

November 3, 2025

STREET RECONSTRUCTION & OVERLAY PLAN IN
CONNECTION WITH FINANCING: 2026 Buschmann Road and
Ranchette Drive Reconstruction Project

City of Breezy Point, MN

2026-2030



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I. INTRODUCTION

In 2002, the Minnesota State Legislature passed into law a bill that generally exempts city bonds issued under a street reconstruction plan from the referendum requirements usually required for bonding expenditures. In 2013 the Legislature amended the law to allow bituminous overlays to be included in the street reconstruction plan. The authorization is contained in Minnesota Statutes, Section 475.58, subdivision 3b (the “Act”).

II. PURPOSE

A street reconstruction plan represents a major expenditure of city funds for the reconstruction or bituminous overlay of public streets. As defined in the Act, street reconstruction and bituminous overlay projects include but are not limited to: utility replacement and relocation and other activities incidental to the street reconstruction; the addition or reconstruction of turn lanes, bicycle lanes, sidewalks, paths, and other improvements having a substantial public safety function; realignments and other modifications to intersect with state and county roads; and the local share of state and county road projects. Except in the case of turn lanes, bicycle lanes, sidewalks, paths, and other safety improvements; realignments; intersection modifications; and the local share of state and county road projects, street reconstruction and bituminous overlays do *not* include the portion of project costs allocable to widening a street or adding curbs and gutters where none previously existed.

The Street Reconstruction and Overlay Plan (the “SROP”) is a document designed to anticipate street reconstruction and overlay expenditures and schedule them over a five-year period so that they may be purchased in the most efficient and cost-effective method. It allows the matching of expenditures with anticipated income. As potential expenditures are reviewed, the city considers the benefits, costs, alternatives, and impact on operating expenditures.

The City of Breezy Point, Minnesota (the “City”) believes the street reconstruction and overlay process is an important element of responsible fiscal management. Major capital expenditures can be anticipated and coordinated to minimize potentially adverse financial impacts caused by the timing and magnitude of capital outlays. This coordination of capital expenditures is important to the City in achieving its goals of adequate physical assets and sound fiscal management. Good planning is essential for the wise use of limited financial resources. The SROP is designed to be updated on an as needed basis.

III. PLANNING PROCESS

The City Council annually reviews its capital expenditures according to their priority, fiscal impact, and available funding as part of its Capital Improvement Plan (CIP) process. The City assembles the specific capital expenditures to be undertaken within the next five years. The City Council prepares a plan based on the available funding sources. From this information, a preliminary CIP is prepared for public discussion from citizens and other governmental units. Changes are made based on that input, and a final plan is established.

Over the life of the CIP, once the funding becomes available the individual capital expenditures can be made as part of individual project approvals. In subsequent years, the process is repeated as expenditures are completed and new needs arise.

If bonding is necessary, the City collaborates with its municipal advisor to prepare a bond sale and repayment schedule. Street reconstruction and overlay planning occurs separately from the CIP process focusing specifically on those projects to be financed with general obligation street reconstruction bonds under provisions of the Act. The SROP is to describe the identified street reconstruction and overlay projects to be financed, their estimated costs, and any planned reconstruction or overlay of other streets in the City over the next five years.

For the City to use its authority under the Act to finance street reconstruction and bituminous overlay expenditures with general obligation bonds, it must meet the requirements provided therein.

Specifically, the City must hold a public hearing for public input on a the proposed SROP. Notice of such hearing must be published in the official newspaper at least ten, but not more than 28 days prior to the date of the public hearing. In addition, the City Council must approve the SROP and issuance of bonds by a two-thirds majority vote of its membership present at the meeting following a public hearing.

Although a referendum is not required, a reverse referendum is allowable. If a petition requesting a vote on the issuance of bonds bearing the signatures of at least 5 percent of the votes cast in the last municipal general election is filed with the municipal clerk within 30 days after the public hearing, a referendum vote on the issuance of the bonds shall be required to authorize the issuance. If a municipality elects not to submit the question to the voters, the municipality shall not propose the issuance of bonds under the Act for the same purpose for a period of 365 days from the date of receipt of the petition.

IV. PROJECT SUMMARY

The expenditures to be undertaken with this 2026 to 2030 SROP are limited to those listed in Appendix A and further discussed in the following section. All other foreseeable capital expenditures within the City will come through other means or through an amendment to this SROP.

V. FINANCING

The project expenditures under this SROP are estimated at up to \$3,690,358. If these expenditures are to be funded, that amount of money is anticipated to be generated through a combination of tax levy, a \$150,000 cash contribution from Ideal Township and sale of general obligation street reconstruction plan bonds over the five-year period. The anticipated bond size of \$3,220,000 is based upon the estimated hard and soft costs for the projects, plus estimated issuance costs, any capitalized interest, and contingency. However, for the purpose of the SROP, the not to exceed amount for the bonds, including hard and soft costs for the projects, plus estimated issuance costs, any capitalized interest, and contingency, will be \$3,350,000.

In the financing of the SROP, one statutory limitation applies to the City. Under Minnesota Statutes, Chapter 475, with few exceptions, a local government cannot incur debt greater than 3% of the estimated market value (EMV) for its jurisdiction. In the City, the EMV for property tax payable in 2025 is \$931,475,000. As noted in the table below, the City’s debt subject to this requirement, including the proposed bond issue, is within the required threshold:

Net Debt Limit, Taxes Payable in 2025	
Estimated Market Value	931,475,000
Statutory Debt Limit Factor	3.0%
Statutory Debt Limit	27,944,250
Less: Debt Paid Solely from Taxes	(1,335,000)
Less: Proposed Bond Issue(s)	(3,220,000)
Unused Debt Limit	\$23,389,250

Under the SROP, the City plans to issue up to \$3,350,000 in general obligation bonds in the years 2026 through 2030 to finance the projects listed in Appendix A and further described below.

Year	Description	Street
2026	Full Depth Removal and Replacement to a supported local standard.	Buschmann Road from County Road 11 to approximately 1,300 feet west of the Ranchette Drive intersection and Ranchette Drive from Buschmann Road to approximately 2,600 feet south of Buschmann Road.
2027	None Anticipated	
2028	None Anticipated	
2029	None Anticipated	
2030	None Anticipated	

VI. PLAN CONTINUATION

This SROP should be reviewed annually as needed by the City Council using the process outlined in this document. It should review proposed expenditures, make priority decisions, and seek funding for those expenditures it deems necessary for the City. If deemed appropriate, the Council should prepare an update to this SROP.

APPENDIX A

Plan Project Costs

Project Costs by Year		
Year	Project	Amount
2026	2026 Buschmann Road and Ranchette Drive Reconstruction Project	\$3,690,358
2027	None Planned	-
2028	None Planned	-
2029	None Planned	-
2030	None Planned	-
Total		\$3,690,358

Proposed Street Reconstruction and Overlay Plan Bond Issue(s)

Street Reconstruction and Overlay Bond Issues by Year	
Year	Amount
2026	\$3,220,000
2027	-
2028	-
2029	-
2030	-
Total	\$3,220,000

APPENDIX B

Proposed SROP Bond Issue(s)

City of Breezy Point, Minnesota

\$3,220,000 General Obligation Street Reconstruction Bonds, Series 2026A

Assumes Current Market BQ "AA" Rated Rates + 50bps

15 Years

Sources & Uses

Dated 02/19/2026 | Delivered 02/19/2026

Sources Of Funds

Par Amount of Bonds	\$3,220,000.00
Township Contribution	580,000.00
Total Sources	\$3,800,000.00

Uses Of Funds

Total Underwriter's Discount (1.250%)	40,250.00
Costs of Issuance	65,000.00
Deposit to Project Construction Fund	3,690,358.70
Rounding Amount	4,391.30
Total Uses	\$3,800,000.00

City of Breezy Point, Minnesota

\$3,220,000 General Obligation Street Reconstruction Bonds, Series 2026A

Assumes Current Market BQ "AA" Rated Rates + 50bps

15 Years

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/19/2026	-	-	-	-	-
02/01/2027	175,000.00	3.250%	115,624.50	290,624.50	290,624.50
08/01/2027	-	-	58,011.25	58,011.25	-
02/01/2028	170,000.00	3.200%	58,011.25	228,011.25	286,022.50
08/01/2028	-	-	55,291.25	55,291.25	-
02/01/2029	180,000.00	3.200%	55,291.25	235,291.25	290,582.50
08/01/2029	-	-	52,411.25	52,411.25	-
02/01/2030	185,000.00	3.250%	52,411.25	237,411.25	289,822.50
08/01/2030	-	-	49,405.00	49,405.00	-
02/01/2031	190,000.00	3.300%	49,405.00	239,405.00	288,810.00
08/01/2031	-	-	46,270.00	46,270.00	-
02/01/2032	195,000.00	3.400%	46,270.00	241,270.00	287,540.00
08/01/2032	-	-	42,955.00	42,955.00	-
02/01/2033	200,000.00	3.500%	42,955.00	242,955.00	285,910.00
08/01/2033	-	-	39,455.00	39,455.00	-
02/01/2034	210,000.00	3.600%	39,455.00	249,455.00	288,910.00
08/01/2034	-	-	35,675.00	35,675.00	-
02/01/2035	215,000.00	3.750%	35,675.00	250,675.00	286,350.00
08/01/2035	-	-	31,643.75	31,643.75	-
02/01/2036	225,000.00	3.950%	31,643.75	256,643.75	288,287.50
08/01/2036	-	-	27,200.00	27,200.00	-
02/01/2037	235,000.00	4.050%	27,200.00	262,200.00	289,400.00
08/01/2037	-	-	22,441.25	22,441.25	-
02/01/2038	245,000.00	4.200%	22,441.25	267,441.25	289,882.50
08/01/2038	-	-	17,296.25	17,296.25	-
02/01/2039	255,000.00	4.300%	17,296.25	272,296.25	289,592.50
08/01/2039	-	-	11,813.75	11,813.75	-
02/01/2040	265,000.00	4.350%	11,813.75	276,813.75	288,627.50
08/01/2040	-	-	6,050.00	6,050.00	-
02/01/2041	275,000.00	4.400%	6,050.00	281,050.00	287,100.00
Total	\$3,220,000.00	-	\$1,107,462.00	\$4,327,462.00	-