

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

98-233

AGENDA:
JUNE 1, 1998

SUBJECT:
REALLOCATION OF
LOAN PROCEEDS
FROM ISSUANCE OF
AIRPORT REVENUE
CAPITAL LOAN
NOTES, SERIES
1997A

TYPE:
RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:
WILLIAM
FLANNERY
AVIATION
DIRECTOR

SYNOPSIS –

Reallocation of loan proceeds from issuance of Airport Revenue Capital Loan Notes, Series 1997A, to provide adequate temporary parking at the Airport terminal.

FISCAL IMPACT –

There is no fiscal impact on the City's General Fund. This item will not change the payment structure of the Notes or create any additional impact to the Airport Enterprise Fund. Bond Counsel has confirmed that the requested reallocation of 1997A Loan Note proceeds is allowable and acceptable under both the approved Resolution and Loan Agreement and current tax law. The principal and interest payments on the Notes are obligations of the Airport System (i.e., Enterprise Fund) and are payable solely from Airport revenues. Debt service attributable to the 1997 Capital Loan Notes is contained within the Council approved Fiscal Year (FY) 1997/98 Revised and FY 1998/99 Recommended Operating Budget for the Airport.

Replacement funding for the Parking Lot Revenue Control Equipment project is being provided from the proceeds of the recent issuance of Aviation System Revenue Bonds, Series 1998A-C.

RECOMMENDATION –

Staff recommends that City Council authorize reallocation of the proceeds of the \$3,515,000 Series 1997A, Airport Revenue Capital Loan Notes from the Parking Revenue Control Equipment project to the Interim Parking Modifications in an amount not to exceed \$150,000.

BACKGROUND –

On April 7, 1997, by Roll Call No. 97-1234, City Council authorized and directed the sale of \$3,515,000 of Airport Revenue Capital Loan Notes, Series 1997A. On April 21, 1997, by Roll Call No. 97-1347, City Council approved the Resolution Approving and Authorizing the Loan Agreement and issuance of the Notes, which were thereupon issued on April 27, 1997.

Over the past year and one-half, the Airport Board has provided Council with information on the progress of the planning, design, funding, and recently the start of the construction of a parking garage at the Airport. During this same period, the Board has made many decisions with regard to the parking inventory at the Airport in anticipation of the parking garage construction project. In an effort to properly plan for the construction of the parking garages, the Airport Board previously authorized the construction of a new permanent employee lot northeast of the Terminal Building and the consolidation of the old employee lot and the old economy/overflow lot just southeast of the Terminal Building. Both of these improvements are integral to the Airport's current and long-term parking inventory. However, as construction of the north garage begins and approximately 900 parking spaces in the main terminal lot are taken out of service, accommodating patron parking needs will become increasingly important. Since the 900 spaces in front of the terminal were taken out of service approximately one month ago, the Airport has experienced periods when grass overflow lots have needed to be used. Recognizing that additional parking shortfalls are likely to occur as we experience busier times during the construction period, the Airport Board approved the construction of a temporary employee parking lot, which will allow for relocation of employees and result in increased patron parking. In order to complete this project, estimated to cost approximately \$125,000, a reallocation of Series 1997 Capital Loan Note proceeds is necessary.

The Airport Revenue Capital Loan Notes do not constitute a charge against the City's General Obligation Debt Capacity and have no impact on future borrowing of the City. This item is placed before the City Council because the Council, in the ordinance creating the Airport Board, reserved unto itself the undertaking of debt, including the issuance of bonds or the execution of any form of loan or promissory note.

The loan proceeds were originally allocated to the Parking Garage Design project (\$1,100,000), Parking Lot Revenue Control Equipment (\$600,000), Utility Relocations related to the Parking Garage project (\$450,000), Interim Parking Modifications (\$350,000), the CAT II Centerline Lighting Project (\$900,000), and included \$115,000 for financing and miscellaneous cost.

Due to higher than anticipated bids for the CAT II Lighting project, City Council authorized the reallocation of Note proceeds on June 16, 1997. That reallocation shifted funds provided for the Utility Relocation project to the CAT II Lighting project in the amount of \$450,000. Additionally, on December 8, 1997, by Roll Call No. 97-3934, City Council approved the reallocation of \$300,000 of Note proceeds from Parking Lot Revenue Control Equipment to the CAT II Centerline Lighting project.