

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	May 5, 2008
	Agenda Item No. 54 Roll Call No. <u>08-</u> Communication No. <u>08-247</u> Submitted by: Allen McKinley, Finance Director/Treasurer	

AGENDA HEADING:

Directing the sale of Series 2008D and E General Obligation Bonds for the FY2008-09 Capital Improvement Budget.

SYNOPSIS:

Recommend approval of the sale of two series of General Obligation Bonds to finance \$29,970,000 in acquisition and construction projects as part of the FY2008-09 Capital Improvement Budget.

- Series 2008D is \$24,055,000 with a 20-year term, federal tax exempt, to be repaid from the debt levy.
- Series 2008E is \$6,325,000 with a 15-year term, federal and state tax exempt, to be repaid from Tax Increment Financing (TIF).

Issuance costs are estimated to be \$410,000. These actions also seek approval to release the bond Preliminary Official Statement for a sale date of June 4, 2008.

FISCAL IMPACT:

Amount: \$30,380,000 made up of \$29,970,000 project costs and \$410,000 issuance expenses, plus interest.

Funding Source: Fiscal Year 2008-09 Operating Budget:

- Property Tax Debt Service Levy – Debt Service Fund – DS001 FIN900100, Page 153.
- Tax Increment Fund – Special Revenue Fund - SP370 FIN909105, Page 154.

ADDITIONAL INFORMATION:

Seven public hearings were held by the City Council on April 21, 2008 to consider projects to be included in the FY2008-09 bonding as set out in the adopted Capital Improvement Budget. The hearings had a total not to exceed amount of \$30,980,000. Subsequent to the hearings, the Streetscape Improvements project has been reduced by \$500,000 and the City’s financial advisor lowered the estimated issuance costs by \$100,000, so the total bond issue will be \$30,380,000.

In keeping with a Council policy to ensure that private matching funds are in place prior to the City’s issuance of debt, staff reviewed the status of privately raised funds to date. At the April 21, 2008 public hearings, staff had identified three projects that have matching funding yet to be specifically identified. The three projects are identified below with a brief summary of the project status. The recommendation

is to move forward with the issuance of all or a portion of the bonds for these projects, as an exception to the policy, for the reasons listed below for each project.

Neighborhood Streetscape Matching Funds - \$25,000

The project did not identify a specific non-city funding but the project concept was to use City funding as a match to funding generated by a neighborhood group. The Parks and Recreation Department has identified neighborhood projects to be awarded funding from the prior year bond issue and is starting the application process for funding projects for this bond issue. New bond funds are expected to be needed during FY2008-09.

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.

Streetscape Improvements – initially \$1,000,000, reduced to \$500,000

This project is similar to the Neighborhood Streetscape project except focused in neighborhood/commercial areas. The status of private fund-raising is uncertain, but specific projects in the Ingersoll and Beavertdale areas are expected to be in need of funding in FY2008-09. Issuing bonds now will ensure that funds will be available when needed. FY2007-08 funds have been expended or committed, leaving new bond proceeds as the only source of funding. It is recommended to proceed with the issuance of bonds in the amount of \$500,000 for the project.

This reduction has not yet been reflected in the Preliminary Offering Statement (POS) that is also to be approved tonight. The POS will be adjusted to reflect the actions adopted by Council regarding this adjustment and any other adjustment. The final size of the bond issue is to be established at tonight’s meeting. Specific projects to be financed are detailed in the attached, and are summarized by category below (reflecting the \$500,000 reduction recommended by staff).

<u>CATEGORY</u>	<u>AMOUNT</u>
• Bridge Improvements	\$ 1,000,000
• Economic Development Improvements	2,000,000
• Fire Protection Improvements	5,490,000
• Library Improvements	600,000
• Municipal Building Improvements	2,095,000
• Park Improvements	7,440,000
• Sidewalk Improvements	1,075,000
• Street Improvements	9,855,000
• Traffic Control Improvements	<u>415,000</u>
Total Projects	\$29,970,000
• Estimated Issuance Costs	<u>410,000</u>
Total Bond Issue Amount	\$30,380,000

PREVIOUS COUNCIL ACTION(S):

Date: April 21, 2008

Roll Call Number: 07-701 to 07-714

Action: Public hearing regarding General Obligation Bond Proposals and authorizing additional action. Motions carried 7-0.

Date: April 7, 2008

Roll Call Number: 08-570 to 08-577

Action: Setting date of hearing regarding General Obligation Bond Proposals. (Council Communication No. 08-177) Moved by Vlassis to adopt. Motion Carried 6-1.

Date: February 25, 2008

Roll Call Number: 08-335

Action: Proposed Annual Budget for the fiscal year ending June 30, 2009 and Capital Improvements Program for fiscal years 2008-09 to 2013-2014. (Council Communication No. 08-103) Moved by Hensley to adopt. Motion Carried 6-1. Nays: Coleman.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

June 4, 2008: Special council meeting to award low bid on sale of bonds.

June 9, 2008: Council authorization to issue bonds and levy taxes

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PROJECT CLASSIFICATIONS
and
HEARINGS SUMMARY

ECP-1

NOT TO EXCEED \$20,240,000
GENERAL OBLIGATION BONDS
(Misc. Essential Corporate Purposes)

Bridge and Viaduct (\$1,000,000)

- City-wide Bridges (\$150,000)
- East Payton Avenue over Stream (\$100,000)
- Structural Repair and Corrosion Protection \$750,000)

Economic Development Improvements (\$2,000,000)

- Neighborhood Development Corporation (\$1,000,000)
- Neighborhood Finance Corporation (\$1,000,000)

Fire Protection Improvements (\$1,240,000)

- Equipment Acquisition (\$1,240,000)

Municipal Improvements (\$20,000)

- Removal of Underground Storage Tanks (\$20,000)

Parks Improvements (\$6,610,000)

- Cemetery Infrastructure and Improvements (\$270,000)
- Evelyn K Davis Park Improvements (\$65,000)
- Fleur Drive Planters (\$450,000)
- Forestry Improvements (\$105,000)
- Fort Des Moines Stabilization Projects (\$75,000)
- Gray's Lake Park Improvements (\$230,000)
- Greenhouses at Chesterfield (\$100,000)
- Maintenance Facility Improvements (\$75,000)
- Neighborhood Park Improvements (\$1,595,000)
- Neighborhood Streetscape Matching Funds (\$25,000)
- Park Building Improvements (\$665,000)
- Park Redevelopment \$1,385,000)
- Public Art (\$250,000)
- Recreation Trails (\$1,045,000)
- Skate Park (\$15,000)
- Soccer Complex (\$210,000)
- Urban Conservation Projects \$50,000)

Sidewalk Improvements (\$625,000)

- City-wide Sidewalks – ADA Compliance (\$300,000)
- City-wide Sidewalk Replacement-Public Works (\$250,000)
- School Routes and Priority Sidewalks (\$75,000)

Street Improvements (\$8,130,000)

- Army Post Widening – SE 5th to SW 9th (\$150,000)
- Asphaltic Paving Restoration (\$750,000)
- City-wide Paving (\$600,000)

- Concrete Curb & Median Replacement (\$525,000)
- Concrete Paving Restoration – PW (\$535,000)
- E 14th St. - E. Sheridan Ave/Ovid (\$100,000)
- E. Indianola Widening - S.E. 14th/Cnty Line (\$800,000)
- E 33rd and Easton Blvd. Intersection Improvements (\$150,000)
- McKinley Ave. Widening - Fleur Drive to E. Indianola Ave. (\$1,500,000)
- Merle Hay Rd and Urbandale Ave Intersection Imp. (\$100,000)
- Neighborhood Infrastructure Rehabilitation Program (\$1,000,000)
- NE 56th Street Reconstruction (\$600,000)
- PCC Pavement Replacement (\$250,000)
- Pennsylvania Ave Widening – Buchanan to Filmore (\$270,000)
- Rehabilitation and Preservation of Major Roadways (\$300,000)
- Streetscape Improvements (\$500,000)

Traffic Control Improvements (\$415,000)

- City-wide Traffic Signal Interconnect (\$235,000)
- City-wide Signals, Channelization (\$150,000)
- City-Wide Neighborhood Traffic Control Program (\$30,000)

Issuance Costs (\$200,00)

ECP-2

**NOT TO EXCEED \$6,325,000
GENERAL OBLIGATION BONDS**

(Essential Corporate Purposes - Urban Renewal)

Fire Improvements (\$4,000,000)

- Maintenance/Logistic and Training Campus (\$4,000,000)

Parks Improvements (\$50,000)

- Principal Park Stadium Improvements (\$50,000)

Sidewalk Improvements (\$450,000)

- Downtown Skywalk System (\$450,000)

Street Improvements (\$1,725,000)

- Downtown Area Street Restoration (\$300,000)
- High Street Realignment – 10thSt to 14th Street (\$570,000)

\$ 29,970,000

\$410,000

\$30,380,000