City Council Work Session
Tuesday, September 6, 2022 at 6:00 PM
Public Meeting Room

AGENDA

1. **Call to Order**
2. **Items for Discussion**
   A. Budget Work Session #5 - Special Revenue and Enterprise Funds, Operating Levy Update
   B. Fund 240 - Community Development Administration Discussion
   C. North Viaduct Area Park Development Consultant Selection
3. **Future Discussion**
4. **Adjournment**

(The Council may meet as a group for dinner)

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 6, 2022
SUBJECT:	Budget Work Session #5 - Special Revenue and Enterprise Funds, Operating Levy Update

Discussion:
We have a series of budget work sessions scheduled over the next few 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 work session we will be going over the proposed Special Revenue Fund budgets (23), and the Enterprise Fund Budgets (3).

Special Revenue Funds
The Special Revenue Funds consist of four City, three HRA, and twelve EDA funds, including seven TIF Districts. These funds consist of $2,868,098 in total revenues and $4,387,989 in total expenditures. Of these funds, the City levies for the Community Development Administration Fund (240). This fund is 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 for 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. The Airport budget reflects the costs for operating and maintaining the airport, including supplies, other services and charges, and capital outlay.

The Airport budget can vary significantly from year to year depending upon large capital improvement projects. The budget relies heavily on outside funding from the Minnesota Department of Transportation (MnDOT) and the Federal Aviation Administration (FAA) to complete these projects as well as funding for a significant portion of the maintenance and operation expenses. 2022 was the last year that the Airport received General Levy support. Hangar and land rental rates will need to be examined and adjusted to provide operational funding. Recent increases in the availability of federal funding have the potential to assist with the completion of large capital projects. March 2023 will be the final payment on a ten-year interest-free loan and this fund will now be seeing a positive impact on fund balance.

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 Environmental Commission. This fund receives $132,300, of the operating levy, $401,976 additional operating levy for tax abatements, as well as $272,602 in administrative fees and $103,048 in housing maintenance fees.

The Community Development Administration Fund is budgeted at $1,061,615, which is an increase of $38,617. A reduction to the fund's property tax levy support of $66,151 over a four-year period, ($66,151 each year for 2022-2025) is included. At this point, $139,719 will need to come from the fund balance to balance this budget. Utilization of fund balance is not sustainable for this fund, and increases in revenues, decreases in expenditures, or a combination of both will be necessary. A separate agenda item discussion will be on this topic. Tax abatements are estimated to be $401,976 which is a decrease of $24,299 due to the last payment to Mill City being made in 2022.

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 have 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 with $328,850, an increase of $19,030, in an HRA tax levy and $45,250 in administrative fees for Robinwood Administration. There are no longer Administration Fees for Public Housing with the repositioning.

The indirect cost allocation to the HRA accounts for staff assigned to HRA activities. This increased $43,217 primarily due to realigning staff with the hiring of a new housing coordinator in the amount of $43,217.

The HRA is projected to have a decrease in funds balance in both 2022 and 2023 of $87,070 and $240,762 respectively. This is primarily due to programming budgeted in the amount of $280,000.

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 Development Department, which serves as agent for the EDA. Multiple funds, including seven TIF Districts, are utilized to provide these services and is supported with $322,273 in property taxes, an increase of $18,650 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, the Sewer Fund, and the 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, 10 Water/Sewer Operators and 1 Engineering Technician FTE.

Water Fund (601)

The Water Fund operates with a customer base of 7,557 meters. The Water Fund finances the infrastructure which is supplied with ground water from five active wells, two pumping stations, and 142 miles of infrastructure throughout the City managed through three major storage reservoirs and one water tower. The City also constructed a new water treatment plant for filtration and chemical additions. In 2022, the City began constructing an additional water tower.

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 are increasing based on a utility rate analysis within the Long-Term Financial Management Plan (see attached). Based on this analysis, the 2023 rates will require an increase of 4% to provide sufficient revenue to cover the debt service payment of approximately $610,000 as well as inflation. The water rates have a projected need to increase the base fee by 4.0%, or $.50 per month for residential customers, and the consumption rate by 4.0%, or $0.46 per month for average residential customer.

The Water Availability Charge (WAC) is to remain flat at $1,500. The WAC fees are budgeted at $25,000 in revenue for 2023.

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.

The Water Fund has a PFA loan for $10,205,719 which was secured in 2019 to construct the water treatment plant. The annual debt service is approximately $563,000. In 2021, a second loan was secured for the northwest area watermain loop totaling $481,352. The annual debt service for this loan is approximately $26,000. The final payments will be made in 2039 and 2042 respectively.

Sewer Fund (602)

The Sewer Fund operates with a 7,249 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. There are no sewer charges for a designated irrigation meter.

The City's sewer consumer volume rates had a 0% increase in 2020 through 2022 and the base rate has remained the same for many years. Based on the analysis from the Long-Term Financial Management Plan, it is proposed that the base rate increase to $10/month, or $1.68/month increase. The consumer volume rate is proposed to increase 2%, or $0.43/ month. 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 adjustments. It also includes 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.

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 Storm Water Fund is utilized to provide the operation, maintenance and repair of the storm water conveyance system, including 89 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 16,739 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 an analysis with the Long-Term Financial Management Plan, rates are proposed to increase by 14.5%, or $0.95/month. The 2023 rate would be $7.48/RLE.

Staff has established the following budget which includes the proposed rate increase. This budget does 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.

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 2021. The overall impact on an average residential utility bill would be $4.02 per month or $48.24 annually.

Property Tax Levies

The early estimates of values from the County include a taxable market value of $1,948,152,000. The net tax capacity is $23,409,896 without TIF. These are the best numbers available until September 15th. This is an increase of $2,978,056, or a 14.58% increase.

With the proposed 2023 budgets, the Net Tax Levy would increase by $645,254, or 6.11%. This would equate to a decrease in the City Tax Rate from 51.680 to 47.682, which is a reduction of 3.818 or 7.39%. This would be a $71.70 decrease on a $206,500 Residential Homestead, $89.84 decrease on a $250,000 Residential Homestead, and $353.17 decrease on a $500,000 Commercial/Industrial property. Because there is an anticipated decrease in the tax rate, this would project an overall savings in property tax if there was not any change in market value, but as we discussed in previous budget work sessions, the City's median value home increased 17.9%, which equates to a $52.76 increase if there were no adjustments to the 2022 levy amounts. The tax levy and tax rate history have been updated and are attached.

With combined utility rate increases and current levy increases, a median valued $206,500 Residential Homestead would see an increase in cost to the City of $29.30 for the year.

Attachments:

1. 2023 Special Revenue Funds Revenue Summary
2. 2023 Special Revenue Funds Expenditure Summary
3. 2023 Airport (225) LTFMP
4. 2023 CED (240) LTFMP
5. 2023 Special Revenue Funds Detail
6. 2023 Enterprise Funds Detail
7. Enterprise LTFMP August 2022
8. 2023 Estimated Tax Levy
9. Presentation Budget Work Session #5 Special Revenue & Enterprise Funds

SUMMARY OF REVENUES BY FUND
2023 BUDGET

FUND	2020 ACTUAL	2021 ACTUAL	2022 ADOPTED	2023 Proposed	Change
Special Revenue Funds:					
Charitable Gambling (210)	$ 31,136	$ 51,122	$ 32,850	$ 34,860	$ 2,010
Public Safety Programs (215)	4,123	24,404	3,900	3,640	(260)
Library Donations (217)	-	2,700,000	-	-	-
Airport (225)	2,305,455	187,180	992,022	170,129	(821,893)
Community Development					
City Rental Property (211)	14,848	12,782	14,100	14,390	290
Revolving Loan Funds - City (245)	4,693	-	-	-	-
Community Development (240)	580,491	548,720	944,869	921,896	(22,973)
Rental Housing Rehabilitation (244)	5,868	(1,173)	3,000	2,600	(400)
SCDP Revolving Loan Programs (247)	14,552	665	5,864	6,310	446
Faribault HRA					
Public Housing Fund (241)	374,037	675,352	517,100	639,300	122,200
CRV Rehabilitation Program (254)	1,408	(292)	750	750	-
Faribault HRA (280)	411,143	478,387	461,991	383,543	(78,448)
Faribault EDA					
Industrial Development Loan (243)	10,870	1,342	3,900	5,700	1,800
Federal MIF Loans (248)	19,446	(3,887)	9,000	9,000	-
Minnesota Investment Funds (249)	437	(87)	200	200	-
Faribault EDA (290)	278,182	594,496	312,206	332,256	20,050
Economic Development Revolving Loan (292)	15,768	(1,645)	9,607	5,480	(4,127)
Tax Increment (263-270)	184,623	207,291	347,662	347,487	(175)
Total Special Revenue Funds	**$ 4,257,080**	**$ 5,474,656**	**$ 3,659,021**	**$ 2,877,541**	**$ (781,480)**

SUMMARY OF EXPENDITURES BY FUND
2023 BUDGET

FUND	2020 ACTUAL	2021 ACTUAL	2022 ADOPTED	2023 PROPOSED	Change
Special Revenue Funds:					
Charitable Gambling (210)	$ 23,573	$ 32,815	$ 29,250	$ 32,250	$ 3,000
Public Safety Programs (215)	870	55,161	1,000	1,000	-
Library Donation (217)	-	-	-	-	-
Airport (225)	2,039,112	228,705	1,168,674	130,667	(1,038,007)
Community Development					
City Rental Property (211)	$ 10,951	$ 7,481	$ 8,367	$ 8,263	$ (104)
Community Development (240)	556,581	755,842	1,022,998	1,061,615	38,617
Rental Housing Rehabilitation (244)	-	-	100,000	100,000	-
Revolving Loan Programs (245)	121,254	97,578	-	-	-
SCDP Revolvng Loan Programs (247)	60,894	-	84,000	84,000	-
Faribault HRA					
Public Housing Fund (241)	$ 682,773	$ 432,703	$ 553,132	$ 489,462	$ (63,670)
CRV Rehabilitation (254)	85	-	-	-	-
Faribault HRA (280)	564,340	278,177	549,061	624,305	75,244
Faribault EDA					
Industrial Development Loan (243)	$ 11,000	$ -	$ 100,000	$ 100,000	$ -
Federal MIF Loans (248)	-	-	-	-	-
Minnesota Investment Fund (249)	-	-	-	-	-
Faribault EDA (290)	415,921	164,073	1,226,729	1,226,791	62
Economic Development Revolving Loan (292)	47,000	-	100,000	100,000	-
Tax Increment (263-272)	486,124	189,047	430,363	430,363	-
Total Special Revenue Funds	**$ 5,020,479**	**$ 2,241,580**	**$ 5,373,574**	**$ 4,388,716**	**$ (984,858)**

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City of Faribault
Finance Plan
Airport Fund (225)

	2020 Actual	2021 Actual	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Revenues												
Property taxes (current ad valorem)	29,967	19,856	10,000	-	-	-	-	-	-	-	-	-
Charges for services	117,942	119,048	129,932	137,555	141,682	145,933	150,311	154,820	159,464	164,248	169,176	174,251
Investment income	13,738	(231)	7,500	8,504	9,433	9,541	9,591	9,125	7,134	6,624	2,522	(5,600)
Other miscellaneous	-	3,426	-	-	-	-	-	-	-	-	-	-
Transfer in other	10,000	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental for capital	562,801	45,081	844,590	-	-	-	52,500	1,451,200	285,000	550,000	892,500	3,220,400
Other revenue for capital	1,571,007	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	2,305,455	187,180	992,022	146,060	151,115	155,474	212,401	1,615,145	451,599	720,872	1,064,198	3,389,051
Expenditures												
Materials and supplies	5,314	7,528	7,750	8,138	8,544	8,972	9,420	9,891	10,386	10,905	11,450	12,023
Other services and charges	161,398	117,320	124,424	130,645	137,177	144,036	151,238	158,800	166,740	175,077	183,831	193,022
Principal payments	61,500	61,500	61,500	10,250	-	-	-	-	-	-	-	-
Capital outlay	1,810,900	42,356	975,000	-	-	-	75,000	1,546,000	300,000	740,000	1,275,000	3,961,400
Total Expenditures	2,039,112	228,704	1,168,674	149,033	145,722	153,008	235,658	1,714,691	477,126	925,982	1,470,281	4,166,445
Net Change in Fund Balances	266,343	(41,524)	(176,652)	(2,973)	5,394	2,466	(23,257)	(99,546)	(25,527)	(205,110)	(406,084)	(777,394)
Ending Fund Balance	692,816	651,292	474,640	471,667	477,060	479,526	456,269	356,723	331,196	126,087	(279,997)	(1,057,391)

City of Faribault
Finance Plan
Airport Fund (225)

	2020 Actual	2021 Actual	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Assets												
Cash and investments	175,972	601,854	425,202	471,667	477,060	479,526	456,269	356,723	331,196	126,087	(279,997)	(1,057,391)
Taxes receivable	90	198	198	-	-	-	-	-	-	-	-	-
Due from other governments	497,681	62,082	62,082	-	-	-	-	-	-	-	-	-
All other receivables and prepaids	47,443	17,991	17,991	-	-	-	-	-	-	-	-	-
Total Assets	721,186	682,125	505,473	471,667	477,060	479,526	456,269	356,723	331,196	126,087	(279,997)	(1,057,391)
Liabilities												
All other payables	28,370	30,833	30,833	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	28,370	30,833	30,833	-	-	-	-	-	-	-	-	-
Fund Balance	692,816	651,292	474,640	471,667	477,060	479,526	456,269	356,723	331,196	126,087	(279,997)	(1,057,391)
Total Liabilities, deferred inflows of resources, and fund balance	721,186	682,125	505,473	471,667	477,060	479,526	456,269	356,723	331,196	126,087	(279,997)	(1,057,391)

City of Faribault
Finance Plan
Community Development Fund(240)

	2020 Actual	2021 Actual	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Revenues												
Property taxes (current ad valorem)	162,726	262,718	624,726	534,277	468,127	250,273	168,845	11,608	-	-	-	-
Charges for services	385,659	290,263	310,143	294,636	297,582	300,558	303,564	306,599	309,665	312,762	315,890	319,048
Investment income	30,237	(5,978)	10,000	14,796	12,323	7,949	1,659	(5,285)	(12,917)	(21,278)	(30,406)	(40,344)
Other miscellaneous	1,869	1,717	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Revenues	580,491	548,720	944,869	943,709	878,032	658,780	574,067	412,923	396,748	391,484	385,483	378,704
Expenditures												
Personnel services - Union and Non Union	531,171	521,695	555,316	626,285	651,337	677,390	704,486	732,665	761,972	792,451	824,149	857,115
Materials and supplies	6,135	7,179	4,950	5,198	5,457	5,730	6,017	6,318	6,633	6,965	7,313	7,679
Other services and charges	19,276	34,653	34,457	36,180	37,989	39,888	41,883	43,977	46,176	48,484	50,909	53,454
Transfer out other	-	192,314	-	-	-	-	-	-	-	-	-	-
Tax abatements	-	-	426,275	401,976	401,976	250,273	168,845	11,608	-	-	-	-
Total Expenditures	556,582	755,841	1,020,998	1,069,639	1,096,759	973,282	921,230	794,568	814,781	847,900	882,371	918,248
Net Change in Fund Balances	23,909	(207,121)	(76,129)	(125,930)	(218,727)	(314,502)	(347,163)	(381,645)	(418,033)	(456,417)	(496,888)	(539,544)
Ending Fund Balance	1,025,345	818,224	742,095	616,165	397,438	82,936	(264,227)	(645,872)	(1,063,905)	(1,520,322)	(2,017,210)	(2,556,754)

City of Faribault
Finance Plan
Community Development Fund(240)

	2020 Actual	2021 Actual	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Assets												
Cash and investments	998,986	815,923	739,794	616,165	397,438	82,936	(264,227)	(645,872)	(1,063,905)	(1,520,322)	(2,017,210)	(2,556,754)
Taxes receivable	2,949	3,475	3,475	-	-	-	-	-	-	-	-	-
All other receivables and prepaids	26,971	4,717	4,717	-	-	-	-	-	-	-	-	-
Total Assets	1,028,906	824,115	747,986	616,165	397,438	82,936	(264,227)	(645,872)	(1,063,905)	(1,520,322)	(2,017,210)	(2,556,754)
Liabilities												
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
All other payables	1,122	3,354	3,354	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	2,439	2,537	2,537	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	3,561	5,891	5,891	-	-	-	-	-	-	-	-	-
Fund Balance	1,025,345	818,224	742,095	616,165	397,438	82,936	(264,227)	(645,872)	(1,063,905)	(1,520,322)	(2,017,210)	(2,556,754)
Total Liabilities, deferred inflows of resources, and fund balance	1,028,906	824,115	747,986	616,165	397,438	82,936	(264,227)	(645,872)	(1,063,905)	(1,520,322)	(2,017,210)	(2,556,754)

ADMINISTRATION

CHARITABLE GAMBLING FUND (210)

Fund Description/Services

This fund was established to provide accounting of transactions of the Charitable Gambling Advisory Board (CGAB). 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.

2023 Budget Goals & Objectives

- Evaluate requests for funding from the community and provide recommendations to the City Council for consideration and approval.
- Approve funding requests for at least 90% of the collected gambling proceeds.
- Continue to update and review policies and procedures for the CGAB.

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Premise License Permits	19	21	19	20
Temporary Licenses Processed	14	17	20	20
Board Meetings	3	4	4	4
Applications for Funds	8	8	8	8

Budget Summary

Expenditures for 2023 include continued funding for the 4th of July fireworks display and other miscellaneous projects and programs, based upon recommendations from the Charitable Gambling Advisory Board to the City Council.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Taxes	$29,423	$51,437	$32,000	$34,000
Miscellaneous Revenue	$1,714	-$315	$850	$860
Total	**$31,136**	**$51,122**	**$32,850**	**$34,860**
Other Svcs & Charges	$23,573	$32,815	$29,250	$32,250
Total	**$23,573**	**$32,815**	**$29,250**	**$32,250**

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.

2023 Budget Goals & Objectives

- Statutory changes at the state-level will greatly reduce and limit the number of forfeitures and seizures eligible to be processed by the department; however, we will continue to focus enforcement efforts on traffic safety and DWI enforcement.
- Goals for 2023 are unknown and limited based on the above changes, but expectations are low.

Department Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Court Fines	1,356	2,500	2,500	5,000
Forfeited & Seized Assets	0	400	400	500
Refunds & Reimbursements	0	1,200	1,200	1,200

Budget Summary

This fund is forecast to continue to deplete over time. Beyond 2025, equipment purchased through the fund will likely need to be supplanted through the use of operational funds.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Court Fines	$1,743	$6,128	$2,700	$2,700
Forfeited & Seized Assets	$0	$18,554	$0	$0
Miscellaneous Revenue	$2,380	-$279	$1,200	$940
Total	**$4,123**	**$24,404**	**$3,900**	**$3,640**
Supplies	$0	$0	$0	$0
Other Svcs & Charges	$870	$628	$1,000	$1,000
Capital Outlay	$0	$54,534	$0	$0
Total	**$870**	**$55,161**	**$1,000**	**$1,000**

LIBRARY

LIBRARY DONATION FUND (217)

Fund Description/Services

The City of Faribault received a substantial donation from the Estate of Robert L. Crandall for the benefit of Buckham Memorial Library and the use of those funds is undesignated. The bequest funds were accepted via Resolution 2021-218 on October 12, 2021. The City Council, Library Advisory Board and Staff are working together to ensure these gift funds are used to make a positive and lasting impact for the citizens of Faribault.

The Library Advisory Board has proposed that the funds remain in a Special Revenue Fund until plans for a new Community Center are initiated. If the building of a new Community Center goes forward, the Library Advisory Board proposes to use the bequest funds as follows:

- 1/3 of the funds to equip a makerspace incubator in some of the space in the current Community Center
- 1/3 of the funds to upgrade the current library space
- 1/3 of the funds will be saved in a restricted fund with earnings used on future projects

2023 Budget Goals & Objectives

- Adopt an Investment and Spending Policy for the Library Donation Fund.
- Collaborate with Region 9's Project: Cultivate.
- If funded, work with Project: Cultivate on feasibility and sustainablity studies related to a makerspace incubator.

Department Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Board & Staff makerspace tours	--	--	1	2
Board planning discussions	--	2	12	12
Discussions and updates with City Council	--	1	2	3

Budget Summary

The library does not plan on using funds from the Library Donation Fund in 2023. Library Staff and the Library Advisory Board will continue to work on planning for the best usage of these funds going forward. The library will also continue to collaborate with Project: Cultivate and begin the groundwork for a future makerspace incubator.

Revenue/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Miscellaneous Revenue	$0	$2,700,000	$0	$0
Total	**$0**	**$2,700,000**	**$0**	**$0**
Supplies	$0	$0	$0	$0
Other Svcs & Charges	$0	$0	$0	$0
Total	**$0**	**$0**	**$0**	**$0**

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.

2023 Budget Goals & Objectives

- Complete Public T-Hangar design and site preparation.
- Examine land lease and hangar rental rates and adjust accordingly.
- Continue to promote construction of private hangars.

Department Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Hangar Leases	24	25	25	25
Land Leases	35	36	36	37
Agricultural Leases (Acres)	68.8	68.8	68.8	68.8
Available Hangar Sites	8	8	8	7

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 Airport budget can vary significantly from year to year depending upon large capital improvements projects. The budget relies heavily on outside funding from the Minnesota Department of Transportation (MnDOT) and the Federal Aviation Administration (FAA) to complete these projects as well as funding for a significant portion of the maintenance and operation expenses. 2022 was the last year that the Airport received General Fund support. Hangar and land rental rates will need to be examined and adjusted to provide operational funding. Recent increases in the availability of Federal funding has the potential to assist with the completion of large capital projects.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Taxes	$29,967	$19,856	$10,000	$0
Intergovernmental	$562,802	$45,081	$844,590	$31,590
Rents	$117,942	$119,048	$129,932	$132,739
Miscellaneous Revenue	$1,584,745	$3,195	$7,500	$5,800
Operating Transfers	$10,000	$0	$0	$0
Total	**$2,305,455**	**$187,180**	**$992,022**	**$170,129**
Supplies	$5,314	$7,528	$7,750	$7,000
Other Svcs & Charges	$222,898	$178,820	$185,924	$123,667
Capital Outlay	$1,810,900	$42,356	$975,000	$0
Total	**$2,039,112**	**$228,705**	**$1,168,674**	**$130,667**

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

2023 Budget Goals & Objectives

Maintain property as-is until tenant moves out voluntarily. At that time, the objective will be to "button-up" the property, demolish, and prepare property for redevelopment.

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Number of Units	1	1	1	1
Occupancy Percent	100%	100%	100%	100%

Budget Summary

The budget includes management fees, utility expenses, and minimal property maintenance expenses associated with property management responsibilities.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Miscellaneous Revenue	$14,848	$12,782	$14,100	$14,390
Total	**$14,848**	**$12,782**	**$14,100**	**$14,390**
Supplies	$0	$0	$500	$500
Other Svcs & Charges	$10,951	$7,481	$7,867	$7,763
Total	**$10,951**	**$7,481**	**$8,367**	**$8,263**

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 provides 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

2023 Budget Goals & Objectives

The goals of the Department focus on continuing to provide quality work and implementing initiatives associated with economic development, housing needs, community development, and sustainability. In order to deliver on these goals – the budget incorporates:

- Implementation of sustainability goals associated with Journey to 2040 and the Environmental Commission's annual work plan.
- Implementation of historic preservation efforts associated with the Heritage Preservation Commission.
- Utilization of tax abatement to support quality development that continues to increase the City's tax base and its diversified economy.
- Identify means to balance the budget and reduce fund balance reliance.

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Number of Agendas Administered *(DRC, PC, HRA, EDA, HPC – does not include City Council or City Council Work Sessions)*	60	75	50*	50
Property Management Applications	104	100	100	100
Work Orders Processed	721	619	750	750
Housing Units Rehabbed	3	4	4	4
Design Reviews Conducted	14	15	14	6
Tax Abatement Projects Administered	5	6	6	8

* PC meetings reflected in Planning and Zoning (41910)

Staffing Levels

Position	2019 Adopted	2020 Adopted	2021 Adopted	2022 Adopted	2023 Proposed
Director	1.00	1.00	1.00	1.00	1.00
Community Development Coordinator	1.00	1.00	1.00	1.00	0.00
Department Specialist	1.00	1.00	1.00	1.00	1.00
Administrative Assistant II/Department Secretai	1.00	1.00	1.00	0.00	0.00
Administrative Assistant II	1.00	1.00	1.00	1.00	1.00
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
Housing Coordinator	0.00	0.00	0.00	0.00	1.00
Total Full-Time Employees	**7.00**	**7.00**	**7.00**	**6.00**	**6.00**

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, sustainability, and special project activities. These functions are generally not traditional "revenue generating" functions. However, the distribution of some staff expenses is shifting as the Public Housing program transitions out of Public Housing into Property Management (through the HUD RAD Repositioning process), but the 2022 reorganization of the department also resulted in budget impacts. Since the budget primarily supports staffing expenses, it is proposed that a portion of the "new growth net tax capacity" offset some of the expenses associated with the budget. The work and deliverables that are associated with the budget add value to the overall community and help increase the tax base. The "new growth net tax capacity" for the last five years is as follows – of which a portion is attributed to the efforts and deliverable of the Community and Economic Development department:

2023 $229,885 est.
2022 $235,919
2021 $227,088
2020 $226,002
2019 $234,707

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Taxes	$163,472	$264,335	$198,451	$132,300
Taxes for Abatements	$0	$0	$426,275	$401,976
Franchise Fees	$100,000	$0	$0	$0
Intergovernmental	$0	$0	$0	$0
Charges for Services	$285,659	$290,263	$310,143	$375,650
Miscellaneous Revenue	$31,361	-$5,878	$10,000	$11,970
Total	**$580,491**	**$548,720**	**$944,869**	**$921,896**
Personnel Services	$531,171	$521,695	$555,316	$624,605
Supplies	$6,134	$7,179	$4,950	$5,900
Other Svcs & Charges	$19,276	$34,653	$36,457	$29,134
Tax Abatement	$0	$0	$426,275	$401,976
Operating Transfers	$0	$192,314	$0	$0
Total	**$556,581**	**$755,842**	**$1,022,998**	**$1,061,615**

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).

2023 Budget Goals & Objectives

The program was not implemented when originally developed. The goals include updating the program guidelines to reflect current environments, market the program to eligible owners, and distribute funds.

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Loans Administered	0	0	0	6
Projects Completed	0	0	0	6

Budget Summary

The budget reflects implementation of the program.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Miscellaneous Revenue	$5,868	-$1,173	$3,000	$2,600
Total	**$5,868**	**-$1,173**	**$3,000**	**$2,600**
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.

2023 Budget Goals & Objectives

The implementation of the new Spending Plan encountered delays due to excessive requirements placed on the projects by the State Historic Preservation Office (SHPO). The 2023 goals include:

- Working through all SHPO requirements for the parking lot signage program
- Updating the Spending Plan to account for completed projects, the Downtown Master Plan, and how the Spending Plan can support these initiatives.

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Loans Administered	0	0	0	0
Projects Completed	2	0	2	1

Budget Summary

No activity in 2022. The budget reflects continued implementation of the approved Spending Plan. Only approved projects can be financed through this fund.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Miscellaneous Revenue	$14,552	$665	$5,864	$6,310
Total	**$14,552**	**$665**	**$5,864**	**$6,310**
Other Svcs & Charges	$60,894	$0	$84,000	$84,000
Total	**$60,894**	**$0**	**$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. Until 2023, the majority of 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. In 2021 the Housing & Redevelopment Authority embarked on the RAD Repositioning process – transitioning the public housing assets out of HUDs Public Housing program. With this transition, the Public Housing Fund will no longer receive an operating or capital fund disbursement from HUD. Instead that fund will collect and retain rents that will fund all administrative and capital expenses associated with managing 49 units of scattered site housing

2023 Budget Goals & Objectives

2023 is the first year associated with the RAD Repositioning. It is anticipated that the budget will include a large deposit of HUD reserves. The budget goals include:

- Administrative Fees associated with staffing to manage and maintain the portfolio
- Tenant services
- Implementation of capital improvements (none completed in 2022 due to the transition)
- Replacement reserve deposits

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Rental Units	49	49	49	49
Occupancy Percent	99%	98%	98%	99%
Unit Turnovers	4	10	10	4
Moved on to Market-Rate Housing	1	2	0	2

Budget Summary

The budget reflects owning and operating 49 units of scattered site housing. Rents will be collected, which in turn will fund management and maintenance costs, capital improvements, and required reserves.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Intergovernmental	$104,811	$402,074	$250,000	$0
Miscellaneous Revenue	$269,226	$273,278	$267,100	$639,300
Total	**$374,037**	**$675,352**	**$517,100**	**$639,300**
Supplies	$35,331	$40,034	$23,000	$23,000
Other Svcs & Charges	$647,442	$392,669	$530,132	$466,462
Total	**$682,773**	**$432,703**	**$553,132**	**$489,462**

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.

2023 Budget Goals & Objectives

The use of funds associated with this program must adhere to the Minnesota Housing Finance Agency's rules and regulations. To deploy these funds as intended – Staff will work with the Minnesota Housing Finance Agency to renew the agreement and implement the program per the Community Revitalization Fund guidelines.

Fund Statistics

	2020 Actual	2021 Actual	2022 Actual	2023 Estimated
Loans Administered	0	0	0	5
Projects Completed	0	0	0	5

Budget Summary

Funding is associated with a specific program and the implementation of the program.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Miscellaneous Revenue	$1,408	-$292	$750	$750
Total	**$1,408**	**-$292**	**$750**	**$750**
Other Svcs & Charges	$85	$0	$0	$0
Total	**$85**	**$0**	**$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 – and RAD Repositioning Transition*
- Manage Robinwood Manor Apartments
- Manage HRA housing programs
- Conduct special studies and reports on housing matters
- Manage redevelopment projects

2023 Budget Goals & Objectives

In 2021 the HRA embarked upon the RAD Repositioning Process. This initiative has occupied the majority of the HRA focus and efforts. Moving forward the HRA budget goals includes:

- Continued implementation of special programs
- Renewed efforts to promote homeownership, housing development, and programs to improve housing stock.

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Number of Meetings	12	11	12	12
Resolutions	8	8	9	10
Programs Administered	8	7	11	11

Budget Summary

In 2021 the HRA embarked upon the RAD Repositioning Process. The completion of the process ultimately changes the funding sources and uses of the HRA fund. There is a reduction in HUD Administrative Fees ($80,000), an increase in cost allocation for direct staffing expenses. The actual expenses associated with administering the housing programs and initiatives are being fully transitioned to the HRA.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Taxes	$252,049	$297,671	$309,820	$328,850
Intergovernmental	$33	$39	$0	$0
Charges for Services	$125,908	$127,877	$125,734	$45,250
Miscellaneous Revenue	$0	$0	$0	$0
Sale of Capital Assets	$0	$0	$0	$0
Total	**$377,990**	**$425,587**	**$435,554**	**$374,100**
Other Svcs & Charges	$564,339	$278,177	$549,061	$584,305
Capital Outlay	$1	$0	$0	$40,000
Total	**$564,340**	**$278,177**	**$549,061**	**$624,305**

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.

2023 Budget Goals & Objectives

Identify projects eligible for the program funds and disburse funds to support economic development goals.

Fund Statistics

	2020 Actual	2021 Projected	2022 Estimated	2023 Estimated
Loans Administered	4	5	5	6
New Loans	1	1	1	1
Jobs Created/Retained	195	210	210	225

Budget Summary

The program provides loans to support industrial development.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Miscellaneous Revenue	$10,870	$1,342	$3,900	$5,700
Total	**$10,870**	**$1,342**	**$3,900**	**$5,700**
Other Svcs & Charges	$11,000	$0	$100,000	$100,000
Total	**$11,000**	**$0**	**$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 in accessing the program due to the added costs that the federal rules add to an overall project both short- and long-term.

2023 Budget Goals & Objectives

The goal is to work with the State of Minnesota to transfer these funds from one federal program to another, with the goal of being able to deploy the funding to support federal objectives.

Fund Statistics

	2020 Actual	2021 Projected	2022 Estimated	2023 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. Once a process is identified and approval is obtained, the funds will be marketed and disbursed for eligible uses.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Miscellaneous Revenue	$19,446	-$3,887	$9,000	$9,000
Total	**$19,446**	**-$3,887**	**$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 – making $638,165 available for other EDA programming. This fund is being replenished through loan payments.

2023 Budget Goals & Objectives

Continue to allow the program funds to grow through the repayment of loans. As the fund replenishes – fund balance will be used for eligible projects.

Fund Statistics

	2020 Actual	2021 Projected	2022 Estimated	2023 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.

Revenues/Expenditures by Use

Revenues\Expenditures	2019 Actuals	2020 Actuals	2021 Adopted	2022 Adopted
Miscellaneous Revenue	$437	-$87	$200	$200
Total	**$437**	**-$87**	**$200**	**$200**
Other Svcs & Charges	$0	$0	$0	$0
Total	**$0**	**$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.

2023 Budget Goals & Objectives

Annually the EDA approves a work plan. The 2023 budget reflects the ongoing economic development efforts and the implementation of work plan goals. The 2023 budget anticipates:

- Continuation of programs associated with supporting the revitalization of downtown (micro grants and placemaking)
- Support of other partner organizations assisting with the implementation of economic development goals in the community (SMIF, MMP, Chamber of Commerce)
- Active marketing and business/talent recruitment efforts.
- EDA programs aimed at land development, gateways, work force development, and enhanced avionics related opportunities at the airport.
- Active participation in the pursuit of additional housing opportunities.
- Development of programs to support business expansion and growth.

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Number of Meetings*	16	14	12	12
Resolutions	25	30	20	20
Business Assistance Programs Awards	15	15	15	15

*Includes regular EDA meetings and Committee meetings.

Budget Summary

The budget is specifically focused on implementing the EDA's work plan.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Taxes	$247,023	$291,724	$303,623	$322,273
Intergovernmental	$33	$38	$0	$0
Charges for Services	$18,907	$6,396	$2,500	$2,500
Miscellaneous Revenue	$12,219	$6,447	$6,083	$7,483
Transfer In	$0	$289,892	$0	$0
Total	**$278,182**	**$594,496**	**$312,206**	**$332,256**
Supplies	$10	$12	$250	$250
Other Svcs & Charges	$415,911	$164,061	$1,226,479	$1,226,541
Transfer Out	$0	$0	$0	$0
Total	**$415,921**	**$164,073**	**$1,226,729**	**$1,226,791**

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.

2023 Budget Goals & Objectives

Continue to utilize funds to support visual enhancements along primary transportation corridors and support the attraction and growth of targeted industries.

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Loans Administered	21	21	21	20
New Loans	5	5	2	4

Budget Summary

Funds are used to support investment in the community and business growth through loans and grants (forgivable loans).

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Miscellaneous Revenue	$15,768	-$1,645	$9,607	$5,480
Total	**$15,768**	**-$1,645**	**$9,607**	**$5,480**
Other Svcs & Charges	$47,000	$0	$100,000	$100,000
Total	**$47,000**	**$0**	**$100,000**	**$100,000**

ECONOMIC DEVELOPMENT AUTHORITY

TAX INCREMENT DISTRICT FUNDS (263-272)

Fund 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.

2023 Budget Goals & Objectives

Continued implementation of active Tax Increment Finance Districts and the implementation of new districts to support city-wide housing needs and economic development objectives.

Fund Statistics

	2020 Actual	2021 Projected	2022 Estimated	2023 Estimated
TIF Districts Maintained	7	7	8	10
TIF Projects Maintained	7	7	8	10

Budget Summary

The budget reflects taxes collected and disbursed per TIF pay-as-you-go obligations, plus management services to administer the districts.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Tax Increment	$184,623	$207,291	$347,662	$347,487
Total	**$184,623**	**$207,291**	**$347,662**	**$347,487**
Other Svcs & Charges	$486,124	$189,047	$430,363	$430,363
Total	**$486,124**	**$189,047**	**$430,363**	**$430,363**

PUBLIC WORKS

WATER UTILITY FUND (601)

Fund Description/Services

This fund 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.

The primary services provided by this fund are 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.

2023 Budget Goals & Objectives

- Replace one-third (1/3) of the water meter radios.
- Replace trailer used to transport trench boxes for water main repairs.
- Rehabilitate exterior of ground storage reservoir.
- Complete installation of water sampling stations throughout the system for collecting MDH samples.
- Utilization of asset management software.

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Miles of Water Mains	141	142	142	142
Water Pumped (Billion Gallons)	1.35	1.35	1.35	1.35
Water Main Breaks Repaired	16	15	14	14
Water Meters (New installs)	60	45	50	50
Hydrants Replaced/Repaired	25	20	20	20
Valves Exercised	200	200	200	200

Staffing Levels

Position	2019 Adopted	2020 Adopted	2021 Adopted	2022 Adopted	2023 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
Total Full-Time Employees	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**

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

Budget Summary

In 2022, the water fund completed the fourth scheduled annual base rate increases (16.5%) and consumption rate increase (4%) since 2019. The increases were necessary to cover the debt service for the construction of the Water Treatment Plant funded by a 20-year ($10M) low-interest (1%) loan from the Public Facilities Authority.

Continued evaluation of the water distribution system will be necessary to ensure that changing service demands are met. Water meter radios replacement will occur over the next two years to be compatible with the upgraded software reading system. The Capital Improvement Plan contains details for upcoming system improvements.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Intergovernmental	$0	$2,125	$0	$0
Charges for Services	$3,529,388	$3,722,553	$3,902,687	$4,034,661
Miscellaneous Revenue	$848,583	$79,903	$125,700	$117,700
Operating Transfers	$3,000	$0	$0	$0
Total	**$4,380,971**	**$3,804,580**	**$4,028,387**	**$4,152,361**
Personnel Services	$525,031	$509,783	$574,003	$576,482
Supplies	$348,831	$333,436	$348,300	$376,750
Other Svcs & Charges	$1,300,025	$1,490,941	$1,792,374	$1,735,077
Capital Outlay	$14,076	$13,838	$1,978,312	$3,050,800
Other Uses	$144,306	$747,170	$653,383	$679,216
Total	**$2,332,269**	**$3,095,168**	**$5,346,372**	**$6,418,325**

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 wastewater 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.

2023 Budget Goals & Objectives

- Replacement of 2012 Ford service truck.
- Clean and inspect sanitary mains to minimize sewer backups.
- Rehabilitation of sanitary structures.
- Utilize asset management software for infrastructure planning and work orders.

Department Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Total Miles of Sewer	129	130	130	130
Miles of Sewer Mains Cleaned	50	50	50	50
Number of Lift Stations	11	11	11	11
Sewer Backups	12	12	10	10

Staffing Levels

Position	2019 Adopted	2020 Adopted	2021 Adopted	2022 Adopted	2023 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/Service

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.

2023 Budget Goals & Objectives

- Replace Variable Speed Frequency (VFD) drives.
- Achieve MPCA discharge permit compliance.
- Land application of six (6) + million gallons of bio-solids.
- Utilize asset management software for preventative maintenance program.

Department Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 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	2019 Adopted	2020 Adopted	2021 Adopted	2022 Adopted	2023 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 maintains the sanitary sewer system. Through the use of technology, monitoring of the condition of the system and collecting data will be important for future planning of capital improvements. Aging infrastructure will have significant impacts on the budget.

The Water Reclamation Facility will likely continue to see budget increases for chemicals used to remove phosphorous along with increased maintenance costs on aging equipment. Larger capital projects will be in future budget cycles as identified by the treatment alternatives analysis conducted in 2022. The projects will accommodate future growth.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Intergovernmental	$21,581	$1,723,878	$0	$0
Charges for Services	$6,546,425	$6,340,546	$5,385,000	$6,695,691
Miscellaneous Revenue	$424,463	$26,572	$205,000	$176,000
Other Sources	$43,099	$0	$0	$0
Total	**$7,035,568**	**$8,090,996**	**$5,590,000**	**$6,871,691**
Sewer				
Personnel Services	$484,869	$373,762	$509,802	$533,411
Supplies	$72,841	$61,964	$63,325	$70,775
Other Svcs & Charges	$754,303	$728,609	$788,643	$823,809
Capital Outlay	$15,968	$47,645	$1,085,385	$3,455,100
Other Uses	$105,000	$105,000	$105,000	$105,000
Total	**$1,432,981**	**$1,316,981**	**$2,552,155**	**$4,988,095**
Water Reclamation Facility				
Personnel Services	$948,345	$954,701	$951,546	$1,001,445
Supplies	$436,193	$393,159	$377,050	$413,200
Other Svcs & Charges	$2,108,825	$2,181,837	$2,454,643	$2,399,031
Capital Outlay	$0	$0	$272,899	$315,000
Debt Service	$322,580	$292,622	$1,497,156	$1,496,944
Other Uses	$105,000	$105,000	$105,000	$105,000
Total	**$3,920,942**	**$3,927,319**	**$5,658,294**	**$5,730,620**

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.

This fund implements 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 complies with applicable storm water regulations.

2023 Budget Goals & Objectives

- Conduct stormwater pond sediment inventory.
- Perform inspections of stormwater infrastructure and do required maintenance on system to ensure MS4 permit compliance.
- Rehabilitate and repair infrastructure as needed to maximize asset lifecycles.
- Utilize asset management software for inspections and maintenance records.

Fund Statistics

	2020 Actual	2021 Actual	2022 Projected	2023 Estimated
Infrastructure Maintenance: Repair, Debris Removal, Inspections (Hours)	1,500	1,500	1,500	1,500
Permit Program Implementation & Enforcement (Number of Inspections)	960	1,000	1,100	1,000
Land Disturbance Permits Issued	31	25	25	25
Total Miles of Storm Sewer Pipe	88	88	88	88
Storm Sewer Structures: Catch Basins, Manholes, Inlets, Outlets	3,970	3,990	4,100	4,100
Structural Stormwater Facilities (Public)	36	37	38	40

Staffing Levels

Position	2019 Adopted	2020 Adopted	2021 Adopted	2022 Adopted	2023 Proposed
Water Quality Specialist	1.00	0.00	0.00	0.00	0.00
Engineering Technician III	0.00	1.00	1.00	0.00	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**	**0.50**	**0.50**

Budget Summary

Going forward, one of the largest challenges the stormwater fund will face is the costs associated with implementing the MS4 permit. In 2023 the scheduled stormwater pond inventory will potentially identify large scale improvement projects like dredging to Public stormwater ponds.

Future regulatory trends will influence operation and maintenance costs. User rates increased 14.5% in 2021 & 2022 and less than .5% in 2023. Future rate studies will be necessary to ensure that adequate revenue is being captured to operate the system.

Revenues/Expenditures by Use

Revenues\Expenditures	2020 Actuals	2021 Actuals	2022 Adopted	2023 Proposed
Intergovernmental	$0	$0	$150,000	$0
Charges for Services	$990,687	$1,138,076	$1,282,004	$1,467,909
Miscellaneous Revenue	$116,985	$147,012	$192,000	$73,167
Other Sources	$4,000	$0	$0	$0
Total	**$1,111,672**	**$1,285,087**	**$1,624,004**	**$1,541,076**
Personnel Services	$196,022	$229,629	$247,653	$257,788
Supplies	$41,472	$29,581	$38,650	$39,400
Other Svcs & Charges	$444,188	$527,155	$572,282	$538,038
Capital Outlay	$20,040	$35,025	$1,795,000	$3,116,200
Other Uses	$0	$0	$0	$0
Total	**$701,721**	**$821,390**	**$2,653,585**	**$3,951,426**

2022 Enterprise Funds Projected through 2031

Table of Contents

INTRODUCTION AND SUMMARY

Introduction

The Long-Term Financial Management Plan (the "Plan") is intended to serve as a guide for the on-going financial management for the City of Faribault (the "City").

The Plan contains proposed strategies and identification of key factors and objectives to monitor with respect to the financial performance of the City's Enterprise Funds (the "Funds").

Information of projected fees and charges needed to fund planned city services, capital improvements, and debt service are included.

The Plan includes planned future capital improvements for years 2023-2031 (the "CIP"). Estimates were made by Management for capital improvement project costs and the timing of projects.

While the specific timing of future improvements is uncertain, awareness of the projects and the funding required for each project are important when considering tax levy, rates for fees and charges, and level of reserves. Future development of property within the City may provide increased revenue from charges for services. This may include an increase in revenue to the Utilities with revenue coming from both development fees and usage fees.

The rate of future development and addition of new tax-payers and utility customers is a significant variable for the Plan and the projections within. Management will continue to monitor actual development that occurs against the anticipated rate of development assumed in the Plan and adjust assumptions. The rate of development will impact the projected revenues included in the Plan. Information on projected housing units and commercial/industrial square footage is included in the Plan.

Revenue Sufficiency

The Plan determines the rates necessary in each year of the projection period to provide revenue sufficiency as well as evaluation of the sufficiency of revenues to meet current and projected financial requirements for the Funds over the next ten years.

Standard and Poor's Rating Service (S&P) reaffirmed its 'AA' long-term rating to the City's outstanding general obligation debt. The City issued MSA Bonds in 2021 and entered into a loan with the Minnesota Public Facilities Authority for utility improvements. The City also refunded several bond issues in 2021 to capture savings of approximately $251,000 with reduced interest rates. The rating agency recognized the City's credit strength and strong financial operations resulting in strong reserves. The City's bond rating is mentioned here because the maintenance and continued relative growth of reserves through revenue sufficiency is an important credit factor for the City's credit rating going forward.

The City continues to actively manage its funds to achieve its policy goals and to maintain sufficient balances within the funds to meet City needs, including the need for reserves.

Finance Plans

Background

The Finance Plans have been prepared for the Enterprise Funds. Enterprise Funds are used to account for the City's ongoing municipal utility operations that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are financed through user charges. The Enterprise Funds are presented on an accrual basis. There is a recognition of expenses when incurred and the subsequent amortization of the deferred outflows. Revenues are recognized when earned. There is a capitalization of certain expenses and the subsequent depreciation of the capitalized costs. For the Enterprise Funds there are accruals of revenues earned and expenses incurred.

The Plan determines the rates necessary in each year of the projection period to provide revenue sufficiency as well as evaluation of the sufficiency of revenues to meet current and projected financial requirements for the Funds over the next ten years.

Assumptions for Planning

The general assumptions used to develop the finance plans, across all of the funds is as follows:

- Personnel costs are estimated to increase by 4% annually from 2023-2032, with the exception for new positions to be added.
    - 1.0 FTE Water/Sewer Operator split 50/50 between the Water and Sewer Funds is added in 2030
- Non-personnel costs for materials and supplies, and other operating costs including professional services are estimated to increase by 5.0% annually.
- Rate charges for water, sanitary sewer, and storm water services are planned to increase. Proposed future rates in the Plan are at a level to provide sufficient revenue to support these services. Details on the proposed rates can be found in the summary of the financial plans for each fund and under the Fee Schedules.
- Other revenue is projected to increase by 1.0% annually.
- Residential single-family growth is assumed at 20-25 new housing units annually between 2023-2032.
- Multi-family apartment growth is assumed at 120 new housing units in 2022 and then 10-20 units thereafter.
- Bond issuance is assumed to finance a portion of the sewer treatment plant to manage utility rates and cash balance in the Sewer Fund. Debt service is planned to be paid from revenue the specific Enterprise Funds.

For purposes of the Plan, the revenue objective for the Enterprise Funds focused on providing revenue sufficient to achieve ending year-end cash balance to cover the following purposes:

- Three months of operating expense
- Following year debt service payments
- Following year capital acquisitions (planned to be paid from cash)
- Reserves for future capital improvements and other reserve purposes.

WATER FUND (601)

The primary services provided by this fund are production, treatment, and distribution of potable water for the residents, businesses, and institutions in the City. Water is pumped from five municipal wells. The distribution system also provides the general fire protection system (hydrants) for the City.

Revenues

The major revenue sources are charges for sales, special assessments, access charges, and interest on investments. The Plan anticipates $495,000 in special assessment revenue in 2025 to support the Bagley Avenue watermain looping.

The schedule of planned fees and charges upon the finance plan for the Water Fund is based are included in the Fee Schedules.

The Plan is based on annual fee increases as follows (see detailed Fee Schedule):

- Both WAC standard and non-standard charges are reflecting no increases throughout the Plan.
- 4.0% annual increase is included for fixed (base) charges, then rounded to the nearest $0.05.
- 4.0% annual increase in the consumption tier rates is reflected throughout the Plan.

Based on projected revenues and expenses, the Water Fund will maintain adequate cash balance over the planning period.

The Plan projects that current revenues and cash in the fund will be sufficient to pay for planned acquisitions and improvements and no bond issuance is anticipated throughout the Plan years.

Expenses

Expenses include operations, capital and interest expenses on debt, and depreciation of capital assets.

Approximately half of the Water Fund expenses are estimated to be fixed costs. This percentage fluctuates from year to year. Variable operating expenses are projected to increase related to increased operating costs for the new treatment plant.

Depreciation is reported as an expense and is adjusted for anticipated annual depreciable capital acquisitions. New capital is depreciated over a 50-year term in the Plan.

Annual debt service payments on bonds issued to finance water improvements are supported by net revenues of the Water Fund. The Water Fund pays debt service on the following outstanding (G.O.) Bonds:

- G.O. Water Revenue PFA Bonds, Series 2019
- G.O. Water Revenue PFA Bonds, Series 2021

Capital improvements for Water include the following for system improvements, equipment acquisitions, and utility improvements constructed as part of street improvement projects:

- $3,050,800 in 2023
- $1,909,000 in 2024
- $1,621,000 in 2025 (supported, in part, by $495,000 anticipated special assessments)

- $833,750 in 2026
- $3,590,000 in 2027

Between 2028-2032, the Plan includes $265,000 in spending on water utility improvements and another $1,520,296 annually for improvements related to street projects based on the pavement management plan.

The Water Fund is to transfer funds annually in the approximate amounts to the following funds as an internal 'Franchise Fee':

- $12,500 to the Debt Service Funds (349) (to pay a portion of the debt service on the Series 2021 Bonds)
- $65,000 to the Park Improvement Fund (404)
- $12,500 to the Public Facilities Fund (437)

Balance Sheet

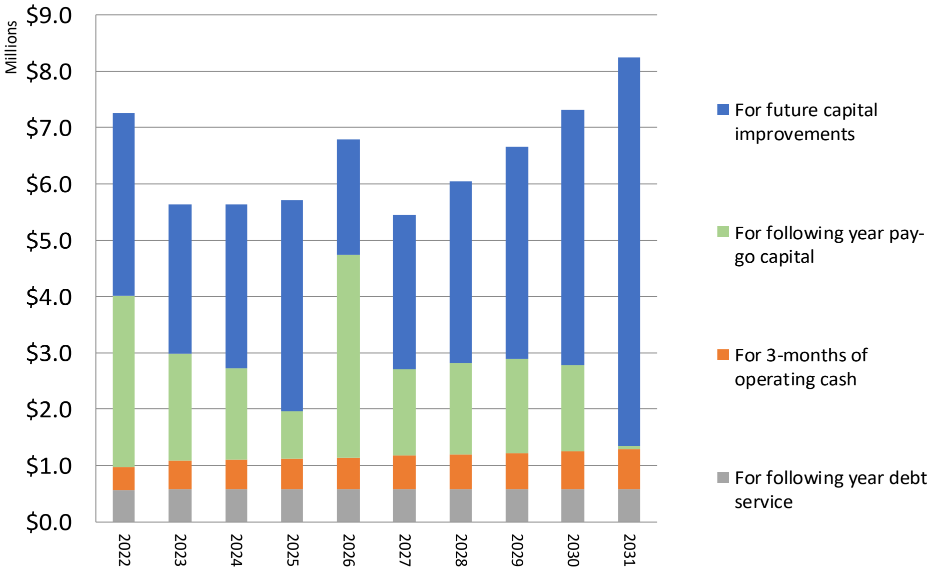
The ending 2021 cash balance in the Financial Plan is equal to the reported ending cash balance in the City's 2021 Annual Comprehensive Financial Report. Reported receivables and payables are projected to remain at historic amounts during the planning period.

The Plan anticipates a reduction in cash balance over the next several years for capital acquisition. The total ending cash balance is projected to increase from $7,724,113 to $8,248,493 from 2021 to 2031.

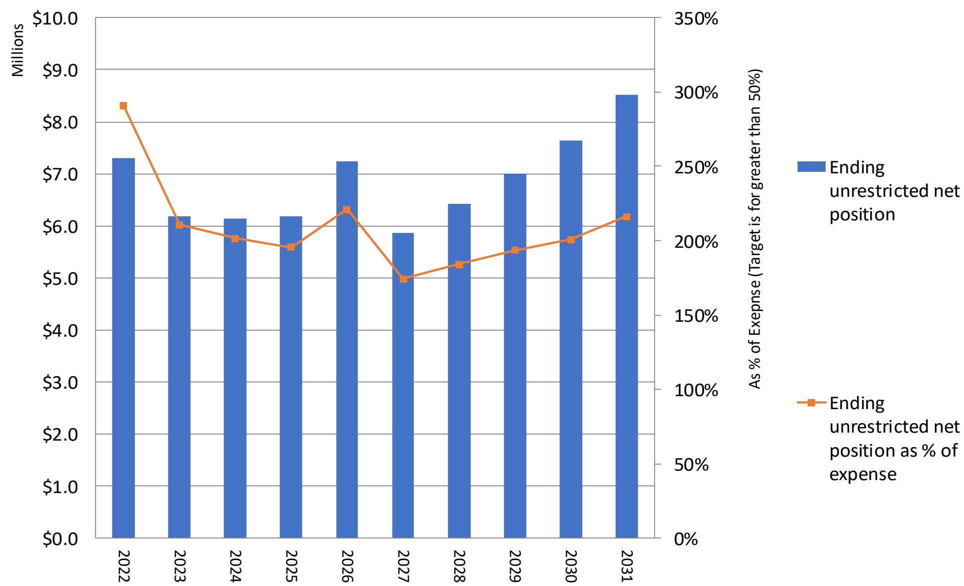
Finance Summaries and Plans

The following graphs and worksheets provide the detailed basis noted above.

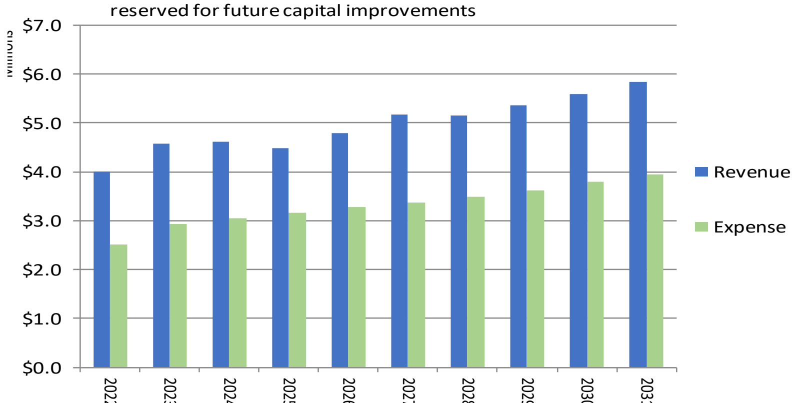
Water Fund
Cash is projected to be sufficient to meet targets for minimum balances and for reserve for future capital improvements not yet programmed in the CIP



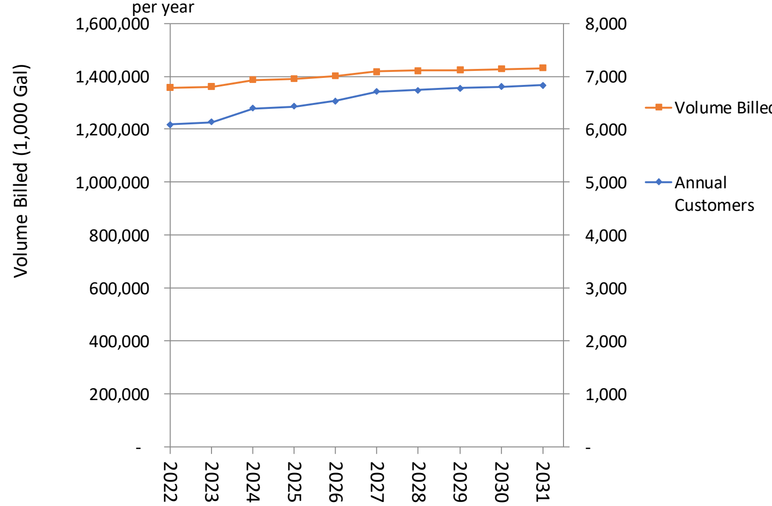
Water Fund
Ending Unrestricted Net Position as % of expense is projected to be at or above 50%



Water Fund
Revenues are projected to cover expense, including depreciation for assets, and revenues in excess of expenses and payment of debt are reserved for future capital improvements



Water Fund
Customers and volume billed are projected to increase with 50 customer units added per year



Water Fund (601)

	2020 Actual	2021 Actual	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Revenues												
Charges for services	244,487	175,721	-	-	-	-	-	-	-	-	-	-
Charges for sales	3,282,212	3,603,839	3,802,687	3,864,161	4,115,438	4,298,693	4,513,382	4,770,892	4,975,657	5,191,312	5,414,154	5,648,388
Special assessments	1,496	3,308	599	510,816	14,553	13,514	12,474	11,435	10,395	9,356	8,316	7,277
Access charges	597,157	55,611	50,000	72,000	379,500	64,500	154,500	259,500	46,500	46,500	46,500	46,500
Gain (loss) on sale of asset	-	(588,499)	-	-	-	-	-	-	-	-	-	-
Penalities and interest on penalties	40,500	-	50,000	50,500	51,005	51,515	52,030	52,551	53,076	53,607	54,143	54,684
Miscellaneous revenue	-	-	1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094
Intergovernmental revenue	-	2,125	-	-	-	-	-	-	-	-	-	-
Other revenue	7,677	3,714	3,000	-	-	-	-	-	-	-	-	-
Investment income	204,441	(39,741)	102,000	72,563	56,290	56,390	57,129	67,871	54,493	60,488	66,637	73,224
Total Revenues	4,377,970	3,216,078	4,009,286	4,571,050	4,617,805	4,485,642	4,790,556	5,163,300	5,141,183	5,362,335	5,590,833	5,831,166
Expenses												
Fixed Expenses												
Personal services	525,032	509,785	574,003	596,963	620,842	645,675	671,502	698,362	726,297	755,349	785,563	816,985
New Union FTE added	-	-	-	-	-	-	-	-	-	-	40,157	43,570
Depreciation	629,625	676,870	716,436	777,452	815,632	848,052	864,727	936,527	967,133	999,739	1,033,045	1,063,451
Subtotal Fixed Expenses	1,154,657	1,186,655	1,290,439	1,374,415	1,436,474	1,493,728	1,536,230	1,634,890	1,693,430	1,755,088	1,858,764	1,924,006
Variable Expenses												
Materials and supplies	348,829	333,437	348,300	365,715	384,001	403,201	423,361	444,529	466,755	490,093	514,598	540,328
Other services and charges	373,096	512,635	393,674	413,358	434,026	455,727	478,513	502,439	527,561	553,939	581,636	610,718
Utilities	297,300	301,434	298,700	313,635	329,317	345,783	363,072	381,225	400,287	420,301	441,316	463,382
Transfer out other	67,500	67,500	67,500	67,500	67,500	67,500	67,500	-	-	-	-	-
Transfer out for capital	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Interest and amortization expense	54,306	82,509	92,383	92,391	87,423	82,403	77,333	72,213	67,043	61,823	56,543	51,213
Other expense	11,076	-	-	-	-	-	-	-	-	-	-	-
Est Operating Increases for Plant	-	-	-	282,540	288,191	293,955	299,834	305,830	311,947	318,186	324,550	331,041
Subtotal Variable Expenses	1,174,607	1,320,015	1,223,057	1,557,639	1,612,957	1,671,068	1,732,112	1,728,736	1,796,093	1,866,842	1,941,142	2,019,181
Total Expenses	2,329,264	2,506,670	2,513,496	2,932,054	3,049,431	3,164,795	3,268,342	3,363,626	3,489,523	3,621,930	3,799,907	3,943,187
Beginning net position	25,206,548	27,255,254	27,964,662	29,460,452	31,099,448	32,667,823	33,988,670	35,510,884	37,310,557	38,962,217	40,702,623	42,493,549
Change in Net Position	2,048,706	709,408	1,495,790	1,638,996	1,568,375	1,320,847	1,522,214	1,799,673	1,651,660	1,740,406	1,790,926	1,887,979
Ending net position	27,255,254	27,964,662	29,460,452	31,099,448	32,667,823	33,988,670	35,510,884	37,310,557	38,962,217	40,702,623	42,493,549	44,381,528

Assets and Deferred Outflow of Resources												
Cash and cash equivalents	6,625,396	7,724,113	7,256,334	5,628,951	5,639,046	5,712,946	6,787,137	5,449,338	6,048,835	6,663,683	7,322,359	8,248,493
Due from other governments	249,687	-	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	15,905	97,101	10,067	499,088	462,000	429,000	396,000	363,000	330,000	297,000	264,000	231,000
Other current assets / receivables	594,273	519,523	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Capital assets	40,980,767	42,559,767	44,538,079	47,588,879	49,497,879	51,118,879	51,952,629	55,542,629	57,072,925	58,703,221	60,368,517	61,888,813
Less Accumulated depreciation	(11,801,996)	(12,430,931)	(13,147,367)	(13,924,819)	(14,740,452)	(15,588,504)	(16,453,231)	(17,389,758)	(18,356,892)	(19,356,631)	(20,389,676)	(21,453,127)
Deferred outflows of resources	59,052	171,585	171,585	171,585	171,585	171,585	171,585	171,585	171,585	171,585	171,585	171,585
Total Assets and Deferred Outflows	36,723,084	38,641,158	39,328,698	40,463,684	41,530,059	42,343,906	43,354,120	44,636,793	45,766,453	46,978,859	48,236,785	49,586,764
Liabilities and Deferred Inflow of Resources												
Other current liabilities / payables	724,828	428,497	180,185	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Bonds payable	8,285,417	9,719,652	9,239,125	8,742,300	8,240,300	7,733,300	7,221,300	6,704,300	6,182,300	5,654,300	5,121,300	4,583,300
Other non-current liabilities	414,272	321,411	242,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Deferred inflows of resources	43,313	206,936	206,936	206,936	206,936	206,936	206,936	206,936	206,936	206,936	206,936	206,936
Total Liabilities and Deferred Inflows	9,467,830	10,676,496	9,868,246	9,364,236	8,862,236	8,355,236	7,843,236	7,326,236	6,804,236	6,276,236	5,743,236	5,205,236
Total Liabilities, Deferred Inflows, and Net Position	36,723,084	38,641,158	39,328,698	40,463,684	41,530,059	42,343,906	43,354,120	44,636,793	45,766,453	46,978,859	48,236,785	49,586,764
Net investments in capital assets	20,893,354	20,409,184	22,151,587	24,921,760	26,517,127	27,797,075	28,278,098	31,448,571	32,533,733	33,692,290	34,857,541	35,852,386
Unrestricted / restricted for debt service	6,361,900	7,555,478	7,308,865	6,177,689	6,150,695	6,191,595	7,232,786	5,861,987	6,428,484	7,010,332	7,636,008	8,529,142
Total net position	27,255,254	27,964,662	29,460,452	31,099,448	32,667,823	33,988,670	35,510,884	37,310,557	38,962,217	40,702,623	42,493,549	44,381,528

City of Faribault
Ending Cash Balance
Water Fund (601)

	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Use of Cash										
Operations & Maintenance	1,614,677	1,972,211	2,056,376	2,144,340	2,236,282	2,332,386	2,432,847	2,537,868	2,687,819	2,806,023
Capital Acquisition	1,978,312	3,050,800	1,909,000	1,621,000	833,750	3,590,000	1,530,296	1,630,296	1,665,296	1,520,296
Interfund Transfers	90,000	90,000	90,000	90,000	90,000	22,500	22,500	22,500	22,500	22,500
Debt Service	572,910	589,216	589,423	589,403	589,333	589,213	589,043	589,823	589,543	589,213
Total Use of Cash	4,255,899	5,702,227	4,644,799	4,444,743	3,749,365	6,534,099	4,574,686	4,780,487	4,965,158	4,938,032
Source of Cash										
Water Charges for Service and Sales	3,752,687	3,792,161	3,735,938	4,234,193	4,358,882	4,511,392	4,929,157	5,144,812	5,367,654	5,601,888
Development Charges	50,000	72,000	379,500	64,500	154,500	259,500	46,500	46,500	46,500	46,500
Other Revenues	206,599	706,890	502,368	186,949	277,174	392,407	165,526	171,023	176,679	182,778
Total Source of Cash	4,009,286	4,571,050	4,617,805	4,485,642	4,790,556	5,163,300	5,141,183	5,362,335	5,590,833	5,831,166
Net Change in Other Assets and Liabilities	(221,166)	(496,206)	37,088	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Change in Cash Balance	(467,779)	(1,627,383)	10,095	73,899	1,074,191	(1,337,799)	599,497	614,849	658,675	926,134
Beginning Cash Balance	7,724,113	7,256,334	5,628,951	5,639,046	5,712,946	6,787,137	5,449,338	6,048,835	6,663,683	7,322,359
Projected Ending Cash (as of December 31st)	**7,256,334**	**5,628,951**	**5,639,046**	**5,712,946**	**6,787,137**	**5,449,338**	**6,048,835**	**6,663,683**	**7,322,359**	**8,248,493**
Ending Cash by Purpose										
For future capital improvements	3,237,182	2,637,682	2,914,530	3,753,708	2,048,734	2,746,732	3,221,284	3,774,097	4,540,565	6,907,774
For following year pay-go capital	3,050,800	1,909,000	1,621,000	833,750	3,590,000	1,530,296	1,630,296	1,665,296	1,520,296	50,000
For 3-months of operating cash	403,669	493,053	514,094	536,085	559,070	583,096	608,212	634,467	671,955	701,506
For following year debt service	564,683	589,216	589,423	589,403	589,333	589,213	589,043	589,823	589,543	589,213
Projected Ending Cash (as of December 31st)	**7,256,334**	**5,628,951**	**5,639,046**	**5,712,946**	**6,787,137**	**5,449,338**	**6,048,835**	**6,663,683**	**7,322,359**	**8,248,493**

City of Faribault
Capital Improvement Plan (CIP)
Water Fund (601)

	Current Year 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Capital Outlay										
Transfer out for capital	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Acquisition of capital assets	1,978,312	3,050,800	1,909,000	1,621,000	833,750	3,590,000	1,530,296	1,630,296	1,665,296	1,520,296
Total Capital Outlay	**2,000,812**	**3,073,300**	**1,931,500**	**1,643,500**	**856,250**	**3,612,500**	**1,552,796**	**1,652,796**	**1,687,796**	**1,542,796**
Source of Funds										
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue for capital	-	-	-	-	-	-	-	-	-	-
Transfer in for capital	-	-	-	-	-	-	-	-	-	-
Current revenue / use of cash in fund	2,000,812	3,073,300	1,931,500	1,643,500	856,250	3,612,500	1,552,796	1,652,796	1,687,796	1,542,796
Total Source of Funds	**2,000,812**	**3,073,300**	**1,931,500**	**1,643,500**	**856,250**	**3,612,500**	**1,552,796**	**1,652,796**	**1,687,796**	**1,542,796**

Note: CIP anticipates collection of $495,000 of special assessments in 2025 to pay for capital improvements. This revenue is included in the current revenue/use of cash in fund. It does not appear on a seprate line item in this report.

City of Faribault
Net Capital Assets and Calculation of Depreciation
Water Fund (601)

	Prior Year Actual 2020	Prior Year Actual 2021	Current Year 2022	Projected 2023	2024	2025	2026	2027	2028	2029	2030	2031
Balance of Capital Assets and Depreciation												
Capital assets	40,980,767	42,559,767	44,538,079	47,588,879	49,497,879	51,118,879	51,952,629	55,542,629	57,072,925	58,703,221	60,368,517	61,888,813
Less Accumulated depreciation	(11,801,996)	(12,430,931)	(13,147,367)	(13,924,819)	(14,740,452)	(15,588,504)	(16,453,231)	(17,389,758)	(18,356,892)	(19,356,631)	(20,389,676)	(21,453,127)
Net capital assets	**29,178,771**	**30,128,836**	**31,390,712**	**33,664,060**	**34,757,427**	**35,530,375**	**35,499,398**	**38,152,871**	**38,716,033**	**39,346,590**	**39,978,841**	**40,435,686**
Acquisition of capital assets	7,394,727	1,579,000	1,978,312	3,050,800	1,909,000	1,621,000	833,750	3,590,000	1,530,296	1,630,296	1,665,296	1,520,296
Depreciation	629,625	676,870	676,870	716,436	777,452	815,632	848,052	864,727	936,527	967,133	999,739	1,033,045
Allowance for depreciation on new assets			39,566	61,016	38,180	32,420	16,675	71,800	30,606	32,606	33,306	30,406
Total increase in allowance for depreciation	629,625	676,870	716,436	777,452	815,632	848,052	864,727	936,527	967,133	999,739	1,033,045	1,063,451
Change in net capital assets	6,765,102	902,130	1,261,876	2,273,348	1,093,368	772,948	(30,977)	2,653,473	563,163	630,557	632,251	456,845

** Number of years new assets depreciated over: 50 years*
*** For purposes of the Plan, acquisition of capital assets does not account for capital asset improvements undertaken as part of street improvements.*

Sanitary Sewer Fund (602)

The sanitary sewer collection system is comprised of sewer mains and lift stations which transport wastewater to the Water Reclamation Facility for treatment.

Revenues

The major revenue sources for the Sanitary Sewer Fund are charges for services, special assessments, access charges, and interest on investments.

The schedule of planned fees and charges upon which the finance plan for the Sanitary Sewer Fund is based are included in the Fee Schedules.

The Plan is based on annual fee increases as follows (see detailed Fee Schedule):

- Both SAC standard and non-standard charges are reflecting no increases throughout the Plan.
- 20.0% increase is included for 2023 and 2.0% increase for the remaining years for fixed (base) charges, then rounded to the nearest $0.05.
- 2.0% annual increase in the consumer volume rates is reflected throughout the Plan.

Based on projected revenues and expenses, the Sanitary Sewer Fund will maintain adequate cash balance over the planning period.

The Plan projects that current revenues and cash in the fund will be sufficient to pay for planned acquisitions and improvements and bond issuance is anticipated in 2029 for the wastewater treatment plant upgrade.

Expenses

Expenses includes operations, capital and interest expenses on debt, and depreciation of capital assets.

Approximately half of the Sanitary Sewer Fund expenses are estimated to be fixed costs. This percentage fluctuates from year to year.

Depreciation is reported as an expense and is adjusted for anticipated annual depreciable capital acquisitions. New capital is depreciated over a 50-year term in the Plan.

Annual debt service payments on bonds issued to finance sanitary sewer improvements are supported by net revenues of the Sanitary Sewer Fund. The Sanitary Sewer Fund pays debt service on the following outstanding (G.O.) Bonds:

- G.O. Revenue PFA Bonds, Series 2009

The Plan anticipates the issuance of new debt in 2029 to finance the treatment plant improvements estimated at $25.0 million. The estimated annual debt service payment (interest expenses and principal) is estimated at nearly $1.6 million. The first payment year is estimated to be 2030.

Capital improvements for Sanitary Sewer, including Water Reclamation Facility, includes the following for system improvements, equipment acquisitions, and utility improvements constructed as part of street improvement projects:

- $3,788,100 in 2023
- $893,000 in 2024

- $570,000 in 2025
- $600,250 in 2026
- $635,000 in 2027

The Plan includes $25,000,000 for construction and financing costs for treatment facility upgrades in year 2029. The Plan anticipates bonding for the Project. The City may be able to secure low interest financing from the Minnesota Public Facilities Authority or other state grants. As planning the facility is undertaken, the assumptions in the Plan will need to be updated.

Other project spending between 2028-2031 on sanitary sewer improvements includes $2,119,000, along with an additional $1,520,296 annually for improvements related to street projects based on the pavement management plan.

The Sanitary Sewer Fund is to transfer funds annually in the approximate amounts to the following funds as an internal 'Franchise Fee':

- $12,500 to the Debt Service Funds (349) (to pay a portion of the debt service on the Series 2021 Bonds)
- $185,000 to the Park Improvement Fund (404)
- $12,500 to the Public Facilities Fund (437)

Balance Sheet

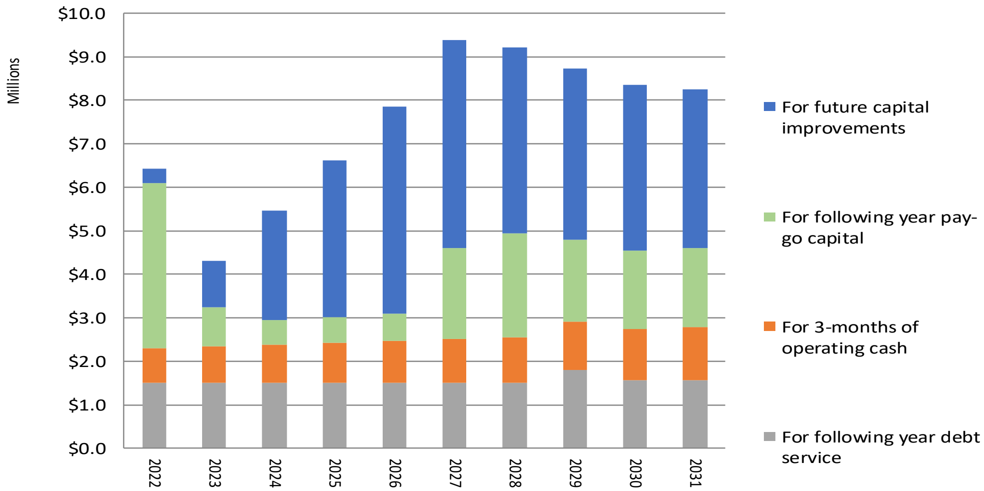
The ending 2021 cash balance in the Financial Plan is equal to the reported ending cash balance in the City's 2021 Annual Comprehensive Financial Report. Reported receivables and payables are projected to remain at historic amounts during the planning period.

The Plan anticipates a reduction in cash balance over the next several years for capital acquisition. The total ending cash balance is projected to decrease from $11,161,168 to $7,825,019 from 2021 to 2031.

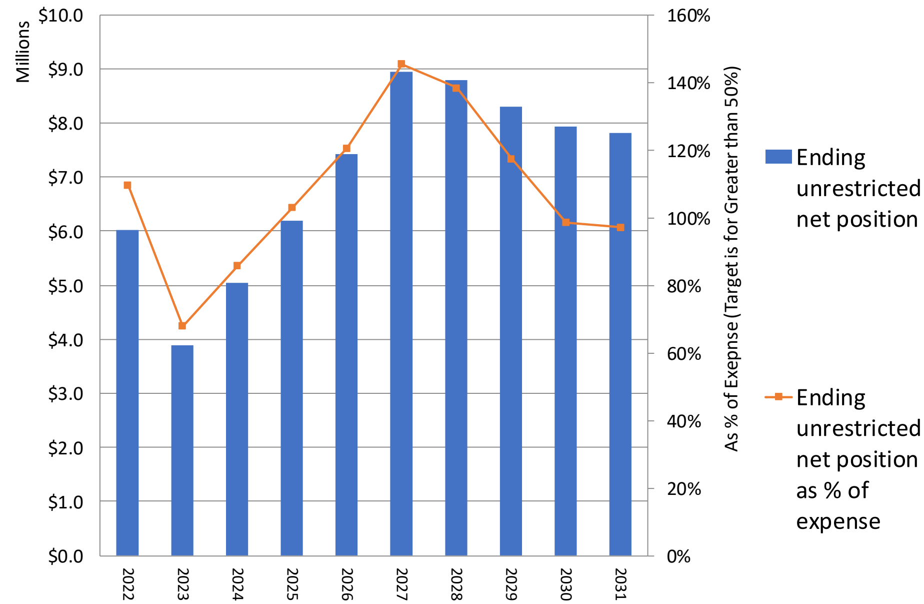
Finance Summaries and Plans

The following graphs and worksheets provide the detailed basis noted above.

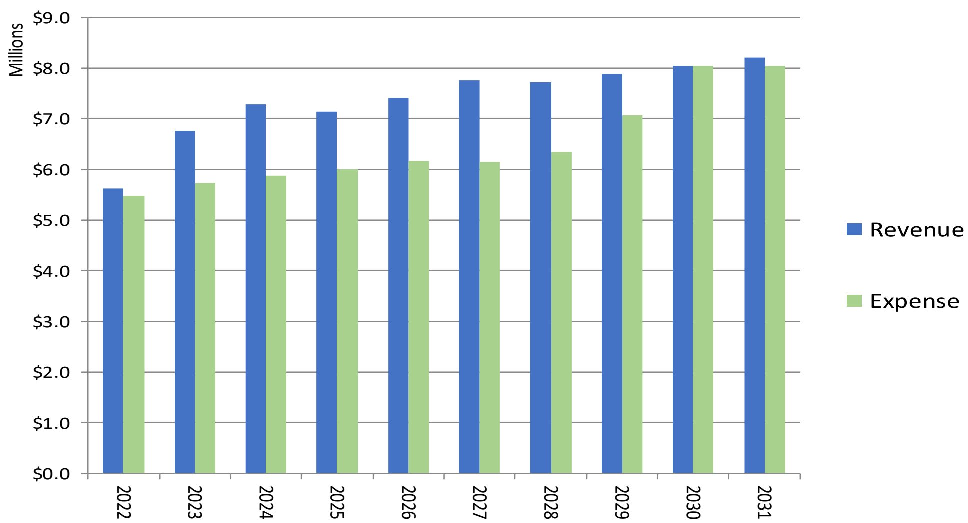
Sanitary Sewer Fund
Cash is projected to be sufficient to meet targets for minimum balances and for reserve for future capital improvements not yet programmed in the CIP



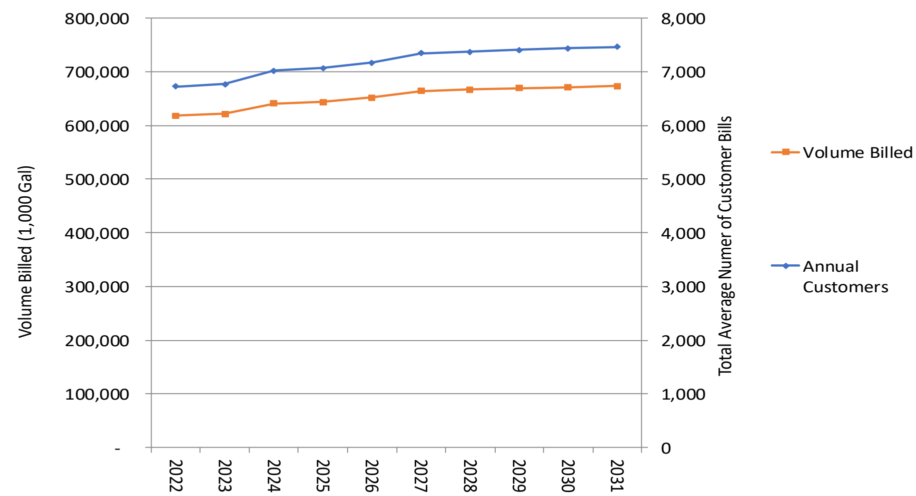
Sanitary Sewer Fund
Ending Unrestricted Net Position as % of expense is projected to be at or above 50%



Sanitary Sewer Fund
Revenues are projected to cover expense, including depreciation for assets, and revenues in excess of expenses and payment of debt are reserved for future capital improvements



Sanitary Sewer Fund
Customers and volume billed are projected to increase with 50 new customers added per year



City of Faribault
Finance Plan
Sanitary Sewer Fund (602)

	2020 Actual	2021 Actual	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Revenues												
Charges for services	6,572,471	6,395,531	5,210,000	6,581,691	6,815,559	6,969,466	7,152,001	7,369,053	7,529,788	7,693,989	7,861,731	8,033,072
Special assessments	1,058	5,197	561	400	239	191	143	96	48	-	-	-
Access charges	33,188	3,824	175,000	72,000	379,500	64,500	154,500	259,500	46,500	46,500	46,500	46,500
Gain (loss) on sale of asset	27,131	(47,645)	-	-	-	-	-	-	-	-	-	-
Penalities and interest on penalties	-	-	42,000	42,420	42,844	43,273	43,705	44,142	44,584	45,030	45,480	45,935
Miscellaneous revenue	-	28,939	2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166	2,187
Intergovernmental revenue	21,581	1,723,878	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	16,439	-	-	-	-	-	-	-	-	-
Investment income	364,171	(66,375)	186,000	64,360	43,189	54,632	66,185	78,589	93,810	92,199	87,330	83,634
Total Revenues	7,019,600	8,043,349	5,632,000	6,762,891	7,283,371	7,134,123	7,418,616	7,753,482	7,716,852	7,879,862	8,043,207	8,211,329
Expenses												
Fixed Expenses												
Personal services	1,433,213	1,328,460	1,461,348	1,519,802	1,580,594	1,643,818	1,709,570	1,777,953	1,849,071	1,923,034	1,999,956	2,079,954
New Union FTE added	-	-	-	-	-	-	-	-	-	-	40,157	43,570
Depreciation	1,647,165	1,697,010	1,814,460	1,890,222	1,908,082	1,919,482	1,931,487	1,944,187	1,986,113	2,546,459	2,584,285	2,620,691
Subtotal Fixed Expenses	3,080,378	3,025,470	3,275,808	3,410,024	3,488,676	3,563,300	3,641,057	3,722,140	3,835,184	4,469,493	4,624,397	4,744,215
Variable Expenses												
Materials and supplies	509,035	455,119	440,375	462,394	485,513	509,789	535,279	562,042	590,145	619,652	650,634	683,166
Other services and charges	1,215,968	1,213,440	1,338,286	1,405,200	1,475,460	1,549,233	1,626,695	1,708,030	1,793,431	1,883,103	1,977,258	2,076,121
Transfer out other	157,500	157,500	105,000	157,500	157,500	157,500	157,500	-	-	-	-	-
Transfer out for capital	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
Interest and amortization expense	322,580	292,622	273,156	241,944	209,942	177,123	143,463	108,936	73,542	37,230	745,972	491,400
Subtotal Variable Expenses	2,257,583	2,171,181	2,209,317	2,319,538	2,380,915	2,446,145	2,515,437	2,431,508	2,509,618	2,592,485	3,426,365	3,303,187
Total Expenses	5,337,961	5,196,651	5,485,125	5,729,562	5,869,591	6,009,445	6,156,494	6,153,649	6,344,802	7,061,978	8,050,762	8,047,402
Beginning net position	36,624,869	38,306,508	41,153,206	41,300,081	42,333,410	43,747,190	44,871,868	46,133,990	47,733,823	49,105,873	49,923,757	49,916,202
Change in Net Position	1,681,639	2,846,698	146,875	1,033,329	1,413,780	1,124,678	1,262,122	1,599,833	1,372,050	817,884	(7,555)	163,927
Ending net position	38,306,508	41,153,206	41,300,081	42,333,410	43,747,190	44,871,868	46,133,990	47,733,823	49,105,873	49,923,757	49,916,202	50,080,129

Assets and Deferred Outflow of Resources												
Cash and cash equivalents	11,554,342	10,644,239	6,435,959	4,318,888	5,463,229	6,618,452	7,858,873	9,380,956	9,219,885	8,732,994	8,363,428	8,252,750
Due from component unit	434,775	516,929	-	-	-	-	-	-	-	-	-	-
Due from other governments	21,581	234,498	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	77,643	119,203	10,271	7,792	5,313	4,250	3,188	2,125	1,063	-	-	-
Other current assets / receivables	971,001	774,920	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Capital assets	62,133,234	65,954,748	71,827,248	75,615,348	76,508,348	77,078,348	77,678,598	78,313,598	80,409,894	108,427,190	110,318,486	112,138,782
Less Accumulated depreciation	(23,592,603)	(25,235,936)	(27,050,396)	(28,940,618)	(30,848,700)	(32,768,182)	(34,699,669)	(36,643,856)	(38,629,969)	(41,176,428)	(43,760,713)	(46,381,403)
Deferred outflows of resources	146,389	427,923	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Total Assets and Deferred Outflows	51,746,362	53,436,524	52,163,081	51,941,410	52,068,190	51,872,868	51,780,990	51,992,823	51,940,873	76,923,757	75,861,202	74,950,129
Liabilities and Deferred Inflow of Resources												
Other current liabilities / payables	408,470	281,072	379,000	379,000	379,000	379,000	379,000	379,000	379,000	379,000	379,000	379,000
Bonds payable	11,906,000	10,712,000	9,488,000	8,233,000	6,946,000	5,626,000	4,272,000	2,884,000	1,460,000	25,625,000	24,570,000	23,495,000
Other non-current liabilities	1,018,081	774,162	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Deferred inflows of resources	107,303	516,084	896,000	896,000	896,000	896,000	896,000	896,000	896,000	896,000	896,000	896,000
Total Liabilities and Deferred Inflows	13,439,854	12,283,318	10,863,000	9,608,000	8,321,000	7,001,000	5,647,000	4,259,000	2,835,000	27,000,000	25,945,000	24,870,000
Total Liabilities, Deferred Inflows, and Net Position	51,746,362	53,436,524	52,163,081	51,941,410	52,068,190	51,872,868	51,780,990	51,992,823	51,940,873	76,923,757	75,861,202	74,950,129
Net investments in capital assets	26,634,631	30,006,812	35,288,852	38,441,730	38,713,648	38,684,166	38,706,929	38,785,742	40,319,925	41,625,762	41,987,773	42,262,379
Unrestricted / restricted for debt service	11,671,877	11,146,394	6,011,229	3,891,680	5,033,542	6,187,702	7,427,061	8,948,081	8,785,948	8,297,994	7,928,428	7,817,750
Total net position	38,306,508	41,153,206	41,300,081	42,333,410	43,747,190	44,871,868	46,133,990	47,733,823	49,105,873	49,923,757	49,916,202	50,080,129

City of Faribault
Ending Cash Balance
Sanitary Sewer Fund (602)

	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Use of Cash										
Operations & Maintenance	3,240,009	3,387,396	3,541,568	3,702,840	3,871,544	4,048,026	4,232,647	4,425,789	4,668,005	4,882,811
Capital Improvement Projects	5,872,500	3,739,100	913,000	570,000	600,250	635,000	2,096,296	28,017,296	1,891,296	1,820,296
Interfund Transfer	157,500	210,000	210,000	210,000	210,000	52,500	52,500	52,500	52,500	52,500
Debt Service	1,497,156	1,496,944	1,496,942	1,497,123	1,497,463	1,496,936	1,497,542	1,497,230	1,800,972	1,566,400
Total Use of Cash	**10,767,165**	**8,833,440**	**6,161,509**	**5,979,963**	**6,179,257**	**6,232,462**	**7,878,985**	**33,992,815**	**8,412,773**	**8,322,007**
Source of Cash										
Sewer Charges for Service	5,168,000	6,539,271	6,772,715	6,926,194	7,108,296	7,324,911	7,485,204	7,648,959	7,816,251	7,987,137
Development Charges	175,000	72,000	379,500	64,500	154,500	259,500	46,500	46,500	46,500	46,500
Other Revenues	247,000	108,780	87,954	99,166	110,681	123,044	138,220	136,559	131,683	127,976
Bond Proceeds	-	-	-	-	-	-	-	25,625,000	-	-
Total Source of Cash	**5,590,000**	**6,720,051**	**7,240,169**	**7,089,860**	**7,373,477**	**7,707,455**	**7,669,924**	**33,457,018**	**7,994,434**	**8,161,614**
Net Change in Other Assets and Liabilities	409,955	2,479	2,479	1,063	1,063	1,063	1,063	1,063	-	-
Change in Cash Balance	(4,767,209)	(2,110,910)	1,081,139	1,110,959	1,195,283	1,476,056	(207,999)	(534,734)	(418,339)	(160,393)
Beginning Cash Balance	11,161,168	6,393,959	4,283,048	5,364,187	6,475,146	7,670,429	9,146,485	8,938,486	8,403,751	7,985,413
Projected Ending Cash (as of December 31st)	**6,393,959**	**4,283,048**	**5,364,187**	**6,475,146**	**7,670,429**	**9,146,485**	**8,938,486**	**8,403,751**	**7,985,413**	**7,825,019**

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Ending Cash by Purpose										
For future capital improvements	347,912	1,026,258	2,411,672	3,451,723	4,570,607	4,540,640	3,990,798	3,605,036	3,431,716	3,219,121
For following year pay-go capital	3,739,100	913,000	570,000	600,250	635,000	2,096,296	2,392,296	1,891,296	1,820,296	1,820,296
For 3-months of operating cash	810,002	846,849	885,392	925,710	967,886	1,012,006	1,058,162	1,106,447	1,167,001	1,220,703
For following year debt service	1,496,944	1,496,942	1,497,123	1,497,463	1,496,936	1,497,542	1,497,230	1,800,972	1,566,400	1,564,900
Projected Ending Cash (as of December 31st)	**6,393,959**	**4,283,048**	**5,364,187**	**6,475,146**	**7,670,429**	**9,146,485**	**8,938,486**	**8,403,751**	**7,985,413**	**7,825,019**

Note: Cash balances include cash and investments.

City of Faribault
Capital Improvement Plan (CIP)
Sanitary Sewer Fund (602)

Project Description	Current Year 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Capital Outlay										
Transfer out for capital	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
Acquisition of capital assets	5,872,500	3,739,100	913,000	570,000	600,250	635,000	2,096,296	28,017,296	1,891,296	1,820,296
Total Capital Outlay	**5,925,000**	**3,791,600**	**965,500**	**622,500**	**652,750**	**687,500**	**2,148,796**	**28,069,796**	**1,943,796**	**1,872,796**
Source of Funds										
Bond proceeds	-	-	-	-	-	-	-	25,625,000	-	-
Current revenue / use of cash in fund	5,925,000	3,791,600	965,500	622,500	652,750	687,500	2,148,796	2,444,796	1,943,796	1,872,796
Total Source of Funds	**5,925,000**	**3,791,600**	**965,500**	**622,500**	**652,750**	**687,500**	**2,148,796**	**28,069,796**	**1,943,796**	**1,872,796**

City of Faribault
Net Capital Assets and Calculation of Depreciation
Sanitary Sewer Fund (602)

	Prior Year Actual 2020	Prior Year Actual 2021	Current Year 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Balance of Capital Assets and Depreciation												
Capital assets	62,133,234	65,954,748	71,827,248	75,566,348	76,479,348	77,049,348	77,649,598	78,284,598	80,380,894	108,398,190	110,289,486	112,109,782
Less Accumulated depreciation	(23,592,603)	(25,235,936)	(27,050,396)	(28,939,638)	(30,847,140)	(32,766,042)	(34,696,949)	(36,640,556)	(38,626,089)	(41,171,968)	(43,755,673)	(46,375,783)
Net capital assets	**38,540,631**	**40,718,812**	**44,776,852**	**46,626,710**	**45,632,208**	**44,283,306**	**42,952,649**	**41,644,042**	**41,754,805**	**67,226,222**	**66,533,813**	**65,733,999**
Acquisition of capital assets	747,220	3,821,514	5,872,500	3,739,100	913,000	570,000	600,250	635,000	2,096,296	28,017,296	1,891,296	1,820,296
Depreciation	1,647,165	1,697,010	1,697,010	1,814,460	1,889,242	1,907,502	1,918,902	1,930,907	1,943,607	1,985,533	2,545,879	2,583,705
Allowance for depreciation on new assets			117,450	74,782	18,260	11,400	12,005	12,700	41,926	560,346	37,826	36,406
Total increase in allowance for depreciatio	1,647,165	1,697,010	1,814,460	1,889,242	1,907,502	1,918,902	1,930,907	1,943,607	1,985,533	2,545,879	2,583,705	2,620,111
Change in net capital assets	(899,945)	2,124,504	4,058,040	1,849,858	(994,502)	(1,348,902)	(1,330,657)	(1,308,607)	110,763	25,471,417	(692,409)	(799,815)

Stormwater Fund (603)

The Stormwater Fund provides for the operation, maintenance, and repair of the storm water conveyance system, and the 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.

Revenues

The major revenue sources for the Stormwater Fund are charges for services, and interest on investments.

The schedule of planned fees and charges upon which the finance plan for the Stormwater Fund is based are included in the Fee Schedule.

The Plan is based on annual fee increases as follows (see detailed Fee Schedule):

- 14.5% rate increases for 2023 through 2027
- 8.0% increase for the remaining years.

Based on projected revenues and expenses, the Stormwater Fund will maintain adequate cash balance over the planning period.

The Plan projects that current revenues and cash in the fund will be sufficient to pay for planned acquisitions and improvements and no bond issuance is anticipated.

Expenses

Expenses includes operations, capital and depreciation of capital assets.

Approximately 70% of the Stormwater Fund expenses are estimated to be fixed costs. This percentage fluctuates from year to year.

Depreciation is reported as an expense and is adjusted for anticipated annual depreciable capital acquisitions. New capital is depreciated over a 50-year term in the Plan.

The Stormwater Fund does not have any debt obligations outstanding.

Capital improvements for Stormwater includes the following for system improvements, equipment acquisitions, and utility improvements constructed as part of street improvement projects:

- $3,127,200 in 2023 supplemented with $855,700 special assessments
- $1,079,000 in 2024 supplemented with $310,000 special assessments
- $1,505,000 in 2025 supplemented with $556,000 MSA funds
- $4,076,000 in 2026
- $924,000 in 2027

Other project spending between 2028-2031 on stormwater improvements includes $150,000 annually for best management practice projects, along with an additional $1,552,320 annually for improvements related to street projects based on the pavement management plan.

The Stormwater Fund does not transfer funds annually to any funds as an internal 'Franchise Fee'.

Balance Sheet

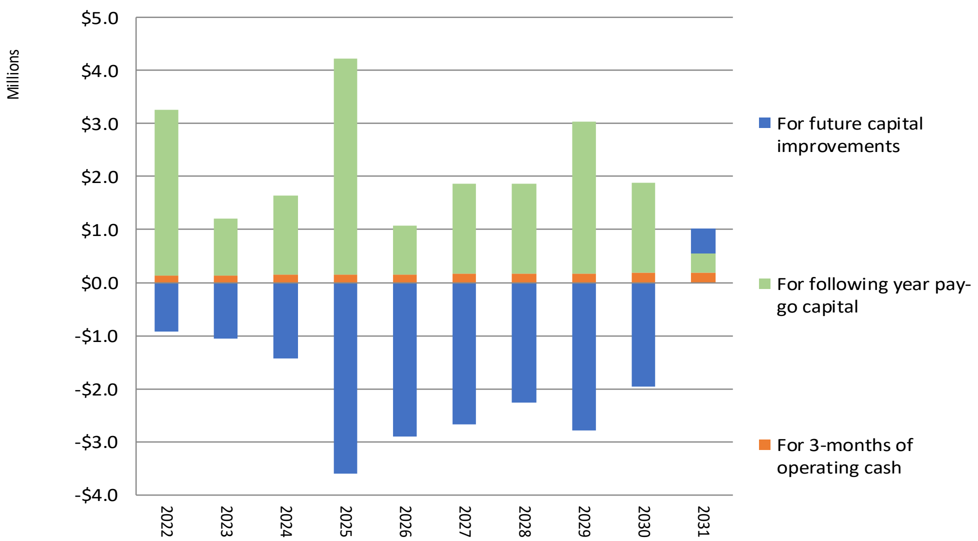
The ending 2021 cash balance in the Financial Plan is equal to the reported ending cash balance in the City's 2021 Annual Comprehensive Financial Report. Reported receivables and payables are projected to remain at historic amounts during the planning period.

The Plan anticipates a reduction in cash balance over the next several years for capital acquisition. The total ending cash balance is projected to decrease from $2,967,668 to $926,196 from 2021 to 2031.

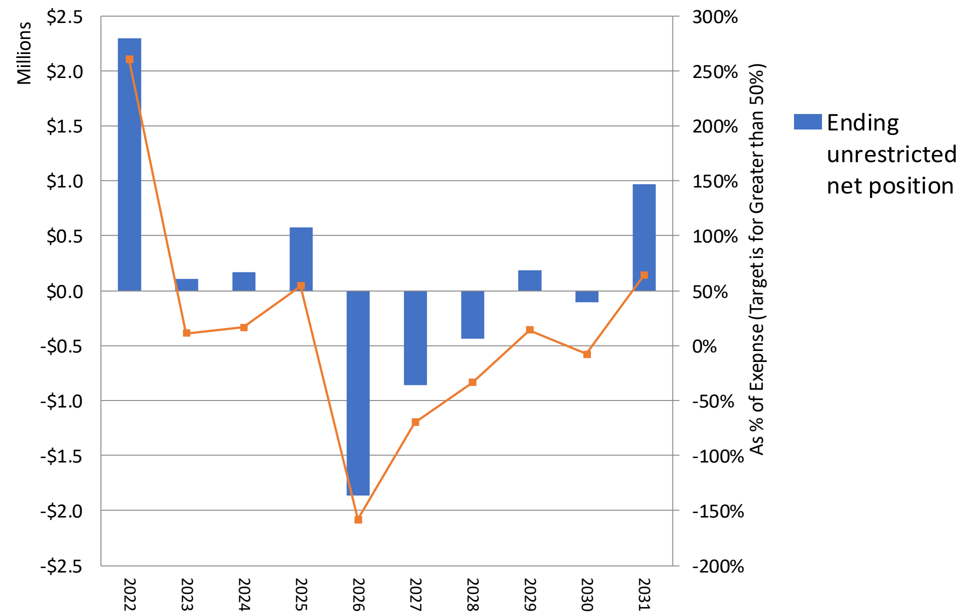
Finance Summaries and Plans

The following graphs and worksheets provide the detailed basis noted above.

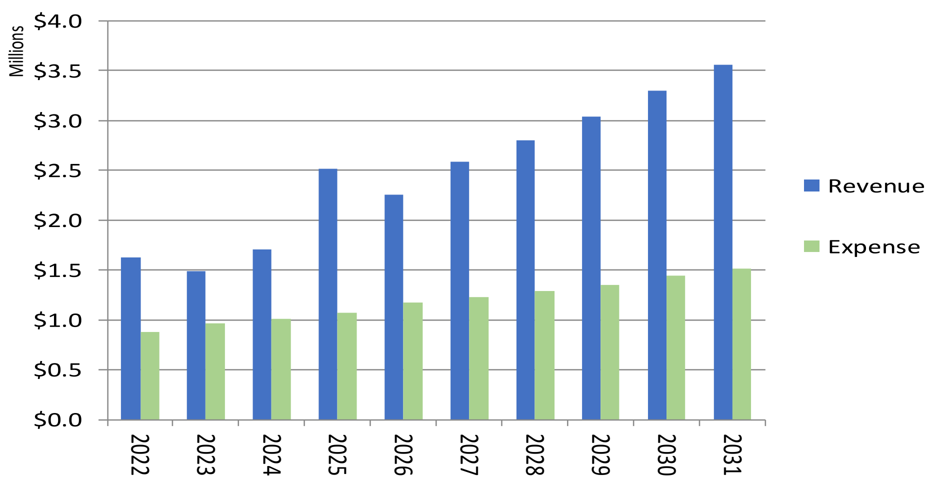
Stormwater Fund
Cash is projected to be sufficient to meet targets for minimum balances and for reserve for future capital improvements not yet programmed in the CIP



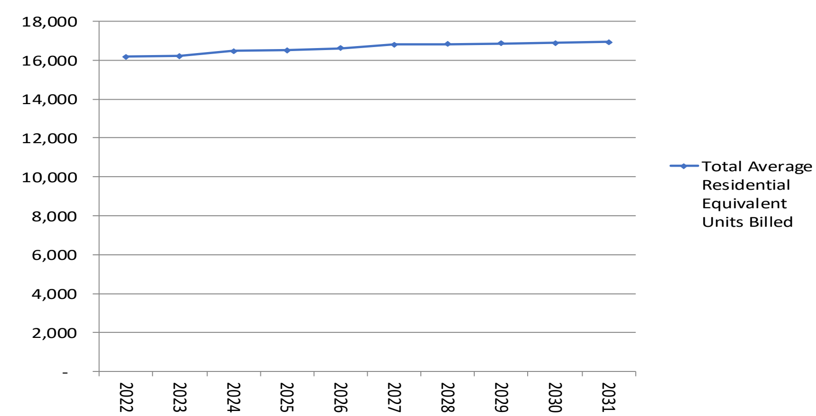
Stormwater Fund
Ending Unrestricted Net Position as % of expense is projected to be at or above 50%



Stormwater Fund
Revenue and Expense



Stormwater Fund
Customers are projected to increase with 50 new customer (residential eqivalent) units added per year



City of Faribault
Finance Plan
Storm Water Fund (603)

	2020 Actual	2021 Actual	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Revenues												
Charges for services	5,792	33,062	-	-	-	-	-	-	-	-	-	-
Charges for sales	990,686	1,138,076	1,269,504	1,455,384	1,692,406	1,942,862	2,238,450	2,589,704	2,802,044	3,031,783	3,280,348	3,549,280
Special assessments	253	821	-	-	-	-	-	-	-	-	-	-
Access charges	37,691	128,866	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of asset	(16,040)	(35,025)	-	-	-	-	-	-	-	-	-	-
Penalities and interest on penalties	4	6	12,500	12,625	12,751	12,879	13,008	13,138	13,269	13,402	13,536	13,671
Miscellaneous revenue	-	-	154,000	-	-	-	-	-	-	-	-	-
Intergovernmental revenue	-	-	150,000	-	-	-	-	-	-	-	-	-
Intergovernmental revenue for capital	-	-	-	-	-	556,000	-	-	-	-	-	-
Investment income	73,245	(15,743)	38,000	23,382	1,555	2,115	6,228	(18,202)	(8,125)	(3,903)	2,350	(672)
Total Revenues	1,091,631	1,250,063	1,624,004	1,491,391	1,706,712	2,513,857	2,257,686	2,584,640	2,807,187	3,041,282	3,296,234	3,562,279
Expenses												
Fixed Expenses												
Personal services	196,020	229,630	247,653	257,559	267,861	278,576	289,719	301,308	313,360	325,894	338,930	352,487
Depreciation	306,873	321,725	357,625	420,169	441,749	471,849	553,369	571,849	605,895	639,942	696,988	731,035
Subtotal Fixed Expenses	502,893	551,355	605,278	677,728	709,610	750,425	843,088	873,157	919,255	965,836	1,035,918	1,083,522
Variable Expenses												
Materials and supplies	41,472	29,584	38,650	40,583	42,612	44,742	46,979	49,328	51,795	54,384	57,104	59,959
Other services and charges	137,314	205,430	236,917	248,763	261,201	274,261	287,974	302,373	317,491	333,366	350,034	367,536
Subtotal Variable Expenses	178,786	235,014	275,567	289,345	303,813	319,003	334,953	351,701	369,286	387,750	407,138	427,495
Total Expenses	681,679	786,369	880,845	967,073	1,013,423	1,069,428	1,178,041	1,224,858	1,288,542	1,353,587	1,443,056	1,511,017
Beginning net position	11,961,453	12,371,405	12,835,099	13,578,258	14,102,576	14,795,864	16,240,293	17,319,937	18,679,719	20,198,365	21,886,060	23,739,237
Change in Net Position	409,952	463,694	743,159	524,318	693,289	1,444,428	1,079,644	1,359,782	1,518,646	1,687,695	1,853,177	2,051,262
Ending net position	12,371,405	12,835,099	13,578,258	14,102,576	14,795,864	16,240,293	17,319,937	18,679,719	20,198,365	21,886,060	23,739,237	25,790,500

Assets and Deferred Outflow of Resources												
Cash and cash equivalents	2,419,382	2,967,668	2,338,218	155,505	211,542	622,820	(1,820,167)	(812,536)	(390,315)	235,002	(67,152)	1,012,825
Special assessments receivable	7,172	44,688	-	-	-	-	-	-	-	-	-	-
Other current assets / receivables	139,698	161,530	161,530	161,530	161,530	161,530	161,530	161,530	161,530	161,530	161,530	161,530
Capital assets	14,965,746	15,013,906	16,808,906	19,936,106	21,015,106	22,520,106	26,596,106	27,520,106	29,222,426	30,924,746	33,777,066	35,479,386
Less Accumulated depreciation	(4,977,749)	(5,167,395)	(5,525,020)	(5,945,189)	(6,386,938)	(6,858,787)	(7,412,156)	(7,984,005)	(8,589,900)	(9,229,842)	(9,926,830)	(10,657,865)
Deferred outflows of resources	20,902	72,687	72,687	72,687	72,687	72,687	72,687	72,687	72,687	72,687	72,687	72,687
Total Assets and Deferred Outflows	12,575,151	13,093,084	13,856,321	14,380,639	15,073,927	16,518,356	17,598,000	18,957,782	20,476,428	22,164,123	24,017,300	26,068,563
Liabilities and Deferred Inflow of Resources												
Other current liabilities / payables	41,323	40,399	40,399	40,399	40,399	40,399	40,399	40,399	40,399	40,399	40,399	40,399
Other non-current liabilities	147,050	129,922	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Deferred inflows of resources	15,373	87,664	87,664	87,664	87,664	87,664	87,664	87,664	87,664	87,664	87,664	87,664
Total Liabilities and Deferred Inflows	203,746	257,985	278,063	278,063	278,063	278,063	278,063	278,063	278,063	278,063	278,063	278,063
Total Liabilities, Deferred Inflows, and Net Pos	12,575,151	13,093,084	13,856,321	14,380,639	15,073,927	16,518,356	17,598,000	18,957,782	20,476,428	22,164,123	24,017,300	26,068,563

City of Faribault
Ending Cash Balance
Storm Water Fund (603)

	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Use of Cash										
Operations & Maintenance	523,220	546,904	571,674	597,579	624,672	653,009	682,646	713,645	746,068	779,982
Capital Improvement Projects	1,795,000	3,127,200	1,079,000	1,505,000	4,076,000	924,000	1,702,320	1,702,320	2,852,320	1,702,320
Total Use of Cash	**2,318,220**	**3,674,104**	**1,650,674**	**2,102,579**	**4,700,672**	**1,577,009**	**2,384,966**	**2,415,965**	**3,598,388**	**2,482,302**
Source of Cash										
Sewer Charges for Service	1,269,504	1,455,384	1,692,406	1,942,862	2,238,450	2,589,704	2,802,044	3,031,783	3,280,348	3,549,280
Other Revenues	354,500	36,007	14,306	570,994	19,236	(5,064)	5,144	9,499	15,886	13,000
Total Source of Cash	**1,624,004**	**1,491,391**	**1,706,712**	**2,513,857**	**2,257,686**	**2,584,640**	**2,807,187**	**3,041,282**	**3,296,234**	**3,562,279**
Net Change in Other Assets and Liabilities	64,766	-	-	-	-	-	-	-	-	-
Change in Cash Balance	(629,450)	(2,182,713)	56,038	411,277	(2,442,987)	1,007,631	422,221	625,317	(302,155)	1,079,977
Beginning Cash Balance	2,967,668	2,338,218	155,505	211,542	622,820	(1,820,167)	(812,536)	(390,315)	235,002	(67,152)
Projected Ending Cash (as of December 31st)	**2,338,218**	**155,505**	**211,542**	**622,820**	**(1,820,167)**	**(812,536)**	**(390,315)**	**235,002**	**(67,152)**	**1,012,825**
Ending Cash by Purpose:										
For future capital improvements	(919,787)	(1,060,222)	(1,436,376)	(3,602,575)	(2,900,335)	(2,678,108)	(2,263,296)	(2,795,729)	(1,955,989)	467,829
For following year pay-go capital	3,127,200	1,079,000	1,505,000	4,076,000	924,000	1,702,320	1,702,320	2,852,320	1,702,320	350,000
For 3-months of operating cash	130,805	136,726	142,919	149,395	156,168	163,252	170,662	178,411	186,517	194,996
Projected Ending Cash (as of December 31st)	**2,338,218**	**155,505**	**211,542**	**622,820**	**(1,820,167)**	**(812,536)**	**(390,315)**	**235,002**	**(67,152)**	**1,012,825**

Note: Cash balances include cash and investments.

City of Faribault
Customers and Charges for Sales
Storm Water Fund (603)

	2020 Actual	2021 Actual	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj
Billing Units												
Residential	7,950	8,000	8,064	8,109	8,359	8,399	8,499	8,669	8,697	8,725	8,753	8,781
Commercial	6,102	6,104	6,106	6,108	6,110	6,112	6,114	6,116	6,118	6,120	6,122	6,124
Industrial	2,001	2,002	2,003	2,004	2,005	2,006	2,007	2,008	2,009	2,010	2,011	2,012
Total	16,053	16,106	16,173	16,221	16,474	16,517	16,620	16,793	16,824	16,855	16,886	16,917
Revenue from Non-Volume Basis												
Residential	$543,780	$547,200	$631,895	$727,557	$858,736	$987,958	$1,144,680	$1,336,875	$1,448,489	$1,569,404	$1,700,396	$1,842,302
Commercial	$417,377	$417,514	$478,466	$548,023	$627,692	$718,943	$823,459	$943,169	$1,018,955	$1,100,831	$1,189,286	$1,284,849
Industrial	$136,868	$136,937	$156,955	$179,803	$205,977	$235,962	$270,311	$309,660	$334,600	$361,548	$390,666	$422,129
Total	$1,098,025	$1,101,650	$1,267,316	$1,455,384	$1,692,406	$1,942,862	$2,238,450	$2,589,704	$2,802,044	$3,031,783	$3,280,348	$3,549,280
Total Unadjusted Revenue	$1,098,025	$1,101,650	$1,267,316	$1,455,384	$1,692,406	$1,942,862	$2,238,450	$2,589,704	$2,802,044	$3,031,783	$3,280,348	$3,549,280
Adjustments / other changes [1]	*-$101,547*	*$69,488*	*$2,188*									
Total Charges for Sales	**$996,478**	**$1,171,138**	**$1,269,504**	**$1,455,384**	**$1,692,406**	**$1,942,862**	**$2,238,450**	**$2,589,704**	**$2,802,044**	**$3,031,783**	**$3,280,348**	**$3,549,280**

Note:
1. The Adjustments/other changes is the difference between how the Study calculated revenue for 2020-2021 compared to revenue reported in the City's audited financial statements and budget documents. The difference may come from adjustments to bills due to issues with meters and other adjustments that are not built into the model for the Study. The adjustments are not considered to be on-going. The Study assumes that future adjustments will be minimal and not have a material impact on the future revenue projections.

City of Faribault
Net Capital Assets and Calculation of Depreciation
Storm Water Fund (603)

	Prior Year Actual 2020	Prior Year Actual 2021	Current Year 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Balance of Capital Assets and Depreciation												
Capital assets	14,965,746	15,013,906	16,808,906	19,936,106	21,015,106	22,520,106	26,596,106	27,520,106	29,222,426	30,924,746	33,777,066	35,479,386
Less Accumulated depreciation	(4,977,749)	(5,167,395)	(5,525,020)	(5,945,189)	(6,386,938)	(6,858,787)	(7,412,156)	(7,984,005)	(8,589,900)	(9,229,842)	(9,926,830)	(10,657,865)
Net capital assets	**19,943,495**	**20,181,301**	**22,333,926**	**25,881,295**	**27,402,044**	**29,378,893**	**34,008,262**	**35,504,111**	**37,812,326**	**40,154,588**	**43,703,896**	**46,137,251**
Acquisition of capital assets	350,427	48,160	1,795,000	3,127,200	1,079,000	1,505,000	4,076,000	924,000	1,702,320	1,702,320	2,852,320	1,702,320
Depreciation	306,873	321,725	321,725	357,625	420,169	441,749	471,849	553,369	571,849	605,895	639,942	696,988
Allowance for depreciation on new assets			35,900	62,544	21,580	30,100	81,520	18,480	34,046	34,046	57,046	34,046
Total increase in allowance for depreciatio	306,873	321,725	357,625	420,169	441,749	471,849	553,369	571,849	605,895	639,942	696,988	731,035
Change in net capital assets	43,554	(273,565)	1,437,375	2,707,031	637,251	1,033,151	3,522,631	352,151	1,096,425	1,062,378	2,155,332	971,285

Fee Schedules
Water Fund (601)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Commercial										
Water Availability Charge Standard	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Water Availability Charge Non Standard	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665
Fixed service charge 5/8" and 3/4"	$12.30	$12.80	$13.30	$13.85	$14.40	$15.00	$15.60	$16.25	$16.90	$17.60
Fixed service charge 1"	$13.61	$14.15	$14.70	$15.30	$15.90	$16.55	$17.20	$17.90	$18.60	$19.35
Fixed service charge 1 1/2"	$22.90	$23.80	$24.75	$25.75	$26.80	$27.90	$29.00	$30.15	$31.35	$32.60
Fixed service charge 2"	$26.00	$27.05	$28.15	$29.30	$30.50	$31.75	$33.00	$34.35	$35.75	$37.20
Fixed service charge 3"	$70.92	$73.75	$76.70	$79.80	$83.00	$86.35	$89.80	$93.40	$97.15	$101.05
Fixed service charge 4"	$82.23	$85.50	$88.95	$92.50	$96.20	$100.05	$104.05	$108.20	$112.55	$117.05
Fixed service charge 6"	$109.04	$113.40	$117.95	$122.70	$127.60	$132.70	$138.00	$143.55	$149.30	$155.30
Commercial Consumption Tier 1	$2.07	$2.16	$2.24	$2.33	$2.43	$2.52	$2.62	$2.73	$2.84	$2.95
Commercial Consumption Tier 2	$2.14	$2.23	$2.32	$2.41	$2.51	$2.61	$2.71	$2.82	$2.93	$3.05
Commercial Consumption Tier 3	$2.40	$2.49	$2.59	$2.70	$2.81	$2.92	$3.03	$3.16	$3.28	$3.41
Industrial										
Water Availability Charge Standard	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Water Availability Charge Non Standard	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665
Fixed service charge 5/8" and 3/4"	$12.30	$12.80	$13.30	$13.85	$14.40	$15.00	$15.60	$16.25	$16.90	$17.60
Fixed service charge 1"	$13.61	$14.15	$14.70	$15.30	$15.90	$16.55	$17.20	$17.90	$18.60	$19.35
Fixed service charge 1 1/2"	$22.90	$23.80	$24.75	$25.75	$26.80	$27.90	$29.00	$30.15	$31.35	$32.60
Fixed service charge 2"	$26.00	$27.05	$28.15	$29.30	$30.50	$31.75	$33.00	$34.35	$35.75	$37.20
Fixed service charge 3"	$70.92	$73.75	$76.70	$79.80	$83.00	$86.35	$89.80	$93.40	$97.15	$101.05
Fixed service charge 4"	$82.23	$85.50	$88.95	$92.50	$96.20	$100.05	$104.05	$108.20	$112.55	$117.05
Fixed service charge 6"	$109.04	$113.40	$117.95	$122.70	$127.60	$132.70	$138.00	$143.55	$149.30	$155.30
Industrial Consumption Tier 1	$1.53	$1.59	$1.66	$1.72	$1.79	$1.86	$1.94	$2.02	$2.10	$2.18
Industrial Consumption Tier 2	$1.76	$1.83	$1.91	$1.98	$2.06	$2.14	$2.23	$2.32	$2.41	$2.51
Industrial Consumption Tier 3	$1.98	$2.06	$2.14	$2.22	$2.31	$2.41	$2.50	$2.60	$2.71	$2.82
Residential										
Water Availability Charge Standard	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Water Availability Charge Non Standard	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665	$5,665
Fixed service charge 5/8" and 3/4"	$12.30	$12.80	$13.30	$13.85	$14.40	$15.00	$15.60	$16.25	$16.90	$17.60
Fixed service charge 1"	$13.61	$14.15	$14.70	$15.30	$15.90	$16.55	$17.20	$17.90	$18.60	$19.35
Fixed service charge 1 1/2"	$22.90	$23.80	$24.75	$25.75	$26.80	$27.90	$29.00	$30.15	$31.35	$32.60
Fixed service charge 2"	$26.00	$27.05	$28.15	$29.30	$30.50	$31.75	$33.00	$34.35	$35.75	$37.20
Fixed service charge 3"	$70.92	$73.75	$76.70	$79.80	$83.00	$86.35	$89.80	$93.40	$97.15	$101.05
Fixed service charge 4"	$82.23	$85.50	$88.95	$92.50	$96.20	$100.05	$104.05	$108.20	$112.55	$117.05
Fixed service charge 6"	$109.04	$113.40	$117.95	$122.70	$127.60	$132.70	$138.00	$143.55	$149.30	$155.30
Residential Consumption Tier 1	$1.93	$2.01	$2.09	$2.17	$2.26	$2.35	$2.44	$2.54	$2.64	$2.74
Residential Consumption Tier 2	$2.17	$2.25	$2.34	$2.44	$2.54	$2.64	$2.74	$2.85	$2.97	$3.09
Residential Consumption Tier 3	$2.47	$2.57	$2.67	$2.78	$2.89	$3.01	$3.13	$3.25	$3.38	$3.52

Sanitary Sewer Fund (602)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Commercial										
Sewer Availability Charge Standard	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Sewer Availability Charge Non Standard	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865
SAC Unit Charges	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485
Fixed service charge	$8.32	$10.00	$10.20	$10.40	$10.61	$10.82	$11.03	$11.25	$11.47	$11.70
Commercial Sewer Volume Charge	$3.61	$3.68	$3.76	$3.83	$3.91	$3.99	$4.07	$4.15	$4.23	$4.31
Industrial										
Sewer Availability Charge Standard	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Sewer Availability Charge Non Standard	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865
SAC Unit Charges	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485
Fixed service charge	$8.32	$10.00	$10.20	$10.40	$10.61	$10.82	$11.03	$11.25	$11.47	$11.70
Industrial Sewer Volume Charge	$3.61	$3.68	$3.76	$3.83	$3.91	$3.99	$4.07	$4.15	$4.23	$4.31
Residential										
Sewer Availability Charge Standard	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Sewer Availability Charge Non Standard	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865
SAC Unit Charges	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485	$2,485
Fixed service charge	$8.32	$10.00	$10.20	$10.40	$10.61	$10.82	$11.03	$11.25	$11.47	$11.70
Residential Sewer Volume Charge	$3.61	$3.68	$3.76	$3.83	$3.91	$3.99	$4.07	$4.15	$4.23	$4.31

Storm Water Fund (603)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Commercial										
Commercial Stormwater Fixed Rate	$6.53	$7.48	$8.56	$9.80	$11.22	$12.85	$13.88	$14.99	$16.19	$17.48
Industrial										
Industrial Stormwater Fixed Rate	$6.53	$7.48	$8.56	$9.80	$11.22	$12.85	$13.88	$14.99	$16.19	$17.48
Residential										
Residential Stormwater Fixed Rate	$6.53	$7.48	$8.56	$9.80	$11.22	$12.85	$13.88	$14.99	$16.19	$17.48

Customer Impact
Water Fund (601)

Water Customers	Water High Usage Bill (80th Percentile of All Customers)	Water Median Usage Bill (50th Percentile of All Customeres)	Water Low Usage Bill (20th Percentile of All Customers)
Gallons Billed for Billing Period	42,000	6,000	1,000
2022			
Base Fee	12.30	12.30	12.30
Tier 1 Volume	23.14	11.57	1.93
Tier 2 Volume	26.02	-	-
Tier 3 Volume	44.46	-	-
Total Fee	**105.91**	**23.87**	**14.23**
2023			
Base Fee	12.80	12.80	12.80
Tier 1 Volume	24.06	12.03	2.01
Tier 2 Volume	27.06	-	-
Tier 3 Volume	46.24	-	-
Total Fee	**110.16**	**24.83**	**14.81**
% Change from Prior Year	4.0%	4.0%	4.1%
2024			
Base Fee	13.30	13.30	13.30
Tier 1 Volume	25.02	12.51	2.09
Tier 2 Volume	28.14	-	-
Tier 3 Volume	48.09	-	-
Total Fee	**114.55**	**25.81**	**15.39**
% Change from Prior Year	4.0%	4.0%	3.9%
2025			
Base Fee	13.85	13.85	13.85
Tier 1 Volume	26.02	13.01	2.17
Tier 2 Volume	29.26	-	-
Tier 3 Volume	50.01	-	-
Total Fee	**119.15**	**26.86**	**16.02**
% Change from Prior Year	4.0%	4.1%	4.1%

Sanitary Sewer Fund (602)

Sewer Customers	Sewer High Usage Bill (80th Percentile of All Customers)	Sewer Median Usage Bill (50th Percentile of All Customeres)	Sewer Low Usage Bill (20th Percentile of All Customers)
Gallons Billed for Billing Period	**42,000**	**6,000**	**2,000**
2022			
Base Fee	8.32	8.32	8.32
Tier 1 Volume	151.62	21.66	7.22
Total Fee	**159.94**	**29.98**	**15.54**
2023			
Base Fee	10.00	10.00	10.00
Tier 1 Volume	154.65	22.09	7.36
Total Fee	**164.65**	**32.09**	**17.36**
% Increase	2.9%	7.0%	11.7%
2024			
Base Fee	10.20	10.20	10.20
Tier 1 Volume	157.75	22.54	7.51
Total Fee	**167.95**	**32.74**	**17.71**
% Increase	2.0%	2.0%	2.0%
2025			
Base Fee	10.40	10.40	10.40
Tier 1 Volume	160.90	22.99	7.66
Total Fee	**171.30**	**33.39**	**18.06**
% Increase	2.0%	2.0%	2.0%

Stormwater Fund (603)

Stormwater Customers Units Billed	Stormwater Fee 1	Stormwater Fee 1	Stormwater Fee 1
2022			
Base Fee	6.53	6.53	6.53
Tier 1 Volume	-	-	-
Total Fee	**6.53**	**6.53**	**6.53**
2023			
Base Fee	7.48	7.48	7.48
Tier 1 Volume	-	-	-
Total Fee	**7.48**	**7.48**	**7.48**
% Increase	14.50%	14.50%	14.50%
2024			
Base Fee	8.56	8.56	8.56
Tier 1 Volume	-	-	-
Total Fee	**8.56**	**8.56**	**8.56**
% Increase	14.50%	14.50%	14.50%
2025			
Base Fee	9.80	9.80	9.80
Tier 1 Volume	-	-	-
Total Fee	**9.80**	**9.80**	**9.80**
% Increase	14.50%	14.50%	14.50%

CITY OF FARIBAULT
2023 Tax Levy

MARKET AND TAX CAPACITY VALUES					
Tax Years Payable	**2020**	**2021**	**2022**	**2023**	**Change**
Taxable Market Value	**1,474,959,900**	**1,554,252,000**	**1,661,037,400**	**1,948,152,000**	**17.29%**
Tax Capacity:					
Gross Tax Capacity	18,540,886	19,538,157	20,686,820	23,788,542	**14.99%**
Less: Captured Tax Increment	(187,152)	(208,810)	(254,980)	(378,646)	**48.50%**
Net Tax Capacity	**18,353,734**	**19,329,347**	**20,431,840**	**23,409,896**	**14.58%**
Operating Tax Levies					
General (101)	6,538,071	8,134,852	8,675,211	9,275,408	**600,197**
Airport (225)	30,000	20,000	10,000	-	**(10,000)**
Buckham Memorial Library (224)	907,426	-	-	-	**-**
Street Improvement Fund (401)	500,000	-	-		**-**
Park Improvement Fund (404)	100,000	-	-	-	**-**
Capital Replacement Fund (431)	150,000	-	-	-	**-**
Public Facilities Fund (437)	150,000	-	-	-	**-**
Community Development (240)	164,602	264,602	198,451	132,300	**(66,151)**
Tax Abatement Projects (240)	130,008	354,939	426,275	401,976	**(24,299)**
Property Tax Levy	**8,670,107**	**8,774,393**	**9,309,937**	**9,809,684**	**499,747**
Special PERA Levy (101)	12,544	12,544	12,544	12,544	**-**
Bond Principal & Interest (300's)	1,070,000	1,375,329	1,236,597	1,382,104	**145,507**
Net Tax Levy (Actual Levy)	**9,752,651**	**10,162,266**	**10,559,078**	**11,204,332**	**6.11%**
Special Tax Levies					
HRA (280)	**251,907**	**295,900**	**309,820**	**328,850**	**19,030**
EDA (290)	**246,869**	**289,982**	**303,623**	**322,273**	**18,650**
Total Tax Rate Special Levies	**0.0272**	**0.0303**	**0.0300**	**0.0278**	**(0.0736)**
Net Tax Levy - All City Levies	**10,251,427**	**10,748,148**	**11,172,521**	**11,855,455**	**6.11%**
Local Government Aid (LGA)	5,900,287	5,988,340	6,029,788	6,102,837	**1.21%**
Local Government Aid Change	282,683	88,053	41,448	73,049	

City Of Faribault

Council Work Session

Tuesday, September 6, 2022

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

4 City Funds

3 HRA Funds

12 EDA Funds
(7 TIF Districts)

Special Revenue Funds Levy Supported

CDA (240)

HRA (280)

EDA (290)

Airport (225)

Revenues\Expenditures	2021 Actuals	2022 Adopted	2023 Proposed
Taxes	$19,856	$10,000	$0
Intergovernmental	$45,081	$844,590	$31,590
Charges for Services	$119,048	$129,932	$132,739
Miscellaneous Revenue	$3,195	$7,500	$5,800
Operating Transfers	$0	$0	$0
Total	**$187,180**	**$992,022**	**$170,129**
Supplies	$7,528	$7,750	$7,000
Other Svcs & Charges	$178,820	$185,924	$123,667
Capital Outlay	$42,356	$975,000	$0
Total	**$228,705**	**$1,168,674**	**$130,667**

Community Development Administration(240)

Revenues\Expenditures	2021 Actuals	2022 Adopted	2023 Proposed
Taxes	$264,335	$198,451	$132,300
Taxes for Abatements	$354,939	$426,275	$401,976
Charges for Services	$290,263	$310,143	$375,650
Miscellaneous Revenue	-$5,878	$10,000	$11,970
Total	**$903,659**	**$944,869**	**$921,896**
Personnel Services	$521,695	$555,316	$624,605
Supplies	$7,179	$4,950	$5,900
Other Svcs & Charges	$226,967	$36,457	$29,134
Tax Abatement	$354,939	$426,275	$401,976
Total	**$1,110,780**	**$1,022,998**	**$1,061,615**

Special Taxing Districts

Housing & Redevelopment Authority (280)

- Multiple Funds
- Property Tax Levy $328,850
  - Increase of $19,030
- Public Housing Repositioning
  - No Administrative Fees

Economic Development Authority (290)

- Multiple Funds
  - Seven TIF Districts
- Property Tax Levy $322,273
  - Increase of $18,650

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)

Rate Analysis

- 2016 Last Analysis
- Long-Term Financial Management Plan
- Following Year
  - 3 Months Operating Expenses
  - Debt Service
  - Capital Acquisitions
- Reserves for Future Capital Improvements/Acquisitions

Water (601)

- 7,557 Meters
- 5 Wells
- 2 Pumping Stations
- 142 Miles Infrastructure
- 3 Storage Reservoirs
- 1 Water Tower
- 1 Treatment Plant

Water (601)

- Base rates should be increased in 2023 to keep pace with inflation and prepare for any future debt service requirement

- Proposed 2023 base rates to be increased by 4.0% rounded
  - Average Residential
    - $0.50/mo.

Meter Size	2022 base rate	2023 base rate
5/8"-3/4"	$12.30	$12.80
1"	$13.61	$14.15
1 ½"	$22.90	$23.80
2"	$26.00	$27.05
3"	$70.92	$73.75
4"	$82.23	$85.50
6"	$109.04	$113.40

The rate increases for average consumption a residential bill by $0.50 per month/$6.00 per year

Water (601)

- Tiered Rate Structure
- Three Customer Types
  - Residential
  - Commercial
  - Industrial
- Variable Costs
  - Pumping
  - Treating
  - Delivering
- Keep pace with inflation
- Proposed 2023 consumption rates to be increased by 4%
  - $0.46/Month
  - $5.52/Year
- WAC $1,500

Water (601)

Revenues\Expenditures	2021 Actuals	2022 Adopted	2023 Proposed
Charges for Services	$3,722,553	$3,902,687	$4,034,661
Miscellaneous Revenue	$79,903	$125,700	$117,700
Other Sources	$2,125	$0	$0
Total	**$3,804,580**	**$4,028,387**	**$4,152,361**
Personnel Services	$509,783	$574,003	$576,482
Supplies	$333,436	$348,300	$376,750
Other Svcs. & Charges	$1,490,941	$1,792,374	$1,735,077
Capital Outlay	$13,838	$1,978,312	$3,050,800
Other Uses	$747,170	$653,383	$679,216
Total	**$3,095,168**	**$5,346,372**	**$6,418,325**

Sewer (602)

- 7,249 Customers
- Collections
  - Sewer Lines
  - Lift Stations
    - Cleaning
    - Inspecting
    - Repairing
- Reclamation Facility
    - Collects
    - Treats

Sewer (602)

- Base charges of $10/month
  - increase 20%
  - $1.68/month
- Flow rate is $0.00368/gallon
  - Increase 2%
  - $0.43/month
- No sewer charges for a designated irrigation meter
- Sewer Availability Charge (SAC) 0% increase

Sewer (602)

Revenues\Expenditures	2021 Actuals	2022 Adopted	2023 Proposed
Charges for Services	$6,340,546	$5,385,000	$6,695,691
Miscellaneous Revenue	$26,572	$205,000	$176,000
Other Sources	$1,723,878	$0	$0
Total	**$8,090,996**	**$5,590,000**	**$6,871,691**
Personnel Services	$1,328,463	$1,461,348	$1,534,856
Supplies	$455,123	$440,375	$483,975
Other Svcs & Charges	$2,910,446	$3,243,286	$3,222,840
Capital Outlay	$47,645	$1,358,284	$3,770,100
Other Uses	$502,622	$1,707,156	$1,706,944
Total	**$5,244,300**	**$8,210,449**	**$10,718,715**

Storm Water (603)

- 16,739 RLEs
- 89 Miles Infrastructure
- 3,970 Structures
  - Catch Basins
  - Manholes
  - Inlets
  - Outlets

Storm Water (603)

- 14.5% Rate Increase
- $7.48/RLE
  - Residential Lot Equivalent
- $0.95/Month
- $11.40/Year

Storm Water (603)

Revenues\Expenditures	2021 Actuals	2022 Adopted	2023 Proposed
Charges for Services	$1,138,076	$1,282,004	$1,467,909
Miscellaneous Revenue	$147,012	$192,000	$73,167
Other Sources	$0	$150,000	$0
Total	**$1,285,087**	**$1,624,004**	**$1,541,076**
Personnel Services	$229,629	$247,6535	$257,788
Supplies	$29,581	$38,650	$39,400
Other Svcs & Charges	$527,155	$572,282	$538,038
Capital Outlay	$35,025	$1,795,000	$3,116,200
Other Uses	$0	$0	$0
Total	**$821,390**	**$2,653,585**	**$3,951,426**

Property Tax Levy

July 2022
$11,544,893 Levy
9.34% Increase

August 2022
$11,315,867 Levy
7.17% Increase

September 2022
$11,204,332 Levy
6.11% Increase

Residential Impact

$29.30/Year

Water

$11.52/Year

Sewer

$25.32/Year

Storm Water

$11.40/Year

Property Tax

($71.70)/Year

$52.76/Year

2023 Budget Schedule

September 13 Council Mtg

Preliminary Levy

Set Budget Hearing Date

September 20

2023-2027 CIP

Debt Service Funds

November 15

Final Review

All Funds/Levies/Fees

December 13 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:	Deanna Kuennen, Community & Economic Development Director
MEETING DATE:	September 6, 2022
SUBJECT:	Fund 240 - Community Development Administration Discussion

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Discussion:

Fund 240 is the Community Development Administration fund, which is a Special Revenue Fund. Special Revenue funds are intended to be self-supporting and are designated for financing particular functions or activities. Fund 240 primarily pays for personnel within the Community & Economic Development Department who provide community development, economic development, and housing services. The fund also pays for ancillary expenses associated with providing these services - such as software, hardware, and training, and is where the funds allocated for the Heritage Preservation Commission and Environmental Commission are housed. Tax abatements also flow through Fund 240.

Over time, the revenues associated with Fund 240 have decreased, while the expenses have grown. For years, the City utilized a cost allocation model which allowed funds to "charge" different funds for the services provided. Since Fund 240 provides all of the staffing for the HRA and EDA, an indirect cost allocation was charged to funds 280 (HRA) and 290 (EDA) to pay for the staffing costs for the personnel who were hired to specifically perform the EDA and HRA work. Fund 240 also paid an indirect cost allocation to the general fund for overhead expenses.

In 2017, a budgetary decision was made that changed this formula. It was decided that Fund 240 would no longer pay an indirect cost allocation for overhead, and the amount that the EDA paid to Fund 240 for services/staffing was capped, with a plan to eliminate entirely the EDA indirect cost allocation paid to Fund 240. This budget decision was specifically made as a means to increase the EDA fund balance so the EDA could pursue larger economic development initiatives. Since 2020, the EDA has not paid indirect cost allocation.

With the elimination of the EDA indirect cost allocation as a revenue stream, Fund 240 has needed to rely on tax levy support at an increasing rate. According to the Long Term Financial Plan, without changes to revenue or expenses, it is projected that Fund 240 will exhaust its fund balance by 2026 and would be operating in the red.

Page 1 of 2

City of Faribault
Finance Plan
Community Development Fund(240)

	2020 Actual	2021 Actual	2022 Budget Year	2023 Proj	2024 Proj	2025 Proj	2026 Proj
Revenues							
Property taxes (current ad valorem)	162,726	262,718	624,726	534,277	468,127	250,273	168,845
Charges for services	385,659	290,263	310,143	294,636	297,582	300,558	303,564
Investment income	30,237	(5,978)	10,000	14,796	12,323	7,949	1,659
Other miscellaneous	1,869	1,717	-	100,000	100,000	100,000	100,000
Total Revenues	580,491	548,720	944,869	943,709	878,032	658,780	574,067
Expenditures							
Personnel services - Union and Non Union	531,171	521,695	555,316	626,285	651,337	677,390	704,486
Materials and supplies	6,135	7,179	4,950	5,198	5,457	5,730	6,017
Other services and charges	19,276	34,653	34,457	36,180	37,989	39,888	41,883
Transfer out other	-	192,314	-	-	-	-	-
Tax abatements	-	-	426,275	401,976	401,976	250,273	168,845
Total Expenditures	556,582	755,841	1,020,998	1,069,639	1,096,759	973,282	921,230
Net Change in Fund Balances	23,909	(207,121)	(76,129)	(125,930)	(218,727)	(314,502)	(347,163)
Ending Fund Balance	1,025,345	818,224	742,095	616,165	397,438	82,936	(264,227)

Staff has been asked to look at the history of Fund 240, and identify options to increase the revenue or decrease the expenses, so that the fund can sustain itself for a longer duration. The only way to decrease expenses is through the reduction of Staff, since the majority of the expenses associated with Fund 240 are personnel costs (averaging 93-percent of overall expenditures). Based on workload and City Council priorities, reduction of Staff at this time is not recommended. Turning to options to increase revenues - one scenario would be to reintroduce the EDA Indirect Cost Allocation. Since 2015, the EDA has been able to increase its fund balance from $86,197 to nearly $900,000. This increase was a result of one-time infusions of cash (land sale and MIF cash-out), and also through the elimination of the indirect cost allocation. With the elimination of the indirect cost allocation, the EDA levy proceeds no longer pay for the staffing services, but are used to fund the operating expenses of the EDA, with the excess levy going to help build the fund balance which is the source of funding for the EDA initiatives. Today the EDA sits on a healthy fund balance of over $900,000.

The EDA currently uses its levy to pay for operating expenses, with the excess levy funds retained in the EDA's fund balance for other program uses. Alternatively, the excess levy (the amount not needed to cover operating expenses) could instead be paid to Fund 240 to offset the staffing expenses (indirect cost allocation). This scenario increases revenue into Fund 240 and keeps the EDA's fund balance whole. Based on projections, Fund 240 would still require general levy tax support in the year 2026:

FUND 240 -projections	2020	2021	2022	2023	2024	2025	2026
Revenues							
Property Taxes	$ 162,726.00	$ 262,718.00	$198,451.00	$132,301.00	$ 66,151.00	$ -	
Charges for Services	$ 385,659.00	$ 290,263.00	$310,143.00	$294,636.00	$297,582.00	$300,558.00	$ 303,564.00
Total Revenue	$ 580,491.00	$ 548,720.00	$518,594.00	$541,733.00	$476,056.00	$408,507.00	$ 405,222.00
NEW Revenue Source - Partial EDA Indirect Cost Allocation - EDA paying to Fund 240 excess levy (assuming 6% EDA levy increase)				$ 83,778.00	$101,609.38	$122,105.94	$ 143,832.30
Expenditures							
Personnel	$ 531,171.00	$ 521,695.00	$555,316.00	$626,285.00	$651,337.00	$677,390.00	$ 704,486.00
Total Expenditures	$ 556,582.00	$ 755,841.00	$594,723.00	$667,663.00	$694,783.00	$723,009.00	$ 752,385.00
		Included one-time transfer of remaining MIF Funds to EDA		Reflects increase in staff approved in 2022			
Percentage of Personnel Cost of Total Expenditures	95.40%	69.02%	93.37%	93.80%	93.75%	93.69%	93.63%
Ending Fund Balance	$ 1,025,345.00	$ 818,224.00	$742,095.00	$616,165.00	$397,438.00	$ 82,936.00	$ (264,227.00)
With Partial EDA Indirect Cost Allocation				$699,943.00	$499,047.38	$205,041.94	$ (120,394.70)

If the EDA were to assume responsibility for their full Indirect Cost Allocation, the EDA would be required to use fund balance to balance their operating budget (reducing their available fund balance for programming). This scenario would increase revenues into Fund 240, but again, still require tax support for Fund 240 in year 2026, but at a lesser level:

FUND 240 -projections	2020	2021	2022	2023	2024	2025	2026
Revenues							
Property Taxes	$ 162,726.00	$ 262,718.00	$198,451.00	$132,301.00	$ 66,151.00	$ -	
Charges for Services	$ 385,659.00	$ 290,263.00	$310,143.00	$294,636.00	$297,582.00	$300,558.00	$ 303,564.00
Total Revenue	$ 580,491.00	$ 548,720.00	$518,594.00	$541,733.00	$476,056.00	$408,507.00	$ 405,222.00
FULL EDA Indirect Cost Allocation				$172,725.00	$181,361.00	$190,429.00	$ 199,950.00
Expenditures							
Personnel	$ 531,171.00	$ 521,695.00	$555,316.00	$626,285.00	$651,337.00	$677,390.00	$ 704,486.00
Total Expenditures	$ 556,582.00	$ 755,841.00	$594,723.00	$667,663.00	$694,783.00	$723,009.00	$ 752,385.00
		Included one-time transfer of remaining MIF Funds to EDA		Reflects increase in staff approved in 2022			
Percentage of Personnel Cost of Total Expenditures	95.40%	69.02%	93.37%	93.80%	93.75%	93.69%	93.63%
Ending Fund Balance	$ 1,025,345.00	$ 818,224.00	$742,095.00	$616,165.00	$397,438.00	$ 82,936.00	$ (264,227.00)
FULL EDA Indirect Cost Allocation				$788,890.00	$578,799.00	$273,365.00	$ (64,277.00)

Projected impacts to the EDA fund balance if EDA pays full Indirect Cost Allocation:

EDA Budget	EDA Levy / Revenues	Operating Expenses	Indirect Cost Allocation			Fund Balance
2023	$ 322,273.00	$ 238,495.00	$ 172,725.00	$ (88,947.00)	$ 83,778.00	$ 902,442.00
2024	$ 341,609.38	$ 240,000.00	$ 181,361.25	$ (79,751.87)	$ 101,609.38	$ 822,690.13
2025	$ 362,105.94	$ 240,000.00	$ 190,429.31	$ (68,323.37)	$ 122,105.94	$ 754,366.76
2026	$ 383,832.30	$ 240,000.00	$ 199,950.78	$ (56,118.48)	$ 143,832.30	$ 698,248.28
2027	$ 406,862.24	$ 240,000.00	$ 209,948.32	$ (43,086.08)	$ 166,862.24	$ 655,162.20
2028	$ 431,273.97	$ 240,000.00	$ 220,445.73	$ (29,171.76)	$ 191,273.97	$ 625,990.44
	assumes 6% increase	stays flat	assumes 5% increase			illustrates reduction based on indirect cost allocation

The City Council is asked to discuss long-term tax support to Fund 240, and provide direction regarding the level of support, if any, that the City Council is willing to provide.

Attachments:

Council Work Session Memorandum

TO: Mayor and City Council
THROUGH:
FROM: Tim Murray, City Administrator
MEETING DATE: September 6, 2022
SUBJECT: North Viaduct Area Park Development Consultant Selection

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Discussion:

The City of Faribault's Downtown Master Plan and Parks, Trails, and Open Space Plan, adopted by the City Council on September 10, 2019 and December 23, 2019, respectively, include the development of a key public park in the eastern portion of downtown, on the property immediately north of the TH 60/Viaduct Bridge. The City acquired the property in this area over the past several years, securing the final parcel at the end of 2020. The overall area of the property is approximately 2.7 acres, and is bounded on the east by the Union Pacific Railroad, on the south by the Trunk Highway (TH) 60/Viaduct Bridge, on the west by TH 60/1st Avenue NE and the Crooked Pint Restaurant, and on the north by 2nd Street NE.

As a first step towards the planning of these improvements, the City Council created a Task Force in early 2021 with the purpose of considering, evaluating, and recommending the features and amenities to be programmed for inclusion in the park. The Task Force held four (4) public meetings in 2021, during which they:

1. Reviewed Background Information
2. Considered and Ranked Potential Facilities and Amenities
3. Discussed Site Layout Factors and Options
4. Established Recommendations on Finishes of Features
5. Evaluated Multiple Concept Layout Sketches
6. Recommended Final Concept Layout Plan

Based upon the final recommendations from the Task Force, a final Concept Layout Plan was presented to the City Council for approval in February of 2022. The primary features/amenities included in the approved plan included:

- Open Play/Gathering Area w/ Performance Stage Location
- Park Building (Picnic Shelter, Restrooms, Warming House, Mechanical Equipment)
- Splash Pad
- Skating Loop/Ribbon
- Bridge Under-Lighting
- Outdoor Fitness Equipment
- Mural(s)

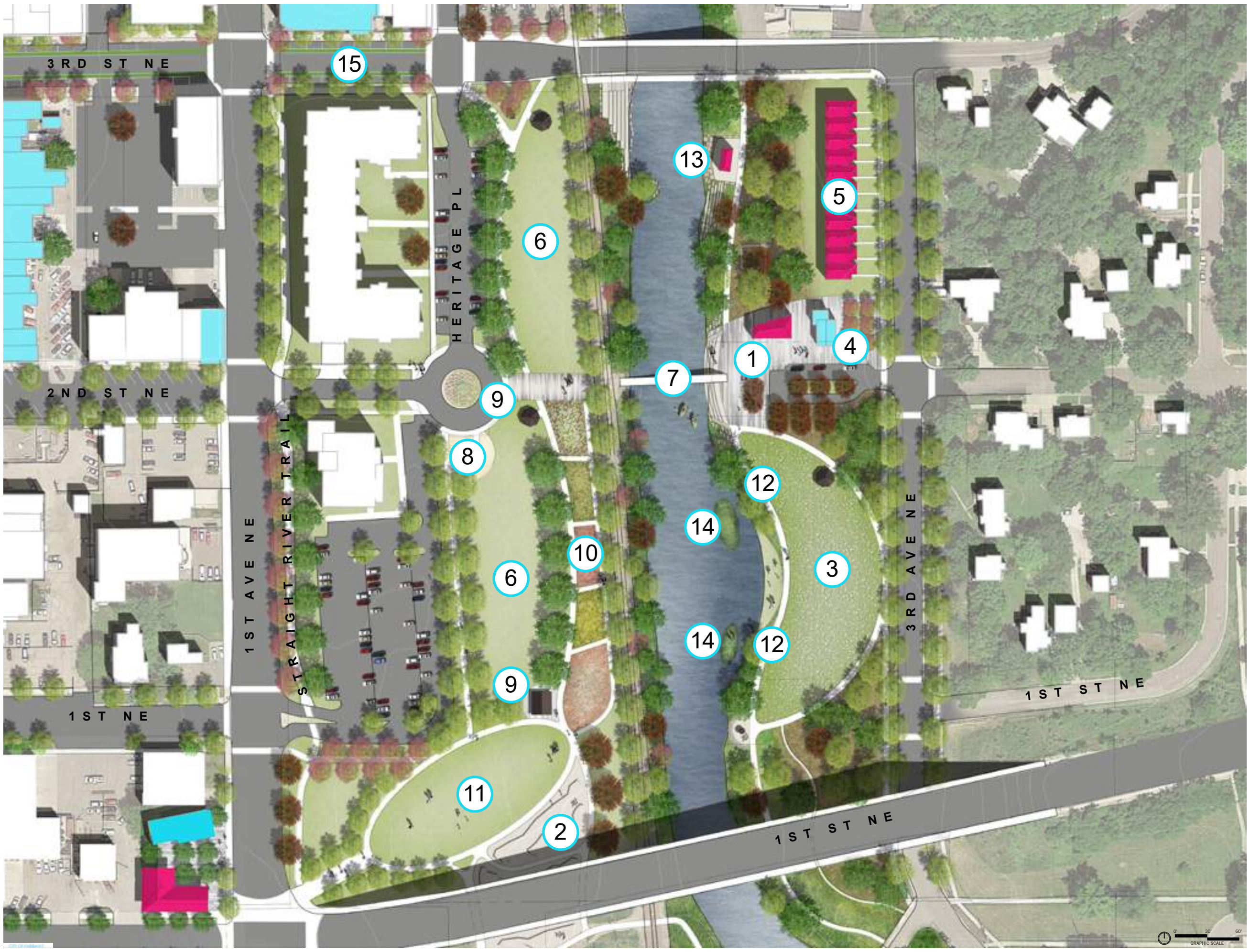
Staff prepared a Request for Qualifications (RFQ) in order to retain the services of a consultant or consultant team to take the next steps for the development of this park. The intention is to select a consultant based upon qualifications, and then negotiate a Master Agreement/Contract as well as individual Work/Task Orders for defined scopes of work. It is anticipated the first Work/Task Order would be to evaluate the work that was done to date, provide comments and recommendations on the approved concept plan, present a revised concept plan for approval, complete schematic level design on the primary features, and prepare budget cost estimates.

The City Council approved and authorized the issuance of the RFQ at their July 26th meeting. The City received thirteen (13) submittals in response to the RFQ, which were due on August 26, 2022. The qualifications and experience of the firms that responded to the RFQ were very impressive, which of course was welcome, but in turn made a selection more challenging. A team consisting of the City Administrator, Parks and Recreation Director, City Engineer, and City Planner reviewed and evaluated the submittals, and reached agreement on recommending the selection of the team led by Kimley-Horn (with subconsultants HCM Architects and B32 Engineering Group) for this project.

If the Council is in agreement with the recommendation, Staff will work with Kimley-Horn on the preparation of a Master Agreement and first Task/Work Order, which will be brought back to the City Council for approval.

Attachments:

1. Page from 2019-09-30 Downtown Master Plan
2. Final Concept Layout 2022-02-15



RIVER DEVELOPMENT FOCUS AREA

1. Recreation Pavilion
   - Event Plaza
   - Bike/Canoe Rental Facility
   - Boat/Canoe Launch
2. Adventure Park
   - Skate Park
   - Climbing Wall
   - Zip Line
   - Splash Pad
3. Bee Lawn
4. Existing Historic House
5. Townhomes
6. Informal Play/Open Lawn
7. Existing Pedestrian Bridge
8. Play Area
9. Picnic Shelter
10. Peony Walk
11. Skating Trail/Ice Rink
    - Open Lawn
    - Large Gathering Space
12. River Walk
13. River Overlook
14. “River Islands”
15. On-Street Bicycle Lanes

**This is a concept sketch outlining a vision for Downtown and is not considered to be a specific recommendation or proposal*

NORTH VIADUCT AREA PARK CONCEPT PLAN

FEBRUARY 15, 2022