

# PROPOSED CAPITAL IMPROVEMENTS BOND ISSUE

Presentation to the Ways  
and Means Committee

May 14, 2015



# Current Status of City's Capital Improvement Funding Sources

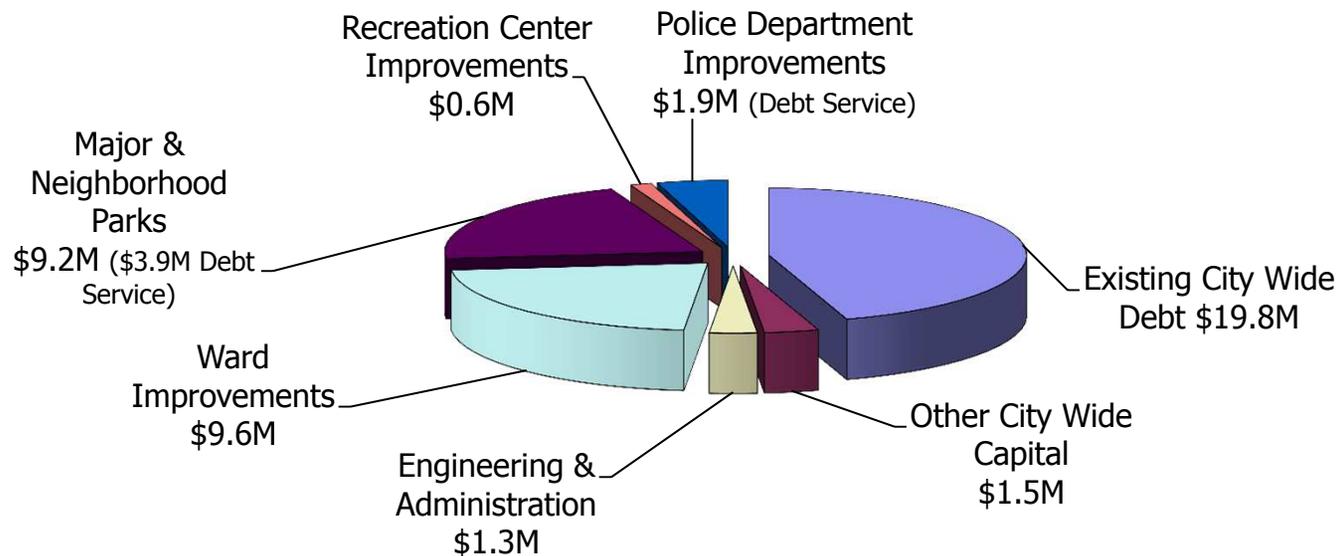
- ½ Cent Capital Sales tax approved in August 1993
- Parks and Recreation Improvement Sales taxes:
  - Metro Parks District – 1/10 Cent November 2000 (50% to District and 50% to Local Parks)
  - Metro Parks District – 3/16 Cent April 2013 (60% to district and 40% to Local Parks)
  - Local Parks and Recreation – 1/8 Cent November 2006 (funded construction of new recreation centers and improvements to other centers)
- Other sources dedicated to Capital Improvements:
  - ½ Operating Surplus from prior fiscal year
  - Sales of City assets
  - Gaming revenues, gasoline taxes, etc.
  - Portion of utility taxes – St. Louis Works (separate annual appropriation)



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**FY2016 Capital Improvements Budget utilizes these existing sources over half of which are used to meet current debt obligations; many items have been continually deferred highlighting need for longer term capital project funding.**

### FY2016 Capital Improvements Funds Budget



**Of Capital Fund Budget of \$43.8M, nearly 60% or \$25.6M is allocated to existing debt service obligations.**



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### **To Address Growing Backlog of Capital Needs City's Capital Improvements Committee developed a Citywide Capital Needs Inventory.**

- Over \$320M in Capital Projects identified
- Needs encompassed Fire and Police departments, Streets and Bridges, Derelict Building Demolition, Court, Corrections and other Municipal Building improvements and service vehicle replacements
- Did not include Parks (recent sales tax supported parks bond issues)
- Projects were categorized and assigned a level of priority



## Recommended Financing through a General Obligation Bond Issue

- Supported by property tax levy - “full faith and credit” of City
  
- Last GOB Issues:
  - 1999: \$65M Public Safety bond issue for Fire, Police and Building Demolition
  - 2006: \$13M for financing of repairs to flood wall and street and bridge improvements
  
- While outstanding G.O. debt is well below legal capacity, City total debt is above average so need to set limits



## PROPOSED CAPITAL IMPROVEMENTS BOND ISSUE

# Capital Committee Recommended A Funding Limit of \$175M With Identified Projects of \$155M Including:



- \$38.7M for Fire Department Vehicles and Equipment and Repairs to Engine Houses



- \$11.4M for Police Department Building Improvements and Equipment



- \$30.5M for Repairs and Improvements to Corrections Facilities as well as new PSAP facility (CEMA, 911 Dispatch)





## PROPOSED CAPITAL IMPROVEMENTS BOND ISSUE

# Capital Committee Recommended A Funding Limit of \$175M With Identified Projects of \$155M Including:



- \$15.3M for Derelict Building Demolition
- \$17.9M for City Streets and Bridges (matching funds)
- \$32.2M for Repairs and Improvements to Other City Buildings and Facilities (e.g. Courts, City Hall, etc.)
- \$9.0M for replacement of service vehicles (e.g. Refuse and Street and Forestry maintenance trucks, etc.)



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## BB#2 Incorporates Most of These Recommendations and Proposes Additional Projects to Reach \$180M Proposal.

5/19/2015

CATEGORY	CAPITAL COMMITTEE RECOMMENDED*	BB #2 RECOMMENDED	CHANGE	NOTES
A FIRE DEPARTMENT VEHICLES & EQUIP.	\$ 26,488,162	\$ 27,988,162	\$ 1,500,000	Will allow for more new replacements rather than refurbishments of pumpers.
B FIRE DEPARTMENT BUILDINGS	\$ 12,222,000	\$ 12,222,000	\$ -	No change from original recommendation
C POLICE DEPARTMENT	\$ 11,361,000	\$ 5,461,000	\$ (5,900,000)	No funds for Real Time Intelligence Cntr. (RTIC) / Niche RMS police management system
D CORRECTIONS & OTHER PUBLIC SAFETY	\$ 30,540,000	\$ 30,540,000	\$ -	No change from original recommendation
E BUILDING DEMOLITION	\$ 15,300,000	\$ 8,000,000	\$ (7,300,000)	Reduced amount sufficient for approx. 1,000 derelict buildings. Demo of West End Cntr. annex included in FY16 Capital budget. (Funds added for stabilization - see Item "I" below)
F CITY STREETS AND BRIDGES	\$ 17,900,000	\$ 18,800,000	\$ 900,000	Additional street project funds
G OTHER CITY BUILDINGS AND FACILITIES	\$ 32,206,838	\$ 30,381,838	\$ (1,825,000)	FY16 Capital budget addresses \$1.8M project to replace chillers and cooling tower at Camahan Courthouse
H OTHER CITY VEHICLES	\$ 8,982,000	\$ 8,982,000	\$ -	No change from original recommendation
I CITY OWNED BUILDING STABILIZATION AND PRESERVATION	\$ -	\$ 6,000,000	\$ 6,000,000	Intended to preserve buildings and preventing need for demolition
J CITY ADMINISTERED HOME REPAIR PROGRAMS	\$ -	\$ 4,000,000	\$ 4,000,000	To help preserve existing housing stock
K ECONOMIC DEV. LAND ACQUISITION & SITE DEVELOPMENT INFRASTRUCTURE	\$ -	\$ 15,000,000	\$ 15,000,000	To support major economic development Initiatives such as effort to retain GSA
L RECREATION CENTER REPAIRS & IMPROVEMENTS	\$ -	\$ 2,625,000	\$ 2,625,000	To help address deferred maintenance in City's recreation centers
M WARD CAPITAL IMPROVEMENTS	\$ -	\$ 10,000,000	\$ 10,000,000	For ward capital improvements Amounts to be divided by wards based on acreage (excl. cemeteries & parks)
	<b>\$ 155,000,000</b>	<b>\$ 180,000,000</b>	<b>\$ 25,000,000</b>	

\* Recommended Limiting Debt to \$175M of which \$155M in Projects Identified



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## Property Tax Impact ?

### ILLUSTRATION OF POTENTIAL TAX LEVY IMPACT - \$180M BOND ISSUE SCENARIO

<u>Year of Issue</u>	<u>Bond Issue Authorization</u>	<u>Tax Levy Impact</u>
2015	\$50.0 M	No tax increase required (utilize pending rollback in 2015 to finance) *
2017	\$130.0 M	Increase of approx. \$0.1738
	<u>\$180.0 M *</u>	

\* Based on Stifel analysis of 10/27/14 for \$145M issue adjusted proportionately to estimate impact of final proposed issue amount.



	Homeowner #1	Homeowner #2	Homeowner #3
Appraised Home Value	\$75,000	\$125,000	\$250,000
Appraised Car Value(s)	\$5,000	\$15,000	\$25,000
Current Tax Burden (2014)	\$1,207	\$2,180	\$4,234
Amount of Levy Increase	\$0.1738 *		
Tax Burden After Increase	\$1,235	\$2,230	\$4,331
<b>Estimated Annual Net Tax Impact</b>	<b>\$28</b>	<b>\$50</b>	<b>\$97</b>

\*Assumes amortization of issues for 20 years @ 4.5% and 1% annual valuation growth

Potential Impact - Other Amounts:

\$150M	\$21	\$38	\$75
\$155M	\$22	\$40	\$78
\$160M	\$23	\$42	\$82
\$170M	\$26	\$46	\$90
\$190M	\$30	\$54	\$104