City Council Work Session
Tuesday, September 7, 2021 at 6:15 PM or Immediately following a 6:00 pm Optional Tour of the new Water Treatment Plant(812 8th Ave NW)
Council Chambers

AGENDA

1. Call to Order/Roll Call
2. Items for Discussion
   A. Budget Work Session #5: Special Revenue and Enterprise Funds
   B. Parkland Dedication Discussion
   C. Downtown Block 45 Alley Options
3. Future Discussion
4. Adjournment

Please contact the City Administrator's Office if you need special accommodations while attending this meeting

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Tim Murray, City Administrator
FROM:	Jeanne Day, Finance Director
MEETING DATE:	September 7, 2021
SUBJECT:	Budget Work Session #5: Special Revenue and Enterprise Funds

Discussion:
We will continue with the series of budget work sessions over the next couple of months, along with two meetings open for public comment, that will ultimately be used to first, set the preliminary tax levy in September, and second, set the final tax levy as well as approve the overall 2022 budget and adopt the 5-year Capital Improvement Plan in December.

In this fifth budget work session we will be going over the proposed Special Revenue Fund budgets (17), and the Enterprise Fund Budgets (3).

Special Revenue Funds
The Special Revenue Funds consist of five City, three HRA, and twelve EDA funds, including seven TIF Districts. These funds consist of $3,659,171 in total revenues and $5,028,319 in total expenditures. Of these funds, the City levies for the Airport (225) and Community Development Administration (240). These funds are reducing the reliance on the levy over the next few years. The Faribault HRA (280) and the Faribault EDA (290) have their own taxing authority. These following four funds will be the focus of the discussion, although budget information is attached for all the funds listed.

Airport Fund (225) provides for the operation, maintenance, and improvement of the Faribault Municipal Airport. The City uses contract services from a Fixed Base Operator (Quality Aviation, since 2000), who provides day-to-day management and maintenance services for the airport. The Airport Fund's primary revenue sources are land leases for privately owned hangar sites, building rents for City-owned hangar space, and federal and state funds, and $10,000 of the operating levy. The Airport budget reflects the costs for operating and maintaining the airport, including supplies, other services and charges, and capital outlay.

It is being proposed that this fund utilizes fund balance to balance the budget and not increase the levy. This will be recouped in 2023 when the annual $61,500 debt service is defeased. Within the attached details there are swings within intergovernmental revenues which are affiliated with various grants received for capital projects within various years.

Revenues\Expenditures	2020 Actuals	2021 Adopted	2022 Preliminary
Taxes	$29,967	$20,000	$10,000
Intergovernmental	$562,802	$78,636	$844,590
Charges for Services	$117,942	$126,845	$129,932
Miscellaneous Revenue	$1,584,745	$9,000	$7,500
Operating Transfers	$10,000	$0	$0
Total	**$2,305,455**	**$234,481**	**$992,022**
Supplies	$5,314	$7,850	$7,750
Other Svcs & Charges	$222,898	$184,636	$185,924
Capital Outlay	$1,810,900	$155,000	$820,000
Total	**$2,039,112**	**$347,486**	**$1,013,674**

Community Development Administration Fund (240) provides the administration, management, and oversight of the Community and Economic Development Department. General program responsibilities include: public housing, housing assistance, home ownership assistance, housing and commercial rehabilitation, community development and redevelopment, economic development, property management, special projects, and historic preservation. Additionally, the department serves as a liaison to the following boards and commissions: Faribault Housing and Rehabilitation Authority (HRA), Faribault Economic Development Authority (EDA), Elderly Housing Corporation, Heritage Preservation Commission, Planning Commission, and the Airport Zoning Board. This fund receives $198,451, of the operating levy, $426,275 additional operating levy for tax abatements, as well as $229,385 in administrative fees and $80,758 in housing maintenance fees.

The Community Development Administration Fund is budgeted at $1,030,003, which is an increase of $91,832. The property tax levy is proposed to increase by $5,185 to help support this increase.

Revenues\Expenditures	2020 Actuals	2021 Adopted	2022 Preliminary
Taxes	$163,472	$619,541	$624,726
Franchise Fees	$0	$0	$0
Charges for Services	$385,659	$281,132	$310,143
Miscellaneous Revenue	$31,361	$10,000	$10,000
Total	**$580,491**	**$910,673**	**$944,869**
Personnel Services	$531,171	$541,399	$562,321
Supplies	$6,134	$7,450	$4,950
Other Svcs & Charges	$19,276	$34,383	$36,457
Tax Abatement	$0	$354,939	$426,275

Operating Transfers	$0	$0	$0
Total	**$556,581**	**$938,171**	**$1,030,003**

HRA Fund (280) and EDA Fund (290)
These funds have their own special levy authority based on Minnesota State Statute. The HRA and EDA both proposed to levy 100% of their taxing authority.

The HRA is responsible for home ownership programs, property management, housing rehabilitation and related public improvements and land acquisitions. These programs are administered by the Community Development Department, which serves on a contractual basis, as agent for the HRA. Multiple funds are utilized to provide these services and are supported by $309,820, an increase of $13,920, in a HRA tax levy and $125,734 in administrative fees.

The EDA is generally responsible for administration of tax increment financing districts, industrial development and redevelopment, business recruitment and retention, commercial rehabilitation, and related public improvements, and marketing. These programs are administered by the Community and Economic Development Department, which serves as agent for the EDA. Multiple funds, including seven TIF Districts, are utilized to provide these services and are supported by $303,623 in property taxes, an increase of $13,641, in an EDA tax levy.

Each Board will be making recommendations for their budgets this fall. Detailed drafts are attached.

Enterprise Funds

The three Utility Funds of the City consist of the Water Fund, Sewer Fund, and Storm Water Fund. These funds are classified as enterprise, or proprietary funds, relying on user fees to support the operations, infrastructure, and capital improvements of the utility funds. The Utilities are supported by the Public Works Director, 2 Superintendents, 2 Forepersons, and 10 Water/Sewer Operators.

Water Fund (601)
The Water Fund operates with a customer base of 7,554 meters. The Water Fund finances the infrastructure which is supplied with ground water from five active wells, two pumping stations, and 133 miles of infrastructure throughout the City managed through three major storage reservoirs and one water tower. In 2019, the City began construction of a new water treatment plant for filtration and chemical additions that will be completed in 2021.

Water rates are comprised of two components; a fixed rate and a consumption rate. The fixed rate is determined by the fixed costs of operation that do not change with the amount of water pumped, treated, and consumed. This includes meters & service, billing & collection, debt service and other fixed costs. The consumption rates are established in a tier rate structure established in 2011 to comply with legislative conservation efforts. The consumption rates are established for three customer types: residential, commercial, and industrial. Consumption rates cover all variable costs associated with pumping, treating, and delivery of quality water.

Both of these rate types were increased beginning in 2018 based on a Water Rate Study completed in anticipation of debt service for a water treatment plant. Based on this study, the 2022 rates will require the increases proposed to provide additional revenue to cover the debt service payment of approximately $610,000 beginning in 2020, as well as inflation. The water rates have a projected need to increase the base fee by 16.5%, or $1.75 per month for residential customers, and the consumption rate by 4.0%, or $0.44 per month for average residential customer.

The Water Availability Charge (WAC) is recommended to increase $117.50, totaling $1,500, in 2022, based on the 2016 Water Rate Study as well. The WAC fees are budgeted at $50,000 in revenue for 2022.

Staff has established the following budget which includes the proposed rate increase. This budget reflects proposed capital improvements. Depreciation and excess revenues have been utilized to build a reserve and are available to fund depreciation and future capital projects or purchases. The proposed budget will tap into those reserves for that very purpose.

Revenues\Expenditures	**2020 Actuals**	**2021 Adopted**	**2022 Preliminary**
Charges for Services	$3,529,388	$3,656,925	$3,902,687
Miscellaneous Revenue	$251,426	$51,700	$125,700
Other Sources	$600,157	$0	$0
Total	**$4,380,971**	**$3,708,625**	**$4,028,387**
Personnel Services	$525,031	$597,379	$579,493
Supplies	$348,831	$349,460	$348,300
Other Svcs & Charges	$1,300,025	$1,793,461	$1,723,374
Capital Outlay	$14,076	$1,828,811	$1,969,500
Other Uses	$144,306	$653,043	$653,383
Total	**$2,332,269**	**$5,222,154**	**$5,274,050**

The Water Fund has a PFA loan for $10,205,719 which was secured in 2019 to construct the water treatment plant. The annual payments are not established yet as the funds are not fully expensed and a full amortization schedule has not been created. The final payment will be made in 2039.

Sewer Fund (602)

The Sewer Fund operates with a 7,211 customer base throughout the City as well as Roberds Lake. The Sewer Fund finances the operation and maintenance of the city's wastewater collection and treatment system through 2 separate divisions. The collection system division functions consist of cleaning, inspecting, and repairing sewer lines and lift stations to ensure the consistent, trouble free conveyance of wastewater to the reclamation facility for treatment. The water reclamation division provides for the operation of the Water Reclamation Facility, which collects and treats all wastewater from the collection system.

Similar to the Water Fund, there is also a fixed charge along with a consumption charge. The fixed rate is a similar rate across all user classes, and the consumption rate is broken out between residential/commercial/industrial and significant industrial users. The residential rate shall not exceed a maximum of $35 per month and there are no sewer charges for a designated irrigation meter. Approximately 10.75% of customers reached this cap in June 2020.

The City's sewer rates had a 0% increase in 2020 and 2021 and are proposed to remain the same for 2022. These rates continue to remain low in comparison to neighboring communities. The following budget also proposes a 0% increase in the Sewer Availability Charge.

Staff has established the following budget which includes the proposed rate freeze. It does include proposed capital improvements. Depreciation and excess revenues have been utilized to build a reserve and are available to fund future capital projects or purchases. The proposed budget will tap into those reserves for that very purpose.

Revenues\Expenditures	**2020 Actuals**	**2021 Adopted**	**2022 Preliminary**
Charges for Services	$6,546,425	$5,635,000	$5,385,000
Miscellaneous Revenue	$412,855	$77,000	$205,000
Other Sources	$76,287	$0	$0
Total	**$7,035,568**	**$5,712,000**	**$5,590,000**
Sewer			
Personnel Services	$484,869	$487,469	$534,707
Supplies	$72,841	$63,625	$63,325
Other Svcs & Charges	$754,303	$782,538	$788,643
Capital Outlay	$15,968	$1,396,870	$999,500
Other Uses	$105,000	$105,000	$105,000
Total	**$1,432,981**	**$2,835,502**	**$2,491,175**
Water Reclamation Facility			
Personnel Services	$948,345	$944,529	$967,512
Supplies	$436,193	$371,050	$377,050
Other Svcs & Charges	$2,108,825	$2,418,061	$2,454,643
Capital Outlay	$0	$2,165,000	$145,000

Other Uses	$427,580	$1,602,603	$1,602,156
Total	**$3,920,942**	**$7,501,243**	**$5,546,361**

The Sewer Fund has a PFA loan for $23,332,461 which was secured in 2009 to upgrade the wastewater treatment plant. The annual payment is approximately $1,497,000 and the final payment will be made in 2029.

Storm Water Fund (603)

The Stormwater Fund is utilized to provide the operation, maintenance and repair of the storm water conveyance system, including 88 miles of infrastructure and implementation of the city-wide Stormwater Pollution Prevention Program (SWPPP) for compliance with the NPDES Municipal Separate Storm Sewer System (MS4) permit program, which authorized the City to discharge stormwater runoff. Infrastructure and storm water facilities are properly maintained to manage, convey, and treat storm water runoff. In addition, infrastructure improvements are constructed and repaired as deemed necessary.

There are 16,505 RLEs within the City. RLEs are Residential Lot Equivalent, which equals 3,500 square feet of impervious surface. Each single-family residential property is considered to be one RLE. The other developed property is individually assigned a certain number of RLEs based on property size, impervious surface, and calculated storm water runoff.

Stormwater revenue is mainly generated through the stormwater rate charge per RLE throughout the City. Based on a rate study in 2017, rate increases were proposed at 14.5%. The study also included a phase out of credits over a four-year period. The 2022 rate would be $6.53/RLE based on the study.

Staff has established the following budget which includes the proposed rate increase. This budget does not reflect proposed capital improvements. Depreciation and excess revenues have been utilized to build a reserve and are available to fund depreciation and future capital projects or purchases. The proposed budget will tap into those reserves for that very purpose.

Revenues\Expenditures	**2020 Actuals**	**2021 Adopted**	**2022 Preliminary**
Charges for Services	$990,687	$1,120,643	$1,282,004
Miscellaneous Revenue	$79,294	$22,500	$40,500
Other Sources	$41,691	$0	$0
Total	**$1,111,672**	**$1,143,143**	**$1,322,504**
Personnel Services	$196,022	$234,495	$249,496
Supplies	$41,472	$36,600	$38,650
Other Svcs & Charges	$444,188	$563,442	$572,282
Capital Outlay	$20,040	$665,000	$1,050,000

Other Uses	$0	$0	$0
Total	**$701,721**	**$1,499,537**	**$1,910,428**

The large street and infrastructure improvement projects place a difficult burden on the fund to pay for the portions of the projects related directly to the storm water system. With the proposed rate increases, the fund will gradually generate sufficient revenues.

The three enterprise funds are projected to maintain affordable rates and capture the reserves to adequately fund projected future needs and remain compliant with the City Fund Balance Policy updated in 2018. With the implementation of the rate increases to the water and stormwater rates in accordance with their respective rate studies. The overall impact on an average residential utility bill would be $3.44 per month or $40.08 annually.

Property Tax Levies

The early estimates from the County include a taxable market value of $1,669,665,900. The net tax capacity is $20,517,036 without TIF. These are the best numbers available until September 15^{th}. This is an increase of $1,177,675, or a 6.09% increase.

With the proposed 2022 budgets the Net Tax Levy would increase by $592,268, or 5.83%. This would equate to a 0.25% decrease to the City Tax Rate. This would be a $2.41 decrease on a $175,200 Residential Homestead, $6.66 decrease on a $250,000 Commercial/Industrial, and $14.50 decrease on a $500,000 Commercial/Industrial property.

With combined utility rate increases and current levy increases, a median valued Residential Homestead at $175,200 would see an increase of cost to the City of $37.67 for the year.

Attachments:

1. 2022 Special Revenue Funds Revenue Summary
2. 2022 Special Revenue Funds Expenditure Summary
3. 2022 Special Revenue Funds Detail
4. 2022 Enterprise Funds Detail
5. 2022 Estimated Tax Levy
6. Presentation Budget Work Session #5 Special Revenue & Enterprise Funds

SUMMARY OF REVENUES BY FUND
2022 BUDGET

FUND	2019 ACTUAL	2020 ACTUAL	2021 ADOPTED	2022 PRELIMINARY	Change
Special Revenue Funds:					
Charitable Gambling (210)	$ 36,639	$ 31,136	$ 28,850	$ 33,000	$ 4,150
Public Safety Programs (215)	5,834	4,123	3,700	3,900	200
Airport (225)	1,374,488	2,305,455	234,481	992,022	757,541
Community Development					
City Rental Property (211)	25,598	14,848	13,900	14,100	200
Revolving Loan Funds - City (245)	250,796	4,693	1,200	-	(1,200)
Community Development (240)	626,597	580,491	910,673	944,869	34,196
Rental Housing Rehabilitation (244)	6,316	5,868	1,800	3,000	1,200
SCDP Revolving Loan Programs (247)	20,981	14,552	4,764	5,864	1,100
Faribault HRA					
Public Housing Fund (241)	320,109	374,037	521,400	517,100	(4,300)
CRV Rehabilitation Program (254)	670	1,408	500	750	250
Faribault HRA (280)	380,211	411,143	432,634	461,991	29,357
Faribault EDA					
Industrial Development Loan (243)	9,858	10,870	3,000	3,900	900
Federal MIF Loans (248)	20,930	19,446	9,000	9,000	-
Minnesota Investment Funds (249)	270	437	50	200	150
Faribault EDA (290)	460,564	278,182	295,365	312,206	16,841
Economic Development Revolving Loan (292)	14,756	15,768	6,907	9,607	2,700
Tax Increment (263-270)	183,095	184,623	202,108	347,662	145,554
Total Special Revenue Funds	**$ 3,737,713**	**$ 4,257,080**	**$ 2,670,332**	**$ 3,659,171**	**$ 988,839**

SUMMARY OF EXPENDITURES BY FUND
2022 BUDGET

FUND	2019 ACTUAL	2020 ACTUAL	2021 ADOPTED	2022 PRELIMINARY	Change
Special Revenue Funds:					
Charitable Gambling (210)	$ 56,182	$ 23,573	$ 25,550	$ 31,500	$ 5,950
Public Safety Programs (215)	2,136	870	44,900	1,000	(43,900)
Airport (225)	1,583,839	2,039,112	347,486	1,013,674	666,188
Community Development					
City Rental Property (211)	$ 15,740	$ 10,951	$ 8,773	$ 8,367	$ (406)
Community Development (240)	728,452	556,581	938,171	1,030,003	91,832
Rental Housing Rehabilitation (244)	-	-	100,000	100,000	-
Revolving Loan Programs (245)	217,023	121,254	280,500	-	(280,500)
SCDP Revolvng Loan Programs (247)	253,261	60,894	84,000	84,000	-
Faribault HRA					
Public Housing Fund (241)	$ 354,986	$ 428,705	$ 559,132	$ 523,132	$ (36,000)
CRV Rehabilitation (254)	46	85	-	-	-
Faribault HRA (280)	305,929	564,340	452,436	599,061	146,625
Faribault EDA					
Industrial Development Loan (243)	$ 65,786	$ 11,000	$ 100,000	$ 100,000	$ -
Federal MIF Loans (248)	-	-	-	-	-
Minnesota Investment Fund (249)	41,166	-	-	-	-
Faribault EDA (290)	531,792	415,921	1,007,219	1,007,219	-
Economic Development Revolving Loan (292)	-	47,000	100,000	100,000	-
Tax Increment (263-270)	200,039	486,124	918,862	430,363	(488,499)
Total Special Revenue Funds	**$ 4,356,377**	**$ 4,766,411**	**$ 4,967,029**	**$ 5,028,319**	**$ 61,290**

ADMINISTRATION

CHARITABLE GAMBLING FUND (210)

Fund Description/Services

This fund was established to provide accounting of transactions of the Charitable Gambling Advisory Board. In accordance with the City Code of Ordinances, Sec. 14-99(b), each organization within the city which is licensed by the State to conduct lawful gambling shall contribute five (5) percent of its net profits, as defined by Minnesota Statutes, Section 349.213, to the City Charitable Gambling Fund. Board members recommend the use of these monies to the City Council for final approval to fund worthwhile community projects according to established guidelines.

2022 Budget Goals & Objectives

- Make recommendations related to funding requests from the community to the City Council for approval.
- Create on an on-line application for funding requests.
- Spend down at least 90% of contributions.
- Continue to update and review policies and procedures for the Charitable Gambling Advisory Board.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Premise License Permits	21	19	18	19
Temporary Licenses Processed	21	14	21	20
Board Meetings	4	3	4	4
Applications for Funds	8	8	8	8

Budget Summary

Proposed revenues for 2022 from charitable gambling operations in Faribault are anticipated to return to near pre-COVID levels. Expenditures reflect funding for fireworks and other miscellaneous projects, based on recommendations from the Charitable Gambling Advisory Board to the City Council.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Taxes	$34,646	$29,423	$28,000	$32,000
Miscellaneous Revenue	$1,994	$1,714	$850	$1,000
Total	**$36,639**	**$31,136**	**$28,850**	**$33,000**
Other Svcs & Charges	$56,182	$23,573	$25,550	$31,500
Total	**$56,182**	**$23,573**	**$25,550**	**$31,500**

POLICE DEPARTMENT

PUBLIC SAFETY PROGRAMS (215)

Department Description

This budget consists of Criminal and DUI forfeitures and seizures. These seizures continue to build annually and are only used on special occasions to assist law enforcement with combatting drivers involved in operating vehicles under the influence of drugs and alcohol. Funds are typically utilized to purchase items used for traffic control safety projects, special enforcement traffic vehicles, preliminary breath test (PBT) portable devices, Radar and Lidar speed detection devices, and special traffic enforcement projects often shared with mutual aid agencies with a focus on traffic safety. The program takes in revenue through the sale of forfeited and seized vehicles and property along with cash seizures related to criminal activity. There are strict requirements for distribution of forfeited assets that require the department to distribute proceeds to various entities under Statutes 609.5315 and 169A.63 (DWI). Seizures associated with drug activity are seized through the Cannon River Drug and Violent Offender Task Force and are not placed within this City fund.

2022 Budget Goals & Objectives

- Continue to allow the fund to grow for larger expenses associated with traffic safety and enforcement of laws pertaining to driving Under the Influence projects and Towards Zero Death statewide campaign. (Current balance: $78,216).
- Minor expenses for 2020 consisted of replacing outdated PBTs (roadside impairment testing devices) along with replacement Radar and Lidar squad equipment. PBTs estimated costs for 2020 are approximately $1,200 and Radar replacement costs are estimated at $6,000.
- Utilize fund to withdraw up to $43,500 for a specific traffic enforcement/Driving under the influence police squad. CIP can could then be reduced for squad replacement.

Department Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Court Fines	2,136	1,356	2,500	2,500
Forfeited & Seized Assets	0	0	400	400
Refunds & Reimbursements	1,169	0	1,200	1,200

Budget Summary

The revenue within this budget will be reduced significantly after 2021 K9 squad purchase for traffic enforcement. Future forfeitures are also expected to decrease due to legislative changes in DUI forfeitures taking place August 2021. Balance to carry-over from 2021-2022 as the department determines needs that would qualify under the program requirements.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Court Fines	$2,136	$1,743	$2,700	$2,700
Forfeited & Seized Assets	$0	$0	$0	$0
Miscellaneous Revenue	$3,698	$2,380	$1,000	$1,200
Total	**$5,834**	**$4,123**	**$3,700**	**$3,900**
Supplies	$1,642	$0	$500	$0
Other Svcs & Charges	$494	$870	$44,400	$1,000
Total	**$2,136**	**$870**	**$44,900**	**$1,000**

PUBLIC WORKS

AIRPORT FUND (225)

Fund Description/Services

The Airport operates as a Special Revenue Fund (Fund 225). The primary revenue sources for this fund are land leases (privately owned hangar sites), building rents (City-owned hanger space), and federal and state funds. The Airport budget reflects the costs for operating and maintaining the Airport, including supplies, other services and charges, and capital outlay.

This activity provides for the operation, maintenance, and improvement of the Faribault Municipal Airport. The City uses contract services for a Fixed Base Operator (Quality Aviation, since 2000), who provides day-to-day management and maintenance services for the Airport.

2022 Budget Goals & Objectives

- Examine land lease and hangar rental rates and adjust accordingly to continue to reduce general fund levy support.
- Complete runway crack filling project.
- Upgrade runway lighting.
- Continue to market available hangar sites.

Department Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Hangar Leases	25	24	25	25
Land Leases	32	35	36	36
Development Sites	1	0	0	0
Agricultural Leases (Acres)	68.8	68.8	68.8	68.8
Available Hangar Sites	3	8	8	8

Staffing Levels

There are no City employees assigned directly to the Airport budget. The City contracts with Quality Aviation to provide services as the Airport Manager and Fixed Base Operator. Overall direction and oversight of the Airport are the responsibility of the Public Works Director, with support from the Public Works Department Administrative Assistant. In addition, a 7-member (appointed volunteers) Airport Advisory Board provides recommendations on the operation and management of the airport.

Budget Summary

The overall Airport Fund budget sees extreme variations year-to-year, due to large capital improvement projects. The 2022 budget contains two large projects, runway lighting upgrade and crack sealing. The majority of capital projects are funded with federal and/or state funds, but local shares are typically required as well. Recent construction of the Arrival/Departure Building & Aircraft Maintenance Hangar post storm (2018) allowed for the removal of two projects from the CIP. A grant submittal will be made for the replacement of a 1996 tractor and lawn mower, the submittal was unsuccessful in 2021. There is a budget shortfall for 2022, reserves from the fund balance will be used to make up the shortage.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Taxes	$29,878	$29,967	$20,000	$10,000
Intergovernmental	$341,067	$562,802	$78,636	$844,590
Charges for Services	$93,982	$117,942	$126,845	$129,932
Miscellaneous Revenue	$846,248	$1,584,745	$9,000	$7,500
Operating Transfers	$63,314	$10,000	$0	$0
Total	**$1,374,488**	**$2,305,455**	**$234,481**	**$992,022**
Supplies	$9,392	$5,314	$7,850	$7,750
Other Svcs & Charges	$274,281	$222,898	$184,636	$185,924
Capital Outlay	$1,300,166	$1,810,900	$155,000	$820,000
Total	**$1,583,839**	**$2,039,112**	**$347,486**	**$1,013,674**

COMMUNITY & ECONOMIC DEVELOPMENT

CITY RENTAL PROPERTY FUND (211)

Fund Description/Services

The Community & Economic Development Department provides management services and oversight for city-owned residential rental properties. The city-owned rental portfolio at one time included nine homes leased at market rate, all located near the Community Center – today there is only one located at 16 SE 1st Street. Program services include:

- Property Maintenance (or demolition)
- Unit Inspections
- Rent collections

2022 Budget Goals & Objectives

- Continue to provide management services – maintaining portfolio until property is vacant and approved for demolition.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Number of Units	8	1	1	1
Occupancy Percent	72%	100%	100%	100%
Unit Turnovers	2	0	0	0

Budget Summary

The budget revenue consists of rent, and expenses include property management, maintenance, and taxes.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Miscellaneous Revenue	$25,598	$14,848	$13,900	$14,100
Total	**$25,598**	**$14,848**	**$13,900**	**$14,100**
Supplies	$380	$0	$500	$500
Other Svcs & Charges	$15,361	$10,951	$8,273	$7,867
Total	**$15,740**	**$10,951**	**$8,773**	**$8,367**

COMMUNITY & ECONOMIC DEVELOPMENT

COMMUNITY DEVELOPMENT ADMINISTRATION FUND (240)

Fund Description/Services

The Community and Economic Development Fund supports the Community and Economic Development Department and its responsibilities associated with public housing, housing assistance, home ownership assistance, housing and commercial rehabilitation, community development and redevelopment, economic development, management of tax abatement projects, property management, special projects, environmental initiatives, and historic preservation. Additionally, the department staff serves as liaisons and provide administrative support to the following boards and commissions: Faribault Housing and Redevelopment Authority, Faribault Economic Development Authority, Elderly Housing Corporation, Heritage Preservation Commission, and Environmental Commission. Division Services include:

- General Department Leadership/Organization/Support
- Department Personnel Management and Supervision
- Budget/Financial Management
- Interdepartmental Relations
- Community Relations

2022 Budget Goals & Objectives

- Continue to work in cooperation with City Council, other city departments, neighboring governmental entities, the Chamber of Commerce, and other organizations to implement Vision 2040, the Downtown Master Plan, and the Comprehensive Plan Update.
- Continue to provide staff support to assigned boards and commissions, working with each to develop and implement work plans that reflect the community goals and City Council priorities.
- Provide leadership on all development related issues and topics in the community – including continued recruitment of quality development, quality housing (MF and SF) developers to address the housing shortages, and projects that enhance the quality of life in Faribault.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Number of Agendas Administered *(DRC, PC, HRA, EDA, HPC – does not include City Council or City Council Work Sessions)*	80	60	75	50*
Property Management Applications	128	104	100	100
Work Orders Processed	805	750	750	800
Housing Units Rehabbed	10	3	4	4
Design Reviews Conducted	12	14	15	14
Tax Abatement Projects Administered	4	5	6	8

* PC meetings reflected in Planning and Zoning (41910)

Budget Summary

The majority of this budget is related to staffing expenses associated with providing administrative and management duties for all housing, economic development, historic preservation, community development, and special project activities. Expenses include wages, training, software/hardware, expert services, and supplies.

Staffing Levels

Position	2018 Adopted	2019 Adopted	2020 Adopted	2021 Adopted	2022 Proposed
Director	1.00	1.00	1.00	1.00	1.00
Community Development Coordinator	1.00	1.00	1.00	1.00	1.00
Department Specialist	1.00	1.00	1.00	1.00	1.00
Administrative Assistant II/Department Secretar	1.00	1.00	1.00	1.00	0.00
Administrative Assistant I	0.00	1.00	1.00	1.00	1.00
Administrative Assistant I (Part-Time)	1.00	0.00	0.00	0.00	0.00
Maintenance Specialist	1.00	1.00	1.00	1.00	1.00
Economic Development Coordinator	1.00	1.00	1.00	1.00	1.00
Total Full-Time Employees	**6.00**	**7.00**	**7.00**	**7.00**	**6.00**
Total Part-Time Employees	**1.00**	**0.00**	**0.00**	**0.00**	**0.00**

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Preliminary
Taxes	$155,980	$163,472	$619,541	$624,726
Franchise Fees	$50,000	$0	$0	$0
Intergovernmental	$0	$0	$0	$0
Charges for Services	$384,791	$385,659	$281,132	$310,143
Miscellaneous Revenue	$35,826	$31,361	$10,000	$10,000
Operating Transfers	$0	$0	$0	$0
Total	**$626,597**	**$580,491**	**$910,673**	**$944,869**
Personnel Services	$481,788	$531,171	$541,399	$562,321
Supplies	$4,052	$6,134	$7,450	$4,950
Other Svcs & Charges	$42,612	$19,276	$34,383	$36,457
Tax Abatement	$0	$0	$354,939	$426,275
Operating Transfers	$200,000	$0	$0	$0
Total	**$728,452**	**$556,581**	**$938,171**	**$1,030,003**

COMMUNITY & ECONOMIC DEVELOPMENT

RENTAL HOUSING REHABILITATION (244)

Fund Description/Services

This fund provides for the administration and management of a Rental Rehabilitation program administered by the Faribault Housing and Redevelopment Authority (HRA).

2022 Budget Goals & Objectives

- Approved new program guidelines in mid-2021.
- Market program to qualified owners of rental units.
- Oversee the loan portfolio and fulfill any reporting requirements.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Loans Administered	0	0	2	6
Projects Completed	0	0	2	6

Budget Summary

Budget reflects new loans in 2022.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Miscellaneous Revenue	$6,316	$5,868	$1,800	$3,000
Total	**$6,316**	**$5,868**	**$1,800**	**$3,000**
Other Svcs & Charges	$0	$0	$100,000	$100,000
Total	**$0**	**$0**	**$100,000**	**$100,000**

COMMUNITY & ECONOMIC DEVELOPMENT

SCDP REVOLVING LOAN FUNDS (247)

Fund Description/Services

This fund provides for the administration, management, and oversight of the 2009 Small Cities Development Program (SCDP) Revolving Loan Fund. This program provides loans and grants to income eligible homeowners wishing to rehabilitate their homes. Commercial property owners in the downtown central business district are also eligible. Funds can be used to address improvements to the exterior of their downtown commercial building and for life/safety improvements. Program funds are made available through the Community Development Block Grant program and/as such, recipients are subject to the regulations established by the US Department of Housing and Urban Development.

In December 2017 the City Council approved a new Spending Plan for the use of these funds – which was approved by DEED. The funds are now dedicated to the removal of slum and blight through the installation of streetscape enhancements and signage.

2022 Budget Goals & Objectives

- Obtain State Historic Preservation Office (SHPO) approval for the use of funds for parking lot and streetscape improvements as identified in the Spending Plan.
- Coordinate with other city departments on the implementation of the Spending Plan.
- Continue to overees the loan portfolio and fulfill reporting requirements.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Loans Administered	0	0	0	0
Projects Completed	4	2	0	2

Budget Summary

The budget reflects continued implementation of the approved Spending Plan.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Miscellaneous Revenue	$20,981	$14,552	$4,764	$5,864
Total	**$20,981**	**$14,552**	**$4,764**	**$5,864**
Other Svcs & Charges	$253,261	$60,894	$84,000	$84,000
Total	**$253,261**	**$60,894**	**$84,000**	**$84,000**

HOUSING & REDEVELOPMENT AUTHORITY

PUBLIC HOUSING FUND (241)

Fund Description/Services

This fund provides for activities associated with managing the 49 low-rent public housing units operated by the Faribault Housing and Redevelopment Authority. Major revenues include an annual operating subsidy from the US Department of Housing and Urban Development (HUD), dwelling rents, and reimbursements from HUD capital fund grants.

2022 Budget Goals & Objectives

- Continue annual purge of waitlist to minimize wait times.
- Continue to make unit/site improvements based on the Green Physical Assessment and REAC inspection findings.
- Complete repositioning of PH and close out PH program.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Rental Units	49	49	49	49
Occupancy Percent	99%	99%	98%	98%
Unit Turnovers	6	4	10	10
Moved on to Market-Rate Housing	1	1	2	0

Budget Summary

The budget is dependent on HUD formulas, rents, and requirement capital improvements based on a HUD approved plan.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Intergovernmental	$30,220	$104,811	$286,000	$250,000
Miscellaneous Revenue	$289,889	$269,226	$235,400	$267,100
Total	**$320,109**	**$374,037**	**$521,400**	**$517,100**
Supplies	$26,838	$35,331	$23,000	$23,000
Other Svcs & Charges	$328,148	$393,374	$536,132	$500,132
Total	**$354,986**	**$428,705**	**$559,132**	**$523,132**

HOUSING & REDEVELOPMENT AUTHORITY

CRV REHABILITATION PROGRAM (254)

Fund Description/Services

This fund provides for the administration and management of a down payment assistance program to assist mobile home owners in the upgrading of their mobile homes. The program funds came from an award through the Minnesota Housing Finance Agency, in 2002, 2004, and 2008 – in connection with a Community Revitalization Fund (CRV) agreement. The agreement has since expired.

2022 Budget Goals & Objectives

- Work with Minnesota Housing Finance Agency to renew an agreement that will allow the HRA to re-initiate the program under current rules and regulations.
- Once an agreement is in place, market the program to qualified owners of mobile/manufactured homes.
- Oversee the loan portfolio and fulfill any reporting requirements.
- Provide down payment assistance to 5 households.

Fund Statistics

	2019 Actual	2020 Projected	2021 Estimated	2022 Estimated
Loans Administered	0	0	0	5
Projects Completed	0	0	0	5

Budget Summary

No new revenue or expenses as the program has expired.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Miscellaneous Revenue	$670	$1,408	$500	$750
Total	**$670**	**$1,408**	**$500**	**$750**
Other Svcs & Charges	$46	$85	$0	$0
Total	**$46**	**$85**	**$0**	**$0**

HOUSING & REDEVELOPMENT AUTHORITY

HOUSING & REDEVELOPMENT AUTHORITY FUND (280)

Fund Description/Services

This fund provides for the activities of the Faribault Housing and Redevelopment Authority (HRA) whose responsibilities generally include home ownership, property management, housing rehabilitation and related public improvements and land acquisitions. These programs are administered by the Community Development Department, which serves on a contractual basis, as agent for the HRA. Primary responsibilities include:

- Provide staff support to the Faribault Housing and Redevelopment Authority
- Administer housing programs and studies
- Manage city-owned rental property
- Administer Public Housing program
- Manage Robinwood Manor Apartments
- Manage HRA housing programs
- Conduct special studies and reports on housing matters
- Manage redevelopment projects

2022 Budget Goals & Objectives

- Continue to find partnerships and programming opportunities to address identified housing needs in Faribault.
- Maintain high occupancy rates.
- Monitor impact of new rental housing development on apartment demand.
- Increase homeownership opportunities for low/mod income households.
- Complete the sale or redevelopment of 1116 2nd Street NW.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Number of Meetings	13	12	11	12
Resolutions	8	8	8	9
Programs Administered	8	8	7	11

Budget Summary

The HRA budget is funded through the HRA Levy. The largest expense is the Indirect Cost Allocation that the HRA pays to the City to cover staffing costs. Programs are funded through fund reserves and levy dollars which must be used for housing and redevelopment programs.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Taxes	$227,823	$252,049	$295,900	$309,820
Intergovernmental	$82	$33	$0	$0
Charges for Services	$116,407	$125,908	$125,734	$125,734
Miscellaneous Revenue	$35,899	$33,152	$11,000	$26,437
Sale of Capital Assets	$0	$0	$0	$0
Total	**$380,211**	**$411,143**	**$432,634**	**$461,991**
Other Svcs & Charges	$305,929	$564,339	$422,436	$599,061
Capital Outlay	$0	$1	$30,000	$0
Total	**$305,929**	**$564,340**	**$452,436**	**$599,061**

ECONOMIC DEVELOPMENT AUTHORITY

INDUSTRIAL DEVELOPMENT REVOLVING LOAN FUND (243)

Fund Description/Services

This program provides installment loans for industrial development related projects that add quality jobs and increase the local tax base. Eligible use of funds includes: land/building acquisition, new construction or rehabilitation, purchase of equipment/machinery, and site improvements. Eligible properties must be located in an industrial park or industrial zoning districts.

2022 Budget Goals & Objectives

- Market program to existing businesses, lenders, and business prospects.
- Provide loans to assist in industrial business growth, retention, and the attraction of new industrial development to the City.

Fund Statistics

	2019 Actual	2020 Projected	2021 Estimated	2022 Estimated
Loans Administered	2	4	5	6
New Loans	1	1	1	1
Jobs Created/Retained	20	195	210	250

Budget Summary

The budget reflects loan repayments and new loan activity.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Miscellaneous Revenue	$9,858	$10,870	$3,000	$3,900
Total	**$9,858**	**$10,870**	**$3,000**	**$3,900**
Other Svcs & Charges	$65,786	$11,000	$100,000	$100,000
Total	**$65,786**	**$11,000**	**$100,000**	**$100,000**

ECONOMIC DEVELOPMENT AUTHORITY

FEDERAL INVESTMENT REVOLVING LOAN FUNDS (248)

Fund Description/Services

This loan program is funded by the Federal Government and distributed through the State of Minnesota. In the past, the City of Faribault successfully applied for Federal Investment Funds to support specific business growth and expansion projects. Once funds were awarded to the City – the City provided low interest industrial development loans to support private efforts to establish new, expansion of, or relocation of industries. Including job creation and retention of quality employment, and expansion of the property tax base – retaining a percentage of the loan payments. Reuse of program funds are governed by federal rules and regulations, which include federal LMI and prevailing wage. While there are a number of eligible uses for the funds, industries are not interested is accessing the program due to the added costs that the federal rules add to an overall project both short- and long-term.

2022 Budget Goals & Objectives

- Pursue reclassification of funds, to allow for more flexible use of dollars to achieve economic and community development goals.

Fund Statistics

	2019 Actual	2020 Projected	2021 Estimated	2022 Estimated
Loans Administered	3	3	3	3
New Loans	0	0	0	0
Jobs Created/Retained	0	0	0	0

Budget Summary

No new activity is reflected in the budget.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Miscellaneous Revenue	$20,930	$19,446	$9,000	$9,000
Total	**$20,930**	**$19,446**	**$9,000**	**$9,000**
Loans	$0	$0	$0	$0
Other Svcs & Charges	$0	$0	$0	$0
Total	**$0**	**$0**	**$0**	**$0**

ECONOMIC DEVELOPMENT AUTHORITY

MINNESOTA INVESTMENT REVOLVING LOAN FUND (249)

Fund Description/Services

This program is funded through State of Minnesota economic development grants provided to the City. The City uses the awards for low interest industrial development loans in support of private efforts to establish new, expansion of, or relocation of industries. Wage and job creation are required with new loans. Eligible use of funds includes: land acquisition, purchase of equipment, and site improvements. The Economic Development Authority (EDA) retains a percentage of the loan payments as a local revolving loan fund for industrial development in the City. All loans must meet the State of Minnesota's reuse policy.

In 2018, the City took advantage of the One-Time Exception offered by the State of Minnesota, to return 20-percent of the fund balance, retaining 80-percent of the funds with no reuse requirements. $638,165 is now available for other EDA programming. This fund is being replenished through loan payments.

2022 Budget Goals & Objectives

- Continue to administer existing loans.
- Continue to let fund balance replenish – so funds can support future industrial/qualified business development.

Fund Statistics

	2019 Actual	2020 Projected	2021 Estimated	2022 Estimated
Loans Administered	12	12	12	12
New Loans	0	0	0	0
Jobs Created/Retained through the award of MIF funds	20	20	20	20

Budget Summary

No new activity is projected in the 2022 budget.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Miscellaneous Revenue	$270	$437	$50	$200
Total	**$270**	**$437**	**$50**	**$200**
Other Svcs & Charges	$41,166	$0	$0	$0
Total	**$41,166**	**$0**	**$0**	**$0**

ECONOMIC DEVELOPMENT AUTHORITY

ECONOMIC DEVELOPMENT AUTHORITY ADMINISTRATION FUND (290)

Fund Description/Services

This fund provides for the activities of the Faribault Economic Development Authority (EDA) whose responsibilities broadly include industrial development and redevelopment, business recruitment and retention, commercial rehabilitation, marketing, workforce development, and the administration of tax increment financing districts. These programs are administered by the Community Development Department, which serves as agent for the EDA. Department services include:

- Implementation of the annual Economic Development Work Plan.
- Development and Administration of Economic Development Programs.
- Economic Development Marketing.
- Administration of Industrial and Commercial Development Financial Assistance Programs.
- Development and Administration of Downtown Revitalization Programs.
- Business and Workforce Development, Recruitment, and Support.

2022 Budget Goals & Objectives

- Implement approved 2022 Work Plan.
- Continue successful programs for business recruitment, business development, and business growth.
- Enhance economic development marketing – actively marketing Faribault as a part of the region/state.
- Actively engage in work force development initiatives.
- Support housing initiatives as it relates to workforce and employment.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Number of Meetings*	16	16	14	12
Resolutions	33	25	30	20
Business Assistance Programs Awards	19	15	15	15

*Includes regular EDA meetings and Committee meetings.

Budget Summary

The EDA revenue comes from the EDA levy. The levy funds administrative activities and programming. The fund balance is intended to be used for programs related to gateways, available land, and projects that spur development and grow quality jobs in the community.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Taxes	$223,282	$247,023	$289,982	$303,623
Intergovernmental	$65	$33	$0	$0
Charges for Services	$13,525	$18,907	$2,500	$2,500
Miscellaneous Revenue	$23,692	$12,219	$2,883	$6,083
Transfer In	$200,000	$0	$0	$0
Total	**$460,564**	**$278,182**	**$295,365**	**$312,206**
Supplies	-$427	$10	$400	$400
Other Svcs & Charges	$268,906	$415,911	$1,006,819	$1,006,819
Transfer Out	$263,314	$0	$0	$0
Total	**$531,792**	**$415,921**	**$1,007,219**	**$1,007,219**

ECONOMIC DEVELOPMENT AUTHORITY

ECONOMIC DEVELOPMENT AUTHORITY REVOLVING LOAN FUND (292)

Fund Description/Services

This program provides payable and forgivable loans for eligible economic development projects. Originally the program only funded site improvements to projects located within a primary transportation corridor that would result in the visual enhancement of the property and ultimately of the community. In 2012 the Economic Development Authority expanded this program to also provide low interest loans for facade improvements in the Downtown Business District. In addition, in 2021 the Economic Development Authority authorized and funded the Economic Development Incentive Program (EDIP). Today the Program services include:

- Loans and grants for site improvements for projects located within a primary transportation corridor that provide visual enhancement of the property.
- Micro loans for façade improvements in the Downtown Business District.
- Economic Development Incentives for business in targeted industries.

2022 Budget Goals & Objectives

- Market and promote the program to eligible applicants, to promote greater usage of the program as a means to support business growth and implement the EDA's work plan initiatives.
- Provide loan monitoring and administration of existing loans.
- Develop and recommend specific loan programs that further the City and EDA's goals and leverage other programs/initiatives/opportunities.
- Identify an ongoing funding source for the Fund.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Loans Administered	21	21	21	21
New Loans	5	5	5	5

Budget Summary

The budget reflects loan repayments and new loans approved by the EDA.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Preliminary
Miscellaneous Revenue	$14,756	$15,768	$6,907	$9,607
Total	**$14,756**	**$15,768**	**$6,907**	**$9,607**
Other Svcs & Charges	$0	$47,000	$100,000	$100,000
Total	**$0**	**$47,000**	**$100,000**	**$100,000**

ECONOMIC DEVELOPMENT AUTHORITY

TAX INCREMENT DISTRICT FUNDS (263-272)

Description/Services

This component unit activity is the Faribault Economic Development Authority's tax increment project fund. This account group includes the management of tax increment projects which have been approved for funding and the disbursement of tax increments for service of debt and pay-as-you-go payments on previously approved projects. In addition, this account group may provide legal services, consultant services and administrative costs associated with processing tax increment financing requests.

2022 Budget Goals & Objectives

- Administer TIF Districts

Fund Statistics

	2019 Actual	2020 Projected	2021 Estimated	2022 Estimated
TIF Districts Maintained	4	7	7	7
TIF Projects Maintained	4	7	7	7

Budget Summary

All TIF districts are dependent on taxes generated, collected, and paid per approved agreements.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Tax Increment	$183,095	$184,623	$202,108	$347,662
Total	**$183,095**	**$184,623**	**$202,108**	**$347,662**
Other Svcs & Charges	$200,039	$486,124	$918,862	$430,363
Total	**$200,039**	**$486,124**	**$918,862**	**$430,363**

PUBLIC WORKS

WATER UTILITY FUND (601)

Fund Description/Services

This activity provides for the operation of the water system so that a continuous quality supply of water is furnished to customers at a reasonable cost. The water supply is maintained at proper pressure levels and bacteria free. Metering devices are also maintained to account for usage.

Production, treatment, and distribution of potable water for the residents, businesses, and institutions in the City of Faribault. Water is pumped from five municipal wells. The distribution system also provides the general fire protection system (hydrants) for the city. This division works closely with the Engineering Division on municipal utility improvement projects, and is also responsible for City utility locates under the Gopher State One Call system.

2022 Budget Goals & Objectives

- Operation of the recently constructed Water Treatment Plant.
- Installation of water meters and replacement of a portion of the meter radios.
- Continue to identify areas of the system that need improvements and incorporate data into future CIP's.
- Continue to install water sampling stations throughout the system for collecting MDH samples.
- Demolition of old 1-million-gallon ground storage reservoir.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Miles of Water Mains	141	141	142	142
Water Pumped (Billion Gallons)	1.35	1.35	1.35	1.35
Water Main Breaks Repaired	16	16	15	14
Water Meters (New installs)	60	60	45	50
Hydrants Replaced/Repaired	25	25	20	20
Valves Exercised	200	200	200	200

Staffing Levels

Position	2018 Adopted	2019 Adopted	2020 Adopted	2021 Adopted	2022 Proposed
Foreperson	1.00	1.00	1.00	1.00	1.00
Water/Sewer Operator	2.00	2.00	2.00	2.00	2.00
Utility Clerk (Part-Time)	1.00	0.00	0.00	0.00	0.00
Total Full-Time Employees	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**
Total Part-Time Employees	**1.00**	**0.00**	**0.00**	**0.00**	**0.00**

*Superintendent is split 50/50 between Water and Sewer (listed under Sewer).

Budget Summary

Annual base rates have been increased since 2017 to offset increasing operating costs. The Water Fund had the first of four planned increases in the base rates (16.5%) and consumption rates (4%) in 2019. These increases occurred annually through 2022 to cover the debt service for the construction of the Water Treatment Plant. The funding source for the construction is a 20-year ($10M) low-interest (1%) loan from the Public Facilities Authority.

The Water Department will need to continue to address upcoming service demands on the system. Evaluation of the need from additional trunk main upgrades in the area will need to be done to ensure adequate pressure and flow are available. Water meter radios will need to be upgraded over the next several years to be compatible with the recently upgraded software reading system. Capital Outlay, included in the budget, is for various projects as described in further detail in the City's Capital Improvement Plan.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Proposed
Charges for Services	$3,161,829	$3,529,388	$3,656,925	$3,902,687
Miscellaneous Revenue	$284,073	$251,426	$51,700	$125,700
Other Sources	$33,000	$600,157	$0	$0
Total	**$3,478,902**	**$4,380,971**	**$3,708,625**	**$4,028,387**
Personnel Services	$551,649	$525,031	$597,379	$579,493
Supplies	$299,142	$348,831	$349,460	$348,300
Other Svcs & Charges	$1,228,308	$1,300,025	$1,793,461	$1,723,374
Capital Outlay	$1,432	$14,076	$1,828,811	$1,969,500
Other Uses	$186,089	$144,306	$653,043	$653,383
Total	**$2,266,620**	**$2,332,269**	**$5,222,154**	**$5,274,050**

PUBLIC WORKS

SEWER UTILITY FUND (602-49450)

Department Description/Services

This activity provides that all City sanitary sewer mains are inspected and cleaned to assure proper operation. The sanitary sewer collection system is comprised of sewer mains and lift stations which transport waste to the Water Reclamation Facility.

Under the direction of the Utilities Superintendent, the primary services provided by this division are:

- The collection and conveyance of wastewater from properties to the Water Reclamation Facility for treatment.
- Maintenance of the system includes systematic cleaning of the lines, along with preventative maintenance of the eleven (11) lift stations.

This division works closely with the Engineering Department on municipal utility improvement projects, and is also responsible for City utility locates under the Gopher State One Call system.

2022 Budget Goals & Objectives

- Maintain the 130 miles of the sanitary sewer collection system, cleaning approximately one-third of the City's lines (along with identified problem segments) each year.
- Continue to video inspect problem areas of the system to identify areas for sanitary sewer lining project.
- Identify sanitary sewer structures that need rehabilitation.
- Replacement of medium duty service truck.

Department Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Total Miles of Sewer	129	129	130	130
Miles of Sewer Mains Cleaned	50	50	50	50
Number of Lift Stations	11	11	11	11
Sewer Backups	12	12	12	10

Staffing Levels

Position	2018 Adopted	2019 Adopted	2020 Adopted	2021 Adopted	2022 Proposed
Superintendent	1.00	1.00	1.00	1.00	1.00
Water/Sewer Operator	3.50	3.50	3.50	3.50	3.50
Total Full-Time Employees	**4.50**	**4.50**	**4.50**	**4.50**	**4.50**

*Superintendent is split between Water and Sewer.

WATER RECLAMATION FACILITY (602-49480)

Department Description

This activity provides for the operation of the Water Reclamation Facility (WRF) which collects and treats all waste water from the collection system. The system maintaining treatment units including screening, grit removal, clarifiers, filters, UV disinfection, activated sludge system, sludge pumps and anaerobic digesters. Also included is the disposal (land application) of biosolids (sludge) from the treatment process.

Under the direction of the WRF Superintendent, the primary services provided by this division are:

Receive and treat all municipal wastewater, in compliance with the facility's discharge permit. Meet limits for Biological Oxygen Demand (BOD) Removal, Total Suspended Solids (TSS) Removal, and a 1 mg/l Phosphorus Limit, along with other permit limits. Collect, treat, and dispose of bio-solids (sludge) resulting from the treatment process. Maintain compliance with permit requirements for land application of the bio-solids. Manage the Significant Industrial User (SIU) discharge contracts for major industries within the City, including permit compliance and calculation of charges. This division also manages the seasonal yard waste site that is located at the facility.

2022 Budget Goals & Objectives

- Land apply approximately six (6) million gallons of bio-solids.
- Replace Variable Speed Frequency (VFD) drives.
- Complete a treatment alternatives analysis to identify the scope of future improvements.
- Continue to meet the reduced seasonal phosphorus discharge limit.

Department Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Gallons of Wastewater Treated (Billions)	1.5	1.5	1.5	1.5
Average Daily Flow (MGD)	4.5	4.5	4.5	4.5
Average BOD Removal %	98	98	98	98
Average TSS Removal %	90	90	90	90

Staffing Levels

Position	2018 Adopted	2019 Adopted	2020 Adopted	2021 Adopted	2022 Proposed
Superintendent	1.00	1.00	1.00	1.00	1.00
Foreperson	1.00	1.00	1.00	1.00	1.00
Treatment Plant Operator	4.00	4.00	4.00	4.00	4.00
Total Full-Time Employees	**6.00**	**6.00**	**6.00**	**6.00**	**6.00**

Budget Summary

The sewer collection department provides maintenance of the sanitary sewer system while continuing to look for ways to increase operational efficiency, technology will continue to play a role in the process. There will be a continued need to assess both staffing levels and equipment requirements as needs of the system change. Aging infrastructure will need to be identified and addressed by applying techniques such as pipe lining to extend lifecycles.

Some significant increases in certain budget line items (such as utilities and chemicals) have resulted following the addition or upgrade of systems within the Water Reclamation Facility. The lower seasonal Phosphorus limit has caused an increase to the chemical budget. Annual sludge production has also increased approximately 20%, resulting in increased costs for disposal (land applied under contract services). Close monitoring of the budget line for equipment maintenance for the facility will need to occur, as equipment added in the 2010 upgrade ages. A proposed treatment alternatives analysis will assist the development of future CIP's.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Preliminary
Charges for Services	$6,272,534	$6,546,425	$5,635,000	$5,385,000
Miscellaneous Revenue	$442,877	$412,855	$77,000	$205,000
Other Sources	$226,379	$76,287	$0	$0
Total	**$6,941,790**	**$7,035,568**	**$5,712,000**	**$5,590,000**
Sewer				
Personnel Services	$461,469	$484,869	$487,469	$534,707
Supplies	$51,504	$72,841	$63,625	$63,325
Other Svcs & Charges	$634,556	$754,303	$782,538	$788,643
Capital Outlay	$24,987	$15,968	$1,396,870	$999,500
Other Uses	$139,855	$105,000	$105,000	$105,000
Total	**$1,312,370**	**$1,432,981**	**$2,835,502**	**$2,491,175**
Water Reclamation Facility				
Personnel Services	$855,860	$948,345	$944,529	$967,512
Supplies	$363,747	$436,193	$371,050	$377,050
Other Svcs & Charges	$2,104,154	$2,108,825	$2,418,061	$2,454,643
Capital Outlay	$0	$0	$2,165,000	$145,000
Other Uses	$454,015	$427,580	$1,602,603	$1,602,156
Total	**$3,777,774**	**$3,920,942**	**$7,501,243**	**$5,546,361**

PUBLIC WORKS

STORM WATER UTILITY FUND (603)

Department Description/Services

This activity provides for the operation, maintenance and repair of the storm water conveyance system and implementation of the city-wide Stormwater Pollution Prevention Program (SWPPP) for compliance with the NPDES Municipal Separate Storm Sewer System (MS4) permit program, which authorized the city to discharge stormwater runoff. Infrastructure and storm water facilities are properly maintained to manage, convey and treat storm water runoff. In addition, infrastructure improvements are constructed and repaired as may be deemed necessary.

Implementation of the City SWPPP for compliance with the MS4 permit. Implements a land disturbance permit and enforcement program to ensure development and re-development projects (private and public) comply with the city's pollution prevention and stormwater management requirements. Evaluates technical plans and documents and provides site plan review for public and private projects. Implements an illicit discharge detection and elimination (IDDE) and enforcement program to locate and eliminate illegal discharges and connections to the city's storm water drainage system. Implements a public education and outreach program and municipal stormwater pollution prevention/good housekeeping program. Seeks and obtains Federal and State funding that may be available for the completion of storm water capital improvement projects. Inspects, maintains, and repairs the storm water drainage system, including structural storm water practices (e.g. ponds, underground storage and filtration systems). Ensures the City is in compliance with applicable storm water regulations.

2022 Budget Goals & Objectives

- Continue to establish a maintenance schedule for stormwater ponds.
- Rehabilitate and repair stormwater structures (catch basins, manholes, inlet and outlets).
- Collaborate between Public Works and Engineering under the recently revised stormwater program model to perform inspections of stormwater infrastructure and MS4 permit compliance.

Fund Statistics

	2019 Actual	2020 Actual	2021 Projected	2022 Estimated
Infrastructure Maintenance: Repair, Debris Removal, Inspections (Hours)	1,500	1,500	1,500	1,500
Permit Program Implementation & Enforcement (Number of Inspections)	1,200	960	1,000	1,100
Land Disturbance Permits Issued	32	31	25	25
Total Miles of Storm Sewer Pipe	88	88	88	88
Storm Sewer Structures: Catch Basins, Manholes, Inlets, Outlets	3,970	3,970	3,990	4,100
Structural Stormwater Facilities (Public)	36	36	37	38

Staffing Levels

Position	2018 Adopted	2019 Adopted	2020 Adopted	2021 Adopted	2022 Proposed
Water Quality Specialist	1.00	1.00	0.00	0.00	0.00
Engineering Technician III	0.00	0.00	1.00	1.00	0.00
Water/Sewer Operator II	0.50	0.50	0.50	0.50	0.50
Total Full-Time Employees	**1.50**	**1.50**	**1.50**	**1.50**	**0.50**

Budget Summary

One of the biggest challenges the division will face will be the full implementation of the Stormwater Program for compliance with the MS4 permit. Additionally, the pollutant waste load allocations assigned to the City stormwater system as a result of the recent Federal approval of the Cannon River Watershed Total Maximum Daily Load (TMDL) report will be of concern.

In addition to the regulatory requirements, system operation and maintenance will impact future budgets. Stormwater rates were increased in 2021 by $0.55 (14.5%) per residential lot equivalent. The same increase is proposed for 2022 to address increased maintenance and program compliance costs.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Preliminary
Charges for Services	$851,195	$990,687	$1,120,643	$1,282,004
Miscellaneous Revenue	$113,614	$79,294	$22,500	$40,500
Other Sources	$354,896	$41,691	$0	$0
Total	**$1,319,705**	**$1,111,672**	**$1,143,143**	**$1,322,504**
Personnel Services	$203,304	$196,022	$234,495	$249,496
Supplies	$28,920	$41,472	$36,600	$38,650
Other Svcs & Charges	$373,780	$444,188	$563,442	$572,282
Capital Outlay	$2,968	$20,040	$665,000	$1,050,000
Other Uses	$0	$0	$0	$0
Total	**$608,973**	**$701,721**	**$1,499,537**	**$1,910,428**

CITY OF FARIBAULT
2022 Tax Levy

MARKET AND TAX CAPACITY VALUES						
Tax Years Payable		**2019**	**2020**	**2021**	Estimated **2022**	**Change**
Taxable Market Value	$	**1,306,954,200**	**1,361,660,500**	**1,554,929,200**	**1,669,665,900**	**7.38%**
Tax Capacity:						
Gross Tax Capacity	$	17,031,091	18,540,886	19,548,171	20,840,884	**6.61%**
Less: Captured Tax Increment		(184,224)	(187,152)	(208,810)	(323,848)	**55.09%**
Plus JOBZ		297,030	0	0	0	**0.00%**
Net Tax Capacity	$	**17,143,897**	**18,353,734**	**19,339,361**	**20,517,036**	**6.09%**
Operating Tax Levies						
General (101)	$	6,129,767	6,538,071	8,134,852	8,736,030	**601,178**
Airport (225)		30,000	30,000	20,000	10,000	**(10,000)**
Buckham Memorial Library (224)		851,863	907,426	0	0	**-**
Street Improvement Fund (401)		600,000	500,000	0	0	**-**
Park Improvement Fund (404)		100,000	100,000	0	0	**-**
Capital Replacement Fund (431)		125,000	150,000	0	0	**-**
Public Facilities Fund (437)		150,000	150,000	0	0	**-**
Community Development (240)		157,782	164,602	264,602	198,451	**(66,151)**
Tax Abatement Projects (240)		38,940	130,008	354,939	426,275	**71,336**
Property Tax Levy	$	**8,183,352**	**8,670,107**	**8,774,393**	**9,370,756**	**596,363**
Special PERA Levy (101)		12,544	12,544	12,544	12,544	**-**
Bond Principal & Interest (300's)		1,055,000	1,070,000	1,375,329	1,371,234	**(4,095)**
Net Tax Levy (Actual Levy)	$	**9,250,896**	**9,752,651**	**10,162,266**	**10,754,534**	**5.83%**
City Tax Rate for Faribault		**0.54803**	**0.53137**	**0.52547**	**0.52418**	**-0.25%**
Special Tax Levies						
HRA (280)	$	**229,713**	**251,907**	**295,900**	**309,820**	**13,920**
HRA Tax Rate		0.01364	0.01373	0.01530	0.01510	**-1.31%**
EDA (290)	$	**225,119**	**246,869**	**289,982**	**303,623**	**13,641**
EDA Tax Rate		0.01336	0.01345	0.01499	0.01480	**-1.31%**
Total Tax Rate Special Levies		**0.02699**	**0.02717**	**0.03028**	**0.02989**	**-1.31%**
Net Tax Levy - All City Levies	$	**9,705,728**	**10,251,427**	**10,748,148**	**11,367,977**	**5.77%**
Total Tax Rate City and Special Levi		**0.57503**	**0.55855**	**0.55577**	**0.55408**	**-0.30%**
Local Government Aid (LGA)	$	5,617,604	5,900,287	5,988,340	6,029,788	**0.69%**
Local Government Aid Change		208,342	282,683	88,053	41,448	

City Of Faribault

Council Work Session

Tuesday, September 7, 2021

Special Revenue & Enterprise Funds

Budget Work Session #5

Special Revenue Funds

Are established for specific revenues or sources that are designated for financing particular functions or activities as required by federal regulations, state statute, city charter provisions, local ordinances or specific grant agreements.

Special Revenue Funds Overview

- 5 City Funds
- 3 HRA Funds
- 12 EDA Funds (7 TIF Districts)

Special Revenue Funds Levy Supported

- Airport (225)
- CDA (240)
- HRA (280)
- EDA (290)

Airport (225)

Revenues\Expenditures	2020 Actuals	2021 Adopted	2022 Preliminary
Taxes	$29,967	$20,000	$10,000
Intergovernmental	$562,802	$78,636	$844,590
Charges for Services	$117,942	$126,845	$129,932
Miscellaneous Revenue	$1,584,745	$9,000	$7,500
Operating Transfers	$10,000	$0	$0
Total	**$2,305,455**	**$234,481**	**$992,022**
Supplies	$5,314	$7,850	$7,750
Other Svcs & Charges	$222,898	$184,636	$185,924
Capital Outlay	$1,810,900	$155,000	$820,000
Total	**$2,039,112**	**$347,486**	**$1,013,674**

Community Development Administration(240)

Revenues\Expenditures	2020 Actuals	2021 Adopted	2022 Preliminary
Taxes	$163,472	$619,541	$624,726
Charges for Services	$385,659	$281,132	$310,143
Miscellaneous Revenue	$31,361	$10,000	$10,000
Total	**$580,491**	**$910,673**	**$944,869**
Personnel Services	$531,171	$541,399	$562,321
Supplies	$6,134	$7,450	$4,950
Other Svcs & Charges	$19,276	$34,383	$36,457
Tax Abatement	$0	$354,939	$426,275
Total	**$556,581**	**$938,171**	**$1,030,003**

Special Taxing Districts

Housing & Redevelopment Authority (280)

- Multiple Funds
- Property Tax Levy $309,820
  - Increase of $13,920
- $125,734 Administrative Fees

Economic Development Authority (290)

- Multiple Funds
  - Seven TIF Districts
- Property Tax Levy $289,982
  - Increase of $13,641

Enterprise Funds

Enterprise Funds are operated and financed similar to private business enterprises. This intent is that the costs of providing goods or services to the general public is financed primarily through user charges.

Enterprise Funds Overview

Water (601)

Sewer (602)

Storm Sewer (603)

Water (601)

- 7,554 Meters
- 5 Wells
- 2 Pumping Stations
- 133 Miles Infrastructure
- 3 Storage Reservoirs
- 1 Water Tower
- 1 Treatment Plant

Water (601)

- Base rates should be increased in 2022 to keep pace with inflation and prepare for any future debt service requirement
- Base rates were increased in 2021 and require additional increases for future operations and debt service
- Proposed 2022 base rates to be increased by 16.5%

Meter Size	2022 base rate	2021 base rate
5/8”-3/4”	$12.30	$10.55
1”	$13.61	$11.68
1 ½”	$22.90	$19.65
2”	$26.00	$22.32
3”	$70.92	$60.87
4”	$82.23	$70.59
6”	$109.04	$93.60

The addition to the base rate increases the residential bill by $1.75 per month/$21 per year

Water (601)

- Tiered Rate Structure
- Three Customer Types
  - Residential
  - Commercial
  - Industrial
- Variable Costs
  - Pumping
  - Treating
  - Delivering

- Keep pace with inflation
- Proposed 2022 consumption rates to be increased by 4%
  - $0.44/Month
  - $5.28/Year
- WAC $1,500 increase $117.50

Water (601)

Revenues\Expenditures	2020 Actuals	2021 Adopted	2022 Preliminary
Charges for Services	$3,529,388	$3,656,925	$3,902,687
Miscellaneous Revenue	$251,426	$51,700	$125,700
Other Sources	$600,157	$0	$0
Total	**$4,380,971**	**$3,708,625**	**$4,028,387**
Personnel Services	$525,031	$597,379	$579,493
Supplies	$348,831	$349,460	$348,300
Other Svcs & Charges	$1,300,025	$1,793,461	$1,723,374
Capital Outlay	$14,076	$1,828,811	$1,969,500
Other Uses	$144,306	$653,043	$653,383
Total	**$2,332,269**	**$5,222,154**	**$5,274,050**

Sewer (602)

- 7,211 Customers
- Collections
  - Sewer Lines
  - Lift Stations
    - Cleaning
    - Inspecting
    - Repairing
- Reclamation Facility
  - Collects
  - Treats

Sewer (602)

- Base charges of $8.32/month
- Flow rate is $0.00361/gallon
- Residential user fee maximum $35 per month
- No sewer charges for a designated irrigation meter
- Sewer Availability Charge (SAC) 0% increase

0%

Sewer (602)

Revenues\Expenditures	2020 Actuals	2021 Adopted	2022 Preliminary
Charges for Services	$6,546,425	$5,635,000	$5,385,000
Miscellaneous Revenue	$412,855	$77,000	$205,000
Other Sources	$76,287	$0	$0
Total	**$7,035,568**	**$5,712,000**	**$5,590,000**
Personnel Services	$1,433,214	$1,431,998	$1,502,219
Supplies	$509,033	$434,675	$440,375
Other Svcs & Charges	$2,863,128	$3,200,599	$3,243,286
Capital Outlay	$15,968	$3,561,870	$1,144,500
Other Uses	$532,580	$1,707,603	$1,707,156
Total	**$5,353,923**	**$10,336,745**	**$8,037,536**

Storm Water (603)

- 16,505 RLEs
- 88 Miles Infrastructure
- 3,970 Structures
  - Catch Basins
  - Manholes
  - Inlets
  - Outlets

Storm Water (603)

- 14.5% Rate Increase
- $6.53/RLE
  - Residential Lot Equivalent
- $1.15/Month
- $13.80/Year

Storm Water (603)

Revenues\Expenditures	2020 Actuals	2021 Adopted	2022 Preliminary
Charges for Services	$990,687	$1,120,643	$1,282,004
Miscellaneous Revenue	$79,294	$22,500	$40,500
Other Sources	$41,691	$0	$0
Total	**$1,111,672**	**$1,143,143**	**$1,322,504**
Personnel Services	$196,022	$234,495	$249,496
Supplies	$41,472	$36,600	$38,650
Other Svcs & Charges	$444,188	$563,442	$572,282
Capital Outlay	$20,040	$665,000	$1,050,000
Other Uses	$0	$0	$0
Total	**$701,721**	**$1,499,537**	**$1,910,428**

Residential Impact

$37.67/Year

Water
$26.28/Year

Storm Water
$13.80/Year

Property Tax
($2.41)/Year

2022 Budget Schedule

September 14 Council Mtg

Preliminary Levy

Set Budget Hearing Date

September 21

2022-2026 CIP

Debt Service Funds

November 16

Final Review

All Funds/Levies/Fees

December 14 Council Mtg

Public Discussion

Final Approvals

Questions?

Special Revenue & Enterprise Funds

Budget Work Session #5

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Tim Murray, City Administrator
FROM:	Paul J. Peanasky, Parks and Recreation Director
MEETING DATE:	September 7, 2021
SUBJECT:	Parkland Dedication Discussion

Discussion:

The City of Faribault acquires parkland (or cash in lieu of parkland) through the subdivision process. In addition, the City receives park funds through a park development surcharge tied to building permits. However, most communities do not have park development surcharges, and developers and contractors have expressed confusion and frustration over Faribault's surcharge. As a result, City Staff recommends that the City Council eliminate the park development surcharge and adjust the parkland dedication requirements to offset the loss of the surcharge revenues and more closely align with Faribault's peer cities.

This memorandum provides an overview of Faribault's current parkland dedication requirements and park development surcharges. It also outlines a draft recommendation to require sufficient parkland dedication (or cash in lieu of parkland) to ensure that Faribault continues to have an outstanding park system while avoiding excessive parkland dedication requirements that could discourage development in the city. Finally, this memorandum describes other existing and potential funding mechanisms for the City's park system.

1. Parkland Dedication through the Subdivision Process. Minnesota Statute Section 462.358 authorizes cities to acquire parkland (or cash in lieu of parkland) through the subdivision process. The City of Faribault's parkland dedication requirements are as follows:

- **Residential:** 7% of land or 7% fair market value of land
- **Commercial:** 4% of land or 4% fair market value of land
- **Industrial:** 4% of land or 4% fair market value of land

Not all cities acquire parkland based on a percentage of the subdivision or a percentage of the land's fair market value. Some cities require parkland dedication for residential subdivisions based on the anticipated population of the subdivision or the number of dwelling units in the subdivision. Likewise, some cities set the fair market value of residential, commercial, and industrial land so that there is consistency in how the city collects cash in lieu of parkland.

Faribault requires considerably less parkland dedication than most of its peer cities (see attached parkland dedication study from HKGi). And if Faribault eliminates its park development surcharge, as recommended by City Staff, the City of Faribault will collect less park fees than virtually all of its peers.

2. Park Development Surcharge. In 1982, the City added a park development surcharge to building permits to help supplement the City's park fund (Fund 404) and assist with park maintenance and improvement costs. But the surcharge has created confusion among some developers and contractors, particularly those who recently fulfilled the parkland dedication requirements described above. The City of Faribault's park development surcharges, which the City collects with building permits, are as follows:

- **Single-family:** $225 per unit
- **Multi-family:** $150 per unit
- **Commercial, industrial, or institutional:** $225 - $3,000 depending on the valuation of the building

Over the past six years, the City has collected, on average, roughly $22,000 per year in park development surcharges. Again, City Staff recommends that the City Council eliminate the park development surcharge associated with building permits and adjust parkland dedication through the subdivision process to more closely align with the City's peers.

3. Draft Recommendation to Adjust the City's Parkland Dedication Requirements. If the City Council agrees with eliminating the park development surcharge, the Council should consider increasing the parkland dedication requirements to compensate for the loss of the surcharge. Furthermore, City Staff recommends that the City gradually adjust its parkland dedication requirements to align more closely with its peers. For initial discussion purposes only, the Parks and Recreation Department suggests the following:

- **Single-family:** $1,000 per dwelling unit or 7% of the gross developable land
- **Multi-family:** $500 per dwelling unit or 7% of the gross developable land
- **Commercial or industrial:** $1,000 per gross developable acre or 4% of the gross developable land

Please note that the City would only acquire parkland (or collect cash in lieu of parkland) through the subdivision process. However, Staff recommends that, like many other cities, Faribault should also apply parkland dedication to redevelopment that increases the intensity of the development. For example, if an existing commercial or industrial development is converted to a high-density residential use, that development would contribute additional park funds to account for the increased demand on the park system.

City Staff will present the City Council with examples of recent developments that have paid parkland dedication fees and show how the proposed adjustments to the parkland requirements would affect the development.

4. <u>Other existing and potential funding mechanisms for the park system.</u> Most cities find that the parkland dedication and the cash in lieu of parkland collected through the subdivision process is insufficient for the park system. In recent years, the City of Faribault has supplemented the park fund through the following mechanisms:

- **Percentage of the gas and electric franchise fee:** In 2021, the Park Improvements Fund (404) will receive $251,500.
- **Percentage of City budget surplus:** In 2020, the Park Improvements Fund (404) received $88,400.

The City can use other mechanisms to support its park system, including increasing user fees, establishing enterprise fees, bonding, and similar tools. If we value parks, we must find a way to fund them. We are looking for feedback from the City Council on the parkland dedication fees/charges.

Attachments:

1. Park Dedication Survey from HKGI
2. Current Surcharge Fees in Faribault
3. Parkland Fees for Other Communities
4. Existing and Proposed Comparison
5. City Code of Ordinances - Sec. 7-7
6. City Code of Ordinances - Appendix B; Sec. 15-330

Park Dedication Survey

In 2019 HKGi sent out a park dedication survey to community development and park staff in communities and counties throughout the state. The purpose of the survey was to help communities and counties benchmark their requirements to inform future land use and park development.

65 responses were received

- We received responses from 58 cities and 4 counties. This included:
  - 42 were metro area cities and 2 were metro area counties.
  - 16 responses from Greater MN cities and 2 responses from Greater MN counties.
- Please note that not all respondents answered every question. The results for each topic are based on the number of responses to that particular question.
- Thank you to all of the Staff from the following communities and counties for participating:

Metro Cities (42)
Andover
Arden Hills
Belle Plaine
Brooklyn Park
Champlin
Chanhassen
Crystal
Dayton
Eden Prairie
Falcon Heights
Forest Lake
Fridley
Golden Valley
Greenfield
Hastings
Inver Grove Heights
Lakeville
Lino Lakes
Maple Grove
Maplewood
Medicine Lake
Medina
Mendota Heights
Minnetonka
Mound
Mounds View
New Brighton
New Prague
Oakdale
Osseo
Ramsey
Richfield
Rogers
Rosemount
Roseville
Savage
Shoreview
St. Francis
St. Louis Park
Stillwater
Vadnais Heights
Waconia
Woodbury

Metro Counties (2)
Dakota County
Washington County

Greater Minnesota Cities (16)
Brainerd
Cloquet
Detroit Lakes
Faribault
Grand Rapids
Hutchinson
Lindstrom
Moorhead
New Ulm
Nisswa
Owatonna
Rochester
St. Charles
St. Cloud
Waite Park
Winona

Greater Minnesota Counties (2)
Sherburne County
Wright County

RESIDENTIAL PARK DEDICATION REQUIREMENTS

89% of all respondents have residential park dedication requirements

- 55 respondents have residential park dedication; 7 respondents do not have residential park dedication requirements
- Metro Area Cities (45 respondents)
  - 93% (42 of 45) of Metro Area City respondents have park dedication requirements
    - 18 Metro Area Cities use both Cash or land % and Fixed $ rate per dwelling unit
    - 11 Metro Area Cities use only Fixed $ rate
    - 10 Metro Area Cities use only Cash or land %
  - 3 Metro Area Cities do not have residential park dedication requirements
- Metro Area Counties (2 respondents)
  - 0% (2 of 2) of Metro Area Counties who responded do not use residential park dedication
- Greater MN Cities (16 respondents)
  - 88% (14 of 16) of Greater MN Cities who responded have residential park dedication requirements
  - 8 Greater MN Cities use Cash or land %
  - 3 Greater MN Cities use both Cash or land % and Fixed $ rate per dwelling unit
- Greater MN Counties (2 respondents)
  - 100% (2 of 2) of Greater MN Counties who responded have residential park dedication requirements
  - 2 Greater MN Counties use Cash or land %

36 cities and counties use "cash or land equal to a percentage of land value/area for park dedication"

17 Cities	10%
6 Cities	5-8%
1 City	more than 10%
12 Cities and Counties	use a graduated scale based on the number of units or density, which ranges from 4% up to 20%; or Cities use a requirement of square feetof land per dwelling unit, or a separate requirement of % of land and different % of cash

39 cities and counties use various amounts of "fixed cash dedication requirements" for residential park dedication. The range of amounts and median response per unit type are displayed in the following table.

Residential Fixed Cash Dedication Requirements include:			
Answer Choices	**Responses**	**Range**	**Median**
Per acre (all)	1 Metro	Fair Market Value of the Buildable Unplatted Land x Land Requirement	
	1 Gtr MN	6% residential only	
Per acre (Single Family)	1 Metro	$85,000	$85,000
	1 Gtr MN	$600	$600
Per acre (Multi-Family)	1 Metro	$95,000	$95,000
Per residential unit	21 Metro	$500 - $5,260	$3,500
	3 Gtr MN	$416 - $2,250	$650
Single Family (all) - per unit	10 Metro	$2,000 - $6,500	$3,400
	3 Gtr MN	$200 - $1,196	$680
Single Family Detached - per unit	9 Metro	$2,200 - $5,800	$3,500
	2 Gtr MN	$256-$873	*$565 (avg)*
Single Family Attached - per unit	8 Metro	$2,775 - $5,800	$3,500
	1 Gtr MN	$256	$256
Duplex-per unit	9 Metro	$1,500 - $5,000	$3,415
	2 Gtr MN	$165-$184	*$175 (avg)*
Townhouse/Rowhouse - per unit	8 Metro	$1,500 - $5,000	$3,500
	2 Gtr MN	$165-$184	*$175 (avg)*
Multi-Family - per unit	13 Metro	$1,100 - $5,500	$3,386
	4 Gtr MN	$135-$793	$340
Mobile Home- per unit	2 Metro	$3,415 - $3,500	*$3,458 (avg)*
	2 Gtr MN	$200-$256	*$228 (avg)*
Senior Housing-per unit	6 Metro	$500 (per bed) - $5,000	$3,415
	2 Gtr MN	$135-$184	$160 (avg)
Other- please specify whether per unit or per acre	4 Metro	$4,000 per unit; $5,100 per acre for Assisted Living; $11,000 per acre for Assisted Living/Memory Care and $3,175 per unit for Affordable	
	1 Gtr MN	$800/lot	

COMMERCIAL AND INDUSTRIAL PARK DEDICATION REQUIREMENTS

73% (43 of 59) of all respondents have commercial or industrial park dedication requirements

93% (37 of 40) of Metro Area City respondents
0% (0 of 2) Metro Area County respondents
40% (6 of 15) Greater MN City respondents
0% (0 of 2) Greater MN County respondents

Current commercial/industrial park dedication requirements include:	
Answer Choices	**Responses**
Cash or land equal to a percentage of land value/area	16 Metro Cities 3 Greater MN Cities
Fixed $ rate per acre of land	18 Metro Cities 1 Greater MN City
Both "Cash or land equal to a percentage of land value/area" and "Fixed $ rate per acre of land"	11 Metro Cities
Fixed $ rate per type of building square footage	1 Metro City 1 Greater MN City
Fixed $ rate per employee	None
Other: ***5% of current market value of the unimproved land***	1 Metro City
Other: ***TBD with City Council***	1 Metro City
Other: ***Divide total square footage of non-public portion of subdivision by minimum square footage for a standard residential lot within the city. Multiply this amount by the per lot charge ($2250)***	1 Greater MN City
Other: ***per building, acre, or 10,000 SF floor area, whichever is greatest (acreage rounded up to next whole acre & SF rounded up to next higher 10,000 SF)***	1 Metro City
	43 Answered (note that some may have chosen more than one answer)

28 cities or counties require cash or land equal to a percentage of land value/area for commercial or industrial park dedication

Percentage of Cash or Land of Land Value/Area for Commercial or Industrial Park Dedication	Respondent type
10%	12 Metro Cities
more than 10%	1 Metro City
6-9%	6 Metro Cities
5%	4 Metro Cities 1 Greater MN City
Less than 5%	1 Greater MN City – FBO
61 Sq. Ft. of buildable land for each development employee, up to 20% of the area being platted or 20% of the market value of the land	1 Greater MN City

27 cities/counties use "fixed cash dedication requirements" for commercial/industrial park dedication

Answer Choices	Responses	Amount	Median
Commercial development (per acre)	21 Metro 1 Gtr MN	\$500 - \$90,000 \$250	\$7,693 \$250
Industrial development (per acre)	20 Metro 1 Gtr MN	\$500 - \$50,000 \$250	\$6,000 \$250
Commercial development (per employee)	1 Metro	282 SF	
Industrial development (per employee)	None	n/a	
Other Method	4 Metro 1 Gtr MN	Per 1,000 GSF; Commercial: 5% of the current land value of the unimproved land as determined by City Assessor; Per building or 10,000 SF floor area, whichever is greatest; 5% of the land or 10% of the FMV of the land By size of building paid at time of building permit	

REDEVELOPMENT PARK DEDICATION REQUIREMENTS

31% of respondents have redevelopment park dedication requirements

- 18 have redevelopment park dedication; 40 do not
  - 17 Metro Area Cities have redevelopment park dedication requirements
  - 2 Greater MN Cities have redevelopment park dedication requirements

Methods for calculating park dedication for redevelopment generally reflected the approach allowed for in Minnesota Statutes 462.358, Subd. 2b., including:

- Park dedication being required only when platting of property is involved
- Park dedication being exempted when the resubdivision is platting the same number of lots; this is also often noted as a credit for past dedication
- Park dedication is collected only on the net increase of lots

EVALUATING PARK DEDICATION REQUIREMENTS

57 respondents evaluate their park dedication requirements; almost a third of respondents evaluate on an annual basis

Answer Choices	Responses	
Annually	28%	16
When the mood strikes	21%	12
After Comprehensive Plan Update	16%	9
When drastic changes occur in the market	14%	8
Biannually	3.5%	2
Monthly	0%	0
Other: •*Rate is based on residents and land value, which are fairly static* •*County is mostly rural and development is limited* •*Every five years* •*Once per decade* •*Not sure if ever has been evaluated* •*Concerns that if evaluation is done, then Council will lower the rates*	18%	10
	Answered	**57**

33% of respondents have completed an analysis of property fair market value for the purposes of evaluating park dedication fees in the last five years. Communities may want to evaluate whether their evaluation and/or fees meet the criteria of Minnesota Statutes 462.358, Subd. 2b (c) which states that "fair market value" should be the value of the land as determined by tax valuation or other relevant data.

- 19 respondents have completed an analysis (40 respondents have not)
  - 16 Metro Area Cities have completed an analysis
  - 2 Greater MN Cities have completed an analysis
  - 1 Greater MN County has completed an analysis

TRAIL, SIDEWALK, AND OTHER RECREATION FACILITY FUNDING

Trail construction is funded in a variety of ways, including:

Answer Choices	Responses	
Trails are constructed as part of transportation or park projects funded through city funds (including park dedication)	77% 22 Metro (21 Cities; 1 County) 12 Greater MN (10 Cities; 2 Counties)	34
Trails are expected to be constructed as part of the improvements for a development	50% 18 Metro (17 Cities; 1 County) 4 Greater MN (4 Cities)	22
Only trails along roadways are required to be constructed as part of the improvements for a development	14% 4 Metro (4 Cities) 2 Greater MN (2 Cities)	6
A separate trail dedication fee is required to support trail construction	7% 3 Metro (3 Cities)	3
Other:•*County cost shares with City* •*Grant funding* •*Regional sales tax* •*Assessments within new subdivisions* •*Paid for by developer, but cost is credited against payment in lieu*	23%	10
	44 Answered (note that some may have chosen more than one answer)	

Sidewalk construction is funded in a variety of ways, including:

Answer Choices	Responses	
Sidewalks are expected to be constructed as part of improvements for a development	70% 23 Metro (22 Cities; 1 County) 8 Greater MN (8 Cities)	31
Sidewalks are constructed as part of transportation projects funded through city funds	57% 16 Metro (15 Cities; 1 County) 9 Greater MN (8 Cities; 1 County)	25
Sidewalk retrofits occur as part of street improvement projects and are funded through city funds	39% 10 Metro (10 Cities) 7 Greater MN (7 Cities)	17
Sidewalk retrofits occur as part of street improvement projects and are assessed to properties they cross	18% 4 Metro (4 Cities) 4 Greater MN (4 Cities)	8
Sidewalk retrofits occur as part of street improvement projects and are assessed to benefiting properties on both sides of the street even if they are only constructed on one side	16% 5 Metro (5 Cities) 2 Greater MN (2 Cities)	7
City-wide fee is being collected to fund sidewalk construction	None	n/a
Other: •*County cost share* •*State Aid dollars* •*Assessed to benefitting property owners when constructed as part of city improvement projects*	20%	9
	44 Answered (note that some may have chosen more than one answer)	

In addition to park dedication and annual general levy funds, 39 cities and counties use the following sources to fund physical park improvements:

Answer Choices	Responses	
Grants	97% 24 Metro (23 Cities; 1 County) 14 Greater MN (12 Cities; 2 Counties)	38
Partnerships	59% 11 Metro (10 Cities; 1 County) 12 Greater MN (10 Cities; 2 Counties)	23
Legacy Funds	46% 7 Metro (6 Cities; 1 County) 11 Greater MN (10 Cities; 1 County)	18
Non-profit or "Friends" foundation	28% 2 Metro (2 Cities) 9 Greater Minnesota (8 Cities; 1 County)	11
State bonding requests	23% 3 Metro (2 Cities; 1 County) 6 Greater Minnesota (5 Cities; 1 County)	9
Bond Referendums	18% 5 Metro (5 Cities) 2 Greater Minnesota (2 Cities)	7
Local Option Sales Tax	15% 6 Greater Minnesota (4 Cities; 2 Counties)	6
User Based Fees	10% 2 Metro (1 City; 1 County) 2 Greater Minnesota (2 Cities)	4
Advertising or naming rights	10% 1 Metro	4

Answer Choices	Responses		
	(1 City) 3 Greater Minnesota (3 Cities)		
Special Assessments	2 Greater Minnesota (2 Cities)	5%	2
Special Service Districts		None	n/a
Franchise Fees	1 Metro (1 City)	3%	1
Other: •*Proceeds from the sale of surplus land* •*County bonding* •*Municipal liquor sales proceeds*		13%	5
	39 Answered (note that some may have chosen more than one answer)		

2019 Park Finance and Dedication Survey Factsheet

For more than a decade, HKGi has been conducting a park dedication survey to identify best practices for park dedication and financing, as well as to inform the development of park and recreation system master plans. The Park Finance and Dedication Survey has also been a useful tool for understanding the implications of the statutory changes over time. In 2019, the survey was sent to park and community development staff of Minnesota cities and counties. An overview of the results from the 65 participants is provided in this summary. The results are based on the number of respondents to each individual question rather than the overall number of surveys submitted.

Who Participated?

Participants from Greater Minnesota: 18

44 7-county metro area participants

58 Cities

4 Counties

Note: In the survey respondents could select all that applied

Residential Park Dedication is required:

by **89%** of participants

Method of park dedication:

- Cash or Land Equal to a % of Land Value/Area: 71%
- Fixed Rate by Unit Type: 57%
- Fixed Rate by Acre of Land: 9%
- Other: 29%

Rate of park dedication:

- 50% Use a 10% rate
- 33% Have a rate that depends on density
- 17% Use a rate between 5-8%
- 3% Use a rate >10%

Commercial/Industrial Park Dedication is required:

by **75%** of participants

Method of park dedication:

- Cash or Land Equal to a % of Land Value/Area: 70%
- Fixed Rate per Acre of Land: 45%
- Fixed Rate per Type of Building SF: 2%
- Other: 16%

Rate of park dedication:

- 43% Use a 10% rate
- 21% Use a rate between 6-9%
- 18% Use a 5% rate
- 4% Use a rate >10%
- 4% Use a rate <5%
- 4% Have a rate that depends on number of employees

Redevelopment Park Dedication is required:

by **31 %** of participants

Respondents evaluate their park dedication requirements at varying intervals:

- When the mood strikes: 21%
- Annually: 28%
- After Comp Plan Update: 16%
- Other: 18%
- When drastic changes occur in the market: 14%
- Biannually: 3%

Funding for Trail Construction

Funded through a trail dedication fee: 7%

Only trails along roadways are required to be constructed as part of development: 14%

Funded through development: 50%

Funded through City transportation or parks projects (including park dedication): 77%

Other: 23%

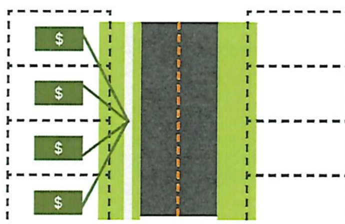
Funding for Sidewalk Construction

Retrofits through street improvement projects:

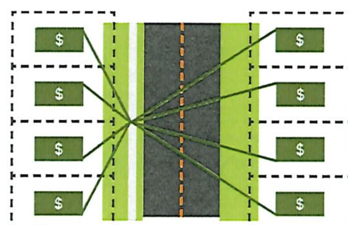
39%
Sidewalks are funded through city funds

$

18%
Sidewalks only assessed to properties that they cross



16%
Sidewalks assessed to all benefitting properties



New construction sidewalk projects:

70% of respondents require sidewalk construction as part of development

Sidewalks are constructed as part of transportation projects funded through city funds 57%

For more Information

If you have more questions or are wondering about next steps, HKGi's professional services include:

- **Park Dedication Evaluation and Ordinance Revisions**
- **Park and Recreation System Planning**
- **Park and Trail Design**

Find more detailed survey responses on HKGi's website:

https://www.hkgi.com/projects.php

HKGi

(From 2021 Fee Schedule)

7-24 Surcharge on Park Land Development (Dwelling Unit as defined in Appendix C-Zoning)

Single-Family Dwelling	$225
Two-Family Dwelling	$225 per unit
Multiple-Family Dwelling	$150/unit
Single-Family (Attached)	$200
Manufactured Homes (Private lots only)	$200
Dormitory	$90/occ
Boarding House	$90/occ
Conversion to Dwelling Units	Same as above
Conversion to Primary Use	$175
Commercial, Industrial, Institutional	
Under $100,000	$225
$100,000 to $500,000	$1,200
$500,000 and up	$3,000

	Residential	Commercial	Industrial
Albert Lea	1Ac / 54 units based on max density allowed	1 acre/ 9acres(11.1%)	1 acre/9acres(11.1%)
Austin	.008 acre per unit		
Elko/New Market	8% or $2000/unit	8% or $2800/Acre	8% or $1000/Acre
Faribault	7%	4%	4%
Farmington	0-2.5 Dwelling/Acre = 11%	5%	5%
	2.6-5.0 Dwelling/acre= 12%		
	5.1-7.5 Dwelling/Acre=13%		
	7.6 - 10 Dwelling/Acres = 14%		
	10.1 -12.5 Dwelling/acre= 15%		
	12.6 -16 Dwelling/acre = 16%		
Lonsdale	10% or $1750 per unit (Single)	10%	10%
	10% or $1750 per unit for Multi-family	$2700/Acre	$2700/Acre
Lakeville	Low Density <3 = 12% or $4734/unit	$7693/Acre	$4558/Acre
	Medium Density 3-9 =14% or $3221/unit		
	High Density 9+ = 17% or $2470/unit		
Northfield	0-3.9 DU/Acre 12%	5%	2% for trails none for parks
	4.0- 7.9 DU/ Acre 9%		
	8.0 or More DU/Acre6%		
Owatonna	0	0	0
Red Wing	Apts and town houses = $225/bedroom	$1450 /Acre	$1450 /Acre
	Double family dwelling = $500 per unit		
	Single family dwelling per per unit = $525		
	or 0-2.5 DU/Acre 10%		
	2.6-4.0 DU/Acre 12%		
	4.1-8.0 DU/Acre 13%		
	8.1-12.0 DU/Acre 14%		
	12.1-16 DU/Acre 15%		
Waseca	SF - upto 3 lots per acre = 8% or $420 per unit		
	SF- More then 3 and up to 5 lots per acre = 14% or 420 per unit		
	MF - upto 15 Units per Acre = 20% or $300per unit		
	MF 15-30 units = 35% or $275 per unit		
	MF 30 or more = 45% or $250per unit		

Attachment C

2018 Park Dedication Survey

City	2017 Residential (Per Unit)	2018 Residential (Per Unit)	2017 Commercial	2018 Commercial	2017 Industrial	2018 Industrial
Andover	$3,038	$3,319	$9,106 / Acre	$9,957 / Acre	$9106 or 10% of market value of land, whichever is less	$9957 per acre or 10% of market value of land, whichever is less
Apple Valley	$1,935	$1,935	$1,272 / 1,000 Sq. Ft.	$1,272 / 1,000 Sq. Ft.	$128	$128
Blaine	$4,320	$4,320	$8,704 / Acre	$8,704 / Acre	$6,093	$6,093
Bloomington	$5,700	$5,700	$585 / 1,000 Sq. Ft.	$585 / 1,000 Sq. Ft.	$402	$402
Brooklyn Center	$0	$0	$0 / Acre	$0 / Acre	$0	$0
Brooklyn Park	$4,600	$4,600	$8,000 / Acre	$8,000 / Acre	$8,000	$8,000
Burnsville	$2,717	$2,717	$17,500 / Acre	$17,500 / Acre	$8,750	$8,750
Chanhassen	$5,800	$5,800	$12,500 / Acre	$12,500 / Acre	$12,500	$12,500
Champlin	$4,370	$4,370	$8,323 / Acre	$8,323 / Acre	$7,283	$7,283
Cottage Grove	$3,400	$3,400	$6,000 / Acre	$6,000/ Acre	$6,000	$6,000
Eagan	$3,579	$3,579	$939 / 1,000 Sq. Ft.	$939 / 1,000 Sq. Ft.	$255	$255
Eden Prairie	$6,500	$6,500	$11,500 / Acre	$11,500 / Acre	$11,500	$11,500
Falcon Heights	8%	8%	10% FMV	10% FMV	10%	10%
Fridley	$1,500	$1,500	$1,000 / Acre	$.023/sf of land	N/A	$.023/sf of land (full site being developed)
Golden Valley	6%	6%	6% FMV	6% FMV	6%	6%
Inver Grove Heights	$2,850	$2,850	$7,000 / Acre	$7,000 / Acre	$5,000	$5,000
Lakeville	$3,895	Low Density: $4090, Medium Density: $2,783, High Density: $2,134	$7,693 / Acre	$7,693 / Acre	$4,558	$4,558
Little Canada	$3,500	$3,500	7% FMV	7% FMV	N/A	N/A
Maple Grove	$4,290	$4,262	$11,000 / Acre	$11,000 / Acre	$6,500	$6,500
Maplewood	$3,540	$3,540	9% FMV	9% FMV	9%	9%
Moundsview	10%	10%	10% FMV	10% FMV	10%	10%
Oakdale	$2,886	$2,886	Retail $467, Office: $534 / 1,000 Sq. Ft.	Retail $467, Office: $534 / 1,000 Sq. Ft.	$267	$267
Plymouth	$8,000	$8,000	$8,000 / Acre	$8,000 / Acre	$8,000	$8,000
Richfield	$0	$0	$0 / Acre	$0 / Acre	$0	$0
Roseville	$4,000	$4,000	10% FMV	10% FMV	10%	10%
Shakopee	$5340	$5340	$9,500 / Acre	$9,500 / Acre	$9,500	$9,500
Shoreview	4%	4%	10% FMV	10% FMV	10%	10%
St. Louis Park	$1,500	$1,500	5% FMV	5% FMV	5%	5%
Woodbury	$3,500	$3,500	$6,000 / Acre	$6,000 / Acre	$6,000	$6,000
ALL AVERAGE	**$3,559**	**$3,492**				
SELECT AVG	**$4,745.14**	**$4,745.14**	**$8,529.00**	**$8,529.00**	**$8,057.17**	**$8,057.17**

Last Updated: 1/10/19

Cashin Apartments
Dedication: 4% of purchase price at $185,000 = $7,400
Park Development Surcharge: 21 units x $150 = $3,150
Total Required: $10,550
Proposed: 21 units x $500 = $10,500

Todd Nelson Downtown Apartments
Dedication: None
Park Development Surcharge: $150/unit x 9 units = $1,350
Total Required: $1,350
Proposed: None – no subdivision and no surcharge

Straight River Apartments:
Dedication: None
Park Development Surcharge: 111 units x $150 = $16,500
Total Required: $16,500
Proposed: 111 units x $500 = $55,500 (however, this could be lowered if the site had already paid parkland dedication based on the previous industrial use)

Met Con Business Park Second Addition
Dedication: $3, 977.84 for 15.95 acres
Park Development Surcharge: None
Total Required: $3, 977.84
Proposed: $1,000/acre x 15.95 = $15,950

Met Con Business Park Third Addition
Dedication: $11,611.68 for 26.37 acres
Park Development Surcharge: $3,000 for initial building, $3,000 for expansion
Total Required: $17, 611.68
Proposed: 1,000/acre x 26.37 = $26,763 (however, this could be lowered based on the percentage of gross developable land)

Met Con Business Park Fourth Addition
Dedication: $2,099.96
Park Development Surcharge: $3,000
Total Required: $5,096.96
Proposed: 7.38 x $1,000/acre = $7,380 (however, this could be lowered based on the percentage of gross developable land)

Sec. 7-7. - Surcharge on building permit levied for park development and improvement.

(a) The applicant for a building permit to construct a new or convert an existing structure to either:

(1) A residential dwelling unit, including single-, two-family, and multifamily structures, and boarding homes and dormitories;

(2) A commercial, industrial, or institutional unit; or

(3) The conversion of an existing structure from an accessory to a primary use; is hereby charged a fee for the public improvement development of park facilities and property.

(b) Said fee shall be established by council resolution and is to be used dedicated exclusively for the development and improvement, (i.e., equipping, maintaining, etc.) of park land facilities and property.

(Ord. No. 2014-009, § 2, 6-24-14)

ARTICLE 7. - PARK LAND DEDICATION

Sec. 15-330. - Park land dedication requirements.

(A) *In general.* As a prerequisite to plat approval, subdividers shall dedicate land for parks, playgrounds, public open spaces, or trails and/or shall make a cash contribution to the city's park fund as provided within this section. In the case of a replat of previously subdivided property where a park dedication or contribution has been made or where the previously subdivided lots are less than seventy (70) percent of current lot area standards, no park dedication or contribution shall be required. No park dedication or contribution shall be required in the case of a minor subdivision where land is being added to an existing parcel for the creation of a larger lot.

(B) *Required park land.* In all new subdivisions, a percentage of the gross area of all property to be subdivided shall be dedicated for parks, as follows:

Residential subdivision (minimum) .....7 percent

Commercial subdivision (minimum) .....4 percent

Industrial subdivision (minimum) .....4 percent

Other subdivisions (minimum) .....7 percent

(C) *Land suitability.* Land to be dedicated shall be reasonably suitable for its intended use and shall be at a location convenient to the people to be served. In evaluating the adequacy of proposed park and recreation areas, the City Council shall consider factors including size, shape, topography, geology, hydrology, tree cover, access, and location. Wetlands, ponding areas, and drainageways accepted by the city shall not contribute towards park land requirements, except at the discretion of the City Council.

(D) *Terms of dedication.* Dedication of land for public use shall be without restrictions or reservations and shall be designated as an outlot on the plat. The subdivider shall be responsible to grade the land to the contours shown on the approved preliminary plat and to leave such dedicated land in a condition suitable to the city.

(E) *Fee in lieu of land dedication.* When it is determined that park land dedication is not desirable due to location, size, or other suitability factors as defined in Section 15-330(C) above, the city shall require, in lieu of land donation, a cash donation equal to a percentage of the fair market value of the property. Such percentage is based on the requirements identified in Subsection 15-330(B). For the purposes of this section, fair market value shall be determined at the time of final plat approval in accordance with the following:

(1) The city and the developer may agree as to the fair market value, or

(2) The fair market value may be based upon a current appraisal submitted to the city by the subdivider at the subdivider's expense. The appraisal shall be made by a qualified real estate appraiser who is an approved member of the SREA or MAI, or equivalent real estate appraisal societies.

(3) If the city disputes such appraisal the city may, at its own expense, obtain a second appraisal of the property by a qualified real estate appraiser, mutually agreed upon by the developer and the city, which appraisal shall be conclusive evidence of the fair market value of the land.

(F) *Combined land and cash donations.* The city may elect to receive a combination of cash and land as part of parkland dedication requirements. In such cases, the percentage of land dedicated shall reduce the required fee percentage by an equal amount.

(G) *Planned unit developments.* Planned developments with mixed land uses shall make cash and/or land contributions in accordance with this section based upon the percentage of land devoted to the various uses.

(H) *Payment requirements.* Park cash contributions are to be calculated at the time of final plat approval. The City Council may approve a delay in the payment of cash requirements provided that an agreement is executed guaranteeing such payment in accordance with the following:

(1) Any developer may elect to pay in full park fees based on the amount required at the time of the final plat approval.

(2) Plats with park fees of up to two thousand five hundred ($2,500.00) must be paid in full when the City Council approves the final plat.

(3) Twelve month scheduled payment plan. Plats with park fees of two thousand five hundred one dollars ($2,501.00) to seven thousand five hundred dollars ($7,500.00) must pay at least one-third (1/3) of the fee when the final plat is approved by the City Council, one-half (½) of the balance no later than six (6) months from the date of final plat approval, and the final balance not later than twelve (12) months from the date of final plat approval. No interest will be charged on the payments during the twelve (12) months.

(4) Twenty-four month scheduled payment plan. Plats with park fees of over seven thousand five hundred one dollars ($7,501.00) must pay at least one-third (1/3) of the fee when the final plat is approved by the City Council, and one-half (½) of the balance no later than twelve (12) months from the date of final plat approval. No interest will be charged on the money due and paid during the first twelve (12) months. The final payment must be paid not later than twenty-four (24) months from the date of final plat approval by the City Council, and interest at a rate set forth in the development agreement shall be charged on the park fees due and paid after twelve (12) months.

(I) *Identified sites.* When a proposed park, playground, recreational area, school site or other public ground has been indicated in the city's official map or Land Use Plan and is located in whole or in part within a proposed plat, it shall be designated as such on the plat and shall be dedicated to the appropriate governmental unit. If the subdivider elects not to dedicate an area in excess of the land required hereunder for such proposed public site, the city may consider acquiring the site through purchase or other available means prior to approval of the plat.

(J) *Private open space/parks.* Where private open space for park and recreation purposes is provided in a proposed subdivision, such areas may be used for credit, at the discretion of the City Council, against the requirement of dedication for park and recreation purposes, provided the City Council finds it is in the public interest to do so.

(Ord. No. 99-20, § 1, 11-23-99)

Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Tim Murray, City Administrator
FROM: Travis Block, Public Works Director
MEETING DATE: September 7, 2021
SUBJECT: Downtown Block 45 Alley Options

Discussion:

At the July 27th Work Session, staff presented options to address refuse disposal and make improvements to the public alley of Block 45 in the downtown, between the properties of 302, 306, 310 Central Avenue and 14 3rd Street NW. The current arrangement has resulted in unsightly instances of dumpsters overflowing along with the disposal of mattresses, furniture and other household items. Several options were discussed, including vacating the area and improvement options.

As part of the discussion, the Council directed staff to engage The 310 Event Center to determine their level of interest in constructing an outdoor patio/seating area in the alley. The event center is interested in building a patio in the space sometime in the future and has submitted some draft concept photographs (attached). Under this option, the City would retain the right of way and the patio would be allowed under a Limited Use Agreement (LUA). This situation would be similar to the actions taken to allow a loading dock for Cry Baby Craig's in the public parking lot adjacent to their building.

Staff recommends working with The 310 Event Center to incorporate their patio/seating area into the future improvements to the alley. It is also recommended to enter into LUA's with the other property building owners to allow for the placement of dumpsters.

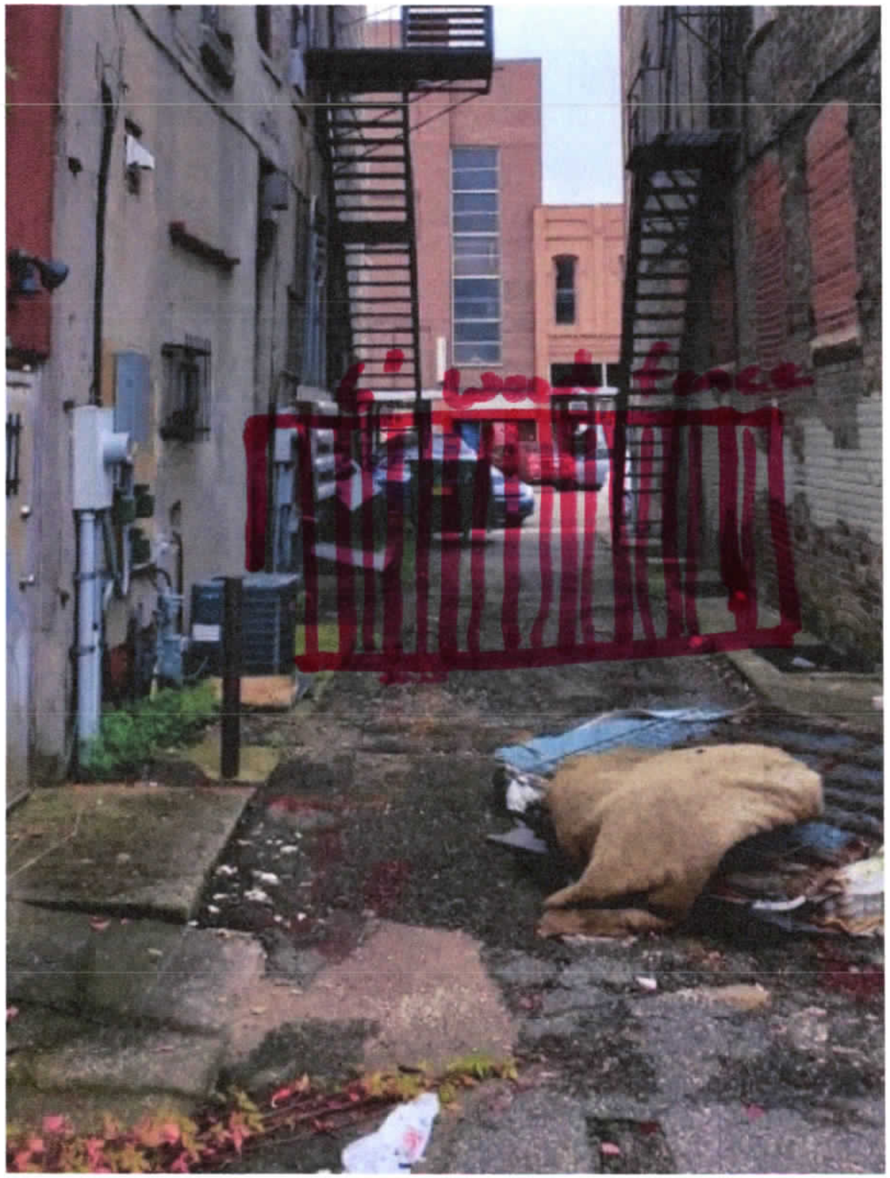
Attachments:

1. 310 Event Center Alley Patio

Google Maps

Map data ©2021 , Map data ©2021 20 ft


6 ft Wood Fence


wood fence


Glass
Garage
Door