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COUNCIL COMMUNICATION
City Manager's Office

GENERAL INFORMATION
Agenda Date: 5/11/05 Communication No.: 05-263
Agenda Item Type: Resolution Roll Call No.:

Submitted by: Merrill Stanley, Finance Director

SUBJECT—
Directing the sale of Series 2005B, C, & D General Obligation Bonds.

SYNOPSIS—
Directing the sale of Series 2005B, C & D General Obligation Bonds to finance the City's FY 2005-06 Capital Improvements Program (CIP), in an aggregate amount of $42,760,000.

FISCAL IMPACT—
The funding amounts for various capital projects reflect the elimination of $2,500,000 in bonding for the Contact Center project and the addition of $2,500,000 to the Western Gateway bonding in FY 2005-06. Both of these projects were included in the ECP-2 public hearing, making the reallocation possible. Annual debt service on this year's General Obligation Bond issue will be paid from (1) the property tax debt service levy approved by City Council and certified to the State, and (2) tax increment funds, as available.

RECOMMENDATION—
Approval

BACKGROUND—
CIP improvements, as revised, to be financed include projects in the following categories:

Bridge and Viaduct	$475,000
Fire Protection Improvements	975,000
Library Improvements	3,570,000
Municipal Improvements	4,060,000
Parks Improvements	11,015,000
Sidewalk Improvements	940,000
Street Improvements	9,555,000
Traffic Control Improvements	375,000
Neighborhood and Economic Development Improvements	11,225,000
Total Projects	$42,190,000
Estimated Issuance Costs	570,000
Total Bond Issue Amount	**$42,760,000**

Included in the packet is a list of the various projects to be financed by this bond issue. You will see that bonding for the Contact Center project has been reduced to zero, while the Western Gateway project has been increased to $6,000,000.

The proposed repayment schedules vary significantly among the three series. Series 2005B, a single (federal) tax-exempt issue is a fairly typical repayment timeline. Series 2005C, a double tax-exempt (federal and state) issue has delayed principal repayment to take the best advantage of its lower interest rates. Series 2005D, a taxable issue, has been proposed to be repaid as quickly as possible to avoid the higher interest rates that will be associated with its taxable status. Series 2005C is proposed to have an 18-year maturity instead of the typical 20-year because our analysis indicates that TIF will be available to pay slightly higher payments over the 18 years, and an estimated $630,000 in interest costs can be avoided by eliminating the last two years of interest costs.

In summary, the three issues have been structured in a coordinated manner that takes the most advantage of anticipated interest costs.