

Capital Funding Request

State Highway 3 (Robert Street) Bond Retirement Funding

Background

- State Highway 3 in West St. Paul is a 2.5-mile roadway between Annapolis Avenue, which borders St. Paul, and Mendota Road, which borders Inver Grove Heights.
- The reconstruction of State Highway 3 was completed in 2018 at a cost of approximately \$46 million including construction, engineering and acquisition of easements and rights of way.
- Within the project was replacement of 11 traffic signals. Two of these 11 signals were replaced by State funds, the remainder of which are being paid for by the property taxpayers of West St. Paul.

Request

- The City of West St. Paul is requesting up to an additional \$2.6 million in State funding to repay bonds issued to pay for traffic signals installed on Highway 3, a State highway.
- A \$2.6 million allocation would increase the State's cost for this \$46 million project from \$8 million to \$10.6 million, less than 25% of the total project cost.
- M.S. 16A.86, subd. 4 typically requires the State to pay at least 50% of the cost of improvements to State highways.

Impact on the Property Taxpayers of the City of West St. Paul

- The bonds issued for this project by the City of West St. Paul totaled \$22,000,000. \$16,000,000 of those bonds is still owed.
- The City makes bond payments of approximately \$1.8 million per year to retire this debt, and will do so for the next 10-15 years.
- \$1.8 million bond payments equals 10% of the City's tax levy, and results in the City's property tax rate being approximately 15% higher than our neighboring or similarly situated communities.