

CITY OF NISSWA, MINNESOTA
5-YEAR
STREET RECONSTRUCTION PLAN
2018 - 2022

ADOPTED: MAY 9, 2018

Prepared By:
City of Nisswa

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MAY 2018

DRAFT

Introduction

The City of Nisswa has historically conducted street maintenance and reconstruction as part of its annual operational budget. This maintenance and reconstruction includes milling, overlaying, complete reconstruction and other such items incidental to the maintenance of City streets.

The City has determined that combining smaller yearly improvement projects into one larger project is more efficient and cost effective for making improvements. The City is proposing to pay for the improvements by using a bond and spreading the payments over several years.

The City used this approach on the T. H. 371 and CSAH No. 18 Improvements where the City used the General Obligation Transportation Revolving Loan Funds (TRLF) with bonding authority granted to the City under Minnesota Statutes Chapter 475.58, subd. 3b. as amended (the "Act").

Statutory Authority and Requirements

In order to loan (or bond) for these funds, the City has the authority granted to it under Minnesota Statutes Chapter 475.58, Subd. 3b, to adopt a Street Reconstruction Plan. The Plan must cover at least a five year period and set forth the street(s) to be reconstructed, the estimated costs, and any planned reconstruction of other streets in the municipality over the next five years. The Plan must be approved by a two-thirds vote of the members of the City Council present at the meeting after a public hearing is held.

A City may issue general obligation bonds for street reconstruction improvements included in an approved Street Reconstruction Plan if the following conditions are met:

1. The City must publish notice of and conduct a public hearing on the issuance of the bonds. The notice must be published at least ten days, but less than 28 days, prior to the hearing date. The bonds are subject to referendum voter approval only if a petition requesting a vote signed by five percent of the votes cast in the last municipal general election is filed with the City Clerk within 30 days of the public hearing (if a vote is taken and the referendum passes, the taxes would be levied on market value rather than tax capacity).
2. The adoption of the Street Reconstruction Plan which authorizes the issuance of bonds must be approved by a two-thirds vote of the members of the City Council present at the meeting after a public hearing is held.
3. Obligations issued under this subdivision are subject to the debt limit of the municipality and are not excluded from net debt under section 475.51, subd. 4.
4. Street reconstruction is limited to reclaiming and reconstruction of existing street segments and bituminous street milling and bituminous inlays; street reconstruction does not

include the portion of project cost allocable to widening a street or adding curbs and gutters where none previously existed.

History and Existing Street Reconstruction Bonds

The City of Niswawa adopted a five year reconstruction plan for 2014 to 2018 on July 16, 2014. The City issued approximately \$731,100 in street reconstruction bonds to finance four street segments: Segment A – Roy Lake connection between T. H. 371 and Lower Cullen Road and Lower Cullen Road and Main Street between Roy Lake connection and Niswawa Fire Hall, Segment B – Main Street between Fire Hall and new pedestrian tunnel, Segment C – Old County 18 between Main Street and Church Street, and Segment D – Old County 18 between Church Street and New County State Aid Highway.

The City is considering the issuance of an additional \$1,700,000 of street reconstruction bonds to finance the road reconstructions described in this plan.

Proposed Capital Improvements and Financing

The City of Niswawa’s Street Reconstruction Plan includes street reconstruction on the following street segments:

Segment A – Hazelwood Avenue Total 1.1 miles.

Improvement will consist of reclaiming the existing bituminous surface and the aggregate base material and reusing with new class 5 aggregate material as a combined new base. New 3.5” nominal thickness bituminous surface will be placed over the new aggregate base.

Estimated Project Cost: \$416,500.00

Segment B – St. Columbo Road Total 0.55 miles.

Improvement will consist of reclaiming the existing bituminous surface and the aggregate base material and reusing with new class 5 aggregate material as a combined new base. A new 3.5” nominal thickness bituminous surface will be placed over the aggregate base.

Estimated Project Cost: \$110,250.00

Segment C – Gull Lake Drive Total 0.80 miles.

Improvement will consist of reclaiming the existing bituminous surface and the aggregate

base material and reusing with new class 5 aggregate material as a combined new base. A new 3.5” nominal thickness bituminous surface will be placed over the new aggregate base.

Estimated Project Cost: \$269,500.00

Segment D – Mission Road

Total 1.0 miles.

Improvement will consist of reclaiming the existing bituminous surface and the aggregate base material and reusing with new class 5 aggregate material as a combined new base. A new 3.5” nominal thickness bituminous surface will be placed over the new aggregate base.

Estimated Project Cost: \$273,175.00

Segment E – Lower Cullen Road (north) from Roy Lake Connection to the intersection with Highway 371.

Total 0.35 miles.

Improvement will consist of reclaiming the existing bituminous surface and the aggregate base material and reusing as a combined new base. A new bituminous surface will be placed over the new aggregate base.

Estimated Project Cost: \$110,250.00

Segment F – Niswawa Lake Lane

Total 0.30 miles.

Improvement will consist of reclaiming the existing bituminous surface and the aggregate base material and reusing as a combined new base with added class 5 material. A new bituminous surface will be placed over the newly established granular base.

Estimated Project Cost: \$82,075.00

Segment G – Hyland Avenue

Total 0.50 miles.

Improvement will consist of reclaiming the existing bituminous surface and the aggregate base material and reusing as a combined new base with added class 5 material. A new bituminous surface will be placed over the new aggregate base.

Estimated Project Cost: \$215,600.00

Segment H – Smiley Road (south)

Total 0.56 miles.

Improvement will consist of reclaiming the existing bituminous surface and the aggregate base material and reusing as a combined new base. A new bituminous surface will be placed over the newly established base.

Estimated Project Cost: \$171,500.00

Total estimated project cost for Segments A-H is \$1,648,850. The reconstruction cost estimate includes construction, engineering, capitalized interest and administrative/legal fees. A map of the project area is attached.

It is anticipated the projects will be constructed in 2018 and 2019.

It is anticipated the delivery date of the bond will be July 17, 2018.

- The first interest payment date is estimated to be on February 1, 2019.
- The first principal payment date is estimated to be February 1, 2020.
- The last principal payment date is estimated to be February 1, 2026.

The estimated average annual cost, including principal and interest payments, is \$265,000.

The Debt Service Schedule, prepared by PFM Financial Advisors, LLC, is attached to this Plan.

SOURCES AND USES OF FUNDS

City of Nisswa, Minnesota
\$1,665,000 General Obligation Street Reconstruction Bonds, Series 2018A
Preliminary Schedules - April 12, 2018
Based on Current Market Rates plus 15 basis points contingency

Dated Date 08/02/2018
Delivery Date 08/02/2018

Sources:

Bond Proceeds:	
Par Amount	1,665,000.00
Premium	34,974.60
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	1,699,974.60
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Uses:

Project Fund Deposits:	
Project Deposit	1,648,850.00
Delivery Date Expenses:	
Cost of Issuance	36,700.00
Underwriter's Discount	<hr/> 9,990.00
	46,690.00
Other Uses of Funds:	
Contingency	4,434.60
	<hr/>
	1,699,974.60
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BOND DEBT SERVICE

City of Nisswa, Minnesota
\$1,665,000 General Obligation Street Reconstruction Bonds, Series 2018A
Preliminary Schedules - April 12, 2018
Based on Current Market Rates plus 15 basis points contingency

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2019			24,836.25	24,836.25	24,836.25
08/01/2019			24,975.00	24,975.00	
02/01/2020	215,000	3.000%	24,975.00	239,975.00	264,950.00
08/01/2020			21,750.00	21,750.00	
02/01/2021	225,000	3.000%	21,750.00	246,750.00	268,500.00
08/01/2021			18,375.00	18,375.00	
02/01/2022	230,000	3.000%	18,375.00	248,375.00	266,750.00
08/01/2022			14,925.00	14,925.00	
02/01/2023	240,000	3.000%	14,925.00	254,925.00	269,850.00
08/01/2023			11,325.00	11,325.00	
02/01/2024	245,000	3.000%	11,325.00	256,325.00	267,650.00
08/01/2024			7,650.00	7,650.00	
02/01/2025	250,000	3.000%	7,650.00	257,650.00	265,300.00
08/01/2025			3,900.00	3,900.00	
02/01/2026	260,000	3.000%	3,900.00	263,900.00	267,800.00
	1,665,000		230,636.25	1,895,636.25	1,895,636.25

BOND SUMMARY STATISTICS

City of Nisswa, Minnesota
 \$1,665,000 General Obligation Street Reconstruction Bonds, Series 2018A
 Preliminary Schedules - April 12, 2018
 Based on Current Market Rates plus 15 basis points contingency

Dated Date	08/02/2018
Delivery Date	08/02/2018
Last Maturity	02/01/2026
Arbitrage Yield	2.510384%
True Interest Cost (TIC)	2.648850%
Net Interest Cost (NIC)	2.675013%
All-In TIC	3.167126%
Average Coupon	3.000000%
Average Life (years)	4.617
Weighted Average Maturity (years)	4.621
Duration of Issue (years)	4.309
Par Amount	1,665,000.00
Bond Proceeds	1,699,974.60
Total Interest	230,636.25
Net Interest	205,651.65
Total Debt Service	1,895,636.25
Maximum Annual Debt Service	269,850.00
Average Annual Debt Service	252,845.15
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	6.000000
Total Underwriter's Discount	6.000000
Bid Price	101.500577

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Bond Component	1,665,000.00	102.101	3.000%	4.617	4.314	724.35
	1,665,000.00			4.617		724.35

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,665,000.00	1,665,000.00	1,665,000.00
+ Accrued Interest			
+ Premium (Discount)	34,974.60	34,974.60	34,974.60
- Underwriter's Discount	(9,990.00)	(9,990.00)	
- Cost of Issuance Expense		(36,700.00)	
- Other Amounts			
Target Value	1,689,984.60	1,653,284.60	1,699,974.60
Target Date	08/02/2018	08/02/2018	08/02/2018
Yield	2.648850%	3.167126%	2.510384%

BOND PRICING

City of Nisswa, Minnesota
 \$1,665,000 General Obligation Street Reconstruction Bonds, Series 2018A
 Preliminary Schedules - April 12, 2018
 Based on Current Market Rates plus 15 basis points contingency

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Bond Component:						
	02/01/2020	215,000	3.000%	2.100%	101.319	2,835.85
	02/01/2021	225,000	3.000%	2.200%	101.933	4,349.25
	02/01/2022	230,000	3.000%	2.300%	102.339	5,379.70
	02/01/2023	240,000	3.000%	2.450%	102.328	5,587.20
	02/01/2024	245,000	3.000%	2.550%	102.294	5,620.30
	02/01/2025	250,000	3.000%	2.600%	102.377	5,942.50
	02/01/2026	260,000	3.000%	2.700%	102.023	5,259.80
		1,665,000				34,974.60

Dated Date		08/02/2018	
Delivery Date		08/02/2018	
First Coupon		02/01/2019	
Par Amount		1,665,000.00	
Premium		34,974.60	
Production		1,699,974.60	102.100577%
Underwriter's Discount		(9,990.00)	(0.600000%)
Purchase Price		1,689,984.60	101.500577%
Accrued Interest			
Net Proceeds		1,689,984.60	