
LEVANDER, GILLEN & MULLER, P.A.

ATTORNEYS AT LAW

MEMO

TIMOTHY J. KUNTZ
DANIEL J. BEESON
*KENNETH J. ROHLF
oSTEPHEN H. FOCHLER
oJAY P. KARLOVICH
ANGELA M. LUTZ AMANN
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DARCY M. ERICKSON
DAVID S. KENDALL
BRIDGET MCCAULEY NASON
ELIZABETH HALL MURPHY
DAVID B. GATES

HAROLD LEVANDER
1910-1992

ARTHUR GILLEN
1919-2005

• ROGER C. MILLER
RETIRED

*ALSO ADMITTED IN WISCONSIN
oALSO ADMITTED IN NORTH DAKOTA
oALSO ADMITTED IN MASSACHUSETTS
oALSO ADMITTED IN OKLAHOMA

TO: Sunfish Lake Mayor, Councilmembers and Consultants
FROM: Timothy J. Kuntz, City Attorney
DATE: February 26, 2014
RE: City of Sunfish Lake Project 2014-01 Street Improvement Project
March 4, 2014 Continued Public Improvement Hearing –
Agenda Item 5(a) & 8(a) & 8(b)

Section 1. Background. At the January 7, 2014 Council meeting, the Council, by various resolutions took the following actions related to the 2014-01 Street Improvement Project (the Project):

1. Appointed Don Sterna of WSB & Associates as project engineer.
2. Appointed Steve Apfelbacher of Ehlers & Associates as fiscal advisor.
3. Appointed Jenny Boulton of Kennedy & Graven as bond counsel.
4. Set February 5, 2014, as the date for the public hearing to consider whether the Project should be ordered.
5. Adopted a preliminary financing plan.
6. Adopted a Project schedule which calls for the public improvement hearing to be held February 5, 2014, construction during the summer of 2014, and the assessment hearing to be held in September 2014.
7. Accepted and adopted the Feasibility Report.

In advance of the February 5, 2014, public improvement hearing, we prepared a Notice of Public Hearing. The Notice was mailed to affected landowners on January 15, 2014, and was published in the City's official newspaper on January 19, 2014, and on January 26, 2014.

On February 5, 2014, Acting Mayor Mike Hovey opened the public hearing for the purpose of discussing the Project. The City Engineer provided an explanation of the Project and the Project schedule. The City Attorney reviewed the project financing. The Council then opened the meeting for comments from the public. After comments were received, the Council moved to continue the public hearing to Tuesday, March 4, 2014 at 7:00 p.m.

Attached please find the following resolutions to be considered at the March 4, 2014, continued public improvement hearing:

1. Resolution Ordering Public Improvement Project 2014-01 and Approving Final Plans and Specifications for the 2014-01 Street Improvement Project.
2. Resolution Ordering Advertisement for Bids for the 2014-01 Street Improvement Project.

Section 2. Council Action. At the March 4, 2014, continued public improvement hearing, the Council will be asked to consider the attached Resolution Ordering Public Improvement Project 2014-01 and Approving Final Plans and Specifications for Project 2014-01 and the Resolution Ordering Advertisement for Bids for the 2014-01 Street Improvement Project.

The estimate of Project costs has not changed since the February 5, 2014 meeting. Project costs are still estimated to be \$347,875. If the Council, by separate action, makes the adjustments on the proposed assessments with respect to the Bancroft parcels and the Devec, LLC land, then the financing plan would show that the special assessments would total \$185,500 and the amount paid by City participation would be \$162,375. The percentage allocation would be 53% paid by special assessments and 47% paid by City participation. Attached to this memo is a revised Project Schedule together with a revised financing plan. The revised financing plan reflects the adjustments to the assessment roll with respect to the Bancroft parcels and the Devec, LLC land.

Attachments:

- Agenda for Continued Public Hearing
- Revised Summary of Project
- Revised Project Schedule
- Revised Financing Plan
- Resolution Ordering Public Improvement Project 2014-01 and Approving Final Plans and Specifications for the 2014-01 Street Improvement Project.
- Resolution Ordering Advertisement for Bids for the 2014-01 Street Improvement Project.

CITY OF SUNFISH LAKE
DAKOTA COUNTY, MINNESOTA

MARCH 4, 2014
7:00 P.M.

AGENDA FOR CONTINUED PUBLIC HEARING

- ~~1.) Call to Order~~
- ~~2.) Introductions and Welcome (Mayor)~~
- ~~3.) Public Hearing to Consider Ordering of Sunfish Lake City Project 2014-01
Street Improvement Project~~
 - ~~Hearing Declared to Be Open (Mayor)~~
 - ~~Review of Project Construction (Don Sterna)~~
 - ~~Nature of Improvements~~
 - ~~Review of Project Schedule (Don Sterna)~~
 - ~~Outline of Financing (Tim Kuntz)~~
 - ~~Schedule for Borrowing Funds (Tim Kuntz)~~
 - ~~Request for Public Comments (Mayor)~~
 - ~~Public Comments (continued from February 5, 2014 hearing)~~
 - ~~Motion to Close Public Hearing~~
 - ~~Council Discussion of Project~~
 - ~~Motion to Approve Resolution Ordering Public Improvement Project 2014-01 And Approving Final Plans And Specifications For Project 2014-01 Street Improvement Project~~
 - ~~Motion to Approve Resolution Ordering Advertisement for Bids for the 2014-01 Street Improvement Project~~

CITY OF SUNFISH LAKE
2014-01 STREET IMPROVEMENT PROJECT
SUMMARY

- **Estimated Total Project Cost:** \$347,875
- **Description of Project 2014-01:**

The 2014-01 Street Improvement Project (the Project) involves the bituminous reclamation and bituminous pavement surfacing to extend the life of Windy Hill Road, Windy Hill Court and the western half of Angell Road and related culvert work, shouldering, roadside swale grading and turf restoration.
- **Proposed Schedule for Project 2014-01:**
 - March 4, 2014: Council Orders Project, Approves Plans and Specifications and Authorizes Bids
 - May 6, 2014: Council Considers Bids and Awards Construction Contract
 - June 3, 2014: Council Issues Bond Obligations
 - July 25, 2014: Construction Complete
 - September 2, 2014: Special Assessment Hearing
- **Proposed Financing for Project 2014-01:**
 - 53%: \$185,500 Amount specially assessed against landowners
 - 47%: \$162,375 Amount paid by City participation
- **Amortization:** 10 years
- **Start Year (Collection):** 2015
- **Presumed Interest Rate:** 1.5% to 2.0% Above Bond Interest Rate Charged the City
- **Principal Special Assessment Amount Per Lot:** \$4,500 (Angell Road) and \$6,500 (Windy Hill Road and Windy Hill Court)

PROJECT SCHEDULE FOR CITY OF SUNFISH LAKE
2014-01 STREET IMPROVEMENT PROJECT

October 16, 2013	Consulting Engineer held open house to discuss Project with affected landowners.
November 5, 2013	Consulting Engineer submits Feasibility Report to Council and City Council accepts Feasibility Report and authorizes the preparation of plans and specifications.
January 7, 2014	- By resolution, the Council accepts, approves and ratifies the Feasibility Report. - By resolution, the Council approves the preliminary financing plan. - By resolution, the Council approves preliminary schedule for Project. - By resolution, the Council designates WSB & Associates, Inc. as engineer for the Project, Ehlers & Associates as fiscal agent to assist with financing of project and Kennedy & Graven as bond counsel for taxability opinion. - Council calls for a public improvement hearing to be held on Wednesday, February 5, 2014, at 7:00 p.m.
January 2014	Consulting Engineer prepares final plans and specifications for Project.
January 15, 2014	Mail Notice to landowners for public improvement hearing on February 5, 2014. Send Notice to official newspaper (South-West Review) for publication on January 19, 2014 and January 26, 2014.

January 19, 2014 & January 26, 2014	Publish Notice of public hearing in official newspaper (<i>South-West Review</i>) on January 19, 2014, and January 26, 2014.
February 5, 2014	Council holds public hearing to consider ordering the Project.
	Council does not close public hearing but continues it to March 4, 2014.
March 4, 2014	Council completes public hearing to consider ordering the Project. Council orders Project.
	Council approves final plans and specifications for bidding purposes and authorizes bids.
March 16, 2014	Advertisement for bids published in official newspaper (<i>South-West Review</i>). MANDATORY
March 17, 2014	Advertisement for bids published in trade paper (<i>Finance & Commerce</i>). MANDATORY
March 23, 2014	Second advertisement for bids published in official newspaper (<i>South-West Review</i>).
March 24, 2014	Second advertisement for bids published in trade paper (<i>Finance & Commerce</i>).
April 16, 2014	• Last day for submission of bids. • Opening and tabulation of bids.

May 6, 2014	• At its regular Council meeting, Council considers bids. • Council awards construction contract. • Council authorizes request for bond proposals.
Week of May 19, 2014	Pre-construction conference.
June 3, 2014	Council issues bond obligations.
Week of June 2, 2014	Construction begins.
June 2014	City receives bond proceeds.
July 25, 2014	Construction completed.
August 5, 2014	City declares costs to be assessed and calls for public hearing for special assessments; hearing to be held September 2, 2014.
August 6, 2014	Mail Notice of public hearing for proposed special assessments to affected landowners.
August 6, 2014	Send Notice of public hearing to official newspaper (<i>South-West Review</i>) for publication on August 10, 2014 and August 17, 2014.
August 10, 2014	Publish Notice of public hearing for proposed special assessments.

August 17, 2014	Publish Notice of public hearing for proposed special assessments.
September 2, 2014	Special Assessment hearing. Council levies special assessments.
October 3, 2014	End of 30 day period to pay special assessments without interest. End of period to appeal assessments.
Week of October 13, 2014	City certifies special assessments to County for collection of real estate taxes in year 2015 and thereafter.

EXHIBIT A
PRELIMINARY FINANCING PLAN AND
PRELIMINARY ASSESSMENT POLICY
FOR 2014-01 STREET IMPROVEMENT PROJECT

NO.	ITEM	POLICY AND PLAN
1.	Project No.	2014-01 Street Improvement Project
2.	Fiscal Consultant	Steve Apfelbacher of Ehlers & Associates, Inc.
3.	Project Costs	Project Costs include construction costs and the time spent by the City Attorney, Consulting Engineer, City Forester, City Clerk and Planner relating to the Project and the costs of publishing and mailing the notices of public hearings. Project Costs also include the cost of the fiscal advisor, the cost of the bond attorney, the cost of issuance of the bonds and the bond discount amount. Project Costs also include an appropriate contingency amount for construction.
4.	Allocation of Project Costs	Approximately 53% paid by special assessments. Approximately 47% paid for by City participation.
5.	City Participation	The City participation will equal approximately 47% of the Project costs. The City participation will come from available cash on hand as well as a general City tax levy.
6.	Amount of Bonding	The estimated original bonding amount will be approximately \$347,875 minus an amount determined by the Council that can be paid out of existing reserves in 2014.
7.	Tax Levy	The tax levy will be for a period of ten (10) years. Each year the City will determine what amount is available in cash reserves and what amount of the City's participation needs to be levied in taxes.
8.	Properties Subject To Special Assessment	The properties subject to the special assessment are the parcels identified by the City consulting engineer in the feasibility report.
9.	Assessment Methodology	The special assessments will be spread on a per buildable lot basis over 34 lots.

10.	Special Assessment Installments	The special assessments will be payable in ten (10) yearly installments. The yearly installment of principal will be the same fixed amount each year; there will be an equal amortization of principal over the term. The interest amount will decline as the principal balance declines.
11.	Interest on Special Assessments	The interest on the special assessments will begin to accrue from and after the date of levy. It is anticipated that the assessments will be levied in September or October 2014. The interest rate will be approximately 1.5% to 2.0% above the bond interest rate charged the City.
12.	Pre-payment of Special Assessments	Landowners will have thirty (30) days after levy of the special assessments to pre-pay the special assessments without any interest.
13.	Initial Installment	The initial installment of special assessments will be due and payable in calendar year 2015 together with real estate taxes.
14.	Payoff of Special Assessments	In any calendar year, landowners will be able to payoff the special assessments in full by making a payment equal to the principal balance owed together with interest through December 31 of the year of payoff.
15.	Partial Payments	Partial payments of principal outstanding will not be allowed.