



ITEM 11D

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



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

Attachment #1
(1/6/12 Est) EXHIBIT 1

Projection of Tax Levies & Tax Rate Impact

Include Proposed Bonds? Yes

Tax Rate Impacts		
Tax Impact FY 12-13	\$0.057287	
Tax Impact FY 13-14	\$0.098686	
Tax Impact FY 14-15	(\$0.044868)	

Fiscal Year	Total Tax Valuation	Growth	Current Tax Rate/		Abatements			Other Sources	Other Money	Total Revenues	Total Outstanding Bonds	Proposed Series	Proposed Series	Other	Fiscal Year	Total Surplus		Fund Balance	Fund Balance	Accrued Adjustments	Ending Cash Balance	
			Levied	\$1,000	Landfill	Refuse	TIF															
2009 - 2010	751,672,109	4.067%	2,180,608	2,901,01	116,167	99,002	0	122,607	2,518,384	2,442,780						4,800	2,444,580	73,804	182,707	256,511	17,346.00	229,404
2010 - 2011	762,057,329	1.387%	2,395,421	3,433,36	120,122	101,627	91,225	4,050	2,712,445	2,827,798						2,250	2,830,048	(117,603)	256,511	138,908	(4,892.1)	106,909
2011 - 2012	762,150,867	2.647%	2,229,529	2,505,051	119,838	99,893	70,225	500	2,519,985	2,534,480						2,500	2,536,980	(16,995)	136,908	121,913	89,914	
2012 - 2013	804,895,805	2.917%	2,336,918	2,903,338	114,312	99,969	209,625		2,760,824	2,686,293	158,436					3,000	2,841,729	(86,944)	121,913	41,008	9,010	
2013 - 2014	820,993,721	2.007%	2,464,674	3,002,026	82,744	99,946	206,225		2,853,589	2,449,293	401,797					2,500	2,833,589	41,008	41,008	41,008	9,010	
2014 - 2015	837,413,596	2.009%	2,510,049	2,997,738	83,028	207,825			2,800,902	2,204,055	492,047	102,300				2,500	2,800,902	41,008	41,008	41,008	9,010	
2015 - 2016	854,161,867	2.009%	2,554,864	2,99108	83,150	208,450			2,846,464	2,235,513	504,910	103,542				2,500	2,846,464	41,008	41,008	41,008	9,010	
2016 - 2017	871,245,105	2.007%	2,577,320	2,95820			203,050		2,780,370	1,889,213	611,546	277,612				2,000	2,780,370	41,008	41,008	41,008	9,010	
2017 - 2018	888,670,007	2.009%	2,572,790	2,89510			202,650		2,775,440	1,884,988	610,521	277,932				2,000	2,775,440	41,008	41,008	41,008	9,010	
2018 - 2019	906,443,407	2.009%	2,059,764	2,27236			207,100		2,266,864	1,374,163	613,537	277,665				1,500	2,266,864	41,008	41,008	41,008	9,010	
2019 - 2020	924,572,275	2.007%	2,017,822	2,18244			206,250		2,224,072	1,330,313	615,117	277,142				1,500	2,224,072	41,008	41,008	41,008	9,010	
2020 - 2021	943,063,721	2.009%	892,254	94612					892,254	615,088	276,166	1,000				892,254	1,000	893,902	1,000	893,902	9,010	
2021 - 2022	961,924,995	2.007%	893,902	92928					893,902	613,326	279,576	500				893,902	500	277,655	500	277,655	9,010	
2022 - 2023	981,163,495	2.009%	277,655	0,28299					277,655	279,491	279,491	500				279,491	500	41,008	41,008	41,008	9,010	
2023 - 2024	1,000,786,765	2.009%	279,491	0,27927												41,008	41,008	41,008	41,008	41,008	9,010	
2024 - 2025	1,020,802,500	2.00%														41,008	41,008	41,008	41,008	41,008	9,010	
2025 - 2026	1,041,218,550	2.00%														41,008	41,008	41,008	41,008	41,008	9,010	
2026 - 2027	1,062,042,921	2.00%														41,008	41,008	41,008	41,008	41,008	9,010	
2027 - 2028	1,083,285,780	2.00%														41,008	41,008	41,008	41,008	41,008	9,010	
2028 - 2029	1,104,949,455	2.00%														41,008	41,008	41,008	41,008	41,008	9,010	
2029 - 2030	1,127,048,444	2.00%														41,008	41,008	41,008	41,008	41,008	9,010	

Attachment #2
(11/6/12 Est.)

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

EXHIBIT 1

Tax Rate Impact	
Tax Impact FY 12-13	\$0.05337
Tax Impact FY 13-14	
Tax Impact FY 14-15	\$0.01664

Include Proposed Bonds? Yes

Proposed Bonds

\$2,000,000									
Fiscal Year/Payable	Total Tax Valuation	Valuation Growth	Current Tax Rate/ Levied	Abatements			Other Sources	Total Revenue	Beginning Fund Balance
				Current Tax Rate/ Levied	Refund	TIF			
2009 - 2010	751,672,109	4.065%	2,180.608	2,901.01	116,167	99,002	0	122,607	2,518,384
2010 - 2011	762,057,329	1.385%	2,395.421	3,143.16	120,122	101,627	91,225	4,050	2,712,445
2011 - 2012	782,150,867	2.649%	2,229.529	2,850.51	119,838	99,893	70,225	12,107	2,531,592
2012 - 2013	804,895,865	2.91%	2,337,321	2,903.88	114,312	99,969	209,625	500	2,761,477
2013 - 2014	820,993,721	2.007%	2,384,067	2,903.88	79,739	99,946	205,225	500	2,770,478
2014 - 2015	837,413,596	2.007%	2,445,514	2,970.32	78,992	207,625	43,987	2,732,331	2,627,531
2015 - 2016	854,161,867	2.007%	2,496,676	2,922.95	79,476	208,450	2,784,602	103,542	2,678,560
2016 - 2017	871,245,105	2.007%	2,543,209	2,911.905	203,050	2,746,259	2,466,648	277,512	2,746,259
2017 - 2018	888,670,007	2.007%	2,544,669	2,863.346	202,650	2,747,319	2,467,388	277,932	2,000
2018 - 2019	905,443,407	2.005%	2,032,687	2,242.9	207,100	2,239,787	1,960,623	277,665	2,000
2019 - 2020	924,572,275	2.007%	1,986,740	2,148.82	206,250	2,197,990	1,916,348	277,142	1,500
2020 - 2021	943,063,721	2.007%	867,876	0.920.027	867,876	867,876	590,710	278,166	2,192,990
2021 - 2022	961,924,995	2.007%	871,596	0.906.10	871,596	871,596	591,020	279,576	1,000
2022 - 2023	981,163,495	2.007%	277,635	0.282.99	277,635	277,635	277,155	277,655	871,596
2023 - 2024	1,000,786,765	2.007%	279,491	0.279.27	279,491	279,491	278,991	500	279,491
2024 - 2025	1,020,082,500	2.007%							66,475
2025 - 2026	1,041,218,550	2.007%							66,475
2026 - 2027	1,062,042,521	2.007%							66,475
2027 - 2028	1,083,223,780	2.007%							66,475
2028 - 2029	1,104,949,455	2.007%							66,475
2029 - 2030	1,127,048,444	2.005%							66,475