

Five-Year Capital Improvement Plan for the
Years 2016 through 2020

Swift County, Minnesota

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INTRODUCTION

In 1988, the Minnesota State Legislature passed Minnesota Statutes Section 373.40 (the “CIP Statute”) authorizing counties to issue general obligation capital improvement plan bonds for certain types of improvements.

Under the CIP Statute, Swift County may issue bonds under this section if the maximum amount of principal and interest to become due in any year on all outstanding bonds issued pursuant to the CIP Act will not equal or exceed 0.12% of estimated market value (EMV) in the County. For Pay 2016, Swift County’s EMV is \$3,040,583,200 Swift County does not have any existing CIP bonds outstanding. Therefore, the total amount available under this Capital Improvement Program is \$3,648,700 per year. Assuming a 20 year term and an average interest rate of 2.50%, this equates to approximately \$ 56,880,000 in debt capacity.

The Swift County Board desires to issue Capital Improvement Plan Bonds to renovate the County Courthouse, Law Enforcement Center, County Attorney Building, Benson Highway Shop and Countryside Public Health Building (the “Facilities”). The County Board seeks to initiate a Capital Improvement Program and take advantage of the financing mechanisms it offers.

PURPOSE

The County wishes to issue general obligation CIP bonds (the “Bonds”) to finance the renovation and improvements of the Facilities. This capital improvements plan has been prepared to meet the statutory criteria for this purpose. The plan supplements, but does not replace, any existing County capital improvement plans for other purposes.

The CIP Act requires that the plan cover at least the five-year period beginning with the date of its adoption. The plan must set forth the estimated schedule, timing, and details of specific capital improvements by year, together with the estimated cost, the need for the improvement, and sources of revenues to pay for the improvement. In preparing the capital improvement plan, the county board must consider for each project and for the overall plan:

- (1) the condition of the county’s existing infrastructure, including the projected need for repair or replacement;
- (2) the likely demand for the improvement;
- (3) the estimated cost of the improvement;
- (4) the available public resources;
- (5) the level of overlapping debt in the county;
- (6) the relative benefits and costs of alternative uses of the funds;
- (7) operating costs of the proposed improvements; and
- (8) alternatives for providing services more efficiently through shared facilities with other counties or local government units.

The remainder of this document discusses each of these issues.

CIP CONSIDERATIONS

Infrastructure Condition

Condition of the County's infrastructure, including the projected need for repair or replacement.

Significant repair or replacement of the following facilities is planned over the life of this CIP.

Courthouse

No major renovations have occurred at the Courthouse since the 1970's with the replacement of the heating and cooling system which remains in place today. This 1970's system is inefficient and has faced numerous system failures. The proposed project will replace the steam boiler with a more effect water boiler system, the ventilation units, and air chiller units. The total HVAC replacement cost is projected at \$2,118,250.

The courthouse project will improve court security by creating separate public and staff areas along with addressing ADA issues in the courtrooms. The total cost for the improvements associated with the courts is \$1,220,000. The courthouse project will also include improvements to county office space on the first and second floors at a projected cost of \$395,500. Finally, the Courthouse project will also address a number of deferred maintenance items at the courthouse including plumbing fixes, brick tuck pointing, electrical system upgrades, leaking roofs, inefficient windows, and other items at a cost of \$676,975.

The overall courthouse project is projected to be \$4,461,725

Countryside Public Health

At Countryside Public Health the proposals is to rearrange space in order to move Safe Avenues from the Courthouse to this building along with rearranging space in the building to be more efficient for public and staff at a projected cost of \$302,250. Additionally, \$187,500 in deferred maintenance items will also be addressed as part of this project. The total project cost for the project at Countryside Public Health Building is \$489,750.

Future Projects

This plan includes future projects in 2019 and 2020. The CIP is required to outline all building projects proposed by the County to be undertaken over the next 5 years. These projects include replacement of the Maintenance Shop, replacement of the highway fueling station, and deferred maintenance needs at Highway; space needs and deferred maintenance at the County Attorney Building; and space needs and deferred maintenance at the Law Enforcement Center. The projected cost of these future projects is \$4,526,000. The bulk of the cost is the new maintenance shop and fuel station at \$4,396,000.

Demand

Likely demand for the improvements.

The funds to accomplish this will come from the issuance of a general obligation capital improvement plan bond. Based upon current market conditions for tax-exempt municipal bonds, the County anticipates a debt service expenditure of approximately \$333,120 per year.

Estimated Cost

Estimated cost of the improvement

The CIP bonds are anticipated to be issued in October 2016. The County will use the proceeds of the Bonds to make the capital improvements outlined in this Capital Improvements Plan. The Bonds are estimated to be issued for a total par amount of approximately \$5,045,000 million. All costs of issuance will be paid with bond proceeds.

Public Resources

Available public resources.

The County will finance the Bond principal and interest payment through a debt service tax levy (ad valorem).

Overlapping Debt

Level of overlapping debt in the County.

<i>Issuer</i>	<i>2015/2016 Tax Capacity Value (1)</i>	<i>2015/2016 Tax Capacity Value in County (1)</i>	<i>Outstanding General Obligation Debt</i>	<i>Taxpayers' Share of Debt</i>
<i>City of Appleton</i>	<i>\$ 709,886</i>	<i>\$709,886</i>	<i>\$2,885,000(3)</i>	<i>\$2,885,000</i>
<i>City of Benson</i>	<i>1,929,242</i>	<i>1,929,242</i>	<i>725,000(4)</i>	<i>725,000</i>
<i>City of Kerkhoven</i>	<i>276,985</i>	<i>276,985</i>	<i>160,000</i>	<i>160,000</i>
<i>ISD No. 2853, Lac Qui Parle Valley</i>	<i>18,933,322</i>	<i>6,917,223</i>	<i>2,185,000</i>	<i>798,181</i>
<i>ISD No. 768, Hancock</i>	<i>3,114,964</i>	<i>447,297</i>	<i>5,855,000</i>	<i>840,778</i>
<i>ISD No. 775, Kerkhoven-Murdock-Sunburg</i>	<i>8,969,329</i>	<i>5,862,129</i>	<i>9,600,000</i>	<i>6,274,560</i>
<i>Total Indirect Debt:</i>	<i>\$ 11,683,519</i>			

Benefits and Costs

Relative benefits and costs of alternative uses of the funds

The issuance of the Bonds to renovate and improve the Facilities will allow the County to gain benefits from the proposed improvement through efficiencies the improved space will provide. Additional security features will be added to assist in the protection of staff, the public, and court officials. The space will also improve compliance with Americans with Disability Act. The improvements will address issues at the Courthouse to ensure the building remains here for the next generation. Updated HVAC systems will be installed reducing existing energy cost at the Courthouse.

Operating Costs

Operating costs of the proposed improvements

The 2016B Bonds will have a positive effect on operating costs for the Facility.

Alternatives

Alternatives for providing services most efficiently through shared facilities with other municipalities or local government units

Neighboring counties include Big Stone, Chippewa, Lac Qui Parle, Grant, Pope, Stevens, and Kandiyohi. Each of the neighboring counties owns and operates separate courts facilities.

Shared services with neighboring counties that are not located in Swift County include: a regional adult protection worker at Chippewa County for Human Services, 6W Community Correction office in Chippewa County, medical examiner services at Anoka County. Swift County continues to examine ways to developed shared services with our regional partners.

FINANCING THE CAPITAL IMPROVEMENT PLAN

The total amount of requested expenditures under the CIP is \$5,250,000. This figure represents a not to exceed principal amount of the proposed general obligation capital improvement plan bond issue.

In the financing of the CIP, two statutory limitations apply. Under Chapter 475, with few exceptions, the County cannot incur debt in excess of 3% of the assessor's Estimated Market Value ("EMV") for the County. The County's Pay 2016 EMV is \$3,040,583,200. Three percent of the EMV equals \$91,217,496. Currently, the County has no debt outstanding (12/31/15) applicable to the legal debt limit.

Another limitation on bonding under the CIP Statute is the total amount that can be used for principal and interest in any one year for CIP debt cannot exceed 0.12% of the EMV for the County. The maximum annual principal and interest for the County is \$3,648,700 ($\$3,040,583,200 \times .0012$).

Under this CIP the County may issue up to \$5,250,000 in new General Obligation Capital Improvement Plan Bonds to finance the project. The Bonds are structured with a 20-year term. The projected maximum annual debt service is \$333,120, including the 105% debt service coverage requirement required by State Law. A preliminary debt service schedule appears in Exhibit A.

Exhibit A

Preliminary Debt Service Schedule G.O. CIP Bonds, Series 2016B

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/22/2016	-	-	-	-	-
08/01/2017	-	-	67,664.00	67,664.00	-
02/01/2018	200,000.00	0.850%	47,576.25	247,576.25	315,240.25
08/01/2018	-	-	46,726.25	46,726.25	-
02/01/2019	220,000.00	0.950%	46,726.25	266,726.25	313,452.50
08/01/2019	-	-	45,681.25	45,681.25	-
02/01/2020	225,000.00	1.050%	45,681.25	270,681.25	316,362.50
08/01/2020	-	-	44,500.00	44,500.00	-
02/01/2021	225,000.00	1.150%	44,500.00	269,500.00	314,000.00
08/01/2021	-	-	43,206.25	43,206.25	-
02/01/2022	230,000.00	1.250%	43,206.25	273,206.25	316,412.50
08/01/2022	-	-	41,768.75	41,768.75	-
02/01/2023	230,000.00	1.300%	41,768.75	271,768.75	313,537.50
08/01/2023	-	-	40,273.75	40,273.75	-
02/01/2024	235,000.00	1.400%	40,273.75	275,273.75	315,547.50
08/01/2024	-	-	38,628.75	38,628.75	-
02/01/2025	240,000.00	1.550%	38,628.75	278,628.75	317,257.50
08/01/2025	-	-	36,768.75	36,768.75	-
02/01/2026	240,000.00	1.700%	36,768.75	276,768.75	313,537.50
08/01/2026	-	-	34,728.75	34,728.75	-
02/01/2027	245,000.00	1.850%	34,728.75	279,728.75	314,457.50
08/01/2027	-	-	32,462.50	32,462.50	-
02/01/2028	250,000.00	1.950%	32,462.50	282,462.50	314,925.00
08/01/2028	-	-	30,025.00	30,025.00	-
02/01/2029	255,000.00	2.000%	30,025.00	285,025.00	315,050.00
08/01/2029	-	-	27,475.00	27,475.00	-
02/01/2030	260,000.00	2.100%	27,475.00	287,475.00	314,950.00
08/01/2030	-	-	24,745.00	24,745.00	-
02/01/2031	265,000.00	2.200%	24,745.00	289,745.00	314,490.00
08/01/2031	-	-	21,830.00	21,830.00	-
02/01/2032	270,000.00	2.300%	21,830.00	291,830.00	313,660.00
08/01/2032	-	-	18,725.00	18,725.00	-
02/01/2033	275,000.00	2.400%	18,725.00	293,725.00	312,450.00
08/01/2033	-	-	15,425.00	15,425.00	-
02/01/2034	285,000.00	2.500%	15,425.00	300,425.00	315,850.00
08/01/2034	-	-	11,862.50	11,862.50	-
02/01/2035	290,000.00	2.600%	11,862.50	301,862.50	313,725.00
08/01/2035	-	-	8,092.50	8,092.50	-
02/01/2036	300,000.00	2.650%	8,092.50	308,092.50	316,185.00
08/01/2036	-	-	4,117.50	4,117.50	-
02/01/2037	305,000.00	2.700%	4,117.50	309,117.50	313,235.00
Total	\$5,045,000.00	-	\$1,249,325.25	\$6,294,325.25	-

Swift County, Minnesota
Capital Improvement Plan
 2016 thru 2020

PROJECTS BY DEPARTMENT

Department	Project#	Priority	2016	2017	2018	2019	2020	Total
Buildings								
County Attorney Deferred Maintenance	<i>Att-DefMain</i>	2			91,500			91,500
County Attorney Space Needs	<i>Att-SpaceN</i>	2			40,000			40,000
Lower Level Space Needs	<i>CH-1-SpaceN</i>	2		111,500				111,500
Main Level Space Needs Costs	<i>CH-2-SpaceN</i>	2		285,000				285,000
Courts Level Space Needs Costs - Option A	<i>CH-3A-SpaceN</i>	2		895,000				895,000
Courts Level Space Needs Costs - Option B	<i>CH-3B-SpaceN</i>	2		325,000				325,000
Attic Level Space Needs Costs	<i>CH-A-SpaceN</i>	2		50,000				50,000
Courthouse Deferred Maintenance	<i>CH-DefMain</i>	2		676,975				676,975
Courthouse HVAC Upgrade System	<i>CH-HVAC</i>	1		2,118,250				2,118,250
Highway Fuel Station	<i>HW-Fuel</i>	2				282,000		282,000
Highway Shop Replacement	<i>HW-Shop</i>	2				4,114,000		4,114,000
LEC Deferred Maintenance	<i>LEC-DefMain</i>	2					854,250	854,250
LEC Space Needs	<i>LEC-SpaceN</i>	2					90,000	90,000
Public Health Deferred Maintenance	<i>PH-DefMain</i>	2	302,250					302,250
Public Health Space Needs	<i>PH-SpaceN</i>	2	187,500					187,500
Buildings Total			489,750	4,461,725	131,500	4,396,000	944,250	10,423,225
GRAND TOTAL			489,750	4,461,725	131,500	4,396,000	944,250	10,423,225



Improvement Approach Cost Summary

Building	Description	0-2 YEARS	2-5 YEARS	5-10+ YEARS	
		\$ 4,951,475	\$ 4,526,000	\$ 3,529,050	UP TO \$ 13,510,800
Courthouse	Lower Level Space Needs Costs	\$ 111,500			
	Main Level Space Needs Costs	\$ 285,000			
	Upper Level Space Needs Costs (Opt. A)	\$ 920,000			
	Upper Level Space Needs Costs (Opt. B)	\$ 325,000			
	Attic Level Space Needs Costs	\$ 50,000			
	New Elevator	\$ 300,000			
	Deferred Maintenance Costs	\$ 2,795,225		\$ 45,000	
	Total Cost (Opt. A):	\$ 4,461,725			
	Total Cost (Opt. B):	\$ 3,566,725			
Countryside Public Health	Space Needs Costs	\$ 187,500			
	Deferred Maintenance Costs	\$ 302,250		\$ 159,100	
	Total Cost:	\$ 489,750			
Law Enforcement Center	Lower Level Space Needs Costs	\$ 60,000		\$ 434,000	
	Main Level Space Needs Costs	\$ 30,000			
	New 60 Bed Jail			\$ 8,580,000	
	Deferred Maintenance Costs			\$ 967,750	
	Total Cost (Near Term):	\$ 90,000			
	Total Cost (No Jail):			\$ 1,401,750	
	Total Cost (New Jail):			\$ 9,981,750	
Highway, Parks & Drainage	Office Space Needs Costs			\$ 122,500	
	Office Deferred Maintenance Costs			\$ 240,500	
	Garage/Storage Space Needs Costs (Opt. A)	\$ 800,000			
	Garage/Storage Space Needs Costs (Opt. B)	\$ 4,114,000			
	Garage/Storage Deferred Maintenance Costs	\$ 879,000			
	Office Total Cost:			\$ 363,000	
	Garage/Storage Total Cost (Opt. A):	\$ 1,679,000			
	Garage/Storage Total Cost (Opt. B):	\$ 4,396,000			
County Attorney	Space Needs Costs	\$ 40,000		\$ 213,500	
	Deferred Maintenance Costs			\$ 167,000	
	Total Cost:	\$ 40,000		\$ 380,500	
Historical Society	Deferred Maintenance Costs			\$ 97,450	
	Total Cost:			\$ 97,450	
Environmental Services	Deferred Maintenance Costs			\$ 1,058,250	
	Total Cost:			\$ 1,058,250	
Impound Facility	Deferred Maintenance Costs			\$ 24,000	
	Total Cost:			\$ 24,000	