



STAFF REPORT

TO: Mayor Keis and Members of City Council

FROM: Chris Heineman, City Administrator
Brenda Malinowski, Finance Director
Bill Dircks, Public Works Director
Bryce Shearen, Parks & Recreation/Community Services Manager

DATE: November 17, 2021

RE: Capital Improvement Plan (CIP) 2022-2031

ACTION REQUESTED:

Motion to approve the 2022-2031 Capital Improvement Plan (CIP).

BACKGROUND:

The CIP is a planning document intended to provide an estimate of capital needs and funding. The CIP process is a way to balance the amount of capital spending on an annual basis. This creates consistency in capital funding and a more predictable demand on staff resources.

In previous years, the City of Little Canada had adopted a 5-year Capital Improvement Plan. In order to better assess the long-term capital investments in public facilities and infrastructure that will be required to successfully carry out our mission, we are transitioning to a 10-year Capital Improvement Plan beginning in 2022. This will also enable staff to identify potential funding shortfalls in future years and plan for alternative funding sources as needed.

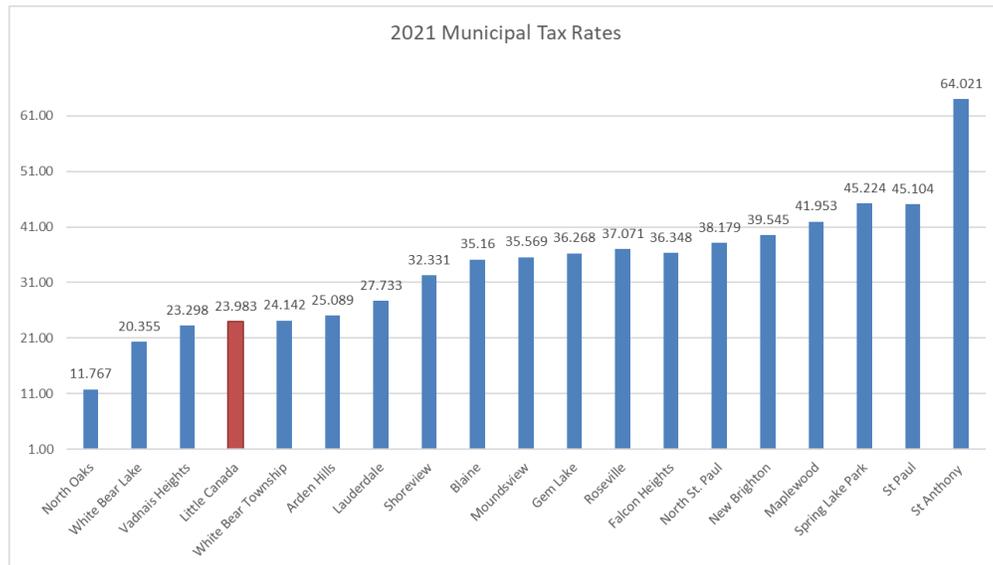
The 2022 projects in the CIP will be included in the 2022 Annual Budget that Council adopts in December. For 2023 projects, staff will request authorization from Council before proceeding with any expenditure. While this is a ten-year plan, projects can be changed, accelerated if funds become available, or delayed if other projects become a priority.

While both the Twin Lake Boulevard and Country Drive are identified to be reconstructed in 2023 and 2024 respectively, feasibility reports were approved by Council this summer for these projects. These projects may be eligible for outside funding sources such as the Local Roadway Improvement Project (LRIP) funds which would alleviate the need for city funds.

Although the Pioneer Park play node is scheduled for 2023, planning and grant solicitation will occur in 2022. Any additional funds that are secured for this project will have a positive impact on future projects in the General Capital Improvements funds including other projects at Pioneer Park.

Additional funds or expenditure reductions will be needed in the future for both the General Capital Improvements Fund and the Fire Capital Fund due to declining fund balances in those funds. Additional funds may be secured from grants, donations, or intergovernmental revenues.

In addition, property taxes are a possible funding source. Future TIF district decertifications are estimated to occur at the end of 2024 (Bix) and 2025 (Abbott) that will present an opportunity to increase the fire equipment levy or to implement a levy for the General Capital Improvement Fund. Early estimates indicate that there will be an opportunity to increase the levy by \$60,000 without increasing the property tax rate when these two TIF districts are decertified. Currently, Little Canada has the fourth lowest city tax rate in Ramsey County.



In addition, there are two funding sources that have not been included in the 2022-2031 CIP. There is approximately \$572,000 in the Owasso/Woodlyn Fund and approximately \$500,000 in unallocated ARPA funds.

Another possible funding solution is the issuing of bonds for the facility improvements identified in the next three years for the City Center and Fire Station. These improvements total approximately \$1.7 million. Based on current interest rates and the City of Little Canada's AA+ credit rating, 10-year bonds would require an approximate \$195,000 debt levy per year (all-inclusive interest rate of 2.07%). 15-year bonds would require an approximate \$140,000 debt levy per year (all-inclusive interest rate cost of 2.18%). An early refunding of our 2014 bonds for the public works facility may also be worth considering. Staff will work closely with representatives from Ehlers if the City Council is interested in considering a future bond issuance.

STAFF RECOMMENDATION:

Approve the 2022-2031 Capital Improvement Plan.