

**BUSINESS OF THE CITY COUNCIL
WINDSOR HEIGHTS, IOWA
AGENDA STATEMENT**

Item No. 9
For Meeting of 06/29/09


ITEM TITLE: Public hearing and Consideration of resolution approving interfund, short-term loan and directing the City Clerk to file the necessary paperwork.

CONTACT PERSON(S): Marketa George Oliver, City Administrator

SUMMARY EXPLANATION

The City has been awarded \$538,000 to resurface the entire length of 73rd Street in Windsor Heights as part of the economic stimulus package. Unfortunately, the bids were dramatically higher than the amount of funding allocated for the project. The low bid was \$737,123.50, nearly \$200,000 more than our original estimate. Because these are Federal funds being administered by the state, there are additional plans and requirements required by the state in order to construct this project. Because a substantial amount of funding has been received to complete this project, the Council gave staff direction at its May 20th meeting to move forward and award the contract to Grimes Asphalt, which was completed at the June 1st Council meeting.

At the June 8th Council meeting, the Council evaluated a number of different funding options available to address the shortfall between the \$538,000 Federal award and the cost of the project. The attached resolution gives the Council a great deal of flexibility, transferring \$220,000 from the Water Capital Fund to the 73rd Street Resurfacing project and enabling the Council to repay all or part of the \$220,000 over the next three years using the general obligation debt service levy. The Council will then have the opportunity to further discuss the repayment, if any, to the Water Capital fund based on the proposed budget for the Fiscal Years 2011, 2012 and 2013 respectively. This gives Council the maximum flexibility to make determinations based on the effect to the levy rate during the budget processes of each of the fiscal years. There still exists the possibility that the City may receive additional Federal funding for this project and if this occurs, those funds would be used to replace the Water Capital funds being transferred to augment the project costs.

Resolution _____ Ordinance _____ Contract _____ Other (Specify) _____
Funding Source _____
APPROVED FOR SUBMITTAL _____ <div style="text-align: right; margin-right: 100px;"> City Administrator</div>

STAFF RECOMMENDATION: Hold public hearing and approve the resolution on a roll call vote

COUNCIL ACTION:

Resolution No. 09-0629/

PUBLIC HEARING AND CONSIDERATION OF RESOLUTION APPROVING
INTERFUND, SHORT-TERM LOAN AND DIRECTING THE CITY CLERK TO FILE THE
NECESSARY PAPERWORK.

WHEREAS, the Windsor Heights City Council approved a contract with Grimes Asphalt in the amount of \$737,123.50 on June 1, 2009 for the resurfacing of 73rd Street from Center to Hickman;

WHEREAS, the cost of the contract was nearly \$200,000 more than the City's current stimulus fund grant amount of \$538,000; and

WHEREAS, there are additional oversight costs for this project in the amount of \$37,850 for construction supervision and testing; and

WHEREAS, the City has the ability to finance an additional \$220,000 through the issuance of short-term debt via an inter-fund loan from the Water Capital Fund to the 73rd Street Resurfacing Project Fund; and

WHEREAS, the Water Capital Fund will loan \$220,000 for a period of up to three years with a 0% interest rate to the 73rd Street Resurfacing Project; and

WHEREAS, part or all of this loan may be forgiven by resolution of the Council; and

WHEREAS, the 73rd Street Resurfacing Project Fund will use the Debt Service Levy in any or each of the 2011, 2012 or 2013 fiscal years to provide the revenue to repay any or all of the inter-fund loan, which becomes due on or before June 30, 2013; and

WHEREAS, it is understood that if the City receives any additional Federal funding for this project, the amount of the loan from the Water Capital Fund will be reduced commensurate with the amount of additional funding received;

NOW, THEREFORE IT IS RESOLVED by the City Council of the City of Windsor Heights, Iowa, that the City does hereby authorize the issuance of an inter-fund loan of \$220,000 from the Water Capital Fund to the 73rd Street Resurfacing Project Fund to be repaid pursuant to the provisions described above.

BE IT FURTHER RESOLVED that a portion of all of the \$220,000 may be added to the City's General Obligation Debt Service levy to repay the inter-fund loan in any or all of the 2011, 2012 and 2013 fiscal years to repay the loan, unless it is forgiven by Council resolution by June 30, 2013.

PASSED, APPROVED, AND ADOPTED by the City Council of Windsor Heights, Iowa, this 29th day of June, 2009.

David J. Sullivan, Mayor

ATTEST:

Marketa George Oliver, City Administrator/Clerk