

Introduced By:	City Manager
Date:	July 13, 2022
Public Hearing:	July 27, 2022
Action:	Enacted as Amended
Vote:	6 Yes, 0 No

CITY OF SOLDOTNA
ORDINANCE 2022-020

AN ORDINANCE AUTHORIZING THE CITY TO ISSUE GENERAL OBLIGATION BONDS IN A PRINCIPAL AMOUNT OF NOT TO EXCEED FIFTEEN MILLION DOLLARS (\$15,000,000) TO FINANCE THE CONSTRUCTION OF A FIELD HOUSE AT SOLDOTNA REGIONAL SPORTS COMPLEX, AND TO SUBMIT THE QUESTION OF ISSUANCE OF SUCH BONDS TO THE QUALIFIED VOTERS OF THE CITY OF SOLDOTNA AT THE OCTOBER 4, 2022 REGULAR CITY ELECTION

WHEREAS, residents of the central Kenai Peninsula have investigated the need and potential for an indoor recreational facility since the early 2000's; and

WHEREAS, in a survey of area residents conducted as part of the City of Soldotna's 2013 Recreation and Trails Master Plan, increased indoor recreational opportunities for a variety of activities, age groups and abilities, was identified as the greatest recreational need in our community; and

WHEREAS, the Soldotna Sports Center Facility Condition Assessment and Master Plan identifies an indoor walking track, turf field, basketball and volleyball courts, and other amenities as needed during inclement weather as well as during the shoulder seasons; and

WHEREAS, in March 2015 the City Council appropriated \$500,000 for the design of the Field House Project (Ord. 2015-011); and

WHEREAS, the design has been completed, and was developed in coordination with local user groups and stakeholders, resulting in a facility that is intended to meet a wide variety of programming needs and users; and

WHEREAS, the proposed 42,600 square foot building includes: a removable turf field; three lane elevated walking/jogging track; locker rooms; restrooms; an event room; and elevator access for ADA accessibility to the upper level; and

WHEREAS, the removable turf field system will provide further flexibility to the facility, to accommodate a wider variety of recreational uses such as court sports, field sports, assemblies, events, and trade shows; and

WHEREAS, the Field House project is estimated to cost approximately nineteen million, five hundred forty thousand dollars (\$19,540,000), including site work, construction, inspections, and acquisition of furniture, fixtures and equipment; and

WHEREAS, a feasibility analysis completed by the University of Alaska Center for Economic Development (CED), reviewed the market area, user demand, potential revenues, operating costs, and financial projections for the project; and

WHEREAS, the City Council considers fifteen million dollars (\$15,000,000) an acceptable limit for city debt for the project, with the remaining capital expenses to be paid for through other local, state, and federal funding sources; and

WHEREAS, the City is authorized under Alaska Statutes 29.47.190 to incur general obligation debt after a bond authorization ordinance is approved by a majority of those voting on the question at a regular or special election; and

WHEREAS, issuance of general obligation bonds by local governments is an appropriate and common method of financing buildings which provide benefits to the general public; and

WHEREAS, construction of the Soldotna Field House Project will enhance recreational opportunities and quality of life for the approximately 37,000 residents of the Central Kenai Peninsula who live within a 45-minute drive of the facility, as well as visitors who come to attend sporting events, trade shows, and other large gatherings at the facility; and

WHEREAS, it is in the best interest of the City of Soldotna to submit the question of incurring debt to the voters at the October 4, 2022 regular city election;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. It is hereby determined to be for a public purpose and in the public interest of the City of Soldotna (the "City") to incur general obligation bonded indebtedness in an amount not to exceed fifteen million dollars (\$15,000,000), for the purpose of paying the Costs of Construction of a Field House and related capital improvements at Soldotna Regional Sports Complex (the "Facilities").

Section 2. "Costs of Construction" means all costs paid or incurred by the City in connection with the acquisition and construction of capital additions, improvements and betterments to and extensions of the Facilities, and the placing of the same in operation, including without limitation paying all or a portion of the interest on the indebtedness or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements and for a period of time thereafter; paying amounts required to meet any reserve requirement for the fund or account established or maintained for such bonded indebtedness; paying or reimbursing the City or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of such improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of such additions and improvements, the financing of the same and the placing of the same in operation.

Section 3. The City is authorized to borrow the sum of fifteen million dollars (\$15,000,000) to finance the Facilities described in Section 1, and the borrowing shall be evidenced by the issuance of general obligation bonds of the City. The full faith and credit of the City is pledged for the payment of the principal and interest on the debt, and ad valorem taxes shall be levied without limitation as to rate or amount, as necessary, to pay the principal of and interest on the bonds when due.

Section 4. The City Clerk is hereby directed to submit Proposition No. 2022-A to the qualified voters of the City at the October 4, 2022 Regular Municipal Election substantially in the following form:

PROPOSITION NO. 2022-A
GENERAL OBLIGATION BONDS FOR
CONSTRUCTION OF A FIELD HOUSE AT THE SOLDOTNA REGIONAL SPORTS
COMPLEX

Shall the City of Soldotna incur debt and issue general obligation bonds in an amount not to exceed Fifteen Million Dollars (\$15,000,000) for the purpose of paying costs of construction of a Field House containing an indoor turf field and elevated track, together with related capital improvements, at the Soldotna Regional Sports Complex?

The bonds shall be secured by a pledge of full faith and credit of the City of Soldotna (Ordinance 2022-020)

- Yes A "YES" approves the issuance of general obligation bonds.
 No A "NO" opposes the issuance of general obligation bonds.

Section 5. The proposition must receive a majority vote of the qualified voters of the City voting on the question to be approved.

Section 6. That the following Proposition Summary is hereby approved and will be included in the Kenai Peninsula Borough Voter Pamphlet:

Shall the City of Soldotna incur debt and issue general obligation bonds in an amount not to exceed Fifteen Million Dollars (\$15,000,000) for the purpose of paying costs of construction of a Field House containing an indoor turf field and elevated track, together with related capital improvements, at the Soldotna Regional Sports Complex?

The Field House is designed as a 42,000 square foot building adjacent and connected to the Soldotna Regional Sports Complex, which includes: a removable turf field and sport court; three-lane elevated walking/jogging track; locker rooms; restrooms; an event room; and elevator access for ADA accessibility to the upper level.

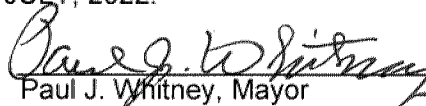
Section 7. The City Council shall determine the particular work authorized hereby to be carried out in the event the proceeds of the bonds to be authorized are insufficient together with other money of the City to be used therefor to carry out all such work.

Section 8. In the event the issuance of the bonds is ratified by the voters, the City is hereby authorized to borrow money in anticipation of the sale of the bonds and to issue bond anticipation notes. The amount of the notes to be issued from time to time and the time of their issuance, the form and other details of the notes and provisions for the sale thereof shall be fixed by the City Council by resolution, or the City Council may delegate by resolution to the Mayor or the City Manager the authority to make all or any of the foregoing determinations.

Section 9. The bonds to be authorized may be issued in one or more series.

Section 10. Section 3 of this Ordinance shall become effective only if the proposition described in Section 4 is approved by a majority of qualified voters voting on the proposition at the regular municipal election on October 4, 2022. The remaining sections of this Ordinance shall become effective upon enactment.

ENACTED BY THE CITY COUNCIL THIS 27TH DAY OF JULY, 2022.


Paul J. Whitney, Mayor

ATTEST:


Brekke Hewitt, CMC, Interim City Clerk

Yes: Nelson, Carey, Chilson, Parker, Hutchings, Ruffridge
No: None

- Yes A "YES" approves the issuance of general obligation bonds.
- No A "NO" opposes the issuance of general obligation bonds.

Section 5. The proposition must receive a majority vote of the qualified voters of the City voting on the question to be approved.

Section 6. That the following Proposition Summary is hereby approved and will be included in the Notice of Election:

Shall the City of Soldotna incur debt and issue general obligation bonds in an amount not to exceed Fifteen Million Dollars (\$15,000,000) for the purpose of paying costs of construction of a Field House containing an indoor turf field and elevated track, together with related capital improvements, at the Soldotna Regional Sports Complex?

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Paul J. Whitney, Mayor

ATTEST:

Brekke Hewitt, CMC, Interim City Clerk

Yes: Nelson, Carey, Chilson, Parker, Hutchings, Ruffridge
No: None



SOLDOTNA

OFFICE OF THE CITY MANAGER

MEMORANDUM

TO: MAYOR WHITNEY AND COUNCIL MEMBER CHILSON
FROM: STEPHANIE QUEEN, CITY MANAGER
CC: KYLE KORNELIS, PUBLIC WORKS DIRECTOR
ANDREW CARMICHAEL, PARKS + RECREATION DIRECTOR
MELANIE IMHOLTE, FINANCE DIRECTOR
DATE: WEDNESDAY, JULY 6, 2022
SUBJECT: SOLDOTNA FIELD HOUSE ORDINANCE AUTHORIZING GENERAL OBLIGATION DEBT AND BOND PROPOSITION FOR THE REGULAR OCTOBER 2022 MUNICIPAL ELECTION

The attached ordinance accomplishes several important tasks related to the Field House project, including authorizing the City to incur general obligation debt in an amount not to exceed \$15,000,000 for construction, and sending the question of incurring debt to the voters at the upcoming regular municipal election on October 4, 2022.

The City had previously engaged the architectural firm of Burkhart Croft to prepare design drawings for the Field House Project - a 42,600 square foot (sf) metal frame building including a turf field/sport court, with an elevated walking/jogging track. The building would be adjacent and connected to the Soldotna Regional Sports Center (SRSC), through an expanded lobby that serves as a new front entrance for both facilities and includes an expanded pre-function area/bathrooms to serve the conference rooms at SRSC. An elevator would provide ADA-accessible access to the upper level, which could also be accessed by a set of stairs. The building would also contain locker rooms, restrooms, a general-purpose room for party and small event rentals, and areas for storage.

The unobstructed play surface is roughly 25,000 square feet (215' by 115'), plus 10,000 sf under the track, and is designed to accommodate a variety of different sport configurations, including: soccer, basketball, wrestling, pickleball, baseball, and volleyball, among others. Divider curtains would permit simultaneous events as needed. By investing in a removable turf system, the flooring could be removed for large events such as trade shows and private rentals where food is served or to accommodate wrestling mats, for example.

The current cost estimate for the project (updated June 2022) is approximately \$19,540,000. The Administration is recommending that the majority of project costs be financed through debt service, with the remaining portion covered through a combination of grants, support from various foundations, private donations, and a contribution from the City's General Fund.

The ordinance authorizes the City to incur fifteen million dollars (\$15,000,000) in debt to complete the project, including site work, construction, inspection, furniture, fixtures and equipment. The Debt would be evidenced by the issuance of general obligation bonds. A general obligation ('GO') bond is a common form of financing municipal projects that provide broad community benefit. GO bonds do not require a specific revenue source be identified for repayment of the bond, and instead the City pledges its "full faith and credit" for the repayment of the debt.

In discussions with the Alaska Municipal Bond Bank Association, we estimate current interest rates on a 10-year bond to be approximately 2.9%, and a 20-year bond to be 3.6%. If the Council approves the

ordinance and voters pass the ballot proposition in October, we would anticipate an issuance of debt sometime in the spring of 2023. In the meantime, we continue to explore other funding sources for the project, including: Congressionally Designated Spending (i.e. federal ‘earmarks’); state capital budget appropriations, long-term loans through the USDA Community Facility program, and foundation funding such as Rasmuson, etc.

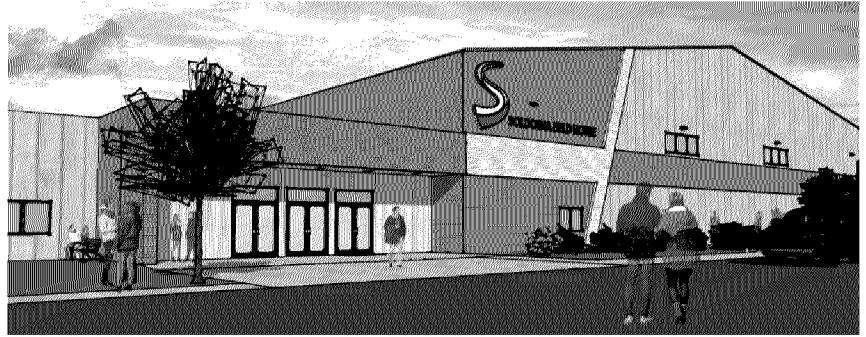
To allow for future rate uncertainty, we had previously calculated the annual debt service for a \$15m bond as follows:

- \$1,143,300 annually for a 20-year bond (at 4.5% interest); or
- \$1,791,555 annually for a 10-year bond (at 3.5%).

Final project costs, bond rates, and grant success will influence the annual debt service and total repayment amount. But the examples above provide a reasonable range for our estimate of the annual debt service.

The Council discussed this project in detail at a work session held on June 8, 2022, and expressed support in moving the project forward. We have closely examined the City's financial position, including available fund balance to fund ongoing capital needs and operating expenditures, and are confident the City can move forward with the current proposal to fund the Field House if the Council and voters of the City desire to do so. This project is a long-standing community need, identified in several of the City's planning/policy documents, that we feel would be a valuable asset to Soldotna residents and the broader community.

Please feel free to reach out to Kyle Kornelis, Public Works Director or me if you have questions or would like to discuss the project further.



- 42,000 sf athletic and community event facility, with removable turf field and elevated walking/jogging track.
- Project cost is approximately \$19,540,000, to come from a combination of local, state, and federal funds.
- Project design is complete, and the project can be constructed / in operation within 18-months from award.
- Facility to be owned and operated by the City of Soldotna. Centrally located and easily accessible to 37,000+ residents of the central Kenai Peninsula region.
- Serves a wide variety of athletic and recreational users. Can also host large events and conferences.
- Robust stakeholder process and due diligence performed. Broad community support for the project.

Project Background

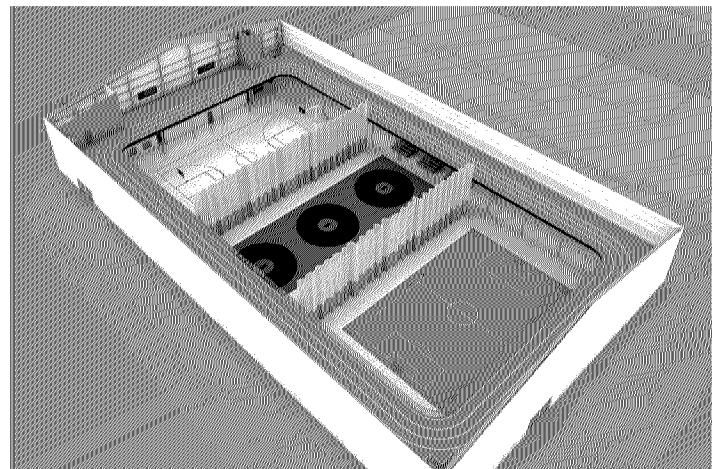
The Soldotna Field House is a 42,000 square foot metal structure, designed with a multi-purpose sport court/turf field and an ADA-accessible elevated walking and jogging track. It would be owned and operated by the City of Soldotna's Parks and Recreation Department, and located adjacent to the Soldotna Regional Sports Complex. This location offers easy access to more than 37,000 residents (nearly 2/3 of the entire borough population) who live within a 45-minute drive of the facility.

Residents and community leaders have been working toward building an indoor recreational facility on the central Kenai Peninsula for decades. The City of Soldotna has the capacity to operate and maintain such a facility, and has taken steps in recent years to move this project from concept to reality. In 2015, the City appropriated \$500,000 for design work, and kicked off a 2-year community stakeholder process to refine the project scope and programming for the new facility. The architectural firm of Burkhardt and Croft facilitated the process, and completed design work in 2018. The City contracted the University of Alaska Center for Economic Development (CED) to assess demand and develop financial projections, resulting in a *Feasibility Analysis* that provides a thorough breakdown of projected revenues and operating costs, demonstrating the project will be financially sustainable for the long term.

Facility Description

The Soldotna Field House is designed to accommodate a wide variety of users and events. Key features include:

- 215' by 115' play area with removable artificial turf field
- 3-lane elevated walking/jogging track (8 laps per mile)
- Elevator access to the upper level; a fully ADA-accessible facility, including locker rooms.
- Multipurpose room for event and classroom rental
- Divider curtains for simultaneous events
- Audio/visual set up for meetings and conferences
- Access to adjacent kitchen facilities in the Sports Center



The play surface can accommodate a variety of sports configurations, including: soccer and futsal, batting cages for baseball and softball, football, rugby, golf, and flag football.



The turf field system will be removable, so that the Field House can also be used for sports such as wrestling, basketball, volleyball, pickle ball, and toddler time. This flexibility ensures the community will be able to maximize the facility's use.

Large Events and Trade Shows

The Field House would also provide additional event space to accommodate large meetings and trade shows, and further enhance the capabilities of the Soldotna Regional Sports Complex to host large events that draw thousands of people

into the community (including annual events such as the Sport Rec and Trade Show, the Home Show, and the Agricultural Expo). The economic impact of bringing new visitors into the central Kenai Peninsula from other parts of the state is an additional benefit to the region, especially to local businesses.

Broad Community Support, and a Shovel-Ready Project

The Soldotna Field House has broad community support, with project champions from: youth sports leagues and programs; health care practitioners; seniors citizens and local service providers; and event planners. The project achieves several long-identified needs in the central Kenai Peninsula including, improving overall health and wellness opportunities for borough residents, and providing a safe and enjoyable facility for year-round recreation activities. The Soldotna Field House will be easily accessible to a large percentage of borough residents who live in close proximity to the project, and will also benefit Alaskans who travel to the region from other areas of the state for athletic competitions and other large events.

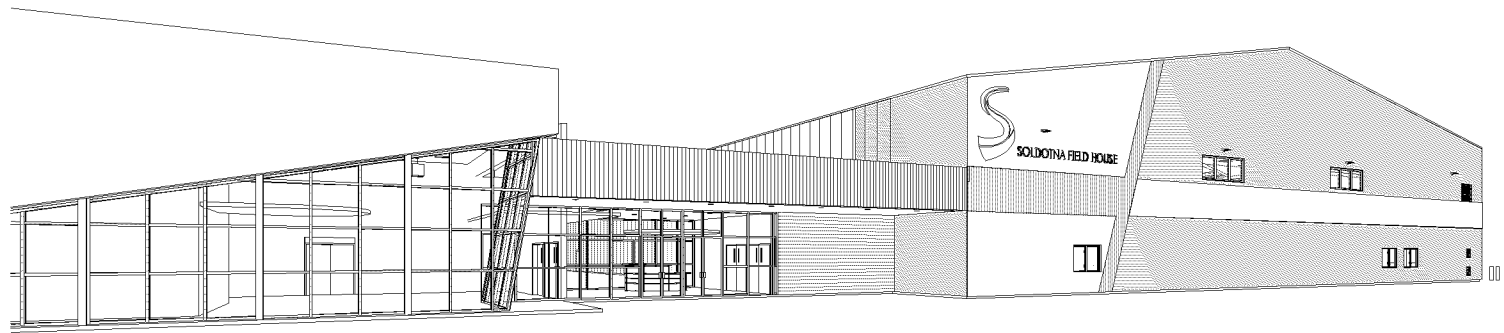
Design work is complete, the City of Soldotna has site control, and the necessary due diligence and financial assessment were performed to ensure this project's success and sustainability. Construction costs are estimated at approximately \$19.5m. The City is seeking funds through a variety of sources, including: General Obligation (GO) Bond and/or USDA loan, state legislative grant, local municipal match (City of Soldotna General Fund), Rasmuson Foundation grant, and local fundraising. Once funding is secured, the City of Soldotna can deliver a completed project that is in operation within 18 months from notice of award.



For Additional Information, Contact:

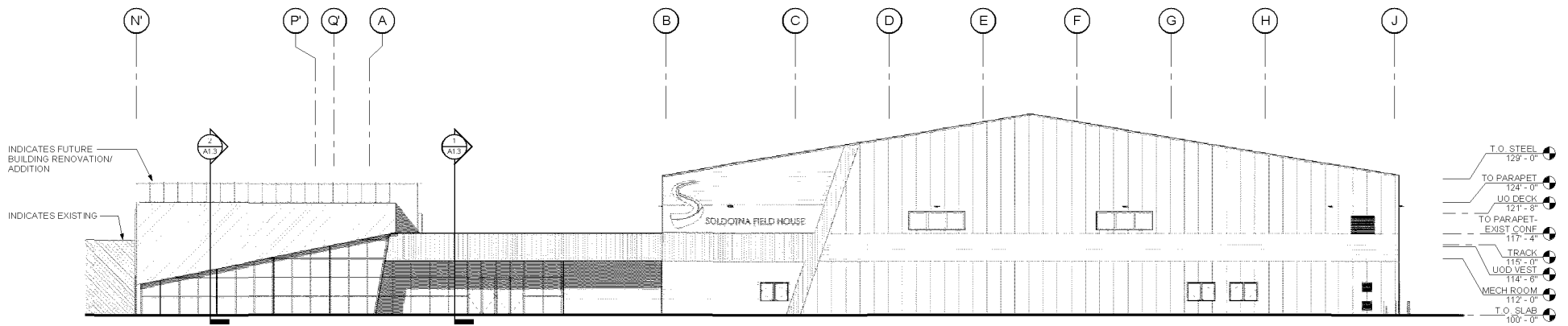
Stephanie Queen, City Manager
squeen@soldotna.org
907-714-1240

Kyle Kornelis, Public Works Director
kkornelis@soldotna.org
907-714-1232



CONCEPT PERSPECTIVE

Scale:



SOUTH ELEVATION - CONCEPT

[2/A1.1A] Scale: 3/32" = 1'-0"



CITY OF SOLDOTNA

SOLDOTNA FIELD HOUSE

06/20/2022

Burkhart Croft
ARCHITECTS

A1.4

TO: Mayor Whitney and Members of the City Council
FROM: Brekke Hewitt, Interim City Clerk
DATE: July 27, 2022
SUBJECT: Requesting an Amendment to Ordinance 2022-020 - Authorizing the City to Issue General Obligation Bonds in a Principal Amount of Not to Exceed Fifteen Million Dollars (\$15,000,000) to Finance the Construction of a Field House at Soldotna Regional Sports Complex, and to Submit the Question of Issuance of Such Bonds to the Qualified Voters of the City of Soldotna at the October 4, 2022 Regular City Election, to Correct a Clerical Error

A clerical error was discovered in Section 6 of Ordinance 2022-020. Section 6 currently states that the Proposition Summary will be included in the Notice of Election. Proposition Summaries are created for inclusion in the voter information pamphlet to provide voters with additional information on the propositions being placed before them.

Per Soldotna Municipal Code 4.16.010, the City's Notices of Election contain the subject of propositions being voted upon, not the lengthier proposition summary information. To meet code requirements, and maintain cost effective and consistent election noticing, I request that an amendment be made to Section 6, as described below, to include the Proposition Summary in the Kenai Peninsula Borough Voter Pamphlet, not the Notice of Election. Thank you for your consideration.

Section 6. That the following Proposition Summary is hereby approved and will be included in the [NOTICE OF ELECTION] Kenai Peninsula Borough Voter Pamphlet:

Shall the City of Soldotna incur debt and issue general obligation bonds in an amount not to exceed Fifteen Million Dollars (\$15,000,000) for the purpose of paying costs of construction of a Field House containing an indoor turf field and elevated track, together with related capital improvements, at the Soldotna Regional Sports Complex?

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