

FISCAL IMPACT REPORT

General Information:

(Check) Bill: x Resolution:

Short Title(s): General Obligation Bond Parameters

Sponsor(s): Mayor Alan Webber and Councilor Romero-Wirth

Reviewing Department(s): Finance Department

Staff Completing FIR: Emily K. Oster Date: 5/13/2025 Phone: 505-629-3411

Reviewed by City Attorney: *Erin McSherry* Date: 05/22/2025
Erin McSherry (May 22, 2025 12:08 MDT)

Reviewed by Finance Director: *Emily K. Oster* Date: 05/22/2025

Summary:

The proposed bill would authorize the issuance and sale of up to \$25,000,000 of City of Santa Fe ("City"), tax-exempt general obligation bonds payable from ad valorem property taxes. The proposed bond sale was approved at the General Election held November 5, 2024, with 34,469 "yes" votes, which was over 84% of total votes. As stated in the ballot question, the bond proceeds would be used to construct, design, equip, and improve roads and streets within the City. The bonds would be sold by either competitive sale or negotiated sale. The proposed bill delegates authority to the City's Finance Director to either accept the best bid for the Bonds if sold by competitive sale or, if the Bonds are sold in a negotiated sale to an underwriter, to execute a certificate and bond purchase agreement establishing the final terms of the Bonds. The proposed bill also authorizes the Finance Director to determine final terms of the Bonds within specified parameters and conditions including: (A) The aggregate principal amount of the bonds shall not exceed \$25,000,000; (B) The net effective interest rate on the Bonds shall not exceed 10% per annum; (C) The final maturity of the Bonds shall not be later than August 1, 2045; (D) The Bonds shall not be sold at less than 100% of par, or at greater than 115% of par; and (E) The underwriting discount on the Bonds shall not exceed 3% of the par amount of the Bonds.

Departments Affected:

Finance Department, Public Works Department

Consequences of Not Enacting Legislation:

If this legislation is not adopted the City will not issue \$25,000,000 in new general obligation bonds authorized by 84% of voters in the November 2024 General Election. Planned improvements to City roads and streets will not be funded, and needed repairs may be delayed or cancelled.

Conflict, Duplication, Companionship, or Relationship to Other Legislation:

None.

Performance and Administrative Implications:

Approval of the proposed bill will allow the Public Works Department to move forward with planned efforts to construct, design, equip, and improve roads and streets in the City of Santa Fe.

Fiscal Implications:

The first payment on the new GO bonds will be due on February 1, 2026. Payments will be due on each February 1 and August 1 thereafter, with final maturity occurring August 1, 2045 (20-year term). The payments for the first five years will be interest-only, with principal repayment beginning in FY 2031. The bonds may be redeemed by the City in whole or in part beginning August 1, 2035. Bond payments (both interest and principal) will be paid from the annual levy of ad valorem property taxes. The proceeds from the property tax levy will be kept in the City's interest and sinking fund and used solely for the purpose of paying debt service on the Bonds.

Fiscal Impact

_____ Check here if no fiscal impact

Expenditures

Expenditure Type	FYE 2025	FYE 2026	FYE 2027	Require BAR (Y/N)	Recurring (R) or Non-recurring (NR)	Fund	3-Year Total Cost
<u>Personnel and Benefits*</u>	\$ _____	\$ _____	\$ _____	_____	_____	_____	
<u>Capital Outlay</u>	\$ _____	\$ _____	\$ _____	_____	_____	_____	
<u>Contractual/ Professional Services</u>	\$ _____	\$ _____	\$ _____	_____	_____	_____	
<u>Other- Debt Service (Interest Expense)</u>	\$ 0	\$ 593,750	\$ 1,187,500			400	\$ 1,781,250
<u>Total:</u>	\$ 0	\$ 593,750	\$ 1,187,500				\$ 1,781,250

Expenditure Narrative:

Interest expense for FY 2026 and FY 2027 was estimated based on the following assumptions: the bonds are sold at an interest rate of 4.75%, the full \$25,000,000 of bonds is sold in July/August 2025, the first interest payment is due February 1, 2026, and principal repayment begins in FY 2031.

Revenue/Bond Proceeds

Revenue/Bond Proceeds	FYE 2025	FYE 2026	FYE 2027	Recurring (R) or Non-recurring (NR)	Fund
General Fund	\$ _____	\$ _____	\$ _____	_____	_____
Special Revenue	\$ _____	\$ _____	\$ _____	_____	_____
CIP	\$ _____	\$ _____	\$ _____	_____	_____
Other- Bond Proceeds	\$ _____	\$ 25,000,000	\$ _____	NR	TBD
Total	\$ 0	\$ 25,000,000	\$ _____		

Revenue Narrative:

Bond proceeds are borrowed funds that must be repaid and are therefore not revenue. The anticipated receipt of the \$25,000,000 bond proceeds in FY 2026 is shown here to illustrate the effect of the bond sale in generating cash. The cash generated from the bond sale would be used by the Public Works Department to construct, design, equip, and improve roads and streets in the City of Santa Fe.

Signature: *Mark Scott*
Mark Scott (May 23, 2025 11:31 MDT)

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