
M E M O R A N D U M

DATE: March 21, 2006
TO: City Council Members
FROM: Jennifer Bruno, Policy Analyst
RE: Reimbursement Resolution for expenditures relating to the Grant Tower Railroad Realignment project

On March 7, 2006, the City Council held a briefing to discuss the various funding options for the Grant Tower Railroad Realignment project. A tentative decision was reached to fund at least part of the project with fund balance, with the remainder of the project to be funded from a to-be-determined source. The Council will be allocating some funds from fund balance tonight, with Budget Amendment #4.

Attached is a resolution for Council consideration which preserves the Council's right to bond for *up to* \$11.2 million (\$11 million total project cost, plus \$200,000 bonding costs), and reimburse any expenses that have been made towards the project, with the bond proceeds. The Council recently adopted a similar resolution to reimburse the general fund for money already spent, if the Council eventually decides to bond for the Fleet Facility. This resolution is in no way binding the Council to bond, and is in no way binding the Council to the *amount* to bond. **This approach simply preserves the bonding option in the event that the Council elects to use that tool for some portion of this project.**

The \$11.2 million "not to exceed" amount represents the total Grant Tower Railroad Realignment project, including a "bare minimum" park at 900 South and Folsom corridor, in order to qualify for tax-exempt bonds. Land purchases would not be eligible for reimbursement because we will not own the land and it would not be considered tax exempt. However, if the Council were to bond for existing CIP projects (that are eligible for tax exempt bonds), the "freed-up" cash could be used to reimburse the general fund for land expenses.

POTENTIAL MOTIONS:

1. **["I move that the Council"]** Adopt a resolution expressing official intent regarding certain capital expenditures to be reimbursed from proceeds of an obligation to be issued by the City to pay for the Grant Tower Railroad Realignment project.
2. **["I move that the Council"]** Not adopt resolution expressing official intent regarding certain capital expenditures to be reimbursed from proceeds of an obligation to be issued by the City to pay for the Grant Tower Railroad Realignment project.

MAR 16 2006

DANIEL A. MULE'
CITY TREASURER

SALT LAKE CITY CORPORATION

DEPARTMENT OF MANAGEMENT SERVICES
TREASURER

ROSS C. "ROCKY" ANDERSON
MAYOR

TO: Rocky J. Fluhart, Chief Administrative Officer 

FROM: Daniel A. Mulé, City Treasurer 

DATE: March 16, 2006

SUBJECT: Resolution Expressing Official Intent to Reimburse Certain Capital Expenditures from Proceeds of Sales Tax Revenue Bonds to be Issued for the Purpose of Funding the Grant Tower Railroad Realignment Project and Various Other Capital Improvement Program Projects

STAFF CONTACT: Daniel A. Mulé, City Treasurer

TELEPHONE NUMBER: 535-6411

RECOMMENDATION: That the City Council adopt the above-referenced resolution.

DOCUMENT TYPE: Resolution

BUDGET IMPACT: None.

DISCUSSION: A reimbursement resolution needs to either describe the related project or identify the source of funds from which payment will come (such as Capital Improvement Program (CIP) funds) and it also needs to state the maximum principal amount of bonds to be issued. In addition to allowing all eligible expenditures to be paid from the named account on or after the passage of the resolution, a reimbursement resolution allows the City to recoup eligible "hard cost" expenditures (such as land purchases, building construction) from future bond proceeds provided that these expenditures were made no longer than 60 days prior to the adoption of the reimbursement resolution. Preliminary expenditures or "soft costs" (such as design work, engineering fees) are reimbursable without a reimbursement resolution as long as these costs do not exceed 20% of the bond proceeds. Soft costs are not subject to the 60-day time limit referenced above.

The reimbursement resolution is being submitted with a maximum principal amount of bonds expected to be issued of \$11.2 million. This amount represents \$11 million for project costs and an estimate of \$200,000 for costs associated with issuing the bonds. By adopting this resolution, the City is in no way obligating itself to issue any bonds for this purpose. It merely allows the City the flexibility to reimburse itself up to the stated

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Rocky J. Fluhart
March 16, 2006
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amount should we want to do so at some time in the future. Moreover, the principal amount of bonds actually issued can be for any amount less than the \$11.2 million.

The \$11 million in project costs reflect property acquisition, utility relocation, street improvements, railroad crossing improvements, and park design and construction at a level that satisfies minimum bonding requirements. Because a portion of the Grant Tower Project is not eligible for tax exempt financing, this reimbursement resolution allows the City to consider bonding for eligible projects currently in the 10-year CIP plan and then use the freed-up funds for Grant Tower. Also included in this project amount are costs that could be covered by the RDA for Quiet Zone work and street improvements already allocated in the Depot District.

RESOLUTION NO. __ OF 2006

A RESOLUTION Expressing Official Intent Regarding Certain Capital Expenditures to be Reimbursed From Proceeds of an Obligation to be Issued by the City.

WHEREAS, Salt Lake City, Utah (the "*City*"), is planning to acquire and construct certain improvements relating to its Grant Tower project and various other capital improvement program projects (collectively, the "*Facilities*");

WHEREAS, the City Council of the City (the "*City Council*") deems it necessary and advisable that it take such action as may be required under applicable provisions of law to authorize and issue sales tax revenue bonds (the "*Bonds*") to finance the costs of the Facilities; and

WHEREAS, all or a portion of the expenditures relating to the Facilities (the "*Expenditures*") (i) have been paid from the City's Capital Improvement Program Fund (the "*Fund*") within the sixty days prior to the passage of this Resolution or (ii) will be paid from the Fund on or after the passage of this Resolution and prior to the issuance of the Bonds;

NOW THEREFORE BE IT AND IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF SALT LAKE CITY, SALT LAKE COUNTY, UTAH, AS FOLLOWS:

Section 1. The City reasonably expects to reimburse the Expenditures with proceeds of the Bonds.

Section 2. The maximum principal amount of the Bonds expected to be issued for the Facilities is \$11,200,000.

Section 3. All actions of the officers, agents and employees of the City that are in conformity with the purposes and intent of this Resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

Section 4. All resolutions in conflict with this Resolution or any part hereof are hereby repealed.

Section 5. This Resolution shall be in full force and effect immediately upon its adoption.

ADOPTED AND APPROVED by the City Council and the Mayor of Salt Lake City, Salt Lake County, Utah, this 21st day of March, 2006.

SALT LAKE CITY, UTAH

By _____
Chair

[SEAL]

ATTEST:

By _____
Deputy City Recorder

APPROVED:

By _____
Mayor

APPROVED AS TO FORM:

By _____
Senior City Attorney