



City of Maricopa

Legislation Text

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The Mayor and City Council shall discuss and possibly take action on recommending full build-out of the a) regional park/sports complex and b) multi-generational/aquatics center projects and initiating the process to issue General Obligation bonds, to finance the projects, once the costs are finalized. Additionally, staff recommends proceeding with cash financing City Hall to provide capacity in the General Fund for the additional, ongoing operation and maintenance costs of the fully built-out park. Discussion and Action.

As approved by Council in the most recent Capital Improvement Projects (CIP) plan, the City is projected to complete Phase I of the a) regional park/sports complex and b) multi-generational/aquatics center projects (Vekol Park - Phase I) in December 2013. On August 23, 2013, staff presented an analysis of the full build-out concept to the Council Budget, Finance and Operations (BFO) Subcommittee. This analysis examined whether the City had the ability to a) fund construction of a fully build-out of the park and b) operate and maintain the park.

Construction

Initial estimates indicate the additional cost of constructing a fully built-out facility would be approximately \$13 million. The additional costs would be funded from issuance of General Obligation (G.O.) bonds authorized by the voters on November 4, 2008. This authorized the City to issue up to \$65.5 million for parks projects. An analysis of the amounts necessary to fund the facility indicate that the City would have approximately \$28.1 million in remaining authorization after completion of Phase I; therefore, capacity exists under the authorization limit to fund a fully built-out facility.

State statute also limits the amount of debt outstanding. An analysis of the "legal debt limit", as set by state statute, indicates that the City would have approximately \$18.1 in remaining debt capacity after completion of Phase I; therefore, capacity exists under the legal debt limit to fund a fully built-out facility.

Although the additional capital costs of the built-out facility are estimates, staff would proceed with working with the City's Financial Advisor to structure the timing and amount of the next G.O. bond issuance and when the capital costs are finalized.

Operation and Maintenance

The cost to operate and maintain the built-out facility is estimated to be \$4.0 million annually. This amount is offset by estimated revenues of \$1.5 million per year resulting in a net General Fund impact of \$2.5 million per year. Compared to the net General Fund impact of \$1.4 million to operate a Phase I park, an analysis of the City's ability to absorb the additional \$1.1 million in the General Fund impact indicates that planned expenditures will exceed anticipated revenues by approximately \$1.6 starting in FY14-15. This assumes the completion of City Hall would be cash financed saving approximately \$986,000 in General Fund costs. Therefore, a combination of spending adjustments and revenues exceeding expectations would have to occur over the upcoming fiscal years.

Staff will review the impacts of constructing and operating a fully built-out facility. This review will include an updated General Fund forecast of anticipated revenue and operating expenditures over the next five fiscal years. If approved, it is estimated that park build-out would add three months to the project with completion estimated to be 3/31/2014.

Staff recommends approval to proceed with a fully built-out park, initiating the process to issue General

Obligation bonds to finance the projects and cash financing City Hall to fund the additional, ongoing operation and maintenance costs.