



**Council
Communication**
Office of the City Manager

Date	May 8, 2006
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Agenda Item No. 52
Roll Call No. 06-
Communication No. 06-272
Submitted by: Merrill Stanley, Assistant City
Manager/Finance Director

AGENDA HEADING:

Directing the sale of Series 2006A, B, & C General Obligation Bonds for the FY 2006-07 Capital Improvement Program (CIP).

SYNOPSIS:

Recommend approval of the sale of three series of General Obligation Bonds to finance \$38,368,750 in acquisition and construction projects as a part of the FY 2006-07 CIP.

- Series 2006A is \$27,055,000 with a 20-year term, federal tax exempt, to be repaid from debt levy.
- Series 2006B is \$10,700,000, with a 20-year term, federal and state tax exempt, to be repaid from Tax Increment Financing (TIF).
- Series 2006C is \$1,120,000, with a 3-year term, taxable, to be repaid from TIF.

Issuance costs are estimated to be \$506,250. These actions also seek approval to release the bond Preliminary Official Statement for a sale date of May 31, 2006.

FISCAL IMPACT:

Amount: \$38,875,000, made up of \$38,368,750 project costs and \$506,250 issuance expenses, plus interest.

Funding Source: Fiscal Year 2006-07 Operating Budget:

- Property Tax Debt Service Levy – Debt Service Fund, Series 2006X – FIN905500 to FIN906500, Page 204.
- Tax Increment Financing – Metro Center District – SP370 FIN909105, Page 309.
- Tax Increment Financing – Southeast Agricultural District – SP370 FIN909108, Page 309.

ADDITIONAL INFORMATION:

Fourteen public hearings were held by the City Council on April 24, 2006 to consider projects to be included in the FY2006-07 bonding for the CIP. A final list of projects to be financed is detailed in the attached list of Projects by Category. Projects are also summarized by category below. This list reflects changes made at the public hearing to project amounts to be included in the financing.

<u>CATEGORY</u>	<u>AMOUNT</u>
• Bridge and Viaduct	\$2,450,000
• Fire Protection Improvements	2,025,000
• Library Improvements	1,541,250
• Municipal Improvements	5,885,000
• Parks Improvements	7,700,000
• Sidewalk Improvements	1,180,000
• Street Improvements	13,257,500
• Traffic Control Improvements	290,000
• Neighborhood and Economic Development Improvements	<u>4,040,000</u>
• Total Projects	\$38,368,750
• Estimated Issuance Costs	<u>506,250</u>
• Total Bond Issue Amount	<u>\$38,875,000</u>

At the Council workshop on April 20, 2006, staff reviewed with Council projects that may be dependent on private donations or other unconfirmed funding sources. Staff recommended three changes based on that review, which were subsequently approved by the City Council at the April 24, 2006 public hearing.

1. Skate Park—PKS164 (Recommended CIP, Parks Improvements, page 24): Because no private funds have been raised to date, and a site has not been determined, postpone project's funding (\$700,000) for one year.
2. Ingersoll Streetscape Improvements 28th – 31st Streets—STR221 (Recommended CIP, Street Improvements, page 24): Because \$200,000 of private donations have already been secured, proceed with scheduled bonding for this project. In addition, because the MPO portion of funding for this project will not be received for several years, increase the 2006 G. O. Bond allocation by \$150,000. This change will help the project, and private fundraising efforts, build momentum.
3. The Neighborhood Finance Corporation (NFC) is only entitled to \$1,000,000 in FY07, even though \$1,300,000 was budgeted. The bond issue will therefore be reduced by \$300,000.

The net decrease to the G. O. bond issues for these three revisions is \$850,000.

At the workshop, Council also reviewed project useful lives as they relate to bond repayment schedules. Series 2006 A, B, & C have been structured with a level debt repayment structure that has been used in the past in order to provide a consistent amount of debt service and to limit the tax rate in the near term.

The Council is being asked to approve the bond structure, amount and sale date. The bond sale is scheduled for Wednesday, May 31, which will require a special Council meeting, following a strategy of scheduling bond sales apart from Mondays and Tuesdays in an effort to benefit from greater interest on the part of potential underwriters and investors.

PREVIOUS COUNCIL ACTION(S):

Date: April 24, 2006

Roll Call Number: 06-803 to 06-830

Action: On the following Bond Issue items: ([Council Communication No. 06-236](#))

- (A) Essential Corporate Purposes-1, not to exceed \$18,270,000. Moved by Coleman to adopt, subject to incorporating the following changes: 1) Postpone \$700,000 allocation for a Skate Park. 2) Increase

allocation by \$150,000 for Ingersoll Streetscape Improvements. 3) Reduce allocation by \$300,000 to the Neighborhood Finance Corporation. Motion Carried 7-0.
(B) through (N) Approve without change. Motion carried 7-0.

Date: April 10, 2006

Roll Call Numbers: 06-633 to 06-647

Action: Setting date of hearing on Bond Issue items (A through O), (4-24-06): ([Council Communication No. 06-205](#)), Moved by Hensley to adopt. Motion Carried 6-1.

Date: March 6, 2006

Roll Call Number: 06-454

Action: Proposed Annual Budget for fiscal year ending June 30, 2007, and approving the Capital Improvements Program for fiscal years 2006-2007 to 2011-2012. Moved by Coleman to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

Date:

Roll Call Number:

Action:

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Subsequent steps in the planned timeline for the 2006 G.O. Bond issue are as follows:

- May 31 – Special City Council meeting to award sale of bonds.

CITY OF DES MOINES
DISTRIBUTION OF BOND PROCEEDS AND COSTS - PROJECTS BY CATEGORY
GENERAL OBLIGATION BONDS, SERIES 2006

Project Code	Project	Tax Status	Amount Required by CIP		
			GO Funded	TI Funded	Total
Bridge and Viaduct					
BRV039	Structural Repair and Corrosion Protection	TE	1,200,000	-	1,200,000
BRV035	SW 8th Street Bridge over MLK	DTE	-	1,250,000	1,250,000
Bridge and Viaduct Total =			1,200,000	1,250,000	2,450,000

Fire Protection Improvements					
FIR013	Equipment Acquisition	TE	775,000	-	775,000
FIR038	Maintenance/Logistics & Training Campus	TE	500,000	-	500,000
FIR038	Maintenance/Logistics & Training Campus	TE	750,000	-	750,000
Fire Protection Total =			2,025,000	-	2,025,000

Library Improvements					
LIB046	Collection Additions and Replacement	TE	910,000	-	910,000
LIB049	North Side Library	TE	86,250	-	86,250
LIB050	South Side Library	TE	345,000	-	345,000
LIB052	Forest Ave Library	TE	200,000	-	200,000
Library Total =			1,541,250	-	1,541,250

Project Code	Project	Tax Status	Amount Required by CIP		
			GO Funded	TI Funded	Total
Municipal Improvements					
BLD060	Enhanced City-Wide Information and Comm. Systems	TE	650,000	-	650,000
BLD060	Enhanced City-Wide Information and Comm. Systems	TE	774,500	-	774,500
BLD060	Enhanced City-Wide Information and Comm. Systems	TE	450,000	-	450,000
BLD060	Enhanced City-Wide Information and Comm. Systems	TE	625,500	-	625,500
BLD085	Municipal Building Improvements	TE	100,000	-	100,000
BLD108	Public Works Building Improvements	TE	20,000	-	20,000
BLD119	Radio Receiver - South Site	TE	250,000	-	250,000
BLD043	Removal of Underground Storage Tanks	TE	20,000	-	20,000
BLD044	Municipal Building Reroofing	TE	50,000	-	50,000
BLD111	Parking Lot Rehabilitation	TE	20,000	-	20,000
BLD118	Purchase of Office/Storage Space for STAR Unit	TE	600,000	-	600,000
BLD118	Purchase of Office/Storage Space for STAR Unit	TE	700,000	-	700,000
BLD079	Police and Fire Radio System Imp	TE	500,000	-	500,000
BLD112	Workspace Study - Reconfiguration	DTE	-	625,000	625,000
BLD117	East Side Parking Garage	T	-	500,000	500,000
Municipal Improvements Total =			4,760,000	1,125,000	5,885,000

TAX STATUS: T = Taxable TE = Tax Exempt DTE = Double Tax Exempt

CITY OF DES MOINES
DISTRIBUTION OF BOND PROCEEDS AND COSTS - PROJECTS BY CATEGORY
GENERAL OBLIGATION BONDS, SERIES 2006

Project Code	Project	Tax Status	Amount Required by CIP		
			GO Funded	TI Funded	Total
Parks Improvements					
PKS010	Road, Parking Lot, Sidewalk, Drainage Imp	TE	155,000	-	155,000
PKS034	Wading Pool Improvements	TE	900,000	-	900,000
PKS142	Park Signs	TE	115,000	-	115,000
PKS143	Park Building Improvements	TE	180,000	-	180,000
PKS153	Swimming Pool and Aquatic Improvements	TE	770,000	-	770,000
PKS158	Public Art	TE	200,000	-	200,000
PKS013	Blank Park Zoo Improvements	T	700,000	-	700,000
PKS033	Community Center Improvements	TE	230,000	-	230,000
PKS040	Park Planning and Design	TE	315,000	-	315,000
PKS045	Recreation Trails	TE	1,005,000	-	1,005,000
PKS047	Park Infrastructure	TE	420,000	-	420,000
PKS100	Park Redevelopment	TE	1,190,000	-	1,190,000
PKS116	Botanical Center Improvements	TE	200,000	-	200,000
PKS133	Southwestern Hills Neighborhood Park	TE	30,000	-	30,000
PKS137	Neighborhood Park Improvements	TE	490,000	-	490,000
PKS138	Cemetery Infrastructure and Improvements	TE	355,000	-	355,000
PKS140	Gray's Lake Park Improvements	TE	25,000	-	25,000
PKS146	Forestry Improvements	TE	50,000	-	50,000
PKS159	Soccer Complex	TE	50,000	-	50,000
PKS160	New Central Maintenance Facility	TE	50,000	-	50,000
PKS164	Skate Park	TE	-	-	-
PKS165	Hoover High School Courts	TE	150,000	-	150,000
PKS167	Urban Conservation Projects	TE	25,000	-	25,000
PKS132	Principal Park Stadium Improvements	T	-	95,000	95,000
Parks Improvement Total =			7,605,000	95,000	7,700,000
Sidewalk Improvements					
STR081	School Routes and Priority Sidewalks	TE	50,000	-	50,000
STR084	City-wide Sidewalk Replacement - Public Works	TE	240,000	-	240,000
SID094	Downtown Skywalk System	DTE	-	890,000	890,000
Sidewalk Total =			290,000	890,000	1,180,000

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Project Code	Project	Tax Status	Amount Required by CIP		
			GO Funded	TI Funded	Total
Street Improvements					
STR003	Asphaltic Paving Restoration	TE	650,000	-	650,000
STR013	City-wide Paving	TE	750,000	-	750,000
STR020	Asphaltic Overlay & Curb Replacement	TE	60,000	-	60,000
STR075	Downtown Area Street Restoration	TE	200,000	-	200,000
STR102	Concrete Paving Restoration - PW	TE	500,000	-	500,000
STR132	ACCENT Neighborhood Intersection Improvements	TE	250,000	-	250,000
STR215	Warren County-Roadway Imp	TE	50,000	-	50,000
STR221	Ingersoll Streetscape Imp 28th - 31st	TE	400,000	-	400,000
STR065	PCC Pavement Replacement	TE	150,000	-	150,000
STR103	Concrete Curb & Median Replacement	TE	500,000	-	500,000
STR118	Corridor Studies and Acquisition - SW/SE Diagonals	TE	900,000	-	900,000
STR205	Neighborhood Infrastructure Rehabilitation Program	TE	1,000,000	-	1,000,000
STR212	McKinley Ave Widening - Fleur Drive to E Indianola Ave	TE	400,000	-	400,000
STR213	E Indianola Ave Widening-SE 14th/Cnty Line	TE	250,000	-	250,000
STR220	SE Connector - Environmental Impact Statement	TE	25,000	-	25,000
STR222	Rehab and Preservation of Major Roadways	TE	620,000	-	620,000
STR223	E 14th St-E Sheridan Ave/Ovid	TE	100,000	-	100,000
STR224	SE 14th/Hartford-Turn Lane Mod	TE	112,500	-	112,500
STR226	Railroad Quiet Zones	TE	50,000	-	50,000
STR075	Downtown Area Street Restoration	DTE	-	300,000	300,000
STR138	MLK PWKY - North/South	DTE	-	3,500,000	3,500,000
STR214	SE Connector-SW 2nd-SE 6th	DTE	-	1,800,000	1,800,000
STR219	SE Connector - SE Sixth St to SE 14th	DTE	-	250,000	250,000
STR225	Court Ave St Scape/2-Way Conv	DTE	-	250,000	250,000
STR227	Riverpoint West Street Improvements	DTE	-	190,000	190,000
Streets Total =			6,967,500	6,290,000	13,257,500

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Project Code	Project	Tax Status	Amount Required by CIP		
			GO Funded	TI Funded	Total
Traffic Control Improvements					
TFC095	LED Bulb Change out	TE	70,000	-	70,000
STR097	City-wide Traffic Signal Interconnect	TE	120,000	-	120,000
TCF091	City-wide Signals, Canalization	TE	100,000	-	100,000
Traffic Total =			290,000	-	290,000

Neighborhood and Economic Dev Imp					
URR014	Neighborhood Finance Corporation	TE	1,000,000	-	1,000,000
URR027	Western Gateway	DTE	-	1,000,000	1,000,000
URR035	SE AG Park	T	-	1,000,000	1,000,000
URR048	Neighborhood Development Corporation	TE	1,000,000	-	1,000,000
URR060	SE Development Plan	T	40,000	-	40,000
Total Economic Development =			2,040,000	2,000,000	4,040,000

Total			26,718,750	11,650,000	38,368,750
Total Tax-Exempt			25,978,750	-	25,978,750
Total Taxable			740,000	1,595,000	2,335,000
Total Double Tax-Exempt			-	10,055,000	10,055,000
Total			26,718,750	11,650,000	38,368,750

ISSUANCE COSTS					
	Bond Counsel, Financial Advisors, Rating Agencies, Underwriter's Discount, Printing, Misc		352,536	153,714	506,250

Total			27,071,286	11,803,714	38,875,000
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