



# CITY OF GRAND RAPIDS

## Meeting Agenda Full Detail City Council Work Session

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Monday, April 22, 2019

4:00 PM

Conference Room 2A

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**CALL TO ORDER:** Pursuant to due notice and call thereof a Special Meeting/Worksession of the Grand Rapids City Council will be held on Monday, April 22, 2019 at 4:00 p.m. in City Hall Conference Room 2A, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

**CALL OF ROLL:** On a call of roll, the following members were present:

### Discussion Items

1. 19-0197 Financial Statement Presentation by David J. Mol, Partner, Redpath & Company, Ltd.  
**Attachments:** [City of Grand Rapids 2018 Final Draft CAFR4 22 19](#)  
[City of Grand Rapids 2018 Final Draft LC](#)  
[City of Grand Rapids 2018 Final Draft IC](#)  
[City of Grand Rapids 2018 - Final Issued AML](#)
  
2. 19-0227 Plastic Survey Report - Patricia Helmberger  
**Attachments:** [GR Area Earth Circle - Report .pdf](#)
  
3. 19-0201 Discuss small cell wireless technology.  
**Attachments:** [Small cell work session.pdf](#)
  
4. 14-0789 Review 5:00 PM Regular Meeting

### ADJOURN

*Attest: Kimberly Gibeau, City Clerk*



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0197      **Version:** 1      **Name:** 2018 Financial Report Presentation  
**Type:** Agenda Item      **Status:** CC Worksession  
**File created:** 4/2/2019      **In control:** City Council Work Session  
**On agenda:** 4/22/2019      **Final action:**  
**Title:** Financial Statement Presentation by David J. Mol, Partner, Redpath & Company, Ltd.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [City of Grand Rapids 2018 Final Draft CAFR4 22 19](#)  
[City of Grand Rapids 2018 Final Draft LC](#)  
[City of Grand Rapids 2018 Final Draft IC](#)  
[City of Grand Rapids 2018 - Final Issued AML](#)

Date	Ver.	Action By	Action	Result
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Financial Statement Presentation by David J. Mol, Partner, Redpath & Company, Ltd.

**Background Information:**

Attached please find the following reports that will be discussed at the Council Work Session on April 22, 2019:

- Audit Management Letter
- Draft** Comprehensive Annual Financial Report
- Draft** Independent Auditor's Report on Compliance and on Internal Controls
- Draft** State Legal Compliance Report

Mr. Dave Mol, Partner, Redpath & Company, Ltd. will be here on Monday, April 22, 2019 to make a presentation to the City Council of the audited financial statements, the Management Letter, Report on Comprehensive and Internal Controls, and State Legal Compliance at the 4:00 p.m. work session.

If time is limited for you, please review the Audit Management Letter. This report gives a concise overview of the 2018 City of Grand Rapids' financial health.

Hard copies will be available Monday for your review.  
The draft reports will be finalized when we receive the Public Utilities audited financial information.

## Embedded Secure Document

The file <https://grandrapids.legistar.com/View.ashx?M=F&ID=7172068&GUID=C7B2055F-8BF3-4CD7-A879-0ECB38FA0020> is a secure document that has been embedded in this document. Double click the pushpin to view.

## MINNESOTA LEGAL COMPLIANCE REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Grand Rapids, 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 Economic Development Authority (a discretely presented component unit), each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated \_\_\_\_\_, 2019. Our report includes a reference to other auditors who audited the financial statements of the Public Utilities Commission (a discretely presented component unit), as described in our report on the City of Grand Rapids, Minnesota's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 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 Grand Rapids, 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 of Grand Rapids, Minnesota'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.

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

\_\_\_\_\_, 2019

INDEPENDENT AUDITOR'S 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*

To the Honorable Mayor, Members of  
the City Council and Management  
City of Grand Rapids, Minnesota

We have audited, in accordance with the 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 Economic Development Authority (a discretely presented component unit), each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Grand Rapids, Minnesota's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2019. Our report includes a reference to other auditors who audited the financial statements of the Public Utilities Commission (a discretely presented component unit), as described in our report on the City of Grand Rapids, Minnesota's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Grand Rapids, Minnesota'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 of Grand Rapids, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Grand Rapids, Minnesota'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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Grand Rapids, Minnesota'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*.

### **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 of Grand Rapids, Minnesota'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 of Grand Rapids, Minnesota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

\_\_\_\_\_, 2019

**CITY OF GRAND RAPIDS, MINNESOTA**

**AUDIT MANAGEMENT LETTER**

December 31, 2018

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To the Honorable Mayor and  
Members of the City Council  
City of Grand Rapids, Minnesota

We have substantially completed the 2018 audit of the financial statements of the City of Grand Rapids, Minnesota (the City) and the Economic Development Authority (EDA). The Public Utilities Commission (PUC) is considered a “component unit” of the City. As such, the financial statements of the PUC are included in the City’s Annual Financial Report. The audit of the PUC will begin in early May. Therefore, we have issued draft financial statements pending completion of the PUC audit.

Following this introduction letter is a Report Summary and Executive Summary with page references to the areas discussed. Thank you for the opportunity to serve the City. We are available to discuss this report with you.

*Redpath and Company, LLC*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

April 15, 2019

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**REPORT SUMMARY**

Several reports are issued in conjunction with the audit. The Comprehensive Annual Financial Report (CAFR) and Report on Internal Control and Legal Compliance Report have been issued in draft form. Accounting standards require the financial statements of the Public Utilities Commission be included in the City’s financial statements. At the time of issuance of this Management Letter, the PUC’s audited financial statements were not available. Upon the issuance of the PUC’s financial statements, the City’s financial statements will be updated and issued in final form. A summary is as follows:

<b>Report Name</b>	<b>Elements of Report</b>	<b>Overview</b>
<i>Comprehensive Annual Financial Report (CAFR)</i>	<ul style="list-style-type: none"> <li>• Auditor’s opinion</li> <li>• Management’s Discussion and Analysis</li> <li>• Financial statements</li> <li>• Footnotes</li> <li>• Supplemental information</li> </ul>	<ul style="list-style-type: none"> <li>• It is anticipated that an unmodified (“clean”) opinion will be issued on the Basic Financial Statements</li> </ul>
<i>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters</i>	<i>Results of testing</i> <ul style="list-style-type: none"> <li>• Internal controls over financial reporting</li> <li>• Compliance with laws, regulations, contracts and grants</li> </ul>	<ul style="list-style-type: none"> <li>• No findings of noncompliance</li> <li>• No internal control findings</li> </ul>
<i>State Legal Compliance Report</i>	<ul style="list-style-type: none"> <li>• Results of testing certain provisions of Minnesota Statutes</li> </ul>	<ul style="list-style-type: none"> <li>• No findings of noncompliance</li> </ul>
<i>Audit Management Letter</i>	<i>Analysis of financial condition and other issues</i> <ul style="list-style-type: none"> <li>• Comparisons and trend analysis</li> <li>• Policies and procedures</li> <li>• Audit committee communications</li> </ul>	<ul style="list-style-type: none"> <li>• See page 3 of this report for Executive Summary</li> </ul>

**EXECUTIVE SUMMARY**

Several areas highlighted for your reference include the following:

Awards:

- The City of Grand Rapids has been awarded the Certificate of Achievement for Excellence in Financial Reporting for the past 26 years. See page 6

Key Financial Indicators:

- The City’s property tax collection rate in 2018 was over 99%. The special assessment collection rate was 99% for 2018. See page 10
- The fund balance of the City’s General Fund decreased \$51,558 during 2018. The General Fund has met the desired cash flow reserve needs. However, the emergency reserve requirements were not met at December 31, 2018. Page 15
- A comparison of Debt Service Fund assets and outstanding debt is shown herein. Page 25

For the Future:

- We recommend the City continue to monitor actual results of the Debt Service Funds with the projected amounts to ensure adequate funding of the Debt Service Funds. Page 26
- Governmental accounting standards affecting future years are summarized. Page 34

Required auditor communications are included in this report. Page 35

**GOVERNMENT ACCOUNTING VS. PRIVATE SECTOR ACCOUNTING**

The City’s financial statements are presented in a format that is significantly different than financial statements of a private business.

The key differences that impact accounting and financial reporting include the following:

- A. Service motive vs. profit motive
- B. Stewardship vs. return on investment
- C. Appropriated budget vs. financial plan

**Service Motive vs. Profit Motive**

In the private-sector, there generally is a direct relationship between what an individual pays and what that same individual receives. A customer that purchases two rolls of paper from Blandin Paper would expect to pay more than a customer purchasing one roll of paper. This is referred to as an “exchange-type” transaction.

The situation is different for most goods and services provided by the City of Grand Rapids, Minnesota. Generally, there is not a direct relationship between what a resident pays in taxes and the specific services that same resident receives from the City. This is referred to as a “non-exchange” transaction.

**Stewardship vs. Return on Investment**

Users of private-sector financial statements are investors and creditors. Investors interested in financial information that enables them to evaluate a business’s ability to generate a return on their investment. Stock holders are concerned about earnings and earnings per share.

*Governmental Accounting and Financial Reporting*

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Citizens and creditors of the City need financial information that allows them to assess the City's stewardship of the financial resources provided. In other words, the financial statements need to demonstrate accountability. This accountability is a foundation of fund accounting. Maintaining separate funds demonstrates accountability to taxpayers, creditors and grantors.

**Budget vs. Financial Plan**

Budgets are prepared by both private sector businesses and governments. The private-sector budgets often serve as a management tool for financial planning. In a government, a budget serves as authorization to spend resources for the provision of goods and services. For the City of Grand Rapids, there are annual budgets and project budgets. The Annual Budget Report includes the budget for thirteen individual funds. Additionally, the budget process uses multiple internal meetings, several meetings with the City Council, and public meetings.

**Summary**

Financial reporting of budgetary performance serves as an accountability/compliance tool for the City Council and taxpayers.

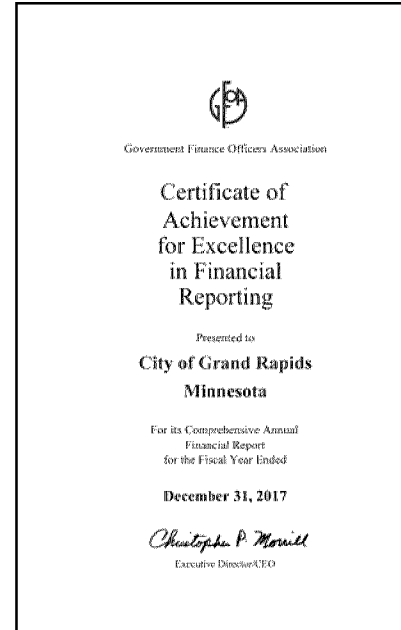
In summary, the City's financial statements serve to demonstrate accountability and compliance to taxpayers, creditors and grantors of council action, regulations, and grant agreements.

**NATIONAL RECOGNITION FOR  
EXCELLENCE IN FINANCIAL REPORTING**

The “Certificate of Achievement for Excellence in Financial Reporting” is an award program offered by the Government Finance Officers Association of the United States and Canada (GFOA). This Award Program has three key objectives:

- Recognize governments that issue a high-quality CAFR.
- Easily readable and understandable Financial Report.
- Providing educational materials, comments, and suggestions for improvements to program participants.

The City of Grand Rapids, Minnesota has been awarded the Certificate of Achievement for Excellence in Financial Reporting for twenty-six consecutive years (every year since 1992).



**FINANCIAL REPORTING ENTITY**

The Governmental Accounting Standards Board (GASB) is the standard setting body for accounting principles and financial reporting. The foundation of financial reporting is the distinction between the *primary government* and *component units*.

A primary government consists of all organizations that make up its legal entity. Characteristics of a primary government are a) it has a separately elected governing body, b) it is legally separate, and c) it is fiscally independent of other governments. All funds, organizations, institutions, agencies and departments that are not legally separate are, for financial reporting purposes, part of a primary government.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

The City's finance department has evaluated all of the entities related to the City. A summary of this analysis is as follows:

<u>Entity</u>	<u>Relationship</u>
Library Board	Part of Primary Government
Arts and Culture Advisory Board	Part of Primary Government
Pokegama Golf Course Board	Part of Primary Government
Civic Center/Park & Recreation Board	Part of Primary Government
Human Rights Commission	Part of Primary Government
Planning Commission	Part of Primary Government
Airport Advisory Board	Part of Primary Government
Public Utilities Commission	Component Unit – included in CAFR
E.D.A.	Component Unit – included in CAFR
H.R.A.	Excluded - Related Organization
Fire Relief Association	Excluded



**ACCOUNT BALANCE ANALYSIS OF THE FUND FINANCIAL STATEMENTS**

**Summary of Financial Activity**

The schedule below presents a condensed financial summary of all funds:

<u>Fund Type</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund Transfers (Net)</u>	<u>Increase (Decrease) in Fund Balance</u>	<u>Fund Balance 12/31/2018</u>	<u>Cash Balance 12/31/2018</u>
<b>General Fund</b>	\$9,244,000	\$8,690,000	(\$606,000)	(\$52,000)	\$6,219,000	\$3,868,000
<b>Special Revenue Funds</b>	2,313,000	2,444,000	115,000	(16,000)	752,000	891,000
<b>Debt Service Funds</b>	3,313,000	6,342,000	305,000	(2,724,000)	7,053,000	7,145,000
<b>Capital Project Funds</b>	5,283,000	4,635,000	156,000	804,000	1,494,000	2,673,000
<b>Enterprise Funds</b>	<u>1,330,000</u>	<u>1,382,000</u>	<u>30,000</u>	<u>(22,000)</u>	<u>2,957,000</u>	<u>346,000</u>
<b>Total</b>	<u>\$21,483,000</u>	<u>\$23,493,000</u>	<u>\$ -</u>	<u>(\$2,010,000)</u>	<u>\$18,475,000</u>	<u>\$14,923,000</u>

Additional detail by fund is presented on the next page.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### Fund Financial Statements

All Funds Financial Summary - 2018						
	Fund	Revenue and Other Sources	Expenditures and Other Uses	Interfund Transfers (Net)	Increase (Decrease) in Fund Balance/ Net Position	Fund Balance Net Position 12/31/18
1	<b>General</b>	\$9,243,653	\$8,689,754	(\$605,457)	(\$51,558)	\$6,219,013
	<b>Special Revenue Funds:</b>					
2	Public Library	937,974	933,714	-	4,260	519,169
3	Central School	57,294	108,142	56,361	5,513	62,384
4	Airport Operations	211,846	261,833	20,000	(29,987)	166,627
4	IRA Civic Center	726,852	728,528	-	(1,676)	(164,709)
5	Recreation Programs	16,486	32,735	14,325	(1,924)	-
6	Haz-Mat	78,829	78,793	-	36	1,009
7	Police Forfeiture	13,221	5,055	-	8,166	71,849
8	Cemetery	234,159	234,917	-	(758)	88,036
9	Domestic Animal Control Facility	36,445	59,984	23,540	1	7,622
	<b>Debt Service Funds:</b>					
10	Debt Service Reserve	52	-	-	52	5,017
11	Equipment Certificates of 2009D	146,275	140,277	-	5,998	208,495
12	Improvement Bonds	1,850,888	3,963,056	(679,177)	(2,791,345)	3,981,412
13	Street Reconstruction Bonds	177,456	880,222	116,661	(586,105)	984,245
14	G.O. State-Aid Street Bonds	320,034	320,718	5,000	4,316	4,681
15	Refunding Bonds	404,792	40,169	862,785	1,227,408	1,231,005
16	Tax Increment 1-6 Old Hospital Housing	58,382	759,080	-	(700,698)	69,397
17	Tax Increment 1-6 Old Hospital Housing Paygo	26,899	24,086	-	2,813	10,065
18	Tax Increment 1-4 Oakwood Terrace	33,422	91	-	33,331	401,237
19	Tax Increment 1-7 Block 37 Redevelopment	16,934	15,268	-	1,666	13,628
20	Tax Increment 1-8 Lakewood Heights	35,703	32,101	-	3,602	17,555
21	Tax Increment 1-9 Majestic Pines	166,738	94,765	-	71,973	95,693
22	Tax Increment 1-10 River Hills	31,560	28,834	-	2,726	5,867
23	Tax Abatement - 1st Ave Condo	43,889	43,551	-	338	24,580
	<b>Capital Project Funds:</b>					
24	General Capital Improvement Projects	539,774	672,002	310,900	178,672	252,039
25	Municipal State Aid	65,203	10,003	-	55,200	225,094
26	Park Acquisition and Development	11,394	26,014	-	(14,620)	19,883
27	Arts and Culture Capital Project	9,534	15,815	36,735	30,454	57,484
28	Capital Equipment Replacement	194,009	313,118	225,004	105,895	(314,657)
29	Infrastructure Bonds	3,514,691	2,692,914	(182,502)	639,275	836,606
30	Airport Capital Fund	854,656	896,811	71,325	29,170	70,816
31	7th Avenue Bridge Rehabilitation	-	-	(300,000)	(300,000)	155,652
32	IRA Civic Center Project	75,193	2,397	-	72,796	(158,666)
33	Permanent Improvement Revolving	18,303	5,816	(5,000)	7,487	349,502
	<b>Enterprise Funds:</b>					
34	Golf Course	615,467	626,550	(3,500)	(14,583)	2,509,157
35	Storm Water	714,973	755,163	33,000	(7,190)	447,802
	<b>Total</b>	<b>\$21,482,980</b>	<b>\$23,492,276</b>	<b>\$0</b>	<b>(\$2,009,296)</b>	<b>\$18,474,589</b>

**Property Taxes**

Property tax collections (excluding tax increment levies) were as follows for the past four years:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property tax levy	<u>\$6,845,166</u>	<u>\$6,951,560</u>	<u>\$7,258,674</u>	<u>\$7,408,178</u>
Receipts:				
Current year levy	6,774,792	6,847,996	7,169,418	7,249,845
Delinquent (prior year levy)	32,403	63,396	70,312	33,345
Total receipts	<u>6,807,195</u>	<u>6,911,392</u>	<u>7,239,730</u>	<u>7,283,190</u>
Collection rates:				
Collections of current year levy as a percent of levy	<u>98.97%</u>	<u>98.51%</u>	<u>98.77%</u>	<u>97.86%</u>
Total receipts as percent of current year levy	<u>99.45%</u>	<u>99.42%</u>	<u>99.74%</u>	<u>98.31%</u>

**Special Assessments**

Special assessment collections have been as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current portion due	<u>\$607,197</u>	<u>\$525,555</u>	<u>\$512,628</u>	<u>\$453,813</u>
Receipts:				
Current	551,895	514,410	503,676	447,143
Delinquent	<u>30,821</u>	<u>8,963</u>	<u>10,012</u>	<u>5,347</u>
Total receipts	<u>582,716</u>	<u>523,373</u>	<u>513,688</u>	<u>452,490</u>
Collection rates:				
Collection of amounts due	<u>90.9%</u>	<u>97.9%</u>	<u>98.3%</u>	<u>98.5%</u>
Total collections as a percent of amount due	<u>96.0%</u>	<u>99.6%</u>	<u>100.2%</u>	<u>99.7%</u>

As shown above, the City experienced an increase in its collection rates for 2018. We recommend the City continue to monitor the special assessment collection rate and consider the impact on the funding of debt service payments.

**Pension Liability**

In 2015, the City implemented GASB Statement No. 68, which required the reporting of the City of Grand Rapids’s proportionate share of the PERA Net Pension Liability (NPL). During 2018, the City’s share of PERA’s NPL decreased. The schedule below presents the components of the change in NPL. During 2018, the City paid it’s required contribution to the Plan. The required contribution is a percentage of eligible wages.

	General Employees Plan	Police and Fire Plan	Total
Change in net pension liability:			
Change in actuarial assumptions <sup>(1)</sup>	(\$103,252)	(\$47,479)	(\$150,731)
Change in proportion <sup>(2)</sup>	14,364	23,627	37,991
Experience difference <sup>(3)</sup>	3,450	24,091	27,541
Earnings difference <sup>(4)</sup>	(243,154)	(244,129)	(487,283)
Grand Rapids' share of 2017 pension expense	173,169	133,226	306,395
Contributions to the plan by City of Grand Rapids	(264,506)	(227,304)	(491,810)
Contributions to the plan by State of Minnesota	-	(11,979)	(11,979)
Increase in net pension liability	(419,929)	(349,947)	(769,876)
Beginning net pension liability	3,332,414	1,768,656	9,960,516
Ending net pension liability	\$2,912,485	\$1,418,709	\$9,190,640

1. The mortality tables used by the Actuary changed.
2. The City's proportionate share of the total NPL increased.
3. This is the change between expected and actual experience in the measurement of the pension liability.
4. This is the difference between projected and actual earnings on plan investments.

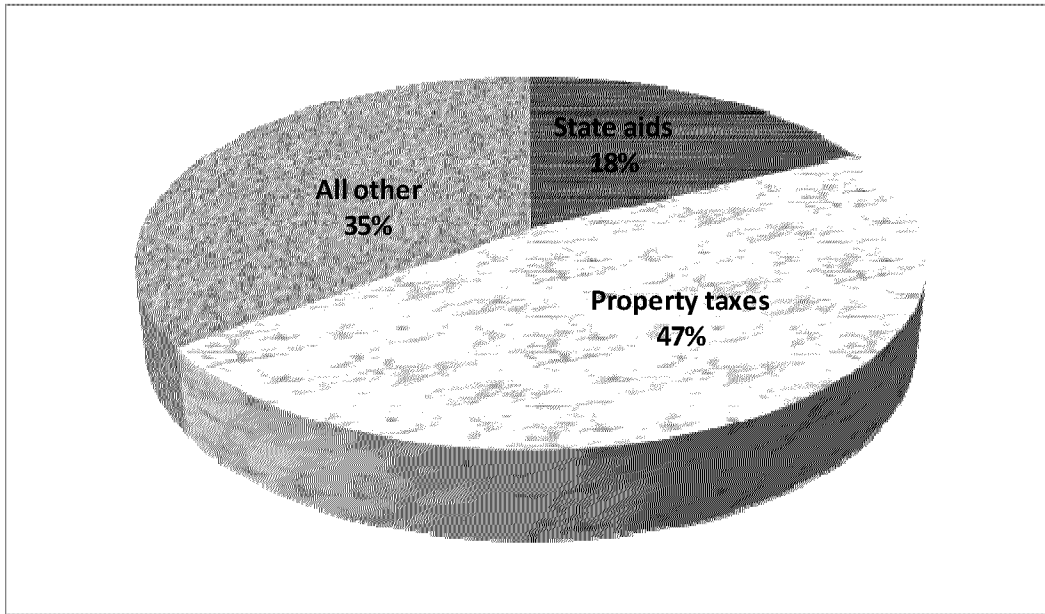
**GENERAL FUND**

The General Fund of the City is maintained to account for the current operating and capital outlay expenditures common to all cities. These basic services include (but are not limited to) public safety, public works, parks, culture and recreation and general government. A summary of the revenue sources of the General Fund of the City of Grand Rapids is as follows:

<b>General Fund Revenue By Source</b>								
Year	Property Taxes		State Tax Relief (LGA, MVHC and Supplemental Aid)		All Other Revenue <sup>(1)</sup>		Total Revenue	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2009	\$3,306,743	44%	\$1,744,986	23%	\$2,413,295	33%	\$7,465,024	100%
2010	3,107,526	46%	1,273,488	19%	2,412,831	35%	6,793,845	100%
2011	3,403,815	46%	1,288,735	18%	2,431,938	36%	7,124,488	100%
2012	3,666,921	46%	1,220,693	16%	2,838,309	38%	7,725,923	100%
2013	3,677,404	46%	1,214,925	16%	2,914,954	38%	7,807,283	100%
2014	3,622,374	44%	1,507,585	18%	3,032,665	38%	8,162,624	100%
2015	3,946,640	47%	1,556,892	18%	2,942,815	35%	8,446,347	100%
2016	4,156,865	48%	1,587,017	18%	2,847,848	34%	8,591,730	100%
2017	4,358,987	48%	1,582,391	18%	3,060,521	34%	9,001,899	100%
2018	4,330,676	47%	1,671,022	18%	3,241,955	35%	9,243,653	100%

<sup>(1)</sup>"All other revenue" includes the PUC payment in lieu of tax.

A chart of 2018 General Fund revenue sources is as follows:



The fund balance of the General Fund decreased by \$51,558 in 2018 as follows:

	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues	\$8,981,000	\$9,189,000	\$208,000
Expenditures	8,329,000	8,690,000	(361,000)
Revenues over (under) expenditure	652,000	499,000	(153,000)
Other sources (uses):			
Sale of capital assets	-	33,000	33,000
Insurance recoveries	-	22,000	22,000
Transfers in	4,000	4,000	0
Transfers out	(568,000)	(609,000)	(41,000)
Total other sources (uses)	(564,000)	(550,000)	14,000
Net change in fund balance	\$88,000	(\$51,000)	(\$139,000)

Detail of the preceding budget variances is presented in Statement 10 of the 2018 Comprehensive Annual Financial Report. A summary of the budget variances is as follows:

Revenue:

**Licenses and permits** – had an unfavorable variance of \$64,000. For 2018, there were a higher number of permits issued, but for a lower valuation.

**Future governmental** – had a favorable variance of \$327,000 due to the receipt of \$300,000 from IRRRB for the Grand Itasca Hospital

Expenditures:

**City-wide** – had unfavorable variance of \$302,000 primarily due to the payment of the IRRRB grant to the EDA.

**Public Works** – the unfavorable variance of \$152,000 is due to crack sealing (\$40,000), street light maintenance (\$29,000), and wages (\$51,000).



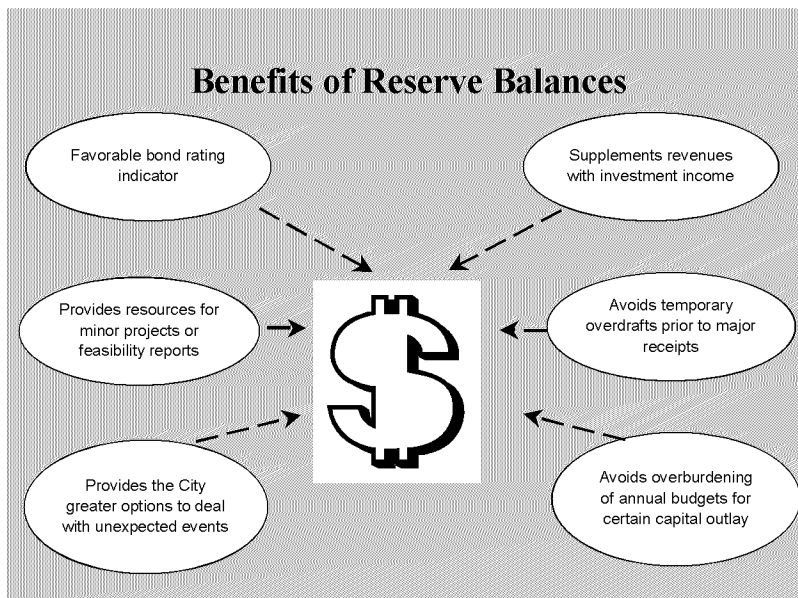
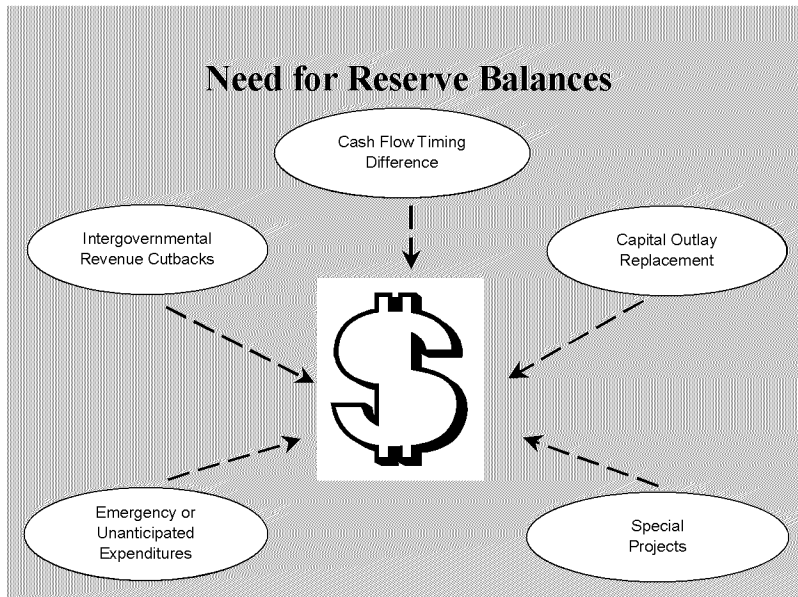
The City's General Fund balance has been as follows for the past ten years:

<b>General Fund Balance</b>		
<u>Year</u>	<u>Amount<sup>(1)</sup></u>	<u>Increase (Decrease)<sup>(1)</sup></u>
2009	4,749,000	(323,000)
2010	4,941,000	192,000
2011	5,021,000	80,000
2012	5,516,000	495,000
2013	5,497,000	(19,000)
2014	5,651,000	154,000
2015	6,001,000	350,000
2016	6,239,000	238,000
2017	6,271,000	32,000
2018	6,219,000	(51,600)

<sup>(1)</sup>Rounded to nearest thousand

The fund balance of a city's general fund is a key financial indicator. Management controls over the level of fund balance is based on a city's philosophy and approach to determining optimum balances.

A summary of the purposes and benefits of General Fund designated balances is as follows:



Summary of General Fund Balance

The City has a policy regarding General Fund Reserve Balances (Resolution 11-110). The City's policy for reserves in the General Fund is:

*Minimum cash flow* – to equal 50% of the following year's General Fund property tax and anticipated local government aids.

*Compensated absences* – equal to the sum of flexible time off and compensatory time for all employees each December 31.

*Emergency or unanticipated expenditures* – equal to 10% of the prior year General Fund annual revenues.

*Neighborhood and economic development* – equal to the principal amount of the sale of the liquor store.

At December 31, 2018, the unassigned fund balance of the General Fund available for reserves was \$4,339,372, compared to its targeted balance of \$5,557,201. See schedule on next page.

In addition, the City has established a specified amount of General Fund balance for revenue stabilization, which is reported as committed fund balance. When sufficient reserves exist, the amount committed is equal to 10% of the prior year annual revenues.

*General Fund*

At December 31, 2018, the fund balance of the General Fund was as follows:

Fund Balance Constraint	Balance 12/31/17	2018		Targeted Balance	Difference
		Balance 12/31/18	Increase (Decrease)		
1 Nonspendable:					
2 Interfund loan	\$1,000,921	\$1,014,898	\$13,977	\$1,014,898	\$ -
3 Prepaid items	107,305	131,423	24,118	131,423	-
4 Restricted:					
5 Cash - Superior USA	12,888	12,548	(340)	12,548	-
6 Donor restrictions	8,789	6,871	(1,918)	6,871	-
7 Committed:					
8 Revenue stabilization	613,922	713,901	99,979	918,892	(204,991)
9 Unassigned (Available for Reserves):					
10 Cash flow	3,451,340	3,573,268	121,928	3,573,268	-
11 Compensated absences	383,351	367,572	(15,779)	367,572	-
12 Emergency / unanticipated	692,055	398,532	(293,523)	918,892	(520,360)
13 Economic development	-	-	-	697,469	(697,469)
14 Unassigned	-	-	-	-	-
15 Total	<u>\$6,270,571</u>	<u>\$6,219,013</u>	<u>(\$51,558)</u>	<u>\$7,641,833</u>	<u>(\$1,422,820)</u>

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are a classification of funds to account for revenues (and expenditures related thereto) segregated by City policy or Federal or State statutes for specific purposes. The City maintained the following Special Revenue Funds during 2018:

Fund	Revenue	Expenditures	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2018	Comments
Public Library	\$937,974	\$933,714	\$ -	\$4,260	\$519,169	This fund had a balanced budget for 2018. Revenues exceeded budget by \$41,100 due to donations and expenditures exceeded budget by \$37,000 due to capital outlay.
Central School	57,294	108,142	56,361	5,513	62,384	This fund had a balanced budget for 2018. Transfers in exceed budget by \$30,000.
Airport Operations	211,846	261,833	20,000	(29,987)	166,627	This fund had a balanced budget for 2018. Expenditures exceed budget primarily due to the purchase of a generator.
IRA Civic Center	726,852	728,528	-	(1,676)	(164,709)	The City budgeted an increase in fund balance of \$12,000. Revenues were less than budget by \$61,000.
Recreation Programs	16,486	32,735	14,325	(1,924)	-	This fund was closed during 2018.
Haz-Mat	78,829	78,793	-	36	1,009	Balanced budget for 2018.
Police Forfeiture	13,221	5,055	-	8,166	71,849	Budgeted an increase in fund balance of \$11,000. Expenditures exceeded budget by \$5,500 and revenues were under budget by \$7,500.
Cemetery	234,159	234,917	-	(758)	88,036	Balanced budget for 2018.
Domestic Animal Control Facility	36,445	59,984	23,540	1	7,622	Balanced budget for 2018. Receives budgeted transfer from General Fund.
Totals	\$2,313,106	\$2,443,701	\$114,226	(\$16,369)	\$751,987	

**Public Library**

Approximately 60% of the funding of library operations is from property taxes and state aids which are not received until the second-half of the year. Therefore, like the General Fund, a portion of the fund balance is required for cash flow purposes. In response to this circumstance, the Library Board adopted resolution 2012-12 amending the fund balance policy. A summary of Public Library Fund balance at December 31, 2018 is as follows:

Fund Balance Constraint	December 31, 2018		
	Targeted Balance	Actual Balance	Difference
Nonspendable:			
Prepaid items	\$14,921	\$14,921	\$ -
Committed:			
Cash flow	415,344	415,344	-
Compensated absences	41,263	41,263	-
Emergency/unanticipated expenditures	64,125	47,641	16,484
Major equipment replacement	73,286	-	73,286
Total committed	594,018	504,248	89,770
 Total fund balance	 \$608,939	 \$519,169	 \$89,770

As shown above, the actual fund balance is \$89,770 less than the targeted fund balance at December 31, 2018.

**IRA Civic Center**

A summary of activity of this Fund is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 Budget</u>
Revenue	\$700,298	\$849,709	\$716,852	\$721,359	\$760,100
Expenditures:					
Operating	661,270	692,597	749,122	728,528	733,672
Capital outlay	112,406	260,131	158,057	-	-
Revenues over (under) expenditures	(73,378)	(103,019)	(190,327)	(7,169)	26,428
Other sources:					
Insurance recoveries	31,103	7,810	7,000	5,493	-
Sale of capital assets	-	38,000	14,075	-	-
Transfers from other funds	19,554	-	145,067	-	-
Net change in fund balance	(22,721)	(57,209)	(24,185)	(1,676)	26,428
Fund balance (deficit) - January 1	<u>(58,918)</u>	<u>(81,639)</u>	<u>(138,848)</u>	<u>(163,033)</u>	<u>(164,709)</u>
Fund balance (deficit) - December 31	<u><u>(\$81,639)</u></u>	<u><u>(\$138,848)</u></u>	<u><u>(\$163,033)</u></u>	<u><u>(\$164,709)</u></u>	<u><u>(\$138,281)</u></u>

The Fund deficit of (\$164,079) at December 31, 2018 is partially financed by an interfund loan of \$94,879 which is to be repaid over ten years (through 2025).

We recommend the City continue to monitor the financial results of this Fund.

**DEBT SERVICE FUNDS**

Debt Service Funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than Enterprise Fund debt).

Current governmental reporting standards for fund financial statements do not provide for the matching of long-term debt with its related financing sources. Although this information can be found in the City's Comprehensive Annual Financial Report, it is located in several separate sections. The following schedule extracts information from the Comprehensive Annual Financial Report to provide an overview analysis of long-term debt and its related funding.



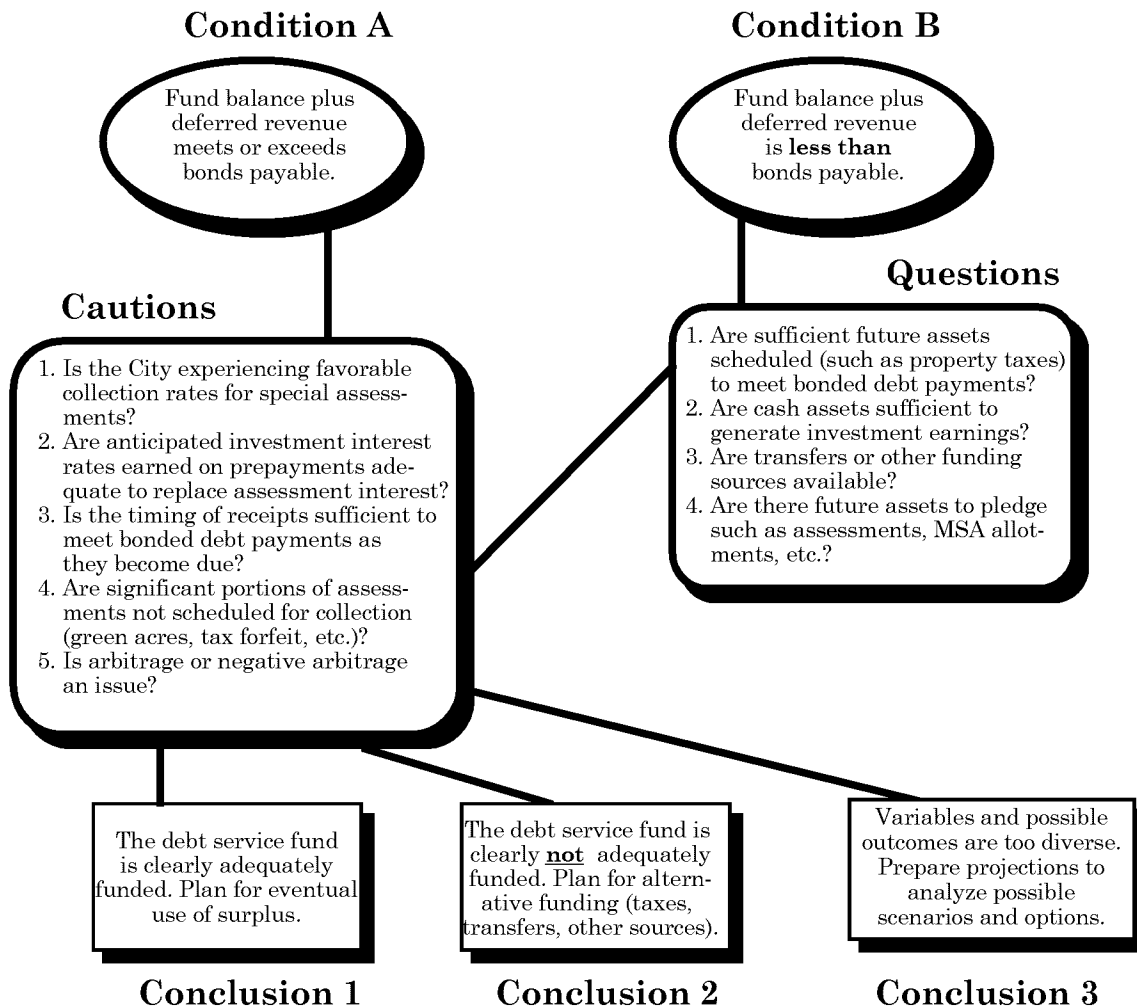
*Debt Service Funds*

The reader is cautioned that 1) future interest revenue from assessments and investments, and 2) future interest expense on bonded debt, is not included in the following schedule.

Fund Description	December 31, 2018			Outstanding Debt	Scheduled Ad-valorem Property Taxes	Final Maturity Date
	Fund Balance	Deferred Revenue	Total			
Special Assessment Debt:						
1 Improvement Bonds of 2009C	786,538	255,033	1,041,571	2,365,000	1,816,948	2/1/2025
2 Improvement Bonds of 2010A	155,324	41,397	196,721	480,000	392,929	2/1/2026
3 Improvement Bonds of 2011B	386,298	215,038	601,336	735,000	459,448	2/1/2027
4 Improvement Bonds of 2012A	847,207	235,802	1,083,009	1,545,000	1,151,625	2/1/2028
5 Improvement Bonds of 2013A	531,183	476,811	1,007,994	570,000	200,137	2/1/2021
6 Improvement Bonds of 2013B	984,245	278,147	1,262,392	2,315,000	2,432,472	2/1/2029
7 Improvement Bonds of 2014A	394,788	94,887	489,675	3,120,000	2,287,233	2/1/2030
8 Improvement Bonds of 2016A	313,146	182,412	495,558	2,055,000	2,296,268	2/1/3032
9 Refunding Bonds of 2017B	1,231,005	364,480	1,595,485	2,215,000	1,324,116	2/1/2034
10 Street Reconstruction Bonds of 2017A	342,965	203,429	546,394	2,130,000	2,370,559	2/1/2033
11 Street Reconstruction Bonds of 2018A	209,483	176,217	385,700	1,960,000	2,559,138	2/1/2034
12 Supplemental levy	-	-	-	-	(457,500)	
13 Total special assessment debt	<u>6,182,182</u>	<u>2,523,653</u>	<u>8,705,835</u>	<u>19,490,000</u>	<u>16,833,373</u>	

(1) These are "Build America Bonds", the interest is subsidized by a federal credit.  
 (2) These TIF districts have "pay-as-you-go" obligations.  
 (3) Does not include future taxincrement levies  
 (4) To be paid by MSA allotments  
 (5) This amount represents decreased levies which were approved to eliminate projected cash surpluses in various Debt Service Funds.

The following decision chart prompts questions to further evaluate a fund's financial position:



We recommend the City continue to compare actual results of the Debt Service Funds with the projected amounts to ensure adequate funding of the Debt Service Funds and/or possibly reduce future tax levies.

**TAX INCREMENT DISTRICTS**

The City of Grand Rapids currently has the following tax increment districts:

- TIF 1-4      Oakwood Terrace
- TIF 1-6      Old Hospital Housing
- TIF 1-7      Block 37 Redevelopment
- TIF 1-8      Lakewood Heights
- TIF 1-9      Majestic Pines
- TIF 1-10     River Hills Apartments

**Tax Increment 1-4 (Oakwood Terrace)**

The final payment on a pay-as-you-go note was made in 2006. The fund no longer has note or debt service payments and is collecting tax increment. Any extra tax increment from this district has been pledged to pay any shortfalls of TIF 1-6 (relating to the 2008A TIF Bonds only). This pledge was made because the owner of Oakwood Terrace is the same owner as the Old Hospital Housing.

**Tax Increment 1-6 (Old Hospital Housing)**

The district is divided into two main parcels:

1. Assisted Living Facility on the East Clinic site:
  - 2008 was the first year tax increment was received relating to this parcel.
  - The tax increment (90%) is used to make debt service payments on the \$850,000 G.O. TIF Bonds, 2008A. This bond issue was refunded by the 2017B Bonds.
2. Old hospital site was redeveloped into low to moderate income housing:
  - The old hospital was demolished in 2008. TIF Bond proceeds financed the demolition costs.
  - The tax increment derived from this site is used to make the debt service payments on the \$307,500 Tax Increment Revenue Notes, 2008B (paygo).
  - The outstanding balance of this note at December 31, 2017 was \$307,500.

The District also has an obligation to pay the \$15,057.57 2008C TIF Note (paygo):

- Payable only from TIF administrative revenues received through the county.
- The administrative portion the City is entitled to keep is 10% of the tax increment.
- Half of this (5% of total) is pledged to repay the 2008C TIF Note.
- Both of the above portions of the District (Funds 371 and 373) made payments towards the 2008C Note.
- The City splits the tax increment revenue by parcel number when it comes in so that the correct amounts go to each fund.
- Each fund contributes its 5% portion (assuming enough increment was received) so that in total, 5% is contributed.
- The obligation ended August 1, 2014.

**Tax Increment 1-7 (Block 37 Redevelopment)**

The tax increment derived from this site is used to pay the \$389,300 2008A TIF Note (paygo). 90% of the increment collected is pledged to pay the note. The outstanding balance of this note was \$389,300 at December 31, 2018.

The District also had an obligation to pay the \$2,010.81 2008D TIF Note (paygo). The note was payable only from TIF administrative revenues received through the County. The obligation ended August 1, 2011.

**Tax Increment 1-8 (Lakewood Heights)**

The tax increment derived from this site are used to pay the \$350,000 2013A TIF Note (paygo). 90% of the increment collected is pledged to pay the note. 2013 was the first year tax increment was received. The outstanding balance of this note was \$278,294 at December 31, 2018.

**Tax Increment 1-9 (Majestic Pines)**

The tax increment derived from this site are used to pay the \$385,355.68 2015A TIF Note. 90% of tax increment collected is pledged to pay the 2015A Note and 5% of tax increment collected is pledged to pay the, \$12,099.69 2015B Note. The administrative portion the City is entitled to keep is 10% of tax increment collected. However, half of this amount is pledged to repay the 2015B TIF Note. The outstanding balance on the 2015A note at December 31, 2018 was \$91,949. The outstanding balance on the 2015B note at December 31, 2018 was \$0. This TIF District was decertified as of December 31, 2018.

**Tax Increment 1-10 (River Hills)**

Tax increment derived from the district are used to pay the \$300,000 2016A TIF Note. 90% of the increment collected is pledged to pay the Note. The outstanding balance of this Note was \$276,188.

**CAPITAL PROJECT FUNDS**

The financial activity of the Capital Project Funds for 2018 was as follows:

Fund	Revenue	Expenditures	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2018	Comments
General Capital Improvement Projects	\$539,774	\$672,002	\$310,900	178,672	\$252,039	2018 expenditures include \$529,000 for the MS River Pedestrian Bridge project and \$96,000 for the IRRRB Grand demo reimbursement project.
Municipal State Aid	65,203	10,003	-	55,200	225,094	2018 expenditures was a special assessment payment
Park Acquisition and Development	11,394	26,014	-	(14,620)	19,883	2018 expenditures was primarily for the ADA swing.
Arts and Culture Capital Project	9,534	15,815	36,735	30,454	57,484	
Capital Equipment Replacement	194,009	313,118	225,004	105,895	(314,657)	2018 expenditures include IT equipment (\$36,000); Mower (\$43,000); Backhoe (\$99,000); Police vehicle (\$30,000), Dodge Ram Truck (\$28,000); IRA roof (\$18,000).
Airport Capital Fund	854,656	896,811	71,325	29,170	70,816	2018 expenditures include \$55,000 for the Airport Master plan project and \$838,000 for the Apron Construction.
IRA Civic Center Projects	75,193	2,397	-	72,796	(158,666)	
7th Avenue Bridge Rehabilitation	-	-	(300,000)	(300,000)	155,652	the 2018 transfer was to the General Capital Improvement Projects fund.
Permanent Improvement Revolving	18,303	5,816	(5,000)	7,487	349,502	
2000 Infrastructure - Other	-	425	-	(425)	5,357	
2016 Infrastructure - Bonded	-	-	91,301	91,301	-	
2017 Infrastructure - Bonded	121,379	169,191	(241,568)	(289,380)	-	2018 expenditures include 4th Ave. & 13th St NW; 9th Street NE; 14th St NW Overlay; 8th Ave. NE Storm Water.
2018 Infrastructure - Bonded	3,393,312	2,374,564	(32,235)	986,513	979,983	2018 expenditures were for 2018 NE Improvements and 10th Ave Ne Improvements.
2019 Infrastructure - Bonded	-	148,734	-	(148,734)	(148,734)	2018 expenditures were for the Golf Course Road utility extension and Cohasset Trail
Totals	\$5,282,757	\$4,634,890	\$156,462	\$804,329	\$1,493,753	

**ENTERPRISE FUNDS**

The City maintains two Enterprise Funds, the Pokegama Golf Course and the Storm Water Utility Fund.

**Pokegama Golf Course Fund**

A summary of golf course operations for the preceding four years is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating revenue	\$588,835	\$569,276	\$567,053	\$582,728
Operating expenses	<u>593,559</u>	<u>634,682</u>	<u>673,732</u>	<u>621,106</u>
Operating income (loss)	(4,724)	(65,406)	(106,679)	(38,378)
Other income (expense) - net	1,472	306	8,921	27,295
Transfers in	-	-	-	-
Transfers out	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>
Change in net assets	<u><u>(\$6,752)</u></u>	<u><u>(\$68,600)</u></u>	<u><u>(\$101,258)</u></u>	<u><u>(\$14,583)</u></u>

The 2018 budget anticipated a net loss of \$63,789. Revenue for 2018 was \$19,000 less than budgeted. Expenditures for 2018 were \$77,000 less than budgeted.

**Storm Water Utility Fund**

This Fund was established in 2004. The transfers out of the Fund are for the storm water utility's portion of infrastructure improvements made during the year.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating revenue	\$561,023	\$559,245	\$590,824	\$699,897
Operating expenses	<u>437,259</u>	<u>669,284</u>	<u>689,836</u>	<u>747,613</u>
Operating income	123,764	(110,039)	(99,012)	(47,716)
Other income (expense) - net	6,311	12,084	4,002	7,526
Transfers in (out)	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>33,000</u>
Change in net assets	<u>\$30,075</u>	<u>(\$97,955)</u>	<u>(\$95,010)</u>	<u>(\$7,190)</u>

The transfer out for 2015 was for the 2014 Infrastructure project. For 2018, revenue increased as a result a change in rates and storm water credits.



**ECONOMIC DEVELOPMENT AUTHORITY**

This organization was established and began operations in 1987 pursuant to Minnesota Statute 458C (subsequently amended and recodified). During 1994, the City adopted resolution 94-164 which modified the previous enabling resolution to refer to current statutory authority for EDA's as contained in Chapter 469 of Minnesota Statutes. Among other things, this resolution impacted the financial reporting of the EDA. The EDA is reported as a discrete component unit, similar to the Public Utilities Commission.

Fund balances of EDA funds are as follows:

Fund	Revenue	Expenditures	Change in Fund Balance	Fund Balance 12/31/2018
General	\$16,124	\$13,714	\$2,410	\$28,558
Capital Project	773,278	847,783	(74,505)	713,421
Total	\$789,402	\$861,497	(\$72,095)	\$741,979

Capital Project expenditures for 2018 include the following:

CBIL Loans issued	\$105,000
Grand Itasca IRRRB loan	300,000
MIF Loan	125,000
DEED grant	240,800
Airport South Ind. Park	9,330
Loan repayments	50,602
All other	17,051
Total	<u>\$847,783</u>

*Economic Development Authority*

The EDA has several loans payable. A summary of these loans is as follows:

Payee	Purpose	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Blandin Foundation	Block 20 & 21 soil remediation	\$100,000	\$ -	\$ -	\$100,000
Blandin Foundation	Airport industrial park	315,000	-	17,500	297,500
Blandin Foundation	Commercial building improvement loans	156,734	-	17,600	139,134
IRRRB	Airport Hangar	293,000	-	-	293,000
IEDC	Airport Hangar	81,363	-	8,687	72,676
	Total	<u>\$946,097</u>	<u>\$ -</u>	<u>\$43,787</u>	<u>\$902,310</u>

The EDA also has inventory of Land Held for resale in the amount of \$2,316,696. A summary of these assets are as follows:

Industrial park East	\$274,500
Airport South Industrial Park - Phase 1	162,212
Airport South Industrial Park - Phase 2	197,739
Airport properties	576,344
Manufacturing Hangar	580,000
Block 5	258,601
Blocks 20 and 21	267,300
	<u>\$2,316,696</u>

**ACCOUNTING STANDARDS**

Governmental Accounting Standards Board (GASB) statements that are required to be implemented in future years that may affect the City are as follows:

<u>Upcoming GASB Statements</u>	<u>City Implementation Required By</u>
<b>Statement No. 83</b> <i>Certain Asset Retirement Obligations.</i>	2019
<b>Statement No. 84</b> <i>Fiduciary Activities.</i>	2019
<b>Statement No. 87</b> <i>Leases.</i>	2020
<b>Statement No. 88</b> <i>Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements.</i>	2019
<b>Statement No. 89</b> <i>Accounting for Interest Cost Incurred before the End of a Construction Period.</i>	2020
<b>Statement No. 90</b> <i>Majority Equity Interests and ammendment of GASB statements No. 14 and No. 61.</i>	2019

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

We have substantially completed the audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota for the year ended December 31, 2018. We did not audit the financial statements of the Public Utilities Commission (a discretely presented component unit). Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 14, 2018. Professional standards also require that we communicate to you the following information related to our audit.

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 10 to the financial statements, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans for the year ended December 31, 2018. The most significant effect of this standard is that it required the City to record the Actuarial Accrued Liability related to OPEB rather than the Net OPEB Obligation.

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 financial statements 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 management's estimation of the factors relating to the Actuarial Accrued Liability related to OPEB, and the net pension liability and the pension related deferred inflows and outflows. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Determining sensitivity is subjective, however, we believe the disclosures most likely to be considered sensitive are Note 8 – Defined Benefit Pension Plans.

The disclosures in the financial statements are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected 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. There were no uncorrected misstatements that have an

effect on our opinion on the financial statements. There were no corrected misstatements identified during the audit.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of the audit.

**Management Representations**

We will be requesting certain representations from management that are included in the management representation letter.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the management's discussion and analysis and the budgetary comparison information, Schedule of Changes in total OPEB Liability and related ratios and The Schedules of Proportionate Share of Pensions Liability and Pension contributions, which are required supplementary information (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 that RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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.

We were not engaged to report on the introductory section, statistical section and other information section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

**Restriction on Use**

This information is intended solely for the information and use of the City Council and Management of the City of Grand Rapids, Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.



CITY OF  
GRAND RAPIDS  
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# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0227      **Version:** 1      **Name:** Plastic Survey  
**Type:** Agenda Item      **Status:** CC Worksession  
**File created:** 4/12/2019      **In control:** City Council Work Session  
**On agenda:** 4/22/2019      **Final action:**  
**Title:** Plastic Survey Report - Patricia Helmberger  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [GR Area Earth Circle - Report .pdf](#)

Date	Ver.	Action By	Action	Result
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Plastic Survey Report - Patricia Helmberger



# Report to Grand Rapids City Council from Grand Rapids Area Earth Circle

Conducted by the BYOBag Committee

Thank you for supporting our survey into plastic bag usage in 21 of our local and corporate stores. While this does not include every store in Grand Rapids, it does give us a good sampling of how our community is shopping with reusable and plastic bags. We found nearly all of the managers cooperative and some even enthusiastic about our survey. Several managers expressed their dismay about the number of plastic bags used in their own business. A number of them, however, were not able to fully complete the survey because of corporate rules.

## Results of Survey (Indicates 1 week)

Stores Contacted:	Plastic bags	Cost	Reusable
Bags			
ALDI	0	0	Nearly All
Grand Organics	1000	12.99	10-12
Walmart	3500	100.00	500
S&S Meats	1000	35.00	
Target	Unsure	250.00	200
Walgreens	1000	?	5%
L&M	Would not take the survey		
Glen's	500	17.00	None
Super One West	No response from Corporate Office		
Super One South	No response from Corporate Office		
Holiday on Pokegama	likes plastic bags		
Holiday on Highway 2			12
Home Depot	1000	35.00	5
Goodwill Industries	Uses only recycled bags		
Casey's	No response from Corporate Office		
Glik's	Corporate considering reusable bags or recycled plastic bags		5
Clara's Cupboard	Uses only recycled plastic bags		
Village Bookstore	Uses only paper bags		some
Super One Liquor	Uses only paper bags		10-15
God's Country Outfitters	Would give 5 cent discount for reusable bag		less than 1%

Stores Willing to Partner with BYOBag on an Earth Day Event and/or Receive Signage:

Grand Organic, Walmart, Target, S&S, God's Country Outfitters

## **Conclusions**

We have learned through conversations, that many store managers and employees are acutely aware of plastic pollution. One mentioned the recent death of a whale with 66 pounds of plastic bags in its stomach. Another expressed frustration that the reusable bags she gave to customers were not being used on return trips. We conclude from these conversations that there is a growing concern in the business community that plastic is a deadly product in the environment. Many, however, are constrained by corporate rules from taking action on their own to reduce plastic bags.

We found good news in some grocery stores with Walmart seeing 500 reusable bags at checkout each week. It enjoys a savings on purchase of plastic bags. Target also sees savings from shoppers with reusable bags (200) per week with each one receiving a 5 cent discount.

ALDI stands out as the only grocery store in Grand Rapids that requires reusable bags or other reusable containers. We conclude that if other stores adopted this policy, they could save money on plastic bags, as well as reduce pollution. ALDI's success indicates that shoppers quickly adjusted to taking reusable bags when shopping there and would make that same adjustment if other stores followed their example.

We regret that we cannot give you a total of plastic or reusable bags used in our community because of missing numbers from two of our large grocery stores. We were asked to contact their corporate office, which we have done and are awaiting a response.

We found that convenience stores see very few reusable bags at their check-out. In fact, a Casey's manager said he had never seen one in his store. Those stores are a particular challenge because of the nature of their shoppers. Most are there to buy gas and perhaps make a spur-of-the-moment purchase of a drink and a snack. They are the least likely shoppers to bring their own bags.

After six years of strong advocacy for plastic bag reduction in Grand Rapids, we believe we've had an impact on a number of shoppers while others are immune to our message. We are, afterall, asking people to change a long-established habit that is

hard to break. We also believe that voluntary compliance is not a great motivator without some obvious benefit to the customer, such as a discount for a reusable bag, or a disincentive such as a charge for plastic bags.

Strong leadership at the state level is needed to confront plastic proliferation in Minnesota. We believe the Legislature should vote to allow communities to make their own decisions on plastic bag fees or bans. We also believe that individuals must resist plastic consumption that manufacturers have forced upon us in every aspect of our lives. That is not an easy task. With the 40% projected increase in plastic production, scientists warn that it risks “the permanent contamination of the oceans.”

In conclusion, we thank you again for your support. We plan to continue our efforts to reduce plastic bag pollution through information and new signage with an emotional appeal to shoppers to remember their reusable bags. As our recycling options decline, it is imperative that we take responsibility for the choices we make for our community and the planet. Shopping with reusable bags is an easy step toward that goal.

Submitted by: Pat Helmberger, Barb Veit, Polly Edington, Chris Friedlieb  
BYOBag Committee of Grand Rapids Area Earth Circle



# CITY OF GRAND RAPIDS


## Legislation Details (With Text)

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**File #:** 19-0201      **Version:** 1      **Name:** Discuss small cell wireless technology.  
**Type:** Agenda Item      **Status:** CC Worksession  
**File created:** 4/3/2019      **In control:** City Council Work Session  
**On agenda:** 4/22/2019      **Final action:**  
**Title:** Discuss small cell wireless technology.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [Small cell work session.pdf](#)

Date	Ver.	Action By	Action	Result
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Discuss small cell wireless technology.



# **Small Cell Wireless and 5G**

**Worksession  
April 22, 2019**

GRAND RAPIDS  
MICHIGAN



# Small Cell Wireless and 5G Worksession April 22, 2019

## What are small cells ?

- Small cells utilize equipment to expand and boost cellular coverage
- Substantial benefits for cell service customers

## What is 5G?

- Expanded wireless bandwidth that will improve service.
- Most recently, companies have been transmitting in 4G but this is limited
- Benefits include expanding high-speed internet, better cellular service and enhanced public safety operations.



# Small Cell Wireless and 5G Worksession April 22, 2019

## Why does this concern the City?

- Wireless companies prefer to place these facilities in the public right-of-way
- Typically, they are located on existing structures that are owned by other entities (street light and signal poles)

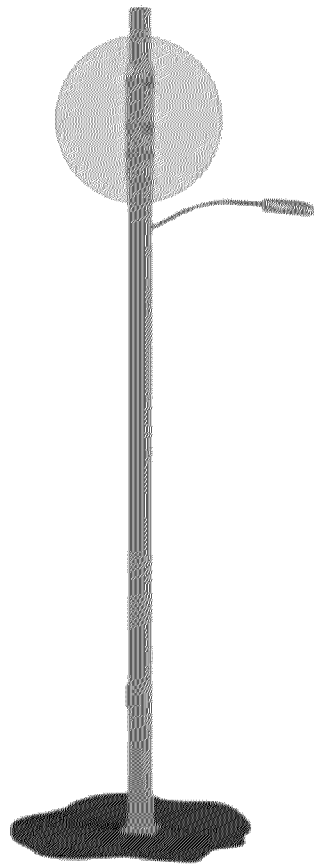
## What does this mean for Grand Rapids?

- In order to properly regulate the placement of these facilities, changes to the right-of-way ordinance are needed
- Additionally, the FCC is trying to limit the regulation that local units of government have. The FCC sees the benefits of improved wireless and feels LGU's are prohibiting this with excessive requirements.

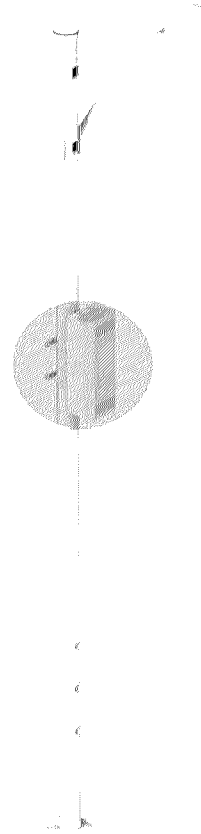


# Small Cell Wireless and 5G Worksession April 22, 2019

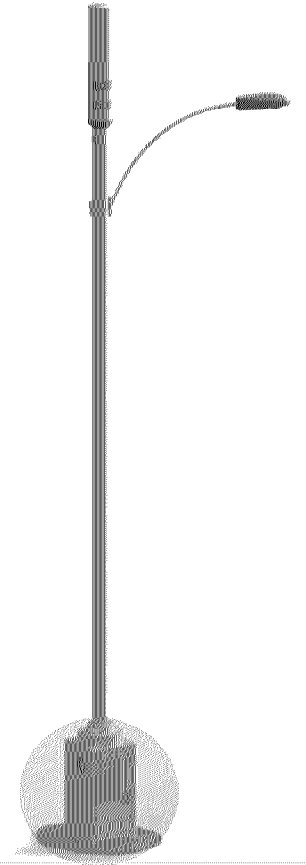
## Small Cell Equipment



Top of Pole



Middle of Pole



Bottom of Pole





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# Small Cell Wireless and 5G Worksession April 22, 2019

## Small Cells





# Small Cell Wireless and 5G Worksession April 22, 2019

## Right of Way Ordinance Changes

### Summary of changes:

- Added definitions pertaining to wireless
- Added timelines for reviewing applications
- Defined conditions of a small wireless facility
- Determined standards for facilities
- Added the ability to charge fees
- Added a requirement that all facilities in the right-of-way have a high-visibility marker



# Small Cell Wireless and 5G Worksession April 22, 2019

## Wireless Facility Permit Application

In order to manage small cell wireless facilities, a permit application has been established that defines the terms and conditions for each site.

This application outlines the following:

- Engineering documents required
- Maintenance and repair of equipment
- Insurance requirements



# Small Cell Wireless and 5G Worksession April 22, 2019

## Fee Schedule

The proposed fee schedule for applications and annual expenses is shown below:

Small Wireless Facility Fees	
Permit Application Fee	\$1,500/unit
Collocation Rent	\$175.00 per year per site
Monthly Fee for Electrical Service per radio node less than or equal to 100 max watts	\$73.00 per radio node
Monthly Fee for Electrical Service per radio node over 100 max watts	\$182.00 per radio node

Currently, the FCC is trying to regulate the fees associated with small cells. The current proposal is as follows:

Small Wireless Facility Fees	
Permit Application Fee	\$500 for up to 5 sites, \$100 per site thereafter
Collocation Rent	\$270 per year per site
Monthly Fee for Electrical Service per radio node less than or equal to 100 max watts	NC
Monthly Fee for Electrical Service per radio node over 100 max watts	NC



# Small Cell Wireless and 5G Worksession April 22, 2019

## Next Steps

- Currently our ordinance and fee structure align with MN State Statues. This will likely change in the coming months/years, but for now the City needs to establish guidelines.
- Approve right-of-way ordinance changes
- Approve wireless facility permit
- Approve fee schedule



# Small Cell Wireless and 5G Worksession April 22, 2019

Questions?



## ARTICLE II. - USE OF PUBLIC RIGHTS-OF-WAY

Sec. 58-31. - Election to manage the public right-of-way.

In accordance with Minn. Stat., § 237.163 subdiv. (b), the city hereby elects to manage right-of-ways within its jurisdiction.

(Ord. No. 05-01-01, § 1, 1-11-2005)

Sec. 58-32. - Definitions.

Except as provided below, the definitions in Minn. Rules 7819.0100 are hereby adopted by reference and are incorporated into this article as if set out in full.

Collocate or Collocation means to install, mount, maintain, modify, operate or replace a small wireless facility on, under, within, or adjacent to an existing wireless support structure or utility pole that is owned privately, or by the city or other governmental unit.

*Facility* means any tangible asset associated with the provision of utility service that is or will be located in the public right-of-way.

*GRPUC* means Grand Rapids Public Utilities Commission.

Micro Wireless Facility means a small wireless facility that is no larger than twenty-four (24) inches long, fifteen (15) inches wide, and twelve (12) inches high, and whose exterior antenna, if any, is no longer than eleven (11) inches.

*Person* means an individual or entity subject to the laws and rules of this state, however organized, whether public or private, whether domestic or foreign, whether for profit or nonprofit, and whether natural, corporate, or political.

*Public right-of-way* means the area on, below, or above a public roadway, highway, street, alley, cartway, bicycle lane, or public sidewalk which the city maintains or otherwise has an interest, and other easements dedicated to the public or to use for utility service. The public right-of-way does not include the airwaves with regard to nonwire telecommunications or broadcast services.

*Restoration or Restore* means the process by which an excavated public right-of-way and surrounding area, including pavement and foundation, is returned to the same condition that existed before excavation.

Small Wireless Facility means a wireless facility that has an antenna and is located inside an enclosure of no more than six (6) cubic feet in volume or, in the case of an antenna that has exposed elements, the antenna and all its exposed elements could fit within an enclosure of no more than six (6) cubic feet; and all other wireless equipment associated with the small wireless facility excluding electric meters, concealment elements, telecommunication demarcation boxes, battery backup power systems, ground equipment, power transfer switches, cutoff switches, cable, conduit, vertical cable runs for the connection of power and other services, and any equipment concealed from public view within or behind an existing structure or concealment, is in aggregate no more than twenty-eight (28) cubic feet in volume.

*Utility service* includes:

- (1) Services provided by a public utility as defined in Minn. Stat., § 216B.02, subdivs. 4 and 6;
- (2) Services of a telecommunications right-of-way user, including the transporting of voice or data information;
- (3) Services provided by a cable communications system as defined in Minn. Stat. ch. 238;
- (4) Natural gas or electric energy or telecommunications services provided by a local government unit;

- (5) Services provided by a cooperative electric association organized under Minn. Stat. ch. 308A; and
- (6) Water, sewer, steam, cooling, or heating services.

Wireless Facility means equipment at a fixed location that enables the provision of wireless services between user equipment and a wireless service network, including equipment associated with wireless service, a radio transceiver, antenna, coaxial or fiber-optic cable, regular and backup power supplies, and a small wireless facility, but not including wireless support structures, wireline backhaul facilities, or cables between utility poles or wireless support structures, or not otherwise immediately adjacent to and directly associated with a specific antenna.

Wireless Service means any service using licensed or unlicensed wireless spectrum, including the use of Wi-Fi, whether at a fixed location or by means of a mobile device, that is provided using wireless facilities. Wireless service does not include services regulated under Title VI of the Communications Act of 1934, as amended, including cable service.

Wireless Support Structure means a new or existing structure in a right-of-way designed to support or capable of supporting small wireless facilities, as reasonably determined by the city.

(Ord. No. 05-01-01, § 2, 1-11-2005)

Sec. 58-33. - Permit requirement.

- (a) *Permit required.* Except as otherwise provided herein, no person may obstruct or perform work in any right-of-way, or locate facilities in any right-of-way, without first having obtained the appropriate permit from the city. The permit shall specify the location of the affected right-of-way, describe the work to be performed and facilities to be installed, and the duration of the permit. To affect the right of way means to disturb the existing ground surface.
- (b) *Permit extensions.* No person may obstruct or perform work in the right-of-way beyond the date specified in a permit unless a new permit or permit extension is granted.
- (c) *Responsible city official.* The city engineer is the city official charged with the initial authority and responsibility on behalf of the city, for (1) granting or denying permits (2) revoking permits (3) determining and imposing fees under this article.
- (d) *Delay penalty.* In accordance with Minnesota Rule 7819.1000, subpart 3, the city may impose a delay penalty for unreasonable delays in work conducted in the right-of-way. The city council shall establish the amount of the delay penalty from time to time by resolution.
- (e) *Permit display.* Permits issued under this section shall be conspicuously displayed or otherwise available for inspection at all times at the indicated work site.

(Ord. No. 05-01-01, § 3, 1-11-2005)

Sec. 58-34. - Permit applications.

A permit application shall contain the following:

- (a) A completed application form, including all required plans or drawings showing the location and area of the proposed project and the location of all known existing and proposed facilities, and the following:
  1. The applicant's name, Gopher One-Call registration certificate number, address and e-mail address if applicable, and telephone and facsimile numbers.
  2. A certificate of insurance naming the city as an additional insured, verifying that the applicant is insured against claims for personal injury, death, or property damages associated with



work in the right-of-way, and requiring 30 days notice to the city of cancellation or material modification of the policy.

- a. Before a permit shall be granted, the permittee shall deposit with the city clerk a policy or policies of an insurance company or companies licensed to transact business in this state insuring the permittee against loss from the liability imposed by law for damages on account of bodily injuries or death, or from damage to property resulting from the work contemplate by the permit, and agreeing to pay any judgment creditor to the extent of the amounts specified in such policy, any final judgment rendered against the insured by reason of such liability. The limit in any such insurance policy of such liability of the insurer on account of the work contemplate in the issuance of a permit shall not be less than \$500,000.00 combined single limit, bodily injuries and property damage. The policy may not be canceled by the insurance company without first notifying the city clerk at least 30 days before the policy is canceled.
  - b. General liability. Before a permit shall be delivered to any person, he/she shall deposit with the city clerk a policy or policies of an insurance company or companies duly licensed to transact business in this state, insuring the person from any and all liability which he/she may incur as a result of bodily injuries or property damage resulting to him. The limit of such insurance policy shall not be less than \$500,000.00 for bodily injuries to or death of any one person and an aggregate of \$1,000,000.00 on account of any one accident resulting in injuries and/or death of more than one person and a total of \$50,000.00 liability for damages to property of others arising out of any one accident.
3. If the applicant is a corporation, a copy of the certificate required to be filed under Minn. Stat., § 300.06 as recorded and certified to by the Secretary of State.
  4. A copy of the applicant's certificate of authority from the Minnesota Public Utilities Commission, or other applicable state or federal agency, to the extent such authority is required by law.
    - (a) Payment of a permit fee covering the city's administrative and management costs and any associated costs such at the cost of any right-of-way restoration that the city will complete. The permit fee is waived as to the GRPUC for a period of one-year after the date of adoption of this article.

(Ord. No. 05-01-01, § 4, 1-11-2005)

Sec. 58-35. - Permit approval, denial and conditions.

- (a) Denial of permit. The city may deny a permit if a completed application is not filed, if the requirements and conditions of this article are not met, or if the city determines that the denial is necessary to protect the health, safety, and welfare or to protect the right-of-way and its current use.
- (b) Any permit application submitted shall be reviewed and granted or denied by the city engineer within five (5) working days. If the city engineer fails to take action on the application within five (5) working days, the permit shall be deemed to be granted.
- (c) Small Wireless Facility – Deadline for action. The city shall approve or deny a small wireless facility permit application within 60 days for an existing facility and 90 days for a new facility after filing of such application. The small wireless facility permit, and any associated building permit application, shall be deemed approved if the city fails to approve or deny the application within the review periods established in this section.
- (d) Conditions. The city may impose reasonable conditions upon the issuance of the permit and the performance of the applicant thereunder to protect the health, safety and welfare or when necessary to protect the right-of-way and its current use. In addition, a permittee shall comply with all

requirements of local, state and federal laws, including but not limited to Minn. Stat. §§ 216D.01-.09 (Gopher Once Call Excavation Notice System) and Minn. R., ch. 7560.

(e) Small Wireless Facility Conditions. In addition to subdivision d, the erection or installation of a wireless support structure, the collocation of a small wireless facility, or other installation of a small wireless facility in the right-of-way, shall be subject to the following conditions:

1. A small wireless facility shall only be collocated on the particular wireless support structure, under those attachment specifications, and at the height indicated in the applicable permit application.
2. No new wireless support structure installed within the right-of-way shall exceed 50 feet in height without the city's written authorization, provided that the city may impose a lower height limit in the applicable permit to protect the public health, safety and welfare or to protect the right-of-way and its current use, and further provided that a registrant may replace an existing wireless support structure exceeding 50 feet in height with a structure of the same height subject to such conditions or requirements as may be imposed in the applicable permit.
3. No wireless facility may extend more than 10 feet above its wireless support structure.
4. Where an applicant proposes to install a new wireless support structure in the right-of-way, the city may impose separation requirements between such structure and any existing wireless support structure or other facilities in and around the right-of-way.
5. Where an applicant proposes collocation on a decorative wireless support structure, sign or other structure not intended to support small wireless facilities, the city may impose reasonable requirements to accommodate the particular design, appearance or intended purpose of such structure.
6. Where an applicant proposes to replace a wireless support structure, the city may impose reasonable restocking, replacement, or relocation requirements on the replacement of such structure.

(Ord. No. 05-01-01, § 5, 1-11-2005)

Sec. 58-36. - Permit fees.

The city council may establish an appropriate permit fee schedule that will be available to the public. Unless otherwise agreed to in a franchise, right-of-way permit fees are separate from and in addition to franchise fees imposed on a right-of-way user. ~~The permit fee is waived as to the GRPUC for a period of 1-year after the date of adoption of this article.~~

(Ord. No. 05-01-01, § 6, 1-11-2005)

Sec. 58-37. - Work standards.

(a) All work performed in the right-of-way shall be done in conformance with Minn. Rules, part 7819.1100, or applicable local requirements.

(b) Standards for Wireless Telecommunications Facilities

1. Purpose. The City desires high quality wireless communication services to accommodate the needs of residents and businesses. At the same time, the City strives to minimize the negative impacts that wireless telecommunication facilities can have on aesthetics and public safety. Due to the many services that must be delivered within its limited area, the City also strives to avoid unnecessary encumbrances within the public right-of-way. The purpose of this section is to regulate wireless telecommunication facilities within the public right-of-way in a manner that balances desire for service with aesthetic, public safety and right-of-way flexibility concerns.

Public rights-of-way are appropriate locations for wireless telecommunication facilities that present minimal impacts (i.e., small pole attachments that do not require new poles, do not require pole extensions, and do not have associated ground mounted equipment). Wireless telecommunication facilities that require greater heights than can be afforded by existing poles in the public right-of-way and that require ground mounted equipment are more appropriately sited outside the public right-of-way.

2. Wireless telecommunication facilities as pole attachments. Wireless that comply with the following requirements may be attached to existing public utility structures within the right-of-way after issuance of a permit.
  - a. The wireless telecommunication facility shall not extend above the top of the existing public utility structure and the height of the existing public utility structure shall not be increased to accommodate the wireless telecommunication facility.
  - b. If the public utility structure must be replaced to structurally accommodate the wireless telecommunication facility, the replacement public utility structure height shall not exceed the existing public utility structure height and the replacement public utility structure diameter shall not exceed the existing public utility structure diameter by more than fifty (50) percent.
  - c. The wireless telecommunication facility shall not be larger than six (6) cubic feet in volume and shall have no individual surface larger than four (4) square feet.
  - d. The wireless telecommunication facility shall not extend outward from the existing pole or tower or arm thereof by more than two and one-half (2½) feet, except that an antenna one-half (½) inch in diameter or less may extend an additional six (6) inches.
  - e. The wireless telecommunication facility shall include no ground mounted equipment within the planned widened rights-of-way.
  - f. The wireless telecommunication facility shall not interfere with public safety communications.
  - g. Wireless telecommunication facilities in the right-of-way shall be removed and relocated at City request in accordance to the requirements of Section 58-45, of this code.
  - h. The wireless telecommunication facility shall not block light emanating from the public utility structure and shall not otherwise interfere with the original use of the public utility structure.
3. Wireless telecommunication facilities as pole extensions or with ground mounted equipment. Wireless that require increased public utility structure height or that have ground mounted equipment may be erected in the public right-of-way only when in compliance with the following provisions and after issuance of the required permit(s).
  - a. The applicant shall demonstrate to the satisfaction of the Public Works Director or designee that the wireless telecommunication facility cannot be placed in a code complying location outside the right-of-way within one-quarter mile of the proposed location.

- b. The replacement public utility structure, including lightning rods and all other attachments, shall not exceed the height of the existing public utility structure by more than fifteen (15) feet. Once the height of a public utility structure has been increased under the provisions of this section, the height shall not be further increased.
- c. The replacement public utility structure diameter shall not exceed the existing public utility structure diameter by more than fifty (50) percent.
- d. The wireless telecommunication facility shall not extend outward from the public utility structure by more than two (2) feet.
- e. If feasible and desirable, as determined by the Public Works Director or designee, the replacement public utility structure shall match the original and surrounding public utility structures in materials and color.
- f. The wireless telecommunication facility shall not interfere with public safety communications.
- g. A pole attachment or excavation permit for a wireless telecommunication facility that has ground mounted equipment will be issued only if the issuing authority finds the following:
  - i. The ground mounted equipment will not disrupt traffic or pedestrian circulation;
  - ii. The ground mounted equipment will not create a safety hazard;
  - iii. The location of the ground mounted equipment minimizes impacts on adjacent property; and
  - iv. The ground mounted equipment will not adversely impact the health, safety or welfare of the community.
- h. Ground mounted equipment associated with the wireless telecommunication facility shall meet the following performance standards:
  - i. Be set back a minimum of ten (10) feet from the back of curb;
  - ii. Be separated from a sidewalk by a minimum of three (3) feet;
  - iii. Be set back a minimum of fifty (50) feet from the nearest intersecting right-of-way line;
  - iv. Be separated from the nearest ground mounted wireless telecommunication equipment installation on the same block face by a minimum of three hundred thirty (330) feet unless the equipment is placed underground;
  - v. If located adjacent to residential uses, ground mounted equipment shall be limited to three (3) feet in height above grade and twenty-seven (27) cubic feet in cumulative size;
  - vi. If located adjacent to nonresidential uses, ground mounted equipment shall be limited to five (5) feet in height above grade and eighty-one (81) cubic feet in cumulative size;
  - vii. Vegetative or other screening compatible with the surrounding area shall be provided around the ground mounted equipment if deemed necessary by the Public Works Director or designee.
- i. Wireless telecommunication facilities in the right-of-way shall be removed and relocated at City request in accordance to requirements of Section 58-45, of this code.

4. New poles. The erection in the right-of-way of a new pole to support wireless telecommunication facilities is not allowed, except as a replacement of an existing public utility structure subject to the requirements of this section.

5. Charges. In addition to the permit fees, the City reserves the right to charge telecommunication providers for their use of the public right-of-way to the extent that such charges are allowed under state law. Telecommunication providers shall be responsible for payment of property taxes attributable to their equipment in the public right-of-way.

(Ord. No. 05-01-01, § 7, 1-11-2005)

Sec. 58-38. - Right-of-way restoration by permittee.

Unless otherwise provided in a permit, the permittee shall promptly and fully restore the right-of-way within five (5) working days of completion of the placement of utilities, to a condition equivalent to that prior to its work. The permittee shall complete restoration according to Minn. Rules, 7819.1100, or such standards as may be specified by the city. If the pavement settles, the permittee shall pay to the city all costs associated with correcting the problem within thirty (30) days of billing. Upon the city's request, the permittee shall post a construction performance bond in accordance with the provisions of Minn. Rules, part 7819.3000. If the permittee fails to restore the right-of-way as required, the city may exercise its rights under the construction performance bond.

(Ord. No. 05-01-01, § 8, 1-11-2005)

Sec. 58-39. - Right-of-way restoration by the city.

The city may choose to restore the right-of-way with city forces or through contracting. If the city restores the right-of-way, the permittee shall pay the estimated costs thereof as part of the permit application fee and when restoration is completed by the city, pay the actual cost.

(Ord. No. 05-01-01, § 9, 1-11-2005)

Sec. 58-40. - Inspection.

- (a) *Notice of completion.* The permittee shall notify the city in writing when the work under a permit is completed.
- (b) *Site inspection.* City personnel and others authorized by law may inspect the work-site at any time during or upon completion of the work. At any time, the city may order immediate cessation of work that poses a threat to the life, health, safety or well being of the public.

(Ord. No. 05-01-01, § 10, 1-11-2005)

Sec. 58-41. - Work done without a permit.

- (a) *Non-emergencies.* Except in an emergency, any person who obstructs or performs work in a right-of-way without the necessary permit must immediately obtain a permit and pay double the normal permit fee as a penalty.
- (b) *Emergency situations.* Any person with facilities in the right-of-way shall immediately notify the city of any emergency in relation to its facilities. Such person may take whatever actions are necessary to respond to the emergency. Such person shall apply for the necessary permits, pay the fees associated therewith and fulfill the rest of the requirements in this article as soon as is feasible.

(Ord. No. 05-01-01, § 11, 1-11-2005)

Sec. 58-42. - Revocation of permit.

The city may revoke any right-of-way permit, without a fee refund, if there is a substantial breach of the terms and conditions of any statute, ordinance, rule or regulation, or any material condition of the permit. Prior to revocation, the city shall make a written demand upon the permittee to remedy such violation. Within 24 hours of receipt, the permittee shall provide a plan acceptable to the city to cure the violation or breach. The permittee's failure to timely respond or implement the approved plan shall be cause for immediate revocation of the permit.

(Ord. No. 05-01-01, § 12, 1-11-2005)

Sec. 58-43. - Mapping data.

Each permittee shall provide mapping information required by the city, including the following:

(a) The location and approximate depth of all facilities, with the location based on:

- a1. Coordinates derived in accordance with the GIS coordinate system being used by the city;  
or
- b2. If specifically authorized by the city, based on offsets from property lines, distances from the centerline of the public right-of-way, and curb lines.

(2b) The type and size of the facility;

(3c) The location of all aboveground facilities;

(4d) The location any facilities that have been abandoned; and

(5e) A legend explaining symbols, characters, abbreviations, scale, and other data shown on the map.

(Ord. No. 05-01-01, § 13, 1-11-2005)

Sec. 58-44. - Location of facilities.

(a) (a)—*Underground*. All new or replacement facilities must be installed and maintained underground. Exceptions would be the above ground installation, construction, modification, or replacement of meters, gauges, transformers, street lighting, pad mount switches, capacitor banks, re-closers and service connection pedestals shall be allowed. Additionally, for GRPUC applications, if the electrical distribution engineer of the GRPU believes that the placement of new or replacement facilities underground will impose significant financial burden and/or create technical difficulties which could preclude the placement of electrical distribution lines underground, he/she shall submit such information, as part of the permit application, in writing, to the city engineer for consideration. The city engineer shall take such information into consideration in determining whether the permit shall be approved or denied. If the permit is denied, the GRPUC may appeal the denial to the city council for reconsideration.

(b) Facility Markers. All above ground facilities located on city right of way (as noted in Sec. 58-44(a)) shall have a high-visibility marker attached. Minimum of length of five (5) feet with reflective tape at least six (6) inches wide. Marker shall be corrosion and UV resistant. All unmarked facilities that become damaged shall be repaired/replaced at no cost to the city.

The requirements of this subsection shall apply equally outside of the corporate limits of the city coincident with city jurisdiction of platting, subdivision regulation, orderly annexation, areas in which a joint powers agreement has been executed between the city and a specific jurisdiction which grants the city the authority to exercise such authority, or comprehensive planning as allowed by law.

(c) (b)—*Temporary service*. Above-ground installation, construction, or placement of temporary service

lines shall only be allowed:

- (1) During new construction of any project for a period not to exceed three months.
- (2) During an emergency in order to safeguard lives or property within the city:
- (3) For a period of not more than seven months when conditions make excavation impractical due to frozen soil.

(d) ~~(e)~~—*Additional requirements.* The city may impose additional restrictions on the location, size, design and appearance of any facilities to-be located in the right-of-way. The city may assign specific corridors or locations within the right-of-way for each type of facility to-be located in the right-of-way. Permits issued by the city may designate the proper corridor or location for the facility at issue.

~~(e)~~(d)—*Prohibited Installations.* The city may prohibit the installation or placement of additional facilities within the right-of-way if necessary to protect health, safety, and welfare, or protect the right-of-way and its current use. In making such decision, the city shall be guided primarily by considerations of the public interest, the condition of the right-of-way, the protection of existing facilities in the right-of-way, and future city plans for public improvements and development projects.

(Ord. No. 05-01-01, § 14, 1-11-2005)

Sec. 58-45. - Relocation of facilities.

Upon the city's written request, a person with facilities in the right-of-way shall promptly and at its own expense permanently remove and relocate its facilities as necessary to prevent interference in connection with a public project, such as a road improvement, or as the city may deem necessary to further public health or safety.

(Ord. No. 05-01-01, § 15, 1-11-2005)

Sec. 58-46. - Right-of-way vacation.

If the city vacates a right-of-way that contains the facilities of a permittee, the permittee's rights in the vacated right-of-way are governed by Minn. Rules, part 7819.3200.

(Ord. No. 05-01-01, § 16, 1-11-2005)

Sec. 58-47. - Indemnification and liability.

By applying for and accepting a permit under this article, a permittee agrees to defend and indemnify the city in accordance with the provisions of Minn. Rules, part 7819.1250.

(Ord. No. 05-01-01, § 17, 1-11-2005)

Sec. 58-48. - Abandoned facilities.

Any person who has abandoned facilities in any right-of-way shall promptly remove them if the city determines it is necessary to accommodate other right-of-way repair, excavation, or construction.

(Ord. No. 05-01-01, § 18, 1-11-2005)

Sec. 58-49. - Appeal.

A right-of-way user that: (1) has been denied a permit; (2) has had permit revoked; or (3) believes that the fees imposed are invalid, may have the denial, revocation, or fee imposition reviewed upon written request by the city council at its next regular meeting. A decision affirming the denial, revocation, or fee imposition will be writing and supported by written findings.

(Ord. No. 05-01-01, § 19, 1-11-2005)

Sec. 58-50. - Reservation of regulatory and police powers.

A permittee's rights are subject to the regulatory and police powers of the city to adopt and enforce general ordinances necessary to protect the health, safety and welfare of the public.

(Ord. No. 05-01-01, § 20, 1-11-2005)





CITY OF  
**GRAND RAPIDS**  
IT'S IN MINNESOTA'S NATURE

## Wireless facility permit

<b>Applicant:</b>	<b>Applicant phone (direct):</b>	<b>Applicant fax:</b>	
<b>Applicant email:</b>			
<b>Company name:</b>	<b>Company phone:</b>	<b>Company fax:</b>	
<b>Billing address :</b>	<b>City:</b>	<b>State:</b>	<b>Zip:</b>
<b>24-hour emergency contact number:</b>			
<b>Location limits</b> (describe specific sites on page two, up to 15 sites/permit)			
<b>Description of work</b> (attach additional pages if needed)			
<b>Construction start:</b>	<b>Days of construction:</b>	<b>Completion date:</b>	
<p><b>Acknowledgment</b></p> <p><i>By signing this application, I (the applicant/company) hereby acknowledge that I must adhere to all provisions of City of Grand Rapids ordinance sec.58-31 and any other applicable city ordinances and state and federal laws, including Minnesota statutes sections 237.162 and 237.163, in addition to the terms and conditions which are attached to this document. The applicant shall also comply with the regulations of all other governmental agencies for the protection of the public.</i></p> <p><b>Signature:</b> _____ <b>Date:</b> _____</p> <p><b>Title:</b> _____</p>			

**Required documents to apply:**

- |   |  |
|---|--|
| <input type="checkbox"/> Permit fee                               | <input type="checkbox"/> Structural study      |
| <input type="checkbox"/> Set of construction plans signed by P.E. | <input type="checkbox"/> Radio frequency study |
| <input type="checkbox"/> Public liability insurance               |  |

**Submit registration form and attachments to City of Grand Rapids – Engineering Department, 420 North Pokegama Avenue, Grand Rapids, MN 55744 or email to [engineering@cityofgrandrapidsmn.com](mailto:engineering@cityofgrandrapidsmn.com)**

### Site summary

*By statute, applicant may collocate up to 15 wireless facilities if they are within a two mile radius, consist of substantially similar equipment, and are to be placed on similar types of wireless support structures.*

Site	Description	Wireless facility type	Permit fee (\$1,500/unit)
01		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
02		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
03		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
04		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
05		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
06		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
07		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
08		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
09		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
10		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
11		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
12		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
13		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
14		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
15		<input type="radio"/> Small <input type="radio"/> Micro	\$ 0.00
Total permit fee due for location			\$ 0.00

## Wireless facility permit terms and conditions

### 1. Installation of equipment

#### 1.1. Permits

- 1.1.1. Wireless facility permit: Prior to the approval of installation of equipment, applicant shall submit to the city engineer or designee, a sketch of the proposed location for the new equipment ("equipment plan"). The city engineer or designee will review the sketch to determine whether the wireless support structure is owned by the city.
- 1.1.2. The wireless facility permit application shall include the following:
  - 1.1.2.1. Completed permit application and fee;
  - 1.1.2.2. Proof of insurance;
  - 1.1.2.3. Construction plans as described in section 1.2 below, signed by a P.E.;
  - 1.1.2.4. Structural study described in section 1.2.2. below;
  - 1.1.2.5. Copy of permit from wireless support structure owner if owned by an agency other than the City of Grand Rapids (if applicable).
- 1.1.3. Applicant must obtain a radio frequency interference study carried out by an independent professional radio frequency engineer ("RF Engineer") showing that applicant's intended use will not interfere with any existing, licensed communications facilities, as well as city's licensed and unlicensed communications facilities, which are located on or near the structure. The RF engineer shall provide said evaluation no later than forty-five (45) days after frequencies are provided by city. Applicant shall not transmit or receive radio waves at the wireless support structure until such evaluation has been satisfactorily completed.
- 1.1.4. Upon request of city, applicant shall hire an RF engineer to conduct a radio frequency emissions survey of the wireless support structure following applicant's initial RF transmissions. Applicant shall be responsible for all costs of such survey.
- 1.1.5. Applicant shall implement all measures at the transmission site required by FCC regulations, including but not limited to posting signs and markings. City shall cooperate with applicant to fulfill its radio frequency exposure obligations. City agrees that in the event any future party causes the entire site to exceed FCC Radio Frequency radiation limits, as measured on the wireless support structure, city shall hold such future party liable for all such later-arising non-compliance.
- 1.1.6. Other city permits: In addition to the wireless facility permit, which is only approved to attach equipment to a wireless support structure or install a new utility pole, the applicant must apply for any additional permits for all appurtenant equipment or facilities required for the wireless facility application. Said permits may include, but not necessarily by limited to: right-of-way, stormwater, etc.
- 1.1.7. Other applicable permits: it is the applicant's responsibility to determine if permits are required by governmental agencies and apply for those permits.
- 1.1.8. Applicable fees for all permits shall be borne by the applicant and the applicant shall be bound by the requirements of said permits.

#### 1.2. Construction plans

For wireless facility permit application, or additions thereto, applicant shall provide the city engineer or designee as set forth in section I. A(2)., each with two sets of construction plans ("Construction Plans") consisting of the following:

- 1.2.1. PDF of CAD drawings showing the location and materials of all planned installations, including field verified existing utilities;

- 1.2.2. Structural study: Complete an analysis of the existing wireless support structure or replacement pole to determine if the structure/pole has sufficient strength to support the small wireless facility which is proposed to be attached/affixed to it. Study shall have affixed to it the signature of the applicant's engineer who shall be licensed in Minnesota pursuant Minnesota Rule 1800.4200 and Minnesota Statutes Chapter 326.
- 1.2.3. Construction specifications and product specifications for all planned installations;
- 1.2.4. Diagrams and Shop Drawings of proposed small wireless facility; and
- 1.2.5. A complete and detailed inventory of all equipment and personal property of applicant actually placed on the wireless support structure. City retains the right to survey the installed equipment.

Construction Plans shall be easily readable, no construction shall commence until permit is granted by the city engineer or designee. Final plans shall have affixed to them the signature of the applicant's engineer who shall be licensed in Minnesota pursuant Minnesota Rule 1800.4200 and Minnesota Statutes Chapter 326.

### **1.3. Construction Inspection**

All construction activity shall be subject to inspection and approval by the city's representative(s). Inspection will be performed at project completion. Applicant shall be solely responsible for all costs, in excess of those included in the permit fee, associated with said inspection and approval of construction work by city.

### **1.4. Exposed Antenna Facilities**

Applicant must ensure that all antenna facilities which have exterior exposure shall match the color of the wireless support structure. For exposed cables, wires, or appurtenances, the applicant shall ensure that cables, wires or appurtenances are placed in conduit which shall match the color of the wireless support structure.

### **1.5. Facility Aesthetics**

Facility structures that are proposed to be installed shall match the current city's pole design requirements in style, height and color. This includes decorative pole designs in the Central Business District. City engineer or designee shall approve proposed pole specifications.

### **1.6. Damage by applicant**

Any damage to the right of way, or city's equipment thereon caused by applicant's permitted installation or operations shall be repaired or replaced at applicant's expense and to city's reasonable satisfaction.

### **1.7. As-built drawings ("as-built" or "as-builts")**

Within 30 days after applicant activates the wireless facility, applicant shall provide city with an as-built drawing in CAD format consisting of as-built drawings of the wireless facility installed on each permitted location and any improvements installed on the wireless support structure, which shall show the actual location of all equipment and improvements. Said drawings shall be accompanied by a complete inventory of all equipment and antenna facilities.

## **2. Maintenance and repair of equipment**

### **2.1. Emergency maintenance and repair**

The city retains the right to shut off power for the antenna facilities at the source in any and all cases of

emergency, as determined by the city.

## **2.2. Wireless support structure reconditioning and repair**

- 2.2.1. City reserves the right to take any action it deems necessary, in its sole and reasonable discretion, to repair, maintain, alter, or improve the right of way in connection with city's operations ("ROW work"). From time to time, city paints, reconditions, or otherwise improves or repairs the wireless support structure in a substantial way ("reconditioning work"). Applicant shall cooperate with city to carry out ROW and reconditioning work.
- 2.2.2. Except in cases of emergency, prior to commencing ROW or reconditioning work, city shall provide applicant with not less than 30 days prior written notice thereof. City will send notice to the address provided on this permit application. It shall be the sole responsibility of applicant to provide adequate measures to cover or otherwise protect applicant's antenna facilities from the consequences of such activities, including but not limited to paint and debris fallout. City reserves the right to require applicant to remove all antenna facilities from the wireless support structure and right of way during ROW or reconditioning work.
- 2.2.3. During city's ROW or reconditioning work, applicant may request a mobile site on the right of way. If site will not accommodate mobile equipment, it shall be applicant's responsibility to locate auxiliary sites.

## **2.3. Relocation of wireless support structure**

When directed by the city, a right-of-way user shall relocate all of its facilities within the rights-of-way according to Grand Rapids City Code, Sec. 58-45, as amended from time to time.

## **2.4. Condition of wireless support structure**

- 2.4.1. The city will keep and maintain the wireless support structure in good repair as required for the city's intended use and in the ordinary course of business as the city budget permits. The city makes no guarantee as to the condition of any wireless support structures with regard to applicant's intended use.
- 2.4.2. Applicant shall, at its own cost and expense, maintain the wireless facility in good and safe condition, and in compliance with applicable fire, health, building, and other codes. The applicant shall obtain from the city any and all permits required for the purposes of maintaining the installation. Applicable fees for any permits shall be borne by the applicant and the applicant shall be bound by the requirements of said permits.

## **3. Indemnification**

- 3.1.1. Applicant shall, to the extent permitted by law, indemnify and hold city harmless against any claim of liability or loss from personal injury or property damage resulting from or arising out of the negligence or willful misconduct of the applicant, its employees, contractors or agents, except to the extent such claims or damages may be due to or caused by the negligence or willful misconduct of the city, or its employees, contractors or agents.

## **4. Insurance**

### **4.1. Worker's compensation**

The applicant must maintain workers' compensation insurance in compliance with all applicable statutes. The policy shall also provide employer's liability coverage with limits of not less than \$500,000 bodily injury by disease, each employee.

### **4.2. General liability**

The applicant must maintain occurrence form commercial general liability coverage.

- 4.2.1. Such coverage shall include, but not be limited to, bodily injury, property damage – broad form, and personal injury, for the hazards of Premises/Operation, broad form contractual liability, property damage liability, and independent contractors.

- 4.2.2. The APPLICANT must maintain aforementioned commercial general liability coverage with limits of liability not less than \$1,500,000 for each occurrence; \$3,000,000 minimum general aggregate and \$2,000,000 products and completed operations aggregate. These limits may be satisfied by the commercial general liability coverages.
- 4.2.3. Applicant will maintain completed Operations coverage for a minimum of two (2) years after the construction is completed.

#### **4.3 Automobile Liability**

The applicant must carry automobile liability coverage. Coverage shall afford total liability limits for bodily injury liability and property damage liability in the amount of \$1,500,000 per accident. The liability limits may be afforded under the commercial policy, or in combination with an umbrella or excess liability policy provided coverage of rides afforded by the umbrella excess policy are not less than the underlying commercial auto liability coverage.

- 4.3.1 Coverage shall be provided by bodily injury and property damage for the ownership, use, maintenance or operation of all owned, non-owned and hired automobiles.
- 4.3.2 The commercial automobile policy shall include at least statutory personal injury protection, uninsured motorists and underinsured motorists coverages.

#### **4.4 Applicant public liability insurance**

The permit shall, at all times during the duration of the permit, maintain public liability insurance, naming the city as an additional insured party, in the amount of not less than \$500,000 per person and \$1,500,000 per incident, or the maximum amount in which the city may by law hereinafter become liable for torts, whichever is greater. Such policy shall state the insurance will not be canceled or terminated by any party, except upon 10 days' prior written notice to the City Clerk. (submit insurance with permit application)

#### **4.5 Defense and Indemnification**

- 4.5.1 Applicant agree to defend, indemnify, and hold harmless city and its elected officials, directors, officers, employees, agents, and representatives, from and against any and all claims, costs, losses, expenses, demands, actions, or causes of action, including reasonable attorneys' fees and other costs and expenses of litigation, which may be asserted against or incurred by city or for which city may be liable in the performance of this agreement, except those which arise solely from negligence or willful misconduct of city, its elected officials, directors, officers, employees, agents, representatives or contractors.
- 4.5.2 Applicant shall defend, indemnify, and hold city, its agents, employees and officials harmless against all claims arising out of applicant's use of the right of way, including its installation, operation, use, maintenance, repair, removal, or presence of applicant's facilities, structures, equipment or other types of improvements, including antenna facilities, in the right of way except to the extent arising from or related to the sole negligence or willful misconduct of city, its elected officials, officers, employees, agents, and representatives.

### **5 Limitation of liability**

City shall not be liable to the applicant, or any of its respective agents, representatives, employees for any lost revenue, lost profits, loss of technology, rights or services, incidental, punitive, indirect, special or consequential damages, loss of data, or interruption or loss of use of service, even if advised of the possibility of such damages, whether under theory of contract, tort (including negligence), strict liability or otherwise.

## **6 Interference**

Applicant agrees to install equipment of the type and frequency which will not cause harmful interference which is measurable in accordance with then existing industry standards to any equipment of city or other users of the wireless support structure which existed on the wireless support structure prior to the date this permit is issued. In the event any of applicant's equipment causes such interference, and after city has notified applicant in writing of such interference, applicant will take all steps necessary to correct and eliminate the interference, including but not limited to, at city's option, having the applicant power down its equipment and later power up its equipment for intermittent testing.

## **7 Term of permit**

The term of this permit is from the date the permit is issued by the city to the time the wireless facility is no longer in use, unless earlier revoked due to a substantial breach of the terms and conditions of statute, ordinance, rule or regulation or any material condition of this permit.

## **8 Removal at end of term or upon permit revocation**

Applicant shall, within 90 days after any termination of this permit, remove its equipment, conduits, fixtures and all personal property and restore the wireless support structure to its original condition, reasonable wear and tear expected. City agrees and acknowledges that all of the equipment, conduits, fixtures and personal property of applicant shall remain the personal property of applicant and applicant shall have the right to remove the same at any time during the term. All poles, conduit and pole boxes are and shall remain property of the city. If such time for removal causes applicant to remain on the wireless support structure after termination, applicant shall pay rent at the then existing monthly rate or on the existing monthly pro-rata basis until such time as the removal of the antenna structure, fixtures and all personal property are completed. All rentals paid prior to said termination date shall be retained by city.

## **9 Assignment**

This permit, and all rights thereunder, may not be sold, assigned, or transferred without the written consent of the city, such consent not to be unreasonably withheld, conditioned or delayed.

## **10 Casualty**

In the event of damage or casualty to the wireless support structure that cannot reasonably be expected to be repaired or replaced due to winter frost conditions, or if the structure is damaged so that such damage may reasonably be expected to disrupt applicant's operations for more than 120 days, then applicant may, provided city has not completed the restoration or replacement of the structure, terminate the permit upon 15 days prior written notice to city. If a structure is damaged beyond repair, requiring installation of a temporary pole for safety of the traveling public, the city reserves the right to install such pole and all costs associated with the installation and removal of the temporary pole shall be billed to the applicant until the replacement pole is manufactured and delivered to the City of Grand Rapids.