



*City Council Memorandum*

**To: Mayor Fasbender & City Councilmembers**  
**From: Chris Eitemiller, Finance Manager**  
**Date: February 21, 2023**  
**Item: Hold Public Hearing for 2023 Street Reconstruction Project, Adopt 2023-27 Street Reconstruction Plan and Approve Issuance of General Obligation Street Reconstruction Bonds**

**Council Action Requested:**

Adopt 2023-2027 Street Reconstruction Plan and Approve Issuance of General Obligation Street Reconstruction Bonds, Series 2023A.

**Background Information:**

The City is proposing to finance a portion of the 2023 Street and Utility Infrastructure Project through the issuance of General Obligation Street Reconstruction Bonds, pursuant to Minnesota Statutes, Section 475.521.

As part of the issuing process, the City is required to approve a street reconstruction plan. Because this street project cannot meet a threshold of assessing adjoining properties at least 20% of the project's cost, a public hearing must be held.

The notice calling for a public hearing was published on February 9, 2023. Prior to adopting the street reconstruction plan, or approving issuance of the proposed general obligation street reconstruction bonds, time must be provided to allow the public to respond.

**Financial Impact:**

None

**Advisory Commission Discussion:**

N/A

**Council Committee Discussion:**

N/A

**Attachments:**

Resolution calling for adopting the street construction plan and approving issuance of General Obligation Street Reconstruction Bonds.

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

HELD: FEBRUARY 21, 2023

Pursuant to due call, a regular or special meeting of the City Council of the City of Hastings, Dakota and Washington Counties, Minnesota, was duly held at the city hall on February 21, 2023, at 7:00 p.m., for the purpose, in part, of adopting a street reconstruction plan and authorizing issuance of street reconstruction bonds.

The following members were present:

\_\_\_\_\_

and the following were absent:

\_\_\_\_\_

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

RESOLUTION ADOPTING A STREET RECONSTRUCTION PLAN AND  
APPROVING THE ISSUANCE OF GENERAL OBLIGATION STREET  
RECONSTRUCTION BONDS

WHEREAS, the City of Hastings, Minnesota (the "City"), has determined that it is in the best interest of the City to authorize the issuance and sale of general obligation street reconstruction bonds pursuant to Minnesota Statutes, Section 475.58, subdivision 3b, as amended (the "Act"), to finance the cost of street reconstruction projects, as described in the proposed street reconstruction plan described below, a copy of which is on file in the City Clerk's office; and

WHEREAS, pursuant to the Act, the City is authorized to issue and sell general obligation street reconstruction bonds for street reconstruction under the circumstances and within the limitations set forth in the Act. The Act provides that a street reconstruction plan may be financed with general obligation street reconstruction bonds, following adoption of a street reconstruction plan, after a public hearing on the street reconstruction plan and on the issuance of general obligation street reconstruction bonds and other proceedings conducted in accordance with the requirements of the Act; and

WHEREAS, pursuant to the Act, the City has prepared a five-year (2023 to 2027) street reconstruction plan, which describes the streets to be reconstructed, the estimated costs and any planned reconstruction of other streets in the City, including the issuance of general obligation street reconstruction bonds under the Act (the "Plan"), to determine the funding strategy for street reconstruction projects; and

WHEREAS, on February 21, 2023, the City Council held a public hearing on the adoption of the Plan and the issuance of not to exceed \$3,500,000 general obligation street reconstruction bonds (the "Bonds") under the Plan for street reconstruction

improvements to those streets described in the Plan (the "Street Reconstruction Projects") after publication of the notice of public hearing not less than 10 days nor more than 28 days prior to the date thereof in the City's official newspaper; and

WHEREAS, all parties who appeared at the public hearing were given an opportunity to express their views with respect to the proposal to adopt the Plan and to undertake and finance the Street Reconstruction Projects by the issuance of Bonds and any written comments submitted prior to the public hearing were considered.

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

A. City Policies and Goals. The financing of the Street Reconstruction Projects and the issuance and sale of the Bonds would further the policies and goals of the City as set forth in the Plan, hereby adopted by the City Council in connection with the issuance of the Bonds.

B. Public Hearing Notice. The City Council hereby ratifies the actions of the City Clerk in causing the publication of the Notice of Public Hearing to be published in the City's official newspaper as required by law.

C. Adoption of Street Reconstruction Plan. Based on information received at the public hearing, such written comments (if any) and such other facts and circumstances as the City Council deems relevant, it is hereby found, determined and declared that:

1. the Street Reconstruction Projects proposed in the Plan will allow the City to upgrade its transportation infrastructure to accommodate anticipated and existing residential and commercial development; and
2. the Plan is hereby approved and adopted in the form presently on file with the City.

D. Authorization and Approval of Bonds. The City is hereby authorized to issue the Bonds, the proceeds of which will be used, together with any additional funds of the City which might be required, to finance certain costs of the Street Reconstruction Projects and to pay costs of issuance of the Bonds.

E. Execution of Documents. The Mayor and City Clerk are authorized and directed to execute such other documents and instruments as may be required to give effect to the transactions herein contemplated.

F. Voter Referendum Contingency. Pursuant to the Act, a petition requesting a vote on the question of issuing the Bonds, signed by voters equal to five percent of the votes cast in the last municipal general election, may be filed within thirty days of the public hearing. Upon receipt of such petition within the prescribed time period, the City may issue the Bonds only after obtaining the approval of a majority of the voters voting on the question of the issuance of the Bonds. The authorizations and approvals contained

herein are subject to and contingent upon not receiving such a petition, or, in the event such a petition is filed, the approving vote of a majority of the voters voting on the question of the issuance of the Bonds.

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

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTIES OF DAKOTA AND WASHINGTON  
CITY OF HASTINGS

I, the undersigned, being the duly qualified and acting City Clerk of the City of Hastings, 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, duly called and held on the date therein indicated, insofar as such minutes relate to adopting a street reconstruction plan and the issuance of general obligation street reconstruction bonds.

WITNESS my hand on \_\_\_\_\_, 2023.

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

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

/s/ Kelly Murtaugh, City Clerk

**CITY OF HASTINGS, MN**  
**2023 to 2027 STREET RECONSTRUCTION PLAN**

**DRAFT AS OF FEBRUARY 21, 2023**

City of Hastings, MN  
2023 to 2027 Street Reconstruction Plan

---

## I. Introduction

The City of Hastings (the “City”) historically has conducted street maintenance and reconstruction as part of its annual operational budget or as part of a street improvement or capital improvement project. The maintenance and reconstruction have included seal coating, mill and overlay, complete reconstruction, and other such items incidental to the maintenance of city streets. The City finds that it does not always have the resources for reconstructing streets as quickly as required, due to increased need for major reconstruction projects.

Due to this fact, the City plans to in the future finance a portion of its street reconstruction through the issuance of General Obligation Street Reconstruction Bonds.

## II. Statutory Authority and Requirements

Minnesota Statutes, Section 475.58, Subdivision 3b (the “Act”) authorizes Minnesota cities to adopt a Street Reconstruction Plan. The Plan must cover at least a five-year period and set forth the streets to be reconstructed, the estimated costs, and any planned reconstruction of other streets in the municipality over the next five years.

Street Reconstruction Bonds can be used to finance the reconstruction and bituminous overlay of existing city streets. Eligible improvements may include turn lanes, bicycle lanes, sidewalks, paths, 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, bicycle lanes, sidewalks, paths, and other safety improvements, realignments, intersection modifications, and the local share of state and county road projects, street reconstruction does not include the portion of project cost allocable to widening a street or adding curbs and gutters where none previously existed. Street Reconstruction Bonds are subject to the debt limit.

The Act sets forth specific requirements for the issuance of Street Reconstruction Bonds, which are as follows:

- The projects financed under this authority must be described in a street reconstruction plan, as described above.
- The city must publish notice of and hold a public hearing on the proposed plan and the related issuance of bonds. The notice must be published at least ten days but not more than 28 days prior to the hearing date.
- The Plan must be approved by a vote of a two-thirds majority of the members of the governing body present at the meeting following a public hearing.

- The issuance of bonds is subject to a reverse referendum. An election is required if voters equal to 5% of the votes cast in the last municipal general election file a petition with the city clerk within 30 days of the public hearing. If the city decides not to undertake an election, it may not propose the issuance of Street Reconstruction Bonds for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply (no resubmission for same purpose/amount for 180 days).

### III. History and Existing Street Reconstruction Bonds

At the time of the approval of the Plan, there were no Street Reconstruction Bonds (issued under Chapter 475) outstanding.

### IV. Net Debt Limits

Minnesota Statutes Section 475.53, Subd. 1 states that no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the market value of taxable property in the municipality.

Bonds issued under the authority granted by this Street Reconstruction Plan are subject to the net debt limit restriction described above. The net debt capacity for the City at time of approval of the Original Plan is shown below under Statutory Debt Limit.

#### **Statutory Debt Limit**

Minnesota Statutes, Section 475.53 states that a city or county may not incur or be subject to a net debt in excess of three percent (3%) of its estimated market value. Net debt is, with limited exceptions, debt paid solely from ad valorem taxes.

At time of approval of the proposed Plan the City's Statutory Debt Limit is as follows:



## Computation of Legal Debt Margin as of February 21, 2023:

2021/2022 Estimated Market Value	\$2,230,059,000
Multiplied by 3%	<u>x 0.03</u>
Statutory Debt Limit	<u>\$69,601,770</u>
Outstanding debt applicable to the debt limit	
\$2,675,000 G.O. Bonds, Series 2013B	\$95,000
\$3,200,000 G.O. Bonds, Series 2014A	150,000
\$2,755,000 G.O. Bonds, Series 2015A	675,000
\$3,295,000 G.O. Bonds, Series 2016B	910,000
\$3,820,000 G.O. Bonds, Series 2018A	635,000
\$5,815,000 G.O. Bonds, Series 2022A	<u>975,000</u>
Less outstanding debt applicable to the debt limit	<u>\$3,440,000</u>
Legal Debt Margin	\$66,161,770

The Plan provides for the issuance of a not to exceed amount of \$3,500,000 in General Obligation Street Reconstruction Bonds between January 1, 2023 and December 31, 2027. This amount includes estimated cost of issuance of bonds, capitalized interest and rounding. The proposed bond issuance is within the current City's Legal Debt Margin, as of the date of adoption of the Plan.

#### V. Proposed Street Reconstruction and Cost Estimate

The Plan is detailed in Table A. The City reserves the right to adjust the amount of annual spending between years provided the overall not to exceed amount in the Plan is not increased.

TABLE A

IX-01(a,b)

CITY OF HASTINGS 2023-2027 STREET RECONSTRUCTION PLAN	AMOUNTS
<b>January 1, 2023 through December 31, 2023</b>	
Pleasant Drive from 15th Street West to CSAH 46/47, Old Bridge Lane from Northridge Drive to Pleasant Drive, Southview Drive from Pleasant Drive to Westview Drive, Southview Place, Ridgewood Court, and 18th Court.	\$ 3,350,000
TOTAL 2023	\$ 3,350,000
<b>January 1, 2024 through December 31, 2024</b>	
TOTAL 2024	\$ -
<b>January 1, 2025 through December 31, 2025</b>	
TOTAL 2025	\$ -
<b>January 1, 2027 through December 31, 2027</b>	
TOTAL 2027	\$ -
<b>GRAND TOTAL (1/1/2023 THROUGH 12/31/2027)</b>	
	<b>\$3,350,000</b>
Bond Issuance Costs, Capitalized Interest, and Rounding	\$150,000
<b>GRAND TOTAL</b>	<b>\$3,500,000</b>