

MARSHALLTOWN

— I O W A —

Joel Greer, Mayor
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TO: Mayor Greer and City Council
FROM: Jessica Kinser, City Administrator
DATE: September 9, 2022
RE: FY23 GO Borrowing

Policy Issue: Council must determine projects/amounts for any GO Borrowing

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

Specific Objective/Action: Multiple

Recommendation: To finalize a list of projects and dollar amount to borrow in FY23

Budget Impact: TBD

Description/Background: Staff has revised the original proposed GO Borrowing list from the budget approval in March to account for new information (Destination Iowa) and project changes since that time. Attached are a timeline for borrowing (propose the process start at the October 10th meeting) as well as the March 2022 proposed GO borrowing for FY23 and an updated model to demonstrate the differences. Speer Financial has advised they are seeing interest rates in the 3-3.75% range, but project these to go up to 4% in the near future.

Speer Financial has also advised that we do not have to cap ourselves at \$10 million because of the SRF bonds already approved this year for wastewater projects eliminating our tax exempt possibility on the GO borrowing. Our debt capacity is capped by policy at 70%, so exceeding \$10 million will have an impact on future years for borrowing. For discussion purposes, I have left this at \$10 million.

In addition to the Destination Iowa projects, we are proposing some additional changes for your consideration.

-Kiwanis Park- we have removed this item and will use 2019 bond funds to complete this project.

-Riverview Park Improvements- the first phase, which is mostly stormwater work and expanding the detention ponds, is estimated on the high end at \$2.5 million. We would like to start the design and construction of the first phase in order to be able to move forward with additional phases in future years.

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-Trail Connection- this project will complete the paving of the trail between the Freedom Rock and MSA (less the bridge)

-Street Improvement- I have set this at a level to keep the total borrowing to \$10 million, but this could be adjusted to fit the Council's goals for street projects. Please note this number is lower than the March 2022 proposal due to moving some projects around and cost estimate changes on other projects.

-Downtown Implementation Plan- the Council has a decision to make about when to start the design on Phase 2A and 2B, which is East Main Street and a few blocks of Center Street. Bolton & Menk has advised the design will be a year long process due to the number of buildings, owners, and known issues of sidewalk vaults. Borrowing for the design now would make the 2023 calendar year the design period, giving the Council the option of putting this out to bid in late 2023 or early 2024 for construction. This could result in East Main Street being closed at the same time as West State Street or other delays that could result from the State Street project which has 2024 as a construction season.

There are some other options the Council could consider for some of the projects on this list. We are projecting a healthy fund balance of Council-designated LOST, which could fund some projects. The Council does not need to formalize the project list at this meeting, other than the Destination Iowa projects. The current schedule provides a time for additional discussion at the September 26th meeting if needed.

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