

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 82A

CITY COUNCIL COMMUNICATION 97-231
APRIL 28, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
REVISED INTERGOVERNMENTAL AGREEMENT WITH POLK COUNTY— PARK AND RIDE PROJECT	◆ RESOLUTION ORDINANCE RECEIVE/FILE	RICHARD CLARK DEPUTY CITY MANAGER

SYNOPSIS —

On April 7, 1997, the City Council approved a 28E Intergovernmental Agreement with Polk County for financing up to \$8 million for the local cost-share of the Park and Ride Project. This Agreement stipulated that the City will repay the full amount of the loan from the revenues of the Municipal Parking System.

Subsequent to the City Council's approval of the Agreement, the Polk County Board of Supervisors requested several modifications. The major modifications include a reduction in the term of the loan from 20 years to 10 years, and a stipulation that the County's obligation to provide the financing is contingent upon the County's successful sale of taxable General Obligation (GO) Bonds. The Agreement also obligates the County to make its best efforts to sell the bonds by June 10, 1997. Therefore, we anticipate asking Council to award a construction contract after June 10, 1997.

As with the draft previously approved by Council, the revised Agreement continues to include essential financial provisions. The Agreement ensures that the loan provided by Polk County would not become a general obligation of the City, and thus, would not count against the City's legal debt limit. Further, the Agreement stipulates that the County loan would be subordinate in right of payment to outstanding Parking System Revenue Bonds, and that the County loan would, in no way, preclude the City from issuing additional senior parking bonds in the future.

On April 22, 1997, the Polk County Board of Supervisors unanimously approved the revised Agreement.

FISCAL IMPACT —

The reduction in the term of the loan from 20 years to 10 years will result in higher annual payments which, in turn, may cause the City to decrease the amount of funds borrowed from the County, and increase the use of other City funds such as tax increment. A final determination on exact funding amounts will be made after bids are received and construction prices are established. As with the draft previously approved by Council, the revised Agreement constitutes an obligation of the Parking System and will require an annual review of the Parking System to ensure adequate funds are available to meet the terms of this Agreement as well as other needs and obligations of the Parking System. If necessary, the City Manager will recommend that parking rates be adjusted or that tax increment funds be used to ensure that the Parking System can meet its financial requirements.

RECOMMENDATION —

Approval of the revised Agreement.

BACKGROUND —

Council has previously authorized the issuance of bids for construction of the Park and Ride Facility. Bids are anticipated to be received on May 20, 1997. Elsewhere on the April 28, 1997, Council agenda is an Intergovernmental Agreement between the City of Des Moines and the MTA which establishes the City as a subgrantee with regard to the federal funds for the project, and provides for the City of Des Moines to construct, own, and operate the facility.