SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET

ITEM NO: Budget Workshop - B

DATE: April 24, 2008

SUBJECT: Police Bond Fund

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

ISSUE:
The issue before the Council is determining how to expend the remainder of the 2004 Police Bonds.

SUMMARY:
Voted bonds were issued in 2004 in the amount of $399,750 for the City's share of the Snohomish County 911 Emergency Radio system and for public safety and health improvements to the Police Department. This was a 20 year bond issue with average payments of $31,000 per year. The bond payments are made by levying additional property taxes each year to cover the annual cost of the bonds, as approved by the voters.

Fund 110, Police Bond, was established to track the expenditures from the bond proceeds. These expenditures and improvements included payment for the 911 radio system and completion of the evidence room, weapons storage and miscellaneous storage.

The Emergency Radio equipment installation will be completed after the antenna is installed. The weapons locker has been purchased and the evidence room work has been finished. There is a current balance of $22,838 in the fund. The City has ordered the required antenna from Day Wireless and the estimated cost is $ 6058. This will leave $16,780 available for other facility improvements.

In accordance with the Bond Ordinance " If available money from the proceeds of Bonds is more than sufficient to pay costs of the Project, or should state or local circumstances require any alteration in the Project, the City may acquire, construct, equip and make other capital improvements to the City's facilities, or retire and/or defease a portion of the Bonds, all as the Council may determine by ordinance and as permitted by law".

The City Council may determine that other safety improvements are necessary and use the bond proceeds for those purposes after the initial purpose has been fulfilled (Attachment A). The Police Chief is preparing a list of other facility improvements that are needed in the department and will provide a report to the Council next month.

After the report is provided, the Council will need to make a determination to either make additional facility improvements or use the remaining funds to pay for future bond redemption.

RECOMMENDATION:
1. Review the options available in accordance with the Bond Ordinance.
2. Direct staff to prepare recommendations for facility improvements for Council consideration.

Attachments: Section 5 of Ordinance 870-04

ATTACHMENT A

Section 5: Proceeds

Section 1. Project. The Council hereby finds and declares that the Project to be paid for with proceeds of the Bonds is more particularly defined and described as follows:

1.1 Pay the City's share of the costs of completing Phase II of the System and make related public health and safety improvements to implement the system, in accordance with the City-County Agreement.

1.2 Acquire and install all necessary furniture, equipment, fixtures and appurtenances in the foregoing, all as deemed necessary and advisable by the Council.

Pay incidental costs incurred in connection with carrying out and accomplishing the foregoing and costs related to the sale and issuance of the Bonds pursuant to RCW 39.46.070. Such costs include, but are not limited to, payments for fiscal and legal expenses, obtaining ratings and bond insurance, printing, advertising, establishing and funding accounts, capitalized interest for up to six months after completion of construction, necessary and related engineering, architectural, planning, consulting, inspection and testing costs, administrative and relocation expenses, site acquisition and improvement, demolition, on and off-site utilities, and other similar activities or purposes, all as deemed necessary and advisable by the Council

Section 2. Proceeds of the Bonds. If available money from the proceeds of Bonds is more than sufficient to pay costs of the Project, or should state or local circumstances require any alteration in the Project, the City may acquire, construct, equip and make other capital improvements to the City's facilities, or retire and/or defease a portion of the Bonds, all as the Council may determine by ordinance and as permitted by law.
If the Council shall determine that it has become impractical to accomplish any of the Project or portions thereof by reason of state or local circumstances, including, but not limited to, changed conditions or needs, regulatory considerations, incompatible development or costs substantially in excess of those estimated, the City shall not be required to accomplish such Project and may apply the Bond proceeds or any portion thereof to other portions of the Project, to other capital purposes of the City, or to retire and/or defease a portion of the Bonds, all as the Council may determine by ordinance and as permitted by law. In the event that the proceeds of sale of the Bonds, plus any other money of the City legally available therefore, are insufficient to accomplish all of the Project, the City shall use the available money for paying the cost of the Project for which the Bonds were approved that is deemed by the City most necessary and in the best interest of the City.