



City of Grand Island

Tuesday, October 19, 2004

Study Session

Item -1

Discussion Concerning Public Building Commission

Staff Contact: Doug Walker

Council Agenda Memo

From: Douglas R. Walker, City Attorney
Meeting: October 19, 2004
Subject: Grand Island Facilities Corporation
Item #'s: 1
Presenter(s): Douglas R. Walker, City Attorney

Background

At the election on May 11, 2004, the voters approved an additional one-half cent sales tax for the City of Grand Island. The measure mentioned several projects for which the additional sales tax revenue would be used, including an addition to the City Library, Fire Station #1, and a Law Enforcement Facility. To facilitate the construction of these facilities the City is proposing that a non-profit corporation be established.

Discussion

Administration is recommending that the City establish the Grand Island Facilities Corporation. This corporation would be authorized to issue tax exempt bonds to construct facilities and would be authorized to do lease purchase arrangements with the City of Grand Island. The City would lease the facilities from the non-profit corporation and the lease payments would coincide with the payment of the bonded indebtedness. Once all of the bond payments were completed by the non-profit corporation, the City would then own the facility.

Establishing the non-profit corporation would create several advantages for the City. One advantage would be that a subsequent vote of the people would not be required for the non-profit corporation to issue tax exempt bonds. The ballot language that was approved in May specifically mentioned that the Library, Fire Station #1, and Law Enforcement Center were projects for which the half cent sales tax revenues would be committed. Having further elections would create unnecessary delays and additional expenses.

Another advantage that the non-profit corporation may have is that it would have greater flexibility in contractual arrangements with contractors and other professionals in the building industry when making arrangements for the construction of the facilities. This should enhance the City's ability to contain costs on the facilities that would be built using the additional sales tax monies by looking at other alternatives to the traditional

design/bid/build process which could result in substantial savings when constructing public facilities.

Alternatives

The concept of establishing the Grand Island Facilities Corporation is presented to the City Council in a Study Session to allow for any questions to be answered and to create a greater understanding of the issue at hand.

It is the intent of City Administration to bring the issue to a future council meeting for the establishment of the Grand Island Facilities Corporation.