



December 3, 2012

TO THE COUNCIL

Ladies and Gentlemen:

Re: 2012-13 Debt Limit - Capital Project Acceleration

Transmitted herewith for your approval is legislation authorizing the Capital Project Acceleration Initiative, which will allow borrowing now, with historically low interest rates, for projects that the City otherwise had intended to undertake in the future. By doing so, the City will provide additional jobs in the 2013 and 2014 construction seasons; make visible improvements in City neighborhoods, parks, commercial corridors, and parking facilities; improve public safety and emergency preparedness efforts; reduce short-term budget gaps; and increase budget flexibility. Specifically this legislation will:

1. Authorize a one-time exception to the 2012-13 Debt Limit to increase the limit by \$25,550,000 to \$42,379,000. The limit established via Resolution No. 2012-17 is \$16,829,000.
2. Authorize the issuance of bonds totaling \$29,150,000 and the appropriation of the proceeds thereof to finance various capital projects as described below.

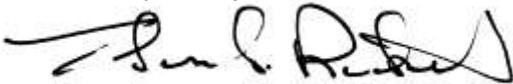
Bond	General Fund Projects	Description/Benefits
\$5,000,000	Milling & Resurfacing Program - Locally Funded Streets	Supports neighborhoods and will impact residential streets in every quadrant. Additional funding will reduce long term maintenance costs.
\$600,000	Manhattan Square Park	Completes existing construction phase; reduces future needs; supports ongoing downtown revitalization.
\$1,800,000	Thurston Road Enhancement (Ravenwood-Brooks Ave.)	Supports the community's four-part plan and provides a catalyst for improving a commercial area in the southwest.
\$1,450,000	La Avenida Phase 2 (Avenue D to Norton Street)	Extends the streetscape treatment of La Avenida northward, supporting neighborhood revitalization.
\$1,800,000	Portland Avenue Enhancement (Norton Street – Lux Street)	Supports the community's four-part plan and will address a traffic safety issue at the curve near Chapin street. Provides street enhancements near Rochester General Hospital.
\$9,000,000	Vacant House Demolition	Accelerates the demolition of vacant houses by doubling the current rate of demolitions. This will be accomplished jointly by NBD and DES.
\$3,000,000	CollegeTown Streets (Mt. Hope Avenue – East Drive)	Completes funding for street improvements to support the College Town Development Project.
\$1,900,000	Emergency Generators	Allows the City to increase its emergency preparedness by accelerating the purchase of emergency generators for five City firehouses and City Hall.
\$1,000,000	Riverside Cemetery Roads	Allows for the construction of roadways to provide access to additional plots and the establishment of the City's first "Green Burial" space.
\$25,550,000	Subtotal: tax supported portion	
	Local Works & Parking Funds Projects	
\$3,000,000	Hazardous/Failing Sidewalks	Addresses currently unfunded hazardous sidewalk repairs and provides for increased ADA compliance citywide.
\$600,000	Sister Cities Garage Elevators	Replacement of 4 elevators at end of their service life. Improves customer experience in the garage and ensures ADA compliance.
\$3,600,000	Subtotal: Local Works, Parking	
\$29,150,000	TOTAL new debt	

This action will not increase the overall scope of the long-term capital program; it is simply accelerating the projects. By taking advantage of the historically low interest rates now, and not using Cash Capital for these projects, the City will reduce the projected budget gap by an estimated \$9,375,000 for the next four years. The overall cost of the new borrowing over the life of these projects will be \$2,176,000 less than the amount estimated in the current plan, and avoids the use of operating funds which can then be preserved for other purposes.

For the purpose of determining future debt limits, it is proposed that the repayment of principal for those projects which would otherwise be funded through future debt authorizations be included in the calculation, while the repayment of principal associated with projects which would otherwise be funded with Cash Capital be excluded. This can be accomplished by excluding the bonding for the Manhattan Square Park Project and the Vacant House Demolition Program from future debt limit calculations.

These projects will jointly result in the creation/retention of the equivalent of 315 full-time jobs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas S. Richards". The signature is stylized and cursive.

Thomas S. Richards
Mayor