

# **FAIRMONT CITY COUNCIL BUDGET WORKSHOP**

**Monday, December 7, 2020, 5:00 p.m.**

1. 2021 Budget Planning

# Capital Projects Fund Detail



## General Gov't

City Hall Elevator	\$80,000
Humane Society HVAC	\$16,000
Facility Evaluations	\$35,000
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	\$131,000

## Library

Furniture	\$2,000
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	\$2,000

## Police

Training Trailer/Firearms Equipment	\$6,000
Civil Unrest Equipment	\$8,000
3 Alco-Sensor SFTs PBTs	\$1,800
1 portable radio	\$3,700
Replace Squad 11 - Transport and Backup Squad	\$39,000
Ballistic Vests 11(partially covered by grant)	\$15,000
1 New Taser, Replace batteries, new cartridges	\$3,300
Transport cages Squad 5, 10, and 11	\$9,000
Portable Camera Surveillance System	\$8,000
Transition old squad 11 to ALC SRO Vehicle	\$4,500
Replace Speed Trailer	\$8,500
Squad First Aid Trauma Kit updates	\$1,100
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	\$107,900

## Fire

Fire Hall Remodel	\$30,000
5 Sets of Bunker Gear	\$13,500
Replace 5 Radios	\$13,500
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	\$57,000

## Engineering

Survey vehicle	\$35,000
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	\$35,000

## Streets

Motor Grader	\$275,000
Truck mounted paving machine	\$75,000
Dozer	\$75,000
Replace box on dump truck	\$12,000
Contingency	\$10,000
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	\$447,000

## Aquatic Park

Chlorine system	\$14,500
Replace damaged strainers	\$13,500
Leak repair	\$125,000
Replace levelers	\$10,000
Replace guard stand platforms	\$2,000
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	\$165,000

## Capital Projects Fund Detail



### Parks

Replace Pickup	\$30,000
John Deere tractor blower	\$6,000
Lawn aerator	\$10,000
Ward Park Shelter House Maintenance	\$20,000
Campground Design	\$35,000
Amber Lake boat landing and parking lot	\$275,000
Mini golf	\$10,000
Sylvania Park Band Shell Trail	\$30,000
Contingency	\$10,000
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	\$426,000

### Incubator Building

Exterior Building Repairs	\$10,000
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	\$10,000

### SMEC

Interior Renovation	\$30,000
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	\$30,000

### Airport

Main terminal space planning	\$10,000
Replace main terminal AC	\$20,000
Replace sanitary holding tank	\$10,000
Replace lights and poles	\$8,000
Contingency	\$5,000
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	\$53,000

### Lake Restoration

Spring nitrate biological treatment	\$90,000
Dutch Creek wetland restoration	\$845,000
Replace floating dock	\$20,000
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	\$955,000

**Total Project Expenses** \$2,418,900

### Liquor Store Project Funding

Net Income Before Transfers	572,545
Mini golf	(10,000)
Sylvania Park Band Shell Trail	(30,000)
Aquatic Park	(165,000)
Amber Lake Boat Landing & Parking Lot	(275,000)
Airport	(103,824)
SMEC	(91,000)
Draw from Reserves	<u><u>\$ (102,279)</u></u>

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2021	2022	2023	2024	2025	2026+	Total
<b>WATER DEPARTMENT</b>								
Ground storage tank replacement (New I2 tank)					1,500,000	3,500,000		5,000,000
Automated Meter Infrastructure (meters, MTU, install)		1,000,000	600,000					1,600,000
Turbidity meters (carryover 2020)		20,000						20,000
Tank farm AC (carryover 2020)		5,000						5,000
Skid loader rotary broom				5,000				5,000
North Grant St. auto flush			15,000					15,000
Replace truck #61			55,000					55,000
Water valve replacement		30,000						30,000
Water tower painting (interior I1)		400,000						400,000
Water tower painting (exterior I1)						500,000		500,000
Lime pond decommissioning		2,700,000	2,100,000					4,800,000
Lime press equipment replacement		10,000		10,000		10,000		30,000
Replace backhoe						180,000		180,000
Relocate A/C units at WTP		5,000		15,000				20,000
Contract hydrant sandblast and paint				10,000				10,000
Risk & Resilience certification		25,000						25,000
Miscellaneous capital items (<\$5,000 ea.)		5,000	5,000	5,000	5,000	5,000		25,000
Contingency		20,000	20,000	20,000	20,000	20,000		100,000
CR 39 Extension		255,000						255,000
2021 Improvement Project -	WTR-2021-OSI	225,000						225,000
2022 Improvement Project -	WTR-2022-OSI		25,000					25,000
2023 Improvement Project -	WTR-2023-OSI			225,000				225,000
2024 Improvement Project -	WTR-2024-OSI				25,000			25,000
2025 Improvement Project -	WTR-2025-OSI					250,000		250,000
<b>Water Total</b>		<b>4,700,000</b>	<b>2,820,000</b>	<b>290,000</b>	<b>1,550,000</b>	<b>4,465,000</b>	<b>0</b>	<b>13,825,000</b>

<b>Funding Sources</b>								
Water Fund		1,510,000	695,000	65,000	25,000	715,000		3,010,000
Federal Grants								0
State Grants		265,000						265,000
Capital Reserve Fund		225,000	25,000	225,000	25,000	250,000		750,000
PFA Note		2,700,000	2,100,000		1,500,000	3,500,000		9,800,000
<b>Water Total</b>		<b>4,700,000</b>	<b>2,820,000</b>	<b>290,000</b>	<b>1,550,000</b>	<b>4,465,000</b>	<b>0</b>	<b>13,825,000</b>

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2021	2022	2023	2024	2025	2026+	Total
<b>WASTE WATER DEPARTMENT</b>								
	Automated Meter Infrastructure	50,000						50,000
	Lift Station rehab/repair/monitoring	150,000	150,000	150,000	150,000	150,000		750,000
	Woodland & Summit lift station replacement	150,000						150,000
	Woodland 229 lift station relocation			50,000				50,000
	Sliplining/manhole rehab projects		225,000		225,000		250,000	700,000
	Final clarifier scum handling	125,000						125,000
	Trash pump	5,000						5,000
	State & Orient sewer relief	30,000		100,000				130,000
	Smoke test sewers		20,000					20,000
	Diffuser replacement			180,000				180,000
	Digester cleaning/repairs		75,000					75,000
	UV replacement project	1,500,000			15,000			1,515,000
	Solids handling upgrades			2,000,000	16,000,000			18,000,000
	River Eutrophication Standards Upgrades (RES)						18,000,000	18,000,000
	Bar screen replacement		500,000					500,000
	New utility truck (replace Ranger)		65,000					65,000
	Spectrophotometer replacement (2020 carryover)	10,000						10,000
	Vactor replacment					550,000		550,000
	Polymer blend system	25,000						25,000
	Blower rebuild/blower access road	25,000						25,000
	Raw activated sludge pump	10,000						10,000
	Miscellaneous capital items (<\$5,000 ea.)	5,000	5,000	5,000	5,000	5,000		25,000
	Contingency	20,000	20,000	20,000	20,000	20,000		100,000
	CR 39 Extension	835,000						835,000
	2021 Improvement Project - WWR-2021-0SI	275,000						275,000
	2022 Improvement Project - WWR-2022-0SI		25,000					25,000
	2023 Improvement Project - WWR-2023-0SI			200,000				200,000
	2024 Improvement Project - WWR-2024-0SI				25,000			25,000
	2025 Improvement Project - WWR-2025-0SI					250,000		250,000
	<b>Waste Water Total</b>	<b>3,215,000.00</b>	<b>1,085,000.00</b>	<b>2,705,000.00</b>	<b>16,440,000.00</b>	<b>975,000.00</b>	<b>18,250,000.00</b>	<b>42,670,000.00</b>

<b>Funding Sources</b>								
	Sewer Fund	480,000.00	560,000.00	505,000.00	415,000.00	725,000.00	250,000.00	2,935,000
	Federal Grants							-
	State Grants	179,000.00			6,000,000.00			6,179,000
	Capital Reserve Fund	2,156,000.00	525,000.00	200,000.00	25,000.00	250,000.00		3,156,000
	PFA Note			2,000,000.00	10,000,000.00		18,000,000.00	30,000,000
	General Fund	250,000.00						250,000
	FEDA	150,000.00						150,000
	<b>Waste Water Total</b>	<b>3,215,000.00</b>	<b>1,085,000.00</b>	<b>2,705,000.00</b>	<b>16,440,000.00</b>	<b>975,000.00</b>	<b>18,250,000.00</b>	<b>42,670,000.00</b>



PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2021	2022	2023	2024	2025	2026+	Total
<b>ELECTRIC DEPARTMENT</b>								
New Transformers		75,000	75,000	75,000	75,000	75,000		375,000.00
Automated Meter Infrastructure - AMI		1,100,000	300,000					1,400,000.00
Underground Conductors		80,000	75,000	100,000	100,000	100,000		455,000.00
Downtown lighting replacement			50,000					50,000.00
Track skid loader w/ attachments			75,000					75,000.00
Street Improvement Projects		40,000		40,000				80,000.00
Replace Vehicles (Pickups and Vans)			35,000					35,000.00
Replace Boring Machine			150,000					150,000.00
Replace Meter Tester		40,000						40,000.00
Replace Power Plant Transformer (w/SMPMA)				1,500,000				1,500,000.00
Wood chipper				35,000				35,000.00
Hospital Meter Room Upgrades		50,000						50,000.00
Contingency		20,000	20,000	20,000	20,000	20,000		100,000.00
<b>Electric Total</b>		<b>1,405,000.00</b>	<b>780,000.00</b>	<b>1,770,000.00</b>	<b>195,000.00</b>	<b>195,000.00</b>	<b>-</b>	<b>4,345,000.00</b>

<b>Funding Sources</b>								
Electric Fund		305,000.00	480,000.00	770,000.00	195,000.00	195,000.00		1,945,000.00
Federal Grants								-
State Grants								-
Capital Reserve Fund		1,100,000.00	300,000.00					1,400,000.00
Go Revenue Bonds								-
SMPMA				1,000,000.00				1,000,000.00
<b>Electric Total</b>		<b>1,405,000.00</b>	<b>780,000.00</b>	<b>1,770,000.00</b>	<b>195,000.00</b>	<b>195,000.00</b>	<b>-</b>	<b>4,345,000.00</b>

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2021	2022	2023	2024	2025	2026+	Total
<b>STORM WATER DEPARTMENT</b>								
	Minor storm sewer/catch basin repairs (citywide)		75,000	75,000				150,000
	New Vacuum sweeper	265,000						265,000
	Hengen St Detention Basin					2,500,000		2,500,000
	Lake Park Boulevard storm relocation	80,000						80,000
	Margaret Street pond dredging				100,000			100,000
	<b>Storm Water Total</b>	<b>345,000</b>	<b>75,000</b>	<b>75,000</b>	<b>100,000</b>	<b>2,500,000</b>	<b>-</b>	<b>3,095,000</b>
<b>LAKE RESTORATION</b>								
	Spring Nitrate biological treatment (LCCMR grant)	90,000	12,500					102,500
	Dutch Creek wetland/hab. restoration (LSOHC grant)	845,000	40,000					885,000
	George Lake Dam rehab		25,000			75,000		100,000
	Invasive Species Projects			25,000				25,000
	Replace Floating dock	20,000			20,000			40,000
	<b>Lake Restoration Total</b>	<b>955,000</b>	<b>77,500</b>	<b>25,000</b>	<b>20,000</b>	<b>75,000</b>	<b>-</b>	<b>1,152,500</b>
<b>Funding Sources</b>								
	Storm Water Fund	345,000	75,000	75,000	100,000			595,000
	Lake Restoration Fund	40,000	25,000	25,000	20,000	75,000		185,000
	State Grants	915,000	52,500					967,500
	Capital Reserve Fund							-
	Go Revenue Bonds					2,500,000		2,500,000
	Soil & Water Grant							-
	<b>Storm Water/Lake Restoration Total</b>	<b>1,300,000</b>	<b>152,500</b>	<b>100,000</b>	<b>120,000</b>	<b>2,575,000</b>	<b>-</b>	<b>4,247,500</b>

**PROJECTS & FUNDING SOURCES BY DEPARTMENT**

Department	Project#	2021	2022	2023	2024	2025	2026+	Total
<b>Data Processing</b>								
Engineering Computers								-
Laptop/Computer Replacement		16,250	19,250	21,000		22,750		79,250
Server Upgrade/Replacement - City Hall		60,000						60,000
Firewall			5,000					5,000
Wireless Access Points			9,000					9,000
SMEC Wireless Access Points			9,750					9,750
City Network Cameras								-
Airport Cameras								-
PD Squad Toughbooks					50,000			50,000
<b>Data Processing Total</b>		<b>76,250</b>	<b>43,000</b>	<b>21,000</b>	<b>50,000</b>	<b>22,750</b>	<b>-</b>	<b>213,000</b>

<b>Funding Sources</b>								
General Fund								-
Federal Grants								-
Data Processing		76,250	43,000	21,000	50,000	22,750		213,000
Utility Funds								-
SMEC								-
<b>Data Processing Total</b>		<b>76,250</b>	<b>43,000</b>	<b>21,000</b>	<b>50,000</b>	<b>22,750</b>	<b>-</b>	<b>213,000</b>



PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2021	2022	2023	2024	2025	2026+	Total
<b>GENERAL GOVERNMENT BUILDINGS</b>								
	City Hall Elevator	80,000						80,000
	Senior Center Replace Storefront		30,000					30,000
	Humane Society Roof		18,000					18,000
	Humane Society HVAC	16,000						16,000
	Incubator Building Exterior	10,000						10,000
	Incubator Building Repairs		20,000					20,000
	Facility Evaluations (Lincoln, Sylvania, Band Shell, Senic	35,000						35,000
	SMEC Interior Renovation	30,000						30,000
	SMEC A/C			75,000				75,000
<b>Library</b>								
	Furniture	2,000	2,000	2,000	2,000	2,000		10,000
	Roof		177,500					177,500
	HVAC							-
	<b>General Gov't Total</b>	<b>173,000</b>	<b>247,500</b>	<b>77,000</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>	<b>501,500</b>

<b>Funding Sources</b>								
	General Fund	133,000	50,000	2,000	2,000	2,000		189,000
	Federal Grants							-
	State Grants							-
	Utility Funds							-
	Go Revenue Bonds							-
	Economic Dev.	10,000	20,000					30,000
	Liquor Store	30,000	177,500	75,000				282,500
	<b>General Gov't Total</b>	<b>173,000</b>	<b>247,500</b>	<b>77,000</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>	<b>501,500</b>



PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2021	2022	2023	2024	2025	2026+	Total
<b>POLICE DEPARTMENT</b>								
	Training Trailer/Firearms Equipment	6,000						6,000
	Civil Unrest Equipment	8,000						8,000
	Community Service Officer Truck (Squad 9)		40,000					40,000
	3 Alco-Sensor SFTs PBTs	1,800						1,800
	1 portable radio	3,700				15,000		18,700
	Replace Squad 11 - Transport and Backup Squad	39,000						39,000
	Replace Emergency Management Trailer and Equip		50,000	50,000	50,000			150,000
	Ballistic Vests 11(partially covered by grant)	15,000						15,000
	1 New Taser, Replace batteries, new cartridges	3,300				8,000		11,300
	Transport cages Squad 5, 10, and 11	9,000						9,000
	Portable Camera Surveillance System	8,000						8,000
	Transition old squad 11 to ALC SRO Vehicle	4,500						4,500
	Update Evidence Equipment			2,500				2,500
	Replace Speed Trailer	8,500						8,500
	Squad First Aid Trauma Kit updates	1,100						1,100
	Crowd Control Equipment and Training		6,000					6,000
	Body Camera/squad car video rotation			8,000			20,000	28,000
	<b>Police Sub-total</b>	<b>107,900</b>	<b>96,000</b>	<b>60,500</b>	<b>50,000</b>	<b>23,000</b>	<b>20,000</b>	<b>357,400</b>
<b>FIRE DEPARTMENT</b>								
	E6/E7	300,000						300,000
	Fire Hall Remodel	30,000	30,000					60,000
	5 Sets of Bunker Gear	13,500	13,500	13,500	13,500	13,500		67,500
	Replace Radios \$2,700 ea.	13,500	5,400	5,400	5,400	5,400		35,100
	Interior/Exterior Painting							-
	Rescue Boat							-
	General Purpose Truck		45,000					45,000
	Scuba Equipment							-
	Dress Uniforms							-
	Ladder Truck Replacement					1,600,000		1,600,000
	<b>Fire Sub-total</b>	<b>357,000</b>	<b>93,900</b>	<b>18,900</b>	<b>18,900</b>	<b>1,618,900</b>	<b>-</b>	<b>2,107,600</b>
	<b>Public Safety Total</b>	<b>464,900</b>	<b>189,900</b>	<b>79,400</b>	<b>68,900</b>	<b>1,641,900</b>	<b>20,000</b>	<b>2,465,000</b>
<b>Funding Sources</b>								
	General Fund	154,900	189,900	79,400	68,900	41,900	20,000	555,000
	Grant	10,000						10,000
	Fire Relief Gambling Fund							-
	Capital Reserve Fund	300,000						300,000
	GO Bonds					1,600,000		1,600,000
	<b>Public Safety Total</b>	<b>464,900</b>	<b>189,900</b>	<b>79,400</b>	<b>68,900</b>	<b>1,641,900</b>	<b>20,000</b>	<b>2,465,000</b>

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2021	2022	2023	2024	2025	2026+	Total
<b>STREET DEPARTMENT</b>								
New Plow/Dump Truck (2)			200,000		220,000			420,000
Replace vehicles				35,000				35,000
Tar Kettle (crack filling)			50,000					50,000
Motor Grader (used)		275,000						275,000
Truck mounted paving machine		75,000						75,000
Wood chipper			35,000					35,000
Asphalt roller (48")			50,000					50,000
Stump grinder			40,000					40,000
Tub grinder (tree area)				200,000				200,000
Replace dozer-used (tree area)		75,000						75,000
Pulverizer bucket				10,000				10,000
Front end loader						200,000		200,000
Replace snow tub			18,000		18,000		18,000	54,000
Replace dump box on truck		12,000						12,000
New Public Works Facility	STR-20XX-002	4,725,000						4,725,000
Contingency		10,000	10,000	10,000	10,000	10,000	10,000	60,000
Street Dept Sub-total		5,172,000	403,000	255,000	248,000	210,000.00	28,000.00	6,316,000
<b>STREET IMPROVEMENT PROGRAM</b>								
2021 Street Improvement	STR-2020-OSI	3,000,000						3,000,000
2022 Street Improvement	STR-2021-OSI		180,000					180,000
2023 Street Improvement	STR-2022-OSI			3,000,000				3,000,000
2024 Street Improvement	STR-2023-OSI				185,000			185,000
2025 Street Improvement	STR-2024-OSI					3,000,000		3,000,000
Memorial Drive bridge replacement		100,000	650,000					750,000
Street Imp Sub-total		3,100,000	830,000	3,000,000	185,000.00	3,000,000.00	-	10,115,000
<b>ENGINEERING DEPARTMENT</b>								
Survey vehicle replacement		35,000						35,000
Building official vehicle replacement			25,000					25,000
Engineering Sub-total		35,000	25,000.00	-	-	-	-	60,000
<b>CENTRAL GARAGE</b>								
Bi-Annual equipment replacement (Balancer, welder, etc.)			10,000		10,000		10,000	30,000
Central Garage Sub-total		-	10,000.00	-	10,000.00	-	10,000.00	30,000
<b>Public Works Total</b>		<b>8,307,000</b>	<b>1,268,000</b>	<b>3,255,000</b>	<b>443,000</b>	<b>3,210,000</b>	<b>38,000</b>	<b>16,521,000</b>
<b>Funding Sources</b>								
General Fund		482,000	428,000	255,000	248,000	210,000	28,000	1,651,000
Federal Grants								0
State Grants		700,000	700,000	725,000	185,000	750,000		3,060,000
Capital Reserve Fund		1,200,000	130,000					1,330,000
Special Assessment Bonds		1,900,000		1,775,000		1,750,000		5,425,000
GO Bonds		3,525,000						3,525,000
Utility Funds		500,000		500,000		500,000		1,500,000
Central Garage			10,000		10,000		10,000	30,000
<b>Public Works Total</b>		<b>8,307,000</b>	<b>1,268,000</b>	<b>3,255,000</b>	<b>443,000</b>	<b>3,210,000.00</b>	<b>38,000.00</b>	<b>16,521,000</b>

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2021	2022	2023	2024	2025	2026+	Total
<b>PARKS DEPARTMENT</b>								
Replace Jeep			35,000					35,000.00
Replace Trucks (1/2-3/4 Ton)		30,000		35,000		35,000		100,000.00
Replace Trucks (1 Ton+)					55,000			55,000.00
72" deck mower w/ trailer				25,000				25,000.00
Lawn sweeper				25,000				25,000.00
Replace Garbage Truck (used)			75,000					75,000.00
JD Tractor blower		6,000						6,000.00
Lawn aerator		10,000						10,000.00
Ward Park Shelter Maintenance (2020 carryover)		20,000						20,000.00
Park Playground replacement (Bird, W. Belle, Hengen)			20,000		20,000		20,000	60,000.00
Campground Design (2020 carryover)		35,000		1,500,000				1,535,000.00
Amber Lake Boat Landing and Parking Lot		275,000						275,000.00
Gomsrud Boat Landing/Multiple Parking Lots				2,000,000				2,000,000.00
New Public Works Facility	PRK-20XX-002	4,725,000						4,725,000.00
Contingency		10,000	10,000	10,000	10,000	10,000		50,000.00
<b>Parks Sub-total</b>		<b>5,111,000.00</b>	<b>140,000.00</b>	<b>3,595,000.00</b>	<b>85,000.00</b>	<b>45,000.00</b>	<b>20,000.00</b>	<b>8,996,000.00</b>

<b>PARK IDEAS AND REQUESTS</b>								
Soccer - Concession Gazebo							20,000	20,000
Soccer - Multi-use trail loop							75,000	75,000
Baseball - WASC baseball scoreboard							20,000	20,000
Baseball - WASC baseball enclosed dugouts							75,000	75,000
Baseball - WASC batting cages							20,000	20,000
Kids Just Want to Have Fun - 2nd 9-hole mini-golf		10,000						10,000
WASC concession canopy							50,000	50,000
Sylvania Park Band Shell Trail		30,000						30,000
Sylvania Park Band Shell rehab							100,000	100,000
Veterans Park open air shelter							75,000	75,000
<b>Ideas Sub-total</b>		<b>40,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>435,000</b>	<b>475,000</b>

<b>AQUATIC PARK</b>								
Interior painting of floors & walls (supplies)			5,500					5,500
Replacement of pool pumps			6,000	6,000				12,000
Replacement of ADA stairs			4,000					4,000
Chemtrol Automatic Control System						6,000		6,000
Duramax/Dolphin Vacuum			3,500			3,500		7,000
Update training equipment				1,000				1,000
Landscaping Rock & Sandpit Sand			3,000					3,000
Themed slide & spouts for kiddie pool						11,000		11,000
Resurface Splash Pool								
waiting on results of leak to obtain proper quote		125,000						125,000
Changeover from Gas Chlorine to Liquid		14,500						14,500
Replacement of damaged Kenloch strainers - 2		13,500						13,500
Replacement of levelers for all 3 pools		10,000						10,000
Replacement of guard stand platforms		2,000	1,000					3,000
Suit Extractor - 2				3,000				3,000
Tower Covering			750					750
<b>Aquatic Park Sub-total</b>		<b>165,000</b>	<b>23,750</b>	<b>10,000</b>	<b>-</b>	<b>20,500</b>	<b>-</b>	<b>219,250</b>
<b>Culture &amp; Rec Total</b>		<b>5,316,000</b>	<b>163,750</b>	<b>3,605,000</b>	<b>85,000</b>	<b>65,500</b>	<b>455,000</b>	<b>9,690,250</b>

<b>Funding Sources</b>								
General Fund		56,000	120,000	95,000	65,000	45,000		381,000
State/Federal Grants								-
Capital Reserve Fund		1,200,000						1,200,000
Liquor Store Fund		535,000	43,750	10,000	20,000	20,500	455,000	1,084,250
Go Bonds		3,525,000		3,500,000				7,025,000
Inclusive Playground Fundraising								-
<b>Culture &amp; Rec Total</b>		<b>5,316,000</b>	<b>163,750</b>	<b>3,605,000</b>	<b>85,000</b>	<b>65,500</b>	<b>455,000</b>	<b>9,690,250</b>

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2021	2022	2023	2024	2025	2026+	Total
<b>AIRPORT</b>								
	Tractor Mower (rough cut) - Snow blower				125,000			125,000
	Main Hangar demolition						50,000	50,000
	Main Hangar upgrades						75,000	75,000
	Construct New taxiways for T-Hangar	455,000						455,000
	Rehab Terminal building exterior			65,000				65,000
	Replace SnoGo snow blower					600,000		600,000
	Rehab runway 13/31				175,000			175,000
	Main terminal space planning	10,000						10,000
	Main terminal interior renovations		35,000	25,000				60,000
	Replace terminal A/C	20,000						20,000
	Replace existing sanitary holding tank	10,000						10,000
	Paint blue/yellow hangars		10,000					10,000
	Replace street lights and poles	8,000						8,000
	Contingency	5,000	5,000	5,000	5,000	5,000		25,000
	<b>Airport Total</b>	<b>508,000</b>	<b>50,000</b>	<b>95,000</b>	<b>305,000</b>	<b>605,000</b>	<b>125,000</b>	<b>1,688,000</b>

<b>Funding Sources</b>								
	Aeronautics Fund	8,000	50,000	32,000	51,250	50,000	50,000	241,250
	Federal Grants	288,588			157,500			446,088
	State Grants	102,541		63,000	96,250	420,000		681,791
	Capital Reserve Fund							-
	Go Revenue Bonds							-
	Liquor Store Fund	108,871				135,000	75,000	318,871
	<b>Airport Total</b>	<b>508,000</b>	<b>50,000</b>	<b>95,000</b>	<b>305,000</b>	<b>605,000</b>	<b>125,000</b>	<b>1,688,000</b>



## MEMORANDUM

**To:** Troy Nemmers, Public Works Director & City Engineer, City of Fairmont  
Paul Hoyer, Finance Director, City of Fairmont  
Kris Swanson, Principal Environmental Engineer, Bolton & Menk

**From:** Jessica Green

**Date:** November 2, 2020

**Re:** Final Rate Recommendations - Water & Wastewater Utility Planning

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Northland Public Finance was engaged to complete a review of the City of Fairmont's (the "City") Water and Wastewater Utility Funds, primarily to determine the impact of potential facility improvements and ongoing capital improvements to user rates.

Northland has reviewed the City's financial information, compiled outstanding debt information of the City Utility Funds, collected historical rate information, as well as data related to consumption and usage for the utilities. We have also been provided a 5-year Capital Improvement Plan related to the Water and Wastewater Funds and have received the Preliminary 20-year Facility Plan for the Water and Wastewater Utilities.

Our findings and projections are meant to provide a framework to better inform decision-making related to debt planning and rate setting for each of the utility funds. In addition to the 5-year Capital Improvement Plan and Facility Plan, the projections are based upon several assumptions for each of the Utility Funds, including:

- Minimum fund balance (cash on hand) target at year end for each fund will equal not less than:
  - 3 months of operating expenses, plus;
  - the following year's debt service payments, plus;
  - funding of pay-go capital items for the following year.
- Personnel and current expenses increase by 3% per year.
- Investment rate of 1% per year
- Consumption and usage will remain constant, as will number of accounts and customers.

The following pages provide an overview of the Water and Wastewater Utility Study findings and recommendations, along with additional details related to assumptions specific to each Utility Fund.

## Water Fund

Based upon our review of the Water Fund’s beginning cash position, existing debt, and ongoing capital expenditure needs, it is our opinion that significant adjustments to both the base and user rate fees are necessary, particularly so in the years 2021-2023, to maintain the minimum fund balance target as described on the first page of this memo. Highlights from the City’s 5-Year Capital Improvement Plan and long-range facility plan include:

- Meter replacement in years 2021-2022 (\$1.6MM)
- Lime Pond Decommissioning Project in 2022, which will require a spend-down in cash of approximately \$1MM prior to loan proceeds being received (\$4.8MM)
- Ground Storage Tank Replacement Project in 2025 (\$5MM)
- Street Improvements (\$225,000-\$250,000) every other year.
- Annual Capital Outlay (\$500,000) per year for various improvements or acquisitions.

In an effort to manage rate increases and the utility’s cash position, our analysis assumes that the City will issue debt (via interfund loan or the issuance of General Obligation Bonds or Loans) to finance certain capital improvements, rather than draw down on cash, in the years 2020-2022 and 2025.

Our findings suggest that the Water Base Charge, Water User Charge (volume) and Water Infrastructure Charges for residential, commercial and industrial customers be adjusted to, at minimum, the rates shown below in the years indicated.

Customer Rates for Fees and Charges	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential Water Base Charge	\$16.98	\$20.38	\$24.45	\$29.34	\$31.40	\$32.97	\$34.61	\$34.61	\$34.61	\$34.61	\$34.61
Commercial Water Base Charge	\$32.40	\$38.88	\$46.66	\$55.99	\$59.91	\$62.90	\$66.05	\$66.05	\$66.05	\$66.05	\$66.05
Industrial Water Base Charge	\$32.40	\$38.88	\$46.66	\$55.99	\$59.91	\$62.90	\$66.05	\$66.05	\$66.05	\$66.05	\$66.05
Residential Tier 1 (0 - 2,000 cubic feet)	\$5.51	\$6.34	\$6.53	\$6.72	\$6.92	\$7.13	\$7.35	\$7.57	\$7.72	\$7.87	\$8.03
Residential Tier 2 (2,001 + cubic feet)	\$6.10	\$7.02	\$7.23	\$7.44	\$7.67	\$7.90	\$8.13	\$8.38	\$8.54	\$8.71	\$8.89
Commercial Tier 1 (0 - 120,000 cubic feet)	\$4.60	\$5.29	\$5.45	\$5.61	\$5.78	\$5.95	\$6.13	\$6.32	\$6.44	\$6.57	\$6.70
Commercial Tier 2 (120,000 + cubic feet)	\$4.73	\$5.44	\$5.60	\$5.77	\$5.94	\$6.12	\$6.31	\$6.50	\$6.62	\$6.76	\$6.89
Bulk Water - Up to 1,300,000 cubic feet	\$3.65	\$4.20	\$4.32	\$4.45	\$4.59	\$4.72	\$4.87	\$5.01	\$5.11	\$5.21	\$5.32
Water Infrastructure Charge	\$4.45	\$4.67	\$4.91	\$4.91	\$4.91	\$4.91	\$4.91	\$4.91	\$4.91	\$4.91	\$4.91

Sample monthly bill estimates for residential and commercial customers can be found on the next page, based upon average usage.



**Average Residential Impact (425 Cubic Feet Per Month)**

Units Per Month (per 100 cubic feet)	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Residential Customer											
Monthly Water Bill	\$40.40	\$47.31	\$52.19	\$57.91	\$60.82	\$63.28	\$65.83	\$66.77	\$67.41	\$68.07	\$68.74
% Change in Monthly Bill	5.0%	17.1%	10.3%	11.0%	5.0%	4.0%	4.0%	1.4%	1.0%	1.0%	1.0%
Base	\$16.98	\$20.38	\$24.45	\$29.34	\$31.40	\$32.97	\$34.61	\$34.61	\$34.61	\$34.61	\$34.61
Volume	\$23.42	\$26.93	\$27.74	\$28.57	\$29.43	\$30.31	\$31.22	\$32.16	\$32.80	\$33.46	\$34.12
Total	\$40.40	\$47.31	\$52.19	\$57.91	\$60.82	\$63.28	\$65.83	\$66.77	\$67.41	\$68.07	\$68.74

**Average Commercial Impact (1200 Cubic Feet Per Month)**

Units Per Month (per 100 cubic feet)	12	12	12	12	12	12	12	12	12	12	12
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Commercial Customer											
Monthly Water Bill	\$87.60	\$102.36	\$112.04	\$123.33	\$129.27	\$134.35	\$139.64	\$141.85	\$143.36	\$144.91	\$146.48
% Change in Monthly Bill	5.0%	16.8%	9.5%	10.1%	4.8%	3.9%	3.9%	1.6%	1.1%	1.1%	1.1%
Base	\$32.40	\$38.88	\$46.66	\$55.99	\$59.91	\$62.90	\$66.05	\$66.05	\$66.05	\$66.05	\$66.05
Volume	\$55.20	\$63.48	\$65.38	\$67.35	\$69.37	\$71.45	\$73.59	\$75.80	\$77.31	\$78.86	\$80.44
Total	\$87.60	\$102.36	\$112.04	\$123.33	\$129.27	\$134.35	\$139.64	\$141.85	\$143.36	\$144.91	\$146.48

**Rate Increases Proposed by Percentage:**

Water 2021 Base Adjustment	20.00%	Water 2021 Rate Adjustment	15.00%	Water 2021 Infrastructure Adjustment	5.00%
Water 2022 Base Adjustment	20.00%	Water 2022 Rate Adjustment	3.00%	Water 2022 Infrastructure Adjustment	5.00%
Water 2023 Base Adjustment	20.00%	Water 2023 Rate Adjustment	3.00%	Water 2023 Infrastructure Adjustment	0.00%
Water 2024 Base Adjustment	7.00%	Water 2024 Rate Adjustment	3.00%	Water 2024 Infrastructure Adjustment	0.00%
Water 2025 Base Adjustment	5.00%	Water 2025 Rate Adjustment	3.00%	Water 2025 Infrastructure Adjustment	0.00%
Water 2026 Base Adjustment	5.00%	Water 2026 Rate Adjustment	3.00%	Water 2026 Infrastructure Adjustment	0.00%
Water 2027 Base Adjustment	0.00%	Water 2027 Rate Adjustment	3.00%	Water 2027 Infrastructure Adjustment	0.00%
Water 2028 Base Adjustment	0.00%	Water 2028 Rate Adjustment	2.00%	Water 2028 Infrastructure Adjustment	0.00%
Water 2029 Base Adjustment	0.00%	Water 2029 Rate Adjustment	2.00%	Water 2029 Infrastructure Adjustment	0.00%
Water 2030 Base Adjustment	0.00%	Water 2030 Rate Adjustment	2.00%	Water 2030 Infrastructure Adjustment	0.00%

## Wastewater Fund

Based upon our review of the Wastewater Fund’s beginning cash position, existing debt, and ongoing capital expenditure needs, it is our opinion that significant adjustments to the base fees are necessary, along with smaller, sustained increases to the user rate fees, to maintain the minimum fund balance target as described on the first page of this memo. Highlights from the City’s 5-Year Capital Improvement Plan and long-range facility plan include:

- Ultraviolet System Replacement in 2021 (\$1.5MM)
- Annual Lift Station Improvements (\$150,000)
- Solids Handling Upgrade in 2024, which will require a cash spend-down of approximately \$1.5MM prior to loan proceeds being received (\$18MM); the City anticipates receiving a \$5MM grant to support the project.
- River Eutrophication Standards Upgrade in 2030 (\$18MM); the City anticipates receiving a \$5MM grant to support the project.
- Street Improvements (approximately \$250,000) every other year.
- Annual Capital Outlay (\$350,000) for various improvements or acquisitions.

Given the Wastewater Fund’s healthy beginning cash position, it is anticipated that the Wastewater fund will be able to accommodate the capital expenditure items noted in the fund’s 5-Year CIP, other than Ultraviolet System Replacement and other capital items in 2021, the Solids Handling Project in 2024, and the River Eutrophication Standards Upgrade in 2030. For the purposes of the utility plan, we are assuming the City will issue debt (via interfund loan or the issuance of General Obligation Bonds or Loans) for the projects mentioned in the sentence above, and that the Wastewater rates adjustments will occur as recommended.

It is our opinion that the Wastewater Base Charge, Wastewater User Charge (volume) and Wastewater Infrastructure Charges for residential and commercial customers be adjusted to, at minimum, the rates shown below in the years indicated.

Customer Rates for Fees and Charges	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential Sewer Monthly Basic Charge .75	\$13.45	\$14.80	\$15.98	\$16.78	\$17.62	\$18.50	\$19.42	\$20.39	\$21.41	\$22.48	\$24.73
Residential Sewer Monthly Basic Charge 1.0	\$37.05	\$40.76	\$44.02	\$46.22	\$48.53	\$50.95	\$53.50	\$56.18	\$58.98	\$61.93	\$68.13
Residential Sewer Monthly Basic Charge 1.5	\$84.54	\$92.99	\$100.43	\$105.46	\$110.73	\$116.26	\$122.08	\$128.18	\$134.59	\$141.32	\$155.45
Residential Sewer Monthly Basic Charge 2.0	\$162.35	\$178.59	\$192.87	\$202.52	\$212.64	\$223.27	\$234.44	\$246.16	\$258.47	\$271.39	\$298.53
Residential Sewer Monthly Basic Charge 3.0	\$377.15	\$414.87	\$448.05	\$470.46	\$493.98	\$518.68	\$544.61	\$571.84	\$600.44	\$630.46	\$693.50
Residential Sewer Monthly Basic Charge 6.0	\$957.38	\$1,053.12	\$1,137.37	\$1,194.24	\$1,253.95	\$1,316.64	\$1,382.48	\$1,451.60	\$1,524.18	\$1,600.39	\$1,760.43
Commercial Sewer Monthly Basic Charge 1		\$25.25	\$27.26	\$28.63	\$30.06	\$31.56	\$33.14	\$34.80	\$36.54	\$38.36	\$42.20
Residential Tier 1 (Over 100 cubic feet)	\$2.13	\$2.19	\$2.26	\$2.33	\$2.40	\$2.47	\$2.54	\$2.62	\$2.70	\$2.78	\$2.92
Commercial Tier 1 All Consumption	\$3.34	\$3.44	\$3.54	\$3.65	\$3.76	\$3.87	\$3.99	\$4.11	\$4.23	\$4.36	\$4.58
Sewer Infrastructure Charge	\$12.08	\$12.68	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32

Sample monthly bill estimates for residential and commercial customers can be found below, based upon average usage.

**Average Residential Impact (425 Cubic Feet)\***

Units Per Month (per 100 Cubic Feet)	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Monthly Sewer Bill	\$34.58	\$36.80	\$38.90	\$39.99	\$41.12	\$42.31	\$43.55	\$44.84	\$46.20	\$47.61	\$50.45
% Change in Monthly Bill	5.0%	6.4%	5.7%	2.8%	2.8%	2.9%	2.9%	3.0%	3.0%	3.1%	6.0%
Monthly Change by Year		\$2.22	\$2.10	\$1.09	\$1.14	\$1.19	\$1.24	\$1.30	\$1.35	\$1.41	\$2.84
Cummulative Change						\$15.87					
Base	\$13.45	\$14.80	\$15.98	\$16.78	\$17.62	\$18.50	\$19.42	\$20.39	\$21.41	\$22.48	\$24.73
Sewer Infrastructure Charge	\$12.08	\$12.68	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32
Volume	\$9.05	\$9.32	\$9.60	\$9.89	\$10.19	\$10.49	\$10.81	\$11.13	\$11.47	\$11.81	\$12.40
Total	\$34.58	\$36.80	\$38.90	\$39.99	\$41.12	\$42.31	\$43.55	\$44.84	\$46.20	\$47.61	\$50.45

\*Sample monthly residential customer bill note above is based upon the smallest meter size (3/4").

**Average Commercial Impact (1200 Cubic Feet)**

Units Per Month (per 100 Cubic Feet)	12	12	12	12	12	12	12	12	12	12	12
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Monthly Sewer Bill	\$52.16	\$79.21	\$83.10	\$85.74	\$88.49	\$91.34	\$94.32	\$97.41	\$100.63	\$103.98	\$110.43
% Change in Monthly Bill	5.0%	51.9%	4.9%	3.2%	3.2%	3.2%	3.3%	3.3%	3.3%	3.3%	6.2%
Monthly Change by Year		\$27.05	\$3.89	\$2.64	\$2.75	\$2.86	\$2.97	\$3.09	\$3.22	\$3.35	\$6.45
Cummulative Change						\$58.27					
Base	\$0.00	\$25.25	\$27.26	\$28.63	\$30.06	\$31.56	\$33.14	\$34.80	\$36.54	\$38.36	\$42.20
Sewer Infrastructure Charge	\$12.08	\$12.68	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32	\$13.32
Volume	\$40.08	\$41.28	\$42.52	\$43.80	\$45.11	\$46.46	\$47.86	\$49.29	\$50.77	\$52.30	\$54.91
Total	\$52.16	\$79.21	\$83.10	\$85.74	\$88.49	\$91.34	\$94.32	\$97.41	\$100.63	\$103.98	\$110.43

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**Rate Increases Proposed by Percentage:**

Sewer 2021 Base Adjustment	10.00%	Sewer 2021 Rate Adjustment	3.00%	Sewer 2021 Infrastructure Adjustment	5.00%
Sewer 2022 Base Adjustment	8.00%	Sewer 2022 Rate Adjustment	3.00%	Sewer 2022 Infrastructure Adjustment	5.00%
Sewer 2023 Base Adjustment	5.00%	Sewer 2023 Rate Adjustment	3.00%	Sewer 2023 Infrastructure Adjustment	0.00%
Sewer 2024 Base Adjustment	5.00%	Sewer 2024 Rate Adjustment	3.00%	Sewer 2024 Infrastructure Adjustment	0.00%
Sewer 2025 Base Adjustment	5.00%	Sewer 2025 Rate Adjustment	3.00%	Sewer 2025 Infrastructure Adjustment	0.00%
Sewer 2026 Base Adjustment	5.00%	Sewer 2026 Rate Adjustment	3.00%	Sewer 2026 Infrastructure Adjustment	0.00%
Sewer 2027 Base Adjustment	5.00%	Sewer 2027 Rate Adjustment	3.00%	Sewer 2027 Infrastructure Adjustment	0.00%
Sewer 2028 Base Adjustment	5.00%	Sewer 2028 Rate Adjustment	3.00%	Sewer 2028 Infrastructure Adjustment	0.00%
Sewer 2029 Base Adjustment	5.00%	Sewer 2029 Rate Adjustment	3.00%	Sewer 2029 Infrastructure Adjustment	0.00%
Sewer 2030 Base Adjustment	10.00%	Sewer 2030 Rate Adjustment	5.00%	Sewer 2030 Infrastructure Adjustment	0.00%

*Note: Industrial rates are assumed to increase in percentage similar to those noted for residential and commercial customers, however, we have not analyzed the components associated with industrial rates for the purposes of this study.*

**Next Steps**

Northland has offered these final recommendations for increases to the Water and Wastewater fees based upon careful review of the Water and Wastewater Funds' current financial position, planned major infrastructure projects, equipment acquisition and ongoing capital needs. We have reviewed consumption and usage data to the extent available and have made assumptions as mentioned in this memo. It is important to view our findings and recommendations as a foundation for financial planning. The assumptions should be reviewed regularly, along with actual current and future usage and consumption data, and adjustments should be made accordingly to meet the City's objectives for each of the Utility Funds.

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