



MAYOR & COUNCIL COMMUNICATION

DATE: 09/17/2013
REGULAR
ITEM #: 10

AGENDA ITEM: Infrastructure Debt Participation Policy

SUBMITTED BY: Dean Zuleger, City Administrator

THROUGH: Mayor Pearson

REVIEWED BY: Finance Director Cathy Bendel, Attorney Dave Snyder, Engineer Jack Griffin and Paul Donna, Financial Advisor

SUGGESTED ORDER OF BUSINESS:

- Introduction of Item City Administrator
- Report/Presentation.....City Administrator
- Questions from Council to Staff Mayor Facilitates
- Public Comment (20 Minutes) Mayor Facilitates
- Call for Motion Mayor & City Council
- Discussion Mayor & City Council
- Action on Motion..... Mayor Facilitates

SUMMARY AND ACTION REQUESTED:

The City Council of Lake Elmo has informally established a policy that requires private developers using the City's bonding authority to be responsible for 100% of the debt service proportional to their development. The Council is requested to adopt a formal policy based on this sentiment and to be consistent with our current assessment policy. The recommended motion for this action is as follows:

“Move to adopt the City of Lake Elmo Infrastructure Debt / Cost Recovery Policy for the Participation in Private Development as a component of the City’s overall debt management and assessment policy”

BACKGROUND INFORMATION:

At the advent of Metropolitan Council mandated growth, the City has been asked to use its bonding authority to provide the financing for private development. During a recent discussion of the 2013-2018 Capital Improvement Budget, the Council stressed the importance of protecting

the taxpayer by having the developer commit to 100% responsibility of the debt service obligation through a variety of means. Similarly, in discussions with the City's bond counsel and bond rater it has become necessary that the City Council adopt a formal policy that secures all borrowing. The following policy takes into account all aspects of private development and the security of debt service obligation. In addition, it guides developer agreements, development review and tax deferrals that will allow the City to recover 100% of associated private developer obligations needed to secure City bonding.

STAFF RECOMMENDATION:

Staff recommends the following motion:

“Move to adopt the City of Lake Elmo Infrastructure Debt / Cost Recovery Policy for the Participation in Private Development as a component of the City's overall debt management and assessment policy”

ATTACHMENTS:

1. Infrastructure Debt/Cost Recovery Policy for Participation in Private Development Memo