



MEMORANDUM

DATE: December 2, 2005
TO: Sanibel City Council
FROM: Judie Zimomra, City Manager
SUBJECT: Supplemental Packet Information

Please find the following supplemental material attached for the December 6, 2005 City Council Meeting:

- 8 (c) Recreation Center Update
 - Memo dated 12/6/05 from Finance Director, Renee Lynch regarding financing alternatives for proposed Recreation Facility
 - Memo dated December 2, 2005 from City Manager Zimomra regarding Recreation Center Storage

Please feel free to contact me if you have any questions regarding the above items.

JAZ/cjm

Xc: Kenneth Cuyler, City Attorney
Helene Phillips, Recreation Director

December 6, 2005

MEMORANDUM

TO: City Council
FROM: Renee Lynch, Finance Director 
RE: Financing Alternatives for Proposed Recreation Facility

BACKGROUND

Since the original recommended financing report dated May 2004, in which two non-ad valorem revenue sources were identified as the recommended pledge for securing revenue bonds, two significant events have occurred. One was the settlement of the Causeway lawsuit with Lee County in which the City agreed to allow the County to keep the City's 21% surplus toll revenues in favor of toll reductions; and two, Hurricane Charley and the associated \$10 million debt which will only partially be repaid from FEMA reimbursements.

These two events are the primary factors causing the City to no longer have sufficient non-ad Valorem revenue from which to secure Revenue Bonds and continue to be in compliance with existing debt covenants.

Therefore, only two (2) options are available to the City for financing the proposed new recreation facility:

- A) Adoption of a new non-ad Valorem revenue source, a Public Service Tax; which could be pledged for Revenue Bonds; or
- B) General Obligation Bonds, which requires referendum (voter) approval.

Other new non-ad Valorem revenue sources could be considered, such as recreation center user fees or an increased percentage for electric franchise fees, however, neither of these individual revenue sources nor the combination of these two, are sufficient to secure a revenue bond for the new recreation center. In addition, an unproven revenue source, such as recreation user fees, would significantly increase the cost of bond insurance. Only the Public Service Tax could produce sufficient revenue to secure a revenue bond for this purpose.

OPTIONS

Council previously directed staff to pursue General Obligation Bonds. Now that the definitive amounts have been determined for the County and School Board participation to the construction of the new recreation facility, I have prepared the attached schedules outlining the costs for 5 project cost scenarios to determine the Par Amount of bonds which can be used in the attached Resolution #05-146 defining the terms of the Bond Referendum. The five (5) scenarios are described as follows:

Scenario 1(a)	Total Project Costs as defined by September 7, 2005 Construction documents
Scenario 1(b)	Total Project Costs as in Scenario 1(a) WITHOUT Tennis courts
Scenario 2	Same as Scenario 1(b) but WAIVING all City assessed Building and Impact Fees and Fire Department Inspection and Impact Fees
Scenario 3	Same as Scenario 2, and also using the unused balance of the FY 2005 General Fund Reserve for the Recreation Facility and the FY 2006 General Fund Reserve (\$1,508,475) for the Recreation Facility to reduce amount to be borrowed – See attached Budget Amendment # 06-019
Scenario 4	Same as Scenario 3 but also NOT REIMBURSING the City for already incurred costs (\$564,500), as was authorized by the Reimbursement Resolution #04-054 adopted in May, 2004

December 6, 2005

RE: Financing Alternatives for Proposed Recreation Facility

The following chart summarizes the required Par amount of General Obligation bonds to fund project costs and bond issuance costs, the amount of average annual debt service, the Annual cost to a taxpayer per \$100,000 of taxable property value and the Annual cost to an average residential taxpayer (*).

Scenario	Par Amount	Amount of average Annual Debt Service Payments	Annual Cost per \$100,000 of Property Valuation	Annual Cost per Average Residential Taxpayer (*)
1(a)	\$9,995,000	\$630,000	\$15.39	\$80.29
1(b)	\$9,780,000	\$617,000	\$15.07	\$78.63
2	\$9,220,000	\$580,000	\$14.17	\$73.92
3	\$7,630,000	\$480,000	\$11.73	\$61.17
4	\$7,035,000	\$443,000	\$10.82	\$56.46

(*) Average Residential Property Value in 2005 = \$521,603

If Scenarios 3 or 4 are considered by Council, attached Budget Amendment # 2006-019 will need to be adopted to appropriate the General Fund Reserves set aside for this purpose to be transferred to the Capital Project Fund. These revenues would then be added to the Bond proceeds and Lee County and School Board contributions to fund the Project Costs.

NEXT STEPS

Preparation of the Bond documents will coincide with the Construction bid timeframe in order to interface efficiently with the date of the Referendum results.

The following steps will be taken as soon as Council finalizes the ballot language.

- Bond Counsel (Bryant, Miller & Olive) drafts Bond Resolution and Notice of Sale for competitive selection of Underwriter
- City Attorney selects Disclosure Counsel which will write the Preliminary Official Statement (POS) and Official Statement (OS)
- Financial Advisor (Public Financial Management) will begin soliciting for Bond Insurance bids and selection of:
 - Paying Agent
 - Registrar
 - Printer
- Authorizing bond documents will then go back to Council at a date to coincide with the results of the Bond Referendum
- Approximately 10 days after Council approval of the Bond documents, the Bonds will go to market

To finalize the ballot language, the blanks in the attached Resolution # 05-146 will need to be completed to define the not to exceed amount of the bonds and date for the referendum.

rml

Attachments

**CITY OF SANIBEL
FINANCING OF A RECREATION FACILITY
VARIOUS ALTERNATIVES FOR PROJECT COSTS SHOWING
COST TO AVERAGE RESIDENTIAL TAXPAYER FOR GENERAL OBLIGATION (GO) 30-YEAR BONDS**

Scenario 1 (a)		Scenario 1 (b)		Scenario 2		Scenario 3		Scenario 4	
Total Project WITH Tennis Courts		Total Project WITHOUT Tennis Courts		Total Project WITHOUT Tennis courts and WAIVING Bldg, Fire Permit & Impact Fees		Total Project WITHOUT Tennis courts and WAIVING Bldg, Fire Permit & Impact Fees and APPLYING General Fund Reserves for the Recreation Facility		Total Project WITHOUT Tennis courts and WAIVING Bldg, Fire Permit & Impact Fees and APPLYING General Fund Reserves and NOT REIMBURSING City for Prior Year Appropriations	
\$9,995,000 project + Issuance Costs		\$9,780,000 project + Issuance Costs		\$9,220,000 project + Issuance Costs		\$7,630,000 project + Issuance Costs		\$7,035,000 project + Issuance Costs	
Amount of Average Annual Debt Service Payments	Annual Cost per \$100,000 of Property Valuation	Annual Cost per \$100,000 of Property Valuation	Annual Cost per \$100,000 of Property Valuation	Annual Cost per \$100,000 of Property Valuation	Annual Cost per \$100,000 of Property Valuation	Annual Cost per \$100,000 of Property Valuation			
\$ 630,000	\$ 15.39	\$ 617,000	\$ 15.07	\$ 560,000	\$ 14.17	\$ 480,000	\$ 11.73	\$ 443,000	\$ 10.82
\$ 80.29	\$ 78.63	\$ 73.92	\$ 61.17	\$ 56.46					
4.743%									
4.743%									
4.743%									
4.742%									

PAR AMOUNT OF BONDS (*)

Average Bond Coupon Rate in Today's Market Condition
4.743%
4.743%
4.743%
4.742%

(*) Par Amount changes with various project alternative cost options
(**) Average Residential Property Value = \$521,603

CITY OF SANIBEL
PROPOSED RECREATION FACILITY FINAL COST PROJECTION for BALLOT LANGUAGE
for 12/6/05 Council Meeting

	Scenario 1(a)	Scenario 1(b)	Scenario 2	Scenario 3	Scenario 4
				Total Project WITHOUT Tennis Courts and WAIVING Bldg, Fire Permit & Impact Fees and APPLYING current General Fund Reserves	Total Project WITHOUT Tennis Courts and WAIVING Bldg, Fire Permit & Impact Fees and APPLYING current General Fund Reserves and NOT REIMBURSING City for Prior Year Appropriations
Total Project WITH Tennis Courts	\$ 13,495,912	\$ 13,495,912	\$ 13,495,912	\$ 13,495,912	\$ 13,495,912
Minus: Tennis Courts	-	(203,917)	(203,917)	(203,917)	(203,917)
PROJECT COSTS	13,495,912	13,291,995	13,291,995	13,291,995	13,291,995
Additional Costs not included in Project Costs above - ALREADY INCURRED					
Sustainable Design Review	3,040	3,040	3,040	3,040	3,040
Early Design Concepts	36,703	36,703	36,703	36,703	36,703
Alternate Concepts	17,946	17,946	17,946	17,946	17,946
Alternate Bid Plans	25,000	25,000	25,000	25,000	25,000
Construction Manager Fees (fee for add'l bid) -	2,325	2,325	2,325	2,325	2,325
Purchase of 8,000-10,000 C.Y. of fill	34,500	34,500	34,500	34,500	34,500
Costs already incurred in addition to Project Costs	119,514	119,514	119,514	119,514	119,514
Additional Costs not included in Project Costs above - NOT YET INCURRED					
Sewer Connection Fee	279,986	279,986	-	-	-
Plan Review Fees	33,740	33,740	-	-	-
Building Permit Fees	134,959	134,959	-	-	-
Plumbing Fees	510	510	-	-	-
HVAC Fees	7,795	7,795	-	-	-
Electrical Fees	1,375	1,375	-	-	-
Road Impact Fees	25,663	25,663	-	-	-
Fire Impact Fees	11,983	11,983	-	-	-
Fire Sprinkler Inspection Fee	759	759	-	-	-
Fire Alarm Inspection Fee	344	344	-	-	-
Fire Permit Fee	33,750	33,750	-	-	-
Costs to be incurred in addition to Project Costs	530,864	530,864	-	-	-
TOTAL PROJECT COSTS	14,146,290	13,942,373	13,411,509	13,411,509	13,411,509
Less County & School Board Contributions:					
Lee County Contribution	(1,596,200)	(1,596,200)	(1,596,200)	(1,596,200)	(1,596,200)
School Bd Contribution	(3,200,000)	(3,200,000)	(3,200,000)	(3,200,000)	(3,200,000)
PROJECT COSTS TO BE CITY-FINANCED	9,350,090	9,146,173	8,615,309	8,615,309	8,615,309
Less additional considerations to reduce amount to be City-Financed					
City Appropriation FY 2004					(200,000)
City Appropriation FY 2005					(364,500)
City Appropriation FY 2005-Requires FY 06 Budget Amendment to Roll-forward from General Fund				(508,475)	(508,475)
City Appropriation FY 2006-Requires FY 06 Budget Amendment to Move from General Fund Reserves				(1,000,000)	(1,000,000)
AMOUNT PRIOR TO ISSUANCE COSTS	9,350,090	9,146,173	8,615,309	7,106,834	6,542,334
Plus: ISSUANCE COSTS (including capitalized interest from May 1, 2006)	644,910	633,827	604,691	523,166	492,666
TOTAL AMOUNT OF DEBT TO BE ISSUED FOR BALLOT LANGUAGE	\$ 9,995,000	\$ 9,780,000	\$ 9,220,000	\$ 7,630,000	\$ 7,035,000



MEMORANDUM

DATE: December 2, 2005
TO: Sanibel City Council
FROM: Judie Zimomra, City Manager
SUBJECT: Recreation Center Storage

A handwritten signature in black ink, appearing to be "J. Zimomra", written over the "FROM" line of the memorandum.

During the course of discussions with the School District regarding Recreation Center funding, it was determined that the School would need a dedicated storage room. Therefore, the design will need to be modified to reduce a meeting room to a second storage room. As soon as this design modification is completed, Council will have a presentation at the next subsequent City Council meeting.

JAZ/cjm

Xc: Kenneth Cuyler, City Attorney
Helene Phillips, Recreation Director