



MEMO

TO: Village Board, Finance Committee
FROM: David De Angelis, Monica Hughes
DATE: August 23, 2019
RE: Resolutions For General Obligation Bonds to fund Splash Pad, Watertown Plank Road Pathway and Re-financing of HVAC project

Attached are initial resolutions authorizing the borrowing to fund the splash pad and the Watertown Plank Road pathway along with an initial resolution to authorize refunding of the State Trust Fund Loan used for the Village Hall HVAC project. A third resolution is then included to authorize the sale of the general obligation bonds.

The Village Board has reviewed and approved these three projects. During the budget for 2019, these projects were approved with the understanding that the Village would ultimately need outside financing to move forward with the projects. The HVAC project was approved and began in 2018 and the Village used the State Trust Fund Loan program to finance the project. The Village borrowed \$1,000,000 from the program, payable over 10 years at a rate of 4.5%. The annual payments for this borrowing are \$126,360 which require a levy increase for that amount.

During early 2019 the Village contracted to construct the Watertown Plank Road pathway with the understanding the Village could use funds on hand in the capital budget, but they would need to be replaced with future borrowing to allow the capital budget to support other currently budgeted capital projects. It was the intention that these funds would be financed in conjunction with the splash pad once final costs were determined.

The Village has worked for the last few years on design and fund raising for the splash pad. The project had an estimated cost of \$600,000 and \$225,000 in donations have been received with an additional \$25,000 committed over the next 5 years. Unfortunately the project was put out for bids in the spring of 2019, with only one bid received at a cost of \$994,500. The Village then rebid the project in May without the construction time constraints and received no bids. The project was again reviewed, re-worked, equipment removed to be purchased separately, and re-bid in July. The Village had two bidders, Mid-City Plumbing and Platt Construction. The low bid, which does not include equipment, was received from Mid-City for a total of \$748,500. The Platt bid was \$774,679. The total with our current equipment bid and a \$100,000 contingency is \$1,127,924, which is \$556,522 over estimate. The Village Board at a

special meeting on August 12, 2019 approved moving forward with the project at the higher costs, contracting with Mid-City, the low bidder, and financing for the project.

Staff has consulted our financial advisors, Ehlers and Associates and is recommending general obligation borrowing including the re-financing of the HVAC state trust fund loan. The Village would be able to take advantage of current low interest rates in the municipal bond market (1.34%-2.85) and fund these three projects over 20 years with an annual payment of approximately \$155,000 as compared to the current obligation of \$126,360 over 10 years.

Staff is recommending approval of the attached resolutions so financing can be obtained and the splash pad project can move forward with completion expected before the summer 2020 season.