



Date: June 08, 2021
Current Meeting: June 17, 2021
Board Meeting: June 24, 2021

BOARD MEMORANDUM

TO: Indianapolis Public Transportation Corporation Board of Directors
THROUGH: President/CEO Inez P. Evans
FROM: Vice President of Finance/CFO Bart Brown
SUBJECT: Consideration and Approval of Resolution 2021-07 Expressing Intent to Reimburse Prior Expenditures with Bond Proceeds

ACTION ITEM A – 7

RECOMMENDATION:

Request Board to declare its intent to reimburse for certain preliminary expenditures related to the construction projects and bus purchases prior to the issuance of the bonds not to exceed \$65 million.

BACKGROUND:

The purchase of the properties at 9503 E. 33rd Street and 2425 W. Michigan Street IPTC requires renovation of office space and the construction of vehicle facilities at both locations. In addition, with the imminent construction of the Purple Line now underway an additional 21 sixty-foot, all electric buses will be needed at a minimum to service that route.

DISCUSSION:

The cost estimates for construction and renovations are as follows.

- Michigan Street – Phase 1 and 2 (building) \$2,600,000
- Michigan Street – Phase 3 Bus Storage, Site development/Paving, lighting, fencing, heat lamps, drainage \$1,800,000
- East Campus A Building \$1,850,000
- East Campus B Building with Elevator \$3,000,000 +10% = \$3,300,000
- East Campus C Building with Cafeteria \$1,500,000 + 10% = \$1,650,000
- East Campus New Garage & Demo (Two-Story, expanded 150 bus) \$19,000,000 + 10% = \$20,900,000

Total Cost Estimate Construction = \$32,100,000

Staff is recommending ordering 21 sixty-foot electric buses at \$1,400,000 each for a total price of \$29,400,000. This contract price expires at the end of 2021.

Total combined cost = \$61,500,000

Staff anticipates presenting bond ordinances to the Board in September 2021 and sale of bonds in December 2021 but no later than January 2022. Based on construction schedule staff estimates expenditures of no more than \$10 million before the sale of bonds.

ALTERNATIVES:

The Board could choose to use cash reserves instead of issuing debt but that would deplete the corporation's fund balances to a level that is contrary to the Agency's reserve fund policy and could jeopardize funding of the other capital projects under the capital plan.

FISCAL IMPACT:

IPTC currently has sufficient amount in cash reserves to cover the cost of facilities construction prior to sale of bonds. The issuance of these bonds for construction would add approximately \$2 million to debt service for 20 years and \$2.8 million for 12 years for the buses.

DBE/XBE DECLARATION:

Not applicable.

STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

This action will be reviewed by the Finance Committee on June 17, 2021.