



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

98-181

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

AGENDA:
MAY 4, 1998

SYNOPSIS —

SUBJECT:
GENERAL
OBLIGATION BOND
ISSUE

Conducting nine separate public hearings for issuance of General Obligation Bonds continues the annual springtime process of borrowing from the capital markets to pay for the City’ s 1998-99 Capital Improvements Program (CIP). This year an unusually large number of public hearings (nine) is required, because the diverse nature of the 1998-99 CIP projects yields a wide range of categories for which, under State law, separate public hearings must be held.

TYPE:
RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT –

SUBMITTED BY:
KEVIN RIPER
FINANCE
DIRECTOR

The funding amounts for various capital projects are consistent with the 1998-99 CIP, adopted by City Council on March 2, 1998. Annual debt service on this year’ s General Obligation Bond issue will be paid, as usual, from: (i) the property tax debt service levy approved by City Council and certified to the State; and (ii) tax increment funds, as available. Estimated annual debt service on the 20-year bond issue is \$1.6 million at the level of interest rates two weeks ago.

RECOMMENDATION –

Conduct nine separate public hearings for issuance of General Obligation Bonds to fund the City’ s 1998-99 CIP, and three additional, non-CIP projects– all in an aggregate amount not to exceed \$19,565,000, and institute proceedings to take additional action for the issuance of the bonds.

BACKGROUND –

Major CIP projects to be financed include:

- Fire-fighting equipment acquisition (\$1,700,000)
- New fire stations (\$500,000)

- Various library improvements (\$450,000)
- Citywide information and communication system (\$1,000,000)
- Municipal building improvements (\$600,000)
- Neighborhood Finance Corporation (\$1,000,000)
- Intermodal Transportation Facility (\$500,000; tax increment-funded debt service)
- Bike trails (\$300,000)
- Blank Park Zoo (\$200,000)
- Neighborhood park improvements (\$675,000)
- Sports parks (\$250,000)
- Streets: paving, overlay, median islands, intersections, connectors, etc. (\$3,100,000, of which \$100,000 would be tax increment-funded debt service)
- ML King, Jr. Parkway (\$2,250,000, of which \$2,000,000 would be tax increment-funded debt service)
- 30th/31st Street widening at University (\$710,000)
- Accent Neighborhood (\$550,000; non-CIP; tax increment-funded debt service)
- Central Place (\$290,000; non-CIP; tax increment-funded debt service)
- Grocery store (\$500,000; non-CIP; tax increment-funded debt service)

The structure of the bond issue is consistent with the City's debt management policy. The bond sale, and Council approval thereof, is scheduled for Monday, June 1, 1998. Closing is scheduled for June 22, 1998.