

Pursuant to due call and notice thereof, a Council Workshop of the North Mankato City Council was held in the Municipal Building Council Chambers on June 18, 2018. Mayor Dehen called the meeting to order at 6:00 p.m. The following were present for roll call: Mayor Dehen, Council Members Norland, Whitlock, Steiner, City Administrator Harrenstein, Finance Director McCann, Community Development Director Fischer and City Clerk Van Genderen. Absent: Council Member Freyberg

Discuss Short Term Rentals.

Community Development Director Fischer reported staff knew of approximately six homes in North Mankato that were advertised as Airbnb. With this knowledge, the City conducted research and contacted other cities and met with the County before putting together the proposed framework. The proposed Ordinance would require anyone interested in a short-term rental to obtain a Conditional Use Permit. Neighbors would also be notified, and inspections of each unit conducted. City Administrator Harrenstein requested clarification on if the Council would like to regulate Airbnbs as they are currently not subject to code guidelines. City Administrator Harrenstein questioned if the Council would like to consider regulating, then the Planning Commission would review the program and send a recommendation to Council.

Council Member Norland indicated she would like to hear more about the pros and cons and requested it go to the Planning Commission. Mayor Dehen noted he had seen regulations that managed short-term rentals with three designations; hosted, non-hosted where the owner is gone when the home is rented and purely short-term rentals. Council Member Whitlock requested clarification on if there would be a fee for a conditional use permit. Community Director Fischer noted there would be a fee to apply for a Conditional Use Permit. Discussion was held concerning ensuring units were inspected to protect renters and Council moved the Short Term Rentals to the Planning Commission for further study and review.

Discuss Request for Proposal to Move 850 Nicollet Avenue.

City Administrator Harrenstein reported the City purchased 850 Nicollet Avenue which is located east of water plant #1 to ensure the City can expand the water plant to provide water quality if needed. The home is currently vacant, and the City has offered its availability to state-owned facilities for vulnerable individuals. City Administrator Harrenstein noted an alternative would be to issue an RFP for someone to move the house. He indicated the City would not get what was paid for the property, but the home would not sit empty. Mayor Dehen requested if there was interest in the home. Community Development Director Fischer reported there was some interest in the home. Mayor Dehen indicated he would like to see the home used and not left vacant to deteriorate. The Mayor and Council Members requested staff prepare an RFP for consideration.

Review Rental Density Committee Final Report

Community Development Director Fischer reported the committee was formed following amendments in September of 2016 to the Rental Property Licensing Code. The amendments included a 10% rental density limitation in R-A, R-1, R-1S and R-2 zoning districts. The Rental Density Advisory Committee was created to review the changes. The Committee included two homeowners, a renter, a landlord, a real estate agent and a rental management professional. They met six times to review the changes. The committee commented and recommended the following information: affirmed the off-street parking amendment based on the square footage of sleeping rooms, required inspections before new rental licenses are issued, and the implementation of rental inspections of current rentals (using volunteer firefighters), improved resources for tenants, and improved landlord

education. The committee reaffirmed the 10% rental density in areas zoned R-A, R-1, R-1S and R-2 zoning districts. The committee further recommended increasing the rental licensing fee from \$30.00 to \$45.00. Mayor Dehen requested clarification on how the Fire Department was doing on conducting rental inspections. Community Development Director Fischer reported headway is being made and problems are being found and resolved. Mayor Dehen opened the meeting to the public.

Tom Hagen, 927 Lake Street, appeared before Council and indicated he did not approve of the report and requested further review.

Fardousa Jama, Mankato, appeared before Council and requested additional review of the 10% Rental Density Cap.

Mayor Dehen requested information on rental complaints. Community Development Director Fischer reported that during each committee meeting the committee reviewed complaints. Mayor Dehen asked for information on if there were concerns about not being able to obtain a rental license. Community Development Director Fischer reported the City is still issuing licenses where permitted and there have not been any concerns. Mayor Dehen and Council Members requested a report on the number of rental licenses issued since the Rental Density Cap, the number of complaints, and the number of violations.

Discuss Nature View Subdivision Sign

City Administrator Harrenstein reported in May of 2018 the Council executed a license agreement with Nature View Subdivision for Outlot E. The license agreement allowed the use of the City-owned property for a sign for Nature View Subdivision and included stipulations ensuring the City could require the removal of the sign if necessary. The developer reviewed the agreement and determined he did not like the stipulations and is offering to purchase the property. City Administrator Harrenstein said City Engineer Sarff determined the Special Assessments for the property would be \$5,675.00. The lot would be assessed the street improvement based on calculations that acknowledged no house could be built on the lot. City Administrator Harrenstein reported City records indicate the property was acquired in 1988 and the City did not pay for the purchase of the property. City Administrator Harrenstein stated the process would include setting a Public Hearing for July 2, 2018, at which time the sale could be coordinated. Council directed staff to proceed with setting a Public Hearing for July 2, 2018.

Discuss Filling Police Officer Position

City Administrator Harrenstein reported the 2018 Budget included an additional Police Officer. The City determined to wait until mid-year to review the financial position of the City, and at this time the Finance Director and City Administrator have determined the City could authorize the hiring without it being burdensome. Mayor Dehen requested clarification on if the position would be a school resource position. City Administrator Harrenstein indicated staff would prefer a full-time position to assist the department. He reported Officers do enter the schools and create those connections. Council agreed that it would be beneficial to hire a new Police Officer.

Mayor Dehen closed the Council Workshop at 7:32 p.m.

Mayor

City Clerk

Pursuant to due call and notice thereof, a regular meeting of the North Mankato City Council was held in the Municipal Building Council Chambers on June 18, 2018. Mayor Dehen called the meeting to order at 7:00 p.m. asking that everyone join in the Pledge of Allegiance. The following were present for roll call: Mayor Dehen, Council Members Whitlock, and Steiner, City Administrator Harrenstein, Finance Director McCann, Attorney Kennedy, Community Development Director Fischer, and City Clerk Van Genderen. Absent: Council Member Norland, Council Member Freyberg, and City Engineer Sarff.

Approval of Agenda

Council Member Steiner moved, seconded by Council Member Whitlock, to approve the agenda as presented. Vote on the motion: Whitlock, Steiner, and Dehen aye; no nays. Motion carried.

Approval of Council Meeting Minutes

Council Member Steiner moved, seconded by Council Member Whitlock, to approve the minutes of the Council meeting of June 4, 2018. Vote on the motion: Whitlock, Steiner, and Dehen aye; no nays. Motion carried.

Consent Agenda

Council Member Steiner moved, seconded by Council Member Whitlock, to approve the Consent Agenda.

- A. Bills and Appropriations.
- B. Res. No. 53-18 Approving Donations/Contributions/Grants.
- C. Approved Parade Permit for Final Stretch Inc., Triathlon on August 12, 2018, from 8:00 a.m. to 1:30 p.m.
- D. Approved Large Group and Audio Permit for Ulrich Celebration of Life on June 30, 2018, from Noon to 10:00 p.m.
- E. Approved Seasonal Extension of Patio Premise for the American Legion at 256 Belgrade Avenue.
- F. Approved Amendment to Site Lease Agreement.
- G. Res. No. 54-18 Appointing Election Judges.
- H. Approved On-Sale Intoxicating, and Sunday On-Sale Liquor License for Twin City Lodging, LLC located at 1111 Range Street.

Vote on the motion: Whitlock, Steiner, and Dehen aye; no nays. Motion carried.

Public Comments Concerning Business Items on the Agenda

Stefanie Jaquette, 519 Wheeler Avenue, appeared before Council and questioned the Wingert development agreement signed on May 7, 2018. She questioned the valuation of the lots proposed by Wingert, the unpaid assessments and the location of the agreement on the Consent Agenda.

Discussion was held that no items were on the Business Agenda. It was allowed that the items discussed would be considered part of the Open Forum.

Lucy Lowry, 2263 Northridge Drive, appeared before Council and questioned the Marie Lane extension stating only one property was being assessed for the road, while she believed ten properties would benefit.

Tom Hagen, 927 Lake Street, appeared before Council and stated he wanted the Council to give him \$35,000 to develop a vacant lot on Cornelia Street.

Business Items

None.

Open Forum**City Administrator and Staff Comments**

City Administrator Harrenstein stated incentives are sometimes viewed as favoritism, but Cities use incentives, allowed by State Statute, to draw in businesses and increase tax bases. An example would be the work completed in the North Port Industrial Park. The incentives used, such as TIF agreements, attracted users to the area and the long-term view allowed the agreements made 9 or 10 years ago to provide an increased tax base that the City is benefitting from today. City Administrator Harrenstein stated the North Gate Subdivision was financed by the City. The City participated and held the debt hoping the developer would build the homes and the City would recoup the investment. Some lots were not developed, and in 2015 the City issued an RFP in hopes of getting the lots developed. The City was able to sell the lots for \$25,000 each and since then all of the lots have been sold and are now on the tax roll. The lots associated with the Coventry Heights development agreement were financed by taxpayers, and no taxes have been paid on the remaining vacant lots for five years. City Administrator Harrenstein noted that while the county assessed the lots at a much higher rate, he did not think they had accounted for the fact the lots have been vacant for 13 years, the onerous private covenant and additional issues that make building on the lots difficult. He stated he had communicated with the Council the details of the development agreement and placed it on the consent agenda. City Administrator Harrenstein noted one of the remaining lots in the area was purchased by the neighbor and that lot was not going to be developed, which did not increase the value of the property or the tax base. Mayor Dehen stated the lots were citizen financed lots.

Mayor Dehen noted the City no longer finances infrastructure and future developers will be paying for the infrastructure and the road in the development. He stated that per standard assessment procedures, the City assessed a portion of the Marie Lane extension to the single existing house on the existing road and the developer will pay the assessment on Outlot E. The other homes along the extension will not be assessed as the road improvement will not increase the value of their property since their access is onto Park View. City Administrator Harrenstein noted tax abatement was considered to pay for the Marie Lane Extension. Currently, the City is not pursuing abatement, but it can still be considered. City Attorney Kennedy noted the City no longer does 429 projects where the City funds the project up front and collects the money through assessments. This has slowed some development of the City as the developer must be responsible for the infrastructure and some subsidy is sometimes given to assist. Mayor Dehen noted the City has been able to increase the tax base which has made it possible to not raise property taxes. Attorney Kennedy stated the Council has never set an amount to direct staff as to what can go on the Consent Agenda. The Council could set an arbitrary number, but the assumed accusation that something underhanded was sent through the Consent Agenda is just not the case. Lucy Lowry requested clarification on why the homes in the development were not assessed for the road and why the developer thought he would be assessed. Mayor Dehen stated the properties do not abut the Marie Lane extension the City is financing and cannot be assessed. He noted that while the Jefferson Avenue reconstruction estimated assessment was \$27,000 per household, the City capped the assessments at \$6,000 because the value of the homeowner's property did not increase by \$27,000.

City Administrator Harrenstein thanked the library staff for their work on Art Splash.

City Administrator Harrenstein reported Caswell Park would host the Chinese National Team the week of June 19-22.

City Administrator Harrenstein thanked all participants in the Police Chief hiring process.

Finance Director McCann noted the Audit would be presented at the July 2, 2018, Council Meeting and things improved in 2017; he said it was the hard work of the Council and City Administrator. He stated the budget process has started.

City Clerk Van Genderen thanked the Street and Parks Department for their help in putting on Art Splash. She thanked Library Director Heintz and her team for their hard work.

Mayor and Council Comments

There being no further business, on a motion by Council Member Steiner, seconded by Council Member Whitlock, the meeting adjourned at 7:45 p.m.

Mayor

City Clerk

The Free Press

MEDIA

THE LAND

P.O. Box 3287, Mankato, MN 56002

www.mankatofreepress.com phone: (507) 344-6314, fax: (507) 625-1149

Affidavit of Publication

STATE OF MINNESOTA, COUNTY OF BLUE EARTH, SS.

Steve Jameson, being duly sworn, on oath states as follows:

1. I am the publisher of The Free Press, or the publisher's designated agent. I have personal knowledge of the facts stated in this Affidavit, which is made pursuant to Minnesota Statutes §331A.07.

2. The newspaper has complied with all of the requirements to constitute a qualified newspaper under Minnesota law, including those requirements found in Minnesota Statutes §331A.02.

3. The dates of the month and the year and day of the week upon which the public notice attached/copied below was published in the newspaper are as follows:

The printed notice which is attached was cut from the columns of said newspaper, and was printed and published the following dates: 06/21/18, and printed below is a copy of the lower case alphabet from A to Z, both inclusive, which is hereby acknowledged as being the size and kind of type used in the composition and publication of the notice:

abcdefghijklmnopqrstuvwxyz

4. The Publisher's lowest classified rate paid by commercial users for comparable space, as determined pursuant to §331A.06, is as follows: 104.19

5. Pursuant to Minnesota Statutes §580.033 relating to the publication of mortgage foreclosure notice: The newspaper's known office is located in Blue Earth County. The newspaper complies with the conditions described in §580.033, subd. 1, clause (1) or (2). If the newspaper's known office of issue is located in a county adjoining the county where the mortgaged premises or some part of the mortgaged premises described in the notice are located, a substantial portion of the newspaper's circulation is in the latter county.

FURTHER YOUR AFFIANT SAITH NOT.

By: 

Steve Jameson, Publisher

Sworn to and subscribed before me, this day
06/21/2018



Notary Public

Public Hearing

June 21, 2018

NOTICE OF

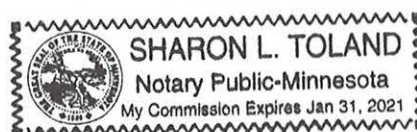
PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City of North Mankato will meet at the Municipal Building, 1001 Belgrade Avenue, North Mankato, Minnesota at 7:00 p.m. on Monday, July 2, 2018, to consider the sale of real estate described as Outlot E, Nature View, Subdivision No. 2. Such persons as desire to be heard with reference to the proposed sale of real estate will be heard at this meeting. Written or oral statements will be considered.

Dated this 19th day of June 2018.

BY ORDER OF THE CITY OF
NORTH MANKATO

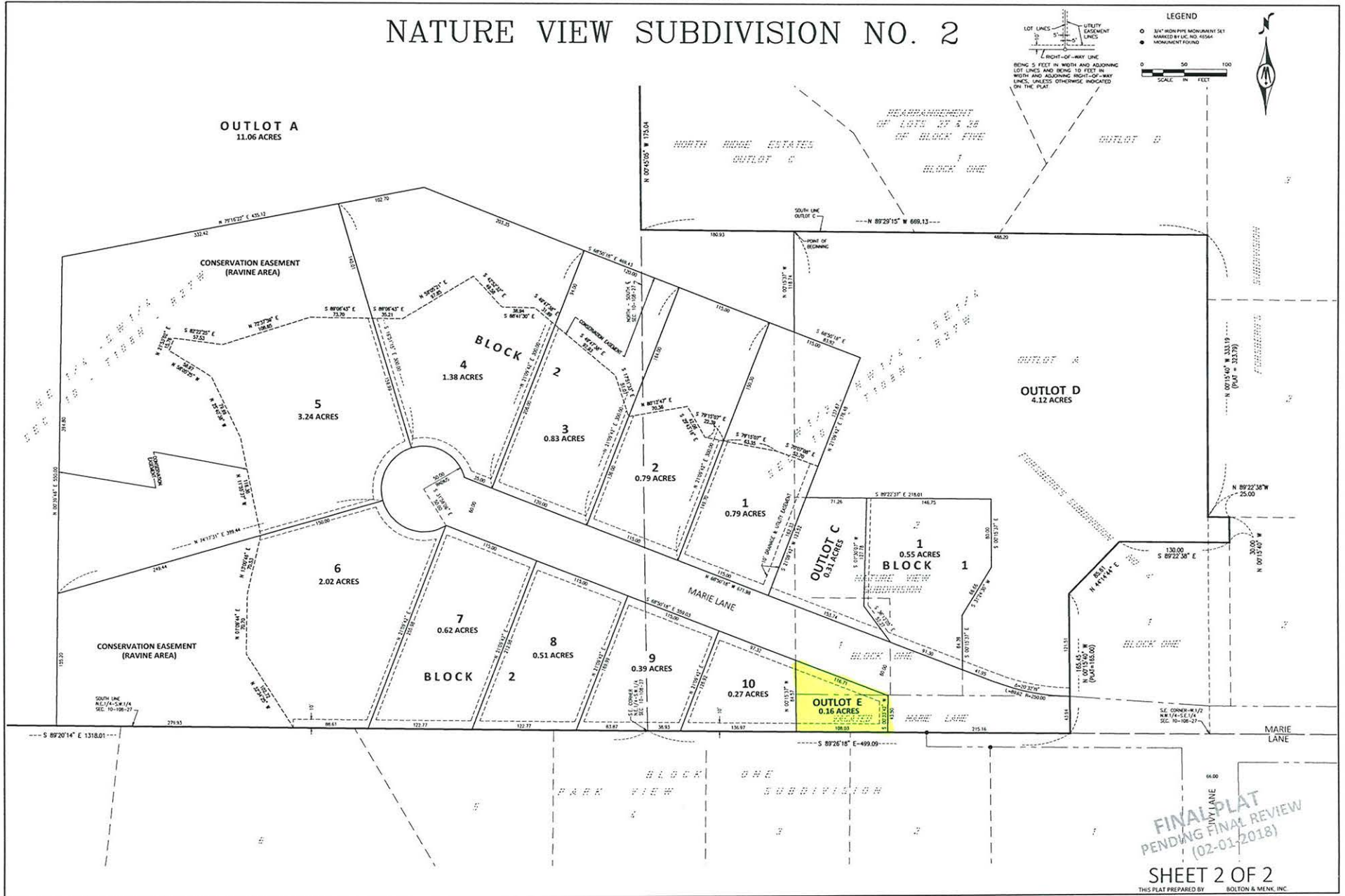
By: /s/ April Van Genderen
City Clerk



Special Assessment Calculation - Outlot E

| | |
|---|-------------------|
| Total Cost of Street Improvements | \$118,766 |
| 40% Assessed | \$47,506 |
| Front Footage (ft) | 977 |
| Calculated Assessment per Front Foot | \$48.62 |
| | |
| Outlot E Lot Frontage (ft) | 116.71 |
| Calculated Assessment | \$5,675.00 |

NATURE VIEW SUBDIVISION NO. 2



PURCHASE AGREEMENT

This Purchase Agreement ("Agreement") is made this ____th day of June, 2018, by the City of North Mankato Municipal Corporation ("Seller") and Nature View Subdivision, LLC ("Buyer").

In consideration of the mutual covenants and the undertakings contained herein, the parties agree as follows:

1. **Purchase of Property.** Seller agrees to sell to Buyer and Buyer hereby agrees to buy from Seller property (the "Property") described as follows to-wit:

Outlot E, Nature View Subdivision No. 2, City of North Mankato, Nicollet County

2. **Purchase Price.** The purchase price ("**Purchase Price**") for the Property is Five Thousand Six Hundred Seventy-five and no/100 dollars (\$5,675.00) to be paid as follows:

All to be paid at closing.

3. **Covenants and Warranties of Seller.** Seller covenants and warrants to Buyer as follows:
 - a. On the Closing Date there will be no tenants, persons or entities occupying or having a right to occupy the Property or any part thereof.
 - b. At Closing, no contracts or agreements shall be in effect with respect to the Property by which Buyer shall be bound, except those easements and agreements related to highway rights of way, utilities and the like, existing as of the date hereof filed with the office of the Nicollet County Recorder with respect to the Property (the "**Recorded Agreements**").
4. **Closing: Closing Date.** The Closing shall take place on or before the ____th day of _____, 2018, at City of North Mankato offices, 1001 Belgrade Avenue, North Mankato, MN 56003 or such other place as Seller and Buyer shall mutually agree upon.
5. At the Closing, the Seller shall deliver to Buyer:
 - a. A Warranty Deed transferring all interest from the Seller in the Property.
6. **Possession.** Seller agrees to deliver possession of the Property to Buyer on the closing date.
7. **Risk of Loss.** Risk of loss of the Property prior to the time of Closing shall remain in the Seller.

8. **Complete Agreement.** This is a final Agreement between the Parties with respect to the property and contains their entire agreement and supersedes all previous understandings and agreements, oral or written, relative to the Property. There are no verbal agreements that can change this Agreement and no waiver of any of its terms will be effective unless in writing executed by the parties.
9. **Time of the Essence.** Time is of the essence in the performance of this Agreement.
10. **Governing Law.** This Agreement is made and entered into under the laws of Minnesota, and Minnesota law shall govern its construction and enforcement.
11. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and which together shall constitute a single, integrated contract.
12. **Representation and Warranties of Buyer.**
 - a. **Authority.** Buyer has the full legal power and authority (including full corporate power and authority) to enter into, execute and deliver this Agreement, to perform its obligation hereunder, to make the representations, warranties and covenants contained herein and to cause the transactions contemplated by this Agreement to be consummated.
 - b. **Compliance.** Neither the execution, delivery or performance of this Agreement will result in the breach under any indenture, security instrument or other agreement or court administrative order by which Buyer or the Property may be bound or affected.
 - c. **Validity and Binding Effect.** This Agreement is, and the documents and agreements mentioned herein, contemplated hereby or to be delivered pursuant to the terms hereof which Buyer is a party when a duly executed and delivered, will be legal, valid and binding obligations of the Buyer, enforceable against Buyers in accordance with the terms and conditions of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first written above.

Dated: _____

Dated: _____

CITY OF NORTH MANKATO

NATURE VIEW SUBDIVISION

By: _____
Its: _____

By: _____
Its: _____



City of North Mankato, MN

Claims List - Regular

By Vendor Name

Date Range: 7-2-18

| Vendor Number | Vendor Name | Payment Date | Payment Type | Discount Amount | Payment Amount | Number |
|------------------------|--|--------------|--------------|-----------------|----------------|--------|
| Bank Code: APBNK-APBNK | | | | | | |
| 00002 | 4 SEASONS TRUCK WASH, INC. | 07/02/2018 | Regular | 0 | 70.00 | 89394 |
| 00551 | A.H. HERMEL COMPANY | 07/02/2018 | Regular | 0 | 148.50 | 89395 |
| 02815 | AASENG, DONNA | 07/02/2018 | Regular | 0 | 875.00 | 89396 |
| 02813 | BARTEN, MIKE | 06/19/2018 | Regular | 0 | 189.00 | 89378 |
| 00179 | BOUND TREE MEDICAL LLC | 07/02/2018 | Regular | 0 | 166.99 | 89397 |
| 02757 | CINTAS | 07/02/2018 | Regular | 0 | 186.50 | 89399 |
| 00255 | CITY OF MANKATO | 07/02/2018 | Regular | 0 | 6,980.61 | 89400 |
| 00305 | CROP PRODUCTION SERVICES, INC. | 07/02/2018 | Regular | 0 | 269.43 | 89401 |
| 00312 | CULVER'S OF NORTH MANKATO | 07/02/2018 | Regular | 0 | 422.00 | 89402 |
| 02807 | D&M DISTRIBUTING | 07/02/2018 | Regular | 0 | 329.20 | 89403 |
| 00322 | DALCO | 07/02/2018 | Regular | 0 | 417.99 | 89404 |
| 02275 | DEM-CON MATERIALS & RECOVERY | 07/02/2018 | Regular | 0 | 1,306.24 | 89405 |
| 02820 | DESIGN & WINE | 07/02/2018 | Regular | 0 | 590.00 | 89406 |
| 00344 | DIAMOND VOGEL PAINT CENTER | 07/02/2018 | Regular | 0 | 84.09 | 89407 |
| 00373 | ECKERT, LELAND | 06/19/2018 | Regular | 0 | 400.00 | 89379 |
| 02237 | EMERGENCY RESPONSE SOLUTIONS | 07/02/2018 | Regular | 0 | 106.56 | 89408 |
| 02814 | ENDERLE, STEVE | 06/19/2018 | Regular | 0 | 189.00 | 89380 |
| 00401 | EXPRESS SERVICES, INC. | 07/02/2018 | Regular | 0 | 400.83 | 89409 |
| 00404 | FASTENAL COMPANY | 07/02/2018 | Regular | 0 | 108.31 | 89410 |
| 00432 | FLEETPRIDE | 07/02/2018 | Regular | 0 | 16.30 | 89411 |
| 00447 | FREE PRESS | 07/02/2018 | Regular | 0 | 48.98 | 89412 |
| 00503 | GREAT AMERICAN BUSINESS PRODUCTS | 07/02/2018 | Regular | 0 | 896.00 | 89413 |
| 00520 | HAEFNER AUTO SUPPLY, INC. | 07/02/2018 | Regular | 0 | 35.88 | 89414 |
| 00525 | HANCOCK CONCRETE PRODUCTS LLC | 07/02/2018 | Regular | 0 | 185.60 | 89415 |
| 00570 | HAZEL L. HOERST | 07/02/2018 | Regular | 0 | 1,000.00 | 89416 |
| 00595 | HY-VEE, INC. | 07/02/2018 | Regular | 0 | 1,370.87 | 89417 |
| 02818 | JIM SCHMIDT CONCRETE AND MASONRY LLC | 07/02/2018 | Regular | 0 | 5,568.89 | 89418 |
| 00639 | JOHN DEERE FINANCIAL | 07/02/2018 | Regular | 0 | 2,214.52 | 89419 |
| 02609 | JOHNSON, PETER | 07/02/2018 | Regular | 0 | 249.00 | 89420 |
| 00676 | KEELEY FARM DRAINAGE/LANDSCAPE SUPPLIE | 07/02/2018 | Regular | 0 | 125.90 | 89421 |
| 00746 | LAW ENFORCEMENT LABOR SERVICES, INC. | 06/20/2018 | Regular | 0 | 637.00 | 89384 |
| 00797 | MAC TOOLS DISTRIBUTOR | 07/02/2018 | Regular | 0 | 392.12 | 89422 |
| 00800 | MADDEN, GALANTER, HANSEN, LLP | 07/02/2018 | Regular | 0 | 886.47 | 89423 |
| 00805 | MAGFA | 06/26/2018 | Regular | 0 | 534.80 | 89393 |
| 02110 | MAKING FACES MANKATO | 07/02/2018 | Regular | 0 | 285.00 | 89424 |
| 00832 | MANKATO TENT & AWNING CO. | 07/02/2018 | Regular | 0 | 1,010.00 | 89425 |
| 00847 | MATHESON TRI-GAS, INC. | 07/02/2018 | Regular | 0 | 32.76 | 89426 |
| 02816 | MCCANN CONCRETE PRODUCTS, INC. | 07/02/2018 | Regular | 0 | 39,800.00 | 89427 |
| 00992 | MR. ROOTER PLUMBING | 07/02/2018 | Regular | 0 | 12,266.86 | 89428 |
| 00996 | MT BALLOONS | 07/02/2018 | Regular | 0 | 445.00 | 89429 |
| 01018 | NCPERS MINNESOTA-UNIT 662400 | 06/20/2018 | Regular | 0 | 160.00 | 89385 |
| 02553 | NMPD | 07/02/2018 | Regular | 0 | 100.00 | 89398 |
| 02773 | PATEK HOSPITALITY CONSULTANTS, INC. | 07/02/2018 | Regular | 0 | 2,902.35 | 89430 |
| 01106 | PETTY CASH | 07/02/2018 | Regular | 0 | 120.73 | 89431 |
| 02677 | PIZZA RANCH | 07/02/2018 | Regular | 0 | 303.42 | 89432 |
| 01130 | POSTMASTER | 06/21/2018 | Regular | 0 | 1,125.40 | 89389 |
| 02769 | PRESENCE MAKER INC. | 07/02/2018 | Regular | 0 | 4,000.00 | 89433 |
| 01163 | R & R TIRE | 07/02/2018 | Regular | 0 | 128.00 | 89434 |
| 01170 | RAMY TURF PRODUCTS | 07/02/2018 | Regular | 0 | 97.50 | 89435 |
| 01190 | REINHART FOODSERVICE LLC | 07/02/2018 | Regular | 0 | 2,640.47 | 89436 |
| 01208 | RIST, ALBERT J. | 07/02/2018 | Regular | 0 | 1,000.00 | 89437 |
| 01209 | RIST, JOHN A. | 07/02/2018 | Regular | 0 | 1,000.00 | 89438 |
| 01210 | RIST, LOREN E. | 07/02/2018 | Regular | 0 | 1,000.00 | 89439 |
| 02819 | SETTER & ASSOCIATES LLC | 07/02/2018 | Regular | 0 | 2,244.45 | 89440 |
| 02817 | SNAKE DISCOVERY LLC | 07/02/2018 | Regular | 0 | 350.00 | 89441 |
| 01302 | SOUTH CENTRAL GLASS, INC. | 07/02/2018 | Regular | 0 | 72.70 | 89442 |
| 01321 | SPRINGSTED, INC. | 07/02/2018 | Regular | 0 | 15,400.00 | 89443 |
| 02394 | STEVE STARRETT CONSTRUCTION LLC | 07/02/2018 | Regular | 0 | 6,016.37 | 89444 |
| 01352 | STREICHER'S, INC | 07/02/2018 | Regular | 0 | 468.42 | 89445 |
| 01390 | THOMAS TREE & LANDSCAPE, INC. | 07/02/2018 | Regular | 0 | 1,713.00 | 89446 |

| | | | | | | |
|-------|---|------------|------------|---|------------|------------|
| 01396 | THURSTON, KEVIN | 06/19/2018 | Regular | 0 | 243.00 | 89381 |
| 01402 | TIRE ASSOCIATES | 07/02/2018 | Regular | 0 | 375.73 | 89447 |
| 01407 | TOOL SALES COMPANY | 07/02/2018 | Regular | 0 | 96.00 | 89448 |
| 01433 | TYLER TECHNOLOGIES | 07/02/2018 | Regular | 0 | 10,567.75 | 89449 |
| 02150 | U.S. BANK | 07/02/2018 | Regular | 0 | 17,212.50 | 89450 |
| 02640 | VALLEY LANDSCAPE SUPPLY | 07/02/2018 | Regular | 0 | 550.00 | 89451 |
| 02282 | WARD EINESS STRATEGIES | 07/02/2018 | Regular | 0 | 2,000.00 | 89452 |
| 01517 | WELLS FARGO CORPORATE TRUST SERVICE | 07/02/2018 | Regular | 0 | 118,761.26 | 89453 |
| 01525 | WEST CENTRAL SANITATION, INC. | 07/02/2018 | Regular | 0 | 24,731.50 | 89454 |
| 00067 | AMERICAN WATER WORKS ASSOC. | 06/19/2018 | Bank Draft | 0 | 202.00 | DFT0002169 |
| 00101 | AT&T MOBILITY | 06/15/2018 | Bank Draft | 0 | 26.84 | DFT0002163 |
| 02740 | BRANDT PRINTING | 06/15/2018 | Bank Draft | 0 | 159.75 | DFT0002165 |
| 02058 | CONSOLIDATED COMMUNICATIONS | 06/15/2018 | Bank Draft | 0 | 209.70 | DFT0002162 |
| 02058 | CONSOLIDATED COMMUNICATIONS | 06/25/2018 | Bank Draft | 0 | 58.31 | DFT0002185 |
| 02058 | CONSOLIDATED COMMUNICATIONS | 06/25/2018 | Bank Draft | 0 | 159.89 | DFT0002186 |
| 02058 | CONSOLIDATED COMMUNICATIONS | 06/25/2018 | Bank Draft | 0 | 32.33 | DFT0002187 |
| 02058 | CONSOLIDATED COMMUNICATIONS | 06/25/2018 | Bank Draft | 0 | 30.03 | DFT0002188 |
| 00465 | GALE/CENGAGE LEARNING | 06/07/2018 | Bank Draft | 0 | 25.59 | DFT0002160 |
| 00465 | GALE/CENGAGE LEARNING | 06/07/2018 | Bank Draft | 0 | 49.58 | DFT0002161 |
| 00465 | GALE/CENGAGE LEARNING | 06/12/2018 | Bank Draft | 0 | 123.16 | DFT0002181 |
| 00465 | GALE/CENGAGE LEARNING | 06/20/2018 | Bank Draft | 0 | 25.59 | DFT0002189 |
| 00608 | INGRAM LIBRARY SERVICES | 06/27/2018 | Bank Draft | 0 | 689.33 | DFT0002193 |
| 00733 | LAKES GAS CO #10 | 06/19/2018 | Bank Draft | 0 | 835.00 | DFT0002170 |
| 00733 | LAKES GAS CO #10 | 06/26/2018 | Bank Draft | 0 | 158.00 | DFT0002191 |
| 01322 | SPRINT | 06/22/2018 | Bank Draft | 0 | 35.20 | DFT0002183 |
| 01335 | STAPLES ADVANTAGE | 06/15/2018 | Bank Draft | 0 | 313.86 | DFT0002168 |
| 01335 | STAPLES ADVANTAGE | 06/19/2018 | Bank Draft | 0 | 195.21 | DFT0002182 |
| 01335 | STAPLES ADVANTAGE | 06/25/2018 | Bank Draft | 0 | 95.42 | DFT0002190 |
| 01335 | STAPLES ADVANTAGE | 06/26/2018 | Bank Draft | 0 | 236.51 | DFT0002192 |
| 01377 | TELRITE CORPORATION | 06/19/2018 | Bank Draft | 0 | 247.90 | DFT0002171 |
| 01470 | VERIZON WIRELESS | 06/15/2018 | Bank Draft | 0 | 30.10 | DFT0002164 |
| 00050 | ALPHA WIRELESS COMMUNICATIONS | 07/05/2018 | EFT | 0 | 85.60 | 941 |
| 00105 | AUTO VALUE MANKATO | 07/05/2018 | EFT | 0 | 562.19 | 942 |
| 00174 | BOLTON & MENK, INC. | 07/05/2018 | EFT | 0 | 7,785.00 | 943 |
| 00216 | C & S SUPPLY CO, INC. | 07/05/2018 | EFT | 0 | 107.93 | 944 |
| 00230 | CCP INDUSTRIES, INC. | 07/05/2018 | EFT | 0 | 173.66 | 945 |
| 02706 | CORE & MAIN LP | 07/05/2018 | EFT | 0 | 1,440.06 | 946 |
| 00299 | COUNTRYSIDE REFRIGERATION & HEATING, IN | 07/05/2018 | EFT | 0 | 320.60 | 947 |
| 00310 | CRYSTEEL TRUCK EQUIPMENT, INC | 07/05/2018 | EFT | 0 | 114.00 | 948 |
| 00453 | FREYBERG PETROLEUM SALES, INC. | 07/05/2018 | EFT | 0 | 244.95 | 949 |
| 00463 | G & L AUTO SUPPLY, LLC | 07/05/2018 | EFT | 0 | 361.20 | 950 |
| 00460 | G AND H READY MIX, LLC | 07/05/2018 | EFT | 0 | 528.00 | 951 |
| 01098 | GILLETTE GROUP/PEPSI-COLA | 07/05/2018 | EFT | 0 | 4,954.20 | 952 |
| 02560 | GOLD MEDAL | 07/05/2018 | EFT | 0 | 1,031.85 | 953 |
| 00538 | HAWKINS, INC. | 07/05/2018 | EFT | 0 | 2,796.48 | 954 |
| 00577 | HOLTMEIER CONSTRUCTION | 07/05/2018 | EFT | 0 | 52,505.41 | 955 |
| 00591 | HUNT, AMY | 07/05/2018 | EFT | 0 | 121.54 | 956 |
| 00657 | JT SERVICES | 07/05/2018 | EFT | 0 | 16,470.00 | 957 |
| 00776 | LLOYD LUMBER CO. | 07/05/2018 | EFT | 0 | 717.86 | 958 |
| 02644 | MACQUEEN EMERGENCY GROUP | 07/05/2018 | EFT | 0 | 42.50 | 959 |
| 00796 | MACQUEEN EQUIPMENT, INC. | 07/05/2018 | EFT | 0 | 1,257.14 | 960 |
| 00825 | MANKATO MOTOR COMPANY | 07/05/2018 | EFT | 0 | 19.75 | 961 |
| 00874 | MENARDS-MANKATO | 07/05/2018 | EFT | 0 | 2,211.52 | 962 |
| 00902 | MINNESOTA IRON & METAL CO | 07/05/2018 | EFT | 0 | 120.00 | 963 |
| 00910 | MINNESOTA VALLEY TESTING LAB, INC. | 07/05/2018 | EFT | 0 | 59.50 | 964 |
| 00997 | MTI DISTRIBUTING CO | 07/05/2018 | EFT | 0 | 62.66 | 965 |
| 01036 | NICOLLET COUNTY RECORDER/ABSTRACTER | 07/05/2018 | EFT | 0 | 92.00 | 966 |
| 01052 | NORTH CENTRAL INTERNATIONAL | 07/05/2018 | EFT | 0 | 1,911.03 | 967 |
| 01064 | NORTHERN STATES SUPPLY, INC. | 07/05/2018 | EFT | 0 | 70.45 | 968 |
| 02314 | OPENGOV, INC. | 07/05/2018 | EFT | 0 | 3,000.00 | 969 |
| 02005 | PANTHEON COMPUTERS | 07/05/2018 | EFT | 0 | 6,842.41 | 970 |
| 01090 | PARAGON PRINTING, MAILING & SPECIALTIES | 07/05/2018 | EFT | 0 | 3,799.20 | 971 |
| 02379 | PERFECTION PACKAGING | 07/05/2018 | EFT | 0 | 739.20 | 972 |
| 01179 | RED FEATHER PAPER CO. | 07/05/2018 | EFT | 0 | 342.38 | 973 |
| 02281 | REINDERS | 07/05/2018 | EFT | 0 | 2,611.60 | 974 |
| 02747 | RENT-N-SAVE | 07/05/2018 | EFT | 0 | 1,530.00 | 975 |
| 01211 | RIVER BEND BUSINESS PRODUCTS | 07/05/2018 | EFT | 0 | 1,517.86 | 976 |
| 01257 | SCHULTZ, BRADLEY S | 07/05/2018 | EFT | 0 | 149.95 | 977 |
| 01263 | SCHWICKERT'S TECTA AMERICA LLC | 07/05/2018 | EFT | 0 | 3,562.54 | 978 |

| | | | | | | |
|-------|-------------------------------------|------------|------------|---|-------------------|------------|
| 01079 | SMC-SOUTHERN MINNESOTA CONSTRUCTION | 07/05/2018 | EFT | 0 | 2,328.34 | 979 |
| 01323 | SPS COMPANIES, INC. | 07/05/2018 | EFT | 0 | 163.12 | 980 |
| 01478 | VIKING FIRE & SAFETY LLC | 07/05/2018 | EFT | 0 | 646.13 | 981 |
| 01492 | WACO SCAFFOLDING & SUPPLY CO. | 07/05/2018 | EFT | 0 | 30.99 | 982 |
| 01552 | WW BLACKTOPPING, INC | 07/05/2018 | EFT | 0 | 249,400.47 | 983 |
| 01563 | ZARNOTH BRUSH WORKS, INC. | 07/05/2018 | EFT | 0 | 448.00 | 984 |
| 01568 | ZIEGLER, INC. | 07/05/2018 | EFT | 0 | 127.35 | 985 |
| 00614 | INTERNAL REVENUE SERVICE | 06/20/2018 | Bank Draft | 0 | 5,184.90 | DFT0002177 |
| 00614 | INTERNAL REVENUE SERVICE | 06/20/2018 | Bank Draft | 0 | 19,728.39 | DFT0002179 |
| 00614 | INTERNAL REVENUE SERVICE | 06/20/2018 | Bank Draft | 0 | 14,693.44 | DFT0002180 |
| 02003 | MINNESOTA DEPT OF REVENUE | 06/20/2018 | Bank Draft | 0 | 8,441.58 | DFT0002178 |
| 01557 | XCEL ENERGY | 06/19/2018 | Bank Draft | 0 | 11.94 | DFT0002172 |
| | | | | | <u>722,028.92</u> | <u>141</u> |

Authorization Signatures

All Council

The above manual and regular claims lists for 7-2-18 are approved by:

MARK DEHEN- MAYOR

DIANE NORLAND- COUNCIL MEMBER

WILLIAM STEINER- COUNCIL MEMBER

ROBERT FREYBERG- COUNCIL MEMBER

JAMES WHITLOCK- COUNCIL MEMBER

RESOLUTION NO.

RESOLUTION APPROVING DONATIONS/CONTRIBUTIONS/GRANTS

WHEREAS, the Minnesota Statute 465.03 and 465.04 allows the governing body of any city, county, school district or town to accept gifts for the benefit of its citizens in accordance with terms prescribed by the donor;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, MINNESOTA, that the following donations/contributions/grants are approved as follows:

[illegible]

Adopted by the City Council this 2nd day of July 2018.

Mayor

City Clerk

Permit #: 64 -2018 Start time: 9:00 am Fee: \$
Date: 7/13/18 - 7/15/18 Stop time: 10:00 pm
Shelter: Hockey rinks
☐ Spring Lake Shelter #1 ☐ Spring Lake Shelter #2 ☐ Wheeler Park Indoor Shelter
Event Name: Mankato Bike Polo
Name: Kyle Zeiszler
Address: 510 Cornelia Street North Mankato
Phone: 701-391-1215 # of People: 120

Use of Tents (or anything requiring staking) ☐ No ☒ Yes * If Yes, Please contact **Gopher State One Call**
*Bounce House requires waiver **800-252-1166** one week prior to event.

Notes: _____

Alcoholic Beverages (wine & beer only) ☐ No ☒ Yes * \$300 refundable deposit and \$30 keg permit
Please specify: Cans Keg Catering* (must contact City Hall)

Audio (requires audio permit) ☐ No ☒ Yes * If Yes, Please fill out Audio Permit.

Allowed

- Personal grills
- Keg beer provided a permit is obtained
- Fishing/ice fishing on Ladybug Lake and Spring Lake only
- Pets in Benson Park, Bluff Park and Spring Lake Park provided they are on a 6' leash
- Canoes and kayaks on Ladybug Lake and Spring Lake (children under 12 must be accompanied by an adult and wear a life preserver)
- Hog roasts provided they are on a hard-surfaced lot

Prohibited

- Vehicles are not allowed to be parked or driven on the grass for any reason unless permission is given from the Parks Department.
- Pets (allowed in Benson Park and Bluff Park only)
- Glass containers
- Campfires / Bonfires / Fire Rings
- Snowmobiles, ATVs, golfing, swimming, boating and motorized flotation devices
- Dunk Tanks
- Audio equipment may not be played so loud as to interfere with the reasonable use of the park by others. All audio devices must end at 10 PM

☒ I, the undersigned, understand that the park shelter reservation fee is non-refundable. If prior approval is not obtained for the installation of additional tents or stakes and causes disruption of utility services, I agree to be held liable for any repairs to service lines.

☒ I, the undersigned, have received the Audio Permit Instructions and understand that failure to comply with the audio instructions may terminate the event and prevent future ability to obtain an audio permit.

SIGNED: *Kyle Zeiszler* 6-8-18
Applicant Date

☐ APPROVED ☐ DENIED

☒ REFER TO COUNCIL

City Clerk

Date



1001 Belgrade Avenue
North Mankato, MN 56003
507-625-4141 Fax: 507-625-4151
www.northmankato.com

Audio Permit _____ 2018
Park Permit _____ 2018

Pd
AVG
6-8-18

Audio Permit

About:

An audio permit is required for anyone operating outdoor amplified sound (i.e., a loudspeaker, public address system, or sound amplifying equipment). All Audio Permits must be approved by the Council. The sound system cannot be operated before 7:00 am or after 10:00 pm. There is a \$25 fee.

Audio Permit Responsibilities:

- An onsite event coordinator must be available by mobile during the event.
- An applicant will provide a schedule of any music or entertainment proposed to occur during the event.
- A beginning and end time must be supplied on the application, and the event coordinator must ensure compliance.
- Applicants must comply with City Code Ordinance 90.045 and Minnesota Rules Chapter 7030 which limits noise.
- Noise levels cannot exceed 60 dBA more than 50 percent of the time.

What happens if there is a noise complaint?

- A North Mankato Patrol Officer will meet with the complainant and evaluate and measure the noise using a decibel reader at the location of the complainant.
- If the noise is found out of compliance, the Patrol Officer will contact the onsite event coordinator, and the amplified sound must be turned down.
- If the onsite event coordinator does not comply, the event will be immediately terminated, and the group will be disbursed.
- Failure to comply will affect future ability to obtain an audio permit.

AMPLIFIED SOUND: ☒ LIVE MUSIC/BAND
☒ DJ/KARAOKE MACHINE
☐ OTHER: _____

DATE OF EVENT: 7-13 to 7-15
BEGIN TIME: 9 am
END TIME: 10 pm

radio most days
Band -

LOCATION / SHELTER: Hockey rinks

EVENT NAME: Mankato

ONSITE COORDINATOR: PRINT NAME: Kyle Zeisler
MOBILE NUMBER: (701) 391 1215

☒ I, THE UNDERSIGNED, HAVE RECEIVED THE AUDIO PERMIT AND UNDERSTAND THAT FAILURE TO COMPLY WITH THE AUDIO POLICY MAY TERMINATE THE EVENT AND PREVENT FUTURE ABILITY TO OBTAIN AN AUDIO PERMIT.

SIGNATURE: [Signature] DATE: 6-8-18

POLICE CHIEF: [Signature] #707
CITY CLERK: _____

☐ DENIED ☐ APPROVED

☐ BOOK ☐ POLICE ☐ ONLINE ☐ \$25.00 FEE

STAFF INITIALS _____

Permit #: 71-2018 Start time: 2:00 pm Fee: \$ 100.00
Date: 9/20/18 Stop time: 8:00 pm
start 5K = 5:00 pm starting/ending
Shelter: ☒ Spring Lake Shelter #1 ☐ Spring Lake Shelter #2 Wheeler Park Indoor Shelter
Event Name: SCC Live your best life 5k
Name: Brian Yingst brian.yingst@southcentral.edu
Address: 1920 Lee Blvd
Phone: 507-262-1616 cell # of People: 400

Use of Tents (or anything requiring staking) ☐ No ☒ Yes * If Yes, Please contact **Gopher State One Call**
*Bounce House requires waiver **800-252-1166** one week prior to event.

Notes: _____

Alcoholic Beverages (wine & beer only) ☒ No ☐ Yes * \$300 refundable deposit and \$30 keg permit
Please specify: Cans Keg Catering* (must contact City Hall)

Audio (requires audio permit) ☐ No ☐ Yes * If Yes, Please fill out Audio Permit.

Allowed

- Personal grills
- Keg beer provided a permit is obtained
- Fishing/ice fishing on Ladybug Lake and Spring Lake only
- Pets in Benson Park, Bluff Park and Spring Lake Park provided they are on a 6' leash
- Canoes and kayaks on Ladybug Lake and Spring Lake (children under 12 must be accompanied by an adult and wear a life preserver)
- Hog roasts provided they are on a hard-surfaced lot

Prohibited

- Vehicles are not allowed to be parked or driven on the grass for any reason unless permission is given from the Parks Department.
- Pets (allowed in Benson Park and Bluff Park only)
- Glass containers
- Campfires / Bonfires / Fire Rings
- Snowmobiles, ATVs, golfing, swimming, boating and motorized flotation devices
- Dunk Tanks
- Audio equipment may not be played so loud as to interfere with the reasonable use of the park by others. All audio devices must end at 10 PM

☒ I, the undersigned, understand that the park shelter reservation fee is non-refundable. If prior approval is not obtained for the installation of additional tents or stakes and causes disruption of utility services, I agree to be held liable for any repairs to service lines.

☒ I, the undersigned, have received the Audio Permit Instructions and understand that failure to comply with the audio instructions may terminate the event and prevent future ability to obtain an audio permit.

SIGNED: _____ Date 6/22/18
Applicant

☐ APPROVED ☐ DENIED

☒ REFER TO COUNCIL

City Clerk

Date



1001 Belgrade Avenue
North Mankato, MN 56003
507-625-4141 Fax: 507-625-4151
www.northmankato.com

Audio Permit 71A - 2018
Park Permit 71 - 2018

Audio Permit

About:

An audio permit is required for anyone operating outdoor amplified sound (i.e., a loudspeaker, public address system, or sound amplifying equipment). All Audio Permits must be approved by the Council. The sound system cannot be operated before 7:00 am or after 10:00 pm. There is a \$25 fee.

Audio Permit Responsibilities:

- An onsite event coordinator must be available by mobile during the event.
- An applicant will provide a schedule of any music or entertainment proposed to occur during the event.
- A beginning and end time must be supplied on the application, and the event coordinator must ensure compliance.
- Applicants must comply with City Code Ordinance 90.045 and Minnesota Rules Chapter 7030 which limits noise.
- Noise levels cannot exceed 60 dBA more than 50 percent of the time.

What happens if there is a noise complaint?

- A North Mankato Patrol Officer will meet with the complainant and evaluate and measure the noise using a decibel reader at the location of the complainant.
- If the noise is found out of compliance, the Patrol Officer will contact the onsite event coordinator, and the amplified sound must be turned down.
- If the onsite event coordinator does not comply, the event will be immediately terminated, and the group will be disbursed.
- Failure to comply will affect future ability to obtain an audio permit.

AMPLIFIED SOUND: ☐ LIVE MUSIC/BAND ☐ DJ/KARAOKE MACHINE ☒ OTHER: Bullhorn, DATE OF EVENT: 9-20-18
BEGIN TIME: 5:00 pm
END TIME: 8:00 pm

LOCATION / SHELTER: 1 SLP #1

EVENT NAME: SCC Live Your Best Life 5k

ONSITE COORDINATOR: PRINT NAME: Brian Vengst

MOBILE NUMBER: 507-262-1616

☒ I, THE UNDERSIGNED, HAVE RECEIVED THE AUDIO PERMIT AND UNDERSTAND THAT FAILURE TO COMPLY WITH THE AUDIO POLICY MAY TERMINATE THE EVENT AND PREVENT FUTURE ABILITY TO OBTAIN AN AUDIO PERMIT.

SIGNATURE: [Signature] DATE: 9/22/18

POLICE CHIEF: _____

CITY CLERK: _____

☐ DENIED ☐ APPROVED

☐ BOOK ☐ POLICE ☐ ONLINE ☐ \$25.00 FEE

STAFF INITIALS _____



1001 Belgrade Ave., PO Box 2055
North Mankato, MN 56003
507-625-4141 Fax: 507-625-4252
www.northmankato.com

For Office Use Only

APPROVED _____

DENIED _____

☐ PARK USE ☐ AUDIO USE

Application For PARADE PERMIT

REQUIRED INFORMATION:

- Application for Parade Permit
- Map of Parade Route
- \$35 Application Fee

Thirty (30) days inadvance of the parade date.

| | | | |
|---|--|------------------------------|---|
| Name of Applicant <u>Brian Yingst</u> | Address <u>1920 Lee Blvd</u> <u>N. Mankato 56003</u> | Phone <u>507-384-7390</u> | Email <u>brian.yingst@southcentral.edu</u> |
| Sponsoring Organization Name <u>South Central College</u> | Address <u>1920 Lee Blvd</u> | Phone <u>507-384-7390</u> | |
| Contact during event <u>Brian Yingst</u> | | Phone <u>507-262-1616</u> | |
| Event Location <u>Spring Lake Park - Winter</u> | Date <u>9/20/18</u> | From <u>5pm</u> | To <u>7pm</u> |
| Occasion for Parade <u>SKC SKC</u> | | | |

Parade Description / Composition

South Central College Fitness Center SK.

Estimated Number of Participants: 400

As duly authorized representative or agent of the parade sponsoring organization, I hereby make application for a permit to parade in the City of North Mankato, Minnesota. I hereby certify that, to the best of my knowledge, the above is an accurate and true description of the parade. I agree to execute the parade according to this permit and subject to the provisions and conditions which may be necessary to provide for the safety of parade participants and the orderly and safe movement of public traffic.

Brian Yingst
Applicant

6/22/18
Date

Pursuant to Section 70.21 of the North Mankato City Code, I hereby authorize a parade permit for the applicant organization. This permit shall be valid only under the conditions recommended by the City of North Mankato and only for the date and time indicated.

Don Foster #707
Chief of Police

6-25-18
Date

Caswell Sports Director

Date

Midwest
s Supply

SHOW TIMER

Kwik Trip #334

W Lind St

Hiniker Park

2 Waterworth St

N River Dr

169

Mankato Brewery

Truman St

Center St

Cross St

Mc Kinley Ave

Jefferson Ave

Tyler Ave

Harrison Ave

Monroe Ave

Sherman St

Center St

Bennett S

Lakeview Ave

Sheri

UNDO

HILLS

DIRT'S

LYNDAVE 01

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|-------------------------------|--------------------------|--------------------------|--|----------|--|--|--|-------|-------|--|--|--|----------|--|--|-------|-------|--|--|--|---------|--|--|-------|-------|--|--|--|---------|--|--|-------|-------|--|--|--|----------|--|--|-------|-------|--|--|--|-------|--|---|------------|-----------|----------|---------|-----|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Agenda Item #9F | Department: City Planner | Council Meeting Date: 7/02/18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TITLE OF ISSUE: Consider Resolution Declaring Costs to be Assessed-409 Sherman Street. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BACKGROUND AND SUPPLEMENTAL INFORMATION: In response to a citizen complaint, City staff identified the sidewalk in front of 409 Sherman Street to have a condition requiring maintenance or replacement and has been following the Sidewalk Installation and Maintenance Policy. City staff sent a certified letter to the property owner indicating that it was necessary to either repair or replace the sidewalk. The property owner was given sixty (60) days from the date of the letter to make the necessary improvements. The property owner did not respond within sixty (60) days and according to the Sidewalk and Maintenance Policy if the improvements have not been made, the "City Council will hold a public hearing regarding the proposed improvement and take action on whether or not the City will complete the improvements and bill the costs of the improvement to the property owner." The Public Hearing was held on November 20, 2017. In accordance with the Sidewalk and Maintenance Policy the City replaced the sidewalk and the attached resolution assesses 50% of the cost to the property owner. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| If additional space is required, attach a separate sheet | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| REQUESTED COUNCIL ACTION: Adopt Resolution Declaring Costs to be Assessed-409 Sherman Street. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| For Clerk's Use: Motion By: _____ Second By: _____ <table style="width: 100%; border: none;"> <tr> <td style="width: 15%;">Vote Record:</td> <td style="width: 10%; text-align: center;">Aye</td> <td style="width: 10%; text-align: center;">Nay</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td></td> <td></td> <td></td> <td>Whitlock</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td></td> <td></td> <td></td> <td>Steiner</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td></td> <td></td> <td></td> <td>Norland</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td></td> <td></td> <td></td> <td>Freyberg</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td></td> <td></td> <td></td> <td>Dehen</td> <td></td> </tr> </table> | Vote Record: | Aye | Nay | | | | | | | _____ | _____ | | | | Whitlock | | | _____ | _____ | | | | Steiner | | | _____ | _____ | | | | Norland | | | _____ | _____ | | | | Freyberg | | | _____ | _____ | | | | Dehen | | SUPPORTING DOCUMENTS ATTACHED <table style="width: 100%; border: none;"> <tr> <td style="width: 20%;">Resolution</td> <td style="width: 20%;">Ordinance</td> <td style="width: 20%;">Contract</td> <td style="width: 20%;">Minutes</td> <td style="width: 20%;">Map</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> Other (specify) <u>Invoice for Work</u> _____ _____ _____ _____ | Resolution | Ordinance | Contract | Minutes | Map | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Vote Record: | Aye | Nay | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | | | | Whitlock | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | | | | Steiner | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | | | | Norland | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | | | | Freyberg | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | | | | Dehen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resolution | Ordinance | Contract | Minutes | Map | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Workshop <input checked="" type="checkbox"/> Regular Meeting <input type="checkbox"/> Special Meeting | <input type="checkbox"/> Refer to: _____ <input type="checkbox"/> Table until: _____ <input type="checkbox"/> Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

RESOLUTION NO.

RESOLUTION DECLARING COSTS TO BE ASSESSED
FOR MUNICIPAL CHARGES

WHEREAS, the City of North Mankato adopted the Sidewalk Installation and Maintenance Policy on July 18, 2016; and

WHEREAS, City staff followed the process set out in Section 2.2 of the Sidewalk Installation and Maintenance Policy which identifies the procedure for correction including; notifying the property owner, allowing time for compliance and holding a public hearing; and

WHEREAS, the property owner has not made the necessary improvements and according to the Sidewalk Installation and Maintenance Policy, the City will coordinate the necessary improvements and bill the associated cost to the property owner.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, MINNESOTA, that upon completion of the work the following costs shall be assessed against such property in the amount specified:

| | |
|------------------------------|---|
| Type: | 18203 |
| Parcel No.: | 18.643.0110 |
| Legal: | BLOCK A LOT N 56' OF LOTS 11 & 12 SUBDIVISIONCD 18643 SUBDIVISIONNAME GEORGE H MARSH'S ADD |
| Address: | 409 Sherman Street |
| Owners: | Lloyd Miller 409 Sherman Street North Mankato, MN 56003 |
| Sidewalk Repair/Replacement: | \$1243.39 |
| Total: | \$1243.39 |

Adopted by the City Council this 2nd day of July 2018.

Mayor

ATTEST:

City Clerk

104 Viking Drive
MANKATO, MN 56001-4183
(507) 625-9257
(507) 317-5831

A PRODUCT 610SW

Thank You

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|-------------------------------|--------------------------|--------------------------|-------|----------|-------|-------|---------|-------|-------|---------|-------|-------|----------|-------|-------|-------|---|--|------------|-----------|----------|---------|-----|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Agenda Item #9G | Department: City Planner | Council Meeting Date: 7/02/18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TITLE OF ISSUE: Consider Resolution Declaring Costs to be Assessed-613 Lyndale Street. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BACKGROUND AND SUPPLEMENTAL INFORMATION: In response to a citizen complaint, City staff identified the sidewalk in front of 409 Sherman Street to have a condition requiring maintenance or replacement and has been following the Sidewalk Installation and Maintenance Policy. City staff sent a certified letter to the property owner indicating that it was necessary to either repair or replace the sidewalk. The property owner was given sixty (60) days from the date of the letter to make the necessary improvements. The property owner did not respond within sixty (60) days and according to the Sidewalk and Maintenance Policy if the improvements have not been made, the "City Council will hold a public hearing regarding the proposed improvement and take action on whether or not the City will complete the improvements and bill the costs of the improvement to the property owner." The Public Hearing was held on November 20, 2017. In accordance with the Sidewalk and Maintenance Policy the City replaced the sidewalk and the attached resolution assesses 50% of the cost to the property owner. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>If additional space is required, attach a separate sheet</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| REQUESTED COUNCIL ACTION: Adopt Resolution Declaring Costs to be Assessed-613 Lyndale Street. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| For Clerk's Use: Motion By: _____ Second By: _____ Vote Record: <table style="margin-left: 40px; border: none;"> <tr> <td style="text-align: center;">Aye</td> <td style="text-align: center;">Nay</td> <td></td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Whitlock</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Steiner</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Norland</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Freyberg</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Dehen</td> </tr> </table> | Aye | Nay | | _____ | _____ | Whitlock | _____ | _____ | Steiner | _____ | _____ | Norland | _____ | _____ | Freyberg | _____ | _____ | Dehen | SUPPORTING DOCUMENTS ATTACHED <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">Resolution</td> <td style="text-align: center;">Ordinance</td> <td style="text-align: center;">Contract</td> <td style="text-align: center;">Minutes</td> <td style="text-align: center;">Map</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> Other (specify) <u>Invoice for Work</u> _____ _____ _____ _____ | | Resolution | Ordinance | Contract | Minutes | Map | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aye | Nay | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Whitlock | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Steiner | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Norland | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Freyberg | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Dehen | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resolution | Ordinance | Contract | Minutes | Map | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Workshop <input checked="" type="checkbox"/> Regular Meeting <input type="checkbox"/> Special Meeting | <input type="checkbox"/> Refer to: _____ <input type="checkbox"/> Table until: _____ <input type="checkbox"/> Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

RESOLUTION NO.

RESOLUTION DECLARING COSTS TO BE ASSESSED
FOR MUNICIPAL CHARGES

WHEREAS, the City of North Mankato adopted the Sidewalk Installation and Maintenance Policy on July 18, 2016; and

WHEREAS, City staff followed the process set out in Section 2.2 of the Sidewalk Installation and Maintenance Policy which identifies the procedure for correction including; notifying the property owner, allowing time for compliance and holding a public hearing; and

WHEREAS, the property owner has not made the necessary improvements and according to the Sidewalk Installation and Maintenance Policy, the City will coordinate the necessary improvements and bill the associated cost to the property owner.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, MINNESOTA, that upon completion of the work the following costs shall be assessed against such property in the amount specified:

| | |
|------------------------------|--|
| Type: | 18203 |
| Parcel No.: | 18.556.0150 |
| Legal: | LOT 14 "EX N 14' OF W 20'" SUBDIVISIONCD 18556 SUBDIVISIONNAME HIGHLAND ADD |
| Address: | 613 Lyndale Street |
| Owners: | Peter Rengstorf 613 Lyndale Street North Mankato, MN 56003 |
| Sidewalk Repair/Replacement: | \$814.80 |
| Total: | \$814.80 |

Adopted by the City Council this 2nd day of July 2018.

Mayor

ATTEST:

City Clerk

104 Viking Drive
MANKATO, MN 56001-4183
(507) 625-9257
(507) 317-5831

MANHATTAN, KS 66501-4183

(507) 625-9257

(507) 317-5831

A PRODUCT 610\$W

Thank You

RESOLUTION NO.

RESOLUTION APPROVING
CONSENT ASSESSMENT AGREEMENT

WHEREAS, the City of North Mankato has, at the property owner's request, paid for certain improvements that will benefit such property, specifically repair/replacement of water and sewer line for the following described real estate:

521 Nicollet Avenue

PIN #18.559.0220

BLOCK 3 LOT 6 SUBDIVISIONCD 18559 SUBDIVISION NAME HUNT'S ADD

Cost: \$12,266.86

WHEREAS, the property owner desires that the cost of the water line to the property be made as a special assessment against the property; and

WHEREAS, the property owner has executed a consent assessment agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, MINNESOTA, as follows:

That the attached consent assessment agreement is approved and that the City Clerk is directed to forward a certified copy of this resolution along with a copy of the consent assessment agreement to the Nicollet County Auditor.

Adopted by the City Council this 2ND day of July 2018.

Mayor

ATTEST:

City Clerk

CONSENT ASSESSMENT AGREEMENT

This Agreement is made between the City of North Mankato (City) and Robert Gibbs (Owner).

The parties are guided in reaching this agreement by the following facts:

1. Owner's property is described as follows:
521 Nicollet Avenue
PIN #18.559.0220
BLOCK 3 LOT 6 SUBDIVISIONCD 18559 SUBDIVISIONNAME HUNT'S ADD
2. Owner replaced the water and sewer line to the property.
3. Owner desires to waive all of the procedures mandated by Chapter 429 of Minnesota Statutes and to consent to the imposition of an assessment directly upon the described property.
4. City is willing to pay for the repair in consideration for the owner's consent to the assessment.

The parties therefore make the following agreement:


1. As a result of the improvement, a special assessment shall be filed against owner's land in the amount of \$12,266.86. The assessment shall be payable in equal installments extending over a period of ten (10) years and bear interest at the rate of 7.00% per annum from the date of this agreement. The City may transmit notice of this assessment to the County Auditor.

Adopted this _____ day of _____, 2018.

City of North Mankato

By: 

Its: 



Property Owner

Property Owner



Mr. Rooter Plumbing of South Central
Minnesota
415 Truman St.
North Mankato, MN 56003

Invoice 53334174
Invoice Date 6/8/2018
Completed Date 6/8/2018
Technicians Evan Koch
Joe Hunt
Tom Jore
Travis Roach

Billing Address
Robert Gibbs
521 Nicollet Avenue
North Mankato, MN 56003 USA

Customer PO
Job Address
Robert Gibbs
521 Nicollet Avenue
North Mankato, MN 56003
USA

Description of Work

| Task # | Description | Quantity | Standard Price | Your Price | Your Total |
|--------|---|----------|----------------|------------|------------|
| B20 | Advantage Plan Membership - 5 Years | 1.00 | \$149.00 | \$149.00 | \$149.00 |
| C14050 | -Acquire Permit -Excavate up to 7' deep to expose sewer pipe -Cut out approximately 4' of pipe -Install two way clean outs -Install river rock under pipe to ensure connections do not shift -Video inspect line to insure no further issues -City inspection -Backfill and compact soil -Install metal clean out caps for future detection -Spread grass seed (homeowner to water lawn) | 1.00 | \$4,987.22 | \$4,339.14 | \$4,339.14 |
| C14029 | Set up for lining 4" or 6" No prep work included -Acquire permit -Two guys on site -Install liner from pvc connection to main stack, no use of sewer for 12 hours -Install up to 5' of PVC to reconnect sewer -Video inspection to insure proper flow -City inspection | 1.00 | \$6,194.12 | \$5,265.00 | \$5,265.00 |
| d2015 | acquire permit. Break concrete inside of home to expose lead water service Break side walk and excavate soil 7' deep to curb shut off. Shut off water to home at curb shut off. Cut line inside of home and in excavated hole outside. Pull in new copper K line while pulling out old lead line. Reconnect curb shut off to new copper line Reconnect meter inside of to new copper line. City inspection Back fill soil Rough in concrete in basement around insulated copper pipe Pour new side walk Spread grass seed (homeowner to Water frequently for seed to grow) Maintain excavation site for level grade 1 yr. | 1.00 | \$2,957.31 | \$2,513.72 | \$2,513.72 |

Member Savings \$2,020.79
Sub-Total \$12,266.86
Tax \$0.00
Total Due \$12,266.86
Balance Due \$12,266.86

Thank you for your business.

IMPORTANT NOTICE: You and your service professional are responsible for meeting the Terms and Conditions of this contract. If you sign this contract and you fail to meet the terms and conditions of this contract, you may lose legal ownership rights to your home. I agree that initial price quoted prior to the start of work does not include any additional or unforeseen tasks, nor materials which may be found to be necessary to complete repairs or replacements. I also agree to hold Mr. Rooter Plumbing® or its assigns harmless for parts deemed corroded, unusable or unreliable for completion of stated work to be done. I hereby authorize Mr. Rooter Plumbing® to perform proposed work and agree to all agreement conditions as displayed and further acknowledge that this invoice is due upon receipt. Independently owned and operated franchise. Amount to Authorize: \$12,266.86

TERMS AND CONDITIONS

It is agreed that Mr. Rooter® is not responsible for the following:

1. Damage caused to the customer's property as a result of obtaining access to and exposing plumbing and drainage systems.
2. Additional plumbing work beyond that specifically mentioned in this estimate and proposal including, but not limited to, that which may be required because of preexisting plumbing code violations or additional work revealed to be necessary as a result of performing the specified work.
3. Any repairs, installation, removal or replacement of non-plumbing items or activities including but not limited to: concrete, paving, asphalt, slabs, sidewalks, driveways, patios, pools, shrubbery, grass lawns, fences, electrical wiring and fixtures, painting, decorations, plastering, sheetrock and other wall coverings, glass, carpentry, millwork, cabinets, floors, carpeting, floor surfaces and preparation, roofing, flashing, sheet metal gutters, downspouts, brick, stonework, extension walls, steel and other framework.
4. Damage caused to customer's plumbing system by sewer and drain cleaning equipment when such is caused by pre-existing defects in such plumbing systems.

Customer accepts full responsibility for the prompt payment of all costs of this agreement even though customer may intend to obtain reimbursement from others such as landlords, tenants, insurance companies and tortfeasors.

This proposal and said specifications shall not be altered or modified except by written agreement between the parties hereto and verbal understandings and agreements with representatives shall not be binding unless set forth herein.

LIMITED SERVICE WARRANTY

Mr. Rooter warrants, to the extent stated herein, the plumbing repair service and drain cleaning services furnished by it. The stated period of warranty commences upon installation or repair of plumbing or upon cleaning of drains.

Purchaser understands that Mr. Rooter's liability under this warranty is limited to repair, replacement, recleaning or refund of purchaser's money, and does not extend to property damage resulting from drains which become clogged or obstructed or from plumbing work which fails during the agreed upon warranty period.

This warranty gives you specific legal rights. You may also have other rights which vary from state to state.

NOTICE TO OWNER

THE LAW REQUIRES THAT THE CONTRACTOR SHALL SUBMIT A SWORN STATEMENT OF PERSONS FURNISHING MATERIALS AND LABOR BEFORE ANY PAYMENT IS REQUIRED TO BE MADE TO THE CONTRACTOR.

1. Do not sign this contract until you read it or if any spaces intended for the agreed terms, except as to unavailable information, are blank.

2. You are entitled to a copy of this contract at the time you sign it.

3. You may at any time pay off the full unpaid balance due under this contract, and in doing so you may receive a partial rebate of the service charge.

4. You may cancel this contract if it is solicited in person, and you sign it, at a place other than the seller's business address, by sending notice of cancellation by certified mail return request receipt requested to the seller at his address which notice shall be postmarked not later than midnight of the third day (excluding Sundays and holidays) following your signing this contract. If you choose to cancel this contract, you must return or make available to the seller at the place of delivery any merchandise, in its original condition, received by you under this contract.

This contractor is registered to do business in the state in which this work is performed. (See registration number on the front side of this contract.) Where required, this contractor has posted with the State all necessary bonds or cash deposits for the purpose of satisfying claims against the contractor for negligent or improper work or breach of contract in the conduct of the contractor's business. This bond or cash deposit may not be sufficient to cover a claim which might arise from the work done under your contract. If any supplier of materials used in

your construction project or any employee of the contractor or subcontractor is not paid by the contractor or subcontractor on your job, your property may be liened to force payment. If you wish additional protection, you may request the contractor to provide you with the original "lien release" documents from each supplier or subcontractor on your project. The contractor is required to provide you with further information about lien release documents if you request it. General information is also available from the licensing board in your state.

The specific telephone number and address of your governing agency can be found by calling 1-800-583-8003 or by writing Mr. Rooter Corporation, P.O. Box 3146 Waco, Texas 76707.

CALIFORNIA RESIDENTS ONLY NOTICE TO OWNER

"Under the California Mechanics' Lien Law, any contractor, subcontractor, laborer, supplier, or other person or entity who helps to improve your property, but is not paid for his or her work or supplies, has a right to place a lien on your home, land, or property where the work was performed and to sue you in court to obtain payment.

This means that after a court hearing, your home, land, and property could be sold by a court officer and the proceeds of the sale used to satisfy what you owe. This can happen even if you have paid your contractor in full if the contractor's subcontractors, laborers, or suppliers remain unpaid.

To preserve their rights to file a claim or lien against your property, certain claimants such as subcontractors or material suppliers are each required to provide you with a document called a "Preliminary Notice." Contractors and laborers who contract with owners directly do not have to provide such notice since you are aware of their existence as an owner. A preliminary notice is not a lien against your property. Its purpose is to notify you of persons or entities that may have a right to file a lien against your property if they are not paid. In order to perfect their lien rights, a contractor, subcontractor, supplier, or laborer must file a mechanics' lien with the county recorder which then becomes a recorded lien against your property. Generally, the maximum time allowed for filing a mechanics' lien against your property is 90 days after substantial completion of your project.

TO INSURE EXTRA PROTECTION FOR YOURSELF AND YOUR PROPERTY, YOU MAY WISH TO TAKE ONE OR MORE OF THE FOLLOWING STEPS:

(1)Require that your contractor supply you with a payment and performance bond (not a license bond), which provides that the bonding company will either complete the project or pay damages up to the amount of the bond. This payment and performance bond as well as a copy of the construction contract should be filed with the county recorder for your further protection. The payment and performance bond will usually cost from 1 to 5 percent of the contract amount depending on the contractor's bonding ability. If a contractor cannot obtain such bonding, it may indicate his or her financial incapacity.

(2)Require that payments be made directly to subcontractors and material suppliers through a joint control. Funding services may be available, for a fee, in your area which will establish voucher or other means of payment to your contractor. These services may also provide you with lien waivers and other forms of protection. Any joint control agreement should include the addendum approved by the registrar.

(3)Issue joint checks for payment, made out to both your contractor and subcontractors or material suppliers involved in the project. The joint checks should be made payable to the persons or entities which send preliminary notices to you. Those persons or entities have indicated that they may have lien rights on your property, therefore you need to protect yourself. This will help to insure that all persons due payment are actually paid.

(4)Upon making payment on any completed phase of the project, and before making any further payments, require your contractor to provide you with unconditional "Waiver and Release" forms signed by each material supplier, subcontractor, and laborer involved in that portion of the work for which payment was made. The statutory lien releases are set forth in exact language in Section 3262 of the Civil Code. Most stationery stores will sell the "Waiver and Release" forms if your contractor does not have them. The material suppliers, subcontractors, and laborers that you obtain releases from are those persons or entities who have filed preliminary notices with you. If you are not certain of the material suppliers, subcontractors, and laborers working on your project, you may obtain a list from your contractor. On projects involving improvements to a single-family residence or a duplex owned by the individuals, the person signing these releases loses the right to file a mechanics' lien claim against your property. In other types of construction, this protection may still be important, but may not be as complete.

A handwritten signature in black ink, consisting of several overlapping, stylized strokes.

5/29/2018

Acceptance of work performed: I find the service and materials performed & installed have been completed in accordance with this agreement. I agree to pay reasonable attorney fees, collection fees and court costs in the event of legal action pursuant to collection of amount due. Total Due: \$12,266.86



1001 Belgrade Avenue
North Mankato, MN 56003
507-625-4141 Fax: 507-625-4151
www.northmankato.com

Audio Permit 32a - 2018
Park Permit 32 2018

Audio Permit

About:

An audio permit is required for anyone operating outdoor amplified sound (i.e., a loudspeaker, public address system, or sound amplifying equipment). All Audio Permits must be approved by the Council. The sound system cannot be operated before 7:00 am or after 10:00 pm. There is a \$25 fee.

Audio Permit Responsibilities:

- An onsite event coordinator must be available by mobile during the event.
- An applicant will provide a schedule of any music or entertainment proposed to occur during the event.
- A beginning and end time must be supplied on the application, and the event coordinator must ensure compliance.
- Applicants must comply with City Code Ordinance 90.045 and Minnesota Rules Chapter 7030 which limits noise.
- Noise levels cannot exceed 60 dBA more than 50 percent of the time.

What happens if there is a noise complaint?

- A North Mankato Patrol Officer will meet with the complainant and evaluate and measure the noise using a decibel reader at the location of the complainant.
- If the noise is found out of compliance, the Patrol Officer will contact the onsite event coordinator, and the amplified sound must be turned down.
- If the onsite event coordinator does not comply, the event will be immediately terminated, and the group will be disbursed.
- Failure to comply will affect future ability to obtain an audio permit.

AMPLIFIED SOUND: ☐ LIVE MUSIC/BAND
☒ DJ/KARAOKE MACHINE
☐ OTHER: _____
DATE OF EVENT: 7-20-18
BEGIN TIME: 4:30
END TIME: 5:30

LOCATION / SHELTER: SLP #2

EVENT NAME: Meyer / Fischer wedding

ONSITE COORDINATOR: _____ PRINT NAME: Bob Idding

MOBILE NUMBER: 507-381-2976

☐ I, THE UNDERSIGNED, HAVE RECEIVED THE AUDIO PERMIT AND UNDERSTAND THAT FAILURE TO COMPLY WITH THE AUDIO POLICY MAY TERMINATE THE EVENT AND PREVENT FUTURE ABILITY TO OBTAIN AN AUDIO PERMIT.

SIGNATURE: _____ DATE: 6-27-18

POLICE CHIEF: _____

CITY CLERK: _____

☐ DENIED ☐ APPROVED

☐ BOOK ☐ POLICE ☐ ONLINE ☒ \$25.00 FEE
R00138804

STAFF INITIALS _____

**BLOCK PARTY
PERMIT**

Permit #: _____-2018

Start time: 5:00 p.m.

Date: 7/13/18

Stop time: 10:00 p.m.

Location: Shady oak Drive

Event Name: Shady Oak Drive Block Party

Name: Sarah Sanderson

Address: 1014 Shady Oak Drive

Phone: (515)418-0009

of People: 600

Use of Tents (or anything requiring staking) ☒ No ☒ Yes ** If Yes, Please contact Gopher State One Call 800-252-1166 one week prior to event.*

Notes: Barricades dropped at attached map
1012 + 1031

PLEASE INCLUDE A MAP OF THE AREA.

Audio (requires audio permit)

☒ No ☐ Yes

** If Yes, Please fill out Audio Permit.*

☐ I, the undersigned, have received the Audio Permit Instructions and understand that failure to comply with the audio instructions may terminate the event and prevent future ability to obtain an audio permit.

SIGNED: Sarah Sanderson
Applicant

6/28/18
Date

☐ APPROVED ☐ DENIED

City Clerk

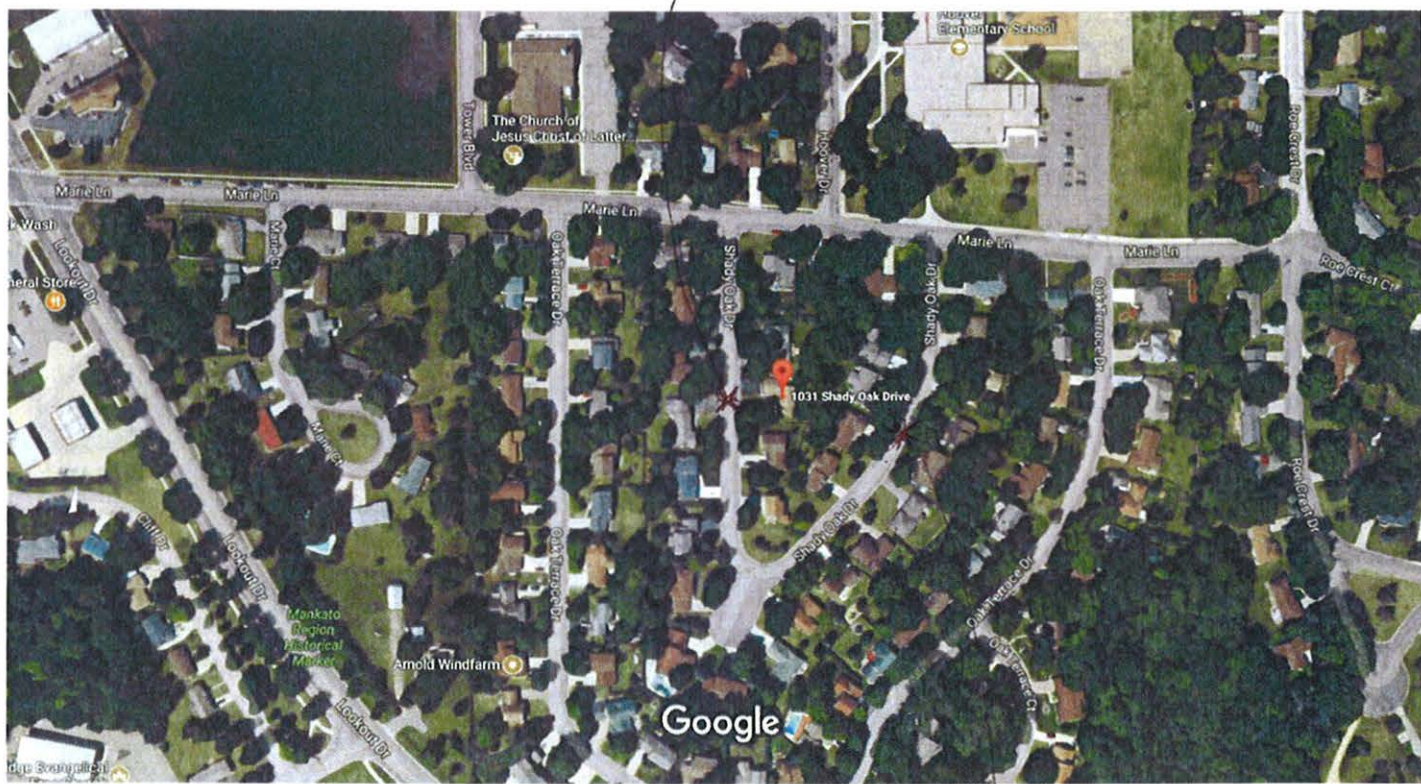
Date

Receipt # _____ Book _____ Online _____ Park _____ Police _____ Staff Initials _____

Google Maps

1031 Shady Oak Dr

barricades



Imagery ©2017 Google, Map data ©2017 Google United States 100 ft



barricades

1031 Shady Oak Dr
North Mankato, MN 56003

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------------------|------------------------------|-------------------------------------|--------------------------|--------------------------|-----------------|---|-------|--------------------------|-----------------|--------------------------|--------------------|--------------------------|--------------|----------|-------|-------|-------|--|--|------------|-----------|----------|---------|-----|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Agenda Item #11A | Department: Administration | Council Meeting Date: 7/2/18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TITLE OF ISSUE: Consider Accepting the 2017 Comprehensive Annual Financial Report (CAFR). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BACKGROUND AND SUPPLEMENTAL INFORMATION: Attached are highlights of the 2017 Annual Audit followed by Abdo, Eick and Meyer management letter. Mr. Layne Kockelman, of Abdo, Eick & Meyers, will present the Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>If additional space is required, attach a separate sheet</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| REQUESTED COUNCIL ACTION: Accept Report and Place it on File. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Motion By: _____ Second By: _____ Vote Record: <table style="margin-left: 40px; border: none;"> <tr> <td style="text-align: center;">Aye</td> <td style="text-align: center;">Nay</td> <td></td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Whitlock</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Steiner</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Norland</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Freyberg</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Dehen</td> </tr> </table> | Aye | Nay | | _____ | _____ | Whitlock | _____ | _____ | Steiner | _____ | _____ | Norland | _____ | _____ | Freyberg | _____ | _____ | Dehen | <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 10px;"> SUPPORTING DOCUMENTS ATTACHED </div> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">Resolution</td> <td style="text-align: center;">Ordinance</td> <td style="text-align: center;">Contract</td> <td style="text-align: center;">Minutes</td> <td style="text-align: center;">Map</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> Other (specify) <u>2017 Management Letter</u> _____ _____ _____ | | Resolution | Ordinance | Contract | Minutes | Map | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aye | Nay | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Whitlock | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Steiner | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Norland | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Freyberg | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Dehen | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resolution | Ordinance | Contract | Minutes | Map | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Workshop</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>Regular Meeting</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Special Meeting</td> </tr> </table> | <input type="checkbox"/> | Workshop | <input checked="" type="checkbox"/> | Regular Meeting | <input type="checkbox"/> | Special Meeting | <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Refer to: _____</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Table until: _____</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Other: _____</td> </tr> </table> | | <input type="checkbox"/> | Refer to: _____ | <input type="checkbox"/> | Table until: _____ | <input type="checkbox"/> | Other: _____ | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Workshop | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | Regular Meeting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Special Meeting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Refer to: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Table until: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

North Mankato 2017 Annual Audit Highlights

- The City of North Mankato is heading in the right direction financially, as confirmed in the unqualified audit submitted to the City Council from auditors at Abdo, Eick and Meyers
- North Mankato reduced its overall debt by \$5 million in its 2017 fiscal year
- At the same time its net position increased by approximately \$2.7 million
- This compares to a net position DECREASE of about \$800,000 in fiscal 2016
- The reasons for the positive results include:
 - Revenue Increases for 2017 compared to 2016 :
 - Net Sale of property totaling approximately \$643,000 (2017 sales Blue Star, Palmer)
 - Franchise Fees totaling approximately \$147,000 due to Consolidated Communications new rate and overall increases
 - Closing and transferring of the Cable Access Fund to the General Fund, totaling \$107,000
 - Increased Property Tax revenues totaling approximately \$88,000
 - Increased TIF revenues totaling approximately \$99,000
 - Expense Reductions for 2017 compared to 2016:
 - Housing and Economic Development expense reductions totaling approximately \$1.4 million due to the disposal of various properties from prior years that were taken off the books in 2016.
 - General government expenses decreased by \$420,000 due to the write-off of downtown lots in 2016.
 - Public Safety expense reductions totaling approximately \$258,000 (related to GASB 68 PERA reporting requirements

- The City's General Fund reserves grew by approximately \$123,000 in 2017, to \$4.187 million - that's more than half of the City's general Fund budget, which is approximately \$7.9 million (Compared to \$7.8 million in 2016)
- The League of Minnesota Cities recommends that cities have between 40 to 50 percent of its General Fund budgets available; which the City of North Mankato has
- In addition, last fall the City of North Mankato adopted the Uniform Guidance Procedures - as recommended in the 2016 audit. This put more internal controls in place concerning our financial procedures.



Management Letter

City of North Mankato

North Mankato, Minnesota

For the Year Ended
December 31, 2017

June 19, 2018

Management, Honorable Mayor and City Council
City of North Mankato, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Mankato (the City) for the year ended December 31, 2017 and have issued our report thereon dated June 19, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 16, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of financial statements does not relieve you or your management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described on the following pages, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described on the following pages as item 2017-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described on the following pages as item 2017-001 to be a significant deficiency.

2017-001**Preparation of Financial Statements***Condition:*

As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

Criteria:

Internal controls should be in place to ensure adequate internal control over the reliability of financial records and reporting.

Cause:

From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.

Effect:

The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation:

Under these circumstances, the most effective controls lie in management's knowledge of the Organization's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situations listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information from your accounting software to the amounts reported in the financial statements.

Management Response:

For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

2017-002**Material Audit Adjustments***Condition:*

During our audit, adjustments were needed to record a number of accounting and audit adjustments, including the following material entries:

- To adjust various capital asset activity.
- To adjust the coding of transfers and to record additional transfers.

Criteria:

The financial statements are the responsibility of the City's management.

Cause:

City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.

Effect:

This indicates that it would be likely that a misstatement may occur and not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.

Recommendation:

We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

Management Response:

Management will continue to review and gain an understanding of the audit adjustments in order to reduce the number of entries necessary for future audits.

People
+ Process.
Going
Beyond the
Numbers

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported in accordance with Government Auditing Standards or Minnesota statutes.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2017. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period with the exception of those noted in Note 9.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant estimates affecting the financial statements include the capital asset basis, the depreciation on capital assets, allowance for doubtful accounts and the liabilities for the City's Other Post-employment Benefits (OPEB) and City's pensions.

- Capital asset basis is based on estimated historical cost of the capital assets.
- Depreciation is based on the estimated useful lives of capital assets.
- Management's estimate of the allowance is based on past uncollectible accounts.
- OPEB liability is based on several factors including, but not limited to, anticipated retirement age for active employees, life expectancy, turnover, and healthcare cost trend rate.
- Management's estimate of its pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases and form of annuity payment upon retirement.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. During our audit material adjustments were needed to adjust various capital asset activity, to adjust the coding of transfers and to record additional transfers. Management has corrected all such misstatements. We also assisted in preparing a number of year end accounting entries. These were necessary to adjust the City's records at year end to correct ending balances. The City should establish more detailed processes and procedures to reduce the total number of entries in each category. The City will receive better and timelier information if the preparation of year-end entries is completed internally.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 19, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) (Management's Discussion and Analysis, the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedules of Employer's Contributions and the Schedule of Funding Progress for Other Post-Employment Benefits Plan), which is information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information (combining and individual fund financial statements and schedules), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory or statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on them.

Financial Position and Results of Operations

Our principal observations and recommendations are summarized below. These recommendations resulted from our observations made in connection with our audit of the City's financial statements for the year ended December 31, 2017.

General Fund

All general governmental functions of the City which are not accounted for in separate funds are included in the General fund.

Minnesota municipalities must maintain substantial amounts of fund balance in order to meet their liquidity and working capital needs as an operating entity. That is because a substantial portion of your revenue sources (taxes and intergovernmental revenues) are received in the last two months of each six-month cycle.

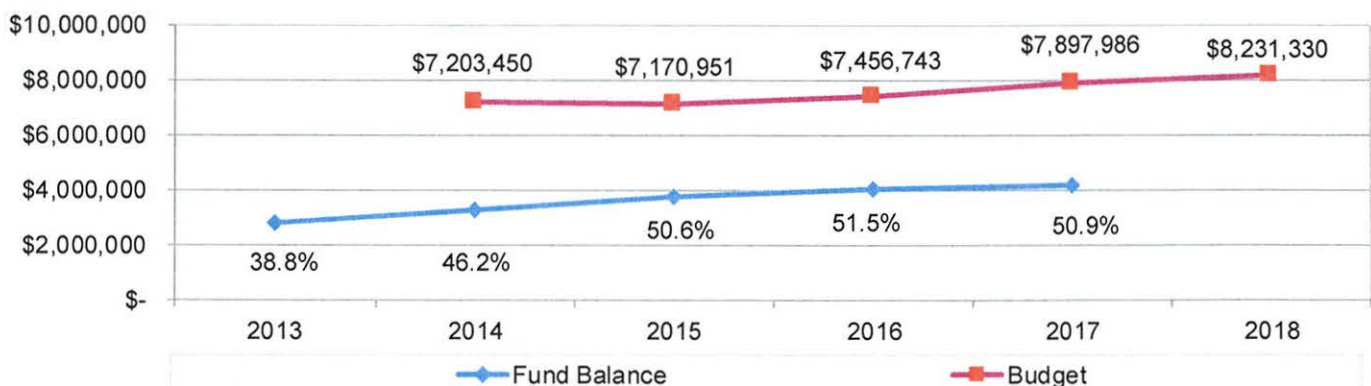
As you can see from the following information, it is necessary to maintain fund balance in order to keep pace with the increasing operating budget. *This information is also presented in graphic form below.*

| Year | Fund Balance December 31 | Budget Year | General Fund Budget | Percent of Fund Balance to Budget |
|------|-----------------------------|----------------|---------------------------|--|
| 2013 | \$ 2,794,394 | 2014 | \$ 7,203,450 * | 38.8 % |
| 2014 | 3,315,595 | 2015 | 7,170,951 | 46.2 |
| 2015 | 3,776,206 | 2016 | 7,456,743 | 50.6 |
| 2016 | 4,064,351 | 2017 | 7,897,986 | 51.5 |
| 2017 | 4,187,674 | 2018 | 8,231,330 | 50.9 |

* Starting in 2014, certain special revenue funds were closed and budgeted into the General fund causing the percent of fund balance to budget for 2013 to decrease. Also, the General fund balance includes interfund receivable offset that is nonspendable.

The following is an analysis of the General fund's balance for the past five years compared to the following year's budget:

Fund Balance/Budget Comparison



The General fund balance increased by \$123,323 in 2017. The total fund balance of \$4,187,674 represents 50.9 percent of the 2018 budget. Many other organizations, including the Office of the State Auditor (the OSA) and League of Minnesota Cities (LMC) recommend that unassigned fund balance be anywhere from 35 to 50 percent of planned expenditures. We concur with those recommendations.

Although there is no legislation regulating fund balance, it is a good policy to assign intended use of fund balance. This helps address citizen concerns as to the use of fund balance and tax levels. The City should consider documenting assignments for intended use of fund balance at and above the fifty percent level. This documentation could be accomplished by an annual resolution to identify intended use of available fund balance. We recommend a minimum unassigned fund balance be approximately 40 percent to 50 percent of planned disbursements. So at the current level, the fund balance is considered about what is recommended.

The purposes and benefits of a fund balance are as follows:

- Expenditures are incurred somewhat evenly throughout the year. However, property tax and state aid revenues are not received until the second half of the year. An adequate fund balance will provide the cash flow required to finance the governmental fund expenditures.
- The City is vulnerable to legislative actions at the State and Federal level. The State continually adjusts the local government aid formulas. We also have seen the State mandate levy limits for cities over 2,500 in population. An adequate fund balance will provide a temporary buffer against those aid adjustments or levy limits.
- Expenditures not anticipated at the time the annual budget was adopted may need immediate Council action. These would include capital outlay, replacement, lawsuits and other items. An adequate fund balance will provide the financing needed for such expenditures.
- A strong fund balance will assist the City in maintaining, improving or obtaining its bond rating. The result will be better interest rates in future bond sales.

The 2017 General fund operations are summarized as follows:

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|--|------------------------------|---------------------|-------------------------------|
| Revenues | \$ 7,760,018 | \$ 8,055,647 | \$ 295,629 |
| Expenditures | 7,897,986 | 7,987,052 | (89,066) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (137,968) | 68,595 | 206,563 |
| Other Financing Sources (Uses) | | | |
| Sale of capital assets | 500 | 18,000 | 17,500 |
| Transfers in | 275,202 | 271,750 | (3,452) |
| Transfers out | (175,000) | (235,022) | (60,022) |
| Total other financing sources (uses) | 100,702 | 54,728 | (45,974) |
| Net Change in Fund Balances | \$ (37,266) | 123,323 | \$ 160,589 |
| Fund Balances, January 1 | | 4,064,351 | |
| Fund Balances, December 31 | | <u>\$ 4,187,674</u> | |

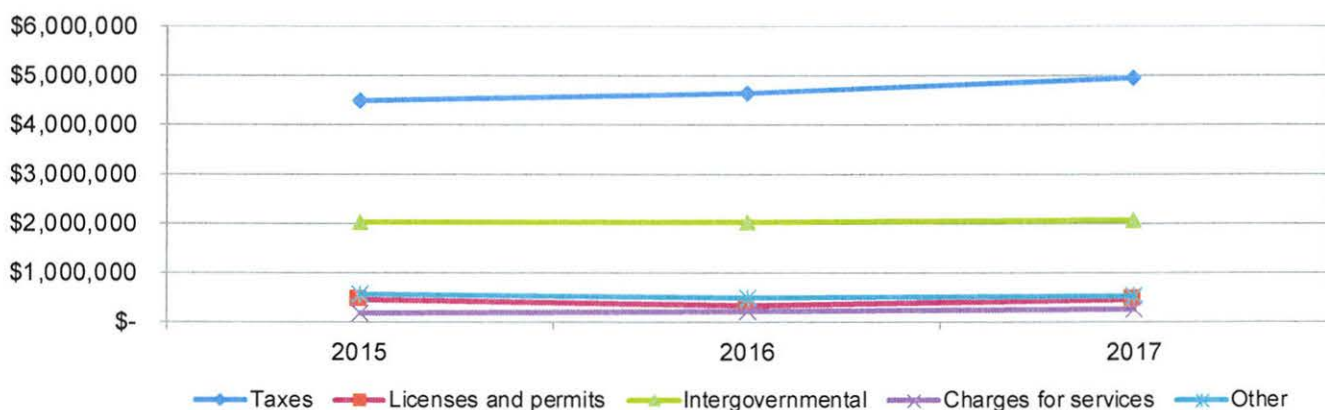
Some of the larger variance items are as follows:

- Tax revenue was over budget by \$41,468 due to the under budgeting of franchise fees and other taxes.
- Licenses and permits revenue was \$102,614 over budget due to increased rental housing license rates and more building permits issued than prior years with valuation increases of \$11,176,802.
- Intergovernmental revenue was over budget by \$45,130 mainly due to increases in police and fire aids.
- Charges for services revenue was over budget by \$57,316 mainly attributable to sales and advertising revenue at Caswell Park.
- Miscellaneous revenue was over budget by \$57,413 due to various donations including contributions for vehicle replacements.
- Public works expenditures were under budget by \$71,101 mainly due to less street maintenance than anticipated.
- Culture and recreation expenditures were over budget by \$102,497 attributable to increased activity at the library, Caswell Park and other parks which was partially offset with additional revenue.
- Transfers out were over budget \$60,022 due to contributions to the 2016 Construction fund to finance the municipal building improvement cost overruns.

A comparison of General fund revenues and transfers for the last three years is presented below:

| Source | 2015 | 2016 | 2017 | Percent of Total | Per Capita |
|-------------------------------------|---------------------|---------------------|---------------------|------------------------|---------------|
| Taxes | \$ 4,521,694 | \$ 4,664,566 | \$ 4,962,604 | 59.5 % | \$ 359 |
| Special Assessments | 29,140 | 26,985 | 6,796 | 0.1 | - |
| Licenses and Permits | 448,871 | 360,412 | 470,642 | 5.7 | 34 |
| Intergovernmental | 2,036,034 | 2,056,525 | 2,065,472 | 24.8 | 150 |
| Charges for Services | 199,242 | 242,214 | 278,806 | 3.3 | 20 |
| Fines and Forfeits | 27,578 | 31,247 | 28,220 | 0.3 | 2 |
| Investment Earnings | 3,926 | 3,978 | 5,322 | 0.1 | - |
| Miscellaneous | 259,152 | 171,591 | 237,785 | 2.9 | 17 |
| Transfers In | 271,750 | 279,350 | 271,750 | 3.3 | 20 |
| Total Revenues and Transfers | \$ 7,797,387 | \$ 7,836,868 | \$ 8,327,397 | 100.0 % | \$ 602 |

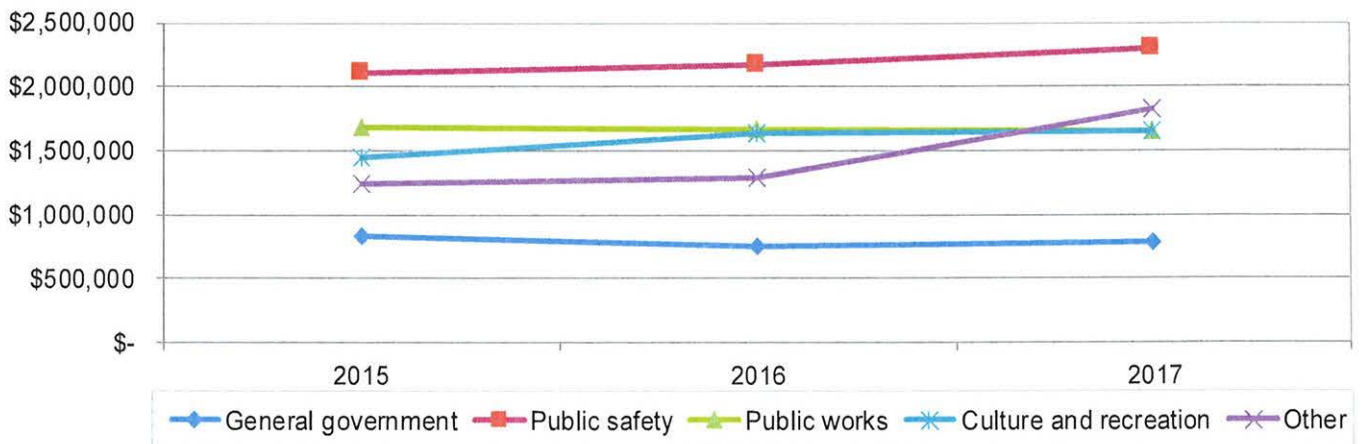
General Fund Revenues by Source



A comparison of General fund expenditures and transfers for the last three years is presented below:

| Program | 2015 | 2016 | 2017 | Percent of Total | Per Capita | Peer Group Per Capita |
|---|---------------------|---------------------|---------------------|------------------------|---------------|-----------------------------|
| Current | | | | | | |
| General government | 839,835 | \$ 752,144 | \$ 782,884 | 9.5 % | \$ 57 | \$ 109 |
| Public safety | 2,120,907 | 2,183,726 | 2,304,769 | 28.1 | 167 | 229 |
| Public works | 1,693,925 | 1,675,017 | 1,661,692 | 20.2 | 120 | 109 |
| Culture and recreation | 1,444,506 | 1,647,680 | 1,647,812 | 20.0 | 119 | 63 |
| Housing and economic development | 555,517 | 500,854 | 519,788 | 6.3 | 38 | 8 |
| Miscellaneous | 358,907 | 288,787 | 302,532 | 3.7 | 22 | 15 |
| Total Current | 7,013,597 | 7,048,208 | 7,219,477 | 87.8 | 523 | 533 |
| Capital Outlay | 243,875 | 314,486 | 767,575 | 9.3 | 56 | 19 |
| Debt Service | 79,513 | - | - | - | - | - |
| Transfers Out | - | 186,029 | 235,022 | 2.9 | 17 | - |
| Total Expenditures and Transfers | \$ 7,336,985 | \$ 7,548,723 | \$ 8,222,074 | 100.0 % | \$ 596 | \$ 552 |

General Fund Expenditures by Program



Special Revenue Funds

Special revenue funds have revenue from specific sources to be used for specific purpose. Listed below are the special revenue funds of the City along with the fund balances for 2017 and 2016 and the net change:

| Fund | Fund Balances December 31, | | Increase (Decrease) |
|-----------------------------------|-------------------------------|---------------------|------------------------|
| | 2017 | 2016 | |
| Nonmajor | | | |
| Library Endowment | \$ 48,644 | \$ 50,000 | \$ (1,356) |
| Community Development Block Grant | 15,296 | 12,849 | 2,447 |
| Local Option Sales Tax | 105,200 | 140,734 | (35,534) |
| Park Development | 5,866 | 5,866 | - |
| Port Authority | 168,507 | 211,734 | (43,227) |
| Federal Revolving Loan | 1,744,639 | 1,715,558 | 29,081 |
| Local Revolving Loan | 230,450 | 228,395 | 2,055 |
| Joint Economic Development | 1,166,288 | 361,337 | 804,951 |
| Marigold TIF #8 | (380,606) | (397,107) | 16,501 |
| Webster Redevelopment TIF #14 | 70,073 | 54,901 | 15,172 |
| National Dentex TIF #17 | 6,360 | - | 6,360 |
| Webster Avenue TIF #2 | 1,016 | 1,015 | 1 |
| LJP Enterprises TIF #18 | - | - | - |
| Ziegler Caterpillar TIF #20 | - | - | - |
| 422 Belgrade TIF #19 | 21,885 | 12,562 | 9,323 |
| Lindsay TIF #22 | - | - | - |
| Allstate Peterbuilt TIF #21 | - | - | - |
| D & K Powdercoating TIF #23 | - | - | - |
| Total | <u>\$ 3,203,618</u> | <u>\$ 2,397,844</u> | <u>\$ 805,774</u> |

Debt Service Funds

Debt Service funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than enterprise fund debt).

Debt Service funds may have one or a combination of the following revenue sources pledged to retire debt as follows:

- Property taxes - Primarily for general City benefit projects such as parks and municipal buildings. Property taxes may also be used to fund special assessment bonds which are not fully assessed.
- Tax increments - Pledged exclusively for tax increment/economic development districts.
- Capitalized interest portion of bond proceeds - After the sale of bonds, the project may not produce revenue (tax increments or special assessments) for a period of one to two years. Bonds are issued with this timing difference considered in the form of capitalized interest.
- Special assessments - Charges to benefited properties for various improvements.

In addition to the above pledged assets, other funding sources may be received by Debt Service funds as follows:

- Residual project proceeds from the related capital projects fund
- Investment earnings
- State or Federal grants
- Transfers from other funds

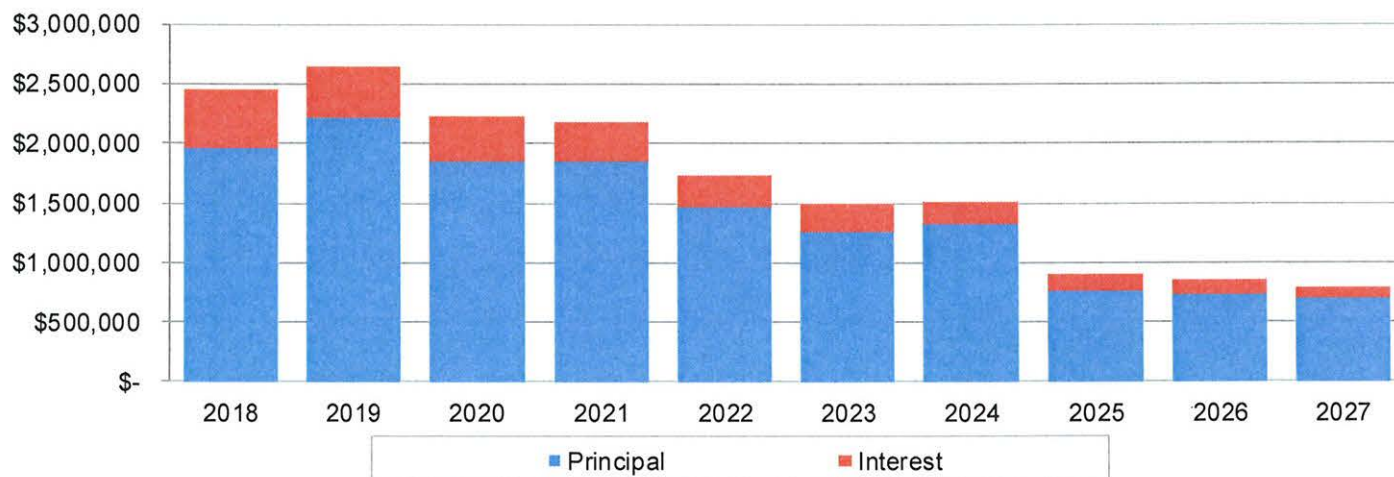
People
+ Process
Going
Beyond the
Numbers

The following is a summary of Debt Service fund assets and outstanding debt as of December 31, 2017:

| Debt Description | Total Cash and Temporary Investments | Total Assets | Outstanding Debt | Maturity Date |
|--|--|---------------------|----------------------|------------------|
| General Obligation Bonds | | | | |
| Bond Reserve | \$ 817,726 | \$ 1,426,642 | \$ - | N/A |
| G.O. Capital Improvements - 2008C | - | - | 370,000 | 02/01/19 |
| General Obligations - 2011A | - | - | 2,820,000 | 02/01/34 |
| G.O. Capital Improvements - 2012A | - | - | 260,000 | 02/01/20 |
| General Obligations - 2014A | 96,108 | 113,890 | 765,000 | 12/01/29 |
| General Obligations - 2015A | - | - | 515,000 | 12/01/30 |
| General Obligations - 2016A | - | - | 465,000 | 02/01/26 |
| Total G.O. Bonds | <u>913,834</u> | <u>1,540,532</u> | <u>5,195,000</u> | |
| Tax Increment Bonds | | | | |
| Taxable G.O. Tax Increment Bonds of 2010D | 31,814 | 31,814 | 700,000 | 02/01/37 |
| Taxable G.O. Tax Increment Revenue Bonds of 2011B | 31,883 | 31,883 | 415,000 | 02/01/35 |
| Total Tax Increment Bonds | <u>63,697</u> | <u>63,697</u> | <u>1,115,000</u> | |
| G.O. Special Assessment Bonds | | | | |
| 2005D G.O. Improvement Bonds | 259,673 | 737,732 | - | Matured |
| 2007A G.O. Improvement Bonds | 388,332 | 693,792 | 115,000 | 02/01/18 |
| 2008A G.O. Improvement Bonds | 100 | 27,052 | 350,000 | 02/01/19 |
| 2009D G.O. Improvement Bonds | - | 1,870,699 | - | 04/01/17 |
| 2010A G.O. Improvement Bonds | - | 714,678 | 1,710,000 | 12/01/27 |
| 2010C G.O. Refunding Bonds | 428,028 | 989,223 | 2,295,000 | 02/01/22 |
| 2015A G.O. Improvement Bonds (West Carlson) | - | 348,286 | - | |
| 2015A G.O. Improvement Bonds | 24,578 | 24,578 | 1,320,000 | 12/01/30 |
| 2015B G.O. Crossover Refunding Bonds | - | - | 1,630,000 | 12/01/28 |
| 2010A G.O. Improvement Bonds | 70,870 | 219,793 | 915,000 | 02/01/32 |
| Total G.O. Special Assessment Bonds | <u>1,171,581</u> | <u>5,625,833</u> | <u>8,335,000</u> | |
| G.O. Revenue Bonds | | | | |
| G.O. Port Authority Taxable Refunding Bonds of 2009A | - | - | 345,000 | 02/01/19 |
| 2009C G.O. Sales Tax Revenue Bonds | - | - | 1,400,000 | 12/01/24 |
| 2010B G.O. Sales Tax Revenue Bonds | - | - | 450,000 | 12/01/25 |
| Total G.O. Revenue Bonds | <u>-</u> | <u>-</u> | <u>2,195,000</u> | |
| Total All Debt Service Funds | <u>\$ 2,149,112</u> | <u>\$ 7,230,062</u> | <u>\$ 16,840,000</u> | |
| Future Interest on Debt | | | <u>\$ 3,077,534</u> | |

The City's outstanding debt is required to be funded by various resources such as special assessments, tax increments, property taxes, transfers from enterprise funds, etc. Special assessments and tax increments are usually certified once to the County for collection, but tax levies need to be certified annually. We recommend management pay particular attention to annual tax levies and transfers listed in each bond issue book to ensure proper funding of debt service. We recommend the City continue to monitor these deficits and future funding of debt service payments.

The annual debt service requirements for the next 10 years for the debt (excluding refunded bonds) detailed above are as follows:



Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. The table below compares 2017 fund balances with 2016:

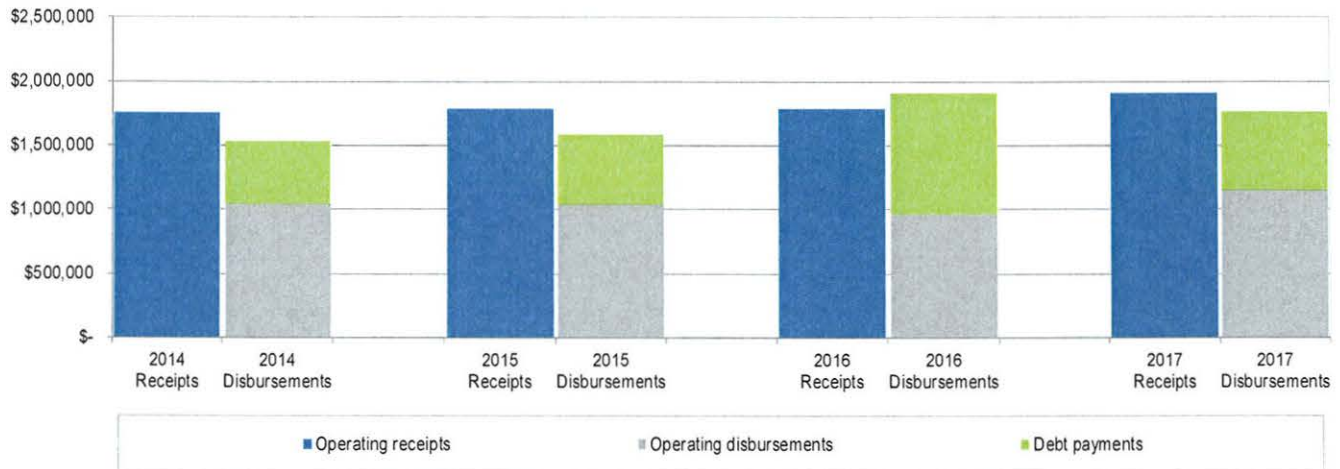
| Fund | Fund Balances December 31, | | Increase (Decrease) |
|--|-------------------------------|---------------------|------------------------|
| | 2017 | 2016 | |
| Major | | | |
| 2014 Construction | \$ - | \$ 175,174 | \$ (175,174) |
| 2015 Construction | (516,017) | (1,482,589) | 966,572 |
| 2016 Construction | 389,771 | 258,050 | 131,721 |
| Nonmajor | | | |
| Capital Facilities and Equipment Replacement - General | 200,707 | 65,107 | 135,600 |
| 2011 Construction | - | (10,581) | 10,581 |
| 2017 Construction | (145,755) | - | (145,755) |
| 2018 Construction | (32,048) | - | (32,048) |
| Total | <u>\$ (103,342)</u> | <u>\$ (994,839)</u> | <u>\$ 891,497</u> |

The City should analyze project's status each year and close those that are completed. The 2015 Construction fund deficit was caused by the State advancing Municipal State Aid Funds for Streets that were received in cash by the City in 2015 and 2016 but will not be recognized as revenue until available in future years.

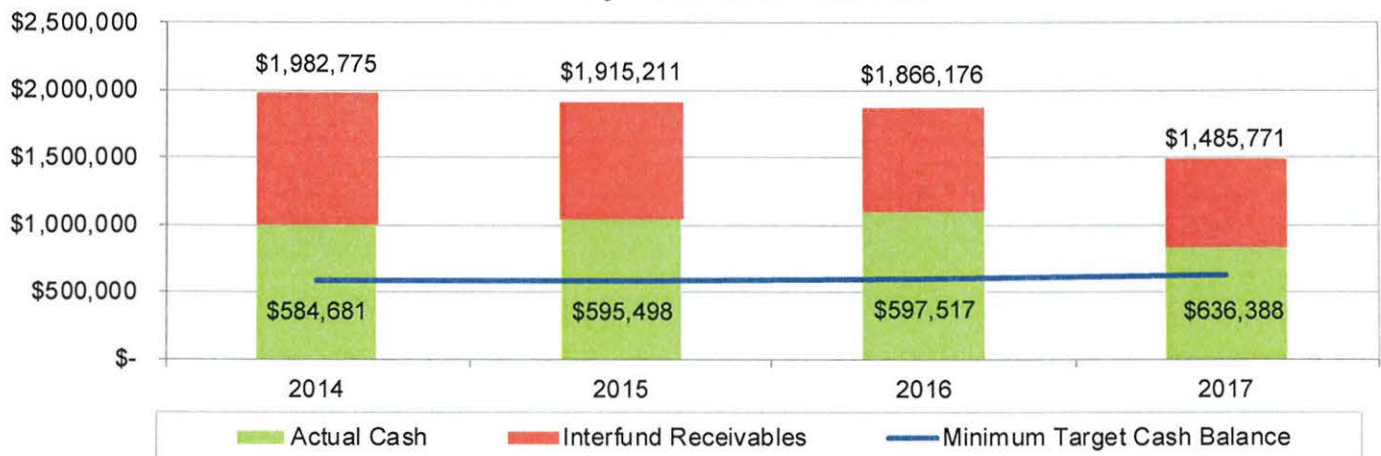
Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. A comparison of enterprise fund cash flows and cash balances for the past four years is as follows:

Water Utility Fund Cash Flows



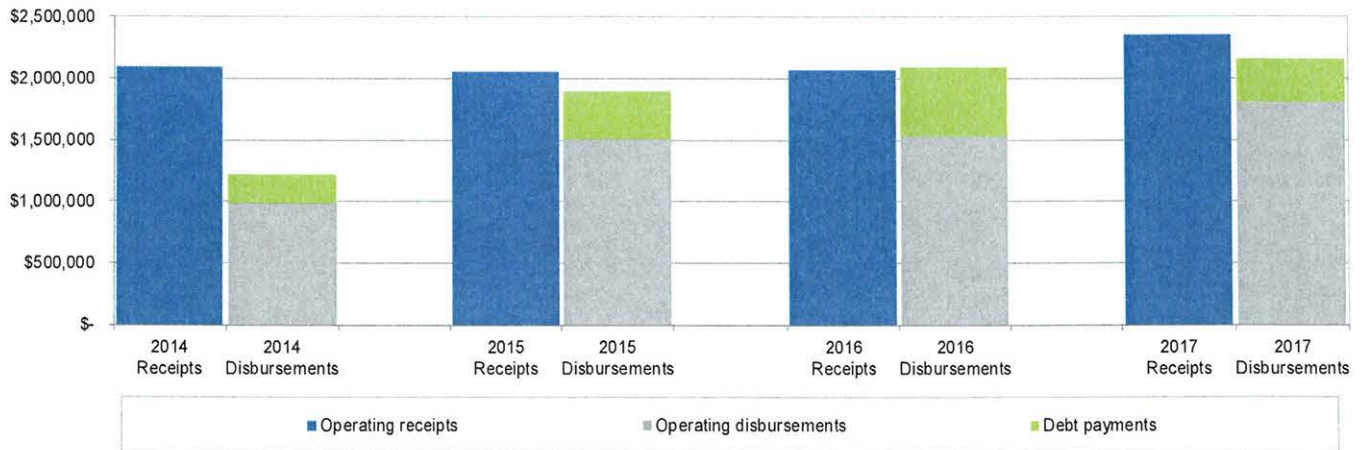
Water Utility Fund Cash Balances



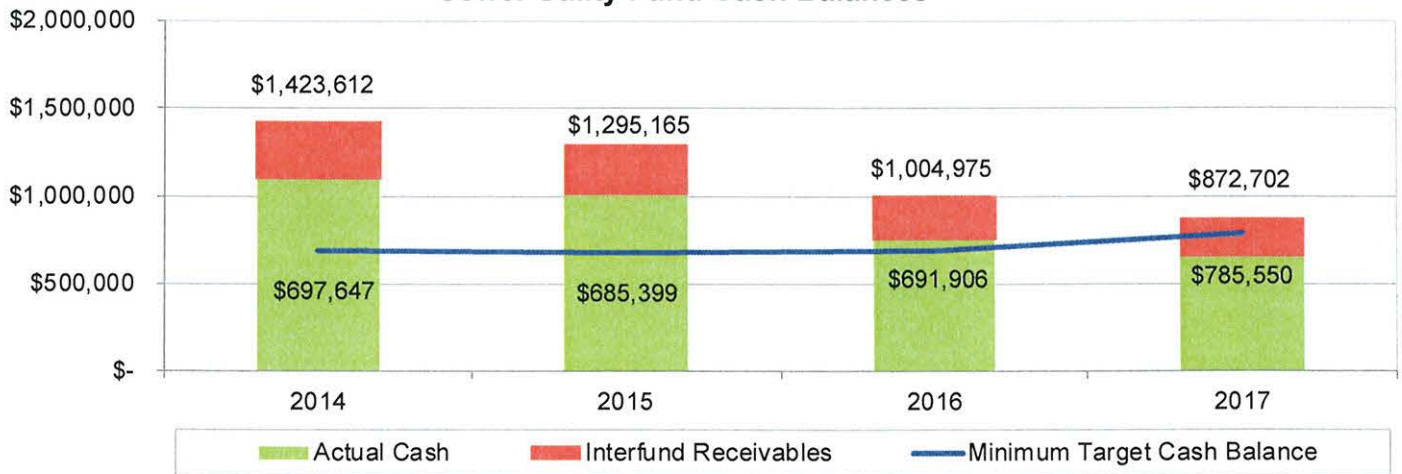
The minimum target cash balance is based off 33 percent of operating costs to reflect the City's budget reserve policy.

| | 2014 | 2015 | 2016 | 2017 |
|---------------|---------------------|---------------------|---------------------|---------------------|
| Bonds Payable | <u>\$ 3,758,750</u> | <u>\$ 7,048,815</u> | <u>\$ 6,496,523</u> | <u>\$ 6,260,050</u> |

Sewer Utility Fund Cash Flows



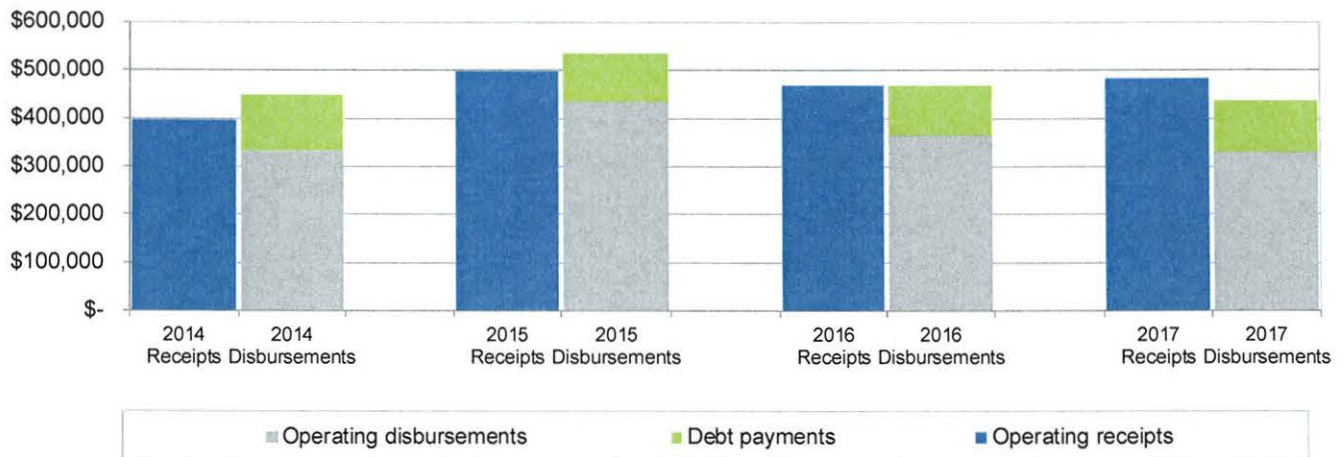
Sewer Utility Fund Cash Balances



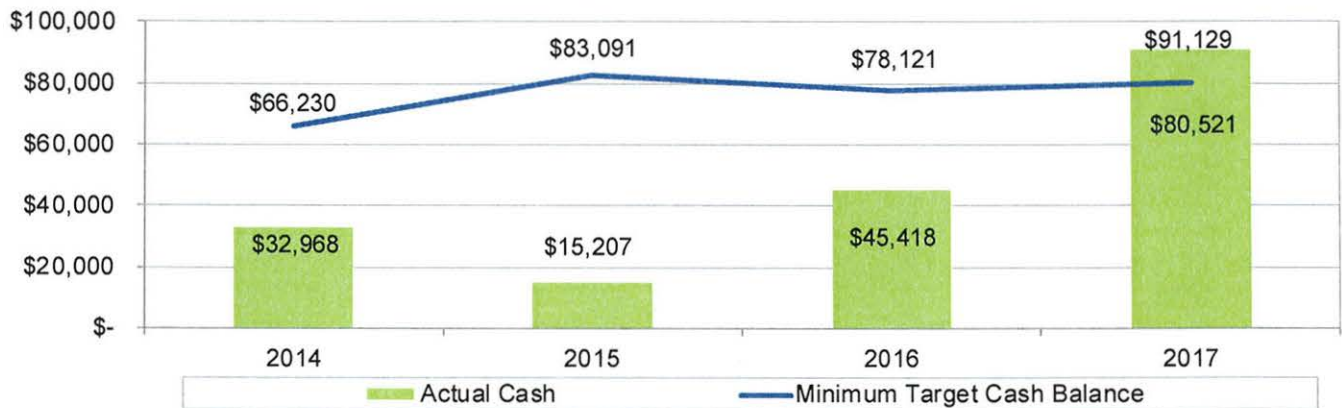
The minimum target cash balance is based off 33 percent of operating costs to reflect the City's budget reserve policy.

| | 2014 | 2015 | 2016 | 2017 |
|---------------|---------------------|---------------------|---------------------|---------------------|
| Bonds Payable | <u>\$ 1,268,847</u> | <u>\$ 2,762,216</u> | <u>\$ 2,280,458</u> | <u>\$ 2,181,752</u> |

Recycling Fund Cash Flows



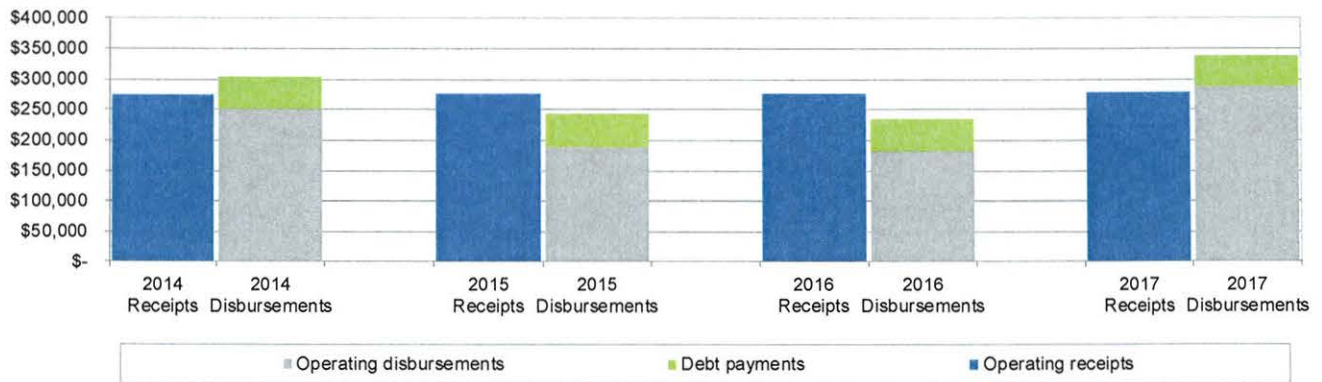
Recycling Fund Cash Balances



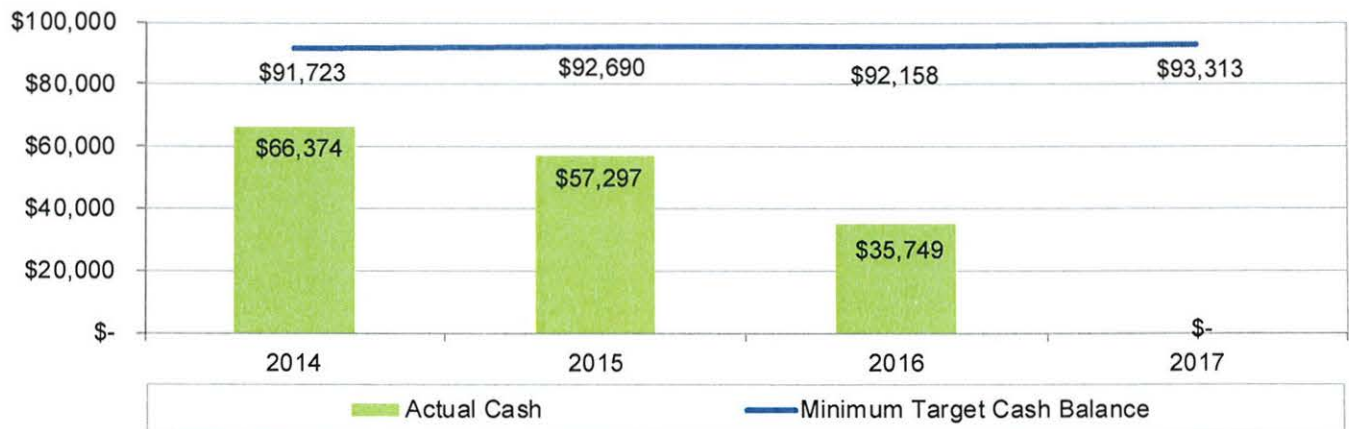
The minimum target cash balance is based off 16.7 percent of operating costs due to the fund's operating nature. The City does not have a budget reserve policy for this fund.

| | 2014 | 2015 | 2016 | 2017 |
|---------------|---------------------|-------------------|-------------------|-------------------|
| Bonds Payable | <u>\$ 1,865,000</u> | <u>\$ 935,000</u> | <u>\$ 850,000</u> | <u>\$ 760,000</u> |

Storm Water Fund Cash Flows



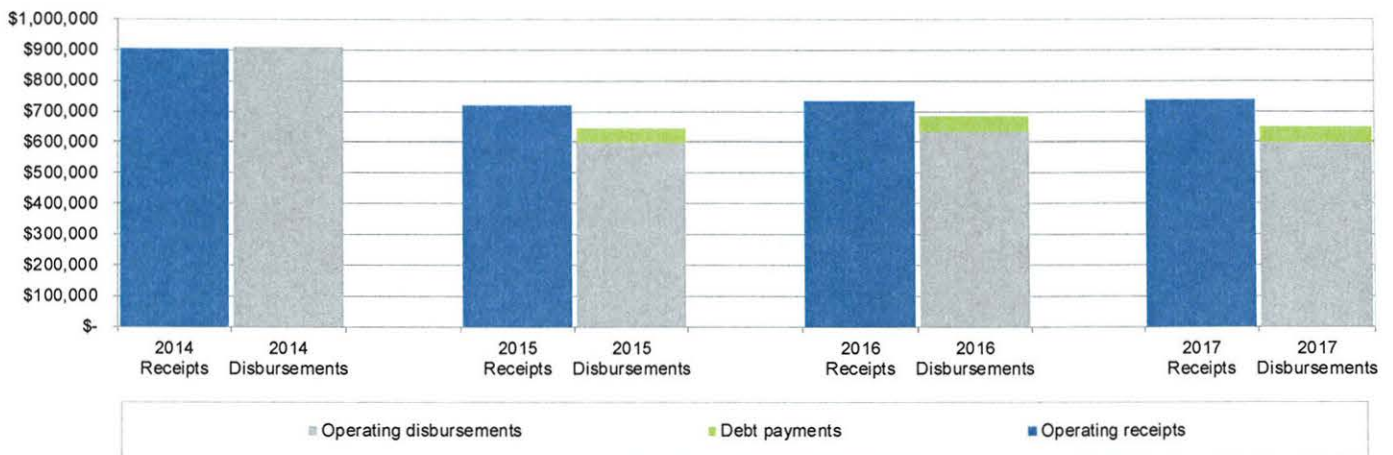
Storm Water Fund Cash Balances



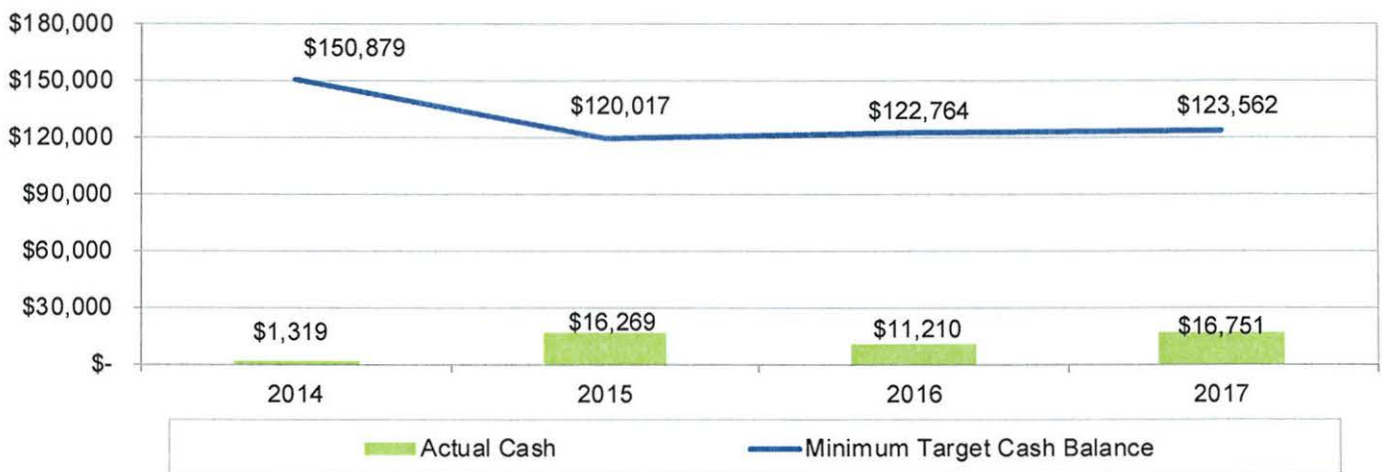
The minimum target cash balance is based off 33 percent of operating costs. The City does not have a budget reserve policy for this fund.

| | 2014 | 2015 | 2016 | 2017 |
|---------------|-------------------|-------------------|-------------------|-------------------|
| Bonds Payable | <u>\$ 420,000</u> | <u>\$ 435,000</u> | <u>\$ 396,000</u> | <u>\$ 357,000</u> |

Solid Waste Fund Cash Flows



Solid Waste Fund Cash Balances



The minimum target cash balance is based off 16.7 percent of operating costs due to the fund's operating nature. The City does not have a budget reserve policy for this fund.

| | 2014 | 2015 | 2016 | 2017 |
|---------------|------|------------|------------|------------|
| Bonds Payable | \$ - | \$ 360,000 | \$ 320,000 | \$ 280,000 |

We recommend the City continue to review rates annually and determine if increases are required to:

- Fund continuing operating expenses.
- Maintain contingency requirements for unexpected repairs.
- Provide for capital replacement requirements.

Ratio Analysis

The following captures a few ratios from the City's financial statements that give some additional information for trend and peer group analysis. The peer group average is derived from information available from the Office of the State Auditor for cities of the 3rd class (10,000 to 20,000). The majority of these ratios facilitate the use of economic resources focus and accrual basis of accounting at the government-wide level. A combination of liquidity (ability to pay its most immediate obligations), solvency (ability to pay its long-term obligations), funding (comparison of financial amounts and economic indicators to measure changes in financial capacity over time) and common-size (comparison of financial data with other cities regardless of size) ratios are shown below.

| Ratio | Calculation | Source | Year | | | |
|---|--|--------------------|----------|----------|----------|----------|
| | | | 2014 | 2015 | 2016 | 2017 |
| Debt to assets | Total liabilities/total assets | Government-wide | 40% | 43% | 45% | 37% |
| | | | 31% | 34% | 36% | N/A |
| Debt service coverage | Net cash provided by operations/ enterprise fund debt payments | Enterprise funds | 2.1 | 1.3 | 0.7 | 0.9 |
| | | | 1.4 | 1.2 | 1.9 | N/A |
| Debt per capita | Bonded debt/population | Government-wide | \$ 2,576 | \$ 2,821 | \$ 2,708 | \$ 2,298 |
| | | | \$ 2,369 | \$ 2,400 | \$ 1,932 | N/A |
| Taxes per capita | Tax revenues/population | Government-wide | \$ 496 | \$ 514 | \$ 528 | \$ 543 |
| | | | \$ 492 | \$ 504 | \$ 514 | N/A |
| Current expenditures per capita | Governmental fund current expenditures / population | Governmental funds | \$ 584 | \$ 569 | \$ 571 | \$ 586 |
| | | | \$ 650 | \$ 633 | \$ 668 | N/A |
| Capital expenditures per capita | Governmental fund capital expenditures / population | Governmental funds | \$ 288 | \$ 666 | \$ 234 | \$ 103 |
| | | | \$ 260 | \$ 374 | \$ 338 | N/A |
| Capital assets % left to depreciate - Governmental | Net capital assets/ gross capital assets | Government-wide | 53% | 55% | 53% | 51% |
| | | | 58% | 58% | 59% | N/A |
| Capital assets % left to depreciate - Business-type | Net capital assets/ gross capital assets | Government-wide | 66% | 68% | 67% | 66% |
| | | | 60% | 60% | 60% | N/A |

Represents City of North Mankato

Represents Peer Group Ratio

Debt-to-Assets Leverage Ratio (Solvency Ratio)

The debt-to-assets leverage ratio is a comparison of a city's total liabilities to its total assets or the percentage of total assets that are provided by creditors. It indicates the degree to which the City's assets are financed through borrowings and other long-term obligations (i.e. a ratio of 50 percent would indicate half of the assets are financing with outstanding debt).

Debt Service Coverage Ratio (Solvency Ratio)

The debt coverage ratio is a comparison of cash generated by operations to total debt service payments (principal and interest) of enterprise funds. This ratio indicates if there are sufficient cash flows from operations to meet debt service obligations. Except in cases where other nonoperating revenues (i.e. taxes, assessments, transfers from other funds, etc.) are used to fund debt service payments, an acceptable ratio would be above 1.

Bonded Debt per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total bonded debt by the population of the city and represents the amount of bonded debt obligation for each citizen of the city at the end of the year. The higher the amount, the more resources are needed in the future to retire these obligations through taxes, assessments or user fees.

Taxes per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total tax revenues by the population of the city and represents the amount of taxes for each citizen of the city for the year. The higher this amount is, the more reliant the city is on taxes to fund its operations.

Current Expenditures per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total current governmental expenditures by the population of the City and represents the amount of governmental expenditure for each citizen of the City during the year. Since this is generally based on ongoing expenditures, we would expect consistent annual per capita results.

Capital Expenditures per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total governmental capital outlay expenditures by the population of the City and represents the amount of capital expenditure for each citizen of the City during the year. Since projects are not always recurring, the per capita amount will fluctuate from year to year.

Capital Assets Percentage (Common-size Ratio)

This percentage represents the percent of governmental or business-type capital assets that are left to be depreciated. The lower this percentage, the older the city's capital assets are and may need major repairs or replacements in the near future. A higher percentage may indicate newer assets being constructed or purchased and may coincide with higher debt ratios or bonded debt per capita.

Future Accounting Standard Changes

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements: ⁽¹⁾

GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension*

Summary

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

Effective Date

This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information, as follows:

- More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of OPEB measurements.
- Explanations of how and why the OPEB liability changed from year to year will improve transparency.

Future Accounting Standard Changes (Continued)

- The summary OPEB liability information, including ratios, will offer an indication of the extent to which the total OPEB liability is covered by resources held by the OPEB plan, if any.
- For employers that provide benefits through OPEB plans that are administered through trusts that meet the specified criteria, the contribution schedules will provide measures to evaluate decisions related to contributions.

The consistency, comparability, and transparency of the information reported by employers and governmental nonemployer contributing entities about OPEB transactions will be improved by requiring:

- The use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources, rather than utilizing only the long-term expected rate of return regardless of whether the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and is expected to be invested using a strategy to achieve that return.
- A single method of attributing the actuarial present value of projected benefit payments to periods of employee service, rather than allowing a choice among six methods with additional variations.
- Immediate recognition in OPEB expense, rather than a choice of recognition periods, of the effects of changes of benefit terms.
- Recognition of OPEB expense that incorporates deferred outflows of resources and deferred inflows of resources related to OPEB over a defined, closed period, rather than a choice between an open or closed period.

GASB Statement No. 83 - Certain Asset Retirement Obligations

Summary

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

Future Accounting Standard Changes (Continued)

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

Effective Date

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

GASB Statement No. 84 - *Fiduciary Activities*

Summary

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

Future Accounting Standard Changes (Continued)

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Effective Date

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship.

GASB Statement No. 85 - Omnibus 2017

Summary

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

Effective Date

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

Future Accounting Standard Changes (Continued)

GASB Statement No. 86 - *Certain Debt Extinguishment Issues*

Summary

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

How the Changes in This Statement Will Improve Accounting and Financial Reporting

The requirements of this Statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance.

GASB Statement No. 87 - *Leases*

Summary

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Effective Date and Transition

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

Future Accounting Standard Changes (Continued)

How the Changes in This Statement Will Improve Accounting and Financial Reporting

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

⁽¹⁾ Note. From GASB Pronouncements Summaries. Copyright 2017 by the Financial Accounting Foundation, 401 Merritt 7, Norwalk, CT 06856, USA, and is reproduced with permission.

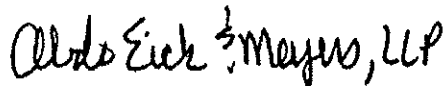
* * * * *

Restriction on Use

This communication is intended solely for the information and use of the City Council, management and the Minnesota Office of the State Auditor and is not intended and should not be used by anyone other than those specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 19, 2018

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



| Agenda Item #11B | Department: Finance | Council Meeting Date: 7/2/18 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|------------------------------|--------------------------|--------------------------|-------|----------|-------|-------|---------|-------|-------|---------|-------|-------|----------|-------|-------|-------|--|------------|-----------|----------|---------|-----|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| TITLE OF ISSUE: Consider Adopting Resolution Establishing Procedures Relating to Compliance with Reimbursement Bond Regulations Under the Internal Revenue Code. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BACKGROUND AND SUPPLEMENTAL INFORMATION: Please review the memo provided by Mary Ippel from Briggs and Morgan. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>If additional space is required, attach a separate sheet</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| REQUESTED COUNCIL ACTION: Adopt Resolution Establishing Procedures Relating to Compliance with Reimbursement Bond Regulations Under the Internal Revenue Code. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div style="margin-bottom: 10px;"> Motion By: _____ Second By: _____ </div> <div> Vote Record: <table style="display: inline-table; vertical-align: top; margin-left: 10px;"> <thead> <tr> <th style="text-align: center;">Aye</th> <th style="text-align: center;">Nay</th> <th></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">_____</td><td style="text-align: center;">_____</td><td>Whitlock</td></tr> <tr><td style="text-align: center;">_____</td><td style="text-align: center;">_____</td><td>Steiner</td></tr> <tr><td style="text-align: center;">_____</td><td style="text-align: center;">_____</td><td>Norland</td></tr> <tr><td style="text-align: center;">_____</td><td style="text-align: center;">_____</td><td>Freyberg</td></tr> <tr><td style="text-align: center;">_____</td><td style="text-align: center;">_____</td><td>Dehen</td></tr> </tbody> </table> </div> | Aye | Nay | | _____ | _____ | Whitlock | _____ | _____ | Steiner | _____ | _____ | Norland | _____ | _____ | Freyberg | _____ | _____ | Dehen | <div style="text-align: center; font-weight: bold; margin-bottom: 10px;">SUPPORTING DOCUMENTS ATTACHED</div> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 20%;">Resolution</td> <td style="text-align: center; width: 20%;">Ordinance</td> <td style="text-align: center; width: 20%;">Contract</td> <td style="text-align: center; width: 20%;">Minutes</td> <td style="text-align: center; width: 20%;">Map</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <div style="margin-top: 5px;"> Other (specify) <u>Memo</u> </div> <div style="border-bottom: 1px solid black; height: 15px; margin-top: 5px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-top: 5px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-top: 5px;"></div> | Resolution | Ordinance | Contract | Minutes | Map | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aye | Nay | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Whitlock | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Steiner | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Norland | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Freyberg | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Dehen | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resolution | Ordinance | Contract | Minutes | Map | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div style="margin-bottom: 10px;"> <input type="checkbox"/> Workshop </div> <div> <input checked="" type="checkbox"/> Regular Meeting </div> <div> <input type="checkbox"/> Special Meeting </div> | <div style="margin-bottom: 10px;"> <input type="checkbox"/> Refer to: _____ </div> <div> <input type="checkbox"/> Table until: _____ </div> <div> <input type="checkbox"/> Other: _____ </div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402
OFC 612-977-8400
FAX 612-977-8650
URL Briggs.com

MEMORANDUM

TO: Kevin McCann, Finance Director of the City of North Mankato
FROM: Mary Ippel
DATE: June 25, 2018
RE: REIMBURSEMENT RESOLUTION

Enclosed is a resolution for consideration by the City Council at an upcoming council meeting. The Resolution authorizes you to make periodic Declarations of intent to reimburse expenditures from Bonds (the form is in Exhibit A to the Resolution). The general requirements of the tax regulations relating to reimbursing expenditures are as follows:

1. the Declaration must be made no later than sixty days after payment of project costs;
2. the Declaration must contain (a) a reasonable description of the project and (b) the maximum principal amount of bonds expected to be issued for the project. You will need to fill in a description for the project in paragraph 2 and a dollar amount in paragraph 3 on Exhibit A; and
3. the bonds must be issued within the later of (a) 18 months after the payment, or (b) the date the project is placed in service, but not more than three years after the payment.

A Declaration is not required for preliminary and engineering costs as long as those costs do not exceed twenty percent of the bonds.

If you have any questions, please call me.

RESOLUTION NO. _____
RESOLUTION ESTABLISHING PROCEDURES
RELATING TO COMPLIANCE WITH REIMBURSEMENT BOND
REGULATIONS UNDER THE INTERNAL REVENUE CODE

BE IT RESOLVED by the City Council (the "Council") of the City of North Mankato, Minnesota (the "City"), as follows:

1. Recitals.

(a) The Internal Revenue Service has issued Treasury Regulations, Section 1.150-2 (as the same may be amended or supplemented, the "Regulations"), dealing with "reimbursement bond" proceeds, being proceeds of bonds used to reimburse the City for any project expenditure paid by the City prior to the time of the issuance of those bonds.

(b) The Regulations generally require that the City (as the issuer of or the primary obligor under the bonds) make a declaration of intent to reimburse itself for such prior expenditures out of the proceeds of subsequently issued bonds, that such declaration be made not later than 60 days after the expenditure is actually paid, and that the bonding occur and the written reimbursement allocation be made from the proceeds of such bonds within 18 months after the later of (1) the date of payment of the expenditure or (2) the date the project is placed in service (but in no event more than 3 years after actual payment).

(c) The City heretofore implemented procedures for compliance with the predecessor versions of the Regulations and desires to amend and supplement those procedures to ensure compliance with the Regulations.

(d) The City's bond counsel has advised the City that the Regulations do not apply, and hence the provisions of this Resolution are intended to have no application, to payments of City project costs first made by the City out of the proceeds of bonds issued prior to the date of such payments.

2. Official Intent Declaration. The Regulations, in the situations in which they apply, require the City to have declared an official intent (the "Declaration") to reimburse itself for previously paid project expenditures out of the proceeds of subsequently issued bonds. The Council hereby authorizes the City Administrator and/or the Finance Director to make the City's Declarations or to delegate from time to time that responsibility to other appropriate City employees. Each Declaration shall comply with the requirements of the Regulations, including without limitation the following:

(a) Each Declaration shall be made not later than 60 days after payment of the applicable project cost and shall state that the City reasonably expects to reimburse itself for the expenditure out of the proceeds of a bond issue or similar borrowing. Each Declaration may be made substantially in the form of the Exhibit A which is attached to and made a part of this Resolution, or in any other format which may at the time comply with the Regulations.

(b) Each Declaration shall (1) contain a reasonably accurate description of the "project," as defined in the Regulations (which may include the property or program to be financed, as applicable), to which the expenditure relates and (2) state the maximum principal amount of bonding expected to be issued for that project.

(c) Care shall be taken so that the City, or its authorized representatives under this Resolution, not make Declarations in cases where the City doesn't reasonably expect that reimbursement bonds will be issued to finance the subject project costs, and the City officials are hereby authorized to consult with bond counsel to the City concerning the requirements of the Regulations and their application in particular circumstances.

(d) The Council shall be advised from time to time on the desirability and timing of the issuance of reimbursement bonds relating to project expenditures for which the City has made Declarations.

3. Reimbursement Allocations. If the City is acting as the issuer of the reimbursement bonds, the designated City officials shall also be responsible for making the "reimbursement allocations" described in the Regulations, being generally written allocations that evidence the City's use of the applicable bond proceeds to reimburse the original expenditures.

4. Effect. This Resolution shall amend and supplement all prior resolutions and/or procedures adopted by the City for compliance with the Regulations (or their predecessor versions), and, henceforth, in the event of any inconsistency, the provisions of this Resolution shall apply and govern.

Adopted on _____, 2018, by the City Council of the City of North Mankato, Minnesota.

CERTIFICATION

The undersigned, being the duly qualified and acting _____ of the City of North Mankato, Minnesota, hereby certifies the following:

The foregoing is true and correct copy of a Resolution on file and of official, publicly available record in the offices of the City, which Resolution relates to procedures of the City for compliance with certain IRS Regulations on reimbursement bonds. Said Resolution was duly adopted by the governing body of the City (the "Council") at a regular meeting of the Council held on _____, 2018. The Council meeting was duly called, regularly held, open to the public, and held at the place at which meetings of the Council are regularly held. Councilmember _____ moved the adoption of the Resolution, which motion was seconded by Councilmember _____. A vote being taken on the motion, the following members of the Council voted in favor of the motion to adopt the Resolution:

and the following voted against the same:

Whereupon said Resolution was declared duly passed and adopted. The Resolution is in full force and effect and no action has been taken by the Council which would in any way alter or amend the Resolution.

WITNESS MY HAND officially as the _____ of the City of North Mankato, Minnesota, on _____, 2018.

Executed by the [City Administrator or
Finance Director] of the City of North
Mankato, Minnesota

EXHIBIT A
Declaration of Official Intent

The undersigned, being the duly appointed and acting _____ of the City of North Mankato, Minnesota (the "City"), pursuant to and for purposes of compliance with Treasury Regulations, Section 1.150-2 (the "Regulations"), under the Internal Revenue Code of 1986, as amended, hereby states and certifies on behalf of the City as follows:

1. The undersigned has been and is on the date hereof duly authorized by the City Council of the City to make and execute this Declaration of Official Intent (the "Declaration") for and on behalf of the City.

2. This Declaration relates to the following project, property or program (the "Project") and the costs thereof to be financed:

3. The City reasonably expects to reimburse itself for the payment of certain costs of the Project out of the proceeds of a bond issue or similar borrowing (the "Bonds") to be issued after the date of payment of such costs. As of the date hereof, the City reasonably expects that \$_____ is the maximum principal amount of the Bonds which will be issued to finance the Project.

4. Each expenditure to be reimbursed from the Bonds is or will be a capital expenditure or a cost of issuance, or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Regulations.

5. As of the date hereof, the statements and expectations contained in this Declaration are believed to be reasonable and accurate.

Date: _____, 2018.

Executed by the [City Administrator or
Finance Director] of the City of North
Mankato, Minnesota

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|------------------------------|--------------------------|--------------------------|-------|---------|-------|-------|---------|-------|-------|----------|-------|-------|----------|-------|-------|-------|--|--|------------|-----------|----------|---------|-----|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Agenda Item #11C | Department: Administration | Council Meeting Date: 7/2/18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TITLE OF ISSUE: Consider Adopting Resolution Authorizing the Sale of Real Estate and Dispensing with Requirements Under Minnesota Statute 462.356 Subdivision 2. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BACKGROUND AND SUPPLEMENTAL INFORMATION: Staff recommends the sale of real estate described as Outlot E, Nature View Subdivision, to Nature View Subdivision, LLC, for \$5,675.00. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| REQUESTED COUNCIL ACTION: Adopt Resolution Authorizing the Sale of Real Estate and Dispensing with Requirements Under Minnesota Statute 462.356 Subdivision 2. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| For Clerk's Use: Motion By: _____ Second By: _____ Vote Record: <table style="margin-left: 40px; border: none;"> <tr> <td style="text-align: center;">Aye</td> <td style="text-align: center;">Nay</td> <td></td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Steiner</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Norland</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Freyberg</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Whitlock</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Dehen</td> </tr> </table> | Aye | Nay | | _____ | _____ | Steiner | _____ | _____ | Norland | _____ | _____ | Freyberg | _____ | _____ | Whitlock | _____ | _____ | Dehen | SUPPORTING DOCUMENTS ATTACHED <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">Resolution</td> <td style="text-align: center;">Ordinance</td> <td style="text-align: center;">Contract</td> <td style="text-align: center;">Minutes</td> <td style="text-align: center;">Map</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> Other (specify) <u>Purchase Agreement</u> _____ _____ _____ | | Resolution | Ordinance | Contract | Minutes | Map | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aye | Nay | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Steiner | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Norland | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Freyberg | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Whitlock | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Dehen | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resolution | Ordinance | Contract | Minutes | Map | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Workshop <input checked="" type="checkbox"/> Regular Meeting <input type="checkbox"/> Special Meeting | <input type="checkbox"/> Refer to: _____ <input type="checkbox"/> Table until: _____ <input type="checkbox"/> Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

RESOLUTION NO.

RESOLUTION AUTHORIZING THE SALE OF REAL ESTATE
AND DISPENSING WITH REQUIREMENTS UNDER
MINNESOTA STATUTE 462.356 SUBDIVISION 2

WHEREAS, the City of North Mankato has adopted a Comprehensive Municipal Plan; and

WHEREAS, it is the intention of the City of North Mankato to sell the property described as
Outlot E, Nature View Subdivision No. 2; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
NORTH MANKATO, MINNESOTA, as follows:

Section 1: The governing body of the City of North Mankato with a two-thirds vote dispenses
with the requirements of Minnesota Statute 462.356 Subdivision 2.

Section 2: The property described as Outlot E, Nature View Subdivision No. 2 is authorized to be
sold for \$5,675.

Section 3: The City staff is authorized to execute the necessary documents to complete the
acquisition of said property.

Adopted by the City Council this 2nd day of July 2018.

Mayor

ATTEST:

City Clerk

PURCHASE AGREEMENT

This Purchase Agreement ("Agreement") is made this ____th day of June, 2018, by the City of North Mankato Municipal Corporation ("Seller") and Nature View Subdivision, LLC ("Buyer").

In consideration of the mutual covenants and the undertakings contained herein, the parties agree as follows:

1. **Purchase of Property.** Seller agrees to sell to Buyer and Buyer hereby agrees to buy from Seller property (the "Property") described as follows to-wit:

Outlot E, Nature View Subdivision No. 2, City of North Mankato, Nicollet County

2. **Purchase Price.** The purchase price ("**Purchase Price**") for the Property is Five Thousand Six Hundred Seventy-five and no/100 dollars (\$5,675.00) to be paid as follows:

All to be paid at closing.

3. **Covenants and Warranties of Seller.** Seller covenants and warrants to Buyer as follows:
 - a. On the Closing Date there will be no tenants, persons or entities occupying or having a right to occupy the Property or any part thereof.
 - b. At Closing, no contracts or agreements shall be in effect with respect to the Property by which Buyer shall be bound, except those easements and agreements related to highway rights of way, utilities and the like, existing as of the date hereof filed with the office of the Nicollet County Recorder with respect to the Property (the "**Recorded Agreements**").
4. **Closing: Closing Date.** The Closing shall take place on or before the ____th day of _____, 2018, at City of North Mankato offices, 1001 Belgrade Avenue, North Mankato, MN 56003 or such other place as Seller and Buyer shall mutually agree upon.
5. At the Closing, the Seller shall deliver to Buyer:
 - a. A Warranty Deed transferring all interest from the Seller in the Property.
6. **Possession.** Seller agrees to deliver possession of the Property to Buyer on the closing date.
7. **Risk of Loss.** Risk of loss of the Property prior to the time of Closing shall remain in the Seller.

8. **Complete Agreement.** This is a final Agreement between the Parties with respect to the property and contains their entire agreement and supersedes all previous understandings and agreements, oral or written, relative to the Property. There are no verbal agreements that can change this Agreement and no waiver of any of its terms will be effective unless in writing executed by the parties.
9. **Time of the Essence.** Time is of the essence in the performance of this Agreement.
10. **Governing Law.** This Agreement is made and entered into under the laws of Minnesota, and Minnesota law shall govern its construction and enforcement.
11. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and which together shall constitute a single, integrated contract.
12. **Representation and Warranties of Buyer.**
 - a. **Authority.** Buyer has the full legal power and authority (including full corporate power and authority) to enter into, execute and deliver this Agreement, to perform its obligation hereunder, to make the representations, warranties and covenants contained herein and to cause the transactions contemplated by this Agreement to be consummated.
 - b. **Compliance.** Neither the execution, delivery or performance of this Agreement will result in the breach under any indenture, security instrument or other agreement or court administrative order by which Buyer or the Property may be bound or affected.
 - c. **Validity and Binding Effect.** This Agreement is, and the documents and agreements mentioned herein, contemplated hereby or to be delivered pursuant to the terms hereof which Buyer is a party when a duly executed and delivered, will be legal, valid and binding obligations of the Buyer, enforceable against Buyers in accordance with the terms and conditions of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first written above.

Dated: _____

Dated: _____

CITY OF NORTH MANKATO

NATURE VIEW SUBDIVISION

By: _____
Its: _____

By: _____
Its: _____

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|------------------------------|--------------------------|--------------------------|-------|---------|-------|-------|---------|-------|-------|----------|-------|-------|----------|-------|-------|-------|--|--|------------|-----------|----------|---------|-----|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Agenda Item #11D | Department: Finance | Council Meeting Date: 7/2/18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TITLE OF ISSUE: Discuss Potential Solar Garden Subscription Agreement. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BACKGROUND AND SUPPLEMENTAL INFORMATION: Finance Director McCann will present information related to the proposed Solar Garden Subscription. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| REQUESTED COUNCIL ACTION: Provide Staff with Feedback Concerning the Proposed Solar Garden Subscription Agreement. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| For Clerk's Use: Motion By: _____ Second By: _____ Vote Record: <table style="margin-left: 40px; border: none;"> <tr> <td style="text-align: center;">Aye</td> <td style="text-align: center;">Nay</td> <td></td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Steiner</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Norland</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Freyberg</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Whitlock</td> </tr> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Dehen</td> </tr> </table> | Aye | Nay | | _____ | _____ | Steiner | _____ | _____ | Norland | _____ | _____ | Freyberg | _____ | _____ | Whitlock | _____ | _____ | Dehen | SUPPORTING DOCUMENTS ATTACHED <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">Resolution</td> <td style="text-align: center;">Ordinance</td> <td style="text-align: center;">Contract</td> <td style="text-align: center;">Minutes</td> <td style="text-align: center;">Map</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> Other (specify) <u>Agreement, Presentation</u> _____ _____ _____ | | Resolution | Ordinance | Contract | Minutes | Map | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aye | Nay | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Steiner | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Norland | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Freyberg | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Whitlock | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | Dehen | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resolution | Ordinance | Contract | Minutes | Map | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Workshop <input checked="" type="checkbox"/> Regular Meeting <input type="checkbox"/> Special Meeting | <input type="checkbox"/> Refer to: _____ <input type="checkbox"/> Table until: _____ <input type="checkbox"/> Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

**CITY OF NORTH MANKATO
SOLAR GARDEN SUBSCRIPTION AGREEMENT**

This Solar Garden Subscription Agreement for Commercial Subscribers (“**Agreement**”) is entered into as of _____, 2018 (the “**Effective Date**”) by and between Novel Solar Three LLC, with a principal place of business located at 1633 South Robert Street, Suite A, West St. Paul, MN 55118 (“**MNCS**”), and City of North Mankato (the “**Subscriber**”) (individually, a “**Party**” and collectively, the “**Parties**”).

RECITALS

A. MNCS is a developer and operator of solar (photovoltaic) electric generation facilities qualified as “Community Solar Gardens” (“**CSG**”) pursuant to Minn. Stat. § 216B.1641. MNCS desires to enter into a standard contract to participate in the Xcel Solar*Rewards Community Program (the “**CSG Contract**”) with Northern States Power Company, a subsidiary of Xcel Energy, Inc. (collectively with any successor in interest “**Xcel**”).

B. Subscriber is a customer of Xcel (Subscriber’s Premise Numbers are set forth in Exhibit G (“**Premises**”) and Subscriber’s Account Numbers are set forth in Exhibit G), with general service addresses set forth in Exhibit G (individually a “**Service Address**”, collectively the “**Service Addresses**”).

C. MNCS intends to develop, operate, and maintain a CSG in the same or an adjacent county of the Service Addresses (the “**Project**”). The Project will be located at the following address 29623 627th Ave. Gibbon, MN 55335.

D. Subscriber desires to become a subscriber in the Project by making monthly payments to MNCS in consideration for the Percentage Allocation (as defined in Section 2(b)) and the corresponding Bill Credits (as defined in Section 2(c)) that Xcel will apply to Subscriber’s Xcel electric utility bill on a continuing basis for a period of twenty-five (25) years from the “Commercial Operation Date” (as defined in Section 2(a)) (the “**Term**”).

E. Subscriber’s average annual energy consumption over the twenty-four (24) month period prior to the Effective Date at the Service Addresses is _____ kWh Subscriber’s contact information is:

| | |
|------------------|---------------------------------|
| Mailing Address: | <u>City of North Mankato</u> |
| Email Address: | <u>kmccann@northmankato.com</u> |
| Phone Number: | <u>507-625-4141</u> |

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the mutuality, adequacy, and sufficiency of which are hereby acknowledged, the Parties agree as follows:

GENERAL TERMS AND CONDITIONS

1. OPERATION OF THE PROJECT; DISCLOSURES.

a. Development of the Project. MNCS shall construct, develop, operate, insure, and maintain the Project in good working order during the Term so as to deliver all energy generated by the Project to Xcel in accordance with the CSG Contract.

b. Disputes. MNCS shall be solely responsible for resolving any disputes with Xcel or Subscriber regarding the accuracy of the Project’s energy production. Xcel and Subscriber shall together be solely responsible for resolving any dispute regarding the Bill Credit Rate (as defined in Section 2(c)) that appears on Subscriber’s electric utility bill.

c. Supervision of Work. All installations, upgrades, and repairs of the Project shall be performed or supervised by a professional certified by the North American Board of Certified Energy Practitioners and performed in accordance with applicable law, insurance requirements, and industry

standards, including the recommendations of the manufacturers of solar panel modules and other operational components.

d. Disclosures. Prior to executing this Agreement, MNCS has provided the Subscriber with the following hardcopy or electronic disclosure information, and by executing this Agreement, Subscriber agrees that it has reviewed the following disclosure information in its entirety:

i. An estimate of the Project's projected energy production and a description of the methodology employed in calculating that estimate is attached hereto as Exhibit A.

ii. An explanation of the Subscriber's Data (as defined in Section 2(g)) that MNCS will share with Xcel and the Subscriber's Data Xcel will share with MNCS is provided by attachment or hyperlink in Exhibit B.

iii. Copies of Xcel's data-privacy policy and MNCS's data-privacy policy are attached or hyperlinked hereto as Exhibit C.

iv. A copy of the CSG Contract between MNCS and Xcel is attached or hyperlinked hereto as Exhibit D.

v. A copy of the solar panel module warranty for the solar panel modules installed or to be installed at the Project site is attached or hyperlinked hereto as Exhibit E.

vi. Proof of insurance and a demonstration of MNCS' long-term maintenance plan for the Project is attached or hyperlinked hereto as Exhibit F.

e. Questions or Comments. Should you have questions or comments, please feel free to contact MNCS using the contact information set forth in Section 13 of this Agreement, or on www.mncommunitysolar.com.

2. ELIGIBILITY; ALLOCATION, SALE, AND PURCHASE OF CREDITS.

a. Commercial Operation Date. MNCS shall promptly notify Subscriber of the date upon which the Project is authorized by Xcel to continuously generate and deliver the full "**Actual Project Capacity**" of electrical energy to the transmission system (the "**Commercial Operation Date**" or "**COD**").

b. Allocation. The capacity of the Project is estimated to be four thousand six hundred (4,600) kilowatts ("**kW**") direct current ("**DC**") (the "**Project Capacity**"). MNCS will allocate five hundred thirty and seventy seven thousandths (530.077) kW DC (the "**Kilowatt Allocation**") of the Project to Subscriber, which equals eleven and five tenths percent (11.5%) of the Project's Capacity (the "**Percentage Allocation**"). If the actual capacity of the Project is different than 4,600 kW DC, Subscriber's Percentage Allocation shall equal the (i) Subscriber's Kilowatt Allocation *divided by* (ii) the Actual Project Capacity of the Project provided that if such calculation would result in the Percentage Allocation to exceed forty percent (40%) then the Kilowatt Allocation will be reduced to the KW DC required to make the Percentage Allocation equal forty percent (40%).

c. Calculation of Credits. MNCS agrees to sell to Subscriber, and Subscriber agrees to purchase from MNCS, the Kilowatt Allocation for the entire Term, in consideration for monetary credits applied to Subscriber's monthly Xcel electric utility bill which shall offset the cost of electricity consumed that month by the Subscriber (the "**Bill Credits**"). The Bill Credits shall equal the product of (i) the Percentage Allocation, (ii) the number of Kilowatt Hours ("**kWhs**") of electrical energy the Project generates in the previous month, and (iii) the "Bill Credit Rate." The "**Bill Credit Rate**" for purposes of this Agreement shall equal the Enhanced Applicable Retail Rate for the General Service Customer Class as set forth in Section No. 9 of the Minnesota Electric Rate Book – MPUC No. 2 (the "**Tariff**") and as approved by the Minnesota Public Utilities Commission (the "**MPUC**"). The Bill Credit Rate is subject to and is expected to change throughout the Term of this Agreement. As of April 1, 2018, the Bill Credit Rate shall equal \$0.12515 per

kWh. Subscriber shall receive at least thirty (30) days' advance written notice of any Bill Credit Rate changes which occur after the Effective Date. An example of the Bill Credit Rate calculation is set forth in Exhibit A.

d. Bill Credit Exceptions. If the amount of Bill Credits exceeds the amount owed on Subscriber's Xcel electric utility bill in any billing period, that excess shall be governed by the CSG Contract or applicable law.

e. Environmental Attributes. Subscriber's purchase of the Kilowatt Allocation will not include benefits or derivatives of Renewable Energy Credits ("RECs") or green tags, carbon offset credits, rebates, unsubscribed electrical energy, tax credits, tax or environmental attributes associated with owning or operating the Project, or any other attributes of owning the Project (collectively "**Environmental Attributes**"). Subscriber acknowledges and agrees that all RECs and Environmental Attributes shall be retained by MNCS and that MNCS will be required to transfer ownership of all RECs to Xcel pursuant to the CSG Contract. All unsubscribed electrical energy generated by the Project shall be treated as unallocated and Xcel will purchase all unallocated energy from MNCS at the applicable Tariff rate. In addition, Subscriber agrees to reasonably cooperate with MNCS so that MNCS may claim any Environmental Attributes from the Project.

f. Subscriber Eligibility. Subscriber's eligibility to purchase the Kilowatt Allocation and receive Bill Credits is expressly conditioned upon Subscriber meeting the following criteria and any other criteria outlined by applicable law (the "**Subscriber Eligibility Criteria**"): (i) Subscriber must be an Xcel account holder (with the undersigned being the named or one of the named account holders); (ii) each Service Address must be located within the county or an adjacent county to where the Project is located; (iii) Subscriber's Percentage Allocation may not exceed forty percent (40%) of the Actual Project Capacity; (iv) Subscriber's Kilowatt Allocation, when combined with any distributed generation resources serving the Subscriber at any Service Address, cannot exceed one hundred and twenty percent (120%) of Subscriber's average annual energy usage for the prior twenty-four (24) months at the time of the Effective Date of this Agreement; (v) Subscriber's Kilowatt Allocation must be at least two-hundred (200) watts; and (vi) Subscriber must be deemed creditworthy by MNCS, in MNCS' sole and absolute discretion, at the time this Agreement is executed. Subscriber authorizes MNCS, or its designee, to obtain its credit report now and in the future, answer questions others may ask regarding Subscriber's credit and share Subscriber's credit information with MNCS' financing partners. Subscriber hereby certifies that all information Subscriber provided to MNCS in connection with checking Subscriber's credit will be true and understands that this information must be updated if Subscriber's financial condition changes. Should Subscriber be found to be in violation of the Subscriber Eligibility Criteria, this Agreement may be subject to termination by MNCS, Xcel, or a governmental authority having jurisdiction over the Xcel Solar*Rewards Community Program. In the event this Agreement is terminated for Subscriber's violation of any of the Subscriber Eligibility Criteria, Subscriber shall pay to MNCS an amount equal to the net present value of the remaining Monthly Subscription Payments discounted at an eight percent (8%) rate (using the termination date as the valuation date) ("**Eligible Early Termination Fee**"). MNCS shall use commercially reasonable efforts to mitigate damages caused by such early termination including by soliciting potential subscribers to replace the Subscriber and if MNCS is successful in obtaining a replacement subscription agreement then MNCS shall return to Subscriber the difference between (i) the Eligible Early Termination Fee and (ii) the net present value of the monthly subscription payments under the replacement subscription agreement discounted at an eight percent (8%) rate (using the termination date as the valuation date) less all reasonable costs incurred by MNCS in the process of acquiring such replacement subscription within sixty (60) days of executing a replacement subscription agreement.

g. Subscriber Data. To ensure Subscriber receives the appropriate Bill Credits, Subscriber agrees to allow MNCS to provide Xcel with the following information: the Kilowatt Allocation and Percentage Allocation, Subscriber's name, Subscriber's Xcel Premise Number and Account Number,

Subscriber's "automatic transfer of funds" information, and the Service Addresses (collectively "**Subscriber's Data**").

3. PRICE AND PAYMENT.

a. **Monthly Subscription Payment.** For the right to receive the Kilowatt Allocation and the corresponding Bill Credits applied to Subscriber's Xcel electric utility bill, Subscriber shall pay to MNCS the "**Monthly Subscription Payment**" for the entire Term. The Monthly Subscription Payment shall be calculated by applying the following formula:

i. First, MNCS shall calculate the "**Estimated Annual Subscription Payment.**" The Estimated Annual Subscription Payment shall equal the product of (i) the Percentage Allocation, (ii) the estimated number of kWhs of electrical energy the Project will generate in the coming calendar year and (iii) the "**Subscription Rate**" in effect for such calendar year. For the first year of this Agreement, the Subscription Rate shall mean an amount equal to the Enhanced Applicable Retail Rate (for General Service) at COD minus \$0.01. For a project with a COD of April 1, 2018 the Subscription Rate would have been \$0.11515/kWh. Thereafter the Subscription Rate shall mean an amount equal to the Enhanced Applicable Retail Rate ("ARR") (for General Service) in effect as of the most recent anniversary of COD minus one cent (\$0.01). Please see Exhibit A for additional information about the Estimated Annual Subscription Payment.

ii. Second, MNCS shall divide the Estimated Annual Subscription Payment by twelve (12) to determine the monthly payment that Subscriber will pay MNCS (the "**Monthly Subscription Payment**") during each monthly billing cycle.

b. **Annual Reconciliation.** Subscriber's Monthly Subscription Payment is subject to an annual reconciliation submitted by MNCS to Subscriber no later than forty-five (45) days after the end of each calendar year (each, an "**Annual Reconciliation**"). The "**Actual Annual Subscription Payment**" due for the prior calendar year (or portion thereof) shall equal the product of: (i) the Percentage Allocation, (ii) the actual number of kWhs the Project generated throughout such calendar year (or portion thereof), and (iii) Subscription Rate. The payment will occur within 30 days of the date Xcel issues payment for the surplus credits leftover in the subscriber's accounts.

i. If the Actual Annual Subscription Payment exceeds the sum of the Monthly Subscription Payments Subscriber previously paid MNCS, then Subscriber hereby agrees to pay MNCS an Annual Reconciliation payment equal to the difference of the Actual Annual Subscription Payment and the sum of the Monthly Subscription Payments Subscriber previously paid to MNCS.

ii. If the sum of the Monthly Subscription Payments Subscriber previously paid MNCS exceeds the Actual Annual Subscription Payment, then MNCS hereby agrees to pay to Subscriber an Annual Reconciliation payment equal to the difference of the sum of the Monthly Subscription Payments Subscriber previously paid to MNCS and the Actual Annual Subscription Payment.

iii. At the end of each calendar year, MNCS shall include with its final invoice a copy of the Xcel statement delivered to MNCS that indicates the number of kWhs MNCS used to calculate the Actual Annual Subscription Payment.

iv. In the event this Agreement is terminated resulting in a partial calendar year of service, a reconciliation shall be performed for such partial year in order to reflect the actual energy production from the Project for such partial year.

c. **Invoicing.** Commencing with the first day of the first calendar month following the Commercial Operation Date, MNCS shall invoice Subscriber for the calculated Monthly Subscription Payment. Subscriber agrees to make its Monthly Subscription Payments and Annual Reconciliation payments through an "automatic transfer of funds" prior to the invoice due date. Any amounts not paid prior to the invoice due date will accrue interest at a rate of eight percent (8%) per annum (and if less than eight percent

(8%) per annum, the maximum rate permitted by law) from the invoice due date until MNCS receives payment. Any amounts owing for any period following the Commercial Operation Date but prior to the first billing date shall be invoiced separately, on a one-time basis. MNCS agrees not to invoice Subscriber during Project outages lasting longer than twenty (20) consecutive days. MNCS shall provide written notice to Subscriber when it becomes aware that the Project is out of service for longer than two (2) consecutive days, which notice shall include an estimate of how long the outage will last and the estimated loss of electricity production.

d. Xcel and MNCS Adjustments. If, as a result of an Xcel billing adjustment for any billing period, the quantity of energy allocated to Subscriber by MNCS is changed, Subscriber and MNCS agree to reconcile the change in amount in good faith. MNCS does not guarantee, and Subscriber acknowledges that MNCS does not guarantee the amount of electrical energy the Project will produce or the monetary value of the Bill Credits.

4. ANNUAL REPORTS. Within sixty (60) days of each anniversary of the Commercial Operation Date until the expiration or earlier termination of this Agreement, MNCS shall provide Subscriber with an annual report describing the annual energy production of the Project for the prior year.

5. TAXES.

a. Subscriber shall be solely liable for all sales, use, or other similar taxes imposed by any governmental authority having jurisdiction over Subscriber and the Project, if any, and where such taxes are attributable to the sale of the Kilowatt Allocation to the Subscriber.

b. Subscriber shall have no interest in and have no entitlement to claim any RECs and/or Environmental Attribute, including but not limited to any investment tax credit or other tax benefits related to the ownership of the Project.

c. Subscriber acknowledges and agrees that MNCS and Xcel each individually make no representations concerning the taxable consequences to Subscriber of its purchase of the Kilowatt Allocation, the Bill Credits applied to Subscriber's electric utility bill, or any other tax issues relating to Subscriber's participation in the Project.

d. This Agreement shall be deemed a service agreement for tax purposes.

6. REPRESENTATIONS, WARRANTIES, AND COVENANTS.

a. Mutual. Each Party represents, warrants, and covenants to the other Party:

i. The Party, if an entity, is duly organized, validly existing, and in good standing in the jurisdiction of its organization and is duly qualified to do business in the State of Minnesota;

ii. The Party has full legal capacity to enter into and perform this Agreement;

iii. To the best of each Party's knowledge, there is no litigation, action, arbitration, proceeding, or investigation pending before any court or other governmental authority by, against, affecting, or involving its ability to carry out the transactions contemplated in this Agreement;

iv. The execution and delivery of this Agreement by such Party and the performance by such Party of its obligations hereunder do not and will not result in a breach of any of the terms, conditions, or provisions of, or constitute a default under any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement or understanding, or any license, permit, franchise or certificate, to which such Party is a party or by which it is bound or to which its properties are subject;

v. This Agreement constitutes a legally valid and binding obligation enforceable against such Party in accordance with its terms; and

vi. Each Party is in good financial condition, there are no bankruptcy proceedings against it, no filings against it for involuntary bankruptcy, and it has no knowledge of any material legal and/or financial claims, issues, or proceedings against it that would have any adverse material effect on its financial condition.

b. MNCS. MNCS represents, warrants, and covenants to Subscriber:

i. MNCS has, or in the ordinary course will obtain, all licenses, permits, approvals, and any other required documents to develop, construct, and operate the Project;

ii. MNCS has sufficient funds dedicated for the projected operation and maintenance costs of the Project;

iii. MNCS will perform its obligations under this Agreement, the CSG Contract, and otherwise comply with all provisions of the Xcel Solar*Rewards Community Program and the Tariff in good faith and in accordance with industry standards; and

iv. MNCS agrees to protect Subscriber's Data and, except as may be required by this Agreement, law, regulation, or court order, or with Subscriber's consent, MNCS will not publicly disclose Subscriber's Data, energy usage data, or billing information, unless such disclosures are made to MNCS' financiers, lawyers, accountants, community partners, and agents of MNCS and only to the extent reasonably necessary.

c. Subscriber. Subscriber represents, warrants, and covenants to MNCS:

i. Subscriber is able to pay the Monthly Subscription Payment;

ii. Subscriber's Premise Number, Subscriber's Account Number, the Service Addresses, and Subscriber's contact information contained in the Recitals of this Agreement are true, accurate, and complete;

iii. Subscriber agrees not to install or procure any other distributed generation resource(s) during the Term of this Agreement, without first paying the appropriate transfer or termination fee to MNCS set forth in Sections 7 and 8 of this Agreement;

iv. Subscriber will sign and deliver to MNCS the Xcel Solar*Rewards Community Subscriber Agency Agreement and Consent Form (a copy of which is attached hereto as Exhibit B) upon signing this Agreement or at any time as requested by MNCS. Upon execution, all of the information and statements of Subscriber provided therein will be true, accurate, and complete;

v. Subscriber acknowledges and agrees it will have no interest in or entitlement to benefits or derivatives of RECs, unsubscribed energy production, tax credits, or any other credit or cash flow associated with the Project aside from the Subscriber's Kilowatt Allocation and Bill Credits. Subscriber acknowledges and agrees that this Agreement is not a contract to sell or lease the Project;

vi. Subscriber understands and agrees it is acquiring the Kilowatt Allocation and Bill Credits for its own account and it will not assign, convey, transfer, resell, or otherwise distribute the Kilowatt Allocation and Bill Credits to another person or entity, except as provided in Section 8. Subscriber acknowledges and agrees it will not assign, convey, transfer, resell or otherwise dispose of the Kilowatt Allocation and Bill Credits in any manner that will violate any securities laws or regulations. Subscriber is aware and understands that neither this Agreement nor any energy produced or Kilowatt Allocation purchased thereunder has been registered under any securities laws or regulations;

vii. Subscriber acknowledges and agrees that it has no defenses, set-offs, basis for withholding payments, counterclaims, or failure of performance claims against MNCS;

viii. Subscriber acknowledges and agrees that it has a valid real property interest in the Premises and each Service Address;

ix. Subscriber acknowledges and agrees Subscriber has been given the opportunity to ask questions and receive answers from MNCS concerning the terms of this Agreement and any other information necessary for Subscriber to evaluate the merits and risks of entering into this Agreement, including Subscriber's Kilowatt Allocation and/or Subscriber's Monthly Subscription Payment;

x. Subscriber acknowledges and agrees it is not relying on statements made by MNCS or any statements made by MNCS employees or agents with respect to any tax or other financial implications that may arise as a result of entering into or the implementation of this Agreement. Subscriber acknowledges and agrees that nothing in this Agreement or any other information provided by or on behalf of MNCS in connection with this Agreement constitutes legal, tax, or financial advice;

xi. Subscriber acknowledges and agrees it will promptly notify MNCS of any changes in Subscriber's Data; and

xii. Subscriber's "automatic transfer of funds information" provided to MNCS is true, accurate, and complete to enable Subscriber to automatically pay the Monthly Subscription Payment.

7. **EARLY TERMINATION.** Except as expressly allowed pursuant to this Section 7, Subscriber may not terminate this Agreement.

a. **Termination Due to Ceasing as an Eligible Xcel Customer.** If at any time Subscriber changes a Service Address to a location that does not meet the Subscriber Eligibility Criteria and as a result thereof ceases to be an Xcel customer eligible to purchase the Kilowatt Allocation and receive the Bill Credits from the Project, Subscriber may terminate this Agreement by providing no less than sixty (60) days' written notice to MNCS of Subscriber's intent to terminate, and by paying to MNCS an "**Ineligible Early Termination Fee**" of two hundred fifty dollars (\$250.00) multiplied by the Kilowatt Allocation. Reconciliation with Subscriber (in accordance with Section 3(b) above) will occur within sixty (60) days of the effective date of such termination. Upon Subscriber's notice of termination and following Subscriber's execution of any documents necessary to reflect such termination, including the assignment of Subscriber's Kilowatt Allocation to MNCS, MNCS shall terminate this Agreement and release Subscriber from any further obligations. Neither MNCS nor Xcel shall have any liability to Subscriber or be required to refund Subscriber any payments made under this Agreement.

b. **Termination While Remaining An Eligible Customer.** Subscriber may terminate this Agreement at any time by paying an Eligible Early Termination Fee. MNCS shall use commercially reasonable efforts to mitigate damages caused by such early termination including by soliciting potential subscribers to replace the Subscriber and if MNCS is successful in obtaining a replacement subscription agreement then MNCS shall return to Subscriber the difference between (i) the Eligible Early Termination Fee and (ii) the Net Present Value of the monthly subscription payments under the replacement subscription agreement discounted at an eight percent (8%) rate (using the termination date as the valuation date) less all reasonable costs incurred by MNCS in the process of acquiring such replacement subscription within 60 days of executing a replacement subscription agreement.

Termination Without Fee. In the event that the Commercial Operation Date is not achieved within twenty-four (24) months after the Effective Date of this Agreement either Party may terminate this Agreement, without liability, by providing the other Party with a written notice of termination. If Xcel ceases to provide electrical service to Subscriber at a Service Address and the utility provider succeeding Xcel refuses to honor the Bill Credits, either Party may partially terminate this Agreement, without liability, by providing the other Party with a written notice of termination with respect to such Service Address. Subscriber may also terminate this Agreement without a fee if MNCS breaches, fails to perform, or fails to comply with any representation,

warranty, obligation, covenant or agreement described in this Agreement and such failure continues for a period of forty-five (45) days after written notice thereof.

d. Early Termination Option. Provided Subscriber is not then in default of this Agreement, as defined in Section 9 prior to the Early Termination Date (defined below), then Subscriber shall have the option ("Early Termination Option") to terminate this Agreement effective on the last day of the of the one-hundred-twentieth (120th) full month of the Term (the "Early Termination Date") by delivering notice to MNCS, or its assigns, within that 30 day period which precedes and comes before the last day of the sixtieth (60th) month of the Term ("Early Termination Notice Date"). Time is of the essence in exercising this Early Termination Option. Subscriber's timely exercise of this Early Termination Option shall relieve Subscriber of any penalties or further obligations after the 120th full month of the Term. If Subscriber does not provide MNCS, or its assigns, with timely notice during the exclusive 30 day window preceding the Early Termination Notice Date, then Subscriber shall have waived its Early Termination Option, and the Early Termination Option shall automatically expire and shall no longer be of any force or effect.

e. Mutual Termination. Subscriber and MNCS may agree to terminate this Agreement at any time only with the prior written consent of any Lender/Investor.

f. Notice to Lender/Investor; Additional Cure Right. Subscriber agrees to deliver to the Lender/Investor, concurrently with delivery to MNCS, a copy of each notice of termination given by Subscriber under this Agreement. No such notice shall be effective unless and until a copy of such notice has been delivered to the Lender/Investor. If such notice of termination is delivered pursuant to clause (c)(ii) of this Section 7, Lender/Investor shall have an additional period of thirty (30) days to cure the condition giving rise to such right of termination, and the obligations of the Parties shall remain in effect during such additional cure period. Any such cure by a Lender/Investor shall be deemed to be a cure by MNCS for all purposes under this Agreement.

8. TRANSFER; ASSIGNMENT. No Party may assign or transfer this Agreement except as follows:

a. Subscriber's Assignment or Transfer. This Agreement may be assigned or transferred in its entirety by Subscriber to any person or entity eligible to purchase Subscriber's Kilowatt Allocation from the Project upon the payment of an Assignment or Transfer Fee as described herein and after MNCS has provided its written approval thereof, which approval shall not be unreasonably withheld. Subscriber must provide MNCS with no less than sixty (60) days' written notice of Subscriber's request to assign or transfer this Agreement. MNCS shall then put forth all reasonable efforts to execute the assignment or transfer within the sixty (60) day period provided by Subscriber, but in no event shall MNCS be liable to Subscriber if it is unable to effectuate said assignment or transfer within the sixty (60) day period. Subscriber may only assign or transfer this Agreement to a party approved in advance by MNCS, and which MNCS may approve in its sole and absolute discretion, on the basis of (i) the Subscriber Eligibility Criteria, (ii) Subscriber's payment to MNCS of all amounts due and owing to MNCS after reconciliation of the Monthly Subscription Payments for the period prior to the effective date of the assignment or transfer. Upon the execution of Subscriber's transfer request, neither MNCS nor Xcel shall have any liability to Subscriber or be required to refund Subscriber any money under this Agreement. Subscriber shall not profit from, or receive any payment as a result of, any assignment or transfer of this Agreement. Subscriber may amend the list of Account and Premise Numbers with Service Addresses without the prior written consent of MNCS by providing MNCS with a revised copy of Exhibit G and a copy of Xcel Energy – Northern States Power Solar*Rewards Community Subscriber Agency Agreement and Consent Form for any added addresses. The Parties agree this Agreement shall remain in full force and effect and automatically transfer without any fee to Subscriber's new Service Address in the event Subscriber's Service Address changes, provided Subscriber remains an Xcel customer that is eligible to participate in the Project under Minn. Stat. § 216B.1641 and Subscriber continues to satisfy the Subscriber Eligibility Criteria. Notwithstanding the foregoing, any successor in interest to Subscriber, by merger or acquisition, may assume this Agreement without payment of an Assignment or Transfer Fee,

provided the successor in interest meets the Subscriber Eligibility Criteria. Subscriber's obligations under this Agreement shall terminate in the event of an assignment or transfer pursuant to this section provided that Subscriber has met all outstanding obligations under this Agreement and a new subscription has been executed by MNCS for Subscriber's full Kilowatt Allocation.

b. Assignment and Transfer by MNCS. MNCS may (i) assign this Agreement to another person or entity, which thereafter would become responsible for developing, operating, and maintaining the applicable Project, and for otherwise carrying out the obligations of MNCS under this Agreement, (ii) transfer this Agreement to a different CSG project and/or (iii) collaterally assign this Agreement to a Lender/Investor. Subscriber's rights and obligations under this Agreement shall not be affected by any such assignment or transfer. In the event of any such assignment or transfer, updated disclosure information as provided in this Agreement Section 1 and the Exhibits attached hereto shall be provided to Subscriber. Upon any such assignment or transfer (other than a collateral assignment to a Lender/Investor), MNCS shall be released from all future obligations under this Agreement.

9. DEFAULT.

- a. Events of Default. The following shall constitute an "**Event of Default**" by Subscriber:
- i. Subscriber fails to make any payment due under this Agreement and such failure continues for a period of forty-five (45) days;
 - ii. Subscriber breaches, fails to perform, or fails to comply with any representation, warranty, obligation, covenant or agreement described in this Agreement and such failure continues for a period of forty-five (45) days after written notice thereof;
 - iii. Subscriber has provided false or misleading financial or other information to enter into this Agreement;
 - iv. Subscriber assigns, transfers, encumbers, or sells this Agreement or any part of its Kilowatt Allocation or Bill Credits in violation of Section 8; or
 - v. Subscriber makes an assignment for the benefit of creditors, admits in writing its insolvency, or is subject to a petition for dissolution or reorganization, voluntary or involuntary, under the U.S. Bankruptcy Code.

b. Remedies. Upon the occurrence of an Event of Default, MNCS may take any rights and/or remedies available to it at law or in equity. All rights, powers, and remedies provided under this Agreement are cumulative and not exclusive of any rights, powers, or remedies provided by applicable law. MNCS may terminate the Agreement and replace the defaulting Subscriber, which will not waive payments owed or default fees.

10. LIMITATION OF LIABILITY, WAIVER OF JURY TRIAL, ARBITRATION, AND INDEMNIFICATION.

a. Force Majeure. Except as specifically provided in this Agreement, if by reason of Force Majeure, MNCS is unable to carry out, either in whole or in part, any of its obligations described in this Agreement, MNCS shall not be deemed to be in default during the continuation of such inability, provided that, within a reasonable time after the occurrence of the Force Majeure event, MNCS gives Subscriber notice describing the particulars of the occurrence and the anticipated period of delay, and uses reasonable efforts to remedy the cause(s) preventing it from carrying out its obligations. "**Force Majeure**" as used in this Agreement means any event or circumstances beyond the reasonable control of MNCS not resulting from MNCS's negligence.

b. Limitation of Liability. Except as provided in Sections 7 and 8 with respect to Subscriber's liability upon termination or transfer of the Agreement, no Party shall be liable to the other Party for any indirect, special, punitive, exemplary, incidental, or consequential damages, whether arising in contract, tort,

under statute, or in equity, and each Party hereby waives its rights to any such damages. To the maximum extent permitted by law, MNCS' liability arising under or in connection with this agreement cannot exceed the annual reconciliation amount determined in accordance with Section 3(b).

c. No Warranty. Except as expressly provided in this Agreement, MNCS makes no warranty or representation, either express or implied, regarding the Project or its obligations hereunder. MNCS disclaims all warranties of merchantability or fitness for a particular use or purpose. Without limiting the generality of the foregoing, MNCS does not warrant or guarantee the amount of electricity, Kilowatt Allocation, or Bill Credits. The amounts set forth on Exhibit A are for illustration purposes only, and Subscriber acknowledges the Bill Credits may be greater or less than the estimates provided.

d. Waiver. Any delay or failure of a Party to enforce any of the provisions of this Agreement, or to require performance by the other Party of any of the provisions of this Agreement, shall not be construed to (i) be a waiver of such provisions or a Party's right to enforce that provision; or (ii) affect the validity of this Agreement.

e. Severability. If any portion of this Agreement is determined to be invalid or unenforceable in any respect under applicable law, the remainder of this Agreement shall not be affected thereby, and each term, covenant, or condition of the Agreement will be valid and enforceable to the fullest extent permitted by applicable law, unless such invalidity or unenforceability frustrates or negates an essential purpose of this Agreement.

f. Required Arbitration. Please read this section carefully. Any dispute, disagreement, or claim between Subscriber and MNCS arising out of or in connection with this Agreement shall be submitted to final and binding arbitration, in accordance with the Consumer Arbitration Rules of the American Arbitration Association. This Agreement to arbitrate is governed by the Federal Arbitration Act. This arbitration clause replaces the right to participate in a class action or similar proceeding.

g. Waiver of Jury Trial; No Class Action. Each of the Parties, by signing this Agreement, hereby waives the right to a jury trial. In addition, each Party agrees that it may only bring claims against the other Party in its individual capacity and not as a plaintiff or class member in any purported class or representative proceeding.

h. Arbitration Award Binding. The award of the arbitrator shall be conclusive and binding upon the Parties, and shall be the sole and exclusive remedy between the Parties regarding any and all claims and counterclaims presented to the arbitrator. Judgment on the arbitration award may be entered in any court having jurisdiction.

i. Indemnification. To the maximum extent permitted by law, each Party agrees to indemnify, protect, defend, and hold harmless the other Party and its successors and assigns, and their employees, officers, directors, and agents, from any and all damages, losses, claims, costs, or expenses (including reasonable attorneys' fees) or any liability resulting from any action or suit by any third party, of any kind resulting from the failure of such Party to comply with any of the terms or conditions of this Agreement applicable to such Party.

11. LENDER AND TAX EQUITY INVESTOR ACCOMMODATIONS.

a. Subscriber acknowledges that MNCS may finance the construction, development, and installation of the Project through one or more financial partners or financial institutions, or their assigns (collectively hereafter "**Lender/Investor**") and that the MNCS may sell or assign the Project and/or may secure MNCS' obligations thereunder by, among other encumbrances, a pledge or collateral assignment of this Agreement and a first priority security interest in the Project. Subscriber hereby consents to the collateral assignment of this Agreement to a Lender/Investor.

b. Subscriber acknowledges and agrees that Lender/Investor approval and consent may be required for the following:

- i. Any modification in the operation or maintenance of the Project;
- ii. Any modification to the information disclosures;
- iii. Any modification to the CSG Contract;
- iv. Any additional Subscriber representations, warranties, and covenants; or
- v. Any amendment to this Agreement, including but not limited to any calculation of the Monthly Subscription Payments, Subscriber Eligibility Criteria, and Subscriber's ability to terminate this Agreement.

c. Subscriber acknowledges and agrees that under no circumstances shall:

- i. Lender/Investor be liable to Subscriber for any act or omission of MNCS;
- ii. Lender/Investor be subject to any defenses or offsets that Subscriber may have against MNCS under this Agreement; or
- iii. Lender/Investor be liable with respect to any breach of any representation or warranty made by MNCS to Subscriber under this Agreement.

12. LENDER'S AND TAX EQUITY INVESTOR'S DEFAULT RIGHTS. If MNCS defaults under MNCS's financing documents with its Lender/Investor, Lender/Investor shall be entitled to exercise any of MNCS's rights and obligations under this Agreement. Subscriber acknowledges and agrees that Lender/Investor's security interest in this Agreement and the Project may be a first priority security interest in this Agreement and the Project. Lender/Investor may also be entitled to exercise all rights and remedies of secured or preferred parties generally with respect to this Agreement and the Project, including, but not limited to the following:

a. Lender/Investor may have the right, but not the obligation, to pay all sums due from MNCS, perform any other act required of MNCS, and to cure any default by MNCS in which case this Agreement will continue in full force and effect.

b. Lender/Investor may have the option to sell its interest in this Agreement or the Project. If Lender/Investor exercises that remedy, it shall not constitute a default under this Agreement, and such sale shall not require Subscriber's prior consent.

c. Upon the reasonable request of Lender/Investor, Subscriber agrees to enter into a new Agreement with Lender/Investor or their assigns under substantially the same terms as this Agreement within ninety (90) days of the termination of this Agreement.

d. Upon the reasonable request of MNCS or Lender/Investor, Subscriber agrees to execute and deliver to MNCS or Lender/Investor any document, instrument, or statement in such form as MNCS or Lender/Investor may require by which Subscriber acknowledges and confirms that the legal and beneficial ownership of this Agreement or the Project remains in MNCS or its affiliate or as is otherwise reasonably requested by Lender/Investor in order to create, perfect, continue, or terminate the security or equitable interest in this Agreement or the Project in favor of Lender/Investor.

13. MISCELLANEOUS.

a. Notices. All notices and other formal communications which any Party may give to another under or in connection with this Agreement shall be in writing, and shall be deemed delivered upon receipt thereof. Any notices to MNCS shall be sent to:

Novel Solar Three LLC

Phone: 855-969-3380

c/o Pine Gate Renewables

Email: assetmanagement@pgrenewables.com

1111 Hawthorne Lane, Suite 201

Website: <http://pgrenewables.com/>

Charlotte, NC 28205

b. Entire Agreement. This Agreement, and all Exhibits and documents referenced herein, contain the entire agreement between Parties with respect to the subject matter hereof, and supersede all other understandings or agreements between the Parties relating to the subject matter hereof.

c. No Joint Venture or Third Party Beneficiaries. Nothing in this Agreement shall be deemed to create a joint venture or partnership between the Parties. This Agreement is intended solely for the benefit of the Parties hereto.

d. Amendments. This Agreement may only be amended in writing and signed by both Parties hereto.

e. Binding Effect. This Agreement is binding upon the Parties and their successors and permitted assigns.

f. Survival. The provisions of Section 10 of this Agreement shall survive the expiration or earlier termination of this Agreement.

g. Governing Law. The Agreement is made in the state of Minnesota and will be governed by Minnesota law, without regard to principles of conflicts of law, together with any applicable federal law.

h. Counterparts. This Agreement may be executed and delivered in identical counterparts by exchange of electronic copies showing the signatures of the Parties, which shall constitute originally signed copies of the same Agreement requiring no further execution. Each counterpart, when assembled, will be a complete original and fully effective instrument. Any acceptance of this Agreement by affirmation through a DocuSign Electronic Signature, or similar system, shall be deemed a binding acceptance of this Agreement and shall be valid as a signature.

i. Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

j. Notice to Subscriber. Do not sign this Agreement if there are any blank spaces. Subscriber should retain a copy of this Agreement to protect its legal rights. By signing below, Subscriber acknowledges that it has read and understands this Agreement and its Exhibits in their entirety, and that Subscriber has received a copy of this Agreement and all disclosure information.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above:

Novel Solar Three LLC,

A Minnesota limited liability company

By: Pine Gate Energy Capital, LLC, a North
Carolina limited liability company, Manager

By: Novel Solar Three LLC,

City of North Mankato

Date

Signature

Printed Name

Title

Date

Signature

Printed Name

Title

EXHIBIT A

City of North Mankato General Service Schedule of Estimated Production and Subscription Payment

| Year | Project Total Energy Production (kWh) | Subscriber Energy Production (kWh) | Bill Credit Rate (\$/kWh) | Estimated Total Bill Credit (\$/yr) | MNCS Subscription Rate (\$/kWh) | MNCS Subscription (\$/yr) | Estimated Annual Savings (\$/yr) |
|--------------------------------|---|---|---------------------------------|--|--|---------------------------------|---|
| 1 | 5,980,000 | 689,100 | \$0.12515 | \$86,241 | \$0.11515 | \$79,350 | \$6,891 |
| 2 | 5,950,100 | 685,655 | \$0.12804 | \$87,792 | \$0.11804 | \$80,936 | \$6,857 |
| 3 | 5,920,350 | 682,226 | \$0.13101 | \$89,380 | \$0.12101 | \$82,558 | \$6,822 |
| 4 | 5,890,748 | 678,815 | \$0.13407 | \$91,006 | \$0.12407 | \$84,218 | \$6,788 |
| 5 | 5,861,294 | 675,421 | \$0.13720 | \$92,669 | \$0.12720 | \$85,915 | \$6,754 |
| 6 | 5,831,988 | 672,044 | \$0.14043 | \$94,372 | \$0.13043 | \$87,652 | \$6,720 |
| 7 | 5,802,828 | 668,684 | \$0.14374 | \$96,115 | \$0.13374 | \$89,428 | \$6,687 |
| 8 | 5,773,813 | 665,340 | \$0.14714 | \$97,898 | \$0.13714 | \$91,245 | \$6,653 |
| 9 | 5,744,944 | 662,014 | \$0.15064 | \$99,723 | \$0.14064 | \$93,103 | \$6,620 |
| 10 | 5,716,220 | 658,704 | \$0.15423 | \$101,591 | \$0.14423 | \$95,004 | \$6,587 |
| 11 | 5,687,639 | 655,410 | \$0.15792 | \$103,502 | \$0.14792 | \$96,948 | \$6,554 |
| 12 | 5,659,200 | 652,133 | \$0.16171 | \$105,458 | \$0.15171 | \$98,937 | \$6,521 |
| 13 | 5,630,904 | 648,872 | \$0.16561 | \$107,460 | \$0.15561 | \$100,971 | \$6,489 |
| 14 | 5,602,750 | 645,628 | \$0.16961 | \$109,508 | \$0.15961 | \$103,051 | \$6,456 |
| 15 | 5,574,736 | 642,400 | \$0.17373 | \$111,603 | \$0.16373 | \$105,179 | \$6,424 |
| 16 | 5,546,862 | 639,188 | \$0.17796 | \$113,747 | \$0.16796 | \$107,356 | \$6,392 |
| 17 | 5,519,128 | 635,992 | \$0.18230 | \$115,941 | \$0.17230 | \$109,581 | \$6,360 |
| 18 | 5,491,532 | 632,812 | \$0.18676 | \$118,186 | \$0.17676 | \$111,858 | \$6,328 |
| 19 | 5,464,075 | 629,648 | \$0.19135 | \$120,483 | \$0.18135 | \$114,186 | \$6,296 |
| 20 | 5,436,754 | 626,500 | \$0.19606 | \$122,832 | \$0.18606 | \$116,567 | \$6,265 |
| 21 | 5,409,571 | 623,367 | \$0.20090 | \$125,236 | \$0.19090 | \$119,003 | \$6,234 |
| 22 | 5,382,523 | 620,250 | \$0.20588 | \$127,696 | \$0.19588 | \$121,493 | \$6,203 |
| 23 | 5,355,610 | 617,149 | \$0.21099 | \$130,212 | \$0.20099 | \$124,040 | \$6,171 |
| 24 | 5,328,832 | 614,063 | \$0.21624 | \$132,786 | \$0.20624 | \$126,645 | \$6,141 |
| 25 | 5,302,188 | 610,993 | \$0.22164 | \$135,419 | \$0.21164 | \$129,310 | \$6,110 |
| Estimated Total Savings | | | | | | \$162,324 | |

Note: This is an estimate. Reconciliation, Xcel Bill Credits, and other information described in the above table will be based on actual production and actual credit amount. This table is intended for estimation purposes, and for the use of a billing amount calculation for the first year. These calculations may change due to a number of factors.

Novel Solar Three LLC does not guarantee production or bill credit rates per kWh.

Assumptions: Assumes 1300 kWh / kW of production, 2.75 % per year inflation of Xcel's billing rate and a 0.5% degradation rate.

EXHIBIT B

Xcel Energy – Northern States Power Solar*Rewards Community Subscriber Agency Agreement and Consent Form

<https://drive.google.com/file/d/1-UKJXsWd27NffCgOBqRFukj75MI8uFbr/view?usp=sharing>

EXHIBIT C

Xcel Energy and Novel Solar Three LLC Data Privacy Policies

Novel Solar Three LLC <http://mncommunitysolar.com/resources- Policies Tab>

Xcel Energy - [https://www.xcelenergy.com/staticfiles/xcel/StaticFiles/xe/Admin/Xcel Online Privacy Policy.pdf](https://www.xcelenergy.com/staticfiles/xcel/StaticFiles/xe/Admin/Xcel%20Online%20Privacy%20Policy.pdf)

EXHIBIT D

Xcel Energy and Novel Solar Three LLC Community Solar Garden (CSG) Contract

<https://drive.google.com/file/d/0B21k6PHEPrxb2JILUxpWV9Fa3M/view?usp=sharing>

EXHIBIT E

Novel Solar Three LLC Solar Panel Module Warranty

<http://mncommunitysolar.com/resources> – Solar Panels Tab

EXHIBIT F

Novel Solar Three LLC Proof of Insurance and Long-Term Maintenance Plan

<http://mncommunitysolar.com/resources> - Policies Tab

EXHIBIT G

**City of North Mankato
Account and Premise Numbers with Service Addresses**

| Account | Premise | Meter | Address | City | State | Zip |
|---------|---------|-------|---------|------|-------|-----|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |



CONSENT TO DISCLOSE UTILITY CUSTOMER DATA

All requested information must be provided for the consent to be valid. This form may be available in other languages. To obtain a copy in another language, please contact inquire@xcelenergy.com. Para obtener una copia de este formulario en español, por favor contacte a su proveedor de servicios públicos.

Utility Name and Contact: **Xcel Energy Correspondence Department**

Physical and Mailing Address: **P.O. Box 8, Eau Claire, WI, 54702**

Phone: **800.895.4999**

Email: **datarequest@xcelenergy.com**

Fax: **866.208.8732**

For additional information, including the utility's privacy policy, visit xcelenergy.com.

To be completed by the Data Recipient

By signing this form, you allow your utility to give the following information to:

Organization/Trade Name: **Novel Energy Solutions**

Contact Name (if available): **Cliff Kaehler**

Physical and Mailing Address: **1633 South Robert Street, Suite A, West St. Paul, MN 55118**

Phone: **612-345-7188**

Email: **info@novelenergy.biz**

Fax: **651-493-3575**

This organization will receive the following customer data:

☒ Information from your meter collected by your utility services provider from the following services (check all services that apply):

☒ electric ☐ steam ☒ natural gas

☒ Information regarding your participation in renewable energy, demand-side management, load management, energy efficiency or other utility programs

☐ Other (specify) _____

This information will be used to:

☒ Provide you with products or services you requested

☐ Offer you products or services that may be of interest to you

☒ Determine your eligibility for an energy program

☐ Analyze your energy usage

☒ Other (specify) **Determine eligibility for community solar garden subscription**

DATA COLLECTION PERIOD

The relevant timeframe associated with the requested data is from ____/____/____ and will:

☐ end on ____/____/____

☐ be effective until terminated by you.

You may terminate this consent at any time by sending a written request with your name and service address to your utility.

To be completed by the Customer

CUSTOMER DISCLOSURES

Customer data can provide insight into activities within the premises receiving utility service. Your utility may not disclose your customer data except (1) if you authorize the disclosure, (2) to contracted agents that perform services on behalf of the utility, or (3) as otherwise permitted or required by laws or regulations.

You are not required to authorize the disclosure of your customer data. Not authorizing disclosure will not affect your utility services.

You may access your standard customer data from your utility without any additional charge.

Your utility will have no control over the data disclosed pursuant to this consent, and will not be responsible for monitoring or taking any steps to ensure that the data recipient maintains the confidentiality of the data or uses the data as authorized by you. Please be advised that you may not be able to control the use or misuse of your data once it has been released.

In addition to the customer data described above, the data recipient may also receive the following from your utility: your name; account number; service number; meter number; utility type; service address; premise number; premise description; meter read date(s); number of days in the billing period; utility invoice date; base rate bill amount; other charges including base rate and non-base rate adjustments; taxes; and invoice total amount. Your utility will not provide any other information, including personally identifiable information, such as your Social Security Number or any financial account number, to the data recipient through this consent form.

PLEASE READ THE CUSTOMER DISCLOSURES ABOVE

By signing this form you acknowledge and agree that you are the customer of record for this account and that you authorize your utility service provider to disclose your customer data as specified in this form.

CUSTOMER ACCOUNT NUMBER

SERVICE ADDRESS

PRINTED NAME

SIGNATURE OF CUSTOMER OF RECORD

DATE SIGNED



RESPONSIBLE BY NATURE®

xcelenergy.com | © 2017 Xcel Energy Inc. | Xcel Energy is a registered trademark of Xcel Energy Inc. | 17-08-325



Minnesota Community Solar Garden Program



a subsidiary of



Executive Summary

- ❑ In 2013, Minnesota legislation directed Minneapolis-based utility, Xcel Energy, to create a program for community solar gardens (“CSGs”). Approved community solar gardens sell electricity to Xcel in exchange for bill credits that can be used by Xcel Energy customers to offset their electricity costs.
 - Under the program Xcel Energy remains the City of North Mankato’s electricity provider
 - Bill credits are issued on your Xcel Invoice based on your subscription amount
 - **\$0 upfront cost, no upfront investment is required and no upfront fees are charged**
 - The CSG will not be located on your premises and you will not take any risk on the CSG electricity production, you will only pay for bill credits you actually receive
- ❑ **Subscribing to 689,100 kWhs will generate an estimated 25 year cost savings of \$162,324.**
- ❑ **City of North Mankato will benefit from a floating rate of 1 cent/kWh below the Xcel Bill Credit. North Mankato will receive a 1 cent/kWh savings for the term of the agreement. The term of the Agreement is 25 years. North Mankato may terminate this agreement in year 5 with a 5 year replacement period.**
- ❑ **Gibbon Solar Garden schedule**
 - **Energization with Xcel – June 28th**
 - **Acceptance Test with Xcel—July 10th**

About MNCS and Novel Energy Solutions

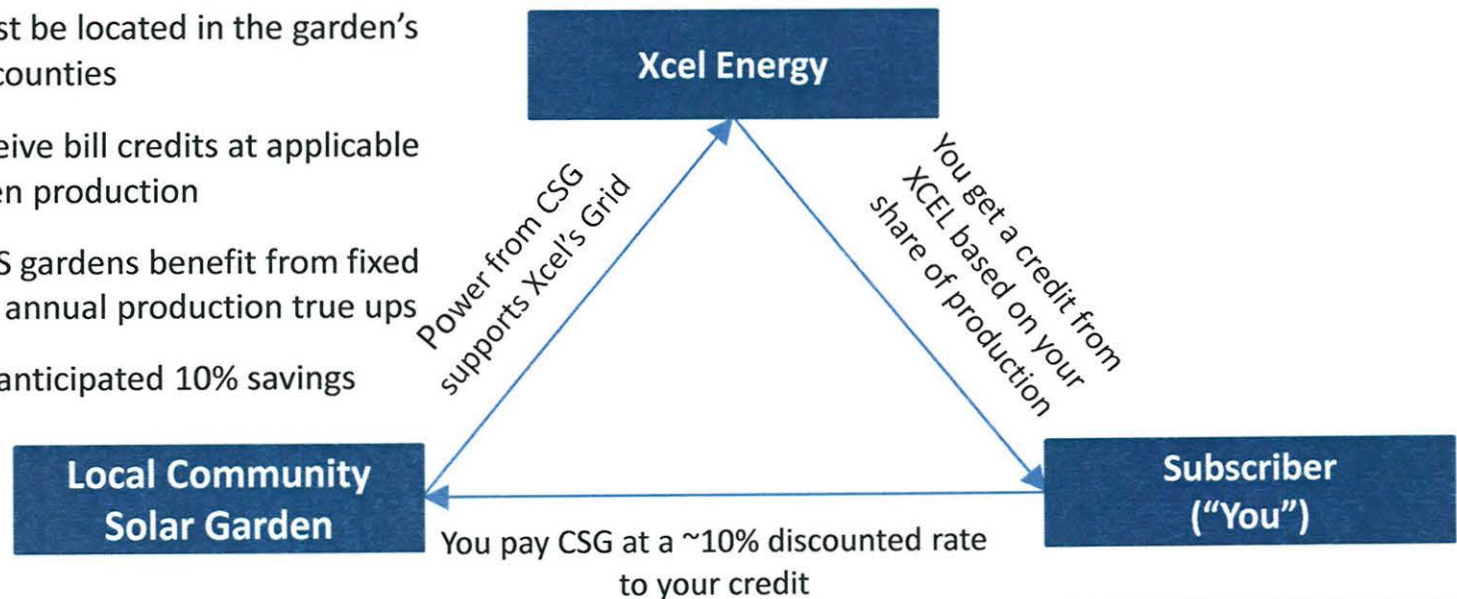
- ❑ Leading Minnesota integrated energy management company which includes three complementary businesses, community solar garden development, solar project construction and solar project finance
- ❑ Founded in 2011 by Cliff, Ralph and Mena Kaehler. The Kaehler family are active farmers (Purebred cattle) with over a hundred and thirty years of history in the southern Minnesota area.
- ❑ MNCS and NES are leaders in the Minnesota solar market
 - NES/MNCS developed first 4 community solar gardens in Xcel program
 - One of the largest CSG developers in the country with over 100 MW of CSGs developed
 - NES is founded on providing profitable, reliable energy solutions to agricultural communities
 - Locally owned Minnesota made company, we have offices in Rochester and St. Paul, MN



Buhl Hog Farm (250 KW)

Community Solar Garden Program

- ❑ The Community Solar Garden model aims to combine the environmental and cost benefits of large scale solar energy production with the individual cost savings of rooftop or ground mount direct solar generation
- ❑ Participating local businesses, organizations and residents can manage electric costs with no upfront investment and no production risk
- ❑ Minnesota enacted authorizing legislation in 2013 allowing construction of CSGs of up to 5 MW
 - Each CSG must have a minimum of five subscribers with no one subscriber accounting for more than 40% of generation
 - CSG subscribers must be located in the garden's county or adjacent counties
 - CSG subscribers receive bill credits at applicable retail rates for garden production
 - Subscribers to MNCS gardens benefit from fixed electricity rates and annual production true ups
 - MNCS Subscription anticipated 10% savings



Subscription Opportunity

Subscription Pricing

- ☐ **Opportunity to fix future energy costs for 25 years at one low monthly rate**
 - Subscription rate for the first year is set based on a 1 cent/kWh discount to the enhanced applicable retail rate(Bill Credit) on the commercial operation date of the applicable CSG
 - In future years the subscription rate will always be 1 cent/kWh below the Xcel Bill Credit rate
 - Billing is monthly with an annual true up so there is no risk associated with the performance of the solar garden. City of North Mankato will only pay for electrical credits actually received

Additional Benefits

- ☐ **Creates environmental marketing opportunities**
 - The Subscriber can switch to green energy AND lower electricity rates
 - Can be an important marketing tool, now and particularly in the future as more pressure is put on corporations, businesses, organizations and institutions for environmental leadership

Other Terms

- ☐ **Assignment and Termination**
 - Allows assignment of contract to new subscriber at limited, administrative charge
 - Lowered termination fees in the event of moving business and no termination fees if terminated due to MNCS fault

Flexibility

- ☐ **MNCS is open to discussing City of North Mankato's needs and priorities and creating a custom subscription solution**

Estimated Annual Savings—689,100 kWhs (530.1 kW)

| Year | Project Total Energy Production (kWh) | Subscriber Energy Production (kWh) | Bill Credit Rate (\$/kWh) | Estimated Total Bill Credit (\$/yr) | Subscription Rate (\$/kWh) | MNCS Subscription (\$/yr) | Estimated Annual Savings |
|-------------------------|--|---------------------------------------|------------------------------|--|-------------------------------|------------------------------|--------------------------|
| 1 | 5,980,000 | 689,100 | \$0.12515 | \$86,241 | \$0.11515 | \$79,350 | \$6,891 |
| 2 | 5,950,100 | 685,655 | \$0.12804 | \$87,792 | \$0.11804 | \$80,936 | \$6,857 |
| 3 | 5,920,350 | 682,226 | \$0.13101 | \$89,380 | \$0.12101 | \$82,558 | \$6,822 |
| 4 | 5,890,748 | 678,815 | \$0.13407 | \$91,006 | \$0.12407 | \$84,218 | \$6,788 |
| 5 | 5,861,294 | 675,421 | \$0.13720 | \$92,669 | \$0.12720 | \$85,915 | \$6,754 |
| 6 | 5,831,988 | 672,044 | \$0.14043 | \$94,372 | \$0.13043 | \$87,652 | \$6,720 |
| 7 | 5,802,828 | 668,684 | \$0.14374 | \$96,115 | \$0.13374 | \$89,428 | \$6,687 |
| 8 | 5,773,813 | 665,340 | \$0.14714 | \$97,898 | \$0.13714 | \$91,245 | \$6,653 |
| 9 | 5,744,944 | 662,014 | \$0.15064 | \$99,723 | \$0.14064 | \$93,103 | \$6,620 |
| 10 | 5,716,220 | 658,704 | \$0.15423 | \$101,591 | \$0.14423 | \$95,004 | \$6,587 |
| 11 | 5,687,639 | 655,410 | \$0.15792 | \$103,502 | \$0.14792 | \$96,948 | \$6,554 |
| 12 | 5,659,200 | 652,133 | \$0.16171 | \$105,458 | \$0.15171 | \$98,937 | \$6,521 |
| 13 | 5,630,904 | 648,872 | \$0.16561 | \$107,460 | \$0.15561 | \$100,971 | \$6,489 |
| 14 | 5,602,750 | 645,628 | \$0.16961 | \$109,508 | \$0.15961 | \$103,051 | \$6,456 |
| 15 | 5,574,736 | 642,400 | \$0.17373 | \$111,603 | \$0.16373 | \$105,179 | \$6,424 |
| 16 | 5,546,862 | 639,188 | \$0.17796 | \$113,747 | \$0.16796 | \$107,356 | \$6,392 |
| 17 | 5,519,128 | 635,992 | \$0.18230 | \$115,941 | \$0.17230 | \$109,581 | \$6,360 |
| 18 | 5,491,532 | 632,812 | \$0.18676 | \$118,186 | \$0.17676 | \$111,858 | \$6,328 |
| 19 | 5,464,075 | 629,648 | \$0.19135 | \$120,483 | \$0.18135 | \$114,186 | \$6,296 |
| 20 | 5,436,754 | 626,500 | \$0.19606 | \$122,832 | \$0.18606 | \$116,567 | \$6,265 |
| 21 | 5,409,571 | 623,367 | \$0.20090 | \$125,236 | \$0.19090 | \$119,003 | \$6,234 |
| 22 | 5,382,523 | 620,250 | \$0.20588 | \$127,696 | \$0.19588 | \$121,493 | \$6,203 |
| 23 | 5,355,610 | 617,149 | \$0.21099 | \$130,212 | \$0.20099 | \$124,040 | \$6,171 |
| 24 | 5,328,832 | 614,063 | \$0.21624 | \$132,786 | \$0.20624 | \$126,645 | \$6,141 |
| 25 | 5,302,188 | 610,993 | \$0.22164 | \$135,419 | \$0.21164 | \$129,310 | \$6,110 |
| Estimated Total Savings | | | | | | | \$162,324 |

Appendix: Greenhouse Gas Reduction Equivalency Projections



110

**Gas emissions from
Passenger vehicles
driven for one year**



561,013

**CO2 emissions from
Pounds of coal
burned**



76.9

**CO2 emissions from
Homes' electricity
use for one year**



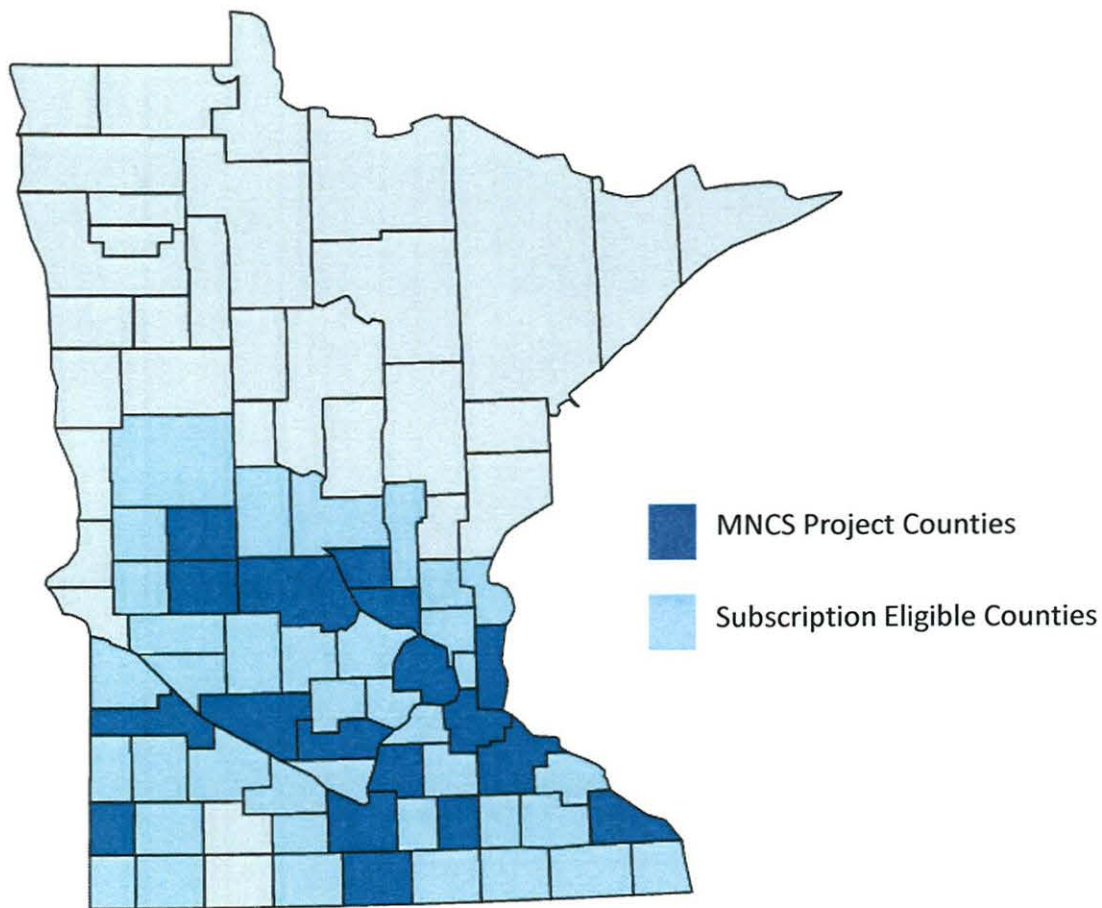
604

**Carbon
Sequestered by
Acres of U.S. forest
in one year**

Source: www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

MNCS Project Locations

| Project Counties |
|------------------|
| Benton |
| Blue Earth |
| Dakota |
| Douglas |
| Faribault |
| Goodhue |
| Hennepin |
| Le Sueur |
| Pipestone |
| Pope |
| Renville |
| Sherburne |
| Sibley |
| Stearns |
| Steele |
| Washington |
| Winona |
| Yellow Medicine |



Gibbon Solar Garden



Contacts



Lead Contact:

Rick Masloski, Business Development Exec.
612-817-6200
Rick.masloski@mncommunitysolar.com

Additional Contact:

Cliff Kaehler, CEO
507-272-5401
cliff.kaehler@novelenergy.biz

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--------------------------|------------------------------|-------------------------------------|--------------------------|--------------------------|-----------------|--|----------|--------------------------|-----------------|--------------------------|--------------------|--------------------------|--------------|-------|---------|--|-------|-------|----------|--|-------|-------|-------|--|--|------------|-----------|----------|---------|-----|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---|--|--|--|--|-------|--|--|--|--|-------|--|--|--|--|-------|--|--|--|--|
| Agenda Item #11 E | Department: Engineering | Council Meeting Date: 7/2/18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TITLE OF ISSUE: Receive Preliminary Engineering Report North Port Industrial Park Expansion West Improvements, Project No. 18-04 ABCDEF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BACKGROUND AND SUPPLEMENTAL INFORMATION: The City Council authorized preparation of a preliminary engineering report on April 2, 2018. Bolton & Menk have prepared the requested documents and City Engineer Sarff will be present to answer questions. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| If additional space is required, attach a separate sheet | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| REQUESTED COUNCIL ACTION: Authorize Staff to Pursue Grants. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Motion By: _____ Second By: _____ <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Vote Record:</td> <td style="width: 10%; text-align: center;">Aye</td> <td style="width: 10%; text-align: center;">Nay</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Whitlock</td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Steiner</td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Norland</td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Freyberg</td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Dehen</td> </tr> </table> | Vote Record: | Aye | Nay | | | _____ | _____ | Whitlock | | _____ | _____ | Steiner | | _____ | _____ | Norland | | _____ | _____ | Freyberg | | _____ | _____ | Dehen | <div style="text-align: center; font-weight: bold; margin-bottom: 10px;">SUPPORTING DOCUMENTS ATTACHED</div> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Resolution</td> <td style="width: 20%;">Ordinance</td> <td style="width: 20%;">Contract</td> <td style="width: 20%;">Minutes</td> <td style="width: 20%;">Map</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td colspan="5">Other (specify) <u>Report, PowerPoint</u></td> </tr> <tr><td colspan="5">_____</td></tr> <tr><td colspan="5">_____</td></tr> <tr><td colspan="5">_____</td></tr> </table> | | Resolution | Ordinance | Contract | Minutes | Map | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other (specify) <u>Report, PowerPoint</u> | | | | | _____ | | | | | _____ | | | | | _____ | | | | |
| Vote Record: | Aye | Nay | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | Whitlock | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | Steiner | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | Norland | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | Freyberg | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | Dehen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resolution | Ordinance | Contract | Minutes | Map | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other (specify) <u>Report, PowerPoint</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; text-align: center;"><input type="checkbox"/></td> <td style="width: 85%;">Workshop</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>Regular Meeting</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Special Meeting</td> </tr> </table> | <input type="checkbox"/> | Workshop | <input checked="" type="checkbox"/> | Regular Meeting | <input type="checkbox"/> | Special Meeting | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; text-align: center;"><input type="checkbox"/></td> <td style="width: 85%;">Refer to: _____</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Table until: _____</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Other: _____</td> </tr> </table> | | <input type="checkbox"/> | Refer to: _____ | <input type="checkbox"/> | Table until: _____ | <input type="checkbox"/> | Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Workshop | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | Regular Meeting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Special Meeting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Refer to: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Table until: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



**BOLTON
& MENK**

Real People. Real Solutions.



Preliminary Engineering Report

Northport Industrial Park Expansion West Improvements

City Project No. 18-04 ABCDEF

City of North Mankato, Minnesota

Submitted by:

Bolton & Menk, Inc.
1960 Premier Drive
Mankato, MN 56001
P: 507-625-4171
F: 507-625-4177
BMI No. M18.115345

Certification

Preliminary Engineering Report

for

Northport Industrial Park Expansion West Improvements
City Project Number 18-04 ABCDEF

City of North Mankato, Minnesota
BMI Project No. M18.114406

June 2018

I hereby certify that this plan, specification or report was prepared by me or under my direct supervision, and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

By:



Daniel R. Sarff, P.E.
License No. 17080

Date:

June 27, 2018

Table of Contents

| | | |
|------|---|---|
| I. | PROJECT INTRODUCTION | 1 |
| II. | EXISTING CONDITIONS | 1 |
| A. | Land Use | 1 |
| B. | Street | 2 |
| C. | Storm Sewer, Sanitary Sewer and Watermain | 2 |
| D. | Wetlands | 2 |
| III. | PROPOSED IMPROVEMENTS | 2 |
| A. | Street | 2 |
| B. | Storm Sewer | 3 |
| C. | Sanitary Sewer | 4 |
| D. | Watermain | 5 |
| E. | Other Utilities | 5 |
| F. | Right of Way | 5 |
| IV. | APPROVALS/PERMITS | 6 |
| V. | PROPOSED PROJECT PHASING AND SCHEDULE | 6 |
| VI. | PROPOSED PROJECT SCHEDULE | 7 |
| VII. | CONCLUSION AND RECOMMENDATIONS | 8 |

Tables

| | |
|-------------------------------|---|
| Estimated Project Costs | 7 |
|-------------------------------|---|

Appendix

Appendix A: Figures

Figure A1: Location Map

Figure A2: Typical Sections

Figure A3: Proposed Storm Sewer

Figure A4: Sanitary Sewer Service Areas

Figure A5: Proposed Sanitary Sewer

Figure A6: Proposed Watermain

Appendix B: Detailed Cost Estimate

I. PROJECT INTRODUCTION

This Preliminary Engineering Report considers the expansion of the Northport Industrial Park expansion to the west. Expansion would include new street and utility construction on Carlson Drive from the west terminus, approximately 850-feet west of CSAH 41, to CSAH 6 and the Unnamed Road from the proposed Carlson Drive to CSAH 6. This project is the westerly extension of the segment of Carlson Drive west of CSAH 41 that was constructed in 2015. The project location is shown on the vicinity map, Figure No. 1 of Appendix A.

The City Council authorized the preparation of a preliminary engineering report on April 2, 2018 to define the scope and determine the feasibility of the proposed project. The specific objectives of this Preliminary Engineering Report are to:

- Evaluate the need for the project.
- Determine the necessary improvements.
- Provide information on the estimated costs for the proposed project.
- Determine the project schedule.
- Determine the feasibility of the proposed project.

The project as proposed would consist of extending Carlson Drive approximately 3500-feet and constructing approximately 1610-feet of the Unnamed Road. Specific items of construction will include:

- Construction of sanitary sewer.
- Construction of watermain.
- Construction of storm sewer.
- Construction of storm water pond.
- Installation of bituminous pavement with concrete curb and gutter.
- Installation of concrete sidewalk and bituminous trail.

II. EXISTING CONDITIONS

A. Land Use

The existing land use in the areas adjacent to the proposed project area consists of agricultural land. The areas immediately east and west of the proposed the Unnamed Road are designated for Commercial/Industrial Mixed use in the City's Comprehensive Plan. The remaining areas to the west and along the proposed Carlson Drive extension is designated for Heavy Industrial. The street right-of-way for Carlson Drive to a point approximately 800 feet west of CSAH 41 was platted in 2010 with the CSAH 41 Right-of-Way plat. The street right-of-way for Carlson Drive from approximately 900 feet west of CSAH 41 to a point approximately 1560 feet west was dedicated with the Harrison Truck Center Subdivision final plat which was approved by the City Council on May 21, 2018. The Carlson Drive right of way is 80-feet wide.

The existing parcels located in the proposed project area are outside of the City limits. It is anticipated that the properties within the project area will be annexed as they are platted and

developed.

The location of the proposed project is shown on Figure No. 1 in Appendix A.

B. Street

As part of the Carlson Drive Improvements project in 2015/2016, Carlson Drive was extended approximately 900-feet west of CSAH 41. The street consists of a 44-wide street section with curb and gutter with an 8-foot concrete walk on the north side and 8-foot bituminous trail on the south side.

C. Storm Sewer, Sanitary Sewer and Watermain

Sanitary sewer and watermain were installed west from CSAH 41 with the Carlson Drive Improvements project in 2015/2016 to serve future development. The sanitary sewer stub is an 18-inch polyvinyl chloride (PVC) pipe appropriately sized to serve future development west of CSAH 41. The pipe is approximately 9-feet deep at the west terminus of Carlson Drive. All wastewater collected by this pipe drains east on Carlson Drive. A 16-inch watermain was also installed to the west terminus of Carlson Drive. The storm sewer was not extended to the west terminus of Carlson Drive since the existing pond southwest of the intersection of CSAH 41 and CSAH 6, was not sized for the future development drainage area.

D. Wetlands

A wetland delineation was completed in the existing MnDOT pond area near TH 14. It is anticipated that there will be some impact to the wetlands and will be determined during final design. A wetland delineation is also recommended on the rest of the project area to identify wetlands and possible impacts and to see if mitigation is required.

III. PROPOSED IMPROVEMENTS

A. Street

Carlson Drive is proposed to be extended approximately 3500-feet from the west terminus to CSAH 6. The Unnamed Road is proposed to be extended approximately 1610-feet from Carlson Drive to CSAH 6. Both roadways are proposed to be 44-foot wide bituminous streets with concrete curb and gutter on both sides. The width of the roadway will allow for two 12-foot wide travel lanes, 2-foot curb reaction distance on each side and a shared 16-foot center turn lane. Carlson Drive is proposed to have an 8-foot concrete sidewalk on the north side and an 8-foot bituminous trail on the south side.

The City's "typical" bituminous pavement section for commercial/industrial streets will be utilized: 7 inches of bituminous surfacing, 18 inches of Class 6 aggregate base, geogrid, all placed on a prepared subgrade. Since the new street alignment will extend through the lower portion in the topography, it is anticipated that fill material will be required to bring the street to the proposed grade. The soils in this area of the City are expected to be generally clay in nature and should provide a good sub-base for roadway construction. However, if unsuitable

subsoils are discovered during construction, engineered fill may be required.

The construction of 4-inch diameter perforated edge drains along the back of the curb on both sides is proposed to provide subsurface drainage for the pavement section. The edge drains will help to remove moisture from the subgrade thus strengthening the subgrade and reducing the chances of damage from saturated subgrades.

Upon completion of surface improvements, boulevards will be restored with topsoil and seed in all disturbed areas.

The proposed typical section for Carlson Drive and the Unnamed Road are shown on Figure No. 2 in Appendix A.

B. Storm Sewer

Storm sewer pipe ranging in size from 12-inches to 60-inches in diameter is proposed to be constructed along Carlson Drive and the Unnamed Road. Catch basins will be placed at low points and other strategic points to intercept drainage for the 10-year rainfall event and direct it into the storm sewer. Catch basins will also provide an outlet for the water collected in the 6-inch edge drain pipe along each side of the roadway. Manholes will be located at pipe intersections and other locations to provide maintenance access.

The project area will drain to a proposed storm water detention basin located at the existing MnDOT pond between TH 14 and Carlson Drive. The existing MnDOT pond will be expanded and become a pond that will provide storm water management and water quality treatment for the existing Trunk Highway 14 right of way as well as the proposed industrial park development. Terms of a shared use agreement between the City and MnDOT for the joint use of the storm water pond have been agreed to by both parties, and the agreement will be executed when development within the new industrial park area is eminent.

Since the Northport Industrial park will utilize storm sewer as the primary means of storm water runoff conveyance, additional depth is required at the shared use pond. This additional depth warrants the conversion of the existing filtration basins into a wet sedimentation basin. The pond will outlet into an existing wetland, which outlets into a 36" culvert crossing TH 14, and ultimately into a ravine. Impacts will be avoided and hydrology will be maintained to the existing wetland, while a mitigation plan may have to be developed for the small wetland that will be impacted as a part of the pond expansion. Two culverts which provide drainage for the median of TH 14 will also be extended to the normal water level of the pond, and ditch drainage on the north side of TH 14 will be maintained to the proposed storm water detention basin.

Future commercial/industrial lots will be required to construct individual storm water detention basins. Those basins will be required to limit their discharge to 1-cubic feet per second (cfs) per acre of lot area for the 100-year storm. The proposed storm sewer system along Carlson Drive and the Unnamed Road will be sized to accommodate the 10-year design

storm event as well as the discharge from the individual lot detention ponds. A 36-inch pipe will also be installed to the culvert crossing on CSAH 6 to capture the storm sewer run off north of CSAH 6. This will also provide an outlet for a future regional pond for future development north of CSAH 6 within the watershed.

The proposed storm sewer improvements and pond area are shown in Figure No. 3 in Appendix A.

C. Sanitary Sewer

In order to provide sanitary service to the project area, a new lift station will be required. The lift station will serve as a regional lift station, serving the industrial park expansion north of TH 14 and west of CSAH 41 and residential areas south of TH 14 to the ravine.

The lift station ultimate service area will be approximately 794 acres of industrial and 177 acres of residential. To accommodate the ultimate service area, the lift station would need a future pumping capacity of 2,300 gallons per minute (gpm). Since the development of the ultimate service area will take many years, possibly longer than the design life of some of the lift station components, it is proposed that the initial lift station design be based on a more limited service area, and lower pumping rates. The initial lift station design will accommodate 160 acres of industrial and 77 acres of residential, and will have a pumping capacity of 520 gpm. However, the lift station wetwell structure size/depth, sanitary sewer/forcemain sizing and various other components will be sized to allow the capacity of the lift station to be expanded in the future when required.

It should also be noted that proposed lift station drainage area is outside of the design service area of the Carlson/Countryside Drive trunk sanitary sewer. This sewer will receive the discharge from the lift station. Under current conditions, the Carlson/Countryside Drive trunk sewer has the capacity to accept flows from the proposed lift station, however, the capacity may be limited when full development within the Carlson/Countryside Drive trunk sewer has been achieved. Depending on the rate and type of future development within the trunk sewer's service area, it is estimated that it will be 20 years or more before the trunk sewer reaches maximum capacity. Flow monitoring is proposed to verify the existing flows and available capacity in the interceptor sewer, and the capacity of the Carlson/Countryside interceptor sewer should continue to be monitored as development occurs.

The proposed location of the lift station and service areas are shown on Figure 4 in Appendix A.

A 24-inch diameter sanitary sewer is proposed from the lift station to the street in the industrial park. A 15-inch diameter sanitary will be extended throughout the industrial park to provide sewer service to the adjacent properties. The proposed 15-inch sanitary sewer is upsized from the typical 8-inch sanitary sewer main in order to provide capacity for future development to the north and west. An 8-inch diameter sanitary sewer will also be stubbed from the lift station area southwest to TH 14. This will provide a future connection for the

residential areas in the service area on south side of TH 14. The proposed sanitary pipes will be made of PVC with a rubber-gasketed and precast concrete manholes, also with rubber-gasketed joints, will be provided at intervals not exceeding 400 feet to provide access for maintenance and cleaning.

Service line will be extended from the sanitary sewer main to the right-of-way line to provide service to the adjacent properties as they develop. The service lines will also be PVC pipe with gasketed joints, and will be 6 to 8 inches in diameter, depending on the capacity required.

The proposed sanitary sewer construction is shown on Figure No. 5 in Appendix A.

D. Watermain

To provide water service to the adjacent properties, a 16-inch diameter watermain is being proposed to be extended along Carlson Drive and an 8-inch diameter watermain is proposed along the Unnamed Road. The proposed 16-inch diameter watermain is larger than the typical 8-inch watermain because it is part of the perimeter trunk watermain looping system. To complete a watermain loop with watermain south of TH 14, a 12-inch diameter watermain will be installed south from Carlson Drive along the lot lines, through the existing steel casing under TH 14 and CSAH 6, and east along CSAH 6 for approximately 640 feet. A 12-inch line will also be installed in the northern ditch along CSAH 6 from CSAH 41 to Carlson Drive to complete the loop in the industrial park. The trunk watermain looping system will provide and enhance water service, water pressure, fire protection and redundancy for the northwesterly portion of the City, including the Northport Industrial park.

Hydrants will be installed at appropriate intervals and valves will be provided to properly isolate the system for flushing, repair, and maintenance. Along with new sanitary sewer service to each lot, new 6- to 8-inch diameter water services will be extended to the right-of-way line and shut off valve added.

The proposed watermain construction is shown on Figure No. 6 in Appendix A.

E. Other Utilities

The design of the proposed improvements will be coordinated with the owners of private utilities such as natural gas, electric, telephone, and cable television. Plans will be provided to all private utility companies during design to communicate the proposed improvements and construction schedule. This will allow utility companies enough time to plan and design their utility extensions. The construction schedule for the proposed improvements will be coordinated with the utility company work to avoid unnecessary delays.

F. Right of Way

City staff has had on-going discussions with the two land owners within the industrial park expansion area regarding the acquisition of right-of-way or easements for the future streets and utilities.

IV. APPROVALS/PERMITS

Approvals and Permits are required from various agencies for the construction of the project. They include:

- Minnesota Pollution Control Agency (MPCA) General Construction Storm Water Permit
- Minnesota Pollution Control Agency (MPCA) Sanitary Sewer Extension Permit
- Minnesota Department of Health (MDH) Plan Review
- Minnesota Department of Transportation – Work within Right-of-Way
- Nicollet County – Work within Right-of-Way
- Wetland Conservation Act (WCA)- Wetland Permit
- Clean Water Act (CWA) Section 404 – Wetland Permit

V. PROPOSED PROJECT PHASING AND SCHEDULE

It is anticipated that the project would be constructed in two phases.

Phase 1 would include the following improvements:

- Sanitary sewer lift station
- Regional stormwater pond
- Street, storm sewer, sanitary sewer, and watermain, infrastructure on Carlson Drive
- Watermain looping along the north side of Timm Road and under Trunk Highway 14 (casing previously installed)
- Storm sewer construction along lot lines from Timm Road to regional stormwater pond to accommodate existing stormwater from agricultural areas north of Timm Road.

Phase 2 would include the following improvements:

- Street, storm sewer, sanitary sewer, and watermain, infrastructure on the Unnamed Street
- Watermain crossing Timm Road at the unnamed street.
- Sanitary sewer along the south side of Timm Road

The schedule for initiating each phase of the project will be dependent on several factors, including: industrial development activity, negotiations with land owners for right-of-way/easements, availability of grant funding for the project, etc.

In the past, the City of North Mankato has utilized a staged construction process for new street and underground utility projects where by the improvements are constructed over several years.

Year 1: Underground utilities, street excavation and aggregate base materials.

Year 2: Curb & gutter, sidewalk, trail, driveways, final turf establishments, and bituminous surfacing (except for the final layer).

Year 3 - 5: Final layer of bituminous surfacing.

This staged construction process has served the City well in that it provides time for street

excavations and utility trenches to stabilize before the street and surface improvements are constructed. In the past, the separate stages have been constructed under separate contracts. For this project, if the staged construction process is utilized, it is anticipated that all of the improvements would be constructed under one contract, but the contractor would be required to delay portions of the construction until future years. This could impact bid prices, since the bidders would need to speculate on what material, labor and fuel costs may be in future years. The possibility of utilizing a staged construction process will continue to be evaluated and a recommendation will be made at the time plans and specifications are reviewed with the City Council.

It is anticipated that the project will be financed using a general obligation bond and the bond payments may come from the following revenue sources:

- Special assessments on property to be annexed into the City.
- Property tax levy to pay for the portion of the project that will have deferred assessments, and not collectible at this time.
- Enterprise funds (utility oversizing costs).

The City is also pursuing a Greater Minnesota Public Infrastructure Grant through the Minnesota Department of Economic Development. If successful, this grant would fund up to 50% of the eligible project costs.

VI. PROPOSED PROJECT SCHEDULE

The estimated project costs are summarized below.

| Estimated Project Costs | | | |
|-------------------------|--------------------|--------------------|--------------------|
| Item | Estimated Cost | | |
| | Phase 1 | Phase 2 | Total |
| Street & Surface | \$1,746,000 | \$785,000 | \$2,531,000 |
| Sanitary Sewer | \$1,204,000 | \$201,000 | \$1,405,000 |
| Watermain | \$995,000 | \$166,000 | \$1,161,000 |
| Storm Sewer & Pond | \$1,420,000 | \$163,000 | \$1,583,000 |
| Total: | \$5,365,000 | \$1,315,000 | \$6,680,000 |

A detailed cost estimate and breakdown is provided in Exhibit No. 1 in Appendix B. The cost provided above are based on the assumption that the infrastructure for the entire industrial park expansion is constructed at the same time. These improvements could also be phased over several projects.

These cost estimates are based on public construction cost information from other recent projects similar in scope. Since the cost estimates are dependent on the cost of labor, materials, competitive bidding process, weather conditions, and other factors affecting the cost of construction, all cost estimates are opinions for general information and no warranty or guarantee as to the accuracy of construction cost is made. Therefore, financing for this project should be based upon actual competitive bid prices with reasonable contingencies.

VII. CONCLUSION AND RECOMMENDATIONS

The extension of City roads and utilities is necessary for the expansion of North Mankato's industrial park. From an engineering standpoint, this project is feasible, cost effective, necessary, and can best be accomplished by letting competitive bids for the work.

We recommend that the Council accept this report, and utilize the information herein to prepare an application for a Greater Minnesota Public Infrastructure Grant through the Minnesota Department of Economic Development.

Appendix A: Figures

Figure A1: Location Map

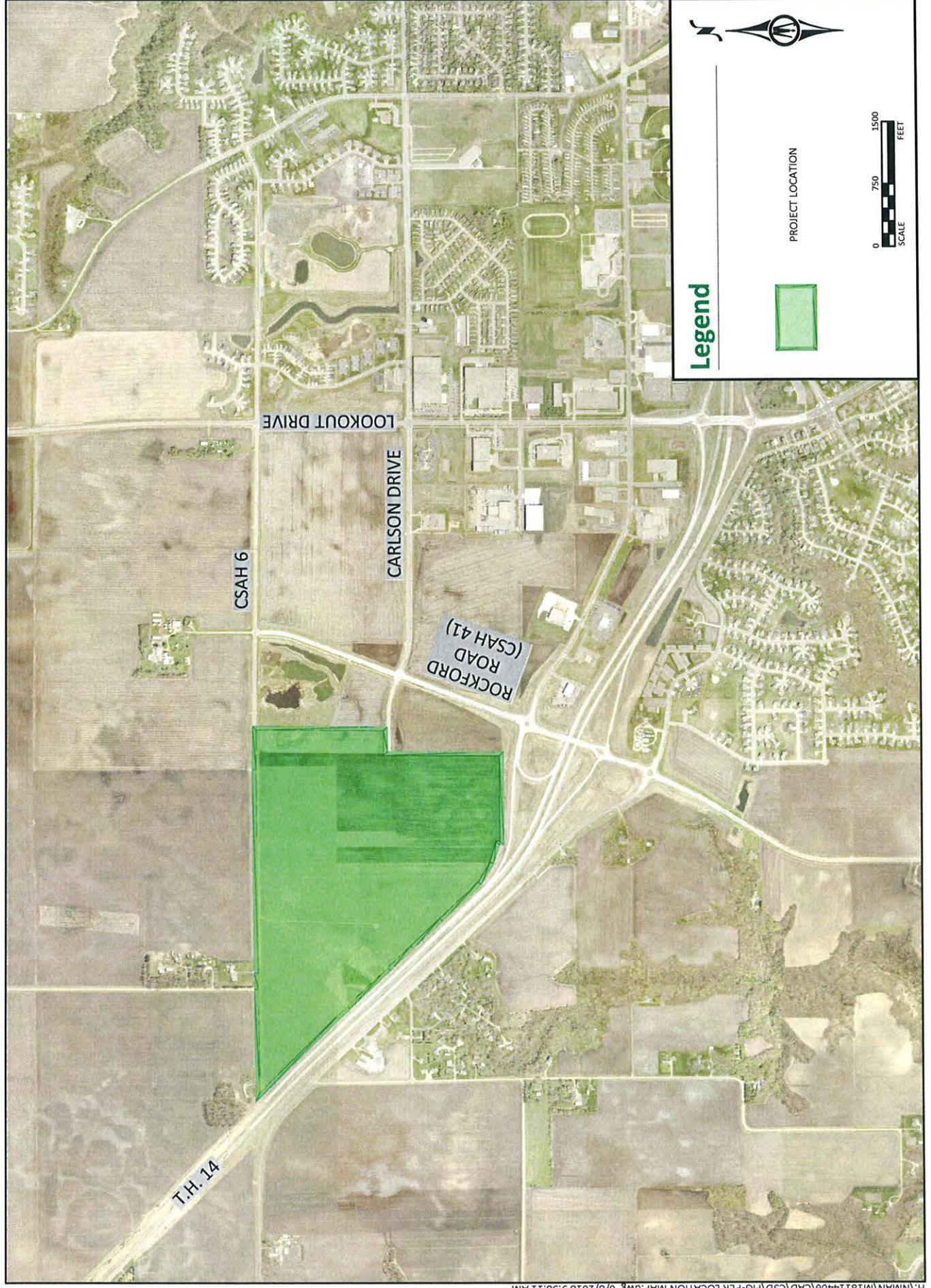
Figure A2: Typical Sections

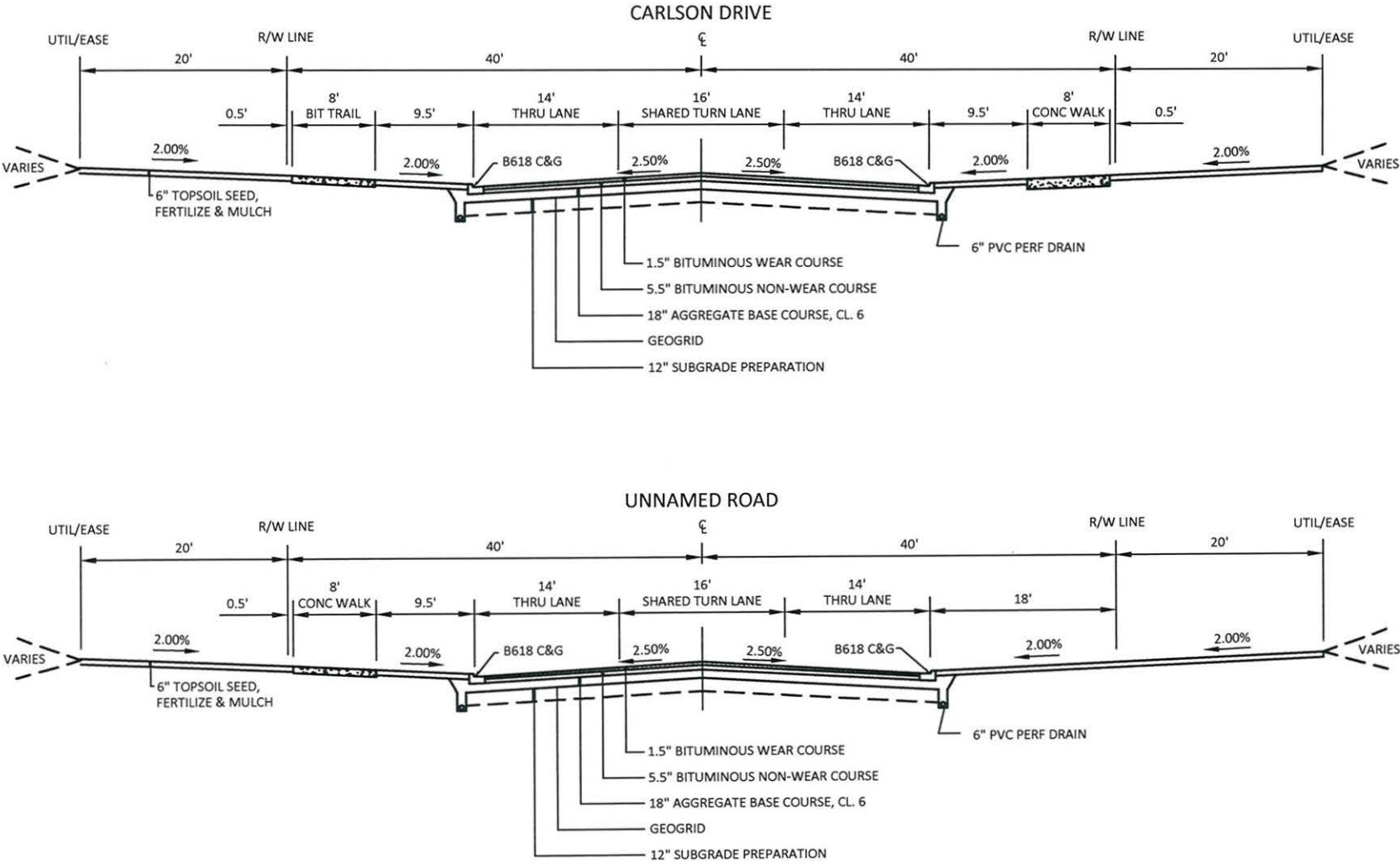
Figure A3: Proposed Storm Sewer

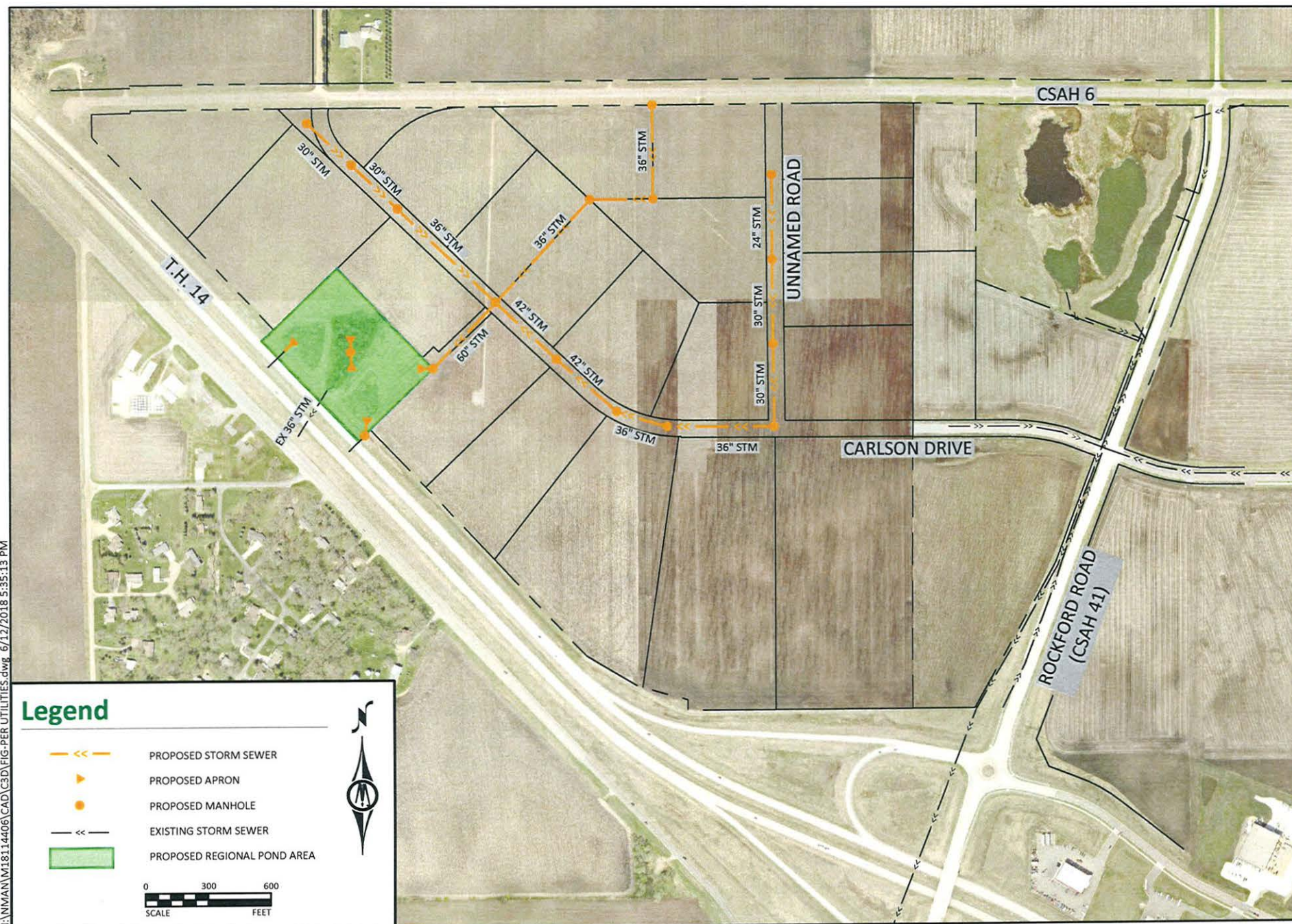
Figure A4: Sanitary Sewer Service Areas

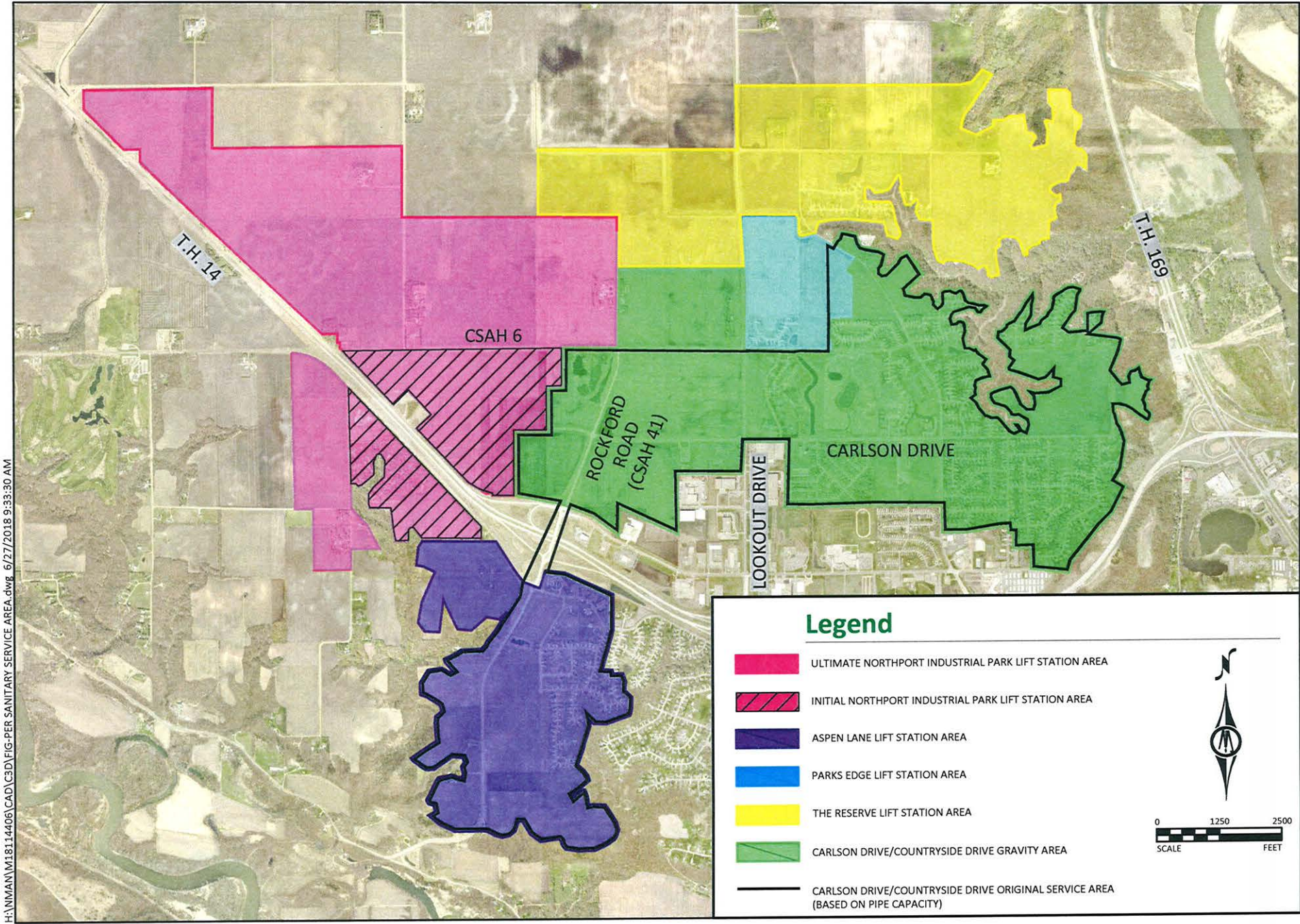
Figure A5: Proposed Sanitary Sewer

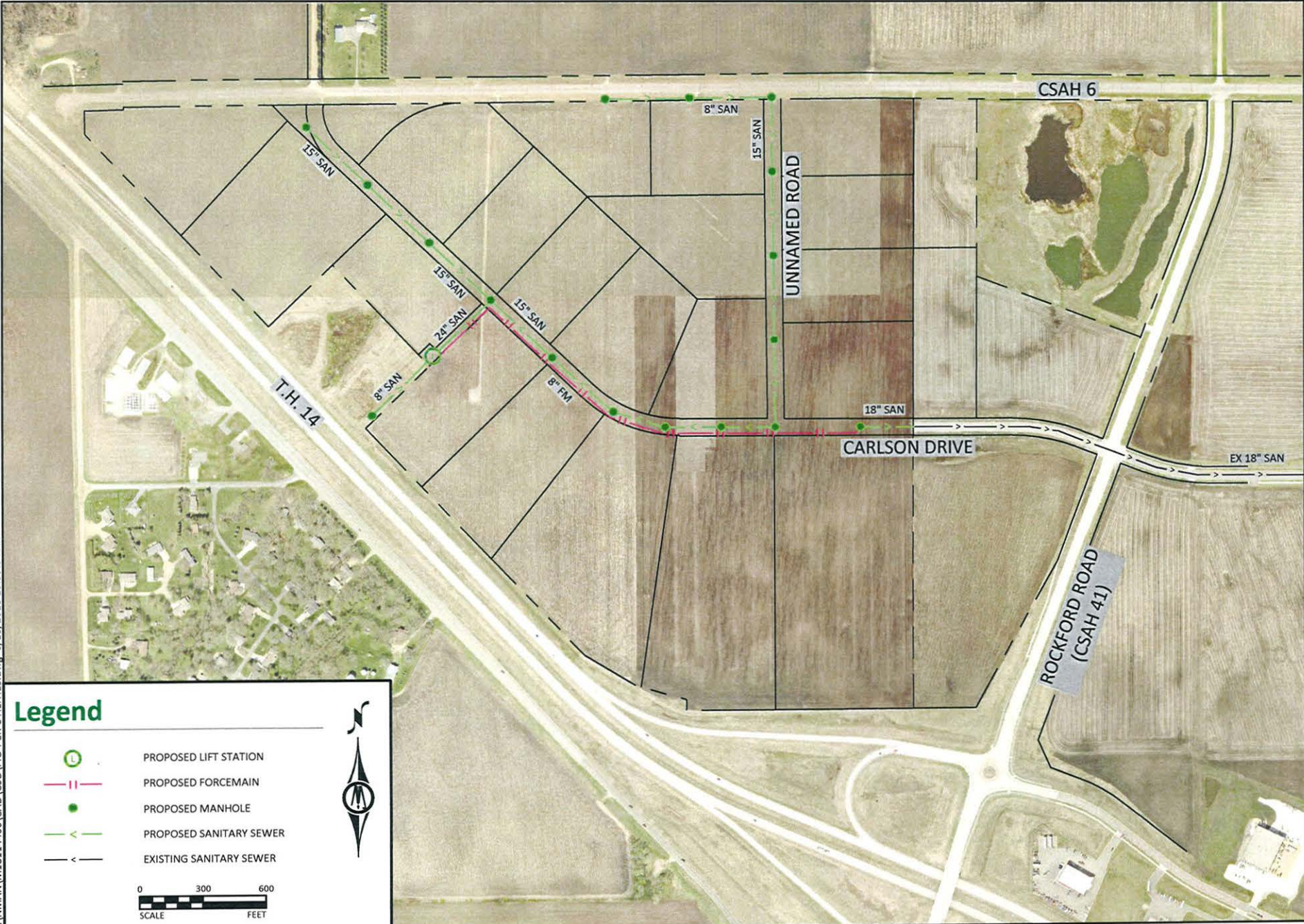
Figure A6: Proposed Watermain

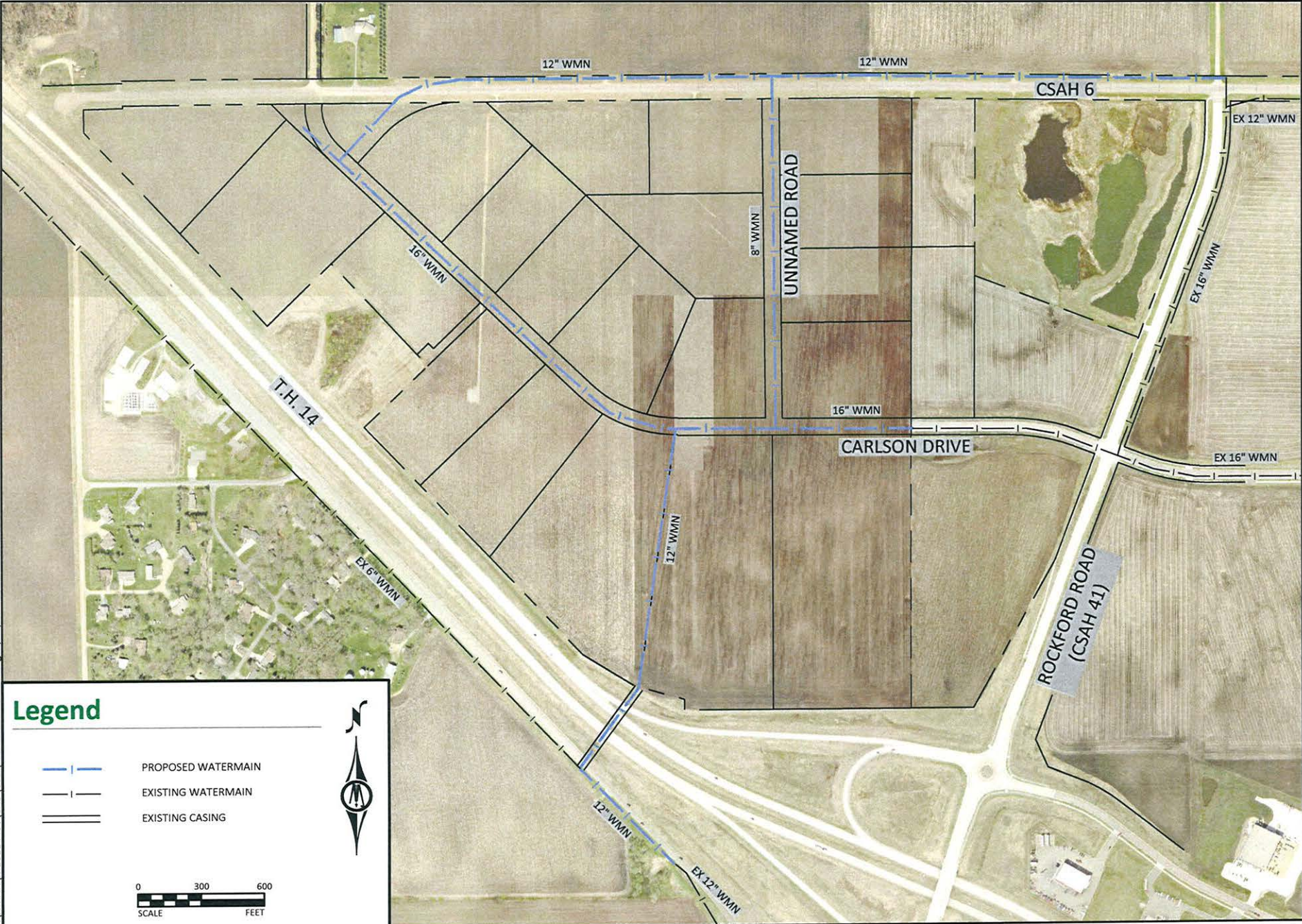












H:\NMAN\18114406\CAD\C3D\FIG-PER UTILITIES.dwg 6/11/2018 9:28:23 AM

Appendix B: Detailed Cost Estimate

PRELIMINARY ENGINEER'S ESTIMATE

NORTHPORT INDUSTRIAL PARK EXPANSION - WEST IMPROVEMENTS
CITY OF NORTH MANKATO, MN
BMI PROJECT NO. M18.114406



Real People. Real Solutions.

Date: 6/27/2018

| Item No. | Item | Unit Price | Unit | Phase 1 | | Phase 2 | | Total | |
|--|---|--------------|----------|-----------|----------------|-----------|--------------|-----------|----------------|
| | | | | Est Quant | Amount | Est Quant | Amount | Est Quant | Amount |
| STREET & SURFACE | | | | | | | | | |
| 1 | MOBILIZATION | \$30,000.00 | LUMP SUM | 0.69 | \$20,700.00 | 0.31 | \$9,300.00 | 1.00 | \$30,000.00 |
| 2 | TRAFFIC CONTROL | \$1,000.00 | LUMP SUM | 0.69 | \$690.00 | 0.31 | \$310.00 | 1.00 | \$1,000.00 |
| 3 | EXCAVATION COMMON | \$4.00 | CU YD | 13,686 | \$54,744.00 | 6,314 | \$25,256.00 | 20,000 | \$80,000.00 |
| 4 | COMMON EMBANKMENT | \$6.50 | CU YD | 9,580 | \$62,270.00 | 4,420 | \$28,730.00 | 14,000 | \$91,000.00 |
| 5 | SUBGRADE EXCAVATION | \$5.00 | CU YD | 1,369 | \$6,845.00 | 631 | \$3,155.00 | 2,000 | \$10,000.00 |
| 6 | STABILIZING AGGREGATE | \$30.00 | CU YD | 1,369 | \$41,070.00 | 631 | \$18,930.00 | 2,000 | \$60,000.00 |
| 7 | AGGREGATE BASE, CLASS 6 | \$30.00 | CU YD | 9,375 | \$281,250.00 | 4,325 | \$129,750.00 | 13,700 | \$411,000.00 |
| 8 | GEOGRID | \$2.00 | SQ YD | 18,750 | \$37,500.00 | 8,650 | \$17,300.00 | 27,400 | \$54,800.00 |
| 9 | TYPE SP 12.5 WEAR COURSE MIX 1.5" THICK | \$6.00 | SQ YD | 17,108 | \$102,648.00 | 7,892 | \$47,352.00 | 25,000 | \$150,000.00 |
| 10 | TYPE SP 12.5 NON-WEAR COURSE MIX 2.5" THICK | \$10.00 | SQ YD | 17,108 | \$171,080.00 | 7,892 | \$78,920.00 | 25,000 | \$250,000.00 |
| 11 | TYPE SP 12.5 NON-WEAR COURSE MIX 3" THICK | \$12.00 | SQ YD | 17,108 | \$205,296.00 | 7,892 | \$94,704.00 | 25,000 | \$300,000.00 |
| 12 | CONCRETE CURB & GUTTER DESIGN B618 | \$13.50 | LIN FT | 6,980 | \$94,230.00 | 3,220 | \$43,470.00 | 10,200 | \$137,700.00 |
| 13 | 4" PERFORATED PVC SUBDRAIN | \$8.00 | LIN FT | 6,980 | \$55,840.00 | 3,220 | \$25,760.00 | 10,200 | \$81,600.00 |
| 14 | 2.5" BITUMINOUS TRAIL | \$11.00 | SQ YD | 3,100 | \$34,100.00 | | | 3,100 | \$34,100.00 |
| 15 | 6" CONCRETE WALK | \$5.00 | SQ FT | 27,920 | \$139,600.00 | 12,880 | \$64,400.00 | 40,800 | \$204,000.00 |
| 16 | TRUNCATED DOMES | \$55.00 | SQ FT | 44 | \$2,420.00 | 20 | \$1,100.00 | 64 | \$3,520.00 |
| 17 | INSTALL UTILITY PROVIDED CONDUIT | \$8.00 | LIN FT | 685 | \$5,480.00 | 315 | \$2,520.00 | 1,000 | \$8,000.00 |
| 18 | SIGN PANELS TYPE C | \$60.00 | SQ FT | 103 | \$6,180.00 | 47 | \$2,820.00 | 150 | \$9,000.00 |
| 19 | 4" SOLID LINE WHITE PAINT | \$0.50 | LIN FT | 7,418 | \$3,709.00 | 3,422 | \$1,711.00 | 10,840 | \$5,420.00 |
| 20 | 4" SOLID LINE YELLOW PAINT | \$0.50 | LIN FT | 5,557 | \$2,778.50 | 2,563 | \$1,281.50 | 8,120 | \$4,060.00 |
| 21 | 4" BROKEN LINE YELLOW PAINT | \$0.50 | LIN FT | 1,130 | \$565.00 | 520 | \$260.00 | 1,650 | \$825.00 |
| 22 | 4" DOUBLE SOLID LINE YELLOW PAINT | \$0.50 | LIN FT | 712 | \$356.00 | 328 | \$164.00 | 1,040 | \$520.00 |
| 23 | 12" SOLID LINE WHITE PAINT | \$1.50 | LIN FT | 30 | \$45.00 | 60 | \$90.00 | 90 | \$135.00 |
| 24 | PAVEMENT MESSAGE, LEFT ARROW | \$100.00 | EACH | 41 | \$4,100.00 | 19 | \$1,900.00 | 60 | \$6,000.00 |
| 25 | SILT FENCE TYPE MS | \$2.25 | LIN FT | 7,528 | \$16,938.00 | 3,472 | \$7,812.00 | 11,000 | \$24,750.00 |
| 26 | STABILIZED CONSTRUCTION EXIT | \$1,000.00 | LUMP SUM | 0.50 | \$500.00 | 0.50 | \$500.00 | 1 | \$1,000.00 |
| 27 | SEEDING | \$600.00 | ACRE | 6.15 | \$3,690.00 | 2.85 | \$1,710.00 | 9 | \$5,400.00 |
| 28 | MNDOT SEED MIX 25-131 | \$2.50 | POUND | 739 | \$1,847.50 | 341 | \$852.50 | 1,080 | \$2,700.00 |
| 29 | FERTILIZER TYPE 3 | \$1.00 | POUND | 1,848 | \$1,848.00 | 852 | \$852.00 | 2,700 | \$2,700.00 |
| 30 | HYDRAULIC MATRIX TYPE BONDED FIBER | \$1.00 | POUND | 21,556 | \$21,556.00 | 9,944 | \$9,944.00 | 31,500 | \$31,500.00 |
| STREET & SURFACE TOTAL: | | | | | \$1,379,876.00 | | \$620,854.00 | | \$2,000,730.00 |
| CONTINGENCY: | | | | | \$138,124.00 | | \$62,146.00 | | \$200,270.00 |
| TOTAL ESTIMATED CONSTRUCTION COST: | | | | | \$1,518,000.00 | | \$683,000.00 | | \$2,201,000.00 |
| DESIGN, ADMINISTRATION AND CONSTRUCTION ENGINEERING: | | | | | \$228,000.00 | | \$102,000.00 | | \$330,000.00 |
| TOTAL ESTIMATED COST - STREET AND SURFACE: | | | | | \$1,746,000.00 | | \$785,000.00 | | \$2,531,000.00 |
| SANITARY SEWER | | | | | | | | | |
| 1 | 8" SANITARY SEWER | \$32.00 | LIN FT | 410 | \$13,120.00 | 790 | \$25,280.00 | 1,200 | \$38,400.00 |
| 2 | 15" SANITARY SEWER | \$45.00 | LIN FT | 2,790 | \$125,550.00 | 1,560 | \$70,200.00 | 4,350 | \$195,750.00 |
| 3 | 18" SANITARY SEWER | \$45.00 | LIN FT | 260 | \$11,700.00 | | | 260 | \$11,700.00 |
| 4 | 24" SANITARY SEWER | \$60.00 | LIN FT | 350 | \$21,000.00 | | | 350 | \$21,000.00 |
| 5 | CONSTRUCT SANITARY MANHOLE | \$250.00 | LIN FT | 330 | \$82,500.00 | 180 | \$45,000.00 | 510 | \$127,500.00 |
| 6 | CASTING ASSEMBLY - SANITARY | \$600.00 | EACH | 11 | \$6,600.00 | 6 | \$3,600.00 | 17 | \$10,200.00 |
| 7 | CONNECT TO EXISTING SANITARY SEWER | \$1,000.00 | EACH | 1 | \$1,000.00 | | | 1 | \$1,000.00 |
| 8 | 6" SANITARY SEWER SERVICE | \$24.00 | LIN FT | 720 | \$17,280.00 | 420 | \$10,080.00 | 1,140 | \$27,360.00 |
| 9 | 8"x6" WYE | \$350.00 | EACH | | | 2 | \$700.00 | 2 | \$700.00 |
| 10 | 15"x6" WYE | \$800.00 | EACH | 11 | \$8,800.00 | 5 | \$4,000.00 | 16 | \$12,800.00 |
| 11 | 18"x6" WYE | \$900.00 | EACH | 1 | \$900.00 | | | 1 | \$900.00 |
| 12 | LIFT STATION | \$500,000.00 | LUMP SUM | 1 | \$500,000.00 | | | 1 | \$500,000.00 |
| 13 | 8" FORCEMAIN | \$33.00 | LIN FT | 2,300 | \$75,900.00 | | | 2,300 | \$75,900.00 |
| 14 | 10" FORCEMAIN | \$38.00 | LIN FT | 2,300 | \$87,400.00 | | | 2,300 | \$87,400.00 |
| SANITARY TOTAL: | | | | | \$951,750.00 | | \$158,860.00 | | \$1,110,610.00 |
| CONTINGENCY: | | | | | \$95,250.00 | | \$16,140.00 | | \$111,390.00 |
| TOTAL ESTIMATED CONSTRUCTION COST: | | | | | \$1,047,000.00 | | \$175,000.00 | | \$1,222,000.00 |
| DESIGN, ADMINISTRATION AND CONSTRUCTION ENGINEERING: | | | | | \$157,000.00 | | \$26,000.00 | | \$183,000.00 |
| TOTAL ESTIMATED COST - SANITARY SEWER: | | | | | \$1,204,000.00 | | \$201,000.00 | | \$1,405,000.00 |

PRELIMINARY ENGINEER'S ESTIMATE

NORTHPORT INDUSTRIAL PARK EXPANSION - WEST IMPROVEMENTS
CITY OF NORTH MANKATO, MN
BMI PROJECT NO. M18.114406



Real People. Real Solutions.

Date: 6/27/2018

| Item No. | Item | Unit Price | Unit | Phase 1 | | Phase 2 | | Total | |
|--|--|-------------|--------|-----------|----------------|-----------|----------------|-----------|----------------|
| | | | | Est Quant | Amount | Est Quant | Amount | Est Quant | Amount |
| WATERMAIN | | | | | | | | | |
| 1 | 6" WATERMAIN | \$28.00 | LIN FT | 480 | \$13,440.00 | 80 | \$2,240.00 | 560 | \$15,680.00 |
| 2 | 8" WATERMAIN | \$30.00 | LIN FT | | | 1,600 | \$48,000.00 | 1,600 | \$48,000.00 |
| 3 | 12" WATERMAIN | \$37.00 | LIN FT | 6,250 | \$231,250.00 | | | 6,250 | \$231,250.00 |
| 4 | 16" WATERMAIN | \$48.00 | LIN FT | 3,450 | \$165,600.00 | | | 3,450 | \$165,600.00 |
| 5 | TRENCHLESS 12" WATERMAIN (THROUGH EXISTING CASING) | \$40.00 | LIN FT | 470 | \$18,800.00 | | | 470 | \$18,800.00 |
| 6 | TRENCHLESS 8" WATERMAIN W/ CASING | \$300.00 | LIN FT | | | 100 | \$30,000.00 | 100 | \$30,000.00 |
| 7 | TRENCHLESS 12" WATERMAIN W/ CASING | \$350.00 | LIN FT | 150 | \$52,500.00 | | | 150 | \$52,500.00 |
| 8 | 6" WATER SERVICE | \$28.00 | LIN FT | 720 | \$20,160.00 | 420 | \$11,760.00 | 1,140 | \$31,920.00 |
| 9 | 6" GATE VALVE & BOX | \$1,500.00 | EACH | 36 | \$54,000.00 | 11 | \$16,500.00 | 47 | \$70,500.00 |
| 10 | 8" GATE VALVE & BOX | \$1,750.00 | EACH | | | 2 | \$3,500.00 | 2 | \$3,500.00 |
| 11 | 12" GATE VALVE & BOX | \$3,000.00 | EACH | 8 | \$24,000.00 | | | 8 | \$24,000.00 |
| 12 | 16" GATE VALVE & BOX | \$8,500.00 | EACH | 4 | \$34,000.00 | | | 4 | \$34,000.00 |
| 13 | CONNECT TO EXISTING WATERMAIN | \$1,000.00 | EACH | 4 | \$4,000.00 | | | 4 | \$4,000.00 |
| 14 | WATERMAIN FITTINGS | \$7.00 | POUND | 10,500 | \$73,500.00 | 500 | \$3,500.00 | 11,000 | \$77,000.00 |
| 15 | 2" POLYSTYRENE INSULATION | \$20.00 | SQ YD | 180 | \$3,600.00 | 20 | \$400.00 | 200 | \$4,000.00 |
| 16 | HYDRANT | \$3,800.00 | EACH | 24 | \$91,200.00 | 4 | \$15,200.00 | 28 | \$106,400.00 |
| WATERMAIN TOTAL: | | | | | \$786,050.00 | | \$131,100.00 | | \$917,150.00 |
| CONTINGENCY: | | | | | \$78,950.00 | | \$12,900.00 | | \$91,850.00 |
| TOTAL ESTIMATED CONSTRUCTION COST: | | | | | \$865,000.00 | | \$144,000.00 | | \$1,009,000.00 |
| DESIGN, ADMINISTRATION AND CONSTRUCTION ENGINEERING: | | | | | \$130,000.00 | | \$22,000.00 | | \$152,000.00 |
| TOTAL ESTIMATED COST - WATERMAIN: | | | | | \$995,000.00 | | \$166,000.00 | | \$1,161,000.00 |
| STORM SEWER & POND | | | | | | | | | |
| 1 | 12" STORM SEWER | \$40.00 | LIN FT | 1,200 | \$48,000.00 | | | 1,200 | \$48,000.00 |
| 2 | 24" STORM SEWER | \$54.00 | LIN FT | 350 | \$18,900.00 | 400 | \$21,600.00 | 750 | \$40,500.00 |
| 3 | 30" STORM SEWER | \$70.00 | LIN FT | 600 | \$42,000.00 | 800 | \$56,000.00 | 1,400 | \$98,000.00 |
| 4 | 36" STORM SEWER | \$100.00 | LIN FT | 2,900 | \$290,000.00 | | | 2,900 | \$290,000.00 |
| 5 | 42" STORM SEWER | \$120.00 | LIN FT | 800 | \$96,000.00 | | | 800 | \$96,000.00 |
| 6 | 60" STORM SEWER | \$180.00 | LIN FT | 500 | \$90,000.00 | | | 500 | \$90,000.00 |
| 7 | 24" APRON | \$1,000.00 | EACH | 2 | \$2,000.00 | | | 2 | \$2,000.00 |
| 8 | 36" APRON | \$1,500.00 | EACH | 2 | \$3,000.00 | | | 2 | \$3,000.00 |
| 9 | 60" APRON | \$2,750.00 | EACH | 1 | \$2,750.00 | | | 1 | \$2,750.00 |
| 7 | CONSTRUCT STORM MANHOLE | \$450.00 | LIN FT | 250 | \$112,500.00 | 60 | \$27,000.00 | 310 | \$139,500.00 |
| 8 | CONSTRUCT CATCH BASIN | \$250.00 | LIN FT | 160 | \$40,000.00 | 48 | \$12,000.00 | 208 | \$52,000.00 |
| 9 | CONNECT TO EXISTING STORM SEWER | \$1,000.00 | EACH | 2 | \$2,000.00 | | | 2 | \$2,000.00 |
| 10 | 4"-12" TILE REPAIR | \$15.00 | LIN FT | 400 | \$6,000.00 | 100 | \$1,500.00 | 500 | \$7,500.00 |
| 11 | CASTING ASSEMBLY - STORM | \$600.00 | EACH | 65 | \$39,000.00 | 18 | \$10,800.00 | 83 | \$49,800.00 |
| 12 | POND EXCAVATION | \$4.00 | CU YD | 75,000 | \$300,000.00 | | | 75,000 | \$300,000.00 |
| 13 | POND SKIMMER | \$10,000.00 | EACH | 1 | \$10,000.00 | | | 1 | \$10,000.00 |
| 14 | RIPRAP CLASS III | \$70.00 | CU YD | 300 | \$21,000.00 | | | 300 | \$21,000.00 |
| STORM SEWER & POND TOTAL: | | | | | \$1,123,150.00 | | \$128,900.00 | | \$1,252,050.00 |
| CONTINGENCY: | | | | | \$111,850.00 | | \$13,100.00 | | \$124,950.00 |
| TOTAL ESTIMATED CONSTRUCTION COST: | | | | | \$1,235,000.00 | | \$142,000.00 | | \$1,377,000.00 |
| DESIGN, ADMINISTRATION AND CONSTRUCTION ENGINEERING: | | | | | \$185,000.00 | | \$21,000.00 | | \$206,000.00 |
| TOTAL ESTIMATED COST - STORM SEWER & POND: | | | | | \$1,420,000.00 | | \$163,000.00 | | \$1,583,000.00 |
| TOTAL ESTIMATED PROJECT COST: | | | | | \$5,365,000.00 | | \$1,315,000.00 | | \$6,680,000.00 |

Services Provided:

Civil & Municipal Engineering
Water & Wastewater Engineering
Transportation Planning & Engineering
Structural Engineering
Aviation Services
Water Resources Engineering
Landscape Architecture
Land Surveying
Geographic Information System
Project Funding & Financing

Bolton-Menk.com

Preliminary Engineering Report

CITY OF Minnesota

Northport Industrial Park West Improvement Project
Project 18-05 ABCDEF

BOLTON & MENK
Real People. Real Solutions.
June 28, 2018

1

Project Location/Background

CITY OF Minnesota

- Project considers expansion of the Northport Industrial Park to the west
- Improvements considered:
 - Sanitary sewer/lift station
 - Watermain and looping
 - Storm sewer/regional stormwater pond.
 - Street and surface improvements – bituminous street, bituminous trail, concrete sidewalk
- City Council authorized preparation of a preliminary engineering report on April 2, 2018

2

Existing Conditions



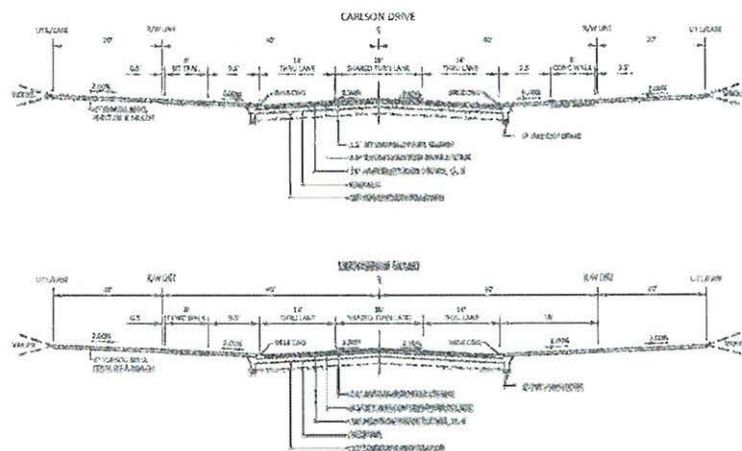
- Land Use:
 - Currently agricultural land
 - Comprehensive Plan - designated for Commercial/Industrial Mixed and Heavy Industrial
 - Existing platted property south of Carlson Drive Extension:
 - Mayo Clinic Addition
 - Harrison Truck Addition
 - Both currently undeveloped
- Carlson Drive:
 - Extended approx. 900' west of CSAH 41 in 2015/2016
 - 44' street section with curb and gutter
 - 8' concrete walk on the north side
 - 8' bituminous trail on the south side
 - 18" sanitary sewer – too shallow to extend further west
 - 16" watermain
 - No storm sewer
- Wetlands
 - No delineation performed outside storm water pond area
 - Likely that wetlands will be present – will need to be mitigated

3

Proposed Street and Surface Improvements



- New 44-foot wide street - 2 lanes of traffic and center turn lane
- Industrial pavement section – same as used on 2015/2016 Carlson Drive extension
- 8' wide concrete sidewalk on north side (Carlson Drive and Unnamed Road)
- 8' bituminous trial on south side (Carlson Drive only)
- Temporary erosion control and permanent turf establishment



4

Proposed Storm Sewer



- Storm sewer pipe ranging in size from 12-inches to 60-inches in diameter with manholes and inlets as required
- Proposed storm water detention basin located at the existing MnDOT pond
 - Expand and convert to wet pond
 - Provide storm water management for TH 14 and industrial park area
 - Shared use agreement between the City and MnDOT for the joint use of the storm water pond
- Storm sewer pipe and stormwater pond sizing based on 1 cfs/acre – future industrial park developments will need additional storm water management
- Large storm sewer (36" to 60") proposed to carry runoff from ag land north of Timm Road to the stormwater pond

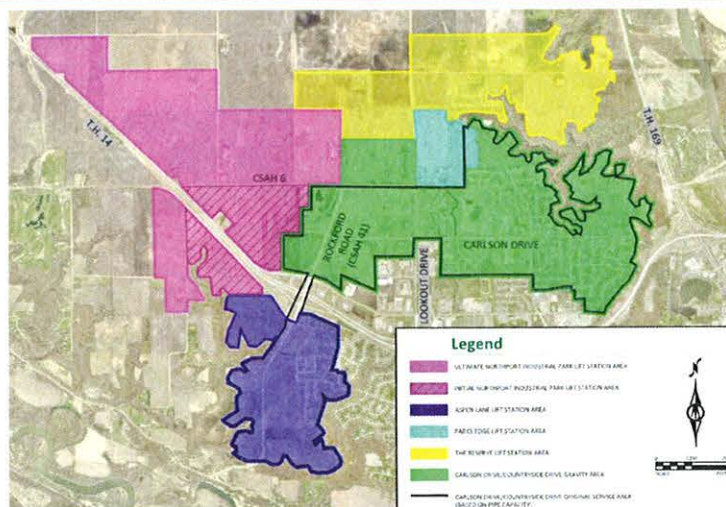


5

Proposed Sanitary Sewer Lift Station



- Existing sanitary sewer too shallow to extend west
- New lift station required
- Ultimate service area – 971 acres
 - 794 acres of industrial
 - 177 acres of residential
 - Ultimate lift station capacity – 2,300 gpm
- Initial lift station design criteria:
 - 160 acres of industrial
 - 77 acres of residential
 - Initial lift station capacity – 520 gpm
 - Lift station structure and other components will be designed to allow increase of capacity in the future
- Initial lift station design criteria:
 - Carlson Drive/Countryside Trunk Sanitary Sewer capacity may ultimately become controlling factor for future capacity
 - Flow monitoring will be performed to verify available capacity



6

Proposed Sanitary Sewer



- Proposed sanitary sewer sizes:
 - 24" diameter – Carlson Drive to lift station
 - 15" diameter – Carlson Drive
 - 8" diameter – Unnamed Road and Timm Road
 - Upsized from the typical 8-inch sanitary sewer main - capacity for future development to the north and west
- Gasketed pipe, manholes with sealed joints & watertight connections
- Service stubs for each lot



7

Proposed Watermain



- Proposed watermain sizes:
 - 16" diameter – Carlson Drive
 - 12" diameter – Timm Road
 - 12" loop across TH 14 (casing already in place)
 - Carlson Drive
 - 8" diameter – Unnamed Road
 - Upsized from the typical 8" watermain - capacity for future development to the north and west & looping with the existing perimeter trunk watermain looping system
- Hydrants, valves and service stubs



8

Proposed Construction Phasing



- Phase 1:
 - Sanitary sewer lift station
 - Regional stormwater pond
 - Street, storm sewer, sanitary sewer, and watermain, infrastructure on Carlson Drive
 - Watermain looping along the north side of Timm Road and under Trunk Highway 14 (casing previously installed)
 - Storm sewer construction along lot lines from Timm Road to regional stormwater pond to accommodate existing stormwater from agricultural areas north of Timm Road
- Phase 2:
 - Street, storm sewer, sanitary sewer, and watermain, infrastructure on the Unnamed Street
 - Watermain crossing Timm Road at the unnamed street
 - Sanitary sewer along the south side of Timm Road
- Schedule for initiating each phase of the project will be dependent on several factors, including:
 - Industrial development activity
 - Negotiations with land owners for right-of-way/easements
 - Availability of grant funding for the project

9

Estimated Project Costs



| Estimated Project Costs | | | |
|-------------------------|--------------------|--------------------|--------------------|
| Item | Estimated Cost | | |
| | Phase 1 | Phase 2 | Total |
| Street & Surface | \$1,746,000 | \$785,000 | \$2,531,000 |
| Sanitary Sewer | \$1,204,000 | \$201,000 | \$1,405,000 |
| Watermain | \$995,000 | \$166,000 | \$1,161,000 |
| Storm Sewer & Pond | \$1,420,000 | \$163,000 | \$1,583,000 |
| Total: | \$5,365,000 | \$1,315,000 | \$6,680,000 |

- Estimated costs include allowances for contingencies, administrative, engineering and financing costs

10

Anticipated Financing



- Special assessments on property to be annexed into the City
- Property tax levy – for deferred assessments that are not collectible at the time of the construction
- Enterprise funds (utility oversizing costs)
- Possible Greater Minnesota Public Infrastructure Grant through Department of Employment and Economic Development (DEED)

11

Questions/Discussion



12

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-----------------------------------|---|--|---|--|--------------------------|-----------------|--------------------------|--------------------|--------------------------|--------------|---------|--|-------|-------|---------|--|-------|-------|----------|--|-------|-------|-------|--|--|------------|-----------|----------|---------|-----|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Agenda Item #11 F | Department: Administration | Council Meeting Date: 7/2/18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TITLE OF ISSUE: Consider Authorizing Staff to execute Change Order to Facilitate Spring Lake Swim Facility Upgrades. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BACKGROUND AND SUPPLEMENTAL INFORMATION: Finance Director McCann provided a memo discussing the financing of the facility upgrades and Mr. Herman Dharmarajah from Bolton & Menk provided a memo on the project. City staff will discuss proposed upgrades to the Spring Lake Park Swim Facility. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>If additional space is required, attach a separate sheet</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| REQUESTED COUNCIL ACTION: Authorize Staff to Execute Change Orders Related to the Pool Bottom, ADA Compliance and Slide Features. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Motion By: _____ Second By: _____ <table style="width: 100%; border: none;"> <tr> <td style="width: 15%;">Vote Record:</td> <td style="width: 10%; text-align: center;">Aye</td> <td style="width: 10%; text-align: center;">Nay</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Whitlock</td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Steiner</td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Norland</td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Freyberg</td> </tr> <tr> <td></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td>Dehen</td> </tr> </table> | Vote Record: | Aye | Nay | | | _____ | _____ | Whitlock | | _____ | _____ | Steiner | | _____ | _____ | Norland | | _____ | _____ | Freyberg | | _____ | _____ | Dehen | <div style="text-align: center; font-weight: bold; margin-bottom: 10px;">SUPPORTING DOCUMENTS ATTACHED</div> <table style="width: 100%; border: none;"> <tr> <td style="width: 20%;">Resolution</td> <td style="width: 20%;">Ordinance</td> <td style="width: 20%;">Contract</td> <td style="width: 20%;">Minutes</td> <td style="width: 20%;">Map</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> Other (specify) <u>Memos, PowerPoint, Pictures</u> _____ _____ _____ _____ | | Resolution | Ordinance | Contract | Minutes | Map | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Vote Record: | Aye | Nay | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | Whitlock | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | Steiner | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | Norland | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | Freyberg | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | _____ | _____ | Dehen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resolution | Ordinance | Contract | Minutes | Map | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;"><input type="checkbox"/> Workshop</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regular Meeting</td> </tr> <tr> <td><input type="checkbox"/> Special Meeting</td> </tr> </table> | <input type="checkbox"/> Workshop | <input checked="" type="checkbox"/> Regular Meeting | <input type="checkbox"/> Special Meeting | <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;"><input type="checkbox"/></td> <td>Refer to: _____</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Table until: _____</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other: _____</td> </tr> </table> | | <input type="checkbox"/> | Refer to: _____ | <input type="checkbox"/> | Table until: _____ | <input type="checkbox"/> | Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Workshop | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> Regular Meeting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Special Meeting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Refer to: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Table until: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



Real People. Real Solutions.

1960 Premier Drive
Mankato, MN 56001-590C

Ph: (507) 625-4171
Fax: (507) 625-4177
Bolton-Menk.com

June 27, 2018

Mayor and Council Members
City of North Mankato
1001 Belgrade Avenue
North Mankato, MN 56003

RE: Spring Lake Park Swim Pond Renovation and Upgrade Project
Project No.: M22.115211

Dear Mayor and Council Members:

At the March 19, 2018 Council meeting, the Council awarded the project to Global Specialties Contractor for the bid amount of \$2,214,700. At the time of the award, the liner submitted as part of the construction package was determined to be of good enough quality to use for the swim pond base instead of covering it with approximately one foot of sand as required in the bid documents. Continued consideration of this issue was made because one of the primary questions received during early stages of the swim pond renovation project was whether or not the pool bottom would be transitioned to concrete like other swim facilities in southern Minnesota.

The city staff, Bolton & Menk, and pool consultant, USAquatics, evaluated this option and other modifications that are available for the Council to consider because of favorable responses to bids this spring and the already approved funds in the 2018 budget. The modifications and enhancements to be considered are as follows:

1. Exposed liner in the pond bottom in lieu of the sand bottom
2. Zero-depth entry to the pond in lieu of ADA-compliant access ramp
3. Addition of an open flume slide and a toddler slide with the current project in lieu of installing them at a future date

The following is an evaluation of advantages and disadvantages and the additional costs for the proposed modifications to the project.

1. Exposed Liner vs Sand Bottom

The sand bottom pond was retained in the design and specified in the contract documents to maintain Minnesota Department of Health (MDH) "Swim Pond" classification. This classification does not require the entire pond volume of water to be turned over in four hours or less as in a swimming pool. The current turnover rate of the swim pond is 18 hours and it will be improved to 12 hours with the upgrade already bid.

Discussion with MDH staff indicated that Spring Lake Park Swim Pond will be able to retain the "Swim Pond" classification with an exposed liner at the pond bottom with no sand.

The PVC liner proposed by the contractor has been used in many swimming pools in Minnesota, other states, and in Europe as exposed pool liner.

The major benefit in modifying the swim pond with an exposed liner with no sand bottom is the clarity of the water in the swim pond. With proposed upgrades to the swim pond, the bather load will be increased from 250 people to 500 people. Therefore, the safety of the bathers will be critical and less turbid water will improve the safety tremendously.

The additional cost to provide exposed liner is estimated to be \$163,000.

The only reason not to proceed with this modification at a potential safety risk is to satisfy some swim pond users who prefer a sand bottom swim pond for nostalgia.

2. Zero-Depth Pond Entry vs ADA-Compliant Ramp

As designed and bid, the contract documents provided a 52-foot ADA-compliant access ramp with a 20-foot by 10-foot loading pad for people to enter the pond. The proposed enhancement will provide a zero-depth entry area that is approximately 150 feet long at the SE corner of the swim pond.

This modification will require additional inlet jets and a stainless steel gutter. This modification will also add 12 bubbler jets.

The estimated additional cost for this modification is \$82,000.

This modification will eliminate the ADA-compliant ramp and provide a more pleasant entry way for all bathers.

3. Open Flume Slide and Toddler Slide

The design provided for an open flume slide and a toddler slide to be installed at a future date. The open flume slide and the toddler slide were removed after the first bidding process failed. The city finance director, Kevin McCann, has indicated the proposed bond will have necessary additional funds to install these slides with the present contract. The estimated cost for the slides are as follows:

| | |
|---------------------------------|-----------|
| Open Flume Slide Estimated Cost | \$180,000 |
| Toddler Slide Estimated Cost | \$ 95,000 |
| Total Cost for Slides | \$275,000 |

4. Change Order Request for the Swim Pond Project.

The total change order request for the proposed modifications are as follows:

| Item No. | Description | Estimated Costs |
|--------------|-------------------------------|------------------|
| 1 | Exposed Liner | \$163,000 |
| 2 | Zero Depth Entry | \$ 82,000 |
| 3 | Open Flume and Toddler Slides | \$275,000 |
| Total | | \$520,000 |

Mayor and Council Members
City of North Mankato
Page 3

Sincerely,

Bolton & Menk, Inc.

A handwritten signature in black ink, appearing to read 'H. Dharmarajah', written in a cursive style.

Herman Dharmarajah, Ph.D., P.E.
Senior Principal Engineer

cc: Dan Sarff – Bolton & Menk, Inc.
John Harrenstein, City Administrator



City of North Mankato, Minnesota

To: John Harrenstein, City Administrator
From: Kevin McCann, Finance Director
Date: June 27, 2018
Re: Spring Lake Swim Facility Improvements and Financing

Overview

The Spring Lake Park Swim Facility was constructed in 1969, serving the City of North Mankato and area residents for 50 summers. Over the last several years, staff has been discussing needed improvements to the facility and the related financing. This memo will serve as an overview of the facility needs and financing

Background

Beginning in 2015, staff identified the need to replace the filters in order to bring the water clarity up to safety standards and budgeted \$90,000 in the 2016 Capital Facility and Equipment Replacement Fund. The work was not completed in 2016. Another evaluation was done by the Public Works Director in the summer of 2016 which determined that not only were filters needed, but pumps as well for an estimated cost of \$350,000. Given the increased cost and other issues associated with the aging infrastructure of the swim pond, it was determined to complete a facility assessment to generate cost estimates for repairing vs. reconstructing the facility.

USAquatics completed their assessment of the facility on February 23, 2017 which was presented at the March 20, 2017 Council Meeting. This report indicated the flow of the pumps, circulation, filtration rate, drain size, and lack of a surge tank were all needed to be updated, or in the case of the surge tank, added to the facility. There were also issues identified with the liner, inlets, wall conditions, and pipes. The estimated costs for all these improvements totaled \$1.44 million. The proposed play features and amenities to make it a community attraction consisting of a climbing wall, spray bars in shallow area, water slides, a zip line, and pool heaters were estimated to \$617,000 for a grand total for the project of \$2.057 million. The council accepted this report and executed a contract with USAquatics to complete the final design and specifications for the project.

At the June 5, 2017 Council Meeting, the final plans and specifications were presented to the council and were approved, along with authorizing the bidding process for the swim facility project. As this was occurring, the City's Financial Advisor was preparing a timeline and process for financing the project. After reviewing the cost estimates, estimated cost increases due to inflation with added interest costs, it was determined an abatement amount of \$3.3 million would be sufficient to cover the project. On September 5, 2017, the Council held a public hearing on the abatement amount and a TEFRA hearing (related to the YMCA managing the facility).

On October 2, 2017 the sole bid for the project came in at \$2.7 million dollars. Staff recommended to the Council to reject the bid because it was approximately \$700,000 greater than the engineered estimates. Staff was then directed to redesign the facility improvements in an effort to bring the cost of the project closer to the estimate. In March of this year, the facility was rebid with a single bid again, but this time well within the engineer's estimate of \$2.2 million. The changes made in the redesign led to a savings of \$500,000 from the original bid.

The City Council has received a memo from Bolten and Menk recommending the consideration of changes to the bid accepted earlier this year including alternatives for the use of a liner instead of a sand bottom, installation of a zero depth entry instead of the ADA ramp, and installation of two pool slides removed after the original bid failed. These alternatives are estimated at \$520,000. While the base bid amount was \$2.2 million, after including engineering, design, construction management, permits, and contingency, the swim pond portion project is estimated to cost a total of \$2.7 million. With the proposed \$520,000 in alternatives,

the total cost of the project will be \$3.2 million. When the warming house facility is added to the debt issue, the total bond proceeds needed for the project are \$3.850 million.

Financing

Since the revised project costs exceeds the \$3.3 million abatement amount previously approved, the Council will need rescind this abatement and set the abatement amount for at least \$3.9 million as proposed in attachment A.

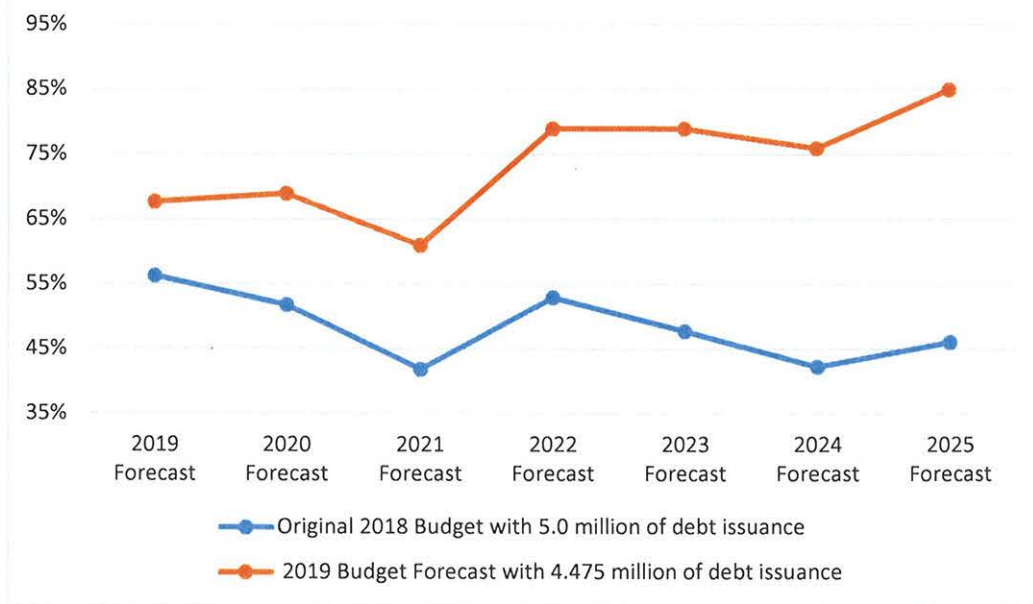
When developing the 2018 CIP, staff was uncertain of the final swim facility costs and used \$3.0 million for the project, along with \$1.575 in other capital projects as shown below:

| 2018 CIP - Bonding | | | | |
|--|---------------------|----------------------|---------------------|-------------------------------------|
| Project | Program Area | 2018 Proposed | 2018 Revised | Financing Notes |
| Swim Facility Project/Warming House Community Room | Recreation | 3,000,000 | 3,850,000 | As currently estimated |
| Jefferson Ave. Reconstruct | Infrastructure | 400,000 | 461,400 | As bid |
| North Port Expansion | Infrastructure | 425,000 | - | 50% grant funding, 50% cash on hand |
| Anchorage Dr. Extension | Infrastructure | 500,000 | - | Privately Financed |
| Marie Lane Extension | Infrastructure | 250,000 | - | Financed with Cash On-hand |
| TOTAL | | 4,575,000 | 4,311,400 | |

In terms of the CIP, staff estimated \$4.575 initially compared to the revised costs of \$4.3114, a savings of \$263,600. The CIP is only one aspect of financing a project and there is also the fact of how it will be paid for in terms of debt financing and repayment with debt service payments.

In developing the 2018 debt service fund, staff has determined that the City can now comfortably borrow \$2.0 million per year to meet infrastructure, deferred maintenance, and other community priorities, while maintaining a relatively flat debt service levy and paying off existing debt. With this identified and the fact that no debt was issued in 2017, staff determined that \$5.0 million could be financed in 2018, with \$3.0 million going toward the swim facility and \$2.0 million for miscellaneous infrastructure projects identified in the CIP. Under this initial scenario, the city would be adding \$5.0 million in debt to be repaid with the existing tax levy forecast. With the revised CIP presented above and adding the cost of issuance to the bonds, the total debt issue would be \$4.475 million, \$525,000 under the \$5.0 initial projection. Staff has now taken these revised estimates and included 2017 audited cash balances, which show an even healthier cash balance than initially estimated (see table one), and entered them in the 2019 debt service fund budget including the \$2.0 in annual debt issuance to project the cash forecasts in the future years as shown below:

TABLE ONE:Debt Service Fund Cash as % of Expenditures

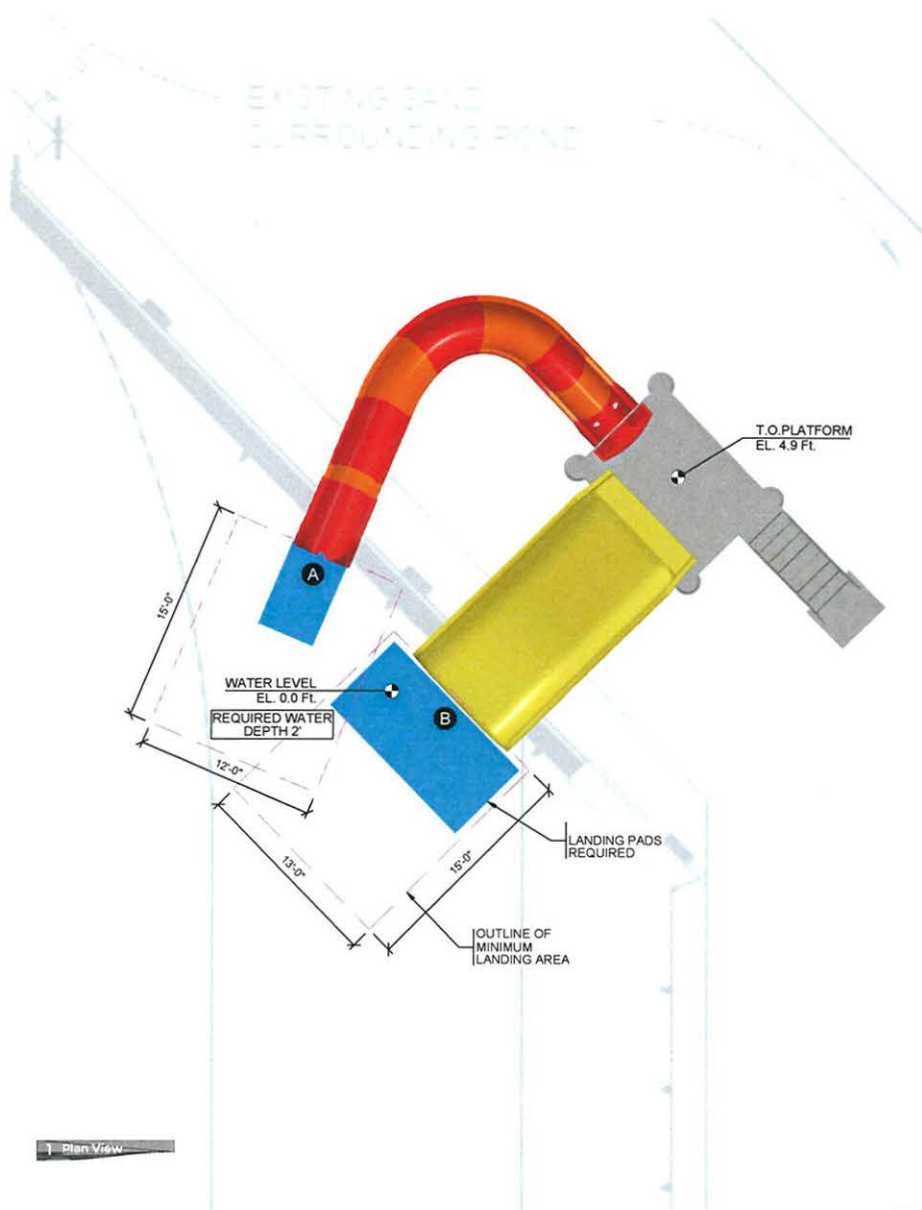


Recommendation

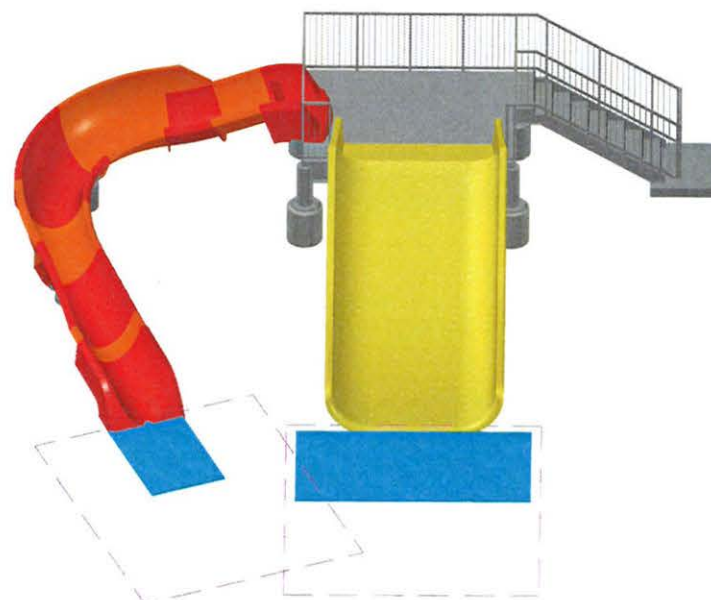
Based on the fact that many updates are the needed to the swim facility, the facility is a summer staple for North Mankato, and the time to make improvements with new amenities to a facility is when it is already under construction, and the fact that the financing is well within the City's ability to repay the debt, my conclusion is funding the \$520,000 in changes to the original amount approved by the City Council will not negatively impact the city's financial position. Given the long term nature of the improvements, I recommend proceeding with the additional costs to the project.

ATTACHMENT A

| <i>Date</i> | <i>Action</i> | <i>Responsible Party</i> |
|--------------------|--|--|
| July 16 | City Council rescinds Resolution No. 60-17 approving property tax abatements City Council calls for public hearing for property tax abatement and TEFRA | City Council Action |
| July 23 | Deadline for publication of notice of property tax abatement public hearing (must publish at least 14-days prior to hearing date) | City |
| July 30 | Tax Abatement Resolution sent to City for Council Packets Set Sale Resolution for 2018A Bonds Sent to City for Council Packets Finance Plan for 2018A Bonds Sent to the City | Northland, Bond Counsel |
| August 6 | Tax abatement and TEFRA public hearing City Council approves Tax Abatement Resolution City Council approves Set Sale Resolution for 2018A Bonds | City Council Action, Northland, Bond Counsel |
| October 24 | Preliminary Official Statement Sent to City for Sign Off and to Rating Agency (S&P) | Northland, City |
| Week of November 5 | Rating Conference Call | Northland, City, Rating Agency |
| November 21 | Rating Received | Rating Agency, City, Northland |
| December 3 | Bond Sale – 10:30 a.m. Authorizing Resolution Adopted – 7:00 p.m. | City Council Action, Northland, Bond Counsel |
| December 20 | Closing on the Bonds (Proceeds available) | Northland, City Staff, Bond Counsel |



| | | LENGTH (ft) | HEIGHT (ft) VEHICLE | |
|---|-----------------|-------------|---------------------|------|
| A | Mini Body Slide | 33.3 | 4.9 | Kids |
| B | Ramp Slide | 19.0 | 4.9 | Kids |



SCALE 1/8"=1'-0"

0 5 10 FEET



40987 SK-2

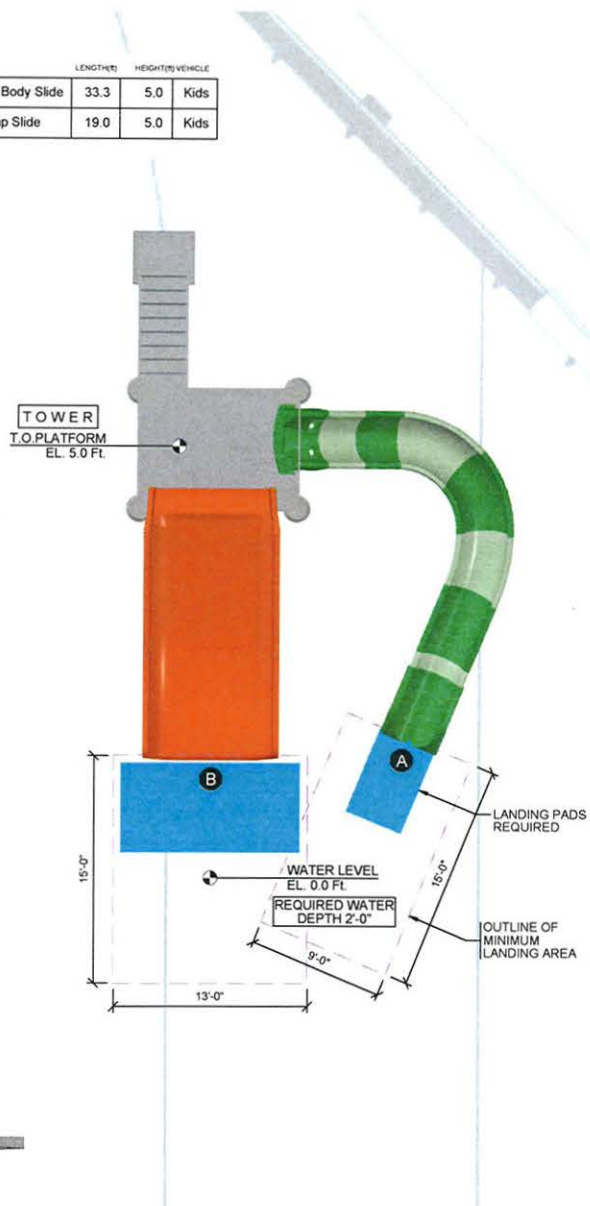
MODEL: 40987A2
 DATE: May 16, 2018
 DESIGNER: G.S.
 DRAFTER: L.Z.
 SCALE: 1/8"=1'-0"
 PAGE: PAGE 1 OF 1

WHITEWATER

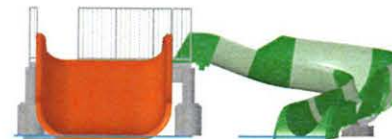
Spring Lake Park - North Mankato, Minnesota, United States

This document is copyright and the proprietary information herein are the sole property of Whitewater West Industries Ltd. and may not be reproduced or distributed without prior consent of Whitewater West Industries Ltd. The proposal layout shown is a concept only and may be subject to change.

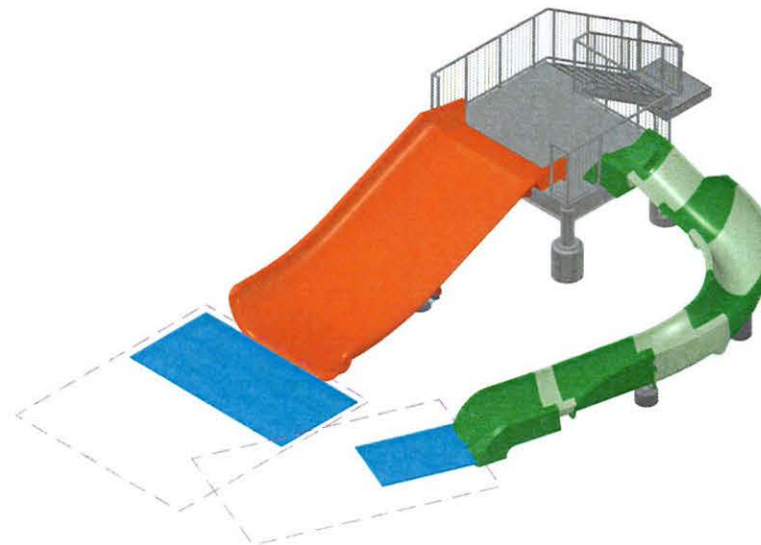
| | | LENGTH (FT) | HEIGHT (FT) | VEHICLE |
|---|-----------------|-------------|-------------|---------|
| A | Mini Body Slide | 33.3 | 5.0 | Kids |
| B | Ramp Slide | 19.0 | 5.0 | Kids |



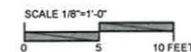
1 Plan View



2 Elevation View



3 Isometric View



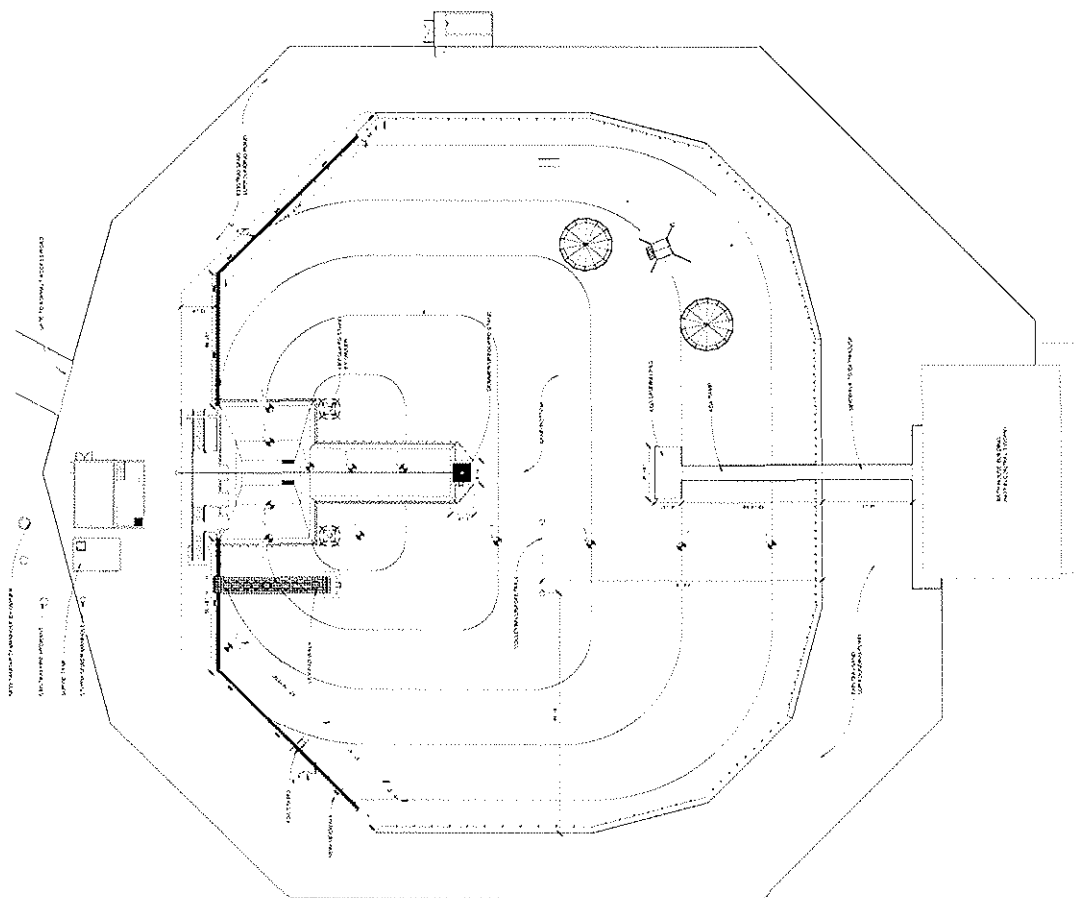
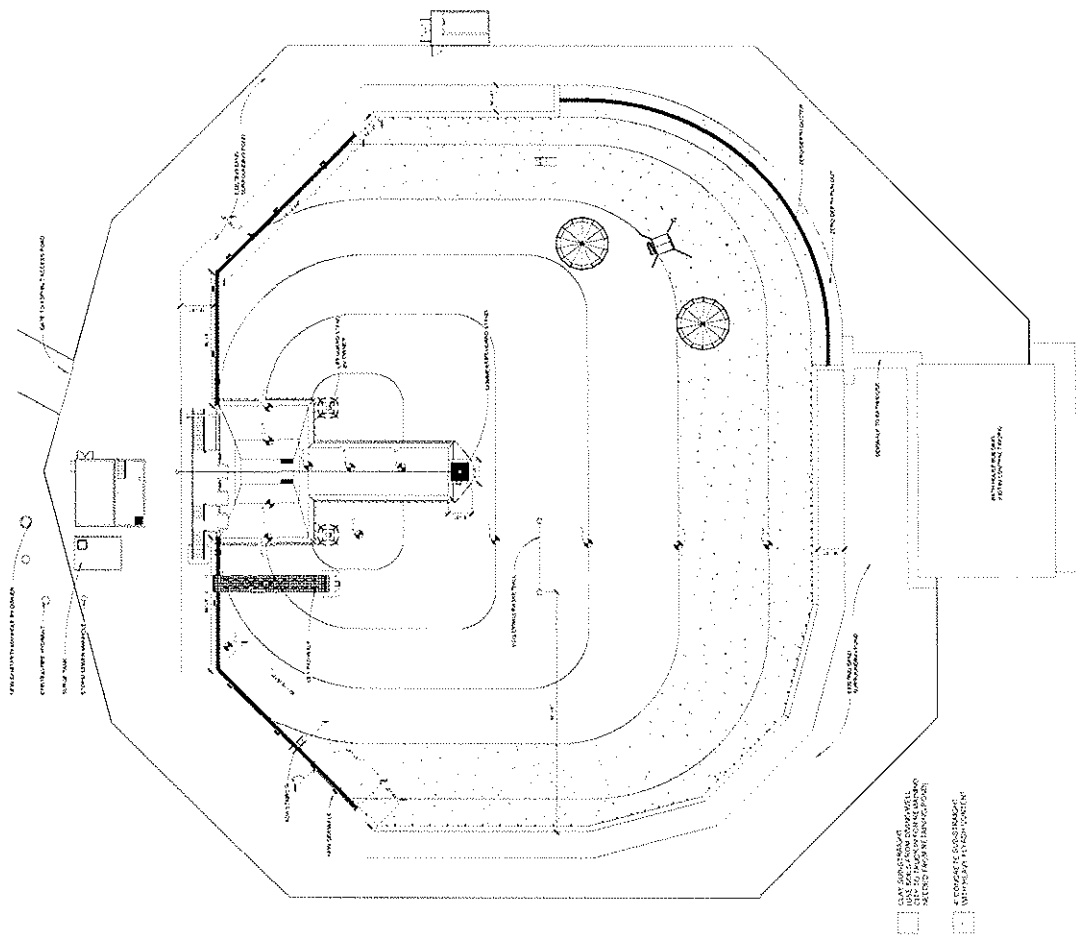
40987 SK-1

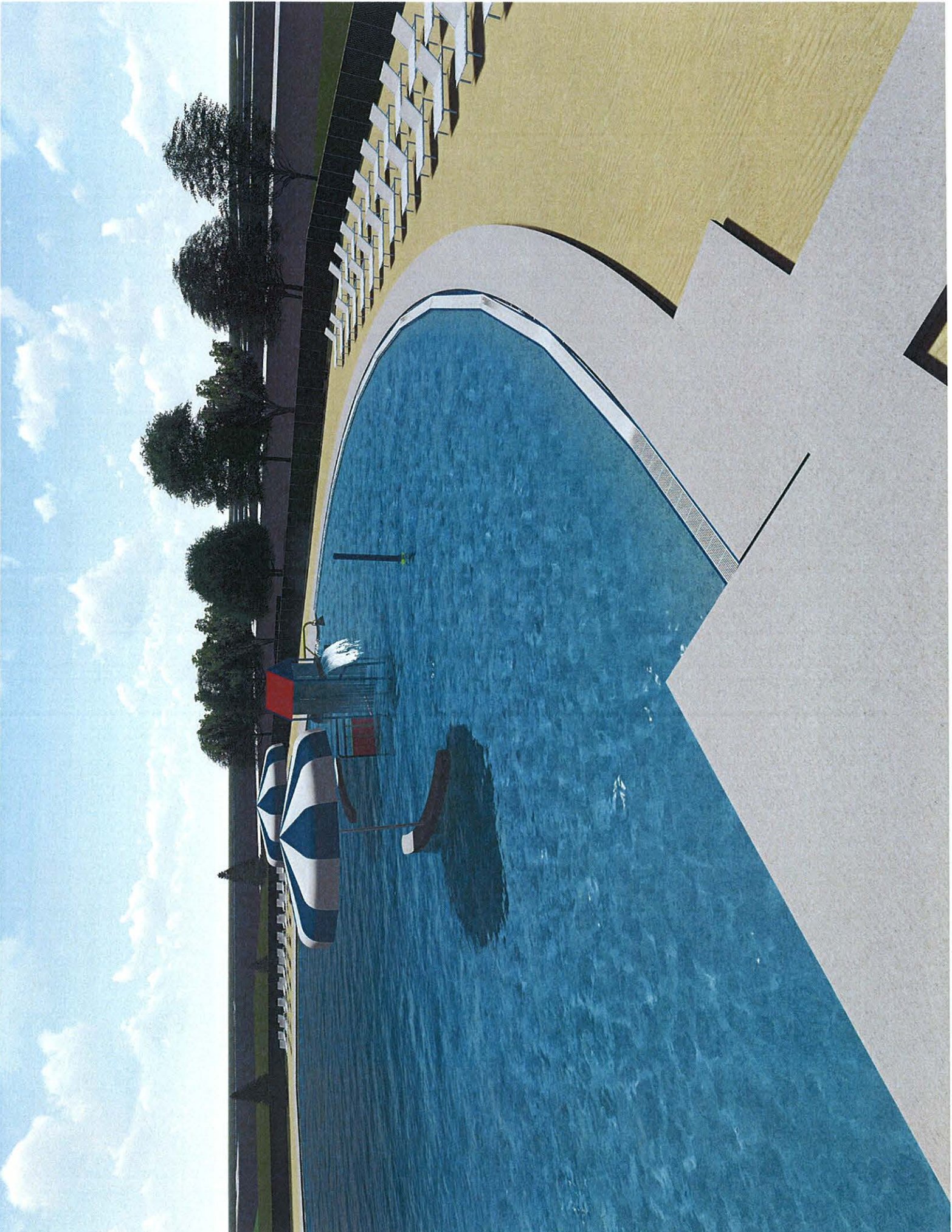
MODEL: 40987A1
DATE: May 07, 2018
DESIGNER: G.S.
DRAFTER: L.Z.
SCALE: 1/8"=1'-0"
PAGE: PAGE 1 OF 1



Spring Lake Park - North Mankato, Minnesota, United States

This document is copyright and the proprietary information herein are the sole property of Whitewater West Industries Ltd. and may not be reproduced or distributed without prior consent of Whitewater West Industries Ltd. The proposal layout shown is a concept only and may be subject to change.











MEMORANDUM

TO: Honorable Mayor and City Council
John Harrenstein, City Administrator
FROM: Mike Fischer, Community Development Director
DATE: June 22, 2018
SUBJECT: Rental Density Advisory Committee Report

At a City Council Workshop on June 18, 2018, staff presented the final Rental Density Committee report. As a result, the Council requested that staff obtain additional data regarding rental strikes, number of licenses issued and number of inspections performed since September of 2016. Attached is a summary of that data. Also attached are the minutes of the six (6) committee meetings which occurred from November of 2016 to April of 2018.

Regarding any potential rent increases as a result of the 10% rental density cap, as recorded in the April 2018 minutes, staff contacted both Lloyd Management and Atwood Management to discuss this issue. These two companies manage hundreds of rental units in the City. According to both companies, there were no rent increases implemented as a result of the rental density cap. Additionally, staff contacted the South Central MN Multi-County HRA regarding this issue which reported no known rent increases as a result of the rental density cap. Furthermore, as there were two (2) landlords on the Rental Density Committee, both acknowledged they did not increase rents as a result of the rental density cap.

Currently, the City licenses 1,620 rental units and continues to issue rental licenses in all parts of the community.

In summary, the Rental Density Committee did an outstanding job reviewing in the revisions to the Rental Code and their recommendations were based on ensuring rental density limits achieve the best living environment for both homeowners and renters.

6/21/2018

**Data collected since Amending the North Mankato Rental Licensing Code on
September 6, 2016**

New Rental Licenses issued:

R-1: 10 licenses

OR-1: 8 licenses

R-3: 4 licenses

R-4: 2 licenses

Total: **24 licenses**

Rental Strikes issued:

Valley: 9 strikes

Hilltop: 5 strikes

Total: **14 strikes**

Number of Inspections

Includes inspections for new licenses, license transfers, strikes, complaints, and periodic inspections of existing rentals which began in January 2018.

Total: **196 inspections**

RENTAL DENSITY ADVISORY GROUP MINUTES November 17, 2016

The first meeting of the North Mankato Rental Density Advisory Group was held on November 17, 2016 at 6:00 p.m. in the Police Annex. The following were present: Christine Good, Jim Mongeau, Mary Lynn Riesch, John Baker, Adam Huiras, Jack Kolars, City Administrator Harrenstein, City Planner Fischer, Police Chief Boyer, Building Official Knudson and Deputy Clerk Anderson.

Administrator Harrenstein gave an overview of the North Mankato Comprehensive Land Use Plan adopted earlier this year which includes policy to recommend limiting owner occupied homes from being converted into rental in certain zoning districts. As a result of the Plan, a Rental Density Study was conducted which showed high rental unit concentration in certain areas of the City. Feedback at the rental density public meetings revealed concerns from residents regarding the condition of existing rentals and increased number of rental dwellings. As a result, the City Council formed the Rental Density Advisory Group to advise the Council regarding the goals and objectives of the Comprehensive Land Use Plan and the Rental Density Study as they relate to maintaining residential properties to a high standard, ensuring rental density limits achieve the best living environment for homeowners and renters and to propose changes to the enforcement standards for rental properties.

Administrator Harrenstein reviewed the seven newly adopted amendments to the Rental Code which include: conduct on licensed premises and how strikes can be issued, rental strike policy including fines, required parking space for new licenses, inspection requirements for properties receiving a rental strike, 10% rental density cap for properties located in the R-A, R-1, R-1S and R-2 zoning districts, temporary rental licenses, and required tenant occupancy for new license applications.

Group members were asked to share their thoughts regarding goals and opportunities to create from the committee. The following topics were presented and discussed: building safety for tenants and dealing with difficult landlords, communication/education for tenants and landlords, neighborhood safety in high density rental areas, exterior appearance of rental properties, future rental trends, parking issues, stronger enforcement language in the city code and ensuring property inspections are conducted.

It was discussed that the group will need time to collect more data to establish specific recommendations to present to the City Council. The proposed date to have a draft of recommendations for the Council is August 2017. It was agreed the next meeting will be held on Monday, January 23, 2017 at 6:00 p.m. in the Police Annex.

The meeting adjourned at 7:30 p.m.

RENTAL DENSITY ADVISORY GROUP MINUTES January 23, 2017

The second meeting of the North Mankato Rental Density Advisory Group was held on January 23, 2017 at 6:00 p.m. in the Police Annex. The following were present: Jim Mongeau, Mary Lynn Riesch, John Baker, Adam Huiras, City Administrator John Harrenstein, Community Development Director Mike Fischer, Police Chief Chris Boyer, Deputy Clerk Heather Anderson and Building Official Dave Knudson.

Staff presented the minutes for the November 17, 2016 Rental Density Advisory Group meeting.

Deputy Clerk Anderson provided an update on the rental licensing program since amendments were made to the rental licensing code in September of 2016. The update included the number of calls received related to rental licensing, the number of licenses issued, number of rental strikes issued and number of inspections performed.

Police Chief Boyer provided information regarding the implementation of a landlord alert program where staff will contact a landlord whenever there is a police call to a rental dwelling, except in cases of domestic abuse. Chief Boyer indicated this is a similar effort that the City of St. Paul implemented.

Adam Huiras provided a report on the current National and local demand for rental housing. He indicated that all generations are renting, the local rental vacancy rates are low and that area rents are slightly higher than other comparable cities. Adam also summarized the contents of lease agreements he uses as well as conducting background checks on perspective tenants.

Staff summarized the purpose of the group including reporting to the City Council after a comprehensive review of the amendments previously made to the Rental Licensing Code. Based on the review and discussions held so far, staff presented preliminary written recommendations to be presented to the City Council including: off street parking, building inspections, safety of rental structures, landlord education and rental density. After review of the feedback, the group was in support of the proposed recommendations as presented.

Staff reported that tenants can use an online tenant complaint form to report any issues they are having with the condition of their rental dwelling. Jim Mongeau shared information with the group about fire safety issues within dwellings.

The group set the next meeting for March 27, 2017 at 6:00 p.m. in the Police Annex.

The meeting was adjourned at 7:00 p.m.

RENTAL DENSITY ADVISORY GROUP MINUTES March 27, 2017

The third meeting of the North Mankato Rental Density Advisory Group was held on March 27, 2017 at 6:00 p.m. in the Police Annex. The following were present: Christine Good, Jim Mongeau, Mary Lynn Riesch, John Baker, Adam Huiras, Jack Kolars, City Administrator Harrenstein, City Planner Fischer, Police Chief Boyer, Building Official Knudson and Deputy Clerk Anderson.

Staff presented the minutes for the January 23, 2017 Rental Advisory Group meeting.

Deputy Clerk Anderson provided an update on the rental licensing program since the group's previous meeting on January 23, 2017. The update included the number of calls received related to rental licensing, the number of licenses issued, number of rental strikes issued and number of inspections performed.

Building Official Knudson reviewed the process of conducting rental inspections on properties including items that are inspected and the challenges of working with rental property owners who do not meet correction deadlines. Discussion was held on ways to enforce inspection deadlines which included issuing rental strikes which the group felt would be an effective method of enforcement. How often rental properties are routinely being inspected was discussed including staffing demands. All were in agreement of implementing regular inspections to ensure the safety and welfare of tenants.

Community Development Director Fischer reviewed the current rental license fees which are a \$25.00 one-time application fee and \$30.00 per unit for the annual license. Discussion was held regarding raising rental fees to provide routine inspections of rental properties. It was noted that the City of Mankato is at \$45.00 per rental unit and their rental properties are inspected every 3 years. John Baker indicated he felt the annual license fee should not exceed \$45.00 per unit.

It was agreed the next meeting will be held on Monday, June 12, 2017 at 6:00 p.m. in the Police Annex.

The meeting adjourned at 7:30 p.m.

RENTAL DENSITY ADVISORY GROUP MINUTES June 26, 2017

The fourth meeting of the North Mankato Rental Density Advisory Group was held on June 26, 2017 at 6:00 p.m. in the Police Annex. The following members were present: Jack Kolars, John Baker, Mary Lynn Riesch, Adam Huiras, Christine Good and Jim Mongeau. Staff members present, Community Development Director Mike Fischer, Building Official Dave Knudson, Deputy Clerk Heather Anderson and Police Chief Chris Boyer. Matt Lassonde from Bolton & Menk was present.

Staff presented the minutes from the March 27, 2017 Rental Advisory Group meeting.

Deputy Clerk Anderson provided an update on the rental licensing program since the group's previous meeting on March 27, 2017. The update included the number of calls received related to rental licensing, the number of licenses issued, number of rental strikes issued and number of rental inspection performed.

Matt Lassonde from Bolton & Menk summarized a police call assessment within the zoning districts subject to rental density restrictions. The information provided was in response to the following questions:

1. How many rental licenses were there in the affected zoning districts as identified in the Rental Density Study for each of the five years from 2010 to 2014.
2. How many rental properties received or made police calls from 2010 to 2016. What is the context of police calls and distribution between owner occupied and rental occupied properties.
3. Statistical distribution of calls; property Z scores and nature of calls from the properties exhibiting the highest occurrence of calls.

Based on the analysis of the data, it was concluded that it is more likely that a police call will occur at a rental-occupied property than an owner-occupied property. The group held considerable discussion related to the police call assessment data. The group believes that the current rental strike policy has been a success.

Staff presented information submitted by Tom Hagen related to the rental density regulations. Mr. Hagen spoke to the group indicating the rental density regulations have resulted in unintended consequences including the decrease in the availability of affordable rental housing. Mr. Hagen also recommended the creation of a rental board to address nuisance complaints.

The group had considerable discussion regarding existing staffing dedicated to rental inspections and administration and would like to obtain information about current revenue generated through annual licensing fees as well as revenue projections based on increase fees.

The next meeting was scheduled for August 14, 2017 at 6:00 p.m. in the Police Annex

The meeting was adjourned at 7:15 p.m.

RENTAL DENSITY ADVISORY GROUP MINUTES August 14, 2017

The fifth meeting of the North Mankato Rental Density Advisory Group was held on August 14, 2017 at 6:00 p.m. in the Police Annex. The following members were present: Jack Kolars, John Baker, Mary Lynn Riesch, Adam Huiras, Christine Good and Jim Mongeau. Staff members present: Community Development Director Mike Fischer, Deputy City Clerk Heather Anderson and Building Official Dave Knudson.

Staff presented the minutes from the June 26, 2017 Rental Density Advisory Group meeting.

Deputy Clerk Anderson provided an update on the rental licensing program since the group's previous meeting on June 26, 2017. The update included the number of calls received related to rental licensing, the number of licenses issued, number of rental strikes issued and number of rental inspections performed. The update generated a conversation regarding the type of inspections required after a rental strike is issued.

At the request of the committee, staff presented information regarding revenue generated through the rental licensing program including potential revenue based on increased fees. Staff indicated they have had preliminary discussions with the North Mankato Fire Department about the potential to conduct rental inspections. The Committee was supportive of this effort and encouraged staff to continue discussions with the Fire Department including training, compensation and insurance.

Staff presented interim comments/recommendation to the City Council from the committee based on the previous Rental Density Advisory Committee meetings. The report included background on the amendments made to the rental ordinance, Comprehensive Plan policy, purpose of the Rental Density Advisory Committee and topics covered since the first committee meeting in November of 2016. The report affirms all of the Rental Code amendments made by the City Council in September 2016. Staff indicated the report will be forwarded to the City Council with further direction forthcoming for the committee.

The meeting was adjourned at 6:45 p.m.

RENTAL DENSITY ADVISORY GROUP MINUTES April 18, 2018

The final meeting of the North Mankato Rental Density Advisory Group was held on April 18, 2018 at 6:30 p.m. in the Police Annex. The following members were present: Chris Good, Jim Mongeau, Adam Huiras and John Baker. Staff members present: Community Development Director Mike Fischer and Deputy City Clerk Heather Anderson.

Staff presented the minutes from the August 14, 2017 Rental Density Advisory Group meeting.

Deputy Clerk Anderson provided an update on the rental licensing program since the group's previous meeting on August 14, 2017. The update included the number of calls received related to rental licensing, the number of licenses issued, number of rental strikes issued and number of rental inspections performed. Community Development Director stated that the City has on record 633 rental licenses which cover 1,620 rental units and there are 226 rental licenses currently available with the City.

Staff indicated that five North Mankato fire fighters have been trained by City Building Inspectors and have begun performing rental inspections. The goal is to inspect each rental unit every 3 to 4 years.

Staff stated that the City Council recently amended the rental code whereby rental strikes can be issued to property owners for failure to comply with City Code building maintenance and appearance regulations as well as failure to address State Building Code or City Code issues after notification.

Staff presented the final Rental Density Advisory Group recommendations based on discussions from the previous Rental Density Advisory Committee meetings. The report included background on the amendments made to the rental ordinance, Comprehensive Plan policy, purpose of the Rental Density Advisory Committee, topics covered since the first committee meeting in November of 2016 and implementation efforts taken based on the group's recommendations. The report affirms all of the Rental Code amendments made by the City Council in September 2016. Staff indicated the report will be forwarded to the City Council.

Staff reported they contacted 2 local rental management companies and the South Central MN Multi-County HRA regarding rental rates since the implementation of the 10% rental density regulation. None of which attributed any rental rate increases to the rental density changes implemented by the City.

Staff thanked the Group for their participation in the process. The meeting was adjourned at 7:30 p.m.