

December 17, 2024

FIVE-YEAR CAPITAL IMPROVEMENT PLAN FOR ISSUANCE
OF GENERAL OBLIGATION CIP BONDS:

City of Burnsville, Minnesota

2025–2029



Prepared by:

City of Burnsville, Minnesota

and

Ehlers

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I. INTRODUCTION

In 2003, the Minnesota State Legislature adopted Minnesota Statutes, Section 475.521 (the “CIP Act”), which allows municipalities to issue bonds under a Capital Improvement Plan (the “CIP”) without a referendum requirement (except for the “reverse referendum” as described below). The CIP Act applies to specific capital improvements, including city halls, public works, and public safety facilities. The 2005 Legislature added towns to the meaning of a municipality, as well as libraries and town halls to the meaning of a capital improvements.

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 of Burnsville, Minnesota (the “City”) will be financed through other means identified in their annual budgeting process and are not governed by this plan.

II. PURPOSE

A Capital Improvement, as defined in the CIP Act, is a major expenditure 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, any of which have a useful life greater than five years. 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 a city or town hall, or lands for those facilities.

As identified by the CIP Act, a CIP is a document designed to anticipate Capital Improvement expenditures over at least a five-year period so that they may be acquired, constructed, and/or installed in a cost-effective and efficient manner. The CIP must set forth the estimated schedule, timing, and details of specific Capital Improvements by year, together with the estimated cost, needs for improvement, and sources of revenue to pay for the improvement.

The City believes the capital planning process is an essential element of responsible fiscal management and engages in adoption of an updated five-year plan for city-wide capital expenditures annually as part of its budgeting process. Major capital expenditures can be anticipated and coordinated to minimize potentially adverse financial impacts caused by the timing and magnitude of capital outlays. As potential expenditures are reviewed, the City considers the benefits, costs, alternatives, and impacts

on operating expenditures. This coordination of capital expenditures is important to the City in achieving its goals of adequate physical assets and sound fiscal management.

III. PLANNING PROCESS

The City Council annually reviews its capital expenditures according to their priority, fiscal impact, and available funding as part of its budgeting process. The City assembles the specific capital expenditures to be undertaken within the next five years. The City Council prepares a plan based on the available funding sources. From this information, a preliminary plan is prepared for public discussion. Changes are then made based on that input, and a final plan is established.

Over the life of the plan, once the funding becomes available the specific 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.

Beginning in 2022, the City, as part of an effort to better understand the condition of its existing facilities, undertook a series of studies, including a review of its combined Police Station and City Hall (“Police/City Hall”), Fire Station No. 2 and the Maintenance Facility, which are outlined in greater detail in the following sections. In total, the combined improvements to the various facilities total approximately \$200,000,000 over a 10-year period.

To help inform the size of the various facilities, the City also commissioned Clifton, Larson, and Allen (“CLA”) to complete an Organizational Analysis (“Analysis”). Generally, the Analysis concluded the City add several full-time equivalent (“FTEs”) positions to support the service-level expectations of both the City Council and the greater community.

Following the conclusion of these assessments, the City engaged Ehlers and Associates (“Ehlers”) to complete a Financial Management Plan (“FMP”) to better understand the impact of the potential projects on the financial position of the organization and to identify potential funding sources to support both the estimated cost of the additional FTEs and the capital outlay for the facilities improvements, including those identified in this CIP.

Between 2022 and 2024, the City Council reviewed the proposed projects and refined both the nature and cost of the improvements. During this

time, the City also identified the potential debt and funding sources to support the anticipated project costs.

Since this CIP calls for general obligation bonds to finance certain Capital Improvements (“CIP Bonds”), the City Council must follow an additional set of procedures. The City may adopt a CIP specifically for those Capital Improvements and address the factors identified within the CIP Act. This CIP is designed to supplement the City’s established process. The City Council must hold a public hearing regarding issuance of the CIP Bonds to obtain public comment on the matter. 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 website.

The City Council must approve the sale of CIP Bonds by a 3/5ths vote of its membership. However, issuance of CIP Bonds is also subject to reverse referendum: if a petition is signed by voters equal to at least five percent of the votes cast in the City in last municipal general election and is filed with the City Clerk within 30 days after the public hearing, the CIP Bonds may not be issued unless approved by a majority of voters voting on the question of issuing the obligations. Further, the maximum debt service in any year on all outstanding CIP Bonds is 0.16% 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 general obligation bonds have been authorized, the City collaborates with its municipal 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, prior qualifying expenditures for specified Capital Improvements can be reimbursed and new expenditures made.

IV. PROJECT SUMMARY

The expenditures to be undertaken with this CIP for the years 2025 to 2029 are limited to those listed in Appendix A. All other foreseeable capital expenditures within the City government will come through other funding sources as identified within the City’s annual budgeting process.

The CIP Act requires the City Council to consider eight factors in preparing the CIP and authorizing general obligation bonds.

1. Condition of the City's existing infrastructure, including projected need for repair or replacement.
2. Likely demand for the proposed improvement(s).
3. Estimated cost of the proposed improvement(s).
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 improvement(s).
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 projects identified in Appendix A and more thoroughly defined below through the issuance of CIP Bonds.

Conditions of City Infrastructure and Need for the Project

As City facilities continue to age and the demands for programs and services evolve, the City must maintain and renovate its existing grounds and buildings and/or acquire or build new facilities. To evaluate these needs, the City regularly reviews both the conditions of its buildings and grounds as well as the changing needs for, and mandates placed upon, its activities and services.

In 2022, consistent with this effort, the City engaged BKV Group and other consultants to complete a Municipal Facility Space Needs Assessment ("Assessment"), which identified several issues and needs related to the existing City facilities. In 2023, the City engaged CNH Architects and others to further study the issues identified in the Assessment and complete a Pre-Design Report ("Report") for Police/City Hall and Fire Station No. 2. The Report included other City facilities, which are not currently included in this CIP.

Additionally, to better inform the design, engineering, and construction process for any new or renovated facilities, the City Council adopted a set of guiding principles to inform their capital improvement plans and projects. The projects identified in this CIP will meet the needs of the City for at least the term of the proposed CIP Bonds.

Police/City Hall. Based on both the Assessment and Report, the City identified a series of issues and needs for significant improvements to the buildings and grounds of Police/City Hall.

- Both the Police Station and City Hall lack the space to adequately accommodate additional staff contemplated by the City over the next five years and into the near future. Additionally, the City must repurpose existing space for other uses inconsistent with its original design, including for additional work stations, lactation rooms, secure storage, and wellness space.
- The existing building layouts does not provide sufficient meeting and gathering spaces for the community.
- The current facilities require significant improvements to existing Heating, Ventilation, and Air Conditioning (“HVAC”) and information technology systems.
- The existing Police Station garage does not provide sufficient, contiguous space to house all police equipment and vehicles, often exposing them to inclement weather and increasing operating and replacement costs.
- The City Hall portion of the building requires considerable security improvements, most notably the public currently maintains access to both levels of the facility without the supervision of City staff and the City Council chambers do not provide a secure secondary egress for staff and visitors.

Fire Station No. 2. Based on both the Assessment and Report, the City identified a series of issues and needs requiring the relocation and construction of a new Fire Station No. 2.

- The existing Fire Station No. 2 does not provide appropriate site area to the needs of the City, specifically to accommodate the requirements of modern firefighting apparatuses and future staffing levels.
- By relocating Fire Station No. 2, the City will provide higher-quality services and improve emergency response times.
- The current building requires significant improvements to existing Heating, Ventilation, and Air Conditioning (“HVAC”) and information technology systems.
- The new facility will improve the capability of the City to support the health and well-being of firefighters and other City staff, which will both improve the quality of life for firefighters and enhance City services.

Demand for the Project

Like all municipalities, the City must deliver services that provide for the health, safety, and welfare of its residents and staff. To best serve the community and complete their responsibilities both efficiently and safely, City staff need adequate equipment and facilities. The existing buildings and grounds of both Police/City Hall and Fire Station No. 2 are unable to effectively meet current and future operational needs.

In the response to these demands and to better meet the expected service levels of the community, the City decided to construct new, in the case of Fire Station No. 2, and renovate, in the case of Police/City Hall, as the most efficient and effective option. Both projects will also provide long-term solutions to meet the demands, both current and future, of the community.

Estimated Cost of the Project

As outlined in both the Assessment and Report as well as FMP and other documents, the City currently estimates the cost of Police/City Hall Project at approximately \$97,187,056. Based on the same studies and analysis, the City currently estimates the cost of Fire Station No. 2 at approximately \$30,586,655.

The 2025-2029 CIP costs for both projects, inclusive of the CIP Bonds and their related costs, will not exceed \$105,000,000, which may be issued in one or more series of bonds. The City may also use any such bond proceeds to support both projects included in the CIP, subject to the approval of the City Council.

Availability of Public Resources

To effectively and reasonably support the costs of the projects, the City determined, following several work sessions and meetings, to finance the project through the issuance of general obligation bonds and potentially other capital reserves. Given the cost of the proposed project, however, debt will be necessary to preserve sufficient operating and capital reserves for the City.

Level of Overlapping Debt

Overlapping Debt				
Taxing District	Taxable Net Tax Capacity	In City (%)	Total GO Debt	City Share
Dakota County	\$ -	0.00%	\$ -	\$ -
ISD No. 191	117,265,157	61.19%	94,465,000	57,798,505
ISD No. 194	130,842,142	5.97%	179,275,000	10,694,112
ISD No. 196	273,305,919	9.02%	372,305,000	33,567,763
Metropolitan Council	5,750,072,832	1.81%	191,435,000	3,468,994
Total Share of Overlapping Debt				\$105,529,374

Relative Costs and Benefits of Alternative Uses of the Funds

The City does not currently possess sufficient funds to support the costs of the proposed projects while also maintaining other operating and capital costs. To minimize project costs, the City elected to preserve and renovate the existing Police/City Hall building and expansion or otherwise modify the structure, as needed, to meet its current and future needs.

Additionally, the City plans to construct a new Fire Station No. 2 to improve operational efficiencies, enhance staff safety and better protect essential public safety equipment. The City currently plans to construct Fire Station No. 2 on City-owned property, saving significant costs related to land acquisition and reducing the potential delays in the project.

Operating Costs of the Proposed Improvements

While the expansion of these facilities may result in additional operating costs for the City, the proposed projects also include several long-term operating cost savings measures, including the use a variety of energy efficient materials and upgrades to the lighting and HVAC systems. The proposed projects also include new climate-controlled storage for essential equipment and vehicles, which will reduce repair and replacement costs. Most importantly, the improvements will provide a safer and healthier workplace for City staff and reduce costs associated workplace injuries and lost time. They will also enhance productivity, improve communication, and cross training among City staff and avoid potential costs associated with the future expansion of City facilities.

Using these and other factors, the City considered and reviewed the potential operating costs associated with the proposed projects and

accounted for them as part of their FMP and annual budget. Once the City places the proposed projects in service, it anticipates any operating cost changes to remain stable for the near future.

Options for Shared Facilities with Other Local Governments

Given the nature of the proposed projects and the essential operations they support, the City determined that no viable options exist for a shared facility with other local governments or agencies.

V. FINANCING

The total amount of proposed expenditures under this CIP is up to \$105,000,000. If these expenditures are to be funded, that amount of money is anticipated to be generated through a combination of capital funds and the sale of general obligation CIP Bonds within the identified five-year period. The anticipated bond size of \$105,000,000 is based upon funding the estimated hard and soft costs identified for the projects, plus estimated issuance costs, capitalized interest and contingency and may be issued in one or more series of bonds. Principal and interest on the CIP Bonds will be paid through a combination of franchise fees and property tax levy and current estimates of size and repayment of the CIP Bonds under consideration is shown in Appendix B.

The CIP authority requires, without a referendum, the total amount of principal and interest in any one year on all CIP Bonds issued by the City cannot exceed 0.16% of its estimated market value. In the City, that maximum annual debt service amount is \$15,412,588 for property taxes payable in 2024. The highest annual principal and interest payments on the City's existing CIP Bonds plus those proposed to be issued under this CIP are estimated at approximately \$9,744,853. As such, debt service on the CIP Bonds will be within the annual limits under the CIP Act.

CIP Bonds Debt Service Limit	
Assessor's Estimated Market Value	9,632,867,600
Multiply by 0.16%	0.16%
Statutory Debt Limit	15,412,588
Less: Existing Debt Service Subject to the Limit	(1,859,290)
Less: Proposed Bond Issue(s)	(7,885,563)
Unused Debt Limit	5,667,736

VI. PLAN CONTINUATION

This CIP will be reviewed annually by the City Council using the process outlined in this document. Through annual amendment, the City Council reviews proposed expenditures, makes priority decisions, and seeks funding for those expenditures it deems necessary for the City. If deemed appropriate, the City Council should prepare an update to this CIP for future CIP Bond issuance.

APPENDIX A

Plan Project Costs

Project Costs		
Year	Project	Amount
2025	Police/City Hall	\$100,000,000
2026	None Anticipated	-
2027	None Anticipated	-
2028	None Anticipated	-
2029	Fire Station No. 2	5,000,000
Total		\$105,000,000

Note: The amounts and timing of these project costs may change at the discretion of the City Council.

Proposed CIP Bond Issues

Proposed CIP Bond Issues	
Year	Amount
2025	\$100,000,000
2026	-
2027	-
2028	-
2029	5,000,000
Total	\$105,000,000

Note: The amounts and timing of these proposed CIP Bond issues may change at the discretion of the City Council.

VII. APPENDIX B

Proposed CIP Bond Issues:

Burnsville, Minnesota

\$100,000,000 General Obligation CIP Bonds, Series 2025A

Assumes Current Market Non-BQ AAA Rates plus 75bps

20 Years

Sources & Uses

Dated 04/17/2025 | Delivered 04/17/2025

Sources Of Funds

Par Amount of Bonds	\$100,000,000.00
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Total Sources	\$100,000,000.00
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Uses Of Funds

Total Underwriter's Discount (0.500%)	500,000.00
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Costs of Issuance	277,000.00
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Deposit to Capitalized Interest (CIF) Fund	3,197,102.39
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Deposit to Project Fund	96,025,897.61
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Total Uses	\$100,000,000.00
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Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2026	-	-	3,197,102.39	3,197,102.39	3,356,957.51
02/01/2027	3,455,000.00	3.600%	4,052,665.00	7,507,665.00	7,883,048.25
02/01/2028	3,580,000.00	3.400%	3,928,285.00	7,508,285.00	7,883,699.25
02/01/2029	3,700,000.00	3.400%	3,806,565.00	7,506,565.00	7,881,893.25
02/01/2030	3,825,000.00	3.450%	3,680,765.00	7,505,765.00	7,881,053.25
02/01/2031	3,960,000.00	3.500%	3,548,802.50	7,508,802.50	7,884,242.63
02/01/2032	4,100,000.00	3.550%	3,410,202.50	7,510,202.50	7,885,712.63
02/01/2033	4,245,000.00	3.650%	3,264,652.50	7,509,652.50	7,885,135.13
02/01/2034	4,400,000.00	3.750%	3,109,710.00	7,509,710.00	7,885,195.50
02/01/2035	4,565,000.00	3.800%	2,944,710.00	7,509,710.00	7,885,195.50
02/01/2036	4,735,000.00	3.900%	2,771,240.00	7,506,240.00	7,881,552.00
02/01/2037	4,920,000.00	3.900%	2,586,575.00	7,506,575.00	7,881,903.75
02/01/2038	5,115,000.00	3.950%	2,394,695.00	7,509,695.00	7,885,179.75
02/01/2039	5,315,000.00	4.000%	2,192,652.50	7,507,652.50	7,883,035.13
02/01/2040	5,530,000.00	4.050%	1,980,052.50	7,510,052.50	7,885,555.13
02/01/2041	5,750,000.00	4.100%	1,756,087.50	7,506,087.50	7,881,391.88
02/01/2042	5,985,000.00	4.500%	1,520,337.50	7,505,337.50	7,880,604.38
02/01/2043	6,255,000.00	4.600%	1,251,012.50	7,506,012.50	7,881,313.13
02/01/2044	6,545,000.00	4.650%	963,282.50	7,508,282.50	7,883,696.63
02/01/2045	6,850,000.00	4.700%	658,940.00	7,508,940.00	7,884,387.00
02/01/2046	7,170,000.00	4.700%	336,990.00	7,506,990.00	7,882,339.50
Total	\$100,000,000.00	-	\$53,355,324.89	\$153,355,324.89	\$161,023,091.13

Burnsville, Minnesota

\$5,000,000 General Obligation CIP Bonds, Series 2029A

Assumes Current Market Non-BQ AAA Rates plus 75bps

Sources & Uses

Dated 04/01/2029 | Delivered 04/01/2029

Sources Of Funds

Par Amount of Bonds	\$5,000,000.00
Total Sources	\$5,000,000.00

Uses Of Funds

Total Underwriter's Discount (1.200%)	60,000.00
Costs of Issuance	78,000.00
Deposit to Project Fund	4,862,000.00
Total Uses	\$5,000,000.00

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2030	-	-	191,177.08	191,177.08	200,735.93
02/01/2031	225,000.00	4.350%	229,412.50	454,412.50	477,133.13
02/01/2032	230,000.00	4.150%	219,625.00	449,625.00	472,106.25
02/01/2033	240,000.00	4.150%	210,080.00	450,080.00	472,584.00
02/01/2034	250,000.00	4.200%	200,120.00	450,120.00	472,626.00
02/01/2035	260,000.00	4.250%	189,620.00	449,620.00	472,101.00
02/01/2036	275,000.00	4.300%	178,570.00	453,570.00	476,248.50
02/01/2037	285,000.00	4.400%	166,745.00	451,745.00	474,332.25
02/01/2038	300,000.00	4.500%	154,205.00	454,205.00	476,915.25
02/01/2039	310,000.00	4.550%	140,705.00	450,705.00	473,240.25
02/01/2040	325,000.00	4.650%	126,600.00	451,600.00	474,180.00
02/01/2041	340,000.00	4.650%	111,487.50	451,487.50	474,061.88
02/01/2042	355,000.00	4.700%	95,677.50	450,677.50	473,211.38
02/01/2043	375,000.00	4.750%	78,992.50	453,992.50	476,692.13
02/01/2044	390,000.00	4.800%	61,180.00	451,180.00	473,739.00
02/01/2045	410,000.00	4.850%	42,460.00	452,460.00	475,083.00
02/01/2046	430,000.00	5.250%	22,575.00	452,575.00	475,203.75
Total	\$5,000,000.00	-	\$2,419,232.08	\$7,419,232.08	\$7,790,193.68