



AGENDA OF THE SPECIAL SESSION OF THE
COUNCIL OF THE CITY OF WASHINGTON, IOWA
TO BE HELD AT WASHINGTON FREE PUBLIC LIBRARY
STATE BANK MEETING ROOM
115 W. WASHINGTON STREET
AT 6:00 P.M., TUESDAY, JANUARY 24, 2017

Call to Order

Pledge of Allegiance

Roll Call

Agenda for the Special Session to be held at 6:00 P.M., Tuesday, January 24, 2017 to be approved as proposed or amended.

PRESENTATION FROM THE PUBLIC - Please limit comments to 3 Minutes.

NEW BUSINESS

Discussion and Consideration of Revised Resolution – Riverboat Municipal Grant

Application.

Fiscal Year 2018 Budget Workshop.

DEPARTMENTAL REPORTS

Police Department
City Administrator
City Attorney

MAYOR & COUNCILPERSONS

Sandra Johnson, Mayor
Brendan DeLong
Steve Gault
Kerry Janecek
Jaron Rosien
Kathy Salazar
Millie Youngquist

ADJOURNMENT

Illa Earnest, City Clerk

*Brent Hinson, City Administrator
Sandra Johnson, Mayor
Illa Earnest, City Clerk
Kevin Olson, City Attorney*



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Memorandum

January 19, 2017

To: Mayor & City Council
Cc: Illa Earnest, City Clerk

From: Brent Hinson
City Administrator

Re: Riverboat Municipal Grant Application Revised Resolution

On January 3, the City Council approved four projects for submission to the Washington County Riverboat Foundation for FY18 Municipal Grant funding. As the Council is aware, we received favorable response from the grant committee on two items (WIF Partner Program and Auditorium Donation), and negative response on the other two (South 15th Project and City Hall/Police/Fire Facility Improvements). I have been working on this issue for the past week, and have come up with what I believe is a very responsible plan that will also likely be more attractive to the grant committee and ultimately the Riverboat Foundation board.

The main premise of our use of Municipal Grant dollars up to this point has been to inject them into our capital improvements program in the most tax-dollar efficient way possible, keeping in mind the City's planning out to FY40 for long-term debt issuances. In reviewing changes to our approach, I have tried to maintain this principle to the greatest extent possible. I also set out to stick as closely as possible to our recently adopted Capital Improvements Plan, which as you all know was carefully planned and thoroughly discussed over the past few months.

For simplicity of presentation, here is a comparison of the previous requests versus the current proposal, after which I will provide additional analysis. Also, please note that I have attached both a projection of future requests based on the projects in the already adopted CIP, as well as a revised version of that CIP based on these changes.

<u>Project</u>	<u>Original Request</u>	<u>Proposed Request</u>
South 15 th Avenue Project	\$250,000	\$0
City Hall/ Police/ Fire Improvements	\$140,000	\$0
Washington Incentive Fund Partner Program	\$25,000	\$128,500
Auditorium Pledge	\$10,000	\$20,000
Wellness Park	\$0	\$200,000
Kewash REAP Trail Project	\$0	\$60,000
Central Park Fountain Lighting Improvements	\$0	\$16,500
Totals	\$425,000	\$425,000

The implications of this plan versus our previous plan are as such:

- 1) South 15th would need a \$500,000 bond issuance spread over 10 years rather than \$250,000 spread over 5 years. The same would be true for all future street program bond issuances. This does increase the financing costs significantly, but I will later touch on an approach we could take in future grant request cycles to negate the effects of this increased tax burden.
- 2) City Hall/Police/Fire Improvements would need additional funds coming from the General and Local Option Sales Tax funds. I think our most recent assumptions of the General Fund contribution was relatively conservative, and that we can increase these assumptions without tremendous risk. As is shown on the attachment, we are assuming \$145,000 from the General Fund in FY18 and FY19, and \$200,000 in FY20 and FY21 to complete the projects. By comparison, the General Fund was plus \$241,000 in FY14, plus \$211,000 in FY15, and plus \$276,000 in FY16 at year-end. However, each of those years, we did have more like \$60,000 in TIF repayments coming back to the General Fund, versus the projected \$14,000 for FY18. Increasing the Local Option Sales Tax assumptions does put more of a pinch on our equipment purchases in the coming years, because those funds otherwise are going to the Capital Equipment Fund. However, I do think this is also workable, for a few years at least.
- 3) For the Washington Incentive Fund Partner Program, rather than requesting \$25,000 per year for the next number of years, I am proposing that we apply for a large amount of money now. This would allow us to work on any major projects right away, rather than spending several years saving up enough money to assist with such projects.
- 4) On the Auditorium pledge, I mistakenly thought we were on Year 3 of 5, but it is actually payment #4 that is due in FY18. Therefore, my thought is to just fully pay off the pledge in FY18 and move on to other projects. I think this will also be appreciated by the Betterment Foundation, Washington Schools, and all others involved.

- 5) I propose that we draw our \$60,000 match for the Kewash/Willow Pond Trail project from these funds. We had previously planned to use Road Use Tax.
- 6) I propose that we pay for the Central Park Fountain lighting repairs from these funds, instead of utilizing the General Fund.

A top consideration in our process for examining future projects has been trying to keep the debt service property tax levy as level as possible. I believe this remains an important consideration for the future, even in light of the need for these adjustments. I believe if we are forced to use \$500,000 bond issuances spread over 10 years for streets, we can make up the additional levy needs in the following ways:

- 1) Issue \$1,000,000 in long-term debt for the Wellness Park rather than \$1,200,000.
- 2) In FY19, begin applying for funds for the Business Park Phase II project. Continue doing this through FY21 to minimize or eliminate the need for any external debt for the project.
- 3) In FY19, begin applying for funds for the Streetscape Expansion project. Continue doing this every year until the improvements are constructed. This should knock the amount of debt needed for the project down to a level that we can use TIF to pay back the debt, and not need to utilize the debt service levy for the project at all. In order to use TIF for this project, we would need to link our Unified Commercial Urban Renewal Area to our Downtown Commercial Urban Renewal Area, which may require the bond counsel assistance of the Dorsey & Whitney law firm.

You will also note in the proposed multi-year plan that I have included all of the park projects we had included in the adopted CIP. As mentioned earlier in this memo, I have also attached a proposed revised CIP. If you approve making all of these revisions, I believe we would need to hold another public hearing on the revised CIP and then re-adopt it by resolution.

I look forward to discussion at the meeting.

RESOLUTION NO. _____

**A REVISED RESOLUTION ENDORSING
APPLICATIONS FOR MUNICIPAL GRANT FUNDS**

WHEREAS, the City of Washington has been very fortunate to receive sizeable amounts of municipal grant funds through the Washington County Riverboat Foundation over the years; and

WHEREAS, the Riverboat Foundation has established new procedures requiring applications to be completed for each project cities wish to complete using municipal grant funds; and

WHEREAS, the City Council has determined the projects and initiatives for which it would like to allocate these funds for Fiscal Year 2017-2018, superseding Resolution 2017-004, adopted January 3, 2017.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WASHINGTON, IOWA:

Section 1. The City Council hereby requests that the Washington County Riverboat Foundation allocate anticipated municipal grant funds for the fiscal year beginning July 1, 2017 in the following manner:

- A. Washington Incentive Fund (WIF) Partner Program with Main Street Washington: \$128,500
- B. Washington Area Performing Arts & Events Center pledge (years 4 & 5 of five-year pledge): \$20,000
- C. Wellness Park: \$200,000
- D. Kewash REAP Trail Project: \$60,000
- E. Central Park Fountain Lighting Project: \$16,500

Section 2. The City Council states its commitment to identifying additional funding needed to successfully complete the above projects and initiatives.

Section 3. The City Administrator is directed to prepare grant applications for the above projects and initiatives, utilizing the forms and procedures identified by the Riverboat Foundation.

Section 4. This resolution supersedes and replaces Resolution 2017-004, adopted on January 3, 2017.

PASSED AND APPROVED this 24th day of January, 2017.

Sandra Johnson, Mayor

ATTEST:

Illa Earnest, City Clerk

CITY OF WASHINGTON
Debt Obligations
Projection of Debt Service Levy

01/19/2017 11:15

With 1/18/17 Riverboat Changes

(As of 7/1/17)

Project	Amount	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26
08 Dwtwr/Library	\$4,355,000	516,670	0									
09 Wat Twr/Sew Lnd	\$3,500,000	136,120	82,091	0								
Water/Sewer Rev Share		100,000	95,479	0								
09 Wash Pres Rbte	\$1,889	1,889	2,264	0								
12 Streets	\$250,000	51,500	50,375	0								
13 Streets/Airport	\$250,000	51,115	50,740	49,079	0							
14 Streets	\$250,000	52,536	52,137	51,538	50,790	0						
15 N Tower/Street/Fire	\$2,335,000	52,157	52,025	50,900	190,588	187,288	0	0	0	0	0	0
Water Rev Share		127,743	139,163	137,888	0	0	147,575	145,325	142,825	140,325	137,575	134,825
Township Rev Share		29,000	29,000	29,000	29,000	29,000						
12 Ins on Ave TIF	\$0	823	823	0	0	0	0	0	0	0	0	0
14 Marshall's TIF	\$8,429	8,429	8,429	8,429	4,713	0						
16A 2009 NonTax Ref	\$1,770,000			96,370	103,970	116,370	78,670	95,870	93,070	65,070	0	113,870
Water/Sewer Rev Share				60,000	60,000	50,000	90,000	70,000	80,000	110,000	171,970	60,000
16B 2009 Taxable Ref	\$630,000		54,106	51,463	60,763	59,863	58,738	62,613	61,363	59,988	63,613	57,100
16C 2008 Refunding	\$985,000		495,416	505,500	0							
16C Streets/Biz Prk TIF	\$485,000		73,277	52,375	52,375	51,825	51,200	0	0	0	0	0
TIF Share			2,931	12,625	77,525	81,700	50,700	0	0	0	0	0
GF Share			0	0	0	0	0	0	0	0	0	0
Street Program FY18 thru FY40			61,500	123,000	123,000	184,500	246,000	307,500	369,000	430,500	492,000	553,500
18 Fire SUI&W/eihes	\$2,800,000				329,165	329,165	329,165	329,165	329,165	329,165	329,165	145,894
20 City Hall/Police/I&I	\$1,700,000						125,089	125,089	125,089	125,089	125,089	125,089
24 Streetscape TIF	\$500,000									201,770	201,770	125,000
Funding Sources		833,581	884,919	890,369	882,293	900,654	860,505	881,880	949,330	981,455	981,510	967,097
DS Levy		26,517	25,250	28,356	28,356	28,356	28,356	28,356	28,356	28,356	28,356	28,356
DS Reserves/Backfill		29,000	29,000	29,000	29,000	29,000	0	0	0	0	0	0
General Fund/RB		60,000	55,479	60,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Sewer Revenues		167,743	179,163	137,888	20,000	10,000	197,575	175,325	182,825	210,325	269,545	154,825
Water Revenues		11,141	14,447	21,054	82,238	81,700	50,700	0	201,770	201,770	125,000	125,000
TIF		1,127,982	1,188,258	1,166,667	1,081,887	1,089,710	1,177,136	1,135,561	1,200,511	1,461,906	1,521,181	1,315,278
Estimated DS Levy (0.5% Growth)		3,91031	3,94471	3,87418	3,81994	3,88003	3,68862	3,80410	4,02899	4,14461	4,12422	4,04344
Taxable valuation for debt service purposes		213,175	224,330	229,822	230,971	232,126	233,286	234,453	235,625	236,803	237,987	239,177

Proj #	Proj Type	Amount Budgeted	GO Debt	SRF Debt	Water	Sewer	Road Use	TIF	Quarterly Riverboat	Special Assess	Grant	Other	Notes
	P	\$75,000							\$75,000				
	R	\$125,000					\$125,000						
	FY21 Totals	\$3,808,289	\$500,000	\$0	\$450,000	\$100,000	\$125,000	\$121,851	\$685,000	\$0	\$1,826,438	\$0	
	Additional Funds Available												
	Fiscal 2022												
	P	\$30,000							\$30,000				
	R/SS	\$754,400	\$500,000				\$154,400			\$50,000			\$50,000
	S	\$200,000				\$200,000							
	W	\$302,500			\$302,500								
	FY22 Totals	\$1,286,900	\$500,000	\$0	\$302,500	\$200,000	\$154,400	\$0	\$30,000	\$50,000	\$0	\$50,000	Top Priority in Fac Plan
	Additional Funds Available												
	Prev Appr Totals	\$25,165,556	\$7,379,237	\$4,880,000	\$2,433,371	\$820,000	\$784,890	\$260,051	\$1,876,327	\$186,000	\$4,437,213	\$2,108,467	
	Addl Funds Available	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Future Years or Unscheduled												
021	S	\$200,000											
033	R/SS/IS/W	\$3,000,000											Programmed for FY24
035	W	\$2,333,000											
036	S	\$100,000											
038	R/SS	\$596,800											
040	R/SS	\$468,000	\$445,000							\$23,000			Proposed for FY23
046	A	\$400,000											Future years (City match)
047	A	\$2,563,845											Stays in future years
032-2	W	\$227,250											Main Possible In-House
041-2	S	\$180,000											
	P	\$30,000											
	R	\$265,000											
	R	\$260,000											
	R	\$430,000											
	R	\$25,000											
	R/SS	\$436,000											
	R/SS	\$377,250											
	R/SS	\$1,000,000											
	S	\$150,000											
	W	\$1,340,500											Fed Aid after W. Buch?
	W	\$317,250											Per Facility Plan
	W	\$436,200											Top Priority in Fac Plan
	Future Years Total	\$15,136,095	\$445,000	\$0	\$0	\$0	\$0	\$0	\$0	\$23,000	\$0	\$0	

Project Types
 R= Road S= Sewer B= Building P= Parks
 W= Water SS= Storm Sewer A= Airport

Project Cost Key
 Blank- no cost estimate
 FOX- engineer preparing cost estimates

City of Washington
 Campus Option Project Cash Flow
 Pay as You Go Plan- Riverboat Municipal Grant Change

<u>Funding Sources</u>	by <u>06/30/2016</u>	by <u>06/30/2017</u>	by <u>06/30/2018</u>	by <u>06/30/2019</u>	by <u>06/30/2020</u>	<u>Totals</u>
GO Bond			\$ 700,000.00		\$ 700,000.00	\$ 1,400,000.00
Quarterly Riverboat Funds	\$ 400,000.00	\$ 374,827.45				\$ 774,827.45
General Funds	\$ 319,218.44	\$ 145,000.00	\$ 145,000.00	\$ 200,000.00	\$ 200,000.00	\$ 1,009,218.44
Competitive Riverboat						\$ -
Local Option Sales Tax	\$ 93,585.12	\$ 162,500.00	\$ 162,500.00	\$ 157,500.00	\$ 157,500.00	\$ 733,585.12
Water Fund				\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Sum	\$ 812,803.56	\$ 682,327.45	\$ 1,007,500.00	\$ 357,500.00	\$ 1,107,500.00	\$ 3,967,631.01
Running Total	\$ 812,803.56	\$ 1,495,131.01	\$ 2,502,631.01	\$ 2,860,131.01	\$ 3,967,631.01	

Project Expenses

Land Acq. & Marketing	\$ 185,971.80	\$ 82,130.00				\$ 268,101.80
Engineering, Legal, Admin		\$ 100,000.00	\$ 395,412.00	\$ 118,096.00	\$ 200,000.00	\$ 813,508.00
Fire Station Construction			\$ 1,725,179.80			\$ 1,725,179.80
City Hall/Police Const.					\$ 1,155,117.60	\$ 1,155,117.60
Sum	\$ 185,971.80	\$ 182,130.00	\$ 2,120,591.80	\$ 118,096.00	\$ 1,355,117.60	\$ 3,961,907.20
Running Total	\$ 185,971.80	\$ 368,101.80	\$ 2,488,693.60	\$ 2,606,789.60	\$ 3,961,907.20	
RV over XP	\$ 626,831.76	\$ 1,127,029.21	\$ 13,937.41	\$ 253,341.41	\$ 5,723.81	\$ 5,723.81

City of Washington
 Campus Option
 Riverboat Municipal Grant Change- January 2017

<u>Estimated Project Costs</u>	<u>Fire Station</u>		<u>Police/City Hall</u>		<u>Total</u>
Substructure	\$	168,327.00	\$	-	\$ 168,327.00
Shell Improvements	\$	594,922.00	\$	193,433.00	\$ 788,355.00
Interiors	\$	176,169.00	\$	281,041.00	\$ 457,210.00
Services	\$	548,753.00	\$	453,251.00	\$ 1,002,004.00
Furnishings	\$	15,000.00	\$	54,000.00	\$ 69,000.00
Demolition	\$	-	\$	25,645.00	\$ 25,645.00
Properties & Sitework	\$	403,208.00	\$	92,742.00	\$ 495,950.00
Contingency (5%)	\$	86,902.60	\$	55,005.60	\$ 141,908.20
Professional Fees	\$	495,412.00	\$	318,096.00	\$ 813,508.00
Estimated Costs	\$	2,488,693.60	\$	1,473,213.60	\$ 3,961,907.20

Estimated Funding

GO Bond	\$	700,000.00	\$	700,000.00	\$ 1,400,000.00
Quarterly Riverboat Funds	\$	774,827.45	\$	-	\$ 774,827.45
General Fund Contribution	\$	609,218.44	\$	400,000.00	\$ 1,009,218.44
Competitive Riverboat Appl.	\$	-	\$	-	\$ -
Local Option Sales Tax	\$	404,647.71	\$	328,937.41	\$ 733,585.12
Water/Sewer	\$	-	\$	50,000.00	\$ 50,000.00
Estimated Funding	\$	2,488,693.60	\$	1,478,937.41	\$ 3,967,631.01
Funding Surplus/(Deficit)	\$	-	\$	5,723.81	\$ 5,723.81