

2018-2019 Capital Budget and Debt Update Presentation to the City Council

Agenda

2

- Summary of 2018-2019 capital budget
- Update on bond sales and refundings
- Capital project status report

2018-2019 Proposed Capital Budget

3

- 2018 Proposed Capital budget totals \$55.1M
- Major revenue sources include:
 - ▣ \$11M of Capital Improvement Bonds (CIB)
 - ▣ \$15.5M of Street Improvement Bonds (SIB)
 - ▣ \$8.2M of Municipal State Aid (MSA)
 - ▣ \$4M of Community Development Block Grants (CDBG)

2018-2019 Proposed Capital Budget

4

- Scaled back CLB process this year
- Three large projects awarded funding:

	2018 Proposed	2019 Tentative
Scheffer Rec Center	4,589,000	5,411,000
Griggs Park	1,500,000	-
Fire Station 20 Expansion	-	1,000,000
Total	6,089,000	6,411,000

Emphasis on Facility Maintenance

5

	2018 Proposed	2019 Tentative
Citywide Long-Term Capital Maintenance Program	1,500,000	1,498,000
Parks Facility Maintenance - Total	1,591,000	1,591,000
Asphalt Restoration and Replacement Program	250,000	250,000
Play Area Improvements	250,000	250,000
Outdoor Court Restoration Program	251,000	251,000
Parks and Library Capital Asset Revitalization	200,000	200,000
Proposed Increase to Parks Maintenance	640,000	640,000

Road and Bridge Projects

6

- Saint Paul Streets Program - \$15.5M
 - ▣ Woodlawn-Jefferson residential
 - ▣ Como Ave – Commonwealth to Eustis
 - ▣ Wheelock Parkway – Danforth to Western
- MSA Projects:
 - ▣ Johnson Parkway
 - ▣ Lafayette Bridge – University to Otsego
 - ▣ Summit Ave Bridge

CDBG Funding for Community Partners

7

	2018 Proposed	2019 Tentative
NeighborWorks: North End Revitalization Fund	200,000	200,000
NeighborWorks: Greenline Home Improvement Program	175,000	225,000
NeighborWorks: St Paul Home Improvement Loan Fund	175,000	225,000
NENDC: Economic Loan Leverage Fund	50,000	50,000
NENDC: Home Improvement Plus	125,000	125,000
DBNHS: East Side Home Improvement Revolving Loan Fund	325,000	325,000
ESNDC: Business Investment Fund	175,000	175,000
ESNDC: North End Façade Improvement	35,000	35,000
ESNDC & NEDA: District del Sol Rejuvenation	100,000	100,000
East Side Enterprise Center: Small Business Growth on the East Side	35,000	35,000

CDBG for City Programs

8

□ City housing and economic development programs	2018	2019
	Proposed	Tentative
PED: Citywide Homeowner Improvement Loan Program	775,000	775,000
PED: Housing Real Estate Multi-Unit Development Fund	734,000	828,000
PED: Commercial Node Citywide Economic Development Program	75,000	75,000
PED: Acquisition fund for Stabilizing Neighborhoods	225,000	225,000
DSI: Vacant and Hazardous Building Demolition	375,000	375,000
□ Neighborhood play areas	2018	2019
	Proposed	Tentative
Western Sculpture Park Play Area	325,000	-
Eastview Play Area	96,000	227,000

2018-2019 Planned Bond Sales

9

	2018 Proposed	2019 Tentative
G.O. Capital Improvement Bonds	11,000,000	11,000,000
G.O. Street Improvement Bonds*	15,500,000	12,500,000
Sewer Revenue Bonds **	8,000,000	8,000,000

*Street Reconstruction bids for 2017 came in lower than the estimated budgets leaving unused bond authority that can be applied to the 2018 budget for new projects

** Budgeted in Sewer operating budget

Refinancing Existing Debt

10

The Office of Financial Services Treasury division manages debt for departments Citywide, including monitoring interest rates and existing debt for potential refinancing opportunities.

How refinancing existing debt has impacted the City:

- Savings through lower interest rates
 - Reduces the City's annual debt service
 - Lessens the need for rate or levy increases
 - Frees up revenue for other programs
(e.g. Refunding Sales Tax Revenue bonds and Neighborhood STAR)
- Change bond covenants or other contractual terms
 - In addition to cost savings, refunding the HRA Parking Revenue bonds allowed the City to change the additional bonds test

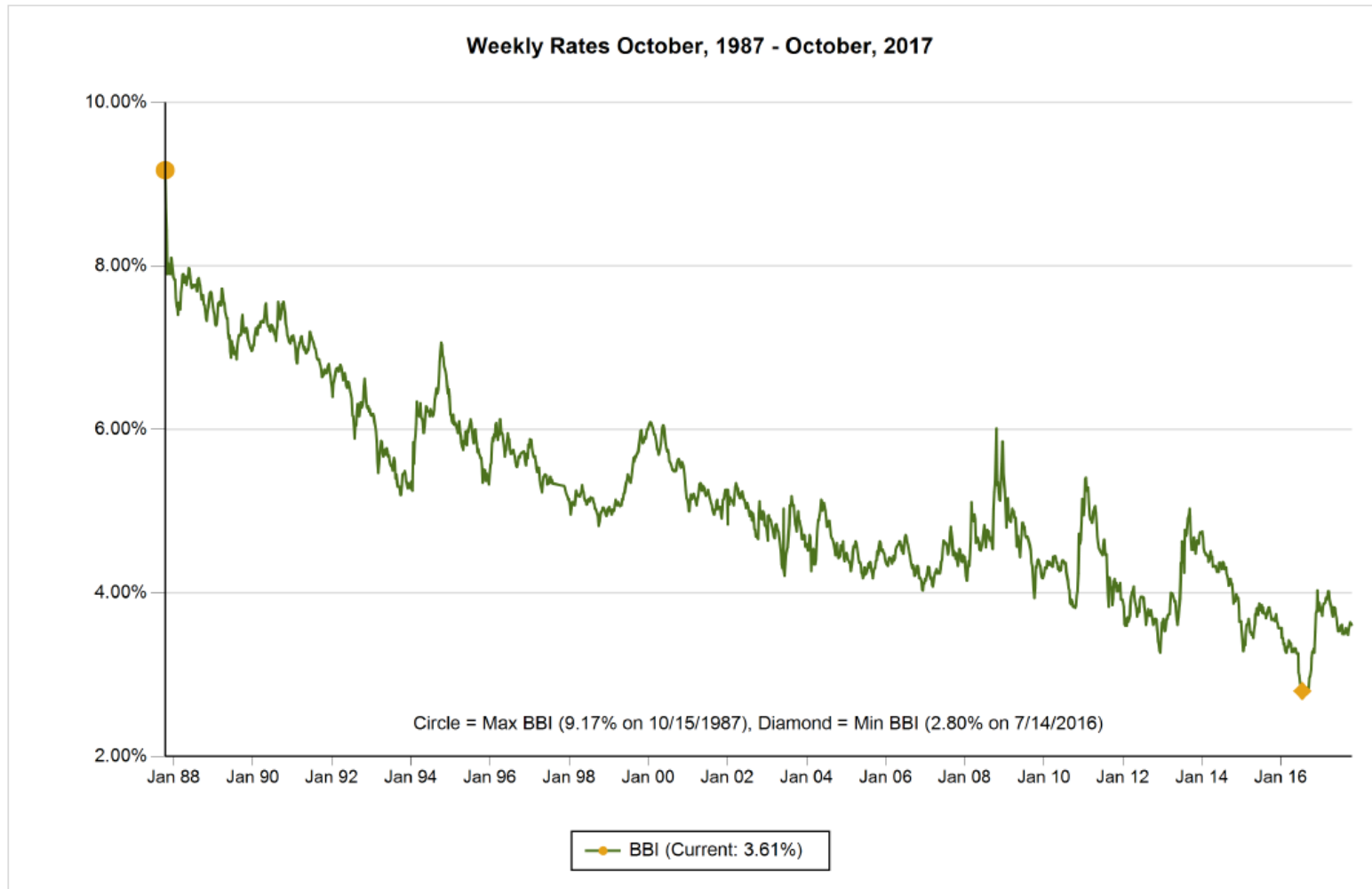
2013-2017 Present Value Savings		
2013	\$	2,147,499
2014		581,240
2015		549,034
2016		8,149,214
2017		4,642,287
Total	\$	16,069,274

Why Refundings Occur

Current Market = Near Record Low Interest Rates

11

30 YEAR TREND IN MUNICIPAL BOND INDICES



Source: The Bond Buyer

2013-2017 City of Saint Paul and HRA Refunding Bond Savings

12

Security and Series	Year	Par Amount of Refunded Bonds	Present Value (PV) Savings	PV %	Average Annual Savings
Sewer Revenue					
2004E Sewer Revenue Bonds	2013	\$ 3,920,000	\$ 323,660	7.44%	\$ 31,359
2006C Sewer Revenue Bonds	2016	2,260,000	166,668	6.90%	91,150
2008D Sewer Revenue Bonds	2016	15,425,000	1,422,527	7.96%	264,084
2009C Sewer Revenue Bonds	2016	6,325,000	363,725	5.01%	80,654
Water Revenue					
2003C Water Revenue	2013	6,525,000	1,005,257	13.30%	106,772
2005D Water Revenue	2013	7,925,000	818,581	8.70%	73,921
HRA Lease Revenue					
2008 Jimmy Lee	2016	5,495,000	974,095	13.63%	72,265
Sales Tax Revenue					
1996 Sales Tax Revenue Bonds (Civic Center)	2014	31,430,000	581,240	1.60%	N/A ¹
2007A Subordinate Sales Tax Rev ²	2016	10,580,000	2,725,773	19.59%	290,123
2007B Taxable Subordinate Sales Tax Rev ²	2016	10,670,000	1,247,647	9.77%	322,822
General Obligation Public Safety					
2008C GO Public Safety	2017	7,155,000	646,389	7.83%	45,745
General Obligation Special Assessment					
2008B GO Street Improvement Bonds	2016	7,180,000	794,549	9.63%	99,945
2009B GO Street Improvement Bonds	2016	5,915,000	454,230	6.73%	62,183
2010C GO Street Improvement Bonds	2015	10,180,000	549,034	4.60%	40,284
HRA Parking Revenue					
2010A&B Parking Revenue	2017	29,955,000	3,995,897	11.27%	327,870
Total		\$ 160,940,000	\$ 16,069,274		\$ 1,909,177
¹ Per Minn. Stat. 16A.726, \$2.7M is annually granted from the State of Minnesota general fund to the City of Saint Paul through fiscal year 2033.					
² The debt savings shown is estimated variable rate debt.					