

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 9, 2012
	Agenda Item No. 23 Roll Call No. <u>12-1095</u> Communication No. <u>12-367</u> Submitted by: Scott E. Sanders, Finance Director

AGENDA HEADING:

Directing the sale of General Obligation Sewer Bonds, Series 2012D, General Obligation Stormwater Bonds, Series 2012E, and General Obligation Parking Bonds, Taxable Series 2012F and approving Preliminary Offering Statement.

SYNOPSIS:

Recommend approval of the sale of General Obligation Bonds to finance various Sewer and Stormwater improvements and refinance existing high interest rate Parking debt. The principal and interest payments on this debt will be paid by the respective enterprise funds.

FISCAL IMPACT:

Amount: Estimated \$13,210,000 of Sewer debt to be issued for capital projects, \$10,825,000 of Stormwater debt to be issued for capital projects, and \$13,030,000 of Parking debt to be issued to refinance the 2000A Parking Revenue Bonds.

Funding Source: Fiscal Year 2012-13 Budget:

- Sanitary Sewer Sinking Fund – EN110, PWK070490, Page 237.
- Stormwater Sinking Fund – EN310, PWK077005, Page 249.
- Parking Sinking Fund – EN061, ENG101018, Page 73.

ADDITIONAL INFORMATION:

Public hearings were held with no public comment. The bond proceeds will be used for the following:

Sewer Bonds, Series 2012D:

- City-Wide Sanitary Sewer - \$1,500,000:
This project provides funding for minor projects and emergency repairs of the City Sanitary Sewer system.
- Lining Sanitary Trunk and Lateral Sewers - \$5,000,000:
This project provides for rehabilitation of major trunk and sanitary sewers and lateral sanitary sewers that have not yet failed, but that are in an advanced state of deterioration due to age. These sewers will be lined by various techniques.
- Riverpoint Trunk Sewer Separation - \$2,000,000:
This project provides for construction of a sanitary sewer and pump station to provide sanitary sewer service for the redevelopment of the Riverpoint West area that is bounded by the east-west

portion on MLK Parkway on the north, S.W. Fifth on the east, and the Raccoon River on the south and west. A pump station will also serve Principal Park. This project is almost complete and due to cash flow, bonding for this project has been increased \$500,000 from what is shown in the adopted CIP.

- Storm Water Pump Station Rehabilitation - \$500,000:

This project provides for replacement of both StormWater and Sanitary Sewer pumps, trash racks, and other pump station infrastructure and equipment throughout the City. Sanitary Sewer bonds are shown being transferred from the City-Wide Sanitary Sewer project to this project in the Storm Water section of the CIP.

- I - 235 Storm and Sanitary Sewer Improvement - \$4,000,000:

This will provide funds for the final loan payment to the State of Iowa for the City's share of various sanitary sewer improvements made during the I-235 improvement project. (Additional payments are also being made for the City's share of storm water improvements).

- Lower Union Park Sewer Separation - \$0:

Due to cash flow issues, the \$500,000 that was planned to be issued for this project will be replaced with operating revenues. The \$500,000 of anticipated bonding has been shifted to the Riverpoint Trunk project noted above.

- Issuance Costs - \$210,000.

Stormwater Bonds, Series 2012E:

- City-Wide Storm Water Projects - \$1,000,000:

This project provides funding for minor projects and emergency repairs of the City Storm Water system.

- Des Moines River Flood Mitigation Improvements - \$9,000,000:

Following the significant flooding of 2008, projects are being identified to mitigate the effects of increased flood flows on regulatory Base Flood Elevations (BFE's) and ensure future FEMA accreditation of existing levee systems. Improvements may include levee system improvements, river channel/flood plain grading, and bridge/structure modifications or removals.

- Storm Water Pump Station Rehabilitation - \$650,000:

This project provides for replacement of both Storm water and Sanitary Sewer pumps, trash racks, and other pump station infrastructure and equipment throughout the City. \$500,000 of Sanitary Sewer bonds are helping to fund this project.

- Issuance Costs - \$175,000.

Parking Bonds, Taxable Series 2012F:

- Refunding of Parking Revenue Bonds, Series 2000A - \$14,855,000:

Bond proceeds will be used to fully redeem the Parking Revenue Bonds, Series 2000A.

The existing Debt Service Reserve Fund in the amount of \$1,954,500, will be liquidated and used to lower the amount of the refunding debt.

- Issuance Costs - \$126,000.

The original Series 2000A debt carries interest rates of 5.75% to 6.375%. The refunding should save more than \$2,000,000 for the Parking System over the remaining eight (8) years of payments. The refunding debt has the same final maturity as the Series 2000A; June 1, 2020. However, the refunding does not have a principal payment scheduled for June 1, 2013 to provide more of the savings sooner. Given no tax exempt parking debt will remain after refunding the Series 2000A with taxable debt, the Parking System will no longer have private activity restrictions attached to the use of the parking facilities.

The refunding debt is being issued under urban renewal authorization as the parking facilities are a critical public service to the Metro Center TIF and parking debt is not considered an essential corporate purpose.

PREVIOUS COUNCIL ACTION(S):

Date: June 25, 2012

Roll Call Numbers: [12-1023](#), [12-1024](#), [12-1025](#), [12-1026](#), [12-1027](#), [12-1028](#)

Action: Held hearings on issuance of the following General Obligation Bonds:

- (A) Not to exceed \$13,500,000 Sanitary Sewer Bonds, (Essential Corporate Purposes). ([Council Communication No. 12-320](#)). Moved by Hensley to adopt. Motion Carried 7-0.
 - (1) [Authorization](#) for additional action. Moved by Hensley to adopt. Motion Carried 7-0.

- (B) Not to exceed \$11,000,000 Storm Water Bonds (Essential Corporate Purposes). ([Council Communication No. 12-321](#)). Moved by Coleman to adopt. Motion Carried 7-0.
 - (1) [Authorization](#) for additional action. Moved by Coleman to adopt. Motion Carried 7-0.

- (C) Not to exceed \$13,500,000 Parking Taxable Bonds (Urban Renewal Purposes). ([Council Communication No. 12-319](#)). Moved by Hensley to adopt. Motion Carried 7-0.
 - (1) [Authorization](#) for additional action. Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 11, 2012

Roll Call Numbers: [12-0936](#), [12-0937](#), [12-0938](#), [12-0939](#)

Action:

[Change](#) to the Debt Management Policy to allow for issuance of General Obligation debt to benefit City Enterprise funds. ([Council Communication No. 12-305](#)). Moved by Coleman to adopt. Motion Carried 7-0.

- (A) Setting date of hearing on the following General Obligation Bonds, (6-25-12):
 - (1) Not to exceed \$13,500,000 Sanitary Sewer Bonds, (Essential Corporate Purposes). ([Council Communication No. 12-270](#)). Moved by Coleman to adopt. Motion Carried 7-0.
 - (2) Not to exceed \$11,000,000 Storm Water Bonds, (Essential Corporate Purposes). ([Council Communication No. 12-271](#)). Moved by Coleman to adopt. Motion Carried 7-0.
 - (3) Not to exceed \$13,500,000 Parking Bonds, (Urban Renewal Purposes). ([Council Communication No. 12-277](#)). Moved by Coleman to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Sale Bonds on July 25, 2012.

Close (receive proceeds) in early September and redeem Series 2000A Parking Bonds.

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