

**CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING**

Regular Workshop Session of Tuesday, September 3, 2013
Library Meeting Room – 5:30 p.m.

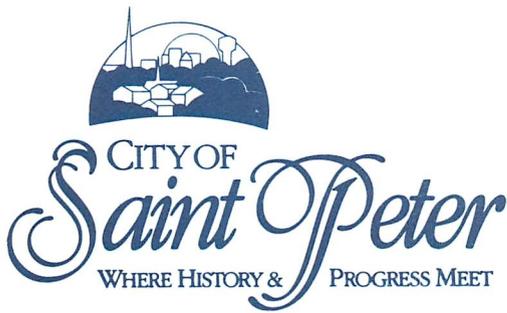
- I. **CALL TO ORDER**

- II. **DISCUSSION**
 - A. EDA Loan Extension Criteria
 - B. General Fund Preliminary Budget/Levy
 - C. Washington Avenue Link Project Part 1 Summary
 - D. Welco West RFP
 - E. Others

- III. **ADJOURNMENT**

Office of the City Administrator
Todd Prafke

TP/bal



Memorandum

TO: Todd Prafke
City Administrator

DATE: 8/29/13

FROM: Russ Wille
Community Development Director

RE: Revolving Loan Fund(s) – Balloon Extension Criteria

ACTION/RECOMMENDATION

No action requested.

BACKGROUND

Prior to 2005, the Economic Development Authority revolving loans were regularly established on straight amortization schedules. The loans were regularly provided with terms of up to 10 – 20 years.

In 2005, the EDA and City Council adopted alternative loan guidelines which established balloon payments for nearly every loan. The establishment of the balloon payment provided the EDA with an opportunity to “touch base” with the borrower to review the financial performance of the business.

Depending upon the purpose and use of the loan funds, the repayment terms varied. The repayment guidelines were established as follows:

<u>Purpose</u>	<u>Term</u>	<u>Amortization</u>	<u>Balloon</u>	<u>Extension</u>
Real Estate*	15 years	30 years	10 years	5 years
Machinery / Equip.	10 years	10 years	5 years	5 years
Working Capital	4 years	10 years	2 years	2 years

* Real Estate includes purchase, construction or renovation of structures.

In the last few years, nearly every borrower has requested an extension of the established balloon payment date. To receive an extension, the primary lender (bank) needed to indicate that it was unable to extend the credit necessary to repay the EDA loan. Two year extensions were regularly provided.

At the last EDA meeting, the members discussed and debated the existing policy and the original intent of the balloon payments. It was generally agreed that an amendment to, and clarification of, the balloon payment policy is appropriate.

First, it was agreed that while it may be appropriate in the residential market, a 30 year amortization of real estate loans is too long a time period for a commercial project. The recommendation was to reduce the amortization of real estate loans to 20 years.

Considerable discussion was held regarding the need for a letter of denial from the primary lender indicating that they are unable to extend further credit or otherwise refinance the note. Some had suggested that two letters of denial be required if the City Council were asked to extend the balloon payment. It was ultimately determined that a single letter of denial from the participating lender would be sufficient.

It was agreed that the borrower will be required to submit detailed financial information (profit and loss statement, balance sheet, and taxes) on an annual basis for EDA review. This obligation will be added to the promissory note for each revolving loan.

It was agreed that balloon extensions for furniture, fixtures and equipment (FF&E) or working capital should be limited to two years. It was also agreed that balloon extensions for loans secured by a mortgage would be appropriately extended for five years.

I, along with the City Council representatives to the Economic Development Authority, will be available at the workshop on Monday evening to explain the EDA's recommendation regarding the policy related to the extension of balloon payments.

Please feel free to contact me should you have any questions about this agenda item.

RW

ECONOMIC DEVELOPMENT 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 insure 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 the commercial and industrial viability of Saint Peter and the Saint Peter Central Business District; and to provide working capital funds to Saint Peter businesses within the boundaries of School District 508.

3. PROJECT ELIGIBILITY

3.1 Economic Development Revolving Loans can be used for: 1.) 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); 2.) working capital including inventory, supplies, accounts receivable, wages and advertising; and/or 3.) capital to remodel and/or construct residential facilities in the Central Business District which promotes the commercial viability of the Central Business District.

3.2 **Eligible Geographic Area:** Any project meeting the definition in Section 3.1 and located within the boundaries of School District 508 is eligible to receive an economic development revolving loan.

3.3 **Local Contractors, Suppliers, Professionals, and Financial Institutions Favored:** Projects which propose to use local contractors (heating, ventilation, air conditioning, plumbing, electrical), suppliers, vendors, professionals, (e.g. accountants, engineers, and attorneys), and/or financial institutions will be favored when applications are considered by the Saint Peter Economic Development Authority (EDA).

3.4 **Job Creation Requirements:** Projects seeking loans from the EDA which demonstrate job creation will be favored. There shall be no job creation requirements for projects in the Central Business District.

3.5 **Livable Wage Requirement:** Where jobs created are determined to be an important part of a proposed loan, the minimum total wage/benefit package that must be paid by the borrower in order to receive a loan from the EDA must equal 150% of the Federal Poverty Guidelines for a family of four within Nicollet County as established by the U.S. Department of Housing and Urban Development.

4. LOAN AMOUNT

4.1 Small loans of \$5,000 or less may be granted or guaranteed by the EDA upon the recommendation of the EDA President and City of Saint Peter Community Development Director. Application for small loans shall be supported with a bank loan application and letter describing the project.

4.2 The maximum loan available is in the discretion of the EDA with loans not to exceed 75% of

Adopted by City Council: 10-23-06

the funds on deposit in the Revolving Loan Fund, net of guaranteed funds.

- 4.3 The aggregate of an EDA loan and private financing may not exceed 125% of the County Assessor's estimated market value or 100% of a certified appraiser's value of the property as valued at the completion of the project.
- 4.4 Interest rates on a loan may be fixed at any non-usurious interest rate for the duration of the loan. An interest rate shall be negotiated based upon relevant loan factors.
- 4.5 Depending on the purpose of the loan funds, the repayment schedule shall have the following general maximum limitations:

<u>Loan Purpose</u>	<u>Term</u>	<u>Amortization</u>	<u>Balloon</u>	<u>Extension</u>
Land Purchase and/or Construction, Purchase or Renovation of Building	15 years	30 years	10 years*	5 years
Purchase of Machinery and/or Equipment	10 years	10 years	5 years	5 years
Working Capital and/or Inventory (Working Capital Is the excess of current assets Over current liabilities)	4 years	10 years	2 years	2 years

*Loans in this category for projects in the Central Business District shall have a fifteen (15) year balloon.

- 4.6 Repayment shall be a negotiable item between the Economic Development Authority (EDA) lending institution and business, but will normally commence the first day of the month after closing of the loan and be due the first day of each month for the duration of the loan. The loan will be considered in default after thirty (30) days have elapsed past the due date. After thirty (30) days have elapsed, the EDA will make contact requesting payment by written notice. After sixty (60) days have elapsed past the due date the EDA will again discuss the nonpayment and past due balance. If ninety (90) days elapse without payment the EDA will initiate collection efforts. Loans shall be due upon sale of the property or equipment.
- 4.7 In rare cases where a commitment is made for a future loan, no more than 75% of existing cash on hand shall be committed and loans shall not be committed more than six (6) months into the future.
- 4.8 **Maximum Loan Per Business:** The maximum loan per business is \$500,000 subject to the provisions of Section 4.2 above.
- 4.9 **EDA Guarantee of Bank Financing:** If a subject borrower has no other loans with the EDA, the EDA may consider a guarantee of bank financing up to the lending limits described in Section 4.8 above.

5. **REGULATIONS FOR IMPROVEMENTS**

All building construction or renovation is to be in conformance with the applicable building code and other City codes and policies. Repairs may include but are not limited to the following systems and portions of real property.

- 1. Mechanical - including heating and plumbing.
- 2. Electrical
- 3. Structural - including the facade of the structure, the roof, and energy related improvements.

6. **LOAN SECURITY AND GUARANTEES**

- 6.1 Applicant must be able to secure the revolving loan with a first or second mortgage or other acceptable collateral. Joint and several personal guarantees from company owners (greater than 25% ownership) may be required.
- 6.2 The applicant must demonstrate that the building to be constructed or renovated is insured for its full replacement cost.

7. **TIMING OF PROJECT EXPENSES**

- 7.1 Building construction may not commence until all the required permits are secured unless lien waivers from each contractor, subcontractor, and supplier are provided to the EDA.
- 7.2 Costs incurred before the loan application has been approved may be considered as eligible expenditures subject to financing by an EDA loan in the discretion of the EDA.

8. **PROCEDURAL GUIDELINES FOR APPLICATION AND APPROVAL**

8.1 **Application and Review**

- 1. Any interested loan applicant should meet with the City of Saint Peter staff to obtain information about the Saint Peter Economic Development Revolving Loan Program and to discuss the proposed project and obtain application forms.
- 2. A completed application form, together with a processing fee equal to 1% of the amount requested (minimum of \$50), must be submitted to the EDA prior to review and consideration. The fee is used to cover City expenses for processing said application and is non-refundable. Applications (complete with all exhibits and the application fee), received by the 5th of the month will be reviewed and acted upon by the EDA at their next regularly scheduled meeting. Applications deemed incomplete by the EDA staff or committee will be held over until the next month.
- 3. Applications are reviewed by City staff to determine conformity to all City policies and ordinances and to consider the following:
 - a. The availability and affordability of private mortgage credit;
 - b. The availability and affordability of other governmental programs;
 - c. Whether the proposed project will result in conformance with the building and zoning and related City codes.

8.2 **Project Review:**

- 1. The City of Saint Peter Community Development Director review each application in terms of its proposed activities in relation to its impact on the Saint Peter economic community. The Director will make a recommendation concerning funding of the proposed project to the EDA and, based upon the EDA recommendation, to the City Council for final approval of disbursements.
- 2. After receipt of the project cost summary or estimates, applicant's historical financial and projections of future revenues, the EDA will evaluate the project application in terms of the following:
 - a. Project Design - Evaluation of project design will include review of proposed activities, timeliness and capacity to implement.

- b. Financial Feasibility - Availability of funds, private involvement, financial packaging and cost effectiveness.
 - (1) Ratio of private funds to Saint Peter Economic Development Revolving Loan Funds shall be determined based on project eligibility, but a minimum threshold of \$1 private funds for \$1 Saint Peter Economic Development Revolving Loan Funds will be required.
 - (2) Determination of financial viability of the request. The determination will be completed and presented to the EDA Board for review. See Exhibit "A" to this policy statement.
 - (3) Letter of commitment from applicable business pledging to complete project during proposed project duration if loan application is approved.
 - (4) Letter of commitment from regulated financial institution stating terms and conditions of its' participation in project.
 - (5) The applicant may be required to obtain technical assistance from sources such as the Small Business Development Center prior to approval or release of funds.
- 3. All applications 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.
- 4. The City Council will have final review and approval.

9. **ORINATION**

The loan closing will be handled by City staff and/or their designee. At the closing the following documents will be executed:

- a. Promissory Note
- b. Loan Security Agreement
- c. First or Second Mortgage on property and/or other means deemed necessary
- d. A document authorizing automatic debit of borrower's accounts to pay loan obligations.

10. **RELEASE**

10.1 Upon full and final payment of the Promissory Note, City staff shall prepare, have executed, and have delivered to the Applicant all necessary documents to satisfy the Promissory Note, Loan Security Agreement, or Mortgage.

10.2 In the event less than all the Applicants wish to be released from their financial obligations under the Promissory Note, the Applicants shall complete the following requirements:

- 1. The Loan Applicant wishing to be released shall meet with the City staff to obtain information about the Saint Peter Economic Development Partial Release and obtain an application form.
- 2. A completed application form together with a processing fee equal to \$200.00, must be submitted to the City of Saint Peter Economic Development Authority prior to review and consideration. The fee is used to cover City expenses for processing

said application and is non-refundable. Applications (complete with all exhibits and application fee) that are received by the fifth (5th) of the month will be reviewed and acted upon by the EDA at its next regularly scheduled meeting. Applications deemed incomplete by EDA, staff, or committee will be held over until the next month.

3. The application will be reviewed by City staff to determine if it conforms to all City policies and ordinances and to consider the following:
 - a. The availability and affordability of private mortgage credit;
 - b. The availability and affordability of other government programs;
 - c. Whether the loan will retain its priority after release of the requester;
 - d. Whether the security of the loan will be unreasonably adversely impacted by release of less than all the applicants;
 - e. The remaining parties must qualify under all EDA loan policy guidelines.

EXHIBIT "A"

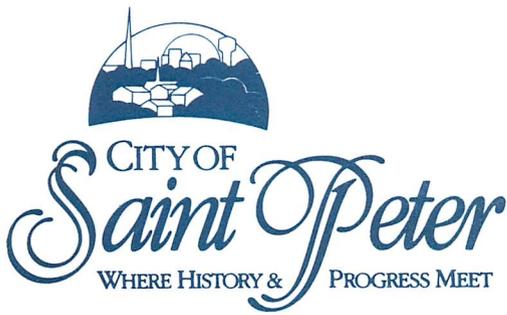
Financial Ratios Guide for Business applications:

1. Current Ratio: total current assets/total current liabilities:
 - a. A rough indication of the firm's ability to service its current obligations.
 - b. Higher the number 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. Higher 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 creditors.
 - b. A lower number provides more safety to creditors.
 - c. Leverage ratio (protection given to creditors by borrowers)
4. Other ratio's determined to be appropriate.

The Community Development Director should consult with local bankers for Robert Morris & Association (RMA) ratios for the new or existing business. The banker can print out the appropriate pages from the RMA guides and allow for the Community Development Director to make the determination and present to the EDA. The presentation to the EDA should consist of a narrative with ratio's showing the strengths and weaknesses of the credit.

Other:

1. Require Personal Financial Statement(s) from the borrower(s).
2. Require two (2) years history, balance sheet and income statements. Projections for a minimum of two (2) years if the business is a start-up.
3. Require a letter of commitment from the lending institution.
4. Comments in file explaining the exceptions to policy.
5. Require bids and/or quotes for expense.
6. Require appraisal of real estate or valuation of collateral securing the loan.
7. Credit reports, tax statements, previous UCC filings.
8. Documents are given to banks and the same copies can be given by the borrower(s) and to the Community Development Director.
9. Should the EDA request, banks can make the loans to clients and utilize the guarantee of the EDA/City without issue. However, under State law the bank must declare the exception under lending limits quarterly reports. Also, if the institution runs into lending limit issues, it may request the EDA complete the loan on its own or ask for cash deposits to guarantee the obligation so as to avoid exceeding its lending limit. Other internal issues may need to be worked out.



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 8/15/13

FROM: Todd Prafke
City Administrator

Paula O'Connell
Finance Director

RE: 2014 Preliminary Levy

ACTION/RECOMMENDATION

For your review and discussion.

BACKGROUND

Our goal for your meeting is to give you a preliminary look at the work being done for the 2014 General Fund Budget Year. It is our hope that you will hear the presentation tonight and provide any input knowing that you will also see this or very similar data at your first workshop in September with additional opportunity to review and make changes. Based on the State rules you will be asked to take action setting the preliminary budget at your meeting on September 9th.

We are recommending an increase in the levy for the 2014 budget year of \$112,443. As you may recall, the levy for the 2011 and the 2012-year stayed the same, it was increased by \$37,495 for the current year, and now it is proposed to maximize the levy limit by our allowed \$30,000 and the increase in debt service needs. This recommendation is based on a number of factors that we will outline in the memo below. The 2014 levy includes a number of assumptions and has no significant changes in our budget from the 2012 and 2013 years.

Councilmembers should note that with no change to net tax capacity, we estimate a change from the current Tax Rate of 50.67 to a tax rate of 53.41. Tax Rates for previous years are listed below:

2013	50.67
2012	49.00
2011	43.52
2010	43.39
2009	37.93
2008	43.72
2007	42.59
2006	40.72

The total general fund expenditures are proposed to go up \$359,610. This number is slightly down from the \$373,610 we showed two weeks ago and is a 6.04% increase over the 2013 budget. The 2014 Local Government Aid Notice has been received and we are certified to

receive \$2,908,508. This is an increase of \$292,382 over 2013. We believe this is an amount we can use without anticipation of further unallocation for the 2014 year.

Goals for this discussion are:

- Discuss process
- Provide an update on the 2013 projections and budget modifications
- Provide an update on the 2014 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. We hope to not get into the minutia of the budget exemplified by how many stamps we use or the number of handcuff keys we purchase, but rather focus 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 that modification in any of these areas has on other portions of the City business. The 2014 budget is based on the ideas expressed below.

LGA continues to make up a large portion of our General Fund budget. We are not looking for approval of the budget (that will come in December), but we are looking for some feedback about the direction we are headed. Obviously the budget does lead to a Levy need.

Let us outline the general process and we will visit a bit about how things might change from that point forward. Below are just a couple of the most important rules to keep in mind:

- You must certify the preliminary levy to the County by September 15th. We plan to ask for action on September 9th.
- Once that preliminary levy is certified, you may lower the amount, but it may not be increased.

The changes within the budget, as compared to 2013, are very small with a few specific exceptions:

- Street maintenance for 2014 is planned for a \$42,500 increase over your 2013 budget. To be clear, you may remember making a change and adding \$90,000 in April and another \$30,000 in July, so this increase would be less than the work completed in 2013 after the additional dollars were provided by the Council. This is a response to what we believe are increasing material costs and continuing to provide maintenance on one of your biggest investments that is very expensive to replace.
- Police capital expenses include computers, video and a copier in the amount of \$37,900.
- Municipal Building Maintenance of \$10,000 for carpet and major repair to an HVAC system has been moved to complete in 2014 instead of 2013.
- Parks will see \$19,000 in miscellaneous improvements.
- The Fire Department budget includes \$25,000 of replacement equipment that have certification issues and also garage door openers.
- The 2014 budget also includes an allocation of \$2,500 for the youth center.

- General Fund reserves will be lowered to a projected 46.3% of expenditures. This includes the use of \$80,445 to fund the 2014 operations. The percentage of Reserves is within your policy of 35% to 50% of years expenditures.

For 2014, 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 set by you, 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. In this case, the service levels are still based on the 2010 and 2011 budget modifications. Reserves are used for emergencies or efforts that are unknown to us at this time. In some past years we have used reserves for a deal that is too good to pass up. 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 and modify the budget. It may be important to note that once the legislative session starts in 2014 there is always the potential for a change in the ground rules. Election results and budget surpluses or deficiencies at the State level all influence those issues and right now, we do not have any supernatural ability to predict future outcomes.

We also believe the results from past budgets speak for themselves and that our budgeting philosophy has shown very positive results both from a financial and a service perspective. The positive results are that deviation from budget at the end of each year has been very small, as reported by the City's auditors. 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 nine years, local property taxes are more heavily depended upon to make your operations go.

Our Financial Position Today - The City, as reported by our auditors, is in very good financial shape. The General Fund ended the 2012 year with revenues over expenditures by \$421,131 and reserves increasing to \$3,483,074. The projected change to fund balance in 2013 is anticipated to decrease \$471,092 this is \$101,092 larger than the anticipated reductions due to bond prepayment (\$250,000) and additional street maintenance (\$120,000). Both of these expenditures were done according to the plan approved by the Council.

Working Plan Thus far - The 2014 budget is not balanced. Revenues will be lower than expenditures. 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% for the following years budgeted expenditures", we believe a \$66,445 use of fund balance is reasonable.

Based on the proposed budget we will have a projected fund balance of \$2,945,537 at the end of budget year 2014. Based on our current projections, the reserve percentage for the end of 2013 will likely be approximately 47.7%, and 2014 at 46.6%.

General fund expenditures are planned for an increase of \$359,610 driven by personnel costs, utilities, and capital purchases. 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, but this year we are relatively confident that the State will provide the levy of LGA promised for the 2014 year. Again, this budget is premised on your service level decisions for 2010 and 2011 and the budget modifications that resulted.

Some of the tools used to provide the 2014 budget year include:

- Enterprise funds have been estimated based on projected sales for the 2014 year, assuming rate increases and lower use possibilities in 2014. This is a very conservative approach, but we have seen consumption reductions at the initial rate increase. 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.
- Health insurance costs are budgeted with a 10% increase.
- Wage modifications for all union and non-union are about 3%.
- No significant changes in personnel levels with no position additions and no eliminations compared to the 2010 modification list and actual FTE in 2011-2013 budgets. In other words - no changes. The Streets Division still operates with an Equipment Operator position going unfilled.
- 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 for 2011-2013.
- Budget modifications, and in particular cuts articulated for the 2010 year, are also cut as a part of the 2014 budget.
- Fire Relief Association levy of \$10,000 for the 2014 year.
- Self-funding a higher deductible for Property/Casualty Insurance coverage across all funds. This is the same plan as we did in 2010-2013. After the claim deductibles are closed, the 2013 fund balance will be approximately \$275,000.
- 2013 Local Government aid is not planned to be reduced from the certified amount. We have an additional \$292,382 for 2014.
- Additional Debt related to the purchase of a fire truck. We have a seven year levy necessary for the debt service.
- The levy includes the additional \$30,000 allowed under levy limits, which will go to the general fund budget.

Projects in 2014 that are being planned include:

- Equipment Certificate for \$394,250. These potential purchases will be discussed closer to the final budget approval and are (not prioritized):
 - \$30,000 - Squad car
 - \$57,000 - City share of a new TRT Armored vehicle
 - \$26,000 - Turn out gear (Fire Dept) possible place holder if grant is available.
 - \$29,250 - share of \$65,000 mechanics service truck w/winch
 - \$200,000 – Street equipment
 - \$38,000 - Replace 1999 72" Toro mower
 - \$14,000 – Transit Bus

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

- Seal coating and patching work increase by \$42,500. (Compared to Budget 2013)
- A large maintenance or replacement of an air handler at City Hall and some hallway carpet replacement totaling \$10,000.
- Additional parks repairs of \$19,000 for enhancements to dugouts and picnic tables.
- We have planned no funding in the budget for Pavilion work as an amount is not known and our planning, thus far, has been to work to solicit “other peoples money” (OPM) once a scope is determined.
- There will be other modifications to fees, which are insignificant to the budget, but more reflective of actual costs.
- There is no funding for issues related to the development north of Union Street. These will be funded elsewhere.
- The budget includes Coalition of Greater Minnesota Cities (\$15,600) and Third Floor (\$2,500 by General Fund and the remaining amount by restricted funds).

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 that will come up in the near future.
- 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 modification to fees. (Yearly adjustments are always done)
 - Payment in lieu of taxes from other entities that are not taxed now.
 - Modification to assessment policies that put more burden on individual taxpayers rather than the general fund. The last changes you made put additional cost on General Fund by transferring alley skirting from assessable to be paid by the City.

- When to take savings from Insurance Fund.
 - Additional enterprise funds contributing to the general fund.
 - Targeted utility increases.
 - Franchise fees (Franchise fees as exemplified by a Natural Gas fee.)
 - 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 have increased due to cost savings, but there are still areas of volatility that could substantially influence the final 2014 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.
 - Budget modification from 2010 still influences us today. There is a long list of items that the Council has reviewed and Staff has moved forward with. These changes have led to modifications in the way we provide services including eliminating positions and reducing expenditures in many ways. We continue to be on target to maintain those savings, but if we don't meet the targets, the reserve outlook for ending 2013 would be reduced. Again, we are on track in this area, but it is important to be vigilant.
 - 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.

Market value numbers and tax capacities for the payable 2014 year are not fully available, but we are using a projection based on our knowledge of the tax capacity values.

Another important consideration is reserves. Our General Fund reserves have increased from 37.4% to 47.7% since the end of 2008 to the projected 2013 year, or in real dollars by about \$961,330. This has been planned so that we can meet some of the financial challenges that we face each year. This was done through cost savings and the budget modifications that you have reviewed and implemented. In addition, approximately \$210,000 in Enterprise Fund savings were realized and was planned to be transferred to the General Fund in 2011. We have not made that transfer, nor are we planning to make those transfers in the future. This is not an attractive option for the 2014 year as Utility Reserves have declined and Utility rates have climbed enough for those reserves to be necessary in those enterprise funds.

Generally speaking, an increase in your levy of \$10,000 means an increase in your tax rate of .24. A decrease in your levy of \$10,000 means a decrease in your tax rate of .24.

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 2013 year. That is something we can review, but again our mission here has been to tell you the cost to provide services as directed after the 2010 and 2011 budget modifications were put in place.
- Spend down the increase in reserves which lowers the gross levy but then it may make future years more difficult. We like the 2014 plan we have illustrated knowing that the high likelihood of things changing, especially as it relates to State funding beyond 2014. Again, this is part of that Fund Balance and policy discussion.
- Put more capital purchases on the equipment certificate, which would lower this year's levy but increase future year levies. There is \$125,280 of capital equipment remaining in the general fund budget. The converse of that is to spend reserve rather than issuance of Equipment Certificate. There are some interesting things we could do here but all certainly fall within the realm of Council 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...if we believe that changes to LGA and other funding sources is not just a one or two or three year blip, then changes to service levels or changes in taxes seem inevitable. If that is true, 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 2014 then in 2015 we discontinue it and then in 2016 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 fund or further lower existing debt with higher interest rates.

There are many, many more.

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.

TP/PO

CITY OF SAINT PETER
TAX THEORY
TAX LEVY: CERTIFY IN 2013, COLLECTIBLE IN 2014

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	Levy Limit Years				Levy Limit				
	Certified:	2009	2010	2011	2012	2013	2014	2015	2016
	Payable:	2010	2011	2012	2013	2014	2015	2016	2017
General Fund		835,682	832,925	1,275,614	1,275,614	1,305,614	1,370,895	1,439,439	1,511,411
\$ increase (decrease) in General Fund		297,281	0	90,490	0	30,000	65,281	68,545	71,972
% increase (decrease) in General Fund		33.48%	0.00%	7.64%	0.00%	2.35%	5.00%	5.00%	5.00%
Public Library		310,133	310,133	250,133	220,133	220,133	231,140	242,697	254,831
St. Peter Community Center		0	0	0	0	0	0	0	0
N Firefighter's Relief		16,690	24,600	10,000	10,000	10,000	10,000	10,000	10,000
Special Levies:									
A Bonded Indebtedness									
2002 Refunding Bond (CCC)		0	0	0	0	0	0	0	0
09 Public Project Revenue Bond (SPCC)		301,715	298,112	294,277	294,277	284,053	284,055	283,593	282,665
98 GO CO Refunding Bond (Pine Ridge)		0	0	0	0	0	0	0	0
B Certificates of Indebtedness									
Expired Equipment Certificates		0	0	0	0	0	0	0	0
'06 Equipment Certificate		40,000	0	0	0	0	0	0	0
'07 Equipment Certificate		34,200	34,200	0	0	0	0	0	0
'08 Equipment Certificate		63,180	63,180	51,372	0	0	0	0	0
'09 Equipment Certificate		69,300	67,462	65,720	63,977	62,049	0	0	0
'10 Equipment Certificate			35,200	34,300	33,400	32,500	31,425	0	0
'11 Equipment Certificate		0		21,995	21,425	20,850	20,235	19,605	0
'12 Equipment Certificate				14,600	48,900	53,000	48,900	48,900	0
'13 Equipment Certificate - Fire Truck		0	0	0	87,780	82,000	83,000	83,000	85,000
'14 Equipment Certificate						97,750	95,200	92,650	90,100
'15 Equipment Certificate							57,500	56,000	54,500
'16 Equipment Certificate								57,500	56,000
'17 Equipment Certificate									56,000
'18 Equipment Certificate									
C Bonds of another local unit of Gov't									
J Pera Employer rate inc. after 6/30/01		79,895	82,652	0	0	0	0	0	0
Unallotment --		269,547	269,547	0	0	0	0	0	0
Abatement for Nash Finch						0	2,975	2,975	2,975
Abatement for ISJ Clinic			23,000	23,000	23,000	23,000	23,000	23,000	23,000
Special Levies:		349,442	873,353	505,264	572,759	655,202	646,290	667,223	650,240
Levy applicable to levy limits:		1,670,900	1,167,658	na	na	1,535,747	1,612,034	1,692,136	1,776,243
TOTAL GROSS LEVY:		2,020,342	2,041,011	2,041,011	2,078,506	2,190,949	2,258,324	2,359,359	2,426,483
% increase(decrease) over prior levy		14.28%	1.02%	0.00%	1.84%	5.41%	3.08%	4.47%	2.85%
Tax Rate: City		43.39	43.52	49.00	50.67	53.41	54.51	56.38	57.41
Tax Rate: Total									
Taxable Market Value		492,259,900	484,053,400	430,696,300	424,206,500				
Exempt Market Value		231,922,800	277,106,400	277,106,400	277,106,400				
Net Tax Capacity		4,656,626	4,689,589	4,165,734	4,102,084	4,102,084	4,143,105	4,184,536	4,226,381

City Tax Comparison

0.0% increase in tax capacity

(This calculation doesn't reflect the reduction for homestead property tax relief)**

2014 tax capacity	4,102,084	2012 levy	\$ 2,201,956	City extension rate =	0.53679
2013 tax capacity	4,102,084	2011 levy	\$ 2,078,506	City extension rate =	0.50670

If, your taxable Market Value is	2014	2013	Annual	If, your taxable Market value increased 5%	2014	Annual
	<u>tax</u>	<u>final tax</u>	<u>change if MV stays the same</u>		<u>tax</u>	<u>Change from 2013</u>
<u>Residential value =</u>						
\$ 60,000	322.07	304.02	18.06	63,000	338.18	34.16
\$ 76,000	407.96	385.09	22.87	79,800	428.36	43.27
\$ 100,000	536.79	506.70	30.09	105,000	563.63	56.93
\$ 130,000	697.83	658.70	39.12	136,500	732.72	74.01
\$ 150,000	805.18	760.04	45.14	157,500	845.44	85.40
\$ 200,000	1,073.58	1,013.39	60.19	210,000	1,127.26	113.87
\$ 250,000	1,341.97	1,266.74	75.24	262,500	1,409.07	142.33
<u>4+ rental housing =</u>						
\$ 110,000	738.09	696.71	41.38	115,500	774.99	78.28
\$ 150,000	1,006.48	950.05	56.43	157,500	1,056.80	106.75
\$ 200,000	1,341.97	1,266.74	75.24	210,000	1,409.07	142.33
\$ 250,000	1,677.47	1,583.42	94.05	262,500	1,761.34	177.92
<u>Commercial/Industrial =</u>						
\$ 150,000	1,207.78	1,140.06	67.71	157,500	1,288.30	148.23
\$ 175,000	1,476.17	1,393.41	82.76	183,750	1,570.11	176.70
\$ 200,000	1,744.57	1,646.76	97.81	210,000	1,851.92	205.16
\$ 250,000	2,281.36	2,153.45	127.90	262,500	2,415.55	262.10
\$ 1,000,000	10,333.20	9,753.88	579.32	1,050,000	10,869.99	1,116.11

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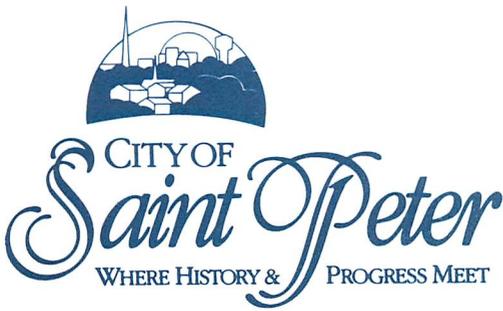
General Fund Revenue Summary

	2010	2011	2012	2013	2013	2014
	Actual	Actual	Actual	Budget	Projected	Proposed Budget
Property Taxes	1,065,312	1,021,425	1,324,535	1,275,614	1,275,614	1,305,614
Other Taxes	74,590	76,865	79,274	71,500	71,500	76,600
Licenses & Permits	308,545	149,557	163,689	132,920	133,390	130,720
State Grants and Aids	2,739,305	2,776,464	3,042,061	2,737,826	3,005,783	3,030,208
Administrative Fees	124,808	37,270	40,584	25,150	27,996	25,650
Police & Fire	118,366	121,704	129,908	106,500	111,650	111,500
Streets /Refuse Sales	17,291	16,684	18,534	14,700	14,800	14,800
Recreation	134,835	158,885	176,778	145,000	163,650	154,000
Fines & Penalties	80,067	81,530	91,342	83,000	79,000	79,000
Interest & Misc Income	149,947	135,782	168,316	51,952	51,156	41,752
Transfer from other Funds	0	13,550	0	0	0	0
Utility Fund Transfers	1,174,151	1,271,264	1,284,974	1,312,517	1,220,000	1,280,000
TOTAL REVENUES:	5,987,217	5,860,980	6,519,995	5,956,679	6,154,539	6,249,844
% increase (decrease) over prior year:	3.93%	1.74%	17.44%	-8.64%	3.32%	1.55%
% increase (decrease) over prior year budget:				1.63%	-5.61%	4.92%

General Fund Expenditure Summary

	2010	2011	2012	2013	2013	2014
	Actual	Actual	Actual	Budget	Projected	Proposed Budget
Mayor and Council	35,957	36,500	41,541	44,570	41,120	41,611
City Administrator	155,800	155,714	162,336	167,831	169,131	171,882
City Clerk	61,649	61,739	60,582	65,117	65,724	66,617
Elections	12,661	10,815	17,819	10,916	10,916	22,042
Finance Department	226,043	225,500	213,277	241,358	241,358	246,969
Legal Services	125,418	135,489	155,631	136,500	136,500	141,000
Municipal Building	81,279	93,216	90,665	95,571	84,571	98,241
Police Department	1,790,778	1,876,778	1,956,079	1,961,928	1,964,544	2,079,131
Fire Department	235,090	233,857	565,048	296,487	583,168	349,235
Building Inspections	185,228	173,902	171,248	180,118	180,378	188,673
Emergency Management	7,836	1,092	1,086	7,808	7,808	7,811
Community Service	81,102	77,914	79,714	79,389	83,389	86,312
Public Works Administration	114,868	93,471	80,956	84,707	84,879	88,704
Streets	902,496	1,097,409	1,028,945	1,037,668	1,105,818	1,123,298
Street Lighting	91,968	98,653	104,103	130,000	130,000	130,000
Senior Coordinator	26,057	29,017	29,921	32,400	31,350	33,040
Recreation and Leisure Services	319,560	332,210	329,414	336,671	339,833	347,928
Swimming Pool	144,457	144,672	169,272	217,716	217,206	170,503
Skating Rinks	12,642	11,326	9,121	12,062	11,362	11,965
Parks	578,459	619,793	598,018	640,971	668,530	702,355
Community Development	97,341	118,042	139,788	128,291	169,446	156,820
Unallocated - Insurance	20,788	19,614	18,636	20,000	20,000	21,052
Unallocated - Memberships	26,863	24,433	24,801	28,600	28,600	28,600
Unallocated - Miscellaneous	0	0	0	0	0	2,500
Total Expenditures	5,334,340	5,671,156	6,048,001	5,956,679	6,375,631	6,316,289
Other Transfers Out (In)	59,697	46,756	50,863	250,000	250,000	0
NET OPERATIONS:	593,180	143,068	421,131	(250,000)	(471,092)	(66,445)
% increase (decrease) over prior year:	-2.76%	6.31%	6.64%	-1.51%	5.42%	-0.93%
% increase (decrease) over prior year budget:						6.04%

Beginning Fund Balance	2,325,695	2,918,875	3,061,943	3,483,074	3,483,074	3,011,982
Ending Fund Balance	2,918,875	3,061,943	3,483,074	3,233,074	3,011,982	2,945,537
Percent of next year budget	51.5%	50.6%	58.5%	51.2%	47.7%	
Percent of same year budget						46.6%



Memorandum

TO: Todd Prafke
City Administrator

DATE: 08/29/13

FROM: Lewis Giesking *Lew*
Director of Public Works

RE: Washington Avenue Link Bid Award (part one) and Bid Date (part two)

INFORMATION/DISCUSSION

Information for City Council discussion and input.

The Washington Avenue Link Project was split into two parts as required by the Federal Highway Administration (FHWA). FHWA required the split based on funding sources. The Washington Avenue Link Project, part one, located on Washington Avenue from Sumner Street to 300 feet north of St. Julien Street, will be funded using only municipal state aid dollars. The Washington Avenue Link project, part two, located on Washington Avenue from 300 feet north of St. Julien Street to Dodd Avenue, will be funded using a combination of federal grant money, municipal state aid, and local utility funds.

The City Council authorized the receipt of bids for part one of the Washington Avenue Link Project and bids were received on August 20th. Four bids were received for the project and the low bidder was Nielsen Blacktopping in the amount of \$676,650.00. The engineers estimate for the project was \$653,224.00. Nielsen is proposing to perform the work during the spring and summer of 2014. Staff is proposing to bring this project to the City Council meeting on September 9th for consideration of award of the work.

However, staff will review the cost and funding for the entire project with the City Council, at workshop, before the council formally considers awarding a bid on part one of the project. The engineers have summarized the known and estimated costs for the project and the funding breakdown on page 2 of the attached memo. Construction costs have been rising over the last couple years while we have been waiting for FHWA approvals.

Staff will also provide a verbal report on the status of purchase of property for right away use and the disposition of the manufactured homes remaining on the site.

LGG/vwt



BOLTON & MENK, INC.[®]

Consulting Engineers & Surveyors

1960 Premier Drive • Mankato, MN 56001-5900

Phone (507) 625-4171 • Fax (507) 625-4177

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MEMORANDUM

Date: August 28, 2013
To: Lew Giesking
Director of Public Works
From: Jeffrey A. Domras, P.E.
Subject: Washington Avenue Link Funding

Bids were received for Part 1 of the Washington Avenue Link project on Tuesday, August 20th. Part 1 includes construction of sidewalk along both sides of Washington Avenue and improvements to Washington Avenue and frontage road between Sumner and St. Julien Streets. This portion of the project is planned to be funded entirely with Municipal State Aid (MSA) funds. Part 2 of the Washington Avenue Link project is located between St. Julien Street and Dodd Avenue and is planned to be funded with a combination of federal, MSA and local funds.

Four bids were received for Part 1 of the project. Bids ranged between \$676,650 and \$787,959. The low bid was about 3.6% more than our estimate of \$653,224. Nielsen Blacktopping was the low bidder.

Contractors were provided two construction windows for bidding the work. The windows included completing all work either this fall or next spring but in no case, starting this fall and carrying work over until next spring. Nielsen Blacktopping's construction schedule is full for this year so they will begin construction on Part 1 next spring.

We have been recently notified that plans for Part 2 of the project have been approved by MnDOT. Therefore, we are tentatively planning a bid opening for November. We believe that postponing the bid opening until November provides three benefits. First, it provides the City additional time to negotiate purchase of the Summit Park property; second, it allows more contractors to bid the work and third, it doesn't allow construction to begin in the fall and carry over until next spring.

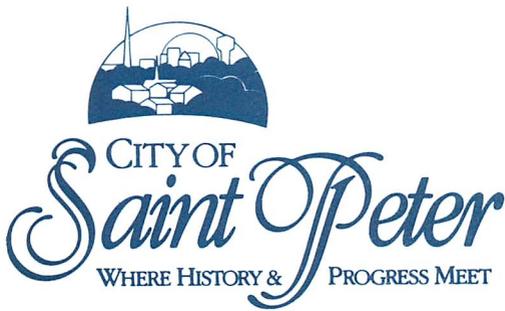
As previously noted, funding for Part 2 of the project will be from a combination of federal, MSA and local funds. Funding for both segments of the project is noted below. As previously determined, our current MSA funding will not be adequate for completing the project.



Project	Federal	MSA	Local	MSA Balance
January 2013 MSA Account Balance				\$868,154
Washington Ave Link ROW (to date)		\$438,424		\$429,730
Washington Ave Link ROW (design eng)		\$289,000		\$140,730
Washington Ave Link ROW (estimate of remaining)		\$861,576		(\$720,846)
Part 1 Washington Ave Link Const		\$676,650		(\$1,397,496)
Part 1 Washington Ave Link Const Engr, Testing,		\$156,800		(\$1,554,296)
Part 2 Washington Ave Link (Includes Const, Engr)	\$1,405,000	\$2,045,000	\$383,000	(\$3,599,296)
Total	\$1,405,000	\$4,467,450	\$383,000	

Please let me know if you have any questions.

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Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 8/15/13

FROM: Todd Prafke
City Administrator

RE: Welco West RFP Update

ACTION/RECOMMENDATION

For your information and discussion.

BACKGROUND

As the Council is aware and based on your direction, I have had additional conversations with the County Commissioners and their staff about Welco West Subdivision and the potential acquisition on the property. The acquisition is based on goals that might be articulated as follows:

- Get these many parcels back on the tax rolls as quickly as possible.
- Promote development that meets the needs identified as a part for the 2012 Housing Study completed by Community Partners.
- Enhance speed and opportunity to receive past due and future taxes, assessments and fees for the City, County and the School District.
- A process that allows qualified developers to participate.

Please find attached a draft of the proposed RFP and the attachments that I hope to use.

The subdivision, Welco West, has become tax forfeit and based on State Statute the City has an ability to request conveyance of the property to the City based on specific criteria. The property is Zoned R-3 and is in a Planned Unit Development Overlay District.

This parcel is arguably of more interest to the City since assessments are still due for the development. In addition, this is a tract that can support housing which, as you know, is an issue that has been discussed in your 2012 Housing Study.

I have pursued the acquisition based on the following plan which includes the development of a Request for Proposals (RFP). The RFP is put together much like a bid process, but allows developers to be creative with land use, development, and design as they make a proposal(s) to the City Council for review. The Council would review all proposals based on the individual merit of each one. This could be done in a timeframe that allows work to occur late this fall or

next spring depending on the proposal that you might receive. This process seems agreeable to the County and I have provided a copy to them for their review by the end of the week. If all goes well, the Council would select a proposal, then that proposal would be reviewed with the County and the property would then flow from the County to the City to the selected developer.

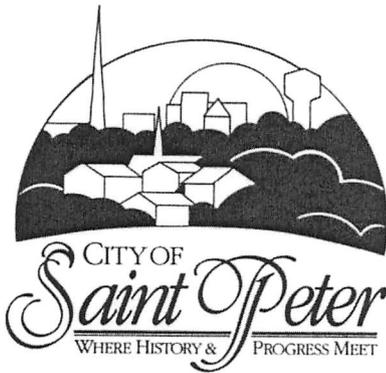
The R-3 Zoning and Planned Unit Development Overlay would provide some flexibility to the Council and a Developer in establishing a plan that could meet a variety of needs within our marketplace.

This is good for the community in a number of ways. It can help return the property to paying taxes more quickly. This process would provide opportunity for the City Council to push the development in ways that better meets our needs. I believe it also increases our opportunity to receive all of our assessments back in the long term.

I expect the out of pocket costs to be in the \$2,000 to \$5,000 range including legal fees and notices.

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

TP/bal



CITY OF SAINT PETER, MINNESOTA

REQUEST FOR PROPOSALS FOR LAND DEVELOPMENT

August 27, 2013

The City of Saint Peter is soliciting proposals from qualified developers to purchase, own and develop a parcel of land approximately XX acres in size and commonly known as "Welco West". This parcel is currently in tax forfeiture and will be transferred to the developer under the conditions proposed and negotiated for development.

The successful proposal must include the following information:

- Name, address, phone and email of the Respondent provided on the attached form.
- A list of the Respondent's principles or owners.
- A list of at least two other developments of greater than 5 acres or 50 housing units that have been previously completed by the Respondent including name of development, number of housing units and location.
- Respondent should articulate via narrative and/or illustration (map or concept drawing) a plan for the development or redevelopment of the site. This may include re-plating, moving of utilities, placement of sidewalks or trails, green space placement, demonstrated connections to current roads, sidewalks and utilities, and/or any other changes the Respondent believes meets the needs of the City and the Respondent's needs for profitability. These may be submitted in "concept" and full engineering is not required at this time.
- Respondent should identify the intended specific use of the property either through narrative or illustration (map, pictures, concept drawings) showing the type of housing that is proposed. Illustration of housing and type is suggested.
- A timeline for development should be proposed, including but not limited to, phasing, any utility work required, building of housing and the type of housing proposed. (Example..."We plan to build 7 duplexes on parcel numbers xxx-xxx the first of which will be ready for occupancy by June of 2014 and the last of which will be ready for occupancy by the end of December of 2015".)
- Respondent should include information that it believes helps the City Council understand the vision for development and how the developer will make that vision become a reality.
- Respondent should articulate financial terms of the transaction or sale of the land. This may include cash price, overall price to be paid, other sale terms including but not limited to the payment of assessments, back taxes and other fees. This may be done by providing a payment at time of closing with assessment to be paid as lots sell or over a specified period of time or other alternatives needed by the respondent to ensure the development's financial success and Respondents ability to complete the full development. As this is a Request for Proposals the City asks that Respondent specifies what Respondent believes to be reasonable as to the price, terms and conditions of sale. The minimum cash needed at time of closing is \$100,000.
- Respondent must provide a letter from a Federal or State Chartered Bank that confirms the financial ability of the Respondent to meet the proposed terms of transaction. The bank correspondence must state whether the Respondent has sufficient assets (i.e. money) to complete the purchase based on the terms proposed.
- A Bid Bond or certified check payable to the City of Saint Peter is required at time of

proposal in the amount of \$10,000. If the proposal is withdrawn before within sixty (60) days of submission the bid bond/certified check shall be forfeited to the City. Bid security submitted by Respondents not selected by the City of Saint Peter will be returned within 30 days of the selection or December 2, 2013 whichever comes first.

- Respondents may be asked to provide a City Council presentation of 30 to 60 minutes in length illustrating the qualifications and experience of the firm and the plan for development. In addition the respondent must provide personal access to the firms Principle or Project Manager on or around October 7, 2013 at 5 p.m.
- The Council prefers to sell all parcels to one respondent.

The City Council has a number of articulated goals for use of this RFP process. Those goals are:

- Promote development that meets housing needs as identified as part of the City's 2012 Housing Study which was completed by Community Partners and which is available for review on the City of Saint Peter website at <http://www.saintpetermn.gov/sites/default/files/documents/2012SaintPeterHousingStudy.pdf>
- Promote development that meets the needs and goals as set out in the City of Saint Peter's Comprehensive plan which is available for review on the City's website at <http://www.saintpetermn.gov/sites/default/files/documents/2012SaintPeterHousingStudy.pdf>
- Return the parcels to the tax rolls as quickly as possible.
- Enhance speed and opportunity to receive past due and future taxes, assessments and fees for the City, County and the School District.
- Provide for a process that is open.

All proposals submitted shall be valid for a period of sixty (60) days. The City process for transaction will be to enter into a Development Agreement that will be used as the legal document to articulate the agreed to plan for development. Transfer of property will be made via a process that includes the Development Agreement, a Purchase Agreement and then a deed provided at time of closing. Other documentation may be requested and required depending on the nature of the Respondent's proposal. Respondent is responsible for its cost related to closing.

The City reserves the right to reject any and all proposals, to waive irregularities and informalities therein and to accept the proposal to any respondent if, in the City's discretion, the interest of the City would be best served thereby.

Deadline for receipt of proposals by the City Administrator's Office is 5:00 p.m. on Tuesday, October 1, 2013

Five copies of the proposals shall be submitted in an opaque envelope addressed as follows:

WELCO WEST DEVELOPMENT PROPOSAL
ATTN: CITY ADMINISTRATOR
227 SOUTH FRONT STREET
SAINT PETER, MN 56082

For questions relating to this proposal, please contact Todd Prafke, City Administrator at City of Saint Peter, 227 South Front Street, Saint Peter, Minnesota 56082 (507)934-0663.



CITY OF SAINT PETER, MINNESOTA

REQUEST FOR PROPOSALS FOR LAND DEVELOPMENT

Name of Respondent: _____

Address: _____

Phone #: _____

Email address: _____

Name of Principle or owner submitting proposal:

Title: _____

Signature: _____

Date _____

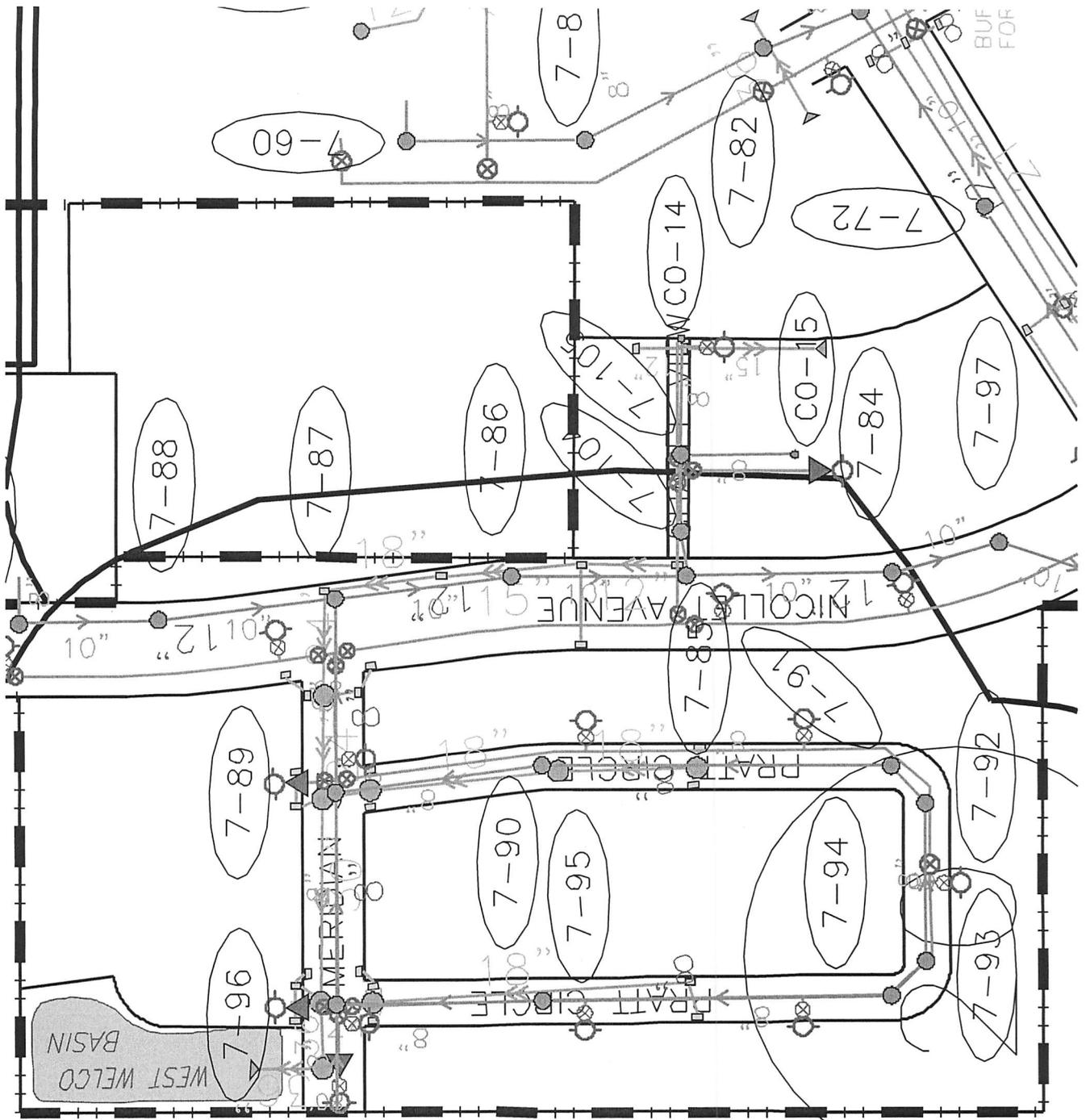
Deadline for receipt of proposal by the City Administrator's Office is 5:00 p.m. on Tuesday, October 1, 2013

Five copies of the proposals shall be submitted in an opaque envelope addressed as follows:

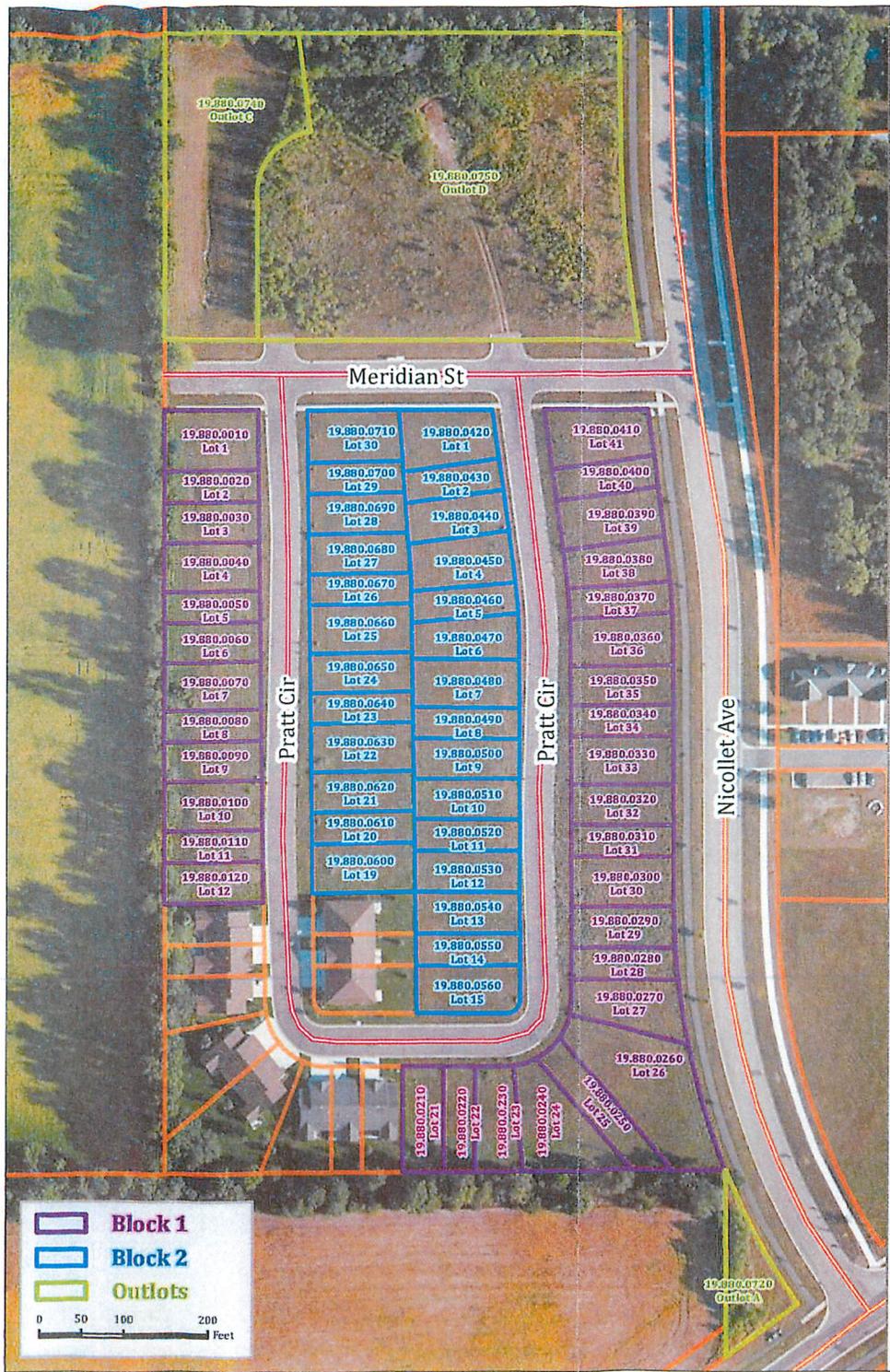
**WELCO WEST DEVELOPMENT PROPOSAL
ATTN: CITY ADMINISTRATOR
227 SOUTH FRONT STREET
SAINT PETER, MN 56082**

For questions relating to this proposal, please contact Todd Prafke, City Administrator at City of Saint Peter, 227 South Front Street, Saint Peter, Minnesota 56082 (507)934-0663.

WELCO WEST WATER, SANITARY SEWER, STORMSWER

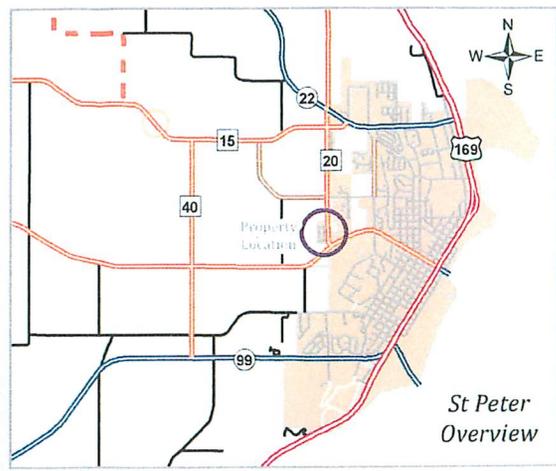


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Block 1	Lot 1	19.880.0010	2081 PRATT CIR
	Lot 2	19.880.0020	2079 PRATT CIR
	Lot 3	19.880.0030	2077 PRATT CIR
	Lot 4	19.880.0040	2075 PRATT CIR
	Lot 5	19.880.0050	2073 PRATT CIR
	Lot 6	19.880.0060	2071 PRATT CIR
	Lot 7	19.880.0070	2069 PRATT CIR
	Lot 8	19.880.0080	2067 PRATT CIR
	Lot 9	19.880.0090	2065 PRATT CIR
	Lot 10	19.880.0100	2063 PRATT CIR
	Lot 11	19.880.0110	2061 PRATT CIR
	Lot 12	19.880.0120	2059 PRATT CIR
	Lot 21	19.880.0210	2041 PRATT CIR
	Lot 22	19.880.0220	2039 PRATT CIR
	Lot 23	19.880.0230	2037 PRATT CIR
	Lot 24	19.880.0240	2035 PRATT CIR
	Lot 25	19.880.0250	2033 PRATT CIR
	Lot 26	19.880.0260	2031 PRATT CIR
	Lot 27	19.880.0270	2029 PRATT CIR
	Lot 28	19.880.0280	2027 PRATT CIR
	Lot 29	19.880.0290	2025 PRATT CIR
	Lot 30	19.880.0300	2023 PRATT CIR
	Lot 31	19.880.0310	2021 PRATT CIR
	Lot 32	19.880.0320	2019 PRATT CIR
	Lot 33	19.880.0330	2017 PRATT CIR
	Lot 34	19.880.0340	2015 PRATT CIR
	Lot 35	19.880.0350	2013 PRATT CIR
	Lot 36	19.880.0360	2011 PRATT CIR
	Lot 37	19.880.0370	2009 PRATT CIR
	Lot 38	19.880.0380	2007 PRATT CIR
	Lot 39	19.880.0390	2005 PRATT CIR
	Lot 40	19.880.0400	2003 PRATT CIR
	Lot 41	19.880.0410	2001 PRATT CIR
Block 2	Lot 1	19.880.0420	2000 PRATT CIR
	Lot 2	19.880.0430	2002 PRATT CIR
	Lot 3	19.880.0440	2004 PRATT CIR
	Lot 4	19.880.0450	2006 PRATT CIR
	Lot 5	19.880.0460	2008 PRATT CIR
	Lot 6	19.880.0470	2010 PRATT CIR
	Lot 7	19.880.0480	2012 PRATT CIR
	Lot 8	19.880.0490	2014 PRATT CIR
	Lot 9	19.880.0500	2016 PRATT CIR
	Lot 10	19.880.0510	2018 PRATT CIR
	Lot 11	19.880.0520	2020 PRATT CIR
	Lot 12	19.880.0530	2022 PRATT CIR
	Lot 13	19.880.0540	2024 PRATT CIR
	Lot 14	19.880.0550	2026 PRATT CIR
	Lot 15	19.880.0560	2028 PRATT CIR
	Lot 19	19.880.0590	2060 PRATT CIR
	Lot 20	19.880.0600	2062 PRATT CIR
	Lot 21	19.880.0610	2064 PRATT CIR
	Lot 22	19.880.0620	2066 PRATT CIR
	Lot 23	19.880.0630	2068 PRATT CIR
	Lot 24	19.880.0640	2070 PRATT CIR
	Lot 25	19.880.0650	2072 PRATT CIR
	Lot 26	19.880.0660	2074 PRATT CIR
	Lot 27	19.880.0670	2076 PRATT CIR
	Lot 28	19.880.0680	2078 PRATT CIR
	Lot 29	19.880.0690	2080 PRATT CIR
	Lot 30	19.880.0700	2082 PRATT CIR

Welco Development



Notes

This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of information from various sources and is to be used for reference purposes only. Nicollet County is not responsible for any inaccuracies herein contained. If discrepancies are found, please contact the Nicollet County Office of Technologies.