



Legislation Text

File #: Res. 2017-118, **Version:** 1

City Council Meeting Date: December 5, 2017

To: Mayor and City Council

From: Ben Martig, City Administrator

Consider Resolution Calling for Public Hearing on the Intention to Issue General Obligation Capital Improvement Plan Bonds and the Proposal to Adopt a Capital Improvement Plan for 2018 through 2022 Under Minnesota Statutes, Section 475.521.

Action Requested:

The Northfield City Council makes a motion to approve a Resolution Calling for Public Hearing on the Intention to Issue General Obligation Capital Improvement Plan Bonds and the Proposal to Adopt a Capital Improvement Plan for 2018 through 2022 Under Minnesota Statutes, Section 475.521.

Summary Report:

The recommended resolutions will provide for setting a hearing to present financing of the new Fire Station and a re-financing of existing debt on the police station. Recommended lease terms for the financing and related joint powers amendments have been previously presented and will be included in greater detail at the hearing scheduled for January.

The Northfield Area Fire & Rescue Services (NAFRS) approved the recommended project cost and related financing at their November meeting. The following is a summary of the proposed Capital Improvement Bonds for the Fire Station:

- \$4.215 million fire facility financing. The Capital Improvement Bond
- Leased by NAFRS Joint Powers
- NAFRS to cover construction period of interest (possibly some partner contribution - Northfield from reserves if this is pursued)
- 20-year amortization
- Subject to Council approval after Public Hearing and 30-day reverse referendum
- Estimated issuance Spring 2018

City Administrator Martig previously has presented alternative funding options for gateway improvements along the north side of Fifth Avenue along the southern edge of Ames Park. The final legal opinion from Kennedy & Graven has concluded that those improvements may not be utilized within the debt authority of the Capital Improvement Bonds. Therefore, they are not reflected as options within the recommended maximum amount of financing for the bonds. Staff will be exploring other financing options for future Council consideration.

City Administrator Martig along with Nick Anhut of Ehlers will be at the meeting to present additional

information. A supplemental memo is expected to include more information on the financing including a presentation for the meeting.

Alternative Options:

None recommended.

Financial Impacts:

Fire Station Project

Attached is an estimated debt service schedule for the fire station with a \$4 million and a \$4.215 million (\$4,215,000) principal bond estimate. The \$4,215,000 is a maximum amount of the bond that provides additional contingency above and beyond the current project estimate of \$4 million (rounded up from \$3,953,452.50 estimate from 11-13-2017).

Police Station Financing

- 2012B Certificates Police Facility
- Re-financing existing Certificate of Participation Debt as we are currently projecting cost savings.
- Contingent on market interest rates.
- Current fund balance of approximately \$550,000
 - Recommendation to use some on police facility outstanding facility issues (amount under review)
 - Remaining amount used to mitigate Fire Station new debt in initial 2-3 years until other debt falls off (this will be used whether Police re-financing is completed or not.)

Tentative Timelines:

See attached CIP Fire Station Financing Schedule.