

LRB – RESEARCH AND ANALYSIS SECTION ANALYSIS

JULY 25, 2006 AGENDA

ITEM 11, FILE 060399

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

JAMES CARROLL

File #060399 is a resolution authorizing \$10,550,000 of Contingent Borrowing Authority for Tax Incremental District No 41–Manpower Project.

BACKGROUND

1. The 2006 Proposed Budget included \$50 million in Contingent Borrowing Authority. An amendment to the Proposed Budget increased the 2006 Contingent Borrowing Authority by \$60 million to \$110 million. The intention of the amendment was to provide additional borrowing authority for unanticipated funding needs, including tax incremental district financing.
2. On January 18, 2006, the Common Council adopted a resolution (#051144) authorizing the sale of general obligation bonds in the amount of \$140,004,734 for Tax Incremental District purposes. The table below shows the projects and the amount of borrowing authorized by this resolution.

Capital Project	Budget	Amount
Tax Incremental Districts	2004	\$2,004,734
Tax Incremental Districts	2005	\$20,000,000
Existing TIDs	2006	\$14,000,000
TID #53	2006	\$2,000,000
New TIDs	2006	\$28,300,000
Capitalized Interest	2006	\$1,500,000
Developer Financed TIDs	2006	\$12,200,000
Contingent Borrowing for TIDs	2006	\$60,000,000
Total		\$140,004,734

3. On February 7, 2006, the Common Council approved a resolution (#051108) authorizing \$25,550,000 (plus capitalized interest) for the Manpower Project in TID #41.
4. There is not sufficient borrowing authority remaining to provide funding for the entire Manpower project.

DISCUSSION

1. This resolution authorizes contingent borrowing of \$10,550,000 paying a portion of the \$25,550,000 costs (plus capitalized interest) of the Manpower Project.

OTHER INFORMATION

1. On July 12, 2006, the Common Council adopted a resolution (File #060281) authorizing the use of contingent borrowing authority for the issuance and sale of \$1,000,000 general obligation promissory notes for paying the City's portion of the

settlement agreement with the federal government relating to a complaint filed under the American with Disabilities Act.

FISCAL IMPACT

The Comptroller's Office estimates this issuance will have annual debt service expenditures of \$1,200,000 per year. The estimate is based on an issuance of \$10,550,000 million, with 17-year level debt payments, at an interest rate of 7%. (The actual interest rate will depend upon market conditions at the time of issuance).

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