



CITY OF GRAND RAPIDS

Meeting Agenda Full Detail City Council Work Session

Monday, September 28, 2015

3:30 PM

City Hall Conference Room 2A

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, September 28, 2015 at 3:30 p.m. in Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

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

Discussion Items

1. [15-1643](#) Review the GRPU Advanced Metering Infrastructure (AMI) / Automated Meter Reading (AMR) Project and proposed project funding plan.
Attachments: [Grand Rapids USBGLF Proposal 080415-2](#)
2. [15-1638](#) Proposed Levy & Budget Discussion (see Regular Agenda for additional detail)
Attachments: [Levy Resolution](#)
3. [14-0789](#) Review 5:00 PM Regular Meeting

ADJOURN

Attest: Kimberly Gibeau, City Clerk



CITY OF
GRAND RAPIDS
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CITY OF GRAND RAPIDS

Legislation Details (With Text)

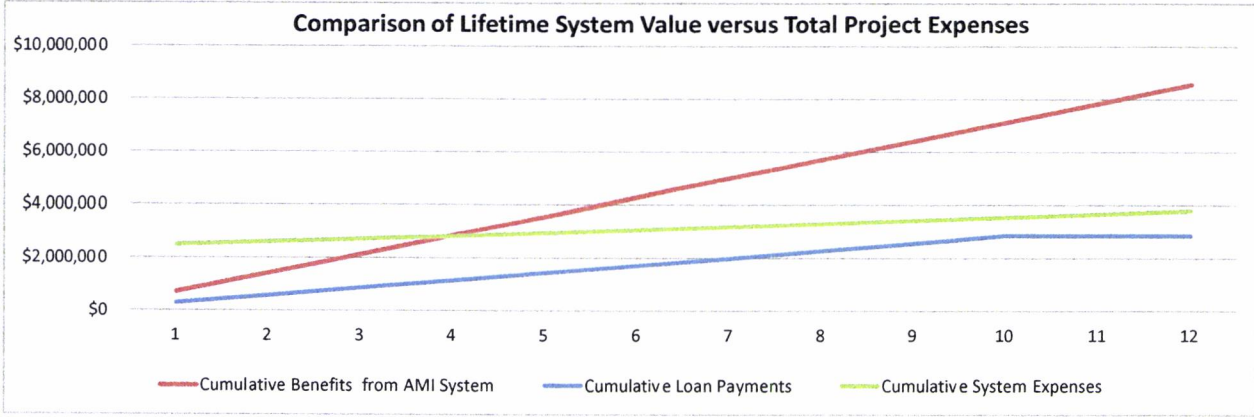
File #: 15-1643 **Version:** 1 **Name:** GRPU USBGLF Proposal
Type: Agenda Item **Status:** CC Worksession
File created: 9/22/2015 **In control:** City Council Work Session
On agenda: 9/28/2015 **Final action:**
Title: Review the GRPU Advanced Metering Infrastructure (AMI) / Automated Meter Reading (AMR) Project and proposed project funding plan.
Sponsors:
Indexes:
Code sections:
Attachments: [Grand Rapids USBGLF Proposal 080415-2](#)

Date	Ver.	Action By	Action	Result
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Review the GRPU Advanced Metering Infrastructure (AMI) / Automated Meter Reading (AMR) Project and proposed project funding plan.

Electric & Water AMI Cost Analysis

Grand Rapids Public Utilities



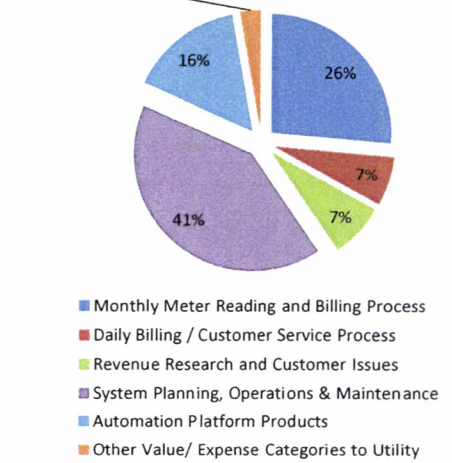
AMI Cost and Financing	
Loan Value	\$ (2,471,000) Dollars
Loan Term	10 Years
Loan Rate	2.6% Annual Percentage
Loan Payment	\$284,000 Annual Payment

ROI Analysis (NPV)	Baseline Analysis		
	10	15	20
Total Cost of Ownership	(3,094,000)	(3,390,000)	(3,612,000)
Total Benefits	5,246,000	6,927,000	8,183,000
Present Value Annualized ROI	7.0%	7.0%	6.3%
Total Benefits/ Cost of Ownership Ratio	1.70	2.04	2.27
NPV of Investment	2,152,000	3,537,000	4,571,000
Cash Flow Positive (Years)	2		
Project Breakeven (Years)	4		

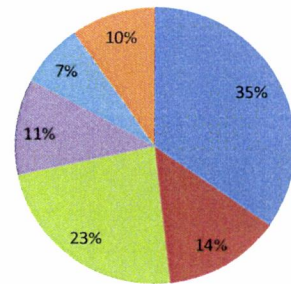
System Costs	System Costs		
		Electric	Water
Master Station and Project Support	(326,000)	(326,000)	0
AMI Communication Infrastructure	(42,000)	(42,000)	0
Meters and Premise Devices	(1,597,000)	(1,247,000)	(350,000)
Total One Time System Costs	(1,965,000)	(1,615,000)	(350,000)
Total Annual System Costs	(\$7,000)	(\$7,000)	\$0
Total Overtime System Installation Costs	(\$410,000)	(\$270,000)	(\$140,000)
Total Overtime Other Program Costs	\$0	\$0	\$0
Total Annual Other Program Costs	(\$96,000)	(\$96,000)	\$0

Total Annual AMI Value	Annual Value	Electric Value	Water Value
1 Monthly Meter Reading and Billing Process	\$186,000	\$158,000	\$28,000
2 Daily Billing / Customer Service Process	\$47,000	\$36,000	\$11,000
3 Revenue Research and Customer Issues	\$53,000	\$34,000	\$19,000
4 System Planning, Operations & Maintenance	\$290,000	\$281,000	\$9,000
5 Automation Platform Products	\$110,000	\$104,000	\$6,000
6 Other Value/ Expense Categories to Utility	\$20,000	\$12,000	\$8,000
Total Assessment Value	\$706,000	\$625,000	\$81,000
Ratio Assessment to Total	53%	59%	30%
Total Value	\$1,330,000	\$1,057,000	\$273,000

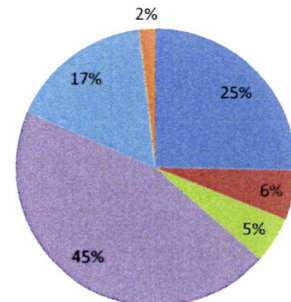
Total Annual AMI Value



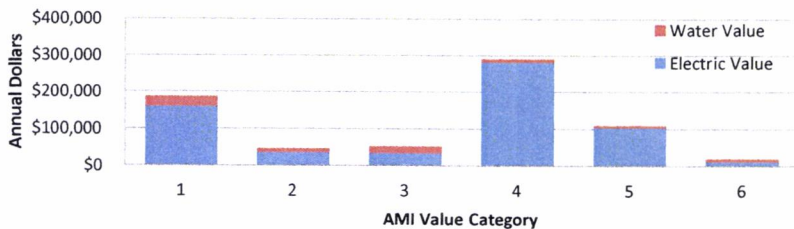
Water Value



Electric Value

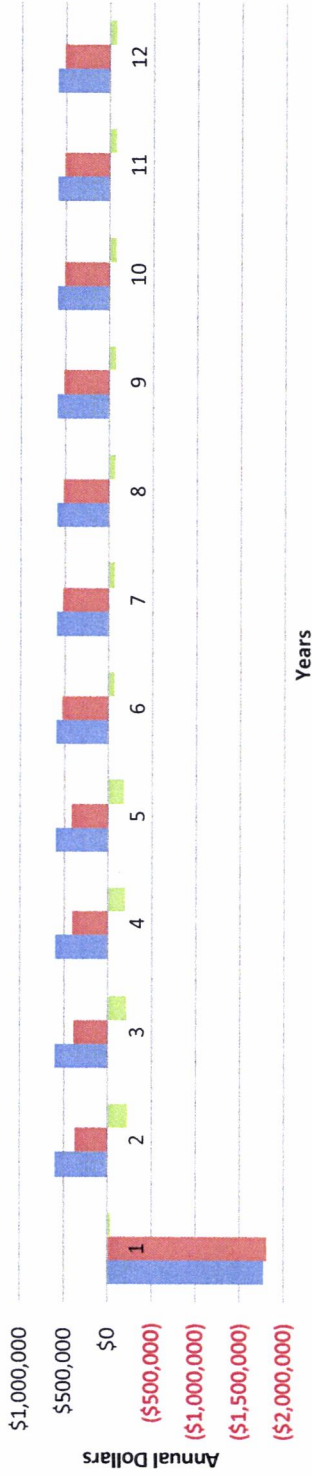


Electric and Water Value by Category



Sensitivity Analysis

Comparison - Sensitivity to Baseline Annual Return (Investment)



■ Baseline Annual (Investment) or Return from System ■ Sensitivity Annual (Investment) or Return ■ Sensitivity - Baseline

ROI Analysis (NPV)		Baseline Analysis		Sensitivity Analysis	
		10	15	10	15
Total Cost of Ownership		(3,094,000)	(3,390,000)	(3,352,000)	(3,657,000)
Total Benefits		5,246,000	6,927,000	4,597,000	6,112,000
Present Value Annualized ROI		7.0%	7.0%	3.7%	4.5%
Total Benefits/ Cost of Ownership Ratio		1.70	2.04	1.37	1.67
NPV		2,152,000	3,537,000	1,245,000	2,455,000
Cash Flow Positive (Years)		2	2	2	2
Project Breakeven (Years)		4	4	6	6
Sensitivity Analysis Parameters					
System Costs		Modeled Value		Factor	
AMI System		Overtime	(\$1,965,000)	1.15	(\$2,259,750)
Equipment Installation		Annual Expenses	(\$7,000)	1.00	(\$7,000)
Other		Overtime	(\$410,000)	1.15	(\$471,500)
		Annual Expenses	\$0	1.00	\$0
		Annual Expenses	(\$96,000)	1.00	(\$96,000)
Value From System		Overtime	\$0	1.00	\$0
		Annual	\$707,000	0.90	\$636,300
		Future Value	\$5,000	1.00	\$5,000
		Utility Discount Rate	6.00%		6.00%
Installation Period		Electric	1		1
		Water	1		5



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Government Leasing and Finance

August 4, 2015

City of Grand Rapids, MN

At your request, U.S. Bancorp Government Leasing and Finance, Inc. ("USBGLF") has prepared for your consideration the following proposal for financing ("Proposal"). **This is only a proposal and does not represent a commitment by U.S. Bancorp Government Leasing and Finance, Inc.**

Customer:	City of Grand Rapids						
Lessor:	U.S. Bancorp Government Leasing and Finance, Inc.						
PROPERTY:	AMI/AMR						
EXPIRATION:	November 2, 2015						
LEASE QUOTE:	Amount	Rate	Payments	Factor	Pmts / Year	Term	Adv. / Arr.
	1,700,000.00	2.640%	97,269.66	0.0572174	2	120 Months	Arrears

Notes: Funds will be deposited into a no fee U.S. Bank N.A. escrow account at closing. We expect to use standard documentation and no external counsel. Prepayment is permitted on any payment date at 103% of outstanding balance.

The Lease will be structured as a Master Tax-Exempt Lease Purchase Agreement, with title in the Lessee's name and USBGLF holding a security interest in the equipment during the term. The lease is "triple-net" with the Lessee responsible for taxes, maintenance and insurance. Documentation will be provided by USBGLF, including (i) standard representations, warranties and covenants by the Lessee pertaining to the accuracy of information, organization, authority, essential use, compliance with laws, pending legal action, location and use of collateral, insurance, financial reporting and financial covenants; and (ii) standard USBGLF provisions pertaining to events of default and remedies available upon default. This offer is subject to the execution of all documentation by the Lessee within a reasonable time and in form and substance acceptable to Lessee, USBGLF and USBGLF's counsel, including terms and conditions not outlined in this Proposal.

This Proposal is conditioned on there being no material adverse change in the financial condition of the Lessee. Additionally, the terms and conditions outlined herein are subject to final review and approval (including collateral and essential use review) by USBGLF's business, legal, credit, and equipment risk management personnel. If you would like to proceed, please complete the Essential Use Application and return along with a link to your 3 most recent Comprehensive Annual Financial Reports.

Thank you for the opportunity to present this proposal. Other financing options are available on request.

Sincerely,

Denise Beauchamp

Denise Beauchamp
Vice President
Direct (904) 284-3520
denise.beauchamp@usbank.com



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Government Leasing and Finance

Payment Tables

Assumes Closing/Funding Date of 10/15/2015

Totals 1,945,393.25 1,700,000.00 245,393.25 0.00

<u>Pay #</u>	<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Prepayment Balance</u>
1	15-Apr-2016	97,269.66	74,829.66	22,440.00	1,673,925.45
2	15-Oct-2016	97,269.66	75,817.41	21,452.25	1,595,833.51
3	15-Apr-2017	97,269.66	76,818.20	20,451.46	1,516,710.76
4	15-Oct-2017	97,269.66	77,832.20	19,437.46	1,436,543.59
5	15-Apr-2018	97,269.66	78,859.59	18,410.07	1,355,318.21
6	15-Oct-2018	97,269.66	79,900.54	17,369.13	1,273,020.66
7	15-Apr-2019	97,269.66	80,955.22	16,314.44	1,189,636.78
8	15-Oct-2019	97,269.66	82,023.83	15,245.83	1,105,152.23
9	15-Apr-2020	97,269.66	83,106.55	14,163.12	1,019,552.49
10	15-Oct-2020	97,269.66	84,203.55	13,066.11	932,822.83
11	15-Apr-2021	97,269.66	85,315.04	11,954.62	844,948.34
12	15-Oct-2021	97,269.66	86,441.20	10,828.46	755,913.91
13	15-Apr-2022	97,269.66	87,582.22	9,687.44	665,704.22
14	15-Oct-2022	97,269.66	88,738.31	8,531.36	574,303.76
15	15-Apr-2023	97,269.66	89,909.65	7,360.01	481,696.82
16	15-Oct-2023	97,269.66	91,096.46	6,173.20	387,867.46
17	15-Apr-2024	97,269.66	92,298.93	4,970.73	292,799.56
18	15-Oct-2024	97,269.66	93,517.28	3,752.38	196,476.76
19	15-Apr-2025	97,269.66	94,751.71	2,517.95	98,882.50
20	15-Oct-2025	97,269.66	96,002.43	1,267.23	0.00



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Legislation Details (With Text)

File #: 15-1638 **Version:** 1 **Name:** Proposed Levy discussion
Type: Agenda Item **Status:** CC Worksession
File created: 9/18/2015 **In control:** City Council Work Session
On agenda: 9/28/2015 **Final action:**
Title: Proposed Levy & Budget Discussion (see Regular Agenda for additional detail)
Sponsors:
Indexes:
Code sections:
Attachments: [Levy Resolution](#)

Date	Ver.	Action By	Action	Result
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Proposed Levy & Budget Discussion (see Regular Agenda for additional detail)

Council member introduced the following resolution and moved for its adoption:

RESOLUTION NO. 15-

A RESOLUTION ADOPTING THE PROPOSED 2015 LEVIES PAYABLE IN 2016 AND THE PROPOSED 2016 OPERATING EXPENDITURE BUDGET

WHEREAS, as a result of legislation passed in the 2009 Legislative session, the requirement to hold a special Truth in Taxation public hearing, continuation hearing, and levy adoption hearing have been repealed, and

WHEREAS, cities are still required to hold a single meeting to discuss the budget and levy and at which time the public is allowed to speak, and

WHEREAS, this meeting may be part of a regularly scheduled meeting, but must occur between the dates of November 25, 2015 and December 28, 2015 and be held after 6:00 PM and the public must be allowed to speak, and

WHEREAS, the City staff has been working with the City Council to set the 2016 proposed budget and this budget and levy were presented to the City Council on September 14, 2015, and

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Grand Rapids, Minnesota that it does establish a proposed operating expenditure budget for the year of 2016 of \$8,474,705, and

BE IT FURTHER RESOLVED, by the City Council of the City of Grand Rapids, Minnesota, that the initial levy for the City of Grand Rapids for 2015 taxes collectible 2016 be as follows:

General Fund	\$4,411,329
Regional Library Fund	632,999
Itasca Calvary Cemetery	178,000
Grand Rapids Economic Development Authority	60,000
Interfund Loan Repayment	141,588
Abatement Levies	25,000
2007A Improvement Bonds	119,268
2006C Improvement Bonds	23,549
2008B GO Reconstruction Bonds	77,089
2008C Improvement Bonds	68,923
CP2007-7 NE 9 th Avenue Special Levy	2,332
2009D Equipment Certificates	142,542
2009C Improvement Bonds	307,320
2010A Improvement Bonds	135,610
2010 Debt Study Reduction	(48,383)
2011 Improvement Bonds	54,675
2012 Improvement Bonds	132,061
2013A Refunding Bonds	94,791
2013B Reconstruction Bonds	114,812
2014A Reconstruction Bonds	<u>278,055</u>
TOTAL CERTIFIED TO COUNTY AUDITOR	<u>\$6,951,560</u>

BE IT FURTHER RESOLVED, by the City Council of the City of Grand Rapids, Minnesota,

that the City certifies to the County Auditor the following dates:

- December 7, 2015 at 6:00 p.m. to discuss the proposed budget and levy and allow for public comment and
- December 14, 2015 for the subsequent meeting for the adoption of the final levy and budget.

Adopted this 28th day of September 2015.

Dale Adams, Mayor

Attest:

Kim Johnson-Gibeau, City Clerk

Councilmember seconded the foregoing resolution and the following voted in favor thereof: ; and the following voted against same: None, whereby the resolution was declared duly passed and adopted.

**RECAP SHEET
CITY OF GRAND RAPIDS
2016 RECAP OF REVENUES, EXPENDITURES AND LEVY REQUIREMENTS**

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Proposed	Increase/ (Decrease) over 2015	Percent Increase
NON TAX REVENUES:							
Annexation	\$ 525,951	\$ 313,936	\$ 335,263	\$ -	\$ -	\$ 1,000	0.001111
Payment in Lieu of Taxes (PILOT)	854,998	901,179	903,494	900,000	901,000	(450)	-0.001827
Licenses and Permits	202,018	323,845	275,821	246,300	245,850	14,241	0.010889
Local Government Aid (LGA)	964,932	963,410	1,270,392	1,307,862	1,322,103	8,996	0.014017
Intergovernmental Revenues	1,077,320	965,149	956,080	641,788	650,784	16,827	0.021531
Charges for Services	769,206	749,879	859,223	781,512	798,339	(8,500)	-0.082524
Fines and Forfeitures	103,293	145,870	96,200	103,000	94,500	202	0.011814
Interest Income	33,341	17,226	34,458	30,000	30,000	-	0
Miscellaneous	46,529	53,263	51,832	17,098	17,300	-	0
Other Financing Sources	36,903	34,541	118,149	-	-	-	0
Transfers In	3,500	3,500	32,808	3,500	3,500	-	0
Total non-tax revenues	4,617,991	4,471,799	4,933,720	4,031,060	4,063,376	32,316	0.008017
EXPENDITURES:							
Administration	487,120	492,098	453,897	434,085	458,615	24,531	0.056511
Building Maintenance	214,386	223,383	200,621	240,959	283,653	22,695	0.094184
Community Development	319,675	365,191	366,466	403,212	432,618	29,406	0.072929
Council/Boards	112,204	110,447	75,609	74,576	83,690	9,114	0.122211
Engineering	286,373	270,494	266,942	280,615	259,343	1,903	0.004097
Finance	391,561	449,764	441,519	464,560	466,463	23,447	0.037017
Fire	493,584	547,131	534,971	633,420	656,867	8,099	0.03148
Fleet Maintenance	239,038	245,619	257,343	257,271	285,370	(10,235)	-0.045655
Information Technology	176,993	195,029	207,192	224,206	213,971	71,584	0.02739
Police	2,022,584	2,157,953	2,403,212	2,613,516	2,685,100	(12,218)	-0.007409
Public Works	1,652,590	1,769,420	1,737,407	1,649,101	1,636,883	2,370	0.018546
Recreation	177,433	106,613	113,043	127,793	130,163	44,375	0.120054
City Wide	12,104	235,496	440,098	369,625	414,000	-	0
Special Projects-Council	-	30,000	97,000	-	-	-	0
Special Projects-Non-Budgeted	27,717	23,229	21,008	-	-	-	0
Total Department Expenditures	6,593,363	7,221,867	7,616,328	7,772,938	7,966,736	193,798	0.024932
Transfers Out							
Transfer to Capital Equipment	18,200	88,250	89,606	97,994	155,000	57,006	0.581736
Transfer to Civic Center	27,000	27,000	27,000	-	-	-	0
Transfer to Itasca Historical Soc	17,000	15,000	10,869	10,869	10,869	(0)	0
Transfer to Debt Service	150,000	150,000	150,000	150,000	150,000	-	0
Transfer to Airport	10,000	10,000	20,000	24,500	20,000	(4,500)	-0.183673
Transfer to DAF	27,000	28,500	20,000	25,000	32,750	7,750	0.3100
Transfer to Central School	-	-	25,000	5,500	26,850	21,350	3.881463
Transfers-Other	-	50,606	90,000	-	-	-	0
Mt. Itasca contribution	15,000	30,000	-	25,000	25,000	(0)	0
Active Living Contribution	-	-	-	87,500	87,500	-	0
Fund Balance Payback	-	-	-	-	-	-	0
Total Expenditures and Other Uses	6,857,563	7,621,223	8,048,803	8,199,302	8,474,705	275,403	0.034
Net Levy Required for General Fund	3,309,756	3,526,598	3,444,709	4,168,242	4,411,329	243,087	0.058319
Net Levy for Library	524,716	524,716	603,975	612,716	632,999	20,283	0.033103
Net Levy for Cemetery	175,000	175,000	173,000	164,497	178,000	13,503	0.082087
GREDA Levy Request	50,000	50,000	60,000	60,000	60,000	-	0
Abatement Levies	-	-	30,000	30,000	25,000	(5,000)	-0.166667
Capital Equip Loan	136,000	136,000	141,588	141,588	141,588	-	0
Total Levy Required for Operations	\$ 4,195,472	\$ 4,412,314	\$ 4,423,272	\$ 5,177,042	\$ 5,448,916	568,626	0.052515

**PROJECTED LEVY & TAX RATE
CITY OF GRAND RAPIDS
PREVIOUSLY CERTIFIED LEVIES AND 2015 PROPOSED LEVY**

	2011 Levy Payable 2012	2012 Levy Payable 2013	2013 Levy Payable 2014	2014 Levy Payable 2015	2015 Levy Payable 2016	
General Fund	3,309,756	3,526,598	3,444,709	4,168,242	4,411,329	5.83%
Library Fund	524,716	575,038	603,975	612,716	632,999	3.31%
Cemetery	175,000	159,000	173,000	164,497	178,000	8.21%
GREDA Levy	50,000	83,240	60,000	60,000	60,000	0.00%
Levy for Internal Loan-2011 Equip Purcha	136,000	141,588	141,588	141,588	141,588	0.00%
Abatement Levies-St. Joe's	-	-	-	30,000	25,000	0.00%
Special Levies	-	-	-	-	-	
Total Levy Required for Operations	4,195,472	4,485,464	4,423,272	5,177,042	5,448,916	5.25%
Bonded Indebtedness	1,127,071	1,262,450	1,480,040	1,668,123	1,502,644	-9.92%
GROSS LEVY	5,322,543	5,747,914	5,903,312	6,845,166	6,951,560	1.55%
Less:						
Fund Balance Contribution	-	-	-	-	-	
CERTIFIED LEVY	5,322,543	5,747,914	5,903,312	6,845,166	6,951,560	
	-0.11%	7.99%	2.70%	15.95%	1.55%	

2015 ESTIMATED TAX CAPACITY AND PROPOSED LEVY

TAX CAPACITY	\$9,513,676	CERTIFIED LEVY	\$6,951,560
Less:		Less:	
Abatement Levy	-	Fiscal disparities distribution levy	(501,497)
TIF Captured tax increment	(263,174)		
Fiscal Disparities contribution	(1,109,824)		
Taxable tax capacity*	\$8,140,678	Net amount levied to property owners	\$6,450,063

**2002 - 2014 TAXABLE TAX CAPACITY, CERTIFIED LEVY and CITY TAX RATE
and 2016 ESTIMATED TAXABLE TAX CAPACITY
and 2015 ESTIMATED LEVY and CITY TAX RATE**

TAX YEAR PAYABLE	TAXABLE TAX CAPACITY	NET CERTIFIED LEVY	CITY TAX RATE	CITY/TOWNSHIP TAX RATE	TOTAL TAX RATE
2002	\$ 4,013,622	\$ 3,221,066	80.169	2.696	82.865
2003	4,667,797	3,487,514	76.387	5.031	81.418
2004	4,883,098	3,774,982	79.273	4.625	83.898
2005	5,402,830	3,868,947	71.339	4.603	75.942
2006	5,692,534	3,977,337	69.869	4.452	74.321
2007	6,224,893	4,091,108	65.722	2.972	68.694
2008	6,851,971	4,503,251	65.722	3.834	69.556
2009	7,919,927	4,677,712	59.063	1.841	60.904
2010	7,115,267	4,631,705	65.095	1.271	66.366
2011	7,647,353	4,885,894	61.602	2.288	63.890
2012	7,014,456	4,874,006	67.019	2.466	69.485
2013	7,346,013	5,068,674	66.644	2.355	68.999
2014	7,014,208	5,562,859	76.842	2.466	79.308
2015	8,067,867	6,393,379	77.206	2.039	79.245
2016	8,140,678	6,450,063	77.046	2.187	79.232