



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: May 20, 2021

Subject: Garfield Street/Hayes Street/80th Avenue Proposed Timeline

City staff is exploring the reconstruction of Garfield Street/Hayes Street/80th Avenue in 2022.

These streets were constructed around 1986. For being 35 years old, the streets in this neighborhood had held up remarkably well. However, the Public Works Department is having to spend significant time throughout the year patching these streets for potholes and alligator cracking. Sealcoating is no longer adequate for rehabilitating these roadways.

The following is the proposed timeline for the 2022 Street Improvement Project

Council Orders Feasibility Report	July 19, 2021
Council Receives Feasibility Report and Calls for Public Improvement Hearing	September 7, 2021
Neighborhood Meeting	September 2021
Public Improvement Hearing	October 4, 2021
Council Orders Plans and Specifications – Order Improvements	October 18, 2021
Council Approves Construction Plans and Orders Bids	December 6, 2021
City Receives Bids	January 27, 2022
Council Declares Costs and Orders Final Assessment Roll	February 7, 2022
Council Orders Assessment Hearing	February 22, 2022
Council Holds Final Assessment Hearing	March 21, 2022
Council Awards Project	March 21, 2022
Construction Begins	May 2022

The total cost of the project will be approximately \$600,000. The “assessable portion” of the project (the project minus storm sewer improvements, which the City doesn’t assess for) would be approximately \$500,000. The City assesses 45% of the project for residential homeowners, which would be approximately \$225,000. The estimated assessments for homeowners would be \$3,000.00/lot, which is slightly less than what was charged on the 2014-15 Street Improvement Project (3,079.55/lot). The assessments would be paid over 10 years.

Staff is proposing to internally finance the 2022 Street Improvement Project rather than issue a bond. Staff proposes utilizing an interfund loan to transfer money from the City's reserve funds to pay for the project and then levy repayment of the City's portion of the project over a 10-year period. Staff anticipates saving approximately \$30,000 in issuance costs by self-financing the bond.

The following chart shows the preliminary funding for the project:

	Internal Debt Service		Assessment	Annual City
Year	Interest	Principal	Income	Tax Levy
2023	\$ 6,995.83	\$ 60,000.00	\$ 33,559.73	\$ 35,107.91
2024	\$ 6,313.50	\$ 60,000.00	\$ 28,237.80	\$ 39,979.49
2025	\$ 5,596.67	\$ 60,000.00	\$ 27,633.60	\$ 39,861.22
2026	\$ 4,897.08	\$ 60,000.00	\$ 27,029.40	\$ 39,761.06
2027	\$ 4,197.50	\$ 60,000.00	\$ 26,425.20	\$ 39,660.92
2028	\$ 3,507.50	\$ 60,000.00	\$ 25,821.00	\$ 39,570.83
2029	\$ 2,798.75	\$ 60,000.00	\$ 25,216.80	\$ 39,461.05
2030	\$ 2,098.75	\$ 60,000.00	\$ 24,612.60	\$ 39,360.46
2031	\$ 1,399.17	\$ 60,000.00	\$ 24,008.40	\$ 39,260.31
2032	<u>\$ 701.50</u>	<u>\$ 60,000.00</u>	<u>\$ 23,404.20</u>	<u>\$ 39,162.17</u>
	\$ 38,506.25	\$ 600,000.00	\$ 265,948.73	\$ 391,185.40

At the end of the bond, there would be an anticipated balance in the debt service fund of \$18,600, which would cover cash flow issues from potential delinquencies in special assessment or property taxes payments.

Staff is seeking direction from the City Council on whether to proceed with this project, on the proposed timeline for the project, and on the proposed financing mechanism.

If you have any questions, please don't hesitate to contact me at 763-784-6491.