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**FINANCE & RECORDS**

**MEMO**

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director  
Jim Edmond, City Engineer

Date: December 6, 2016

Re: Financing for Musser Park to Deep Lakes Park Trail

**Introduction and Background:**

The City was awarded two federal grants totaling \$459,636 and a State Recreational Trails (SRT) grant of \$381,100 to construct a trail from Musser Park to Deep Lakes Park. These grants total to \$840,736. With the federal and state grants awarded for the project, the project is required to be bid by the Iowa Department of Transportation (IDOT).

The Public Works department considered and evaluated several routes for this trail in recent years and the route has now been determined, easements acquired, and the design completed.

**Proposed Project Financing:**

The contract cost for the project is estimated at \$1,315,200. The project financing worksheet is attached which shows preliminary design, surveying, easements, and related costs in addition to the estimated contract cost and project management costs during construction. The City budgeted a \$200,000 transfer from the Collection and Drainage fund to fund a portion of the project cost since the trail will provide access to the City's sewer system in that area. The projected funding shortfall after that transfer is estimated at approximately \$386,000.

The increase in the project cost is in part due to increased unit prices in recent years for material costs as well as inflationary increases since the grant funds were awarded. Funding for the originally projected funding shortfall would have been from CAT grant funds if that grant application would have been approved for funding.

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

City staff is proposing that City Council consider funding the shortfall from the spring 2018 bond issue. Projects identified to date to include in that issue include the following with a very preliminary estimate of project costs to be funded from this issue:

Aerial Fire Truck Replacement	\$1,200,000
Airport Layout Plan – Estimated Local Share	17,000
Airport T-Hangar Design and Apron Expansion – Estimated Local Share	38,000
Airport T-Hangar Construction (Preliminary Estimate of Local Share)	120,000
Airport – Allowance for Local Share of Other Projects	100,000
City Building and Facilities Deferred Maintenance (Preliminary Estimate of Additional Projects; actual Projects to be Determined)	500,000
New Library Building – Allowance for Possible City Contribution as a Match for Local Grants and Contributions that will be requested	<u>100,000</u>
Subtotal Before Proposed Trail Funding	\$2,075,000
Proposed Bond Funding for Trail	<u>400,000</u>
Total Potential Projects Identified to Date	<u>\$2,475,000</u>

This is a very preliminary estimate of projects and costs that will be proposed for funding from the 2018 issue. The City’s financial advisor, PFM, will be updating the debt service schedule as part of the upcoming budget for fiscal year 2017/2018. Taxable valuations to include in this schedule will not be available until the end of December or early January, but it is projected that the City can issue at least \$3 million in new bonds without an increase in the debt service tax levy.

**Recommendation:**

With the IDOT letting the bids for the Trail project, they require the City provide a “maximum contract to award” amount from the City for the contract for the project. If the City uses the engineering estimate of \$1,315,200, the City will need to commit to the projected \$386,000 in local funding. This amount is needed before the IDOT will set the bid date for this project.

Please include this item on the agenda for the December 8 In Depth meeting for discussion and a possible consensus of City Council. Let me know if you have any questions or need additional information.

City of Muscatine  
Kent Stein Park to Deep Lakes Park Trail  
Project Cost Summary through through 12-4-16 report

	FY 2009/2010	FY 2010/2011	FY 2011/2012	FY 2012/2013	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017 (thru 12/4/16)	Total Costs to Date	Estimated Additional to Complete Project	Total Estimated Project Cost
<b>Revenues, Bond, and Other Funding:</b>											
Bond Proceeds (2010 Bond Issue)	\$ 50,327.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,327.00	\$ -	\$ 50,327.00
Interest	-	105.01	81.49	51.16	63.65	37.02	11.92	-	350.25	-	350.25
Donation - Kent Corp.	-	-	-	-	-	10,000.00	-	-	10,000.00	-	10,000.00
Transfer Balance from Other City Trail Projects	-	-	-	-	-	17,605.65	-	-	17,605.65	-	17,605.65
Other Donation Not Yet Received (Musco)	-	-	-	-	-	-	-	-	-	10,000.00	10,000.00
State Recreational Trails Grant	-	-	-	-	-	-	-	-	-	381,100.00	381,100.00
Federal Aid Funding	-	-	-	-	-	-	-	-	-	459,635.60	459,635.60
<b>Total Revenues/Bond Funding</b>	<b>\$ 50,327.00</b>	<b>\$ 105.01</b>	<b>\$ 81.49</b>	<b>\$ 51.16</b>	<b>\$ 63.65</b>	<b>\$ 27,642.67</b>	<b>\$ 11.92</b>	<b>\$ -</b>	<b>\$ 78,282.90</b>	<b>\$ 850,735.60</b>	<b>\$ 929,018.50</b>
<b>Project Costs:</b>											
<b>Professional Services Expenses:</b>											
Louis Berger Group - Surveying, Archeological	\$ -	\$ -	\$ 6,263.43	\$ -	\$ -	\$ 5,073.48	\$ -	\$ -	\$ 11,336.91	-	\$ 11,336.91
VSP - Easement Plans on 4 Properties	-	-	-	-	3,250.00	1,650.00	-	-	4,900.00	-	4,900.00
Contract Eng. - Haag, Edgmond, Dalbey, Hill	-	-	-	-	-	18,173.42	1,281.25	754.63	20,209.30	15,000.00	35,209.30
Martin & Whittacre (Survey/Engineering)	-	-	-	-	-	4,154.00	21,092.00	-	25,246.00	-	25,246.00
Rick Whittaker - Graphics Assistance	-	-	-	-	-	2,058.00	-	-	2,058.00	-	2,058.00
Staff Engineering (City - Waived)	-	-	-	-	-	-	-	-	-	-	-
Lutz Engineering - Plans	-	-	-	-	-	-	31,395.00	5,495.00	36,890.00	1,500.00	38,390.00
Impact 7G - Archeological Clearance	-	-	-	-	-	-	8,500.00	-	8,500.00	-	8,500.00
<b>Easements:</b>											
Easement - Brian and Jamie Wolfe	-	-	-	-	-	-	35,877.29	-	35,877.29	-	35,877.29
Easement - Ron and Gloria Hart	-	-	-	-	-	-	13,069.82	-	13,069.82	-	13,069.82
<b>Site Work:</b>											
Hagerty Earthworks - Install Flat Top for Trail	-	-	-	-	-	4,000.00	-	-	4,000.00	-	4,000.00
Muscatine Bridge - Tree Clearing	-	-	-	-	-	-	6,802.50	-	6,802.50	-	6,802.50
CR Landscaping - Relocate Fence	-	-	-	-	-	-	3,789.50	-	3,789.50	-	3,789.50
<b>Construction:</b>											
Estimated Contract Costs	-	-	-	-	-	-	-	-	-	1,315,200.00	1,315,200.00
Allowance for Contingencies/Other Costs	-	-	-	-	-	-	-	-	-	10,000.00	10,000.00
<b>Other:</b>											
Bond Issuance Costs	244.00	-	-	-	-	-	-	-	244.00	-	244.00
Misc. Expenses (Legal, Recording, Copies, etc.)	-	-	-	-	39.00	-	238.00	76.19	353.19	-	353.19
<b>Total Expenses</b>	<b>\$ 244.00</b>	<b>\$ -</b>	<b>\$ 6,263.43</b>	<b>\$ -</b>	<b>\$ 3,289.00</b>	<b>\$ 35,108.90</b>	<b>\$ 122,045.36</b>	<b>\$ 6,325.82</b>	<b>\$ 173,276.51</b>	<b>\$ 1,341,700.00</b>	<b>\$ 1,514,976.51</b>
<b>Ending Balance</b>	<b>\$ 50,083.00</b>	<b>\$ 50,188.01</b>	<b>\$ 44,006.07</b>	<b>\$ 44,057.23</b>	<b>\$ 40,831.88</b>	<b>\$ 33,365.65</b>	<b>\$ (88,667.79)</b>	<b>\$ (94,993.61)</b>	<b>\$ (94,993.61)</b>	<b>\$ 1,341,700.00</b>	<b>\$ (585,958.01)</b>

Other Possible Funding Sources Considered:

Collection & Drainage 200,000.00

Estimated Deficit with Collection & Drainage Transfer \$ (385,958.01)

\* Original estimate was that we needed \$82,842.13 in matching funds for the federal grant. Funding was not identified.

\*\* Most recent engineering estimate for the contract is \$1,315,172.60. Preliminary estimates for overall project show funding shortfall of \$385,958 after allocating \$200,000 from Collection & Drainage. The Budget had projected a shortfall in funding of \$366,004.

\*\*\* Contract Costs to Claim all Grant Funds:

State Recreational Trails Grant	\$ 381,100.00
Federal Aid Funding	458,401.87
Required Match	<u>82,842.13</u>

Contract Amount Required - Consider "Funded" up to this amount	<u>\$ 922,344.00</u>
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Prepared by: City Finance Department (NL)

Date: 12-5-16