



CITY COUNCIL WORK SESSION MEETING

AGENDA SECTION	WORK SESSION
MEETING DATE	APRIL 6, 2026

ITEM:	Coordinate Financing for Public Works Building Replacement with Statutory Deadlines	
	(20 Minutes)	
<i>Presented by Joseph Kloiber, Finance Director</i>		
DEPARTMENT: Finance	BY/DATE: Joseph Kloiber /March 18, 2026	
CORE CITY STRATEGIES: <i>(please indicate areas that apply by adding an "X" in front of the selected text below)</i>		
<input checked="" type="checkbox"/> Community that Grows with Purpose and Equity	<input type="checkbox"/> Engaged, Effective and Forward-Thinking	
<input checked="" type="checkbox"/> High Quality Public Spaces	<input type="checkbox"/> Resilient and Prosperous Economy	
<input checked="" type="checkbox"/> Safe, Accessible and Built for Everyone	<input type="checkbox"/> Inclusive and Connected Community	

BACKGROUND

The City has included the replacement of the Municipal Service Center, aka the Public Works Building, in its long-term planning for the last several years. The planned financing is primarily long-term borrowing through the issuance general obligation bonds repaid annually with property taxes. The land has been acquired. The City has requested, and continues to lobby, the State of MN to fund as much as half of the estimated \$30 million in construction costs. In addition, certain amounts of LGA and franchise fee revenue are potentially available for this project, as well as occupancy charges (rent) paid by the City’s utility operations.

SUMMARY OF CURRENT STATUS

The City’s current best estimate of the project timetable is:

- 2026 Q3 Select architect
- 2026 Q4 Begin design engineering
- 2027 Q1 Complete design engineering
- 2027 Q2-2027 Q3 Site clearing, pollution and soil remediation, and general site prep
- 2027 Q4-2028 Q1 Solicit & award construction bid
- 2028 Q1 Issue GO CIP bonds
- 2028 Q2-2029 Q2 Construction

Any charter or statutory authority available to the City Council to issue bonds for public facilities requires a 30-day reverse referendum period, during which a petition signed by registered voters equal to or greater than 5% of the voters in the last election can be submitted to request that the City Council place the decision to issue the bonds and the related tax increase on the ballot.

STAFF RECOMMENDATION

Based on the City’s experience issuing bonds in 2015 for replacement of the library, staff recommends that the City Council consider the option to schedule the 30-day reverse referendum period in a window of time that

would allow a successful reverse referendum petition to be a ballot question at a *general* election, rather than requiring a special election if a petition is successful.

The only general election between now and the planned Q1 2028 bond issuance is November 3rd, 2026. Utilizing the authority under MN statute 475.521, the City can achieve this recommended timing as follows:

4/28/2026 - 5/16/2026 Publish notice of 5/26/2026 public hearing in official newspaper.

5/26/2026 Regular City Council meeting:

- Consent Agenda – Adopt a reimbursement resolution which preserves the City’s option under the Internal Revenue Code to finance the project using tax exempt bonds. This does not issue bonds; it is merely a routine federal requirement to make the option available to this project.
- Hold public hearing on a proposed 5-year Capital Improvement Plan (CIP) under M.S. 475.521, which calls for replacing the Public Works Building using bond financing repaid with property taxes.
- After closing the public hearing, the City Council would vote on a resolution to adopt this CIP.

6/26/2026 30-day reverse referendum period for possible petition ends.

8/11/2026 Last day to submit referendum question to 11/3/2026 general election ballot

11/3/2026 general election

3/13/2028 Regular City Council meeting: Adopt a “set sale” resolution calling for the bonds to be offered for sale to the market.

3/28/2028 Regular City Council meeting: The City Council will review the results of the marketing and vote on a resolution to adopt the low bid received.

Requested Council Action/ Discussion Topics / Key Questions
Staff requests that the City Council receive a presentation on the information above at the work session and provide direction to staff on the above recommendation.

ATTACHMENT(S)

Examples of potential bond financing for this project prepared by Municipal Advisor Ehlers, using 20- and 25-year repayment terms.