



Council Communication

Office of the City Manager

Date

May 7, 2007

Agenda Item No. 65
Roll Call No. 07-
Communication No. 07-247
Submitted by: Allen McKinley – Finance
Director/Treasurer

AGENDA HEADING:

Directing the sale of Series 2007B and C General Obligation Bonds for the FY2007-08 Capital Improvement Budget.

SYNOPSIS:

Recommend approval of the sale of two series of General Obligation Bonds to finance \$33,010,000 in acquisition and construction projects as a part of the FY2007-08 Capital Improvement Budget.

- Series 2007B is \$18,415,000 with a 20-year term, federal tax exempt, \$18,245,000 to be repaid from debt levy and \$170,000 to be repaid from Tax Increment Financing (TIF).
- Series 2007C is \$15,045,000 with a 15-year term, federal and state tax exempt, to be repaid from Tax Increment Financing (TIF).

Issuance costs are estimated to be \$450,000. These actions also seek approval to release the bond Preliminary Official Statement for a sale date of June 6, 2007.

FISCAL IMPACT:

Amount: \$33,460,000 made up of \$33,010,000 project costs and \$450,000 issuance expenses, plus interest.

Funding Source: Fiscal Year 2007-08 Operating Budget:

- Property Tax Debt Service Levy – Debt Service Fund – DS001 FIN900100, Page 151.
- Center Metro Tax Increment District – Tax Increment Fund – SP370 FIN909105, Page 152.

ADDITIONAL INFORMATION:

Eight public hearings were held by the City Council on April 23, 2007, to consider projects to be included in the FY2007-08 bonding as set out in the adopted Capital Improvement Budget. The hearings had a total not to exceed amount of \$33,630,000. The City's financial advisor (PFM) and bond counsel (Ahler's et al) have determined that if the bond issue can be reduced by \$170,000 we can move from three series to two series and avoid the need for a taxable series. This action is primarily related to certain legal requirements that determine whether the proposed bonds are tax exempt or taxable. With this action the City will not be issuing any taxable bonds which have higher interest costs than tax exempt bonds. The reduction in the number of series also reduces issuance costs and makes the bond offering more appealing to underwriters. As such, staff recommends reducing the bond size by \$170,000 (East Side Parking Garage) and replacing the project funding by a like amount of tax increment cash. The bond issue size will be reduced from \$33,630,000 to \$33,460,000.

At the April 23, 2007, public hearings staff had identified four projects that have matching funding yet to be specifically identified. The four projects are identified below with a brief summary of the project status.

1. Fire Maintenance/Logistic & Training Campus (\$1,400,000)

When the Capital Improvement Budget was approved this project contemplated the possibility of receiving \$4.2 million of state funding and a partnership with DMACC at the vacant Top Value site. The project cost was estimated at nearly \$7.4 million. This was the second site identified for the project. The first site had a cost estimate of over \$10 million. City staff has identified a site with existing structures that can be retrofitted to meet the immediate needs of the fire department within the constraints of the bond funding amounts proposed in the Capital Improvement Program, which is \$1.4 million. There may be a need to seek additional bonding in the future, but it is anticipated to be far less than the original estimates for the project.

2. Neighborhood Streetscape Improvements (\$25,000)

The project is to match or supplement organized neighborhood groups to provide for neighborhood initiated projects such as entrance features/garden and signage into the Waterbury neighborhood, signing into south of Grand Avenue, and tree plantings and gardens in the Drake neighborhood area. An application process is being initiated soon and at least three applications are expected to be submitted soon after.

3. School Routes and Priority Sidewalks (\$125,000)

The non-City funding for this project is assessments. Assessment funding is realized through a subsequent hearing process once specific sidewalk projects are initiated. Staff recommends proceeding with the issuance of the bonds.

4. Streetscape Projects (\$250,000)

This project is similar to the Neighborhood Streetscape project except focused in neighborhood/commercial areas. There are no specific projects nor non-city funding identified at this time. Staff recommends proceeding with the issuance of bonds for the project with a status report on the use of the funds coming to the Council before any additional bonds are issued.

The final size of the bond issue is to be established at tonight's meeting. Specific projects to be financed are detailed in the attachments and are summarized by category as follows, including the reduction of \$170,000 of tax increment supported bonding.

<u>CATEGORY</u>	<u>AMOUNT</u>
• Bridge Improvements	\$ 965,000
• Economic Development Improvements	2,000,000
• Fire Protection Improvements	2,460,000
• Library Improvements	600,000
• Municipal Building Improvements	3,500,000
• Park Improvements	5,650,000
• Sidewalk Improvements	1,715,000

• Street Improvements	15,815,000
• Traffic Control Improvements	<u>305,000</u>
Total Projects	\$33,010,000
• Estimated Issuance Costs	<u>450,000</u>
Total Bond Issue Amount	\$33,460,000

PREVIOUS COUNCIL ACTION(S):

Date: April 23, 2007

Roll Call Number: 07-790 to 07-805

Action: Items 55 (A) through (H) regarding the General Obligation Bonds ([Council Communication No. 07-218](#)). Motions carried 7-0.

Date: April 9, 2007

Roll Call Number: 07-644 to 07-652

Action: Resolution electing classifications and procedures for proposed bond projects and setting eight separate hearings. Moved by Vlassis to adopt. Motion carried 7-0.

Date: February 26, 2007

Roll Call Number: 07-375

Action: Hearing and adoption of proposed annual budget for the fiscal year ending June 30, 2008. Moved by Coleman to adopt. Motion carried 6-1. Nays: Kiernan.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

June 6, 2007: Special council meeting to award low bid on sale of bonds

June 18, 2007: Council authorization to issue bonds and levy taxes

PROJECT			2007-08 Bonds	Outside Funding	Source	Committed/ Uncommitted
BRIDGE						
BRV003	pg 5	City-Wide Bridges	165,000	300,000	Gaming Monies	Committed
BRV039	pg 17	Structural Repair - Corrosion Protection	800,000	85,000	Gaming Monies	Committed
FIRE						
FIR038	pg 8	Maint/Logistic & Training Campus	1,400,000	4,200,000	State	See footnote 1
PARKS						
PKS166	pg 14	Neighborhood Streetscape Imp	25,000	TBD	Private	See footnote 2
PKS045	pg 22	Recreation Trails	970,000	700,000	State/Federal	Committed
PKS162	pg 23	Riverwalk	880,000	6,000,000	Private/Grants	Committed
SIDEWALKS						
SID09	pg 6	Downtown Skywalk System	1,050,000	123,434	Private	Committed
STR081	pg 7	School Routes and Priority Sidewalks	125,000	35,000	Assessments	See footnote 3
STREET						
STR223	pg 14	East 14th Street Widening E Sheridan to E Ovid Avenue	600,000	1,400,000	State and Federal	Committed
STR213	pg 16	E Indianola Ave Widening - SE 14th to Army Post Road	250,000	500,000	Federal	Committed
STR197	pg 23	I-235 Storm and Sanitary Sewer	5,200,000	3,075,000	Federal	Committed
STR222	pg 36	Rehab/Pres Major Rds - Hickman 30th Beaver	620,000	850,000	Federal	Committed
STR227	pg 37	Riverpoint West Street Imp	250,000	435,000	State/Private	Committed
STR220	pg 39	Southeast Connector - Env Impact Statement	25,000	550,000	Federal	Committed
STR219	pg 40	Southeast Connector - SE 6th - SE 14th	1,600,000	1,700,000	Federal	Committed
STR214	pg 41	Southeast Connector - SW 2nd - SE 6th	1,880,000	3,400,000	Federal	Committed
STR228	pg 45	SW 7th St and Indianola Road Intersection Imp	60,000	150,000	Federal	Committed
STR231	pg 47	Streetscape Projects	200,000	100,000	Private	See footnote 4
TRAFFIC CONTROL						
TFC091	pg 5	City-wide Signals Channelization and School Prot Prog.	185,000	200,000	State	Committed
STR097	pg 6	City-wide Traffic Signal Interconnect	120,000	350,000	Federal	Committed
Total =			16,405,000			

¹ State funding is not available for this project. A different location may be identified that would lower the cost of the project by the amount of anticipated state funding.

² This is a new project to provide city matching funds for a neighborhood initiated streetscape project. A specific project has not been identified at this time. It is recommended to proceed with the issuance of bonds and to review the project status before issuing additional bonds.

³ The assessment funding is obtained through a hearing process once specific sidewalk projects are initiated.

⁴ This is a new project to provide city matching funds for a neighborhood commercial initiated streetscape project. A specific project has not been identified at this time. It is recommended to proceed with the issuance of bonds and to review the status before issuing additional bonds.

Attachment B

							Amount Required by CIP			
Project Code	Project	Project	Hearing #	Hearing #	GO Funded	TI Funded	Total	Amount Required by CIP		Total
								GO Funded	TI Funded	
Parks Improvements										
BRV003	Blank Park Zoo Improvements		ECP-1	GCP-6	750,000	-	750,000			750,000
BRV039	City-wide Bridges		ECP-1	ECP-1	165,000	-	165,000			165,000
	Recreation Trails		ECP-2	ECP-1	970,000	-	970,000			970,000
	Structural Repair and Corrosion Protection		ECP-1	ECP-1	-	800,000	800,000			800,000
	Park Redevelopment		ECP-1	ECP-1	165,000	800,000	965,000			965,000
	Bridge and Viaduct Total =									
PKS132	Principal Park Stadium Improvements		ECP-2	ECP-2	-	70,000	70,000			70,000
PKS133	Southwestern Hills Neighborhood Park Improvements		ECP-1	ECP-1	250,000	-	250,000			250,000
Fire Protection Improvements										
FIR013	Equipment Acquisition		ECP-1	ECP-1	730,000	-	730,000			730,000
FIR016	Infrastructure and Improvements		ECP-1	ECP-1	660,000	200,000	860,000			860,000
FIR038	Fire Station Renovation		GCP-4	ECP-1	400,000	150,000	550,000			550,000
	Community Park Improvements		ECP-2	ECP-1	-	150,000	150,000			150,000
	Maintenance Building Improvements		ECP-1	ECP-1	-	1,400,000	1,400,000			1,400,000
	Fire Protection Total =				1,060,000	50,000	1,110,000			1,110,000
PKS146	Forestry Improvements		ECP-1	ECP-1	50,000	400,000	450,000			450,000
PKS153	Swimming Pool and Aquatic Improvements		GCP-6	GCP-6	175,000	-	175,000			175,000
Library Improvements										
LIB046	Public Art		ECP-1	ECP-1	250,000	-	250,000			250,000
	Riverwalk		ECP-2	ECP-2	-	880,000	880,000			880,000
	Collection Additions and Replacement		GCP-3	ECP-1	600,000	25,000	625,000			625,000
	Neighborhood Streetscape Matching Funds		ECP-1	ECP-1	600,000	-	600,000			600,000
	Urban Conservation Projects		ECP-1	ECP-1	600,000	50,000	650,000			650,000
	Library Total =				600,000	50,000	650,000			650,000
Parks Improvement Total =					4,700,000	950,000	5,650,000			
Municipal Improvements										
Sidewalk Improvements										
STR081	School Routes and Priority Sidewalks		ECP-1	ECP-1	125,000	-	125,000			125,000
SH094	City-wide Sidewalk Replacement - Public Works		ECP-1	ECP-1	240,000	-	240,000			240,000
BLD042	ADA Improvements		GCP-7	ECP-1	750,000	300,000	1,050,000			1,050,000
BLD110	Energy Conservation		GCP-4	ECP-2	25,000	-	25,000			25,000
BLD060	Downtown Skywalk System		GCP-1	ECP-2	750,000	665,000	1,415,000			1,415,000
	Sidewalk Total =				750,000	665,000	1,415,000			1,415,000
BLD074	Enhanced City-Wide Information and Comm. Systems		GCP-4	GCP-4	100,000	-	100,000			100,000
BLD074	HVAC, Electrical, & Plumbing Imp		GCP-4	GCP-4	150,000	-	150,000			150,000
BLD085	Municipal Building Improvements		GCP-4	GCP-4	75,000	-	75,000			75,000
BLD044	Municipal Building Reroofing		GCP-4	GCP-4	75,000	-	75,000			75,000
BLD062	Police Station Remodeling		GCP-5	GCP-5	800,000	-	800,000			800,000
BLD043	Removal of Underground Storage Tanks		ECP-1	ECP-1	20,000	-	20,000			20,000
BLD117	East Side Parking Garage		ECP-2	ECP-2	-	830,000	830,000			830,000
	Municipal Improvements Total =				2,670,000	830,000	3,500,000			3,500,000

		Amount Required by CIP			
Project Code	Project	Hearing	GO Funded	TI Funded	Total
Street Improvements					
STR003	Asphaltic Paving Restoration	ECP-1	675,000	-	675,000
STR020	Asphaltic Overlay & Curb Replacement	ECP-1	75,000	-	75,000
STR075	Downtown Area Street Restoration	ECP-2	-	300,000	300,000
STR102	Concrete Paving Restoration - PW	ECP-1	525,000	-	525,000
STR103	Concrete Curb & Median Replacement	ECP-1	525,000	-	525,000
STR118	Corridor Studies and Acquisition - SW/SE Diagonals	ECP-1	500,000	-	500,000
STR139	Railroad Crossing Surface Repairs	ECP-1	50,000	-	50,000
STR197	I-235 Storm and Sanitary Sewer Imp	ECP-2	-	5,200,000	5,200,000
STR205	Neighborhood Infrastructure Rehabilitation Program	ECP-1	1,000,000	-	1,000,000
STR212	McKinley Ave Widening - Fleur Drive to E Indianola Ave	ECP-1	700,000	-	700,000
STR213	E Indianola Ave Widening-SE 14th/Cnty Line	ECP-1	250,000	-	250,000
STR214	SE Connector-SW 2nd-SE 6th	ECP-2	-	1,880,000	1,880,000
STR219	SE Connector - SE Sixth St to SE 14th	ECP-2	-	1,600,000	1,600,000
STR220	SE Connector - Environmental Impact Statement	ECP-1	25,000	-	25,000
STR222	Rehab and Preservation of Major Roadways	ECP-1	620,000	-	620,000
STR223	E 14th St-E Sheridan Ave/Ovid	ECP-1	600,000	-	600,000
STR225	Court Ave St Scape/2-Way Conv	ECP-2	-	750,000	750,000
STR227	Riverpoint West Street Improvements	ECP-2	-	250,000	250,000
STR228	SW 7TH St and Indianola Road Intersection Imp	ECP-1	60,000	-	60,000
STR230	Pennsylvania Ave Widening - Buch St to Filmore	ECP-1	30,000	-	30,000
STR231	Streetscape Improvements	ECP-1	200,000	-	200,000
Streets Total =			5,835,000	9,980,000	15,815,000

		Amount Required by CIP			
Project Code	Project	Hearing	GO Funded	TI Funded	Total
Traffic Control Improvements					
STR097	City-wide Traffic Signal Interconnect	ECP-1	120,000	-	120,000
TCF091	City-wide Signals, Canalization	ECP-1	185,000	-	185,000
Traffic Total =			305,000	-	305,000

Neighborhood and Economic Dev Imp					
URR014	Neighborhood Finance Corporation	ECP-1	1,000,000	-	1,000,000
URR048	Neighborhood Development Corporation	ECP-1	1,000,000	-	1,000,000
Total Economic Development =			2,000,000	-	2,000,000

Total		18,000,000	15,010,000	33,010,000
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ISSUANCE COSTS				
Bond Counsel, Financial Advisors, Rating Agencies, Underwriter's Discount, Printing, Misc		244,123	205,877	450,000

Total		18,244,123	15,215,877	33,460,000
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