



REQUEST FOR ACTION

Property Tax Abatements for Relocation of Parks & Forestry Operations to the Public Works & Transit Operations Center (PWTOC) Campus

MEETING DATE:

February 19, 2025

ORIGINATING DEPT:

Finance Department

AGENDA SECTION:

Public Hearings

PRESENTER:

Brian Anderson

Action Requested:

Adopting a Resolution approving property tax abatements for the relocation of Parks & Forestry Operations to the Public Works & Transit Operations Center (PWTOC) Campus.

Report Narrative:

The City of Rochester Parks & Recreation team is currently working out of the Parks & Forestry Operations Center (PFOC). The Parks & Recreation team services 80 miles of trails owned by Olmsted County, maintains mutual aid agreements with nearby communities, partners with neighboring cities on regional recreation and parks as well as regional approaches to hazardous materials management, while also delivering services to the three state-designated regional parks within City limits: Cascade Lake Regional Park, Quarry Hill Regional Park, and Gamehaven Regional Park. The PFOC also houses all the necessary equipment, including vehicles, for this vast array of park management tasks.

The current PFOC facility is outdated and inadequate for providing efficient services for the City and the surrounding region. The current PFOC facility location does not have adequate space for both full-time and seasonal employees and has only one shared entrance/exit to the building for Parks & Forestry maintenance teammates and vehicles. Further, this lone entrance/exit is also the sole access point for both the baseball field and visitor parking, which limits spatial options for injury-prevention exercises. Additionally, there is only one existing locker room, which consequently also functions as the main thoroughfare into the garage bays.

As noted later in this document, the Common Council has already approved numerous components of this project. The Relocation of the Parks & Forestry Operations to the Public Works & Transit Operations Center is approximately \$43,000,000, including approximately \$6M for land, \$7M for building design, and \$30M for construction. The project will be funded with the following sources:

- \$6,443,100 in 2013 Sales Tax for land acquisition,
- \$9,500,000 in Excess 2013 Sales Tax,
- \$14,000,000 in State Grant funds (secured),
- \$11,850,000 in General Obligation Tax Abatement Bond issuance, and
- \$1,470,736 from Future Acquisition Account.

It is being recommended that the City use General Obligation Tax Abatement Bonds for a 15-year term. This proposed financial package will save the City approximately \$1.8m in total interest expense and reduces the previously calculated annual repayment amount over \$500,000 annually.

As the funding process for this project moves forward, the Common Council will be asked to:

1. Hold a public hearing and approve the use of General Obligation Tax Abatement Bonds on February 19, 2025;
2. Approve a Resolution authorizing the sale of General Obligation Tax Abatement Bonds on March 3, 2025; and
3. Approve the sale of bonds on April 7, 2025.

Priorities & Foundational Principles:

Fiscal Responsibility & Sustainability
Economic Vibrancy & Growth Management

Policy Considerations & DEI Impact:

The Common Council has made it a priority to advance the City's sustainability effort, and this project would provide updated, accessible, centralized space for Parks & Forestry Operations serving the regional parks system. Moving the PFOC to the existing Public Works & Transit Operations Center (PWTOC) facility would provide operational efficiency with similar infrastructure in place for vehicle storage and maintenance (i.e. gas/diesel/EV charging infrastructure; maintenance apparatus) and improvements to the necessary space for such an operation.

Prior Legislative Actions & Community Engagement:

May 6, 2024: Council Meeting - Refunding Resolution for the Parks Maintenance Facility Expansion Project approved.

May 6, 2024: Council Meeting - State Grant for the Relocation of Parks & Forestry Operations to the Public Works & Transit Operations Center (PWTOC) - Project No. 3069 approved.

April 22, 2024: Council Meeting - Contracts for Relocation of Parks & Forestry Operations to the Public Works & Transit Operations Center (PWTOC) Campus - Project 3069 approved.

March 4, 2024: Council Meeting - Property Purchase for the Relocation of Parks & Forestry Operations to the Public Works and Transit Operations Center (PWTOC) Campus approved.

March 4, 2024: Council Meeting - Design and Construction Management Services for Relocation of Parks & Forestry Operations to the Public Works & Transit Operations Center (PWTOC) Campus approved.

October 16, 2023: Council Meeting - Construction Management Services for Relocation of Parks & Forestry Operations to the Public Works & Transit Operations Center (PWTOC) Campus approved.

October 16, 2023: Council Meeting - Property Purchase for the Relocation of Parks & Forestry Operations to the Public Works and Transit Operations Center (PWTOC) Campus approved.

Fiscal & Resource Impact:

As outlined, financing specifics have been discussed with our financial advisors at BakerTilly and it is believed that this financing package, with the use of Excess 2013 Sales Tax in the amount of \$9,500,000, the City will save on interest expense and principal payment amounts from its initial calculation. In addition, the City is confident that it will retain its AAA Bond Rating.

Alternative Action(s):

An alternative financing option would be for the City to use General Obligation Tax Abatement Bonds for a 20-year term. This proposed financial package does not provide the interest expense savings noted in the 15-year term; however, it would reduce the previously calculated annual repayment amount by an additional \$176,000 annually from the original projection.

Although financially undesirable, an additional alternative action would be for the Council to not use the \$9,500,000 in Excess 2013 Sales Tax and issue a larger debt issuance in the amount of \$19,086,164, as

the City had looked at initially. However, this would equate to a total increase in interest expense in the amount of \$4.2m and a higher annual payment of approximately \$500,000.

Prepared By:

Brian Anderson

Attachments:

[Property Tax Abatements for Relocation of Parks & Forestry Operations to the Public Works & Transit Operations Center \(PWTOC\) Campus](#)