City Council Work Session
Tuesday, August 19, 2025 at 6:00 PM
Public Meeting Room

AGENDA

1. **Call to Order**
2. **Items for Discussion**
   - A. Proposed Use of TIF 6 Funds
   - B. Discussion of Faribo Downtown Central Loan Request
   - C. Housing and Redevelopment Authority Board Appointment Discussion
   - D. 2026 Budget Discussion
     1. Fund 404- Parkland Dedication (Park Capital Improvements)
     2. Fund 431- Capital Equipment Replacement Fund
     3. Fund 437- Public Facilities Fund
     4. Debt Projections and Discussion
     5. 2026 Position Requests
     6. Preliminary Tax Levy Update
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.

Para pedir este documento en otro idioma, envíe un correo electrónico y adjunte el documento a accessibility@faribault.org.

Si aad u codsato dukumeentigan oo ku qoran luqad kale, fadlan e-mail u soo dir oo ku soo lifaaq dukumiintiga accessibility@faribault.org.

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Jessica Kinser, City Administrator
FROM:	
MEETING DATE:	August 19, 2025
SUBJECT:	Proposed Use of TIF 6 Funds

Discussion:

TIF District 6 was created in 1996 for the construction of 40 rental units known as Village at Park Avenue. The district had a required desertification date of December 31, 2023, and all remaining funds have been sitting in a fund of the City since that time. The funds do earn interest, but have a maximum amount that can be earned before we have to start paying them back to the County. There was about $9,000 more that could be earned prior at the end of 2024. As long as the decertified TIF funds remain, the more accounting and state reporting we are required to do, which results in annual costs of around $1,500. When interest for 2025 is credited to date, it is likely to be around $90,000-100,000. I reached out to Ehlers (TIF/tax abatement advisor) to see what uses were possible and got a list of housing possibilities, as this was originally a housing TIF.

Rental:
At least 20% of the units have to be affordable at 50% area median income (AMI) or below; or
At least 40% of the units have to be affordable at 60% of the AMI or below

Ownership:
For a family of 2 or less incomes at or below 100% AMI; or
For a family of 3 or more incomes at or below 115% of AMI

There are a number of possible programs we could create or work with the HRA on, including down-payment assistance or an owner-occupied home repair program. The HRA does not have these programs up and running for the City to be able to use these funds by the end of the year. Other uses do not meet the desire to utilize these funds before the end of 2025. Any funds carrying over into 2026 will require reporting to the OSA in 2027 as part of the 2026 report.

With the required criteria for use from Ehlers and the desire to utilize the funds by the end of the year, there is a potential great match with Community Action Center's Ridgeview Heights housing development. The two emergency units (or 25% of the total units) are going to be at 50% of AMI at intake. I checked with CAC, and their current funding gap is around $111,000. CAC has capital costs starting soon and could easily meet the end of the year deadline for disbursing the funds. Since these are decertified funds, there are no legal requirements for how long the 50% AMI requirement would be in place, so this would need to be determined by the Council.

Another option that meets the objective of disbursing by the end of the year is to return the funds to the County. This would then result in a proportionate share being disbursed to the City, County and School District as excess TIF in 2025.

At this time, I am looking for direction on how the Council would like to proceed with disbursing these funds before the end of the fiscal year.

Attachments:

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Jessica Kinser, City Administrator
FROM:	
MEETING DATE:	August 19, 2025
SUBJECT:	Discussion of Faribo Downtown Central Loan Request

Discussion:

This is a discussion item for the City Council to provide directions on how they would like to proceed with the Faribo Downtown Central (FDC) request related to the $500,000 loan provided in 2024. The details of this item will be presented at the August 18th joint work session with the HRA and the EDA.

At the time of publication, the formal request from FDC had not been received.

Attachments:

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Jessica Kinser, City Administrator
FROM:	Heather Slechta, City Clerk
MEETING DATE:	August 19, 2025
SUBJECT:	Housing and Redevelopment Authority Board Appointment Discussion

Discussion:

Due to the resignation of Colin Maltbie there is an opening on the Housing and Redevelopment Authority (HRA). The City has received applications from the following to serve on the HRA; Sara Caron, Brian Peterson and Shafi Qanyare. This term will expire on January 31, 2030.

Attachments:

1. HRA Applications

City of Faribault

APPLICATION FOR SERVICE ON AN ADVISORY BOARD OR

COMMISSION TODAY'S DATE: 7/22/25

ADVISORY BOARD OR COMMISSION INTERESTED IN: HRA

NAME: Sara Caron

ADDRESS: 1614 Springwood Lane Faribault

PHONE: (HOME) [redacted] **(WORK)**

EMAIL ADDRESS: [redacted]

EMPLOYER: Depot Bar and Grill, Paradise Center for the Arts, and American Legion #43

LIST THE DAYS AND HOURS WHICH YOU ARE AVAILABLE FOR MEETINGS: I am free the evenings that the HRA meets

LIST YOUR REASONS FOR YOUR INTEREST TO SERVE ON THE BOARD/COMMISSION YOU IDENTIFIED ABOVE:
I enjoyed my time on the HRA and would like to continue to help expand housing options in Faribault.

LIST WHAT EXPERIENCE OR EXPERTISE YOU CAN PROVIDE IF APPOINTED TO THIS BOARD/COMMISSION:
I served on the board during my city council term.

PERSONAL REFERENCES:

NAME & PHONE NUMBER

NAME & PHONE NUMBER

APPLICANT'S SIGNATURE:

PLEASE RETURN THIS FORM TO:

CITY OF FARIBAULT ADMINISTRATION
OFFICE 208 FIRST AVENUE
NW FARIBAULT, MN 55021
FAX: 507/333-0399

Heather Slechta

From:	noreply@civicplus.com
Sent:	Wednesday, January 8, 2025 6:56 AM
To:	Heather Slechta
Subject:	Online Form Submittal: Boards and Commissions Application

Boards and Commissions Application

Select the Board, Commission or Committee you wish to apply for	Housing & Redevelopment Authority
First Name	Brian
Last Name	Peterson
Address1	716 Spring Road
Address2	*Field not completed.*
City	Faribault
State	MN
Zip	55021
Phone Number	[redacted]
Email	[redacted]
Occupation	Tools and Equipment Designer
List the day and hours you are available for meetings	I'm a salaried employee, I can make most days and times fit my schedule.
Are you currently serving on other Boards, Commissions, or Committees?	No
If yes, which one(s)?	*Field not completed.*
Have you served on a Board, Commission or Committee before>	Yes
If yes, which one(s)?	Civil Services

Please list your reasons for your interest to serve on this board or commission	I am a taxpayer. I own property in Faribault. I would like to work to ensure that the property tax payers are more represented and work to reduce property taxes so more people aren't taxed out of their homes.
Please list your experience or expertise you can provide if appointed	My experience is I've been a taxpayer and utility customer for over 20 years. I can manage a budget and have been a project manager, as part of my current position, at my place of employment and will work to help cut costs, reduce spending with the taxpayer and property tax base first in mind.
Personal Reference 1	*Field not completed.*
Personal Reference 2	*Field not completed.*

Heather Slechta

From:	Heather Slechta
Sent:	Thursday, August 7, 2025 7:00 AM
To:	David Wanberg; Thomas Furman; Jessica Kinser
Subject:	FW: Online Form Submittal: Boards and Commissions Application

From: noreply@civicplus.com <noreply@civicplus.com>
Sent: Wednesday, August 6, 2025 5:55 PM
To: Heather Slechta <hslechta@faribaultmn.gov>
Subject: Online Form Submittal: Boards and Commissions Application

Boards and Commissions Application

Select the Board, Commission or Committee you wish to apply for	Housing & Redevelopment Authority
First Name	shafi
Last Name	Qanyare
Address1	3011 Acorn Trail
Address2	*Field not completed.*
City	Faribault
State	MN
Zip	55021
Phone Number	[redacted]
Email	[redacted]
Occupation	Little Scholars Academy
List the day and hours you are available for meetings	Most evenings
Are you currently serving on other Boards,	No

Commissions, or Committees?	
If yes, which one(s)?	*Field not completed.*
Have you served on a Board, Commission or Committee before>	No
If yes, which one(s)?	*Field not completed.*
Please list your reasons for your interest to serve on this board or commission	help guide policies and programs that create or preserve affordable housing for low- to moderate-income individuals and families
Please list your experience or expertise you can provide if appointed	I am proud of my Somali heritage, which gives me a unique and valuable perspective as our city continues to grow and diversify. I understand firsthand the challenges immigrant and underrepresented communities face when navigating housing systems, redevelopment projects, and access to opportunity. My lived experience allows me to bring an inclusive, culturally competent voice to the board.

[redacted]

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Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Jessica Kinser, City Administrator
FROM:	
MEETING DATE:	August 19, 2025
SUBJECT:	2026 Budget Discussion

Discussion:

This piece of the budget focuses on three of our capital funds and what the 2026 budget looks like for those funds, as well as a glimpse ahead of 2027 through 2030. In addition, we have a broader discussion of our debt projections as well as an update of the preliminary tax levy with what has changed and specific items for the Council to consider changing.

Attachments:

Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM:
MEETING DATE: August 19, 2025
SUBJECT: Fund 404- Parkland Dedication (Park Capital Improvements)

Discussion:

Fund 404 is used to account for capital projects in the City's parks along with new park development, like Viaduct Park. This fund is supported by gas and electric franchise fees (now dedicated to repaying the internal loan for Viaduct Park), parkland dedication fees from new development, and a transfer from Water and Sewer. This fund also has cash, so nominal interest is included as well. Of the projected $676,000 in annual revenue, only $116,000 is available to support projects during the duration of the Viaduct Park loan. However, the fund is projected to start with a healthy balance which helps support 2026 projects as well as other projects through 2028. There will be time for further review and reprioritizing of future year projects as part of the 2027 budget process.

Expenditures for 2026 include a few key projects.

-Deer Bridge Replacement- $450,000- This bridge is a key piece of infrastructure on the Straight River Trail and the replacement is proactive as failure and closure of the bridge would be detrimental to the trail system. The full design is not complete, so the price may still increase.

-Wood Trestle Trail Bridge Removal- $45,500- This project is to remove the wooden trestles near the old Faribault Foods.

-Trail Maintenance- $25,000- This is a budget for any planned or unplanned trail maintenance during the fiscal year.

-North Alex Restroom Replacement- $450,000- This project is to remove two existing restrooms that are in poor condition to create one larger restroom and shelter. This restroom is pre-engineered rather than stick built and will result in the removal of other assets in need of replacement while providing a safer location for kids at the North Alex playground.

-Playground Equipment Replacement- This annual replacement is slated for North Alexander Park in 2026, but is left to the discretion of the Parks and Recreation Director if there is a park that has deteriorated further.

-Viaduct Park Phase 2- this has been brought before the Council numerous times, and is a $3.7 million phase for ice at Viaduct Park. The source of funds for this will be bond proceeds which will be paid back using property taxes.

Viaduct Park Internal Loan

The City Council approved an internal loan of $6.3 million from the Sewer Fund in 2024 for the financing of the first phase of Viaduct Park. This was approved with a payment of $630,000 per year at 5% interest. The full loan has not yet been borrowed, and full payments were not made in 2024 and are not projected to be made in 2025. This puts us in a good position to discuss issues with the internal loan that have become apparent through the budget process.

Looking back at very minimal notes, it appears that the existing gas and electric franchise fee (percent-based) that was funding 401- Street Improvements was to be moved to fund 404 to be part of the repayment of the internal loan. Fund 401 would then have all the new fee/service franchise fees, which is a much higher amount. In practice, this change never occurred. This will be corrected in 2025 with a forthcoming budget amendment. The current allocation for gas/electric franchise fees in Fund 404 is $440,000 per year. Moving the percent-based amount from Fund 401 will result in an additional $120,000 coming to fund 404, or $560,000 total. And therein lies a problem.

$560,000 is not the $630,000 that the City has built a loan amortization schedule on. Therefore, we need a new loan amortization table to reflect what can actually be paid. Attached is a table that keeps the principal ($6.3 million), interest rate (5%) and number of payments annually (4) intact but with a $560,000 or $140,000 quarterly payment. Rather than 13 years, this extends the life of the loan to 14.75 years. This aligns with the proposed 15-year borrowing for the second phase of the Park. There are principal and interest payments from 2024 and the current year, which are minimal but offset some of the costs, so the starting number once fully borrowed will not be $6.3 million but a lesser number. This table also does not take into consideration any donations, of which we will receive our first disbursement from the Faribault Foundation in 2025.

There is a lot that needs to occur outside the budget process, including a 2025 budget amendment to reduce the franchise fee to fund 401 and increase it to fund 404 for 2025, as well as a resolution to amend the internal loan. We will bring forward the budget amendment in the near future, but would like to wait to bring back the internal loan until the full $6.3 million has been borrowed, which should happen by the end of the fiscal year.

Attachments:

1. Fund 404 CIP
2. VPark Internal Loan $560k Repay

2026 through 2030

Capital Improvement Plan

Faribault, MN

Sources and Uses of Funds Details

Source	Project #	2026	2027	2028	2029	2030
Park Improvements (404)						
Beginning Balance		**1,200,000**	**245,500**	**136,500**	**127,500**	**-181,500**
Revenues and Other Fund Sources						
Revenue						
Bond Proceeds 39310		3,700,000	0	0	0	0
E/G Franchise Fee 34111		560,000	560,000	560,000	560,000	560,000
Interest 36210		10,000	10,000	10,000	10,000	10,000
Parkland Dedication 36250		20,000	20,000	20,000	20,000	20,000
Transfer In 39200		86,000	86,000	86,000	86,000	86,000
	Total	4,376,000	676,000	676,000	676,000	676,000
Other Fund Sources						
Total Revenues and Other Fund Sources		4,376,000	676,000	676,000	676,000	676,000
Total Funds available		**5,576,000**	**921,500**	**812,500**	**803,500**	**494,500**
Expenditures and Uses						
Capital Projects & Equipment						
Engineering						
2025 - 2029 Bridge & Dam Improvements	BRIDGE	450,000	0	0	0	0
2025 - 2029 Sidewalk/Trail Improvements	SWKTRL	45,500	0	0	0	0
	Total	495,500	0	0	0	0
Parks						
2025-2029 Trail Improvements/Maintenance	TRAILS	25,000	25,000	25,000	30,000	30,000
Picnic Shelter Addition - Kinder Park	PAR F 30-01	0	0	0	0	30,000
Picnic Shelter Addition - Spring Park	PAR F 29-02	0	0	0	30,000	0
Picnic Shelter Addition- Seabury Park	PAR F 29-10	0	0	0	100,000	0
Picnic Shelter At North Alexander Park	PAR F 29-09	0	0	0	65,000	0
Purchase - Zamboni	PAR E 25-04	0	100,000	0	0	0
Replacement - N Alexander Park Restrooms/Main Bldg	PAR F 25-02	450,000	0	0	0	0
Replacement - Park Playground Equipment	PAR E 25-06	100,000	100,000	100,000	100,000	100,000
Repurpose Teepee Tonka Park	PAR F 29-03	0	0	0	100,000	0
Skatepark	PAR F 29-04	0	0	0	0	450,000
Viaduct Park- Ice Phase	VPark26	3,700,000	0	0	0	0
	Total	4,275,000	225,000	125,000	425,000	610,000
Other Uses						
Internal Loan Int/Prin		560,000	560,000	560,000	560,000	560,000
	Total	560,000	560,000	560,000	560,000	560,000
Total Expenditures and Uses		5,330,500	785,000	685,000	985,000	1 170,000
Change in Fund Balance		-954,500	-109,000	-9,000	-309,000	-494,000
	Ending Balance	**245,500**	**136,500**	**127,500**	**-181,500**	**-675,500**

Source	Project #	2026	2027	2028	2029	2030

Annual Interest Rate	5.00%
Years	15
Payments Per Year	4
Amount	$6,300,000

Payment Number	Payment	Principal	Interest	Balance			
1	($140,000.00)	($61,250.00)	($78,750.00)	$6,238,750.00			
2	($140,000.00)	($62,896.06)	($77,103.94)	$6,175,853.94			
3	($140,000.00)	($64,555.84)	($75,444.16)	$6,111,298.09			
4	($140,000.00)	($66,228.61)	($73,771.39)	$6,045,069.49	2026	($254,930.51)	($305,069.49)
5	($140,000.00)	($67,913.57)	($72,086.43)	$5,977,155.92			
6	($140,000.00)	($69,609.92)	($70,390.08)	$5,907,546.00			
7	($140,000.00)	($71,316.81)	($68,683.19)	$5,836,229.19			
8	($140,000.00)	($73,033.33)	($66,966.67)	$5,763,195.86	2027	($281,873.63)	($278,126.37)
9	($140,000.00)	($74,758.55)	($65,241.45)	$5,688,437.31			
10	($140,000.00)	($76,491.50)	($63,508.50)	$5,611,945.81			
11	($140,000.00)	($78,231.16)	($61,768.84)	$5,533,714.65			
12	($140,000.00)	($79,976.46)	($60,023.54)	$5,453,738.19	2028	($309,457.67)	($250,542.33)
13	($140,000.00)	($81,726.30)	($58,273.70)	$5,372,011.89			
14	($140,000.00)	($83,479.55)	($56,520.45)	$5,288,532.35			
15	($140,000.00)	($85,235.00)	($54,765.00)	$5,203,297.34			
16	($140,000.00)	($86,991.45)	($53,008.55)	$5,116,305.90	2029	($337,432.30)	($222,567.70)
17	($140,000.00)	($88,747.60)	($51,252.40)	$5,027,558.30			
18	($140,000.00)	($90,502.15)	($49,497.85)	$4,937,056.15			
19	($140,000.00)	($92,253.74)	($47,746.26)	$4,844,802.41			
20	($140,000.00)	($94,000.96)	($45,999.04)	$4,750,801.45	2030	($365,504.45)	($194,495.55)
21	($140,000.00)	($95,742.39)	($44,257.61)	$4,655,059.06			
22	($140,000.00)	($97,476.53)	($42,523.47)	$4,557,582.52			
23	($140,000.00)	($99,201.87)	($40,798.13)	$4,458,380.66			
24	($140,000.00)	($100,916.82)	($39,083.18)	$4,357,463.84	2031	($393,337.61)	($166,662.39)
25	($140,000.00)	($102,619.80)	($37,380.20)	$4,254,844.04			
26	($140,000.00)	($104,309.15)	($35,690.85)	$4,150,534.89			
27	($140,000.00)	($105,983.18)	($34,016.82)	$4,044,551.71			
28	($140,000.00)	($107,640.19)	($32,359.81)	$3,936,911.52	2032	($420,552.32)	($139,447.68)
29	($140,000.00)	($109,278.41)	($30,721.59)	$3,827,633.11			
30	($140,000.00)	($110,896.04)	($29,103.96)	$3,716,737.08			
31	($140,000.00)	($112,491.25)	($27,508.75)	$3,604,245.82			
32	($140,000.00)	($114,062.19)	($25,937.81)	$3,490,183.63	2033	($446,727.89)	($113,272.11)
33	($140,000.00)	($115,606.96)	($24,393.04)	$3,374,576.67			
34	($140,000.00)	($117,123.64)	($22,876.36)	$3,257,453.02			
35	($140,000.00)	($118,610.28)	($21,389.72)	$3,138,842.74			
36	($140,000.00)	($120,064.90)	($19,935.10)	$3,018,777.84	2034	($471,405.79)	($88,594.21)
37	($140,000.00)	($121,485.49)	($18,514.51)	$2,897,292.35			
38	($140,000.00)	($122,870.04)	($17,129.96)	$2,774,422.31			
39	($140,000.00)	($124,216.49)	($15,783.51)	$2,650,205.82			
40	($140,000.00)	($125,522.79)	($14,477.21)	$2,524,683.02	2035	($494,094.82)	($65,905.18)
41	($140,000.00)	($126,786.87)	($13,213.13)	$2,397,896.16			
42	($140,000.00)	($128,006.62)	($11,993.38)	$2,269,889.54			
43	($140,000.00)	($129,179.95)	($10,820.05)	$2,140,709.59			
44	($140,000.00)	($130,304.76)	($9,695.24)	$2,010,404.83	2036	($514,278.20)	($45,721.80)
45	($140,000.00)	($131,378.94)	($8,621.06)	$1,879,025.89			
46	($140,000.00)	($132,400.37)	($7,599.63)	$1,746,625.51			
47	($140,000.00)	($133,366.96)	($6,633.04)	$1,613,258.56			
48	($140,000.00)	($134,276.60)	($5,723.40)	$1,478,981.96	2037	($531,422.87)	($28,577.13)
49	($140,000.00)	($135,127.20)	($4,872.80)	$1,343,854.76			
50	($140,000.00)	($135,916.68)	($4,083.32)	$1,207,938.08			
51	($140,000.00)	($136,643.00)	($3,357.00)	$1,071,295.08			
52	($140,000.00)	($137,304.10)	($2,695.90)	$933,990.97	2038	($544,990.98)	($15,009.02)
53	($140,000.00)	($137,897.99)	($2,102.01)	$796,092.98			
54	($140,000.00)	($138,422.68)	($1,577.32)	$657,670.30			
55	($140,000.00)	($138,876.23)	($1,123.77)	$518,794.07			
56	($140,000.00)	($139,256.72)	($743.28)	$379,537.35	2039	($554,453.63)	($5,546.37)
57	($140,000.00)	($139,562.30)	($437.70)	$239,975.04			
58	($140,000.00)	($139,791.16)	($208.84)	$100,183.89			
59	($100,242.37)	($100,183.88)	($58.49)	$0.00	2040	($379,537.34)	($705.03)
	($8,220,242.37)	($6,300,000.00)	($1,920,242.37)				

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Jessica Kinser, City Administrator
FROM:	
MEETING DATE:	August 19, 2025
SUBJECT:	Fund 431- Capital Equipment Replacement Fund

Discussion:

The Capital Replacement Fund (431) accounts for new equipment and equipment replacement across the organization. There is not a consistent source of funds to provide ongoing revenues, so the issuance of equipment certificates or an actual GO borrowing is typically necessary (including a proposed $277,000 for 2026). Other sources of revenue include electric and gas franchise fees as well as the trade-in value on the replacement of certain capital assets. The fund is projected to start off with $600,000 in fund balance in 2026. Some fund balance results from projects being moved back to 2026 and not fully spending the internal loan of $1.6 million in 2025.

The recommended projects for 2026 include the following:

<u>Aquatic/Community Center/Parks - $87,000</u>

$10,000 - FFAC Climbing Wall - one of the climbing walls at the Aquatic Center has been damaged by moving it to the Community Center in the off-season. This is to replace the damaged wall.

$15,000 - Indoor Pool Climbing Wall - In order to prevent future damage to the FFAC climbing walls, a purchase of a climbing wall to stay at the Community Center year round will provide an additional amenity and reduce damage.

$11,000 - Replacement Soil Conditioner - This is an attachment to a bobcat that is used regularly prior to seeding or applying sod.

$30,000 - Replacement backflow and irrigation at North Alexander Park - The backflow preventer at North Alexander has failed and needs replacing. This project will also completely overhaul the irrigation system and replace the Reduced Pressure Zone (RPZ) unit.

$21,000 - Replacement of bleachers - The portable metal bleachers are moved by the City to a number of events throughout the community and, after more than 30 years, are bent and twisted. This will replace 4 individual 4-row bleachers.

City Hall
-$15,000 - Smartboard replacement - The smartboard in the public meeting room does not actually work as a smartboard any longer and is over 10 years old. Improved technology will make meetings with a virtual component easier in this room.

Engineering
-$10,000 - Replace traffic counting equipment (carryover from 2025)

Fire & Code Services
-$55,000 - Replacement Inspector - This vehicle replacement will result in trading in a 2007 vehicle to be shared with Community & Economic Development; the Chevy Malibu will be traded-in

IT - $261,709
-$213,000 - Police Facility cameras and door access panels
-$48,709 - PW Facility cameras

Streets - $481,000
- $56,000 - Replacement of a pickup; 2008 will be transferred to City Hall to replace the 2013 Dodge Ram which will be traded in
-$425,000 - Replacement of a 2011 loader

At this time, I would not recommend pursuing a bond for the $277,000 proposed in 2026, as the costs of bonding outweigh the total amount needed (likely $10-20,000). There are a few options to consider for how to handle this:

1. Reduce projects by $277,000 (will likely also reduce revenues as trade-in value is associated with many items);
2. Include as part of the total general levy for the full amount or some other amount;
3. Consider an internal loan with a quick repayment schedule (4 or fewer years); would want to wait for the 2024 audit to confirm what fund would be most appropriate; this would add something to the 2026 tax levy;
4. Pursue short-term loan/equipment certificates from a local bank; fewer costs of issuance but still debt

There is still the issue that funding outside of bond proceeds will not be available for this fund in future years. We could consider increasing the general tax levy to set aside funds or do a transfer of funds from the General Fund, as these are all General Fund expenses, ensuring that any fund balance over the policy limit goes only to this fund until solvent.

Looking beyond the next fiscal year, we continue to run into the need to fund equipment replacement. Requests change from year to year, but 2027 and 2028 are smaller years, while 2029 and 2030 involve the replacement of two pieces of equipment in the Fire Department that are millions of dollars. I would anticipate having to borrow for these trucks at that time of purchase, as it does not appear that there would be enough cash saved through any mechanism to cover those expenses.

Attachments:

1. Fund 431 CIP

2026 through 2030

Capital Improvement Plan

Faribault, MN

Sources and Uses of Funds Details

Source	Project #	2026	2027	2028	2029	2030
Capital Replacement Fund (431)						
Beginning Balance		**525,000**	**0**	**0**	**0**	**0**
Revenues and Other Fund Sources						
Revenue						
Bond Proceeds 39310		276,909	394,700	711,050	2,355,300	3,278,500
E/G Franchise Fee 34111		59,000	59,000	59,000	59,000	59,000
Interest 36210		10,000	0	0	0	0
Sale of Capital Asset 39101		65,300	35,800	39,200	204,700	11,000
	Total	411,209	489,500	809,250	2,619,000	3,348,500
Other Fund Sources						
Total Revenues and Other Fund Sources		411,209	489,500	809,250	2,619,000	3,348,500
Total Funds available		**936,209**	**489,500**	**809,250**	**2,619,000**	**3,348,500**
Expenditures and Uses						
Capital Projects & Equipment						
Aquatic Facility						
Replacement- Climbing Wall	Aqua F 26-1	10,000	0	0	0	0
	Total	10,000	0	0	0	0
City Hall						
Smart Board	SB-CH01	15,000	0	0	0	0
	Total	15,000	0	0	0	0
Community Center						
Climbing Wall	COM E 29-01	0	0	0	16,000	0
Indoor Pool Climbing Wall	Com Pool E 26-1	15,000	0	0	0	0
Replacement - Fitness Room Equipment	COM E 24-01	11,500	12,000	12,500	13,000	13,500
Replacement - Gymnasium Divider Curtain and Motor	COM E 26-02	15,000	0	0	0	0
Replacement - Strength Equipment	COM E 30-01	0	0	0	0	75,000
	Total	41,500	12,000	12,500	29,000	88,500
Engineering						
Replacement - 2012 Ford Econoline Van	ENG E 27-02	0	60,000	0	0	0
Replacement - 2014 F150 Pickup #3	ENG E 30-01	0	0	0	0	60,000
Replacement - GPS Surveying Equipment	ENG E 28-02	0	0	40,000	0	0
Replacement - Plotter/Scanner	ENG E 28-01	0	0	20,000	0	0
Replacement - Topcon Station Survey Equipment	ENG E 27-01	0	60,000	0	0	0
Replacement - Traffic Counting Equipment	ENG E 26-01	10,000	0	0	0	0
	Total	10,000	120,000	60,000	0	60,000
Equipment Maintenance						
Break Press	STR-E-30-01	0	0	0	0	100,000
	Total	0	0	0	0	100,000
Fire & Code Services						
Inspector Vehicle	FIR E 26-01	55,000	0	0	0	0
Replacement - 1997 Ford F350 Crew Cab #2130	FIR E 28-02	0	0	100,000	0	0
Replacement - 2008 Spartan Fire Pumper #2115	FIR E 28-01	0	0	0	1,500,000	0

Source	Project #	2026	2027	2028	2029	2030
Replacement - Aerial Ladder Truck #2117	FIR E 30-01	0	0	0	0	2,500,000
Replacement - Trailer #2	FIR E 29-01	0	0	0	30,000	0
	Total	55,000	0	100,000	1,530,000	2,500,000
IT						
Police Department Cameras	ITPD-CA26	104,325	0	0	0	0
Police Department Door Access	DCPD-IT26	108,675	0	0	0	0
Public Works Building Camera's	ITPW-CA26	48,709	0	0	0	0
	Total	261,709	0	0	0	0
Library						
Replacement - Library Furniture	LIB E 26-01	0	0	75,000	0	0
Replacement - Library Security Gate System	LIB E 27-01	0	0	30,000	0	0
Replacement - Self-Checkout System	LIB E 28-01	0	0	12,000	0	0
	Total	0	0	117,000	0	0
Parks						
Replacement - 2000 Toro Aerator #51	PAR E 27-05	0	6,500	0	0	0
Replacement - 2008 Towmaster Trailer #40	PAR E 28-06	0	0	15,000	0	0
Replacement - 2009 Downeaster Sander	PAR E 29-01	0	0	0	12,000	0
Replacement - 2012 Ford F550 Bucket Truck #39	PAR E 27-01	0	200,000	0	0	0
Replacement - 2014 Bobcat Soil Conditioner #42	PAR E 26-01	11,000	0	0	0	0
Replacement - 2015 Toro 72" Mower #30	PAR E 28-04	0	0	45,000	0	0
Replacement - 2017 Toolcat Stump Grinder #59	PAR E 27-02	0	15,000	0	0	0
Replacement - 2018 Toro 4000D Lawn Mower #27	PAR E 28-05	0	0	75,000	0	0
Replacement - 2019 Bobcat Toolcat #38	PAR E 28-03	0	0	75,000	0	0
Replacement - 2019 Chevrolet Silverado 2500 #6	PAR E 29-02	0	0	0	45,000	0
Replacement - 2020 Toro 5610 16" Mower #22	PAR E 30-01	0	0	0	0	130,000
Replacement - Backflow & Irrigation, N. Alexander	PAR M 26-01	30,000	0	0	0	0
Replacement - Backstop At North Alexander Park	PAR E 29-07	0	0	0	22,000	0
Replacement - Ballcarts (Parks) 2024 Forward	PAR-EQ-32	0	33,000	0	0	0
Replacement - Bleachers	PAR E 29-04	21,000	0	0	0	0
Replacement - Broyhill Load & Pack Garbage Truck	PAR E 29-03	0	0	0	220,000	0
Replacement - Ford F250 Pickup #32	PAR E 28-01	0	0	70,000	0	0
Replacement - Holiday Angels	PAR E 29-06	0	0	0	14,000	0
Replacement - Pickup Trucks (Parks) 2025 Forward	PAR-EQ-31	0	0	40,000	0	0
Replacement - Scoreboards at North Alexander Park	PAR E 28-02	0	0	78,000	0	0
Replacement - Wood Chipper #26	PAR E 25-01	0	70,000	0	0	0
	Total	62,000	324,500	398,000	313,000	130,000
Street						
Drill Press	STR E 30-02	0	0	0	0	10,000
OTC 100-ton Press	STR E 30-01	0	0	0	0	20,000
Replacement - 2001 Sterling Patch Truck #101	STR E 29-01	0	0	0	222,000	0

Source	Project #	2026	2027	2028	2029	2030
Replacement - 2005 Sellair Compressor #305	STR E 27-02	0	33,000	0	0	0
Replacement - 2008 Ford F250 #407	STR E 27-04	56,000	0	0	0	0
Replacement - 2011 Cat Loader #111	STR E 26-01	425,000	0	0	0	0
Replacement - Grayco Sprayer #103	STR E 28-02	0	0	36,750	0	0
Replacement - John Deere Tractor #211	STR E 29-02	0	0	0	160,000	0
Replacement - Tar Kettle #401	STR E 28-03	0	0	85,000	0	0
Replacement- 2008 Cat 140H Grader #208	STR E 29-03	0	0	0	365,000	0
Upgrade - LED Street Lights	STR E 30-03	0	0	0	0	440,000
	Total	481,000	33,000	121,750	747,000	470,000
Other Uses						
Total Expenditures and Uses		936,209	489,500	809,250	2,619,000	3,348,500
Change in Fund Balance		-525,000	0	0	0	0
	Ending Balance	**0**	**0**	**0**	**0**	**0**

Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM:
MEETING DATE: August 19, 2025
SUBJECT: Fund 437- Public Facilities Fund

Discussion:
Fund 437 is the fund where new facilities and capital repairs to facilities are planned as part of the capital improvement process. This fund's revenues primarily come from electric and gas franchise fees, a transfer in from Water and Sewer, and any land sales that occur. The five-year plan for this fund also includes some significant borrowing as both a new community center ($75 million) and a new fire station ($13 million) are budgeted for 2027 and 2028. In addition, there is borrowing proposed outside these larger projects to handle some of the ongoing facility expenses in the meantime. The one element of this fund that is different than some other is that there will be nearly $2 million transferred to this fund in 2030 following the payoff of a bond in 2029 that was originally used for facilities expenses.

This fund will end 2024 and 2025 with negative numbers as the sale of two parcels of land did not occur in either year. This has two practical meanings: first, no interest is being earned by this fund as there is no money, and second, that we have to show in the audit an interfund loan from another fund to cover this deficit, though we do not actually transfer or loan money to funds. We anticipate the sale of the 2 parcels now in 2026, which is the sale of capital asset revenue of $592,000.

I recommend proceeding with 2026 as proposed in the CIP, which has just 3 projects proposed.

> -$125,000 - Library Elevator Upgrade - this project is necessary to keep the 1994 elevator compliant with current codes, as mechanical components of the elevator are inspected quarterly and must pass inspection by the state if the annual license is to be renewed.
>
> -$11,000 - Equipment Bay Foor Expansion Joints - these joints require special caulking to keep water and debris out and ultimately preserve the life of the floor.

-$50,000 - Public Works Facility LED Upgrade - The only facility not to have lighting upgraded to LED in 2025 is the Public Works Facility. This is necessary as commercial non-LED lighting is no longer going to be available for purchase after 2026.

Further discussion will be need on future years and ensuring that funding exists for vital projects like new roofs and HVAC systems and other facility repair projects while balancing needs for new facilities.

Attachments:

1. Fund 437 CIP

2026 through 2030

Capital Improvement Plan

Faribault, MN

Sources and Uses of Funds Details

Source	Project #	2026	2027	2028	2029	2030
Public Facilities Fund (437)						
Beginning Balance		**-261,308**	**331,692**	**0**	**0**	**0**
Revenues and Other Fund Sources						
Revenue						
Bond Proceeds 39310		0	75,363,963	13,159,655	2,056,940	0
E/G Franchise Fee 34111		162,000	162,000	162,000	162,000	162,000
Sale of Capital Asset 39101		592,000	0	0	0	0
Transfer In 39200		25,000	25,000	25,000	25,000	25,000
Transfer In- 2021BRefunding		0	0	0	0	1,948,859
	Total	779,000	75,550,963	13,346,655	2,243,940	2,135,859
Other Fund Sources						
Total Revenues and Other Fund Sources		779,000	75,550,963	13,346,655	2,243,940	2,135,859
Total Funds available		**517,692**	**75,882,655**	**13,346,655**	**2,243,940**	**2,135,859**
Expenditures and Uses						
Capital Projects & Equipment						
Aquatic Facility						
Replacement - Aquatic Center Surfacing	AQU E 27-01	0	325,000	0	0	0
	Total	0	325,000	0	0	0
City Hall						
Electrical Vehicle Charging Posts	EV-CH26	0	0	14,000	0	0
Exterior CH Maintenance	EX-CH30	0	0	0	0	50,000
Retaining Walls and Sidewalk	RE-CH28	0	0	55,000	0	0
Roof Power Supply Replacement	RF2-CH27	0	40,000	0	0	0
Roof Replacement	RF-CH27	0	250,000	0	0	0
	Total	0	290,000	69,000	0	50,000
Community Center						
Replacement - Community Center	COM F 27-01	0	75,000,000	0	0	0
	Total	0	75,000,000	0	0	0
Fire & Code Services						
Fire Station #2	FIR F 28-01	0	0	13,000,000	0	0
Fire Station Back Man Door	FIR F 27-02	0	10,000	0	0	0
Fire Station Expansion Joints Rehab	FIR F 26-01	11,000	0	0	0	0
Fire Station Windows	FIR F 29-01	0	0	0	45,000	0
Replacement - Fire Station Boiler	FIR F 27-01	0	50,000	0	0	0
	Total	11,000	60,000	13,000,000	45,000	0
Library						
Clean & Restore Great Hall Murals	LIB F 27-01	0	60,000	0	0	0
Library Flooring	LIB F 29-01	0	0	0	200,000	0
Library Storm Windows-Lower Level and Clock Tower	LIB F 25-01	0	0	0	50,000	0
Upgrade - Library Elevator	LIB F 26-01	125,000	0	0	0	0
	Total	125,000	60,000	0	250,000	0
Parks						
Bea Duncan Memorial Fountain Renovation	PAR F 28-01	0	0	30,000	0	0
Fishing Pier Addition	PAR F 28-02	0	0	35,000	0	0

Source	Project #	2026	2027	2028	2029	2030
Replacement - White Sands Trail Head Facility Roof	PAR F 26-01	0	25,000	0	0	0
Upgrade - Central Park Bandshell	PAR F 27-01	0	0	0	0	105,000
Upgrade Ballfied Lights to LED at No Alex Park	PAR F 29-05	0	0	0	100,000	0
	Total	0	25,000	65,000	100,000	105,000
Police						
Storage Building	POL F 30-01	0	0	0	0	1,000,000
	Total	0	0	0	0	1,000,000
Street						
LED Upgrade for All Facilities	LIGHTREP	50,000	0	0	0	0
Replacement - Roof Public Works & Parks Facility	STR F 29-01	0	0	0	1,635,400	0
Replacement - HVAC - Public Works Facility	STR F 27-01	0	122,655	122,655	163,540	122,655
Replacement - Salt Storage Shed Roof	STR F 28-01	0	0	90,000	0	0
	Total	50,000	122,655	212,655	1,798,940	122,655
Washington Center						
Upgrade - Washington Center Air Conditioning	WCT F 29-01	0	0	0	50,000	0
	Total	0	0	0	50,000	0
Other Uses						
Total Expenditures and Uses		186,000	75,882,655	13,346,655	2,243,940	1,277,655
Change in Fund Balance		593,000	-331,692	0	0	858,204
	Ending Balance	**331,692**	**0**	**0**	**0**	**858,204**

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Jessica Kinser, City Administrator
FROM:	
MEETING DATE:	August 19, 2025
SUBJECT:	Debt Projections and Discussion

Discussion:
In order to provide a glimpse of where we are and some Capital Improvement Plan (CIP) issues that need to be resolved before adopting a CIP in December, I have compiled the attached legal debt margin calculation that takes future needs into account. The purpose of this discussion is to make you aware of our capacity to borrow and to bring your attention to 2 significant projects in the future and their impacts.

Community Center
Fund 437 has $75 million for a new community center in the 2027 budget. There are some moving parts to this, but for planning purposes there are some things to bring to your attention now. We are operating off of this number, knowing it requires further design/engineering before it is an amount to use for borrowing. However, we would assume it would go higher and not lower given the cost of construction and building materials. We do not have a comparison of a renovation/new construction on the existing site, which we believe would be a smaller budget.

Northland Securities had previously provided analysis on funding a new Community Center that is worth reviewing again. The Council will need to decide by January 31st to submit a request to the Legislature to request a referendum on a local option sales tax (LOST) to help pay for a Community Center. In an analysis of how much a 1% LOST will generate in a given year, the attachment shows a 6-year average generating $2.25 million for debt service requirements on an annual basis. On a 30-year term, this will fund a nearly $36 million bond. This figure is conservative as it incorporates 2020 into the average, which certainly reduces the annual amount. The City would need a 2% LOST in order to try and fund the entire project with a LOST, but still might come up a few million short, depending on the average used. However, Northland Securities advised no cities have been granted a LOST at that level and are typically at the 1% level. It is ultimately up to the Council to determine how much authority to request from the Legislature, and if approved, up to the voters to determine if it should be allowed.

If the Council moves forward with a 1% LOST request, that still leaves around $39 million in funding. Northland outlined a few options for funding a portion or all, which are exclusive of each other.

Tax Abatement

The City can issue 20-year tax abatement bonds that do not have any referendum requirements. This debt does not count against the legal debt margin. The City is limited to 10% of net tax capacity as the maximum that can be requested as part of the City's tax levy. For 2025, that figure is in the $2.6 million range. The amount of tax abatement that could be used to repay a bond, though, would be less than $2.8 million, as the Council has committed to providing tax abatement as an economic development incentive and is utilizing tax abatement as the repayment source on the Viaduct Park Phase 2 bond. Absent adding on additional items, the City would likely be able to borrow an additional $35.3 million towards the Community Center.

The total funds available for the 30-year sales tax bond and 20-year tax abatement bond is $69.29 million. The tax abatement payment would come from the City's tax levy, and would add around $2.698 million to the City's annual tax levy or, in 2026 figures, a 20% tax levy increase in the year it was implemented over the prior year, but would be negligible from year to year as the bond was paid off.

Ad Valorem Tax

The second option would be to seek a referendum on the second half of the funds, which could be set at whatever amount the City would like to issue. These would be planned for a 30-year repayment to match that of the sales tax bonds. This amount would reduce the legal debt margin available and likely capture 50% or more of the capacity available. We do not have a debt service table prepared for this, but the impact on the tax levy would be similar in that it would likely be adding $2.7 million or more to the City's total tax levy request.

Fire Station(s)

2028 has a $13 million general obligation bond for a new fire station or stations, as a scope is not known at this time. Chief Dienst is working with a consultant to help determine location potential and space needs to help better define this as we get closer. Assuming a GO bond for the Community Center in 2027, an additional $13 million would move the City much closer to the limits of our legal debt limit. Any bonding for this would also be added to the annual tax levy request as well.

Northland Securities was very quick to point out that interest rates will have a huge impact on the City's borrowings. In all scenarios, a 4.5% interest rate has been used, which might be more favorable at the time of borrowing. All borrowings related to the Community Center are assumed to be tax-exempt, which also shows a more favorable interest rate than a taxable bond. We would need to make the bonds taxable if the City were to lease the building to an entity to formally serve as a manager or have long-term leases of space to other entities for their operations inside the facility.

Attachments:

1. Legal Debt Margin Calculation
2. Attachment 2_Preliminary Faribault Sales Tax Scenarios

Legal Debt Margin Forecast
2026-2030

	2025	2026	2027	2028	2029	2030
Market Value	2,235,466,200	2,377,456,400	2,448,780,092	2,522,243,495	2,597,910,800	2,675,848,124
Statutory Debt Limit	67,063,986	71,323,692	73,463,403	75,667,305	77,937,324	80,275,444
3%						
2015A Imp	520,000	420,000	320,000	215,000	110,000	-
2021B Refunding	2,160,000	1,205,000	665,000	125,000	-	-
2027 Borrowing				39,758,663	37,000,000	35,000,000
2028 Borrowing					13,870,705	12,250,000
2029 Borrowing						4,412,240
2030 Borrowing						
Total Outstanding GO Debt	2,680,000	1,625,000	985,000	40,098,663	50,980,705	51,662,240
Legal Debt Margin	**64,383,986**	**69,698,692**	**72,478,403**	**35,568,642**	**26,956,619**	**28,613,204**
Fund 431 Debt Forecast	-	201,909	394,700	711,050	2,355,300	3,278,500
Fund 437 Debt Forecast	-		39,363,963	13,159,655	2,056,940	-
Total Debt Forecast		**201,909**	**39,758,663**	**13,870,705**	**4,412,240**	**3,278,500**
			55%	**71%**	**71%**	**68%**

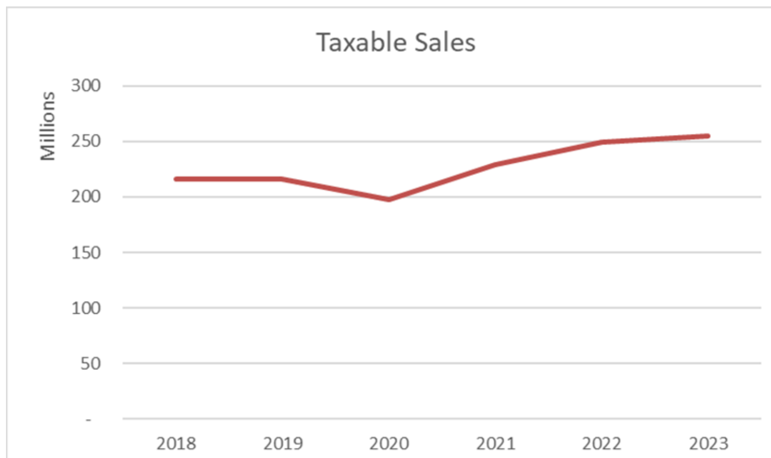
City of Faribault, Minnesota
Interest rates based upon "AA" rated bonds / as of 8/13/25
Preliminary General Obligation Sales Tax Revenue Bond Scenarios

	Scenario 1	*Scenario 2*	*Scenario 3*
	Sales Tax Funded Projects, 20 Year Term	Sales Tax Funded Projects, 25 Year Term	Sales Tax Funded Projects, 30 Year Term
BOND OVERVIEW			
City Inititated Projects	$ 29,323,000	$ 32,786,000	$ 35,290,000
Add Costs of Issuance and Rounding	$ 577,000	$ 629,000	$ 665,000
Bond Amount	$ 29,900,000	$ 33,415,000	$ 35,955,000
Bond term (Years)	20	25	30
Avg. Interest Rate	4.29%	4.52%	4.71%
Total Net Debt Service	$ 44,959,618	$ 56,201,215	$ 67,437,748
Avg. Annual Debt Service	$ 2,247,981	$ 2,248,049	$ 2,247,925

City of Faribault
Historical Taxable Sales

Year	Taxable Sales	1%
2018	215,984,632	2,159,846
2019	216,031,851	2,160,319
2020	197,243,946	1,972,439
2021	229,107,287	2,291,073
2022	249,452,470	2,494,525
2023	254,596,954	2,545,970
6 Year Average =		2,270,695.23
Less: Annual DOR Adminstrative Fee		(20,000)
Revenue Available for Debt Service		$ 2,250,695

** Statistics from the MN Department of Revenue, Tax Research Division*



Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM:
MEETING DATE: August 19, 2025
SUBJECT: 2026 Position Requests

Discussion:
There are 3 position requests/changes that are up for consideration by the City Council.

1. Police Deputy Chief
This would be a new full-time position that would add a non-union management position to the Police Department. Until 2022, there were 3 Captain positions, when an unexpected retirement created a vacancy. At that time, an Administrative Sergeant position was created in place of a third captain position and provided a career development opportunity for those interested in command staff roles. With the retirement of a Captain in 2025, there is another opportunity to reorganize the management of the Police Department in a way that creates a true second in command while also creating financial savings.

In order to add this position but not result in a net increase to the department's staffing, a Sergeant position would be eliminated. Also, as a result of creating this position, the 2 Captain positions would not be reclassified to a pay grade P at 1/1/26, but would stay at a pay grade O. The new Deputy Chief position would be a pay grade Q.

	Base Wages	OT/Other Pay	Benefits	Total
Deputy Chief - New	$154,461	0	$42,801	$197,262
Change in Captain Positions (2)	($23,469)	0	($6,504)	($29,973)

Sergeant - Eliminate	($133,744)	($25,686)	($39,302)	(198,299)

These changes net a savings of $31,000 for fiscal year 2026.

2. Fire Administrative Assistant
The administrative assistant in Fire is currently budgeted at 15 hours per week, which is no longer sufficient to meet the workload of the position, with the current employee often working more than 15 hours per week. Chief Dienst has requested this position be increased to 20 hours per week. The increase in wages is $8,494 and the increase in benefits is $1,416, totaling $9,909.

3. Part-Time Community Engagement/Event Specialist
This is a new part-time position in Administration that would work with the Communications Manager to continue the City's work towards community engagement. The position is a consideration in the strategic plan and would work with other City departments to find ways in which City facilities/spaces could continue to be used for hosting special events in the community. At 20 hours per week, the base wages for this position are $24,014 and associated benefits are $3,938, totaling $27,952.

Attachments:

City of Faribault

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Jessica Kinser, City Administrator
FROM:	
MEETING DATE:	August 19, 2025
SUBJECT:	Preliminary Tax Levy Update

Discussion:
A number of items have come in too late to analyze for the packet issued on Friday. More information will be uploaded to this item before Tuesday and discussed further on Tuesday evening.

Attachments: