



# City Council Meeting

January 08, 2024

7:00 PM

Fridley City Hall, 7071 University Avenue N.E.

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## Agenda

### **Call to Order**

The Fridley City Council (Council) requests that all attendees silence cell phones during the meeting. A paper copy of the Agenda is at the back of the Council Chambers. A paper copy of the entire Agenda packet is at the podium. The Agenda and all related materials may also be found on the City's website at [FridleyMN.gov/1564/Agenda-Center](https://FridleyMN.gov/1564/Agenda-Center).

### **Pledge of Allegiance**

### **Proclamations/Presentations**

- [1.](#) Acknowledging the Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended December 31, 2022

### **Proposed Consent Agenda**

The following items are considered to be routine by the Council and will be approved by one motion. There will be no discussion of these items unless a Councilmember requests, at which time that item may be moved to the Regular Agenda.

### **Meeting Minutes**

- [2.](#) Approve the Minutes from the City Council Meeting of December 18, 2023
- [3.](#) Receive the Minutes from the Special City Council Conference Meeting of December 18, 2023
- [4.](#) Receive the Minutes from the Environmental Quality and Energy Commission (EQEC) Meeting of November 14, 2023

### **New Business**

- [5.](#) Resolution No. 2024-01, Confirming City Council Appointments and Designations
- [6.](#) Resolution No. 2024-03, Authorizing the Use of Municipal State Aid System Funding for 2024 Local Improvement Projects
- [7.](#) Resolution No. 2024-04, Ordering Final Plans, Specifications and Calling for Bids for 2024 Street Rehabilitation Project No. ST2024-01
- [8.](#) Resolution No. 2024-06, Approving Financial Management Policy Revisions

## **Claims**

- [9.](#) Resolution No. 2024-02, Approving Claims for the Period Ending January 3, 2024

## **Open Forum**

The Open Forum allows the public to address the Council on subjects that are not on the Regular Agenda. The Council may take action, reply, or give direction to staff. Please limit your comments to five minutes or less.

## **Regular Agenda**

The following items are proposed for the Council's consideration. All items will have a presentation from City staff, are discussed, and considered for approval by separate motions.

## **New Business**

- [10.](#) Resolution No. 2024-05, Approving a Municipal Inflow and Infiltration Grant Application and Agreement with Metropolitan Council Environmental Services

## **Informal Status Reports**

## **Adjournment**

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Upon request, accommodation will be provided to allow individuals with disabilities to participate in any City of Fridley services, programs, or activities. Hearing impaired persons who need an interpreter or other persons who require auxiliary aids should contact the City at (763) 572-3450.



# AGENDA REPORT

**Meeting Date:** January 8, 2023

**Meeting Type:** City Council

**Submitted By:** Joe Starks, Finance Director/City Treasurer

## Title

Acknowledging the Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year Ended December 31, 2022

## Background

The Government Finance Officers Association of the United States and Canada (GFOA) announced that the City has received the GFOA's Certificate of Achievement for Excellence in Financial Reporting. It is the highest form of recognition in the area of governmental accounting and financial reporting, and the attainment of it represents a significant accomplishment by a government and its management. The Annual Comprehensive Financial Report (ACFR) was judged by an impartial panel to meet the high standards of the program which include demonstrating a "constructive spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report. The City of Fridley has been awarded the Certificate of Achievement for Excellence in Financial Reporting every year since 2011.

Please extend a big thank you to the accounting staff for their hard work, with special thanks to Korrie Johnson, Assistant Finance Director.

## Financial Impact

While there is no direct financial impact, the award is evidence of the City's intentional, transparent financial reporting which is critical to maintaining public trust.

## Recommendation

Staff recommend the Council formally accept the award.

## Focus on Fridley Strategic Alignment

|                                                                                 |                                                                     |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <input type="checkbox"/> Vibrant Neighborhoods & Places                         | <input type="checkbox"/> Community Identity & Relationship Building |
| <input checked="" type="checkbox"/> Financial Stability & Commercial Prosperity | <input type="checkbox"/> Public Safety & Environmental Stewardship  |
| <input checked="" type="checkbox"/> Organizational Excellence                   |                                                                     |

## Attachments and Other Resources

- Certificate of Achievement for Excellence in Financial Reporting

## Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Fridley  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO



# AGENDA REPORT

**Meeting Date:** January 8, 2024

**Meeting Type:** City Council

**Submitted By:** Roberta Collins, Assistant to the City Manager

## Title

Approve the Minutes from the City Council Meeting of December 18, 2023

## Background

Attached are the minutes from the City Council meeting of December 18, 2023.

## Financial Impact

None.

## Recommendation

Staff recommend the approval of the minutes from the City Council meeting of December 18, 2023.

## Focus on Fridley Strategic Alignment

- |                                                                      |                                                                     |
|----------------------------------------------------------------------|---------------------------------------------------------------------|
| <input type="checkbox"/> Vibrant Neighborhoods & Places              | <input type="checkbox"/> Community Identity & Relationship Building |
| <input type="checkbox"/> Financial Stability & Commercial Prosperity | <input type="checkbox"/> Public Safety & Environmental Stewardship  |
| <input checked="" type="checkbox"/> Organizational Excellence        |                                                                     |

## Attachments and Other Resources

- Minutes from the City Council Meeting of December 18, 2023

## Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.



# City Council Meeting

December 18, 2023

7:00 PM

Fridley City Hall, 7071 University Avenue NE

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## Minutes

### **Call to Order**

Mayor Lund called the City Council Meeting of December 18, 2023, to order at 7:00 p.m.

### **Present**

Mayor Scott Lund  
Councilmember Dave Ostwald  
Councilmember Tom Tillberry  
Councilmember Ryan Evanson  
Councilmember Ann Bolkcom

### **Others Present**

Walter Wysopal, City Manager  
Jim Kosluchar, Public Works Director  
Brandon Brodhag, Assistant City Engineer  
Joe Starks, Finance Director

### **Pledge Of Allegiance**

### **Approval of Proposed Consent Agenda**

Motion made by Councilmember Bolkcom to adopt the proposed Consent Agenda. Seconded by Councilmember Tillberry.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

### **Approval/Receipt of Minutes**

1. Approve the Minutes from the City Council Meeting of December 11, 2023.
2. Receive the Minutes from the City Council Conference Meeting of December 11, 2023.
3. Receive the Minutes from the Parks and Recreation Commission Meeting of November 6, 2023.
4. Receive the Minutes from the Housing and Redevelopment Authority Meeting of November 2, 2023.

**New Business**

5. Ordinance No. 1417, Amending the Nominations and Elections Chapter of the Fridley City Charter (Second Reading).
6. Resolution No 2023-151, Approving a Joint Powers Agreement Between the City of Fridley and the Minnesota Department of Public Safety – Bureau of Criminal Apprehension (BCA) for Participation in the Internet Crimes Against Children (ICAC) Task Force.
7. Resolution No. 2023-152, Approving a ReLeaf Grant Agreement from the Minnesota Department of Natural Resources.
8. Resolution No. 2023-155, Designating Precincts and Polling Locations for the 2024 Election Year.
9. Resolution No. 2023-163, Approving Appointments to the Planning Commission and the Environmental Quality and Energy Commission (EQEC).
10. Resolution No. 2023-164, Approving Gifts, Donations and Sponsorships Received Between November 18, 2023 and December 11, 2023.

**Claims**

11. Resolution No. 2023-162 Approving Claims for the Period Ending December 13, 2023.

**Open Forum, Visitors:** (Consideration of Items not on Agenda – 15 minutes.)

No one from the audience spoke.

**Adoption of Regular Agenda**

Motion made by Councilmember Tillberry to adopt the regular agenda. Seconded by Councilmember Evanson.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

**Regular Agenda****Public Hearing:**

12. Public Hearing for Improvements for 2024 Street Rehabilitation Project No. ST2024-01 and Resolution No. 2023-157, Ordering Final Plans, Specifications and Calling for Bids for 2024 Street Rehabilitation Project No. ST2024-01.

Motion made by Councilmember Evanson to open the public hearing. Seconded by Councilmember Ostwald.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

Brandon Brodhag, Assistant City Engineer, provided background information on the pavement management plan and road segments proposed to be included in the proposed 2024-01 project. He provided details on the candidate streets, project elements, traffic modifications for Lucia Lane, and tentative schedule. He stated that preliminary public outreach was conducted using a combination of an in-person informational meeting and virtual presentation. He noted that preliminary feedback will be compiled, and any comments and concerns will be addressed in the final design as feasible. He stated that the City Council received the Feasibility Report at its November 27 meeting, and reviewed details of the estimated project cost along with proposed project funding. He provided information on preliminary special assessments and explained how the assessments are calculated. He reviewed the options that would be available for payment of assessments. He asked that Council hold the public hearing and consider adoption of the resolution as presented.

Councilmember Evanson referenced the proposed cul-de-sac for Lucia Lane and asked if that would cause more traffic to migrate to Channel Lane.

Mr. Brodhag confirmed that is something that will be considered as they move forward to the final design. He stated that they have a closure setup currently to collect data on traffic migration.

Councilmember Evanson commented that there are side-by-side duplexes on Norton and asked how sewer hookups and assessments would occur for those properties.

Mr. Brodhag commented that he has received input from residents on Norton Avenue related to sewer services and staff is still investigating that issue to determine the number of duplexes that are connected to one service. He clarified that there will not be assessment to individual owners for sewer work.

Councilmember Ostwald asked that staff provide details on how roads are chosen for improvement.

Mr. Brodhag provided details on the City's pavement management plan and the monitoring that is done to schedule road improvement projects and ongoing maintenance.

Mayor Lund invited the public to provide input.

Russell Bergman, 6701 Channel Road, reported that he has been counting vehicle traffic on Channel Road using cameras in his yard and provided some of that data. He stated that he does not like traffic and does not like this increase in traffic. He noted that he witnessed a school bus being passed.

Mayor Lund commented that they are aware of the problem with traffic and are attempting to address traffic on both Lucia Lane and Channel Road.

Jim Kosluchar, Public Works Director, provided estimated traffic counts prior to the closure of Lucia Lane. He stated that another option was provided to potentially close 68<sup>th</sup> Avenue, but there were no comments in support of that option during the open house.



Mayor Lund noted that closing 68<sup>th</sup> Avenue would seem to assist in decreasing traffic.

Bob Wells, 6648 Channel Road, provided input on speeding vehicles and commented that he also witnessed a school bus being passed. He suggested lowering speed limits.

Mayor Lund commented that people have complained about traffic, and the solutions proposed by staff would do a good job in accomplishing that goal. He said lowering the speed limits would not accomplish that goal, as speeding vehicles would continue to speed. He noted that the road improvement is needed, regardless of the posted speed.

Councilmember Evanson asked if Mr. Wells supports the road improvements but is expressing concern with the speed limit.

Mr. Wells confirmed that he does support the project and would also like to see lower speed limits.

Adam Becker, 6600 Lucia Lane, commented that the road is a frontage road for a large apartment building, the school, mosque and other businesses, but it not designed to handle that traffic. He asked for better lighting and also believed sidewalks would be an improvement for pedestrians. He commented that the speed limit should also be posted. He said the bus will not come down Lucia Lane because the buses cannot turn around with the temporary closure, and therefore buses need to be considered. He asked how much the mosque and apartment building would be paying for the road project in assessment.

Mr. Brodhag commented that the mosque and apartments would not be assessed, as part of this project because they do not have assessable frontage.

Mayor Lund provided clarification on the portion of the project that would be assessed to residents and the portion of the project that would be funded through other sources. He explained that the City looks at things that can be done above and beyond the typical street project to address other issues in conjunction with road projects.

Mr. Brodhag commented that the mosque was assessed in 2008 for that road project.

Councilmember Evanson clarified that residents will be assessed for the road improvements and the City is choosing to implement additional traffic control measures in conjunction with the road project, noting that those improvements will not be assessed to residents.

Sarah Kuntz, 1255 66<sup>th</sup> Avenue, commented that her street was redone in 2008, and she was unsure why she is being included in this project. She commented that the drainage improvements that were added during that project have caused negative results on her property. She asked if the drainage could be corrected and requested communication about project timelines so she can plan accordingly.

Barb Aanestad, 6670 Channel Road, asked for details on the assessment rates for the different apartment buildings.

Mr. Brodhag provided estimates of those assessments.

Ms. Aanestad commented that the mosque traffic will be pushed down Channel Road. She noted that with the temporary closure of Lucia Lane, the buses are picking up the kids on Channel Road.

Tom Majkozak, 6620 Lucia Lane, stated that he supports the cul-de-sac proposal for Lucia Lane, but feels bad for the Channel Road residents, as that will just push the problem there. He commented on the high speed of traffic and noted that the majority of the road use is not from residents.

Dan Christianson, 6640 Lucia Lane, thanked Council for considering the cul-de-sac, as he has noticed considerably less traffic this past week. He commented that there is parking on both sides of the street, even with the no parking signs, and in the private apartment lot for the mosque. He said he had concerns for the residents on Channel Road because that is the path traffic would take. He stated he would support the bump-out on 68<sup>th</sup> Avenue as that would help to cut down traffic.

Wally Wysopal, City Manager, asked staff to provide details on the option for 68<sup>th</sup> Avenue and whether that was included in this presented design.

Mr. Brodhag stated that the option was provided at the open house for feedback and was planned to be included as part of this road project to assist in traffic control. The residents who attended the open house did not want to see that design move forward, so it was not included in the proposed project. He confirmed that the residents in opposition to the 68<sup>th</sup> Avenue option lived on Channel Road.

Councilmember Bolkcom recognized that there are additional residents here providing input and perhaps that could be considered as part of the project.

Mr. Brodhag confirmed that the final design has not yet been completed, so it could be added to the project if desired. He noted that they will continue to monitor the data from the temporary Lucia Lane closure and will continue to review measures for traffic calming.

Mayor Lund commented that the cul-de-sac will fix the problem for Lucia but that will push traffic to Channel Road. He believed that the option for 68<sup>th</sup> Avenue would assist with alleviating the issue on Channel Road.

Bosede Akinyelure, 1171 Norton Avenue, asked for details on the project proposed for Norton as well as how the assessment funds will be allocated.

Mr. Brodhag provided details of the proposed improvements and explained that the assessment is only calculated based on the actual street work and none of the additional project elements.

Roger Hoganson, 6870 Channel Road, commented that he supports the bump-out on 68<sup>th</sup> Avenue, and believes that will assist with the issue on Channel Road. He commented on issues with parking from the mosque.

Councilmember Bolkcom asked if staff is tracking the input tonight to determine if the option for 68<sup>th</sup> Avenue should be added.

Mr. Brodhag commented that he can conduct a poll to determine whether that option should be added to the final design.

Mr. Kosluchar stated staff has not heard support for the 68<sup>th</sup> bump-out until tonight. He stated staff will track the input received tonight as well as the comments made online and at the open house in order to make a decision on whether to include that improvement. He noted that because that option is not dependent on the road project, it could always be added at a later time. He provided details on speed analysis that has been done on Channel Road and provided examples of things that can be added to control speed. He stated that the residents on Channel Road need to provide their comments to staff and encouraged them to call the Engineering Department with their comments related to speed.

Barb Aanestad, 6670 Channel Road, said the residents support the road being improved. She asked why the mosque traffic cannot be directed to Highway 65 to alleviate the problems on local roads.

Mayor Lund commented that would be illegal.

Ms. Aanestad commented that Immanuel Church does that and was unsure why the mosque could not do that as well. She stated that the mosque traffic parks where no parking signs are installed and does not obey the traffic signs.

Pam Reynolds, 1241 and 1243 Norton Avenue, commented on the issues with the sewer connections in her area and said she did not believe the sewer was installed per code. She explained problems that she is experiencing with her sewer because of her neighbor and the improper connection. She asked that the City correct the issue. She stated that if the City does not fix the issue, she will pay a contractor to cap off the connection to her neighbor's property at 1239/1237.

Mayor Lund commented that staff will have to look into this issue further.

Ms. Reynolds asked how the property at the end of Norton would be assessed.

Mayor Lund noted that there is a location at which the public road becomes a private driveway.

Mr. Brodhag said that unit is being assessed the same as the other LDR units.

Councilmember Ostwald noted that any interested resident can request that the City view the lines to alert residents to any issues that may exist. He clarified that the line running to the home is the responsibility of the homeowner but there is a cost savings to addressing issues when the road is open.

Adam Betcker, 6600 Lucia Lane, thanked Council and staff for developing a proposal to address traffic. He commented that mosque traffic already does not obey posted signs and traffic laws and asked how there is confidence that the 68<sup>th</sup> Avenue option would be obeyed. He asked if the mosque could be required to fund officers to assist with directing traffic during events and times of heavy traffic.

Councilmember Evanson commented that there seems to be three elements tonight, the road project for which there is support, the traffic calming measures for which there seems to be some support, and the assistance of law enforcement. He stated that perhaps staff could hold one additional open house meeting to gain consensus on traffic calming measures. He stated that perhaps public safety could increase patrols in this area during busy times. He stated that the City has received a lot of comments and concerns about this issue, which is why the traffic calming measures are being discussed.

Councilmember Tillberry commented that the option for 68<sup>th</sup> is not currently included in the proposed project as neighbors did not voice support for that element. He encouraged residents to voice their support if they want that element included.

Councilmember Bolkcom stated that she does not believe an open house meeting is necessary. She reiterated the request from staff that residents reach out to City staff to request that element be included if it is desired by the neighborhood.

Carolyn Perron, 6610 Channel Road, stated that Channel Road has two different sections and acknowledged that the residents that live on the curved parts of the road are more impacted by street parking. She stated that perhaps those residents opposed the option for 68<sup>th</sup> because that would restrict them from turning right from Highway 65 to get to their home. She stated that she does support the option for 68<sup>th</sup>.

Roger Hogenson, 6870 Channel Road, commented that people cannot turn into the neighborhood from Highway 65 south as that option was already removed. It was clarified that the previous resident was speaking about north traffic on Highway 65. It was suggested that perhaps it was the businesses that objected to the option for 68<sup>th</sup> Avenue at the open house.

Mr. Brodhag commented that it was the residents on Channel Road who objected to that option.

Motion made by Councilmember Tillberry to close the public hearing, Seconded by Councilmember Ostwald.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

Mr. Brodhag commented that staff will continue to work with residents as they work to develop the final design for the project.

Councilmember Evanson asked if staff feels confident that the issue of the sewer could be worked out.

Mr. Wysopal commented that they can move forward with the project and there will be opportunities for further discussion and decision as they move forward with final design and bidding.

Mr. Brodhag commented that staff will work on the final design through the end of January and noted that the option for 68<sup>th</sup> Avenue could even be added as a change order if it is not included in the final design.

Councilmember Bolkcom asked if a letter could be sent to residents in the project area asking for input on the option.

Mr. Brodhag said it could be done.

Mr. Wysopal commented that staff could also pursue a temporary option to see how the option for 68<sup>th</sup> Avenue would work, similar to Lucia Lane.

### **New Business**

13. Resolution No. 2023-156, Approving Budget Reappropriation for Certain Funds for the Fiscal Year Ending December 31, 2023.

Joe Starks, Finance Director, provided an overview and background information on the authority of Council to make amendments to the budget. He provided a brief overview of 2023 budget amendments and recommended adoption of the resolution as proposed.

Motion made by Councilmember Bolkcom to adopt Resolution No. 2023-156, Approving Budget Reappropriation for Certain Funds for the Fiscal Year Ending December 31, 2023. Seconded by Councilmember Tillberry.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

14. Resolution No. 2023-158, Approving Change Order No. 1 for 53<sup>rd</sup> Avenue Trail and Walk Improvements Project No. ST2023-21

Mr. Brodhag identified the project location and provided background information on the project. He provided a summary of the proposed change order and described how that would be split between the cities of Fridley and Columbia Heights. He stated that staff recommends adoption of the resolution as presented.

Councilmember Bolkcom asked if a utility company can leave an abandoned gas pipe.

Mr. Brodhag replied the City does request that a utility company remove abandoned lines, but noted that this line was on the Columbia Heights side, and perhaps that city did not request that to be done.

Motion made by Councilmember Tillberry to adopt Resolution No. 2023-158, Approving Change Order No. 1 for the 53<sup>rd</sup> Avenue Trail and Walk Improvements Project No. ST2023-01. Seconded by Councilmember Bolkcom.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

15. Resolution No. 2023-159, Approving a Joint Powers Agreement with Anoka County for the Improvements at the Intersection of County Road 132 and Evergreen Boulevard/Springbrook Nature Center Entrance.

Mr. Kosluchar stated that there are two Joint Powers Agreements and resolutions to consider for the same project. He provided details on the proposed 85<sup>th</sup> Avenue roundabout project. He presented the proposed project design and shared details on the proposed cost split between Anoka County, Fridley and Coon Rapids. He also provided details on the proposed JPA between Fridley and Coon Rapids including the responsibilities that each city would claim. He stated that staff recommends approval of the proposed resolutions as presented.

Councilmember Bolkcom asked if the road would be closed during the construction. She also asked if the roundabout would be irrigated.

Mr. Kosluchar commented that access to the businesses and the Nature Center would remain open during the project. He noted that there may be times when access will be limited for a number of days, similar to other road projects. He commented that irrigation would not be necessary for the roundabout landscaping.

Councilmember Bolkcom stated that perhaps this would be an opportunity to incorporate public art.

Mr. Kosluchar stated that the County has expressed previous concern with structures in the roundabout as they do not want to distract drivers but noted that position may have changed, and he will discuss that option with the County.

Motion made by Councilmember Bolkcom to adopt Resolution No. 2023-159, Approving a Joint Powers Agreement with Anoka County for the Improvements at the Intersection of County Road 132 and Evergreen Boulevard/Springbrook Nature Center Entrance. Seconded by Councilmember Tillberry.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

16. Resolution No. 2023-161, Approving a Joint Powers Agreement with the City of Coon Rapids for Lighting and Landscaping Improvements at the Intersection of County Road 132 and Evergreen Boulevard (Springbrook Nature Center Entrance)

Motion made by Councilmember Bolkcom to adopt Resolution No. 2023-161, Approving a Joint Powers Agreement with the City of Coon Rapids for Lighting and Landscaping Improvements at the Intersection of County Road 132 and Evergreen Boulevard/Springbrook Nature Center Entrance. Seconded by Councilmember Evanson.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

### **Informal Status Reports**

Councilmember Ostwald stated that the Fridley holiday light contest is going on, and encouraged residents to follow the map available to view the homes.

Councilmember Bolkcom noted that residents can recycle holiday lights at City Hall.

**Adjourn**

Motion made by Councilmember Evanson to adjourn. Seconded by Councilmember Ostwald.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously and the meeting adjourned at 9:47 p.m.

Respectfully Submitted,

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Melissa Moore  
City Clerk

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Scott J. Lund  
Mayor



# AGENDA REPORT

**Meeting Date:** January 8, 2024

**Meeting Type:** City Council

**Submitted By:** Roberta S. Collins, Assistant to the City Manager

## Title

Receive the Minutes from the Special City Council Conference Meeting of December 18, 2023

## Background

Attached are the minutes from the Special City Council conference meeting of December 18, 2023.

## Financial Impact

## Recommendation

Receive the minutes from the Special City Council conference meeting of December 18, 2023.

## Focus on Fridley Strategic Alignment

- |                                                                      |                                                                     |
|----------------------------------------------------------------------|---------------------------------------------------------------------|
| <input type="checkbox"/> Vibrant Neighborhoods & Places              | <input type="checkbox"/> Community Identity & Relationship Building |
| <input type="checkbox"/> Financial Stability & Commercial Prosperity | <input type="checkbox"/> Public Safety & Environmental Stewardship  |
| <input checked="" type="checkbox"/> Organizational Excellence        |                                                                     |

## Attachments and Other Resources

- Minutes from the Special City Council Conference Meeting of December 18, 2023

## Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.





# Special Council Conference Meeting

December 18, 2023

5:00 P.M.

Fridley City Hall, 7071 University Avenue NE

## Minutes

### **Roll Call**

Present: Mayor Scott Lund  
 Councilmember Dave Ostwald  
 Councilmember Ryan Evanson  
 Councilmember Tom Tillberry  
 Councilmember Ann Bolkcom

Others Present: Walter Wysopal, City Manager  
 Mike Maher, Parks and Recreation Director  
 Jim Kosluchar, Public Works Director  
 Brandon Brodhag, Assistant City Engineer  
 Skyler Ruetz, Recreation Program Specialist  
 Jerry Auge, Assistant County Engineer  
 Mandy Meisner, Anoka County Commissioner

### **Items for Discussion**

#### 1. Cannabis Working Group Update

Walter Wysopal, City Manager, presented an update to the City Council

#### 2. Update on Anoka County 44<sup>th</sup> Avenue (CSAH 2) Trail and Bridge Improvements Project.

Jerry Auge, Assistant County Engineer, presented the update on the project.

#### 3. Review of Moore Lake Community Building Rental Fees and Guidelines.

Mike Maher, Parks and Recreation Director, presented the proposed guidelines and fees.

#### 4. Review of 2024 Facility and Park Shelter Proposed Fees.

Mike Maher, Parks and Recreation Director, presented the proposed 2024 facility and park shelter fees.

#### 5. Locke Park Improvement Plan Discussion.

Skyler Ruetz, Recreation Program Specialist, presented the Locke Park Improvement Plan proposal.



# AGENDA REPORT

**Meeting Date:** January 8, 2024

**Meeting Type:** EQE Commission

**Submitted By:** Julianne Beberg, Office Coordinator

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## Title

Receive the Minutes from the Environmental Quality and Energy Commission (EQEC) Meeting of November 14, 2023

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## Background

Attached are the minutes from the EQEC meeting of November 14, 2023.

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## Financial Impact

None

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## Recommendation

Receive the minutes of the EQEC meeting of November 14, 2023.

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## Attachments and Other Resources

- Minutes from the EQEC Commission Meeting of November 14, 2023

## Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.



# ENVIRONMENTAL QUALITY & ENERGY COMMISSION MEETING

November 14, 2023

7:00 PM

Fridley Civic Campus, 7071 University Ave N.E.

## MINUTES

### **Call to Order**

Chair Klemz called the Environmental Quality and Energy Commission to order at 7:00 p.m.

### **Roll Call**

Present: Aaron Klemz  
Mark Hansen  
Heidi Ferris  
Nick Olberding  
Justin Foell  
Sam Stoxen

Absent: Amy Dritz

Others Present: Rachel Workin, Environmental Planner

### **Approval of Agenda**

Motion by Commissioner Hansen to approve the meeting agenda. Seconded by Commissioner Stoxen. The motion carried unanimously.

### **Approval of Meeting Minutes**

1. Approval of October 10, 2023 Environmental Quality and Energy Commission Meeting Minutes

Motion by Commissioner Hansen to approve the October 10, 2023 meeting minutes. Seconded by Commissioner Ferris. The motion carried unanimously.

### **New Business**

2. Letters of Support for Trail Projects

Ms. Workin reviewed the Mississippi Street Reconstruction and Safe Routes to School projects that were discussed at the October 10, 2023 meeting and shared draft letters of support. Commissioner Hansen stated the importance of addressing the drainage issues under the overpass if the project moves forward. Two revisions to the letter were recommended:

- 1) Commissioner Ferris recommended adding that locations of significant community value including the library, schools, and history center were located along the corridor and

- 2) 2) Commissioner Foell recommended adding that Mississippi Street functions as Fridley's Main Street.

Motion by Commissioner Stoxen to sign letters of support for grant funding for the Mississippi Street Reconstruction projects and the Safe Routes to School projects with the amendments suggested. Second by Commissioner Foell. The motion carried unanimously.

### 3. Emerald Ash Borer Treatment Program

Ms. Workin requested feedback from the Commissioners on the City's Emerald Ash Borer Treatment program as the City prepares to release a Request for Proposal (RFP) for Emerald Ash Borer Treatment services. Commissioners recommended leveraging the City's large number of trees scheduled for treatment to obtain lower pricing for residents within the RFP. Commissioners also discussed the importance of replacement of ash trees that are removed. Ms. Workin shared that while the City has a tree sale to incentivize tree replacement, more smaller trees are sold than larger trees that replicate the ecological function of ash. It was recommended that the City modify the pricing in the tree sale to make heritage trees more desirable, consider a tree giveaway, and amplify messaging on the benefits of large trees.

## **Old Business**

### 4. Energy Action Plan updates

Ms. Workin shared that the City distributed 100 light bulbs at the Coats from Cops event.

### 5. Outreach and Event updates

Ms. Workin shared that there was an open house for neighbors near the proposed Safe Routes to School Project.

### 6. Grant Updates

Ms. Workin shared that the City received the SS4A grant for a safety action plan as well as grants from the DNR to support forestry work.

## **Other Items**

### 7. Informal Status Reports

Commissioners provided positive feedback on the 53<sup>rd</sup> Avenue roundabout.

## **Adjournment**

Motion by Commissioner Hansen to adjourn the meeting. Seconded by Commissioner Stoxen. The Motion carried unanimously. The meeting was adjourned at 7:53 p.m.



# AGENDA REPORT

**Meeting Date:** January 8, 2024

**Meeting Type:** City Council

**Submitted By:** Melissa Moore, City Clerk/Communications Manager

## Title

Resolution No. 2024-01, Confirming City Council Appointments and Designations

## Background

The City of Fridley (City) annually adopts a resolution appointing members of the Fridley City Council or staff to various boards, appointing residents to advisory commissions, naming the official publication, designating certain financial entities, appointing the City Attorney and data practices officials.

This resolution designates each person listed as a local official, pursuant to Minnesota Statute (M.S.) § 10A.01, subd. 22.

## Financial Impact

None.

## Recommendation

Staff recommend the approval of Resolution No. 2024-01, Confirming City Council Appointments and Designations

## Focus on Fridley Strategic Alignment

|                                                                                 |                                                                     |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <input type="checkbox"/> Vibrant Neighborhoods & Places                         | <input type="checkbox"/> Community Identity & Relationship Building |
| <input checked="" type="checkbox"/> Financial Stability & Commercial Prosperity | <input type="checkbox"/> Public Safety & Environmental Stewardship  |
| <input checked="" type="checkbox"/> Organizational Excellence                   |                                                                     |

## Attachments and Other Resources

- Resolution No. 2024-01

## Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

## Resolution No. 2024 - 01

### Approving City Council Appointments and Designations

**Whereas**, the Fridley City Council (Council) appoints local officials, commissions and committees to perform functions outlined and authorized by the Fridley City Charter (Charter), ordinance, resolution or agreement; and

**Whereas**, a review of vacancies and reappointments is conducted at the first Council meeting of each year.

**Now therefore, be it resolved**, that the City Council of the City of Fridley hereby confirms, makes or extends the following appointments.

#### City Council

| Position      | Appointee             | Term Expires    | Authority      |
|---------------|-----------------------|-----------------|----------------|
| Mayor Pro Tem | Councilmember Ostwald | January 6, 2025 | Charter § 2.03 |

#### Local Boards and Committees

| Body                                          | Appointee(s)                                                                 | Term Expires    | Authority                                                                            |
|-----------------------------------------------|------------------------------------------------------------------------------|-----------------|--------------------------------------------------------------------------------------|
| Anoka County Fire Protection Council          | Councilmember Tillberry, Representative                                      | January 6, 2025 | Anoka County Fire Protection Council Constitution; Minnesota Statute (M.S.) § 471.59 |
| Anoka County Law Enforcement Council          | Councilmember Ostwald, Representative                                        | January 6, 2025 | Members appointed per establishing agreement of 1970; M.S. § 471.59                  |
| League of Minnesota Cities                    | Councilmember Bolkcom, Representative;<br>Councilmember Tillberry, Alternate | January 6, 2025 | M.S. § 465.58                                                                        |
| Metro Cities                                  | Mayor Lund, Delegate;<br>Councilmember Bolkcom, Alternate                    | January 6, 2025 | M.S. § 471.96                                                                        |
| Mississippi Watershed Management Organization | Councilmember Tillberry, Representative;<br>Councilmember Evanson, Alternate | January 6, 2025 | M.S. § 103B                                                                          |
| North Metro Mayors Association                | Mayor Lund, Member;<br>Councilmember Ostwald, Alternate                      | January 6, 2025 | Discretionary member driven advocacy organization                                    |

|                                          |                                                                              |                 |                                                                     |
|------------------------------------------|------------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------|
| Northstar Corridor Development Authority | Councilmember Evanson, Representative;<br>Paul Bolin, Alternate              | January 6, 2025 | Members appointed per establishing agreement of 1997; M.S. § 471.59 |
| School District No. 13                   | Councilmember Ostwald, Representative;<br>Councilmember Bolkcom, Alternate   | January 6, 2025 |                                                                     |
| School District No. 14                   | Councilmember Ostwald, Representative;<br>Councilmember Bolkcom, Alternate   | January 6, 2025 |                                                                     |
| School District No. 16                   | Councilmember Evanson, Representative;<br>Councilmember Tillberry, Alternate | January 6, 2025 |                                                                     |
| Twin Cities Gateway                      | Walter T. Wysopal, Representative                                            | January 6, 2025 | M.S. § 469.190                                                      |

#### Advisory Commissions

| <b>Commission</b>                           | <b>Appointees</b>                                                                                                     | <b>Term Expires</b>                                                                                                                             | <b>Authority</b>                          |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Planning Commission                         | Mark Hansen, Chair<br>Peter Borman<br>Ross Meisner<br>Aaron Klemz<br>John Buyse, II<br>Michael Heuchert<br>Aaron Brom | December 31, 2024<br>December 31, 2024<br>December 31, 2024<br>December 31, 2025<br>December 31, 2025<br>December 31, 2025<br>December 31, 2026 | Fridley City Code (City Code) Chapter 105 |
| Environmental Quality and Energy Commission | Aaron Klemz, Chair<br>Mark Hansen<br>Amy Dritz<br>Sam Stoxen<br>Justin Foell<br>Heidi Ferris<br>Avonna Stark          | December 31, 2025<br>December 31, 2024<br>December 31, 2024<br>December 31, 2025<br>December 31, 2025<br>December 31, 2026<br>December 31, 2026 | City Code Chapter 105                     |
| Parks and Recreation Commission             | Peter Borman<br>EB Graham<br>Ken Schultz<br>Don Whalen<br>Suad Maow<br>Luke Cardona<br>Tim Kirk                       | December 31, 2024<br>December 31, 2026<br>December 31, 2024<br>December 31, 2024<br>December 31, 2025<br>December 31, 2025<br>December 31, 2025 | City Code Chapter 105                     |

|                                     |                                                                                                         |                                                                                                       |                                                            |
|-------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| Housing and Redevelopment Authority | Elizabeth Showalter, Chair<br>Troy Brueggemeier<br>Kyle Mulrooney<br>Rachel Schwankl<br>Gordon Backlund | December 31, 2028<br>December 31, 2027<br>December 31, 2024<br>December 31, 2025<br>December 31, 2026 | Housing and Redevelopment Authority Resolution No. 82-1965 |
|-------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------|

#### Volunteer Fire Relief Association

| Position          | Appointee                                                   | Term Expires    | Authority      |
|-------------------|-------------------------------------------------------------|-----------------|----------------|
| Municipal Trustee | Scott Lund, Mayor                                           | January 6, 2025 | M.S. § 424A.04 |
| Municipal Trustee | Joe Starks, Finance Director                                | January 6, 2025 | M.S. § 424A.04 |
| Municipal Trustee | Maddison Zikmund, Deputy Director, Fire Division/Fire Chief | January 6, 2025 | M.S. § 424A.04 |

#### Official Publication

| Publication         | Term Expires | Authority                       |
|---------------------|--------------|---------------------------------|
| <i>Star Tribune</i> | Indefinite   | M.S. § 331A;<br>Charter § 12.01 |

#### Official Depositories\*

| Institution                                                     | Authorization                                                                                                       | Term Expires                           | Authority                                        |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------|
| Wells Fargo Bank, N.A. and all of its branches and subsidiaries | Walter T. Wysopal, City Manager<br>Joseph A. Starks, Finance Director<br>Korrie Johnson, Assistant Finance Director | Indefinite<br>Indefinite<br>Indefinite | M.S. § 427.02;<br>M.S. § 118A;<br>Charter § 6.04 |
| U.S. Bank, NA and all of its branches and subsidiaries          | Walter T. Wysopal, City Manager<br>Joseph A. Starks, Finance Director<br>Korrie Johnson, Assistant Finance Director | Indefinite<br>Indefinite<br>Indefinite | M.S. § 427.02;<br>M.S. § 118A;<br>Charter § 6.04 |

\*The City Manager, Director of Finance/City Treasurer, or Assistant Finance Director will have the authority to transfer funds from one official depository to another for the purpose of investing and satisfying claims against City funds. The City delegates authority to make Electronic Funds Transfers to the Finance Director or their designee.



**Financial Advisor**

| <b>Institution</b>          | <b>Authorization</b>                                                                                                | <b>Term Expires</b>                    | <b>Authority</b>                                 |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------|
| Ehlers and Associates, Inc. | Walter T. Wysopal, City Manager<br>Joseph A. Starks, Finance Director<br>Korrie Johnson, Assistant Finance Director | Indefinite<br>Indefinite<br>Indefinite | M.S. § 427.02;<br>M.S. § 118A;<br>Charter § 6.04 |

**Investment Advisors**

| <b>Institution</b>                              | <b>Appointee</b>                                                                                                    | <b>Term Expires</b>                    | <b>Authority</b>                                                            |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------|
| Moreton Markets Capital LLC, Investment Advisor | Walter T. Wysopal, City Manager<br>Joseph A. Starks, Finance Director<br>Korrie Johnson, Assistant Finance Director | Indefinite<br>Indefinite<br>Indefinite | M.S. § 427.02;<br>M.S. § 118A;<br>Charter § 6.04;<br>City Investment Policy |
| Wells Fargo Advisors                            | Walter T. Wysopal, City Manager<br>Joseph A. Starks, Finance Director<br>Korrie Johnson, Assistant Finance Director | Indefinite<br>Indefinite<br>Indefinite | M.S. § 427.02;<br>M.S. § 118A;<br>Charter § 6.04;<br>City Investment Policy |
| UBS Financial Services, Inc.                    | Walter T. Wysopal, City Manager<br>Joseph A. Starks, Finance Director<br>Korrie Johnson, Assistant Finance Director | Indefinite<br>Indefinite<br>Indefinite | M.S. § 427.02;<br>M.S. § 118A;<br>Charter § 6.04;<br>City Investment Policy |

**Secretary to the City Council**

| <b>Position</b>          | <b>Appointee</b>          | <b>Term Expires</b> | <b>Authority</b> |
|--------------------------|---------------------------|---------------------|------------------|
| Secretary of the Council | Melissa Moore, City Clerk | Indefinite          | Charter § 3.02   |

**City Attorney**

| <b>Position</b>  | <b>Appointee</b>                    | <b>Term Expires</b> | <b>Authority</b>                                                        |
|------------------|-------------------------------------|---------------------|-------------------------------------------------------------------------|
| Civil Affairs    | Kennedy and Graven, Chartered       | Indefinite          | Memorandum of Understanding signed November 7, 2019                     |
| Criminal Affairs | City of Coon Rapids                 | December 31, 2027   | Resolution No. 2022-91                                                  |
| Bond Counsel     | Taft, Stettinius and Hollister, LLP | Indefinite          | M.S. § 410, M.S. § 412, M.S. § 429, M.S. § 444, M.S. § 462C, M.S. § 469 |

|                                        |                                                                |            |                                                                                  |
|----------------------------------------|----------------------------------------------------------------|------------|----------------------------------------------------------------------------------|
| Code Enforcement,<br>Zoning Violations | Steven M. Tallen<br>Gregerson, Rosow, Johnson &<br>Nilan, Ltd. | Indefinite | M.S. § 410, M.S. § 412,<br>M.S. § 429, M.S. § 444,<br>M.S. §<br>462C, M.S. § 469 |
|----------------------------------------|----------------------------------------------------------------|------------|----------------------------------------------------------------------------------|

**Data Practices**

| <b>Position</b>                                              | <b>Appointee</b>                                            | <b>Term Expires</b>      | <b>Authority</b>                                         |
|--------------------------------------------------------------|-------------------------------------------------------------|--------------------------|----------------------------------------------------------|
| Responsible<br>Authority                                     | Melissa Moore, City Clerk                                   | Indefinite               | M.S. § 13.02, subd.<br>16; City Data<br>Practices Policy |
| Data Practices<br>Compliance Official,<br>General            | Beth Kondrick, Deputy City Clerk                            | Indefinite<br>Indefinite | M.S. § 13.05, subd.<br>13; City Data<br>Practices Policy |
| Data Practices<br>Compliance Official,<br>Employee Resources | Rebecca Hellegers, Employee<br>Resources Director           | Indefinite               | M.S. § 13.05, subd.<br>13; City Data<br>Practices Policy |
| Data Practices<br>Compliance Official,<br>Public Safety      | Ryan George, Public Safety<br>Director or their designee(s) | Indefinite<br>Indefinite | M.S. § 13.05, subd.<br>13; City Data<br>Practices Policy |

**Passed and adopted by the City Council of the City of Fridley this 8th day of January, 2024.**

\_\_\_\_\_  
Scott J. Lund – Mayor

Attest:

\_\_\_\_\_  
Melissa Moore – City Clerk



# AGENDA REPORT

**Meeting Date:** January 8, 2024

**Meeting Type:** City Council

**Submitted By:** James Kosluchar, Public Works Director  
Brandon Brodhag, Assistant City Engineer

## Title

Resolution No. 2024-03, Authorizing the Use of Municipal State Aid System Funding for 2024 Local Improvement Projects

## Background

The City of Fridley (City) is proud to be one of a handful of cities in the state with a certified complete Municipal State Aid System (MSAS) street system. Complete MSAS cities can use MSAS funds on local (non-MSAS) streets. To be eligible to use our MSAS funds on the City's non-MSAS neighborhood streets or for other uses off our MSAS system, Minnesota Rules § 8820.1800 requires the Fridley City Council (Council) request the approval of these uses by resolution.

The attached resolution allows disbursement of funds from the City's population portion of the MSAS revenues for the local or off-system portions for the proposed projects as follows:

- Street Improvement Project No. ST2024-01
- 53rd Avenue Trail and Walk Project ST2023-21
- Traffic Signal Installation/Replacements Project 406-31-23005
- Traffic Safety Upgrades (Improvements) Project 406-31-23006
- Trail and Sidewalk Upgrades Project 406-31-23022
- ADA Improvements Project 406-31-23800
- Road Diets and One-Way Street Conversions Project ST2023-22
- 85<sup>th</sup> Avenue (County Road 132) Roundabout, Project 406-31-23801.

The resolution does not authorize construction of any project, or commit the City to completing any project, rather enables the most flexible use of the City's MSAS funds in the event a project moves forward to construction by a future Council action.

## Financial Impact

There is no financial impact in approving this resolution. The resolution allows use of funding sources as intended in the City's Capital Investment Plan for these projects.

## Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

### Recommendation

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Staff recommend the approval of Resolution No. 2024-03, Authorizing the Use of Municipal State Aid System Funding for 2024 Local Improvement Projects.

### Focus on Fridley Strategic Alignment

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|                                                                                 |                                                                     |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Vibrant Neighborhoods & Places              | <input type="checkbox"/> Community Identity & Relationship Building |
| <input checked="" type="checkbox"/> Financial Stability & Commercial Prosperity | <input type="checkbox"/> Public Safety & Environmental Stewardship  |
| <input type="checkbox"/> Organizational Excellence                              |                                                                     |

### Attachments and Other Resources

---

- Resolution No. 2024-03

### Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

## Resolution No. 2024-03

### Authorizing the Use of Municipal State Aid System Funding for 2024 Local Improvement Projects

**Whereas,** the City of Fridley (City) receives Municipal State Aid System (MSAS) funds for construction and maintaining 20% of its City streets; and

**Whereas,** 22.9 MSAS miles are currently authorized and have been improved to State Aid standards and most are in an adequate condition that they do not have needs other than additional surfacing; and

**Whereas,** the City currently has 88.7 miles of local streets including some mileage that requires maintenance and upgrades; and

**Whereas,** it is authorized by MN Rules 8820.1800 to use part of the MSAS construction appropriation of our City's State Aid allocation on local streets not on the approved State Aid system; and

**Whereas,** it is proposed to systematically resurface these streets and enhance multimodal access, upgrade the storm sewer system for improved drainage and water quality, and provide additional strength to the streets for traffic survivability; and

**Whereas,** it is proposed to use a portion of the City's population allocation funds to upgrade local streets; and

**Whereas,** the City of Fridley has identified the MSAS and local (non-MSAS) uses for inclusion as listed in this resolution; and

**Whereas,** the MSAS and local streets associated with the following projects require repair and reconstruction of surface and drainage elements:

- Street Improvement Project No. ST2024-01
- 53rd Avenue Trail and Walk Project ST2023-21
- Traffic Signal Installation/Replacements Project 406-31-23005
- Traffic Safety Upgrades (Improvements) Project 406-31-23006
- Trail and Sidewalk Upgrades Project 406-31-23022
- ADA Improvements Project 406-31-23800
- Road Diets and One-Way Street Conversions Project ST2023-22
- 85<sup>th</sup> Avenue (County Road 132) Roundabout, Project 406-31-23801; and

**Whereas,** the City indemnifies saves and holds harmless the State of Minnesota and its agents and employees from claims, demands, actions, or causes of action arising out of

or by reason or matter related to constructing the local streets as designed; and

**Whereas**, the City further agrees to defend at its sole cost any claims arising as a result of constructing the local streets; and

**Whereas**, the final approval of the State Aid for Local Transportation Division is therefore required.

**Now, therefore it be resolved**, that the City of Fridley, Anoka County, Minnesota, requests the release of MSAS funds for the upgrade and reconstruction of City municipal streets.

**Passed and adopted by the City Council of the City of Fridley this 8<sup>th</sup> day of January, 2024**

---

Scott J. Lund – Mayor

Attest:

---

Melissa Moore – City Clerk



# AGENDA REPORT

**Meeting Date:** January 8, 2024

**Meeting Type:** City Council

**Submitted By:** James Kosluchar, Public Works Director  
 Brandon Brodhag, Assistant City Engineer  
 Carl Lind, Graduate Engineer

## Title

Resolution No. 2024-04, Ordering Final Plans, Specifications and Calling for Bids for 2024 Street Rehabilitation Project No. ST2024-01

## Background

At the December 18 City Council Meeting, a Public Hearing on Improvements was held for the 2024 Street Rehabilitation Project No. ST2024-01. Staff gave a presentation on the project, followed by questions from the City Council (Council), then opened to the public in attendance for questions and feedback. Attached is a summary of the questions and feedback received at the Public Hearing. After the Public Hearing was closed by a motion of Council, a vote and motion to Approve Resolution No. 2023-157, Ordering Final Plans, Specifications and Calling for Bids for the 2024 Street Rehabilitation Project No. ST2024-01 was missed and is a requirement for approval to move the project forward.

On November 27, 2023, the Feasibility Report was presented to Council and a Public Hearing on Improvements was set for December 18, 2023 by Resolution No. 2023-142. The Hearing on Improvements was advertised in accordance with statutory requirements and officially published in the Star Tribune on December 4, 2023 and December 11, 2023. Additionally, adjacent property owners subject to special assessment were mailed notice of the public hearing on November 29, 2023. The mailing to each property owner included a preliminary assessment estimate and project update.

The Project is approximately 1.3 miles in length and includes pavement and utility improvements across three (3) distinct project locations: Lucia Lane, Channel Road and 66<sup>th</sup> Avenue east of Trunk Highway 65 and north of Mississippi Street (CSAH 6) (Council Ward 2), Norton Avenue from Central Avenue (CSAH 35) to the western terminus (Council Ward 2), and Buchanan Street from 53<sup>rd</sup> Avenue to the City Limits (Council Ward 1). The streets and underground utilities throughout the project were originally constructed from the mid-1950s to the late 1970s. Since their initial construction, they have received periodic rehabilitation and preventative maintenance, including seal coating. In total, 153 properties are located along the project areas. These properties are subject to special assessment in conformance with the City of Fridley's (City) Roadway Major Maintenance Financing Policy.

In September 2023, preliminary public outreach for the Project was conducted using a combination of in-person informational meeting and virtual presentation made available on the City's project webpage. The

## Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

meeting and virtual presentation included information on the proposed improvements, construction, special assessments, and tentative project schedule. Project residents were invited via public mailing to either attend the informational meeting or view the virtual presentation and provide feedback to staff.

Proposed street rehabilitation with the project will include asphalt reclaiming and milling, bituminous asphalt paving, concrete curb & gutter spot replacement and miscellaneous utility repairs within the roadway. All project streets excluding Buchanan Street will be replaced by new bituminous pavement overtop an aggregate base fortified by in-place pavement reclamation. Buchanan will receive a 1-½ inch mill and overlay of the existing pavement section. The Project also includes the termination of Lucia Lane and construction of a cul-de-sac at 68<sup>th</sup> Place to address historic traffic volume/speed concerns along Lucia Lane.

Proposed improvements to the water distribution system will include the replacement of approximately 1,600 lineal feet of existing water main along Channel Road, replacement of 12 fire hydrants and rehabilitation of other system appurtenances throughout the project. Locations for replacement of water main and other system facilities were identified by Public Works staff based upon existing condition and functionality.

Proposed improvements to the existing sanitary sewer and storm sewer networks will include the construction of two hydrodynamic structures and four rain gardens to improve storm water quality in addition to the rehabilitation of various existing structures. The existing sewer networks were inspected by Public Works staff and generally found to be in good condition. Other minor improvements to these systems will include manhole and inlet adjustments as well as casting replacement, if necessary, within the roadway in conjunction with proposed pavement improvements.

Costs for the project will be paid using a combination of funding sources including the City's Minnesota State Aid System funding, special assessments to benefitting properties and Utility CIP funds (water, sanitary sewer, and storm sewer). Staff are also pursuing additional funding for proposed storm water quality improvements through cost-share grants with various watershed organizations.

If the Council chooses to move forward with this project by approving the attached resolution, staff will finalize the design in January 2023, and construction would be completed between May and September 2024.

### **Vision Statement**

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.



### Financial Impact

---

Funding for this project is derived from several sources including Municipal State Aid Street funding, special assessments, and Utility CIP funds (water, sanitary sewer, and storm sewer). Additional funding for storm water quality improvements will be pursued by staff through various watershed district cost-share grant programs. The Project is budgeted in the adopted Capital Investment Plan for 2024-2028.

### Recommendation

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Staff recommends the approval of Resolution No. 2024-04, Ordering Final Plans, Specifications and Calling for Bids for the 2024 Street Rehabilitation Project No. ST2024-01.

### Focus on Fridley Strategic Alignment

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|                                                                      |                                                                     |
|----------------------------------------------------------------------|---------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Vibrant Neighborhoods & Places   | <input type="checkbox"/> Community Identity & Relationship Building |
| <input type="checkbox"/> Financial Stability & Commercial Prosperity | <input type="checkbox"/> Public Safety & Environmental Stewardship  |
| <input type="checkbox"/> Organizational Excellence                   |                                                                     |

### Attachments and Other Resources

---

- Resolution No. 2024-04
- 2024 Street Rehabilitation Project ST2024-01 – Hearing on Improvements Summary

### Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

**Resolution No. 2024-04****Ordering Final Plans, Specifications and Calling for Bids for the 2024 Street Rehabilitation Project No. ST2024-01**

**Whereas,** the City of Fridley (City) has prepared a Capital Investment Program to systematically and regularly reconstruct and rehabilitate streets and utilities within the City to maintain infrastructure quality and performance; and

**Whereas,** the construction of certain roadway and utility improvements (Improvements) are included within the 2024 Street Rehabilitation Project No. ST2024-01 (Project) as identified within the Capital Investment Program and deemed to be in the interest of the City and property owners affected thereby; and

**Whereas,** pursuant to the direction of the Fridley City Council, the City's Engineering Division has prepared a feasibility report and estimates of costs thereof for the Improvements; and

**Whereas,** Resolution No. 2023-142 adopted November 27, 2023, received the feasibility report and set a public hearing regarding the estimated costs, funding and construction of the Improvements for the date of December 18, 2023; and

**Whereas,** it is the intent of the City to fund a portion of the project costs through special assessments to benefitting property owners in accordance with its Roadway Major Maintenance Financing Policy; and

**Whereas,** pursuant to Minnesota Statute, proper notification of said public hearing was given; and

**Whereas,** at said Hearing on Improvements, the City Council heard all those parties that desired to address the Council regarding said Improvements in whole or in part.

**Now, therefore it be resolved,** that the City Council of the City of Fridley hereby finds and orders:

1. Such Improvements are necessary, cost-effective and feasible as detailed in the feasibility report.
2. The Improvements proposed in the feasibility report are hereby ordered to be effected and completed as soon as reasonably possible, to-wit:

Street and utility improvements, including pavement reclamation, mill & overlay, bituminous asphalt paving, concrete curb & gutter spot replacement, water main replacement and utility repairs including the street segments as follows:

Lucia Lane from Mississippi Street (CSAH 6) to 68<sup>th</sup> Place  
 Channel Road from Mississippi Street (CSAH 6) to North Terminus  
 66<sup>th</sup> Avenue from Pierce Street to Channel Road  
 Norton Avenue from Central Avenue (CSAH 35) to West Terminus  
 Buchanan Street from 53<sup>rd</sup> Avenue to City Limits

3. The Improvements be incorporated in the 2024 Street Rehabilitation Project No. ST2024-01.
4. That the work effecting the Improvements under said Project may be performed under one or more contracts as may be deemed advisable upon receipt of bids.
5. That the Director of Public Works, James P. Kosluchar, P.E. is hereby designated as the engineer for the Improvements and shall oversee the preparation of plans, specifications and estimates of cost thereof for making of the Improvements.
6. That final plans, specifications and estimates are prepared by the Public Works Engineering Division and provided to the City Council as they are completed.
7. That the Engineering Division call for bids in order that Project award(s) and construction can be considered.

**Passed and adopted by the City Council of the City of Fridley this 8<sup>th</sup> day of January, 2024.**

\_\_\_\_\_  
 Scott J. Lund – Mayor

Attest:

\_\_\_\_\_  
 Melissa Moore – City Clerk



# AGENDA REPORT

**Meeting Date:** January 8, 2023

**Meeting Type:** City Council

**Submitted By:** Joe Starks, Finance Director/City Treasurer

## Title

Resolution No. 2024-06, Approving Financial Management Policy Revisions

## Background

The City last approved the Financial Management Policy Manual on September 14, 2020, via Resolution No. 2020-46, Adopting the Financial Management Policy Manual for the City of Fridley and its Component Units. Since then, a number of revisions have been made in Minnesota State Statutes, Code of Federal Regulations (CFR) and Government Finance Officers Association (GFOA). Along with staff review, a number of revisions are proposed. Highlighted revisions include:

- Bulk purchase capitalization threshold of \$100,000.
- Clarified language for meals and refreshments.
- Addition of "gift cards" to list of prohibited expenditures, per the position of the MN State Auditor's Office.
- Addition of Assistant Finance Director to those responsible for and able to complete investment transactions.
- Revisions related to competitive bidding requirements to align with uniform municipal contracting law, per MN State Statutes.
- Revisions related to federal purchasing competitive bidding guidelines, per CFR.
- Revisions to the name of the City's annual financial report, Annual Comprehensive Financial Report, per GFOA.

## Financial Impact

There is no direct financial impact. The revisions are being proposed in order to comply with best practice, State of Minnesota Statutes and Federal guidelines.

## Recommendation

Staff recommend the Council adopt Resolution No. 2024-06, Approving Financial Management Policy Revisions.

## Focus on Fridley Strategic Alignment

|                                     |                                             |                          |                                            |
|-------------------------------------|---------------------------------------------|--------------------------|--------------------------------------------|
| <input type="checkbox"/>            | Vibrant Neighborhoods & Places              | <input type="checkbox"/> | Community Identity & Relationship Building |
| <input checked="" type="checkbox"/> | Financial Stability & Commercial Prosperity | <input type="checkbox"/> | Public Safety & Environmental Stewardship  |
| <input checked="" type="checkbox"/> | Organizational Excellence                   |                          |                                            |

## Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

### **Attachments and Other Resources**

---

- Resolution No. 2024-06
- Exhibit A: Financial Management Policy Manual (redlined version)

### **Vision Statement**

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

**Resolution No. 2024-06****Approving Financial Management Policy Revisions**

**Whereas**, the City last approved the Financial Management Policy Manual on September 14, 2020, via Resolution No. 2020-46; and

**Whereas**, since then, a number of revisions and updated guidance have come from Minnesota State Statutes, Code of Federal Regulations and Government Finance Officers Association; and

**Whereas**, revisions are necessary to comply with best practice, Minnesota State Statutes and Federal Regulations.

**Therefore, be it resolved**, that the City Council of the City of Fridley hereby approves and authorizes the revisions to the Financial Management Policy Manual, as shown on the attachment.

**Passed and adopted by the City Council of the City of Fridley this 8th day of January, 2024.**

---

Scott J. Lund – Mayor

Attest:

---

Melissa Moore – City Clerk

# Financial Management Policy Manual

City of Fridley, Minnesota



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# Introduction and Purpose

## Organizational Mission

The City of Fridley, Minnesota (City) maintains a Vision Statement and a set of Organizational Values, which guide both the daily and long-term activities of the organization:

1. Vision Statement: "We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses;" and
2. Organizational Values: "Friendly, Responsive, Driven."

Specifically, the Department of Finance (Finance Department) maintains the following mission statement: "The Department of Finance strives to support and provide sound stewardship of the financial resources and information technology needed to support excellent public services for those who live, work and shop in the Fridley Community."

## Purpose

The City has an important responsibility to its citizens to plan for the adequate funding of services desired by the public and the City Council, including the provision and maintenance of public facilities, appropriate staffing, prudent financial management and accurate accounting for public funds. The City strives to maintain adequate and consistent funding as well as promote transparency and understanding of local government services as desired by the Fridley community.

## Objectives

In order to achieve this purpose, the following objectives are established for the City's fiscal performance:

- To protect the City Council's policy-making ability by ensuring that important policy decisions are not controlled by financial concerns, problems and/or emergencies;
- To enhance the City Council's policy-making ability by providing accurate information on the full costs of current operations, new proposals and capital requests;
- To assist sound management of the City by providing accurate and timely information on its financial condition;
- To provide sound principles to guide the decisions of the City Council and staff;
- To set forth operational principles which promote long-term cost effectiveness while providing services desired by the public with prudent financial risk;
- To employ revenue policies and forecasting tools to identify and prevent undue or unbalanced reliance on certain revenues, but to distribute the costs of municipal services fairly and to provide adequate funds to operate desired programs;
- To provide and improve essential public facilities and prevent deterioration of the City's infrastructure;
- To protect and enhance the City's credit rating;
- To ensure the legal use and protection of all City funds through a strong system of financial and accounting controls;
- To record transactions in a manner that matches current revenues to current expenditures;

and

- To report year-end financial information in accordance with Generally Accepted Accounting Principles (GAAP) and in accordance with recommended best practices as promulgated by the GFOA and the Statements of Position of the Office of the State Auditor (OSA).

### **Code of Professional Ethics**

The City shall adhere to the Code of Professional Ethics as established by the GFOA as outlined below and Chapter 5 of the Fridley City Code, which govern the ethical conduct of certain staff.

To further the above objectives, all employees are enjoined to adhere to legal, moral, and professional standards of conduct in the fulfillment of their professional responsibilities. Standards of professional conduct as set forth in this Manual are promulgated in order to enhance the performance of all persons engaged in public finance and to protect the Fridley community.

**Personal Standards.** Employees shall demonstrate and be dedicated to the highest ideals of honor and integrity in all public and personal relationships to merit the respect, trust, and confidence of governing officials, other public officials, employees, and of the public.

- They shall devote their time, skills, and energies to their office both independently and in cooperation with other professionals.
- They shall abide by approved professional practices and recommended standards.

**Responsibility as Public Officials.** Employees shall recognize and be accountable for their responsibilities as officials in the public sector.

- They shall be sensitive and responsive to the rights of the public and its changing needs.
- They shall strive to provide the highest quality of performance and counsel.
- They shall exercise prudence and integrity in the management of funds in their custody and in all financial transactions.
- They shall uphold both the letter and the spirit of the constitution, legislation, and regulations governing their actions and report violations of the same to the appropriate authorities.

**Professional Development.** Employees shall be responsible for maintaining their own competence, for enhancing the competence of their colleagues, and for providing encouragement to those seeking to enter the field of government finance. They shall promote excellence in the public service.

**Professional Integrity–Information.** Employees shall demonstrate professional integrity in the issuance and management of information.

- They shall not knowingly sign, subscribe to, or permit the issuance of any statement or report which contains any misstatement, or which omits any material fact.
- They shall prepare and present statements and financial information pursuant to applicable law and generally accepted practices and guidelines.
- They shall respect and protect privileged information to which they have access by virtue

of their office.

- They shall be sensitive and responsive to inquiries from the public and the media, within the framework of state or local government policy.

**Professional Integrity–Relationships.** Employees shall act with honor, integrity, and virtue in all professional relationships.

- They shall exhibit loyalty and trust in the affairs and interests of the government they serve, within the confines of this Manual.
- They shall not knowingly be a party to or condone any illegal or improper activity.
- They shall respect the rights, responsibilities, and integrity of their colleagues and other public officials with whom they work and associate.
- They shall manage all matters of personnel within the scope of their authority so that fairness and impartiality govern their decisions.
- They shall promote equal employment opportunities, and in doing so, oppose any discrimination, harassment, or other unfair practices.

**Conflict of Interest.** Employees shall actively avoid the appearance of or the fact of conflicting interests.

- They shall discharge their duties without favor and shall refrain from engaging in any outside matters of financial or personal interest incompatible with the impartial and objective performance of their duties.
- They shall not, directly or indirectly, seek or accept personal gain which would influence, or appear to influence, the conduct of their official duties.
- They shall not use public property or resources for personal or political gain.

## Public Purpose Expenditure Policy

The City Council recognizes that public funds may only be spent if the expenditure meets a public purpose as outlined in State law, case law of the Minnesota Supreme Court and opinions of the Minnesota Attorney General.

The meaning of “public purpose” is constantly evolving. The Minnesota Supreme Court has followed a broad approach and has generally concluded that “public purpose” means an activity that meets all of the following standards:

- The activity will primarily benefit the community as a whole;
- The activity is directly related to functions of government; and
- The activity does not have as its primary objective the benefit of a private interest whether for-profit or not.

This section is intended to provide guidelines regarding which expenditures are consistent with a public purpose(s) and authorized in accordance with the City’s annual budget process, and which expenditures are not considered within the public purpose definition and are therefore prohibited.

## Responsibility

Per Section 6.05 of the City Charter (Charter), the City Manager is the responsible authority overseeing all City expenditures and as such is the Chief Purchasing Agent for the City. Responsibility for administering and interpreting this Public Purpose Expenditure Policy has been delegated to the City Manager, or their designee. Further, all employees authorized by the City Manager or their respective Department Director to make purchases on behalf of their respective departments are responsible for complying with this Financial Management Policy Manual (Manual) and corresponding procedures. Expenditures of public funds must comply with the public purpose standards defined above.

## Permitted Expenditures for Meals and Refreshments

Use of City funds for reasonable meals and/or refreshments for elected officials and employees shall be permitted in the following circumstances, upon ~~Department Director~~City Manager approval:

- City-sponsored events of a community-wide interest where staff are required to be present (e.g., Town Hall Meeting);
- City Council, boards and commissions meetings held during ~~or adjacent to a~~the meal hour (e.g., City Council Conference Meetings, City Council Retreats);
- Professional association meetings, conferences, and training when meals are included as part of the registration or program fee, or in accordance with the travel and training section of this Manual;
- Annual employee recognition and appreciation events (e.g., service awards);
- Annual recognition events for volunteer and non-employees (e.g., volunteer appreciation lunch);
- ~~Quarterly,~~ City-sponsored training or work-related meetings where employees are required to participate ~~or and~~ be available during ~~break periods~~the meal hour;
- Multi-departmental meetings scheduled during ~~or adjacent to a~~the meal hour;
- Work activities requiring continuous service when it is unreasonable to break for meals (e.g., election days, water main breaks, emergency snow removal, time-sensitive public safety responses); and
- Healthy snacks and incentives of modest value provided during safety, health and/or wellness programs for City employees.

When reviewing an expenditure to verify the standards have been met, the City Manager, or their designee, should consider the time of day the event is held, the business purpose of the event, whether the event was intended to attract non-City employees, the frequency of the event, and the reasonableness of the cost. These guidelines address specific examples of public expenditures, but examples are not meant to be exhaustive.

## Other Permitted Expenditures

Apart from meals and refreshments, the City Manager, or their designee, may permit the following expenditures:

- Recognition events or purchases (Minnesota Statutes § 412.221 and § 15.46);
  - Purchases for recognition at special one-time or annual events when provided at

- modest level (e.g., recognition plaques);
  - Employee recognition programming for years of services for regular and permanent part-time employees that work 20 or more hours per week;
- Uniforms, clothing or apparel that is considered necessary for the performance of official duties, safety or for visible staff recognition by the public (e.g., safety footwear, eyewear for maintenance personnel);
- Staff time and equipment use for City-sponsored, employee events as approved by the City Manager as allowed by applicable regulations (e.g., set-up for annual employee picnic);
- Employee wellness programming; the City Council recognizes the importance of employee fitness and health as it relates to the overall work and life satisfaction of the employee and the overall impact on the City's insurance programs.
- Special Events, including;
  - National Night Out/Night to Unite, Department Open Houses and other events that involve or invite participation by the general public; and
  - Expenditures for meals and participation fees are allowed, and representative staff members may participate in the events that directly benefit the marketing of the City, pursuant to Minnesota Statute § 469.101, subd. 16, and § 438.11.
- Employee Training, including the reasonable registration, tuition, meals and travel expenses for conferences, seminars, workshops, tuition and approved city employment related course work;
- Memberships and Dues;
  - Participation in the local Chamber of Commerce is allowed per Minnesota Statute § 469.191;
  - Cost of membership/dues in professional organizations and City social and community organizations when the purpose is to promote, advertise, improve or develop the City's resources and relationships and not personal interest or gain;
- Clothing and other sundry items, such as t-shirts and other sundry items of nominal value when these items are made available to the general public or if these items are determined by the City Manager to be important to the successful involvement of employees in special, City-sponsored or City-supported events;
- City expenditures for non-profit organizations allowed by applicable State statutes, Minnesota Supreme Court case law, or opinions of the Minnesota Attorney General;
- Certificates and licensures that employees must hold and maintain on behalf of and for the benefit of the City; and
- Supplies for retirement and recognition events.

### **Prohibited Expenditures**

Use of City funds for meals and/or refreshments for elected officials and employees are prohibited, including, but not limited to:

- Food and refreshments for routine work meetings, other than as identified in other sections of the Manual;
- Alcoholic beverages and tobacco products;
- Employee functions or celebrations that are solely social in nature (e.g., birthdays, holiday luncheon, ice cream social);

- Fundraisers for non–City related events (e.g., Chamber of Commerce);
- Participation in optional activities unless included as part of an overall conference registration fee (e.g., optional golf rounds, concerts);
- Employee–sponsored fundraising events (e.g., charitable giving campaign);
- For funeral flower arrangements or other such gifts upon death of an employee, former employee, elected official or one of their family members;
- Clothing or apparel that is not considered necessary for safety or for visible staff recognition by the public (e.g., sweatshirts for a “job well done”); and/or
- Employee coffee and related consumable supplies, coffee services.
- Gift cards

### **Permitted Use of Assets**

Specific City assets, such as equipment, may be used by City employees for personal reasons only when City has established the following:

- Costs and wear resulting from use of the assets are reasonable and minimal;
- Administrative controls are in place to ensure that the use is appropriate and not abused; and
- There is a documented/demonstrated City benefit by such usage (e.g., such as the Mobile Device Policy or Information Security Policy) as approved by the City Manager or City Council.

Such permitted use may include incidental and de minimis use of City–owned electronic equipment such as City–owned mobile devices and multi–function copiers. It may also include the use of City–owned vehicles provided to City employees as part of their official duties (e.g., Fire Duty Crew Officer, Public Works Supervisors).

The limited personal use of City–owned assets shall be a privilege, and the City Manager or Department Director may end such practices specifically or generally in their sole discretion.

### **Prohibited Use of Assets**

Examples of use of City assets for personal use is prohibited in the following circumstances:

- City employees washing personal autos at the public works facility car wash or within City–owned spaces (e.g., fire stations);
- Employees borrowing City–owned, non–motorized or motorized tools for personal use; and
- Use that results in unreasonable costs and/or wear on City assets.

### **Documentation**

All expenses allowed above must be fully documented. The expected documentation will include: date and time of the expenditure; business reason for the expenditure (e.g., agenda from a meeting); staff and non–city representatives in attendance, if appropriate; and a receipt for the actual purchase. Department Director or supervisor approval and written documentation is required for use of City assets. Failure to provide sufficient documentation may result in a denial of the expense.

Any expenditure for meals or refreshments that exceeds \$250 for one event must have prior, written authorization by the City Manager, before the purchase is made. Failure to obtain the necessary authorization may result in denial of the claim.

### **Special Requests**

From time to time, there may be an event that is a proper public expenditure, but that is not contemplated by this Manual. Departments must submit to the City Manager, or their designee, a request for such prior to a public expenditure in writing. This request must show how the expenditure is related to a public purpose as stated in this Manual, or other applicable laws or regulations.

### **External Auditor Independence Policy**

The City will arrange for an annual audit of all funds and account types by independent, certified public accountant(s) that are qualified and licensed to issue such reports.

In accordance with the Government Accountability Office (GAO), the authority on local government audits, in all matters relating to audit work, the external auditor shall be free both in fact and appearance from personal, external and organizational impairments to independence.

The City's external audit organization shall not be responsible for designing, developing and/or installing the City's accounting system or its operating system where this system generates information used in preparing financial statements of the City.

External auditors shall not develop a performance measurement system, or any other system relied upon in developing financial statements.

External auditors may prepare draft financial statements, schedules or perform other duties as long as they are based on the City's direction and the work results in a recommendation to management. Decisions based on the external auditor's recommendations must be approved by the City Manager, or their designee.

External auditors shall provide routine advice to the City and to management to assist them in activities such as establishing internal controls or implementing audit recommendations and answers to technical questions and provide training. However, they may not direct or unduly influence management with those decisions.

Any non-audit work related to tax rulings, arbitrage, attestation, compilation, sales tax audits, counted value audits and financial report assistance proposed by the auditors, or for which the City wishes to hire them must be consistent with the purchasing provisions of this Manual.



## Budgetary and Financial Controls

The City will establish and maintain the highest standard of accounting practices, in conformity with GAAP, Governmental Accounting Standards Board (GASB) guidance and recommended best practices as provided by the GFOA, along with all applicable laws and regulation governing the activities of a municipal corporation.

Consistent with Section 7.05 of the Charter, the City shall maintain a structurally balanced budget, which includes the following:

- The City Manager shall submit a balanced budget in which appropriations do not exceed the total of the estimated revenues and available fund balance as outlined in this Manual;
- The City will avoid budgetary strategies or procedures that balance the current budget at the expense of future budgets;
- The City Manager will coordinate the development of the Capital Investment Program (CIP) with the operating budget, and include all estimated operating costs associated with CIP activities in the budget projections; and
- The budget will provide for the adequate maintenance and orderly replacement of all capital assets; and
- The City will not use short-term borrowing (i.e., less than five years), sell assets or use one-time accounting measures to balance the operating budget for any fund.

General budgetary and financial control is to be centralized in one department, under the direction of the Director of Finance /City Treasurer (Finance Director) pursuant to Section 6.04 of the Charter, whose functions shall include, but not be limited to, the following:

- Debt management;
- CIP budget management and asset tracking;
- Cash management;
- ~~Comprehensive~~ Annual Comprehensive Financial Report (i.e., audit);
- Financial analysis;
- Grant accounting and management;
- General accounting;
- Investment management;
- Operating Budget preparation and monitoring;
- Payment of claims against the City;
- Payroll;
- Purchasing (consistent with Section 6.05 of the Charter);
- Special Assessments; and
- Utility Billing, revenue collection and all other receipting.

The Finance Department will review, and update, the schedule of fund balances, reserves, and working capital in all other funds of the City, as needed, and determine adequacy of those cash and/or fund balances, using specified guidelines and criteria in conjunction with the budgets set annually.

The Finance Department will also monitor the performance of the Fridley Fire Relief Association through its City representatives, pursuant to Minnesota Statute § 424A.04.

## Operating Budget Policy

The formal budgeting process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided by the City, given the anticipated level of available funding sources.

Primary responsibility in the management of budgeted funds lies with the Department Directors. Such management includes, but is not limited to, reviewing expenditures before authorization, reviewing monthly financial reports to detect errors and assess progress, and complying with the revenue and expenditure budgets authorized by the City Council.

Department Directors will be responsible for administration of their assigned budgets, as determined by the City Manager, and are to submit requests for any required budget adjustments, such as supplemental appropriations, to the Finance Director before the project, program or service incurs cost during the budget period.

### Budget Development Process

The City will utilize a "target based" service level approach to resource allocation. At the start of each budget development cycle (as determined by the City Manager or their designee), the City Manager, in consultation with the City Council, identifies budgetary targets and/or goals for each department and their program areas. Each program area, project or service will prioritize services and allocate resources accordingly. The City will attempt to maintain its present service level for all services identified as priority and/or essential, as determined by the City Manager, within available funding sources.

The City will utilize procedures that allow departments to integrate priorities and objectives into the budget requests. All unfunded positions will be automatically removed from the proposed budget unless the Department Director requests the position remain appropriated due to potential future funds, such as an external grant. However, all budget assumptions and projections shall be determined by the Finance Director in consultation with the City Manager.

The City will conservatively estimate and budget its annual expenditures and revenues through an objective and analytical process. All existing and potential revenue sources shall be reviewed on an at least an annual basis, and the total of the sums appropriated shall be less than or equal to the total estimated revenues by fund annually. When possible, the City shall maintain a margin of 3%, which shall be reflected in the budget as contingency or reserve and shall not exceed the level authorized by Section 7.08 of the Charter.

The City will publish the proposed budget on its official website at least 10 days prior to the adoption by the City Council. All publications and preparations of the annual budget documents shall be consistent with Sections 7.04 and 7.05 of the Charter.

Any City enterprise funds are intended to be self-supporting (i.e., current revenues will cover current expenditures), including capital improvements, debt services and depreciation. Enterprise operations are to be reviewed annually for their self-sufficiency.

### **Budget Compliance**

In order to maintain compliance with the annually adopted budget resolution(s), the City shall maintain a strict budget compliance program with the thresholds established annually by the City Council through the budget resolution.

For the Operating Budget, ultimate budget adoption and compliance occurs at the department level. In order to ensure compliance, the City will consider budgetary compliance at the program level (i.e., personnel services, supplies, capital outlay). Consistent with Section 7.07 of the Charter, the authority to amend the current year budget shall be as follows:

| <b>Description</b>                                | <b>Amount</b>         | <b>Review</b>       | <b>Approval</b>  |
|---------------------------------------------------|-----------------------|---------------------|------------------|
| Increase to Overall Department Budget             | Greater than \$1      | City Manager        | City Council     |
| Inter-Department Amendments                       | Greater than \$1      | City Manager        | City Council     |
| Program Level Amendments (i.e., intra-department) | \$175,000 or greater  | City Manager        | City Council     |
|                                                   | \$25,000 to \$174,999 | Finance Director    | City Manager     |
|                                                   | \$10,000 to \$24,999  | Department Director | Finance Director |
|                                                   | Up to \$9,999         | Department Director |                  |

Under no circumstances may budget adjustments be split to avoid approval thresholds or limits. In order to effectuate a budget amendment, the Department Directors shall complete the Budget Amendment Form, which shall be maintained by the Finance Director. All approved budget amendments shall be subsequently included in the revised annual budget.

Pursuant to Section 7.07 of the Charter, no expenditures may exceed the amounts authorized by the respective budget resolution, unless actual revenues exceed estimated revenues; and/or by identifying offsetting decreases in other areas of the budget. In order to maintain compliance with this section of the Charter, the City will strive to limit transfers within and among departments as outlined in this Manual.

All costs incurred must be reasonable, necessary and for a bona fide public purpose. Pursuant to Section 7.06 of the Charter, "Any obligation incurred by an officer or City employee for any purpose not authorized in the budget resolution or for any amount in excess of the amount appropriated

in the budget resolution or in excess of available moneys in any fund of the City may be considered a personal obligation upon the person incurring the expenditure.”

Department Directors shall be responsible for contacting the Finance Director should there be any questions regarding financial management or if the issue or concern is related to internal controls. The Finance Director will monitor overall operating and CIP budget progress routinely throughout the year.

### **Performance Measurement and Use of Data**

The City integrates performance measurement and productivity indicators to measure operational performance where practical. Performance data for individual departments are included in the budget document. Performance data should be directly related to the goals and objectives of the unit and focus on results and accomplishments rather than inputs. Performance measures should provide a meaningful way to assess the effectiveness and efficiency of each operational unit.

### **Capital Investment Program Policy**

A Capital Investment Program (CIP) will be developed for a period of up to five years. As resources are available, the most current year of the CIP will be incorporated into the annual budget. The CIP will be reviewed and updated annually. Years two through five are for planning purposes only and do not confer any official budget authority. Generally, the CIP will be composed of two parts 1) capital improvements; and 2) capital equipment.

The City will identify the estimated cost and potential funding sources for each capital project proposal before it is submitted to the City Council for approval and in that process will determine the most effective financing method for the proposed project. All construction projects shall include at least a 10% contingency prior to receiving bids and at least 5% upon acceptance of the bid. The City will make all capital improvements in accordance with the adopted CIP, which may be amended by the City Council from time to time.

To be considered in the CIP a project must have an estimated cost of at least \$10,000 in one of the calendar years of the project. Projects may not be combined to meet the minimum standard unless they are dependent upon each other.

Capital projects and/or capital asset purchases will receive a higher priority if they meet a majority of the following criteria:

- Mandatory project;
- Maintenance project;
- Improve efficiency;
- Provide a new or expand desired service;
- Positive effect on operation and maintenance costs;
- Availability of external grants;
- Elimination of hazards (i.e., improves public safety);
- Prior commitments; and/or

- Replacement due to disaster or loss.

In order to maintain compliance with the annually adopted budget resolution(s), the City shall maintain a strict budget compliance program with thresholds established annually by the City Council through the budget resolution. For the CIP, ultimate budget adoption and compliance occurs at the fund level. In order to ensure compliance, the City will consider budgetary compliance at the individual project level as outlined below:

| <b>Description</b>                          | <b>Amount</b>          | <b>Review</b>       | <b>Approval</b>  |
|---------------------------------------------|------------------------|---------------------|------------------|
| Increase to Overall Fund Budget             | Greater than \$1       | City Manager        | City Council     |
| Inter-Fund Amendments                       | Greater than \$1       | City Manager        | City Council     |
| Project Level Amendments (i.e., intra-fund) | Greater than \$175,000 | City Manager        | City Council     |
|                                             | \$25,000 to \$174,999  | Finance Director    | City Manager     |
|                                             | \$10,000 to \$24,999   | Department Director | Finance Director |
|                                             | Up to \$9,999          | Department Director |                  |

Under no circumstances may budget adjustments be split to avoid approval thresholds or limits. In order to effectuate a budget amendment, the Department Directors shall complete the Budget Amendment Form, which shall be maintained by the Finance Director. All approved budget amendments shall be subsequently included in the revised annual budget.

The City will coordinate development of the CIP with the development of the operating budget. Future operating costs associated with the new capital improvements will be projected and included in operating budget forecasts.

The City will maintain all its assets in a manner adequate to protect the City's and its citizens' capital investment and to minimize future maintenance and replacement costs. The City will provide for maintenance and replacement from current revenues where possible.

The CIP is to be presented by the Finance Director annually to the City Council for approval. Any substantive change to the CIP not addressed in this Manual must be reviewed and adopted by the City Council.

## Capital Assets Policy

Per GASB Statement No. 34, a Capital Asset is defined as the purchase of or improvement to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period

For this section of the Manual, the City shall use the following definitions:

- Inventory, an inventory of capital assets will be reviewed and updated annually;

- Reporting, the capital asset inventory will be reported within the ~~Comprehensive~~ Annual Comprehensive Financial Report (in accordance with governmental accounting standards);
- Depreciation, all capital assets within the inventory (excluding land and easements) will be depreciated evenly based on their original or historical valuation over their estimated useful life.

### Asset Capitalization and Depreciation Tables

The City will account for all capital assets that have a useful life of greater than two years with values equal to or exceeding those in the following table:

| Asset Classification or Type       | Value     |
|------------------------------------|-----------|
| Land                               | \$1       |
| Vehicles                           | \$10,000  |
| Machinery and Equipment            | \$10,000  |
| Furniture and Office Equipment     | \$10,000  |
| Recreation Equipment               | \$10,000  |
| Building and Building Improvements | \$25,000  |
| Land Improvements                  | \$25,000  |
| Infrastructure                     | \$50,000  |
| Bulk Asset Purchase                | \$100,000 |

The following ranges represent guidelines in setting estimated useful lives for capital asset reporting:

| Asset Classification or Type                   | Depreciation    |
|------------------------------------------------|-----------------|
| Land                                           | Not depreciable |
|                                                |                 |
| Land Improvements                              |                 |
| Athletic fields and playfields                 | 15 years        |
| Fencing                                        | 15 years        |
| Irrigation systems & outside lighting          | 15 years        |
| Retaining walls                                | 10 years        |
| Parking lots                                   | 20 years        |
| Landscaping (including trees & shrubs)         | 10–15 years     |
| Easements                                      | Not depreciable |
|                                                |                 |
| Buildings and Building Improvements:           |                 |
| Buildings                                      | 25–40 years     |
| Park Shelters                                  | 20 years        |
| Roofing, Fire Sprinkling, Electrical, Plumbing | 20 years        |
| HVAC Systems                                   | 15 years        |
| Cabinetry and Permanent Furnishings            | 10 years        |
| Well Rehab. and Reconstruction                 | 5–20 Years      |

|                                               |             |
|-----------------------------------------------|-------------|
|                                               |             |
| Cars, Vans, Light Trucks                      | 3–10 years  |
| Medium/Heavy Duty Trucks                      | 8–16 years  |
| Fire Trucks                                   | 15–25 Years |
|                                               |             |
| Machinery and Equipment                       |             |
| Heavy Equipment (Sweepers, Loaders)           | 10–20 years |
| Tractors                                      | 15 years    |
| Mowers                                        | 7–10 years  |
| Firefighting Equipment                        | 10 years    |
| Other Equipment                               | 7–15 years  |
| Well Pumps and Equipment                      | 20–25 Years |
|                                               |             |
| Furniture and Office Equipment                | 3–10 years  |
|                                               |             |
| Recreation Equipment                          |             |
| Play structures                               | 10 years    |
| Scoreboards                                   | 10 years    |
| Tennis and Basketball Courts                  | 20 years    |
|                                               |             |
| Information Technology                        |             |
| Telecommunication Systems (e.g., Fiber Optic) | 25 years    |
| Servers, Network Switches and Firewalls       | 5 years     |
|                                               |             |
| Infrastructure                                |             |
| Bridges                                       | 25 years    |
| Streets (includes curb and gutters)           | 25 years    |
| Sidewalks and Trails                          | 15 years    |
| Water Distribution                            | 50 years    |
| Sanitary Sewer Collection                     |             |
| Mains and Lines                               | 50 years    |
| Lift Stations, Equipment & Liners             | 20–30 years |
| Storm Water System                            |             |
| Mains and Storm Ponds                         | 50 years    |
| Catch Basins, Culverts, Manholes              | 25 years    |
| Non-Structural BMPs                           | 10–25 years |
| Structural BMPs                               | 25–50 years |
| Streetlights and Traffic Signal System        | 25 years    |
| Other Infrastructure                          | 20–50 years |

### **Disposition of Capital Assets**

Capital Assets may be disposed of, in accordance with State guidelines, through the following methods:

- Sold by a public auction or advertisement for bids;
- Exchanged or “traded-in” for a replacement;
- Donated in a manner consistent with the Donation section of this Manual;
- Retired, recycled or placed in garbage (i.e., obsolete, broken items); and
- Salvaged, after the end of its useful life.

### **Fiscal Agent Services Policy**

From time to time, the City, in order to support applicable public purposes or other community-wide benefits, may agree to provide fiscal agent services to an external organization. If the City determines such an arrangement would be in the best interest of both parties, the following Fiscal Agent Service Policy shall apply and control.

#### **Eligibility**

The City shall only provide fiscal agent services to a 501(c)(3) organization fulfilling a statutorily recognized public purpose or other community-wide benefit as determined by the City. All requests for fiscal agent services shall be reviewed on a case-by-case basis. If the City maintains a same or similar business relationships with other organizations, such relationships shall not be a basis for the approval or denial of any individual request.

All fiscal agent services arrangements shall be governed by a written Fiscal Agent Services Agreement (Agreement) approved by the governing board of the external organization and the City Council. Any costs associate with the creation, review and implementation of this Agreement shall be borne by the external organization through a non-refundable, administrative fee as determined by the City.

The City shall not provide fiscal agent services for any unincorporated associations or groups. It may also deny any request for fiscal agent services at any point prior to the approval and execution of the Agreement.

#### **Fiscal Agent Services Requirements**

The Agreement shall outline the type of assistances and services to be provided by the City. Generally, these services may be administrative, financial or legal in nature. The City may also provide access to insurance products and other services through its vendors. As a rule, the City will not provide programmatic assistance (e.g., providing staff for an event) or waive fees or similar costs charged to the general public (e.g., park shelter rental fee). All services outlined in the Agreement shall be conducted in a manner consistent with the legal requirements and best practices of the City, State, and applicable accounting standards.

Any material changes, as determined by the City, in the activities of the external organization shall require the written approval of the City, and a subsequent modification of the Agreement by the



City Council. The City shall not provide any fiscal agent services associated with any unapproved activities, or activities not otherwise contemplated by the Agreement.

The external organization shall support all costs associated with the fulfillment of the Agreement, including, but not limited to: annual audit requirements; interim reports and other requests for information; banking needs; daily and regular transactions and associated fees; amendments to the Agreement; legal services; insurance premiums; and other costs determined by the City to support the letter and spirit of the Agreement. The City may also charge up to a 5% administrative fee based on the total expenditures of the external organization annually in addition to the costs outlined above.

On behalf of the external organization, the City, as the Fiscal Agent, shall establish and maintain a separate Fiduciary Fund to segregate applicable financial activities. The City shall only disburse, or release funds associated with such as account upon the written authorization of at least two parties, as identified in the Agreement, upon a form(s) determined by the City. The maintenance of all funds shall be consistent with the internal controls established for regular City business activities.

The City will maintain all financial records associated with the external organization according to GAAP and OSA requirements, as well as any other applicable standards associated with the business activities of the external organization (e.g., grant covenants). The external organization shall support the cost of any employee trainings or certifications necessary to support its business activities.

The Agreement shall also indemnify the City and allow the City Council to terminate upon a 90-day written notice. Additionally, if the City Council determines any illicit, illegal and/or disreputable activities on the part of the external organization, it may terminate the Agreement if the external organization either fails to or cannot remedy the situation(s) in 10 days. If the City terminates the Agreement, it shall provide all data and information to the external agency upon request and to complete required reports and submissions.

## Cash and Investment Management

In order to maintain compliance with applicable Federal regulations, State laws and Charter provisions, the City shall maintain the following standards with respect to cash and investment management.

### Forfeited Assets Policy

The City receives property and money through law enforcement seizures under Federal Law 21USCS Section 881(e) and Minnesota Statutes, Sections 609.531–609.5317, and 169A.63.

The City will use proceeds from these seizures as defined in State law and Department of Justice guidelines. Forfeited assets (e.g., property, cash) will be used:

- Only for law enforcement purposes;
- Only as a supplement to budgeted funds; or
- Not as a source to supplant ordinary operating expenses.

The City will establish procedures to ensure the safekeeping of forfeited property and funds until such time as they are used for approved purposes. The City will use forfeited funds for appropriate Police and City Attorney purposes, including, but not limited to the following.

- Vehicles
  - Forfeited automobiles may be used to supplement the police fleet, but not to replace existing budgeted vehicles.
  - Unused vehicles will be stored, sold according to City policy, and the proceeds used according to this Forfeited Assets Policy.
- Other Property
  - May be used in ongoing Police and City Attorney operations.
  - Will be sold if no police use is imminent and cash proceeds used according to this Forfeited Assets Policy.
- Cash
  - Forfeited Funds activity budget will be presented for approval to the City Council with the regular City budget each year.
  - Unbudgeted, proposed purchases will be presented as a budget amendment consistent with the Operating Budget Policy of this Manual and Charter.

### Examples of Appropriate Uses of Cash

- Vehicles may be rented that do not supplant vehicles normally provided through City funds; such vehicles are in addition to the regular fleet.
- Equipment may be purchased providing it is not part of the regular budget.
- Overtime may be paid provided it is unanticipated in the rest of the Police and City Attorney budgets.
- Training costs in addition to those in the regular budget may be paid.

### Examples of Inappropriate Uses

- Purchasing any item(s) with forfeited funds that are already approved in the regular budget.
- Paying regular salaries or benefits from drug forfeiture funds but permitted for Driving Under the Influence (DUI) forfeiture fund as part of program operation.
- Purchasing anything for other City departments unless for a law enforcement purpose.
- Capital purchases previously approved for purchase with City funds.

### Fund Balance Policy

The purpose of this Fund Balance Policy is to establish appropriate fund balance levels for each fund that is primarily supported by property tax revenues or user fees. These policies will ensure that adequate resources are available to meet cash flow needs for carrying out the regular operations of the City.

The GFOA's guiding principle for classifying the various components of fund balance is to indicate the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Following governmental accounting standards, the City has three basic categories: governmental funds, proprietary funds, and fiduciary funds. This Fund Balance Policy applies only to the governmental categories.

Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, altered the categories and terminology used to describe the components of fund balance in the governmental funds (but it does not apply to the proprietary or fiduciary funds). The City's governmental funds include the following fund types:

- General Fund;
- Special Revenue Funds;
- Debt Service Funds; and the
- Capital Projects Funds.

For the purpose of GASB Statement No. 54 and this Manual, the following definitions shall apply to the types of fund balances:

- Fund Balance, the difference between assets and liabilities reported in a governmental fund;
- Non-Spendable Fund Balance, amounts that are not in a spendable form (e.g., prepaid items and inventories of supplies); resources that must be maintained intact pursuant to legal or contractual requirements are also considered non-spendable;
- Restricted Fund Balance, amounts subject to externally enforceable legal restrictions (e.g., creditors, grantors, contributors, and by law through constitutional provisions or enabling regulations);
- Unrestricted Fund Balance, the total of committed fund balance, assigned fund balance, and unassigned fund balance, as described below;
- Committed Fund Balance, amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (i.e., City Council). Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally. The City

Council must act on these commitments before year end;

- Assigned Fund Balance, amounts a government intends to use for a specific purpose; intent can be expressed by the government body or by an official or body to which the governing body delegates the authority; and
- Unassigned Fund Balance, amounts that are available for any purpose in the General Fund.

The City Council authorizes the Finance Director and/or City Manager to assign fund balances that reflects the City's intended use of those funds. When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed. When unrestricted resources are available for use, it is the City's policy to use resources in the following order; 1) committed 2) assigned 3) unassigned.

### **General Fund**

The General Fund is established to account for all revenues and expenditures which are not required to be accounted for in other funds. Revenue sources include property taxes, license and permit fees, fines and forfeits, charges for services, intergovernmental revenues, investment interest earnings and transfers.

The General Fund will have committed fund balances at year end for any purchase order encumbrances and budget carryovers. The General Fund may have a portion of its fund balance classified as non-spendable if there are long term receivables, inventories, or prepaid items. The General Fund is the only fund that can have any unassigned fund balance.

The City will strive to maintain an unassigned fund balance in the General Fund in the range of 35%–50% of the subsequent year's budgeted expenditures. Since a significant source of revenue in the General Fund comes from property taxes, maintaining a fund balance that is equal to at least five months of operating expenditures ensures that sufficient resources are available to fund basic City functions between property tax settlements. This range is in conformance with guidance from the OSA. An assignment or restriction of fund balance may be used to offset revenues earned in one year where substantial services are required to be performed in the next fiscal period.

### **Special Revenue Funds**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. Consistent with GASB Statement No. 54, substantial inflows of revenues into a Special Revenue Fund must be either restricted or committed in order for the fund to be considered a Special Revenue Fund. The table on the next page restricts/commits the Special Revenue Funds for the City.

| <b>Special Revenue Funds, Designations</b> |                                     |                                        |
|--------------------------------------------|-------------------------------------|----------------------------------------|
| <b>Fund</b>                                | <b>Special Revenue Source</b>       | <b>Restricted/Committed For</b>        |
| Cable Television                           | Cable Franchise Fees                | Marketing and Communication Activities |
| Solid Waste Abatement                      | Federal and State Grants, User Fees | Recycling Activities                   |
| Alcohol, Drug, Gambling Forfeiture         | Federal and State Forfeitures       | Police Activities                      |
| Police Activity                            | Federal, State and County Grants    | Police Activities                      |
| Springbrook Nature Center                  | Property Taxes and User Fees        | Springbrook Nature Center Activities   |

**Solid Waste Abatement Fund.** The Solid Waste Abatement Fund is a Special Revenue Fund that provides for curbside recycling pickup throughout the City, as well as recycling drop-off events during the year. It receives the majority of its funding from user fees. The fund balance for this fund shall be consider committed.

The City will strive to maintain a fund balance in the Solid Waste Abatement Fund in the range of 10%–15% of the subsequent year's budgeted expenditures. This lower percentage is deemed adequate since revenues are received monthly as part of the utility billing process.

**Springbrook Nature Center Fund.** The Springbrook Nature Center (SNC) Fund pays for the ongoing operations of the SNC, as well as associated capital investment projects in concert with other City funds. Property taxes and user fees make up the majority of the revenues for this fund. The fund balances are both restricted and committed depending on the activity. The City shall consider any donations made for specific purposes but unexpended by the City as restricted. The portion of the fund balance comprised of user fees and property taxes shall be committed for use by the SNC.

The City will strive to maintain a fund balance in the Springbrook Nature center Fund in the range of 35%–50% of the subsequent year's budgeted expenditures.

**Cable Television Fund.** The Cable Television Fund pays for the ongoing operations for cable television programming, community marketing and other communications, as well as capital investment projects required for broadcasting equipment. Franchise fees make up the majority of the revenues for this fund. This fund balances are both restricted and committed by the franchise agreements. The Public Education and Government (PEG) Fee revenues are restricted per the franchise agreement. The Cable Television Franchise Fees are committed.

The City will strive to maintain a fund balance in the Cable Television Fund in the range of 25%–50% of the subsequent year's budgeted expenditures.

**Public Safety Support Fund.** The Public Safety Support Fund administers grants and payments from a variety of intergovernmental agencies for public safety purposes. Payment from other agencies and grant proceeds make up the majority of the revenues for this fund. The fund balances for are both committed and restricted depending on the activity. For the Public Safety Data System Manager, the payments from Anoka County shall be committed. Any grant proceeds recorded in the fund shall be restricted.

Given the type of activity supported by the fund, and the fact that external revenues support all of the costs associated with it, the City does not maintain fund balance policy for the fund.

**Forfeiture Funds.** The City maintains three Forfeiture Funds, which pay for eligible purchases associated with applicable activities (e.g., drugs, alcohol enforcement) as outlined in Federal regulations and State law (e.g., DUI training). Assets forfeited or seized due to criminal activities are recorded in this fund based on formulas established by either Federal regulations or State laws. Given that all allowable expenditures are controlled by law, all forfeited assets shall be considered restricted.

Given the type of activity supported by the fund, the City does not maintain a fund balance policy for it.

### **Debt Service Funds**

Debt service fund balances are considered restricted as they are resources that are being accumulated for payments of principal and interest maturing in current and future years.

### **Capital Project Funds**

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets. They also accumulate funds for future, planned expenditures.

The City shall consider all Capital Project Funds as assigned fund balances, except in the following circumstances:

- Long-term receivables, inventories, and prepaid items, which shall be non-spendable;
- Proceeds from the sale of bonds, and any Municipal State Aid held by the City or similarly designated funding, which shall be restricted; and
- Funds held for the Capital Equipment Fund and Community Investment Fund shall be committed.

For any other activity, the City Manager or their designee shall determine the fund balance classification. Given the type of activities supported by these funds (e.g., one-time expenditures), the City does not maintain fund balance policies for each individual fund.

## Enterprise Funds

These funds were established to account for the operation of Water, Sanitary Sewer, Storm Water and Municipal Liquor operations which are designed to be self-supporting from user charges and fees.

**Water.** This fund is used to account for the provision of water services for the customers of the City related to administration, operations and capital outlay. This fund is financed predominantly through user charges and fees.

The City will strive to maintain a cash balance in the Water Utility Fund in the range of 50%–100% of the subsequent year's budgeted operating expenses less depreciation, plus the subsequent year's debt service and capital improvement obligations. Since a significant source of revenue in the Water Fund comes from user charges and fees, maintaining a cash balance in this range ensures that sufficient resources are available to fund basic City functions between receipts of user charges and fees. In addition, due to the mature water infrastructure within the City, a higher percentage of fund balance is prudent to address any potential issues.

**Sanitary Sewer.** This fund is used to account for the provision of sanitary sewer collection and conveyance for the customers of the City related to administration, operations and capital outlay. This fund is financed predominantly through user charges and fees.

The City will strive to maintain a cash balance in the Sanitary Sewer Utility Fund in the range of 50%–100% of the subsequent year's budgeted operating expenses less depreciation, plus the subsequent year's debt service and capital improvement obligations. Since a significant source of revenue in the Sanitary Sewer Fund comes from user charges and fees, maintaining a cash balance in this range ensures that sufficient resources are available to fund basic City functions between receipts of user charges and fees. In addition, due to the age of the sanitary sewer infrastructure within the City, a higher percentage of fund balance is prudent to address any potential issues. Finally, due to the volatility of charges from Metropolitan Council Environmental Services, and being it encompasses a significant portion of total expenditures, it is also prudent to keep a higher percentage of fund balance.

**Storm Water.** This fund is used to account for the provision of storm water collection, conveyance and water quality management for the customers of the City related to administration, operations and capital outlay. This fund is financed predominantly through user charges and fees.

The City will strive to maintain a cash balance in the Storm Water Fund in the range of 50%–100% of the subsequent year's budgeted operating expenses less depreciation, plus the subsequent year's debt service and capital improvement obligations. Since a significant source of revenue in the Storm Water Fund comes from user charges and fees, maintaining a cash balance in this range ensures that sufficient resources are available to fund basic City functions between receipts of user charges and fees. In addition, due to the age of storm water infrastructure and the potential for emergency events within the City, a higher percentage of fund balance is prudent to address any potential issues.

**Municipal Liquor.** This fund is used to account for the operations of the City's off-sale liquor stores. This fund is financed predominantly through the sale of liquor and similar items.

The City will strive to maintain a cash balance in the Municipal Liquor Fund in the range of 5%–15% of the subsequent year's budgeted expenses. Due to the correlation of sales to purchases of inventory, a lesser cash balance percentage is justifiable. This will ensure that sufficient resources are available to fund Municipal Liquor operations and future capital improvements.

### **Carryovers and Encumbrances**

At year end, the City Council may approve purchase order encumbrances and budget carryovers in the form of a revised budget. Both the encumbrances and the budget carryovers will be considered committed fund balances upon approval of the City Council through the subsequent annual budget.

### **Self-Insurance Fund Policy**

The City will maintain a separate Self-Insurance Fund within its financial structure to support the cost of certain insurance and risk management programs. The Self-Insurance Fund will be the first fund to respond to insurance premiums, claims and other costs, including those defending a claim against the City, which will allow the City to accept higher deductibles, thereby reducing the premiums paid on its insurance policies. It will also provide protection from fluctuating insurance premiums due to changes in the insurance markets.

The City shall calculate, at least annually, an estimated working capital requirement for the Self-Insurance Fund. The working capital estimate should include the ~~anticipated actual~~ claims ~~to be supported in the next~~ from the last three completed years, plus ~~at least 20% annually for 50% for~~ unexpected claims. If this analysis and formula determines the available working capital to be inadequate, the City Council shall transfer monies from other funds subject to its authority to satisfy the estimated amount.

Generally, the City shall consider the proportionate share of claims by activity and/or department to address any funding shortfall. Claim payments will be made from the Self-Insurance Fund for all claims against the City. Contributions to the Self-Insurance Fund are calculated annually by considering premiums, claims history and other factors, such as the insured value of property and equipment, as well as the number of vehicles assigned to each department.

The City Council may only transfer monies from the Self-Insurance Fund after at least three years of actual expenditures and claim experience, or a report from a qualified, external consultant, indicates excess funding. The fund balance will be reviewed each year during the annual budget preparation. The City Manager or Finance Director shall approve all Self-Insurance Fund activities, consistent with other sections of this Manual.

The City will utilize the services of a professional Risk Manager, either on-staff or by contract, to



administer a risk avoidance and mitigation program. The City will periodically conduct educational safety and risk avoidance programs within the various departments. Staff will report to the City Manager, at least annually, on the results and costs of the risk management program for the preceding year.

The City will conduct at least every five years, using external consultants, a comprehensive risk management study and will implement the corresponding recommendations for the improvement of risk management that are found to be feasible and cost-effective. The City will maintain the deductible amount considered prudent in light of the relationship between the cost of insurance and the City's ability to sustain both per occurrence and annual loss costs.

Planned drawdown of the Self-Insurance Fund below the estimated working capital level will be permitted for operational purposes to cover extraordinary expenditures or to reduce the impact of increasing premiums or claims experience. Reductions in the fund balance are meant to be temporary and must be resolved through rate adjustments, implementation of a new permanent revenue source or reduction in expenditure levels. Surplus fund balance above the minimum level may be used to defer or reduce payments needed to support risk management operations.

## Investment Policy

This Investment Policy specifically outlines the investing philosophy and practices of the City and serves as a reference point for the management of City assets. It is the policy of the City to invest public funds in a manner which will provide for the following in order of importance: safety, liquidity and yield (i.e., return on investment) that conforms to all Federal, State and local regulations governing the investment of public funds.

The purpose of this Investment Policy is to develop an overall program for cash investments management, including: a high degree of professionalism; to ensure public trust; to establish that elected and appointed officials and employees are fiduciaries of a portfolio, which shall be subject to public review; and to establish cash investment objectives, delegation of authority, standards of prudence, internal controls, authorized investments, selection process for investments, and broker representations.

### Scope

This Investment Policy applies to all financial assets of the City. These funds are accounted for within the City's ~~Comprehensive~~ Annual Comprehensive Financial Report and include:

- General Fund;
- Special Revenue Funds;
- Capital Project Funds;
- Debt Service Funds;
- Enterprise Funds;
- Internal Service Funds;
- Trust and Agency Funds; and
- Any new fund created by the City, unless specifically exempted by City Council; and/or

falling under the constraints of a separate section of State law other than Chapter 118A.

### **Prudence**

Investments shall be made with judgment and care, under circumstances existing at the time the investment is made, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering probable safety of the capital as well as interest yield to be derived.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing the overall portfolio. Investment officers acting in accordance with written procedures and this Investment Policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse situations. Investment procedures developed for the Finance Department must be complied with by those with access to and management responsibilities for City investments, including any external investment managers, advisors, consultants, brokers and/or counterparties.

### **Objective**

At all times, investments of the City shall be made in accordance with Minnesota Statutes Chapter 118A and amendments thereto. The primary objectives of the City's investment activities shall be in the following order of priority.

**Safety.** Safety of principal is the foremost objective of the investment portfolio. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk, interest rate risk, and custodial risk.

**Credit Risk.** Credit Risk is the risk of loss due to failure of the security issuer to make payments on time and/or in full. Credit Risk will be minimized by:

- Limiting investments to the type of securities listed in this Investment Policy; and
- Diversifying the investment portfolio so that the impact of potential losses from any type of security or from any one individual issuer will be minimized.

**Interest Rate Risk.** Interest Rate Risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The City will minimize Interest Rate Risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City has also established diversification guidelines and maturity limits to control the sensitivity of the portfolio to changes in interest rates.

**Custodial Risk.** The City will minimize deposit Custodial Risk, which is the risk of loss due to failure of the depository bank (or credit union), by obtaining collateral or bond for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law.

The City will minimize investment Custodial Risk by maintaining custody of securities and cash holdings outside of authorized depository institutions with an eligible custodian(s) that meets statutory and Investment Policy requirements or with a Federal Reserve Bank. Investment Custodial Risk is the risk that in the event of failure of a custodian, such as a broker/dealer, the City will not be able to recover the value of its investment securities that are in possession of an outside party and in that party's nominee name for which the City is a beneficial owner. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial Credit Risk disclosures.

### **Liquidity**

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might reasonably be anticipated. The portfolio will be structured so that securities mature concurrent with cash needs to meet anticipated demands (i.e., static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (i.e., dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same day liquidity for short-term funds.

### **Yield**

The City's investment portfolio shall be designed with the objective of attaining a market rate return. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal and the risk the investment will no longer comply with the requirements of Minnesota statutes, chapter 118A;
- A security swap (simultaneous sale and purchase) would improve the quality, yield, or target duration in the portfolio; and
- Liquidity needs of the portfolio require that the security be sold.

### **Trading**

Portfolio purchases will focus on holding investments until maturity to maintain securities at amortized value. Excessive investment portfolio turnover commonly referred to as "trading" or "overtrading" to obtain short-term gains is not consistent with the City's stated investment objectives and will be prohibited.

### **Delegation of Authority**

The investment program shall be operated in conformance with Federal, State, and other legal requirements. Authority to manage the City's investment program is derived from the following:

- Minnesota Statutes Chapter 118 A, Deposit, and Investment of Local Public Funds; and
- Fridley City Charter Section 7.13, Receipts to go to City Treasurer.

Management responsibility for the investment program is hereby delegated to the Finance Director, who shall establish written procedures for the operations of the Investment Program consistent with this Investment Policy. The Finance Director, with assistance from Finance

Department, monitors performance of the investment portfolio, and ensures that proper internal controls are developed to safeguard investments assets. Procedures should include reference to: safekeeping (custody), delivery versus payment (DVP), investment accounting, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions.

No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Finance Director. The Finance Director or Assistant Finance Director shall be responsible for all investment transactions and shall establish a system of controls to regulate the activities of subordinate officials and any external parties.

### **Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from conducting personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials shall annually disclose to the City Clerk any material financial interests as required by State statute on an annual Statement of Economic Interest form. Employees and officers shall subordinate their personal investment transactions to those of the City, particularly with regard to the time of purchases and sales, and shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the City.

### **Authorized Broker/Dealers and Investment Advisors**

The City will conduct investment transactions only with authorized broker/dealers that have met the following criteria:

- They act as primary or regional dealers that qualify under Securities & Exchange Commission (SEC) Rule 15C3-1 (Uniform Net Capital Rule); and
- Submit annually to the Finance Director an OSA Broker Certification Form.

All broker/dealer relationships, providing they meet the above requirements, will be maintained at the discretion of the Finance Director. The purchase of all investments must be from institutional brokers.

The City may enter into contracts with investment advisory firms at the discretion of the Finance Director when their services are deemed beneficial to the City. Any such firm must be registered under the Investment Advisor's Act of 1940. The advisor may have authority to transact investments on behalf of the City and must comply with State statute and this Investment Policy.

### **Authorized and Suitable Investments**

Based on the investment objectives as defined in this Investment Policy, the City will limit its investments to securities authorized under Minnesota Statute 118A and future revisions. Current statute allows the City to invest in the following:

- United States Securities including bonds, notes, bills, mortgages, or other securities that are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress. Mortgage-backed

securities that are defined as high risk or in certificates of deposit secured by letters of credit issued by federal home loan banks are not permissible investments;

- General obligation of state or local governments with taxing powers rated A or better by a national bond rating services;
- Revenue obligations of state or local governments rated AA or better by a national bond rating service;
- General obligation of the Minnesota Housing Finance Agency, which is a moral obligation of the State of Minnesota, rated A or better by a national bond rating service;
- Any security which is an obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55, Minnesota statutes.
- Certificates of Deposits (i.e., Time Deposits) that are fully insured by the FDIC or the NCUA;
- Bankers acceptances of United States banks rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NSROs), with a maximum maturity of up to 270 days from the date of purchase;
- Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest rating category by at least two nationally recognized rating agencies and matures in 270 days or less;
- Money Market Mutual Funds provided such investment company is registered under the Federal Investment Company Act of 1940, and which holds itself out as a money market fund meeting the conditions of rule 2a-7 of the SEC and is rated in one of the two highest rating categories for money market funds by at least one nationally recognized statistical rating organization, or whose shares are registered under the Federal Securities Act of 1933, as long as the investment company's fund receives the highest credit rating and is rated in one of the two highest risk rating categories by at least one nationally recognized statistical rating organization and is invested in financial instruments with a final maturity no longer than 13 months.
- Shares of a Minnesota joint powers investment trust whose investments are restricted to securities described under sections 118A.04, 118A.07 and subdivision 7, Minnesota statutes.

In addition, the share value of the money market funds must be equal to \$1.00. The Minnesota Municipal Money Market Fund (4M) that was established by the League of Minnesota Cities in 1987 to address the investment needs of Minnesota cities.

### **Concentration of Credit Risk**

It is the intent of the City to diversify its investments and thereby reduce the risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, institution or market sector. No more than 50% of the entity's total investment portfolio will be invested in a single market sector and no more than 15% of the overall portfolio may be invested in the securities of a single issuer. The following investments are exempt from diversification restrictions: U.S. Treasury and Agency securities, Money Market Funds, Local Government Investment Pools and Deposits fully insured by the FDIC or NCUA.

Due to the fluctuations in the value of the portfolio, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase or maturity of a particular security. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made.

Given the smaller portfolio of the Housing and Redevelopment Authority (HRA), the above restrictions will be waived. Prudent judgment in regard to concentration of credit risk should still be exercised when possible.

### **Collateralizations**

In accordance with Minnesota Statute 118a.03, financial institutions will be required to provide collateral on the following:

- Certificates of Deposits (i.e., Time Deposits); and
- Demand Deposits.

The City chooses to limit collateral to the following U.S. government securities:

- Treasury Bills;
- Treasury Notes;
- Treasury Bonds;
- Federal National Mortgage Associations (FNMA);
- Federal Home Loan Bank (FHLB);
- Federal Farm Credit Bank (FFCB);
- Government National Mortgage Association (GNMA); and
- Federal Home Loan Mortgage Corporation (FHLMC).

Deposits may additionally be collateralized by an irrevocable standby letter of credit issued by Federal Home Loan Banks.

The underlying securities will be subject to periodic (i.e., monthly) market valuations to ensure there is no market exposure. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value of principal and accrued interest except that where the collateral is irrevocable standby letters of credit issued by Federal Home Loan Banks. The amount of collateral shall be at least equal to the amount on deposit at the close of the financial institution's banking day.

For cash deposits on-hand collateral will always be held by an independent third party with whom the City has a current custodial agreement. Clearly marked evidence of ownership (i.e., safekeeping receipt) must be supplied by the entity and retained. Collateralization shall be in the form of specific securities held for the City. The only exceptions are FDIC, Securities Investor Protection Corporation (SIPC) and pre-approved insurance coverage. The right of collateral substitution is granted, subject to approval from the Finance Director.

### **Safekeeping and Custody**

Securities purchased shall be held in a segregated account for the City's benefit at a third-party trustee as safekeeping agent. The investment dealer or bank from which the security is purchased shall issue a confirmation ticket to the City listing the specific instrument, issuer, coupon, maturity, Committee on Uniform Security Identification Procedures (CUSIP) number, purchase or sale price, transaction date, and other pertinent information. The financial service provider who executes the transaction on the City's behalf, if any, shall deliver all securities on a delivery versus payment method (DVP) to the designated custodian. DVP is a way of controlling the risk to which securities market participants are exposed. Delivery of securities (i.e. the change in their ownership) is done simultaneously with payment. This means that neither the buyer nor the seller is exposed to the risk that the other will default.

Investments, contracts, and agreements may be held in safekeeping with:

- Any Federal Reserve Bank; and
- Any bank authorized under the laws of the United States or any state to exercise corporate trust powers including, but not limited to, the bank from which the investment is purchased.

The City's ownership of all securities should be evidenced by written acknowledgements identifying the securities by:

- The names of the issuers;
- The maturity dates;
- The interest rates; and
- Any CUSIP, serial numbers, or other distinguishing marks.

The City may not invest in securities that are both uninsured and not registered in the name of the City and are held by either the counterparty or the counterparty's trust department or agent, but not in the name of the City.

### **Maximum Maturities**

To the extent possible, the City will attempt to match its investment maturities with anticipated cash flow liquidity demands (i.e., static liquidity). Fifty percent of the City's funds in each investment portfolio will be invested in securities maturing in 5 years or less, with no more than 20% of the City's funds being invested in securities maturing in up to 10 years. A minimum of 5% of the portfolio will mature under 30 days. Maturity is measured by average life, worst call date or expected life as opposed to final maturity.

Maturities selected shall provide for stability of income and reasonable liquidity. Because of the inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools and/or money market funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.

### **Internal Control**

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal

control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of the costs and benefits requires estimates and judgments by management.

The City will engage an external auditor for an annual independent review to assure compliance with policies and procedures.

### **Performance Standards**

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, considering the City's investment risk constraints and cash flow needs. The investment portfolio will be structured to meet specific criteria addressing safety, liquidity and yield. The City's reporting system will provide information concerning cash position, investment performance, and percentage of the portfolio that is invested by security issuers and maturity structure.

### **Market Yield/Benchmark**

The City's investment strategy is conservative. Under this conservative philosophy, the City will purchase investments that fit in accordance with this policy. Given this strategy, the Finance Director may establish benchmarks, as appropriate, based on the investment needs of the City.

### **Reporting**

The Finance Director shall provide at least quarterly reports to the City Manager on the investment activity and returns of the City, which will include: security diversification information, maturity breakdowns and investment earnings, and a brief summary of current economic conditions affecting the portfolio. The City will also report this information as part of the **Comprehensive** Annual **Comprehensive** Financial Report.

## **Community Investment Fund Policy**

The City acknowledges the limited financial resources available to support various capital projects throughout the community, such as improvements to park and recreation facilities, and public utilities. As such, this Community Investment Fund Policy shall create and provide guidance regarding the use of a Community Investment (CI) Fund to support capital project costs.

Generally, the CI Fund shall be used to issue interfund loans to support the cost of long-term improvements to utilities owned and operated by the City. Upon repayment, the interest income earned on those interfund loans will be used to support the cost of park and recreation improvements throughout the City. Through this CI Fund Policy, the fund shall provide meaningful cost savings for the City, and a funding source for park and recreation projects for the foreseeable future.

### **General Guidelines and Requirements**



For the purposes of this CI Fund Policy, the following guidelines and requirements shall control the operation and use of the fund.

**Fund Created.** The City created a Capital Project Fund called the "Community Investment Fund," effective December 31, 2018.

**Eligible Revenues and Funding Sources.** The following funding sources shall be deposited or transferred into the Fund:

- All assets of the "Closed Bond" Funds and "Improvement Bonds of the Future" Fund as of December 31, 2018;
- Any repayments as the result of interfund loans issued by the CI Fund;
- All interest and investment earnings of the CI Fund;
- Any unassigned fund balance of the General Fund in excess of upper threshold (i.e., 50%) established by the Fund Balance Policy of this Manual as determined by June 30 annually;
- Any fees, excluding reimbursements for City staff time, obtained through the issuance of Private Activity Bonds (i.e., Conduit Bonds);
- Any unanticipated proceeds or payments to the City, except for those controlled by Section 12.06 of the City Charter; and
- Any other monies appropriated by the City Council and/or donated to the Fund.

### **Eligible Costs and Expenditures**

The CI Fund shall be used exclusively to support the capital and debt service expenditures related to public utilities, pursuant to Section 11.01 of the City Charter. Additionally, the CI Fund may be used to support capital costs, but not debt service or interfund loans, associated with park and recreation improvements, including, but not limited to: cultural or civic improvements; natural resources restoration; park and trail construction; and deferred maintenance related to any of these activities. Generally, the projects shall provide a community-wide benefit for the City. The CI Fund may not be used to support any operating costs of the City.

The City may only expend CI Fund assets pursuant to the following regulations:

- Any such project must also be authorized as part of the CIP as adopted by the City Council annually, or from time to time;
- The City Council adopts a resolution stipulating the structure and terms of any interfund loan, pursuant to Section 7.10 of the City Charter, originating from the Fund; and
- The project meets or exceeds the requirements of other sections of this CI Fund Policy.

The Finance Director may authorize any transfers from the CI Fund to support park and recreation improvements provided the amount does not exceed the amount authorized in the CIP and the Fund's Cash Flow Projection or violate other sections of this Manual.

The limitations imposed in the sections above do not apply to reasonable expenditures necessary for the administration of the CI Fund. Additionally, it may be used for emergency and disaster purchases consistent with the Purchasing Policy of this Manual, and Section 6.06 of the Charter.

### **Debt Service**

The Fund may be used to support the payment of debt service (i.e., bonds) for qualifying capital costs, subject to the following limitations:

- The total annual debt service payments do not exceed more than 50% of the ensuing years' eligible and available revenues as defined below; and
- Available revenue consists of total revenue derived from the aforementioned eligible revenues and funding sources, less any amount allocated for the accumulation of a Minimum Fund Balance.

### **Minimum Fund Balance**

The Minimum Fund Balance must be estimated on a 10-year horizon. In order to accumulate a minimum fund balance and maintain the long-term solvency of the Fund, the Minimum Fund Balance will be as follows:

- During Fiscal Year 2019 through 2022, the Fund shall maintain a Minimum Fund Balance of \$300,000;
- During Fiscal Year 2023 through 2025, the Fund shall maintain a Minimum Fund Balance of \$500,000; and
- Beginning in Fiscal Year 2026, and for all years thereafter, the Fund shall maintain a Minimum Fund Balance of \$1,000,000.

### **Administrative Considerations**

All agreements, applications, permits or other documents required under this CI Fund Policy shall be provided in a form(s) as determined by the City Manager or their designee.

# Debt Management

## Debt Management Policy

One of the keys to sound financial management is the development of a Debt Management Policy. This need is recognized by bond rating agencies and development of a debt policy is a recommended practice of the GFOA. A debt policy establishes the parameters for issuing debt and managing the debt portfolio. It provides guidance to the administration regarding purposes for which debt may be issued, types and amounts of permissible debt and method of sale that may be used. It helps ensure fiscal responsibility and promotes financial sustainability. The following Debt Management Policy is intended to demonstrate a commitment to long-term financial planning in conjunction with the CIP for the City.

### Debt Issuance Guidelines

The City will confine long-term borrowing to capital improvements, or projects that have a useful economic life of more than five years and cannot be financed from current revenues. As a general rule, the City will not use debt or similar financial instruments to acquire machinery and/or capital equipment, except for as part of the expansion or construction of a City facility. For the purpose of this Debt Management Policy, current revenues are defined to include that portion of fund balance in excess of appropriate required reserves and designations.

The City will endeavor to keep the total maturity length of general obligation bonds at or below 20 years and at least 50% of the principal shall be retired within 10 years. In all cases, the maturity shall be shorter than the useful life of the related asset(s).

The City will prepare annually a five-year CIP, which will be approved by the City Council. The CIP will include an analysis of the City's infrastructure and other capital needs, and their corresponding financial impact and any associated debt service. The City will not issue any long-term debt to support operating activities nor will it consider debt issuance outside of the adopted CIP, except in the case of a financial emergency consistent with the definition and processes outlined in Chapter 7 of the Charter.

The City will analyze each project and the proposed debt financing to determine the tax impact and future operating costs associated with the project and related debt issuance costs. The City Council shall authorize, approve and appropriate all debt related proceeds.

The City will plan bond issues to minimize the frequency of issuance to ensure the lowest possible costs of issuance and administrative/compliance costs. When determining the size of a bond issue, the City will consider the need for construction, debt service and capitalized interest funds. The City will prepare construction fund draw schedules in conjunction with CIP planning.

The City's preferred method of sale of bonds is via competitive sale to underwriters; however, the City may sell bonds via a negotiated sale, private placement, or other method if deemed

advantageous. The City shall on all occasions comply with the requirements of Minnesota statutes, Chapter 475 with respect to method of sale and the use of an independent municipal advisor.

Total net general obligation debt, which is generally defined as debt fully supported by property taxes, will not exceed the statutory limit as required by Minnesota Statute § 475.53. The total debt levy will not exceed 50% of the total property tax levy in any given year. Where possible and cost-effective, the City will use revenue, including General Obligation backed revenue bonds, or other self-supporting type bonds instead of General Obligation Bonds.

The City will maintain frequent and regular communications with bond rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus. The City will comply with SEC reporting requirements.

Interfund borrowing for periods of more than one year shall only be undertaken for capital expenditures. A reasonable payment schedule for repayment of the borrowed amounts and enforceable covenants, established to ensure recourse if the schedule is not adhered to, shall be approved by the City Council. Interest charges shall be included to compensate the originating fund for the use of its financial resources. Interest charges for interfund loans utilizing tax increment borrowing will follow Minnesota Statutes, Section 469.178, Subd. 7. For interfund borrowing involving the CI Fund, please see the applicable section of this Manual.

### **Debt Issuance Types**

The City may issue general obligation debt for capital or other properly approved projects. Where possible and cost-effective, the City will use special assessment, revenue, or other self-supporting bonds instead of General Obligation Bonds.

The City may issue revenue bonds to fund proprietary fund activities such as water, sanitary sewer and storm water utilities as well as the municipal liquor store(s) or for other capital projects that generate adequate revenues from user fees to support operations and debt service requirements. The bonds will include written legal covenants, which require that revenue sources be adequate to fund annual operating expenses and annual debt service requirements.

The City may issue tax increment bonds to fund public improvements or for economic development (i.e., private). All Tax Increment Financing (TIF) proposals shall include a financial impact analysis addressing the economic relationship of the proposed project to the City's estimated tax rates, service costs, and employment opportunities. If General Obligation TIF Bonds are proposed, there shall be a review and opinion by the City's Financial Advisor regarding structuring the issue and the adequacy of the tax increments to retire the debt.

Capital leases may be used to purchase buildings, equipment, furniture and fixtures. The term of any capital lease shall not exceed the useful life of the leased asset. Lease financing and master lease obligations, including lease revenue bonds, may be considered as alternative financing sources, consistent with the Charter.

## Refunding of Debt

The City will refund debt when it is in the best financial interest of the City to do so.

**Debt Service Savings.** When a current or advance refunding are undertaken to generate interest rate cost savings, the minimum aggregate present value savings will be 3% of the refunded bond principal amount. The present value savings will be net of all costs related to the financings.

**Term of Refunding Issues.** The City will refund bonds within the term of the originally issued debt. However, the City may consider maturity extension, when necessary to achieve a desired outcome, provided that such extension is legally permissible. The City also may consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed project or facility should be considered in this decision.

**Arbitrage.** The City shall take all necessary steps to optimize escrows and to avoid negative arbitrage in its refunding.

## Private Activity or Conduit Bonds Policy

The City has been granted the power to issue private activity or conduit revenue bonds, and other conduit revenue obligations, under Minnesota Statutes, § 469.152–469.165, as amended, and Minnesota Statutes, Chapter 462C, as amended (Conduit Bonds Acts).

It is the judgment of the City Council that tax-exempt financing is to be used on a selective basis to encourage certain development or project that offer a benefit to the City as a whole, including significant employment and housing opportunities. It is the applicant's responsibility to demonstrate the benefit to the City, both in writing and at the required public hearings.

Although approval may have been granted by the City Council for the issuance of financing for a similar project or a similar debt structure, it shall not be a basis upon which approval will be granted. Each application will be judged on the merits of the project as it relates to the authorized public purposes, the Conduit Bonds Acts, and the benefits to the City at the time of the request for financing.

## Criteria

The proposed project must be compatible with the overall development plans and objectives of the City as outlined in the Comprehensive Plan or other duly adopted actions, resolutions and/or ordinances of the City Council.

It is also the City's intent to assist in business expansions or relocations within the City where it can be shown that such would have a substantial, favorable impact on employment, qualified housing or the Property tax base of the City.

The project must not put an undue burden on existing City services or public utilities beyond that which can be reasonably and economically accommodated, as determined by the City Engineer or their

designee. Additionally, the applicant shall not place the City in competition with other jurisdictions or political subdivisions for project financing.

Any and all bonding and bonding authority shall be available on a first-come, first-served basis, assuming the applicant(s) in question meet the other criteria and procedures outlined in this section of the Manual.

The applicant must have a good financial standing, show a substantial net worth, equity in the project, or both, and have an acceptable earnings history or pro forma. Proposed projects are to show in the application for financing an owner equity or other collateral (such as a Letter of Credit, insurance company guarantee, or similar security), which will be satisfactory to the end-lender or rating agency, all determined with reference to total project costs. The applicant will also file with the City, if requested, a final statement of total costs and project equity, certified to by an authorized officer or partner, or the individual applicant, and said statement to be filed at time of requesting the final resolution.

Debt will be considered sold in a private placement if 1) no advertising or solicitation of the general public occurs, and 2) if the bonds are initially sold to not more than ten purchasers (not including any underwriter or placement agent as a purchaser); and 3) the City receives written certification from each initial purchaser (or each underwriter or placement agent based on its reasonable belief) that: 1) such purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and the risks of the debt; and 2) such purchaser is not purchasing for more than one account or with a view to distributing the debt.

In addition, for a private placement either 1) all bonds or notes (except for one bond or note) must always remain in minimum denominations of not less than \$100,000, or (2) investment letters from each initial purchaser, and from any subsequent purchaser, must be obtained and contain the above described certifications from the purchasers. Any offering material for a private placement must prominently state in effect that: "THE CITY OF FRIDLEY, MINNESOTA HAS NOT ASSUMED ANY RESPONSIBILITY TO REVIEW THIS OFFERING MATERIAL AND HAS NO RESPONSIBILITY FOR ITS ACCURACY OR COMPLETENESS. THE CITY HAS NO FINANCIAL OBLIGATION OF ANY NATURE WITH RESPECT TO THE OFFERED BONDS," or such other language to the same force and effect mutually agreeable to the borrower/obligated party and the City.

Finally, to qualify as a private placement the financing documents must require annual financial statements from the benefited private party (or the ultimate provider of credit) to be delivered to each investor, or a trustee, and the City as the issuer.

Applications for acquisition or replacement of machinery and equipment will be discouraged unless in conjunction with a new business in the City, a physical plant expansion of an existing business, or where it is shown that the equipment acquisition is essential to the continued operation of the business.

### **Procedures**

The applicant shall make an application for financing on forms determined by the City Manager,

or their designee. The completed application must be returned to the City, accompanied by the processing fee as determined by the City, whereupon the application will be reviewed by staff for possible consideration by the City Council. Specific findings shall be made and recited regarding the criteria as well as satisfaction of public purposes of the Conduit Bonds Acts, of other applicable Federal regulations and/or State statutes.

The applicant must select a qualified financial adviser or underwriter to assist the applicant in preparing all necessary application documents and materials. Applications must include a signed letter from a responsible financial institution indicating that the project is economically feasible and viable, and stating that bonds can be successfully sold for the project or that an individual or institution intends to purchase all of the bonds. Financial material submitted also include the most recent fiscal year–end, audited financial statements of the applicant and/or of any major lessee tenant, if readily available.

The applicant must receive approval from the appropriate State agencies, secure financing and commence construction within one year of the date of the final resolution giving approval to the project or the housing program. Upon application, the City Council may approve an extension of the approval.

The applicant shall furnish along with the application, a description of the project, plat plan (if needed), rendering of proposed buildings, and a brief description of the applicant, all in such form as shall be required at the time of application. This data may be furnished to other staff, appropriate consultants and members of the City Council.

The application shall not be considered complete until a review by the City regarding applicable City Code requirements, including, but not limited to: building plans and platting issues; street and traffic issues; zoning compliance; and public utility and drainage issues. The review shall consider both existing and improved conditions of the proposed project. A failure to address these findings and requirements, or failure to demonstrate a capability to reasonably remediate the same in a timeline determined by the City, may result in the denial of the application.

If an allocation of bonding authority is required under Minnesota Statutes, Chapter 474A, as amended, the applicant shall be required to pay any required application fee(s) and provide any required application deposit as specified in Chapter 474A, without regard to whether the application fee or application deposit will be refunded. If the City shall serve as a pass-through for any such deposit refunds, it shall process the same in ten business days of receipt.

#### **Administrative**

The City Council reserves the right to deny any application for financing for any reason, and at any stage of the proceedings, prior to adopting the final resolution authorizing issuance of the private activity or conduit financing. The City Council may waive any provision of this Conduit Bonds Policy if the City Council determines that such waiver is in the best interests of the City.

The City is to be reimbursed, and held harmless, for and from any “out-of-pocket” costs related to

the actual or proposed issuance of bonds contemplated by this Manual. In addition, a non-refundable processing fee as determined by the City's Comprehensive Fee Schedule must be submitted with the application. Upon closing, an Administrative Fee is due and payable to the City based on the following schedule:

- 1/8 of 1% annually of the outstanding principal for the life of the bond issue; or
- Up to 1% of the par amount of the bond.

Any costs incurred by the City will be recovered at the time of settlement or through scheduled payments collected by the Fiscal Agent. Requesting organizations must pay for any City expenses for Bond Counsel, Financial Advisor and any similar costs related to any financing, which shall be in addition to the Administrative Fee. The Administrative Fee is to be paid from proceeds of the Bonds or other sources on the date of issuance of the bonds or may be paid to the fiscal agent with each debt service payment. The applicant will be responsible for all costs associated with post-issuance compliance monitoring per this Manual, including the costs of the City in responding to any Internal Revenue Service (IRS) or other legal inquiries regarding the tax-exempt status of the bonds.

The applicant shall covenant in the applicable bond documents to comply with all applicable requirements of the Internal Revenue Code of 1986, as amended (Code), and the applicable Treasury Regulations, including, but not limited to:

- The arbitrage and rebate requirements of Section 148 of the Code; and
- The qualified bonds provisions of Sections 141(e), 142, 143, 144, and 145 of the Code.

The applicant shall be the party responsible for monitoring the private activity or conduit bonds for compliance with such requirements and to remediate non-qualified bonds in accordance with the requirements of the Code and applicable Treasury Regulations. The applicant shall be the party responsible for monitoring compliance with the requirements of Section 148 of the Code, and all other requirements outlined in the Post-Issuance Compliance Policy and Procedures of this Manual.

The first \$10,000,000 in bonding authority annually, the maximum allowed for designation as "bank qualified," will be reserved for City purposes. To preserve its bank qualification authority, the City will only consider issuing these types conduit obligations when its needs have been fully understood. Should the City exceed the bank qualified limit, the borrower in question must pay the City the net present value between the bank qualified and non-bank qualified rates. The City's Financial Advisor shall provide this calculation, if needed.

All applications, supporting materials and documents shall remain the property of the City; and all such materials may be subject to disclosure and/or public review under applicable provisions of State law. Additionally, the applicant shall assist the City with any Minnesota Government Data Practices Act request(s), including paying for any applicable compliance costs determined by the City.

The Finance Department shall report any and all private activity or conduit debt issues in the



~~Comprehensive~~ Annual Comprehensive Financial Report in accordance with GAAP and shall report any material events with regard to all debt issued by the City, and still outstanding, to the City Council.

## Post-Issuance Debt Compliance Policy

The City Council has chosen, by policy, to take steps to help ensure that all obligations will follow all applicable federal regulations. This Post-Issuance Debt Compliance Policy may be amended, as necessary.

The IRS is responsible for enforcing compliance with the Internal Revenue Code (Code) and regulations promulgated thereunder (Treasury Regulations) governing certain obligations (e.g., tax-exempt obligations, Build America Bonds, Recovery Zone Development Bonds and various Tax Credit Bonds). The IRS encourages issuers and beneficiaries of these obligations to adopt and implement a post-issuance debt compliance policy and procedures to safeguard against post-issuance violations.

### Post-Issuance Debt Compliance

The City desires to monitor these obligations to ensure compliance with the Code and Treasury Regulations. To help ensure compliance, the City has developed the following Post-Issuance Debt Compliance Policy. The Post-Issuance Debt Compliance Policy shall apply to the obligations mentioned above, including bonds, notes, loans, lease purchase contracts, lines of credit, commercial paper or any other form of debt that is subject to compliance. The Finance Director is designated as the City's agent who is responsible for post-issuance compliance of these obligations.

The Finance Director shall assemble all relevant documentation, records and activities required to ensure post-issuance debt compliance as further detailed in corresponding procedures. At a minimum, the Post-Issuance Debt Compliance Procedures for each qualifying obligation will address the following:

- General post-issuance compliance;
- Proper and timely use of obligation proceeds and obligation-financed property;
- Arbitrage yield restriction and rebate;
- Timely filings and other general requirements;
- Additional undertakings or activities that support the items listed above;
- Continuing Disclosure Obligations;
- Maintenance of proper records related to the obligations and the investment of proceeds of obligations; and
- Other requirements that become necessary in the future.

The Finance Director shall apply the Post-Issuance Debt Compliance Procedures to each qualifying obligation and maintain a record of the results. Further, the Finance Director will ensure that the Post-Issuance Debt Compliance Policy and Procedures are updated on a regular and as needed basis.

The Finance Director, or any other individuals responsible for assisting the Finance Director in maintaining records needed to ensure post-issuance debt compliance, are authorized to expend funds as needed to attend training or secure use of other educational resources for ensuring compliance such as consulting, publications, and compliance assistance.

Most of the provisions of this Post-Issuance Debt Compliance Policy are not applicable to taxable governmental obligations unless there is a reasonable possibility that the City may refund their taxable governmental obligation, in whole or in part, with the proceeds of a tax-exempt governmental obligation. If this refunding possibility exists, then the Finance Director shall treat the taxable governmental obligation as if such issue were an issue of tax-exempt governmental obligations and comply with the requirements of this Post-Issuance Debt Compliance Policy.

### **Private Activity or Conduit Bonds**

The City may issue tax-exempt obligations that are qualified "private activity" bonds because either (1) the bonds finance a facility that is owned by the City but used by one or more qualified 501(c)(3) organizations, or (2) the bonds are so-called "conduit bonds", where the proceeds are loaned to a qualified 501(c)(3) organization or another private entity that finances activities eligible for tax-exempt financing under federal law, such as certain manufacturing projects and certain affordable housing projects. Prior to the issuance of either of these types of bonds, the Finance Director shall take steps necessary to ensure that such obligations will remain in compliance with the requirements of this Post-Issuance Debt Compliance Policy.

In a case where compliance activities are reasonably within the control of a private party (i.e., a 501(c)(3) organization or conduit borrower), the Finance Director may determine that all or some portion of compliance responsibilities described in this Post-Issuance Debt Compliance Policy shall be assigned to the relevant party. In the case of conduit bonds, the conduit borrower will be assigned all compliance responsibilities other than those required to be undertaken by the City under federal law. In a case where the Finance Director is concerned about the compliance ability of a private party, the Finance Director may require that a trustee or other independent third party be retained to assist with record keeping for the obligation and/or that the trustee or such third party be responsible for all or some portion of the compliance responsibilities.

The Finance Director is additionally authorized to seek the advice, as necessary, of bond counsel and/or its financial advisor to ensure the City follows this Post-Issuance Debt Compliance Policy. For additional information regarding other private activity bonds, please see the Private Activity or Conduits Bonds Policy section of this Manual.

### **Post-Issuance Debt Compliance Procedures**

The Post-Issuance Debt Compliance Policy applies to qualifying debt obligations issued by the City. As directed by the adoption of the Post-Issuance Debt Compliance Policy, the Finance Director of the City will perform the following Post-Issuance Debt Compliance Procedures for all of the City's outstanding debt.

### **General Post-Issuance Compliance**

These procedures provide written regulations when more than one party is responsible for ensuring compliance. These procedures also ensure training and/or educational resources for post-issuance compliance have been approved and obtained.

The Finance Director understands that there are options for voluntarily correcting failures to comply with post-issuance compliance requirements, such as remedial actions under Section 1.141-12 of the Treasury Regulations and the ability to enter into a closing agreement under the Tax-Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31 (VCAP Program).

### **General Recordkeeping**

The responsible parties shall retain records and documents for the obligation and all obligations issued to refund the obligation for a period of at least seven years following the final payment of the obligation (or if such obligation is refunded, the final payment of the refunding bond) unless otherwise directed by the City's bond counsel.

The responsible parties shall also retain both paper and electronic versions of records and documents for the obligation. General records and documentation to be assembled and retained:

- Description of the purpose of the obligation (referred to as the project) and the State statute authorizing the project;
- Record of tax-exempt status or revocation of tax-exempt status, if applicable;
- Any correspondence between the City and the IRS;
- Audited financial statements;
- Bond transcripts, official statements, and other offering documents of the obligation;
- Minutes and resolutions authorizing the issuance of the obligation;
- Certifications of the issue price of the obligation;
- Any formal elections for the obligation (i.e., election to employ an accounting methodology other than the specific tracing method);
- Appraisals, demand surveys, or feasibility studies for property financed by the obligation;
- Documents related to governmental grants, associated with construction, renovation or purchase of property financed with the obligation; and
- Reports of any prior IRS examinations of the City or the City's obligation.

### **Arbitrage Yield Restriction and Rebate Recordkeeping**

The following investment and arbitrage documentation shall be assembled and retained.

- An accounting of all deposits, expenditures, interest income and asset balances associated with each fund established in connection with the obligation. This includes an accounting of all monies deposited into the Debt Service Account to make debt service payments on the obligation, regardless of the source derived.
- Statements prepared by Trustee or Investment Provider.
- Documentation of at least quarterly allocations of investments and investment earnings to each obligation (i.e., un-commingling analysis).

- Documentation for investments made with obligation proceeds, such as:
  - Investment contracts (i.e., guaranteed investment contracts);
  - Credit enhancement transactions (i.e. bond insurance contracts);
  - Financial derivatives (i.e., swaps, caps);
  - Bidding of financial products (i.e., investments acquired with obligation proceeds are purchased at fair market value); and
    - Three bids for open market securities needed in advance refunding escrows).
- Computations of the arbitrage yield.
- Computations of yield restriction and rebate amounts including but not limited to:
  - Compliance in meeting the "Temporary Period from Yield Restriction Exception" and limiting the investment of funds after the temporary period expires;
  - Compliance in meeting the "Rebate Exception;"
    - Qualifying for the "Small Issuer Exception;"
    - Qualifying for a "Spending Exception;"
      - 6-Month Spending Exception;
      - 18-Month Spending Exception;
      - 24-Month Spending Exception;
    - Qualifying for the "Bona Fide Debt Service Fund Exception;" and
    - Quantifying arbitrage on all funds established in connection with the obligation in lieu of satisfying arbitrage exceptions, including Reserve Funds and Debt Service Funds.
- Computations of yield restriction and rebate payments.
- Timely Tax Form 8038-T filing, if applicable.
  - Remit any arbitrage liability associated with the obligation to the IRS at each five year anniversary date of the obligation, and the date in which the obligation is no longer outstanding (redemption or maturity date), whichever comes sooner, within 60 days of said date.
- Timely Tax Form 8038-R filing, if applicable.
- Procedures or guidelines for monitoring instances where compliance with applicable yield restriction requirements depends on subsequent reinvestment of obligation proceeds in lower yielding investments (e.g., reinvestment in zero coupon SLGS).

### **Expenditure and Asset Documentation to be Assembled and Retained**

Documentation of allocations of obligation proceeds to expenditures (i.e., allocation of proceeds to expenditures for the construction, renovation or purchase of facilities owned and used in the performance of exempt purposes).

- Such allocation will be done not later than the earlier of:
  - 18 months after the later of the date the expenditure is paid, or the date the project, if any, that is financed by the tax-exempt bond issue is placed in service; or
  - 60 days after the earlier of the fifth anniversary of the issue date of the tax-exempt bond issue, or the date 60 days after the retirement of the tax-exempt bond issue.
- Documentation of allocations of obligation proceeds to issuance costs.
- Copies of requisitions, draw schedules, draw requests, invoices, bills, and cancelled checks

related to obligation proceed expenditures during the construction period.

- Copies of all contracts entered into for the construction, renovation or purchase of facilities financed with obligation proceeds.
- Records of expenditure reimbursements incurred prior to issuing bonds for facilities financed with obligation proceeds (i.e., Declaration of Official Intent/Reimbursement Resolutions including all modifications).
- List of all facilities and equipment financed with obligation proceeds.
- Depreciation schedules for depreciable property financed with obligation proceeds.
- Documentation that tracks the purchase and sale of assets financed with obligation proceeds.
- Documentation of timely payment of principal and interest payments on the obligation.
- Tracking of all issue proceeds and the transfer of proceeds into the debt service fund as appropriate.
- Documentation that excess earnings from a Reserve Fund is transferred to the Debt Service Fund on an annual basis. Excess earnings are balances in a Reserve Fund that exceed the Reserve Fund requirement.

#### **Miscellaneous Documentation to be Assembled and Retained**

Ensure that the project, while the obligation is outstanding, will avoid IRS private activity concerns.

- The Finance Director shall monitor the use of all obligation-financed facilities in order to: determine whether private business uses of obligation-financed facilities have exceeded the de minimus limits set forth in Section 141(b) of the Code as a result of sale of the facilities (including sale of capacity rights, leases and subleases of facilities, including easements or use arrangements for areas outside the four walls, (e.g., hosting of cell phone towers), leasehold improvement contracts, licenses, management contracts in which the City authorizes a third party to operate a facility, (e.g., cafeteria), research contracts, preference arrangements (in which the City permits a third party preference, such as parking in a public parking lot), joint ventures, limited liability companies or partnership arrangements, output contracts or other contracts for use of utility facilities (including contracts with large utility users), development agreements which provide for guaranteed payments or property values from a developer, grants or loans made to private entities (including special assessment agreements), naming rights agreements, or other arrangements that provide special legal entitlements to nongovernmental persons; and determine whether private security or payments that exceed the de minimus limits set forth in Section 141(b) of the Code have been provided by nongovernmental persons with respect to such obligation-financed facilities.
- The Finance Director shall provide training and educational resources to any City staff that have the primary responsibility for the operation, maintenance, or inspection of obligation-financed facilities with regard to the limitations on the private business use of obligation-financed facilities and as to the limitations on the private security or payments with respect to obligation-financed facilities.
- The Finance Director shall undertake the following with respect to the obligations:
  - An annual review of the books and records maintained by the City with respect to such obligations; and

- An annual physical inspection of the facilities financed with the proceeds of such obligations, conducted by the Finance Director with the assistance of any City staff who have the primary responsibility for the operation, maintenance, or inspection of such obligation-financed facilities.
- Changes in the project that impact the terms or commitments of the obligation are properly documented and necessary certificates or opinions are on file.

### **Additional Undertakings and Activities that Support Above Sections**

The Finance Director will notify the City's Bond Counsel, Financial Advisor and arbitrage provider of any survey or inquiry by the IRS immediately upon receipt (usually responses to IRS inquiries are due within 21 days of receipt). Such IRS responses require the review of the above-mentioned data and must be in writing. As much time as possible is helpful in preparing the response).

The Finance Director will consult with the City's Bond Counsel, Financial Advisor and arbitrage provider before engaging in post-issuance credit enhancement transactions (i.e., bond insurance, letter of credit, or hedging transactions).

The Finance Director will monitor all "qualified tax-exempt debt obligations" within the first calendar year to determine if the limit is exceeded, and if exceeded, will address accordingly. For tax-exempt debt obligations issued during years 2009 and 2010, the limit is \$30,000,000. (The limit was \$10,000,000 prior to 2009. In 2011 and thereafter, it will remain at \$10,000,000 unless changed by the Federal government). During this period, the limit also applies to pooled financings of the governing body and provides a separate \$30,000,000 for each 501 (c)(3) conduit borrower(s).

### **Comply with Continuing Disclosure Requirements**

If applicable, the timely filing of annual information agreed to in the Continuing Disclosure Certificate; or give notice of any Material Event, as required within the SEC Rule 15c2-12, as amended. Identify any post-issuance change to terms of bonds which could be a "reissuance" under applicable Treasury regulations.

The Finance Director will consult with the City's Bond Counsel prior to any sale, transfer, change in use or change in users of obligation-financed property, which may require "remedial action" under applicable Treasury Regulations or resolution pursuant to the VCAP Program. A remedial action has the effect of curing a deliberate action taken by the City that results in satisfaction of the private business test or private loan test. Remedial actions under Section 1.141-12(d)(e) and (f) include the redemption of non-qualified bonds and alternative uses of proceeds or the facility (i.e. use for a qualified purpose instead).

The Finance Director will ensure that the appropriate tax form for federal subsidy payments is prepared and filed in a timely fashion for applicable obligations (i.e. Build America Bonds).

### **Compliance with Future Requirements**

The responsible parties shall take measures to comply with any future requirements issued beyond the date of these Post-Issuance Debt Compliance Procedures, which are essential to ensuring compliance with the applicable state and federal regulations.

# Procurement

To ensure that all City expenditures are lawful, the City shall:

- Maintain strict compliance with applicable Federal regulations, State laws, and City ordinances and Charter provisions; and
- Establish procedures to protect the City from undue liability or other concerns.

Additionally, this section of this Manual outlines the proper procedures for procurement and supersedes all previous policies and practices concerning the purchase of goods and/or services by the City.

## Purchasing Policy

This section of the Manual shall meet the following objectives:

- To ensure that tax and rate payer supported expenditures provide for cost-effective and efficient acquisition of goods and services;
- To establish uniform procurement processes for all staff and all departments;
- To ensure City expenditures are appropriately classified in the City's financial records; and
- To follow Minnesota Statute § 471.345 as it relates to the purchase of supplies, materials, equipment, or the rental thereof, or the construction, alteration, repair, or maintenance of real or personal property.

## Responsibility

Pursuant to Section 6.05 of the Charter, the City Manager shall be the Chief Purchasing Agent of the City. In that capacity, the City Manager may establish such policies and procedures to make purchases on behalf of the City and its component units. The administration, review and supervision of such purchasing shall be delegated to the Finance Director generally and the respective Department Director specifically, unless authorized elsewhere in this Manual.

The City has a decentralized purchasing system whereby individual departments are responsible for making their own purchases. Exceptions including the following types of purchases.

- Technology (e.g., hardware, software) must be approved by the Information Technology Division Manager;
- Vehicles and major equipment must be approved by the Fleet Services Manager; and
- Building maintenance and improvements must be approved by the Facilities Manager.

The City will purchase supplies, equipment, and services best suited to the specific needs of the City in as economical a means as possible, including:

- The City will purchase EnergyStar certified equipment and appliances if possible;
- The City will purchase paper containing at least 30% post-consumer recycled content, if possible; and
- The City will purchase recyclable or compostable consumable goods when feasible.



The City will promote fair competition among bidders and will comply with all statutes and regulations of the City, State, and Federal government that may pertain to the purchase of supplies, equipment, and services by a municipal entity.

### Purchase Orders

Purchase orders may be used for any purchase. In instances where purchase orders are used, the following procedures are set forth:

- The vendor name, mailing address and contact information is required;
- A sufficient description and exact quantities of the respective purchase;
- A calculation of total cost, including applicable tax, shipping and handling charges;
- In the instance where exact costs are unknown, an estimate is acceptable;
- In the instance where quotes are required, they must be attached;
- The source of funding and applicable expenditure code for the respective purchase; and
- The purchase order shall be completed and signed prior to the respective purchase.

All purchases requiring a purchase order must be procured in writing. All contracts and similar agreements are subject to review by the City Attorney, City Manager and/or Finance Director.

### Uniform Municipal Contracting Law

The City will follow procedures as set forth in Minnesota Statute § 471.345. Purchases should not be separated into smaller components in order to eliminate an authorization threshold requirement. Labor and materials may be separated to properly calculate sales and use tax.

For the purchase of supplies, materials or equipment estimated to exceed \$25,000, the City must consider the availability, price, and quality of the supplies, materials, or equipment available through the State of Minnesota's cooperative purchasing venture (CPV), or another approved CPV, before purchasing through another source. The Finance Department will maintain a list of approved CPVs.

~~Purchases up to \$9,999. If the amount of the purchase is estimated to be up to \$9,999, the purchase may be made through a CPV with another government entity or consortium. Quotes are optional and purchases can be made on the open market. All quotations obtained should be documented and kept on file for a period of at least one year after their receipt.~~

~~Purchases over \$10,000 and up to \$24,999. If the amount of the purchase is not estimated to exceed \$25,000, the purchase may be made by either obtaining bids, quotes, through a CPV with another government entity or consortium or simply buying the item on the open market. If the City chooses to obtain quotes, it must, as far as practicable, obtain at least two quotes and keep them on file for at least one year after their receipt. If the City decides to solicit sealed bids, requirements of the bidding process must be followed and cannot change the process midway through. be between \$10,000 and \$24,999, the purchase may be made either upon quotation or through a CPV with another government entity or consortium. If the purchase is made upon quotation it shall be based, so far as practicable, on at least two quotations of same, similar or comparable quality from each vendor. All quotations obtained shall be kept on file for a period of~~

~~at least one year after their receipt.~~

**Purchases over \$25,000 and up to \$174,999.** If the amount of the purchase is estimated to exceed \$25,000 but not to exceed \$174,999, the purchase may be made either through a CPV with another government entity or consortium or upon sealed bids, by obtaining two or more quotations for the purchase when possible, and without advertising for bids. Products or services quoted shall be the same or similar and of comparable quality from each vendor. The City must consider the availability, price and quantity of supplies, materials or equipment available through the state's CPV before purchasing from another source. All quotations obtained shall be kept on file for a period of at least one year after their receipt.

**Purchases \$175,000 and Above.** If the amount of the purchase is estimated to exceed \$175,000, sealed bids shall be solicited by public notice in the manner and subject to the requirements of the law governing purchases by the City. The City must consider the availability, price and quality of supplies, materials or equipment available through the state's cooperative purchasing venture before purchasing from another source. If an approved CPV is in place, bids are not needed. All bids obtained shall be kept on file for a period of at least one year after their receipt.

State law defines what types of agreements amount to a "contract" for purposes of applicability of the uniform municipal contracting law and provides cities the option to use the "best value alternative" or "construction manager at risk alternative" for certain types of contracts, including those for construction, alteration, repair, or maintenance work.

The various requirements of the competitive bidding process are beyond the scope of this Manual, and departments meeting this threshold should consult the Finance Department before beginning the purchasing process.

**Professional Services.** Contracting for professional services, such as those provided by engineers, lawyers, architects, accountants, and other services requiring technical, scientific, or other professional training, when competitive bidding is not required, shall be the primary responsibility of the Department, with purchasing oversight by the Finance Director and in compliance with this Manual.

### **Federal Grant Programs Purchasing Guidelines**

For purchases under Federal grant programs, two written quotes are needed for purchases greater than ~~\$3,500~~10,000. Multiple price or rate quotations must be obtained from an adequate number of qualified sources (i.e., two or more) for purchases greater than this micro-purchase threshold (2 CFR 200.320(b)). Purchasers should familiarize themselves with requirements of purchases made under grant programs prior to any expenditures (e.g., Davis-Bacon Act, Buy American Provisions) and contact the Finance Department with any questions.

For all contracts for goods or services above the small purchase threshold, the City should document its review of the excluded parties list (see <https://www.sam.gov>) to ensure that certain parties, suspended and/or debarred or otherwise excluded or ineligible contractors are not

contracted with when using federal or state funds.(2 CFR 200.213). Contractors that apply or bid for an award exceeding \$100,000 must file the certification required by the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

All purchases for construction projects using federal dollars in excess of \$2,000 are required to follow the Davis–Bacon Act and related federal regulations concerning labor standards applicable to federally financed contractors.

The process should ensure fair and open competition and include affirmative steps to assure that minority businesses, women’s enterprises and other disadvantaged businesses are solicited and used whenever possible (CFR 200.321).

### **Exceptions**

The City may contract for the purchase of supplies, materials or equipment without regard to the competitive bidding requirements of this Purchasing Policy if the purchase is through the State of Minnesota’s CPV, a national municipal association’s purchasing alliance or cooperative created by a joint powers agreement that purchases items from more than one source on the basis of competitive bids or competitive quotations. The Finance Director shall approve and maintain a list of authorized CPVs.

Other exceptions may include: professional services, insurance contracts, purchases from other government agencies, real estate, sole source vendors and others as defined by Minnesota Statute § 471.345.

**Best Value Alternative.** Minnesota Statute § 412.311 allows the City to use a “Best Value” alternative instead of awarding the bid to the lowest responsible bidder. The various requirements of the Best Value Alternative process are beyond the scope of this Manual, and departments interested in this approach should consult the Finance Department before beginning the purchasing process. Staff interested in this purchasing alternative must receive appropriate training, as determined by the Finance Director.

### **Authorization and Compliance**

Per Section 6.05 of the Charter, “All purchases on behalf of the City shall be made and all contracts shall be let by the City Manager, or the City Manager’s designee(s), provided the City Council has appropriated sums necessary for the contract or purchase, and the amount of the purchase or contract does not exceed that required for competitive bids as established by state statute. Except for those purchase or contracts subject to the authority of the City Manager as set forth herein, all bonds, contracts, conveyances, real estate purchases and sale agreements, and similar instruments shall be approved by the City Council and signed by the Mayor and City Manager, or the City Manager’s designee(s), and shall be executed in the name of the City.”

The City Manager, or their designee, may authorize routine expenditures that are already specifically adopted and identified by the annual budget (e.g., large equipment replacement), assuming those expenditures do not exceed the authorized amount appropriated by the budget.

The following table outlines the various thresholds and the authority level required for all purchases regardless of the type (e.g., capital improvement, professional service).

| <b>Purchase Amount</b> | <b>Initial Approval</b> |                     | <b>Final Approval</b> |
|------------------------|-------------------------|---------------------|-----------------------|
|                        | <b>Budgeted</b>         | <b>Unbudgeted</b>   |                       |
| Up to \$9,999          | Division Manager        | Department Director | Department Director   |
| \$10,000 to \$24,999   | Division Manager        | Finance Director    | Department Director   |
| \$25,000 to \$174,999  | Department Director     | Finance Director    | City Manager          |
| \$175,000 or greater   | Department Director     | City Manager        | City Council          |

Any purchase or project using sealed bids shall be presented to the City Council for review and approval if it exceeds \$175,000; no project activities may commence until after such approval. Upon approval, the respective Department Director may authorized applicable expenditures related to the approved bid or contract without regard for the thresholds listed in the above table, assuming such approval would not exceed the value of the bid or contract, or exceed the budget authorized by the City Council. In both of those situations, the thresholds outlined in this Manual shall apply.

In the event of a change order that increases the total cost of the purchase, the thresholds listed immediately above shall also apply, assuming the amount may be accommodated through existing budget authority or by a budget revision outlined in the CIP Policy of this Manual. The City Council must also approve any negative changes order exceeding \$175,000.

Any procurement transaction made on behalf of the City that is not in compliance with the established policies and procedures shall be deemed unauthorized. Employee reimbursement may be required for any purchases not in compliance with this policy, pursuant to Section 7.06 of the Charter.

### **Payment Procedures**

In accordance with Minnesota Statute § 471.425, the City has 35 days from receipt of the invoice to process payment. If an invoice is incorrect in any way, the City must notify the vendor within 10 days of the date of receipt. Department Directors should notify the Finance Department promptly of any invoices in dispute and the dispute should be documented on the invoice or with a memorandum accompanying the invoice.

The respective Department Director shall assign specific staff to provide the appropriate account codes to ensure the accurate recording of expenditures in the City's financial systems. As outlined above, the applicable Division Manager shall approve any purchases less than \$25,000, while the applicable Department Director shall approve any purchases greater than or equal to \$25,000. The respective party will be responsible for both the accurate recording and lawful nature of the purchase in question.

Certain routine transactions as defined by the Finance Director are excluded from Department

Director and/or City Manager review and approval. Such transactions may include but are not limited to: salaries and wages; health insurance and similar benefit premiums; property and casualty insurance premiums; utility payments; and applicable taxes.

All payments shall be summarized within a Claims List as required by the City Charter and Minnesota Statute § 412.271, which will be presented to the City Council at their regularly scheduled meetings. Once the Claims List has been approved by the City Council, the Finance Department will release payment(s) to the vendor.

In some instances, payments may need to be released prior to City Council approval. Such payments will be authorized at the discretion of the Finance Director and will be presented to the City Council within the Claims List at the next scheduled regular City Council meeting. The Finance Director may issue checks or other forms of payment for the following types of claims without prior City Council approval:

- Salaries of regular employees;
- Overtime of regular employees, if approved by the respective Department Director;
- Salaries of temporary employees, if approved by the respective Department Director;
- Health insurance and similar benefits authorized by the City Council;
- Utility bills or invoices for regular City operations;
- Construction permits and escrows;
- Early payment discounts and to avoid fees and penalties;
- Property and casualty insurance payments;
- Payments to the City (i.e., one fund to another fund);
- Petty cash items up to \$20;
- Flat rate monthly auto allowances;
- Postage, postage due or cash-on-delivery items;
- Advances to employees for the cost of attending out-of-state conferences, not to exceed \$500;
- Registration and other expenses for local conferences;
- Reimbursement to an employee for clothing allowance;
- Claims approved by the City Council as a separate agenda item (e.g., bids, contracts, estimates);
- Fixed charges that have been previously incurred (e.g., rent payments, payments on bonds, contracts for deeds);
- Investments and investment related expenditures and transfers;
- Payroll taxes and other liabilities withheld from employees' wages, and the corresponding City paid benefits;
- Contracted inspectors that maintain an agreement with the City;
- Softball, basketball, and other sporting officials contracted for park and recreation activities;
- Refunds of deposits and escrows being held by the City; and
- Other reasonable transactions to affect the proper function of the City.

### **Conflicts of Interest**

Employees are required to provide notice to the Finance Director of any conflicts of interest prior

to entering into transactions on behalf of the City. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if they have a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediately family, their partner, or an organization that employs or is about to employ any of the parties indicated herein, has financial or other interest in or a tangible personal benefit from a firm considered for a contract (Minnesota Statute § 471.87 – § 471.88).

No purchase orders, contracts or service agreements shall be given to an employee of the City or to a partnership or corporation of which an employee is a major stockholder or principal. No employee shall enter into the relationship with a vendor where the employee's actions are, or could reasonably be views as, not in the best interest of the City. If any employee becomes involved in a possible conflict of interest, the employee shall disclose the nature of the possible conflict to his or her supervisor and to the Finance Director. The Finance Director will promptly notify the individual in writing of an approval or disapproval of the activity. If disapproved, the employee shall remove themselves from the conflict situation.

#### **Acceptance of Gifts and Gratuities**

No member of the City Council, official or employee may accept any gift or gratuity in any size under circumstances in which it could be reasonably thought to influence the performance of their official duties or appears to be a reward for any official action of their part. Employees responsible for making purchasing decisions for the City may not accept, directly or indirectly, any gifts, favors, privileges, or employment from current or prospective City vendors.

#### **Emergency Procurement**

Under the Emergency Management Act (Minnesota Statute § 12.37, Act), the City has the authority to make purchases or enter into contracts during emergencies without following many of the normally required procedures. The Emergency Management Act defines an "emergency" as an unforeseen combination of circumstances that calls for immediate action to prevent a "disaster" from developing or occurring.

The Act defines a "disaster" as a situation that creates an actual or imminent serious threat to the health and safety of persons, or a situation that has resulted or is likely to result in catastrophic loss to property or the environment, and for which traditional sources of relief and assistance within the affected area are unable to repair or prevent injury or loss.

In the event of an emergency or disaster, the City Council has granted authority to the City Manager, or their designee, to make emergency purchases. At the next regular scheduled City Council meeting, the City Council will approve the respective purchase(s) via a resolution declaring the emergency and describing the reasons necessitating the immediate action for protection of the health, safety or welfare of its citizens. All such expenditures shall be consistent with by Section 7.08 of the Charter

If practicable, the Department Director and/or City Manager should consult the City Attorney and Finance Director prior to any expenditures under the Emergency Management Act, if possible.

### **Sole Source Procurement**

Sole source purchases may be made if they comply with at least one of the following:

- Items or services under patent or copyright held by a single vendor and item or service possesses or has capabilities critical to use;
- Item or service possesses a unique function or capability critical in the use of the item or service and not available from any other sources;
- The purchase is for equipment associated with use of existing equipment where compatibility is essential for integrity of results;
- The purchase is for replacement parts needed for repair of existing equipment where compatibility with equipment from the original manufacturer is paramount;
- The purchase is for accessories sought for enhancement of existing equipment where compatibility with equipment from the original manufacturer is paramount;
- The purchase is for technical services associated with the assembly, development, installation, or servicing of equipment of a highly technical or specialized nature;
- Additional item, service, or work required, but not known to have been needed when the original order was placed with vendor and it is not feasible or practicable to contract separately for the additional need; and/or
- The purchase is exclusively compatible with an existing piece or brand of equipment and is only available from one vendor.

Sole source purchases must still follow the purchase process required based on the amount being purchased. For example, if the purchase is expected to exceed \$175,000, a competitive bidding process must be followed even if the expectation is that only one bid will be received.

### **Bid Protest**

The City recognizes the need to review and resolve complaints about its purchasing practices and procedures and has adopted this procedure to provide for any complaints. Any actual or prospective vendor or contractor who is reasonably aggrieved in connection with the solicitation or award of the contract may protest to the Finance Director per the following procedure:

- Each protest must be in writing and delivered by a certified letter to the Finance Director within five business days of the City's notice of award and must include:
  - A notice of protest;
  - A statement of facts and the reasons for the protest;
  - All supporting documentation;
  - Address all correspondence to: Bid Protest, Finance Director, City of Fridley 7071 University Avenue Northeast, Fridley, MN 55432.
- As soon as a bid protest is received, all award activity will be suspended. The applicable Department Director(s) will gather all relevant information about the solicitation, evaluation, and award of the bid and provide it to the Finance Director within five business days of being notified of the Bid Protest by the Finance Director.
- The Finance Director, and any applicable staff, will review the information relevant to the



solicitation and will decide on the merits of the protest, in a prompt manner but not longer than ten business days after the bid protest was received. The decision will be mailed to the protestor at the address set forth in the bid protest. A copy of the decision will be posted on the City website. All documentation concerning the bid protest and the decision will be retained by the department subject to the protest.

- An appeal of the Finance Director's decision may be in writing and delivered by a certified letter by the protestor to the City Manager within five business days of the release of the decision and must include:
  - A notice of an appeal;
  - A statement of the nature and the reasons for the appeal, including claimed errors;
  - All supporting documents; and
  - A deposit to cover the City's cost for determining a bid protest will be made in the form of a certified check payable to the City Treasurer, in an amount determined by the Finance Director.
- The City Manager will deliver the protest and all relevant information about the solicitation, evaluation, and award of the bid to the City Attorney or designee.
- A Hearing Date will be set by the City Attorney or designee for the appeal to commence, which date should not be later than twenty business days from the notice of appeal. The complainant will be presented with an opportunity to present their case to the City Attorney or designee.
- Upon the conclusion of the appeal, the City Attorney or designee will issue a decision within twenty business days of the conclusion of the appeal. Staff will track all costs (e.g., wages, expenses) spent in the appeals process. The total cost will be subtracted from the deposit. Any remaining balance will be returned to the vendor. If the appeal is upheld, the total deposit will be returned.

The Finance Director, in their sole discretion, may reject any unreasonable bid protest to prevent the unnecessary delay in the contract award process or to avoid additional cost to the City.

### **Sales and Use Tax**

As a local government, the City remains generally exempt from sales and use tax. As such, staff should refrain from paying sales and use tax on official City transactions. The Finance Director, or their designee, may approve payment of sales and use tax on a case-by-case basis (e.g., staff reimbursement for an emergency expenditure).

### **Procurement Card Use Policy**

Pursuant to Minnesota Statute § 471.382, the City may provide Procurement Cards (P-Cards) to employees that demonstrate a business rationale, such as frequent travel or routine purchasing. The City shall not issue a P-Card for merely for the personal convenience of an employee.

### **Authorization**

Consistent with the delegated authority of the City Manager as the Chief Purchasing Agent, the City may only provide P-Cards upon the request of the respective Department Director. All P-Cards



requests must be approved by the Finance Director prior to issuance. Only full-time or part-time regular employees shall be issued P-Cards. All P-Cards shall maintain the following limits, unless otherwise authorized by the Finance Director of their designee:

| Staff Level/Position | Transactions |                 | Approval            |
|----------------------|--------------|-----------------|---------------------|
|                      | Per          | Total (Monthly) |                     |
| Non-Management       | \$500        | \$3,000         | Division Manager    |
| Division Manager     | \$1,000      | \$5,000         | Department Director |
| Department Director  | \$2,000      | \$10,000        | City Manager        |
| City Manager         | \$5,000      | \$25,000        | Finance Director    |
| Accounts Payable     | \$10,000     | \$50,000        | Finance Director    |

### User Guidelines and Rules

Each card holder will be responsible for ensuring that purchases made with their card comply with Minnesota Statutes, other sections of this Manual and this Procurement Card Use Policy.

All employees authorized to use a P-Card shall review and sign an acknowledgement of the P-Card Use Policy and a P-Card User Agreement as provided by the financial institution issuing the P-Card, which shall be retained by the Finance Department. The P-Card User Agreement must also be signed by the applicable Department Director. The terms of the P-Card User Agreement are considered a part of this Manual.

P-Card shall be issued in the individual employee's name. The City shall not issue any generic or department-wide P-Cards, nor may any individual possess more than one P-Card account, unless otherwise authorized by the Finance Director. If the City issues a generic P-Card, it must be assigned and held by a supervisor or manager. Additionally, the P-Card must be accompanied by a log, which includes the staff using the card, the vendor name and a description of the purchase included its estimated cost. The generic P-Card must be returned to the supervisor or manager before being used for another transaction.

Employees that do not possess a P-Card shall not retain either physical possession of the P-Card or electronic possession of the corresponding account information. All P-Card use must be approved by the authorized P-Card holder prior to any transaction. Personal use of the City issued P-Card is prohibited.

It is the P-Card holder's responsibility to safeguard the P-Card (and corresponding account information) and protect it from theft and unauthorized use, including, but not limited to:

- Immediately reporting lost cards or unauthorized use to the P-Card company as well as to the Finance Department;
- Promptly returning expired P-Cards to the Finance Department for destruction;
- Keeping the P-Card in a secure location;
- Submitting the appropriate and requested documentation to support purchases and other activity in a timely fashion;

- Taking appropriate precautions when using the P-Card to make purchases; and
- Returning P-Card to the Finance Director upon termination.

The Finance Director, in their sole determination, may revoke the P-Card for any reason. Improper use of the City's P-Card may result in disciplinary action, and cardholders may be held personally responsible for unauthorized purchases, consistent with this Manual and the Charter.

### **Documentation**

The billing statement from the P-Card issuer does not contain sufficient information to document a purchase made. Appropriate documentation is required for all purchases to verify compliance with this and other City policies.

A copy of the invoice or receipt for payment must be included to verify the amount charged on the P-Card. Receipts from vendors that only list the total charged are not considered sufficient documentation. The receipt must identify all products or services purchased, shipping charges, and sales tax. A printed confirmation of an internet purchase may be sufficient to comply with this requirement. If an invoice is not immediately available, the invoice must be forwarded to the Finance Department as soon as possible. In lieu of an invoice or receipt as described above, the purchasers may sign an affidavit attesting to the purchase.

The City will not be responsible for any financing or interest charges accruing as a result of untimely submission of P-Card receipts and transactions. In any instance where a product or service purchased with a City issued P-Card is returned or canceled the transaction must be refunded to the P-Card account.

### **Review and Payment**

The P-Card holder should sign and approve the overall monthly statement that shall constitute their approval of each individual charge or activity. The applicable supervisor shall review all aspects of the invoice and verifying the validity of the expenditure. The P-Card holder and applicable supervisor shall also be responsible for providing the account coding and description of purchase so that expenditures are appropriately classified in the City's financial records. The applicable supervisor will authorize the expenditure for payment by including a date and signature or electronic approval.

All P-Card statements will be reviewed by the Finance Department for compliance with this Manual and to ensure accurate accounting. Additional documentation may be requested from a P-Card user to ensure such compliance.

When granted, it is the P-Card user's responsibility to submit documentation to the P-Card holder. Ultimately, it is the P-Card holder's responsibility to obtain documentation for all activity. When charges relate to more than one person, the purpose of charges and names of attendees should be noted on the statement.

The City will not use the P-Card account for carrying any debt. The City shall make payment for the

entire outstanding balance of the P-Cards and all P-Card purchases shall be made through the City's normal vendor payment process.

No employee of the City shall use the P-Card for cash advances or withdrawals. Under no circumstances may P-Cards be used by non-City employees.

### **Individual Vendor Procurement or Credit Cards**

The City has established charge accounts with a handful of vendors to expedite the purchasing process with those respective vendors. These accounts may or may not have physical cards accompanying them. All sections of this Procurement Card Use Policy are also attributable to the respective vendor charge accounts.

## **Travel, Training and Reimbursement Policy**

It is the purpose of this Travel and Training Policy to establish adequate internal controls to satisfy IRS regulations, GSA guidelines, State laws, and to provide a guide to prescribe circumstances for travel and training transactions, including reimbursements. This section of the Manual shall apply to all employees.

### **Guidelines**

Generally, the City should apply the following expectations and guidelines when considering travel and training opportunities:

- Whether the employee will be receiving training on issues or topics relevant to the City, their specific job responsibilities, or reasonable promotional opportunity;
- Whether the employee will be meeting or networking with elected officials and/or government employees, both from Minnesota and other states, to exchange ideas on topics relevant to the City;
- Whether the employee will be viewing a facility or function that is similar in nature to one that is currently operating at, or under consideration, by the City where the purpose for the trip is to study the facility or function to return ideas for the consideration by the City;
- Whether the employee has been specifically assigned by the City Council and/or City Manager to visit another government agency for the purpose of establishing a goodwill relationship, such as a "sister-city" relationship;
  - "Sister-city" expenditures are not supported by any statutory authority and the City shall only support such expenditure through donations or gifts by a third-party;
- Whether the employee has been specifically assigned by the City Council and/or City Manager to testify on behalf of the City at the United States Congress or to otherwise meet with federal officials on behalf of the City; and
- Whether the City has sufficient budget authority available to pay for the cost of the trip.

The City shall also consider the following guidelines upon review of any request for travel or training expenditures:

- Efforts should be made to limit the number of employees from a single department that will attend a conference, institute, or training program to avoid excess expenditures;

- Travel and training funds should be utilized in an efficient manner in order to benefit the greatest number of employees possible;
- A demonstration of making essential contacts and/or obtaining significant information that is important to the improved operations and functions of City, and the respective department is essential prior to travel authorization;
- Out-of-state travel must be unquestionably professional in content and should be requested only when a comparable conference cannot be found locally in the same calendar year; and
- Employees are expected to utilize the same car when incurring official expenses that a prudent person would utilize if traveling on personal business.

### Authorization

Given the limited resources of the City to support travel and training expenditures, all such costs should be included in an appropriate budget area prior to the travel or training and authorized based on the below table. Additionally, no individual employee shall incur more than \$5,000 annually of travel and training related expenditures, unless authorized by the City Manager.

| <b>Amount</b>   | <b>Review</b>       | <b>Approval</b>     |
|-----------------|---------------------|---------------------|
| Up to \$1,999   | Division Manager    | Department Director |
| \$2,000 or more | Department Director | City Manager        |

All travel and training arrangements shall be approved by the party listed above at least 10 business days prior to any such commitments and/or expenditures, whenever possible. The City Manager and the respective Department Director shall approve all travel and training activities. The City Manager shall review and approve all travel and training arrangements for all out-of-state travel.

Department Directors may be authorized work time for non-exempt employees for travel out-of-area the day prior to, the day of, and the day following the convention or meeting date(s).

### Travel Arrangements and Requirements

Employees shall travel using the most cost-effective and reasonable transportation alternatives. The section below outlines the expectations for the most common forms of transportation. All major travel and training expenditures must be made through a City-issued P-Card, unless otherwise authorized by the Finance Director.

**Commercial.** Employees may travel in-state and out-of-area by commercial transportation when authorized.

- Air transportation shall be by coach class utilizing the advance reservation rates, when possible;
- Railroad accommodations shall be standard and shall include lower berth or roomette in case of overnight travel; and
- Bus transportation shall be reimbursed for the fare to and from the closest destination (i.e., bus stop) on the most direct route.

**City or Personal Vehicle.** When traveling in a City vehicle, employees should use a City assigned P-Card for fuel expenses. Due to potential liability considerations, transportation of persons not on official City business is prohibited in City Vehicles.

When personal automobiles are used as a mode of transportation for travel, reimbursement will be reimbursed at the current IRS/GSA mileage reimbursement rate. Payment of mileage will be based on the most direct route from their primary work location (e.g., City Hall, Public Works) to the point of destination. The City is not responsible for damage to personal vehicles while on official business, as personal vehicles are not covered by the City's insurance policies.

**Rental Vehicle.** Prior approval by the Department Director is required if it is necessary to rent a vehicle at the travel destination. Pre-payment of a vehicle rental can be made using a P-Card. No personal use of a rental vehicle shall be allowed.

**Lodging.** Hotel or motel accommodations should be appropriate to the purpose of the trip. Lodging should be chosen based on reasonableness of cost and proximity to the conference, meeting, or training site. Unless previously approved by the City Manager, overnight stays within 70 miles of the City will not be reimbursed. The City Manager, or their designee, shall approve the use of any short-term rental options (e.g., "Airbnb," "VRBO").

Each employee shall be allowed an individual single room. Detailed lodging receipts must be submitted for reimbursement as well as documentation for charges on a P-Card. The receipts must include the nightly room rate and any incidental expenditures. Only incidental costs related to the room charges will be reimbursed. Expenditures that are not deemed reasonable and necessary will not be reimbursed (e.g., hotel room movies, health club fees, dry cleaning cost, personal item costs, use of the "mini-bar").

Business telephone calls and reasonable personal calls incurred during overnight stays are reimbursable. When assigned, a City mobile device should be used for telephone calls.

The individual department will make all arrangements for lodging. The P-Card is the preferred method of payment. Distance from employee lodgings will be considered in order to minimize transportation costs. Employees will retain payment receipts to submit to the Finance Department for reimbursement, if applicable.

**International Travel.** For domestic travel purposes, the IRS definition of the United States includes the 50 states and the District of Columbia. The purpose of travel outside the United States for City business must be unquestionably professional in content and should only be considered if a similar meeting, conference, or training of similar quality cannot be found within the continental limits of the United States. International travel expenses for business related purposes are deductible, as outlined in the IRS Code Publication 463 (Travel Outside the United States) but may be limited if the travel involves non-business activities. Any travel outside the United States must be approved by the City Manager.

### Meal and Incidental Expenditures

The City in principle does not pay for meals and/or refreshments for elected officials, employees, the general public and/or vendors, and will use the utmost care as related to the expenditure of public funds. Funds will not be expended for any purpose which is specifically forbidden by Federal regulation, State law, City ordinances or policies. Expenditures made under this section shall be approved, authorized and documented according to established procedures.

For same-day travel, training or business meetings, meals will be reimbursed for the actual amount spent and will require an itemized receipt. The use of a P-Card is encouraged, when possible. For meals involving multiple individuals, the documentation provided for reimbursement or P-Card documentation shall list all persons attending and participating in the meal(s). Additionally, the City shall not reimburse any personal expenditures, such as meals, from any petty cash funds as required by Minnesota Statute § 412.271.

The City will not reimburse or support the cost of any meals already provided as part of a conference, meeting and/or training, unless the employee maintains a bona-fide dietary restriction(s). The City may request documentation of any such restriction(s).

Expenditures associated with alcoholic beverages shall not be purchased with a P-Card or reimbursed by the City, nor shall that City pay or reimburse for any activities associated with a political party or similar political activities. For additional guidance and restrictions on meal and related expenditures, please refer to the Public Purpose Expenditure Policy section of this Manual.

**Per Diem.** The per diem allowance is a daily payment for meals and related incidental expenses when overnight travel accommodations are necessary, in accordance with published federal per diem rates instead of receipt-based reimbursement. An employee may claim an amount not to exceed the allowable per diem rate in accordance with the Standard Federal Per Diem Rate Schedule (Schedule) in effect at the time of travel. A City assigned P-Card may not be used to pay for meal and incidental expenditures when per diem is claimed. The per diem allowance is separate from lodging, transportation and other miscellaneous expenses. The per diem allowance covers all charges, including taxes and service charges where applicable for:

- **Meals.** Expenditures for breakfast, lunch, dinner and snacks as well as corresponding tips and taxes. For a City reimbursed meal, a tip shall not exceed 15%, and shall not be permissible if gratuity is already included in the bill.
  - In the event an approved training or conference event is more than one day in duration, the maximum reimbursement will not exceed the daily per diem rates set annually by the Schedule for meals and incidentals for the area.
    - Per IRS regulation, the first and last calendar day of travel is calculated at 75% (e.g., if the daily Per Diem is \$50, then the days of travel are \$37.50).
  - When an event encompasses a full or partial day, employees may spend the daily allowance among the applicable meals, at their discretion, unless meals are included as part of the event registration. In that case, the funds allotted for that meal cannot be used or reimbursed.

- For partial days, the meal allowance will not exceed the amounts set annually by the Schedule for meals and incidentals separately for breakfast, lunch, or dinner.
  - Breakfast reimbursements may be claimed if the employee leaves their temporary or permanent work location before 6:00 a.m. or is away from home overnight.
  - Lunch reimbursements may be claimed if the employee is in traveling more than a total of 70 miles away from their temporary or permanent work location.
  - Dinner reimbursements may be claimed only if the employee is away from their temporary or permanent work location until after 7:00 p.m. or is away from home overnight.
- Employees may occasionally be in the position of having to provide a meal for other persons who have official business with the City. In addition, receipts for these meals must include the name of each person attending the meal along with a description of the public purpose/benefit of the meeting.
- **Incidental Expenditures.** Fees for taxis or similar services, parking, as well as reasonable tips for porters, baggage carriers, bellhops and hotel maid service, associated with travel while on official City business will be reimbursed at actual cost. Receipts, if possible, shall be submitted for reimbursement.

### **Advances and Reimbursements**

The City will pay or reimburse for all travel and training costs that are both reasonable and necessary. In accordance with Minnesota Statutes and when a situation warrants it, a cash advance may be issued prior to departure with the approval of the Finance Director. Such requests will be considered an exception to normal procedures.

Only claims for accommodations, goods and services actually incurred by the employee with corresponding documentation, such as itemized receipts or invoices shall be reimbursed. If an employee opts to receive the per diem reimbursement for their travel related meal and incidental expenditures, receipts and other documentation shall not be required. Payment of the reimbursement shall only be authorized upon approval of the Travel Expenditure Report, which must be submitted after each travel or training event.

If an employee travels with their significant other and/or immediate family members on an official City business trip, the expenditures attributable to them (e.g., travel, meals, lodging) shall not be an authorized expenditure of the City nor shall they be subject to reimbursement. The City shall pay or reimburse all travel and training expenditures at cost necessary to accommodate the employee only.

Travel must be by the most direct or normally traveled route unless approved in advance by the respective Department Director. Reimbursement will be limited to the cost of travel by direct route or on an uninterrupted basis, as determined by the Finance Department. The elected official or employee will be responsible for any additional cost exceeding the public purpose related expenditures.



Travel plans involving expenses that do not require overnight travel accommodations will be reimbursed based on actual cost substantiated by appropriate receipts. The employee is entitled to reimbursement of meal expenses after submitting actual receipts. No reimbursement is authorized if meals are provided during the meeting or event. When available, the assigned City P-Card should be used for these types of activities. This includes training or meeting within 60 miles from the City.

It shall be the responsibility of the elected official or employee to:

- Maintain accurate travel, training, and reimbursement records;
- Make a conscious effort to minimize expenses while maintaining a reasonable level of comfort and convenience; and
- Request reimbursement in an accurate and timely manner, typically 20 business days or less.

Employees who have announced their intention to resign or retire, are involuntarily terminated, or in some disciplinary related status, will not be eligible for travel or training under this Travel, Training and Reimbursement Policy. The purposeful falsification of travel documents and expenditure reporting may result in disciplinary action, up to and including involuntary termination.

### **Personal Rebates and Rewards**

Employees and elected officials shall not use their personal or private funds for travel and/or training related costs in an effort to accrue private benefit through rewards program and other incentives offered by their personal credit card(s). Additionally, the City shall not reimburse an employee for any expenditure originally made using rewards programs offered by their personal credit card (e.g., coupons, discounts, points, "frequent flyer miles")

### **Elected Officials**

Similar to employees, this Travel, Training and Reimbursement Policy recognizes the need and value of elected officials to travel both in-state and out-of-state for official duties, such as conferences, events, trainings, and other assignments. Generally, elected officials shall be subject to the same rules and regulations applied to employees. However, elected officials shall also be subject to the following considerations, which are consistent with Minnesota Statute § 471.661.

**Elected Official Guidelines.** The conference, event, training, workshop or other assignment shall be approved in advance by the City Manager, and mentioned at an open, regularly scheduled meeting at least 10 business days before the occasion, and must include an estimate of the cost of the travel and training.

Within 30 days of their return from the travel and training, the elected official(s) shall make an oral report at an open, regular meeting of City Council regarding their activities. The elected official(s) shall also provide any information or materials obtained during the conference, event, training or workshop to the City Manager for distribution to employees or the City Council upon request.



The City shall make payments in advance for airfare, lodging and registration as approved by the City Manager. All other payments shall be made as reimbursements or per diem payments per the Schedule to the elected officials.

Elected officials who have announced their intention to resign, not to seek re-election, or who have been defeated in an election will not be eligible for travel or training under this Travel, Training and Reimbursement Policy. Unless duly noticed and authorized by the City Manager, a quorum of the City Council shall not travel or train together.

The City Manager may make exceptions to the Travel, Training and Reimbursement Policy depending upon circumstances unique to the trip and/or elected officials and employee.

# Donations

## Surplus Property Policy

The City is committed to managing surplus property, such as used furniture and equipment, in a manner that is fiscally responsible, allows for options to reduce harmful environmental impacts, and promotes the City's philosophy of reduce-reuse-recycle. This Surplus Property Policy establishes a procedure for the sale or disposal of surplus equipment. It also facilitates the removal of surplus property, promotes alternative uses, and reduces the City's storage burden.

Any item disposed of in a manner designed to generate additional revenue (e.g., auction, trade-in) to support the cost of its replacement shall not be considered surplus equipment or property within the meaning of this section of the Manual.

This Surplus Property Policy is also in accordance with Minnesota Statutes Sections 15.054, 412.211, 471.345, and 471.3459 and the Charter. It applies to all City departments that generate Surplus Equipment and governs the actions of all elected official and employees.

### Definitions

For the purposes of this section the Manual, the following terms and phrases shall be defined as follows:

- City, means the City of Fridley, Minnesota;
- City Council, means the governing body of the City;
- Disclaimer of Warranties Form, means the form which must be signed by persons or entities acquiring the City's Surplus Equipment or Surplus Property for uses other than disposal or recycling;
- Donation, means to contribute, donate, or give Surplus Equipment at no cost to a Nonprofit Organization that serves a public purpose and benefits its community as a whole;
- Eligible Organization, means a Nonprofit Organization serving one or more of the following functions: cultural, historical, educational, safety, social services, environmental or economic;
- Fair Market Value, means the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all relevant facts;
- New Owner, means the person or entity acquiring the City's Surplus Equipment or Surplus Property, as the case may be;
- Nonprofit Organization means an organization formed under Section 501(c)(3) of the IRS Code;
- Surplus Equipment, means: equipment used by the City's public works department, and cellular phones and emergency medical and firefighting equipment that is no longer needed by the City because it does not meet industry standards for emergency medical services, police, or fire departments or has minimal or no resale value as defined in Minn. Stat. § 471.3459 and is eligible for Donation;

- Surplus Property, means equipment and personal property used by the City that is no longer needed by the City and has minimal or no Fair Market Value; and
- Surplus Equipment Form, means the form that must be filled out by a Nonprofit Organization requesting a Donation of Surplus Equipment.

### Procedure

The City shall identify and dispose of all Surplus Equipment and Surplus Property in conformance with the following guidelines.

- Identify Surplus Equipment. Department Directors are responsible for monitoring their equipment and shall identify and report all Surplus Equipment and Surplus Property to the City Manager on an annual basis at a minimum.
- Determine the Fair Market Value of Surplus Equipment and Surplus Property. The City Manager shall work with City staff to determine the Fair Market Value of the Surplus Equipment and Surplus Property.
- Identify Surplus Equipment and Surplus Property Disposition Method. The City Manager shall work with City staff to determine if Surplus Equipment and Surplus Property should be transferred, sold, donated, disposed of, recycled, or made available free of charge.
- Transfer. Prior to any disposition, all Surplus Equipment and Surplus Property must first be considered for transfer in the following manners:
  - Trade in the property toward the purchase of new property;
  - Transfer the property between departments for the benefit of the City; and
  - Transfer to another government entity through a state approved vendor or directly.
- Sale. If the Fair Market Value of the Surplus Equipment or Surplus Property is deemed greater than the cost to dispose of it or recycle it, the City may use applicable sources to allow for bidding and sale going to the highest bidder (e.g. public auction, eBay, propertyroom.com). If applicable, the City will determine the appropriate length of time an item may remain available for bidding based on the need to remove the equipment and personal property from the premises.
- Disposal. If the Fair Market Value of the Surplus Equipment or Surplus Property is deemed less than the cost to dispose of it or recycle it, the City may solicit offers to acquire at no cost to the entity wanting to take possession. The City shall post the Surplus Equipment or Surplus Property as available on the City's website. The City may also use other reasonable means to notify the general public about the availability of this Surplus Equipment or Surplus Property.
- Donation. The City may, but is not obligated to, donate Surplus Equipment. Only Surplus Equipment may be donated. Applicable Department Directors are responsible for coordinating the Donation of the Surplus Equipment in accordance with the terms of this Policy. Surplus Equipment that is not donated may be sold, recycled, or discarded in the discretion of the City Manager but consistent with this Surplus Donation Policy.
- City Council Declaration. The City Manager will forward a list of all Surplus Equipment regardless of Fair Market Value and Surplus Property with an estimated Fair Market Value of \$25,000 or more to the City Council, which shall approve or deny the designation of the specific equipment as surplus and eligible for Donation or disposal pursuant to and in accordance with this Surplus Donation Policy.

- Advertisement of Surplus Equipment for Donation. Surplus Equipment shall be posted as available the City's website. The City may also use other reasonable means to notify Eligible Organizations about the availability of Surplus Equipment. The City shall wait at least 30 days after advertising Surplus Equipment before approving any Donation.
- Surplus Equipment Form. Eligible Organizations interested in Surplus Equipment shall fill out a Surplus Equipment Form and submit the form to the City Manager.
- Prioritization of Donations. If more than one Eligible Organizations requests a Donation for the same Surplus Equipment, the City shall consider factors it deems relevant including how the Surplus Equipment will be used, the benefit to the Eligible Organization, the impact on the City, how the Donation will accomplish goals of the City Council, and any previous Donation to the Eligible Organization.
- Conflict of Interest. All City employees and officials are prohibited from taking possession of any Surplus Equipment or Surplus Property for personal use or on behalf of an Eligible Organization.
- As Is. The exchange of Surplus Equipment and Surplus Property is made "as is" with no warranty, guarantee, or representation of any kind, express or implied, as to the condition, utility, or usability of the Surplus Equipment and Surplus Property offered. The Surplus Equipment and Surplus Property may be defective and cannot be relied up for safety purposes. The New Owner shall sign the Disclaimer of Warranties Form prior to acquiring Surplus Equipment and Surplus Property.
- Title. The City Manager shall cause any title or other ownership documents to be transferred to the New Owner at the time of transfer. Any fees required for the transfer the Surplus Equipment and Surplus Property are the responsibility of the New Owner.
- Transportation. The New Owner must provide a detailed plan for transporting the Surplus Equipment and Surplus Property from the City. The New Owner must pay all expenses associated with the removal and transportation of the Surplus Equipment and Surplus Property.

The City Manager may delegate specific responsibilities for implementing this Surplus Donation Policy. The City Clerk shall document the disposition of all Surplus Equipment and Surplus Property and shall keep such records in accordance with the City's Records Retention Schedule.

## Municipal Liquor Store Donation Policy

The City, through Fridley Liquor, at the direction of the Finance Director or their designee, may support non-profit organizations whose primary objective is to promote the general health and well-being of the Fridley community consistent with public purpose expenditures authorized by State law, Charter and all application City rules or regulations.

Consistent with OSA Statement of Position No. 2007-1017 as amended, non-profit organizations formed under Section 501(c)(3) of the IRS Code, which also provide goods and/or services typically associated with a public purpose shall be eligible for a donation, including, but not limited to:

- Artistic organizations;
- Historical causes;

- Animal shelters (or organizations for the prevention of cruelty);
- Food shelves;
- Senior and youth centers;
- Public recreation programs; and/or
- Community celebrations.

Support for such an organization, upon approval, shall take one or more of the following forms, which cannot be used by the organization itself or those coordinating the event:

- Through gift cards, issued in up to \$50 increments, to be used as an auction item or door prize;
- Through donation of merchandise that is commonly known as a “dealer loader” to be used for either a silent or live auction;
- Through assistance with a fundraising event that promotes the organization in general or for a specific fundraising need, as described below; and/or
- Through the purchase of products typically offered for sale at the cost available to Fridley Liquor.

Regardless of the type of support, the total cost of the donation to an individual organization may not exceed \$1,000 in retail value in any calendar year. Additionally, the organization(s) receiving the donation shall include Fridley Liquor, and its corresponding logo(s), in all forms of advertising and promotion of the event or occasion.

The City reserves the right to deny any request for a donation for any reason and in their sole discretion. If the Finance Director determines that any such request to be unlawful or in violation of this Manual or other City policies, the request shall be denied.

### **Fridley Liquor Event Participation**

Fridley Liquor may participate in a fundraising activity or event for an eligible organization one or more of the following forms:

- Assist the eligible organization with assembling a group of vendors to provide and pour samples of their products at a fundraising event;
- Coordinate with aforementioned vendors before and during the event to assure that the rules of the eligible organization, the City and applicable laws are followed; and assist with the logistics of hosting such an event;
- Provide support in age verification (i.e., carding) of attendees of the event;
- Provide advertising for the event through normal channels and frequencies, which may include: social media posts, in-store signage and e-mail “blasts” to Fridley Liquors e-mail list;
  - The e-mail addresses or any other information maintained by Fridley Liquor shall remain the property of the City, and not distributed, communicated or disseminated to a third-party or another operating unit of the City for any reason whatsoever, consistent with the Minnesota Government Data Practices Act;
- Fridley Liquor will, upon agreement between the eligible organization and Fridley Liquor, sell or distribute tickets or other information in-store for the activity or event;

- Fridley Liquor will, upon agreement between the eligible organization and Fridley Liquor, assemble a tasting guide for the event, which will detail the item(s) involved, suggested retail price(s) and a place for tasting notes or other information;
  - Additional information or items may be added to the tasting guide at the discretion of both parties, which may include: other supporters of the event, description of the eligible organizations and the description or purpose of the event; and
- It will be the sole responsibility of the eligible organization to have the tasting guides and any other information, such as in-store signage, printed and available for distribution.

Support for any eligible organization, activity and/or event will be determined on a case-by-case basis, and upon an agreement between the eligible organization and the City acting on behalf of Fridley Liquor. The number of fundraising activities and/or events that Fridley Liquor will participate in may not exceed six events or a cost of \$5,000 annually, unless otherwise approved by the Finance Director.

### **Solicitations at Fridley Liquor**

Solicitations by eligible organization for any purpose shall be limited to in-store signage, and shall not include any in-person activities on behalf of the eligible organization, activity or event, except for through the regular business of Fridley Liquor staff (i.e., mentioning the event to a patron during check-out).

Fridley Liquor may also allow organization to fundraise through a point-of-sale transaction/donation, whereby the customer may be asked to "add a dollar" or some other amount to their purchase for an eligible cause and/or organization. Such request may only be made by Fridley Liquor staff. Fridley Liquor may offer this service in its sole discretion.

### **Gather Space Usage**

The Gather Space at Fridley Liquor 264 57th Avenue NE shall only be used for Fridley Liquor sponsored events. No individual, group and/or organization shall have access to use the Gather Space for any purposes.

Events will be held in accordance with Minnesota Statute § 340A.412 and other sections relevant to municipal liquor operations. No food may be brought in, sold or consumed during Gathering Space events.

### **Indemnification**

Any party making use of a donation under this Municipal Liquor Store Donation Policy will agree to defend, indemnify, and hold harmless the City, its officers, officials, employees and volunteers from and against any and all claims, suits, actions or liabilities for injury or death of any person, or for loss or damage to property, which arises out of the use of a donation, or from the conduct of the party's business, or from any activity, work or thing done, permitted, or suffered by a party using a donation, except only such injury or damage as shall have been occasioned by the sole negligence of the City.

# Revenue and Collection

## Revenue Policy

The City will endeavor to maintain a diversified and stable revenue system to shelter it from annual fluctuations in any one revenue source.

In order to maintain a stable and predictable tax base, the City shall support a mix of commercial, industrial, and residential development. Consistent with this approach, the City will also review properties within its jurisdiction at least every five years, pursuant to Minnesota Statute § 273.08.

The City shall establish all user charges and fees, pursuant to Section 7.02 of the Charter, for all applicable funds and activities. It shall recoup estimated or actual costs at the full amount for providing the goods or services. In order to determine the appropriate user charge or fee, the City shall consider various sources:

- Internal cost review and study;
- Market rates and structures; and
- Statutory requirements or case law established by the Minnesota Judicial Branch.

Consistent with Section 7.02.03 of the Charter, the City will establish all user charges and fees for General Fund program activities at a level related to the full cost of providing the services, or as adjusted for particular program goals. The City will review the full cost of activities supported by user fees to identify the impact of inflation and other cost increases and will review these fees along with the resulting net property tax costs with the City Council at budget time. The Finance Director shall determine what defines and constitutes full cost.

The City shall annually review and adopt via ordinance or resolution a Comprehensive Fee Schedule, consistent with Section 7.02 of the Charter, which shall be effective January 1 of each year. It shall provide for all of the various user charges and fees authorized by the City Council. If a user fee or charge has not been established by the Comprehensive Fee Schedule, the Finance Director shall determine the actual cost for providing the good or service, and assign the charge(s) and/or fee(s) accordingly, assuming doing so would not violate the aforementioned section of the Charter.

## Enterprise Funds

For the Enterprise Funds, the City shall set user charges and fees at a level that fully supports the total direct and indirect costs of the activity, including depreciation of capital assets and debt service, to ensure positive and stable cash flows, and provide for adequate working capital. Any capital costs and/or debt service for any particular activity shall be supported by the applicable Enterprise Fund. The City shall conduct external reviews of the user charges and fees associated with the public utilities at least every five years.

Consistent with Section 7.10 of the Charter, any interfund loans and/or transfers from the Enterprise

Funds to another City-controlled fund must be authorized by the City Council. Such interfund loans and transfers shall only be authorized on an exceptional basis and to fund unusual or extraordinary expenditures. The City may not authorize such transfers or interfund loans in consecutive years from the same Enterprise Fund.

The Municipal Liquor Stores, and the associated Enterprise Fund, shall be regarded as entrepreneurial in nature. The intent of these activities shall be to maximize revenues to the extent the market allows, which permits it to support other areas of the City financially, such as capital equipment purchases and park improvements.

### **Intergovernmental Revenues**

Intergovernmental revenues, such as Local Government Aid and Municipal State Aid, are beyond the direct control of the City and shall be relied upon conservatively to support ongoing operations and activities. Since these revenues occur on a consistent and regular basis, they shall be accounted for in the annual budget process. However, given the lack of control, intergovernmental revenues shall not support more than 10% of General Fund budget. Any intergovernmental revenues in excess of this amount shall be directed to the CIP or other one-time expenditures.

The City will strive to eliminate the use of Local Government Aid as a source of funding for the annual, operating budget.

### **Grant Revenue or Funding**

From time to time, the City or its component units may receive grants or similar awards to support the cost of certain activities, projects and/or programs. Consistent with Section 6.05 of the Charter, the City Manager may administratively accept such financial awards or grants assuming they do not require a budget amendment as outlines in other sections of this Manual, specifically the Operating Budget and Capital Investment Program policies.

## **Public Utilities Revenue and Remittance Policy**

Generally, in order to ensure payment of user charges and fees, the City utilizes special assessments for applicable, unpaid portions of a public utility bill or invoice. The procedures and additional costs associated with these and other situations are outlined in Chapter 402 of the Fridley City Code (City Code) and are not addressed in greater detail in this section of the Manual.

In order to ensure the timely and accurate payment of user charges and fees associated with the public utilities owned and operated by the City, the City shall utilize the following protocols and procedures.

### **Discontinue of Services**

Per Section 402.18 of the Code, the City reserves its right to discontinue public utility services without notice for necessary repairs, additional connections or reconnections and non-payment of user charges and/or fees. However, the City will generally refrain from discontinuance in the event of non-payment and assess all applicable user charges, fees and penalties as authorized by Chapter



402 of the Code.

However, the City may discontinue services for its public utilities in following circumstances:

- Vacant properties;
- Properties already disconnected from electric and/or gas utilities;
- Properties where the owners failed to respond to multiple maintenance requests;
- Properties presenting the potential of a backflow condition that may contaminate the public water system; and
- Properties presenting an emergency (e.g., significant damage) where the disconnection will preserve the safety and well-being of the property and/or public.

Prior to the disconnection of any public utility services, the City shall provide a notice by first-class mail to the property owner of record at least 20 days prior to any action, unless an emergency prevents such a notice. The notice shall include an opportunity to discuss the pending action, and possible steps to prevent disconnection, if appropriate. The Finance Director, or their designee, shall act on behalf of the City, and shall have the authority necessary to correct or otherwise resolve any payment concerns or issues, such as a repayment plan or other alternative.

### **User Charges and Fees**

For the purposes of adjusting or modifying, including a dispute by a system user, the City shall adhere to the following standards and practices. The Finance Director, or their designee, shall administer and interpret this section.

**Adjustment.** If an adjustment may be required as the result of an error made by the City, a credit will be applied to the account in question. The City shall not issue refund payments directly, unless authorized by the Finance Director, or their designee. The City shall review up to three years of account activity to determine any adjustments.

In the event of an “under charged” account, the City may seek to recover its costs for up to the previous three years. When possible, the City will determine the recovery amount based on the user charges and fees in effect during the billing period(s) in question. The City will allow the account to repay the recovery amount in no more than three years, pursuant to a written repayment agreement. Per Minnesota Statute § 216B.098, a public gas and electric utility may not charge interest during a repayment period, and the City shall apply that standard to all of its public utilities.

In the event of an “over charged” account, the City will determine the need for an adjustment based on the last actual water meter reading for up to the previous three years. In the event of an adjustment, the City will return the over charged amount with interest using an interest rate determined by the Finance Director at the time of repayment. If the City or system user cannot demonstrate with certainty that a meter has not “rolled over,” stopped, been tampered or any other similar situation, the City will not adjust the billing amount.

In the event the City authorizes a refund, it shall not be applied to the account until at least seven

banking days after the applicable deposit of the payment or activity in question, unless otherwise authorized by the Finance Director.

No employee may unilaterally adjust or “write-off” their individual account(s) or the account(s) of their friends and/or family members. The employee shall report to the Finance Director any concerns or issues regarding their account(s) or the account(s) of their friends and/or family members – the Finance Director shall report the same situation to the City Manager. Any unilateral action by any employee concerning themselves or their friends and/or family members may result in disciplinary action, up to and including involuntary termination.

**Leaks and Winter Use.** It shall be the responsibility of the property owner to inform the City of a water leak or similar event. If such an event occurs during the Winter Quarter, the property owner must provide the City with information about the event, including a written proof of repair. The City will then adjust the sanitary sewer charges for the Winter Quarter and fees for up to the next three quarters and shall not adjust the original bill as sanitary sewer usage has occurred.

**Contested Bill or Invoice.** If a customer wishes to formally contest their bill, invoice or the response of the City, they must submit their request in writing, including: a description of the situation; their specific request; and their rationale for it. The Finance Director, or their designee, shall review the request and provide a written response with 10 business days.

The determination of the Finance Director, or their designee, may be reviewed upon written appeal to the City Manager. Any such appeal must be received within five business days and include a rationale for the appeal. The City Manager shall review the appeal and provide a written determination within 10 business days. As the official representative of the City’s utilities, the decision of the City Manager shall be final.

Any unpaid portions of a contested public utility bill or invoice may be assessed to the property in question consistent with Minnesota Statute § 444.075. The City shall provide any party or property subject to such an assessment with at least 20 days of notice prior to the certification of the outstanding charges and fees to the County Auditor.

**Penalties.** The City shall only remove one penalty or similar charge per account holder, unless otherwise authorized by the Finance Director, or their designee.

**Finalized Accounts.** In the event of a discontinuation of service, any account balances will be reduced to zero (i.e., \$0). The City will make a reasonable attempt to collect any outstanding balances, including through special assessments, before writing-off an account balance. Any credits or credit balances shall be processed quarterly. Any exception must be authorized by the Finance Director, or their designee.

**Title Inquiries.** Any requests of a title company or similar organization with respect to the outstanding public utility charges and fees shall be responded to in order of closing date. These requests will be completed only once and as reasonably close to the closing date as possible. They

City may charge the requesting party for this information based on a fee established by the City.

**Meter Installation.** Pursuant to City Code § 402.15.2.B, the City may provide a reasonable repayment schedule for the costs associated with the replacement of a meter with a diameter of 1 ½" or larger. The Finance Director, or their designee, shall determine the structure and interest rate for such repayment schedules. However, no repayment schedule shall exceed one year.

In the event the customer fails to make timely payments consistent with an authorized repayment schedule, the entire amount, including any unpaid principal and accrued interest, shall become immediately payable and subject to the other sections of this Public Utilities Revenue and Remittance Policy, including the assessment of any unpaid charges and fees at the discretion of the City Council.

**Other.** Generally, the City will consider special assessments as a means for remittance on at least an annual basis.

## Special Assessment Deferment Policy

Pursuant to Minnesota Statutes § 435.193, a home rule or charter city may, at its discretion, defer the payment of an assessment for any homestead property. Generally, the City Council has found and determined that deferral of special assessment for certain senior citizens, persons with disabilities and members of the military to be in the public interest. In each situation, the requesting party must demonstrate that payment of the special assessment would constitute a hardship.

### Deferment Requirements

Based on these guidelines, the City shall consider the following factors to determine if a deferral of a special assessment shall be granted:

- The property for which deferment is requested must be classified and taxed as homestead property by the City Assessor as of the date the application for deferment is made;
- The applicant must be the fee simple owner of the property or must be a contract vendee for fee simple ownership;
- The applicant must be 65 years of age or older or retired by virtue of a permanent and total disability;
  - In the case of a married couple, one of the spouses must meet this requirement;
- The first year's installment of the proposed special assessment must, either alone or in the aggregate with installments of other special assessments due against the property and payable in the first year of the proposed assessment, total more than two percent of the applicant's total household income as defined by Minnesota Statutes, Chapter 290A.

The applicant for deferment must file a completed application and affidavit with the City Assessor on or before November 15th of the year preceding the year for which deferral status is requested in order to implement the deferral program for said year.

The City Assessor shall include in any and all mailed notices of public hearings with respect to special assessments, a statement explaining the deferment process. The City Assessor shall also transmit all deferments granted pursuant to this section to Anoka County for proper recording, so as to give notice of such deferment to all future owners and encumbrancers of the property for which a deferment has been granted. The owner will make application for deferred payments on forms prescribed by the Anoka County Auditor and the City.

**Interest Rate.** Any special assessment deferred pursuant to this Special Assessment Deferment Policy shall bear interest at the interest rate applicable at the time the assessment was originally levied.

### **Termination**

Assuming approval, the deferment shall be terminated upon any of the following circumstances or occasions:

- The subject property is sold, transferred, subdivided, or in any way conveyed to another by the fee owner qualified for deferral status;
- The death of the fee owner qualified for deferral status unless a surviving joint tenant, tenant in common, or contract vendee is eligible for the deferral benefit provided hereunder;
- The property loses its homestead status, as determined by the City Assessor, for any reason; and/or
- The City Council determines that there would be no hardship to require an immediate or partial payment of the deferred special assessment.

### **Other Considerations**

The City Council shall not be prohibited from determining that a hardship exists, and that a deferment should be granted on the above terms and conditions, even if the eligibility requirements are not met by an applicant, provided that the City Council finds that:

- There are exceptional and unusual circumstances not covered by the foregoing standards and guidelines;
- If granted, the deferment will have been made in a non-discriminatory manner, and
- The granting of the deferment will not give the applicant an unreasonable preference over other applicants.

Only special assessments for permanent improvements, which are not requested by the property owners, are eligible for deferment. Current and/or delinquent service charges are not eligible. Service charges include, but are not limited to: water, sanitary sewer, and recycling fees; tree removal costs; weed removal cost; storm drainage charges; street maintenance costs; administrative citations; and nuisance abatement fines and costs.

The failure of the City to give notice pursuant to this Special Assessment Deferment Policy or the granting or denial of any deferment shall not invalidate special assessment otherwise made and levied by the City of pursuant to applicable statutory requirements. Upon approval, the City Assessor shall notify the property owner(s) at least annually of the status of their deferment,

including outstanding principal and any accrued interest.

The Finance Director or their designee shall administer and interpret this Special Assessment Deferment Policy and the guidelines set forth herein.

# Adoption and Implementation

## Interpretation Policy

The City Manager or their designee, may waive any sections of this Manual, if doing so would not violate any applicable sections of City ordinances, Charter, State and/or Federal laws, or resolutions adopted by the City Council. Wavier of any particular policy or section does not constitute a wavier for the entire Manual and the City Manager, or their designee, may end such waivers in their sole discretion.

Apart for this Manual, certain activities and programs are also regulated by the Employee Handbook (Handbook) for non–unionized employees and Collective Bargaining Agreements (CBAs) for unionized employees. In any event when this Manual conflicts with either document, the respective CBA or Handbooks shall control, unless such deference would violate applicable sections of the City resolutions, ordinances, Charter, State and/or Federal laws.

In the event that any portion of this Manual shall conflict, or be interpreted to conflict, with the Charter, the Charter shall control.

## Discipline

Violation of this Manual or its corresponding regulations, incorporated herein by reference, by an employee, may result in disciplinary action, consistent with the procedures outlined in the Handbook, up to and including involuntary termination.

## Adoption

This Manual shall be adopted by resolution of the City Council and any applicable component units. It shall also be reviewed by staff on an ongoing basis and any administrative modifications shall be approved by the City Manager, including: changes related to applicable laws and regulations; subsequent actions of the City Council; clerical errors; and revisions to clarify but not change the intent of this Manual. The City Manager shall notify the City Council or the governing body of a component unit, in writing, of any administrative changes or modifications at least 10 days prior to any such revisions to this Manual. All other modifications shall be approved by the City Council or the governing body of a component unit.

### Adoption

Approved and adopted by the City Council on September 14, 2020, effective November 1, 2020.

### Administrative Revisions

None at this time.

### City Council Amendments

None at this time.

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# AGENDA REPORT

**Meeting Date:** January 8, 2024

**Meeting Type:** City Council

**Submitted By:** Roberta Collins, Assistant to the City Manager

## Title

Resolution No. 2024-02, Approving Claims for the Period Ending January 3, 2024

## Background

Attached is Resolution No. 2024-02 and the Claims Report for the period ending January 3, 2024.

## Financial Impact

Included in the budget.

## Recommendation

Staff recommend the approval of Resolution No. 2024-02, Approving Claims for the Period Ending January 3, 2024.

## Focus on Fridley Strategic Alignment

|                                                                                 |                                                                     |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <input type="checkbox"/> Vibrant Neighborhoods & Places                         | <input type="checkbox"/> Community Identity & Relationship Building |
| <input checked="" type="checkbox"/> Financial Stability & Commercial Prosperity | <input type="checkbox"/> Public Safety & Environmental Stewardship  |
| <input type="checkbox"/> Organizational Excellence                              |                                                                     |

## Attachments and Other Resources

- Resolution No. 2024-02, Approving Claims for the Period Ending January 3, 2024
- City Council Claims Report

## Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.



**Resolution No. 2024-02****Approving Claims for the Period Ending January 3, 2024**

**Whereas,** Minnesota Statute § 412.271 generally requires the City Council to review and approve claims for goods and services prior to the release of payment; and

**Whereas,** a list of such claims for the period ending January 3, 2024, was reviewed by the City Council.

**Now, therefore be it resolved,** that the City Council of the City of Fridley hereby approves the payment of the claims as presented.

**Passed and adopted by the City Council of the City of Fridley this 8<sup>th</sup> day of January, 2024.**

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Scott J. Lund - Mayor

Attest:

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Melissa Moore – City Clerk



City of Fridley, MN

Item 9.

# Bank Transaction Report

## Transaction Detail

Issued Date Range: 12/14/2023 - 01/03/2024

Cleared Date Range: -

| Issued Date                   | Cleared Date | Number                     | Description                                            | Module           | Status      | Type       | Amount             |
|-------------------------------|--------------|----------------------------|--------------------------------------------------------|------------------|-------------|------------|--------------------|
| <b>Bank Draft</b>             |              |                            |                                                        |                  |             |            |                    |
| 12/20/2023                    |              | <a href="#">DFT0004760</a> | BLUE CROSS BLUE SHIELD OF MN                           | Accounts Payable | Outstanding | Bank Draft | -155,397.17        |
| 12/22/2023                    |              | <a href="#">DFT0004731</a> | EMPOWER RETIREMENT (for MN/MSRS)                       | Accounts Payable | Outstanding | Bank Draft | -1,539.23          |
| 12/22/2023                    |              | <a href="#">DFT0004732</a> | EMPOWER RETIREMENT (for MN/MSRS)                       | Accounts Payable | Outstanding | Bank Draft | -1,301.01          |
| 12/22/2023                    |              | <a href="#">DFT0004733</a> | CITY OF FRIDLEY-MISSION SQUARE-457 Def.Comp            | Accounts Payable | Outstanding | Bank Draft | -18,021.39         |
| 12/22/2023                    |              | <a href="#">DFT0004734</a> | CITY OF FRIDLEY-MISSION SQUARE-457 Def.Comp            | Accounts Payable | Outstanding | Bank Draft | -4,665.51          |
| 12/22/2023                    |              | <a href="#">DFT0004736</a> | CITY OF FRIDLEY-MISSION SQUARE RHS Retiree Health Savi | Accounts Payable | Outstanding | Bank Draft | -363.48            |
| 12/22/2023                    |              | <a href="#">DFT0004738</a> | OPTUM BANK (HSA)                                       | Accounts Payable | Outstanding | Bank Draft | -4,238.33          |
| 12/22/2023                    |              | <a href="#">DFT0004739</a> | OPTUM BANK (HSA)                                       | Accounts Payable | Outstanding | Bank Draft | -3,260.66          |
| 12/22/2023                    |              | <a href="#">DFT0004740</a> | MINN DEPT OF REVENUE - Payroll Garnishments            | Accounts Payable | Outstanding | Bank Draft | -524.38            |
| 12/22/2023                    |              | <a href="#">DFT0004741</a> | PERA - PUBLIC EMPLOYEES                                | Accounts Payable | Outstanding | Bank Draft | -45,555.20         |
| 12/22/2023                    |              | <a href="#">DFT0004742</a> | PERA - PUBLIC EMPLOYEES                                | Accounts Payable | Outstanding | Bank Draft | -164.46            |
| 12/22/2023                    |              | <a href="#">DFT0004743</a> | PERA - PUBLIC EMPLOYEES                                | Accounts Payable | Outstanding | Bank Draft | -60,959.65         |
| 12/22/2023                    |              | <a href="#">DFT0004744</a> | CITY OF FRIDLEY-MISSION SQUARE RHS Retiree Health Savi | Accounts Payable | Outstanding | Bank Draft | -75.00             |
| 12/22/2023                    |              | <a href="#">DFT0004745</a> | CITY OF FRIDLEY-MISSION SQUARE RHS Retiree Health Savi | Accounts Payable | Outstanding | Bank Draft | -2,475.00          |
| 12/22/2023                    |              | <a href="#">DFT0004746</a> | CITY OF FRIDLEY-MISSION SQUARE RHS Retiree Health Savi | Accounts Payable | Outstanding | Bank Draft | -600.00            |
| 12/22/2023                    |              | <a href="#">DFT0004747</a> | CITY OF FRIDLEY-MISSION SQUARE Roth IRA                | Accounts Payable | Outstanding | Bank Draft | -4,264.60          |
| 12/22/2023                    |              | <a href="#">DFT0004748</a> | BENEFIT RESOURCE LLC - BPA/VEBA                        | Accounts Payable | Outstanding | Bank Draft | -1,100.00          |
| 12/22/2023                    |              | <a href="#">DFT0004749</a> | INTERNAL REVENUE SERVICE - PAYROLL TAXES               | Accounts Payable | Outstanding | Bank Draft | -39,902.40         |
| 12/22/2023                    |              | <a href="#">DFT0004750</a> | INTERNAL REVENUE SERVICE - PAYROLL TAXES               | Accounts Payable | Outstanding | Bank Draft | -15,570.82         |
| 12/22/2023                    |              | <a href="#">DFT0004751</a> | MINN DEPT OF REVENUE - PAYROLL TAX                     | Accounts Payable | Outstanding | Bank Draft | -23,471.81         |
| 12/22/2023                    |              | <a href="#">DFT0004752</a> | INTERNAL REVENUE SERVICE - PAYROLL TAXES               | Accounts Payable | Outstanding | Bank Draft | -51,042.30         |
| 12/25/2023                    |              | <a href="#">DFT0004753</a> | US BANK (P-CARDS)                                      | Accounts Payable | Outstanding | Bank Draft | -30,785.21         |
| 01/01/2024                    |              | <a href="#">DFT0004758</a> | HEALTH PARTNERS                                        | Accounts Payable | Outstanding | Bank Draft | -6,826.78          |
| <b>Bank Draft Total: (23)</b> |              |                            |                                                        |                  |             |            | <b>-472,104.39</b> |
| <b>Check</b>                  |              |                            |                                                        |                  |             |            |                    |
| 12/18/2023                    |              | <a href="#">202988</a>     | EBERT COMPANIES                                        | Accounts Payable | Outstanding | Check      | -267,361.01        |
| 12/18/2023                    |              | <a href="#">202989</a>     | MICHAEL BASICH INC                                     | Accounts Payable | Outstanding | Check      | -131,240.00        |
| 12/18/2023                    |              | <a href="#">202990</a>     | NEO ELECTRICAL SOLUTIONS LLC                           | Accounts Payable | Outstanding | Check      | -11,447.50         |
| 12/18/2023                    |              | <a href="#">202991</a>     | NEW LOOK CONTRACTING INC                               | Accounts Payable | Outstanding | Check      | -39,429.75         |
| 12/18/2023                    |              | <a href="#">202992</a>     | NORTHLAND CONCRETE & MASONRY COMPANY                   | Accounts Payable | Outstanding | Check      | -24,386.50         |
| 12/18/2023                    |              | <a href="#">202993</a>     | PARK CONSTRUCTION COMPANY                              | Accounts Payable | Outstanding | Check      | -836,309.12        |
| 12/18/2023                    |              | <a href="#">202994</a>     | PETERSON COMPANIES INC                                 | Accounts Payable | Outstanding | Check      | -50,364.89         |
| 12/18/2023                    |              | <a href="#">202995</a>     | VEIT & COMPANY INC                                     | Accounts Payable | Outstanding | Check      | -86,923.33         |
| 12/19/2023                    |              | <a href="#">202996</a>     | STEPHEN EGGERT                                         | Utility Billing  | Outstanding | Check      | -330.27            |
| 12/19/2023                    |              | <a href="#">202997</a>     | DENISE MITCHELL                                        | Utility Billing  | Outstanding | Check      | -332.14            |

## Bank Transaction Report

Issued Date Range

| Issued Date | Cleared Date | Number                 | Description                       | Module           | Status      | Type  | Amount     |
|-------------|--------------|------------------------|-----------------------------------|------------------|-------------|-------|------------|
| 12/19/2023  |              | <a href="#">202998</a> | BENJAMIN LAUER                    | Utility Billing  | Outstanding | Check | -158.97    |
| 12/19/2023  |              | <a href="#">202999</a> | ESTATE OF RICHARD KLAUER          | Utility Billing  | Outstanding | Check | -149.14    |
| 12/19/2023  |              | <a href="#">203000</a> | 3934 YATES AVE N LLC              | Utility Billing  | Outstanding | Check | -383.69    |
| 12/19/2023  |              | <a href="#">203001</a> | JOHN P VELIN                      | Utility Billing  | Outstanding | Check | -59.94     |
| 12/19/2023  |              | <a href="#">203002</a> | DIANA JANKOVICH                   | Utility Billing  | Outstanding | Check | -6.61      |
| 12/19/2023  |              | <a href="#">203003</a> | SHAUN WAKARUK                     | Utility Billing  | Outstanding | Check | -79.75     |
| 12/19/2023  |              | <a href="#">203004</a> | KEN MOXNESS                       | Utility Billing  | Outstanding | Check | -48.57     |
| 12/19/2023  |              | <a href="#">203005</a> | CRYSTAL TIGGELAAR                 | Utility Billing  | Outstanding | Check | -54.35     |
| 12/19/2023  |              | <a href="#">203006</a> | OPENDOOR LABS LLC                 | Utility Billing  | Outstanding | Check | -134.19    |
| 12/19/2023  |              | <a href="#">203007</a> | CAROL CROWLEY                     | Utility Billing  | Outstanding | Check | -150.76    |
| 12/19/2023  |              | <a href="#">203008</a> | MICHELLE HUNT                     | Utility Billing  | Outstanding | Check | -36.61     |
| 12/19/2023  |              | <a href="#">203009</a> | BENJAMIN BARBER                   | Utility Billing  | Outstanding | Check | -14.51     |
| 12/19/2023  |              | <a href="#">203010</a> | WALLACE JAHN                      | Utility Billing  | Outstanding | Check | -149.30    |
| 12/19/2023  |              | <a href="#">203011</a> | TOM BLOMBERG                      | Utility Billing  | Outstanding | Check | -54.19     |
| 12/19/2023  |              | <a href="#">203012</a> | TY & CAROLYN GRANGER              | Utility Billing  | Outstanding | Check | -247.27    |
| 12/19/2023  |              | <a href="#">203013</a> | TERRY FROST                       | Utility Billing  | Outstanding | Check | -257.17    |
| 12/19/2023  |              | <a href="#">203014</a> | MARJORIE RICHARDSON               | Utility Billing  | Outstanding | Check | -163.68    |
| 12/19/2023  |              | <a href="#">203015</a> | JANICE GOLDEN                     | Utility Billing  | Outstanding | Check | -151.85    |
| 12/19/2023  |              | <a href="#">203016</a> | ESTATE OF ROSS HAIDLE             | Utility Billing  | Outstanding | Check | -61.10     |
| 12/19/2023  |              | <a href="#">203017</a> | AMANDA CARLISLE                   | Utility Billing  | Outstanding | Check | -27.68     |
| 12/19/2023  |              | <a href="#">203018</a> | MICHAEL IACONO                    | Utility Billing  | Outstanding | Check | -154.83    |
| 12/19/2023  |              | <a href="#">203019</a> | JOSE DUCHI                        | Utility Billing  | Outstanding | Check | -63.61     |
| 12/19/2023  |              | <a href="#">203020</a> | DEREK & KELLY JERDE               | Utility Billing  | Outstanding | Check | -7.79      |
| 12/19/2023  |              | <a href="#">203021</a> | CAROL OBERLANDER                  | Utility Billing  | Outstanding | Check | -38.29     |
| 12/19/2023  |              | <a href="#">203022</a> | TERRI & CRAIG WOLFE               | Utility Billing  | Outstanding | Check | -71.86     |
| 12/20/2023  |              | <a href="#">203023</a> | FRIDLEY POLICE ASSOCIATION        | Accounts Payable | Outstanding | Check | -204.00    |
| 12/20/2023  |              | <a href="#">203024</a> | MINN CHILD SUPPORT PAYMENT CENTER | Accounts Payable | Outstanding | Check | -511.76    |
| 12/20/2023  |              | <a href="#">203025</a> | 24RESTORE INC                     | Accounts Payable | Outstanding | Check | -407.27    |
| 12/20/2023  |              | <a href="#">203026</a> | A & B WELDING & CONSTRUCTION INC  | Accounts Payable | Outstanding | Check | -967.00    |
| 12/20/2023  |              | <a href="#">203027</a> | ANOKA COUNTY ATTORNEY             | Accounts Payable | Outstanding | Check | -545.40    |
| 12/20/2023  |              | <a href="#">203028</a> | ANOKA RAMSEY COMMUNITY COLLEGE    | Accounts Payable | Outstanding | Check | -950.00    |
| 12/20/2023  |              | <a href="#">203029</a> | ARAMARK UNIFORM SERVICES          | Accounts Payable | Outstanding | Check | -200.60    |
| 12/20/2023  |              | <a href="#">203030</a> | ASPEN MILLS INC                   | Accounts Payable | Outstanding | Check | -630.43    |
| 12/20/2023  |              | <a href="#">203031</a> | AUTONATION FORD WHITE BEAR LAKE   | Accounts Payable | Outstanding | Check | -54.35     |
| 12/20/2023  |              | <a href="#">203032</a> | BEISSWENGER'S HARDWARE            | Accounts Payable | Outstanding | Check | -4,999.00  |
| 12/20/2023  |              | <a href="#">203033</a> | BLAINE AREA PET HOSPITAL          | Accounts Payable | Outstanding | Check | -497.49    |
| 12/20/2023  |              | <a href="#">203034</a> | BOLTON & MENK INC                 | Accounts Payable | Outstanding | Check | -42,724.13 |
| 12/20/2023  |              | <a href="#">203035</a> | CASTUS CORPORATION                | Accounts Payable | Outstanding | Check | -24,245.00 |
| 12/20/2023  |              | <a href="#">203036</a> | CENTERPOINT ENERGY-MINNEGASCO     | Accounts Payable | Outstanding | Check | -158.42    |
| 12/20/2023  |              | <a href="#">203037</a> | CENTRAL ROOFING COMPANY           | Accounts Payable | Outstanding | Check | -9,780.00  |
| 12/20/2023  |              | <a href="#">203038</a> | CENTURY LINK                      | Accounts Payable | Outstanding | Check | -69.70     |
| 12/20/2023  |              | <a href="#">203039</a> | CHRITTON CONTRACTING              | Accounts Payable | Outstanding | Check | -4,695.05  |
| 12/20/2023  |              | <a href="#">203040</a> | COTTENS' INC                      | Accounts Payable | Outstanding | Check | -103.96    |

## Bank Transaction Report

Issued Date Range

| Issued Date | Cleared Date | Number                 | Description                             | Module           | Status      | Type  | Amount     |
|-------------|--------------|------------------------|-----------------------------------------|------------------|-------------|-------|------------|
| 12/20/2023  |              | <a href="#">203041</a> | CRYSTEEL TRUCK EQUIP/DISTRIBUTION       | Accounts Payable | Outstanding | Check | -3,570.00  |
| 12/20/2023  |              | <a href="#">203042</a> | DELEGARD TOOL CO                        | Accounts Payable | Outstanding | Check | -5,265.45  |
| 12/20/2023  |              | <a href="#">203043</a> | EHLERS & ASSOCIATES INC                 | Accounts Payable | Outstanding | Check | -198.75    |
| 12/20/2023  |              | <a href="#">203044</a> | EMERGENCY AUTOMOTIVE TECHNOLOGIES       | Accounts Payable | Outstanding | Check | -11,309.07 |
| 12/20/2023  |              | <a href="#">203045</a> | GNADKE, OLIVIA                          | Accounts Payable | Outstanding | Check | -7.86      |
| 12/20/2023  |              | <a href="#">203046</a> | HALL, BROOKE                            | Accounts Payable | Outstanding | Check | -26.86     |
| 12/20/2023  |              | <a href="#">203047</a> | HAWKINS INC                             | Accounts Payable | Outstanding | Check | -130.00    |
| 12/20/2023  |              | <a href="#">203048</a> | INNOVATIVE OFFICE SOLUTIONS             | Accounts Payable | Outstanding | Check | -88.58     |
| 12/20/2023  |              | <a href="#">203049</a> | JOHN HENRY FOSTER                       | Accounts Payable | Outstanding | Check | -562.87    |
| 12/20/2023  |              | <a href="#">203050</a> | KONDRICK, BETH                          | Accounts Payable | Outstanding | Check | -340.60    |
| 12/20/2023  |              | <a href="#">203051</a> | LILYERD, THOMAS J                       | Accounts Payable | Outstanding | Check | -2,000.00  |
| 12/20/2023  |              | <a href="#">203052</a> | LOFFLER COMPANIES-131511                | Accounts Payable | Outstanding | Check | -131.05    |
| 12/20/2023  |              | <a href="#">203053</a> | LONG RUN LEADERSHIP CONSULTING          | Accounts Payable | Outstanding | Check | -30,000.00 |
| 12/20/2023  |              | <a href="#">203054</a> | MAITLAND, KYLE                          | Accounts Payable | Outstanding | Check | -187.00    |
| 12/20/2023  |              | <a href="#">203055</a> | MARTIN MARIETTA                         | Accounts Payable | Outstanding | Check | -2,065.06  |
| 12/20/2023  |              | <a href="#">203056</a> | MENARDS - FRIDLEY                       | Accounts Payable | Outstanding | Check | -94.95     |
| 12/20/2023  |              | <a href="#">203057</a> | MINN CHIEFS OF POLICE ASSOC             | Accounts Payable | Outstanding | Check | -212.00    |
| 12/20/2023  |              | <a href="#">203058</a> | MINN DEPT OF FINANCE                    | Accounts Payable | Outstanding | Check | -272.70    |
| 12/20/2023  |              | <a href="#">203059</a> | MINN DEPT OF PUBLIC SAFETY-DVS RENEWALS | Accounts Payable | Outstanding | Check | -20.25     |
| 12/20/2023  |              | <a href="#">203060</a> | MINN IT                                 | Accounts Payable | Outstanding | Check | -486.15    |
| 12/20/2023  |              | <a href="#">203061</a> | MINN POLLUTION CONTROL AGENCY-MPCA      | Accounts Payable | Outstanding | Check | -651.69    |
| 12/20/2023  |              | <a href="#">203062</a> | MOORE, MELISSA                          | Accounts Payable | Outstanding | Check | -92.36     |
| 12/20/2023  |              | <a href="#">203063</a> | MORRELL ENTERPRISES                     | Accounts Payable | Outstanding | Check | -839.03    |
| 12/20/2023  |              | <a href="#">203064</a> | NEW BRIGHTON, CITY OF                   | Accounts Payable | Outstanding | Check | -2,022.14  |
| 12/20/2023  |              | <a href="#">203065</a> | NORTHERN TOOL & EQUIPMENT               | Accounts Payable | Outstanding | Check | -2,523.81  |
| 12/20/2023  |              | <a href="#">203066</a> | NUSS TRUCK AND EQUIPMENT                | Accounts Payable | Outstanding | Check | -320.23    |
| 12/20/2023  |              | <a href="#">203067</a> | PALADIN TECHNOLOGIES (USA) INC          | Accounts Payable | Outstanding | Check | -84,311.00 |
| 12/20/2023  |              | <a href="#">203068</a> | RAPIT PRINTING                          | Accounts Payable | Outstanding | Check | -216.97    |
| 12/20/2023  |              | <a href="#">203069</a> | SCHIFSKY & SONS INC                     | Accounts Payable | Outstanding | Check | -602.97    |
| 12/20/2023  |              | <a href="#">203070</a> | STIMEY ELECTRIC                         | Accounts Payable | Outstanding | Check | -16,330.02 |
| 12/20/2023  |              | <a href="#">203071</a> | STRAND, BRIAN                           | Accounts Payable | Outstanding | Check | -108.66    |
| 12/20/2023  |              | <a href="#">203072</a> | UNIQUE PAVING MATERIALS                 | Accounts Payable | Outstanding | Check | -4,234.66  |
| 12/20/2023  |              | <a href="#">203073</a> | VACKER INC                              | Accounts Payable | Outstanding | Check | -1,420.00  |
| 12/20/2023  |              | <a href="#">203074</a> | VALLEY-RICH CO INC                      | Accounts Payable | Outstanding | Check | -17,233.06 |
| 12/20/2023  |              | <a href="#">203075</a> | WILLIAM E YOUNG CO INC                  | Accounts Payable | Outstanding | Check | -3,988.26  |
| 12/20/2023  |              | <a href="#">203076</a> | XCEL ENERGY                             | Accounts Payable | Outstanding | Check | -15,163.45 |
| 12/20/2023  |              | <a href="#">203077</a> | ZAHL-PETROLEUM MAINTENANCE              | Accounts Payable | Outstanding | Check | -524.21    |
| 12/22/2023  | 12/20/2023   | <a href="#">26</a>     | 26                                      | Payroll          | Cleared     | Check | 0.00       |
| 12/27/2023  |              | <a href="#">203078</a> | 24RESTORE INC                           | Accounts Payable | Outstanding | Check | -972.99    |
| 12/27/2023  |              | <a href="#">203079</a> | ARAMARK UNIFORM SERVICES                | Accounts Payable | Outstanding | Check | -510.73    |
| 12/27/2023  |              | <a href="#">203080</a> | BATTERIES PLUS                          | Accounts Payable | Outstanding | Check | -18.65     |
| 12/27/2023  |              | <a href="#">203081</a> | CDW GOVERNMENT INC                      | Accounts Payable | Outstanding | Check | -75.78     |
| 12/27/2023  |              | <a href="#">203082</a> | CENTERPOINT ENERGY-MINNEGASCO           | Accounts Payable | Outstanding | Check | -2,621.30  |

## Bank Transaction Report

Issued Date Range

| Issued Date | Cleared Date | Number                 | Description                             | Module           | Status      | Type  | Amount      |
|-------------|--------------|------------------------|-----------------------------------------|------------------|-------------|-------|-------------|
| 12/27/2023  |              | <a href="#">203083</a> | CIVICPLUS                               | Accounts Payable | Outstanding | Check | -6,600.00   |
| 12/27/2023  |              | <a href="#">203084</a> | DAVISON, WILFRID                        | Accounts Payable | Outstanding | Check | -1,020.00   |
| 12/27/2023  |              | <a href="#">203085</a> | DAY WIRELESS SYSTEMS                    | Accounts Payable | Outstanding | Check | -5,638.28   |
| 12/27/2023  |              | <a href="#">203086</a> | FRIDLEY COMMUNITY EDUCATION             | Accounts Payable | Outstanding | Check | -915.00     |
| 12/27/2023  |              | <a href="#">203087</a> | GENERAL REPAIR SERVICE                  | Accounts Payable | Outstanding | Check | -850.85     |
| 12/27/2023  |              | <a href="#">203088</a> | GRAINGER                                | Accounts Payable | Outstanding | Check | -126.64     |
| 12/27/2023  |              | <a href="#">203089</a> | GRAPHIC SOLUTIONS GROUP INC             | Accounts Payable | Outstanding | Check | -441.00     |
| 12/27/2023  |              | <a href="#">203090</a> | HAMMER SPORTS LLC                       | Accounts Payable | Outstanding | Check | -440.00     |
| 12/27/2023  |              | <a href="#">203091</a> | INNOVATIVE OFFICE SOLUTIONS             | Accounts Payable | Outstanding | Check | -423.43     |
| 12/27/2023  |              | <a href="#">203092</a> | JERRY'S FLOOR STORE                     | Accounts Payable | Outstanding | Check | -9,339.00   |
| 12/27/2023  |              | <a href="#">203093</a> | JOHN HENRY FOSTER                       | Accounts Payable | Outstanding | Check | -184.83     |
| 12/27/2023  |              | <a href="#">203094</a> | MARTIN MARIETTA                         | Accounts Payable | Outstanding | Check | -1,395.16   |
| 12/27/2023  |              | <a href="#">203095</a> | MENARDS - FRIDLEY                       | Accounts Payable | Outstanding | Check | -71.43      |
| 12/27/2023  |              | <a href="#">203096</a> | METRO VOLLEYBALL OFFICIALS ASSOCIATION  | Accounts Payable | Outstanding | Check | -578.00     |
| 12/27/2023  |              | <a href="#">203097</a> | PAPCO INC                               | Accounts Payable | Outstanding | Check | -761.60     |
| 12/27/2023  |              | <a href="#">203098</a> | PAVEMENT RESOURCES INC                  | Accounts Payable | Outstanding | Check | -21,500.00  |
| 12/27/2023  |              | <a href="#">203099</a> | PETTY CASH                              | Accounts Payable | Outstanding | Check | -100.00     |
| 12/27/2023  |              | <a href="#">203100</a> | ST PAUL, CITY OF                        | Accounts Payable | Outstanding | Check | -848.60     |
| 12/27/2023  |              | <a href="#">203101</a> | TIMESAVER OFF SITE SECRETARIAL INC      | Accounts Payable | Outstanding | Check | -318.00     |
| 12/27/2023  |              | <a href="#">203102</a> | XCEL ENERGY                             | Accounts Payable | Outstanding | Check | -21,691.20  |
| 12/28/2023  |              | <a href="#">203103</a> | PARK CONSTRUCTION COMPANY               | Accounts Payable | Outstanding | Check | -199,080.56 |
| 12/28/2023  |              | <a href="#">203104</a> | UPPER MIDWEST ATHLETIC CONSTRUCTION INC | Accounts Payable | Outstanding | Check | -29,450.00  |
| 12/28/2023  |              | <a href="#">203105</a> | DOROTHEA OLSON                          | Utility Billing  | Outstanding | Check | -17.55      |
| 01/03/2024  |              | <a href="#">203106</a> | FRIDLEY FIRE RELIEF ASSOC               | Accounts Payable | Outstanding | Check | -1,020.00   |
| 01/03/2024  |              | <a href="#">203107</a> | FRIDLEY POLICE ASSOCIATION              | Accounts Payable | Outstanding | Check | -204.00     |
| 01/03/2024  |              | <a href="#">203108</a> | LAW ENFORCEMENT LABOR SERVICES          | Accounts Payable | Outstanding | Check | -3,122.46   |
| 01/03/2024  |              | <a href="#">203109</a> | LEGALSHIELD                             | Accounts Payable | Outstanding | Check | -438.80     |
| 01/03/2024  |              | <a href="#">203110</a> | MINN CHILD SUPPORT PAYMENT CENTER       | Accounts Payable | Outstanding | Check | -511.76     |
| 01/03/2024  |              | <a href="#">203111</a> | NCPERS MINNESOTA-478000                 | Accounts Payable | Outstanding | Check | -640.00     |
| 01/03/2024  |              | <a href="#">203112</a> | 24RESTORE INC                           | Accounts Payable | Outstanding | Check | -963.30     |
| 01/03/2024  |              | <a href="#">203113</a> | ALL AUTO GLASS INC                      | Accounts Payable | Outstanding | Check | -966.84     |
| 01/03/2024  |              | <a href="#">203114</a> | ARAMARK UNIFORM SERVICES                | Accounts Payable | Outstanding | Check | -302.76     |
| 01/03/2024  |              | <a href="#">203115</a> | AUTOMATIC SYSTEMS CO INC                | Accounts Payable | Outstanding | Check | -1,968.20   |
| 01/03/2024  |              | <a href="#">203116</a> | AUTONATION FORD WHITE BEAR LAKE         | Accounts Payable | Outstanding | Check | -184.57     |
| 01/03/2024  |              | <a href="#">203117</a> | BEISSWENGER'S HARDWARE                  | Accounts Payable | Outstanding | Check | -6.50       |
| 01/03/2024  |              | <a href="#">203118</a> | BOND TRUST SERVICES CORP                | Accounts Payable | Outstanding | Check | -950.00     |
| 01/03/2024  |              | <a href="#">203119</a> | COMCAST/XFINITY                         | Accounts Payable | Outstanding | Check | -2,205.28   |
| 01/03/2024  |              | <a href="#">203120</a> | COMO LUBE & SUPPLIES INC                | Accounts Payable | Outstanding | Check | -192.50     |
| 01/03/2024  |              | <a href="#">203121</a> | CORE & MAIN LP                          | Accounts Payable | Outstanding | Check | -2,922.60   |
| 01/03/2024  |              | <a href="#">203122</a> | DAILEY DATA & ASSOCIATES                | Accounts Payable | Outstanding | Check | -21.63      |
| 01/03/2024  |              | <a href="#">203123</a> | EMBEDDED SYSTEMS INC.                   | Accounts Payable | Outstanding | Check | -2,398.56   |
| 01/03/2024  |              | <a href="#">203124</a> | FRIDLEY COMMUNITY EDUCATION             | Accounts Payable | Outstanding | Check | -577.50     |
| 01/03/2024  |              | <a href="#">203125</a> | FRIENDLY CHEVROLET INC                  | Accounts Payable | Outstanding | Check | -4,224.56   |

## Bank Transaction Report

Issued Date Range

| Issued Date                      | Cleared Date | Number                 | Description                                        | Module           | Status      | Type           | Amount               |
|----------------------------------|--------------|------------------------|----------------------------------------------------|------------------|-------------|----------------|----------------------|
| 01/03/2024                       |              | <a href="#">203126</a> | GRAPHIC SOLUTIONS GROUP INC                        | Accounts Payable | Outstanding | Check          | -180.00              |
| 01/03/2024                       |              | <a href="#">203127</a> | HAMMER SPORTS LLC                                  | Accounts Payable | Outstanding | Check          | -408.00              |
| 01/03/2024                       |              | <a href="#">203128</a> | HARRISON, CHLOE                                    | Accounts Payable | Outstanding | Check          | -100.00              |
| 01/03/2024                       |              | <a href="#">203129</a> | HAWKINS INC                                        | Accounts Payable | Outstanding | Check          | -1,883.27            |
| 01/03/2024                       |              | <a href="#">203130</a> | HICKOK, SCOTT J.                                   | Accounts Payable | Outstanding | Check          | -17.10               |
| 01/03/2024                       |              | <a href="#">203131</a> | HYDRAULIC SPECIALTY CO                             | Accounts Payable | Outstanding | Check          | -242.18              |
| 01/03/2024                       |              | <a href="#">203132</a> | INNOVATIVE OFFICE SOLUTIONS                        | Accounts Payable | Outstanding | Check          | -137.17              |
| 01/03/2024                       |              | <a href="#">203133</a> | KENNEDY & GRAVEN CHARTERED                         | Accounts Payable | Outstanding | Check          | -2,498.97            |
| 01/03/2024                       |              | <a href="#">203134</a> | KRAUS-ANDERSON CONSTRUCTION COMPANY                | Accounts Payable | Outstanding | Check          | -54,155.40           |
| 01/03/2024                       |              | <a href="#">203135</a> | LEAGUE OF MINNESOTA CITIES                         | Accounts Payable | Outstanding | Check          | -350.00              |
| 01/03/2024                       |              | <a href="#">203136</a> | MARTIN MARIETTA                                    | Accounts Payable | Outstanding | Check          | -492.97              |
| 01/03/2024                       |              | <a href="#">203137</a> | MENARDS - FRIDLEY                                  | Accounts Payable | Outstanding | Check          | -9.96                |
| 01/03/2024                       |              | <a href="#">203138</a> | METRO WATERSHED PARTNERS-HAMLIN UNIVERSITY         | Accounts Payable | Outstanding | Check          | -1,900.00            |
| 01/03/2024                       |              | <a href="#">203139</a> | MINN CHIEFS OF POLICE ASSOC                        | Accounts Payable | Outstanding | Check          | -2,750.00            |
| 01/03/2024                       |              | <a href="#">203140</a> | MINN DEPT OF LABOR & INDUSTRY                      | Accounts Payable | Outstanding | Check          | -823.73              |
| 01/03/2024                       |              | <a href="#">203141</a> | MINN DEPT OF PUBLIC SAFETY-DVS RENEWALS            | Accounts Payable | Outstanding | Check          | -1,305.00            |
| 01/03/2024                       |              | <a href="#">203142</a> | Void Check                                         | Accounts Payable | Voided      | Check          | 0.00                 |
| 01/03/2024                       |              | <a href="#">203143</a> | Void Check                                         | Accounts Payable | Voided      | Check          | 0.00                 |
| 01/03/2024                       |              | <a href="#">203144</a> | MINN DEPT OF TRANSPORTATION                        | Accounts Payable | Outstanding | Check          | -1,507.26            |
| 01/03/2024                       |              | <a href="#">203145</a> | MORRELL ENTERPRISES                                | Accounts Payable | Outstanding | Check          | -717.89              |
| 01/03/2024                       |              | <a href="#">203146</a> | NELSON CHEESE & DELI                               | Accounts Payable | Outstanding | Check          | -99.50               |
| 01/03/2024                       |              | <a href="#">203147</a> | NORTH METRO MAYORS ASSOCIATION                     | Accounts Payable | Outstanding | Check          | -12,260.00           |
| 01/03/2024                       |              | <a href="#">203148</a> | ON SITE COMPANIES                                  | Accounts Payable | Outstanding | Check          | -1,160.00            |
| 01/03/2024                       |              | <a href="#">203149</a> | PALADIN TECHNOLOGIES (USA) INC                     | Accounts Payable | Outstanding | Check          | -26,106.00           |
| 01/03/2024                       |              | <a href="#">203150</a> | PERFECTMIND INC                                    | Accounts Payable | Outstanding | Check          | -4,961.00            |
| 01/03/2024                       |              | <a href="#">203151</a> | POSTMASTER                                         | Accounts Payable | Outstanding | Check          | -5,000.00            |
| 01/03/2024                       |              | <a href="#">203152</a> | QUADIENT LEASING USA INC                           | Accounts Payable | Outstanding | Check          | -1,316.79            |
| 01/03/2024                       |              | <a href="#">203153</a> | RAHKOLA, AARON                                     | Accounts Payable | Outstanding | Check          | -126.00              |
| 01/03/2024                       |              | <a href="#">203154</a> | RAILROAD MANAGEMENT COMPANY LLC                    | Accounts Payable | Outstanding | Check          | -379.14              |
| 01/03/2024                       |              | <a href="#">203155</a> | RESPEC                                             | Accounts Payable | Outstanding | Check          | -10,710.01           |
| 01/03/2024                       |              | <a href="#">203156</a> | SESAC                                              | Accounts Payable | Outstanding | Check          | -1,159.00            |
| 01/03/2024                       |              | <a href="#">203157</a> | SOULO COMMUNICATIONS                               | Accounts Payable | Outstanding | Check          | -1,212.41            |
| 01/03/2024                       |              | <a href="#">203158</a> | STIMEY ELECTRIC                                    | Accounts Payable | Outstanding | Check          | -569.49              |
| 01/03/2024                       |              | <a href="#">203159</a> | SUSA-SUB UTILITY SUPERINTENDENT ASSN               | Accounts Payable | Outstanding | Check          | -125.00              |
| 01/03/2024                       |              | <a href="#">203160</a> | VESSCO INC                                         | Accounts Payable | Outstanding | Check          | -959.74              |
| 01/03/2024                       |              | <a href="#">203161</a> | WASTE MANAGEMENT-MINN                              | Accounts Payable | Outstanding | Check          | -2,734.94            |
| <b>Check Total: (175)</b>        |              |                        |                                                    |                  |             |                | <b>-2,218,315.82</b> |
| <b>Check Reversal</b>            |              |                        |                                                    |                  |             |                |                      |
| 12/14/2023                       |              | <a href="#">200498</a> | Reverse Refund Check DOROTHEA OLSON                | Utility Billing  | Outstanding | Check Reversal | 17.55                |
| <b>Check Reversal Total: (1)</b> |              |                        |                                                    |                  |             |                | <b>17.55</b>         |
| <b>EFT</b>                       |              |                        |                                                    |                  |             |                |                      |
| 12/22/2023                       |              | <a href="#">925</a>    | CITY OF FRIDLEY-IAFF DUES/INTL ASSOC/FIRE FIGHTERS | Accounts Payable | Outstanding | EFT            | -60.00               |

Bank Transaction Report

| Issued Date         | Cleared Date | Number                     | Description | Module  | Status      | Type | Amount        |
|---------------------|--------------|----------------------------|-------------|---------|-------------|------|---------------|
| 12/22/2023          |              | <a href="#">EFT0000202</a> | Payroll EFT | Payroll | Outstanding | EFT  | -355,637.99   |
| EFT Total: (2)      |              |                            |             |         |             |      | -355,697.99   |
| Report Total: (201) |              |                            |             |         |             |      | -3,046,100.65 |

Issued Date Range

Item 9.

| Bank Account                               | Count | Amount        |
|--------------------------------------------|-------|---------------|
| <a href="#">0000100479 City of Fridley</a> | 201   | -3,046,100.65 |
| Report Total:                              | 201   | -3,046,100.65 |

| Cash Account                                                   | Count | Amount        |
|----------------------------------------------------------------|-------|---------------|
| <a href="#">**No Cash Account**</a>                            | 3     | 0.00          |
| <a href="#">999 999-101100 Cash in Bank - CITY Pooled Cash</a> | 198   | -3,046,100.65 |
| Report Total:                                                  | 201   | -3,046,100.65 |

| Transaction Type | Count | Amount        |
|------------------|-------|---------------|
| Bank Draft       | 23    | -472,104.39   |
| Check            | 175   | -2,218,315.82 |
| Check Reversal   | 1     | 17.55         |
| EFT              | 2     | -355,697.99   |
| Report Total:    | 201   | -3,046,100.65 |





# AGENDA REPORT

**Meeting Date:** January 8, 2024

**Meeting Type:** City Council

**Submitted By:** James Kosluchar, Public Works Director  
Jason Wiehle, Utility Manager

## Title

Resolution No. 2024-05, Approving a Municipal Inflow and Infiltration Grant Application and Agreement with Metropolitan Council Environmental Services

## Background

Through efforts of the Metro Cities Association, the Metropolitan Council, and Minnesota Legislature, a new grant program is available to cities to assist private property owners with inflow and infiltration reduction efforts in 2024.

Inflow and infiltration is clear water — stormwater and groundwater — that enters the wastewater system. More than half of this clear water in the metro region's sewer system comes from private properties, homes, and businesses. Pipes, also known as sewer laterals, connect private properties to the city sanitary sewer and can experience cracks and deterioration that come with age or when roots break through the pipes, allowing groundwater into the system. This clear water does not need to be treated as wastewater. It can take up space in the wastewater system and cause costly sewer backups into homes and buildings, or sewer overflows into rivers and lakes.

The 2024 Private Property Inflow and Infiltration Grant Program provides \$1.5 million for the metro to provide grants to private property owners to help with repairs that will remove and prevent clear water from entering the wastewater treatment system. The Minnesota Legislature amended Minnesota Statute § 471.342 to allow the Metropolitan Council to provide grant funding to local municipalities to assist private property owners with costs associated with repairing sewer infrastructure on their property.

In the winter of 2023, a task force met to design this program. Under the program, municipalities may apply to receive grant money and distribute those funds to private property owners or contractors in alignment with the grant program guidelines. Eligible work includes:

- Private lateral repair and / or replacement
- Foundation drain disconnections and new sump pump, if associated with the foundation drain disconnect
- Sewer lateral inspection and cleaning costs if:
  - The applicant meets the equity need, or
  - Televising and cleaning result in repair or replacement of sewer lateral

## Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Grant awards may be 50% of eligible costs up to \$5,000 per private property. For private property owners meeting our equity criterion, the grant award may increase up to \$10,000.

The City of Fridley made a preliminary application in December 2023 for the program and has been allocated \$50,000. Qualified spending on eligible work can happen between January 1, 2024 and December 31, 2024.

### **Financial Impact**

There will be a limited direct impact on the City of Fridley's Sewer Fund in administering the grant program and providing a 10% match for equity-qualified work (a maximum of \$10,000 under this program), however inflow and infiltration reduction through work under this program will reduce sanitary sewer flows and associated costs.

### **Recommendation**

Staff recommend the approval of Resolution No. 2024-05, Approving a Municipal Inflow and Infiltration Grant Application and Agreement with Metropolitan Council Environmental Services.

### **Focus on Fridley Strategic Alignment**

|                                                                      |                                                                               |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Vibrant Neighborhoods & Places   | <input type="checkbox"/> Community Identity & Relationship Building           |
| <input type="checkbox"/> Financial Stability & Commercial Prosperity | <input checked="" type="checkbox"/> Public Safety & Environmental Stewardship |
| <input type="checkbox"/> Organizational Excellence                   |                                                                               |

### **Attachments and Other Resources**

- Resolution No. 2024-05
- Private Property Inflow & Infiltration Grant Program Application
- Metropolitan Council 2024 Private Property Inflow and Infiltration (I/I) Sample Grant Agreement

### **Vision Statement**

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

## Resolution No. 2024-05

### Approving a Municipal Inflow and Infiltration Grant Application and Agreement with Metropolitan Council Environmental Services

**Whereas**, through efforts coordinated with the Metro Cities Association and the Metropolitan Council, and with the assistance of the State Legislature, \$1.5 million in funding has been made available to assist with sanitary sewer inflow/infiltration (I/I) reduction on private properties within selected metro communities; and

**Whereas**, the Metropolitan Council Environmental Services (MCES) Division has been assigned to administer the program; and

**Whereas**, after meeting with eligible cities and holding a public meeting for the purpose of gathering input, the Metropolitan Council approved a processes, guidelines and schedules for the grant program; and

**Whereas**, the City of Fridley (City) is an eligible community under the aforementioned grant program, which will assist private property owners with funding of qualifying expenses relating to private lateral repair and replacement, disconnection of sumps, and televising and cleaning of service laterals for private property owners; and

**Whereas**; the City initially requested eligible expenses of \$100,000 for eligible I/I mitigation work from January 1, 2024 through December 31, 2024; and

**Whereas**, MCES has provided a preliminary estimate to the City for a grant award of \$50,000; and

**Whereas**, in order to receive granted funds, the City must finalize its preliminary application by passage of this resolution and the Metropolitan Council requires approval and execution of the attached Grant Agreement.

**Now, therefore be it resolved**, that the City Council of the City of Fridley, hereby approves the Final application and sample Grant Agreement between the Metropolitan Council and the City of Fridley, and the Mayor and City Manager are directed to execute the final Grant Agreement for submittal to the Metropolitan Council upon receipt.

**Be it further resolved**, that the City Council of the City of Fridley, hereby directs the Public Works Director/City Engineer to execute and provide any additional documentation necessary to effect reimbursement of cost share grant funds under this Grant Agreement.

**Passed and adopted by the City Council of the City of Fridley this 8<sup>th</sup> day of January, 2024.**

\_\_\_\_\_  
Scott J. Lund – Mayor

Attest:

\_\_\_\_\_  
Melissa Moore – City Clerk



## PRIVATE PROPERTY INFLOW & INFILTRATION GRANT PROGRAM

Application for Participation - 2024

### Information

This form provides the basis for entering into an agreement with the Metropolitan Council Environmental Services (Met Council, ES) for the Private Property Inflow & Infiltration (I/I) Grant Program for 2024. Completion of this form and its attachments confirms your municipality's intention to participate and verifies that the municipality has performed all required activities to receive grant funding for private residential I/I mitigation work.

More information on the grant program, including program guidelines, can be found at the following link: <https://metro council.org/Wastewater-Water/Funding-Finance/Available-Funding-Grants/Private-Property-Inflow-and-Infiltration-Grants.aspx>

### Grant Application

**Municipality Name:** City Of Fridley

**Date:** 12/15/2023

**Designated Contact** (all correspondence and municipality responsibility regarding participation in the program should be addressed to the individual named below):

**Name:** Jason Wiehle  
**Address:** 7071 University Ave Fridley MN 55432  
**Phone Number:** 763-572-3571  
**Email:** jason.wiehle@fridleymn.gov

**Requested Grant Amount:** 100,000

*\*Recent data suggests an average lining cost of \$8,000 per sewer lateral*

A resolution from Council confirming this individual's authority and certification that they have read the program guidelines and support participation in the program must be submitted.

**Is a resolution attached:** ☐ Yes ☒ No

**Do you plan to solicit bids from MCUB businesses?** ☒ Yes ☐ No

☒ Check here for acknowledgement of Met Council MCUB approved businesses list.

**If you plan to consider an equity component in your grant fund distributions, please provide a statement explaining how you plan to do this:**

This project proposes to fund the identification and removal of inflow/infiltration into sanitary sewer services through repair, retrofit, and replacement. Staff have regularly heard from low-income residents that they do not have the means to perform this work. There are no existing programs that provide this type of financial assistance. The City has the ability to abate the costs of sewer service line repair and replacement, but the City assesses the cost to the residents' property taxes. This exposes low-income residents to extra financial penalties and places them at risk of tax-forfeiture of their homes. While this project is city-wide, six of the seven census tracts in Fridley shown on the MPCA's Environmental Justice (EJ) map are highlighted as EJ areas based on poverty-level and all are highlighted as EJ areas based on race.

This project's removal and replacement component is in direct response to resident concerns over lack of funding for elimination of inflow and infiltration in private sanitary sewer systems, and is designed to reach low-income residents. This will be defined as earning 80% Area Median Income or properties with rents affordable to residents earning 80% Area Median Income, based on definitions provided by the Metropolitan Council (currently being used for other grant criteria by the City of Fridley). Those qualifying under these self-reported income guidelines would receive an additional 10% from the City of Fridley for inflow/infiltration identification and elimination work where there is unmatched funding.

This program funding would be targeted to low-income residents through additional outreach targeted to low-income neighborhoods and populations.

**Please provide a statement explaining how you plan to do outreach and communication to reach private property owners.**

City website, community outreach through project meetings, advertising at local businesses, outreach at City events, targeted mailers, and social media

**What, if any, outreach and communication support would be helpful to receive from Met Council?**

Participation in any promotional activities would be helpful along with other means that Met Council may have available to it for the overall metro program such as television promotion, radio interviews/promotion, and newspaper articles.

**METROPOLITAN COUNCIL**  
**2024 PRIVATE PROPERTY INFLOW AND INFILTRATION (I/I)**  
**GRANT AGREEMENT NO. SG XXXX-XX**

This Council (MCES) Funded Grant Agreement ("Grant Agreement") is entered into this \_\_\_\_\_ [date of signature by both parties] between the Metropolitan Council, a public corporation and political subdivision of the State of Minnesota ("Met Council") and the City of \_\_\_\_\_, a municipal corporation ("Grantee").

**RECITALS**

1. In 2022, Minnesota Statutes 2020, section 471.342 was amended to authorize towns and political subdivisions to establish inflow and infiltration prevention programs and make loans or grants to property owners.
2. The Metropolitan Council Environmental Services (MCES, Council) calculates the peak hourly flow discharge limit (I/I Goal) for each community connected to the metropolitan sanitary sewer disposal system. Wastewater flow that exceeds the respective I/I Goal is considered excessive flow. Communities that have a measured wastewater flow rate greater than 80 percent of the I/I Goal are eligible to apply for the Grant.
3. The Council authorizes its staff to enter into a private property inflow and infiltration grant agreement with local municipalities that are eligible for this grant program.

**GRANT AGREEMENT**

**1. Term of Grant Agreement.**

- 1.1. **Effective Date.** The effective date of this Grant Agreement is the date on which the Grant Agreement has been duly executed by both parties.
- 1.2. **Grant Activity Period.** The first day of the month following the Effective Date through and including the expiration date.
- 1.3. **Expiration Date.** The latter of (i) 2 years after final distribution of funds to Grantee; or (ii) until all obligations have been satisfactorily fulfilled, whichever occurs first.
- 1.4. **Survival of Terms.** The following clauses survive the expiration, termination, or cancellation of this Grant Agreement; 9. Liability and Insurance; 10. Audits; 11. Government Data Practices; 13. Data Availability; 14. Governing Law, Jurisdiction and Venues; 16. Data Disclosure; 18. Future Eligibility.

**2. Duties, Representations and Warranties of Grantee and Use of Grant Funds.**

- 2.1. The Grantee agrees to conduct, administer, and complete in a satisfactory manner the program ("Grantee Program") which is described in Grantee's application to Met Council for assistance under the Met Council's Private Inflow and Infiltration grant program, which application is incorporated into this Grant Agreement as **Exhibit A (Grant Application)**, and in accordance with the terms and conditions of this Grant Agreement. Specifically, the Grantee agrees to perform the "Grant Program" in accordance with a specific timeline, all as described in **Exhibit A (Grant Application)** and to undertake the financial

responsibilities described in **Exhibit A (Grant Application)** to this Grant Agreement. The Grantee has the responsibility for and obligation to complete the “Grant Program” as described in **Exhibit A (Grant Application)**. The Met Council makes no representation or warranties with respect to the success and effectiveness of the “Grant Program”. The Met Council acknowledges that “Grant Program” work may be limited to soliciting participation by building owners in the “Grant Program” and requires additional work by the Grantee only to the extent that building owners choose to participate in the “Grant Program”, all as described in the Grantee's application attached as **Exhibit A (Grant Application)**.

The Grant Funds cannot be used for:

- Normal municipal operating or overhead costs, including such related to the Grant Program;
- Grantee's own public sewer infrastructure costs, except for: (i) service laterals to connect city buildings to sewer pipes, or (ii) city owned portions of service laterals under right-of-way;
- The cost of studies;
- Engineering costs;
- Planning costs; and
- For equipment, machinery, supplies or other property to conduct the Grant Program, except for equipment, supplies or other property which is used primarily for the Grant Program and is specifically listed in **Exhibit A (Grant Application)**.

2.2. Grantee Representations and Warranties. The Grantee further covenants with and represents and warrants to Met Council, as follows:

A. It has the legal authority to enter into, execute and deliver this Grant Agreement and all documents referred to herein, has taken all actions necessary to its execution and delivery of such documents and has provided to Met Council a copy of the resolution by its governing body which authorizes Grantee to enter into this Agreement, to undertake the Private Property I/I Grant Program, including the Grantee financial responsibilities as shown in **Exhibit A (Grant Application)** and which also designates an authorized representative for the Grant Program who is authorized to provide certifications required in this Grant Agreement and submit pay claims for reimbursement of Grantee Program costs.

B. It has legal authority to conduct and administer the Grant Program and use the Grant Funds for the purpose or purposes described in this Agreement.

C. This Grant Agreement and all other documents referred to herein are the legal, valid and binding obligations of the Grantee enforceable against the Grantee in accordance with their respective terms.

D. It will comply with all the terms, conditions, provisions, covenants, requirements, and warranties in this Agreement, and all other documents referred to herein.

E. It has made no materially false statement or misstatement of fact in connection with the Grant Funds, and all the information it has submitted or will submit to the Council relating to the Grant Funds or the disbursement of any of the Grant Funds is and will be true and correct. It agrees that all representations contained in its application for the Private I/I Grant are material representations of fact

upon which the Council relied in awarding this Grant and are incorporated into this Agreement by reference.

F. It is not in violation of any provisions of its charter or of the laws of the State of Minnesota, and there are no material actions, suits, or proceedings pending, or to its knowledge threatened, before any judicial body or governmental authority against or affecting it and is not in default with respect to any order, writ, injunction, decree, or demand of any court or any governmental authority which would impair its ability to enter into this Grant Agreement or any document referred to herein, or to perform any of the acts required of it in such documents.

G. Neither the execution and delivery of this Grant Agreement or any document referred to herein nor compliance with any of the terms, conditions, requirements, or provisions contained in any of such documents is prevented by, is a breach of, or will result in a breach of, any term, condition, or provision of any agreement or document to which it is now a party or by which it is bound.

H. The Grantee will not violate any applicable zoning or use statute, ordinance, building code, rule or regulation, or any covenant or agreement of record relating thereto.

J. The Grant Program will be conducted in full compliance with all applicable laws, statutes, rules, ordinances, and regulations issued by any federal, state, or other political subdivisions having jurisdiction over the Grant Program.

K. It has complied with the financial responsibility requirements contained in **Exhibit A (Grant Application)**.

L. The Grant Program will be conducted substantially in accordance with **Exhibit A (Grant Application)** by the Completion Date as stated in **Exhibit A (Grant Application)**.

M. It shall furnish such satisfactory evidence regarding the representations described herein as may be required and requested by the Met Council.

### 3. **Time.**

Grantee must comply with all time requirements described in this Grant Agreement.

### 4. **Eligible Costs.**

Eligible costs are those costs incurred by parties within the jurisdiction of the Grantee generally only for sewer service lateral repairs or replacements and foundation drain disconnections as described in **Exhibit A (Grant Application)**. The Grantee shall not be reimbursed for non-eligible costs. Any cost not defined as an eligible cost or not included in the Grant Program or approved in writing by the Council is a non-eligible cost.

### 5. **Consideration and Payment.**

5.1 The Met Council will reimburse Grantee for eligible costs performed by the Grantee during the Grant Period in an amount of up to the prequalified work's grant amount ("Grant Amount"). The Met Council shall bear no responsibility for any cost overruns that may be incurred by the Grantee or subrecipients of any tier in the performance of the Grantee Program. The initial Grant amount to Grantee under this Grant Agreement is \$\_\_\_\_\_.



5.2. **Advance.** The Met Council will make no advance of the Grant Amount to Grantee. The disbursement of the Grant Amount shall be in the form of reimbursement for eligible costs as provided ahead in this Section 5.

5.3. **Payment.** To obtain payment under this Grant Agreement, the Grantee shall submit a Reimbursement Request/Progress Report on forms provided by or acceptable to the Met Council. Reimbursement Request/Progress Reports may be submitted once per quarter after this grant agreement has been executed. The Grantee shall describe its compliance with its the financial requirements and construction work completed and specific addresses where work was undertaken in connection with the grant and shall provide sufficient documentation of grant eligible expenditures and such other information as the Met Council's staff reasonably requests. The Met Council will promptly pay the Grantee after the Grantee presents to the Met Council a Reimbursement Request/Progress Report and an itemized invoice for all eligible services actually performed and the Met Council's Authorized Representative accepts the invoiced services.

## 6. **Conditions of Payment.**

6.1. The Grantee must certify to the Council that work at each site for which payment is requested is done, that Grantee has received receipts for such work, that the work was not performed in violation of federal, Met Council, or local law or regulation and that Grantee has issued the appropriate permits for the work completed in the Grant Program.

6.2. **Conditions Precedent to Any Reimbursement Request.** The obligation of the Met Council to make reimbursement payments hereunder shall be subject to the following conditions precedent:

A. The Met Council shall have received a Reimbursement Request/Progress Report for such amount of funds being requested for which the amounts for each individual site have been pre-qualified by Met Council.

B. The Met Council shall have received evidence upon request, and in form and substance acceptable to the Met Council, that (i) the Grantee has legal authority to and has taken all actions necessary to enter into this Agreement and (ii) this Agreement is binding on and enforceable against the Grantee.

C. No Event of Default under this Grant Agreement or event which would constitute an Event of Default but for the requirement that notice be given or that a period of grace or time elapse shall have occurred and be continuing.

D. The Grantee has supplied to the Met Council all other items that the Met Council may reasonably require to assure good fiscal oversight of this grant program.

## 7. **Authorized Representative.**

The Met Council's Authorized Representative is:

Name: Ward Brown or successor  
 Title: Financial Analyst, MCES Pretreatment & Finance  
 Mailing Address: 390 North Robert Street  
 St. Paul, MN 55101

Phone: (651) 602-1263  
 E-Mail Address: [ward.brown@metc.state.mn.us](mailto:ward.brown@metc.state.mn.us)

or his successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant contract. If the services are satisfactory, the Met Council's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Authorized Representative is:

Name:  
 Mailing Address:  
 Phone:  
 E-Mail Address:

If the Grantee's Authorized Representative changes at any time during this Grant Agreement, the Grantee must immediately notify the Met Council and within 30 days provide a new City resolution (if such resolution is necessary) specifying the new Representative.

## **8. Assignment, Amendments, Waiver, and Grant contract Complete.**

8.1 Assignment. The Grantee may neither assign nor transfer any rights or obligations under this Grant Agreement without the prior consent of the Met Council and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this Grant Agreement, or their successors in office.

8.2 Amendments. Any amendment to this Grant Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original Grant Agreement, or their successors, or their delegatee in office.

8.3 Waiver. If the Met Council fails to enforce any provision of this Grant Agreement, that failure does not waive the provision or its right to enforce it.

8.4 Grant Contract Complete. This Grant Agreement contains all negotiations and agreements between the Met Council and the Grantee. No other understanding regarding this Grant Agreement, whether written or oral, may be used to bind either party.

## **9. Liability and Insurance.**

9.1 The Grantee and the Met Council agree that they will, subject to any indemnifications provided herein, be responsible for their own acts and the results thereof to the extent authorized by law, and they shall not be responsible for the acts of the other party and the results thereof. The liability of the Met Council is governed by the provisions contained in Minn. Stat. Chapter 466 as it may be amended, modified or replaced from time to time. The liability of the Grantee, including but not limited to the indemnification provided under Section 9.2 is governed by the provisions contained in such Chapter 466.

9.2 Indemnification by the Grantee. The Grantee shall bear all losses, expenses (including attorneys' fees) and damages in connection with the Grant Program and agrees to indemnify and hold harmless the Met Council, its agents, servants and employees from all claims, demands and judgments made or recovered against the Met Council, its agents, servants and employees, because of bodily injuries, including death at any time resulting therefrom, or because of damages to property, or others (including

loss of use) from any cause whatsoever, arising out of, incidental to, or in connection with the Grant Program whether or not due to any act of omission or commission, including negligence of the Grantee or any contractor or his or their employees, servants or agents, and whether or not due to any act of omission or commission (excluding, however, negligence or breach of statutory duty) of the Met Council, its employees, servants or agents.

Grantee further agrees to indemnify, save and hold the Met Council, its agents and employees, harmless from all claims arising out of, resulting from, or in any manner attributable to any violation by the Grantee, its officers, employees, or agents, or any provision of the Minnesota Government Data Practices Act, including legal fees and disbursements paid or incurred to enforce the provisions contained in Section 11.

The Grantee's liability hereunder shall not be limited to the extent of insurance carried by or provided by the Grantee, or subject to any exclusions from coverage in any insurance policy.

The Grantee shall maintain or require to be maintained adequate insurance coverage for the Grant Program in such amounts with such limits as it determines in good faith to be reasonable or in such amounts and with such limits as may be reasonably required for participating cities by the Met Council from time to time.

9.3 Relationship of the Parties. Nothing contained in this Grant Agreement is intended or should be construed in any manner as creating or establishing the relationship of co-partners or a joint venture between the Grantee and the Met Council, nor shall the Grantee be considered or deemed to be an agent, representative, or employee of the Met Council in the performance of this Grant Agreement, or the Grant Program.

The Grantee represents that it has already or will secure or cause to be secured all personnel required for the performance of this Grant Agreement and the Grant Program. All personnel of the Grantee or other persons while engaging in the performance of this Grant Agreement the Grant Program shall not have any contractual relationship with the Met Council related to the work of the Grant Program and shall not be considered employees of the Met Council. In addition, all claims that may arise on behalf of said personnel or other persons out of employment or alleged employment including, but not limited to, claims under the Workers' Compensation Act of the State of Minnesota, claims of discrimination against the Grantee, its officers, agents, contractors, or employees shall in no way be the responsibility of the Met Council. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits of any kind whatsoever from the Met Council, including but not limited to, tenure rights, medical and hospital care, sick and vacation leave, disability benefits, severance pay and retirement benefits.

## **10. Audits.**

Under Minn. Stat. § 16C.05, subd. 5, the Grantee's books, records, documents, and accounting procedures and practices relevant to this grant contract are subject to examination by the Met Council and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the termination date of this Grant Agreement.

## **11. Government Data Practices.**

The Grantee and Met Council must comply with the Minnesota Government Data Practices Act, Minn. Stat. Chapter 13, as it applies to all data provided by the Met Council under this grant contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this Grant Agreement. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data

referred to in this clause by either the Grantee or the Met Council. If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the Met Council.

**12. Workers' Compensation.**

The Grantee certifies that it is in compliance with Minn. Stat. § 176.181, subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered Met Council employees. Any claims that may arise under the Minnesota Workers Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the Met Council's obligation or responsibility.

**14. Governing Law, Jurisdiction, and Venue.**

Minnesota law, without regard to its choice-of-law provisions, governs this Grant Agreement. Venue for all legal proceedings out of this grant contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

**15. Termination.**

The Met Council may cancel this Grant Agreement at any time, with or without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment for services prequalified and satisfactorily performed before the termination notice.

**16. Data Disclosure.**

Under Minn. Stat. § 270C.65, subd. 3, and other applicable law, the Grantee consents to disclosure of its federal employer tax identification number, and/or Minnesota tax identification number, already provided to the Met Council, to federal and state tax agencies and Met Council personnel involved in the payment of Met Council obligations. Grantee will require compliance with this Section 16 by Grantee's subrecipient of Grant funds and shall submit evidence of such compliance to Met Council as requested.

**17. Notices.**

In addition to any notice required under applicable law to be given in another manner, any notices required hereunder must be in writing and shall be sufficient if personally served or sent by prepaid, registered, or certified mail (return receipt requested), to the business address of the party to whom it is directed. Such business address shall be that address specified below or such different address as may hereafter be specified, by either party by written notice to the other:

To the Grantee at:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_, MN \_\_\_\_\_  
 Attention: \_\_\_\_\_

To the Met Council at:

Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101  
Attention: Regional Administrator

With copy to:

MCES General Manager  
Metropolitan Council Environmental Services  
390 Robert Street North  
St. Paul, MN 55101

MCES Finance Director  
Metropolitan Council Environmental Services  
390 Robert Street North  
St. Paul, MN 55101

## **18. Prevailing Wages**

The Grantee agrees to comply with all applicable provisions contained in chapter 177 of the Minnesota Statutes, and specifically those provisions contained in Minn. Stat. §§ 177.41 through 177.435, as they may be amended, modified or replaced from time to time with respect to the Grantee Program. By agreeing to this provision, the Grantee is not acknowledging or agreeing that the cited provisions apply to the Grantee Program.

## **19. Default and Remedies.**

19.1 Defaults. The Grantee's failure to fully comply with all of the provisions contained in this Grant Agreement shall be an event of default hereunder ("Event of Default").

19.2 Remedies. Upon an event of default, the Met Council may exercise any one or more of the following remedies:

- a. Refrain from disbursing the Grant;
- b. Demand that all or any portion of the Grant already disbursed be repaid to it, and upon such demand the Grantee shall repay such amount to the Met Council.
- c. Enforce any additional remedies the Met Council may have at law or in equity.

**IN WITNESS WHEREOF**, the parties have caused this agreement to be executed by their duly authorized representatives on or as of the date first above written.

**METROPOLITAN COUNCIL**

By: \_\_\_\_\_  
Regional Administrator, successor, or delegate

Date: \_\_\_\_\_

**GRANTEE:**

The Grantee certifies that the appropriate person(s) have executed the grant contract on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: \_\_\_\_\_

\_\_\_\_\_  
Printed Name and Title

Date: \_\_\_\_\_