



SPECIAL COUNCIL MEETING AGENDA

Monday, July 26th, 2021

At 5:00 p.m.

The July 26, 2021 City Council meeting will be held both in-person and remotely using the Zoom video conference application.

To Join the Zoom Meeting

The Link is:

<https://us02web.zoom.us/j/84915075857?pwd=bFlsZ2N1czRpQ2JCdFZzKzJlOUwrdz09>

(Meeting ID: 849 1507 5857)

Passcode: 171894

To Dial In, the call-in number is +1 312 626 6799

The meeting ID is: 849 1507 5857

The passcode is: 171894

Council member Stan Ross will be participating remotely. As required by the public meeting law, the address at which Council member Ross will be participating remotely is as follows:

Villa Torres

Caretera Costal Km 7.5 at Playa Uvas

San Miguel, Cozumel Mexico

AGENDA

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF AGENDA – July 26, 2021 Special Council Meeting**
- 4. CITY COUNCIL BUSINESS**
 - A. Bond Sale G.O. Temp Judgement Bonds, Series 2021A to Fund Afton House Easement Acquisition Settlement
 - B. Solid Waste and Recycling Services RFP Process Update and Questions
 - C. American Rescue Plan Funding
- 5. ADJOURN**

A quorum of one or more City commissions or committees may be present to receive information during this meeting

<p>City of Afton 3033 St. Croix Trl, P.O. Box 219 Afton, MN 55001</p>
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Meeting Date July 26, 2021

Council Action Memo

To: Mayor Palmquist and City Council Members

From: Ron Moorse, City Administrator

Date: July 22, 2021

Re: Bond Sale G.O. Temp Judgement Bonds, Series 2021A to Fund Afton House Easement Acquisition Settlement

Attached is information regarding the short term borrowing to enable the final settlement payment of \$545,000 to the Afton House. The short term bonds have an 18 month maturity, but can be called at 6 months. The 18 month maturity is to provide a longer period for repayment in case of unforeseen circumstances. It is anticipated that the bonds will be called at six months.

The interest rate is approximately 1.4%. The City's Bond Consultant, Doug Green of Baker Tilly, sent term sheets and proposal forms to three banks: Bremer, Old National and USBank. Two bids were received: from Old National and Bremer. U.S. Bank did not submit a bid. Old National had the lowest bid at 1.05% with a \$3,000 fee, so the All-In Rate will be about 1.4%. Bremer's bid was 1.9% with no fee. The City's Bond Counsel, Mary Ippel of Taft, will draft the Awarding Resolution and Closing Documents to reflect the low bid from Old National Bank for the Council's consideration.

Filing of Judgement

The legal authority for the issuance of the bonds is to pay the court-ordered judgement. For this reason, the bonds are called judgement bonds. When the filed judgement was reviewed in preparation for the bond sale, it was discovered that the judgement incorrectly included only the \$263,000 of attorney fees and appraisal fees and did not include the jury award of \$805,000. The court is in the process of correctly filing the judgement, so that the bonds can be sold in the amount of \$545,000.

COUNCIL ACTION REQUESTED:

Motion regarding the adoption of the awarding resolution for the sale of G.O. Temp Judgement Bonds, Series 2021A.

\$565,000

City of Afton, Minnesota
General Obligation Temporary Judgement Bonds, Series 2021A

Disclosure

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP, an accounting firm. Baker Tilly US, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.
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\$565,000

City of Afton, Minnesota
General Obligation Temporary Judgement Bonds, Series 2021A

Sources & Uses

Dated 08/10/2021 | Delivered 08/10/2021

Sources Of Funds

Par Amount of Bonds..... \$565,000.00

Total Sources..... \$565,000.00

Uses Of Funds

Deposit to Project Fund..... 545,000.00

Costs of Issuance..... 20,000.00

Total Uses..... \$565,000.00

\$565,000

City of Afton, Minnesota
General Obligation Temporary Judgement Bonds, Series 2021A

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/10/2023	Serial Coupon	1.040%	1.040%	565,000.00	100.000%	565,000.00
Total	-	-	-	\$565,000.00	-	\$565,000.00

Bid Information

Par Amount of Bonds.....	\$565,000.00
Gross Production.....	\$565,000.00
Bid (100.000%).....	565,000.00
Total Purchase Price.....	\$565,000.00
Bond Year Dollars.....	\$847.50
Average Life.....	1.500 Years
Average Coupon.....	1.040000%
Net Interest Cost (NIC).....	1.040000%
True Interest Cost (TIC).....	1.0382005%

\$565,000

City of Afton, Minnesota
General Obligation Temporary Judgement Bonds, Series 2021A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
08/10/2022	-	-	5,876.00	5,876.00
02/10/2023	565,000.00	1.040%	2,938.00	567,938.00
Total	\$565,000.00	-	\$8,814.00	\$573,814.00

SIGNIFICANT DATES

Dated Date.....	8/10/2021
Delivery Date.....	8/10/2021
First Coupon Date.....	8/10/2022

Yield Statistics

Bond Year Dollars.....	\$847.50
Average Life.....	1.500 Years
Average Coupon.....	1.0400000%
Net Interest Cost (NIC).....	1.0400000%
True Interest Cost (TIC).....	1.0382005%
Bond Yield for Arbitrage Purposes.....	1.0382005%
All Inclusive Cost (AIC).....	3.4763663%

IRS Form 8038

Net Interest Cost.....	1.0400000%
Weighted Average Maturity.....	1.500 Years

\$565,000

City of Afton, Minnesota
General Obligation Temporary Judgement Bonds, Series 2021A

Post-Sale Tax Levies

Payment Date	Principal	Coupon	Interest	Total P+I	105% Overlevy	Levy Amount	Levy/Collect Year
02/10/2023	565,000.00	1.040%	8,814.00	573,814.00	602,504.70	602,504.70	2021/2022
Total	\$565,000.00	-	\$8,814.00	\$573,814.00	\$602,504.70	\$602,504.70	-

\$565,000

City of Afton, Minnesota
General Obligation Temporary Judgement Bonds, Series 2021A

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Coupon	Price	Issuance Price	Exponent	Bond Years
02/10/2023	565,000.00	1.040%	100.000%	565,000.00	1.5000000x	847,500.00
Total	\$565,000.00	-	-	\$565,000.00	-	\$847,500.00

Description of Bonds

Final Maturity Date.....	2/10/2023
Issue price of entire issue.....	565,000.00
Stated Redemption at Maturity.....	565,000.00
Weighted Average Maturity = Bond Years/Issue Price.....	1.500 Years
Bond Yield for Arbitrage Purposes.....	1.0382005%

Uses of Proceeds of Issue

Proceeds used for accrued interest.....	-
Proceeds used for bond issuance costs (including underwriters' discount).....	20,000.00
Proceeds used for credit enhancement.....	-
Proceeds allocated to reasonably required reserve or replacement fund.....	-

\$565,000

City of Afton, Minnesota
General Obligation Temporary Judgement Bonds, Series 2021A

Proof of Bond Yield @ 1.0382005%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
08/10/2021	-	1.0000000x	-	-
08/10/2022	5,876.00	0.9896983x	5,815.47	5,815.47
02/10/2023	567,938.00	0.9845873x	559,184.53	565,000.00
Total	\$573,814.00	-	\$565,000.00	-

Derivation Of Target Amount

Par Amount of Bonds.....	\$565,000.00
Original Issue Proceeds.....	\$565,000.00

\$565,000

City of Afton, Minnesota
General Obligation Temporary Judgement Bonds, Series 2021A

Bond Balance Report

Date	Principal	Coupon	Interest	Total P+I	Bond Balance
08/10/2022	-	-	5,876.00	5,876.00	565,000.00
02/10/2023	565,000.00	1.040%	2,938.00	567,938.00	-
Total	\$565,000.00	-	\$8,814.00	\$573,814.00	-

City of Afton
3033 St. Croix Trl, P.O. Box 219
Afton, MN 55001

Meeting Date July 26, 2021

Council Memo

To: Mayor Palmquist and City Council Members

From: Ron Moorse, City Administrator

Date: July 22, 2021

Re: Solid Waste and Recycling RFP Process Update and Questions

Staff is working with the Washington County Public Health and Environment Staff and the County's Solid Waste and Recycling RFP consultant to prepare the materials for the RFP process. The consultant has provided several questions to clarify service items to be required in the responses to the RFP.

Recycling Collection Frequency

The key question is whether the City would consider allowing every other week recycling collection vs. the current every week collection. The reason for this question is to determine whether the RFP should allow pricing to be provided for both every week recycling and every other week recycling, vs. only for every week recycling.

An administrative question is whether proposals should be provided electronically, as hardcopies, or both. The past RFP required 5 paper copies to be provided.

Proposal Review Committee

For the most recent solid waste and recycling service RFP, there was a committee that established the proposal evaluation criteria as well as weights for the criteria, evaluated the proposals based on the criteria, and provided a recommendation to the Council regarding the preferred provider. The review committee should include one or two Council members as well as the City Administrator.

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Meeting Date July 26, 2021

Council Action Memo

To: Mayor Palmquist and City Council Members
From: Ron Moorse, City Administrator
Date: July 22, 2021
Re: American Rescue Plan (ARP) Funding

Afton is estimated to receive \$317,940 of ARP funding. Attached is a listing of eligible uses for ARP funding. Staff has also listed below items the Council has discussed for consideration of ARP funding. This information can assist the Council in beginning a discussion of the types of items to be considered for funding with the ARP funds. Staff has requested Washington County to provide a general outline of the uses the County is planning for its allocation of ARP funding, so that the City can coordinate with the County and not duplicate the uses. Also, on July 26, staff is going to participate in a roundtable session with Minnesota cities with populations between 2,000 to 50,000 regarding their plans for the use of the ARP funding, and will share that information at the Council meeting.

Items Discussed for Possible ARP Funding

The Council has identified the following items for consideration for ARP funding:

- Replacement of gas-powered public works tools with electric-powered tools
- Financial assistance to the Afton Historical Museum to replace revenue lost due to the pandemic
- Additional costs related to the Council Chambers AV system
 - Costs of the new Council dais that were not funded with the first round of Covid funding
 - Additional microphones and a second big screen TV and wiring costs
- Replacement of the park shelter in Town Square Park

COUNCIL ACTION REQUESTED:

No Action Required

Eligible Uses of American Rescue Plan (ARP) Funds

- Responding to the public health emergency. Expenses may include vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (e.g., monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (e.g., nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools; ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses. Capital investments in public facilities to meet pandemic operational needs are also eligible, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics.
- Responding to the negative economic impacts of the pandemic. Eligible uses in this category include assistance to households; small businesses and non-profits; and aid to impacted industries. Assistance to households includes, but is not limited to: food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training. Assistance to small business and non-profits includes, but is not limited to:
 - Loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs.
 - Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and
 - Technical assistance, counseling, or other services to assist with business planning needs
- Premium pay for essential workers.
 - An amount up to \$13 per hour that is paid to an eligible worker in addition to wages the worker otherwise received, for all work performed by the eligible worker during the COVID-19 public health emergency. Such amount may not exceed \$25,000 per eligible worker.
 - Essential workers are those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others.
 - Critical infrastructure sectors include healthcare, education and childcare, transportation, sanitation, grocery and food production, and public health and safety, among others, as provided in the Treasury guidance. Governments

receiving Fiscal Recovery Funds have the discretion to add additional sectors to this list, so long as the sectors are considered critical to protect the health and well-being of residents.

- The Treasury guidance emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.
- Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic.
- Revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency (see additional questions below for definitions and calculations).
 - General revenue includes revenue from taxes, current charges, and miscellaneous general revenue. It excludes refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts. General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the Coronavirus Relief Funds (CRF) or the Fiscal Recovery Funds.
 - Cities should calculate revenue on an entity-wide basis. This approach minimizes the administrative burden for cities, provides for greater consistency across all recipients, and presents a more accurate representation of the net impact of the COVID-19 public health emergency on a city's revenue, rather than relying on financial reporting prepared by each city, which vary in methodology used and which generally aggregates revenue by purpose rather than by source.
 - Cities are permitted to calculate the extent of reduction in revenue as of four points in time: Dec. 31, 2020; Dec. 31, 2021; Dec. 31, 2022; and Dec. 31, 2023. This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues. Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending Dec. 31, 2020.
 - The Treasury has released FAQs about Fiscal Recovery Funds, and they include a formula for calculating revenue loss. [Read the Coronavirus State and Local Fiscal Recovery Funds FAQs \(pdf\)](#).
 - Please note: Treasury is disallowing the use of projections to ensure consistency and comparability across recipients and to streamline verification. However, in estimating the revenue shortfall using the formula above, recipients may incorporate their average annual revenue growth rate in the three full fiscal years prior to the public health emergency. (Treasury FAQ 5/10/21)
- Investments in water, sewer, and broadband infrastructure.
 - Under the Drinking Water State Revolving Fund (DWSRF), categories of eligible projects include: treatment, transmission, and distribution (including lead service

line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development. See a list of eligible projects from the Environmental Protection Agency (EPA).

- Under the Environmental Protection Agency’s Clean Water State Revolving Fund (CWSRF), categories of eligible projects include: construction of publicly owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act. See a list of eligible projects from the EPA.
- As mentioned in the Treasury guidance, eligible projects under the DWSRF and CWSRF support efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury also encourages recipients to consider projects to replace lead service lines.
- Costs for construction on eligible water, sewer, or broadband infrastructure projects must be obligated by Dec. 31, 2024. The period of performance will run until Dec. 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.
- Broadband improvements require eligible projects to reliably deliver minimum speeds of 100 Mbps download and 100 Mbps upload. In cases where it is impracticable due to geography, topography, or financial cost to meet those standards, projects must reliably deliver at least 100 Mbps download speed, at least 20 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed. Projects must also be designed to serve unserved or underserved households and businesses, defined as those that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

The items listed are not exclusive. Other expenses may be eligible.

Restrictions on the use of ARP funds

Funds cannot be used to directly or indirectly offset tax reductions or delay a tax/tax increase, nor can funds be deposited into any pension fund.

Treasury interprets “deposit” in this context to refer to an extraordinary payment into a pension fund for the purpose of reducing an accrued, unfunded liability. More specifically, it does not permit this assistance to be used to make a payment into a pension fund if both: (1) the payment reduces a liability incurred prior to the start of the COVID-19 public health emergency, and (2) the payment occurs outside the city’s regular timing for making such payments.

New Guidance Clarifies Use of Coronavirus Fiscal Recovery Funds for Broadband

June 18, 2021

The guidance clarifies that use of the funds for broadband projects doesn't have to be limited to unserved and underserved areas.

The U.S. Department of Treasury released an updated [FAQ document](#) on June 17 that clarifies how State and Local Fiscal Recovery Funds can be used for broadband infrastructure.

The update answers questions raised by local government stakeholders, including the League of Minnesota Cities and the National League of Cities, about eligible areas for broadband infrastructure investment.

Broadband deployment outside 'underserved areas'

The update clarifies that states and localities are able to use their Fiscal Recovery Funds for broadband infrastructure deployment in areas where not all households or businesses lack wireline access with download speeds of 25 Mbps and upload speeds of 3 Mbps. This was the criteria in the Treasury's [Interim Final Rule](#) to determine if an area was unserved or underserved in terms of broadband.

The update also clarifies that the use of "reliably served" in the broadband provision of the Interim Final Rule gives states and local units of government broad authority and discretion to determine the actual level of service to residents in their communities.

Other clarifications

Specifically, the FAQ update clarifies the following:

- Local projects should prioritize households and businesses that are unserved or underserved, but those do not need to be the only ones in the service area funded by the project.
- Broadband infrastructure projects could provide service to a wider area that includes both served and unserved or underserved areas and could also include making ongoing service more economical.
- The use of the word "reliably" in the Interim Final Rule to both identify eligible project areas and to identify acceptable service levels for broadband provides state and local units of government with substantial discretion to assess the service level on the ground for homes and businesses. Local officials can decide whether that service consistently meets the specified threshold of 25Mbps/3Mbps taking into account the actual experience and service level that customers receive, regardless of whether the provider claims the

provision of 25Mbps/3Mbps service and above. It also clarifies state and local government discretion for how a project is designed to provide households and businesses with service that meets or exceeds the speed thresholds for a broadband project in the rule.

- “Middle mile” broadband projects are eligible, but states and local units of government are encouraged to focus on projects that will also achieve last-mile connections.