File #: 18-073, **Version:** 1

A RESOLUTION DECLARING IT NECESSARY TO BUILD OR REPAIR EXISTING BRIDGES IN THE COUNTY UNDER THE AUTHORITY OF K.S.A. 68-1103; PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS TO PAY THE COSTS THEREOF; AND PROVIDING FOR PUBLICATION OF THIS RESOLUTION AS REQUIRED BY LAW (2018 BRIDGE PROJECTS).
Presented by: Lindsay Poe Rousseau, Chief Financial Officer.

RECOMMENDED ACTION: Adopt the resolution.

The Resolution declares an intent to make improvements to bridges and authorizes the issuance of general obligation bonds in an amount not to exceed $2,850,000 to pay the County's share of the costs thereof and associated bond issuance costs. The bridges to be improved are as follows:

CIP No.	Project Description	Cost Estimate
B-471	Bridge on 53rd St. North between 231st St. West and 247th St. West	$700,000
B-472	Bridge on 295th St. West between 45th St. North and 53rd St. North	550,000
B-478	Bridge on Pawnee between 127th St. East and 143rd St. East	800,000
B-479	Bridge on Pawnee between 143rd St. East and 159th St. East	800,000
	Total	$2,850,000

Analysis: This resolution establishes the County’s right to fund expenditures for certain projects with available cash and then reimburse the cash accounts with the proceeds of a subsequent bond issue. It also authorizes the sale of bonds to provide permanent financing for those projects. Thus, it provides a mechanism through which the projects can be expedited and the permanent financing of the projects can be delayed until an optimal future time.

These projects are included in the 2018 adopted Capital Improvement Program, and are programmed to be funded with bond proceeds.

The bonds authorized in this resolution are scheduled to be sold in 2018. The resolution will permit reimbursement of expenditures incurred up to 18 months prior to the date of the bond sale or completion of the projects, whichever is first.

Alternatives: This project could be funded with the portion of sales tax dedicated to road and bridge construction projects. However, as the anticipated amount of this funding has been fully allocated to other road and bridge projects, doing so would require the elimination of funding for one or more of those projects. The project to be funded with these bonds likewise could alternatively be funded with general County reserves. Doing so, however, would require an unplanned reduction of the level of reserves, which potentially could lead to future increases of property taxes as well as to a downgrade of the County's bond rating.

Financial Considerations: Issuance of these bonds is contemplated in the County's financial plan and amended Capital Improvement Program. As general obligation debt, the bonds will be secured by a pledge of the County's full faith and credit, meaning bondholders will be able to compel the levy of property taxes if necessary to repay the debt.

The preliminary estimate of annual debt service required to repay these bonds is about $195,000 in the first five years and decreases in the outer years. The financial forecast contemplates the bonds actually will be repaid with sales tax drawn from the share of sales taxes which are dedicated to road and bridge construction projects. This will reduce the amount of cash available each year from the dedicated sales tax for pay-as-you-go road projects. An alternative is to repay the debt with an annual property tax levy; a tax rate increase of approximately 0.053 mills would be required to do this. The source of funds used to repay this debt will be determined annually through the budget adoption process.

Legal Considerations: K.S.A. 68-1103, as amended, authorizes the Board of County Commissioners to determine it necessary to construct or make improvements to any bridges in the County that meet the requirements of the Act, and to issue general obligation bonds of the County to pay the costs thereof. Bonds issued under this Act are not subject to any statutory limitation on the bonded indebtedness of the County.

Policy Considerations: These bonds are subject to the County's adopted debt policy. It provides five ratios that when taken together constitute limits on the total County debt that may be outstanding at any point. The policy states that the ratios must be below at least three of the following benchmarks; it further states that if the ratio measuring annual debt service obligation exceeds 10% of budgeted expenditures, debt will not be issued.

Including these bonds and all other debt to be issued in 2018, the ratios will be as follows:

Policy Ratio	**Maximum**	**Estimated Actual**
Per capita direct debt	$500	$187
Direct debt as % of full market value	1.50%	0.28%
Per capita direct, overlapping & underlying debt	$3,000	$3,817
Annual debt service as % of full market value	6.00%	5.58%
Annual debt service as % of budgeted expenditures	10%	7.85%

Outside Attendees: Joe Norton, Gilmore & Bell, P.C., Bond Counsel

Multimedia Presentation: