City Council Work Session
Tuesday, September 5, 2023 at 6:00 PM
Public Meeting Room

AGENDA

1. **Call to Order**
2. **Items for Discussion**
   A. Budget Work Session #5 - Special Revenue (Including HRA & EDA) & Enterprise Funds
   B. 2023-24 Faribault School District #656 Youth Liaison Agreement Discussion
   C. Proposed Agricultural Land Tiling Agreement
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 Schmuck, Finance Director
MEETING DATE:	September 5, 2023
SUBJECT:	Budget Work Session #5 - Special Revenue (Including HRA & EDA) & Enterprise Funds

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 2023 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 (22), and the Enterprise Fund Budgets (3).

Special Revenue Funds
The Special Revenue Funds consist of four City, three HRA, and fifteen EDA funds, including ten TIF Districts. These funds consist of $2,853,901 in total revenues and $4,158,676 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 from a Fixed Base Operator (Quality Aviation, since 2000), who provides day-to-day management and maintenance services for the airport. The Airport Fund’s primary revenue sources are land leases for privately owned hangar sites, building rents for City-owned hangar space, and federal and state funds. The Airport budget reflects the costs for operating and maintaining the airport, including supplies, other services and charges, and capital outlay. Beginning in 2024, a management fee has been added for Staff time allocations to the Airport.

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 was the final payment on a ten-year interest-free loan and this fund will now be seeing a positive impact on fund balance going forward.

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Taxes	$19,856	$9,937	$0	$0
Intergovernmental	$45,081	$336,586	$31,590	$259,636
Rents	$119,048	$137,298	$132,739	$141,624
Miscellaneous Revenue	$3,195	-$33,789	$5,800	$7,880
Operating Transfers	$0	$0	$0	$0
Total	**$187,180**	**$450,030**	**$170,129**	**$409,140**
Supplies	$7,528	$5,622	$5,500	$7,900
Other Svcs & Charges	$178,820	$179,407	$123,667	$127,632
Capital Outlay	$42,356	$315,841	$113,560	$325,000
Total	**$228,705**	**$500,870**	**$242,727**	**$460,532**

<u>Community and Economic Development Administration Fund (240)</u> provides the administration, management, and oversight of the Community and Economic Development (CED) 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 $66,149 of the operating levy, $409,651 additional operating levy for tax abatements. Administrative fees and housing maintenance fees are no longer applicable with the changes in CED staffing and operations. The 2023 legislative Direct Local Housing Aid for Cities funds allocated for 2023 & 2024 of $103,798 are included in the budget here but not in the Long-Term Financial Management Plan as the utilization of these funds has not yet been determined.

The Community and Economic Development Administration Fund expenditures are budgeted at $794,301, which is a decrease of

$287,825. This is primarily due to staffing, as Public Housing and Robinwood are now managed by a third party. The property tax levy is proposed to decrease by $66,151. A reduction to the funds levy support of $66,151 over a four-year period, ($66,151 each year for 2022-2025) is included. At this point, $317,361 will need to come from 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. Tax abatements are estimated to be $409,651 which is an increase of $7,675 due to increases in market value.

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Taxes	$264,335	$211,543	$132,300	$66,149
Taxes for Abatements	$0	$410,914	$401,976	$409,651
Intergovernmental	$0	$258,280	$0	$103,798
Charges for Services	$290,263	$296,376	$386,113	$1,140
Miscellaneous Revenue	-$5,878	-$16,407	$11,970	$0
Total	**$548,720**	**$1,160,708**	**$932,359**	**$580,738**
Personnel Services	$521,695	$507,940	$644,766	$350,921
Supplies	$7,179	$25,557	$6,250	$3,900
Other Svcs & Charges	$34,653	$291,560	$29,134	$29,829
Tax Abatement	$0	$410,914	$401,976	$409,651
Operating Transfers	$192,314	$466,660	$0	$0
Total	**$755,842**	**$1,702,632**	**$1,082,126**	**$794,301**

HRA Fund (280) and EDA Fund (290)

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

The HRA is responsible for home ownership programs, property management, housing rehabilitation and related public improvements and land acquisitions. These programs are administered by the Community and Economic Development Administration, which serves as agent for the HRA. Multiple funds are utilized to provide these services and are supported by $380,253, an increase of $51,403, in an HRA tax levy. Administrative fees and indirect cost allocation for Robinwood Administration and for Public Housing with the repositioning are no longer reflected the same with changes made to CED staffing and operations.

The HRA is projected to have an increase in fund balance in 2024 of $37,784. This is primarily due to a reduction in the programming budget.

The EDA is generally responsible for administration of tax increment financing districts, industrial development and redevelopment, business recruitment and retention, commercial rehabilitation, and related public improvements, and marketing. These programs are administered by the Community and Economic Development Administration, which serves as agent for the EDA. Multiple funds, including seven TIF Districts, are utilized to provide these services and are supported by $372,648 in property taxes, an increase of $50,375, in an EDA tax levy.

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

Enterprise Funds

The three Utility Funds of the City consist of the Water Fund, Sewer Fund, and Storm Water Fund. These funds are classified as enterprise, or proprietary funds, relying on user fees to support the operations, infrastructure, and capital improvements of the utility funds. The Utilities are supported by the Public Works Director, 2 Superintendents, 2 Forepersons, 10 Water/Sewer Operators and 1 Engineering Technician FTE.

Water Fund (601)

The Water Fund operates with a customer base of 7,605 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, and in 2022, began constructing an additional water tower to be completed and operational in 2023.

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 type: 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 2024 rates will require an increase of 6% 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 and the consumption rate by 6.0%, or $1.52 per month for a medium-usage 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 2024.

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

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$2,125	$1,263,230	$0	$0
Charges for Services	$3,722,553	$4,007,342	$4,034,661	$4,248,227
Miscellaneous Revenue	$79,903	-$74,248	$117,700	$189,530
Operating Transfers	$0	$0	$0	$0
Total	**$3,804,580**	**$5,196,324**	**$4,152,361**	**$4,437,757**
Personnel Services	$509,783	$655,792	$578,649	$644,282
Supplies	$333,436	$416,617	$377,100	$833,900
Other Svcs & Charges	$1,490,941	$1,787,673	$1,818,741	$1,763,460
Capital Outlay	$13,838	$0	$5,907,078	$4,109,150
Other Uses	$172,509	$177,783	$679,216	$665,180
Total	**$2,520,507**	**$3,037,864**	**$9,360,784**	**$8,015,972**

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.

<u>Sewer Fund (602)</u>

The Sewer Fund operates with a 7,300-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, as is the consumption rate with the exception of significant industrial users. There are no sewer charges for a designated irrigation meter.

Based on the analysis from the Long-Term Financial Management Plan, it is proposed that the base rate increase and the consumer volume rate increase 2%, or $0.64/ 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.

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$1,723,878	$21,268	$0	$0
Charges for Services	$6,340,546	$6,647,499	$6,695,691	$6,885,375
Miscellaneous Revenue	$26,572	-$547,097	$176,000	$309,590
Other Sources	$0	$0	$0	$0
Total	**$8,090,996**	**$6,121,671**	**$6,871,691**	**$7,194,965**
Sewer				
Personnel Services	$373,762	$722,797	$533,411	$561,302
Supplies	$61,964	$70,836	$71,375	$67,850
Other Svcs & Charges	$728,609	$820,601	$828,532	$811,329
Capital Outlay	$47,645	$2,247	$3,488,206	$2,444,500
Other Uses	$105,000	$105,000	$105,000	$128,000
Total	**$1,316,981**	**$1,721,482**	**$5,026,524**	**$4,012,981**
Water Reclamation Facility				
Personnel Services	$954,701	$998,154	$1,004,730	$1,099,411
Supplies	$393,159	$350,462	$412,100	$426,650
Other Svcs & Charges	$2,181,837	$2,319,078	$2,400,556	$2,399,823
Capital Outlay	$0	$0	$462,377	$613,000
Debt Service	$292,622	$261,899	$1,496,944	$1,496,942
Other Uses	$105,000	$105,000	$105,000	$105,000
Total	**$3,927,319**	**$4,034,594**	**$5,881,707**	**$6,140,826**

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.

<u>Storm Water Fund (603)</u>

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 17,149 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 17%, or $1.27/month. The 2024 rate would be $8.75/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.

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$0	$0	$0	$0
Charges for Services	$1,138,076	$1,399,095	$1,467,909	$1,677,484
Miscellaneous Revenue	$147,012	$206,630	$73,167	$123,177
Other Sources	$0	$0	$0	$0
Total	**$1,285,087**	**$1,605,725**	**$1,541,076**	**$1,800,661**
Personnel Services	$229,629	$271,006	$258,625	$272,239
Supplies	$29,581	$26,380	$37,550	$27,250
Other Svcs & Charges	$527,155	$496,164	$541,884	$557,290
Capital Outlay	$35,025	$0	$3,116,200	$1,859,500
Other Uses	$0	$0	$0	$0
Total	**$821,390**	**$793,549**	**$3,954,259**	**$2,716,279**

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 $3.43 per month or $41.16 annually.

Property Tax Levies

Southeast Service Cooperative has just provided the health insurance rate increase for 2024 of 30%. We were projecting a 7.5% increase in our previous work sessions. This will impact the General Fund by an additional $322,945, or an additional 2.89% levy increase. Staff is working to obtain quotes from other providers. For now, this will be utilized for the preliminary levy as the final levy can always go down but cannot be increased.

The latest estimate of values from the County includes a taxable market value of $2,156,897,200. The net tax capacity is $25,784,783 without TIF. This is an increase of $2,211,239, or a 9.38% increase.

With the proposed 2024 budgets, the Net Tax Levy would increase by $1,057,901, or 9.46%. This would equate to an increase in the City Tax Rate from 47.444 to 47.479 which is equal to an increase of 0.034 or 0.07% in the tax rate. This would be a $0.71 increase on a $225,100 Residential Homestead, $0.80 increase on a $250,000 Residential Homestead, and $3.15 increase on a $500,000 Commercial/Industrial property. The City's median value home increased 9.38%, which equates to a $99.74 increase if there were no adjustments to the 2023 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 $225,100 Residential Homestead would see an increase in cost to the City of $121.19 for the year, 82% of that being market value growth.

Attachments:

1. 2024 Special Revenue Funds Revenue Summary
2. 2024 Special Revenue Funds Expenditure Summary
3. 2024 Airport (225) LTFMP
4. 2024 CED (240) LTFMP
5. 2022 TIF Districts & Tax Abatement Report - Final
6. 2023-09 Preliminary Tax Levy for FY2024
7. 2023-10 Establish the EDA Preliminary Tax Levy for Fiscal Year 2024
8. Special Revenue Funds Departmental Summaries
9. Enterprise LTFMP August 2023
10. Enterprise Funds Departmental Summaries
11. 2024 Estimated Tax Levy
12. 2024 Budget Presentation #5 Special Revenue & Enterprise Funds

SUMMARY OF REVENUES BY FUND
2024 PROPOSED BUDGET

FUND	2021 ACTUAL	2022 ACTUAL	2023 ADOPTED	2024 PROPOSED	Change
Special Revenue Funds:					
Charitable Gambling (210)	$ 51,122	$ 39,444	$ 34,860	$ 41,290	$ 6,430
Public Safety Programs (215)	24,404	(2,508)	3,640	960	(2,680)
Library Donations (217)	2,700,000	252,199	-	11,160	-
Airport (225)	187,180	450,030	170,129	409,140	239,011
Community Development					
City Rental Property (211)	12,782	8,178	14,390	16,570	2,180
Revolving Loan Funds - City (245)	-	-	-	-	-
Community Development (240)	548,720	1,160,708	932,359	580,738	(351,621)
Rental Housing Rehabilitation (244)	(1,173)	(10,468)	2,600	4,380	1,780
SCDP Revolving Loan Programs (247)	665	3,688	6,310	14,559	8,249
Faribault HRA					
Public Housing Fund (241)	675,352	238,565	639,300	637,620	(1,680)
CRV Rehabilitation Program (254)	(292)	(3,166)	750	1,320	570
Faribault HRA (280)	478,387	408,050	383,543	460,423	76,880
Faribault EDA					
Industrial Development Loan (243)	1,342	(11,261)	5,700	7,631	1,931
Federal MIF Loans (248)	(3,887)	(34,690)	9,000	14,510	5,510
Minnesota Investment Funds (249)	(87)	(780)	200	320	120
Faribault EDA (290)	594,496	1,543,590	332,256	396,611	64,355
Economic Development Revolving Loan (292)	(1,645)	(20,973)	5,480	9,214	3,734
Tax Increment (263-275)	207,291	173,779	297,684	351,253	53,569
Total Special Revenue Funds	**$ 5,474,656**	**$ 4,194,386**	**$ 2,838,201**	**$ 2,957,699**	**$ 119,498**
Debt Service Funds (344-360)	**6,732,607**	**2,302,012**	**1,691,384**	**1,660,091**	**(31,293)**
Capital Projects Funds:					
Street Improvement Projects (401)	1,618,065	3,037,140	5,532,087	2,589,826	(2,942,261)
Park Improvements (404)	827,836	262,730	861,400	9,776,920	8,915,520
Capital Replacement Fund (431)	1,295,133	326,304	218,400	559,220	340,820
Public Facility Projects (437)	202,698	2,138,104	312,500	191,840	(120,660)
Total Capital Projects Funds	**3,943,732**	**5,764,277**	**6,924,387**	**13,117,806**	**6,193,419**
Enterprise Funds:					
Water (601)	3,804,580	5,196,324	4,152,361	4,437,757	285,396
Sewer (602)	8,090,996	6,121,671	6,871,691	7,194,965	323,274
Storm Water (603)	1,285,087	1,605,725	1,541,076	1,800,661	259,585
Total Enterprise Funds	**13,180,663**	**12,923,720**	**12,565,128**	**13,433,383**	**868,255**

SUMMARY OF REVENUES BY FUND
2024 PROPOSED BUDGET

FUND	2021 ACTUAL	2022 ACTUAL	2023 ADOPTED	2024 PROPOSED	Change
Internal Service Funds:					
Worker's Compensation (704)	48,004	21,480	3,400	6,600	3,200
Property/Liability Trust (705)	105,328	30,098	42,200	43,790	1,590
Total Internal Service Funds	**153,332**	**51,578**	**45,600**	**50,390**	**4,790**
Agency Funds:					
Elderly Housing Corporation (897)	(2,866)	(25,583)	6,400	4,390	(2,010)
Robinwood Manor (898)	483,398	466,983	493,684	500,864	7,180
Total Internal Service Funds	**480,532**	**441,401**	**500,084**	**505,254**	**5,170**
TOTAL ALL FUNDS	**49,309,677**	**45,760,595**	**44,172,004**	**52,968,286**	**8,796,282**

SUMMARY OF EXPENDITURES BY FUND
2024 PROPOSED BUDGET

FUND	2021 ACTUAL	2022 ACTUAL	2023 ADOPTED	2024 PROPOSED	Change
Special Revenue Funds:					
Charitable Gambling (210)	$ 32,815	$ 61,715	$ 32,250	$ 30,850	$ (1,400)
Public Safety Programs (215)	55,161	4,720	1,000	3,500	2,500
Library Donation (217)	-	-	-	150,000	150,000
Airport (225)	228,705	500,870	242,727	460,532	217,805
Community Development					
City Rental Property (211)	$ 7,481	$ 5,954	$ 8,263	$ 8,250	$ (13)
Community Development (240)	755,842	1,702,632	1,082,126	794,301	(287,825)
Rental Housing Rehabilitation (244)	-	-	100,000	-	(100,000)
SCDP Revolving Loan Programs (247)	-	-	84,000	84,000	-
Faribault HRA					
Public Housing Fund (241)	$ 432,703	$ 383,894	$ 552,962	$ 474,185	$ (78,777)
CRV Rehabilitation (254)	-	-	-	-	-
Faribault HRA (280)	278,177	587,996	951,268	422,639	(528,629)
Faribault EDA					
Industrial Development Loan (243)	$ -	$ -	$ 100,000	$ 100,000	$ -
Federal MIF Loans (248)	-	-	-	-	-
Minnesota Investment Fund (249)	-	-	-	-	-
Faribault EDA (290)	164,073	1,233,570	1,170,791	1,170,611	(180)
Economic Development Revolving Loan (292)	-	-	100,000	100,000	-
Tax Increment (263-275)	189,047	209,461	388,731	359,808	(28,923)
Total Special Revenue Funds	**$ 2,144,003**	**$ 4,690,813**	**$ 4,814,118**	**$ 4,158,676**	**$ (655,442)**

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City of Faribault
Finance Plan
Airport Fund (225)

	2021 Actual	2022 Actual	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Property taxes (current ad valorem)	19,856	9,937	-	-	-	-	-	-	-	-	-	-
Charges for services	119,048	137,298	132,739	139,376	146,345	153,662	161,345	169,412	177,883	186,777	196,116	205,922
Investment income	(231)	(33,789)	5,800	21,114	18,639	17,294	17,726	15,315	16,033	9,816	(4,314)	(33,309)
Other miscellaneous	3,426	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental for capital	45,081	336,585	31,590	227,500	157,500	52,500	1,451,200	285,000	550,000	892,500	3,220,400	5,102,300
Total Revenues	187,180	450,031	170,129	387,990	322,484	223,456	1,630,271	469,728	743,916	1,089,093	3,412,202	5,274,912
Expenditures												
Materials and supplies	7,528	5,621	5,500	5,775	6,064	6,367	6,685	7,020	7,371	7,739	8,126	8,532
Other services and charges	117,321	117,909	113,417	119,088	125,042	131,294	137,859	144,752	151,990	159,589	167,569	175,947
Principal payments	61,500	61,500	10,250	-	-	-	-	-	-	-	-	-
Capital outlay	42,356	315,841	113,560	325,000	225,000	75,000	1,546,000	300,000	740,000	1,275,000	3,961,400	5,447,000
Total Expenditures	228,705	500,871	242,727	449,863	356,106	212,661	1,690,544	451,772	899,360	1,442,328	4,137,095	5,631,479
Net Change in Fund Balances	(41,525)	(50,840)	(72,598)	(61,873)	(33,622)	10,795	(60,273)	17,956	(155,444)	(353,235)	(724,892)	(356,567)
Beginning Fund Balance	692,817	651,292	600,452	527,854	465,981	432,359	443,154	382,881	400,837	245,394	(107,842)	(832,734)
Ending Fund Balance	651,292	600,452	527,854	465,981	432,359	443,154	382,881	400,837	245,394	(107,842)	(832,734)	(1,189,301)

Table 10
Page 2 of 2

City of Faribault
Finance Plan
Airport Fund (225)

	2021 Actual	2022 Actual	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Assets												
Cash and investments	601,991	453,481	527,854	465,981	432,359	443,154	382,881	400,837	245,394	(107,842)	(832,734)	(1,189,301)
Restricted cash and investments	-	8,625	-	-	-	-	-	-	-	-	-	-
Taxes receivable	198	260	-	-	-	-	-	-	-	-	-	-
Due from other governments	62,082	315,990	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaids	17,991	376,699	-	-	-	-	-	-	-	-	-	-
Total Assets	682,262	1,155,055	527,854	465,981	432,359	443,154	382,881	400,837	245,394	(107,842)	(832,734)	(1,189,301)
		-										
Liabilities												
Unearned revenue	-	10,585	-	-	-	-	-	-	-	-	-	-
All other payables	30,833	170,160	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	137	373,858	-	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	30,970	554,603	-	-	-	-	-	-	-	-	-	-
Fund Balance	651,292	600,452	527,854	465,981	432,359	443,154	382,881	400,837	245,394	(107,842)	(832,734)	(1,189,301)
Total Liabilities, deferred inflows of resources, and fund balance	682,262	1,155,055	527,854	465,981	432,359	443,154	382,881	400,837	245,394	(107,842)	(832,734)	(1,189,301)

Table 11

City of Faribault
Finance Plan
Community Development Fund(240)

	2021 Actual	2022 Actual	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Property taxes (current ad valorem)	262,718	622,458	534,276	470,144	298,964	213,672	59,007	44,445	44,445	42,223	37,778	33,334
Other intergovernmental	-	258,280	-	-	-	-	-	-	-	-	-	-
Charges for services	290,263	296,377	386,113	31,140	33,008	35,104	37,334	39,704	42,225	44,907	47,758	50,791
Investment income	(5,978)	(17,534)	11,970	5,116	(5,949)	(20,923)	(37,361)	(55,372)	(75,074)	(96,590)	(120,053)	(145,606)
Other miscellaneous	100	1,127	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	1,600	-	-	-	-	-	-	-	-	-	-
Taxes other	1,617	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	548,720	1,162,308	932,359	506,400	326,023	227,853	58,979	28,777	11,597	(9,460)	(34,517)	(61,481)
Expenditures												
Personnel services - Union and Non Union	521,696	507,940	645,346	342,838	363,408	385,225	408,353	432,868	458,855	486,403	515,604	546,558
Materials and supplies	7,180	25,558	5,900	6,195	6,505	6,830	7,171	7,530	7,907	8,302	8,717	9,153
Other services and charges	226,966	291,560	29,134	30,000	31,500	33,075	34,729	36,465	38,288	40,203	42,213	44,324
Transfer out other	-	466,660	-	-	-	-	-	-	-	-	-	-
Tax abatements	-	410,914	401,976	403,995	298,964	213,672	59,007	44,445	44,445	42,223	37,778	33,334
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	20,000
Total Expenditures	755,842	1,702,632	1,082,356	783,028	700,377	638,802	509,260	521,308	549,495	577,130	604,312	653,368
Net Change in Fund Balances	(207,122)	(540,324)	(149,997)	(276,628)	(374,354)	(410,949)	(450,280)	(492,531)	(537,898)	(586,590)	(638,829)	(714,850)
Beginning Fund Balance	1,025,345	818,223	277,899	127,902	(148,726)	(523,080)	(934,029)	(1,384,309)	(1,876,840)	(2,414,739)	(3,001,329)	(3,640,157)
Changes and adjustments to prior period	-	-	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	818,223	277,899	127,902	(148,726)	(523,080)	(934,029)	(1,384,309)	(1,876,840)	(2,414,739)	(3,001,329)	(3,640,157)	(4,355,007)

Table 11
Page 2 of 2

City of Faribault
Finance Plan
Community Development Fund(240)

	2021 Actual	2022 Actual	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Assets												
Cash and investments	815,922	274,088	127,902	(148,726)	(523,080)	(934,029)	(1,384,309)	(1,876,840)	(2,414,739)	(3,001,329)	(3,640,157)	(4,355,007)
Taxes receivable	3,475	8,528	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaids	4,717	959	-	-	-	-	-	-	-	-	-	-
Total Assets	824,114	283,575	127,902	(148,726)	(523,080)	(934,029)	(1,384,309)	(1,876,840)	(2,414,739)	(3,001,329)	(3,640,157)	(4,355,007)
Liabilities												
Unearned revenue	-	4,472	-	-	-	-	-	-	-	-	-	-
All other payables	3,354	1,204	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	2,537	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	5,891	5,676	-	-	-	-	-	-	-	-	-	-
Fund Balance	818,223	277,899	127,902	(148,726)	(523,080)	(934,029)	(1,384,309)	(1,876,840)	(2,414,739)	(3,001,329)	(3,640,157)	(4,355,007)
Total Liabilities, deferred inflows of resources, and fund balance	824,114	283,575	127,902	(148,726)	(523,080)	(934,029)	(1,384,309)	(1,876,840)	(2,414,739)	(3,001,329)	(3,640,157)	(4,355,007)

Tax Increment Financing Districts

& Tax Abatements

as of December 31, 2022

City Of Faribault

Finance Department

Tax Increment Financing Districts

City of Faribault, MN

Tax increment financing (TIF) is an incentive tool used by cities across the country to encourage development projects that would otherwise not occur and promote new development in their communities.

Tax increment is the difference between the amount of property tax revenue generated before a TIF district is created and the amount of property tax revenue generated after a district is created and improvements have been made within the district. The additional revenue, or increment, is made available as an incentive for investing in development projects. The life of the district and the individual projects depend on the type of district and terms in the development agreement. Each type of district has specific rules for the use of TIF which are identified in Chapter 469 of the Minnesota Statutes. All districts may use up to 10% of the increment collected for administrative costs, including County charges, consultant charges, and direct costs to the City.

TIF financing can be used to create five types of districts:

- Redevelopment
- Economic Development
- Housing
- Renewal and Renovation
- Soils Condition

Each type of TIF district has different requirements for its creation, different maximum duration limits, and different restrictions on the use of tax increment revenue. The most common use of TIF districts is for redevelopment, housing and economic development.

Redevelopment Districts – These types of districts are created to help eliminate blighted conditions. Qualifying TIF expenditures include acquiring sites containing substandard buildings, streets, utilities, paved or gravel parking lots, or other similar structures; demolishing and removing substandard structures; eliminating hazardous substances; clearing the land; and installing utilities, sidewalks, and parking facilities. Use of TIF in these districts is intended to "level the playing field" by removing the added costs of the blighted property. The statutory maximum duration limit is 25 years after receipt of the first tax increment from the County.

Why use TIF?

TIF is one of the few remaining tools that local governments can use to attract new business, invest in infrastructure and rebuild blighted areas. TIF districts are a popular and effective economic development tool, available in 49 states across the country and used by 416 development authorities throughout Minnesota.

Economic Development Districts - The purpose for using an economic development district is to support a project which is considered to be in the public interest because it will: (a) discourage commerce, industry or manufacturing from moving to another state or city; (b) increase employment in the State; or (c) preserve and enhance the tax base. Economic development districts are short-term districts intended to primarily assist manufacturing, warehousing, storage and distribution, research and development, telemarketing, and tourism. The statutory maximum duration for economic development districts is 8 years after receipt of the first increment.

Within this type of district is the option to fund workforce housing projects which differs from a housing district in that TIF can be used for market-rate, rental housing and it has additional qualifications that must be met. This type of project is also different in that it requires the approval of the TIF plan by the County and School District, as well as the City. The use of this type of district is set to expire on June 30, 2027.

Housing Districts – These types of districts are used to encourage development of owner-occupied and rental housing for low- and moderate-income individuals and families by using tax increment revenue as a type of financial assistance. Increment revenue can be used in the construction of qualified housing, as well as to acquire and improve the housing site. Verification of income qualifications are required throughout the life of the district in order to utilize increment for housing projects. The statutory maximum duration limit is 25 years after receipt of the first increment.

Soils Condition Districts – This type of district is created when two conditions are met: (a) hazardous substances, contaminants, or pollution are present on the site, whereby the site must be cleaned up in order to use the property; and (b) the costs of cleanup exceed the lesser of the property's fair market value or $2 per square foot – the test can be applied to the entire district or each parcel of property. Soils districts have a statutory maximum duration of 20 years. They can be used to acquire land containing hazardous substances, pollution or contaminants, the costs of removal and remedial actions, and administrative expenses.

Administration and Pooling – All TIF districts allow up to 10% of the increment received to be used to pay for administrative expenses, including fees from the County for tracking the tax increment, independent consultants completing annual State required reporting, and local government for documented time spent administering the districts.

Tax increment may also be spent on qualified activities outside a district, which is known as pooling. Redevelopment districts may spend up to 25% of revenue derived from tax increment outside the district, but within the project area. Economic Development and Soil Conditions districts may spend up to 20% outside the district, but within the project area. The Project Area is defined as the City boundaries. The 10% administration limit is included in the pooling amounts.

Pooled funds from redevelopment districts may be used for redevelopment purposes that include acquisition, demo, or remediation of blighted properties, and public improvements related to or needed for redevelopment.

Tax increment generated in housing districts may be spent anywhere in the City as long as it is used for eligible expenditures for low- and moderate-income projects. Income limitations for owner-occupied housing and residential rental property must be satisfied, and the square footage that can be used for nonresidential uses is limited to no more than twenty percent.

Faribault TIF Districts

Faribault currently has nine active TIF districts made up of the following:

- Two housing districts - Village at Park Ave, 1996; Lofts at Evergreen, 2020.
- Four redevelopment districts - River Ridge, 2000; Faribault Road, 2007; Hamilton, 2019; Farmer Seed, 2022.
- Two economic development districts – Riverchase Apts, 2022; Willow St. Apts - 2022.
- One soils district – Straight River Apartments, 2020.

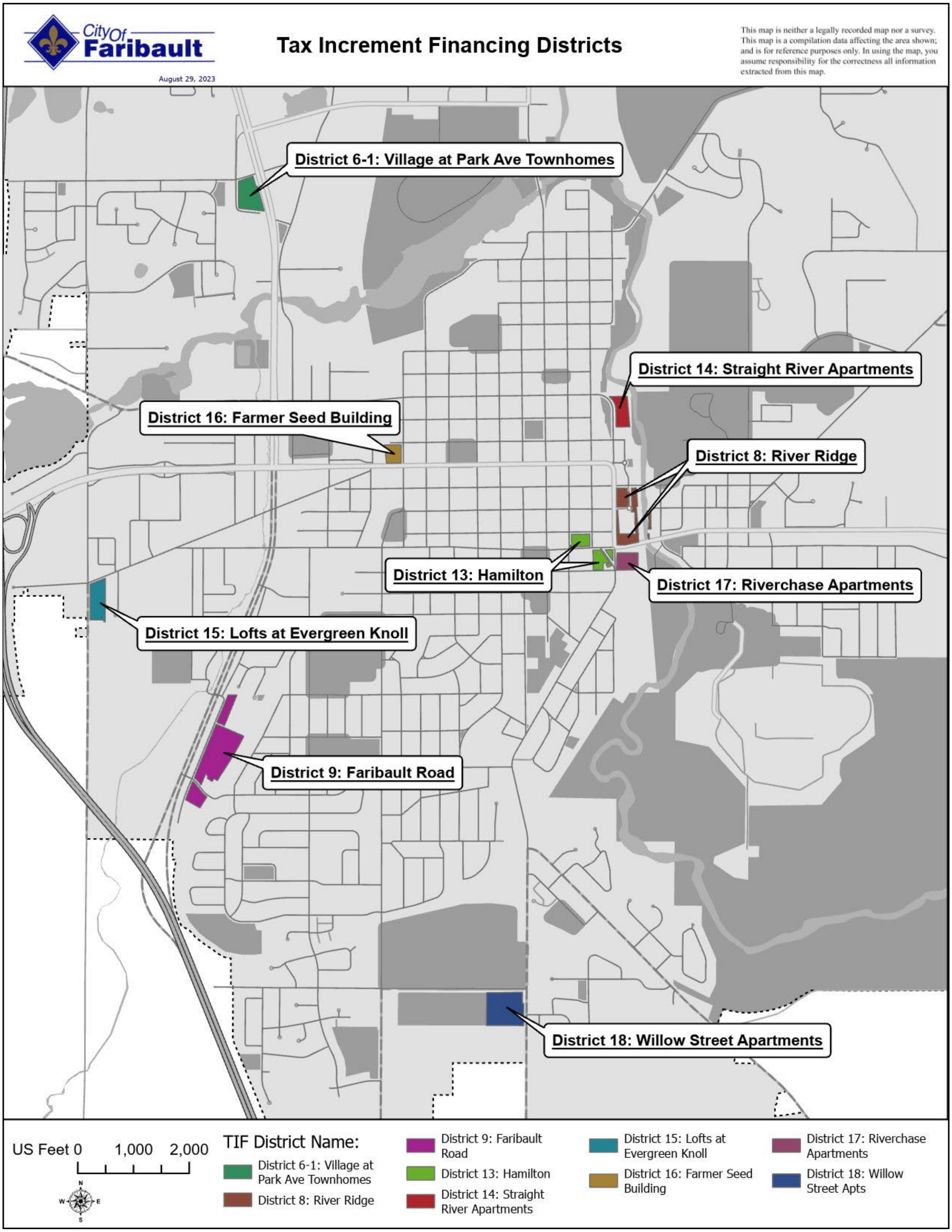
All nine districts have been created with Pay-As-You-Go (PAYGo) obligations between the developers and the Faribault Economic Development Authority (EDA). Costs were initially paid by the developer pursuant to the terms of the project development agreements. After the qualifying costs are substantiated and increment is generated by the TIF district, the developers begin receiving reimbursements based on the terms of the PAYGo note. Generally, in PAYGo financing, the developer accepts the risks of failed development and the potential shortfall of anticipated tax increments to reimburse project costs.

Summaries of the nine districts can be found in the charts below:

Dist.	Project	Type	Term (yrs)	Start Date Certify	End Date Decertify	Eligible Costs	Paid to Date	Fund Balance
6-1	Village at Park Ave	Housing	25	8/26/96	12/31/23	$200,000	$174,732	$66,780
8	River Ridge	Redevelopment	25	12/26/00	12/31/28	$1,176,755	$790,820	$65,847
9	Faribault Road	Redevelopment	25	4/24/07	12/31/33	$844,025	$906,731	$21,392
13	Hamilton	Redevelopment	25	6/24/19	12/31/46	$262,000	$56,996	($327,832)
14	Straight River Apts.	Soils District	20	8/13/20	12/31/41	$2,086,340	$0	($52,227)
15	Lofts at Evergreen Knoll	Housing	25	8/11/20	12/31/47	$528,000	$22,631	$9,916
16	Farmer Seed	Redevelopment	25	8/23/22	12/31/49	$1,300,000	$0	$64
17	Riverchase Apts.	Economic Dev-Workforce Housing	8	8/23/22	12/31/32	$700,000	$0	($14,175)
18	Willow St Apts.	Economic Dev-Workforce Housing	8	8/23/22	12/31/32	$1,664,000	$0	($14,844)

Dist.	Project	Current Net Tax Capacity	Original Net Tax Capacity	Captured Net Tax Capacity	Decertification Date
6-1	Village at Park Ave	$23,501	$360	$23,141	12/31/23
8	River Ridge	N/A	N/A	N/A	12/31/21
9	Faribault Road	$115,347	$14,248	$101,099	12/31/33
13	Hamilton	$65,409	$11,266	$54,143	12/31/46
14	Straight River Apts.	$128,520	$59,837	$59,837	12/31/41
15	Lofts at Evergreen Knoll	$60,194	$1,329	$58,864	12/31/47
16	Farmer Seed	N/A	$6,050	N/A	12/31/49
17	Riverchase Apts.	N/A	$5,199	N/A	12/31/32
18	Willow St Apts.	N/A	$1,850	N/A	12/31/32

A detailed description of each district, the current available balances, and projected tax increment follows to provide management with information to assist in the decision-making process for future tax increment financing projects**.**


City Of Faribault
August 29, 2023
Tax Increment Financing Districts
This map is neither a legally recorded map nor a survey. This map is a compilation data affecting the area shown; and is for reference purposes only. In using the map, you assume responsibility for the correctness all information extracted from this map.
District 6-1: Village at Park Ave Townhomes
District 14: Straight River Apartments
District 16: Farmer Seed Building
District 8: River Ridge
District 13: Hamilton
District 17: Riverchase Apartments
District 15: Lofts at Evergreen Knoll
District 9: Faribault Road
District 18: Willow Street Apartments
US Feet 0 1,000 2,000
TIF District Name:
District 6-1: Village at Park Ave Townhomes
District 8: River Ridge
District 9: Faribault Road
District 13: Hamilton
District 14: Straight River Apartments
District 15: Lofts at Evergreen Knoll
District 16: Farmer Seed Building
District 17: Riverchase Apartments
District 18: Willow Street Apts
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HOUSING DISTRICT 6-1 (263)

Village at Park Ave. (Kerstrel Properties II)

Certified:	**8/26/1996**	**Required Decertification Date:**	**12/31/2023**
Term:	**25 Years**	**First Increment Received:**	**7/01/1998**

This district was created in 1996 for the construction of a forty (40) rental unit townhouse development. The rental units were to be leased to households with incomes in the low- to moderate-income bracket. TIF proceeds were to be used to offset rents in roughly 50% of the units. TIF funds were to be reimbursed to the developer in accordance with the development agreement on a PAYGo basis up to $20,000 per year for ten years. The developer received increment payments beginning in 1998 after receipt of the first increment from the County. Payments continued for the remainder of the ten-year period, as provided in the development agreement, with the final payment in 2009. The developer did not receive the full amount of eligible reimbursement due to the fractional increment received in 1998 and the onset of the ten-year term defined in the development agreement. The developer received $174,731, leaving $25,269 unclaimed as part of the fund balance.

In 2003, $88,429 was budgeted for a transfer out for deficit pooling. Increment was used in 2013/2014 for the Prairiewood Townhomes Project for low- to moderate income family housing in the amount of $59,771. Tax increment was used in 2018 & 2019 for building permits for 3 Habitat for Humanity buildings totaling $15,240. In 2020, the demolition of a 2-story building at 1116 2nd St NW in the amount of $20,025, 3 additional building permits for Habitat for Humanity for $15,000, and I & S plans for 1116 2nd Street for $3,250 were also paid for with increment from this district. In 2022, building permits for 5 Habitat for Humanity buildings totaling $25,000 were paid for from this district. No additional projects have been undertaken.

Increment will continue to be collected in this district through 2023 and may be used for housing projects that have the same low to moderate income requirements and can be located anywhere within the City boundaries. The district is projected to have collected $442,800 in tax increment over the life of the district. The annual increment is projected to be $23,141 in 2023 and is projected to build a balance of $89,048 by December 31, 2023. The district will require decertification when it reaches the maximum 25-year life in 2023. The City will need to use the balance of the increment prior to the expiration date or the balance will be returned to the County for distribution among taxing jurisdictions.

Recommendation(s): Decertify the district when it reaches its maximum life at December 31, 2023 and return funds to Rice County to be redistributed among other taxing jurisdictions.

Tax Increment Financing Districts

District 6-1: Village at Park Ave Townhomes

August 29, 2023

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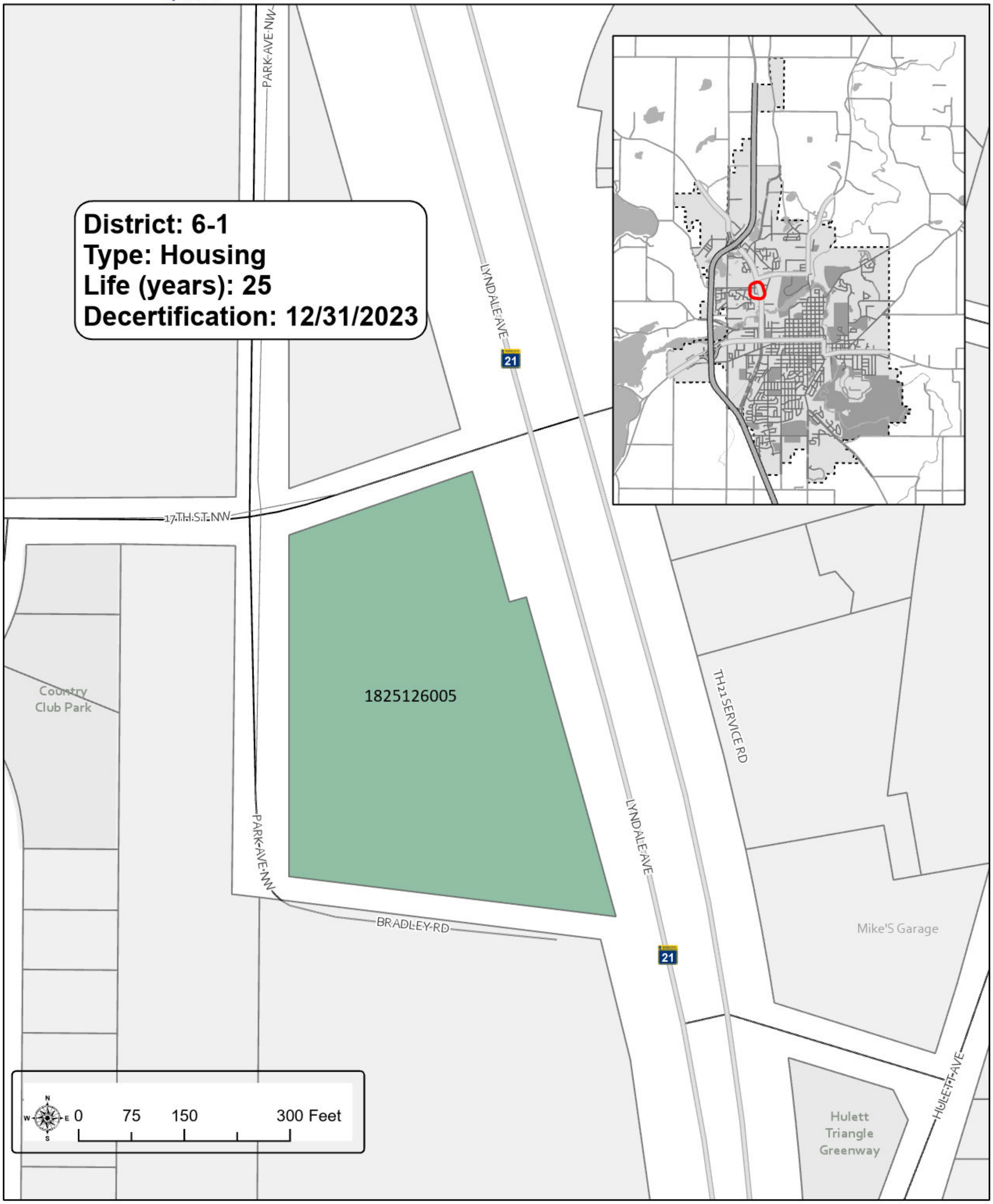

Village at Park Ave - Housing District 6-1 (Fund 263)
Fund Balance Projection

Year	Increment To Be Received	Amount Paid To Developer			Note To Developer		10% Amount for Admin	Interfund Loan Interest	Qualified Expenses	Other	Interfund Loan Interest Pymt	Interfund Loans Pymt	Fund Balance	Interfund Loans
		Principal	Interest (5%)	Total	Note Balance									
2021													$ 77,241	$ -
2022	$ 20,366	$ -	$ -	$ -	$ -		$ 1,163	$ -	$ 25,000	$ (4,664)	$ -	$ -	$ 66,780	$ -
2023	$ 23,141	$ -	$ -	$ -	$ -		$ -	$ -	$ 873	$ (89,048)	$ -	$ -	$ 0	$ -
	$ 43,507	$ -	$ -	$ -	$ -		$ 1,163	$ -	$ 25,873	$ (93,712)	$ -	$ -		$ -

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REDEVELOPMENT DISTRICT No. 8 (266)

River Ridge

Certified:	**3/13/2001**	**Required Decertification Date:**	**12/31/2028**
Term:	**25 Years**	**First Increment Received:**	**7/01/2003**

This district was created in 2000 for the purchase, clean-up, and sale of substandard property for the construction of two, 68-unit, three-story rental housing units, a 9,000 square foot retail building, a 6,000 square foot restaurant and related public infrastructure. The rental housing units were constructed but not the retail and restaurant space. TIF funds were to be reimbursed to the developer in accordance with the development agreement on a PAYGo basis in an amount not to exceed $1,176,755, or until February 1, 2021, whichever comes first. The developer received increment payments beginning in 2006 after receipt of the first increment from the County. Payments continued as provided in the development agreement, with the final payment in 2021. Based on the amount of increment generated, the total payments to the developer for the life of the district was $790,820. The developer recovered 67% of the eligible costs associated with this project, experiencing a shortfall of approximately $385,935.

The EDA sold the property to the developer for $250,000 and the proceeds were deposited into the TIF fund. These proceeds have been deposited back into the EDA fund in 2016, reducing the fund balance significantly. This district has a total of eight parcels included in its boundaries and can be seen in the map which follows. The only parcel that has been developed is the one that has the Heritage Place housing development. In 2018, via Resolution 2018-107, $39,250 of excess increment was used outside of the District to pay a portion of the 2018 Fuel System Upgrade Project at the Airport.

The district originally had a required decertification date of December 31, 2028. However, the district was decertified early on December 31, 2021 by Resolution 2022-058. The district has a fund balance of $65,847 at the end of 2022. This balance could be utilized for other redevelopment pooling activities.

Recommendation(s): It is recommended that the remaining fund balance be used for pooling and transferred to Hamilton Redevelopment District #13 in 2023 to be applied towards the interfund loan in that district.

City Of Faribault

August 29, 2023

Tax Increment Financing Districts

District 8: River Ridge

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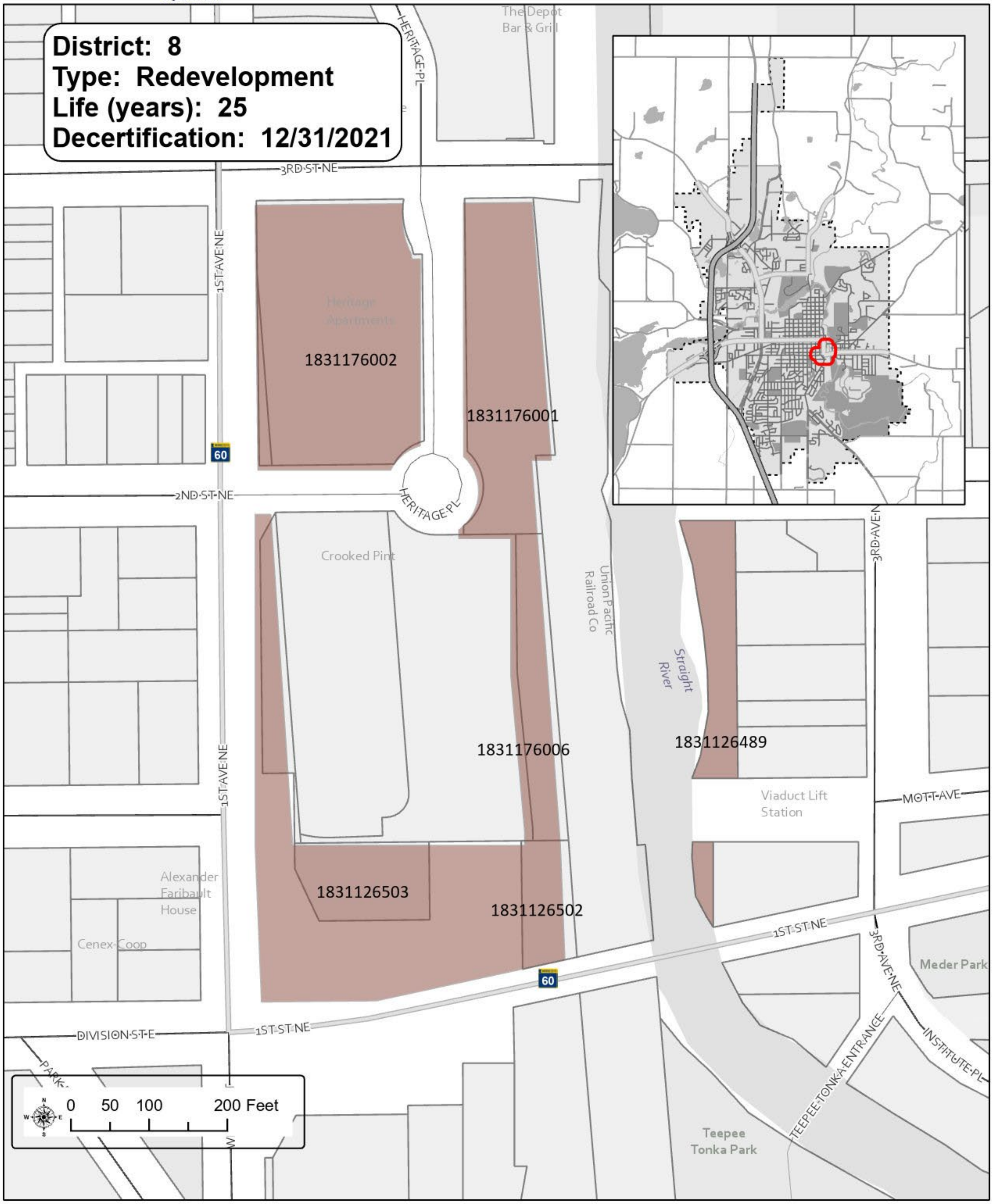

River Ridge - Redevelopment District 8 - Fund (266)
Fund Balance Projection

Year	Increment To Be Received	Amount Paid To Developer			Note To Developer Note Balance		10% Amount for Admin	Interfund Loan Interest	Qualified Expenses	Other	Interfund Loan Interest Pymt	Interfund Loans Pymt	Fund Balance		Interfund Loans
		Principal	Interest (5%)	Total											
2021													$ 71,059		$ -
2022	$ -	$ -	$ -	$ -	$ -		$ 1,244	$ -	$ -	$ (3,968)	$ -	$ -	$ 65,846		$ -
2023	$ -	$ -	$ -	$ -	$ -		$ -	$ -	$ 64,973	$ (873)	$ -	$ -	$ 0		$ -
	$ -	$ -	$ -	$ -	$ -		$ 1,244	$ -	$ 64,973	$ (4,841)	$ -	$ -			$ -

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REDEVELOPMENT DISTRICT No. 9 (267)

Faribault Road

Certified:	**4/24/2007**	**Required Decertification Date:**	**12/31/2033**
Term:	**25 Years**	**First Increment Received:**	**7/01/2008**

This district was created in 2007 for the demolition of the old K-Mart building and Budget Inn Motel and the construction of a 72-unit senior assisted living facility. Additional phases would include rental apartment units, town homes, 18,000 square feet of retail space, and relocation of the Mexican Restaurant currently located on the property. The first phase senior assisted living facility was constructed in 2007 but the additional phases were put on hold due to the economic downturn. The developer has five years to make eligible expenditures within the district. At the beginning of the sixth year following the certification of the district, no additional development costs will be eligible for TIF reimbursement.

TIF funds are to be reimbursed to the developer in accordance with the development agreement on a PAYGo basis in an amount not to exceed $2,318,750, or until December 31, 2033, whichever comes first. Compounded interest is calculated at 6.75%. The developer received increment payments beginning in 2010 after receipt of the first increment from the County. There are documented developer costs in the amount of $844,025 which is the maximum eligible for reimbursement under the First Amendment in 2010. In accordance with the amended development agreement, the anticipated final payment will be in 2031 based on existing documented costs.

Increment continues to be collected in this district with 90% obligated to the developer. The annual increment will be approximately $98,734 in 2023 with 10% available for reimbursing documented administrative costs. Based on the amount of increment being generated, the total estimated payments to the developer for the life of the district will be approximately $844,025. Therefore, the developer should recover 100% of the documented costs associated with this project. The district will require decertification by the required certification date of December 31, 2033.

This district includes a plat with multiple parcels in its boundaries and can be seen in the map that follows. The only parcel that has been developed is the Faribault Senior Living housing development. Any additional phases of development will require removal of the designated parcels from this district and the creation of a new housing or economic development district.

Recommendation(s): The projected fund balance could be utilized for other redevelopment pooling activities and must be decertified by December 31, 2033. However, based on projections that any obligations to the development will be satisfied in 2031, the district could also be decertified early and the funds returned to Rice County and redistributed amongst the appropriate taxing jurisdictions.

Tax Increment Financing Districts

District 9: Faribault Road

August 29, 2023

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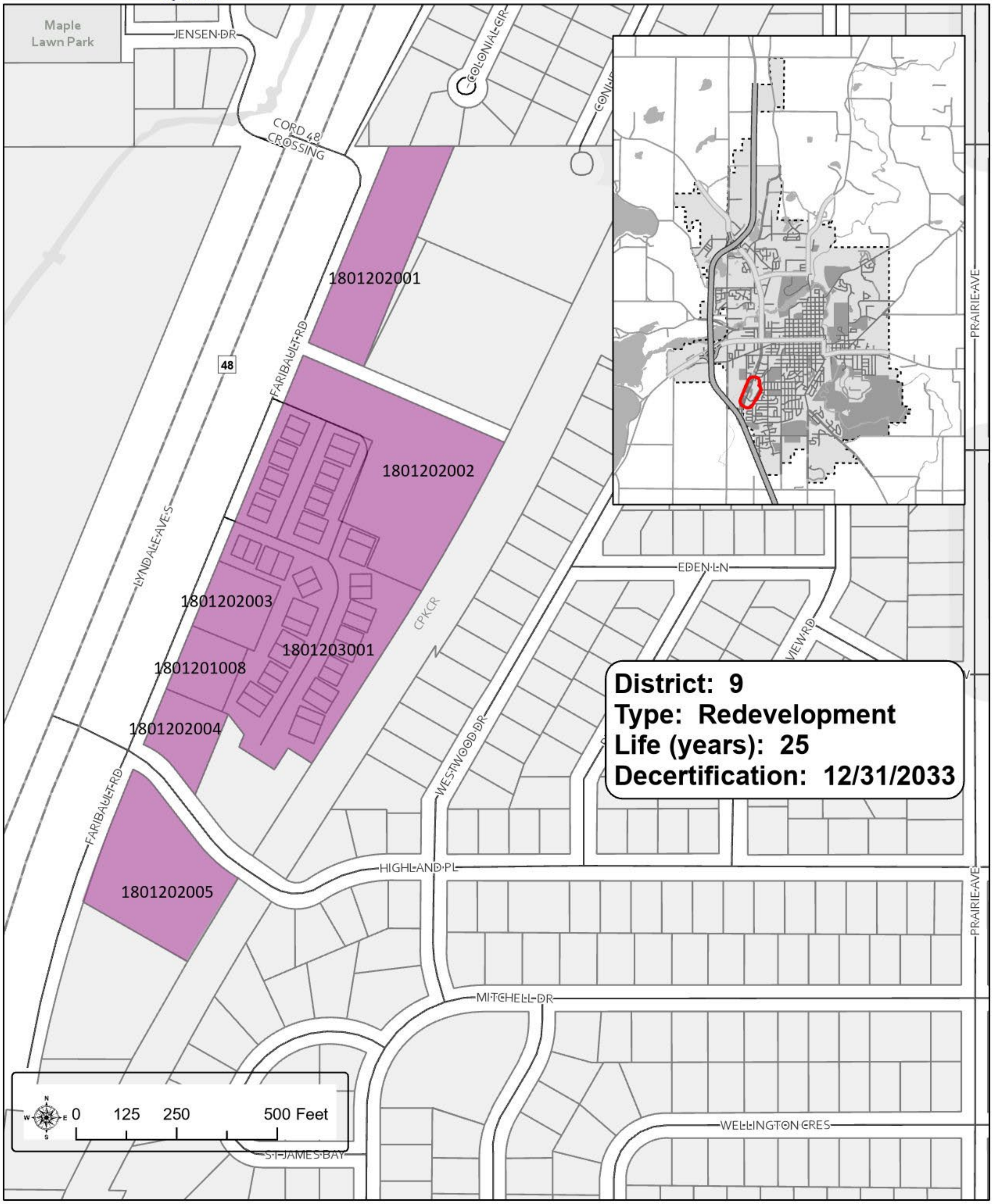

Faribault Rd - Redevelopment District 9 (Fund 267)
Fund Balance Projection

Year	Increment To Be Received	Amount Paid To Developer			Note To Developer Note Balance	10% Amount for Admin	Interfund Loan Interest	Qualified Expenses	Other	Interfund Loan Interest Pymt	Interfund Loans Pymt	Fund Balance	Interfund Loans
		Principal	Interest (5%)	Total									
					$ 844,025								
2021		$ 200,254	$ 626,468	$ 826,722	$ 643,771							$ 14,534	$ -
2022	$ 88,871	$ 36,495	$ 43,514	$ 80,009	$ 607,276	$ 1,331	$ -	$ -	$ (672)	$ -	$ -	$ 21,393	$ -
2023	$ 98,734	$ 47,889	$ 40,971	$ 88,861	$ 559,387	$ 9,873	$ -	$ -	$ 50	$ -	$ -	$ 21,443	$ -
2024	$ 101,696	$ 53,818	$ 37,709	$ 91,526	$ 505,569	$ 10,170	$ -	$ -	$ 50	$ -	$ -	$ 21,493	$ -
2025	$ 104,747	$ 60,456	$ 33,816	$ 94,272	$ 445,113	$ 10,475	$ -	$ -	$ 50	$ -	$ -	$ 21,543	$ -
2026	$ 107,889	$ 67,531	$ 29,569	$ 97,100	$ 377,582	$ 10,789	$ -	$ -	$ 50	$ -	$ -	$ 21,593	$ -
2027	$ 111,126	$ 75,185	$ 24,828	$ 100,013	$ 302,397	$ 11,113	$ -	$ -	$ 50	$ -	$ -	$ 21,643	$ -
2028	$ 114,460	$ 83,402	$ 19,612	$ 103,014	$ 218,995	$ 11,446	$ -	$ -	$ 50	$ -	$ -	$ 21,693	$ -
2029	$ 117,894	$ 92,398	$ 13,706	$ 106,104	$ 126,596	$ 11,789	$ -	$ -	$ 50	$ -	$ -	$ 21,743	$ -
2030	$ 121,430	$ 102,057	$ 7,231	$ 109,287	$ 24,540	$ 12,143	$ -	$ -	$ 50	$ -	$ -	$ 21,793	$ -
2031	$ 125,073	$ 24,540	$ 971	$ 25,511	$ (0)	$ 12,507	$ -	$ -	$ 50	$ -	$ -	$ 108,898	$ -
2032	$ 128,825	$ -	$ -	$ -	$ (0)	$ 12,883	$ -	$ -	$ 50	$ -	$ -	$ 224,891	$ -
2033	$ 132,690	$ -	$ -	$ -	$ (0)	$ 13,269	$ -	$ -	$ 50	$ -	$ -	$ 344,362	$ -
	$ 1,353,435	$ 844,025	$ 878,395	$ 1,722,420	$ -	$ 127,787	$ -	$ -	$ (122)	$ -	$ -		$ -

Maxiumum 10% Amount for Admin/Pooling	$ 127,787

Notes:

Tax Increment for 2023 relects the actual amount to be received. Future amounts are based on a projected 3% annual increase.
Amounts in 2021 reflect interest and prinicpal payments to the developer from 2010-2021.

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REDEVELOPMENT DISTRICT No. 13 (270)

Hamilton

Certified:	**6/24/2019**	**Required Decertification Date:**	**12/31/2046**
Term:	**25 Years**	**First Increment Received:**	**7/01/2021**

This district was created in 2019 and consists of 12 parcels to facilitate the construction of up to 74-units of rental housing in the City in two separate buildings. Phase I will consist of a 44-unit apartment complex and the future Phase II will consist of approximately 30 units. In addition, the City developed additional public parking within the district since an existing City lot was sold for the Phase I development and intends to be reimbursed for land write-down. TIF funds are to be reimbursed to the developer in accordance with the development agreement on a PAYGo basis in an amount not to exceed $262,000, or until February 1, 2031, whichever comes first. Simple interest accrues at 5%. The developer documented the full amount of eligible costs available for Phase I in this district. The developer received increment payments beginning in 2021 after receipt of the first increment from the County.

The annual increment payment to the developer in 2022 was $28,357 and is projected to be $50,421 in 2023. It is projected that the principal amount for the PAYGo note will be distributed through 2028 at which time the obligation to the developer that included qualifying costs of land, site preparation, demolition and utility installation, etc. will be satisfied.

Resolution 2019-034 also authorized an interfund loan from the City of Faribault sewer fund not to exceed $750,000 together with interest at the rate of 4% per annum for administrative costs and other related costs associated with the district. The current interfund loan principal balance is $516,929. The interfund loan will be paid back solely from tax increment. It is currently projected that the interfund loan will begin to be repaid in 2028 once any PAYGo obligation is satisfied.

This district will adjust as Phase II is developed and potential additional agreements can be entered into.

Recommendation(s): Continue PAYGo payments to the developer in accordance with the development agreement, in addition to monitoring repayment of the interfund loan. Phase II of the redevelopment should also be monitored.

Tax Increment Financing Districts

District 13: Hamilton

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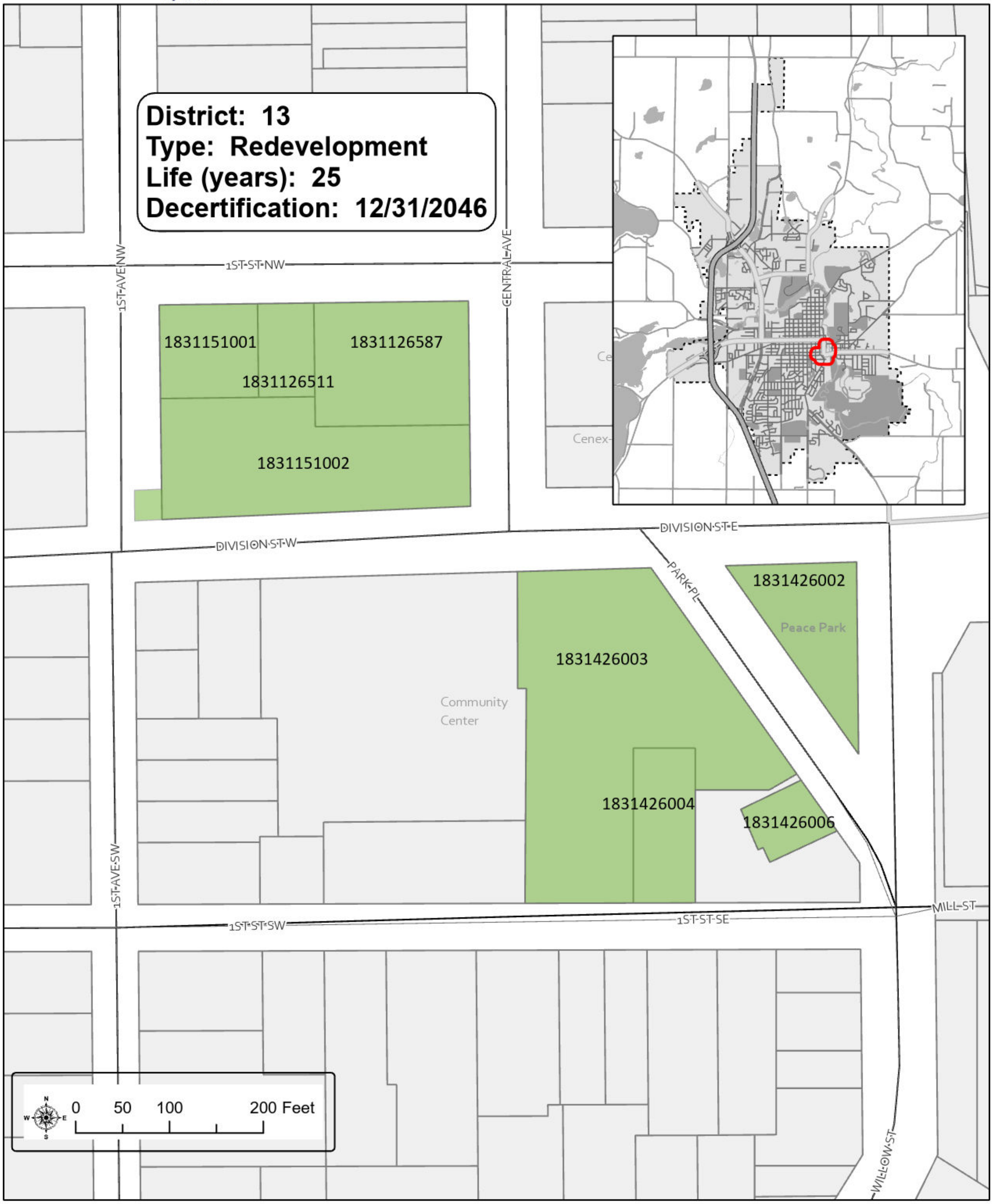

Hamilton - Redevelopment District 13 (Fund 270)
Fund Balance Projection

Year	Increment To Be Received	Amount Paid To Developer: Principal	Amount Paid To Developer: Interest (5%)	Amount Paid To Developer: Total	Note To Developer Note Balance	10% Amount for Admin	Interfund Loan Interest	Qualified Expenses	Other	Interfund Loan Interest Pymt	Interfund Loans Pymt	Fund Balance	Interfund Loans
2019	$ -	$ -	$ -	$ -	$ 262,000	$ 44,635	$ -		$ -	$ -	$ -	$ (44,635)	$ 235,275
2020	$ -	$ -	$ -	$ -	$ 262,000	$ 1,685	$ -	$ 195,677	$ -	$ -	$ -	$ (241,996)	$ 199,499
2021	$ 14,659	$ -	$ 7,316	$ 7,316	$ 262,000	$ 2,618	$ -	$ 80,403	$ -	$ -	$ -	$ (317,673)	$ 82,155
2022	$ 48,670	$ 12,675	$ 15,682	$ 28,357	$ 249,326	$ 2,483	$ 28,027	$ -	$ 37	$ -	$ -	$ (327,832)	$ -
2023	$ 54,143	$ 38,332	$ 12,089	$ 50,421	$ 210,994	$ 5,414	$ 21,798	$ -	$ 50	$ -	$ -	$ (351,272)	$ -
2024	$ 61,723	$ 45,564	$ 9,987	$ 55,551	$ 165,430	$ 6,172	$ 22,670	$ -	$ 50	$ -	$ -	$ (373,892)	$ -
2025	$ 63,698	$ 49,670	$ 7,658	$ 57,328	$ 115,760	$ 6,370	$ 23,577	$ -	$ 50	$ -	$ -	$ (397,419)	$ -
2026	$ 65,736	$ 54,042	$ 5,121	$ 59,162	$ 61,719	$ 6,574	$ 24,520	$ -	$ 50	$ -	$ -	$ (421,889)	$ -
2027	$ 67,840	$ 58,695	$ 2,361	$ 61,056	$ 3,024	$ 6,784	$ 25,501	$ -	$ 50	$ -	$ -	$ (447,340)	$ -
2028	$ 70,011	$ 3,024	$ 76	$ 3,100	$ (0)	$ 7,001	$ 26,521	$ 193,379	$ 51	$ 63,061	$ -	$ (607,278)	$ -
2029	$ 72,251	$ -	$ -	$ -	$ -	$ 7,225	$ 25,059	$ -	$ 50	$ 65,076	$ -	$ (567,262)	$ -
2030	$ 74,563	$ -	$ -	$ -	$ -	$ 7,456	$ 23,459	$ -	$ 50	$ 67,157	$ -	$ (523,563)	$ -
2031	$ 76,949	$ -	$ -	$ -	$ -	$ 7,695	$ 21,711	$ -	$ 50	$ 47,548	$ 21,756	$ (475,969)	$ -
2032	$ 79,412	$ -	$ -	$ -	$ -	$ 7,941	$ 19,807	$ -	$ 50	$ 19,807	$ 51,714	$ (424,256)	$ -
2033	$ 81,953	$ -	$ -	$ -	$ -	$ 8,195	$ 17,738	$ -	$ 50	$ 17,738	$ 56,070	$ (368,187)	$ -
2034	$ 84,575	$ -	$ -	$ -	$ -	$ 8,458	$ 15,496	$ -	$ 50	$ 15,496	$ 60,672	$ (307,514)	$ -
2035	$ 87,282	$ -	$ -	$ -	$ -	$ 8,728	$ 13,069	$ -	$ 50	$ 13,069	$ 65,535	$ (241,979)	$ -
2036	$ 90,075	$ -	$ -	$ -	$ -	$ 9,007	$ 10,447	$ -	$ 50	$ 10,447	$ 70,670	$ (171,309)	$ -
2037	$ 92,957	$ -	$ -	$ -	$ -	$ 9,296	$ 7,621	$ -	$ 50	$ 7,621	$ 76,091	$ (95,218)	$ -
2038	$ 95,932	$ -	$ -	$ -	$ -	$ 9,593	$ 4,577	$ -	$ 50	$ 4,577	$ 81,812	$ (13,407)	$ -
2039	$ 99,002	$ -	$ -	$ -	$ -	$ 9,900	$ 1,304	$ -	$ 50	$ 1,304	$ 32,610	$ 74,441	$ -
2040	$ 102,170	$ -	$ -	$ -	$ -	$ 10,217	$ -	$ -	$ 50	$ -	$ -	$ 166,443	$ -
2041	$ 105,439	$ -	$ -	$ -	$ -	$ 10,544	$ -	$ -	$ 50	$ -	$ -	$ 261,389	$ -
2042	$ 108,813	$ -	$ -	$ -	$ -	$ 10,881	$ -	$ -	$ 50	$ -	$ -	$ 359,370	$ -
2043	$ 112,295	$ -	$ -	$ -	$ -	$ 11,230	$ -	$ -	$ 50	$ -	$ -	$ 460,486	$ -
2044	$ 115,889	$ -	$ -	$ -	$ -	$ 3,542	$ -	$ -	$ 50	$ -	$ -	$ 572,883	$ -
2045	$ 119,597	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50	$ -	$ -	$ 692,530	$ -
2046	$ 123,424	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50	$ -	$ -	$ 816,004	$ -
2047	$ 127,374	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50	$ -	$ -	$ 943,428	$ -
	$ 2,296,433	$ 262,000	$ 60,290	$ 322,290	$ -	$ 229,643	$ 332,901	$ 469,459	$ 1,288	$ 332,901	$ 516,925		$ 516,929

Maxiumum 10% Amount for Admin/Pooling	$ 229,643

Notes:

Land Held for Resale was included in Interfund Loan.
Division St Parking Lot is included in qualified expenses.
Projected Loss of Land Held for Resale is Recorded in 2028.
Future tax increment amounts are based on a projected 3.2% annual increase.
Phase II of the redevelopment should also be monitored.

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SOILS CONDITION DISTRICT No. 14

Straight River Apartments

Certified:	**6/29/2020**	**Required Decertification Date:**	**12/31/2041**
Term:	**20 Years**	**First Increment Received:**	**7/01/2022**

This district was created in 2020 for constructing a 112-unit market rate apartment with underground parking, with an estimated total cost of $12.8 million. The district consists of two parcels. The development was at the old Public Works site and had known soil contamination due to its previous use as a city dump. The costs associated with the cleanup of the site exceeded $1.5 million. A cleanup grant of $802,231 was an important funding source to help offset these costs and make the reuse of the site feasible. The extra costs associated with the contamination of the soils made the project eligible for a Soils TIF District.

The EDA issued a note estimated to be in a principal amount equal to the aggregate qualifying costs submitted by the development not to exceed $2,086,340. Qualifying costs consisted of land acquisition, site preparation, including correction and removal, or remediation of contaminated soils condition issues, demolition and utility installation, and other expenditures which are eligible for reimbursement with tax increment and which are incurred by the developer. The note will bear interest at the rate of 5% per annum. Principal and interest payments are estimated to begin on August 1, 2023. There will be no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2042.

Resolution 2022-168 authorized an interfund loan from the City of Faribault Public Facility Projects Fund not to exceed $50,000 together with interest at the rate of 5% per annum for qualified costs associated with the district. The current interfund loan principal balance is $49,974. The interfund loan will be paid back solely from tax increment. It is currently projected that the interfund loan will begin to be repaid in 2041 once the PAYGo obligation is satisfied.

Recommendation(s): Continue PAYGo payments to the developer in accordance with the development agreement. Repay the interfund loan as tax increment revenue becomes available. Decertify the district by the required decertification date of December 31, 2041.

City Of Faribault

August 29, 2023

Tax Increment Financing Districts

District 14: Straight River Apartments

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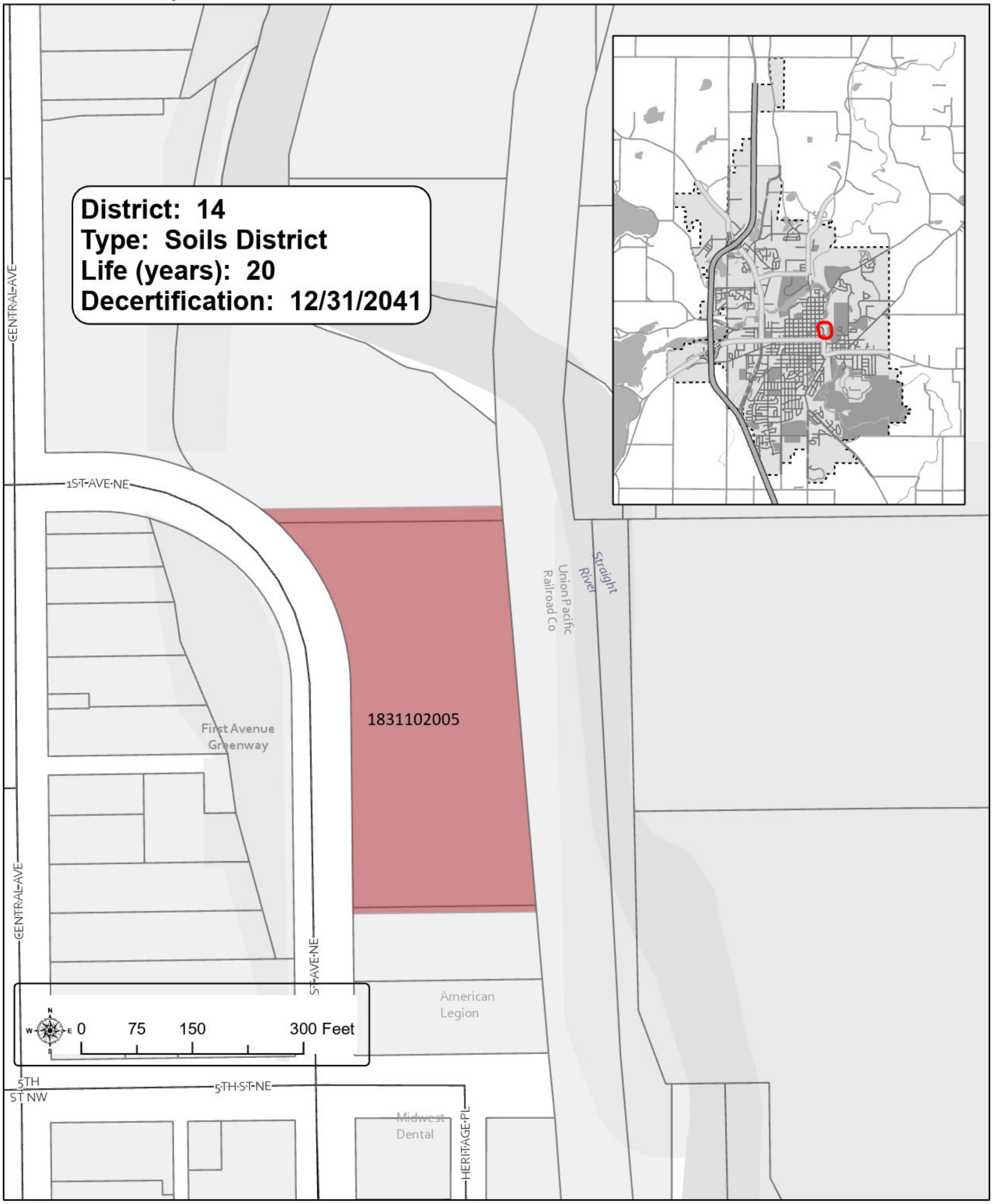

Straight River Apartments - Soils Condition District 14 (Fund 271)
Fund Balance Projection

Year	Increment To Be Received	Amount Paid To Developer Principal	Amount Paid To Developer Interest (5%)	Amount Paid To Developer Total	Note To Developer Note Balance	10% Amount for Admin	Interfund Loan Interest	Qualified Expenses	Other	Interfund Loan Interest Pymt	Interfund Loans Pymt	Fund Balance	Interfund Loans
2020						$ 46,569						$ (46,569)	$ 45,414
2021						$ 2,234						$ (48,803)	$ 3,389
2022						$ 1,163	$ 2,271	$ -	$ 10	$ -	$ -	$ (52,227)	$ 1,171
2023	$ 68,683	$ -	$ 61,619	$ 61,619	$ 2,086,340	$ 6,868	$ 2,499	$ -	$ 50	$ -	$ -	$ (54,480)	$ -
2024	$ 167,062	$ -	$ 150,356	$ 150,356	$ 2,086,340	$ 16,706	$ 2,737	$ -	$ 50	$ -	$ -	$ (57,167)	$ -
2025	$ 172,262	$ 27,452	$ 127,584	$ 155,036	$ 2,058,888	$ 17,226	$ 2,874	$ -	$ 50	$ -	$ -	$ (59,991)	$ -
2026	$ 177,619	$ 57,624	$ 102,233	$ 159,857	$ 2,001,264	$ 17,762	$ 3,018	$ -	$ 50	$ -	$ -	$ (62,959)	$ -
2027	$ 183,136	$ 65,569	$ 99,254	$ 164,822	$ 1,935,695	$ 18,314	$ 3,169	$ -	$ 50	$ -	$ -	$ (66,078)	$ -
2028	$ 188,818	$ 74,066	$ 95,870	$ 169,936	$ 1,861,630	$ 18,882	$ 3,327	$ -	$ 50	$ -	$ -	$ (69,355)	$ -
2029	$ 194,671	$ 83,149	$ 92,055	$ 175,204	$ 1,778,481	$ 19,467	$ 3,493	$ -	$ 50	$ -	$ -	$ (72,798)	$ -
2030	$ 200,700	$ 92,852	$ 87,778	$ 180,630	$ 1,685,628	$ 20,070	$ 3,668	$ -	$ 50	$ -	$ -	$ (76,416)	$ -
2031	$ 206,909	$ 103,211	$ 83,007	$ 186,218	$ 1,582,417	$ 20,691	$ 3,851	$ -	$ 50	$ -	$ -	$ (80,218)	$ -
2032	$ 213,305	$ 114,264	$ 77,710	$ 191,975	$ 1,468,153	$ 21,331	$ 4,044	$ -	$ 50	$ -	$ -	$ (84,212)	$ -
2033	$ 219,893	$ 126,052	$ 71,851	$ 197,904	$ 1,342,101	$ 21,989	$ 4,246	$ -	$ 50	$ -	$ -	$ (88,408)	$ -
2034	$ 226,678	$ 138,616	$ 65,394	$ 204,010	$ 1,203,484	$ 22,668	$ 4,459	$ -	$ 50	$ -	$ -	$ (92,816)	$ -
2035	$ 233,667	$ 152,003	$ 58,298	$ 210,300	$ 1,051,482	$ 23,367	$ 4,681	$ -	$ 50	$ -	$ -	$ (97,448)	$ -
2036	$ 240,866	$ 166,258	$ 50,522	$ 216,779	$ 885,224	$ 24,087	$ 4,916	$ -	$ 50	$ -	$ -	$ (102,313)	$ -
2037	$ 248,280	$ 181,431	$ 42,021	$ 223,452	$ 703,793	$ 24,828	$ 5,161	$ -	$ 50	$ -	$ -	$ (107,425)	$ -
2038	$ 255,917	$ 197,575	$ 32,750	$ 230,325	$ 506,218	$ 25,592	$ 5,419	$ -	$ 50	$ -	$ -	$ (112,794)	$ -
2039	$ 263,783	$ 214,745	$ 22,660	$ 237,405	$ 291,473	$ 26,378	$ 5,690	$ -	$ 50	$ -	$ -	$ (118,435)	$ -
2040	$ 271,885	$ 232,999	$ 11,697	$ 244,697	$ 58,474	$ 27,189	$ 5,975	$ -	$ 50	$ -	$ -	$ (124,359)	$ -
2041	$ 280,230	$ 58,474	$ 1,462	$ 59,936	$ -	$ 6,556	$ 6,274	$ -	$ 50	$ 81,772	$ 49,974	$ 83,155	$ -
	$ 4,014,364	$ 2,086,340	$ 1,334,121	$ 3,420,461	$ -	$ 429,936	$ 81,772	$ -	$ 960	$ 81,772	$ 49,974		$ 49,974

Maxiumum 10% Amount for Admin/Pooling	$ 429,936

Notes:

Tax Increment for 2023 reflects the actual amount to be received.
Future tax increment amounts are based on Ehler projections.

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HOUSING DISTRICT No. 15

Lofts at Evergreen Knoll

Certified:	**6/29/2020**	**Required Decertification Date:**	**12/31/2047**
Term:	**25 Years**	**First Increment Received:**	**7/01/2022**

This district, consisting of two parcels, was created in 2020 for construction of a 76-unit apartment building at 405 Western Avenue South. This affordable housing development on the former Evergreen Knoll Supper Club site was awarded Low Income Housing Tax Credits (LIHTC) from the Minnesota Finance Agency and 100-percent of the units will be non-age restricted to households at or below 60 percent area median income. The development consists of a 76-unit apartment with underground parking, community room, fitness room, controlled access, in-unit laundry and on-site property management, and maintenance. The costs of the land acquisition, site and public improvements, utilities, and construction made the development infeasible without the use of tax increment assistance.

A taxable tax increment revenue note was issued in October of 2021 in the amount of $528,000 to reimburse the development for eligible costs. Tax increment will be used to reimburse the developer in accordance with the development agreement on a PAYGo basis in an amount not to exceed $528,000, or until February 1, 2047, whichever comes first. Simple interest will accrue at 4.25%.

The development received the first PAYGo payment beginning in 2022 after receipt of the first increment from the County. It is estimated that the developer will receive 100% of the documented eligible costs by 2033. The district will also accumulate a sizable fund balance should it extend through the life of the district, which is fourteen (14) years beyond the last PAYGo payment.

Recommendation(s): Tax increment generated in housing districts may be spent anywhere in the City as long as it is used for eligible expenditures for low and moderate income projects provided it is within the plan documents. It will need to be considered whether such projects are available for use of these funds once the PAYGo obligation is satisfied. Another option would be to decerify the district early once all obligations of the tax increment plan are satisfied. The district is required to be decertified by December 31, 2047.

City Of Faribault

August 29, 2023

Tax Increment Financing Districts

District 15: Lofts at Evergreen Knoll

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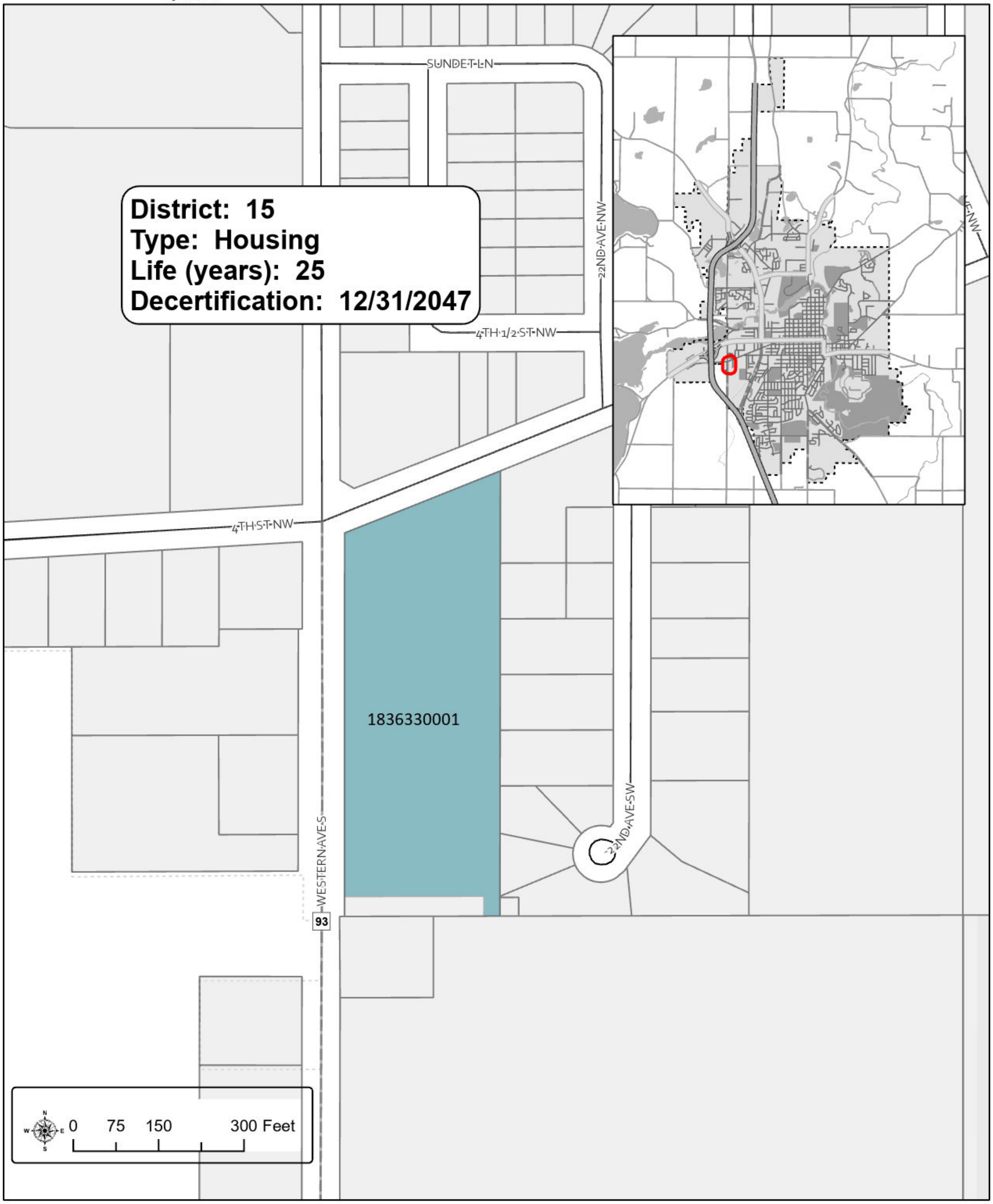

Lofts at Evergreen Knoll - Housing District 15 (Fund 272)
Fund Balance Projection

Year	Increment To Be Received	Amount Paid To Developer Principal	Amount Paid To Developer Interest (5%)	Amount Paid To Developer Total	Note To Developer Note Balance	10% Amount for Admin	Interfund Loan Interest	Qualified Expenses	Other	Interfund Loan Interest Pymt	Interfund Loans Pymt	Fund Balance	Interfund Loans
2021	$ -	$ -	$ -	$ -	$ 528,000	$ -	$ -	$ -	$ 73	$ -	$ -	$ 73	$ -
2022	$ 25,145	$ 1,418	$ 9,898	$ 11,315	$ 526,582	$ 3,942	$ -	$ -	$ (45)	$ -	$ -	$ 9,917	$ -
2023	$ 71,993	$ 31,552	$ 33,241	$ 64,793	$ 495,030	$ 7,199	$ -	$ -	$ 50	$ -	$ -	$ 9,967	$ -
2024	$ 62,014	$ 35,143	$ 20,669	$ 55,813	$ 459,887	$ 6,201	$ -	$ -	$ 50	$ -	$ -	$ 10,017	$ -
2025	$ 63,922	$ 38,388	$ 19,142	$ 57,530	$ 421,499	$ 6,392	$ -	$ -	$ 50	$ -	$ -	$ 10,067	$ -
2026	$ 65,888	$ 41,825	$ 17,474	$ 59,299	$ 379,673	$ 6,589	$ -	$ -	$ 50	$ -	$ -	$ 10,117	$ -
2027	$ 67,912	$ 45,463	$ 15,658	$ 61,121	$ 334,211	$ 6,791	$ -	$ -	$ 50	$ -	$ -	$ 10,167	$ -
2028	$ 69,998	$ 49,313	$ 13,686	$ 62,998	$ 284,898	$ 7,000	$ -	$ -	$ 50	$ -	$ -	$ 10,217	$ -
2029	$ 72,146	$ 53,384	$ 11,547	$ 64,931	$ 231,513	$ 7,215	$ -	$ -	$ 50	$ -	$ -	$ 10,267	$ -
2030	$ 74,358	$ 57,689	$ 9,233	$ 66,922	$ 173,824	$ 7,436	$ -	$ -	$ 50	$ -	$ -	$ 10,317	$ -
2031	$ 76,636	$ 62,239	$ 6,733	$ 68,972	$ 111,585	$ 7,664	$ -	$ -	$ 50	$ -	$ -	$ 10,367	$ -
2032	$ 78,982	$ 67,046	$ 4,037	$ 71,084	$ 44,539	$ 7,898	$ -	$ -	$ 50	$ -	$ -	$ 10,417	$ -
2033	$ 81,400	$ 44,539	$ 1,135	$ 45,673	$ -	$ 8,140	$ -	$ -	$ 50	$ -	$ -	$ 38,053	$ -
2034	$ 83,890	$ -	$ -	$ -	$ -	$ 8,389	$ -	$ -	$ 50	$ -	$ -	$ 113,604	$ -
2035	$ 86,454	$ -	$ -	$ -	$ -	$ 8,645	$ -	$ -	$ 50	$ -	$ -	$ 191,463	$ -
2036	$ 89,096	$ -	$ -	$ -	$ -	$ 8,910	$ -	$ -	$ 50	$ -	$ -	$ 271,699	$ -
2037	$ 91,816	$ -	$ -	$ -	$ -	$ 9,182	$ -	$ -	$ 50	$ -	$ -	$ 354,384	$ -
2038	$ 94,619	$ -	$ -	$ -	$ -	$ 9,462	$ -	$ -	$ 50	$ -	$ -	$ 439,591	$ -
2039	$ 97,505	$ -	$ -	$ -	$ -	$ 9,751	$ -	$ -	$ 50	$ -	$ -	$ 527,395	$ -
2040	$ 100,478	$ -	$ -	$ -	$ -	$ 10,048	$ -	$ -	$ 50	$ -	$ -	$ 617,876	$ -
2041	$ 103,540	$ -	$ -	$ -	$ -	$ 10,354	$ -	$ -	$ 50	$ -	$ -	$ 711,112	$ -
2042	$ 106,694	$ -	$ -	$ -	$ -	$ 10,669	$ -	$ -	$ 50	$ -	$ -	$ 807,186	$ -
2043	$ 109,943	$ -	$ -	$ -	$ -	$ 10,994	$ -	$ -	$ 50	$ -	$ -	$ 906,185	$ -
2044	$ 113,289	$ -	$ -	$ -	$ -	$ 11,329	$ -	$ -	$ 50	$ -	$ -	$ 1,008,195	$ -
2045	$ 116,735	$ -	$ -	$ -	$ -	$ 11,674	$ -	$ -	$ 50	$ -	$ -	$ 1,113,307	$ -
2046	$ 120,285	$ -	$ -	$ -	$ -	$ 12,029	$ -	$ -	$ 50	$ -	$ -	$ 1,221,613	$ -
2047	$ 123,941	$ -	$ -	$ -	$ -	$ 10,967	$ -	$ -	$ 50	$ -	$ -	$ 1,334,637	$ -
	$ 2,248,679	$ 528,000	$ 162,452	$ 690,452	$ -	$ 224,868	$ -	$ -	$ 1,278	$ -	$ -		$ -

Maxiumum 10% Amount for Admin/Pooling	$ 224,868

Notes:

Tax Increment for 2023 reflects the actual amount to be received.
Future tax increment amounts are based on Ehlers projections.

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REVELOPMENT DISTRICT No. 16

Farmer Seed

Certified:	**8/23/2022**	**Required Decertification Date:**	**12/31/2049**
Term:	**25 Years**	**First Increment Received:**	**8/01/2024**

This district was created in 2022 with Resolution 2022-186 which adopted modifications to Development District Number 1 and created Redevelopment District #16. The district consists of one parcel and vacant right-of-way, which is the former Farmer Seed property located off of 4th Street NW. The redevelopment will consist of demolition of the five to seven existing buildings, construction of a 52-unit multi-family market rate apartment and 48,470 square feet of climate controlled storage.

The City has elected to receive the first year of increment in 2024. It is anticipated that the first full year of tax increment in 2025 will generate approximately $121,162 and that the district will generate approximately $4.5 million over the life of the district. The increment can be used for site improvements/preparation, utilities, other qualifying expenses and administrative costs up to 10% of increment received.

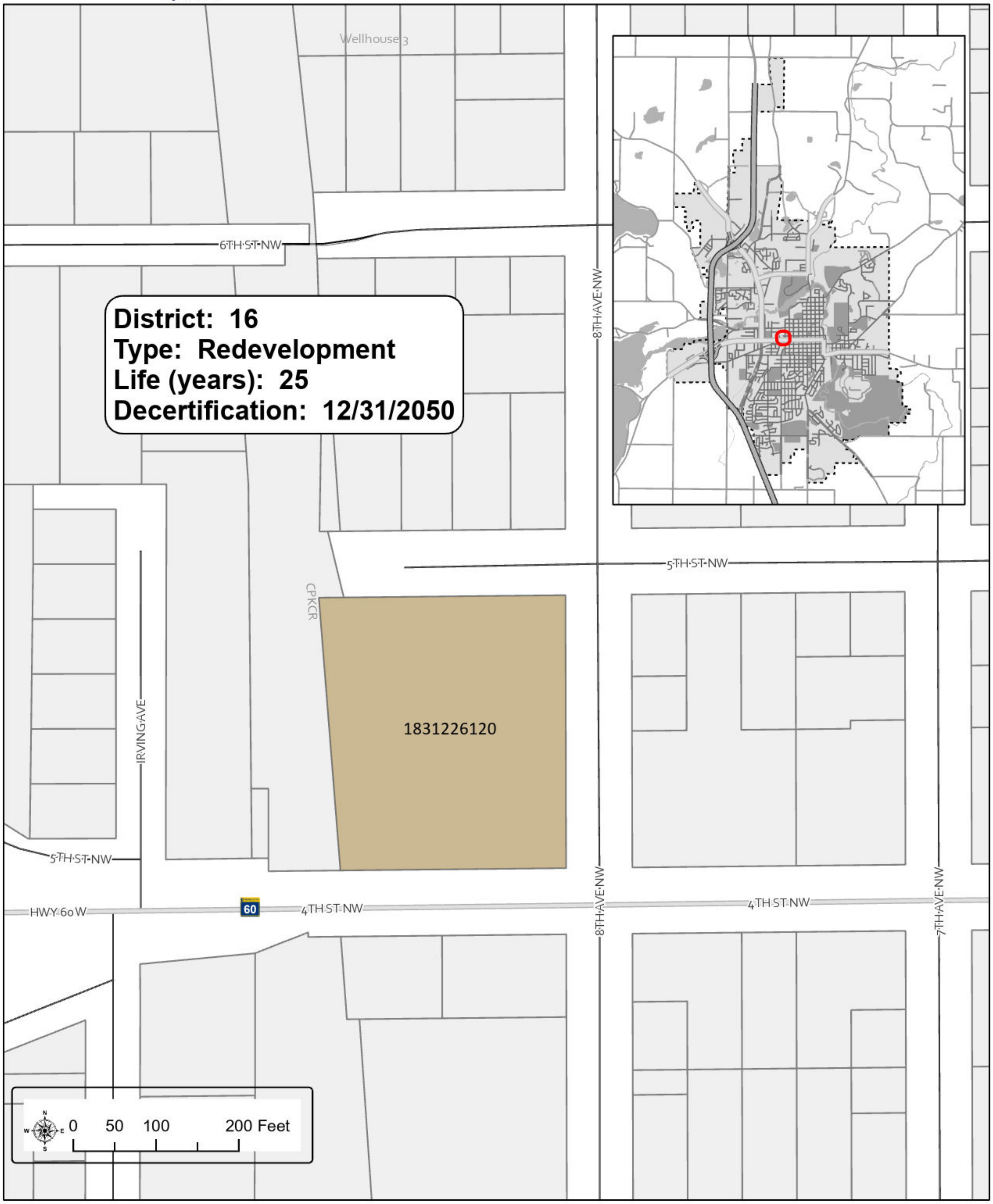
Tax increment funds will be used to reimburse the developer for eligible costs on a PAYGo basis in an amount not to exceed $1,300,000, or until February 1, 2046, whichever comes first, once the note is executed. The note will include accrued interest at a rate of 5%. Based on the projected increment, the developer would recover 100% of the eligible documented costs with the last PAYGo payment in 2040. The district will also accumulate a sizable fund balance should it extend through the life of the district, which is projected to be nine (9) years beyond the last PAYGo payment.

Recommendation(s): Monitor this district as the note has not yet been executed for the PAYGo payments. Tax increment generated in redevelopment districts may be pooled by using 25% of the tax increment revenue outside the district, but within the project area. It will need to be considered whether such projects are available for use of these funds once the PAYGo obligation is satisfied if it is within the plan docouments. Another option would be to decertify the district early once all obligations of the tax increment plan are satisfied. The district is required to be decertified by December 31, 2049.

Tax Increment Financing Districts

District 16: Farmer Seed Building

August 29, 2023



Farmer Seed - Redevelopment District 16 (Fund 273)
Fund Balance Projection

Year	Increment To Be Received	Amount Paid To Developer			Note To Developer Note Balance	10% Amount for Admin	Interfund Loan Interest	Qualified Expenses	Other	Interfund Loan Interest Pymt	Interfund Loans Pymt	Fund Balance	Interfund Loans
		Principal	Interest (5%)	Total									
2022	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 64	$ -	$ -	$ 64	$ -
2023	$ -	$ -	$ -	$ -	$ 1,300,000	$ -	$ -	$ -	$ 50	$ -	$ -	$ 114	$ -
2024	$ 12,576	$ -	$ 11,318	$ 11,318	$ 1,300,000	$ 1,258	$ -	$ -	$ 50	$ -	$ -	$ 164	$ -
2025	$ 121,162	$ -	$ 109,106	$ 109,106	$ 1,300,000	$ 12,116	$ -	$ -	$ 50	$ -	$ -	$ 154	$ -
2026	$ 124,995	$ -	$ 112,495	$ 112,495	$ 1,300,000	$ 12,500	$ -	$ -	$ 50	$ -	$ -	$ 205	$ -
2027	$ 128,942	$ 37,376	$ 78,672	$ 116,048	$ 1,262,624	$ 12,894	$ -	$ -	$ 50	$ -	$ -	$ 255	$ -
2028	$ 133,008	$ 57,283	$ 62,424	$ 119,707	$ 1,205,341	$ 13,301	$ -	$ -	$ 50	$ -	$ -	$ 305	$ -
2029	$ 137,196	$ 63,999	$ 59,477	$ 123,476	$ 1,141,341	$ 13,720	$ -	$ -	$ 50	$ -	$ -	$ 355	$ -
2030	$ 141,509	$ 71,171	$ 56,188	$ 127,359	$ 1,070,170	$ 14,151	$ -	$ -	$ 50	$ -	$ -	$ 404	$ -
2031	$ 145,952	$ 78,821	$ 52,535	$ 131,357	$ 991,349	$ 14,595	$ -	$ -	$ 50	$ -	$ -	$ 454	$ -
2032	$ 150,528	$ 86,982	$ 48,494	$ 135,475	$ 904,367	$ 15,053	$ -	$ -	$ 50	$ -	$ -	$ 504	$ -
2033	$ 155,242	$ 95,681	$ 44,037	$ 139,718	$ 808,687	$ 15,524	$ -	$ -	$ 50	$ -	$ -	$ 554	$ -
2034	$ 160,097	$ 104,948	$ 39,139	$ 144,086	$ 703,739	$ 16,010	$ -	$ -	$ 50	$ -	$ -	$ 605	$ -
2035	$ 165,097	$ 114,819	$ 33,769	$ 148,588	$ 588,920	$ 16,510	$ -	$ -	$ 50	$ -	$ -	$ 654	$ -
2036	$ 170,248	$ 125,324	$ 27,899	$ 153,223	$ 463,596	$ 17,025	$ -	$ -	$ 50	$ -	$ -	$ 704	$ -
2037	$ 175,553	$ 136,502	$ 21,495	$ 157,997	$ 327,094	$ 17,555	$ -	$ -	$ 50	$ -	$ -	$ 755	$ -
2038	$ 181,017	$ 148,392	$ 14,523	$ 162,914	$ 178,702	$ 18,102	$ -	$ -	$ 50	$ -	$ -	$ 806	$ -
2039	$ 186,645	$ 161,034	$ 6,947	$ 167,981	$ 17,668	$ 18,665	$ -	$ -	$ 50	$ -	$ -	$ 855	$ -
2040	$ 192,442	$ 17,668	$ 442	$ 18,109	$ (0)	$ 19,244	$ -	$ -	$ 50	$ -	$ -	$ 155,994	$ -
2041	$ 198,413	$ -	$ -	$ -	$ (0)	$ 19,841	$ -	$ -	$ 50	$ -	$ -	$ 334,615	$ -
2042	$ 204,563	$ -	$ -	$ -	$ (0)	$ 20,456	$ -	$ -	$ 50	$ -	$ -	$ 518,772	$ -
2043	$ 210,897	$ -	$ -	$ -	$ (0)	$ 21,090	$ -	$ -	$ 50	$ -	$ -	$ 708,629	$ -
2044	$ 217,422	$ -	$ -	$ -	$ (0)	$ 21,742	$ -	$ -	$ 50	$ -	$ -	$ 904,359	$ -
2045	$ 224,142	$ -	$ -	$ -	$ (0)	$ 22,414	$ -	$ -	$ 50	$ -	$ -	$ 1,106,137	$ -
2046	$ 231,064	$ -	$ -	$ -	$ (0)	$ 23,106	$ -	$ -	$ 50	$ -	$ -	$ 1,314,145	$ -
2047	$ 238,193	$ -	$ -	$ -	$ (0)	$ 23,819	$ -	$ -	$ 50	$ -	$ -	$ 1,528,568	$ -
2048	$ 245,537	$ -	$ -	$ -	$ (0)	$ 24,554	$ -	$ -	$ 50	$ -	$ -	$ 1,749,602	$ -
2049	$ 253,100	$ -	$ -	$ -	$ (0)	$ 25,310	$ -	$ -	$ 50	$ -	$ -	$ 1,977,442	$ -
	$ 4,505,540	$ 1,300,000	$ 778,959	$ 2,078,959	$ -	$ 450,554	$ -	$ -	$ 1,414	$ -	$ -		$ -

Maxiumum 10% Amount for Admin/Pooling	$ 450,554

Notes:

Future tax increment amounts are based on Ehlers projections.

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ECONOMIC DEVELOPMENT – WORKFORCE HOUSING DISTRICT No. 17

Riverchase

Certified:	**8/23/2022**	**Required Decertification Date:**	**12/31/2032**
Term:	**8 Years**	**First Increment Received:**	**8/01/2024**

This district was created in 2022 with Resolution 2022-108 which adopted a modification to Development District Number 1 and created Workforce Housing District #17. The creation of the district enabled the development of a city acquired parcel located south of the viaduct bridge into a 77-unit market rate apartment building. The units will include tuck under garages, community room, fitness center, controlled access, in unit laundry, etc. The total costs associated with the development are estimated to be $12.95 million.

The first tax increment revenue is expected to be received in 2024 and it is estimated that the district will generate approximately $1.14 million over the life of the district. The EDA approved a Contract for Private Development with Resolution 2022-07 which would provide TIF assistance to the development. The funds will be reimbursed to the developer on a PAYGo basis in an amount not to exceed $700,000, or until February 1, 2033, whichever comes first, once the note is executed. The note will include interest at a rate of 4.5%.

Resolution 2023-142 authorized an interfund loan from the City of Faribault not to exceed $800,000 together with accrued interest at the rate of 5% per annum for certain costs incurred in connection with site preparation and public infrastructure.

Recommendation(s): Monitor this district as the PAYGo Note has not yet been exectued for the PAYGo payments. The district is required to be decertified by December 31, 2032.

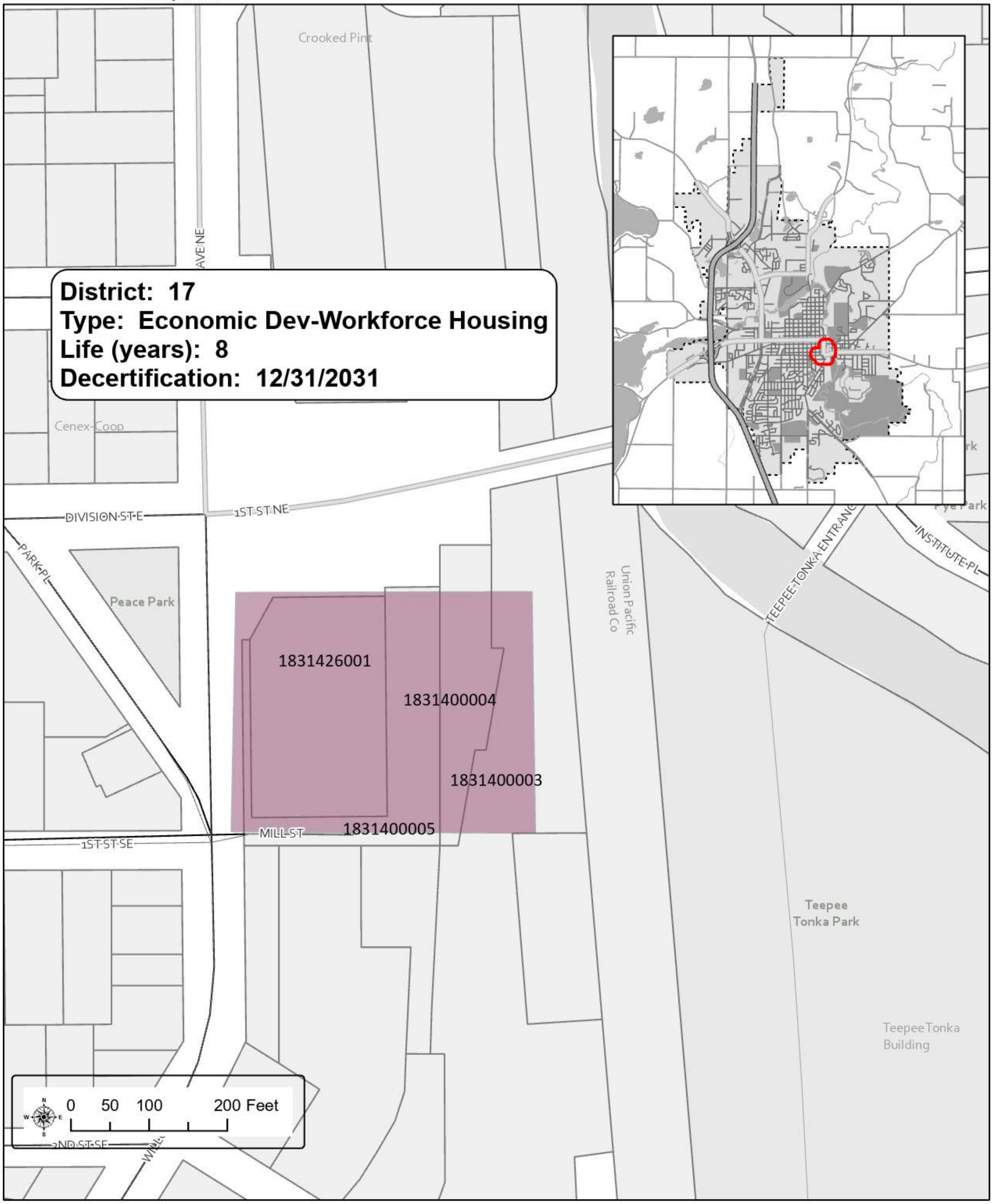
City Of Faribault

August 29, 2023

Tax Increment Financing Districts

District 17: Riverchase Apartments

This map is neither a legally recorded map nor a survey. This map is a compilation data affecting the area shown; and is for reference purposes only. In using the map, you assume responsibility for the correctness all information extracted from this map.



Riverchase - Economic Development - Workforce Housing District 17 (Fund 274)
Fund Balance Projection

Year	Increment To Be Received	Amount Paid To Developer Principal	Amount Paid To Developer Interest (5%)	Amount Paid To Developer Total	Note To Developer Note Balance		10% Amount for Admin	Interfund Loan Interest	Qualified Expenses	Other	Interfund Loan Interest Pymt	Interfund Loans Pymt	Fund Balance	Interfund Loans
2022														$ -
2023	$ -	$ -	$ -	$ -	$ 700,000									$ -
2024	$ 27,084	$ -	$ 24,376	$ 24,376	$ 700,000		$ 2,708	$ -	$ -	$ 50	$ -	$ -	$ 50	$ -
2025	$ 92,573	$ 19,578	$ 63,737	$ 83,315	$ 680,422		$ 9,257	$ -	$ -	$ 50	$ -	$ -	$ 101	$ -
2026	$ 125,317	$ 83,090	$ 29,695	$ 112,784	$ 597,332		$ 12,532	$ -	$ -	$ 50	$ -	$ -	$ 152	$ -
2027	$ 131,866	$ 92,832	$ 25,847	$ 118,679	$ 504,500		$ 13,187	$ -	$ -	$ 50	$ -	$ -	$ 202	$ -
2028	$ 138,742	$ 103,315	$ 21,553	$ 124,868	$ 401,185		$ 13,874	$ -	$ -	$ 50	$ -	$ -	$ 252	$ -
2029	$ 145,962	$ 114,587	$ 16,779	$ 131,366	$ 286,598		$ 14,596	$ -	$ -	$ 50	$ -	$ -	$ 302	$ -
2030	$ 153,543	$ 126,702	$ 11,487	$ 138,190	$ 159,896		$ 15,354	$ -	$ -	$ 50	$ -	$ -	$ 351	$ -
2031	$ 161,503	$ 139,713	$ 5,641	$ 145,354	$ 20,183		$ 16,150	$ -	$ -	$ 50	$ -	$ -	$ 400	$ -
2032	$ 169,862	$ 20,183	$ 454	$ 20,638	$ -		$ 16,986	$ -	$ -	$ 50	$ -	$ -	$ 132,688	$ -
	$ 1,146,452	$ 700,000	$ 199,569	$ 899,569	$ -		$ 114,645	$ -	$ -	$ 450	$ -	$ -		$ -

Maxiumum 10% Amount for Admin/Pooling	$ 114,645

Notes:

Future tax increment amounts are based on Ehlers projections.

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ECONOMIC DEVELOPMENT – WORKFORCE HOUSING DISTRICT No. 18

Willow Street Apartments

Certified:	**8/23/2022**	**Required Decertification Date:**	**12/31/2032**
Term:	**8 Years**	**First Increment Received:**	**8/01/2024**

This district was created in 2022 with Resolution 2022-187 which adopted a modification to Development District Number 1 and created Workforce Housing District #18. The creation of the district enabled the development of a city-owned parcel located at the corner of Willow and 17th Street SW into a multi-phased, multi-family housing development. The development will include construction of a 192-unit market-rate apartment that will be built in 3 phases. Building 1/Phase 1 will be 72 units; Building 2/Phase 2 will be 48 units: and Building 3/Phase 3 will be 72 units. The units will include underground parking and outdoor amenities which include a pet area and a playground. The total costs associated with the development are estimated to be $31.5 million.

The first tax increment revenue is expected to be received in 2024 and it is estimated that the district will generate approximately $2.7 million over the life of the district. The EDA approved a Contract for Private Development with Resolution 2022-12 which would provide TIF assistance to the developer. The funds will be reimbursed to the developer on a PAYGo basis in an amount not to exceed a total of $1,664,000, and would be paid out in phases:

- Phase 1 - $676,000
- Phase 2 - $428,000
- Phase 3 - $560,000

or until February 1, 2033, whichever comes first, once the note is executed. The note will include accrued interest at a rate of 5.0%.

As part of establishing the district, an interfund loan was also approved which gives the city the ability to use excess increments to offset any of the city's expenses associated with the development.

Recommendation(s): Monitor this district as the PAYGo note has not yet been executed for the PAYGo payments. The district is required to be decertified by December 31, 2032.

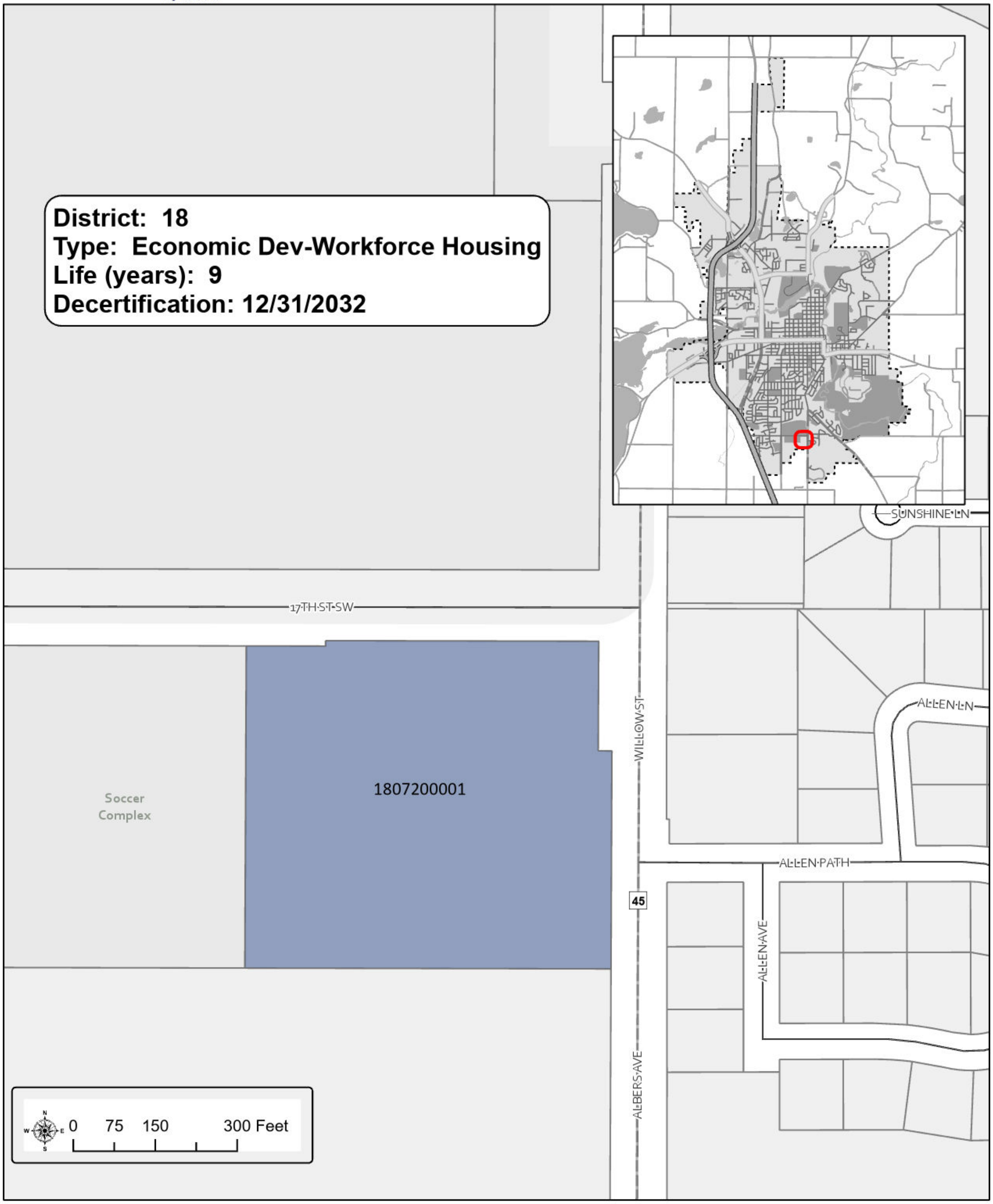
City Of Faribault

August 29, 2023

Tax Increment Financing Districts

District 18: Willow Street Apts

This map is neither a legally recorded map nor a survey. This map is a compilation data affecting the area shown; and is for reference purposes only. In using the map, you assume responsibility for the correctness all information extracted from this map.



Willow Street Apartments - Economic Development - Workforce Housing District 18 (Fund 275)
Fund Balance Projection

Year	Increment To Be Received	Amount Paid To Developer Principal	Amount Paid To Developer Interest (5%)	Amount Paid To Developer Total	Note To Developer Note Balance		10% Amount for Admin	Interfund Loan Interest	Qualified Expenses	Other	Interfund Loan Interest Pymt	Interfund Loans Pymt	Fund Balance	Interfund Loans
2022														$ -
2023					$ 1,664,000					$ 50			$ 50	$ -
2024	$ 28,604	$ -	$ 25,744	$ 25,744	$ 1,664,000		$ 2,860	$ -	$ -	$ 50	$ -	$ -	$ 100	$ -
2025	$ 140,870	$ -	$ 126,783	$ 126,783	$ 1,664,000		$ 14,087	$ -	$ -	$ 50	$ -	$ -	$ 150	$ -
2026	$ 238,848	$ 51,561	$ 163,402	$ 214,963	$ 1,612,439		$ 23,885	$ -	$ -	$ 50	$ -	$ -	$ 200	$ -
2027	$ 341,214	$ 229,302	$ 77,791	$ 307,093	$ 1,383,138		$ 34,121	$ -	$ -	$ 50	$ -	$ -	$ 250	$ -
2028	$ 358,375	$ 256,549	$ 65,990	$ 322,538	$ 1,126,589		$ 35,838	$ -	$ -	$ 50	$ -	$ -	$ 299	$ -
2029	$ 376,395	$ 285,955	$ 52,799	$ 338,755	$ 840,633		$ 37,640	$ -	$ -	$ 50	$ -	$ -	$ 350	$ -
2030	$ 395,315	$ 317,675	$ 38,110	$ 355,784	$ 522,959		$ 39,532	$ -	$ -	$ 50	$ -	$ -	$ 399	$ -
2031	$ 415,182	$ 351,860	$ 21,804	$ 373,664	$ 171,099		$ 41,518	$ -	$ -	$ 50	$ -	$ -	$ 449	$ -
2032	$ 436,041	$ 171,099	$ 4,277	$ 175,376	$ -		$ 43,604	$ -	$ -	$ 50	$ -	$ -	$ 217,560	$ -
	$ 2,730,844	$ 1,664,000	$ 576,700	$ 2,240,700	$ -		$ 273,084	$ -	$ -	$ 500	$ -	$ -		$ -

Maxiumum 10% Amount for Admin/Pooling	$ 273,084

Notes:

Future tax increment amounts are based on Ehlers projections.

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Tax Abatements

Tax Abatement is another tax incentive available to cities and is regulated through Minnesota State Statues 469.1812-469.1815. Tax abatement is the ability to capture and use *all or a portion of* the local property tax revenues within a defined geographic area to assist with commercial or housing development. Tax abatement is structured so as each major taxing jurisdiction is given the opportunity to choose, or not choose to contribute its share of the taxes for a particular project. Furthermore, each major taxing jurisdiction determines the structure (duration and amount) of the abatement as it deems appropriate. In general, tax abatement is a more flexible tool than tax increment financing, even allowing the jurisdiction to capture existing values.

Prior to tax abatement being awarded, each entity must hold a public hearing and adopt a resolution which must contain the term of tax abatement, statement of public benefit expected as a result of the tax abatement, and a schedule of the repayment of defered taxes. If the City, County, and School District all participate, the maximum term of the abatement is 15 years. If only 1 or 2 entities participate in the abatement, the maximum term is 20 years. In any one year, the total amount a political subdivision may abate may not exceed 10-percent of its net tax levy, or $200,000 – *whichever is greater.* Tax abatements are special tax levies outside of levy limits, and the amount of abatement must be added to the total levy for the current year.

Why use Tax Abatements?

Tax abatement is a development tool the City may use to capture some or all of the taxes it imposes on a parcel of property. It can apply those captured proceeds to specific, designated uses, so long as the benefits at least equal the costs to the city, and it is in the public interest as defined by the statute.

Summary of Tax Abatements

The City of Faribault has utilized tax abatement in recent years to support development and investment in the community. Currently five (5) tax abatements are active as is summarized below.

Tru Vue, Inc.	First Payment:	February 1, 2025
	Term:	10 Years
	City Maximum:	$390,000
	County Maximum:	$296,000
Trystar LLC	First Payment:	August 1, 2021
	Term:	10 Years
	City Maximum: $	$261,715
	County Maximum	$191,176 (Maximum of $68,415 Per Year)
Daiken Corp.	First Payment:	August 1, 2020
	Term:	10 Years
	City Maximum:	$971,950
	County Maximum:	$684,150
Steinair, Inc.	First Payment:	August 1, 2020
	Term:	8 Years
	City Maximum	$57,712
	County Maximum	$25,390
SageGlass	First Payment :	August 1, 2020
	Term:	10 Years
	City Maximum	$777,258
	County Maximum	$393,000

Tru Vue, Inc. –

In 2022 the City approved an abatement in the cumulative amount of $390,000 for a term of ten (10) years. The abatement is to offset a portion of the costs associated with Tru Vu's business expansion at 2150 Airport Drive which includes the buildout, expansion and construction of physical improvements. The expansion is to accommodate the installation of automation that will provide greater efficiencies in the manufacturing process. Rice County also participated in the project, providing a maximum tax abatement of $296,000 over the term of the abatement. The abatement is for ten years to be paid out in semi-annual installments with the first tax abatement starting in February 2025 and ending in August of 2034.

Trystar LLC –

As a business retention tool, the City authorized tax abatement for TryStar to support the consolidation of their Faribault operations into a singular building. The project involved consolidating 140,000 square feet of operations and warehousing spread over four (4) separate facilities, renovating a 100,000 square foot warehouse located at 15765 Acorn Trail into a manufacturing facility, constructing a 20,000 square foot office addition, and retaining 150 permanent full-time positions. The tax abatement was structured as 100-percent of new taxes, over 10 years, not to exceed a total combined (City/County) abatement of $452,891. Based on the existing taxes, it is projected that the tax abatement will reach its maximum in four (4) years versus 10 years.

Daikin Corp. -

Tax abatement was one of the tools used to attract the $40 million state-of-the-art manufacturing plant for a new Daikin product line, expanding the company's portfolio and ultimately positioning the company to assume additional market share and become the number one market shareholder in the HVAC industry in the United States. The project involved property acquisition of an existing, underutilized 300,000 square foot warehouse, converting the warehouse to a build-to-order manufacturing facility for a new product line, creating 32 jobs within two (2) years, and 300 new jobs by 2026. The City agreed to provide 100-percent tax abatement for 10-years, in an amount not to exceed $971,950 in total City tax abatement. Based on the existing taxes, it is projected that the tax abatement will reach its maximum in seven (7) years versus 10 years.

Steinair, Inc. -

Steinair is a specialized avionics company that the City attracted to its airfield in 2018. The company required an on-airport location to expand its business by being able to install the instrument panels and components they manufacture and assemble into their client's aircraft. Clients are now able to fly into the Stein Air facility, have Stein Air install the assembled panels and harnesses, then fly out once the installation is complete. The project involved the construction of a 16,000 square foot facility and the creation of 25 new jobs. To support the development, the City awarded a total of $57,712 of tax abatement over eight (8) years.

SageGlass –

In 2010 as part of an overall incentive package to support the construction of a 300,000 square foot high volume manufacturing facility for the electrochromic glass manufacturer, on Park Avenue, with the retention of 93 jobs and the creation of 114 jobs, the City offered tax abatement in the maximum principal amount of $777,258. In 2018 the abatement structure was modified, to start the abatement one year earlier, and decrease the percentage of the abatement over time, but in no event exceeding tax abatement payments of $777,258. With the new structure, it was anticipated that the abatement would end in the year 2035, however – the taxes generated by the project were greater than anticipated, and the abatement will be satisfied in 2025, at which time the taxes generated will be on the tax rolls.

Projections -

Based on the current market values and the details of the various agreements the chart below indicates anticipated captured amounts to be remitted.

	2021 & Prior	2022	2023	2024	2025	2026	2027	2028-2034	Total
SageGlass	247,479	166,182	166,943	162,747	33,907	-	-		777,258
Stienair, Inc	9,187	8,561	8,110	7,919	8,075	8,075	7,785		57,712
Daikin Corp.	170,114	154,811	158,209	158,973	161,915	161,915	6,014		971,950
Trystar, LLC	23,316	54,312	61,056	78,194	44,838	-	-		261,715
Tru Vu, Inc.	-	-	-	-	44,445	44,445	44,445	255,565	388,900
TOTAL	450,096	383,865	394,319	407,833	293,179	214,435	58,243	255,565	2,457,535

HOUSING AND REDEVELOPMENT AUTHORITY OF FARIBAULT, MINNESOTA

RESOLUTION #2023-09

ESTABLISH THE HRA PRELIMINARY TAX LEVY FOR FISCAL YEAR 2024

WHEREAS, Minnesota Statute 469.033, Subdivision 6 provides that a City may, at the request of its Housing and Redevelopment Authority (HRA), levy a tax each year on all taxable property within the taxing district for the benefit of the HRA; and

WHEREAS, Minnesota Statute 469.033, Subdivision 6 limits the levy to a maximum of 0.0185 percent of the estimated taxable market value in the district; and

WHEREAS, the 2024 estimated taxable market value in the district is $2,055,421,700; and

WHEREAS, the maximum the City Council can levy for HRA purposes in 2024 is $380,253 ($2,055,421,700 x 0.000185 = $380,253); and

WHEREAS, the HRA has prepared a preliminary work program and budget that depends on the HRA receiving the maximum levy amount allowed by the statute.

NOW, THEREFORE, BE IT RESOLVED, by the Housing and Redevelopment Authority of Faribault, Minnesota (the "HRA"), that it establishes and recommends the City Council approve a 2024 tax levy of $380,253 for HRA purposes per the proposed 2024 budget on file with the City.

ADOPTED: August 14, 2023

Loni R. Ahlers, Chair

ATTEST:

Travis McColley, Vice Chair/Secretary

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

RESOLUTION #2023-10

ESTABLISH THE EDA PRELIMINARY TAX LEVY FOR FISCAL YEAR 2024

WHEREAS, Minnesota Statute 469.107, Subdivision 1 provides that a City may, at the request of its Economic Development Authority (the "EDA"), levy a tax each year on all taxable property within the taxing district for the benefit of the EDA; and

WHEREAS, Minnesota Statute 469.107, Subdivision 1 limits the levy to a maximum of 0.01813 percent of the estimated taxable market value in the district; and

WHEREAS, the 2024 estimated taxable market value in the district is $2,055,421,700; and

WHEREAS, the maximum the City Council can levy for EDA purposes in 2024 is $372,648 ($2,055,421,700 x 0.0001813 = $372,648); and

WHEREAS, the EDA has prepared a preliminary work program and budget that depends on the EDA receiving the maximum levy amount allowed by the statute.

NOW, THEREFORE, BE IT RESOLVED, by the Economic Development Authority of Faribault, Minnesota (the "EDA"), that it establishes and recommends the City Council approve a 2024 tax levy of $372,648 for EDA purposes per the proposed 2024 budget on file with the City.

ADOPTED: August 17, 2023

Kevin Voracek

Kevin Voracek, Vice President

ATTEST:

AJ Smith, Secretary/Treasurer

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.

2024 Budget Goals & Objectives

- Update the website to include more information about requesting funds.
- Create an on-line request form.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Premise License Permits	21	17	20	17
Temporary Licenses Processed	17	18	20	20
Board Meetings	4	4	4	4
Applications for Funds	8	10	8	8

Budget Summary

Expenditures for 2024 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. A minor decrease in revenues has been projected due to potential legislative impacts on e-pulltabs.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Taxes	$51,437	$42,791	$34,000	$40,000
Miscellaneous Revenue	-$315	-$3,347	$860	$1,290
Total	**$51,122**	**$39,444**	**$34,860**	**$41,290**
Other Svcs & Charges	$32,815	$61,715	$32,250	$30,850
Total	**$32,815**	**$61,715**	**$32,250**	**$30,850**

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.

2024 Budget Goals & Objectives

- Statutory changes at the state-level have greatly reduced and limited 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.
- Because of fund limitations, the goal for 2024 (and beyond) is to preserve an emergency balance for must-have, unexpected, and unanticipated equipment replacement.

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	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Court Fines	$6,128	$0	$2,700	$0
Forfeited & Seized Assets	$18,554	$60	$0	$0
Miscellaneous Revenue	-$279	-$2,568	$940	$960
Total	**$24,404**	**-$2,508**	**$3,640**	**$960**
Supplies	$0	$4,357	$0	$2,500
Other Svcs & Charges	$628	$363	$1,000	$1,000
Capital Outlay	$54,534	$0	$0	$0
Total	**$55,161**	**$4,720**	**$1,000**	**$3,500**

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 Library Advisory Board and Staff worked together to create the Library Donations Fund Spending Policy to ensure that these gift funds and other donations made to the library going forward are used to make a positive and lasting impact for the citizens of Faribault. The City Council approved the Library Donations Fund Spending Policy via Resolution 2023-017 on January 24, 2023.

Fund assets are invested in accordance with the City's Investment Policy. Three specified allocations have been created and are set up as follows: Permanent Endowment Allocation, Library Upgrade Allocation and Makerspace Incubator Allocation. According to the policy mentioned above, distributions from the Library Donations Fund shall be made to meet the supplemental needs of the library to fulfill its mission but in an amount that permits the Permanent Endowment Allocation to be maintained in perpetuity. Distributions from the Library Upgrade Allocation and the Makerspace Incubator Allocation will be made by the Library Director, with imput from the Library Advisory Board following approval from the City Council through budgetary processes.

2024 Budget Goals & Objectives

- Upgrade the technology of the Great Hall including a built-in sound system, a hearing loop system, a visual/projection system and other accessibility upgrades
- Install acoustic treatments, lighting, shades and other amenities to improve user and audience experience in the Great Hall

Department Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Board & Staff makerspace tours	--	1	1	2
Board/Finance Committee planning discussions	2	8	6	4
Discussions and updates with City Council	1	2	1	1

Budget Summary

In 2024, $150,000 from the Library Upgrade Allocation of the Library Donations Fund will be used to upgrade technology and user experience amenities in the Great Hall making programming, events and meetings in that space more accessible and enjoyable for all users.

Revenue/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Miscellaneous Revenue	$2,700,000	$252,199	$0	$11,160
Total	**$2,700,000**	**$252,199**	**$0**	**$11,160**
Supplies	$0	$0	$0	$0
Other Svcs & Charges	$0	$0	$0	$0
Capital Outlay	$0	$0	$0	$150,000
Total	**$0**	**$0**	**$0**	**$150,000**

PUBLIC WORKS

AIRPORT FUND (225)

Fund Description/Services

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

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

2024 Budget Goals & Objectives

- Replacement of the Automated Weather Observation System (AWOS).
- Adjust hangar and land rent rates to ensure there is adequate operational funding available.
- Secure one additional private hangar build.

Department Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Hangar Leases	25	25	25	25
Land Leases	36	36	37	37
Agricultural Leases (Acres)	68.8	68.8	68.8	68.8
Available Hangar Sites	8	8	7	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 Coordinator. 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. 2023 saw the completion of the Airfield Lighting Improvement project which will lead to lower energy consumption and decreased annual maintenance costs. In 2023 the Airport ceased receiving operating levy support. Hangar and land rental rates are proposed to increase 5% in 2024 to provide adequate operational funding.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Taxes	$19,856	$9,937	$0	$0
Intergovernmental	$45,081	$336,586	$31,590	$259,636
Rents	$119,048	$137,298	$132,739	$141,624
Miscellaneous Revenue	$3,195	-$33,789	$5,800	$7,880
Operating Transfers	$0	$0	$0	$0
Total	**$187,180**	**$450,030**	**$170,129**	**$409,140**
Supplies	$7,528	$5,622	$5,500	$7,900
Other Svcs & Charges	$178,820	$179,407	$123,667	$127,632
Capital Outlay	$42,356	$315,841	$113,560	$325,000
Total	**$228,705**	**$500,870**	**$242,727**	**$460,532**

COMMUNITY & ECONOMIC DEVELOPMENT

CITY RENTAL PROPERTY FUND (211)

Fund Description/Services

Fund 211 includes the revenues and expenditures related to the City-owned single-family residence at 16 1st Street SE – the only residential rental property owned by the City. Community and Economic Development staff manage the property. The City intends to remove the existing residence once the current tenant ends their lease.

2024 Budget Goals & Objectives

- Manage and maintain the residence, but avoid any unnecessary improvements given the City intends to remove the residence once the current tenant ends their lease.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 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	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Miscellaneous Revenue	$12,782	$8,178	$14,390	$16,570
Total	**$12,782**	**$8,178**	**$14,390**	**$16,570**
Supplies	$0	$0	$500	$500
Other Svcs & Charges	$7,481	$5,954	$7,763	$7,750
Total	**$7,481**	**$5,954**	**$8,263**	**$8,250**

COMMUNITY & ECONOMIC DEVELOPMENT

COMMUNITY DEVELOPMENT ADMINISTRATION FUND (240)

Fund Description/Services

Fund 240 supports the Community and Economic Development (CED) Department efforts to address issues and opportunities related to economic development, community development, housing, heritage preservation, and the natural environment. CED staff serve as liaisons and provide administrative support to the Faribault Housing and Redevelopment Authority, the Faribault Economic Development Authority, the Elderly Housing Corporation, the Heritage Preservation Commission, and the Environmental Commission. Fund 240 supports the following services:

- General department leadership, organization, and support;
- Department personnel management;
- Budget management;
- Interdepartmental coordination; and
- Community relations

2024 Budget Goals & Objectives

- Monitor the costs and benefits of using a property management firm to manage the HRA's housing and make adjustments as necessary.
- Ensure staff have adequate training, equipment, and software to conduct their work efficiently and professionally.
- Continue to analyze and, where appropriate, use tax abatement to support quality development.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Number of Agendas Administered *(DRC, PC, HRA, EDA, HPC – does not include City Council or City Council Work Sessions)*	75	62	70	70
Property Management Applications	100	100	100	100
Work Orders Processed	619	694	750	750
Housing Units Rehabbed	4	0	0	2
Design Reviews Conducted	15	10	10	10
Tax Abatement Projects Administered	6	6	7	7

* PC meetings reflected in Planning and Zoning (41910)

Staffing Levels

Position	2020 Adopted	2021 Adopted	2022 Adopted	2023 Adopted	2024 Proposed
Director	1.00	1.00	1.00	1.00	1.00
Community Development Coordinator	1.00	1.00	1.00	0.00	1.00
Department Specialist	1.00	1.00	1.00	1.00	0.00
Administrative Assistant II/Department Secretar	1.00	1.00	0.00	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	0.00
Economic Development Coordinator	1.00	1.00	1.00	1.00	1.00
Housing Coordinator	0.00	0.00	0.00	1.00	0.00
Total Full-Time Employees	**7.00**	**7.00**	**6.00**	**6.00**	**4.00**

Budget Summary

Fund 240 primarily covers staffing expenses to administer and manage the HRA’s housing, economic development, historic preservation, community development, sustainability, and special project activities. The 2024 budget reflects outsourcing some work associated with the HRA’s housing, which CED staff will monitor for its effect on the budget.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Taxes	$264,335	$211,543	$132,300	$66,149
Taxes for Abatements	$0	$410,914	$401,976	$409,651
Intergovernmental	$0	$258,280	$0	$103,798
Charges for Services	$290,263	$296,376	$386,113	$1,140
Miscellaneous Revenue	-$5,878	-$16,407	$11,970	$0
Total	**$548,720**	**$1,160,708**	**$932,359**	**$580,738**
Personnel Services	$521,695	$507,940	$644,766	$350,921
Supplies	$7,179	$25,557	$6,250	$3,900
Other Svcs & Charges	$34,653	$291,560	$29,134	$29,829
Tax Abatement	$0	$410,914	$401,976	$409,651
Operating Transfers	$192,314	$466,660	$0	$0
Total	**$755,842**	**$1,702,632**	**$1,082,126**	**$794,301**

COMMUNITY & ECONOMIC DEVELOPMENT

RENTAL HOUSING REHABILITATION (244)

Fund Description/Services

Fund 244 provides for the administration and management of a rental rehabilitation program administered by the Housing and Redevelopment Authority of Faribault (the "HRA").

2024 Budget Goals & Objectives

- Reaffirm or refine the Rental Housing Rehabilitation program guidelines and develop an implementation plan.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Loans Administered	0	0	0	0
Projects Completed	0	0	0	0

Budget Summary

The 2024 budget does not anticipate expenditures for housing rehabilitation in 2024.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Miscellaneous Revenue	-$1,173	-$10,468	$2,600	$4,380
Total	**-$1,173**	**-$10,468**	**$2,600**	**$4,380**
Other Svcs & Charges	$0	$0	$100,000	$0
Total	**$0**	**$0**	**$100,000**	**$0**

COMMUNITY & ECONOMIC DEVELOPMENT

SCDP REVOLVING LOAN FUNDS (247)

Fund Description/Services

The Minnesota Department of Employment and Economic Development (DEED) awarded the City of Faribault a $459,738 Small Cities Development Program (SCDP) grant in 2009. In 2017, the grant had a balance of roughly $445,000, and the US Department of Housing and Urban Development (HUD), which provided the SCDP funding, directed that the City spend down its grant. On February 26, 2019, the City Council approved Resolution 2019-037, which approved the City's revised spending plan for the SCDP funds, pending DEED approval. The revised spending plan identified the City would spend the funds in 2018 and 2019 on the following projects related to the removal of blight:

- Signage, including wayfinding, banners, and parking lot signs;
- Landscaping, including public parking lot landscaping and streetscape improvements on 1st Avenue NW; and
- Public realm improvements, including benches, public art, and security cameras.

As of July 2023, the City spent most of the original fund. However, the fund had $84,000 remaining for streetscape and parking lot improvements. The City intends to close out the 2019 spending plan and adopt a new spending plan to spend down the remaining funds.

2024 Budget Goals & Objectives

- Work with DEED to close out the 2019 spending plan.
- Work with the City Council and DEED to create, adopt, and implement a new spending plan to spend the remaining funds.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Loans Administered	0	0	0	0
Projects Completed	0	0	0	2

Budget Summary

The City will work with DEED to create and adopt a new spending plan and implement the plan in 2024.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Miscellaneous Revenue	$665	$3,688	$6,310	$14,559
Total	**$665**	**$3,688**	**$6,310**	**$14,559**
Other Svcs & Charges	$0	$0	$84,000	$84,000
Total	**$0**	**$0**	**$84,000**	**$84,000**

HOUSING & REDEVELOPMENT AUTHORITY

PUBLIC HOUSING FUND (241)

Fund Description/Services

In 2023, the Faribault Housing and Redevelopment Authority (HRA) repositioned its 49 public housing units to a Rental Assistance Demonstration(RAD)/Section 18 Blend. Starting in 2024, Fund 241 will no longer receive operating or capital fund disbursements from HUD. Instead, the fund will collect and retain rents to cover all administrative and capital expenses for housing management. Traditionally, Community and Economic Development (CED) staff managed the 49 housing units covered by Fund 241 on behalf of the HRA. However, due to CED staffing changes in 2023, the HRA contracted with Cornerstone Management Services to manage the 49 housing units.

2024 Budget Goals & Objectives

- Monitor the costs and benefits of using a property management firm to manage the HRA's housing and make adjustments as necessary.
- Initiate discussions with the HRA, HUD, qualified nonprofit organizations, and others to determine the costs and benefits associated with transferring ownership and management of the HRA's 49 housing units to a nonprofit organization or other entity that will guarantee the housing units will continue to serve income-qualified tenants in perpetuity.
- Promptly fill units vacated by tenants to help ensure the financial health of Fund 241 and that residents in need can move into the housing as quickly as possible.
- Conduct a facilities study to budget for future capital improvements and maintenance costs, including cost-effective energy efficiency improvements.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Rental Units	49	49	49	49
Occupancy Percent	99%	99%	95%	99%
Unit Turnovers	10	10	10	10
Moved on to Market-Rate Housing	2	2	2	2

Budget Summary

The HRA's repositioning of its 49 public housing units to a RAD/Section 18 Blend required significant consultant and legal fees in 2022 and 2023, which reduced Fund 241's balance. There are many uncertainties with this fund. There is a limited track record to analyze the impact of having a property management firm instead of City Staff. However, starting in 2024, the fund's balance should improve. Nevertheless, Community and Economic Development (CED) staff must closely monitor Fund 241 and make adjustments as necessary.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$402,074	$1,620	$0	$0
Miscellaneous Revenue	$273,278	$236,945	$639,300	$637,620
Total	**$675,352**	**$238,565**	**$639,300**	**$637,620**
Supplies	$40,034	$23,731	$23,000	$23,000
Other Svcs & Charges	$392,669	$360,163	$529,962	$451,185
Total	**$432,703**	**$383,894**	**$552,962**	**$474,185**

HOUSING & REDEVELOPMENT AUTHORITY

CRV REHABILITATION PROGRAM (254)

Fund Description/Services

Fund 254 administers and manages a down payment assistance program to assist mobile homeowners in upgrading their mobile homes. The Minnesota Housing Finance Agency (MHFA) provided funds in 2002, 2004, and 2008 in connection with a Community Revitalization Fund (CRV) agreement. However, the agreement has expired. The Faribault Housing and Redevelopment Authority (HRA) and the MHFA must renew their agreement before the HRA can access the funds in Fund 254. In 2023, the HRA entered into an agreement with Healthy Community Initiative (HCI) to fund an HCI mobile home coordinator for 2023 and 2024. The HRA will strive to execute a new agreement with MHFA in light of the mobile home coordinator's efforts.

2024 Budget Goals & Objectives

- Determine the viability of accessing Fund 254 to help mobile homeowners upgrade their mobile homes.
- Renew the HRA's agreement with MHFA to use the funds in Fund 254.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Loans Administered	0	0	0	5
Projects Completed	0	0	0	5

Budget Summary

The 2024 budget remains unchanged from 2023. The HRA must renew its agreement with MHFA before the HRA can use the funds in Fund 254. Community and Economic Development staff will work with MHFA to determine the status of Fund 254 and to develop a plan to use the funds, if feasible. If the HRA can access and administer the fund, the HRA may be able to administer five loans/projects in 2024.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Miscellaneous Revenue	-$292	-$3,166	$750	$1,320
Total	**-$292**	**-$3,166**	**$750**	**$1,320**
Other Svcs & Charges	$0	$0	$0	$0
Total	**$0**	**$0**	**$0**	**$0**

HOUSING & REDEVELOPMENT AUTHORITY

HOUSING & REDEVELOPMENT AUTHORITY FUND (280)

Fund Description/Services

Fund 280 supports the Faribault Housing and Redevelopment Authority's (HRA's) efforts to manage the HRA's housing, promote homeownership, rehabilitate housing, acquire land for redevelopment, prepare housing studies, and conduct other HRA activities.

2024 Budget Goals & Objectives

- Renew efforts to promote homeownership, housing, development, and programs to improve housing stock.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Number of Meetings	11	12	12	12
Resolutions	8	10	10	10
Programs Administered	7	7	11	10

Budget Summary

CED staff will record its direct costs for HRA activities unrelated to Fund 211, Fund 241, Fund 897, and Fund 898. The 2024 budget includes CED staff time to conduct HRA meetings and manage the HRA's special programs, such as the unsheltered voucher program.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Taxes	$297,671	$311,674	$328,850	$380,253
Intergovernmental	$39	$31	$0	$0
Charges for Services	$127,877	$128,574	$45,250	$45,250
Miscellaneous Revenue	$52,800	-$32,229	$9,443	$34,920
Sale of Capital Assets	$0	$0	$0	$0
Total	**$478,387**	**$408,050**	**$383,543**	**$460,423**
Other Svcs & Charges	$278,177	$544,628	$911,268	$422,639
Capital Outlay	$0	$43,368	$40,000	$0
Total	**$278,177**	**$587,996**	**$951,268**	**$422,639**

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 in an industrial park or industrial zoning district.

2024 Budget Goals & Objectives

Identify eligible projects, and disburse funds to promote economic development.

Fund Statistics

	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Loans Administered	5	0	0	2
New Loans	1	0	0	2
Jobs Created/Retained	210	0	0	50

Budget Summary

The program provides loans to support industrial development.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Miscellaneous Revenue	$1,342	-$11,261	$5,700	$7,631
Total	**$1,342**	**-$11,261**	**$5,700**	**$7,631**
Other Svcs & Charges	$0	$0	$100,000	$100,000
Total	**$0**	**$0**	**$100,000**	**$100,000**

ECONOMIC DEVELOPMENT AUTHORITY

FEDERAL INVESTMENT REVOLVING LOAN FUNDS (248)

Fund Description/Services

The federal government provides funding, and the State of Minnesota distributes funds associated with Fund 248. In the past, the EDA successfully applied for Federal Investment Funds to support specific business growth and expansion projects. The EDA provided low-interest industrial development loans to support private efforts to expand and recruit industries that create jobs and increase the property tax base. 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.

2024 Budget Goals & Objectives

- Continue to explore ways to use Fund 248. If necessary, work with the State of Minnesota to transfer these funds to another fund, increasing the likelihood of deploying the funds to support federal objectives.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 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	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Miscellaneous Revenue	-$3,887	-$34,690	$9,000	$14,510
Total	**-$3,887**	**-$34,690**	**$9,000**	**$14,510**
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.

2024 Budget Goals & Objectives

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

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 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	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Miscellaneous Revenue	-$87	-$780	$200	$320
Total	**-$87**	**-$780**	**$200**	**$320**
Other Svcs & Charges	$0	$0	$0	$0
Total	**$0**	**$0**	**$0**	**$0**

ECONOMIC DEVELOPMENT AUTHORITY

ECONOMIC DEVELOPMENT AUTHORITY ADMINISTRATION FUND (290)

Fund Description/Services

Fund 290 supports the activities of the Faribault Economic Development Authority (EDA), including industrial development and redevelopment, business recruitment and retention, commercial rehabilitation, marketing, workforce development, and tax increment financing administration. The Community and Economic Development Department administers the EDA's activities and, in coordination with the EDA, provides the following services:

- Develop and implement the annual EDA Economic Development Work Plan;
- Develop and administer the EDA's economic development programs;
- Market economic development opportunities;
- Administer industrial and commercial development financial assistance programs;
- Develop and administer the Downtown Revitalization Program; and
- Develop, recruit, and support business and workforce development.

2024 Budget Goals & Objectives

- Continue to implement budgeted downtown revitalization efforts, including managing a $500,000 pass-through loan from the City to Faribo Downtown Central.
- Continue to support partner organizations assisting with the implementation of economic development goals in the community (SMIF, MMP, Chamber of Commerce).
- Implement the Highway 60 West Gateway Corridor Master Plan, which the EDA expects to complete in 2023.
- Focus on the retention and expansion of existing businesses and industries while strategically pursuing new industries that the EDA has prioritized.
- Reestablish the City's Sustainable Industries Cohort as a means to retain and recruit businesses and industries.
- Continue to identify and address significant barriers that prevent businesses and industries from locating in Faribault.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Number of Meetings*	14	13	14	14
Resolutions	30	19	20	20
Business Assistance Programs Awards	15	20	20	20

*Includes regular EDA meetings and Committee meetings.

Budget Summary

Fund 290 focuses on implementing the EDA's Work Plan. The 2024 budget strives to prioritize the EDA's efforts and funds to retain and recruit businesses and industries while ensuring the long-term viability of Fund 290.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Taxes	$291,724	$305,443	$322,273	$372,648
Intergovernmental	$38	$750,030	$0	$0
Charges for Services	$6,396	$3,199	$2,500	$2,500
Miscellaneous Revenue	$6,447	$18,258	$7,483	$21,463
Transfer In	$289,892	$466,660	$0	$0
Total	**$594,496**	**$1,543,590**	**$332,256**	**$396,611**
Supplies	$12	$78	$250	$250
Other Svcs & Charges	$164,061	$1,233,492	$1,170,541	$1,170,361
Transfer Out	$0	$0	$0	$0
Total	**$164,073**	**$1,233,570**	**$1,170,791**	**$1,170,611**

ECONOMIC DEVELOPMENT AUTHORITY

ECONOMIC DEVELOPMENT AUTHORITY REVOLVING LOAN FUND (292)

Fund Description/Services

Fund 292 offers payable and forgivable loans for eligible economic development projects. Originally, the program limited funding to projects within a primary transportation corridor that would visually enhance the property and the community. In 2012, the Economic Development Authority expanded the use of Fund 292 for low-interest loans for facade improvements in the Downtown Business District. In 2021, the Economic Development Authority authorized and funded the Economic Development Incentive Program (EDIP). Currently, Fund 292 provides the following:

- Loans and grants for site improvements in a primary transportation corridor that visually enhance the property and community;
- Microloans for façade improvements in the Downtown Business District; and
- Economic Development Incentives for targeted industries.

2024 Budget Goals & Objectives

- Continue to use funds to support visual enhancements along primary transportation corridors and support the retention, growth, and attraction of targeted industries.
- Limit the number of small awards to reduce administration costs and ensure sufficient funds for significant projects.
- Balance the forgivable loan awards with the need to maintain the long-term viability of the fund.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Loans Administered	21	21	20	20
New Loans	5	2	4	4

Budget Summary

Fund 292 provides funds to help retain and recruit businesses and industries. The 2024 budget strives to prioritize how the EDA distributes funding in a manner that ensures the long-term viability of Fund 292.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Miscellaneous Revenue	-$1,645	-$20,973	$5,480	$9,214
Total	**-$1,645**	**-$20,973**	**$5,480**	**$9,214**
Other Svcs & Charges	$0	$0	$100,000	$100,000
Total	**$0**	**$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 the 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.

2024 Budget Goals & Objectives

Continue 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

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
TIF Districts Maintained	7	8	10	12
TIF Projects Maintained	7	8	10	12

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	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Tax Increment	$207,291	$173,779	$297,684	$351,253
Total	**$207,291**	**$173,779**	**$297,684**	**$351,253**
Other Svcs & Charges	$189,047	$209,461	$388,731	$359,808
Total	**$189,047**	**$209,461**	**$388,731**	**$359,808**

City Of Faribault

2023 Enterprise Funds Projected through 2032

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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 2024-2032 (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 77 new housing units in 2023 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 in 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.
- 6.0% annual increase is included for fixed (base) charges, then rounded to the nearest $0.05.
- 6.0% 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 in anticipation of a new well in 2027.

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:

- $3,450,800 in 2023
- $4,109,150 in 2024
- $1,831,000 in 2025 (supported, in part, by $495,000 anticipated special assessments)

- $1,725,000 in 2026
- $3,540,750 in 2027
- 783,000 in 2028

Between 2029-2032, 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)

It is anticipated that transfers to the debt service will be reallocated to capital funds when the bonds are fully defeased.

Balance Sheet

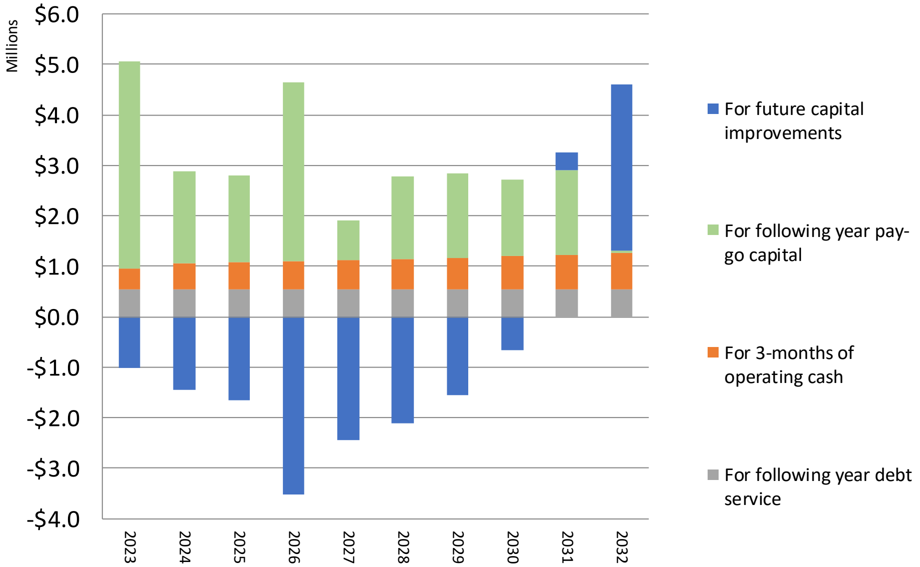
The ending 2022 cash balance in the Financial Plan is equal to the reported ending cash balance in the City's 2022 Annual Comprehensive Financial Report. Reported receivables and payables are projected to remain at historic amounts during the planning period.

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 $6,399,630 to $5,038,514 from 2022 to 2032.

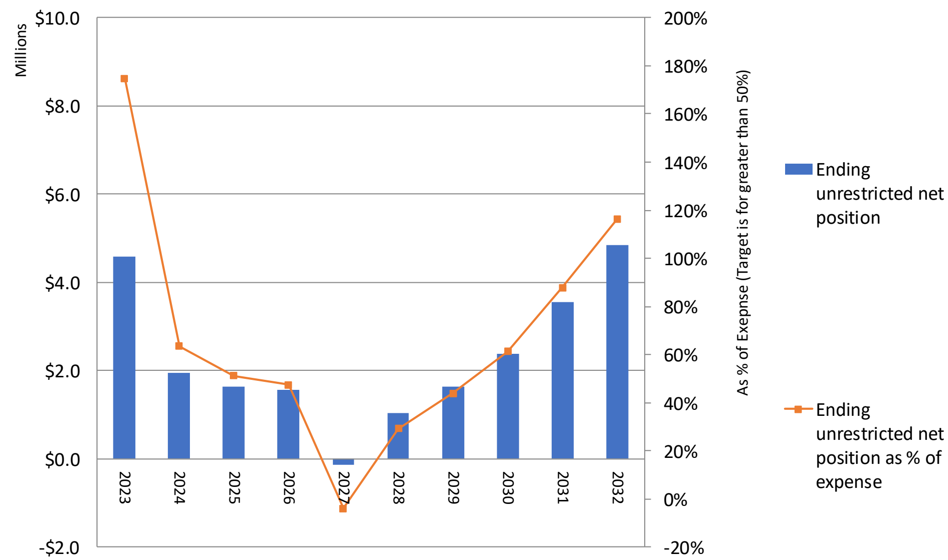
Finance Summaries and Plans

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

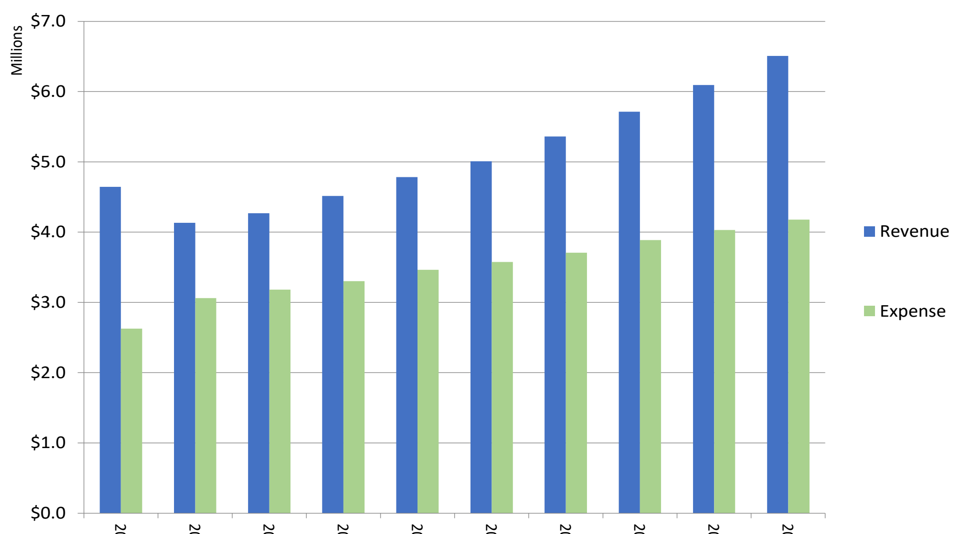
Water Fund
Cash is projected to be sufficient to meet targets for minimum balances and for reserve for future capital improvements not yet programmed in the CIP



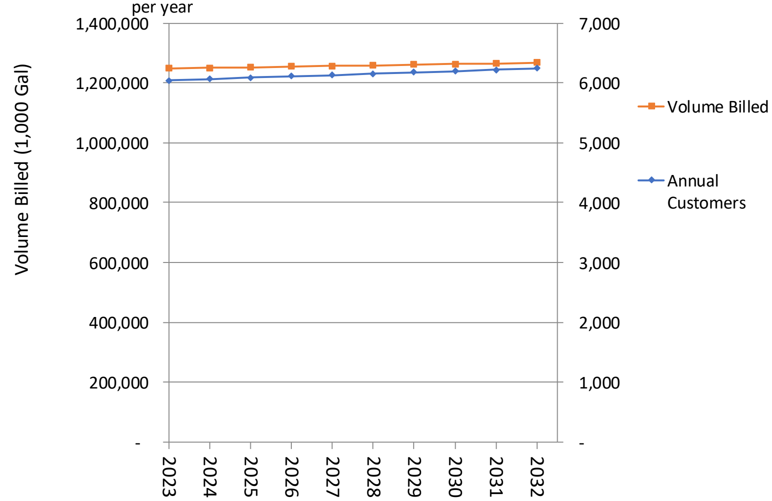
Water Fund
Ending Unrestricted Net Position as % of expense is projected to be at or above 50%



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. Capital items are not included in expenses.



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



Water Fund (601)

	2021 Actual	2022 Actual	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Charges for services	40,001	51,307	31,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Charges for sales	3,655,618	3,828,842	3,884,161	3,855,561	4,097,671	4,354,798	4,627,858	4,917,379	5,224,263	5,552,788	5,900,468	6,268,299
Capital contributions	55,611	232,951	-	-	-	-	-	-	-	-	-	-
Special assessments	3,308	1,387	510,928	14,553	13,514	12,474	11,435	10,395	9,356	8,316	7,277	6,237
Access charges	44,648	159,931	72,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Gain (loss) on sale of asset	(588,499)	-	-	-	-	-	-	-	-	-	-	-
Penalities and interest on penalties	42,098	34,821	50,000	50,500	51,005	51,515	52,030	52,551	53,076	53,607	54,143	54,684
Miscellaneous revenue	-	1,070	1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094
Intergovernmental revenue	2,125	1,263,230	-	-	-	-	-	-	-	-	-	-
Other revenue	911	14,505	500	-	-	-	-	-	-	-	-	-
Investment income	(39,741)	(391,721)	94,000	162,465	57,372	45,898	44,803	(21,855)	26,728	51,396	82,795	130,475
Total Revenues	3,216,080	5,196,323	4,643,589	4,132,090	4,268,581	4,513,715	4,785,166	5,007,520	5,362,484	5,715,179	6,093,765	6,508,789
Expenses												
Fixed Expenses												
Personal services	509,785	655,792	578,649	601,795	625,867	650,901	676,937	704,015	732,176	761,463	791,921	823,598
New Union FTE added	-	-	-	-	-	-	-	-	-	40,157	43,570	47,273
Depreciation	676,870	701,453	770,469	852,652	889,272	923,772	994,587	1,010,247	1,042,853	1,076,159	1,106,565	1,139,771
Subtotal Fixed Expenses	1,186,655	1,357,245	1,349,118	1,454,447	1,515,139	1,574,673	1,671,524	1,714,262	1,775,029	1,877,779	1,942,056	2,010,642
Variable Expenses												
Materials and supplies	333,437	416,614	377,100	395,955	415,753	436,540	458,367	481,286	505,350	530,618	557,148	585,006
Other services and charges	508,127	723,176	392,941	412,588	433,217	454,878	477,622	501,503	526,579	552,907	580,553	609,580
Utilities	305,944	363,042	325,800	342,090	359,195	377,154	396,012	415,813	436,603	458,433	481,355	505,423
Transfer out other	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	90,000	90,000	90,000	90,000	90,000	90,000
Interest and amortization expense	82,509	87,783	92,381	80,030	75,430	70,790	66,100	61,370	56,600	51,770	46,890	41,970
Est Operating Increases for Plant	-	-	-	288,191	293,955	299,834	305,831	311,947	318,186	324,550	331,041	337,662
Subtotal Variable Expenses	1,320,017	1,680,615	1,278,222	1,608,854	1,667,550	1,729,197	1,793,932	1,861,919	1,933,318	2,008,278	2,086,987	2,169,641
Total Expenses	2,506,672	3,037,860	2,627,340	3,063,301	3,182,688	3,303,870	3,465,457	3,576,181	3,708,346	3,886,057	4,029,043	4,180,283
Beginning net position	27,255,254	27,964,662	30,123,125	32,139,374	33,208,163	34,294,056	35,503,901	36,823,610	38,254,949	39,909,087	41,738,209	43,802,931
Change in Net Position	709,408	2,158,463	2,016,249	1,068,789	1,085,893	1,209,845	1,319,709	1,431,339	1,654,138	1,829,122	2,064,722	2,328,506
Ending net position	27,964,662	30,123,125	32,139,374	33,208,163	34,294,056	35,503,901	36,823,610	38,254,949	39,909,087	41,738,209	43,802,931	46,131,437

Assets and Deferred Outflow of Resources												
Cash and cash equivalents	6,943,256	6,399,630	4,061,635	1,434,288	1,147,453	1,120,070	(546,384)	668,202	1,284,897	2,069,882	3,261,873	4,605,854
Special assessments receivable	97,101	122,812	501,133	462,000	429,000	396,000	363,000	330,000	297,000	264,000	231,000	198,000
Other current assets / receivables	519,523	695,346	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Capital assets	42,559,767	45,997,340	49,448,140	53,557,290	55,388,290	57,113,290	60,654,040	61,437,040	63,067,336	64,732,632	66,252,928	67,913,224
Less Accumulated depreciation	(12,430,931)	(13,128,943)	(13,899,412)	(14,752,064)	(15,641,336)	(16,565,108)	(17,559,695)	(18,569,942)	(19,612,795)	(20,688,954)	(21,795,519)	(22,935,290)
Deferred outflows of resources	171,585	159,597	160,000	171,585	171,585	171,585	171,585	171,585	171,585	171,585	171,585	171,585
Total Assets and Deferred Outflows	37,860,301	40,245,782	40,771,495	41,373,099	41,994,992	42,735,837	43,582,546	44,536,885	45,708,023	47,049,145	48,621,867	50,453,373
Liabilities and Deferred Inflow of Resources												
Other current liabilities / payables	428,497	964,040	180,185	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Bonds payable	8,938,795	8,458,268	8,003,000	7,543,000	7,079,000	6,610,000	6,137,000	5,660,000	5,177,000	4,689,000	4,197,000	3,700,000
Other non-current liabilities	321,411	570,560	242,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Deferred inflows of resources	206,936	129,789	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	9,895,639	10,122,657	8,632,121	8,164,936	7,700,936	7,231,936	6,758,936	6,281,936	5,798,936	5,310,936	4,818,936	4,321,936
Total Liabilities, Deferred Inflows, and Net Position	37,860,301	40,245,782	40,771,495	41,373,099	41,994,992	42,735,837	43,582,546	44,536,885	45,708,023	47,049,145	48,621,867	50,453,373
Net investments in capital assets	21,190,041	24,410,129	27,545,728	31,262,226	32,667,954	33,938,182	36,957,345	37,207,098	38,277,541	39,354,678	40,260,409	41,277,934
Unrestricted / restricted for debt service	6,774,621	5,712,996	4,593,646	1,945,937	1,626,102	1,565,719	(133,735)	1,047,851	1,631,546	2,383,531	3,542,522	4,853,503
Total net position	27,964,662	30,123,125	32,139,374	33,208,163	34,294,056	35,503,901	36,823,610	38,254,949	39,909,087	41,738,209	43,802,931	46,131,437

Water Fund (601)

	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Use of Cash										
Operations & Maintenance	1,674,490	2,040,619	2,127,986	2,219,308	2,314,770	2,414,564	2,518,893	2,668,128	2,785,588	2,908,542
Capital Acquisition	3,450,800	4,109,150	1,831,000	1,725,000	3,540,750	783,000	1,630,296	1,665,296	1,520,296	1,660,296
Interfund Transfers	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Debt Service	547,649	540,030	539,430	539,790	539,100	538,370	539,600	539,770	538,890	538,970
Total Use of Cash	5,762,939	6,779,799	4,588,416	4,574,098	6,484,620	3,825,934	4,778,789	4,963,194	4,934,774	5,197,808
Source of Cash										
Water Charges for Service and Sales	3,843,161	3,837,561	4,079,671	4,336,798	4,609,858	4,899,379	5,206,263	5,534,788	5,882,468	6,250,299
Development Charges	72,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Other Revenues	728,428	261,528	155,910	143,917	142,308	75,141	123,221	147,391	178,297	225,490
Total Source of Cash	4,643,589	4,132,090	4,268,581	4,513,715	4,785,166	5,007,520	5,362,484	5,715,179	6,093,765	6,508,789
Net Change in Other Assets and Liabilities	(1,218,646)	20,363	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Change in Cash Balance	(2,337,995)	(2,627,347)	(286,835)	(27,383)	(1,666,454)	1,214,586	616,695	784,985	1,191,991	1,343,981
Beginning Cash Balance	6,399,630	4,061,635	1,434,288	1,147,453	1,120,070	(546,384)	668,202	1,284,897	2,069,882	3,261,873
Projected Ending Cash (as of December 31st)	**4,061,635**	**1,434,288**	**1,147,453**	**1,120,070**	**(546,384)**	**668,202**	**1,284,897**	**2,069,882**	**3,261,873**	**4,605,854**

Water Fund (601)

	Current Year 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capital Outlay										
Transfer out for capital	22,500	22,500	22,500	22,500	90,000	90,000	90,000	90,000	90,000	90,000
Acquisition of capital assets	3,450,800	4,109,150	1,831,000	1,725,000	3,540,750	783,000	1,630,296	1,665,296	1,520,296	1,660,296
Total Capital Outlay	**3,473,300**	**4,131,650**	**1,853,500**	**1,747,500**	**3,630,750**	**873,000**	**1,720,296**	**1,755,296**	**1,610,296**	**1,750,296**
Source of Funds										
Current revenue / use of cash in fund	3,473,300	4,131,650	1,853,500	1,747,500	3,630,750	873,000	1,720,296	1,755,296	1,610,296	1,750,296
Total Source of Funds	**3,473,300**	**4,131,650**	**1,853,500**	**1,747,500**	**3,630,750**	**873,000**	**1,720,296**	**1,755,296**	**1,610,296**	**1,750,296**

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.

Water Fund (601)

	Prior Year Actual 2021	Prior Year Actual 2022	Current Year 2023	Projected 2024	2025	2026	2027	2028	2029	2030	2031	2032
Balance of Capital Assets and Depreciation												
Capital assets	42,559,767	45,997,340	49,448,140	53,557,290	55,388,290	57,113,290	60,654,040	61,437,040	63,067,336	64,732,632	66,252,928	67,913,224
Less Accumulated depreciation	(12,430,931)	(13,128,943)	(13,899,412)	(14,752,064)	(15,641,336)	(16,565,108)	(17,559,695)	(18,569,942)	(19,612,795)	(20,688,954)	(21,795,519)	(22,935,290)
Net capital assets	**30,128,836**	**32,868,397**	**35,548,728**	**38,805,226**	**39,746,954**	**40,548,182**	**43,094,345**	**42,867,098**	**43,454,541**	**44,043,678**	**44,457,409**	**44,977,934**
Acquisition of capital assets	1,579,000	3,437,573	3,450,800	4,109,150	1,831,000	1,725,000	3,540,750	783,000	1,630,296	1,665,296	1,520,296	1,660,296
Depreciation	676,870	701,453	701,453	770,469	852,652	889,272	923,772	994,587	1,010,247	1,042,853	1,076,159	1,106,565
Allowance for depreciation on new assets			69,016	82,183	36,620	34,500	70,815	15,660	32,606	33,306	30,406	33,206
Total increase in allowance for depreciation	676,870	701,453	770,469	852,652	889,272	923,772	994,587	1,010,247	1,042,853	1,076,159	1,106,565	1,139,771
Change in net capital assets	902,130	2,736,120	2,680,331	3,256,498	941,728	801,228	2,546,163	(227,247)	587,443	589,137	413,731	520,525

* *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.
- 2.0% annual increase for the 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 includes the following for system improvements, equipment acquisitions, and utility improvements constructed as part of street improvement projects:

- $3,895,415 in 2023
- $3,080,500 in 2024
- $707,075 in 2025

- $368,500 in 2026
- $586,000 in 2027
- $799,000 in 2028

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 2029-2032 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)

It is anticipated that transfers to the debt service will be reallocated to capital funds when the bonds are fully defeased.

Balance Sheet

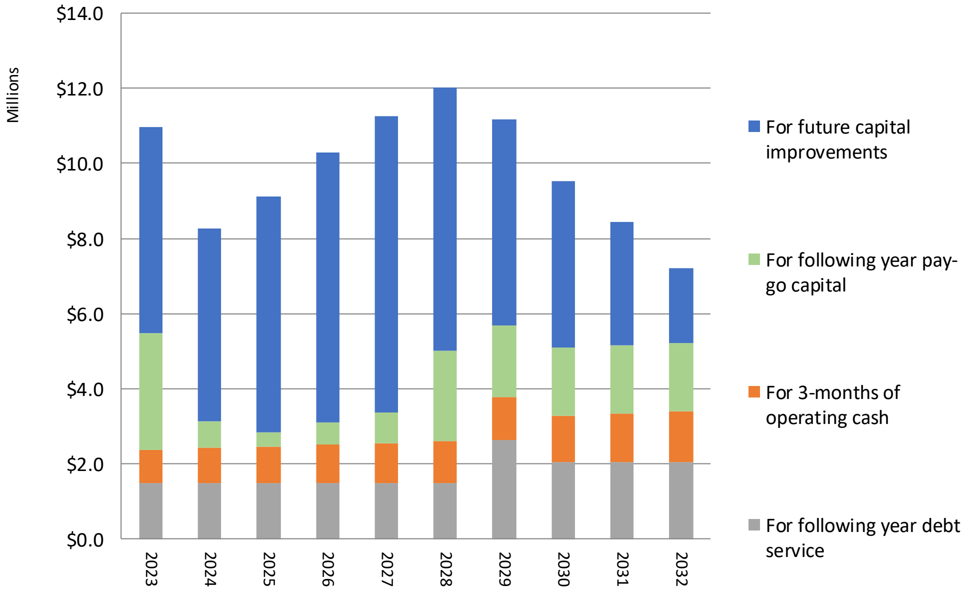
The ending 2022 cash balance in the Financial Plan is equal to the reported ending cash balance in the City's 2022 Annual Comprehensive Financial Report. Reported receivables and payables are projected to remain at historic amounts during the planning period.

The Plan anticipates a fluctuation in cash balance over the next several years for capital acquisition. The total ending cash balance is projected to decrease from $11,510,361 to $7,210,169 from 2022 to 2032.

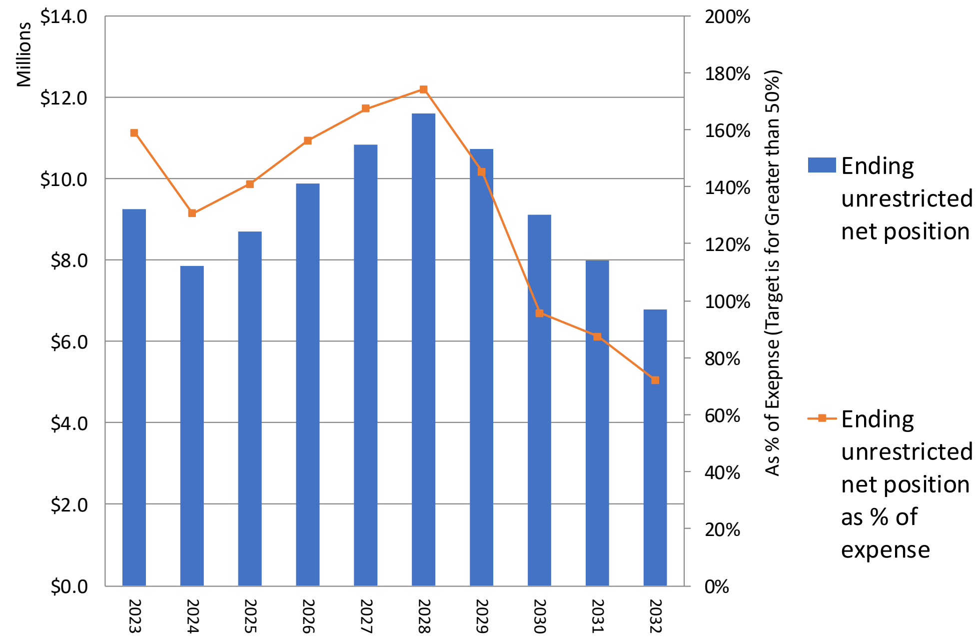
Finance Summaries and Plans

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

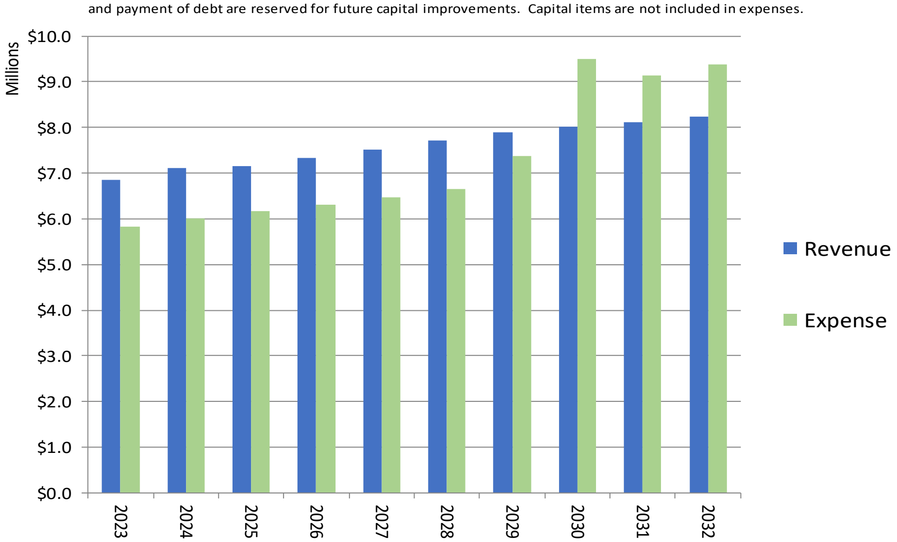
Sanitary Sewer Fund
Cash is projected to be sufficient to meet targets for minimum balances and for reserve for future capital improvements not yet programmed in the CIP



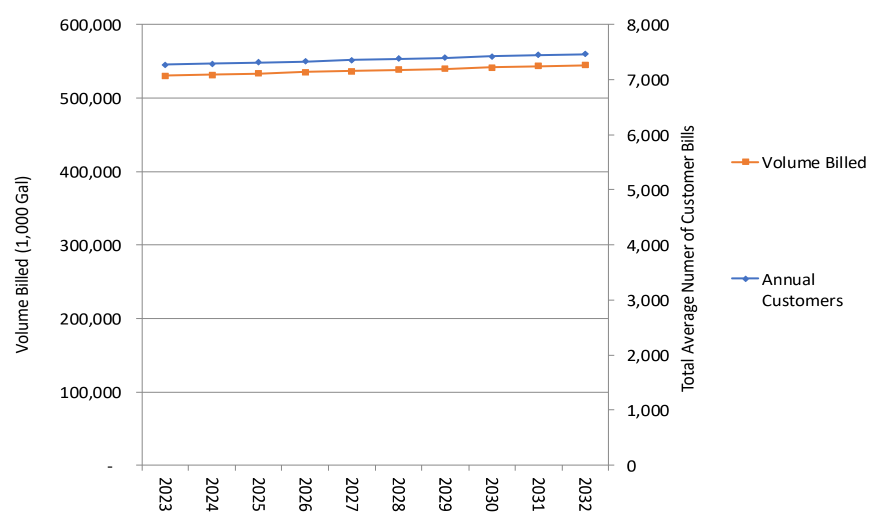
Sanitary Sewer Fund
Ending Unrestricted Net Position as % of expense is projected to be at or above 50%



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. Capital items are not included in expenses.



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



Sanitary Sewer Fund (602)

	2021 Actual	2022 Actual	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Charges for services	6,290,168	6,434,337	6,581,691	6,598,537	6,739,358	6,882,825	7,028,992	7,177,913	7,329,644	7,488,695	7,650,697	7,815,710
Capital contributions	3,824	-	-	-	-	-	-	-	-	-	-	-
Special assessments	7,014	1,274	498	273	219	164	109	55	-	-	-	-
Access charges	58,466	170,929	72,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Gain (loss) on sale of asset	(47,645)	(2,247)	-	-	-	-	-	-	-	-	-	-
Penalities and interest on penalties	45,080	44,206	42,000	42,420	42,844	43,273	43,705	44,142	44,584	45,030	45,480	45,935
Miscellaneous revenue	28,942	59,345	2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166	2,187
Intergovernmental revenue	1,723,878	21,268	-	-	-	-	-	-	-	-	-	-
Investment income	(66,375)	(609,687)	157,000	439,053	331,134	364,824	412,024	450,844	480,851	446,268	381,224	337,129
Total Revenues	8,043,352	6,119,425	6,855,189	7,115,303	7,148,595	7,326,146	7,519,912	7,708,057	7,890,202	8,015,137	8,112,567	8,233,961
Expenses												
Fixed Expenses												
Personal services	1,328,463	1,720,952	1,538,141	1,599,667	1,663,653	1,730,199	1,799,407	1,871,384	1,946,239	2,024,089	2,105,052	2,189,254
New Union FTE added	-	-	-	-	-	-	-	-	-	40,157	43,570	47,273
Depreciation	1,697,010	1,728,670	1,806,578	1,868,188	1,882,330	1,889,700	1,901,420	1,917,400	2,477,746	2,515,572	2,551,978	2,588,383
Subtotal Fixed Expenses	3,025,473	3,449,622	3,344,719	3,467,855	3,545,983	3,619,899	3,700,827	3,788,784	4,423,985	4,579,817	4,700,600	4,824,911
Variable Expenses												
Materials and supplies	455,123	421,299	518,332	544,249	571,461	600,034	630,036	661,538	694,614	729,345	765,812	804,103
Other services and charges	748,250	887,796	1,006,589	1,056,918	1,109,764	1,165,253	1,223,515	1,284,691	1,348,926	1,416,372	1,487,190	1,561,550
Utilities	465,186	523,212	497,500	522,375	548,494	575,918	604,714	634,950	666,698	700,032	735,034	771,786
Transfer out other	157,500	157,500	157,500	157,500	157,500	157,500	-	-	-	-	-	-
Transfer out for capital	52,500	52,500	52,500	52,500	52,500	52,500	210,000	210,000	210,000	210,000	210,000	210,000
Interest and amortization expense	292,622	261,899	241,944	209,942	177,123	143,463	108,936	73,542	37,230	1,864,931	1,243,000	1,202,750
Subtotal Variable Expenses	2,171,181	2,304,206	2,474,365	2,543,484	2,616,842	2,694,668	2,777,201	2,864,721	2,957,468	4,920,680	4,441,037	4,550,189
Total Expenses	5,196,654	5,753,828	5,819,084	6,011,338	6,162,825	6,314,567	6,478,029	6,653,504	7,381,452	9,500,497	9,141,637	9,375,099
Beginning net position	38,306,508	41,153,206	41,518,803	42,554,908	43,658,872	44,644,642	45,656,221	46,698,104	47,752,657	48,261,407	46,776,047	45,746,977
Change in Net Position	2,846,698	365,597	1,036,105	1,103,965	985,770	1,011,579	1,041,883	1,054,553	508,750	(1,485,360)	(1,029,069)	(1,141,139)
Ending net position	41,153,206	41,518,803	42,554,908	43,658,872	44,644,642	45,656,221	46,698,104	47,752,657	48,261,407	46,776,047	45,746,977	44,605,839

Assets and Deferred Outflow of Resources												
Cash and cash equivalents	10,644,242	11,510,361	10,976,328	8,278,362	9,120,601	10,300,594	11,271,112	12,021,278	11,156,693	9,530,608	8,428,220	7,210,169
Due from component unit	516,929	546,023	-	-	-	-	-	-	-	-	-	-
Due from other governments	234,498	-	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	119,202	104,716	9,411	6,071	4,857	3,643	2,429	1,214	-	-	-	-
Other current assets / receivables	774,918	766,954	-	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Capital assets	65,954,748	66,406,061	70,301,476	73,381,976	74,089,051	74,457,551	75,043,551	75,842,551	103,859,847	105,751,143	107,571,439	109,391,735
Less Accumulated depreciation	(25,235,936)	(26,951,771)	(28,758,349)	(30,626,538)	(32,508,867)	(34,398,567)	(36,299,987)	(38,217,387)	(40,695,133)	(43,210,704)	(45,762,682)	(48,351,065)
Deferred outflows of resources	427,923	394,396	-	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Total Assets and Deferred Outflows	53,436,524	52,776,740	52,528,866	51,979,872	51,645,642	51,303,221	50,957,104	50,587,657	75,261,407	73,011,047	71,176,977	69,190,839
Liabilities and Deferred Inflow of Resources												
Other current liabilities / payables	281,072	261,611	232,632	379,000	379,000	379,000	379,000	379,000	379,000	379,000	379,000	379,000
Bonds payable	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	24,860,000	24,055,000	23,210,000
Other non-current liabilities	774,162	1,403,310	1,403,310	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Deferred inflows of resources	516,084	105,016	105,016	896,000	896,000	896,000	896,000	896,000	896,000	896,000	896,000	896,000
Total Liabilities and Deferred Inflows	12,283,318	11,257,937	9,973,958	8,321,000	7,001,000	5,647,000	4,259,000	2,835,000	27,000,000	26,235,000	25,430,000	24,585,000
Total Liabilities, Deferred Inflows, and Net Positi	53,436,524	52,776,740	52,528,866	51,979,872	51,645,642	51,303,221	50,957,104	50,587,657	75,261,407	73,011,047	71,176,977	69,190,839
Net investments in capital assets	30,006,812	29,966,290	33,310,127	35,809,438	35,954,184	35,786,984	35,859,564	36,165,164	37,539,714	37,680,439	37,753,757	37,830,670
Unrestricted / restricted for debt service	11,146,394	11,552,513	9,244,781	7,849,434	8,690,458	9,869,237	10,838,540	11,587,493	10,721,693	9,095,608	7,993,220	6,775,169
Total net position	41,153,206	41,518,803	42,554,908	43,658,872	44,644,642	45,656,221	46,698,104	47,752,657	48,261,407	46,776,047	45,746,977	44,605,839

Sanitary Sewer Fund (602)

	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Use of Cash										
Operations & Maintenance	3,560,562	3,723,209	3,893,372	4,071,405	4,257,673	4,452,562	4,656,477	4,909,995	5,136,659	5,373,966
Capital Improvement Projects	3,895,415	3,080,500	707,075	368,500	586,000	799,000	28,017,296	1,891,296	1,820,296	1,820,296
Interfund Transfer	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Debt Service	1,496,944	1,496,942	1,497,123	1,497,463	1,496,936	1,497,542	1,497,230	2,629,931	2,048,000	2,047,750
Total Use of Cash	**9,162,921**	**8,510,650**	**6,307,570**	**6,147,368**	**6,550,609**	**6,959,104**	**34,381,003**	**9,641,222**	**9,214,955**	**9,452,012**
Source of Cash										
Sewer Charges for Service	6,581,691	6,598,537	6,739,358	6,882,825	7,028,992	7,177,913	7,329,644	7,488,695	7,650,697	7,815,710
Development Charges	72,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Other Revenues	201,498	483,766	376,237	410,321	457,920	497,144	527,558	493,442	428,870	385,251
Bond Proceeds	-	-	-	-	-	-	25,625,000	-	-	-
Total Source of Cash	**6,855,189**	**7,115,303**	**7,148,595**	**7,326,146**	**7,519,912**	**7,708,057**	**33,515,202**	**8,015,137**	**8,112,567**	**8,233,961**
Net Change in Other Assets and Liabilities	1,227,676	(1,302,619)	1,214	1,214	1,214	1,214	1,214	-	-	-
Change in Cash Balance	(1,080,056)	(2,697,966)	842,239	1,179,993	970,517	750,167	(864,586)	(1,626,085)	(1,102,388)	(1,218,051)
Beginning Cash Balance	12,056,384	10,976,328	8,278,362	9,120,601	10,300,594	11,271,112	12,021,278	11,156,693	9,530,608	8,428,220
Projected Ending Cash (as of December 31st)	**10,976,328**	**8,278,362**	**9,120,601**	**10,300,594**	**11,271,112**	**12,021,278**	**11,156,693**	**9,530,608**	**8,428,220**	**7,210,169**
Ending Cash by Purpose										
For future capital improvements	5,508,746	5,143,362	6,281,295	7,199,807	7,910,151	7,018,612	5,471,347	4,434,813	3,276,009	1,995,881
For following year pay-go capital	3,080,500	707,075	368,500	586,000	799,000	2,392,296	1,891,296	1,820,296	1,820,296	1,820,296
For 3-months of operating cash	890,141	930,802	973,343	1,017,851	1,064,418	1,113,141	1,164,119	1,227,499	1,284,165	1,343,492
For following year debt service	1,496,942	1,497,123	1,497,463	1,496,936	1,497,542	1,497,230	2,629,931	2,048,000	2,047,750	2,050,500
Projected Ending Cash (as of December 31st)	**10,976,328**	**8,278,362**	**9,120,601**	**10,300,594**	**11,271,112**	**12,021,278**	**11,156,693**	**9,530,608**	**8,428,220**	**7,210,169**

Note: Cash balances include cash and investments.

	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Beginning Cash and Cash Equivalents	**12,056,384**	**10,976,328**	**8,278,362**	**9,120,601**	**10,300,594**	**11,271,112**	**12,021,278**	**11,156,693**	**9,530,608**	**8,428,220**
Plus revenues	6,783,189	7,082,303	7,115,595	7,293,146	7,486,912	7,675,057	7,857,202	7,982,137	8,079,567	8,200,961
Plus development charges	72,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Plus bond proceeds	-	-	-	-	-	-	25,625,000	-	-	-
Less capital assets acquisition	(3,895,415)	(3,080,500)	(707,075)	(368,500)	(586,000)	(799,000)	(28,017,296)	(1,891,296)	(1,820,296)	(1,820,296)
Less principal on debt	(1,255,000)	(1,287,000)	(1,320,000)	(1,354,000)	(1,388,000)	(1,424,000)	(1,460,000)	(765,000)	(805,000)	(845,000)
Less interest and fiscal charges	(241,944)	(209,942)	(177,123)	(143,463)	(108,936)	(73,542)	(37,230)	(1,864,931)	(1,243,000)	(1,202,750)
Less operating and other costs	(3,560,562)	(3,723,209)	(3,893,372)	(4,071,405)	(4,257,673)	(4,452,562)	(4,656,477)	(4,909,995)	(5,136,659)	(5,373,966)
Less transfers out	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)
Net change in other assets	1,256,655	(936,661)	1,214	1,214	1,214	1,214	1,214	-	-	-
Net change in other liabilities	(28,979)	(365,958)	-	-	-	-	-	-	-	-
Total Change in Cash	***(1,080,056)***	***(2,697,966)***	***842,239***	***1,179,993***	***970,517***	***750,167***	***(864,586)***	***(1,626,085)***	***(1,102,388)***	***(1,218,051)***
Projected Ending Cash (as of December 31st)	10,976,328	8,278,362	9,120,601	10,300,594	11,271,112	12,021,278	11,156,693	9,530,608	8,428,220	7,210,169

Sanitary Sewer Fund (602)

Project Description	Current Year 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capital Outlay										
Transfer out for capital	52,500	52,500	52,500	52,500	210,000	210,000	210,000	210,000	210,000	210,000
Acquisition of capital assets	3,895,415	3,080,500	707,075	368,500	586,000	799,000	28,017,296	1,891,296	1,820,296	1,820,296
Total Capital Outlay	**3,947,915**	**3,133,000**	**759,575**	**421,000**	**796,000**	**1,009,000**	**28,227,296**	**2,101,296**	**2,030,296**	**2,030,296**
Source of Funds										
Bond proceeds	-	-	-	-	-	-	25,625,000	-	-	-
Current revenue / use of cash in fund	3,947,915	3,133,000	759,575	421,000	796,000	1,009,000	2,602,296	2,101,296	2,030,296	2,030,296
Total Source of Funds	**3,947,915**	**3,133,000**	**759,575**	**421,000**	**796,000**	**1,009,000**	**28,227,296**	**2,101,296**	**2,030,296**	**2,030,296**

Sanitary Sewer Fund (602)

	Prior Year Actual 2021	Prior Year Actual 2022	Current Year 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Balance of Capital Assets and Depreciation												
Capital assets	65,954,748	66,406,061	70,301,476	73,381,976	74,089,051	74,457,551	75,043,551	75,842,551	103,859,847	105,751,143	107,571,439	109,391,735
Less Accumulated depreciation	(25,235,936)	(26,951,771)	(28,758,349)	(30,626,538)	(32,508,867)	(34,398,567)	(36,299,987)	(38,217,387)	(40,695,133)	(43,210,704)	(45,762,682)	(48,351,065)
Net capital assets	**40,718,812**	**39,454,290**	**41,543,127**	**42,755,438**	**41,580,184**	**40,058,984**	**38,743,564**	**37,625,164**	**63,164,714**	**62,540,439**	**61,808,757**	**61,040,670**
Acquisition of capital assets	3,821,514	451,313	3,895,415	3,080,500	707,075	368,500	586,000	799,000	28,017,296	1,891,296	1,820,296	1,820,296
Depreciation	1,697,010	1,728,670	1,728,670	1,806,578	1,868,188	1,882,330	1,889,700	1,901,420	1,917,400	2,477,746	2,515,572	2,551,978
Allowance for depreciation on new assets			77,908	61,610	14,142	7,370	11,720	15,980	560,346	37,826	36,406	36,406
Total increase in allowance for depreciatio	1,697,010	1,728,670	1,806,578	1,868,188	1,882,330	1,889,700	1,901,420	1,917,400	2,477,746	2,515,572	2,551,978	2,588,383
Change in net capital assets	2,124,504	(1,277,357)	2,088,837	1,212,312	(1,175,255)	(1,521,200)	(1,315,420)	(1,118,400)	25,539,550	(624,276)	(731,682)	(768,087)

** Number of years new assets depreciated over:* *50* *years*

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):

- 17.0% annual increase is reflected throughout the Plan.

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 73% 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:

- $3,116,200 in 2023 supplemented with $855,700 special assessments
- $1,859,500 in 2024 supplemented with $310,000 special assessments
- $1,240,000 in 2025 supplemented with $556,000 MSA funds
- $1,640,000 in 2026
- $3,211,600 in 2027
- $1,602,900 in 2028

Other project spending between 2029-2032 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

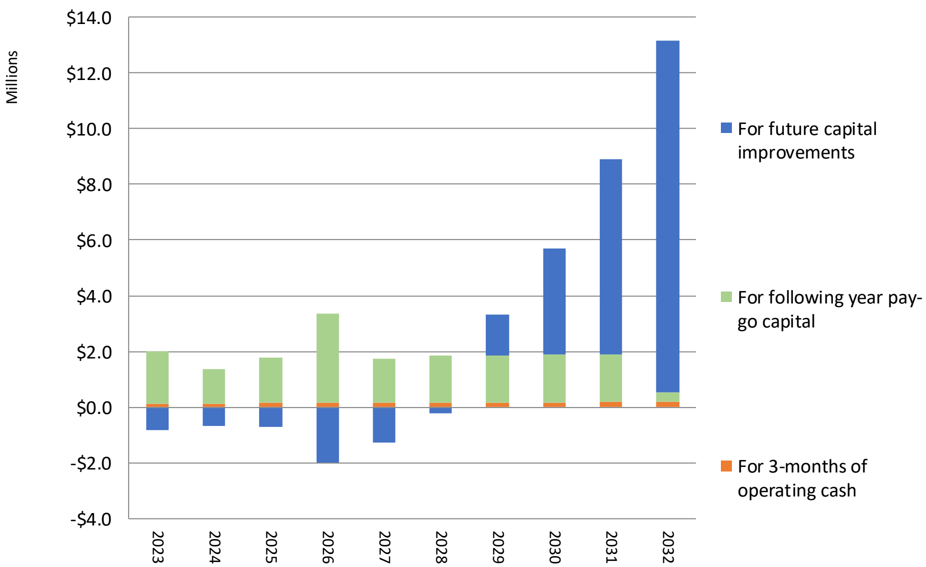
The ending 2022 cash balance in the Financial Plan is equal to the reported ending cash balance in the City's 2022 Annual Comprehensive Financial Report. Reported receivables and payables are projected to remain at historic amounts during the planning period.

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 $3,201,603 to $13,149,261 from 2022 to 2032.

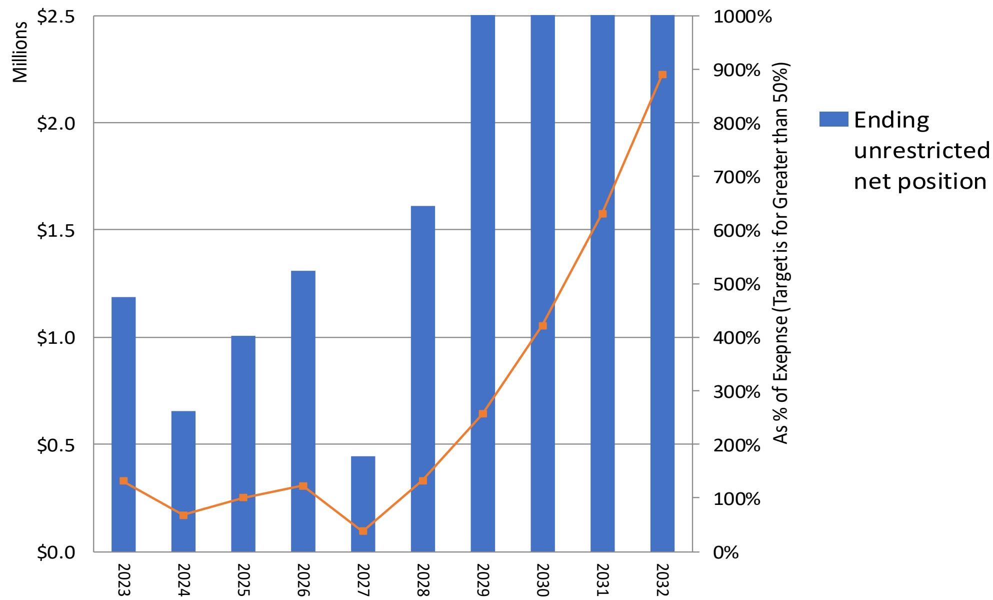
Finance Summaries and Plans

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

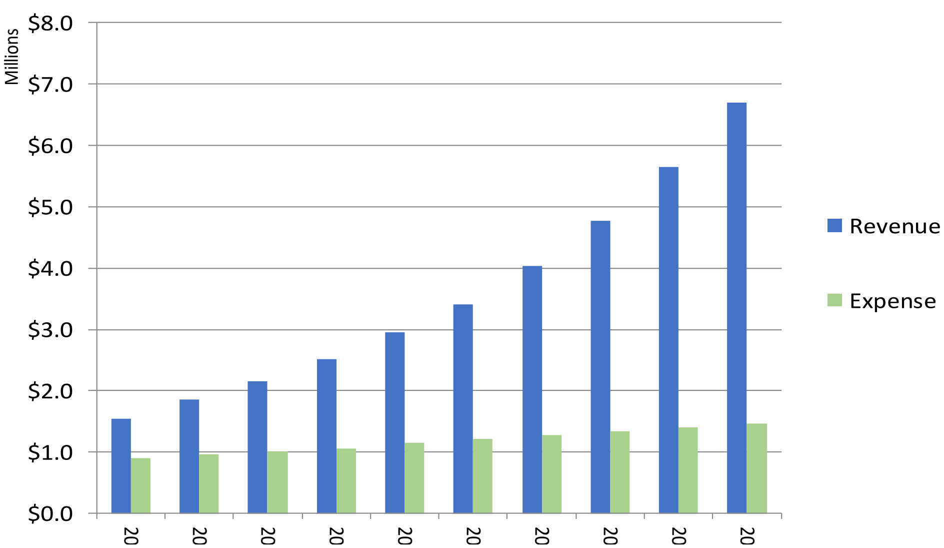
Stormwater Fund
Cash is projected to be sufficient to meet targets for minimum balances and for reserve for future capital improvements not yet programmed in the CIP



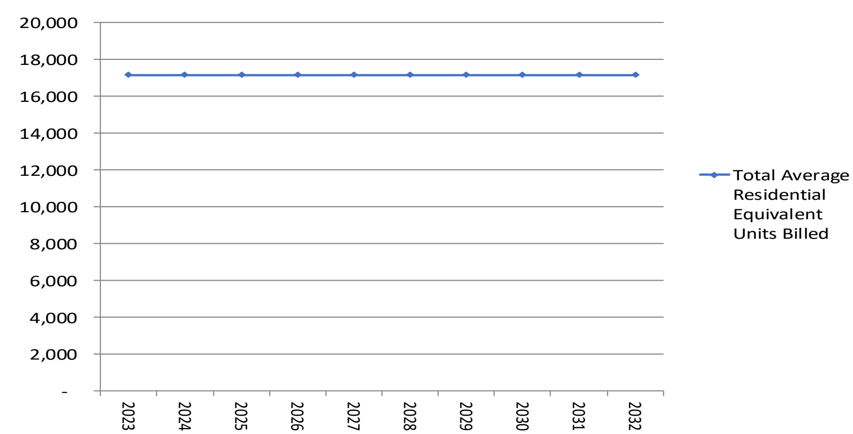
Stormwater Fund
Ending Unrestricted Net Position as % of expense is projected to be at or above 50%



Stormwater Fund
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. Capital items are not included in expenses.



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



Storm Water Fund (603)

	2021 Actual	2022 Actual	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Charges for sales	1,158,055	1,385,908	1,491,551	1,800,641	2,106,750	2,464,898	2,883,931	3,374,199	3,947,813	4,618,941	5,404,161	6,322,868
Capital contributions	128,866	381,574	-	-	-	-	-	-	-	-	-	-
Special assessments	1,614	308	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of asset	(35,025)	-	-	-	-	-	-	-	-	-	-	-
Penalities and interest on penalties	12,290	14,190	12,525	12,650	12,777	12,905	13,034	13,164	13,296	13,428	13,563	13,698
Miscellaneous revenue	6	2	-	-	-	-	-	-	-	-	-	-
Investment income	(15,743)	(176,253)	37,000	46,422	27,999	42,111	54,121	19,471	66,308	132,852	227,715	356,541
Total Revenues	1,250,063	1,605,729	1,541,076	1,859,714	2,147,527	2,519,914	2,951,085	3,406,834	4,027,416	4,765,221	5,645,439	6,693,108
Expenses												
Fixed Expenses												
Personal services	229,630	271,005	258,625	268,970	279,729	290,918	302,555	314,657	327,243	340,333	353,946	368,104
Depreciation	321,725	328,265	390,589	427,779	452,579	485,379	549,611	581,669	615,715	649,762	683,808	717,855
Subtotal Fixed Expenses	551,355	599,270	649,214	696,749	732,308	776,297	852,166	896,326	942,959	990,095	1,037,754	1,085,959
Variable Expenses												
Materials and supplies	29,584	26,380	37,550	39,428	41,399	43,469	45,642	47,924	50,321	52,837	55,478	58,252
Other services and charges	204,557	166,696	210,513	221,039	232,091	243,695	255,880	268,674	282,108	296,213	311,024	326,575
Utilities	873	1,203	1,370	1,439	1,510	1,586	1,665	1,749	1,836	1,928	2,024	2,125
Subtotal Variable Expenses	235,014	194,279	249,433	261,905	275,000	288,750	303,187	318,347	334,264	350,977	368,526	386,952
Total Expenses	786,369	793,549	898,647	958,654	1,007,308	1,065,047	1,155,353	1,214,673	1,277,223	1,341,072	1,406,281	1,472,911
Beginning net position	12,371,405	12,835,099	13,647,279	14,289,708	15,190,768	16,330,987	17,785,854	19,581,586	21,773,747	24,523,941	27,948,090	32,187,248
Change in Net Position	463,694	812,180	642,429	901,060	1,140,219	1,454,867	1,795,732	2,192,161	2,750,194	3,424,149	4,239,158	5,220,196
Ending net position	12,835,099	13,647,279	14,289,708	15,190,768	16,330,987	17,785,854	19,581,586	21,773,747	24,523,941	27,948,090	32,187,248	37,407,445

Assets and Deferred Outflow of Resources												
Cash and cash equivalents	2,967,668	3,201,603	1,160,556	699,986	1,052,784	1,353,030	486,773	1,657,703	3,321,293	5,692,883	8,913,530	13,149,261
Special assessments receivable	44,688	42,135	-	-	-	-	-	-	-	-	-	-
Other current assets / receivables	161,530	219,540	219,540	161,530	161,530	161,530	161,530	161,530	161,530	161,530	161,530	161,530
Capital assets	15,013,906	15,872,955	18,989,155	20,848,655	22,088,655	23,728,655	26,940,255	28,543,155	30,245,475	31,947,795	33,650,115	35,352,435
Less Accumulated depreciation	(5,167,395)	(5,495,659)	(5,886,248)	(6,314,027)	(6,766,606)	(7,251,985)	(7,801,596)	(8,383,265)	(8,998,980)	(9,648,742)	(10,332,550)	(11,050,405)
Deferred outflows of resources	72,687	66,416	66,416	72,687	72,687	72,687	72,687	72,687	72,687	72,687	72,687	72,687
Total Assets and Deferred Outflows	13,093,084	13,906,990	14,549,419	15,468,831	16,609,050	18,063,917	19,859,649	22,051,810	24,802,004	28,226,153	32,465,311	37,685,508
Liabilities and Deferred Inflow of Resources												
Other current liabilities / payables	40,399	10,652	10,652	40,399	40,399	40,399	40,399	40,399	40,399	40,399	40,399	40,399
Other non-current liabilities	129,922	55,762	55,762	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Deferred inflows of resources	87,664	193,297	193,297	87,664	87,664	87,664	87,664	87,664	87,664	87,664	87,664	87,664
Total Liabilities and Deferred Inflows	257,985	259,711	259,711	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	13,093,084	13,906,990	14,549,419	15,468,831	16,609,050	18,063,917	19,859,649	22,051,810	24,802,004	28,226,153	32,465,311	37,685,508
Net investments in capital assets	9,846,511	10,377,296	13,102,907	14,534,628	15,322,049	16,476,670	19,138,659	20,159,890	21,246,495	22,299,053	23,317,565	24,302,030
Unrestricted / restricted for debt service	2,988,588	3,269,983	1,186,801	656,140	1,008,938	1,309,184	442,927	1,613,857	3,277,447	5,649,037	8,869,684	13,105,415
Total net position	12,835,099	13,647,279	14,289,708	15,190,768	16,330,987	17,785,854	19,581,586	21,773,747	24,523,941	27,948,090	32,187,248	37,407,445

Storm Water Fund (603)

	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Use of Cash										
Operations & Maintenance	508,058	530,875	554,729	579,668	605,742	633,004	661,507	691,310	722,472	755,056
Capital Improvement Projects	3,116,200	1,859,500	1,240,000	1,640,000	3,211,600	1,602,900	1,702,320	1,702,320	1,702,320	1,702,320
Total Use of Cash	**3,624,258**	**2,390,375**	**1,794,729**	**2,219,668**	**3,817,342**	**2,235,904**	**2,363,827**	**2,393,630**	**2,424,792**	**2,457,376**
Source of Cash										
Sewer Charges for Service	1,491,551	1,800,641	2,106,750	2,464,898	2,883,931	3,374,199	3,947,813	4,618,941	5,404,161	6,322,868
Other Revenues	49,525	59,072	40,776	55,016	67,155	32,635	79,604	146,280	241,278	370,240
Total Source of Cash	**1,541,076**	**1,859,714**	**2,147,527**	**2,519,914**	**2,951,085**	**3,406,834**	**4,027,416**	**4,765,221**	**5,645,439**	**6,693,108**
Net Change in Other Assets and Liabilities	42,135	70,091	-	-	-	-	-	-	-	-
Change in Cash Balance	(2,041,047)	(460,570)	352,798	300,246	(866,257)	1,170,930	1,663,589	2,371,591	3,220,646	4,235,731
Beginning Cash Balance	3,201,603	1,160,556	699,986	1,052,784	1,353,030	486,773	1,657,703	3,321,293	5,692,883	8,913,530
Projected Ending Cash (as of December 31st)	**1,160,556**	**699,986**	**1,052,784**	**1,353,030**	**486,773**	**1,657,703**	**3,321,293**	**5,692,883**	**8,913,530**	**13,149,261**

	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Ending Cash by Purpose:										
For future capital improvements	(825,959)	(672,732)	(725,898)	(2,003,487)	(1,267,562)	(202,867)	1,453,596	3,817,736	7,030,592	12,610,497
For following year pay-go capital	1,859,500	1,240,000	1,640,000	3,211,600	1,602,900	1,702,320	1,702,320	1,702,320	1,702,320	350,000
For 3-months of operating cash	127,015	132,719	138,682	144,917	151,436	158,251	165,377	172,828	180,618	188,764
Projected Ending Cash (as of December 31st)	**1,160,556**	**699,986**	**1,052,784**	**1,353,030**	**486,773**	**1,657,703**	**3,321,293**	**5,692,883**	**8,913,530**	**13,149,261**

Note: Cash balances include cash and investments.

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

	2021 Actual	2022 Actual	2023 Budget Year	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Billing Units												
Residential	7,950	6,191	6,191	6,191	6,191	6,191	6,191	6,191	6,191	6,191	6,191	6,191
Commercial	6,102	8,823	8,823	8,823	8,823	8,823	8,823	8,823	8,823	8,823	8,823	8,823
Industrial	2,001	2,132	2,132	2,132	2,132	2,132	2,132	2,132	2,132	2,132	2,132	2,132
Total	16,053	17,146	17,146	17,146	17,146	17,146	17,146	17,146	17,146	17,146	17,146	17,146
Revenue from Non-Volume Basis												
Residential	$543,780	$485,127	$555,704	$650,174	$760,703	$890,023	$1,041,327	$1,218,352	$1,425,472	$1,667,803	$1,951,329	$2,283,055
Commercial	$417,377	$691,357	$791,937	$926,567	$1,084,083	$1,268,377	$1,484,001	$1,736,281	$2,031,449	$2,376,795	$2,780,851	$3,253,595
Industrial	$136,868	$167,064	$191,368	$223,901	$261,964	$306,498	$358,603	$419,565	$490,891	$574,343	$671,981	$786,218
Total	$1,098,025	$1,343,547	$1,539,010	$1,800,641	$2,106,750	$2,464,898	$2,883,931	$3,374,199	$3,947,813	$4,618,941	$5,404,161	$6,322,868
Total Unadjusted Revenue	$1,098,025	$1,343,547	$1,539,010	$1,800,641	$2,106,750	$2,464,898	$2,883,931	$3,374,199	$3,947,813	$4,618,941	$5,404,161	$6,322,868
Adjustments / other changes [1]	*$60,030*	*$42,361*	*-$47,459*									
Total Charges for Sales	**$1,158,055**	**$1,385,908**	**$1,491,551**	**$1,800,641**	**$2,106,750**	**$2,464,898**	**$2,883,931**	**$3,374,199**	**$3,947,813**	**$4,618,941**	**$5,404,161**	**$6,322,868**

Note:
1. The Adjustments/other changes is the difference between how the Study calculated revenue for 2021-2022 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.

Storm Water Fund (603)

	Prior Year Actual 2021	Prior Year Actual 2022	Current Year 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Balance of Capital Assets and Depreciation												
Capital assets	15,013,906	15,872,955	18,989,155	20,848,655	22,088,655	23,728,655	26,940,255	28,543,155	30,245,475	31,947,795	33,650,115	35,352,435
Less Accumulated depreciation	(5,167,395)	(5,495,659)	(5,886,248)	(6,314,027)	(6,766,606)	(7,251,985)	(7,801,596)	(8,383,265)	(8,998,980)	(9,648,742)	(10,332,550)	(11,050,405)
Net capital assets	**20,181,301**	**21,368,614**	**24,875,403**	**27,162,682**	**28,855,261**	**30,980,640**	**34,741,851**	**36,926,420**	**39,244,455**	**41,596,537**	**43,982,665**	**46,402,840**
Acquisition of capital assets	48,160	859,049	3,116,200	1,859,500	1,240,000	1,640,000	3,211,600	1,602,900	1,702,320	1,702,320	1,702,320	1,702,320
Depreciation	321,725	328,265	328,265	390,589	427,779	452,579	485,379	549,611	581,669	615,715	649,762	683,808
Allowance for depreciation on new assets			62,324	37,190	24,800	32,800	64,232	32,058	34,046	34,046	34,046	34,046
Total increase in allowance for depreciatio	321,725	328,265	390,589	427,779	452,579	485,379	549,611	581,669	615,715	649,762	683,808	717,855
Change in net capital assets	(273,565)	530,784	2,725,611	1,431,721	787,421	1,154,621	2,661,989	1,021,231	1,086,605	1,052,558	1,018,512	984,465

** Number of years new assets depreciated over:* *50* *years*

Fee Schedules
Water Fund (601)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
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"	$13.00	$13.80	$14.65	$15.55	$16.50	$17.50	$18.55	$19.70	$20.90	$22.15
Fixed service charge 1"	$14.25	$15.10	$16.00	$16.95	$18.00	$19.10	$20.25	$21.50	$22.80	$24.20
Fixed service charge 1 1/2"	$24.00	$25.45	$27.00	$28.65	$30.40	$32.25	$34.20	$36.25	$38.45	$40.75
Fixed service charge 2"	$27.50	$29.15	$30.90	$32.75	$34.75	$36.85	$39.10	$41.45	$43.95	$46.60
Fixed service charge 3"	$74.50	$79.00	$83.75	$88.80	$94.15	$99.80	$105.80	$112.15	$118.90	$126.05
Fixed service charge 4"	$86.50	$91.70	$97.20	$103.05	$109.25	$115.80	$122.75	$130.15	$137.95	$146.25
Fixed service charge 6"	$114.50	$121.40	$128.70	$136.45	$144.65	$153.35	$162.55	$172.30	$182.65	$193.60
Commercial Consumption Tier 1	$2.16	$2.29	$2.42	$2.57	$2.72	$2.89	$3.06	$3.24	$3.44	$3.64
Commercial Consumption Tier 2	$2.23	$2.36	$2.50	$2.65	$2.81	$2.98	$3.16	$3.35	$3.55	$3.77
Commercial Consumption Tier 3	$2.49	$2.64	$2.80	$2.97	$3.15	$3.34	$3.54	$3.75	$3.98	$4.21
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"	$13.00	$13.80	$14.65	$15.55	$16.50	$17.50	$18.55	$19.70	$20.90	$22.15
Fixed service charge 1"	$14.25	$15.10	$16.00	$16.95	$18.00	$19.10	$20.25	$21.50	$22.80	$24.20
Fixed service charge 1 1/2"	$24.00	$25.45	$27.00	$28.65	$30.40	$32.25	$34.20	$36.25	$38.45	$40.75
Fixed service charge 2"	$27.50	$29.15	$30.90	$32.75	$34.75	$36.85	$39.10	$41.45	$43.95	$46.60
Fixed service charge 3"	$74.50	$79.00	$83.75	$88.80	$94.15	$99.80	$105.80	$112.15	$118.90	$126.05
Fixed service charge 4"	$86.50	$91.70	$97.20	$103.05	$109.25	$115.80	$122.75	$130.15	$137.95	$146.25
Fixed service charge 6"	$114.50	$121.40	$128.70	$136.45	$144.65	$153.35	$162.55	$172.30	$182.65	$193.60
Industrial Consumption Tier 1	$1.59	$1.69	$1.79	$1.90	$2.01	$2.13	$2.26	$2.40	$2.54	$2.69
Industrial Consumption Tier 2	$1.83	$1.94	$2.06	$2.18	$2.31	$2.45	$2.60	$2.75	$2.92	$3.10
Industrial Consumption Tier 3	$2.06	$2.18	$2.31	$2.45	$2.60	$2.75	$2.92	$3.09	$3.28	$3.48
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"	$13.00	$13.80	$14.65	$15.55	$16.50	$17.50	$18.55	$19.70	$20.90	$22.15
Fixed service charge 1"	$14.25	$15.10	$16.00	$16.95	$18.00	$19.10	$20.25	$21.50	$22.80	$24.20
Fixed service charge 1 1/2"	$24.00	$25.45	$27.00	$28.65	$30.40	$32.25	$34.20	$36.25	$38.45	$40.75
Fixed service charge 2"	$27.50	$29.15	$30.90	$32.75	$34.75	$36.85	$39.10	$41.45	$43.95	$46.60
Fixed service charge 3"	$74.50	$79.00	$83.75	$88.80	$94.15	$99.80	$105.80	$112.15	$118.90	$126.05
Fixed service charge 4"	$86.50	$91.70	$97.20	$103.05	$109.25	$115.80	$122.75	$130.15	$137.95	$146.25
Fixed service charge 6"	$114.50	$121.40	$128.70	$136.45	$144.65	$153.35	$162.55	$172.30	$182.65	$193.60
Residential Consumption Tier 1	$2.01	$2.13	$2.26	$2.39	$2.54	$2.69	$2.85	$3.02	$3.20	$3.40
Residential Consumption Tier 2	$2.26	$2.39	$2.53	$2.69	$2.85	$3.02	$3.20	$3.39	$3.59	$3.81
Residential Consumption Tier 3	$2.57	$2.72	$2.89	$3.06	$3.24	$3.44	$3.64	$3.86	$4.09	$4.34

Sanitary Sewer Fund (602)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
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	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865
Fixed service charge	$10.00	$10.20	$10.40	$10.60	$10.80	$11.00	$11.20	$11.45	$11.70	$11.95
Commercial Sewer Volume Charge	$3.76	$3.84	$3.91	$3.99	$4.07	$4.15	$4.23	$4.32	$4.41	$4.49
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	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865
Fixed service charge	$10.00	$10.20	$10.40	$10.60	$10.80	$11.00	$11.20	$11.45	$11.70	$11.95
Industrial Sewer Volume Charge	$3.76	$3.84	$3.91	$3.99	$4.07	$4.15	$4.23	$4.32	$4.41	$4.49
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	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865	$5,865
Fixed service charge	$10.00	$10.20	$10.40	$10.60	$10.80	$11.00	$11.20	$11.45	$11.70	$11.95
Residential Sewer Volume Charge	$3.76	$3.84	$3.91	$3.99	$4.07	$4.15	$4.23	$4.32	$4.41	$4.49

Storm Water Fund (603)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Commercial										
Commercial Stormwater Fixed Rate	$7.48	$8.75	$10.24	$11.98	$14.02	$16.40	$19.19	$22.45	$26.27	$30.73
Industrial										
Industrial Stormwater Fixed Rate	$7.48	$8.75	$10.24	$11.98	$14.02	$16.40	$19.19	$22.45	$26.27	$30.73
Residential										
Residential Stormwater Fixed Rate	$7.48	$8.75	$10.24	$11.98	$14.02	$16.40	$19.19	$22.45	$26.27	$30.73

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
2023			
Base Fee	13.00	13.00	13.00
Tier 1 Volume	24.12	12.06	2.01
Tier 2 Volume	27.06	-	-
Tier 3 Volume	46.24	-	-
Total Fee	**110.42**	**25.06**	**15.01**
2024			
Base Fee	13.80	13.80	13.80
Tier 1 Volume	25.57	12.78	2.13
Tier 2 Volume	28.68	-	-
Tier 3 Volume	49.02	-	-
Total Fee	**117.07**	**26.58**	**15.93**
% Change from Prior Year	6.0%	6.1%	6.1%
2025			
Base Fee	14.65	14.65	14.65
Tier 1 Volume	27.10	13.55	2.26
Tier 2 Volume	30.40	-	-
Tier 3 Volume	51.96	-	-
Total Fee	**124.11**	**28.20**	**16.91**
% Change from Prior Year	6.0%	6.1%	6.1%
2026			
Base Fee	15.55	15.55	15.55
Tier 1 Volume	28.73	14.36	2.39
Tier 2 Volume	32.23	-	-
Tier 3 Volume	55.07	-	-
Total Fee	**131.58**	**29.91**	**17.94**
% Change from Prior Year	6.0%	6.1%	6.1%

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**
2023			
Base Fee	10.00	10.00	10.00
Tier 1 Volume	157.92	22.56	7.52
Total Fee	**167.92**	**32.56**	**17.52**
2024			
Base Fee	10.20	10.20	10.20
Tier 1 Volume	161.08	23.01	7.67
Total Fee	**171.28**	**33.21**	**17.87**
% Increase	2.0%	2.0%	2.0%
2025			
Base Fee	10.40	10.40	10.40
Tier 1 Volume	164.30	23.47	7.82
Total Fee	**174.70**	**33.87**	**18.22**
% Increase	2.0%	2.0%	2.0%
2026			
Base Fee	10.60	10.60	10.60
Tier 1 Volume	167.59	23.94	7.98
Total Fee	**178.19**	**34.54**	**18.58**
% Increase	2.0%	2.0%	2.0%

Stormwater Fund (603)

Stormwater Customers Units Billed	Stormwater Fee 1	Stormwater Fee 1	Stormwater Fee 1
2023			
Base Fee	7.48	7.48	7.48
Tier 1 Volume	-	-	-
Total Fee	**7.48**	**7.48**	**7.48**
2024			
Base Fee	8.75	8.75	8.75
Tier 1 Volume	-	-	-
Total Fee	**8.75**	**8.75**	**8.75**
% Increase	17.00%	17.00%	17.00%
2025			
Base Fee	10.24	10.24	10.24
Tier 1 Volume	-	-	-
Total Fee	**10.24**	**10.24**	**10.24**
% Increase	17.00%	17.00%	17.00%
2026			
Base Fee	11.98	11.98	11.98
Tier 1 Volume	-	-	-
Total Fee	**11.98**	**11.98**	**11.98**
% Increase	17.00%	17.00%	17.00%

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.

2024 Budget Goals & Objectives

- Upgrade the antenna and receiver for AMI meter reading system.
- Continue phase two of the rehabilitation of the 2 million-gallon reservoir.
- Complete phase two of the water meter radio replacement project.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Miles of Water Mains	142	142	142.4	142.8
Water Pumped (Billion Gallons)	1.35	1.35	1.35	1.35
Water Main Breaks Repaired	15	21	14	14
Water Meters (New installs)	45	39	50	25
Hydrants Replaced/Repaired	20	17	20	20
Valves Exercised	56	187	75	150

Staffing Levels

Position	2020 Adopted	2021 Adopted	2022 Adopted	2023 Adopted	2024 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 Collections (listed under Sewer).

Budget Summary

In 2023, the water fund saw increases to the annual base rate and consumption rate increase of 4%. 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. Per the Long-Term Financial Management Plan (LTFMP) increases for 2024 are purposed to be 4% to keep pace with inflation. Water meter radios replacements will continue in 2024 as the second year of a three-year project to ensure compatibility with the upgraded software reading system. Continued evaluation of the water distribution system will be necessary to ensure that changing service demands are met. The Capital Improvement Plan contains details for upcoming system improvements.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$2,125	$1,263,230	$0	$0
Charges for Services	$3,722,553	$4,007,342	$4,034,661	$4,248,227
Miscellaneous Revenue	$79,903	-$74,248	$117,700	$189,530
Operating Transfers	$0	$0	$0	$0
Total	**$3,804,580**	**$5,196,324**	**$4,152,361**	**$4,437,757**
Personnel Services	$509,783	$655,792	$578,649	$644,282
Supplies	$333,436	$416,617	$377,100	$833,900
Other Svcs & Charges	$1,490,941	$1,787,673	$1,818,741	$1,763,460
Capital Outlay	$13,838	$0	$5,907,078	$4,109,150
Other Uses	$172,509	$177,783	$679,216	$665,180
Total	**$2,520,507**	**$3,037,864**	**$9,360,784**	**$8,015,972**

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 twelve 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.

2024 Budget Goals & Objectives

- Continue to gather and enter infrastructure data into the asset management software to assist with future capital project planning.
- Collaborate with Engineering on sewer lining projects.

Department Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Total Miles of Sewer	130	130	130.3	130.5
Miles of Sewer Mains Cleaned	50	50	50	50
Number of Lift Stations	11	11	12	12
Sewer Backups	12	8	10	10

Staffing Levels

Position	2020 Adopted	2021 Adopted	2022 Adopted	2023 Adopted	2024 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 Collection.

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 wastewater 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.

2024 Budget Goals & Objectives

- Replace influent wastewater pump.
- Prioritize future treatment improvements identified from master planning process.

Department Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Gallons of Wastewater Treated (Billions)	1.5	1.1	1.5	1.5
Average Daily Flow (MGD)	4.5	3.7	4.5	4.5
Average BOD Removal %	98	98.6	98	98
Average TSS Removal %	90	94.8	90	90

Staffing Levels

Position	2020 Adopted	2021 Adopted	2022 Adopted	2023 Adopted	2024 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. Inspecting the condition of the system to collect data will be important for future planning of capital improvements. Aging infrastructure will continue to have significant impacts on the budget.

The Water Reclamation Facility will continue to see budget increases for chemicals used to remove phosphorous along with increased maintenance costs on aging equipment. Large capital projects will be present in future budget cycles as identified by the treatment alternatives analysis conducted in 2023. The projects will replace aging equipment to maintain MPCA permit compliance as well as allow for future growth. The NPDES permit expires in 2024. New environmental regulations could impact future budgets.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$1,723,878	$21,268	$0	$0
Charges for Services	$6,340,546	$6,647,499	$6,695,691	$6,885,375
Miscellaneous Revenue	$26,572	-$547,097	$176,000	$309,590
Other Sources	$0	$0	$0	$0
Total	**$8,090,996**	**$6,121,671**	**$6,871,691**	**$7,194,965**
Sewer				
Personnel Services	$373,762	$722,797	$533,411	$561,302
Supplies	$61,964	$70,836	$71,375	$67,850
Other Svcs & Charges	$728,609	$820,601	$828,532	$811,329
Capital Outlay	$47,645	$2,247	$3,488,206	$2,444,500
Other Uses	$105,000	$105,000	$105,000	$128,000
Total	**$1,316,981**	**$1,721,482**	**$5,026,524**	**$4,012,981**
Water Reclamation Facility				
Personnel Services	$954,701	$998,154	$1,004,730	$1,099,411
Supplies	$393,159	$350,462	$412,100	$426,650
Other Svcs & Charges	$2,181,837	$2,319,078	$2,400,556	$2,399,823
Capital Outlay	$0	$0	$462,377	$613,000
Debt Service	$292,622	$261,899	$1,496,944	$1,496,942
Other Uses	$105,000	$105,000	$105,000	$105,000
Total	**$3,927,319**	**$4,034,594**	**$5,881,707**	**$6,140,826**

PUBLIC WORKS

STORMWATER UTILITY FUND (603)

Department Description/Services

This activity provides for the operation, maintenance and repair of the stormwater 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 stormwater facilities are properly maintained to manage, convey, and treat stormwater 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 stormwater 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.

2024 Budget Goals & Objectives

- Implement measures from stormwater pond survey.
- Inspect Public stormwater infrastructure to identify future improvement needs.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Infrastructure Maintenance: Repair, Debris Removal, Inspections (Hours)	1,500	1,494	1,450	1,450
Permit Program Implementation & Enforcement (Number of Inspections)	1,000	939	1,000	1000
Land Disturbance Permits Issued	25	41	30	35
Total Miles of Storm Sewer Pipe	88	88.82	89	89
Storm Sewer Structures: Catch Basins, Manholes, Inlets, Outlets	3,990	4,100	4,105	4,110
Structural Stormwater Facilities (Public)	37	37	37	38

Staffing Levels

Position	2020 Adopted	2021 Adopted	2022 Adopted	2023 Adopted	2024 Proposed
Engineering Technician III	1.00	1.00	0.00	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**	**0.50**	**0.50**	**0.50**

Budget Summary

Compliance with the MS4 Permit will continue to be one of the largest challenges the stormwater fund will face. Results from the 2023 the stormwater pond inventory will identify large scale improvement projects such as dredging public stormwater ponds.

Future regulatory trends will influence operation and maintenance costs. User rates increased 14.5% in 2021 & 2022 and l4.5% in 2023. A recent rate study indicates that rates will need to increase 14.5% in the years 2024-2027 to ensure that adequate revenue is being captured to operate the system.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$0	$0	$0	$0
Charges for Services	$1,138,076	$1,399,095	$1,467,909	$1,677,484
Miscellaneous Revenue	$147,012	$206,630	$73,167	$123,177
Other Sources	$0	$0	$0	$0
Total	**$1,285,087**	**$1,605,725**	**$1,541,076**	**$1,800,661**
Personnel Services	$229,629	$271,006	$258,625	$272,239
Supplies	$29,581	$26,380	$37,550	$27,250
Other Svcs & Charges	$527,155	$496,164	$541,884	$557,290
Capital Outlay	$35,025	$0	$3,116,200	$1,859,500
Other Uses	$0	$0	$0	$0
Total	**$821,390**	**$793,549**	**$3,954,259**	**$2,716,279**

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.

2024 Budget Goals & Objectives

- Upgrade the antenna and receiver for AMI meter reading system.
- Continue phase two of the rehabilitation of the 2 million-gallon reservoir.
- Complete phase two of the water meter radio replacement project.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Miles of Water Mains	142	142	142.4	142.8
Water Pumped (Billion Gallons)	1.35	1.35	1.35	1.35
Water Main Breaks Repaired	15	21	14	14
Water Meters (New installs)	45	39	50	25
Hydrants Replaced/Repaired	20	17	20	20
Valves Exercised	56	187	75	150

Staffing Levels

Position	2020 Adopted	2021 Adopted	2022 Adopted	2023 Adopted	2024 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 Collections (listed under Sewer).

Budget Summary

In 2023, the water fund saw increases to the annual base rate and consumption rate increase of 4%. 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. Per the Long-Term Financial Management Plan (LTFMP) increases for 2024 are purposed to be 4% to keep pace with inflation. Water meter radios replacements will continue in 2024 as the second year of a three-year project to ensure compatibility with the upgraded software reading system. Continued evaluation of the water distribution system will be necessary to ensure that changing service demands are met. The Capital Improvement Plan contains details for upcoming system improvements.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$2,125	$1,263,230	$0	$0
Charges for Services	$3,722,553	$4,007,342	$4,034,661	$4,248,227
Miscellaneous Revenue	$79,903	-$74,248	$117,700	$189,530
Operating Transfers	$0	$0	$0	$0
Total	**$3,804,580**	**$5,196,324**	**$4,152,361**	**$4,437,757**
Personnel Services	$509,783	$655,792	$578,649	$644,282
Supplies	$333,436	$416,617	$377,100	$833,900
Other Svcs & Charges	$1,490,941	$1,787,673	$1,818,741	$1,763,460
Capital Outlay	$13,838	$0	$5,907,078	$4,109,150
Other Uses	$172,509	$177,783	$679,216	$665,180
Total	**$2,520,507**	**$3,037,864**	**$9,360,784**	**$8,015,972**

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 twelve 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.

2024 Budget Goals & Objectives

- Continue to gather and enter infrastructure data into the asset management software to assist with future capital project planning.
- Collaborate with Engineering on sewer lining projects.

Department Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Total Miles of Sewer	130	130	130.3	130.5
Miles of Sewer Mains Cleaned	50	50	50	50
Number of Lift Stations	11	11	12	12
Sewer Backups	12	8	10	10

Staffing Levels

Position	2020 Adopted	2021 Adopted	2022 Adopted	2023 Adopted	2024 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 Collection.

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 wastewater 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.

2024 Budget Goals & Objectives

- Replace influent wastewater pump.
- Prioritize future treatment improvements identified from master planning process.

Department Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Gallons of Wastewater Treated (Billions)	1.5	1.1	1.5	1.5
Average Daily Flow (MGD)	4.5	3.7	4.5	4.5
Average BOD Removal %	98	98.6	98	98
Average TSS Removal %	90	94.8	90	90

Staffing Levels

Position	2020 Adopted	2021 Adopted	2022 Adopted	2023 Adopted	2024 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. Inspecting the condition of the system to collect data will be important for future planning of capital improvements. Aging infrastructure will continue to have significant impacts on the budget.

The Water Reclamation Facility will continue to see budget increases for chemicals used to remove phosphorous along with increased maintenance costs on aging equipment. Large capital projects will be present in future budget cycles as identified by the treatment alternatives analysis conducted in 2023. The projects will replace aging equipment to maintain MPCA permit compliance as well as allow for future growth. The NPDES permit expires in 2024. New environmental regulations could impact future budgets.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$1,723,878	$21,268	$0	$0
Charges for Services	$6,340,546	$6,647,499	$6,695,691	$6,885,375
Miscellaneous Revenue	$26,572	-$547,097	$176,000	$309,590
Other Sources	$0	$0	$0	$0
Total	**$8,090,996**	**$6,121,671**	**$6,871,691**	**$7,194,965**
Sewer				
Personnel Services	$373,762	$722,797	$533,411	$561,302
Supplies	$61,964	$70,836	$71,375	$67,850
Other Svcs & Charges	$728,609	$820,601	$828,532	$811,329
Capital Outlay	$47,645	$2,247	$3,488,206	$2,444,500
Other Uses	$105,000	$105,000	$105,000	$128,000
Total	**$1,316,981**	**$1,721,482**	**$5,026,524**	**$4,012,981**
Water Reclamation Facility				
Personnel Services	$954,701	$998,154	$1,004,730	$1,099,411
Supplies	$393,159	$350,462	$412,100	$426,650
Other Svcs & Charges	$2,181,837	$2,319,078	$2,400,556	$2,399,823
Capital Outlay	$0	$0	$462,377	$613,000
Debt Service	$292,622	$261,899	$1,496,944	$1,496,942
Other Uses	$105,000	$105,000	$105,000	$105,000
Total	**$3,927,319**	**$4,034,594**	**$5,881,707**	**$6,140,826**

PUBLIC WORKS

STORMWATER UTILITY FUND (603)

Department Description/Services

This activity provides for the operation, maintenance and repair of the stormwater 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 stormwater facilities are properly maintained to manage, convey, and treat stormwater 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 stormwater 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.

2024 Budget Goals & Objectives

- Implement measures from stormwater pond survey.
- Inspect Public stormwater infrastructure to identify future improvement needs.

Fund Statistics

	2021 Actual	2022 Actual	2023 Projected	2024 Estimated
Infrastructure Maintenance: Repair, Debris Removal, Inspections (Hours)	1,500	1,494	1,450	1,450
Permit Program Implementation & Enforcement (Number of Inspections)	1,000	939	1,000	1000
Land Disturbance Permits Issued	25	41	30	35
Total Miles of Storm Sewer Pipe	88	88.82	89	89
Storm Sewer Structures: Catch Basins, Manholes, Inlets, Outlets	3,990	4,100	4,105	4,110
Structural Stormwater Facilities (Public)	37	37	37	38

Staffing Levels

Position	2020 Adopted	2021 Adopted	2022 Adopted	2023 Adopted	2024 Proposed
Engineering Technician III	1.00	1.00	0.00	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**	**0.50**	**0.50**	**0.50**

Budget Summary

Compliance with the MS4 Permit will continue to be one of the largest challenges the stormwater fund will face. Results from the 2023 the stormwater pond inventory will identify large scale improvement projects such as dredging public stormwater ponds.

Future regulatory trends will influence operation and maintenance costs. User rates increased 14.5% in 2021 & 2022 and l4.5% in 2023. A recent rate study indicates that rates will need to increase 14.5% in the years 2024-2027 to ensure that adequate revenue is being captured to operate the system.

Revenues/Expenditures by Use

Revenues\Expenditures	2021 Actuals	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$0	$0	$0	$0
Charges for Services	$1,138,076	$1,399,095	$1,467,909	$1,677,484
Miscellaneous Revenue	$147,012	$206,630	$73,167	$123,177
Other Sources	$0	$0	$0	$0
Total	**$1,285,087**	**$1,605,725**	**$1,541,076**	**$1,800,661**
Personnel Services	$229,629	$271,006	$258,625	$272,239
Supplies	$29,581	$26,380	$37,550	$27,250
Other Svcs & Charges	$527,155	$496,164	$541,884	$557,290
Capital Outlay	$35,025	$0	$3,116,200	$1,859,500
Other Uses	$0	$0	$0	$0
Total	**$821,390**	**$793,549**	**$3,954,259**	**$2,716,279**

CITY OF FARIBAULT
2024 Tax Levy

			MARKET AND TAX CAPACITY VALUES			
Tax Years Payable	**2020**	**2021**	**2022**	**2023**	**2024**	**Change**
Taxable Market Value	**1,474,959,900**	**1,554,252,000**	**1,661,037,400**	**1,952,217,600**	**2,157,068,700**	**10.49%**
Tax Capacity:						
Gross Tax Capacity	18,540,886	19,538,157	20,686,820	23,879,474	26,235,913	**9.87%**
Less: Captured Tax Increment	(187,152)	(208,810)	(254,980)	(305,930)	(516,309)	**68.77%**
Net Tax Capacity	**18,353,734**	**19,329,347**	**20,431,840**	**23,573,544**	**25,719,604**	**9.10%**
			Operating Tax Levies			
General (101)	6,538,071	8,134,852	8,675,211	9,255,408	10,136,324	**880,916**
Airport (225)	30,000	20,000	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	66,149	**(66,151)**
Tax Abatement Projects (240)	130,008	354,939	426,275	401,976	409,651	**7,675**
Property Tax Levy	**8,670,107**	**8,774,393**	**9,309,937**	**9,789,684**	**10,612,124**	**822,440**
Special PERA Levy (101)	12,544	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	1,323,410	**(58,694)**
Net Tax Levy (Actual Levy)	**9,752,651**	**10,162,266**	**10,559,078**	**11,184,332**	**11,948,078**	**6.83%**
			Special Tax Levies			
HRA (280)	**251,907**	**295,900**	**309,820**	**328,850**	**380,253**	**51,403**
EDA (290)	**246,869**	**289,982**	**303,623**	**322,273**	**372,648**	**50,375**
Total Tax Rate Special Levies	**0.0272**	**0.0303**	**0.0300**	**0.0276**	**0.0293**	**0.0598**
Net Tax Levy - All City Levies	**10,251,427**	**10,748,148**	**11,172,521**	**11,835,455**	**12,700,979**	
Local Government Aid (LGA)	5,900,287	5,988,340	6,029,788	6,102,837	6,972,221	**14.25%**
Local Government Aid Change	282,683	88,053	41,448	114,497	869,384	

2024 Budget Work Session #5

Special Revenue & Enterprise Funds

SEPTEMBER 5, 2023

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

15 EDA Funds
(9 TIF Districts)

City Of Faribault

Special Revenue Funds Levy Supported

- CED (240)
- HRA (280)
- EDA (290)

AIRPORT (225)

Revenues\Expenditures	2022 Actuals	2023 Adopted	2024 Proposed
Taxes	$9,937	$0	$0
Intergovernmental	$336,586	$31,590	$259,636
Charges for Services	$137,298	$132,739	$141,624
Miscellaneous Revenue	($33,789)	$5,800	$7,880
Total	**$450,030**	**$170,129**	**$409,140**
Supplies	$5,622	$5,500	$7,900
Other Svcs & Charges	$179,407	$123,667	$127,632
Capital Outlay	$315,841	$113,560	$325,000
Total	**$500,870**	**$242,727**	**$460,532**

Community & Economic Development (240)

Revenues\Expenditures	2022 Actuals	2023 Adopted	2024 Proposed
Taxes	$211,543	$132,300	$66,149
Taxes for Abatements	$410,914	$401,976	$409,651
Intergovernmental	$258,280	$0	$103,798
Charges for Services	$296,376	$386,113	$1,140
Miscellaneous Revenue	($16,407)	$11,970	$0
Total	**$1,160,708**	**$932,359**	**$580,738**
Personnel Services	$507,940	$644,766	$350,921
Supplies	$25,557	$6,250	$3,900
Other Svcs & Charges	$291,560	$29,134	$29,829
Tax Abatements	$410,914	$401,976	$409,651
Operating Transfers	$466,660	$0	$0
Total	**$1,702,632**	**$1,082,126**	**$794,301**

SPECIAL TAXING DISTRICTS

Housing & Redevelopment Authority (280)

- Multiple Funds
- Property Tax Levy $380,253
  Increase of $51,403
- Public Housing Repositioning
  No Administrative Fees

Economic Development Authority (290)

- Multiple Funds
  Seven Active TIF Districts
- Property Tax Levy $372,648
  Increase of $50,375

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

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

Water (601)

- 7,605 Meters
- 5 Wells
- 2 Pumping Stations
- 142 Miles Infrastructure
- 3 Storage Reservoirs
- 1 Water Tower
- 1 Treatment Plant

WATER (601)

Base Rates

Meter Size	2023 base rate	2024 base rate
5/8”-3/4”	$13.00	$13.80
1”	$14.25	$15.10
1 ½”	$24.00	$25.45
2”	$27.50	$29.15
3”	$74.50	$79.00
4”	$86.50	$91.70
6”	$114.50	$121.40

Consumption Rate

- Tiered Rate Structure
- Three Customer Types
- Keep pace with inflation
- Increased by 6%

WAC $1,500 (0.0%)

The rate increases for average consumption a residential bill by $1.52 per month/$18.24 per year

WATER (601)

Revenues\Expenditures	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$1,263,230	$0	$0
Charges for Services	$4,007,342	$4,034,661	$4,248,227
Miscellaneous Revenue	($74,248)	$117,700	$189,530
Total	**$5,196,324**	**$4,152,361**	**$4,437,757**
Personnel Services	$655,792	$578,649	$644,282
Supplies	$416,617	$377,100	$833,900
Other Svcs & Charges	$1,787,673	$1,818,741	$1,763,460
Capital Outlay	$264,204	$5,907,078	$4,109,150
Other Uses	$177,783	$679,216	$665,180
Total	**$3,302,069**	**$9,360,784**	**$8,015,972**

Sewer (602)

- 7,300 Customers
- Collections
  - Sewer Lines
  - Lift Stations
    - Cleaning
    - Inspecting
    - Repairing
- Reclamation Facility
  - Collects
  - Treats

SEWER (602)

Base Rates

Base charges of $10.20/month

Increase 2%

$0.20/month

Consumption Rate

Flow rate is $0.003756/gallon

Increase 2%

$0.44/month

No sewer charges for a designated irrigation meter

SAC $5,865 (0.0%)

The rate increases for average consumption a residential bill by $0.64 per month/$7.68 per year

Sewer (602)

Revenues\Expenditures	2022 Actuals	2023 Adopted	2024 Proposed
Intergovernmental	$21,268	$0	$0
Charges for Services	$6,340,546	$6,695,691	$6,885,375
Miscellaneous Revenue	($547,097)	$176,000	$309,590
Total	**$6,121,671**	**$6,871,691**	**$7,194,965**
Personnel Services	$1,720,952	$1,538,141	$1,660,713
Supplies	$421,299	$483,475	$494,500
Other Svcs & Charges	$3,139,679	$3,229,088	$3,211,152
Capital Outlay	$3,626,824	$3,950,583	$3,057,500
Debt Service	$1,497,156	$1,496,944	$1,496,942
Other Uses	$210,000	$210,000	$233,000
Total	**$10,615,910**	**$10,908,231**	**$10,153,807**

Storm Sewer (603)

- 17,149 RLEs
- 89 Miles Infrastructure
- 3,970 Structures
  - Catch Basins
  - Manholes
  - Inlets
  - Outlets

Storm Sewer (603)

Rate $8.45/Residential Lot Equivalent

Increase 17%

$1.27/month

The rate increases a residential bill by $1.27 per month/$15.24 per year

STORM SEWER (603)

Revenues\Expenditures	2022 Actuals	2023 Adopted	2024 Proposed
Charges for Services	$1,399,095	$1,467,909	$1,677,484
Miscellaneous Revenue	$206,630	$73,167	$123,177
Total	**$1,605,725**	**$1,541,076**	**$1,800,661**
Personnel Services	$271,006	$258,625	$272,239
Supplies	$26,380	$37,550	$27,250
Other Svcs & Charges	$496,164	$541,884	$557,290
Capital Outlay	$0	$3,116,200	$1,859,500
Total	**$793,549**	**$3,954,259**	**$2,716,279**

July 2022

$12,211,941 Levy

9.19% Increase

August 2023

$11,966,068 Levy

6.99% Increase

September 2023

$12,242,233 Levy

9.46% Increase

Property Tax Levy

Residential Impact

$41.87/year

$141.61/year

Water

$18.24/Year

Sewer

$7.68/Year

Storm Sewer

$15.24/Year

Property Tax

$0.71/Year

$99.74/Year

BUDGET SCHEDULE

September 12 Council Mtg
- Preliminary Levy
- Set Budget Hearing Date

September 19
- 2024-2028 CIP
- Debt Service Funds

November 8
- Final Review
- All Funds/Levies/Fees

December 12 Council Mtg
- Public Discussion
- Final Approvals

City Of Faribault

Questions?

Special Revenue & Enterprise Funds

Budget Work Session #5

Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Tim Murray, City Administrator
FROM: John Sherwin, Chief of Police
MEETING DATE: September 5, 2023
SUBJECT: 2023-24 Faribault School District #656 Youth Liaison Agreement Discussion

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Discussion:

For the past 20 years, the Faribault Police Department and Public Schools have partnered to jointly operate a Youth Liaison, or School Resource Officer (SRO), Program. The Youth Liaison Program is defined by a signed agreement that details the scope of services provided by both the City and the School District, including financial reimbursement provided to the City. Under terms of the agreement, one officer was assigned to the Middle School and one officer to the High School.

Currently, the City has not entered into an agreement with the School District for the 2023-24 school year. Statutory changes enacted during the most recent Legislative session have redefined and limited the role and authority of SROs working as an "agent of a district" (MN Statute 121A.58).

This change has led to considerable confusion amongst law enforcement, as restrictions appeared to limit the ability of SROs to use reasonable force and prone restraint, including where death or bodily harm is imminent. In recent weeks, Police and Educational Associations, including the Minnesota Chiefs of Police, have sought clarity from the Attorney General's Office regarding the statutory changes.

A recent binding opinion from the Attorney General added clarity to these changes by articulating that officers may use "reasonable force toward a student when necessary to prevent death or bodily harm", including prone restraint. However, SROs contracted with a district do not have the same lawful authority as non-contracted police officers to use force where the threat of bodily harm or death does not exist. An example of this would be for a student who is trespassing or damaging property. An SRO working as an "agent of the district" would not have the same authority to use physical force to make an arrest, including handcuffing, and would need to contact an on-duty patrol officer to effect an arrest.

While an agreement is not currently in place, two officers have been assigned to patrol the schools during the start of the year. Their mission and duties have been restricted to school safety, traffic safety, and community building. City Attorney Scott Riggs and Administrator Murray were each consulted regarding this plan of operation. In addition, I have had frequent communication with Superintendent Bente regarding this change.

The Department is seeking discussion and input from the Council on moving forward with an agreement for the 2023-24 school year, including possible alternatives that will be presented for consideration. Reference guidance has been attached for Council review, including the Attorney General's Opinion, guidance from the League of Minnesota Cities PATROL publication, and a copy of the most recent agreement between the City and School District.

Attachments:
1. AG Opinion School Discipline
2. League of MN Cities PATROL SpecUpdate SROs
3. 2022-23 SRO Contract

SCHOOL PUPILS: DISCIPLINE: Laws of Minnesota 2023 ch. 55, art. 2, § 36 and art. 12, § 4 do not limit the types of reasonable force that may be used by school staff and school resource officers to prevent bodily harm or death. Minn. Stat. §§ 121A.58; 121A.582.

The Office of
Minnesota Attorney General Keith Ellison
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August 22, 2023

Willie L. Jett, II
Commissioner
Minnesota Department of Education
400 NE Stinson Boulevard
Minneapolis, Minnesota 55413

Re: Recent Amendments to Student Discipline Laws

Dear Commissioner Jett:

Thank you for your letter of August 18, 2023, which seeks clarity regarding recent amendments to student discipline laws, Minnesota Statutes sections 121A.58 and 121A.582. *See* Act of May 24, 2023, ch. 55, Art. 2, § 36; Art. 12, § 4 (hereinafter, the Amendment).Pursuant to Minnesota Statutes section 8.07, I issue this opinion to offer binding guidance on the issue you have raised.

BACKGROUND

Relevant to your inquiry, the Amendment revises Minnesota Statutes section 121A.58 to include a definition of "prone restraint" and to specify that school employees and agents generally:[1] (1) "shall not use prone restraint" on pupils; and (2) "shall not inflict any form of physical holding that restricts or impairs a pupil's ability to breathe; restricts or impairs a pupil's ability to communicate distress; places pressure or weight on a pupil's head, throat, neck, chest, lungs, sternum, diaphragm, back or abdomen; or results in straddling a pupil's torso" (i.e., compressive restraint techniques). *Id*. at Art. 2, § 36.

The Amendment also revises Minnesota Statutes section 121A.582 to provide that: (1) teachers and principals may use reasonable force "to correct or restrain a student to prevent imminent bodily harm or death to the student or another"; and (2) other school employees, agents,

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[1] Neither the relevant statutes nor the Amendment defines "agents" of the school district. In the absence of a definition provided by the Legislature, Minnesota courts would likely apply "its ordinary legal meaning, which is one who has the authority to act on another's behalf." *Hogan v. Brass*, 957 N.W.2d 106, 109 (Minn. Ct. App. 2021) (using that definition of "agent" to interpret chapter 317 of Minnesota law). Whether an individual has authority to act on behalf of the school district depends on facts specifics to each circumstance.

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and bus drivers may use reasonable force "to restrain a student to prevent bodily harm or death to the student or another." *Id.* at Art. 12, § 4.

QUESTION PRESENTED

You have expressed uncertainty regarding whether the Amendment categorically prohibits prone restraint and compressive restraint techniques in all scenarios. In particular, you ask: "whether the new language in Minnesota Statutes, section 121A.58, subdivision 3 and its reference to Minnesota Statutes, section 121A.582, acts as an exception to the general prohibition on prone restraints and other types of physical holds, thereby allowing the use of these practices when doing so would 'prevent imminent bodily harm or death to the student or to another.'"

SUMMARY OF CONCLUSION

The Amendment does not limit the types of reasonable force that may be used by school staff and agents to prevent bodily harm or death.[2] The test for reasonable force remains unchanged, and is highly fact-specific.

ANALYSIS

Three things support this conclusion. First, the Amendment adds a new sentence to Minnesota Statutes section 121A.58, subdivision 3: "Nothing in this section or section 125A.0941 precludes the use of reasonable force under section 125A.582." *Id*. at Art. 2, § 36.[3] By this language, the Legislature expressed its clear intent to not limit the use of reasonable force when faced with the threat of bodily harm or death. *See, e.g., Houck v. Houck*, 979 N.W.2d 907, 911 (Minn. Ct. App. 2022) (interpreting a "nothing in this section" provision as unambiguous and "susceptible to only one reasonable interpretation").

Second, Minnesota Statutes section 121A.582 states that: "Any right or defense under this section is supplementary to those specified in section 121A.58[.]" Minn. Stat. § 121A.582, subd. 4. This further evinces the Legislature's view that the use of reasonable force authorized in Minnesota Statutes section 121A.582 is separate and distinct from the conduct prohibited by Minnesota Statutes section 121A.58. *See, e.g., Christensen v. State Dep't of Conservation, Game and Fish*, 175 N.W.2d 433, 434 (Minn. 1970) (noting that provisions of an act that are supplementary to each other are construed together so as not to defeat rights); *Merriam Webster's Collegiate Dictionary* (11th ed.) (defining "supplementary" to mean "additional").

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[2] Teachers and principals may use these restraints only when a threat of bodily harm or death is *imminent*. *See* Act of May 24, 2023, ch. 55, Art. 2, § 36. However, the word "imminent" is not included in subdivision 1(b), which relates to a broader set of individuals, including school employees, bus drivers, and other "agent(s) of the district."

[3] Minnesota Statutes sections 125A.0941-.0942 restrict the actions that may be taken toward students with disabilities. It explicitly allows the use of reasonable force under section 121A.582. Minn. Stat. § 125A.0942, subd. 6(b).

Third, and relatedly, even without those clear indications of intent from the Legislature, the usual canons of statutory construction support the same result. Section 121A.582 specifically governs responses to threats of violence, and therefore controls over the more general statute about acceptable punishments. *See* Minn. Stat. § 645.26, subd. 1 (stating that when a conflict exists between two statutory provisions, the specific provision "shall prevail and shall be construed as an exception to the general provision"); *accord Connexus Energy v. Commissioner of Revenue*, 868 N.W.2d 234, 242 (Minn. 2015). Furthermore, had the Legislature intended to exclude prone restraint and compressive restraint techniques from the reasonable force permitted under Minnesota Statutes section 121A.582, it would have clearly said so. *See In re E.M.B.*, 987 N.W.2d 597, 601 (Minn. Ct. App. 2023) (reiterating that courts cannot add words or meaning to a statute that the Legislature intentionally or inadvertently omitted).

Accordingly, the Legislature did not change the types of reasonable force that school staff and agents are authorized to use in responding to a situation involving a threat of bodily harm or death. Of course, what force is "reasonable" is not defined in law and is determined on a case-by-case basis. *See Moses v. Minneapolis Pub. Schs.*, No. C4-98-1073, 1998 WL 846546, at *3 (Minn. Ct. App. Dec. 8, 1998) ("[T]he question of whether the school employees' acts were a reasonable use of force is a fact issue to be answered by the jury."); *cf. Bond by and through Bond v. Indep. Sch. Dist. #191*, No. A21-0688, 2022 WL 92661, at *5 (Minn. Ct. App. Jan. 10, 2022) (declining to apply official immunity where school dean used force explicitly defined as prohibited in school restraint training). In addition, the level of threat posed by a particular student or situation can change rapidly, and any assessment of what use of force was reasonable must take that into account.

In a recent meeting with representatives of your staff, the Minnesota Chiefs of Police Association, the League of Minnesota Cities, and the Minnesota Police and Peace Officers Association, participants raised other important questions about the standards applicable to school resource officers or other contracted peace officers at school events. Those questions are beyond the scope of your August 18 request and more appropriately directed at the Legislature.

Sincerely,

Keith Ellison

KEITH ELLISON
Attorney General

Cc: Jeff Potts, Executive Director
Minnesota Chiefs of Police Association
Imran Ali, counsel for MPPOA
Patricia Beety, General Counsel
League of Minnesota Cities

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PATROL
PEACE OFFICER ACCREDITED TRAINING ONLINE

Special Update

Subject: Statutory changes regarding use of force by school resource officers and other officers working in school settings.

Principal Issues: Use of force by SROs and other officers who are agents of a school district; limitations on circumstances allowing the use of force toward students; use of prone and compressive restraint toward students.

Date Issued: August 28, 2023

Prepared By: League of Minnesota Cities Insurance Trust

Executive summary:

As a result of recent changes to Minnesota law, and an interpretation of these changes by the Minnesota Attorney General:

- School Resource Officers (SROs) and officers contracted to work in a school district (contracted officers) may only use reasonable force toward a student when necessary to prevent bodily harm or death to the student or another.

- SROs and contracted officers are legally permitted to use prone and compressive restraint toward a student, but only when necessary to prevent bodily harm or death to the student or another.

Introduction:

Minnesota Statutes chapter 121A governs student rights, responsibilities, and behavior. In 2023, lawmakers included two provisions in the education bill that amended this chapter to limit the use of force toward students by SROs and contracted officers. PATROL published a Special Update discussing the amendments and their effects on August 9, 2023. On August 22, the Minnesota Attorney General issued an opinion covering some of these same topics and arriving at different conclusions than the Special Update.[1] Under Minnesota law, opinions of the Attorney General "upon any question arising under the laws relating to public schools… shall be decisive until the question involved shall be decided otherwise by a court of competent jurisdiction."[2] The Attorney General's Opinion has the force of law until a court declares otherwise.[3] Accordingly, the August 9 PATROL Special Update is withdrawn. It is replaced with this one, which considers the effects of both the Attorney General's opinion and the statutory amendments that the opinion did not address.

Who is covered by these new limitations?

The new limitations on the use of force apply to, among others, agents of a school district. The recent changes to section 121A.58 clarify that the term "agent" includes SROs, security personnel, and officers who are "contracted with a district."

A prudent interpretation of these amendments is that sections 121A.58 and 121A.582 now apply to all peace officers who work as SROs, to those who work under the somewhat related title of school liaison officer, and likely to those who provide police or security services within the school environment under a contract with a school district. Arguably, section 121A.58, subdivision 2a could be read as applying only to

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[1] *Laws of Minnesota 2023 ch. 55, art. 2, § 36 and art. 12, § 4 do not limit the types of reasonable force that may be used by school staff and school resource officers to prevent bodily harm or death. Minn. Stat. §§ 121A.58; 121A.582.* Op. Att'y Gen. (August 22, 2022) (hereinafter, "AGO Opinion"), https://www.ag.state.mn.us/Office/Communications/2023/docs/Opinion_SchoolDiscipline.pdf.

[2] Minn. Stat. § 8.07 (2022); *see also City of Brainerd v. Brainerd Inves. P'ship*, 812 N.W.2d 885, 891 (Minn. Ct. App. 2012), *aff'd sub nom. City of Brainerd v. Brainerd Invs. P'ship*, 827 N.W.2d 752 (Minn. 2013) ("For example, Minn. Stat. § 8.07 (2010) grants attorney general's opinions the force of law regarding the regulation of certain school matters.").

[3] *Id.*

SROs and contracted officers who would, because of contract language or other factors, meet the legal test for being "agents" of a school district.[4] But subdivision 2a is written in a way that appears to categorize all SROs and contracted officers as "agents" of a school district—the subdivision governs those who are an "employee or agent of a district, *including* a school resource officer, security personnel, or police officer contracted with a district . . . ." (emphasis added.) The word "including," according to the Minnesota Supreme Court, means "to contain as part of the whole."[5] "Consequently, the word is used to suggest that what follows is a partial and not exhaustive list of the content to which it refers."[6] Read thusly, SROs, security personnel, and contracted officers are among the class of "agents" to whom the statutory amendments apply. This reading also avoids an unreasonable result. The purpose of these amendments could be virtually nullified if municipalities were able to place SROs beyond the statutory limitations on using force by merely avoiding contract language or circumstances indicating an agency relationship between SROs and school districts.

For law enforcement personnel, this means that officers with different assignments will face different standards for the use of force during interactions with students. SROs are likely to know they are SROs and thus governed by the statutory changes. But what does it mean to be "contracted" with a school district and therefore to be considered an agent? If a school district has contracted with a law enforcement agency or with individual officers to provide extra patrol, general security, or to be on hand for specific events, these officers would likely come under the new restrictions on the use of force.

Next, agencies should have their legal advisors review any agreements with school districts promptly. It is important to clarify that your agency is contracting to provide services through the presence of SROs or other officers on campus, not that your agency is agreeing more generally to have all officers work cooperatively with the school district. Care should be taken to ensure that contracts cannot be construed as making all officers agents of the school district.

Finally, it does not appear that these new limitations apply to SROs and officers working in private (nonpublic) schools. This is because sections 121A.58 and 121A.582 apply to "agent[s] of a district," which means a "school district."[7] That said, there may be situations where it is not immediately clear if a school is private or part of a district. Consult your agency's legal advisor if there is any doubt about whether these new limitations apply in a particular school setting.

Occasions for using force:

Section 121A.582, subdivision 1(b) regulates the use of force toward students by school employees and agents of a school district. Before the recent amendments, this law permitted the use of reasonable force to "restrain a student *or* to prevent bodily harm or death to another."[8] Notably, the word "or" has been stricken from the operative language. The effect of this change is significant. Following the amendments, subdivision 1(b) permits school employees and agents to use reasonable force only "when it is necessary under the circumstances to restrain a student *to* prevent bodily harm or death to the student or to another."[9]

[4] *See Hogan v. Brass*, 957 N.W.2d 106, 109 (Minn. Ct. App. 2021) (The ordinary legal meaning of "agent" is "one who has the authority to act on another's behalf.").
[5] *In re H.B.*, 986 N.W.2d 158, 168 (Minn. 2022), *reh'g denied* (Dec. 12, 2022) (internal citation omitted).
[6] *Id.*

[7] 2023 Minn. Laws Ch. 55, Art. 2, sec. 36 (codified at Minn. Stat. § 121A.58); Minn. Stat. §§ 121A.582, 120A.05, subd. 8. Moreover, statutes applicable to nonpublic schools generally refer to them specifically. *See, e.g.*, Minn. Stat. §§ 123B.86 (equal treatment in transporting students); 171.321, subd. 4(d) (qualifications for bus drivers, referring to "a school district, nonpublic school, or private contractor shall . . . ."); 120A.22, subd. 7 (compulsory instruction, stating "a district, a charter school, or a nonpublic school that receives services . . . ."). The provisions of sections 121A.58 and 121A.582 that bring peace officers within their ambit contain no reference to nonpublic schools.
[8] 2023 Minn. Laws Chap. 55, Art. 12, sec. 4 (codified at Minn. Stat. § 121A.582, subd. 1(b) (emphasis added)).
[9] *Id.*

In other words, the authority to use force for the sole purpose of restraining a student has been removed from the law. Going forward, reasonable force may only be used in situations where it is necessary to prevent bodily harm or death to the student or another.[10] Thus, force cannot be used where the only justification is to control the behavior of a student who is damaging property, causing a disturbance, or is acting out in a way that does not pose a threat of death or bodily harm.

As a result of the amendments, SROs and contracted officers are not permitted to use force for the purpose of arresting students for nonthreatening offenses. Section 121A.582, as amended, prohibits these officers from using any type or degree of force to *restrain* students except when necessary to prevent death or bodily harm, regardless of the offense level. This should not, however, stop SROs from taking students into custody when the arrest itself is a necessary act of restraint to prevent bodily harm or death. Unlike teachers and principals, SROs and contracted officers are not limited to only using force in situations where the threat of bodily harm or death is imminent.[11] The analysis for SROs in school settings should instead be similar to the one required under Rule 6.01 of the Minnesota Rules of Criminal Procedure, which permits officers to take someone into custody for a witnessed misdemeanor when necessary to prevent bodily harm to the accused or another.[12] As in cases involving Rule 6.01, facts showing that a threat of bodily harm is ongoing should suffice to support an arrest. Officers may draw reasonable inferences about the risks of bodily harm based on the totality of the circumstances, including people's behavior in the immediate past, their present emotional state, and any other factors indicating that the situation is volatile.[13]

Restricted methods of restraint:

Section 121A.58 prohibits SROs and contracted officers from using prone or compressive restraint techniques toward a student. The Attorney General has issued binding guidance to the effect that section 121A.582 creates an exception to this prohibition for situations where the use of reasonable force is necessary to prevent bodily harm or death.[14] Taking that guidance together with the plain language of section 121A.582 results in straightforward guidelines for SROs and contracted officers when responding to pupils:

- Reasonable force may only be used toward students when necessary to prevent bodily harm or death.

- When reasonable force is authorized, prone and compressive restraint may also be used so long as they are reasonable under the circumstances.

The reverse is also true: when the situation does not involve a threat of death or bodily harm, officers may not use prone restraint, compressive restraint, or any other form of force toward a student.

Given that the authority to use reasonable force, prone restraint, and compressive restraint all arise from circumstances involving a threat of bodily harm or death, it is unclear why the Legislature provided detailed definitions of prone and compressive restraint. At the very least, the existence of these definitions may signal an

[10] The Attorney General did not provide guidance on how the amendments to section 121A.582 apply to SROs and officers contracted to work in schools where the situation does not involve a threat of bodily harm or death. However, the plain language of this law prohibits the use of force except as necessary to prevent death or bodily harm.

[11] *Compare* Minn. Stat. § 121A.582 subd. 1(a), as amended (teachers and principals may use reasonable force "to prevent imminent bodily harm or death. . . .") *with id.* subd. 1(b) (employees and agents may use reasonable force when necessary "to prevent bodily harm or death….”). Black's Law Dictionary (11th ed. 2019) defines "imminent" as "threating to occur immediately; dangerously impending" and "[a]bout to take place."

[12] Minn. R. Crim. P. 6.01(a)(1).

[13] *See State v. Mikkalson*, No. A07-2339, 2008 WL 5215866, at *5 (Minn. Ct. App. Dec. 16, 2008) (holding that arrest for a witnessed misdemeanor to prevent bodily harm was authorized under Rule 6.01 because the "[a]ppellant had just been in a fight and appeared to be injured. It would have been reasonable for the officers to have believed that another fight could ensue after they left, making the arrest necessary to prevent bodily harm. . . .")

[14] AGO Opinion.

increased sensitivity about the use of these techniques toward students. The statutory definition of prone restraint is likely broader than many officers might imagine from their training in defensive tactics. The statutory definition consists of merely "placing a child in a face-down position"—it does not require holding or maintaining the person in that position.[15] Thus, using a takedown technique that culminates with a pupil's chest against the ground could constitute prone restraint, even if the officer intends for the subject to be "prone" only momentarily.

"Compressive restraint" is shorthand for other methods of restraint covered by section 121A.58, subd. 2a(b), which provides as follows:

> An employee or agent of a district, including a school resource officer, security personnel, or police officer contracted with a district, shall not inflict any form of physical holding that restricts or impairs a pupil's ability to breathe; restricts or impairs a pupil's ability to communicate distress; places pressure or weight on a pupil's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen; or results in straddling a pupil's torso.[16]

Application scenarios:

1. Officer Josh is an SRO. A student is causing a disturbance in the lunchroom by screaming and throwing food trays on the floor. Because this behavior does not involve a risk of bodily harm or death, Officer Josh may not use force to control the student's behavior, or use force to arrest the student for the commission of an offense, even if it appears likely that the offense will continue.

2. Officer Londa is an SRO. A student, Lynn, became extremely upset after an argument with a peer and began attacking windows and glass inside the school building with a metal bar. It reasonably appears to Officer Londa that the act of breaking glass, and the presence of broken glass, is placing Lynn and others in the building at risk of bodily harm. Officer Londa may use reasonable force if necessary to restrain Lynn to prevent bodily harm.

3. Deputy Fran is assigned to regular patrol duties and is dispatched to the high school. The principal complains that a student, Charlotte, got in a conflict with a teacher and is presently in a hallway kicking locker doors and bending them. Deputy Fran is not an SRO or under a contract to work in the school and is therefore not subject to the new restrictions on the use of force. Accordingly, Deputy Fran may use reasonably necessary force to make an arrest or carry out other duties imposed by law when intervening in the situation.

4. Officer Christy is an SRO. A large adolescent student, Henry, is punching a smaller student, Bailey. Officer Christy may lawfully use reasonable force if necessary to restrain Henry to stop him from harming Bailey. Because Officer Christy is authorized to use force, she is permitted to utilize prone or compressive restraint with Henry if reasonably necessary under the circumstances.

   Next, assume that once Henry is separated from Bailey, he screams at Bailey that the fight isn't over, tries to pull away from the officer and go toward Bailey, and continues to display a high level of emotional agitation. Officer Christy would be authorized to take Henry into custody. This is because Officer Christy has witnessed what is at least a misdemeanor-level assault and the circumstances demonstrate that custody is necessary to prevent bodily harm.

5. Deputy Jamie is providing extra security at a football game under a contract with the school district. A 911 caller reports that a person with a gun is threatening others in the parking lot of the school where the game is occurring. Deputy Jamie responds and conducts a high-risk stop of the person who was reported to have a gun, ordering the

[15] 2023 Minn. Laws Ch. 55, Art. 2, sec. 36.
[16] *Id.*

person to lie face-down on the ground. It does not matter if this person is a student or not. This is because the use of prone restraint would likely be deemed reasonably necessary in the situation, as a means of safely gaining control over someone reportedly threatening others with a gun.

6. Student Quinn returned to the school building after being expelled for disciplinary reasons. The principal orders Quinn to leave and not return until the expulsion is over. Quinn refuses to depart. The principal calls SRO Madison and, with Madison present, repeats the order to leave. SRO Madison emphasizes to Quinn that he will be arrested for trespassing unless he leaves at once. Quinn still refuses to depart. Technically, SRO Madison may place Quinn under arrest for trespassing. But legally, SRO Madison is only permitted to use force toward students in situations where it is necessary to prevent bodily harm or death. It follows that Madison may not use force to overcome any non-dangerous resistance to the arrest. Because handcuffing is a form of restraint, Madison may not handcuff Quinn to effect the arrest. In other words, unless Quinn voluntarily complies, Madison would need to call another officer, who is not an SRO, to handle the arrest.

Training and deployment issues:

These new limitations are apt to require some substantial rethinking of how SROs and other officers who would be deemed agents of a school district will intervene in situations involving students. Using force in circumstances that do not present a threat of death or bodily harm is no longer an option. Persuasion and de-escalation skills will be at a premium. Agencies and officers may wish to consult with other professionals, such as special education and mental health personnel, who are trained in nonforceful intervention. Officers may also wish to consult with school staff on how they will work together to manage disruptive but non-dangerous behaviors without force.

Agencies and officers should also consider what kinds of safeguards and training to have in place for off-duty employment arrangements with school districts, since these may very well result in conclusions that the officers are serving as agents of the district.

2022-2023 Agreement Between
The City of Faribault

AND

Faribault School District #656
For Youth Liaison Program

This agreement is between the City of Faribault (City) and Faribault School District #656 (School District).

Whereas, the City and School District wish to continue a positive working relationship in order to foster a productive learning environment in the school system and help to develop citizenship skills for students, and

Whereas, the School District and City desire to join in a mutual effort to curb delinquency, crime and drug abuse in the community and develop a better community understanding of law and law enforcement, and

Whereas, the City and School District have jointly operated the Youth Liaison programs for a number of years successfully.

Now, therefore, the City and School District agree as follows:

YOUTH LIAISON

A. Scope of Services – City

1. The City through the Police Department shall provide licensed police officers to serve as youth liaison officers between the Police Department and School District to assist in the establishment and coordination of a cooperative community approach among schools, parents, police, and other resources in reaching juvenile and community groups related to juvenile behavior and law enforcement issues. The City will retain appointment authority.

2. The Youth Liaison Officer's duties will be as follows:
   a. Develop positive channels of communication between students, school system, and law enforcement agencies.
   b. Participate in the school's educational process to educate students about the law enforcement agencies and their role in the community.

c. Assist the School District in dealing with behavioral issues of students and non-students as they relate to school operations and community activities, with the understanding that criminal investigations and enforcement activities will take priority.
d. Develop methods for creating positive working relationships between the Police Department and the School District.
e. Confer with parents, students, neighbors, school personnel, and other members of the community regarding juvenile behavioral issues and ways to improve safety response.
f. Conduct investigations and facilitate problem solving within the school and surrounding community, both criminal and other, as deemed necessary by the police department.
g. Provide guidance to the school system on how they can better address student behavioral issues related to law enforcement concerns such as loitering, theft, physical violence, racial or sexual abuse.
h. Take part in community functions as necessary to become acquainted with parents, business people, and community leaders.
i. Take an active role in development of youth liaison work program and its evaluation.

B. Scope of Services – School District

1. It shall be the responsibility of the School District to:
   a. Provide guidance and assistance to the School Liaison Officer through principals, teachers, administrative staff, and student body.
   b. Provide meeting space and support services in both the Middle and Senior High Schools for use by the Liaison Officer to meet with students and staff on a public and private meeting basis.
   c. Provide clerical help and assistance to the Liaison Officer when needed by them within any school in which they are working based on mutual agreement with the school principal.
   d. The School District agrees to cooperate with the City on future community policing activities.
   e. Provide opportunities for officer involvement in student and faculty programs and activities.
   f. The liaison officer will be afforded the same status as other professional district staff and encouraged to attend staff meetings upon invitation.

C. Accountability

1. The administration of the School District and the City/Police Department commit to providing the necessary support to make the youth liaison program successful. This support will include the following but not be restricted to this list:
   a. In August, before the beginning of each school year, to have a joint City/School District administrative meeting to outline the objectives, work program, and outcomes for the youth liaison program for the coming school year.
   b. Include in the work program frequent and periodic contacts between the school liaison officer and the student council, facility committees, parent/teacher organizations, administrative staff meetings, and other appropriate groups.
   c. Bi-weekly meetings between the Liaison Officer and the principals at the High School and at the Middle School to discuss issues of mutual concern.

2. The City and School District recognize that the Liaison Officer is not designed to deal with all law enforcement issues related to the School District or juvenile population. The City and School District will work to involve all police officers in school and juvenile issues.

3. In June of each year, the administrative staff of the City and School District will meet to review the progress of the school liaison program for the previous school year. The Liaison Officer, in conjunction with the Middle School and Senior High principals, will provide a written report to the City Administrator and School Superintendent on the school liaison program activities and their evaluation of it.

GENERAL PROVISIONS:

1. The City and the School District agree to defend and indemnify the other party, its officials, its employees, and agents from any and all liability, loss or damage it may suffer from a result of claims, demands, judgements or costs, including reasonable attorney fees arising out of or related to its performance under this agreement. Further, each party agrees to hold harmless the other for damage to its property arising out of the performance of the Agreement by the other Party, employees or agents except to the extent such may be independently insured for such loss.

2. This agreement shall be effective upon execution by both parties and will automatically renew each year unless a party notifies the other party 90 days prior to expiration of the agreement that they wish to terminate the contract.

3. Either party may terminate this agreement for cause on 90 days written notice to the other party. If this agreement is terminated by the School District, the City shall receive from the School District the funds allocated for the program based on services provided through the date of termination.

4. The City and the School District will review the long term funding of these programs on a continuous basis.

5. While staffing will remain the same for 2022-2023, the City and School District will each provide input and work together and come to agreement on any future selected candidates to be considered for School Resource Officer.

   School District will pay to the City for the Liaison program a total of $118,203.38, which will be made in two equal payments on December 15, 2022 and March 15, 2023.

Executed this 10TH day of August, 2022.

City of Faribault	**Faribault School District #656**
Mayor	Chairman of the Board
City Administrator	Superintendent of Schools
8/10/2022 Date	Date

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Tim Murrary, City Administrator
FROM:	Travis Block, Public Works Director
MEETING DATE:	September 5, 2023
SUBJECT:	Proposed Agricultural Land Tiling Agreement

Discussion:
The City owns PID 15.13.3.00.001 which contains 104 acres of land suited for agriculture. The land is primarily used for the land application of bio-solids from the Water Reclamation Facility (WRF) in the spring and fall. Jim Purfeerst, Faribault, MN, currently rents the land for agricultural production in coordination with land application of bio-solids under a lease through 2024. The City has rented the land to Mr. Purfeerst for the past 24 years.

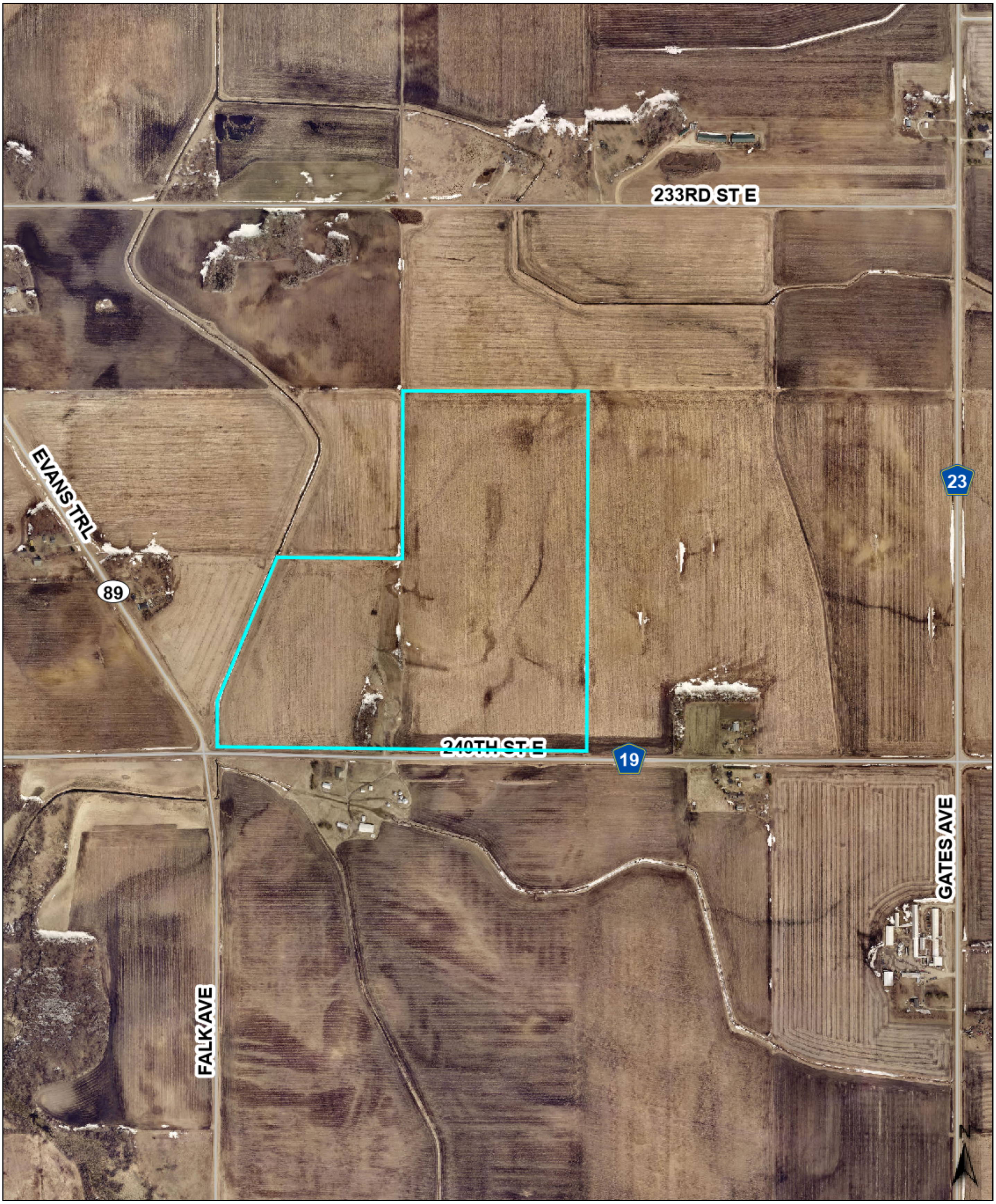
Mr. Purfeerst would like to install drain tile on the property which will have crop production benefits and improve field access for bio-solids application in the spring when it can be difficult to conduct field work in a short window of time.

Under a proposed agreement, Mr. Purfeerst would be responsible for all tiling costs. If the City discontinues renting to Mr. Purfeerst at any time for ten years after entering into an agreement, the City would be responsible for the tiling costs as outlined in section two of the draft agreement. The draft agreement needs revision to remove language pertaining to rent reduction and will be reviewed by the City Attorney prior to being presented to Council for execution.

Staff is looking for Council direction on the proposed tiling agreement.

Attachments:
1. Bio-Solids Land Map
2. Draft Tiling Agreement

Bio-Solids Land



AGREEMENT

This Agreement made this ___ day of _______, 2023, by and between The City of Faribault, hereinafter referred to as "The City" and James M. Purfeerst and Debra K. Purfeerst, husband and wife, hereinafter referred to as Purfeerst, collectively referred to as the Parties.

RECITALS

A. The City is the current owner of real property described on Exhibit A (parcel ID No.15.13.3.00.001).

B. Purfeerst is the current tenant, renting the tillable acres on the real property described on Exhibit A.

C. Purfeerst wishes to tile the real property described on Exhibit A and offset his rental obligation to The City by the amount he pays for tiling over a ten year term.

Now, therefore, it is hereby agreed that in consideration of the sum of One and 00/100 ($1.00) Dollar, the mutual promises between the Parties and other good and valuable consideration, the Parties hereby agree as follows:

1. Purfeerst agrees to pay all costs of tiling on the real property described on Exhibit A.

2. The City agrees to reduce Purfeerst's rental obligation each year as follows:

Year	Begin Balance	1/10 Deduction	Remaining Bal.
2024	75,000	(7,500)	67,500
2025	67,500	(7,500)	60,000
2026	60,000	(7,500)	52,500
2027	52,500	(7,500)	45,000
2028	45,000	(7,500)	37,500
2029	37,500	(7,500)	30,000
2030	30,000	(7,500)	22,500
2031	22,500	(7,500)	15,000
2032	15,000	(7,500)	7,500
2033	7,500	(7,500)	0

3. In the event The City does not rent to Purfeerst for the next 10 years, The City will be responsible to reimburse Purfeerst for the remaining tiling cost pursuant to the table in Paragraph 2. For example if The City does not rent to Purfeerst in 2029, The City would need to reimburse Purfeerst $30,000 according to the table above.

4. This Agreement is binding upon the heirs, personal representatives, successor and assigns of The City and Purfeerst.

IN TESTIMONY WHEREOF, the Parties have hereunto set their hands and seals.

____

The City of Faribault
By:____________________
Its:___________________

____

James M. Purfeerst

____

Debra K. Purfeerst

STATE OF MINNESOTA

COUNTY OF RICE

This instrument was acknowledged before me ____________, 2023, by ______________________, the __________________________ of The City of Faribault.

____
Notary Public, Rice County, MN
My commission expires ____________

STATE OF MINNESOTA

COUNTY OF RICE

This instrument was acknowledged before me ____________, 2023, by James M. Purfeerst and Debra K. Purfeerst.

____
Notary Public, Rice County, MN
My commission expires ____________

THIS INSTRUMENT WAS DRAFTED BY:
Debbie A. Korman
Attorney at Law
504 Central Avenue, PO Box 716
Faribault, Minnesota 55021

EXHIBIT "A"

[illegible] : the East one-half (E½) of the Southwest quarter (SW¼); and also the Southwest quarter (SW¼) of the Southwest quarter (SW¼); and the South six and two/thirds (6 2/3) rods of the Northwest quarter (NW¼) of the Southwest quarter (SW¼) except that portion of land in the Southwest quarter (SW¼) of the Southwest quarter (SW¼) and Northwest quarter (NW¼) of the Southwest quarter (SW¼) described as follows:

Beginning at a point six and two/thirds (6 2/3) rods North of the Southwest corner of said Northwest quarter (NW¼) of Southwest quarter (SW¼), thence East six (6) chains and seventy-five (75) links, thence South two hundred twenty-two and two/tenths (222.2) links, thence West six (6) chains and seventy-five (75) links, thence North two hundred twenty-two and two/tenths (222.2) links to the place of beginning; and also excepting therefrom the real estate conveyed by Charles Schamm and Mable Schamm, his wife, to Guy R. Martin and Mary Martin, husband and wife, as joint tenants by that certain deed which is of record in Book 143 of Deeds on page 20, all in Section thirteen (13), Township one hundred nine (109) North, Range twenty (20) West, all according to the United States Government Survey thereof, on file and of record in the Office of the Register of Deeds in and for the County of Rice, Minnesota.

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15-1745.000 part