

Bonds, cash to fund most of \$47M project

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Faced with a price tag totaling more than \$47 million, several Ann Arbor City Council members remain skeptical about the wisdom of proceeding with a new police-court building.

But City Administrator Roger Fraser said he can deliver on council's direction to create a financing package that has little or no impact on other city operations.

That package includes borrowing \$27.8 million through a bond issue and using in \$19.6 million in cash.

The single biggest chunk of that cash is the almost \$8.5 million squirreled away in a municipal center building fund . The court has more than \$1 million, from fines, to put toward the project.

Fraser's plan also anticipates that income of \$3 million from the sale of city owned property at First and Washington streets be used for the police-court project.

Just \$1.8 million would be drawn from the city's general fund balance. That fund is now around \$16 million.

Interest earned on the construction funds made available from the bond issue account for another \$1.3 million. The plan also taps the city's self-insurance fund for \$4 million.

The city's chief financial officer, Tom Crawford, said he expected interest on the bonds would be no more than 4.75 percent.

Money to pay off the bonds and that interest would come from:

* Court fees, about \$225,000 a year.

* Discontinued leases for off-site office space, about \$735,500 a year.

* Fees from the more than a dozen cell phone companies that lease spaces for antennas from the city, \$350,000-plus a year. That money currently goes into the general fund .

* An anticipated annual contribution of about \$520,000 from Ann Arbor's Downtown Development Authority.

That plan would provide around \$1.8 million a year.

Judy McGovern, The Ann Arbor News