (Low Income Senior, Widowed Persons, Disability, Military, etc.) ; the taxable value is typically much lower than the calculated market value provided by BCPA or a home's sales value.

2. CURRENT ACTIVITY

Financing the Facility Initiative

At the time of the 2010 Facility Study, the estimated cost of facility renovations and rebuilding stood at approximately \$29 million. Since that time, construction costs have risen between 20 and 25% and are expected to increase by 3% annually. In addition, facility conditions have continued to deteriorate and the strategic goals have continued to evolve, necessitating some adaptation to the project scope considered at the time.

Section 6 of the 2010 Facilities Master Plan provided an overview of various funding options, grants, and programs that the City could consider as part of the development of a financial strategy for facilities improvements. The City has pursued and continues to pursue many of these options, including the Broward County Redevelopment Capital Program, use of impact fees, FEMA's Hazard Mitigation Grant Program, Energy Efficiency and Conservation Block Grants, Guaranteed Energy Performance Savings Contracting with an Energy Service Company (ESCO), public private-partnerships, brownfield redevelopment programs, and a variety of different grants.

As noted in the Master Plan's executive summary, "it is anticipated that major capital improvement projects (such as the proposed community center and municipal facilities) may be offered, at the appropriate time, for approval by general obligation bonds." This was also expressed by city management in 2009 during the strategic planning workshop when discussing the City's financing of facilities improvements to develop a facilities plan "come to the public with some portion of it in a G.O." bond. On April 18, 2018, staff addressed the funding challenges of the facilities program and presented Commission with the option of seeking voter-approved general obligation bonds. Direction was provided to take those steps needed to prepare a general obligation bond referendum for public consideration.

General Obligation Bonds

A General Obligation Bond ("G.O." bond) is a voter-approved municipal bond backed by the credit and taxing power of the issuing jurisdiction. These low-interest bonds allow cities to address major capital needs in the near term and pay for projects over a longer period, thereby minimizing annual impacts to residents, and ensuring that current and future residents, who enjoy the improvements, share in funding them. Annual debt service payments for the bonds (principal and interest) are recovered from a separate debt service millage assessment on tax bills. General obligation bonds are common mechanisms for funding major capital programs; in Broward County, over 50 percent of cities currently have such bonds, including the neighboring cities of Wilton Manors, Fort Lauderdale, Lauderdale Lakes, and Pompano Beach (approved by voters, but not yet issued).

Florida law requires that the issuance of G.O. Bonds be authorized and approved by a majority of the City's voters as the bonds are backed by the full faith and credit and taxing powers of the City through the imposition of new ad valorem property taxes. If voters approve a bond proposition on an election ballot, the City is authorized to sell bonds up to the amount indicated in the proposition language to fund capital improvement projects and related costs that meet the public

purpose of that bond proposition. No debt can be incurred by the City unless the ballot question first passes and then the City Commission enacts, in its complete discretion, an ordinance authorizing the specific issuance of debt. The City Commission would also approve the voted debt millage as part of the budget adoption process.

To place a referendum on the ballot for consideration by voters, the City Commission would be required to approve a resolution calling for the referendum, establishing the required notices to voters, and providing the ballot language. This resolution would need to be submitted to the Supervisor of Elections by June, 18, 2018 to appear on the November 6, 2018 ballot. The proposed resolution is attached to this agenda item.

Educational Campaign & Prohibitions on Advocacy

Should the Commission choose to proceed with the referendum, staff recommends that a comprehensive educational outreach program be conducted prior to the November 6, 2018 date to educate residents as to the specifics of the G.O. Bond, the nature of the projects being financed and of course how they may obtain additional information. Staff will prepare an agenda item proposing a plan for a comprehensive educational campaign to be presented to the Commission for consideration at a future Commission meeting.

It is important to note that City staff are only allowed to educate residents as it relates to a general obligation bond proposition: in accordance with state law, staff cannot advocate on behalf of the issue.

3. FINANCIAL IMPACT

The proposed ballot language is as follows:

CITY OF OAKLAND PARK, FLORIDA
GENERAL OBLIGATION BONDS

May the City of Oakland Park, Florida issue, in one or more series, not exceeding \$40,000,000 of general obligation bonds, bearing interest at not exceeding the legal rate and maturing not later than thirty years after the date(s) of issuance, to finance costs of public safety, emergency services, transportation, recreation, library and municipal land, property acquisition, buildings and facilities, all to be located within the City of Oakland Park.

FOR BONDS _____

AGAINST BONDS _____

In the above language, voters will be asked to authorize the issuance of bonds not exceeding \$40 million. This amount also includes approximately \$1.5 million in current project costs, with the difference allowing for costs of issuance, such as bond counsel, financial advisory, bond rating and underwriter fees, as well as other potential market factors at time of issuance and capitalized interest.

Should a referendum be approved, the actual issuance of bonds would go to City Commission for approval as an ordinance. A separate millage to fund the debt service of such bonds would be presented to the City Commission as part of the FY 2020 (October 1, 2019 to September 30, 2020) budget adoption process. An adopted debt millage would appear on property tax bills sent out in November, 2019. The anticipated monthly impact is expected to be less than \$10 a month for the median single-family home based on the 2017 *taxable* value (approximately \$100,000). As 2018 tax roll data is made available from the Broward County Property Appraiser (BCPA), revised estimates of the impact will be performed. It should be noted that *taxable* value is determined by BCPA based on homestead exemption, Save-Our-Homes, and other exemptions; the taxable value is typically much lower than the calculated market value provided by BCPA or a home's sales value.

4. RECOMMENDATION

The City Commission adopt a resolution calling a referendum to be held on November 6, 2018 and approving ballot language to be presented to voters for consideration.

ATTACHMENTS:

[Bond Referendum Resolution](#)
[April 18 Agenda Item](#)