



# Proposed Public Works Facility Project Newsletter & Tax Implications

May 2011

## How Do I Learn More?

The City of Medina invites its residents and businesses to attend the upcoming meetings and open houses to learn more about the proposed Public Works Project and tour the existing facility. Watch your mail for an invitation to attend any of the following meetings taking place at City Hall:

- **Thursday, June 16 @ 6:30 p.m.**
- **Saturday, June 18 @ 9:00 a.m.**
- **Monday, June 27 @ 6:30 p.m.**
- **Wednesday, June 29 @ 6:30 p.m.**

## Project Background

The City's existing Public Works Facility is located at 2052 County Road 24, on the same site as City Hall. The existing facility consists of a 7,400 sq. ft. pole shed constructed in 1975, which is used for storing vehicles and equipment, and includes a maintenance area and office, as well as outdoor storage, salt shed, fueling facility and brush pile.



*Existing Public Works Facility Site*

The City's Capital Improvement Plan (CIP) has been identifying a need for a new Public Works Facility since 2004.

## Project Need

A Citizen's Advisory Committee, which studied the existing City facilities from 2006 to 2007, identified the following needs for constructing a new Public Works Facility:

- Safety concerns are: poor working conditions and ventilation, work circulation, spacing between work functions, storage of tools/carts, parts open to spillage/contamination with lubricants, and fire hazards from maintenance and welding.
- The current site and yard are not sufficient to house public works vehicles, equipment, and operations, as well as police forfeited vehicles, which results in faster equipment depreciation.
- The existing site is non-conforming with City Code and State clean water regulations.
- Area for cleaning and maintaining vehicles is non-existent.

## What has been done so far?

The City completed a Facilities Master Plan, which in 2007 originally recommended a project scope involving a new facility of 45,000 sq. ft. located near the Highway 55/Arrowhead Drive intersection, with an estimated cost of \$8,000,000 (land & facility).

In spring 2011, the City reduced the project scope to include:

- New facility of 30,000 to 35,000 sq. ft. (Phase I), which will serve the City for at least 25 years.
- The acquisition of 11 buildable acres for future expansion, and a potential future water tower.
- Location next to Hennepin County Public Works, 1600 Prairie Drive, to maximize operating/cost saving efficiencies through sharing of fueling and salt facilities.
- Estimated cost: \$6,500,000 (land, construction, and fees).
- Funding source of General Obligation Bonds, with shared funding from water, sewer and storm water revenues.

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**Land Acquisition:** The City secured an Option Agreement to acquire 11 acres of land from Hennepin County at their Public Works site in Medina. The City has three years to exercise the option, and is not paying a fee for the option to secure the land.

**Public Input and Education:** The City has provided project updates in the City's Medina Message newsletter and conducted an Open House in August 2009 to provide an opportunity for residents to view facility conditions. The City also provided a handout during Medina Clean-Up Day on April 30, 2011 to invite residents to tour the existing facility. City representatives also invited comment through two focus groups made up of residents and business owners in March and May 2011 to learn how the public views this important infrastructure project.

## How will my City taxes or City utility rates be affected?

If the City issues \$6.5 million in bonds with a 5% interest rate for 20 years on the project, the annual debt obligation will be \$547,656. Because public works operations consist of roads, parks, water, sewer and storm water, the revenue sources to pay for the debt service would come from a share of increased City taxes and utility fees. About 69% would be funded from City taxes, 20% from water fees, 6% from sewer fees and 5% from storm water fees. Here are some quick facts on the City tax and utility fee impacts:

- The City's tax levy would increase by about \$377,882/year.
- Tax increases and utility rate increases would occur in 2013.
- The annual tax increase on a \$250,000 home would be \$42.
- The annual tax increase on a \$500,000 home would be \$119.
- The annual tax increase on a \$500,000 business would be \$221.
- A water facility fee would be charged at \$87/yr. (or \$7.25/mo) for each user.
- A sewer facility fee would be charged at \$26/yr. (or \$2.13/mo) for each user.
- A storm water facility fee would be charged at \$4.70 per Residential Equivalency Factor each year (i.e. 1 REF = 1 urban residential single-family household).

## What is the next step?

The tentative schedule for the Public Works Facility project includes:

- Summer 2011 - The City plans to conduct meetings and open houses, determine a financing option, and review proposals for a Project Construction Manager and Architect-Engineer.
- Fall 2011 - Final project design and bonding approval for the project.
- Spring 2012 - Public bidding on plans, bonds issued, and project construction begins.
- Winter 2012/2013 – Substantial completion of project.

## What are the financing options?

The City Council is considering two financing options for the project:

- Referendum Bonds – Requires public support through a special or general election. Less than 1% of cities use this option.
- Capital Improvement Bonds – Requires creation of a 5-year Capital Improvement Plan (CIP). A public hearing must be conducted prior to CIP approval and a 30-day period is required for Medina residents (5% of the number of voters in the most recent election) to petition for a referendum prior to closing the bonds. 75% of cities use this option. 24% of cities use EDA Lease Purchase bonds, which do not provide for public input and will not be used by the City for the project.

## Tax Levy Rates

Assuming the bonds were sold, the Medina City tax levy rate would be increased by 2.4 percentage points. For comparison purposes, 2011 tax levy rates for Medina and surrounding communities are set below:

• Medina	18.977%
• Corcoran	37.041%
• Greenfield	29.833%
• Independence	32.680%
• Minnetrista	27.296%
• Plymouth	27.490%
• Orono	14.991%
• Long Lake	37.105%
• Loretto	53.639%
• Maple Plain	57.639%
• Rockford	50.353%

## Project Contact:

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## Information:

City website: [www.ci.medina.mn.us](http://www.ci.medina.mn.us)