
Burnsville
100
CITY HALL

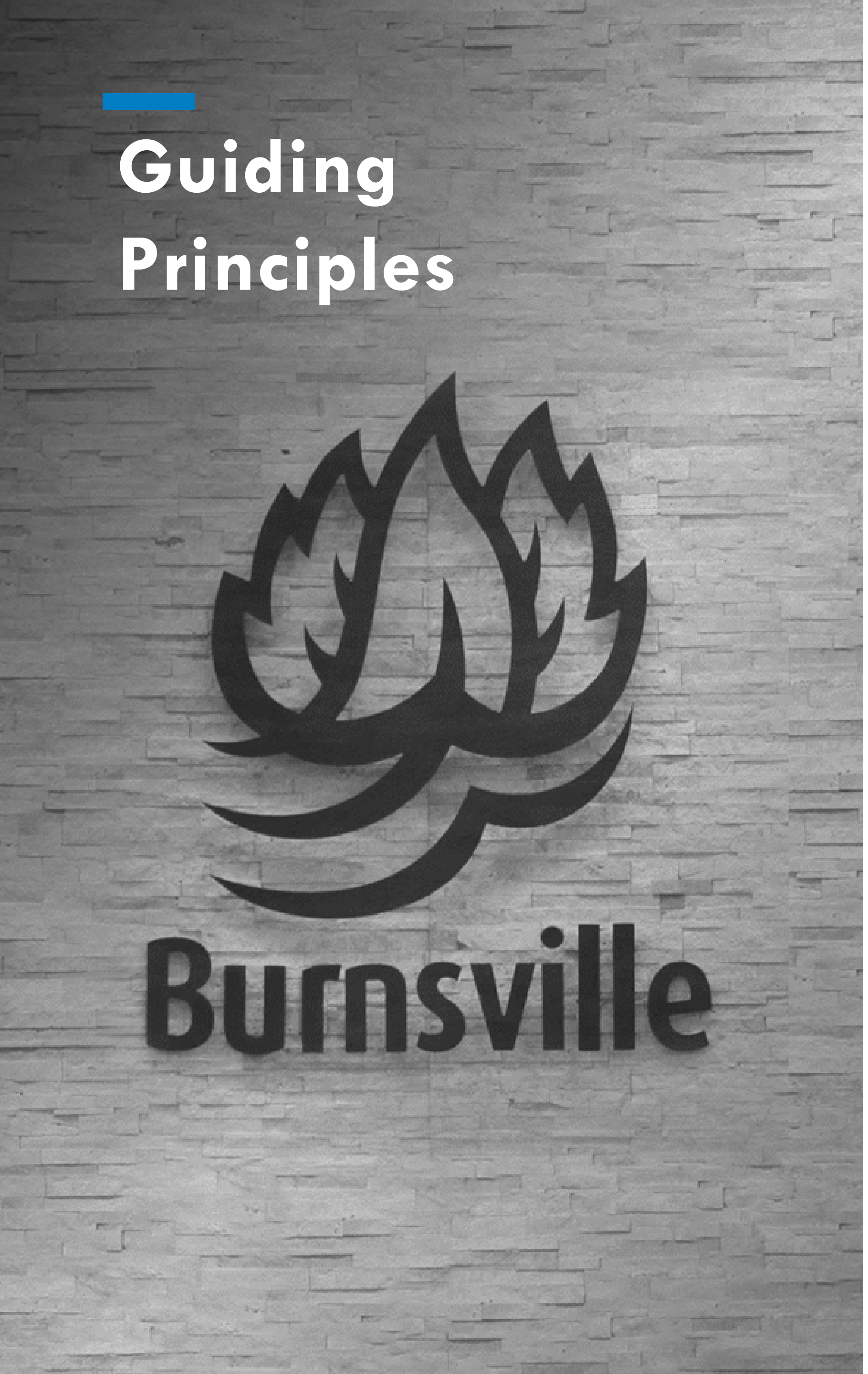
City Of Burnsville

FACILITIES CAPITAL LONG-TERM FINIANCIAL PLAN

November 28, 2023

EHLERS
PUBLIC FINANCE ADVISORS

Guiding Principles



- Reflect our strategic priorities
- Designed to inform successful facilities projects
- Frame how we handle challenges or change

Welcoming to the community: designing engaging, community-oriented spaces.

Clear communication: sharing information and engaging stakeholders to ensure clarity

Efficient and effective: delivering high quality facilities that reflect our values

Functional and flexible: designing facilities that meet current and future needs

Sustainable: ensuring human, financial and environmental vitality

Healthy: focused on wellbeing, creating facilities for all abilities

Safe: creating a great public experience that is safe and secure

Fiscally responsible: being good stewards of our resources

Our Process

Facilities projects include many operational steps, with planned regular council communication:

1. **Needs:** determine needs to frame potential projects
2. **Partners:** identify project team
3. **Schematic (Pre-Design):** determine concepts
4. **Design:** decisions to inform construction documents
5. **Bids:** specifications for project
6. **Construction:** build the project and celebrate

Goals for the Work Session

Review financial projections for funding alternatives for the major facilities improvement projects

- Impacts on property owners
- Impacts on General and Facilities Funds

Receive feedback on a preferred option

- Review and discuss three funding options
- Consider and provide guidance for project timelines

Determine next steps for both project development and funding strategy

Assumptions

Projects

- Costs based on pre-design data
- Assumes four-year intervals between facilities projects based on estimated project timelines
- Assumes debt service starts the year after construction begins
- Assumes 4.0% annual inflation
- Excludes any potential projects as the result of pending studies.

Pre-Design

- In-depth review and analysis of Police/City Hall and the Maintenance Facility needs
- In-depth analysis of site constraints
- Do facilities projects right, for the next generation of excellent service.

Facilities Capital Funds

MAJOR PROJECTS

2025
City Hall/Police | $97M

2029
Fire Station No. 2 | $30M

2033
Maintenance Facility | $77M

FUNDING OPTIONS

Option A
100% Franchise Fees

Option B
100% Property Taxes

Option C
50% Franchise Fees
50% Property Taxes

Note: *Costs are inflated 4.0% per year*

Option A

100% Franchise Fee

Bonds Issued

- $100M for Police/City Hall
- $30M for Fire Station No. 2
- $80M for Maintenance Facility

Option A

100% Franchise Fee

Projected Residential Franchise Fee Increase

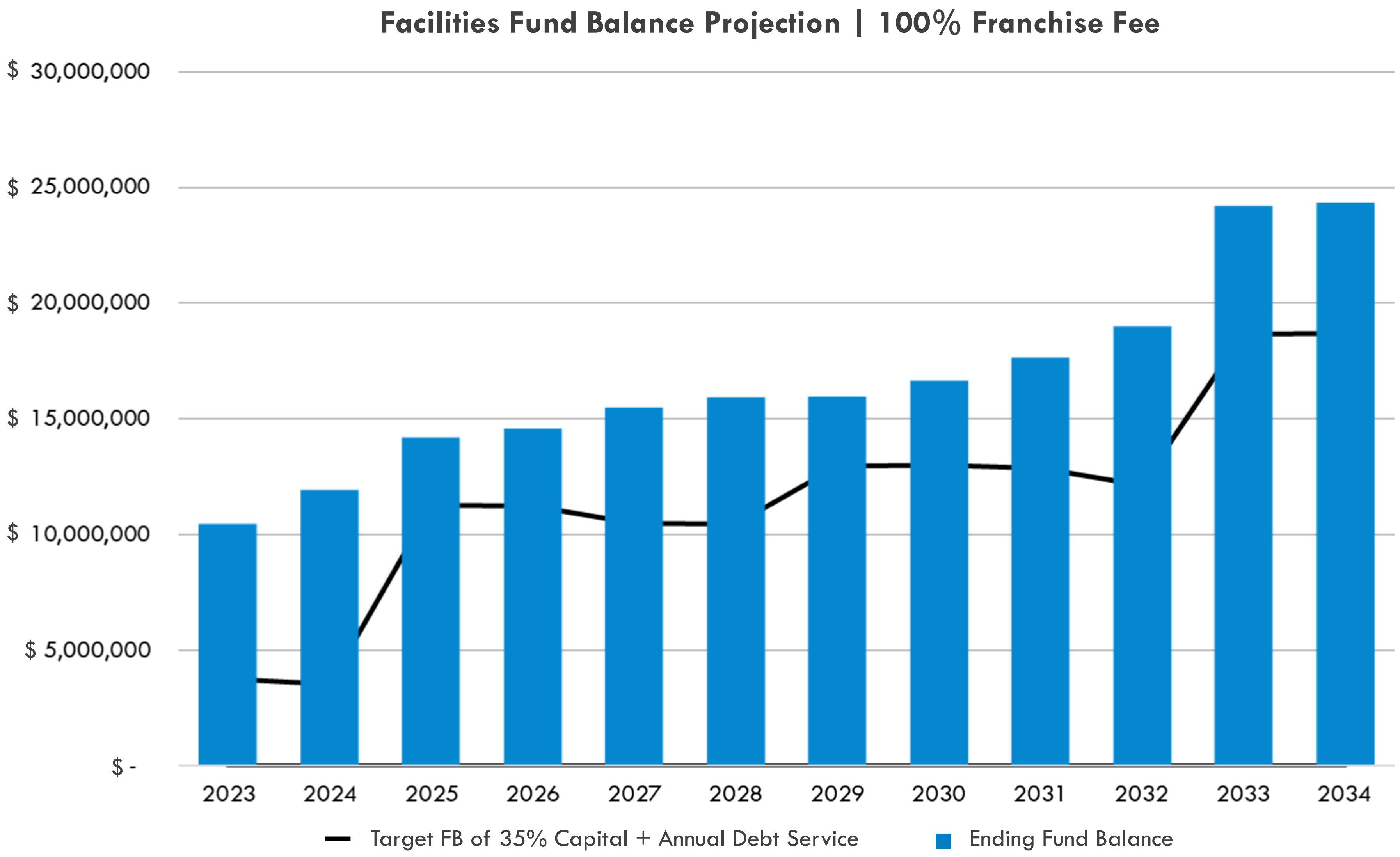
$115.20/year | $9.60/month | 2026

$65.52/year | $5.46/month | 2030

$101.52/year | $8.46/month | 2034

- Assumes no fee increases until 2026 and 3%/year increases in interim years
- Assumes new residential growth based on current estimates

Option A



Facilities Fund Balance Projection | 100% Franchise Fee
$ 30,000,000
$ 25,000,000
$ 20,000,000
$ 15,000,000
$ 10,000,000
$ 5,000,000
$ -
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
Target FB of 35% Capital + Annual Debt Service
Ending Fund Balance

Option A | 100% Franchise Fee

ADVANTAGES

- Consistent with existing policy
- Captures tax exempt properties
- Lowest overall cost per payer per assumption
- Satisfies fund balance requirements

DISADVANTAGES

- More regressive than property taxes
- May result in higher franchise fees than peer communities
- Not subject to state property tax relief programs

Option B

100% Property Taxes

Bonds Issued

- $93M for Police/City Hall
- $26M for Fire Station No. 2
- $77M for Maintenance Facility

Option B

100% Property Taxes

Projected Residential Increase

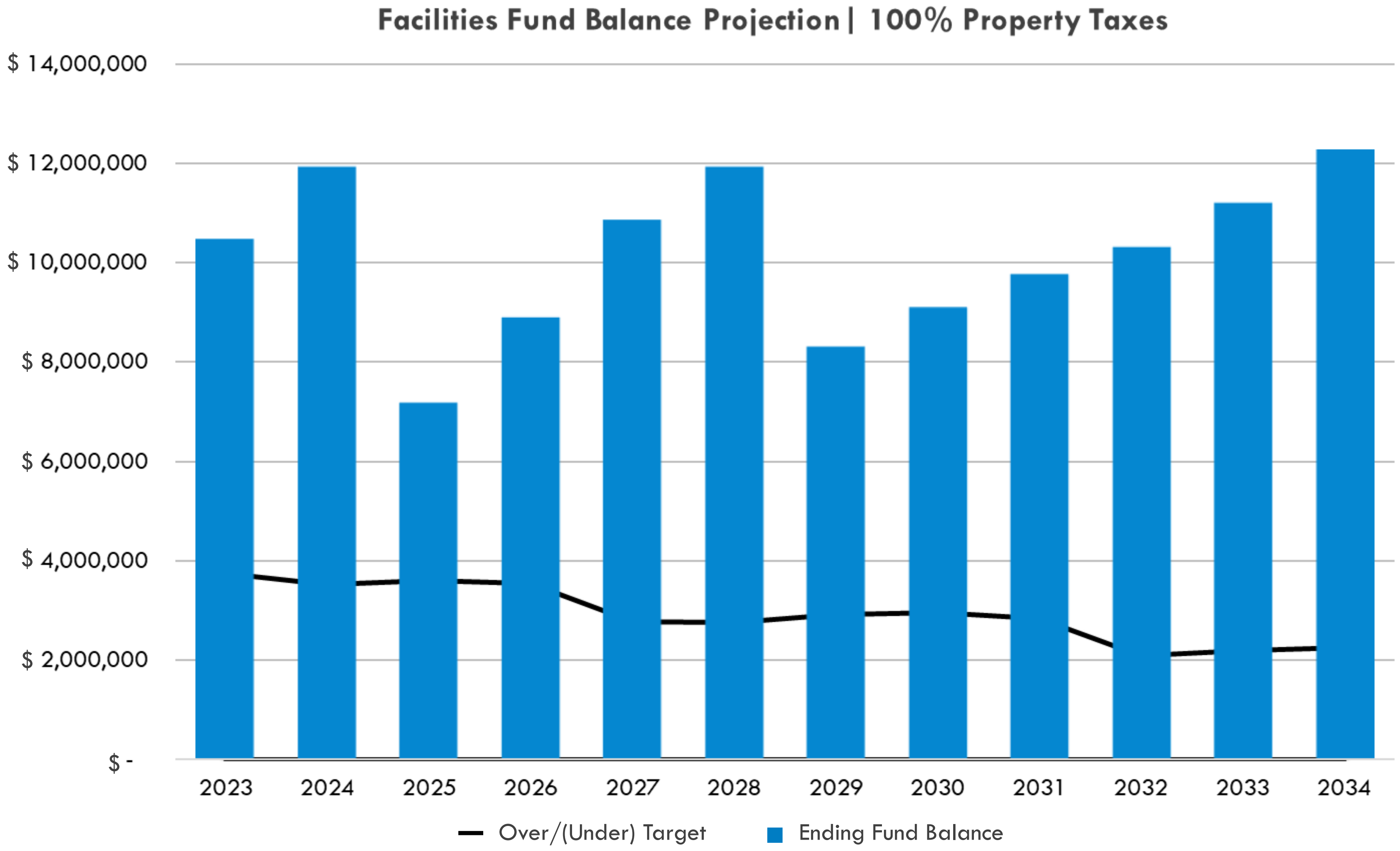
$244.00/year | $20.33/month | 2026

$71.00/year | $5.91/month | 2030

$215.00/year | $17.91/month | 2034

- Increases based on median-valued home of $344,400
- Assumes no changes to current franchise fees through 2034
- Assumes non-binding property tax increases previously established

Option B



Facilities Fund Balance Projection | 100% Property Taxes
$ 14,000,000
$ 12,000,000
$ 10,000,000
$ 8,000,000
$ 6,000,000
$ 4,000,000
$ 2,000,000
$ -
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
Over/(Under) Target
Ending Fund Balance

Option B | 100% Property Taxes

ADVANTAGES

- More progressive than franchise fees
- Potential to reduce borrowing by using Facilities Fund reserves
- Satisfies fund balance requirements
- State property tax relief possibilities

DISADVANTAGES

- Inconsistent with existing policy
- Does not capture tax exempt properties
- Highest cost on per payer basis per assumption
- Creates significant General Fund balance challenges

Option C

50/50 Combination

Bonds Issued

- $100M for Police/City Hall
- $30M for Fire Station No. 2
- $80M for Maintenance Facility

Option C

50/50 Combination

Projected Property Tax and Franchise Fee Increase

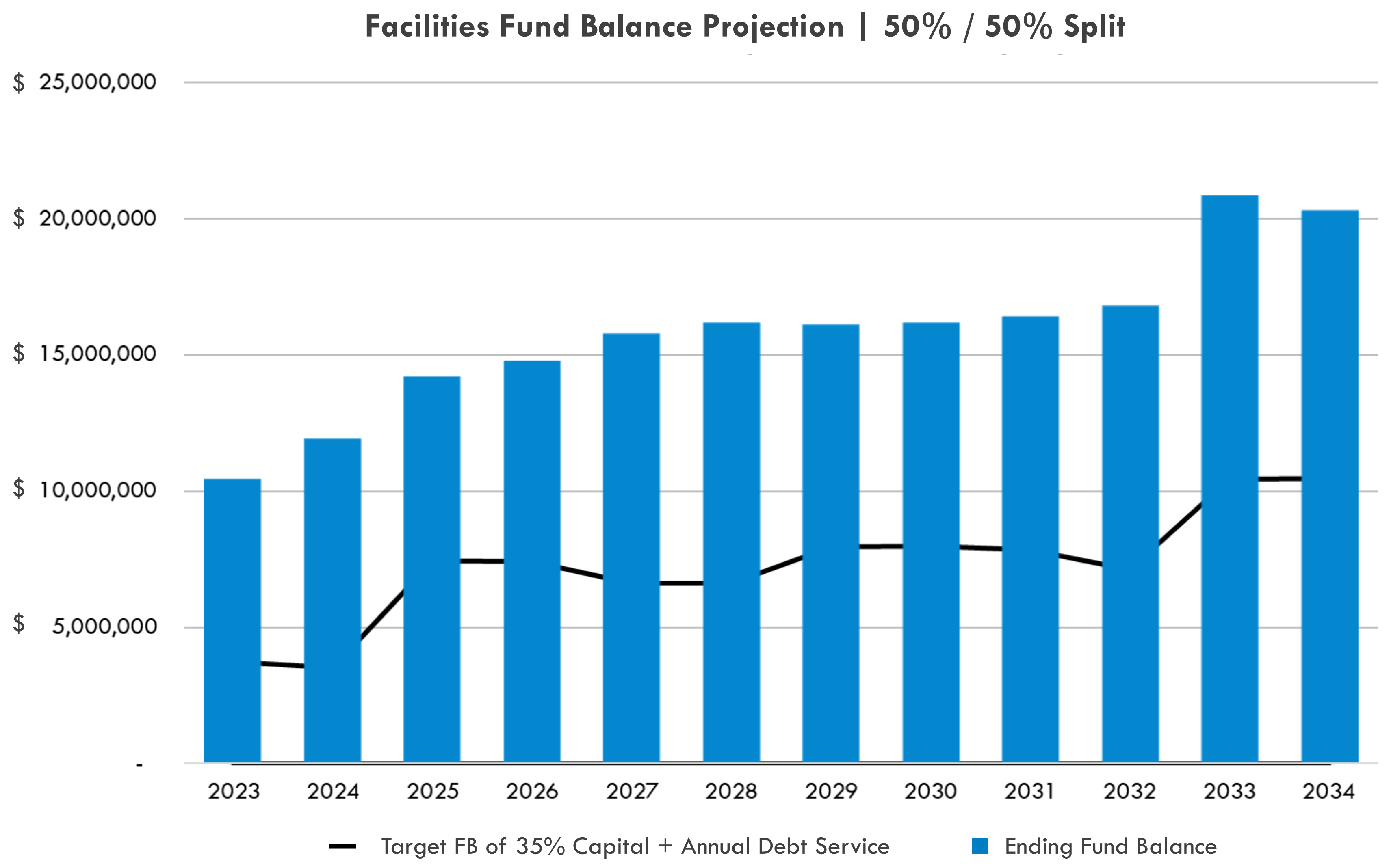
$179.00/year | $14.91/month | 2026

$70.28/year | $5.85/month | 2030

$153.48/year | $12.79/month | 2034

- Property tax increases based on median-valued home of $344,400
- Assumes no franchise fee increases until 2026 and 3%/year in interim years
- Assumes new residential growth based on current estimates
- Assumes non-binding property tax increases previously established

Option C



Facilities Fund Balance Projection | 50% / 50% Split
$ 25,000,000
$ 20,000,000
$ 15,000,000
$ 10,000,000
$ 5,000,000
-
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
Target FB of 35% Capital + Annual Debt Service
Ending Fund Balance

Option C | 50/50 Combination

ADVANTAGES

- Allows for balance between funding alternatives
- Satisfies Facilities fund balance requirements
- State property tax relief possibilities

DISADVANTAGES

- Inconsistent with existing policy
- Limits tax exempt property in supporting project costs
- Creates General Fund balance challenges
- More complicated than other funding alternatives

Side-by-Side Comparison | Police/City Hall

OPTION A	OPTION B	OPTION C
Total Bonding $100M	**Total Bonding** $93M	**Total Bonding** $100M
Franchise Fees $9.60/month	**Franchise Fees** $0.00/month	**Franchise Fees** $4/month
Property Taxes $0.00/month	**Property Taxes** $20.33/month	**Property Taxes** $10.91/month
Total Impact $115.20/year	**Total Impact** $244.00/year	**Total Impact** $179/year

Side-by-Side Comparison | Fire Station No. 2

OPTION A

Total Bonding
$30M

Franchise Fees
$5.46/month

Property Taxes
$0.00/month

Total Impact
$65.52/year

OPTION B

Total Bonding
$26M

Franchise Fees
$0.00/month

Property Taxes
$5.91/month

Total Impact
$71/year

OPTION C

Total Bonding
$30M

Franchise Fees
$2.44/month

Property Taxes
$3.41/month

Total Impact
$70.28/year

Side-by-Side Comparison | Maintenance Facility

OPTION A	OPTION B	OPTION C
Total Bonding $80M	**Total Bonding** $77M	**Total Bonding** $80M
Franchise Fees $8.46/month	**Franchise Fees** $0.00/month	**Franchise Fees** $3.54/month
Property Taxes $0.00/month	**Property Taxes** $17.91/month	**Property Taxes** $9.25/month
Total Impact $101.52/year	**Total Impact** $215.00/year	**Total Impact** $153.48/year

Side-by-Side Comparison

OPTION A	OPTION B	OPTION C
Total Bonding $210M	**Total Bonding** $196M	**Total Bonding** $210M
Franchise Fees $282.24/year	**Franchise Fees** $0.00/year	**Franchise Fees** $119.76/year
Property Taxes $0.00/year	**Property Taxes** $530.00/year	**Property Taxes** $283.00
Total Impact $282.24/year	**Total Impact** $530.00/year	**Total Impact** $402.76/year

Policy Discussion

Do you wish to move forward to design?

Funding option preferences, if any

- Option A – 100% Franchise Fees?
- Option B – 100% Property Taxes?
- Option C – 50%/50% Combination?

More analysis and details to follow on the preferred option

Questions?

City Of Burnsville