City Council Work Session
Tuesday, December 16, 2025 at 6:00 PM
Public Meeting Room

AGENDA

1. **Call to Order**
2. **Items for Discussion**
   A. 2025/2026 Tourism Update - Devin Winjum, Faribault Area Chamber of Commerce
   B. 2026 Snow and Ice Control Guidelines Review
   C. Discuss Vehicle for Hire Licensing
   D. Discussion of Capital Asset Policy
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.

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Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Jessica Kinser, City Administrator
FROM:	
MEETING DATE:	December 16, 2025
SUBJECT:	2025/2026 Tourism Update - Devin Winjum, Faribault Area Chamber of Commerce

Discussion:

The agreement with the Chamber of Commerce for the operation of a Convention and Tourism Bureau requires that the Chamber submit a budget to the City Council by November 30th of each year. We missed that deadline for the 2026 budget, but have Devin Winjum, Director of Marking and Communications, to present the 2026 budget at the work session.

As a reminder, the City budgets revenue for the lodging tax with an expenditure of the same amount as the Chamber's contract. This means there is a net-zero impact on the General Fund budget. For 2026, this amount is $130,000. This is more than the 2025 budget of $120,000, but we are optimistic that the state's taking over collections will result in better, more timely collections from existing hotels and the inclusion of short-term rentals as part of the lodging tax collections.

Attachments:

1. 2024-2028 Agreement for Professional Agency Services - Faribault Area Chamber of Commerce and Tourism, Inc

AGREEMENT FOR PROFESSIONAL AGENCY SERVICES

BETWEEN: City of Faribault, Minnesota

AND: Faribault Area Chamber of Commerce and Tourism, Inc.

EFFECTIVE DATE: January 1, 2024

This Agreement, made this 12th day of December, 2023, effective as set forth above, by and between the City of Faribault, a Minnesota municipal corporation, hereafter referred to as the "City", and the Faribault Area Chamber of Commerce and Tourism, Inc., a Minnesota nonprofit corporation, hereafter referred to as the "Agency".

RECITALS

A. Minnesota Statutes, Section 469.190 and Article V, Chapter 14, of the City's Code of Ordinances authorizes the imposition of a tax of three percent on the gross receipts from the furnishing of lodging within the city to fund a local convention or tourism bureau for the purpose of marketing and promoting the city as a tourist or convention center.

B. The City has the right to enter into a separate agreement with an agency to provide for the purposes of marketing and promoting the city as a tourist or convention center using lodging tax proceeds.

C. Agency is engaged in the business of providing marketing and promotion professional services.

D. City requires marketing and promotion professional services assistance in conjunction with the maintenance of the Agency.

E. City desires to engage Agency to provide the services described in this Agreement and Agency is willing to provide such services on the terms and conditions set forth herein.

AGREEMENT

1. **Services to be Provided.** Agency agrees to provide City with marketing and promotion professional services as set forth in this Agreement and as set forth in the Agency's proposed services attached hereto in Exhibit A ("Scope of Services" or "Services") and/or any obligations within this Agreement or supplemental letter agreements entered into between the City and Agency. The Services and obligations referenced in the attached Exhibit A or any supplemental letter agreements shall be incorporated into this Agreement by reference. All Services and obligations shall be provided in a manner consistent with the level of care and skill ordinarily exercised by professionals currently providing similar marketing and promotion services.

2. **Term.** The term of this Agreement shall be for a five (5) year term (the "Term"), commencing on January 1, 2024 (the "Commencement Date") and shall be subject to review by the City Council at the end of the Term. After the Term, this Agreement shall continue on an annual basis, unless the City and the Agency agree otherwise. Throughout the Term and any annual extension beyond the Term, this Agreement shall be subject to termination by either party pursuant to paragraph 4 below. Following the completion of the Term, this Agreement shall be subject to the review of the City Council every five (5) years.

3. **Consideration,** The consideration, including the lodging tax and other amounts as set forth in this Agreement, which the City shall pay to the Agency for both the Agency personnel and Services performed by Agency and the expenses incurred by the Agency in performing the Services, shall be as set forth in this Agreement. The Scope of Services and the obligations, along with the budget will be agreed upon prior to the commencement of the Services. The City shall make payments to the Agency based upon mutual agreement.

4. **Termination.** Notwithstanding any other provision hereof to the contrary, this Agreement may be terminated as follows:

   4.1 The parties, by mutual written agreement, may terminate this Agreement at any time.

   4.2 Agency may terminate this Agreement in the event of a breach of the Agreement by the City upon providing one hundred twenty (120) days written notice to the City.

   4.3 The City Council may terminate this Agreement at any time for any cause upon written notice to the Agency, or for no reason or cause upon one hundred twenty (120) days written notice to the Agency.

   4.4 The City may terminate this Agreement immediately upon the Agency's failure to have in force any insurance required by this Agreement.

   Except as provided in paragraph 5 below, in the event of a termination, City shall pay Agency for Services performed to the date of termination and for all equipment costs or other expenses incurred, including contracts with outside agencies, prior to the date of termination.

5. **Remedies.**

   5.1 In the event of a termination of this Agreement by City because of a breach by Agency, City may complete the Services either by itself or by contract with other persons or entities, or any combination thereof.

5.2 The foregoing remedies provided to City for breach of this Agreement by Agency shall not be exclusive. City shall be entitled to exercise any one or more other legal or equitable remedies available because of Agency's breach.

6. **Records/Inspection.** This Agreement is subject to the requirements of Minnesota Statutes, Section 16C.05, subd. 5. Agency agrees that City or any authorized representatives may have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, or other materials during normal business hours and as often as deemed necessary. Agency agrees to maintain these materials, records, and documents for six years from the date of the termination of this Agreement.

7. **City and Agency Liaisons.** The City Administrator or their designee shall serve as the liaison and primary contact to the Agency and representative of the City with respect to services rendered pursuant to this Agreement. The City's representative has the authority to instruct, interpret, and define the City's policies with respect to the Services. The Agency shall designate a person or his/her designee to serve as the liaison and primary contact to the City and representative of the Agency with respect to services rendered pursuant to this Agreement. The Agency's representative has the authority to instruct, interpret, and define the Agency's policies with respect to the Services.

8. **Tourism Board.** The Agency shall establish a board ("Tourism Board") of not less than seven (7) voting members to advise the Agency on the use of lodging tax revenues remitted to the Agency. The City Council shall annually appoint a councilmember to serve on the Tourism Board. The remaining members shall be appointed by the Agency to three-year, staggered terms, and shall represent the following or similar sectors of the community:
(1) One member from the lodging industry;
(2) Four (4) members representing community assets (these members may be from the lodging industry, restaurants, attractions, retail, history, arts and culture, community festivals, parks and recreation or an applicant with pertinent marketing or tourism related expertise, or as otherwise determined by the city);
(3) One representative from the agency.
The Tourism Board shall meet a minimum of four (4) times per year at a time and location to be determined by the Agency.

9. **Local Convention and Tourism Bureau.** Sec. 14-94, Article V., Chapter 14 of the Faribault City Code of Ordinances authorizes the City's utilization of the services of a local convention and tourism bureau ("Tourism Bureau") to be administered by the Agency pursuant to this Agreement.

10. **Agency Obligations.** The Agency shall ensure that the following obligations for the City are performed:

a. Prepare preliminary and final annual budgets, subject to approval by the Tourism Board, and submit to the City in accordance with Paragraph 12;

b. Prepare an annual report, including an overview of the annual budget, to be presented to the City Council;
c. Prepare quarterly reports and submit to the City, which shall include (1) list of bills/expense report, (2) budget to actual statement, and (3) current fund balance;
d. Implement and assist in providing direction and oversight of the lodging tax income and expense;
e. Establish and implement annual program goals;
f. Prepare a tourism marketing strategy that utilizes a multi-faceted approach to attract visitors to the community; and
g. Any other matters or obligations as determined by the Tourism Board.

11. **Compensation.** Funding for the Agency and for the marketing and promotional services of the City by the Agency shall be funded from the lodging tax proceeds collected pursuant to Minnesota Statutes, Section 469.190 and Article V, Chapter 14, of the City's Code of Ordinances.

11.1 The City will compensate the Agency out of lodging tax dollars for the Services set forth in Exhibit A to this Agreement by remitting 95 percent of lodging tax dollars collected, payable within 30 days following collection by the City from the lodging establishments.

11.2 For the specific additional services and duties required to be performed by the Agency and set forth in Exhibit B of this Agreement (the "Additional Services"), the City will compensate the Agency out of lodging tax dollars for the Additional Services by remitting five (5) percent of lodging tax dollars collected, payable within 30 days following collection by the City from the lodging establishments. Said compensation paid to the Agency for the Downtown Visitor Center shall be used solely for subsequent payment to Paradise Center for the Arts and for costs associated with the Downtown Visitor Center located at the Paradise Center for the Arts. Should the Downtown Visitor Center located at the Paradise Center for the Arts discontinue operation or cease to exist at such location, then this Section 11.2 shall become null and void and must be renegotiated by the Agency and the City.

11.3 Any revenues generated by the Agency as a result of the contracted Services provided to the City pursuant to this Agreement must be spent by the Agency to market and promote the City as a tourist and convention center.

12. **Annual Budget.** The Agency shall submit a preliminary annual budget for the next calendar year to the City by October 15 of each year. The Agency shall submit the final budget for the next calendar year to the City Council by November 30 of each year. The final budget shall identify the uses for the requested funds out of the lodging tax proceeds. The annual budget shall be audited on a biannual basis using an agreed-upon procedure approved by the city administrator. The cost of the audit shall be paid for by the agency. The City authorizes the Agency to cash flow the activities contemplated by this Agreement without any additional expense to the City.

13. **Quarterly Financials.** The Agency shall provide the members of the Tourism Board with financial statements prepared no less often than quarterly prior to conducting their meetings. The financial statements shall show (a) list of bills/expense report, (b) budget to actual statement, and (c) current fund balance.

14. **Indemnification.** To the fullest extent permitted by law, the Agency, and the Agency's successors or assigns, agree to protect, defend, save, and hold harmless the City, its officers, agents, and employees from all claims, suits, or actions of any kind, nature, or character, and the costs, disbursements, and expenses of defending the same, including but not limited to, attorneys' fees, consulting marketing and promotion services, and other technical, administrative or professional assistance resulting from or arising out of the negligence, breach of contract or willful misconduct of Agency or its subcontractors, agents, or employees under this Agreement. Nothing in this Agreement shall constitute a waiver or limitation of any immunity or limitation on liability to which the City is entitled

15. **Insurance and Bonds.** The Agency will maintain at the Agency's sole expense, insurance coverage for itself, including the following: Workers Compensation, General Liability, and Directors and Officers Liability in an amount of not less than $1 million per occurrence (except only statutory limits for workers compensation coverage) and at least $2 million aggregate coverage and an umbrella policy with limits of at least $1 million, and will provide information as to specific limits upon receipt of signed Agreement. Such insurance must cover all losses related to this Agreement. The Agency shall provide City with a current certificate(s) of liability insurance for all insurance coverage referenced above. Such certificate(s) of General Liability insurance shall list the City as an additional insured and all certificate(s) of liability insurance shall contain a statement that such policies of insurance shall not be canceled or amended unless sixty (60) days written notice is provided to the City (ten (10) days written notice in the event of non-payment of premium). Acceptance of a certificate of insurance that does not comply with these requirements does not operate as a waiver of the Agency's or any other party's obligations hereunder. In addition, the Agency shall cause all vendors and participants to maintain insurance coverage for all vendors and participants at tourism-related events conducted pursuant to this Agreement.

In addition to the insurance requirements set forth above, the Agency shall obtain a fidelity bond in the minimum amount of $100,000 covering the person or persons on a position or name-scheduled basis that handles any money pursuant to this Agreement. The amount of such bond shall be reviewed annually and modified to be consistent with the lodging tax dollars paid to the Agency pursuant to this Agreement.

16. **Subcontracting; Assignment.** The Agency shall not subcontract or assign, sublet, or transfer any rights under or interest (including, but without limitation, moneys that may become due or moneys that are due) in the Agreement without the prior written consent of the City. Any assignment in violation of this provision is null and void. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

17. **Independent Contractor.** Agency shall be deemed an independent contractor. Agency's duties will be performed with the understanding that Agency has special expertise as to the services, which Agency is to perform and is customarily engaged in the independent performance of the same or similar services for others. The manner in which the services are performed shall be controlled by Agency; however, the Agency shall take the recommendations from the Tourism Board into consideration on the nature of the services and the results to be achieved. The Agency is not to be deemed an employee or agent of the City and has no authority to make any binding commitments or obligations on behalf of the City except to the extent expressly provided herein. All services provided by the Agency pursuant to this Agreement shall be provided by the Agency as an independent contractor and not as an employee of the City for any purpose, including but not limited to: income tax withholding, workers compensation, unemployment compensation, FICA taxes, liability for torts and eligibility for employee benefits.

18. **Compliance with Laws.** Agency shall exercise due professional care to comply with applicable federal, state and local laws, rules, ordinances and regulations in effect as of the date Agency agrees to provide the applicable services detailed in Exhibit A or any supplemental letter agreement.

19. **Notices.** Any notices permitted or required by this Agreement shall be deemed given when personally delivered or upon deposit in the United States mail, postage fully prepaid, certified, return receipt requested, addressed to:

Agency: Faribault Area Chamber of Commerce and Tourism, Inc.
Attn: President/CEO
530 Wilson Avenue
Faribault, MN 55021

City: City of Faribault
Attn: City Administrator
208 1st Avenue NW
Faribault, MN 55021

or such other address as either party may provide to the other by notice given in accordance with this provision.

20. **Attorney Fees.** In the event of any action to enforce or interpret this Agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorney fees incurred in the proceeding, as set by the court, at trial, on appeal or upon review.

21. **Entire Agreement; Amendments.** This Agreement, any attached exhibits and any addenda or amendments signed by the parties shall constitute the entire agreement between the City and the Agency, and supersedes any other written or oral agreements between the City and the Agency. This Agreement can only be modified or amended in writing signed by the City and the Agency.

22. **Third Party Rights.** The parties to this Agreement do not intend to confer on any third party any rights under this Agreement.

23. **Choice of Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal court of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

24. **Conflict of Interest.** In the execution of services outlined in this Agreement, the Agency shall equally promote and market all tourism sectors of the City; preferential treatment for certain tourism sectors or subsets is prohibited. The Agency shall use reasonable care to avoid conflicts of interest and appearances of impropriety in providing its marketing and promotion services for the City. In the event of a conflict of interest, Agency shall advise the City and either secure a waiver of the conflict or advise the City that it will be unable to provide requested marketing and promotion services. It is the intent of the Agency to refrain from handling marketing and promotion matters for any other person or entity that may pose a conflict of interest.

25. **Work Products and Ownership of Documents.** All records, information, materials and other work products, including, but not limited to the completed reports, drawings, plans, and specifications prepared and developed in connection with the provision of services pursuant to this Agreement shall become the prope1iy of the City, but reproductions of such records, information, materials and other work products in whole or in part may be retained by the Agency.

26. **Agreement Not Exclusive.** The City retains the right to hire other marketing and promotion professionals for other matters, in the City's sole discretion.

27. **Data Practices Act Compliance.** Any and all data provided to the Agency, received from the Agency, created, collected, received, stored, used, maintained, or disseminated by the Agency pursuant to this Agreement shall be administered in accordance with, and is subject to the requirements of the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, and specifically Section 13.495. This paragraph does not create a duty on the part of the Agency to provide access to public data to the public if the public data are available from the City, except as required by the terms of this Agreement.

28. **No Discrimination.** Agency agrees not to discriminate in providing products and services under this Agreement on the basis of race, color, sex, creed, national origin, disability, age, sexual orientation, status with regard to public assistance, or religion. Violation of any part of this provision may lead to immediate termination of this Agreement.

29. **Survivability.** All covenants, indemnities, guarantees, releases, representations, and warranties of either party or the patties and any undischarged obligations of the parties arising prior to the expiration or termination of this Agreement, shall survive such

expiration or termination.

30. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision. Any invalid or unenforceable provision shall be deemed severed from this Agreement to the extent of its invalidity or unenforceability, and this Agreement shall be construed and enforced as if the Agreement did not contain that particular provision to the extent of its invalidity or unenforceability.

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IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement for Professional Agency Services indicated below.

CITY OF FARIBAULT

DocuSigned by:

By: Kevin F. Voracek

Kevin F. Voracek

Its: Mayor

DocuSigned by:

Timothy C. Murray

By: Timothy C. Murray

Its: City Administrator

FARIBAULT AREA CHAMBER OF COMMERCE AND TOURISM, INC.

DocuSigned by:

By: Jody Long

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Jody Long

Its: Chair of the Board

DocuSigned by:

By: Nort Johnson

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Nort Johnson

Its: President/CEO

EXHIBIT A - SCOPE OF SERVICES

SERVICES RENDERED BY AGENCY.

In addition to the marketing and promotional services obligations performed by the Agency, the Agency shall furnish Services including but not limited to those outlined below:

1. Lobby and outdoor kiosk designed for visitors
2. Signage directing visitors to the facility
3. Front desk staff trained and prepared to assist walk in, e-mail and phone inquiries
4. Staffed 8am – 5pm Monday through Friday and weekends as necessary
5. Office Space for Agency personnel
6. Office equipment and office supplies for the Tourism Department
7. Mailing address, post office box, internet access
8. Computer, software, and database access
9. Meeting space for Agency personnel and subcommittees
10. Services, payroll and associated filing and accounting
11. Accounts payable and accounts receivables
12. Invoicing and financial report preparation
13. Support for the Agency personnel when sick, on vacation or when work load requires additional assistance

EXHIBIT B – SCOPE OF ADDITIONAL SERVICES

ADDITIONAL SERVICES RENDERED BY AGENCY.

In addition to the marketing and promotional services obligations performed by the Agency, and the Services outlined in EXHIBIT A, the Agency shall furnish the following Additional Services including but not limited to those outlined below:

1. Provide space for a Downtown Visitor Center and accompanying facilities located at the Paradise Center for the Arts property (the "Downtown Visitor Center").
2. Provide guidance for Paradise Center staff to assist in addressing tourism questions at the Downtown Visitor Center.
3. Supply maps and tourism information for visitors to the City at the Downtown Visitor Center.
4. Provide and make available public access to public restrooms for visitors to the City at the Downtown Visitor Center.
5. Provide extended hours of operation, including some evening and weekend hours, at the Downtown Visitor Center.
6. Provide signage identifying the Downtown Visitor Center and the availability of tourism information.
7. Any other matters or obligations as agreed upon by the City and the Agency to be conducted at the Downtown Visitor Center.

Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM: Travis Block, Public Works Director
MEETING DATE: December 16, 2025
SUBJECT: 2026 Snow and Ice Control Guidelines Review

Discussion:

The City annually updates, reviews, and adopts Snow and Ice Control Guidelines. A draft copy of the guidelines for the 2026 snow season is attached for review and discussion. While there are no major changes proposed to the current guidelines, a few items to note include the following:

- Continuing the transition from sand/salt mix to straight salt for deicing.
- Administrative citations can be used for ordinance violations such as depositing snow onto a City street from private property.
- Two mini-weather stations will be used in 2026 to obtain the most up-to-date information on conditions.

In addition to the draft guidelines, some of the relevant sections of the City Code and State Statutes that apply to snow removal are attached for reference.

Attachments:

1. 2026 Snow and Ice Control Guidelines
2. Snow Related Ordinances and Statutes2

SNOW AND ICE CONTROL GUIDELINES 2026

I. PERSONNEL

All Department of Public Works and Parks and Recreation personnel shall be available for snow and ice control operations. The City may also utilize seasonal personnel and contract services to assist with the snow removal operations. City crews are responsible for snow and ice control operations on approximately 143 miles of roadways within the City, along with alleys, parking lots, and trails/sidewalks.

II. EQUIPMENT

The City of Faribault currently operates and maintains the following equipment for snow and ice control operations:

1- truck with reversible plow and sander
7- trucks with reversible plow, wing plow and sander
2- motor graders with snow-wing
4- front-end loaders with plows (includes airport)
1- front-end loader w/180hp diesel engine snow blower
2- one-ton trucks
5- pick-ups with plows
3- tractors w/plow and snow blower
2- Tool Cat tractors w/snow blower
2- Skid loaders

When equipment is disabled, every attempt shall be made to get the equipment repaired and operational as soon possible. This may require the call back of one or both equipment services mechanics unless adequate back up equipment is available.

III. PROCEDURES

A. Alert and Call Out

During normal working hours, the Public Works Director or designee shall be responsible for monitoring street and weather conditions and initiation of snow and ice control procedures. After hours, on weekends, and during holidays the Police Department shall notify the Public Works Director or designee when snow and ice conditions warrant crew alert.

A call list is provided to the Police Department for general maintenance items such as sanding, street sign repair, and other minor maintenance activities.

B. Sanding and Salting

It shall be the policy of the City to consider cost, environmental impact of salt usage as well as safety of the motoring public when establishing application rates and locations for application.

Sand and/or salt shall be applied to the street surface in such quantities to provide a level of skid resistance that is consistent with standards normally experienced on city streets throughout the state of Minnesota during the snow and ice season. Certain portions of the City are salt only zones (downtown, east and southwest zones). It is recognized that a bare pavement policy is not possible at all times during winter periods in the northern regions of the country.

Pre-wetting of salt and sand/salt mixture will be utilized when temperature and conditions warrant its use. An average winter season uses approximately 500 tons of salt and 100 ton of sand.

Streets shall typically be spot treated to provide skid resistance and traction consistent with area standards. Salt only zones are treated with salt on a calibrated lane mile application method. Sanding and salting occur in accordance with the following priorities:

1. Hills, controlled intersections, bridges, and sharp curves.
2. Arterial and collector streets.
3. School zones.
4. Bus Routes.
5. Commercial and industrial roadways.
6. Residential areas - blanket sanding of general snow pack on residential streets will not be accomplished.

When practical, sanding/salting will be accomplished concurrently with plowing operations, however, not all equipment used in snow removal can sand/salt. In those cases, or when conditions warrant the priority shall be snow removal with sanding/salting occurring as appropriate equipment becomes available.

C. Snowplowing - Snowplowing shall normally begin when accumulation reaches a point where functional traffic flow is inhibited. Certain conditions shall warrant the plowing of arterial and collector "mainline" streets only in advance of the remaining areas. This shall be accomplished with the minimum of one plow truck. Plowing shall continue as long as visibility and operator safety is maintained. Work periods shall not exceed safe limits that operators can continue without rest.

Snow removal operations shall proceed as rapidly as possible in accordance with the following priorities:

1. Arterial and Collector Streets
2. School Zone Streets
3. Residential Streets and Alleys
4. City Parking Lots

5. Pedestrian Trails and Sidewalks
6. Skating Rink Facilities (3, all located at Jefferson School)

For an "average storm" (less than six (6) inches of snow), it shall be the policy of the City to have all streets plowed curb-to-curb within 24 hours after snowfall stops. A "non-average storm" (greater than six inches of snow) shall be plowed curb-to-curb within 24-36 hours based on when snowfall stops. The City is divided into 11 plowing districts. In each district the "main line" or heavily traveled streets are plowed first (Division Street, Willow Street, 2nd Avenue N.W., 7th Street N.W., 9th Avenue S.W., Prairie Avenue, etc.). Plows then disperse to the less traveled residential streets. Sanding/salting at this time is kept to a minimum so plows can open the streets as soon as possible for residential and emergency access. Storms of larger magnitude will take longer depending on severity. Extreme snowfalls may warrant the opening of two lanes initially with full width plowing later.

In the downtown area, the snow is windrowed then blown into trucks (rental trucks are typically used) and taken to the designated snow storage area(s). This activity may be completed on the first or second night of a snow event, depending on the timing and amount of the snow event. Clearing handicapped curb cuts and pedestrian crosswalks shall be the responsibility of the City. The City plows twenty-eight parking lots, including the Fire Station, City Hall, Buckham Center, Community Center, River Bend Nature Center, and various City-owned parking lots. Upon completion of the downtown area, other City buildings are plowed, such as the Water Pumping Station and various City trails/sidewalks.

It shall be the policy of the City that the opening of driveways will not be the responsibility of the City. Property owners shall be responsible for clearing walkways and sidewalks.

All plow routes are divided into relatively equal areas. After the plowing of collectors and arterials, these areas shall be plowed on an alternating basis. Plowing continues until all streets have been plowed. The time to open all lanes takes a minimum of eight to eighteen hours depending on conditions. Plowing speeds shall adjust to match snow and road conditions and shall always be lower than the legal speed limits.

Snow removal in cul-de-sacs shall be placed in appropriate areas of the curb line. These piles shall be removed by the City crews when conditions warrant.

D. <u>Snow Hauling</u>

The City of Faribault routinely removes snow from the following streets (primarily the downtown area):

Central Avenue	-	Division Street to 7th Street N.W.
1st Avenue N.E.	-	Division Street to 5th Street N.E.
1st Avenue N.W.	-	1st Street N.W. to 7th Street N.W.
2nd Avenue N.W.	-	2nd Street N.W. to 7th Street. N.W.
Division Street	-	3rd Avenue W. to 1st Avenue E.
2nd Street N.W./N.E.	-	3rd Avenue N.W to 1st Avenue N.E.

3rd Street N.W./N.E.	-	4th Avenue N.W. to 3rd Avenue N.E.
Ravine Street	-	3rd Avenue N.E. to 6th Avenue N.E.
Shumway Ave.	-	Ravine St. to 1st St. NE (Hwy 60)
4th Street N.W./N.E.	-	Railroad tracks to Heritage Place
5th Street N.W./N.E.	-	3rd Avenue N.W. to 1st Avenue N.E.
6th Street N.W.	-	2nd Avenue N.W. to Central Avenue
1st Street N.W./N.E.	-	1st Avenue N.W. to 1st Avenue N.E.
1st Street S.E.	-	100 Block (behind Buckham Center)
Park Place S.E.	-	Division Street to Willow Street
Glynview Trail	-	Willow Street to Buckingham Path
T.H. 60/Viaduct Bridge		

The Public Works Director or designee shall be responsible for contacting the Police Department to coordinate snow removal and hauling operations with law enforcement's tagging and towing duties.

Late spring and early fall snowfall may be left on roadways if melting is determined eminent or if substantial damage will be caused to the pavement structure. Clearing of intersection snowbanks will be accomplished when needed on collectors, arterials and near schools. Ongoing snow and ice control efforts require the use of City owned right-of-ways and easements for storage of plowed snow. Depending upon the volume of snow, storage within right-of-way could create sight obstruction at intersections, because it is impossible financially and practically to remove all snow from intersection corners.

Rental trucks are seasonally bid and utilized for snow hauling operations. The City is responsible for truck loading equipment and snow dumping sites. Four to eight rented trucks are used to haul snow from downtown.

Snow hauling shall begin at 1:00 a.m. or one hour following the beginning of snow removal operations starting on the first or second night following plowing operations. Hauling will continue for as many nights as is necessary.

In the downtown, snow shall be pulled off the sidewalk and away from the curb and placed in wind rows near the center of the street. From this point, the wind rows will be picked up and hauled away.

Snow pickup shall be accomplished using such personnel, equipment and methods appropriate to always maintain a reasonable and safe passage of vehicles and pedestrians. The Public Works Director, Chief of Police, or their designees, may restrict traffic and parking as emergency conditions may dictate.

E. <u>Snowplowing Alleys</u>

It shall be the policy of the City that all alleys will be opened in the aforementioned priority to provide functional traffic movement.

F. <u>Vehicles Parked on Streets ("Snowbirds")</u>

The City Code of Ordinances prohibits parking on any City street between November 1st and April 1st, between the hours of 1:00 a.m. and 8:00 a.m. when a snow emergency has been announced and before the street has been cleared curb-to-curb, whichever is later. Vehicles parked in violation of the ordinance between 1:00 a.m. and 8:00 a.m. are subject to a citation and may be towed. Tagging/towing is most often administered in the downtown area, but is applicable city wide. Snow emergencies are announced on KDHL, FCTV, Faribault Daily News, the City web page, Notify Me, Everbridge, Snow Emergency Hotline, Social Media and Hwy 60 Billboard (and other notification methods as are available). Additionally, the City has two blue lights installed in the downtown area, one at Central Avenue and Division Street, and the other at Central Avenue and 4th Street N. These blue lights flash when activated, indicating a snow emergency has been announced for that evening. The Faribault Police Department may ticket and/or tow any vehicles in violation during this time.

G. Sidewalk Snow Removal

It is the responsibility of property owners to clean and maintain public sidewalks adjacent to their property in accordance with City Code Section 25-41. The City of Faribault is responsible for those sidewalks adjacent to City-owned properties, and along roadways where the City has accepted maintenance responsibility (typically where sidewalk is located along the back of curb or has been designated a "trail" for maintenance purposes, such as along Western Avenue/17th Street N.W.).

The City of Faribault shall also assist business owners located on Central Avenue by cleaning intersection pedestrian ramps after completion of the snow plowing and/or removal operations. It is the intent of this section to provide multiple responsibilities of maintenance to provide safe and convenient access to Central Avenue businesses after periods of snowfall. In event citizens observe sidewalks, for which the City is not responsible, that are not being maintained in a timely manner, complaints should be filed with the Faribault Police Department for follow-up and remedy.

H. Trail Snow Removal

The following standards are adopted for providing winter maintenance to designated city trails. The City maintains approximately 19 miles of trails.

1. The designated trails are normally plowed when there is measurable snowfall.
2. Snow removal should commence approximately 18 hours from the end of any snowfall with an accumulated depth exceeding two inches. The designated trails should be cleared approximately 48 hours after the commencement of snow removal.
3. The designated trails should be cleared as thoroughly as possible but need not be cleared of all ice and snow nor need they be maintained to bare pavement.
4. Chemical agents and sand might be used in the snow removal process.
5. Snow removal should normally be done by park maintenance employees.
6. Snow removal may be conducted on a 24-hour a day basis, which may result in snow removal equipment being operated in residential areas during the

evening and early morning hours.

7. In the event of equipment failure, extreme snowfall, or other unanticipated events, such as park maintenance employees assisting street employees in snow removal from streets, deviation from these standards may be appropriate.

I. Fire Hydrants

Fire hydrants are critical to minimize the potential losses involved in any fire. After major snow build-up in boulevards, the Public Works Department and Fire Department will attempt to maintain clear access to critical hydrants as personnel availability allows. Residents are encouraged to assist the City by clearing hydrants near their property. If possible, they should be cleared five feet on each side to allow Fire Department access.

J. Complaints

It shall be the policy of the City that complaints concerning snow and ice removal be handled in the following manner:

1. Public Works office staff shall receive and record complaints.
2. Slippery street complaints are immediately phoned or radioed to the Street Superintendent (or designee) for possible action.
3. All other complaints shall be recorded and work orders given to the Street Superintendent and/or Foreperson for investigation and action.
4. The Public Works Department shall investigate all complaints, respond to caller, and record action on work order.

K. Property Damage

It is recognized by the City that on occasion private property is damaged during snow and ice control operations. Where this happens, it shall be the policy of the City to handle damages in the following manner:

1. Mailboxes - Where mailboxes are placed adjacent to the street it shall be the policy of the City that snow be plowed as close as practicable to the curb to allow for passage of traffic and mail delivery. It shall be the responsibility of the property owner to keep piled snow away from mailboxes so mail can be delivered.

   Where damage to the mailbox occurs, the Street Superintendent (or designee) shall investigate such damage. If it is determined that the weight of the snow caused the damage, the City will not assume responsibility for repair of the mailbox. Where evidence indicates that physical contact between the plow and the mailbox occurred, the City will provide a payment of $65.00 to the property owner for repair or replacement. Where evidence indicates that physical contact between the plow and the post occurred, the City will provide a payment of $65.00 for a damaged post. Failure of the property owner to upgrade the mailbox to City standards shall relieve the City from any future liability for damage to the property owners' mailbox resulting from snow removal operations.

2. Boulevard Sod - It shall be the policy of the City that sod damaged during snow removal operations, in locations where curb and gutter is in place, will be repaired the following spring by the Public Works and/or Parks Department using black dirt and grass seed.

3. Curbs - Concrete curbs will not be replaced unless the curb back is broken.

4. Driveway Ramps - Damage caused by the City to driveway ramps/fillets installed in the gutter section of curbing, unless authorized by the Public Works Director, will not be repaired by the City (typically where mountable curb is in place). Such ramps/fillets are generally prohibited due to the obstruction of drainage flow within the curb and gutter, addressed under Section 25-27 of the City Code of Ordinances.

5. Boulevard Intrusions – City Code prohibits intrusions in boulevards on public right-of-way (R.O.W.) without City approval. This includes structures and items such as landscape boulders, posts and fences, improperly positioned mailboxes, masonry structures, timbers, stakes, lawn sprinkler systems and other substantial objects or loose materials within the street R.O.W. These intrusions can damage snowplow equipment or become damaged by the weight of snow or equipment contact. Intruding items in the boulevard (R.O.W.) are not replaced or repaired by the City if damaged.

6. Garbage/Recycling Containers – Efficient snow plowing requires that garbage and recycling containers be accessible for pick-up and placed off street to allow snow removal. The container(s) may have to be placed in the driveway to meet both requirements. It is the responsibility of the resident to see that the container(s) is not in the way of the street or sidewalk snowplow and is also in a spot accessible to the garbage and recycling truck(s).

IV. ADMINISTRATION

1. Applicable Ordinances and Statutes

City Code of Ordinances

- Section 15-43	Authority to install temporary traffic restrictions.
- Section 15-44	Leaving vehicles unattended on streets after snow accumulation; removal of vehicles; costs; etc.
- Section 25-41	Occupant's, owner's duty to keep abutting sidewalk clean; penalties.
- Section 25-42	Removing snow from private property to certain streets, parking lots prohibited.

State Statutes

- MS 160.21	Snow Removal
- MS 160.215	Snow Removal; Salt and Chemicals Restricted

- MS 160.2715 Right-of-Way Use; Misdemeanors

2. Administrative Citations
Administrative Citations may be used as outlined in the fee schedule.

3. Council Review

The City Council shall annually review and adopt by resolution the City's Snow and Ice Control Guidelines.

Sec. 15-44. - Leaving vehicles unattended on streets after snow accumulation; removal of vehicles; costs; etc.

(a) No person shall park or leave standing unattended any vehicle upon any street between November 1 and April 1, between the hours of 1:00 a.m. and 8:00 a.m. when a snow emergency has been declared, and before the street has been plowed curb to curb, whichever occurs later.

(b) Vehicles parked in violation of this section shall be cited and may be removed to the nearest city impound lot, if the vehicle is a hazard to the safe removal of snow. If the vehicle is removed the expense of such removal and storage shall be paid by the owner, before the vehicle is released to the owner.

(c) No person shall park or leave standing unattended any vehicle upon Central Avenue, between Fifth Street Northwest and First Street Northwest, between the hours of 2:00 a.m. and 5:00 a.m. This prohibition shall be applied twelve (12) months of the year.

(Code 1971, § 16-40; Ord. No. 82-01, § 1, 1-26-82; Ord. No. 83-16, § 1, 9-27-83; Ord. No. 2002-28, § 1, 11-26-02; Ord. No. 2003-27, § 1, 10-25-03)

Cross reference— Snow removal, § 25-41 et seq.

State law reference— Snow removal, Minn. Stats. § 160.21.

Sec. 25-41. - Occupant's, owner's duty to keep abutting sidewalk clean; penalties.

(a) The occupant of each tenement or building in the city fronting upon any street, and the owner of any unoccupied lot or building fronting as aforesaid, shall clean the sidewalk in front of such tenement, building or unoccupied lot, as the case may be, of snow and ice each day, and cause the same to be kept clear of snow and ice.

(b) If such occupant or owner fails or refuses to remove the snow and ice within twenty-four (24) hours after being notified by the city, the occupant or owner shall be guilty of a misdemeanor.

(Code 1971, § 25-49)

State law reference— Authority of city council in statutory city to require the owners or occupants of buildings and the owners of vacant lots to remove any snow, ice, dirt or rubbish from the sidewalks adjacent thereto, M.S. § 412.221, subd. 6.

Sec. 25-42. - Removing snow from private property to certain streets, parking lots prohibited.

(a) No person or corporation shall cause snow to be removed from private property and deposited on a public street or parking lot from which the street department customarily hauls snow to other areas, or shall deposit such snow from private property on any such street or lot in a manner which obstructs or interferes with traffic.

(b) No property owner shall deposit snow from his premises anywhere on a public street or municipal parking lot except:

(1) On the boulevard area between the curb and the sidewalk, or

(2) If there is no curb, between the travelled road and the sidewalk, or

(3) If there is no curb or sidewalk, on the boulevard area of the owner's property, but not encroaching on the travelled area, or

(4) If there is curb but no sidewalk, then on the boulevard area of the owner's property.

It is the intention of this section to prohibit, and it does prohibit, depositing snow from the property owner's premises on a parking lot, or across the street from his premises, or in front of the premises of other property owners in the city, rather than in the boulevard area in front of his own property. Where a common driveway serves more than one property, it shall be lawful to deposit snow therefrom in front of any one or more of the properties so sharing, under the above limitations.

(c) The term "property owner" as used in this section shall include tenants or other occupants of a particular piece of land who have the responsibility or part of the responsibility for removal of snow therefrom and also shall include corporations and associations.

(Code 1971, § 25-50; Ord. No. 2010-12, § 1, 7-27-10)

160.2715 RIGHT-OF-WAY USE; MISDEMEANORS.

(a) Except for the actions of the road authorities, their agents, employees, contractors, and utilities in carrying out their duties imposed by law or contract, and except as herein provided, it shall be unlawful to:

(1) obstruct any highway or deposit snow or ice thereon;

(2) plow or perform any other detrimental operation within the road right-of-way except in the preparation of the land for planting permanent vegetative cover or as authorized under section 160.232;

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Jessica Kinser, City Administrator
FROM:	Heather Slechta, City Clerk
MEETING DATE:	December 16, 2025
SUBJECT:	Discuss Vehicle for Hire Licensing

Discussion:

At previous Work Sessions Councilor John Rowan requested that a discussion take place regarding the licensing of ride-sharing companies. Cities can license ride-share companies like Uber and Lyft under their authority to regulate "small vehicle passenger service." Minn. Stat. 221.012, subd. 38. Under Minn. Stat. 221.091, subd. 2, there are some minimum requirements for these licensing ordinances including outlining the driver qualifications, insurance, vehicle safety, and periodic vehicle inspections. Cities can also require registration of the vehicles under Minn. Stat. 221.021, subd. 1. Through discussions with the City Attorneys office, there are very few cities that regulate ride-shares. The City licenses one vehicle for hire company within the City annually.

It should be noted that the licensing of vehicles for hire and ride-shares is not required. The City at anytime could rescind the licensing requirements.

Attachments:

1. Chapter 27 - Vehicle for Hire

Chapter 27 VEHICLES FOR HIRE[1]

ARTICLE I. IN GENERAL

Sec. 27-1. Standing of for-hire vehicles on city streets.

No taxicab or other vehicle engaged in the business of carrying passengers for hire or in carrying baggage, property or material for hire, shall be permitted to stand on any street in the city, except to the extent and for the period of time permitted by Chapter 15 of the Faribault Code of Ordinances.

(Code 1971, § 27-1; Ord. No. 83-07, § 1, 4-12-83)

State law reference(s)—Authority of city council to regulate the standing and parking of vehicles, M.S. § 169.04(1); authority of city council in statutory city to regulate baggage wagons, drayman, taxicabs, automobile rental agencies and liveries, M.S. § 412.221, subd. 20.

Secs. 27-2—27-15. Reserved.

ARTICLE II. TAXICABS

DIVISION 1. GENERALLY

Sec. 27-16. Operation in accordance with state law required.

All automobiles or other vehicles used in the city in connection with a taxicab service shall be operated in accordance with the laws of the state.

(Code 1971, § 27-29; Ord. No. 83-07, § 1, 4-12-83)

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[1]Editor's note(s)—Ord. No. 83-07, § 1, enacted April 12, 1983, amended Ch. 27 as follows: provisions formerly codified as §§ 27-17, 27-33, 27-34 and 27-36, pertaining to vehicle sanitation requirements, required maintenance of a taxicab station, licensee's duty to keep cabs available, and taxicab stands, derived from Code 1971, §§ 27-37, 27-26, 27-27 (as amended by Ord. No. 81-01, § 1, enacted February 10, 1981) and 27-31 respectively, were deleted; sections formerly designated as §§ 27-35, 27-37 and 27-38 were redesignated as §§ 27-33—27-35; and §§ 27-1, 27-16, 27-18, 27-19 and 27-26—27-35, as currently designated, were amended or reenacted.

Cross reference(s)—Licenses and business regulations, Ch. 14; motor vehicles and traffic, Ch. 15; streets, sidewalks and public grounds, Ch. 25.

State law reference(s)—Motor vehicle dealers, M.S. § 168.27; motor vehicle carriers, M.S. Ch. 221; authority for city council in statutory city to license and regulate taxicabs and automobile rental agencies, M.S. § 412.221, subd. 20.

Sec. 27-17. Reserved.

Note(s)—See the editor's note accompanying this chapter.

Sec. 27-18. Operators to have required state license; etc.

Every driver of a taxicab operating on the streets of the city shall have such state license as may be required and shall be otherwise qualified therefor as provided by law.

(Code 1971, § 27-28; Ord. No. 83-07, § 1, 4-12-83)

State law reference(s)—Minimum age requirement for taxicab driver, M.S. § 171.322.

Sec. 27-19. Violations.

Any person violating any of the provisions of this article shall be guilty of a misdemeanor; and any licensee violating any provision of this article shall also be subject to revocation of his license by the council.

(Ord. No. 83-07, § 1, 4-12-83)

Secs. 27-20—27-25. Reserved.

DIVISION 2. VEHICLE LICENSES

Sec. 27-26. Required.

No person shall use or operate any taxicab for the conveyance of a passenger for hire upon any street or other public place of the city without first obtaining a license therefor under this division.

(Code 1971, § 27-18; Ord. No. 83-07, § 1, 4-12-83)

Sec. 27-27. Application for license to be presented to council.

All applications for a license under this division shall be presented to the council.

(Code 1971, § 27-19; Ord. No. 83-07, § 1, 4-12-83)

Sec. 27-28. Issuance.

After an application for a license required by this division has been presented to the council, as required in section 27-27 of this division, the council may, in its reasonable and honest discretion, issue such license in the name of the city.

(Code 1971, § 27-22; Ord. No. 83-07, § 1, 4-12-83)

Sec. 27-29. Liability insurance.

Before any license required by this division shall be issued, the applicant for such license shall deposit with the city an insurance policy or policies from an insurance company or companies duly licensed to transact such business in the state, insuring the operation of any of the licensee's taxicabs to be licensed against loss from the liability imposed by law for damages [on account of bodily injuries or death or for damages] to property resulting from the ownership, maintenance or use of any taxicab to be owned or operated under such franchise and license, and agreeing to pay any judgment creditor to the extent of amounts specified in such policy, any final judgment rendered against the assured by reason of such liability. The policy or policies shall be approved by the corporation counsel as to form and compliance with this division. The limit in any such insurance policy of such liability of the insurer on account of the ownership, maintenance and use of such taxicab shall not be less than one hundred thousand dollars ($100,000.00) for bodily injury to each person; three hundred thousand dollars ($300,000.00) for bodily injury for each accident; and fifty thousand dollars ($50,000.00) property damage liability.

(Code 1971, § 27-21; Ord. No. 83-07, § 1, 4-12-83)

Sec. 27-30. Expiration dates.

All licenses issued in accordance with this division shall expire on the thirty-first day of January following the date of issuance.

(Code 1971, § 27-23; Ord. No. 83-06, § 1, 4-12-83)

Sec. 27-31. Fees.

The license fee to be charged for each vehicle licensed in accordance with this division shall be established by resolution of the council.

(Code 1971, § 27-24; Ord. No. 83-06, § 1, 4-12-83)

Sec. 27-32. Licensing of taxicabs for the disabled.

(a) Taxicabs designed with ramps for the transportation in the city of persons using wheelchairs may be licensed independently of regular taxicabs in which event the license fee applicable and rate to be charged shall be established by a special resolution applicable only to such vehicles.

(b) Taxicabs licensed under subsection (a) of this section shall not be subject to the provisions of sections 27-33 and 27-34 of this division.

(c) Taxicabs licensed under subsection (a) of this section may carry nondisabled passengers at regular rates applicable to regular taxicabs licensed under this division.

(d) Any taxicab licensed under subsection (a) of this section shall be of a van type cab, and shall have the capacity to accommodate one or more wheelchairs in a manner comfortable to the occupant and in such manner as to restrain the wheelchair within the cab so as to immobilize it while the taxicab is in motion. Such restraining forces shall be sufficient to keep the wheelchair immobile during sudden or emergency type stops.

(e) Any taxicab licensed under this section shall have a regular taxicab meter for calculation of rates.

(Code 1971, § 27-25; Ord. No. 83-07, § 1, 4-12-83)

Sec. 27-33. Operation outside city limits not prohibited.

Nothing in this division shall prohibit one licensed under this division from operating his taxicabs outside of the city limits.

(Code 1971, § 27-30; Ord. No. 83-07, § 1, 4-12-83)

Note(s)—See the editor's note accompanying this chapter.

Sec. 27-34. Rates of fare—Generally.

(a) Vehicles for hire licensed under this division may establish rates of fare, provided the established rate is applied uniformly to each rider the vehicle transports.

(b) Prior to a change in the rate of fare charged by a person operating a licensed vehicle for hire under this division, the operator must submit the new rate of fare to the city ten (10) days prior to the date which the new rate becomes effective. The new rate must be posted in the vehicle along with the current rate for ten (10) days prior to the new rate becoming effective.

(c) After receiving the new rate of fare under subsection (b) of this section, the city administrator is required to publish in the official newspaper, at the licensee's expense, the new rates once during the ten (10) day period prior to the effective date.

(Code 1971, § 27-32; Ord. No. 80-2, § 1, 1-22-80; Ord. No. 83-07, § 1, 4-12-83)

Note(s)—See the editor's note accompanying this chapter.

Sec. 27-35. Same—To be posted.

All rates charged by taxicabs licensed under this division shall be posted in each licensed taxicab in full view of occupants.

(Code 1971, § 27-34; Ord. No. 83-07, § 1, 4-12-83)

Note(s)—See the editor's note accompanying this chapter.

Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM: Kindra Papenfus, Finance Director
MEETING DATE: December 16, 2025
SUBJECT: Discussion of Capital Asset Policy

Discussion:

Because of significant changes in rules around capital asset reporting, the capital asset policy has been rewritten rather than updated.
The new policy covers the capitalization of 2 Intangible assets - Leases & Subscription Based Software Arrangements (SBITAS) in addition to more traditional capital assets. The policy also recognizes the change in implementation guidance on GASB 21, requiring cities to capitalize groups of like items when the value is substantial in the aggregate, even if individual items do not reach the capitalization threshold.

The following changes have been made to the policy
1. Increased the capitalization threshold for individual Machinery, Equipment and Vehicles from $5,000 per item to $10,000 per item.
2. Added the following capitalization thresholds

- Leases - $25,000 of total lease value
- SBITAs - $25,000 of total SBITA value
- Grouped Equipment - $25,000 + the annual purchase exceeds 60% of prior years total.
- Upates to suggested useful life tables to align with current practices

Increasing the capitalization threshold on individual machinery, equipment and vehicles ensures that we invest time in tracking items of significant value to the city and removes the administrative burden of tracking items that don't have a financially significant cost individually.

The Lease and SBITA limits were set at this level with the goal of capturing the highest value while balancing the time involved in recordkeeping requirements. Capital limits of $25,000 on these categories captured 90% of the costs of all items that otherwise fit the description, while reducing the number of leases and SBITAs requiring this enhanced recordkeeping by over 50%.

The suggested capitalization threshold of grouped equipment recognizes that the city occasionally purchases items such as computers or library books that are financially significant when grouped together. Offsetting this is the reality that those items have a fairly short useful life, or have a fair market value approaching zero immediately after purchase. This means that when purchased at a relatively stable rate from year to year, depreciation over the life of the asset may not have a significant impact on annual cost. For this reason, we are recommending a higher capitalization threshold on grouped equipment than individual units of equipment, as well as an averaging factor that means that expensing the items when purchased would make a material difference in the city's financial results versus capitalizing the item and depreciating it over multiple years.

Finally, the suggested useful life table has been reviewed vs. current practices and some minor updates to ranges have been made.

Attachments:

1. Capital Asset Policy_Proposed

Capital Assets Policy

Date Adopted: **Date Effective: January 1, 2026**

1. <u>**PURPOSE**</u>

   The purpose of this policy is to establish guidelines for the identification, valuation, capitalization, depreciation, inventory, reporting and disposal of capital assets owned by the City of Faribault. This policy ensures compliance with the Minnesota Office of the State Auditor's (OSA) Guide to Local Government Capital Assets, and applicable Government Accounting Standards Board (GASB) statements. It provides uniform standards for all departments to support accurate financial reporting and responsible stewardship of public assets. It is the priority of the City of Faribault to balance accurate recordkeeping with efficient operations to ensure responsible use of public funds.

2. <u>**CAPITAL ASSETS DEFINED**</u>

   Capital Assts are defined as tangible or intangible property used in the operation of the City which has an estimated useful life of greater than 1 year and a valuation exceeding the capitalization threshold for the assets class. To be considered a capital asset, ownership must typically vest with the City. In cases where ownership is shared or unclear, the City will report the asset when it is the primary entity responsible for maintenance of the asset. Assets that are purposed for sale or investment are NOT capital assets.

   A. **Tangible Assets** are capital assets with a physical form
      1. **Land –** the cost to acquire a physical location including legal, appraisal, site preparation and all other acquisition costs. Land has an indefinite useful life.
      2. **Buildings –** a structure permanently attached to land, has a roof and partially or completely enclosed walls.
         - **a.** Purchased buildings include the purchase price, cost to alter a building to make it ready to use for the purpose it was acquired for, and any other legal, environmental, tax and buyout costs required to put the building into use.
         - **b.** Constructed buildings include the completed project costs, the cost of plans, blueprints, building permits, architect, engineering and design fees, temporary buildings used during construction and permanently attached fixtures and machinery that cannot be used without impairing the use of the building.
      3. **Improvements other than Buildings –** Permanent, non-moveable improvements that add to the value or usefulness of land, don't fit the definition of buildings and don't have an indefinite useful life. This includes fences, retaining walls, parking lots, landscaping and site prep to ready land for its intended use.
      4. **Machinery and Equipment -** Durable capital assets that are complete in and of themselves and are not permanently attached to a building or land. Include freight, sales tax, installation charges and testing before use.
         - c. Machinery can be motorized or non-motorized and has a primary purpose of

performing a specific work task. Examples are mowers, tractors, snowplows and waste pumps.

d. Equipment can be mechanical or non-mechanical assets that serve a more general purpose. Examples include computer servers, picnic tables, stationary bikes, and furnishings.

e. Grouped Items are items with an individual cost below the capitalization threshold but an aggregate cost above the threshold for capitalization. Grouped items typically fall under the equipment category and can include items such as computers, library books and conference room furniture. Capitalization of these items is required when the aggregate value is significant.

5. **Vehicles –** motorized equipment whose primary purpose is transportation. Typically trucks and cars, can also include side by sides, ATVs or other wheeled apparatus. Include sales tax, delivery and trade in.
6. **Infrastructure –** long lived capital assets that are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples include roads, curb and gutter, water and sewer lines, light systems and airport runways.
7. **Construction in Progress –** the cost incurred to construct a tangible asset before it is ready to be placed in service. Once completed, Construction in Progress is reclassified to the final asset category.

B. **Intangible Assets** are capital assets without a physical form, often called Right of Use Assets. Intangible assets are neither financial in nature nor held primarily for earning income or profit. They must be individually identifiable

1. **Lease Assets –** a contracted right to use another entity's nonfinancial asset for a specific period, longer than 1 year.
2. **Subscription-Based Information Technology Arrangements (SBITA) –** an agreement that conveys the right to use a vendor's software for a defined period exceeding 1 year.

3. CAPITAL ASSET VALUATION

Capital assets are typically valued at their historical cost, which includes the purchase price of an asset plus all the costs required to place the asset in service (ancillary costs). Some examples of ancillary costs are sales tax, installation cost, modifications, accessories, and freight.

When historical cost cannot be determined, the City will set an estimated historical cost using existing City and public records. If the asset is a construction project, the costs of material, direct labor and overhead identifiable to the project will be used.

Donated assets will be valued at their acquisition value – the cost to replace the asset with a new, equivalent asset at the time of donation.

4. IMPROVEMENTS VS REPAIRS OR MAINTENANCE

The City will evaluate costs associated with an asset already placed into service to determine whether the costs constitute an improvement and must be capitalized or not. In order to treat a cost as a capital cost rather than a repair or maintenance cost, the cost must

a. Exceed the capitalization threshold for the asset class
AND

b. Meet one of the following criteria
    1. Extend the useful life by 25% or more
    2. Increase the capacity of the asset, or
    3. Increase the efficiency of the asset by 10% or more.

Improvement costs that meet these criteria are capitalized. Costs that do not meet these criteria are expensed as repairs / maintenance.

5. <u>CAPITALIZATION THRESHOLDS</u>

The capitalization thresholds for capital assets are set by class and can be found in **Exhibit A** .

6. <u>DEPRECIATION</u>

Depreciation is the allocation of an assets cost over the expected useful life of an asset. The City of Faribault uses the straight-line method of depreciation. As such, depreciation is calculated by dividing the depreciable value by the expected useful life of the asset. Depreciable value is the historical cost less the salvage value, or the amount expected to be recovered through trade in or sale upon disposal of the asset.

The City follows the full month convention. Under this method of depreciation, items placed in service during a given month are depreciated for the entire month.

7. <u>ESTIMATED USEFUL LIFE GUIDELINES</u>

Estimated useful life, or the period an asset is expected to be able to be used for the purpose it was purchased or constructed, is based on physical wear, usage intensity, maintenance, technological obsolescence, and legal compliance. Staff will consider these factors along with the chart found in **Exhibit B** to set a reasonable estimated useful life for each asset.

8. <u>DISPOSALS</u>

Departments are responsible for the disposal of capital assets according to section 9 of the City's Public Purpose Expenditure and Procurement policy. They will provide the following information to the administrative assistant in the finance department to ensure that the disposal is recorded correctly and insurance coverage can be adjusted.

A. A description of the asset sufficient to identify it on the capital asset inventory
B. Date the change took place
C. Type of disposal: sale, transfer, trade in or destruction

All titles for capital assets, particularly vehicles, are kept in a locked cabinet in the finance office. Titles require the signature of the finance officer before transfer.

Sale of assets to City employees who are members of the administrative staff or department heads, as well as sales to City Council members and advisors serving the City in a professional capacity is forbidden by Public Purpose Expenditure and Procurement policy 7(E).

THIS POLICY SPECIFICALLY REPEALS AND REPLACES PRIOR CITY POLICIES AND ADMINISTRATIVE MEMORANDA RELATIVE TO CAPITAL ASSETS.

Exhibit A

Capital Asset Type	Capitalization Threshold
Land	$ 0
Building & Improvements	$ 25,000
Other Improvements	$ 25,000
Machinery & Equipment	$ 10,000
Vehicles	$ 10,000
Infrastructure	$ 100,000
Construction in Progress	$ 0
Leases	$ 25,000
SBITAs	$ 25,000
Grouped Equipment	$25,000 + Annual purchase exceeds 60% of prior 3 years total

Exhibit B

Capital Asset Type	Useful Life Guideline
Buildings	**10-40 Years**
Carpeting	10 Years
Security, Fire Alarm System	10 Years
Floor Covering (other than carpet)	15 Years
Interior Construction	15 Years
HVAC Systems	20 Years
Roof	20 Years
Sprinkler System	20 Years
Electrical, Plumbing	20-30 Years
Hangars	25 Years
Rental Housing	25 Years
Foundation, Frame, Structure	40 Years
Other Improvements	**10-20 Years**
Athletic Field	10 Years
Landscaping	10 Years
Outdoor Equipment / Playgrounds	10 - 20 Years
Bleachers	15 Years
Parking Lots	15 Years
Fencing	20 Years
Outdoor Lighting	20 Years
Outside Sprinkler Systems	20 Years
Paths & Trails	20 Years
Piers, Docks, Ramps	20 Years
Retaining Walls	20 Years
Sirens	20 Years
Tennis & Basketball Courts	20 Years
Machinery & Equipment	**5 - 20 Years**
Computers, Portable Radios	5 Years
Drones	5 Years
Fitness Center Equipment	5 - 10 Years
Audio Visual Equipment	10 Years
Mowers	10 Years
Heavy Equipment	10-20 Years
Furniture	15 Years

Capital Asset Type	Useful Life Guideline
Vehicles	**8-20 Years**
Cars & Light Trucks	8 Years
Side by Sides & ATVs	8 Years
Heavy Trucks	10 Years
Trailers	10 Years
Fire Trucks	20 Years
Infrastructure	**20-50 Years**
Lift Station Pumps	10 Years
Water, Storm & Sewer Systems	20 - 40 Years
Roads - Overlays	20 Years
Roads- Asphalt, Urban	20 Years
Sidewalks	20 Years
Wells & Pump Houses	25 Years
Bridges (non-motorized traffic)	30 Years
Street Lights	30 Years
Roads - Asphalt, Rural	40 Years
Reservoirs & Towers	50 Years
Roads - Unpaved	50 Years
Sewer Mains, Lift Stations	50 Years
Water Mains	50 Years
Intangibles	**Contract Term**
Leases	Contract Term
SBITAS	Contract Term