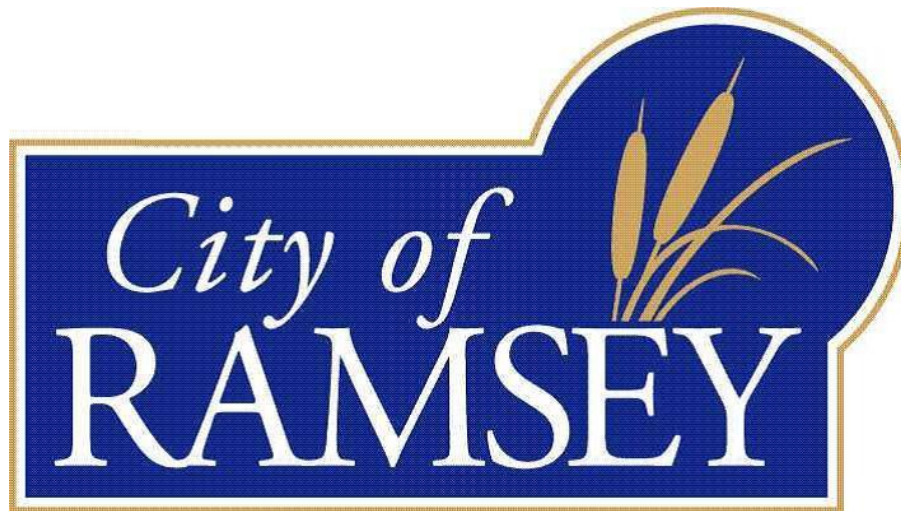


2015 through 2019

Five-Year Capital Improvement Plan for the  
City of Ramsey, Minnesota

March 10, 2015



Prepared by:

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City of Ramsey  
Five-Year Capital Improvement Plan  
2015 through 2019

**I. INTRODUCTION**

In 2003, the Minnesota State Legislature adopted a statute (Section 475.521, referred to herein as the “CIP Act”) that allows cities to issue municipal bonds under a capital improvement plan without the usual referendum requirement (except for the so-called “reverse referendum” described below). The CIP Act applies to capital improvements consisting of city halls, public works, and public safety facilities. The 2005 Legislature added towns to the meaning of a municipality and town halls and libraries to the meaning of a capital improvement under the CIP Act.

Throughout this plan, the term “capital improvement” refers only to those improvements identified in the CIP Act, as summarized above. Capital expenditures for other public improvements in the City will be financed through other means, and are not governed by this plan.

## **II. PURPOSE**

A capital improvement is a major expenditure of municipal funds for the acquisition or betterment to public lands, buildings, or other improvements used as a city hall, town hall, library, public safety, or public works facility, which has a useful life of 5 years or more. For the purposes of the CIP Act, capital improvements do not include light rail transit or related activities, parks, road/bridges, administrative buildings other than city or town hall, or land for those facilities. A Capital Improvement Plan (“CIP”) is a document designed to anticipate capital improvement expenditures and schedule them over a five-year period so that they may be purchased in the most efficient and cost effective method possible. A CIP allows the matching of expenditures with anticipated income. As potential expenditures are reviewed, the municipality considers the benefits, costs, alternatives and impact on operating expenditures.

The City of Ramsey, Minnesota (the “City”) believes the capital improvement 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 Capital Improvement Plan is designed to be updated on an annual basis. In this manner, it becomes an ongoing fiscal planning tool that continually anticipated future capital expenditures and funding sources.

### **III. THE CAPITAL IMPROVEMENT PLANNING PROCESS**

The process begins with analysis of the City's five-year capital improvement needs and funding sources. The City may solicit input from citizens and other governmental units at an early stage, if desired.

The City Council then directs staff or consultants to prepare a plan that sets forth the estimated schedule, timing and details of specific capital improvements by year, together with the estimated cost, the need for the improvement, and the sources of revenue for the improvement. The City Council then holds a public hearing on the CIP, with notice published not more than 30 days and not less than seven days for the hearing (except as described below). The Council may either approve the CIP immediately after the hearing, or based on input may make revisions and approve the CIP at a later meeting.

If the CIP calls for general obligation bonds to finance certain improvements, the City Council must follow an additional set of procedures. The Council must hold a public hearing regarding issuance of the bonds. Notice of such hearing must be published in the official newspaper of the municipality at least 14, but not more than 28 days prior to the date of the public hearing. In addition, the notice may be posted on the City's official web site. (The public hearings on the CIP and the bonds may be combined into a single hearing, in which case the notice requirements for bonds must be followed.)

The Council must approve the sale of CIP bonds by a 3/5ths vote of its membership. However, the bonds are subject to a so-called "reverse referendum:" if a petition signed by voters equal to at least five percent of the votes cast in the City in last general election is filed with the City Clerk within 30 days after the public hearing regarding the bonds, the bonds may not be issued unless approved by the voters (by a majority of those voting on the question). Further, the maximum debt service in any year on all outstanding CIP Bonds is .16% of the estimated market value of property in the city, using the market value for the taxes-payable year in which the bonds are issued.

After the CIP has been approved and bonds have been authorized, the City works with its financial advisor to prepare a bond sale and repayment schedule. Assuming no petition for a referendum is filed, the bonds are sold, and when proceeds from the sale of the bonds (and any other identified

revenue sources) become available, the expenditures for specified capital improvements can be made.

In subsequent years, the process is repeated as expenditures are completed and as new needs arise. Capital improvement planning looks five or more years into the future from the date of the CIP.

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

The expenditures to be undertaken with this CIP are limited to those listed below. All other foreseeable capital expenditures within the municipal government will come through other means. The following expenditures have been submitted for inclusion in this CIP:

##### **2015 Expenditures**

- \$4,200,000 – Construction of Fire Station #2

##### **2016 Expenditures**

- No expenditures anticipated with this CIP

##### **2017 Expenditures**

- No expenditures anticipated with this CIP

##### **2018 Expenditures**

- No expenditures anticipated with this CIP

##### **2019 Expenditures**

- No expenditures anticipated with this CIP

The CIP Act requires the City Council to consider eight factors in preparing the CIP:

1. Condition of the City's existing infrastructure, including projected need for repair or replacement.
2. Likely demand for the improvement.
3. Estimated cost of the improvement.
4. Available public resources.
5. Level of overlapping debt in the City.
6. Relative benefits and costs of alternative uses of funds.
7. Operating costs of the proposed improvements.
8. Alternatives for providing services most efficiently through shared facilities with other cities or local governments.

The City has considered the eight points as they relate to the construction of a Fire Station #2 through the issuance of CIP Bonds. The findings are as follows:

## **PROJECTS**

### **Conditions of City Infrastructure and Need for the Projects**

The building has been scheduled for replacement due to the current condition not meeting the needs of a fire station. Also, the current building and property are being actively marketed for demolition/rebuild for a willing buyer.

### **Demand for Projects**

Current facility has many issues including inadequate space, HVAC system needs, domestic water problems, etc. A 2.4 acre site adjacent to this property has been chosen as a replacement site.

### **Estimated Cost of the Projects**

See Project Summary for details of all project costs.

### **Availability of Public Resources**

The new facility will be funded from a combination of general property tax levy and available resources on hand.

## Level of Overlapping Debt

Taxing District	2013/14 Taxable Net Tax Capacity	% in City	Total GO Debt	City's Proportionate Share
Anoka County	\$ 271,469,369	7.1304%	\$ 106,810,000	\$ 7,615,980
I.S.D No. 11 (Anoka-Hennepin)	\$ 177,995,880	9.6604%	\$ 58,620,000	\$ 5,662,926
I.S.D No. 782 (Elk River)	\$ 59,861,669	3.6110%	\$ 246,755,000	\$ 8,910,323
Metropolitan Council	\$ 2,999,061,916	0.6454%	\$ 155,020,000	\$ 1,000,499
<b>City's Share Total of Overlapping Debt</b>	<b>\$</b>			<b>23,189,729</b>

## Relative Costs and Benefits of Alternative Uses of the Funds

There are no significant alternatives for funds designated for this project.

## Operating Costs of the Proposed Improvements

Operating costs will be comparable or less than the current building largely due to HVAC systems being more efficient than the current site. Also, the new building will have smaller square footage to heat and cool (verses heating and cooling the entire "old city hall).

## Options for Shared Facilities with Other Cities or Local Government

Options for mutual use include a planned space for police patrol to use as a report writing location. Also, future use may include ambulance service staging from this location.

## V. FINANCING THE CAPITAL IMPROVEMENT PLAN

The total principal amount of requested expenditures under this Capital Improvement Plan is \$4,200,000. This amount represents the maximum principal amount of CIP Bonds that may be issued to finance the construction of Fire Station #2. Principal and interest on the CIP Bonds will be paid through a tax levy over the term of the CIP Bonds, further described in Appendix A.

In the financing of the Capital Improvement Plan, two significant statutory limitations apply.

1. Under Chapter 475, with few exceptions, municipalities cannot incur debt in excess of 3% of the assessor's estimated market value for the municipality. In the City, the estimated market value for pay 2014 is \$1,795,975,400. Therefore, the total amount of outstanding debt cannot exceed \$53,879,262. As of February 10, 2015, the City has \$20,050,000 subject to the legal debt limit (this amount does not include the 2015A Bonds). If you include the issuance of the 2015A CIP Bonds, the City will still be within the overall statutory debt limit for the City.
2. A separate limitation under the CIP Act is that, without referendum, the total amount of principal and interest in any one year on all CIP Bonds issued by the City debt cannot exceed 0.16% of the total estimated market value in the municipality. In the City, that maximum annual debt service amount is \$2,873,561 for the Pay 2014 tax year ( $\$1,795,975,400 \times .0016$ ). The annual principal and interest payments on the CIP Bonds proposed to be issued under this CIP will average approximately \$280,000. If you include other CIP debt outstanding, the annual principal and interest payments on all CIP debt will be approximately \$1,608,000. As such, debt service on the CIP Bonds will be within the annual limits under the CIP Act.

Details regarding the proposed terms of the CIP Bonds under this CIP are shown in Appendix A. A schedule of events for approval of the CIP and issuance of the CIP Bonds is shown in Appendix B; and the form of the public hearing notice and resolution approving the CIP are shown in Appendix C.

## **Continuation of the Capital Improvement Plan**

This Capital Improvement Plan should be reviewed annually by the City Council using the process outlined in this Plan. 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 Plan.

APPENDIX A

**PROPOSED CIP BOND ISSUE**

**City of Ramsey, Minnesota**

\$3,970,000 General Obligation Bonds, Series 2015A  
Assumes Current Market BQ AA+ Rates plus 25bps

**Sources & Uses**

Dated 05/07/2015 | Delivered 05/07/2015

**Sources Of Funds**

Par Amount of Bonds	\$3,970,000.00
<b>Total Sources</b>	<b>\$3,970,000.00</b>

**Uses Of Funds**

Total Underwriter's Discount (1.200%)	47,640.00
Costs of Issuance	47,000.00
Deposit to Project Construction Fund	3,871,000.00
Rounding Amount	4,360.00
<b>Total Uses</b>	<b>\$3,970,000.00</b>

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/07/2015	-	-	-	-	-
12/01/2015	-	-	60,861.42	60,861.42	60,861.42
06/01/2016	-	-	53,701.25	53,701.25	-
12/01/2016	-	-	53,701.25	53,701.25	107,402.50
06/01/2017	-	-	53,701.25	53,701.25	-
12/01/2017	170,000.00	1.100%	53,701.25	223,701.25	277,402.50
06/01/2018	-	-	52,766.25	52,766.25	-
12/01/2018	175,000.00	1.300%	52,766.25	227,766.25	280,532.50
06/01/2019	-	-	51,628.75	51,628.75	-
12/01/2019	175,000.00	1.550%	51,628.75	226,628.75	278,257.50
06/01/2020	-	-	50,272.50	50,272.50	-
12/01/2020	180,000.00	1.800%	50,272.50	230,272.50	280,545.00
06/01/2021	-	-	48,652.50	48,652.50	-
12/01/2021	180,000.00	2.000%	48,652.50	228,652.50	277,305.00
06/01/2022	-	-	46,852.50	46,852.50	-
12/01/2022	185,000.00	2.150%	46,852.50	231,852.50	278,705.00
06/01/2023	-	-	44,863.75	44,863.75	-
12/01/2023	190,000.00	2.250%	44,863.75	234,863.75	279,727.50
06/01/2024	-	-	42,726.25	42,726.25	-
12/01/2024	195,000.00	2.400%	42,726.25	237,726.25	280,452.50
06/01/2025	-	-	40,386.25	40,386.25	-
12/01/2025	195,000.00	2.500%	40,386.25	235,386.25	275,772.50
06/01/2026	-	-	37,948.75	37,948.75	-
12/01/2026	200,000.00	2.650%	37,948.75	237,948.75	275,897.50
06/01/2027	-	-	35,298.75	35,298.75	-
12/01/2027	210,000.00	2.800%	35,298.75	245,298.75	280,597.50
06/01/2028	-	-	32,358.75	32,358.75	-
12/01/2028	215,000.00	2.950%	32,358.75	247,358.75	279,717.50
06/01/2029	-	-	29,187.50	29,187.50	-
12/01/2029	220,000.00	3.100%	29,187.50	249,187.50	278,375.00
06/01/2030	-	-	25,777.50	25,777.50	-
12/01/2030	225,000.00	3.250%	25,777.50	250,777.50	276,555.00
06/01/2031	-	-	22,121.25	22,121.25	-
12/01/2031	235,000.00	3.350%	22,121.25	257,121.25	279,242.50
06/01/2032	-	-	18,185.00	18,185.00	-
12/01/2032	240,000.00	3.450%	18,185.00	258,185.00	276,370.00
06/01/2033	-	-	14,045.00	14,045.00	-
12/01/2033	250,000.00	3.550%	14,045.00	264,045.00	278,090.00
06/01/2034	-	-	9,607.50	9,607.50	-
12/01/2034	260,000.00	3.600%	9,607.50	269,607.50	279,215.00
06/01/2035	-	-	4,927.50	4,927.50	-
12/01/2035	270,000.00	3.650%	4,927.50	274,927.50	279,855.00
<b>Total</b>	<b>\$3,970,000.00</b>	<b>-</b>	<b>\$1,490,878.92</b>	<b>\$5,460,878.92</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$48,964.67
Average Life	12.334 Years
Average Coupon	3.0448056%
Net Interest Cost (NIC)	3.1421003%
True Interest Cost (TIC)	3.1243978%
Bond Yield for Arbitrage Purposes	3.0041087%
All Inclusive Cost (AIC)	3.2450343%

## APPENDIX B

### *Pre-Sale Schedule dated March 10, 2015 5-Year City Capital Improvement Plan Bond Issuance City of Ramsey, Minnesota*

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

- City Council directs preparation of a 5-Year Capital Improvement Plan.
- City Council conducts a Public Hearing on issuance of Bonds and Capital Improvement Plan.
- City Council approves Bonds and Capital Improvement Plan by at least a 3/5ths vote of the governing body membership.

The table below lists the steps in the issuing process:

February 10, 2015	City Council adopts Resolution calling for Public Hearing on issuance of Bonds and on Capital Improvement Plan.
February 16, 2015	Close date to get Notice of Public Hearing on issuance of Bonds and on Capital Improvement Plan to official newspaper for publication.
February 20, 2015	Publish Notice of Public Hearing on issuance of Bonds and on Capital Improvement Plan (publication no more than 28 days and no less than 14 days prior to hearing date). Additionally, notice may be posted on the City's official web site, if any.
March 10, 2015	City Council holds Public Hearing at 7:00 p.m. on Bonds and on Capital Improvement Plan and adopts Resolution giving preliminary approval for their issuance and approving Capital Improvement Plan by at least a 3/5ths vote of the governing body membership.
April 9, 2015	Reverse referendum period ends (within 30 days of the public hearing).
April 14, 2015	City Council accepts offer for Bonds and adopts Resolution-Approving sale of Bonds.
May 7, 2015	Tentative closing/receipt of funds.

Net Debt Limit		Annual Levy Limit	
Assessor's Estimated Market Value	1,795,975,400	Assessor's Estimated Market Value	1,795,975,400
Multiply by 3%	0.03	Multiply by .16%	0.0016
Statutory Debt Limit	53,879,262	Statutory Levy Limit	2,873,561
Less: Debt Paid Solely from Taxes	(20,050,000)	Less: Annual Levy under CIP	(1,608,000)
Unused Debt Limit	33,829,262	Unused Levy Limit	1,265,561



## APPENDIX C

### EXTRACT OF MINUTES OF A MEETING OF THE CITY COUNCIL OF THE CITY OF RAMSEY, MINNESOTA

HELD: FEBRUARY 10, 2015

Pursuant to due call and notice thereof, a regular meeting of the City Council of City of Ramsey, Minnesota, was duly called and held at the City Hall in the City of Ramsey, Minnesota on Tuesday the 10<sup>th</sup> day of February, 2015 at 7:00 p.m. for the purpose, in part, of calling a public hearing on the intention to issue general obligation capital improvement plan bonds and the proposal to adopt a capital improvement plan therefor.

The following members were present:

And the following were absent:

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

#### RESOLUTION CALLING PUBLIC HEARING ON THE INTENTION TO ISSUE GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS AND THE PROPOSAL TO ADOPT A CAPITAL IMPROVEMENT PLAN FOR 2015 THROUGH 2019 UNDER MINNESOTA STATUTES, SECTION 475.521

A. WHEREAS, pursuant to Minnesota Statutes, Section 475.521 the City of Ramsey, Minnesota (the "City") may issue bonds to finance capital expenditures under its capital improvement plan (the "Plan") without an election provided that, among other things, prior to issuing the bonds the City adopts the Plan after a public hearing thereon and publishes a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter; and

B. WHEREAS, the City Council will hold a public hearing on its intention to issue general obligation capital improvement plan bonds (the "Bonds") and to adopt the Plan therefor pursuant thereto on March 10, 2015; and

NOW, THEREFOR, BE IT RESOLVED by the City Council of the City of Ramsey, Minnesota, that the City Council hereby calls for a public hearing on its intent to issue the Bonds and to adopt the Plan therefor, such hearing to be held on the date and time set forth in Exhibit A attached hereto. The City Council is hereby directed to cause the notice to be published at least 14 but not more than 28 days before the hearing in the official newspaper of the City or a newspaper of general circulation in the City.

The motion for the adoption of the foregoing resolution was duly seconded by member \_\_\_\_\_ and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF ANOKA  
CITY OF RAMSEY

I, the undersigned, being duly qualified and City Clerk of the City of Ramsey, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, on February 10, 2015, duly called and held on the date therein indicated, insofar as such minutes relate to the City Council calling a public hearing on the intension to issue general obligation capital improvement plan bonds and proposal to adopt a capital improvement plan therefor.

WITNESS my hand on this \_\_\_\_\_ day of February, 2015.

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



EXTRACT OF MINUTES OF A MEETING OF THE  
CITY COUNCIL OF THE CITY OF RAMSEY, MINNESOTA

HELD: MARCH 10, 2015

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Ramsey, Minnesota, was duly called and held at the City Hall in Ramsey, Minnesota on Tuesday the 10<sup>th</sup> day of March, 2015 at 7:00 p.m. for the purpose, in part, of giving preliminary approval to the issuance of general obligation capital improvement plan bonds and adopting the capital improvement plan.

The following members were present:

and the following were absent:

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

RESOLUTION GIVING PRELIMINARY APPROVAL  
FOR THE ISSUANCE OF THE CITY'S GENERAL OBLIGATION  
CAPITAL IMPROVEMENT PLAN BONDS IN AN AMOUNT  
NOT TO EXCEED \$4, 200,000 AND  
ADOPTING THE CITY OF RAMSEY MINNESOTA CAPITAL  
IMPROVEMENT PLAN FOR 2015 THROUGH 2019  
UNDER MINNESOTA STATUTES, SECTION 475.521

A. WHEREAS, the City Council of the City of Ramsey, Minnesota (the "City") proposes to adopt the City of Ramsey, Minnesota Capital Improvement Plan (the "Plan") and to issue its general obligation capital improvement plan bonds (the "Bonds") described in the Plan; and

B. WHEREAS, the City has caused notice of the public hearing on the intention to issue the Bonds and on the proposed adoption of the Plan to be published pursuant to and in accordance with Minnesota Statutes, Section 475.521; and

C. WHEREAS, a public hearing on the intention to issue the Bonds and on the proposed Plan has been held on this date, following published notice of the hearing as required by law; and

D. WHEREAS, in approving the Plan, the City Council considered for each project and for the overall Plan:

1. The condition of the City's existing infrastructure, including the projected need for repair and replacement;
2. The likely demand for the improvement;
3. The estimated cost of the improvement;
4. The available public resources;
5. The level of overlapping debt in the City;
6. The relative benefits and costs of alternative uses of the funds;
7. Operating costs of the proposed improvements; and

8. Alternatives for providing services more efficiently through shared facilities with other local governmental units; and

E. WHEREAS, the City Council has determined that the issuance of the Bonds is the best way to finance the capital improvements described in the Plan as authorized under Minnesota Statutes, Section 475.521.

NOW, THEREFOR, BE IT RESOLVED by the City Council of the City of Ramsey, Minnesota, as follows:

1. The Plan is hereby in all respects approved.
2. The staff and consultants of the City are hereby authorized to do all other things and take all other actions as may be necessary or appropriate to carry out the Plan in accordance with any applicable laws and regulations.
3. The City gives preliminary approval to issuance of the Bonds in the maximum principal amount of \$4,200,000, provided that if a petition requesting a vote on issuance of the Bonds, signed by voters equal to five percent of the votes cast in the last general election, is filed with City Clerk by April 9, 2015, the City may issue the Bonds only after obtaining approval of a majority of voters voting on the question at an election.
4. The City declares its official intent to reimburse itself for the costs of the Plan from the proceeds of the Bonds.

The motion for the adoption of the foregoing resolution was duly seconded by Member \_\_\_\_\_ and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF ANOKA  
CITY OF RAMSEY

I, the undersigned, being duly qualified and City Clerk of the City of Ramsey, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes with the original minutes of a meeting of the City Council of said City, on March 10, 2015, duly called and held on the date therein indicated, which are on file and of record in my office, and the same is a full, true and complete transcript therefrom insofar as the same relates to a resolution giving preliminary approval for the issuance of the City's general obligation capital improvement plan bonds and adopting the City's capital improvement plan therefor.

WITNESS my hand this \_\_\_\_\_ day of March, 2015.

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

[Bonds must be approved by at least three-fifths of the members.]

[Issuance of Bonds is subject to a 30-day reverse referendum after the public hearing.]