

TO: Mayor and City Council
FROM: David Chanski, City Administrator/Clerk
RE: Project Funding
DATE: October 17, 2023



As the City Council receives the preliminary design for Buschmann Road and the schematic design for a new city hall, it is appropriate to once again visit what funding these projects might look like.

At the August 1 workshop, BakerTilly presented their financial analysis of the proposed projects. Their analysis will be summarized here, but the full analysis is attached.

Per BakerTilly's August 1 analysis, the City currently has the capacity to bond approximately \$5,818,540 using the \$572,000 that the City currently levies for future capital. Additionally, City Administrator Chanski estimates that there should be a little over \$4 million in the Capital Fund at the end of 2023, and there is a little over \$1.77 million in investments that are currently available for divestment or reinvestment.

With the ability to bond \$5.8 million using existing levy dollars as well as \$1.6 million from the Capital Fund and \$1.6 million from investments (the max that City Administrator Chanski would be comfortable taking from both sources at this time), that would provide the City \$9 million to use toward projects without increasing the tax levy.

Per BakerTilly's August 1 analysis, each additional \$500,000 in bond proceeds would result in, approximately, an additional \$45,000 per year in bond payments.

In summary:

Project Funding Sources

- Bonding capacity using existing levy dollars:	\$5.8 million
- Available cash on hand:	<u>\$3.2 million</u>
	Total: \$9.0 million

Estimated Project Costs

- Buschmann Road:	\$3.7 million
- City Hall:	<u>\$4.0 million</u>
	Total: \$7.7 million

Optional Project Costs

- Community Center	<u>\$11 million</u>
	Total: \$11 million