

City of Blaine
Request for Council Action
Meeting Date: July 27, 2020

Subject: Reevaluating Police Annex Expansion Funding

Department: Finance

Prepared By: _____
(Digital Signature)

Agenda Location: Consent Agenda Council Action Unfinished Business

Background/Summary:

On February 13, 2020, the Finance Committee met and discussed funding options for the proposed police annex expansion (current old city hall site). The committee recommended that the Finance Director and the City Manager pursue the issuance of general obligation bonds to finance the project up to a maximum of \$2.5 million. At the February 24th Council meeting, the Finance Director presented the recommendation. The Council's consensus was to pursue the funding.

The financial landscape has significantly changed from the beginning of the year. On July 22nd the Finance Committee had a teleconference. This issue was discussed. In light of the current fiscal situation, the committee no longer recommends that staff pursue debt funding for the project. Issuing a bond would obligate the general fund to make an annual debt service payment. An annual payment on 10-year, \$2.5 million bond at 3.5% interest would be approximately \$300,000.

Because it is a derelict building, old city hall is planned to be demolished. Temporary storage containers can be purchased to relocate the evidence room. This work is necessary and can be accomplished without bond funding.

Budget Implications: Current Budget New Budget Request Non-Budgetary
The expansion project and the annual debt service payment are not in the current budget. Issuing debt would obligate the general fund to make the annual debt payment for the life of the bond. If a bond was issued, cuts to the general fund expenditures would have to be made in order to make the payment.

Recommendation:

The Finance Committee recommends that the Council instruct the Finance Director and the City Manager to no longer pursue debt funding for the police annex expansion project.

Reviewed By:

City Manager _____ Finance Director _____ City Clerk _____
(Digital Signature) (Digital Signature) (Digital Signature)