

SUPPLEMENTAL PACKET

Meeting Date Sept. 24, 2018

Council Action Memo

To: Mayor Bend and Members of the City Council
From: Ron Moorese, City Administrator
Date: September 20, 2018
Re: 2019 Preliminary Budget - Supplemental

River Road Sewer Lines

The cost of the replacement of the River Road sewer lines has not been determined, but depending upon the type of construction, the cost ranges from \$400,000 to \$500,000. The option of repairing the existing lines as a lower cost, temporary solution was discussed. However, as the City Engineer has reviewed the videos from the televising of the lines, he has indicated the lines are beyond repairs and need to be replaced. While it may be possible to get another 3 to 5 years from the lines, they should not be anticipated to last beyond that timeframe.

8-year bond issue

If the \$400,000 cost was added to the bond issue for the Downtown Improvement Project, it would increase the principal amount from \$1.33 million to \$1.73 million. The annual debt service on the eight year bond issue would be \$253,000. This would require an additional levy of \$66,000 starting in 2020. The levy would need to be increased by \$33,000 in 2019 and \$33,000 in 2020, to be sufficient to fund the increased debt service.

15 year bond issue

If a 15 year bond issue was used rather than an 8 year bond issue, the annual debt service would be \$156,000. This would require a total levy increase of \$56,000 to be in place for the later years of the bond issue. The levy could be increased incrementally by \$7,000 over eight years to get to the \$56,000 levy.

**Afton Traffic Detail
Speed & Noise Enforcement**

G/L Date	Account Description	Explanation Alpha Name	Hours	Subledger Description	Total Wages with Benefits	
6/3/2018	Overtime	PETREY MICHAEL G	4	Afton Traffic Detail	\$	292.60
6/10/2018	Overtime	PETREY MICHAEL G	4	Afton Traffic Detail	\$	292.60
7/7/2018	Overtime	PETREY MICHAEL G	4.5	Afton Traffic Detail	\$	329.18
6/9/2018	Overtime	RAMOS MICHAEL A	5	Afton Traffic Detail	\$	273.72
7/8/2018	Overtime	STOEHR JOSEPH R	4	Afton Traffic Detail	\$	317.75
6/16/2018	Reg. Hours	WITTL STEVEN H	4	Afton Traffic Detail	\$	212.75
Total Due for Afton Traffic Detail					\$	1,718.59

Frederic W. Knaak*
fknaak@klaw.us
Craig J. Beuning
cbeuning@klaw.us



Of Counsel
Thomas M. Dailey, P.A.
(1943-2015)
Wayne B. Holstad**

Paralegal
BethAnn Hanson
bhanson@klaw.us

**Also Licensed in
Wisconsin & Colorado*

**Qualified Neutral under Rule 114*

***Also Licensed in Iowa,
Federal Court of Claims,
& US Court of Appeals
Washington, D.C.*

August 24, 2018

RECEIVED
AUG 28 2018
CITY OF AFTON

Mr. Ron Morse
City Administrator
City of Afton
3033 St. Croix Trail
P.O. Box 2109
Afton, MN 55001

Via Email and Regular Mail
rmorse@ci.afton.mn.us

RE: Annual Legal Services Budget

Dear Mr. Moore:

I am writing to request that the City consider increasing its legal services budget in the amount of \$500 per month.

We have been at the current rate of \$4000 per month for several years now which was, itself, a modest reduction from the previous rate. As best as we can determine from our records, we have been at this rate for the better part of nine years now.

I take great pride in both our service to the City over the past nine years, as well as our relatively modest fee. It has always been the position of our firm that we offer to our public clients the lowest possible rate, as we believe that it is part of our responsibility as public lawyers.

That said, the pressure on our own expenses are pressing and relentless. Recent increases in our staffing costs, as well our rent and other overhead-related expense, have reached a point where it is necessary to seek a modest increase in the fees we are charging for our services for all our clients.

By increasing our fees and revenues by just a bit, we will be able to improve our ability to continue to meet the City's legal needs in a fair and cost-effective manner.

Ron Moorse

From: Doug Green <dgreen@springsted.com>
Sent: Friday, September 21, 2018 8:12 AM
To: Ron Moorse
Subject: FW: Afton, MN GO Improvement Bonds, Series 2020
Attachments: 2020 GO Improvement Bonds 8 yrs.XLS; 2020 GO Improvement Bonds 15 yrs.XLS

Ron,

Attached are the two scenarios for taking out the GO Temporary Improvement Bonds permanently. We added financing cost on top of the \$1,300,000 and added about 0.75% to the rates to account for interest rate risk since this sale is about 18 months out. Based on these assumptions, we are looking at annual payments of about \$120,000 over 15 years and \$195,000 over 8 years.

Thanks,
Doug

Doug Green, CIPMA
Vice President

WWW.SPRINGSTED.COM ▫ [BIO](#) ▫ [V-CARD](#)

SPRINGSTED INCORPORATED
380 Jackson Street, Suite 300
Saint Paul, Minnesota 55101-2887
651-223-3086 Direct
651-269-7188 Cell
651-268-5086 Fax



This communication is confidential and intended for the addressee only. If you are not the intended recipient, please notify the sender immediately and then delete this communication from all data storage devices and destroy all hard copies. Dissemination, distribution, copying and/or other use of the information contained in this communication is strictly prohibited.

From: Steven Scharff
Sent: Thursday, September 20, 2018 3:51 PM
To: Doug Green <dgreen@springsted.com>
Subject: Afton, MN GO Improvement Bonds, Series 2020

Hi Doug,

Attached are the preliminary scenarios for the City's potential bonding in 2020 as discussed. The following assumptions were used in each scenario (also included in the excel files):

It should be noted that there are no assessments in the structuring at this time, so in that sense they are incomplete. To issue under 429, the City will need to assess at least 20% of the project being financed.

\$1,355,000

City of Afton, Minnesota
General Obligation Improvement Bonds, Series 2020
8 Year Scenario

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	105% Levy
02/01/2020	-	-	-	-	-
02/01/2021	155,000.00	2.700%	42,467.50	197,467.50	207,340.88
02/01/2022	155,000.00	2.800%	38,282.50	193,282.50	202,946.63
02/01/2023	160,000.00	2.900%	33,942.50	193,942.50	203,639.63
02/01/2024	165,000.00	3.000%	29,302.50	194,302.50	204,017.63
02/01/2025	170,000.00	3.150%	24,352.50	194,352.50	204,070.13
02/01/2026	175,000.00	3.300%	18,997.50	193,997.50	203,697.38
02/01/2027	185,000.00	3.450%	13,222.50	198,222.50	208,133.63
02/01/2028	190,000.00	3.600%	6,840.00	196,840.00	206,682.00
Total	\$1,355,000.00	-	\$207,407.50	\$1,562,407.50	\$1,640,527.88

SIGNIFICANT DATES

Dated.....	2/01/2020
Delivery Date.....	2/01/2020
First Coupon Date.....	2/01/2021

Yield Statistics

Bond Year Dollars.....	\$6,320.00
Average Life.....	4.664 Years
Average Coupon.....	3.2817642%
Net Interest Cost (NIC).....	3.4961630%
True Interest Cost (TIC).....	3.5052498%
Bond Yield for Arbitrage Purposes.....	3.2676777%
All Inclusive Cost (AIC).....	4.1884988%

IRS Form 8038

Net Interest Cost.....	3.2817642%
Weighted Average Maturity.....	4.664 Years

Interest rates are estimates. Changes in rates may cause significant alterations to this schedule.
The actual underwriter's discount bid may also vary.

\$1,355,000

City of Afton, Minnesota
General Obligation Improvement Bonds, Series 2020
15 Year Scenario

Sources & Uses

Dated 02/01/2020 | Delivered 02/01/2020

Sources Of Funds

Par Amount of Bonds..... \$1,355,000.00

Total Sources..... \$1,355,000.00

Uses Of Funds

Deposit to Project Construction Fund..... 1,300,000.00

Costs of Issuance..... 37,925.00

Total Underwriter's Discount (1.200%)..... 16,260.00

Rounding Amount..... 815.00

Total Uses..... \$1,355,000.00

\$1,355,000

City of Afton, Minnesota
General Obligation Improvement Bonds, Series 2020
15 Year Scenario

Structuring Assumptions

Dated 02/01/2020 | Delivered 02/01/2020

Deposit to Project Construction Fund.....	1,300,000.00
Total Underwriter's Discount (1.200%).....	16,260.00
First Interest Payment.....	2/01/2021
First Principal Payment.....	2/01/2021
Call Date.....	
Use Fiscal Year Amortization Constraints.....	No

Special Risks and Considerations

Bank Qualified
Rating and Rates

DV01.....	951.90
Weighted Average Maturity.....	8.620 Years
True Interest Cost (TIC).....	4.0085054%
All Inclusive Cost (AIC).....	4.4190093%
Final Principal Payment.....	

RESOLUTION 2018-45

CITY OF AFTON
WASHINGTON COUNTY, MINNESOTA

A RESOLUTION ADOPTING PROPOSED TAX LEVIES FOR 2019

BE IT RESOLVED by the City Council of the City of Afton, County of Washington, Minnesota, that the following sum of money be levied in the current year for collection in 2019, upon taxable property in the City of Afton, for the following purposes:

Proposed General Certified Levy	\$1,429,667
Proposed Debt Service Fund Certified Levy: Fire Station Expansion/Remodel	\$49,624
Proposed Debt Serv Fund Certified Levy – Road Improvement 2014A	\$275,000
Proposed Debt Serv Fund Certified Levy – Road Improvement 2017B	\$390,000
Proposed Debt Service Fund Certified Levy – Downtown Improvement Projects (Temp Bonds \$30,000+ PFA Loans \$70,000)	\$100,000
Total Proposed Certified Levy	\$2,244,291

The City Administrator/Clerk is hereby instructed to transmit a certified copy of this Resolution to the County Auditor of Washington County, Minnesota.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF AFTON THIS 24th DAY OF SEPTEMBER, 2018.

SIGNED:

Richard Bend, Mayor

ATTEST:

Ronald J. Moore, City Administrator

Motion by:
Second by:
Palmquist:
Nelson:
Ross:
Richter:
Bend:

RESOLUTION 2018-46

CITY OF AFTON
WASHINGTON COUNTY, MINNESOTA

A RESOLUTION APPROVING THE PROPOSED 2019 BUDGET

BE IT RESOLVED by the City Council of the City of Afton, County of Washington, Minnesota, to approve the 2019 Budget as presented in Attachment A.

Total Budget **\$2,424,600**

The City Administrator/Clerk is hereby instructed to transmit a certified copy of this Resolution to the County Auditor of Washington County, Minnesota.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF AFTON THIS 24th DAY OF SEPTEMBER, 2018.

SIGNED:

Richard Bend, Mayor

ATTEST:

Ronald J. Moorse, City Administrator

Motion by:
Second by:
Palmquist:
Richter:
Ross:
Nelson:
Bend: