



**SPECIAL CITY COUNCIL WORKSESSION  
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM  
MAY 28, 2019  
5:15 PM**

Call to order

1. I-494 alternatives evaluation process and screening
2. Richfield Organics Task Force recommendations

Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**

**WORK SESSION REPORT**  
**SPECIAL CITY COUNCIL WORK SESSION**  
**5/28/2019**

REPORT PREPARED BY: Kristin Asher, Public Works Director  
5/21/2019

CITY MANAGER REVIEW: Katie Rodriguez, City Manager  
5/23/2019

**ITEM FOR WORK SESSION:**

MnDOT's Analysis of I-494 Freeway/Interchange Alternatives

**EXECUTIVE SUMMARY:**

A brief presentation at the May 28, 2019 City Council work session will focus on the results of MnDOT's Phase 1 screening of I-494 mainline alternatives and access locations. A MnDOT representative will present the decision-making and rationale for advancing some design alternatives while not moving forward with others.

The market impact evaluation regarding the proposed access reconfiguration is underway. Results of the evaluation are tentatively scheduled to be presented to the City Council at a work session in early July. MnDOT will not be requesting municipal consent on the access changes until later this year.

Please contact Kristin Asher, Public Works Director, at 612-861-9795 with questions.

**DIRECTION NEEDED:**

This is intended as a project update and an opportunity for the City Council to ask questions. No direction is needed at this time.

**BACKGROUND INFORMATION:**

**A. HISTORICAL CONTEXT:**

- As part of MnDOT's planned "Airport to 169" I-494 project, access reconfiguration at 24th via 77th Underpass, 12th, Portland, and Nicollet is being considered.

**B. CRITICAL TIMING ISSUES:**

- The project is slated for a 2022 start date.

**PRINCIPAL PARTIES EXPECTED AT THE MEETING:**

- Andrew Lutaya, MnDOT Metro District, West Area Engineer
- Amber Blanchard, MnDOT Metro District, Project Director
- April Crockett, MnDOT Metro District, West Area Manager

**ATTACHMENTS:**

- Presentation: I-494: Airport to HWY 169 Project Update
- Presentation: I-494 Engagement Update



# I-494: Airport to Hwy 169 – Project Update

SP 2785-424 MnDOT Metro District

# Project Timeline

## Where we are

- Evaluation Process for the I-494 Mainline Alternatives
- Evaluation Process for Interchange Configuration Alternatives

WE  
ARE  
HERE

2018

### Preliminary Design and Environmental Documentation

2019

**Phase 1** - Initial "Fatal Flaw" Screening Analysis

**Phase 2** - Final Screening Process and Apparent Preferred Alternative Selected

**Phase 3** - Preliminary Design + Environmental Review

2020

**Final Design**

2021

2022/  
2023

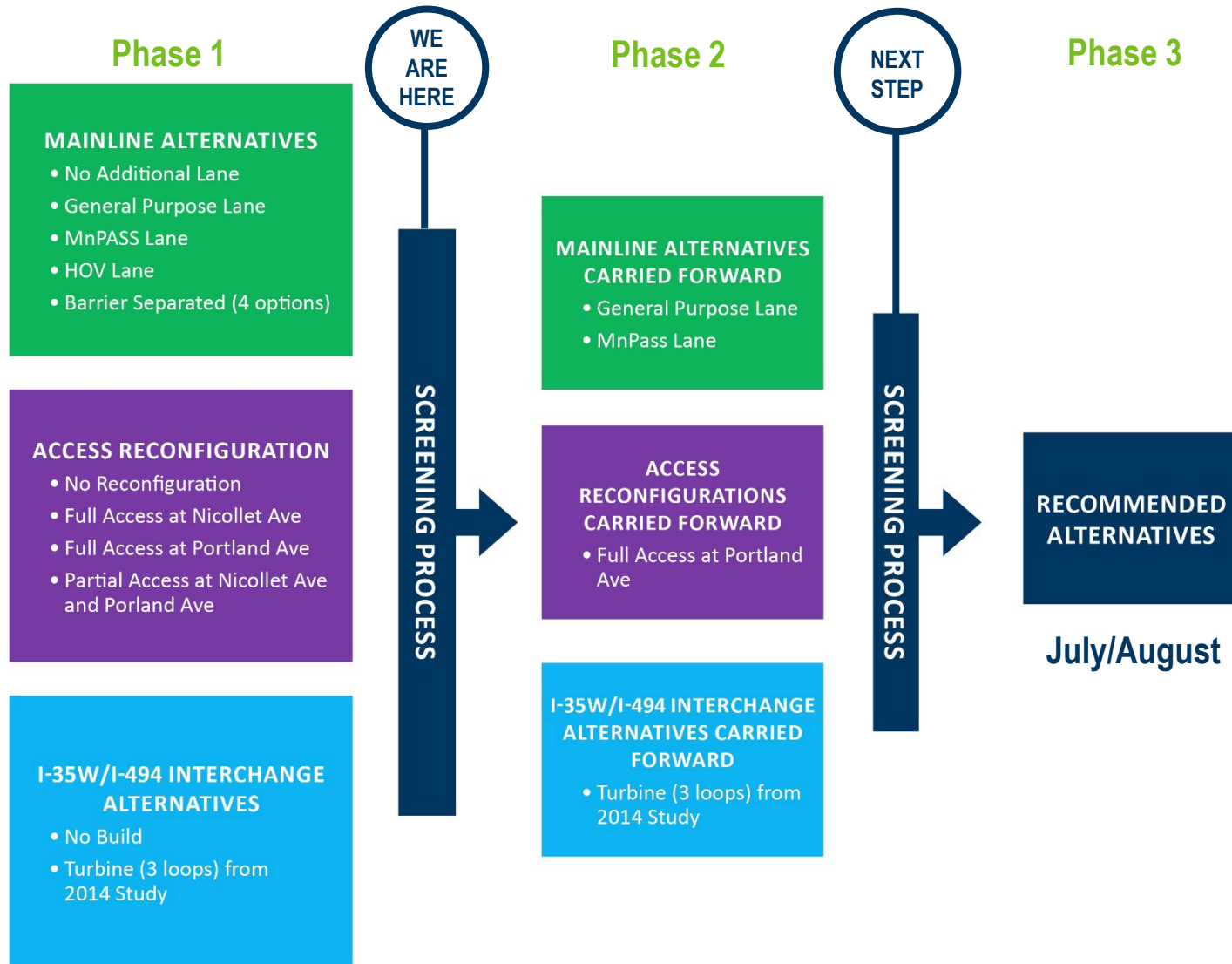
**Construction Begins**





# Alternatives Evaluation Process

## Phase 1: Scoping and Fatal Flaw Screening

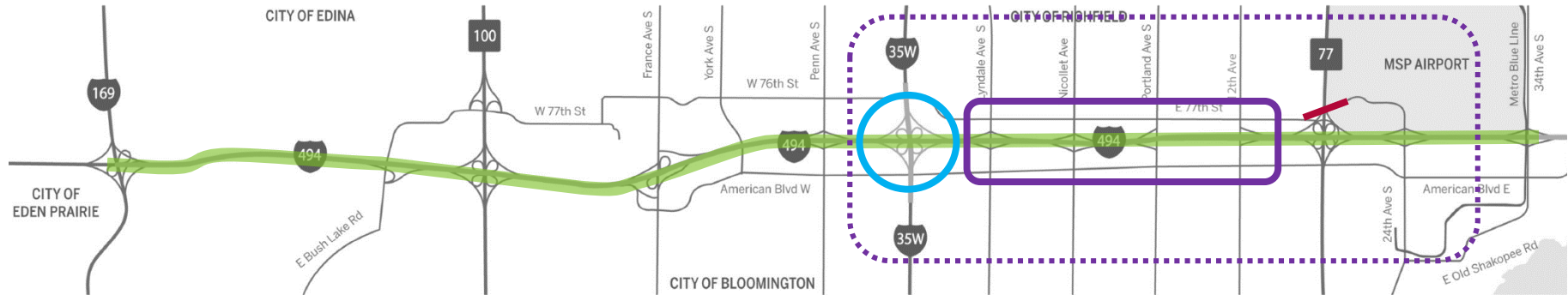


# PHASE 1

## Focus Areas

# Alternatives Evaluation Process

## Focus Areas



I-494 Mainline: Airport to Highway 169



I-35/I-494 Interchange



Interchange Reconfiguration: Lyndale to 12th Ave



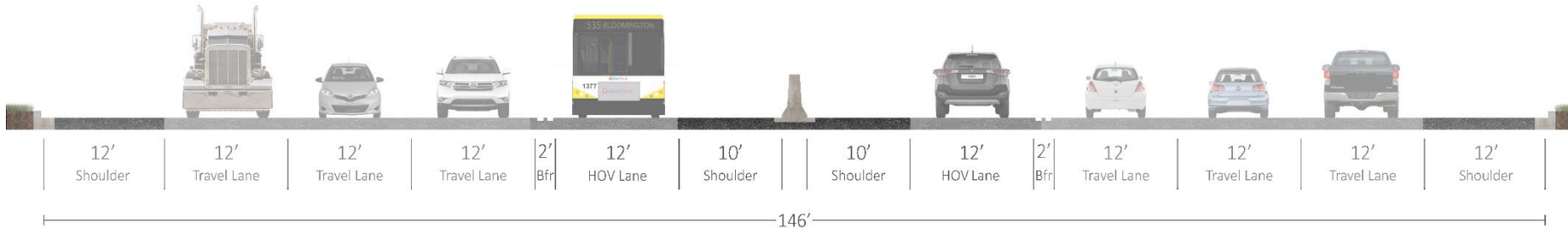
- Based on feedback from MnDOT:
  - Corridor is already managed with an aggressive TSM system made up of ramp meters, incident management, and message signs
  - Alternative operational impact cannot be quantified using tools selected for scoping and fatal flaw analysis
- Regional policy indicates that this should be the first option assessed for corridor improvement
- Will be included during Phase 2 (Alternatives Comparison) and Phase 3 (Recommended Alternative Impact Assessment)

# PHASE 1



## HOV Lane Alternative

**RECOMMENDATION:** Remove from further consideration



### LANE UTILIZATION

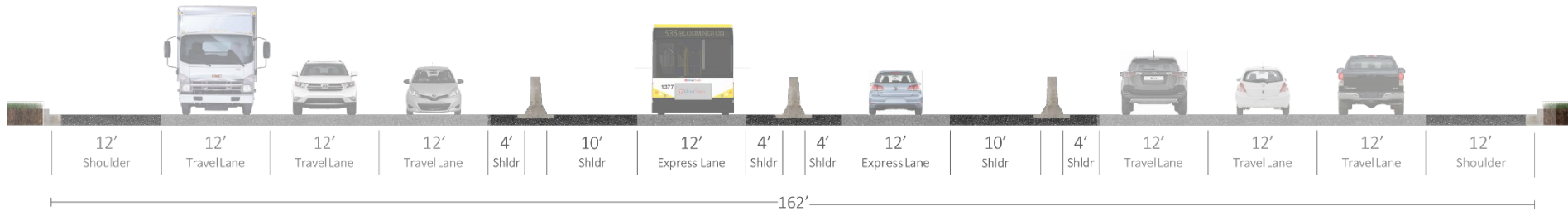
Analysis indicates that the additional lane will not be fully utilized by high occupancy vehicles only

# PHASE 1



## Barrier (3+1) Alternatives

**RECOMMENDATION:** Remove from further consideration



### CORRIDOR TRAVEL TIME

Limited improvement to travel times over General Purpose Lane alternative



### CONSTRUCTION COST & MAINTENANCE

Higher construction costs and increased management and maintenance of the facility but limited improvement to corridor travel times over General Purpose Lane alternative



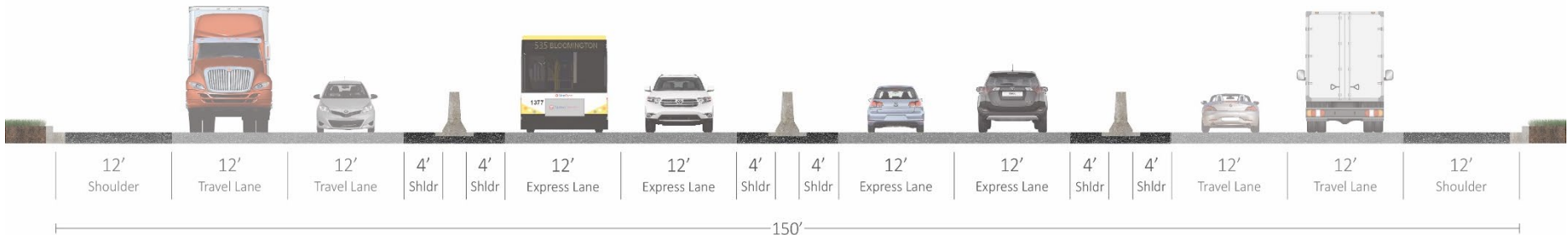
### RIGHT OF WAY & ENVIRONMENTAL IMPACTS

Barrier alternatives involve wider typical sections and greater risk for additional land acquisition and environmental impacts.



## Barrier (2+2) Alternatives

**RECOMMENDATION:** Remove from further consideration



### CORRIDOR TRAVEL TIME

High cost of the facility but limited improvement to corridor travel times over General Purpose alternative



### LANE UTILIZATION

Poor lane utilization as travel patterns cause congestion as vehicles use the main line to get on and off I-494 while there is capacity in the two barrier separated lanes



### CONSTRUCTION COST & MAINTENANCE

Higher construction costs and increased management and maintenance of the facility but limited improvement to corridor travel times over General Purpose Lane alternative



### RIGHT OF WAY & ENVIRONMENTAL IMPACTS

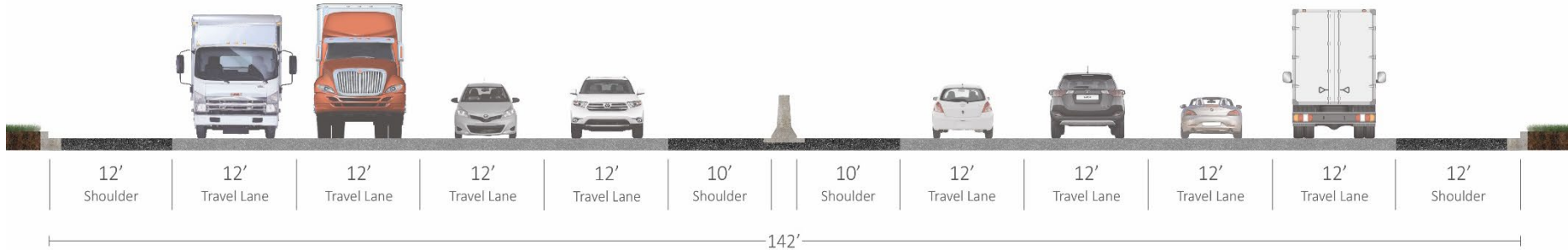
Barrier alternatives involve wider typical sections and greater risk for additional land acquisition and environmental impacts

# PHASE 1



# General Purpose Lane Alternative

**RECOMMENDATION:** Carry forward into Phase 2 analysis



## CORRIDOR TRAVEL TIME

**Provides the best mainline corridor travel time compared to all other alternatives**



## CONSTRUCTION COST & MAINTENANCE

**Lower construction costs than barrier separated alternatives**



## RIGHT OF WAY & ENVIRONMENTAL IMPACTS

**Narrowest cross section compared to the other alternatives so less right of way and environmental impacts anticipated**

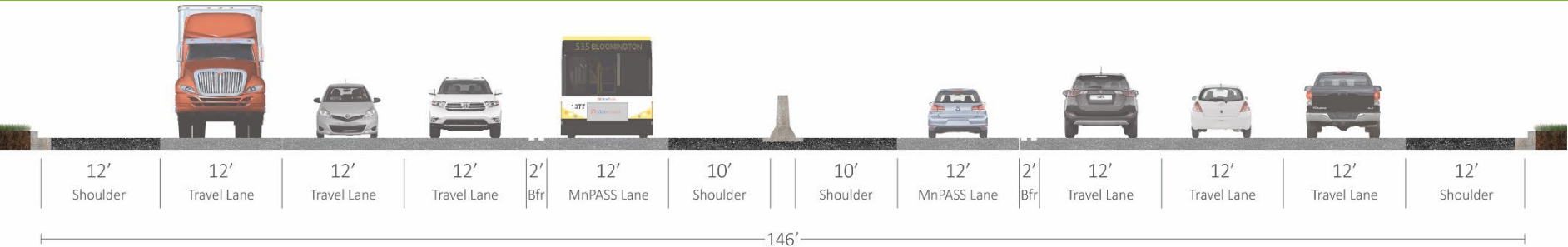


# PHASE 1



## MnPASS Lane Alternative

**RECOMMENDATION:** Carry forward into Phase 2 analysis



### HOV/TRANSIT ADVANTAGE

**Alternative consistent with regional policy by providing high occupancy vehicles and transit travel time advantages**



### CORRIDOR TRAVEL TIME

**Provides the best utilization and travel time among barrier and managed lane alternatives**



### CONSTRUCTION COST & MAINTENANCE

**Lower construction costs than barrier separated alternatives**



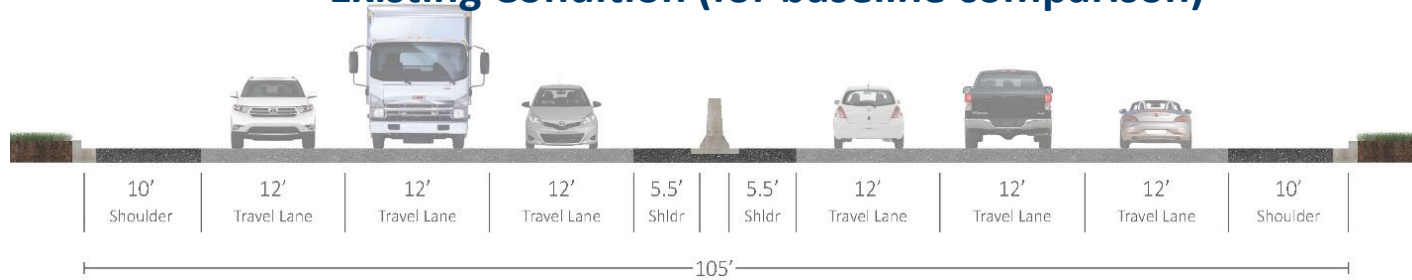
### RIGHT OF WAY & ENVIRONMENTAL IMPACTS

**Narrower cross section than barrier separated alternatives so less right of way and environmental impacts anticipated**



# I-494 Mainline Alternatives Carried Forward

## Existing Condition (for baseline comparison)



## General Purpose Lane

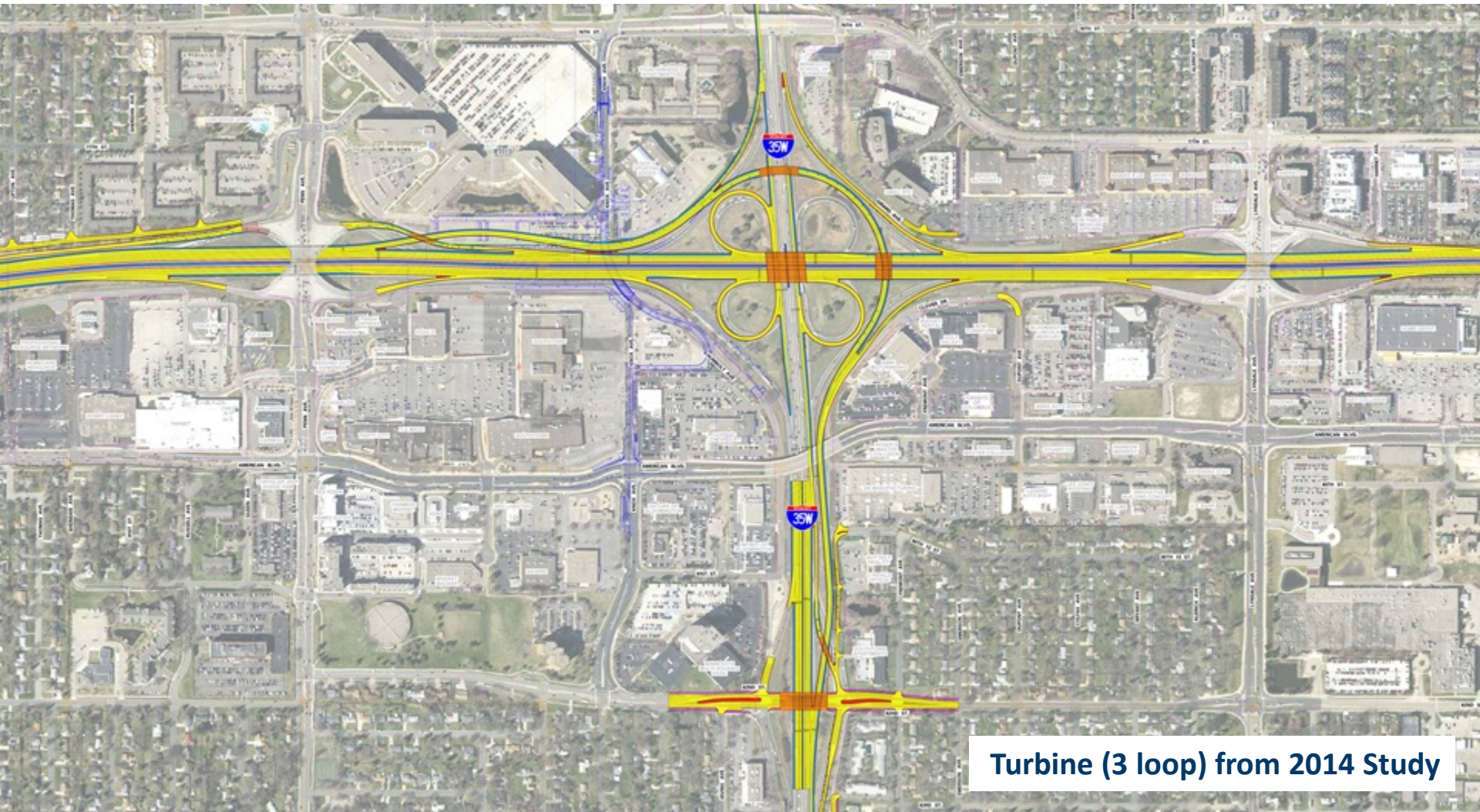


## MnPASS Lane





## I-35/I-494 Interchange Alternative Carried Forward



Turbine (3 loop) from 2014 Study

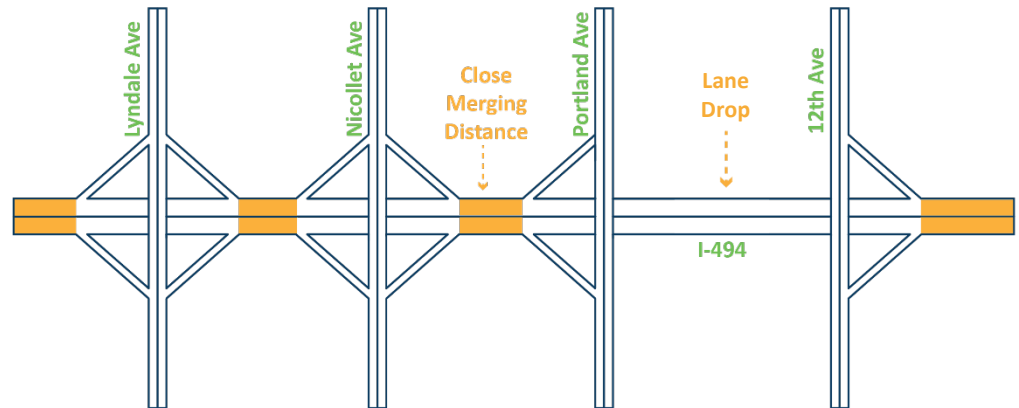




## Interchange Reconfiguration – Existing Condition

Segment	Length (Miles)	Total Crashes	Crash Rate (per mil vehicles)
Hwy 5 to 34th	0.2	13	0.8
34th to 24th	0.3	31	1.6
<b>Hwy 77 to 12th</b>	0.2	42	<b>2.3</b>
<b>12th to Portland</b>	0.4	55	<b>1.8</b>
<b>Portland to Nicollet</b>	0.2	38	<b>2.7</b>
Nicollet to Lyndale	0.2	24	1.2
<b>Lyndale to I-35W</b>	0.1	35	<b>3.0</b>
I-35W to Penn	0.1	18	1.3
Penn to France	0.6	40	0.8
France to Hwy 100	0.6	39	0.7
Hwy 100 to E Bush Lake	0.2	6	0.4
E Bush Lake to Hwy 169	1.0	36	0.7

Existing Interchange Spacing Between I-35W and Hwy 77 on I-494

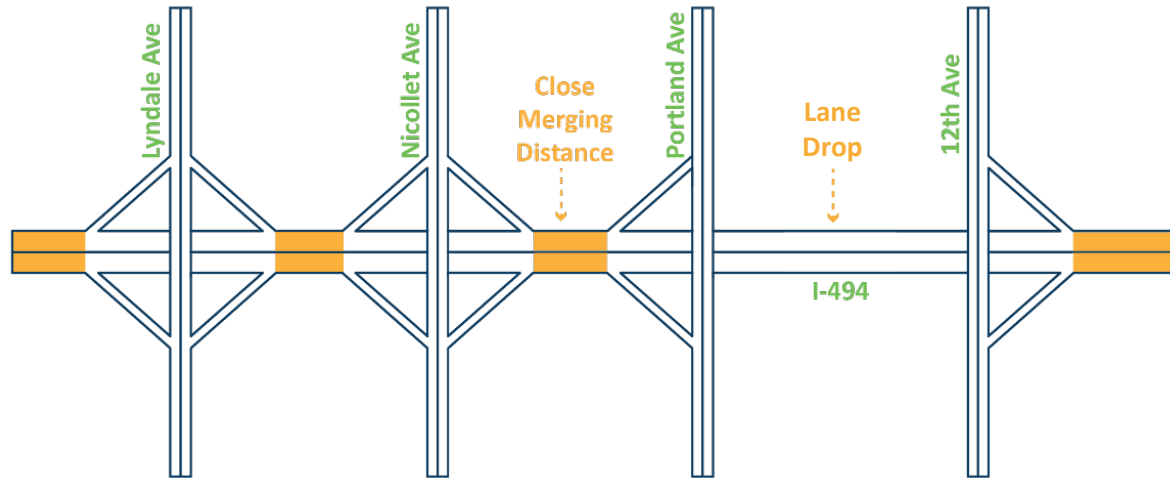


- Traffic operations and safety are degraded by closely spaced interchanges
- Westbound 494 in the morning and Eastbound 494 in the evening both experience 2-3 hours of congestion during the peak travel times as a result of these closely spaced ramps



## No Reconfiguration Alternative

To be used for baseline comparison



### NETWORK TRAFFIC OPERATIONS

No reduction in network delay



### FREEWAY OPERATIONS

Current spacing does not meet FHWA minimum requirements causing both operational and safety implications



### NETWORK CRASHES

No reduction in corridor crashes



## Interchange Reconfiguration Alternatives Overview

Lyndale Ave

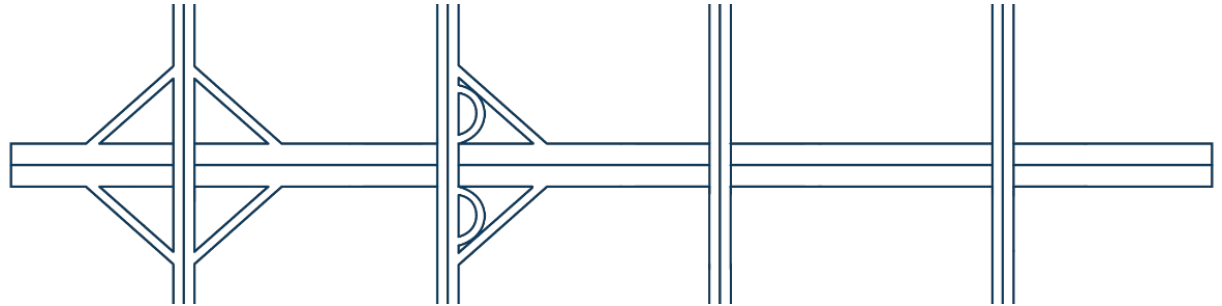
Nicollet Ave

Portland Ave

12<sup>th</sup> Ave

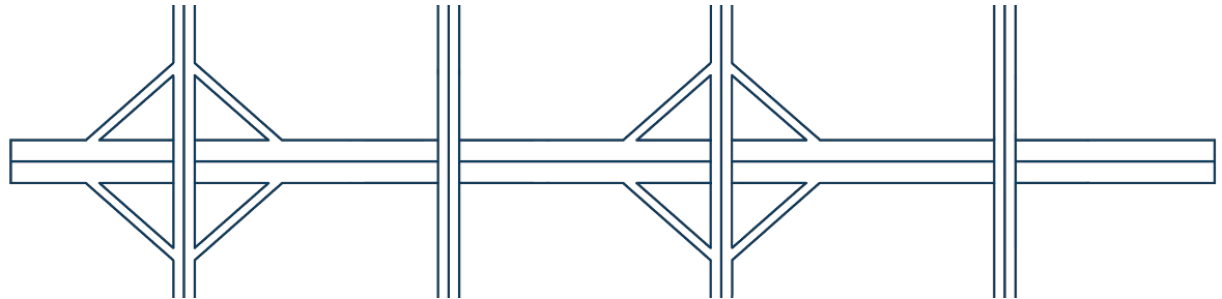
### Full Access at Nicollet

(1 interchange option)

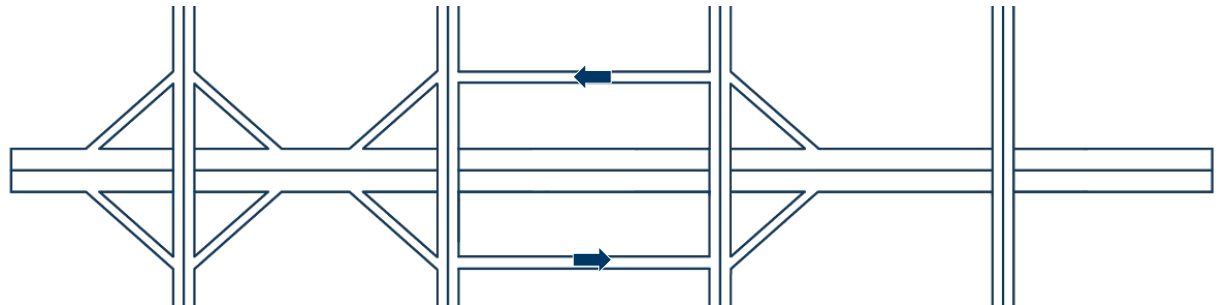


### Full Access at Portland

(5 interchange options)



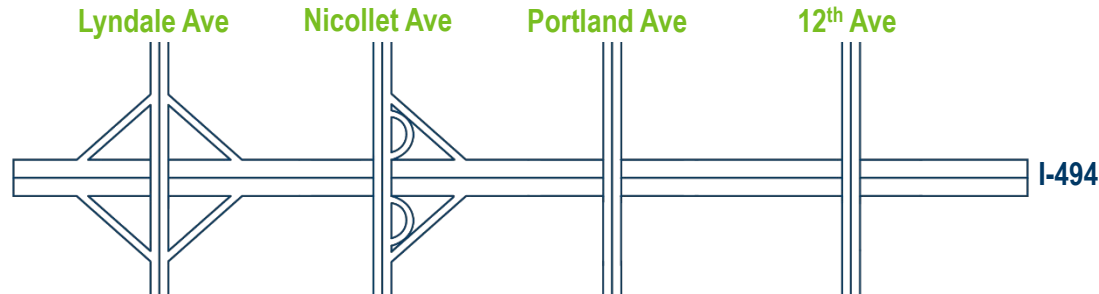
### Partial Access at Nicollet and Portland





## Full Access at Nicollet Alternative

**RECOMMENDATION:** Remove from further consideration



### **FREEWAY OPERATIONS**

**Access spacing between Lyndale and Nicollet provides worse operations than No Reconfiguration alternative**



### **RIGHT OF WAY IMPACTS**

**ROW impacts to adjacent business properties**



### **FREIGHT TRAVEL DISTANCE**

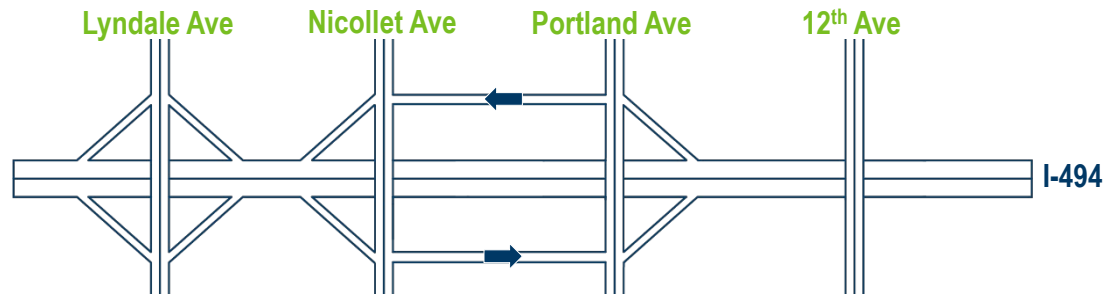
**Least desirable alternative for freight travel distance**





## Partial Access at Nicollet and Portland Alternative

**RECOMMENDATION:** Remove from further consideration



### **FREEWAY OPERATIONS**

**Least desirable combination of access for improving highway operations among reconfiguration alternatives**



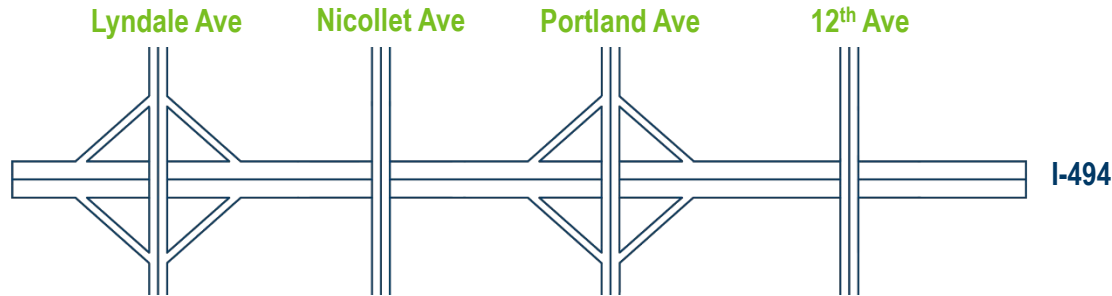
### **NETWORK CRASHES**

**Two intersections will maintain traffic signal control opposed to stop control in the other alternatives**



## Full Access at Portland Alternative

**RECOMMENDATION: Retain for further consideration**



### **FREEWAY OPERATIONS**

**Improves access spacing and provides the best traffic operations along this segment of 494 between Lyndale and 12<sup>th</sup> Avenue**



### **MAINLINE CRASHES**

**Increased access spacing reduces weaving conflicts and improves safety**



### **FREIGHT TRAVEL DISTANCE**

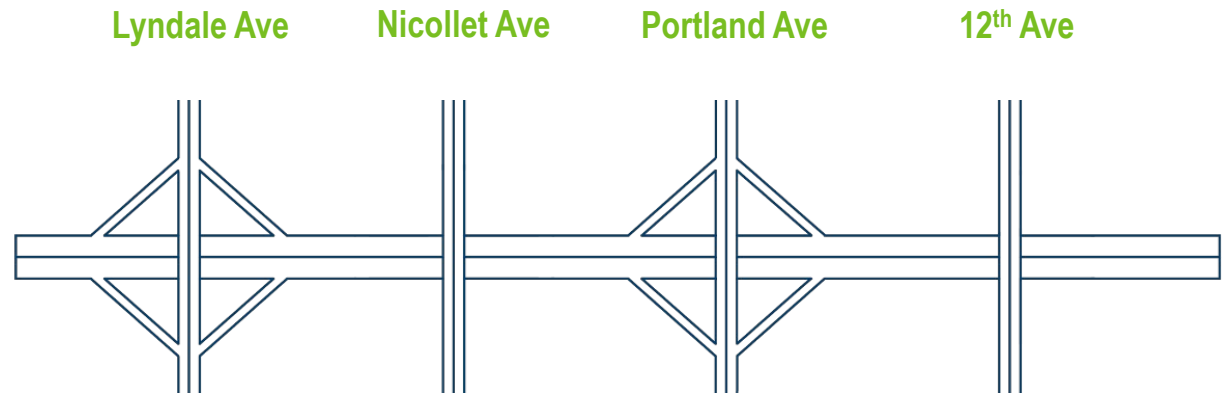
**Most desirable reconfiguration alternative for freight travel distance**

## PHASE 1



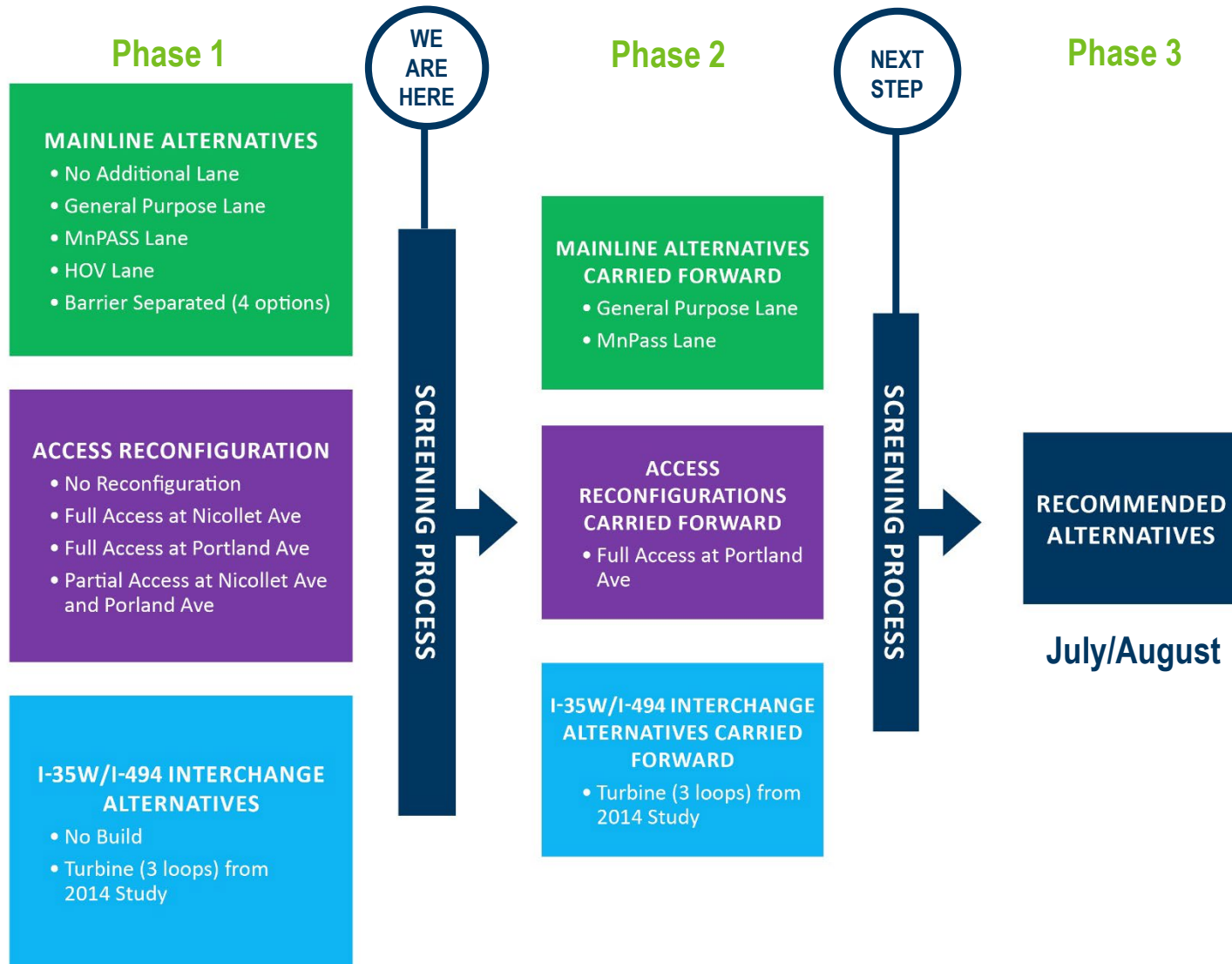
# Interchange Reconfiguration Alternative Carried Forward

### Full Access at Portland (5 interchange options)



# Alternatives Evaluation Process

## Next Steps



# I-494 Engagement Update

# Engagement

## Engagement Opportunities

- Jan 7 to Feb 17 - Online Survey: (1,425)
- Jan 8 – Business Listening Session (35)
- Jan 24 – Open House (80)
- Feb 2 – Pop-Up at Walmart (77)

## Advertising

- 6,000 mailers, Bloomington & Richfield News Outlets, in-person fliers, direct contact with local businesses, social services agencies, schools, community centers and religious institutions
- \$50 Walmart Gift Card Raffle
- Surveys, info sheets and fliers in English and Spanish

**mn** DEPARTMENT OF TRANSPORTATION | **I-494: AIRPORT TO HWY 169**



**Do you live or work here?**

**Access to I-494 could be changing. We want your input!**

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**Take the Online Survey**

Visit...  
<http://bit.ly/Access494>

Take the survey and share how you drive, ride the bus, walk or bike in your neighborhood.

Get entered into a drawing for a chance to win a **\$50 Walmart gift card!**



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**Attend an Open House**

Join us for a fun event where you can learn about the I-494: Airport to Hwy 169 project and how it will impact your neighborhood.

**Thursday, Jan. 24, 2019**  
**Between 4pm and 7pm**  
(Stop in whenever works for you)

**Portland Ave United Methodist Church**  
8000 Portland Ave S  
Minneapolis, MN 55420

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About the Interstate 494: Airport to Highway 169 Project:

MnDOT and its partners are planning long-term fixes on Interstate 494 from the Minneapolis-St. Paul International Airport to Highway 169. The project starts as early as 2022 and would improve safety and mobility and extend the life of roads, bridges and other infrastructure on the stretch of freeway. It would also seek to make improvements for walkers, bikers and transit users in the area. For more information, please visit the project website at:

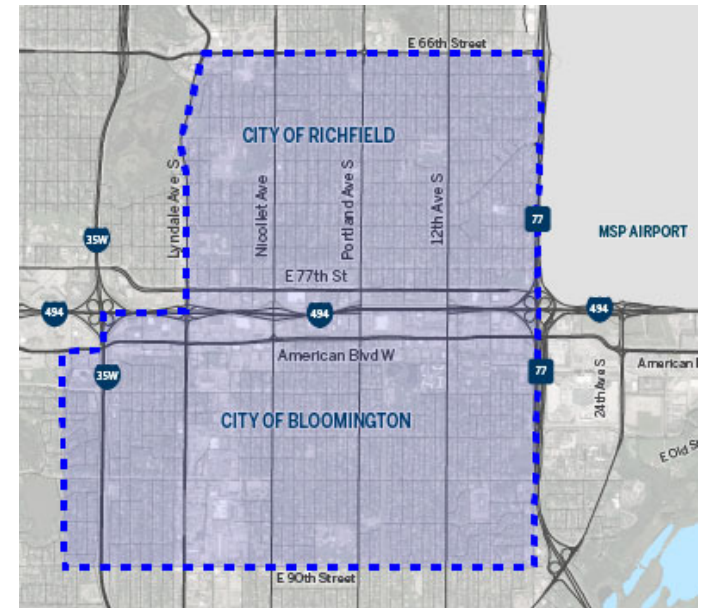
<http://www.dot.state.mn.us/metro/projects/i494-airport-hwy169/>

# Engagement

## Location or Residence/Workplace\*

- **I live or work in this area: 71%**
  - Home Zip:
    - **55423** – 33.5% (Richfield)
    - **55420** – 24% (Bloomington)
    - **55431** – 12% (Bloomington)
- **I own/manage a property or business in this area: 13%**
- **Other (I live/work/or own property outside of this area): 20%**

\*This data reflects percentage of people who selected each response





# Engagement

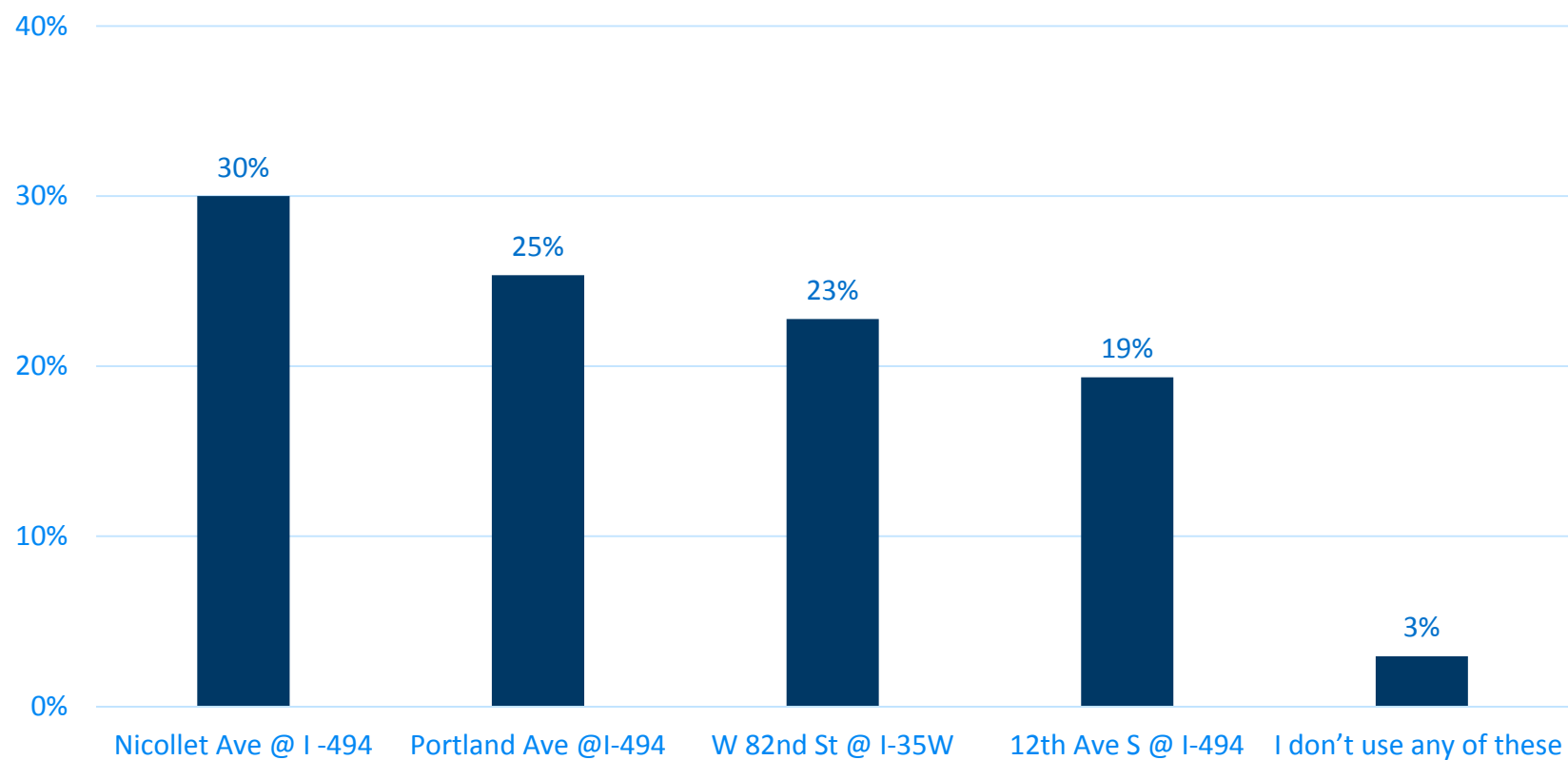
## Demographics (Open House & Online Survey)

- 25-54 years: 61% — 55 years and older: 37%
- Male: 48% — Female: 51%\*
- White: 91%, Non-White: 6%\*
  - Hispanic: 1.9%, Asian: 1.5%, Black or African American: 1.2%, American Indian or Alaskan Native: 1.3%, More than one race: 2%\*, Other: 2.7%

\*Does not include numbers from Open House

# Engagement

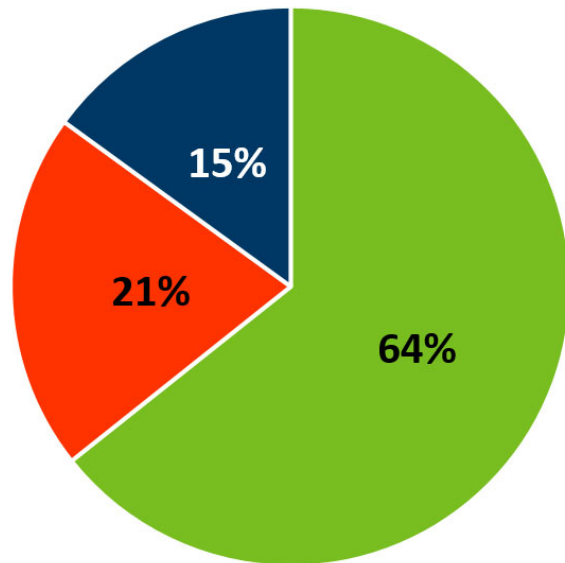
## Bridges and Ramps Used on a Regular Basis



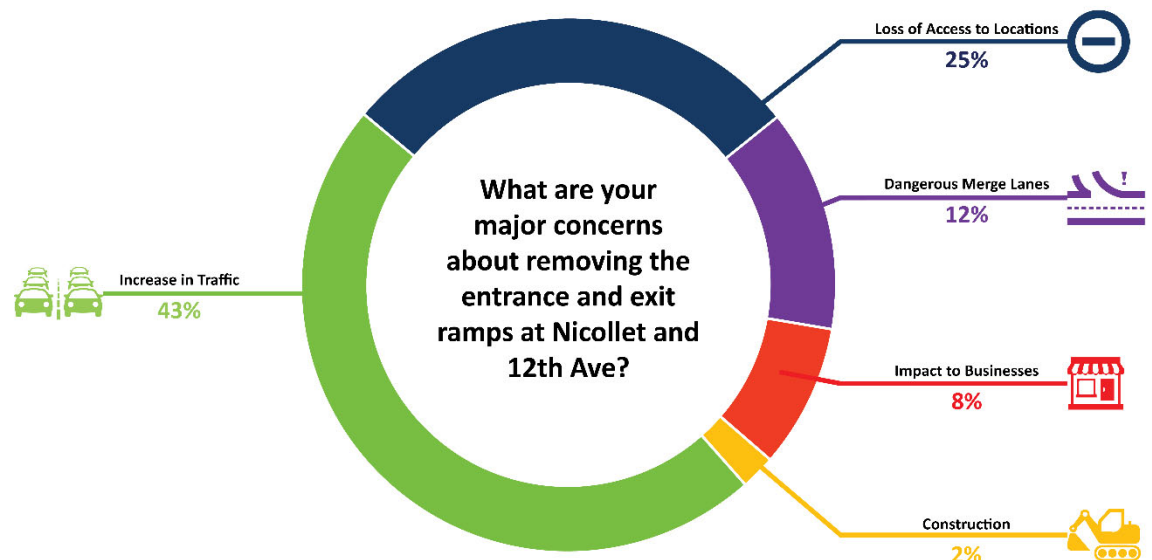
\* Data as of 2/4/2019

# Engagement – Nicollet and 12th

Could you support removing freeway access from Nicollet and 12th, and expanding access at Portland?



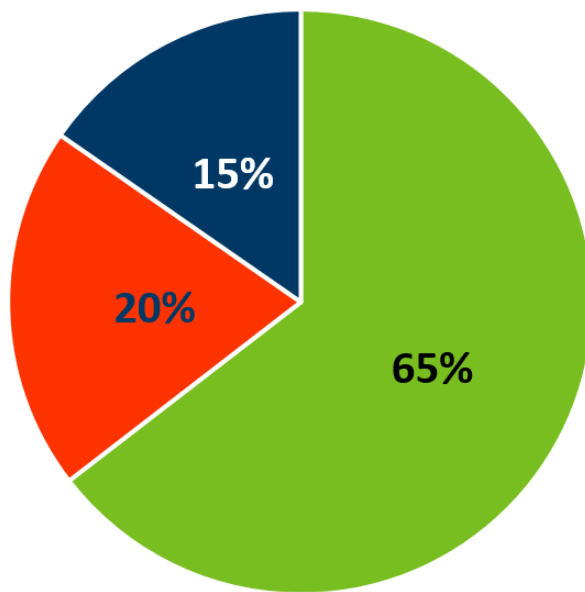
■ Yes ■ No ■ I'm not sure



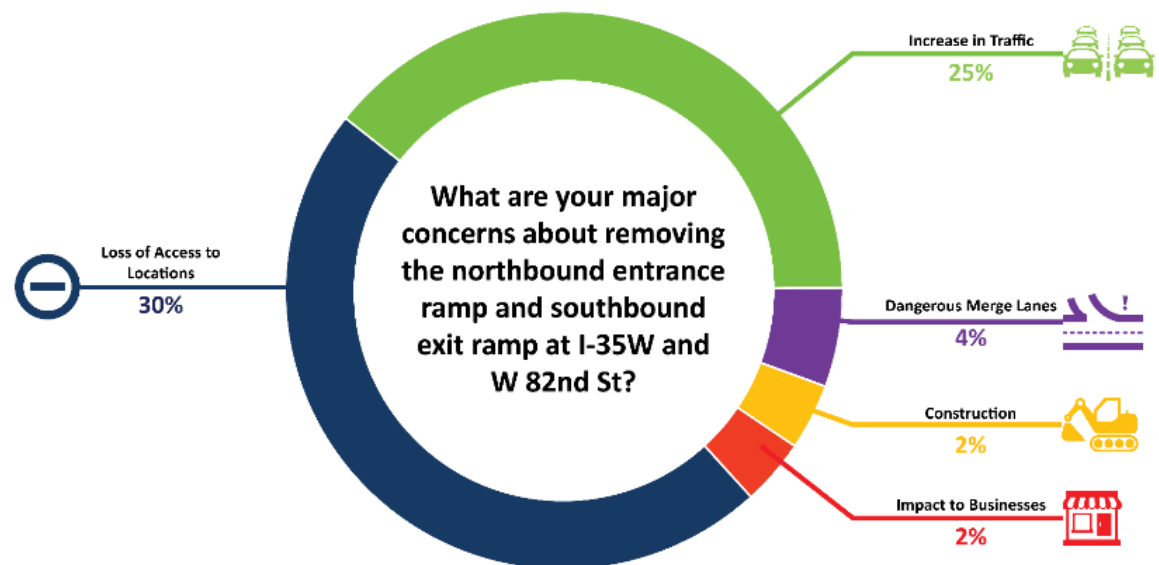
Shows the percentage of individual comments that mentioned each concern

# Engagement – W 82nd and I-35W

Could you support reducing freeway access at W 82nd Street and I-35W to improve safety and congestion on the freeway and limit property impacts on the surrounding neighborhood?



■ Yes ■ No ■ I'm not sure



Shows the percentage of individual comments that mentioned each concern

**WORK SESSION REPORT**  
**SPECIAL CITY COUNCIL WORK SESSION**  
**5/28/2019**

REPORT PREPARED BY: Amy Markle, Recreation Services Director  
5/21/2019

CITY MANAGER REVIEW: Katie Rodriguez, City Manager  
5/23/2019

**ITEM FOR WORK SESSION:**

Organics Task Force Recommendations

**EXECUTIVE SUMMARY:**

The City Council work session will focus on the work of the Richfield Organics Task Force including providing:

- Background of Hennepin County's recycling and organics mandate;
- An update on the City of Richfield organics drop-off program; and
- Task Force recommendations to consider for a June 11 Council vote on the organized collection of recycling and organic materials.

The Task Force recommendations are:

- Pursue organizing curbside organics recycling and single-sort recycling for all residents in the City.
- Initiate planning and outreach efforts immediately and ensure adequate ongoing staff support.
- Continue to fund the two organics recycling dropoff sites.
- City works with County and resident volunteers to provide education and outreach to residents and haulers before, during, and after transition to curbside organics and recycling collection.

Staff's recommendations are:

- Fully support all four taskforce recommendations.
- Offer organized hauling of recycling and organics with a subscription based program for the organics portion vs. mandatory participation (recycling is mandated by the county).
- Evaluate the creation of a Sustainability Commission to provide environmental and sustainability leadership to the community.
- Fund a Sustainability Coordinator position through the Recycling SCORE grant and other existing funds.

**DIRECTION NEEDED:**

Please review the attachments and either prepare comments/questions for discussion at the work session or send comments/questions to Rachel Lindholm, the City's GreenCorps member, prior to the meeting by email at [rlindholm@richfieldmn.gov](mailto:rlindholm@richfieldmn.gov) and they will be addressed at the work session.

The recommendations will be presented to the City Council for a decision at their meeting on June 11.

**ATTACHMENTS:**

- Organics Task Force Report
- Hennepin County Recycling Ordinance Summary
- Organics Task Force Pros and Cons Table
- Presentation slides

5/28/19

The Honorable Mayor and Members of the City Council

Subject: City Council Work Session - Organics Recycling Collection in Richfield

Council Members:

As a member of the GreenStep Cities program, the City of Richfield takes seriously the importance of environmental sustainability and the role it plays in residents' quality of life. Providing recycling opportunities to residents has long been an essential method for cities to promote sustainability. Organics recycling, also called industrial composting, offers the opportunity to divert food and other compostable waste from landfills, reduce greenhouse gas emissions that drive climate change, and create a useable product in the form of a nutrient-rich soil amendment. Richfield currently has the opportunity to significantly expand access to organics recycling for its residents.

For the past year, city staff, elected officials, and the Richfield Organics Taskforce have worked together to pursue organics recycling goals for our city. Our accomplishments to date include:

- The establishment of this resident-led Taskforce by City Council, which has held meetings with city staff approximately monthly since March 2018
- The establishment of two organics recycling drop-off sites in Richfield with a grant obtained through Hennepin County
- Registration of over 690 households for the drop-off sites
- Community education and outreach at venues such as the Richfield Summer and Winter Farmers Markets, Lakewinds Food Co-op, Hope Church, and more
- Publication of an organics recycling information page on the City of Richfield's website

In the attached report, we provide further detail on the work that has been completed by the City of Richfield and the Organics Taskforce, along with recommendations for possible next steps. Over the next few years, Richfield will need to become compliant with the new requirements of County Ordinance 13 (attached to the report). The changes that Richfield needs to make present an opportunity to educate and engage all residents in organics recycling, which will not only benefit our community but our environment too.

We appreciate your consideration of our findings and recommendations and look forward to working together to pursue the common goal of creating a greener, safer, and more efficient waste management system for the City of Richfield.

Sincerely,

The Richfield Organics Taskforce



The Richfield Organics Taskforce was convened to, “be advisory to the City Council on matters relating to establishing accessible (community-wide) organics collection to the city of Richfield.” Two weeks after Richfield’s current organics recycling drop-off program was launched, Hennepin County amended Ordinance 13, “Recycling for Hennepin County”. The taskforce has since started to consider next steps in Richfield’s organics recycling efforts, due to the new county mandates along with the great success of the drop-off program. Richfield has also undertaken other efforts to improve city environmental work by hosting a GreenCorps member, auditing municipal waste systems, investigating adding recycling in parks, and more.

### **Passage of County Ordinance 13 revisions, and implications for Richfield**

- Revisions introduced mandatory business and residential organics recycling. The former requires businesses and organizations in certain sectors that “generate one ton of trash or more per week or contract for weekly collection of eight or more cubic yards of trash” to implement food waste recycling in back of house areas. The latter says, “cities with more than 10,000 people must make organics service available to all households with curbside recycling (single-family and dwellings up to 4 units) by January 1, 2022. Cities can make organics recycling available by contracting for service citywide or require haulers to provide the service upon request.”
  - Those are two feasible options for Richfield but action of some sort needs to be taken in order to comply with the county ordinance.
- Hennepin County is a state leader in recycling initiatives and efforts, but in order to achieve the state goal of recycling (organics and single-sort) 75% of the Metro area’s waste by 2030, all municipalities need to do more. The recycling rate is currently slightly below 50%.
  - Both single-sort and organics recycling need to increase in order to meet this ambitious but attainable goal, but it will be a lot easier for organics recycling to grow in the near future since it is not as established as single-sort recycling. Richfield is in a great position after implementing the organics drop-off program to increase its efforts and make organics recycling/composting a city-wide household habit.
  - 42 of 44 cities in Hennepin County have organized single-sort recycling. Richfield is one of the two that doesn’t. This can be correlated with lower recycling participation, less education and outreach with residents, increased contamination, and more. Additionally, in 2017, Richfield ranked 39<sup>th</sup> in the County with only 399 pounds of material recycled per household.<sup>1</sup> It is important to note that the City Attorney’s opinion is that Richfield would not have to follow

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<sup>1</sup> SCORE data, Hennepin County, 2017.

organized collection procedure found in state statute in order to organize single-sort recycling and organics recycling.

### **Establishment of Organics Recycling Drop-off Sites:**

- Background research on neighboring counties/cities
  - Minneapolis, St. Louis Park, and some smaller cities have organized curbside organics collection and drop-off sites. Taskforce members visited sites in Minneapolis to see how they were set up, and pictures of Dakota County drop-off sites were shown to City Council at a work session in 2018.
- Site selection criteria
  - “The group agreed that proximity to dense housing was the #1 criterion that the site should meet so the locations would be used in the future... Wood Lake and Hope Church are the most central locations.” (6/6 meeting minutes)
  - Other factors: Wood Lake – staff on-site to answer questions/education, security cameras and ability to quickly respond to any issues, popular area that sees a lot of resident attendance and traffic already, located centrally in the city; Hope Church – Loaves and Fishes on-site, also preschool and adult daycare, residents regularly visit the church for services/activities/events so it’s convenient for dropping off organics, located centrally in the city.
- Budget details
  - The City received a \$15,000 grant from Hennepin County in October/November 2018 to fund the program until 5/2021. There are monthly service charges with Waste Management (currently \$200 per month per site, but depends on the rate of service) and occasional purchases of compostable bags (charges vary based on size of bags and # of cases ordered). Other one-time charges include site signage, half of the cost of the bituminous pad at Hope Church, locks, and containers to store the bags.
  - With our expected budget planned out as well as having budgeted out several hypothetical scenarios, we are confident that the grant will fully fund the program through May of 2021. We anticipate having dumpsters serviced once a week for most of the year, and twice a week during the summer.
- Education and outreach
  - Volunteers and the City’s GreenCorps member tabled at most of the Richfield Farmers and Winter Markets, as well as at Penn Fest and at Lakewinds Co-op. Over 1,000 residents were communicated with at these events, and many directly learned about and then signed up for the program as a result of this outreach.

- An organics recycling page was created on the Richfield website and is now housed under a new sustainability umbrella page online which showcases the variety of environmental efforts Richfield has and continues to pursue.
- The organics drop-off program has received coverage from WCCO, Star Tribune West Metro, the Sun Current, and a variety of city media (the Annual Report, social media, That's Rich(field) podcast, news release).
- Status of sign-ups
  - As of 5/20/19, over 700 households have registered for the program. 331 of those registered before the program even officially launched on 11/15, indicating a clear public desire for organics recycling.
- Observations so far
  - Staff: Exciting registration numbers show a real interest and need in Richfield for organics collection. Residents are receptive to learning what can and cannot go into the dumpsters and frequently ask questions about unknown items. Contamination has been low and mostly unintentional.
  - Taskforce: "I noticed when we were out at the farmers markets as well as in my day-to-day conversations that energy has been generated and community building has occurred around this issue. It's a terrific stepping stone to more critical issues such as water quality and global warming. Composting is a simple issue that requires minimal energy but it leads to bigger conversations and tasks. If a resident will compost, they may take recycling more seriously and may be more willing to change behaviors that lead to a better world for us all. I have learned so much and it has helped me be more willing to get on the environmental preservation bandwagon. I think the more we are out there explaining these simple benefits that each household can contribute, the more believers we will recruit to the messaging of preservation of our environment."
  - Residents:
    - Registration feedback is very positive with lots of excitement – residents are glad Richfield is promoting more sustainable initiatives and following others when it comes to organics.
    - We conducted a survey one month in to learn more about our participants and get feedback about the program. Most had not composted before this program and now the majority drop off their organic waste (not just food waste!) once a week. Residents said they were very appreciative of this convenient program, with many of them having decreased the size of their garbage can and becoming more mindful of the waste they produce overall. They also appreciate the rest of the community enthusiastically supporting it; many have told their friends, family, and neighbors about the program. The biggest "area for

improvement” was a clearly expressed desire for increased sites around the site/curbside collection, with over 15 responses suggesting it.

**Next steps:**

- What we would like to see achieved:
  - Richfield effectively implements County Ordinance 13 through advanced planning and efficient rollout of new organics recycling opportunities.
  - We hope that haulers cooperate with the City and community to provide curbside organics recycling that is available, accessible, and affordable to all Richfield residents.
  - Community buy-in and high rates of engagement in organics recycling achieved through education, outreach, and communication with residents.

**Recommendations for policy approach:**

- Our recommendation is to pursue organizing curbside organics recycling and single-sort recycling for all residents in the City. This would allow residents to keep their desired trash hauler while reaping the benefits of accessible curbside organics collection.
- City initiate planning and outreach efforts immediately and ensure adequate ongoing staff support
- Continue to fund the two organics recycling drop-off sites (through SCORE funding or otherwise)
  - This will allow larger multi-unit residences to continue to participate in organics recycling even after curbside organics recycling is established. This is especially important for those who are in close proximity to the current Wood Lake site who have already enthusiastically adopted the program.
- City works with County and resident volunteers to provide education and outreach to residents and haulers before, during, and after transition to curbside organics and recycling collection

## New requirements will advance recycling

On November 27, 2018, the Hennepin County Board of Commissioners approved revisions to the county's recycling ordinance to support our goal of zero waste to landfills by 2030. The changes focus on moving organics recycling forward. Putting organic waste to a better use can help feed people in need, create compost for healthier soils, and create energy through anaerobic digestion. Diverting organics from the trash reduces emissions of greenhouse gases, especially methane that is generated from the decomposition of organic materials in landfills. In addition, the ordinance was revised to improve conventional recycling at multifamily dwellings and businesses.

### Residential organics recycling

Because more than one-third of our trash is organic material that can be composted, participating in organics recycling is one of the easiest things you can do to reduce your trash and make a difference.

#### What do the new requirements mean for residents?

- It will be easier to participate in organics recycling
- If you have your own individual cart for recycling, you will also be able to sign up for organics service through your hauler or city
- Larger multi-unit buildings without individual carts for each household are not required to provide organics service

#### What do cities have to do?

- Cities with more than 10,000 people must make organics service available to all households with curbside recycling (single-family and dwellings up to 4 units) by January 1, 2022
- Cities can make organics recycling available by contracting for service citywide or require haulers to provide the service upon request
- Cities with 10,000 people or less must provide a drop-off site by January 1, 2022, if curbside organics service is not made available to residents

#### Support is available from the county

- Funding for organics pilot projects
- Funding for organics drop-off sites
- Educational materials and help getting the word out
- For more information email [ben.knudson@hennepin.us](mailto:ben.knudson@hennepin.us)

### Conventional recycling

#### Multifamily building recycling requirements

- Provide adequate service for the collection of recyclables
- Provide education to residents
- Label waste containers
- Implement by January 1, 2020



# Business food waste recycling

**What is required?** By January 1, 2020, businesses that generate large quantities of food waste must implement food waste recycling in back-of-house operations (kitchen, food preparation, dishwashing, and storage areas).

**Who does this affect?** The requirement applies to businesses in the covered sectors below that generate one ton of trash or more per week or contract for weekly collection of eight or more cubic yards of trash. This threshold was selected because large generators of organics are likely to break even or even save money when implementing food waste recycling.

## Sectors

- Restaurants
- Food manufacturers
- Food wholesalers/distributors
- Grocery stores
- Hotels
- Hospitals
- Sports venues
- Event centers
- Caterers
- Nursing/residential care facilities
- Office buildings with dining services
- Farmers markets
- Food shelves
- Colleges and universities
- Shopping centers
- Airports
- Golf and country clubs
- Public/rentable commissaries/kitchens

## How to comply

- Have food waste recycling service in place
- Provide food waste collection containers back-of-house and properly label them
- Separate food waste from trash in back-of-house operations



## Hennepin County assistance

### Free

- Assistance and training
- Labels, signs, and educational materials

### Business grants

- Up to \$50,000
- Start or improve organics recycling
- Bin and equipment purchases
- Initial hauling costs and bags for new organics programs
- Improvements to loading docks and waste container enclosures (fenced in areas)

For more information visit [www.hennepin.us/businessrecycling](http://www.hennepin.us/businessrecycling) or email [businessrecycling@hennepin.us](mailto:businessrecycling@hennepin.us).

## Conventional recycling

### Business recycling requirements

- Meet state recycling requirements – collect at least three types of materials for recycling
- Provide adequate service levels for the collection of recyclables
- Label waste containers
- Implement by January 1, 2020

	Pros	Cons	Implementation costs and staffing needs	Other considerations (legal, policy, funding/grant, etc)	What cities are doing this?
<b>Organics ordinance only</b>	<ul style="list-style-type: none"> <li>• Less of a change for many residents (those who don't opt in)</li> <li>• Less city planning needed</li> <li>• Residents would keep one hauler for all services</li> </ul>	<ul style="list-style-type: none"> <li>• Lower participation = less SCORE funding to the city</li> <li>• Haulers will be more reluctant to pick up individual organics participants</li> <li>• Adding several more trucks to the alleys/road</li> <li>• Rollout and education isn't the same citywide (haulers could have different collection requirements, making it harder)</li> <li>• More expensive than organized organics collection where everyone pays in</li> <li>• Less publication of any program and less communication to residents (without FTE)</li> </ul>	<ul style="list-style-type: none"> <li>• Costs for the city would be minimal</li> <li>• Staff time to draft ordinance</li> <li>• Costs to residents participating would be higher than a program where everybody pays, and then you opt in to participate</li> <li>• A FTE/recycling coordinator would be needed to coordinate with haulers, act as a point of contact/receive information they're required by the county to report, fulfill annual education and resident outreach requirements detailed in Hennepin County's Ordinance 13 <ul style="list-style-type: none"> <li>• There would be more information to compile and report since every hauler would be providing residential organics pick-up</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Unknown if any legal action would be needed apart from city ordinance /licensing rules revisions</li> </ul>	<ul style="list-style-type: none"> <li>• None yet</li> </ul>

	Pros	Cons	Implementation costs and staffing needs	Other considerations (legal, policy, funding/grant, etc)	What cities are doing this?
<b>Organized organics and recycling</b>	<ul style="list-style-type: none"> <li>• Fewer trucks on alleys/roads would necessitate less repair over time</li> <li>• Increased safety on streets (slower speeds because of frequent stops)</li> <li>• Consistent education rollout initially and with updates over time to ensure participation and resident knowledge</li> <li>• Higher participation due to ease of access and adoption</li> <li>• Increased SCORE funding would allow for additional designated staff to help the City through this process and support other sustainability efforts</li> <li>• Indicator to current and future residents of obvious city engagement with and promotion of environmental issues/resources</li> </ul>	<ul style="list-style-type: none"> <li>• If billed through the city, costs would appear on a bigger utility bill (but residents wouldn't pay a hauler bill for these charges)</li> <li>• Potential for having more than one hauler per household (not uncommon in other cities)</li> <li>• Less hauler choice (just for recycling/organics)</li> </ul>	<ul style="list-style-type: none"> <li>• Specific costs are unknown; Edina pays \$5.50/month per household for organics collection <ul style="list-style-type: none"> <li>• Opportunity to decrease trash costs (container size, pick-up rate)</li> </ul> </li> <li>• A FTE/recycling coordinator would be needed to ensure hauler compliance, support the RFP and implementation process, report data to the county, execute resident education, be the point of contact between residents and haulers, undertake future projects (organics recycling in schools, other sustainability initiatives), etc</li> </ul>	<ul style="list-style-type: none"> <li>• Would not have to go through the state statute/procedure for adopting organized hauling (per city attorney and following examples of other cities)</li> </ul>	<ul style="list-style-type: none"> <li>• Edina (open trash hauling)</li> </ul> <p><u>Organized all 3:</u></p> <ul style="list-style-type: none"> <li>• Minneapolis</li> <li>• St. Louis Park</li> <li>• Medina</li> <li>• Wayzata</li> <li>• Maple Plain</li> <li>• St. Bonifacius</li> <li>• Osseo</li> <li>• Loretto</li> <li>• Medicine Lake</li> <li>• Robbinsdale</li> </ul>



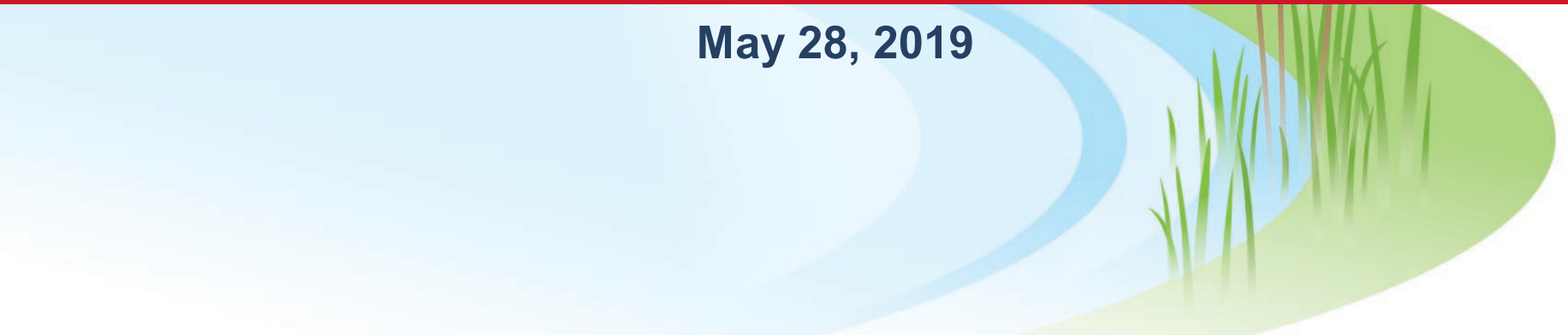
### **General benefits of curbside:**

- Additional organics education and exposure to a larger population
- Less landfilling (reduction in methane) and other environmental benefits of organics recycling
- Change norms, attitudes, culture of waste management/disposal – residents interact with composting at home, Richfield farmers market, Wood Lake Nature Center, possibly at school and/or work as well -> becomes common practice
- Increased accessibility to organics recycling with increased convenience, less planning/effort needed to drop off organics
- Waste to energy facilities in MN are filling up or closing (HERC, Great River) so more material will be going to landfills
  - bad environmentally but there is also potential for residential trash bills to increase as tipping fees increase and landfill space decreases faster
    - at HERC, trash tip fee has risen \$24/ton over the past 13 years, changing every year or two; organics tip fee has increased once over the past 13 years
- This experience would help Richfield develop municipal sustainability leadership by helping residents and improving the city's resources and services, as well as learning from and working with other cities

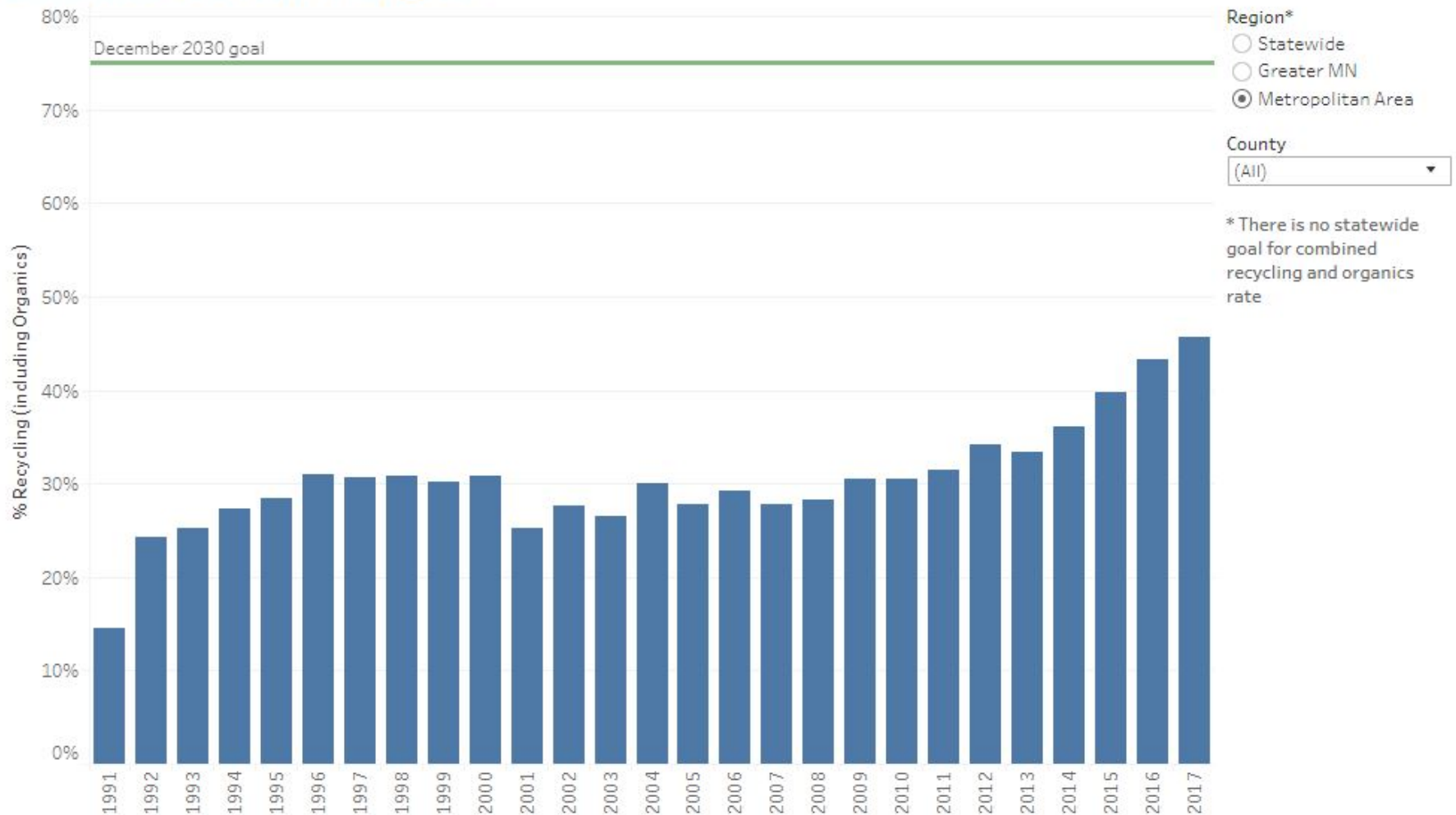


# Organics Recycling Work Session

May 28, 2019



## Combined recycling by goal



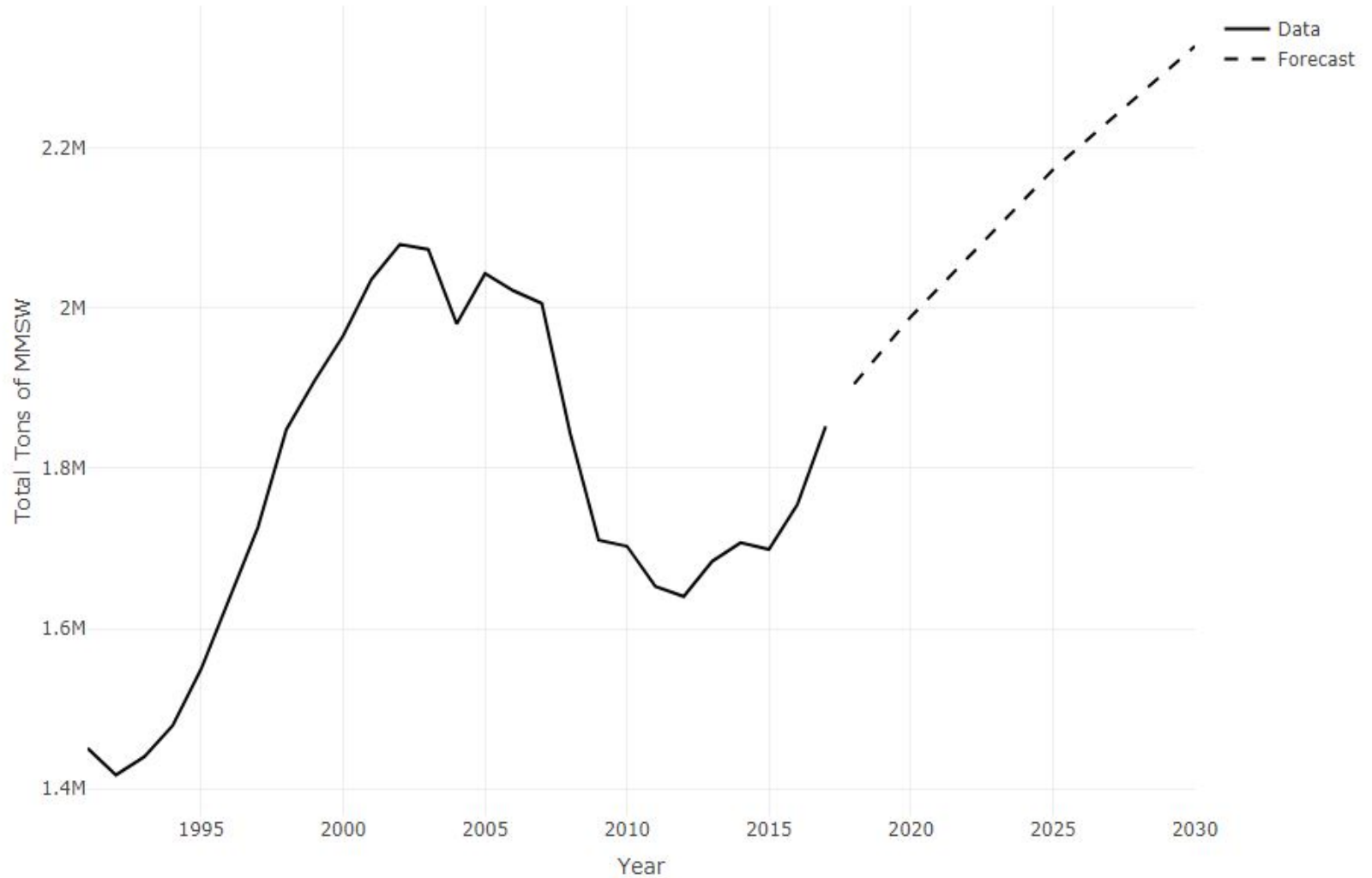
In 1989, Minnesota Legislation set county recycling goals. Each Greater Minnesota County (outside of the seven-county Metro Area) must recycle a minimum of 35% by weight of total solid waste generation. The goal for counties in the Twin Cities seven county metropolitan area was to recycle half of all solid waste generated. The 2014 Legislature increased the recycling goal for these counties; by December 2030, counties in the Twin Cities metropolitan area will be required to recycle 75% of the solid waste they generate.

# Annual recycling rates in Hennepin County

City	2017 Lbs/hh	2017 Rank
Minnetonka Beach	1,188	1
Excelsior	1,018	2
Greenwood	793	3
Wayzata	702	4
Eden Prairie	665	5
Champlin	646	6
Medina	640	7
Edina	635	8
Shorewood	609	9
Golden Valley	607	10
Bloomington	605	11
Minnetonka	597	12
Tonka Bay	590	13
Orono	589	14
Hopkins	575	15
St. Louis Park	560	16
Plymouth	558	17
Minneapolis	546	18
Greenfield	544	19
St. Bonifacius	544	20
Minnetrista	538	21
Corcoran	537	22
Maple Grove	531	23
Woodland	525	24
Independence	510	25
Rogers	499	26
Osseo	497	27
Spring Park	494	28
Rockford	484	29
Robbinsdale	479	30
Mound	475	31
Long Lake	455	32
Medicine Lake	448	33
Deephaven	444	34
Hennepin Recycling Group	442	35
Loretto	422	36
Hanover	419	37
St. Anthony	414	38
<b>Richfield</b>	<b>399</b>	<b>39</b>
Dayton	393	40
Brooklyn Park	390	41
Maple Plain	388	42

# TOTAL GENERATION

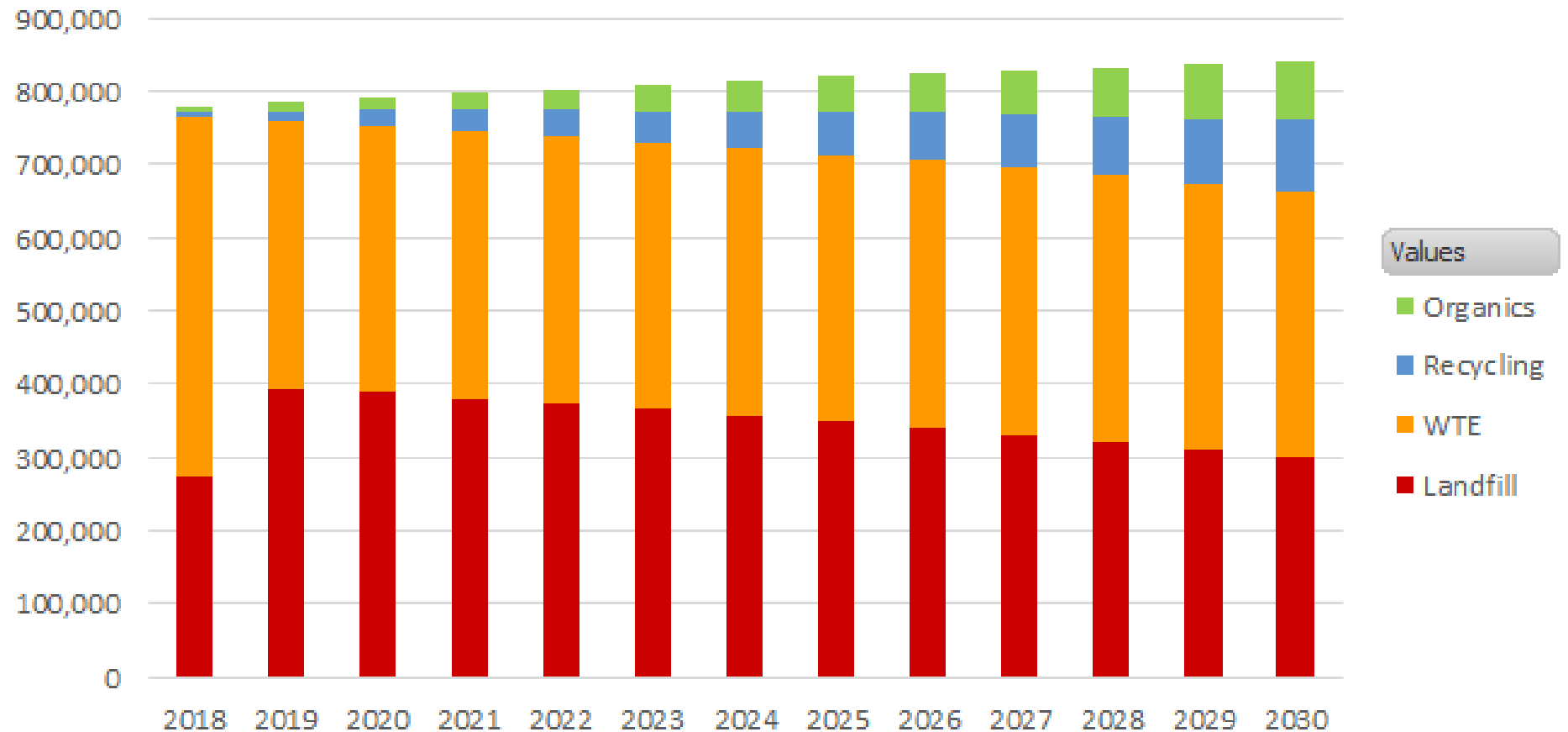
Forecasted Total Tons of MMSW generated in the Metro Area



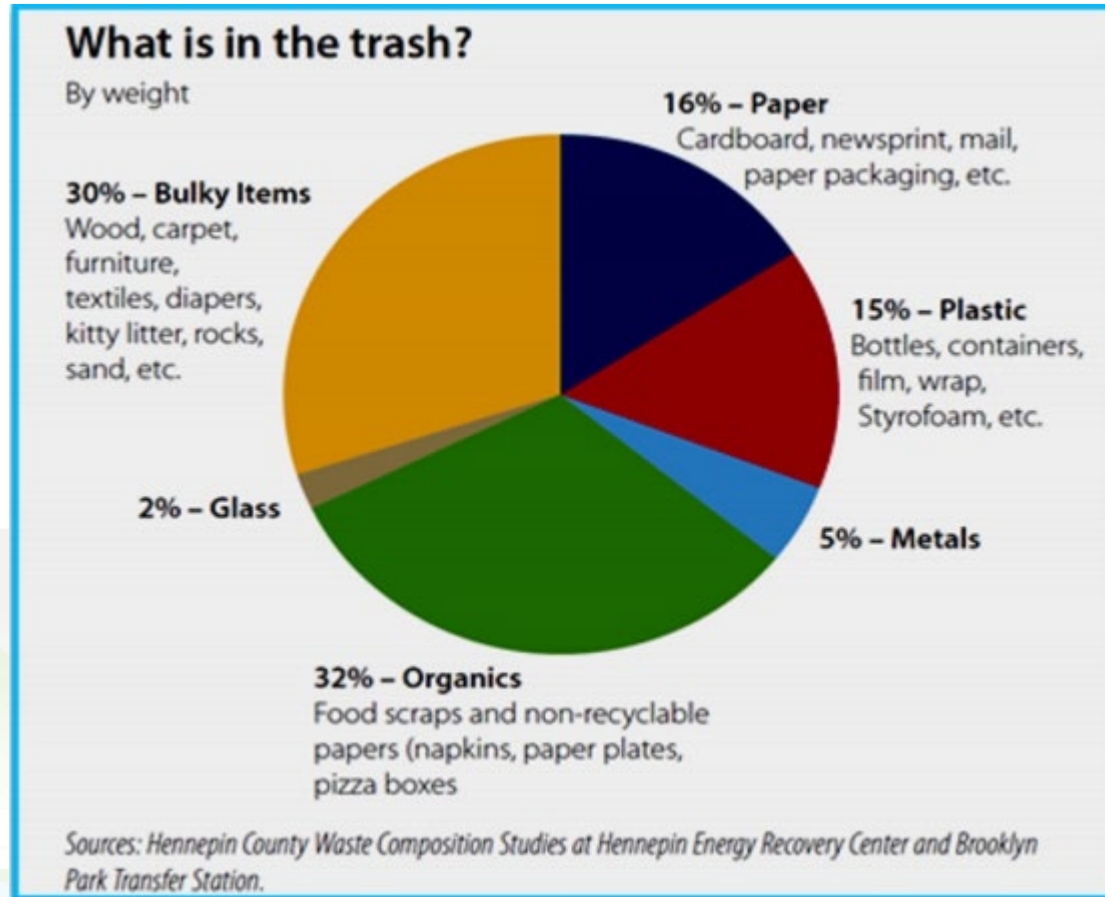
# Hennepin County disposal projections

County 

Landfill WTE Recycling Organics



# Organics are the most common material in the trash



# Taskforce background

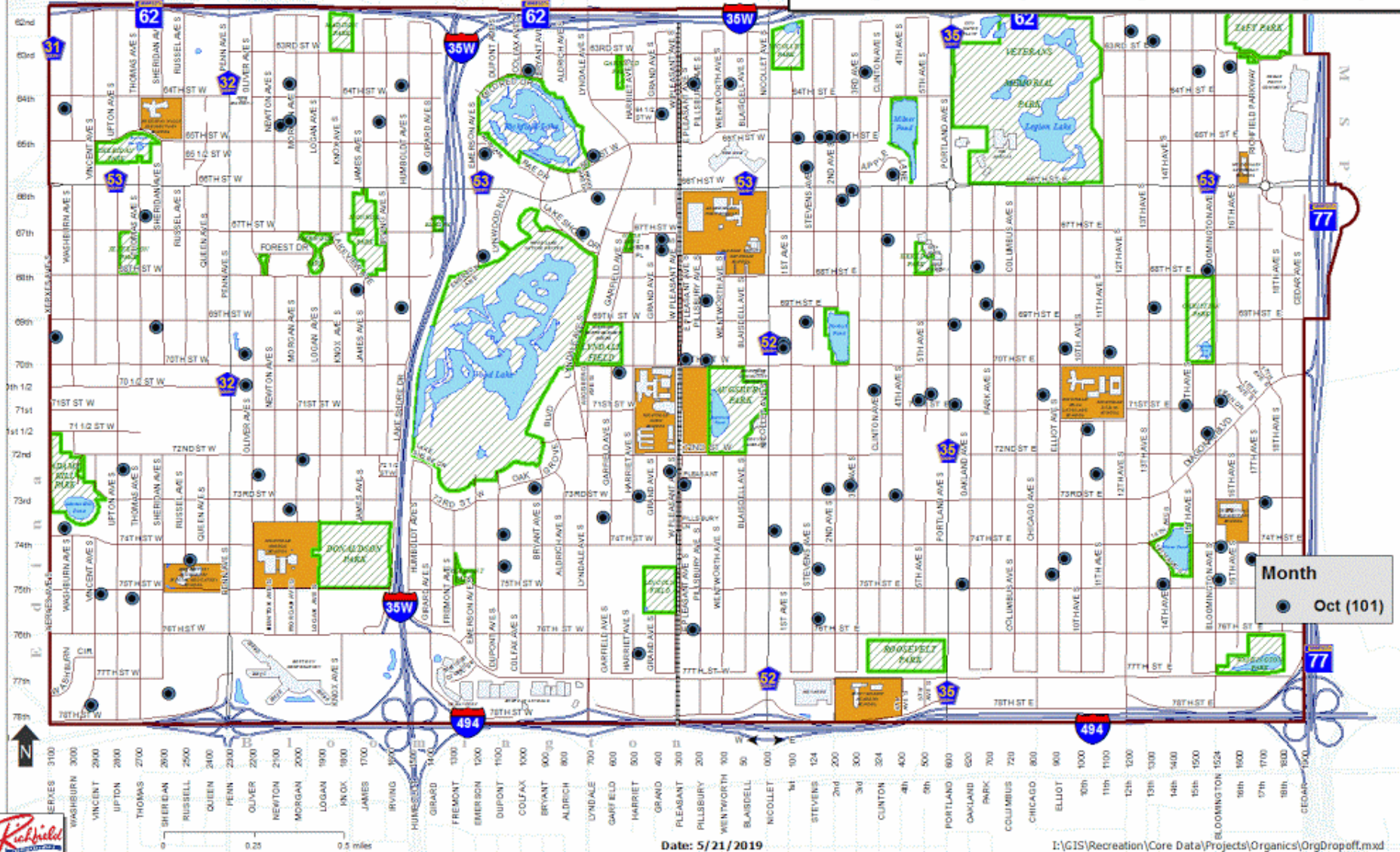
- Est. 2018, meets monthly
- Convened to, “be advisory to the City Council on matters relating to establishing accessible (community-wide) organics collection to the city of Richfield.”
- Chose sites for the drop-offs
- Educated residents at Farmers markets, Lakewinds, Penn Fest







# Organics Drop-off Registrations (Oct)



# Registration comments

Thanks! So thrilled to participate.

SO SO SO HAPPY to see this!!! Love this community.

We generally compost at home and are looking forward to a winter drop off

Yay! I'm so excited about this. I saw the notice in the metro section of the Star Tribune 11/4/18. I don't really have enough food scraps for my own compost bin, but I hate throwing away fruit/vegetable scraps. Sign me up!

This sounds like a win-win program.

I am excited for this program -- please spread the word so everyone knows about it!

i wish recycling was picked up every week & trash every other week!

Would love organics recycling ASAP at our home. Thanks!

Thanks! I'm so excited to do this! I didn't know about it before! Also, looking forward to the possible day when it's curbside pick-up! (Wink wink)

I am so pleased to sign up for the organics collection. Thank you for offering this! Hopefully we can make home pick-up of organics a reality in the future, as well.

Yay!! We participated in the Hennepin County Zero Waste Challenge and am I a Hennepin County Master Composter/Recycler. We honestly are soooooo excited to see the ball rolling with organics recycling in Richfield. I can't wait to see this program grow and develop over the coming years. Thank you!

So glad the city can do this! I hope if it is successful that compost can become a regular part of waste pick-up services.

Thank you for getting this going!!!

Very excited for this program!

We are so excited to give this a try! Are compostable bags already available at the drop off sites? Thank you for your work on this program!!!

Great presentation today at Woodlake Nature Center. Thank you!

I am so excited for this! Such an amazing initiative for an important cause.

Fabulous  
thanks for doing this my kids are pleased!!!

It's great Richfield is starting this. I'm all in.

I just love this!!!! Thank you so much!







Hennepin Environment

1 hr · 🌐

"Hennepin County residents are strongly interested in environmental protection and organics recycling helps them achieve that goal." -- County Board Chair Jan Callison

More organics news coverage appearing in Eden Prairie News:  
<https://bit.ly/2KI76Gn>



SWNEWSMEDIA.COM

## Organics recycling is officially coming to Hennepin County

👍❤️ 53

1 Comment 5 Shares



Like



Comment



Share



Oldest ▾



Charlie O'Brien Already involved in this through Richfield!

Like · Reply · 1h



# Survey responses

LOVE LOVE LOVE this program. 90% of our garbage is organic waste so it feels so good knowing it's going back to the ground instead of a landfill.

---

This is a GREAT program. I am so grateful that Richfield has taken this on with the support of the Henn County.

---

This program is great. My wife never wanted to compost and didn't want to deal with the smell. I convinced her when Richfield started the program and now she's getting into it. Our daughter loves throwing pizza boxes in the bin!

---

So grateful that you started this program! Thank you!

---

SO happy that this program has been put in place. I'm just one person so didn't feel I had enough for a big compost barrel, but this drop-off option is just the ticket! I go over to Wood Lake to walk quite often, so dropping off is convenient. Good emails from Rachel.

---

I am thankful for this program starting in our neighborhood! I'm going to call for a smaller garbage container as ours has gone way down thanks to this program!

---

We have composted stuff in our garden for years, but I like being able to compost a wider variety of material with this program. It has certainly made me more mindful of the garbage our household generates. I wish there were room in my kitchen trash area for compostables, recyclables, AND general garbage! As it is, it takes a few more steps into the back hallway to do all of the sorting.

---

So happy this is being offered! Also appreciate that the locks were removed for the winter.

---

Absolutely love seeing how much we can compost each week. We use it twice a week so I can't believe how much I was throwing away.

---

This has been a fantastic opportunity and I feel it has been a smooth startup. You keep us informed on what is going on and the newsletter you just sent was good at talking about what can NOT go into this.. We have this at work and I am always pulling things out of the compost trash...

---

When I drop my bags off, I feel really good to see so many are doing the same. Richfield residents were ready for this service.

---

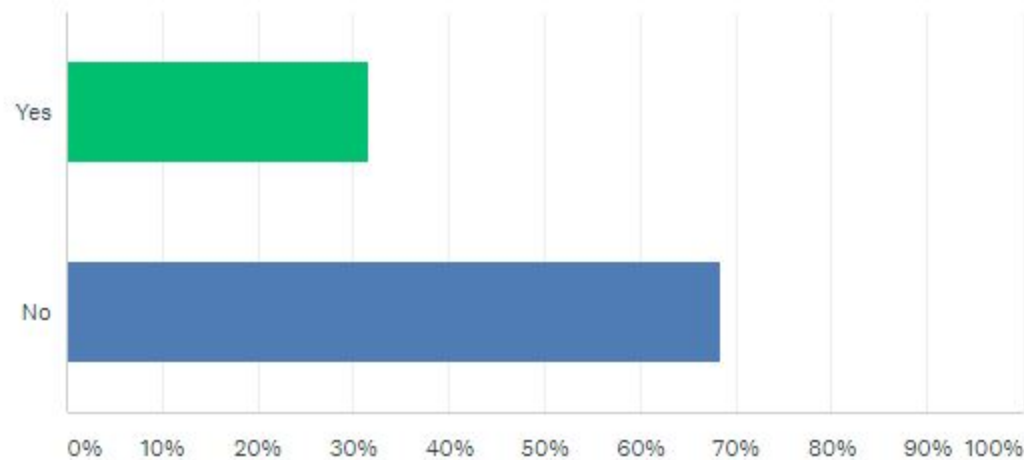
Q3

Customize

Save As ▼

Before this program, did you compost in the past 3 years?

Answered: 92 Skipped: 0



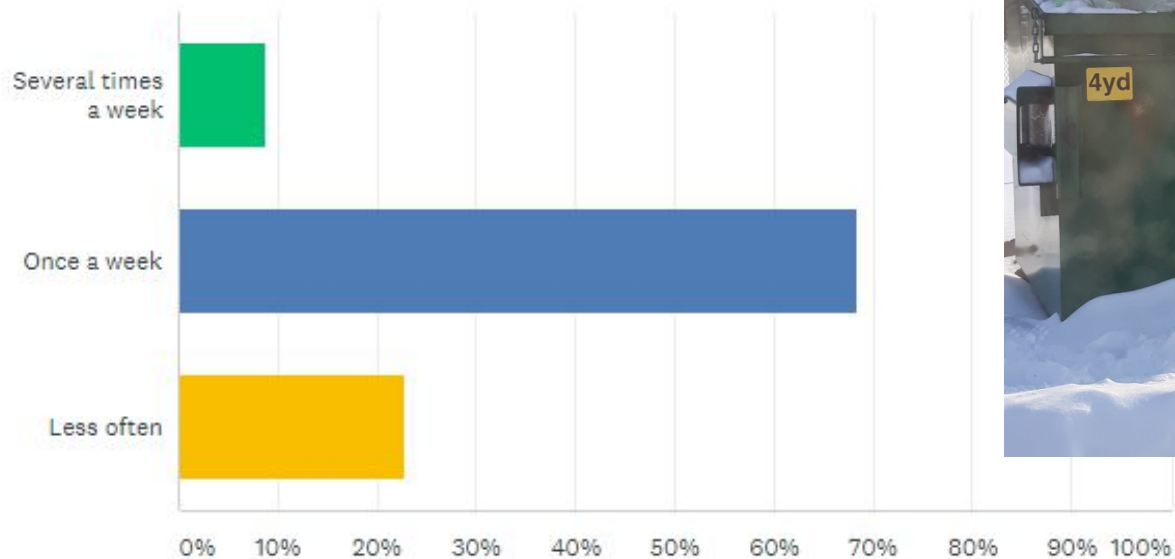
ANSWER CHOICES ▼	RESPONSES ▼	
▼ Yes	31.52%	29
▼ No	68.48%	63
TOTAL		92



Q5

## How often do you use the sites?

Answered: 92 Skipped: 0



ANSWER CHOICES	RESPONSES	
Several times a week	8.70%	8
Once a week	68.48%	63
Less often	22.83%	21
TOTAL		92

# Community outreach





# Options for next steps

	Ordinance only	Organizing recycling and organics
Pros	<ul style="list-style-type: none"> <li>• Less of a change for residents</li> <li>• Less city planning</li> </ul>	<ul style="list-style-type: none"> <li>• Higher program participation, funding</li> <li>• Fewer trucks on roads, better safety</li> </ul>
Cons	<ul style="list-style-type: none"> <li>• Lower participation = less funding for the city</li> <li>• More trucks on roads</li> <li>• More expensive for residents</li> </ul>	<ul style="list-style-type: none"> <li>• Potential to have more than one hauler for all services</li> <li>• If billed through the city, costs would appear on a bigger utility bill (but residents wouldn't pay a hauler bill)</li> </ul>
Costs/staffing	<ul style="list-style-type: none"> <li>• Costs: Lower for the city, higher for residents</li> <li>• FTE/recycling coordinator would be needed</li> </ul>	<ul style="list-style-type: none"> <li>• Specific costs are currently unknown</li> <li>• FTE/recycling coordinator would be needed</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• Currently unknown if anything would be needed besides a city ordinance</li> </ul>	<ul style="list-style-type: none"> <li>• Would <u>not</u> have to go through state statute procedure to organize hauling (for recycling &amp; organics)</li> </ul>
Other cities?	<ul style="list-style-type: none"> <li>• None yet</li> </ul>	<ul style="list-style-type: none"> <li>• Edina (open trash)</li> </ul>

# Taskforce recommendation

- Pursue organizing curbside organics recycling and single-sort recycling for residents in the City
- Initiate planning and outreach efforts immediately and ensure adequate ongoing staff support
- Continue to fund the two organics recycling drop-off sites
- City works with County and resident volunteers to provide education and outreach to residents and haulers before, during, and after transition to curbside organics and recycling collection

# Staff recommendation

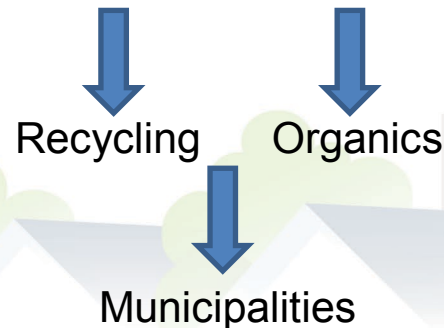
- Fully support all four taskforce recommendations
- Offer organized hauling of recycling and organics with a subscription based program for the organics portion vs. mandatory participation (recycling is mandated by the county)
- Explore the need for a future Sustainability Commission

# Staff recommendation

- Fund a Sustainability Coordinator position through the Recycling SCORE grant and other existing funds

How Score Funding works:

Solid Waste Tax → State of Minnesota → Score Funding Grants



Recent Score Funding Recycling Grants to the City of Richfield:

2016: \$93,251    2017: \$85,101    2018: \$72,350

10% goes to the city and 90% has gone back to residents in the form of a credit on their utility bill (\$2.10/household/quarter). If we start organized hauling of recyclables 100% of grant money comes back to the city.

# Staff recommendation

- Refund participants up to \$25/year through Organics SCORE funds, helping offset overall expenses

The Organics portion of SCORE funding is not available to fund administrative costs, but Recycling SCORE funds are. This grant money that the city would receive if we offered organized hauling of organics is based on participation and can be utilized for: discounts for customers, referral incentives, contract costs, education and outreach, compostable bags, kitchen containers, and carts.



# Richfield Households

- Residents can opt-in to having curbside organics pick-up, they will all have recycling aligning with county mandate
- Residents will have 2 organics drop-off locations to utilize
- Residents will have less trucks on their roads
- The average monthly cost of organized recycling is \$3.45/household in Hennepin County
- The average monthly cost of organized organics is \$5.50/household in Hennepin County
- \*Total average bill is approximately \$9/month
- \*Participants will get a annual credit, it is capped at \$25/household, most municipalities that have organized hauling receive a credit of \$25





# Discussion/Questions







**REGULAR CITY COUNCIL MEETING  
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS  
MAY 28, 2019  
7:00 PM**

**INTRODUCTORY PROCEEDINGS**

Call to order

Open forum (15 minutes maximum)

***Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.***

Pledge of Allegiance

Approval of the minutes of the: (1) Special concurrent City Council and Housing and Redevelopment Authority work session of April 15, 2019; (2) Special concurrent City Council, Housing and Redevelopment Authority and Planning Commission work session of May 7, 2019; (3) Special City Council work session of May 14, 2019; and (4) Regular City Council meeting of May 14, 2019.

**PRESENTATIONS**

1. Receipt of the City of Richfield Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018  
Staff Report No. 70
2. Jon Wickett, President of the Richfield Historical Society
3. 2018 Food Safety Awards

**COUNCIL DISCUSSION**

4. Hats Off to Hometown Hits

**AGENDA APPROVAL**

5. Approval of the Agenda
6. **Consent Calendar contains several separate items, which are acted upon by the City Council in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further Council action on these items is necessary. However, any Council Member may request that an item be removed from the Consent Calendar and placed on the regular agenda for Council discussion and action. All items listed on the Consent Calendar are recommended for approval.**
  - A. Consider approval of the 2019 - 2020 Public Health Emergency Preparedness agreement with the Minnesota Department of Health.



Staff Report No. 71

- B. Consider approval of setting a public hearing to be held on June 25, 2019, to consider issuance of a new On-Sale Wine and 3.2 Malt Liquor licenses for Los Sanchez Taqueria II, LLC d/b/a Los Sanchez Taqueria, located at 2 West 66th Street.

Staff Report No. 72

- C. Consider adoption of a resolution adopting a modification to the Tax Increment Financing Plan for the Lyndale Gardens Tax Increment Financing District.

Staff Report No. 73

- D. Consider adoption of a resolution granting a one-year extension of land use approvals for a planned unit development at 101 66th Street East.

Staff Report No. 74

- 7. Consideration of items, if any, removed from Consent Calendar

**PROPOSED ORDINANCES**

- 8. Consider approval of an ordinance amending Zoning Code Section 537: Mixed Use Districts and Section 512: Districts and adopt a resolution authorizing summary publication of said ordinance.

Staff Report No. 75

**CITY MANAGER'S REPORT**

- 9. City Manager's Report

**CLAIMS AND PAYROLLS**

- 10. Claims and Payrolls

Open forum (15 minutes maximum)

***Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.***

- 11. Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**



# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Special Concurrent City Council and Housing and Redevelopment Authority Work Session

**April 15, 2019**

### CALL TO ORDER

The work session was called to order by Mayor Regan Gonzalez at 5:45 p.m. in the Bartholomew Room.

*Council Members Present:* Maria Regan Gonzalez, Mayor; Mary Supple; Edwina Garcia; and Simon Trautmann.

*Council Members Absent:* Ben Whalen

*HRA Members Present:* Mary Supple, Chair; Pat Elliott; Maria Regan Gonzalez; and Sue Sandahl.

*HRA Members Absent:* Erin Vrieze Daniels.

*Staff Present:* Katie Rodriguez, City Manager; John Stark, HRA Executive Director/Community Development Director; Julie Urban, Housing Manager; and Kate Aitchison, Housing Specialist.

#### Item #1

#### DISCUSS EMERSON LANE HOUSING PROPOSALS

Housing Manager Julie Urban provided an introduction to the topic. Housing Specialist Kate Aitchison provided an overview of the memo distributed on April 11th, 2019.

Executive Director Stark added that each scenario discussed needs more work and research, but until there is more guidance from policymakers, staff is unwilling to undertake further expenses. Additionally, in terms of financing there is more work that needs to be done to ensure that the site can support housing at these price points, on the part of the developer and the city.

Housing Manager Urban provided a simple pro/con overview of each development scenario for 1-, 2- or 5-home scenarios on the property.

Councilmember Trautmann asked for clarification on the per lot subsidy. Chair Supple responded and clarified how the subsidy per lot was reached.

Executive Director Stark noted that while this property was originally purchased for three Richfield Rediscovered homes, the extraordinary costs of the infrastructure improvements on the site do not make it feasible to recommend three or four homes on the site.

Commissioner Sandahl asked about the tax values that the City/HRA could expect from new homes on the site. Housing Specialist Aitchison stated that the estimated taxes to the City and HRA would be approximately \$2,050 per home, annually, based on a home value of approximately \$330,000.

Commissioner Elliott asked if an appraisal as originally done at the time of acquisition. Housing Manager Urban stated that yes, an appraisal had been conducted.

Commissioner Elliott asked if any other uses have been considered for the property. Housing Manager Urban responded that staff has reached out to other departments and the Minnesota Department of Transportation (MnDOT), but there have been no other entities interested in the property. The acquisition of the property was always intended for the Richfield Rediscovered program.

Commissioner Elliott asked why 3 or 4 homes were not being discussed. Housing Manager Urban and Executive Director Stark clarified that the HRA would be required to further subsidize the project in a scenario where 3 or 4 homes were to be built, so staff had eliminated those scenarios from consideration. (29:30)

Councilmember Garcia stated she understands that the purpose of the purchase of the property was to replace housing units that were previously lost.

Chair Supple asked about stormwater management on site, and how it would be monitored to ensure it doesn't negatively impact the neighbors. Housing Manager Urban explained that stormwater management is always reviewed, in Richfield Rediscovered and with all developments. This is either addressed in the Administrative Review Committee (ARC) process, or in the Building Permit process. A Stormwater Management Plan would also likely be required as part of a 5-home scenario.

Chair Supple also inquired about the widening of Emerson Lane as part of a development. Housing Manager Urban responded that it would be discussed during the ARC process with input from various departments.

Commissioner Sandahl asked about the adjacent land to the west and north, and whether it was owned by MnDOT. Housing Manager Urban responded that it is owned by MnDOT, and the city will need to address the long, narrow section to the north of the site.

Mayor Regan Gonzalez stated that she had been on the property. She asked if it would be possible to develop two higher-valued homes and a third lot that would be sold as vacant land to an adjacent neighbor. Housing Manager Urban stated that it could be considered, but that it would depend on the proposal and the site plan.

Chair Supple asked about the procedure for another party submitting a proposal for development of the site. Executive Director Stark explained the process for existing programs, and stated that if the neighbors are interested they should contact the city and put something together. Staff would put some timeframes on the process.

Councilmember Trautmann clarified that it would be a scheduled timeline for a proposal with clear parameters for moving forward. Executive Director Stark responded that yes, staff would review proposals and provide a timeline.

John Powell, 6800 Emerson Lane, spoke on behalf of the neighbors. The neighbors stated that they understand that housing is important to the city, and that there should be thoughtful consideration for the best use of the property. They questioned whether developing five homes would be consistent with the nearby lot sizes and character of the existing neighborhood. The neighbors feel like the two-home scenario would allow current residents the opportunity to buy a larger home and

remain residents. They stated that they have reached out and talked with contractors about the costs to develop the property. They stated they were hearing numbers of \$500,000-\$600,000, which is higher than what is being presented. The neighbors asked why Lynwood Blvd is zoned differently than Emerson Avenue and Emerson Lane.

Housing Manager Urban stated that she believes it is because the lots on Lynwood Blvd are larger, and that the lots on Emerson Avenue are not large enough to justify the different type of zoning.

Mr. Powell asked about ongoing costs for road maintenance for the new public road, and/or the widening of Emerson Lane. He also stated the neighbor's concerns about increased traffic on the roads, and whether any pedestrian safety improvements would be added as part of the development. There are also concerns about parking overflow onto Emerson Avenue or Emerson Lane.

Chair Supple moved the conversation to the policy questions of: 1) Is housing the appropriate use for this site, and 2) If housing is appropriate, what number of homes do you support?

Commissioner Sandahl stated her support for housing on this site, as it wouldn't be appropriate under another use. She stated her support for the development of 5 homes, as it provides the best return on investment for the HRA, and the most opportunities for housing. She stated her understanding of the concern shown by the neighbors. She stated that this development could be seen as part of a new neighborhood, and would be a good place for people to live.

Councilmember Trautmann read a statement provided by Councilmember Whalen who wasn't in attendance.

Councilmember Garcia stated she agrees with Commissioner Sandahl, but that we do need to work to accommodate the neighbors, while still providing housing opportunities in this tight housing market. She stated her belief that the land needs to be used for housing.

Councilmember Trautmann asked for staff input on the financial responsibility of the city for development costs on the lot, especially in the case of over-runs. Executive Director Stark responded that the estimated development costs are estimates at this point. It is difficult to predict any specific requirements on these elements from a preliminary plan. Executive Director Stark stated that a public conversation would be had if the HRA was being asked to contribute more to the development of the property. He also stated that the Public Works department hasn't shown any concern over the maintenance of additional public road on this site.

Councilmember Trautmann stated he is still concerned about the unknown costs of this property, and would also like to keep in mind the goals of the city's Inclusionary Housing Policy as we evaluate each site.

Mayor Regan Gonzalez stated that she supports housing on the site. She stated she doesn't feel like there is enough information available to decide whether or two or five homes would be most appropriate. She stated her desire to understand the feasibility of a two-home proposal at a higher price-point, or a proposal for three lots, with one lot being sold as vacant land to the neighbor. She stated her support for giving the neighbors a chance to put forward a proposal.

Executive Director Stark explained the appraisal process and how it would take into consideration the land use and development costs.

Commissioner Elliott stated the site seems to be a good place for two higher-valued, larger homes.

Executive Director Stark clarified the difference in road infrastructure for the two- or five-home scenarios. A private driveway would be required for the two-home scenario versus a full public road that would be required for the five-home scenario.

Chair Supple stated her support for housing on the site. She stated that the two-homes scenario seems like a better fit, if there is a feasible proposal for it. She stated she could support five homes if that is the only feasible proposal, but that 1, 3 or 4 homes would not be acceptable.

Councilmember Trautmann encouraged those interested to possibly work together on the development of this property.

Commissioner Elliott asked if the HRA could potentially sell land to remain vacant, or if that would be in violation of our Comprehensive Plan. Executive Director Stark stated that the HRA could make that decision if a proposal came before them with a different type of land use.

Councilmember Trautmann stated his concern that the costs would increase and the HRA would be responsible for those added costs. Housing Manager Urban stated that a Development Agreement would be negotiated as part of the HRA's approval for the land sale, and would address the possibility of additional costs and the responsibilities of the developer and the HRA.

Executive Director Stark stated that the purpose of the work session is to narrow down what we should explore further.

Commissioner Sandahl clarified that housing seems to be the unanimous decision, and appreciated Mr. Whalen's comments. She stated her support for the HRA to act in a fiscally-responsible manner.

Executive Director Stark reviewed the conversation and stated he understands that staff would continue to look at housing on the site, and would accept proposals for 2- or 5-homes. If the neighbors are interested in putting forward a proposal, they need to come in with a plan for the development of 2- or 5- homes. Staff will continue to look at both scenarios at this point.

Chair Supple thanked Dustin Endres with Endres Custom Homes, along with the neighbors and staff for all the work done on this proposal and for the development of the property.

<b>ADJOURNMENT</b>
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The work session was adjourned by unanimous consent at 6:58 p.m.

Date Approved: May 28, 2019

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Maria Regan Gonzalez  
Mayor

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Jared Voto  
Assistant to the City Manager

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Katie Rodriguez  
City Manager



# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Special Concurrent City Council, Housing and Redevelopment Authority and Planning Commission Work Session

May 7, 2019

### CALL TO ORDER

The meeting was called to order by Mayor Regan Gonzalez at 4:08 p.m. in the Bartholomew Room.

Council Members Present: Maria Regan Gonzalez, Mayor; Edwina Garcia; Mary Supple; Simon Trautmann; and Ben Whalen.

HRA Members Present: Mary Supple, Chair; Maria Regan Gonzalez; Sue Sandahl; and Erin Vrieze Daniels.

HRA Members Absent: Pat Elliott.

Planning Commission Members Present: Kathryn Quam; James Rudolph; Susan Rosenberg; Peter Lavin; and Sean Hayford Oleary.

Planning Commission Members Absent: Allysen Hoberg, Chair; Bryan Pynn.

Staff Present: Katie Rodriguez, City Manager; John Stark, Community Development Director; and Melissa Poehlman, Assistant Community Development Director.

### Item #1

### CITIZEN PLANNER TRAINING

Community Development staff hosted a “Your Role as a Citizen Planner” workshop, facilitated by Erin Perdu of WSB & Associates. The workshop highlighted the ways in which the roles of elected/appointed officials vary in land use decisions based on the particular charge of the board or committee to which they are elected/appointed. The workshop provided an opportunity to discuss the areas in which policy makers have a significant amount of discretion and those in which they play a largely regulatory role of applying existing rules. Participants discussed hypothetical applications, the importance of waiting until all information has been provided before making a decision on a particular application, making sound legal findings, and communicating with constituents.

### ADJOURNMENT

The work session was adjourned by unanimous consent at 7:41 p.m.

Date Approved: May 28, 2019

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Maria Regan Gonzalez  
Mayor

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Jared Voto  
Assistant to the City Manager

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Katie Rodriguez  
City Manager



# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Special City Council Work Session

May 14, 2019

### CALL TO ORDER

The meeting was called to order by Mayor Regan Gonzalez at 5:02 p.m. in the Bartholomew Room.

Council Members Present: Maria Regan Gonzalez, Mayor; Edwina Garcia; Mary Supple; Ben Whalen; and Simon Trautmann (arrived at 5:22 p.m.).

Staff Present: Katie Rodriguez, City Manager; Pam Dmytrenko, Assistant City Manager/Administrative Services Director; Amy Markle, Recreation Services Director; Bill Fillmore, Liquor Operations Director; Chris Regis, Finance Director; Jay Henthorne, Chief of Police/Public Safety Director; John Stark, Community Development Director; Kristin Asher, Public Works Director; Wayne Kewitsch, Fire Chief; and Jared Voto, Assistant to the City Manager.

Others Present: Scott Morrell, Rebar Leadership.

Item #1	KEY FINANCIAL STRATEGIES AND COUNCIL GOAL SETTING
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Finance Director Regis presented an overview of the Financial Management Plan and Capital Financing Plan documents and Public Works Director Asher presented on the proposed 2020 utility rates for water, sewer, stormwater, and street lights.

Mayor, Council Members, and City staff discussed a variety of topics including the proposed increases in utility rates as it relates to the target fund balance, upcoming recreation facility projects such as Wood Lake Nature Center and the refrigeration system at the ice arena, the potential for a park dedication fee for new developments, the additional City debt and its impact on residents' property taxes, prioritizing future capital projects, looking at opportunities to increase liquor operations revenues or other revenue streams, and the Capital Improvement Budget and Plan (CIB/CIP).

Scott Morrell lead a goal setting session for the Council to affirm the 2018 City Council goals, to add another goal of "Core Services", and to provide further context for the goals as staff works on the upcoming budget.

Mayor and Council Members discussed the goals and shared agreement in affirming the 2018 City Council goals and also agreed to add "Core Services" as a new goal.

Mayor, Council Members, and City staff discussed areas of importance under each of the established goals. City staff indicated they would take the items discussed during the meeting and create objectives underlying each goal and bring those back for City Council's review at a later date.



**ADJOURNMENT**

The work session was adjourned by unanimous consent at 6:53 p.m.

Date Approved: May 28, 2019

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Maria Regan Gonzalez  
Mayor

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Jared Voto  
Assistant to the City Manager

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Katie Rodriguez  
City Manager



# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Regular Meeting

May 14, 2019

### CALL TO ORDER

The meeting was called to order by Mayor Regan Gonzalez at 7:01 p.m. in the Council Chambers.

*Council Members Present:* Maria Regan Gonzalez, Mayor; Mary Supple; Edwina Garcia; Simon Trautmann; and Ben Whalen.

*Staff Present:* Katie Rodriguez, City Manager; Mary Tietjen, City Attorney; Pam Dmytrenko, Administrative Services Director/Assistant City Manager; Jay Henthorne, Public Safety Director/Police Chief; John Stark, Community Development Director; Amy Markle, Recreation Service Director; and Jared Voto, Assistant to the City Manager.

### OPEN FORUM

None.

### PLEDGE OF ALLEGIANCE

Mayor Regan Gonzalez led the Pledge of Allegiance.

### APPROVAL OF MINUTES

M/Whalen, S/Supple to approve the minutes of the: (1) Special City Council work session of April 23, 2019; (2) Regular City Council meeting of April 23, 2019; and (3) Special City Council work session of April 25, 2019.

Motion carried 5-0.

Item #1

**PROCLAMATION DECLARING JUNE 4, 2019 AS LEE ANN WISE DAY IN THE CITY OF RICHFIELD**

Council Member Whalen welcomed Principal Lee Ann Wise, thanked her for her service, and invited her to say a few words.

Principal Wise thanked the City Council, Richfield Police Department and those she worked with at Richfield Public Schools for all they did to her during her career.

Council Member Garcia shared memories of Principal Wise and thanked her for her dedicated service to Richfield Public Schools.

Council Member Supple thanked Principal Wise for her dedication to the children and families of Richfield.

Mayor Regan Gonzalez thanked Principal Wise for her leadership and read the proclamation declaring June 4, 2019, as Lee Ann Wise Day in the city of Richfield.

<b>Item #2</b>	<b>PROCLAMATION DECLARING MAY 12-18, 2019 AS NATIONAL POLICE WEEK AND MAY 15, 2019 AS PEACE OFFICERS' MEMORIAL DAY IN THE CITY OF RICHFIELD</b>
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Chief Henthorne spoke regarding National Police Week and Peace Officers' Memorial Day and discussed his experience in 2011 of attending National Police Week in Washington, D.C.

Council Members thanked Chief Henthorne and the Richfield Police Department for their service to the city and its residents.

Mayor Regan Gonzalez thanked the Richfield Police Department officers, leadership, and their families and read the proclamation declaring May 12-18, 2019 as National Police Week and May 15, 2019 as Peace Officers' Memorial Day in the city of Richfield.

<b>Item #3</b>	<b>RICHFIELD POLICE DEPARTMENT BADGE RETIREMENT CEREMONY</b>
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Chief Henthorne thanked the men and women of the Richfield Police Department for their service, and their families and communities of support. He discussed the history of the City's badge and the Department's effort to design the new badge. Lastly, he presented Officer Devinn Metz with the new badge.

<b>Item #4</b>	<b>COUNCIL DISCUSSION</b> <ul style="list-style-type: none"><li>Hats Off to Hometown Hits</li></ul>
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Council Member Supple spoke regarding the competition for Roosevelt Park's basketball court and encouraged residents to vote once per day to receive a new basketball court from the Minnesota Timberwolves; and on Tuesday, May 21 at 6 p.m. at the Brooklyn Park City Council Chambers there is a region-wide meeting on affordable housing for lower income residents, with emphasis on universal design for everyone.

Council Member Whalen spoke regarding attending the Richfield High School musical and thought they did a wonderful performance; the Friends of Wood Lake (FOWL) held a wonderful fundraiser dinner that supports the nature center; he attended a tour of the upcoming Orange Line that is bus rapid transit from Burnsville to Minneapolis, through Richfield; and attended the Bike to School Day event held at Centennial Elementary.

Council Member Trautmann spoke regarding attending the Friends of Wood Lake (FOWL) fundraiser and enjoyed the event; and discussed summer camps that are held at Wood Lake throughout the summer and encouraged parents to send their children.

Council Member Garcia spoke regarding a League of Women Voters event on May 18 where they will be discussing the Orange Line and encouraged people to attend and learn about the project; and the Richfield city-wide garage sale is taking place from May 16-18.

Mayor Regan Gonzalez spoke regarding the first Richfield farmers market is Saturday, May 18, from 7 a.m. to 12 p.m.; Monday, May 27 from 2 to 4 p.m. is the Memorial Day ceremony at Veterans Park; and she gave a brief update from State Representative Michael Howard on the status of the legislative session, including local government aid, pension aid and transportation; and she attended the Richfield Rotary's little free library assembly event.

<b>Item #5</b>	<b>APPROVAL OF THE AGENDA</b>
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M/Supple, S/Whalen to approve the agenda.

Motion carried 5-0.

<b>Item #6</b>	<b>CONSENT CALENDAR</b>
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City Manager Rodriguez presented the consent calendar.

- A. Consider adoption of a resolution authorizing the City to affirm the monetary limits on statutory municipality tort liability. (S.R. No. 60)

RESOLUTION NO. 11622  
RESOLUTION AFFIRMING MUNICIPAL TORT LIABILITY LIMITS  
ESTABLISHED BY MINNESOTA STATUTES 466.04

- B. Consider approval of a third amendment to the Site Lease Agreement at 7401 Logan Avenue South between the City of Richfield and Sprint Spectrum Realty Company, LLC with regard to the extension of lease renewal terms. (S.R. No. 61)
- C. Consider approval of a Post-Issuance Debt Compliance Policy. (S.R. No. 62)
- D. Consider approval of the Public Works Department Water Service Shut-Off Policy. (S.R. No. 63)
- E. Consider approval of the Richfield Utility Box Wrapping Policy and adoption of a resolution of support for the selected photographs to be used to wrap the Hennepin County-owned utility boxes located at Penn Avenue & 66th Street and Nicollet Avenue & 70th Street. (S.R. No. 64)

RESOLUTION NO. 11623  
RESOLUTION SUPPORTING THE PROPOSED DECORATIVE UTILITY  
BOX WRAPS ON HENNEPIN COUNTY UTILITY BOXES LOCATED AT  
PENN AVE/66TH STREET & NICOLLET AVE/70TH STREET

- F. Consider approval of an annual request for a Temporary On Sale Intoxicating Liquor license for the Academy of Holy Angels, located at 6600 Nicollet Avenue South, for their annual Holy Angels Rock the Lawn event taking place Friday, June 21, 2019. (S.R. No. 65)

- G. Consider adoption of a resolution granting a Site Plan Approval and a Variance for a restaurant at 6433 Penn Avenue S. (S.R. No. 66)

RESOLUTION NO. 11624  
RESOLUTION GRANTING APPROVAL OF A SITE PLAN AND  
VARIANCE AT 6433 PENN AVENUE S.

M/Trautmann, S/Whalen to approve the consent calendar.

Motion carried 5-0.

Council Member Whalen thanked the owner of the Tii Cup restaurant for being in attendance and welcomed him to the community.

David Fong, owner of the Tii Cup restaurant, spoke regarding his business and was excited to be back in Richfield.

Council Member Garcia asked staff about parking issues raised by some members of the Planning Commission.

Community Development Director responded there is a balance between the regulations of the city and the ability for the business to operate and stated staff did not have concerns for parking in this area.

Council Member Trautmann asked to confirm if there were 13 parking spaces available.

Community Development Director Stark confirmed to the best of his knowledge there were 13 usable spaces available.

<b>Item #7</b>	<b>CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR</b>
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None.

<b>Item #8</b>	<b>CONSIDER APPROVAL OF A FIRST READING OF AN ORDINANCE AMENDING ZONING CODE SECTION 537: MIXED USE DISTRICTS AND SECTION 512: DISTRICTS (S.R. NO. 67)</b>
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Mayor Regan Gonzalez presented Staff Report No. 67.

Community Development Director Stark discussed that the Planning Commission agreed with a majority of these changes that have to do with inconsistencies in the City Code. One item the Planning Commission split on was parking standards and described the staff recommendation of the spaces per unit and the discussion at the Planning Commission.

Council Member Supple commented that it was a healthy discussion at the Planning Commission, appreciated the concerns raised, and thought the 1.25 spaces per unit was a good compromise.

Community Development Director Stark discussed the Lyndale Plaza Apartments at 64th and Lyndale has a parking of 1.3 spaces per unit and has been functioning for years without complaint.

Council Member Whalen commented that the Henley Development was approved at 1 parking space per unit.

Community Development Director Stark discussed that many of the recent developments are from developers that plan to hold onto their developments long-term and it is in their best interest to ensure there is adequate parking.

Council Member Whalen discussed having a broader discussion about parking requirements in the code and that he thought it would be a helpful discussion.

Community Development Director Stark commented on the uniqueness of Richfield with the mix of parking ratios that could be considered urban and suburban, which can create some conflicts.

Council Member Trautmann shared his appreciation for the Planning Commissioners for their civil discussion on the topic.

Mayor Regan Gonzalez asked staff for clarification of the purpose of the parking minimums, for those who may not have seen the Planning Commission.

Community Development Director Stark stated the reasons are to protect the neighborhoods from spillover parking and that parking demand is met on-site. He stated there have been problems with spillover parking in the past but they have been able to come back and find solutions.

Council Member Whalen thanked staff for reviewing the code to ensure that we are consistent as it helps incoming developers know the standards and city staff in applying the standards.

M/Regan Gonzalez, S/Trautmann to approve a first reading of an Ordinance amending Zoning Code Section 537: Mixed Use and Section 512: Districts.

Motion carried 5-0.

Item #9	<b>CONSIDER ADOPTION OF A RESOLUTION AWARDDING THE SALE OF \$8,865,000 GENERAL OBLIGATION BONDS, SERIES 2019A. (S.R. NO. 68)</b>
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Council Member Supple presented Staff Report No. 68.

Rebecca Kurtz, Ehlers & Associates, spoke regarding the affirmation from S&P Global Ratings of the City's AA+ bond rating and spoke to the results of the 2019A bond sale.

M/Supple, S/Whalen to adopt a resolution awarding the sale of General Obligation Bonds, Series 2019A, in the original aggregate principal amount of \$8,325,000; Fixing their form and specifications; Directing their execution and delivery; and providing for their payment.

RESOLUTION NO. 11625  
A RESOLUTION AWARDDING THE SALE OF GENERAL OBLIGATION  
BONDS, SERIES 2019A, IN THE ORIGINAL AGGREGATE PRINCIPAL  
AMOUNT OF \$8,325,000; FIXING THEIR FORM AND  
SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY;  
AND PROVIDING FOR THEIR PAYMENT

Mayor and Council Members thanked Finance Director Regis for his leadership in his department and guiding the City's finances.

Motion carried 5-0.

<b>Item #10</b>	<b>CONSIDER APPROVAL OF A FACILITY DEDICATION REQUEST FOR A MEMORIAL GARDEN DEDICATED TO GERTRUDE ULRICH NEAR THE RICHFIELD BAND SHELL. (S.R. NO. 69)</b>
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Council Member Garcia presented Staff Report No. 69, shared stories of Gertrude Ulrich and discussed her legacy and impact on Richfield.

Recreation Services Director Markle also shared memories of Gertrude Ulrich and agreed that this garden is a great way to commemorate her.

M/Garcia, S/Supple to approve a dedication of a memorial garden at the Band Shell Garden Area to Gertrude Ulrich.

Council Member Supple commented that Gertrude Ulrich is legendary to Richfield and a mentor to generations and deserves this recognition.

Mayor Regan Gonzalez commented that Gertrude Ulrich, and other of the League of Women Voters, was a community builder that paved a path for the leaders of today.

Motion carried 5-0.

<b>Item #11</b>	<b>CITY MANAGER'S REPORT</b>
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City Manager Rodriguez stated Hennepin County staff recommended moving Southdale Library to Southdale Center and will be holding open houses on May 30 from 6 to 8 p.m. and June 8 from 10 a.m. to 12 p.m. at Southdale Library.

Council Member Garcia encouraged residents to call Commissioner Goettel and ask her to vote "no" to moving the library to Southdale Center.

City Manager Rodriguez discussed Council Member Whalen will be holding a listening session on May 30 from 6:30 to 8 p.m. at Hope Church.

Council Member Whalen discussed residents were looking for more opportunities to engage with council members and finding ways to do that in an approachable way. He stated he planned on hosting these on a regular basis.

Mayor and Council Members discussed and agreed it was a good idea.

<b>Item #12</b>	<b>CLAIMS AND PAYROLLS</b>
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M/Garcia, S/Regan Gonzalez that the following claims and payrolls be approved:

<b>U.S. Bank</b>	<b>05/14/19</b>
A/P Checks: 277161 - 277645	\$ 1,849,976.72
Payroll: 145226 - 145543	633,611.96
<b>TOTAL</b>	<b>\$ 2,483,588.68</b>

Motion carried 4-0.

<b>OPEN FORUM</b>
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None.

<b>Item #13</b>	<b>ADJOURNMENT</b>
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The meeting was adjourned by unanimous consent at 8:42 p.m.

Date Approved: May 28, 2019

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Maria Regan Gonzalez  
Mayor

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Jared Voto  
Assistant to the City Manager

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Katie Rodriguez  
City Manager





**STAFF REPORT NO. 70**  
**CITY COUNCIL MEETING**  
**5/28/2019**

REPORT PREPARED BY: Chris Regis, Finance Director

DEPARTMENT DIRECTOR REVIEW: Chris Regis, Finance Director  
5/15/2019

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Katie Rodriguez, City Manager  
5/22/2019

**ITEM FOR COUNCIL CONSIDERATION:**

**Receipt of the City of Richfield Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018**

**EXECUTIVE SUMMARY:**

As required by state law all general purpose local governments must be audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants.

In addition, state law also requires that local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with U.S. generally accepted accounting standards.

Accordingly, the City's auditing firm, BerganKDV, Ltd. has completed the annual audit of the City's financial records and has issued an unqualified opinion on those records for the fiscal year ended December 31, 2018.

In addition, the financial statements will be published locally and submitted to the State of Minnesota and the Government Finance Officers Association.

Therefore, staff presents to the City Council, the Comprehensive Annual Financial Report (CAFR) for fiscal year ended December 31, 2018.

**RECOMMENDED ACTION:**

**By motion: Accept the Comprehensive Annual Financial Report of the City for the year ended December 31, 2018.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- The City's auditing firm, BerganKDV, Ltd. has completed the annual audit of the City's financial records for the fiscal year ended December 31, 2018.
- As part of the audit, BerganKDV, LTD. has issued an unqualified opinion on the City's financial statements for the year ending December 31, 2018.

- A representative of BerganKDV, LTD. will be present at the Council meeting to make a brief presentation on the 2018 financial information and answer questions.
- In addition, the CAFR will be submitted to the State of Minnesota pursuant to State law and to the Government Finance Officers Association for the Certificate of Achievement for Excellence in Financial Reporting program.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- Action to be taken at the May 28, 2019 City Council meeting is the official receipt of the December 31, 2018 City of Richfield Comprehensive Annual Financial Report by the City Council.
- The City's auditor has performed an audit of the City's financial records for the year ended December 31, 2018 and prepared reports to the City Council concerning legal compliance and internal controls.

**C. CRITICAL TIMING ISSUES:**

- Action on this item is requested at the May 28, 2019, City Council meeting as there is a June 30, 2019 reporting deadline with the State of Minnesota.

**D. FINANCIAL IMPACT:**

- None

**E. LEGAL CONSIDERATION:**

- The CAFR will be submitted to the State of Minnesota, pursuant to State law.
- The CAFR will be published in the Sun Current the week of June 3, 2019.

**ALTERNATIVE RECOMMENDATION(S):**

- None

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Matthew Mayer, Partner at BerganKDV

**ATTACHMENTS:**

	Description	Type
▢	2018 City Comprehensive Annual Financial Report (CAFR)	Backup Material
▢	2018 Schedule of Expenditures of Federal Awards and Independent Auditor's Reports	Backup Material
▢	2018 Communications Letter	Backup Material
▢	2018 Housing and Redevelopment Authority CAFR	Backup Material
▢	2018 Economic Development Authority CAFR	Backup Material



# CITY OF RICHFIELD

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF RICHFIELD, MINNESOTA**



**For The  
Year Ended  
DECEMBER 31, 2018**

**DEPARTMENT OF FINANCE**

**Christopher T. Regis, Finance Director  
Member of Government Finance Officers Association  
of the United States and Canada**

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## **I. INTRODUCTORY SECTION**



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## Finance Department

April 23, 2019

The Honorable Mayor and  
Members of the City Council,  
City of Richfield, Minnesota

**MAYOR**

MARIA REGAN  
GONZALEZ

**CITY COUNCIL**

EDWINA GARCIA  
MARY SUPPLE  
SIMON TRAUTMANN  
BEN WHALEN

**CITY MANAGER**

KATIE RODRIGUEZ

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Richfield for the fiscal year ended December 31, 2018.

This report consists of management's representations concerning the finances of the City of Richfield. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Richfield has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, misuse and to compile sufficient reliable information for the preparation of the City of Richfield's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Richfield's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Richfield's financial statements have been audited by BerganKDV, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Richfield for the fiscal year ended December 31, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Richfield's financial statements for the fiscal year ended December 31, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Richfield was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Those reports are available in the City of Richfield's separately issued Special Purpose Audit Reports.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Richfield's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City was incorporated on February 26, 1908. Since 1964, the City has operated under a council/manager form of government, as authorized by its charter, and exists under the laws of the State of Minnesota.

The City has a population of 36,544 (2017 Metropolitan Council Estimate) and covers an area of approximately seven square miles. Located in Hennepin County, Richfield is the first suburb south of Minneapolis. Richfield is bordered on the north by the Crosstown Highway 62; bordered on the east by the Minneapolis-St. Paul International Airport; bordered on the south by Interstate 494; and bordered on the west by Xerxes Avenue and the City of Edina. In addition, Interstate 35W, the major north/south thoroughfare in the Twin City area, runs north/south through the middle of Richfield.

The City of Richfield provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational activities and cultural events. The City of Richfield also operates four municipal liquor stores, water and sewer utility, storm water utility, a two sheet ice arena, a municipal swimming pool and a mini golf course.

The annual budget serves as the foundation for the City of Richfield's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review prior to September 15. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than the last date established by law for the County Auditor to levy taxes. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the ice arena fund this comparison is presented in the Required Supplementary Information section. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund statements and schedules.

### **Factors Affecting Financial Condition**

Richfield was initially developed as a residential community. Residents of Richfield generally work at the adjacent airport, in the downtown Minneapolis-St. Paul area or on the I-494 strip. Richfield's commercial/industrial base is comparatively small when looking at other Twin City metropolitan area communities. In fact, when viewing the total estimated market value of the community, approximately 70% of the market value is comprised of residential properties, 12% apartments, and only 18% commercial/industrial property. Changes in the state's tax policy have indicated for some time a need for a more diversified tax base, including more commercial development.

Richfield has responded to this by encouraging commercial development within the City. However, over 99% of the land area in Richfield is already developed. Commercial development in Richfield is a more complex process that requires extensive redevelopment and often the use of tax increment financing assistance.

Since 1975, the City has created twenty-six tax increment districts. These tax increment districts were formed in order to help transform areas which are becoming market obsolete into a more vital commercial tax base. The City has transformed itself as a result of this redevelopment which includes not only commercial, but residential developments. Consequently, as the tax increment districts decertify, the City will realize the full market value benefit of these districts. The City has had one district decertified in 2002, a second district decertified in 2010, with a third district decertified in 2012.

In addition to the City's efforts in commercial redevelopment, several housing programs have been established to encourage reinvestment in the City's housing stock. The City enjoys an AA+ bond rating and an Aa2 bond rating from Standard and Poor's and Moody's respectively.

### **Long-term financial planning**

The Metropolitan Council requires all cities in the seven-county metropolitan area to have a Comprehensive Plan and State law requires cities to update their plans every 10 years. The Comprehensive Plan guides development and redevelopment and addresses changes likely to occur due to various social and market forces. The City completed the update in 2018 and is working through the approval process.

In addition, the City on an annual basis engages in long-term financial and capital planning. The objective of this process is to provide a framework for decision making required to identify and implement strategies that will assure long-term community viability. Accordingly, outcomes of the process include promotion of long-term community affordability and livability, reinvesting in the City's housing stock to position the City to compete with other communities, addressing transportation impacts within the City, establish a financial framework to maintain and replace the City's physical and technical infrastructure, and review options and opportunities to improve delivery of City services.

### **Relevant financial policies**

The City has adopted a set of financial management policies that focus on such areas as capital budgeting, revenue policies, debt management, general fund balances, cash and investments, risk management and operating budgets.

The City has established a fund balance policy for the general fund with a goal of maintaining an unassigned fund balance of 40% of general fund revenues. At the end of 2018, the unassigned fund balance of the general fund is at 39% of general fund revenues.

### **Major Initiatives**

Major initiatives in 2018 included the following:

#### Right Of Way Improvements:

- The continuation of the reconstruction of 66<sup>th</sup> Street. This is a Hennepin County road project. It consists of the reconstruction of 66<sup>th</sup> Street from Xerxes Avenue east to 16<sup>th</sup> Avenue. 2018 was the second year of construction. It is estimated that the project will be completed in 2019. The total estimated cost is \$61,292,000.
- Year four of the six year mill & overlay program. It is planned that up to 85 miles of residential roads will be milled and overlaid, in addition to the repair of catch basins, manholes, and the replacement of curb and gutter. The overall program is estimated to cost \$19,500,000 and will be funded through the issuance of street reconstruction bonds and franchise fee revenues.

#### Commercial Redevelopment and Housing Initiatives

- 2018 saw the planning and development of several large projects, including the completion of an 88-unit senior living facility at the former City Public Works site (211 W. 76<sup>th</sup> Street); commencement of construction on a 283-unit multi-family apartment project south of 66<sup>th</sup> Street between 17<sup>th</sup> and Cedar Avenues; site work for a new Morrie's Land Rover and Jaguar dealership at 1550 E 78th Street, approval of plans and initial site work for a project that includes 30 luxury condominiums, 8 rental townhomes, 66 apartments, and 6,000 square feet of retail space at the former Lyndale Gardens Center site (64th Street and Lyndale Avenue), approval of plans for the Cedar Point II/RF64 project (west of Target/Home Depot along Richfield Parkway) that include 72 townhomes and 218

apartments, and approval of a 183-unit apartment complex at 66th Street and Queen Avenue. The HRA also purchased two substandard commercial buildings in 2018 – the former El Jalapeno Market at 1430 66th Street East and former Bumper-to-Bumper at 6501 Penn Avenue. The HRA will look to redevelop these parcels at some time in the future.

- The City continues to operate several very successful programs that encourage reinvestment in the City's housing stock. These programs include but are not limited to, incentive loan programs for remodeling homes to higher values, funding assistance for the replacement of small substandard homes with larger new-construction, and a program to provide home ownership opportunities for low- to moderate-income households working with non-profit builders and developers like Habitat for Humanity.
- In 2018, the City continued its work to update the 2008 Comprehensive Plan. This multi-year project focuses on redevelopment areas throughout the community, but specifically emphasized plans for the future redevelopment of the area at 66th Street and Nicollet Avenue. The update includes revised goals and policies related to land use, housing, transportation, parks, utilities and more. The 2040 update was submitted to the Metropolitan Council for review in December 2018.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Richfield, Minnesota for its comprehensive annual financial report for the fiscal year ended December 31, 2017. This was the thirty-first consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning January 1, 2018.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we have submitted to GFOA the report to determine its eligibility for another award.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the finance department. We express our appreciation to all members of the department who assisted and contributed to its preparation. We also thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations for the City of Richfield in a responsible and progressive manner.

Respectfully submitted,

  
Katie Rodriguez  
City Manager

  
Chris Régis  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Richfield  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF RICHFIELD, MINNESOTA  
CITY OFFICIALS**

**MAYOR - PAT ELLIOTT**

**COUNCILMEMBER - MICHAEL HOWARD**

**COUNCILMEMBER - EDWINA GARCIA**

**COUNCILMEMBER - SIMON TRAUTMANN**

**COUNCILMEMBER - MARIA REGAN GONZALEZ**

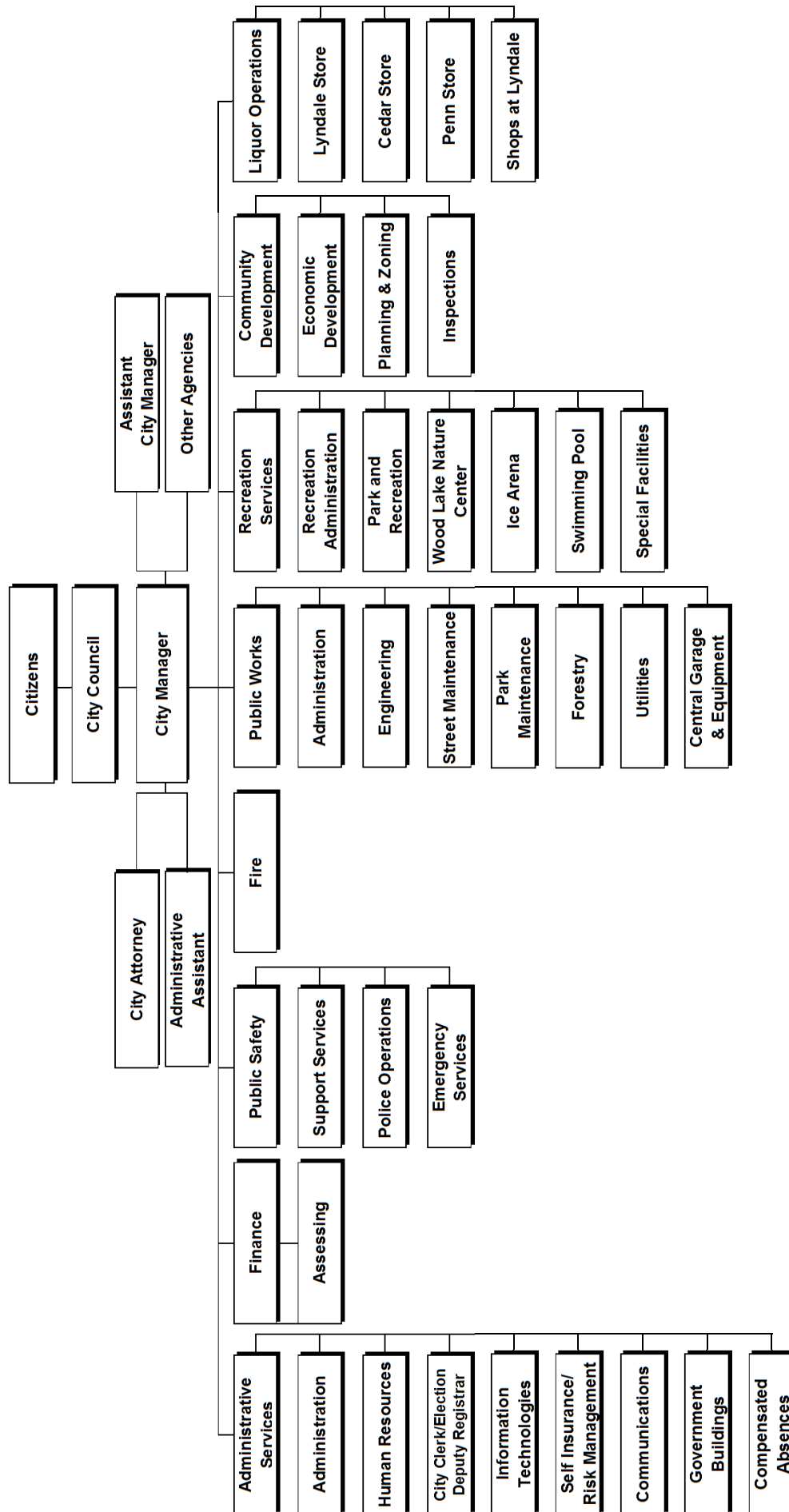
**ADMINISTRATIVE STAFF**

**KATIE RODRIGUEZ - CITY MANAGER**

**CHRISTOPHER T. REGIS - FINANCE DIRECTOR**

**ELIZABETH VANHOOSE - CITY CLERK**

**CITY OF RICHFIELD  
ADMINISTRATIVE ORGANIZATION CHART**





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## **II. FINANCIAL SECTION**

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## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Richfield  
Richfield, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Implementation of GASB 75**

As discussed in Note 20 to the financial statements, the City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter and the Required Supplementary Information as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Richfield's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supplementary financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and supplementary financial information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supplementary financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Matters (Continued)**

### *Other Information (Continued)*

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2019, on our consideration of the City of Richfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Richfield's internal control over financial reporting and compliance.

Minneapolis, Minnesota  
April 23, 2019

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## Management's Discussion and Analysis

As management of the City of Richfield, we offer readers of the City of Richfield's financial statements this narrative overview and analysis of the financial activities of the City of Richfield for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 8 through 11 of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Richfield exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$70,666,661 (net position). Of this amount, \$5,123,975 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,632,606.
- As of the close of the current fiscal year, the City of Richfield's governmental funds reported combined ending fund balances of \$39,958,760. Of this total amount, \$98,380 is classified as nonspendable, \$14,128,908 as restricted, \$13,784,178 as committed by City Council action, \$8,234,215 as assigned and \$3,713,079 as unassigned.
- At the end of the current fiscal year, the general fund balance of \$8,810,296 included \$91,050 as nonspendable and \$8,719,246 as unassigned.
- The City of Richfield's total bonded debt increased by \$6,697,169 (10.87 percent) during the current fiscal year from \$61,615,916 to \$68,313,085.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Richfield's basic financial statements. The City of Richfield's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Richfield's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Richfield's assets and deferred outflows or resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Richfield is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Richfield that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Richfield include general government, public safety, fire, community development, public works, and parks and recreation. The business-type activities of the City of Richfield include a municipal liquor operation, water and sewer utility, and a storm sewer utility.



The government-wide financial statements include not only the City of Richfield itself (known as the *primary government*), but also the Richfield Housing and Redevelopment Authority and the Richfield Economic Development Authority, both discretely presented component units. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Richfield, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Richfield can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term the governmental fund balance sheet and the governmental fund expenditures, and changes in fund balances provide a reconciliation to between *governmental funds* and *governmental activities*.

Bergan KDV Ltd

The City of Richfield maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, ice arena fund, improvement bonds fund, and capital improvements fund, all of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Richfield adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

**Proprietary funds.** The City of Richfield maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Richfield uses enterprise funds to account for its liquor operation, water and sewer utility and for its storm sewer utility, all of which are considered to be major funds of the City. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Richfield's various functions. The City of Richfield uses internal service funds to account for its central garage & equipment, for its information technology systems, its self-insurance program, its building services function, and its compensated absences liability. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Richfield's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** Required supplementary information can be found following the Notes to the Financial Statements.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Richfield, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$70,666,661 at the close of the most recent fiscal year.

By far the largest portion of the City of Richfield's net position (84 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Richfield uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Richfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### CITY OF RICHFIELD'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$57,457,733	\$48,242,371	\$7,914,966	\$7,780,417	\$65,372,699	\$56,022,788
Capital assets	70,519,680	72,636,067	34,282,834	31,374,176	104,802,514	104,010,243
Total assets	127,977,413	120,878,438	42,197,800	39,154,593	170,175,213	160,033,031
Deferred outflows of resources	11,252,709	14,979,211	351,649	571,329	11,604,358	15,550,540
Total assets and deferred outflows of resources	139,230,122	135,857,649	42,549,449	39,725,922	181,779,571	175,583,571
Long-term liabilities outstanding	74,978,490	69,790,979	13,291,482	14,320,020	88,269,972	84,110,999
Other liabilities	2,578,980	2,600,226	1,001,002	1,069,629	3,579,982	3,669,855
Total liabilities	77,557,470	72,391,205	14,292,484	15,389,649	91,849,954	87,780,854
Deferred inflows of resources	18,733,704	17,819,830	529,252	524,226	19,262,956	18,344,056
Net position:						
Net investment in capital assets	44,695,707	46,432,821	23,309,355	19,656,557	59,206,662	60,155,878
Restricted	6,336,024	3,388,199	-	-	6,336,024	3,388,199
Unrestricted	(8,092,783)	(4,174,406)	4,418,358	4,155,490	5,123,975	5,914,584
Total net position	42,938,948	45,646,614	27,727,713	23,812,047	70,666,661	69,458,661
Total liabilities, deferred inflows of resources and net position	\$139,230,122	\$135,857,649	\$42,549,449	\$39,725,922	\$181,779,571	\$175,583,571

An additional portion of the City of Richfield's net position represents resources that are subject to external restrictions on how they may be used. At December 31, 2018, the City had restricted net position of \$6,336,024. The remaining balance of *unrestricted net position* (\$5,123,975) may be used to meet the government's ongoing obligations to citizens and creditors.

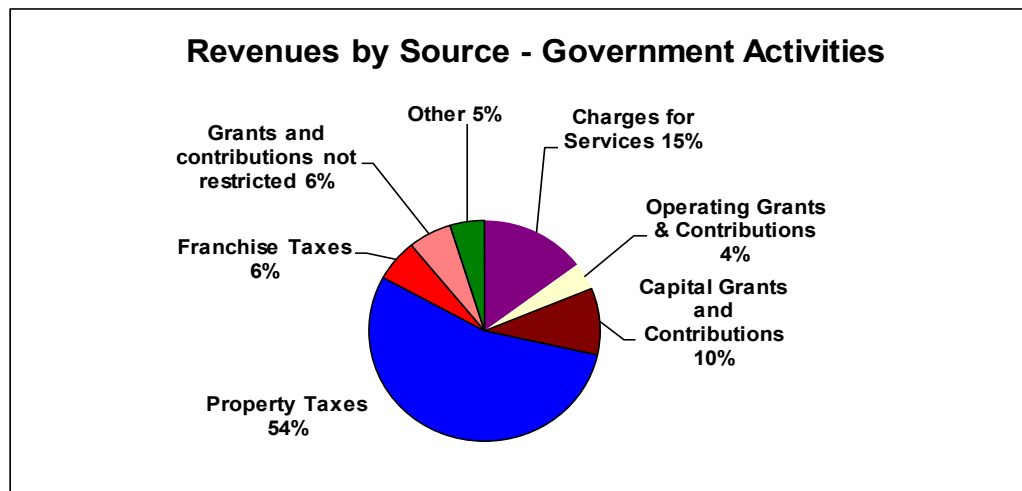
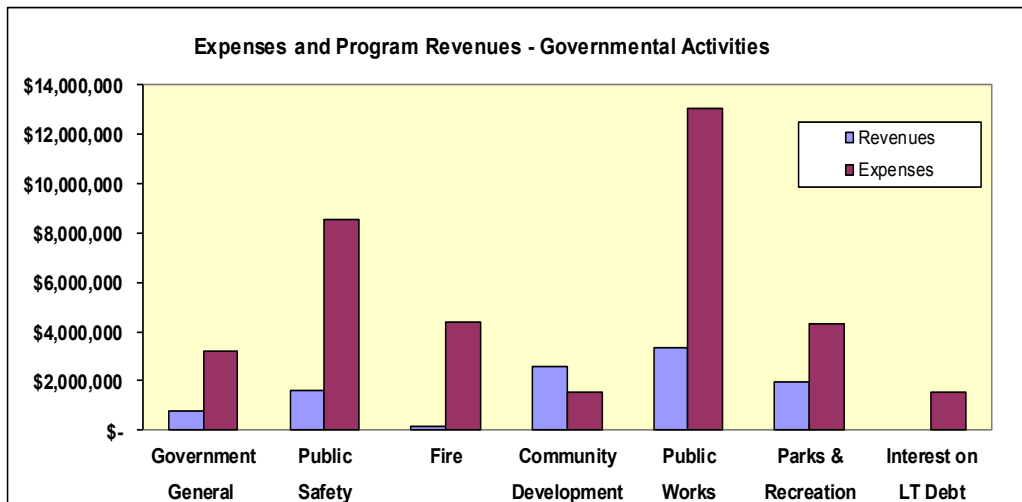
The government's net position reflects an increase of \$1,632,606. The increase can be attributed to increased revenues in Charges for Services, Property Taxes, and Capital Grants and Contributions, while expenses reflect an overall net decrease across many categories from the prior year.

**Governmental activities.** Governmental activities decreased the City of Richfield's net position by \$2,606,735 in 2018. The key elements of this decrease are as follows:

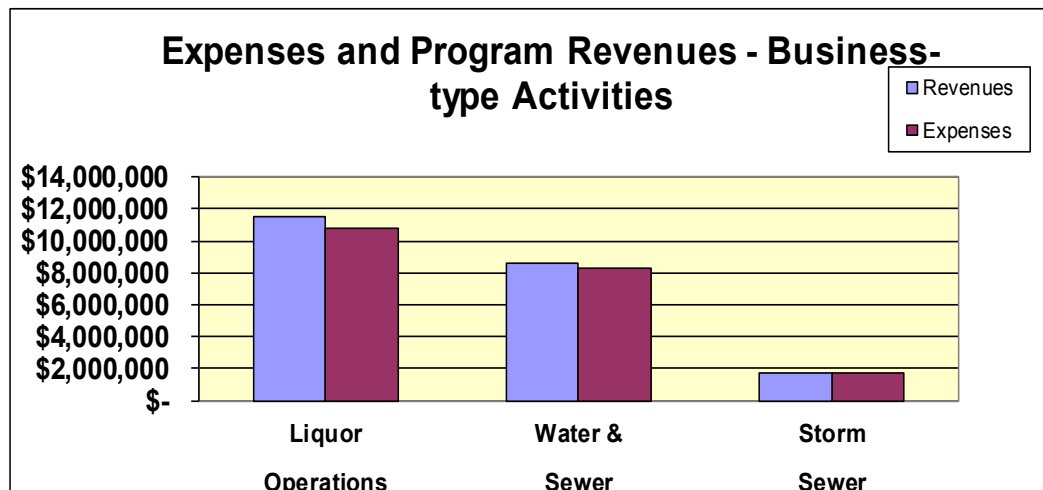
City of Richfield's Changes in Net position

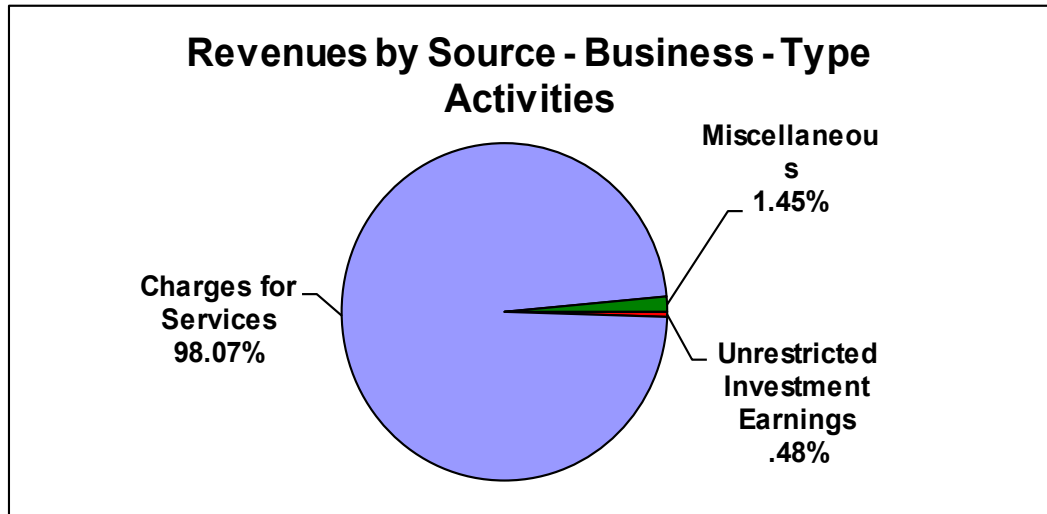
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$5,431,407	\$4,792,570	\$21,978,680	\$20,869,932	\$27,410,087	\$25,662,502
Operating grants and contributions	1,463,533	1,350,700	-	-	1,463,533	1,350,700
Capital grants and contributions	3,590,702	3,322,494	-	-	3,590,702	3,322,494
General revenues:						
Property taxes	20,019,144	19,075,553	-	-	20,019,144	19,075,553
Franchise taxes	2,242,216	2,264,759	-	-	2,242,216	2,264,759
Grants and contributions not restricted to specific programs	2,229,280	2,094,443	-	-	2,229,280	2,094,443
Other	1,772,578	1,573,837	434,240	349,124	2,206,818	1,922,961
Total revenues	36,748,860	34,474,356	22,412,920	21,219,056	59,161,780	55,693,412
Expenses:						
General government	3,205,714	3,261,312	-	-	3,205,714	3,261,312
Public safety	8,576,956	9,430,593	-	-	8,576,956	9,430,593
Fire	4,381,882	4,275,793	-	-	4,381,882	4,275,793
Community development	1,552,826	1,364,675	-	-	1,552,826	1,364,675
Public Works	13,039,259	15,028,590	-	-	13,039,259	15,028,590
Parks and recreation	4,308,628	4,142,433	-	-	4,308,628	4,142,433
Interest on long-term debt	1,563,101	1,751,627	-	-	1,563,101	1,751,627
Liquor Operations	-	-	10,824,828	10,729,098	10,824,828	10,729,098
Water & Sewer Utility	-	-	8,262,064	7,957,436	8,262,064	7,957,436
Storm Sewer Utility	-	-	1,720,653	1,623,854	1,720,653	1,623,854
Total expenses	36,628,366	39,255,023	20,807,545	20,310,388	57,435,911	59,565,411
Change in net position before transfers	120,494	(4,780,667)	1,605,375	908,668	1,725,869	(3,871,999)
Transfers	(2,727,229)	(3,715,810)	2,727,229	3,715,810	-	-
Special item	-	-	(93,263)	-	(93,263)	-
Change in net position	(2,606,735)	(8,496,477)	4,239,341	4,624,478	1,632,606	(3,871,999)
Net position – January 1	45,646,614	54,143,091	23,812,047	19,187,569	69,458,661	73,330,660
Change in accounting principle	(100,931)	-	(5,313)	-	(106,244)	-
Prior period adjustment	-	-	(318,362)	-	(318,362)	-
Net position – January 1 - Restated	45,545,683	54,143,091	23,488,372	19,187,569	69,034,055	73,330,660
Net position – December 31	\$42,938,948	\$45,646,614	\$27,727,713	\$23,812,047	\$70,666,661	\$69,458,661

- Total revenues increased by \$2,274,504 due to an increase in charges for services, specifically in license and permits revenue and ice arena and swimming pool revenues, capital grants and contributions as part of the 66<sup>th</sup> Street Reconstruction project, and finally increased property tax revenues.
- Total expenses decreased by \$2,626,657 primarily due to a reduction in public works as a result of the 66<sup>th</sup> Street Reconstruction nearing completion.
- Transfers out decreased by \$988,581 due to a reduction in contributions of utility infrastructure assets to business type activities from the 66<sup>th</sup> Street Reconstruction project. Despite this decrease, transfers out is the primary reason for the decrease in change in net position for 2018.



**Business-type activities.** Business-type activities increased the City's net position by \$4,239,341 in 2018. The increase can be attributed to improved operating performance of all business-type activities in 2018 and the assets transferred to business-type activities due to the contribution of approximately \$2.7 million of utility infrastructure to the Water and Sewer and Storm Sewer Utility funds from the 66<sup>th</sup> Street Reconstruction project.





### Financial Analysis of the Government's Funds

As noted earlier, the City of Richfield uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Richfield's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Richfield's financing requirements. Fund balances are identified based on a hierarchy of the constraints placed on the use of financial resources within governmental funds. Accordingly, fund balances are classified as: nonspendable, restricted, committed, assigned, and unassigned.

As of the end of the current fiscal year, the City of Richfield's governmental funds reported combined ending fund balances of \$39,958,760 an increase of \$5,943,860 from 2017. The increase is the result of increases in tax, intergovernmental, charges for services revenues and interest income and a decrease in debt service payments. Consequently, the year-end balance consists of the following: less than 1% (\$98,380) are amounts that are not in spendable form such as prepaid items. 35% (\$14,128,908) constitutes restricted fund balances which limits the spending of these balances to externally imposed constraints, i.e. debt service covenants. 34% (\$13,784,178) represents committed fund balances which are determined by resolution of the City Council. 21% (\$8,234,215) is classified as assigned. These amounts represent intended uses established by the City Council or by an official designated by the City Council. Finally, 9% (\$3,713,079) consists of balances classified as unassigned, which includes the fund balance of the General Fund and deficit fund balances of other governmental funds.

The general fund is the chief operating fund of the City of Richfield. At the end of the current year, the unassigned fund balance of the general fund was \$8,719,246 while total fund balance was \$8,810,296. As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total general fund revenues. Unassigned fund balance represents approximately 39% of total general fund revenues and 39% of total general fund expenditures. Moreover, the State Auditor has set a standard that unrestricted, unassigned fund balance should be between 35 and 50 percent of yearly general fund revenues. The City has adopted a policy that strives to maintain a minimum fund balance equal to 40% of total general fund revenues. At December 31, 2018 the City of Richfield the City is slightly below the minimum fund balance goal.

The City's fund balance for its general fund increased by \$55,969 in 2018. The increase is due to improved tax, license and permit, and intergovernmental revenues received in 2018.

The Ice Arena fund reflects an increase in fund balance of \$183,048 in 2018. The increase is due to improved charges for services revenue and transfers in to offset planned capital outlay expenditures.

The G.O. Improvement Bonds fund has a fund balance of \$10,844,148 of which \$8,911,127 is restricted for the payment of debt service. The fund balance increased in 2018 by \$565,737 due to increased tax revenues for future debt service requirements.

The Capital Improvement fund accounts for public improvements and road right-of-way projects undertaken by the City. This fund's balance increased by \$3,261,189. The increase can be attributed to the issuance of the \$9,770,000 General Obligation Street Reconstruction Bonds, Series 2018A which were issued to fund the second phase of the 66<sup>th</sup> Street reconstruction project and the final phase of the Mill and Overlay project and the receipt of intergovernmental revenues for the final phase of the 66<sup>th</sup> Street reconstruction project.

The nonmajor governmental funds consist of the City's Special Revenue funds, the Redevelopment Bond fund, and Park Capital Projects fund. The combined total of these funds increased by \$1,877,737 in 2018. The increase can be attributed to the accumulation of franchise fees in 2018 to be used in 2019 for the Mill and Overlay project.

**Proprietary funds.** The City of Richfield's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the liquor operation at the end of the year amounted to a negative \$497,986, for the water and sewer utility \$4,186,725, and for the storm sewer utility \$2,433,727. The total increase in net position for all of these funds was \$565,684, \$2,192,648 and \$1,547,267 respectively.

## **Budgetary Highlights**

### **General Fund**

As part of the annual budget process, the current general fund revenue and expenditure budgets are revised to reflect a more accurate picture throughout the current fiscal year. The intent of this annual budget process is for the City to continue to provide and maintain quality services to its residents while trying to maintain the tax levy at a reasonable level. As has been the recent practice, the City, under City Council direction, has been following a policy to minimize its reliance on Local Government Aid (LGA). This policy developed out of the history of volatile budget swings the State of Minnesota faced and the impact these swings had on cities with the reduction of LGA revenues. During the 2018 budget process the City deviated from this policy and increased the level of budgeted LGA by \$600,000 to a total of \$1,150,000. This was in response to the formation of the Richfield Economic Development Authority (EDA) and the issuance of the Series 2017A bonds. The tax levies from the EDA and the Series 2017A bonds put pressure on the 2018 tax levy and the increase in budgeted LGA helped relieve that pressure. Looking ahead to 2019, the City again increased budgeted LGA levels, this time by \$50,000 to a total of \$1,200,000. This was in response to increased General Fund budgeted expenditures and the issuance of the Series 2018A bonds. It is evident that the City will have to evaluate annually the amount of LGA to budget each year depending on the level of debt service tax levies and General Fund service needs. However, it will always remain the goal of the City to continue to reduce the City's dependence on LGA and at the same time to minimize the tax levy on property owners.

At the end of 2018 the City's General Fund realized a surplus of \$55,969 to its fund balance. This was accomplished through increased tax, license and permit, and intergovernmental revenues.

### **Capital Asset and Debt Administration**

**Capital assets.** The City of Richfield's investment in capital assets for its governmental and business type activities as of December 31, 2018 amounts to \$104,802,514 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, other improvements, machinery and equipment, infrastructure, and construction in progress.

Major capital asset events during 2018 included the following:

- Completion of the renovation of the Penn Avenue liquor store. The total cost of the project was \$1,129,165.
- Completion of the new Lime Feed system at the Water Plant at a total cost of \$441,082.
- Installation of new dasher boards at Rink 1 at the City's Ice Arena at a total cost of \$184,345.

**City of Richfield's Capital Assets**  
(net of depreciation)

	Governmental activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$9,353,605	\$9,353,605	\$638,673	\$638,673	\$9,992,278	\$9,992,278
Buildings and structures	34,694,936	35,825,885	3,668,515	2,887,654	38,363,451	38,713,539
Machinery and equipment	5,210,460	5,388,372	3,801,712	3,459,316	9,012,172	8,847,688
Other improvements	2,317,787	2,322,289	26,136,674	20,410,494	28,454,161	22,732,783
Streets (Infrastructures)	17,327,294	19,178,669	-	-	17,327,294	19,178,669
Construction in progress	1,615,598	567,247	37,560	3,978,039	1,653,158	4,545,286
Total capital assets	\$70,519,680	\$72,636,067	\$34,282,834	\$31,374,176	\$104,802,514	\$104,010,243

Additional information on the City's capital assets can be found in Note 1M and Note 3 Capital Assets in the accompanying notes to the basic financial statements.

**Long-term debt.**

At the end of the current fiscal year, the City of Richfield had total bonded debt outstanding of \$68,313,085. The debt service for the general obligation redevelopment bonds is provided through the collection of tax increments from Hennepin County. On an annual basis tax increment proceeds are transferred to meet annual debt service requirements. The general obligation improvement bonds are serviced by special assessment collections and tax levies.

During 2018, the City issued the \$9,770,000 General Obligation Street Reconstruction Bonds, Series 2018A, for the purpose of funding the second phase of the 66<sup>th</sup> Street reconstruction project and the final phase of the Mill and Overpay projects.

**City of Richfield's Outstanding Debt**  
General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation redevelopment bonds	\$4,940,000	\$5,645,000	\$ -	\$ -	\$4,940,000	\$5,645,000
General obligation improvement bonds	52,399,606	44,228,837	-	-	52,399,606	44,228,837
Revenue bonds	-	-	10,973,479	11,742,079	10,973,479	11,742,079
Total	\$57,339,606	\$49,873,837	\$10,973,479	\$11,742,079	\$68,313,085	\$61,615,916

The City of Richfield maintains an AA+ rating from Standard & Poor's and an "Aa2" rating from Moody's Investor Service, for general obligation debt.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The current debt limitation for the City of Richfield is \$91,760,000, which is in excess of the City of Richfield's outstanding general obligation debt.

Additional details of the City's long-term debt activity can be found in Note 5, Long-Term Liabilities, in the accompanying notes to the basic financial statements.

**Economic Factors and Next Year's Budgets and Rates**

The following items are an integral part of the City's planning for and dealing with near-term financial issues:

- The economic and financial issues faced by the State of Minnesota over the last several years appear to be a thing of the past. As of February 2019, the State is forecasting a budget surplus of

approximately \$1.05 billion dollars by the end of the fiscal year 2020-2021 biennium. This is a very strong positive for all cities in Minnesota. As for the City of Richfield, despite the positive financial forecast from the State, it intends to continue its policy of eliminating or at a minimum, reducing its dependence on Local Government Aid, when it is financially feasible, and to remain fiscally responsible.

- In addition, the state of the economy, both local and national, has and will have an impact on the City. However, as the economy has stabilized and started to improve, the City has seen some positive signs. Market values within the City have increased for 2018 and those increases are expected to continue into 2019. Moreover, the market for redevelopment within the City is strong as developers are starting to seek out the City for redevelopment opportunities within the City.
- Rates for the Utility operations increased for 2018. For 2019 water rates will increase across the three tier levels by 10%. Tier 1 will increase by .35 cents per thousand gallons, Tier 2 will increase by .42 cents per thousand gallons, and Tier 3 rates will increase by .51 cents per thousand gallons. In addition, wastewater rates will increase by 10% or .51 cents per thousand gallons. Finally, rates for the Storm Sewer Utility will increase by 7% or 1.24 per quarter over 2018 levels.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Richfield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Manager, City of Richfield, 6700 Portland Avenue South, Richfield, MN 55423.



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## **BASIC FINANCIAL STATEMENTS**

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CITY OF RICHFIELD, MINNESOTA  
STATEMENT OF NET POSITION  
December 31, 2018

Statement 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Housing & Redev. Authority	Economic Dev. Authority
<b>ASSETS:</b>					
Cash & investments	\$ 45,518,863	\$ 5,603,627	\$ 51,122,490	\$ 10,550,690	\$ 259,240
Accrued interest	171,859	-	171,859	-	-
Due from other governments	906,710	5,890	912,600	35,708	3,303
Accounts receivable - net	867,898	2,905,324	3,773,222	105,507	-
Inventories	-	1,305,583	1,305,583	-	-
Internal balances	1,920,404	(1,920,404)	-	-	-
Due from component unit	1,204,860	-	1,204,860	-	-
Prepaid items	98,380	14,946	113,326	-	-
Property taxes receivable:					
Delinquent	206,160	-	206,160	5,892	5,760
Special assessments receivable	474,670	-	474,670	-	-
Assets held for resale	-	-	-	1,898,307	-
Restricted assets:					
Cash & investments	6,087,929	-	6,087,929	39,245	-
Long term second mortgage receivable	-	-	-	2,395,219	100,185
Allowance for uncollectible accounts	-	-	-	(2,395,219)	(100,185)
Capital assets (not depreciable)	10,969,203	676,233	11,645,436	-	-
Capital assets (net of accumulated depr.)	59,550,477	33,606,601	93,157,078	-	-
Total assets	<u>127,977,413</u>	<u>42,197,800</u>	<u>170,175,213</u>	<u>12,635,349</u>	<u>268,303</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred outflows or resources related to pensions	11,100,622	343,287	11,443,909	-	-
Deferred outflows or resources related to OPEB	152,087	8,362	160,449	-	-
Total Deferred Outflows of Resources	<u>11,252,709</u>	<u>351,649</u>	<u>11,604,358</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows or resources	<u>139,230,122</u>	<u>42,549,449</u>	<u>181,779,571</u>	<u>12,635,349</u>	<u>268,303</u>
<b>LIABILITIES:</b>					
Accounts and contracts payable	1,104,033	672,042	1,776,075	69,199	37,942
Due to other governmental units	305,491	143,965	449,456	-	-
Due to primary government	-	-	-	1,204,860	-
Salaries payable	420,414	68,525	488,939	-	-
Accrued interest payable	749,041	116,470	865,511	-	-
Noncurrent liabilities:					
Due within one year	9,431,763	892,768	10,324,531	-	-
Due in more than one year	65,546,728	12,398,714	77,945,442	-	-
Total Liabilities	<u>77,557,470</u>	<u>14,292,484</u>	<u>91,849,954</u>	<u>1,274,059</u>	<u>37,942</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred inflows of resources related to pensions	15,833,821	529,252	16,363,073	-	-
State aid received for subsequent years	2,899,883	-	2,899,883	-	-
Total Deferred Inflows of Resources	<u>18,733,704</u>	<u>529,252</u>	<u>19,262,956</u>	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>					
Net investment in capital assets	44,695,707	23,309,355	59,206,662	-	-
Restricted for:					
Debt service	2,356,747	-	2,356,747	-	-
Capital projects	3,587,246	-	3,587,246	5,272,344	-
Grants and donations	392,031	-	392,031	73,645	-
Unrestricted	(8,092,783)	4,418,358	5,123,975	6,015,301	230,361
Total net position	<u>42,938,948</u>	<u>27,727,713</u>	<u>70,666,661</u>	<u>11,361,290</u>	<u>230,361</u>
Total liabilities, deferred inflows of resources and net position	<u>139,230,122</u>	<u>42,549,449</u>	<u>181,779,571</u>	<u>12,635,349</u>	<u>268,303</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 3,205,714	\$ 793,277	\$ -	\$ -
Public Safety	8,576,956	750,959	880,202	-
Fire	4,381,882	3,740	179,543	-
Community Development	1,552,826	1,696,677	-	869,366
Public Works	13,039,259	317,813	338,043	2,721,336
Parks and Recreation	4,308,628	1,868,941	65,745	-
Interest on long-term debt	1,563,101	-	-	-
<b>Total governmental activities</b>	<b>36,628,366</b>	<b>5,431,407</b>	<b>1,463,533</b>	<b>3,590,702</b>
<b>Business-type activities:</b>				
Liquor Operations	10,824,828	11,561,557	-	-
Water & Sewer Utility	8,262,064	8,648,729	-	-
Storm Sewer Utility	1,720,653	1,768,394	-	-
<b>Total business-type activities</b>	<b>20,807,545</b>	<b>21,978,680</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 57,435,911</b>	<b>\$ 27,410,087</b>	<b>\$ 1,463,533</b>	<b>\$ 3,590,702</b>
<b>Component units:</b>				
Housing & Redevelopment Authority	\$ 9,412,275	\$ 42,302	\$ 1,697,348	\$ 49,067
Economic Development Authority	333,584	-	-	-
<b>Total Component Unit</b>	<b>\$ 9,745,859</b>	<b>\$ 42,302</b>	<b>\$ 1,697,348</b>	<b>\$ 49,067</b>
<b>General Revenues:</b>				
<b>Taxes:</b>				
Property taxes, levied for general purposes				
Franchise taxes				
Tax Increments				
<b>Grants &amp; contributions not restricted to specific programs</b>				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Special item				
<b>Total general revenues, transfers and special items</b>				
Change in net position				
<b>Net position - beginning</b>				
Change in accounting principle				
Prior period adjustment				
<b>Net position - beginning - restated</b>				
<b>Net position - ending</b>				

The accompanying notes are an integral part of these financial statements.

Statement 2

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business-Type Activities	Total		
\$ (2,412,437)	\$ -	\$ (2,412,437)	\$ -	\$ -
(6,945,795)	-	(6,945,795)	-	-
(4,198,599)	-	(4,198,599)	-	-
1,013,217	-	1,013,217	-	-
(9,662,067)	-	(9,662,067)	-	-
(2,373,942)	-	(2,373,942)	-	-
(1,563,101)	-	(1,563,101)	-	-
(26,142,724)	-	(26,142,724)	-	-
-	736,729	736,729	-	-
-	386,665	386,665	-	-
-	47,741	47,741	-	-
-	1,171,135	1,171,135	-	-
\$ (26,142,724)	\$ 1,171,135	\$ (24,971,589)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (7,623,558)	\$ -
-	-	-	-	(333,584)
\$ -	\$ -	\$ -	\$ (7,623,558)	\$ (333,584)
\$ 20,019,144	\$ -	\$ 20,019,144	\$ 566,595	\$ 560,007
2,242,216	-	2,242,216	-	-
-	-	-	4,997,404	-
2,229,280	-	2,229,280	-	-
840,522	108,145	948,667	163,999	1,238
932,056	326,095	1,258,151	662,119	2,700
(2,727,229)	2,727,229	-	-	-
-	(93,263)	(93,263)	-	-
23,535,989	3,068,206	26,604,195	6,390,117	563,945
(2,606,735)	4,239,341	1,632,606	(1,233,441)	230,361
45,646,614	23,812,047	69,458,661	12,594,731	-
(100,931)	(5,313)	(106,244)	-	-
-	(318,362)	(318,362)	-	-
45,545,683	23,488,372	69,034,055	12,594,731	-
\$ 42,938,948	\$ 27,727,713	\$ 70,666,661	\$ 11,361,290	\$ 230,361

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2018**

Statement 3

	General	Ice Arena	Improvement Bonds	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 5,846,296	\$ -	\$ 4,565,430	\$ 16,173,430	\$ 9,530,648	\$ 36,115,804
Cash and investments held by trustee	-	-	6,087,929	-	-	6,087,929
Accrued Interest	-	-	171,859	-	-	171,859
Due from other governments	198,494	-	18,930	666,838	22,448	906,710
Receivables, net	160,470	108,684	-	-	598,744	867,898
Due from other funds	3,379,262	-	-	107,068	148,037	3,634,367
Due from component unit	-	-	-	40,553	-	40,553
Prepaid items	91,050	-	-	-	7,330	98,380
Delinquent property taxes receivable	172,440	-	29,910	3,810	-	206,160
Special assessments receivable	-	-	294,751	179,919	-	474,670
Advances to other funds	-	-	-	109,229	727,305	836,534
Advances to component unit	-	-	-	659,547	-	659,547
<b>Total assets</b>	<b>\$ 9,848,012</b>	<b>\$ 108,684</b>	<b>\$ 11,168,809</b>	<b>\$ 17,940,394</b>	<b>\$ 11,034,512</b>	<b>\$ 50,100,411</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 206,127	\$ 56,224	\$ -	\$ 400,574	\$ 191,721	\$ 854,646
Accrued salaries and benefits	383,248	11,983	-	-	2,702	397,933
Due to other funds	-	2,644,472	-	-	946,330	3,590,802
Payable to other governments	275,901	3,567	-	239	570	280,277
Advances from other funds	-	1,233,840	-	-	203,440	1,437,280
<b>Total liabilities</b>	<b>865,276</b>	<b>3,950,086</b>	<b>-</b>	<b>400,813</b>	<b>1,344,763</b>	<b>6,560,938</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue - delinquent property taxes	\$ 172,440	\$ -	\$ 29,910	\$ 3,810	\$ -	\$ 206,160
Unavailable revenue - special assessments	-	-	294,751	179,919	-	474,670
State aid received for subsequent years	-	-	-	2,899,883	-	2,899,883
<b>Total Deferred Inflows of Resources</b>	<b>172,440</b>	<b>-</b>	<b>324,661</b>	<b>3,083,612</b>	<b>-</b>	<b>3,580,713</b>
<b>Fund balances:</b>						
Nonspendable	91,050	-	-	-	7,330	98,380
Restricted	-	-	8,911,127	4,825,750	392,031	14,128,908
Committed	-	-	1,426,243	1,902,782	10,455,153	13,784,178
Assigned	-	-	506,778	7,727,437	-	8,234,215
Unassigned	8,719,246	(3,841,402)	-	-	(1,164,765)	3,713,079
<b>Total fund balances</b>	<b>8,810,296</b>	<b>(3,841,402)</b>	<b>10,844,148</b>	<b>14,455,969</b>	<b>9,689,749</b>	<b>39,958,760</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,848,012</b>	<b>\$ 108,684</b>	<b>\$ 11,168,809</b>	<b>\$ 17,940,394</b>	<b>\$ 11,034,512</b>	<b>\$ 50,100,411</b>
<b>Fund balance reported above</b>						<b>\$ 39,958,760</b>
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>						
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds						66,630,238
Other long-term assets are not available to pay for current- period expenditures and therefore, are deferred in the funds.						
Delinquent property taxes						206,160
Special assessments not yet due						474,670
The assets and liabilities of certain Internal Service Funds are included in governmental activities in the statement of net position						
Net position of internal service funds						10,392,505
Allocation to reflect consolidation of internal service fund activities related to enterprise funds						1,704,108
Allocation to reflect consolidation of internal service fund activities related to component unit						504,760
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:						
Unfunded OPEB liability						(2,109,428)
Net pension liability						(12,217,318)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.						
Deferred outflows of resources related to pensions						10,975,499
Deferred inflows of resources related to pensions						(15,640,917)
Deferred outflows of resources related to OPEB						148,558
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:						
Bonds payable						(56,260,000)
Premiums general obligation debt						(1,079,606)
Accrued interest payable						(749,041)
<b>Net position of governmental activities</b>						<b>\$ 42,938,948</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended December 31, 2018**

Statement 4

	General	Ice Arena	Improvement Bonds	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Property taxes	\$ 16,003,424	\$ -	2,884,805	\$ 1,152,799	\$ -	\$ 20,041,028
Franchise taxes	-	-	-	-	2,242,216	2,242,216
Special assessments	-	-	56,015	146,293	-	202,308
Fees and fines	310,713	-	-	-	53,093	363,806
License and permits	1,385,288	-	-	-	-	1,385,288
Intergovernmental	2,383,163	-	-	3,630,323	981,744	6,995,230
Charges for Services	2,246,618	1,064,759	-	-	370,936	3,682,313
Investment earnings	93,957	-	220,761	227,766	142,869	685,353
Miscellaneous	59,816	68,360	-	105,581	717,298	951,055
<b>Total revenues</b>	<b>22,482,979</b>	<b>1,133,119</b>	<b>3,161,581</b>	<b>5,262,762</b>	<b>4,508,156</b>	<b>36,548,597</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Legislative/Executive	837,836	-	-	-	-	837,836
Administrative Services	668,263	-	-	-	472,379	1,140,642
Finance	674,332	-	-	-	-	674,332
Public Safety	8,671,310	-	-	-	84,728	8,756,038
Fire	4,237,354	-	-	-	-	4,237,354
Community Development	1,471,067	-	-	-	-	1,471,067
Public Works	4,032,936	-	-	6,801,118	-	10,834,054
Recreation Services	1,896,519	992,963	-	-	726,496	3,615,978
<b>Debt service:</b>						
Principal	-	-	1,660,000	-	705,000	2,365,000
Interest and other charges	-	18,573	1,415,058	-	164,366	1,597,997
Capital outlay	42,313	193,535	-	210,261	444,110	890,219
Construction/acquisition costs	-	-	-	3,551,094	-	3,551,094
<b>Total expenditures</b>	<b>22,531,930</b>	<b>1,205,071</b>	<b>3,075,058</b>	<b>10,562,473</b>	<b>2,597,079</b>	<b>39,971,611</b>
<b>Revenues over (under) expenditures</b>	<b>(48,951)</b>	<b>(71,952)</b>	<b>86,523</b>	<b>(5,299,711)</b>	<b>1,911,077</b>	<b>(3,423,014)</b>
<b>Other financing sources (uses):</b>						
Transfers in	299,920	255,000	357,440	9,956,464	427,500	11,296,324
Transfers out	(195,000)	-	(9,800,000)	(1,395,564)	(460,840)	(11,851,404)
Bonds issued	-	-	9,770,000	-	-	9,770,000
Premiums (Discounts) on bonds issued	-	-	151,774	-	-	151,774
<b>Total other financing sources and (uses)</b>	<b>104,920</b>	<b>255,000</b>	<b>479,214</b>	<b>8,560,900</b>	<b>(33,340)</b>	<b>9,366,694</b>
<b>Net increase (decrease) in fund balance</b>	<b>55,969</b>	<b>183,048</b>	<b>565,737</b>	<b>3,261,189</b>	<b>1,877,737</b>	<b>5,943,680</b>
<b>Fund Balances - January 1</b>	<b>8,754,327</b>	<b>(4,024,450)</b>	<b>10,278,411</b>	<b>11,194,780</b>	<b>7,812,012</b>	<b>34,015,080</b>
<b>Fund balances - December 31</b>	<b>\$ 8,810,296</b>	<b>\$ (3,841,402)</b>	<b>\$ 10,844,148</b>	<b>\$ 14,455,969</b>	<b>\$ 9,689,749</b>	<b>\$ 39,958,760</b>

The accompanying notes are an integral part of these financial statements.



**CITY OF RICHFIELD, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For The Year Ended December 31, 2018**

**Statement 5**

Net Change in fund balances - total governmental funds	\$ 5,943,680
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,451,041) and assets contributed to Enterprise Funds (\$2,957,149) exceeded capital outlay (\$4,481,518) in the current period.	(1,926,672)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The amounts of these differences are as follows:	
Delinquent property taxes	(21,884)
Deferred special assessments	(32,015)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amounts of these differences are:	
Principal payments on long-term debt	2,365,000
Issuance of long-term debt	(9,770,000)
Premiums on long-term debt	(60,769)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:	
Change in accrued interest payable	(56,109)
Net other post-employment benefit obligations payable reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds until actually due.	(147,378)
Government funds recognized pension contributions as expenditures at the time of payment whereas the statement of activities factors in items related to pensions on a full accrual perspective.	
Pension expense	481,490
State Contribution	98,992
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunication, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	
Investment earnings	155,169
Consolidation of internal service fund activities related to government activities	(421,239)
Transfers in	785,000
Change in net position of governmental activities:	<u>\$ (2,606,735)</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2018**

Statement 6

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Municipal Liquor Fund	Water and Sewer Utility Fund	Storm Sewer Fund	Total	
<b>ASSETS:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ -	\$ 3,204,812	\$ 2,398,815	\$ 5,603,627	\$ 9,403,059
Receivables, net	-	2,532,111	373,214	2,905,325	-
Due from other funds	-	212,511	-	212,511	63,503
Due from other governments	-	5,890	-	5,890	-
Inventories	1,305,583	-	-	1,305,583	-
Prepaid items	14,946	-	-	14,946	-
Total current assets	<u>1,320,529</u>	<u>5,955,324</u>	<u>2,772,029</u>	<u>10,047,882</u>	<u>9,466,562</u>
<b>Noncurrent assets:</b>					
Advances to other funds	-	-	-	-	709,975
<b>Capital assets:</b>					
Land	499,188	53,550	85,935	638,673	-
Construction in progress	-	37,560	-	37,560	67,640
Distribution and collection systems	-	24,705,188	22,071,022	46,776,210	-
Buildings and equipment	6,354,471	16,144,309	674,472	23,173,252	10,569,286
Less accumulated depreciation	<u>(2,516,842)</u>	<u>(22,830,284)</u>	<u>(10,995,735)</u>	<u>(36,342,861)</u>	<u>(6,747,484)</u>
Total capital assets (net of accumulated depreciation)	<u>4,336,817</u>	<u>18,110,323</u>	<u>11,835,694</u>	<u>34,282,834</u>	<u>3,889,442</u>
Total noncurrent assets	<u>4,336,817</u>	<u>18,110,323</u>	<u>11,835,694</u>	<u>34,282,834</u>	<u>4,599,417</u>
Total assets	<u>5,657,346</u>	<u>24,065,647</u>	<u>14,607,723</u>	<u>44,330,716</u>	<u>14,065,979</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred outflows or resources related to pensions	154,427	181,196	7,664	343,287	125,122
Deferred outflows or resources related to OPEB	3,744	2,845	1,773	8,362	3,530
	<u>158,171</u>	<u>184,041</u>	<u>9,437</u>	<u>351,649</u>	<u>128,652</u>
Total assets and deferred outflows of resources	<u>5,815,517</u>	<u>24,249,688</u>	<u>14,617,160</u>	<u>44,682,365</u>	<u>14,194,631</u>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Accounts payable	327,655	127,705	212,637	667,997	249,388
Contracts payable	4,045	-	-	4,045	-
Accrued salaries and benefits	34,053	33,082	1,390	68,525	22,481
Due to other governments	123,794	20,171	-	143,965	25,214
Compensated absences	62,191	79,448	1,129	142,768	561,763
Accrued interest payable	-	52,090	64,380	116,470	-
Due to other funds	212,511	107,068	-	319,579	-
Bonds, notes, and loans payable	-	375,000	375,000	750,000	-
Total current liabilities	<u>764,249</u>	<u>794,564</u>	<u>654,536</u>	<u>2,213,349</u>	<u>858,846</u>
<b>Noncurrent liabilities:</b>					
Advances from other funds	-	109,229	-	109,229	-
Compensated absences	64,485	82,379	1,171	148,035	1,404,753
Net OPEB obligation	51,043	67,002	-	118,045	70,028
Net pension liability	858,827	997,845	52,483	1,909,155	695,863
Claims and judgments	-	-	-	-	579,732
Bonds, notes, and loans payable (net of unamortized premiums and discounts)	-	4,082,218	6,141,261	10,223,479	-
Total noncurrent liabilities	<u>974,355</u>	<u>5,338,673</u>	<u>6,194,915</u>	<u>12,507,943</u>	<u>2,750,376</u>
Total liabilities	<u>1,738,604</u>	<u>6,133,237</u>	<u>6,849,451</u>	<u>14,721,292</u>	<u>3,609,222</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred inflows or resources related to pensions	238,082	276,621	14,549	529,252	192,904
<b>NET POSITION:</b>					
Net investment in capital assets	4,336,817	13,653,105	5,319,433	23,309,355	3,889,442
Unrestricted	(497,986)	4,186,725	2,433,727	6,122,466	6,503,063
Total net position	<u>3,838,831</u>	<u>17,839,830</u>	<u>7,753,160</u>	<u>29,431,821</u>	<u>10,392,505</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,815,517</u>	<u>\$ 24,249,688</u>	<u>\$ 14,617,160</u>		<u>\$ 14,194,631</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(1,704,108)	
Net position of business - type activities				<u>\$ 27,727,713</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF RICHFIELD, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITON  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2018

Statement 7

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Municipal Liquor Fund	Water and Sewer Utility Fund	Storm Sewer Fund	Total Current Year	
<b>OPERATING REVENUES</b>					
Charges for Service	\$ 11,561,557	\$ 8,648,729	\$ 1,768,394	\$ 21,978,680	\$ 3,860,861
Less: cost of sales	(8,645,844)	-	-	(8,645,844)	-
Total operating revenues	2,915,713	8,648,729	1,768,394	13,332,836	3,860,861
<b>OPERATING EXPENSES</b>					
Personnel services	1,372,924	2,160,926	375,240	3,909,090	1,474,614
Other service and charges	579,474	4,753,196	585,199	5,917,869	2,284,711
Depreciation	207,322	1,200,236	604,129	2,011,687	828,458
Total operating expenses	2,159,720	8,114,358	1,564,568	11,838,646	4,587,783
Operating income (loss)	755,993	534,371	203,826	1,494,190	(726,922)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	-	74,943	33,202	108,145	155,169
Intergovernmental revenue	6,570	17,634	401	24,605	5,324
Miscellaneous revenue	33,041	92,194	176,255	301,490	135,303
Gain(loss) on disposal of capital assets	-	-	-	-	86,862
Interest expense	-	(114,229)	(142,567)	(256,796)	-
Total nonoperating revenue (expenses)	39,611	70,542	67,291	177,444	382,658
Income before transfers & capital contributions	795,604	604,913	271,117	1,671,634	(344,264)
Capital Contributions	-	1,587,736	1,369,413	2,957,149	-
Transfers in	70,000	-	-	70,000	855,000
Transfers out	(299,920)	-	-	(299,920)	(70,000)
Special item	-	-	(93,263)	(93,263)	-
Changes in net position	565,684	2,192,649	1,547,267	4,305,600	440,736
Total net position - beginning	3,275,272	15,850,877	6,323,747		9,953,893
Change in accounting principle	(2,125)	(3,188)	-		(2,124)
Prior period adjustment	-	(200,508)	(117,854)		-
Total net position - beginning - restated	3,273,147	15,647,181	6,205,893		9,951,769
Total net position - ending	\$ 3,838,831	\$ 17,839,830	\$ 7,753,160		\$ 10,392,505
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(66,259)	
Transfers in of capital assets from governmental activities				2,957,149	
Governmental activities contribution revenue reported above				(2,957,149)	
Change in net position of business - type activities				\$ 4,239,341	

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2018

Statement 8

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Municipal Liquor Fund	Water and Sewer Utility Fund	Storm Sewer Fund	Totals	
Cash flows from operating activities:					
Receipts from customers and users	\$ 2,916,221	\$ 8,494,678	\$ 1,752,013	\$ 13,162,912	\$ -
Receipts from interfund services provided	-	-	-	-	3,875,782
Payment to employees	(1,381,095)	(2,146,068)	(381,697)	(3,908,860)	(1,563,199)
Payment to suppliers	(732,542)	(4,483,662)	(453,142)	(5,669,346)	(2,451,170)
Payments for interfund services used	(172,994)	(271,608)	(125,671)	(570,273)	-
Miscellaneous revenue	33,041	92,194	176,255	301,490	140,627
Net cash flows from operating activities	662,631	1,685,534	967,758	3,315,923	2,040
Cash flows from noncapital financing activities:					
Transfer from Special Revenue Fund	70,000	-	-	70,000	-
Transfer to General Fund	(299,920)	-	-	(299,920)	-
Transfer from Capital Project Funds	-	-	-	-	785,000
Transfer from Internal Service Funds	-	-	-	-	70,000
Transfer to Internal Service Funds	-	-	-	-	(70,000)
Interfund borrowing	212,511	(317,461)	-	(104,950)	62,247
Intergovernmental grants	6,570	17,634	401	24,605	-
Net cash flows from noncapital financing activities:	(10,839)	(299,827)	401	(310,265)	847,247
Cash flows from capital and related financing activities:					
Proceeds from disposal of capital assets	-	-	-	-	30,736
Acquisition of capital assets	(1,376,122)	(516,426)	(70,650)	(1,963,198)	(582,619)
Principal paid on capital debt	-	(370,000)	(365,000)	(735,000)	-
Interest payments	-	(137,488)	(161,394)	(298,882)	-
Net cash flows from capital and related financing activities	(1,376,122)	(1,023,914)	(597,044)	(2,997,080)	(551,883)
Cash flows from investing activities:					
Investment income	-	74,943	33,202	108,145	155,169
Net increase (decrease) in cash and cash equivalents	(724,330)	436,736	404,317	116,723	452,573
Cash and cash equivalents - January 1	724,330	2,768,076	1,994,498	5,486,904	8,950,486
Cash and cash equivalents - December 31	\$ -	\$ 3,204,812	\$ 2,398,815	\$ 5,603,627	\$ 9,403,059
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ 755,993	\$ 534,370	\$ 203,826	\$ 1,494,189	\$ (726,922)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Miscellaneous revenue (expense)	33,041	92,194	176,255	301,490	140,627
Depreciation	207,322	1,200,237	604,129	2,011,688	828,459
Changes in assets and liabilities:					
Decrease (increase) in receivables	508	(151,125)	(16,379)	(166,996)	14,921
Decrease (increase) in prepaid items	1,006	-	-	1,006	1,418
Decrease (increase) in inventory	(59,530)	-	-	(59,530)	-
Decrease (increase) in deferred outflows related to pensions	116,692	96,791	6,197	219,680	85,969
Increase (decrease) in payables	(192,506)	(41,780)	7,075	(227,211)	(8,470)
Increase (decrease) in salaries and benefits payable	7,926	7,070	35	15,031	3,187
Increase (decrease) in compensated absences	(16,097)	7,789	(6,494)	(14,802)	(91,770)
Increase (decrease) in due to other governments	2,308	(15,506)	-	(13,198)	(45,588)
Increase (decrease) in net OPEB obligations	8,635	8,826	-	17,461	7,750
Increase (decrease) in deferred inflows related to pensions	(14,120)	18,942	204	5,026	(4,023)
Increase (decrease) in net pension liability	(188,547)	(72,274)	(7,090)	(267,911)	(121,958)
Increase (decrease) in claims and judgments	-	-	-	-	(81,560)
Total adjustments	(93,362)	1,151,164	763,932	1,821,734	728,962
Net cash flows from operating activities	\$ 662,631	\$ 1,685,534	\$ 967,758	\$ 3,315,923	\$ 2,040
Non cash capital and related financing activities:					
Capital assets contributed by other funds	\$ -	\$ 1,587,736	\$ 1,369,413	\$ 2,957,149	\$ -
Net non cash flows from non cash capital and related financing activities	\$ -	\$ 1,587,736	\$ 1,369,413	\$ 2,957,149	\$ -

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**December 31, 2018**

**Statement 9**

	<u>Agency Fund</u>
<b>Assets</b>	
Cash and investments	<u>\$ 594,510</u>
<b>Total Assets</b>	<u><u>\$ 594,510</u></u>
<b>Liabilities</b>	
Due to other governments	\$ 4,045
Deposits	<u>590,465</u>
<b>Total Liabilities</b>	<u><u>\$ 594,510</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

1. Summary of Significant Accounting Policies

The City of Richfield (the City) was incorporated February 26, 1908. Since 1964, the City has operated under a Council-Manager form of government, as authorized by its City Charter.

The accounting policies of the City conform to generally accepted accounting principles, as applied to governmental units by the U.S. Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Reporting Entity

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the general purpose financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

- *Blended Component Units* - Reported as if they were part of the City.
- *Discretely Presented Component Units* - Entails reporting the component unit financial data in a column separate from the financial data of the City.
- *Related Organizations* - The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

- *Blended Components Units:*  
The City has no blended component units.
- *Discretely Presented Component Units:*  
Housing and Redevelopment Authority (HRA) in and for the City of Richfield.  
Economic Development Authority (EDA) in and for the City of Richfield

The HRA was established on November 12, 1974, per Minnesota State Statute 462.426 (Minnesota Housing and Redevelopment Act of 1947), and is governed by a five-member commission appointed by the Mayor. The HRA was formed by the City to provide housing and redevelopment assistance to Richfield citizens and businesses. The HRA provides this assistance through the general taxes, the use of Community Development Block Grants, and the establishment of tax increment and tax abatement financing districts. The HRA also operates the Section 8 rental subsidy program as a direct recipient from the Department of Housing and Urban Development. As the City appoints the HRA commission and has the ability to hire or dismiss those persons responsible for its day-to-day operations, the HRA is considered a component unit of the City.

The EDA was established May 9, 2017 per Minnesota State Statutes, Sections 469.090 through 469.108 and some but not all of the powers of a housing and redevelopment authority under Minnesota Statutes, Sections 469.001 through 469.047. The EDA is governed by a five-member commission. Two commissioners shall be members of the City Council and three commissioners shall be members at large. The three at large commissioners shall be the three at large commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota. The EDA was formed to provide resources for economic development in Richfield, including the Kids @ Home program, Transformation Loan program, apartment remodeling programs and business development programing.

Financial statements of the HRA can be obtained from the administrative offices at City Hall:

Richfield Housing and Redevelopment Authority  
6700 Portland Avenue South  
Richfield, Minnesota 55423

Financial Statements of the EDA can be obtained from the administrative offices at City Hall

Richfield Economic Development Authority  
6700 Portland Avenue South  
Richfield, Minnesota 55423

- *Related Organizations*  
The City has no related organizations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, however, are unlike all other funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, OPEB obligations, and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Ice Arena Fund accounts for the revenues earned and other resources generated by the operation of the City's two sheet ice arena facility.

The Improvement Bond Debt Service Fund is used for the accumulation of resources for payment of principal and interest for outstanding general obligation issues.

The Capital Improvement Capital Projects Fund is used to account for projects related to public improvement within the City.

The government reports the following major proprietary funds:

The Municipal Liquor Fund accounts for the operations of the four municipal liquor stores operated by the City.

The Water and Sewer Utility Fund accounts for the water and sewer service charges which are used to finance the water system and sanitary sewer system operating expenses.

The Storm Sewer Fund accounts for storm sewer user fees, which are used to finance storm sewer system operating expenses.

Additionally, the government reports the following fund types:

Internal Service Funds account for fleet management, data processing, risk management, building maintenance services, and compensated absences, provided to other funds or departments on a cost reimbursement basis.

Agency Funds are used to account for the City's collection of fees to be remitted to the State of Minnesota such as building permit-surcharges, snowmobile-boat license fees, and motor vehicle license fees. In addition, escrow deposits collected, are accounted within agency funds. These funds are custodial in nature and do not involve measurement of results of operation.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City of Richfield. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds, the liquor, water & sewer, and storm sewer funds, and the City's internal service funds are from the sale of product and charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for an allowable use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Budgets

Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and for the Debt Service Funds by bond indentures.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year-end are reported within restrictions, commitments, or assignments of fund balance, as appropriate, since they do not constitute expenditures or liabilities. At December 31, 2018 there are no significant encumbrances outstanding in any major or nonmajor fund.

#### E. Legal Compliance - Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statement and set forth in Sections 7.05 and 7.06 of the City Charter.

1. The City Manager shall, at a special budget meeting of the Council on or before September 15, submit to the Council a proposed budget and an explanatory budget message in a form and manner as prescribed by the City Charter.



2. At the City Council meeting, where the proposed budget and tax levy is submitted for adoption, the Council shall determine the place and time of the public hearing on the budget. Public hearings are conducted to obtain taxpayer comments.
3. The Council shall adopt the budget no later than the last date established by law for the County Auditor to levy taxes. The budget shall set forth the total for each budgeted fund and each department with such segregation as to objects and purposes of expenditures as the Council deems necessary for purposes of budget control for the General and Special Revenue Funds.
4. Reported budget amounts are as originally adopted or as amended by Council-approved budget transfers. During 2018 the General Fund budget was amended to decrease budgeted expenditures and transfers out by \$102,520. The City Manager is authorized to transfer budgeted amounts between divisions within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council with formal adoption by resolution. All budgeted appropriations lapse at the end of the year.
5. Expenditures may not legally exceed budgeted appropriations at the total department level. Monitoring of budgets is maintained at the expenditure category (i.e., salaries, wages, and benefits; material, supplies, and services; and capital outlay) within each activity. Budgetary monitoring, by departments or divisions and by category, is required by the City Charter.

F. Cash, Cash Equivalents, and Investments

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Certain investments for the City are reported at fair value as disclosed in Note 2. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment income is accrued at the balance sheet date. For purposes of the statement of cash flows, the Proprietary Funds consider investments held in the City's cash management pool to be cash equivalents because this pool is used essentially as a demand deposit account.

At December 31, 2018 the City currently has restricted cash balances on the financial statements of \$6,087,929. This balance represents cash that is restricted for the future refunding of the G.O. Capital Improvement Plan Bonds, Series 2008A. The future refunding for this issue will occur on February 1, 2019.

G. Short-Term Interfund and Primary Government/Component Unit Receivable/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "advances to other funds" or "advances from other funds" on the balance sheet. Payables/receivables between the primary government and its component unit are classified as "due to/from component unit" on the primary government's balance sheet and "due to/from primary government" on the component unit's balance sheet.

Property taxes and special assessments have been reported net of estimated uncollectible accounts. (See Note 1H and I.) Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

H. Property Tax Revenue Recognition

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 5 and December 5 of the same year. Delinquent

collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

#### Government-Wide Financial Statements

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

#### Governmental Fund Financial Statements

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at the year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources because they are not available to finance current expenditures.

#### I. Special Assessment Revenue Recognition

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are allocated first to the County's costs of administering all tax forfeit properties. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

#### Government-Wide Financial Statements

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

#### Governmental Fund Financial Statements

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funding are completely offset by deferred inflows of resources of revenues.

#### J. Inventories

Inventories are valued at cost, on a first-in, first-out basis. The cost of inventory in the Proprietary Funds is recognized as cost of sales or expense of operation at the time the inventory is sold or used.

#### K. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Accordingly, prepaid items are accounted for using the consumption method, where expense is recognized in the periods that the service or benefit is provided.

#### L. Land Held for Resale

Land held for resale represents property purchased by the City with the intent to resell in the future for redevelopment. These assets are stated at the lower of cost or net realizable value.

#### M. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or

business-type activities columns in the government-wide financial statements. Infrastructure assets that are reported within the government-wide financial statements include assets that were acquired on or after 1960. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2018, no interest was capitalized in connection with construction in progress.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method, while infrastructure assets are depreciated using the composite method. Capital assets are depreciated over the following estimated useful lives:

<u>Assets</u>	
Buildings and structures	20-50 years
Machinery and equipment	3-15 years
Furniture and fixtures	10 years
Other improvements	10-50 years
Storm sewers	25-30 years
Streets	25 years
Street lights	25 years
Distribution and collection systems	30-50 years

#### N. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and personal leave pay benefits. In addition, the fire employees are paid one-third of their unused sick pay upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for governmental fund employees is accrued in the Compensated Absences Fund as they are incurred. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay. Compensated absences for governmental funds are accounted for in the Compensated Absences Internal Service Fund.

#### O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### P. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Fund Equity

In the fund financial statements, governmental funds report fund balance classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

Restricted –Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

Committed –Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned –Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council resolution, the City's Finance Manager is authorized to establish assignments of fund balance.

Unassigned –The residual classification for the General Fund which also reflects negative residual amounts in other 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 committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualifies for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows or resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance sheet as unavailable revenue. The governmental funds report unavailable revenues from three sources: delinquent property taxes, special assessments and state aid received for subsequent years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows or resources on the Statement of Net Position for deferred inflows of resources related to state aid received for subsequent years and pensions for various estimate differences that will be amortized and recognized over future years.

S. Net position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. A reclassification of \$8,798,400 was made between the net investment in capital assets net position class and unrestricted net position in the total column of the Statement of Net Position to recognize the portion of debt attributable to capital assets donated from governmental activities to business-type activities. Net position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

Restricted Net position –Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted Net position –All other net positions that do not meet the definition of “restricted” or “invested in capital assets.”

T. Targeted Fund Balance

The City has established a targeted fund balance policy for its General Fund where it will strive to maintain an unassigned fund balance of an amount not less than 40% of the current year end actual General Fund revenues. The dollar amount of the target may fluctuate with each year's actual results.

U. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

V. Reclassified

Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

W. Use of Estimates

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

2. Deposits and Investments

A. Deposits

Minnesota Statutes require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of FDIC insurance. Deposits include checking, savings and certificates of deposits.

B. Investments

The City, HRA and EDA are authorized by Minnesota Statutes Chapter 118A to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in a) above.
- c) General obligations of the State of Minnesota or any of its municipalities.
- d) Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper, issued by United States corporations of their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities in the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Guaranteed investment contracts (GIC) issued or guaranteed by a United States commercial bank or domestic branch of a foreign bank or a United States insurance company or its Canadian or United States subsidiary.
- h) Mortgage-backed securities that are direct obligations or guaranteed or insured issues of the United States, its agencies, and its instrumentality's, or organizations created by an act of Congress.

The City's investments are categorized by level of risk as provided in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, in the following manner:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policies do not formally address this risk, but the City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities. To protect against potential fraud and embezzlement, the investments of the City, HRA and EDA are secured through a third party custody and safekeeping arrangement.

**Interest Rate Risk** – To control the risk of market price changes, the City's formal investment policy recommends investment maturities shall match the City's projected cash flows. Investments in securities with maturities in excess of two years shall be placed with the intention to hold the security until maturity.

**Credit Risk** – To control credit risk, investments purchased shall include those authorized by Minnesota Statutes, such as U.S. Government Securities and the highest quality commercial paper. The ratings assigned to these securities are noted in the table below. The City's investment policy does not further address credit risk.

The City participates in the Minnesota Municipal Money Market Fund (the 4M Fund) which is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is a customized cash management and investment program for Minnesota public funds. Sponsored and governed by the League of Minnesota Cities since 1987, the 4M Fund is a unique investment alternative designed to address the daily and long term investment needs of Minnesota cities and other municipal entities. Allowable under Minnesota statutes, the 4M Fund is comprised of top quality, rated investments.

The Minnesota Municipal Money Market Fund operates in accordance with appropriate State laws and regulations. The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7. The reported value of the pool is the same as the fair value of the pool share. The City's investment in the 4M Fund at December 31, 2018 is \$12,350,317.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawal prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

Money market mutual funds invested as part of the City's trust arrangement at Wells Fargo are consist entirely of money market 2a7 funds and is unrated.

**Concentration of Credit Risk** – The City's investment policy places no limit on the amount the City may invest in any one issuer. Approximately 62% of the City's investments are with U.S. Government Securities.

The following is a summary of the City's, HRA's and EDA's investments, stated at fair value. The majority of the HRA and EDA investments are in the investment pool of the City. Therefore, the HRA and EDA investments are not segregated for disclosure.

As of December 31, 2018, the City, HRA and EDA had the following investments and maturities:

Investment Type	Investment Maturities (In Years)					
	Moody's Ratings	% of Total	Fair Value	Less Than 1 Year	Years 1-5	Years 6-10
<u>Pooled Investments:</u>						
<u>U.S Agencies:</u>						
Federal Home Loan Bank	AAA	15.16%	\$9,477,139	\$8,489,339	\$ 987,800	\$-
Federal Home Loan Mortgage Corporation	AAA	16.84%	10,527,402	10,527,402	-	-
Federal National Mortgage Association	AAA	8.75%	5,467,485	5,467,485	-	-
Federal Farm Credit	AAA	8.27%	5,170,714	5,170,714	-	-
U.S. Treasury Bonds	AAA	13.17%	8,232,490	6,256,980	1,975,510	-
<u>Commercial Paper</u>						
Commercial Paper	NR	1.20%	749,535	749,535	-	-
<u>Money Markets:</u>						
Money Market Mutual Fund Investments	NR	16.86%	10,541,291	10,541,291	-	-
External Investment Pool	NR	19.76%	12,350,317	12,350,317	-	-
Total Pooled Investments		100.00%	\$62,516,373	\$59,553,063	\$2,963,310	\$-
<u>Non-Pooled Investment:</u>						
U.S. Treasury, State and Local Government Series Time Deposit	NR	4.05%	\$246,786	\$246,786		\$- \$-
U.S. Treasury Note	NR	95.95%	5,841,143	5,841,143		- -
Total Non-Pooled Investments		100.00%	\$6,087,929	\$6,087,929		\$- \$-
Total			\$68,604,302	\$65,640,992	\$2,963,310	\$-

The City has the following recurring fair value measurements as of December 31, 2018:

- \$23,704,861 of investments are valued using a quoted market prices (Level 1 inputs)
- \$31,392,275 of investments are valued using a matrix pricing model (Level 2 inputs)

### 3. Capital Assets

Capital asset activity for the year ended December 31, 2018:

	Beginning Balance	Reclass	Beginning Balance Restated	Additions	Deletions	Ending Balance
Primary Government						
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 9,353,605	\$-	\$ 9,353,605	\$ -	\$ -	\$ 9,353,605
Construction in progress	567,247	-	567,247	1,049,246	(895)	1,615,598
Total capital assets, not being depreciated	9,920,852	-	9,920,852	1,049,246	(895)	10,969,203
Capital assets, being depreciated:						
Buildings and structures	49,239,072	-	49,239,072	47,021	-	49,286,093
Machinery and equipment	13,891,559	-	13,891,559	813,753	(361,580)	14,343,732
Other improvements	6,065,633	-	6,065,633	255,736	-	6,321,369
Streets (Infrastructures)	74,076,129	-	74,076,129	-	-	74,076,129
Total capital assets, being depreciated	143,272,393	-	143,272,393	1,116,510	(361,580)	144,027,323
Less accumulated depreciation for:						
Buildings and structures	13,413,187	3,645	13,416,832	1,174,325	-	14,591,157
Machinery and equipment	8,503,187	-	8,503,187	989,916	(359,831)	9,133,272
Other improvements	3,743,344	(3,645)	3,739,699	263,883	-	4,003,582
Streets (Infrastructures)	54,897,460	-	54,897,460	1,851,375	-	56,748,835
Total accumulated depreciation	80,557,178	-	80,557,178	4,279,499	(359,831)	84,476,846
Total capital assets being depreciated-net	62,715,215	-	62,715,215	(3,162,989)	(1,749)	59,550,477
Governmental activities capital assets-net	\$72,636,067	-	72,636,067	(2,113,743)	(2,644)	\$70,519,680
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 638,673	-	\$ 638,673	-	-	\$ 638,673
Construction in process	3,978,040	-	3,978,040	37,560	(3,978,040)	37,560
Total capital assets, not being depreciated	4,616,713	-	4,616,713	37,560	(3,978,040)	676,233
Capital assets, being depreciated:						
Buildings and structures	9,325,836	-	9,325,836	1,029,590	-	10,355,426
Machinery and equipment	11,721,138	-	11,721,138	825,911	(22,017)	12,525,032
Other improvements	40,071,557	-	40,071,557	7,005,324	(7,877)	47,069,004
Total capital assets, being depreciated	61,118,531	-	61,118,531	8,860,825	(29,894)	69,949,462
Less accumulated depreciation for:						
Buildings and structures	6,438,182	-	6,438,182	248,729	-	6,686,911
Machinery and equipment	8,261,822	-	8,261,822	483,515	(22,017)	8,723,320
Other improvements	19,661,064	-	19,661,064	1,279,443	(7,877)	20,932,630
Total accumulated depreciation	34,361,068	-	34,361,068	2,011,687	(29,894)	36,342,861
Total capital assets being depreciated – net	26,757,464	-	26,757,464	6,849,138	-	33,606,601
Business-type activities capital assets - net	\$31,374,176	\$-	\$31,374,176	6,886,698	(3,978,040)	\$34,282,834

Capital assets transferred from governmental activities to business-type activities are not reflected in the changes of capital assets because those assets were never capitalized as governmental assets prior to the transfer.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 508,025
Public safety	42,550
Fire	54,559
Public works, including depreciation of general infrastructure assets	2,183,101
Parks and recreation	662,806
Internal service funds	828,458
Total depreciation expense – governmental activities	<u>\$4,279,499</u>

Business-type activities:	
Liquor operations	\$ 207,322
Water & Sewer utility	1,200,236
Storm Sewer utility	604,129
Total depreciation expense – business-type activities	<u>\$2,011,687</u>

#### Construction Commitments

At December 31, 2018, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

<u>Project #</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
41009	66 <sup>th</sup> Street Reconstruction	\$1,103,767	\$ 578,075
41110	Band Shell	\$ 411,785	\$ 36,479

#### 4. Risk Management

The City is exposed to various risks such as loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the City's policy to be self insured for workers' compensation, dental insurance and short-term disability insurance. Additionally, the City maintains a risk retention program for property, general liability, and auto liability insurance coverage by maintaining high deductibles. Accordingly, a Self-Insurance Fund (an Internal Service Fund) was established to account for and finance the City's uninsured risk of loss. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$500,000 for each Workers' Compensation claim, and \$50,000 (\$300,000 aggregate) for each general liability and property damage claim. The City purchases insurance from the League of Minnesota Cities Insurance Trust (LMCIT) for property and municipal liability and the Workers' Compensation Reinsurance Association for claims in excess of coverage provided by the Fund and for all other risks of loss. The City has realized no significant reductions in insurance coverage during 2018. Finally, settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Insurance reimbursements to the Self-Insurance Fund are charged back to the affected Governmental and Proprietary funds in the form of an insurance charge to fund future premiums and estimated prior and current year claims. The claims and judgments liability of \$579,732 reported in the fund at December 31, 2018 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires a liability for claims reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

A summary of the claims and judgments liability amount at December 31, 2018 and 2017 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims &amp; Changes in Estimates</u>	<u>Claim Payments-Net</u>	<u>Balance at Fiscal Year End</u>
2017	\$1,113,594	\$(349,801)	\$(102,501)	\$661,292
2018	\$661,292	\$(25,624)	\$(55,936)	\$579,732

#### 5. Long-Term Liabilities

The City issues general obligation bonds and capital notes to provide funds for the acquisition and construction of capital projects. The reporting entity and long-term debt is segregated between the amounts repaid from governmental activities and amounts to be repaid from business-type activities.



Redevelopment bonds are paid primarily from tax increments derived from increases in the taxable valuation of property within a redevelopment area in the City. The full faith and credit of the City is pledged on the bonds. Improvement bonds are paid primarily from debt service tax levies and proceeds of special assessments levied against property owners benefiting from improvements made. The full faith and credit of the City is pledged on the bonds. The Water and Sewer Revenue Bonds debt requirements are paid from the revenues of the operation of Water and Sewer Utility Fund. The Storm Sewer Revenue Bonds debt requirements are paid from net revenue of the operation of the Storm Sewer Utility Fund.

In 2016, the City issued the \$6,130,000 General Obligation Refunding Bonds, Series 2016C, which is an advance crossover refunding of the \$9,480,000 General Obligation Capital Improvement Bonds, Series 2008A. The 2016C proceeds will be held in escrow and will refund the 2008A issue on February 1, 2019. The City will realize a savings in interest costs with the refunding in the amount of \$776,547 over the remaining life of the bonds. The net present value cash flow savings from this transaction was \$677,813.

During 2018, the City issued the \$9,770,000 General Obligation Street Reconstruction Bonds, Series 2018A. The purpose of this issue was to fund the second phase of the 66<sup>th</sup> Street reconstruction project and the final phase of the six year Mill & Overlay project.

### Governmental Activities

As of December 31, 2018, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Net Interest Rate	Issue Date	Final Maturity Date	Original Issued	Payable 12/31/18
<u>REDEVELOPMENT BONDS</u>					
G.O. Tax Increment Refunding Bonds, 2010B	3.05%	12/30/2010	2/1/2024	\$6,355,000	\$3,240,000
G.O. Tax Increment Refunding Bonds, 2012B	2.25%	9/6/2012	2/1/2025	2,970,000	1,700,000
Total Redevelopment Bonds				<u>9,325,000</u>	<u>4,940,000</u>
<u>IMPROVEMENT BONDS</u>					
G.O. Capital Improvement Bonds Series, 2008A	4.60%	12/23/2008	2/1/2029	9,480,000	6,525,000
G.O. Capital Improvement Bonds Series, 2009A	4.49%	1/14/2009	2/1/2029	4,550,000	220,000
G.O. Bonds, 2010A	1.89%	5/19/2010	2/1/2021	1,500,000	60,000
G.O. Street Reconstruction Bonds, Series 2012A	2.35%	9/6/2012	2/1/2033	2,120,000	1,680,000
G.O. Improvement Bonds, Series 2013A	2.18%	3/21/2013	2/1/2034	3,120,000	2,018,456
G.O. Street Reconstruction Bonds, Series 2015A	2.71%	6/4/2015	2/1/2036	9,100,000	8,362,821
G.O. Refunding Bonds, Series 2016B	1.58%	11/17/2016	2/1/2028	5,085,000	4,946,582
G.O. Refunding Bonds, Series 2016C	2.04%	12/15/2016	2/1/2029	6,130,000	6,278,617
G.O. Street Reconstruction Bonds, Series 2017A	2.49%	4/20/2017	2/1/2038	9,130,000	9,302,892
G.O. Capital Improvement Ref. Bonds, Series 2017B	2.17%	12/14/2017	2/1/2029	3,045,000	3,091,053
G.O. Street Reconstruction Bonds, Series 2018A	3.10%	5/31/2018	2/1/2039	9,770,000	9,914,185
Total Improvement Bonds				<u>63,030,000</u>	<u>52,399,606</u>
TOTAL GOVERNMENTAL INDEBTEDNESS				<u>\$72,355,000</u>	<u>\$57,339,606</u>
<u>ENTERPRISE BONDS</u>					
Water Revenue Bonds, Series 2011A	3.67%	5/18/2011	2/1/2032	\$1,480,000	\$1,122,526
G.O. Storm Sewer Bonds, Series 2013B	2.26%	3/21/2013	2/1/2033	2,770,000	2,185,131
G.O. Refunding Bonds, Series 2015B	1.74%	11/10/2015	2/1/2027	5,360,000	4,729,140
G.O. Storm Water Bonds, Series 2016A	2.18%	5/19/2016	2/1/2037	2,970,000	2,936,682
TOTAL BUSINESS-TYPE ACTIVITY INDEBTEDNESS				<u>\$12,580,000</u>	<u>\$10,973,479</u>
TOTAL CITY INDEBTEDNESS				<u>\$84,935,000</u>	<u>\$68,313,085</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Redevelopment Bonds		Improvement Bonds		Water & Sewer		Storm Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$720,000	\$147,146	\$8,150,000	\$1,403,134	\$375,000	\$119,835	\$375,000	\$150,020
2020	745,000	128,321	2,545,000	1,149,654	390,000	108,425	380,000	139,945
2021	760,000	107,430	2,615,000	1,084,879	405,000	96,498	395,000	129,595
2022	790,000	84,528	2,660,000	1,014,691	410,000	84,202	405,000	118,895
2023	815,000	56,772	2,740,000	941,599	425,000	71,485	415,000	107,920
2024-2028	1,110,000	27,994	14,935,000	3,542,276	1,940,000	181,411	2,070,000	384,686
2029-2033	-	-	9,825,000	1,839,604	380,000	31,975	1,600,000	189,172
2034-2038	-	-	7,205,000	604,094	-	-	710,000	37,785
2039	-	-	645,000	11,288	-	-	-	-
TOTALS	\$4,940,000	\$552,191	\$51,320,000	\$11,591,219	\$4,325,000	\$693,831	\$6,350,000	\$1,258,018

### Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
Redevelopment Bonds	\$5,645,000	\$-	\$(705,000)	\$4,940,000	\$ 720,000
Improvement Bonds	43,210,000	9,770,000	(1,660,000)	51,320,000	8,150,000
Premium (Discount) on bonds payable	1,018,837	151,774	(91,005)	1,079,606	-
Total bonds and notes payable	49,873,837	9,921,774	(2,456,005)	57,339,606	8,870,000
Other Liabilities:					
Claims and judgments	661,292	-	(81,560)	579,732	-
Total OPEB liability	1,774,838	404,618	-	2,179,456	-
Net Pension liability	15,422,726	-	(2,509,545)	12,913,181	-
Compensated absences	2,058,286	18,126	(109,896)	1,966,516	561,763
Governmental activities long-term liabilities	\$69,790,979	\$10,344,518	\$(5,157,006)	\$74,978,491	\$9,431,763
<b>Business – Type Activities</b>					
Bonds and notes payable:					
Storm Sewer Revenue Bonds	\$5,250,000	\$-	\$(240,000)	\$5,010,000	\$245,000
Water Revenue Bonds	1,185,000	-	(65,000)	1,120,000	65,000
G.O. Refunding Bonds	4,975,000	-	(430,000)	4,545,000	440,000
Premium (Discount) on bonds payable	332,079	-	(33,600)	298,479	-
Total bonds and notes payable	11,742,079	-	(768,600)	10,973,479	750,000
Other Liabilities:					
Total OPEB liability	95,272	22,774	-	118,045	-
Net Pension liability	2,177,066	-	(267,911)	1,909,155	-
Compensated absences	305,603	7,790	(22,590)	290,803	142,768
Business-type activities long-term liabilities	\$14,320,020	\$30,563	\$(1,059,101)	\$13,291,482	\$892,768

For the governmental activities, compensated absences are generally liquidated by the compensated absences fund. Net OPEB obligations and pensions are generally liquidated by the General Fund and Enterprise Funds. Claims and judgments are generally liquidated by the Self Insurance Fund. All long-term bonded indebtedness outstanding at December 31, 2018 is backed by the full faith and credit of the City, including special assessment and revenue bond issues. Special assessment receivable at December 31, 2018 totaled \$474,670.

## Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Water Revenue Bonds, Series 2011A	Utility Infrastructure	Utility Charges	100%	2012-2032	\$1,448,856	\$106,774	\$4,002,853
G.O. Storm Sewer Bonds, Series 2013B	Utility Infrastructure	Utility Charges	100%	2013-2033	\$2,563,525	\$174,905	\$1,768,394
G.O. Refunding Bonds, Series 2015B	Utility Infrastructure	Utility Charges	100%	2016-2027	\$5,062,400	\$556,250	\$5,771,247
G.O. Storm Water Bonds, Series 2016A	Utility Infrastructure	Utility Charges	100%	2017-2037	\$3,552,068	\$187,740	\$1,768,394

## 6. Interfund balances and transactions

Interfund transfers as of December 31, 2018 are as follows:

Transfers out	Transfers in						
	General Fund	Ice Arena	Improvement Bonds	Capital Improvements	Nonmajor Governmental	Liquor Enterprise	Internal Service
General Fund	-	85,000	-	-	110,000	-	\$195,000
Improvement Bonds	-	-	-	9,800,000	-	-	\$9,800,000
Capital Improvement	-	170,000	4,100	156,464	280,000	-	\$1,395,564
Nonmajor governmental	-	-	353,340	-	37,500	70,000	\$460,840
Liquor Enterprise	299,920	-	-	-	-	-	\$299,920
Internal Service	-	-	-	-	-	-	70,000
	\$299,920	\$255,000	\$357,440	\$9,956,464	\$427,500	\$70,000	\$12,221,324

Interfund transfers allow the City to allocate financial resources to funds to provide funding for services to be provided or to provide financing for specific capital projects.

The City's Self Insurance Fund made an advance to the Ice Arena Fund to finance energy improvements for the City's Ice Arena. The term of the advance will be twenty (20) years with a beginning interest rate of 2%. The City Manager is authorized to adjust the interest rate as market conditions may dictate. At December 31, 2018 the balance of the respective advances (due in more than a year) was \$709,975. The portion of the advances that is due in one year is \$63,503.

In 2011, the City's Capital Improvements Fund made an advance to the Water & Sewer Utility Fund to help provide funding for certain capital projects to be undertaken within the water operation. The advance will be repaid over the next ten years with a 2% interest rate, using funds generated from the water utility operation. The City Manager is authorized to adjust the interest rate as market conditions may dictate. At December 31, 2018, the balance of the advance was \$216,297. The portion of this advance that is due in one year, \$107,068 is included in interfund receivables and payables.

In 2013, the City's Recreation Improvement Fund made an advance to the Park Capital Project Fund to finance the Honoring All Veterans Memorial monument located in Veterans Park. The advance will be repaid over the next five years using proceeds received from monument engravings at 0% interest. At December 31, 2018 the portion of the advance that is due in one year is \$10,000, and the portion due in more than one year is \$203,440.

In 2014, the City's Communications Fund made an advance to the Ice Arena Fund to finance the construction of a new locker room at Rink 1. The advance will be repaid over fifteen (15) years with rent received from the tenant of the locker room. In addition, the City's Recreation Improvement Fund also made an advance to the Ice Arena Fund to finance the call and retirement of the 1999 Gross Revenue Ice Arena Bonds, Series 1999. The advance will be repaid over six years at a 1% rate of interest, using revenues generated by the Ice Arena operation. Finally, the City's Capital Improvements Fund made an advance to the Richfield Housing and Redevelopment Authority (HRA) to prepay special assessments to be levied against the HRA property as part of the North Richfield Parkway Project. The term of the loan will be twenty (20) years with no principal and interest payments due the first two years and then 1% interest beginning in year three (2017). The repayment of the loan will have three sources in the following priority; land sale proceeds, tax increment revenues and funds of the HRA that are legally available to pay on the loan. At December 31, 2018, the portion of the advances that is due within one year is \$42,764 for the locker room, \$95,273 for the bond retirement

and \$40,553 for the loan to prepay the special assessments. The portions of the loans due in more than one year are \$427,635, \$96,230, and \$659,547 for the locker room, bond retirement and prepay of special assessments.

At the end of 2018, the Ice Arena, Swimming Pool and Municipal Liquor Funds have overdrawn their cash positions. As a result, the General Fund has advanced to the Ice Arena and Swimming Pool and the Water and Sewer Fund Utility Fund has advanced to the Liquor Fund, funds to cover the overdrawn cash position as of December 31, 2018. These advances are reflected in the financial statements as due to and due from other funds.

Individual fund interfund receivables and payables balances at year-end were as follows:

<u>Due From Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Self-Insurance Fund	Ice Arena	\$ 63,503
Capital Improvement Funds	Water & Sewer Utility	107,068
Recreation Improvement Fund	Park Capital Projects Fund	10,000
Communications Fund	Ice Arena	42,764
Recreation Improvement Fund	Ice Arena	95,273
Capital Improvement Funds	Component Unit	40,553
General Fund	Ice Arena	2,442,932
General Fund	Swimming Pool	936,330
Water & Sewer Utility	Municipal Liquor	\$ 212,511

Individual fund advances to and advances from at year-end were as follows:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>	<u>Amount</u>
Self-Insurance Fund	Ice Arena	\$709,975
Capital Improvements Funds	Water & Sewer Utility	109,229
Recreation Improvement Fund	Park Capital Projects Fund	203,440
Communications Fund	Ice Arena	427,635
Recreation Improvement Fund	Ice Arena	96,230
Capital Improvement Funds	Component Unit	\$659,547

#### 7. Individual Fund Disclosures

Expenditures exceeded appropriations (budget) in the following individual funds for the year ended December 31, 2018:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Primary Government:			
Ice Arena	\$1,159,560	\$1,205,071	\$45,511
Nonmajor Special Revenue Funds:			
Tourism	9,830	9,839	9
Recreation Contributions	20,000	20,214	214
Nature Center Contributions	76,180	87,294	11,114
Public Health Grants	36,780	48,554	11,774
Wood Lake Half Marathon	63,000	66,803	3,803
Special Facilities	45,050	144,431	99,381

#### 8. Fund Balances

The following is a breakdown of equity components of governmental funds which are defined earlier in the report. Any such restrictions which have an accumulated deficit rather than positive balance at December 31 are included in unassigned fund balance in the City's financial statements in accordance with generally accepted accounting principles.

At December 31, 2018, a summary of the City's governmental fund balance classifications are as follows:

	General Fund	Ice Arena	Improvement Bonds	Capital Improvements	Other Governmental Funds	Total
Nonspendable						
Prepaid items	\$91,050	\$-	\$-	\$-	\$7,330	\$ 98,380
Total nonspendable	91,050	-	-	-	7,330	98,380
Restricted						
Future debt service	-	-	8,911,127	-	-	8,911,127
Future MSA projects	-	-	-	285,404	-	285,404
Portland Avenue Reconstruction	-	-	-	36,848	-	36,848
66 <sup>th</sup> Street Reconstruction	-	-	-	1,422,233	-	1,422,233
Mill & Overlay	-	-	-	2,975,391	-	2,975,391
Cedar Point abatement	-	-	-	105,874	-	105,874
Law enforcement drug forfeitures	-	-	-	-	185,839	185,839
Public Safety State grants	-	-	-	-	8,133	8,133
Public Safety County grants	-	-	-	-	1,260	1,260
Recreation services donations	-	-	-	-	38,328	38,328
Wood Lake Nature Center donations	-	-	-	-	53,961	53,961
Public health assessment	-	-	-	-	104,510	104,510
Total restricted	-	-	8,911,127	4,825,750	392,031	14,128,908
Committed						
Street Improvements	-	-	1,426,243	-	-	1,426,243
Local improvement funding	-	-	-	1,195,680	-	1,195,680
Recycling Grant	-	-	-	225,205	-	225,205
Mill & Overlay	-	-	-	481,900	-	481,900
Park Improvement projects	-	-	-	-	136,873	136,873
Tourism administration	-	-	-	-	55,643	55,643
Public Cable TV & information activities	-	-	-	-	2,027,746	2,027,746
National, State, and Local elections	-	-	-	-	1,267,878	1,267,878
Alcohol and Tobacco Compliance	-	-	-	-	130,237	130,237
Wood Lake Half Marathon	-	-	-	-	25,636	25,636
Street Maintenance & forestry programs	-	-	-	-	2,208,703	2,208,703
Special Facilities	-	-	-	-	26,791	26,791
Park & Recreation Capital Projects	-	-	-	-	4,575,643	4,575,643
Total committed	-	-	1,426,243	1,902,782	10,455,153	13,784,178
Assigned						
Debt related expenditures	-	-	506,778	-	-	506,778
Future capital projects	-	-	-	7,727,437	-	7,727,437
Total assigned	-	-	506,778	7,727,437	-	8,234,215
Unassigned						
General Fund	8,719,246	-	-	-	-	8,719,246
Ice Arena	-	(3,841,402)	-	-	-	(3,841,402)
Swimming Pool	-	-	-	-	(952,039)	(952,039)
Park & Recreation Capital Projects	-	-	-	-	(212,726)	(212,726)
Total unassigned	8,719,246	(3,841,402)	-	-	(1,164,765)	3,713,079
Total	\$8,810,296	\$(3,841,402)	\$10,844,148	\$14,455,969	\$9,689,749	\$39,958,760

## 9. Contingencies and Litigation

The City is currently involved in various pending litigation cases. After evaluation by the City's attorney it is believed that the resolution of these cases will not have a material impact on the financial statements.

The City has entered into an agreement with the Metropolitan Airports Commission (MAC), where the City will purchase certain right-of-way-properties as part of the 66<sup>th</sup> Street/17<sup>th</sup> Avenue intersection constructed in 2007. As part of the agreement, MAC will provide to the City the funds necessary to finance the right-of-way acquisitions. In addition, the City agrees to repay to MAC payments made by MAC to the City for the right-of-way acquisitions. However, within the agreements there are specific provisions that must be met in order for repayment to MAC to occur.

In 2018 the City sold the right-of-way properties to a developer for \$982,850. Of this \$982,850, \$300,000 was paid to the City in cash and the balance of \$682,850 will be paid back by the developer between the years 2025 and 2060.

MAC acknowledged that since some of the property was acquired with City money, they only consider \$788,625 of the funds as needing to be paid back to them. MAC further agreed that the money owed to them could be paid toward the 77<sup>th</sup> Street Underpass project, a City project, as they see this as an airport related activity.

#### 10. Defined Benefit Pension Plans

The City participates in various pension plans. For the year ended December 31, 2018 total pension expense was \$1,299,340 and the total net pension liability was \$14,822,336. The components of pension expense and net pension liability are noted in the following plan summaries.

At December 31, 2018 the City reported its total proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 477,735	\$ 1,933,094
Changes in actuarial assumptions	9,534,152	10,220,385
Difference between projected and actual investment earnings	-	1,990,103
Changes in proportion	516,360	2,219,491
Contributions paid to PERA subsequent to the measurement date	915,662	-
Total	<u>\$11,443,909</u>	<u>\$16,363,073</u>

#### Public Employees Retirement Association

##### A. Plan Description

The City of Richfield participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

##### 1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City of Richfield are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

##### 2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

##### B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

##### 1. GERF Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service

equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient, who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

## 2. PEPFF Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010 but before July 1, 2014 vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989 a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

## C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

### 1. GERP Contributions

Coordinated Plan members were required to contribute 6.50%, of their annual covered salary in calendar year 2018. The City of Richfield was required to contribute 7.50% for Coordinated Plan members in calendar year 2018. The City of Richfield's contributions to the GERP for the year ended December 31, 2018, were \$783,227. The City of Richfield's contributions were equal to the required contributions as set by state statute.

### 2. PEPFF Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary and the City of Richfield was required to contribute 16.20 percent of pay for members in fiscal year 2018. The City of Richfield's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$1,048,095. The City of Richfield's contributions were equal to the required contributions as set by state statute.

## D. Pension Costs

### 1. GERP Pension Costs

At December 31, 2018, the City of Richfield reported a liability of \$8,432,337 for its proportionate share of the GERP's net pension liability. The City of Richfield's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City of Richfield totaled \$276,621. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Richfield's proportion of the net pension liability was based on the City of Richfield contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City of Richfield's proportion share was .1520% which was an increase of .0013% from its proportion measured as of June 30, 2017.

City's proportionate share of the net pension liability	\$8,432,337
State of Minnesota's proportionate share of the net pension liability associated with the City	276,621
Total	<u>\$8,708,958</u>

For the year ended December 31, 2018, the City of Richfield recognized pension expense of \$689,001 for its proportionate share of the GERS's pension expense. Included in the amount, the City of Richfield recognized \$64,507 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2018, the City of Richfield reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 221,365	\$256,775
Changes in actuarial assumptions	841,004	941,917
Difference between projected and actual investment earnings	-	802,460
Changes in proportion	62,244	336,441
Contributions paid to PERA subsequent to the measurement date	391,614	-
Total	<u>\$1,516,227</u>	<u>\$2,337,593</u>

\$391,614 reported as deferred outflows of resources related to pensions resulting from City of Richfield contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2019	\$ 195,640
2020	(572,682)
2021	(659,942)
2022	(175,996)
2023	-
Thereafter	-
Total	<u>\$ (1,212,980)</u>

## 2. PEPFF Pension Costs

At December 31, 2018, the City of Richfield reported a liability of \$6,389,999 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Richfield proportion of the net pension liability was based on the City of Richfield contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City of Richfield proportion was .6046% which was an increase of .0136 percent from its proportion measured as of June 30, 2017. The City of Richfield also recognized \$54,414 for the year ended December 31, 2018 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

Beginning in January 1, 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law.

For the year ended December 31, 2018, the City of Richfield recognized pension expense of \$609,434 for its proportionate share of the PEPFF's pension expense.

At December 31, 2018, the City of Richfield reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:



	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 256,370	\$ 1,676,319
Changes in actuarial assumptions	8,693,148	9,278,468
Difference between projected and actual investment earnings	-	1,187,643
Changes in proportion	454,116	1,883,050
Contributions paid to PERA subsequent to the measurement date	524,048	-
Total	<u>\$9,927,682</u>	<u>\$14,025,480</u>

\$524,048 reported as deferred outflows of resources related to pensions resulting from City of Richfield contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2019	\$ (212,026)
2020	(510,462)
2021	(977,123)
2022	(2,931,593)
2023	9,358
Thereafter	-
Total	<u>\$ (4,621,846)</u>

#### E. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

	General Employees Plan	Police & Fire Plan
Inflation	2.5% per year	2.5% per year
Salary Growth	3.25%	3.25%
Investment Rate of Return	7.5%	7.5%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustment to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan, and 1.0 percent per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

#### GERF

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

#### PEPFF

- The morality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds	20%	.75%
Alternative Assets	25%	5.90%
Cash	2%	0.00%
Total	100%	

#### F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### G. Pension Liability Sensitivity

The following presents the City of Richfield's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City of Richfield's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

##### Sensitivity of Net Pension Liability at Current Single Discount Rate (in thousands)

	GERF		PEPFF	
1% Lower	6.50%	\$13,703,627	6.50%	\$13,817,226
Current Discount Rate	7.50%	8,432,337	7.50%	6,389,999
1% Higher	8.50%	4,081,037	8.50%	347,403

#### H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

#### 11. Defined Contribution Plan

Two council members of the City of Richfield are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

The defined contribution plan consists of individuals accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two

percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Pension expense for the year is equal to contributions made. Total contributions made by the City of Richfield during fiscal year 2018 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$905	\$905	5%	5%	5%

## 12. Other Post Employments Benefits

### A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage that is administered by Health Partners. It is the City's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. No assets are accumulated in a trust.

### B. Benefits Provided

At retirement, employees of the City receiving a retirement or disability benefit, or eligible to receive a benefit, from a Minnesota public pension plan may continue to participate in the City's group health insurance plan.

### C. Members

As of December 31, 2018, the following were covered by the benefit terms:

Active employees electing coverage	222
Retirees receiving payments	<u>17</u>
Total	<u>239</u>

### D. Contributions

Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with BlueCross BlueShield. The required contributions are based on projected pay-as-you-go financing requirements. For 2018, the City contributed \$109,190 to the plan.

#### 1. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

#### Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment Rate of return	3.44%
Salary increases	3.50%
Healthcare cost trend increases	10.00% as of December 31, 2017, decreasing each year to an ultimate rate of 5.0% after 11 years.

#### Mortality Rate

The mortality rates used are in the PERA plan of which the employee, retiree or beneficiary is a participant.

#### Coordinated

- Healthy Pre-Retirement

RP-2014 Employee Mortality Table, adjusted for white collar and mortality improvements using projection scale MP-2015, from a base year of 2014. Rates are set forward one year for males and set back one year for females.

- Healthy Post-Retirement

RP-2014 Healthy Annuitant Mortality Table, adjusted for white collar and mortality improvements using projection scale MP-2015, from a base year of 2014. Rates are set forward two years for males. Female rates are multiplied by a factor of 0.90.

- Disabled  
RP-2014 Disabled Mortality Table, adjusted for mortality improvements using projection scale MP-2015, from a base year of 2014. Rates are set forward one year for males and set forward six years for females.

#### Police & Fire

- Healthy Pre-Retirement  
RP-2014 employee generational mortality table projected with mortality improvement scale MP-2016, from a base year of 2006.
- Healthy Post-Retirement  
RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2016 from a base year of 2006. Male rates are adjusted by a factor of 0.96.
- Disabled  
RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2016 from a base year of 2006. Male rates are adjusted by a factor of 0.96

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of an actuarial experience study for the period December 31, 2016 – December 31, 2017.

The discount rate used to measure the total OPEB liability was 3.44%.

#### 2. Total OPEB Liability

The City's total OPEB liability of \$2,297,501 was measured as of December 31, 2017 and was determined by an actuarial analysis as of that date.

	Total OPEB Liability
Balances at December 31, 2016	\$2,085,544
Changes for the year	
Service Cost	184,122
Interest Cost	83,730
Changes of Assumptions	53,295
Benefit Payments	(109,190)
Net Changes	211,957
Balances at December 31, 2017	<u>\$2,297,501</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.5% as of December 31, 2016 to 3.44% as of December 31, 2017.

#### 3. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 3.44% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Net OPEB Liability		
1% decrease (2.44%)	Current (3.44%)	1% increase (4.44%)
<u>\$2,143,603</u>	<u>\$2,297,501</u>	<u>\$2,459,474</u>

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using health care trend rates that are 1% lower and 1% higher than the current health care trend rates.

	1% decrease (9.0%) decreasing to (8.0%)	Current (10.0%) decreasing to (9.0%)	1% increase (11.0%) decreasing to (10.0%)
Total OPEB Liability	\$2,567,596	\$2,297,501	\$2,067,010

#### 4. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018 the City recognized OPEB expense of \$6,162. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 47,133	\$-
Benefit payments subsequent to measurement date	<u>113,316</u>	<u>-</u>
Total	<u>\$160,449</u>	<u>\$-</u>

\$113,316 reported as deferred outflows of resources related to OPEB resulting from City contributions made subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019.

\$47,133 reported as deferred outflows of resources related to OPEB resulting from changes in assumptions in the year ended December 31, 2018.

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Total
2019	\$ 6,162
2020	6,162
2021	6,162
2022	6,162
2023	6,162
Thereafter	<u>16,323</u>
Total	<u>\$47,133</u>

### 13. Right-of-Way

In 2002 the City acquired three properties for a total cost of \$7,000,000 for Interstate 494 widening right-of-way under the Metropolitan Council Right-of-Way Acquisition Loan Fund (RALF).

Under the RALF program, the City is obligated to return to the Metropolitan Council the proceeds of all RALF properties sold to the State of Minnesota. These RALF obligations and related properties have not been recorded since they do not represent true resources or liabilities of the City.

### 14. Conduit Debt

From time to time, the City has issued various industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Finally, the City does not track the remaining outstanding principal balances on conduit debt, as the City does not have any obligation toward the debt.

As of December 31, 2018 there were two bond issues outstanding with an estimated aggregate principal amount outstanding of approximately \$3,327,133.

### 15. Tax Increment Financing

The Richfield Housing and Redevelopment Authority (HRA) have entered into 10 Tax Increment Financing agreements which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures*. The HRA's authority to enter into these agreements comes from *Minnesota Statute 469*. The HRA entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the HRA through tax revenues from additional taxable value of the property generated by the development (tax increment). A “pay-as-you-go” note is established for this amount, on which the HRA makes payments for a fixed period of time with available tax increment after deducting for certain administrative costs. The HRA has determined through its agreements with developers and state law to grant abatements of up to 90% of annual property taxes through a direct reduction of the entity’s property tax bill. There were no agreements in 2018 that exceeded this 90% threshold.

During the year ended December 31, 2018, the HRA generated \$4,997,404 in tax increment revenue and made \$2,542,808 in payments to developer.

The tax abatement agreements that the HRA has outstanding as of December 31, 2018 are the following:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Retail redevelopment	90%	\$ 147,962
Senior housing	75	328,738
Senior housing and market rate housing	75	348,533
Business redevelopment	75	428,167
Rental Housing	90	156,079
Mixed-use housing and retail	75	561,258
Mixed-use housing and retail	90	-
Mixed-use housing and retail	90	249,105
Mixed-use housing and retail	75	394,816
Senior housing	90	126
Retail redevelopment	-	325,092
Rental Housing	-	-
Townhomes	-	-
Rental Housing	-	-

#### 16. Federal and State Funds

The City received financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2018.

#### 17. Nature and Amount of Significant Transactions between City – HRA

As noted in note 1, the HRA was established for the purpose to provide housing and redevelopment assistance to Richfield residents and businesses. The structure of the HRA is that it has no employees per se; however, it has a contract with the City where the City’s Community Development department is to provide services as needed. Accordingly, the City charges the HRA for labor provided, data processing services, and office supplies, etc. In addition, to help fund redevelopment projects, the City will issue long term debt on behalf of the HRA. At the same time the HRA enters into a pledge agreement with the City whereby the HRA pledges future tax increment receipts generated by the redevelopment to service the debt issued.

During 2018, the HRA transferred to the City \$869,366 of tax increment receipts to fund debt service requirements for debt issued on behalf of the HRA.

Finally, during 2013, as part of the North Richfield Parkway project, the City purchased several properties with the future intent to convey the properties to the HRA for future redevelopment of the site. Funding for the property purchases was provided by the \$3,120,000 G.O. Improvement Bonds, Series 2013A. The bonds were issued with a debt service structure of 75% to be paid with a debt service tax levy and 25% to be paid by special assessments levied against the HRA, once the properties were conveyed to the HRA. The amount of the special assessment was \$780,000.

During 2014, the City conveyed the properties to the HRA at a value of \$704,639 and levied the planned special assessments against the HRA. As part of the special assessment process the

HRA prepaid the \$780,000 with funding provided by the City in the form of an inter fund loan from the City's Capital Improvement Fund.

The term of the loan will be twenty (20) years with no principal and interest payments due the first two years and then payment beginning in year three with an interest rate of 1%. The repayment of the loan will have three sources in the following priority; land sale proceeds, tax increment revenues and funds of the HRA that are legally available to pay on the loan.

In 2016, the City conveyed several properties to the HRA at a book value of \$1,264,063. The City Council determined that since the HRA was the development agency of the City, it would be appropriate for ease of future development that the properties be legally owned by the HRA.

18. Joint Venture

Local Government Information Systems Association (LOGIS):

This consortium of approximately 30 government entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of its board, and the Consortium is fiscally independent of the City. The total amount recorded within the 2018 financial statements of the City was \$726,789 for services provided, which is allocated to the various funds based on applications. Complete financial statements may be obtained at the LOGIS offices located at 5750 Duluth Street, Golden Valley, Minnesota 55422.

19. Service Concession Arrangement

The City has entered into an agreement with Wheel Fun Rentals LLC, where Wheel Fun Rentals will manage the City's Mini-Golf facility, concession sales, and bicycle rental operations starting the first weekend of May through the last weekend of October each year.

The City will continue to own existing assets of the operation. Any new equipment purchased by Wheel Fun Rentals for the operation of the facility will be the property of Wheel Fun Rentals.

As compensation for operating the facility, Wheel Fun Rentals will retain gross revenues from the mini-golf facility, concessions and bike rental up to \$200,000 and then pay the City 10% of gross revenues over \$200,000. Wheel Fun Rentals will also pay to the City a base rent of \$16,000 per season.

Wheel Fun Rentals will be responsible for managing the facility, setting hours of operation and rates, with City approval, provide sufficient staffing to operate, maintain and repair the facility during the operating season, pay utilities associated with the operation, purchase and maintain a food license, and purchase and hold the necessary insurance coverage for such an operation.

20. Change in Accounting Principle

For the year ended December 31, 2018, the City implemented GASB Statement 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$106,244 to add to the beginning Net OPEB obligation, and an adjustment to the beginning net position on the Statement of Revenues, Expenses, and Change in Fund Net Position-Proprietary Funds of \$7,436 to add to the beginning Net OPEB obligation.

21. Prior Period Adjustment

For the year ended December 31, 2018, the City recognized a prior period adjustment that resulted in adjustments to beginning net position of the City's utility funds. These adjustments were the result of miscalculations in the City's computerized utility billing system that affected the storm sewer utility and an overstatement of prior year's accruals for unbilled utility revenues. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$318,362 and an adjustment to the beginning net position on the Statement of Revenues, Expenses, and Change in Fund Net Position-Proprietary Funds of \$318,362. The City has implemented the necessary controls and corrections to prevent any future occurrence of these issues.

22. Special Item

For the year ended December 31, 2018, the City is recognizing a Special Item that is the result of miscalculations in the City's Storm Sewer computerized billing system which resulted in the under billing of certain accounts. The City has chosen not to pursue collection of the under billed accounts. The outcome of this choice is the recognition of an adjustment to the Statement of Activities of \$93,263 and an adjustment to the Statement of Revenues, Expenses, and Changes in

Fund Net Position-Proprietary Funds of \$93,263. The City has corrected the miscalculations and has put controls in place to prevent any future occurrences.

23 Subsequent Event

In January 2019, the City deposited with the Hennepin County District Court Administrator \$4,600,000 toward the purchase of the Motel 6 property as part of the 77<sup>th</sup> Street Underpass project. The total purchase price of the property was \$6,700,000. The balance of the purchase price is expected to be paid in later in 2019.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF RICHFIELD, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
For The Year Ended December 31, 2018

Schedule 10  
Page 1 of 4

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Taxes:</b>				
Current ad valorem	\$ 12,533,005	\$ 12,533,005	\$ 13,362,738	\$ 829,733
Fiscal disparities	3,302,435	3,302,435	2,640,686	(661,749)
Total Taxes	15,835,440	15,835,440	16,003,424	167,984
<b>Fees and Fines:</b>				
Municipal court fines	360,000	330,000	310,713	(19,287)
Total Fees and Fines	360,000	330,000	310,713	(19,287)
<b>Licenses and Permits:</b>				
Business licenses	345,170	338,970	340,866	1,896
Nonbusiness licenses and permits	620,800	904,600	1,044,422	139,822
Total Licenses and Permits	965,970	1,243,570	1,385,288	141,718
<b>Intergovernmental Revenues:</b>				
Federal :				
Grants	144,800	134,320	97,568	(36,752)
State:				
Local government aid	1,150,000	1,150,000	1,150,000	-
Fire State Aid	164,000	161,000	163,754	2,754
Grants - other	23,250	29,750	37,701	7,951
Police State Aid	378,000	383,000	412,971	29,971
Law officer training	13,500	40,190	40,194	4
State-aid street maintenance	315,000	315,000	315,000	-
County -				
Community health services	134,320	134,410	134,407	(3)
Grants - other	27,640	23,340	31,568	8,228
Total Intergovernmental Revenue	2,350,510	2,371,010	2,383,163	12,153
<b>Charges for Services:</b>				
General Government	766,200	874,000	974,201	100,201
Deputy Registrar	935,000	908,100	789,085	(119,015)
Public Safety	34,230	38,180	50,086	11,906
Park and Recreation	380,510	349,670	357,411	7,741
Nature Center	85,060	72,250	75,835	3,585
Total Charges for Services	2,201,000	2,242,200	2,246,618	4,418
<b>Investment Earnings</b>				
Investment Earnings	31,000	39,000	93,957	54,957
Total Investment Earnings	31,000	39,000	93,957	54,957
<b>Miscellaneous Revenues:</b>				
Rent	27,240	32,740	30,391	(2,349)
Recovery - damage to City property	3,500	11,700	13,391	1,691
Other	33,810	25,300	16,034	(9,266)
Total Miscellaneous Revenues	64,550	69,740	59,816	(9,924)
<b>Total Revenues</b>	<b>\$ 21,808,470</b>	<b>\$ 22,130,960</b>	<b>\$ 22,482,979</b>	<b>\$ 352,019</b>

CITY OF RICHFIELD, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
For The Year Ended December 31, 2018

Schedule 10  
Page 2 of 4

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
EXPENDITURES:				
LEGISLATIVE/EXECUTIVE				
Mayor - Council:				
Personnel services	\$ 119,100	\$ 118,670	\$ 122,844	\$ 4,174
Other services and charges	106,610	108,640	138,677	30,037
Total	225,710	227,310	261,521	34,211
Other Agencies:				
Personnel services	29,900	27,750	27,750	-
Other services and charges	70,480	70,480	70,480	-
Total	100,380	98,230	98,230	-
City Manager:				
Personnel services	202,210	200,000	190,132	(9,868)
Other services and charges	34,810	36,150	34,614	(1,536)
Total	237,020	236,150	224,746	(11,404)
Legal:				
Other services and charges	339,180	339,180	253,339	(85,841)
Total	339,180	339,180	253,339	(85,841)
Total Legislative/Executive	902,290	900,870	837,836	(63,034)
ADMINISTRATIVE SERVICES:				
Administration:				
Personnel services	8,660	6,050	(53,764)	(59,814)
Other services and charges	113,870	112,720	114,360	1,640
Total	122,530	118,770	60,596	(58,174)
Human Resources:				
Personnel services	39,760	31,420	7,364	(24,056)
Other services and charges	23,990	24,250	17,135	(7,115)
Total	63,750	55,670	24,499	(31,171)
City Clerk:				
Personnel services	482,400	447,650	509,619	61,969
Other services and charges	73,880	72,330	73,549	1,219
Total	556,280	519,980	583,168	63,188
Total Administrative Services	742,560	694,420	668,263	(26,157)
FINANCE:				
Finance:				
Personnel services	236,670	235,710	236,580	870
Other services and charges	61,040	62,280	58,739	(3,541)
Total	297,710	297,990	295,319	(2,671)
Assessing:				
Personnel services	103,870	55,610	52,782	(2,828)
Other services and charges	322,030	336,670	326,231	(10,439)
Total	425,900	392,280	379,013	(13,267)
Total Finance	723,610	690,270	674,332	(15,938)
PUBLIC SAFETY:				
Administrative Support Services:				
Personnel services	466,650	441,410	428,165	(13,245)
Other services and charges	478,920	474,330	486,311	11,981
Total	945,570	915,740	914,476	(1,264)
Police Operations:				
Personnel services	6,278,760	6,230,670	5,883,474	(347,196)
Other services and charges	1,817,320	1,825,860	1,850,438	24,578
Total	8,096,080	8,056,530	7,733,912	(322,618)

**CITY OF RICHFIELD, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For The Year Ended December 31, 2018**

Schedule 10  
Page 3 of 4

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Emergency Services:</b>				
Personnel services	7,430	7,430	7,434	4
Other services and charges	18,730	28,980	15,488	(13,492)
Total	26,160	36,410	22,922	(13,488)
<b>Total Public Safety</b>	<b>9,067,810</b>	<b>9,008,680</b>	<b>8,671,310</b>	<b>(337,370)</b>
<b>FIRE:</b>				
Fire Protection:				
Personnel services	3,608,210	3,604,620	3,600,998	(3,622)
Other services and charges	666,290	666,290	636,356	(29,934)
Total	4,274,500	4,270,910	4,237,354	(33,556)
<b>Total Fire</b>	<b>4,274,500</b>	<b>4,270,910</b>	<b>4,237,354</b>	<b>(33,556)</b>
<b>COMMUNITY DEVELOPMENT:</b>				
Administration:				
Personnel services	-	-	-	-
Other services and charges	66,700	67,220	67,543	323
Total	66,700	67,220	67,543	323
Planning & Zoning:				
Personnel services	241,450	242,710	246,080	3,370
Other services and charges	50,870	51,050	54,523	3,473
Total	292,320	293,760	300,603	6,843
Inspection:				
Personnel services	849,580	895,070	882,645	(12,425)
Other services and charges	217,880	220,170	220,276	106
Total	1,067,460	1,115,240	1,102,921	(12,319)
<b>Total Community Development</b>	<b>1,426,480</b>	<b>1,476,220</b>	<b>1,471,067</b>	<b>(5,153)</b>
<b>PUBLIC WORKS:</b>				
Administration:				
Personnel services	139,820	140,010	148,296	8,286
Other services and charges	44,060	44,960	31,448	(13,512)
Total	183,880	184,970	179,744	(5,226)
Engineering:				
Personnel services	238,500	233,520	247,066	13,546
Other services and charges	95,580	100,220	93,480	(6,740)
Total	334,080	333,740	340,546	6,806
Streets:				
Personnel services	1,186,410	1,188,300	1,182,665	(5,635)
Other services and charges	1,080,600	1,067,560	1,057,887	(9,673)
Capital outlay	-	23,120	23,113	(7)
Total	2,267,010	2,278,980	2,263,665	(15,315)
Park Maintenance:				
Personnel services	678,660	678,590	693,550	14,960
Other services and charges	610,470	609,700	578,544	(31,156)
Capital outlay	-	-	19,200	19,200
Total	1,289,130	1,288,290	1,291,294	3,004
<b>Total Public Works</b>	<b>4,074,100</b>	<b>4,085,980</b>	<b>4,075,249</b>	<b>(10,731)</b>

CITY OF RICHFIELD, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
For The Year Ended December 31, 2018

Schedule 10  
Page 4 of 4

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
RECREATION SERVICES:				
Recreation Services Administration:				
Personnel services	285,750	281,800	291,901	10,101
Other services and charges	83,700	86,250	94,297	8,047
Total	369,450	368,050	386,198	18,148
Recreation Programs:				
Personnel services	648,670	643,360	624,819	(18,541)
Other services and charges	374,710	360,990	330,457	(30,533)
Total	1,023,380	1,004,350	955,276	(49,074)
Wood Lake Nature Center:				
Personnel services	454,890	451,610	453,043	1,433
Other services and charges	95,940	101,130	102,002	872
Total	550,830	552,740	555,045	2,305
Total Recreation Services	1,943,660	1,925,140	1,896,519	(28,621)
Total Expenditures	\$ 23,155,010	\$ 23,052,490	\$ 22,531,930	\$ (520,560)
Revenues over (under) expenditures	\$ (1,346,540)	\$ (921,530)	\$ (48,951)	\$ 872,579
Other financing sources (uses):				
Transfer from Special Revenue Funds	150,000	150,000	-	(150,000)
Transfer from Debt Service Funds	435,000	435,000	-	(435,000)
Transfer from Capital Project Funds	656,620	231,610	-	(231,610)
Transfer from Enterprise Funds	299,920	299,920	299,920	-
Transfer to Special Revenue Funds	(195,000)	(195,000)	(195,000)	-
Total other financing sources (uses)	1,346,540	921,530	104,920	(816,610)
Net increase in fund balance	-	-	55,969	55,969
Fund balance - January 1	8,754,327	8,754,327	8,754,327	-
Fund Balance - December 31	\$ 8,754,327	\$ 8,754,327	\$ 8,810,296	\$ 55,969

**CITY OF RICHFIELD, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - ICE ARENA FUND**  
**For the Year Ended December 31, 2018**

Schedule 11

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Over</b>
				<b>(Under)</b>
<b>Revenues:</b>				
Charges for Services	\$ 982,360	\$ 970,810	\$ 1,064,759	\$ 93,949
Miscellaneous	76,730	61,830	68,360	6,530
Total Revenues	<u>1,059,090</u>	<u>1,032,640</u>	<u>1,133,119</u>	<u>100,479</u>
<b>Expenditures:</b>				
Current				
Personnel services	526,340	513,340	542,879	29,539
Other services and charges	456,680	457,640	450,084	(7,556)
Debt Service				
Interest	18,580	18,580	18,573	(7)
Capital outlay	-	170,000	193,535	23,535
Total Expenditures	<u>1,001,600</u>	<u>1,159,560</u>	<u>1,205,071</u>	<u>45,511</u>
Excess of revenues over (under) expenditures	<u>57,490</u>	<u>(126,920)</u>	<u>(71,952)</u>	<u>54,968</u>
<b>Other Financing Sources:</b>				
Transfers in:				
General Fund	85,000	85,000	85,000	-
Capital Project Fund	-	170,000	170,000	-
Net Other Financing Sources:	<u>85,000</u>	<u>255,000</u>	<u>255,000</u>	<u>-</u>
Net decrease in fund balance	142,490	128,080	183,048	54,968
Fund Balance - January 1	<u>(4,024,450)</u>	<u>(4,024,450)</u>	<u>(4,024,450)</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (3,881,960)</u>	<u>\$ (3,896,370)</u>	<u>\$ (3,841,402)</u>	<u>\$ 54,968</u>

**City of Richfield**  
**Schedule of Changes in Total OPEB Liability**  
**and Related Ratios**

December 31, 2018

<b>Total OPEB liability</b>	
Service Cost	184,122
Interest Cost	83,730
Changes of Assumptions	53,295
Benefit Payments	<u>(109,190)</u>
Net Change in total OPEB liability	211,957
 Beginning of year	 2,085,544
 End of year	 2,297,501
 Covered Payroll	 15,900,000
 Total OPEB liability as a percentage of covered-employee payroll	 14.40%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.



**Schedule of City of Richfield Contributions  
General Employees Retirement Fund  
Last Ten Years**

<b>Fiscal Year Ending December 31</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2015	\$ 706,736	\$ 706,736	\$ -	\$ 9,423,147	7.50%
2016	\$ 726,143	\$ 726,143	\$ -	\$ 9,681,907	7.50%
2017	\$ 742,606	\$ 742,606	\$ -	\$ 9,901,413	7.50%
2018	\$ 783,227	\$ 783,227	\$ -	\$ 10,443,027	7.50%

**Schedule of City of Richfield Contributions  
Public Employees Police and Fire Fund  
Last Ten Years**

<b>Fiscal Year Ending December 31</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2015	\$ 948,453	\$ 948,453	\$ -	\$ 5,854,648	16.20%
2016	\$ 1,000,004	\$ 1,000,004	\$ -	\$ 6,172,864	16.20%
2017	\$ 1,004,300	\$ 1,004,300	\$ -	\$ 6,199,383	16.20%
2018	\$ 1,048,095	\$ 1,048,095	\$ -	\$ 6,469,722	16.20%

\* Option to provide RSI for ten years at transition or to provide RSI prospectively.

**Schedule of City of Richfield Proportionate Share of Net Pension Liability  
Public Employees General Employees Retirement Fund  
Last Ten Years GERF Retirement Fund**

Fiscal Year Ending June 30	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City		Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				Employer's	Covered Payroll		
2015	0.1596%	\$8,271,300	\$0	\$8,271,300	\$9,226,400	89.65%	78.19%
2016	0.1587%	\$12,885,653	\$168,215	\$13,053,868	\$9,846,133	130.87%	68.91%
2017	0.1507%	\$9,620,589	\$121,007	\$9,741,596	\$9,711,387	99.07%	75.90%
2018	0.1520%	\$8,432,337	\$276,621	\$8,708,958	\$10,214,587	82.55%	79.53%

**Schedule of City of Richfield Proportionate Share of Net Pension Liability  
Public Employees Police and Fire Fund  
Last Ten Years PEPFF Retirement Fund**

Fiscal Year Ending June 30	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				Employer's	Covered Payroll	
2015	0.603%	\$6,851,491	\$5,371,889	127.54%		86.61%
2016	0.656%	\$26,326,421	\$6,317,469	416.72%		63.88%
2017	0.5910%	\$7,979,203	\$6,070,907	131.43%		85.43%
2018	0.6046%	\$6,389,999	\$6,371,512	100.29%		88.84%

\* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

**CITY OF RICHFIELD, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
DECEMBER 31, 2018**

Note 1 Legal Compliance – Budgets

Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles. The legal level of budgetary control is at the department level for the General Fund. At December 31, 2018, there were no General Fund departments whose expenditures exceeded budget appropriations.

Note 2 Pensions Plans

General Employees Fund

2018 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year

2017 Changes

Changes in Actuarial Assumptions

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

## 2015 Changes

### Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

### Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

## Police and Fire Fund

## 2018 Changes

### Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year thereafter, to 1.0% for all years, with no trigger.

## 2017 Changes

### Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

## 2016 Changes

### Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

## 2015 Changes

### Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

### Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

A Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified programs.

### **GENERAL OBLIGATION REDEVELOPMENT BONDS FUND**

This fund is used to account for the accumulation of resources from tax increment for and the payment of, interest and principal on general obligation long-term debt. It has been established in accordance with bond indentures.

### **PARK CAPITAL PROJECTS FUND**

This fund accounts for financial resources to be used for the acquisition or construction of major park recreational or cultural development capital improvement purposes.



**CITY OF RICHFIELD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2018**

Statement 15

	Special Revenue	Redevelopment Bonds	Park Capital Projects	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 5,268,065	-	4,262,583	\$ 9,530,648
Due from other governments	22,448	-	-	22,448
Receivables, net	598,744	-	-	598,744
Due from other funds	42,764	-	105,273	148,037
Prepaid items	7,330	-	-	7,330
Advances to other funds	427,635	-	299,670	727,305
<b>Total assets</b>	<b>\$ 6,366,986</b>	<b>\$ -</b>	<b>\$ 4,667,526</b>	<b>\$ 11,034,512</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 100,552	-	91,169	\$ 191,721
Accrued salaries and benefits	2,702	-	-	2,702
Due to other funds	936,330	-	10,000	946,330
Payable to other governments	570	-	-	570
Advances from other funds	-	-	203,440	203,440
<b>Total liabilities</b>	<b>1,040,154</b>	<b>-</b>	<b>304,609</b>	<b>1,344,763</b>
<b>Fund balances</b>				
Nonspendable	7,330	-	-	7,330
Restricted	392,031	-	-	392,031
Committed	5,879,510	-	4,575,643	10,455,153
Unassigned	(952,039)	-	(212,726)	(1,164,765)
<b>Total fund balances</b>	<b>5,326,832</b>	<b>-</b>	<b>4,362,917</b>	<b>9,689,749</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,366,986</b>	<b>\$ -</b>	<b>\$ 4,667,526</b>	<b>\$ 11,034,512</b>

CITY OF RICHFIELD, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2018

Statement 16

	Special Revenue	Redevelopment Bonds	Park Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Franchise taxes	\$ 2,242,216	\$ -	\$ -	\$ 2,242,216
Fees and fines	53,093	-	-	53,093
Intergovernmental	112,378	869,366	-	981,744
Charges for services	370,936	-	-	370,936
Investment earnings	74,117	-	68,752	142,869
Miscellaneous	685,079	-	32,219	717,298
Total revenues	<u>3,537,819</u>	<u>869,366</u>	<u>100,971</u>	<u>4,508,156</u>
<b>EXPENDITURES:</b>				
Current:				
Administrative Services	472,379	-	-	472,379
Public Safety	84,728	-	-	84,728
Recreation Services	633,263	-	93,233	726,496
Debt Service				
Principal	-	705,000	-	705,000
Interest and other charges	-	164,366	-	164,366
Capital Outlay:				
Administrative Services	7,525	-	-	7,525
Recreation Services	108,932	-	327,653	436,585
Total expenditures	<u>1,306,827</u>	<u>869,366</u>	<u>420,886</u>	<u>2,597,079</u>
Excess (deficiency) of revenues over expenditures	<u>2,230,992</u>	<u>-</u>	<u>(319,915)</u>	<u>1,911,077</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	110,000	-	317,500	427,500
Transfers out	(423,340)	-	(37,500)	(460,840)
Total other financing sources and uses	<u>(313,340)</u>	<u>-</u>	<u>280,000</u>	<u>(33,340)</u>
Net decrease in fund balance	1,917,652	-	(39,915)	1,877,737
Fund balances (deficit) - January 1	<u>3,409,180</u>	<u>-</u>	<u>4,402,832</u>	<u>7,812,012</u>
Fund balances (deficit) - December 31	<u>\$ 5,326,832</u>	<u>\$ -</u>	<u>\$ 4,362,917</u>	<u>\$ 9,689,749</u>

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## **NONMAJOR SPECIAL REVENUE FUNDS**

**Liquor Contributions Fund** is maintained according to Section 7.12, Subdivision 2 of the City Charter. Its primary purpose is to receive profits from the municipal off-sale liquor operations, which are restricted in use to financing capital improvements of the type which would be financed by a general obligation bond issue. Project appropriations are authorized by ordinance.

The **Tourism Administration Fund** is maintained to account for the collection of lodging taxes and subsequent payment to the Richfield Tourism Promotion Board.

The **Communications Fund** is maintained to account for the quarterly cable franchise fee received and cable television city communication activities.

The **Elections Fund** was created to better account for the cost fluctuations in conducting elections. The revenue source is rental revenue derived from leases with cell phone carriers.

The **Drug/Forfeiture Fund** is maintained according to federal regulations and is used to account for monies allocated to the City and spent according to their guidelines.

The **Public Safety Compliance Fund** is maintained to account for the collection of funds from the sale of recovered property, and fines collected from violations of alcohol and tobacco compliance checks.

**Contributions – Recreation, and Nature Center** are used to account for private donations restricted by the donor to certain programs or used for the parks, Nature Center and recreation programs.

The **Public Health Grants Fund** was created to account for grant funds received for enhancing the health and environmental well being of the community.

The **Wood Lake Half Marathon Fund** was created to separately account for the proceeds and costs associated with the Half Marathon race held at Wood Lake Nature Center.

The **Utility Franchise Fee Fund** was created to account for gas and electric franchise fees received from gas and electric public utilities.

The **Swimming Pool Fund** is used to account for the operations of the City's municipal pool at Veteran's Memorial Park.

The **Special Facilities Fund** is used to account for the City's mini golf and picnic shelter operations at Veteran's Memorial Park.

CITY OF RICHFIELD, MINNESOTA  
SUBCOMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2018

	Liquor Contributions Fund	Tourism Admin	Communications	Elections	Drug/ Forfeiture	Public Safety Compliance	Recreation Contr.
<b><u>ASSETS</u></b>							
Cash and investments	\$ 136,873	\$ 68,299	\$ 1,463,112	\$ 1,293,193	\$ 186,055	\$ 132,844	\$ 39,661
Due from other governments	-	-	-	-	-	9,393	-
Receivables, net	-	-	99,454	-	-	692	-
Due from other funds	-	-	42,764	-	-	-	-
Prepaid items	-	-	7,330	-	-	-	-
Advances to other funds	-	-	427,635	-	-	-	-
Total Assets	<u>\$ 136,873</u>	<u>\$ 68,299</u>	<u>\$ 2,040,295</u>	<u>\$ 1,293,193</u>	<u>\$ 186,055</u>	<u>\$ 142,929</u>	<u>\$ 39,661</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
Liabilities:							
Accounts payable	\$ -	\$ 12,653	\$ 2,517	\$ 25,315	\$ -	\$ 2,990	\$ 1,288
Accrued salaries and benefits	-	-	2,702	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Payable to other governments	-	-	-	-	216	309	45
Total Liabilities	<u>-</u>	<u>12,653</u>	<u>5,219</u>	<u>25,315</u>	<u>216</u>	<u>3,299</u>	<u>1,333</u>
Fund Balances:							
Nonspendable	-	-	7,330	-	-	-	-
Restricted	-	-	-	-	185,839	9,393	38,328
Committed	136,873	55,646	2,027,746	1,267,878	-	130,237	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>136,873</u>	<u>55,646</u>	<u>2,035,076</u>	<u>1,267,878</u>	<u>185,839</u>	<u>139,630</u>	<u>38,328</u>
Total Liabilities and Fund Balances	<u>\$ 136,873</u>	<u>\$ 68,299</u>	<u>\$ 2,040,295</u>	<u>\$ 1,293,193</u>	<u>\$ 186,055</u>	<u>\$ 142,929</u>	<u>\$ 39,661</u>

## Statement 17

Nature Center Contr.	Public Health Grants	Wood Lake Half Marathon	Utility Franchise Fees	Swimming Pool	Special Facilities	Total Nonmajor Special Revenue Funds
\$ 57,514	\$ 91,455	\$ 25,636	\$ 1,745,655	\$ -	\$ 27,768	\$ 5,268,065
-	13,055	-	-	-	-	22,448
-	-	-	463,048	-	35,550	598,744
-	-	-	-	-	-	42,764
-	-	-	-	-	-	7,330
-	-	-	-	-	-	427,635
<u>\$ 57,514</u>	<u>\$ 104,510</u>	<u>\$ 25,636</u>	<u>\$ 2,208,703</u>	<u>\$ -</u>	<u>\$ 63,318</u>	<u>\$ 6,366,986</u>
\$ 3,553	\$ -	\$ -	\$ -	\$ 15,709	\$ 36,527	\$ 100,552
-	-	-	-	-	-	2,702
-	-	-	-	936,330	-	936,330
-	-	-	-	-	-	570
<u>3,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>952,039</u>	<u>36,527</u>	<u>1,040,154</u>
-	-	-	-	-	-	7,330
53,961	104,510	-	-	-	-	392,031
-	-	25,636	2,208,703	-	26,791	5,879,510
-	-	-	-	(952,039)	-	(952,039)
<u>53,961</u>	<u>104,510</u>	<u>25,636</u>	<u>2,208,703</u>	<u>(952,039)</u>	<u>26,791</u>	<u>5,326,832</u>
<u>\$ 57,514</u>	<u>\$ 104,510</u>	<u>\$ 25,636</u>	<u>\$ 2,208,703</u>	<u>\$ -</u>	<u>\$ 63,318</u>	<u>\$ 6,366,986</u>

**CITY OF RICHFIELD**  
**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For The Year Ended December 31, 2018**

	Liquor Contributions Fund	Tourism Admin	Communications	Elections	Drug/ Forfeiture	Public Safety Compliance
<b>Revenues:</b>						
Franchise taxes	\$ -	\$ -	\$ 401,332	\$ -	\$ -	\$ -
Fees and fines	-	-	-	-	53,093	-
Intergovernmental revenues:						
Federal grants	-	-	-	-	-	4,424
State of Minnesota -						
Other	-	-	-	-	-	3,158
County	-	-	-	-	-	20,000
Total Intergovernmental Revenues	-	-	-	-	-	27,582
Charges for services	-	-	-	-	-	-
Investment Earnings	2,128	1,033	22,801	16,719	2,496	1,882
Miscellaneous:						
Contributions	-	-	-	-	-	13,378
Other	-	13,233	3,101	343,064	-	8,037
Total Miscellaneous Revenues	-	13,233	3,101	343,064	-	21,415
Total Revenues	2,128	14,266	427,234	359,783	55,589	50,879
<b>Expenditures:</b>						
Current:						
Personnel services	-	9,830	182,660	88,802	-	915
Other services and charges	-	9	116,701	29,452	10,484	24,775
Capital outlay	-	-	7,525	-	-	-
Total Expenditures	-	9,839	306,886	118,254	10,484	25,690
Excess (Deficiency) of Revenues over Expenditures	2,128	4,427	120,348	241,529	45,105	25,189
<b>Other Financing Sources (Uses):</b>						
Transfers in:						
General Fund	-	-	-	-	-	-
Transfers out:						
General Fund	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-
Enterprise Funds	-	-	(70,000)	-	-	-
Net Other Financing Sources (Uses)	-	-	(70,000)	-	-	-
Net increase (decrease) in fund balance	2,128	4,427	50,348	241,529	45,105	25,189
Fund Balance - January 1	134,745	51,219	1,984,728	1,026,349	140,734	114,441
Fund Balance - December 31	\$ 136,873	\$ 55,646	\$ 2,035,076	\$ 1,267,878	\$ 185,839	\$ 139,630

## Statement 18

Recreation Contr.	Nature Center Contr.	Public Health Grants	Wood Lake Half Marathon	Utility Franchise Fees	Swimming Pool	Special Facilities	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,840,884	\$ -	\$ -	\$ 2,242,216
-	-	-	-	-	-	-	53,093
-	-	52,397	-	-	-	-	56,821
-	19,574	-	-	-	-	-	22,732
11,250	1,575	-	-	-	-	-	32,825
11,250	21,149	52,397	-	-	-	-	112,378
-	-	-	-	-	370,936	-	370,936
371	4,637	1,464	494	19,860	-	232	74,117
31,038	67,815	-	10,500	-	-	-	122,731
-	-	-	48,830	-	-	146,083	562,348
31,038	67,815	-	59,330	-	-	146,083	685,079
42,659	93,601	53,861	59,824	1,860,744	370,936	146,315	3,537,819
-	41,180	-	33,000	-	201,512	9,870	567,769
20,214	46,114	48,554	33,803	44,925	221,941	25,629	622,601
-	-	-	-	-	-	108,932	116,457
20,214	87,294	48,554	66,803	44,925	423,453	144,431	1,306,827
22,445	6,307	5,307	(6,979)	1,815,819	(52,517)	1,884	2,230,992
-	-	-	-	-	100,000	10,000	110,000
-	-	-	-	-	-	-	-
-	-	-	-	(353,340)	-	-	(353,340)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(70,000)
-	-	-	-	(353,340)	100,000	10,000	(313,340)
22,445	6,307	5,307	(6,979)	1,462,479	47,483	11,884	1,917,652
15,883	47,654	99,203	32,615	746,224	(999,522)	14,907	3,409,180
\$ 38,328	\$ 53,961	\$ 104,510	\$ 25,636	\$ 2,208,703	\$ (952,039)	\$ 26,791	\$ 5,326,832



CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - LIQUOR CONTRIBUTIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 19

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
Revenues:				
Investment Earnings	\$ 800	\$ 900	\$ 2,128	\$ 1,228
Net increase in fund balance	800	900	2,128	1,228
Fund Balance - January 1	134,745	134,745	134,745	-
Fund Balance - December 31	<u>\$ 135,545</u>	<u>\$ 135,645</u>	<u>\$ 136,873</u>	<u>\$ 1,228</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - TOURISM ADMINISTRATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 20

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b>Revenues:</b>				
Investment Earnings	\$ 300	\$ 400	\$ 1,033	\$ 633
Miscellaneous:				
Other	13,300	13,000	13,233	233
Total Revenues	13,600	13,400	14,266	866
<b>Expenditures:</b>				
Current				
Personnel services	9,830	9,830	9,830	-
Other services and charges	-	-	9	9
Total Expenditures	9,830	9,830	9,839	9
Net increase in fund balance	3,770	3,570	4,427	857
Fund Balance - January 1	51,219	51,219	51,219	-
Fund Balance - December 31	\$ 54,989	\$ 54,789	\$ 55,646	\$ 857

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - COMMUNICATIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 21

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b>Revenues:</b>				
Franchise taxes	\$ 428,000	\$ 433,000	\$ 401,332	\$ (31,668)
Investment Earnings	8,500	9,600	22,801	13,201
Miscellaneous:				
Other	-	-	3,101	3,101
Total Revenues	<u>436,500</u>	<u>442,600</u>	<u>427,234</u>	<u>(15,366)</u>
<b>Expenditures:</b>				
Current				
Personnel services	178,650	191,400	182,660	(8,740)
Other services and charges	129,700	134,800	116,701	(18,099)
Capital outlay	-	8,000	7,525	(475)
Total Expenditures	<u>308,350</u>	<u>334,200</u>	<u>306,886</u>	<u>(27,314)</u>
Excess of revenues over expenditures	<u>128,150</u>	<u>108,400</u>	<u>120,348</u>	<u>11,948</u>
<b>Other Financing Uses:</b>				
Transfers out:				
General Fund	(150,000)	(150,000)	-	150,000
Enterprise Funds	-	(70,000)	(70,000)	-
Net Other Financing Uses:	<u>(150,000)</u>	<u>(220,000)</u>	<u>(70,000)</u>	<u>150,000</u>
Net increase (decrease) in fund balance	(21,850)	(111,600)	50,348	161,948
Fund Balance - January 1	<u>1,984,728</u>	<u>1,984,728</u>	<u>1,984,728</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,962,878</u>	<u>\$ 1,873,128</u>	<u>\$ 2,035,076</u>	<u>\$ 161,948</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - ELECTIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 22

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b>Revenues:</b>				
Investment Earnings	\$ 4,000	\$ 5,900	\$ 16,719	\$ 10,819
Miscellaneous:				
Other	213,900	235,000	343,064	108,064
Total Revenues	<u>217,900</u>	<u>240,900</u>	<u>359,783</u>	<u>118,883</u>
<b>Expenditures:</b>				
Current				
Personnel services	104,190	96,240	88,802	(7,438)
Other services and charges	41,060	41,060	29,452	(11,608)
Total Expenditures	<u>145,250</u>	<u>137,300</u>	<u>118,254</u>	<u>(19,046)</u>
Net increase in fund balance	72,650	103,600	241,529	137,929
Fund Balance - January 1	<u>1,026,349</u>	<u>1,026,349</u>	<u>1,026,349</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,098,999</u>	<u>\$ 1,129,949</u>	<u>\$ 1,267,878</u>	<u>\$ 137,929</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - DRUG FORFEITURE  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 23

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b>Revenues:</b>				
Fees and Fines	\$ 40,000	\$ 40,000	\$ 53,093	\$ 13,093
Investment Earnings	200	800	2,496	1,696
Miscellaneous:				
Other	1,000	16,000	-	(16,000)
Total Revenues	<u>41,200</u>	<u>56,800</u>	<u>55,589</u>	<u>(1,211)</u>
<b>Expenditures:</b>				
Current				
Other services and charges	<u>20,500</u>	<u>41,400</u>	<u>10,484</u>	<u>(30,916)</u>
Total Expenditures	<u>20,500</u>	<u>41,400</u>	<u>10,484</u>	<u>(30,916)</u>
<b>Net increase in fund balance</b>	<b>20,700</b>	<b>15,400</b>	<b>45,105</b>	<b>29,705</b>
<b>Fund Balance - January 1</b>	<u><b>140,734</b></u>	<u><b>140,734</b></u>	<u><b>140,734</b></u>	<u><b>-</b></u>
<b>Fund Balance - December 31</b>	<u><u><b>\$ 161,434</b></u></u>	<u><u><b>\$ 156,134</b></u></u>	<u><u><b>\$ 185,839</b></u></u>	<u><u><b>\$ 29,705</b></u></u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - PUBLIC SAFETY COMPLIANCE  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 24

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b>Revenues:</b>				
Intergovernmental:				
Federal Grants	\$ -	\$ 3,120	\$ 4,424	\$ 1,304
State	-	-	3,158	3,158
County	20,000	20,000	20,000	-
Investment Earnings	500	600	1,882	1,282
Miscellaneous:				
Contributions	-	-	13,378	13,378
Other	11,000	4,500	8,037	3,537
Total Revenues	<u>31,500</u>	<u>28,220</u>	<u>50,879</u>	<u>22,659</u>
<b>Expenditures:</b>				
Current				
Personnel services	2,500	2,300	915	(1,385)
Other services and charges	20,000	27,000	24,775	(2,225)
Total Expenditures	<u>22,500</u>	<u>29,300</u>	<u>25,690</u>	<u>(3,610)</u>
Net increase (decrease) in fund balance	9,000	(1,080)	25,189	26,269
Fund Balance - January 1	<u>114,441</u>	<u>114,441</u>	<u>114,441</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 123,441</u>	<u>\$ 113,361</u>	<u>\$ 139,630</u>	<u>\$ 26,269</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - RECREATION CONTRIBUTIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 25

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b>Revenues:</b>				
Intergovernmental:				
County	\$ -	\$ -	\$ 11,250	\$ 11,250
Investment Earnings	120	100	371	271
Miscellaneous:				
Contributions	30,000	30,000	31,038	1,038
Total Revenues	<u>30,120</u>	<u>30,100</u>	<u>42,659</u>	<u>12,559</u>
<b>Expenditures:</b>				
Current				
Other services and charges	24,000	20,000	20,214	214
Total Expenditures	<u>24,000</u>	<u>20,000</u>	<u>20,214</u>	<u>214</u>
Net increase in fund balance	6,120	10,100	22,445	12,345
Fund Balance - January 1	<u>15,883</u>	<u>15,883</u>	<u>15,883</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 22,003</u>	<u>\$ 25,983</u>	<u>\$ 38,328</u>	<u>\$ 12,345</u>

**CITY OF RICHFIELD, MINNESOTA**  
**SPECIAL REVENUE FUND - NATURE CENTER CONTRIBUTIONS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2018**

Schedule 26

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Over</b>
				<b>(Under)</b>
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
State	\$ 5,000	\$ -	\$ 19,574	\$ 19,574
County	-	-	1,575	1,575
Investment Earnings	1,500	2,400	4,637	2,237
<b>Miscellaneous:</b>				
Contributions	67,000	70,000	67,815	(2,185)
<b>Total Revenues</b>	<b>73,500</b>	<b>72,400</b>	<b>93,601</b>	<b>21,201</b>
<b>Expenditures:</b>				
<b>Current</b>				
Personnel services	36,540	41,180	41,180	-
Other services and charges	40,000	35,000	46,114	11,114
<b>Total Expenditures</b>	<b>76,540</b>	<b>76,180</b>	<b>87,294</b>	<b>11,114</b>
<b>Net increase (decrease) in fund balance</b>	<b>(3,040)</b>	<b>(3,780)</b>	<b>6,307</b>	<b>10,087</b>
<b>Fund Balance - January 1</b>	<b>47,654</b>	<b>47,654</b>	<b>47,654</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 44,614</b>	<b>\$ 43,874</b>	<b>\$ 53,961</b>	<b>\$ 10,087</b>



CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - PUBLIC HEALTH GRANTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 27

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b>Revenues:</b>				
Intergovernmental revenues:				
Federal grants	\$ 34,220	\$ 36,780	\$ 52,397	\$ 15,617
Investment Earnings	100	500	1,464	964
Total Revenues	<u>34,320</u>	<u>37,280</u>	<u>53,861</u>	<u>16,581</u>
<b>Expenditures:</b>				
Current				
Other services and charges	<u>34,300</u>	<u>36,780</u>	<u>48,554</u>	<u>11,774</u>
Net increase in fund balance	20	500	5,307	4,807
Fund Balance - January 1	<u>99,203</u>	<u>99,203</u>	<u>99,203</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 99,223</u></u>	<u><u>\$ 99,703</u></u>	<u><u>\$ 104,510</u></u>	<u><u>\$ 4,807</u></u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - WOOD LAKE HALF MARATHON  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 28

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final	Amounts	
<b>Revenues:</b>				
Investment Earnings	\$ -	\$ 100	\$ 494	\$ 394
<b>Miscellaneous:</b>				
Contributions	11,000	14,000	10,500	(3,500)
Other	50,000	50,000	48,830	(1,170)
Total Revenues	<u>61,000</u>	<u>64,100</u>	<u>59,824</u>	<u>(4,276)</u>
<b>Expenditures:</b>				
<b>Current</b>				
Personnel services	30,000	33,000	33,000	-
Other services and charges	28,000	30,000	33,803	3,803
Total Expenditures	<u>58,000</u>	<u>63,000</u>	<u>66,803</u>	<u>3,803</u>
Net increase (decrease) in fund balance	3,000	1,100	(6,979)	(8,079)
Fund Balance - January 1	<u>32,615</u>	<u>32,615</u>	<u>32,615</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 35,615</u>	<u>\$ 33,715</u>	<u>\$ 25,636</u>	<u>\$ (8,079)</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - UTILITY FRANCHISE FEES  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b>Revenues:</b>				
Franchise taxes	\$ 1,831,450	\$ 1,831,450	\$ 1,840,884	\$ 9,434
Investment Earnings	5,000	5,000	19,860	14,860
<b>Total Revenues</b>	<b>1,836,450</b>	<b>1,836,450</b>	<b>1,860,744</b>	<b>24,294</b>
<b>Expenditures:</b>				
Current				
Other services and charges	95,000	95,000	44,925	(50,075)
<b>Excess of revenues over expenditures</b>	<b>1,741,450</b>	<b>1,741,450</b>	<b>1,815,819</b>	<b>74,369</b>
<b>Other Financing Uses:</b>				
Transfers out:				
Debt Service Fund	(349,030)	(469,920)	(353,340)	116,580
<b>Net Other Financing Uses:</b>	<b>(349,030)</b>	<b>(469,920)</b>	<b>(353,340)</b>	<b>116,580</b>
<b>Net increase in fund balance</b>	<b>1,392,420</b>	<b>1,271,530</b>	<b>1,462,479</b>	<b>190,949</b>
<b>Fund Balance - January 1</b>	<b>746,224</b>	<b>746,224</b>	<b>746,224</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,138,644</b>	<b>\$ 2,017,754</b>	<b>\$ 2,208,703</b>	<b>\$ 190,949</b>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - SWIMMING POOL  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 30

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b>Revenues:</b>				
Charges for services	\$ 387,370	\$ 394,300	\$ 370,936	\$ (23,364)
Total Revenues	<u>387,370</u>	<u>394,300</u>	<u>370,936</u>	<u>(23,364)</u>
<b>Expenditures:</b>				
Current				
Personnel services	211,640	211,640	201,512	(10,128)
Other services and charges	243,310	243,660	221,941	(21,719)
Total Expenditures	<u>454,950</u>	<u>455,300</u>	<u>423,453</u>	<u>(31,847)</u>
Excess of revenues over (under) expenditures	<u>(67,580)</u>	<u>(61,000)</u>	<u>(52,517)</u>	<u>8,483</u>
<b>Other Financing Sources:</b>				
Transfers in:				
General Fund	100,000	100,000	100,000	-
Net Other Financing Sources:	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net increase in fund balance	32,420	39,000	47,483	8,483
Fund Balance - January 1	<u>(999,522)</u>	<u>(999,522)</u>	<u>(999,522)</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (967,102)</u>	<u>\$ (960,522)</u>	<u>\$ (952,039)</u>	<u>\$ 8,483</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - SPECIAL FACILITIES  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

Schedule 31

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 232	\$ 232
Miscellaneous:				
Other	35,140	35,140	146,083	110,943
Total Revenues	35,140	35,140	146,315	111,175
<b>Expenditures:</b>				
Current				
Personnel services	9,870	9,870	9,870	-
Other services and charges	34,780	35,180	25,629	(9,551)
Capital outlay	-	-	108,932	108,932
Total Expenditures	44,650	45,050	144,431	99,381
Excess of revenues over (under) expenditures	(9,510)	(9,910)	1,884	11,794
<b>Other Financing Sources:</b>				
Transfers in:				
General Fund	10,000	10,000	10,000	-
Net Other Financing Sources:	10,000	10,000	10,000	-
Net increase in fund balance	490	90	11,884	11,794
Fund Balance - January 1	14,907	14,907	14,907	-
Fund Balance - December 31	\$ 15,397	\$ 14,997	\$ 26,791	\$ 11,794

## **INTERNAL SERVICE FUNDS**

**Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis. Internal Service Funds are authorized by Section 7.12, Subdivision 6 of the Richfield City Charter.**

**The Central Garage and Equipment Fund, the Information Technology Fund, the Self Insurance Fund, Building Services Fund, and the Compensated Absences Fund, are self-sustaining funds providing service to other departments within the City and for which payments are made by the using department.**

CITY OF RICHFIELD, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
December 31, 2018

	Central Garage & Equipment Fund	Information Technology Fund	Self Insurance Fund	Building Services Fund	Compensated Absences Fund	Total
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 1,606,760	\$ 434,745	\$ 4,599,697	\$ 919,412	\$ 1,842,445	\$ 9,403,059
Due from other funds	-	-	63,503	-	-	63,503
Total current assets	<u>1,606,760</u>	<u>434,745</u>	<u>4,663,200</u>	<u>919,412</u>	<u>1,842,445</u>	<u>9,466,562</u>
<b>Noncurrent assets:</b>						
Advances to other funds	-	-	709,975	-	-	709,975
<b>Capital assets:</b>						
Buildings and equipment	9,374,259	752,899	-	442,128	-	10,569,286
Construction in process	67,640	-	-	-	-	67,640
Less accumulated depreciation	(5,953,064)	(549,522)	-	(244,898)	-	(6,747,484)
Total noncurrent assets	<u>3,488,835</u>	<u>203,377</u>	<u>709,975</u>	<u>197,230</u>	<u>-</u>	<u>4,599,417</u>
Total assets	<u>5,095,595</u>	<u>638,122</u>	<u>5,373,175</u>	<u>1,116,642</u>	<u>1,842,445</u>	<u>14,065,979</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred outflows of resources related to pensions	42,271	45,626	-	37,225	-	125,122
Deferred outflows of resources related to OPEB	1,650	487	-	1,393	-	3,530
Total deferred outflows of resources	<u>43,921</u>	<u>46,113</u>	<u>-</u>	<u>38,618</u>	<u>-</u>	<u>128,652</u>
Total assets and deferred outflows of resources	<u>5,137,866</u>	<u>683,748</u>	<u>5,373,175</u>	<u>1,153,867</u>	<u>1,842,445</u>	<u>14,194,631</u>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts payable	100,604	101,884	14,841	32,059	-	249,388
Accrued salaries and benefits	7,638	8,441	-	6,402	-	22,481
Due to other governments	23,024	60	2,130	-	-	25,214
Compensated absences	8,752	10,073	-	16,618	526,320	561,763
Total current liabilities	<u>140,018</u>	<u>120,458</u>	<u>16,971</u>	<u>55,079</u>	<u>526,320</u>	<u>858,846</u>
<b>Noncurrent liabilities:</b>						
Compensated absences	21,884	25,188	-	41,556	1,316,125	1,404,753
Net OPEB obligation	31,149	16,835	-	22,044	-	70,028
Net pension liability	235,083	253,751	-	207,029	-	695,863
Claims and judgments	-	-	579,732	-	-	579,732
Total noncurrent liabilities	<u>288,116</u>	<u>295,774</u>	<u>579,732</u>	<u>270,629</u>	<u>1,316,125</u>	<u>2,750,376</u>
Total liabilities	<u>428,134</u>	<u>416,232</u>	<u>596,703</u>	<u>325,708</u>	<u>1,842,445</u>	<u>3,609,222</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred inflows or resources related to pensions	65,169	70,344	-	57,391	-	192,904
<b>NET POSITON</b>						
Net investment in capital assets	3,488,835	203,377	-	197,230	-	3,889,442
Unrestricted	1,157,378	(5,718)	4,776,472	574,931	-	6,503,063
Total net position	<u>4,646,213</u>	<u>197,659</u>	<u>4,776,472</u>	<u>772,161</u>	<u>-</u>	<u>10,392,505</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,139,516</u>	<u>\$ 684,235</u>	<u>\$ 5,373,175</u>	<u>\$ 1,155,260</u>	<u>\$ 1,842,445</u>	<u>\$ 14,194,631</u>

**CITY OF RICHFIELD, MINNESOTA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**For the Year Ended December 31, 2018**

	Central Garage & Equipment Fund	Information Technology Fund	Self Insurance Fund	Building Services Fund	Compensated Absences Fund	Total
<b>OPERATING REVENUES</b>						
Charges for Service	\$ 1,192,520	\$ 978,946	\$ 817,686	\$ 871,709	\$ -	\$ 3,860,861
Total operating revenues	<u>1,192,520</u>	<u>978,946</u>	<u>817,686</u>	<u>871,709</u>	<u>-</u>	<u>3,860,861</u>
<b>OPERATING EXPENSES</b>						
Personnel services	412,873	368,949	316,553	345,832	30,407	1,474,614
Other service and charges	854,113	646,296	304,396	479,906	-	2,284,711
Depreciation	733,868	64,175	-	30,415	-	828,458
Total operating expenses	<u>2,000,854</u>	<u>1,079,420</u>	<u>620,949</u>	<u>856,153</u>	<u>30,407</u>	<u>4,587,783</u>
Operating gain (loss)	<u>(808,334)</u>	<u>(100,474)</u>	<u>196,737</u>	<u>15,556</u>	<u>(30,407)</u>	<u>(726,922)</u>
<b>NONOPERATING REVENUES</b>						
Interest and investment revenue	19,561	5,638	85,668	13,895	30,407	155,169
Intergovernmental revenue	1,798	1,941	-	1,585	-	5,324
Miscellaneous revenue	55,912	-	75,731	3,660	-	135,303
Gain (loss) on disposal of capital assets	86,862	-	-	-	-	86,862
Total nonoperating revenue	<u>164,133</u>	<u>7,579</u>	<u>161,399</u>	<u>19,140</u>	<u>30,407</u>	<u>382,658</u>
Income (loss) before transfers	<u>(644,201)</u>	<u>(92,895)</u>	<u>358,136</u>	<u>34,696</u>	<u>-</u>	<u>(344,264)</u>
Transfers in	655,000	130,000	70,000	-	-	855,000
Transfers out	-	-	(70,000)	-	-	(70,000)
Changes in net position	<u>10,799</u>	<u>37,105</u>	<u>358,136</u>	<u>34,696</u>	<u>-</u>	<u>440,736</u>
Total net position - beginning	4,636,476	160,554	4,418,336	738,527	-	9,953,893
Change in accounting principle	<u>(1,062)</u>	<u>-</u>	<u>-</u>	<u>(1,062)</u>	<u>-</u>	<u>(2,124)</u>
Total net position - beginning - restated	<u>4,635,414</u>	<u>160,554</u>	<u>4,418,336</u>	<u>737,465</u>	<u>-</u>	<u>9,951,769</u>
Total net position - ending	<u>\$ 4,646,213</u>	<u>\$ 197,659</u>	<u>\$ 4,776,472</u>	<u>\$ 772,161</u>	<u>\$ -</u>	<u>\$ 10,392,505</u>



CITY OF RICHFIELD, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2018

Statement 34

	Central Garage & Equipment Fund	Information Technology Fund	Self Insurance Fund	Building Services Fund	Compensated Absences Fund	Totals
<b>Cash flows from operating activities:</b>						
Receipts from interfund services provided	\$ 1,207,211	\$ 978,946	\$ 817,686	\$ 871,939	\$ -	\$ 3,875,782
Payment to employees	(400,791)	(389,321)	(316,553)	(343,239)	(113,294)	(1,563,198)
Payment to suppliers	(794,695)	(674,492)	(460,000)	(521,984)	-	(2,451,171)
Miscellaneous revenue	57,710	1,941	75,731	5,245	-	140,627
Net cash flows from operating activities	69,435	(82,926)	116,864	11,961	(113,294)	2,040
<b>Cash flows from noncapital financing activities:</b>						
Transfer from Capital Project Funds	655,000	130,000	-	-	-	785,000
Transfer from Internal Service Funds	-	-	70,000	-	-	70,000
Transfer to Internal Service Funds	-	-	(70,000)	-	-	(70,000)
Interfund borrowing	-	-	62,247	-	-	62,247
Net cash flows from noncapital financing activities:	655,000	130,000	62,247	-	-	847,247
<b>Cash flows from capital and related financing activities:</b>						
Proceeds from sale of property	30,736	-	-	-	-	30,736
Acquisition of capital assets	(582,619)	-	-	-	-	(582,619)
Net cash flows from capital and related financing activities	(551,883)	-	-	-	-	(551,883)
<b>Cash flows from investing activities:</b>						
Investment income	19,561	5,638	85,668	13,895	30,407	155,169
Net increase (decrease) in cash and cash equivalents	192,113	52,712	264,779	25,856	(82,887)	452,573
Cash and cash equivalents - January 1	1,414,647	382,033	4,334,918	893,556	1,925,332	8,950,486
Cash and cash equivalents - December 31	\$ 1,606,760	\$ 434,745	\$ 4,599,697	\$ 919,412	\$ 1,842,445	\$ 9,403,059
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (808,334)	\$ (100,474)	\$ 196,737	\$ 15,556	\$ (30,407)	\$ (726,922)
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>						
Miscellaneous revenue	57,710	1,941	75,731	5,245	-	140,627
Depreciation	733,869	64,175	-	30,415	-	828,459
<b>Changes in assets and liabilities:</b>						
Decrease (increase) in receivables	14,691	-	-	230	-	14,921
Decrease (increase) in prepaid items	-	1,418	-	-	-	1,418
Decrease (increase) in deferred outflows related to pensions	21,544	39,101	-	25,324	-	85,969
Increase (decrease) in payables	45,866	8,078	(30,574)	(31,840)	-	(8,470)
Increase (decrease) in salaries and benefits	1,941	626	-	620	-	3,187
Increase (decrease) in compensated absences	10,141	(20,998)	-	1,974	(82,887)	(91,770)
Increase (decrease) in due to other governments	(2,118)	-	(43,470)	-	-	(45,588)
Increase (decrease) in net OPEB obligations	3,399	2,012	-	2,339	-	7,750
Increase (decrease) in deferred inflows related to pensions	5,101	(7,845)	-	(1,279)	-	(4,023)
Increase (decrease) in net pension liability	(14,375)	(70,960)	-	(36,623)	-	(121,958)
Increase (decrease) in claims and judgements	-	-	(81,560)	-	-	(81,560)
Total adjustments	877,769	17,548	(79,873)	(3,595)	(82,887)	728,962
Net cash flows from operating activities	\$ 69,435	\$ (82,926)	\$ 116,864	\$ 11,961	\$ (113,294)	\$ 2,040

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

**Building Permit – Surcharges Fund** is maintained to account for surcharges collected for the state and to remit these funds to them.

**Escrow Fund** is maintained to account for various deposits, mainly contractors' deposits, to guarantee work performance improvements required by the City.

**Snowmobile – Boat Licenses Fund** accounts for monies collected for registration of snowmobile and boat licenses and remits these funds to the Department of Natural Resources.

**Motor Vehicle Licenses Fund** accounts for monies collected for registration and license fees of motor vehicles and remits these funds to the State of Minnesota.

**CITY OF RICHFIELD**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**December 31, 2018**

Statement 35

	Agency Funds			Total Fiduciary Funds
	Building Permit Surcharges	Escrow Fund	Snowmobile Boat Licenses	
<b>Assets</b>				
Cash and investments	\$ 1,177	\$ 590,465	\$ 2,868	\$ 594,510
	<u>\$ 1,177</u>	<u>\$ 590,465</u>	<u>\$ 2,868</u>	<u>\$ 594,510</u>
<b>Liabilities</b>				
Due to other governments	\$ 1,177	\$ -	\$ 2,868	\$ 4,045
Deposits	-	590,465	-	590,465
<b>Total Liabilities</b>	<u>\$ 1,177</u>	<u>\$ 590,465</u>	<u>\$ 2,868</u>	<u>\$ 594,510</u>

CITY OF RICHFIELD, MINNESOTA  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b><u>BUILDING PERMIT SURCHARGES</u></b>				
<b><u>ASSETS</u></b>				
Cash and investments	\$ 1,727	\$ 33,687	\$ 34,237	\$ 1,177
<b><u>LIABILITIES</u></b>				
Due to other governments	\$ 1,727	\$ 67,363	\$ 67,913	\$ 1,177
<b><u>ESCROW FUND</u></b>				
<b><u>ASSETS</u></b>				
Cash and investments	\$ 593,029	\$ 399,189	\$ 401,753	\$ 590,465
<b><u>LIABILITIES</u></b>				
Deposits	\$ 593,029	\$ 399,011	\$ 401,575	\$ 590,465
<b><u>SNOWMOBILE - BOAT LICENSES</u></b>				
<b><u>ASSETS</u></b>				
Cash and investments	\$ 3,040	\$ 56,404	\$ 56,576	\$ 2,868
<b><u>LIABILITIES</u></b>				
Due to other governments	\$ 3,040	\$ 56,404	\$ 56,576	\$ 2,868
<b><u>MOTOR VEHICLE LICENSES</u></b>				
<b><u>ASSETS</u></b>				
Cash and investments	\$ -	\$ 19,685,178	\$ 19,685,178	\$ -
<b><u>LIABILITIES</u></b>				
Due to other governments	\$ -	\$ 19,685,178	\$ 19,685,178	\$ -
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and investments	\$ 597,796	\$ 20,174,458	\$ 20,177,744	\$ 594,510
TOTAL ASSETS	\$ 597,796	\$ 20,174,458	\$ 20,177,744	\$ 594,510
<b><u>LIABILITIES</u></b>				
Due to other governments	4,767	19,808,945	19,809,667	4,045
Deposits	593,029	399,011	401,575	590,465
TOTAL LIABILITIES	\$ 597,796	\$ 20,207,956	\$ 20,211,242	\$ 594,510

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## **SUPPLEMENTARY FINANCIAL INFORMATION**

HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
COMBINED BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2018

Statement 37

	General	Special Revenue	Capital Projects	Total
<b><u>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Cash and investments	\$ 1,797,042	\$ 1,592,273	\$ 7,161,375	\$ 10,550,690
Due from other governments	3,693	14,434	17,581	35,708
Accounts receivable	-	6,065	99,442	105,507
Taxes receivable	5,892	-	-	5,892
Assets held for resale	-	31,744	1,866,563	1,898,307
Restricted cash	-	39,245	-	39,245
Long term second mortgage receivable	173,660	2,221,559	-	2,395,219
Allowance for doubtful accounts	(173,660)	(2,221,559)	-	(2,395,219)
<b>Total Assets</b>	<b>\$ 1,806,627</b>	<b>\$ 1,683,761</b>	<b>\$ 9,144,961</b>	<b>\$ 12,635,349</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 12,295	\$ 20,476	\$ 36,428	\$ 69,199
Due to primary government	700,100	-	-	700,100
<b>Total Liabilities</b>	<b>712,395</b>	<b>20,476</b>	<b>36,428</b>	<b>769,299</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes	\$ 5,892	\$ -	\$ -	\$ 5,892
<b>Total Deferred Inflows of Resources</b>	<b>5,892</b>	<b>-</b>	<b>-</b>	<b>5,892</b>
<b>Fund Balances:</b>				
Restricted	-	73,645	5,272,344	5,345,989
Committed	-	1,485,216	-	1,485,216
Assigned	-	104,424	3,836,189	3,940,613
Unassigned	1,088,340	-	-	1,088,340
<b>Total Fund Balances</b>	<b>1,088,340</b>	<b>1,663,285</b>	<b>9,108,533</b>	<b>11,860,158</b>
<b>Total Liabilities, Deferred Inflows of Resources         and Fund Balances</b>	<b>\$ 1,806,627</b>	<b>\$ 1,683,761</b>	<b>\$ 9,144,961</b>	<b>\$ 12,635,349</b>
Fund balance reported above				\$ 11,860,158
Allocation to reflect consolidation on internal service fund activities related to component unit				(504,760)
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in component unit funds.				
Delinquent property taxes				5,892
Net position of component unit activities				<b>\$ 11,361,290</b>

HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year December 31, 2018

Statement 38

	General	Special Revenue	Capital Projects	Total
<b>Revenues:</b>				
Taxes	\$ 566,945	\$ -	\$ 4,997,404	\$ 5,564,349
Intergovernmental revenue	7,900	1,635,797	40,022	1,683,719
Investment income	22,419	21,448	120,132	163,999
Miscellaneous revenues	111,056	74,571	581,490	767,117
Total Revenues	<u>708,320</u>	<u>1,731,816</u>	<u>5,739,048</u>	<u>8,179,184</u>
<b>Expenditures -</b>				
Current:				
Personnel services	257,987	152,803	315,018	725,808
Other services and charges	139,379	1,564,992	3,168,175	4,872,546
Capital outlay	-	-	3,801,986	3,801,986
Total Expenditures	<u>397,366</u>	<u>1,717,795</u>	<u>7,285,179</u>	<u>9,400,340</u>
Excess (Deficiency) of Revenues over Expenditures	<u>310,954</u>	<u>14,021</u>	<u>(1,546,131)</u>	<u>(1,221,156)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	-	33,852	3,000	36,852
Capital Project Funds	-	-	589,559	589,559
Transfers out:				
Special Revenue Funds	(33,852)	-	-	(33,852)
Capital Project Funds	<u>(3,000)</u>	<u>-</u>	<u>(589,559)</u>	<u>(592,559)</u>
Net Other Financing Sources (Uses)	<u>(36,852)</u>	<u>33,852</u>	<u>3,000</u>	<u>-</u>
Net Changes in Fund Balances	274,102	47,873	(1,543,131)	(1,221,156)
Fund Balances - January 1	<u>814,238</u>	<u>1,615,412</u>	<u>10,651,664</u>	
Fund Balances - December 31	<u>\$ 1,088,340</u>	<u>\$ 1,663,285</u>	<u>\$ 9,108,533</u>	
Adjustment to reflect the consolidation of internal service fund activities related to component unit				(11,935)
Adjustment to reflect the change in other long-term assets not available to pay current period expenditures				(350)
Change in net position of component unit activities				<u>\$ (1,233,441)</u>



**City of Richfield**  
**Housing and Redevelopment Authority - Housing Choice Vouchers**  
**Financial Data Schedule**  
**Balance Sheet**  
**December 31, 2018**

**Statement 39**

**Assets**

		2018
<b>Current assets</b>		
113	Cash	\$ 39,245
128	Fraud recovery	13,109
128.1	Allowance for doubtful accounts - fraud	<u>(7,044)</u>
190	Total assets	<u><u>\$ 45,310</u></u>

**Liabilities and Fund Balance**

<b>Current liabilities</b>		
312	Accounts payable <= 90 days	\$ 525
331	Accounts payable - PHA projects	<u>2,884</u>
310	Total current liabilities	3,409
509.3	Fund balance restricted	25,080
512.3	Unassigned fund balance	<u>16,821</u>
513	Total fund balance	<u>41,901</u>
600	Total liabilities and fund balance	<u><u>\$ 45,310</u></u>

**Note: Financial Data Schedules - U.S. Department of Housing and Urban Development**

The City has presented the financial data schedules for its Housing and Redevelopment Authority. These schedules are presented on a modified accrual basis of accounting. The information in these schedules is presented in accordance with the U.S. Department of Housing and Urban Development, Office of Public Housing (HUD) and Indian Housing, Real Estate Assessment Center and the Financial Assessment Subsystem - Public Housing (FASS-PH). Accordingly, some of the amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

City of Richfield  
Housing and Redevelopment Authority - Housing Choice Vouchers  
Financial Data Schedule  
Income Statement  
For the year ended December 31, 2018

Statement 40

<b>Revenue</b>	<b>2018</b>
70600 HUD PHA operating grants	\$1,586,730
71500 Other revenue	535,762
70000 Total revenue	<u>2,122,492</u>
<b>Operating expenses</b>	
<b>Administrative expenses</b>	
91100 Administrative salaries	99,322
91500 Employee benefit contributions - administrative	53,481
91600 Office expenses	35,342
91000 Total operating administrative expenses	<u>188,145</u>
<b>General expenses</b>	
96200 Other general expenses	27,358
	<u>27,358</u>
96900 Total operating expenses	<u>215,503</u>
<b>Excess of operating revenue over operating expenses</b>	<b>1,906,989</b>
<b>Other expenses</b>	
97300 Housing assistance payments	1,386,521
97350 HAP Portability-in	500,371
90000 Total other expenses	<u>1,886,892</u>
<b>Other financing sources</b>	
10030 Operating Transfers from Primary Government	12,789
10100 Total Other financing sources	<u>12,789</u>
<b>Net increase (decrease) in net position</b>	<b>32,886</b>
<b>Net position - beginning</b>	<b>9,015</b>
<b>Net position - ending</b>	<b><u>\$ 41,901</u></b>
<b>Memo account information</b>	
11170 Administrative fee equity	16,821
11180 Housing assistance payments equity	25,080
Total net position	<u>\$ 41,901</u>
11190 Unit months available	2,411
11210 Number of unit months leased	2,327

**Note: Financial Data Schedules - U.S. Department of Housing and Urban Development**

The City has presented the financial data schedules for its Housing and Redevelopment Authority. These schedules are presented on a modified accrual basis of accounting. The information in these schedules is presented in accordance with the U.S. Department of Housing and Urban Development, Office of Public Housing (HUD) and Indian Housing, Real Estate Assessment Center and the Financial Assessment Subsystem - Public Housing (FASS-PH). Accordingly, some of the amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

ECONOMIC DEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
BALANCE SHEET  
GENERAL FUND  
December 31, 2018

Statement 41

**ASSETS & DEFERRED OUTFLOWS OF RESOURCES**

Cash and investments	\$ 259,240
Due from other governments	3,303
Taxes receivable	5,760
Long term second mortgage receivable	100,185
Allowance for doubtful accounts	(100,185)
Total Assets	<u>\$ 268,303</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES  
AND FUND BALANCES**

Liabilities:	
Accounts payable	\$ 37,942
Total Liabilities	<u>37,942</u>
Deferred Inflows of Resources:	
Unavailable revenue - property taxes	\$ 5,760
Total Deferred Inflows of Resources	<u>5,760</u>
Fund Balances:	
Unassigned	<u>224,601</u>
Total Fund Balances	<u>224,601</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 268,303</u>
Fund balance reported above	\$ 224,601
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in component unit funds.	
Delinquent property taxes	5,760
Net position of component unit activities	<u>\$ 230,361</u>

ECONOMIC DEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND  
For the Year December 31, 2018

Statement 42

<b>Revenues:</b>	
Taxes	\$ 554,247
Investment income	1,238
Miscellaneous revenues	2,700
<b>Total Revenues</b>	<u><b>558,185</b></u>
<b>Expenditures -</b>	
<b>Current:</b>	
Personnel services	57,296
Other services and charges	276,288
<b>Total Expenditures</b>	<u><b>333,584</b></u>
 <b>Excess (Deficiency) of Revenues     over Expenditures</b>	 <u><b>224,601</b></u>
 <b>Net Changes in Fund Balances</b>	 <b>224,601</b>
 <b>Fund Balances - January 1</b>	 <b>-</b>
 <b>Fund Balances - December 31</b>	 <u><u><b>\$ 224,601</b></u></u>
 <b>Adjustment to reflect the change in other long-term assets not available to pay current period expenditures</b>	 <u><b>5,760</b></u>
<b>Change in net position of component unit activities</b>	<u><u><b>\$ 230,361</b></u></u>

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### **III. STATISTICAL SECTION (UNAUDITED)**

**This part of the City of Richfield's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.**

#### **Financial Trends**

**These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.**

#### **Revenue Capacity**

**These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.**

#### **Debt Capacity**

**These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.**

#### **Demographic and Economic Information**

**These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.**

#### **Operating Information**

**These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.**

Schedule 1  
City of Richfield  
Net Position by Components  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$45,358,789	\$45,717,964	\$50,996,302	\$50,719,652	\$48,633,166	\$53,868,489	\$53,489,119	\$51,478,014	\$46,432,821	\$44,695,707
Restricted	18,955,821	18,729,736	4,106,339	4,773,505	2,824,310	3,625,019	6,159,180	3,093,111	3,388,199	6,336,024
Unrestricted	3,825,158	4,861,701	14,489,164	16,420,037	20,321,278	17,269,452	5,339,294	(428,034)	(4,174,406)	(8,092,783)
Total governmental activities net position	\$68,139,768	\$69,309,401	\$69,591,805	\$71,913,194	\$71,778,754	\$74,762,960	\$64,987,593	\$54,143,091	\$45,646,614	\$42,938,948
<b>Business-type activities</b>										
Net investment in capital assets	\$ 21,000,169	\$20,297,510	\$18,768,234	\$18,482,474	\$19,212,879	\$14,105,007	\$14,610,034	\$16,757,963	\$19,656,557	\$23,309,355
Restricted	272,507	272,507	272,507	272,507	272,507	-	-	-	-	-
Unrestricted	3,147,419	3,380,134	4,457,373	5,062,397	3,890,596	9,019,091	2,723,163	2,429,506	4,155,490	4,413,358
Total business-type activities net position	\$24,420,095	\$23,950,151	\$23,498,114	\$23,817,378	\$23,375,982	\$23,124,098	\$17,333,197	\$19,187,569	\$23,812,047	\$27,727,713
<b>Primary government</b>										
Net investment in capital assets	\$66,358,958	\$66,015,474	\$69,764,536	\$69,202,126	\$67,846,045	\$67,973,496	\$68,099,153	\$68,235,977	\$60,155,878	\$59,206,662
Restricted	19,228,328	19,002,243	4,378,846	5,046,012	3,096,817	3,625,019	6,159,180	3,093,111	3,388,199	6,336,024
Unrestricted	6,972,577	8,241,835	18,946,537	21,482,434	24,211,874	26,288,543	8,062,457	2,001,572	5,914,584	5,123,975
Total primary government net position	\$92,559,863	\$93,259,552	\$93,089,919	\$95,730,572	\$95,154,736	\$97,887,058	\$82,320,790	\$73,330,660	\$69,458,661	\$70,666,661

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

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Schedule 2  
City of Richfield  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,435,317	\$ 2,241,131	\$ 2,871,668	\$ 2,874,868	\$ 3,042,891	\$ 3,102,253	\$ 3,112,271	\$ 3,503,975	\$ 3,261,312	\$ 3,205,714
Public safety	9,220,252	7,956,850	8,337,565	8,207,554	8,369,982	8,010,123	8,367,770	11,080,522	9,430,593	8,576,956
Fire	2,849,347	3,375,222	3,342,834	3,427,362	3,365,043	3,757,653	4,114,362	5,766,379	4,275,793	4,381,882
Community development	143,142	1,118,218	1,145,063	1,136,623	1,322,175	1,360,558	1,390,908	1,489,202	1,364,575	1,552,826
Public Works	30,589,925	7,310,898	6,837,282	7,076,058	9,545,980	15,932,128	16,161,254	15,028,590	13,039,259	13,039,259
Parks and recreation	2,260,043	1,943,071	2,118,937	2,015,873	2,154,180	3,882,319	3,973,233	4,244,085	4,142,433	4,308,628
Interest on long-term debt	1,684,937	1,569,436	1,534,727	1,496,022	1,196,968	1,220,893	1,118,400	1,786,750	1,751,627	1,563,101
Total governmental activities expenses	\$ 49,182,963	\$ 25,514,826	\$ 26,188,076	\$ 26,234,927	\$ 28,997,219	\$ 30,981,140	\$ 38,009,072	\$ 44,032,167	\$ 39,255,023	\$ 36,628,366
Business-type activities										
Liquor										
Water and sewer utility	\$ 10,454,379	\$ 10,231,138	\$ 10,309,292	\$ 10,799,198	\$ 10,308,021	\$ 10,639,175	\$ 10,246,033	\$ 10,018,719	\$ 10,729,098	\$ 10,824,828
Storm sewer utility	6,402,596	6,543,019	6,698,270	6,689,992	7,217,814	7,271,227	7,503,496	8,067,365	7,957,436	8,262,064
Recreation Fund	1,158,998	1,099,575	1,056,249	1,167,332	1,260,211	1,220,584	1,263,819	1,462,684	1,623,854	1,720,653
Street Light utility	1,701,676	1,671,877	1,680,331	1,679,838	1,745,104	-	-	-	-	-
Total business-type activities expenses	\$ 1,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government expenses	\$ 19,719,289	\$ 19,545,609	\$ 19,744,142	\$ 20,346,360	\$ 20,531,150	\$ 19,130,986	\$ 19,013,348	\$ 19,545,768	\$ 20,310,388	\$ 20,807,545
Program Revenues	\$ 68,902,252	\$ 45,060,435	\$ 45,932,218	\$ 46,581,287	\$ 49,528,369	\$ 50,112,126	\$ 57,022,420	\$ 63,880,935	\$ 59,565,411	\$ 57,435,911
Governmental activities:										
Charges for services:										
General government	\$ 404,782	\$ 398,787	\$ 438,427	\$ 514,721	\$ 545,092	\$ 672,182	\$ 795,899	\$ 830,145	\$ 762,824	\$ 793,277
Public safety	1,484,728	689,767	752,083	683,347	822,423	837,168	828,737	640,411	721,376	750,959
Fire	21,150	15,589	14,376	15,899	12,140	25,905	13,605	18,180	14,414	3,740
Community development	10,325	1,038,020	967,780	1,188,057	985,884	1,305,144	1,146,164	1,383,804	1,289,746	1,696,677
Public Works	19,698	15,205	277,224	290,307	309,848	308,784	307,611	309,235	309,361	317,813
Parks and recreation	326,746	381,511	396,727	413,146	419,164	1,608,943	1,721,646	1,751,634	1,694,849	1,868,941
Total Charges for services	\$ 2,267,429	\$ 2,538,879	\$ 2,846,617	\$ 3,105,477	\$ 3,094,551	\$ 4,758,126	\$ 4,813,662	\$ 4,933,409	\$ 4,792,570	\$ 5,431,407
Operating grants and contributions:										
Public safety	787,410	1,003,961	767,708	813,807	776,911	852,230	818,401	906,083	823,813	880,202
Fire	138,196	129,055	288,954	275,595	163,949	141,794	150,837	161,310	178,447	179,543
Public Works	257,775	268,305	292,677	337,167	328,310	453,428	316,893	338,323	338,043	338,043
Parks and recreation	34,938	3,494	8,947	22,180	26,396	2,032	19,261	25,611	10,397	65,745
Total Operating grants and contributions	\$ 1,218,319	\$ 1,404,815	\$ 1,355,286	\$ 1,448,749	\$ 1,295,566	\$ 1,449,484	\$ 1,305,392	\$ 1,434,327	\$ 1,350,700	\$ 1,463,533
Capital grants and contributions:										
Public safety	-	-	20,000	-	-	-	-	-	-	-
Community development	1,546,075	1,549,542	1,559,732	2,029,215	820,737	861,086	868,587	869,352	873,056	869,366
Public Works	26,141,406	2,012,957	1,216,632	1,180,578	1,764,952	2,174,565	5,266,238	3,864,463	2,449,438	2,721,336
Parks and recreation	200,248	116,030	-	11,971	-	30,253	-	-	-	-
Total Capital grants and contributions	\$ 27,887,729	\$ 3,678,529	\$ 2,796,364	\$ 3,221,764	\$ 2,585,689	\$ 3,065,904	\$ 6,134,825	\$ 4,733,815	\$ 3,322,494	\$ 3,590,702
Total governmental activities program revenues	\$ 31,373,477	\$ 7,622,223	\$ 7,001,267	\$ 7,775,990	\$ 6,975,806	\$ 9,273,514	\$ 12,253,879	\$ 11,101,551	\$ 9,465,764	\$ 10,485,642

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

## Schedule 2 (cont.)

City of Richfield  
Changes in Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business-type activities</b>										
Charges for services:										
Liquor	\$ 11,349,563	\$ 11,117,676	\$ 11,198,404	\$ 11,807,489	\$ 11,137,402	\$ 11,500,417	\$ 10,859,642	\$ 10,457,318	\$ 11,351,640	\$ 11,561,557
Water & Sewer	5,703,187	6,099,325	6,525,152	6,940,791	7,008,087	7,222,179	7,314,887	7,647,683	8,023,101	8,648,729
Storm Sewer	936,509	980,077	991,950	1,238,267	1,117,761	1,204,476	1,181,739	1,352,699	1,495,191	1,768,394
Recreation Activities	1,293,946	1,248,111	1,196,110	1,131,040	1,120,189	-	-	-	-	-
Street Light utility	82,832	274,182	-	-	-	-	-	-	-	-
Capital Grants & Contributions	-	-	-	-	-	-	200,000	-	-	-
<b>Total business-type activities program revenues</b>	<b>19,366,037</b>	<b>19,719,371</b>	<b>19,911,616</b>	<b>21,117,587</b>	<b>20,383,439</b>	<b>19,927,072</b>	<b>19,556,268</b>	<b>19,457,700</b>	<b>20,869,932</b>	<b>21,978,680</b>
<b>Total primary government program revenues</b>	<b>50,739,514</b>	<b>27,341,594</b>	<b>26,912,883</b>	<b>28,893,577</b>	<b>27,359,245</b>	<b>29,200,586</b>	<b>31,810,147</b>	<b>30,555,251</b>	<b>30,335,696</b>	<b>32,464,322</b>
<b>Net (Expense) Revenue</b>	<b>(17,809,486)</b>	<b>(17,892,603)</b>	<b>(19,186,809)</b>	<b>(18,458,937)</b>	<b>(22,021,413)</b>	<b>(21,707,626)</b>	<b>(25,755,193)</b>	<b>(32,930,616)</b>	<b>(29,789,259)</b>	<b>(26,142,724)</b>
<b>Governmental activities</b>	<b>(353,252)</b>	<b>173,762</b>	<b>167,474</b>	<b>771,227</b>	<b>(147,711)</b>	<b>796,086</b>	<b>542,920</b>	<b>(91,068)</b>	<b>559,544</b>	<b>1,171,135</b>
<b>Business-type activities</b>	<b>(18,162,738)</b>	<b>(17,718,841)</b>	<b>(19,019,335)</b>	<b>(17,687,710)</b>	<b>(22,169,124)</b>	<b>(20,911,540)</b>	<b>(25,212,273)</b>	<b>(33,021,684)</b>	<b>(29,229,715)</b>	<b>(24,971,589)</b>
<b>Total primary government net expense</b>										
<b>General Revenues and other changes in Net Position</b>										
<b>Governmental activities</b>										
Property taxes	\$ 13,631,513	\$ 14,522,676	\$ 15,276,804	\$ 17,025,767	\$ 17,985,988	\$ 18,613,321	\$ 18,388,710	\$ 18,398,414	\$ 19,075,553	\$ 20,019,144
Franchise taxes	1,055,073	1,161,200	1,236,825	1,259,670	1,304,716	1,973,751	2,230,602	2,260,122	2,264,759	2,242,216
Unrestricted grants and contributions	2,719,211	1,320,480	1,319,307	1,230,268	1,223,981	1,937,907	2,054,379	2,084,057	2,094,443	2,229,280
Others	836,787	1,214,910	846,105	631,131	710,988	809,564	1,069,172	940,134	1,573,837	1,772,578
Transfers	629,031	842,970	790,172	633,490	661,300	866,460	1,009,749	(1,596,613)	(3,715,810)	(2,727,229)
<b>Total governmental activities</b>	<b>18,871,615</b>	<b>19,062,236</b>	<b>19,469,213</b>	<b>20,780,326</b>	<b>21,886,973</b>	<b>24,201,003</b>	<b>24,752,612</b>	<b>22,086,114</b>	<b>21,292,782</b>	<b>23,535,989</b>
<b>Business-type activities</b>										
Others	263,689	199,264	170,661	181,527	481,633	309,319	335,616	348,827	349,124	434,240
Transfers	(629,031)	(842,970)	(790,172)	(633,490)	(661,300)	(866,460)	(1,009,749)	1,596,613	3,715,810	2,727,229
Special Item	-	-	-	-	-	-	-	-	-	(93,263)
<b>Total business-type activities</b>	<b>(365,342)</b>	<b>(643,706)</b>	<b>(619,511)</b>	<b>(451,963)</b>	<b>(179,667)</b>	<b>(557,141)</b>	<b>(674,133)</b>	<b>1,945,440</b>	<b>4,064,934</b>	<b>3,068,206</b>
<b>Total primary government</b>	<b>\$ 18,506,273</b>	<b>\$ 18,418,530</b>	<b>\$ 18,849,702</b>	<b>\$ 20,328,363</b>	<b>\$ 21,707,306</b>	<b>\$ 23,643,862</b>	<b>\$ 24,078,479</b>	<b>\$ 24,031,554</b>	<b>\$ 25,357,716</b>	<b>\$ 26,604,195</b>
<b>Changes in Net Position</b>										
<b>Governmental activities</b>	<b>\$ 1,062,129</b>	<b>\$ 1,169,633</b>	<b>\$ 282,404</b>	<b>\$ 2,321,389</b>	<b>\$ (134,440)</b>	<b>\$ 2,493,377</b>	<b>\$ (1,002,581)</b>	<b>\$ (10,844,502)</b>	<b>\$ (8,496,477)</b>	<b>\$ (2,606,735)</b>
<b>Business-type activities</b>	<b>(718,594)</b>	<b>(469,944)</b>	<b>(452,037)</b>	<b>319,264</b>	<b>(327,378)</b>	<b>238,945</b>	<b>(131,213)</b>	<b>1,854,372</b>	<b>4,624,478</b>	<b>4,239,341</b>
<b>Total primary government</b>	<b>\$ 343,535</b>	<b>\$ 699,689</b>	<b>\$ (169,633)</b>	<b>\$ 2,640,653</b>	<b>\$ (481,818)</b>	<b>\$ 2,732,322</b>	<b>\$ (1,133,794)</b>	<b>\$ (8,990,130)</b>	<b>\$ (3,871,999)</b>	<b>\$ 1,632,606</b>

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

Schedule 3  
City of Richfield  
Fund Balance, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 91,326	\$ 73,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,683,584	6,756,678	-	-	-	-	-	-	-	-
Nonspendable	-	-	67,919	72,531	72,413	83,241	85,424	76,593	82,273	91,050
Unassigned	-	-	6,886,065	7,235,983	7,679,767	8,414,671	8,601,783	8,625,011	8,672,054	8,719,246
Total general fund	\$ 6,774,910	\$ 6,829,824	\$ 6,953,984	\$ 7,308,514	\$ 7,752,180	\$ 8,497,912	\$ 8,687,207	\$ 8,701,604	\$ 8,754,327	\$ 8,810,296
All Other Governmental Funds										
Reserved										
Advances to other funds	\$ -	\$ 908,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	20,275	20,275	-	-	-	-	-	-	-	-
Debt service	3,860,116	10,850,982	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	10,603,383	3,195,982	-	-	-	-	-	-	-	-
Capital project funds	17,748,413	12,261,522	-	-	-	-	-	-	-	-
Nonspendable	-	-	20,275	7,330	7,330	7,330	7,330	7,330	7,330	7,330
Restricted	-	-	2,682,735	3,198,047	3,360,006	3,477,447	6,195,103	14,300,168	10,990,575	14,128,908
Committed	-	-	6,010,283	6,469,737	6,703,091	7,409,218	9,417,154	13,209,935	11,585,895	13,784,178
Assigned	-	-	4,728,247	4,826,523	7,539,435	7,385,044	12,653,949	6,844,543	7,921,533	8,234,215
Unassigned	-	-	(66,244)	(307,452)	(217,010)	(5,327,013)	(5,155,757)	(5,205,632)	(5,244,580)	(5,006,167)
Total all other government funds	\$ 32,232,187	\$ 27,237,511	\$ 13,375,296	\$ 14,194,185	\$ 17,392,852	\$ 12,952,026	\$ 23,117,779	\$ 29,156,344	\$ 25,260,753	\$ 31,148,464

Note: The City implemented GASB Statement 54 in 2011. This information is not available for previous years.

Schedule 4  
City of Richfield  
Changes in Fund Balance, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Property taxes	\$ 13,614,364	\$ 14,583,414	\$ 15,436,001	\$ 16,975,557	\$ 18,116,437	\$ 18,370,724	\$ 18,407,060	\$ 18,357,209	\$ 19,112,961	\$ 20,041,028
Franchise taxes	1,055,073	1,161,200	1,236,825	1,259,670	1,304,716	1,973,751	2,230,602	2,260,122	2,264,759	2,242,216
Special assessments	386,977	356,068	332,974	338,582	295,384	975,724	222,667	194,607	206,140	202,308
Fees and fines	389,819	415,624	447,611	377,343	467,095	493,947	442,278	279,437	345,143	363,806
License and permits	733,326	901,746	810,617	928,747	938,455	1,030,746	985,367	1,124,025	1,061,107	1,385,288
Intergovernmental	31,506,661	6,088,027	5,262,097	5,502,036	4,903,648	5,486,032	9,272,706	7,971,353	6,526,885	6,995,230
Charges for services	1,144,284	1,221,509	1,588,389	1,799,387	1,689,001	3,233,433	3,386,017	3,529,947	3,386,320	3,682,313
Investment earnings	240,971	178,949	95,422	58,402	35,355	62,931	56,206	157,444	247,818	685,353
Miscellaneous	535,604	997,545	723,012	530,813	638,488	726,303	980,395	719,430	1,254,319	951,055
<b>Total revenues</b>	<b>49,607,079</b>	<b>25,904,082</b>	<b>25,932,948</b>	<b>27,770,537</b>	<b>28,388,579</b>	<b>32,353,591</b>	<b>35,983,298</b>	<b>34,593,574</b>	<b>34,405,452</b>	<b>36,548,597</b>
<b>Expenditures</b>										
General government	2,075,721	2,055,395	2,098,161	2,184,584	2,207,715	2,478,487	2,523,323	2,602,322	2,633,435	2,652,810
Police	8,320,110	7,607,999	7,972,936	7,886,426	8,228,719	7,761,398	7,936,351	8,310,386	8,330,682	8,756,038
Fire	3,153,679	3,230,065	3,251,870	3,283,640	3,495,925	3,561,443	3,845,082	4,056,978	4,140,668	4,237,354
Community Development	220,912	1,075,950	1,092,855	1,096,509	1,215,361	1,297,986	1,337,103	1,330,766	1,349,571	1,471,067
Public Works	29,253,543	5,313,266	4,727,177	4,854,365	7,244,947	7,424,484	13,814,201	13,457,283	12,643,244	10,834,054
Recreation services	1,712,717	1,725,477	1,815,018	1,756,185	1,795,561	3,207,929	3,282,355	3,382,122	3,379,327	3,615,978
Capital outlay	113,155	73,903	202,064	101,130	48,636	1,128,508	523,092	743,485	549,084	890,219
Construction/acquisition cost	2,879,275	14,801,527	8,471,460	3,217,198	1,934,877	1,215,892	1,840,072	2,207,711	4,087,867	3,551,094
Debt service:										
Principal	1,285,000	1,600,000	1,955,000	2,850,000	1,830,000	2,760,000	2,565,000	2,125,000	8,140,000	2,365,000
Interest and other charges	1,424,744	1,726,989	1,637,254	1,602,365	1,230,904	1,257,263	1,271,643	1,563,351	1,699,998	1,597,997
<b>Total expenditures</b>	<b>50,438,856</b>	<b>39,210,571</b>	<b>33,223,795</b>	<b>28,832,402</b>	<b>29,232,645</b>	<b>32,093,390</b>	<b>38,938,222</b>	<b>39,779,404</b>	<b>46,953,876</b>	<b>39,971,611</b>
Excess of revenues over (under) expenditures	(831,777)	(13,306,489)	(7,290,847)	(1,061,865)	(844,066)	260,201	(2,954,924)	(5,185,830)	(12,548,424)	(3,423,014)
<b>Other Financing Sources/Uses</b>										
Bonds issued	4,550,000	7,855,000	-	5,090,000	3,120,000	-	9,100,000	11,215,000	12,175,000	9,770,000
Premium (Discounts) on debt issued	(22,339)	146,587	-	20,307	76,365	-	278,526	516,582	319,366	151,774
Proceeds from sale of capital assets	-	-	-	-	6,804	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	(6,610,000)	(2,705,000)	-	-	-	-	(2,950,000)	-
Transfers in	6,579,328	11,890,481	2,458,913	5,016,917	5,773,029	3,333,711	11,965,883	4,368,205	5,333,223	11,296,324
Transfers out	(6,478,297)	(11,525,341)	(2,296,121)	(5,186,940)	(5,806,099)	(3,227,251)	(11,848,134)	(4,860,995)	(6,172,033)	(11,851,404)
<b>Total other financing sources(uses)</b>	<b>4,628,692</b>	<b>8,366,727</b>	<b>(6,447,208)</b>	<b>2,235,284</b>	<b>3,170,099</b>	<b>106,460</b>	<b>9,496,275</b>	<b>11,238,792</b>	<b>8,705,556</b>	<b>9,366,694</b>
<b>Net change in fund balances</b>	<b>\$ 3,796,915</b>	<b>\$ (4,939,762)</b>	<b>\$ (13,738,055)</b>	<b>\$ 1,173,419</b>	<b>\$ 2,326,033</b>	<b>\$ 366,661</b>	<b>\$ 6,541,351</b>	<b>\$ 6,052,962</b>	<b>\$ (3,842,868)</b>	<b>\$ 5,943,680</b>
Debt service as a percentage of noncapital expenditures	5.7%	13.7%	14.6%	17.5%	11.2%	13.5%	10.5%	10.0%	23.3%	11.1%

**Schedule 5**  
**City of Richfield**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousand of dollars)**

<b>Year Ended December 31</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Estimated Market Value</b>	<b>Total Direct Tax Rate (1)</b>
2009	2,387,793	584,442	5,655	2,977,890	3,214,994	44.33%
2010	2,198,407	508,244	4,985	2,711,636	2,990,148	49.79%
2011	1,954,100	497,407	4,913	2,456,420	2,669,488	56.80%
2012	1,816,389	489,491	7,992	2,313,872	2,534,910	62.56%
2013	1,934,597	507,270	7,902	2,449,769	2,672,791	65.67%
2014	1,971,484	548,560	7,859	2,527,903	2,736,099	66.17%
2015	2,061,584	577,408	12,690	2,651,682	2,854,982	61.66%
2016	2,260,137	605,362	13,567	2,879,066	3,091,380	62.66%
2017	2,462,327	582,035	14,300	3,058,662	3,263,103	58.41%
2018	2,768,600	612,983	18,206	3,399,789	3,566,514	54.31%

(1) Includes both City and Housing and Redevelopment Authority Rates.

Source: Hennepin County Finance Department

Schedule 6  
City of Richfield  
Property Tax Rates-Direct and Overlapping Governments  
Per \$1,000 of Assessed Value or Tax Capacity  
Last Ten Fiscal Years

Fiscal Year	<u>Direct City Rates</u>				Total City	<u>Overlapping Rates</u>			Total Direct & Overlapping Rates
	General	Debt	HRA			School District	Hennepin County	Metropolitan Agencies	
2009	37.91%	4.62%	1.81%		44.33%	23.08%	40.41%	7.15%	114.98%
2010	41.22%	6.73%	1.83%		49.79%	23.60%	42.64%	8.14%	124.16%
2011	48.60%	6.39%	1.81%		56.80%	26.76%	45.84%	9.17%	138.57%
2012	54.21%	6.59%	1.76%		62.56%	28.89%	48.23%	9.52%	149.21%
2013	56.77%	7.29%	1.60%		65.67%	31.01%	49.46%	10.09%	156.23%
2014	56.79%	7.67%	1.71%		66.17%	34.14%	49.95%	10.58%	160.83%
2015	53.17%	6.97%	1.53%		61.66%	26.66%	46.40%	9.79%	144.50%
2016	53.19%	7.80%	1.67%		62.66%	28.77%	45.36%	9.53%	146.32%
2017	50.18%	6.67%	1.56%		58.41%	27.05%	44.09%	9.32%	138.87%
2018	45.11%	7.75%	1.45%		54.31%	32.90%	41.66%	8.51%	137.38%

Source: Hennepin County Assessing Office

Schedule 7  
City of Richfield  
Principal Property Tax Payers

2018				
Tax payer	Assessed Value/ Tax Capacity	Rank	Percentage of Total City Tax Capacity	
			Value	
Best Buy	\$ 2,369,250	1	6.28%	
Meridian Crossings LLC	1,176,206	2	3.12%	
JIW Inc	773,030	3	2.05%	
Crossroads at Penn LLC	764,875	4	2.03%	
Menards, Inc.	379,250	5	1.00%	
Brixmor SPE 1, LLC	370,570	6	0.98%	
City Bella	362,484	7	0.96%	
CSM Corporation	338,250	8	0.90%	
Gramercy Park	327,326	9	0.87%	
DRFC Southdale Square LLC	298,850	10	0.79%	
Total	\$ 7,160,091		18.97%	

2009				
Tax payer	Assessed Value/ Tax Capacity	Rank	Percentage of Total City Tax Capacity	
			Value	
Best Buy	\$ 5,156,464	1	13.18%	
Ohio Teacher Retirement System	1,998,719	2	5.11%	
CSM Corporation	963,777	3	2.46%	
CSM Shops, Inc.	758,658	4	1.94%	
CP Gal Richfield LLC	740,132	5	1.89%	
Centro Bradley SPE 1 LLC	684,346	6	1.75%	
Target Corporation	594,100	7	1.52%	
Wood Lake-Vef IV LLC	534,483	8	1.37%	
Crossroads at Penn LLC	453,859	9	1.16%	
Principal Life Insurance Co.	439,943	10	1.12%	
Total	\$ 12,324,481		31.50%	

Source: Hennepin County Assessing Office

Schedule 8  
City of Richfield  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Net Total Property Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2009	13,664,697	13,502,685	98.8%	-	13,502,685	98.8%	-	0.0%
2010	14,575,518	14,464,099	99.2%	-	14,464,099	99.2%	-	0.0%
2011	16,037,434	15,901,906	99.2%	-	15,901,906	99.2%	-	0.0%
2012	17,477,266	17,261,829	98.8%	-	17,261,829	98.8%	-	0.0%
2013	17,744,951	17,631,536	99.4%	(20,382)	17,611,154	99.2%	(9,974)	-0.1%
2014	18,012,303	17,933,454	99.6%	(11,280)	17,922,174	99.5%	9,597	0.1%
2015	18,745,569	18,685,167	99.7%	(9,270)	18,675,897	99.6%	18,200	0.1%
2016	19,125,557	19,001,616	99.4%	6,554	19,008,170	99.4%	35,749	0.2%
2017	19,664,285	19,568,641	99.5%	(24,223)	19,544,418	99.4%	37,279	0.2%
2018	21,083,735	20,972,448	99.5%	-	20,972,448	99.5%	156,961	0.7%

Notes: (1) Net amount certified to County after credits and adjustments.



Schedule 9  
City of Richfield  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Year	Government Activities			Business Type Activities							Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Redevelopment Bonds	G.O. Improvement Bonds	Capital Notes	Storm Sewer Bonds	Ice Arena Bonds	Water & Sewer Bonds	Water Bonds						
2009	12,120,000	22,975,000	515,000	2,350,000	1,110,000	5,660,000	-	44,730,000	-	1,321			
2010	17,500,000	24,105,000	260,000	2,260,000	1,035,000	5,440,000	-	50,600,000	-	1,436			
2011	10,205,000	23,095,000	-	2,170,000	955,000	5,210,000	1,480,000	43,115,000	-	1,219			
2012	8,955,000	23,880,000	-	2,075,000	870,000	4,975,000	1,480,000	42,235,000	-	1,174			
2013	8,340,000	25,785,000	-	4,790,431	780,000	4,730,000	1,428,526	45,853,957	-	1,274			
2014	7,685,000	24,460,000	-	4,557,831	-	4,475,000	1,368,326	42,546,157	-	1,180			
2015	7,020,000	31,989,510	-	5,983,079	-	4,210,000	5,273,618	54,476,207	-	1,507			
2016	6,340,000	42,212,887	-	7,150,861	-	-	5,194,818	60,898,566	-	1,666			
2017	5,645,000	44,228,837	-	6,896,061	-	-	4,846,018	61,615,916	-	1,696			
2018	4,940,000	52,399,608	-	6,516,261	-	-	4,457,218	68,313,087	-	1,869			

Note: Details regarding the city's outstanding debt can be found in the notes to the financial

Note: Information on personal income is not available.

**Schedule 10**  
**City of Richfield**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Redevelopment Bonds	Less: Amounts Available in Debt Service Fund		Net Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
			Total	Fund			
2009	23,490,000	12,120,000	35,610,000	3,860,116	31,749,884	1.07%	938
2010	24,365,000	17,500,000	41,865,000	10,850,982	31,014,018	1.14%	880
2011	23,095,000	10,205,000	33,300,000	2,006,261	31,293,739	1.27%	885
2012	23,880,000	8,955,000	32,835,000	1,525,230	31,309,770	1.35%	870
2013	25,785,000	8,340,000	34,125,000	1,680,344	32,444,656	1.32%	902
2014	24,460,000	7,685,000	32,145,000	2,388,013	29,756,987	1.18%	826
2015	31,989,510	7,020,000	39,009,510	1,653,862	37,355,648	1.41%	1,033
2016	42,212,887	6,340,000	48,552,887	2,192,838	46,360,049	1.61%	1,268
2017	44,228,837	5,645,000	49,873,837	1,904,043	47,969,794	1.57%	1,320
2018	52,399,608	4,940,000	57,339,608	2,356,747	54,982,861	1.62%	1,505

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) Total Taxable Assessed Value can be found in Schedule 5.

(2) Population data can be found in Schedule 14.

Schedule 11  
City of Richfield  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2018

Jurisdiction	Net Debt Outstanding (1)	Percentage Applicable to City of Richfield (2)	Amount Applicable to City of Richfield
City of Richfield	\$ 52,806,152	100.00%	\$ 52,806,152
Hennepin County	\$ 1,056,890,798	2.00%	\$ 21,137,816
Independent School District #280, Richfield, MN	134,390,184	70.39%	94,597,251
Hennepin Suburb Park District	43,575,708	2.80%	1,220,120
Hennepin Regional RR Authority	24,600,380	2.80%	688,811
Metropolitan Council	75,902,689	0.95%	721,076
	\$ 1,335,359,759		\$ 118,365,072
<b>Total</b>	<b>\$ 1,388,165,911</b>		<b>\$ 171,171,224</b>

Source: Hennepin County Property Tax

Note: (1) Excludes Revenue bonds and Special Assessment bonds

(2) The percentage applicable to the City of Richfield was determined by dividing the portion of the tax capacity within the City by the total tax capacity of the taxing jurisdiction.

Schedule 12  
City of Richfield  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(in thousand dollars)

Legal Debt Margin Calculation for Fiscal Year 2018

Market Value of taxable property	\$ 3,399,789
Debt Limit (3% of market value of taxable property)	101,994
Total debt applicable to debt limit	50,769
Legal debt margin	<u>51,225</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 83,337	\$ 81,349	\$ 73,693	\$ 69,416	\$ 73,493	\$ 75,837	\$ 79,550	\$ 80,126	\$ 91,760	\$ 101,994
Total debt applicable to limit	22,383	23,167	21,992	22,978	24,151	22,875	30,910	29,522	42,506	50,769
Legal debt margin	<u>\$ 60,954</u>	<u>\$ 58,182</u>	<u>\$ 51,701</u>	<u>\$ 46,438</u>	<u>\$ 49,342</u>	<u>\$ 52,962</u>	<u>\$ 48,640</u>	<u>\$ 50,604</u>	<u>\$ 49,254</u>	<u>\$ 51,225</u>

Total net debt applicable to the limit as a percentage of debt limit	<u>26.86%</u>	<u>28.48%</u>	<u>29.84%</u>	<u>33.10%</u>	<u>32.86%</u>	<u>30.16%</u>	<u>38.86%</u>	<u>36.84%</u>	<u>46.32%</u>	<u>49.78%</u>
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Schedule 13  
City of Richfield  
Revenue Bond Coverage  
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements (2)		Coverage
				Principal	Interest	
2009	7,579,089 (4)	6,448,574	1,130,515	375,000	385,598	1.49
2010	7,967,431 (4)	7,389,315	578,116	385,000	395,350	0.74
2011	8,441,735 (5)	6,727,238	1,714,497	400,000	425,307	2.08
2012	9,026,205 (5)	6,709,992	2,316,213	415,000	427,749	2.75
2013	9,246,037 (5)	7,683,443	1,562,594	490,000	447,541	1.67
2014	8,426,655 (6)	6,532,437	1,894,218	515,000	399,985	2.07
2015	8,496,626 (6)	6,805,269	1,691,357	555,000	386,154	1.80
2016	4,929,871 (7)	3,520,861	1,409,010	570,000	364,299	1.51
2017	5,195,297 (7)	3,532,721	1,662,576	570,000	357,053	1.79
2018	5,771,247 (7)	3,943,875	1,827,372	735,000	324,269	1.73

Notes: (1) Total operating expenses exclude depreciation

(2) Include principal and interest of revenue bonds only

(3) Storm sewer and Ice Arena bonds

(4) Storm sewer, Ice Arena, Water and Sewer revenue bonds

(5) Storm sewer, Ice Arena, Water and Sewer revenue bonds, and Water revenue bonds

(6) Storm sewer, Water and Sewer, and Water revenue bonds

(7) Storm sewer and Water revenue bonds

**Schedule 14**  
**City of Richfield**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2009	33,859					3,995	6.7%
2010	35,228					3,980	6.4%
2011	35,376					4,131	5.8%
2012	35,979					4,388	4.3%
2013	36,041					4,405	3.8%
2014	36,154					4,396	3.0%
2015	36,557					4,302	2.6%
2016	36,338					4,235	3.2%
2017	36,338					4,231	2.7%
2018	36,554					4,127	2.1%

Sources: Minnesota Department of Employment and Economic Development, Metropolitan Council, and Richfield School District #280.

Note: Information on personal income, median age, and education levels is not available.

## Schedule 15

2018

Sources: Minnesota State Business Directory, Richfield Chamber of Commerce, and the Minnesota Manufacturers Register.

Note: Employee totals include only employees with full time status.

Schedule 16  
City of Richfield  
Full-Time Equivalent City Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General government</b>										
Management services	4	3	3	3	3	3	3	3	3	3
Finance	5	6	6	7	5	6	5	6	6	5
City Clerk	8	7	7	8	8	9	9	10	9	9
Assessing	1	1	1	1	1	1	1	1	1	1
Others	9	11	10	10	10	11	12	11	12	12
<b>Public Safety</b>										
Police officers	45	46	46	46	46	46	48	48	49	48
Dispatchers	8	7	6	6	7	8	0	0	0	0
Others	12	13	14	14	14	14	14	14	14	14
<b>Fire</b>										
Fire fighters and officers	24	26	26	26	26	26	27	27	27	26
<b>Community Development</b>										
Planning/Zoning	2	2	2	2	2	2	2	2	2	2
Inspections	7	7	7	7	8	8	8	8	8	9
Others	12	10	10	8	8	8	6	7	7	8
<b>Public Works</b>										
Engineering	5	4	4	4	3	3	3	3	4	4
Street and park maintenance	18	23	20	20	20	20	19	20	18	23
Forestry	3	4	4	4	4	4	4	4	4	0
Others	8	5	6	5	5	5	6	6	6	6
Parks and recreation	18	18	17	18	18	33	33	32	32	34
Liquor	24	26	27	28	25	26	25	23	24	24
Water and Wastewater	14	18	18	18	18	18	17	16	18	19
Storm Water	1	1	1	1	1	1	1	1	1	1
Recreation funds	16	16	15	15	15	0	0	0	0	0
<b>Total</b>	<b>244</b>	<b>254</b>	<b>250</b>	<b>251</b>	<b>247</b>	<b>252</b>	<b>243</b>	<b>242</b>	<b>245</b>	<b>248</b>

Full Time Equivalent - includes intermittent, seasonal, and part-time employees adjusted to full time equivalent status.

Source: City Administration Services office



Schedule 17  
City of Richfield  
Operating Indications by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Physical arrest	493	571	468	451	490	404	435	471	489	591
Total Offenses Cited	6,650	6,179	5,535	5,172	6,653	7,274	5,764	4,486	4,818	5,315
Fire										
Emergency responses	3,634	3,773	3,917	4,066	4,096	4,135	4,195	4,073	4,287	4,252
Fires extinguished	110	117	109	101	90	75	90	83	72	92
Other public works										
Streets resurfacing (miles)	3.21	3.68	-	0.50	0.20	-	14.30	15	16	14.4
Potholes repaired (tons of asphalt used)	475.14	367.72	599.24	441.95	732.00	306.46	100.79	81.4	18.64	84.93
Parks and recreation										
Athletic field permits issued	87	89	47	54	58	52	55	56	53	57
Water										
New connections	-	-	-	1	2	4	2	6	9	10
Connections eliminated (Redevelopment)	-	-	-	-	-	17	4	18	3	-
Water main breaks	8	13	11	7	13	9	19	16	15	14
Average daily consumption (million of gallons)	3.24	3.03	3.09	3.19	3.02	2.90	2.84	2.70	2.70	2.71
Peak daily consumption (million of gallons)	6.75	5.63	5.90	6.81	6.24	6.01	4.97	4.80	5.23	5.26
Waste Water										
Average daily sewage treatment (million of gallons)	2.90	2.72	2.88	3.08	3.13	3.16	3.16	3.14	3.02	2.42

Sources: Various city departments

Note: Indicators are not available for the general government function

Schedule 18  
City of Richfield  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire stations	2	2	2	2	2	2	2	2	2	2
Other public works										
Street (miles)	125.19	125.19	123.43	123.43	123.43	123.43	123.43	123.43	123.43	123.43
Highway (miles)	6.64	6.64	7.17	7.17	7.17	7.17	7.17	7.17	7.17	7.17
Street lights	3,183	3,184	3,183	3,183	3,349	3,349	3,349	3,349	3,349	3,349
Traffic signals	50	49	49	49	49	49	49	49	49	47
Parks and recreation										
Acreage	461	461	461	461	461	461	461	461	461	461
Playgrounds	21	21	21	21	21	21	21	21	21	21
Baseball/softball diamonds	21	21	21	21	21	21	21	21	21	21
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
Hockey Rink - indoor	2	2	2	2	2	2	2	2	2	2
Community Center	1	1	1	1	1	1	1	1	1	1
Nature Center	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	121	121	121	121	121	121	121	121	120	120
Fire hydrants	1,043	1,043	1,044	1,046	1,047	1,048	1,052	1,050	1,053	1,053
Storage capacity (millions of gallons)	5	5	5	5	5	5	5	5	5	5
Wastewater										
Sanitary sewers (miles)	119.4	119.4	119.4	119.4	119.4	119.4	119.4	119.4	119.4	118
Storm sewers (miles)	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9

Sources: Various city departments

Note: No capital asset indicators are available for the general government.

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**City of Richfield  
Hennepin County, Minnesota**

**Schedule of Expenditures of  
Federal Awards and Independent  
Auditor's Reports**

**December 31, 2018**

**City of Richfield  
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**City of Richfield**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2018**

Federal Agency/Pass Through Agency/Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>		
Received Directly		
Section 8 Housing Choice Voucher Program	14.871	\$ 2,121,064
Passed through Hennepin County		
Community Development Block Grant - Entitlement Grant	14.218	49,067
Total U.S. Department of Housing and Urban Development		<u>2,170,131</u>
<b>U.S. Department of Health and Human Services</b>		
Passed through the State of Minnesota		
Public Health Emergency Preparedness	93.069	52,397
<b>U.S. Department of Justice</b>		
Received directly		
Bulletproof Vest Partnership Program	16.607	3,152
<b>U.S. Department of Transportation</b>		
Passed through Metropolitan Airport Commission		
Towards Zero Deaths	20.608	11,453
Passed through the State of Minnesota		
Towards Zero Deaths	20.608	55,497
DWI Enforcement	20.616	27,197
Passed through the Hennepin County		
Justice Assistance Grant	16.738	1,272
Total U.S. Department of Transportation		<u>95,419</u>
<b>U.S. Department of Agriculture</b>		
Passed through the State of Minnesota		
Summer Food Service Program for Children	10.559	3,422
Total Federal Expenditures		<u><u>\$ 2,324,521</u></u>

**City of Richfield**  
**Notes to Schedule of Expenditures of Federal Awards**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Richfield, Minnesota and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**NOTE 2 – PASS-THROUGH GRANT NUMBERS**

All pass-through entities listed previously use the same CFDA numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

**NOTE 3 – INDIRECT COST RATE**

The City did not elect to use the 10 percent de minimis indirect cost rate.

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Richfield  
Richfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 23, 2019.

**Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control as described in the accompanying Schedule of Findings and Questioned Costs as Audit Finding 2018-001 that we consider to be a material weakness.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Minneapolis, Minnesota  
April 23, 2019

**Report on Compliance for each Major Program  
and Report on Internal Control over Compliance In Accordance  
With the Uniform Guidance**

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Richfield  
Richfield, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the City of Richfield, Minnesota, with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination of the City's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2018, and have issued our report thereon dated April 23, 2019, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Bergan KDV Ltd.*

**City of Richfield**  
**Schedule of Findings and Questioned Costs**

**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes, Audit Finding 2018-001
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

**Identification of Major Programs**

CFDA No.:	14.871
Name of Federal Program or Cluster:	Section 8 Housing Choice Vouchers
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

**City of Richfield**  
**Schedule of Findings and Questioned Costs**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Audit Finding 2018-001 - Material Audit Adjustments**

*Criteria or Specific Requirement:*

Internal control that supports the City's ability to report financial data, consistent with the assertions of management in the financial statements, requires thorough review of the accounting records at year-end.

*Condition:*

During the course of our engagement, we proposed audit adjustments that were not identified as a result of the City's existing internal controls and, therefore, resulted in a material misstatement of the City's financial statements.

In order to ensure financial statements were free from material misstatements, an audit adjustment was required to adjust utility receivables and deferred inflows of resources.

*Context:*

This finding impacts the City's ability to internally prepare their financial statements free from material misstatements.

*Effect:*

The City's financial data was misstated in the current year's financial general ledger system.

*Cause:*

City personnel did not make all required adjustments in the year of occurrence.

*Recommendation:*

Review the City's financial statements to assure all entries are prepared and posted.

*Management's Response:*

The City acknowledged and approved these adjustments and will strive to correct this in the future.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV – SUMMARY OF PREVIOUS AUDIT FINDINGS**

None

**Minnesota Legal Compliance**

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Richfield  
Richfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated April 23, 2019.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Richfield, Minnesota, failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Minneapolis, Minnesota  
April 23, 2019

**City of Richfield  
Hennepin County, Minnesota**

**Communications Letter**

**December 31, 2018**



**City of Richfield  
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**Report on Matters Identified as a Result of  
the Audit of the Financial Statements**

Honorable Mayor and Members  
of the City Council and Management  
City of Richfield  
Richfield, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows: reasonably possible – the  
Bergan KDV Ltd . y to occur. The material weakness identified is stated within this letter.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we also became aware of deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency. They are described in the accompanying letter under Other Deficiency.

The City's written response to the material weakness identified in our audit has not been subjected to audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated April 23, 2019, on such statements.

This communication is intended solely for the information and use of the Members of the City Council and management and others within the City and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Minneapolis, Minnesota  
April 23, 2019

**City of Richfield  
Material Weakness**

**MATERIAL AUDIT ADJUSTMENTS**

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements.

In order to ensure financial statements were free from material misstatements, audit adjustments were required to adjust utility receivables and deferred inflows of resources.

**City of Richfield  
Other Deficiency**


**PERFORM ROUTINE TEST COUNTS OF INVENTORY**

During our audit, we conducted a test count of liquor store inventory. Multiple variances were noted between inventory counted and inventory balances maintained within the POS system. We recommend each store perform test counts routinely to monitor inventory balances and ensure balances are accurate.

## **City of Richfield Required Communication**

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2018. Professional standards require that we advise you of the following matters related to our audit.

### **OUR RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENT AUDIT**

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements prepared by management with your  in all material respects, in accordance with accounting principles of the United States of America. Our audit of the financial statements does not express an opinion on the results of operations or the financial position of the entity or its respective responsibilities.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Uniform Guidance, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on the City's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## **City of Richfield Required Communication**

### **PLANNED SCOPE AND TIMING OF THE AUDIT**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City.

### **COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

### **QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES**

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2018. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Depreciation – The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Net/Total Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB and Deferred Inflows of Resources Related to OPEB – These balances are based on an actuarial study using the estimates of future obligations of the City for post employment benefits.

Net Pension Liability, Deferred Outflows of Resources Relating to Pensions and Deferred Inflows of Resources relating to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

**City of Richfield  
Required Communication**

**QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)**

Land Held for Resale – Land held for resale is recorded using either the lower of historical cost or estimated resale value.

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

**SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**UNCORRECTED AND CORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We identified the following uncorrected misstatements of the financial statements. Management has determined their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- An adjustment to liquor store inventory was not made
- HRA mortgage receivables were not written off

The following material misstatements detected as a result of audit procedures were corrected by management.

- Deferred inflows of resources
- Utility receivables

**DISAGREEMENTS WITH MANAGEMENT**

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

**REPRESENTATIONS REQUESTED FROM MANAGEMENT**

We requested certain written representations from management, which are included in the management representation letter.



**City of Richfield  
Required Communication**

**MANAGEMENT'S CONSULTATIONS WITH OTHER ACCOUNTANTS**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**OTHER SIGNIFICANT MATTERS, FINDINGS, OR ISSUES**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the City, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

**OTHER MATTERS**

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## City of Richfield Financial Analysis

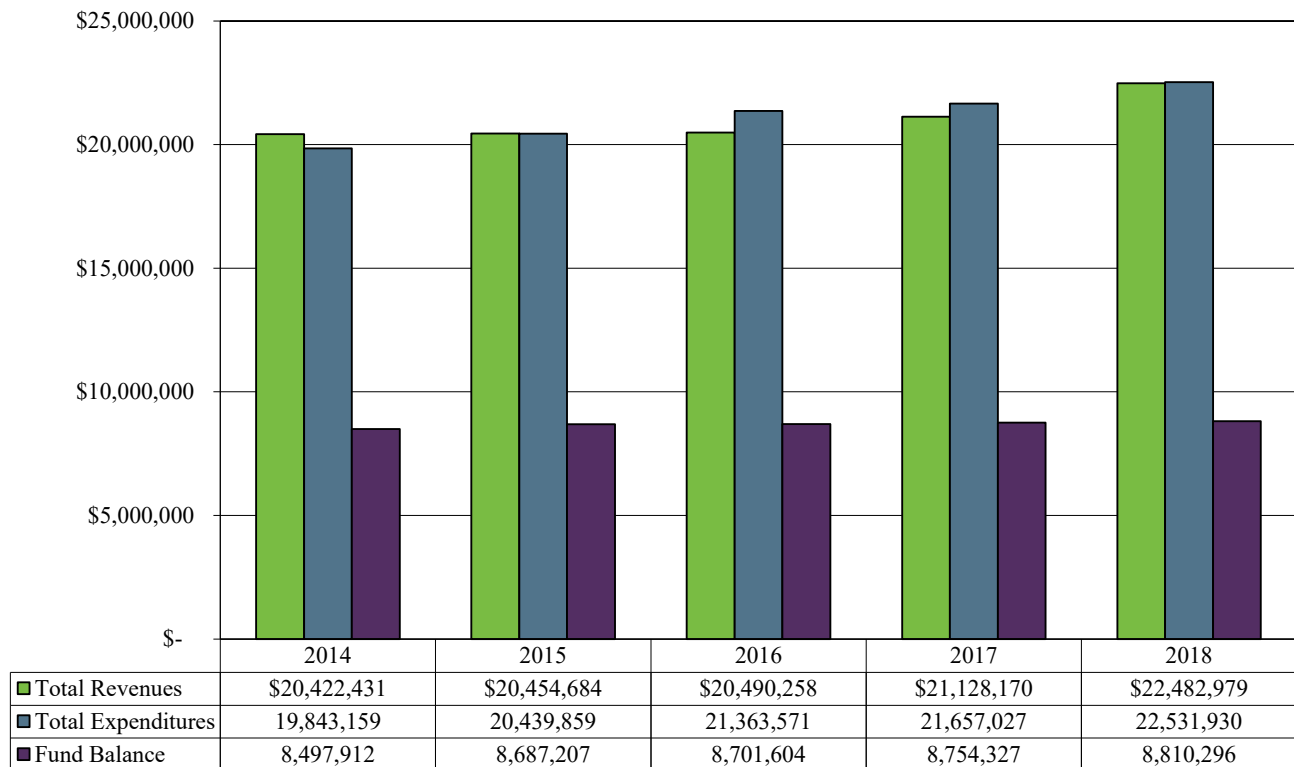
The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours.

### GENERAL FUND

As illustrated in the graph below, total expenditures exceeded total revenues in the General Fund in 2018. This deficit, combined with net transfers in of \$104,920 resulted in an increase in fund balance of \$55,969 in 2018. The City's total fund balance of \$8,810,296 at December 31, 2018, represents 39.1% of General Fund expenditures based on 2018 spending levels. The City relies on year-end fund balance to finance much of the subsequent year's expenditures, since major property tax settlements are not received until June.

The City's target General Fund balance is to maintain a minimum unassigned fund balance of 40% of the current year end actual General Fund revenues. At December 31, 2018, the City's unassigned fund balance amounted to \$8,719,246, which excludes nonspendable fund balance for prepaid items of \$91,050. This amount equals 38.8% of the City's 2018 actual General Fund revenues.

**General Fund Revenues, Expenditures, and Fund Balance**



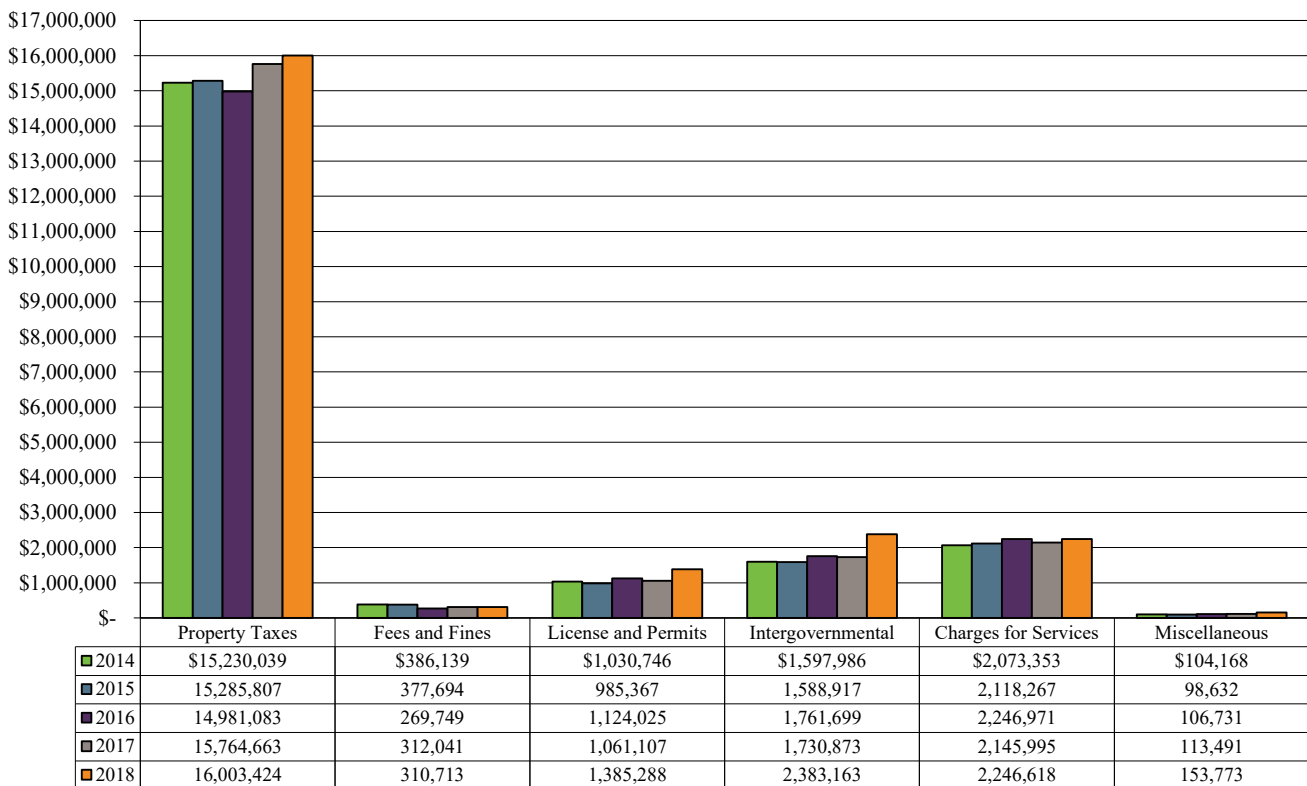
## City of Richfield Financial Analysis

### GENERAL FUND REVENUES

Trends for each of the City's major revenue classifications over the past five years are portrayed in the bar graph below.

General Fund revenues increased \$1,354,809 from 2018. The most significant increase was in intergovernmental revenues, which increased \$652,290 mainly due to the City allocating more local government aid to the General Fund. Licenses and permits increased \$324,181 due to increased development activity. All other categories remained consistent with the prior year.

**General Fund Revenues**

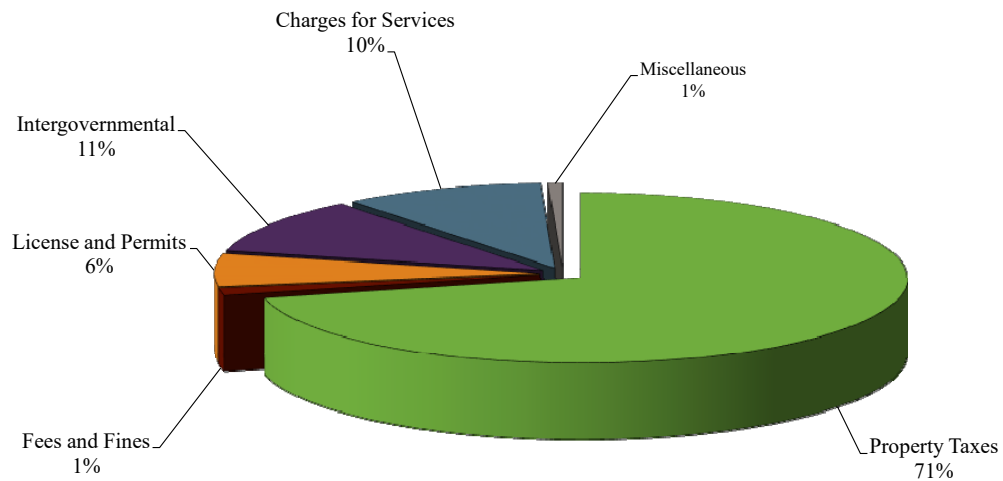


## City of Richfield Financial Analysis

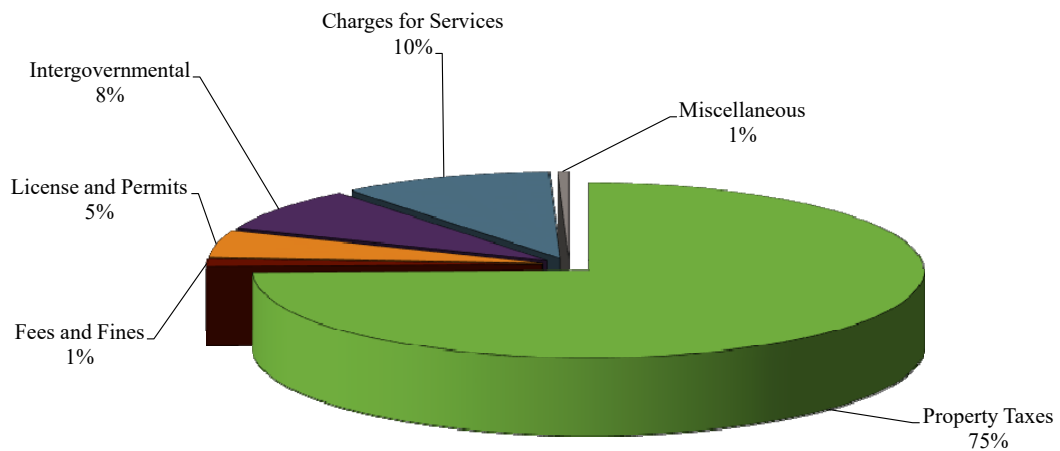
### GENERAL FUND REVENUES (CONTINUED)

The City's revenues by source for 2018 and 2017 are shown below. As seen on the following graphs, intergovernmental and licenses and permits categories of revenues both increased in 2018 compared to 2017.

**2018 General Fund Revenues**



**2017 General Fund Revenues**

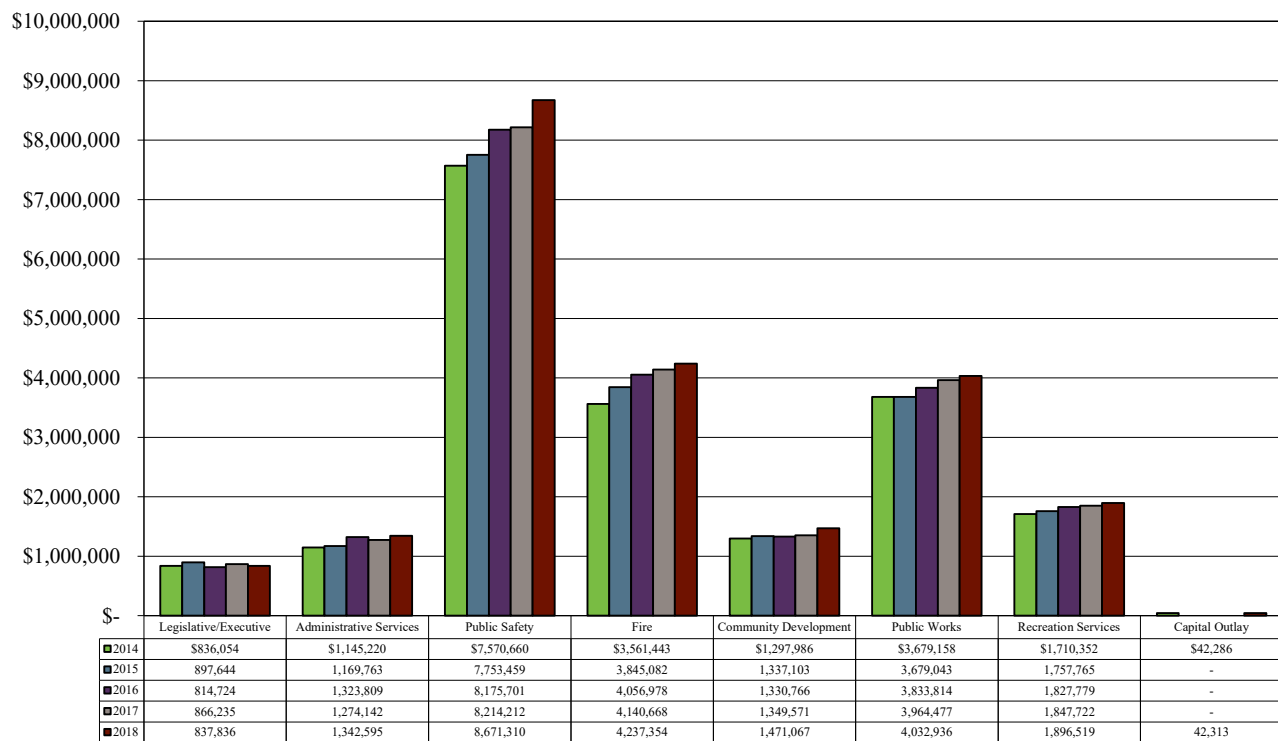


## City of Richfield Financial Analysis

### GENERAL FUND EXPENDITURES

Total General Fund expenditures increased 4.0%, or \$874,903, from 2017 to 2018. The most significant increase by program was in public safety. Public safety expenditures increased by \$457,098 in 2018 with higher personnel costs. Two main factors are health insurance increases as well as a younger workforce receiving step increases in accordance with the collective bargaining agreement. Other programs' spending was consistent from 2018 to 2017.

**General Fund Expenditures**

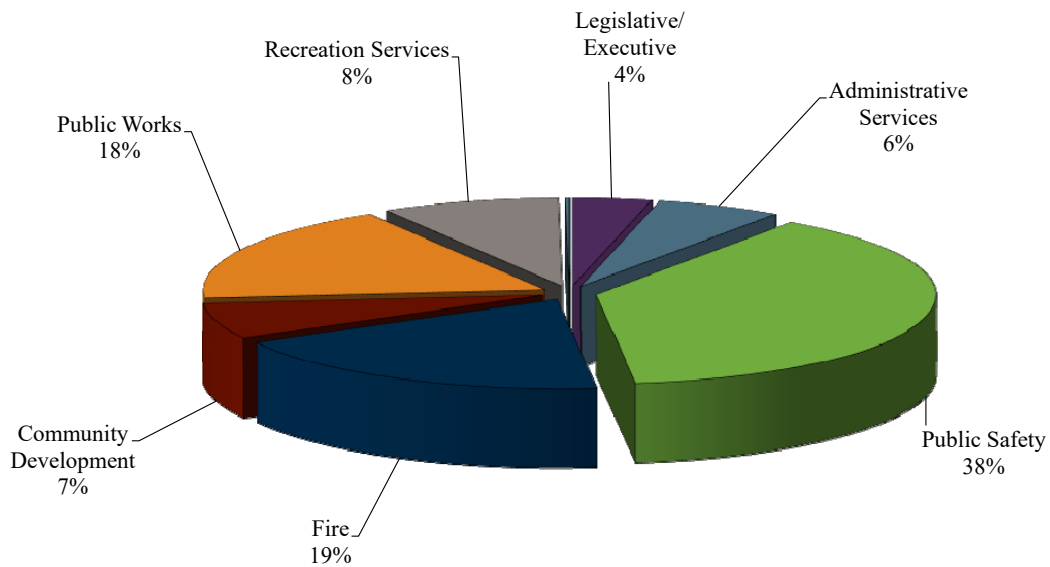


## City of Richfield Financial Analysis

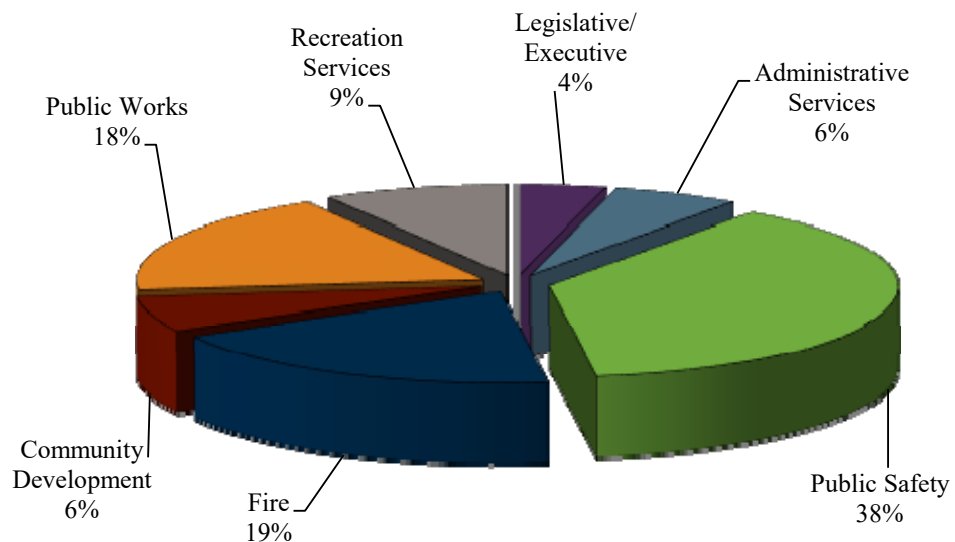
### GENERAL FUND EXPENDITURES (CONTINUED)

The City's expenditures by program for 2018 and 2017 are shown below. As seen on the following graphs, expenditure by program remained consistent from 2017 to 2018.

#### 2018 General Fund Expenditures



#### 2017 General Fund Expenditures



**City of Richfield  
Financial Analysis**

**GENERAL FUND REVENUES AND EXPENDITURES**

	Final Budget	Actual Amounts	Variance Final Budget - Over (Under)
<b>Revenues</b>			
Property taxes	\$ 15,835,440	\$ 16,003,424	\$ 167,984
Fines and fees	330,000	310,713	(19,287)
Licenses and permits	1,243,570	1,385,288	141,718
Intergovernmental revenues	2,371,010	2,383,163	12,153
Charges for services	2,242,200	2,246,618	4,418
Investment income	39,000	93,957	54,957
Miscellaneous revenues	69,740	59,816	(9,924)
Total revenues	<u>22,130,960</u>	<u>22,482,979</u>	<u>352,019</u>
<b>Expenditures</b>			
Legislative/executive	900,870	837,836	(63,034)
Administrative services	1,384,690	1,342,595	(42,095)
Public safety	9,008,680	8,671,310	(337,370)
Fire	4,270,910	4,237,354	(33,556)
Community development	1,476,220	1,471,067	(5,153)
Public works	4,085,980	4,075,249	(10,731)
Recreation services	1,925,140	1,896,519	(28,621)
Total expenditures	<u>23,052,490</u>	<u>22,531,930</u>	<u>(520,560)</u>
<b>Other financing sources (uses)</b>			
Net transfers	<u>921,530</u>	<u>104,920</u>	<u>(816,610)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 55,969</u>	<u>\$ 55,969</u>

For the year ended December 31, 2018, the City budgeted for revenues and transfers in to the General Fund to equal expenditures and transfers out. Actual revenues and transfers in exceeded expenditures and transfers out by \$55,969.

Revenues were over budget by \$352,019, or 1.6%. Property taxes were over budget \$167,984. Licenses and permits were over budget \$141,718 due to conservative budgeting. All other sources of revenue were consistent with the budget in 2018.

Expenditures were \$520,560, or 2.3% under budget. The most significant variance was in public safety due to conservative budgeting.

Transfers in to the General Fund were under budget by \$816,610 as revenues were consistent with budgeted amounts and expenditures were less than budgeted amounts.

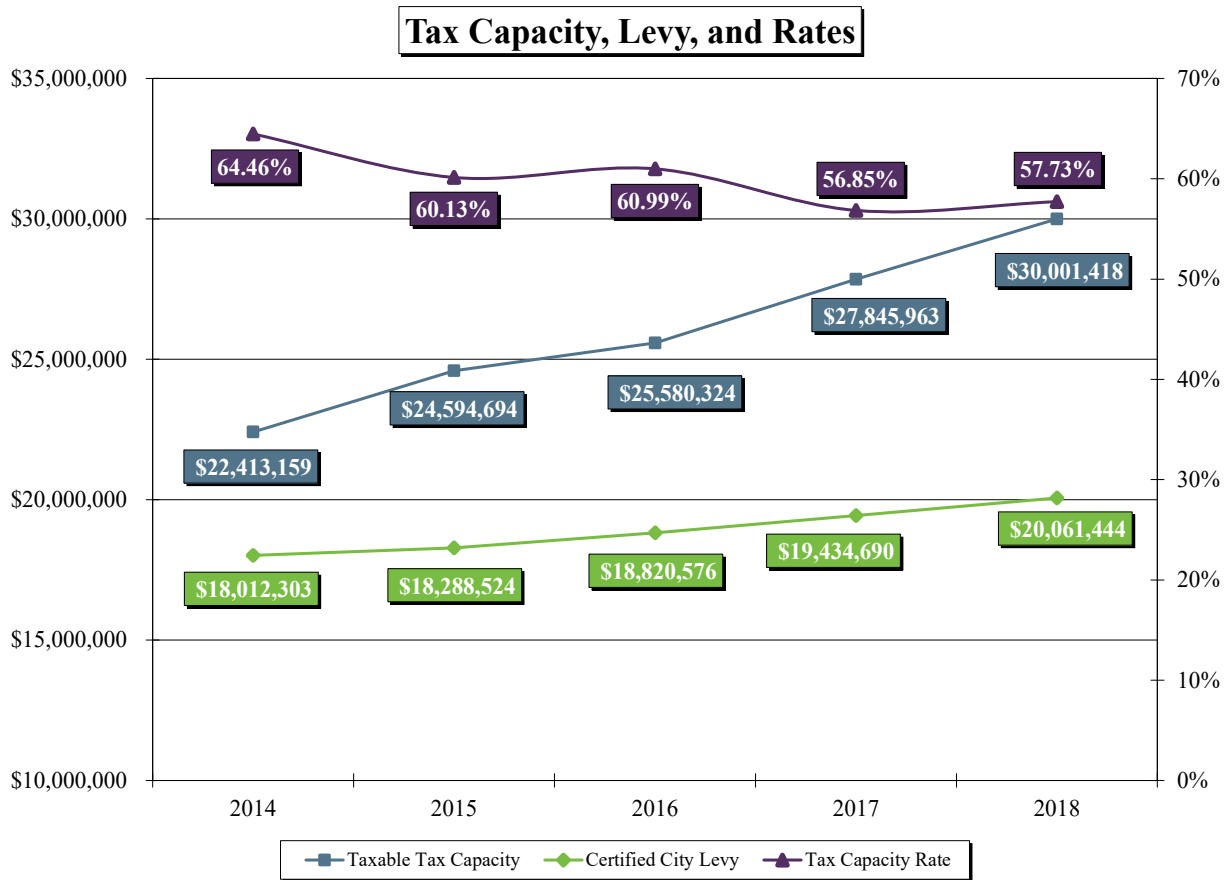
## City of Richfield Financial Analysis

### TAX LEVY, CAPACITY, AND RATES

The graph below presents information relating to the City's tax levy, tax capacity and rates.

The levy for 2018 includes the General Fund levy of \$15,995,394 plus a levy for the Debt Service and Capital Project Funds totaling \$4,066,050.

As illustrated below, the taxable tax capacity of the City has experienced a steady increase over the last five years. While the City has increased the levy during this period, the tax capacity rate has declined because of increases in market values and tax capacity.



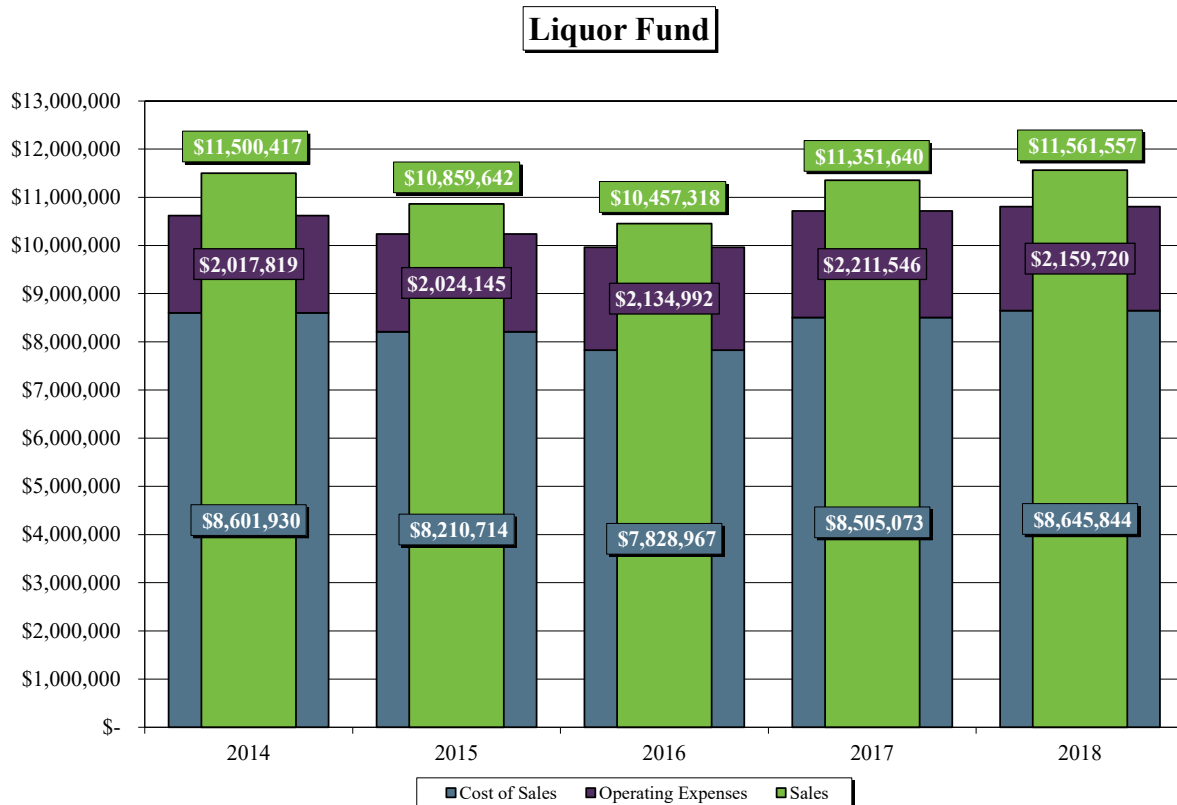


## City of Richfield Financial Analysis

### LIQUOR FUND

The City's liquor store reported an increase in sales from 2017 to 2018 of 1.8%. Cost of sales correspondingly increased by 1.7%. The City's liquor store sales have been directly affected by the opening of competitors' stores in the metro area, but due to the change in State law allowing Sunday liquor sales, sales increased in 2018.

Operating expenses in the Liquor Fund remained consistent with the prior year, decreasing by 2.3%.



	2018	2017				
	City of Richfield	City of Richfield	City of Edina*	City of Eden Prairie*	City of Savage*	Metro Municipal Average*
Sales	\$ 11,561,557	\$ 11,351,640	\$ 12,991,764	\$ 10,501,449	\$ 4,887,788	\$ 6,653,329
Costs of sales	8,645,844	8,505,073	9,442,254	7,548,842	3,710,540	4,923,622
Gross profit	2,915,713	2,846,567	3,549,510	2,952,607	1,177,248	1,729,707
Operating expenses	2,159,720	2,211,546	2,536,414	2,331,692	1,171,384	1,324,386
Operating income	755,993	635,021	1,013,096	620,915	5,864	405,321
Gross profit percentage	25.2%	25.1%	27.3%	28.1%	24.1%	26.0%

\*Individual metro municipal and averages obtained from the Office of State Auditor, Analysis of Municipal Liquor Store Operations Report.

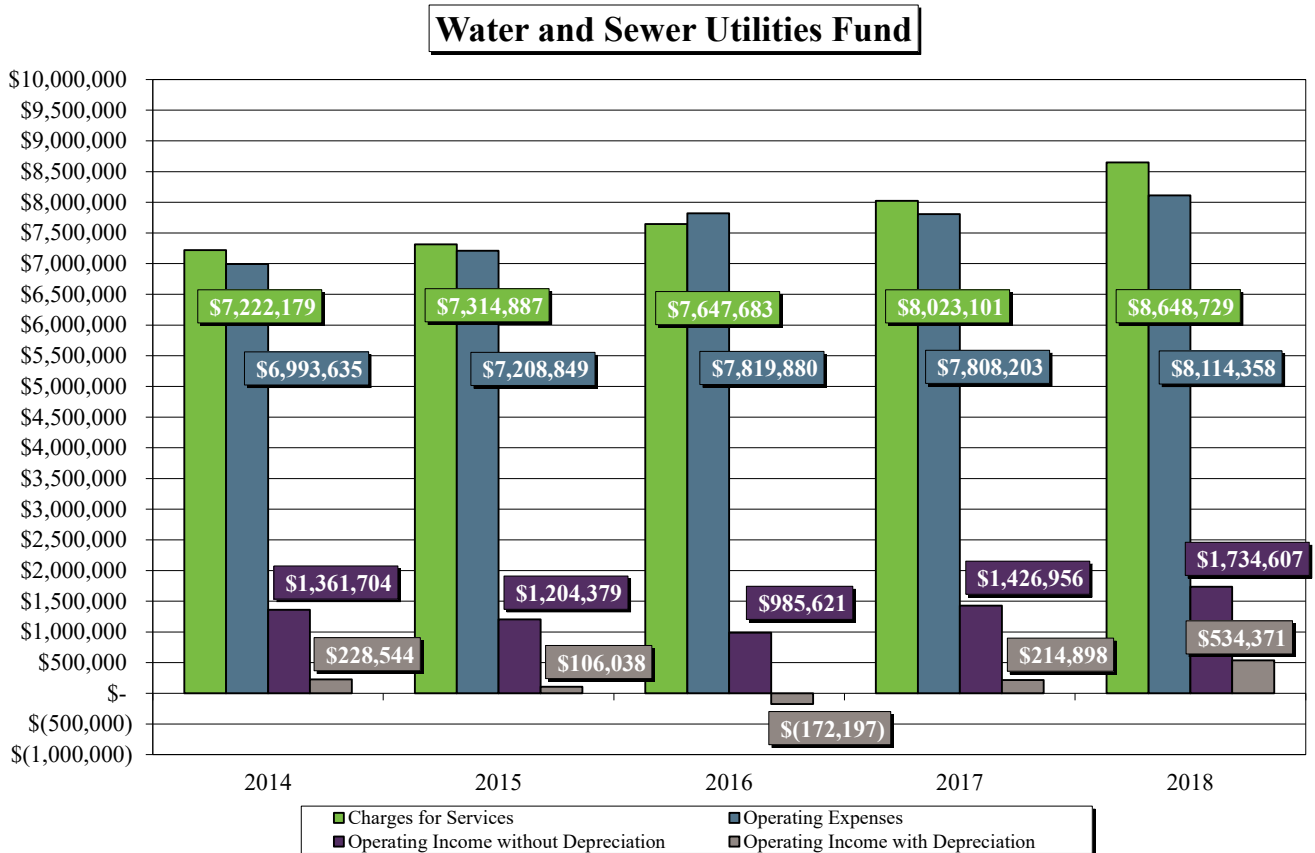
The City's gross profit percentage increased slightly compared to the prior year due to a 1.8% increase in sales and a 1.7% increase in cost of sales for 2018. The City's gross profit percentage is similar to both the metro stores and the metro municipal average.

# **City of Richfield Financial Analysis**

## **WATER AND SEWER UTILITIES FUND**

Charges for services in the fund increased \$625,628 or 7.8% from 2017 to 2018. This increase was the result of an increase in water and sewer rates. Operating expenses increased \$306,156 or 3.9% from 2017 as a result of an increase in water operating costs for professional services and maintenance costs.

The Fund had operating income of \$534,371 in 2018 with depreciation. Except for 2016, the Fund has fully funded depreciation expense since 2014.

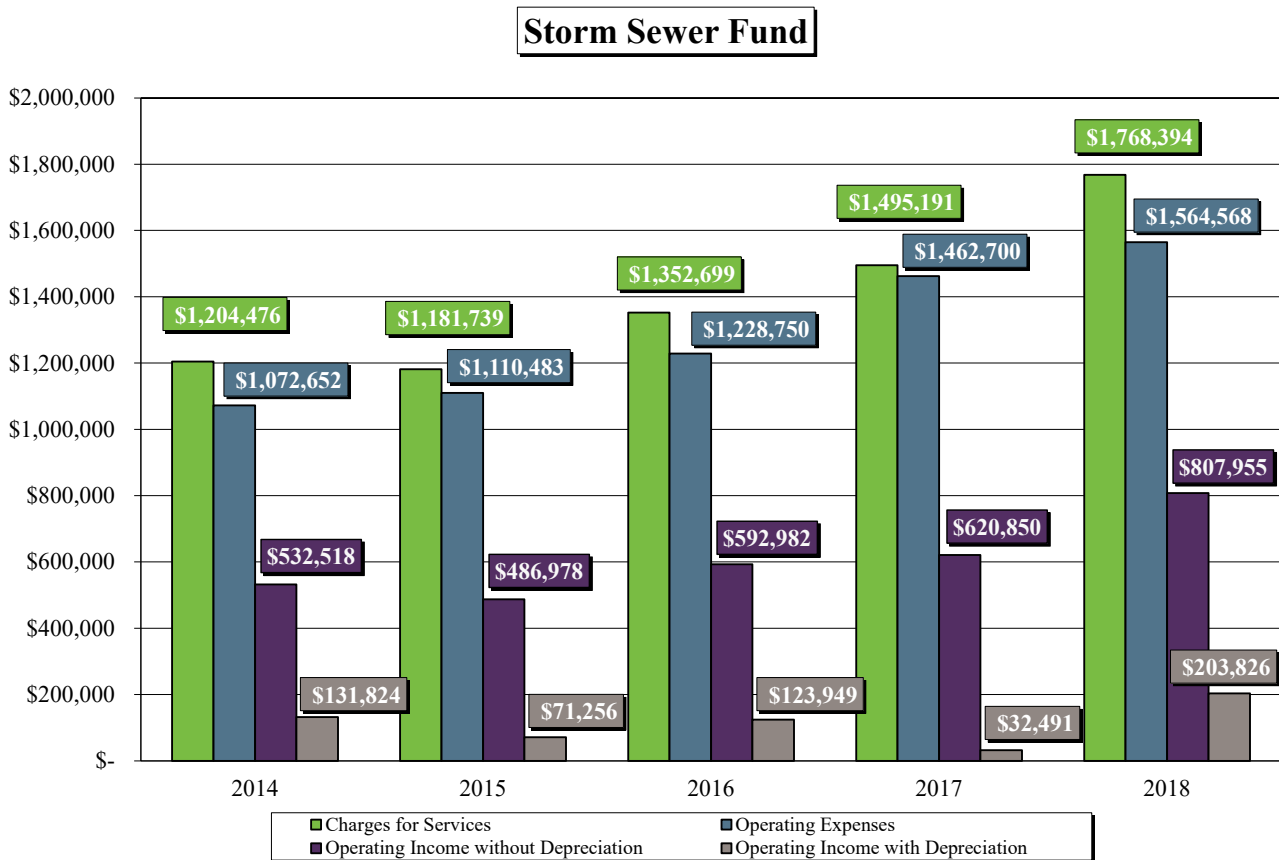


## City of Richfield Financial Analysis

### STORM SEWER FUND

Charges for services in the Fund increased \$273,203 from 2017 to 2018, increasing or 18.3%. This was due to an increase in rates and development. Operating expenses increased \$101,868 or 7.0% due to professional services costs.

The Fund reported operating income of \$203,826 in 2018 with depreciation. The Fund has fully funded depreciation expense since 2014.



## City of Richfield Financial Analysis

### GOVERNMENTAL FUNDS

The tables below and on the following page illustrate the City's various sources of revenue and expenditures per capita over a three year period in comparison to 2017 data for Minnesota cities ranked by various sizes.

Year	State-Wide*			City of Richfield		
	December 31, 2017			2016	2017	2018**
Population	2,500-10,000	10,000-20,000	20,000-100,000	36,338	36,338	36,554
Property taxes	\$ 474	\$ 451	\$ 475	\$ 505	\$ 526	\$ 548
Tax increments	26	27	38	-	-	-
Franchise fees and other taxes	38	43	48	62	62	61
Special assessments	57	48	59	5	6	6
Licenses and permits	39	34	49	31	29	38
Intergovernmental revenues	322	276	147	219	180	191
Charges for services	108	103	103	97	93	101
Other	68	53	48	32	51	55
Total revenue	<u>\$ 1,132</u>	<u>\$ 1,035</u>	<u>\$ 967</u>	<u>\$ 951</u>	<u>\$ 947</u>	<u>\$ 1,000</u>

\* State-wide data obtained from the Office of the State Auditor's *2017 Minnesota City Finances Report*.

\*\* Population is estimated as of January 1, 2018, from the Met Council population data study; 2018 information is not yet available.

The City has few special assessments and, thus, has consistently shown higher tax revenues per capita and lower special assessments revenues per capita compared to the state averages. Total governmental revenues increased \$53 per capita from 2017. The most significant increases were in property taxes, intergovernmental revenues and licenses and permits. Property taxes increased due to an increase in the levy. Intergovernmental revenues increased primarily due to the receipt of additional local government aid, grant funds for the 77<sup>th</sup> street underpass project and MSA funding for the City's 66<sup>th</sup> street project in 2018. Licenses and permit revenue increased due to increased development activity in 2018.

# **City of Richfield** **Financial Analysis**

## **GOVERNMENTAL FUNDS (CONTINUED)**

Year	State-Wide*			City of Richfield		
	December 31, 2017			2016	2017	2018**
Population	2,500-10,000	10,000-20,000	20,000-100,000	36,338	36,338	36,554
Current						
Administration	\$ 147	\$ 120	\$ 101	\$ 72	\$ 72	\$ 73
Community development	56	46	60	37	37	40
Police	192	188	201	229	229	239
Fire and other public safety	78	71	85	112	114	116
Public works	128	127	101	370	348	296
Parks and recreation	96	112	99	93	93	99
Other	20	18	17	-	-	-
Total current	\$ 717	\$ 682	\$ 664	\$ 913	\$ 893	\$ 863
Capital outlay And construction	\$ 403	\$ 319	\$ 263	\$ 81	\$ 128	\$ 121
Debt service						
Principal	\$ 228	\$ 147	\$ 121	\$ 58	\$ 224	\$ 65
Interest and fiscal	44	35	32	43	47	44
Total debt service	\$ 272	\$ 182	\$ 153	\$ 101	\$ 271	\$ 109

\* State-wide data obtained from the Office of the State Auditor's *2017 Minnesota City Finances Report*.

\*\* Population is estimated as of January 1, 2018, from the Met Council population data study; 2018 information is not yet available.

The City's current expenditures for 2018 were more than the state-wide average for a city of a comparable population, while debt service and capital outlay and construction expenditures are less.

Overall, the City's governmental expenditures decreased 14.9% 2017 to 2018, or \$199 per capita. The largest variances in City expenditures per capita from 2017 to 2018 was in the debt service expenditures program. This was primarily due to bond refundings that occurred in 2017.

Public works expenditures appears higher than the City's peer group, however significant maintenance projects including Portland Avenue, 66<sup>th</sup> street and the ongoing city-wide mill and overlay impact this number. If not for these expenditures, the City's public works costs per capita would be very comparable to state averages.

## City of Richfield Emerging Issues

### Executive Summary

The following is an executive summary of financial and business related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- **Accounting Standard Update – GASB Statement No. 84 – Fiduciary Activities** – GASB has issued GASB Statement No. 84 relating to accounting and financial reporting for fiduciary activities. This new statement establishes clarity to determine when a government has fiduciary responsibility for a certain activity.
- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following are extensive summaries of each of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

### **ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – *FIDUCIARY ACTIVITIES***

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

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB Statement No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

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

**City of Richfield  
Emerging Issues**

**ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – *FIDUCIARY ACTIVITIES* (CONTINUED)**

GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – *LEASES***

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

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

**City of Richfield  
Emerging Issues**

**ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – *LEASES*  
(CONTINUED)**

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
For The Year Ended December 31, 2018**

**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA**



**CITY OF RICHFIELD, MINNESOTA**

**ANNUAL FINANCIAL REPORT**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**RICHFIELD, MINNESOTA**



**For The**  
**Year Ended**  
**DECEMBER 31, 2018**

**DEPARTMENT OF FINANCE**

**Christopher T. Regis, Finance Director**  
**Member of Government Finance Officers Association**  
**of United States and Canada**

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**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
DECEMBER 31, 2018  
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**CITY OF RICHFIELD, MINNESOTA  
HOUSING AND REDEVELOPMENT AUTHORITY OFFICIALS**

**HRA COMMISSIONERS**

**MARY SUPPLE - CHAIR**

**COMMISSIONER - SUE SANDAHL**

**COMMISSIONER - PAT ELLIOTT**

**COMMISSIONER - ERIN VRIEZE DANIELS**

**COMMISSIONER - MICHAEL HOWARD**

**ADMINISTRATIVE STAFF**

**JOHN STARK - EXECUTIVE DIRECTOR**

**CHRIS REGIS - FINANCE DIRECTOR**

## **II. GENERAL PURPOSE FINANCIAL STATEMENTS**

**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUP  
December 31, 2018**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b><u>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Cash and investments	\$ 1,514,644	\$ 1,592,273	\$ 7,443,773
Due from other governments	3,693	14,434	17,581
Accounts receivable	-	6,065	99,442
Taxes receivable	5,892	-	-
Due from other funds	282,398	-	3,188,498
Assets held for resale	-	31,744	1,866,563
Restricted cash	-	39,245	-
Long term second mortgage receivable	173,660	2,221,559	-
Allowance for uncollectible accounts	(173,660)	(2,221,559)	-
<b>Total Assets</b>	<b>\$ 1,806,627</b>	<b>\$ 1,683,761</b>	<b>\$ 12,615,857</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ 12,295	\$ 20,476	\$ 36,429
Due to other government	-	-	-
Due to primary government	700,100	-	-
Due to other funds	-	-	3,470,895
<b>Total Liabilities</b>	<b>712,395</b>	<b>20,476</b>	<b>3,507,324</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - property taxes	\$ 5,892	\$ -	\$ -
<b>Total Deferred Inflows of Resources</b>	<b>5,892</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Restricted	-	73,645	5,272,344
Committed	-	1,485,216	-
Assigned	-	104,424	3,836,189
Unassigned	1,088,340	-	-
<b>Total Fund Balances</b>	<b>1,088,340</b>	<b>1,663,285</b>	<b>9,108,533</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,806,627</b>	<b>\$ 1,683,761</b>	<b>\$ 12,615,857</b>

FORM A

Totals (Memorandum Only)	
2018	2017
\$ 10,550,690	\$ 9,039,665
35,708	888,271
105,507	273,332
5,892	6,242
3,470,896	2,191,243
1,898,307	4,356,040
39,245	2,374
2,395,219	2,504,176
(2,395,219)	(2,504,176)
<u>\$ 16,106,245</u>	<u>\$ 16,757,167</u>
\$ 69,200	\$ 643,342
-	82,224
700,100	752,803
3,470,895	2,191,242
<u>4,240,195</u>	<u>3,669,611</u>
\$ 5,892	\$ 6,242
<u>5,892</u>	<u>6,242</u>
5,345,989	7,160,306
1,485,216	1,485,216
3,940,613	3,621,554
<u>1,088,340</u>	<u>814,238</u>
<u>11,860,158</u>	<u>13,081,314</u>
<u>\$ 16,106,245</u>	<u>\$ 16,757,167</u>



**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
For the Year December 31, 2018**

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>
<b>Revenues:</b>			
Taxes	\$ 566,945	\$ -	\$ 4,997,404
Intergovernmental revenue	7,900	1,635,797	40,022
Investment income	22,419	21,448	120,132
Miscellaneous revenues	111,056	74,571	581,490
<b>Total Revenues</b>	<b>708,320</b>	<b>1,731,816</b>	<b>5,739,048</b>
<b>Expenditures -</b>			
Personnel services	257,987	152,803	315,018
Other services and charges	139,379	1,564,992	3,168,175
Capital improvements	-	-	3,801,986
<b>Total Expenditures</b>	<b>397,366</b>	<b>1,717,795</b>	<b>7,285,179</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>310,954</b>	<b>14,021</b>	<b>(1,546,131)</b>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in:			
General Fund	-	33,852	3,000
Special Revenue Funds	-	-	-
Capital Project Funds	-	-	589,559
Operating transfers out:			
General Fund	-	-	-
Special Revenue Funds	(33,852)	-	-
Capital Project Funds	(3,000)	-	(589,559)
<b>Net Other Financing Sources (Uses)</b>	<b>(36,852)</b>	<b>33,852</b>	<b>3,000</b>
<b>Excess (Deficiency) of Revenues &amp; Other Financing Sources over Expenditures &amp; Other Financing Uses</b>	<b>274,102</b>	<b>47,873</b>	<b>(1,543,131)</b>
<b>Fund Balances - January 1</b>	<b>814,238</b>	<b>1,615,412</b>	<b>10,651,664</b>
<b>Fund Balances - December 31</b>	<b>\$ 1,088,340</b>	<b>\$ 1,663,285</b>	<b>\$ 9,108,533</b>

**Totals**  
**(Memorandum Only)**

<u>2018</u>	<u>2017</u>
\$ 5,564,349	\$ 4,504,795
1,683,719	3,073,414
163,999	72,380
767,117	1,102,878
<u>8,179,184</u>	<u>8,753,467</u>
725,808	663,101
4,872,546	4,949,879
3,801,986	3,437,529
<u>9,400,340</u>	<u>9,050,509</u>
<u>(1,221,156)</u>	<u>(297,042)</u>
36,852	76,924
-	29,050
589,559	58,959
-	(29,050)
(33,852)	(127,190)
<u>(592,559)</u>	<u>(8,693)</u>
<u>-</u>	<u>-</u>
(1,221,156)	(297,042)
<u>13,081,314</u>	<u>13,378,356</u>
<u>\$ 11,860,158</u>	<u>\$ 13,081,314</u>

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**II-A. FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS  
AND ACCOUNT GROUPS**

HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
December 31, 2018 and 2017

FORM C

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash and temporary cash investments	\$ 1,514,644	\$ 1,307,261
Due from other governments	3,693	770
Due from other funds	282,398	248,818
Taxes receivable	5,892	6,242
Deferred loan receivable	173,660	208,660
Allowance for uncollectible accounts	(173,660)	(208,660)
<b>Total Assets</b>	<b>\$ 1,806,627</b>	<b>\$ 1,563,091</b>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 12,295	\$ 2,361
Due to primary government	700,100	740,250
<b>Total Liabilities</b>	<b>712,395</b>	<b>742,611</b>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	\$ 5,892	\$ 6,242
	5,892	6,242
Fund Balances:-		
Unassigned	1,088,340	814,238
<b>Total Fund Balance</b>	<b>1,088,340</b>	<b>814,238</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 1,806,627</b>	<b>\$ 1,563,091</b>

**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
GENERAL FUND**

FORM C-1

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018**

	2018		
	Final Budget	Actual	Over (Under) Budget
			2017 Actual
<b>Revenues:</b>			
<b>Taxes:</b>			
Current ad valorem	\$ 560,460	\$ 565,537	\$ 5,077
Delinquent ad valorem	-	1,408	1,408
<b>Total Taxes</b>	<b>560,460</b>	<b>566,945</b>	<b>6,485</b>
<b>Intergovernmental</b>	<b>-</b>	<b>7,900</b>	<b>7,900</b>
<b>Miscellaneous revenues:</b>			
Investment income	10,000	22,419	12,419
Other	10,800	111,056	100,256
<b>Total Miscellaneous Revenues</b>	<b>20,800</b>	<b>133,475</b>	<b>112,675</b>
<b>Total Revenues</b>	<b>581,260</b>	<b>708,320</b>	<b>119,160</b>
<b>Expenditures:</b>			
<b>General Government:</b>			
Personal services	268,380	257,987	(10,393)
Other services and charges	145,770	139,379	(6,391)
<b>Total Expenditures</b>	<b>414,150</b>	<b>397,366</b>	<b>(16,784)</b>
<b>Excess (Deficiency) of Revenues     over Expenditures</b>	<b>167,110</b>	<b>310,954</b>	<b>143,844</b>
<b>Other Financing Sources (Uses):</b>			
<b>Transfer from (to) other funds:</b>			
<b>HRA:</b>			
Special Revenue Fund	-	-	-
Special Revenue Fund	(73,840)	(33,852)	39,988
Capital Projects Funds	-	-	-
Capital Projects Funds	(3,000)	(3,000)	-
<b>Total Other Financing (Uses)</b>	<b>(76,840)</b>	<b>(36,852)</b>	<b>39,988</b>
<b>Excess (Deficiency) of Revenues and       Other Sources over Expenditures and       Other Uses</b>	<b>90,270</b>	<b>274,102</b>	<b>183,832</b>
<b>Fund Balance - January 1</b>	<b>814,238</b>	<b>814,238</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 904,508</b>	<b>\$ 1,088,340</b>	<b>\$ 183,832</b>

**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2018 and 2017**

	<u>Capital Improvement</u>	<u>New Home Program</u>	<u>Housing Rehabilitation Program</u>
<b><u>ASSETS</u></b>			
Cash and temporary cash investments	\$ 1,104,424	\$ 181,436	\$ 306,413
Due from other governments	-	14,434	-
Accounts receivable	-	-	-
Assets held for resale	-	31,744	-
Restricted cash	-	-	-
Long term secon mortgage receivable	-	384,050	1,837,509
Allowance for uncollectible accounts	-	(384,050)	(1,837,509)
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,104,424</u>	<u>\$ 227,614</u>	<u>\$ 306,413</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 14,857	\$ 2,210
Due to other governments	-	-	-
Total Liabilities	<hr/> -	<hr/> 14,857	<hr/> 2,210
<b>Fund Balances:</b>			
Restricted	-	31,744	-
Committed	1,000,000	181,013	304,203
Assigned	104,424	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,104,424</u>	<u>212,757</u>	<u>304,203</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,104,424</u>	<u>\$ 227,614</u>	<u>\$ 306,413</u>

FORM D

Housing Assistance Program	Housing Assistance Program Admin	Total	
		2018	2017
\$ -	\$ -	\$ 1,592,273	\$ 1,586,618
-	-	14,434	82,244
6,065	-	6,065	6,955
-	-	31,744	31,744
(6,830)	46,075	39,245	2,375
-	-	2,221,559	2,295,516
-	-	(2,221,559)	(2,295,516)
<u>\$ (765)</u>	<u>\$ 46,075</u>	<u>\$ 1,683,761</u>	<u>\$ 1,709,936</u>
\$ 2,726	\$ 683	\$ 20,476	\$ 12,299
-	-	-	82,224
<u>2,726</u>	<u>683</u>	<u>20,476</u>	<u>94,523</u>
(3,491)	45,392	73,645	40,759
-	-	1,485,216	1,485,216
-	-	104,424	89,437
<u>(3,491)</u>	<u>45,392</u>	<u>1,663,285</u>	<u>1,615,412</u>
<u>\$ (765)</u>	<u>\$ 46,075</u>	<u>\$ 1,683,761</u>	<u>\$ 1,709,935</u>



**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS)  
For the Year Ended December 31, 2018**

	<u>Capital Improvement</u>	<u>New Home Program</u>	<u>Housing Rehabilitation Program</u>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 49,067	\$ -
Investment income	14,987	737	4,728
Miscellaneous revenues	-	-	40,176
Total Revenues	<u>14,987</u>	<u>49,804</u>	<u>44,904</u>
<b>Expenditures:</b>			
Personal services	-	-	-
Other services and charges	-	52,680	63,091
Total Expenditures	<u>-</u>	<u>52,680</u>	<u>63,091</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>14,987</u>	 <u>(2,876)</u>	 <u>(18,187)</u>
<b>Other financing Sources (Uses):</b>			
Operating transfers from (to):			
General Fund	-	2,876	18,187
Capital Project Funds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,876</u>	<u>18,187</u>
 Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	 <u>14,987</u>	 <u>-</u>	 <u>-</u>
 Fund Balances - January 1	 1,089,437	 212,757	 304,203
 Fund Balances - December 31	 <u>\$ 1,104,424</u>	 <u>\$ 212,757</u>	 <u>\$ 304,203</u>

FORM D-1

Housing Assistance Program	Housing Assistance Program Admin	Total	
		2018	2017
\$ 1,411,270	\$ 175,460	\$ 1,635,797	\$ 1,881,204
-	996	21,448	10,334
432	33,963	74,571	68,010
<u>1,411,702</u>	<u>210,419</u>	<u>1,731,816</u>	<u>1,959,548</u>
-	152,803	152,803	146,938
1,386,522	62,699	1,564,992	1,944,177
<u>1,386,522</u>	<u>215,502</u>	<u>1,717,795</u>	<u>2,091,115</u>
<u>25,180</u>	<u>(5,083)</u>	<u>14,021</u>	<u>(131,567)</u>
-	12,789	33,852	73,924
-	-	-	24,216
<u>-</u>	<u>12,789</u>	<u>33,852</u>	<u>98,140</u>
<u>25,180</u>	<u>7,706</u>	<u>47,873</u>	<u>(33,427)</u>
(28,671)	37,686	1,615,412	1,648,839
<u>\$ (3,491)</u>	<u>\$ 45,392</u>	<u>\$ 1,663,285</u>	<u>\$ 1,615,412</u>

**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
CAPITAL IMPROVEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018**

**FORM E**

	<b>2018</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>	<b>2017 Actual</b>
<b>Revenues:</b>				
<b>Miscellaneous revenues:</b>				
Investment income	<u>\$ 7,000</u>	<u>\$ 14,987</u>	<u>\$ 7,987</u>	<u>\$ 7,553</u>
<b>Total Revenues</b>	<u>7,000</u>	<u>14,987</u>	<u>7,987</u>	<u>7,553</u>
<b>Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues over Expenditures</b>	<u>7,000</u>	<u>14,987</u>	<u>7,987</u>	<u>7,553</u>
<b>Other Financing Sources (Uses):</b>				
<b>Transfer to funds:</b>				
General Fund	-	-	-	(29,050)
Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,216)</u>
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,266)</u>
<b>Deficiency of Revenues and Other Sources over Expenditures</b>	<u>7,000</u>	<u>14,987</u>	<u>7,987</u>	<u>(45,713)</u>
<b>Fund Balance - January 1</b>	<u>1,089,437</u>	<u>1,089,437</u>	<u>-</u>	<u>1,135,150</u>
<b>Fund Balance - December 31</b>	<u><u>\$ 1,096,437</u></u>	<u><u>\$ 1,104,424</u></u>	<u><u>\$ 7,987</u></u>	<u><u>\$ 1,089,437</u></u>

**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
NEW HOME PROGRAM FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018**

FORM F

	2018			
	Final Budget	Actual	Over (Under) Budget	2017 Actual
<b>Revenues:</b>				
<b>Miscellaneous revenues:</b>				
Intergovernmental	\$ 127,000	\$ 49,067	\$ (77,933)	\$ 298,608
Investment income	-	737	737	838
Miscellaneous income	10,000	-	(10,000)	24,000
<b>Total Revenues</b>	<u>137,000</u>	<u>49,804</u>	<u>(87,196)</u>	<u>323,446</u>
<b>Expenditures:</b>				
Other services and charges	132,550	52,680	(79,870)	302,472
<b>Total Expenditures</b>	<u>132,550</u>	<u>52,680</u>	<u>(79,870)</u>	<u>302,472</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>4,450</u>	<u>(2,876)</u>	<u>(7,326)</u>	<u>20,974</u>
<b>Other Financing Sources:</b>				
<b>Transfer from other funds:</b>				
General Fund	-	2,876	2,876	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>2,876</u>	<u>2,876</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures</b>	<u>4,450</u>	<u>-</u>	<u>(4,450)</u>	<u>20,974</u>
<b>Fund Balance - January 1</b>	<u>212,757</u>	<u>212,757</u>	<u>-</u>	<u>191,783</u>
<b>Fund Balance (Deficit) - December 31</b>	<u>\$ 217,207</u>	<u>\$ 212,757</u>	<u>\$ (4,450)</u>	<u>\$ 212,757</u>

**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
HOUSING AND REHABILITATION PROGRAM FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018**

**FORM G**

	2018			2017
	Final Budget	Actual	Over(Under) Budget	Actual
<b>Revenues:</b>				
Miscellaneous revenues -				
Investment income	\$ -	\$ 4,728	\$ 4,728	\$ 1,588
Other Miscellaneous Revenues	16,600	40,176	23,576	7,381
Total Revenues	16,600	44,904	28,304	8,969
<b>Expenditures:</b>				
Other services and charges	74,500	63,091	(11,409)	146,714
Total Expenditures	74,500	63,091	(11,409)	146,714
Excess ( Deficiency) of Revenues over Expenditures	(57,900)	(18,187)	39,713	(137,745)
<b>Other Financing Sources:</b>				
Transfer from other funds:				
General Fund	57,900	18,187	(39,713)	89,314
Special Revenue Funds	-	-	-	24,216
Capital Project Funds	-	-	-	24,216
Total Other Financing Sources	57,900	18,187	(39,713)	137,746
Excess (Deficiency) of Revenues and Other Sources over Expenditures	-	-	-	1
<b>Fund Balance - January 1</b>	<b>304,203</b>	<b>304,203</b>	<b>-</b>	<b>304,202</b>
<b>Fund Balance - December 31</b>	<b>\$ 304,203</b>	<b>\$ 304,203</b>	<b>\$ -</b>	<b>\$ 304,203</b>

HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
HOUSING ASSISTANCE PROGRAM FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

FORM H

	2018		2017
	Final Budget	Actual	Over(Under) Budget
Revenues:			Actual
Intergovernmental revenues -			
Federal Housing Assistance Plan	\$ 1,375,000	\$ 1,411,270	\$ 36,270
Miscellaneous revenues -			
Other	-	432	432
Total Miscellaneous Revenues	-	432	3,362
Total Revenues	1,375,000	1,411,702	36,702
Expenditures:			
Other services and charges	1,375,000	1,386,522	11,522
Total Expenditures	1,375,000	1,386,522	11,522
Excess ( Deficiency) of Revenues over Expenditures	-	25,180	25,180
Fund Balance - January 1	(28,671)	(28,671)	-
Fund Balance - December 31	\$ (28,671)	\$ (3,491)	\$ 25,180

**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
HOUSING ASSISTANCE PROGRAM ADMINISTRATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018**

**FORM I**

	<b>2018</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>	<b>2017 Actual</b>
<b>Revenues:</b>				
Intergovernmental revenues -				
Federal Housing Assistance Plan	\$ 160,000	\$ 175,460	\$ 15,460	\$ 159,043
Miscellaneous revenues -				
Investment income	-	996	996	355
Other revenue	42,000	33,963	(8,037)	33,267
Total Revenues	202,000	210,419	8,419	192,665
<b>Expenditures:</b>				
Personnel services	157,250	152,803	(4,447)	146,938
Other services and charges	60,690	62,699	2,009	60,046
Total Expenditures	217,940	215,502	(2,438)	206,984
Excess (Deficiency) of Revenues over Expenditures	(15,940)	(5,083)	10,857	(14,319)
<b>Other Financing Sources:</b>				
Transfer to other funds:				
General Fund	15,940	12,789	(3,151)	13,660
Total Other Financing Sources	15,940	12,789	(3,151)	13,660
Excess (Deficiency) of Revenues and Other Sources over Expenditures	-	7,706	7,706	(659)
Fund Balance - January 1	37,686	37,686	-	38,345
Fund Balance (Deficit) - December 31	\$ 37,686	\$ 45,392	\$ 7,706	\$ 37,686

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**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
December 31, 2018 and 2017**

	<u>Development Opportunities</u>	<u>Lakes at Lyndale</u>	<u>Lyndale Garden</u>	<u>Cedar Point</u>	<u>Cedar Corridor TIF</u>
<b><u>ASSETS</u></b>					
Cash and temporary cash investments	\$ 290,856	\$ 24,885	\$ (27,230)	\$ (152,207)	\$ 257,089
Receivables:					
Due from other governments	-	-	-	-	-
Accounts receivable	-	-	8,497	-	-
Due from other funds	-	-	-	-	-
Assets held for resale	<u>597,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>704,639</u>
<b>Total Assets</b>	<b><u>\$ 888,200</u></b>	<b><u>\$ 24,885</u></b>	<b><u>\$ (18,733)</u></b>	<b><u>\$ (152,207)</u></b>	<b><u>\$ 961,728</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u></b>					
Liabilities:					
Accounts payable	\$ 7,067	\$ -	\$ 411	\$ -	\$ 3,190
Due to primary government	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,031</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>7,067</u></b>	<b><u>-</u></b>	<b><u>411</u></b>	<b><u>215,031</u></b>	<b><u>3,190</u></b>
Fund Balances:					
Restricted	597,344	-	-	-	704,639
Assigned	283,789	24,885	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(19,144)</u>	<u>(367,238)</u>	<u>253,899</u>
<b>Total Fund Balances (Deficits)</b>	<b><u>881,133</u></b>	<b><u>24,885</u></b>	<b><u>(19,144)</u></b>	<b><u>(367,238)</u></b>	<b><u>958,538</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>	<b><u>\$ 888,200</u></b>	<b><u>\$ 24,885</u></b>	<b><u>\$ (18,733)</u></b>	<b><u>\$ (152,207)</u></b>	<b><u>\$ 961,728</u></b>

Penn Corridor	Capital Projects Funding	Development Fund	Tax Increment Funds	Total	
				2018	2017
\$ (14,530)	\$ -	\$ 469,550	\$ 6,595,360	\$ 7,443,773	\$ 6,145,786
16,480	-	-	1,101	17,581	805,257
-	-	-	90,945	99,442	266,377
-	1,315,031	1,873,467	-	3,188,498	1,942,425
91,000	-	-	473,580	1,866,563	4,324,296
<u>\$ 92,950</u>	<u>\$ 1,315,031</u>	<u>\$ 2,343,017</u>	<u>\$ 7,160,986</u>	<u>\$ 12,615,857</u>	<u>\$ 13,484,141</u>
\$ -	\$ -	\$ -	\$ 25,761	\$ 36,429	\$ 628,682
-	-	-	-	-	12,553
-	-	-	3,255,864	3,470,895	2,191,242
-	-	-	3,281,625	3,507,324	2,832,477
91,000	-	-	3,879,361	5,272,344	7,119,547
-	1,315,031	2,343,017	-	3,966,722	3,981,704
1,950	-	-	-	(130,533)	(449,587)
92,950	1,315,031	2,343,017	3,879,361	9,108,533	10,651,664
<u>\$ 92,950</u>	<u>\$ 1,315,031</u>	<u>\$ 2,343,017</u>	<u>\$ 7,160,986</u>	<u>\$ 12,615,857</u>	<u>\$ 13,484,141</u>

**HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, AND EXPENDITURES,  
AND CHANGES IN FUND BALANCES (DEFICITS)  
For the Year Ended December 31, 2018**

	<u>Development Opportunities</u>	<u>Lakes at Lyndale</u>	<u>Lyndale Garden</u>	<u>Cedar Point Redevelopment</u>
<b>Revenues:</b>				
Taxes - Tax increment	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	23,542	-
Miscellaneous revenues:				
Investment income	4,402	387	17	-
Other revenues	8,568	-	5,109	-
Total Revenues	<u>12,970</u>	<u>387</u>	<u>28,668</u>	<u>-</u>
<b>Expenditures:</b>				
Personnel services	-	-	-	-
Other services and charges	2,018,894	-	4,479	278
Capital outlay	-	-	-	-
Total Expenditures	<u>2,018,894</u>	<u>-</u>	<u>4,479</u>	<u>278</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,005,924)</u>	<u>387</u>	<u>24,189</u>	<u>(278)</u>
<b>Other financing Sources :</b>				
Operating transfers in:				
General Fund	-	-	-	3,000
Capital Projects Fund	24,160	-	-	-
Operating transfers out:				
General Fund	-	-	-	-
Special Revenue Fund	-	-	-	-
Capital Projects Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>24,160</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	<u>(1,981,764)</u>	<u>387</u>	<u>24,189</u>	<u>2,722</u>
Fund Balances - January 1	<u>2,862,897</u>	<u>24,498</u>	<u>(43,333)</u>	<u>(369,960)</u>
Fund Balances (Deficits) - December 31	<u>\$ 881,133</u>	<u>\$ 24,885</u>	<u>\$ (19,144)</u>	<u>\$ (367,238)</u>

Cedar Corridor TIF	Penn Corridor	Capital Projects Funding	Development Fund	Tax Increment Funds	Total	
					2018	2017
\$ -	\$ -	\$ -	\$ -	\$ 4,997,404	\$ 4,997,404	\$ 3,985,162
-	16,480	-	-	-	40,022	1,192,210
2,162	-	-	27,081	86,083	120,132	51,308
296,567	-	-	-	271,246	581,490	988,280
298,729	16,480	-	27,081	5,354,733	5,739,048	6,216,960
-	-	-	-	315,018	315,018	294,734
8,536	18,619	-	198,000	919,369	3,168,175	2,775,982
-	-	-	-	3,801,986	3,801,986	3,437,529
8,536	18,619	-	198,000	5,036,373	7,285,179	6,508,245
290,193	(2,139)	-	(170,919)	318,360	(1,546,131)	(291,285)
-	-	-	-	-	3,000	3,000
-	2,139	-	-	563,260	589,559	5,693
-	-	-	-	-	-	(29,050)
-	-	-	-	-	-	(24,216)
-	-	-	(26,299)	(563,260)	(589,559)	(5,693)
-	2,139	-	(26,299)	-	3,000	(50,266)
290,193	-	-	(197,218)	318,360	(1,543,131)	(341,551)
668,345	92,950	1,315,031	2,540,235	3,561,001	10,651,664	10,993,215
<u>\$ 958,538</u>	<u>\$ 92,950</u>	<u>\$ 1,315,031</u>	<u>\$ 2,343,017</u>	<u>\$ 3,879,361</u>	<u>\$ 9,108,533</u>	<u>\$ 10,651,664</u>

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**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
For The Year Ended December 31, 2018**

**ECONOMIC DEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA**



**CITY OF RICHFIELD, MINNESOTA**

**ANNUAL FINANCIAL REPORT  
ECONOMIC DEVELOPMENT AUTHORITY  
RICHFIELD, MINNESOTA**



**For The  
Year Ended  
DECEMBER 31, 2018**

**DEPARTMENT OF FINANCE**

**Christopher T. Regis, Finance Director  
Member of Government Finance Officers Association  
of United States and Canada**

**ECONOMIC DEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
DECEMBER 31, 2018  
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**CITY OF RICHFIELD, MINNESOTA  
ECONOMIC DEVELOPMENT AUTHORITY**

**EDA COMMISSIONERS**

**MARY SUPPLE - PRESIDENT**

**COMMISSIONER - SUE SANDAHL**

**COMMISSIONER - PAT ELLIOTT**

**COMMISSIONER - ERIN VRIEZE DANIELS**

**COMMISSIONER - MICHAEL HOWARD**

**ADMINISTRATIVE STAFF**

**JOHN STARK - EXECUTIVE DIRECTOR**

**CHRIS REGIS - FINANCE DIRECTOR**

**ECONOMIC DEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
GENERAL FUND  
BALANCE SHEET  
December 31, 2018**

FORM A

<b><u>ASSETS</u></b>	<b><u>2018</u></b>
Cash and temporary cash investments	\$ 259,240
Due from other governments	3,303
Taxes receivable	5,760
Deferred loan receivable	100,185
Allowance for uncollectible accounts	(100,185)
<b>Total Assets</b>	<b><u>\$ 268,303</u></b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u></b>	
Liabilities:	
Accounts payable	\$ 37,942
<b>Total Liabilities</b>	<b><u>37,942</u></b>
Deferred Inflows of Resources:	
Unavailable revenue - property taxes	\$ 5,760
	<u>5,760</u>
Fund Balances:-	
Unassigned	<u>224,601</u>
<b>Total Fund Balance</b>	<b><u>224,601</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b><u>\$ 268,303</u></b>

**ECONOMIC DEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
GENERAL FUND**

**FORM B**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018**

	2018			
	Final Budget	Actual	Over (Under) Budget	2017 Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Current ad valorem	\$ 554,860	\$ 554,242	\$ (618)	\$ -
Delinquent ad valorem	-	5	5	-
<b>Total Taxes</b>	<b>554,860</b>	<b>554,247</b>	<b>(613)</b>	<b>-</b>
<b>Miscellaneous revenues:</b>				
Investment income	-	1,238	1,238	-
Other	2,100	2,700	600	-
<b>Total Miscellaneous Revenues</b>	<b>2,100</b>	<b>3,938</b>	<b>1,838</b>	<b>-</b>
<b>Total Revenues</b>	<b>556,960</b>	<b>558,185</b>	<b>1,225</b>	<b>-</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
Personal services	57,670	57,296	(374)	-
Other services and charges	386,590	276,288	(110,302)	-
<b>Total Expenditures</b>	<b>444,260</b>	<b>333,584</b>	<b>(110,676)</b>	<b>-</b>
<b>Excess of Revenues       over Expenditures</b>	<b>112,700</b>	<b>224,601</b>	<b>111,901</b>	<b>-</b>
<b>Fund Balance - January 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 112,700</b>	<b>\$ 224,601</b>	<b>\$ 111,901</b>	<b>\$ -</b>

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**CITY OF RICHFIELD, MINNESOTA**  
Office of City Manager

May 23, 2019

The Honorable Mayor  
and  
Members of the City Council

Subject: 2018 Food Safety Awards

Council Members:

Attached is a summary of the steps and process used in determining the 2018 Richfield Food Safety Award nominees and winners.

The Richfield Advisory Board of Health is involved in this effort on an annual basis and believes it is important to place a priority on recognizing Richfield food establishments that are doing an excellent job in the area of food safety. It also encourages other food establishments to strive for the same outcome.

The awards will be presented to the winners at the City Council meeting on May 28, 2019, by Jeremy Barthels, Chair of the Richfield Advisory Board of Health.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Katie Rodriguez", with a stylized, flowing script.

Katie Rodriguez  
City Manager

KR:jf

# **Richfield Food Safety Awards – 2018**

## **Background Information**

- Annual awards to acknowledge excellence in food safety and service – Focus on the good work that restaurants do rather than the negative.
- In 2006, Richfield Advisory Board of Health recommended starting a program in Richfield, similar to the existing award program in Bloomington.
- The health inspector nominates 2 or 3 candidates in two risk categories based on:
  - Food Collaborative Interviews
  - Inspection results
- The categories are: full service (or large) restaurant and fast food-Café or Pizza Carryout-Limited Service.
- A team of interviewers visit each site to conduct the interviews. The team consists of members of the Richfield/Bloomington Food Collaborative who meet regularly with inspection staff.
- Nominees were judged on the following:
  - Managing risk factors on a daily basis.
  - How the establishment encourages workers to be continually motivated about serving safe food.
  - If management can list five critical factors that affect food safety.
  - Whether procedures are in place regarding customers who become ill after eating at their establishment
  - Is aware of the establishment's policy if an employee shows up for work with obvious symptoms of illness.
  - Being able to provide a description of food safety training programs and policies.
  - Management's overall commitment to food safety.
  - The physical appearance of the establishment at the time of the interview.
- The Richfield Advisory Board of Health presents the awards to the winners at a City Council meeting. Certificates for the nominees have been mailed out to the establishments. Establishment information and photos of the award presentation will be given to the Richfield Sun Current and placed on the City's social media sites for publicity for the establishments.

## **2018 Richfield Food Safety Winners**

### **Full Service Restaurants:**

**Broadway Pizza (Winner) 7514 Lyndale Ave. S. – Owner:  
John and Nina Sterbuck.**

Giordano's – (Nominee) 3000 W. 66<sup>th</sup> St. – General Manager:  
Ehric Holland.

### **Fast Food Café-or Pizza Carryout-Limited Service**

**DQ Grill & Chill (Winner) 2800 W. 66<sup>th</sup> St. - Manager: Toni  
Hartle.**

Wendy's (Nominee) 6500 Lyndale Ave. S. – Manager: Troy  
Brown.



**STAFF REPORT NO. 71**  
**CITY COUNCIL MEETING**  
**5/28/2019**

REPORT PREPARED BY: Jennifer Anderson, Support Services Manager

DEPARTMENT DIRECTOR REVIEW: Jay Henthorne, Director of Public Safety/Chief of Police  
5/21/2019

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Katie Rodriguez, City Manager  
5/22/2019

**ITEM FOR COUNCIL CONSIDERATION:**

**Consider approval of the 2019 - 2020 Public Health Emergency Preparedness agreement with the Minnesota Department of Health.**

**EXECUTIVE SUMMARY:**

The State of Minnesota receives funds from the federal government, Centers for Disease Control (CDC), to be used in developing agencies' public health emergency preparedness/response to bio-terrorism or a large public health disease outbreak. This is part of a nationwide effort to respond to serious public health emergencies.

There are specific requirements in the grant in the areas of coordination, assessment, planning and exercise, response surveillance, Health Alert Network, risk communications training and providing services and activities to improve the mass dispensing of medicines and medical supplies through the Cities Readiness Initiative.

Richfield pools these federal grant dollars with Bloomington and Edina, with a portion used to support a Public Health Emergency Response Coordinator for the three cities. Nick Kelley, Public Health Emergency Preparedness Coordinator, is representing the Tri-City area (Bloomington, Edina and Richfield) and has been regularly meeting with Richfield and Edina staff to plan and develop the requirements of the grant.

These are annual grant funds distributed by a federal grant from the CDC, to provide mandated services in the area of public health emergency preparedness/bio-terrorism and the development of a response system. Grant funding for the City of Richfield for Budget Period 1 (July 1, 2019 - June 30, 2020) is \$50,405. Subsequent amounts are announced annually in the Spring.

**RECOMMENDED ACTION:**

**By motion: Approve the the 2019-2020 PHEP agreement, allowing emergency preparedness exercise and training opportunities to continue for the City of Richfield.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- Contained in the Executive Summary.



**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The City of Richfield became a Local Public Health agency in 1977, which makes the City eligible to receive these grant funds to use for the development of a public health emergency response system specific to Richfield and its needs.

**C. CRITICAL TIMING ISSUES:**

- MDH has mandated all agreements be signed and returned no later than June 10, 2019.

**D. FINANCIAL IMPACT:**

- Funds being used are those given to Richfield as a Local Public Health agency, from the federal government, to develop a system for responding to public health emergency preparedness and bio-terrorism threats.

**E. LEGAL CONSIDERATION:**

- The City must comply with the requirements of the grant in order to receive the funds.
- The City Attorney has reviewed the contents of the agreement and has approved it.

**ALTERNATIVE RECOMMENDATION(S):**

- There are no alternative recommendations.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

Description	Type
▯ Richfield PHEP Agreement	Contract/Agreement

**Minnesota Department of Health  
Community Health Board Grant Project Agreement**

This Grant Project Agreement, and amendments and supplements, is between the State of Minnesota, acting through its Commissioner of Health ( "STATE") and City of Richfield Community Health Board, an independent organization, not an employee of the State of Minnesota, 6700 Portland Avenue So. Richfield, MN 55423, ("GRANTEE").

1. Under Minnesota Statutes 144.0742, the STATE is empowered to enter into a contractual agreement for the provision of statutorily prescribed public health services;
2. The STATE and the GRANTEE have entered into Master Grant Contract number 12-700-00080("Master Grant Contract") effective January 1, 2015 or subsequent Master Grant Contracts and amendments and supplements thereto;
3. The STATE, pursuant to Minnesota Statutes 144.0742 is empowered to enter into a Public Health Emergency Preparedness Cooperative Agreement with the Centers for Disease Control and Prevention (CDC) CDC-RFA-TP19-1901 under the Catalog of Domestic Assistance Number CFDA# 93.069 to assist state, local and territorial/freely associated state health departments in demonstrating organizational and operational capacity to carry out the CDC's Public Health Emergency Preparedness and Response Capabilities: National Standards for State, Local, Tribal and Territorial Public Health. Awards are intended to assist in increasing and maintaining operational readiness across six (6) domain areas: community resilience, incident management, information management, countermeasures and mitigation, surge management and biosurveillance. Awards under this contract build upon work required and completed in previous funding periods.

This preparedness program is authorized under Section 319C-1 of the Public Health Service (PHS) Act (42 USC §247d-3a), as amended. If applicable, contingent supplemental emergency response awards are authorized under 317 (a) and 317 (d) of the PHS Act [42 USC § 247b (a) and (d)] subject to available funding and other requirements and limitations; and

The STATE may choose to amend this contract throughout the five (5) year project period for changes in state or federal requirements, grant duties, reporting requirements, deliverables, additional funds based upon continuation funding from the CDC and real world circumstances; and

As a federal condition of this funding, Congress or the federal funder may modify performance measures, benchmarks, other evaluation and assessment methods, and data collection requirements on an annual basis or as needed in accordance with their respective directives, goals and objectives, or as performance measures or other evaluation methods are developed and refined; the GRANTEE accepts these conditions and agrees to follow the direction of the STATE in the implementation of those changes without a formal amendment to this contract; and

The STATE may communicate federal change information and direction to the GRANTEE via email, conference call, Webinar or other electronic means. GRANTEES are responsible for implementing federal information and guidance communicated by the STATE in the performance of this contract. GRANTEES are required to login and obtain grant related information, guidance documents and forms directly from the STATE'S designated SharePoint site or successor portal.

The GRANTEE must demonstrate the organizational capacity and skills to implement the award including public health emergency preparedness, incident management ,response leadership, program planning, performance monitoring, personnel management, financial and administrative oversight; and

4. The GRANTEE represents that it is duly qualified and willing to perform the duties described in this grant project agreement to the satisfaction of the STATE. Pursuant to Minnesota Statutes Section 16B.98, subdivision 1, the GRANTEE agrees to minimize administrative costs as a condition of this grant.

NOW, THEREFORE, it is agreed:

1. ***Incorporation of Master Grant Contract.*** All terms and conditions of the Master Grant Contract are hereby incorporated by reference into this grant project agreement.

2. ***Term of Agreement.***

2.1 *Effective date.* This grant project agreement shall be effective on July 1, 2019, or the date the STATE obtains all required signatures under Minnesota Statutes 16B.98. Subd. 5(a), whichever is later. The GRANTEE must not begin work until this contract is fully executed and the State's Authorized Representative has notified the GRANTEE that work may commence.

2.2 *Expiration date.* June 30, 2024, or until all obligations have been fulfilled to the satisfaction of the STATE, whichever occurs first, except for the requirements specified in this grant project agreement with completion dates which extend beyond the termination date specified in this sentence.

3. ***Grantee's Duties and Responsibilities.*** The GRANTEE shall: Complete the following Administrative (AD) Duties:

- AD-1 GRANTEE is responsible for actively managing and monitoring each project, program, work plan component, function or activity supported by the award to ensure timely completion and submission of all grant deliverables.
- AD-2 GRANTEE shall not assign or transfer any rights or obligation under this grant agreement without prior written consent of the State.
- AD-3 GRANTEE shall appropriately obligate, budget and spend grant funds by the end of each budget period as directed by the State. Payments under this contract will be made from federal funds obtained by the State through Title 42 United States Code, of the Public Health Service (PHS) Act as amended. GRANTEE shall accept sole financial and legal responsibility for any requirements, fines, penalties or sanctions imposed by the GRANTEE'S failure to comply with any or all applicable federal or state requirements including actions of a sub-GRANTEE or independent contractors paid in whole or in part from grant funds.
- AD-4 GRANTEE shall submit a detailed line item budget and complete the staff roster for grant funded staff with appropriate justification for each funding source by July 1, 2019 and before July 1, for each subsequent budget period. The budgets shall be reflective of all required duties and work plan activities.
1. Budget revisions, if required, shall be submitted and processed prior to cost being incurred. Non-emergency budget revisions must be received and processed prior to May 1st of each budget year. Non-emergency budget amendments will not be allowed within the last sixty days (60) days of any budget period.
- a) All budget revisions or modifications moving funds from one budget category to another budget category require the submission of a revised budget form.

- b) Budget revisions or modifications greater than 10 percent of any budget line item within the same budget category in the most recently approved budget on file at the STATE requires prior approval from the STATE. Failure to obtain prior approval of modifications greater than 10 percent of any budget line item may result in denial of modification request and/or loss of funds.
- c) Budget revisions or modifications equal to or less than 10 percent of any budget line item within the same budget category are permitted without prior approval from the STATE provided that all budget deviations are documented with appropriate justification on the invoice at the time of submission and that the total obligation of the STATE for all compensation and reimbursements to the GRANTEE shall not exceed the total obligation listed in section 4.1(b).

## 2. Travel Costs

- a) GRANTEE budgets shall contain appropriate justification and detail relating to all planned interstate/ out- of- state travel. GRANTEE shall submit the Out-of-State Travel Request for national conferences, trainings and events not conducted by MDH for review in accordance with directions on the form. A separate request form is required for each individual staff person requesting travel approval.

The notification shall be inclusive of all public health staff working on grant requirements for the budget period. Notification to the STATE shall be made on the notification form as directed by the STATE.

- b) Travel outside of the United States is prohibited with grant funds.

- AD-5 GRANTEE shall maintain original source documentation for all grant funds and grant related activities. The GRANTEE shall ensure that these records will be provided to the STATE or federal funder immediately upon request.
- AD-6 GRANTEE shall supply any additional information that may be requested by the STATE or federal funding agency as it relates to the GRANTEE'S public health preparedness, response capabilities, preparedness milestones, benchmarks, resource assessments, or evidence-based deliverables such as plans, procedures, after action reports including improvement plans (AAR/IPs), corrective action tracking, survey responses, exercises, training records, audits and fiscal management and/or other documents apparent or necessary to the successful completion of this contract, contract management or grant oversight.
- AD-7 GRANTEE shall fully participate in site visits, monitoring calls, monitoring visits, technical assistance consultations, operational readiness reviews, technical assistance planning sessions or reviews, financial and programmatic reviews, evaluations, state scheduled events or exercises, surveys, assessments, conference calls and meetings as requested or required by the STATE or federal funding Agency.
- AD-8 GRANTEE shall submit clear, concise and complete invoices, general ledgers and supporting documentation as directed by the STATE. Claims for reimbursement of actual grant expenditures paid by the GRANTEE shall be invoiced in accordance with the Invoice Submission Schedule contained in 4.1 (a).

- AD-9 GRANTEE shall submit timely, clear, concise, complete and accurate programmatic progress reports, surveys, self-assessments, and other reporting tools as directed by the STATE.
- AD-10 The GRANTEE shall provide copies of any plans, annexes, or supporting documentation to the State or federal funder for review, inspection and evaluation as directed by the STATE or federal funder.
- AD-11 GRANTEE shall complete all programmatic duties assigned by the STATE. Programmatic duties for each budget period will be posted electronically at MDH's SharePoint or successor site. The GRANTEE is responsible for all information posted at MDH's SharePoint or successor site. The GRANTEE shall begin performing programmatic duties on July 1 of each year or when there grant project agreement is fully executed, whichever is later. All duties are required to be completed within each individual budget period. The programmatic duties for each budget period are fully incorporated by reference.

#### 4. **Consideration and Payment.**

**4.1 Consideration.** The STATE will pay for all services performed by the GRANTEE under this grant project agreement as follows:

*(a) Compensation.* The GRANTEE will be paid on a reimbursement basis only.

Each specific Budget Period award is available only for the specific Budget Period for which it is awarded. Funds remaining and not fully liquidated at the end of each Budget Period will be cancelled and will not be available to the GRANTEE in any subsequent Budget Period. GRANTEE shall maintain separate accounting records and source documentation for each award; funds may not be comingled.

#### Public Health Emergency Preparedness (PHEP) Awards

Award Name	Budget Period	Award Amount
Budget Period 1 PHEP	Budget Period 1 July 1, 2019-June 30, 2020	\$38,405
Budget Period 2 PHEP	Budget Period 2 July 1, 2020-June 30, 2021	\$ To Be Determined
Budget Period 3 PHEP	Budget Period 3 July 1, 2021-June 30, 2022	\$ To Be Determined
Budget Period 4 PHEP	Budget Period 4 July 1, 2022-June 30, 2023	\$ To Be Determined
Budget Period 5 PHEP	Budget Period 5 July 1, 2023-June 30, 2024	\$ To Be Determined

#### Cities Readiness Initiative (CRI) Awards

Award Name	Budget Period	Award Amount
Budget Period 1 CRI	Budget Period 1 July 1, 2019-June 30, 2020	\$12,000
Budget Period 2 CRI	Budget Period 2 July 1, 2020-June 30, 2021	\$ To Be Determined

Budget Period 3 CRI	Budget Period 3 July 1, 2021-June 30, 2022	\$ To Be Determined
Budget Period 4 CRI	Budget Period 4 July 1, 2022-June 30, 2023	\$ To Be Determined
Budget Period 5 CRI	Budget Period 5 July 1, 2023-June 30, 2024	\$ To Be Determined

(b) *Total Obligation.* The total obligation of the STATE for all compensation and reimbursements to the GRANTEE under this grant project agreement will not exceed Fifty thousand four hundred five dollars (\$50,405).

#### 4.2 Terms of Payment.

(a) *Invoices.* The State will promptly pay the GRANTEE after the GRANTEE presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services.

Invoices must be submitted in a timely fashion and according to the following schedule:

#### Invoice Submission Schedule

Invoice Due	Invoice Activity Period	Deadline for Receipt
1st Quarter	July 1 -30 September	October 31
2nd Quarter	October 1- December 31	January 31
3rd Quarter	January 1- March 31	April 30
4th Quarter/ BP Final Invoice	April 1- June 30	July 31

The State reserves the right to deny payment of invoices not received within thirty (30) days of the invoice deadline.

(b) *Federal Funds.* Payments under this grant project agreement will be made from federal funds obtained by the STATE through Title 47, CFDA number 93.069 , of Section 319C-1 of the Public Health Service (PHS) Act (47 USC § 247d-3a), including public law and all amendments. The Notice of Grant Award (NGA) number is pending. The GRANTEE is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for any requirements imposed by the Grantee's failure to comply with federal requirements. If at any time federal funds become unavailable, this agreement shall be terminated immediately upon written notice of by the STATE to the GRANTEE. In the event of such a termination, GRANTEE is entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

5. **Conditions of Payment.** All services provided by GRANTEE pursuant to this grant project agreement must be performed to the satisfaction of the STATE, as determined in the sole discretion of its Authorized Representative. Further, all services provided by the GRANTEE must be in accord with all applicable federal, state, and local laws, ordinances, rules and regulations.
6. **Ownership of Equipment.** Disposition of all equipment purchased under this grant project agreement shall be in accordance with Code of Federal Regulations, Title 45, Part 74, Subpart C or, for Notice of Grant Awards issued on or after December 26, 2014, in accordance with Code of Federal Regulations, Title 2, Subpart A, Chapter II, Part 200. For all equipment having a current per unit fair market value of \$5,000 or more, the STATE shall have the right to require transfer of the equipment, including title, to the Federal Government or to an eligible non-Federal party named by the STATE. This right will normally be exercised by the STATE only if the project or program for which the equipment was acquired is transferred from one grantee to another.

## **7. Authorized Representatives.**

**7.1 STATE's Authorized Representative.** The STATE's Authorized Representative for purposes of administering this grant project agreement is Deborah Radi, PHEP Manager, MDH Center for Emergency Preparedness and Response P. O. Box 64975 St. Paul, MN 55164, 651/201-5709, and Deb.Radi@state.mn.us, or his/her successor, and has the responsibility to monitor the GRANTEE's performance and the final authority to accept the services provided under this grant project agreement. If the services are satisfactory, the STATE's Authorized Representative will certify acceptance on each invoice submitted for payment.

**7.2 GRANTEE's Authorized Representative.** The GRANTEE's Authorized Representative is Jennifer Anderson, CHS Administrator, 6700 Portland Avenue So. Richfield, MN 55423, 612/861-9881, and jenniferanderson@richfieldmn.gov, or his/her successor. The GRANTEE's Authorized Representative has full authority to represent the GRANTEE in fulfillment of the terms, conditions, and requirements of this agreement. If the GRANTEE selects a new Authorized Representative at any time during this grant project agreement, the GRANTEE must immediately notify the STATE.

## **8. Termination.**

**8.1 Termination by the STATE.** The STATE or GRANTEE may cancel this grant project agreement at any time, with or without cause, upon thirty (30) days written notice to the other party.

**8.2 Termination for Cause.** If the GRANTEE fails to comply with the provisions of this grant project agreement, the State may terminate this grant project agreement without prejudice to the right of the STATE to recover any money previously paid. The termination shall be effective five business days after the STATE mails, by certified mail, return receipt requested, written notice of termination to the GRANTEE at its last known address.

**8.3 Termination for Insufficient Funding.** The STATE may immediately terminate this grant project agreement if it does not obtain funding from the Minnesota legislature or other funding source; or if funding cannot be continued at a level sufficient to allow for the payment of the work scope covered in this grant project agreement. Termination must be by written (e-mail, facsimile or letter) notice to the GRANTEE. The STATE is not obligated to pay for any work performed after notice and effective date of the termination. However, the GRANTEE will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The STATE will not be assessed any penalty if this grant project agreement is terminated because of the decision of the Minnesota legislature, or other funding source, not to appropriate funds. The STATE must provide the GRANTEE notice of the lack of funding within a reasonable time of the STATE receiving notice of the same.

- 9. Publicity.** Any publicity given to the program, publications, or services provided from this grant project agreement, including, but not limited to, notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the GRANTEE or its employees individually or jointly with others, or any subgrantees shall identify the STATE as a sponsoring agency and shall not be released, unless such release is approved in advance in writing by the STATE'S Authorized Representative. If federal funding is being used for this grant project agreement, the federal program must also be recognized.

## **10. Other Provisions.**

**10.1** GRANTEE shall comply with all applicable laws, rules, regulations, programmatic standards, and metrics, including benchmarks applicable to this funding source and the subject matter contained in the contract.



10.2 The GRANTEE is responsible for compliance with all federal administrative requirements of this funding. The following Administrative Requirements (AR) apply to this project: AR-7:Executive Order 12372,AR-9: Paperwork Reduction Act,AR-11 Healthy People 2020,AR-12: Lobbying Restrictions,AR-13:Prohibition on Use of CDC Funds for Certain Gun Control Activities,AR-14:Accounting System Requirements,AR-16: Security Clearance Requirement,AR-21: Small, Minority, and Women-Owned Business ,AR-24:Health Insurance Portability and Accountability Act,AR-25: Release and Sharing of Data,AR-26:National Historic Preservation Act of 1966,AR-20 Compliance with EO13513 “Federal Leadership on Reducing Text Messaging while Driving”, October 1, 2009, AR-30: Compliance with Section 508 of the Rehabilitation Act of 1973,AR-33: Plain Writing Act of 2010,ARs applicable to awards related to conferences: AR-20:Conference Support, AR-27 Conference Disclaimer and Use of Logos. These documents are fully incorporated by reference.

10.3 The GRANTEE is responsible for compliance with all Federal Administrative Requirements, Cost Principles and Audit Requirements including compliance supplements relating to funds awarded under this contract contained in 2 CFR, 200 Uniform Administrative Requirements, Costs Principles and Audit Requirements for Federal Awards also known as Uniform Guidance requirements. GRANTEE must demonstrate fiscal responsibility and the ability to provide efficient and effective financial oversight. GRANTEE shall maintain separate accounting records and documentation for each award; funds may not be comingled. Financial management systems must meet the requirements as described 2 CFR 200; 2 CFR 200 is fully incorporated by reference.

10.4 GRANTEE must register and maintain an active status in the Federal System for Award Management must maintain active status in Federal System for Award Management (SAM) throughout the contract and any subsequent amendments. The GRANTEE registration in SAM must be publically viewable. Additional information about the SAM registration procedures is available at [www.SAM.gov](http://www.SAM.gov).

10.5 GRANTEE must obtain a Duns and Bradstreet Data Universal Numbering System (DUNS) for the entity named in this contract. A DUNS number is a unique nine-digit identification number provided by Duns & Bradstreet (D&B). The GRANTEE must provide their DUNS numbers to the STATE before accepting any funds. The GRANTEE may request a DUNS number by telephone at 1-866-705-5711 or internet at <http://fedgov.dnb.com/webform/displayHomePage.do>

10.6 As a federal condition of this funding, the federal funder may modify performance measures, other evaluation and assessment methods, and data collection requirements on an annual basis, or as needed, in accordance with their respective directives, goals and objectives, or as performance measures or other evaluation methods are developed and refined. The grantee accepts these conditions and agrees to follow the direction of the STATE in the implementation of federal changes without a formal amendment to this contract. |



**APPROVED:****1. GRANTEE**

*The Grantee certifies that the appropriate persons(s) have executed the project agreement on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.*

**2. STATE AGENCY**

*Project Agreement approval and certification that STATE funds have been encumbered as required by Minn. Stat. §§ 16A.15 and 16C.05.*

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Distribution:**

- MDH (Original fully executed Grant Project Agreement)
- Grantee
- State Authorized Representative



**STAFF REPORT NO. 72**  
**CITY COUNCIL MEETING**  
**5/28/2019**

REPORT PREPARED BY: Jennifer Anderson, Support Services Manager

DEPARTMENT DIRECTOR REVIEW: Jay Henthorne, Director of Public Safety/Chief of Police  
5/21/2019

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Katie Rodriguez, City Manager  
5/22/2019

**ITEM FOR COUNCIL CONSIDERATION:**

**Consider approval of setting a public hearing to be held on June 25, 2019, to consider issuance of a new On-Sale Wine and 3.2 Malt Liquor licenses for Los Sanchez Taqueria II, LLC d/b/a Los Sanchez Taqueria, located at 2 West 66th Street.**

**EXECUTIVE SUMMARY:**

On April 19, 2019, the City received the application materials for new On-Sale Wine and 3.2 Malt Liquor licenses for Los Sanchez Taqueria II, LLC d/b/a Los Sanchez Taqueria, located at 2 West 66th Street. Los Sanchez Taqueria II, LLC (f/k/a Los Sanchez Taqueria #2, LLC) will be operating in the city under a new name and new ownership.

All required information and documents have been received. All licensing fees have been paid.

**RECOMMENDED ACTION:**

**By motion: Approve the setting of a public hearing to be held on June 25, 2019, to consider issuance of a new On-Sale Wine and 3.2 Malt Liquor licenses for Los Sanchez Taqueria II, LLC d/b/a Los Sanchez Taqueria, located at 2 West 66th Street.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- This is a notice to set the public hearing. Staff will provide a more detailed historical context in the report submitted for the public hearing on June 25, 2019.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- City ordinance requires the City Council to conduct a public hearing to consider all On-Sale Wine and 3.2 Malt Liquor license applications and set a date for the public hearing.
- The hearing must be scheduled and held before a new license may be considered.
- The new process has been initiated.

**C. CRITICAL TIMING ISSUES:**

- Holding the public hearing on June 25, 2019 will provide ample time to complete the licensing process.

**D. FINANCIAL IMPACT:**

- All licensing fees have been received.

**E. LEGAL CONSIDERATION:**

- There are no legal considerations.

**ALTERNATIVE RECOMMENDATION(S):**

- Schedule the public hearing for another date; however, this will delay the licensing process.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

There are no parties expected at this meeting.



**STAFF REPORT NO. 73**  
**CITY COUNCIL MEETING**  
**5/28/2019**

REPORT PREPARED BY: Melissa Poehlman, Assistant CD Director/Myrt Link, CD Accountant

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
 5/22/2019

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Katie Rodriguez, City Manager  
 5/22/2019

**ITEM FOR COUNCIL CONSIDERATION:**

**Consider adoption of a resolution adopting a modification to the Tax Increment Financing Plan for the Lyndale Gardens Tax Increment Financing District.**

**EXECUTIVE SUMMARY:**

The Lyndale Gardens Tax Increment Financing (TIF) District was established on August 9, 2011 to facilitate the construction of a mixed-use development consisting of retail, multi-family housing, and public/quasi-public space on the site of the former Lyndale Garden Center and surrounding parcels. As required, the approved TIF Plan included a budget that allocated the projected TIF funds into various TIF-eligible line items (e.g. land/building acquisition costs, site improvements, utilities, administrative fees). The original budget was modified on October 17, 2011.

On June 26, 2018 the City Council approved revised site/building plans for the northern half of the Lyndale Garden Center Development and an amended Contract for Private Development was approved by the Housing and Redevelopment Authority (HRA) on July 16, 2018. The proposed amendment to the TIF Plan revises individual line items to reflect costs based on the project as now approved. The modification does not change the overall amount of TIF funds that the developer could receive and the developer must provide proof of eligible expenditures prior to receiving any funds. The proposed modification is required in order to comply with the Office of the State Auditor.

<b>USES OF INCREMENT</b>	<b>AMENDED 10/17/11 PROPOSED</b>	
Land/Building Acquisition	\$ 3,200,000	\$ 3,466,559
Site Improvements/Prep.	\$ 2,416,000	\$ 2,159,441
Utilities	\$ 0	\$ 80,000
Other Qualifying Costs	\$ 15,000	\$ 0
Costs Outside of District	\$ 75,000	\$ 0
Administrative Costs (up to 10%)	<u>\$ 1,560,000</u>	<u>\$ 1,560,000</u>
PROJECT TOTAL COST	\$ 7,266,000	\$ 7,266,000
Interest	<u>\$ 8,334,000</u>	<u>\$ 8,334,000</u>
PROJECT AND INTEREST TOTAL	\$15,600,000	\$15,600,000

**RECOMMENDED ACTION:**

By motion: Adopt a resolution adopting a modification to the Tax Increment Financing Plan for the Lyndale Gardens Tax Increment Financing District within the Richfield Redevelopment Project Area.

**BASIS OF RECOMMENDATION:****A. HISTORICAL CONTEXT**

- See Executive Summary

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- Pursuant to Section 469.175, Subd. 4(b) of the TIF Act, a tax increment financing plan may be modified without a public hearing or the findings required to be made for the original tax increment financing plan if the modification does not include (i) any reduction or enlargement of the geographic area of the project or tax increment financing district; (ii) an increase in the amount of bonded indebtedness; (iii) a determination to capitalize interest on debt if that determination was not a part of the original plan; (iv) an increase in the portion of the captured net tax capacity to be retained by the City; (v) an increase in the estimated cost of the project, including administrative expenses, to be paid or financed with tax increment from the district; or (vi) the designation of additional property to be acquired by the authority.

**C. CRITICAL TIMING ISSUES:**

- The TIF Plan must be modified prior to the issuance of the Pay-As-You-Go-Notes.

**D. FINANCIAL IMPACT:**

- None; the total amount of Tax Increment Financing that could be provided to the developer is unchanged.

**E. LEGAL CONSIDERATION:**

- The resolution was drafted by the Ehler's, the City's Financial Consultant and reviewed by Kennedy & Graven.

**ALTERNATIVE RECOMMENDATION(S):**

- None

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Rebecca Kurtz, Ehlers

**ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter
□ Modified Tax Increment Financing Plan	Backup Material

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION ADOPTING A MODIFICATION TO THE TAX INCREMENT FINANCING PLAN FOR THE LYNDALE GARDENS TAX INCREMENT FINANCING DISTRICTS WITHIN THE RICHFIELD REDEVELOPMENT PROJECT AREA.**

WHEREAS, the City of Richfield (the "City") has established the Richfield Redevelopment Project Area and adopted the Redevelopment Plan therefor and established therein the Lyndale Gardens Tax Increment Financing District and adopted a Tax Increment Financing Plan (the Plan) therefor. It has been proposed that the City of Richfield adopt a Modification to the Tax Increment Financing Plan (the "Modification") for the Lyndale Gardens Tax Increment Financing District (the "District"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047, and Sections 469.174 to 469.1799, inclusive, as amended (the "Act"), all as reflected in the Plans and presented for the City Council's consideration; and

WHEREAS, the City of Richfield has investigated the facts relating to the Modification and has caused the Modification to be prepared; and

WHEREAS, the City of Richfield has performed all actions required by law to be performed prior to the adoption and approval of the proposed Modification. Because of the nature of this modification, and because this Modification does not entail an enlargement of geographic area, an increase in the amount of bonded indebtedness, an increase to the amount of interest on debt, an increase in the portion of the captured net tax capacity, or an increase in the total estimated tax increment expenditures, this modification is not subject to a public hearing requirement.

NOW, THEREFORE, BE IT RESOLVED by the City Council as follows:

1. The City of Richfield hereby reaffirms that the District as modified herein is in the public interest and is a "redevelopment district" under Minnesota Statutes, Section 469.174, subd. 10 (a)(2); that the proposed redevelopment would not occur solely through private investment within the reasonably foreseeable future, that the increased market value on the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the Lyndale Gardens TIF District permitted by the Tax Increment Financing Plan; that the Modified Plan conforms to the general plan for the development or redevelopment of the City as a whole; and that the Modified Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development of the Lyndale Gardens TIF District by private enterprise.

2. The City of Richfield further finds that the Modifications will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the project area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.

3. Conditioned upon the approval thereof by the City Council, the Modification, as presented on this date, is hereby approved and adopted and shall be placed on file in the office of the Community Development Director.

4. Upon approval of the Modifications by the City Council, the Community Development Director is authorized and directed to forward a copy of the Modification to the Minnesota Department of Revenue and Office of the State Auditor pursuant to *Minnesota Statutes 469.175, Subd. 4a*.

5. The Community Development Director is authorized and directed to forward a copy of the Modification to the Hennepin County Auditor and request that the Auditor certify the original tax capacity of the District as described in the Modifications, all in accordance with *Minnesota Statutes 469.177*.

Adopted by the City Council of the City of Richfield, Minnesota this 28th day of May, 2019.

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Maria Regan Gonzalez, Mayor

ATTEST:

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Elizabeth VanHoose, City Clerk

Exhibit A

Budget

Use of Tax Increment Funds	Adopted August 9, 2011	Modified October 17, 2011	<b>Modified May 28, 2019</b>
Land / Building Acquisition	3,000,000	3,200,000	<b>3,466,559</b>
Site Improvements / Preparation	351,000	2,416,000	<b>2,159,441</b>
Utilities	0	0	<b>80,000</b>
Other Qualifying Improvements	15,000	15,000	<b>0</b>
Costs Outside District	2,340,000	75,000	<b>0</b>
Administrative Costs (up to 10%)	<u>1,560,000</u>	<u>1,560,000</u>	<b><u>1,560,000</u></b>
Project Cost Total	7,266,000	7,266,000	<b>7,266,000</b>
Interest	<u>8,334,000</u>	<u>8,334,000</u>	<b><u>8,334,000</u></b>
Project and Interest Costs Total	15,600,000	15,600,000	<b>15,600,000</b>





# MODIFICATION TO THE REDEVELOPMENT PLAN Richfield Redevelopment Project Area

- AND -

# TAX INCREMENT FINANCING PLAN Modification of the Lyndale Gardens Tax Increment Financing

Richfield Housing & Redevelopment Authority  
City of Richfield, Hennepin County, Minnesota



Public hearing: August 9, 2011  
Adopted: August 9, 2011  
Modification Adopted: October 17, 2011  
Modification Considered: May 28, 2019

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**(for reference purposes only)**

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## ***Section 1 - Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area***

### **Foreword**

The following text represents a Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Richfield Redevelopment Project Area. Generally, the substantive changes include the establishment of the Lyndale Gardens Tax Increment Financing District.

For further information, a review of the Redevelopment Plan for the Richfield Redevelopment Project Area is recommended. It is available from the Community Development Director at the City of Richfield. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the Richfield Redevelopment Project Area.

## **Section 2 - Tax Increment Financing Plan for the Lyndale Gardens Tax Increment Financing District**

### **Subsection 2-1. Foreword**

The Richfield Housing and Redevelopment Authority (the "HRA"), the City of Richfield (the "City"), staff and consultants have prepared the following information to expedite the establishment of the Lyndale Gardens Tax Increment Financing District (the "District"), a redevelopment tax increment financing district, located in the Richfield Redevelopment Project Area.

### **Subsection 2-2. Statutory Authority**

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.001 to 469.047, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1799, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area.

### **Subsection 2-3. Statement of Objectives**

The District currently consists of four parcel(s) of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of a mixed-use commercial/retail, multi-family rental housing and public/community space in the City. Please see Appendix A for further District information. The HRA has not entered into an agreement or designated a developer at the time of preparation of this TIF Plan, however, it is anticipated that they will enter into an agreement with the Cornerstone Group. Development is likely to begin in summer 2011. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Richfield Redevelopment Project Area.

The activities contemplated in the Modification to the Redevelopment Plan and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the Richfield Redevelopment Project Area and the District.

### **Subsection 2-4. Redevelopment Plan Overview**

1. Property to be Acquired - Selected property located within the District may be acquired by the HRA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S.*, Chapter 117 and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the HRA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

## **Subsection 2-5. Description of Property in the District and Property To Be Acquired**

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

The HRA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the HRA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The HRA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

## **Subsection 2-6. Classification of the District**

The HRA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1799*, as amended, inclusive, find that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)* as defined below:

- (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:*
  - (1) parcels consisting of 70 percent of the area in the district are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;*
  - (2) The property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities or excessive or vacated railroad rights-of-way;*
  - (3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in Section 115C, Subd. 15, if the tank facility:*
    - (i) have or had a capacity of more than one million gallons;*
    - (ii) are located adjacent to rail facilities; or*
    - (iii) have been removed, or are unused, underused, inappropriately used or infrequently used; or*
  - (4) a qualifying disaster area, as defined in Subd. 10b.*
- (b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.*
- (c) A building is not structurally substandard if it is in compliance with the building code applicable*

*to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.*

*(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) or by the improvement described in paragraph (e) if all of the following conditions are met:*

*(1) the parcel was occupied by a substandard building or met the requirements of paragraph (e), as the case may be, within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;*

*(2) the substandard building or the improvements described in paragraph (e) were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;*

*(3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building or met the requirement of paragraph (e) and that after demolition and clearance the authority intended to include the parcel within a district; and*

*(4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by § 469.177, subdivision 1, paragraph (f).*

*(e) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots or other similar structures.*

*(f) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).*

In meeting the statutory criteria the HRA and City rely on the following facts and findings:

- The District is a redevelopment district consisting of four parcels.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix F).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111 or 273.112 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

#### **Subsection 2-7. Duration and First Year of Tax Increment of the District**

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the HRA or City (a total of 26 years of tax increment). The HRA or City elects to receive the first tax increment in 2014, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2039, or when the TIF Plan is satisfied. The HRA or City reserves the right to decertify the District prior to the legally required date.

#### **Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements**

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2011 for taxes payable 2012.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2014) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the HRA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2012, assuming the request for certification is made before June 30, 2012. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within the Richfield Redevelopment Project Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HRA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2014. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.



<b>Project Estimated Tax Capacity upon Completion (PTC)</b>	<b>\$908,678</b>	
<b>Original Estimated Net Tax Capacity (ONTC)</b>	<b>\$62,977</b>	
<b>Fiscal Disparities Reduction</b>	<b>\$110,967</b>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>\$734,734</b>	
<b>Original Local Tax Rate</b>	<b>1.38568</b>	Pay 2011
<b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b>	<b>\$1,018,106</b>	
<b>Percent Retained by the HRA</b>	<b>100%</b>	

Tax capacity includes a 4% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$142,942.

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

**The City has reviewed the area to be included in the District and found that some building permits have been issued in the past 18 months, but none that should increase the original tax capacity. Please see Appendix H for the building permits that were issued.**

## **Subsection 2-9. Sources of Revenue/Bonds to be Issued**

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HRA or City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by on or more pay-as-you-go notes. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the HRA or City to incur debt. The HRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

<u><b>SOURCES OF FUNDS</b></u>	<u><b>TOTAL</b></u>
Tax Increment	\$15,600,000
<u>Interest</u>	<u>\$0</u>
<b>TOTAL</b>	<b>\$15,600,000</b>

The HRA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$7,266,000. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

## Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the construction of a mixed-use commercial/retail, multi-family rental housing and public/community space. The HRA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described below. The HRA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<b><u>USES OF TAX INCREMENT FUNDS</u></b>	<b><u>AS ADOPTED ON AUGUST 9, 2011</u></b>	<b><u>AS AMENDED ON OCTOBER 17, 2011</u></b>
Land/Building Acquisition	\$3,000,000	\$3,200,000
Site Improvements/Preparation	\$351,000	\$2,416,000
Utilities	\$0	\$0
Other Qualifying Improvements	\$15,000	\$15,000
Costs Outside of District	\$2,340,000	\$75,000
<u>Administrative Costs (up to 10%)</u>	<u>\$1,560,000</u>	<u>\$1,560,000</u>
PROJECT COST TOTAL	\$7,266,000	\$7,266,000
<u>Interest</u>	<u>\$8,334,000</u>	<u>\$8,334,000</u>
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$15,600,000</b>	<b>\$15,600,000</b>

*(As Modified May 28, 2019)*

<b><u>USES OF TAX INCREMENT FUNDS</u></b>	<b><u>AS MODIFIED ON MAY 28, 2019</u></b>
Land/Building Acquisition	\$3,466,559
Site Improvements/Preparation	\$2,159,441
Utilities	\$80,000
<u>Administrative Costs (up to 10%)</u>	<u>\$1,560,000</u>
PROJECT COST TOTAL	\$7,266,000
<u>Interest</u>	<u>\$8,334,000</u>
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$15,600,000</b>

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Appendix D.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of the Richfield Redevelopment Project Area, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan. The HRA and the City reserve the right to expend tax increment for activities outside the District within the limitations of *M.S., Section 469.1763, Subd. 2*.

### **Subsection 2-11. Fiscal Disparities Election**

Pursuant to *M.S., Section 469.177, Subd. 3*, the HRA or City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b* (within the District) are followed, the following method of computation shall apply:

- (1) The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.*
- (2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.*

**The HRA will choose to calculate fiscal disparities by clause b.**

According to *M.S., Section 469.177, Subd. 3*:

- (c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).*

### **Subsection 2-12. Business Subsidies**

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$150,000;

- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The HRA will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

### **Subsection 2-13. County Road Costs**

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the HRA or City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the HRA or City within forty-

five days of receipt of this TIF Plan. In the opinion of the HRA and City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The HRA and City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

## Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the HRA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE			
	<b>2010/Pay 2011 Total Net Tax Capacity</b>	<b>Estimated Captured Tax Capacity (CTC) Upon Completion</b>	<b>Percent of CTC to Entity Total</b>
Hennepin County	1,320,682,751	734,734	0.0556%
City of Richfield	24,776,100	734,734	2.9655%
Richfield ISD No. 280	32,204,673	734,734	2.2815%

IMPACT ON TAX RATES				
	<b>Pay 2011 Extension Rates</b>	<b>Percent of Total</b>	<b>CTC</b>	<b>Potential Taxes</b>
Hennepin County	0.458400	33.08%	734,734	336,802
City of Richfield	0.567970	40.99%	734,734	417,307
Richfield ISD No. 280	0.267590	19.31%	110,967	29,694
Other	0.091720	6.62%	110,967	10,178
<b>Total</b>	1.385680	100.00%		793,980

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2011 rate. The total net capacity for the entities listed above are based on actual Pay 2011 figures. The District will be certified under the actual Pay 2012 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$15,600,000;
- (2) Probable impact of the District on city provided services and ability to issue debt. A minimal impact of the District on police protection is expected. The Police Department does track all calls for service including property-type calls and crimes. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and

of itself, will necessitate new capital investment in vehicles or require that the City hire additional officers.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The existing buildings, which will be eliminated by the new development, have public safety concerns that includes a vacant, blighted building with issues such as vandalism. The building will also go from a non-sprinklered building, to a fully-sprinkled building.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is not expected to contribute to water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$3,012,360;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$5,160,480;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

## **Subsection 2-15. Supporting Documentation**

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the HRA and City's findings:

- TIF Application, The Cornerstone Group;
- Project Proformas, The Cornerstone Group;
- Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District, LHB Inc., 2011.



## **Subsection 2-16. Definition of Tax Increment Revenues**

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the Authority with tax increments;
3. Principal and interest received on loans or other advances made by the Authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

## **Subsection 2-17. Modifications to the District**

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the HRA or City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the HRA or City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a redevelopment district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 10*, must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2)(A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the HRA agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The HRA or City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

## **Subsection 2-18. Administrative Expenses**

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the

HRA or City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District; or
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any **authorized and documented** administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the HRA or City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

## **Subsection 2-19.      Limitation of Increment**

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6*:

*if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a*



*street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.*

The HRA or City or a property owner must improve parcels within the District by approximately July 2015 and report such actions to the County Auditor.

#### **Subsection 2-20. Use of Tax Increment**

The HRA or City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay public redevelopment costs of the Richfield Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the HRA or City or for the benefit of the Richfield Redevelopment Project Area by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4*.

Tax increments generated in the District will be paid by Hennepin County to the HRA for the Tax Increment Fund of said District. The HRA or City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for HRA or City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

### **Subsection 2-21. Excess Increments**

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The HRA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the HRA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in the Richfield Redevelopment Project Area or the District.

### **Subsection 2-22. Requirements for Agreements with the Developer**

The HRA or City will review any proposal for private development to determine its conformance with the Redevelopment Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the HRA or City to demonstrate the conformance of the development with City plans and ordinances. The HRA or City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 25 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the HRA or City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 25 percent of the acreage, the HRA or City concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the HRA or City should the development or redevelopment not be completed.

### **Subsection 2-23. Assessment Agreements**

Pursuant to *M.S., Section 469.177, Subd. 8*, the HRA or City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

### **Subsection 2-24. Administration of the District**

Administration of the District will be handled by the Community Development Director.

## **Subsection 2-25. Annual Disclosure Requirements**

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the HRA or City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the OSA will direct the County Auditor to withhold the distribution of tax increment from the District.

## **Subsection 2-26. Reasonable Expectations**

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon HRA and City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

## **Subsection 2-27. Other Limitations on the Use of Tax Increment**

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay public redevelopment costs of the the Richfield Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Pooling Limitations. At least 75 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.
3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the District shall be deemed to have satisfied the 75 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3*, has been satisfied; and beginning with the sixth year following certification of the District, 75 percent of said tax increments that remain after expenditures

permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.

4. Redevelopment District. At least 90 percent of the revenues derived from tax increment from a redevelopment district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under *M.S., Section 469.176 Subd. 4j*. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary for development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the HRA or City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

#### **Subsection 2-28. Summary**

The Richfield Housing and Redevelopment Authority is establishing the District to preserve and enhance the tax base, redevelop substandard areas, and provide employment opportunities in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113, telephone (651) 697-8500.

## Appendix A

### Project Description

The Lyndale Gardens Tax Increment Financing District is being established to facilitate a multi-phase, mixed use redevelopment on the former Lyndale Garden Center Site. Phase I will include rehabilitation of the garden center building. It is anticipated that the commercial space will contain several uses, including an anchor tenant, office space, retail and a community space. Phase II will include construction of approximately 100 units of rental housing with a mixture of market rate and affordable units. The final phase is anticipated to include the substantial rehabilitation of additional market rate and affordable housing units.

It is anticipated that financing for the redevelopment project will be provided through a pay-as-you-go note and an interfund loan from the HRA.

#### *(As Modified May 28, 2019)*

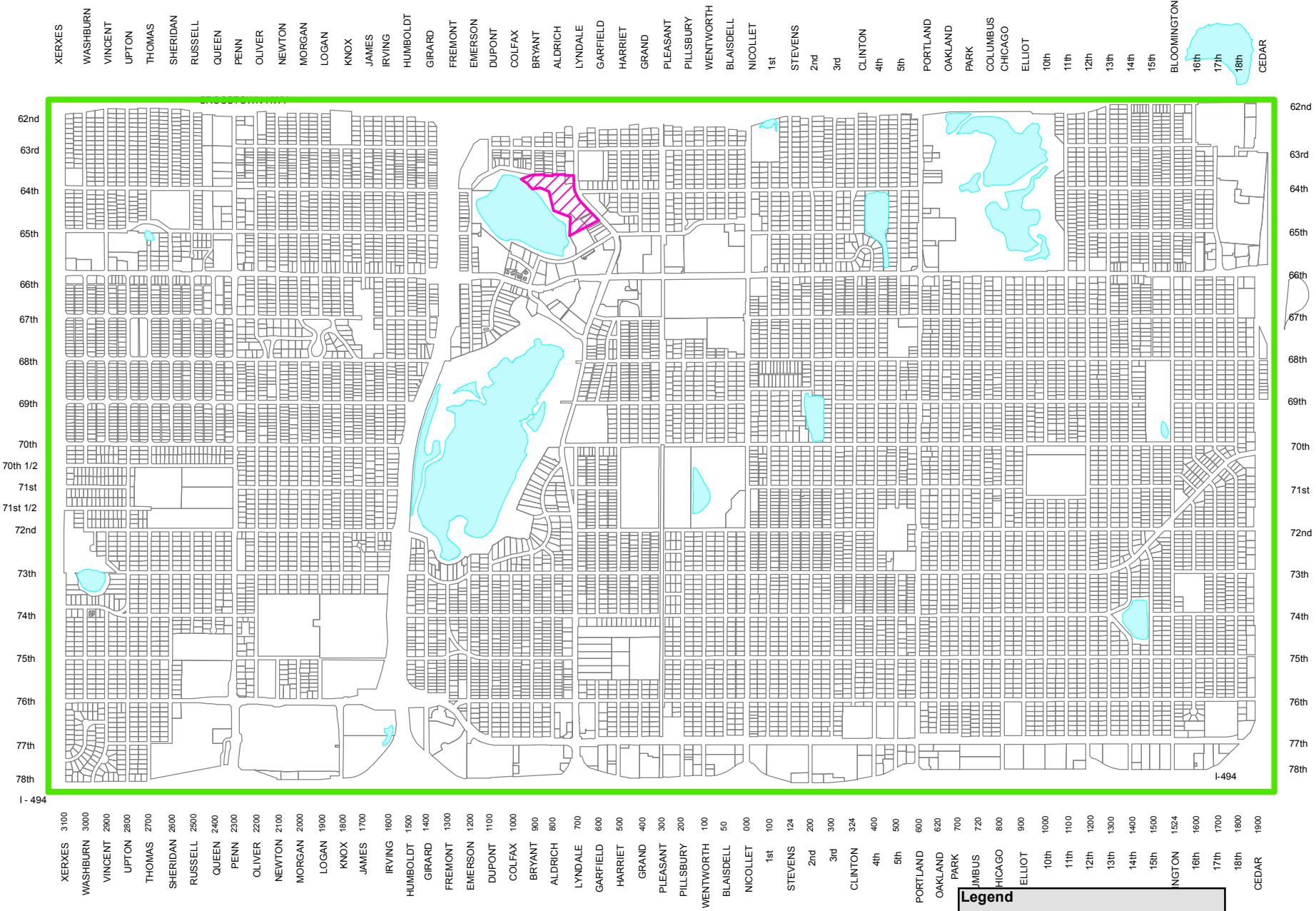
The proposed development in the Lyndale Gardens Tax Increment Financing District is being modified to include the Lakewinds Co-op, approximately 8 units of rental townhomes, approximately 66 units of rental apartment units, approximately 6,000 square feet of commercial / retail space and approximately 30 units of owner occupied townhomes.

It is anticipated that two pay-as-you-go notes will be issued to the Master Developer and Secondary Developer.

## Appendix B

### Map of the Richfield Redevelopment Project Area and the District

PROPOSED LYNDALDE GARDENS TIF DISTRICT



**Legend**

- Richfield Redevelopment Project area boundary
- Proposed TIF Redevelopment District



## Appendix C

### Description of Property to be Included in the District

At the time of approval, the District encompassed all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
28-028-24-11-0080	6400 Lyndale Ave. S.	Rancho Richfield, LLC
28-028-24-11-0002	6330 Lyndale Ave. S.	Roy E. Peterson
27-028-24-23-0064	6430 Lyndale Ave. S.	Rancho Richfield, LLC
27-028-24-23-0065	840 65th St. W.	800 Company, LLP

After adoption of the TIF Plan, the area was replatted. Parcel 27-028-24-23-0065 was combined with adjacent parcels resulting in parcel 27-028-24-23-0110.

The following is a list of the parcels after replatting and as certified for the District.

<u>Parcel Numbers</u>	<u>Address</u>
28-028-24-11-0088	6400 Lyndale Ave. S.
28-028-24-11-0002	6330 Lyndale Ave. S.
27-028-24-23-0064	6430 Lyndale Ave. S.

*(As Modified May 28, 2019)*

The following is a list of the parcels after replatting:

Secondary Developer Property:	PID : 28-028-24-11-0090 (portion for Apartments) PID : 28-028-24-11-0089 (portion for Apartments)
Master Developer Property:	PID : 27-028-24-23-0114 (Lakewinds) PID : 27-028-24-23-0115 (Lakewinds Parking) PID : 28-028-24-11-0090 (portion for Retail) PID : 28-028-24-11-0089 (portion for Condominiums)



Appendix D

Estimated Cash Flow for the District



**EHLERS**  
& ASSOCIATES INC

## Lyndale Garden Center - 4.0% Inflation

City of Richfield

95 Units of Rental Housing with Commercial and Public Space in Phase I and Phase II  
(Information based on project information received 5/24/2011 plus estimates for housing in Phase III )

### ASSUMPTIONS AND RATES

<b>DistrictType:</b>	Redevelopment	Maximum/Frozen Local Tax Rate:	138.568%	Pay 2011
<b>District Name/Number:</b>	TDB	Current Local Tax Rate: (Use lesser of Current or Max.)	138.568%	Pay 2011
<b>County District #:</b>	TBD	State-wide Tax Rate (Comm./Ind. only used for total taxes)	49.0430%	Pay 2011
<b>First Year Construction or Inflation on Value</b>	2012	Market Value Tax Rate (Used for total taxes)	0.14886%	Pay 2011
<b>Existing District - Specify No. Years Remaining</b>		<b>PROPERTY TAX CLASSES AND CLASS RATES:</b> Exempt Class Rate (Exempt) 0.00% Commercial Industrial Preferred Class Rate (C/I Pref.) First \$150,000 1.50% Over \$150,000 2.00% Commercial Industrial Class Rate (C/I) 2.00% Rental Housing Class Rate (Rental) 1.25% Affordable Rental Housing Class Rate (Aff. Rental) 0.75% Non-Homestead Residential (Non-H Res.) 1.25% Homestead Residential Class Rate (Hmstd. Res.) First \$500,000 1.00% Over \$500,000 1.25% Agricultural Non-Homestead 1.00%		
Inflation Rate - Every Year:	4.00%			
Developer's Interest Rate:	5.50%			
Present Value Date:	1-Feb-12			
First Period Ending	1-Aug-12			
Tax Year District was Certified:	Pay 2012			
Cashflow Assumes First Tax Increment For District:	2014			
Years of Tax Increment	26			
Assumes Last Year of Tax Increment	2039			
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)			
Incremental or Total Fiscal Disparities	Incremental			
Fiscal Disparities Contribution Ratio	41.5461%	Pay 2011		
Fiscal Disparities Metro-Wide Tax Rate	129.3270%	Pay 2011		

### BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
28-028-24-11-0080		Rancho Richfield	6400 Lyndale Ave. S.	2,675,000	1,000	2,676,000	50%	1,338,000	Pay 2012	C/I Pref.	26,010	C/I Pref.	26,010	1
28-028-24-11-0080		Rancho Richfield	6400 Lyndale Ave. S.	2,675,000	1,000	2,676,000	30%	802,800	Pay 2012	C/I	16,056	Rental	10,035	2
28-028-24-11-0080		Rancho Richfield	6400 Lyndale Ave. S.	2,675,000	1,000	2,676,000	20%	535,200	Pay 2012	C/I	10,704	Aff. Rental	4,014	2
28-028-24-11-0002		Roy Peterson	6330 Lyndale Ave. S.	216,000	128,000	344,000	100%	344,000	Pay 2012	C/I Pref.	6,130	Rental	4,300	2
27-028-24-23-0064		Rancho Richfield	6430 Lyndale Ave. S.	249,000	0	249,000	100%	249,000	Pay 2012	C/I Pref.	4,230	C/I Pref.	4,230	2
27-028-24-23-0065		800 Company LLP	840 65th St.	264,000	887,000	1,151,000	100%	1,151,000	Pay 2012	Non-H Res.	14,388	Rental	14,388	3
				8,754,000	1,018,000	9,772,000		4,420,000			77,518		62,977	

**Note:**

1. Base values are based upon Hennepin County website for Pay 2012. Percent for development is based on estimates.


**EHLERS**  
 & ASSOCIATES INC.

**Lyndale Garden Center - 4.0% Inflation**

City of Richfield

95 Units of Rental Housing with Commercial and Public Space in Phase I and Phase II

PROJECT INFORMATION (Project Tax Capacity)											
Area/Phase	New Use	Total Sq. Ft./Units	Market Value Sq. Ft./Units	Market Value	Property Tax Class	Project Tax Capacity	Percentage Completed 2012	Percentage Completed 2013	Percentage Completed 2014	Percentage Completed 2015	First Year Full Taxes Payable
2	Market Rent	69	169,724	11,710,956	Rental	146,387	0%	75%	100%	100%	2016
2	Affordable Rent	26	169,724	4,412,824	Aff. Rental	33,096	0%	75%	100%	100%	2016
1	Anchor	28,000	125	3,500,000	C/I Pref.	69,250	100%	100%	100%	100%	2014
1	Flex space	15,000	125	1,875,000	C/I	37,500	100%	100%	100%	100%	2014
1	Common	5,968	110	656,480	C/I	13,130	100%	100%	100%	100%	2014
1	Office/Edu	9,225	125	1,153,125	C/I	23,063	100%	100%	100%	100%	2014
3	Housing	80		2,877,500	Rental	35,969	0%	0%	0%	100%	2017
<b>TOTAL</b>				<b>26,185,885</b>		<b>358,394</b>					
<b>Subtotal Residential</b>		<b>175</b>		<b>19,001,280</b>		<b>215,452</b>					
<b>Subtotal Commercial/Ind.</b>		<b>58,193</b>		<b>7,184,605</b>		<b>142,942</b>					

**Note:**

1. Market values are based upon estimates from the developer. Phase 3 values are estimates for rehabilitation of existing units.
2. Assumes 20% affordable housing, per Cornerstone.
3. Developer has requested first increment in 2014. District is anticipated to be certified with Pay 2012 values.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Market Rent	146,387	0	146,387	202,845	0	0	17,433	220,278	3,192.44
Affordable Rent	33,096	0	33,096	45,861	0	0	6,569	52,430	2,016.52
Anchor	69,250	28,771	40,479	56,091	37,208	33,962	5,210	132,472	4.73
Flex space	37,500	15,580	21,920	30,374	20,149	18,391	2,791	71,706	4.78
Common	13,130	5,455	7,675	10,635	7,055	6,439	977	25,106	4.21
Office/Edu	23,063	9,582	13,481	18,680	12,392	11,311	1,717	44,099	4.78
Housing	35,969	0	35,969	49,841	0	0	4,283	54,125	676.56
<b>TOTAL</b>	<b>358,394</b>	<b>59,387</b>	<b>299,007</b>	<b>414,328</b>	<b>76,803</b>	<b>70,103</b>	<b>38,980</b>	<b>600,215</b>	

**Note:**

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

**WHAT IS EXCLUDED FROM TIF?**

Total Property Taxes	600,215
less State-wide Taxes	(70,103)
less Fiscal Disp. Adj.	(76,803)
less Market Value Taxes	(38,980)
less Base Value Taxes	(69,856)
<b>Annual Gross TIF</b>	<b>344,472</b>

**MARKET VALUE BUT / FOR ANALYSIS**

Current Market Value - Est.	4,420,000
New Market Value - Est.	26,185,885
Difference	21,765,885
Present Value of Tax Increment	6,302,782
Difference	15,463,103
Value likely to occur without Tax Increment is less than:	15,463,103



**Lyndale Garden Center - 4.0% Inflation  
City of Richfield**

**95 Units of Rental Housing with Commercial and Public Space in Phase I and Phase II**

TAX INCREMENT CASH FLOW															
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date	
							-	-	-	-				08/01/12	
							-	-	-	-				02/01/13	
							-	-	-	-				08/01/13	
							-	-	-	-				02/01/14	
100%	142,942	(62,977)	(46,823)	33,142	139%	45,925	22,962	(83)	(2,288)	20,592	17,980	0.5	2014	08/01/14	
							22,962	(83)	(2,288)	20,592	35,478	1	2014	02/01/15	
100%	283,272	(62,977)	(46,823)	173,472	139%	240,377	120,189	(433)	(11,976)	107,780	124,617	1.5	2015	08/01/15	
							120,189	(433)	(11,976)	107,780	211,370	2	2015	02/01/16	
100%	334,089	(62,977)	(46,823)	224,289	139%	310,793	155,397	(559)	(15,484)	139,354	320,535	2.5	2016	08/01/16	
							155,397	(559)	(15,484)	139,354	426,777	3	2016	02/01/17	
100%	383,422	(62,977)	(46,823)	273,622	139%	379,152	189,576	(682)	(18,889)	170,004	552,919	3.5	2017	08/01/17	
							189,576	(682)	(18,889)	170,004	675,685	4	2017	02/01/18	
100%	398,758	(62,977)	(48,696)	287,086	139%	397,809	198,904	(716)	(19,819)	178,370	801,045	4.5	2018	08/01/18	
							198,904	(716)	(19,819)	178,370	923,049	5	2018	02/01/19	
100%	414,709	(62,977)	(50,644)	301,088	139%	417,212	208,606	(751)	(20,785)	187,069	1,047,579	5.5	2019	08/01/19	
							208,606	(751)	(20,785)	187,069	1,168,777	6	2019	02/01/20	
100%	431,297	(62,977)	(52,670)	315,651	139%	437,391	218,696	(787)	(21,791)	196,117	1,292,436	6.5	2020	08/01/20	
							218,696	(787)	(21,791)	196,117	1,412,785	7	2020	02/01/21	
100%	448,549	(62,977)	(54,777)	330,796	139%	458,377	229,189	(825)	(22,836)	205,527	1,535,533	7.5	2021	08/01/21	
							229,189	(825)	(22,836)	205,527	1,654,996	8	2021	02/01/22	
100%	466,491	(62,977)	(56,968)	346,547	139%	480,203	240,101	(864)	(23,924)	215,313	1,776,797	8.5	2022	08/01/22	
							240,101	(864)	(23,924)	215,313	1,895,339	9	2022	02/01/23	
100%	485,151	(62,977)	(59,246)	362,928	139%	502,902	251,451	(905)	(25,055)	225,491	2,016,161	9.5	2023	08/01/23	
							251,451	(905)	(25,055)	225,491	2,133,750	10	2023	02/01/24	
100%	504,557	(62,977)	(61,616)	379,964	139%	526,508	263,254	(948)	(26,231)	236,076	2,253,563	10.5	2024	08/01/24	
							263,254	(948)	(26,231)	236,076	2,370,170	11	2024	02/01/25	
100%	524,739	(62,977)	(64,081)	397,682	139%	551,059	275,530	(992)	(27,454)	247,084	2,488,948	11.5	2025	08/01/25	
							275,530	(992)	(27,454)	247,084	2,604,547	12	2025	02/01/26	
100%	545,729	(62,977)	(66,644)	416,108	139%	576,592	288,296	(1,038)	(28,726)	258,532	2,722,265	12.5	2026	08/01/26	
							288,296	(1,038)	(28,726)	258,532	2,836,832	13	2026	02/01/27	
100%	567,558	(62,977)	(69,310)	435,271	139%	603,147	301,573	(1,086)	(30,049)	270,439	2,953,468	13.5	2027	08/01/27	
							301,573	(1,086)	(30,049)	270,439	3,066,982	14	2027	02/01/28	
100%	590,260	(62,977)	(72,082)	455,201	139%	630,763	315,382	(1,135)	(31,425)	282,822	3,182,517	14.5	2028	08/01/28	
							315,382	(1,135)	(31,425)	282,822	3,294,959	15	2028	02/01/29	
100%	613,870	(62,977)	(74,966)	475,928	139%	659,484	329,742	(1,187)	(32,856)	295,700	3,409,375	15.5	2029	08/01/29	
							329,742	(1,187)	(32,856)	295,700	3,520,729	16	2029	02/01/30	
100%	638,425	(62,977)	(77,964)	497,484	139%	689,354	344,677	(1,241)	(34,344)	309,093	3,634,011	16.5	2030	08/01/30	
							344,677	(1,241)	(34,344)	309,093	3,744,261	17	2030	02/01/31	
100%	663,962	(62,977)	(81,083)	519,903	139%	720,419	360,209	(1,297)	(35,891)	323,021	3,856,395	17.5	2031	08/01/31	
							360,209	(1,297)	(35,891)	323,021	3,965,529	18	2031	02/01/32	
100%	690,521	(62,977)	(84,326)	543,218	139%	752,726	376,363	(1,355)	(37,501)	337,507	4,076,505	18.5	2032	08/01/32	
							376,363	(1,355)	(37,501)	337,507	4,184,510	19	2032	02/01/33	
100%	718,142	(62,977)	(87,699)	567,466	139%	786,326	393,163	(1,415)	(39,175)	352,573	4,294,317	19.5	2033	08/01/33	
							393,163	(1,415)	(39,175)	352,573	4,401,186	20	2033	02/01/34	
100%	746,867	(62,977)	(91,207)	592,683	139%	821,270	410,635	(1,478)	(40,916)	368,241	4,509,816	20.5	2034	08/01/34	
							410,635	(1,478)	(40,916)	368,241	4,615,538	21	2034	02/01/35	
100%	776,742	(62,977)	(94,855)	618,910	139%	857,611	428,806	(1,544)	(42,726)	384,536	4,722,984	21.5	2035	08/01/35	
							428,806	(1,544)	(42,726)	384,536	4,827,555	22	2035	02/01/36	
100%	807,812	(62,977)	(98,650)	646,185	139%	895,406	447,703	(1,612)	(44,609)	401,482	4,933,811	22.5	2036	08/01/36	
							447,703	(1,612)	(44,609)	401,482	5,037,224	23	2036	02/01/37	
100%	840,124	(62,977)	(102,596)	674,552	139%	934,713	467,356	(1,682)	(46,567)	419,107	5,142,288	23.5	2037	08/01/37	
							467,356	(1,682)	(46,567)	419,107	5,244,539	24	2037	02/01/38	
100%	873,729	(62,977)	(106,700)	704,053	139%	975,592	487,796	(1,756)	(48,604)	437,436	5,348,406	24.5	2038	08/01/38	
							487,796	(1,756)	(48,604)	437,436	5,449,493	25	2038	02/01/39	
100%	908,678	(62,977)	(110,967)	734,734	139%	1,018,106	509,053	(1,833)	(50,722)	456,499	5,552,162	25.5	2039	08/01/39	
							509,053	(1,833)	(50,722)	456,499	5,652,083	26	2039	02/01/40	
Total							15,669,219	(56,409)	(1,561,281)	14,051,529					
Present Value From 02/01/2012							6,302,782	(22,690)	(628,009)	5,652,083					

## Appendix E

### Minnesota Business Assistance Form (Minnesota Department of Employment and Economic Development)

A Minnesota Business Assistance Form (MBAF) should be used to report and/or update each calendar year's activity by April 1 of the following year.

Please see the Minnesota Department of Employment and Economic Development (DEED) website at <http://www.deed.state.mn.us/Community/subsidies/MBAFForm.htm> for information and forms.

Appendix F

Redevelopment Qualifications for the District

**REPORT OF  
INSPECTION PROCEDURES AND RESULTS  
FOR  
DETERMINING QUALIFICATIONS OF A  
TAX INCREMENT FINANCING DISTRICT  
AS A REDEVELOPMENT DISTRICT**

**Lyndale Garden TIF District  
Richfield, Minnesota**

LHB Project No. 110189

July 22, 2011



Prepared For The

**City of Richfield HRA**

Prepared by



LHB, Inc.  
250 Third Avenue North, Suite 450  
Minneapolis, Minnesota 55401

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## **PART 1 – EXECUTIVE SUMMARY**

### **PURPOSE OF EVALUATION**

LHB was hired by the City of Richfield HRA to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District (“TIF District”) proposed to be established by the HRA. The proposed TIF District is located on and immediately adjacent to the Lyndale Garden Center property, between Richfield Lake and Lyndale Avenue (Diagram 1). The purpose of LHB’s work was to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether three buildings on four parcels, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.



Diagram 1 – Proposed TIF District

## **SCOPE OF WORK**

The proposed TIF District consists of four (4) parcels with three (3) structures.

The buildings received an on-site interior and exterior inspection on March 31, 2011. The building on map parcel no. 3 was not inspected as it did not appear likely to be found substandard. Building code and Condition Deficiency reports are located in Appendix B.

## **CONCLUSION**

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 66.7 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed throughout the geographic area of the proposed TIF District.

The remainder of this report describes our process and findings in detail.

## **PART 2 – MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS**

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

### **Interior Inspection**

“The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

### **Exterior Inspection and Other Means**

“An interior inspection of the property is not required, if the municipality finds that  
(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and  
(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

### **Documentation**

“Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1).”

## **Qualification Requirements**

*Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1)* requires two tests for occupied parcels:

### **A. Coverage Test**

...“parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots”

The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states: “For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, or paved or gravel parking lots unless 15 percent of the area of the parcel contains building, streets, utilities, or paved or gravel parking lots.”

### **B. Condition of Buildings Test**

...“and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;”

1. Structurally substandard is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, which states: “For purposes of this subdivision, ‘structurally substandard’ shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”
  - a. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)*) defined as “structurally substandard”, due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.
2. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

“A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence.”

“Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.”

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)* for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
- The index page of the 2007 Minnesota Building Code lists the Minnesota Energy Code as a “Required Enforcement” area compared to an additional list of “Optional Enforcement” chapters.
- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
- Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. In order for an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

### **PART 3 – PROCEDURES FOLLOWED**

LHB was able to schedule interior and exterior inspections for two buildings on March 31, 2011, and made the following findings:

### **PART 4 – FINDINGS**

#### **A. Coverage Test**

1. The total square foot area of each parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.

2. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
3. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

**Finding:**

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.



Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities,  
Paved or gravel parking lots or other similar structures

## **B. Condition of Building Test**

### **1. Building Inspection**

The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether or not a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

### **2. Replacement Cost**

The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2011.

A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Richfield, Minnesota.

Replacement cost includes labor, materials, and the contractor’s overhead and profit. Replacement costs do not include architectural fees, legal fees or other “soft” costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

### **3. Code Deficiencies**

The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.

*Minnesota Statutes, Section 469.174, Subdivision 10(c)*, specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.

The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is actually a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.

After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2011; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

**Finding:**

Two (2) out of three (3) buildings (66.7 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*. A complete Building Code and Condition Deficiency report for each building in the proposed TIF District can be found in Appendix B of this report.

**4. System Condition Deficiencies**

If a building meets the minimum code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, then in order for such building to be “structurally substandard” under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, the building’s defects or deficiencies should be of sufficient total significance to justify “substantial renovation or clearance.” Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, to determine if the total deficiencies warranted “substantial renovation or clearance” based on the criteria we outlined above.

System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors and doors.

The evaluation of system condition deficiencies was made by reviewing all available information contained in City records, and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of “service life” used up for a particular component unless it was an obvious part of that component’s deficiencies.

After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies are of sufficient total significance to justify “substantial renovation or clearance.”

**Finding:**

In our professional opinion, two (2) out of three (3) buildings (66.7 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection



including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

### C. Distribution of substandard structures

Much of this report has focused on the condition of individual buildings as they relate to requirements identified by *Minnesota Statutes, Section 469.174, Subdivision 10*. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

#### **Finding:**

The substandard buildings are reasonably distributed throughout the geographic area of the proposed TIF District.



Diagram 3 – Substandard Buildings  
Shaded area depicts parcels with substandard buildings



## **PART 5 - TEAM CREDENTIALS**

### ***Michael A. Fischer, AIA LEED AP - Project Principal/TIF Analyst***

Michael has twenty-four years of architectural experience as project principal, project manager, project designer and project architect on municipal planning, educational, commercial and governmental projects. He is a Senior Vice President at LHB and currently leads the Minneapolis office. Michael completed a two-year Bush Fellowship at the Massachusetts Institute of Technology in 1999, earning Masters Degrees in City Planning and Real Estate Development. Michael has served on over 35 committees, boards and community task forces, including a term as City Council President and Chair of the Duluth/Superior Metropolitan Planning organization. He is currently Chair of the Planning Commission in Edina, Minnesota. He was one of four architects in the country to receive the National "Young Architects Citation" from the American Institute of Architects in 1997.

### ***Ben Trousdale, AIA - Project Manager/Inspector***

Ben is a project architect in LHB's Minneapolis office with 20 years of experience working on a variety of multi-family housing and commercial projects. He has extensive skills in creating quality construction documents that convey a building's fundamentals and unique design details. His responsibilities include project management, code analysis, and overseeing document production. Ben is a licensed architect in Minnesota and is involved with AIA activities including Search for Shelter charrettes.

### ***Lydia Major, MLA, ASLA – GIS/Mapping***

Lydia brings a passion for design that benefits the client, the community, and the environment. Her experience includes designing and drafting commercial and residential properties at a variety of scales. Lydia integrates her skills with AutoCAD, ArcGIS, and the Adobe Creative Suite to produce plans, color renderings, booklets, and other presentation materials. Communication is a critical component in all projects, and Lydia's uses her education as a writer to create compelling project documents, including proposals, requests for variance, and other public-relations materials.

M:\11Proj\110189\400 Design\406 Reports\TIF\Final Report\Lyndale Gardens Redevelopment TIF Final Report 7-18-11.doc

## **APPENDICES**

APPENDIX A	Property Condition Assessment Summary Sheet
APPENDIX B	Building Code and Condition Deficiencies Reports
APPENDIX C	Building Replacement Cost Reports
	Code Deficiency Cost Reports
	Photographs

## **APPENDIX A**

### **Property Condition Assessment Summary Sheet**



# Lyndale Garden Redevelopment TIF Analysis

## SUMMARY SPREADSHEET

TIF Map No.	PID #	Owner/Business	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard																	
1	28-028-24-11-0002	Roy E. Peterson	6330 Lyndale Avenue South	Improved	Interior/Exterior	17,708	16,892	95.4%	17,708	1	\$889,000	\$133,350	\$316,700	1	1																	
2	28-028-24-11-0080	Rancho Richfield LLC	6400 Lyndale Avenue South	Improved	Interior/Exterior	401,494	149,932	37.3%	401,494	1	\$4,687,000	\$703,050	\$2,023,826	1	1																	
3	27-028-24-23-0065	800 Company LLC	840 65th Street West	Improved	Exterior	48,955	30,270	61.8%	48,955	1	Note 1	Note 1	Note 1	0	0																	
4	27-028-24-23-0064	Rancho Richfield LLC	6430 Lyndale Avenue South	Vacant	Exterior	27,963	27,963	100.0%	27,963	0																						
TOTALS						496,120	Total Coverage Percent:		496,120	3	Percent of buildings exceeding 15 percent code deficiency threshold:			2	2																	
									100.0%					66.7%																		
						Note 1: This building was not inspected because it did not appear substandard from the exterior.								Percent of buildings determined substandard:							66.7%											
M:\11Proj\110189\400 Design\406 Reports\TIF\Summary Spreadsheet\Lyndale Garden Spreadsheet.xls]Property Info																																
Percent of buildings determined substandard:																					66.7%											

## **APPENDIX B**

### **Building Code and Condition Deficiencies Reports**

## LYNDALE GARDEN REDEVELOPMENT TIF DISTRICT CODE/CONDITION DEFICIENCY REPORT

**July 18, 2011**

**Map No. & Building Name:** Map No. 1 – Multi-Tenant Office Building

**Inspection Date(s) & Time(s):** March 31, 2011, 1:30pm

**Inspection Type:** Interior/Exterior

**Summary of Deficiencies:** It is our professional opinion that this building is **Substandard** because:

- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

**Estimated Replacement Cost:** \$ 889,000

<b>Estimated Cost to Correct Building Code Deficiencies:</b>	<b>\$ 316,700</b>
--	-------------------

**Percentage of Replacement Cost:** 36%

### Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

### A. Defects in Structural Elements

1. Major visible cracking in structural walls and columns.
2. Visible cracks in concrete floor structure (visible from below).

### B. Combination of Deficiencies

1. Essential Utilities and Facilities
  - a. Upgraded mechanical system required in basement offices.
  - b. Bathrooms not adequate.
  - c. New GFI outlets required in wet spaces.
2. Light and Ventilation
  - a. Basement offices require improved ventilation.
  - b. Basement offices require windows and/or egress windows.
  - c. Lighting should be improved in corridors and stairs.
3. Fire Protection/Adequate Egress
  - a. Stairs from basement are not code compliant.
  - b. One stairway has mechanical equipment intruding into walking space.
  - c. Doors and door hardware are not code compliant.
4. Layout and Condition of Interior Partitions/Materials
  - a. Mildew present in basement spaces.
  - b. All interior finishes (wall, ceiling, floor) require updating.
  - c. Visible cracking on underside of floor (basement ceiling).
5. Exterior Construction
  - a. Fascia, soffit and siding requires sanding and painting.
  - b. Concrete stoops and stairs and sidewalk requires replacement.
  - c. Exterior concrete walls require significant patching and waterproofing.

- d. Major visible cracking on exterior walls.
- e. Parking lot surface should be repaired, sloping away from building.

### **Overview of Condition Deficiencies**

Most of the interior and exterior finishes are in need of upgrading and repair. The site and all entrances require improvements to prevent further water damage. This building definitely requires substantial renovation to correct the existing condition deficiencies.

### **Description of Code Deficiencies**

This multi-tenant office building was converted from an animal kennel building and has never met ADA requirements, or many other basic code requirements for a multi-tenant office building.

1. Tenant spaces are not accessible. Four in basement, four on upper floor.
2. Three sets of stairs do not meet current codes.
3. 66' Dead-end corridor in basement.
4. No windows or means of egress from basement office spaces.
5. Ventilation not adequate in basement spaces.
6. Roof leaks on north wing allowing water intrusion into building.
7. Doors and hardware are not ADA compliant.
8. Water is penetrating building at base at rear perimeter.
9. Four bathrooms are not accessible or code compliant.

**LYNDALE GARDEN REDEVELOPMENT TIF DISTRICT  
CODE/CONDITION DEFICIENCY REPORT**

July 18, 2011

**Map No. & Building Name:** Map No. 2 – Lyndale Garden Center and Hardware Store  
**Inspection Date(s) & Time(s):** March 31, 2011, 3:00pm  
**Inspection Type:** Interior/Exterior

**Summary of Deficiencies:** It is our professional opinion that this building is **Substandard** because:  
- Building Code deficiencies total more than 15% of replacement cost.  
- Substantial renovation is required to correct Conditions found.

<b>Estimated Replacement Cost:</b>	<b>\$ 4,687,000</b>
<b>Estimated Cost to Correct Building Code Deficiencies:</b>	<b>\$ 2,023,826</b>
<b>Percentage of Replacement Cost:</b>	<b>43%</b>

**Description of Condition Deficiencies**

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

**A. Defects in Structural Elements**

1. Exterior Walls and Roof are damaged.

**B. Combination of Deficiencies**

1. Essential Utilities and Facilities
  - a. New plumbing fixtures and domestic water distribution required.
  - b. New electrical system required.
  - c. New GFI outlets required in wet spaces.
2. Light and Ventilation
  - a. Several windows and storefront glass are broken.
  - b. New ventilation/furnace system required.
3. Fire Protection/Adequate Egress
  - a. Debris in building would make egress difficult.
  - b. Doors are non-functional.
4. Layout and Condition of Interior Partitions/Materials
  - a. Remove all interior surface materials in order to eliminate mold and mildew.
  - b. Replace all interior surfaces.
  - c. Graffiti painted throughout building.
5. Exterior Construction
  - a. Exterior wood siding severely damaged, needs replacement.
  - b. Replace storefront system and all windows.
  - c. Concrete block walls retaining moisture, require tuck pointing.
  - d. Site requires general cleanup to prevent damage to Richfield Lake.
  - e. Damage at rear loading dock, overhead door and man door.
  - f. Retaining walls near loading dock are damaged and should be replaced.

- g. Exterior building signage is damaged and should be replaced.
- h. Building is not accessible from parking lots.

### **Overview of Condition Deficiencies**

This building has been closed for a long period of time and has been vandalized to the point where it is not safe for occupancy. Almost every system in this building will require complete replacement, making it easy to determine that substantial renovation would be required to correct the condition deficiencies.

### **Description of Code Deficiencies**

1. The roof is allowing water intrusion and should be repaired with proper slope.
2. The domestic water system has been damaged due to freezing temperatures in the building.
3. New plumbing fixtures and domestic water distribution required.
4. Replace existing furnace and ventilation distribution system.
5. Mold development has made the building unsafe for occupancy.
6. Remove all interior surfaces in the building to eliminate the mold and mildew.
7. All glass storefronts, windows and doors require replacement to prevent water intrusion and rodents.
8. Electrical distribution system is non-functional and does not meet current code.
9. Building is not accessible from parking.
10. Building lighting is non-functional.
11. Sprinkler system is non-functional.



## **APPENDIX C**

**Building Replacement Cost Reports  
Code Deficiency Cost Reports  
Photographs**

# Square Foot Cost Estimate Report

Estimate Name: **Untitled**

Building Type: **Office 1 Story with Tiltup Concrete Panel / Steel Roof Deck**  
 Location: **MINNEAPOLIS, MN**  
 Stories Count (L.F.): **1.00**  
 Stories Height: **12.00**  
 Floor Area (S.F.): **4,000.00**  
 LaborType: **Open Shop**  
 Basement Included: **Yes**  
 Data Release: **Year 2011 Quarter 2**  
 Cost Per Square Foot: **\$222.25**  
 Total Building Cost: **\$889,000**



Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.

		% of Total	Cost Per SF	Cost
<b>A Substructure</b>		<b>18.4%</b>	<b>35.50</b>	<b>\$142,000</b>
<b>A1010</b>	<b>Standard Foundations</b>		<b>7.00</b>	<b>\$28,000</b>
	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide			
	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep			
<b>A1030</b>	<b>Slab on Grade</b>		<b>5.38</b>	<b>\$21,500</b>
	Slab on grade, 4" thick, non industrial, reinforced			
<b>A2010</b>	<b>Basement Excavation</b>		<b>3.62</b>	<b>\$14,500</b>
	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage			
<b>A2020</b>	<b>Basement Walls</b>		<b>19.50</b>	<b>\$78,000</b>
	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick			
<b>B Shell</b>		<b>33.7%</b>	<b>65.12</b>	<b>\$260,500</b>
<b>B1010</b>	<b>Floor Construction</b>		<b>22.50</b>	<b>\$90,000</b>
	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI			
	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 P			
<b>B1020</b>	<b>Roof Construction</b>		<b>9.38</b>	<b>\$37,500</b>
	Floor, steel joists, beams, 1.5" 22 ga metal deck, on columns, 25'x30' bay, 25" deep, 40 PSF superimposed load, 60			
	Floor, steel joists, beams, 1.5" 22 ga metal deck, on columns, 25'x30' bay, 25" deep, 40 PSF superimposed load, 60			
<b>B2010</b>	<b>Exterior Walls</b>		<b>13.38</b>	<b>\$53,500</b>
	Tilt-up concrete panels, vertical rib and light sandblast, 6" thick, 3000 PSI			
<b>B2020</b>	<b>Exterior Windows</b>		<b>6.12</b>	<b>\$24,500</b>
	Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3"			
<b>B2030</b>	<b>Exterior Doors</b>		<b>3.00</b>	<b>\$12,000</b>
	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening			
	Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening			
	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening			
<b>B3010</b>	<b>Roof Coverings</b>		<b>10.38</b>	<b>\$41,500</b>
	Roofing, single ply membrane, EPDM, 45 mils, loosely laid, stone ballast			
	Insulation, rigid, roof deck, extruded polystyrene, 25 PSI compressive strength, 3" thick, R15			

		% of Total	Cost Per SF	Cost
	Roof edges, aluminum, duranodic, .050" thick, 6" face			
	Flashing, aluminum, no backing sides, .019"			
	Gravel stop, aluminum, extruded, 8", duranodic, .050" thick			
<b>B3020</b>	<b>Roof Openings</b>		<b>0.38</b>	<b>\$1,500</b>
	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 4'-6", aluminum curb and cover, 150lbs			
<b>C Interiors</b>		<b>14.7%</b>	<b>28.38</b>	<b>\$113,500</b>
<b>C1010</b>	<b>Partitions</b>		<b>5.75</b>	<b>\$23,000</b>
	Metal partition, 5/8" water resistant gypsum board face, no base layer, 3-5/8" @ 24" OC framing ,same opposite face			
	1/2" fire ratedgypsum board, taped & finished, painted on metal furring			
<b>C1020</b>	<b>Interior Doors</b>		<b>5.38</b>	<b>\$21,500</b>
	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"			
<b>C1030</b>	<b>Fittings</b>		<b>0.50</b>	<b>\$2,000</b>
	Toilet partitions, cubicles, ceiling hung, plastic laminate			
<b>C3010</b>	<b>Wall Finishes</b>		<b>1.50</b>	<b>\$6,000</b>
	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats			
	Vinyl wall covering, fabric back, medium weight			
<b>C3020</b>	<b>Floor Finishes</b>		<b>8.12</b>	<b>\$32,500</b>
	Carpet, tufted, nylon, roll goods, 12' wide, 36 oz			
	Carpet, padding, add to above, minimum			
	Vinyl, composition tile, maximum			
	Tile, ceramic natural clay			
<b>C3030</b>	<b>Ceiling Finishes</b>		<b>7.12</b>	<b>\$28,500</b>
	Acoustic ceilings, 3/4"mineral fiber, 12" x 12" tile, concealed 2" bar & channel grid, suspended support			
<b>D Services</b>		<b>33.3%</b>	<b>64.25</b>	<b>\$257,000</b>
<b>D2010</b>	<b>Plumbing Fixtures</b>		<b>6.00</b>	<b>\$24,000</b>
	Water closet, vitreous china, bowl only with flush valve, wall hung			
	Urinal, vitreous china, wall hung			
	Lavatory w/trim, vanity top, PE on CI, 20" x 18"			
	Service sink w/trim, PE on CI,wall hung w/rim guard, 24" x 20"			
	Water cooler, electric, floor mounted, dual height, 14.3 GPH			
<b>D2020</b>	<b>Domestic Water Distribution</b>		<b>1.88</b>	<b>\$7,500</b>
	Gas fired water heater, commercial, 100< F rise, 75.5 MBH input, 63 GPH			
	Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH			
<b>D3050</b>	<b>Terminal &amp; Package Units</b>		<b>20.62</b>	<b>\$82,500</b>
	Rooftop, multizone, air conditioner, offices, 10,000 SF, 31.66 ton			
<b>D4010</b>	<b>Sprinklers</b>		<b>3.38</b>	<b>\$13,500</b>
	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 10,000 SF			
<b>D4020</b>	<b>Standpipes</b>		<b>1.25</b>	<b>\$5,000</b>
	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor			
<b>D5010</b>	<b>Electrical Service/Distribution</b>		<b>10.75</b>	<b>\$43,000</b>
	Service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 400 A			
	Feeder installation 600 V, including RGS conduit and XHHW wire, 400 A			
	Switchgear installation, incl switchboard, panels & circuit breaker, 600 A			
<b>D5020</b>	<b>Lighting and Branch Wiring</b>		<b>13.00</b>	<b>\$52,000</b>
	Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer			
	Miscellaneous power, 1.2 watts			
	Central air conditioning power, 4 watts			
	Motor installation, three phase, 460 V, 15 HP motor size			
	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF			
<b>D5030</b>	<b>Communications and Security</b>		<b>7.12</b>	<b>\$28,500</b>

		% of Total	Cost Per SF	Cost
Telephone wiring for offices & laboratories, 8 jacks/MSF				
Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and w				
Fire alarm command center, addressable without voice, excl. wire & conduit				
Internet wiring, 8 data/voice outlets per 1000 S.F.				
D5090	Other Electrical Systems		0.25	\$1,000
Generator sets, w/battery, charger, muffler and transfer switch, gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7				
E Equipment & Furnishings		0.0%	0.00	\$0
E1090	Other Equipment		0.00	\$0
F Special Construction		0.0%	0.00	\$0
G Building Sitework		0.0%	0.00	\$0
Sub Total		100%	\$193.25	\$773,000
Contractor's Overhead & Profit		15.0%	\$29.00	\$116,000
Architectural Fees		0.0%	\$0.00	\$0
User Fees		0.0%	\$0.00	\$0
Total Building Cost			\$222.25	\$889,000

Lyndale Garden Redevelopment TIF District  
Cost Worksheet

**Multi-Tenant Office Building**

Item	Description	Cost	Unit	Quantity	Total
Replace Roof Membrane	Removal of existing membrane	\$ 2.00	SF	4,000	\$ 8,000
	Insulation and new membrane	\$ 8.00	SF	4,000	\$ 32,000
Elevator required for basement tenants	Demolition	\$ 7,000.00	Ea	1	\$ 7,000
	Elevator Installation	\$ 35,000.00	Ea	1	\$ 35,000
Accessible Entrances at upper offices	Demolition	\$ 1,500.00	Ea	4	\$ 6,000
	New Ramps	\$ 7,500.00	Ea	4	\$ 30,000
New Doors and hardware	Demolition	\$ 100.00	Ea	12	\$ 1,200
	New Door and Hardware	\$ 1,500.00	Ea	12	\$ 18,000
Reconstruct Basement Stairs	Demolition	\$ 5,000.00	Ea	4	\$ 20,000
	New Construction	\$ 20,000.00	Ea	4	\$ 80,000
Reconstruct Bathrooms for ADA	Demolition	\$ 3,000.00	Ea	4	\$ 12,000
	New Construction	\$ 7,000.00	Ea	4	\$ 28,000
Install Egress Windows in Basement	Demolition	\$ 500.00	Ea	4	\$ 2,000
	Installation of Egress Windows	\$ 2,500.00	Ea	4	\$ 10,000
Remove Dead end Corridor in basement	Demolition	\$ 500.00	Ea	1	\$ 500
	New Construction	\$ 5,000.00	Ea	1	\$ 5,000
Improve ventilation in office spaces	Demolition	\$ 250.00	Ea	8	\$ 2,000
	New Construction	\$ 2,500.00	Ea	8	\$ 20,000
				<b>Total Costs</b>	<b>\$ 316,700</b>

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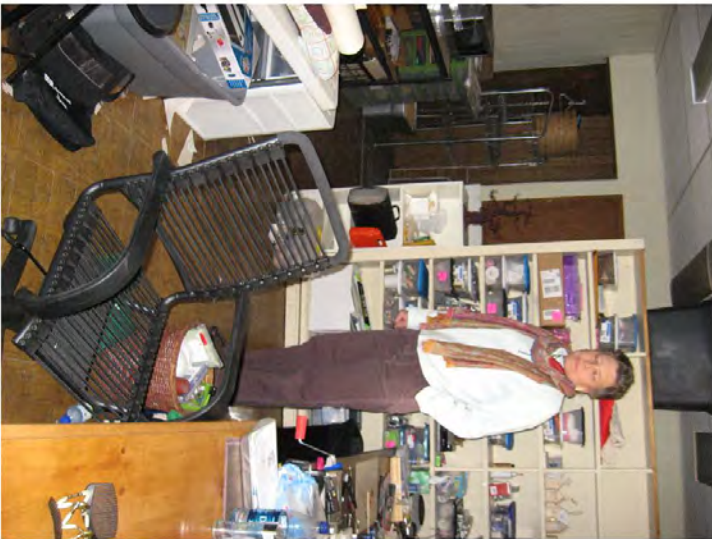
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# Square Foot Cost Estimate Report

Estimate Name: **Untitled**

Building Type: **Store, Department, 1 Story with Face Brick with Concrete Block Back-up / Steel Frame**  
 Location: **MINNEAPOLIS, MN**  
 Stories Count (L.F.): **1.00**  
 Stories Height: **15.00**  
 Floor Area (S.F.): **48,968.00**  
 LaborType: **Open Shop**  
 Basement Included: **No**  
 Data Release: **Year 2011 Quarter 2**  
 Cost Per Square Foot: **\$95.72**  
 Total Building Cost: **\$4,687,000**



Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.

		% of Total	Cost Per SF	Cost
<b>A Substructure</b>		<b>10.1%</b>	<b>8.36</b>	<b>\$409,500</b>
<b>A1010</b>	<b>Standard Foundations</b>		<b>1.18</b>	<b>\$58,000</b>
	Strip footing, concrete, reinforced, load 5.1 KLF, soil bearing capacity 3 KSF, 12" deep x 24" wide			
	spread footings, 3000 PSI concrete, load 75K, soil bearing capacity 3 KSF, 5' - 6" square x 13" deep			
<b>A1030</b>	<b>Slab on Grade</b>		<b>5.40</b>	<b>\$264,500</b>
	Slab on grade, 4" thick, non industrial, reinforced			
<b>A2010</b>	<b>Basement Excavation</b>		<b>0.30</b>	<b>\$14,500</b>
	Excavate and fill, 100,000 SF, 4' deep, sand, gravel, or common earth, on site storage			
<b>A2020</b>	<b>Basement Walls</b>		<b>1.48</b>	<b>\$72,500</b>
	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick			
<b>B Shell</b>		<b>32.7%</b>	<b>27.17</b>	<b>\$1,330,500</b>
<b>B1010</b>	<b>Floor Construction</b>		<b>0.45</b>	<b>\$22,000</b>
	Fireproofing, gypsum board, fire rated, 1 layer, 1/2" thick, 14" steel column, 2 hour rating, 18 PLF			
<b>B1020</b>	<b>Roof Construction</b>		<b>9.82</b>	<b>\$481,000</b>
	Floor, steel joists, beams, 1.5" 22 ga metal deck, on columns, 30'x30' bay, 28" deep, 40 PSF superimposed load, 62			
	Floor, steel joists, beams, 1.5" 22 ga metal deck, on columns, 30'x30' bay, 28" deep, 40 PSF superimposed load, 62			
<b>B2010</b>	<b>Exterior Walls</b>		<b>8.72</b>	<b>\$427,000</b>
	Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill			
<b>B2020</b>	<b>Exterior Windows</b>		<b>1.90</b>	<b>\$93,000</b>
	Aluminum flush tube frame, for 1/4"glass, 1-3/4" x 4-1/2", 5'x6' opening, 1 intermediate horizontal			
	Glazing panel, plate glass, 3/8" thick, tinted			
<b>B2030</b>	<b>Exterior Doors</b>		<b>0.42</b>	<b>\$20,500</b>
	Doors, stainless steel & glass, balanced, standard, premium, 3'-0" x 7'-0" opening			
	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening			
<b>B3010</b>	<b>Roof Coverings</b>		<b>5.73</b>	<b>\$280,500</b>
	Roofing, asphalt flood coat, gravel, base sheet, 3 plies 15# asphalt felt, mopped			
	Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite			
	Roof edges, aluminum, duranodic, .050" thick, 6" face			

		% of Total	Cost Per SF	Cost
	Gravel stop, aluminum, extruded, 4", mill finish, .050" thick			
<b>B3020</b>	<b>Roof Openings</b>		<b>0.13</b>	<b>\$6,500</b>
	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs			
	Smoke hatch, unlabeled, galvanized, 2'-6" x 3', not incl hand winch operator			
<b>C Interiors</b>		<b>26.8%</b>	<b>22.30</b>	<b>\$1,092,000</b>
<b>C1010</b>	<b>Partitions</b>		<b>2.21</b>	<b>\$108,000</b>
	Metal partition, 5/8" fire rated gypsum board face, 1/4" sound deadening gypsum board, 2-1/2" @ 24", same opposite			
	1/2" fire rated gypsum board, taped & finished, painted on metal furring			
<b>C1020</b>	<b>Interior Doors</b>		<b>1.78</b>	<b>\$87,000</b>
	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"			
<b>C3010</b>	<b>Wall Finishes</b>		<b>0.29</b>	<b>\$14,000</b>
	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats			
<b>C3020</b>	<b>Floor Finishes</b>		<b>13.69</b>	<b>\$670,500</b>
	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz			
	Tile, ceramic natural clay, marble, synthetic 12" x 12" x 5/8"			
<b>C3030</b>	<b>Ceiling Finishes</b>		<b>4.34</b>	<b>\$212,500</b>
	Acoustic ceilings, 5/8" plastic coated mineral fiber, 12" x 12" tile, 25 ga channel grid, adhesive back support			
<b>D Services</b>		<b>30.5%</b>	<b>25.39</b>	<b>\$1,243,500</b>
<b>D2010</b>	<b>Plumbing Fixtures</b>		<b>1.51</b>	<b>\$74,000</b>
	Water closet, vitreous china, bowl only with flush valve, wall hung			
	Urinal, vitreous china, wall hung			
	Lavatory w/trim, vanity top, PE on CI, 20" x 18"			
	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"			
	Water cooler, electric, wall hung, dual height, 14.3 GPH			
<b>D2020</b>	<b>Domestic Water Distribution</b>		<b>0.35</b>	<b>\$17,000</b>
	Gas fired water heater, commercial, 100< F rise, 500 MBH input, 480 GPH			
<b>D2040</b>	<b>Rain Water Drainage</b>		<b>0.72</b>	<b>\$35,500</b>
	Roof drain, CI, soil, single hub, 6" diam, 10' high			
	Roof drain, CI, soil, single hub, 6" diam, for each additional foot add			
<b>D3050</b>	<b>Terminal &amp; Package Units</b>		<b>7.66</b>	<b>\$375,000</b>
	Rooftop, single zone, air conditioner, department stores, 10,000 SF, 29.17 ton			
<b>D4010</b>	<b>Sprinklers</b>		<b>2.91</b>	<b>\$142,500</b>
	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 50,000 SF			
<b>D4020</b>	<b>Standpipes</b>		<b>0.23</b>	<b>\$11,500</b>
	Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, 1 floor			
	Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, additional floors			
<b>D5010</b>	<b>Electrical Service/Distribution</b>		<b>2.14</b>	<b>\$105,000</b>
	Service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 1200 A			
	Feeder installation 600 V, including RGS conduit and XHHW wire, 1200 A			
	Switchgear installation, incl switchboard, panels & circuit breaker, 1200 A			
<b>D5020</b>	<b>Lighting and Branch Wiring</b>		<b>8.59</b>	<b>\$420,500</b>
	Receptacles incl plate, box, conduit, wire, 2.5 per 1000 SF, .3 W per SF, with transformer			
	Miscellaneous power, to .5 watts			
	Central air conditioning power, 3 watts			
	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @ 32 watt per 1000 SF			
<b>D5030</b>	<b>Communications and Security</b>		<b>1.24</b>	<b>\$60,500</b>
	Communication and alarm systems, fire detection, addressable, 100 detectors, includes outlets, boxes, conduit and			
	Fire alarm command center, addressable with voice, excl. wire & conduit			
	Internet wiring, 2 data/voice outlets per 1000 S.F.			
<b>D5090</b>	<b>Other Electrical Systems</b>		<b>0.04</b>	<b>\$2,000</b>

		% of Total	Cost Per SF	Cost
Generator sets, w/battery, charger, muffler and transfer switch, gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7				
E Equipment & Furnishings		0.0%	0.00	\$0
E1090	Other Equipment		0.00	\$0
F Special Construction		0.0%	0.00	\$0
G Building Sitework		0.0%	0.00	\$0
Sub Total		100%	\$83.23	\$4,075,500
Contractor's Overhead & Profit		15.0%	\$12.49	\$611,500
Architectural Fees		0.0%	\$0.00	\$0
User Fees		0.0%	\$0.00	\$0
Total Building Cost			\$95.72	\$4,687,000

Lyndale Garden Redevelopment TIF District  
Cost Worksheet

**Lyndale Garden Center and Hardware Store**

Item	Description	Cost	Unit	Quantity	Total
Roof and Skylight repairs	Demolition	\$ 3.00	SF	48,968	\$ 146,904
	New insulation for roof slope	\$ 2.00	SF	48,968	\$ 97,936
	Membrane Adhered w/ Flashings	\$ 3.75	SF	48,968	\$ 183,630
Replace all storefront, windows and doors	Demolition	\$ 30,000.00	Ea	1	\$ 30,000
	New Construction	\$ 140,000.00	Ea	1	\$ 140,000
Remove and replace elect. System	Demolition	\$ 1.00	SF	48,968	\$ 48,968
	Electrical Service/Distribution	\$ 2.00	SF	48,968	\$ 97,936
Domestic Water Supply and plumbing	Demolition	\$ 1.00	SF	48,968	\$ 48,968
	New Domestic Water distribution	\$ 0.50	SF	48,968	\$ 24,484
	plumbing fixtures	\$ 74,000.00	Ea	1	\$ 74,000
Rain water drainage	Demolition	\$ 5,000.00	Ea	1	\$ 5,000
	New Construction	\$ 35,500.00	Ea	1	\$ 35,500
Mechanical System code compliance	Demolition	\$ 15,000.00	Ea	1	\$ 15,000
	New Construction	\$ 375,000.00	Ea	1	\$ 375,000
Sprinkler System and Standpipes	Demolition	\$ 5,000.00	Ea	1	\$ 5,000
	New Construction	\$ 150,000.00	Ea	1	\$ 150,000
Electrical Service/Distribution	Demolition	\$ 5,000.00	Ea	1	\$ 5,000
	New Construction	\$ 105,000.00	Ea	1	\$ 105,000
Lighting and Branch wiring	Demolition	\$ 15,000.00	Ea	1	\$ 15,000
	New Construction	\$ 420,500.00	Ea	1	\$ 420,500
				<b>Total Costs</b>	<b>\$ 2,023,826</b>

110189 Lyndale TIF - Garden Center



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110189 Lyndale TIF - Garden Center



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110189 Lyndale TIF - Garden Center



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110189 Lyndale TIF - Garden Center



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## Appendix G

### Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for the Lyndale Gardens Tax Increment Financing District (District) as required pursuant to M.S., Section 469.175, Subd. 3 are as follows:

1. *Finding that the District is a redevelopment district as defined in M.S., Section 469.174, Subd. 10(a)(1).*

The District consists of 4 parcels and it is proposed that these parcels be redeveloped for housing and commercial purposes. All parcels within the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures, and the occupied parcels make up more than 70% of the area of the District. More than 50% of the buildings within the District (2 of 3 buildings), not including outbuildings, are structurally substandard to a degree of requiring substantial renovation or clearance. The substandard buildings are reasonably distributed throughout the District. The Council has specifically relied on a study conducted by LHB, Inc., dated July 22, 2011, and entitled "Report of Inspections and Results for Determining Qualifications of a Tax Increment Financing District as a Redevelopment District (Lyndale Gardens TIF District, Richfield, Minnesota)," which is included in the TIF Plan at Appendix F, to make these determinations.

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

The anticipated development consists of three phases. The first phase will include the acquisition of property and the substantial rehabilitation of the Lyndale Garden Center in order to make it suitable for commercial use, including possible restaurant, retail, office, and community space. The second and third phases will include construction of approximately 100 units of rental housing, some of which will be affordable housing. The redevelopment project requires acquisition of several parcels of property, demolition of one building, environmental remediation, site improvements, and substantial rehabilitation of the Lyndale Garden Center building. Current estimates of redevelopment costs are more than \$30,000,000. The cost and scope of the proposed redevelopment make it unlikely to occur solely through private investment.

The developer has submitted a pro forma to the City demonstrating that the costs of acquiring the land for all phases of the redevelopment project, demolition costs, environmental remediation costs, site improvements, and construction of certain public improvements are economically infeasible without the assistance provided in the TIF Plan. The developer has certified to the City that it would not acquire the property and construct the housing and commercial development without the requested assistance. In order to make the redevelopment of this blighted area feasible, and provide affordable housing to persons of moderate income within the City, TIF assistance is required to reduce the price of redevelopment costs.

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan.*

The City believes that the comprehensive nature of the proposed commercial and housing development, which requires significant time and expense to acquire parcels necessary for the

development and the substantial renovation of a structurally substandard building, would not occur without the requested TIF assistance. Specifically, the proposed combination of housing and commercial development in the District is necessary in order to make the redevelopment of the Lyndale Garden Center economically feasible for the developer. The Lyndale Garden Center is currently vacant and in very poor condition, has been cited for numerous code violations, and has attracted trespassers. The property has remained vacant for many years without any successful proposals to redevelop the site. Providing assistance to the developer for all three phases of the proposed development will ensure that the Lyndale Garden Center is rehabilitated and the site is incorporated into the surrounding development.

Therefore, the City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided for the development. To summarize the basis for the City's findings, the City makes the following determinations:

- a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is \$0 (for the reasons described above), except some unknown amount of appreciation.
- b. If the proposed development to be assisted with tax increment occurs in the District, the total increase in market value would be approximately \$21,765,885. The increase in market value would be due primarily to substantial building rehabilitation and new construction within the District. (See Appendix D of TIF Plan and the table below.)
- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be no more than \$6,302,782. (See Appendix D of TIF Plan and the table below.)
- d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$15,463,103 (the amount in clause b less the amount in clause c) without tax increment assistance.

But-For Analysis	
Current Market Value	4,420,000
New Market Value - Estimate	26,185,885
Difference	21,765,885
Present Value of Tax Increment	6,302,782
Difference	15,463,103
<b>Value Likely to Occur Without TIF is Less Than:</b>	<b>15,463,103</b>

3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Lyndale Garden Center project by private enterprise.*

The commercial and housing projects to be developed within the District and assisted with tax increment financing from the District will result in the redevelopment of blighted and underutilized land which currently has obsolete land use and substandard buildings, promotion of the development of affordable housing, promotion of commercial development, and preservation and enhancement of the tax base of the City.

Appendix H

Prior Planned Improvements

# PERMIT



## City of Richfield

6700 Portland Avenue South  
Richfield, MN 55423  
612-861-9860  
www.cityofrichfield.org

Permit Type:  
Permit Number:  
Date Issued:

Building  
RI089244  
05/26/2011

### Site Address: 6400 Lyndale Ave S

Lot:                      Block:                      Addition:  
PID: 28-028-24-11-0080  
Use: LYNDAL GARDEN CENTER

### Description:

Sub Type: Commercial                      Construction Type:  
Work Type: Demo Building  
Description: REMOVE SIGN STRUCTURES, FENCE,  
DEBRIS FROM SITE                      Occupancy:  
Census Code: -  
Zoning:  
Square Feet: 0

### Comments:

### Fee Summary:

	<u>Description</u>	<u>Amount</u>	<u>Revenue Code</u>
Valuation: 7,000	Demo Commercial	\$147.25	10505-4152
	Surcharge - Based on Valuation	\$3.50	70020-2081
	<b>Total:</b>	<b>\$150.75</b>	

### Contractor:

RJ MARCO CONSTRUCTION  
75 W VIKING DRIVE  
LITTLE CANADA MN 55117  
(651) 484-5635

- Applicant -

### Owner:

RANCHO RICHFIELD LLC  
4518 NORTH LANE  
DEL MAR CA 92014  
(858) 794-2735

This permit is issued on the express condition that all work shall be done in accordance with ordinances and building codes of the City of Richfield and the State of Minnesota.

Applicant/Permitee: Signature

Issued By: Signature

## Appendix I

### 2017 Special Legislation

Laws of Minnesota 2017, 1<sup>st</sup> Special Session, Chapter 1, Article 6, Section 19

#### CITY OF RICHFIELD; LYNDAL GARDENS TIF DISTRICT; FIVE-YEAR RULE EXTENSION.

The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are considered to be met for the Lyndale Gardens Tax Increment Financing District established by the city of Richfield and the housing and redevelopment authority in and for the city of Richfield if the activities are undertaken within seven years from the date of certification.

EFFECTIVE DATE. This section is effective the day after the city of Richfield and its chief clerical officer comply with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and 3.



**STAFF REPORT NO. 74**  
**CITY COUNCIL MEETING**  
**5/28/2019**

REPORT PREPARED BY: Matt Brillhart, Associate Planner

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
5/22/2019

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Katie Rodriguez, City Manager  
5/22/2019

**ITEM FOR COUNCIL CONSIDERATION:**

**Consider adoption of a resolution granting a one-year extension of land use approvals for a planned unit development at 101 66th Street East.**

**EXECUTIVE SUMMARY:**

On June 26, 2018, the City Council approved development plans for a mixed use building with retail space and 31 apartments at 66th Street and 1st Avenue. Due to a delay in securing financing and identifying a general contractor, commencement of construction has been delayed until mid-2019. Land use approvals expire one year after being issued, unless substantial work on the project has begun, or the applicant requests an extension. PLH & Associates (Applicant) submitted the attached letter requesting an extension of land use approvals related to this project. The Applicant anticipates submitting Building Permit applications to the Inspections Division in June 2019 and beginning substantial work on the project this summer.

If an extension is not granted, the Applicant would have to begin the land use approval process anew; however, applicable land use regulations remain unchanged from the time of approval.

**RECOMMENDED ACTION:**

**By motion: Adopt a resolution granting a one-year extension of a conditional use permit and final development plan for a planned unit development at 101 66th Street East.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- Historically, land-use approval extensions have been approved unless some aspect of the project has changed significantly, City ordinances/regulations have been changed or the applicant has already sought a prior extension; none of those issues are pertinent in this case.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The term of City approvals is one year. If a project for which approvals have been granted is not substantially underway within one year, the applicant must request an extension from the City Council.
- The City Council may grant an extension of up to one year.
- If the extension is not granted, the Applicant would have to begin the land use approval process

anew.

C. **CRITICAL TIMING ISSUES:**

- The land use approvals for this project are scheduled to expire on June 26, 2019.

D. **FINANCIAL IMPACT:**

- The required processing fee has been paid.

E. **LEGAL CONSIDERATION:**

- None

**ALTERNATIVE RECOMMENDATION(S):**

- None

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Paul Lynch, PLH & Associates

**ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter
□ Extension request letter	Backup Material
□ Resolution No. 11513 (project approval)	Backup Material



**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION GRANTING AN EXTENSION OF  
A FINAL DEVELOPMENT PLAN AND CONDITIONAL USE PERMIT  
FOR A PLANNED UNIT DEVELOPMENT AT  
101 66TH STREET EAST**

**WHEREAS**, by Resolution No. 11513, adopted on June 26, 2018, the City Council approved a final development plan and conditional use permit for a planned unit development to allow construction of a mixed use building containing 31 apartments and approximately 6,000 square feet of commercial space at 101 66<sup>th</sup> Street East; and

**WHEREAS**, Subsection 547.09, Subdivision 9 of the Richfield City Code requires that substantial construction be completed within one year of approval, less the approval expire or the applicant requests and is granted an extension; and

**WHEREAS**, City staff has received a request from PLH & Associates, LLC (the "Applicant") for a one-year extension; and

**WHEREAS**, the City Council wishes to provide the additional time requested.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Richfield, as follows:

1. The City Council extends the approvals granted by Resolution No. 11513 for a period not to exceed one year.
2. The deadline for "substantial construction" is hereby extended to June 26, 2020.

Adopted by the City Council of the City of Richfield, Minnesota this 28th day of May, 2019.

---

Maria Regan Gonzalez, Mayor

ATTEST:

---

Elizabeth VanHoose, City Clerk



PLH & ASSOCIATES, LLC

May 5, 2019

Matt Brilliant,

I am writing to formally ask for additional time to get the Richfield project (The EMI) substantially started at 1<sup>st</sup> and 66<sup>th</sup> Street. After reviewing the timeline and subcontractor availability we have determined an additional 4 months will be needed to get the project substantially started.

After receiving City Council approval for this project, PLH & Associates, LLC acquired a property in Edina, MN. After the Edina project started our bank suggested we hold off from a fall start date in Richfield to a spring start date. We are excited to say the Richfield project has started.

We are currently finalizing the plans with the ISG Group which should be submitted for City review in the next couple of weeks. I have hired Rob Copland Building Corporation to be the General Contractor and they need additional time to finish a job before moving onto this project.

Additionally, we have been working with Xcel Energy to get the overhead power lines removed and informed they plan to bury the overhead lines the week of May 13<sup>th</sup>. Aims Construction is currently using the property to complete the 66<sup>th</sup> Street reconstruction project, but will be done using the parcel in two weeks. Once Aims Construction is done with using the parcel we plan to demo the houses and church.

Please accept our request to extend the start date for this exciting new project in Richfield.

Any questions please contact Paul Lynch.

Thank you,

PLH & Associates, LLC  
Managing Member

**RESOLUTION NO. 11513**

**RESOLUTION APPROVING A FINAL DEVELOPMENT PLAN  
AND CONDITIONAL USE PERMIT  
FOR A PLANNED UNIT DEVELOPMENT  
TO BE BUILT AT 101 66TH STREET EAST**

**WHEREAS**, an application has been filed with the City of Richfield which requests approval of a final development plan and conditional use permit for a planned unit development to allow construction of a three-story mixed-use building on the parcel of land located at 101 66th Street East ("subject property"), legally described as:

Lots 7 and 8 except the south 50 feet of the west half of Lot 8, Goodspeed's First Plat, Hennepin County, Minnesota

**WHEREAS**, the Planning Commission of the City of Richfield held a public hearing at its April 23, 2018 meeting, and recommended approval of the requested final development plan and conditional use permit at its May 29, 2018 meeting; and

**WHEREAS**, notice of the public hearing was mailed to properties within 350 feet of the subject property on April 10, 2018 and published in the Sun Current newspaper on April 12, 2018; and

**WHEREAS**, the requested final development plan and conditional use permit meet those requirements necessary for approving a planned unit development as specified in Richfield's Zoning Code, Section 542.09, Subd. 3 and as detailed in City Council Staff Report No. 111; and

**WHEREAS**, the request meets those requirements necessary for approving a conditional use permit as specified in Richfield's Zoning Code, Section 547.09, Subd. 6 and as detailed in City Council Staff Report No. 111; and

**WHEREAS**, the City has fully considered the request for approval of a planned unit development, final development plan and conditional use permit; and

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Richfield, Minnesota, as follows:

1. The City Council adopts as its Findings of Fact the **WHEREAS** clauses set forth above.
2. A planned unit development, final development plan and conditional use permit are approved for a mixed-use development as described in City Council Report No. 111, on the Subject Property legally described above.
3. The approved planned unit development, final development plan and conditional use permit are subject to the following conditions:


- The Developer shall continue to work with Community Development staff to finalize the following items. Items must be approved by the Community Development Director prior to the issuance of a building permit:
  - Continue to discuss architectural features including the type and number of building materials used on the north façade, particularly the design of the commercial storefronts and material transitions between the commercial and residential portion of the building.
  - If elevations allow, the walkway on the south side of the building should be connected to the Stevens Avenue sidewalk, whether at grade or with stairs through the retaining wall.
  - Continue to discuss transformer screening and/or artistic wrap treatment. Continue to discuss landscape and hardscape in this area. The fenced area shall not be larger than necessary to screen the transformer and shall not be chain link fence.
  - If space allows without reducing parking, residential trash storage shall be accommodated in the underground level or designed within the building.
- Plans must include signage and a larger curb extension to physically prohibit right turns from the development onto southbound Stevens Avenue.
- Raised berm and landscaping shall fully screen parking lot views from the south. Screening opacity requirements shall be as follows: 100% opacity to 3-4 feet height and 50% opacity to 6 feet height. Developer shall work with the property owner at 6616 Stevens Avenue to devise a mutually acceptable screening solution along the shared property line, in accordance with the above opacity requirement.
- With the consent and cooperation of the property owner at 6615 Stevens Avenue, the developer shall install plantings on the property or boulevard area to mitigate headlight impacts. A boulevard feature permit from Richfield Public Works is required before planting on public right-of-way.
- The existing wood fence abutting the property at 6613 1st Avenue shall be replaced with new fence pickets/panels. Existing fence posts may be reused.
- Permitted uses shall include those uses permitted in the Mixed-Use Neighborhood District, except convenience stores. Additionally, the following uses from the Mixed-Use Community District are permitted: offices/clinics, health/athletic clubs, spas, yoga studios and class III restaurants without drive-thru/drive-in service.
- Space dedicated to restaurant uses shall not exceed 2,000 gross square feet. Odor control systems are required to mitigate cooking odors in accordance with City Code Subsection 544.27.
- Commercial doors facing 66th Street and 1st Avenue shall not be locked during business hours.
- Signage on the south and east building facades shall not be lit between the hours of 10:00 p.m. and 6:00 a.m., except any signage related to underground parking or resident entry. Large-scale wall or projecting signage shall not be used on the south or east elevation.
- Bicycle parking is required for commercial uses, with a minimum capacity of six (6) bicycles. An artistic or unique design/color is recommended. Enclosed or underground bicycle parking is required for the residential uses.

- All parking spaces shall remain available year round.
  - All new utility service must be underground.
  - All utilities must be grouped away from public right-of-way and screened from public view in accordance with Ordinance requirements. A screening plan is required prior to the issuance of a building permit.
  - The property owner is responsible for the ongoing maintenance and tending of all landscaping in accordance with approved plans.
  - The applicant is responsible for obtaining all required permits, compliance with all requirements detailed in the City's Administrative Review Committee Report dated April 5, 2018 and compliance with all other City and State regulations. Separate sign permits are required.
  - A recorded copy of the approved resolution must be submitted to the City prior to the issuance of a building permit.
  - Prior to the issuance of an occupancy permit the developer must submit a surety equal to 125% of the value of any improvements not yet complete.
  - Final stormwater management plan must be approved by the Public Works Director. Infiltration not allowed in high-vulnerability wellhead protection area.
  - As-builts or \$7,500 cash escrow must be submitted to the Public Works Department prior to issuance of a final certificate of occupancy.
  - The Public Works Department will monitor traffic counts and patterns following completion of the development.
4. The approved planned unit development, final development plan and conditional use permit shall expire one year from issuance unless the use for which the permit was granted has commenced, substantial work has been completed or upon written request by the developer, the Council extends the expiration date for an additional period of up to one year, as required by the Zoning Ordinance, Section 547.09, Subd. 9.
5. The approved planned unit development, final development plan and conditional use permit shall remain in effect for so long as conditions regulating it are observed, and the conditional use permit shall expire if normal operation of the use has been discontinued for 12 or more months, as required by the Zoning Ordinance, Section 547.09, Subd. 10.

Adopted by the City Council of the City of Richfield, Minnesota this 26th day of June, 2018.

  
Maria Regan Gonzalez, Mayor Pro Tempore

ATTEST:

  
Elizabeth VanHoose, City Clerk



**STAFF REPORT NO. 75**  
**CITY COUNCIL MEETING**  
**5/28/2019**

REPORT PREPARED BY: Matt Brillhart, Associate Planner

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
5/22/2019

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Katie Rodriguez, City Manager  
5/22/2019

**ITEM FOR COUNCIL CONSIDERATION:**

**Consider approval of an ordinance amending Zoning Code Section 537: Mixed Use Districts and Section 512: Districts and adopt a resolution authorizing summary publication of said ordinance.**

**EXECUTIVE SUMMARY:**

Planning staff routinely reviews zoning ordinances to ensure consistency, identify issues as they arise, and make adjustments as needed. In reviewing the Mixed Use Zoning Districts (Section 537), staff found a number of inconsistencies in the table of uses between the Mixed Use Districts and other zoning districts, as well as other issues that warranted review.

The Mixed Use Districts were first implemented in 2006, following adoption of the I-494 Corridor Master Plan, and were initially tailored specifically for the types of large lots that have frontage on both 77th Street and on I-494 (494). There are numerous text references to 494 in the code. These regulations were modified in early 2009 to allow greater flexibility for the redevelopment of small lots (less than 2 acres). Since that time, the Mixed Use designation has been applied to both the Penn and Cedar Avenue Corridors; however, rather than amending the Mixed Use District language, Overlay Districts were created. Most recently, Mixed Use zoning has been implemented for approved developments such as Lyndale Gardens and The Emi, and could be extended to additional sites in the Lyndale-HUB-Nicollet area that are guided for Mixed Use development in the Comprehensive Plan. Staff believes that it is now time to remove most of the 494-specific language from Section 537 so that the Mixed Use District regulations can be more easily applied across the city.

The goal of this ordinance amendment is to address inconsistencies between districts by replacing the table of uses (Table 1), amend language specific to the 494 Corridor, and make other code adjustments based on lessons learned from recent and approved development projects.

**Table 1: Uses of the Mixed Use District**

A table of permitted, conditional, and accessory uses appears in both Section 537—Mixed Use and Section 512—Districts, but had major inconsistencies in how the tables were arranged and sorted. These tables will be replaced with identical versions. Additional changes are outlined in the 'Policy' section of this report.

## **Table 2: Mixed Use Bulk and Dimensional Standards**

The Mixed Use Districts are the only district citywide that implements a *maximum* rear setback, meaning that under current regulations, a building cannot be placed more than 15 feet away from the rear lot line. A major goal of the Mixed Use Districts is to locate new buildings as close to the front/primary street as possible. Given building coverage and impervious surface maximums, it is often not practicable to have buildings extend entirely across a lot from the front to rear lot lines. This regulation was aimed at getting buildings in the 494 Corridor to have meaningful frontage along both 77th Street and 494, but would not necessarily be a desired outcome along 66th Street or Penn Avenue, where the goal is to have buildings pulled up to sidewalks (front/corner lot lines) and be located away from adjacent residential properties (rear lot lines). Additionally, staff proposes to eliminate a section of Table 2 regarding 'zero lot line setbacks' for residential developments. While it makes sense to allow commercial and vertical mixed use developments to be built right up to front/corner lot lines, it is more desirable for residential-only developments to provide some amount of setback (10'-20') from front lot lines, to allow for entry/amenity plazas, hanging balconies, landscaping and buffering from busy streets.

## **Table 3: Minimum Parking Standards for Mixed Use Districts**

Current residential parking requirements in the Mixed Use Districts are 1.5 spaces per unit, whereas the high-density residential (MR-3) district allows parking ratios to be lowered to 1.25 spaces per unit. Staff proposes to adopt that 1.25 space standard in the Mixed Use Districts. This would improve consistency between zoning districts, and is consistent with the parking ratios at several recently approved development projects. The Chamberlain, Emi, and NOVO apartment developments have parking ratios ranging from 1.24 to 1.3 spaces per unit, while the Henley apartments at Lyndale Gardens will have 1 space per unit. Lyndale Plaza operates with 1.4 spaces per unit. Structured or underground parking spaces come with a considerable cost to build (estimated at \$25,000 or more per underground space), and are a significant factor in the cost of new housing development. Higher parking requirements drive up the cost of building new housing, thereby raising rent or purchase prices. These are city's minimum requirements, and developers may opt to build more parking than is required.

The amendments described herein and in the attached ordinance text will better align use tables between districts, while updating and clarifying other regulations for the Mixed Use Districts. In the coming months, staff anticipates studying the Bulk and Dimensional Standards in Table 2 in greater detail, along with a thorough review of the performance/design standards in Subsection 537.11 for potential updates to those regulations.

## **RECOMMENDED ACTION:**

By motion:

1. Approve an ordinance amending Zoning Code Section 537: Mixed Use and Section 512: Districts.
2. Adopt a resolution authorizing summary publication of said ordinance.

## **BASIS OF RECOMMENDATION:**

### **A. HISTORICAL CONTEXT**

- None

### **B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The purpose of the Mixed Use districts is to guide future development in a manner that adapts to market and transportation changes while promoting greater pedestrian, bicycle and transit connections; reducing impervious surface; and ensuring high-quality architectural design. These changes will help to ensure that the mixed use zoning districts can continue to be implemented in appropriate locations throughout the city (in accordance with the Comprehensive Plan), rather

than being specifically tailored to the 494 Corridor.

- In addition to replacing Table 1 with identical versions, the following changes were made to specific uses:
  - Offices/clinics, spas, health clubs, and yoga studios are proposed to be permitted uses in the Mixed Use—Neighborhood district. These types of businesses are identified as 'accessory' or 'not permitted' in the current table of uses. However, these businesses fall under the umbrella definition of 'Neighborhood retail & services' which are permitted. Commercial uses in the Mixed Use—Neighborhood district are limited to 10,000 square feet maximum, which ensures that commercial offerings are at a neighborhood scale, not a regional one. Staff proposes to raise the allowed *percentage* of nonresidential use from 10% to 15%, to allow for greater flexibility in smaller-scale developments. The lower figure of 10,000 square feet or 15% of the total floor area would apply.
  - Service station/convenience store (i.e. gas stations) are proposed to be conditional uses in the Mixed Use—Regional and Mixed Use—Community districts rather than simply permitted, as they are today. This will eliminate an inconsistency with the General Business (C-2) District, which regulates service stations as conditional uses. Conditions from that district (537.04 Subd. 11) regarding setbacks and buffering from adjacent properties are proposed to be adopted in the Mixed Use Districts. Service stations are not permitted in the Mixed Use—Neighborhood District.
  - 'Parks' were removed from the table, as Section 512.03 already states that parks are permitted in all districts. 'Police substation' was removed from the table, as this type of use would be permitted as 'office' or 'government building'. These changes are aimed at reducing redundancy in the code.
- See the attached ordinance for all proposed changes to Zoning Code Sections 537 (Mixed Use Districts) and 512 (Districts).

**C. CRITICAL TIMING ISSUES:**

- None

**D. FINANCIAL IMPACT:**

- None

**E. LEGAL CONSIDERATION:**

- A public hearing to consider this ordinance was held before the Planning Commission on April 22, 2019. Notice of the public hearing was published in the *Sun Current* newspaper on April 11, 2019.
- The Planning Commission recommended approval of the attached ordinance (6-0), with the exception of the proposed change to Table 3 (parking requirements), on which there was a split vote (3-3) resulting in no recommendation. Staff had initially proposed allowing residential parking requirements to be lowered to 1 space per unit in areas near high-frequency public transit service or if a shared vehicle was provided on the premises, but that change has been removed at this time. Planning staff anticipates studying parking requirements in greater detail along with retail/restaurant parking requirements, which have not been adjusted in many years.
- The Council discussed this item and approved a first reading of the ordinance on May 14, 2019.

**ALTERNATIVE RECOMMENDATION(S):**

- Approve the ordinance with modifications.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

Description	Type
□ Ordinance	Ordinance
□ Resolution	Resolution Letter
□ Zoning map	Backup Material
□ Comprehensive Plan map	Backup Material



BILL NO. \_\_\_\_\_

**AN ORDINANCE AMENDING THE RICHFIELD CITY CODE  
TO UPDATE REGULATIONS IN MIXED USE ZONING DISTRICTS**

**THE CITY OF RICHFIELD DOES ORDAIN:**

Section 1                      Section 537 of the Richfield City Code is amended to read as follows:

**SECTION 537 - MIXED-USE DISTRICT (MU)**

(Added, Bill No. 2007-19)

**537.01. - Mixed Use Districts (MU).**

**Subdivision 1. Sub-districts defined.** A mixed use district is an area that supports multiple land uses that are complementary to one another and support the ability to live, work, shop and play within a development pattern of horizontally mixed or vertically mixed uses. There are three sub-districts of mixed use as follows:

- a) Mixed Use Regional (MU-R). Regional mixed use supports destination oriented commercial and office uses at a high density/intensity of development. Limited higher density residential uses would be encouraged to support major employment concentrations. Vertical mixing of uses would be encouraged to create building mass along primary arterials.
- b) Mixed Use Community (MU-C). Community mixed use includes shops and services that support the surrounding community. A balanced mix of commercial, office and higher density residential uses would be included in this district. Vertical mixing of uses would be encouraged to create building mass along primary arterials.
- c) Mixed Use Neighborhood (MU-N). Neighborhood mixed use emphasizes residential development with supporting retail and commercial service uses. Commercial services are emphasized at key transportation nodes/corners and are intended to be of a smaller scale and oriented to the neighborhood.

**Subd. 2. Purpose and Intent.** The purpose and intent of the Mixed Use Districts shall be to:

- a) Guide future development ~~along the I-494 corridor in order to~~ adapt to market and transportation changes;
- b) Encourage vertical mixed-uses clustered at primary (regional) and secondary (community) transportation nodes ~~to build identity within the district;~~
- c) Provide a mix of residential densities ~~along the corridor;~~
- d) Provide appropriate transitions between uses;
- e) Promote greater pedestrian and bicycle access and connections ~~throughout the corridor and along the length of the corridor;~~
- f) Discourage auto oriented uses in favor of pedestrian friendly mixed-use development;
- g) Encourage reductions in impervious surface, while adding well landscaped and attractive public and private spaces with a pedestrian and bicycle friendly character and environment by minimizing surface parking and enhancing pedestrian corridors (sidewalks and trails) through reinforcing build-to lines, getting new buildings to address the street and emphasize enticing street level architecture;
- h) Encourage public and quasi-public open spaces within the corridor by allowing and encouraging taller buildings for high-density uses;
- i) Ensure high quality architectural design and materials;
- j) Promote increased use of transit; and

- k) Encourage redevelopment in a manner that is consistent with the Comprehensive Plan and any applicable corridor master plan or small area plan. ~~redevelopment plan(s) that exist for the district.~~

**Subd. 3. Review Criteria.** In evaluating development proposals, the Planning Commission and City Council shall consider compliance with the following:

- a) Consistency with the elements and objectives of the City's development guides, including the Comprehensive Plan and any redevelopment plans established for the area;
- b) Consistency with this Subsection;
- c) Creation of a design for structures and site features which promotes the following:
  - (i) An internal sense of order among the buildings and uses;
  - (ii) The adequacy of vehicular and pedestrian circulation, including walkways, interior drives and parking in terms of location and number of access points to the public streets, width of interior drives and access points, general interior circulation, separation of pedestrian and vehicular traffic and arrangement and amount of parking;
  - (iii) Energy conservation through the design of structures and the use of landscape materials and site grading; and
  - (iv) The minimization of adverse environmental effects on persons using the development and adjacent properties.

### 537.03. - Permitted Uses.

**Subdivision 1.** The following table establishes permitted, conditionally permitted and accessory uses for the Mixed Use Districts:

**Table 1.** Uses of the Mixed-Use District

**Note** —The following abbreviations are used within the use table:

P= permitted use  
 A= accessory use  
 C= conditionally permitted  
 N= not permitted

Land Use	MU-N	MU-C	MU-R
<b>Residential</b>			
Assisted living facilities, nursing, rest homes	P	P	N
Dwelling, multifamily (min. 3 units)	P	P	P (but see 537.07, Subd. 2a)
Dwelling, townhouse	P	N	N
Live-work units	P	P	N
<b>Commercial, Institutional and Public</b>			
Adult business establishments as defined and regulated under City Code Subsection 1196	N	P	P
Animal kennels	C	C	C

Assembly and manufacturing accessory and subordinate to a retail use	N	A	A
Auto detailing	N	C	C
Auto mechanical or body repair shops	N	C	C
Auto rental facilities accessory to a primary office or hotel use	N	A	A
Auto sales or lease - new vehicles	N	N	C
Convenience store	P	P	P
Day care facilities	P	P	P
Drive-up window or teller service	N	C	C
Firearms related uses	N	N	C
Funeral homes, mortuaries	N	P	N
Government buildings	A	P	A
Health or athletic clubs, spas, yoga studios	P	P	P
Hospitals	N	N	P
Hotel/motel (defined as 6 or more rooms)	N	P	P
Libraries, public	P	P	N
Marijuana (medical) dispensaries	N	N	N
Marijuana (recreational) sales outlets	N	N	N
Micro-production facility (micro-brewery/micro-distillery)	N	C	C
Offices and clinics	P	P	P
Public utilities, major	N	C	C
Public utilities, minor	A	A	A
Religious institutions	P	P	A
Restaurant Class I (serving alcohol)	N	C	P
Restaurant Class II (traditional/cafeteria)	P	P	P
Restaurant Class III (fast food with drive-thru)	N	C	C
Restaurant Class IV (take out only)	P	P	P
Retail services, General	C	P	P
Retail services, Neighborhood	P	P	P

Retail services, Regional	N	C	P
Schools, public or private	P	P	C
Service station/Convenience store	N	C	C
Taproom/Cocktail room	N	A/C	A/C
Tattoo shops	N	P	P
Theaters, movie, or live entertainment	N	N	P
Transit Facilities	A	A	A

Use	MU-R	MU-C	MU-N
<b>COMMERCIAL</b>			
Regional retail services	P	C	N
General retail services	P	P	C
Neighborhood retail services	P	P	P
Restaurant Class I (serving alcohol)	P	C	N
Restaurant Class II (traditional/cafeteria)	P	P	P
Restaurant Class III (fast food/convenience)	C	C	N
Restaurant Class IV (take-out only)	P	P	P
Micro-production facility (micro-brewery/micro-distillery)	C	C	N
Taproom/Cocktail room	A/C	A/C	N
Service Station/convenience store	P	P	N
Convenience store	P	P	P
Offices and clinics	P	P	A
Hotel/motel (defined as 6 or more rooms)	P	P	N
Mortuaries and funeral chapels	N	P	N
Health or athletic clubs, spas, yoga studios	P	P	N
Theaters, movie or live entertainment	P	N	N
Auto sales or lease—new vehicles	C	N	N
Auto mechanical or body repair shops	C	C	N
Auto detailing	C	C	N
Auto rental facilities accessory to a primary office or hotel use	A	A	N
Assembly and manufacturing accessory and subordinate to a retail use	A	A	N

Drive-up window or teller service	C	C	N
Adult business establishments as defined and regulated under Subsection 1196 of the City Code	P	P	N
Tattoo shops	P	P	N
Firearms related uses	C	N	N
Licensed day care facilities	P	P	P
Animal kennels	C	C	C
<b>RESIDENTIAL</b>			
Dwelling, townhouse	N	N	P
Dwelling, multifamily (min. 3 units)	P	P	P (but see 537.07, Subd. 2a)
Live-work units	N	P	P
Assisted living facilities, nursing, rest homes	N	P	P
<b>INSTITUTIONAL/PUBLIC</b>			
Places of worship	A	P	P
Government offices	A	P	A
Police sub-station	P	P	P
Schools	C	P	P
Library	N	P	P
Parks	P	P	P
Hospitals	P	N	N
Transit facilities	A	A	A
Public utility	A	A	A

(Amended, Bill No. 2011-13; 2011-19; 2014-4; 2015-15; 2019-\_\_)

**Subd. 2.** Any land use not listed as Permitted, Accessory or Conditional in this section or Subsection 512.09 is prohibited in the Mixed-Use Districts unless the use is found to be substantially similar to a use listed, as determined by the City in accordance with Subsection 509.23 of this Code.

**537.05. - Conditional Uses.**

**Subdivision 1.** [Generally.] Conditional uses listed in Table 1 are subject to the conditional use permit provisions outlined in Subsection 547.09 of this Code and the following conditions: (Amended, Bill No. 2011-21)

**Subd. 2.** Regional retail services in MU-C. Regional retail services in the MU-C district provided that retail uses with over 50,000 square feet of gross floor area, are located within a multi-tenant or multi-use shopping area or other multi-tenant development and meet the mixed use requirements of Subsection 537.07, Subd. 2.

**Subd. 3.** General retail services in MU-N. General retail services in the MU-N district provided the following conditions are met: The retail uses front on an arterial street and meet the area requirements of Subsection 537.07, Subd. 2.

**Subd. 4. Restaurant Class I in MU-C.** Class I restaurants in the MU-C district provided that alcoholic beverages shall not be served unless the lot abuts an arterial or collector street.

**Subd. 5. Restaurant Class III or Drive-Up Window or Teller Service.** Uses with drive-up window or teller service provided the following conditions are met:

- a) A minimum distance of 500 feet must be maintained between substantially similar uses with drive-up window or teller service (as measured from property line to property line);
- b) Uses with drive-up window or teller service may not be located adjacent to a property with an existing drive-up window or teller service unless an applicant can demonstrate that the use will not be detrimental to pedestrian, bicycle or vehicle movements;
- c) No drive-up window or lane shall be adjacent to a public street;
- d) Drive-up uses shall be limited to one (1) service window which is part of a primary structure and a single queuing lane and order board/station;
  - (i) The content portion of order boards is limited to 40 square feet;
  - (ii) Order board content may not extend above eight (8) feet in height on the supporting structure;
  - (iii) Order boards/stations must be located within 60 feet of the business which they serve.
- e) The City may consider one (1) additional service lane for automated teller machines (ATMS) or similar facilities;
- f) Drive-up facilities must be designed to minimize impacts to the pedestrian environment and adequately address circulation issues and potential noise or light pollution;
- g) Drive-through canopies and other structures, where present, shall be constructed from the same materials as the primary building and with a similar level of architectural quality and detailing;
- h) There shall be no curb cuts on public streets exclusively for the use of drive-up queuing or exit lanes. Drive-up traffic shall enter and exit from internal circulation drives;
- i) Queuing space for at least four (4) cars (70 feet) shall be provided as measured from, but not including, the first drive-up service window or teller station. Such queuing space shall not interfere with parking spaces or traffic circulation;
- j) Any drive-up service window, teller or order station, or exterior loudspeaker shall be located at least 150 feet from any parcel with residential uses on the first floor;
- k) The applicant shall demonstrate that such use will not significantly lower the existing level of service on streets and intersections;
- l) The City shall encourage operators to permit bicyclist use of sales and service windows;
- m) Alcoholic beverages shall not be served through a drive-up window; and
- n) Exterior speakers shall comply with the noise control limits set by Subsection 930 of the City Code.

(Amended, Bill No. 2015-1)

**Subd. 6. New auto sales or lease businesses.** Motor vehicle sales of new vehicles provided the following conditions are met:

- a) Motor vehicle repair and service and sales of used vehicles are allowed when accessory to new vehicle sales. Used auto sales shall be permitted only as an integral part of a new auto sales business (from the same land parcel and in close proximity to the new cars).
- b) The business shall be licensed under Subsection 1155 of the City Code;

- c) The use site shall not abut a lot which is in the R or R-1 District. For the purpose of this subdivision, a lot which merely adjoins the use site at one (1) corner shall not be deemed to abut the use site;
- d) A buffer yard of not less than 15 feet in width shall be provided to separate all aspects of such use from abutting parcels;
- e) Landscaping for the site, including display areas, shall comply with the Performance Standards described in Section 544 of this Code;
- f) Inoperable vehicles shall not be stored on the premises, except in appropriately designed and screened areas as approved by the City;
- g) Parking of vehicles for sale or lease on public right-of-way shall be prohibited;
- h) All repair, assembly, disassembly, maintenance, and detailing of vehicles shall occur within an enclosed building, except minor maintenance such as tire inflation or adding windshield wiper fluid; and
- i) Any exterior speaker shall comply with the noise control limits set by Subsection 930 of the City Code.

**Subd. 7. Service station / Convenience store.** Service station / Convenience store provided the conditions detailed in the C-2 District are met (534.07 Subd. 11).

**Subd. 87. Auto mechanical or body repair shops.** Auto mechanical or body repair shops provided the conditions detailed in the C-2 District are met (534.07 Subd. 12).

**Subd. 98. Auto detailing shops.** Auto detailing shops provided the conditions detailed in the C-2 District are met (534.07 Subd. 13).

**Subd. 109. Firearms Related Uses.** Firearms related uses provided the conditions detailed in the C-2 District are met (534.07 Subd. 17).

**Subd. 1140. Schools in MU-R.** Schools in the MU-R district provided the following: the school has a regional orientation, be oriented to secondary, post-secondary, business or vocational learning and be part of a mixed-use development.

**Subd. 1244. School-based health centers.** School-based health centers as accessory uses within currently operating schools provided the following conditions are met:

- a) The health center must primarily serve students;
- b) Total square footage of the health center may not exceed 3,000 square feet or ten (10) percent of the total building square footage, whichever is less;
- c) Designated parking equal to staff plus one (1) per exam room must be provided and designated for clinic use;
- d) Because of the focus on students and the associated sharing of parking, advertising shall be limited to directional and identification signs. The maximum sign area and height shall not exceed the limits set for nonresidential uses per Subsection 549.23. The total square footage of all freestanding signage for the property shall be governed by the underlying zoning district. (Added, Bill No. 2015-7)

**Subd. 1342. Animal kennels.** (Added, Bill No. 2011-19)

- a) MU-N: Animal kennels shall be permitted in the MU-N District provided the following conditions are met: That full soundproofing is installed on all interior walls (including ceiling) and that the area requirements of Subsection 537.07, Subd. 2 are met.
- b) MU-C: Animal kennels shall be permitted in the MU-C District provided the following conditions are met: That if located in a multi-tenant building, soundproofing is installed on all walls (including ceiling) that are adjacent to another tenant or residential common area.

- c) MU-R: Animal kennels shall be permitted in the MU-R District provided the following conditions are met: That if located in a multi-tenant building, soundproofing is installed on all walls (including ceiling) that are adjacent to another tenant or residential common area.
- d) Outdoor relief areas in MU Districts: Outdoor relief areas shall be permitted in the MU Districts provided that the conditions listed in 534.07, Subd. 24 are met.

**Subd. 1443.** Micro-production facilities in the MU-C and MU-R Districts provided that the following conditions are met:

- a) Licensing. The owner of the micro-production facility qualifies for and receives all federal, state and city licenses necessary for the operation of the micro-production facility, including a brewer license and a malt liquor wholesale license (if wholesale of malt liquor is an intended activity); and/or a distiller's license from the State of Minnesota.
- b) Taproom/Cocktail Room Location in MU-C District. Micro-production facilities with an accessory taproom or cocktail room in the Mixed Use - Community District must be on a lot abutting an arterial or collector street.
- c) Taproom/Cocktail Room Operations. Taprooms/cocktail rooms must either make food available on-site or expressly allow patrons to carry in food.
- d) Taproom/Cocktail Room License. An accessory taproom or cocktail room for the sale of beer or spirits produced on-site shall require a taproom/cocktail room license from the City of Richfield in accordance with Section 1202 of the City Code.
- e) Off-sale. A micro-production facility may sell their product for off-sale consumption through their taproom or cocktail room. Any on-site sale of beer in the form of growlers shall require a Micro-brewery Off-sale License in accordance with Section 1202 of the City Code.
- f) Production of Beer. Annual production of malt liquor for a micro-brewery with an accessory taproom shall not exceed 3,500 barrels, and only 500 barrels may be sold off-sale as growlers. Production at micro-breweries without a taproom shall not exceed 1,750 barrels annually.
- g) Production of Spirits. Annual production of spirits for a micro-distillery with an accessory cocktail room shall not exceed 40,000 proof gallons annually. Production at micro-distilleries without a cocktail room shall not exceed 20,000 proof gallons annually.
- h) Off-street Loading. The micro-production facility shall provide adequate space for off-street loading and unloading of all trucks greater than 22 feet in length. In the absence of off-street loading, the City may impose limits on deliveries or shipments using the public right-of-ways, including regulating the number of trucks per day and the hours that deliveries are permitted.
- i) Odors. No odors from the micro-production facility shall be perceptible beyond the property line. The micro-production facility operator shall take appropriate measures to reduce or mitigate any odors generated from the operation and be in compliance with any applicable Minnesota Pollution Control Standards.
- j) Hours of Operation. Micro-production facility operation hours shall be limited to the hours specified in Minnesota Statutes Chapter 340A for off-sale intoxicating liquor unless further limited by the City Council as part of a Conditional Use Permit. (Added, Bill No. 2015-15)

## **537.07. - Bulk and Dimensional Standards.**

**Subdivision 1.** The following table establishes certain bulk standards for the MU Districts:

**Table 2.**

Mixed Use Bulk and Dimensional Standards

(Amended, Bill No. 2009-6, 2017-6, 2019-\_\_)



Standard	MU-R		MU-C		MU-N	
Building Stories <sup>1</sup>	2 min	No max	2 min	12 max	2 min	8 max
Building Coverage	50% min	75% max	30% min	50% max	25% min	50% max
	Sites 2 acres or less		Sites 2 acres or less			
	30% min	75% max	25% min	50% max		
Maximum Impervious Surface Coverage	85% of gross parcel area		80% of gross parcel area		75% of gross parcel area	
Usable Open Space Requirement	5% of gross parcel area		5% of gross parcel area		10% of gross parcel area	
Street Level Active Use Building Frontage <sub>2</sub>	60% minimum		50% minimum		No minimum	
Residential Setbacks <sup>3</sup> (standard setbacks)	MU-R		MU-C		MU-N	
Front	10' min	20' max	10' min	20' max	15' min	25' max
Side	5' min		5' min		5' min	
Rear	5' min	20' max	5' min	20' max	5' min	25' max
<del>Residential Setbacks <sup>3</sup> (zero lot line setbacks)</del>	<del>MU-R</del>		<del>MU-C</del>		<del>MU-N</del>	
<del>Front</del>	<del>10' min</del>	<del>20' max</del>	<del>10' min</del>	<del>20' max</del>	<del>15' min</del>	<del>25' max</del>
<del>Side</del>	<del>0' min</del>		<del>0' min</del>		<del>0' min</del>	
<del>Rear</del>	<del>0' min</del>	<del>20' max</del>	<del>0' min</del>	<del>20' max</del>	<del>0' min</del>	<del>25' max</del>
Commercial and Mixed Use Setbacks <sup>3</sup> (standard setbacks)	MU-R		MU-C		MU-N	
Front	0' min	15' max	0' min	15' max	5' min	15' max
Side	5' min		5' min		5' min	
Rear	5' min	15' max	5' min	15' max	5' min	15' max
Commercial and Mixed Use Setbacks <sup>3</sup> (zero lot line setbacks)	MU-R		MU-C		MU-N	
Front - build to line	0' min	15' max	0' min	15' max	5' min	15' max
Side	0' min		0' min		0' min	
Rear	0' min	15' max	0' min	15' max	0' min	15' max
Front yard setback for upper stories after the 3rd story	20' min		20' min		20' min	
Setbacks and landscape area (front yard parking)	5' min		5' min		5' min	
Setbacks and landscape area to I-494	15' min		15' min		15' min	

<sup>1</sup> Parking structures shall not be included in calculation of building stories. Single story portions of structures may be allowed provided they are attached to a principal structure that is two (2) or more stories in height and that the footprint of the single story portion of the structure is no more than 40 percent of the total structure's footprint.

<sup>2</sup> For buildings with multiple street frontages, the Street Level Active Use Building Frontage requirement shall apply to the primary street and other pedestrian oriented streets as determined by the Director. In cases where active use, pedestrian-oriented building frontage along secondary streets is not supportive of the purposes and intent of the mixed use districts (Subsection 537.01, Subd. 2) the Director may waive or reduce the required minimum percentage of Street Level Active Use Building Frontage on those secondary streets.

<sup>3</sup> Standard setbacks apply to all uses except zero lot line developments. The front setback is a build-to line designed to locate buildings in close proximity to the public street. A 3' minimum setback to public sidewalks/trails may be required. Zero lot line setbacks allow buildings to be placed on an interior property line if that structure and the adjacent structure are designed with that placement in mind and a compatible relationship of uses results, including consideration of circulation drives, open space, easements, utility parking areas and glazed facades.

**Subd. 2. Mix of Uses Required.** A mix of uses within a building is required in the MU-C district and other building use criteria apply to the MU-R and MU-N districts.

- a) In the MU-R district a mix of uses is not required, however, residential uses are permitted up to 25 percent of the total building floor area on the site. i.e. if a site contains 100,000 square feet of building floor area, no more than 25,000 square feet of building area can be devoted to residential units and the common areas or associations that serve residential units.
- b) In the MU-C district a mix of uses is required for development sites that exceed two (2) acres in size. No single use type (retail, office, service, hotel, residential, etc.) can exceed 75 percent of the total building floor area on the site.
- c) In the MU-N district a mix of uses is not required, however, no more than 1540% of the total building floor area on the site or within the development can be devoted to nonresidential uses. Total nonresidential floor area in a residential development or building shall not exceed 10,000 square feet.

(Amended, Bill No. 2017-6)

### **537.09. - Parking Standards .**

**Subdivision 1. Off Street Parking Ratios.** The following table establishes minimum parking standards for uses within the Mixed Use Districts.

**Table 3**

Minimum Parking Standards for Mixed Use Districts

(Amended, Bill 2009-6)

Land Use Type	Off Street Parking Ratio	
	MU-R and MU-C	MU-N
Commercial Retail *	4	3
Commercial Services *	3	2
Office *	3.3	2
Civic *	3	2
Hotel or motel (per room)	1	1
Residential Townhouse **	1.5	1.5

Residential Multifamily **	<u>1.25</u> <del>1.5</del>	<u>1.25</u> <del>1.5</del>
Other Uses	As determined by the Zoning Administrator	
* Per 1,000 square feet of gross floor area.		
**Per dwelling unit.		

**Subd. 2. Other Parking Requirements.** All other parking requirements shall be dictated by Section 544 of this Code.

**537.11. - Other Performance Standards.**

**Subdivision 1.** Development shall comply with the provisions of Section 544 and the following standards.

**Subd. 2. Exterior Lighting.** Exterior lighting should be used to provide illumination for the security and safety of entry drives, parking, service and loading areas, pathways, courtyards and plazas, without intruding on nonadjacent properties. Exterior lighting shall comply with 544.09 and the following standards:

- a) Poles and fixtures shall be architecturally compatible with structures and lighting on- site and on adjacent properties.
- b) Security lighting shall be adequate for visibility, but not overly bright.
- c) ~~Lighting~~ Metal halide lighting shall be used with a concealed light source of the "cut-off" variety to prevent glare and "light trespass" onto adjacent buildings and sites.
- d) Separate pedestrian scale lighting or other low level fixtures, such as bollards, shall be incorporated for all pedestrian ways through parking lots and drop-off areas at entrances to buildings.
- e) All primary walkways, steps or ramps along pedestrian routes shall be illuminated.

**Subd. 3. Architectural Standards.** Exterior windows shall not be flush with the exterior walls. The windows shall utilize window trim with a minimum relief of 1" from the exterior wall or other similar articulation.

**Subd. 4. Building Relationship to Street and Pedestrian Areas.** All new retail, commercial, office, and mixed-use buildings are to provide a variety of active uses along a public street and/or major pedestrian area. This includes, but is not limited to, the use of multiple street front shops or businesses, multiple entrances into large single tenant buildings and design treatments of entrances, windows, facades etc. New buildings and developments shall comply with the following standards for building orientation and primary entrance:

- a) All buildings shall have at least one (1) primary patron entrance facing an abutting public street, rather than the parking area. Buildings abutting a major pedestrian circulation area as defined in Subsection 537.11, Subdivision 8 shall have at least one (1) primary entrance facing and accessing the major pedestrian circulation way. Primary entrance is defined as the principal entry through which people enter the building. A building may have more than one (1) primary entrance. Primary entrances shall be open to the public during all business hours.
- b) Primary building entrances shall be architecturally emphasized and visible from the street. Principal patron entrances should be clearly defined and highly visible utilizing such design features as awnings, canopies, pillars, special building materials or architectural details.
- c) Commercial or mixed-use structures that have over 60 linear feet of frontage on a major pedestrian area, public sidewalk or major street shall have a principal patron entrance onto the major pedestrian area, public sidewalk or major street. For building facades over 200 feet in length facing a street, two (2) or more building entrances on the street must be provided.

- d) Building entrances shall incorporate arcades, roofs, porches, alcoves, porticoes and awnings that protect pedestrians from the rain and sun.
- e) Buildings shall include changes in relief on 15 percent of their street facades such as cornices, bases, window treatments, fluted masonry or other designs for pedestrian interest and scale.
- f) Building facades greater than 100 feet in length shall have offset jogs, using elements such as bay windows and recessed entrances or other articulation so as to provide for pedestrian scale to the first floor and to avoid long continuous unbroken building facades.

**Subd. 5. Windows, Window Walls, Blank Walls and Design of the Ground Floor of Nonresidential Buildings.**

- a) All development shall provide ground floor windows along street facades, parks, plazas or other public outdoor spaces. Required window areas must be either windows that allow views into working areas or lobbies or pedestrian entrances or display windows. Required windows shall have a sill no higher than four (4) feet above grade, except as follows. Where interior floor levels prohibit such placement, the sill height maybe raised to allow it to be no more that two (2) feet above the finished floor level up to a maximum sill height of six (6) feet above grade.
- b) For any wall within 30 feet of a street or a major pedestrian area, at least 20% of the ground floor wall area facing the street or pedestrian area shall be display areas, windows, or doorways. Blank walls along streets, public outdoor spaces and major pedestrian areas are prohibited.
- c) Darkly tinted, frosted windows or any windows that block two-way visibility are prohibited as ground floor windows along street facades.

**Subd. 6. Upper Story Setbacks.** Upper story setbacks shall be required for structures over three (3) stories that are adjacent or across a street from residential or public parklands. Upper story setbacks shall be achieved by:

- a) Floors above the third floor or 50 feet shall be stepped back a minimum of 20 feet, and
- b) All buildings shall be stepped back such that the height of the building façade does not exceed an angle greater than 45 degrees from the average street elevation beginning at a point at the curb on the opposite side of the street.
- c) Exception. The Director may waive the building step-back requirements of this Subsection provided that the applicant clearly demonstrates the proposed project:
  - (i) Includes window treatments, entry placement, façade relief and other architectural treatments to provide visual interest and pedestrian-sensitive design at the street level and to maintain a human scale in the streetscape; and
  - (ii) Extends the same architectural features above the ground floor level through variations in design, detail and proportion and by avoiding designs featuring a monolithic street facade and is designed as not to obstruct sunlight from falling on a given point on the back of the sidewalk on the opposite side of the street for more than four (4) hours in any given day between September 21 and March 21.

**Subd. 7. Vehicular Circulation and Parking.** Parking and vehicular circulation shall comply with the standards in Subsections 544.11, 544.13 and the following standards:

- a) Parking drives should be located away from building entrances, be designed to minimize pedestrian conflicts and shall not be located between the main building entrance and the street;
- b) Surface parking lots shall be oriented behind or to the side of buildings;
- c) Driveway access and parking lots shall be shared as much as possible;
- d) Above grade parking ramps shall be located to the rear of a lot (towards I-494 in the 494 Corridor to provide shielding or buffering of I-494 from other uses on site);

- e) Parking ramps shall be designed to be architecturally integrated into the overall site and be made of comparable materials and decorative elements;
- f) For parking lots within pedestrian corridors, refer to Subdivision 8;
- g) Bicycle racks or storage shall be provided; and
- h) Cross access and circulation across adjoining parcels is required, where appropriate and feasible. Joint circulation shall be documented in a cross access and circulation easement and agreement.

**Subd. 8. Pedestrian and Bicycle Circulation.** Pedestrian and bicycle circulation and access shall comply with the standards in Subsection 544.15 and the following standards:

- a) Developments shall implement an on-site pedestrian and bicycle circulation system that complies with the Vision Plan for the district as adopted in the Comprehensive Plan or any other redevelopment plan for the district; and
- b) Sidewalks are required along both sides of all public rights-of-way.

**Subd. 9. Required Open Space in the 494 Corridor.** Within the mixed-use districts, a "major pedestrian area" of usable open space is to be the central organizing element that links the different parts of the corridor into a whole. The major pedestrian area is to be a continuous central spine of pedestrian circulation along the length of the I-494 corridor roughly midway between 77th Street and I-494. This pedestrian area shall be designed for pedestrian circulation and may include gathering and event space.

Landscape setback areas and other impervious areas are to be landscaped to enhance the aesthetics of the area and to define outdoor space. The landscape setback area next to I-494 is to be a green edge of landscaping that may include, but not be limited to trees, shrubs, vines and herbaceous plants. Open space can shape and serve as a transition between different uses and provide focal points and anchors for pedestrian activity. The required open space shall:

- a) Abut a public sidewalk or major pedestrian circulation area and shall be accessible to the public during daylight hours;
- b) Include a combination of public and semi-public gathering spaces, such as plazas, tied together through a linear green corridor along its center;
- c) Include a buffer of landscape plantings along I-494 or other physical barriers to enhance the community's image and to buffer uses from noise or other nuisances;
- d) Be used for treatment of stormwater, only if it is designed as part of the overall open space system such that the stormwater treatment or storage is used as a decorative element, and has no negative impact on recreation or the enjoyment of the open space;
- e) Include plazas, or patios that are integrally designed to accentuate the architecture on-site and to tie off-site elements into an overall theme or character by use of decorative pavers, public art, decorative lighting, seating, planters, or other features. Usable open space shall be a minimum of 1,000 square feet in size and a minimum of 20 feet wide in any direction;
- f) Be designed to have good public visibility to encourage pedestrian use of the on site outdoors amenities, while at the same time enhancing the security of such places by placing public entrances on the open space and ground floor windows along the open space; and
- g) Be designed such that, in the City's judgment, the spaces adequately enhance such development and serve as gathering places for visitors, customers, residents, and employees and are consistent with the Comprehensive Plan or any redevelopment plan for the district.

**Subd. 10. Use Transitions.** The following options should be used as use transitions:

- a) When multifamily, office, small-scale retail, pedestrian intensive retail, civic or public uses are planned as part of a mixed use development, the lesser intensive uses or the more community serving uses may be used as transitions to adjacent residential uses.
- b) Larger commercial or office buildings may be mitigated with building façade articulation, by locating parking lots or structures or other potential nuisances away from residential uses, or by stepping down building height in the area immediately adjacent residential uses.
- c) Streets and streetscape can be used as a transition between uses. The distance and separation afforded by the public right-of way, together with streetscape improvements on both sides of the street may be utilized as a transition to adjacent development.
- d) Green spaces, courts, squares, parks, plazas, etc. may be used to create a meaningful transition between uses.
- e) In situations where the above do not provide adequate transition, additional landscaping may be required as determined by the Director.

**537.13. - Nonconformities.**

**Subdivision 1. Expansion of Nonconforming Uses.** Existing legal nonconforming uses may be maintained according to City Code Subsection 509.25. The City Council may allow expansion of legal nonconforming uses through issuance of a conditional use permit. Expansion may be allowed up to ten (10) percent of the gross floor area provided the expansion meets all other applicable City requirements. Any expansion or modification of a legal nonconforming use should not significantly impede implementation of goals and policies of the Comprehensive Plan.

**Subd. 2. Expansion of Dimensional or Bulk Nonconformities.** Legally nonconforming buildings existing prior to February 19, 2006, that do not meet dimensional or bulk standards of the Mixed Use zoning district may be expanded through review and approval of a conditional use permit-Subsection 547.09. Expansion or modification of a legally nonconforming building shall:

- a) Not increase the overall, site-wide degree of nonconformity,
- b) Demonstrate that zoning and Comprehensive Plan requirements are met to the greatest degree practical. These requirements include, but are not limited to: parking, landscaping, architectural design and façade treatment, and site design;
- c) Off-set departures from zoning and Comprehensive Plan requirements through superior design and/or additional community/site amenities;
- d) Not significantly impede implementation of goals and policies of the Comprehensive Plan;
- e) Not have undue adverse impacts on neighboring residential properties;
- f) Not have undue adverse impacts on governmental facilities, utilities, services or existing or proposed improvements; and
- g) Not have undue adverse impacts on the public health, safety or welfare.

(Amended, Bill No. 2011-13, 2011-28)

Section 2                      Subsection 512.09 of the Richfield City Code relating to *Permitted, Conditional, Accessory and Prohibited Uses in Mixed-Use Districts* is amended by repealing the current table and replacing it with the following:

Land Use	MU-N	MU-C	MU-R
<b>Residential</b>			
Assisted living facilities, nursing, rest homes	P	P	N

Dwelling, multifamily (min. 3 units)	P	P	P (but see 537.07, Subd. 2a)
Dwelling, townhouse	P	N	N
Live-work units	P	P	N
<b>Commercial, Institutional and Public</b>			
Adult business establishments as defined and regulated under City Code Subsection 1196	N	P	P
Animal kennels	C	C	C
Assembly and manufacturing accessory and subordinate to a retail use	N	A	A
Auto detailing	N	C	C
Auto mechanical or body repair shops	N	C	C
Auto rental facilities accessory to a primary office or hotel use	N	A	A
Auto sales or lease - new vehicles	N	N	C
Convenience store	P	P	P
Day care facilities	P	P	P
Drive-up window or teller service	N	C	C
Firearms related uses	N	N	C
Funeral homes, mortuaries	N	P	N
Government buildings	A	P	A
Health or athletic clubs, spas, yoga studios	P	P	P
Hospitals	N	N	P
Hotel/motel (defined as 6 or more rooms)	N	P	P
Libraries, public	P	P	N
Marijuana (medical) dispensaries	N	N	N
Marijuana (recreational) sales outlets	N	N	N
Micro-production facility (micro-brewery/micro-distillery)	N	C	C
Offices and clinics	P	P	P
Public utilities, major	N	C	C
Public utilities, minor	A	A	A
Religious institutions	P	P	A

Restaurant Class I (serving alcohol)	N	C	P
Restaurant Class II (traditional/cafeteria)	P	P	P
Restaurant Class III (fast food with drive-thru)	N	C	C
Restaurant Class IV (take out only)	P	P	P
Retail services, General	C	P	P
Retail services, Neighborhood	P	P	P
Retail services, Regional	N	C	P
Schools, public or private	P	P	C
Service station/Convenience store	N	C	C
Taproom/Cocktail room	N	A/C	A/C
Tattoo shops	N	P	P
Theaters, movie, or live entertainment	N	N	P
Transit Facilities	A	A	A

\*Conditions apply, see section 537 for complete regulations.

(Amended, Bill No. 2011-13; 2011-19; 2014-4; 2015-5; 2015-15; 2019-\_\_)

Section 3                      This Ordinance is effective in accordance with Section 3.09 of the Richfield City Charter.

Passed by the City Council of the City of Richfield, Minnesota this 28th day of May, 2019.

\_\_\_\_\_  
Maria Regan Gonzalez, Mayor

ATTEST:

\_\_\_\_\_  
Elizabeth VanHoose, City Clerk



**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING SUMMARY PUBLICATION  
OF AN ORDINANCE TO UPDATE REGULATIONS  
IN MIXED USE ZONING DISTRICTS**

**WHEREAS**, the City has adopted the above-referenced amendment of the Richfield City Code; and

**WHEREAS**, the verbatim text of the amendment is cumbersome, and the expense of publication of the complete text is not justified.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Richfield that the following summary is hereby approved for official publication:

**SUMMARY PUBLICATION  
BILL NO. \_\_\_\_\_**

**AN ORDINANCE AMENDING THE RICHFIELD CITY CODE  
TO UPDATE REGULATIONS IN MIXED USE DISTRICTS**

This summary of the ordinance is published pursuant to Section 3.12 of the Richfield City Charter.

This ordinance revised Zoning Code Section 537 – Mixed Use Districts. The ordinance corrected inconsistencies between districts by replacing a table of permitted uses, amended language specific to the 494 Corridor, and made adjustments to setback regulations and minimum parking requirements. The table of permitted uses was also replaced in Section 512.09 –Districts.

Copies of the ordinance are available for public inspection in the City Clerk's office during normal business hours or upon request by calling the Department of Community Development at (612) 861-9760.

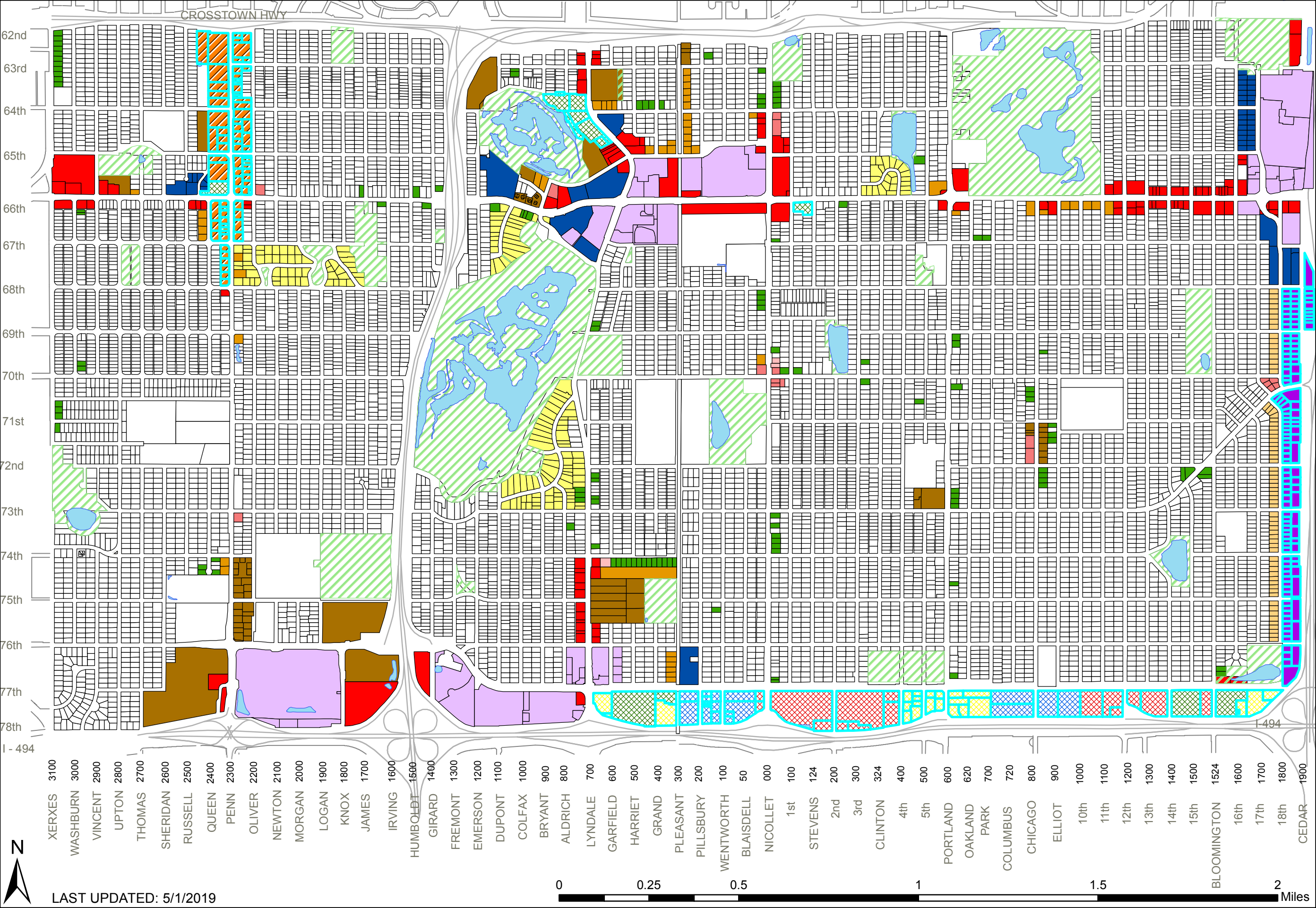
Adopted by the City Council of the City of Richfield, Minnesota this 28th day of May, 2019.

\_\_\_\_\_  
Maria Regan Gonzalez, Mayor

ATTEST:

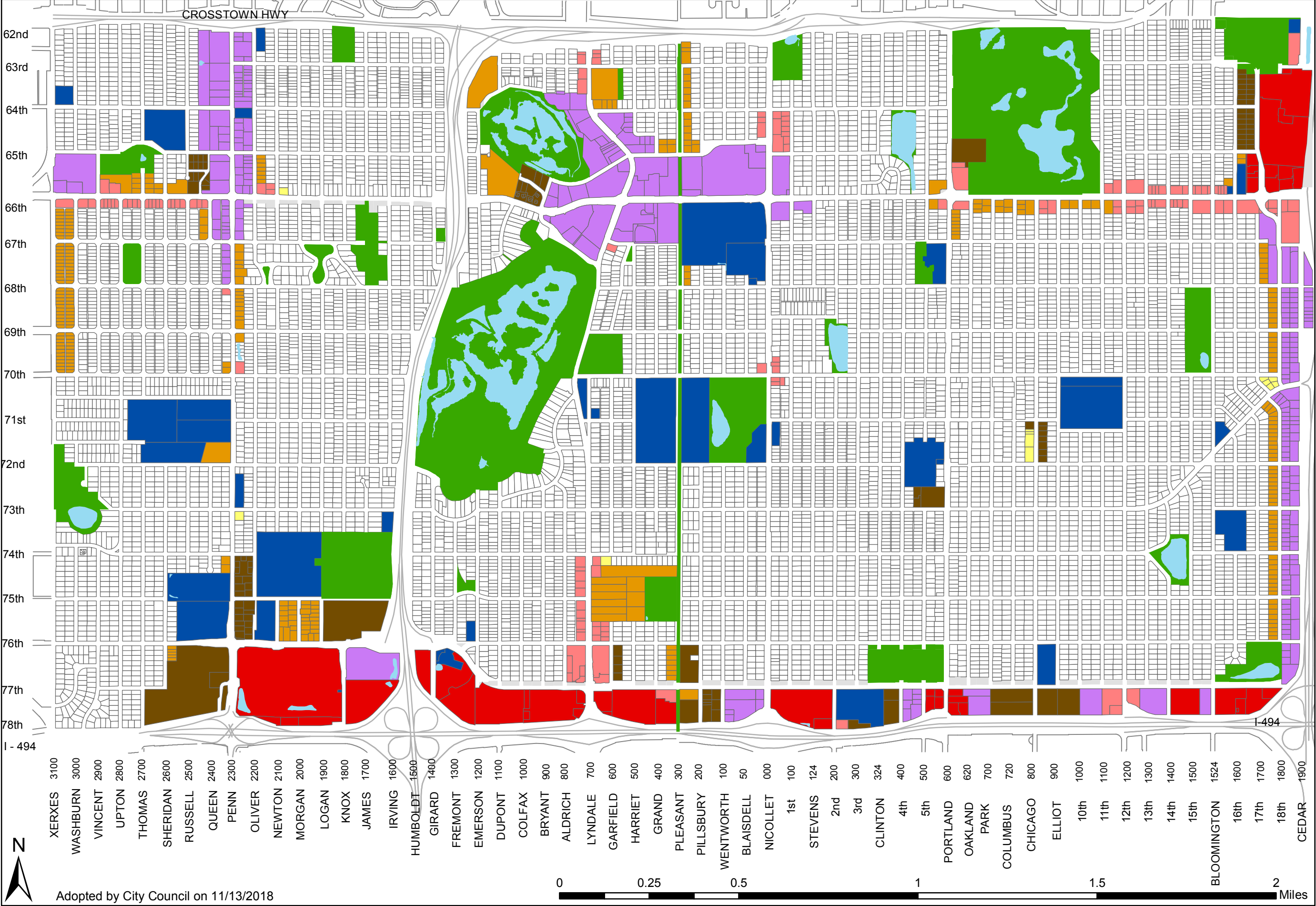
\_\_\_\_\_  
Elizabeth VanHoose, City Clerk

# Richfield Zoning Map - Mixed Use Zones Highlighted



- Zoning Designation**
- Park (Zoning District is R)
  - R Single-Family
  - R-1 Low-Density Single-Family
  - MR-1 Two-Family
  - PMR Planned Multi-Family
  - MR-2 Multi-Family
  - MR-2/CAC Multi-Fam + Cedar Overlay
  - MR-3 High-Density Multi-Family
  - SO Service Office
  - C-1 Community Commercial
  - C-2 General Commercial
  - PC-2 Planned General Commercial
  - PMU Planned Mixed Use
  - MU-C Mixed Use-Community
  - MU-C/CAC Mixed Use + Cedar Overlay
  - MU-C/PAC Mixed Use + Penn Overlay
  - MU-N Mixed Use-Neighborhood
  - MU-R Mixed Use-Regional
  - I Industrial

# 2040 Comprehensive Plan - Planned Land Use



## 2040 Planned Land Use

- Mixed Use
- Regional Commercial
- Community Commercial
- Neighborhood Commercial
- High Density Residential
- Medium Density Residential
- Low Density Residential
- Park
- Quasi-Public
- Right-of-Way (ROW)



Adopted by City Council on 11/13/2018

