CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING
City Council Goal Session, Monday, April 29, 2019
Governors’ Room, Community Center – 3:00 p.m.

I. WELCOME

II. GOALS AND RULES FOR THE DAY

III. A NEW GAME....NO REALLY A NEW GAME

IV. GOAL SESSION REPORT FROM JANUARY 2019

V. DEEP DIVE DISCUSSIONS
   A. How Is Your Community Changing?
   B. Items of Vital Importance
   C. Hospital Update/Finance Audit Report
   D. Big Picture Finance
   E. Latest Review of Sales Tax, Land, Other Issues
   F. REF Issues and Stormwater
   G. Weed Ordinance
   H. Term Limits – Boards, Commissions, and Elected Officials
   I. HPC Handicap Friendly
   J. Electric Generation Interconnection Policy
   K. Legitimacy In Governance
   L. Organizational Health
   M. Third Street Improvements – Alternative Ideas

VI. QUICK HIT DISCUSSIONS
   A. Cooperative Efforts
   B. Budget Process
   C. Sculpture Garden Updates
   D. Fire Hall Update and Options
   E. Fire Hall Building Committee
   F. Big Five Updates
   G. Others
   H. Takeaways and Priorities

VII. ADJOURNMENT

Office of the City Administrator
Todd Prafke
I. WELCOME

II. GOALS AND RULES FOR THE DAY

Typically the Council will take a few moments to review the brainstorming rules. We might also delve into "Hurling Day" https://www.youtube.com/watch?v=C0yxxELdaUY and its inner deeper secret meaning © and generally visit about how your time will be spent together.

III. A NEW GAME....NO REALLY....A NEW GAME

You all know how I feel about games and how they can help your communication and decision processes.

IV. GOAL SESSION REPORT OF JANUARY, 2019

We will take a few minutes to review the discussion at the January, 2019 goal session.

VII. DEEP DIVE DISCUSSIONS

A. HOW IS YOUR COMMUNITY CHANGING?

1. Do we need to respond to those changes?
2. What changes need to be responded to?
3. How or in what way?
4. The big question is, what do we need to have to create a place where people want to be, and is that answer supported by data?

A. ITEMS OF VITAL IMPORTANCE

A review of this ongoing list. This is a great time to talk about our common understanding, impacts and if modifications are wanted.

C. HOSPITAL UPDATE/FINANCE AUDIT REPORT

An update from the CEO about the Audit and the current positive state of the Hospital's finances.

D. BIG PICTURE FINANCE

A new effort to look at our long term finances, goals, capital and facility improvements and reserves. This will be our first swing at this so we plan to share, discuss, solicit feedback add value and refine for future goal sessions.

E. LATEST REVIEW OF SALES TAX, LAND, OTHER ISSUES
An update on technicalities related to these efforts towards and new Fire Hall. We will be focusing on timelines and information needed as you ask the citizens to vote on this issue.

F. REF ISSUES AND STORMWATER

A review of the questions you posed at the last Goal Session and a really pretty well done analysis tool that can help you look at where you are and where you want to go. This is stimulated by what you have identified as facility and financial needs and a renewed look at how to fund them.

G. WEED ORDINANCE/BOULEVARD USE DISCUSSION

This one we didn't really get to last time and the question follows the "chicken, bees, wild flower or tomatoes? Oh my!?!" There is some food for thought on this in your packet for this issue requested by Council.

H. TERM LIMITS – BOARDS, COMMISSIONS AND ELECTED OFFICIALS

A review of data based on the questions you ask at your last Goal Session. In general this relates to a few issues including but not limited to should your boards and commission represent the community or the community it serves, are there ways to help that happen, does it happen organically or should something else be done and if something else should be done what it that something?

I. HPC HANDICAP FRIENDLY

A review of a few of the programs you have done, are doing and their impact. This was a request of the Council with the major question being "should more be done" and if so what is that "more"?

J. ELECTRIC GENERATION INTERCONNECTION POLICY

A short review of this policy and an update on the changes that need to be made to come into compliance with upcoming rules and standards.

K. LEGITIMACY IN GOVERNANCE

A review of this theory of governance. Does this make sense for us? Do we follow the core principle? If we believe this, does it change what we do or how we do things?

L. ORGANIZATIONAL HEALTH

Your regular review of, in my best Brooklyn accent... How ya doin? How's we doin? Are we going to have to go to the mattresses you's guys? (all references to The Godfather movies). This is that time when we discuss our relationships, our ability to work within a group consensus model,
where we talk about how we treat each other and also about pure organizational structure issues that lie outside of the Council/Staff, Council/Council relationship.

M. THIRD STREET IMPROVEMENTS –ALTERNATIVE IDEAS

If the Council wants to see a project go it seems that choices must be made in scope, paying for it and the like. My goal for this discussion is to look at some of the challenges that we face and work towards setting a strategic path so that either some improvement can be made or you drop it.

VIII. QUICK HIT DISCUSSIONS

A. COOPERATIVE EFFORTS

A review of the White Sheets where I hope you focus on who, what and how to enhance our relationships that benefit the community either through realizing cost efficiencies or enhancement to services.

B. BUDGET PROCESS

A review of what we have been doing across all you funds with some focus on two year cycles and a very, very preliminary look forward. Also a discussion about process timelines and what information you would like to see. Are we about right now or should there be either minor or major changes?

C. SCULPTURE GARDEN

An update of an idea stimulated by the Arts Center and others in the Levee Park area and making sure you are okay with some of the details to be worked out with the Parks Board.

D. FIRE HALL UPDATE AND OTHERS

An update on this project and a reminder of the process and funding issues.

E. FIRE HALL BUILDING COMMITTEE ESTABLISHMENT

This is an important topic in moving this project forward. Are we using a similar pattern and system as in the past? Do you want something different? How does that move forward to a decision of the Council? What players should be involved? Who interviews the CM? Well there are a lot of things to make sure we discuss knowing that what you have done in the past has worked pretty well but that positive history is not the "end all be all".
F. BIG FIVE UPDATES

I know this says "update" but maybe more of a recap. Making sure direction is correct and that process is understood not to mention a review of the priorities and funding sources.

G. OTHERS

An opportunity for new things to be added by you. After all it is your meeting!

H. TAKE AWAY AND PRIORITIES

An effort to make sure we leave with the same ideas about priorities for work to be completed and so I can write the report for your Council meeting and make sure we are going in the direction you have collectively set.

IX. ADJOURN

Office of the City Administrator
Todd Prafke
TO: Honorable Mayor Zieman  
    Members of the City Council  
FROM: Todd Prafke  
    City Administrator  
RE: Goal Session Report and Takeaways  

ACTION/RECOMMENDATION  
None needed. For your information and review.

BACKGROUND  
The goal of this memo is to provide a basic outline of the principal discussion points and  
priorities as the Council provided direction as a part of its' Goal Session on January 22, 2019.

In writing this memo it is not my objective to provide a complete or full review of the discussion  
held by the Council, but rather it is to list, with some explanatory information, the priorities for  
efforts and big thoughts of the meeting. The listing is done based on topics within the body of  
the meeting. These are not in prioritized order.

**List of vital things** – No changes were made to this list that is used as a lens to assist the  
Council and Staff in prioritization and decision making.

**Big five updates** – This issue was discussed during various times in the meeting and remains  
unchanged.

**Legitimacy in governance** – This item was not discussed by the Council.

**Green steps program** – A review of the 29 criteria was done and Council asked staff to pursue  
using interns or others as they generally believe that the major efforts made by the Council in  
sustainability should be more recognizable which some believe create value in a progressive  
community.

**North Third Street divide and conquer alternative ideas** – Options and very loosely defined  
costs were discussed and staff was asked to bring this issue to future workshop or Goal  
Sessions to further discuss the options and how to work with the neighborhood to provide some  
level of improvement to the roadway.

**Advisory boards and commissions – how to get people involved** – A detailed discussion  
took place with all affirming the need to additionally solicit participation in these very important  
citizen advisory groups. Ideas for future promotion, recognition and solicitation were discussed.  
Staff was directed to do an analysis of the current make-up of the Boards and Commission,
spotlight the Boards and their value in the HOT SHEET, and generally do more to promote the value, need and impact of these groups.

**Organizational health** – Discussed the usual internal and external health of the Organization. Do all work together? Do all members get ample opportunity to provide input? Opportunities to work with staff. Topics and times when our discussions were less civil or more strained than we aspire to and what can we all do to improve civility and reduce strain or what other protocols or systems might be put in place to help us all have productive discussions.

**Cooperative efforts** - Reviewed the white sheets list and updates in a number of areas.

**Budget process** – A review of the budget process, timeline and value of provided information were key discussion points. Staff will be working to provide additional analysis of overall financial use and plan for the City, follow-up at mid-two year cycle and plans for what the follow-up will look like including comparative data and review of CIP for the second year of the cycle will occur in early fall.

**Organizational structure** – A review of structure and possible modification of a few job descriptions and reporting structure. These will be brought back to Council at Workshop when drafted.

**Levy categorical fix** – A review of the corrective action needed for the next Council meeting.

**Sculpture garden** – A review of the activity to date and process should this project move forward.

**Community spirit park settle-up** – A review of the latest version of the capital cost, revenue and expense projections.

**Fire hall and options** – Discussion on the process for, data needed and potential use of sales tax which can help pay for any construction.

**Weed ordinance/boulevard use discussion** – Was moved to the next Goal session for discussion.

**Food waste composting plan update** – A review of the plan submitted was done with only slight variation proposed and discussion on starting slow and providing for additional community education.

**Assessment process (North Third/storm water)** – A review of the major points of this process and how this can impact possible projects, affordability and who pays while balancing benefiting property owners and general tax base.

**2019 sidewalk project review** – Council reviewed proposed location on Fifth Street and Skaro and directed staff to move forward with the process to construct in the 2019 year.

**Website update** – Discussion on the goals, plan and timeline for this effort. A bit of history and some of the key development looking in the future were also discussed including but not limited to integration with bill pay, mobile friendly enhancement and improvements for each advisory Board and Commission such as space for name, packets and minutes.
**Wastewater ponds update** – An update on the realting of the Ponds and number of "qualified" showings and general work related to any potential sale.

**Billboard removal** – An update of this agreement that was made about 19 years ago which will result in the removal of the billboard located east of Highway 169 in the flood plain generally located across from Don's Appliance and Family Dollar.

**Vacation rental ordinance warmup** - A discussion on the proposed ordinance modification to ensure all are up-to-date on the change proposed.

**Take away and priorities** – Review of the City Administrator's list of takeaways to help to ensure all were on the same page including potential agenda items for the next Goal session which will include Weed Ordinance Review, HPC and Handicap Friendly requirements and term limit discussion related to Board and Commission members and the City Council.

**Wrap Up:** The Council discussed location, next meeting date, food was fine and outside facilitation is not needed. The next Goal Session will be on April 29, 2019.

Please feel free to contact me if you have any questions or concerns about this report.

TP/bal
We see state-wide numbers on changes on race, culture, age, and education level. Can you bring that down to a more local level for maybe Nicollet County or City of Saint Peter or School District 508?

What have been the biggest changes to our population over the last 10 years in terms of race, culture, economics, age?

What does your office see as the major trend lines locally in 5, 10 and 15 years?

From a family income standpoint, do you see significant changes to current trend lines 5, 10 15 years into the future?

What impact do you see in workforce numbers as we seem to be gaining?

Are there specific areas/sectors within the work force that are challenged to a greater degree?

What do you see in our locality for birth and death rates? The birth rate is very important in school projections.

Do you have any data on what we sometimes refer to as “brain drain” in our area of the state?

Homeownership, rental levels, housing needs. Are those areas that you keep or track data on, and if so, what is the outlook for our area? Major trend lines?

Are there significant changes in the Census that we should be aware of that may cause pause in folks, especially new immigrant populations, in participating in the Census?

Is there specific data on mobility rates by age group?

Are there regions of Minnesota that are experiencing similar demographic shifts like the Nicollet/Blue Earth County areas?

Is there data on average income levels by race?
COUNCIL’S LISTS OF ITEMS OF VITAL IMPORTANCE

- Community that treats all people like neighbors
- Proactive housing solutions
- Availability of quality health care
- Thriving business community
- Action on the changes in our demographics
- Aesthetically distinctive
- Improved Sustainability
- Available early childhood care and educational opportunities and exceptional schools
TO: Honorable Mayor Zieman  
Members of the City Council

FROM: Todd Praflke  
City Administrator  
Sally Vogel  
Finance Director

RE: 2019 Final Levy and Budget Update

ACTION/RECOMMENDATION

Provide approval for the final levy and general fund budget.

BACKGROUND

Under State law the Council took action to set a preliminary 2019 levy in September. The final levy may not be higher than the preliminary levy.

After discussion with the City Council, our recommendation and your plan for the budget and levy have been incorporated into the information that is provided below.

We continue to work to provide a budget that is based on Council priorities for our customers and taxpayers while providing the financial resources needed to maintain the quality and quantity of staff that provide those services. Our expenditures are proposed to increase $220,591 (2.9%) in 2019.

We are proposing a budget and suggesting a Levy that will increase your projected tax rate from 50.01 to 50.27 based on a gross levy increase of $286,955 or 10.6%. These tax rate numbers are slight less than we discussed in September due to reductions made to the 2019 Equipment Certificate and an increase in updated Tax Capacity Numbers. The 2019 tax capacity is based on a 10.0% increase in Estimated Market Value, received from the County, in December.

<table>
<thead>
<tr>
<th>Year</th>
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<tr>
<td>2013</td>
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<tr>
<td>2014</td>
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<tr>
<td>2018</td>
<td>50.01</td>
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<tr>
<td>2019</td>
<td>50.27(estimated)</td>
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What this means is if a homeowner's property valuation hasn't changed from 2018, their City share of the tax bill on a $150,000 home would increase approximately $3.28 from the 2018 tax year.
Goals for this discussion are:

- Provide an update on the 2018 projections and budget modifications.
- Provide information on the 2019 budget progress.
- Provide information that allows you to work towards a reasoned decision relative to the levy.
- This budget and levy, the means by which you provide for the policies you have in place, is a substantial opportunity for you to provide input in making this the Council budget and not the Staff budget.

This discussion will include a summary explanation of the budgets that we hope will enhance your understanding of the big picture of the budget without getting into the minutia of the budget exampled by how many stamps we use or the number of handcuff keys we purchase and instead focusing on the way this budget supports your wants and policies.

We continue to look at the General Fund and Special Revenue Fund budgets as a portion of a larger business and believe we are very cognizant of the impact modification in any of these areas has on other portions of the City business. The 2019 budget is based on the ideas expressed below.

The changes within the budget, as compared to 2018, are highlighted below:

- Municipal Building maintenance in 2019 is proposed to include $5,000 for front door repair and carpet, and $25,000 in repair and maintenance items to improve the building.

- Public Works Building maintenance in 2019 is proposed to include
  - Roof repair of $27,000
  - Furnace (1 of 3) in the amount of $4,700
  - Heavy duty Mechanic’s scanning tool - $7,500
  - Tire balancer - $4,300
  - Tire changer for $5,300. The tire balancer and tire changer will also be used on MRVT buses and will have a revenue stream to offset some of the costs. Use of the equipment will also lower the maintenance cost for MRVT.

- The sidewalk replacement plan that has been discussed with the City Council was not included in the 2018 plan. The change in plan is related to the additional expenditure of approximately $48,000 that was approved in late July of 2017. It is our current plan to pick it up again for 2019 in the amount of $50,000 if additional sidewalks are deemed necessary by the City Council. Reserves will be used to fund additional spending. It is our plan to have our final location recommendation to the Council for its January Goal Session.

- Street maintenance for 2019 is planned for an additional funding of $56,624 over your 2018 budget. Most of that is for a new truck. Your ongoing street program provides maintenance on one of your biggest assets/investments that is very expensive to replace. This number represents our best guess of inflationary impacts and a small increase in scope. This does not include any additional work on North Third Street.

- Working with Damon Farber Consulting to address park planning, signage and branding is budgeted to complete the second year of their recommendations in the amount of $10,000 in 2019. We anticipate much of this work to be in combination with the Minnesota Square Park Pavilion Project.

- The Fire Department budget includes $7,500 which will contribute a fourth year to a replacement fund for equipment items that have certification expiration needs. In addition we have $60,000 budgeted using debt for matching funds for a new snorkel truck should grant funds be approved. We also look to purchase $230,000 in Self-contained Breathing
Apparatus (SCBA) equipment using $195,000 in reserves and $35,000 in the 2019 Equipment Certificate. This takes a new approach on this purchase as we believe our current approach has been less than cost effective. Instead of buying some SCBA equipment every year and then have the challenge related to matching equipment and technology changes, our goal is to buy it all at once, make the 10 to 12 year life cycle and then do it again. In this way all the equipment matches appropriately and meets specs as compared to buying a few pieces here and a few there.

- The 2019 budget includes an allocation of $2,500 for The Creative Play Place. This is funding that used to go to The Third Floor. As you know we are concerned about a loss of leadership in the Creative Play Place, and we believe that additional framework support from the City may help this important program stay in operation.

- The insurance fund doesn't have any contributions for the 2019 year. The projected 2018 ending fund balance is $210,000. You may recall our target here is $300,000, but it will deplete without further funding and this area deserves a bit more discussion. Due to changes in rates over the last five plus years we are no longer realizing savings that we planned to place in this fund.

- The 2019 revenue budget decreased by $615,430 in Permits and $314,000 in Administrative Fees due to the building permits and inspection revenues for large projects in the community, River's Edge expansion, Gustavus Nobel Hall, the new Best Western Hotel and St. Peter Regional Treatment building. We viewed this revenue as “one time” money that was available for one time projects which should not be used to support year in year out operations so the impact on operations is minimal.

- The 2018 and 2019 expenditures reflect no use of reserves to cover the expense of Community Spirit Park. This deficit is still projected to be covered by the sale of the wastewater ponds and utility funds; however, a deficit of $460,000 is still anticipated after the ponds are sold and the Utility funds chip in.

- We have also provided funds to match School funding for an additional School Resource Officer that could start in the new 2019/2020 school year.

- Local Government Aid (LGA) increased $4,458 in 2019. An increase of 0.00146%

- Health insurance renewal is projected to have a slightly less than 10.0% increase.

For 2019, we will use the same philosophy we have over the past years. We do not look at the total levy and then make cuts or additions. We look at the divisional budgets line by line and think about needs and priorities you have set, make changes, and then look at how that would influence the total.

The philosophy in the past was to bring you budgets based on the programs and service standards we have had in place without puffing it up needlessly, simply to be cut later in October or November to show how great a job we can do budget cutting. That is to say, we bring a budget that will provide for the operation you have told us you want. Reserves are used for emergencies or efforts that are unknown to us at this time or as planned for keeping your reserve policy in mind. In some past years we have used reserves for a deal that is too good to pass up or to pay unexpected costs. We do not believe that additional information about costs projected in a month or two will substantially impact our thoughts on needs and/or priorities so we don't plan to come back to you multiple times between now and December 10th to modify the budget. It may be important to note that once the legislative session starts in 2019 there is always the potential for a change in the ground rules.

We also believe the results from past budgets speak for itself and that our budgeting philosophy has shown very positive results both from a financial and a service perspective. The positive
results are measured by the deviation from budget at the end of each year and that deviation has been very, very small. Further, the Council does not see a flurry of purchases at the end of each year based on the theory of, "if we don't spend it we won't get it next year." We just don't do that.

Lastly, based on State funding changes over the past eleven years, local property taxes are more heavily depended upon to make your operations go. The LGA increase of $4.5K doesn't cover the annual inflationary increases in your General Fund.

Our Financial Position Today - The City, as reported by our auditors, is in very good financial shape. The General Fund ended 2017 with revenues over expenditures by $276,486 and reserves increasing to $3,878,055. The projected change to fund balance in 2018 shows an anticipated increase of $164,512. The increase is due to building permit revenue for construction projects in 2018 and a number of other very small deviations from budget.

Working Plan Thus far - The 2019 budget is not balanced. Expenses will be greater than revenue by about $348,984. This is not a good or bad thing, it is just the plan and we are happy that our understanding of these issues has evolved over the last number of years. Based on your Fund Balance Policy for the General Fund, which says the reserve should be "35% to 50% of the following year's budgeted expenditures", we believe this is acceptable as we anticipate at 47.9% reserve at the end of 2019.

In the budget we will have a projected fund balance of $3,687,045 at the end of budget year 2019. Based on our current projections, the reserve percentage for the end of 2018 will be approximately 54.9% and end in 2019 at 47.9%. This doesn't include the restricted balance shown for Fire equipment $37,500.

It is important to note that modest wage changes, increases in insurance and normal adjustments to fuel and other consumable items in your budget means that each year, assuming no other changes take place, you will see an increase in cost somewhere between $150,000 and $230,000 in a $7.7 million budget. If the State chooses to provide no additional revenue (LGA) and you choose no increase in revenue (Levy) or decrease in programs or services in any given year, you will have to make up that amount in future years. Our belief is that steady, moderate change over a number of years is better than large increases or decreases from year to year.

General Fund expenditures are planned for an increase of $220,591 over the 2018 budget driven by personnel costs, park improvements, City Hall and Public Works building maintenance, and some capital. Alternatives to this increase are discussed later in the memo. Major changes have been made in the past due to the LGA reductions and trying to maintain reasonableness in our tax levy.

Some of the tools used to provide the 2019 budget year include:

- Enterprise Fund transfers have been estimated based on projected sales for the 2018 year. Transfers will remain at 6.5% of sales for the Electric, Water, Wastewater, and Stormwater budgets. Please know that the transfers are based on percentage of gross revenue, so even though they are likely to change, we believe this assumption is appropriate as a starting point.
- Wage modifications for all union and non-union are 3%. We anticipate a few selected areas where market adjustments will be recommended.
• We will continue to make operational changes that we hope will reduce overtime and may mean changes when and how some activities are undertaken. We budgeted hours of overtime at the levels we have seen in the past.
• Fire Relief Association levy remains at $0 for the 2019 year. No additional funds are needed at this time.
• We continue to self-fund a higher deductible for Property/Casualty Insurance coverage across all funds. We do not plan to transfer any funds to the insurance pool as the budget premium no longer offers a saving from the initial creation of this fund. After the claim deductibles are closed, the 2018 fund balance will be approximately $210,000.
• 2019 Local Government Aid is planned to receive $4,458 over the 2018 allocation. This is a total of $3,044,145. 2020 may have a similar certification of LGA to Saint Peter.
• The grant for the fire truck was not approved and there is a fund balance of $86,000 currently in that fund. Therefore, no levy for this is planned. If the grant for the new fire truck is approved in 2019, a $60,000 match will be funded by the $86,000, and then possible levy increase in future years will be needed.
• Equipment Certificate for $457,000:
  o $31,000 net cost of a new squad car
  o $35,000 SCBA Equipment
  o $115,000 Wheel Loader
  o $200,000 Street Sweeper
  o $20,000 replace heater at outdoor pool for the "Pit".
  o $15,000 Wading Pool Feature (i.e. a slide or water-fall).
  o $41,000 Bobcat Tool Cat and Attachments.

Below are items that we discussed earlier and some items we just think you should have an opportunity to understand and discuss.

• There is no funding in the budget for the Pavilion and we continue to work to solicit other people's money (OPM). Cost estimates are complete and cost will be $1.6M. We have received Legacy funds of $200,000 and the current working plan is to issue debt to cover the difference between grant and costs in the 2019 year. The first debt service occurs in 2020. We will continue to look for other people's money (OPM). The Schmidt Foundation has said it will contribute $100,000 towards the Pavilion if the City uses $100,000 of reserves. If the City accepts the Schmidt Foundation donations, the Fund Reserve balance will decrease to 46.6%.
• There will not be an increase in recreation fees for 2019. We believe the increase in 2018 brings us closer to our 40/60 cost split goal between fees/levy supports.
• The budget includes Coalition of Greater Minnesota Cities membership ($19,600).
• You have also discussed other long-term projects for the future that are not funded as a part of this budget. Minnesota Square Pavilion, Fire Hall, City Hall, other parks enhancements, field house and Township Road 361, are probably the most notable.

The Electric Fund will not see a rate increase in January 2019; however the environmental budget will need an increase in rates 2019. We are intending to use the projected 2018 fund balance above your Fund Balance Policy range towards expenses in 2019

Special Revenue Funds:

The Library fund has been allocated the same tax levy for the previous five years. The 2019 Library budget includes an increase in taxes by approximately $13,500 to fund the library operations. With taxes collected at $283,640, the fund balance is projected at only 2.2% and is
continuing the same programming as in 2018. The State requires a minimum maintenance of effort, which means they regulate the minimum that is required to be contributed to library systems by cities and counties. The amount for 2019 is $235,561. Nicollet County is providing an additional $5,000 in fund for the 2019 year. The impact on fund while appreciated is minimal and with no promise of future increased funding our recommendation is to leave the budget as is know that your reserves in this fund are very low.

Operations of the Community Center have not been funded by tax levy, but its' remaining debt is being covered 100% by tax levy through 2019. The "Conduit Agreement" that was in place to fund Community Center operations ended on May 2017. The decline in revenue reflects a significant change in funding.

Miscellaneous things to consider -

- As always, our goal is to construct a budget that meets your goals and priorities. We have provided additional information so that the Council might be able to determine if this budget does that.
- There are many, many requests that go unfilled; a large number of those are removed at the Department or the Administrative level. We continue to under-fund depreciation on assets and road maintenance. That is not only the case in Saint Peter, but in just about every community in the state.
- Our dependence on Local Government Aid remains significant.
- This budget delays some capital equipment wishes that in past years we may have funded. Some of these reductions are made because our needs have changed and others because we continue to work to be good stewards of the resources. Some are done with the hope that we can limp to another year based on cost of money or serviceability. Others are done because we believe strongly in the idea of budget responding to our customers and the services you wish to see provided.
- We will be prioritizing things like weed control and repairs throughout our various facilities and our efforts will be focused on areas with customer needs as the driving force behind the prioritization.
- You can change how you look at resource balance between tax driven and Enterprise Funds. In the past we have maintained a very specific percentage of gross revenues of Enterprise Fund transfers to the General Fund. This budget anticipates no change in that balance. The Council could change that area if you wished. We will have the ability to discuss the general impact of changes in that balance if you wish. A slight twist to that may be the additional use of Enterprise Funds in a more targeted way. We can discuss this now, but it may be more valuable during your Enterprise funds discussion.
- We have also assembled a list of some of the "outside the box" ideas that may assist us in our budget balancing. All of these need more discussion prior to any implementation because most represent a policy change and, frankly, a large shift in what our operations model has been in the past. Some of those are:
  - Additional modifications to fees. (Yearly adjustments are always reviewed.)
  - Payment in lieu of taxes from other entities that are not taxed now. (This is an effort that may take a number of years to execute.)
  - Modification to assessment policies that puts more burden on individual taxpayers rather than the General Fund. The last changes you made put additional cost on the General Fund by transferring alley skirting from being assessable to being paid by the City.
  - When to take or use savings from the Insurance Fund. That's the $216,000.
Additional Enterprise Funds contributing to the General Fund.
Targeted utility increases.
Franchise fees (as exampled by a natural gas fee).
Sales Tax targeted towards specific capital improvements as you are discussing with the Fire Hall.
Use of other funds to transfer in revenues.
Any others you may have or we may come up with.

It is important to understand that our reserves are within our fund balance policy, but there are still areas of volatility that could substantially influence the final 2018 or a 2019 outcome. Those items that are our highest concerns include:

- State aids; LGA in particular. A bigger picture discussion and plan may be needed in this area. That discussion could focus on alternative sources of revenue and what should or could be done to limit our dependence on LGA.
- Natural or manmade events. A great example might be a relatively small natural disaster or a major crime against persons. These have the potential to tip the budget off plan with overtime and other costs. Our plan continues to contemplate that reserve funds will have to meet those needs should a disaster occur. We will continue to worry about people first and money second.
- Supply costs and, in particular, fuel. This is just a very difficult area to project as are all energy costs. Energy and fuel affects all aspects of our operations.

Attached are some summary sheets for budgets supported by the property tax levy. These funds are reviewed and discussed by the City Council during the course of our budget process.

We have proposed operational budgets for the General Fund of $7,701,861; Special Revenue Funds of $1,881,949; Debt Service Funds of $1,823,709; Capital Funds of $655,000; and Agency Funds of $6,815. All purchases and projects must be approved by the City Council if they exceed the amounts in the purchase policy.

Generally speaking, an increase in your levy of $10,000 means an increase in your tax rate of .20. A decrease in your levy of $10,000 means a decrease in your tax rate of .20.

ALTERNATIVES/VARIATIONS

There are so many variations that we could review and frankly, we would not know where to start. Here are a few that may help you think in different ways.

- Lower the gross levy to meet any Tax Rate or other goals you may wish to put in place. This provides opportunity to say we are reducing the levy. There may be value to that symbolism, but that value is a Council decision.

- Additional cuts. This would mean changes in service levels compared to the 2018 year. That is something we can review, but again our mission here has been to tell you the cost to provide services as you have directed.

- Put more capital purchases on the equipment certificate, which would lower this year's levy but increase future year levies. There is $243,000 capital equipment remaining, which includes some miscellaneous things and Fire SCBA, in the General Fund budget rather than
issuance of Equipment Certificate. There are some interesting things we could do here, but all certainly fall within the realm of Council's sense of what is best.

- Add new or reinstate previously cut services into the budget with additional levy or with the use of reserves. Again, this is a call for the Council to make. One caution here... we are unsure of the value of providing services on a year-by-year basis. By that, we mean it seems strange to provide a service in 2018 and then in 2019 we discontinue it and then in 2020 we provide that service again. It is confusing to our citizens. Again, we are not sure that helps the quality of life for the members of our community. It is also costly in both money (start and stop costs) and morale to be on again/off again. Those too are real costs.

- Restrict or assign reserves within the fund balance policy to a building/equipment fund or further lower existing debt with higher interest rates. You did this with the Community Center in 2013 and could do it again or plan for a future project.

- The General Fund Summary indicates a fund balance decrease of $162,512 from the 2018 budget, and reserves of 47.9% at the end of 2019. These numbers do not include $100,000 set aside for our grant match on the Pavilion project.

- There are many, many more.

In summary, we are proposing a budget and suggesting a Levy that will increase your projected tax rate from 50.01 to 50.27 based on a gross levy increase of $286,935 or 10.6%. The 2019 budget is not balanced. Expenditures are higher than revenues. Based on the proposed budget we will have a projected fund balance of $3,687,045 at the end of budget year 2019. Our current projections show the reserve percentage for the end of 2018 will likely be 54.9%, and end 2019 at 47.9%. Again, what this means is if a homeowner's property valuation hasn't changed from 2018, their City share of the tax bill on a $150,000 home would increase approximately $3.28 from 2018 tax year.

Please let us know if we can provide any additional information or clarify anything before your meeting on Monday. We will have the usual graphs, charts and other visuals that you have seen in previous years.

Please feel free to contact us if you have any additional questions or concerns on this agenda item.

TP/SV/bal
TO: Honorable Mayor Zieman
Members of the City Council

DATE: November 6, 2018

FROM: Todd Prafke
City Administrator
Sally Vogel
Director of Finance
Pete Moulton
Director of Public Works

RE: 2019 - 2020 Electric Enterprise Fund Budget

ACTION/RECOMMENDATION

Approve the 2019-2020 Electric Fund budget

BACKGROUND

The 2019-2020 proposed Electric Fund budget includes the same operational services as we have provided in previous years. The Utility provides and maintains services to homes and businesses; maintains the electric generation plant; provides for street light installation and maintenance; provides for connection and disconnection of meters and location of City service lines; maintains appropriate load on transformers; installs new services in subdivisions; and installs distribution lines.

Please find below the issues staff has discussed and used for the recommended planning and implementation of the Electric Fund budget. We use the budget as a planning and measurement tool in the management of this fund and the operations that are supported by this enterprise or business type fund. We are proposing a two year budget.

The recommendation for the 2019 and 2020 years is:

- No change in rates for 2019 and 2020.

- The 2019 proposed operating expenditures, excluding energy cost from SMMPA, increased $92,731 from 2018 budget, main drivers of the increase are employee wage increases of 3% and a health insurance cost increase of about 10%.

- SMMPA has announced a 4% rate decrease for 2019 and as more information has been received from SMMPA the impact of the reduction amounts to $229,000. The reduction is in Energy and Transmission rates. The rate for Transmission decreased but the KW being transmitted over the lines has increased causing an increase to transmission cost of $27,000.

- The 2019 proposed operating expenditures including the rate reductions from SMMPA provides a decrease of $136,269 from 2018 budget operating costs, or a decrease of
We are proposing no reduction in rates for our customers, and using the savings to fund capital projects purchase additional AMI meters which shortens the timeline for installation for customers, and funds other improvements to the operations.

2019 capital purchases of $433,000 are funded from electric reserves which includes that savings from SMMPA. The purchases are listed in the ten year capital plan which is attached. A list of the 2020 capital costs in the amount of $327,000 is also included on the attached ten year capital plan.

As you know, approval of the budget does not allow for the purchase of large items without additional City Council approval. Budgeted items over $10,000 will be presented to the Council for final approval of purchase, as per the purchase policy.

An alternative could be:

You could reduce rates using the savings from the SMMPA rate reduction Assuming you spread the savings based on the proportional revenue streams from each rate class, a rate reduction using that $136,000 in savings would provide about $55,963 in reductions shared by your 3,900 residential customers, Spreading that $55,963 across about 29,000,000 million kwh sold to residential units would mean a reduction of about $0.0019 per kwh. This would make your new rate $0.1148. We will have a full comparison of sample residential users for your meeting.

Small Commercials would see about $5,400 in savings, Large Commercial about $44,136 and your largest/industrial customers about $33,525. It is important to note that the exact rate change would really depend on the way the Council decides to set rates.

The challenge here maybe to find the right balance between savings, capital needs, reserves and when you might need to see a rate increase in the future.

If you wish to pursue a reduction we would suggest it be applied to kwh not the base charge.

There are many, many different ways to slice and dice this.

Additional information:

- Cash Reserves have decreased from $2,330,133 of which $1,268,705 was unrestricted as of year end 2013 to a projected $1,459,426 of which $629,426 is unrestricted at year end 2019. We believe that keeping unrestricted cash balance at $1.2M to help with unplanned expenses is reasonable based on the size of the fund and its potential volatility based on weather, new development and other issues.

- The current Conservation Improvement Program (CIP) requirements are part of the Next Generation Energy Act that was passed into law in 2007. The energy savings requirement is 1.5% of the Utility's 3-year average kilowatt hour (kWh) sales from four years previous. The spending requirement is 1.5% of the utility's gross operating revenue (GOR) from two years previous. The low-income spending requirement is 0.2% of the residential gross operating revenue from two years previous.
The 2019 requirements will be based on:

- 2015-17 average sales for the 1.5% energy savings goal
- 2017 total GOR for the 1.5% spending requirement
- 2017 residential GOR which is used to calculate the percentage of Low Income spending

The penalties are applied if a utility cannot or chooses not to try to achieve their savings and spending requirements. If a utility fails to meet the requirements, the State can come in and implement CIP programs for the utility. The State can also delay or not approve utility requests for new generation resources until the CIP requirements are met. SMMPA works with fifteen SMMPA members to jointly conduct the CIP programs to meet the State requirements.

- The load control rebate is proposed to remain a credit of $4.00 per month for 5 months, this credit is given to our load control customers (residential central air conditioning requirement) for five months of the year. Load control helps reduce peak demand by cycling air conditioning units. In the past, we have discussed the removal of this credit due to changes in eligibility for the Conservation Incentive Program (CIP). Currently our load control credit is 100% eligible towards the CIP. We pay out about $38,000 for this program. Remember that this is part of our CIP requirement, so eliminating the program means we will need to spend it on conservation efforts elsewhere. Therefore, a change in this does not help the budget.

- It should be noted that fuel for the Broadway Generation Plant (power production) is reimbursed by SMMPA. City staff exercises the generation plant monthly and, in addition, SMMPA calls on the City to operate the plant as necessary during peak electrical usage on the transmission system. It is an "in and out" expense, meaning it has no net impact to the overall budget. Once the generation plant operations agreement with SMMPA expires, the City will have the ability to operate it as necessary. The original contract ends in 2022 with our debt service ending five years later; however SMMPA will have the option to extend for another five year period. If there isn't a renewal, in the future the $432,000 we receive in capacity charges will need to be removed from the projected revenues.

- The Electric Fund transfers 6.5% of sales to the General Fund. We have $730,487 allocated to transfer to the General Fund in 2019. This percentage has been in place for a number of years and is based on $11,238,268 in total 2019 estimated sales. If a reduction in rates is a goal, it is important to remember that lower overall revenues means less transfer to the General Fund. If the transfer changes significantly in any year, the General Fund levy would need to be adjusted to make up for those dollars to keep our overall plan in balance. One of the ideas we have looked at is capping transfers from the Utility Funds to the General Fund at the 2019 General Fund budgeted amount on raw dollars which is different than the transfer of 6.5% regardless of the amount. This idea was used in 2015, which means that the electric utility retained $64,682 and the actual percent of transfer was 5.8% of sales. This slight change in philosophy retains funding for the utility while meeting the General Fund budget plan and goals.

- There was a rate increase by SMMPA on Feb 1, 2017, and we put in place a rate increase in November of 2017:

Rates — The table below illustrates the more recent history of rate changes in this fund.
### Electric rate history

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
<th>Residential Rate</th>
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<tbody>
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<td>.1167</td>
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<tr>
<td>July 2016</td>
<td>Various</td>
<td>.1154</td>
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<tr>
<td>June 2014</td>
<td>large commercial and Industrial ($0.0024)</td>
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<td>4%</td>
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<td>6.5%</td>
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<td>2006</td>
<td>22% and base increase $1.45</td>
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<tr>
<td>2005</td>
<td>base charge increased $1.75</td>
<td>.0783</td>
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<td>1995</td>
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</tr>
</tbody>
</table>

### CURRENT ELECTRIC RATE SCHEDULES ARE:

#### RATE NO. E-1 – RESIDENTIAL

Criteria: Available in the City of Saint Peter service area to any residential customer used primarily for domestic purposes only, where single phase electric service is used through one meter.

- Customer Charge: $10.75/month
- Transmission Charge $3.24/month
- Energy Charge: $0.1167/KWH
- Demand Charge None

#### RATE NO. E-2 – UNCONTROLLED ELECTRIC WATER HEATING SERVICE – CLOSED TO NEW CUSTOMERS)

Criteria: Available in the City of Saint Peter to any water heating installation currently supplied through a separate electric meter. No new water heating installation will be served under this rate.

- Customer Charge: $7.13/month
- Energy Charge: $0.1034/KWH
- Demand Charge None

#### RATE NO. E-3A – SMALL COMMERCIAL

Criteria: Available in the City of Saint Peter service area to any nonresidential customer for single or three phase service supplied through one meter. A nonresidential customer will remain in this rate category until electrical use exceeds 2,500 KWH for four consecutive months. During the fifth month a demand meter will be installed. Effective the fifth month, Rate No. E-3B will become the basis for electrical charges.

- Customer Charge: $13.23/month
Transmission Charge: $6.16/month

Energy Charge:
For all kilowatt hours per month: $0.1270/KWH

Demand Charge: None

RATE NO. E-3B – LARGE COMMERCIAL

Criteria: Available in the City of Saint Peter service area to any nonresidential customer for single or three phase service supplied through one meter. Customers in this category typically use more than 2,500 KWH's per month but the metered peak demand is less than 400 KW. Those customers having 400 KW or more of peak demand for four consecutive months will, for the fifth month and thereafter, be billed according to Rate No. E-4. If customers in this rate class do not exceed 2,500 KWH's for 12 consecutive months, for the 13th month and thereafter the customer will be billed according to Rate No. E-3A.

Customer Charge: $12.74/month

Transmission Charge: $33.35/month

Energy Charge:
For all kilowatt hours per month: $0.0794/KWH

Demand Charge:
Peak demand for the month: $9.64/KW

RATE NO. E-4 – INDUSTRIAL

Criteria: Available in the City of Saint Peter service area to any nonresidential (commercial, industrial or institutional) customers as single business establishments when all service hereunder is provided through one meter at a single point of delivery. Service will be rendered at the utility system standard secondary voltage, single or three phase, or at primary voltage designated by the utility system as the service voltage available in the area for the size of the load to be served. For secondary and primary voltage customers, all primary distribution wire, equipment and transformers shall be owned and maintained by the electric utility.

Customer Charge:
For all connected kilovolt-ampere (KVA) load per month: $0.15/KVA

Transmission Charge: $1,652.29/month

Energy Charge:
For all kilowatt hours per month: $0.0628/KWH

Demand Charge:
Peak demand for the month: $15.26/KW
RATE NO. E-5 – SECURITY LIGHTING – removed as this service is no longer available

Criteria: Available in the City of Saint Peter service area to any customer for illumination of areas. City shall own, operate and maintain the lighting unit including the fixture (100 watt high pressure sodium), lamp ballast, photoelectric control, mounting brackets and all necessary wiring. City shall furnish all electric energy required for operation of the unit. The light shall be installed on an existing pole. If a special pole must be installed the customer shall pay the cost of installation of the pole and removal of the pole upon the termination of the service. If the security light is removed within 12 months of installation there will be a charge of $40.00.

Customer Charge: $9.50/month

Energy Charge: Included in the customer charge.

Demand Charge: None

RATE NO. - LOAD CONTROL REBATE

Criteria: Available in the City of Saint Peter service area to any residential unit customer used primarily for domestic purposes only or to any nonresidential customer who meets the qualifications for Rate No. E-3A or E-3B, where electric service is used through one meter and the customer's central or direct wired air conditioner and/or electric water heater is controlled by the utility load management system through a load control unit. The load control unit will be provided and installed by the utility.

Air conditioner control -effective for consumption during the five month period of May through September $4.00/month

Water Heater control-effective for the entire year $2.00/month

RATE NO. E-3AH – TRIAL ELECTRIC HEATING –LARGE COMMERCIAL (CLOSED TO NEW CUSTOMERS)

Criteria: Available in the City of Saint Peter service area to customers who are qualified for Rate No. E-3A and who have full requirements for electric heating. (Established in 2009)

Customer Charge: $12.74/month

Transmission Charge $33.35/month

Energy Charge:
   For all kilowatt hours per month $0.0547/KWH

Demand Charge:
   Peak demand for the month $9.64/KW

RATE NO. E-3BH – ELECTRIC HEATING – LARGE COMMERCIAL

Criteria: Available in the City of Saint Peter service area to customers who are qualified for Rate No. E-3B and who have full requirements for electric heating. The sum of all customers' loads in this class will be limited to a total of 600 KW demand, subject to periodic review and adjustment for changing utility load profile.
Customer Charge: $12.74/month
Transmission Charge $33.35/month

Energy Charge:
- For all kilowatt hours per month $0.0794/KWH

Demand Charge:
- Peak demand for the month (May through September) $9.64/KW
- Peak demand for the month (October through April) $4.82/KW

RATE NO. E-23A – INTERRUPTIBLE SMALL COMMERCIAL

Criteria: Available in the City of Saint Peter service area to any nonresidential customer for service supplied through one meter. This rate is for customers taking service concurrently under Rate No. E-3A. This rate is for interruptible service to interruptible loads which are remotely controlled by the utility. The customer is to use this service for the connected loads when not being interrupted. Service under this schedule will typically be interrupted no more than 200 hours per year and no more than 10 hours on any day during utility system peak periods as established by the utility. The total of customers' loads permitted in all interruptible rate classes will be limited to 1,500 KW, subject to possible increase with changing utility load profile. The utility will provide the meter and the load control unit to monitor and control the load. The customer will be responsible for the cost of installing the meter and control unit.

Customer Charge: $13.23/month
Transmission Charge $6.16/month
Energy Charge:
- For all kilowatt hours per month for base load $0.1270/KWH
- For all kilowatt hours per month for interruptible load $0.0949/KWH

Demand Charge: None

RATE NO. E-23B – INTERRUPTIBLE LARGE COMMERCIAL

Criteria: Available in the City of Saint Peter service area to any nonresidential customer for service supplied through one meter. This rate is for customers taking service concurrently under Rate No. E-3B. This rate is for interruptible service to interruptible loads which are remotely controlled by the utility. The customer is to use this service for the connected loads when not being interrupted. Service under this schedule will typically be interrupted no more than 200 hours per year and no more than 10 hours per any day during utility system peak periods as established by the utility. The total of customers' loads permitted in all interruptible rate classes will be limited to 1,500 KW, subject to possible increase with changing utility load profile. The utility will provide the meter and the load control unit to monitor and control the load. The customer will be responsible for the cost of installing the meter and control unit.

Customer Charge: $12.74/month
Transmission Charge $33.35/month
Energy Charge:
For all kilowatt hours per month $0.0656/KWH

Demand Charge:
Peak demand for the base load for the month $9.64/KW
Peak demand for the interruptible load for the month $4.82/KW

RATE NO. E-24 – INTERRUPTIBLE INDUSTRIAL (Coincident Summer Billing)

Criteria: Available in the City of Saint Peter service area to any nonresidential customers as a single business establishment when all service hereunder is provided through meters at a single point of delivery. Customers may begin using this rate on June first of each year for a twelve month period, renewable annually:

This rate is for customers taking service concurrently under Rate No. E-4. This rate is for interruptible service to specific interruptible loads which are remotely controlled by the utility. The customer is to use this service for the connected loads when not being interrupted. Service under this schedule will typically be interrupted no more than 200 hours per year and no more than 10 hours on any day during utility system peak periods as established by the utility. The total of customers' loads permitted in this rate class will be limited to 1,500 KW, subject to possible increase with changing utility load profile. The utility will provide the meter and the load control unit to monitor and control the load. The customer will be responsible for the cost of installing the meter and control unit. Failure of the customer to provide the identified load interruption for the utility's annual billing peak hour (coincident with SMMPA's demand peak) will be cause for the customer to revert to the Rate Number E-4, Industrial, beginning in the month of failure and effective through June first of the following year.

Customer Charge:
For all connected kilovolt-ampere (KVA) load per month $0.15/KVA

Transmission Charge $817.84/month

Energy Charge:
For all kilowatt hours per month $0.0628/KWH

Demand Charge: Summer rate (during the months of June, July, August, and September) Customer's billable demand for the month (peak demand metered during the period of the utility's monthly coincident demand peak) $15.26/KW

Winter rate (during the months of January, February, March, April, May, October, November, and December) Peak demand for the base load for the month (customer's peak demand for the month less the identified interrupted electric load which occurred during the utility's previous annual coincident demand peak) $15.26/KW

Monthly charge each month for the identified interruptible load which was removed from the system during the utility's annual coincident demand hour. $7.77/KW

- DGR rate study. There is always the option to change the electric rate structure considering DGR's study that was provided in 2016. With the addition of AMI meters on residential and small commercial it is possible to add demand to these customers. Full implementation of the AMI system has been approved by Council and will take up to 12 years to have
The Solar Choice Program is planned and hoped to be both income and expense neutral so at this point, it is not separately called out in the budget. In the future there will be separate reserve accounting for the subscription cash that is generated.

- Purchased power equates to 84% of your total operating expenses.

**Current Debt issues: $828,440 Principal and Interest (P & I)**

- Electric Revenue Refunding Bond – 2001A (Generation Plant)
  - 2018 Debt Service $344,220; remaining Principal $2,745,000;
  - Final payment 2027

- Electric Revenue Refunding Bond – 2006C
  - 2018 Debt Service $183,600; Final payment 2018

- Taxable Revenue Bond – 2010C (Substation and Transmission) 2018 Debt Service $98,539
  - Refinanced 2017D Electric Revenue Refunding Bond; 2018 Debt Service $84,467 remaining Principal $3,360,000, Final payment 2031

- Equipment Lease –Ameresco Project – (Lighting Electric portion)
  - 2018 Debt Service $117,614; remaining Principal $1,680,215; Final payment 2037

**Other considerations:**

One of our goals has been to moderate our overall negative financial trend line including our net income before capital expenses. As you review the budget spreadsheet information, you will see we have had improvements in the 2014, 2015 and 2016 years. 2017 was at net loss due to the investment in Ameresco, but 2018 is projecting to be back to breakeven. While capital improvements come and go and our level of debt remains relatively steady, it is not prudent or a best practice to allow an operational negative trend line to continue. In the anticipation of new development in the City, we will review the net income as a measure.

Capital improvements can be thought of in a number of different ways. Changing the timing of those can impact our cash position, but they do not impact operational cost which is currently the biggest concern. Capital improvements could be considered a cost to system, but they also become an asset to system. While one could argue improvements can make our system too good or "gold plated" as was mentioned in the past, we see them falling into three primary categories:

- Those that are really repairs, exampled by changing our 1970's wire that has had a recent and increasing history of faults; and

- Expansion of system to new areas which usually supports additional tax base and utility revenues; and

- Lastly, those that improve redundancy and therefore enhance service levels. Your
system does have very low outage numbers compared to any utility in our area. You
could make choices to not improve redundancy, therefore potentially lowering your
service levels. The challenge here is that once you do that, it is very difficult and
potentially expensive to regain that reliability and service standard. The drop from
current standards happens pretty quickly and the push back up is likely to take a longer
period of time and more resources.

You have continued to invest in improved redundancy, dramatically reducing outages and
meeting mandates. Those investments have had an impact on our overall budget and rate
needs. We continue to plan for improvements for 2020 and beyond.

To help the Council explore other ideas we have come up with a list of opportunities that you
might wish to review. These are meant to spur your thinking and while not all are viable,
anything is possible. They are:

- Pass the SMMPA rate savings along to customers. This would not mean a 4% decrease as
  energy is not the entire cost of you operations but it could provide savings to you
  customer's. While the amount of saving would depend on a number of factors and decisions
  of the Council including how your spread the savings across your various rate classes it
  could mean a couple dollars per month for an average residential customer

- Change your overall rate structure. This could be done in a number of ways. Some ideas
  for this could be seasonal rates, using demand across more classifications as you are able,
  changes in specific classification rates in any way you want or relative to class consumption;
  or change in base vs. energy rates. As you can see there are almost any numbers of ways
to do it. This is good to think about, but it is generally a shifting of costs from one group to
another and overall does not improve any operational deficit.

- More resources from other funds or push cost to other funds. There are many different and
  logical ways to do this. This issue is not just a numbers or money issue; rather it is a
  philosophical issue related to how we derive revenues from both property tax payers and the
  large number of non-property tax payers within our community. Some of these changes will
  impact who pays for what. Without an increase to the tax levy there would have to be cuts
  made to services or additional use of reserves over the short term. If you want an additional
  exploration of this we would be happy to outline impacts. Just let us know.

- An outside the box idea may be to sell your system or cede decisions to someone else like a
  utility commission appointed by the Council. Selling would take a lot of thinking. Selling
  gets you away from the need to make any decisions about rates, service or use. We don't
  know that this gets you a better rate nor does the cash you develop likely cover the value
  generated to other funds. We don't know if there is an even a buyer. Many communities have
  utility commissions, but managing your system through another group or a board has a ton
  of implications and organizational reconfiguration issues that, frankly, don't seem to be an
  overall benefit. Again, these are pretty far outside the box and we could do some work on
  this idea, but likely you would need to hire a consultant to do a full evaluation to really figure
  this one out. We wouldn't recommend it.

FISCAL IMPACT:

Based on the proposed 2019 budget, we anticipate that our unrestricted cash position will
increase from $557,521 projected at the end of 2018, to an estimated $629,426 at the end of 2019. The expenditures (without capital) for 2019 are $11,629,311; which puts the reserve at 5.4% of the 2020 year budget.

The 2019 budget anticipates using $433,000 of reserves to fund capital purchases. The 2020 budget includes place holders for Front Street Substation improvements and for the replacement of a major transformer for $1.113M. This allows us to plan ahead, but frankly, we do not yet know when or exactly to what extent activity will take place.

The approval of the 2019-2020 Electric budget (including capital) in the amounts of $12,062,311 and $12,076,913 respectively, will give Staff a working plan. The actual purchase or initiation of large projects and funding sources for any large projects or purchases over $10,000 will be presented individually to the City Council for authorization.

The 2019 projected unrestricted reserve of $629,426 does not meet our targeted amount of $1,200,000. The reserve target has been set based on a risk analysis and projections in an effort to cover emergency repairs and to make capital purchases as you see planned via use of cash when possible.

Our goal for your discussion is to organize this complicated issue in this order:

- Review planned expenses and capital plan. (If expenses or capital plans change that will change our reserves.)
- Discuss how any increases or decreases in needed funds will be applied to various rate groups or classes.
- Discuss the use of reserves or use of other financial resources to determine how to make up any shortfall.

ALTERNATIVES/VARIATIONS:
Do no act: Staff will wait for further direction from the City Council.
Negative Vote: Should the Council choose not to approve the budgets, staff would wait for further direction. Although having an adopted budget is not required under law, it gives staff a basis for operation of the fund.
Modification of the Resolution: This is always an option of the City Council.

Please feel free to contact us if you have any questions or concerns on this agenda item.

TP/SV/PM
TO: Honorable Mayor Zieman  
Members of the City Council  
FROM: Todd Prafke  
Sally Vogel  
Todd Prafke  
Sally Vogel  
City Administrator  
Director of Finance  
DATE: January 8, 2019  
RE: 2019-2020 Water Fund Budget

ACTION/RECOMMENDATION

Approve the 2019 – 2020 Water Fund Budget

BACKGROUND

The Water Fund provides for the operation of the City's wells and aquifers, water treatment facilities, two elevated water towers and two ground storage reservoirs, as well as the distribution system with over 50 miles of pipe throughout St. Peter.

Since 2011, the City has used reverse osmosis treatment. This has increased plant maintenance and operational costs, but has brought a much higher quality of water to our customers. We will continue to review and modify rates to support our operations and debt obligations into the future.

The 2019 and 2020 operating expense budget is similar to what the Council approved in 2018 budget (0.3% increase in 2019). Highlights of the budget are listed below.

2019-2020 Budget Changes:

- This is a two year budget proposal.

- The budgeted revenues are projected to be the same with 2018 projected year end revenues. We believe there is the potential for additional consumption sales due to new construction that took place in 2018. Please also note that weather does have an impact on sales.

- Residential irrigation meters continue to be installed and are required in all new construction. Residential irrigation meters will continue to have no monthly base charges applied, but they do include a slightly higher cost per 1,000 gallons than the domestic rate.

- The Water Fund transfer of 6.5% of sales to the General Fund will not be included in the next five years based on your overall plan in General Fund and using Wastewater Fund. This is being planned for to allow revenues to remain in the Water Fund to cover debt
service payments. Greater explanation will follow below.

- The goal for the Water Fund reserve is has been at $1.4 million. The cash balance is identified in three categories: membrane replacement, bond payments and one without an identifier which is available for use in operations or capital. The two balances have been called out to unofficially earmark funding. The first provides for the large cost of replacement of membranes in the reverse osmosis treatment. The second is bond coverage which is tax increment and intended to cover the Highway 169 water improvements from 2010. The 2018 ending projected cash balance of $745,380 is available with the idea that we are not fully funding these two unofficial earmarks.

- We have proposed no changes in Water Access Charges (WAC). These charges do not have a significant impact on our budget. They are based on a rate philosophy that newcomers should help pay and catch up a bit for the investment previous rate payers made in infrastructure.

- This 2019 budget anticipates capital costs to be funded from reserves of $296,700. $75,000 of the capital plan is for St. Julien Filter Rehabilitation. $80,000 is for SCADA updates at the St. Julien and Broadway Plants. AMI meters are being purchased with Wastewater funding of 50%. The 2019 and 2020 Capital Improvement items are identified on the attached Capital plan.

- The High School/City Park water infrastructure will also be funded by contributions to the Parkland Dedication fund with any deficit being contributed by the utility funds.

**Current Debt issues:**

- G.O. Water Revenue Refunding Bonds, 2011B (water tower)
  - 2019 Debt Service $116,105; remaining principal $750,000;
  - Final payment 2026

- G.O. Water Revenue Refunding Bonds, 2012C
  - 2019 Debt Service $72,313; remaining principal $290,000;
  - Final payment 2023

- PFA G.O. Water Revenue Bonds (2009 treatment facilities)
  - 2019 Debt Service $1,274,768; remaining principal $11,293,000;
  - Final payment 2029

- PFA G.O. Water Revenue Bonds (2009 wells)
  - 2019 Debt Service $90,657; remaining principal $721,000;
  - Final payment 2028

- PFA G.O. Water Revenue Bonds (hwy 169 watermain)
  - 2019 Debt Service $51,806.50; remaining principal $472,000;
  - Final payment 2029

- $870,000 Taxable GO utility revenue and TIF Bonds, Series 2010B (improvements)
  - 2019 Debt Service $8,985; remaining principal $8,840;
  - Final payment 2020
• G.O. Water Revenue Refunding Bonds, 2017A (repainting Broadway Tower)
  ▪ 2019 Debt Service $56,7563; remaining principal $405,000;
  ▪ Final payment 2028

Other budget information:

• Wages and benefits are recorded in the areas of work actually performed. For budget purposes, the wage and benefits are allocated based on a percentage.

• Approval of the budget does not allow for purchases over $10,000 to be made without additional City Council approval.

• Since 2014, the operating expense budget includes repairs that used to be reflected in the capital budget. Since we don’t know which repairs will be necessary, an estimated amount has been identified as a place holder. This is done so that the budget does not reflect a greater fund balance as these pieces of equipment get closer to the end of their useful life.

• This budget does not include any revenues or expenses for the development of a service line insurance program.

• Water Consumption billing history:
  
<table>
<thead>
<tr>
<th>Year</th>
<th>Gallons Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>383,479,160 gallons</td>
</tr>
<tr>
<td>2013</td>
<td>342,120,947 gallons</td>
</tr>
<tr>
<td>2014</td>
<td>322,886,162 gallons</td>
</tr>
<tr>
<td>2015</td>
<td>305,942,560 gallons</td>
</tr>
<tr>
<td>2016</td>
<td>307,479,076 gallons</td>
</tr>
<tr>
<td>2017</td>
<td>326,407,644 gallons</td>
</tr>
<tr>
<td>2018</td>
<td>314,888,039 gallons</td>
</tr>
</tbody>
</table>

FISCAL IMPACT:

In 2014 we closed the downtown tax increment district which was anticipated to cover the maximum allowable amounts for the Highway 169 utility improvements. These funds were transferred to the Water Fund due to the decertification of this district and identified in the unrestricted cash (bond reserve).

The total ending fund balance of the Water Fund in 2019 is projected to be $396,000 and in 2020 the amount will be $42,632. As indicated earlier, our goal fund balance is $1,400,000. The negative cash balances in the future are not a big concern as of now, but we will keep an eye on it as each year is completed. The 2019 proposed budget is $3,430,938 and for 2020 is $3,397,927.

We continue to discuss the relationship between the Water and Wastewater Funds. One of the easiest options to keep rates from escalating is to transfer resources from Wastewater, which will soon have much of its debt service paid to the Water Fund to offset increasing debt. If the Wastewater Fund continues in the direction it is going, it will have sufficient funds that could be used to help the Water budget.
A plan of this type helps diminish a need for rate increases in the Water Fund by transferring revenues that had previously been used to pay Wastewater debt. This may allow projections to see more continuity in usage, since it appears that consumption is reduced each time a rate increase is put into place. There are a number of philosophical considerations with the discussion and a number of different variations on this overall theme that should be explored. We will continue to spend time discussing this. This idea removes the need to change rates in the Water Fund and maintains the current rate in the Wastewater Fund. You may recall that the water rate structure was changed in 2014 when we implemented base charges to relate to flow capacity. Future PFA projects may have an impact on the transfer idea.

The projected years of budgets have a number of assumptions:

1. There is a 1.7% increase in operating expenditures over 2018 projected expenditures.
2. Revenue doesn't include any additional customers or consumption beyond 2018 and it doesn't decrease consumption either. This indicates that, depending on our growth philosophy, the fund balances will increase from what we currently show.
3. The ongoing capital planning continues to years beyond the 10-year plan.
4. The 10-year capital plan is included.
5. There are no new bond issues until 2023. Please note that this could change based on a number of factors, but we did this to illustrate impact on cash position.
6. The membrane improvements scheduled to occur in 2020, 2026 and 2032 will be in the amount of about $180,000 each. All other years project an annual replacement cost of $36,000.

Approval of these budgets will give the City a plan to work toward. Again, the actual purchase or initiation of projects over $10,000 will be presented individually to the City Council for authorization along with the funding mechanism.

ALTERNATIVES/VARIATIONS:
Do not act. Staff will wait for additional direction. There is no law that requires an approved budget. However, it is important to planning and measurements of operation to have the discussion and understanding of the costs and revenues. A budget represents that effort to our auditors.
Negative vote. Staff will wait for additional direction.
Modification of the resolution. This is always an option of the City Council.

Please feel free to contact us should you have any concerns or questions on this agenda item.

TP/SV/PM
Memorandum

TO: Honorable Mayor Zieman
    Members of the City Council

DATE: January 8, 2019

FROM: Todd Prafae    Sally Vogel    Pete Moulton
       City Administrator    Director of Finance    Director of Public Works

RE: 2019 - 2020 Wastewater Budget

ACTION/RECOMMENDATION

Approve the 2019 - 2020 Wastewater Fund Budget

BACKGROUND

The Wastewater Fund provides for the operation of a wastewater collection system, lift stations, treatment facility, laboratory testing, disposal of biosolids, reporting to the MPCA, and discharge of the treated wastewater to the Minnesota River. The City's commitment to low environmental impact is demonstrated through the quality treatment and the very low impact of effluents discharged to the Minnesota River.

We are proposing a two year budget. The 2019 operating expense budget is similar to what the Council approved for 2018 (0.3% decrease). The 2020 operating expense budget is increasing by 2.5% from 2019. Highlights of the budget are listed below.

- Wastewater gallons sold (excluding reverse osmosis #3):
  2012  264,601,675
  2013  265,967,399  an increase of  1,365,724
  2014  257,347,266  a decrease of  8,619,133
  2015  261,169,202  an increase of  3,821,936
  2016  267,619,555  an increase of  6,450,353
  2017  266,056,018  a decrease of  1,563,539
  2018 Est  267,239,769  an increase of  1,183,751

- 2019 sales revenue is projected to increase $41,736 from 2018 projected end of year revenue of $3,982,558 or 1.0% increase. 2020 revenue is budgeted flat when compared to 2019.

- There are no rate changes proposed for 2019 or 2020.

- Our grant/loans to construct the wastewater treatment plant require us to reserve $0.10 per thousand gallons treated each year. This is reserved for meeting future capital needs and is identified as the Restricted Reserve in the budget documents.
2019 Capital projects that are planned include $386,000 and are funded from reserves. The 2019 capital includes the list below and the 2020 capital is identified in the 10 year capital plan for a total of $458,500.

- North Interceptor phase 4 $60,000 (this is an I and I project)
- Engineering Demolition North Lift Station $30,000
- Miscellaneous engineering $20,000
- AMI Metering $50,000 (share of water meters)
- Collection System Trash Pumps $6,000
- Equipment Replacement WWTF (wastewater treatment facility) $40,000
- Equipment Replacement Lab $10,000
- BAF Blower total 8 replace 1 per year $50,000
- North Lift pumps $35,000
- Replace 2002 F250 Pick-up Truck $26,000
- Replace 2013 John Deere 540 Garden Tractor (1/3 of $12,000) $4,000
- Public works building improvements share $15,000
- Mini Cam replacement $10,000
- John Deere Riding Mower 1435 series II $30,000

Other miscellaneous issues that we believe you should know:

The St. Peter High School/City Park wastewater infrastructure will also be funded by contributions from the Parkland Dedication Fund. Any deficit will be covered by the utility fund that provides service.

The Wastewater Fund transfers 6.5% of gross sales to the General Fund. This percentage has been in place for a number of years. The 2019-2020 budget proposes a 6.5% plus $200,000 transfer to the General Fund. Like the Water Fund, future Public Facilities Authority (PFA) projects may have an impact on these transfers.

There is no proposal for a rate change in 2019 or 2020. If a reduction in rates is a goal, it is important to remember that lower overall revenues means less transfer to the General Fund. If the transfer changes significantly in any year, the General Fund levy would need to be adjusted to make up for those dollars to keep our overall plan in balance.

Current Debt issues:

- $870,000 Taxable GO utility revenue and TIF Bonds, Series 2010B
  (Fine Screener/Improvements)
  2019 Debt Service $37,852; remaining debt $35,035; Final payment 2020

- Public Facilities Authority G.O. Sewer Revenue Note 2001 (WWTF)
  2019 Debt Service $735,207; remaining debt $1,426,000; Final payment 2021

- Public Facilities Authority G.O. Sewer Revenue Note 2002 (WWTF)
  2019 Debt Service $341,500; remaining debt $984,000; Final payment 2022

- Public Facilities Authority G.O. Sewer Revenue Note 2004 (WWTF)
  2019 Debt Service $170,854; remaining debt $479,000; Final payment 2022

- G.O. Sewer Revenue Refunding Bonds 2012A (WWTF)
  2019 Debt Service $100,474; remaining debt $1,530,000; Final payment 2043
Debt decreases significantly in 2022 by $731,000 (54%) and again in 2023 by $513,000. In 2024, debt will maintain payments of approximately $100,000 yearly. This decrease in debt service payment is a significant driver that allows the transfer of funds to support the Water Fund.

Other budget information:

- Wages and benefits are recorded in the areas of work actually performed. For budget purposes, the wage and benefits are allocated based on a percentage. There may be a change in operational cost due to the difference of time spent in water, wastewater or stormwater.

- Approval of the budget does not allow for the purchase of items over $10,000 without additional City Council approval.

- There are no personnel additions planned, nor do we have new programs or substantial changes in operations. The development of a service line insurance program is still pending.

- In 2017 we entered into an Equipment Lease agreement with Ameresco for a total of $2,650,000. The $2,650,000 is split between the Electric Fund and Wastewater Fund. The Wastewater Fund is funding $905,043 of the $2,650,000. The fund payment for 2019 is $61,002; remaining principle balance is $836,867; and the final payment is due in 2037.

- We have not targeted a reserve amount for this Fund. The Wastewater Fund had an unrestricted cash balance (without the restricted funds required for plant improvements) of $1,559,120 projected at the end of 2018. With the changes approved in rates, this Fund moved into the positive starting in 2015.

We want to be transparent about the idea that we have used about the relationship between the Water and Wastewater funds. One of the easiest opportunities to keep Water rates from escalating is to transfer resources from Wastewater, which will soon have much of its debt service paid, to the Water Fund to offset increasing debt. If the Wastewater Fund continues in the direction it is going, it will have sufficient funds that planned to be used to help the Water budget. Continuing this plan could help diminish a need for rate increases in the Water Fund, again by transferring revenues that had previously been used to pay wastewater debt. We believe this allows projections to see more continuity in usage, since it appears that consumption is reduced each time a rate increase is put into place. There are a number of philosophical considerations with the discussion and a number of different variations on this overall theme that you have explored. If you want to spend additional time in review of these please let us know.

FISCAL IMPACT:

The Wastewater Fund will have a projected ending fund balance of $2,167,355 (unrestricted and reserved) at the end of 2019, with a budget of $3,706,731.

A 2020 ending fund balance of $1,903,164 (unrestricted and reserved) is projected, with a budget of $3,800,715. We will continue to analyze our cash position, sales, and expenditures to provide an understanding of risk in the future.
Rates are currently at $11.23/1,000 gallons and a $14.65 base charge. No additional rate change during the 2019-2020 budget cycle is being recommended. It should also be noted that other communities are starting to catch up to our rates.

Approval of this budget will give Staff an approved plan. Again, the actual purchase or initiation of purchases over $10,000 will be presented individually to the City Council for authorization along with the funding mechanism.

ALTERNATIVES/VARIATIONS:
Do not act. Staff will wait for additional direction. There is no law that requires an approved budget. However, it is important to planning and measurements of operation to have the discussion and understanding of the costs and revenues. A budget represents that effort to our auditors.
Negative vote. Staff will wait for additional direction.
Modification of the resolution. This is always an option of the City Council.

TP/SV/PM
TO: Todd Prafke  
City Administrator  
FROM: Sally Vogel  
Director of Finance  
RE: 2019 2020 Stormwater Fund Budget

ACTION/RECOMMENDATION

Approve the 2019 – 2020 Stormwater Fund Budget

BACKGROUND

The attached documents provide background on the recommended budget for the Stormwater Enterprise Fund for years 2019 and 2020. This fund is used for services that include:

- Stormwater management
- Planning, review, and inspection of construction in the City right-of-way or public improvements i.e. Traverse Green.
- Locating city owned utilities in the right-of-way
- Repair and maintenance of stormwater infrastructure within our community

The fund is supported by a utility charge that is billed to all properties within the City based on size and type of property.

2019-2020 Budget Changes:

The operations for 2019 and 2020 are very similar to the plan that was approved in 2018 and there is no change recommended in the rates, however a rate increase will very likely be necessary to cover future debt service on anticipated project costs. Current rates, along with future parcels included in the City limits, will not be able to sustain a positive reserve. In addition, I believe that future capital improvements need to be supported by assessments at some level. The City does have the appropriate rules and processes in place to provide for those assessments.

Wages and other cost of operations are seeing a typical increase. The Stormwater staff includes a Foreman and two Infrastructure Technician positions. This structure provides versatility to the stormwater and construction management operations. As projects are completed throughout the year, a portion of these employee's wages get reallocated to the appropriate utility or project.
Stormwater also continues to contribute 6.5% of gross sales to the General Fund in the 2019-2020 budget.

With the issuance of each new National Pollution Discharge Elimination System (NPDES) permit, the City can expect to see additional stormwater requirements imposed. These mandatory changes continue to require City Code regulations which place measurable and enforceable standards on City stormwater discharges. In addition, I believe that maintenance requirements will need to increase in an effort to lower levels of nitrogen, total suspended solids (TSS) and phosphorus.

Capital projects included in the budget for this upcoming year are:

- Design and rebuild of North Third Street from Chatham Street to Skaro Street to enhance stormwater structures (estimated at $77,300). We continue to rebuild one or two intersections each year.
- Miscellaneous engineering is $6,500.
- Public Works improvements $5,000.
- Community Spirit Park improvements $10,000.
- John Deere Lawn Tractor (Split 33% $12,000) $4,000
- Aerator $3,000
- Electric Cart $14,000

Debt service attributable to this Fund is:

- $870,000 Taxable G.O. Utility Revenue and TIF Bonds, 2010B;
  - 2019 debt service $22,550.94; remaining debt $21,125; final payment 2020.

The current monthly rates, last increased in 2007, are all based on the premise of $22.50 per acre per month. Each category then has a Residential Equivalency Factor (REF) assigned to it to calculate the per acre charge:

- $7.50 for single family residential and multi-unit dwellings up to five units. (.3 REF)
- $11.25 per acre for Manufactured Housing Parks and Public/Private Schools and the MN State Regional Treatment Center. (.5 REF)
- $22.50 per acre for multi-family parcels greater than 5 units, churches and government (1 REF).
- $33.75 per acre for Industrial (1.50 REF)
- $39.38 per acre for Commercial/Business (1.75 REF)

I've compiled three separate options to give you an idea of the magnitude of a possible rate change and the impact on total revenues:

<table>
<thead>
<tr>
<th>Rate change options</th>
<th>$0.50</th>
<th>$1.50</th>
<th>10% ($2.25)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential (under 5 units)</td>
<td>$5,179</td>
<td>$15,539</td>
<td>$23,827</td>
</tr>
<tr>
<td>Parcels charged by size</td>
<td>$4,775</td>
<td>$14,327</td>
<td>$21,968</td>
</tr>
<tr>
<td>Total</td>
<td>$9,954</td>
<td>$29,866</td>
<td>$45,795</td>
</tr>
</tbody>
</table>

This is just informational; there is no additional revenue due to rate increases in the 2019-2020 budget.
FISCAL IMPACT:

Based on the proposed budget, it is anticipated that the cash position will decrease from a projected unrestricted balance $440,919 at the end of 2018, to an estimated $398,768 at the end of 2019. The total projected cash on hand at the end of 2019 for this fund is $438,343. This reflects 63% of the 2020 operational budget. While it is likely that capital improvements will be necessary in the future, it does not mean that consideration of a rate increase is certain to maintain an adequate fund balance. Future improvements such as the Brown Street and Dranttel Street Basins could be covered with assessments or tax increment financing. This budget anticipates using $119,800 of reserves to fund capital purchases for 2019, and $392,800 of reserves to fund capital purchases in 2020. The 2020 does include $240,000 for the Dranttel Street Basin. A bond issue is planned to fund the project.

According to the ten (10) year capital plan and after the 2019 purchases, annual capital costs will range between $139,100 and $612,400. This is going to continue to reduce the reserves of this fund without a future rate adjustment and/or assessments. The 2021 budget will be a reasonable time to review these rates and our future plans for stormwater improvements. The challenges we face in this fund are driven by cost of additional development and changes in rules and regulations related to stormwater treatment and how developments could occur. This budget includes lots of place holders that allow us to plan ahead, but frankly, we do not yet know when or exactly to what extent activity will take place.

The approval of the 2019 and 2020 Stormwater budget (including capital) in the amount of $814,634 and $1,328,942 respectively, will give Staff a working plan. The actual purchase or initiation of large projects and funding sources for any large projects or purchases will be presented individually to the City Council for authorization. There is no proposal to change the rate structure or rates for the 2019 or 2020 years.

ALTERNATIVES/VARIATIONS:

Do not act. Staff will wait for additional direction. There is no law that requires an approved budget. However, it is important to planning and measurements of operations to have the discussion and understanding of the costs and revenues. A budget represents that effort to our auditors.

Negative vote. Staff will wait for additional direction.

Modification of the resolution. This is always an option of the City Council.

Please feel free to contact me if you have any questions or concerns on this agenda item.

TP/SV
TO: Honorable Mayor Zieman
   Members of the City Council

FROM: Todd Prafke        Sally Vogel        Pete Moulton
       City Administrator  Director of Finance  Director of Public Works

RE: 2019-2020 Environmental Services Fund Budget and Rate Increases

DATE: April 6, 2019

ACTION/RECOMMENDATION

Approve the 2019 – 2020 Environmental Services Fund budgets and rate setting resolutions.

BACKGROUND

The Environmental Services fund protects the environment by providing for the operations of:

1. Refuse and recycling collection throughout the community.
2. Operation of a yard waste drop off site and compost site; curb-side yard waste and leaf pick up; Christmas tree pick up.
3. Maintenance of the City’s urban forest, tree removal, planting and replacement program on boulevards, in parks and other public areas.
4. Emerald Ash Borer (EAB)
5. Maintenance of the downtown medians and urns.
6. Downtown flower baskets.

This fund receives revenues through three different refuse collection levels. A 60 gallon cart for recycling is provided to all utility customers regardless of which refuse level they select. In July of 2017, recycling was changed to weekly pick-up. It had previously been bi-weekly service. There have been no rate increases in the Environmental Services fund since 2013, but the City has seen increases in costs.

Here are some highlights for this fund in the 2019 Budget:

- Operations and services provided as a part of this fund are proposed to be the same as in the past few years, including budgeting for downtown flower baskets and assistance on holiday lighting for downtown trees (labor). Services such as curb-side yard waste and leaf pick-up, Christmas tree pick-up, and the drop-off site will continue. As downtown trees are getting larger and the Chamber of Commerce’s funds are decreasing, the City’s assistance with lighting downtown trees has become part of our scope of work. This fund is also the funding source for the Food Waste Composting project that will be underway this spring.

- Garbage and disposal expense is 54% of the operating budget and is provided by two contracts.
  - Our first contract is with LJP Enterprises for the pickup and hauling of
garbage/recycling. This contract is in effect until June 30, 2023. LJP increased their charges (per contract option) on March 1, 2019 by 2.45% or $0.16 per month per household, increasing total monthly service cost to $6.68.

- Our second contract is with MN Waste Processing Center (MWPC) for the term 2019 – 2023. Since 2013 MWPC has increased their disposal fee by $8.38 per ton, which makes out current cost $91.31 per ton. This translates into a $0.53 per household monthly increase to our cost. We have attempted, through education on recycling, adding additional recycling pick-ups and proper disposal of all materials, to reduce the community waste from each customer. Lower weights mean lower disposal costs. Unfortunately, the refuse per household has increase from an average of 118 pounds per household in 2016 to 119.3 pounds per household in 2018. All of these factors contribute to the recommendation to increase rate. The recommended monthly rates and rate increases are shown below:

<table>
<thead>
<tr>
<th>GARBAGE AND RECYCLING</th>
<th>07/01/2019</th>
<th>Monthly Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOLUME BASED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>60 GALLON</td>
<td>6.32</td>
<td>6.68</td>
</tr>
<tr>
<td>90 GALLON</td>
<td>14.53</td>
<td>15.53</td>
</tr>
</tbody>
</table>

*plus applicable tax

- Wages and benefits are recorded in the areas of work actually performed. It is common for the Parks, Streets and Environment staff to crossover assist in these areas. For budget purposes the wage and benefits are allocated based on a percentage.

- The 2019 capital needed is $70,000 to replace the 2001 leaf vacuum. The current leaf vacuum is used each fall to pick up residential leaves for residents. During the fall of 2018 the leaf vacuum needed many repairs which impacted our ability to complete the work which as you know is very weather dependent.

- The 2020 capital needs are:
  - Used GMC Topkick C6500 (Chipper Truck) $27,000
  - Replace 1993 Ford F700 bucket Truck with boom $47,000. The truck was purchased used and has begun to have increased maintenance costs. Staff's main concern has been the hydraulic parts which are out dated and not readily available.
  - Pave one third of the yard waste drop-off site $16,000 (2020-2022). The yard waste drop-off site is very important to the community and helps keep the collection and refuse disposal costs down from LJP and MWPC. The total cost to pave the site would be $48,000.

- Approval of the budget does not allow for the purchase of large items without additional City Council approval. Budgeted items over $10,000 will be presented to the Council for final approval of purchase.

- Staff also recommends increasing Environmental Service fees to fund the EAB Management Plan $50,000. The impact to customers will be:
ENVIRIO SERVICES

<table>
<thead>
<tr>
<th></th>
<th>Current Rate</th>
<th>07/01/2019 Prop. Rate</th>
<th>Monthly Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>DETACHED FAMILY/SINGLE BUSINESS</td>
<td>8.63</td>
<td>11.43</td>
<td>2.80</td>
</tr>
<tr>
<td>MULTI UNIT 5 AND UNDER Per UNIT</td>
<td>2.16</td>
<td>2.86</td>
<td>0.70</td>
</tr>
<tr>
<td>MULTI UNIT OVER 5</td>
<td>21.58</td>
<td>25.88</td>
<td>7.00</td>
</tr>
<tr>
<td>INDUSTRIAL</td>
<td>25.89</td>
<td>34.29</td>
<td>8.40</td>
</tr>
<tr>
<td>OTHER</td>
<td>28.77</td>
<td>38.07</td>
<td>9.30</td>
</tr>
</tbody>
</table>

Total Increases are:

<table>
<thead>
<tr>
<th>TOTAL PROPOSED INCREASE</th>
<th>Current Rate*</th>
<th>07/01/2019 Prop. Rate*</th>
<th>Monthly Increase*</th>
<th>Annual Increase*</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOLUME BASED</td>
<td>14.95</td>
<td>18.11</td>
<td>3.16</td>
<td>37.82</td>
</tr>
<tr>
<td>60 GALLON</td>
<td>20.43</td>
<td>24.02</td>
<td>3.59</td>
<td>43.08</td>
</tr>
<tr>
<td>90 GALLON</td>
<td>23.16</td>
<td>28.96</td>
<td>3.80</td>
<td>45.60</td>
</tr>
</tbody>
</table>

*plus applicable tax

Other budget information:

The Environmental Services Fund has no debt obligations.

Our policy for empty homes/vacationers is to remove the garbage/recycling charges when the property is vacant for over one month. The environmental charge is not removed from the monthly bills.

FISCAL IMPACT:

The fund balance is projected to be $14,629 at the end of 2019, and $4,216 at the end of 2020.

The proposed budget is based on a rate increase July 1, 2019. There is no additional increase planned for 2020. Based on operations, cash flow and risk needs, a target reserve should be in the area of $300,000. This fund does not typically have expensive equipment purchases ($200,000+), therefore funding any unplanned or exceptional opportunity purchases should not be difficult once the target reserve is achieved. It is important to note that the recommended changes to not get you to that target reserve amount.

We will continue to review rates and services offered in the Environmental Services budget, and other services such as food waste composting and how fast EAB spreads to Saint Peter. And the Council may wish to review the value of additional rate increases for future years. To give you a bit of a feel for the order of magnitude, a $1.00 per month increase on refuse collection generates about $36,000.

Recycle, recycle, recycle. The single sort recycling program has been operating well. Staff continues to promote and educate residents in efforts to increase recycling and lower disposal amounts.

Approval of the Environmental Services budget 2019 in the amount of $915,288 and the 2020 budget in the amount of $952,697 will give staff a working plan. The actual purchase or initiation of large projects and the funding source for those projects will be presented individually to the City Council for authorization in accordance with Council policies.
ALTERNATIVES/VARIATIONS:
Do not act. Staff will wait for additional direction. There is no law that requires an approved budget. However, it is important to planning and measurements of operations to have the discussions and understanding of the costs and revenues. A budget represents that effort to our auditors.
Negative vote. Staff will wait for additional direction.
Modification of the Resolution. This is always an option of the City Council.

TP/SV/PM
TO: Honorable Mayor Zieman  
Members of the City Council  

FROM: Todd Prafke  
City Administrator  

RE: Stormwater Questions from your last Goal Session  

DATE: 4/26/2019  

ACTION/RECOMMENDATION  

None needed. For your information and discussion at Goal Session.  

BACKGROUND  

At your last Goal Session you discussed the Stormwater budget including costs and expenditures. You tasked staff with looking into few questions for you in three primary areas:  

- How revenue is generated and are the fees we charge across the 6 classes or fee levels equitable amongst the groups (i.e. is one group paying too much as compared to the others)?  
- You also asked about other systems that cities use and comparing to the Residential Equivalency Factor (REF) we use  
- Members also discussed a bit about the fees and assessments and their impact on budget and development.  

A copy of the Ordinance and the Assessment policy that governs our work in these areas has been included in the packet. We will also provide some analysis on the questions you asked which are articulated above.  

My goal for this discussion is to inform the Council process and ask for direction to staff as to any change in our fee structure or system and the need to meet challenges related to new development and development of stormwater infrastructure in already developed areas of your community.  

Please feel free to contact me if you have any questions or concerns about this agenda item.  

TP/bal
ARTICLE IX. - STORMWATER UTILITY

DIVISION 1. - GENERALLY

Sec. 52-528. - Statutory authorization.

This section is adopted pursuant to M.S. §§ 462.351 through 462.364 that grants municipalities the necessary power and a uniform procedure for municipal planning. M.S. § 444.075 further provides municipalities the power to establish utilities including stormwater.

(Code 1989, § 3.60; Ord. No. 368(2nd Ser.), § 1, 9-27-2004)

Sec. 52-529. - Finding.

It is necessary to provide for a utility to provide financial resources to maintain stormwater infrastructure and to enhance current systems and to construct new stormwater infrastructure in areas where development is planned and in advance of development in accordance with the City Comprehensive Plan.

(Code 1989, § 3.60; Ord. No. 368(2nd Ser.), § 1, 9-27-2004)

Sec. 52-530. - Purpose.

The purpose of this section is to establish a process by which fees and charges are established to support the stormwater utility and to direct that revenues and expenditures are done in accordance with state laws.

(Code 1989, § 3.60; Ord. No. 368(2nd Ser.), § 1, 9-27-2004)

Sec. 52-531. - Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Charge* means the amount set by Council action or resolution and which must be paid one time for connection to the system.

*Fee* means the amount set by Council action or resolution that is charged for ongoing services and is included in calculations for services used.
Sec. 52-532. - Operation of the utility.

The municipal stormwater drainage system shall be operated as a public utility pursuant to M.S. § 444.075 and this article. The utility will be a part of the City Department of Public Works and shall be under supervision of the Director of Public Works or his designee. All revenues shall be subject to the provisions of this section and State Statute.

Sec. 52-533. - Storm sewer tap.

Subd. 1. Connections of storm drain tile to storm sewer mains shall be made by the City. No personnel other than those employed by the City are authorized to connect to City storm drain tile or storm sewer mains.

Subd. 2. A tap fee shall be established for the City’s tapping of storm sewers. The fee shall include the labor for installing the storm sewer main tap and providing the storm sewer saddle, but does not include excavation and backfilling costs. Said fee shall be established by resolution of the Council and may be amended from time to time by resolution of the Council.

Secs. 52-534—52-559. - Reserved.

DIVISION 2. - FEES

Sec. 52-560. - Collection of fees and charges.

Subd. 1. Stormwater utility rates and charges shall be determined by resolution of the City Council upon recommendation of the City Clerk-Administrator, Director of Public Works and the City Engineer. Stormwater utility fees shall be collected in conjunction with other City utility fees or by other means allowed for under State law. Stormwater utility connection charges may be payable with building permits or upon execution of Development Agreements. Any fees and charges must be established according to and be equitable and in accordance with M.S. § 444.075 et seq.
Subd. 2. The following land uses are exempt from stormwater utility fees:

(1) Public rights-of-way;
(2) Parks, arboretums and conservancies;
(3) Stormwater detention areas, retention areas and wetlands; and
(4) Vacant, unimproved land with ground cover.

(Code 1989, § 3.60; Ord. No. 368(2nd Ser.), § 1, 9-27-2004)

Sec. 52-561. - Revenues.

All revenues derived from stormwater utility fees and charges shall be credited to the stormwater utility funds.

(Code 1989, § 3.60; Ord. No. 368(2nd Ser.), § 1, 9-27-2004)

Sec. 52-562. - Enforcement for collection of fees and charges.

Any unpaid or delinquent stormwater utility fees or charges may be recovered from the occupant or owner of the premises billed therefore in a civil action by the City in any competent jurisdiction or, in the discretion of the City Council, may be certified to the County Auditor as taxes against any such property to be collected and paid over to the City along with other taxes. Either or both of such methods of collection thereof may be pursued by the City until payment in full has been made, and the initiation of one such method of collection shall not be deemed to be an election preventing the City from thereafter using the other method of collection until paid in full. Payment of delinquent stormwater utility fees and charges shall be credited to the same fund used for current stormwater utility charges, deducting therefrom any costs of collection accruing to the City.

(Code 1989, § 3.60; Ord. No. 368(2nd Ser.), § 1, 9-27-2004)

Sec. 52-563. - Fee determination.

Fees shall be set based on a Residential Equivalency Factor (REF), which shall be based on the use of the property being serviced. Those classifications shall be:

(1) Residential Equivalency Factors.

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<tr>
<th>Classification</th>
<th>Land Use</th>
<th>REF</th>
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<tbody>
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<tr>
<th></th>
<th>Land Use</th>
<th>Value</th>
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<tbody>
<tr>
<td>1</td>
<td>Single-family, multiple-family up to and including 5 units and duplex</td>
<td>1.00</td>
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<tr>
<td></td>
<td>residential</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Manufactured housing park</td>
<td>0.50</td>
</tr>
<tr>
<td>3</td>
<td>Public and private schools, Minnesota State Regional Treatment Center,</td>
<td>0.50</td>
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<tr>
<td></td>
<td>hospitals</td>
<td></td>
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<tr>
<td>4</td>
<td>Multiple-family residential greater than 5 units, churches and</td>
<td>1.00</td>
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<tr>
<td></td>
<td>government buildings other than those in Classification 3</td>
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<tr>
<td>5</td>
<td>Industrial</td>
<td>1.50</td>
</tr>
<tr>
<td>6</td>
<td>Commercial/business</td>
<td>1.75</td>
</tr>
</tbody>
</table>

(2) Agricultural and conservation zoned areas which have a residential or commercial building on the property shall be considered a Single-family residential land use and be placed in Classification 1.

(3) Planned Unit Development zoning and parcels belonging to government agencies shall be placed in the classification deemed most appropriate for each individual parcel. The classification shall be set at the time of preliminary platting by the City Council.

(4) Multi-use buildings shall be classified according to the primary use of the building, e.g. commercial buildings with apartments above shall be classified as commercial.

(5) Each building in Classification 1 shall be considered to have a parcel area of one-third acre.

(6) Each property in Classifications 2 through 6 shall have a parcel area based on actual size as determined by County land records.

(Code 1989, § 3.60; Ord. No. 368(2nd Ser.), § 1, 9-27-2004)
TO: Honorable Mayor Zieman
Members of the City Council

FROM: Todd Prafke
City Administrator

RE: Weed Ordinance Review

ACTION/RECOMMENDATION

None needed. For your information and further discussion only.

BACKGROUND

This is a hold over from your last two Goal Sessions. Members had asked to have this on the Goal Session agenda at a workshop last fall. As I recall, this issue came up at least in part, due to the changing nature of how your community viewed what residential yards should be, what weeds are and what is sustainable development. An example is Milk Weed. While in past years that plant was viewed as weed, now in some places it is cultivated to help butterflies.

My goal for this meeting is to have a discussion on the rules, provide information on how we manage and enforce the rules and whether you want to look at alternatives, some of which we already have in your community. While I am not sure that a detailed discussion about developing a list of noxious weeds would be helpful, I do believe a more generalized discussion about how residential yards should be maintained can be a positive discussion. Maybe the idea to key on is articulated in the ordinance and we need to ask “What is a cultivated crop versus a weed?” I would suggest that is a great place to start the discussion.

The Ordinance is in your packet.

My hope for your meeting is to look towards having discussion and setting some goals and standards. Once those are established we will then be able to modify rules if needed, to meet those Community wishes.

It may also be important to note that we rarely issue tickets for weeds in the community and in most cases the weeds are secondary to a larger nuisance issue. We do however, as you have seen via assessment rolls, go out and mow yards. While the mowing and the weed/cultivated issue can be related, in most instances from an enforcement perspective they are not. It is also important to note that from a practical standpoint it is not an issue we bump into on a regular basis. This is an issue that certainly relates to the changing nature of your community morals.

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal
ARTICLE III. - WEEDS AND GRASS

Sec. 54-49. - Private property.

It is unlawful for any owner, occupant or agent of any lot or parcel of land in the populated portion of the City to allow any weeds or grass, not a cultivated crop, growing upon such lot or parcel of land to attain a height greater than six inches, or to allow such weeds or grass to go to seed.

(Code 1989, § 10.88(subd. 1); Ord. No. 197(2nd Ser.), § 1, 2, 5-29-1990; Ord. No. 212(2nd Ser.), § 1, 5-28-1991)

Sec. 54-50. - Duty of property owners to cut grass and weeds.

It is unlawful for any property abutting on any street, boulevard, alley, or public easement (hereinafter City-owned right-of-way) to allow any weeds or grass from the line of such property nearest to such City-owned right-of-way to the center of such City-owned right-of-way to attain a height greater than six inches.

(Code 1989, § 10.88(subd. 1.A); Ord. No. 197(2nd Ser.), § 1, 2, 5-29-1990)

Sec. 54-51. - Failure to comply with height limitation.

If any owner, occupant or agent fails to comply with this height limitation and after notice given by the Mayor, has not within seven days of such notice complied, the City shall cause such weeds or grass to be cut and the expenses thus incurred shall be a lien upon such real estate. The City Clerk-Administrator shall certify to the County Auditor, a statement of the amount of the cost incurred by the City. Such amount together with interest shall be entered as a special assessment against such lot or parcel of land and be collected in the same manner as real estate taxes.

(Code 1989, § 10.88(subd. 2); Ord. No. 212(2nd Ser.), § 1, 5-28-1991)

Sec. 54-52. - Natural Nature Areas exempted from article provisions.

Public property designated as a "Natural Nature Area" by resolution of the Council shall be exempt from the requirements of this article.

(Code 1989, § 10.88(subd. 3); Ord. No. 212(2nd Ser.), § 1, 5-28-1991)
The following Council liaison and commission appointments are approved effective January 1, 2019:

**Council Committees**

- Finance Committee
- Personnel and Code Review Committee
- Public Works and Utilities Committee

*Indicates Chairperson

**Mayor serves as ex-officio on all Committees as per Council Rules.

**Council Liaisons**

- Economic Development Authority
- Heritage Preservation Commission
- Hospital and Nursing Home Commission
- Housing and Redevelopment Authority
- Library Board
- Parks and Recreation Advisory Board
- Planning and Zoning Commission
- Region Nine Development Commission
- Tourism and Visitors Bureau
- Fire Relief Association Board of Trustees
- SPRTC Liaison Committee
- SPRTC Commission
- School District #508 Cooperation Committee
- County Cooperation Committee
- Gustavus Cooperation Committee
- Appeals and Adjustments
- Greater Mankato Growth (REDA)
- Highway 169 Coalition
- Minnesota River Valley Transit Board
- Coalition of Greater Minnesota Cities

Kvamme*, Carlin
Parras*, Grams
Pfeifer*, Johnson
Mayor/Mayor pro tem, Peters
Mayor, Grams (as alternate)
Mayor/Mayor pro tem
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ECONOMIC DEVELOPMENT AUTHORITY
REVOLVING LOAN PROGRAM GUIDELINES

1. PURPOSE:

   The purpose of this document is to establish guidelines for application and administration of the City of Saint Peter Economic Development Revolving Loan Program. These guidelines are intended to ensure fairness and to avoid discrimination in the application of loan procedures. However, as these policies are merely guidelines, departure from the guidelines is expected when supported by a rational basis for the departure.

2. POLICY STATEMENT:

   Recognition of Needs: The City of Saint Peter recognizes the need to stimulate private sector investment in facilities and equipment in order to create / retain jobs for local residents and to upgrade facilities to maintain competitiveness and/or boost productivity; to provide affordable loans for expansion and/or rehabilitation of commercial and industrial buildings in order to maintain commercial and industrial viability of Saint Peter and the Central Business District; and to provide working capital funds to Saint Peter businesses.

3. PROJECT ELIGIBILITY:

   3.1 Economic Development Revolving Loans may be used for the following purposes:

   a. Fixed asset financing (i.e. land acquisition, building construction, machinery and equipment, expansion of existing facilities, renovation and modernization of buildings, or public infrastructure needed for economic development expansions.

   b. Working capital; including inventory, supplies, accounts receivable, wages and advertising.

   c. Remodel and/or construct upper story, residential facilities within the Central Business District which promotes the viability and vibrancy of the Central Business District.

   3.2 Revolving loans shall be restricted to those commercial / industrial businesses located within the corporate limits of the City of Saint Peter.

   3.3 Projects which propose to utilize local contractors (HVAC, plumbing & electrical), suppliers, vendors and professional service providers (accounting, engineering & legal) will be favored when applications are considered by the Economic Development Authority (EDA).
3.4 Job Creation: Projects seeking loans from the EDA which demonstrate job creation will be favored. There shall be no job creation requirements for projects undertaken within the Central Business District.

3.5 Livable Wage Requirements: Where job creation is determined to be a requirement of the proposed financing, the minimum total wage, exclusive of benefits provided by the borrower to its employees shall be no less than 110% of the Federal Poverty Guidelines for a family of four (4) within Nicollet County as established by the U.S. Department of Housing & Urban Development.

4. LOAN AMOUNT:

4.1 The maximum loan available is at the discretion of the EDA. However, the loans shall not exceed 75% of the funds on deposit in the established Revolving Loan Fund(s), net of guaranteed funds.

4.2 For those loans secured by a mortgage, the aggregate amount of an EDA loan and other financing shall not exceed:

a. 100% of the appraised value of the property as established by a certified appraiser, undertaken within the last six (6) months; or

b. 100% of the estimated appraisal of the post-development value as established by a certified appraiser; or

c. In lieu of an appraisal, at the discretion of the EDA, a bank evaluation of value may be utilized for projects valued under $250,000.

4.3 The standard rate of interest charged shall be established at the U.S. Prime Lending Rate as published in the Wall Street Journal.

a. A higher rate of interest may be established for those projects determined to be of higher risk or those loans that are questionably collateralized.

b. A lower rate of interest may be established for those projects demonstrating:

   i. The creation of new jobs.

   ii. Increased tax capacity resulting from new construction.

   iii. Substantial municipal utility consumption.
4.4 Depending upon the use of loan funds, the repayment schedule shall have the following maximum limitations. The EDA retains the right to vary from the guidelines for those loans considered to be of higher risk.

<table>
<thead>
<tr>
<th>Loan Purpose</th>
<th>Amortization</th>
<th>Balloon</th>
<th>Extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate / Construction</td>
<td>20 years</td>
<td>5 years</td>
<td>5 years</td>
</tr>
<tr>
<td>Machinery / Equipment</td>
<td>10 years</td>
<td>5 years</td>
<td>2 years</td>
</tr>
<tr>
<td>Working Capital</td>
<td>10 years</td>
<td>2 years</td>
<td>2 years</td>
</tr>
</tbody>
</table>

4.5 The purpose of the Balloon Payment is to:

a. Provide the private lenders the opportunity to refinance the debt.

b. Provide the EDA the opportunity to review the financial performance of the borrower.

c. Provide the EDA an opportunity to consider possible interest rate modification or adjustments.

Borrowers seeking the extension of a scheduled balloon payment shall provide correspondence from the participating private project lender indicating that they are unable to extend additional credit or otherwise refinance the debt to honor the balloon. The correspondence shall indicate the rational of the decision in enough detail to be acceptable to the Community Development Director.

The Borrower seeking the extension shall also provide the EDA with a thorough review of the business financial reports which at a minimum, shall include the following:


b. Income statements.

c. Profit / Loss statement.

d. Personal financial report.

* The EDA reserves the right to require the provision of additional data at the discretion of the Community Development Director.

Borrowers may seek multiple balloon payment extensions. However, each extension must be considered as per the conditions of this policy and upon provision of the required financial disclosures from the borrower.
The requested balloon payment extension must be considered by the EDA which will make a non-binding recommendation to the City Council. The City Council must approve any loan alteration, including balloon payment extensions by resolution.

4.6 The repayment shall be negotiated between the EDA, participating private lender and the recipient. However, repayment shall normally commence the first day of the month following execution of the loan documents and the first day of subsequent months until the loan is repaid in full or until the scheduled balloon payment.

The loan will be considered to be in default after thirty (30) days have elapsed past the due date of a scheduled payment. Therefore, unless otherwise directed by the EDA or City Council, the Community Development Director shall take the following action.

a. After thirty (30) days past due, the EDA will make contact requesting payment by written notice.

b. After sixty (60) days past due, the EDA will meet with the borrower to discuss the delinquency and repayment options.

c. After ninety (90) days past due, the EDA will initiate collection efforts.

4.7 In rare occasions where a commitment is made for a future loan, no more than 75% of the funds on deposit shall be committed and loan commitments shall expire after six (6) months.

4.8 Maximum Loans: The maximum loan per business is $500,000, subject to the limitation of Section 4.1 of this document.

4.9 EDA Guarantee of Bank Financing: If a subject borrower has no outstanding loans with the EDA, the Authority may consider a guarantee of bank financing which shall not exceed the limits of Sections 4.2, 4.4 and 4.7 of this document.

5. REGULATIONS FOR IMPROVEMENTS:

All construction, renovations and repairs shall be completed in conformance to the codes, standards and practices required by municipal ordinance, state statute or federal rule or law.

6. LOAN SECURITY:

6.1 Loans provided to purchase, construct, renovate, expand or improve real property shall be secured by a first or second mortgage recorded against the property.

6.2 Where applicable, loans shall be personally guaranteed by all of those that own 25% or more of the recipient business.
6.3 Loans provided to finance the purchase of machinery, fixtures, furnishings or equipment shall be secured by a UCC Financing Statement filed with the Minnesota Secretary of State’s office.

6.4 Loans provided to purchase, construct, renovate or improve real estate shall be insured for its full replacement cost and the EDA shall be designated as a loss payee of the insurance policy.

6.5 The EDA may require that the borrower provide an insurance policy on the life of those individuals determined to be key employees or vital to the ongoing success of the recipient business. The benefit of the policy shall be payable to the EDA in an amount equal to the outstanding balance of the revolving loan.

7. TIMING OF PROJECT EXPENSES:

7.1 In the absence of lien waivers provided by each contractor, subcontractor and or vendor, building construction may not commence until all the required project financing is secured, loan documents are executed and the loan is collateralized as per the City Council’s resolution of loan approval.

7.2 Projects costs incurred before the final loan approval may be considered to be eligible loan expenditures at the discretion of the EDA.

8. LOAN APPLICATION AND APPROVAL:

8.1 Revolving loan applicants shall meet with the Community Development Director to obtain information regarding the revolving loan application and to discuss the eligibility and preliminary project details.

8.2 A completed application and supplementary materials and exhibits shall be submitted to the Community Development Director for initial review and consideration. Applications received by the 5th of the month will be considered and reviewed by the EDA at their next regular meeting.

9. PROJECT REVIEW:

9.1 The Community Development Director shall review each application in terms of its proposed activities in relation to its impact on the Saint Peter economic community. The Director shall prepare a loan report and make a recommendation of approval or denial to the EDA.

9.2 After receipt of the project cost summary or estimates, applicant’s historical financial data, future financial projections and cash flow analysis, the EDA will evaluate and review the application in terms of the following:

a. Project Design: Evaluation of project design will include review of proposed activities, timelines and capacity to implement.

i. Project financing provided by a conventional lender and applicant equity shall equal at least 60% of the identified project costs. In the absence of conventional lender participation, the applicant must provide correspondence from a lender indicating that they are unable to participate or otherwise provide project funding as per their policies or regulations.

ii. EDA financing shall not exceed 40% of the identified project costs.

iii. The applicant shall demonstrate the ability to contribute at least 10% of the identified project costs in the form of cash or equity.

c. At the discretion of the EDA, the applicant may be obligated to seek technical assistance from the Small Business Development Center as a condition of loan approval.

d. Commitment letters from all participating lenders must be included in the submitted application. The commitment letter shall identify the terms and conditions of the approved bank financing.

9.3 Any application failing to meet the minimum threshold standards may be reviewed on a case-by-case basis. The EDA reserves the right to waive certain requirements of this program and may request additional information and documentation as deemed necessary and appropriate.

9.4 Following their review and consideration, the EDA shall make a non-binding recommendation to the City Council as to whether the loan shall be approved or denied. The final decision of loan approval or denial is to be made by the City Council.

10 ORIGINATION:

10.1 The loan closing will be administered by the Community Development Director or their designee.

10.2 The loan recipient shall be charged a loan origination fee equal to 1% of the loan amount. The fee shall be paid at closing.

11. RELEASE:

11.1 Upon receipt of full and final repayment of the Promissory Note, the Community Development Director shall prepare, execute and deliver the appropriate loan satisfaction documents and shall provide for the release of all EDA guarantees, security and collateral.

11.2 In the event that a co-borrower wishes to be released from the obligations of the executed Promissory Note, security agreement or personal guarantee, the applicant shall complete the following requirements.
a. The party wishing to be released shall meet with the Community Development Director to obtain information regarding the partial release from the promissory note, security agreement or guarantee.

b. A completed application form, together with a processing fee of $200 must be submitted to the EDA prior to review and consideration.

c. The partial release application will be reviewed by the Community Development Director to determine if it conforms to all EDA policies (ordinances) and to consider the following:

   i. Whether the loan will retain its priority after release of the requester.

   ii. Whether the security (collateralization) of the loan will be unreasonably adversely impacted by the release.

   iii. The remaining parties must qualify under the EDA loan guidelines.

e. Any release of a borrower from the obligation of the loan shall be considered by the EDA which will make a non-binding recommendation to the City Council for their consideration and official action.
DUE DILLIGENCE

FINANCIAL RATIOS GUIDE FOR BUSINESS APPLICATIONS:

1. **CURRENT RATIO**: (total current assets / total current liabilities).
   a. A rough indication of the firm's ability to service its current obligations.
   b. The higher the ratio the better.
   c. Liquidity ratio (ability to meet current obligations).

2. **EARNINGS BEFORE INTEREST AND TAXES**: (EBIT / annual interest expense).
   a. Measures a firm's ability to meet interest payments.
   b. The higher the ratio the better.
   c. Coverage ratio: (ability to service debt).

3. **DEBT TO WORTH**: (total liabilities / tangible net worth).
   a. Shows how much protection the owners are providing the creditors.
   b. A lower number provides more safety to creditors.
   c. Leverage ratio (protection given to creditors by borrowers).

The Community Development Director should consult with the participating private lender to receive Robert Morris & Association (RMA) ratios for new or existing businesses. The bank can print the appropriate pages from the RMA guides and allow for the Director to undertake the determination and present the findings to the EDA as part of the loan review. The presentation to the EDA should consist of a narrative with ratios showing the strengths and weaknesses of the credit.

Additionally, the following shall accompany any application for EDA financing:

1. Business Plan
   a. Description of business.
   b. Ownership
   c. Date established.
   d. Products / Services.
   e. Management
   f. Future Plans
2. Personal Financial Statement(s) from the borrower(s).
3. Two years business financial history
   a. Balance Sheets
   b. Income Statements
   c. Profit / Loss Statements
4. Financial projections (3 years).
5. Letters of commitment from private lenders.
6. Bids / Quotes
7. Appraisal (when applicable).
8. Resumes of ownership / management.
9. Credit agency reports on applicants.
10. Federal Tax Filings (past two years).
1. PURPOSE:

The purpose of this loan program is to promote reinvestment in the properties within the Central Business District. Specifically, this program is designed to fund exterior historical enhancements or handicapped accessibility improvements to the commercial structures within the historic downtown.

2. ELIGIBILITY:

2.1 To promote the historical enhancement of the district and to protect the viability of the Central Business District properties, these loans may be used for exterior building maintenance, window/door replacement, roofing repairs, awning installation, signage, repair of masonry or the painting of the structure when deemed appropriate.

2.2 To promote the improved handicapped accessibility of structures, these loans may be used for any interior or exterior renovation of the building/structure deemed necessary to attain improved compliance with the Americans with Disabilities Act.

2.3 An applicant seeking funding under this program to repair, renovate or rehabilitate a building within the Central Business District shall not be eligible to access more than one loan per building at any given time.

3. REVIEW / CONSTRUCTION STANDARDS:

3.1 When required by ordinance, the Heritage Preservation Commission shall review and approve the exterior renovation, repair or alteration of any property located within the Heritage Preservation Overlay District, as well as new construction within the Central Business District.

3.2 All construction, renovations and repairs shall be completed in conformance with the codes, standards and practices required by municipal ordinance, state statute, federal rule or law.

4. LOAN AMOUNT:

4.1 Loans provided under this program are limited to a maximum of $25,000 per property.

4.2 EDA financing shall not exceed 90% of the project costs determined by bids or quotes received from contractors and project vendors.
4.3 The applicant shall demonstrate the ability to contribute at least 10% of the identified project costs in the form of cash or equity.

5. **INTEREST RATE:**

Loans made under this program shall be provided at a 0% rate of interest.

6. **LOAN SECURITY:**

6.1 Loans provided to building owners under this program shall be secured via subordinate mortgage and personal guarantee from the building owners.

6.2 Loans provided to repair, rehabilitate or renovate real estate shall be insured for its full replacement cost of the building and the EDA shall be designated as a loss payee of the insurance policy.

6.3 Loans provided to building Tenants financing leasehold improvements shall be secured via personal guarantee, and shall be reviewed for adequate collateralization.

7. **REPAYMENT SCHEDULE:**

7.1 The repayment of loans made under this program shall be provided over the following period of time.

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Amortization</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $2,000</td>
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<td>$2,001 - $5,000</td>
<td>5 years</td>
</tr>
<tr>
<td>$5,001 - $10,000</td>
<td>7 years</td>
</tr>
<tr>
<td>$10,001 - $25,000</td>
<td>10 years</td>
</tr>
</tbody>
</table>

7.2 Loans shall be repaid via electronic, automatic withdrawal from a savings or checking account designated by the borrower.

7.3 Loans must be repaid upon the sale of the secured collateral. Requests for loan assumption shall be reviewed by the EDA which shall make a non-binding recommendation to the City Council.

8. **LOAN FORGIVENESS:**

8.1 Those loans provided to renovate properties within the Heritage Preservation Overlay District, with an acceptable repayment history may qualify for partial loan forgiveness. For the purposes of this loan program, an acceptable repayment history shall require a determination that the loan has not been declared to be in default at any time as per the terms of the applicable promissory note.

8.2 Such forgiveness shall not exceed $5,000 per project undertaken under this program.
8.3 Qualifying loans of $10,000 or less. At such time that the outstanding principal of a loan made under this program is reduced below 50% of the original loan amount, the balance of the principle may be forgiven and the note considered repaid in full.

8.4 Qualifying loans of more than $10,000. At such time that the outstanding principal of a loan made under this program is reduced to $5,000 or less, the balance of the principle may be forgiven and the note considered repaid in full.

9. FEES:

9.1 No loan origination fee shall be charged to loans made under this program.

9.2 The applicant shall assume responsibility for the payment of any fees related to the recording of project security and/or collateral.

10. DUE DILLIGENCE:

10.1 Loan applications shall be accompanied by the following:

A. Personal Financial Statement(s) from the applicant(s).

B. Two years business financial history.
   i. Balance Sheet
   ii. Income Statements
   iii. Profit / Loss Statement

C. Bids / Quotes

10.2 The Chairperson of the Economic Development Authority may appoint a subcommittee of the EDA to undertake a review of the personal and business financial submittals of the applicant. The subcommittee shall provide a report to the full EDA regarding the creditworthiness of the applicant(s).

10.3 Projects which propose to utilize local contractors, suppliers, vendors and professional service providers will be favored when applications are considered by the EDA.

10.4 Following their review and consideration, the EDA shall make a non-binding recommendation to the City Council as to whether the loan shall be approved or denied. The final decision of loan approval or denial is to be made by the City Council.

11. RELEASE OF FUNDS:

11.1 Closing of the loan and the release of loan funds to the borrower shall occur after the successful completion of the renovation or alteration.
11.2 Prior to release of funds, the Community Development Director shall determine that the renovation or alteration was accomplished as per the requirements of the Heritage Preservation Commission approval.
TO: Honorable Mayor Zieman
     Members of the City Council

FROM: Todd Prafke
      City Administrator

RE: Legitimacy in Governance

ACTION/RECOMMENDATION

None needed. For Council discussion and review only.

BACKGROUND

The principle shown below is included for discussion as part of the April 29th Council goal session:

*The Principle of Legitimacy in Governance is based on three things:*

1. *People who are asked to obey authority have to feel like they have a voice – that if they speak up they will be heard.*

2. *The law or rules have to be predictable. There has to be reasonable expectation that the rules tomorrow are going to be roughly the same as the rules are today.*

3. *The authority has to be fair. It can't treat one group differently from another.*

*The decisions to obey are not a function of rational calculation of risks vs. benefits. It is based on legitimacy.*

TP/bal
# EXHIBIT 2
## PRELIMINARY ASSESSMENT ROLL

North 3rd, McLeod and Center Street Reconstruction  
CITY OF SAINT PETER, MINNESOTA  
BMI PROJECT NO.: M12.114996

### SUMMARY OF CITY COSTS

<table>
<thead>
<tr>
<th>SECTION</th>
<th>TOTAL</th>
<th>ASSESSED</th>
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<tr>
<td>PROPOSED CURB &amp; GUTTER</td>
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Includes Pond Land Cost Estimated at $75,000

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### SUMMARY OF CITY COSTS

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<th>COST</th>
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<td><strong>TOTAL</strong></td>
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CITY OF SAINT PETER ASSESSMENT POLICY

GENERAL POLICY STATEMENT

This policy is established to set the rules for the acceptance of petitions, approval of projects and calculation of assessments for City infrastructure improvements in and around the City of Saint Peter.

It is the intent of this policy that its provisions shall apply only to projects authorized by the City Council.

DEFINITIONS

City - City of Saint Peter.

Collector Street - is a street that has greater than seven-ton capacity design.

Hook-up - is the connection by the property owner to the City water or sewer service as defined in City Code.

Improvements - The addition, enhancement or correction of infrastructure that provides for the development and/or enhancement of property including, but not limited to, curbs, gutter, sidewalks, roadways, streets, water mains, wastewater mains, electrical installations, stormwater collection and treatment.

Reconstruction - The correction or rebuilding of any project where costs are equal to or greater than fifty percent (50%) of the replacement cost in current dollars based on City Engineer’s estimate.

Repair - Repair is the maintenance or correction of deficiencies in physical infrastructure that cost up to fifty percent (50%) of the replacement cost in current dollars based on City Engineer’s estimate.

Residential Street - is a street that is seven (7) ton or less capacity design.

Roadway - is a thoroughfare, route, or way on land between two places, which typically has been paved or otherwise improved to allow travel by some conveyance, including a cart or motor vehicle.

Stormwater and Storm Sewer will have the same meaning.

Street - is a paved public thoroughfare in a built environment.

Trail - is a path with a rough beaten, bituminous, cement, or dirt/stone surface that is generally used for non-motorized travel and may be designated on an official City map.

Wastewater and Sanitary Sewer will have the same meaning.

Adopted: ___ , 2012
PETITIONS

No petition for construction of any public improvement outlined in this policy shall be accepted or acted upon by the Council unless it is filed with the City Administrator on or before August 15th of the year prior to the year of requested construction, unless the City’s anticipated expenditures are less than $5,000.

Petitions must be submitted on a form approved by the City for consideration of the Council.

CLASS A IMPROVEMENTS

Class A Improvements are those that generally benefit the City at large, including, but not limited to:

1. Public buildings.
2. Public parks or recreational facilities.
3. The installation of street lighting systems and maintenance of such systems.
4. Stormwater improvements excluding those in any Stormwater or Storm Sewer Assessment District.
5. Trails.
6. Or any other improvement(s) that are not described in Minnesota Statutes, Section 429.021, Subdivision 1.

Class A improvements shall be financed from general City funds and not from special assessments.

CLASS B IMPROVEMENTS

Class B Improvements are those that are of benefit to more than the abutting property. Class B improvements include:

1. Trunk water mains larger than eight inches (8") in residential areas.
2. Trunk water mains larger than twelve inches (12") in commercial/industrial areas.
3. Trunk wastewater mains larger than eight inches (8").
4. The construction of municipally owned off-street parking facilities.
5. Three-Phase and Single-Phase Electric Distribution Service Lines.
6. Collector Street Construction or Reconstruction
7. Storm Sewer Improvements

CLASS C IMPROVEMENTS

Class C Improvements are those that are primarily, if not exclusively, of benefit to the property abutting the improvement, including:

Adopted: ___, 2012
1. The construction of lateral water mains no larger than eight inches (8") in diameter in residential areas.
2. The construction of lateral water mains no larger than twelve inches (12") in diameter in commercial/industrial areas.
3. The construction of lateral wastewater mains no larger than eight inches (8") in diameter.
4. The construction and repair of curbs and gutters.
5. Residential street construction or reconstruction.
6. The construction and repair of sidewalks.

**FINANCING OF CLASS B AND C IMPROVEMENTS**

It is the policy of the City to finance Class B and C Improvements by the methods described later in this section. The apportionment of the cost between the benefited property and the City at large, and the method of levying assessments prescribed in those sections, shall be followed unless the Council, by resolution, finds that because of a special circumstance, a different policy is necessary or desirable in the particular case. If there is a special circumstance, it should be stated in the resolution. Any local improvement described in Minnesota Statutes, Section 429.02 and not placed in Class A, B, or C by this section, shall be financed as the Council determines to be most feasible and equitable in each case.

**ASSESSMENT REGULATIONS FOR CLASS B IMPROVEMENTS**

**Subd. 1. Trunk Water Mains, Wastewater Mains** - When a water main or sanitary sewer is laid across or adjacent to unplatted property, the City may defer the assessment against the unplatted property. When trunk water or sanitary sewer is constructed and is to serve also as a lateral water main or sanitary sewer for abutting property, the property shall be assessed for the costs of an equivalent lateral water main or sanitary sewer. The City will pay the cost of the trunk water main and sanitary sewer, minus the cost of the lateral water main or sanitary sewer that is assessed. Lateral water main will be defined as no larger than eight inches (8") and eight feet (8') deep. The City cost will be paid from the appropriate City funds.

**Subd. 2. Three-Phase Electric Distribution Service Lines** - The cost to install three- or single-phase electric distribution lines will be assessed to the property served.

**Subd. 3. Street Construction or Reconstruction** - When standards for residential street construction are higher than those the City would normally use, the cost to be assessed to the benefited property shall be based on the cost of normal residential street construction capacity of seven (7) tons. The remainder of the cost shall be paid from appropriate funds and from the property benefiting from the higher construction standards. Reconstruction of a residential roadway that has a design capacity up to seven (7) tons shall have thirty percent (30%) of the cost assessed to the abutting property owners and the remainder shall be paid by City general funds.

**Subd. 4. Storm Sewer Improvements** - Improvements to the storm sewer system in an established storm sewer improvement district will be financed in accordance with the provisions of Minnesota Statutes, Chapter 444.

Adopted: ____, 2012
ASSESSMENT REGULATION FOR CLASS C IMPROVEMENTS

Subd. 1 Sidewalk - The cost of construction, reconstruction, and repair of sidewalks shall be assessed one hundred percent (100%) based on frontage against property abutting the side of the street on which the sidewalk is located unless it is located in a Sidewalk assessment district where separate rules for payment will apply. Sidewalks that cross alleys will be paid by the City.

Subd. 2. Water and Sewer - The cost of water mains and of sanitary sewer shall be assessed one hundred percent (100%) against the abutting property based on frontage. The cost of water mains is to be assessed including the service lines, valves, and hydrants at time of initial construction. The cost of sanitary sewer includes service lines, if furnished, at time of initial construction.

The hook-up of Water and Wastewater service shall be charged a connection fee, which shall be determined by the City Council.

Service lines shall be defined by City Code.

Subd. 3. Street - The cost of construction of any street including those where the project may include curb and gutter, shall be assessed on the basis of frontage excluding cost of constructing street intersections which shall be paid by the City.

Reconstruction of a street shall be paid by an assessment to the abutting property owners at thirty percent (30%) of the cost.

Subd. 4. Curb and Gutter - One hundred percent (100%) of cost for the construction, repair or reconstruction of Curb and Gutter that is exclusive of street reconstruction shall be assessed based on frontage against property abutting the side of the street on which the Curb and Gutter is located.

SPECIAL RULES

Subd. 1. Corner Lots - For any infrastructure improvements that occur simultaneously on both the front and side yard of a corner lot the assessment will be calculated by adding the front and side yard frontage and dividing by two (2). This will establish the assessable frontage, which will be then used to calculate the total frontage for the project assessment calculation.

For infrastructure improvements that occur only on one side of a corner lot, the frontage shall be calculated using the actual frontage abutting the project.

Subd. 2. Intersections - The cost of water and sewer improvement in street intersections shall be included as part of the total assessable cost. The City shall pay intersection costs related to street, curb and gutter improvements.

Subd. 3. Irregular Lot Shapes and Adjusted Frontage - When an irregular shaped lot is abutting an infrastructure improvement, an adjustment to maintain fairness in the assessment

Adopted: ___, 2012
may be made. When the amount of an assessment is determined by frontage, an equivalent front footage shall be determined by the following formula:

The sum of all sides of the lot shall be added together and divided by the number of sides and shall be the assessed frontage.

Subd. 4. Bidding Process - Alternate bids will be required on all water/wastewater main installation projects. The bids provided will be the basis for determining the true cost of the improvement share to be assessed. The basis for comparison will be the lowest alternate of the awarded bid.

FEDERAL, STATE AND COUNTY AID USE

If the City receives financial assistance from the federal government, the state or the county to defray a portion of the cost of any improvement project, such aid shall be used first to reduce the share of the project cost that would be met from the general and enterprise City funds according to the assessment formula contained in this policy. If the aid is greater than the amount of the improvement cost to be borne by the City, the remainder of the aid shall be placed in the appropriate City improvement fund or distributed in such other manner, as the Council shall determine.

PROCEDURAL RESTRICTIONS

Subd. 1 General - In attempting to conform to the provisions of Minnesota Statutes, Chapter 429, proceedings for a public improvement to be paid wholly or partly by special assessments shall conform to the requirements of these sections.

Subd. 2. Waiver and Assessment Hearing - After receiving bids for a project, the Council may, at its discretion, request submittal of signed waivers of the right to appeal the assessment when levied or may elect to hold a public assessment hearing to determine if there is substantial objection to the proposed assessments. If the Council elects to hold a public assessment hearing, the contract for the project shall not be awarded until the 30-day appeal period has expired.

PARTIAL PAYMENT

After the adoption of the assessment roll of any improvement project by the Council, the owner of any property assessed may, prior to the certification of the assessment of payment of the first installment to the County Auditor, pay to the City Treasurer all or any portion of the assessment, but not less than five hundred dollars ($500). The remaining unpaid balance shall be spread over the period established by the Council for installment payment of the assessment.

CERTIFICATION OF ASSESSMENTS

After the adoption of any special assessment by the Council, the Finance Director/Treasurer shall transmit a certified duplicate of the assessment roll with each installment, including interest, set forth separately to the County Auditor to be extended on the property tax lists of the County.
INTEREST RATE

The interest rate shall be set by the Council on each special assessment project, and the rate of interest shall depend on the current market investment conditions or the cost of bond issuance plus one percent (1%).

ASSESSMENT PERIOD

Assessments shall not be spread over a period longer than the anticipated useful life of the project to be assessed. Subject to the useful life requirement, assessment shall be spread as follows.

1. Assessments under $500
2. Assessments from $500 to $2500
3. Assessments from $2,501 to $10,000
4. Assessments exceeding $10,000

ADJUSTMENTS

In the event the literal application of the provisions outlined herein would result in an inequitable distribution of special assessments on a specific project, the City Council reserves the right to adjust the policy to achieve a more equitable distribution of cost for that project.

Adopted: ____ , 2012
# COOPERATIVE EFFORTS (White Sheet)

### SCHOOL DISTRICT
- Activity connection Senior Citizens recreation, transit
- Facilities long term planning
  - Athletic, Other Facilities, Drama, performance, arts
- Budgets
  - Levy
  - Pay
  - Others
- Athletic Association goals
- Early Childhood 95% coverage might be a goal
- After School Activities
- City/School strategy with GAC
- Child Care
- Long Range Community Planning
- Studies (Housing, Demo Others)
- Cultural Literacy

### NICOLLET COUNTY
- Compost funds
- Library
- Land use 1/4 - 1/4 good zone
- Criminal Justice Committee
- Law enforcement share dispatch
- Emergency Planning
- 361 Co 51 Roundabout
- Stormwater/Ditches
- Cultural Literacy

### MRVT
- Effort with LS
- Work with Tru
- Focus on Service to those in need

### GUSTAVUS ADOLPHUS COLLEGE
- Parking
- Performance space
- Recreational facilities
- Off-campus behavior
- Cultural Literacy
- Child Care
- Transit use
- Employees live in City
- Solar and Wind
- Diversity

### REGIONAL TREATMENT CENTER/STATE OF MN DEPT OF HEALTH
- Utilities distribution
- Future program/land/facilities
  - Parks
- Arts Association
- Security

### BANKS
Work cooperatively on Housing Rehab program
Green Seam with GMG

### REALTORS
- BFF
- Promotion of opportunities for young families
- Traverse Green
- Others

### COMMUNITY ORGANIZATIONS
- St. Peter Arts Center
- Nicollet County Historical Society

### CHAMBER OF COMMERCE
- Promotion of Community
- Community events
- Communication efforts
- Operation of Tourism and Visitors

### GREATER MANKATO GROWTH
- REDA industrial Development
- ICLV InterCity Leadership Visit
- MSA issues
- Promote Housing as an issue

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Modified 01/22/2019
Big 5

- The Big 5 are:
  - Pavilion
  - Fire Hall
  - City Hall
  - Additional Park Facilities
  - Cooperative indoor recreation facilities

- Others?

- Think about Funding