



CITY OF KIRKLAND
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Michael Olson, Director of Finance and Administration
Sri Krishnan, Deputy Director of Finance and Administration

Date: March 2, 2021

Subject: RECOMMENDATION ON AUTHORIZING THE ISSUANCE OF BONDS FOR TRANSPORTATION AND FIRE CAPITAL PROJECTS

RECOMMENDATION:

City Council approves the attached bond ordinance authorizing the issuance of Limited Tax General Obligation (LTGO) debt to fund Transportation and Fire Capital projects.

BACKGROUND DISCUSSION:

Transportation capital projects approved with debt funding were included in the 2019-2024 Capital Improvement Program (CIP). The approved CIP included a total of \$20.2 million of debt funding for transportation capital projects, however, the need for debt funding has been reduced to \$16.12 million with the use of REET revenues received above budget. Council approved the use of Real Estate Excise Tax (REET) in the 2021-2022 Budget to fund the transportation debt service. The transportation projects funded with debt and the fire capital project debt funding of \$24.7 million are noted in the table below.

As discussed in the Fire Proposition 1 Implementation Plan memo, the costs of the construction of the new fire station 27 at \$28.5 million and the renovation of fire station 22 at \$9.6 million are being partially funded with \$24.7 million of this debt issuance as noted in the table below. Funding for the fire capital project debt service in 2021 is provided by the Ground Emergency Medical Transportation (GEMT) funds Kirkland has received and by the General Fund in the following years.

Transportation Capital Projects Debt Funding

NE 124th St/124th Ave NE Ped Bridge Design and Construction	10,000,000
100th Avenue NE Roadway Improvements (North Section)	296,000
100th Avenue NE Roadway Improvements (Mid-North Section)	571,100
Juanita Drive Intersection and Safety Improvements	2,773,200
124th Ave NE Roadway	1,982,000
NE 132nd St/108th Avenue NE Intersection Improvements	500,000
Total Transportation Debt Funding	\$16,122,300

Fire Station Capital Project Debt Funding	\$24,695,282
Total 2021 Debt Funding	\$40,817,582

The City's Financial Advisor recommends combining the debt purposes above in one debt issuance with a principal amount not to exceed \$42,500,000 to be more attractive to the current bond market. Kirkland's excellent credit rating usually results in Kirkland receiving a premium or an amount greater than the face value of the bonds. In the unlikely situation of a bid on the bonds with a discount, where the City would receive less than the face value of the bonds, the City's Financial Advisor has recommended a "not to exceed" bond amount that is set slightly higher so that funds received would be sufficient for the capital needs. In either situation, the competitive bidding for the bonds will still issue the bonds at the lowest interest cost to the City. Approval of the attached bond ordinance in Attachment B, prepared by the City's Bond Counsel, Pacifica Law Group, will allow for the issuance of debt to be accomplished at the earliest possible date. Attachment A presents a proposed schedule of events for the debt issuance process.

Attachment A: Debt Issuance Schedule

City of Kirkland, Washington
Limited Tax General Obligation Bonds, 2021
Draft Schedule of Events (as of 2/18/2021)

FEBRUARY							MARCH							APRIL						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6		1	2	3	4	5	6					1	2	3
7	8	9	10	11	12	13	7	8	9	10	11	12	13	4	5	6	7	8	9	10
14	15	16	17	18	19	20	14	15	16	17	18	19	20	11	12	13	14	15	16	17
21	22	23	24	25	26	27	21	22	23	24	25	26	27	18	19	20	21	22	23	24
28							28	29	30	31				25	26	27	28	29	30	

Issuer	City of Kirkland	City
City Council	City of Kirkland City Council	Council
Bond Counsel	Pacifica Law Group	BC
Financial Advisor	PFM Financial Advisors LLC	FA
Working Group	City/FA/BC	WG

Day	Date	Event	Responsible Party
Fri	2/12	• First draft Bond Ordinance distributed	BC
Mon	2/15	• <i>Presidents Day</i>	
Fri	2/19	• Comments due on draft Bond Ordinance	WG
Fri	2/26	• Second draft Bond Ordinance Distributed	BC
Fri	3/5	• Comments due on second draft Bond Ordinance	WG
Tues	3/9	• Final bond ordinance forwarded to Council	City/BC
Tues	3/16	• Bond Ordinance adopted	Council
Wed	3/17	• Send information requirements for Preliminary Official Statement (POS) to the City	BC
Tues	4/13	• First draft POS Circulated to Working Group	BC
Tues	4/20	• Comments due on first draft POS	WG
Wed	4/21	• Draft rating agency presentation distributed	FA
Tues	4/27	• Second draft POS Circulated to Working Group	BC
Thurs	4/29	• Rating Prep Call	City/FA
Fri	4/30	• Comments due on second draft POS	WG
Mon	5/3	• City to provide 2020 Financials to working group	City
Wk of	5/3	• Rating Agency Calls	City/FA
Thurs	5/6	• Final Draft POS Circulated	BC
Wk of	5/10	• Due Diligence Call • Final POS Signoff	WG
Fri	5/14	• Rating Confirmation	City/PFM
Mon	5/17	• POS Posted	BC
Tues	5/25	• Bond Sale	WG
Wed	5/26	• Final OS distributed to Working Group for review	BC
Thurs	5/27	• Comments due on Final OS • Closing Memorandum Circulated	WG FA
Fri	5/28	• Final OS delivered for posting	BC
Mon	5/31	• <i>Memorial Day</i>	
Tues	6/1	• Bond Closing	WG