

CITY OF
Saint Peter
WHERE HISTORY & PROGRESS MEET

Office of
City Administrator

January 29, 2020

The Honorable Paul Marquart
597 Rev. Dr. Martin Lutherin King Jr. Boulevard
Saint Paul, Minnesota 55155

SENT VIA EMAIL

Dear Representative Marquart:

Please find attached the City Council approved Resolution requesting sales tax authority for the City of Saint Peter.

The City Council is requesting authority to hold a local vote for a one-half of one percent sales tax used solely for the development of a new Fire Hall. Fire service is an essential service that we are not able to provide effectively using our current Fire Hall which was constructed in 1929. The total project costs for a new facility are estimated at \$9.1 million dollars.

The City has applied for a USDA-Rural Development loan to finance the project over a 40-year term at an estimated interest rate of 2.75%. The USDA-Rural Development loan is estimated to have debt service payments totaling \$15,152,441 over the 40-year term. Based on estimates of sales tax revenue from the Minnesota Department of Revenue, a local sales tax of one-half of one percent would generate \$10,400,000 over 40 years.

In addition, the City Council plans to implement a local property tax levy to pay debt service costs not funded by sales tax revenues. We anticipate that levy being at slightly less than \$120,000 per year and sales tax generating approximately \$260,000 per year.

We believe our request meets the Regional Impact requirement under the new law based on these points:

- Saint Peter is home to the State-owned Saint Peter Regional Treatment Center which, as you are aware, is a State treatment facility for sexual predator and mentally ill and dangerous persons. As such, the fire response service we provide has statewide impact. The location of the Treatment Center within our fire service territory has resulted in the need for our Fire Department to purchase additional equipment and undergo training that we may not otherwise need in order to respond to emergencies at this facility.
- Saint Peter is also home to Gustavus Adolphus College which draws students from across the globe. Science class rooms, dormitories and other uses that occur on campus also require additional specialized equipment for our Fire Department. This too shows regional impact.
- The taxable property in the City of Saint Peter during that last year providing comparable assessed valuation (2016) shows that \$551,971,100 (63%) was taxable and tax exempt property was \$325,176,600 (37%). This is significantly different than most communities. The City Council believes that the use of sales tax for a portion of the cost of the Fire Hall better represents the balance of value received between those that pay property taxes and those that utilize services but do not pay property taxes.

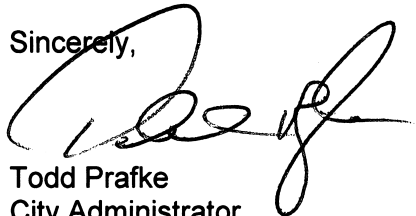
- The Treatment Center is home to approximately 650 patients and Gustavus is home to about 2,300 students – all of whom pay no real estate taxes but benefit from core services such as the Fire Department. These institutions provide wonderful benefits to our community and employ many people who live here including some of our Volunteer Firefighters. A mix of sales tax and property taxes is seen by the Council as an appropriate balance in sharing the cost burden of a new Fire Hall.
- The Saint Peter Fire Department provides service to major portions of three surrounding townships through contracts for service and provides mutual aid assistance to a number of cities in our area.
- The Fire Department is more than just a fire fighting organization. We provide hazardous material response to this area and support other first responders in providing aid such as passenger extraction to travelers involved in crashes along State Highways 169, 99 and 22. These three highways carry an inordinate amount of traffic through Saint Peter and many of those who receive assistance from the Fire Department along these State highways live outside of the City of Saint Peter.

The City Council, through its resolution, respectfully requests authority be given to hold a local vote for a one-half of one percent sales tax used solely for the development of a new Fire Hall in Saint Peter.

I am happy to answer any questions you may have and the Mayor and members of the City Council look forward to any opportunity you may provide to discuss this matter with you, your staff and the committee members.

Thank you for your consideration.

Sincerely,

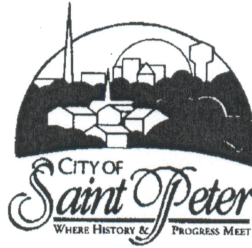


Todd Prafke
City Administrator

TP/bal

cc: Governor Tim Walz
Representative Jeff Brand
Senator Nick Frenz

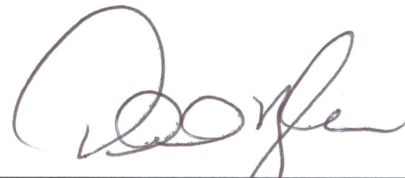
Enclosure: Certified Resolution



CITY OF SAINT PETER, MINNESOTA
CERTIFICATE OF AUTHENTICITY


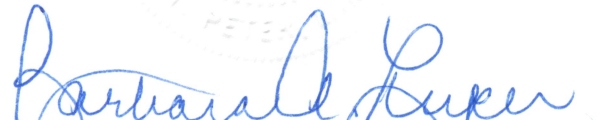
I, Todd Prafke, City Administrator for the City of Saint Peter, Nicollet County, Minnesota, do hereby declare that the attached is a true and correct copy of Resolution No. 2020-06 adopted by the Saint Peter City Council at their regular meeting of January 27, 2020.

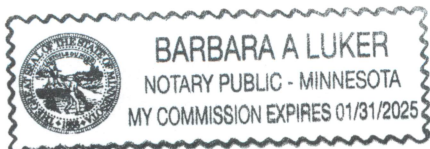
Witness my hand, this 28th day of January, 2020.



Todd Prafke
City Administrator

ATTEST:

Barbara A. Luker
Notary Public – State of Minnesota
My commission expires 1-31-2025

CITY OF SAINT PETER, MINNESOTA

RESOLUTION NO. 2020-06

STATE OF MINNESOTA)
 COUNTY OF NICOLLET)
 CITY OF SAINT PETER)

**RESOLUTION SUPPORTING THE AUTHORITY TO IMPOSE A LOCAL SALES TAX TO
 FUND SPECIFIC CAPITAL IMPROVEMENTS PROVIDING REGIONAL BENEFIT, TO
 ESTABLISH THE DURATION OF THE TAX AND THE REVENUE TO BE RAISED BY
 THE TAX, AND TO AUTHORIZE THE CITY TO ISSUE BONDS SUPPORTED BY THE
 SALES TAX REVENUE**

WHEREAS, the City has engaged community residents and businesses and identified the need for a new fire station; and

WHEREAS, the project will result in benefits to both the residents and businesses of the City of Saint Peter and to non-resident visitors and businesses; and

WHEREAS, funding the fire station with a local sales tax will more closely distribute the cost of the project(s) to the users of the facilities due to the Minnesota Regional Treatment Center and Gustavus Adolphus College being located within the community; and

WHEREAS, the project is estimated to cost approximately \$9,121,050; and

WHEREAS, the City has applied for a USDA-Rural Development loan to finance the Project over a 40-year term at an estimated interest rate of 2.75%; and

WHEREAS, the USDA-Rural Development loan is estimated to have debt service payments totaling \$15,152,441 over the 40-year term; and

WHEREAS, the City estimates that a local sales tax of one-half of one percent would generate \$10,400,000 over 40 years; and

WHEREAS, the City will be implementing a local property tax levy to pay debt service costs not paid by sales tax revenues; and

WHEREAS, the City has provided documentation of the regional significance of the project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction; and

WHEREAS, the estimated local sales tax revenue and estimated time needed to raise that amount of revenue for the fire station project is approximately \$10,400,000 in sales tax over 40-years; and

WHEREAS, Minn. Stat. § 297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature; and

WHEREAS, Minn. Stat. § 297A.99 requires the City to pass a resolution authorizing such a local tax and to obtain Legislative approval prior to approval by the local voters to enact the local tax.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAINT PETER, NICOLLET COUNTY, MINNESOTA THAT:

1. The City Council supports the authority to impose a general local sales tax of one-half of one percent for a period of 40-years to fund the fire station project;
2. Upon approval of this resolution, the City will submit the adopted resolution and documentation of regional significance to the chairs and ranking minority members of the House and Senate Taxes committees for approval and passage of a special law authorizing the tax.
3. Upon Legislative approval and passage of the special law authorizing the tax, the City will adopt a resolution accepting the new law, which will be filed with a local approval certificate to the Office of the Secretary of State before the following Legislative session.
4. The City will put a detailed ballot question for the project on a general election ballot for

local voter approval. This will be done within two years of receiving legislative authority.

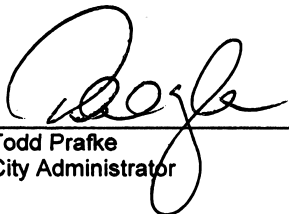
5. If the ballot question passes, the City will also pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter that the tax will be imposed.
6. Upon completion of the aforementioned requirements, the local sales tax will commence and run for 40-years or until a sum sufficient to fund the voter approved project, including related debt costs, is raised, whichever comes first.

Adopted by the City Council of the City of Saint Peter, Nicollet County, Minnesota, this 27th day of January, 2020.



Charles Zieman
Mayor

ATTEST:



Todd Prafke
City Administrator