



Office of the
City Manager

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Memorandum

TO: Mayor Allen Joines and Members of the City Council
FROM: Ben Rowe, Assistant City Manager
DATE: June 15, 2017
SUBJECT: Use of Capital Contingency for Bond Projects
CC: Lee D. Garrity, City Manager

When the first \$60 million in authorized 2014 general obligation bonds were issued in March 2016, the City's debt capacity increased by \$5 million because the bonds were sold at a premium. At that time, the Mayor and City Council appropriated an additional \$2.91 million for parks and recreation projects and \$750,000 for the Benton Convention Center renovations project. The remaining balance of \$1.34 million was held as "capital contingency" to address potential cost increases or changes in scope to ensure the bond projects meet the community's needs.

At the Finance Committee meeting on June 12th, Council Member Adams requested an accounting of how capital contingency has been used on bond projects to date. The following table accounts for the uses of the capital contingency approved by the Mayor and City Council.

Uses of Capital Contingency for Bond Projects

Project	Amount	Purpose
Beginning Balance	\$1,340,000	
Old Salem Infrastructure	\$255,600	Electrical design for street lighting, new sidewalk application, Historic Resources Commission documentation, bidding services, and project management
Jamison Park	\$75,000	Increase project contingency to address unknown conditions and ensure project scope is maintained
Quarry Park	\$100,000	Increase project contingency to address unknown conditions and ensure project scope is maintained
Fire Station #7 Renovation	\$150,000	Increase funding to ensure completion of new double engine bay, renovations to living quarters, and site work

Project	Amount	Purpose
Benton Convention Center Renovations	\$105,000	Increase project contingency to address unknown issues that may arise during renovation of upper level
Second Street Park	\$250,000	Design and construction of a new park on Second Street between Spring and Poplar Streets
Parks Master Plans	\$150,000	Fund master plans for Hobby Park and Washington Park (\$75,000 for each plan)
Salem Parkway (Business 40) Corridor Improvements	\$32,180	Additional design services related to aesthetic betterments to be provided during design-build phase of the overall project
Quarry Park (Pending)	\$105,000	Cover the cost of rock excavation for overlook caissons, driveway entrance and gate for Recreation Warehouse, removal of unsuitable soil, greenway bridge extension, and stream bank stabilization
Total Use of Capital Contingency	\$1,222,780	
Remaining Balance	\$117,220	

To date, the Mayor and City Council has appropriated \$1,222,780 of the capital contingency for the 2014 bond projects and the Benton Convention Center renovations project, including the proposed change order for Quarry Park that will be considered at the City Council meeting on June 19th. With the approval of this change order, there will be a remaining balance of \$117,220 available for future project needs.

If you have any questions or need additional information, please do not hesitate to contact me.