

MEMORANDUM TO: All Members of the Metropolitan Council

FROM: Metropolitan Council Office

DATE: **June 1, 2004**

RE: **Supplemental Analysis Report:
Mayor's 2004-05 Capital Spending Plan**

RESOLUTION NOS. RS2004-328, RS2004-329 & RS2004-330 (GILMORE) – These three resolutions provide for the mayor's 2004-2005 spending plan for various capital projects, construction of new facilities, renovation of existing facilities, and acquisition of equipment. This mayor has made it a practice to bring all capital projects for a year in one package to be considered by the Council. Previous administrations typically brought capital projects to the Council on an as-needed basis, rather than at one time annually. During this mayor's prior term, the capital spending plan was typically presented to the Council in the late fall. This is the first time that this mayor has presented his capital spending plan at the same time that the capital improvements budget and operating budget are being considered. The Council Office recommends deferring these three resolutions until the second meeting in July to enable the Council to focus on the capital improvements budget and the operating budget, which by Charter must be adopted by June 15th and June 30th, respectively.

Resolution No. RS2004-330 (GILMORE) – This resolution determines to issue \$109,741,299 in GSD general obligation bonds and \$32,274,762 in USD general obligation bonds to provide funding for various projects contained in the mayor's capital spending plan. This is the first step in the process toward the ultimate sale of the bonds by public bid to provide the necessary financing for the projects. The general obligation bonds to be issued provide funding for some 11 GSD projects, and the USD bonds will provide funding for 8 projects. This debt will be paid from the debt service of the GSD and the USD. The maximum interest rate of the bonds is not to exceed 7% per annum.

The projects to be financed with the GSD bonds include:

- (1) ancillary building roof replacement at Bordeaux Hospital;
- (2) improvements for the administration building at Bordeaux Hospital, including sprinklers, HVAC system and upgraded fire alarm systems;
- (3) jail renovation and expansion;
- (4) major maintenance of several facilities;
- (5) implementation of the Head Start Study recommendations including building replacement and renovation;
- (6) projects for the public school system, including various construction projects, replacement of school buses and other vehicles, ADA compliance, renovation and replacement of schools and technology improvements;

- (7) transit improvements, including intelligent transportation services, capital funding, purchase of buses and para-transit vehicles, inter-moded transfer facilities;
- (8) implementation of the Master Plan for Parks and Greenways;
- (9) deferred and on-going maintenance of park buildings and facilities;
- (10) Dasher Board replacement at the Gaylord Arena; and
- (11) safety improvements for the rigging at the Gaylord Arena.

The projects to be funded with the USD bonds include:

- (1) renovation and replacement of fire halls in accordance with the Fire Department assessment recommendations;
- (2) Arts Center development in the Gulch Redevelopment Area;
- (3) implementation of the facility study recommendations for the Police Department;
- (4) ADA compliance for traffic signals;
- (5) state route paving program, including sidewalks and ramps;
- (6) maintenance repair and rehabilitation, replacements and improvements to bridges;
- (7) roadway maintenance; and
- (8) construction and improvements of sidewalks.

A detailed list of all capital projects to be funded by this bond issue, including the estimated cost for each project, is attached to this analysis. This resolution should be adopted prior to the adoption of Resolution No. RS2004-328.

Resolution No. RS2004-328 (GILMORE) – This resolution authorizes the issuance of bond anticipation notes in the amount of \$109,741,299 for the GSD bonds and \$32,274,762 for the USD bonds, which will allow Metro to issue short-term bonds prior to the issuance of the general obligation bonds. This is a frequently used temporary financing mechanism by the Metropolitan Government to make the necessary funding for the projects available while awaiting the appropriate time to issue the long-term bonds, which generally have a term of 20 years. The notes will be issued in increments of \$5,000 and will bear interest at a maximum rate of 7% per annum.

Resolution No. RS2004-329 (GILMORE) – This resolution authorizes the issuance of capital outlay notes in the amount of \$40,279,700 to provide funding for various capital projects. Capital outlay notes are a short-term debt instrument authorized by state law. Capital outlay notes are generally issued for initial terms of three years and can be renewed for two additional terms of three years each. There is a requirement that one-ninth of the original principal be retired each year. There is also a provision that enables Metro to reimburse itself from the proceeds of the capital outlay notes for expenditures such as architect and engineer fees incurred prior to the issuance of the notes. The principal and interest on the notes will be paid from the debt service of the GSD.

The projects to be funded by these capital outlay notes are as follows:

1. \$1,952,700 for the circuit court clerk traffic violations bureau integrated case management system.
2. \$1,900,000 for convention center repairs. Generally, the first source of funding for improvements to the convention center are from the proceeds of the hotel/motel tax that provides for payment of debt of the convention center.

3. \$500,000 for installation and enhancement of web-based electronic budget projects for the finance department.
4. \$8,625,000 for upgrades to the computer systems of the Metropolitan Government.
5. \$500,000 to begin the implementation of the Warehouse Needs Study recommendations for the finance department.
6. \$1,200,000 for implementation of the point of sale system study managed by the office of the treasurer.
7. \$1,000,000 for internet-based electronic procurement systems that offer procurement processes, contract, and grant management systems.
8. \$140,000 for General Hospital technology upgrades.
9. \$2,665,000 for the General Hospital integrated information system.
10. \$3,000,000 for the department of general services to implement the shared services concept within the operation of the Metropolitan Government.
11. \$150,000 to acquire and manage a fleet information system by the department of general services.
12. \$150,000 for the department of human resources to store, transmit, and file employee performance management files and forms.
13. \$1,500,000 for the purchase and installation of tax accounting system hardware and software for the ITS department.
14. \$1,500,000 for the purchase and installation of PBX telephone system hardware and software for the ITS department.
15. \$3,300,000 to move applications from the IBM mainframe to other processor platforms for the ITS department.
16. \$1,500,000 for hardware and software necessary to scan and save paper records as digital images for the ITS department.
17. \$565,400 to acquire software tools and equipment and to make facility upgrades for the ITS department.
18. \$650,200 for equipment and software tools to accommodate growth of the data center for the ITS department.
19. \$400,000 for upgrades to the ITS computer room.
20. \$308,000 for security software and network equipment for the ITS department.
21. \$7,173,400 to purchase buses and other facility improvements for the Metro transit authority.
22. \$1,100,000 to address ADA issues, roofing, paving, and other repair items at the fairgrounds.
23. \$500,000 for major maintenance projects at the fairgrounds.