




MEMORANDUM

Date: March 14, 2024

To: Honorable Mayor and Commissioners

Via: Albert P. Childress
City Manager 

From: Todd Stoughton
Assistant City Manager

Subject: **24-5515 General Obligation (GO) Bond Resolution**

Introduction

The City Manager's Office respectfully request authorization to move forward in bringing a General Obligation (G.O.) Bond Ballot question(s) for the November 2024 General Election. Authorization is requested to engage in professional consultants in placing a Referendum for G.O. Bonds on the November 5th, 2024, General Election. The City Attorney believes it to be fiscally prudent to have official direction from the City Commission before expending funds in readying the measure for official City Commission approval to be placed on the 2024 General Election ballot.

Background

The City has numerous major projects that have been identified over the course of several years that would improve the health, safety and welfare of our business owners and residents. Historically, the City has funded these projects from the General Fund and the portion of Local Discretionary Surtaxes and Local Option Fuel Taxes which the City receives from the State. The funding available from each from these sources annually is limited and in some cases decreasing, while the number of projects continues to increase and the cost to complete these projects continues to rise. Construction prices have soared since COVID-19 and will continue to rise with in some cases a 20% to 40% increase. Economically it is prudent to identify a funding source to complete the project in a timely manner. The G.O. Bond Program affords voters an opportunity for themselves to determine if they wish to fund these projects by ballot questions. The issuance of bonds will stimulate the local economy for a period of 10-15 years and provide employment.

During the development of the City's updated Strategic Plan 'Key West Forward' that included numerous meetings with both City Staff and residents of Key West, it was noted that residents are concerned about long-term planning for City projects. Five out of the six priorities in the City Strategic Agenda are covered in the City's GO Bond request. In 2021 during the Strategic Planning Session, twelve Major Projects were identified. Those were:

- 1) Duval Street Revitalization
- 2) Green Way Project (bike path)
- 3) Mallory Square
- 4) Bayview Park
- 5) KOTS – John Jones Navigation Center
- 6) Douglass Gym
- 7) Diesel Plant
- 8) 3.2 Housing Development
- 9) Fire Station 3
- 10) MLK Pool
- 11) North Roosevelt Corridor

Of the above Major Projects, two (2) projects (Douglass Gym, 3.2 Housing Project) have broken ground in the past year. The KOTS project is anticipated to break ground in the next few months. The above projects were identified through the January 2022 survey submitted to the community and confirmed by the City Commission and Department Directors. The top four (4) projects that were identified by the community were: 1) Duval Street Revitalization 2) The Greenway Project (bike path) 3) Mallory 4) Bayview Park.

A bond program will allow the City to accelerate these projects and save the City millions of dollars. Construction prices continue to rise and the price of projects has, in some cases, doubled in the past five (5) years. The City, with over \$800 Million in real estate holdings, is in a prime position to obtain a high bond rating.

In January 2024, the City signed an engagement letter with PFM Financial Advisors LLC to memorialize our agreement for the planning, analysis, Commission presentation(s), and community outreach related to potential future financing. PFM provided the City Commission with a presentation on the G.O. Bond process at the January 11th City Commission meeting.

In October 2023, the City signed an agreement with Clearview Research to conduct a research poll with a small sample of registered voters within the City limits. This survey was completed in January 2024 in which the results were presented to the City Commission at the February 8th City Commission meeting.

A city-wide voter referendum is required prior to the issuance of G.O. Bonds. If the referendum is passed it takes approximately three to six months from approval before bonds can be issued. This is the first step of the process and does not commit the City at this point of the process. The G.O. Bond will finance the cost of renovations and improvements throughout the City. Currently, the City has programmed Bond Projects to cover: Adaptation, Public Safety, Parks & Recreation, and Traffic & Roads.

The City Manager is seeking authorization to continue the process of placing Ballot Questions on the November General Election Ballot. The process would include the ability to engage professional

consultants and commission studies to determine risks, benefits, and public interest in placing a referendum for general obligation bond on the November 5th, 2024, General Election Ballot.

At the May City Commission Meeting, an item will be placed on the agenda for the Mayor and City Commission to approve and adopt a Resolution calling for a Referendum and specifying ballot questions (the "Referendum") which will include the four (4) ballot questions.

Financial Impact:

To date the City has obligated \$15,847.92 for the G.O. Bond investigation captured by PFM Financial and Clearview Research.

Recommendation

The City Manager recommends that the Mayor and Commission approve and direct City Staff to continue the process of preparing a General Obligation (G.O.) Bond Referendum for November 5th, 2024, General Election.