

2020 through 2024

# Five-Year Street Reconstruction and Overlay Plan

City of Northfield, Minnesota

February 4, 2020



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City of Northfield  
Five-Year Street Reconstruction and Overlay Plan  
2020 through 2024

**I. INTRODUCTION**

In 2002, the Minnesota State Legislature passed into law a bill which generally exempts city bonds issued under a street reconstruction program from the referendum requirements usually required for bonding expenditures. In 2013 the Legislature amended the law to allow bituminous overlays to be included in the street reconstruction program. The authorization is contained in Minnesota Statutes, Section 475.58, subdivision 3b (the “Act”).

## II. PURPOSE

A street reconstruction program represents a major expenditure of city funds for the reconstruction or bituminous overlay of public streets. As defined in the Act, street reconstruction and bituminous overlay projects may include utility replacement and relocation and other incidental costs, turn lanes and other improvements having a substantial public safety function, realignments, other modifications to intersect with state and county roads, and the local share of state and county road projects. Except in the case of turn lanes, safety improvements, realignments, intersection modifications, and local share of state and county road projects, street reconstruction and overlays do not include the portion of project costs allocable to widening a street or adding curbs and gutters where none previously existed.

A Street Reconstruction and Overlay Plan (SROP) is a document designed to anticipate street reconstruction and overlay expenditures and schedule them over a five-year period so that they may be purchased in an efficient and cost-effective method. A SROP allows the matching of expenditures with anticipated income. As potential expenditures are reviewed, the city considers the benefits, costs, alternatives and impact on operating expenditures.

The City of Northfield, Minnesota (the "City") believes the street reconstruction and overlay process, as part of its larger Capital Improvement Planning process, is an important element of responsible fiscal management. Major capital expenditures can be anticipated and coordinated so as to minimize potentially adverse financial impacts caused by the timing and magnitude of capital outlays. This coordination of capital expenditures is important to the City in achieving its goals of adequate physical assets and sound fiscal management. In these financially difficult times good planning is essential for the wise use of limited financial resources.

The SROP and Capital Improvement Plans are designed to be updated on an annual basis. In this manner, they become an ongoing fiscal planning tool that continually anticipates future capital expenditures and funding sources.

### **III. THE STREET RECONSTRUCTION AND OVERLAY PLANNING PROCESS**

The City Council annually reviews its capital expenditures according to their priority, fiscal impact, and available funding as part of its Capital Improvement Plan (CIP) process. The planning process begins when the City Council authorizes the preparation of the CIP as part of its budget development process. The City staff is instructed to assemble the specific capital expenditures to be undertaken within the next five years. The City Council prepares a plan based on the available funding sources. If bonding is necessary, the City works with its financial advisor to prepare a bond sale and repayment schedule. From this information, a preliminary CIP is prepared for public discussion from citizens and other governmental units. Changes are made based on that input, and a final plan is established. A summary of the City's most recent CIP is included as Appendix E.

Over the life of the CIP, once the funding becomes available the individual capital expenditures can be made as part of individual project approvals. In subsequent years, the process is repeated as expenditures are completed and new needs arise.

Street reconstruction and overlay planning occurs separately from the CIP process focusing specifically on street reconstruction and overlay projects to be financed with general obligation street reconstruction bonds under provisions of the Act. The SROP is to describe the identified street reconstruction and overlay projects to be financed, their estimated costs, and any planned reconstruction or overlay of other streets in the City over the next five years.

For a city to use its authority to finance street reconstruction and bituminous overlay expenditures with general obligation bonds under the Act, it must meet the requirements provided therein. Specifically, the city must hold a public hearing for public input on a SROP. Notice of such hearing must be published in the official newspaper of the city at least 10, but not more than 28 days prior to the date of the public hearing. In addition, the council must approve the SROP and issuance of street reconstruction bonds by a two-thirds majority vote of its membership present at the meeting following a public hearing.

Although a referendum is not required, a reverse referendum is allowable. If a petition bearing the signatures of at least 5 percent of the votes cast in the last municipal general election requesting a vote on the issuance of bonds is filed with the municipal clerk within 30 days after the public hearing, a referendum vote on the issuance of the bonds shall be required to authorize the issuance. If the municipality elects not to submit the question to the voters, the municipality shall not propose the issuance of bonds under the Act for the same purpose for a period of 365 days from the date of receipt of the petition.

#### **IV. PROJECT SUMMARY**

The expenditures to be undertaken with this 2020 to 2024 Street Reconstruction and Overlay Plan are limited to those listed in Appendix A. All other foreseeable capital expenditures within the City government will be financed through other means. The following expenditures have been submitted for inclusion:

##### **2020 Expenditures**

- \$1,500,000 for the reconstruction of the Trunk Highway 246 and Jefferson Parkway intersection

##### **2021 to 2024 Expenditures**

- None identified

## **V. FINANCING THE STREET RECONSTRUCTION PLAN**

The total amount of requested expenditures under the SROP is \$1,500,000. If these expenditures are to be funded, that amount of money is anticipated to be generated through the tax levy and the sale of \$1,500,000 in general obligation street reconstruction plan bonds over the five-year period.

In the financing of the SROP, one statutory limitation applies. Under Chapter 475, with few exceptions, cities cannot incur debt in excess of 3% of the assessor's Estimated Market Value (EMV) for the city. The City's Pay 2019 EMV is \$1,474,689,900. Therefore, the total amount of outstanding debt subject to the limit cannot exceed \$44,240,697. As of February 4, 2020 the City had \$9,259,468 subject to the legal debt limit.

Under the SROP, the City currently plans to issue up to \$1,500,000 in general obligation bonds in the year 2020 to finance the Trunk Highway 246 and Jefferson Parkway intersection reconstruction project. The general obligation bond issue is anticipated to be repaid over a 10 or 15-year period. The bond sizing in this authorization is based on the project amounts listed in Appendix A plus estimated issuance costs. The proposed general obligation street reconstruction bonds under consideration (including issuance costs) and their anticipated repayment are shown in Appendix B.

### **Continuation of the Street Reconstruction and Overlay Plan**

This SROP should be reviewed annually as needed by the City Council using the process outlined in this document. It should review proposed expenditures, make priority decisions, and seek funding for those expenditures it deems necessary for the City. If deemed appropriate, the Council should prepare an update to this SROP.

**SROP PROJECT COSTS**

**(Capital Expenditures to be Funded with General Obligation Street Reconstruction Plan Bond Proceeds)**

The estimated \$4.7 million project includes a reconstruction of the intersection of Trunk Highway 246 and Jefferson Parkway to convert the intersection from an all-way stop to a roundabout improvement with pedestrian underpasses. The intersection of TH 246 and Jefferson parkway was identified over 10 years ago in both the 2008 comprehensive transportation plan and also in the 2009 safe routes to school plan as needing improvements to create a safer intersection for all modes of transportation. In 2016, an Intersection Control Evaluation (ICE) report was prepared for and accepted by the city for the TH 246 and Jefferson parkway intersection. The goals of the ICE were to alleviate peak hour congestion, improve pedestrian and bicyclist access, improve ingress and egress for school traffic, and improve safety for all users. The ICE determined a roundabout design to be the most appropriate type of traffic control for the intersection. The safe routes to school plan recommended that grade separated facilities would be the safest design to separate pedestrians, bicyclists, and motor vehicles.

The 2020 capital expenditures identified within this SROP are for the City’s portion of reconstruction of the Trunk Highway 246 and Jefferson Parkway intersection. Of the total \$4.7 million total project amount, \$1,441,520 is expected to be funded with proceeds from the issuance of up to \$1,500,000 in general obligation street reconstruction plan bonds. In addition to the bond proceeds, the project will utilize state and utility funds for qualifying items as estimated below:

<b>TOTAL PROJECT FUNDING</b>	
<b>FUNDING SOURCE</b>	<b>ESTIMATED FUNDING</b>
Bonding	\$1,441,520
Assessments	\$0
LRIP Grant	\$900,000
LPP Grant	\$483,480
State Aid	\$1,260,116
Storm Fund	\$419,389
Sanitary Fund	\$0
Water Fund	\$186,654
<b>TOTAL FUNDING</b>	<b>\$4,691,159</b>



**PROPOSED 2020 SROP BOND ISSUE**

**City of Northfield, Minnesota**

\$1,500,000 General Obligation Street Reconstruction Plan Bonds  
Assumes Current Market BQ AA Rates plus 35bps

**Sources & Uses**

Dated 08/01/2020 | Delivered 08/01/2020

**Sources Of Funds**

Par Amount of Bonds	\$1,500,000.00
LRIP Grant	900,000.00
LPP Grant	483,480.00
State Aid	1,260,116.00
Storm Fund	419,389.00
Water Fund	186,654.00
<b>Total Sources</b>	<b>\$4,749,639.00</b>

**Uses Of Funds**

Total Underwriter's Discount (1.200%)	18,000.00
Costs of Issuance	39,000.00
Project Amount	4,691,159.00
Rounding Amount	1,480.00
<b>Total Uses</b>	<b>\$4,749,639.00</b>

## City of Northfield, Minnesota

\$1,500,000 General Obligation Street Reconstruction Plan Bonds, Series 2020A

Assumes Current Market BQ AA Rates plus 35bps

10 Years

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2021	-	-	-	-	-
02/01/2022	130,000.00	1.450%	38,887.50	168,887.50	177,331.88
02/01/2023	145,000.00	1.450%	24,040.00	169,040.00	177,492.00
02/01/2024	145,000.00	1.500%	21,937.50	166,937.50	175,284.38
02/01/2025	145,000.00	1.550%	19,762.50	164,762.50	173,000.63
02/01/2026	150,000.00	1.600%	17,515.00	167,515.00	175,890.75
02/01/2027	150,000.00	1.650%	15,115.00	165,115.00	173,370.75
02/01/2028	155,000.00	1.750%	12,640.00	167,640.00	176,022.00
02/01/2029	155,000.00	2.000%	9,927.50	164,927.50	173,173.88
02/01/2030	160,000.00	2.050%	6,827.50	166,827.50	175,168.88
02/01/2031	165,000.00	2.150%	3,547.50	168,547.50	176,974.88
<b>Total</b>	<b>\$1,500,000.00</b>	<b>-</b>	<b>\$170,200.00</b>	<b>\$1,670,200.00</b>	<b>\$1,753,710.00</b>

## City of Northfield, Minnesota

\$1,500,000 General Obligation Street Reconstruction Plan Bonds, Series 2020A

Assumes Current Market BQ AA Rates plus 35bps

15 Years Alternative

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2021	-	-	-	-	-
02/01/2022	75,000.00	1.450%	44,546.25	119,546.25	125,523.56
02/01/2023	90,000.00	1.450%	28,610.00	118,610.00	124,540.50
02/01/2024	90,000.00	1.500%	27,305.00	117,305.00	123,170.25
02/01/2025	95,000.00	1.550%	25,955.00	120,955.00	127,002.75
02/01/2026	95,000.00	1.600%	24,482.50	119,482.50	125,456.63
02/01/2027	95,000.00	1.650%	22,962.50	117,962.50	123,860.63
02/01/2028	100,000.00	1.750%	21,395.00	121,395.00	127,464.75
02/01/2029	100,000.00	2.000%	19,645.00	119,645.00	125,627.25
02/01/2030	100,000.00	2.050%	17,645.00	117,645.00	123,527.25
02/01/2031	105,000.00	2.150%	15,595.00	120,595.00	126,624.75
02/01/2032	105,000.00	2.250%	13,337.50	118,337.50	124,254.38
02/01/2033	110,000.00	2.350%	10,975.00	120,975.00	127,023.75
02/01/2034	110,000.00	2.400%	8,390.00	118,390.00	124,309.50
02/01/2035	115,000.00	2.450%	5,750.00	120,750.00	126,787.50
02/01/2036	115,000.00	2.550%	2,932.50	117,932.50	123,829.13
<b>Total</b>	<b>\$1,500,000.00</b>	<b>-</b>	<b>\$289,526.25</b>	<b>\$1,789,526.25</b>	<b>\$1,879,002.56</b>

## APPENDIX C

### *SROP Plan Schedule dated January 7, 2020* **5-Year City Street Reconstruction Plan Bond Issuance** *City of Northfield, Minnesota*

The City Council must take the following actions before Bonds can be issued:

- City Council directs preparation of a 5-Year Street Reconstruction and Overlay Plan.
- City Council conducts a Public Hearing on Street Reconstruction and Overlay Plan and issuance of Bonds.
- City Council approves Street Reconstruction and Overlay Plan by two-thirds majority.

The table below lists the steps in the issuing process:

1/7/2020	City Council adopts Resolution calling for Public Hearing on issuance Street Reconstruction and Overlay Plan and issuance of Bonds.
1/8/2020	Submit Notice of Public Hearing on Street Reconstruction and Overlay Plan and issuance of Bonds to official newspaper for publication.
1/15/2020	Publish Notice of Public Hearing (publication no more than 28 days and no less than 10 days prior to hearing date).
2/4/2020	City Council holds Public Hearing at 6:00 p.m. on Street Reconstruction and Overlay Plan and issuance of Bonds; considers Resolution approving Street Reconstruction and Overlay Plan.
3/5/2020	Reverse referendum period ends (within 30 days of the public hearing).
Summer	City Council provides for sale of Bonds as part of remaining 2020 projects' financing.

Net Debt Limit	
Assessor's Estimated Market Value	1,474,689,900
Multiply by 3%	0.03
Statutory Debt Limit	44,240,697
Less: Debt Paid Solely from Taxes	(9,259,468)
Unused Debt Limit	34,981,229

**APPENDIX D**

CITY OF NORTHFIELD, MINNESOTA  
CITY COUNCIL RESOLUTION 2020-007

RESOLUTION CALLING FOR A PUBLIC HEARING ON THE ADOPTION OF A STREET RECONSTRUCTION PLAN AND THE ISSUANCE OF STREET RECONSTRUCTION BONDS THEREUNDER

WHEREAS, the City of Northfield, Minnesota (the “City”) is authorized under *Minnesota Statutes*, Section 475.58, subdivision 3b (the “Act”) to prepare a plan for reconstruction of streets in the City over the next five years, including a description of the affected streets and estimated costs (the “Plan”), and to issue general obligation bonds to finance the cost of street reconstruction activities described in the Plan; and

WHEREAS, the City Council has determined to prepare a Plan and to issue general obligations bonds in a principal amount not to exceed \$1,500,000 (the “Bonds”) to finance certain street reconstruction activities in the City; and

WHEREAS, the Act requires the City to hold a public hearing regarding the Plan and issuance of the Bonds; and

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Northfield, Minnesota, as follows:

- 1. Plan. The City hereby authorizes its staff and consultants to prepare a Plan for reconstruction of City Streets, or any portion thereof designated by the City Engineer, and to place a copy of the Plan on file with the City Clerk by no later than the date of publication of the hearing notice.
- 2. Hearing. A public hearing regarding the Plan and issuance of the Bonds will be held at the time and place set forth in the Notice of Hearing attached hereto as Exhibit A and hereby made a part hereof.
- 3. Notice. The City Clerk is hereby authorized and directed to cause notice of said hearing in substantially the form attached hereto as Exhibit A to be given one publication in a newspaper of general circulation in the City at least 10 days but not more than 28 days before the hearing.

PASSED by the City Council of the City of Northfield, Minnesota this 7<sup>th</sup> day of January, 2020.

ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

VOTE: \_\_\_ POWNELL    \_\_\_ COLBY    \_\_\_ DELONG    \_\_\_ NAKASIAN  
      \_\_\_ NESS    \_\_\_ PETERSON WHITE    \_\_\_ ZWEIFEL

**EXHIBIT A**

**NOTICE OF PUBLIC HEARING**

CITY OF NORTHFIELD  
COUNTY OF RICE AND DAKOTA  
STATE OF MINNESOTA

NOTICE IS HEREBY GIVEN that the City Council of the City of Northfield, Minnesota (the “City”), will hold a public hearing on Tuesday, February 4, 2020, at a meeting of the City Council beginning on or after 6:00 p.m., Central Time, in the Council Chambers at City Hall relating to a proposal concerning: (1) the adoption of a five-year street reconstruction plan (the “Plan”); and (2) the issuance of general obligation street reconstruction bonds (the “Bonds”) to finance the reconstruction of certain streets in the City, all pursuant to Minnesota Statutes, Section 475.58, subdivision 3b. The Bonds will be issued in a principal amount not to exceed \$1,500,000. A draft copy of the Plan is on file with the City Clerk and is available for public inspection at City Hall during regular business hours.

If a petition requesting a vote on the issuance of the Bonds, signed by voters equal to five percent of the votes cast in the last City general election, is filed with the City Clerk within 30 days after the public hearing (i.e. March 5, 2020), the City may issue the Bonds only after obtaining approval of a majority of voters voting on the question at an election.

All interested persons may appear at the public hearing on February 4, 2020, to express their views with respect to the proposal, or may file written comments with the City Clerk prior to the meeting.

Dated January 15, 2020

BY ORDER OF THE CITY COUNCIL OF THE  
CITY OF NORTHFIELD, MINNESOTA

## City of Northfield, Minnesota

## Capital Improvement Plan

2020 thru 2024

## PROJECTS BY DEPARTMENT

Department	Project #	2020	2021	2022	2023	2024	Total
<b>City Facilities</b>							
City Hall - Council Chamber Carpet	F-2020-001	15,000					15,000
City Hall Boiler replacement	F-2021-002		150,000				150,000
Ice Arena Rubber Roof Replacment	F-2021-003		130,000				130,000
<b>City Facilities Total</b>		<b>15,000</b>	<b>280,000</b>				<b>295,000</b>
<b>Engineering Division</b>							
2019 TH 246 & Jefferson Parkway	E-2019-003	3,325,000					3,325,000
2020 Mill and Overlay	E-2020-002	4,204,835					4,204,835
2020 Seal Coat/Crack Fill Project	E-2020-003	57,616					57,616
2021 Mayflower Hill Reclamation	E-2021-002		2,404,953				2,404,953
2021 Seal Coat/Crack Fill Project	E-2021-003		130,043				130,043
TH 3 Frontage Road Mill and Overlay	E-2021-004		888,017				888,017
NW Area Mill and Overlay	E-2022-001			3,523,818			3,523,818
2022 Seal Coat/Crack Fill Project	E-2022-002			106,197			106,197
Southwest Area Reclamation	E-2023-001				1,788,302		1,788,302
2023 Mill and Overlay Project	E-2023-002				4,506,443		4,506,443
2024 College & Winona Street Reconstruction	E-2024-001					3,019,822	3,019,822
2024 Water Street South Reconstruction	E-2024-002					1,522,217	1,522,217
Wall Street Road Reconstruction	E-2024-003					3,126,693	3,126,693
<b>Engineering Division Total</b>		<b>7,587,451</b>	<b>3,423,013</b>	<b>3,630,015</b>	<b>6,294,745</b>	<b>7,668,732</b>	<b>28,603,956</b>
<b>NCRC</b>							
Parking Lot Crack Seal and Seal Coat	NCRC 2020-01	30,000					30,000
New Pool Heaters	NCRC 2021-01		10,000				10,000
Exterior Painting	NCRC 2024-01					10,000	10,000
<b>NCRC Total</b>		<b>30,000</b>	<b>10,000</b>			<b>10,000</b>	<b>50,000</b>
<b>Park Division</b>							
River Corridor Concept Plan	P-2019-002	40,000					40,000
Riverside Park River Access and Turnaround	P-2019-004	50,000					50,000
Northeastern Area Neighborhood Park	P-2020-002	350,000					350,000
Riverside Park Playground Replacement	P-2022-001				120,000		120,000
<b>Park Division Total</b>		<b>440,000</b>		<b>120,000</b>			<b>560,000</b>
<b>Stormwater Division</b>							
Hills #3, Cannon & Locust Pond Dredging	SW- 2024-001					597,652	597,652
Golf Course, Parmeadow Park #1 & #3 Pond Dredging	SW-2020-001	690,477					690,477
West Riverwall Floodwall Extension	SW-2021-001				2,000,000		2,000,000
Prairie Hills #1 and Hidden Valley Pond Dredging	SW-2022-001			789,610			789,610
<b>Stormwater Division Total</b>		<b>690,477</b>		<b>789,610</b>	<b>2,000,000</b>	<b>597,652</b>	<b>4,077,739</b>

Department	Project #	2020	2021	2022	2023	2024	Total
<b>Street Division</b>							
SALT STORAGE BUILDING	ST-2021-003		275,000				275,000
<b>Street Division Total</b>			<b>275,000</b>				<b>275,000</b>
<b>Wastewater Division</b>							
Babcock Generator	WW-2020-002	200,000					200,000
MAU-2 Pretreatment Replacement	WW-2020-003	53,147					53,147
In-line Phosphorous Analyzer	WW-2020-004	70,000					70,000
Biosolids Liquid Storage	WW-2021-002		1,193,844				1,193,844
BioSolids Cake Storage	WW-2021-003		711,563				711,563
SCADA Upgrade	WW-2021-004		1,622,500				1,622,500
MAU-5 Replacement	WW-2021-006		24,345				24,345
UV Disinfection Roof Replacement	WW-2021-007		34,500				34,500
Shop Radiant Heaters	WW-2021-008		20,000				20,000
Operations Building Roof Replacement	WW-2021-009		106,000				106,000
Influent Lift Pumps Replacement	WW-2021-010		1,372,594				1,372,594
BAF Roof Replacement	WW-2022-001			324,500			324,500
MAU-6 Replacement	WW-2022-002			62,172			62,172
Pretreatment Roof Replacement	WW-2022-003			359,900			359,900
BAF Blower Replacements	WW-2022-004			843,975			843,975
MAU-1 Replacement	WW-2023-002				29,938		29,938
MAU-2 Replacement	WW-2024-001					61,611	61,611
<b>Wastewater Division Total</b>		<b>323,147</b>	<b>5,085,346</b>	<b>1,590,547</b>	<b>29,938</b>	<b>61,611</b>	<b>7,090,589</b>
<b>Water Division</b>							
St. Olaf South Ground Storage Tank Maintenance	W-2020-002	300,000					300,000
Well No. 02 Maintenance	W-2020-003	30,000					30,000
Well No. 06 Generator	W-2020-004	120,000					120,000
St. Olaf North Ground Storage Tank Maintenance	W-2020-005	300,000					300,000
Land Acquisition for Water Tank in NW Area	W-2021-002		250,000				250,000
Well No. 03 Maintenance	W-2023-001				30,000		30,000
Well No. 03 MCC Replacement	W-2023-002				200,000		200,000
Well No. 03 Generator Replacement	W-2023-003				120,000		120,000
Well No. 04 Maintenance	W-2024-001					30,000	30,000
Well No. 04 Generator Replacement	W-2024-002					120,000	120,000
Well No. 04 MCC Replacement	W-2024-003					200,000	200,000
<b>Water Division Total</b>		<b>750,000</b>	<b>250,000</b>		<b>350,000</b>	<b>350,000</b>	<b>1,700,000</b>
<b>GRAND TOTAL</b>		<b>9,836,075</b>	<b>9,323,359</b>	<b>6,130,172</b>	<b>8,674,683</b>	<b>8,687,995</b>	<b>42,652,284</b>