



# NORTH BRANCH

## —Minnesota—

Charles Klopp  
Chair

Bob Bernier  
Commissioner

Farfum Ladroma  
Commissioner

Lynn Wilson  
Commissioner

Wendy Chelberg  
Commissioner

**PARKS, TRAILS AND OPEN SPACE  
COMMISSION  
REGULAR AGENDA  
MONDAY, JUNE 1, 2026 @ 7:00 PM  
CITY HALL, 6408 ELM STREET, NORTH  
BRANCH, MN 55056**

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. PUBLIC COMMENT  
*Provides an opportunity for the public to address the Council on items that are not on the Agenda. Please raise your hand to be recognized. Please state your name and address for the record. This section is for the express purpose of addressing concerns of City services and operations. It shall not be used to clarify individual's views for political purposes.*
5. AGENDA APPROVAL
  - a. Approve Agenda ACTION
6. CONSENT AGENDA  
*All matters listed under Consent Agenda are considered routine and/or non-controversial and will be approved by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.*
  - a. Approval of May 4, 2026 PTOS Commission meeting minutes ACTION
7. REPORTS
  - a. Park Fund Balances INFO
  - b. Project Updates INFO
  - c. Williams Park INFO
  - d. Comprehensive Plan INFO
  - e. 10 Year Capital Improvement Plan (CIP) 2026-2035 ACTION
  - f. Park Tour ACTION

8. NEXT MEETING - July 6, 2026 - 7PM
9. ADJOURNMENT



**Prepared By: Tonya Kostuch, City Clerk**

**Presenter: Nathan Sondrol, Community Development Director**

**Date: 01/28/2026**

**Board & Commission: Parks, Trails and Open Space Commission**

**Subject: Approval of May 4, 2026 PTOS Commission meeting minutes**

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**Voting Requirements:**

**Voting Options      Simple Majority**



# NORTH BRANCH —Minnesota—

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**PARKS, TRAILS AND OPEN SPACE  
COMMISSION  
REGULAR AGENDA  
MONDAY, MAY 4, 2026 @ 7:00 PM  
CITY HALL, 6408 ELM STREET, NORTH  
BRANCH, MN 55056**

## **MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL OF THE CITY OF NORTH BRANCH IN THE COUNTY OF CHISAGO AND IN THE STATE OF MINNESOTA**

### **REGULAR MEETING**

**Monday, May 4, 2026**

1. CALL TO ORDER

Chair Charles Klopp called the Parks, Trails, and Open Space Commission to order at 7 PM.

2. PLEDGE OF ALLEGIANCE

Chair Charles Klopp led the Pledge of Allegiance.

3. ROLL CALL

**Present:** Commissioner Charles Klopp, Commissioner Bob Bernier,  
Commissioner Farfum Ladroma, Commissioner Wendy Chelberg

**Absent:** Commissioner Lynn Wilson

**Remote:**

**Others**

**Present:**

**Notes:**

4. PUBLIC COMMENT

*Provides an opportunity for the public to address the Council on items that are not on the Agenda. Please raise your hand to be recognized. Please state your name and address for the record. This section is for the express purpose of addressing concerns of City services and operations. It shall not be used to clarify individual's views for political purposes.*

Dan Goldbloom provided Public Comment requesting the commission consider keeping acknowledgement signage apolitical in public parks, to address maintenance of the Sunrise Prairie Regional Trail and to install markings/signage for a crosswalk at Maple St and Co Rd 30.

5. AGENDA APPROVAL

- a. Approve Agenda ACTION  
**RESULT: Passed**  
**MOVER: Bob Bernier**  
**SECONDER: Farfum Ladroma**  
**AYES: Charles Klopp, Bob Bernier, Farfum Ladroma, Wendy Chelberg**  
**ABSENT: Lynn Wilson**  
**NOTES:**

6. CONSENT AGENDA

*All matters listed under Consent Agenda are considered routine and/or non-controversial and will be approved by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.*

- a. Approval of April 6, 2026 PTOS Commission Meeting minutes ACTION  
**RESULT: Passed**  
**MOVER: Bob Bernier**  
**SECONDER: Farfum Ladroma**  
**AYES: Charles Klopp, Bob Bernier, Farfum Ladroma, Wendy Chelberg**  
**ABSENT: Lynn Wilson**  
**NOTES:**

7. REPORTS

- a. Park Fund Balances ACTION

Community Development Director Nate Sondrol gave the Park Fund Balances.

Below are the fund balances as of 4/2/26

Fund	Balance
Park Dedication Fund (486) (Outstanding state grant reimbursements - CSAH 30 Trail) (Commitments)	\$309,740.56
Park Improvement Fund (\$20,000 - ECRAC Summer Concerts)	\$123,748.44
Community Center Fund	\$184,806.19

- b. Project Updates ACTION

Community Development Director Nate Sondrol presented the Project Updates. Lights will be installed this Spring/Summer at Roger Johnson Park. The Veterans Memorial beautification group has been working very diligently on fundraising for the Circle of Honor Veterans Memorial. They submitted a funding request to the State, and they're hoping to hear something this month, to hopefully assist with their efforts. It's likely that the project will start this Fall. The Safe Route to School plan, a lot of activities are going on this week, Wednesday at 7 am is Walk and Roll to School Day, starting at St. Gregory's Catholic Church. The City was notified that it was awarded funding to complete its Safe Routes to School Plan. There will be engagement activities taking place, including May 7th SRTS Walk/Bike Observation and Rapid Planning Workshop on June 17th. An update regarding the Malmquist property. There is some discussion about a larger area of development for the outdoor

archery range and having a walking course. The walking course will not be able to take place on this site, but the archery range will. The Beautification Association is doing its flower basket drive. The baskets will go along 95 about a week before Memorial Day.

c. Westside Commons 3rd Addition Preliminary Plat

ACTION

Community Development Director Nate Sondrol presented Westside Commons 3rd Addition Preliminary Plat. AIM Holdings LLC(Developer) has submitted a preliminary plat and site plan application for a development named Westside Commons 3rd Addition, North Branch Independent Living. The property is located along the south side of 386th Street, west of Falcon Avenue. The proposed development would create an Independent Senior Living Community that caters to active seniors. The development would include a 3-story apartment with 105 units, a clubhouse, and an outdoor recreational area. The existing land cover consists of open, undeveloped land with predominantly fine-sandy soils.

There is an existing trail located along Falcon Avenue; However, there is no existing sidewalk along 386th Street connecting to the trail.

State statute allows cities the ability to require that a reasonable portion of the buildable land of any proposed subdivision be dedicated to the public to address infrastructure needs created by the development, including parks, recreational facilities, playgrounds, trails, sidewalks, wetlands, and open space.

In lieu of land dedication for parks, recreational facilities, playgrounds, trails, wetlands, or open space, cities may require a developer to pay cash or “park dedication fees.” Park dedication fees excuse the developer from a local land dedication for park and recreation purposes, but still allow the city to purchase and acquire new, off-site facilities to serve the recreation needs created by the subdivision.

Sec. 54-465. Conditions for contributions.

It shall be deemed to be in the public interest to require land dedication, cash contribution, or any combination thereof when the city council, after review and recommendation, makes one or more of the following findings of fact:

- (1) All or part of the proposed subdivision has been designated as a park, playground, public open space, storm sewer holding areas, or ponds in the adopted city plan;
- (2) Such a contribution is necessary in order to protect adjacent land uses from potential conflicting land uses that could exist on the land subdivided.
- (3) The increased number of residents to reside or be employed within the subdivision will increase the recreational demands upon the city.
- (4) The land proposed to be subdivided contains or borders upon existing unique topographical features, including but not limited to ponds, lakes, streams, timber stands, water holding areas, hills, steep slopes, drainage areas, or bluffs which should be preserved to prevent foreseeable safety, pollution, or erosion hazards or to provide unique recreational and aesthetic qualities and enjoyment to the city; Such contribution is necessary to comply with or fulfill the goals, policies, and programs of the city.

Based on the North Branch City Code and the current fee schedule, below are some options available for park dedication for the proposed development.

Cash Option 105 Lots @ \$1,800 per lot = \$189,000

Land Option 5 acres @ 10% = 0.5 acres

Cash/Land Option: Various Combinations of the above

The development is located within the Wildridge Park service area.

The PTOS Commission reviewed a concept plan for the development in October 2024 and recommended the acceptance of cash-in-lieu of land for park dedication for the Westside Commons 3rd Addition based on the additional demands placed on the city's parks, trails, and open space system from the development.

The requested action is for the Commission to make a recommendation on deeming if there is a public interest to require a land dedication, cash contribution, or any combination thereof for parks, trails, and open space of the proposed plat. City staff would recommend approval of the acceptance of cash-in-lieu of land for park dedication for the Westside Commons 3rd Addition, based on the additional demands placed on the city's parks, trails, and open space system from the development.

Motion to accept the cash option.

**RESULT:** Passed  
**MOVER:** Charles Klopp  
**SECONDER:** Bob Bernier  
**AYES:** Charles Klopp, Bob Bernier, Farfum Ladroma, Wendy Chelberg  
**ABSENT:** Lynn Wilson  
**NOTES:**

d. Special Event Permit - North Branch American Legion Midsummer Days ACTION

Community Development Director Nate Sondrol presented the Special Event Permit - North Branch American Legion Midsummer Days. The North Branch American Legion Post 85 is requesting approval of a special event permit for their annual Midsummer Days celebration. The Midsummer Days event is scheduled to take place on June 17-21, 2026, and will include 3 street dances, 2 parades, the carnival, and Kids Olympics. The carnival is proposed to be located in Central Park, with setup beginning on Monday, June 15, 2026, and clean up on Monday, June 22, 2026. The Kid Olympics will take place in Riverwalk Park on Saturday, June 20, 2026. This will be the 100th Anniversary of the Midsummer Days event. This is a recurring event with little to no changes.

City staff recommends approval of the conditions that the applicant provide all of the missing information and provide for staff approval.

Motion to approve the Special Event Permit - North Branch American Legion Midsummer Days.

**RESULT:** Passed  
**MOVER:** Bob Bernier  
**SECONDER:** Wendy Chelberg  
**AYES:** Charles Klopp, Bob Bernier, Farfum Ladroma, Wendy Chelberg  
**ABSENT:** Lynn Wilson  
**NOTES:**

e. Comprehensive Plan Update INFO

City Administrator Matthew Hill gave the Comprehensive Plan Update. Through a couple of meetings this winter, we have highlighted areas where we wanted to make some changes. The Comprehensive Plan Committee met on 2/18 and 3/18,4/15 2026, and discussed the following: Introduction needs to add 'connectivity'. Trails need to connect new development, parks, and neighborhoods. Is adding a community 'splash pad' still a priority that needs to be added? Do the trends need to be updated? Adult league popularity has decreased, as has soccer. Lacrosse and

pickleball have increased in popularity. Softball and Baseball remain the same. Regionally, the trend seems to include an indoor facility for sports like pickleball, soccer, and lacrosse. Pools and indoor hockey

rinks are expensive and difficult to maintain and operate. A new revenue source has been opened up via council approval at the first meeting in February, allowing 10% collection of gambling revenue to go toward park and trail building and maintenance. Are there other opportunities for additional revenue? Accessibility - needs to be addressed in a couple of parks in our community. Discussion on adding a full-time parks and rec director to lead the development and maintenance of the parks, ice rinks, and gardens. City Administrator Hill asked the commission to take a look at the addition and how that's been highlighted on page 107 in the Comprehensive Plan and see if there are any changes that they might be interested in adding for discussion.

f. 10 Year Capital Improvement Plan (CIP) 2026-2035

ACTION

Community Development Director Nate Sondrol gave the 10 Year Capital Improvement Plan (CIP)2026-2035. The City Council will be beginning the process of updating its 10-year Capital Improvement Plan (CIP) for 2026-2035. The purpose of the CIP is to help identify future capital projects and equipment purchases. It also provides a planning schedule and identifies options for financing the plan. The City Council and staff are looking for the PTOS Commission to review the parks, trails, and recreation portion of the CIP.

The City Council will begin reviewing this in May 2026. The City Council discussed establishing a scoring matrix to assist with prioritizing how improvements are identified.

There are several projects that need adjustments to the required funding amounts or that will have been completed. City staff will be working on these adjustments and providing updates at the meeting.

Staff is recommending the Commission provide feedback establishing a scoring matrix for identifying and prioritizing parks, trails, and open space improvement projects for the 2026-2035 CIP.

g. Harder Park Disc Golf Course

ACTION

Community Development Director Nate Sondrol presented the Harder Park Disc Golf Course discussion. Jeremy Kollmann

Jerry Kollmann with the North Branch Disc Golf Association presented the plan to put in a shed at Harder Park. The City entered into a memorandum of understanding with the Harder Park Disc Golf Association (HPDGA) to allow for enhancements and maintenance of the disc golf course at Harder Park. The shed was included in the original agreement with the city when the course was upgraded. The current plan is for an 8-by-12-foot shed with one large access door and one standard entry door. Between materials already acquired and fundraising efforts, HPDGA can fully cover the cost of constructing the shed. HPDGA is requesting approval from the city for the proposed location within the park. The preferred location would be just north of the corner at the end of the driveway leading down into the lower section of the park. This area would keep the shed out of the way of other park uses while still allowing city staff vehicle access around it when needed.

Beyond approval of the location, the only assistance that HPDGA is requesting from the city is help preparing the site. Specifically, HPDGA would ask city staff to bring in fill material—sand, gravel, or whatever they feel is most appropriate—to level and stabilize the area, so the shed can be installed properly.

The shed itself would be built on a treated wood joist floor system rather than a concrete slab. This approach would allow the structure to be moved in the future if necessary, instead of being permanently fixed to a concrete base.

HPDGA anticipates needing a prepared gravel or sand pad of approximately 16 by 20 feet. This larger stabilized area would help prevent erosion and provide a solid surface around the shed, especially since runoff and drainage from the baseball fields flow through that section of the park.

The city approved the installation of a small storage building to allow for the HPDGA to store materials related to course maintenance. The HPDGA has supplied a framing plan for the proposed building to be installed at the park.

Motion to approve the proposed building and the placement of the structure.

**RESULT:** Passed  
**MOVER:** Bob Bernier  
**SECONDER:** Wendy Chelberg  
**AYES:** Charles Klopp, Bob Bernier, Farfum Ladroma, Wendy Chelberg  
**ABSENT:** Lynn Wilson  
**NOTES:**

The Chisago County Master Gardeners are also proposing to expand the existing dense forest to provide additional safety measures for one of the tee boxes on the course. The CCMG has been working in conjunction with the HPDGA on the placement and installation of the dense forest.

The estimated cost for planting and supplies is around \$600, based on the following:

Qty (1) River Birch or Pin Cherry \$100-150 depending on size.

Qty (1) Arborvitae \$50

Qty (3-5?) shrubs. Native varieties: Red Twig Dogwood, Isanti Dogwood, Common Ninebark, Silver Buffalo berry, and Western Sand Cherry. All \$40-50

\$100 for hose, sprinkler line, and zip ties ECT...

To provide discussion and recommendations on the placement of the shed and landscaping/screening improvements at the Harder Park Disc Golf Course

Motion to approve up to \$600 for the planting and supplies for the improvements.

**RESULT:** Passed  
**MOVER:** Bob Bernier  
**SECONDER:** Farfum Ladroma  
**AYES:** Charles Klopp, Bob Bernier, Farfum Ladroma, Wendy Chelberg  
**ABSENT:** Lynn Wilson  
**NOTES:**

h. Park Tour

ACTION

Community Development Director Nate Sondrol presented the Park Tour Discussion. The PTOS Commission annually conducts a bus tour of all the city parks and trails. Staff is requesting the Commission to provide dates/times to hold the tour in 2026.

Monday, June 8th, 6 PM was chosen for the Park Tour.

8. NEXT MEETING - June 1, 2026 - 7PM

9. ADJOURNMENT

The Parks, Trails, and Open Space Commission Meeting adjourned at 7:53 pm.

**RESULT:** Passed

**MOVER:** Farfum Ladroma

**SECONDER:** Bob Bernier

**AYES:** Charles Klopp, Bob Bernier, Farfum Ladroma, Wendy Chelberg

**ABSENT:** Lynn Wilson

**NOTES:**



**NORTH BRANCH**  
**City of North Branch**  
**Staff Report**

**Prepared By:**

**Presenter:**

**Date: 05/28/2026**

**Board & Commission: Parks, Trails and Open Space Commission**

**Subject: Park Fund Balances**

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Below are the fund balances as of 4/2/26

<b>Fund</b>	<b>Balance</b>
Park Dedication Fund (486) (Outstanding state grant reimbursements - CSAH 30 Trail) (Committments)	\$316,940.56
Park Improvement Fund (\$20,000 - ECRAC Summer Concerts)	\$123,748.44
Community Center Fund	\$184,806.19

**Voting Requirements:**

**Voting Options      Simple Majority**



**Prepared By:**

**Presenter:**

**Date: 05/28/2026**

**Board & Commission: Parks, Trails and Open Space Commission**

**Subject: Project Updates**

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**Voting Requirements:**

**Voting Options      Simple Majority**

## Parks, Trails & Open Space Commission Project Updates

Current Projects	Progress and Next Steps	Approval Date	Estimated Completion Date	Estimated Cost
Website	The city is in the process of updating its website and is looking for feedback from the commission.		Ongoing	
Williams Park	The Community Gardens are scheduled to open May 16/17.			
Clayton Anderson Park	<p>The PTOS Commission recommended approval of up to \$2,500 to acquire and place the limestone rock in the park. The City Council approved this at their April 9, 2024. The limestone has been moved to the park.</p> <p>The CCMG are looking to establish an Oak Savanna at the park. . They will be continuing the buckthorn removal from the park and are looking to remove the knapweed.</p> <p>North Woods and Waters have obtained a \$23,000 grant to support the pollinator planting and 2 year maintenance plan at the park. A huge thank you to Tom Anderson for securing the grant funding. The third seedings of cover crop has been completed.</p>		2026	
Riverwalk Park	<p>Natural Space Domes donated the dome structure at the park. They would like to add a plaque at the dome structure. Below is proposed language:</p> <p><i>This Park Dome was donated by Natural Spaces Domes of North Branch in memory and honor of MN State Senator Janet Johnson and Kids for Saving Earth founder 11 year old Clinton Hill. Both were defenders of the Planet (R) and would want you to work to protect our beautiful Earth.</i></p>			
Harder Park Disc Golf Course	<p>The NBDGA is in the process of designing signage for the course. The PTOS commission approved moving forward with the concept kiosk and to bring the final design back for approval. The City Council approved the NBDGA funding request of \$5,000 for alternate short tees and an alternate basket location for full build out of the course. The tee pads and kiosk sign will be installed in the spring. Trees have been planted around the course. The kiosk sign has been created.</p> <p>There were 3,592 rounds from 705 unique players</p>			

	from 20 states walking over 13.3 million steps over 6,000 hours recorded in 2025. This only included recorded play on udisc.			
Ballfield Improvements	The fencing improvements at Harder and Tower Park have been completed. Future improvements to be addressed are a glime, dugout roofs; drainage, base/bench replacement and fence toprail covers, Storage building;	Dec 2022	Fall 2023/Spring 24	\$125,000
MERC Grant	The City received grant funding for new dugout roofs for Field 1 at Harder Park. These will be installed in 2026		Spring/Summer 2026	
RJMP	The Commission recommend city staff work with the Football association to identify improvements to fields, lighting and storage at the park. Football Foul Poles have been installed by the Football Assoc. They are looking to install additional parking at the park along the east side and outside of the outfield. Security lighting will be installed in spring/summer 2026			
Circle of Honor Veterans Memorial	The City Council approved the site plan and MOU with the North Branch Veterans Memorial Group at the July 25, 2023 meeting and are working on their marketing and fundraising efforts. The coming soon sign has been installed in the park. The City Council approved the fiscal agreement. A funding request was submitted state for the project. The committee is planning to break ground this fall. Planning will need to begin for tree replacements.		2025/2026	
Flink Ave Trail Sunrise Bluff 2 Phase II (Co Mkt – 392)	City Staff submitted a grant to MNDOT AT program received funding of \$574,332 to complete the trail section. The City Council approved the plans and specs and authorizing for bids for the project at the May 27 meeting. Bids were received higher than the grant award. The Council approved applying for a DNR Grant and has been submitted		July 2026	\$99,901
Safe Route to Schools CSAH 30 Trail	The City Council recommended approval of submitting the grant application to construct a trail along the east side of CSAH 30 from 379 <sup>th</sup> St to Maple St and on Maple St from CSAH 30 to Oak St at the 12.7.21 meeting The estimated engineering City Cost is \$55,004.90. The City has been notified that the project was selected for funding in the amount of \$366,700. The Council approved the plans and specs and the project is out for bid. The bids came in below budget and project		June 30, 2026	

	is expected to begin Spring 2025. The project has been completed with some final punch list items remaining			
SRTS Plan	The SRTS Plan is over 12 years old and is need of an update. Will look to apply for grant funding to update this. The City was notified that it was awarded funding to complete its safe routes to school plan. The SRTS Planning Update process has started. There will be engagement activities taking place including: Walk/Bike to School – May 6 SRTS Walk/Bike Observation – May 7 Rapid Planning Workshop – June 17		July 2026	
Arts Grant	The Council approved the summer concert grant application. Staff submitted the application and and has been notified of receiving the grant award of \$20,000. January 15, 2026 is the official start date of grant activity to begin.  August 17 – Mixed Precipitation @ Library			
Pollinator Friendly City/Monarch Community	The legislature approved language allowing property owners to maintain native prairies on all properties. The city will need to amend its existing ordinances to align with this.			
Tree City	The CCMG planted 8 trees in Clayton Anderson park despite the rained out Arbor Day event. City staff will work on tree ordinance and will bring it to a future meeting for review/discussion.		2026	
Skateboard Park	The Commission and Council approved the replacement of the surfacing at the skateboard park. Public Works has installed the new ramp surfaces and the park is getting a lot of use. 3 <sup>rd</sup> Lair has held provided a concept of a tiered quarter pipe. The PTOS Commission discussed providing up to \$4,000 in funding match for a tiered quarter pipe.	5/3/21		
Malmquist Property	The PTOS Commission recommended to strongly support Mr. Malmquist's proposal for his property to be entrusted to the city at the appropriate time and to care and that the city would care best for it and properly use it at the 1/9/23 meeting. City Staff is working with Mr. Malmquist on next steps. An appraisal (\$3,500 - \$5,000) would be required for DNR grant acquisitions. City staff met with the MN Trust for Public Lands to explore options to help protect the site until grant funding could be acquired. A revised area of 2 acres for non-passive			

	park land is in the process of being established.			
North Branch Beautification Association	The NBBA is continuing to work on the Vet Memorial, Flower Baskets, Banners and Memorial Benches.			
Splash Pad	The Commission and City Council have identified a splash pad as top priority improvement and has discussed Williams Park as the location for the splash pad to be tied to a community center location. The Commission discussed hosting a community input meeting on the desired amenities and type of facility the community would desire in in winter 2024. The City is conducting a facility assessment and will help guide the location for a future community center. The Commission would like to hold a joint meeting with other commissions and council through this process.			
Strategic Parks, Trails and Open Space Plan	The City Council approved the Comprehensive Plan at the Oct 23, 2018 meeting. The next steps will be to develop a strategic plan and implementation. Including a bicycle/pedestrian plan and development of a bike friendly community initiatives and to accommodate site amenities within the design i.e. benches at various locations. This is an agenda item. A facility assessment is in the process of conducted and is estimated to be completed in July 2026.		Spring 2026	
Subdivision Review				
Sherwood Pines 2	The City Council approved recommended the acceptance of cash on 4/6/25	4/6/26		
Westside Commons 3 <sup>rd</sup>	The PTOS Commission recommended the acceptance of cash and to work with the developer on the construction of the extension of the trail from 386 <sup>th</sup> St to TH95. The developer has agreed to construct the trail from 386 <sup>th</sup> St to TH95 and will receive a credit for park dedication fees.	3/6/23		
Hemingway Meadows	The City Council approved recommended the acceptance of cash on 2/25/26			
Fairway Field	The City Council approved recommended the acceptance of cash			
Walker Hill Farm	The City Council approved recommended the acceptance of cash			
Westside Commons Sr Housing	The PTOS Commission recommended the acceptance of cash on 10/7/24			
Preserve at Spring	The PTOS Commission recommend the acceptance			

Hill 2	of cash on 9/9/24			
Meadows Ridge (LGI)	The PTOS Commission reviewed and recommended approval of the open space in the preliminary plat and recommend the acceptance of cash for units above the park credit utilization area. A park credit utilization area was approved and has been paid for up to 591 total units to be constructed. 308 units have been platted to date.	9/11/23		
Chain Lake Shores	The PTOS Commission reviewed the concept plan and provided feedback of a combination of cash and land for park dedication with a more detailed review with a preliminary/final plat submittal.	9/11/23		
Townsend Master Plan	The PTOS Commission to recommend an acceptance a combo of land and cash for park dedication funds with the land not to exceed 4 acres.	5/2/22		
Casselberry Outlot	The PTOS Commission requested the City Council to reserve the parcel of land located at the northeast corner of Lincoln Trail and Hemingway Ave as park/open space.  The City Council discussed this at their November 10, 2022 meeting and noted that the parcel is being reserved as right-of-way for a future intersection improvement (2027) and that any additional space would be preserved as park/open space.		2027	
<b>Long-term Planning and Goals</b>	<b>Progress and Next Steps</b>			
CIP 2025-2036	The Commission discussed focusing on Williams Park and to add the Malmquist Property, Luchts Trail Connection and park expansions to the CIP. The City Council will be reviewing in May/June 2023. – Additional resident support has been provided for the Luchts Crossing trail connection.			

Splash Pad	Location to be determined		2025	\$300,000
Central Park	Basketball Court resurfacing		2025	\$25,000
Northwood Park	Parking Lot Resurfacing		2025	\$20,000

Northwood Park	Basketball Court resurfacing		2025	\$25,000
Co Rd 30 Trail	379 <sup>th</sup> St to Maple St (East side)	<i>Final Design</i>	2025	\$500,000
Co Rd 30 Crosswalk	<del>Pedestrian crossing near the library to Sunrise Prairie Regional Trail</del>	<i>Final Design</i>	2025	\$600,000
Flink Ave Trail Phase II	Trail connection from existing trail to 392 <sup>nd</sup> St to NB Marketplace.	<i>Grant ?</i>	2025	\$600,000
Harder Park	Parking Lot microsurfacing		2025	\$65,000
Falcon Ave Trail	385 <sup>th</sup> – 386 <sup>th</sup> St		2025	\$55,000
RJMP	Parking Lot Microsurfacing		2025	\$20,000
Outdoor Archery Range	Location to be determined		2025	\$42,000
Malmquist Property	Acquisition and Development		2025	\$600,000
Sunrise Prairie Regional Trail	Maintenance		2026	\$6,000
Wildridge Park	Park Development – parking lot, soccer fields		2026	\$545,000
Williams Park	Park Development		2026	\$1,850,000
Clayton Anderson	Parking lot surfacing		2026	\$200,000
Harder Park Trail Connection			2026	\$1,000,000
Northwood Park Playground Equipment	Replace existing playground equipment		2026	\$100,000
Luchts Crossing	Park Development		2027	\$100,000
Wildridge Park	Basketball Court Resurfacing		2027	\$20,000
Luchts Crossing Trail Connection	Trail Connection from Luchts Crossing to Casselberry		2027	\$100,000
Northwood Park	Irrigation System		2028	\$70,000
Tower Fields	Irrigation System		2028	\$70,000
Townsedge Park	Park Development		2028	\$200,000

Harder Park Playground Equipment	Replace existing playground equipment		2028	\$100,000
North Branch Oaks Playground Equipment	Replace existing playground equipment		2028	\$100,000
Roger Johnson Park	Safety and Security Lighting		2028	\$100,000
Tower Fields	Parking Lot Paving		2029	\$70,000
Meadows North Park	Expansion to west		2029	\$50,000
Dog Park	Dog Park Development - Location TBD		2030	\$30,000
Roger Johnson Playground Equipment	Replace existing playground equipment		2030	\$
Roger Johnson Park	Expansion to east		2031	\$80,000
Sunrise Prairie Regional Trail	Maintenance		2032	\$6,000
Wildridge Park Playground Equipment	Replace existing playground equipment		2032	\$100,000
Grand Ave Trail	Pedestrian bridge across Sunrise River		2033	\$515,000



**Prepared By: Nathan Sondrol, Community Development Director**

**Presenter: Nathan Sondrol, Community Development Director**

**Date: 05/28/2026**

**Board & Commission: Parks, Trails and Open Space Commission**

**Subject: Williams Park**

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### **Background Info**

City staff recently met with North Branch Librarian Kalyen Olinger to discuss possible improvements to Williams Park. Following the meeting, Ms Olinger met with library patrons and staff and put together the attached mockup of a park plan that they believe would be used and enjoyed by many.

Below is an overview from Ms. Olinger of the proposed project.

*With the understanding that any park takes a lot of time and money to build, I would suggest that a mown trail and beginnings of a nature playground be the first aspects implemented. Additional playground structures, a hill, and pump track could always be added later as finances allow. I believe these suggestions also allow for more permanent structures such as a future community center to easily take their place someday down the line. You'll note that the map I've attached has two versions - Version 1 has the pump track in the NW corner, which would not interfere with future possible structures built along Greenway Ave. Version 2 puts the pump track in the SE corner, which may be easier to implement since there are no trees, but it would interfere with future possible structures.*

*Thanks for giving the library the opportunity to submit some input. Please let me know if you'd like any clarification. At the end of the day, I believe anything you add to this area would be enjoyed by library staff and area residents!*

The Commission has been in the process of reviewing and updating the masterplan for Williams Park.

**Requested Action**

To provide discussion and feedback on the proposed improvements to Williams Park

**Voting Requirements:**

**Voting Options      Simple Majority**



# Version 1

Existing structures

Proposed new structures



37995

11.00569.04

Walking/Biking trails

11.00569.03

Fire Station

37917

11.00569.01

dirt parking lot (if needed)

Nature Playground

hill for sledding

379th St

6355

Community Garden

11.00569.05

Library

11.00569.02

Bicycle Pump Track

# Version 2

Existing structures

Proposed new structures

# Nature Playground Concept Ideas

- Tree rings/stumps for sitting & stepping on; large logs for balancing on
- Wooden structures for climbing & shade (natural or milled)
- Optional boulders
- Mulch on the ground
- Bench
- Culvert/tube
- Shade for parents while kids play
- Trash can
- Ideally part of this area would be stroller-friendly - mown grass?
- A mown trail from the library's North door allows easy access to the park from inside the library
- a hill nearby for winter sledding, summer running up/rolling down



## Goals:

- close to library but accessible to all
- something to climb on
- space to run around
- spaces for children ages 2-10 to enjoy along with their caregivers with strollers
- Something that requires low maintenance (mowing, repairing, etc.)

# Nature Playground

## Additional Possible Structures



# Trail Concept:

Mown grass or gravel, able to walk/run/bike on, doggie waste stations at beginning of trail.

Trail goes around perimeter of available area and cuts across the field from 379th St. to Greenway Ave. Could wind around in areas to increase length of trail (or be expanded later).



# Pump Track Concept:

Either within the wooded area to the north of the fire station or in the open area to the southeast of the community gardens. People could easily get there from either 379<sup>th</sup> Street or Greenway Ave.



Image credit: Pathfinder Trail Building



# 8

## NATURAL ENVIRONMENT, PARKS, TRAILS, AND RECREATION

### *Introduction*

Natural resources are beneficial to the social, environmental, and economic vitality of a community. To ensure their quality and benefits, it is essential to plan and manage natural resources and areas as we do residential and commercial areas. The City of North Branch will promote, preserve and enhance the natural resources within the city and protect them from adverse effects occasioned by poorly sited development or incompatible activities by regulating land disturbances or development activities that would have an adverse and potentially irreversible impact on water quality and unique and fragile environmentally sensitive land; by minimizing conflicts and encouraging compatibility between land disturbing and development activities and water quality and environmentally sensitive land; and by requiring detailed review standards and procedures for land disturbing or development activities proposed for such areas, thereby achieving a balance between urban growth and development and protection of water quality and natural areas.

### **Wildlife Corridor**

The Minnesota DNR has identified a regional greenway corridor in North Branch as part of the Metro Wildlife Corridors project (a 12-county metro area). The project, “ensuring that people and nature in the Twin Cities Area can grow together for generations to come” seeks to protect and restore key natural lands in the metro area by:

- Focusing pro-actively on strategic areas, of which North Branch is a part
- Efficiently leveraging private and public partners and resources
- Building upon prior investments in public lands, and
- Enhancing the cost-effectiveness of conservation efforts by coordinating them within a regional framework.

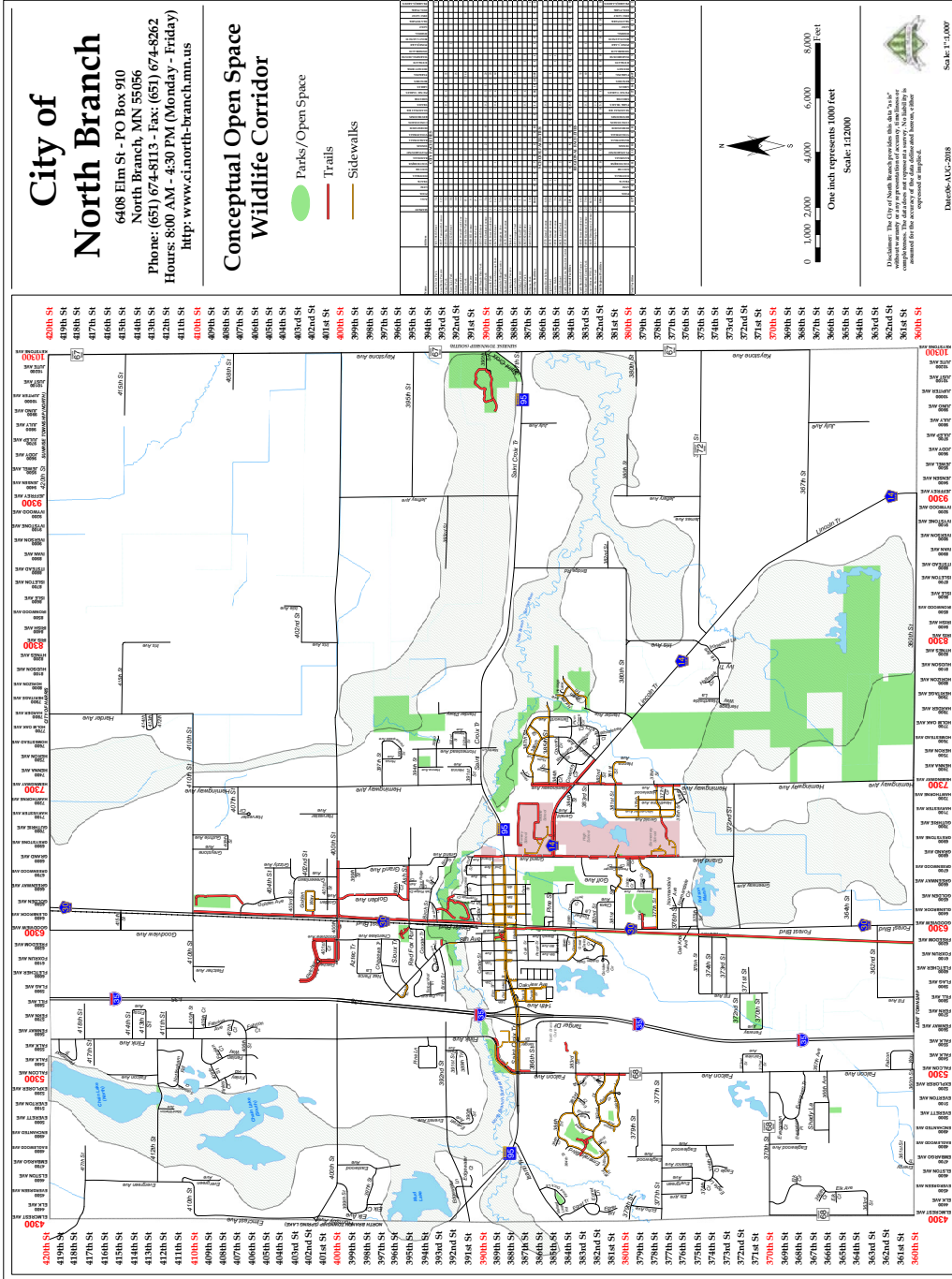
This corridor is specifically designed to incorporate, the high quality natural areas such as those identified in the Natural Resource Inventory or mapped by the MnDNR, natural corridors such as the Sunrise River, and areas that connect these features.

The City of North Branch supports the preservation of natural and open spaces along the north branch of the Sunrise River, the city’s name sake. It has also identified a conceptual greenway corridor, and as much as possible, development within the greenway corridor, should be encouraged to use conservation design strategies, conservation easements, park dedication, parcel evaluation, and the strategic siting of open space and natural areas parks to develop and improve habitat quality and connectivity within the greenways. Strategies to avoid fragmentation of existing natural areas are especially important for maintaining ecological function of the natural areas.



*The City of North Branch will promote, preserve and enhance the natural resources within the city*

Figure 8-1:  
Conceptual Open  
Space Wildlife Corridor



## **Tree Preservation**

The City's tree preservation ordinance acknowledges the benefits and amenities trees offer to the community and acknowledges that trees are part of a more complex, interrelated system. Trees protect the environment by moderating climate, improving air quality, reducing erosion and stormwater runoff, and harboring wildlife. The ordinance focuses on protection of quality wooded areas rather than of individual trees. To preserve wooded areas in the City, each new development is required to submit a Tree Preservation Plan. The regulation also provides guidance for permitted tree removal, mitigation procedures, and tree replacement provisions.

## **Connectivity and Accessibility (removed greenstep cities info)**

A key focus for the future of North Branch's natural environment, parks, and trails involves enhancing connectivity and accessibility throughout the community. New development, park creation, and neighborhood planning will prioritize the integration of trail systems to ensure seamless and safe non-motorized connections for residents. Furthermore, the city will undertake initiatives to improve accessibility in select parks, ensuring that all community members can fully utilize and enjoy these valuable recreational resources.

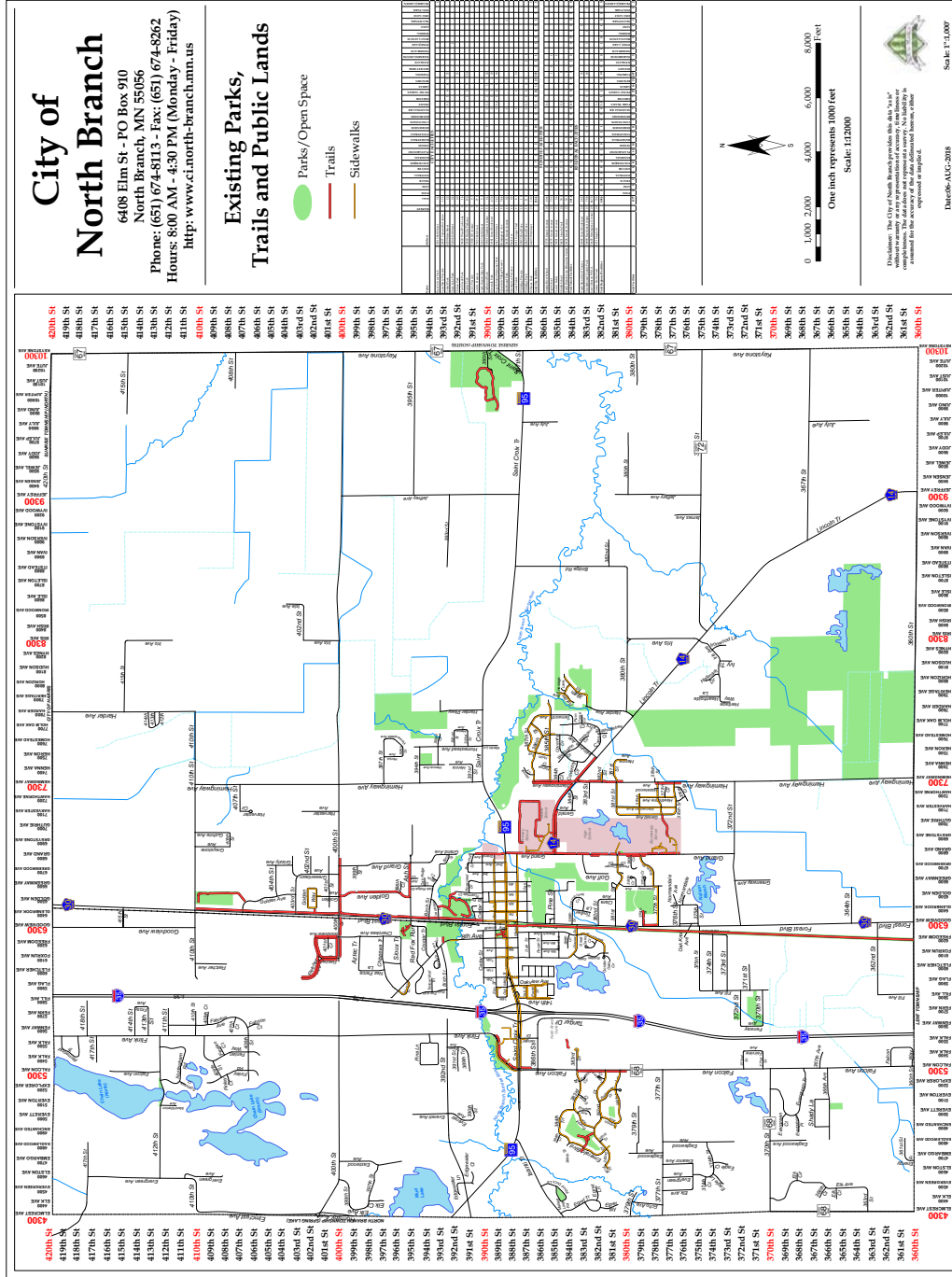
## **Parks, Trails and Recreation**

The comprehensive parks and recreation plan is the first planning document devoted to establishing park, recreation, and trail planning criteria, guidelines, and standards, for future development of these amenities within the City of North Branch. The existing park system is already fairly developed with a strong emphasis and need placed on youth recreation opportunities. The community has done a good job of including sidewalks in various neighborhoods, but currently lacks a comprehensive trail system along TH 95 and the Sunrise Prairie Trail needs to be extended from 410th north to the city limits. Pedestrian and bike crossings are needed throughout the City. In addition, alternative transportation and exercise options through the use of trails should continue to be expanded and enhanced.

*North Branch is part of the Metro Wildlife Corridors project (a 12-county metro area)*



**Figure 8-2:  
Existing Parks, Trails  
& Public Lands**



## Vision for Natural Environment

Natural infrastructure includes all systems that relate to natural resources and contribute to an improved public life. Natural infrastructure considers the full range of natural resource uses including economic, environmental, health, cultural, and aesthetic. This broad view leads us to include surface water, groundwater, stormwater, wastewater, drinking water, geology, topography, soils, natural areas, open space, green spaces, urban forest, habitat, vegetation, scenic views, and parks and trails in natural infrastructure.

Natural infrastructure is a key element in planning where development should or should not take place within a city. This element is important to communities and development as it avoids certain development hazards, provides health benefits to citizens, protects ecological systems and enhances biological diversity, supports economic activities such as mining and forestry, and offers communities unique quality of life components. Consideration of natural infrastructure ensures that homes are built upon stable dry soils, provides clean drinking water, accounts for resource based economic activities, provides scenic views and open spaces, and plans development that respect the integrity of natural systems and incorporate natural features into development.



## Natural Environment Goals, Objectives, and Policies

### OBJECTIVE 1.1

#### PRESERVE OPEN SPACE AND WILDLIFE CORRIDOR.

##### Policy 1.1.1

*Build upon the Metro Area Green Corridor System within North Branch incorporating the wooded edge while maintaining the rural character of the City's major natural amenities into the Open Space System.*

##### Policy 1.1.2

*Identify and conserve critical wildlife habitat including nesting sites, foraging areas, and migration corridors within or adjacent to natural areas, open spaces, and the developing urban areas, preserve sensitive habitat sites that support threatened species and urban wildlife habitat.*

##### Policy 1.1.3

*Identify and conserve forested and woodland cover and the scenic attributes provide between rural and urban land uses, preserve and protect significant environmental features including unique wetlands, open spaces, woodlands, shorelines, waterfronts and other characteristics that support wildlife and reflect the cities resource heritage.*

##### Policy 1.1.4

*Develop Partnerships with other organizations, institutions, and local units of government on planning and zoning, land use, preservation and conservation related issues, capitalize on the development and promotion of the North Branch of the Sunrise River and take ownership and promote the advantages of the City's relationship to the Saint Croix National Scenic Riverway and the importance the North Branch of the Sunrise River has to the river's federally protected status.*

# GOAL 1

*Develop an integrated plan that balances community growth, natural resources, cultural and historical features.*



## **OBJECTIVE 1.2**

### **MAINTAIN HEALTHY URBAN FOREST AND PARK SYSTEM.**

#### *Policy 1.2.1*

*Continue high standards of park and public land maintenance, and management by continued investment in personnel, equipment, and methods, expand sustainable practices and invasive species management (i.e. the Emerald Ash Borer, buckthorn, etc.) and obtain the information, training and resources needed to effectively address planning, preservation and conservation issues.*

#### *Policy 1.2.2*

*Undertake citizen-based planning designed to manage growth and build needed infrastructure, while at the same time preserving the natural qualities with which the region is blessed.*

#### *Policy 1.2.3*

*Increase natural areas and open space linkages within the developing urban areas*

## **OBJECTIVE 1.3**

### **FOSTER NATURAL PARK DEVELOPMENT.**

#### *Policy 1.3.1*

*Promote native landscaping and greening initiatives, support use of best management practices and reduction of chemical use, establish community gardens, and encourage the use and planting of pollinator friendly habitats.*

## **OBJECTIVE 1.4**

### **IDENTIFY, PRESERVE, AND ENHANCE NORTH BRANCH'S MULTICULTURAL HERITAGE, TRADITIONS, AND CULTURAL FEATURES WITHIN HISTORICAL SITES, BUILDINGS, ARTWORK, PARKS, OPEN SPACE, AND TRAILS TO PRESERVE INTEREST AND PROVIDE A BALANCED SOCIAL EXPERIENCE.**

#### *Policy 1.4.1*

*Identify, designate and protect significant historic structures and sites, establish history and heritage preservation programs utilizing existing resources to help increase knowledge and promote the history and heritage of North Branch.*

#### *Policy 1.4.2*

*Implement natural resources and environmental educational and interpretive programs.*

## Vision for Parks, Trails, and Recreation

To provide a comprehensive and balanced system of parks, greenways, trails, and support for providers of recreation- orientated activities / programs for city residents in an as cost effective manner as possible.

## Park Goals, Objectives, and Policies

The following section outlines the primary goals for parks followed by a series of objectives and policies intended to influence future development efforts that align with the community visions in this plan.

### OBJECTIVE 1.1

**PLAN AND DESIGN PARKS, TRAILS, SIDEWALKS, AND BIKE PATHS IN A WAY THAT ENSURES THEIR LONG TERM VIABILITY.**

#### Policy 1.1.1

*All park properties that are set aside (and/or are proposed in the future) must take into account the long-term commitments required to develop, operate, and maintain across their lifecycles, with buildings constructed to the state's SB2030 performance standards for on-going cost reductions, when feasible.*

#### Policy 1.1.2

*Balance maintained turf areas with natural areas to add aesthetic appeal, control maintenance costs, infiltrate stormwater, eliminate toxic chemical use and provide wildlife habitat, and reduce carbon emissions.*

#### Policy 1.1.3

*Update parks plan every 5-10 years depending on the amount of change and development within the city.*

#### Policy 1.1.4

*Explore alternative methods for parkland dedication that will assure sufficient park facilities well into the future.*

#### Policy 1.1.5

*Phase Improvements based on replacement needs and available funding. Manage system investments through analysis of applicable data.*

# GOAL 1

*Plan for a sustainable park and trail system.*



## **OBJECTIVE 1.2**

### **UNDERSTAND CURRENT TRENDS AND COMMUNITY ISSUES, OPPORTUNITIES, AND NEEDS AS RELATED TO PARKS WITHIN THE CITY.**

#### *Policy 1.2.1*

*Discuss local and regional park and trails issues and opportunities with the Department of Natural Resources, Chisago County, adjacent communities, environmental organizations, and others.*

#### *Policy 1.2.2*

*Master plans should be prepared for each park prior to their development to ensure that the right mix of amenities are provided and the park's design is cohesive and complementary to the design for other parks and public spaces.*

#### *Policy 1.2.3*

*Ensure public participation in the master planning process is included for each park development project.*

#### *Policy 1.2.4*

*Analyze the placement and use of "nature play" equipment in existing and proposed parks.*

## **OBJECTIVE 1.3**

### **USE SUSTAINABLE DESIGN PRACTICES.**

#### *Policy 1.3.1*

*Use renewable energy where possible (i.e. solar lights for trails, solar power at athletic facilities).*

*Policy 1.3.2: Consider use of recycled materials and promote recycling in all park areas.*

## **OBJECTIVE 1.4**

### **IDENTIFY ALTERNATIVE, SUSTAINABLE REVENUE SOURCES.**

#### *Policy 1.4.1*

*Expand grassroots parks and recreation advocacy.*

#### *Policy 1.4.2*

*Pursue alternative revenue sources such as program fees, community funds, grants, charitable gaming, memorials, commemoratives, and donations, etc.*

#### *Policy 1.4.3*

*Encourage business involvement, sponsorship, and naming rights of parks, recreation facilities and events.*

#### *Policy 1.4.4*

*Apply marketing strategies to increase income potential and broaden awareness.*

**OBJECTIVE 2.1**

**SERVICE LOCAL PARK AND RECREATION NEEDS BY PROVIDING NEIGHBORHOOD AND COMMUNITY PARKS AS RESIDENTIAL GROWTH OCCURS.**

*Policy 2.1.1*

*Ensure neighborhood parks are developed as part of new residential neighborhoods with buildings constructed to the state's SB2030 performance standards for on-going cost reductions, when feasible.*

*Policy 2.1.2*

*Explore the possibility of including a community park in appropriate areas of the City.*

*Policy 2.1.3*

*Locate new parks based on how they can be best integrated with the new development that the park will serve.*

# GOAL 2

*Provide additional park and recreation opportunities in areas of new development throughout the city.*



# GOAL 3

Adhere to Park  
Master Planning  
and Facility  
Design Quality  
/ Development  
Standards.

## OBJECTIVE 3.1

ENSURE THE QUALITY STANDARD FOR BUILT FEATURES WITHIN THE PARK SYSTEM IS CONSISTENT WITH INDUSTRY STANDARDS FOR SAFETY, DURABILITY, AND ACCESSIBILITY.

### Policy 3.1.1

*Periodically inspect and repair all parks, trails, and recreation facilities for hazardous conditions, including unsafe play equipment, fallen vegetation, etc.*

### Policy 3.1.2

*The design of individual parks should be of a consistent quality, with buildings constructed to the state's SB 2030 performance standards for on-going cost reductions, when feasible.*



## **OBJECTIVE 4.1**

### **CREATE AND SUSTAIN CRITICAL PARTNERSHIP.**

#### *Policy 4.1.1*

*Partner with the North Branch School District, local athletic organizations, private enterprises, surrounding communities, and others to address those community and regional needs that cannot be met exclusively by the city or others.*

#### *Policy 4.1.2*

*Cultivate and support public/private partnerships with organizations like the YMCA, Park Trail Council and similar non-governmental organizations whose mission is to promote active living and recreation.*

#### *Policy 4.1.3*

*Involve representatives from the North Branch School District, athletic organizations, and others when developing new parks that may be co-located with educational and daycare facilities.*

#### *Policy 4.1.4*

*Consider the desire of the community to offer a multi-use athletic facility to the residents and attract regional tournaments and events.*

#### *Policy 4.1.5*

*Explore the impacts of developing such facilities, including impacts to adjacent neighborhoods.*

#### *Policy 4.1.6:*

*New facilities should provide year-round activities and programs for all age groups and all income levels.*

#### *Policy 4.1.7*

*Identify and build relationships with local special interest groups, such as scouting programs, Chisago County Master Gardeners, North Branch Monarch Strategy Group, North Branch Garden Club, North Branch Arts Group, Lions, Rotary, etc.*

# **GOAL 4**

*North Branch's parks meet the diverse recreation needs of the community.*



**Policy 4.1.8**

Identify and build relationships with regional organizations, such as Chisago County Parks and Recreation Department, Chisago Soil & Water Conservation District, Friends of Wild River State Park and association with the St. Croix River National Scenic Riverway and the Lower St Croix Management Commission, Chisago County Historical Society, etc.

**OBJECTIVE 4.2**

**PROMOTE THE CITY'S PARKS AND RECREATION ACTIVITIES AND OPPORTUNITIES**

**Policy 4.2.1**

Utilize diverse methods of communication, including social and digital media, and highlight youth, families, volunteers, etc. Provide information on the City's website and in outside publications about parks, facilities and programming that is accessible to all people.

**Policy 4.2.2**

Highlight the quality of life benefits of parks, trails, recreation and open space.





**NORTH BRANCH**  
**City of North Branch**  
**Staff Report**

**Prepared By: Nathan Sondrol, Community Development Director**

**Presenter: Nathan Sondrol, Community Development Director**

**Date: 05/28/2026**

**Board & Commission: Parks, Trails and Open Space Commission**

**Subject: 10 Year Capital Improvement Plan (CIP) 2026-2035**

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**Background Information:**

The City Council will be beginning the process of updating its 10-year Capital Improvement Plan (CIP) for 2026-2035. The purpose of the CIP is to help identify future capital projects and equipment purchases. It also provides a planning schedule and identifies options for financing the plan. The City Council and staff are looking for the PTOS Commission to review the parks, trails and recreation portion of the CIP.

The City Council will begin reviewing this in May 2026. The city council discussed establishing a scoring matrix for assisting with prioritizing as to how improvements are identified.

Attached is the 2024-2033 CIP and financial management policy for asset management.

There are several projects that need adjustments to the required funding amounts or that will have been completed. City staff will be working on these adjustments and providing updates at the meeting.

**Deadline:**

May 4, 2026

**Staff Recommendation:**

Staff is recommending the Commission provide feedback establishing a scoring matrix for identifying and prioritizing parks, trails and open space improvement projects for the 2026-2035 CIP.

**Voting Requirements:**

**Voting Options          Simple Majority**

**CAPITAL IMPROVEMENT PLAN**

**Parks**

Trails Maintenance/Repairs	Where	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Target		44,000.00	44,000.00	52,000.00	46,000.00	47,000.00	47,000.00	48,000.00	48,000.00	56,000.00	-
Current Actual											
Ongoing Maintenance	General	44,000.00	44,000.00	46,000.00	46,000.00	47,000.00	47,000.00	48,000.00	48,000.00	50,000.00	
DNR Required - Trail Maintenance	Sunrise Prairie Regional Trail			6,000.00						6,000.00	
<b>Total Trails Maintenance</b>											

Construction	Where	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Target		1,125,000.00	697,000.00	100,000.00	600,000.00	-	-	-	-	-	1,530,000.00
Current Actual		-	-	-	-	-	-	-	-	-	-
Pedestrian Bridge	Grand Ave Butternut St	-	-	-	-	-	-	-	-	-	530,000.00
Archery Range		-	42,000.00								
Splash Pad		300,000.00									
Falcon Ave Trail	385th to 386th		55,000.00								
St. Croix Trail	Hemingway to Harder										1,000,000.00
Pedestrian Underpass	Sunrise Prairie Trail to Library		600,000.00								
Flink Ave Trail - Phase 2	392nd to NB Marketplace	545,000.00									
Pickleball Court	Northwoods Park	280,000.00									
Trail Connection	Trail to Harder Park			100,000.00							
Trail Connection	Trail to Luchts Crossing				600,000.00						
<b>Total Construction</b>											

Parks	Where	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Target		2,965,000.00	50,000.00	410,000.00	220,000.00	540,000.00	50,000.00	130,000.00	80,000.00	100,000.00	-
Current Actual											
Soccer Fields	Wildridge Park	515,000.00									
Underground Sprinklers	Northwoods Park					70,000.00					
Ball Fields, Picnic Area, Skating Rink, etc	Williams Park	1,850,000.00									
Underground Sprinklers	Tower Fields					70,000.00					
Basketball Court Surface	Wildridge Park				20,000.00						
Construct Parking Lot, Gazebo, and Trails	Schoolside Village Park			310,000.00							
Basketball Court	Central Park		25,000.00								
Basketball Court	Northwoods Park		25,000.00								
Playground, Shelter, and amenities	Lucht's Crossing Park				200,000.00						
Playground, Shelter, and amenities	Townsedge Park					200,000.00					
Purchase Land for Athletic Fields	Meadows North Park						50,000.00				
Purchase Land for Athletic Fields and Parking	RJMP Park								80,000.00		
Purchase Land for parks and open space	Mud Lake	600,000.00									
Dog Park								30,000.00			
Playground Equipment	Northwoods Park			100,000.00							
Playground Equipment	Harder Park					100,000.00					
Playground Equipment	North Branch Oaks					100,000.00					

Playground Equipment RJMP Park  
 Playground Equipment Wildridge Park

100,000.00

100,000.00

**Total Parks**

Other	Where	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Target	65,000.00	20,000.00	-	-	100,000.00	154,500.00	-	-	-	-
	Current Actual										
	Parking Lot Paving Tower Fields						154,500.00				
	Parking Lot Microsurfacing Harder Park	65,000.00									
	Parking Lot Microsurfacing RJMP		20,000.00								
	Lighting RJMP					100,000.00					

**Total Other**

Park Acquisition funds	Where	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Target	10,000.00	20,000.00	30,000.00	40,000.00	50,000.00	60,000.00	70,000.00	80,000.00	90,000.00	100,000.00
	Current Actual										
	Future Park Improvements	10,000.00	20,000.00	30,000.00	40,000.00	50,000.00	60,000.00	70,000.00	80,000.00	90,000.00	100,000.00

**Total Park Acquisition Funds**

<b>Grand Total</b>	4,209,000.00	831,000.00	592,000.00	906,000.00	737,000.00	311,500.00	248,000.00	208,000.00	246,000.00	1,630,000.00
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Budgeted Sources of Support	Fund	Object	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Property Taxes			119,000.00	134,000.00	82,000.00	106,000.00	197,000.00	107,000.00	118,000.00	128,000.00	146,000.00	630,000.00
Bond - Property Taxes			2,365,000.00									
State Grant			1,045,000.00	642,000.00	80,000.00	700,000.00						
Other Grants			140,000.00									
Park Improvement Fund	403		300,000.00		100,000.00		200,000.00		100,000.00		100,000.00	
Park Dedication Fund	486		100,000.00	55,000.00	330,000.00	100,000.00	270,000.00	50,000.00	30,000.00	80,000.00		1,000,000.00
Other Funding Sources			140,000.00				70,000.00	154,500.00				
<b>Total Sources of Support</b>			4,209,000.00	831,000.00	592,000.00	906,000.00	737,000.00	311,500.00	248,000.00	208,000.00	246,000.00	1,630,000.00



2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	TOTAL REVS
-	-	-	-	-	-	-	-	-	-	-	-	-	-	432,000.00
														-
														420,000.00
														12,000.00
														-
														864,000.00

2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	TOTAL REVS
-														4,052,000.00
														-
														530,000.00
														42,000.00
														300,000.00
														55,000.00
														-
														4,052,000.00

2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	TOTAL REVS
-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,545,000.00
														-
														515,000.00
														70,000.00
														1,850,000.00
														70,000.00
														20,000.00
														310,000.00
														25,000.00
														25,000.00
														200,000.00
														200,000.00
														50,000.00
														80,000.00
														600,000.00
														30,000.00
														100,000.00
														100,000.00
														100,000.00



# NORTH BRANCH FINANCIAL MANAGEMENT POLICY



The City strives to maintain adequate and consistent funding as well as promote transparency and understanding of local government services as desired by the North Branch Community.

Prepared by the Finance Department

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# Introduction and Purpose

## Organizational Mission

The Vision Statement for the City of North Branch, MN per the 2018 Comprehensive Plan which guides our daily and long-term activities of the organization.

**Vision Statement:** North Branch is a growing and safe community with outstanding natural and recreational amenities and opportunities for all, and well maintained infrastructure, vibrant business districts and neighborhoods, and provides residents with an excellent quality of life.

## Purpose

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

## Objectives

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

- To enhance the City Council's policy – making ability by providing accurate information on the full costs of current operations, new proposals and capital requests;
- To assist sound management of the City by providing accurate and timely information on its financial condition;
- To provide sound principles to guide the decisions of the City Council and staff;
- To set forth operational principles which promote long-term cost effectiveness while providing services desired by the public with prudent financial risk;
- To employ revenue policies and forecasting tools to identify and prevent undue or unbalanced reliance on certain revenues, but to distribute the costs of municipal services fairly and to provide adequate funds to operate desired programs;
- To provide and improve essential public facilities and prevent deterioration of the City's infrastructure;
- To protect and enhance the City's credit rating;
- To ensure the legal use and protection of all City funds through a strong system of financial and accounting controls;
- To record transactions in a manner that matches current revenues to current expenditures; and
- To report year-end financial information in accordance with *Generally Accepted Accounting Principles (GAAP)* and in accordance with recommended best practices as promulgated by the GFOA and the Statements of Position of the Office of the State Auditor (OSA).

## Code of Professional Ethics

The City shall adhere to the Code of Professional Ethics as established by the GFOA as outlined below.

To further the above objectives, all affiliated with the City are enjoined to adhere to legal, moral, and professional standards of conduct in the fulfillment of their professional responsibilities. Standards of professional conduct as stated herein are set forth in order to enhance the performance of all persons engaged in public finance and to protect the North Branch community.

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

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

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

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

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

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

- They shall not knowingly sign, subscribe to, or permit the issuance of any statement or report which contains any misstatement, or which omits any material fact.
- They shall prepare and present statements and financial information pursuant to applicable law and generally accepted practices and guidelines.
- They shall respect and protect privileged information to which they have access by virtue of their office.
- They shall be sensitive and responsive to inquiries from the public and the media, within the framework of state or local government policy.

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

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

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

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

- They shall not use public property or resources for personal or political gain.

## Public Purpose Expenditure Policy

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

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

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

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

### **Responsibility**

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

### **Permitted Expenditures for Meals and Refreshments**

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

- Professional association meetings, conferences, and training when meals are not included as part of the registration or program fee, or in accordance with the travel and training section of this Manual;
- City-sponsored training or work-related meetings where employees are required to participate or be available during break periods; and
- Work activities requiring continuous service when it is unreasonable to break for meals (e.g. elections days, water main breaks, emergency snow removal, time-sensitive public safety responses);

When reviewing an expenditure to verify the standards have been met, the City Administrator, or their designee, should consider the time of day the event is held, the business purpose of the event, and the reasonableness of the cost. These guidelines address specific examples of public expenditures, but this list is not meant to be exhaustive. Per the Internal Revenue Code section 132(a)(4) “De Minimis Fringe Benefits”, any item or service with a value exceeding \$100 is taxable to the employee.

### **Other Permitted Expenditures**

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

- Recognition events or purchases (Minnesota Statutes § 412.221 and § 15.46);
  - Purchases for recognition at special one-time or annual events when provided at modest level (e.g. recognition plaques);
  - Employee recognition programming for years of services for regular and permanent part-time employees that work 20 or more hours per week;
- Uniforms, clothing or apparel that is considered necessary for the performance of official duties, safety or for visible staff recognition by the public (e.g. safety footwear, eyewear for maintenance personnel);
- Employee wellness programming, the City Council recognizes the importance of employee fitness and health as it relates to the overall work and life satisfaction of the employee and the overall impact on the City's insurance programs;
- Special Events, including:
  - National Night Out/Night to Unite, Department Open Houses and other events that involve or invite participation by the general public; and
  - Expenditures for meals and participation fees are allowed, and representative staff members may participate in the events that directly benefit the marketing of the City, pursuant to Minnesota Statutes § 469.101, subd. 16 and § 438.11;
- Employee Training, including the reasonable registration, tuition, meals and travel expenses for conferences, seminars, workshops, tuition and approved city employment related course work;
- Memberships and Dues:
  - Participation in the local Chamber of Commerce is allowed per Minnesota Statute § 469.191;
  - Cost of membership/dues in professional organizations and City social and community organizations when the purpose is to promote, advertise, improve or develop the City's resources and relationships and not personal interest or gain;
- City expenditures for non-profit organizations allowed by applicable State statutes, Minnesota Supreme Court case law, or opinions of the Minnesota Attorney General; and
- Certificates and licensures that employees must hold and maintain on behalf of and for the benefit of the City.

### **Prohibited Expenditures**

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

- Food and refreshments for routine work meetings, other than as identified in other sections of the Manual;
- Alcoholic beverages and tobacco products;
- Employee functions or celebrations that are solely social in nature (e.g. birthdays, holiday luncheon, ice cream social);
- Fundraisers for non-City related events (e.g. Chamber of Commerce);
- Participation in optional activities unless included as part of an overall conference registration fee (e.g. optional golf rounds, concerts);
- Employee-sponsored fundraising events (e.g. charitable giving campaign);
- Funeral flower arrangements or other such gifts; and/or
- Clothing or apparel that is not considered necessary for safety or for visible staff recognition by the public (e.g. sweatshirts for a "job well done").

### **Permitted Use of Assets**

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

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

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

The limited use of City-owned assets shall be a privilege, and the City Administrator may end such practices at their discretion.

### **Documentation**

All expenses allowed above must be fully documented. The expected documentation will include:

- Date and time of the expenditure;
- Business reason for the expenditure (e.g. agenda from a meeting);
- Staff and non-city representatives in attendance, if appropriate; and
- A receipt for the actual purchase.

City Administrator approval and written documentation is required for use of City assets. Failure to provide sufficient documentation may result in a denial of the expense.

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

### **Special Requests**

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

## **External Auditor Independence Policy**

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

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

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

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

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

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

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

## Budgetary and Financial Controls

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

The city shall maintain a structurally balanced budget, which includes the following:

- The City shall submit a balanced budget in which appropriations do not exceed the total of the estimated revenues and available fund balance as outline in this Manual;
- The City will avoid budgetary strategies or procedures that balance the current budget at the expense of future budgets;
- The City will coordinate the development of the Capital Improvement Program (CIP) and Capital Assets with the operating budget, and include all estimated operating costs associated with CIP activities and Capital Assets in the budget projections; and
- The budget will provide for the adequate maintenance and orderly replacement of all capital assets.

General budgetary and financial control is to be centralized in one department, under the direction of the Finance Director, whose functions shall include, but not be limited to, the following:

- Debt management;
- CIP budget management and asset tracking;
- Cash management;
- Annual audit;
- Financial analysis;
- Grant accounting and management;
- General accounting;
- Investment management;
- Operating budget preparation and monitoring;
- Payment of claims against the City;
- Payroll;
- Purchasing;
- Special Assessments; and
- Utility billing, revenue collection and all other receipting.

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

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

## Operating Budget Policy

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

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

Department Directors will be responsible for administration of their assigned budgets. Department Directors are to submit requests for any budget adjustments that cause the total department to be over budget to the Finance Director before the project, program or service incurs cost during the budget period.

### **Budget Process**

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

The City will utilize procedures that allow departments to integrate priorities and objectives into the budget requests. However, all budget assumptions and projections shall be determined by the Finance Director in consultation with the City Administrator.

The city will conservatively estimate and budget its annual expenditures and revenues through an objective and analytical process. All existing and potential revenue sources shall be reviewed on at least an annual basis, and the total of the sums appropriated shall be less than or equal to the total estimated revenues by fund annually. When possible, the City shall maintain a margin of 3%, which shall be reflected in the budget as a contingency expenditure.

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

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

### **Budget Compliance**

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

The budgetary legal level of control is at the fund level. The City Administrator is authorized to transfer appropriations within any department budget. Additional interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues. The City Council may authorize transfer of budgeted amounts between City funds.

Under no circumstances may budget adjustments be split to avoid approval thresholds or limits. In order to effectuate a budget amendment, the Department Directors shall complete a Budget

Amendment request, which shall be maintained by the Finance Director. All approved budget amendments shall be subsequently included in the revised annual budget.

No expenditures may exceed the amounts authorized by the respective budget resolution, except by identifying offsetting decreases in other areas of the budget. In order to maintain compliance, the City will strive to limit transfer within and among departments as outlined in this Manual.

All costs incurred must be reasonable, necessary and for a bona fide public purpose. Any obligation incurred by an officer or City employee for any purpose not authorized in the budget resolution or for any amount in excess of the amount appropriated in the budget resolution or in excess of available moneys in any fund of the City may be considered a personal obligation upon the person incurring the expenditure.

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

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

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

### Capital Improvement Program Policy

A Capital Improvement Program (CIP) will be developed for a period of up to 10 years. As resources are available, the most current year of the CIP will be incorporated into the annual budget. The CIP will be reviewed and updated at a minimum of biennially. Years two through five are for planning purposes only and do not confer any official budget authority. Generally, the CIP will be composed of two parts:

1. Capital Improvements, and
2. Capital Equipment.

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

To be considered in the CIP, a project must meet the capitalization threshold. The only exception to this would be the need to identify projects for pursuit of external revenue sources (i.e. grants, donations). Projects may not be combined to meet the minimum standard unless they are dependent upon each other and qualify for capitalization as a group asset.

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

- Mandatory project;
- Maintenance project;
- Improve efficiency;
- Positive effect on operation and maintenance costs;

- Availability of external grants;
- Elimination of hazards (i.e., improves public safety)
- Prior commitments; and/or
- Replacement due to disaster or loss.

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

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

## Capital Assets Policy

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

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

- Inventory – an inventory of capital assets will be reviewed and updated annually;
- Reporting – the capital asset inventory will be reported within the audited financial statements (in accordance with governmental accounting standards);
- Depreciation – all capital assets within the inventory (excluding land, easements, and construction in progress) will be depreciated evenly based on their original or historical valuation over their estimated useful life.

### Asset Capitalization and Depreciation Tables

The City will account for all capital assets that have a useful life of greater than 12 months with values equal to or exceeding \$20,000.00.

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

Asset Classification or Type	Depreciation	Target
Land	N/A	N/A
Land Improvements:		
Athletic fields and playfields	15 years	15
Fencing	15 years	15
Irrigation systems & outside lighting	15 years	15
Retaining walls	10 years	10
Parking lots	20 years	20
Landscaping (including trees & shrubs)	10-15 years	10
Easements	N/A	N/A
Buildings and Building Improvements:		
Buildings	25-40 years	40
Park Shelters	20 years	20

Roofing, Fire Sprinkling, Electrical, Plumbing	20 years	20
HVAC Systems	15 years	15
Cabinetry and Permanent Furnishings	10 years	10
Well Rehab and Reconstruction	5-20 years	10
Vehicles:		
Cars, Vans, Light Trucks	5-7 years	5
Medium/Heavy Duty Trucks	8-16 years	10
Fire Trucks	15-25 years	20
Police Vehicles	5-7 years	5
Machinery and Equipment:		
Heavy Equipment (Sweepers, Loaders, etc.)	10-20 years	15
Tractors	15 years	15
Large Mowers	7-10 years	8
Small Mowers	3-5 years	4
Firefighting Equipment	10 years	10
Well Pumps and Equipment	20-25 years	20
Other Equipment	7-15 years	10
Furniture and Office Equipment	3-10 years	4
Recreation Equipment:		
Play Structures	10 years	10
Scoreboards	10 years	10
Tennis and Basketball Courts	20 years	20
Information Technology:		
Telecommunication Systems (i.e., Fiber Optic)	25 years	25
Servers, Network Switches and Firewalls	5 years	5
Infrastructure:		
Bridges	25 years	25
Streets (includes curb and gutter)	25 years	25
Sidewalks and Trails	15 years	15
Water Distribution	40 years	40
Sanitary Sewer Collection		
Mains and Lines	40 years	40
Lift Stations, Equipment & Liners	20-30 years	20
Storm Water System		
Mains and Storm Ponds	40 years	40
Catch Basins, Culverts, Manholes	25 years	25
Non-Structural BMPs	10-25 years	20
Structural BMPs	25-40 years	30
Streetlights and Traffic Signal Systems	25 years	25
Other Infrastructure	20-40 years	30

### **Disposition of Capital Assets**

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

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

## **Fiscal Agent Services Policy**

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

### **Eligibility**

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

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

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

### **Fiscal Agent Services Requirements**

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

Any material changes, as determined by the City, in the activities of the external organization shall require the written approval of the City, and a subsequent modification of the Agreement by the City Council. The City shall not provide any fiscal agent services associated with any unapproved activities, or activities not otherwise contemplated by the Agreement.

The external organization shall support all costs associated with the fulfillment of the Agreement, including, but not limited to:

- Annual audit requirements;

- Interim reports and other requests for information;
- Banking needs;
- Daily and regular transactions and associated fees;
- Amendments to the Agreement;
- Legal services;
- Insurance premiums;
- And other costs determined by the City to support the letter and spirit of the Agreement.

The City may also charge up to a 5% administrative fee based on the total expenditures of the external organization annually in addition to the costs outlined above.

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

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

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

## Funds and Fund Balance Policy

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

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

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

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

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

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

- Fund Balance – The difference between assets and liabilities reported in a governmental fund;
- Non-Spendable Fund Balance – Amounts that are not in a spendable form (e.g., prepaid items and inventories of supplies), resources that must be maintained intact pursuant to legal or contractual requirements are also considered non-spendable.
- Restricted Fund Balance – Amounts subject to externally enforceable legal restrictions (e.g., creditors, grantors, contributors, and by law through constitutional provisions or enabling legislation);
- Unrestricted Fund Balance - The total of committed fund balance, assigned fund balance, and unassigned fund balance, as described below;
  - Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (i.e., City Council). Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally. The City Council must act on these commitments before year end;
  - Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the government body or by an official or body to which the governing body delegates the authority; and
  - Unassigned Fund Balance – Amounts that are available for any purpose in the General Fund.

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

- 1) Committed
- 2) Assigned
- 3) Unassigned.

### **General Fund**

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

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

The City will strive to maintain an unassigned fund balance in the General Fund in the range of 45%-55% of the subsequent year's budgeted operating expenditures. Since a significant source of revenue in the General Fund comes from property taxes, maintaining a fund balance that is equal to at least five months of operating expenditures ensures that sufficient resources are available to fund basic City functions between property tax settlements. This range is in conformance with guidance from the OSA. An assignment or restriction of fund balance may be used to offset revenues earned in one year where substantial services are required to be performed in the next fiscal period.

### **Special Revenue Funds**

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

### **Debt Service Funds**

Debt Service Fund balances are considered restricted as they are resources that are being accumulated for payments of principal and interest maturing in current and future years. The Debt Service Funds are required to maintain sufficient fund balance to pay the February 1 debt service payments of the following year.

### **Capital Project Funds**

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

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

- Long-term receivables, inventories, and prepaid items, which shall be non-spendable;

- Proceeds from the sale of bonds, and any Municipal State Aid held by the City or similarly designated funding, which shall be restricted;
- Funds held for the Capital Equipment Fund; and
- Signed contracts or agreements approved by the City Council.

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

### **Enterprise Funds**

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

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

The City will strive to maintain a cash balance in the Water Utility Fund in the range of 50%–60% of the subsequent year’s budgeted operating expenses less depreciation, plus the subsequent year’s debt service and capital improvement obligations. Since a significant source of revenue in the Water Fund comes from user charges and fees, maintaining a cash balance in this range ensures that sufficient resources are available to fund basic City functions between receipts of user charges and fees. In addition, due to the mature water infrastructure within the City, a higher percentage of fund balance is prudent to address any potential issues.

**Generation** - This fund is used to account for the provision of electrical generation for Southern Minnesota Municipal Power Agency (SMMPA) related to administration, operations and capital outlay. This fund is financed primarily through contracted fees.

The City will strive to maintain a cash balance in the Generation Fund in the range of 50%–60% of the subsequent year’s budgeted operating expenses less depreciation, plus the subsequent year’s debt service and capital improvement obligations. Since a significant source of revenue in the Generation Fund comes from fees, maintaining a cash balance in this range ensures that sufficient resources are available to fund basic City functions between receipts of fees.

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

The City will strive to maintain a cash balance in the Sanitary Sewer Utility Fund in the range of 50-60% of the subsequent year’s budgeted operating expenses less depreciation, plus the subsequent year’s debt service and capital improvement obligations. Since a significant source of revenue in the Sanitary Sewer Fund comes from user charges and fees, maintaining a cash balance in this range ensures that sufficient resources are available to fund basic City functions between receipts of user charges and fees. In addition, due to the age of the sanitary sewer infrastructure within the City, a higher percentage of fund balance is prudent to address any potential issues.

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

The City will strive to maintain a cash balance in the Storm Water Fund in the range of 50%–60% of the subsequent year’s budgeted operating expenses less depreciation, plus the subsequent year’s debt service and capital improvement obligations. Since a significant source of revenue in the Storm Water Fund comes from user charges and fees, maintaining a cash balance in this range ensures that sufficient resources are available to fund basic City functions between receipts of user charges and fees. In addition, due to the age of storm water infrastructure within the City, a higher percentage of fund balance is prudent to address any potential issues.

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

The City will strive to maintain a cash balance in the Municipal Liquor Fund in the range of 10%–20% of the subsequent year’s budgeted expenses, or approximately 1-3 months of subsequent year’s budgeted expenses. Due to the correlation of sales to purchases of inventory, a lesser cash balance percentage is justifiable. This will ensure that sufficient resources are available to fund Municipal Liquor operations and future capital improvements.

**Carryovers and Encumbrances**

At year end, the City Council may approve budget carryovers. The budget carryovers will be considered Committed Fund Balances upon approval of the City Council through the subsequent annual budget.

# Investment Management Policy

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

## Scope

This Investment Policy applies to all financial assets of the City of North Branch. These funds are accounted for within the City's audited financial statements. These funds include:

- General Fund;
- Special Revenue Funds;
- Capital Project Funds;
- Debt Service Funds;
- Enterprise Funds; and
- Any new fund created by the City, unless specifically exempted by City Council; and/or falling under the constraints of a separate section of State law other than Minnesota Statute Chapter 118A.

## Prudence

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

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

## Objective

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

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

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

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

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

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

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

### **Liquidity**

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

### **Yield**

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

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

### **Trading**

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

### **Delegation of Authority**

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

- Minnesota Statutes Chapter 118A, Deposit, and Investment of Local Public Funds

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

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

No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Finance Director. An Investment Committee comprised of City Administrator, Finance Director, minimum of 1 Councilmember shall oversee all investment transactions and shall establish a system of controls to regulate the activities of subordinate officials and any external parties.

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

Officers and employees involved in the investment process shall refrain from conducting personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

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

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

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

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

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

### **Authorized and Suitable Investments**

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

### **Concentration of Credit Risk**

It is the intent of the city to diversify its investments and thereby reduce the risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, institution or market sector. No more than 50% of the entity's total investment portfolio will be invested in a single market sector and no more than 15% of the overall portfolio may be invested in the securities of a single issuer. The following investments are exempt from diversification restrictions:

- U.S. Treasury and Agency securities
- Money Market Funds, Local Government Investment Pools (LGIPs)
- Deposits fully insured by Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA).

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

### **Collateralizations**

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

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

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

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

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

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

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

### **Safekeeping and Custody**

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

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

- Any Federal Reserve Bank; and

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

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

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

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

### **Maximum Maturities**

To the extent possible, the City will attempt to match its investment maturities with anticipated cash flow liquidity demands (i.e., static liquidity).

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

### **Internal Control**

The Investment Committee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that

- (1) the cost of a control should not exceed the benefits likely to be derived; and
- (2) the valuation of the costs and benefits requires estimates and judgments by management.

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

### **Performance Standards**

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

### **Market Yield/Benchmark**

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

### **Reporting**

An Investment Advisory Committee consisting of the City Administrator and the Finance Director at a minimum, shall meet quarterly and discuss the investment activity and returns of the City, which will

include: security diversification information, maturity breakdowns and investment earnings, and a brief summary of current economic conditions affecting the portfolio. The City will also report this information as part of the annual audited financials.

## Debt Management

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

### **Debt Issuance Guidelines**

The City will confine long-term borrowing to capital improvements, projects, and equipment that have a useful economic life of more than five years and cannot be financed from current revenues. For the purpose of this Debt Management Policy, current revenues are defined to include that portion of fund balance in excess of appropriate required reserves and designations.

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

At a minimum, the City will prepare a ten-year CIP biennially, which will be approved by the City Council. The CIP will include an analysis of the City's infrastructure and other capital needs, and their corresponding financial impact and any associated debt service. The City will not issue any long-term debt to support operating activities nor will it consider debt issuance outside of the adopted CIP, except in the case of a financial emergency.

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

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

The City's preferred method of sale of bonds is via competitive sale to underwriters; however, the City may sell bonds via a negotiated sale, private placement, or other method if deemed advantageous. The City shall on all occasions comply with the requirements of Minnesota Statutes, Chapter 475 with respect to method of sale and the use of an independent municipal advisor.

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

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

### **Interfund Borrowing**

Interfund borrowing for periods of more than one year shall only be undertaken for capital expenditures. A reasonable payment schedule for repayment of the borrowed amounts and enforceable covenants, established to ensure recourse if the schedule is not adhered to, shall be approved by the City Council. Interest charges shall be included to compensate the originating fund for the use of its financial resources. Bond proceeds should never be included during interfund borrowings as this can create additional arbitrage exposure.

### **Debt Issuance Types**

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

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

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

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

### **Refunding of Debt**

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

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

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

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

## Private Activity or Conduit Bonds Policy

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

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

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

### **Criteria**

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

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

The project must not put an undue burden on existing City services or public utilities beyond that which can be reasonably and economically accommodated, as determined by the City Engineer or their designee. Additionally, the applicant shall not place the City in competition with other jurisdictions or political subdivisions for project financing.

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

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

Debt will be considered sold in a private placement if:

1. No advertising or solicitation of the general public occurs, and
2. If the bonds are initially sold to not more than ten purchasers (not including any underwriter or placement agent as a purchaser); and
3. The City receives written certification from each initial purchaser (or each underwriter or placement agent based on its reasonable belief) that:
  - a. Such purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and the risks of the debt; and

- b. Such purchaser is not purchasing for more than one account or with a view to distributing the debt.

In addition, for a private placement either:

1. All bonds or notes (except for one bond or note) must always remain in minimum denominations of not less than \$100,000, or
2. Investment letters from each initial purchaser, and from any subsequent purchaser, must be obtained and contain the above described certifications from the purchasers.

Any offering material for a private placement must prominently state in effect that: THE CITY OF NORTH BRANCH, MINNESOTA HAS NOT ASSUMED ANY RESPONSIBILITY TO REVIEW THIS OFFERING MATERIAL AND HAS NO RESPONSIBILITY FOR ITS ACCURACY OR COMPLETENESS. THE CITY HAS NO FINANCIAL OBLIGATION OF ANY NATURE WITH RESPECT TO THE OFFERED BONDS," or such other language to the same force and effect mutually agreeable to the borrower/obligator and the City.

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

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

### **Procedures**

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

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

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

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

The application shall not be considered complete until a review by the City regarding applicable City Code requirements, including, but not limited to:

- Street and traffic issues;

- Zoning compliance; and
- Public utility and drainage issues.

The review shall consider both existing and improved conditions of the proposed project. A failure to address these findings and requirements, or failure to demonstrate a capability to reasonably remediate the same in a timeline determined by the City, may result in the denial of the application.

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

### **Administrative**

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

The City is to be reimbursed, and held harmless, for and from any “out-of-pocket” costs related to the actual or proposed issuance of bonds contemplated by this Manual. In addition, a non-refundable processing fee as determined by the City’s Comprehensive Fee Schedule must be submitted with the application. Upon closing, an Administrative Fee is due and payable to the City based on the following schedule:

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

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

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

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

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

The first \$10,000,000 in bonding authority annually, the maximum allowed for designation as “bank qualified,” will be reserved for City purposes. To preserve its bank qualification authority, the City will only consider issuing these types of conduit obligations when the City’s needs have been fully met.

Should the City exceed the bank qualified limit, the borrower in question must pay the City the net present value between the bank qualified and non-bank qualified rates. The City's Financial Advisor shall provide this calculation, if needed.

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

The Finance Department shall report any and all private activity or conduit debt issues in the Annual Financial Report in accordance with GAAP and shall report any material events with regard to all debt issued by the City, and still outstanding, to the City Council.

## Post-Issuance Debt Compliance Policy

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

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

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

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

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

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

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

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

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

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

The City may issue tax-exempt obligations that are qualified “private activity” bonds because either

1. The bonds finance a facility that is owned by the City but used by one or more qualified IRC 501(c)(3) organizations, or
2. The bonds are so-called “conduit bonds”, where the proceeds are loaned to a qualified IRC 501(c)(3) organization or another private entity that finances activities eligible for tax-exempt financing under federal law, such as certain manufacturing projects and certain affordable housing projects.

Prior to issuance of either of these types of bonds, the Finance Director shall take steps necessary to ensure that such obligations will remain in compliance with the requirement of this Post-Issuance Debt Compliance Policy.

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

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

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

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

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

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

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

### **General Recordkeeping**

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

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

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

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

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

- An accounting of all deposits, expenditures, interest income and asset balances associated with each fund established in connection with the obligation. This includes an accounting of all monies deposited into the Debt Service Fund Account to make debt service payments on the obligation, regardless of the source derived.
- Statements prepared by Trustee or Investment Provider.
- Documentation of at least quarterly allocations of investments and investment earnings to each obligation (i.e., un-commingling analysis).
- Documentation for investments made with obligation proceeds, such as:
  - Investment contracts (i.e., guaranteed investment contracts);
  - Credit enhancement transactions (i.e., bond insurance contracts);
  - Financial derivatives (i.e., swaps, caps);
  - Bidding of financial products (i.e., investments acquired with obligation proceeds are purchased at fair market value); and
    - Three bids for open market securities needed in advance refunding escrows.
- Computations of the arbitrage yield.
- Computations of yield restriction and rebate amounts including but not limited to:
  - Compliance in meeting the "Temporary Period from Yield Restriction Exception" and limiting the investment of funds after the temporary period expires;

- Compliance in meeting the “Rebate Exception;”
  - Qualifying for the “Small Issuer Exception;”
  - Qualifying for a “Spending Exception;”
    - 6 month Spending Exception;
    - 18 month Spending Exception;
    - 24 month Spending Exception;
  - Qualifying for the “Bona Fide Debt Service Fund Exception;” and
  - Qualifying arbitrage on all funds established in connection with the obligation in lieu of satisfying arbitrage exceptions, including Reserve Funds and Debt Service Funds.
- Computations of yield restriction and rebate payments.
- Timely Tax Form 8038-T filing, if applicable.
  - Remit any arbitrage liability associated with the obligation to the IRS at each five-year anniversary date of the obligation, and the date in which the obligation is no longer outstanding (redemption or maturity date), whichever comes sooner, within 60 days of said date.
- Timely Tax Form 8038-R filing, if applicable.
- Procedures or guidelines for monitoring instances where compliance with applicable yield restriction requirements depends on subsequent reinvestment of obligation proceeds in lower yielding investments (e.g., reinvestment in zero coupon SLGS).

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

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

- Such allocation will be done not later than the earlier of:
  - 18 months after the later of the date the expenditure is paid, or the date the project, if any, that is financed by the tax-exempt bond issue is placed in service; or
  - 60 days after the earlier of the fifth anniversary of the issue date of the tax-exempt bond issue, or the date 60 days after the retirement of the tax-exempt bond issue.
- Documentation of allocations of obligation proceeds to issuance costs.
- Copies of requisitions, draw schedules, draw requests, invoices, bills, and cancelled checks related to obligation proceed expenditures during the construction period.
- Copies of all contracts entered into for the construction, renovation or purchase of facilities financed with obligation proceeds.
- Records of expenditure reimbursements incurred prior to issuing bonds for facilities financed with obligation proceeds (i.e., Declaration of Official Intent/Reimbursement Resolutions including all modifications).
- List of all facilities and equipment financed with obligation proceeds.
- Depreciation schedules for depreciable property financed with obligation proceeds.
- Documentation that tracks the purchase and sale of assets financed with obligation proceeds.
- Documentation of timely payment of principal and interest payments on the obligation.
- Tracking of all issue proceeds and the transfer of proceeds into the debt service fund as appropriate.
- Documentation that excess earnings from a Reserve Fund is transferred to the Debt Service Fund on an annual basis. Excess earnings are balances in a Reserve Fund that exceed the Reserve Fund requirement.

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

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

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

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

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

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

The Finance Director will monitor all "qualified tax-exempt debt obligations" within the first calendar year to determine if the limit is exceeded, and if exceeded, will address accordingly.

**Comply with Continuing Disclosure Requirement**

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

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

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

**Compliance with Future Requirements**

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

## Purchasing Policy

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

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

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

This section of the Manual shall meet the following objectives:

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

### **Responsibility**

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

The City has a decentralized purchasing system whereby individual departments are responsible for making their own purchases. Exceptions include, but are not limited to, the following types of purchases:

- Technology Director (e.g., hardware, software) must approve the Information Technology;
- Public Works Director must approve:
  - major equipment
  - Building maintenance and improvements; and
  - Vehicles, with the exception of police vehicles which may also be approved by the Chief of Police.

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

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

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

### **Uniform Municipal Contracting Law**

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

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

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

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

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

For purchases under Federal grant programs, quotes must meet all Federal Grant program guidelines. Multiple price or rate quotations must be obtained from an adequate number of qualified sources (i.e., two or more) for purchases greater than this micro-purchase threshold (2 CFR 200.320(b)). Purchasers should familiarize themselves with requirements of purchases made under grant programs prior to any expenditures (e.g., Davis-Bacon Act, Buy American Provisions).

For all contracts for goods or services above the small purchase threshold, the City should document its review of the excluded parties list (see <https://www.sam.gov>) to ensure that certain parties, suspended and/or debarred or otherwise excluded or ineligible contractors are not contracted with when using federal or state funds (2 CFR 200.213). Contractors that apply or bid for an award exceeding \$100,000 must file the certification required by the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

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

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

### **Exceptions**

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

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

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

**Authorization and Compliance**

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

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

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

Purchase Amount	Initial Approval		Final Approval
	Budgeted	Unbudgeted	
Up to \$9,999	Department	Department Director	Department Director
\$10,000 to \$24,999	Department	Finance Director	Department Director
\$25,000 to \$174,999	Department Director	Finance Director	City Administrator
\$175,000 or greater	Department Director	City Administrator	City Council

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

In the event of a change order that increases the total cost of the purchase, the thresholds listed immediately above shall also apply assuming the amount may be accommodated through existing budget authority or by a budget revision outlined in the CIP Policy of the Manual. The City Council must also approve any change orders exceeding 10-20% of the original contract.

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

### **Payment Procedures**

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

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

Certain routine transactions as defined by the Finance Director are excluded from Department Director and/or City Administrator review and approval. Such transactions may include but are not limited to: salaries and wages; health insurance and similar benefit premiums; property and casualty insurance premiums; utility payments; and applicable taxes.

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

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

- Salaries of regular employees;
- Overtime of regular employees, if approved by the respective Department Director;
- Salaries of temporary employees, if approved by the respective Department Director;
- Health insurance and similar benefits authorized by the City Council;
- Utility Bills or invoices for regular City operations;
- Construction permits and escrows;
- Early payment discounts and to avoid fees and penalties;
- Property and casualty insurance payments;
- Payments to the City (i.e., one fund to another fund);
- Petty cash items up to \$20;
- Postage, postage due or cash-on-delivery items;
- Advances to employees for the cost of attending out-of-state conferences, not to exceed \$500;
- Registration and other expenses for local conferences;
- Reimbursement to an employee for clothing allowance;
- Claims approved by the City Council as a separate agenda item (e.g., bids, contracts, estimates);
- Fixed charges that have been previously incurred (e.g., rent payments, payments on bonds, contracts for deeds);
- Investments and investment related expenditures and transfers;

- Payroll taxes and other liabilities withheld from employees' wages, and the corresponding City paid benefits;
- Contracted inspectors that maintain an agreement with the City;
- Refunds of deposits and escrows being held by the City; and
- Other reasonable transactions to affect the proper function of the City (e.g., liquor suppliers).

### **Conflicts of Interest**

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

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

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

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

### **Emergency Procurement**

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

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

In the event of an emergency or disaster, the City Council has granted authority to the City Administrator, or their designee, to make emergency purchases. At the next regular scheduled City Council meeting, the City Council will approve the respective purchase(s) via a resolution declaring the emergency and describing the reasons necessitating the immediate action for protection of the health, safety or welfare of its citizens.

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

### **Sole Source Procurement**

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

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

### **Bid Protest**

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

- Each protest must be in writing and delivered by a certified letter to the Finance Director within five business days of the City's notice of award and must include:
  - A Notice of protest;
  - A statement of facts and the reasons for the protest;
  - All supporting documentation; and
  - Address all correspondence to: Bid Protest, Finance Director, City of North Branch, PO Box 910, 6408 Elm Street, North Branch, MN 55056.
- As soon as a bid protest is received, all award activity will be suspended. The applicable Department Director(s) will gather all relevant information about the solicitation, evaluation, and award of the bid and provide it to the Finance Director within five business days of being notified of the Bid Protest by the Finance Director.
- The Finance Director, and any applicable staff, will review the information relevant to the solicitation and will decide on the merits of the protest, in a prompt manner but not longer than ten business days after the bid protest. A copy of the decision will be mailed to the protestor at the address set forth in the bid protest. A copy of the decision will be posted on the City website. All documentation concerning the bid protest and the decision will be retained by the department subject to the protest.
- An appeal of the Finance Director's decision may be in writing and delivered by a certified letter by the protestor to the City Administrator within five business days of the release of the decision and must include:
  - A notice of Appeal;
  - A statement of the nature and the reasons for the appeal including claimed errors;

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

The City Administrator, with City Attorney review, may reject any unreasonable bid protest to prevent the unnecessary delay in the contract award process or to avoid additional cost to the City.

### **Sales and Use Tax**

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

## Procurement Card (PCard) Use Policy

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

### Authorization

Consistent with the delegated authority of the City Administrator as the Chief Purchasing Agent, the City may only provide PCards upon the request of the respective Department Director. All PCard requests must be approved by the City Administrator prior to issuance. Only full-time regular employees shall be issued PCards. All PCards shall maintain the following limits, unless otherwise authorized by the City Administrator or their designee:

Staff Level/Position	Max Monthly Limit	Approval
Non-Management	\$1,000	Division Manager
Division Manager	\$5,000	Department Director
Department Director	\$10,000	City Administrator
City Administrator	\$25,000	Finance Director
Accounts Payable	\$50,000	Finance Director

### User Guidelines and Rules

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

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

PCard shall be issued in the individual employee's name. The City shall not issue any generic or department-wide PCards, nor may any individual possess more than one PCard account.

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

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

- Immediately reporting lost cards or unauthorized use to the PCard company as well as to the Finance Department;
- Not allowing any other person to use your assigned PCard;
- Not providing the PCard number to an individual or business to store for charging supplies or services;
- Promptly returning expired PCards to the Finance Department for destruction;
- Keeping the PCard in a secure location;
- Submitting the appropriate and requested documentation to support purchases and other activity in a timely fashion;
- Taking appropriate precautions when using the PCard to make purchases; and

- Returning PCard to the Finance Director upon termination.

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

### **Documentation**

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

A copy of the invoice or receipt for payment must be included to verify the amount charged on the PCard. Receipts from vendors that only list the total charged are not considered sufficient documentation. The receipt must identify each product or service purchased, shipping charges, and/or sales tax. A printed confirmation of an internet purchase may be sufficient to comply with this requirement. If an invoice is not immediately available, the invoice must be forwarded to the Finance Department as soon as possible. In lieu of an invoice or receipt as described above, the purchasers may sign an 'Affidavit in Lieu of Receipt' attesting to the purchase.

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

### **Review and Payment**

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

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

The City will not use the PCard account for carrying any debt. The City shall make payment for the entire outstanding balance of the PCards and all PCard purchases shall be made through the City's normal vendor payment process.

No employees of the City shall use the PCard for cash advances or withdrawals. Under no circumstances may PCards be used by non-City employees.

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

The City has established charge accounts with a handful of vendors to expedite the purchasing process with those respective vendors. With adoption of the Financial Management Policies, the City will shift away from such accounts and to the issuance of PCards. Thus, all such charge accounts are to be closed down upon the full implementation of the PCard program. Department Heads shall provide to the Finance Department a list of staff they identify as having a business need to possess and use a City

PCard; issuance (and removal) of PCards is subject to Finance Director approval. Charge accounts held by other establishments do not allow control at the City level, and can result in incorrect or non-City charges by others, including non-authorized City staff or non-City staff. Thus, for full financial control, only PCards will be used for future charge purchases.

## Travel, Training and Reimbursement Policy

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

### Guidelines

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

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

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

- Efforts should be made to limit the number of employees from a single department that will attend a conference, institute, or training program to avoid excess expenditures;
- Travel and training funds should be utilized in an efficient manner in order to benefit the greatest number of employees possible;
- A demonstration of making essential contacts and/or obtaining significant information that is important to the improved operations and functions of City, and the respective department is essential prior to travel authorization;
- Out-of-state travel must be for a professional purpose and be included in the budget; and
- Employees are expected to utilize the same car when incurring official expenses that a prudent person would utilize if traveling on personal business.

### Authorization

Given the limited resources of the City to support travel and training expenditures, all such costs should be included in an appropriate budget area prior to travel or training. All travel and training arrangements shall be approved at least 10 business days prior to any such commitments and/or expenditures, whenever possible. The City Administrator and the respective Department Director shall approve all travel and training activities.

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

### **Travel Arrangements and Requirements**

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

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

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

**City or Personal Vehicle** – When traveling in a City vehicle, for fuel purchases, employees should use a City assigned PCard whenever possible. Due to potential liability considerations, transportation of persons not on official City business is prohibited in City Vehicles.

When personal automobiles are used as a mode of transportation for travel, reimbursement will be reimbursed at the current IRS/GSA mileage reimbursement rate. Payment of mileage will be paid based on the shorter distance. This shall be either:

- The distance from worksite address to destination; or
- home address to destination.

The City is not responsible for damage to personal vehicles while on official business, as personal vehicles are not covered by the City’s insurance policies.

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

**Lodging** – Hotel or motel accommodations should be appropriate to the purpose of the trip. Lodging should be chosen based on reasonableness of cost and proximity to the conference, meeting, or training site. Unless previously approved by the City Administrator, overnight stays within 45 miles of the City will not be reimbursed. The City Administrator, or their designee, shall approve the use of any short-term rental options (e.g., Airbnb, VRBO).

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

The individual department will make all arrangements for lodging. The PCard is the preferred method of payment. Distance from employee lodgings will be considered in order to minimize transportation

costs. Employees will retain payment receipts to submit to the Finance Department for reimbursement, if applicable.

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

### **Meal and Incidental Expenditures**

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

For any expenditures related to elected officials, please refer to the separate policy.

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

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

**Per Diem** – The per diem allowance is a daily payment for meals and related incidental expenses when overnight travel accommodations are necessary, in accordance with published federal per diem rates instead of receipt-based reimbursement. An employee may claim an amount not to exceed the allowable per diem rate in accordance with the Standard Federal Per Diem Rate schedule (Schedule) in effect at the time of travel. These rates are available at this web address: <https://www.gsa.gov/travel/plan-book/per-diem-rates>.

A City assigned PCard may not be used to pay for meal and incidental expenditures when per diem is claimed. The per diem allowance is separate from lodging, transportation and other miscellaneous expenses. The per diem allowance covers all charges, including taxes and service charges where applicable for:

- **Meals** – Expenditures for breakfast, lunch, dinner and snacks as well as corresponding tips and taxes. For a City reimbursed meal, a tip shall not exceed 15%, and shall not be permissible if gratuity is already included in the bill.
  - In the event an approved training or conference event is more than one day in duration, the maximum reimbursement will not exceed the daily per diem rates set annually by the Schedule for meals and incidentals for the area of the conference or training.

- Per IRS regulation, the first and last calendar day of travel is calculated at 75% (e.g., if the daily Per Diem is \$50, then the days of travel are \$37.50).
  - When an event encompasses a full or partial day, the employees may spend the daily allowance among the applicable meals, at their discretion, unless meals are included as part of the event registration. In that case, the funds allotted for that meal cannot be used or reimbursed.
  - For partial days, the meal allowance will not exceed the amounts set annually by the Schedule for meals and incidentals separately for breakfast, lunch, or dinner.
    - Breakfast reimbursements may be claimed if the employee leaves their temporary or permanent work location before 8:00am or is away from home overnight.
    - Lunch reimbursements may be claimed if the employee is traveling more than a total of 45 miles away from their temporary or permanent work location or is away from home overnight.
    - Dinner reimbursements may be claimed only if the employee is away from their temporary or permanent work location until after 5:00pm or is away from home overnight.
  - Employees may occasionally be in the position of having to provide a meal for other persons who have official business with the City. In addition, receipts for these meals must include the name of each person attending the meal along with a description of the public purpose/benefit of the meeting.
- **Incidental Expenditures** – Fees for taxis (or similar services), parking, as well as reasonable tips for porters, baggage carriers, bellhop/hotel maid service, associated with travel while on official City business is included in the per diem as incidentals.

### **Advances and Reimbursements**

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

Only claims for accommodations and airfare actually incurred by the employee with corresponding documentation, such as itemized receipts or invoices shall be reimbursed. Payment of the reimbursement shall only be authorized upon approval of the travel Expenditure Report, which must be submitted after each travel or training event.

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

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

Travel plans involving expenses that do not require overnight travel accommodations will be reimbursed based on actual cost substantiated by appropriate receipts. The employee is entitled to reimbursement

of meal expenses after submitting actual receipts. No reimbursement is authorized if meals are provided during the meeting or event. When available, the assigned City PCard should be used for these types of activities. This includes training or meetings within 45 miles from the City.

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

- Maintain accurate travel, training, and reimbursement records;
- Make a conscious effort to minimize expenses while maintaining a reasonable level of comfort and convenience; and
- Request reimbursement in an accurate and timely manner, typically 30 business days or less.

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

### **Personal Rebates and Rewards**

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

### **Elected Officials**

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

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

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

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

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

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

## Surplus Donations

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

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

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

### Procedure

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

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

\$25,000 or more to the City Council, which shall approve or deny the designation of the specific equipment as surplus and eligible for Donation or disposal pursuant to and in accordance with this Surplus Donation Policy.

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

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

## Asset Forfeiture Policy

The City receives property and money through law enforcement seizures under Federal law 21USCS Section 881(e) and Minnesota Statutes, Sections 609.531-609.5317, and 169A.63. For inquiries or clarification, refer to these documents.

## Municipal Liquor Store Donation Policy

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

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

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

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

- Through donation of merchandise that is commonly known as a “dealer loader” to be used for either a silent or live auction;
- Through assistance with a fundraising event that promotes the organization in general or for a specific fundraising need, as described below; and/or
- Through a discount price on purchase of products typically offered for sale at North Branch Liquor.

The organization(s) receiving the donation shall include North Branch Liquor, and its corresponding logo(s), in all forms of advertising and promotion of the event or occasion.

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

### **North Branch Liquor Event Participation**

North Branch Liquor may participate in a fundraising activity or event for an eligible organization through one or more of the following formats:

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

- Other supporters of the event;
  - Description of the eligible organizations;
  - The description or purpose of the event; and
- It will be the sole responsibility of the eligible organization to have the tasting guides and any other information, such as in-store signage, printed and available for distribution.

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

#### **Solicitations at North Branch Liquor**

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

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

#### **Indemnification**

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

# Revenue and Collection

## Revenue Policy

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

In order to maintain a stable and predictable tax base, the City shall support a mix of commercial, industrial, and residential development.

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

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

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

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

### **Enterprise Funds**

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

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

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

### **Intergovernmental Revenues**

Intergovernmental revenues, such as Local Government Aid and Municipal State Aid, are beyond the direct control of the City and shall be relied upon conservatively to support ongoing operations and

activities. Since these revenues occur on a consistent and regular basis, they shall be accounted for in the annual budget process. Any intergovernmental revenues in excess of this amount shall be directed to the CIP or other one-time expenditures.

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

### **Grant Revenue or Funding**

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

## Public Utilities Revenue and Remittance Policy

Generally, in order to ensure payment of user charges and fees, the City utilizes special assessments for applicable, unpaid portions of a public utility bill or invoice. The procedures and additional costs associated with these and other situations are outlined in greater detail in the City Policy.

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

### **Discontinuance of Services**

The City reserves the right to discontinue public utility services without notice for necessary repairs, additional connections or reconnections and non-payment of user charges and/or fees. However, before disconnection, the City will attempt to notify the customer by:

- calling the phone number on the account twice,
- placing a door hanger on the doorknob at the service address, and/or
- emailing the email address on account.

The City will generally refrain from discontinuance in the event of non-payment and assess all applicable user charges, fees and penalties if the account is less than 60 days or less than \$50. If the account exceeds both of these criteria, and is not caught up to date in a timely manner, the service will be discontinued until arrangements have been made.

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

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

Prior to the disconnection of any public utility services, the City shall provide notice to the property owner of record at least 15 days prior to any action, unless an emergency prevents such a notice. The notice shall include an opportunity to discuss the pending action, and possible steps to prevent disconnection, if appropriate. The Finance Director, or their designee, shall act on behalf of the City, and

shall have the authority necessary to correct or otherwise resolve any payment concerns or issues, such as a repayment plan or other alternative.

### **User Charges and Fees**

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

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

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

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

In the event the City authorizes a refund, it shall not be applied to the account until at least seven banking days after the applicable deposit of payment or activity in question, unless otherwise authorized by the Finance Director, or their designee.

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

**Leaks and Summer Use** – It shall be the responsibility of the property owner to inform the City of a water leak or similar event. Refer to the “Excessive Water Usage Credit Policy”. For a sewer credit related to a pool fill, leaks, or summer use, email pictures of the meter before and after the pool fill occurs. This should include:

1. Pictures of the start and end meter reads including start time/date and end time/date.
2. Pictures of the filled pool along with pool dimensions.

Credit will be applied at the discretion of the Public Works Director, or their designee, after the subsequent meter read.

**Contested Bill or Invoice** – If a customer wishes to formally contest their bill, invoice or the response of the City, they must submit their request in writing, including:

1. A description of the situation;
2. Their specific request; and
3. Their rationale for it.

The Finance Director, or their designee, shall review the request and provide a written response within 10 business days.

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

Any unpaid portions of a contested public utility bill or invoice may be assessed to the property in question consistent with Minnesota Statute § 444.075. The City shall provide any party or property subject to such an assessment with at least 30 days of notice prior to the certification of the outstanding charges and fees to the County Auditor.

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

**Finalized Accounts** – In the event of a discontinuation of service, any account balances will be reduced to zero (i.e., \$0.00). The City will make a reasonable attempt to collect any outstanding balances, including through special assessments, before writing-off an account balance. Any credits or credit balances shall be processed monthly. Any exception must be authorized by the Finance Director, or their designee.

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

**Meter Installation** – The City may provide a reasonable repayment schedule for costs associated with the replacement of a meter with a diameter of 1.5" or larger. The Finance Director, or their designee, shall determine the structure and interest rate for such repayment schedules. However, no repayment schedule shall exceed one year.

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

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

# Adoption and Implementation

## Interpretation Policy

The City Administrator or their designee, may waive any section of this Manual, if doing so would not violate any applicable sections of the City ordinances, State and/or Federal laws, or resolutions adopted by the City Council. Waiver of any particular policy or section does not constitute a waiver for the entire Manual and the City Administrator, or their designee, may end such waivers at their sole discretion.

Apart from this Manual, certain activities and programs are also regulated by the Employee Handbook (Handbook) for non-unionized employees and Collective Bargaining Agreements (CBAs) for unionized employees. In any event when this Manual conflicts with either document, the respective CBA or Handbook shall control, unless such deference would violate applicable sections of the City resolutions, ordinances, or State and/or Federal laws.

## Discipline

Violation of this Manual or its corresponding regulations, incorporated herein by reference, by an employee, may result in disciplinary action, consistent with the procedures outlined in the Handbook, up to and including involuntary termination.

## Adoption

This Manual shall be adopted by resolution of the City Council and any applicable component units. It shall also be reviewed by staff on an ongoing basis and any administrative modifications shall be approved by the City Administrator, including:

- Changes related to applicable laws and regulations;
- Subsequent actions of the City Council;
- Clerical errors; and
- Revisions to clarify but not change the intent of the Manual.

The City Administrator shall notify the City Council or the governing body of a component unit, in writing, of any administrative changes or modifications at least 10 days prior to any such revisions to this Manual. All other modifications shall be approved by the City Council or the governing body of a component unit.

This North Branch Financial Management Policy shall supersede all prior financial policies.

### **Adoption**

Approved and adopted by the City Council on \_\_\_\_\_ effective \_\_\_\_\_.

### **Administrative Revisions**

None at this time.

### **City Council Amendments**

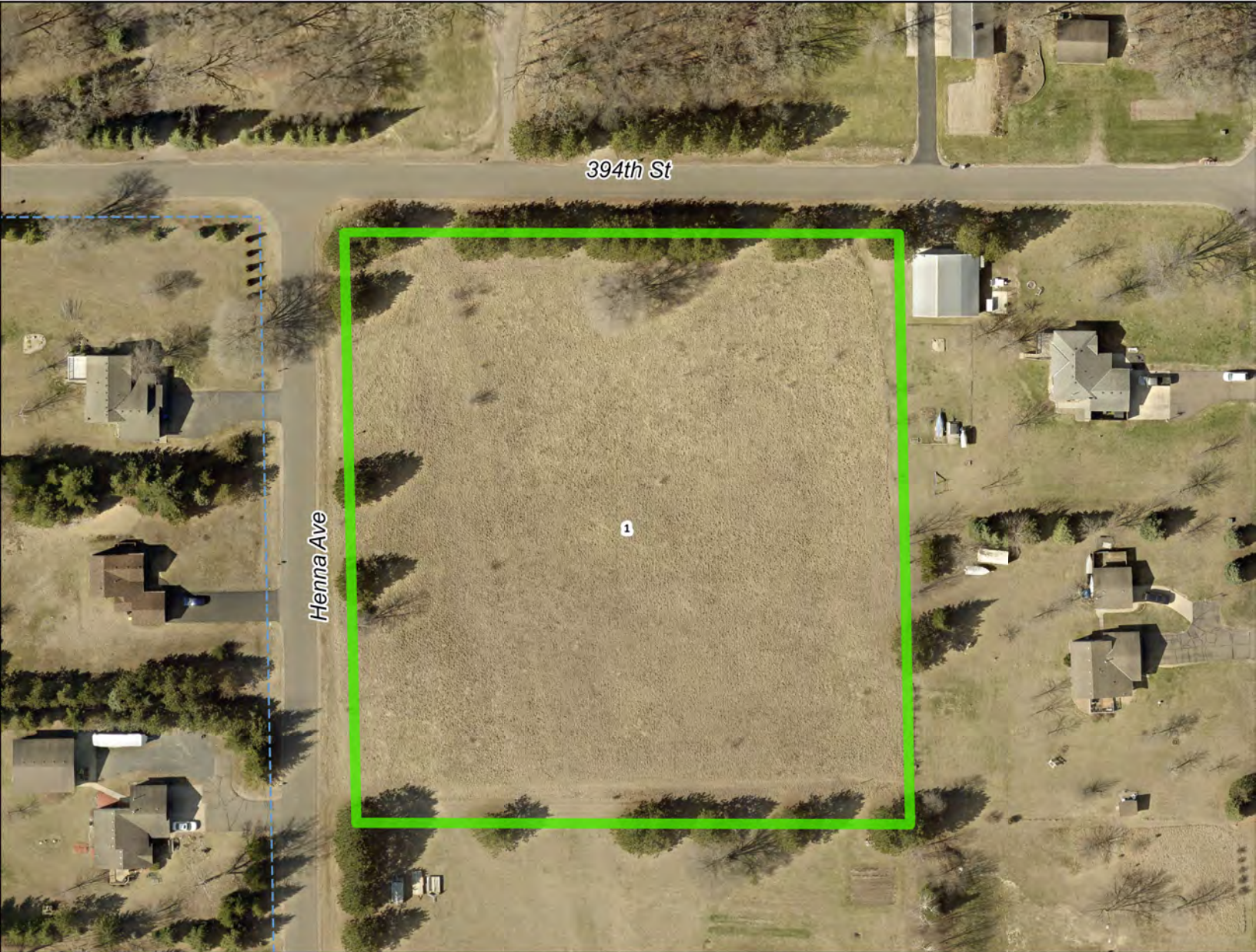
None at this time.

# Branch Acres Park

Address: 7451 394th St

Classification; Natural Resource Area

Size: 3.4 acres



## Park Description

Existing Facilities	
Pollinator Plantings	

Proposed Improvements	Est Cost
Pollinator Planting	
Signage	

# Central Park

Address: 6250 Main St

Classification: Community

Size: 2.2 acres



## Park Description

Existing Amenities
Basketball Court
Gazebo
Playground
Swingset
Permanent Restroom Building
Parking
Sidewalks
Benches
Tables

Proposed Improvements	Est Cost
Electrical	
Sidewalk on north side	
Basketball Court Resurfacing	
Bathroom upgrades	
Parking	
Benches/Tables	
Veterans Memorial	

# Chain Lake Park

Address: 5200 412th St

Classification; Natural Resource Area

Size: 0.6 acres



## Park Description

Existing Amenities
Chain Lake

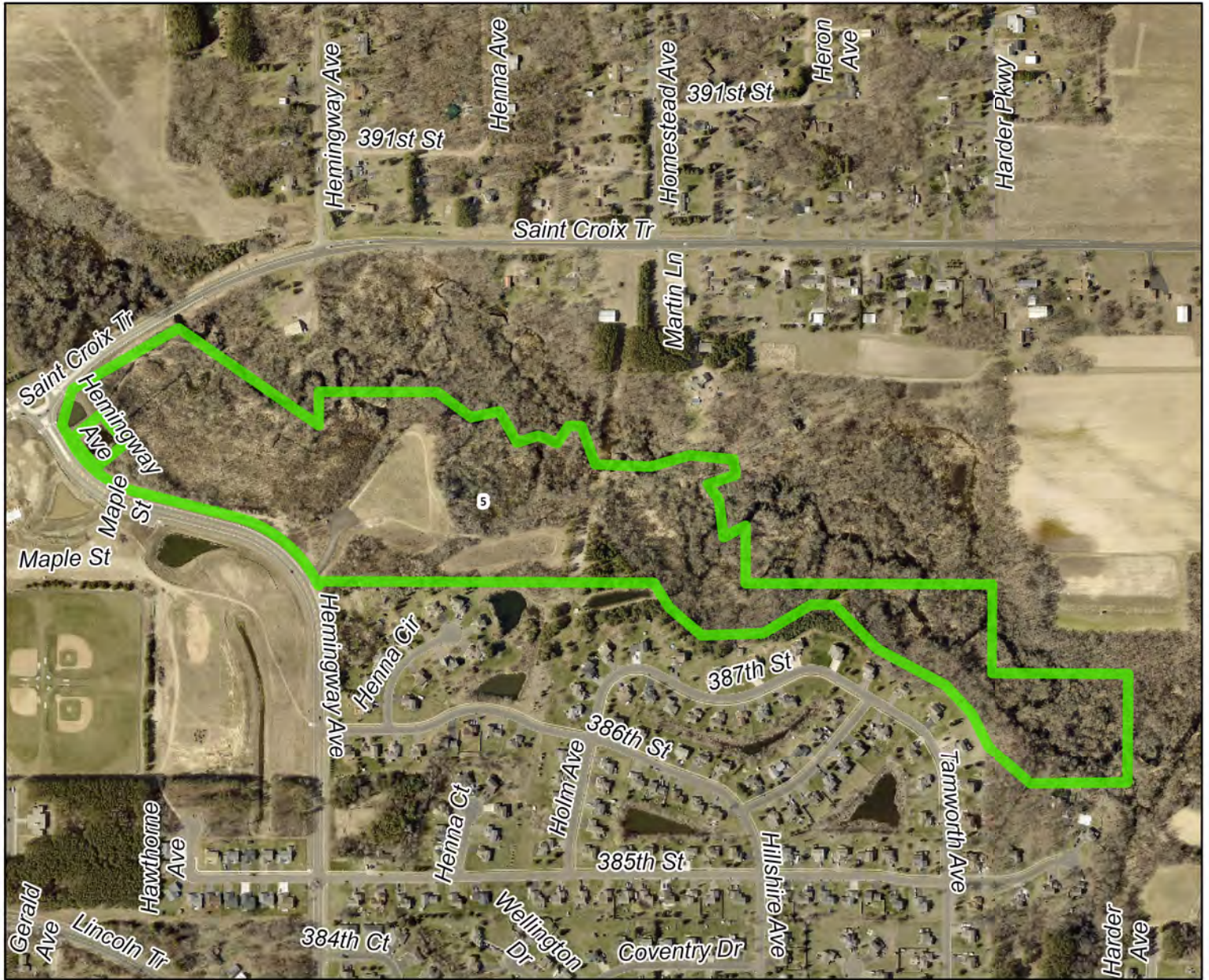
Proposed Improvements	Est Cost
Pollinator Planting	

# Clayton Anderson Family Memorial Nature Park

Address: 38689 Hemingway Ave

Classification; Natural Resource Area

Size: 34.5 acres



## Park Description

Existing Facilities	
Nature Trails	
Parking Lot - Recycled Asphalt	
Security Lighting	

Proposed Improvements	Est Cost
Security Lighting	
Trash Cans	
Security Perimeter Posts	
Benches	
Park Boundary Signage	
Dog waste containers	
Snowmobile Trail signage	
Sunrise River Pedestrian Bridge	
Dog Park	
Small Shelter	
River Access/Clearing	
Parking Lot Paving	

# Duck Creek Park

Address: 38420 Wood Duck Ln

Classification: Neighborhood Park

Size: 1.6 acres



## Park Description

Existing Facilities
Well House

Proposed Improvements	Est Cost
Trail Connection to Isanti Trl	
Gazebo/Picnic Area	
Signage	

# Harder Park

Address: 39260 Harder Pkwy

Classification: Community Park

Size: 63 acres



## Park Description

### Existing Facilities

(4) Ballfields
Disc Golf Course
Playground
Shelter
Concession Stand
Parking Lot
Batting Cage
Storage Building
Dense Forest Garden
Hardwood Swamp

### Proposed Improvements

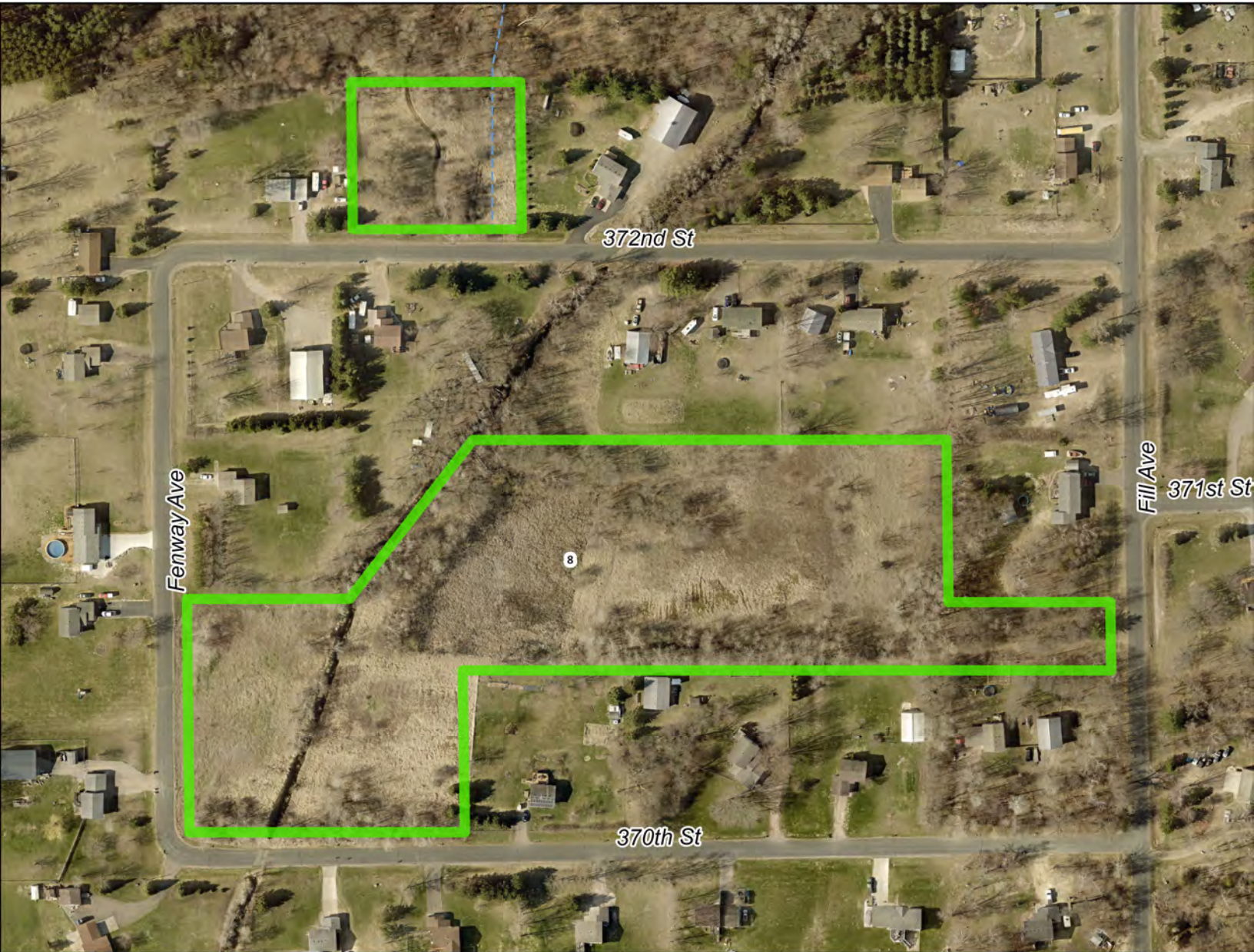
trail access to west
Dugouts/Shade
trail connection to south -hwy 95
Disc Golf (stairs)
Fencing
Gate
Sledding Hill
Ballfield lighting
Fencing
Expansion (Carlson property)
Parking Lot Resurfacing

# Kates Park

Address: 37080 Fill Avenue

Classification: Natural Resource Area

Size: 9.3 acres



## Park Description

### Existing Facilities

County Ditch No. 7

### Proposed Improvements

Pollinator Planting

# Luchts Park

Address: 7925 384th Trl

Classification: Neighborhood

Size: 27.5 acres



## Park Description

Existing Facilities
Creek
Wetlands

Proposed Improvements	Est Cost
Site Amenities (Benches, Trash Cans, Bike Racks, etc)	
Pocket Park Development (Small Playground)	
Trail Development	
Expansion South	

# Main St Rink

Address: 6773 Elm St

Classification: Community Playfield

Size: 0.9 acres



## Park Description

### Existing Facilities

Warming House

Lighting

### Proposed Improvements

Lighting Improvements

### Est Cost

# Marketplace Preserve

Address: Flink Ave

Classification: Natural Resource Area

Size: 9.5 acres



## Park Description

### Existing Facilities

North Branch Sunrise River

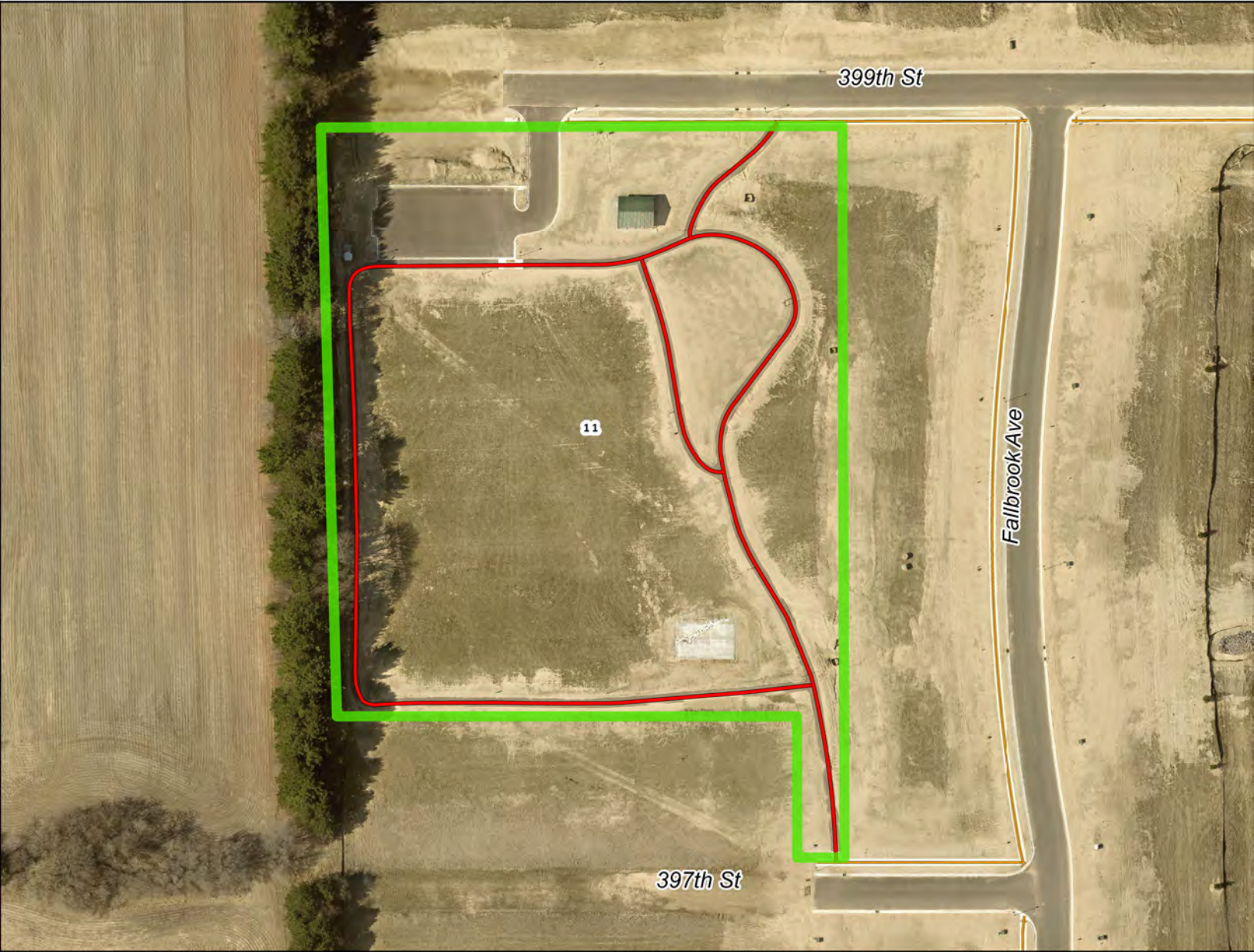
Proposed Improvements	Est Cost
Trail Construction	
Crosswalk Improvement to Marketplace	
Site Amenities (Benches, Trash Receptacle)	

# Meadows North Park

Address: 5333 399th St

Classification: Neighborhood Park

Size: 5.1 acres



## Park Description

Existing Facilities
Playground
Trails
Shelter
Basketball Court
Parking Lot

Proposed Improvements	Est Cost
Pickleball Courts	
Expansion to west	

# North Branch Oaks Park

Address: 5035 366th St

Classification: Neighborhood Park

Size: 2.0 acres



## Park Description

Existing Facilities
Playground
Broadband Tower

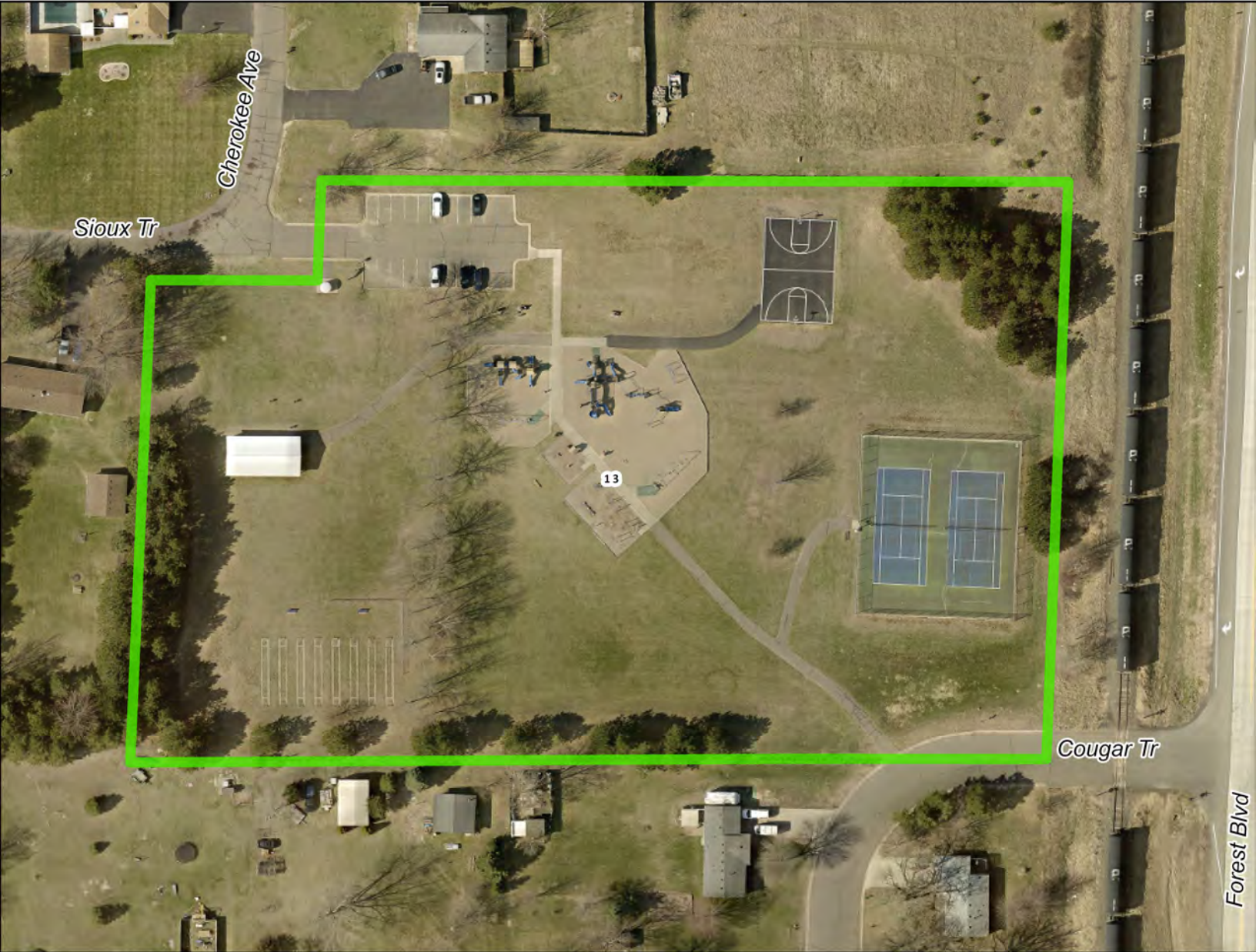
Proposed Improvements	Est Cost
Shelter	
Trails	

# Northwood Park

Address: 39581 Cherokee Ave

Classification: Neighborhood Park

Size: 5.4 acres



## Park Description

Existing Facilities
(2) Tennis Courts
Basketball Court
Playground Area
Shelter w/Cold Storage
Horseshoe Pits

Proposed Improvements	Est Cost
Pickleball Courts	
Trails	
Shelter Upgrades	
Playground Resurfacing	
Signage Replacement	
Site Amenity Replacement (Benches, Trash Receptacles, etc)	

# Pollinator Garden

Address: 38808 Forest Blvd

Classification; Natural Resource Area

Size: 0.9 acres



## Park Description

Existing Amenities
Pollinator Plantings
Sunrise Prairie Regional Trail
Parking

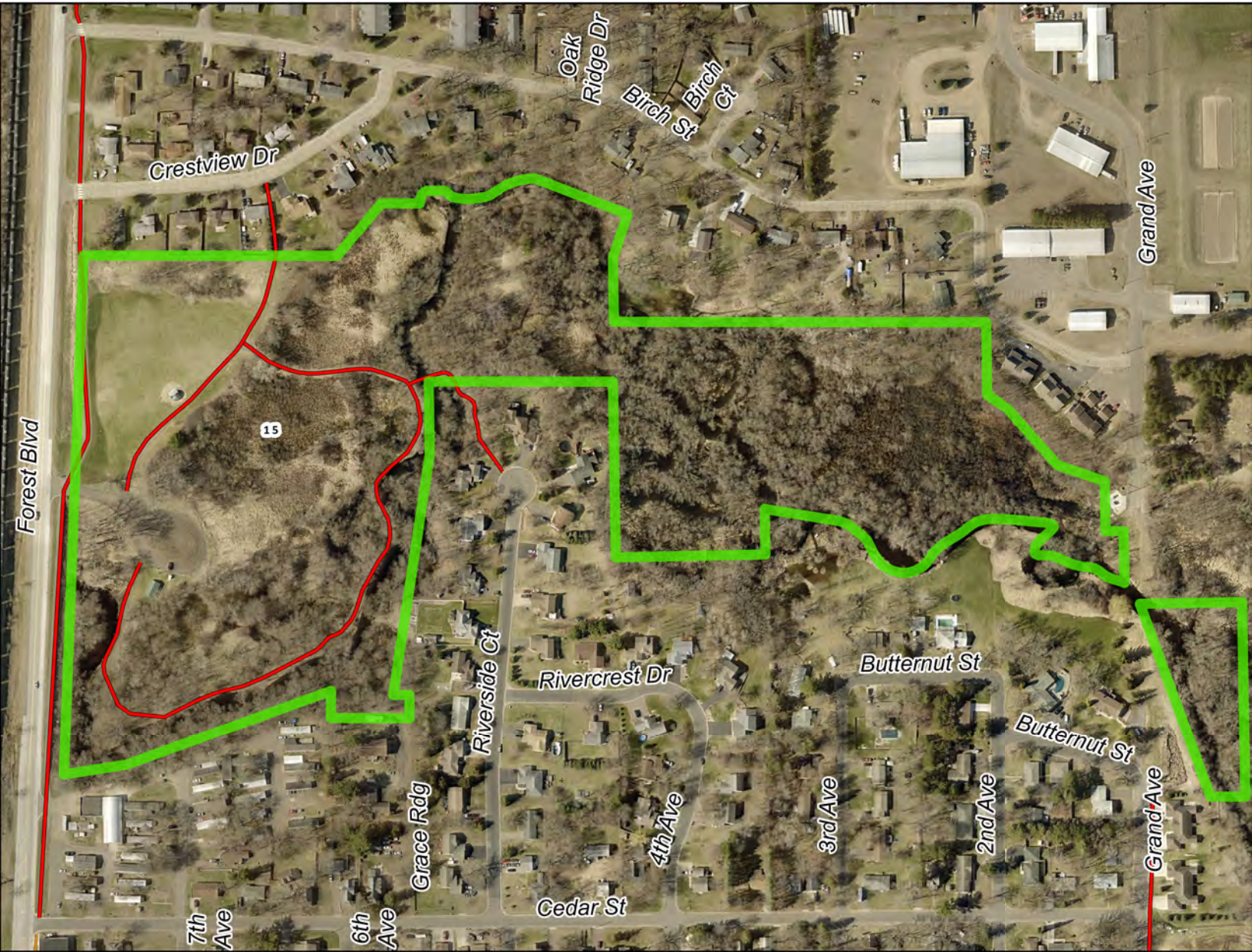
Proposed Improvements	Est Cost
Pollinator Planting	
Bench	
Little Free Library	

# Riverwalk Park

Address: 39181 Forest Blvd

Classification: Neighborhood Park

Size: 39.4 acres



## Park Description

Existing Facilities
North Branch Sunrise River
Shelter
Dome Structure
Trails

Proposed Improvements	Est Cost
North Branch Sunrise River Enhancements	
Benches	
Parking Lot Paving	
Dome Structure Awning	

# Roger Johnson Memorial Park

Address: 6547 410th St

Classification: Community Playfield

Size: 14.7 acres



## Park Description

Existing Facilities
Playground Area
Ballfield w/Bleachers and Dugouts
(2) Multi-use Field (Soccer/Football)
Shelter
Trail
Parking Lot
Well and Irrigation
Site Amenities (Trash, Bike Rack, etc)

Proposed Improvements	Est Cost
Shelter - Electric Service	
Park Expansion to the East	
Trail Reconstruction	

# Tower Fields

Address: 6211 Cougar Trl

Classification: Community Playfield

Size: 21.3 acres



## Park Description

Existing Facilities
(2) Ballfields
Playground Area
North Branch Sunrise River
Parking Lot

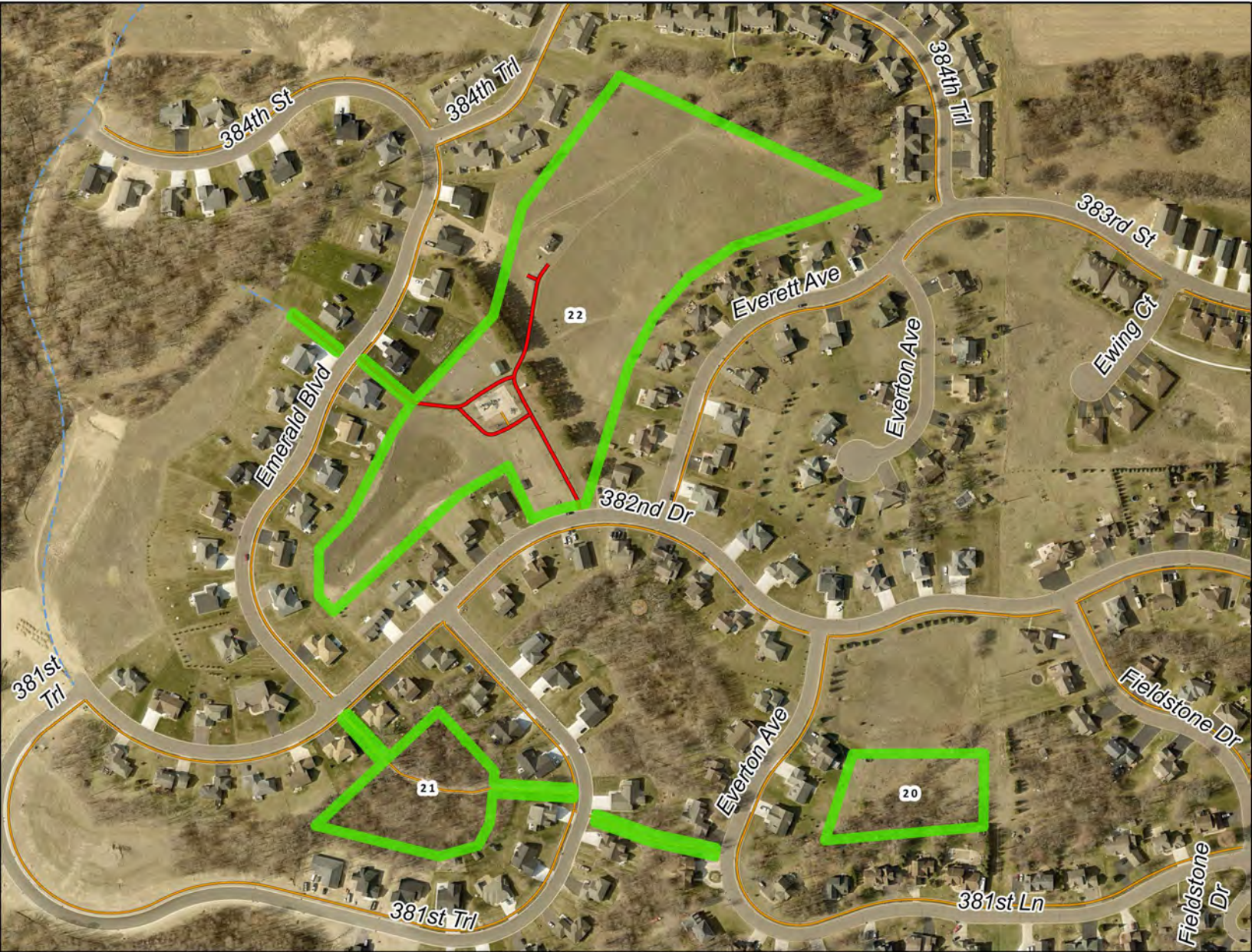
Proposed Improvements	Est Cost
Access Trail Paving	
Ballfield Fencing Improvements	
Ballfield Drainage Improvements	
Parking Lot Paving	
Dugouts	
Shelter	

# Wildridge Park

Address: 4840 382nd Dr

Classification: Neighborhood Park

Size: 15.7 acres



## Park Description

Existing Facilities
Playground Area
Shelter
Basketball Court
Horsehoe Pits
Walking Path
Ice Skating Rink with Warming House

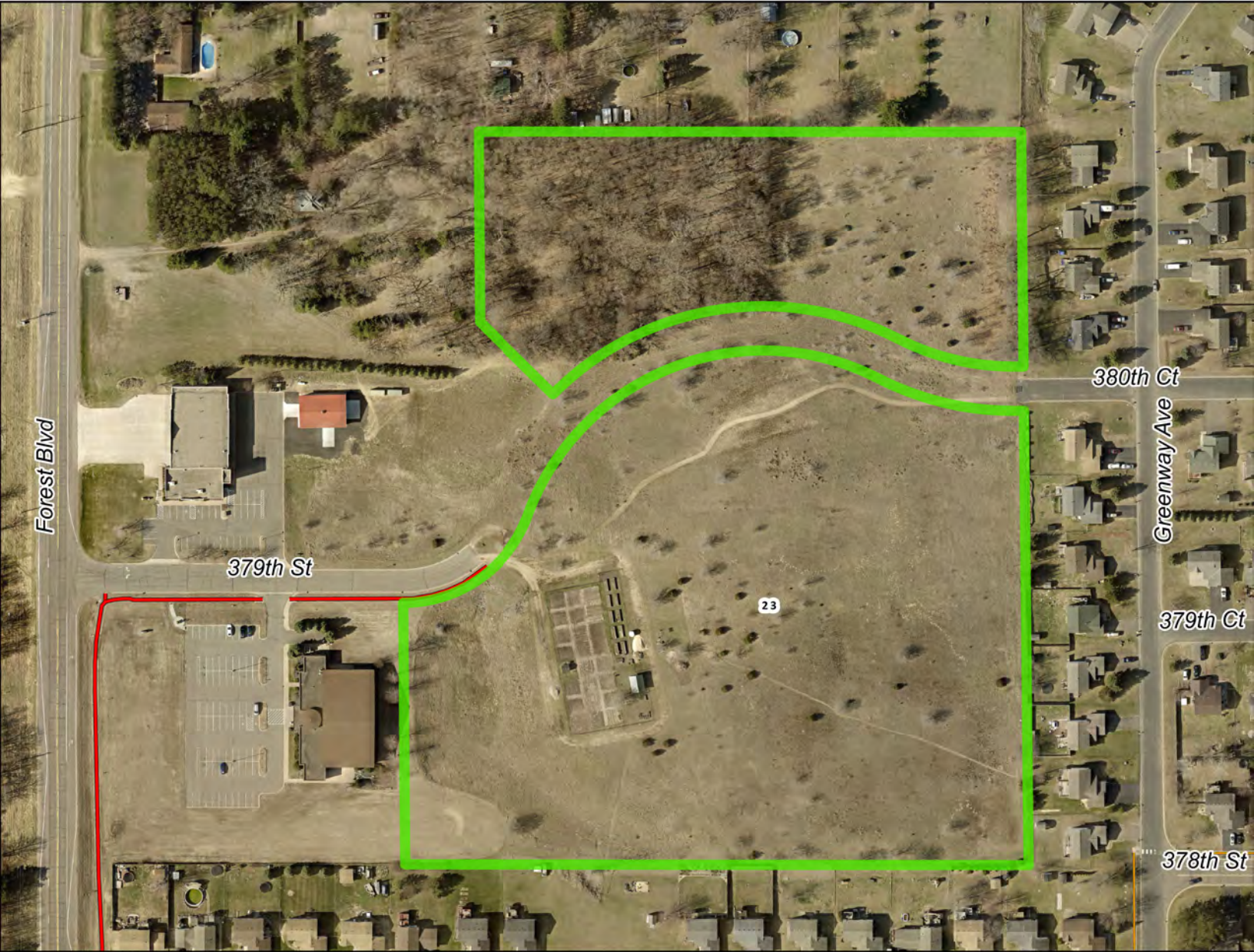
Proposed Improvements	Est Cost
Parking Lot	
Pickleball Courts	
Trails/Walking Path	
Splash Pad	
Soccer Fields	
Outdoor Fitness	
Shelter Electric	

# Williams Park

Address: 6400 379th St

Classification: Community Playfield

Size: 16.3 acres



## Park Description

Existing Facilities
Community Gardens

Proposed Improvements	Est Cost
Community Center/Aquatic Center	
Community Garden Expansion	
Open Space for Events	
Playground Area	
Outdoor Skating Rink	
Outdoor Hockey Rink	
Site Amenities (Signage, Benches, etc)	
Splash Pad	
Wedding/Event Center	

# Wood Duck Park

Address: 7611 376th St

Classification: Natural Resource Area

Size: 26 acres



## Park Description

Existing Facilities
Trail

Proposed Improvements	Est Cost
Site Amenities (Signage, Benches, Trash Cans, etc)	
Trail Development (Extend to east)	



**Prepared By: Nathan Sondrol, Community Development Director**

**Presenter: Nathan Sondrol, Community Development Director**

**Date: 05/28/2026**

**Board & Commission: Parks, Trails and Open Space Commission**

**Subject: Park Tour**

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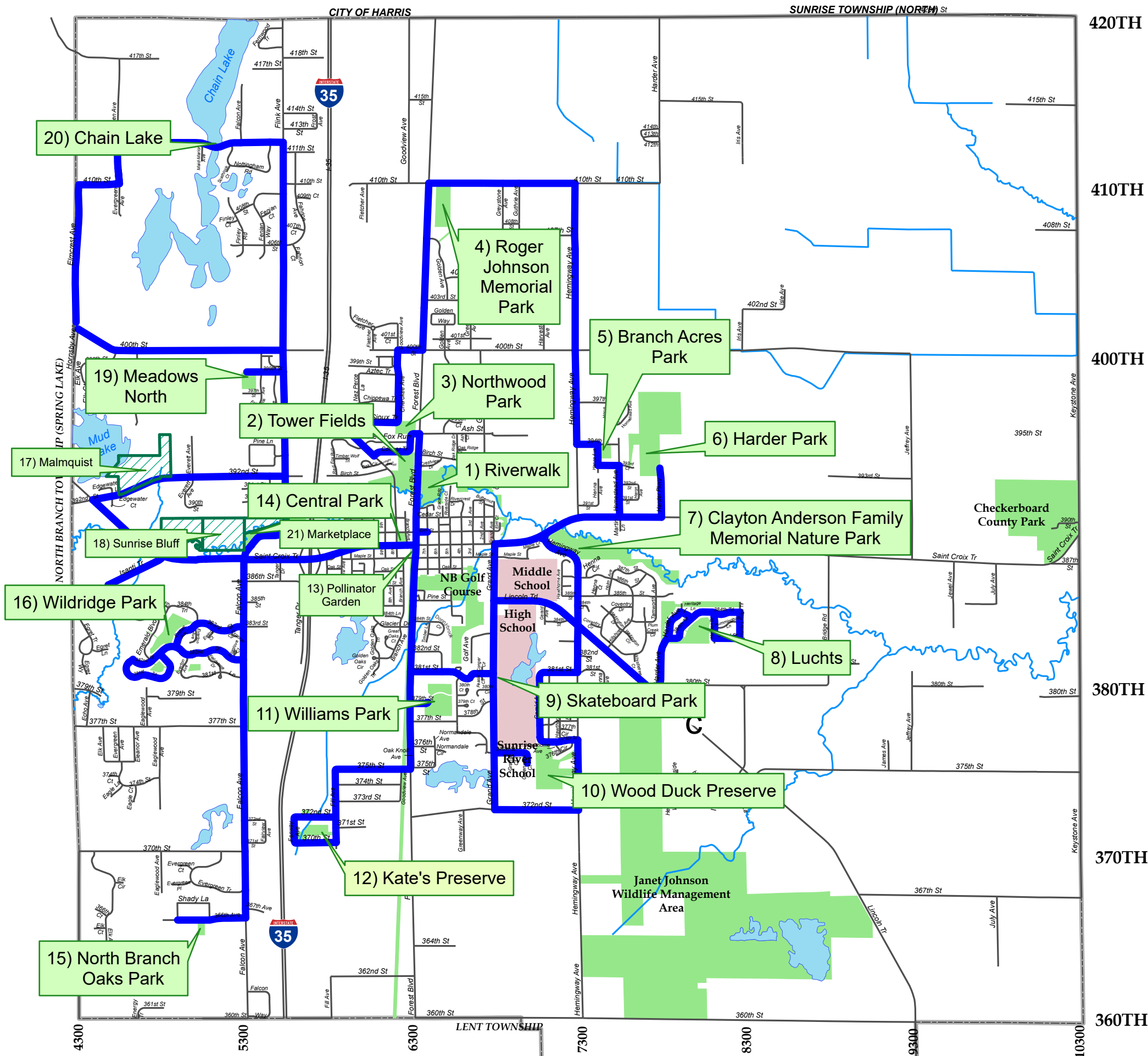
**Background Information**

The Park Tour is scheduled for Monday June 8 at 6pm and will start at City Hall.

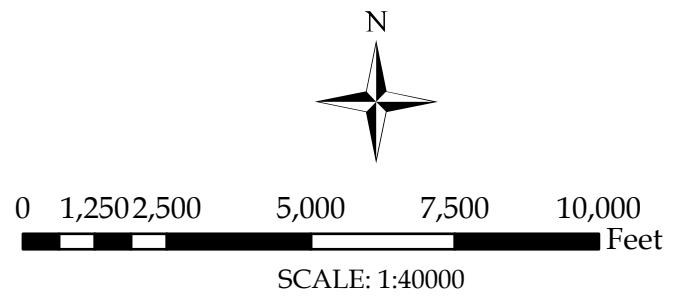
**Voting Requirements:**

**Voting Options      Simple Majority**

# City of North Branch Park Tour 2025



- 1) Riverwalk Park
- 2) Tower Fields
- 3) Northwood Park
- 4) Roger Johnson Memorial Park
- 5) Branch Acres Park
- 6) Harder Park
- 7) Clayton Anderson Family Memorial Nature Park
- 8) Luchts
- 9) Skateboard Park
- 10) Wood Duck Preserve
- 11) Williams Park
- 12) Kates Preserve
- 13) Pollinator Garden
- 14) Central Park
- 15) North Branch Oaks Park
- 16) Wildridge Park
- 17) Malmquist
- 18) Sunrise Bluff
- 19) Meadows North
- 20) Chain Lake
- 21) Marketplace Preserve



Disclaimer: The data on this map is provided "as is" and does not represent a survey. NO liability is assumed to accuracy of the data delineated herein.

