

MARSHALLTOWN

— I O W A —

Joel Greer, Mayor
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TO: Mayor Greer and City Council
FROM: Diana Steiner, Finance Director
DATE: 5/18/2022
RE: 2017 Police/Fire Building Bond

Policy Issue:

<input type="checkbox"/> Goal 1: Expand and improve development	<input checked="" type="checkbox"/> Goal 3: Continually improve the City's organization & services
<input type="checkbox"/> Goal 2: Enhance Marshalltown's public image	<input type="checkbox"/> Goal 4: Partner with others to improve quality of life

Specific Objective/Action: Maintain a financially healthy organization

Recommendation: Staff recommend using 2017 bond funds remaining from Police/Fire Building project for street, sidewalk projects.

Budget Impact: Funds originally allocated to be spent from the 2021 bond, will be redirected to be spent out of the 2017 bond

Description/Background:

There are two categories of general obligation bonds that the City uses. One is a general corporate purpose which is for public buildings, airports, swimming pools, etc. The second is essential corporate purpose which is for streets, sidewalks, etc.

When the 2017 bonds were issued for the Police/Fire building, they were categorized as general corporate purpose. Therefore, the remaining funds of approximately \$540,000 cannot be used for essential purposes unless action is taken by Council.

An arbitrage computation is required to be done by the end of September since the bond issuance has been 5 years ago. If funds are not spent by then, additional computations will be needed. Having unspent funds could draw more attention for an audit from the IRS as well.

Staff recommend setting a public hearing date at the June 13th Council meeting for the hearing on June 27th to use up to \$540,000 for essential purposes. If Council approves, staff would use costs already incurred or will be incurred this summer from the 2021 bond and apply it against the 2017 bond funds.

This action will then free up funds within the 2021 bond by \$540,000. This could be used for any essential corporate purpose without further Council action. If needed for the Police/Fire building, then Council would need to need to set a reverse referendum hearing.

CITY COUNCIL

Al Hoop, Gabriel Isom, Barry Kell, Mike Ladehoff,
Jeff Schneider, Gary Thompson, Dex Walker

