

**Kingsburg Finance Committee
Regular Meeting Minutes
August 14, 2023**

Council Chamber, 1401 Draper Street, Kingsburg, CA 93631

Call to order: Chairman Brandon Pursell, Jr. called the meeting to order at 5:00pm.

Members present: Alma Colado, Alexander Henderson, Staci Smith and Chairman Brandon Pursell, Jr.

Member absent: None.

Approval of Minutes: Member Colado motioned, seconded by Member Smith, to approve minutes from the June 26, 2023 Finance Committee Meeting as prepared by City Clerk Abigail Palsgaard. The motion passed with an unanimous voice vote.

City Solar Array Projects Financing Update

Public Works Director Daniel Galvez gave an update on the City Solar Array Projects Financing. The Nem 2.0 deadline has garnered lots of applications and now there is no funding until possibly 2024 for the 1% loan. Staff is looking for direction for how to proceed. Jessica Ritter and Taylor Boyle, both of Site Logiq, presented the situation. Ms. Ritter said there is only so much funding in the program, lots of customers got wise to the eco-loan. Next chance is waiting till June 2024. Next funding after that will be December 2024. If we wait for the eco-loan, we project that it will be 1-% higher due to construction costs. If we go with the other loan, it will be at the going rate, not at 1%. We only have a certain amount of time to build to keep our Nem 2.0. We will not know if we will get the eco loan funding until right before the funds are released.

Chairman Pursell, Jr. said this was not sold to us in this manner, we were presented that it will be 1%, not that it could be 1% but it might be higher. He now has a hard time with the project. How can we move forward with your company? Ms. Ritter said in the future we would have to look at things holistically and not say it will be something, if that something is out of our control. The interest rate of 4.75% looks good right now, as discussed with Nicki Tallman of Oppenheimer & Co. Inc. It is 4.75% right now, but it could change any day or any month.

Chairman Pursell, Jr. asked what are you going to do to incentive for us as an organization so that we will not walk away from this project? Ms. Ritter said we wouldn't claw back the LOA fee. She can't promise anything financially as she is not a partner. Ms. Boyle doesn't have the authority to make that decision either, but maybe we can look into the cash flow to tighten up costs.

Chairman Pursell, Jr. said either way, it is going to cost us more money.

Ms. Ritter said we want to save our relationship; we didn't intentionally mislead. Ms. Boyle said this has been eye-opening, we have never had an issue with the 1% loan.

Public Works Director Galvez asked does the city have to go to bid? Ms. Boyle said no, it wouldn't have to go to bid. You would sign an agreement with an agency. Ms. Ritter said project could be funded in October if we go forward with the private loan.

City Manager Henderson asked what Nem deadline for construction is? Ms. Ritter said up and running by 2026. Mr. Henderson asked about appeals if PGE's timeline is too far out. Ms. Boyle said over all PGE has been trying to assist customers.

The Committee would like to wait to see what the rates would be.

Ms. Ritter said we would waive the LOA fee and hand over the Nem 2.0 application if the city decides to walk away. We hope that doesn't happen.

Chairman Pursell, Jr. said first question is how much more are we talking about. What is the overall dollar value? We must be good stewards of tax money. If we have to, we will have to go to bid. What is the increase in the cost for going from 1% to 4.75%, and what your company can do help lower costs?

Assistant City Manager Christina Windover asked if we start with the loan, and then use the eco-loan if we are funded in the future.

Ms. Ritter said no, the eco-loan cannot be used for an existing project.

The Committed asked them to come back with their best proposal in two weeks.

Sports Park Financing Discussion

City Manager Alexander Henderson said as discussed before, there are 40 acres located on the southwest corner of Madsen & Stroud Ave. has been earmarked for this type of development. The property is privately owned, but the owner desires to see the property developed for this type of use. Prior to the pandemic, city staff worked with the property owners and representatives from Softball and Soccer to help create a rendering of how the complex could be designed. Since that time, a 1-acre portion of the property has subsequently become available, which could allow for additional amenities, such as aquatics.

To facilitate capital improvements and ongoing maintenance costs, the city is exploring the types of financing options available. Staff has engaged consultants to help determine the best path forward. All revenue raising efforts would require voter approval in some form or another. Options for raising revenue in California varies, and include:

- Community Facilities District Formation
- Sales Tax Measure (similar to Measure E) & lease-revenue bonds
- General Obligation bonds
- Property Related Fees

The Committee discussed that the strategy/polling firm is a little steep before we put it on the ballot. They want an open dialogue for what is important, and what is not important. Member Smith liked the Clifford Moss proposal, we need to decide if we are going to do it or not.

The Committee discussed the Measure E sales tax. Chairman Pursell, Jr. said polling is really important to see if the community has an appetite for paying for it.

Member Smith asked where are we at with sales tax compared to other cities? She would rather have a sales tax than a parcel tax to not put it on the backs of our residents. Staff will see what the estimated monthly payments will be. \$65,000,000 is the estimated cost. The Committee looked up local sales tax, Kingsburg is in the middle.

Member Henderson asked if we should move forward with the polling. Chairman Pursell, Jr. and Member Smith agree that we move forward with polling. They would like it done as a hybrid, not just digital as we have a large senior population. Discussed if they should ask if it is sales tax or property tax? Community Service Director Adam Castaneda asked if they will have amenities included in the poll. It would be a good idea. Public Works Director Daniel Galvez will reach out to the City of Tulare to see what their O&M costs are for their park.

Memorial Park Bathroom Renovation Financing Discussion

The Committee discussed the possible funding options to renovate the bathrooms at Memorial Park. Member Smith said she thinks we should use impact fees; it is what the fund is for. Member Colado agrees, she does not want to use the equipment reserve fund.

Chairman Pursell, Jr. asked if we put in a new building, could you use the old bathroom building? Mr. Galvez said yes, it could be used for janitorial supplies and storage for the concerts in the park and other events. Member Smith asked if the doors will have automatic locks. Mr. Galves said yes.

The Committee agrees on recommending using impact fees.

Other Business: None.

Adjourn: The meeting was adjourned to the next regular meeting at 6:18pm.

Submitted by:

Abigail Palsgaard, City Clerk