



CITY OF MARSHALL
City Council Meeting
Agenda
Tuesday, July 27, 2021 at 5:30 PM
City Hall, 344 West Main Street

OPENING ITEMS

1. Call to Order/Pledge of Allegiance

APPROVAL OF AGENDA

APPROVAL OF MINUTES

2. Consider approval of the minutes of the work session and regular meeting held on July 13, 2021.

PUBLIC HEARING

3. 504 Elizabeth St.– 1) Public Hearing regarding a home property tax abatement request 2) Consideration of a resolution approving home property tax abatement.
4. Suite Liv'n Tax Increment Financing Public Hearing and Resolution Adoption.

CONSENT AGENDA

5. Vacation of Alley between South Bruce Street and South Minnesota Street -- Receive Petition and Call for Public Hearing.
6. Wastewater Treatment Facilities Improvement Project – Consider Payment of Invoice 012921 to American Engineering Testing, Inc.
7. Project Z87: Diversion Channel Maintenance Project – Consider Authorization to Advertise for Bids.
8. Consider approval of the bills/project payments.

APPROVAL OF ITEMS PULLED FROM CONSENT

NEW BUSINESS

9. Tall Grass Liquor Annual Report
10. Consider Purchasing Policy Changes

COUNCIL REPORTS

11. Commission/Board Liaison Reports
12. Councilmember Individual Items

STAFF REPORTS

13. City Administrator
14. Director of Public Works
15. City Attorney

INFORMATION ONLY

16. Information Only

ADJOURN TO CLOSED SESSION

17. Conduct a closed session pursuant to Minnesota Statutes, section 13D.05, subdivision 3(b) to engage in an attorney-client privileged discussion with the City's attorneys regarding potential legal action and code enforcement at Broadmoor Valley Mobile Home Park.

MEETINGS

18. Upcoming Meetings

ADJOURN

Disclaimer: These agendas have been prepared to provide information regarding an upcoming meeting of the Common Council of the City of Marshall. This document does not claim to be complete and is subject to change.

RULES OF CONDUCT

- You may follow the meeting online – www.ci.marshall.mn.us.
- Public Hearing – the general public shall have the opportunity to address the Council.
 - Approach the front podium
 - State you name, address and interest on the subject
- Mayor may choose to allow others to address the Council during other agenda items. Persons who desire to speak should do so only after being recognized by the Mayor.
 - Approach the front podium
 - State you name, address and interest on the subject
- Persons in attendance at the meeting should refrain from loud discussions among themselves, clapping, whistling or any other actions. Our values include mutual respect and civility for all in attendance.
- If you have questions during the Council meeting please see Kyle Box, City Clerk who sits in the front left area of the audience sitting area.

CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, July 27, 2021
Category:	APPROVAL OF MINUTES
Type:	ACTION
Subject:	Consider approval of the minutes of the work session and regular meeting held on July 13, 2021.
Background Information:	Enclosed are the minutes from the work session and regular meeting held on July 13, 2021.
Fiscal Impact:	None
Alternative/ Variations:	Staff encourages City Council Members to provide any suggested corrections to the minutes in writing to City Clerk Kyle Box, prior to the meeting.
Recommendations:	That the minutes of the work session and regular meeting held on July 13, 2021 be approved as filed with each member and that the reading of the same be waived.

**CITY OF MARSHALL
WORK SESSION
M I N U T E S
Tuesday, July 13, 2021**

The work session of the Common Council of the City of Marshall was held July 13, 2021, at City Hall, 344 West Main Street. The meeting was called to order at 4:00 P.M. by Mayor Robert Byrnes. In addition to Byrnes the following members were in attendance: Craig Schafer, Don Edblom, John DeCramer, Russ Labat, and James Lozinski. Absent: Steve Meister. Staff present included: Sharon Hanson, Jasmine DeSmet MERIT Center, MERIT Center Facility Coordinator and Kyle Box, City Clerk.

Agenda Software Training

City Clerk Kyle Box provided an overview of the technology in the Council Chambers and review of the meeting agenda software that will be used to conduct the council meetings.

Adjourn

At 5:00 PM Mayor Byrnes declared the meeting adjourn.

Attest:

Mayor

City Clerk

**CITY OF MARSHALL
CITY COUNCIL MEETING
M I N U T E S
Tuesday, July 13, 2021**

The regular meeting of the Common Council of the City of Marshall was held July 13, 2021, at City Hall, 344 West Main Street. The meeting was called to order at 5:30 P.M. by Mayor Robert Byrnes. In addition to Byrnes the following members were in attendance: Don Edblom, John DeCramer, Russ Labat and James Lozinski. Absent: Craig Schafer and Steve Meister. Staff present included: Sharon Hanson, City Administrator; Dennis Simpson, City Attorney; Jason Anderson, Director of Public Works/ City Engineer; Annette Storm, Director of Administrative Services; Lauren Deutz, Economic Development Director; Jim Marshall; Director of Public Safety; Quentin Brunsvold, Fire Chief; Jasmine DeSmet MERIT Center Training Facility Coordinator and Kyle Box, City Clerk.

The Pledge of Allegiance was recited at this time.

There was a general consensus to operate under the current agenda.

Consider approval of the minutes of the regular meeting held on June 22, 2021.

Motion made by Councilmember Lozinski, Seconded by Councilmember Edblom That the minutes of the regular meeting held on June 22, 2021 be approved as filed with each member and that the reading of the same be waived. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Consider Approval of the Consent Agenda.

Motion made by Councilmember Schafer, Seconded by Councilmember Meister to approve the consent agenda. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Approval of Liability Coverage – Waiver for 2021-2022 League of Minnesota Cities Insurance Trust Property/Casualty and Liability Insurance

Approval for Project Z84: Legion Field Park River Stabilization Project – Consider Authorization to Advertise for Bids.

Approval of Amendment to the Sponsorship Agreement between the City of Marshall and Viking Coca-Cola

Approval for Wastewater Treatment Facilities Improvement Project – 1) Consider Application for Payment No. 24 to Magney Construction, Inc.; 2) Consider Payment of Invoice 0271114 to Bolton & Menk, Inc.

Approval to call for a Public Hearing Regarding Proposed Property Tax Abatement at 504 Elizabeth Street.

Approval of a Temporary On-Sale Intoxicating Liquor License for the Marshall Area Chamber of Commerce.

Approval for the renewal of On-Sale Wine and On-Sale 3.2% Licenses.

Approval of the bills/project payments

Mayor Byrnes requested that agenda item number 15, 2025 MnDOT College Drive Improvement Project (SP 4204-40) - Call for Public Hearing be moved to after agenda item number 11, Broadmoor Valley Association Request. There was a consensus from the council to operate under that revised agenda order.

Broadmoor Valley Association Request.

Members of the Broadmoor Valley Association will be present to discuss local enforcement for the residents of the association.

Jesus “Chewy” Hernandez, 147 Lilac Drive provided handouts to the council and discussed the condition of the Broadmoor Valley. Mr. Hernandez issues within Broadmoor Valley such as school busses not being able to enter Broadmoor Valley due to the condition of the roads and families are resorting to transferring their children to another school district that offers door to door pickup in smaller vehicles.

Tom Hey with Southwest Coaches provided input regarding the condition of the roads at Broadmoor Valley. It was Mr. Hey’s impression that the condition of the roads and lack of maintenance made the road unsafe. Mr. Hey discussed previous action that was take by ownership at Broadmoor Valley regarding school busses and heavy vehicles. All school busses and large vehicles were banned from entering Broadmoor Valley for a number of years. School busses remain prohibited from entering the area, but garbage pickup was allowed to resume.

A statement was read from Rachel, a resident of Marshall. They expressed multiple safety concerns within Broadmoor Valley specifically recalling a fire that started in an abandon home next to theirs.

Deb, 517 Locust Drive, provided insight on the charges incurred as a resident of Broadmoor Valley and described the detreating condition of the roads. There was additional conversation on the detreating condition of homes and abandon homes. There was reference to city ordinances asking for the city to enforce the ordinances within Broadmoor Valley.

Quentin Brunsvold, Marshall Fire Chief did comment that the before referenced fire in Broadmoor Valley had been investigated by the State Fire Marshall and was determined that it started as an electrical fire.

There was also discussion on an illegal burn pit being used to destroy items from abandoned units from maintenance staff at Broadmoor Valley.

There was further discussion by Council and staff. Staff indicated that a closed session would be held at a future meeting to discuss potential litigation.

2025 MnDOT College Drive Improvement Project (SP 4204-40) - Call for Public Hearing.

MnDOT is proceeding with plans to complete State Project 4204-40, the reconstruction of MN 19/College Drive from South 4th Street to Bruce Street within our city limits. The project is a comprehensive reconstruction project that includes new pavement, sidewalk, and city utilities. Some notable changes include the addition of a roundabout, the removal of a traffic signal, the addition of RRFB pedestrian crossings, optimized road widths, access review, and strategically placed center medians. In accordance with State Statutes, MnDOT is required to receive the City’s approval of the proposed layout by Resolution of the City Council.

MnDOT has made significant efforts to engage with the public, key stakeholders, and the City Council leading up to this request to help achieve project support and obtain “municipal consent”. City Engineering staff has met numerous times with the MnDOT team to review and comment throughout the process.

Included with this memorandum is a “Municipal Consent Packet” as provided by Jesse Vlaminck, MnDOT Project Manager. The packet includes a memorandum, applicable State Statutes, project schedule, project cost estimate, and resolutions for the city to utilize for offering municipal consent. Also included with MnDOT’s submittal is the final layout to be used for the project. The final layout provides the basis for the project as it highlights the general concept for the project by identifying all key features and access points for the highway.

State Statutes will require the City to schedule a public hearing within 15 days of receiving the final layout (by 7/28/21), conduct a public hearing within 60 days of receiving the final layout (9/11/21), and approve or disapprove the layout by resolution within 90 days of the public hearing (12/10/21). Understanding this schedule, staff believes it is prudent to call for the public hearing at this Council meeting to help ensure that all deadlines are met.

MnDOT Project Manager, Jesse Vlaminck is present at this meeting to help present this topic and answer City Council questions. Jesse will help explain the municipal consent process and guide Council expectations moving forward.

No fiscal impact at this time. A future estimated total city cost of \$3,895,661 at time of College Drive reconstruction project. All improvements may be assessed according to the current Special Assessment Policy, including but not limited to participation from Marshall Municipal Utilities, Wastewater Department, Surface Water Management Utility Fund and Ad Valorem. Final approval of the project must include determination of funding sources.

Motion made by Councilmember Schafer, Seconded by Councilmember Lozinski that the Council authorize City staff to set a public hearing to occur at the August 24, 2021 City Council meeting. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Intersection Control Evaluation (ICE) Report as prepared by Short Elliot Hendrickson (SEH) for the Intersection of South 4th Street and Country Club Drive.

The existing intersection of S. 4th Street and Country Club Drive operates under traffic signal control today. The traffic signal system was installed in 1983 and is well out of compliance with current standards.

Both S. 4th Street and Country Club Drive are Municipal State Aid System (MSAS) routes. The City of Marshall receives a significant amount of funding for the maintenance and improvement of MSAS routes. With this funding, there is also a mandate from MnDOT that engineering standards are complied with and MSAS rules are followed to both utilize the funds for improvements and continue to draw “needs” that result in MSAS fund disbursement. With these considerations in mind and understanding that an improvement should be made at this intersection, Engineering staff received Council support to solicit proposals for an Intersection Control Evaluation at the January 26, 2021 meeting. Following solicitation at the February 23, 2021 meeting, the City selected Short Elliot Hendrickson (SEH) to perform the ICE and generate the report that is included with this memorandum.

The intent of the ICE report is to conduct a thorough analysis of the intersection to determine the best type of intersection control for this specific intersection. The analysis included a detailed traffic count, review of intersection geometry, crash history, right of way review, utility review, delay study, future trip generation, pedestrian analysis, and much more. In addition to evaluating technical items to determine safe and efficient intersection control, SEH was tasked with ensuring safe pedestrian crossings, minimizing driveway access impacts, minimize right of way acquisition requirements, and keep construction costs under control. The result of the ICE is a report that considers a multitude of intersection improvements. The improvements that were considered are as follows: no build scenario (no change), all-way stop control, traffic signal control, roundabout control, minor street stop control, or access reduction such as right-in/right out (RI/RO) or $\frac{3}{4}$ access control.

The recommended improvement for this intersection is a Split T-Intersection design, with a mini roundabout at the western intersection and a $\frac{3}{4}$ access at the eastern intersection. This recommended intersection control meets the desired intent of improving safety for all users, improving operational efficiency, maintaining driveway access, and limiting construction and property acquisition costs. This type of Split T-intersection improves the safety by significantly reducing the number of intersection conflict points and reducing speed with the mini roundabout, while also providing the lowest overall vehicle delay for all legs of the intersection.

At their meeting on July 6, 2021, the Public Improvement/Transportation Committee passed a motion for a recommendation to City Council to agree with the ICE report recommendation of a Split T-Intersection design as shown in Drawing No. 3 or Drawing No. 5 and authorize staff to fit this improvement project into the CIP.

An estimated cost of \$1,451,000 including contingency and engineering costs for this intersection improvement. An estimated \$1,900,000 to include resurfacing the remainder of Country Club Drive and S. 4th Street to College Drive.

Motion made by Councilmember Lozinski, Seconded by Councilmember DeCramer that the Council to agree with the ICE report recommendation of a Split T-Intersection design as shown in Drawing No. 3 or Drawing No. 5 and authorize staff to fit this improvement project into the CIP. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

CVB and City of Marshall Lease Agreement-Red Baron Space

The Marshall Area Convention and Visitors Bureau has been in discussions for the past year on exploring alternative office space for its Director and Assistant. The office space prioritized by the CVB is Red Baron Arena—located at the Main Entrance to the facility. Subsequently, the CVB Board approved CVB re-locating their office to Red Baron Arena and now are awaiting formal approval by the City Council. Director Cassi Weiss will be attending the meeting to discuss the proposed office space and reasons why this office re-location is a good fit.

Motion made by Councilmember Schafer, Seconded by Councilmember DeCramer Approve the CVB and City of Marshall Lease Agreement for Red Baron Office Space. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Comprehensive Plan Task Force

In preparation for the Comprehensive Plan project, staff was asked by SRF Consulting Group to develop a Comprehensive Plan Task Force.

The Task Force is responsible for guiding the development of the plan, promoting the plan and engagement efforts, and serving as the first level of review for project deliverables. Through these efforts, members will serve an important role of setting the future vision for Marshall.

The Task Force will meet six times throughout the planning process. Members will be asked to attend each meeting (as they are able), review agendas, materials, and deliverables.

Recommendations were made by SRF Consulting Group on which industries and interest groups to include in the Task Force and the number of representatives needed. The recommendation included a Task Force of 12 – 16 members, of which, staff has currently selected 12 members. There are four slots available if Council would like to bring forth additional members.

Below are the nominations being brought forth for approval and the industry/interest group they represent. Nominations were selected by staff and vetted by the Mayor and City Administrator.

Category	Member
City Council	Don Edblom
Planning Commission	Amanda Schroeder
Builder/Developer	Brad Meulebroeck
Business - Retail/Commercial	Dennis Jensen
Business - Manufacturing	Jill Pieper
Business - Downtown	Chad Kulla
Tourism/Hospitality	Matt Schnoor
Housing	Diane Buesing
Health Care	Sonya Kayser
Education	Raphael Onyeaghala
Education - Alternate	Sara Runchey
Residents at Large	Misty Butler

Motion made by Councilmember DeCramer, Seconded by Councilmember Labat to approve the task force members. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Authorize City Staff to receive Quotes for Curb & Gutter Replacement.

In 2021, the City Council authorized \$625,000 to be used for the annual City Mill and Overlay project of local city streets. As part of the project, some sections of curb and gutter are replaced to ensure proper drainage on the newly overlaid streets.

This year's project included the mill and overlay of the following local streets:

- London Road (Madrid Street to Channel Parkway)
- Athens Avenue (Madrid Street to Paris Road)

- Oslo Avenue (Madrid Street to Dublin Street)
- Rainbow Drive (Madrid Street to Paris Road)
- Parkside Drive (Lyon Street to Jewett Street)
- Woodland Way
- Garden Circle
- Baseline Drive (Nwakama Street to Clarice Avenue)

At the February 23, 2021 City Council meeting, the City Council awarded the contract at \$580,564.28, with a maximum expenditure not to exceed \$625,000. The local mill and overlay project is now substantially completed, and total costs have come in at \$590,260. This is largely due to receiving very competitive bids, with the low bid being the best price of bituminous mix that we've seen in many years.

To utilize the remaining \$34,740 of funds and better prepare for next year's mill and overlay project, city staff would like to use these remaining funds to complete curb and gutter replacement on routes that will likely be included in next year's mill and overlay project. By completing this work, a year in advance, it will put the city in a good position to get next year's overlay project completed quickly and efficiently.

Next year's local mill and overlay project will likely include the following streets:

- Westwood Drive
- Ridgeway Road
- Englewood Road
- Pinehurst Road
- Cumberland Road
- Adobe Road
- Adobe Circle
- Prospect Road
- Prospect Circle
- Carlson Street
- Glen Street
- Peltier Street
- Simmons Street
- Tiger Drive
- Erie Avenue

City staff would propose to seek quotes from multiple contractors for this additional work. City staff would return to Council for award of a quote contract for this work, not to exceed \$34,740. There will be no impact beyond allocated 2021 budget of \$625,000 for mill and overlay project.

Motion made by Councilmember Lozinski, Seconded by Councilmember Schafer that the Council authorize city staff to seek quotes for additional curb and gutter work on next year's overlay routes. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Lozinski. Voting Nay: Councilmember Labat. The motion **Passed. 6-1**

Project Z50-2021: Bituminous Chip Sealing on Various City Streets - Consider Change Order No. 1 (Final) and Acknowledgement of Final Pay Request (No. 2).

Motion made by Councilmember Edblom, Seconded by Councilmember Labat that Council approve Change Order No. 1 (Final) with Asphalt Preservation Company Inc. of Detroit Lakes, Minnesota, resulting in a contract decrease in the amount of \$12,821.07 and acknowledgement of Final Pay Request (No. 2) in the amount of \$109,313.05 for the above-referenced project. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Project Z78: Storm Structure Outfall Improvements Project – Change Order No. 1 (Final) and Acknowledgement of Final Pay Request No. 2.

Motion made by Councilmember Lozinski, Seconded by Councilmember Meister that Council approve Change Order No. 1 (Final) with R&G Construction Co. of Marshall, Minnesota, resulting in a contract decrease in the amount of \$562.20 and acknowledgement of Final Pay Request (No. 2) in the amount of \$487.96 for the above-referenced project.

Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Project Z81: MERIT Center Outfall Project – Change Order No. 1 (Final) and Acknowledgement of Final Pay Request No. 3.

Motion made by Councilmember Schafer, Seconded by Councilmember Meister that Council approve Change Order No. 1 (Final) with Towne & Country Excavating LLC of Garvin, Minnesota, resulting in a contract decrease in the amount of \$9,637.00 and acknowledgement of Final Pay Request (No. 3) in the amount of \$2,416.60 for the above-referenced project. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Commission/Board Liaison Reports

Byrnes Fire Relief Association held their quarterly meeting and show good performance on the fund.
Schafer MERIT Center Commission reviewed the May and June trainings held out at the MERIT Center.

Meister No Report

Edblom No Report

DeCramer No Report

Labat Library Board met and continue to see a steady increase in the Cottonwood and Balaton branches as well as in Marshall.

Lozinski City Hall Committee continue to meet to review items to be completed.

Councilmember Individual Items

Councilmember Lozinski commented on the use of Bird Scooters in town.

Councilmember Labat commented on the weeds growing on the boulevard near 4th and 1st Street project.

Councilmember DeCramer provided further discussion on the City Hall building and project.

Councilmember Schafer commented on the positive messages regarding City Hall.

Councilmember Meister commented on the Broadmoor Valley discussion held earlier in the meeting. Member Meister also requested that staff begin to look at a City park that supports camping.

Councilmember Edblom also added his support for a City campground.

Mayor Byrnes commented on the City Hall open house and tours on Thursday, July 15. Mayor Byrnes also discussed the increase of sales and use tax increase year to date from April 2020 to April 2021.

City Administrator

City Administrator Sharon Hanson commented on the City Hall project, a request for tax increment financing, economic development, and a community survey which will include questions regarding the aquatic center and a city campground. Administrator Hanson also introduced her summer intern, Molly Krogg.

Director of Public Works

Director of Public Works/ City Engineer Jason Anderson provided an update on construction projects within the City and reminded residents to adjust their water softeners.

City Attorney

City Attorney Dennis Simpson provided an update on the closing for recently sold property. Unique Opportunities will begin phase three in the near future.

Administrative Brief

Councilmember Labat asked a clarifying question regarding street painting/stripping and commented on individuals found on the top of businesses in downtown Marshall who broke a gas line.

Councilmember DeCramer asked for other funding options for the trails at Independence Park.

Information Only

There were no questions on the information items.

Consider adjourning to Closed Session - City Storage Needs.

At 7:38 PM, Motion made by Councilmember DeCramer, Seconded by Councilmember Schafer to adjourn to closed session. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

At 8:30 PM the Council ended the closed session.

Upcoming Meetings

There were no questions on the upcoming meetings.

Adjourn

At 8:30 P.M., Motion made by Councilmember Lozinski, Seconded by Councilmember Labat to adjourn. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Edblom, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Attest:

Mayor

City Clerk

CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, June 8, 2021																				
Category:	PUBLIC HEARING																				
Type:	ACTION																				
Subject:	504 Elizabeth St.– 1) Public Hearing regarding a home property tax abatement request 2) Consideration of a resolution approving home property tax abatement.																				
Background Information:	<div>On July 13, 2021 a public hearing was called for and to be held on July 27, 2021 regarding a home property tax abatement request. Per M.S 469.1813 sub 5 The governing body of the political subdivision may approve an abatement under sections 469.1812 to 469.1815 only after holding a public hearing on the abatement. The property is located at 504 Elizabeth St. with an estimated market value of \$249,500.00 and with the difference of improvement being \$216,700.00.</div> <div><div>27-143087-0</div><div>Darren & Melissa Fransen</div><div>504 Elizabeth St.</div></div> <table><tr><th colspan="3">HOMESTEAD TAX RATE</th></tr><tr><td>2021 prebuild raw land value</td><td>2021 post build total value</td><td>Difference of improvement</td></tr><tr><td>32,800</td><td>\$ 249,500.00</td><td>\$ 216,700.00</td></tr><tr><td>taxes @ 2021 rates</td><td>taxes @ 2021 rates</td><td></td></tr><tr><td>\$ 116.00</td><td>\$ 1,385.00</td><td>\$ 1,269.00</td></tr><tr><td colspan="3">city portion only</td></tr></table>			HOMESTEAD TAX RATE			2021 prebuild raw land value	2021 post build total value	Difference of improvement	32,800	\$ 249,500.00	\$ 216,700.00	taxes @ 2021 rates	taxes @ 2021 rates		\$ 116.00	\$ 1,385.00	\$ 1,269.00	city portion only		
HOMESTEAD TAX RATE																					
2021 prebuild raw land value	2021 post build total value	Difference of improvement																			
32,800	\$ 249,500.00	\$ 216,700.00																			
taxes @ 2021 rates	taxes @ 2021 rates																				
\$ 116.00	\$ 1,385.00	\$ 1,269.00																			
city portion only																					
Fiscal Impact:	The approximate amount of assistance is \$1,269 a year or \$2,538 over a maximum period of 2 years as a Homestead.																				
Alternative/ Variations:	None Recommended.																				
Recommendations:	Recommendation #1- To Close the Public Hearing Recommendation #2- To approve the resolution approving home property tax abatement																				

RESOLUTION RELATING TO A TAX ABATEMENT ON PROPERTY BY DARREN &
MELISSA FRANSEN; GRANTING THE ABATEMENT

BE IT RESOLVED by the Common Council of the City of Marshall, Minnesota, as follows:

Section 1. AUTHORIZATION AND RECITALS.

- 1.01. The City, pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815, as amended (the "Act"), is authorized to grant an abatement of the property taxes imposed by the County on a parcel of property (Property Tax Abatement) if certain conditions are met, through the adoption of a resolution specifying the terms of the abatement.
- 1.02. The City has adopted the City of Marshall Tax Abatement Policy which further stipulates requirements before an abatement of taxes will be granted for residential development.
- 1.03. DARREN AND MELISSA FRANSEN; have applied for a Home Tax Abatement pursuant to the City's Home Tax Abatement Policy on property legally described as: Parcel ID: 27-143087-0, 504 Elizabeth St., Marshall, MN 56258.
- 1.04. Pursuant to the Act, this Common Council on July 27, 2021, conducted a public hearing on the desirability of granting the abatement. Notice of the public hearing was duly published as required by law in the Marshall Independent, the official newspaper of the City.

Section 2. FINDINGS. On the basis of information compiled by the City and elicited at the public hearing referred to in Section 1.04, it is hereby found, determined and declared:

- 2.01. There is a need for new development on the Property to increase the tax base of the City and to improve the general economy of the state.
- 2.02. The granting of the proposed abatement is in the public interest because it will increase or preserve the tax base of the City.
- 2.03. The Property is not located in a tax increment financing district.
- 2.04. The granting of the proposed abatement will not cause the aggregate amount of abatements granted by the City under the Act to exceed the greater of ten percent (10.00%) of the County's current property tax levy, or \$200,000.

2.05. It is in the best interests of the City to grant the tax abatement authorized in this Resolution.

Section 3. GRANTING OF TAX ABATMENT

3.01. A property tax abatement (the "Abatement") is hereby granted in respect of property taxes levied by the City on the Property for two (2) years, commencing with taxes payable for the assessed value related to the capital improvements outlined in 1.03.

3.02. The City shall provide the awarded abatement payment following payment of due real estate taxes annually. One single payment shall be made to the owner of record by December 30th of that calendar year.

3.03 The tax abatement shall be for the residential capital improvements only. Land values and the current base value are not eligible and will not be abated.

3.04 The tax abatement period will commence with receipt of the Certificate of Occupancy, or not more than one year following approval of the taxing authority's resolution, whichever is first.

3.05. The Abatement may be modified or terminated at any time by the Common Council in accordance with the Act.

Passed by the Common Council of the City of Marshall, this 27th day of July, 2021.

Mayor

ATTEST:

City Clerk

City Clerk
City of Marshall
344 West Main St.
Marshall, MN 56258

We are requesting a tax abatement on our new construction house at:

504 Elizabeth St
Marshall, MN 56258

Lot Two (2), Block Seven (7), Carr Subdivision I to the City of Marshall, Lyon County, Minnesota

Sincerely,
Darren and Melissa Fransen

City of Marshall

Tax Abatement Policy

for New Construction of Single and Multi-Family Homes

Intent

The purpose of the City of Marshall Tax Abatement Policy for New Construction of Single and Multi-Family Homes (of 12 units or less) is to provide incentives in Marshall to encourage the construction of new owner occupied and residential rental housing units and increase the value of the future tax base for Marshall taxpayers.

Duration

This policy is in effect from July 24th, 2018, to December 31, 2022, and may be modified or rescinded at any time by the Marshall City Council.

Tax Abatement Authority

Minnesota Statute § 469.1813 grants a political subdivision the authority to abate property taxes.

Eligible Participants

Any person or entity who constructs a new single-family home, duplex, or multi-family complex consisting of 12 units or less, and who files application material and seeks formal approval from the City of Marshall between July 24, 2018, and December 31, 2022, may be eligible to receive a tax abatement of the City's increased real estate taxes as a result of building newly constructed housing or a home, for a period of two (2) years provided all of the following are met:

1. Property is located within the City of Marshall and zoned and permitted properly for the proposed development project.
2. The applicant has not and will not receive other local public financial assistance such as Tax Increment Financing (TIF) or any other forms of incentive that are prohibited by state statute to be used with Tax Abatement. However, this program will coordinate with other local government tax abatement programs (ex. Lyon County)
3. Project is built to building codes adopted at the time building permit is obtained.
4. Property taxes are current and paid on time and in full.
5. Program approval is obtained for building permits pulled after July 24, 2018.

Each abatement application will be individually considered by the Marshall City Council. The city council reserves the right to accept or reject any application for any reason. When an abatement is approved, the city portion of annual real estate taxes will be returned via a single payment made to the taxpayer of record as of December 1st to be issued by December 30th for that calendar year.

The abatement period will begin two taxes payable years following the year of application, or not more than two years following approval of the taxing authority's resolution, whichever is first, and shall continue for two (2) years. Example: If an application is made in 2018, then 2021 would be the first year the owner of record as of December will receive an abatement check. The following is an example of a time timeline for tax abatement if an application was made in 2018:

Year 1	Application Year	2018	Application made = house 50% complete, improvements will be reflected on EMV as of 1/2/2019	Taxes due on vacant lot (1/2/2017 EMV)
Year 2	Build and partial valuation	2019	House is 100% Complete = house completed during this year = improvements will be reflected on EMV as of 1/2/2020	Taxes due on vacant lot (1/2/2018 EMV)
Year 3	Build and partial valuation	2020	House is 100% complete	Taxes due on 50% completion (1/2/2019 EMV)
Year 4	100% of City portion	2021	House is 100% complete	Taxes due on 100% - 1 st year of abatement (1/2/20 EMV)
Year 5	100% of City portion	2022	House is 100% complete	Taxes due on 100% - 2 nd year of abatement (1/2/2021 EMV)

The abatement will transfer with the sale of the property for the balance of the two-year abatement period. *The maximum abatement amount any individual property can receive over 2 years is \$20,000.

This abatement does not apply to, or include, existing and/or new special assessments to the property.

Application Procedure

Statute requires the City to approve each abatement application. Thus, all applications will be considered on a “first come - first served” basis.

A complete application for Abatement shall consist of:

- An application requesting abatement for eligible projects addressed to the City of Marshall City Clerk and remittance of an application fee, (application attached)
- Legal description of the subject property, including address and property identification number.
- A site plan and construction plan for the proposed project.
- A copy of the building permit.

Applications are to be submitted to the City of Marshall City Clerk. The City Clerk will forward the completed application to the City Council for consideration. The City Council shall schedule a date for a public hearing on the abatement request(s) pursuant to Minn. Stat. § 469.1812 to § 469.1815 to receive input on each abatement request and shall pass a resolution to approve or deny said application.

The City is solely responsible for its share of property tax abatements and this policy does not allow the City to abate County, Township or School District property taxes.

Final Statement

From a valuation and timing standpoint, the intent is to provide the maximum amount of abatement for two years. This means that if a home is only at partial value, they could pay the partial value, and wait until the full calendar year of full valuation to maximize the benefit received. Staff will work to accommodate this.

Application Review and Approval Process shall be followed as specified in Tax Abatement Policy as specified herein.

Property Information:

Location: 504 Elizabeth St Access Road: _____
Section: 0 Township: 0 Range: 0 Property Identification Number: 27-143087-0
Legal Description: Lot 2, Block 7, Carr Subdivision 1, City of Marshall, Lyon County, Minnesota
(attach if needed)
Parcel Width: 102 (feet) Length: 154 (feet) Acres: _____

Applicant Information:

Applicant Name: Darren Fransen Phone: 605-261-6890 (h) _____ (w) _____
Mailing Address: 504 Elizabeth St, Marshall, MN, 56258
Applicant Signature: Darren Fransen

Owner Information:

Owner Name: Darren Fransen Phone: 605-261-6890 (h) _____ (w) _____
Mailing Address: 504 Elizabeth St Marshall, MN 56258
Owner Signature: Darren Fransen
Contractors or Contract for Deed Holders – owner must sign the application.

Company Information:

Owner Name: _____ Phone: _____ Fax: _____
Location: _____
Type of Company: _____ Service Provided: _____

Please attach the following documentation:

- ☐ Map or site plan, prepared by an architect or engineer, showing the boundaries of the proposed development, the size and location of the building(s) and parking areas.
- ☐ Written narrative describing the project, the size and type of building(s), business type and use, traffic information (parking capacity, vehicle counts, traffic flow, pedestrian facilities), project timing, and estimated market value.
- ☐ A statement identifying the public benefits of the proposal, including estimated increase in property valuation, and other community benefits.
- ☐ Statement showing the private investment and any public investment dollars for the project
- ☐ Financial information including past performance and pro forma future projections for the project.
- ☐ Application Fee (please see City of Marshall Fee Schedule for current fee amount).
- ☐ Other information as requested.

Return Completed Applications to:

City Clerk
City of Marshall
344 West Main St.
Marshall, MN 56258



CITY OF MARSHALL
344 WEST MAIN
MARSHALL, MN 56258-1313
(507) 537-6773 FAX: (507) 537-6830



DATE ISSUED: 07/15/2020

BUILDING PERMIT

PERMIT NUMBER : 2020-00298
ADDRESS : 504 ELIZABETH ST
PIN : 27-143087-0
LEGAL DESC : CARR SUBDIVISION 1
PERMIT TYPE : BUILDING
PROPERTY TYPE : SINGLE FAMILY
CONSTRUCTION TYPE : NEW BUILDING
VALUATION : \$ 225,000.00
NOTE: NEW BUILDING -

APPLICANT

ACE HOME & HARDWARE
500 N. HIGHWAY 59
PO BOX 831
MARSHALL, MN 56258
(507) 532-3296

PERMIT FEE	1,508.25
PLAN REVIEW RESIDENTIAL	527.89
STATE SURCHARGE BLDG VAL	112.50
TOTAL	2,148.64
Payment(s)	
CREDIT CARD 0661 1105	2,148.64

OWNER

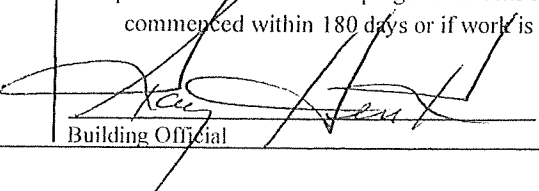
CARR, JAMES C
PO BOX 1215
MARSHALL, MN 56258-0000

AGREEMENT

All provisions of law and ordinances governing this type of work shall be complied with whether specified herein or not. Separate application must be secured for plumbing work and all electrical work must be inspected by the State Electrical Inspector.

No work shall begin until the Building Permit is signed and issued by the Building Official.

PERMIT: In consideration of the statements and representations made in the above application filed with the Office of the City Engineer, Marshall, Minnesota, this Permit is hereby granted to the applicant. This Permit is granted upon the expressed conditions that said owner and his agents, workmen and employees shall comply in all respects with the ordinances and regulations of the City of Marshall and the State of Minnesota. The granting of a permit does not give authority to violate any provisions of State or Local Law regulating building. Not all deficiencies in documents may have been addressed and/or noted and that shall not be construed as an approval of such code deficiencies. Review for code compliance will continue during inspections as construction progresses. This Permit expires if work is not commenced within 180 days or if work is suspended for 180 days.


Building Official

7-15-20
Date



CITY OF MARSHALL
344 WEST MAIN
MARSHALL, MN 56258-1313
(507) 537-6773 FAX: (507) 537-6830



* 2 0 2 0 - 0 0 2 9 7 *

DATE ISSUED: 06/29/2020

DRIVEWAY PERMIT

PERMIT NUMBER : 2020-00297
ADDRESS : 504 ELIZABETH ST
PIN : 27-143087-0
LEGAL DESC : CARR SUBDIVISION 1
PERMIT TYPE : DRIVEWAY
PROPERTY TYPE : SINGLE FAMILY
CONSTRUCTION TYPE : N/A

APPLICANT

ACE HOME & HARDWARE
500 N. HIGHWAY 59
PO BOX 831
MARSHALL, MN 56258
(507) 532-3296

DRIVEWAY DEPOSIT	300.00
DRIVEWAY INSPECTION FEE	50.00
TOTAL	350.00
Payment(s)	
CREDIT CARD 0661 1105	350.00

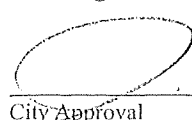
OWNER

CARR, JAMES C
PO BOX 1215
MARSHALL, MN 56258-0000

AGREEMENT

Driveway and / or sidewalk shall be constructed to conform to the regulations and standards of the State of Minnesota and the City of Marshall including ADA requirements and any special provisions required by the City Engineer. Gopher State One Call shall be contacted at 800-252-1166 before any excavation begins. An applicant will be responsible for replacement of the right-of-way to its original condition and arrangement for inspection by the City Engineer. The owner will forfeit a deposit if repairs are not completed in compliance with the City and State law.

In consideration of the statements and representations made in the above application filed with the Office of the City Engineer, Marshall, Minnesota, this Permit is hereby granted to the applicant. This Permit is granted upon the expressed conditions that said owner and his agents, workmen and employees, shall comply in all respects with the ordinance and regulations of the City of Marshall, and the State of Minnesota.


City Approval

City Engineer

Date

6-29-2020



CITY OF MARSHALL
344 WEST MAIN
MARSHALL, MN 56258-1313
(507) 537-6773 FAX: (507) 537-6830



* 2 0 2 0 - 0 0 2 9 9 *

DATE ISSUED:06/29/2020

LAND DISTURBANCE PERMIT

PERMIT NUMBER : 2020-00299
ADDRESS : 504 ELIZABETH ST
PIN : 27-143087-0
LEGAL DESC : CARR SUBDIVISION 1
PERMIT TYPE : LAND DISTURBANCE
PROPERTY TYPE : SINGLE FAMILY
CONSTRUCTION TYPE : N/A

LAND DISTURBANCE FEE

1

APPLICANT

ACE HOME & HARDWARE
500 N. HIGHWAY 59
PO BOX 831
MARSHALL, MN 56258
(507) 532-3296

OWNER

CARR, JAMES C
PO BOX 1215
MARSHALL, MN 56258-0000


AGREEMENT

All provisions of law and ordinances governing this type of work shall be complied with whether specified herein or not. Separate application must be secured for construction work and all building work must be inspected by the City Building Inspector.

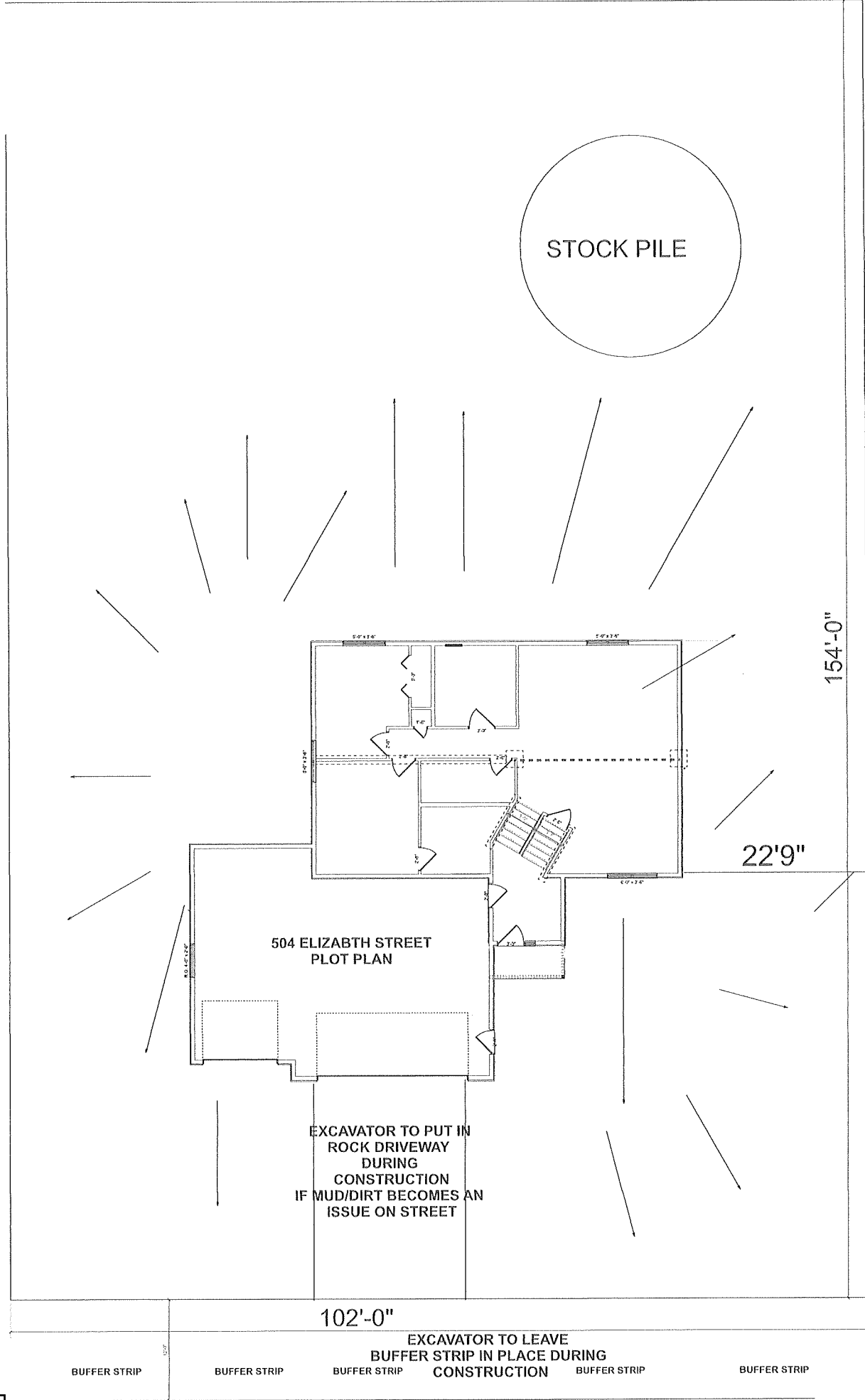
No work shall begin until the Land Disturbance Permit is signed and issued.

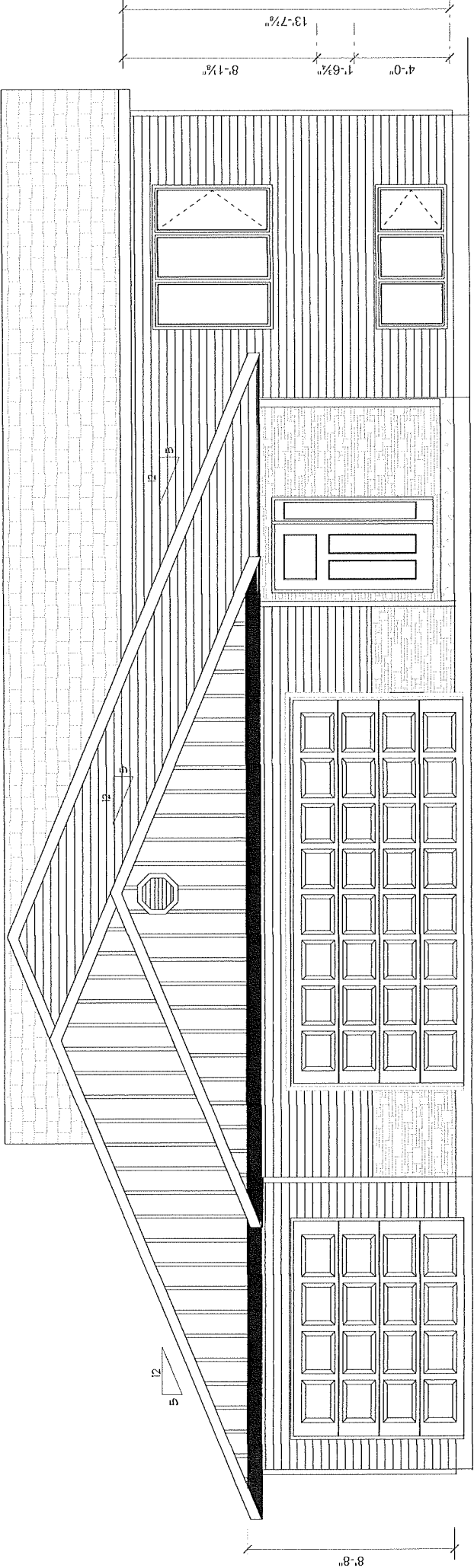
LAND DISTURBANCE FEE	35.00
TOTAL	35.00
Payment(s)	
CREDIT CARD 0661 1105	35.00

PERMIT: In consideration of the statements and representations made in the above application filed with the Office of the City Engineer, Marshall, Minnesota, this Permit is hereby granted to the applicant. This Permit is granted upon the expressed conditions that said owner and his agents, workmen and employees shall comply in all respects with the ordinances and regulations of the City of Marshall and the State of Minnesota. Not all deficiencies in documents may have been addressed and/or noted and that shall not be construed as an approval of such code deficiencies. Review for compliance will continue during inspections as construction progresses. This Permit expires if work is not commenced within 180 days or if work is suspended for 180 days


City Engineer

6-29-2020
Date





FRONT ELEVATION

CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, July 27, 2021
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Suite Liv'n Tax Increment Financing Public Hearing and Resolution Adoption
Background Information:	<p>Gabe Olson, owner of L2C LLC (Suite Liv'n) has applied for Tax Increment Financing to develop two, 24-unit workforce apartment buildings located at 406 Village Drive and 501 Village Drive.</p> <p>L2C LLC is co-owned by Olson and his business partner, Jeff Huston who also co-own Suite Liv'n, the property management company that is responsible for managing the apartments. L2C LLC purchased its first property in Marshall in 2018 and now owns approximately 350 units within the city.</p> <p>Estimated project costs for the development both units are \$6.2 million with construction anticipated to begin in Spring of 2022. The proposed project would include 32 one-bedroom units and 16 two-bedroom units. The proposed development would include 40% of dwelling units affordable to household earning 60% or less of the area median income.</p> <p>The development would also help meet the goals of the City of Marshall's new Housing Study which is nearing completion. The study draft indicates a need for 124 new market rate rental housing units, 75 shallow-subsidy units and 128 deep-subsidy units through 2030. Proposed rental rates for the project range from \$700 - \$900. (Housing Study Draft Executive Study included in packet)</p> <p>Olson originally requested 25 years of TIF for the project but following review from Baker Tilley, staff is requesting a 12-year, Pay-Go TIF Plan which would equate to \$460,000 in payments.</p> <p>Staff is currently working with Kennedy and Graven on a Development Agreement for the project and will bring that forth for approval in August.</p>
Fiscal Impact:	\$460,000 over 12 years of Increment.
Alternative/Variations:	None
Recommendations:	<ol style="list-style-type: none"> 1. Close Public Hearing 2. Approve resolution approving establishment of Project Area No. 6 and a Project Plan therefor; approving establishment of Tax Increment Financing (Housing) District No. 6.1 and a Tax Increment Financing Plan therefor

Memo

To: Members of the City Council
Sharon Hanson, Lauren Deutz, Annette Storm, City of Marshall

From: Mikaela Huot, Director

Date: July 27, 2021

Subject: Financial Analysis and Tax Increment Revenue Projections for Proposed Suite Liv'n Housing Project

Background

The City of Marshall received an application from L2A LLC, the developer, for financial assistance through the establishment of a Tax Increment Financing (TIF) Housing District to facilitate the construction of a new 48-unit mixed-income housing project that would comprise of 2 24-unit buildings. The application states there is a financial gap resulting from the development costs not being supported by projected rents of the housing units upon construction completion. The project budget for both buildings is approximately \$6.277M.

This memorandum provides a summary of the preliminary tax increment revenue projections for the project and initial financial review of the development project costs and operating pro forma as provided by the developer to understand how tax increment financing may be necessary for the project to proceed. Prior to considering tax increment financing assistance for the project, the City will need to make a determination if the project as proposed would be unlikely to proceed "but-for" the requested Tax Increment Financing (TIF) assistance, and to determine the appropriate amount, if any, of public assistance. To establish a tax increment financing district, there are findings that need to be made by the City that include: 1) determination that the project qualifies as a TIF district and 2) determination that the project as proposed would not proceed without public assistance (meeting the "but-for" test).

Developer Request for Assistance

The developer's application includes a request for up to 26 years of tax increment assistance, of which the annual revenues would be used to provide additional cash flow to support operating expenses and debt repayment. Financial assistance through pay-as-you-go tax increment financing from the City of Marshall has been requested to provide additional revenues to support the required level of debt and project cash flow to repay annual debt service payments. Typical extraordinary redevelopment costs that cannot be supported solely by the project alone could justify the need for public financial assistance and allow the project to proceed as proposed to provide appropriate upfront funding and meet the minimum debt coverage requirements. The developer has indicated the receipt of City financial assistance is necessary for the project to proceed.

The sources and uses of funds without financial assistance through TIF is in the table below.

Sources	Amount	Uses	Amount
First Mortgage	\$3,306,566	Acquisition	\$502,315
Equity	\$2,507,089	Site Development	\$15,000
Deferred Developer Fee	\$463,521	Construction	\$4,785,492
		Soft Costs	\$336,486
		Developer Fee	\$313,858
		Contingency	\$244,024

		Public Improvements	\$80,000
Total	\$6,277,176	Total	\$6,277,176

The sources and uses of funds with financial assistance through TIF is in the table below.

Sources	Amount	Uses	Amount
First Mortgage	\$3,766,305	Acquisition	\$502,315
Equity	\$2,047,349	Site Development	\$15,000
Deferred Developer Fee	\$463,521	Construction	\$4,785,492
		Soft Costs	\$336,486
		Developer Fee	\$313,858
		Contingency	\$244,024
		Public Improvements	\$80,000
Total	\$6,277,176	Total	\$6,277,176

With financial assistance, the developer is illustrating an increase in debt financing by approximately \$459,739, with an equal amount of decreased equity, resulting in increased equity returns and additional cash flow with increased debt coverage returns.

Qualifications

A housing TIF District is a type of tax increment district which consists of a project that is intended for occupancy by persons or families of low- and moderate- income. Tax increment revenues must be used solely to finance the cost of a housing project as defined, and not more than 20 percent of the square footage of the buildings that receive assistance from tax increments may consist of commercial, retail, or other non-residential uses. For the proposed project to qualify as a tax increment financing housing district, the property must satisfy the income requirements as follows:

- at least 20% of units are occupied by individuals whose income is 50% or less of area median income
- at least 40% of units are occupied by individuals whose income is 60% or less of area median income.

Revenues from a tax increment financing housing district can be used for all costs related to the qualifying project that may include acquisition, rehabilitation and construction, utilities, parking, streets and sidewalks. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the City may be included in the cost of a housing project.

The developer has indicated this project would meet the income requirements outlined above with at least 40% of the units being affordable at a level of 60% of the area median income (AMI). The new units would include a mix of 1 and 2-bedroom units.

Project Financing

There are generally two ways in which assistance can be provided for most projects, either upfront or on a pay-as-you-go basis. With upfront financing, the City would finance a portion of the developer's initial project costs through the issuance of bonds or as an internal loan. Future tax increment would be collected by the City and used to pay debt service on the bonds or repayment of the internal loan. With pay-as-you-go financing, the developer would finance all project costs upfront and would be reimbursed over time for a portion of those costs as revenues are available.

Pay-as-you-go-financing is generally more acceptable than upfront financing for the City because it shifts the risk for repayment to the developer. If tax increment revenues are less than originally projected, the developer receives less and therefore bears the risk of not being reimbursed the full amount of their financing. However, in some cases pay as you go financing may not be financially feasible. With bonds, the City would still need to make debt service payments and would have to use other sources to fill any shortfall of tax increment revenues. With internal financing, the City reimburses the loan with future revenue collections and may risk not repaying itself in full if tax increment revenues are not sufficient. The project financing as requested includes pay-as-you-go for reimbursement of eligible costs.

Tax Increment Revenue Estimates

	Scenario 1	Scenario 2
	Recommendation within Contract Terms	TIF Plan Authority: Maximum Budget Amount
Term of Collection for District	12 years	15 years
Estimated Total Completed Value (includes existing apartment building value)	\$3,320,900	\$3,320,900
Total Tax Capacity	\$54,014	\$54,014
Incremental Value (new buildings only)	\$2,457,400	\$2,457,400
Estimated per Unit Value	\$51,196/unit	\$51,196/unit
Captured Tax Capacity (Total less Original)	\$30,718	\$30,718
x 2021 Local Capacity Rate	129.013%	129.013%
Estimated Total Gross Tax Increment Revenue (less OSA deduction of 0.36%)	\$39,487	\$39,487
Less: 10% for Administrative Expenses (Maximum Percentage is 10%)	\$3,949	\$3,949
Estimated Net Annual Available Revenue	\$35,538	\$35,538
Total Estimated Gross Increment	\$500,793	\$635,617
Total Estimated Net Increment to Developer	\$450,713	\$572,054

Additional assumptions utilized:

- Property classified as residential rental
 - 48 units: 1.25% classification rate (market rate)
- Maximum term of housing district (26 total years)
 - First year collection payable 2024
 - 12-15 years
 - *Based on financial 'gap'*
- Increment based on difference between existing value and new land/building value
- Construction commences and completes in 2022
 - 100% completed by December 31, 2022 for
 - Assess January 2023 for taxes payable in 2024
- Payable 2021 tax rates of 129.013%
- 1% annual market value inflator
- 10% retained by City for admin
 - *Maximum 10% for admin*
 - 90% pledged to project

Developer Pro forma Analysis including But-For

Upon approval of a TIF district and project, the City must make several findings, including the "but for" test: that the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The developer has stated that but for the provision of tax increment financing, the project as proposed would not occur. Based on the developer's stated position relative to the need for tax increment financing assistance, the City could make its "but for" finding and provide tax increment assistance. We recommend, however, that the City review the provided assumptions to consider if the project meets the but-for test and, if so, what an appropriate level and type of TIF assistance may be based on the information submitted by the developer.

Following thorough evaluation of the project as provided allows the City to be prepared to make an informed “but-for” decision based on the likelihood of the project needing assistance, as well as the appropriate level of assistance. To complete this analysis, we reviewed the developer’s provided operating proforma and constructed similar ten-year project proformas, showing a result if the developer received the assistance as pay-as-you-go (reimbursement for TIF eligible costs) and showing a result if the developer did not receive assistance. Our analysis of the proformas included a review of the development budget, projected operating revenues and expenditures, and the project’s capacity to support annual debt service on outstanding debt. The purpose of evaluating the operating proformas is to understand the potential cash flow performance through initial development of the project and the annual operations of the project over a 10-year period to assist with determining if the project is financially feasible and would need public participation.

Measuring project feasibility is typically accomplished by analyzing a combination of 1) projected rate of return – both annual and cumulative and 2) estimated debt coverage ratio (DCR). Rate of return analysis illustrates the projected return to the developer using the available cash flow after payment of operating expenses and debt as a measurement to the initial equity investment. Industry standards for development types indicate the level of investment a developer is willing to make based on projected returns from the project. Should the projected annual and cumulative returns fall below those standards, the project would require reduced level of equity participation and/or increased cash flow. Debt Coverage Ratio (DCR) is a calculation detailing the ratio by which operating income exceeds the debt payments for the project. If the DCR is greater than 1.0 it indicates the project has operating income that is greater than the debt-service payment by some margin; conversely if the DCR is less than 1.0 it indicates the project is incapable of meeting its debt-service payment and would need to seek additional revenue sources in order to pay its debt. Typical lending standards will require a DCR of greater than 1.0 as a measure of cushion in the event actual revenues and expenses are different than projected.

We reviewed the financial information as provided by the developer to assist with making the determination 1) that tax increment assistance is necessary and 2) what is an appropriate level of assistance. We analysed both the projected rate of return and debt coverage ratios using the available information. The level of debt financing the project can obtain and support is based on the net operating income (NOI). The annual lease and other (parking) revenues and operating expenses have been provided by the developer to project the NOI.

Review of the operating proformas based on with assistance as pay-as-you-go and with no assistance provides the range of financial feasibility for this project and what the estimated gap would be without assistance. It is important to note that certain assumptions were made based on the developer’s provided information and market industry standards for annual lease rates, vacancy rates and annual revenue and operating expense inflators in order to understand the project performance. Adjustments made to those assumptions assist in understanding potential impact on project performance and what a required level of assistance may be.

To understand viability of the project and need for public assistance, we provided a sensitivity analysis to the proformas with adjustments made to the total project costs and funding sources, as well as annual lease rates. The developer currently owns the property, but the purchase had included both existing apartments, as well as undeveloped land available for future development (this proposed project). Including a purchase price for this project is reflective of the market and potential value of the property for new housing construction. The per unit purchase price for both buildings equals approximately \$10,464. All other assumptions remaining the same, reducing the project costs (land purchase) and corresponding equity amount, subject to market, is expected to positively impact the projected rates of return. Upon review of the annual cash flow performance, adjusting the projected lease rates through an increase would result in additional cash flow that provides both higher debt coverage ratio and rate of return. Realizing these adjustments is subject to market conditions and what the project could command for rents and per unit land cost. The City’s market study supports current assumptions as included in the applicant’s financial analysis.

Conclusion

The applicant has requested tax increment financing from the City as a method of providing additional cash flow revenues required to achieve financial feasibility. The request was for 90% of the tax increments generated over the maximum 26-year term of the TIF District. Through submission of the tax increment financing application and supporting financial information, the applicant has indicated that the project would not occur as proposed without financial assistance from the City due to below market rates of return. The project will be privately financed through debt and equity and the increment would provide additional annual revenues to

enhance cash flow and increase the developer's return. To assist with determining the need for and amount of tax increment assistance, we typically review both the annual (upon stabilization) and long-term (10-15-year period) investment returns to understand financial performance and verification of need for public assistance.

Based on the financial analysis and available financing assumptions, without financial assistance, the project does not appear to be feasible. Without assistance, the projected annual and cumulative rate of return is below industry standards for this type of project and with annual public assistance the project is projected to achieve more reasonable market returns. The rate of return analysis indicates that the provided financing structure would not be financially viable without one or more of the following: 1) reduction in project costs 2) additional annual cash flow, and/or 3) additional funding sources.

Based on financial review, the maximum term of 26 years from the housing district does not appear to be needed for the project to proceed. The recommended level of assistance is in the range of 12-15 years to allow for the early years of project stabilization and cash flow support, while still requiring the developer to maintain and certify that at least 40% of the newly constructed units would be affordable to occupants with incomes at 60% AMI.

Considerations for recommended level of public assistance parameters include:

- Return on Investment
- Purchase price and other development costs
- Public to private investment
- Public assistance (TIF) and private equity
- Extraordinary costs
- Financial gap
- Term of collection
- Public policy and need

Lastly, the City recently commissioned a comprehensive housing needs analysis update to understand current market demands and conditions in the City. The results of the study indicate a need for the housing that is being proposed for this project. It is estimated the City can accommodate 124 new market rate rental housing units, 75 shallow-subsidy units, and 128 deep-subsidy units through 2030. In addition, the projected rents as proposed for the project are within range of what has been identified in the study.

Thank you for the opportunity to be of assistance to the City of Marshall. Please contact me at 651.368.2533 or Mikaela.huot@bakertily.com with any questions or comments.

Projected Tax Increment Report

City of Marshall

Tax Increment Financing (Housing) District No. 6-1

Suite Liv'n Proposed 48-Unit Housing Project

TIF Revenues - 12 Years

Annual Period Ending (1)	Total Market Value ⁽¹⁾ (2)	Total Net Tax Capacity ⁽²⁾ (3)	Less: Original Net Tax Capacity ⁽³⁾ (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate ⁽⁴⁾ (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: Admin. Retainage 10.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 02/01/22 4.00%
12/31/22	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/23	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/24	3,320,900	41,511	10,794	30,718	129.013%	39,630	143	39,487	3,949	35,538	31,697
12/31/25	3,345,474	41,818	10,794	31,025	129.013%	40,026	144	39,882	3,988	35,894 *	30,783
12/31/26	3,370,294	42,129	10,794	31,335	129.013%	40,426	146	40,280	4,028	36,252	29,894
12/31/27	3,395,362	42,442	10,794	31,648	129.013%	40,830	147	40,683	4,068	36,615	29,032
12/31/28	3,420,680	42,759	10,794	31,965	129.013%	41,239	148	41,091	4,109	36,982	28,195
12/31/29	3,446,252	43,078	10,794	32,284	129.013%	41,651	150	41,501	4,150	37,351	27,381
12/31/30	3,472,080	43,401	10,794	32,607	129.013%	42,068	151	41,917	4,192	37,725	26,592
12/31/31	3,498,165	43,727	10,794	32,933	129.013%	42,488	153	42,335	4,234	38,101	25,824
12/31/32	3,524,512	44,056	10,794	33,263	129.013%	42,913	154	42,759	4,276	38,483	25,080
12/31/33	3,551,122	44,389	10,794	33,595	129.013%	43,342	156	43,186	4,319	38,867	24,356
12/31/34	3,577,998	44,725	10,794	33,931	129.013%	43,776	158	43,618	4,362	39,256	23,653
12/31/35	3,605,143	45,064	10,794	34,271	129.013%	44,213	159	44,054	4,405	39,649	22,971
12/31/36	3,632,560	45,407	45,407	0	129.013%	0	0	0	0	0	0
12/31/37	3,660,250	45,753	45,753	0	129.013%	0	0	0	0	0	0
12/31/38	3,688,218	46,103	46,103	0	129.013%	0	0	0	0	0	0
12/31/39	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/40	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/41	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/42	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/43	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/44	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/45	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/46	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/47	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/48	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/49	863,500	0	0	0	129.013%	0	0	0	0	0	0
						\$502,602	\$1,809	\$500,793	\$50,080	\$450,713	\$325,458

* election to delay receipt of first increment until up to 2024 (up to 4 years from approval date)

(1) Total estimated market value based on information provided by City Assessor (\$51,196/unit incremental value)

preliminary and subject to further review. Includes 1% annual market value inflator

(2) Total net tax capacity based on residential rental class rate of 1.25%

(3) Original net tax capacity based on 2020/2021 existing property value

(4) Total local combined tax rate available for taxes payable 2021

Projected Tax Increment Report

City of Marshall

Tax Increment Financing (Housing) District No. 6-1

Suite Liv'n Proposed 48-Unit Housing Project

TIF Revenues - 15 Years

Annual Period Ending (1)	Total Market Value ⁽¹⁾ (2)	Total Net Tax Capacity ⁽²⁾ (3)	Less: Original Net Tax Capacity ⁽³⁾ (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate ⁽⁴⁾ (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: Admin. Retainage 10.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 02/01/22 4.00%
12/31/22	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/23	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/24	3,320,900	41,511	10,794	30,718	129.013%	39,630	143	39,487	3,949	35,538	31,697
12/31/25	3,345,474	41,818	10,794	31,025	129.013%	40,026	144	39,882	3,988	35,894	30,783
12/31/26	3,370,294	42,129	10,794	31,335	129.013%	40,426	146	40,280	4,028	36,252	29,894
12/31/27	3,395,362	42,442	10,794	31,648	129.013%	40,830	147	40,683	4,068	36,615	29,032
12/31/28	3,420,680	42,759	10,794	31,965	129.013%	41,239	148	41,091	4,109	36,982	28,195
12/31/29	3,446,252	43,078	10,794	32,284	129.013%	41,651	150	41,501	4,150	37,351	27,381
12/31/30	3,472,080	43,401	10,794	32,607	129.013%	42,068	151	41,917	4,192	37,725	26,592
12/31/31	3,498,165	43,727	10,794	32,933	129.013%	42,488	153	42,335	4,234	38,101	25,824
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12/31/36	3,632,560	45,407	10,794	34,613	129.013%	44,656	161	44,495	4,450	40,045	22,308
12/31/37	3,660,250	45,753	10,794	34,959	129.013%	45,102	162	44,940	4,494	40,446	21,665
12/31/38	3,688,218	46,103	10,794	35,309	129.013%	45,553	164	45,389	4,539	40,850	21,040
12/31/39	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/40	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/41	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/42	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/43	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/44	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/45	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/46	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/47	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/48	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/49	863,500	0	0	0	129.013%	0	0	0	0	0	0
						\$637,913	\$2,296	\$635,617	\$63,563	\$572,054	\$390,471

* election to delay receipt of first increment until up to 2024 (up to 4 years from approval date)

(1) Total estimated market value based on information provided by City Assessor (\$51,196/unit incremental value)

preliminary and subject to further review. Includes 1% annual market value inflator

(2) Total net tax capacity based on residential rental class rate of 1.25%

(3) Original net tax capacity based on 2020/2021 existing property value

(4) Total local combined tax rate available for taxes payable 2021

A Comprehensive Housing Needs Analysis Update For the City of Marshall, Minnesota (Draft Copy-For Discussion)

Prepared For:
Marshall Economic Development Authority
Marshall, MN

June 2021



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Research & Consulting

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Overview

Maxfield Research and Consulting was engaged by the Marshall Economic Development Authority to update a Comprehensive Housing Needs Analysis for the City. The Housing Needs Analysis, which was last completed in 2015, provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households residing in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City and surrounding area; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions; a senior housing supply and demand analysis; and an assessment of housing affordability in Marshall. Detailed recommendations are provided for the housing types identified as being needed in Marshall to 2030 for general occupancy housing and 2030 for senior housing product types. An assessment of other challenges associated with housing development in the City is also provided.

Based on the demographic characteristics of Marshall and the PMA, there will be growing demand for a variety of housing products, including: rental housing targeting the young adult (25 to 34) age group as well as the empty nester population (55 to 74 age group); entry-level ownership housing for first-time home buyers (25 to 39); move-up housing for the 35 to 44 age group; and senior housing.

In total, we find demand to support 665 general occupancy housing units between 2021 and 2030. Demand is expected to favor rental housing, with 249 rental units and 183 for-sale housing units needed in Marshall by 2030.

Demand is strong for many types of housing in the area, but based on information from local area realtors, housing demand is highest for housing priced from the mid to high \$100,000s to low to mid \$200,000s.

We estimate that Marshall can accommodate 124 new market rate rental housing units, 75 shallow-subsidy units, and 128 deep-subsidy units through 2030.

In addition, we found excess demand for a total of 523 senior housing units to 2030. Of these senior units, 60.8% (about 314 units) would be market rate housing and the remaining 39.8% (208 units) would be shallow-subsidy or deep-subsidy units. demand exists for all senior housing product types over the next several years. However, except for the independent living vacancy rate (4.2%), all other senior housing types in our inventory have vacancy rates above equilibrium. High vacancy rates among senior properties are largely a role of the COVID-19 Pandemic. As a result, service-based housing (assisted living, memory care, etc.) should not be built until 2023 or 2024.

EXECUTIVE SUMMARY

The table below displays demand by product type. Housing demand is comprised of several components, including projected household growth, pent-up demand (i.e. below equilibrium housing vacancy rates) and replacement needs (functionally or physically obsolete units).

SUMMARY OF HOUSING DEMAND MARSHALL MARKET AREA JUNE 2021						
Type of Use	Demand in Market Area			Demand in Marshall		
	2021-2030			2021-2030		
General-Occupancy						
Rental Units - Market Rate	166			108		
Rental Units - Shallow Subsidy	100			65		
Rental Units - Deep Subsidy	66			43		
For-Sale Units - Single-family	233			140		
For-Sale Units - Multifamily	100			60		
Total General Occupancy Supportable	665			415		
	Demand in Market Area			Demand in Marshall		
	2021	2026	2030	2021	2026	2030
Age-Restricted (Senior)						
Market Rate						
Adult Few Services (Active Adult)	196	238	242	128	155	157
Ownership	89	105	107	58	68	69
Rental	108	133	135	70	86	88
Independent Living	39	80	85	25	52	55
Assisted Living	63	102	107	43	70	72
Memory Care	21	48	45	13	31	29
Total Market Rate Senior Supportable	319	468	479	209	307	314
Shallow-Subsidy/Deep-Subsidy						
Active Adult - Shallow-Subsidy	154	154	187	100	100	121
Active Adult - Deep-Subsidy	85	85	134	55	55	87
Total Affordable Senior Supportable	239	239	320	156	156	208
Source: Maxfield Research & Consulting, LLC.						

Demographic Analysis

- As of 2021, the Primary Market Area contained an estimated 25,873 people and 10,302 households. Between 2010 and 2021, the population increased by 16 people (0.1%) while the number of households expanded by 75 (0.7%). The proportional rate of growth of new households was higher than the proportional rate of growth of the population suggesting a trend toward decreasing household sizes in the PMA. In 2010, the average household size in the PMA was 2.53 people per household. This number declined to 2.51 in 2021, a drop of -0.7%. Marshall's population increased 1.8% from 2010 to 2021 (248 people) against household growth of 2.9% (155). As of 2021, the average household size in Marshall was 2.51, which is down -1.0% from 2010. This trend indicates an aging household base and also reflects a general shift in demographic factors that favor smaller households, such as a declining proportion of married couple households with children.
- In 2021, the median household income is estimated to be \$48,268 in Marshall, compared to \$54,653 in the PMA. This data suggests more lower income households and students are concentrated in Marshall because the City provides access to more affordable housing options than outlying communities in Lyon County.
- In Marshall, 54.2% of all households owned their housing in 2021, resulting in a home ownership rate that is substantially lower than the Primary Market Area (68.4% in 2021). In the prime ownership years (35 to 64), nearly 68.4% of households in Marshall owned, compared to 78.8% of PMA householders and 88.5% in Remainder of the PMA. The number of owner households in Marshall increased by 129 (4.5%) between 2010 and 2021. The largest increases occurred in the 65 to 74 age group (178 households for a 21.0% gain) and the 55 to 64 age group (278 households for a 20.4% increase), while the 45 to 54 age group experienced the largest numeric contraction in owner households, decreasing by 317 households (-19.8%).
- Shifting household types can drive demand for housing in a community. Married couple families with children typically generate demand for single-family detached ownership housing. Married couple families without children often desire multifamily housing options for convenience reasons, however older couples in rural areas often hold onto their single-family homes until they need services. In 2010, the proportion of households in families was 55.5% in Marshall, 69.8% in the Remainder and 62.2% in the PMA. By 2021, these proportions increased to 60.6% in Marshall, 71.6% in the Remainder and 65.7% in the PMA in 2021.

Employment Trends

- Marshall's historic unemployment rates have been lower than Lyon County's, although the gap has lessened since 2009. As of March 2021, Marshall (3.6%) and Lyon County (4.2%) have unemployment rates lower than the Southwest Minnesota Economic Development Region 8 (SW MN Region - 84.4%). By comparison, Minnesota (4.5%) and the United States (6.2%) have unemployment rates higher than Marshall, Lyon County and the SW MN Region 8.
- Between March 2020 and March 2021, Marshall's labor force decreased by 355 while the number of employed residents decreased 5.5% (-404), causing Marshall's unemployment rate to rise 0.8% over the year to 3.6%. Similarly, Lyon County's unemployment rate rose 0.6% to 4.2% over the past year. The SW MN Region 8's unemployment rate rose 0.7%. By comparison, Minnesota's unemployment rate remained at 4.5% while the unemployment rate in the US increased to 6.2%.
- In 2020, the most recent year with annual available data, Education and Health Services was the largest employment sector in Marshall, providing 2,810 jobs (27.6% of the total); followed by Trade, Transportation, and Utilities with 2,145 jobs (21.0%); and Manufacturing with 1,479 jobs (14.5%). The Professional and Business Services Sector is another large employment sector in Marshall with 1,101 jobs (10.8% of the total).
- Marshall can be considered an importer of workers as a significantly higher number of non-residents commutes into the City for work. An estimated 6,643 workers come into Marshall for work (inflow) while 2,389 leave (outflow) and 4,530 both live and work in Marshall.
- A household earning the average weekly wage in Marshall (\$982) would be able to afford an apartment renting for \$1,178 per month to not exceed 30% of its monthly income on housing costs. Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage would be able to afford to purchase a home priced \$178,724 or lower to not be cost-burdened (paying more than 30% of their income for housing). This is similar to the 2021 year to date average sales price of single-family homes (\$180,436).

Housing Characteristics

- The dominant housing type in the Primary Market Area, as of 2019, was the single-family detached home, representing 95.0% of all housing units in the County. The most common rental housing unit in the PMA was a single-family detached home (25.6% of all rental units) followed by 3- to 4-unit structures (13.4% of all rental units). In Marshall, the most common type of rental housing was a 3- to 4-unit structure with 16% of all rental units in the City, followed closely by a 10- to 19-unit structure, which represented 15.8% of the City's rental stock.
- Building permits were issued for 1,570 residential units in Lyon County from 2000 through 2020; equating to 75 units per year. A little under two thirds or 64% of these units were single family while 4.7% were duplexes and 31.3% were multifamily structures.
- As of 2019, the greatest percentage of homes in Lyon County (PMA) was built prior to 1940, which comprised 19.4% of the County's housing stock. As a comparison, only 9.4% of homes in Marshall were built prior to the 1940s. In Marshall, most of the housing stock was built in the 1980s (18.1%).
- Lyon County's median monthly contract rent in 2019 was estimated at \$539. Based on a 30% allocation of income to housing, a household in Lyon County would need an income of \$21,560 to afford a median monthly rent of \$539. Considering an annual increase of 2.0% per year for inflation, the median monthly rent in 2021 would be \$561.

For-Sale Market Analysis

- From 2017 through 2020 (2021 data is only year to date), there were 606 single-family residential sales, 17 duplex/triplex/townhome sales and 29 condo sales in Marshall. This equates to an average annual rate of 163 units between the four years. In Marshall, 92.9% of all sales were for detached single-family homes during this period. The multifamily market appears to be a very small proportion of residential sales in Marshall, as there have been only 46 combined duplex, triplex, townhomes, and condo sales since 2001 (7.1% of the total).
- The median sale price for single-family homes lowest post-recession price point was in 2011, at \$121,049 in Marshall. For owned multifamily products such as duplexes, triplexes, and townhomes, the lowest post-recession median price occurred in 2017 at \$75,000. The median price for condos is currently at its highest price, with a median price of \$152,900 as of April 2021.
- Marshall's single family median sales price has continued to rise and was at a high of \$173,200 as of April 2021, up 43.1% from its low of \$121,049 in 2011. Duplex, triplex, and

townhome median sale prices have been more volatile over this period and have fluctuated from a low of \$75,000 in 2017 to a high of \$164,713 in 2014. Marshall's condo price of \$125,000 as of April 2021 is down from its highest price point of \$226,000 in 2019.

- Maxfield examined lot prices of recent City subdivisions and compared them to home sale prices to determine a home to lot price ratio. In many communities, the lot price is often between 15% and 25% of a homes combined home/lot value. Estimated single-family home values range from as low as \$160,000 in the Camelot Square Subdivision to as high as \$275,000 in the third and fourth additions of Carr Estates Subdivision.
- Lot prices vary depending on location, features, community amenities, and its own unique situation. Average prices range from as low as \$0.68 per square foot for an 11,151 average sq. ft. (0.25 acres) site in the 2nd addition of the Parkway Subdivision to an average high of \$4.68 per square foot for an 11,326 square-foot (0.26 acres) lot in Prairieview East subdivision. Parkway's price per square foot is low because it is a publicly assisted property. Throughout Marshall, the average per square foot cost for single-family lots is \$2.23 with an average lot price of \$30,669.
- Sizes range from as small as 8,276 square feet (0.19 acres) for a lot in the second addition of the Parkway Subdivision to 22,207 square feet (0.51 acres) for a single-family lot in the third addition of Carr Estates Subdivision. The average single-family lot in Marshall is 13,638 square feet (0.31 acres).
- Homes in high demand in the Marshall housing market range from the mid to high \$100,000s to the low to mid \$200,000s.
- Demand was estimated at 333 units of new for sale housing in the PMA by 2030. Of those 333 units, we estimate that Marshall could capture 55% of the PMA's demand. As a result, Marshall could support 183 for sale housing units by 2030. This includes single-family detached and attached homes such as townhomes and rowhomes.

Rental Market Analysis

- The equilibrium vacancy rate for market rate and shallow-subsidy rental housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. Shallow-subsidy properties are well below equilibrium with only 2 vacancies out of 117 units. This suggest a need for more shallow subsidy units in the City. In contrast, market rate units are well above equilibrium at 9.8%. However, both the newest market rate properties, The Nexus I and II and Colonial House, have vacancy rates at or below equilibrium. This suggest that there is demand for newer housing while already sufficient older rental housing stock.

- For deep-subsidy rental housing the equilibrium vacancy rate is 2.0%. The overall vacancy rate for deep-subsidy rental housing in Marshall was 5.6% at the time of the survey. With a deep-subsidy vacancy rate of 5.6%, it appears as though there is sufficient supply to meet current demand. There are often wait lists for deep-subsidy units and it may require longer periods of time to occupy units on turnover. This must also be accounted for in considering if there is a sufficient supply of deep-subsidy units in the market.
- The strongest sources of demand for rental housing in Marshall will likely be young singles and couples without children in their late-20s and early-30s who work in Marshall or in nearby communities, who would desire new apartment units with modern amenities. In addition, SMSU students could be targeted for new housing options. Shallow-subsidy rental housing will draw from a wide variety of population segments, including; low-wage workers, single-parent households and low-income family households. In total, we find demand for 50 deep-subsidy units, 75 shallow-subsidy units and 124 market rate rental units in Marshall between 2021 and 2030.

Senior Housing Market Analysis

- Large population growth is expected to occur among older adults in the Market Area. Aging of the baby boomers in the PMA led to an increase of 412 people (14.9%) in the 55 to 64 population and 740 people (46.1%) in the 65 to 74 population between 2010 and 2021. As baby boomers continue to age, individuals between 65 and 74 and 75 and older are expected to see increases over the next five years (2021 to 2026) of 120 people (11.1%) and 137 people (14.2%), respectively.
- Maxfield Research identified eight separate senior housing developments in Marshall. Combined, these projects contain a total of 478 senior housing units. Four of these properties with 149 units are deep-subsidy, while the remaining are market rate. Of the 478 senior housing units, 51 were vacant, representing a 10.7% vacancy rate.
- There are 149 units of deep-subsidy housing that are restricted to households age 62 years or older or those that have physical or cognitive limitations. Of the 149 units, 17 were vacant representing an 11.4% vacancy rate. The equilibrium vacancy rate for deep-subsidy active adult housing is considered to be 2.0% which allows for normal turnover and an adequate supply of alternatives for prospective residents.
- A possible reason for the high vacancy rates among senior properties is the effect of the COVID-19 Pandemic. Many seniors who can are staying in their homes longer. We don't recommend constructing more senior housing units until two to three years in the future.

EXECUTIVE SUMMARY

- One deep-subsidy senior property, Windsong Apartments, a rural development property, offers three market rate units, renting for \$645 per month for a one-bedroom unit, none of which are currently vacant.
- Demand was identified for most senior housing product types over the next several years. However, one must proceed with caution as vacancy rates are above equilibrium for all senior housing types except independent living. This is likely a result of the COVID-19 Pandemic and a reluctance of those who could delay a move to senior housing. Nevertheless, demand was projected for 284 market rate rental (148 units) and owner-occupied (136 units) active adult units in Marshall to 2030. We also estimate there is demand for 509 shallow-subsidy and 520 active adult units to 2030. Demand for service-enriched units totals 388 service-enhanced units in Marshall to 2030 (independent living, assisted living and memory care units). This level of demand will likely best be satisfied with a continuum of care project, so a resident can change their level of care as they age without having to relocate from the facility.

CITY MARSHALL, MINNESOTA

**RESOLUTION NO. _____
SECOND SERIES**

**APPROVING ESTABLISHMENT OF PROJECT AREA NO. 6 AND A PROJECT
PLAN THEREFOR; APPROVING ESTABLISHMENT OF TAX INCREMENT
FINANCING (HOUSING) DISTRICT NO. 6-1 AND A TAX INCREMENT
FINANCING PLAN THEREFOR**

WHEREAS, the City Council (the “Council”) of the City of Marshall, Minnesota (the “City”) has the statutory responsibility under Minnesota Statutes, Section 469.028 to approve redevelopment plans and projects of the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota (the “Authority”), after public hearing thereon;

WHEREAS, the Authority has proposed to establish Project Area No. 6 (the “Project Area”) located in the City pursuant to Minnesota Statutes, Sections 469.001 to 469.047 (the “HRA Act”), and to that end has caused to be prepared a document entitled “Project Plan for Project Area No. 6” (the “Project Plan”); and

WHEREAS, the Project Plan contains an identification of need and a statement of purpose and objectives, land uses and standards for development for carrying out a development project, including property to be acquired, public improvements to be provided, development to occur, and sources of revenue to pay development costs within the Project Area; and

WHEREAS, the Authority has determined a need to establish Tax Increment Financing (Housing) District No. 6-1 (the “TIF District”) within the Project Area, pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “TIF Act”), and to that end has caused to be prepared a document entitled “Tax Increment Financing Plan for Tax Increment Financing (Housing) District No. 6-1” (the “TIF Plan”); and

WHEREAS, the TIF District is being established to facilitate the acquisition and construction of an affordable housing development consisting of two three-story apartment buildings containing a total of approximately 48 rental housing units and related amenities (the “Housing Development”); and

WHEREAS, Minnesota Statutes, Section 469.175 requires that before a county auditor may certify a tax increment financing district created under the TIF Act the governing body of the municipality must approve the tax increment financing plan after a public hearing thereon; and

WHEREAS, the Authority has asked the Council to approve the establishment of the Project Area and the Project Plan therefor and the creation, within the Project Area, of the TIF District as a housing tax increment financing district under Minnesota Statutes, Section 469.174, Subd. 11 and the adoption of the TIF Plan therefor, all pursuant to and in accordance with the TIF Act; and

WHEREAS, on June 22, 2021, the Council adopted a resolution calling for a public hearing on July 27, 2021 to consider the establishment of the Project Area and the Project Plan and the establishment of the TIF District and the TIF Plan; and

WHEREAS, the Project Plan and the TIF Plan were, in accordance with the HRA Act and TIF Act, referred to the Planning Commission of the City (the “Planning Commission”) and by resolution adopted by the Planning Commission on July 14, 2021, the Planning Commission found that the Project Plan for the proposed Project Area and the TIF Plan for the proposed TIF District conform to the general plan for the development or redevelopment of the City as a whole; and

WHEREAS, the Authority has performed all actions required by law to be performed prior to the creation of the TIF District and adoption of the TIF Plan therefor, including, but not limited to, notification of the Lyon County Commissioner representing the area of the County in which the TIF District is located, and delivering a copy the proposed TIF Plan for the TIF District and the Authority's estimate of the fiscal and economic implications of the proposed TIF District to the County Auditor/Treasurer of Lyon County and the Clerk/Treasurer of the School Board of Independent School District No. 413, which have taxing jurisdiction over the property to be included in the TIF District; and

WHEREAS, on the date hereof, the Authority adopted a resolution establishing the Project Area and approving the Project Plan therefor and establishing the TIF District and approving the TIF Plan, and referred such plans to the Council for consideration; and

WHEREAS, this Council has reviewed the contents of the Project Plan and the TIF Plan; and

WHEREAS, on the date hereof, the Council held a public hearing relating to the establishment of the Project Area and the approval of the Project Plan therefor and the establishment of the TIF District and the approval of the TIF Plan therefor, and at the public hearing, the views of all interested parties were heard; and

WHEREAS, the Council has considered the findings and determinations of the Planning Commission and the Authority respecting the Project Area, Project Plan, TIF District, and TIF Plan, together with the documentation submitted in support of the same and has taken into account the information and knowledge gained in hearings upon and during consideration of other matters relating to the development proposed within the Project Area.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Marshall, Minnesota that:

Section 1. Findings; Project Area No. 6

1.01. The Council hereby finds that the Project Plan is intended and, in the judgment of the Council, the effect will be, to carry out the objectives of the Project Plan and to create an impetus for development and housing activities in the City and otherwise promote public purposes and accomplish certain objectives as specified in the Project Plan.

1.02. The Council hereby finds that:

(a) the land in the Project Area would not be made available for redevelopment without the use of tax increment financing; and

(b) the Project Plan is intended and, in the judgment of this Council, the effect of such actions will be to afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project Area by private enterprise; and

(c) the Project Plan conforms to the general plan for the development of the City as a whole.

Section 2. Findings; Tax Increment Financing (Housing) District No. 6-1

2.01. The Council hereby finds that the creation of the TIF District and adoption of the TIF Plan

therefor, are intended and, in the judgment of the Council, its effect will be, to carry out the objectives of the Project Plan and to create an impetus for the construction of low and moderate income housing, and will otherwise promote certain public purposes and accomplish certain objectives as specified in the Project Plan and TIF Plan.

2.02. The Council hereby finds that the TIF District qualifies as a “housing district” under Minnesota Statutes, Section 469.174, Subd. 11 of the TIF Act for the following reasons:

The TIF District is, pursuant to Minnesota Statutes, Section 469.174, Subdivision 11, a “housing district” because it consists of a project or portions of a project or a portion of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. No more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

The Housing Development to be constructed in the TIF District will consist of approximately 48 units of workforce housing. At least 40% of the units (i.e., 20 units) in the Housing Development will be rented to and occupied by individuals or families whose income is 60% or less of area median income.

The Housing Development, which includes the only two buildings in the TIF District receiving assistance from the TIF District, is not expected to be used for any commercial, retail, or other non-residential use; therefore, not more than 20% of the square footage of the buildings that will receive assistance from tax increments from the TIF District are expected to be used for commercial, retail or other non-residential uses.

2.02. The Council hereby makes the following findings:

(a) The Council further finds that the proposed Housing Development, in opinion of the Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary.

(b) The Council further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole.

(c) The Council further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the TIF District by private enterprise.

2.05. Reasons and facts supporting all the above findings are set forth in the TIF Plan and are incorporated herein by reference. The Council has also relied upon a resolution of the Planning Commission, the reports and recommendations of the Authority’s and City’s staff and consultants, as well as the personal knowledge of members of the Council, in reaching its conclusions regarding the TIF Plan.

Section 3. Public Purpose

The adoption of the Project Plan and the TIF Plan conforms in all respects to the requirements of the TIF Act. The proposed housing development will satisfy a need within the community for affordable multifamily housing in that at least 40% of the residential units in the housing development (i.e., 20 units)

will be rented to and occupied by individuals or families whose income is 60% or less of area median income and will improve the tax base and the general economy of the State, and thereby serves a public purpose. The City expressly finds that any private benefit to be received by the developer is incidental, as the tax increment assistance is provided solely to make the development financially feasible and thus produce the public benefits described. Therefore, the City finds that the public benefits of the TIF Plan exceed any private benefits.

Section 4. Approvals; Further Proceedings

4.01. The establishment of the Project Area and the Project Plan therefor are hereby approved.

4.02. The establishment of the TIF District and the TIF Plan therefor are hereby approved.

4.03. The staff of the Authority and the City, the Authority's Executive Director and the Authority's and the City's advisors and legal counsel are authorized and directed to proceed with the establishment of the Project Area and the TIF District and the implementation of the Project Plan and the TIF Plan and this resolution. The Authority's Executive Director is authorized and directed to negotiate, draft, execute, prepare, file and present to the Board of Commissioners of the Authority for its consideration all further plans, resolutions, documents and contracts necessary to accomplish these actions.

4.04. The Authority is authorized and directed to file a request for certification of the TIF District with the County Auditor/Treasurer of Lyon County and to file a copy of the TIF Plan and the Project Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

Approved by the City Council of the City of Marshall, Minnesota this 27th day of July, 2021.

CITY OF MARSHALL, MINNESOTA

Robert J. Byrnes
Mayor

Attest:

Kyle Box
City Clerk

Project Plan for Redevelopment Project Area No. 6

Housing and Redevelopment Authority

in and for the City of Marshall

City of Marshall, Minnesota

Prepared by

Baker Tilly Municipal Advisors, LLC

Draft Dated: July 27, 2021

Anticipated Approval by City Council: July 27, 2021

Anticipated Approval by HRA Board: July 27, 2021

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Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota, a public body corporate and politic duly organized and existing under the Constitution; and laws of the State

"Authority Board" means the Board of Commissioners of the Authority.

"City" means the City of Marshall, Minnesota, a municipal corporation and political subdivision of the State.

"City Council" means the duly elected City Council of the City.

"Comprehensive Plan" means the comprehensive plan of the City.

"County" means Lyon County, Minnesota.

"Governing Body" means the Board of Commissioners of the Authority.

"HRA Act" means Minnesota Statutes, Sections 469.001 through 469.047, as amended.

"Land Use Regulations" means all federal, state and local laws, rules, regulations, ordinances and plans relating to or governing the use or development of land in the Project Area, including but not limited to environmental, platting, zoning and building code laws, regulations and ordinances.

"Project" means Redevelopment Project Area No. 6, as shown in the map attached as Exhibit I, which includes the property legally described in Exhibit I.

"Project Area" means the geographic area of Redevelopment Project Area No. 6.

"Public Costs" means all legally permissible costs incurred or to be incurred by or on behalf of the Authority in carrying out the Project Plan, including but not limited to: (a) the costs of any redevelopment or housing activities consistent with the Project Plan as originally adopted or subsequently amended; (b) costs of administering the Project; and (c) debt service payments on any obligations issued to finance Public Costs authorized by the Project Plan.

"Project Plan" means the Project Plan for the Project Area, as it may be amended or supplemented from time to time.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means any tax increment financing district presently established or to be established in the future in the Project Area.

"TIF Plan" means the respective tax increment financing plan for each TIF district located within the Project Area.

Section B Statutory Authorization

The HRA Act authorizes the Authority to exercise all the powers relating to a housing and redevelopment authority granted under Minnesota Statutes, Sections 469.001 to 469.047, or other law. The Authority is authorized under the HRA Act to undertake and administer the Project Plan and the Project, and to pay for the Public Costs through tax increments derived from TIF Districts established within the Project Area or any other source of funds which the HRA Act permits the Authority to use for such purposes.

It is the intention of the City Council and the Authority Board, notwithstanding the enumeration of specific goals and objectives in the Project Plan, that the Authority shall have and enjoy with respect to the Project Area the full range of powers and duties conferred upon the Authority pursuant to the HRA Act, the TIF Act, municipal housing and redevelopment authority laws, and such other legal authority as the Authority may have or enjoy from time to time.

Section C Statement of Need and Public Purpose

The Authority finds that there is a need for development within the City and the Project Area to encourage related development and redevelopment and to protect and improve the tax base and general economic vitality of the City. The Authority further finds that the Project is necessary to alleviate a shortage of decent, safe, and sanitary housing for persons of low or moderate income and their families. More specifically, the Authority has identified that development of the property included in the Project is necessary to further development and affordable housing goals.

The Authority specifically finds that: (a) the land within the Project Area would not be available for development and affordable housing purposes without the financial aid to be sought under this Project Plan; (b) the Project Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Project Plan conforms to the general plan for the development of the City as a whole.

The Authority further finds that the Project is a “housing development project” within the meaning of Minnesota Statutes, Section 469.001 subd. 15.

Section D Statement of Objectives

The Authority seeks to achieve one or more of the following objectives with respect to the Project Area, as the Authority may deem appropriate and necessary.

- (1) To promote and secure the prompt development of property within the Project Area, such property which is not now in its most productive use, in a manner consistent with the Comprehensive Plan, thus realizing Comprehensive Plan, land use, and tax base goals.
- (2) To assist development in the Project Area through the acquisition or write-down of certain interests in property which is not now in productive use or in its highest and best use, to make or defray the cost of soil corrections or site improvements on said property, and to construct or reimburse the developer for the construction of public improvements and other facilities on or for the benefit of said property, thereby promoting and securing the development of other land within the Project Area.

- (3) To promote the development of affordable housing to serve the Project Area and the City as whole, including without limitation the development of approximately 48 units of multifamily rental housing units, at least 40% of which will be affordable to individuals or families of low and moderate income.
- (4) To promote the development of decent, safe, and sanitary housing in order to protect the health and welfare of the residents of the City.
- (5) To provide funding for an ongoing development strategy and to prioritize the use of available resources.
- (6) To implement and revise from time to time, as may be deemed necessary or desirable, a consolidated and unified Project Plan and to finance the associated development costs on an area-wide basis.
- (7) To employ any of the powers of the Authority for the benefit of the Project Area in such cases and upon such terms as the Authority may deem appropriate.
- (8) To construct or acquire facilities deemed desirable for the development of the Project Area.

Section E Boundaries of the Project Area

The property within the City which constitutes the Project Area includes the property contained within the boundaries described below and is illustrated on the map attached as Exhibit I.

The Authority reserves the right to expand the boundaries of the Project Area in the future upon approval by the City Council.

Section F Property Acquisition

The Authority may acquire property, or appropriate interests therein, within the Project Area as it deems necessary or desirable to assist in the implementation of the Project Plan.

Section G Payment of Public Costs

It is anticipated that the Public Costs of the Project Area will be paid primarily from tax increments derived from one or more TIF Districts established within the Project or proceeds of tax increment bonds. Such costs are identified in the TIF Plan(s) for the corresponding TIF District(s) located within the Project Area. The Authority reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such Public Costs including, but not limited to, special assessments, federal or state funds, and investment income.

Section H Environmental Controls; Land Use Regulations

All authority actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable Land Use Regulations.

Section I Park and Open Space to be Created

Park and open space created within the Project Area will be done so in accordance with the zoning and platting ordinances of the City.

Section J Property Acquisition and Proposed Reuse

The Project Plan contemplates that the Authority may acquire property and reconvey the same to another entity. Prior to formal consideration of the acquisition of any property for private development, the Authority Board will require the execution of a binding development agreement with respect thereto and evidence that tax increments or other funds will be available to repay the Public Costs associated with the proposed acquisition. It is the intent of the Authority to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any development agreement to which the Authority is a party.

Section K Administration and Maintenance

Maintenance and operation of the Project Area will be the responsibility of the City Administrator who shall serve as administrator of the Project Area. Each year the administrator will submit to the Authority Board the maintenance and operation budget for the following year.

The administrator will administer the Project Plan pursuant to the provisions of the HRA Act; provided, however, that such powers may only be exercised at the direction of the Authority Board and the City Council. No action taken by the administrator pursuant to the above-mentioned powers shall be effective without authorization by the Governing Body.

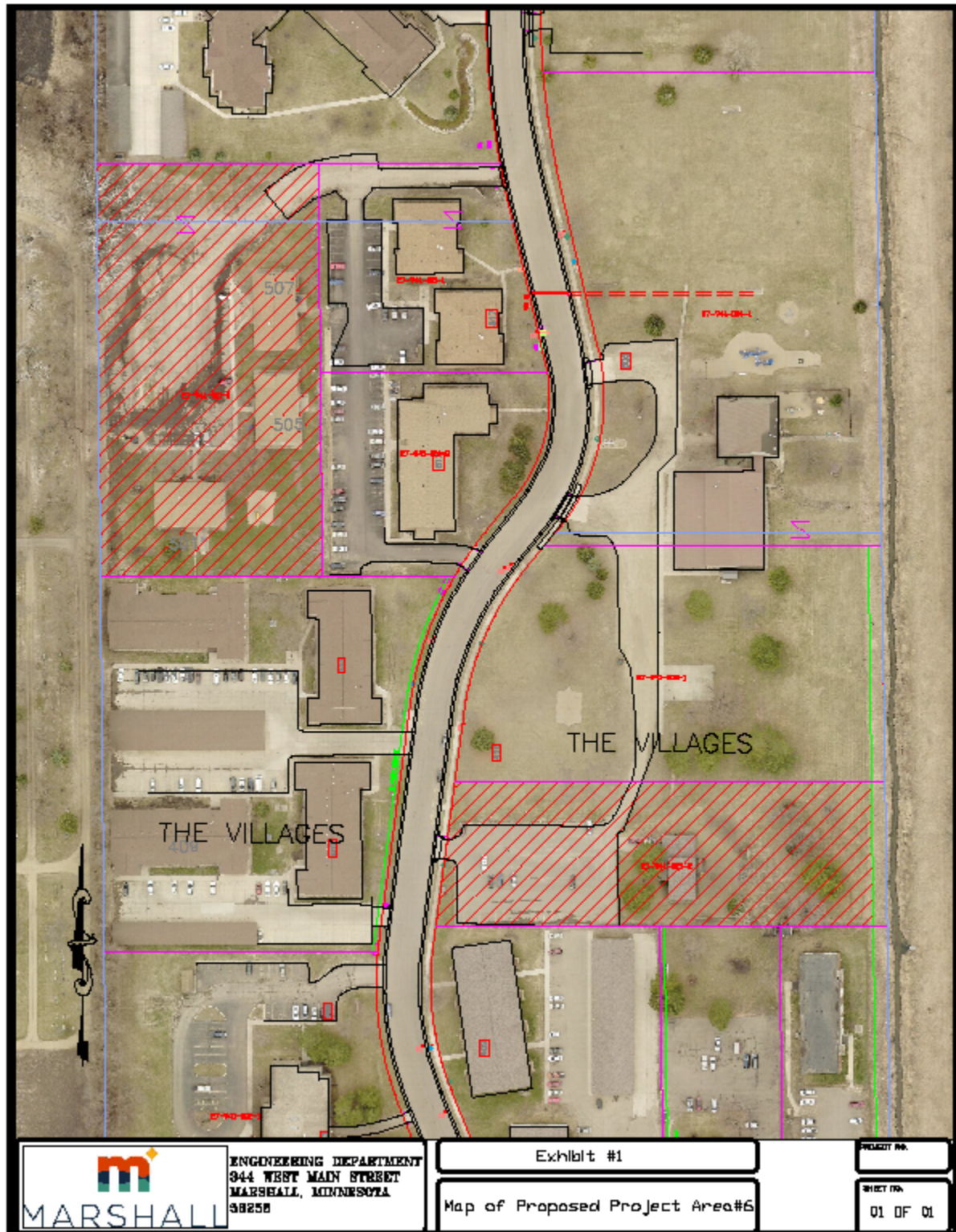
Section L Relocation

The City does not anticipate the need for relocation of existing persons or businesses within the Project Area. Any person or business that is displaced as a result of the Project Plan will be relocated in accordance with the provisions of the HRA Act and other applicable state law.

Section M Amendments

The Authority reserves the right to alter and amend the Project Plan subject to the provisions of state law regulating such action.

MAP OF PROPOSED
REDEVELOPMENT PROJECT AREA NO. 6



Tax Increment Financing Plan

for

Tax Increment Financing (Housing) District No. 6-1

(Suite Liv'n Housing Project)

Housing and Redevelopment Authority

in and for the City of Marshall

City of Marshall, Minnesota

Prepared by

Baker Tilly Municipal Advisors, LLC

Draft Dated: July 27, 2021

Anticipated Approval by City Council: July 27, 2021

Anticipated Approval by HRA Board: July 27, 2021

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Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota, a housing and redevelopment authority and a public body corporate and politic duly organized and existing under the Constitution and laws of the State.

"City" means the City of Marshall, Minnesota, a municipal corporation, and political subdivision of the State duly organized and existing under its Charter and the Constitution and laws of the State, also referred to as a "Municipality".

"City Council" means the City Council of the City.

"County" means Lyon County, Minnesota.

"Developer": means L2A LLC.

"Governing Body" means the Board of Commissioners of the Authority.

"HRA Act" means Minnesota Statutes, Sections 469.001 to 469.047, as amended.

"Project" means Project Area No. 6, as shown in the map attached as Exhibit I, which includes the property legally described in Exhibit I.

"Project Area" means Project Area No. 6 in the City, which is described in the corresponding Project Plan.

"Project Plan" means the Project Plan for the Project Area.

"School District" means Independent School District No. 413, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, as amended.

"TIF District" or "TIF District No. 6-1" means Tax Increment Financing (Housing) District No. 6-1.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

Section B Overview

The Authority will adopt the Project Plan for Project Area No. 6. The purpose of the Project Plan is to establish a framework and implementation plan for development of the area comprising the Project Area.

The establishment of the TIF District as set forth in this TIF Plan is for the purpose of the implementation of the objectives set forth in the Project Plan.

Section C Statutory Authorization

The HRA Act authorizes the Authority to exercise all the powers relating to a housing and redevelopment authority granted under the HRA Act, the TIF Act or other law.

It is the intention of the Board of Commissioners, notwithstanding the enumeration of specific goals and objectives in the Project Plan, that the Authority shall have and enjoy with respect to the Project Area and TIF District the full range of powers and duties conferred upon the Authority pursuant to the HRA Act, the TIF Act and such other legal authority as the Authority may have or enjoy from time to time.

Section D Statement of Need and Public Purpose

The Authority and the City concur that there is a need for development within the City and the Project Area in order to provide affordable, workforce and life cycle housing opportunities, to improve the local tax base, and to improve the general economy of the City and the State.

The Authority finds that the property within this TIF District cannot be developed, consistent with the Comprehensive Plan of the City, without public participation and financial assistance in various forms including assistance for property acquisition, financing of additional affordable housing costs, and the making of various other public and private improvements necessary for the project. In cases where the development of the property cannot be accomplished by private enterprise alone, the Authority believes it to be in the public interest to consider the exercise of its powers, to advance and spend available funds, and to provide the means and impetus for such redevelopment.

Section E Statement of Objectives

The objectives outlined in Section D of the Project Plan are incorporated herein by reference.

Section F Boundaries of the Project Area and TIF District

The property within the City which constitutes the Project Area and TIF District includes the property contained within the boundaries described below and is illustrated in the map attached as Exhibit I.

The TIF District includes two tax parcels within the Project Area as shown on the attached map (Exhibit I). The Authority reserves the right to expand the boundaries of the Project Area in the future.

Section G Designation of the TIF District as a Housing District

Pursuant to the TIF Act, the City seeks to create Tax Increment Financing (Housing) District No. 6-1 and adopt a TIF Plan for the TIF District. The City will review this TIF Plan prior to City adoption. The TIF District is a housing district.

Housing districts are a type of tax increment financing district that consist of a project intended for occupancy, in part, by persons or families of low and moderate income. Low and moderate income is defined in federal, state, and municipal legislation. A project does not qualify if more than 20% of the square footage of buildings that receive assistance from tax increments consist of commercial, retail or other nonresidential use.

In addition, housing districts are subject to various income limitations and requirements for residential property. For owner occupied residential property, 95% of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code. For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code.

The TIF District meets the above qualifications for these reasons:

1. The planned improvements consist of the following:
 - a. Approximately 48 total units, for which the following will apply:
 - o at least 40% of the dwelling units shall be available for rent by persons whose incomes do not exceed 60% of areawide median family income, as adjusted for family size
2. No improvements are planned other than housing and therefore no more than 20% of the square footage of buildings included in the TIF District will consist of commercial, retail, or other nonresidential uses.
3. The Authority will require in the development agreement that the income limitations for the rental units in the apartment buildings will apply for the duration of the TIF District.

Tax increments derived from a housing district must be used solely to finance the cost of housing projects as defined in section 469.174, subd. 11 and 469.176, subd. 4d of the TIF Act. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the Authority may be included in the cost of a housing project. The Authority anticipates using tax increment revenues to finance the costs of TIF eligible and development costs related to construction of the new multifamily housing units within the TIF District.

Section H Duration of the TIF District

Housing districts may remain in existence 25 years from the date of receipt of the first tax increment. Modifications of this TIF Plan (see Section AB) shall not extend beyond these limitations.

Pursuant to Minnesota Statutes section 469.175, subd. 1b(a)(4), the Authority specifies 2024 as the first year in which it elects to receive tax increment from the TIF District, which is no later than four years following the year of approval of the TIF District. Thus, the Authority may collect increment from the TIF District through December 31, 2049; however the Authority anticipates the TIF District remaining open for no more than 15 years and will decertify the TIF District as early as possible should the projected increment be received in a shorter time period than originally projected. All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the Authority.

Section I Property to be Included in the TIF District

The TIF District comprises two parcels that are currently owned by the development team. A map showing the location of the TIF District is shown in Exhibit I. The boundaries and area encompassed by the TIF District are described below:

Parcel Number	Legal Description
27-941005-2	THE VILLAGES 01010001 N'LY 160' OF S'LY 564.27' OUTLOT D
27-941001-0	THE VILLAGES 01010001 THE WLY 245' OF THE NLY

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above, as illustrated in the boundary map included in Exhibit I.

Section J Property to be Acquired in the TIF District

The Authority may acquire and sell any or all of the property located within the TIF District; however, the Authority does not anticipate acquiring property.

Section K Specific Development Expected to Occur Within the TIF District

The project will be comprised of new workforce apartments to be developed by L2A LLC. Each address would support a new 3-story apartment building. Each building would provide 24 dwelling units in a mix of one- and two-bedroom units for a total of 48 new units. The 24-unit apartment building proposed at 501 Village Drive would be an addition to 70 units in three buildings that are existing on the property. The 24-unit apartment building proposed at 406 Village Drive would be the only development on the property, replacing an existing single-family home (old church parsonage). In order to qualify as a housing district, at least 40% of the units will be occupied by persons or families at or below 60% of area median income. The City and Authority anticipate using tax increment revenues to finance eligible costs associated with development of the affordable housing project site, including site development and other affordable housing costs as well as related administrative expenses.

The project is expected to start construction in 2021 and continue construction through 2022 and be 100% complete as of January 2, 2023 for taxes payable 2024.

Section L Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as a housing district.

See Section G of this TIF Plan for the reasons and facts supporting this finding.

- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.

The proposed development is expected to consist of approximately 48 newly constructed housing units. The City's finding that the proposed development would be unlikely to occur solely through private investment within the reasonably foreseeable future is based on an analysis of the

project pro forma and other materials submitted to the City by the developer. These documents have indicated that the costs of acquiring the property and construction of the new project, in addition to the reductions in annual revenues due to the lower rents associated with providing long-term affordable workforce housing units will result in returns that are not sufficient to support development, thereby making this housing development infeasible without public assistance. Therefore, the developer has indicated in communications with the City and submitted financial data that the development as proposed would not move forward without tax increment assistance.

- (3) The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.

The reasons and facts supporting this finding are that the Planning Commission of the City has found this TIF Plan consistent with the general plan for development of the City as a whole and will generally complement and serve to implement policies adopted in the City's comprehensive plan.

- (4) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Project Area by private enterprise.

Through the implementation of this TIF Plan, the City will provide an impetus for the construction of an apartment project, of which all or a portion of the units will be affordable for occupants at or less than 60% median income. The project will complement the overall housing needs of the City and helps support other private types of development by providing a range of housing opportunities for residents and workers within the City.

Section M Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Estimated Project Costs	
Land/Building acquisition	0
Site Improvements/Preparation costs	0
Utilities	0
Other public improvements	0
Construction of Affordable Housing	\$572,054
Administrative expenses	\$63,563
Estimated Tax Increment Project Costs	\$635,617
Estimated Financing Costs	
Interest Payments	0
Total Estimated Project/Financing Costs to be Paid from Tax Increment	\$635,617

The Authority anticipates using tax increment to the extent available to finance affordable housing costs primarily including construction of affordable housing improvements, related

administrative expenses, and other TIF-eligible expenditures as deemed necessary and related to redevelopment of the Project Area.

The Authority reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost (\$635,617) is not increased. The Authority also reserves the right to fund any of the identified costs with any other legally available revenues, such as grants and/or loans, but anticipates that such costs will be primarily financed with tax increments.

Section N Estimated Sources of Revenue

Tax Increment revenue	\$635,617
Interest on invested funds	
Land Sale Proceeds	
Other	
Total	\$635,617

The Authority anticipates providing financial assistance through the terms of a pay-as-you go note in which the developer will finance costs upfront. As tax increments are collected from the TIF District in future years, a portion of these taxes will be used by the Authority to reimburse itself for public costs incurred (see Section M).

The Authority reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The Authority also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

Section O Estimated Amount of Bonded Indebtedness

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$635,617. The Authority plans to finance the project through pay-as-you-go financing to finance housing development and other eligible costs associated with providing long-term affordable workforce housing within the TIF District. The Authority reserves the right to issue bonds in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

Section P Original Net Tax Capacity

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 2020, for taxes payable in 2021, is \$863,500. Upon establishment of the TIF District and subsequent reclassification of property, the estimated original net tax capacity of the TIF District is expected to be \$10,794. This assumes the property is classified as residential rental.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

Section Q Original Tax Capacity Rate

The County Auditor shall also certify the original tax capacity rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original tax capacity rate of the TIF District.

The County Auditor shall certify the sum of all local tax rates that apply to property in the TIF District for taxes levied in 2021 and payable in 2022 as the original tax capacity rate of the TIF District. Because those rates are not yet available, for purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2020 and payable in 2021 is 129.013% as shown below.

<u>Taxing Jurisdiction</u>	<u>2020/2021 Local Tax Rate</u>
City of Marshall	59.012%
Lyon County	37.514%
ISD #413	32.334%
Other	<u>0.153%</u>
Total	129.013%

Section R Projected Retained Captured Net Tax Capacity and Projected Tax Increment

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

The County Auditor shall certify to the City the amount of captured net tax capacity each year. The City may choose to retain any or all of this amount. It is the City's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

Section S Use of Tax Increment

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the State. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) Pay for the estimated public costs of the TIF District (see Section M) and County administrative costs associated with the TIF District (see Section V);
- (2) pay principal and interest on one or more pay-as-you-go notes, tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under Minnesota Statutes section 469.175, Subd.1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increment from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless the county board involved waives this requirement. Tax increment shall not be used to circumvent levy limitations applicable to the City.

Tax increment derived from the TIF District must be used solely to finance the cost of housing projects (including administrative expenses and public improvement costs) as defined in Section 469.174, Subdivision 11 of the TIF Act and subject to the requirements set forth in Section 469.1761 of the TIF Act.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government. Further, tax increment may not be used to finance: a commons area used as a public park; facilities used for social or recreational purposes (whether public or private); or publicly-owned facilities used for conference purposes; provided that tax increment may be used for a privately owned conference facility, and for parking structures whether public or privately owned and whether or not they are ancillary to one of the otherwise prohibited uses described above.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section T Excess Tax Increment

Beginning with the sixth year after certification of the TIF District, any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of any outstanding tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section U Tax Increment Pooling and the Five-Year Rule

As permitted under Minnesota Statutes section 469.1763, subd. 2(b) and subd. 3(a)(5), any expenditures of increment from the TIF District to pay the cost of a “housing project” as defined in Minnesota Statutes section 469.174, subd. 11 will be treated as an expenditure within the district for the purposes of the “pooling rules” and the “five-year rule”. The City anticipates that tax increments will be spent outside the TIF District (including allowable administrative expenses), and such expenditures are expressly authorized in this TIF Plan.

The Authority does not anticipate that allowable pooling expenditures will be made outside of the TIF District, but such expenditures are expressly authorized in this TIF Plan.

Section V Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the Authority other than:

- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
- (3) relocation benefits paid to, or services provided for, persons or businesses residing or located within the TIF District; or
- (4) amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond and other legal counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increment may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

Section W Limitation on Property Not Subject to Improvements - Four Year Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

Section X Estimated Impact on Other Taxing Jurisdictions

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes section 469.175, subd. 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the TIF district is estimated to be \$637,913.
2. To the extent the project in the TIF District generates any public cost impacts on City-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the TIF District upon the ability to issue other debt for general fund purposes, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the TIF District. The City anticipates financing the project through the issuance of a tax increment financing note supported by future tax increments. The City also reserves the right to use internal financing or bonding, as necessary, to finance a portion of the project costs attributable to the TIF District. Tax increment project revenues from the TIF District and project will repay any issued obligations.
3. The amount of tax increment over the life of the TIF District that would be attributable to school district levies, assuming the School District's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$159,878.
4. The amount of tax increment over the life of the TIF District that would be attributable to county levies, assuming the County's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$185,490.

5. No additional information has been requested by the County or School District that would enable it to determine additional costs that will accrue to it due to the development proposed for the TIF District.

Section Y Prior Planned Improvements

The Authority shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

Section Z Development Agreements

If within a project containing a housing district, more than 10% of the acreage of the property to be acquired by the Authority is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority should the development not be completed.

The Authority anticipates entering into an agreement for development.

Section AA Assessment Agreements

The Authority may, upon entering into a development agreement, also enter into an assessment agreement with any person, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder and/or Registrar of Titles of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The Authority anticipates entering into an assessment agreement with the developer.

Section AB Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; a determination to capitalize interest if that determination was not part of the original TIF Plan; increase in that portion of the captured net tax capacity to be retained by the City; increase in the total estimated capital and administrative costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan.

This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the Authority agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section AC Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County or City Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County or City Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing this TIF Plan, the following actions should occur on an annual basis:

- (1) prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
 - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;

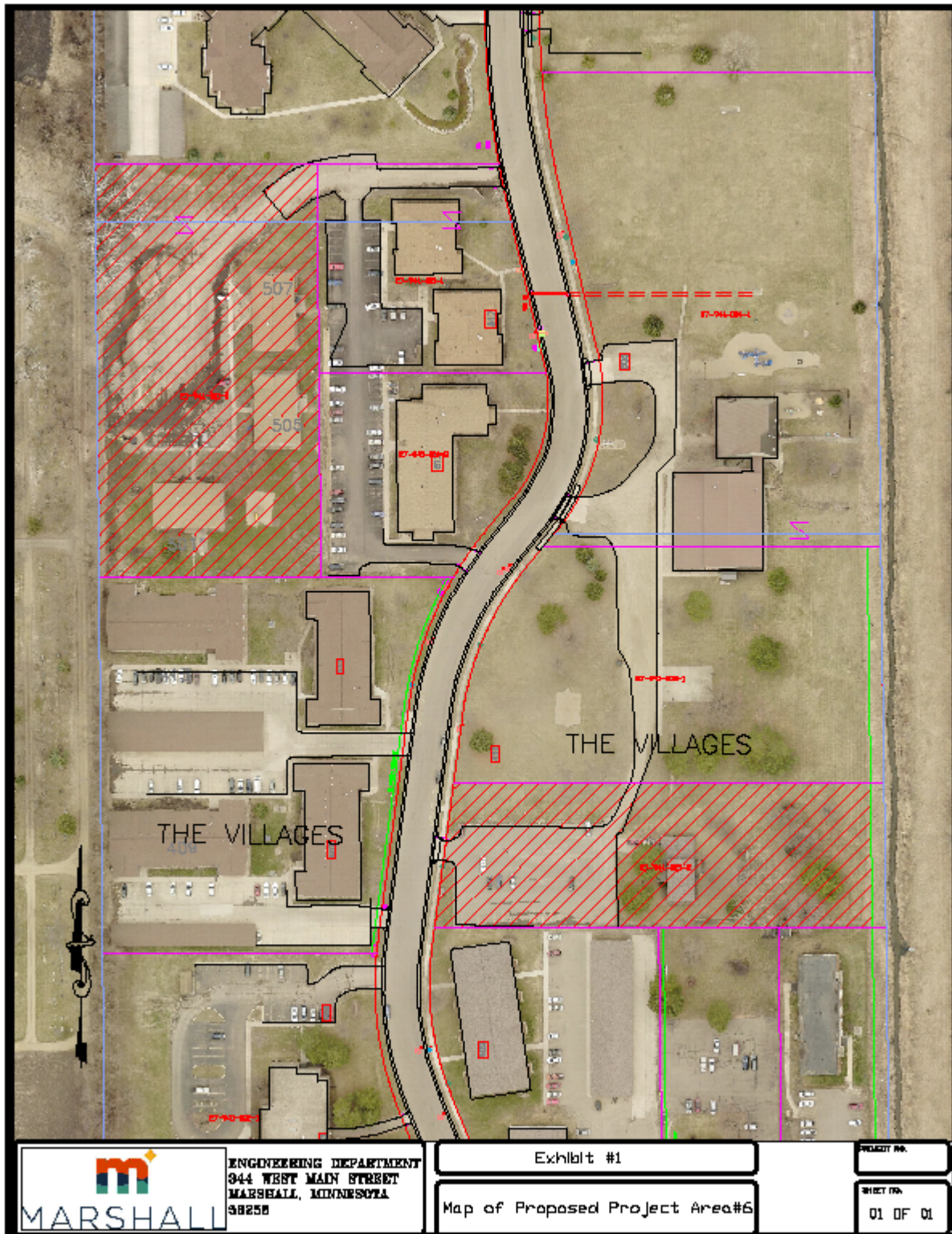
- (c) if the TIF District is classified as an economic development district, then the original net tax capacity shall be increased by the amount of the annual adjustment factor; and
- (d) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

Section AD Filing TIF Plan, Financial Reporting and Disclosure Requirements

The Authority will comply with all reporting requirements for the TIF District under Minnesota Statutes section 469.175, subds. 5 and 6.

**MAP OF PROPOSED
TAX INCREMENT FINANCING (HOUSING) DISTRICT NO. 6-1
AND
PROJECT AREA NO. 6**



Assumptions Report

City of Marshall
Tax Increment Financing (Housing) District No. 6-1
Suite Liv'n Proposed 48-Unit Housing Project
Draft TIF Plan Exhibits: \$2.457M incremental value

Type of Tax Increment Financing District	Housing
Maximum Duration of TIF District	25 years from 1st increment Assume 1st Increment is 2023
Projected Certification Request Date	06/30/22
Decertification Date	12/31/38 (15 Years of Increment)

	2022/2023				
Base Estimated Market Value*	863,500				
Parcel ID:	27-941005-2/0				
	27-941001-0/0				
* Values provided by County					
Original Net Tax Capacity	10,794				
		Assessment/Collection Year			
	2022/2023	2023/2024	2024/2025	2025/2026	
Base Estimated Market Value	\$863,500	\$863,500	\$863,500	\$863,500	
Estimated Increase in Value - New Construction	0	2,457,400	2,481,974	2,506,794	
Total Estimated Market Value	863,500	3,320,900	3,345,474	3,370,294	
Total Net Tax Capacity	\$10,794	\$41,511	\$41,818	\$42,129	

	Payable 2021
City of Marshall	59.012%
Lyon County	37.514%
ISD #413	32.334%
Other	0.153%
Local Tax Capacity Rate	129.0130%
Estimated Frozen Tax Capacity Rate	129.013%
	2023/2024
Fiscal Disparities Contribution From TIF District	NA
Administrative Retainage Percent (maximum = 10%)	10.00%
Pooling Percent	0.00%

Bonds		Projected Pay-as-you-go Note	
Bonds Dated	NA	Note Dated	02/01/22
Bond Issue @ 0.00% (NIC)	NA	Note Rate	4.00%
Eligible Project Costs	NA	Note Amount	\$1,800,000
Present Value Date & Rate	02/01/22 4.00%	PV Amount	\$390,471

Notes

Assumes no changes to future class rates and tax rates
Includes 1% annual market value inflator to allow for future growth
Total taxable value based on \$2.457M incremental value for 48 new units,
as provided by City Assessing department

Projected Tax Increment Report

City of Marshall
Tax Increment Financing (Housing) District No. 6-1
Suite Liv'n Proposed 48-Unit Housing Project
TIF Revenues - 15 Years

Annual Period Ending (1)	Total Market Value ⁽¹⁾ (2)	Total Net Tax Capacity ⁽²⁾ (3)	Less: Original Net Tax Capacity ⁽³⁾ (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate ⁽⁴⁾ (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: Admin. Retainage 10.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 02/01/22 4.00%
12/31/22	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/23	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/24	3,320,900	41,511	10,794	30,718	129.013%	39,630	143	39,487	3,949	35,538	31,697
12/31/25	3,345,474	41,818	10,794	31,025	129.013%	40,026	144	39,882	3,988	35,894	30,783
12/31/26	3,370,294	42,129	10,794	31,335	129.013%	40,426	146	40,280	4,028	36,252	29,894
12/31/27	3,395,362	42,442	10,794	31,648	129.013%	40,830	147	40,683	4,068	36,615	29,032
12/31/28	3,420,680	42,759	10,794	31,965	129.013%	41,239	148	41,091	4,109	36,982	28,195
12/31/29	3,446,252	43,078	10,794	32,284	129.013%	41,651	150	41,501	4,150	37,351	27,381
12/31/30	3,472,080	43,401	10,794	32,607	129.013%	42,068	151	41,917	4,192	37,725	26,592
12/31/31	3,498,165	43,727	10,794	32,933	129.013%	42,488	153	42,335	4,234	38,101	25,824
12/31/32	3,524,512	44,056	10,794	33,263	129.013%	42,913	154	42,759	4,276	38,483	25,080
12/31/33	3,551,122	44,389	10,794	33,595	129.013%	43,342	156	43,186	4,319	38,867	24,356
12/31/34	3,577,998	44,725	10,794	33,931	129.013%	43,776	158	43,618	4,362	39,256	23,653
12/31/35	3,605,143	45,064	10,794	34,271	129.013%	44,213	159	44,054	4,405	39,649	22,971
12/31/36	3,632,560	45,407	10,794	34,613	129.013%	44,656	161	44,495	4,450	40,045	22,308
12/31/37	3,660,250	45,753	10,794	34,959	129.013%	45,102	162	44,940	4,494	40,446	21,665
12/31/38	3,688,218	46,103	10,794	35,309	129.013%	45,553	164	45,389	4,539	40,850	21,040
12/31/39	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/40	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/41	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/42	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/43	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/44	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/45	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/46	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/47	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/48	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/49	863,500	0	0	0	129.013%	0	0	0	0	0	0
						\$637,913	\$2,296	\$635,617	\$63,563	\$572,054	\$390,471

* election to delay receipt of first increment until up to 2024 (up to 4 years from approval date)

(1) Total estimated market value based on information provided by City Assessor (\$51,196/unit incremental value)

preliminary and subject to further review. Includes 1% annual market value inflator

(2) Total net tax capacity based on residential rental class rate of 1.25%

(3) Original net tax capacity based on 2020/2021 existing property value

(4) Total local combined tax rate available for taxes payable 2021

Estimated Impact on Other Taxing Jurisdictions Report

City of Marshall

Tax Increment Financing (Housing) District No. 6-1

Suite Liv'n Proposed 48-Unit Housing Project

Draft TIF Plan Exhibits: \$2.457M incremental value

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	2020/2021 Taxable Net Tax Capacity (1)	2020/2021 Local Tax Rate	2020/2021 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Marshall	12,317,601	59.012%	12,317,601	\$39,393	12,356,994	58.824%	0.188%	23,173
Lyon County	39,640,163	37.514%	39,640,163	39,393	39,679,556	37.477%	0.037%	14,763
ISD #413	19,021,259	32.334%	19,021,259	39,393	19,060,652	32.267%	0.067%	12,711
Other (2)	---	0.153%	---	39,393	---	0.153%	---	---
Totals		129.013%				128.721%	0.292%	

*** Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.292% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

Statement 2: Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.

(2) The impact on these taxing jurisdictions has not been calculated. They represent 0.12% of the total tax rate.



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, July 27, 2021
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Vacation of Alley between South Bruce Street and South Minnesota Street -- Receive Petition and Call for Public Hearing.
Background Information:	<p>A signed petition for vacation of an alley has been received from the owners of all the real property that includes the proposed area for utility easement.</p> <p>A map of the petitioned vacation area is attached.</p> <p>A copy of the procedure for vacation of streets by resolution, included in Sec. 62-4 of the Marshall Code of Ordinances, is also attached.</p> <p>Prior to the public hearing and adoption of the resolution granting a petition for vacation, all utility companies will be contacted to ensure no utilities are currently within the proposed vacated area.</p>
Fiscal Impact:	Property owner to reimburse the City for all costs associated with the vacation.
Alternative/ Variations:	No alternative actions recommended.
Recommendation:	that the Council acknowledge receipt of the attached petition to vacate an alley, order the petition to be filed for record with the City Administrator, order hearing on such petition, and set the hearing date for August 10, 2021.




PETITION FOR VACATION OF ALLEY

Marshall, Minnesota
July 2021

To the City Council of Marshall, Minnesota:


We, the undersigned, owners of all the real property abutting the alley as legally described on the attached Exhibit A and as shown on the attached map as Exhibit B, hereby petition that such alley be vacated.

It is also petitioned that the vacated alley be divided among the adjacent property owners equal to footage of the property adjacent to such vacation.

	PARCEL # / ADDRESS	OWNER(S)	OWNER(S) SIGNATURE(S)
1.	27-540034-0 106 So. Bruce St. 27-540035-0 104 So. Bruce St. 27-540036-0 102 So. Bruce St. 27-540037-0 100 So. Bruce St.	Avera Marshall Avera Marshall Avera Marshall Avera Marshall	
2.	27-540028-0 101 So. Minn. St. 27-540029-0 103 So. Minn. St. 27-540030-0 105 So. Minn. St. 27-540031-0 107 So. Minn. St.	Avera Marshall Avera Marshall Avera Marshall Avera Marshall	
3.	27-540032-0 601 Charles Ave. 27-540033-0 603 Charles Ave.	Avera Marshall Avera Marshall	
4.			
5.			

Purpose of Vacation: Remove City Alley

Application Fee: \$100.00 -- I hereby submit this Petition for Vacation. I agree to pay the application fee upon filing. In addition, I understand I will be billed for any direct costs related to this application, which are due and payable regardless of approval or denial by the City Council. These direct costs include, but are not limited to, postage, publication/advertising and recording fees (Per current Resolution of Fees & Rates).


Signature

Debbie Streier
Printed Name

received
07-16-2021

Pd. Re-# 4403

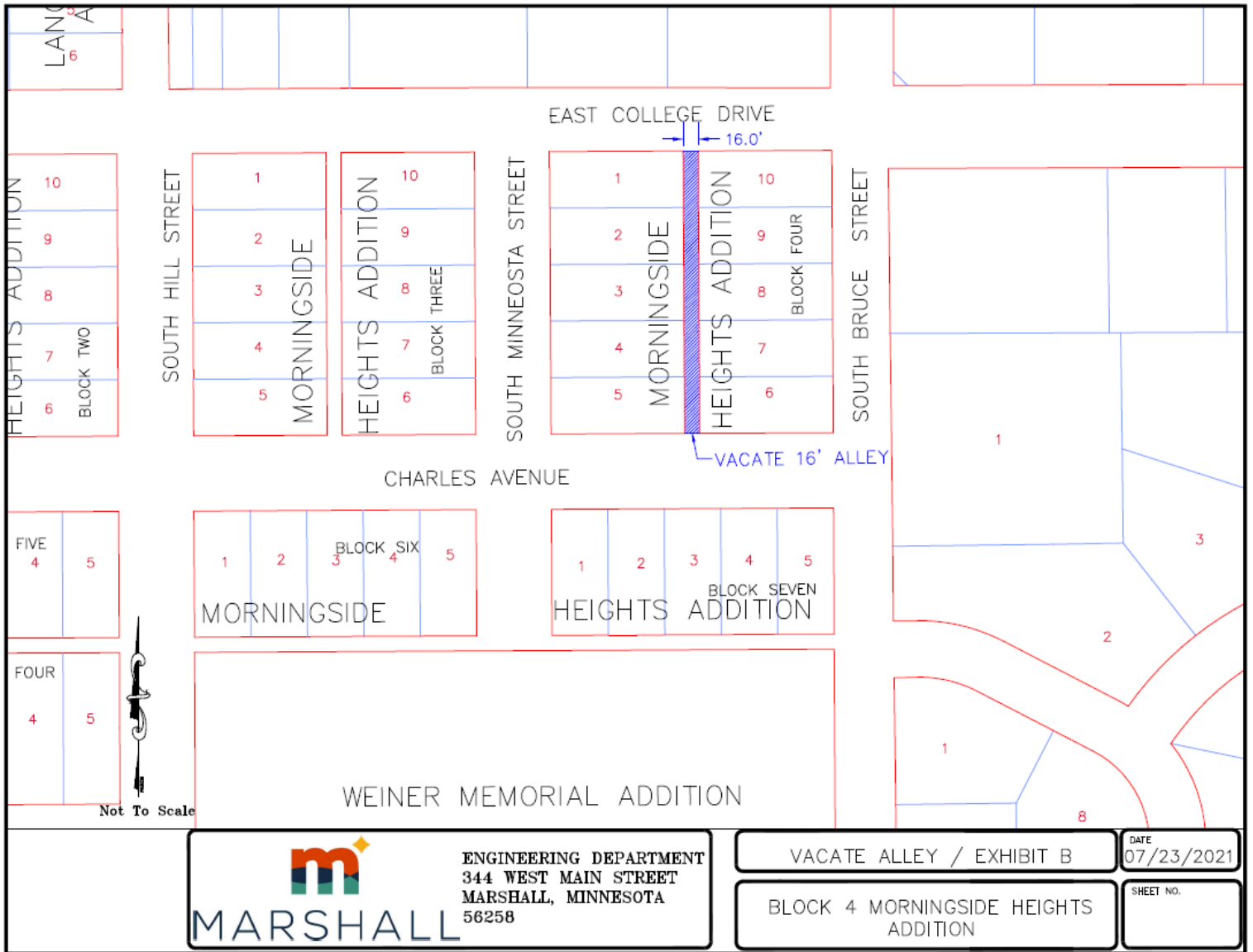
Examined, checked, and found to be in proper form and to be signed by the required number of owners of property affected by the making of the improvement petitioned for.

City Clerk

EXHIBIT A

The 16-ft. alley located in Block Four, Morningside Heights Addition as platted in the City of Marshall, County of Lyon, State of Minnesota, as shown on Exhibit B.

EXHIBIT B



Sec. 62-4. - Vacation of streets, alleys, thoroughfares, public grounds, easements, or any other interest in real estate, or any part.

- (a) No public grounds or streets or other interest in real estate shall be vacated except upon the council's own motion or upon the petition directed to the council of a majority of the owners of property on the line of such property interest residing within the city, and completion of the procedure specified in this section. Such petition shall set forth the reasons for such desired vacation, accompanied by a plat of such property interest proposed to be vacated, and such petition shall be verified by the oath of a majority of the petitioners residing within the city.
- (b) If, in the discretion of the council, it is expedient that the matter be proceeded with, it may order the petition filed for record with the city administrator, order a hearing on such petition and fix the time and place of such hearing.
- (c) The city administrator shall give notice of such hearing by publication once at least ten days in advance of such hearing, and by mail to the last known address of all of the owners of property on the line of such property interest proposed to be vacated at least ten days in advance of such hearing. Such last known addresses shall be obtained from the office of the county auditor. Such notice shall in brief state the object of such hearing; the time, place and purpose of such hearing; and the fact that the council, or a board or commission designated by them shall hear the testimony and examine the evidence of the parties interested.
- (d) The council, after hearing the same, or upon the report of such board or commission designated to hold such hearings, may by resolution, passed by affirmative vote of at least five members, declare such property interest vacated, or deny such petition. The resolution, if granting the petition, shall be certified by the city administrator and shall be filed for record and duly recorded in the office of the registrar of deeds (county recorder) in and for the county.

(Code 1976, § 7.07)

CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, July 27, 2021
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Wastewater Treatment Facilities Improvement Project – Consider Payment of Invoice 012921 to American Engineering Testing, Inc.
Background Information:	<p>Attached are the following for the above-referenced project:</p> <ol style="list-style-type: none"> 1) Invoice 012921 to American Engineering Testing, Inc. of St. Paul, Minnesota, in the amount of \$364.50 <p>As this project is financed with a Public Facilities Authority low interest loan through the State of Minnesota, pay applications are required to be placed on the City Council agenda for approval.</p>
Fiscal Impact:	This project is financed with a Public Facilities Authority low interest loan through the State of Minnesota.
Alternative/ Variations:	No alternative actions recommended.
Recommendations:	that the Council authorize payment of Invoice 012921 to American Engineering Testing, Inc. of St. Paul, Minnesota, in the amount of \$364.50.



INVOICE # INV-012921
Invoice Date: 7/9/2021
Due Date: 8/8/2021

Customer Contact: Sharon Hanson
Customer Project No.: N/A
Customer P.O.: N/A

INVOICE SUMMARY			TOTAL
		SUBTOTAL	\$364.50
		TAX	\$0.00
		TOTAL DUE (USD)	\$364.50

VENDOR # 0581
INVOICE # 012921
\$ AMOUNT 364.50
DATE 7-9-21
ACCT & PROJ # 602-49500-55120 W13
DESCRIPTION WWTF Improv.
SIGNATURE [Signature]

Remittance Address:
American Engineering Testing, Inc.
PO Box 860678
Minneapolis, MN 55486

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American Engineering Testing, Inc
550 Cleveland Ave North
St. Paul, MN 55114

ITEMIZATION

Billing Contact: Sharon Hanson

Project Number: P-0003780 (13-20349)

Due Date: 8/8/2021		
Invoice Number	Invoice Date	Customer Number
INV-012921	07/09/21	CUS-022563

Quantity	Unit	Description	Unit Price	Amount
		SERVICE DATE 5/17/2021		
0.25	Hour	Administrative Assistant	\$ 70.00	\$ 17.50
1.50	Hour	Engineering Technician II	82.00	123.00
8.00	Each	Individual Mold	3.00	24.00
8.00	Each	Compressive Strength of 4x8 Test Cylinders	25.00	200.00
Total \$				364.50



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, July 27, 2021
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Project Z87: Diversion Channel Maintenance Project – Consider Authorization to Advertise for Bids.
Background Information:	<p>The Redwood River Diversion Channel begins west of the Lyon County Public Works property at the diversion structure east of County Road 7. Over the last several years, the channel bank has eroded significantly in several locations upstream of the drop structure north of Madrid Street. There are several locations where sheet piling used for outfall installation was left in place. This sheet piling, along with numerous recent high-water events, has contributed to the erosion of the diversion channel banks. The drainage ditches adjacent to the diversion channel spill into the channel via flume channels. These flume channels have also exhibited erosion and need repair.</p> <p>City Engineering staff has identified a repair project to repair the severely eroded channel bank locations, remove sheet piling, and repair flume channels and storm water pipe outfalls. Also included in the project is removal of the sheet piling and repair of flume channels and outfalls. Staff originally budgeted \$155,000 in the 2021 Capital Budget to perform repairs in the diversion channel.</p> <p>This memo is intended to introduce the project and authorize staff to advertise for bids. Staff is planning an August 18, 2021 bid opening date with an award recommendation to Council at the August 24, 2021 meeting.</p>
Fiscal Impact:	An estimated cost of \$154,245 including contingency (10%) and engineering (16%) costs for this stabilization project. This project is identified in the 2021 CIP.
Alternative/ Variations:	No alternative actions recommended.
Recommendation:	that the Council authorize advertisement for bids for Project Z87: Diversion Channel Maintenance Project

CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, July 27, 2021
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Consider approval of the bills/project payments
Background Information:	Staff encourages the City Council Members to contact staff in advance of the meeting regarding these items if there are questions. Construction contract questions are encouraged to be directed to Director of Public Works, Jason Anderson at 537-6051 or Finance Director, Karla Drown at 537-6764
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	The following bills and project payments be authorized for payment.



Marshall, MN

Council Check Report

By Vendor Name

Date Range: 07/16/2021 - 07/27/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-REG AP						
5813	ACE HOME & HARDWARE	07/16/2021	Regular	0.00	108.00	119352
5813	ACE HOME & HARDWARE	07/23/2021	Regular	0.00	512.14	119401
6128	ACTION CO LLC	07/16/2021	EFT	0.00	73.00	7189
6128	ACTION CO LLC	07/23/2021	EFT	0.00	2,422.49	7240
4971	ACTION FLAG CO.	07/23/2021	Regular	0.00	563.17	119403
0548	ACTION SPORTS INC	07/23/2021	EFT	0.00	87.96	7241
6046	ADVANCED FIRST AID INC.	07/23/2021	EFT	0.00	1,593.04	7242
6412	AG PLUS COOPERATIVE	07/23/2021	EFT	0.00	2,342.14	7243
0567	ALEX AIR APPARATUS INC	07/16/2021	EFT	0.00	423.09	7190
0578	AMAZON CAPITAL SERVICES	07/23/2021	EFT	0.00	851.09	7244
3761	AMERICAN BOTTLING CO.	07/23/2021	Regular	0.00	117.60	119404
6721	AQUARIUS WATER CONDITIONING	07/23/2021	Regular	0.00	22.00	119405
6694	ARAMARK UNIFORM & CAREER APPAREL GROUP,	07/16/2021	EFT	0.00	100.65	7191
0630	ARCTIC GLACIER	07/16/2021	Regular	0.00	278.05	119353
0630	ARCTIC GLACIER	07/23/2021	Regular	0.00	411.87	119406
0629	ARNOLD MOTOR SUPPLY	07/23/2021	Regular	0.00	133.39	119407
5447	ARTISAN BEER COMPANY	07/16/2021	Regular	0.00	927.90	119354
5447	ARTISAN BEER COMPANY	07/23/2021	Regular	0.00	246.00	119408
6816	ASPHALT PRESERVATION CO., INC	07/16/2021	Regular	0.00	109,313.05	119355
0656	AVERA MARSHALL REGIONAL MED CTR	07/23/2021	Regular	0.00	670.75	119409
6411	BARRELS AND ARROWS LLC	07/16/2021	Regular	0.00	1,500.00	119356
4925	BCD RENTAL LLC	07/23/2021	Regular	0.00	899.00	119410
6288	BECKLER, AMANDA	07/16/2021	Regular	0.00	11.26	119357
6818	BEEK, JORDY	07/23/2021	Regular	0.00	209.32	119411
0688	BELLBOY CORPORATION	07/23/2021	EFT	0.00	4,850.88	7245
0689	BEND RITE FABRICATION INC	07/16/2021	Regular	0.00	5,000.23	119358
0689	BEND RITE FABRICATION INC	07/23/2021	Regular	0.00	101.27	119412
0699	BEVERAGE WHOLESALERS	07/16/2021	Regular	0.00	27,939.66	119359
0699	BEVERAGE WHOLESALERS	07/23/2021	Regular	0.00	35,911.96	119413
0704	BIKE SHOP	07/16/2021	Regular	0.00	225.97	119360
0704	BIKE SHOP	07/23/2021	Regular	0.00	173.98	119415
0707	BISBEE PLUMBING AND HEATING INC	07/23/2021	Regular	0.00	335.00	119416
0715	BLADHOLM CONSTRUCTION INC	07/16/2021	Regular	0.00	31,605.00	119361
6482	BLOMBERG, GRANT	07/23/2021	Regular	0.00	390.00	119417
0724	BOLTON & MENK INC	07/16/2021	EFT	0.00	16,945.00	7192
0726	BORCHS SPORTING GOODS	07/16/2021	EFT	0.00	700.00	7193
0726	BORCHS SPORTING GOODS	07/23/2021	EFT	0.00	200.00	7246
0018	BORDER STATES ELECTRIC SUPPLY	07/23/2021	EFT	0.00	40.97	7247
6814	BOT, JOHN	07/16/2021	Regular	0.00	750.00	119362
6817	BRANDT, AMANDA	07/16/2021	Regular	0.00	187.50	119363
4457	BREAKTHRU BEVERAGE	07/16/2021	Regular	0.00	14,441.72	119364
4457	BREAKTHRU BEVERAGE	07/23/2021	Regular	0.00	2,836.98	119418
6468	BRENNAN CONSTRUCTION OF MN, INC	07/23/2021	Regular	0.00	13,960.00	119419
5696	BROTHERS FIRE PROTECTION	07/16/2021	EFT	0.00	355.00	7194
0728	BUFFALO RIDGE CONCRETE,INC	07/23/2021	EFT	0.00	418.98	7248
0774	BUREAU OF CRIMINAL APPREHENSION	07/16/2021	Regular	0.00	630.00	119365
6744	C&L DISTRIBUTING	07/16/2021	Regular	0.00	420.00	119366
6798	CAMPION, MIKAYLA	07/16/2021	Regular	0.00	275.40	119367
6798	CAMPION, MIKAYLA	07/23/2021	Regular	0.00	244.24	119420
0815	CATTOOR OIL COMPANY INC	07/16/2021	EFT	0.00	3,093.00	7195
6679	CENTRAL LAKES COLLEGE	07/16/2021	Regular	0.00	630.40	119368
6349	CHAMPAGNE, TIM	07/16/2021	EFT	0.00	99.99	7196
0836	CHARTER COMMUNICATIONS	07/16/2021	EFT	0.00	11.99	7197
0836	CHARTER COMMUNICATIONS	07/23/2021	EFT	0.00	102.48	7249

Council Check Report

Date Range: 07/16/2021 - 07/27/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
6692	CHRISTENSEN BROADCASTING LLC	07/16/2021	EFT	0.00	390.00	7198
4054	COMPUTER INFORMATION SYSTEMS, INC.	07/16/2021	EFT	0.00	5,768.00	7199
0875	COMPUTER MAN INC	07/16/2021	EFT	0.00	295.00	7200
0875	COMPUTER MAN INC	07/23/2021	EFT	0.00	270.00	7250
0920	CULLIGAN WATER CONDITIONING OF MARSHALL	07/23/2021	Regular	0.00	60.58	119421
0934	D & G EXCAVATING INC	07/16/2021	EFT	0.00	491.25	7201
0934	D & G EXCAVATING INC	07/23/2021	EFT	0.00	220,534.94	7251
3819	DACOTAH PAPER CO	07/16/2021	Regular	0.00	158.07	119369
6400	DANIELS, KAYLA	07/16/2021	Regular	0.00	200.00	119370
0975	DEPUTY REGISTRAR #32	07/23/2021	Regular	0.00	50.00	119422
4488	DEZURIK	07/23/2021	Regular	0.00	584.00	119423
5731	DOLL DISTRIBUTING	07/16/2021	EFT	0.00	30,382.60	7202
5731	DOLL DISTRIBUTING	07/23/2021	EFT	0.00	19,566.80	7252
1020	DUININCK BROS., INC.	07/16/2021	EFT	0.00	64,028.06	7203
1020	DUININCK BROS., INC.	07/23/2021	EFT	0.00	7,037.34	7253
1037	ECOWATER SYSTEMS	07/16/2021	EFT	0.00	79.50	7204
1061	EMERGENCY APPARATUS MAINTENANCE INC	07/23/2021	Regular	0.00	39.70	119424
6248	ENGAN ASSOCIATES P.A.	07/16/2021	EFT	0.00	1,919.60	7205
6418	ESPING, DEREK	07/23/2021	EFT	0.00	175.00	7254
6822	FALLINE, BRIAN	07/23/2021	Regular	0.00	4,800.00	119425
1090	FASTENAL COMPANY	07/16/2021	EFT	0.00	319.27	7206
1090	FASTENAL COMPANY	07/23/2021	EFT	0.00	497.02	7255
5780	FIRE CATT, LLC	07/23/2021	EFT	0.00	4,455.55	7256
3772	FRONTIER PRECISION	07/23/2021	EFT	0.00	445.50	7257
1149	FRONTLINE PLUS FIRE & RESCUE	07/23/2021	EFT	0.00	1,939.00	7258
1158	GALLS INC	07/16/2021	EFT	0.00	1,037.14	7207
6560	GOVERNMENT FINANCE OFFICERS ASSOCIATION	07/23/2021	Regular	0.00	280.00	119426
1201	GRAINGER INC	07/23/2021	EFT	0.00	29.57	7259
1215	GREENWOOD NURSERY	07/16/2021	Regular	0.00	636.66	119371
1215	GREENWOOD NURSERY	07/23/2021	Regular	0.00	644.95	119427
3760	GROWMARK INC.	07/23/2021	EFT	0.00	55.80	7260
1230	HACH COMPANY	07/16/2021	Regular	0.00	359.67	119372
1243	HARDWARE HANK	07/16/2021	EFT	0.00	1,053.69	7208
1243	HARDWARE HANK	07/23/2021	EFT	0.00	22.91	7261
1256	HAWKINS INC	07/16/2021	Regular	0.00	7,448.77	119373
1256	HAWKINS INC	07/23/2021	Regular	0.00	5,797.07	119428
6430	HEARTLAND ELECTRIC, INC	07/23/2021	Regular	0.00	3,011.40	119429
5825	HEFTY SEED CO	07/23/2021	Regular	0.00	3,667.53	119430
1271	HENLE PRINTING COMPANY	07/16/2021	EFT	0.00	466.99	7209
5408	HERITAGE POINTE PARTNERS LLC	07/16/2021	Regular	0.00	25,123.30	119374
6815	HISKEN, TODD	07/16/2021	Regular	0.00	750.00	119375
1311	HYVEE FOOD STORES INC	07/16/2021	Regular	0.00	300.01	119376
1311	HYVEE FOOD STORES INC	07/23/2021	Regular	0.00	14.94	119431
1325	ICMA RETIREMENT TRUST #300877	07/16/2021	Regular	0.00	50.00	119377
1325	ICMA RETIREMENT TRUST #300877	07/23/2021	Regular	0.00	50.00	119432
5546	INDIAN ISLAND WINERY	07/23/2021	Regular	0.00	680.16	119433
1358	INTERNAL REVENUE SERVICE	07/23/2021	Bank Draft	0.00	29,572.54	DFT0000994
1358	INTERNAL REVENUE SERVICE	07/23/2021	Bank Draft	0.00	24,630.90	DFT0000995
1358	INTERNAL REVENUE SERVICE	07/23/2021	Bank Draft	0.00	8,762.80	DFT0000996
6540	INTERNATIONAL CHEMTEX, LLC	07/23/2021	EFT	0.00	948.51	7262
5017	JIM'S CLOTHING & SPORTING GOODS	07/16/2021	Regular	0.00	185.00	119378
1399	JOHNSON BROTHERS LIQUOR COMPANY	07/16/2021	Regular	0.00	7,205.77	119379
1399	JOHNSON BROTHERS LIQUOR COMPANY	07/23/2021	Regular	0.00	17,284.32	119434
1417	KENNEDY & GRAVEN, CHARTERED	07/16/2021	EFT	0.00	1,440.00	7210
1417	KENNEDY & GRAVEN, CHARTERED	07/23/2021	EFT	0.00	500.00	7263
5095	KIBBLE EQUIPMENT	07/23/2021	EFT	0.00	1,234.04	7264
6819	KNUTSON, JACOB	07/23/2021	Regular	0.00	209.32	119436
4140	KRUSE FORD-LINCOLN-MERCURY, INC	07/23/2021	Regular	0.00	140.95	119437
5036	KUECHLE UNDERGROUND, INC	07/16/2021	Regular	0.00	270,312.29	119381
5138	L & A SYSTEMS, LLC	07/16/2021	EFT	0.00	15,000.00	7211
3653	LANGUAGE LINE SERVICES	07/16/2021	EFT	0.00	204.40	7212

Council Check Report

Date Range: 07/16/2021 - 07/27/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1483	LEAGUE OF MINNESOTA CITIES INS TRUST	07/23/2021	Regular	0.00	1,181.80	119438
1508	LOCKWOOD MOTORS INC.	07/16/2021	Regular	0.00	106.02	119382
1531	LYON COUNTY AUDITOR-TREASURER	07/16/2021	EFT	0.00	2,500.00	7213
1531	LYON COUNTY AUDITOR-TREASURER	07/23/2021	EFT	0.00	23,848.44	7265
1552	LYON COUNTY RECORDER	07/23/2021	EFT	0.00	92.00	7266
1555	LYON LINCOLN ELECTRIC COOPERATIVE INC	07/16/2021	Regular	0.00	38.33	119383
1565	MACQUEEN EQUIPMENT INC.	07/23/2021	EFT	0.00	1,188.00	7267
6292	MADDEN, GALANTER, HANSEN, LLP	07/23/2021	EFT	0.00	242.55	7268
5459	MAGNEY CONSTRUCTION, INC	07/16/2021	Regular	0.00	291,217.71	119384
1575	MAILBOXES & PARCEL DEPOT	07/16/2021	EFT	0.00	14.59	7214
1604	MARSHALL AREA CHAMBER OF COMMERCE	07/23/2021	EFT	0.00	550.00	7269
1616	MARSHALL CONVENTION & VISITORS BUREAU	07/16/2021	EFT	0.00	9,344.80	7215
1623	MARSHALL INDEPENDENT, INC	07/23/2021	Regular	0.00	15.99	119439
1633	MARSHALL MUNICIPAL UTILITIES	07/16/2021	EFT	0.00	90,937.99	7216
1633	MARSHALL MUNICIPAL UTILITIES	07/23/2021	EFT	0.00	9,742.00	7270
1635	MARSHALL NORTHWEST PIPE FITTINGS INC	07/16/2021	EFT	0.00	71.64	7219
1635	MARSHALL NORTHWEST PIPE FITTINGS INC	07/23/2021	EFT	0.00	54.95	7271
6586	MCDYER TOOLS	07/23/2021	Regular	0.00	86.25	119440
4980	MENARDS INC	07/16/2021	Regular	0.00	472.64	119385
4980	MENARDS INC	07/23/2021	Regular	0.00	1,536.02	119441
3669	MINNESOTA STATE RETIREMENT SYSTEM	07/23/2021	Bank Draft	0.00	7,662.64	DFT0000991
1839	MINNESOTA VALLEY TESTING LABS INC	07/16/2021	EFT	0.00	43.20	7220
1757	MN CHILD SUPPORT PAYMENT CENTER	07/23/2021	Bank Draft	0.00	356.25	DFT0000986
1757	MN CHILD SUPPORT PAYMENT CENTER	07/23/2021	Bank Draft	0.00	287.49	DFT0000987
0969	MN DEPT OF LABOR & INDUSTRY	07/16/2021	Regular	0.00	2,272.56	119386
1818	MN REVENUE	07/23/2021	Bank Draft	0.00	11,763.70	DFT0000997
1864	MONTES ELECTRIC INC	07/16/2021	Regular	0.00	3,231.26	119387
5857	MORRIS ELECTRONICS	07/16/2021	Regular	0.00	40.00	119390
1877	MOTION INDUSTRIES INC	07/23/2021	Regular	0.00	77.36	119442
1890	MUNICIPAL CODE CORPORATION	07/16/2021	EFT	0.00	982.54	7221
2512	NATIONWIDE RETIREMENT	07/23/2021	Bank Draft	0.00	200.00	DFT0000981
2513	NATIONWIDE RETIREMENT-FIRE	07/23/2021	Bank Draft	0.00	12.00	DFT0000982
5216	NBS CALIBRATIONS	07/16/2021	EFT	0.00	182.00	7222
1945	NORMS GTC	07/16/2021	Regular	0.00	119.89	119391
1945	NORMS GTC	07/23/2021	Regular	0.00	258.72	119443
1986	NORTH CENTRAL INTERNATIONAL, INC	07/23/2021	EFT	0.00	102.06	7272
1961	NORTHERN SAFETY COMPANY INC	07/16/2021	EFT	0.00	197.92	7223
6820	NORTHWESTERN COLLEGE	07/23/2021	Regular	0.00	350.00	119444
6463	OFFICE OF MNIT SERVICES	07/23/2021	Regular	0.00	640.87	119445
5891	ONE OFFICE SOLUTION	07/16/2021	EFT	0.00	109,554.94	7224
5891	ONE OFFICE SOLUTION	07/23/2021	EFT	0.00	170.70	7273
3809	O'REILLY AUTOMOTIVE STORES, INC	07/16/2021	EFT	0.00	5.99	7225
3809	O'REILLY AUTOMOTIVE STORES, INC	07/23/2021	EFT	0.00	189.35	7274
5117	PARSONS, DAVE	07/23/2021	EFT	0.00	44.58	7275
2019	PAUSTIS WINE COMPANY	07/16/2021	Regular	0.00	3,049.50	119392
2026	PEPSI COLA BOTTLING OF PIPESTONE MN INC	07/23/2021	EFT	0.00	59.25	7276
2028	PERA OF MINNESOTA REG	07/23/2021	Bank Draft	0.00	51,865.68	DFT0000989
2036	PHILLIPS WINE AND SPIRITS INC	07/16/2021	Regular	0.00	9,517.74	119393
2036	PHILLIPS WINE AND SPIRITS INC	07/23/2021	Regular	0.00	7,329.94	119446
2049	PLUNKETTS PEST CONTROL INC	07/16/2021	EFT	0.00	540.93	7226
2064	POWERPLAN	07/23/2021	Regular	0.00	178.20	119448
0477	PRZYBILLA, SCOTT	07/23/2021	EFT	0.00	145.05	7277
5451	PSI POWER WASHERS INC	07/23/2021	Regular	0.00	891.95	119449
6166	PULVER MOTOR SVC, LLC	07/16/2021	EFT	0.00	75.00	7227
2096	QUARNSTROM & DOERING, PA	07/16/2021	EFT	0.00	5,624.22	7228
6216	R & H PAINTING, LLC	07/16/2021	EFT	0.00	52,581.00	7229
2112	R and G CONSTRUCTION COMPANY INC	07/16/2021	EFT	0.00	22,915.04	7230
6684	ROLLING FORKS VINEYARDS, LLC	07/23/2021	Regular	0.00	334.32	119450
5867	ROUND LAKE VINEYARDS & WINERY	07/16/2021	EFT	0.00	108.00	7231
2201	RUNNINGS SUPPLY INC	07/23/2021	EFT	0.00	95.96	7278
4908	SFC GLOBAL SUPPLY CHAIN, INC.	07/16/2021	Regular	0.00	13,571.38	119395

Council Check Report

Date Range: 07/16/2021 - 07/27/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
4855	SOUTHERN GLAZER'S OF MN	07/16/2021	EFT	0.00	16,790.68	7232
4855	SOUTHERN GLAZER'S OF MN	07/23/2021	EFT	0.00	7,941.75	7279
2318	SOUTHWEST SANITATION INC.	07/16/2021	EFT	0.00	3,722.06	7233
2345	ST CROIX RECREATION FUNPLAYGROUNDS	07/23/2021	Regular	0.00	3,203.72	119451
6531	ST MARY'S UNIVERSITY OF MINNESOTA	07/23/2021	Regular	0.00	200.00	119452
6040	STEP SAVER INC.	07/16/2021	Regular	0.00	372.60	119396
6800	STOCKWELL ENGINEERS	07/16/2021	Regular	0.00	19,320.00	119397
6427	SWALBOSKI, BRIAN	07/23/2021	Regular	0.00	424.37	119453
6137	TEIGS LAWN CARE & LANDSCAPING, LLC	07/23/2021	Regular	0.00	40.00	119454
6389	TOWNE & COUNTRY EXCAVATING LLC	07/16/2021	EFT	0.00	2,416.60	7234
6156	TRUE BRANDS	07/16/2021	EFT	0.00	764.73	7235
3875	TYLER TECHNOLOGIES	07/23/2021	Regular	0.00	782.25	119455
2499	US BANK	07/16/2021	Regular	0.00	1,850.00	119398
2511	USA BLUE BOOK	07/16/2021	EFT	0.00	363.09	7236
2511	USA BLUE BOOK	07/23/2021	EFT	0.00	4,822.39	7280
3443	VALIC DEFERRED COMP	07/23/2021	Bank Draft	0.00	1,172.00	DFT0000983
3443	VALIC DEFERRED COMP	07/23/2021	Bank Draft	0.00	13.33	DFT0000984
3443	VALIC DEFERRED COMP	07/23/2021	Bank Draft	0.00	1,650.00	DFT0000985
5733	VAST BROADBAND	07/16/2021	Regular	0.00	541.84	119399
5733	VAST BROADBAND	07/23/2021	Regular	0.00	1,930.23	119456
4489	VERIZON WIRELESS	07/16/2021	EFT	0.00	49.04	7237
4489	VERIZON WIRELESS	07/23/2021	EFT	0.00	1,385.69	7281
6113	VERSA-VEND VENDING INC	07/23/2021	EFT	0.00	1,247.52	7282
2538	VIKING COCA COLA BOTTLING COMPANY	07/16/2021	EFT	0.00	777.05	7238
2538	VIKING COCA COLA BOTTLING COMPANY	07/23/2021	EFT	0.00	1,153.50	7283
4594	VINOCUPIA	07/16/2021	EFT	0.00	1,834.25	7239
6085	VOYA - INVESTORS CHOICE	07/23/2021	Bank Draft	0.00	1,828.24	DFT0000992
6821	WEETS, ALLISON	07/23/2021	Regular	0.00	25.00	119458
2605	WINE MERCHANTS	07/16/2021	Regular	0.00	3,877.30	119400
2605	WINE MERCHANTS	07/23/2021	Regular	0.00	873.38	119459
2631	ZEP MANUFACTURING COMPANY	07/23/2021	Regular	0.00	911.08	119460
2632	ZIEGLER INC	07/23/2021	EFT	0.00	579.29	7284

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	212	100	0.00	972,897.49
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	14	14	0.00	139,777.57
EFT's	199	94	0.00	791,351.56
	425	208	0.00	1,904,026.62

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	212	100	0.00	972,897.49
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	14	14	0.00	139,777.57
EFT's	199	94	0.00	791,351.56
	425	208	0.00	1,904,026.62

Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH FUND	7/2021	1,904,026.62
			1,904,026.62

CITY OF MARSHALL, MINNESOTA
PRIOR AND CURRENT YEARS CONSTRUCTION CONTRACTS
7/27/2021

OBJECT #:	Coding	DATE	CONTRACTOR:	ORIGINAL CONTRACT AMOUNT:	CHANGE ORDERS	CURRENT CONTRACT AMOUNT	2019 Prior Payments	2020 Prior Payments	2021 Prior Payments	PYMTS THIS MEETING:	RETAINAGE	BALANCE:	PERCENT COMPLETE	
602-49500-55120		5/28/2019	WWTF Improvement Project	Magney Construction, Inc.	14,074,300.00		14,074,300.00	4,099,265.87	6,918,924.06	1,582,660.16	291,217.71	678,529.88	503,702.32	96.42%
630-49600-55130		9/24/2019	COE Flood Control 2019 Betterments	U.S. Army Corps of Engineers	190,000.00		190,000.00	150,483.00					39,517.00	79.20%
494-43300-55120		11/12/2019	City Hall Renovation	Brennan Companies	5,030,200.00	695,744.00	5,725,944.00		3,039,722.04	2,376,629.53	13,960.00	286,297.20	9,335.23	99.84%
476-43300-55170		4/14/2020	S 4th St Reconstruction	R & G Construction	2,583,754.90	10,885.14	2,594,640.04		2,528,408.74	4,950.00	22,427.08	5,000.00	33,854.22	98.70%
476-43300-55170		5/26/2020	S 1st St Reconstruction	Duininck, Inc	617,136.55	(7,706.25)	609,430.30		562,896.42	52,398.06	5,275.10	1,500.00	(12,639.28)	102.07%
630-49600-55170		6/23/2020	Legion Field Strom Water Improvements-Phase 1	Towne & Country Excavating LLC	277,943.00	(2,967.25)	274,975.75		257,658.64			2,602.61	14,714.50	94.65%
630-49600-55170		9/8/2020	MERIT Center Outfall Project	Towne & Country Excavating LLC	251,297.00	(9,637.00)	241,660.00			239,243.40	2,416.60	-	(0.00)	100.00%
479-43300-55170		2/9/2021	N 1st St/W Redwood St/W Marshall St Reconstruction	D & G Excavating Inc.	1,051,247.90	6,200.00	1,057,447.90			489,813.63	220,306.94	37,374.77	309,952.56	70.69%
495-43300-55170		2/23/2021	2021 Bituminous Overlay	Duininck, Inc	580,564.28	(160.00)	580,404.28			584,357.38	4,742.60	1,000.00	(9,695.70)	101.67%
479-43300-55170		2/23/2021	James Ave/Camden Dr Reconstruction	Kkuechle Underground	849,244.50		849,244.50			351,058.91	270,312.29	32,703.75	195,169.55	77.02%
101-43300-53425		3/9/2021	2021 Chip Sealing on Various City Streets	Asphalt Preservation Company Inc.	122,134.12	(12,821.07)	109,313.05				109,313.05		(0.00)	100.00%
479-45200-55120		3/9/2021	Restroom Facility and Picnic Pavilion - Patriot Park	Bladholm Construction	188,886.00	5,435.00	194,321.00		152,798.00	31,605.00		9,705.00	213.00	99.89%
630-49600-55170		4/13/2021	Storm Structure Outfall Improvements	R & G Construction	49,358.10	(562.20)	48,795.90		48,307.94		487.96	-	-	100.00%
479-43300-55170		4/13/2021	State Aid Overlay	Duininck, Inc	1,924,600.45	53,113.40	1,977,713.85				54,010.36	2,842.65	1,920,860.84	2.87%
602-49500-55170		5/11/2021	T.H. 23/Independence Park Sewer Realignment	D & G Excavating Inc.	189,448.50		189,448.50						189,448.50	0.00%
					28,269,165.45	736,128.82	29,005,294.27	4,249,748.87	13,490,265.10	5,987,217.01	1,026,074.69	1,057,555.86	3,194,432.74	

CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, July 27, 2021
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Tall Grass Liquor Annual Report
Background Information:	Tall Grass Liquor Store Manager, Eric Luther, will present the Annual Report.
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	

Tall Grass Liquor

2020 Annual Report



This report is the City of Marshall's Municipal Liquor Operations Report outlining the liquor activities of Tall Grass Liquor over the past year. The information herein also provides a history of sales data and past events. This report includes analysis over the past five (5) calendar years.

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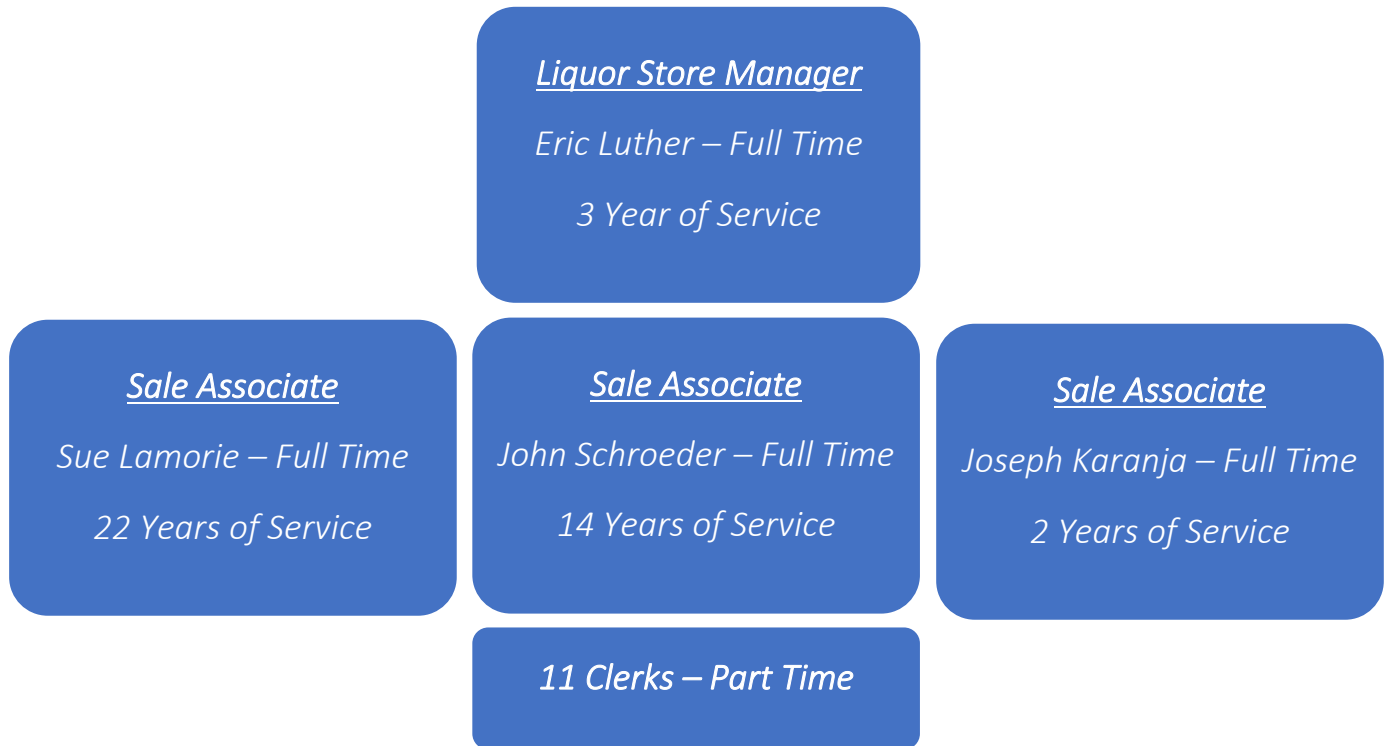
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I. Liquor Operations

The Marshall Municipal Liquor store has been in operation since 1934. The current liquor store is located at 1410 Boyer Drive and has been operating at this location since November of 2016. To this day, the profits from the liquor operations provide a much-needed revenue source for the Marshall community. Profits from the municipal liquor store help to reduce the property tax levy and provides funds for special projects.

Organizational Structure



Mission Statement

The business is designed and intended to control the sale of alcohol by following all statutes established by the State of Minnesota, by providing the best quality shopping experience for our customers, at a profit that is reinvested back into the community, and by providing an environment that is positive for customers, associates and managers.

Store Priorities

- Working clean and safe
- Store Tours
- Friendly and helpful to all customers/co-workers
- Keeping all areas of the store organized/stocked/faced

II. Sales & Profits

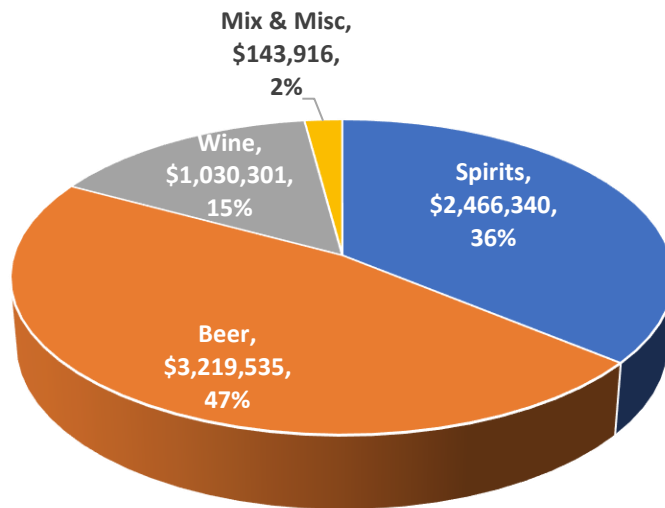
In 2020, the overall sales of the Liquor Operation were \$6,860,252 with a net profit of \$1,044,104. This was an increase of total sales by \$1,311,888 and a net profit increase of \$455,877 when compared to 2019.



Sales & Gross Profit by Category

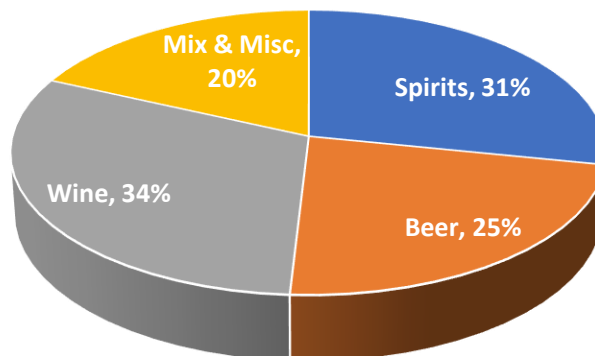
The adjacent chart shows the distribution of the 2020 annual sales based upon the four categories of: Beer, Spirits, Wine & Mix & Miscellaneous. Beer Sales account for 47% of total sales, with Spirits accounting for 36%.

2020 Sales by Category

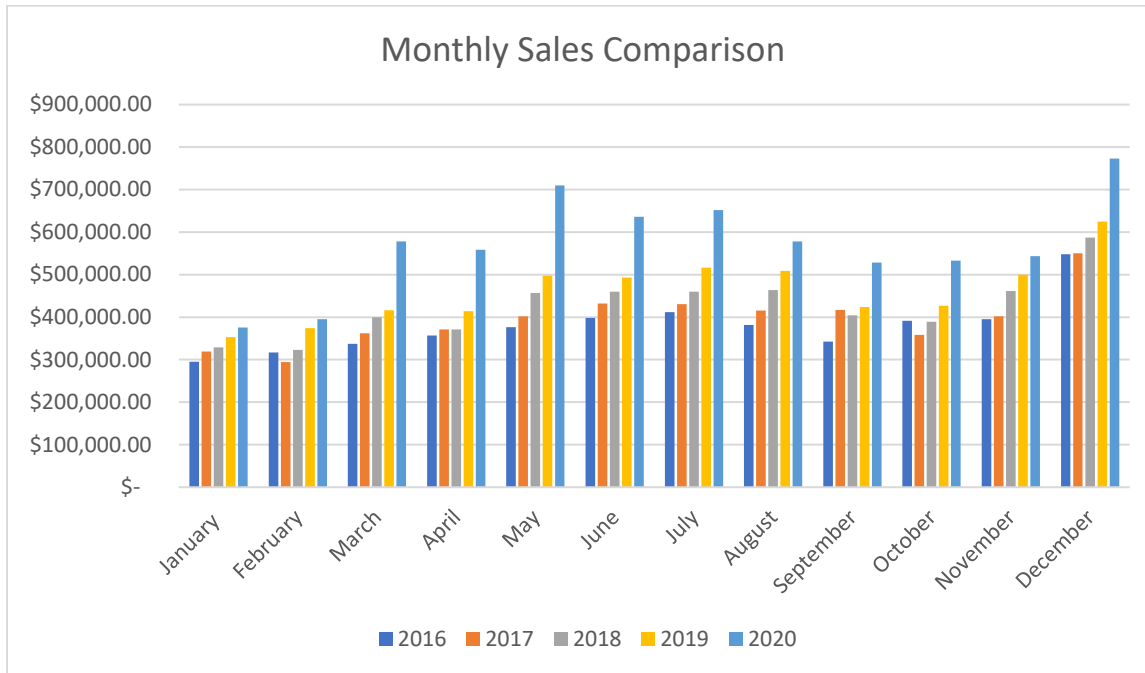


2020 Gross Profit by Category

The adjacent chart shows gross profit percentage by category. Even though Beer has the highest sale dollars, wine and spirits have the higher gross profit percentage.



Monthly Sales 2016-2020



III. Trends

Hard Seltzer's have exploded in the past year with all major breweries offering new flavors and products.

Domestic Beer is our biggest seller. Craft beer interest continues to grow with new products and breweries in Minnesota.

This past year and a half customer ticket averages have increased due to more products being purchased on a bulk basis.

IV. Events

All off-site events/in-store sampling were paused in 2020 due to restaurant closures and COVID-19 guidelines. Store sampling/tasting resumed in June of 2021. Plans are in motion for the Holiday wine walkabout scheduled for November 11th, 2021. Plans are also being made for the Made in Minnesota Craft Beer festival in May 2022.

Our customers and the Marshall Community continue to have interest in these tasting events that build interest in liquor, wine, and beer. Tall Grass is the premier location to purchase beverages that our customers are seeking because of the selection of products carried.

V. Community Service Support

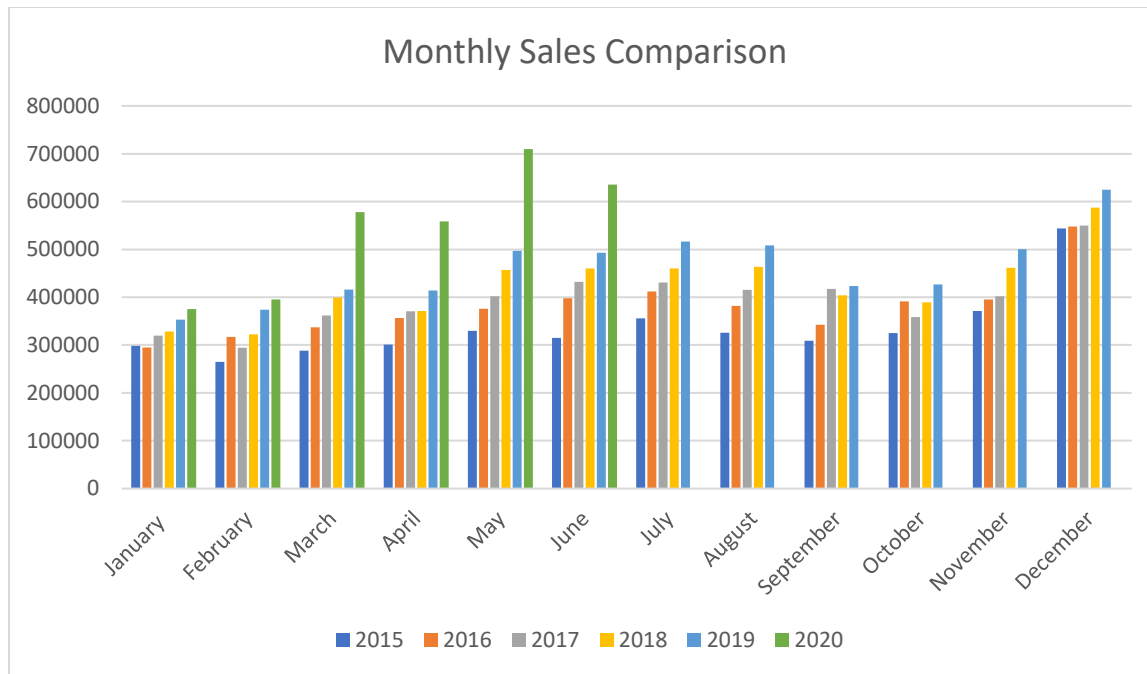
- Marshall Pet rescue
- Marshall Scouts with loose change collection from customers and employees.
- Marshall Kitchen Food Shelf with loose change collection from customers and employees.
- Tracy Pet rescue with loose change collection from customers and employees.
- SMSU Foundation through supplier donated items which were given to SMSU Gold Rush Raffle for use on the silent auction.

VI. Accomplishments

- Beverage Alcohol off-sale training and carding for all employees.
- Attendance at the Minnesota Municipal Beverage Association zoom meeting.
- Continued to enhance the customer shopping experience with unique floor displays.

VII. Semi Annual Review (January 2021 – June 2021)

	2019	2020	2021	2020/2021 % Change
Sales	2,548,108	3,252,741	3,154,479	-3%
Customer Count	91,293	99,259	96,284	-3%
Average Ticket	\$27.97	\$32.79	\$32.76	0%



VIII. Proposed 2022 Budget

2022 sales estimates are based on a conservative baseline of 2021. Currently we are trending 'close' to 2020 sales. Customers are seeing the value and benefit of the Tall Grass Liquor off-sale shopping experience compared to that of on-sale liquor.

A 27%-28% Gross Profit margin will be the target for 2022. Monthly reporting will ensure we are on track to hit this goal. We have seen the benefit in 2020 off the investments made earlier that included a free-standing 50ml merchandiser, a self-serve cooler for displaying single cans for purchase and the Pick Six Mix & Match area. All of these are designed for customers to 'add on' purchases to their existing selection benefitting the store with a higher ticket average and increase in gross profit dollars.

In 2020, installation of new category aisle signs along with upgrading our POS operating system have helped improve the customer service experience at Tall Grass Liquor.

This year we have installed a new beer cooler wall wrap with raised lettering to identify the beer cooler categories. We are in the final stages or rolling out online eShop ordering/payment for curbside pickup.

Items that we would like to include in 2022:

- Wash/cleaning sink in the warehouse.
- A 2nd Single serve refrigerated cooler/merchandiser to expand the single can/chilled wine offerings.
- Re-color/re-seal current cement floor.

CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, July 27, 2021
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Consider Purchasing Policy Changes
Background Information:	<p>Over the past few months staff have been working on updating the current purchasing policy. This document hasn't been updated since 2011 and has been long overdue (updates in 2016 only addressed title changes). Included in the council packet is the current policy, a redline version, and a clean updated policy version. There are many proposed changes, and a summary of the major changes are below.</p> <p>Major changes include;</p> <ul style="list-style-type: none"> • The day-to-day procedures have been taken out to be included in an internal procedure's manual. Day-to-day procedures change more frequently than policy reviews are done and to ensure compliance with documented internal controls, procedures are fluid documents that are updated frequently throughout the year. • The Uniform Contracting Law was updated to mirror State Statue. • The Change Order Administrative Procedure was added to the policy. • The Electronic Bidding Policy was added to the policy. • The Withholding Certificates section was added to the policy as this is a current practice prior to issuing final payments to contractors IC134 are required. • The Wastewater Spending Authority exemption was added to the policy to ensure that the necessary spending to have continuity of operations. Disruptions in the wastewater plant could cause negative impacts to the community without this exemption. • The purchasing card section was added to offer more efficient payment methods to departments. • The Professional Services amount was changed from 5,000 to 25,000 as professional services has expanded and increased in cost over the past 10 years. This amount brings the threshold into more realistic values and in line with overall spending authority. <p>Also included in the packet is a summary of information that was gathered from comparable cities on their purchasing policy limits.</p> <p>The Ways and Means Committee met on July 21st to review the current proposed changes. The committee recommended the policy go to the full council for consideration.</p>
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	Approve Purchasing Policy Changes

City of Marshall

Policy Number: Chapter 1 Section 308 (1-308)

Marshall, Minnesota

Adopted: May 22, 1973

ADMINISTRATIVE POLICY

Revised: May 27, 2005

July 13, 2010

November 1, 2011

March 22, 2016

PURCHASING POLICY AND PROCEDURES

Section I – A Statement of Philosophy

- 1.1 The purpose of the Purchasing Policy and Procedures is to provide a legal process for the purchase of supplies, materials, or equipment as well as services at the highest quality and lowest possible price.
- 1.2 The City declares its intention to purchase competitively without prejudice and to seek maximum value for supplies, materials, equipment and services. Methods to obtain lowest responsible bids or quotes are encouraged to be pursued including, but not limited to, bulk purchasing and cooperative purchasing agreements. Local purchasing options are encouraged to be solicited when available.

Section II - Responsibilities

- 2.1 The acquisition of supplies, materials, equipment and services is primarily decentralized where each department handles procurement of supplies, materials, equipment and services needed for their respective operations. The responsibility lies with each department to obtain bids or quotes, place actual orders, receive deliveries, and approve invoices for submission of payment to the Finance Department.
- 2.2 The Finance Director shall be responsible for developing and administering the purchasing program for the City.
- 2.3 The Accounting Technician shall be assigned as the Purchase Order Clerk that holds responsibility for the processing of purchase orders.

Section III – Uniform Municipal Contracting Law

- 3.1 The City of Marshall shall follow the Uniform Municipal Contracting Law (M.S.A. 471.345) and the Charter of the City of Marshall (Sections 6.05, 6.06) in all City purchasing. The City of Marshall's Purchasing Policy shall automatically follow the Uniform Municipal Contracting Law changes (M.S.A. 471.345) without need to change the City's Purchasing Policy as written and adopted.
- 3.2 Competitive bids or quotations shall be solicited in connection with all purchasing whenever possible. Contracts shall be awarded to the lowest responsible bidder complying with specifications and with other stipulated bidding conditions. The following requirements shall apply:

- a. Purchases and contracts of \$100,000 or more: If the amount of the purchase or contract is estimated to exceed \$100,000, sealed bids shall be solicited by public notice in the manner and subject to the requirements of the law governing contracts by the City.
- b. Purchases and contracts from \$25,000 to \$99,999: If the amount of the purchase or contract is estimated to exceed \$25,000 but not to exceed \$99,999, the purchase or contract shall be made upon sealed bids or written quotation either by public notice or direct solicitation.
- c. Purchases and contracts from \$1,000 up to \$24,999: If the amount of the contract is estimated to exceed \$1,000 but not to exceed \$24,999, the contract shall be made upon written quotation.
- d. Purchases and contracts under \$1,000: If the amount of the purchase or contract is estimated to be less than \$1,000, the purchase or contract may be made by written quotation or in the open market. If the contract is made upon the open market, multiple price comparisons shall be documented as the Finance Department determines appropriate.
- e. In accordance with Minnesota Statute 471.345 Subd.15, the City must consider the availability, price and quality of supplies, materials or equipment available through the state's cooperative purchasing venture before purchasing through another source when such items are estimated to exceed \$25,000.
- f. The City may contract for the purchase of supplies, materials, or equipment by utilizing contracts that are available through the state's cooperative purchasing venture without regard to the bid procedures authorized in this section. However, if said supplies, materials or equipment are known to be available for purchase locally the items shall be bid in accordance with this policy and considered in addition to the state cooperative purchasing venture. If the lowest local bidder is not lower than the state contract, the next lowest bidder shall be provided an opportunity to match the comparable price of the cooperative purchasing venture.
- g. The City may also consider the contracting of purchase of supplies, materials or equipment without regard to the competitive bidding requirements of this section if the purchase is through 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. However, if said supplies, materials or equipment are known to be available for purchase locally the items shall be bid in accordance with this policy and considered in addition to the state cooperative purchasing venture. If the lowest local bidder is not lower than the said contract, the next lowest bidder shall be provided an opportunity to match the comparable price of the cooperative purchasing alliance or cooperative.

- 3.3 All purchases or contracts of \$25,000 or more shall be awarded by the City Council. The City Administrator or their designee shall submit recommendations for the award of all such contracts to the City Council.
- 3.4 Items commonly used in all departments shall be standardized whenever it is consistent with departmental goals and is in the interest of efficiency of economy.

- 3.5. A statement of “General Conditions” shall be included with all specifications submitted to supplier for their bids. These general conditions shall be incorporated in all contracts awarded for the purchase of supplies, materials, equipment or services.
- 3.6 All purchases of on-road or off-road vehicles and related power driven equipment (i.e. riding mowers, cars, trucks, ATVs, etc.) shall first receive approval of General Conditions as recommended by the City Council Equipment Review Committee and approved by City Council. Award of these contracts shall be made by the City Council regardless of the amount of the contract.
- 3.7 Opportunity shall be provided to all reasonable vendors to do business with the City. To this end, the Finance Director shall develop and maintain, with the assistance of each department, a list of potential bidders for the various types of supplies, materials, equipment, and services. The list of bidders shall be used in the development of a mailing list for distribution of specifications and invitations to bid. Qualified vendors may be included in the list upon request.
- 3.8 Selecting new vendors is at the discretion of the “requisitioner” as defined in Section 5.1. The requisitioner is required to obtain an IRS Form W-9 as provided by the Finance Department before payment can be processed for the new vendor.

Section IV - Purchasing Procedures

- 4.1 The supplies, materials, equipment and services to be purchased shall be of a quality required to serve the function in a satisfactory manner, as determined by the requisitioner and the Finance Director.
- 4.2 It is the responsibility of the Finance Director to make alternate suggestions to the requisitioner, if, in the judgment of the Finance Director, the specifications would restrict competition or otherwise preclude the most reasonable purchase of the required items. In the event of disagreement, the City Administrator shall arbitrate any disputes.
- 4.3 All written quotations shall be solicited by the department requesting the supplies, materials, equipment or services the bid with documentation provided to the Finance Department as in a form and procedure as the Finance Department determines appropriate. If the contract is made upon written quotation it shall be based, so far as is practicable, on at least two quotations.
- 4.4 All purchases or contracts requiring written quotations shall be received through the City Clerk in a sealed envelope, facsimile, or other format as pre-authorized by the Finance Director. All written quotations shall be kept on file for a period of at least six years after receipt thereof.
- 4.5 When a bidder proposes an alternative as “an equal” to the bid or quoted materials or service, the Finance Director and the requisitioner must determine whether the proposed substitution is in fact “equal” and suitable to the City’s needs. Any disputes between the Agent and the requisitioner shall be arbitrated by the City Administrator.

Section V – Requisitioning

- 5.1 The following positions are designated as “requisitioners” authorized to issue requisitions against stipulated segments of budgetary appropriations: City Administrator, Finance Director, Director of Public Works, Director of Public Safety, and Director of Community Services. In addition, the aforementioned positions have the authority to designate specific individuals within their respective Division and/or Department as a requisitioner subject to the approval of the Finance Director. Each requisitioner shall be responsible for limiting his or her requisitions and/or purchases to the amounts designated for their department.
- 5.2 Requisitions shall be completed in hard copy or electronically on the forms provided by the Finance Director.
- 5.3. Standard lists of commonly used items for all categories or groups of supplies, materials, equipment and services shall be developed jointly by the Finance Director and the appropriate requisitioners. This standard “common items” list shall be used as a basis for requisitions. Items not specifically included on the standard lists shall be requisitioned on the standard form scheduling by Finance Director.
- 5.4 The number of requisitions shall be kept at a minimum. They shall be submitted to conform to the purchasing schedule as established by the Finance Director.
- 5.5 Hard copy requisitions shall be prepared and submitted to the Accounting Technician or online requisition forms can be submitted to the Accounting Technician after confirmation by appropriate designated requisitioner.
- 5.6 To be considered appropriate for processing, a requisition must meet the following criteria:
- a. Be issued by and bear the signature of an authorized requisitioner.
 - b. Contain complete information regarding number, units, item description, unit price, and total price by line item.
 - c. Be verified for adequate funds in the respective budget.
 - d. The requisitions must indicate if the order has been confirmed.
 - e. Delivery instructions and required delivery date.
 - f. Terms – i.e. FOB Marshall.
 - g. Other instructions.
- 5.7 All requisitions shall be submitted to the Finance Director for final approval.

- 5.8 If required, and after a purchase order has been issued, the number of the purchase order shall be recorded on the requisition.
- 5.9 After a requisitioner processes a requisition by hard copy or online, the Accounting Technician shall retain the requisition on file in department numerical sequence for six years.

Section VI – Purchase Orders

- 6.1 Supplies, materials, equipment and services shall require purchase orders only when required by vendors.
- 6.2 Purchase order requisitions shall be provided to the Accounting Technician in a timely manner, but should not be placed significantly in advance of the requisitioner's intended use. The Finance Director is the only person designated to execute a purchase order. In the absence of the Finance Director, the Assistant Finance Director shall serve this responsibility.
- 6.3 The Finance Director is authorized to issue purchase orders without prior approval of the City Council where sealed bidding procedures are not required by law, when in accordance with the Policies and Procedures herein, and when budget appropriations are adequate to cover such obligations.
- 6.4 Purchase orders shall include the following information:
- a. A specification which adequately describes to the supplier, the quantity, unit, unit price, and description of the item being purchased.
 - b. A quoted, firm net delivered price .
 - c. Clear delivery instructions, including , location,
 - d. Budget account code number.
 - e. Project numbers when applicable.
- 6.5 Purchase orders will be consecutively numbered and prepared in sets of three with copies distributed follows:
- a. Original copy given to the vendor when confirmation is required.
 - b. Second copy to be filed with the Accounting Technician by Department by purchase order number.
 - c. Third copy to be sent to the requisitioner to be returned to the Finance Department upon certifying that the item(s) and quantity delivered are correct, and in satisfactory condition.

- 6.6 Confirmation orders (verbal orders) are subject to subsequent confirmation by a filed purchase order form. Such verbal purchase orders can only be issued when a bona fide emergency situation exists which can only be handled by an emergency verbal purchase order.
- a. A written or online requisition shall be completed immediately thereafter. The confirmation requisition shall be marked as “Confirmation” and shall list all the specifications and information required for a purchase order.
 - b. A copy of the purchase order will be forwarded to the vendor confirming the verbal order placed for the emergency.

Section VII – Receiving: Inspection and Confirmation

- 7.1. Items purchased by the City of Marshall will, in most cases, be shipped directly to the location that initiated the requisition. The responsibility for receiving delivered items will be assigned to the requisitioner’s department.
- 7.2 Inspection of items to be received shall consist of the following:
- a. Verification of quantity by comparing the purchase order, or other purchase authorization, and packing slip to count of items received.
 - b. Verification of quality by comparing purchase order, or other purchase authorization, specifications to quality of items received and noting any differences.
 - c. Verification of damages to requisitioned items shall be reported on the receiving slip to the Finance Department.
 - d. Any discrepancies discovered in the inspection of items received, the date items were received and inspected, and the signature of the receiving/inspecting person shall be recorded on the receiving copy of the purchase order, or other purchase authorization.
 - e. All packing slips and the purchase order shall be filed timely with the Finance Department.
 - f. Any discrepancies or other legal dispute with the inspection of items received shall be brought to the attention of the Finance Director and, if deemed appropriate by the Finance Director, the City Attorney for further direction to resolve the dispute if deemed unresolved or appropriate.

Section VIII – Emergency Purchases

- 8.1 Occasions arise where an immediate purchase is necessary to protect the life, health, safety, or convenience of the citizens or to preserve the property of the City or its citizens. To the greatest extent possible, normal purchasing procedures shall be followed. However, when expediency is required to rectify an emergency situation, any or all of these procedures may be waived. If possible, the City Administrator shall be contacted to approve the purchase. In the absence of

the City Administrator, the Finance Director shall approve the purchase and notify the City Administrator at the earliest opportunity. A report to the City Council shall be made at the next regular City Council meeting.

Section IX – Payment Methods

- 9.1 A list of checks paid will be submitted for approval by the City Council at each regular City Council meeting. Any checks paid by means of Direct Expense Authorization since the previous City Council meeting will also be listed.
- 9.2 The Finance Director is authorized to approve immediate payment of invoices, without waiting for Council approval, in cases where it is necessary to avoid penalties, secure discounts, or avoid disruption of city business. These payments will be duly noted and approved in the next City Council payment list.
- 9.3 Each Department Head or Division Director identified by the City Administrator as being responsible for a department budget shall report to the Finance Director any designees they are authorizing to approve invoices for payment. All authorized persons shall submit a sample of their signature or initials to the Finance Department for verification of invoice approvals.
- 9.4 The City Council may authorize the issuance of credit cards to a limited number of city employees per Minnesota Statutes Chapter 471.382. Credit cards will be issued to the Finance Director. Credit cards may be used to make purchases in instances where payment by check and extension of credit by the vendor isn't available. The Department Head needing to make such purchases shall request approval from the Finance Director for processing. Detailed documentation shall be secured either at the time of order or the time of receipt for the service or product purchased. All provisions of the purchasing policy apply to credit card purchases.
- 9.5 The petty cash fund is used for the purchase of small items needed immediately. The Finance Director shall authorize the number and location of petty cash funds and the amount of cash deposited in each. To be reimbursed, an employee must fill out documentation as required by the Finance Department.
- 9.6 In certain cases, it will be advantageous to open charge accounts with local businesses and vendors which allow employees to purchase needed materials and services with period billing (customarily monthly) to the City. The Finance Department shall establish the documentation required for use of charge accounts.

Section X – Professional Services

- 10.1 Professional services apply to all advisory, auditing, engineering, financial, legal, personnel, technical, training or other services.
- 10.2 All professional services of \$5,000 or more shall require a contract agreement that is provided reasonable advance review by the City Attorney and approved by the City Council. Professional service agreements less than \$5,000 may be in the form of a written quotation, including terms

and conditions, complying with specifications and with other stipulated bidding conditions. The written quotation shall be authorized consistent with the other sections of this policy.

- 10.3 Contracts shall be made only with responsible consultants who have the capability to successfully fulfill the contractual requirements. Consideration shall be given to their past performance, experience, financial capacity to complete a project, availability of qualified personnel, cost of services and other appropriate criteria.
- 10.4 The nature of the professional service shall be illustrated in a request for proposals for services of greater magnitude or in a description of work for services of lesser magnitude. The city encourages seeking proposals from multiple providers. This shall be advertised or otherwise distributed to likely or potential service providers commensurate with the value of the contract. Request for proposal for services in excess of \$5,000 shall be authorized by the City Council upon recommendation of the appropriate staff requesting the letting of proposals.
- 10.5 Professional service providers shall be selected so as to provide the best value to the City considering the difficulty of the work proposed, its value to the City, the expertise and capacity of the consultant and cost of services.

City of Marshall

Policy Number: Chapter 1 Section 308 (1-308)

Marshall, Minnesota

Adopted: May 22, 1973

ADMINISTRATIVE POLICY

Revised: May 27, 2005

July 13, 2010

November 1, 2011

March 22, 2016

July XX, 2021

PURCHASING POLICY AND PROCEDURES

Section I – A Statement of Philosophy Introduction

- 1.1 ~~The purpose of this policy is to establish uniform and consistent guidelines with respect to purchasing and the authority to purchase on behalf of the City within the parameters of the Uniform Municipal Contracting Law, Minnesota State Statute Section 471.345. The purpose of the Purchasing Policy and Procedures is to provide a legal process for the purchase of supplies, materials, or equipment as well as services at the highest quality and lowest possible price.~~

~~For an expenditure of public funds to qualify as a lawful expenditure, the Minnesota Supreme Court has followed a liberal approach to define “public purpose.” When the activity in question meets all the following, it would be considered a lawful expenditure.~~

- ~~• The activity will benefit the community as a body.~~
- ~~• The activity directly relates to functions of government.~~
- ~~• The activity does not have, as its primary objective, the benefit of a private interest.~~

- ~~1.2 The City declares its intention to purchase competitively without prejudice and to seek maximum value for supplies, materials, equipment and services. Methods to obtain lowest responsible bids or quotes are encouraged to be pursued including, but not limited to, bulk purchasing and cooperative purchasing agreements. Local purchasing options are encouraged to be solicited when available.~~

Section II - Responsibilities

- 2.1 The acquisition of supplies, materials, equipment and services is primarily decentralized where each department handles procurement of supplies, materials, equipment and services needed for their respective operations. The responsibility lies with each department to obtain bids or quotes, place actual orders, receive deliveries, and approve invoices for submission of payment to the Finance Department.
- 2.2 The ~~Finance~~ Director of Administrative Services shall be responsible for developing and administering the purchasing procedures ~~program~~ for the City.
- ~~2.3 The Accounting Technician shall be assigned as the Purchase Order Clerk that holds responsibility for the processing of purchase orders.~~

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Section III – Uniform Municipal Contracting Law

- 3.1 The City of Marshall shall follow the Uniform Municipal Contracting Law (M.S.A. 471.345) and the Charter of the City of Marshall (Sections 6.05, 6.06 ~~—should this language be added in the policy?—~~) in all City purchasing. The City of Marshall's Purchasing Policy shall automatically follow the Uniform Municipal Contracting Law changes (M.S.A. 471.345) without need to change the City's Purchasing Policy as written and adopted.
- 3.2 Competitive bids or quotations shall be solicited in connection with all purchasing whenever possible. Contracts ~~shall~~may be awarded to the lowest responsible bidder complying with specifications and with other stipulated bidding conditions. The following requirements shall apply:
- Purchases and contracts of \$10075,000 or more: If the amount of the purchase or contract is estimated to exceed \$10075,000, sealed bids shall be solicited by public notice in the manner and subject to the requirements of the law governing contracts by the City.
 - Purchases and contracts from \$25,000 ~~to but not~~ \$99,999,175,000: If the amount of the purchase or contract is estimated to exceed \$25,000 but not to exceed \$99,999,175,000, the purchase or contract ~~shall~~may be made upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. ~~written quotation either by public notice or direct solicitation.~~
 - Purchases and contracts ~~from \$1,000 up to and under~~ \$24,999,5,000: If the amount of the contract is estimated to ~~exceed be~~ exceed \$1,000 ~~25,000 or less, but not to exceed \$24,999,~~ the contract shall be made either upon ~~written~~ quotation or in the open market, in the discretion of the governing body. If the contract is made upon quotation, it shall be based, so far as practical, on at least two quotations which shall be kept on file for a period of at least one year after their receipt.

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- d. ~~Purchases and contracts under \$1,000: If the amount of the purchase or contract is estimated to be less than \$1,000, the purchase or contract may be made by written quotation or in the open market. If the contract is made upon the open market, multiple price comparisons shall be documented as the Finance Department determines appropriate.~~
- e. In accordance with Minnesota Statute 471.345 Subd.15, the City must consider the availability, price and quality of supplies, materials or equipment available through the state's cooperative purchasing venture before purchasing through another source when such items are estimated to exceed \$25,000.
- f. The City may contract for the purchase of supplies, materials, or equipment by utilizing contracts that are available through the state's cooperative purchasing venture without regard to the bid procedures authorized in this section. However, if said supplies, materials or equipment are known to be available for purchase locally the items shall be bid in accordance with this policy and considered in addition to the state cooperative purchasing venture. If the lowest local bidder is not lower than the state contract, the next lowest bidder shall be provided an opportunity to match the comparable price of the cooperative purchasing venture.
- g. The City may also consider the contracting of purchase of supplies, materials or equipment without regard to the competitive bidding requirements of this section if the purchase is through 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. However, if said supplies, materials or equipment are known to be available for purchase locally the items shall be bid in accordance with this policy and considered in addition to the state cooperative purchasing venture. If the lowest local bidder is not lower than the said contract, the next lowest bidder shall be provided an opportunity to match the comparable price of the cooperative purchasing alliance or cooperative.

Change Order Administrative Procedure

At the February 12, 2019, council meeting, the Council approved the following Administrative Procedure.

To allow change orders according to the following administrative procedure:

- A. Change orders, cumulatively or singly, that do not exceed the project's contingency funding may be approved by the department director or their designee.
- B. Change orders that cumulatively or singly increase the value of a contract to exceed the project's contingency funding by \$25,000 or less require the approval of the City Administrator. The City Administrator may choose to seek additional approval from the Council.
- C. The Council must approve change orders that increase the value of the contract to more than \$25,000 beyond the projects contingency funding.
- D. The Council approve the final reconciling change order and final payment.

Add electronic bidding: Electronic Bidding Policy

PURPOSE

The purpose of the Electronic Bidding Policy is to supplement the Purchasing Policy and Procedures (adopted 1973, latest revision 2016). The Public Works Department intends to

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accept electronic bids only for all capital improvement construction contracts.

The City of Marshall has historically accepted printed, sealed bids for Public Works Department capital improvement construction contracts. New technology is available to allow for sealed bids to be submitted to the City electronically. Uniform Municipal Contracting Law (MN Statute 471.345 subd. 18) allows for municipalities to accept bids, performance and/or payment bonds, or other security to be furnished electronically.

POLICY

The City of Marshall Purchasing Policy, as referenced above, is supplemented as follows:

A. Sections 3.2a and 3.2b: “Public Works Department capital improvement construction contracts will require that sealed bids be submitted electronically via the electronic bidding service of the Department’s selection. Currently, BidVAULT is the selected electronic bidding service.”

B. Section 4.4: “Public Works Department capital improvement construction contracts will require that sealed bids be submitted electronically via the electronic bidding service of the Department’s selection. Prospective bidders will be charged a nominal fee to have the opportunity to submit an electronic bid. Current fee is set at \$25 per bid plus 3rd party payment processing fees. Required bonds shall also be submitted electronically.”

C. Section IV is supplemented with the following bid opening procedures:

“Immediately following expiration of the time for receiving bids for Public Works Department capital improvement construction contracts, the City Clerk and Director of Public Works/City Engineer or their designee will publicly open bids via video conference through provided information in the Advertisement for Bid. Those unable to attend via video conferencing will be allowed the opportunity to join via phone through provided information in the Advertisement for Bid. This procedure is intended to ensure adherence to the public bid opening requirements as stated in MN Statute 429.041 subd. 1. Bid results will be posted to the City’s designated website immediately following bid opening.”

Summary:

This policy is designed to provide a more efficient procedure for soliciting, accepting and opening sealed bids for Public Works Department capital improvement construction contracts. This process also significantly limits the potential for human error in the bidding or bid opening process.

Withholding Certificates

Before the City makes the final payment to a contractor under a contract requiring the employment of employees for wages, it must make sure the contractor and any subcontractors

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have complied with withholding tax laws. Contractors and subcontractors show compliance by submitting a withholding affidavit to the Minnesota Department of Revenue. This can be done electronically or by mailing a completed Form IC134, "Withholding Affidavit for Contractors." If a contractor or subcontractor has withheld taxes as required, the Department of Revenue will return an electronic confirmation or sign and return the Form IC134, certifying compliance.

Wastewater Spending Authority

Wastewater invoices above \$25,000 that are general operating in nature are an exception to this policy. Product and equipment maintenance are frequently above the \$25,000 and disruption would occur if council approval were needed prior to the purchase of the supply or equipment part.

If the purchase is not related to general operations and included in the budget (ex. capital need item) the purchasing policy would be followed unless an emergency purchase has been authorized by the City Administrator to ensure operation continuity.

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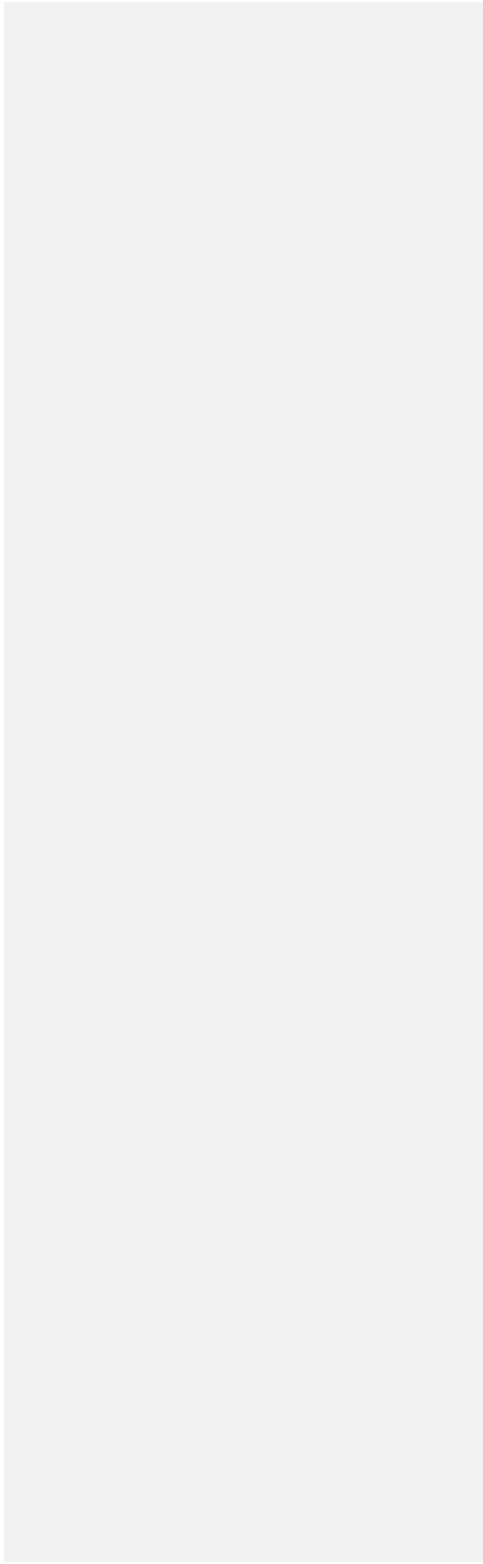
- 3.3 All purchases or contracts of \$25,000 or more shall be awarded by the City Council. The City Administrator or their designee shall submit recommendations for the award of all such contracts to the City Council.
- 3.4 Items commonly used in all departments shall be standardized whenever it is consistent with departmental goals and is in the interest of efficiency of economy.
- 3.5 A statement of "General Conditions" shall be included with all specifications submitted to supplier for their bids. These general conditions shall be incorporated in all contracts awarded for the purchase of supplies, materials, equipment or services.
- 3.6 All purchases of on-road or off-road vehicles and related power driven equipment (i.e. riding mowers, cars, trucks, ATVs, etc.) shall first receive approval of General Conditions as recommended by the City Council Equipment Review Committee and approved by City Council. Award of these contracts shall be made by the City Council regardless of the amount of the contract.

- 3.7 Opportunity shall be provided to all reasonable vendors to do business with the City. To this end, the Finance Director shall develop and maintain, with the assistance of each department, a list of potential bidders for the various types of supplies, materials, equipment, and services. The list of bidders shall be used in the development of a mailing list for distribution of specifications and invitations to bid. Qualified vendors may be included in the list upon request.
- 3.8 Selecting new vendors is at the discretion of the "requisitioner" as defined in Section 5.1. The requisitioner is required to obtain an IRS Form W-9 as provided by the Finance Department before payment can be processed for the new vendor.

Section IV—Purchasing Procedures

- 4.1 The supplies, materials, equipment and services to be purchased shall be of a quality required to serve the function in a satisfactory manner, as determined by the requisitioner and the Finance Director.
- 4.2 It is the responsibility of the Finance Director to make alternate suggestions to the requisitioner, if, in the judgment of the Finance Director, the specifications would restrict competition or otherwise preclude the most reasonable purchase of the required items. In the event of disagreement, the City Administrator shall arbitrate any disputes.
- 4.3 All written quotations shall be solicited by the department requesting the supplies, materials, equipment or services the bid with documentation provided to the Finance Department as in a form and procedure as the Finance Department determines appropriate. If the contract is made upon written quotation it shall be based, so far as is practicable, on at least two quotations.
- 4.4 All purchases or contracts requiring written quotations shall be received through the City Clerk in a sealed envelope, facsimile, or other format as pre-authorized by the Finance Director. All written quotations shall be kept on file for a period of at least six years after receipt thereof.
- 4.5 When a bidder proposes an alternative as "an equal" to the bid or quoted materials or service, the Finance Director and the requisitioner must determine whether the proposed substitution is in fact "equal" and suitable to the City's needs. Any disputes between the Agent and the requisitioner shall be arbitrated by the City Administrator.

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~~6.6 Confirmation orders (verbal orders) are subject to subsequent confirmation by a filed purchase order form. Such verbal purchase orders can only be issued when a bona fide emergency situation exists which can only be handled by an emergency verbal purchase order.~~

~~a. A written or online requisition shall be completed immediately thereafter. The confirmation requisition shall be marked as "Confirmation" and shall list all the specifications and information required for a purchase order.~~

~~b. A copy of the purchase order will be forwarded to the vendor confirming the verbal order placed for the emergency.~~

~~Section VII – Receiving, Inspection and Confirmation~~

~~7.1. Items purchased by the City of Marshall will, in most cases, be shipped directly to the location that initiated the requisition. The responsibility for receiving delivered items will be assigned to the requisitioner's department.~~

~~7.2. Inspection of items to be received shall consist of the following:~~

~~a. Verification of quantity by comparing the purchase order, or other purchase authorization, and packing slip to count of items received.~~

~~b. Verification of quality by comparing purchase order, or other purchase authorization, specifications to quality of items received and noting any differences.~~

~~c. Verification of damages to requisitioned items shall be reported on the receiving slip to the Finance Department.~~

~~d. Any discrepancies discovered in the inspection of items received, the date items were received and inspected, and the signature of the receiving/inspecting person shall be recorded on the receiving copy of the purchase order, or other purchase authorization.~~

~~e. All packing slips and the purchase order shall be filed timely with the Finance Department.~~

~~f. Any discrepancies or other legal dispute with the inspection of items received shall be brought to the attention of the Finance Director and, if deemed appropriate by the Finance Director, the City Attorney for further direction to resolve the dispute if deemed unresolved or appropriate.~~

Section VIII – Emergency Purchases

8.1 Occasions arise where an immediate purchase is necessary to protect the life, health, safety, or convenience of the citizens or to preserve the property of the City or its citizens. To the greatest extent possible, normal purchasing procedures shall be followed. However, when expediency is required to rectify an emergency situation, any or all of these procedures may be waived. If possible, the City Administrator shall be contacted to approve the purchase. In the absence of the City Administrator, the Director of Administrative Services ~~Finance Director~~ shall approve the purchase and notify the City Administrator at the earliest opportunity. A report to the City Council

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shall be made at the next regular City Council meeting.

Section IX – Payment Methods

- 9.1 A list of checks paid will be submitted for approval by the City Council at each regular City Council meeting. Any checks paid by means of Direct Expense Authorization since the previous City Council meeting will also be listed. By resolution, Add in Yearly Resolution to pay bills prior to council approval annually, the City Council authorize the Finance Director to pay certain types of claims made against the City prior to council approval.
- 9.19.2 Employees receiving payments from the City must be by direct deposit.
- 9.29.3 The Finance Director is authorized to approve immediate payment of invoices, without waiting for Council approval, in cases where it is necessary to avoid penalties, secure discounts, or avoid disruption of city business. These payments will be duly noted and approved in the next City Council payment list.
- 9.39.4 Each Department Head or Division Director identified by the City Administrator as being responsible for a department budget shall report to the Finance Director any designees they are authorizing to approve invoices for payment. All authorized persons shall submit a sample of their signature or initials to the Finance Department for verification of invoice approvals.
- 9.5 The City Council may authorize the issuance of credit cards to a limited number of city employees per Minnesota Statutes Chapter 471.382. Credit cards will be issued to the Finance Director. Credit cards may be used to make purchases in instances where payment by check and extension of credit by the vendor isn't available. The Department Head needing to make such purchases shall request approval from the Finance Director for processing. Detailed documentation shall be secured either at the time of order or the time of receipt for the service or product purchased. All provisions of the purchasing policy apply to credit card purchases.
- 9.59.6 The petty cash fund is used for the purchase of small items needed immediately. The Finance Director shall authorize the number and location of petty cash funds and the amount of cash deposited in each. To be reimbursed, an employee must fill out documentation as required by the Finance Department.
- 9.69.7 In certain cases, it will be advantageous to open charge accounts with local businesses and vendors which allow employees to purchase needed materials and services with period billing (customarily monthly) to the City. The Finance Department shall establish the documentation required for use of charge accounts.

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Purchasing Card Policy

In certain situations, efficiencies in the City's purchasing process are gained through the use of purchasing cards. Department heads in consultation with the Finance Director and City Administrator, will determine which department or personnel will be assigned a purchasing card. Cards will only be issued when it creates efficiencies in the normal purchasing process.

Only full time or permanent part time employee's may be eligible to use or be issued a purchasing card.

It is the responsibility of the individual cardholder to:

- Ensure that only authorized staff use the card.
- Ensure that the card is used only for legitimate City business expenditures.
- Ensure that City purchasing guidelines with respect to quotations and bids are followed.
- All supporting documentation associated with the purchase, including original invoices and receipts for items charged on the monthly statement are submitted to the finance department by the due date with proper approvals.
- Contact the bank immediately, if the card is lost or stolen.
- Cardholder must sign a statement agreeing to the terms of the Purchasing Card prior to being issued a card

Credit limits will be established by the Finance Director in conjunction with the City Administrator for each cardholder on an individual basis. No cash withdrawals will be allowed with the card.

The finance department, together with the City Administrator, will administer the issuance of the cards and compliance with the purchasing policy and procedures. Policy violations may result in the cancellation of an individual's card. Employees may be subject to disciplinary action for misuse of the cards and wages may be subject to garnishment, if necessary to recover City funds. Cards must be returned to the City at the time of employment separation.

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Section X – Professional Services

- 10.1 Professional services apply to all advisory, auditing, engineering, financial, legal, personnel, technical, training or other services.
- 10.2 All professional services of \$25,000 or more shall require a contract agreement that is provided reasonable advance review by the City Attorney and approved by the City Council. Professional service agreements less than \$25,000 may be in the form of a written quotation, including terms

and conditions, complying with specifications and with other stipulated bidding conditions. The written quotation shall be authorized consistent with the other sections of this policy.

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- 10.3 Contracts shall be made only with responsible consultants who have the capability to successfully fulfill the contractual requirements. Consideration shall be given to their past performance, experience, financial capacity to complete a project, availability of qualified personnel, cost of services and other appropriate criteria.
- 10.4 The nature of the professional service shall be illustrated in a request for proposals for services of greater magnitude or in a description of work for services of lesser magnitude. The city encourages seeking proposals from multiple providers. This shall be advertised or otherwise distributed to likely or potential service providers commensurate with the value of the contract. Request for proposal for services in excess of \$25,000 shall be authorized by the City Council upon recommendation of the appropriate staff requesting the letting of proposals.
- 10.5 Professional service providers shall be selected so as to provide the best value to the City considering the difficulty of the work proposed, its value to the City, the expertise and capacity of the consultant and cost of services.

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City of Marshall

Marshall, Minnesota

ADMINISTRATIVE POLICY

Policy Number: Chapter 1 Section 308 (1-308)

Adopted: May 22, 1973

Revised: May 27, 2005

July 13, 2010

November 1, 2011

March 22, 2016

July 27, 2021

PURCHASING POLICY AND PROCEDURES

Introduction

The purpose of this policy is to establish uniform and consistent guidelines with respect to purchasing and the authority to purchase on behalf of the City within the parameters of the Uniform Municipal Contracting Law, Minnesota State Statute Section 471.345.

For an expenditure of public funds to qualify as a lawful expenditure, the Minnesota Supreme Court has followed a liberal approach to define “public purpose.” When the activity in question meets all the following, it would be considered a lawful expenditure.

- The activity will benefit the community as a body.
- The activity directly relates to functions of government.
- The activity does not have, as its primary objective, the benefit of a private interest.

Responsibilities

The acquisition of supplies, materials, equipment, and services is primarily decentralized where each department handles procurement of supplies, materials, equipment, and services needed for their respective operations. The responsibility lies with each department to obtain bids or quotes, place actual orders, receive deliveries, and approve invoices for submission of payment to the Finance Department.

The Director of Administrative Services shall be responsible for developing and administering the purchasing procedures for the City.

Uniform Municipal Contracting Law

The City of Marshall shall follow the Uniform Municipal Contracting Law (M.S.A. 471.345) and the Charter of the City of Marshall (Sections 6.05, 6.06) in all City purchasing. The City of Marshall’s Purchasing Policy shall automatically follow the Uniform Municipal Contracting Law changes (M.S.A. 471.345) without need to change the City’s Purchasing Policy as written and adopted.

Competitive bids or quotations shall be solicited in connection with all purchasing whenever possible. Contracts may be awarded to the lowest responsible bidder complying with specifications and with other stipulated bidding conditions. The following requirements shall apply:

- Purchases and contracts of \$175,000 or more: If the amount of the purchase or contract 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 contracts by the City.
- Purchases and contracts from \$25,000 but not \$175,000: If the amount of the purchase or contract is estimated to exceed \$25,000 but not to exceed \$175,000, the purchase or contract may be made upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof.
- Purchases and contracts under \$25,000: If the amount of the contract is estimated to be \$25,000 or less, the contract shall be made either upon quotation or in the open market, in the discretion of the governing body. If the contract is made upon quotation, it shall be based, so far as practical, on at least two quotations which shall be kept on file for a period of at least one year after their receipt.
- In accordance with Minnesota Statute 471.345 Subd.15, the City must consider the availability, price and quality of supplies, materials, or equipment available through the state's cooperative purchasing venture before purchasing through another source when such items are estimated to exceed \$25,000.
- The City may contract for the purchase of supplies, materials, or equipment by utilizing contracts that are available through the state's cooperative purchasing venture or a national municipal association's purchasing alliance without regard to the bid procedures authorized in this section. However, if said supplies, materials or equipment are known to be available for purchase locally the items shall be bid in accordance with this policy and considered in addition to the state cooperative purchasing venture. If the lowest local bidder is not lower than the state contract, the next lowest bidder shall be provided an opportunity to match the comparable price of the cooperative purchasing venture.

Change Order Administrative Procedure

At the February 12, 2019, council meeting, the Council approved the following Administrative Procedure.

To allow change orders according to the following administrative procedure:

Change orders, cumulatively or singly, that do not exceed the project's contingency funding may be approved by the department director or their designee.

Change orders that cumulatively or singly increase the value of a contract to exceed the project's contingency funding by \$25,000 or less require the approval of the City Administrator. The City Administrator may choose to seek additional approval from the Council.

The Council must approve change orders that increase the value of the contract to more than \$25,000 beyond the projects contingency funding.

The Council approve the final reconciling change order and final payment.

Electronic Bidding Policy

PURPOSE

The purpose of the Electronic Bidding Policy is to supplement the Purchasing Policy and Procedures (adopted 1973, latest revision 2016). The Public Works Department intends to accept electronic bids only for all capital improvement construction contracts.

The City of Marshall has historically accepted printed, sealed bids for Public Works Department capital improvement construction contracts. New technology is available to allow for sealed bids to be submitted to the city electronically. Uniform Municipal Contracting Law (MN Statute 471.345 subd. 18) allows for municipalities to accept bids, performance and/or payment bonds, or other security to be furnished electronically.

POLICY

Immediately following expiration of the time for receiving bids for Public Works Department capital improvement construction contracts, the Director of Public Works/City Engineer or their designee will publicly open bids via video conference through provided information in the Advertisement for Bid. Those unable to attend via video conferencing will be allowed the opportunity to join via phone through provided information in the Advertisement for Bid. This procedure is intended to ensure adherence to the public bid opening requirements as stated in MN Statute 429.041 subd. 1. Bid results will be posted to the City's designated website immediately following bid opening.

SUMMARY:

This policy is designed to provide a more efficient procedure for soliciting, accepting, and opening sealed bids for Public Works Department capital improvement construction contracts. This process also significantly limits the potential for human error in the bidding or bid opening process.

Withholding Certificates

Before the City makes the final payment to a contractor under a contract requiring the employment of employees for wages, it must make sure the contractor and any subcontractors have complied with withholding tax laws. Contractors and subcontractors show compliance by submitting a withholding affidavit to the Minnesota Department of Revenue. This can be done electronically or by mailing a completed Form IC134, "Withholding Affidavit for Contractors." If a contractor or subcontractor has withheld taxes as required, the Department of Revenue will return an electronic confirmation or sign and return the Form IC134, certifying compliance.

Wastewater Spending Authority

Wastewater invoices above \$25,000 that are general operating in nature are an exception to this policy. Product and equipment maintenance are frequently above the \$25,000 and disruption would occur if council approval were needed prior to the purchase of the supply or equipment part.

If the purchase is not related to general operations and included in the budget (ex. capital need item) the purchasing policy would be followed unless an emergency purchase has been authorized by the City Administrator to ensure operation continuity.

Purchasing Procedures

All purchases or contracts of \$25,000 or more shall be awarded by the City Council. The City Administrator or their designee shall submit recommendations for the award of all such contracts to the City Council.

Items commonly used in all departments shall be standardized whenever it is consistent with departmental goals and is in the interest of efficiency of economy.

A statement of "General Conditions" shall be included with all specifications submitted to supplier for their bids. These general conditions shall be incorporated in all contracts awarded for the purchase of supplies, materials, equipment, or services.

All purchases of on-road or off-road vehicles and related power-driven equipment (i.e., riding mowers, cars, trucks, ATVs, etc.) shall first receive approval of General Conditions as recommended by the City Council Equipment Review Committee and approved by City Council. Award of these contracts shall be made by the City Council regardless of the amount of the contract.

Emergency Purchases

Occasions arise where an immediate purchase is necessary to protect the life, health, safety, or convenience of the citizens or to preserve the property of the City or its citizens. To the greatest extent possible, normal purchasing procedures shall be followed. However, when expediency is required to rectify an emergency, any or all of these procedures may be waived. If possible, the City Administrator shall be contacted to approve the purchase. In the absence of the City Administrator, the Director of Administrative Services shall approve the purchase and notify the City Administrator at the earliest opportunity. A report to the City Council shall be made at the next regular City Council meeting.

Payment Methods

A list of checks paid will be submitted for approval by the City Council at each regular City Council meeting. Any checks paid by means of Direct Expense Authorization since the previous City Council meeting will also be listed. By resolution, annually, the City Council authorize the Finance Director to pay certain types of claims made against the City prior to council approval.

Employees receiving payments from the city must be by direct deposit.

The Finance Director is authorized to approve immediate payment of invoices, without waiting for Council approval, in cases where it is necessary to avoid penalties, secure discounts, or avoid disruption of city business. These payments will be noted and approved in the next City Council payment list.

Each Department Head or Division Director identified by the City Administrator as being responsible for a department budget shall report to the Finance Director any designee, they are authorizing to approve invoices for payment. All authorized persons shall submit a sample of their signature or initials to the Finance Department for verification of invoice approvals.

The City Council may authorize the issuance of credit cards to a limited number of city employees per Minnesota Statutes Chapter 471.382. Credit cards may be used to make purchases in instances where payment by check and extension of credit by the vendor is not available. Detailed documentation shall be secured either at the time of order or the time of receipt for the service or product purchased. All provisions of the purchasing policy apply to credit card purchases.

The petty cash fund is used for the purchase of small items needed immediately. The Finance Director shall authorize the number and location of petty cash funds and the amount of cash deposited in each. To be reimbursed, an employee must fill out documentation as required by the Finance Department.

In certain cases, it will be advantageous to open charge accounts with local businesses and vendors which allow employees to purchase needed materials and services with period billing (customarily monthly) to the city. The Finance Department shall establish the documentation required for use of charge accounts.

Purchasing Card Policy

In certain situations, efficiencies in the City's purchasing process are gained using purchasing cards. Department heads in consultation with the Finance Director and City Administrator, will determine which department or personnel will be assigned a purchasing card. Cards will only be issued when it creates efficiencies in the normal purchasing process.

Only full time or permanent part time employee's may be eligible to use or be issued a purchasing card.

It is the responsibility of the individual cardholder to:

- Ensure that only authorized staff use the card.
- Ensure that the card is used only for legitimate City business expenditures.
- Ensure that City purchasing guidelines with respect to quotations and bids are followed.

All supporting documentation associated with the purchase, including original invoices and receipts for items charged on the monthly statement are submitted to the finance department by the due date with proper approvals.

Contact the bank immediately, if the card is lost or stolen. The cardholder must sign a statement agreeing to the terms of the Purchasing Card prior to being issued a card. Credit limits will be established by the Finance Director in conjunction with the City Administrator for each cardholder on an individual basis. No cash withdrawals will be allowed with the card.

The finance department, together with the City Administrator, will administer the issuance of the cards and ensuring compliance with the purchasing policy and procedures. Policy violations may result in the cancellation of an employee's card. Employees may be subject to disciplinary action, up to and including termination for misuse of the card and wages may be subject to garnishment, if necessary, to recover City funds. Cards must be returned upon separation of employment, or at any time the Employer requests.

Employees will need to sign a form of policy understanding prior to the card being issued.

Professional Services

Professional services apply to all advisory, auditing, engineering, financial, legal, personnel, technical, training, or other services.

All professional services of \$25,000 or more shall require a contract agreement that is provided reasonable advance review by the City Attorney and approved by the City Council. Professional service agreements less than \$25,000 may be in the form of a written quotation, including terms and

conditions, complying with specifications and with other stipulated bidding conditions. The written quotation shall be authorized consistent with the other sections of this policy.

Contracts shall be made only with responsible consultants who have the capability to successfully fulfill the contractual requirements. Consideration shall be given to their past performance, experience, financial capacity to complete a project, availability of qualified personnel, cost of services and other appropriate criteria.

The nature of the professional service shall be illustrated in a request for proposals for services of greater magnitude or in a description of work for services of lesser magnitude. The city encourages seeking proposals from multiple providers. This shall be advertised or otherwise distributed to likely or potential service providers commensurate with the value of the contract. Request for proposal for services more than \$25,000 shall be authorized by the City Council upon recommendation of the appropriate staff requesting the letting of proposals.

Professional service providers shall be selected to provide the best value to the City considering the difficulty of the work proposed, its value to the City, the expertise and capacity of the consultant and cost of services.

<i>Purchasing Policy - Comparable Cities</i>					
<u>City</u>	<u>Purchasing Policy</u>	<u>Credit Card Policy</u>	<u>Ordinance</u>	<u>Administrator's Authority</u>	<u>Finance Director's Authority</u>
Marshall	Yes	No	Yes - 5,000	25,000 per policy	None
Albert Lea					
Fairmont	Yes	Unknown	Unkown	25,000	
Faribault					
Hutchinson	Yes	Yes - Purchasing Card	Yes - no limits (just City Admin as ultimate spendin authority)	50,000	50,000
New Ulm	No - Follow State Statute	Yes	Unkown	Unknown	Unknown
North Mankato	No	Yes	Yes	up to \$25,000	None
Northfield					
Owatonna	Yes	Yes - included in purchasing policy	No	100,000	5,000
St. Peter					
Waseca					
Willmar					
Worthington					

CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Click or tap to enter a date.
Category:	COUNCIL REPORTS
Type:	INFO
Subject:	Commission/Board Liaison Reports
Background Information:	<p>Byrnes - Fire Relief Association and Regional Development Commission</p> <p>Schafer – Airport Commission, Joint LEC Management Committee, MERIT Center Commission, SW Amateur Sports Commission</p> <p>Meister – Cable Commission, Community Services Advisory Board, Economic Development Authority</p> <p>Edblom – Planning Commission, Public Housing Commission</p> <p>DeCramer – Economic Development Authority, Marshall Municipal Utilities Commission, Diversity, Equity, and Inclusion Commission</p> <p>Labat – Adult Community Center Commission, Convention & Visitors Bureau, Library Board, Marshall Area Transit Committee</p> <p>Lozinski – Joint LEC Management Committee, Police Advisory Board</p>
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	



BUILDING PERMIT LIST
July 27, 2021

APPLICANT	LOCATION ADDRESS	DESCRIPTION OF WORK	VALUATION
JANSSEN, NATHAN & TRACI	705 VIKING DR	INTERIOR REMODEL	5,000.00
JONES, BRIAN & KELLY	416 BRUSSELS CT	NEW BUILDING	165,000.00
ACE HOME & HARDWARE	1107 STOCKHOLM AVE	NEW BUILDING	260,000.00
Regnier Electric	200 SARATOGA ST E	HVAC	5,500.00
INDEPENDENT LUMBER OF MARSHALL, INC	102 PARKVIEW DR	INTERIOR REMODEL	3,000.00
LAMOTE, LARRY L & PEGGY M	201 7TH ST N	INTERIOR REMODEL	5,000.00
Joel Alan Kor	200 LUCILLE ST	Windows	1,500.00
MEADOWVIEW CONSTRUCTION	709 4TH ST N	DOORS	800.00
MORIAH PROPERTIES LLC	1108 COLLEGE DR E	INTERIOR REMODEL	20,000.00
GESKE HOME IMPROVEMENT CO.	803 SCOTT CIR	RE-SIDING	2,400.00
GESKE HOME IMPROVEMENT CO.	108 PARK AVE	Windows	1,200.00
DANIEL GILES, CODY SCHNEEKLOTH, PAULA P	407 5TH ST S	Windows	1,500.00
VANOVERBEKE, LORI LYNN	623 SOUTHVIEW DR W	Windows	1,000.00



PLUMBING PERMIT LIST
July 27, 2021

APPLICANT	LOCATION ADDRESS	DESCRIPTION OF WORK	VALUATION
FRANK'S ELECTRIC, PLUMBING & HEATIN	905 ELIZABETH ST	NEW BUILDING	0.00
FRANK'S ELECTRIC, PLUMBING & HEATIN	416 BRUSSELS CT	NEW BUILDING	0.00



Marshall, MN

Council Check Report

By Vendor Name

Date Range: 07/13/2021 - 07/15/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-REG AP						
4549	A & B BUSINESS, INC	07/14/2021	EFT	0.00	435.06	7180
4570	AMAZON	07/13/2021	Regular	0.00	451.45	119340
6539	BREMER BANK CC	07/13/2021	Regular	0.00	2,387.59	119342
6791	CAPITAL ONE	07/13/2021	Regular	0.00	53.95	119343
0875	COMPUTER MAN INC	07/14/2021	EFT	0.00	267.00	7181
6538	DEARREADER.COM	07/13/2021	Regular	0.00	1,600.00	119344
5511	DVL FIRE AND SAFETY	07/13/2021	Regular	0.00	20.00	119345
5291	ENVISIONWARE, INC	07/14/2021	EFT	0.00	504.00	7182
1271	HENLE PRINTING COMPANY	07/14/2021	EFT	0.00	66.77	7183
1280	HP INC	07/13/2021	Regular	0.00	3,048.63	119346
4552	INGRAM LIBRARY SERVICES	07/13/2021	Regular	0.00	3,784.90	119347
1545	LYON COUNTY HIGHWAY DEPARTMENT	07/14/2021	EFT	0.00	43.17	7184
1604	MARSHALL AREA CHAMBER OF COMMERCE	07/14/2021	EFT	0.00	150.00	7185
1633	MARSHALL MUNICIPAL UTILITIES	07/14/2021	EFT	0.00	2,630.54	7186
4647	SCHOLASTIC	07/13/2021	Regular	0.00	2.40	119349
6286	SCHWEGMAN'S CLEANERS, LLP	07/13/2021	Regular	0.00	68.50	119350
2318	SOUTHWEST SANITATION INC.	07/14/2021	EFT	0.00	74.42	7187
5733	VAST BROADBAND	07/13/2021	Regular	0.00	501.35	119351
4489	VERIZON WIRELESS	07/14/2021	EFT	0.00	59.56	7188

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	29	10	0.00	11,918.77
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	9	9	0.00	4,230.52
	38	19	0.00	16,149.29

All Bank Codes Check Summary

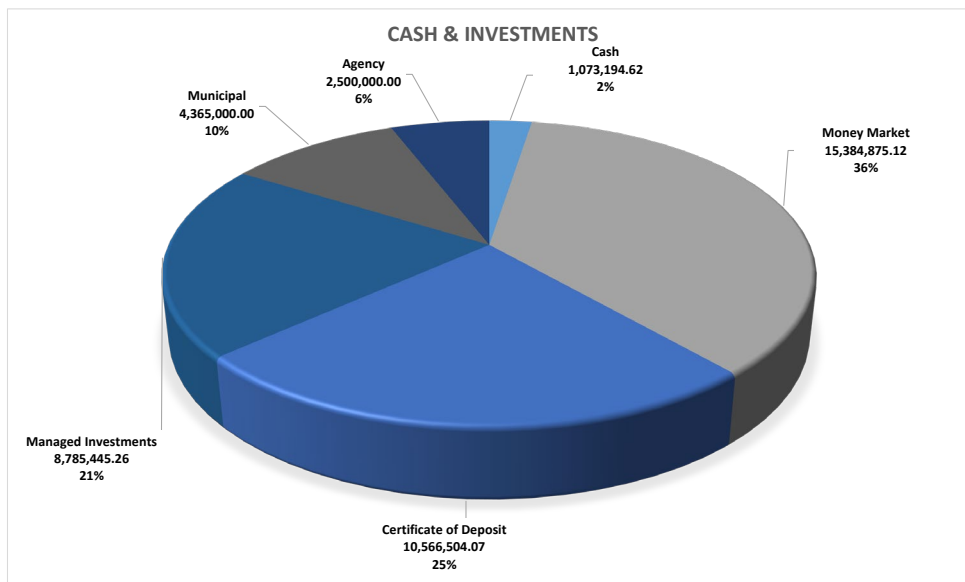
Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	29	10	0.00	11,918.77
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	9	9	0.00	4,230.52
	38	19	0.00	16,149.29

Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH FUND	7/2021	16,149.29
			16,149.29

City of Marshall, Minnesota
Cash & Investments
6/30/2021

	Par	Rate
CASH & INVESTMENTS:		
Checking - Bremer	1,073,194.62	0.00%
Money Market - Bremer	10,296,853.46	0.02%
Money Market - Bank of the West	3,383,070.41	0.15%
Money Market - US Bank	1,177,267.32	0.03%
Money Market - Wells Fargo	527,683.93	0.03%
Certificate of Deposit (10/18/2020) 18 months	1,038,834.69	0.40%
Certificate of Deposit (10/18/2020) 18 months	1,038,834.69	0.40%
Certificate of Deposit (10/18/2020) 18 months	1,038,834.69	0.40%
Certificate of Deposit (6/3/2021) 6 months	5,000,000.00	0.18%
Certificate of Deposit (6/3/2021) 3 months	0.00	0.15%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.75%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.85%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.75%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.75%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.75%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.85%
Certificate of Deposit (9/12/2022) 3 Years	245,000.00	1.80%
Certificate of Deposit (3/14/2022) 2 Years 6 months	245,000.00	1.70%
Certificate of Deposit (9/20/2021) 2 Years	245,000.00	1.70%
Certificate of Deposit (9/13/2021) 2 Years	245,000.00	1.80%
Investment Portfolio - General Fund	2,750,339.77	
Investment Portfolio - WW/SW Capital Reserve	3,957,221.69	
Investment Portfolio - Endowment Fund	2,077,883.80	
Municipal	245,000.00	
Municipal	330,000.00	0.14%
Municipal	325,000.00	0.24%
Municipal	110,000.00	0.45%
Municipal	140,000.00	0.24%
Municipal	275,000.00	0.20%
Municipal	545,000.00	0.18%
Municipal	100,000.00	0.13%
Municipal	100,000.00	0.15%
Municipal	115,000.00	0.14%
Municipal	250,000.00	0.10%
Municipal	100,000.00	0.10%
Municipal	100,000.00	0.12%
Municipal	200,000.00	0.15%
Municipal	105,000.00	0.16%
Municipal	125,000.00	0.20%
Municipal	100,000.00	0.27%
Municipal	110,000.00	0.21%
Municipal	690,000.00	0.20%
Agency	500,000.00	0.17%
Agency	500,000.00	0.30%
Municipal	100,000.00	0.23%
Agency	1,500,000.00	0.27%
Municipal	100,000.00	0.20%
Municipal	100,000.00	0.20%
TOTAL CASH & INVESTMENTS	42,675,019.07	



Marshall-Lyon County Library
Regular Board Meeting Minutes
June 14th, 2021

Board Members Present: Michael Murray, Paul Graupmann, Russ Labat, Linda Baun, Ruth Bot, Eric DeGroot, Paula Botsford, and Anita Gaul. Staff Present: Director Michele A. Leininger, LuAnn Anderson, Christine DeGroot, and Paula Nemes. Others Present:

Called to order at 4:00 p.m. by M. Murray, President

Pledge of Allegiance.

Motion made by R. Labat, seconded by L. Baun to adopt agenda as presented. The motion passed unanimously.

Motion made by R. Labat, seconded by P. Graupmann to adopt the Consent Agenda with corrections as noted. The motion passed unanimously.

Old Business:

COVID 19 Re-Opening Update: Marshall is now open until 6:00. The branches are open 3 days a week. The Assistant Librarians will continue to have conversations with patrons about the hours. Deliveries are still being done in both communities.

We are still encouraging staff to wear a mask. We are now down to 3 staff members that are not vaccinated. The summer reading program has started and is having a good turnout. The two story times are still being videotaped for the Summer. Summer reading is doing well. Mornings are very busy. More furniture will be added by July 1st.

2022 Draft Budget: Health insurance is always an educated guess, given that the Library must have its budget done 6 months ahead. Personnel also includes shifting a part-time position into a fulltime one. Janitorial service agreement was tied with City Hall during remodel. The additional money for janitorial is for either the City or the Library will be contracting for the cleaning, as there are bids from two cleaning companies. A new van is not listed in this budget. July 1st at 9:00 AM is the Joint Library/City/County Budget Meeting. Motion made by P. Botsford, seconded by L. Baun. Roll Call Vote: Yes-P. Botsford, L. Baun, M. Murray, A. Gaul, P. Graupmann, R. Bot, and E. DeGroot. No-R. Labat.

New Business -

Surplus Equipment: 2 Apple iMacs would like to surplus. Motion made by L. Baun, seconded by E. DeGroot to approve surplus of equipment. The motion passed unanimously.

Reports

Director's Report: LuAnn's Retirement party will be Thursday, July 8th from 4:00-5:30. Asked for the Library to close early that day, with the window remaining open. No objections.

The Cottonwood library has not had internet or phone access for the last 3 weeks. L. Anderson is working with Frontier and Plum Creek to get this resolved.

Aimee Shouse's position on the board is now open. If anyone knows anyone who would be interested.

(E. DeGroot left the meeting at 5:10 PM.)

Will need to vote at the July meeting if we will be having an August meeting and on approving August bills.

Also, at the July meeting will need to discuss our meeting room policy.

Balaton, Cottonwood, or anyone in the county can still have deliveries but encouraging patrons to return to visiting the libraries or become part of the regular homebound service.

Board President Report: Update on Conference Committee bill for additional funding for Plum Creek from the State (RLBSS).

Friends: The Friend's next meeting is an open house on July 14th.

Plum Creek: They are meeting on Wednesday, June 16th. They are actively looking for a new director.

M. Murray adjourns the meeting at 5:45 p.m.

Respectfully Submitted,
Christine DeGroot

**MINUTES OF THE
MARSHALL PLANNING COMMISSION MEETING
JULY 14, 2021**

MEMBERS PRESENT: Lee, Fox, Muchlinski, Councilperson Edblom

MEMBERS ABSENT Knieff, Carstens, Schroeder

OTHERS PRESENT: Lauren Deutz, Economic Development Director;
Jason Anderson, Director of Public Works;
Annette Storm, Director of Administrative Services

1. Call to Order -

The meeting was called to order at 5:00 pm by Chairperson Lee.

2. Approval of Minutes -

Lee asked for the approval of the minutes of the May 12, 2021 regular meeting of the Marshall Planning Commission. MUCHLINSKI MADE A MOTION, SECOND BY FOX, to approve the minutes as written. ALL VOTED IN FAVOR OF THE MOTION.

3. Resolution for the TIF Plan for District 6-1 Complying with the City of Marshall Comprehensive Plan –

State Statutes require the Planning Commission to review the Project Plan and the TIF Plan for compliance with the intent of the City Comprehensive Plan. The proposed project is a high-density residential construction (two 24-unit buildings) that will be located in the area that the Comprehensive Plan intends to be used for that purpose. The draft Project Plan and TIF Plan including TIF Financing Plan are attached for your information, but the only items related to planning commission review are compliance with the intent of the comprehensive plan as it relates to your recommendation to Council. The approval is a step in the process for allowing the City to use TIF funds for this project. The HRA and City Council will be responsible for determining the necessity of TIF funds for the proposed project. Staff recommends approval of the attached resolution finding the proposed Project Plan for Project Area No. 6 and Tax Increment Financing Plan for Tax Increment Financing District No. 6-1 of the Housing and Redevelopment Authority in and for the City of Marshall to be consistent with the intent of Comprehensive Plan for the City.

Lauren Deutz, Economic Development Director, presented the item. Gabe Olsen, owner of Suite Liv'n Apartments in Marshall, has submitted a TIF application for a proposed apartment development located on Birch Court. The project would include two, three-story apartment buildings which would provide 24 housing units each for a total of 48 new rental units. The unit breakdown would be 16 1-bedroom and 8 2-bedroom units per building. The buildings would be located at 501 Village Drive and 406 Village Drive, both properties which are currently owned by the developer. The former church parsonage currently resides at the 406 Village Drive location but Suite Liv'n is in the process of donating the building to a local organization. Suite Liv'n purchased their first property in Marshall in 2018 and currently owns approximately 350 dwelling units in Marshall. Suite Liv'n also manages properties in Willmar, New London,

--UNAPPROVED --

Pennock, Litchfield, Hutchinson, and Spicer. In order to qualify as a housing district for TIF, at least 40 % of the units will be affordable to occupants with incomes no greater than 60% of the area median income. The current proposed rates would qualify the entire development under the 60% median income threshold. Suite Liv'n strives to deliver new high quality housing options for workforce and students that remain affordable based on community demand. The EDA is also currently completing a Housing Study update which indicates the need for additional rental units in the community through 2030. Per the draft we received, Marshall can support the addition of 124 new market rate rental housing units, 75 shallow-subsidy, and 128 deep-subsidy units. Suite Liv'n's proposed rates for the project fall into the "moderate income" housing options available for the community.

Fox indicated the role of the Planning Commission is to confirm this fits into the Comprehensive Plan of the City. Anderson confirmed the zoning of the area. Fox said not much gray area with this action. Muchlinski indicated adequate room for development and parking. Anderson stated northwest property owner received variance previously. Lee concurred no issues with this action. Fox said fits into the plan.

FOX MADE A MOTION, SECOND BY MUCHLINSKI, to approve the Resolution for the TIF Plan for District 6-1 Complying with the City of Marshall Comprehensive Plan. ALL VOTED IN FAVOR OF THE MOTION.

4. Other Business -

Anderson stated at the July 13, 2021 meeting, the City Council unanimously approved the Comprehensive Plan Task Force. The task force consists of a cross section of various sectors (for example, healthcare, education, retail). City staff will provide the Task Force listing to Planning Commission via email. Recommendations were made by SRF Consulting Group on which industries and interest groups to include in the Task Force and the number of representatives needed. There are 12 individuals on the list. Planning Commission will be represented by Amanda Schroeder. Edblom indicated SRF will be requesting substantial input from PC regarding the Comprehensive Plan. Lee questioned timeline. Deutz said approximately one-year timeline.

5. Adjourn -

MUCHLINSKI MADE A MOTION, SECOND BY FOX to adjourn the meeting. ALL VOTED IN FAVOR OF THE MOTION. Chairman Lee declared the meeting adjourned at 5:38 pm.

Respectfully submitted,
Lona Rae Konold

PUBLIC HOUSING COMMISSION

202 N. FIRST STREET

MARSHALL, MN 56258

July 20, 2021

PARKVIEW APARTMENTS

3:30 P.M. BOARD MEETING

- 1 Call to Order:
2. Roll Call:
3. Approval of Previous Meeting Minutes: June 21st, 2021
4. Reports:
 - A. **Eight** Month report for Operating Statement for FY 2021.
 - B. Accounts Receivable/Payable.
 - C. Occupancy/ Maintenance Report
5. CFP - 2020. Update on Fire Alarm/ Elevator Upgrade. E-mail's.
2021- Surveying and soil boring completed.
6. New Business:
 - A. Washer / Dryer Update. Payment.
 - B. Update on repairs for the Generator.
 - C. Letter from City on appointment of new board members.
 - D. Approve Resolution # 21-09, Contract with Studio E, for Stairwell Window Replacement at Parkview.
 - E. Approve Resolution # 21-10, Contract with Studio E, for Parking Lot Improvement, and Sewer Replacement.
 - F. Review letter from Inspector on Hallway Tile. E-mail from Eric at Studio E.
7. Executive Director Items:
 - A.
8. Commissioner Items:
 - A.
9. Date and Time for Next Regular Meeting, August 9th, 2021. 3:30 p.m.
10. ADJOURN TIME

**PUBLIC HOUSING COMMISSION
OF THE CITY OF MARSHALL
PARKVIEW APARTMENTS**

Minutes of the Meeting of
May 10, 2021

Meeting called to Order: 3:32 P.M. by Chairman Walker.

Members Present: Farrell, Walker, Reilly, Janiszeski.
Knoben.

Absent: Edblom, Rickgarn, Called In.

MOTION by Janiszeski, seconded by Knoben, to approve the minutes of the April 12th, 2021 meeting. All voted in favor, motion passed.

REPORTS:

Six Month Operating Statement for FYE 21 was reviewed by the Board. Motion by Reilly, second by Walker to approve the monthly report. All voted in Favor, Motion passed to approve the report. Chairman signed report.

Account Receivable/Payable: One month of reports were reviewed; several items were pointed out and discussed to the Board by the Director, including checks from # 020100 to # 020129 in the amount of \$ 47,128.07 Motion by Walker, second by Knoben, to approve the report. All voted in Favor, Motion Passed.

Occupancy Report: Currently working with several applicants for Parkview, and Family Units. Detailed Maintenance report included.

CFP-2020. Fire Alarm System installation is under way, pictures
And e-mails to look over.

CEP-2021. All forms uploaded, waiting for Contract with Architects

New Business:


- A. Washer /Dryer Update-payment.
- B. Update on repairs for Generator.
- C. Contacted Awards Plus, for Awnings, already received a Bid from they use.
- D. Letter from Jessie Dehn, (City of Marshall), information on First Street Construction cost to PHC.
- E. CARES Act funding, Final request.


Executive Director Items:

Commissioner Items:

Next Meeting: JUNE 21st 2021 3:30 p.m. Community Room.

Chairman Walker Declared the meeting adjourned at 4:09 p.m.


Mark Farrell, Executive Director


Board Member

CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, July 27, 2021
Category:	CLOSED SESSION
Type:	ACTION
Subject:	Conduct a closed session pursuant to Minnesota Statutes, section 13D.05, subdivision 3(b) to engage in an attorney-client privileged discussion with the City's attorneys regarding potential legal action and code enforcement at Broadmoor Valley Mobile Home Park.
Background Information:	The city council needs to hold a closed session with the City's attorneys to discuss potential legal action and code enforcement regarding Broadmoor Valley Mobile Home Park. The City has a need to engage in a privileged discussion to obtain confidential legal advice, evaluate the case, and discuss litigation strategy in order to protect the interests of the City and its taxpayers.
Fiscal Impact:	NA
Alternative/ Variations:	NA
Recommendations:	To go into closed session pursuant to Minnesota Statutes, section 13D.05, subdivision 3(b) for an attorney-client privileged discussion regarding potential legal action and code enforcement regarding Broadmoor Valley Mobile Home Park.

2021 Regular Council Meeting Dates

2nd and 4th Tuesday of each month

5:30 P.M.

City Hall, 344 West Main Street

January

1. January 12, 2021
2. January 26, 2021

February

1. February 09, 2021
2. February 23, 2021

March

1. March 09, 2021
2. March 23, 2021

April

1. April 13, 2021
2. April 27, 2021

May

1. May 11, 2021
2. May 25, 2021

June

1. June 08, 2021
2. June 22, 2021

July

1. July 13, 2021
2. July 27, 2021

August

1. August 10, 2021
2. August 24, 2021

September

1. September 14, 2021
2. September 28, 2021

October

1. October 12, 2021
2. October 26, 2021

November

1. November 09, 2021
2. November 23, 2021

December

1. December 14, 2021
2. December 28, 2021

2021 Uniform Election Dates

- February 09, 2021
- April 13, 2021
- May 11, 2021
- August 10, 2021
- November 2, 2021

204C.03 PUBLIC MEETINGS PROHIBITED ON ELECTION DAY.

Subdivision 1. School districts; counties; municipalities; special taxing districts. No special taxing district governing body, school board, county board of commissioners, city council, or town board of supervisors shall conduct a meeting between 6:00 p.m. and 8:00 p.m. on the day that an election is held within the boundaries of the special taxing district, school district, county, city, or town. As used in this subdivision, "special taxing district" has the meaning given in section 275.066.



Upcoming Meetings

July

- 07/27 Board & Commission Interviews, 4:00 PM, City Hall
 - 07/27 HRA, Public Hearing, 5:00 PM, City Hall
 - 07/27 Regular Meeting, 5:30 PM, City Hall
-

August

- 08/03 Budget Work Session, 4:30 PM, City Hall
 - 08/10 Budget Work Session, 4:00 PM, City Hall
 - 08/10 Regular Meeting, 5:30 PM, City Hall
 - 08/24 Regular Meeting, 5:30 PM, City Hall
 - 08/25 Budget Work Session, 4:30 PM, City
-

September

- 09/14 Regular Meeting, 5:30 PM, City Hall
- 09/28 Regular Meeting, 5:30 PM, City Hall