AGENDA
CITY COUNCIL WORK SESSION
April 22, 2024 - 6:00 PM
Lakeville City Hall, Marion Conference Room

Members of the public can participate in person at the Lakeville City Hall, Marion Conference Room, 20195 Holyoke Avenue. Members of the public may join the meeting via Teams Meeting, **Meeting ID: 280 091 545 848 or by calling Toll Number 1-323-433-2142; Conference ID: 678 432 13#.** The mayor will allow for public comments and questions at the appropriate time.

The City Council is provided background information for agenda items in advance by staff and appointed commissions, committees, and boards. Decisions are based on this information, as well as City policy, practices, input from constituents, and a council member's personal judgment.

1. Call to order, moment of silence and flag pledge

2. Citizen Comments

3. Discussion Items

6:05 p.m.	a.	Fire Station Study	Michael Meyer
6:50 p.m.	b.	Franchise Fees	Courtney Miller, Julie Stahl
7:35 p.m.	c.	Local Preference in Contracting	Allyn Kuennen
7:55 p.m.	d.	2024A Debt Issuance	Julie Stahl
8:10 p.m.	e.	2023 4th Quarter Financial Report - General Fund	Julie Stahl

4. Items for Future Discussion

5. Committee/ City Administrator Updates

6. Adjourn

Date: 4/22/2024

Fire Station Study

Proposed Action
Staff is seeking direction regarding fire stations to serve our community.

Overview
At the October 2023 City Council work session, staff presented several options regarding the renovation of the existing or the construction of new fire stations to prepare the department for future staffing of stations. Staff has continued to work through the timing, funding and construction of these improvements. Attached are Options D3 and D4. The renovations of FS4 were completed in the Spring 2024 to provide sleeping quarters for 24-hour staffing and the six full-time firefighters hired in March. The temp renovation of FS1 is scheduled to be completed in the Fall of 2024 to provide sleeping quarters for 24-hour staffing and the next six full-time firefighters to be hired in early 2025.

Supporting Information
1. 4.22.24 Fire Station Recommendations
2. FD Options D3 and D4
3. Station Response Maps
4. FS2 Design
5. FS5 Design
6. LFD Study - Council Presentation 10-10-23

Financial Impact: $ **Budgeted:** No **Source:**
Envision Lakeville Community Values: Safety Throughout the Community
Report Completed by: Michael Meyer

City of Lakeville
Fire Department

Memorandum

To: Mayor and City Council Members
Justin Miller, City Administrator

From: Mike Meyer, Fire Chief

Copy: Todd Sellner, Assistant Fire Chief
Allyn Kuennen, Assistant City Administrator

Date: April 22, 2024

Subject: **Review Fire Station Options D3 and D4**

At the October 2023 City Council work session staff presented several options regarding the renovation of the existing or the construction of new fire stations to prepare the department for future staffing of stations. Staff has continued to work through the timing, funding and construction of these improvements. Attached are Options D3 and D4. The renovations of FS4 were completed in the Spring 2024 to provide sleeping quarters for 24-hour staffing and the six full-time fire fighters hired in March. The temp renovation of FS1 is scheduled to be completed in the Fall of 2024 to provide sleeping quarters for 24-hour staffing and the next six full-time fire fighters to be hired in early 2025.

Option D3 Proposes the Following:

- Purchase new land at the Dodd and Cedar Avenue area and construct a new “Station 5” (see attached design) that would serve the areas previously served by FS 2 and 4. This would provide the ability for FS 2 and 4 to be eliminated.
- At this point the city could pause the full renovation of FS 3 and 1, while staff determines the full effect of the new “Station 5” on the future needs of FS 3 and 1.
- If full renovations of FS 3 and 1 is needed, they could be completed in 2027 and 2028.
- The cost of Option D3 which includes renovation FS 1, 3 and 5 is estimated to be between $60.4 and $68.3 million.

Option D3 Pros:

- Flexible Space: not limited by land/footprint, providing room to account for future needs.
- Central location: positioned at Cedar and Dodd, offering easy access to north and southbound Cedar, and potentially east and westbound 179th Street.
- Long-Term Planning: designed to meet the long-term needs with ample space for ambulance/Allina and future growth.
- The potential of Allina moving their base from Apple Valley to Lakeville.
- Potential Revenue: sale of FS 2 land could offset some costs.

- Allows for the reduction of fire stations from three to four and associated equipment.

Option D3 Cons

- Land Purchase Required: acquisition of land is necessary.
- Higher Construction Costs: construction of a larger station may incur higher costs.
- Longer response times to eastern border of city limits.
- Would need to sell or find a reuse for Stations 2 and 4.

Option D4 Proposes the Following:

- Demo and reconstruct FS2 beginning in 2025 with completion in 2026 (see attached design).
- Fully renovate and expand FS3 in 2027. (If this option is considered, do we do both FS2 and FS3 as one construction project)
- Fully renovate and expand FS1 in 2028.
- With the full renovation of FS 1, 2 and 3 would allow the expansion of their service areas to eliminate the need for FS4 by 2029. (FS4 would be used as a temp location while FS 1, 2 and 3, are renovated).
- The cost of Option D4 is estimated to be between $51.6 and $59.6 million.

Option D4 Pros:

- Cost Effective: rebuilding on the current property limits costs.
- Community Proximity: station remains in a residential area, ensuring proximity to POC firefighters.
- Allows for the reduction of fire stations from three to four and associated equipment.
- Maintains desired response times to eastern border of city limits.
- Eliminates the need for temp renovation at FS3.
- Allows for the reduction of fire stations from three to four and associated equipment.

Option D4 Cons:

- Accessibility Challenges: current roundabout configuration limits access, particularly for west bound traffic.
- Operational Disruption: maintaining operational capacity during construction would be very challenging. Would need to consider housing equipment temporarily out of the CMF/FS4.
- Limited Future Growth: space constraints may limit the station's ability to meet the future community needs.
- Space Limitation: Limited space for ambulance/Allina.
- Cost Implications: remodeling Station 1 to accommodate administrative offices will increase costs.

Exhibits:

- Option D3
- Option D4
- Response maps (FS 1, 3, & 5 (D3) and FS 1, 2, & 3 (D4))
- FS2 Design
- FS5 Design
- October 2023 CC Work Session Presentation

Fire Department: Option D3

Year	Estimated Cost	Project	Description
2024	$189,000	**Temp Renovation of Station 4**	Complete in early 2024 and hire 6 FT staff by March 2024.
2024	$200,000	**Temp Renovation Station 1**	Complete in late 2024 and hire 6 FTstaff by March 2025.
2025	$26 million Plus $2 million for land acquisition	**Combine Stations 2 & 4**	Build new fire station at new location. Eliminate stations 2 and 4. Property acquisition/plans/specs/bid in 2024/2025. Begin construction in mid 2025. Hire 6 FT staff by March 2026.

Reapply for SAFER grant

Construction of the RPST Facility

Pause full renovation of Stations 3 and 1 to determine the effect of the new station (new FT staff may need to temporarily house out of Station 1 and 4 until construction completed)

Year	Estimated Cost	Project	Description
2027		**Station 2**	Sell or look for possible reuse of Station 2
2027	$16-18 Million	**Full Renovation of Station 3**	Build new fire station at existing location with land acquisition.
2028	$16-22 million	**Full Renovation of Station 1**	Plans/specs/bid in 2027 for completion by December 2028.
2029		**Station 4 Interim and Future Use**	Use Station 4 to house equipment and personnel during the renovation of each station. Then evaluate reuse or sale of Station 4 building/property when those projects are completed.

Summary:

6 year plan
Combine Stations 2 and 4 in 2025/2026
Percentage of calls per station - S1 = 33%, S2 = 32%, S3 = 27%, S4 = 7%
6 FT firefighters are hired each year over first three years
Temp remodel of Station 4 can effectively cover Station 3 until Station 3 is renovated

FD Cost: $60,389,000 - $68,389,000

RPSTF Cost: $20 - 24,000,000

Fire Department: Option D4

Year	Estimated Cost	Project	Description
2024	$189,000	**Temp Renovation of Station 4**	Complete in early 2024 and hire 6 FT staff by March 2024.
2024	$200,000	**Temp Renovation Station 1**	Complete in late 2024 and hire 6 FTstaff by March 2025.
2025/2026	$19.2 million	**Reconstruct Station 2**	Demo and rebuild new fire station at FS2 location. Plans/specs/bid in 2024/2025. Begin construction in mid 2025. Hire 6 FT staff by March 2026.
2027	$16-22 Million	**Full Renovation of Station 1**	Build new fire station at existing location with land acquisition.
2028	$16-18 million	**Full Renovation of Station 3**	Plans/specs/bid in 2027 for completion by December 2028.
2029		**Station 4 Interim and Future Use**	Use Station 4 to house equipment and personnel during the renovation of each station. Then evaluate reuse or sale of Station 4 building/property when those projects are completed.

Reapply for SAFER grant

Construction of the RPST Facility

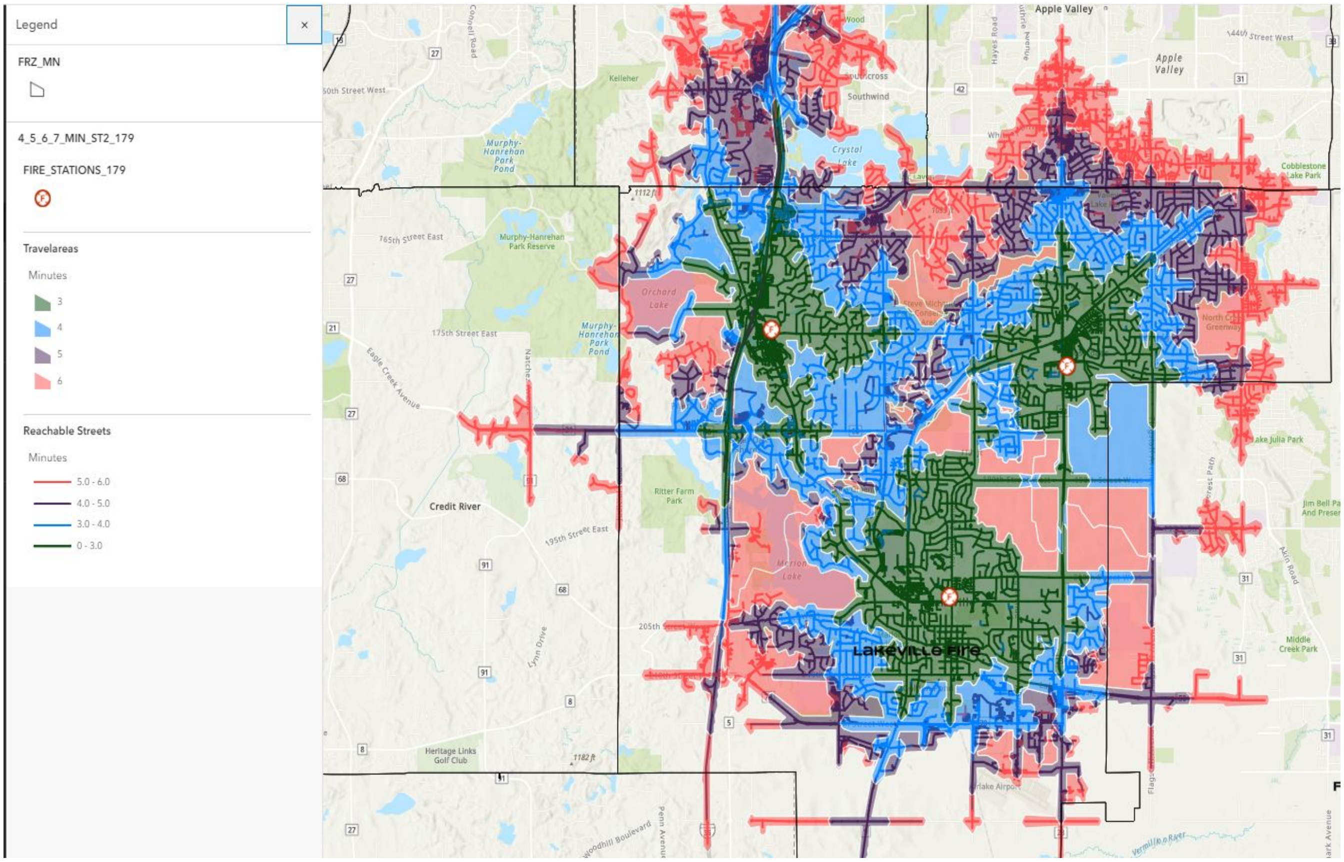
Summary: 6 year plan
6 FT firefighters are hired each year over first three years

FD Cost: $51,589,000 - $59,589,000

RPSTF Cost: $20 - 24,000,000

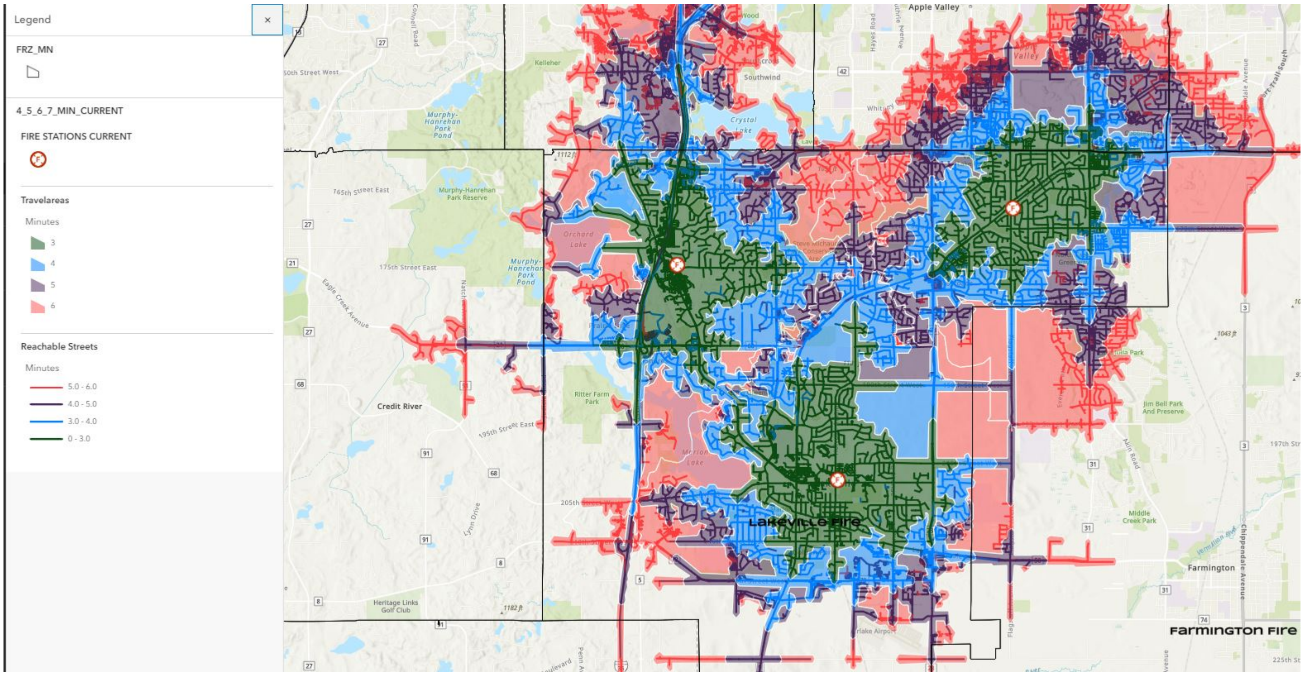
Response Maps

Station 5 (Cedar & 179th)



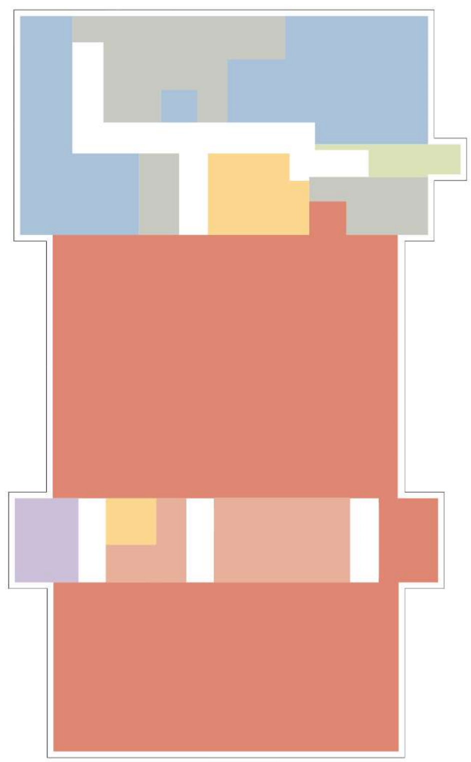
Response Maps

Station 2 (Dodd & Flagstaff)

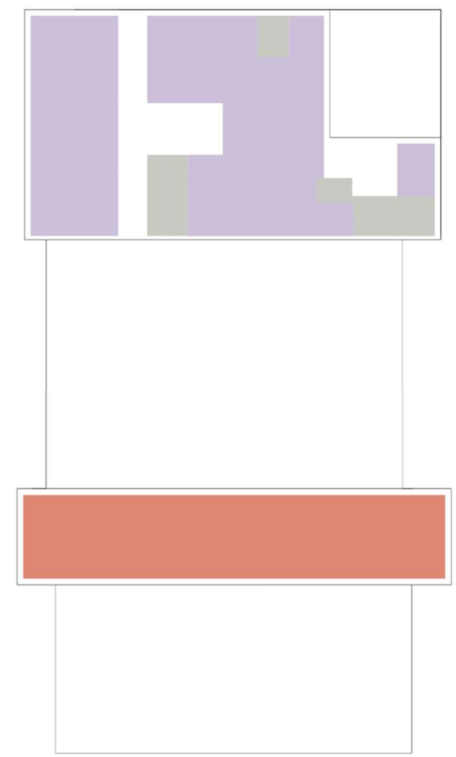


Station 2

- Apparatus/Training
- Decontamination
- Support
- Public
- Station Offices
- Administration
- Residence
- Common
- Circulation



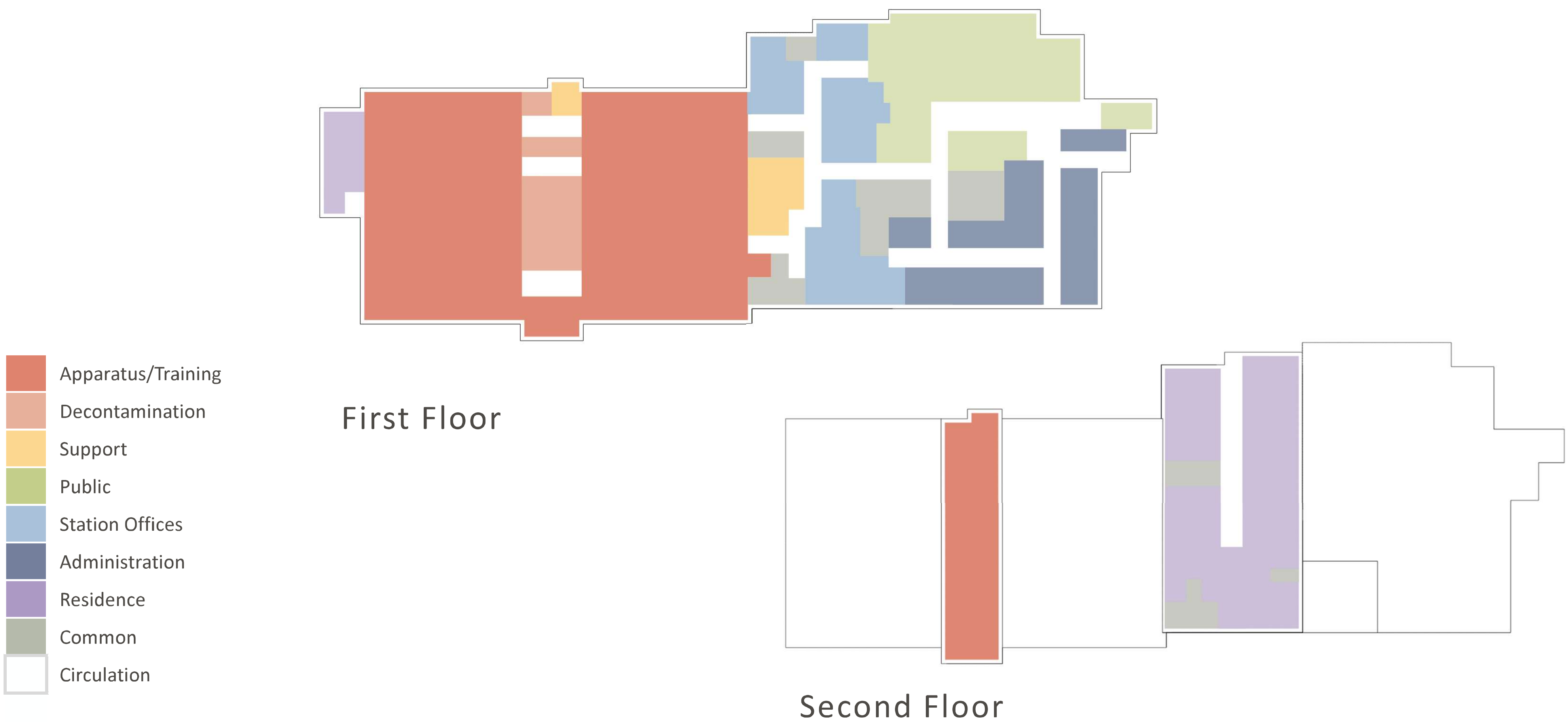
First Floor



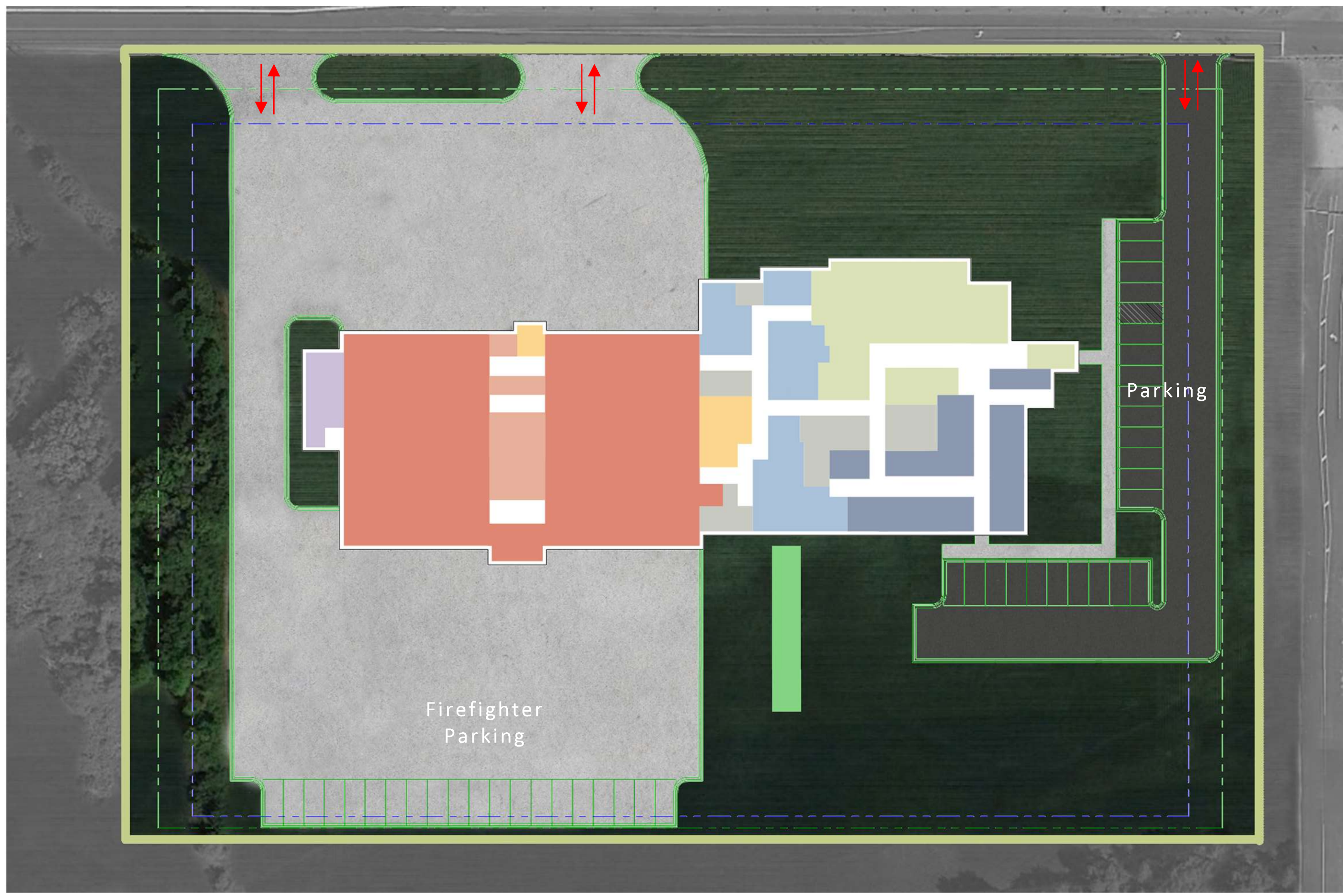
Second Floor

Station 2

Combined Station



Combined Station



October 23, 2023

Lakeville Fire Department Facility Study

Quinn Hutson, AIA – Principal
Brooke Jacobson, AIA – Principal

Who We Are

- Full service, mid-sized firm
- 50+ years of experience
- Leaders in public safety design
- Strong design; quality work throughout
- Engaged representation




Information Gathering

- Staff interviews
- Site & Building review
- City ordinance
- Fire station design standards

CNH ARCHITECTS

Station 1 - Holyoke

Built	1985
Remodeled	1995, 2012
Age	38 years
Total Area	11,760 SF
Apparatus	4 apparatus bays (2 back-in)

Station 2 - Dodd

Built	1976
Remodeled	1985, 1991, 2003
Age	47 years
Total Area	5,760 SF
Apparatus	4 apparatus bays (3 back-in)

Station 3 - Kenrick

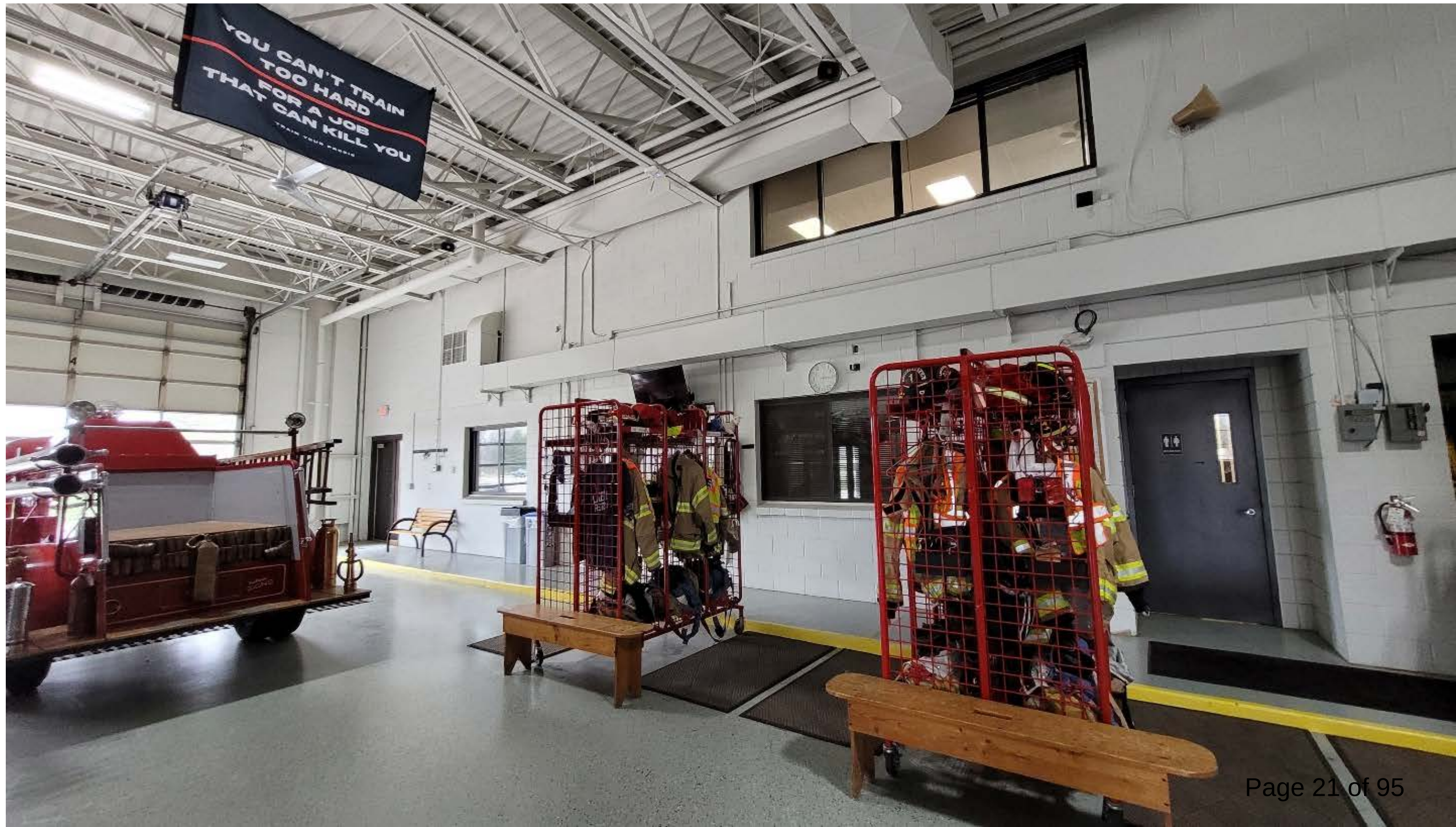
Built	1988
Remodeled	N/A
Age	35 years
Total Area	5,341 SF
Apparatus	2 apparatus bays (1 back-in)

Station 4

Built	2002
Remodeled	2012
Age	21 years
Total Area	12,632 SF
Apparatus	3 apparatus bays (1 back-in)

CNH ARCHITECTS

Stations 1 - 4 Existing Conditions



Firefighter Health

Does Not Meet Need For:

- Carcinogen separation
- Vehicle exhaust extraction

Firefighter Health

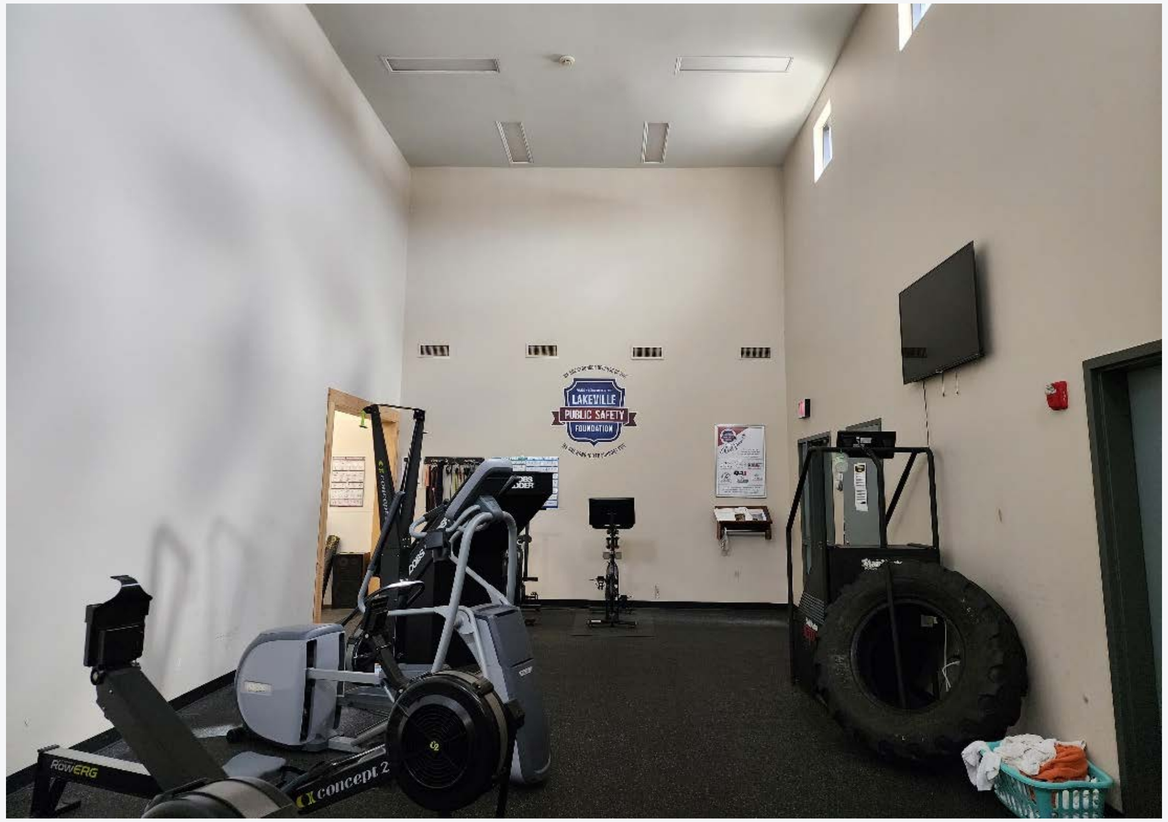
Does Not Meet Need For:

- Adequate decontamination
- Separate turnout gear space

Firefighter Health

Does Not Meet Need For:

- Mental health support
- Indoor / outdoor fitness space



Firefighter Health

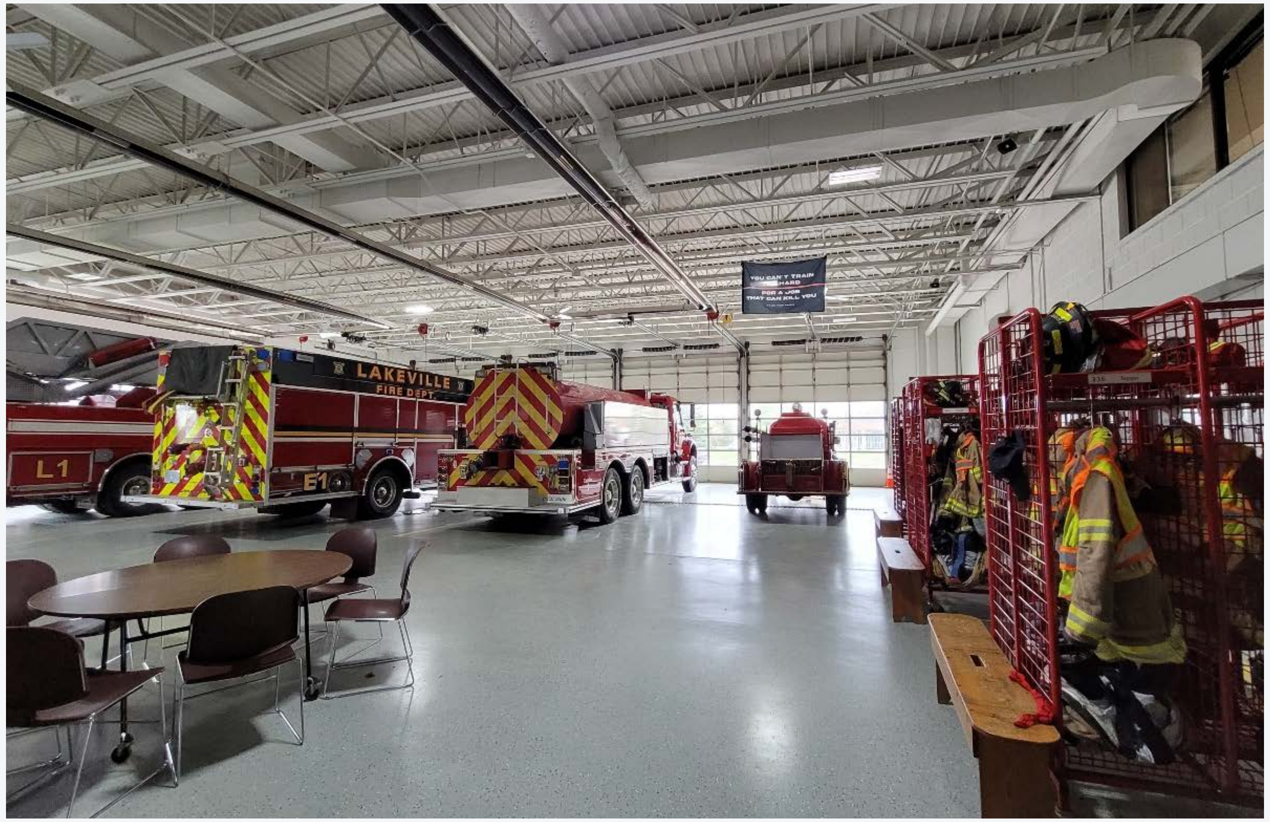
Does Not Meet Need For:

- Lack of dorms
- Controlled lighting transitions

Safety

Does Not Meet Need For:

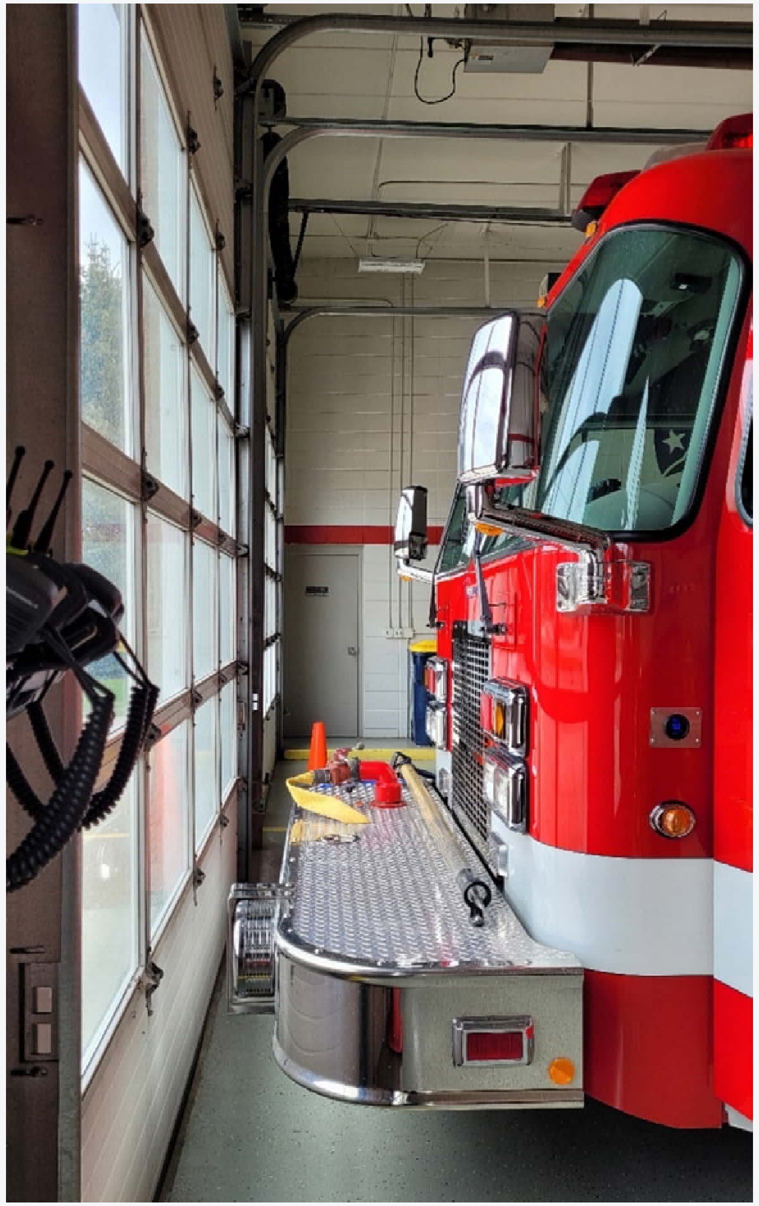
- Drive-through bays
- Separation of apparatus & public traffic



Safety

Does Not Meet Need For:

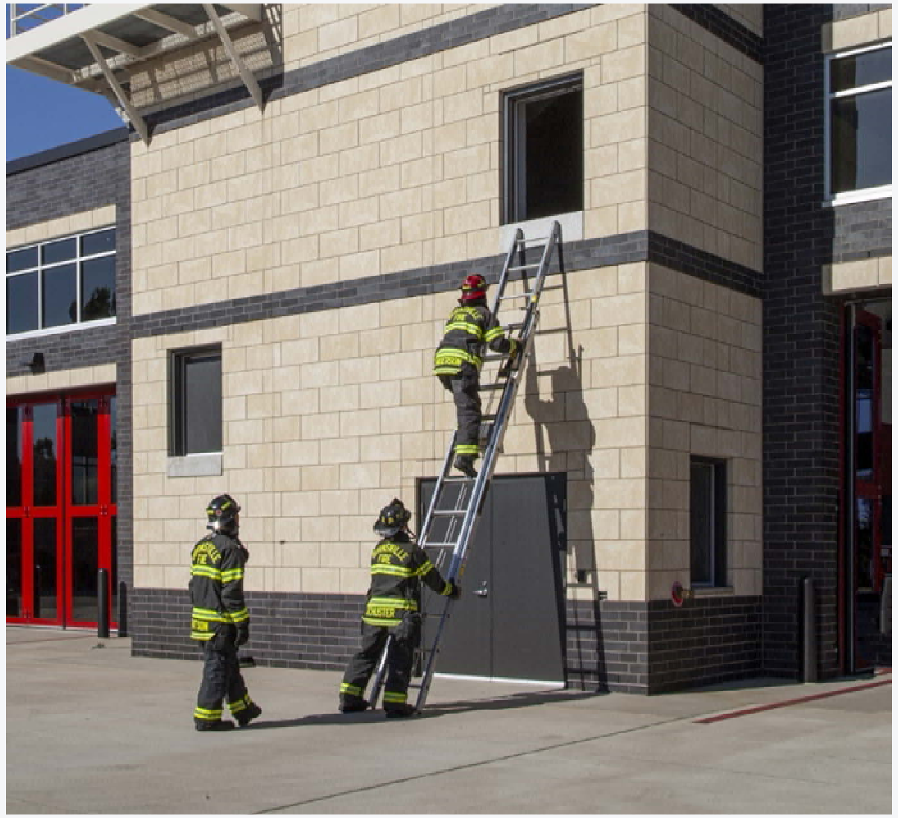
- Station design Best Practices
- Current building codes
- Sufficient clearance around apparatus

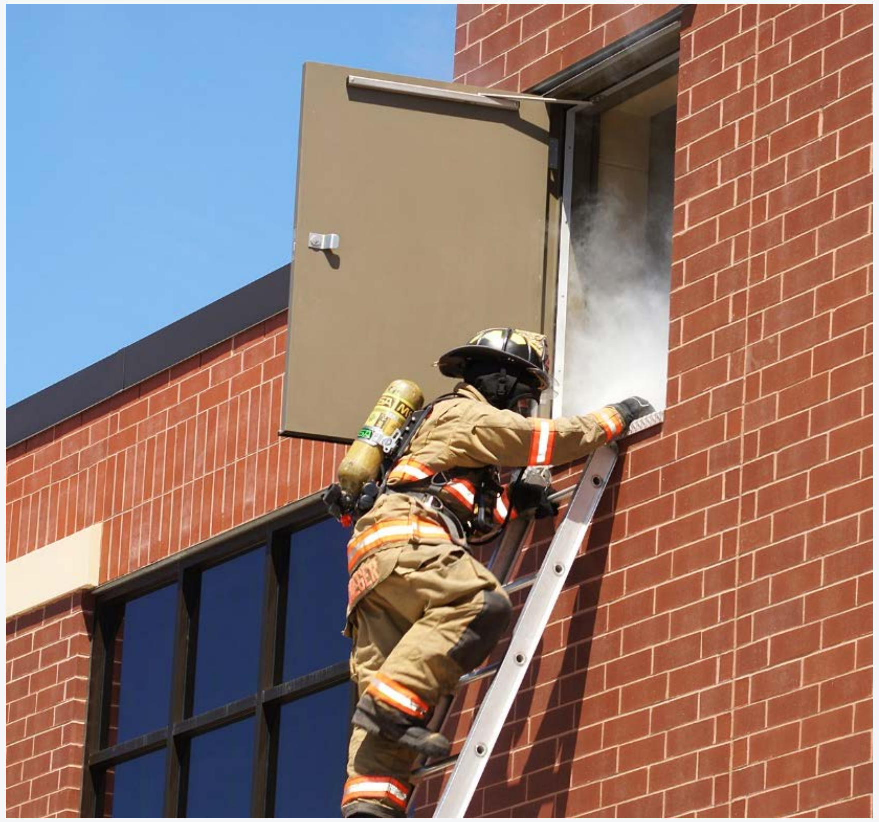


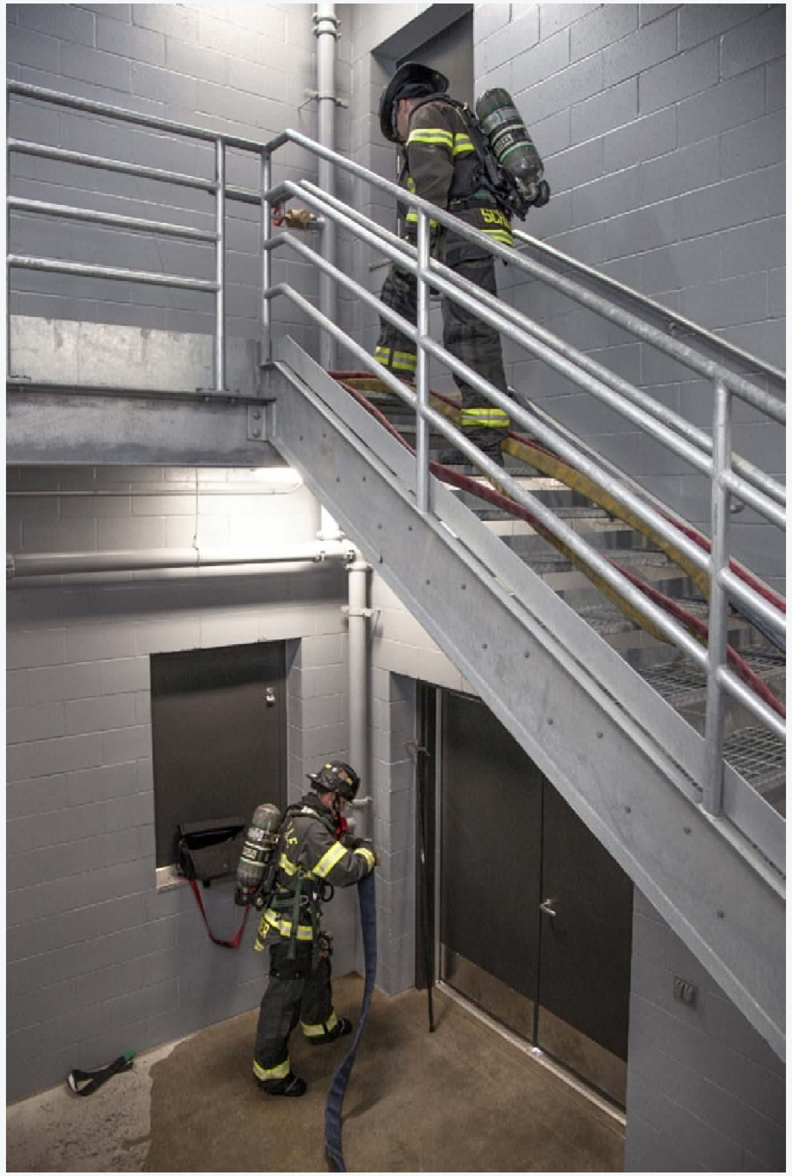
Training

Does Not Meet Need For:

- Ground ladder training/evolutions
- Hose advancement/stair evolutions







Training

Does Not Meet Need For:

- Confined space rescue
- Search + rescue maze

Training

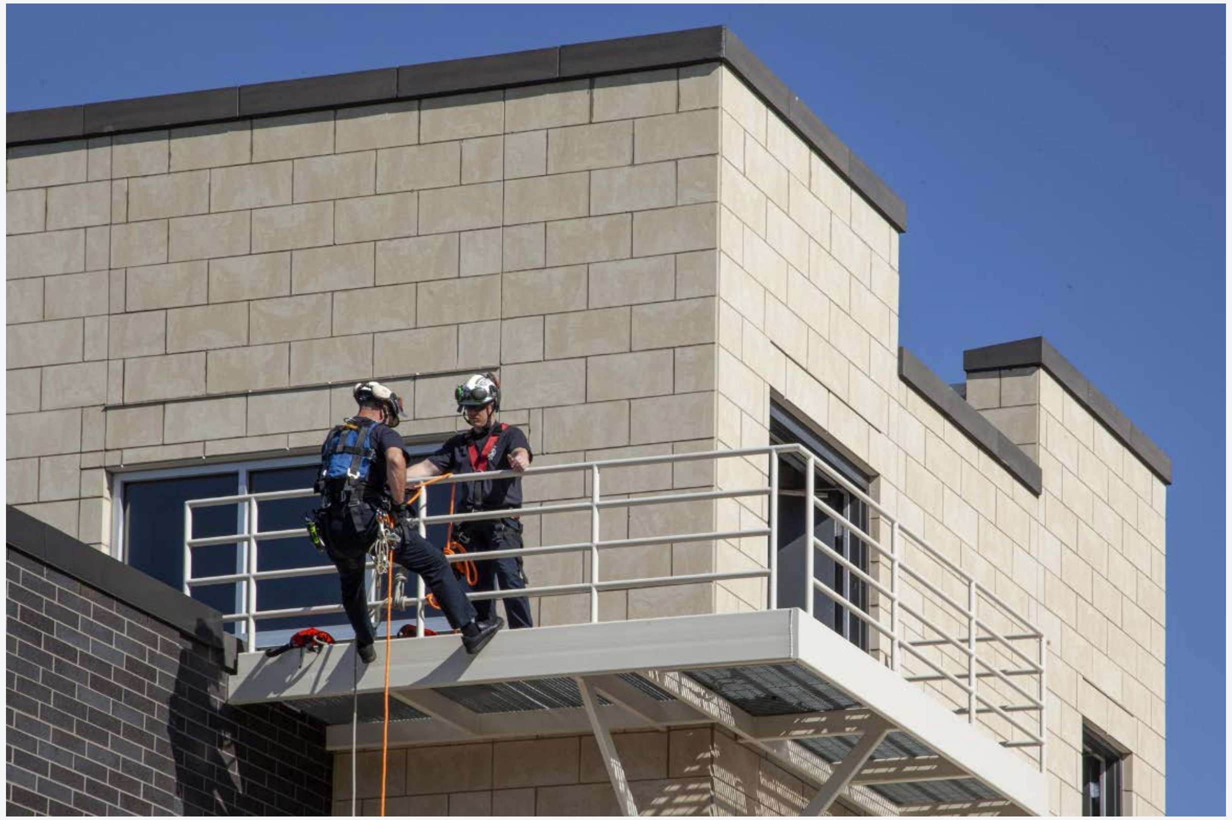
Does Not Meet Need For:

- High rise training
- Wall/floor breach


Training

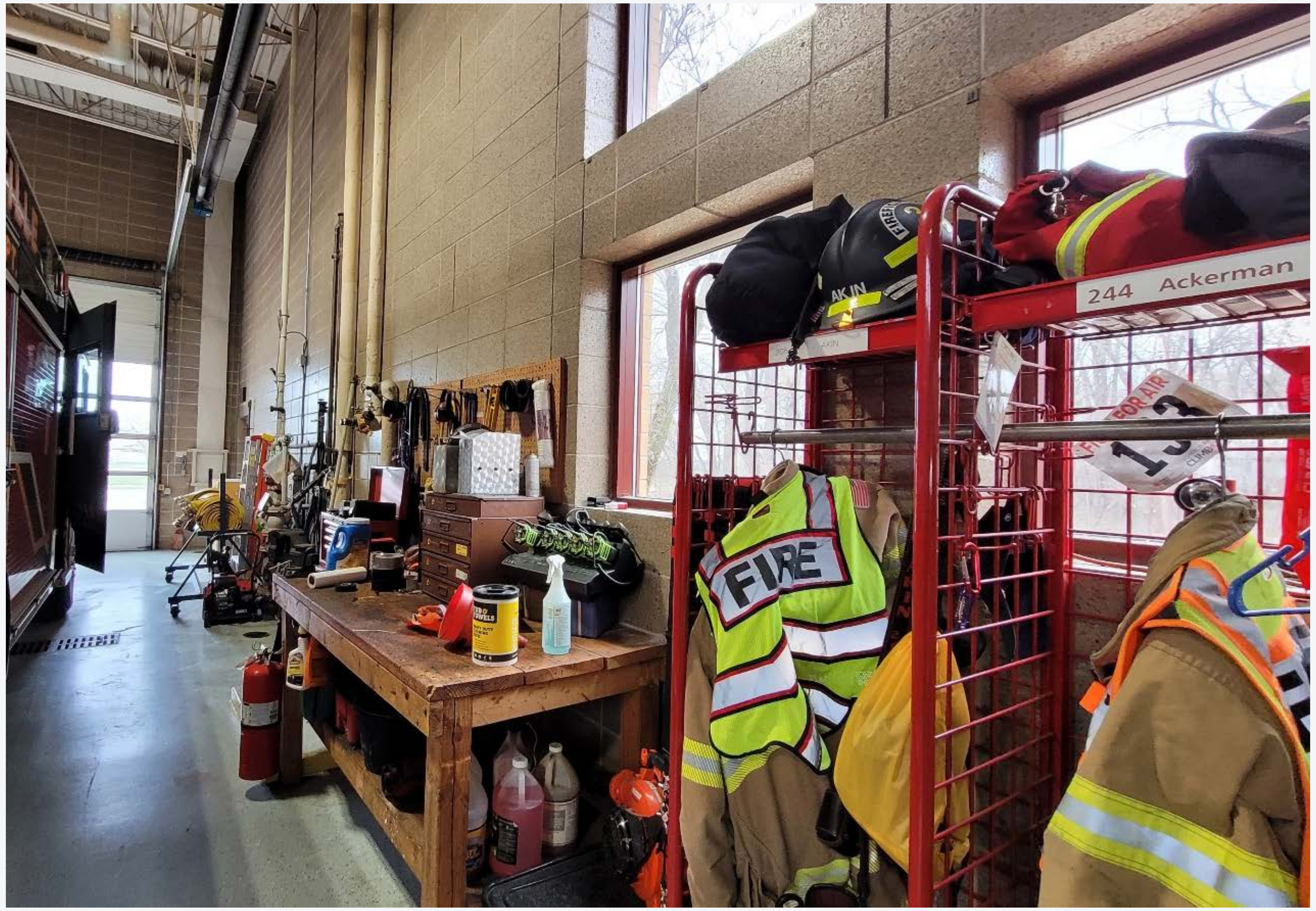
Does Not Meet Need For:

- Advanced technical rescue (rope rescue/rappelling)
- Alarm panel/sprinkler system



Shortage of Space

- Does not allow for all current & future needs
- No flexibility incorporated for current uses



Shortage of Space

- Site & building not functionally organized
- Inefficient operational flow

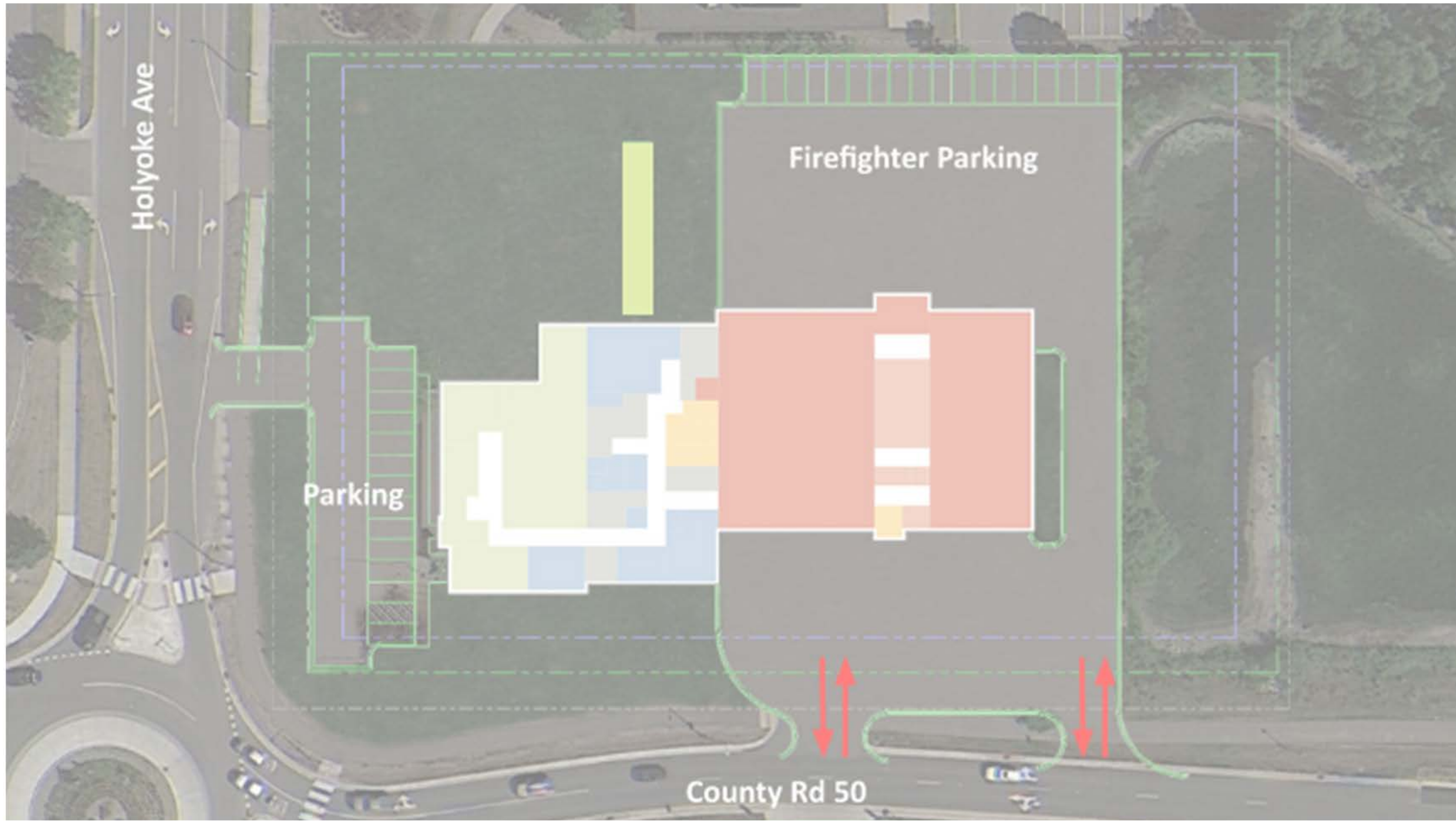
Sustainability

Does not meet current LEED strategies

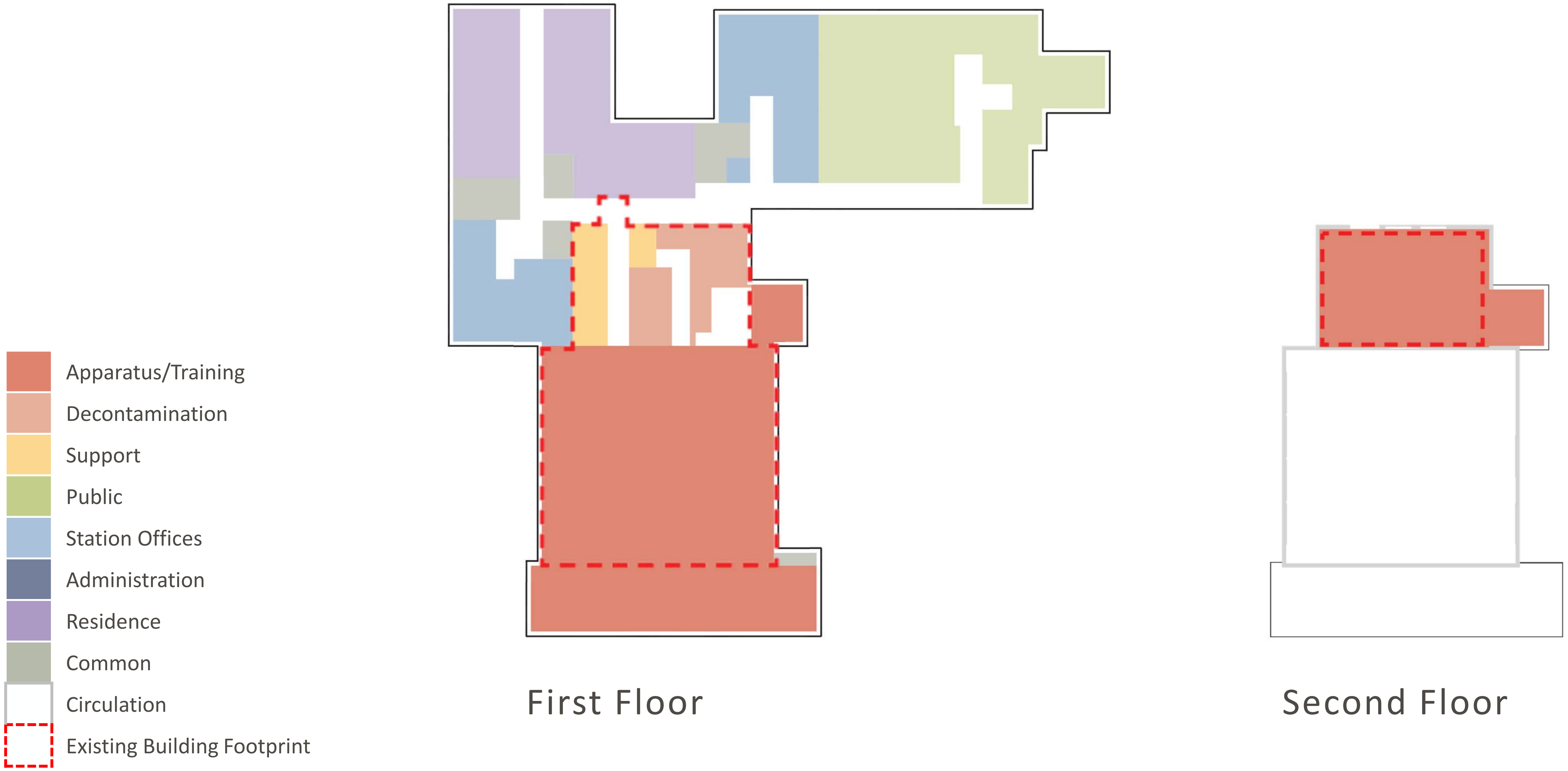
- Low-efficiency mechanical systems
- Lighting not fully LED or controlled
- Poor thermal exterior envelope
- No stormwater treatment
- Poor indoor air quality

High energy use

Station Options

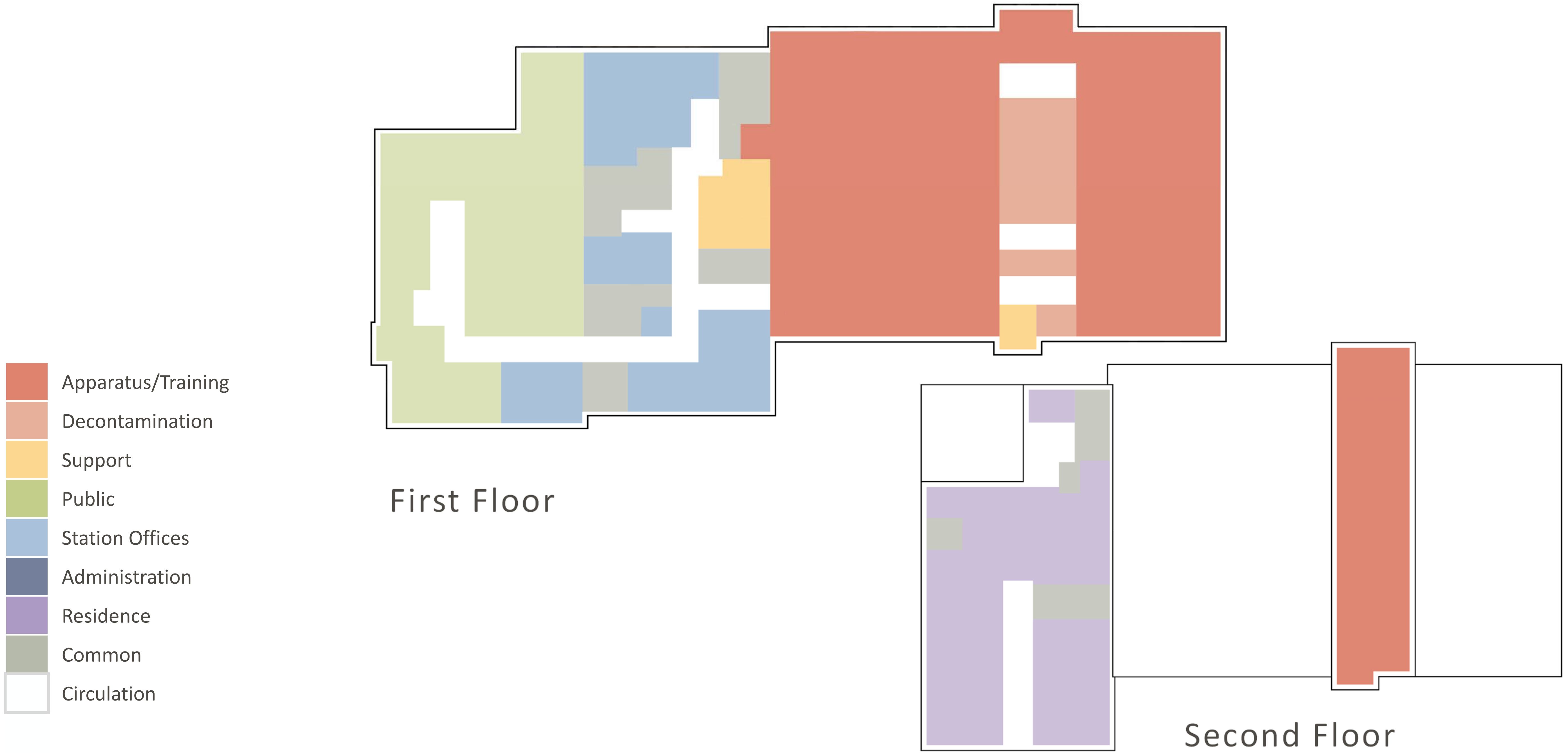


Station 1 – Option 1

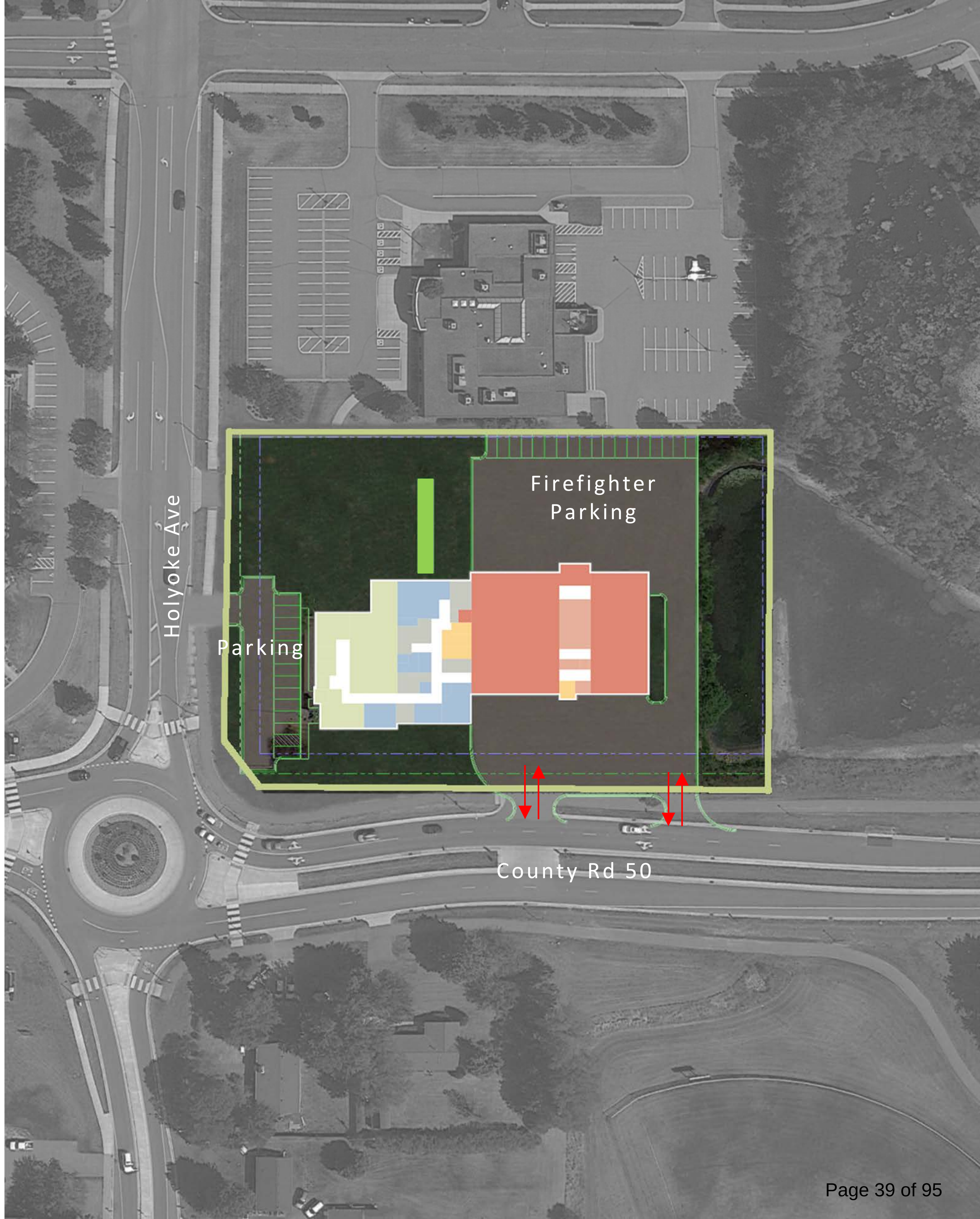


Station 1 – Option 1

Station 1 – Option 2

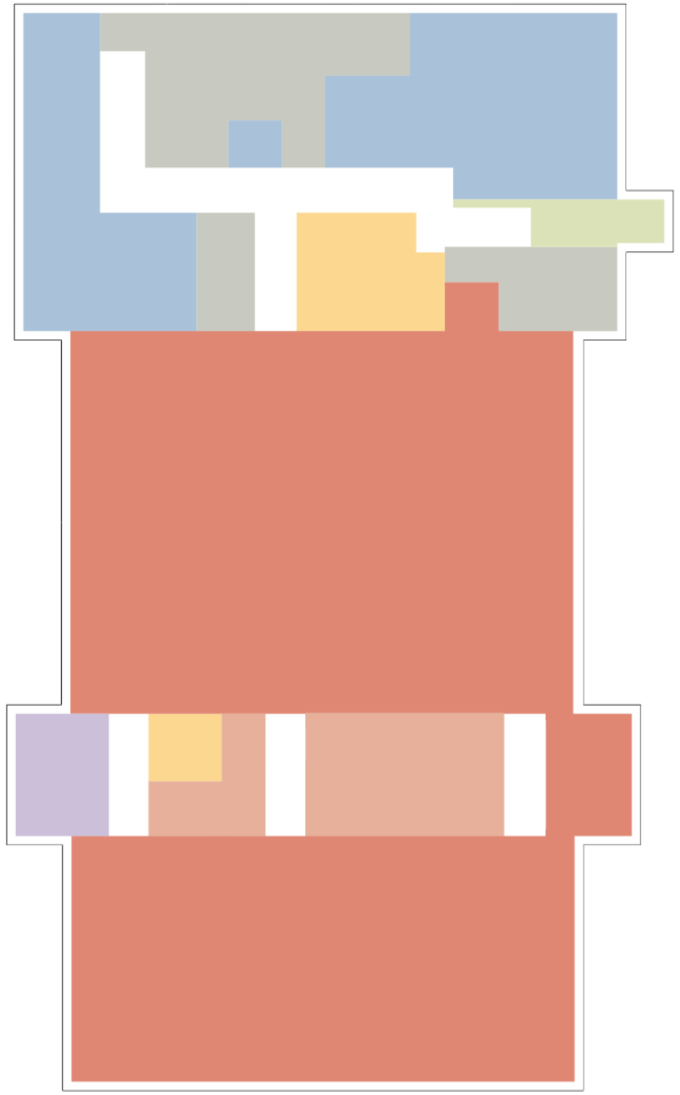


Station 1 – Option 2

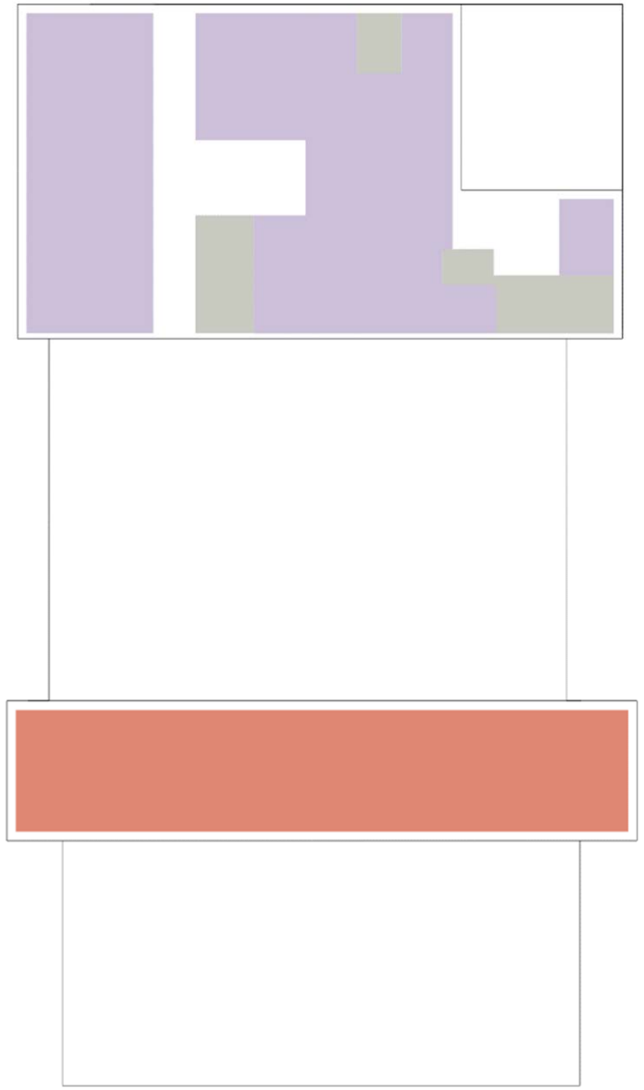


Station 2

- Apparatus/Training
- Decontamination
- Support
- Public
- Station Offices
- Administration
- Residence
- Common
- Circulation



First Floor

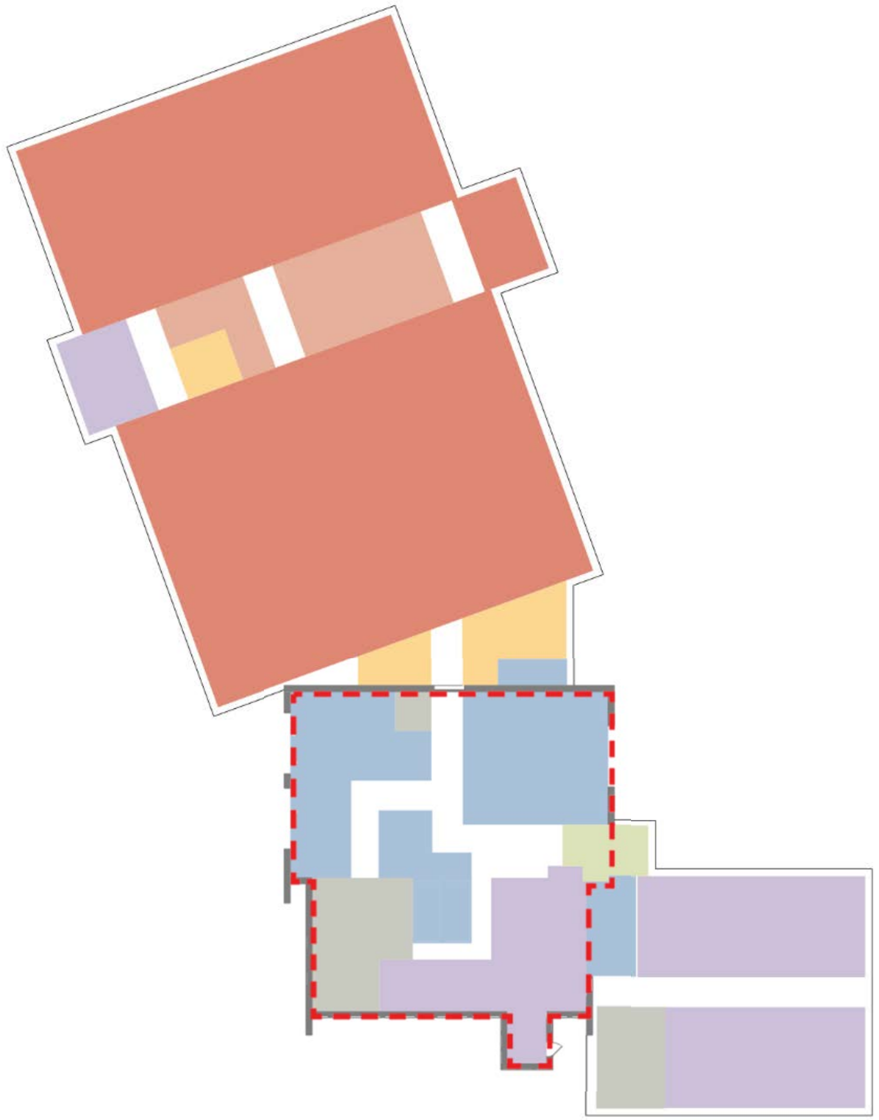


Second Floor

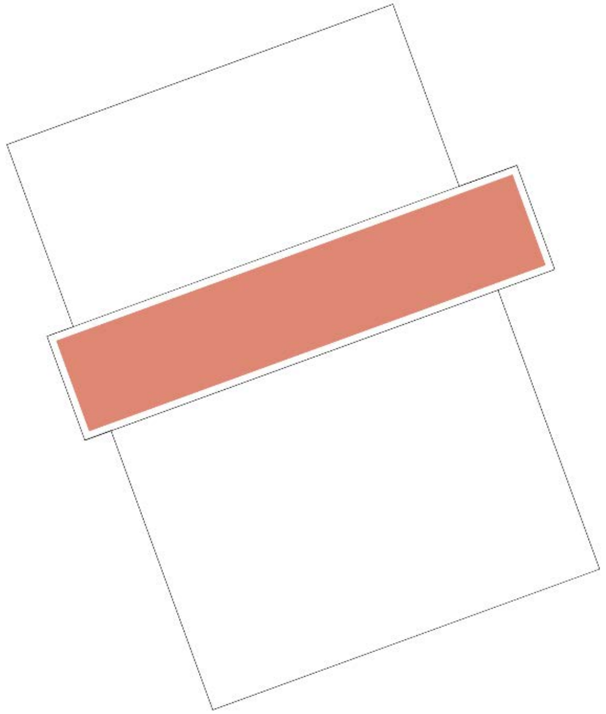
Station 2

Station 3 – Option 1

- Apparatus/Training
- Decontamination
- Support
- Public
- Station Offices
- Administration
- Residence
- Common
- Circulation
- Existing Building Footprint



First Floor

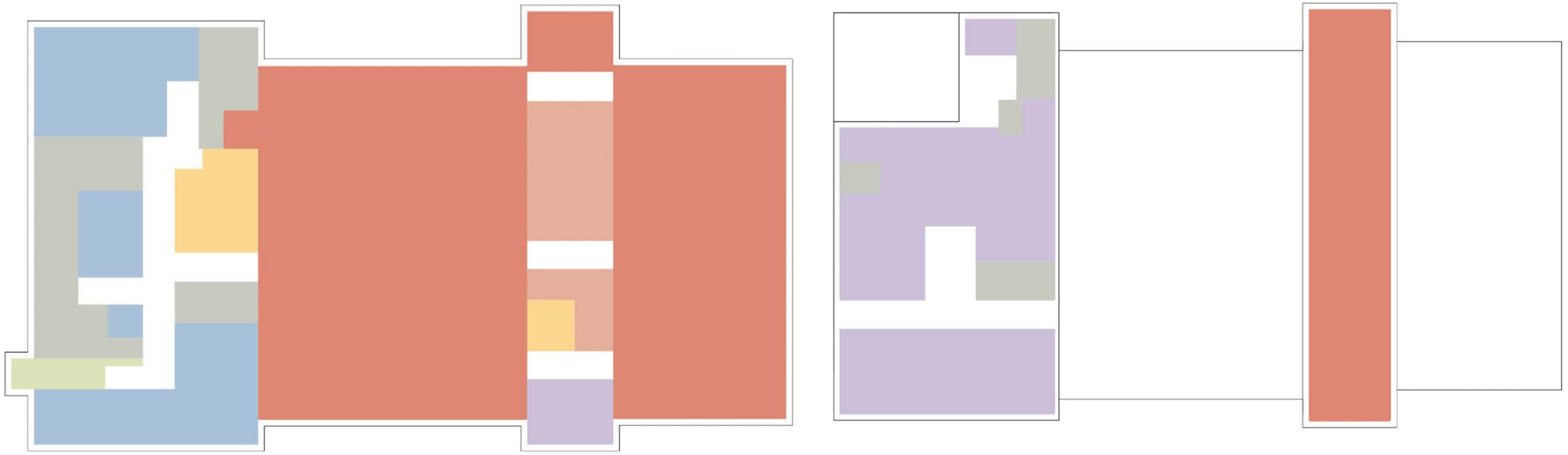


Second Floor

Station 3 – Option 1

Station 3 – Option 2

- Apparatus/Training
- Decontamination
- Support
- Public
- Station Offices
- Administration
- Residence
- Common
- Circulation

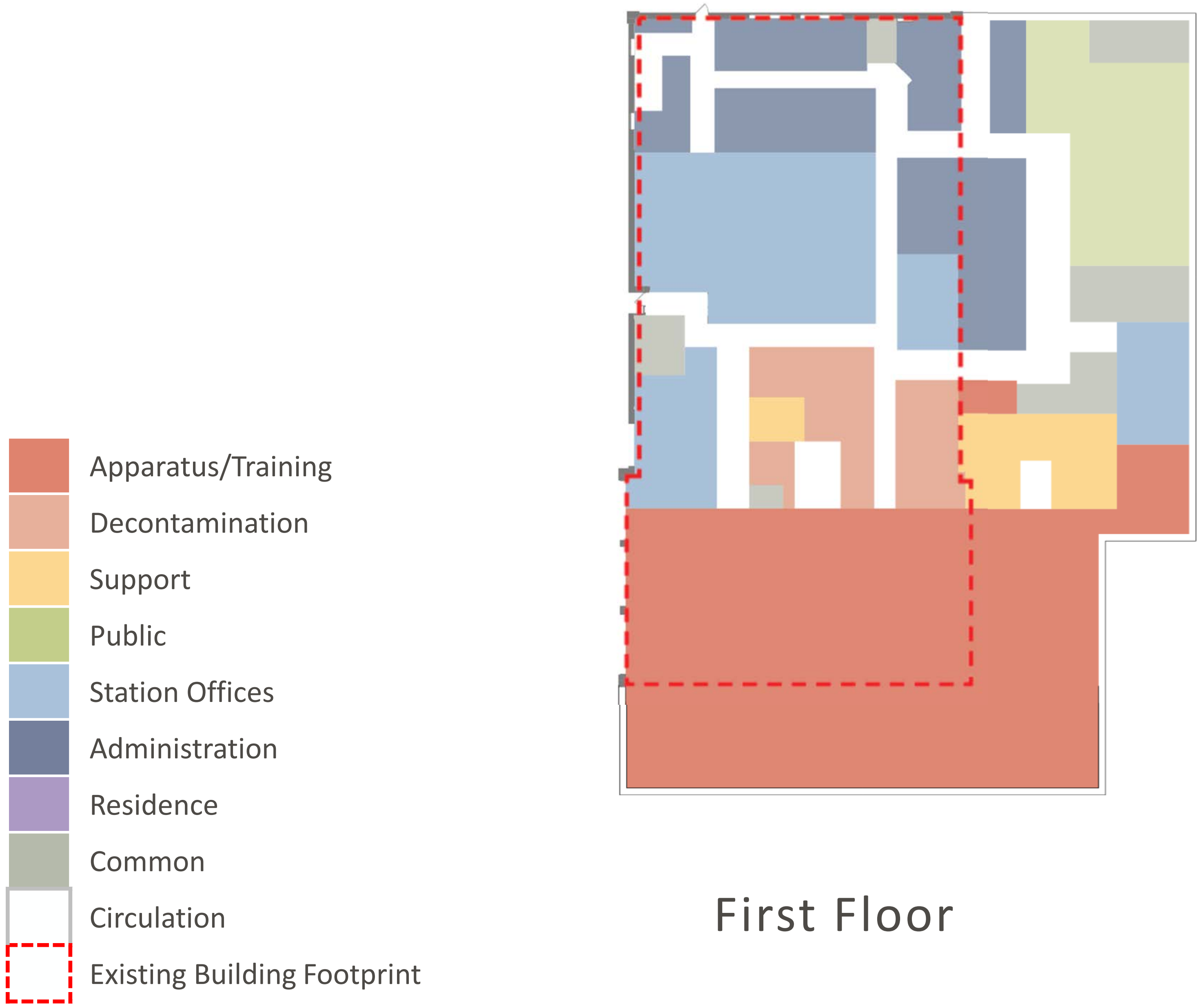


First Floor

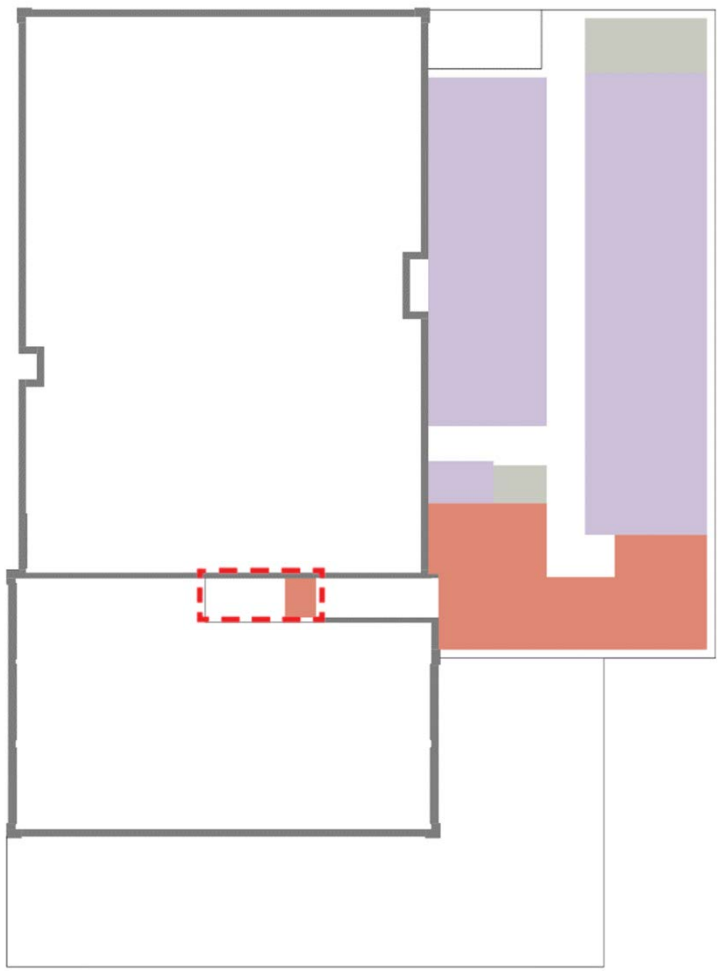
Second Floor

Station 3 – Option 2

Station 4



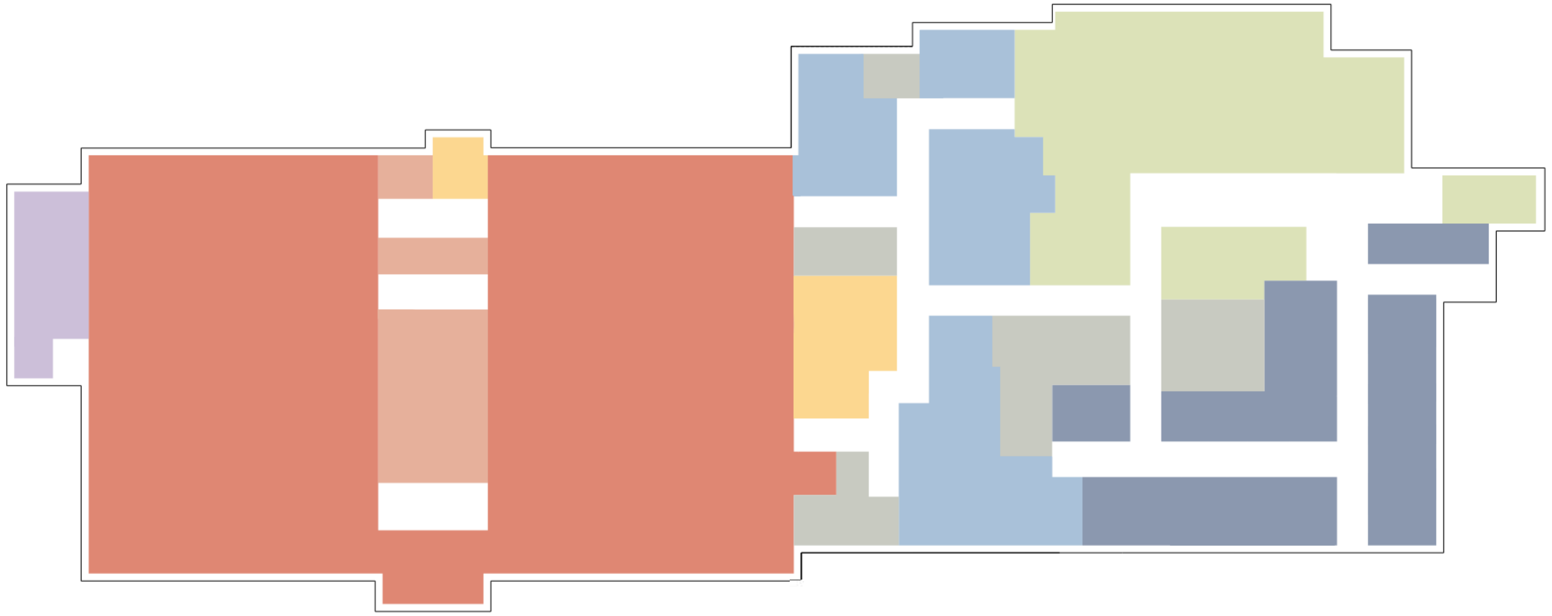
First Floor



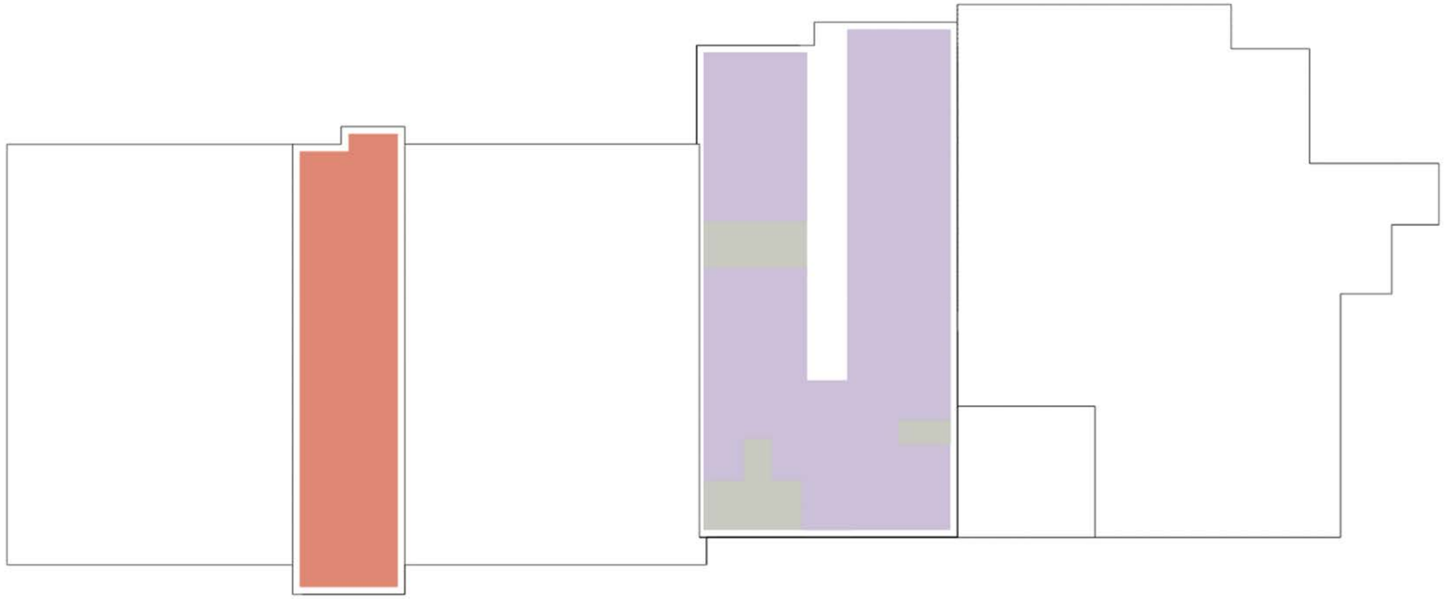
Second Floor

Station 4

Combined Station



First Floor



Second Floor

Apparatus/Training
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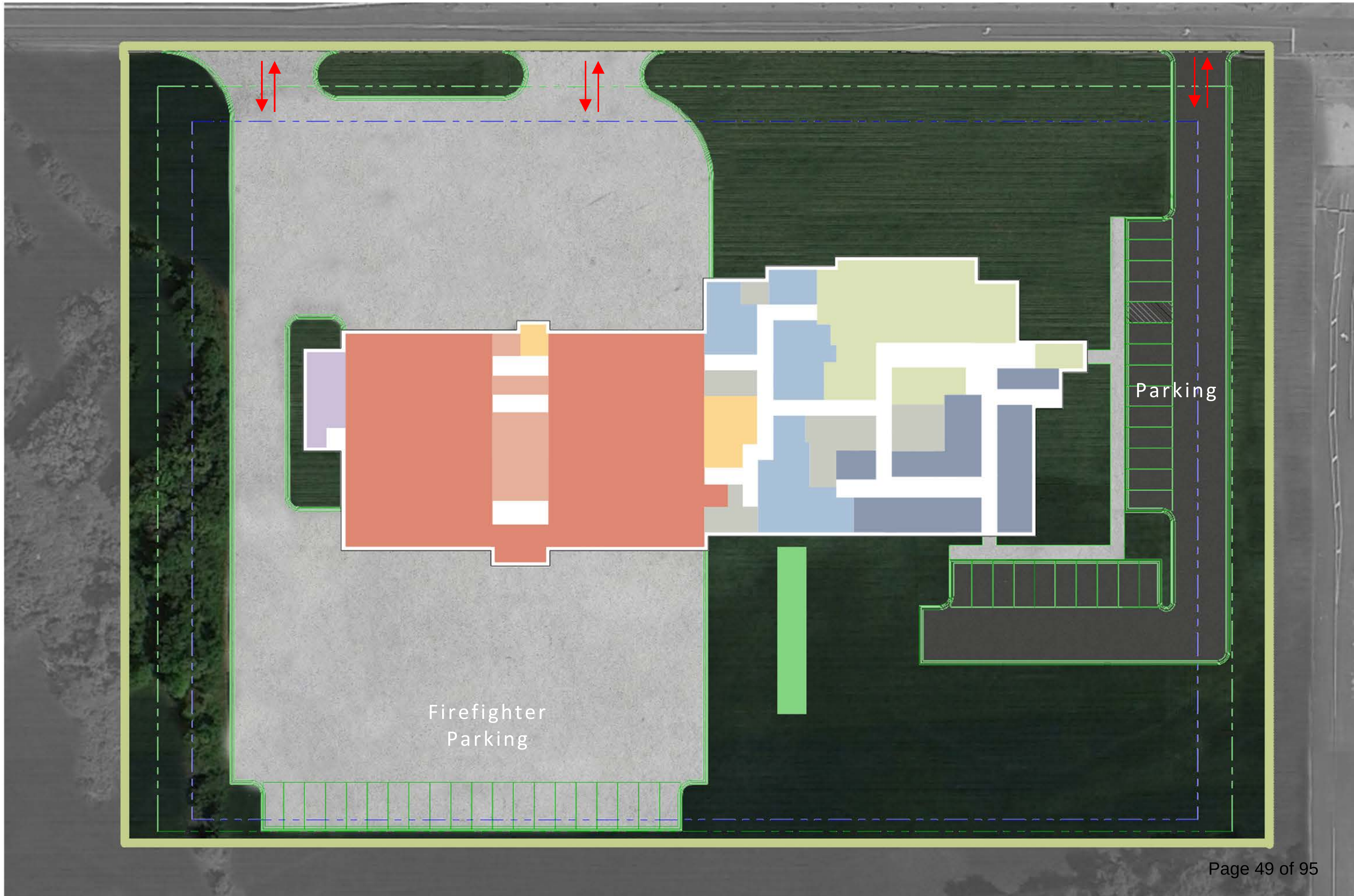
Combined Station



Cost Estimates – Short-Term

Station 1

Hard Cost	$45,440
Occupied Facility / Phasing Factor	$1,363
Sub-total	$46,803
Contingency (10%)	$4,680
Total Cost	$51,484

Station 2

Hard Cost	$84,100
Occupied Facility / Phasing Factor	$2,523
Sub-total	$86,623
Contingency (10%)	$8,662
Total Cost	$95,285

Prices shown above are as of August 1, 2023. Construction cost inflation should be added to the project hard costs above from the date listed to projected project construction midpoint at a rate of 5% per year.

Cost Estimates – Short-Term

Station 3

Hard Cost	$75,600
Occupied Facility / Phasing Factor	$2,268
Sub-total	$77,868
Contingency (10%)	$7,787
Total Cost	$85,655

Station 4

Hard Cost	$75,975
Occupied Facility / Phasing Factor	$2,279
Sub-total	$78,254
Contingency (10%)	$7,825
Total Cost	$86,080

Prices shown above are as of August 1, 2023. Construction cost inflation should be added to the project hard costs above from the date listed to projected project construction midpoint at a rate of 5% per year.

Cost Estimates

Station 1 - Option 1

Hard Cost	$11,622,700
Phasing Factor	$697,362
Soft Cost	$2,043,515
Sub-total	$14,363,577
Contingency (10%)	$1,436,358
Total Cost	$15,799,935

Station 1 – Option 2

Hard Cost	$16,533,740
Phasing Factor	$992,024
Soft Cost	$2,357,106
Sub-total	$19,882,870
Contingency (10%)	$1,988,287
Total Cost	$21,871,157

Prices shown above are as of August 1, 2023. Construction cost inflation should be added to the project hard costs above from the date listed to projected project construction midpoint at a rate of 5% per year.

Cost Estimates

Station 2

Hard Cost	$14,350,530
Phasing Factor	$861,032
Soft Cost	$2,257,025
Sub-total	$17,468,587
Contingency (10%)	$1,746,859
Total Cost	$19,215,445

Prices shown above are as of August 1, 2023. Construction cost inflation should be added to the project hard costs above from the date listed to projected project construction midpoint at a rate of 5% per year.

Cost Estimates

Station 3 – Option 1

Hard Cost	$12,042,400
Phasing Factor	$481,696
Soft Cost	$2,024,808
Sub-total	$14,548,904
Contingency (10%)	$1,454,890
Total Cost	$16,003,794

Station 3 – Option 2

Hard Cost	$13,856,498
Phasing Factor	$0
Soft Cost	$2,299,665
Sub-total	$16,156,163
Contingency (10%)	$1,615,616
Total Cost	$17,771,780

Prices shown above are as of August 1, 2023. Construction cost inflation should be added to the project hard costs above from the date listed to projected project construction midpoint at a rate of 5% per year.

Cost Estimates

Station 4

Hard Cost	$10,968,950
Phasing Factor	$658,137
Soft Cost	$2,203,047
Sub-total	$13,830,134
Contingency (10%)	$1,383,013
Total Cost	$15,213,147

Combined Station

Hard Cost	$19,995,110
Phasing Factor	$0
Soft Cost	$2,910,007
Sub-total	$22,905,117
Contingency (10%)	$2,290,512
Total Cost	$25,195,629

Prices shown above are as of August 1, 2023. Construction cost inflation should be added to the project hard costs above from the date listed to projected project construction midpoint at a rate of 5% per year.




Study Recommendations

- Short-Term Fix: Remodel Station 4, then Station 1
- Stations 2 & 4: Combined all new station approach
- Station 1: Addition and remodel approach
- Station 3: Addition and remodel approach

CNH ARCHITECTS

Questions

Date: 4/22/2024

Franchise Fees

Proposed Action

Staff recommends adoption of the following motion: No formal action required. Staff seeks Council direction on further action.

Overview

At the February work session, staff presented information on franchise fees to the City Council. At that time, the Council reviewed the information, including franchise fee rate structures and potential funding targets. Since that time, staff complied additional information from the utility companies that provides a clearer picture of possible revenues.

Under Minnesota Statute 216B.36, cities can impose a fee on utility companies that use the public rights-of-way to deliver service. The City can determine the amount, structure, and use of franchise fees. Generally, they are structured as a flat rate per utility account, or a percentage of consumption used by each utility account. In Minnesota, most franchise fees are flat rates. The information included in this report reflects the flat rate approach, since it is not susceptible to energy price and usage patterns, allowing the revenues to be more predictable.

Lakeville currently has franchise agreements with all four utility providers; CenterPoint Energy, Minnesota Energy Resources Company ("MERC"), Xcel Energy, Inc. ("Xcel Energy"), and Dakota Electric Association, that allow franchise fees to be implemented.

What Other Cities Collect Utility Franchise Fees?

Below is a table that shows Lakeville's comparable market cities and their franchise fee rate structures. Some uses of funds include pavement management, sustainability, and trail/park maintenance.

	ELECTRIC Franchise Fees					GAS Franchise Fees						
City	Residentia l Electric	Small Com/Ind Non Demand	Small Com/Ind Demand	Large Com/Ind	Effective Date	Residentia l Gas	Less than 1,500 therms/yr	Com/Ind B 1,500 > or < 5,000 therms/yr	Com/Ind C > 5,000 therms/yr	Com/Ind, Small Volume Duel Fuel A & B	Com/Ind, Large Volume Duel Fuel A & B	Effective Date
Apple Valley	2%	2%	2%	2%	6/24/2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Blaine	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bloomington	$5.95	$ 11.90	$ 63.00	$182.00	1/1/2024	$5.95	$ 11.90	$ 11.90	$ 63.00	$ 63.00	$ 182.00	1/1/2024
Brooklyn Park	$7.00	$ 7.50	$ 45.00	$160.00	3/1/2016	$7.00	$ 6.50	$ 20.00	$ 70.00	$ 160.00	$ 160.00	3/1/2016
Burnsville	$4.00	$ 12.00	$ 40.00	$180.00	9/1/2020	$4.00	$ 12.00	$ 40.00	$180.00	$ 180.00	$ 180.00	9/1/2020
Coon Rapids	4%	4%	4%	4%	1/1/1992	4%	4%	4%	4%	4%	4%	1/1/1992
Eagan	$1.85	$ 10.00	$ 10.00	$ 20.00	6/1/2023	$1.85	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 20.00	6/1/2023
Eden Prairie	$6.50	$ 8.50	$ 20.50	$ 89.50	4/1/2018	$6.50	$ 8.50	$ 20.50	$ 89.50	$ 89.50	$ 89.50	4/1/2018
Edina	$3.55	$ 71.00	$ 71.00	$ 71.00	1/1/2024	$3.55	$ 6.00	$ 17.00	$ 71.00	$ 71.00	$ 71.00	1/1/2024
Maple Grove	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Minnetonka	$4.50	$ 4.50	$ 13.50	$ 45.00	1/1/2019	$4.50	$ 4.50	$ 13.50	$ 45.00	$ 45.00	$ 45.00	1/1/2019
Plymouth	$3.53	$ 5.31	$ 17.71	$ 70.85	3/11/2024	$3.53	$ 5.31	$ 17.71	$ 70.85	$ 70.85	$ 70.85	3/11/2024
St. Louis Park	$6.75	$ 12.00	$ 48.00	$148.50	6/1/2021	$6.75	$ 6.75	$ 12.00	$ 48.50	$ 48.50	$ 148.50	6/1/2021
Woodbury	$3.25	$ 3.50	$ 23.00	$ 90.00	1/1/2022	$1.75	$ 10.00	$ 10.00	$100.00	$ 90.00	$ 55.00	1/1/2022
Average	**$4.69**	**$ 14.62**	**$ 35.17**	**$105.69**		**$4.54**	**$ 8.15**	**$ 17.26**	**$ 74.79**	**$ 82.79**	**$ 102.19**	

Electric and Gas Accounts

There are currently 28,858 residential electric accounts, 26,792 residential gas accounts, 2,107 commercial electric accounts, and 1,226 commercial gas accounts. The table below shows several different monthly rate amounts and possible annual revenues.

ELECTRIC Franchise Fees								GAS Franchise Fees														
# Res	#A	#B	#C	Res	A-Small Comm / Indust - NonDemand	B-Small Comm / Indust - Demand	C-Large Comm	# Res	# D	#E	#F	#G	#H	Res	D-Comm/ Indust, Small Vol.A	E-Comm/ Indust, Small Vol.B	F-Comm/ Indust, Small Vol.C	G-Comm/ Indust, Small Vol.Duel Fuel A & B	H-Comm/ Indust, Large Vol. Duel Fuel A & B	Total Annual Revenues	Targets
28,858	1720	207	180	$ 2	$ 10	$ 30	$ 100	26792	510	523	189		4	$ 2	$ 10	$ 30	$ 30	$ 30	$ 100	$ 2,154,840	
				$ 4	$ 14	$ 32	$ 110							$ 4	$ 14	$ 32	$ 32	$ 32	$ 110	$ 3,641,616	
				$ 6	$ 16	$ 35	$ 120							$ 6	$ 16	$ 35	$ 35	$ 35	$ 120	$ 5,085,900	
				$ 12	$ 20	$ 40	$ 120							$ 12	$ 20	$ 40	$ 40	$ 40	$ 120	$ 9,254,880	

Market Value Data on Exempt Properties

Lakeville's total Market Value for tax year 2024 is $13,841,264,700 – of which, $603,028,400 (4.4%) is exempt from Property Taxes.

Exempt Properties	Market Value
Non-city Parcels with Buildings	$464,899,900
City-Owned Parcels (some land w/o bldgs)	$134,646,800
Land-only Properties* (ROWs, cemeteries, etc.)	$3,481,700

* Franchise fees would not be able to be collected from these.

Exempt properties realize the benefits of our roads, public safety services, and public infrastructure with no cost to them. Through franchise fees, new construction homes (eliminating the one to two-year lag before City receives property taxes) and renters would also contribute toward municipal service costs.

Funding Targets

Under Minnesota Statute 216B.36, cities can impose a fee on utility companies to, "raise revenue or defray increased municipal costs accruing as a result of utility operations, or both." Listed below are upcoming projects that could be funded by franchise fees.

	Annual Levy Required					
Financial Targets	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**2025 - 2029 Total**
Pavement Management *	$2,130,500	$2,194,415	$2,194,415	$2,260,247	$2,260,247	**$11,039,824**
Public Safety Training Facility **	$1,116,613	$1,116,613	$1,116,613	$1,116,613	$1,116,613	**$5,583,067**
Fire Station Remodels/Builds ***	$2,372,803	$2,372,803	$2,372,803	$3,768,251	$3,768,251	**$14,654,913**
Building Maintenance Fund *	$150,000	$150,000	$150,000	$150,000	$175,000	**$775,000**
Veh/Equip Rplcmt Fund *	$500,000	$1,500,000	$2,000,000	$2,000,000	$2,000,000	**$8,000,000**

Construction Timeline		**2025**	**2026**	**2027**	**2028**	**2029**	**2025-2029**
	Public Safety Training Facility **	$16,000,000					**$16,000,000**
	Fire Station Remodels/Builds ***	$26,000,000	$18,000,000		$20,000,000		**$64,000,000**

* Current funding source is Operating Levy

** Current funding source is bonding ($16M) or additional grants. Total project is $21M-$24M, $7M fed grant secured; constr in 2025

*** FD Option D3 - Current funding source is bonding ($44M in 2025, $20M in 2028). 2024 Renovation costs (Stn1 & 4) total $389K (from Bldg fund-Psfty Aid)

Next Steps

If the City Council wishes to move forward with franchise fees, staff will begin preliminary communications with the two gas and two electric providers in Lakeville regarding the requirements for implementing new franchise fees. Each provider has a franchise agreement in place that will need to be amended. The City would then adopt an ordinance for each service provider to enact the fee. The ordinance would contain the governing terms of the fees imposed, along with setting effective and expiration dates. Future City Council action may change or eliminate the fee within a new ordinance.

After City Council approval, the City would be required to notify the Minnesota Public Utility Commission and then allow time for the utility companies to implement the fees into their billing processes. The new revenue is collected by the utility providers from their customers along with their normal billing procedures. Service providers transfer funds to the City on a quarterly basis.

Supporting Information

Financial Impact: $ **Budgeted:** No **Source:**
Envision Lakeville Community Values: Good Value for Public Service
Report Completed by: Courtney Miller, Assistant to the City Administrator

Date: 4/22/2024

Local Preference in Contracting

Proposed Action
For discussion only.

Overview
At its annual retreat, the City Council requested staff to review the possibility of providing preference to local contractors or services when bidding for or proposing projects. This question was reviewed by the City Attorney and attached is the response. Staff is seeking Council direction on how to proceed.

Supporting Information
1. Memorandum from Campbell Knutson

Financial Impact: $0 **Budgeted:** No **Source:**
Envision Lakeville Community Values: Good Value for Public Service
Report Completed by: Allyn Kuennen, Assistant City Administrator

CAMPBELL KNUTSON
Professional Association

M E M O R A N D U M

TO: Allyn Kuennen

FROM: Andrea McDowell Poehler

DATE: April 10, 2024

RE: Local Preference in Contracting

QUESTION PRESENTED

Can the City of Lakeville ("City") add a local bidding preference when contracting for goods or services?

DISCUSSION

I. Minnesota cities have no authority to add a local bidding preference to projects that are let through competitive bidding.

Minnesota cities "have no inherent powers and possess only such powers as are expressly conferred by statute or implied as necessary in aid of those powers which have been expressly conferred." *Mangold Midwest Co. v. Village of Richfield,* 274 Minn. 347, 357, 143 N.W.2d 813, 820 (1966). While the Minnesota Statutes do give cities the authority to enter into contracts, the statutes also require cities to follow specific procedures for awarding certain types of contracts. Under Minnesota Statutes Section 471.345 contracts in excess of $175,000 must be competitively bid and under Minnesota Statutes Sections 412.311[1] and 429.041[2] the City Council must let the contract to the lowest responsible bidder. The City cannot have a local preference in awarding competitively bid contracts because competitively bid contracts are required by law to be awarded to the lowest responsible bidder without regard to locality.

II. A city could have a local preference for contracts that are not let through competitive bidding.

Local preference in public contracting has been challenged on Constitutional grounds. The challenges have included claims that the local preference violates (1) the Commerce Clause, (2) the Privileges and Immunities Clause, and (3) the Equal Protection Clause. The challenges have failed.

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[1] Contracts for the purchase of merchandise, materials or equipment or for any kind of construction work.
[2] Contracts for local improvements.

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A. Commerce Clause

The Commerce Clause prohibits state and local governments from taking actions that burden interstate commerce. U.S. Const. Art. I § 8; *Healy v. Beer Institute, Inc.,* 491 U.S. 324 fn. 1. (1989). There is a well-recognized exception to the Commerce Clause for "market participants" that was established in *Hughes v. Alexandria Scap Corp*., 426 U.S. 794 (1976). In *Hughes,* the United States Supreme Court upheld a State of Maryland local preference in favor of in-state scrap metal processors. The local preference did not violate the commerce clause because the state was acting as a market participant when it paid bounties more readily to in-state scrap processors for the destruction of junk vehicles formerly titled in Maryland. The local preference also did not violate the Equal Protection Clause because the state had a rational basis for the local preference.

B. Privileges and Immunities Clause

The Privileges and Immunities Clause prevents states and local governments from discriminating against citizens of other states. U.S. Const. Art. 4 § 2. The Privileges and Immunities clause is not applicable to corporations. *Western and Southern Life Ins. Co. v. State Bd. Of Equalization of California,* 451 U.S. 648, 656 (1981). Since local preferences affect corporations, it is not likely the Privileges and Immunities Clause would be a substantial basis for a challenge to a local preference.

Even if the Privileges and Immunities Clause were applicable, in order to overcome a Privileges and Immunities Clause challenge, a local preference must (1) not burden a fundamental privilege protected by the Clause; or (2) if it does burden a fundamental privilege, there must be a "substantial reason" for discrimination against citizens of another state. *See United Building & Construction Trades Council of Camden County & Vicinity v. Mayor and Council of the City of Camden,* 465 U.S. 208, 222 (1984). As justification offered for a discriminatory law, nonresidents must be shown to "constitute a peculiar source of the evil at which the statute is aimed." *Id.* However, "every inquiry under the Privileges and Immunities Clause must [* * *] be conducted with due regard for the principle that states should have considerable leeway in analyzing local evils and in prescribing cures. This caution is particularly appropriate when a governmental body is merely setting conditions on the expenditure of funds it controls." *Id.* at 222-223.

C. Equal Protection

The Equal Protection Clause provides no state may "deny to any person within its jurisdiction the equal protection of the laws." U.S. Const. Amend. XIV § 1. Under the Equal Protection Clause a classification that does not impinge on a fundamental right or discriminate against a suspect class will be upheld if the classification is rationally related to a legitimate governmental purpose. *Armour v. City of Indianapolis,* 566 U.S. 673, 680 (2012). With respect to government contracts, the Supreme Court has said that "like private individuals and businesses, the government enjoys unrestricted power to produce its own supplies, to determine with whom to deal and to fix the terms and conditions upon which it will make needed purchases." *Perkins v. Lukens Steel Co.,* 310 U.S. 113, 127 (1940). This leaves little room for an equal protection challenge under the rational basis test if the local preference serves a legitimate interest such as encouraging local industry or enhancing the local tax base.

D. Federal Grants

While local preference may not be prohibited by the U.S. Constitution, many federal grants prohibit local preference in contracting.

II. What are the advantages and disadvantages of local preference policies?

Commentators have identified the following advantages of local preference policies:

- Local preference policies assist the local economy.
- Local preference policies improve and protect the local economy.
- Local preference policies keep tax dollars spent on contracts in the community.

Commentators have also identified the following disadvantages of local preference policies:

- Local preference policies increase the costs of projects for local taxpayers.
- Local preference policies limit competition among suppliers.
- Local preference policies reduce the incentive for local businesses to provide the best value for the dollar for the purchased goods or services.
- Local preference policies limit the pool of suppliers. High quality suppliers may be excluded to the detriment of the City.
- Local preference policies affect, complicate, and potentially burden the procurement administrative processes.
- Local preference policies invite reciprocal policies being enacted in other jurisdictions limiting the ability of local businesses to do business in other jurisdictions.
- Local preference policies subsidize certain businesses with tax dollars.

III. What are the challenges in implementing local preference policies.

Commentators have identified several challenges in implementing local preference policies.

One challenge is defining what is “local”. Does local mean the City, zip code, county, state, country, or continent? Also, who will be covered by the preference in that geographic area? Residents of the area? Taxpayers? Companies with a majority of employees living in the area? Companies with a majority shareholders living in the area? Companies headquartered in the area? Companies with a principal place of business in the area? Companies located outside the area whose owner lives in the area. Cities need to determine a defensible and fair process for determining the definition of a local business.

Another challenge is defining the preference. How will local suppliers be preferred? There are three types of local preferences: (1) hiring preferences, which require contractors to hire a certain percentage of local workers; (2) purchasing preferences, which require contractors to use supplies or materials that are made locally; or (3) contract award preferences, which give local proposers an advantage in the award of public contracts.

CONCLUSION

The City cannot apply a local preference to contracts that have to be competitively bid. The City can apply a local preference to contracts that do not have to be competitively bid. However, the City should carefully consider the advantages, disadvantages, and challenges of implementing a local preference policy.

Date: 04/22/2024

2024A Bond Issuance -Street Reconstruction & Park Referendum Projects

Proposed Action:
Staff recommends adoption of the following motion: No formal action required. Staff is seeking Council direction regarding the issuance of 2024A bonds.

Overview
Staff is presenting the 2024A bond issuance for your consideration. The bonds will provide funding for the following projects:

- #24-02 – 2024 Street Reconstruction Project
- #24-03 – Collector Rehabilitation
- Park Referendum Projects

The 2024A bond issuance is estimated to be $22,365,000. It reflects the following:

- The term of the bonds is 20 years:
  - $7,290,000 - Street reconstruction portion = 10 years
  - $15,075,000 - Park referendum portion = 20 years
- The structure of the 2024A bonds is compliant with the City's Debt Policy such that the total maturity length is equal to or less than 20 years and at least 50% of the principal will be retired within 10 years.

The City's municipal advisor, Northland Securities, has prepared the attached Finance Plan for the 2024A bond issuance.

Financial Impacts

Based on the current bond estimate, the following chart shows the estimated 2025 debt service levy:

2024 Debt Service Levy		$11,537,150
Levy Adjustment for Existing Debt	51,547	
Levy for New 2024A Debt Issue-Street	772,480	
Levy for New 2024A Debt Issue-Park Referendum	1,154,333	

Levy for Est 2025A Debt Issue-Street	93,529	
Subtotal		2,071,889
Estimated 2025 Debt Service Levy		$13,609,039

One-time reductions were made in the 2024 debt service levy due to excess reserves available in the debt service funds. The $2,071,889 increase in debt service levy represents a 4.75% increase based on the total 2024 property tax levy. The estimate includes levies for the 2025 bond issuance, as well, to cover the first estimated interest payment. Staff will be reviewing cash balances in the debt service funds to see if there are opportunities to reduce the 2025 debt service levy. Staff will also be reviewing the 2024A debt structure to determine what changes can be made to moderate the impact on the tax levy.

The 2025 total tax levy will also be impacted by other adjustments to revenues and expenditures, service levels, project funding, etc.

Park Referendum Bonds

The following chart shows the timelines and bond issuance amounts:

Issuance Year/Series	**Amount**	**Projects**	**First Year of Impact to Levy**
2022B	$4,845,000	Hasse Arena public multi-use pavilion (outdoor rink)	2023
2022C	$13,735,000	Art Center improvements, Park ID sign replacements, basketball court replacements, Antlers Community Park improvements, trails gaps/connectivity design and ROW acquisition; Ritter Farm Park cabin and site improvements design.	2023
2023A	$4,345,000	Trails gaps/connectivity construction; Ritter Farm Park cabin and site improvements construction.	2024
2024A	$15,075,000	Avonlea Community Park design and construction; East Community Park design and construction.	2025
	$38,000,000	Maximum Bonding Authorized	

Funding from Dakota County is anticipated for several of the projects. Other funding sources (i.e. Park Dedication Funds, Utility Funds, General Fund reserves, etc.) or project reductions will need to be identified for project costs more than the maximum bonding.

Staff is combining the 2024A park referendum projects above with the 2024 street reconstruction bonds. This approach will save the City money by limiting costs of bond issuance.

Also attached to this memo is a summary of the tax levies for the four park referendum bond issuances. The 2024A estimate is based on the Finance Plan. The 2024 bond issuance estimate is based on the remaining amount that the City would be authorized to issue.

Key dates coming up for the 2024A Bonds:

May 20, 2024	➢ Council adopts resolution setting the sale of bonds.
June 17, 2024	➢ Bond Sale – 10:00 a.m. ➢ Council adopts resolution approving the bond sale.
July 17, 2024	➢ Closing on Bonds.

Supporting Information

1. Preliminary Finance Plan – April 22, 2024
2. Park Referendum Debt Levies

Financial Impact: $ 22,365,000 **Budgeted:** Yes **Source:** Various
Envision Lakeville Community Values: Good Value for Public Service
Report Completed by: Julie Stahl, Finance Director

Finance Plan

City of Lakeville, Minnesota

$22,365,000
General Obligation Bonds, Series 2024A

April 22, 2024

150 South 5th Street, Suite 3300

Minneapolis, MN 55402

612-851-5900   800-851-2920

www.northlandsecurities.com

Contents

Executive Summary

The following is a summary of the recommended terms for the issuance of $22,365,000 General Obligation Bonds, Series 2024A (the "Bonds"). Additional information on the proposed finance plan and issuing process can be found after the Executive Summary, in the Issue Overview and Attachment 3 – Related Considerations.

Purpose	Proceeds from the Bonds will be used to finance the City's 2024 street reconstruction projects and various park improvements, and to finance the costs associated with the issuance of the Bonds.
Security	The Bonds will be a general obligation of the City. The City will pledge ad valorem taxes for payment of the Bonds.
Repayment Term	The Bonds will mature annually each February 1 in the years 2026 through 2045. Interest on the Bonds will be payable on February 1, 2025, and semiannually thereafter on each February 1 and August 1.
Estimated Interest Rate	True interest cost (TIC): 3.90% Interest rates are estimated based on Non-BQ "Aaa" rates as of April 5, 2024, plus 0.25% for planning purposes.
Prepayment Option	Bonds maturing on and after February 1, 2033, will be subject to redemption on February 1, 2032, and any day thereafter at a price of par plus accrued interest.
Rating	A rating will be requested from Moody's Investor Services (Moody's). The City's general obligation debt is currently rated "Aaa" by Moody's.
Tax Status	The Bonds will be tax-exempt, non-bank qualified obligations.
Risk Factors	There are certain risks associated with all debt. Risk factors related to the Bonds are discussed in Attachment 5.
Type of Bond Sale	Public Sale – Competitive Bids
Proposals Received	Monday, June 17, 2024 @ 10:00 A.M.
Council Consideration	Monday, June 17, 2024 @ 6:00 P.M.

Issue Overview

Purpose

Proceeds from the Bonds will be used to finance the following projects (together, the "Projects"):

- the 2024 street reconstruction and collector rehabilitation project (the "Street Reconstruction Portion"); and
- various park projects as approved by voters on November 2, 2021 (the "Park Referendum Portion").

The proceeds will also be used to pay costs associated with issuing the Bonds. The Bonds have been sized based on cost estimates provided by City Staff as of April 10, 2024. The table below contains the estimated sources and uses of funds for the bond issue.

	2024 Street Reconstruction & Collector Rehab Proj.	Park Referendum	Issue Summary
Sources Of Funds			
Par Amount of Bonds	$7,290,000.00	$15,075,000.00	$22,365,000.00
Total Sources	**$7,290,000.00**	**$15,075,000.00**	**$22,365,000.00**
Uses Of Funds			
Deposit to Project Construction Fund	7,045,000.00	14,538,000.00	21,583,000.00
Deposit to Capitalized Interest (CIF) Fund	128,639.51	304,130.03	432,769.54
Total Underwriter's Discount (1.050%)	76,545.00	158,287.50	234,832.50
Costs of Issuance	35,748.14	73,923.64	109,671.78
Rounding Amount	4,067.35	658.83	4,726.18
Total Uses	**$7,290,000.00**	**$15,075,000.00**	**$22,365,000.00**

Authority

The Bonds will be issued pursuant to the authority of Minnesota Statutes, Chapter 475 and Section 475.58, Subdivision 3b.

Street Reconstruction Portion

Under Section 475.58, Subdivision 3b., street reconstruction bonds can be used to finance the reconstruction and bituminous overlay of existing city streets. Eligible improvements may include turn lanes and other improvements having a substantial public safety function, realignments, other modifications to intersect with state and county roads and the local share of state and county road projects. Eligible improvements do not include the portion of project cost allocable to widening a street or adding curbs and gutters where none previously existed.

Before issuing street reconstruction bonds, the City must hold a public hearing on the street reconstruction project and the proposed bonds, and then must pass a resolution approving the Street Reconstruction Plan and issuance of street reconstruction bonds. The City held the required public hearing and approved the Street Reconstruction Plan on October 2, 2023.

Park Referendum Portion

The Park Referendum Portion will be issued pursuant to Chapter 475 and a park referendum held on November 2, 2021, and approved by voters by a margin of 7,346 "Yes" votes to 4,681 "No" votes, resulting in 61.08% approval. This issuance will use the remaining amount approved by voters.

Structure

The Street Reconstruction Portion of the Bonds has been structured to result in relatively level annual debt service payments over 10 years. The Park Referendum Portion has been structured to result in relatively level annual debt service payments over 20 years.

The proposed structure for the bond issue and preliminary debt service projections for each portion of the bond issue are illustrated in Attachment 1 and the estimated levies are illustrated in Attachment 2.

Security and Source of Repayment

The Bonds will be general obligations of the City. The finance plan relies on the following assumptions for the revenues used to pay debt service, as provided by City staff:

- Special Assessments. Although not pledged as security to the Bonds, the City is expected to levy special assessments against benefited properties in the amount of $862,000 for the Street Reconstruction Portion of the Bonds. The assessments are structured for level annual payments of principal with interest charged at a rate of 2% over the True Interest Cost of the Street Reconstruction Portion of the Bonds (currently estimated to be 5.50%). The plan assumes that the assessments will be levied in 2024 for initial payment in 2025.
- Property Taxes. The revenues needed to pay debt service on the Bonds are expected to come from property tax levies. The initial projections show that for the Street Reconstruction Portion of the Bonds, an annual net levy ranging from approximately $772,480 to $822,370, is needed to meet the 105% statutory requirement. The initial projections show that for the Park Referendum Portion of the bonds, an annual levy averaging $1,156,533, is needed to meet the 105% statutory requirement. The levy may be adjusted annually based on actual monies in the debt service fund. The initial levies will be made in 2024 for taxes payable in 2023.

  Given the timing of the initial revenue from the tax levy, capitalized interest will be included in the bond issue to cover the first interest payment due on February 1, 2025, before the first tax collections are received.

Plan Rationale

The Finance Plan recommended in this report is based on a variety of factors and information provided by the City related to the financed project and City objectives, Northland's knowledge of the City and our experience in working with similar cities and projects. The issuance of General Obligation Bonds provides the best means of achieving the City's objectives and cost-effective financing. The City has successfully issued and managed this type of debt for previous projects.

Issuing Process

Northland will receive bids from underwriters to purchase the Bonds on Monday, June 17, 2024, at 10:00 A.M. Market conditions and the marketability of the Bonds support issuance through a competitive sale. This process has been chosen as it is intended to produce the lowest combination of interest expense and underwriting expense on the structure, date and time set to receive bids. The calendar of events for the issuing process can be found in Attachment 4.

Municipal Advisor: Northland Securities, Inc., Minneapolis, Minnesota
Bond Counsel: Dorsey & Whitney LLP, Minneapolis, Minnesota
Paying Agent: US Bank Trust Company, National Association, St. Paul, Minnesota

Attachment 1 – Preliminary Debt Service Schedules

Total Combined

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/17/2024	-	-	-	-	-
02/01/2025	-	-	432,769.54	432,769.54	432,769.54
08/01/2025	-	-	401,538.75	401,538.75	-
02/01/2026	1,165,000.00	3.400%	401,538.75	1,566,538.75	1,968,077.50
08/01/2026	-	-	381,733.75	381,733.75	-
02/01/2027	1,205,000.00	3.250%	381,733.75	1,586,733.75	1,968,467.50
08/01/2027	-	-	362,152.50	362,152.50	-
02/01/2028	1,245,000.00	3.200%	362,152.50	1,607,152.50	1,969,305.00
08/01/2028	-	-	342,232.50	342,232.50	-
02/01/2029	1,285,000.00	3.200%	342,232.50	1,627,232.50	1,969,465.00
08/01/2029	-	-	321,672.50	321,672.50	-
02/01/2030	1,325,000.00	3.150%	321,672.50	1,646,672.50	1,968,345.00
08/01/2030	-	-	300,803.75	300,803.75	-
02/01/2031	1,365,000.00	3.150%	300,803.75	1,665,803.75	1,966,607.50
08/01/2031	-	-	279,305.00	279,305.00	-
02/01/2032	1,410,000.00	3.150%	279,305.00	1,689,305.00	1,968,610.00
08/01/2032	-	-	257,097.50	257,097.50	-
02/01/2033	1,455,000.00	3.250%	257,097.50	1,712,097.50	1,969,195.00
08/01/2033	-	-	233,453.75	233,453.75	-
02/01/2034	1,500,000.00	3.400%	233,453.75	1,733,453.75	1,966,907.50
08/01/2034	-	-	207,953.75	207,953.75	-
02/01/2035	1,555,000.00	3.550%	207,953.75	1,762,953.75	1,970,907.50
08/01/2035	-	-	180,352.50	180,352.50	-
02/01/2036	740,000.00	3.650%	180,352.50	920,352.50	1,100,705.00
08/01/2036	-	-	166,847.50	166,847.50	-
02/01/2037	770,000.00	3.800%	166,847.50	936,847.50	1,103,695.00
08/01/2037	-	-	152,217.50	152,217.50	-
02/01/2038	795,000.00	3.800%	152,217.50	947,217.50	1,099,435.00
08/01/2038	-	-	137,112.50	137,112.50	-
02/01/2039	830,000.00	3.900%	137,112.50	967,112.50	1,104,225.00
08/01/2039	-	-	120,927.50	120,927.50	-
02/01/2040	860,000.00	4.000%	120,927.50	980,927.50	1,101,855.00
08/01/2040	-	-	103,727.50	103,727.50	-
02/01/2041	895,000.00	4.050%	103,727.50	998,727.50	1,102,455.00
08/01/2041	-	-	85,603.75	85,603.75	-
02/01/2042	930,000.00	4.150%	85,603.75	1,015,603.75	1,101,207.50
08/01/2042	-	-	66,306.25	66,306.25	-
02/01/2043	970,000.00	4.250%	66,306.25	1,036,306.25	1,102,612.50
08/01/2043	-	-	45,693.75	45,693.75	-
02/01/2044	1,010,000.00	4.400%	45,693.75	1,055,693.75	1,101,387.50
08/01/2044	-	-	23,473.75	23,473.75	-
02/01/2045	1,055,000.00	4.450%	23,473.75	1,078,473.75	1,101,947.50
Total	**$22,365,000.00**	**-**	**$8,773,182.04**	**$31,138,182.04**	**-**

Yield Statistics

Bond Year Dollars	$229,992.25
Average Life	10.284 Years
Average Coupon	3.8145555%
Net Interest Cost (NIC)	3.9166600%
True Interest Cost (TIC)	3.9047308%
Bond Yield for Arbitrage Purposes	3.7745834%
All Inclusive Cost (AIC)	3.9662180%

IRS Form 8038

Net Interest Cost	3.8145555%
Weighted Average Maturity	10.284 Years

Optional Redemption

02/01/2032	@100.000%

*Based on preliminary, Non-Bank Qualified "Aaa" rates as of April 5, 2024, plus 0.25%.

Street Reconstruction Portion

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/17/2024	-	-	-	-	-
02/01/2025	-	-	128,639.51	128,639.51	128,639.51
08/01/2025	-	-	119,356.25	119,356.25	-
02/01/2026	630,000.00	3.400%	119,356.25	749,356.25	868,712.50
08/01/2026	-	-	108,646.25	108,646.25	-
02/01/2027	650,000.00	3.250%	108,646.25	758,646.25	867,292.50
08/01/2027	-	-	98,083.75	98,083.75	-
02/01/2028	670,000.00	3.200%	98,083.75	768,083.75	866,167.50
08/01/2028	-	-	87,363.75	87,363.75	-
02/01/2029	695,000.00	3.200%	87,363.75	782,363.75	869,727.50
08/01/2029	-	-	76,243.75	76,243.75	-
02/01/2030	715,000.00	3.150%	76,243.75	791,243.75	867,487.50
08/01/2030	-	-	64,982.50	64,982.50	-
02/01/2031	735,000.00	3.150%	64,982.50	799,982.50	864,965.00
08/01/2031	-	-	53,406.25	53,406.25	-
02/01/2032	760,000.00	3.150%	53,406.25	813,406.25	866,812.50
08/01/2032	-	-	41,436.25	41,436.25	-
02/01/2033	785,000.00	3.250%	41,436.25	826,436.25	867,872.50
08/01/2033	-	-	28,680.00	28,680.00	-
02/01/2034	810,000.00	3.400%	28,680.00	838,680.00	867,360.00
08/01/2034	-	-	14,910.00	14,910.00	-
02/01/2035	840,000.00	3.550%	14,910.00	854,910.00	869,820.00
Total	**$7,290,000.00**	**-**	**$1,514,857.01**	**$8,804,857.01**	**-**

Park Referendum Portion

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/17/2024	-	-	-	-	-
02/01/2025	-	-	304,130.03	304,130.03	304,130.03
08/01/2025	-	-	282,182.50	282,182.50	-
02/01/2026	535,000.00	3.400%	282,182.50	817,182.50	1,099,365.00
08/01/2026	-	-	273,087.50	273,087.50	-
02/01/2027	555,000.00	3.250%	273,087.50	828,087.50	1,101,175.00
08/01/2027	-	-	264,068.75	264,068.75	-
02/01/2028	575,000.00	3.200%	264,068.75	839,068.75	1,103,137.50
08/01/2028	-	-	254,868.75	254,868.75	-
02/01/2029	590,000.00	3.200%	254,868.75	844,868.75	1,099,737.50
08/01/2029	-	-	245,428.75	245,428.75	-
02/01/2030	610,000.00	3.150%	245,428.75	855,428.75	1,100,857.50
08/01/2030	-	-	235,821.25	235,821.25	-
02/01/2031	630,000.00	3.150%	235,821.25	865,821.25	1,101,642.50
08/01/2031	-	-	225,898.75	225,898.75	-
02/01/2032	650,000.00	3.150%	225,898.75	875,898.75	1,101,797.50
08/01/2032	-	-	215,661.25	215,661.25	-
02/01/2033	670,000.00	3.250%	215,661.25	885,661.25	1,101,322.50
08/01/2033	-	-	204,773.75	204,773.75	-
02/01/2034	690,000.00	3.400%	204,773.75	894,773.75	1,099,547.50
08/01/2034	-	-	193,043.75	193,043.75	-
02/01/2035	715,000.00	3.550%	193,043.75	908,043.75	1,101,087.50
08/01/2035	-	-	180,352.50	180,352.50	-
02/01/2036	740,000.00	3.650%	180,352.50	920,352.50	1,100,705.00
08/01/2036	-	-	166,847.50	166,847.50	-
02/01/2037	770,000.00	3.800%	166,847.50	936,847.50	1,103,695.00
08/01/2037	-	-	152,217.50	152,217.50	-
02/01/2038	795,000.00	3.800%	152,217.50	947,217.50	1,099,435.00
08/01/2038	-	-	137,112.50	137,112.50	-
02/01/2039	830,000.00	3.900%	137,112.50	967,112.50	1,104,225.00
08/01/2039	-	-	120,927.50	120,927.50	-
02/01/2040	860,000.00	4.000%	120,927.50	980,927.50	1,101,855.00
08/01/2040	-	-	103,727.50	103,727.50	-
02/01/2041	895,000.00	4.050%	103,727.50	998,727.50	1,102,455.00
08/01/2041	-	-	85,603.75	85,603.75	-
02/01/2042	930,000.00	4.150%	85,603.75	1,015,603.75	1,101,207.50
08/01/2042	-	-	66,306.25	66,306.25	-
02/01/2043	970,000.00	4.250%	66,306.25	1,036,306.25	1,102,612.50
08/01/2043	-	-	45,693.75	45,693.75	-
02/01/2044	1,010,000.00	4.400%	45,693.75	1,055,693.75	1,101,387.50
08/01/2044	-	-	23,473.75	23,473.75	-
02/01/2045	1,055,000.00	4.450%	23,473.75	1,078,473.75	1,101,947.50
Total	**$15,075,000.00**	**-**	**$7,258,325.03**	**$22,333,325.03**	**-**

Attachment 2 – Estimated Levy Schedules

Street Reconstruction Portion

Date	Total P+I	CIF	105% Levy	Less: Special Assessment Revenue*	Net Levy	Levy Year	Collection Year
02/01/2025	128,639.51	(128,639.51)	-	-	-		
02/01/2026	868,712.50	-	912,148.13	139,667.94	772,480.19	2024	2025
02/01/2027	867,292.50	-	910,657.13	128,869.00	781,788.13	2025	2026
02/01/2028	866,167.50	-	909,475.88	124,128.00	785,347.88	2026	2027
02/01/2029	869,727.50	-	913,213.88	119,387.00	793,826.88	2027	2028
02/01/2030	867,487.50	-	910,861.88	114,646.00	796,215.88	2028	2029
02/01/2031	864,965.00	-	908,213.25	109,905.00	798,308.25	2029	2030
02/01/2032	866,812.50	-	910,153.13	105,164.00	804,989.13	2030	2031
02/01/2033	867,872.50	-	911,266.13	100,423.00	810,843.13	2031	2032
02/01/2034	867,360.00	-	910,728.00	95,682.00	815,046.00	2032	2033
02/01/2035	869,820.00	-	913,311.00	90,941.00	822,370.00	2033	2034
Total	**$8,804,857.01**	**(128,639.51)**	**$9,110,028.38**	**$1,128,812.94**	**$7,981,215.44**		

*Special assessment revenue is based on assessments totaling $862,000, spread in equal principal payments over 10 years and assessed at a rate of 5.50% (2.00% over the True Interest Cost, rounded to the nearest 0.05%).

Park Referendum Portion

Date	Total P+I	CIF	105% Levy	Levy Year	Collection Year
02/01/2025	304,130.03	(304,130.03)	-		
02/01/2026	1,099,365.00	-	1,154,333.25	2024	2025
02/01/2027	1,101,175.00	-	1,156,233.75	2025	2026
02/01/2028	1,103,137.50	-	1,158,294.38	2026	2027
02/01/2029	1,099,737.50	-	1,154,724.38	2027	2028
02/01/2030	1,100,857.50	-	1,155,900.38	2028	2029
02/01/2031	1,101,642.50	-	1,156,724.63	2029	2030
02/01/2032	1,101,797.50	-	1,156,887.38	2030	2031
02/01/2033	1,101,322.50	-	1,156,388.63	2031	2032
02/01/2034	1,099,547.50	-	1,154,524.88	2032	2033
02/01/2035	1,101,087.50	-	1,156,141.88	2033	2034
02/01/2036	1,100,705.00	-	1,155,740.25	2034	2035
02/01/2037	1,103,695.00	-	1,158,879.75	2035	2036
02/01/2038	1,099,435.00	-	1,154,406.75	2036	2037
02/01/2039	1,104,225.00	-	1,159,436.25	2037	2038
02/01/2040	1,101,855.00	-	1,156,947.75	2038	2039
02/01/2041	1,102,455.00	-	1,157,577.75	2039	2040
02/01/2042	1,101,207.50	-	1,156,267.88	2040	2041
02/01/2043	1,102,612.50	-	1,157,743.13	2041	2042
02/01/2044	1,101,387.50	-	1,156,456.88	2042	2043
02/01/2045	1,101,947.50	-	1,157,044.88	2043	2044
Total	**$22,333,325.03**	**(304,130.03)**	**$23,130,654.75**		

Attachment 3 – Related Considerations

Not Bank Qualified

We understand the City (in combination with any subordinate taxing jurisdictions or debt issued in the City's name by 501(c)3 corporations) anticipates issuing more than $10,000,000 in tax-exempt debt during this calendar year. Therefore, the Bonds will not be designated as "bank qualified" obligations pursuant to Federal Tax Law.

Arbitrage Compliance

Project/Construction Fund. All tax-exempt bond issues are subject to federal rebate requirements which require all arbitrage earned to be rebated to the U.S. Treasury. The rebate exemption the City expects to qualify for is the "24-month exception."

Debt Service Fund. The City must maintain a bona fide debt service fund for the Bonds or be subject to yield restriction in the debt service fund. A bona fide debt service fund involves an equal matching of revenues to debt service expense with a balance forward permitted equal to the greater of the investment earnings in the fund during that year or 1/12 of the debt service of that year.

The City should become familiar with the various Arbitrage Compliance requirements for this bond issue. The Resolution for the Bonds prepared by Bond Counsel explains the requirements in greater detail.

Continuing Disclosure

Type: Full
Dissemination Agent: Northland Securities, Inc.

The requirements for continuing disclosure are governed by SEC Rule 15c2-12. The primary requirements of Rule 15c2-12 actually fall on underwriters. The Rule sets forth due diligence needed prior to the underwriter's purchase of municipal securities. Part of this requirement is obtaining commitment from the issuer to provide continuing disclosure. The document describing the continuing disclosure commitments (the "Undertaking") is contained in the Official Statement that will be prepared to offer the Bonds to investors.

The City has more than $10,000,000 of outstanding debt and is required to undertake "full" continuing disclosure. Full disclosure requires annual posting of the audit and a separate continuing disclosure report, as well as the reporting of certain "material events." Material events set forth in the Rule, including, but not limited to, bond rating changes, call notices, and issuance of "financial obligations" (such as USDA loans, Public Finance Authority loans and lease agreements) must be reported within ten days of occurrence. The report contains annual financial information and operating data that "mirrors" material information presented in the Official Statement. The specific contents of the annual report will be described in the Undertaking that appears in the appendix of the Official Statement. Northland currently serves as dissemination agent for the City, assisting with the annual reporting. The information for the Bonds will be incorporated into our reporting.

Premiums

In the current market environment, it is likely that bids received from underwriters will include premiums. A premium bid occurs when the purchaser pays the City an amount in excess of the par amount of a maturity in exchange for a higher coupon (interest rate). The use of premiums reflects the bidder's view on future market conditions, tax considerations for investors and other factors. Ultimately, the true interest cost ("TIC") calculation will determine the lowest bid, regardless of premium.

A premium bid produces additional funds that can be used in several ways:

- The premium means that the City needs less bond proceeds and can reduce the size of the issue by the amount of the premium.
- The premium can be deposited in the Construction Fund and used to pay additional project costs, rather than used to reduce the size of the issue.
- The premium can be deposited in the Debt Service Fund and used to pay principal and interest.

Northland will work with City staff prior to the sale day to determine use of premium (if any).

Rating

A rating will be requested from Moody's Investor Services (Moody's). The City's general obligation debt is currently rated "Aaa" by Moody's. The rating process will include a conference call with the rating analyst. Northland will assist City staff in preparing for and conducting the rating call.

Attachment 4 – Calendar of Events

The following checklist of items denotes each milestone activity as well as the members of the finance team who will have the responsibility to complete it. *Please note this proposed timetable assumes regularly scheduled City Council meetings.*

April 2024						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May 2024						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June 2024						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

July 2024						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Holiday

Date	Action	Responsible Party
March 25	City provides preliminary project costs	City Staff
April 8	General Information Certificate sent to City for updates	Northland
April 10	City provides final project costs no later than noon	City Staff
April 15	Finance Plan sent to City for meeting packet for April 22 Workshop Meeting	Northland
April 22	City Council Workshop to review proposed issuance of 2024A Bonds – 6:00 pm	**City Council Review**
April 23	Request for rating submitted to Moody's, and scheduling of rating call	**Northland**
April 29	General Information Certificate returned to Northland	**City Staff**
May 6	Preliminary Official Statement sent to City for sign off, sent to Rating Agency to initiate rating processes, and sent to Dorsey & Whitney for review	Northland
May 14	Meeting to prepare for rating call	City Staff, Northland

Date	Action	Responsible Party
Week of May 20 or May 27	Rating call with Moody's	City Staff, Northland, Rating Agency
May 20	City adopts Set Sale Resolution – 6:00 p.m.	**City Council Action**, Northland, Dorsey & Whitney
May 23	City comments and sign off on Preliminary Official Statement due to Northland	City Staff
June 3	Rating Received no later than this date	City Staff, Northland, Rating Agency
June 5	Distribution of Preliminary Official Statement	Northland
June 10	Authorizing Resolution sent to City	Dorsey & Whitney, Northland
June 17	Bond Sale – 10:00 a.m. Bond Purchase Agreement Signed - 6:00 p.m. Authorizing Resolution Adopted	**City Council Action,** Northland, Dorsey & Whitney
June 24	Closing Documents Distributed	Dorsey & Whitney
July 17	Closing on the Bonds (Proceeds Available)	Northland, City Staff, Dorsey & Whitney

Attachment 5 - Risk Factors

Property Taxes: Property tax levies shown in this Finance Plan are based on projected debt service and other revenues. Final levies will be set based on the results of sale. Levies should be reviewed annually and adjusted as needed. The debt service levy must be included in the preliminary levy for annual Truth in Taxation hearings. Future Legislative changes in the property tax system, including the imposition of levy limits and changes in calculation of property values, would affect plans for payment of debt service. Delinquent payment of property taxes would reduce revenues available to pay debt service.

Special Assessments: Special assessments for the financed projects have not been levied at this time. This Finance Plan is based on the assumptions listed earlier in this report. Changes in the terms and timing for the actual assessments will alter the projected flow of funds for payment of debt service on the Bonds. Also, special assessments may be prepaid. It is likely that the income earned on the investment of prepaid assessments will be less than the interest paid if the assessments remained outstanding. Delinquencies in assessment collections would reduce revenues needed to pay debt service. The collection of deferred assessments, if any, have not been included in the revenue projections. Projected assessment income should be reviewed annually and adjusted as needed.

General: In addition to the risks described above, there are certain general risks associated with the issuance of bonds. These risks include, but are not limited to:

- Failure to comply with covenants in bond resolution.
- Failure to comply with Undertaking for continuing disclosure.
- Failure to comply with IRS regulations, including regulations related to use of the proceeds and arbitrage/rebate. The IRS regulations govern the ability of the City to issue its bonds as tax-exempt securities and failure to comply with the IRS regulations may lead to loss of tax-exemption.

CITY OF LAKEVILLE
PARK REFERENDUM - DEBT SERVICE TAX LEVIES

Tax Collection Year	2022B Hasse Outdoor Rink $4,845,000	2022C Park Ref Projects $13,735,000	2023A Park Ref Projects $4,345,000	2024 (Est) Park Ref Projects $15,075,000	Park Refer TOTALS $38,000,000
2023	340,927	600,000	-	-	940,927
2024	337,344	1,104,042	339,990	-	1,781,376
2025	338,601	1,105,880	343,403	1,154,333	2,942,217
2026	339,651	1,106,405	341,040	1,156,234	2,943,330
2027	340,489	1,105,617	343,665	1,158,294	2,948,065
2028	340,998	1,103,517	340,515	1,154,724	2,939,754
2029	341,282	1,105,355	342,353	1,155,900	2,944,889
2030	336,084	1,105,617	338,415	1,156,725	2,936,841
2031	341,271	1,104,305	339,465	1,156,887	2,941,928
2032	340,725	1,101,417	339,990	1,156,389	2,938,521
2033	339,806	1,102,205	339,990	1,154,525	2,936,526
2034	338,378	1,103,465	341,670	1,156,142	2,939,655
2035	336,554	1,103,465	342,930	1,155,740	2,938,689
2036	339,573	1,102,205	343,770	1,158,880	2,944,427
2037	336,769	1,102,874	338,940	1,154,407	2,932,990
2038	338,783	1,102,402	339,150	1,159,436	2,939,770
2039	340,331	1,104,895	338,940	1,156,948	2,941,115
2040	336,005	1,106,011	343,560	1,157,578	2,943,154
2041	336,457	1,104,515	342,300	1,156,268	2,939,539
2042	336,404	1,101,594	340,620	1,157,743	2,936,362
2043	-	-	338,520	1,156,457	1,494,977
2044	-	-	-	1,157,045	1,157,045
TOTALS	**6,776,432**	**21,575,785**	**6,819,225**	**23,130,655**	**58,302,097**

Date: 4/22/2024

2023 4th Quarter Financial Report - General Fund

Proposed Action

Discussion only

Overview

The attached financial report and analysis offers readers a narrative overview of the financial activities of th City for the 2023 4th quarter.

Supporting Information

1. 2023 4th Quarter Financial Report

Financial Impact: $ **Budgeted:** Yes **Source:** General Fund
Envision Lakeville Community Values: Good Value for Public Service
Report Completed by: Julie Stahl, Finance Director

FINANCIAL HIGHLIGHTS:

The following financial report and analysis offers readers a narrative overview of the financial activities of the City for the year ended December 31, 2023. This report only covers the General Fund. ***Readers should take note that this information is preliminary as the City's annual audit has not been completed and some amounts may be estimated as the final audit work is still being completed.*** The readers are encouraged to consider the information presented here in conjunction with the unaudited financial statements attached to this report, the adopted budget and the five-year Capital Improvement Plan.

The City received $3.15 million in one-time Public Safety Aid funding in December. The City set aside $1.3 million in the Building Fund. The 2023 financial report reflects $1.85 million of this aid in the General Fund.

❖ General Fund - Revenues

Total revenues are $335,00 higher than budget estimates and $148,700 lower than the prior year.

❖ *Property tax revenues.*

- General property taxes were lower than budget estimates by $253,000 or 0.9%. All delinquent taxes are recorded in the General Fund and other funds receive 100% of their current levy. Tax payments form Dakota County were received in June, July, December, with the final settlement received in January 2024.

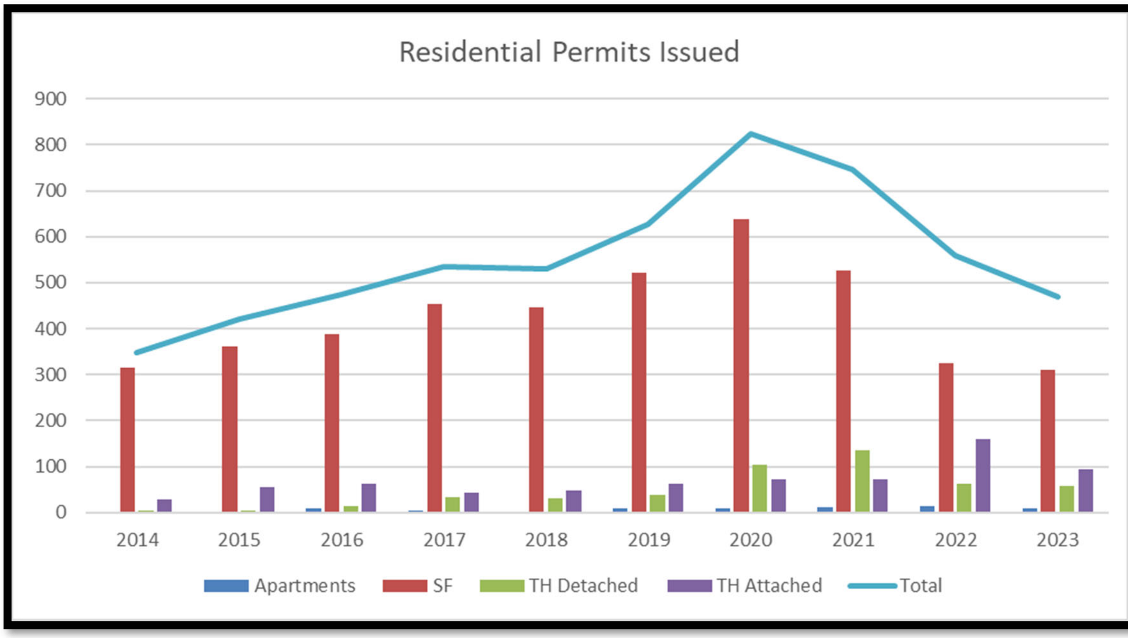
❖ *Licenses and Permits.*

- Licenses and Permit revenues were higher than the amended budget by $173,000. Overall permit revenue decreased $354,000 over the prior year. The following chart shows the 2023 actual number of building permits as well as a comparison of the 2023 budget to actual.

Permit Type	YTD 4th Quarter 2022	2023 Adopted Budget	YTD 4th Quarter 2023
Single Family	325	350	309
Townhome	222	120	152
Apartments (Units)	13 (167 units)	1 (200 units)	9 (252 units)
Commercial	11	4	8
Industrial	0	2	2

❖ *Historical Building Permits*

- As shown in the chart below building permits for single family had record breaking years in 2019, 2020 and 2021 and now trending to a steady growth as seen in years past. The mix of permit types is changing to include a mix of townhomes and apartment complexes.



❖ *Intergovernmental.*

- Intergovernmental revenues are higher than the amended budget estimates by $104,000. Police State Aid ($642,000) was $62,000 higher than the original budget and prior year. Fire State Aid exceeded the original budget by $58,000. Revenues for public safety programs such as traffic safety, protective vest replacement grants and firefighter training grants continue to be strong.

  Intergovernmental revenues are lower than the prior year by $2.7 million. This is primarily due to the City recognizing $4,873,307 related to the American Rescue Plan Act (ARPA) in 2022. In 2023 the City received $3.15 million in one-time Public Safety Aid funding and $1.85 million of this aid is in the General Fund – the remainder is reflected in the Building Fund.

❖ *Charges for Services.*

Charges for Services are below amended budget estimates by $264,000.

- *General government services* are higher than amended budget estimates by $152,000 and are exceeding the prior year estimate by $186,000. $258,000 has been received for fiscal agent fees from the Dakota 911 and Lakeville Arenas which is a majority of the increase between budget and comparison with the prior year.

- *Public Safety* revenues are $27,000 lower than budget estimates. Police security services are in line with the prior year. SRO contributions are down from budget estimates due to changes in staffing of the SRO Officers. The current agreement with Eureka Township results in a 2023 fee of $49,350 and was billed out in June of the current year.

- *Public works* revenues for engineering-related services in connection with developer construction administration, inspection, and GIS are lower than the amended budget by $376,000 and prior year by $711,000. This is consistent with the level of developmental activity.

- *Parks and Recreation* revenues are $17,000 higher than amended budget and slightly higher compared to 2022. The Arts Center revenues are $30,000 less than budget estimates but $121,00 higher than 2022. Increased programing at the Arts Center contributed to the variance.

❖ *Court Fines.*
- Revenues from court fines ($238,000) are in line with budget estimates and are higher than the prior year by $13,000. Court fine revenues and the membership fees paid to the Dakota 911 are both impacted by the number of CAD calls. COVID-19 impacted court fines in past years but are showing moderate increases compared to prior revenues during COVID-19.

❖ *Investment Revenue and Miscellaneous*
- Investment income is $730,000 due to increase in market conditions at the end of 2023. The 2023 budget was anticipating $281,000 in investment revenue. The investment gain is comprised of investment earnings of $351,000 and an increase for the market value adjustment of $379,000. Investments are typically held until maturity and any potential losses in the market value will likely be gained back in future periods.

❖ General Fund - Expenditures

Total expenditures are about $752,000 or 2.0 % less than the amended budget. This is offset by the budget for transfers from (in) other funds for a net increase of $307,000. Transfers in are now accounted for within the applicable departments to account for interfund allocations.

❖ *Personnel Services* – Personnel services of $26,665,203 were lower than the amended budget by $643,254 or 3.0%. Compared to 2022, personnel services were $1.6M higher in 2023. Higher costs were due to additional staff added in 2023. Four police officers, a crime analyst and a Parks Maintenance II position were new additions in 2023. The increase was partially offset with savings that resulted from employee vacancies, leave without pay and lower hours for seasonal positions.

❖ *Motor Fuels.* Motor fuels expense is $91,000 higher than the budget and $55,000 higher than in 2022 as fuel costs continue to rise. The City does have a contract for fuel prices in place to mitigate some of the price increases.

❖ *Street Chemicals.* 2023 deicing materials were equal to budget estimates and under the amended budget by $10,000. 2023 costs exceeded the prior year by $24,000. Purchases at the end of the 2023-2024 winter season will be stored at the central maintenance facility and will be utilized in the late fall if needed. City staff complete a mid-year inventory calculation.

- *Utilities.* Electric costs in 2023 were $84,000 lower than in 2022 and within the amended budget. Energy saving improvements in lighting and building automation continues to help in reducing energy consumption. Natural gas costs in 2023 were $77,000 lower than in 2022.

- *Mayor and Council.* Expenditures are consistent with the amended budget and with the same period in 2022.

- *City Administration.* Expenditures are consistent with the amended budget. Overall are higher than the prior year due to a community survey and update to the Envision Lakeville report.

- *City Clerk.* Expenditures are down compared to the prior year due to election costs in the Fall of 2022. The County had billed for election equipment costs in the first quarter of 2022.

- *Legal.* Legal fees were 24 percent under budget estimates. Expenditures are slightly lower than the same period in 2022.

- *Planning.* Salaries are down in 2023 due to the vacant Planning & Zoning Specialist position being filled with an outside contractor.

- *Community and Economic Development.* Salaries are down in 2023 due to retirement of Community and Economic Development director in 2022 and related severance payout.

- *Inspections.* Salaries are higher than budget and the previous year due to filling a vacant Building Inspector position during the first quarter of 2023 and the retirement of the Building Official. Capital outlay exceeded budget primarily due to the delays between ordering and receiving vehicles.

- *General Government Facilities.* Salaries are up over the same period in 2022 resulting from employee transitions and vacancies in 2022. Commodities and other charges and services are within the amended budget estimates.

- *Finance Department.* Expenditures overall are in line with the amended budget. Personnel costs are higher than the previous year due to staff transitioning through the step process and additional temporary resources for the ERP implementation.

- *Information Technology.* Timing of annual maintenance agreements can impact the expense comparison each year. However, this department is lower than budget estimates due to vacancies due to internal promotions within the department and back filling.

- *Human Resources.* Personnel costs are below budget and higher than 2022 due to hiring a new Human Resources Technician in December 2022. Professional fees are up over the prior year due to ERP-related transition costs for upgrading NEOGOV and beginning the setup of UKG time and attendance software. Professional fees are also higher in 2023 due to contract negotiation renewal discussions.

- *Police.* Personnel services are below budget due to employee vacancies throughout the year. In 2023 there were four new police officer positions added and a crime analyst. Dakota 911 membership fees increased $85,000 from 2022 and vary each year due to CAD call volume. Other charges and services were higher than budget due to increase utility costs and increase in domestic preparedness fees from Dakota County.

- *Fire*. Personnel services are under budget and higher than the prior year due to the addition of a Fire Inspector in 2023. Firefighter pay is contingent on the number of fire calls during the year. Commodities are exceeding prior year due to acquisition of wireless headsets (14) in the first quarter to ensure delivery in 2023.

- *Engineering/GIS.* Personnel services are below budget estimates due to employee vacancies in the Assistant City Engineer and Civil Engineer positions. This is contributing to the increase in professional engineering fees needed to complete projects.

- *Forestry* Previously this division was included in the Enterprise Fund Environmental Resources and has since transitioned to the General Fund as a separate division. Personnel services are below budget estimates due to employee transition from a vacancy at the end of 2022 and replaced at a lower rate.

- *Construction Services.* Personnel services are below budget due to position vacancies.

- *Streets.* Personnel services are slightly under budget due to employee transitions and over the prior year due to increases in overtime cost related to snow events. Commodities are up over the prior year due to additional chemicals purchased at the end of the 2023/2024 winter season which will be stored for use in the fall if needed.

- *Parks.* Personnel services are below budget due to employee transitions and higher than the previous year due to the additional Park Maintenance II position.

- *Recreation, Heritage Center and Arts Center.* Expenses are higher than budget due to employee transitions and overlap between positions. Arts Center expenses are exceeding the prior year due to added costs associated with the Art Board Grant awarded in 2023. The Shuttered Venue grant period expired in 2022.

General Fund - Fund Balance

- *Fund Balance.* During the adoption of the 2024 budget, the 2023 unrestricted Fund balance was projected to be $20,873,739 with a 56% fund balance ratio to current expenditures. The actual unrestricted fund balance is anticipated to be $22,150,714 – or 61% of current expenditures. That is a $1.28 million increase resulting from the previous discussions.

- The estimated unrestricted fund balance ratio is 54.1% of next year's budgeted expenditures which is higher than 40-50% range established by City policy.

- *Assigned Fund Balance.* The City Council approved the use of $1,528,000 of General Fund balance as a funding source for the 2024 General Fund Budget.

Use of Fund Balance	
Technology Fund	$215,000
Inspections – ERP	110,000
Elections	98,000
HR & Finance – ERP	310,000
Net (Revenues)/Expenses	795,000
Total	$1,528,000

Unaudited

General Fund
Summary Statement of Revenues, Expenditures and Changes in Fund Balances
For the Twelve Month Period Ended December 31, 2023

	2023 Adopted Budget	2023 Amended Budget	12/31/23 Actual	Variance from Amended Budget Positive (Neg)	Actual Percent	Comparative 12/31/22 Actual	Comparative Variance from 2022 Actual Positive(Neg)
Revenues							
General property taxes	$ 26,954,875	$ 26,954,875	$ 26,701,304	$ (253,571)	99.1%	$ 25,488,775	$ 1,212,529
Licenses and permits	2,943,346	3,316,346	3,489,815	173,469	105.2%	3,843,424	(353,609)
Intergovernmental	1,512,699	3,504,175	3,608,385	104,210	103.0%	6,314,319	(2,705,934)
Charges for services	3,392,946	3,717,502	3,453,349	(264,153)	92.9%	3,847,524	(394,175)
Court fines	240,000	240,000	238,097	(1,903)	99.2%	224,461	13,636
Investment income	281,000	281,000	729,681	448,681	259.7%	(1,292,356)	2,022,037
Miscellaneous	46,257	46,257	174,210	127,953	376.6%	117,361	56,849
Total revenues	35,371,123	38,060,155	38,394,841	334,686	100.9%	38,543,508	(148,667)
Expenditures							
Mayor and Council	138,778	131,869	125,353	6,516	95.1%	132,295	6,942
Committees and Commissions	127,877	133,622	132,694	928	99.3%	117,501	(15,193)
City Administration	629,559	601,516	591,586	9,930	98.3%	539,024	(52,562)
City Clerk	183,931	198,546	197,360	1,186	99.4%	308,996	111,636
Legal Counsel	97,350	97,350	74,170	23,180	76.2%	79,790	5,620
Planning	662,843	664,256	640,541	23,715	96.4%	623,932	(16,609)
Community and Econ. Development	519,673	521,836	534,834	(12,998)	102.5%	602,385	67,551
Inspections	1,936,637	1,857,140	1,902,352	(45,212)	102.4%	1,835,664	(66,688)
General Government Facilities	684,889	591,083	575,273	15,810	97.3%	621,474	46,201
Finance	1,134,847	1,174,106	1,159,904	14,202	98.8%	1,071,071	(88,833)
Information Systems	1,072,579	857,604	721,101	136,503	84.1%	955,398	234,297
Human Resources	887,396	727,323	663,385	63,938	91.2%	496,840	(166,545)
Insurance	250,000	250,000	250,000	-	100.0%	285,000	35,000
Police	14,311,128	14,448,605	14,436,535	12,070	99.9%	13,241,685	(1,194,850)
Fire	2,666,423	3,067,511	2,884,992	182,519	94.0%	2,446,597	(438,395)
Engineering	1,120,397	906,557	767,475	139,082	84.7%	925,411	157,936
Forestry	566,047	566,379	543,397	22,982	95.9%	-	(543,397)
Construction Services	621,899	701,328	587,436	113,892	83.8%	452,332	(135,104)
Streets	4,064,622	3,989,832	4,018,033	(28,201)	100.7%	3,815,075	(202,958)
Parks	3,470,194	3,498,227	3,382,318	115,909	96.7%	3,055,026	(327,292)
Recreation	847,937	901,685	890,163	11,522	98.7%	888,542	(1,621)
Heritage Center	140,673	141,046	138,933	2,113	98.5%	127,203	(11,730)
Arts Center	763,663	958,594	1,016,290	(57,696)	106.0%	801,732	(214,558)
Total expenditures	36,899,342	36,986,015	36,234,125	751,890	98.0%	33,422,973	(2,811,152)
Excess (deficiency) of revenues over expenditures	(1,528,219)	1,074,140	2,160,716	1,086,576		5,120,535	(2,959,819)
Other financing sources (uses)							
Transfer from other funds	1,171,099	817,523	372,169	(445,354)	45.5%	(1,210,768)	1,582,937
Transfer to other funds	(2,353,880)	(2,353,880)	(2,253,880)	100,000	95.8%	(5,453,977)	3,200,097
Total other financing sources (uses)	(1,182,781)	(1,536,357)	(1,881,711)	(345,354)		(6,664,745)	4,783,034
Net change in fund balance	(2,711,000)	(462,217)	279,005	741,222		(1,544,210)	1,823,215
Beginning fund balance	21,881,813	22,007,407	22,007,407	-		23,985,822	(1,978,415)
Ending fund balance	$ 19,170,813	$ 21,545,190	$ 22,286,412	$ 741,222		$ 22,441,612	$ (155,200)
Adj fund bal, Dec 31 (net of restrictec	*$ 18,499,362*	*$ 20,873,739*	*$ 22,150,714*	**1,276,975**		*$ 21,770,162*	
Net change in fund balance percenta	(12.4%)	(2.1%)	1.3%			(6.4%)	
Ratio: Fund Bal to CY expenditures	50.1%	56.4%	61.1%				
Ratio: Fund Bal to NY expenditures	48.7%	51.0%	54.1%				
Expense Summary:							
Personnel services	*27,622,402*	*27,308,457*	*26,665,203*	*643,254*	97.6%	*25,105,524*	*(1,559,679)*
Commodities	*2,211,459*	*2,266,459*	*2,362,387*	*(95,928)*	104.2%	*1,857,318*	*(505,069)*
Other charges and services	*6,967,481*	*7,234,617*	*7,067,786*	*166,831*	97.7%	*6,337,977*	*(729,809)*
Capital outlay	*98,000*	*176,482*	*138,749*	*37,733*	78.6%	*122,154*	*(16,595)*
	36,899,342	*36,986,015*	*36,234,125*	*751,890*	98.0%	*33,422,973*	*(2,811,152)*

General Fund

Schedule of Expenditures

Expenditures	2023 Adopted Budget	2023 Amended Budget	12/31/23 Actual	Variance from Amended Budget Positive (Neg)	Actual Percent	Comparative 12/31/22 Actual	Comparative Variance from 2022 Actual Positive(Neg)
Mayor and Council							
Personnel services	$ 62,561	$ 55,652	$ 51,908	$ 3,744	93%	$ 60,166	$ 8,258
Commodities	50	50	140	(90)	280%	57	(83)
Other charges and services	76,167	76,167	73,305	2,862	96%	72,072	(1,233)
Total	138,778	131,869	125,353	6,516	95%	132,295	6,942
Committees/Commissions							
Personnel services	77,677	78,562	76,375	2,187	97%	70,470	(5,905)
Commodities	2,500	2,500	94	2,406	4%	1,842	1,748
Other charges and services	47,700	52,560	56,225	(3,665)	107%	45,189	(11,036)
Total	127,877	133,622	132,694	928	99%	117,501	(15,193)
City Administration							
Personnel services	525,250	478,207	477,955	252	100%	470,529	(7,426)
Commodities	4,500	4,500	1,168	3,332	26%	3,401	2,233
Other charges and services	99,809	118,809	110,934	7,875	93%	65,094	(45,840)
Capital outlay	-	-	1,529	(1,529)	0%	-	(1,529)
Total	629,559	601,516	591,586	9,930	98%	539,024	(52,562)
City Clerk							
Personnel services	143,506	143,691	143,568	123	100%	262,771	119,203
Commodities	300	300	1,932	(1,632)	644%	1,784	(148)
Other charges and services	40,125	54,555	51,860	2,695	95%	44,441	(7,419)
Total	183,931	198,546	197,360	1,186	99%	308,996	111,636
Legal Counsel							
Other charges and services	97,350	97,350	74,170	23,180	76%	79,790	5,620
Planning							
Personnel services	643,697	645,110	632,621	12,489	98%	614,358	(18,263)
Commodities	1,901	1,901	1,635	266	86%	2,615	980
Other charges and services	17,245	17,245	6,285	10,960	36%	6,959	674
Total	662,843	664,256	640,541	23,715	96%	623,932	(16,609)
Community and Economic Development							
Personnel services	383,365	383,538	382,254	1,284	100%	441,378	59,124
Commodities	275	275	151	124	55%	495	344
Other charges and services	136,033	138,023	152,429	(14,406)	110%	160,512	8,083
Total	519,673	521,836	534,834	(12,998)	102%	602,385	67,551
Inspection							
Personnel services	1,511,300	1,380,823	1,449,132	(68,309)	105%	1,362,074	(87,058)
Commodities	16,207	16,207	13,486	2,721	83%	20,695	7,209
Other charges and services	347,130	398,110	408,637	(10,527)	103%	367,418	(41,219)
Capital outlay	62,000	62,000	31,097	30,903	50%	85,477	54,380
Total	1,936,637	1,857,140	1,902,352	(45,212)	102%	1,835,664	(66,688)

(continued)

General Fund
Schedule of Expenditures

Expenditures (continued)	2023 Adopted Budget	2023 Amended Budget	12/31/23 Actual	Variance from Amended Budget Positive (Neg)	Actual Percent	Comparative 12/31/22 Actual	Comparative Variance from 2022 Actual Positive(Neg)
General Government Facilities							
Personnel services	$ 415,602	$ 323,926	$ 323,114	$ 812	100%	$ 381,851	$ 58,737
Commodities	22,898	22,898	21,218	1,680	93%	21,164	(54)
Other charges and services	246,389	244,259	230,941	13,318	95%	218,459	(12,482)
Total	684,889	591,083	575,273	15,810	97%	621,474	46,201
Finance							
Personnel services	950,108	1,018,151	1,016,143	2,008	100%	872,760	(143,383)
Commodities	1,400	1,400	2,578	(1,178)	184%	2,451	(127)
Other charges and services	183,339	154,555	139,649	14,906	90%	187,422	47,773
Capital outlay	-	-	1,534	(1,534)	0%	8,438	6,904
Total	1,134,847	1,174,106	1,159,904	14,202	99%	1,071,071	(88,833)
Information Technology							
Personnel services	555,347	340,372	309,465	30,907	91%	524,798	215,333
Commodities	3,800	3,800	2,903	897	76%	5,128	2,225
Other charges and services	513,432	513,432	407,134	106,298	79%	425,472	18,338
Capital outlay	-	-	1,599	(1,599)	0%	-	(1,599)
Total	1,072,579	857,604	721,101	136,503	84%	955,398	234,297
Human Resources							
Personnel services	716,626	499,013	442,183	56,830	89%	353,758	(88,425)
Commodities	1,975	1,975	1,734	241	88%	1,271	(463)
Other charges and services	168,795	226,335	219,468	6,867	97%	133,634	(85,834)
Capital outlay	-	-	-	-	0%	8,177	8,177
Total	887,396	727,323	663,385	63,938	91%	496,840	(166,545)
Insurance							
Other charges and services	250,000	250,000	250,000	-	100%	285,000	35,000
Police							
Personnel services	11,628,936	11,766,413	11,731,229	35,184	100%	10,784,534	(946,695)
Commodities	497,057	497,057	485,699	11,358	98%	380,271	(105,428)
Other charges and services	2,185,135	2,185,135	2,219,607	(34,472)	102%	2,076,880	(142,727)
Capital outlay	-	-	-	-	0%	-	-
Total	14,311,128	14,448,605	14,436,535	12,070	100%	13,241,685	(1,194,850)
Fire							
Personnel services	1,574,572	1,912,660	1,654,580	258,080	87%	1,477,131	(177,449)
Fire Relief Contribution/State Aid	521,700	584,700	577,878	6,822	99%	513,676	(64,202)
Commodities	225,645	225,645	283,890	(58,245)	126%	142,116	(141,774)
Other charges and services	344,506	344,506	368,644	(24,138)	107%	313,674	(54,970)
Total	2,666,423	3,067,511	2,884,992	182,519	94%	2,446,597	(438,395)

(continued)

General Fund
Schedule of Expenditures

Expenditures (continued)	2023 Adopted Budget	2023 Amended Budget	12/31/23 Actual	Variance from Amended Budget Positive (Neg)	Actual Percent	12/31/22 Actual	Comparative Variance from 2022 Actual Positive(Neg)
Engineering							
Personnel services	$ 951,500	$ 737,660	$ 628,373	$ 109,287	85%	$ 802,263	$ 173,890
Commodities	8,786	8,786	6,665	2,121	76%	5,917	(748)
Other charges and services	160,111	160,111	132,437	27,674	83%	97,169	(35,268)
Capital outlay	-	-	-	-	0%	20,062	20,062
Total	1,120,397	906,557	767,475	139,082	85%	925,411	157,936
Forestry							
Personnel services	218,114	218,446	$ 212,436	$ 6,010	97%	$ -	$ (212,436)
Commodities	7,593	7,593	7,356	237	97%	-	(7,356)
Other charges and services	340,340	340,340	323,610	16,730	95%	-	(323,610)
Capital outlay	-	-	(5)	5	0%	-	5
Total	566,047	566,379	543,397	22,982		-	(543,397)
Construction Services							
Personnel services	591,652	592,599	485,491	107,108	82%	415,312	(70,179)
Commodities	12,141	12,141	7,856	4,285	65%	8,433	577
Other charges and services	18,106	18,106	15,608	2,498	86%	28,587	12,979
Capital outlay	-	78,482	78,481	1	100%	-	(78,481)
Total	621,899	701,328	587,436	113,892	84%	452,332	(135,104)
Streets							
Personnel services	2,644,947	2,570,157	2,532,081	38,076	99%	2,507,579	(24,502)
Commodities	993,915	993,915	1,018,402	(24,487)	102%	895,540	(122,862)
Other charges and services	425,760	425,760	467,550	(41,790)	110%	411,956	(55,594)
Total	4,064,622	3,989,832	4,018,033	(28,201)	101%	3,815,075	(202,958)
Parks							
Personnel services	2,500,425	2,528,458	2,454,874	73,584	97%	2,185,343	(269,531)
Commodities	324,472	324,472	319,432	5,040	98%	274,667	(44,765)
Other charges and services	645,297	645,297	608,012	37,285	94%	595,016	(12,996)
Total	3,470,194	3,498,227	3,382,318	115,909	97%	3,055,026	(327,292)
Recreation							
Personnel services	501,101	502,599	503,709	(1,110)	100%	505,102	1,393
Commodities	31,844	31,844	34,461	(2,617)	108%	31,298	(3,163)
Other charges and services	314,992	367,242	351,993	15,249	96%	352,142	149
Capital outlay	-	-	-	-	0%	-	-
Total	847,937	901,685	890,163	11,522	99%	888,542	(1,621)
Heritage Center							
Personnel services	76,804	77,177	73,107	4,070	95%	72,185	(922)
Commodities	11,850	11,850	11,769	81	99%	8,745	(3,024)
Other charges and services	52,019	52,019	54,057	(2,038)	104%	46,273	(7,784)
Total	140,673	141,046	138,933	2,113	99%	127,203	(11,730)
Arts Center							
Personnel services	427,612	470,543	506,727	(36,184)	108%	427,486	(79,241)
Commodities	42,350	97,350	139,818	(42,468)	144%	49,428	(90,390)
Other charges and services	257,701	354,701	345,231	9,470	97%	324,818	(20,413)
Capital outlay	36,000	36,000	24,514	11,486	68%	-	(24,514)
Total	763,663	958,594	1,016,290	(57,696)	106%	801,732	(214,558)