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City Manager's Office

28

TO: Mayor and Ames City Council Members

FROM: Steven L. Schainker, City Manager

DATE: July 20, 2012

SUBJECT: Update Regarding 2012-13 Bond Issue

On March 6 (budget wrap-up night), the City Council held the public hearing and authorized issuance of bonds for the projects listed in Table I. Bonds for the Library renovation project were not included because this bonding authority was approved by public referendum. The Council also approved the pre-levy resolution for repayment of the debt from the FY 12/13 property tax levy.

TABLE I

2012/2013 CIP G. O. Bond Issue	
Woodview Drive Water & Sewer Project (Assessment Project)	\$ 357,000
Extension of Utilities East (Abated by Water and Sewer)	4,300,000
Extension of Utilities North (Abated by Water and Sewer)	1,401,000
Flood Response & Mitigation Projects	820,000
Collector Street Pavement Improvements	850,000
Asphalt Street Reconstruction Program	928,000
CyRide Route Pavement Improvements	1,420,000
Arterial Street Pavement Improvements	219,000
Concrete Pavement Improvements	600,000
Downtown Street Improvements	950,000
Asphalt/Seal Coat Street Rehabilitation	620,500
Squaw Creek Bridge	400,000
<i>Subtotal Debt Issue</i>	\$ 12,865,500
Library Expansion/Renovation (Referendum)	4,500,000
Total Debt Issue	\$ 17,365,500

The Finance staff is currently preparing the bond offering statement that includes the total cost of the bond issue. On August 14, 2012 we plan to have the City Council approve the Official Statement and to set the date of sale of the bonds for August 28th.

The staff is now recommending the total debt issue as reflected in Table II be reduced to \$13,065,500, including the Library. The bond issue will be sized slightly higher to cover issuance costs and allowance for bids over par value.

TABLE II

Woodview Drive Water & Sewer Project (Assessment Project)	\$ 357,000
Extension of Utilities North (Abated by Water and Sewer)	1,401,000
Flood Response & Mitigation Projects	820,000
Collector Street Pavement Improvements	850,000
Asphalt Street Reconstruction Program	928,000
CyRide Route Pavement Improvements	1,420,000
Arterial Street Pavement Improvements	219,000
Concrete Pavement Improvements	600,000
Downtown Street Improvements	950,000
Asphalt/Seal Coat Street Rehabilitation	620,500
Squaw Creek Bridge	400,000
<i>Subtotal Debt Issue</i>	\$ 8,565,500
Library Expansion/Renovation (Referendum)	4,500,000
Total Debt Issue	\$ 13,065,500

There are three important policy decisions related to this new total.

- **Extension of Utilities East**

The staff has been working on a financial analysis of the proposed \$4,300,000 investment in water and sewer extensions to 590th Street along Lincoln Way. While this report is ready for Council distribution, the Ames Economic Development Commission has requested more time to develop a report that explains the need for more developed industrial land. In addition, the issue regarding who will provide water service to the area remains unresolved as discussions continue with the Central Iowa Rural Water Association.

For these reasons, the next scheduled time for the Council to discuss whether or not to proceed with the design and construction of these utilities is at the August 28, 2012 meeting. Therefore, the \$4,300,000 has been removed from this bond issue and can be issued separately at a later date. We cannot further delay the bond issue for the remaining projects.

- **Extension of Utilities North**

Assuming the construction of water and sewer lines along Grant Road up to the Quarry Estates subdivision is less controversial, the \$1,401,000 to accomplish these utility extensions is included in the proposed bond issue.

However, this action assumes the Council supports the go-ahead with this project even though developer agreements (with Hunziker and Friedrich/Johansen) regarding the cost sharing for the paving of Grant Road have not been finalized.

- **Flood Mitigation Funding**

Based on previous Council feedback, the proposed bond issue includes the \$820,000 that was originally earmarked as local match for a number of neighborhood storm water projects. As you will remember, FEMA has rejected our funding request for nine of the eleven flood mitigation projects. However, at the time we notified the Council of this bad news, the City Council indicated a preference to generate the \$820,000 in bond proceeds to pay 100% for a limited number of prioritized projects.

If the City Council agrees with the reduced total reflected in Table II, the staff would appreciate a motion in support of this new debt issue amount.