

# REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: April 9, 2007

Agenda Item:	7 (A)	Prepared By: A. William Moss, City Manager Date: March 29, 2007
Agenda Section:	Business: Ordinance - 2 <sup>nd</sup> Reading	
Subject:	An Ordinance Proposing an Amendment to the Charter and the Issuance of Bonds to Partially Finance the STRP	Department: City Manager

City Council is asked to consider an ordinance authorizing a referendum proposing an amendment to the Marco Island City Charter to exclude from the expenditure limitation those expenditures related to extension of the City's wastewater utility system to serve unsewered areas, provided such expenditures are funded by general obligation bonds or other obligations, including loans, approved by referendum of the electors of the City; and debt service payments related to such obligations; and approving the issuance of General Obligation Bonds or loans not to exceed \$88,600,000 and maturing in not more than 25 annual installments.

## **Executive Summary:**

The proposed ordinance was adopted on first reading following City Council's direction to amend the proposed language in the City Charter and the ballot questions. The ordinance calls for a referendum to amend the City Charter and to issue General Obligation Bonds.

The proposed ordinance provides for STRP financing options that will:

- Limit the STRP assessment to \$10,000 per Equivalent Residential Connection.
- The balance of the STRP cost will be funded by grants, impact fees, other revenue sources, and the issuance of General Obligation Bonds or loans in the amount not to exceed \$88.6 million, payable over not to exceed 25 years.
- The bonds or loans will be repaid through an increase in the ad valorem tax imposed upon all properties in the City.
- In the event the referendum is not approved by the electorate the alternate STRP financing option provides for an increase in the water and sewer general rate base (monthly bills for all utility customers) of up to 16%. The maximum assessment for each ERC would be reduced by the cost associated with resurfacing the streets and reduction of \$2,758 to offset the cost of the wastewater system upgrades.
- The referendum will be held on June 26, 2007.

## **Background:**

The STRP financing option to limit assessments to \$10,000 with the balance of the STRP to be financed through the issuance of General Obligation Bonds or loans and other revenues sources was first discussed on March 5, 2007. An ordinance was prepared to incorporate the provisions of the STRP financing options and the call for a referendum to amend the spending cap provisions of the City Charter

and to seek voter authorization to issue General Obligations Bonds to partially finance the STRP. City Council asked that the proposed Charter Amendment be more specifically related to the financing of the STRP rather than the more general language that was provided in the initial ordinance. Staff and Bond Counsel have amended the proposed amendment to the City Charter and the ballot language. These are incorporated in the ordinance that is presented to City Council for second reading.

As of this date, letters were provided to 850 property owners in the Sheffield and Winterberry Assessment Areas. The letter provided detailed information to property owners regarding the STRP and assessment options. Furthermore, it provided information regarding the proposed referendum and the cost differentials between "Plan A," the \$10,000 assessment limit and an increase in the property tax, versus "Plan B" that reduces assessments by \$2,758 while increasing water and sewer rates up to 16% for all utility customers. Letters were also sent to the 1,500 property owners who expressed interest in participating in the Voluntary Assessment Program. That letter explained that the program is temporarily suspended pending the June 26, 2007 referendum. The letter also provided information regarding the upcoming referendum election and the cost comparisons between Plan A and Plan B. Each letter was tailored to the specific assessment area for each of the 1,500 property owners.

Upon adoption of the attached ordinance on second reading, a letter will be mailed to the 5,500 property owners in the current and future assessment areas associated with the STRP. This letter will provide information regarding the referendum, the ballot language, and information on the cost comparison between Plan A and Plan B specific to each of the 17 assessment areas.

Following the mail out to the 5,500 property owners in the STRP, a letter will be mailed to all registered voters in order to educate the electorate on the proposed referendum and the STRP financing options.

**RECOMMENDED ACTION:**

Adoption of ordinance on second reading.

Reviewed by Department Director

Reviewed by City Manager

Council Action:

Motion by:

Second by:

