

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> April 25, 2011
	<b>Agenda Item No.</b> 55 <b>Roll Call No.</b> <u>11-0717</u> <b>Communication No.</b> <u>11-257</u> <b>Submitted by:</b> Scott Sanders, Finance Director

**AGENDA HEADING:**

Public hearings regarding the issuance of general obligation bonds for the FY 2011-12 Capital Improvement Budget.

**SYNOPSIS:**

Nine public hearings regarding the issuance of general obligation bonds for the FY 2011-12 Capital Improvement Budget. This is the first step in the process to finance the construction of capital projects totaling \$37.43 million and the refinancing of series 2005A bonds (refunded par amount of \$8,810,000).

**FISCAL IMPACT:**

Amount: \$47,820,000; made up of \$37,430,000 project costs, \$9,920,000 refunding and \$470,000 issuance expenses.

Funding Source: Fiscal Year 2011-12 Operating Budget:

- Property Tax Debt Service Levy – Debt Service Fund – DS001, FIN900100, Page 119;
- Tax Increment Fund – Special Revenue Fund – SP370, FIN909105, Page 120.

A net present value savings of at least \$400,000 is anticipated (4.6% savings). Approximately 24% of the savings (\$96,000) will accrue to tax increment and 76% (\$304,000) will accrue to the debt service levy. The term of the refunding is the same as the refunded bonds.

**ADDITIONAL INFORMATION:**

A public hearing must be held prior to any borrowing by the City. This hearing is to consider bonding for the FY 2011-12 Capital Improvement Budget that was approved by City Council on February 28, 2011. City staff reviewed projects that anticipated the availability of non-City funding to determine the certainty of those funds. The final sizing of the bonds will occur at the May 9, 2011 Council meeting. Below is the current status of non-City funding related to the projects that will be funded in part with bond proceeds from this issuance.

Municipal Service Center: (\$5,000,000 Federal grant – committed) – Transfer from STR249, SE Connector SE 14th – SE 30th

First Tee: (\$950,000 Bright Foundation Grant – committed)

Recreation Trails: (\$800,000 State grant – committed; \$549,540 Federal RECAT grant – uncommitted; and \$25,000 Polk County; \$150,000 Private – contingent upon RECAT funding)

E. Indianola Avenue Widening SE 14th – Army Post Road: (\$700,000 Federal grant – committed)

- Euclid Avenue Intersection Improvements: (\$1,055,000 State grant – committed)
- Mulberry Street Paving: (\$302,623 Central Iowa Social Services – committed; \$117,450 Des Moines Water Works – committed)
- SE Connector – SE 14th to SE 30<sup>th</sup>: (\$2,000,000 Federal grant – committed)
- SW 9th and DART Way Intersection Improvements: (\$150,000 Federal grant – committed)
- Traffic Control Neighborhood Program: (\$290,000 State grant – committed)
- Traffic Signals, Channelization and School Crossings: (\$440,000 Federal grant – committed; \$355,000 State grant – committed)
- Traffic Signal Interconnection: (\$50,000 Federal grant – committed)

Since the adoption of the budget, City staff has further reviewed general obligation funding needs and recommends the following adjustments, which have been incorporated into the recommended Council actions:

1. Energy Conservation Program - \$250,000 addition  
This is a local match requirement related to grant awards.
2. Municipal Service Center - \$12,500,000 reduction  
This project is being phased and does not require the full allocation at this time. The scope and costs of the project have not changed. The reduction now will require a higher future bond issue in a like amount.
3. Miscellaneous Building Improvements - \$500,000 addition  
This amount will address the Central Library HVAC issues.
4. Mulberry Street Paving - \$75,000 addition  
Actual bids are higher than the original estimates (unneeded bonding from other projects were moved to this project to help offset the higher bids).
5. Hazard Mitigation - \$400,000 addition  
Local funding requirements may necessitate this amount for the 4-mile housing buy-out program.
6. Sidewalk Replacement - \$290,000 addition  
To replace NIRP portion funded with CDBG funds. The federal CDBG program was cut retroactive to January 1, 2011.
7. Recreation Trails - \$550,000 addition  
To match the timing of the Botanical Center agreement to relocate the trail (\$75,000) and the most current estimate to replace the trail from I-235 to the University Avenue Bridge of \$475,000. The segment of the trail from the Armory to I-235 will be programmed at a later date along with possible raising of the levee and Robert D Ray Drive, when the impacts associated with the Corps flow frequency study have been established.

**Net Changes from Adopted CIP: \$10,435,000 reduction**

Specific projects to be financed are detailed in a list at the end of this communication. Projects are summarized by category as follows:

CATEGORY	AMOUNT
• Fire Protection Improvements	\$ 7,655,000
• Library Improvements	\$ 1,760,000

•	Miscellaneous Improvements	\$ 3,505,000
•	Municipal Building Improvements	\$ 6,800,000
•	Park Improvements	\$ 5,425,000
•	Street Improvements	\$ 12,285,000
TOTAL PROJECT IMPROVEMENTS		\$ 37,430,000
TOTAL REFUNDING		\$ 9,920,000
Issuance Costs		\$ 470,000
TOTAL BOND ISSUE		\$ 47,820,000

**PREVIOUS COUNCIL ACTION(S):**

Date: April 11, 2011

Roll Call Number: [11-0582](#)

Action: On items regarding issuance of General Obligation Bonds, (4-25-11): ([Council Communication No. 11-225](#)) [Resolution](#) electing classifications and procedures for proposed bond projects. **Moved by Hensley to adopt. Motion Carried 6-1.**

Date: February 28, 2011

Roll Call Number: [11-0365](#)

Action: [On](#) proposed annual budget for fiscal year ending June 30, 2012 and adoption of the Capital Improvement Program (CIP) for 2011-2012/2016-2017. **Moved by Coleman to adopt. If additional funding becomes available in the CIP, the Council will revisit funding for the Public Art Foundation. Motion Carried 7-0.**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- May 9, 2011: Directing sale of bonds and approval to release preliminary offering statement.
- May 25, 2011: Special Council meeting to award low bid on sale of bonds.
- June 13, 2011: Council authorization to issue bonds and levy taxes.

For more information on this and other agenda items, please call the City Clerk’s Office at 515-283-4209 or visit the Clerk’s Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk’s Office on Thursday afternoon preceding Monday’s Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk’s Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).

**PROJECT CLASSIFICATIONS**  
**and**  
**HEARINGS SUMMARY**

**ECP-1**

**NOT TO EXCEED \$21,180,000**  
**GENERAL OBLIGATION BONDS**  
(Misc Essential Corporate Purposes)

*Building Improvements (\$2,500,000)*

- ADA Modifications (\$2,500,000)

*Fire Protection Improvements (\$890,000)*

- Equipment Acquisition (\$890,000)

*Miscellaneous Improvements (\$2,945,000)*

- 4-Mile Hazard Mitigation (\$400,000)
- Neighborhood Finance Corp. (\$1,000,000)
- Neighborhood Development Corp. (\$1,000,000)
- City Tree Replacement Fund (\$155,000)
- Public Art (\$100,000)

*Parks Improvements (\$3,230,000)*

- Cemetery Infrastructure and Improvements (\$200,000)
- Fort Des Moines Stabilization Projects (\$55,000)
- Forestry Improvements (\$125,000)
- Gray's Lake Park Improvements (\$150,000)
- Neighborhood Park Improvements (\$750,000)
- Park Building Improvements (\$400,000)
- Park Redevelopment (\$250,000)
- Recreation Trails (\$1,200,000)
- Urban Conservation Projects (\$100,000)

*Sidewalk Improvements (\$350,000)*

- ADA Compliance (\$350,000)

*Street Improvements (\$10,735,000)*

- Asphaltic Paving Restoration (\$800,000)
- Residential Paving Program (\$50,000)
- Concrete Curb & Median Replacement (\$595,000)
- Concrete Paving Restoration – PW (\$600,000)
- SW 9<sup>th</sup> Street and DART Lane Intersection (\$150,000)
- E. Indianola Widening – SE 14<sup>th</sup> to Army Post Road (\$500,000)







