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FIVE - YEAR STREET RECONSTRUCTION & OVERLAY  
PLAN:

# City of Grand Rapids, MN

2025 - 2029



Prepared by:

Ehlers  
3060 Centre Pointe Drive  
Roseville, Minnesota 55113

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**BUILDING COMMUNITIES. IT'S WHAT WE DO.**

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## **I. INTRODUCTION**

In 2002, the Minnesota State Legislature passed into law a bill which generally exempts city bonds issued under a street reconstruction program 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 program. The authorization is contained in Minnesota Statutes, Section 475.58, subdivision 3b (the “Act”).

## **II. PURPOSE**

A street reconstruction program 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 may include utility replacement and relocation and other incidental costs, turn lanes and other improvements having a substantial public safety function, realignments, 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, safety improvements, realignments, intersection modifications, and local share of state and county road projects, street reconstruction and overlays do not include the portion of project costs allocable to widening a street or adding curbs and gutters where none previously existed.

A Street Reconstruction and Overlay Plan (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. A SROP 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 Grand Rapids, 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 works with its financial advisor to prepare a bond sale and repayment schedule. Street reconstruction and overlay planning occurs separately from the CIP process focusing specifically on street reconstruction and overlay 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 a 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 SROP. Notice of such hearing must be published in the official newspaper of the city at least 10, but not more than 28 days prior to the date of the public hearing. In addition, the council must approve the SROP and issuance of street reconstruction 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 the 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 2025 to 2029 SROP are limited to those listed in Appendix A. All other foreseeable capital expenditures within the City government will come through other means or through an amendment to this SROP.

#### **V. FINANCING**

The total amount of requested expenditures under the SROP is up to \$4,000,000. If these expenditures are to be funded, that amount of money is anticipated to be generated through a combination of special assessments, tax levy, capital funds, municipal state-aid, and the sale of general obligation street reconstruction plan bonds over the five-year period.

In the financing of the SROP, one statutory limitation applies. Under Chapter 475, with few exceptions, cities cannot incur debt in excess of

3% of the assessor’s estimated market value (EMV) for the city. The City’s Pay 2024 EMV is \$1,136,943,200. (Pay 2025 is not yet available.) As noted in the table below, the City’s debt subject to this requirement, including the proposed bond issue, is within the required threshold:

<b>Net Debt Limit</b>	
Assessor's Estimated Market Value	1,136,943,200
Multiply by 3%	0.03
Statutory Debt Limit	34,108,296
Less: Debt Paid Solely from Taxes	17,935,000
Less: Proposed Bond Issue(s)	3,515,000
Unused Debt Limit	55,558,296

Under the SROP, the City plans to issue up to \$4,000,000 in general obligation bonds in the year 2025 to finance the street improvements for the 3<sup>rd</sup> Avenue NE project (Project No. 2010-1). No future financing is anticipated under this SROP at this time. The bond sizing is based upon funding the estimated project amounts listed in Appendix A plus estimated issuance costs and contingency. Current estimates of size and repayment of the general obligation street reconstruction and overlay bonds under consideration is shown in Appendix B.

## **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:

The 2025 capital expenditure of approximately \$4,000,000 for the City’s 2024/25 3<sup>rd</sup> Avenue NE road reconstruction and bituminous overlay project is to be funded with up to \$4,000,000 in bond proceeds.

Project Costs		
Year	Project	Amount
2025	2025 Road Reconstruction	\$ 4,000,000
2026	None Anticipated	\$ -
2027	None Anticipated	\$ -
2028	None Anticipated	\$ -
2029	None Anticipated	\$ -
<b>TOTAL</b>		<b>\$ 4,000,000</b>

## Proposed SROP Bond Issues:

Proposed SROP Bond Issues		
Year		Amount
2025	\$	4,000,000
2026	\$	-
2027	\$	-
2028	\$	-
2029	\$	-
<b>TOTAL</b>	<b>\$</b>	<b>4,000,000</b>

# APPENDIX B

## Proposed 2025 SROP Bond Issue:

### Total Issue Sources And Uses

Dated 03/27/2025 | Delivered 03/27/2025

	Street Reconstruction	Water	Sanitary Sewer	Issue Summary
<b>Sources Of Funds</b>				
Par Amount of Bonds	\$3,515,000.00	\$850,000.00	\$815,000.00	\$5,180,000.00
IEIP Credit	-	72,267.63	69,433.60	141,701.23
<b>Total Sources</b>	<b>\$3,515,000.00</b>	<b>\$922,267.63</b>	<b>\$884,433.60</b>	<b>\$5,321,701.23</b>
<b>Uses Of Funds</b>				
Total Underwriter's Discount (1.200%)	42,180.00	10,200.00	9,780.00	62,160.00
Costs of Issuance	56,321.42	13,619.70	13,058.88	83,000.00
Deposit to Capitalized Interest (CIF) Fund	113,643.22	-	-	113,643.22
Deposit to Project Construction Fund	3,301,909.00	899,157.00	859,832.00	5,060,898.00
Rounding Amount	946.36	(709.07)	1,762.72	2,000.01
<b>Total Uses</b>	<b>\$3,515,000.00</b>	<b>\$922,267.63</b>	<b>\$884,433.60</b>	<b>\$5,321,701.23</b>



## City of Grand Rapids, Minnesota

\$3,515,000 General Obligation Bonds, Series 2025A  
Street Reconstruction

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/27/2025	-	-	-	-	-
02/01/2026	-	-	113,643.22	113,643.22	113,643.22
08/01/2026	-	-	67,288.75	67,288.75	-
02/01/2027	180,000.00	3.550%	67,288.75	247,288.75	314,577.50
08/01/2027	-	-	64,093.75	64,093.75	-
02/01/2028	185,000.00	3.550%	64,093.75	249,093.75	313,187.50
08/01/2028	-	-	60,810.00	60,810.00	-
02/01/2029	195,000.00	3.550%	60,810.00	255,810.00	316,620.00
08/01/2029	-	-	57,348.75	57,348.75	-
02/01/2030	200,000.00	3.550%	57,348.75	257,348.75	314,697.50
08/01/2030	-	-	53,798.75	53,798.75	-
02/01/2031	205,000.00	3.550%	53,798.75	258,798.75	312,597.50
08/01/2031	-	-	50,160.00	50,160.00	-
02/01/2032	215,000.00	3.550%	50,160.00	265,160.00	315,320.00
08/01/2032	-	-	46,343.75	46,343.75	-
02/01/2033	220,000.00	3.650%	46,343.75	266,343.75	312,687.50
08/01/2033	-	-	42,328.75	42,328.75	-
02/01/2034	230,000.00	3.650%	42,328.75	272,328.75	314,657.50
08/01/2034	-	-	38,131.25	38,131.25	-
02/01/2035	240,000.00	3.850%	38,131.25	278,131.25	316,262.50
08/01/2035	-	-	33,511.25	33,511.25	-
02/01/2036	250,000.00	3.900%	33,511.25	283,511.25	317,022.50
08/01/2036	-	-	28,636.25	28,636.25	-
02/01/2037	255,000.00	3.950%	28,636.25	283,636.25	312,272.50
08/01/2037	-	-	23,600.00	23,600.00	-
02/01/2038	270,000.00	4.050%	23,600.00	293,600.00	317,200.00
08/01/2038	-	-	18,132.50	18,132.50	-
02/01/2039	280,000.00	4.100%	18,132.50	298,132.50	316,265.00
08/01/2039	-	-	12,392.50	12,392.50	-
02/01/2040	290,000.00	4.150%	12,392.50	302,392.50	314,785.00
08/01/2040	-	-	6,375.00	6,375.00	-
02/01/2041	300,000.00	4.250%	6,375.00	306,375.00	312,750.00
<b>Total</b>	<b>\$3,515,000.00</b>	<b>-</b>	<b>\$1,319,545.72</b>	<b>\$4,834,545.72</b>	<b>-</b>