

**OFFICE OF THE CITY MANAGER  
DES MOINES, IOWA**

**CITY COUNCIL COMMUNICATION 96-295  
JULY 15, 1996 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
1996 PAVEMENT REPLACEMENT PROGRAM	◆ RESOLUTION ORDINANCE RECEIVE/FILE	HAROLD E. SMITH CITY ENGINEER

**SYNOPSIS —**

On the July 15, 1996, Council agenda is a roll call ordering bids for the 1996 Pavement Replacement Program (Merle Hay Road Frontage Road and Hackley Avenue east of SE 5th Street). This project is estimated to cost about \$160,000. It is anticipated that the construction contract could be awarded August 5, 1996.

**FISCAL IMPACT —**

Funding for this project is identified in the adopted CIP in 1996-97. However, General Obligation Bonds for this project have not yet been sold. By approving the 1996 Pavement Replacement Program, the Council is, in effect, committing to the issuance of General Obligation Bonds in an amount sufficient to pay the cost incurred for this project. We will ask Council to consider the issuance of General Obligation Bonds in September of 1996. This bond issue would be sized to include the 1996 Pavement Replacement Program, as well as other projects that are included in the CIP. A special provision in the contract documents specifies no payments to the contractor will be made until October 7, 1996.

**RECOMMENDATION —**

I recommend that Council proceed with the 1996 Pavement Replacement Program. However, it is essential that the City establish a process wherein funds are available at the time Council proceeds with bids for capital projects. In effect, this will require that bonds be sold, or that other funding sources be firmly in place before the City incurs financial obligations for a capital project. It is my intention to ask Council to fully implement this policy beginning with the new CIP and an accompanying bond issue in September of 1996. However, until this new policy is implemented, it will be necessary for the Council to consider several projects included in the current CIP for which bonds have not yet been issued and would be included in the September, 1996, bond issue.