



FINANCE & RECORDS**MEMO**

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director
Randy Hill Public Works Director

Date: June 15, 2012

Re: Resolution to Award Contract for the Museum Boiler Replacement Project

Introduction and Background

In June of 2010, the City issued a total of \$1,535,000 in general obligation bonds for Downtown TIF-funded capital projects. This included funding for resurfacing of various parking lots, alleys, and streets in the downtown area as well as funding for the local share of FEMA projects on the riverfront due to damages from the 2008 flood (Pearl City Station and Riverfront Slope/Concrete repairs). This portion of the bond issue also included \$70,000 to replace the City Hall boiler. The TIF funded portion of the 2010 issue is being repaid with Downtown tax increment funds.

The City also made application for funding from the Iowa Office of Energy Independence to assist in replacing both the City Hall boiler and the boiler at the Museum. In September of 2011, the City was notified that funding was awarded in the amounts of \$21,500 for the City Hall boiler and \$16,886 for the Museum boiler. Projects funded from these grants must be under contract by June 30, 2012 according to the provisions of the grants.

Bids for both boilers were received in March of 2012 with the low bids for both boilers from J. L. Brady Co. in the amount of \$122,279 for City Hall and \$76,084 for the Museum. Both of these bids exceeded the estimated amounts provided by A&J Associates, the City's engineer for this project. City Council awarded the contract for the City Hall boiler in April, 2012 and that work is currently underway. The Museum boiler bid has not yet been awarded. Taking into consideration consultant fees and the project cost estimates with the low bids, the funding shortfall for the City Hall boiler is \$41,860 and the funding shortfall if the Museum boiler proceeds is estimated at \$65,908 for a total of \$107,768 of additional funding needed. (See attached worksheet.)

There is currently \$127,423.75 in unspent 2008 Downtown TIF bond funds since the resurfacing work costs were less than projected. The last two 2008 FEMA projects, however, have not yet been closed out. A total of \$147,471 of FEMA funding for Pearl City Station and the Riverfront Slope/Concrete work has been requested but has not yet been approved for funding pending closeout of these two projects. The unspent TIF bond proceeds of \$127,424 had been designated to fund any shortfalls in the FEMA projects. As of today, it appears from the preliminary State recommended funding worksheet for the Riverfront Slope/Concrete project that the City may receive \$66,576 less than the amount we requested. FEMA has

not yet reviewed the State's recommendation and the City has 60 days to appeal the reduced funding amount once we receive the official notification. The preliminarily approved funding amount for Pearl City Station is not yet available.

Recommendation

As noted above, the City is required to enter into the contract with J.L. Brady for the Museum boiler before June 30, 2012 in order to receive and not forfeit the \$16,886 in Energy Grant funds for that project. While there is uncertainty as to the amount of the 2010 TIF bond funding that can be redirected to the boiler project, it is staff's recommendation that the Museum boiler project proceed and the local share of the project costs be finalized at a later date. The local share will be from the remaining 2010 TIF bond funds if these funds are not needed for the Riverfront projects. Other possible funding sources would include an Internal TIF loan, a future G.O. bond issue, or an internal loan repaid by the General Fund. It should be noted that the estimated annual utility and maintenance cost savings from this project is approximately \$2,050.

Please include this item on the agenda for the June 21, 2012 Council meeting. If there are any questions, please contact either of us.

Boiler Project Cost/Funding Update 6/15/12

	<u>City Hall</u>	<u>Museum</u>	<u>Total</u>
Beginning Balance, 7-1-10	\$ -	\$ -	-
FY 10 Revenues:			
TIF Bond Proceeds	\$ 70,459.00	\$ -	\$ 70,459.00
Interest	-	-	-
Total Revenues	<u>\$ 70,459.00</u>	<u>\$ -</u>	<u>\$ 70,459.00</u>
FY 10 Expenditures:			
Bond Issuance Costs	\$ 343.00		\$ 343.00
Consultant Fees - Energy Grants	2,000.00		2,000.00
Total Expenditures	<u>\$ 2,343.00</u>	<u>\$ -</u>	<u>\$ 2,343.00</u>
Ending Balance, 6-30-10	\$ 68,116.00	\$ -	\$ 68,116.00
FY 11 Revenues:			
TIF Bond Proceeds	\$ -	\$ -	\$ -
Interest	142.74	-	142.74
Total Revenues	<u>\$ 142.74</u>	<u>\$ -</u>	<u>\$ 142.74</u>
FY 11 Expenditures:			
Bond Issuance Costs	\$ -		\$ -
Engineering Fees	4,365.00		4,365.00
Total Expenditures	<u>\$ 4,365.00</u>	<u>\$ -</u>	<u>\$ 4,365.00</u>
Ending Balance, 6-30-11	\$ 63,893.74	\$ -	\$ 63,893.74
FY 12 Revenues thru 6/14/12 report:			
TIF Bond Proceeds	\$ -	\$ -	\$ -
Interest	58.90	-	58.90
Total Revenues	<u>\$ 58.90</u>	<u>\$ -</u>	<u>\$ 58.90</u>
FY 12 Expenditures thru 6/14/12 report:			
Advertising/Copies	\$ 194.91	\$ -	\$ 194.91
Asbestos/Lead Test	191.25	-	191.25
Engineering Fees	4,102.65	6,235.00	10,337.65
Total Expenditures	<u>\$ 4,488.81</u>	<u>\$ 6,235.00</u>	<u>\$ 10,723.81</u>
Ending Balance, 3/29/12	\$ 59,463.83	\$ (6,235.00)	\$ 53,228.83
Estimated Additional Project Costs:			
Low Bid for Each Contrator	\$ 122,279.00	\$ 76,084.00	\$ 198,363.00
Additional Engineering - Contract Balances	545.00	475.00	1,020.00
Any Additional Engineering to be determined	-	-	-
Total Estimated Additional Costs	<u>\$ 122,824.00</u>	<u>\$ 76,559.00</u>	<u>\$ 199,383.00</u>
Grant Funds if Projects Go Forward	<u>\$ 21,500.00</u>	<u>\$ 16,886.00</u>	<u>\$ 38,386.00</u>
Funding Shortfalls	<u>\$ (41,860.17)</u>	<u>\$ (65,908.00)</u>	<u>\$ (107,768.17) *</u>

* There is currently estimated to be \$114,308.50 of Downtown TIF bond proceeds remaining from the resurfacing projects in the downtown area in 2010. These funds would planned to be used towards any deficits in other Downtown TIF-funded project shortfalls in the event the City does not receive the expected final FEMA funding for the Pearl City Station project and the Riverfront Slope project.

RESOLUTION NO. _____

**AWARD CONTRACT FOR
MUSEUM BOILER REPLACEMENT**

It is resolved that the following bid is determined to be the lowest responsible bid for the Museum Boiler Replacement project.

<u>NAME & ADDRESS CONTRACTOR</u>	<u>AMOUNT OF BID</u>
J. L. Brady Moline, Illinois	\$76,084.00

It is further resolved that the Museum Boiler Replacement project is awarded to the above named contractor for \$76,084.00, and the Mayor and City Clerk are authorized and directed to enter into a written contract with said contractor covering the furnishing of material for, and construction of the Museum Boiler Replacement, such contract not to be binding until approved by resolution of this Council.

It is further resolved that the amount of the contractor's bond is fixed at \$76,084.00, which is one hundred percent of the contract price.

PASSED, APPROVED AND ADOPTED THIS 21st DAY OF JUNE, 2012.

DeWayne Hopkins, Mayor

ATTEST:

Gregg Mandsager, City Administrator