



ITEM 11D

1459 Washington St.
Muscatine, IA 52761-5040
(563) 263-8933
Fax (563) 263-2127

Public Works

City Transit
263-8152

MEMORANDUM

Equipment Maintenance
Roadway Maintenance
Collection & Drainage
Building & Grounds
Engineering

To: Gregg Mandsager, City Administrator
CC: Fran Donelson, Secretary
FROM: Randy Hill, Public Works Director
DATE: December 3, 2012
RE: Cedar Street Reconstruction –Electric Utility Agreement

INTRODUCTION:

The City of Muscatine is reconstruction Cedar Street from Houser to Parham. There are existing overhead electric facilities along the planned construction area. The City's preference is to relocate the existing overhead facilities along Cedar St. between Parham and Logan from aerial to underground.

BACKGROUND:

As part of the Cedar Street Project the City is requesting Muscatine Power & Water to move the existing overhead electric facilities to underground. MP&W indicates that the Cedar Street Project will not affect the aerial electric facilities from Parham to Logan. MP&W understands that all relocation work will be conducted by MP&W.

RECOMMENDATION/RATIONALE:

Muscatine Power & Water agrees to the relocation of the overhead electric facilities to underground at a cost to the City of \$60,000. Any change orders or modifications by the City to the Cedar Street project that affect the electric facilities relocation work and causes the cost to exceed \$60,000 will be considered the City's responsibility. MP&W will design the routing and relocation of the underground power lines. MP&W will provide, at no cost to the City, engineering services for the electric facilities relocation work.

City staff recommends approval of the Electric Utility Agreement.

BACKUP INFORMATION:

**"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" — Mark Twain**

1. Copy of the Electric Relocation Agreement

2.

3.

4.



Muscatine Power and Water

3205 Cedar Street • Muscatine, Iowa 52761-2204
563-263-2631

November 9, 2012

Mr. John Lutz
City Engineer
City of Muscatine Public Works Facility
1459 Washington Street
Muscatine, IA 52761

Subject: 2012 Cedar Street Roadway Improvements, Utility Relocation Phase

Dear Mr. Lutz:

Muscatine Power & Water reviewed the preliminary plans for roadway improvements to Cedar Street, between Parham and Houser Streets ("Cedar Street Project"). There are existing overhead electric facilities along the planned construction area. Our review of the plans indicate that the Cedar Street Project will not affect the electric facilities along Cedar Street from Parham St. to Logan St. However, the City's preference is to relocate the existing overhead electric facilities along Cedar St. between Parham St. and Logan St. from aerial to underground. MP&W understands that all relocation work will be conducted by MP&W. In order to facilitate the Cedar Street Project, MP&W agrees to the relocation of the affected electric facilities as specified in this letter.

1. **Plans.** MP&W will design the routing and relocation of the underground power lines. The City must provide MP&W with final plans for the Cedar Street Project and timely updates if plans change. Significant changes may require re-review by MP&W. Changes to the Cedar Street Project plans could affect the design, adding to the cost of the work, and cause delays.
2. **Engineering Services.** MP&W will provide, at no cost to the City, engineering services for the electric facilities relocation work to ensure construction and materials meet all the pertinent specifications and requirements.
3. **Direct Financial Contribution.** Upon completion of the work, the City agrees to pay \$60,000 towards the construction cost for the electric facilities relocation work. Any change orders or modifications by the City to the Cedar Street project that affect the electric facilities relocation work will be considered the City's responsibility.

We realize the City is faced with capital infrastructure needs and know that we can continue to work together to complete these projects as they arise for the benefit of the citizens of the City of Muscatine.

If you would like further explanation or you have any questions, please contact me at (563) 262-3391.

Regards,

A handwritten signature in blue ink that reads "Andy Kurriger". The signature is written in a cursive, flowing style.

Andy Kurriger
Manager, Transmission & Distribution
Muscatine Power and Water

cc: Sal LoBianco
Brandy Olson
Tim Reed

Agreed to by the City of Muscatine:

Signed: _____

By: _____

Its: _____



City Hall, 215 Sycamore St.
Muscatine, IA 52761-3899
(563) 264-1550
Fax (563) 264-0750

FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: December 4, 2012

Re: Bonding Capacity/Debt Service Tax Levy Rate Preliminary Update – Cedar Street

Introduction and Background:

Approximately a year ago, the City's financial consultant, Public Financial Management, Inc. (PFM), provided a debt service analysis showing annual debt service requirements on existing debt, debt paid by sources other than the debt service tax levy, projected annual debt service costs for the 2012 and 2014 bond issues, and the projected future debt service levy requirements and corresponding debt service levy rates. The initial analysis was based on estimated annual debt service costs for the City's bond issue dated June 1, 2012 and issuing \$2 million in general obligation bonds June 1, 2014. Based on assumptions used in this model, the initial analysis showed that the debt service levy rate would need to increase by approximately \$.10/\$1,000 of valuation in FY 14 with this increased rate maintained for FY 15 and FY 16. This initial analysis is attached – see Attachment #1.

Updated Debt Service Analysis:

PFM recently completed an update of their analysis which reflects the actual annual debt service requirements on the June, 2012 bond issue, the refunding of the final year of the 2003 issue, and the planned refunding on the final three years of the June, 2006 issue proposed to be completed in the next few months. The refunding of the June, 2006 issue will be reviewed with City Council at the December In Depth meeting.

Based on assumptions used in this model and the above updates to the model, it appears that the debt service tax levy rate can be maintained at its current level for FY 14 with only slight increases (less than \$.02/\$1,000 of valuation) needed for FY 15 and FY 16. Although the \$.02/\$1,000 increase in the debt service levy rate is shown in the PFM model, with the availability of the debt service fund balance, it is anticipated that the current debt service levy rate can be maintained. This, however, is based on assumptions used in the model including annual 2% increases in the City's taxable valuations. This updated analysis is attached – see Attachment #2.

Estimated Impact on Debt Service Levy/Rate from Cedar Street Financing:

During last year's capital projects budget review, it was anticipated that the additional financing needed for Cedar Street would likely exceed the estimated \$2 million in bond funding shown for June, 2014 in the PFM analysis. Since that time, however, the Public Works department sought additional grant funding for this project and the City was awarded an additional \$790,813 in STP grant funding and \$138,000 in grant funding for the traffic signals at the high school. The signal costs were originally planned to be funded one-third each from the City, the School district, and Muscatine Power & Water.

While the final Cedar Street construction cost estimate has not yet been finalized, it is expected that bond funding from the 2014 issue for Cedar Street should be less than the \$2 million allowed for in the PFM model. This will allow for additional funding that is expected to be needed for the Colorado Street improvement project. The City issued \$1,055,000 in general obligation bonds for Colorado Street in 2012 and there is \$1.2 million in STP grant funding for this project. The total cost estimate for Colorado Street, however, has also not yet been finalized.

Summary:

The debt service analysis will be updated by PFM once the City receives the taxable valuations for the 2013/2014 budget. Both the Cedar Street and Colorado Street budgets and financing estimates will be updated during the development of the budget for 2013/2014. With the additional grant funding received for the Cedar Street project, it appears that the City can work with the \$2 million estimate for the 2014 bond issue to complete the financing for these projects without increasing the debt service tax levy rate significantly.

Please contact me if you have any questions or need additional information.

City of Muscatine, Iowa
Financial Planning for Capital Projects
Projection of Tax Levies & Tax Rate Impact

Tax Rate Impacts	
Tax Impact FY 12-13	\$0.05287
Tax Impact FY 13-14	\$0.09868
Tax Impact FY 14-15	(\$0.04408)

Include Proposed Bonds? ☐ Yes

Fiscal Year	Total Taxable Valuation	Current Taxes Levied	Current Tax Rate/ \$1,000	Abatements			Total Outstanding Bonds	Proposed Bonds		Other	Fiscal Fees	Total Uses	Surplus Uses	Beginning Fund Balance	Ending Fund Balance	Accrual Adjustments	Ending Cash Balance
				Landfill	Refuse	TIF	Other Sources	Series 2012	Series 2014								
2009 - 2010	751,672,109	2,180,608	2.90101	116,167	99,002	0	0	158,436			1,800	2,444,580	73,804	182,707	256,511	17,946	229,404
2010 - 2011	762,057,329	2,395,421	3.14336	120,122	101,627	91,225		492,047	102,300		2,250	2,830,048	(117,603)	256,511	138,908	(4,892)	106,909
2011 - 2012	782,150,867	2,229,529	2.85051	119,838	99,893	70,225		504,910	103,542		2,500	2,536,980	(16,995)	138,908	121,913		89,914
2012 - 2013	804,895,805	2,336,918	2.90376	114,312	99,969	209,625		611,546	277,612		3,000	2,841,729	(80,901)	121,913	41,008		9,010
2013 - 2014	820,993,721	2,464,674	3.00206	82,744	99,946	206,225		610,521	277,932		2,500	2,853,589		41,008	41,008		9,010
2014 - 2015	837,413,596	2,510,049	2.99738	83,028		207,825		613,537	277,665		2,500	2,800,902		41,008	41,008		9,010
2015 - 2016	854,161,867	2,554,864	2.99108	83,150		208,450		615,117	277,142		2,500	2,846,464		41,008	41,008		9,010
2016 - 2017	871,245,105	2,577,320	2.95820			203,050		615,088	276,166		2,000	2,780,370		41,008	41,008		9,010
2017 - 2018	888,670,007	2,572,790	2.89510			202,650		613,326	277,576		2,000	2,775,440		41,008	41,008		9,010
2018 - 2019	906,443,407	2,059,764	2.27236			207,100					1,500	2,266,864		41,008	41,008		9,010
2019 - 2020	924,572,275	2,017,822	2.18244			206,250					1,000	2,224,072		41,008	41,008		9,010
2020 - 2021	943,063,721	892,254	0.94612								500	893,902		41,008	41,008		9,010
2021 - 2022	961,924,995	893,902	0.92928								500	893,902		41,008	41,008		9,010
2022 - 2023	981,163,495	277,655	0.28299								500	277,655		41,008	41,008		9,010
2023 - 2024	1,000,786,765	279,491	0.27927								500	279,491		41,008	41,008		9,010
2024 - 2025	1,020,802,500													41,008	41,008		9,010
2025 - 2026	1,041,218,550													41,008	41,008		9,010
2026 - 2027	1,062,042,921													41,008	41,008		9,010
2027 - 2028	1,083,283,780													41,008	41,008		9,010
2028 - 2029	1,104,949,455													41,008	41,008		9,010
2029 - 2030	1,127,048,444													41,008	41,008		9,010

City of Muscatine, Iowa
Financial Planning for Capital Projects
Projection of Tax Levies & Tax Rate Impact

Tax Rate Impacts	
Tax Impact FY 12-13	\$0.05337
Tax Impact FY 13-14	
Tax Impact FY 14-15	\$0.01644

Include Proposed Bonds? ☐ Yes

Fiscal Year	Total Taxable Valuation	Current Tax Levied	Current Tax Rate/ \$1,000	Abatement			Landfill	Refuse	TIF	Other Sources		Total Revenues	Total Outstanding Bonds	Proposed Bonds		Other Fees	Total Uses	Surplus/Uses	Beginning Fund Balance	Ending Fund Balance	Accrual Adjustments	Ending Cash Balance
				Valuation Growth	Levied	Rate				Source	Mooreys			Reserved	Series 2014							
2009 - 2010	751,672,109	2,180,608	2.90101	4.08%		99,002	116,167		0		122,607	2,518,384	2,442,780			1,800	2,444,580	73,804	182,707	256,511	12,966	229,004
2010 - 2011	762,057,329	2,395,421	3.14336	1.38%		101,627	120,122		91,225		4,050	2,712,445	2,827,798			2,250	2,830,048	(117,483)	256,511	138,908	(4,892)	106,509
2011 - 2012	782,150,867	2,229,259	2.85051	2.64%		99,893	119,838		70,225		12,107	2,531,592	2,534,480			2,248	2,536,728	(5,136)	138,908	133,772	8,864	110,637
2012 - 2013	804,895,805	2,337,321	2.90388	2.91%		99,969	114,312		209,625		500	2,761,727	2,809,005			3,000	2,812,005	(50,278)	133,772	83,494		60,359
2013 - 2014	820,993,721	2,384,067	2.90388	2.00%		99,946	79,739		206,225		500	2,770,478	2,783,977			3,500	2,787,497	(17,019)	83,494	66,475		43,340
2014 - 2015	837,413,596	2,445,514	2.92032	2.00%			78,992		207,625			2,732,331	2,627,531		102,300	2,500	2,732,331		66,475	66,475		43,340
2015 - 2016	854,161,867	2,496,676	2.92295	2.00%			79,476		208,450			2,784,602	2,678,560		103,542	2,500	2,784,602		66,475	66,475		43,340
2016 - 2017	871,245,105	2,543,209	2.91905	2.00%					203,050			2,746,259	2,466,646		277,612	2,000	2,746,259		66,475	66,475		43,340
2017 - 2018	888,670,007	2,544,669	2.86346	2.00%					202,650			2,747,319	2,467,388		277,932	2,000	2,747,319		66,475	66,475		43,340
2018 - 2019	906,443,407	2,032,687	2.24049	2.00%					207,100			2,239,787	1,960,623		277,665	1,500	2,239,787		66,475	66,475		43,340
2019 - 2020	924,572,275	1,986,740	2.14882	2.00%					206,250			2,192,990	1,914,346		277,142	1,500	2,192,990		66,475	66,475		43,340
2020 - 2021	943,063,721	867,876	0.92027	2.00%								867,876	590,710		276,166	1,000	867,876		66,475	66,475		43,340
2021 - 2022	961,974,995	871,596	0.90610	2.00%								871,596	591,020		279,576	1,000	871,596		66,475	66,475		43,340
2022 - 2023	981,163,495	277,655	0.28259	2.00%								277,655			277,155	500	277,655		66,475	66,475		43,340
2023 - 2024	1,000,766,765	279,491	0.27927	2.00%								279,491			278,991				66,475	66,475		43,340
2024 - 2025	1,020,802,500			2.00%															66,475	66,475		43,340
2025 - 2026	1,041,218,550			2.00%															66,475	66,475		43,340
2026 - 2027	1,062,042,921			2.00%															66,475	66,475		43,340
2027 - 2028	1,083,283,780			2.00%															66,475	66,475		43,340
2028 - 2029	1,104,949,455			2.00%															66,475	66,475		43,340
2029 - 2030	1,127,048,444			2.00%															66,475	66,475		43,340