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**AGENDA**  
**PORT AUTHORITY**  
**WEDNESDAY, APRIL 27, 2022**  
**CITY HALL – COUNCIL CHAMBER**  
**4:00 PM**

1. Roll Call
2. Approval of minutes of the April 11, 2022 meeting
3. Draft Audit Presentation (Craig Popenhagen of CLA)
4. Creekside Business Park Federal Economic Development Authority Grant
5. Executive Director Report (Craig Clark)
6. Any other business
7. Adjourn

**MINUTES**  
**PORT AUTHORITY SPECIAL MEETING**  
**MONDAY, APRIL 11, 2022**  
**4:30 P.M.**  
**CITY COUNCIL CHAMBERS**

**Members Present:** Commissioners Jerry McCarthy, Michael Bednar, Lee Bjorndal, Tim Ruzek, Chuck Moline, Jeff Austin and Jason Baskin (4:33 p.m.).

**Members Absent:** None.

**Staff Present:** Port Authority Attorney Craig Byram (4:52 p.m.), Port Authority Executive Director Craig Clark and Port Authority Secretary Tom Dankert.

**Others Present:** HRA Director Taggart Medgaarden, Carter Wagner of the Joseph Company, and Terry Hall of HPW, LLC.

President McCarthy called the meeting to order at 4:30 p.m.

**Item #2. – Approval of minutes of the January 26, 2022 regular meeting:** Motion by Commissioner Moline, seconded by Commissioner Austin to approve the minutes of the January 26, 2022 regular meeting. Carried 6-0.

**Item #3. – Claims for Payment:** Mr. Dankert discussed the claims paid from January 7, 2022 through March 31, 2022 noting in total, payments made were \$202,995.26. Mr. Dankert noted some of the large unusual payments as follows:

- \$6,000 to The Initiative Fund for payment on the \$6,000 annual pledged support.
- Several payments to HPW, LLC for prior approved loans on the 117/119 2<sup>nd</sup> Avenue NE renovation.
- Board member payments.

Motion by Commissioner Bjorndal, seconded by Commissioner Austin to approve the claims for payment as presented. Carried 6-0.

**Item #4. – Funding Request for property at 117 and 119 2<sup>nd</sup> Avenue NE:** Mr. Clark discussed his memo outlining the request from HPW, LLC for additional zero percent loan funds for the project. The Port Authority has already loaned HPW, LLC \$185,000 at zero percent on a loan, and Mr. Clark noted he has proposed an additional \$250,000 loan at zero percent under the same terms as the existing loan.

Mr. Clark noted additional cost increases, and more structural damage than originally thought have caused the project to balloon by several hundred thousand dollars. Mr. Hall of HPW, LLC noted his commitment on the project to get it done, and any additional financing would be much appreciated.

After further discussion, motion by Commissioner Austin, seconded by Commissioner Ruzek to approve of the drafting and signing of an additional \$250,000 loan at zero percent interest under the same repayment terms as the prior loan. Carried 6-0 (Commissioner Moline abstained).

**Item #5. Development of Port Authority 25 acres I-90 Business Park:** Mr. Clark discussed the engineers estimate of \$1,131,695 to construct a road in this business park extending 12<sup>th</sup> Avenue NE to connect with 14<sup>th</sup> Street NE. The intent would be to locate the road on the south end of the parcel with the Port Authority picking up half of the assessment cost and the three adjacent property owners paying for the other 50% of the cost through a deferred assessment. Mr. Clark noted he wanted to make the Port Authority Board aware of this potential future cost in the event we have some development needs in the park.

However, the more immediate request of the Port Authority is to finance two items that will help us plan on how to use the area, as follows:

1. Drainage/grading plan = Mr. Clark proposes up to \$32,000 of Port Authority approval for a drainage/grading plan to create an RFP and to hire an engineering firm to conduct the plan. The actual grading plan would come back to the Port Authority at a later date to be evaluated once a preliminary plan is completed.
2. Wetland delineation = This is required if we are ever to extend 12<sup>th</sup> Avenue NE across to connect to 14<sup>th</sup> Street NE. There is a possibility that if there will be continued elements of wetlands found on the broader area, but the Technical Evaluation panel (TEP) could determine this property lacking a wetland impact and not require the 2 to 1 offset in wetland credits. Total cost of the wetland delineation service is \$3,957.

Mr. Clark noted he would wait on any discussion of the road extension until we get these two plans back, if approved.

Commissioner Ruzek questioned the status of the Patriot Development proposal. Mr. Clark stated the Patriot Development is likely not to move forward.

Carter Wagner of the Joseph Company noted he would love to develop more warehouse capacity in Austin, at an estimated cost of around \$5 million per building. In order for us to look at a project, we need to have a site ready to go so we can project the cost and the timeline.

Commissioner Ruzek noted he supported the two requests for funding, but the site doesn't make sense for Commercial/Industrial development when Natures Ridge housing project is right next door. Commissioner Ruzek noted his support for looking at the classification of this parcel to see if C/I make sense under the current development in the area.

Commissioner Bjorndal noted we need to do these two requests for funding first, and then come back to the street construction and assessment discussion. Additionally, Commissioner Bjorndal noted at some point we need to discuss the 13.55 acres across the street and cleaning up that property.

Commissioner Moline noted the use of the 25-acre sites needs to be compatible with the residential neighborhood on the east. Commissioner Moline noted his support for the two funding requests.

Commissioner Ruzek noted the first meeting he attended he was told the Port Authority can get involved in anything, as the old YMCA and housing was being discussed by the Port Authority. Commissioner Austin noted this 25-acre site is currently zoned commercial, not residential. Commissioner Ruzek questioned if we can have that discussion with the Planning Commission then about the use, as maybe more housing could get added. Mr. Clark noted the main reason of

the Port Authority being involved with the former YMCA project was to ensure the claw back provision whereby if the project didn't commence, we could get the property back.

After further discussion motion by Commissioner Moline, seconded by Commissioner Ruzek to approve \$3,957 for the wetland delineation service and up to \$32,000 for the establishment of a drainage plan for the 25-acre site. Carried 7-0.

**Item #6. Signage for 209 4<sup>th</sup> Avenue NE related to Port Authority Easement on the Facade:**

Mr. Clark discussed the request by the building owner, James and Karen Benson, to add a sign out front for their new tenant, Land Home Financial. The prior easement purchase by the Port Authority mandates our approval for any changes from the original easement, and the need to record the new easement.

Motion by Commissioner Bjorndal seconded by Commissioner Austin to approve the sign as proposed for Land Home Financial. Carried 7-0.

**Item #7. – Executive Director Report:** Mr. Clark discussed the Port Authority and City of Austin receiving preliminary approval of a 50/50 match grant to install infrastructure at the Creekside Business Park. Originally, we applied under an 80/20 grant whereby the federal government would pick up 80% of the cost, however we were not successful at the 80/20 level, but were successful at the 50/50 level. This would extend 27<sup>th</sup> Avenue across the Creekside Business Park. Further future discussion will ensue regarding the costs to cover the 50% match.

**Item #8. – Any other business:** Commissioner Ruzek questioned if we will have some work session with specific discussion on what to do with available capital. Mr. Dankert noted that could be a short discussion if the EDA grant match for 27<sup>th</sup> Avenue in the Creekside Business Park, and the extension of 12<sup>th</sup> Avenue NE in the 25-acre Persinger parcel come to fruition, as those costs will eat away any cash you have.

**Item #9. Adjournment:** With no further business, motion by Commissioner Bjorndal, seconded by Commissioner Ruzek to adjourn the meeting at 5:19 pm. Carried 7-0.

Approved: \_\_\_\_\_

President: \_\_\_\_\_

Secretary: \_\_\_\_\_

**AUSTIN PORT AUTHORITY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**



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## INTRODUCTION SECTION



**AUSTIN PORT AUTHORITY  
ORGANIZATION SCHEDULE  
DECEMBER 31, 2021 AND 2020**

**BOARD OF COMMISSIONERS**

		<u>Term Expires</u>
Jerry McCarthy	President	December 31, 2027
Jeff Austin	Vice-President	December 31, 2022
Lee Bjorndal	Treasurer	December 31, 2023
Tim Ruzek	Commissioner	December 31, 2024
Michael Bednar	Commissioner	December 31, 2025
Jason Baskin	Commissioner	December 31, 2022
Chuck Moline	Commissioner	December 31, 2021

**OFFICERS**

Craig Clark	Executive Director	Appointed
Tom Dankert	Secretary	Appointed



## **FINANCIAL SECTION**





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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
The Port Authority of the City of Austin  
Austin, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the Austin Port Authority (the Authority), a component unit of the City of Austin, Minnesota, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the City of Austin's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Austin, as of December 31, 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Austin and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Austin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Austin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Austin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an



essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Austin's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the organization schedule but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

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

**CliftonLarsonAllen LLP**

Austin, Minnesota  
REPORT DATE

Board of Commissioners  
The Port Authority of the City of Austin

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**AUSTIN PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

As management of the Austin Port Authority, we offer readers of the Austin Port Authority's financial statements this narrative overview and analysis of the financial activities of the Austin Port Authority for the fiscal years ended December 31, 2021 and 2020. The information presented should be read in conjunction with the financial statements and the accompanying notes to the financial statements. The Austin Port Authority is considered part of the reporting entity of the City of Austin, Minnesota, and is included in the City's financial statements as a discretely presented component unit.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of three parts: Management's Discussion and Analysis (this section) the basic financial statements, and supplementary information. The Austin Port Authority follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows.

The statement of net position provides information about the nature of assets and obligations (liabilities) of the Austin Port Authority as of the end of the year. The statement of revenues, expenses, and changes in net position reports revenues and expenses for the current year. The statement of cash flows reports cash receipts, cash payments, and changes in cash resulting from operating, noncapital financing activities, capital and related financing activities, and investing activities.

The basic financial statements can be found on pages 10-13 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 14-20 of this report.

**Supplemental information.** The combining and individual account statements and schedules can be found on pages 21-28 of this report.

**FINANCIAL HIGHLIGHTS**

The largest portion of the Austin Port Authority's net position (86 percent) is the investment in capital assets at December 31, 2021. There was one capital asset addition, with no retirements during 2021. However, the depreciation charge (primarily on the Hormel Institute Building) drove the net investment in capital assets down from the prior year. During 2021 the Austin Port Authority sold two parcels in the Creekside Business Park and one parcel in downtown Austin for a private development. Additionally, the Port Authority purchased and then donated the former Y.M.C.A to a private developer for the construction of a 91-unit apartment building.

The fourth tax increment payment was received from the primary government in 2021. This \$70,000 annual payment is considered a Pay-As-You-Go tax increment district whereby if Hy-Vee makes the required annual tax payments, the Austin Port Authority will receive the first \$70,000 annually to reduce the outstanding balance that has been recorded to cover some of the costs that were associated with the demolition of the former Oak Park Mall facility. From the 2021 tax increment receipt, a \$5,000 payment was made to the Housing and Redevelopment Authority of Austin for funds they advanced for the Oak Park Mall demolition project.

**AUSTIN PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

**AUSTIN PORT AUTHORITY'S NET POSITION**

The following tables summarize the financial position of the Austin Port Authority as of December 31, 2021 and 2020:

**Condensed Statement of Net Position**

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current Assets	\$ 2,943,993	\$ 2,989,496	\$ (45,503)	(1.52%)
Noncurrent Assets	1,175,115	1,179,834	(4,719)	(0.40%)
Net Capital Assets	21,458,871	22,174,190	(715,319)	(3.23%)
Total Assets	<u>\$ 25,577,979</u>	<u>\$ 26,343,520</u>	<u>\$ (765,541)</u>	(2.91%)
Current Liabilities	\$ 75,629	\$ 20	\$ 75,609	378045.00%
Noncurrent Liabilities	642,733	706,180	(63,447)	(8.98%)
Total Liabilities	<u>\$ 718,362</u>	<u>\$ 706,200</u>	<u>\$ 12,162</u>	1.72%
Net Position:				
Investment in Capital Assets	\$ 21,458,871	\$ 22,174,191	\$ (715,320)	(3.23%)
Restricted	110,777	238,411	(127,634)	(53.54%)
Unrestricted	3,289,969	3,224,718	65,251	2.02%
Total Net Position	<u>\$ 24,859,617</u>	<u>\$ 25,637,320</u>	<u>\$ (777,703)</u>	(3.03%)
Total Liabilities and Net Position	<u>\$ 25,577,979</u>	<u>\$ 26,343,520</u>	<u>\$ (765,541)</u>	(2.91%)

Condensed statement of net position highlights are as follows for the year ended December 31, 2021:

- The assets of the Austin Port Authority exceeded liabilities by \$24,859,617 (Net Position). This is a decrease of \$777,703 over the net position at the close of 2020.
- Current assets decreased by \$45,503, primarily due to the use of cash for downtown improvements and repayment of advances. Current assets consist of cash and cash equivalents, taxes receivable, accounts receivable, interest receivable, and the current portion of notes receivable.
- Noncurrent assets decreased slightly by \$4,719 due to the net effect of the sale of the parcels in the Creekside Business Park and downtown Austin for a private development, and the issuance of notes receivable for a sprinkler loan and construction loan for two downtown properties.
- Net capital assets decreased by \$715,319 due to the depreciation taken on all of our depreciable property. There was one capital addition for a new boiler at the Walker Building and no capital retirements made during 2021.
- Current liabilities increased \$75,609 primarily based on the timing of some accounts payable related to the downtown construction loan at properties located at 117 and 119 2<sup>nd</sup> Avenue NE.
- Noncurrent liabilities decreased by \$63,447 primarily due to the payment of some advances made by the primary government to cover the Oak Park Mall acquisition in 2015. The revenue received from the Pay-As-You-Go tax increment financing district is used to repay the primary government on this loan.

**AUSTIN PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

**AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)**

The following tables summarize the financial position of the Austin Port Authority as of December 31, 2020 and 2019:

**Condensed Statement of Net Position**

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current Assets	\$ 2,989,496	\$ 2,939,877	\$ 49,619	1.69%
Noncurrent Assets	1,179,834	1,471,000	(291,166)	(19.79%)
Net Capital Assets	22,174,190	22,974,969	(800,779)	(3.49%)
Total Assets	<u>\$ 26,343,520</u>	<u>\$ 27,385,846</u>	<u>\$ (1,042,326)</u>	(3.81%)
Current Liabilities	\$ 20	\$ 5,218	\$ (5,198)	(99.62%)
Noncurrent Liabilities	706,180	769,046	(62,866)	(8.17%)
Total Liabilities	<u>\$ 706,200</u>	<u>\$ 774,264</u>	<u>\$ (68,064)</u>	(8.79%)
Net Position:				
Investment in Capital Assets	\$ 22,174,191	\$ 22,974,969	\$ (800,778)	(3.49%)
Restricted	238,411	227,973	10,438	4.58%
Unrestricted	3,224,718	3,408,640	(183,922)	(5.40%)
Total Net Position	<u>\$ 25,637,320</u>	<u>\$ 26,611,582</u>	<u>\$ (974,262)</u>	(3.66%)
Total Liabilities and Net Position	<u>\$ 26,343,520</u>	<u>\$ 27,385,846</u>	<u>\$ (1,042,326)</u>	(3.81%)

Condensed statement of net position highlights are as follows for the year ended December 31, 2020:

- The assets of the Austin Port Authority exceeded liabilities by \$25,637,320 (Net Position). This is a decrease of \$974,262 over the net position at the close of 2019.
- Current assets increased by \$49,619, primarily due to investment income. All other operations that affect current assets were almost neutral. Current assets consist of cash and cash equivalents, taxes receivable, accounts receivable, interest receivable, and the current portion of notes receivable.
- Noncurrent assets decreased by \$291,166 due to the sale of the 117 and 119 2<sup>nd</sup> Avenue NE properties. These parcels were sold to a private developer who has plans to remodel them and put them back on the market for rental after years of decay.
- Net capital assets decreased by \$800,779 due to the depreciation taken on all of our depreciable property. There were no capital additions and no capital retirements made during 2020.
- Current liabilities have a slight decrease of \$5,198 primarily based on the timing of some accounts payable billings.
- Noncurrent liabilities decreased by \$62,866 primarily due to the payment of some advances made by the primary government to cover the Oak Park Mall acquisition in 2015. The revenue received from the Pay-As-You-Go tax increment financing district is used to repay the primary government on this loan.

**AUSTIN PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

**AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)**

The following charts summarize operating revenues, expenses, and changes in net position of the Austin Port Authority for the years ended December 31, 2021 and 2020:

**Condensed Statements of Revenues, Expenses, and Changes in Net Position:**

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Property Taxes	\$ 50,595	\$ 50,887	\$ (292)	(0.57%)
Intergovernmental Revenues	2	2	-	0.00%
Lease Revenues	96,321	93,030	3,291	3.54%
Total Operating Revenues	<u>\$ 146,918</u>	<u>\$ 143,919</u>	<u>\$ 2,999</u>	2.08%
Operating Expenses:				
Administrative and General	\$ 227,007	\$ 131,077	\$ 95,930	73.19%
Depreciation and Amortization	730,364	800,779	(70,415)	(8.79%)
Total Operating Expense	<u>\$ 957,371</u>	<u>\$ 931,856</u>	<u>\$ 25,515</u>	2.74%
Operating Loss	\$ (810,453)	\$ (787,937)	\$ (22,516)	2.86%
Non-Operating Revenues (Expenses)	<u>(617,250)</u>	<u>(186,325)</u>	<u>(430,925)</u>	231.28%
Change in Net Position before				
Capital Contributions	(1,427,703)	(974,262)	(453,441)	46.54%
Capital Contributions	650,000	-	650,000	N/A
Change in Net Position	<u>\$ (777,703)</u>	<u>\$ (974,262)</u>	<u>\$ 196,559</u>	(20.18%)
Beginning Net Position	\$ 25,637,320	\$ 26,611,582	\$ (974,262)	(3.66%)
Change in Net Position	<u>(777,703)</u>	<u>(974,262)</u>	<u>196,559</u>	(20.18%)
Ending Net Position	<u>\$ 24,859,617</u>	<u>\$ 25,637,320</u>	<u>\$ (777,703)</u>	(3.03%)

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the year ended December 31, 2021:

- Property taxes continue to be the operating capital of the Austin Port Authority, with a levy of \$50,000 for both 2020 and 2021, to support the operational needs of the Board of Commissioners. Delinquency collections increased the actual property tax revenue above the levy amount.
- Administrative and general expenses increased by \$95,930 primarily as the result of some costs associated with grants related to the downtown renovation of the buildings located at 117 and 119 2<sup>nd</sup> Avenue NE.
- Nonoperating revenues (expenses) increased by \$430,925 for 2021. In 2021 the Austin Port Authority realized a loss of \$737,726 as the former Y.M.C.A. was donated to a private developer for a new 91-unit apartment building, plus two parcels were sold for a total of \$10 for a new private development expected to add 30+ new jobs to the community. Additionally, a parcel in downtown Austin was sold for private redevelopment at a 21% loss.
- Capital contributions from the primary government occurred in 2021. During 2021 the Austin Port Authority acquired the former Y.M.C.A. for redevelopment as a 91-unit market rate apartment building for \$650,000 plus some legal costs. Contemporaneously with the purchase, the Austin Port Authority then donated the property to a private developer for the construction of the new apartment building.



**AUSTIN PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

**AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)**

**Condensed Statements of Revenues, Expenses, and Changes in Net Position (Continued):**

The following charts summarize operating revenues, expenses, and changes in net position of the Austin Port Authority for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Property Taxes	\$ 50,887	\$ 40,286	\$ 10,601	26.31%
Intergovernmental Revenues	2	3	(1)	(33.33%)
Lease Revenues	93,030	93,496	(466)	(0.50%)
Total Operating Revenues	<u>\$ 143,919</u>	<u>\$ 133,785</u>	<u>\$ 10,134</u>	7.57%
Operating Expenses:				
Administrative and General	\$ 131,077	\$ 91,401	\$ 39,676	43.41%
Depreciation and Amortization	800,779	798,449	2,330	0.29%
Total Operating Expense	<u>\$ 931,856</u>	<u>\$ 889,850</u>	<u>\$ 42,006</u>	4.72%
Operating Loss	<u>\$ (787,937)</u>	<u>\$ (756,065)</u>	<u>\$ (31,872)</u>	4.22%
Non-Operating Revenues (Expenses)	<u>(186,325)</u>	<u>491,346</u>	<u>(677,671)</u>	(137.92%)
Change in Net Position before				
Capital Contributions	(974,262)	(264,719)	(709,543)	268.04%
Capital Contributions	-	59,911	(59,911)	(100.00%)
Change in Net Position	<u><u>\$ (974,262)</u></u>	<u><u>\$ (204,808)</u></u>	<u><u>\$ (769,454)</u></u>	375.70%
Beginning Net Position	\$ 26,611,582	\$ 26,816,390	\$ (204,808)	(0.76%)
Change in Net Position	<u>(974,262)</u>	<u>(204,808)</u>	<u>(769,454)</u>	375.70%
Ending Net Position	<u><u>\$ 25,637,320</u></u>	<u><u>\$ 26,611,582</u></u>	<u><u>\$ (974,262)</u></u>	(3.66%)

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the year ended December 31, 2020:

- Property taxes continue to be the operating capital of the Austin Port Authority, with a levy increase of \$10,000 for a total levy of \$50,000 for 2020, to support the operational needs of the Board of Commissioners. Delinquency collections increased the actual property tax revenue above the levy amount.
- Administrative and general expenses increased by \$39,676 primarily as the result of some costs associated with repairing some owned properties as part of a sales agreement.
- Nonoperating revenues (expenses) decreased by \$677,671 for 2020. In 2020 the Austin Port Authority realized a loss of over \$187,861 as two buildings were sold for a total of \$100 and donated Building and Land to HRA that had a cost of \$118,500. This large loss in 2020 coupled with a nice gain in 2019 on the sale of a parcel of owned land created the large decrease.
- Capital contributions from the primary government occurred in 2019, but not 2020. During 2019 the City of Austin acquired a downtown site for redevelopment however a portion of the site (a parking lot) was not needed for the redevelopment project and was, therefore, transferred over to the Austin Port Authority.

**AUSTIN PORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The Austin Port Authority's investment in capital assets for its business-type activities as of December 31, 2021, amounts to \$21,458,871 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements other than buildings, and machinery and equipment. The total decrease in the Austin Port Authority's investment in capital assets (net of accumulated depreciation) was 3.23 percent and was primarily attributable to the depreciation charge related to the Hormel Institute and Walker buildings. One acquisition of \$15,045 for a new boiler at the Walker Building.

**AUSTIN PORT AUTHORITY'S CAPITAL ASSETS**

	<u>2021</u>	<u>2020</u>
Buildings	\$ 23,454,467	\$ 23,454,467
Improvements Other Than Buildings	553,784	538,739
Machinery and Equipment	2,108,645	2,108,645
Total	<u>\$ 26,116,896</u>	<u>\$ 26,101,851</u>
Less: Accumulated Depreciation	(4,658,025)	(3,927,661)
Net Capital Assets	<u><u>\$ 21,458,871</u></u>	<u><u>\$ 22,174,190</u></u>

Additional information on the Austin Port Authority's capital assets can be found in Note 4 on page 18 of this report.

**Long-term debt.** At the end of the current fiscal year, the Austin Port Authority had total debt outstanding of \$612,733. The outstanding balance represents an advance from the primary government related to the acquisition and demolition of the former Oak Park Mall shopping center.

The Austin Port Authority's total debt decreased by \$58,447 (8.71 percent) during the current fiscal year. A payment on the advance from the primary government was made in 2021 upon the receipt of the tax increment rebate.

The Austin Port Authority, as a component unit of the City of Austin, maintains a bond rating of "Aa2" from Moody's Investors Services for general obligation debt.

Additional information on the Austin Port Authority's long-term debt can be found in Note 5 on page 19 of this report.

**NEXT YEAR'S RATES**

The Walker Building is leased to International Paper for 2022 with a 1.5% increase in the lease rate for 2022.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Austin Port Authority's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, Austin Port Authority, 500 4<sup>th</sup> Avenue NE, Austin, Minnesota, 55912.

## **BASIC FINANCIAL STATEMENTS**

**AUSTIN PORT AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,904,750	\$ 2,951,254
Taxes Receivable	1,405	1,721
Accounts Receivable	10	-
Due From Other Governments	591	576
Interest Receivable	351	397
Notes Receivable, Current Portion	36,886	35,548
Total Current Assets	<u>\$ 2,943,993</u>	<u>\$ 2,989,496</u>
<b>NONCURRENT ASSETS</b>		
Land Held for Resale	\$ 840,265	\$ 917,286
Notes Receivable	334,850	262,548
Total Noncurrent Assets	<u>\$ 1,175,115</u>	<u>\$ 1,179,834</u>
<b>CAPITAL ASSETS</b>		
Buildings	\$ 23,454,467	\$ 23,454,467
Improvements Other Than Building	553,784	538,739
Machinery and Equipment	2,108,645	2,108,645
Total	<u>\$ 26,116,896</u>	<u>\$ 26,101,851</u>
Less: Accumulated Depreciation	(4,658,025)	(3,927,661)
Net Capital Assets	<u>\$ 21,458,871</u>	<u>\$ 22,174,190</u>
Total Assets	<u><u>\$ 25,577,979</u></u>	<u><u>\$ 26,343,520</u></u>

*See accompanying Notes to Financial Statements.*

**AUSTIN PORT AUTHORITY  
STATEMENTS OF NET POSITION (CONTINUED)  
DECEMBER 31, 2021 AND 2020**

<b>LIABILITIES AND NET POSITION</b>	<u>2021</u>	<u>2020</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Vouchers Payable	\$ 75,629	\$ 20
Total Current Liabilities	<u>\$ 75,629</u>	<u>\$ 20</u>
<b>NONCURRENT LIABILITIES</b>		
Advances from Primary Government	\$ 612,733	\$ 671,180
Due to Other Governments	30,000	35,000
Total Noncurrent Liabilities	<u>\$ 642,733</u>	<u>\$ 706,180</u>
Total Liabilities	<u>\$ 718,362</u>	<u>\$ 706,200</u>
<b>NET POSITION</b>		
Net Position:		
Investment in Capital Assets	\$ 21,458,871	\$ 22,174,191
Restricted	110,777	238,411
Unrestricted	3,289,969	3,224,718
Total Net Position	<u>\$ 24,859,617</u>	<u>\$ 25,637,320</u>
Total Liabilities and Net Position	<u>\$ 25,577,979</u>	<u>\$ 26,343,520</u>

**AUSTIN PORT AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>OPERATING REVENUES</b>		
Property Taxes	\$ 50,595	\$ 50,887
Intergovernmental Revenues	2	2
Lease Revenues	96,321	93,030
Total Operating Revenues	<u>\$ 146,918</u>	<u>\$ 143,919</u>
<b>OPERATING EXPENSES</b>		
Administrative and General	\$ 227,007	\$ 131,077
Depreciation	730,364	800,779
Total Operating Expenses	<u>\$ 957,371</u>	<u>\$ 931,856</u>
<b>OPERATING LOSS</b>	<u>\$ (810,453)</u>	<u>\$ (787,937)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment Earnings	\$ (7,436)	\$ 48,922
Interest Earnings on Loans	4,465	5,011
Private Contributions	60,000	-
Gain (Loss) on Sale of Land Held for Resale	(737,726)	(187,861)
Building and Land Donated to HRA	-	(118,200)
Miscellaneous Revenues	70,000	72,937
Interest Expense and Fiscal Agent Fees	(6,553)	(7,134)
Total Non-Operating Revenues (Expenses)	<u>\$ (617,250)</u>	<u>\$ (186,325)</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	<u>\$ (1,427,703)</u>	<u>\$ (974,262)</u>
Capital Contribution from Primary Government	<u>650,000</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (777,703)</u>	<u>\$ (974,262)</u>
<b>NET POSITION, BEGINNING</b>	<u>25,637,320</u>	<u>26,611,582</u>
<b>NET POSITION, ENDING</b>	<u><u>\$ 24,859,617</u></u>	<u><u>\$ 25,637,320</u></u>

See accompanying Notes to Financial Statements.

**AUSTIN PORT AUTHORITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers and Users	\$ 217,209	\$ 213,411
Cash Paid to Suppliers for Goods and Services	(150,173)	(132,638)
Cash Paid to Employees	(1,225)	(700)
Net Cash Provided by Operating Activities	<u>\$ 65,811</u>	<u>\$ 80,073</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Interest Paid on Bonds and Notes	\$ (6,553)	\$ (7,134)
Advances from Primary Government	6,553	7,134
Capital Contributions from Primary Government	650,000	-
Repayment of Advances from Primary Government	(65,000)	(65,000)
Repayment of Advances from Other Government	(5,000)	(5,000)
Net Cash Used by Non-Capital Financing Activities	<u>\$ 580,000</u>	<u>\$ (70,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Asset Acquisitions	\$ (15,045)	\$ -
Net Cash Used by Capital and Related Financing Activities	<u>\$ (15,045)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	\$ (2,925)	\$ 53,977
Purchase of Land Held for Resale	(650,715)	-
Sale of Land Held for Resale	50,010	100
Payments from Issuance of Notes Receivable	(105,433)	(46,261)
Principal Received on Note Receivable	31,793	38,063
Net Cash (Used) Provided by Investing Activities	<u>\$ (677,270)</u>	<u>\$ 45,879</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (46,504)</u>	<u>\$ 55,952</u>
Cash and Cash Equivalents - Beginning	2,951,254	2,895,302
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u><u>\$ 2,904,750</u></u>	<u><u>\$ 2,951,254</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (810,453)	\$ (787,937)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	730,364	800,779
Miscellaneous Revenue	70,000	72,937
(Increase) Decrease in:		
Taxes Receivable	316	(354)
Accounts Receivable	(10)	-
Due From Other Governments	(15)	(154)
Increase (Decrease) in:		
Vouchers Payable	75,609	(5,198)
Net Cash Provided by Operating Activities	<u><u>\$ 65,811</u></u>	<u><u>\$ 80,073</u></u>
<b>NONCASH TRANSACTIONS</b>		
Capital Contribution of Land Held for Resale	\$ 60,000	\$ -
Capital Contribution from Primary Government	650,000	-
Building and Land Donated to HRA	-	(118,200)
Noncash Investing, Capital, and Financing Activities	<u><u>\$ 710,000</u></u>	<u><u>\$ (118,200)</u></u>

See accompanying Notes to Financial Statements.

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**AUSTIN PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of the Austin Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, issued in June 1999, as amended.

**B. Financial Reporting Entity**

Austin Port Authority (the Authority) is a component unit of the City of Austin, Minnesota and is thus exempt from federal and state income tax. The purpose of the Authority is to carry out economic development and redevelopment within the City in accordance with such general policies as may from time to time be established by the Council and Mayor. The Authority is governed by a Board of Commissioners which consists of seven voting members, including the President, who is appointed by the Commissioners. Board members are comprised of five citizens and two council members appointed to six-year terms. In the event that a council member serving on the Authority board does not seek re-election or is not re-elected at the end of his or her council term, a new council member is appointed to serve out the term on the Authority board.

For financial reporting purposes, the Authority has included all funds. The Authority has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority’s financial statements to be misleading or incomplete and has determined there are none. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government. The Authority has no component units that meet the GASB criteria. The Authority is considered a part of the reporting entity of the City of Austin, Minnesota, and is included in the City’s financial statements as a discretely presented component unit. The Authority has only one enterprise fund but maintains separate accounts within the Enterprise Fund for Oak Park Mall and Property Management activities.

**AUSTIN PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. Revenues are recognized when earned. Expenses are recorded when the related liability is incurred. The principal operating revenues are rental and lease income, while the principal operating expenses are for the operations of the facilities that are being leased.

**D. Cash and Cash Equivalents**

Cash and cash equivalents consist of deposits in the investment pool of the City of Austin, Minnesota.

**E. Land Held for Resale**

Land held for resale represents 154.8 acres of land located in the Cook Farm site in the northwest area of Austin, 13.55 acres located on I-90 at the 11<sup>th</sup> Drive NE exit, 1.05 acres located along 18<sup>th</sup> Avenue NE (behind former Hy-Vee grocery store), and 25 acres on 14<sup>th</sup> Street NE. The land is available for purchase for commercial development. Land held for resale is valued at the lower of cost or net realizable value.

**F. Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if historical cost is not available. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Authority defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life of two years or more. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives vary from 10-60 years.

**G. Advances to/from Primary Government**

Transactions between the primary government (City of Austin) and the Authority that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from primary government."

**H. Net Position**

Net Position represents the difference between assets and liabilities in the basic financial statements. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted in the basic financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. It is the Authority's policy to apply restricted resources and then unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**AUSTIN PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 CASH AND INVESTMENTS**

The City of Austin maintains a cash and investment pool that is available for use by the Authority. The Authority deposits all investments within the City of Austin's investment pool. Earnings from such investments are allocated to the Authority and respective City funds on the basis of applicable balance participation by each fund. The City's investment pool does not specifically identify the Authority's investments. Additional information about the investment pool can be found in the City of Austin's Comprehensive Annual Financial Report (CAFR).

**NOTE 3 NOTES RECEIVABLE**

**Development Corporation of Austin**

On October 23, 2007, the Authority issued a note receivable (Loan #1) in the amount of \$250,000 to the Development Corporation of Austin (DCA) to assist with the construction of a warehouse building in the Cook Farm. The note is at the stated rate of 4.00% with monthly payments of \$1,534 until January 1, 2028 at which time the entire unpaid principal and interest balance is payable. The note is secured by a mortgage from the purchaser.

**Grove Street, LLC #3**

On December 3, 2009, the Authority issued a note receivable in the amount of \$150,000 to Grove Street, LLC to assist in the interior renovation and elevator installation of a downtown building. The note was issued at 0% with increased annual payments beginning March 4, 2017, and every anniversary date thereafter. The note is secured by a mortgage from the purchaser.

**Downtown Revitalization Loans**

**Salon Azteca**

On April 26, 2014, the Authority issued a note receivable in the amount of \$21,400 to Juan Maldonado, Fabiola Vazquez, Cira Maldonado, and Alfredo Hernandez to assist in the exterior renovation of their building. The note is secured by the building. The note is at zero percent, and \$4,280 will be forgiven annually as long as during the preceding year, the property has been occupied by the business. If the forgiveness does not occur, then the balance shall be carried forward to the next year, or it may be paid off by Juan Maldonado, Fabiola Vazquez, Cira Maldonado, and Alfredo Hernandez.

**HPW, LLC (401 Main Street North)**

On May 18, 2021, the Port Authority issued a note receivable in the amount of \$62,850 to HPW, LLC to install a sprinkler system in a downtown building. The note is secured by the building. The note is at zero percent, and once completed the payments equate to 1/240<sup>th</sup> of the outstanding loan balance per month with a balloon payment due after 10 years.

**AUSTIN PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 3 NOTES RECEIVABLE (CONTINUED)**

**Downtown Revitalization Loans (Continued)**

**HPW, LLC (117/119 2<sup>nd</sup> Avenue NE)**

On October 14, 2020, the Port Authority issued a note receivable in the amount of \$185,000 to HPW, LLC to assist in the interior renovation of a downtown building. The note is secured by the building. The note is at zero percent, and once completed the payments equate to 1/240<sup>th</sup> of the outstanding loan balance per month with a balloon payment due after 10 years. Only \$88,844 of the loan has been accessed as of December 31, 2021.

Additionally, the Port Authority has authorized a \$60,000 loan at zero percent interest to install a sprinkler system in the buildings. The note is at zero percent, and once completed the payments equate to 1/240<sup>th</sup> of the outstanding loan balance per month with a balloon payment due after 10 years. The loan has not been accessed as of December 31, 2021.

The Port Authority has also approved an easement purchase of \$142,500 of exterior renovations to the building. Only \$42,080 of the loan has been accessed as of December 31, 2021.

The annual payments, including principal and interest, are as follows for the Downtown Revitalization project loans:

	Salon Azteca	HPW, LLC Sprinkler Loan	HPW, LLC	Downtown Revitalization Loans
2022	\$ 4,280	\$ 3,143	\$ -	\$ 7,423
2023	4,280	3,143	4,442	11,865
2024	1,797	3,143	4,442	9,382
2025	-	3,143	4,442	7,585
2026	-	3,143	4,442	7,585
2027-2028	-	46,611	71,075	117,686
Total Note Principal	\$ 10,357	\$ 62,326	\$ 88,844	\$ 161,527
Less: Current Portion	(4,280)	(3,143)	-	(7,423)
Long-Term Portion	\$ 6,077	\$ 59,183	\$ 88,844	\$ 154,104

**AUSTIN PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 3 NOTES RECEIVABLE (CONTINUED)**

The annual payments, including principal and interest are as follows for all notes receivable:

	DCA Loan #1	Grove Street LLC #3	Downtown Revitalization Loans	Total
2022	\$ 18,408	\$ 15,000	\$ 7,423	\$ 40,831
2023	18,408	18,000	11,865	48,273
2024	18,408	21,000	9,382	48,790
2025	18,408	24,000	7,585	49,993
2026	18,408	27,000	7,585	52,993
2027-2028	27,535	-	117,686	145,221
Total Payments	119,575	105,000	161,527	386,102
Less Interest	14,366	-	-	14,366
Total Note Principal	\$ 105,209	\$ 105,000	\$ 161,527	\$ 371,736
Less: Current Portion	(14,463)	(15,000)	(7,423)	(36,886)
Long-Term Portion	\$ 90,746	\$ 90,000	\$ 154,104	\$ 334,850

**NOTE 4 CAPITAL ASSETS**

The following is a summary of changes in capital assets for the years ended December 31, 2021 and 2020:

	12/31/20	Additions	Deletions	12/31/21
Capital Assets, Being Depreciated:				
Buildings	\$ 23,454,467	\$ -	\$ -	\$ 23,454,467
Improvements Other Than Building	538,739	15,045	-	553,784
Machinery and Equipment	2,108,645	-	-	2,108,645
Subtotal	26,101,851	15,045	-	26,116,896
Less: Accumulated Depreciation	3,927,661	730,364	-	4,658,025
Total Capital Assets, Being Depreciated	22,174,190	(715,319)	-	21,458,871
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 22,174,190</u>	<u>\$ (715,319)</u>	<u>\$ -</u>	<u>\$ 21,458,871</u>
	12/31/19	Additions	Deletions	12/31/20
Capital Assets, Being Depreciated:				
Buildings	\$ 23,454,467	\$ -	\$ -	\$ 23,454,467
Improvements Other Than Building	538,739	-	-	538,739
Machinery and Equipment	2,108,645	-	-	2,108,645
Subtotal	26,101,851	-	-	26,101,851
Less: Accumulated Depreciation	3,126,882	800,779	-	3,927,661
Total Capital Assets, Being Depreciated	22,974,969	(800,779)	-	22,174,190
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 22,974,969</u>	<u>\$ (800,779)</u>	<u>\$ -</u>	<u>\$ 22,174,190</u>

**AUSTIN PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 5 LONG-TERM DEBT**

Changes in long-term liabilities are as follows for the years ended December 31, 2021 and 2020:

	12/31/20	Increases	Decreases	12/31/21	Due Within One Year
Advances with City of Austin	\$ 671,180	\$ 6,553	\$ 65,000	\$ 612,733	\$ -
Long-Term Liabilities	<u>\$ 671,180</u>	<u>\$ 6,553</u>	<u>\$ 65,000</u>	<u>\$ 612,733</u>	<u>\$ -</u>

	12/31/19	Increases	Decreases	12/31/20	Due Within One Year
Advances with City of Austin	\$ 729,046	\$ 7,134	\$ 65,000	\$ 671,180	\$ -
Long-Term Liabilities	<u>\$ 729,046</u>	<u>\$ 7,134</u>	<u>\$ 65,000</u>	<u>\$ 671,180</u>	<u>\$ -</u>

**Advances**

The Port Authority received advances from the primary government for a portion of the estimated demolition costs related to the purchase of the Oak Park Mall. This arrangement is at one percent interest.

**NOTE 6 OPERATING LEASE**

**Walker Building**

The Authority leases space in an industrial building to International Paper. The Authority receives \$8,027 per month, or \$96,321 annually, for the building under the terms of a lease agreement that is in effect through December 31, 2022. Under the terms of the existing three-year lease agreement, International Paper will pay annual rent with a 1.5% increase in the lease rate for 2022.

The annual future minimum rentals on the operating lease are as follows:

<u>Year Ended December 31,</u>	<u>Walker Building</u>
2022	97,766
Total Future Minimum Rentals	<u>\$ 97,766</u>

**NOTE 7 RESTRICTED NET POSITION**

There is restricted net position in the Property Management Fund for downtown revitalization, as stipulated by the primary government. The balances of the restricted net position are \$110,777 and \$238,411 at December 31, 2021 and 2020, respectively.

**AUSTIN PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 8    RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has joined together with the City of Austin's insurance plan. The Authority pays an annual premium to this plan for its liability coverage. There has been no significant reduction in insurance coverage from the previous year in any of the Authority's policies. In addition, there have been no settlements in excess of the Authority's insurance coverage in any of the prior three years.

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## **SUPPLEMENTARY INFORMATION**

**AUSTIN PORT AUTHORITY  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2021 AND 2020**

	Oak Park Mall		Property Management	
	2021	2020	2021	2020
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 953,379	\$ 950,798	\$ 1,951,371	\$ 2,000,456
Taxes Receivable	-	-	1,405	1,721
Accounts Receivable	-	-	10	-
Due From Other Governments	-	-	591	576
Interest Receivable	-	-	351	397
Notes Receivable, Current Portion	-	-	36,886	35,548
Total Current Assets	<u>\$ 953,379</u>	<u>\$ 950,798</u>	<u>\$ 1,990,614</u>	<u>\$ 2,038,698</u>
<b>NONCURRENT ASSETS</b>				
Land Held for Resale	\$ 23,656	\$ 23,656	\$ 816,609	\$ 893,630
Notes Receivable	-	-	334,850	262,548
Total Noncurrent Assets	<u>\$ 23,656</u>	<u>\$ 23,656</u>	<u>\$ 1,151,459</u>	<u>\$ 1,156,178</u>
<b>CAPITAL ASSETS</b>				
Buildings	\$ -	\$ -	\$ 23,454,467	\$ 23,454,467
Improvements Other Than Building	-	-	553,784	538,739
Machinery and Equipment	-	-	2,108,645	2,108,645
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,116,896</u>	<u>\$ 26,101,851</u>
Less: Accumulated Depreciation	-	-	(4,658,025)	(3,927,661)
Net Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,458,871</u>	<u>\$ 22,174,190</u>
Total Assets	<u>\$ 977,035</u>	<u>\$ 974,454</u>	<u>\$ 24,600,944</u>	<u>\$ 25,369,066</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Current				
Vouchers Payable	\$ 5,000	\$ -	\$ 70,629	\$ 20
Total Current Liabilities	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 70,629</u>	<u>\$ 20</u>
<b>NONCURRENT LIABILITIES</b>				
Advances from Primary Government	\$ 612,733	\$ 671,180	\$ -	\$ -
Due to Other Governments	30,000	35,000	-	-
Total Noncurrent Liabilities	<u>\$ 642,733</u>	<u>\$ 706,180</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 647,733</u>	<u>\$ 706,180</u>	<u>\$ 70,629</u>	<u>\$ 20</u>
<b>NET POSITION</b>				
Investment in Capital Assets	\$ -	\$ -	\$ 21,458,871	\$ 22,174,191
Restricted	-	-	110,777	238,411
Unrestricted	<u>329,302</u>	<u>268,274</u>	<u>2,960,667</u>	<u>2,956,444</u>
Total Net Position	<u>\$ 329,302</u>	<u>\$ 268,274</u>	<u>\$ 24,530,315</u>	<u>\$ 25,369,046</u>
Total Liabilities and Net Position	<u>\$ 977,035</u>	<u>\$ 974,454</u>	<u>\$ 24,600,944</u>	<u>\$ 25,369,066</u>

**AUSTIN PORT AUTHORITY  
COMBINING STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2021 AND 2020**

Total	
2021	2020
<u>\$ 2,904,750</u>	<u>\$ 2,951,254</u>
1,405	1,721
10	-
591	576
351	397
36,886	35,548
<u>\$ 2,943,993</u>	<u>\$ 2,989,496</u>
<u>\$ 840,265</u>	<u>\$ 917,286</u>
334,850	262,548
<u>\$ 1,175,115</u>	<u>\$ 1,179,834</u>
<u>\$ 23,454,467</u>	<u>\$ 23,454,467</u>
553,784	538,739
2,108,645	2,108,645
<u>\$ 26,116,896</u>	<u>\$ 26,101,851</u>
(4,658,025)	(3,927,661)
<u>\$ 21,458,871</u>	<u>\$ 22,174,190</u>
<u>\$ 25,577,979</u>	<u>\$ 26,343,520</u>
<u>\$ 75,629</u>	<u>\$ 20</u>
<u>\$ 75,629</u>	<u>\$ 20</u>
<u>\$ 612,733</u>	<u>\$ 671,180</u>
30,000	35,000
<u>\$ 642,733</u>	<u>\$ 706,180</u>
<u>\$ 718,362</u>	<u>\$ 706,200</u>
<u>\$ 21,458,871</u>	<u>\$ 22,174,191</u>
110,777	238,411
3,289,969	3,224,718
<u>\$ 24,859,617</u>	<u>\$ 25,637,320</u>
<u>\$ 25,577,979</u>	<u>\$ 26,343,520</u>

**AUSTIN PORT AUTHORITY  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Oak Park Mall		Property Management	
	2021	2020	2021	2020
<b>OPERATING REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ 50,595	\$ 50,887
Intergovernmental Revenues	-	-	2	2
Lease Revenues	-	-	96,321	93,030
Total Operating Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,918</u>	<u>\$ 143,919</u>
<b>OPERATING EXPENSES</b>				
Administrative and General	\$ -	\$ -	\$ 227,007	\$ 131,077
Depreciation	-	-	730,364	800,779
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957,371</u>	<u>\$ 931,856</u>
<b>OPERATING LOSS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (810,453)</u>	<u>\$ (787,937)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Earnings	\$ (2,419)	\$ 15,637	\$ (5,017)	\$ 33,285
Interest Earnings on Loans	-	-	4,465	5,011
Private Contributions	-	-	60,000	-
Gain (Loss) on Sale of Land				
Held for Resale	-	-	(737,726)	(187,861)
Bulding and Land Donated to HRA	-	-	-	(118,200)
Miscellaneous Revenues	70,000	70,000	-	2,937
Interest Expense and Fiscal Agent Fees	(6,553)	(7,134)	-	-
Total Non-Operating Revenues (Expenses)	<u>\$ 61,028</u>	<u>\$ 78,503</u>	<u>\$ (678,278)</u>	<u>\$ (264,828)</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	<u>\$ 61,028</u>	<u>\$ 78,503</u>	<u>\$ (1,488,731)</u>	<u>\$ (1,052,765)</u>
Capital Contribution from Primary Government	<u>-</u>	<u>-</u>	<u>650,000</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 61,028</u>	<u>\$ 78,503</u>	<u>\$ (838,731)</u>	<u>\$ (1,052,765)</u>
Net Position - Beginning of Year	<u>268,274</u>	<u>189,771</u>	<u>25,369,046</u>	<u>26,421,811</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 329,302</u></u>	<u><u>\$ 268,274</u></u>	<u><u>\$ 24,530,315</u></u>	<u><u>\$ 25,369,046</u></u>

**AUSTIN PORT AUTHORITY  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION (CONTINUED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Total	
2021	2020
\$ 50,595	\$ 50,887
2	2
96,321	93,030
<u>\$ 146,918</u>	<u>\$ 143,919</u>
\$ 227,007	\$ 131,077
730,364	800,779
<u>\$ 957,371</u>	<u>\$ 931,856</u>
<u>\$ (810,453)</u>	<u>\$ (787,937)</u>
\$ (7,436)	\$ 48,922
4,465	5,011
60,000	-
(737,726)	(187,861)
-	(118,200)
70,000	72,937
<u>(6,553)</u>	<u>(7,134)</u>
<u>\$ (617,250)</u>	<u>\$ (186,325)</u>
\$ (1,427,703)	\$ (974,262)
<u>650,000</u>	<u>-</u>
\$ (777,703)	\$ (974,262)
<u>25,637,320</u>	<u>26,611,582</u>
<u><u>\$ 24,859,617</u></u>	<u><u>\$ 25,637,320</u></u>

**AUSTIN PORT AUTHORITY  
PROPERTY MANAGEMENT FUND  
SUPPLEMENTARY COMBINING STATEMENTS OF NET POSITION  
DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>	<b>General</b>		<b>Walker Building</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,362,763	\$ 1,474,473	\$ 588,608	\$ 525,983
Taxes Receivable	1,405	1,721	-	-
Accounts Receivable	10	-	-	-
Due From Other Governments	591	576	-	-
Interest Receivable	351	397	-	-
Notes Receivable, Current Portion	36,886	35,548	-	-
Total Current Assets	<u>\$ 1,402,006</u>	<u>\$ 1,512,715</u>	<u>\$ 588,608</u>	<u>\$ 525,983</u>
<b>NONCURRENT ASSETS</b>				
Land Held for Resale	\$ 816,609	\$ 893,630	\$ -	\$ -
Notes Receivable	334,850	262,548	-	-
Total Noncurrent Assets	<u>\$ 1,151,459</u>	<u>\$ 1,156,178</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CAPITAL ASSETS</b>				
Buildings	\$ 23,201,871	\$ 23,201,871	\$ 252,596	\$ 252,596
Improvements Other Than Building	517,099	517,098	36,685	21,641
Machinery and Equipment	2,108,645	2,108,645	-	-
Total	<u>\$ 25,827,615</u>	<u>\$ 25,827,614</u>	<u>\$ 289,281</u>	<u>\$ 274,237</u>
Less: Accumulated Depreciation	(4,469,155)	(3,745,108)	(188,870)	(182,553)
Net Capital Assets	<u>\$ 21,358,460</u>	<u>\$ 22,082,506</u>	<u>\$ 100,411</u>	<u>\$ 91,684</u>
Total Assets	<u><u>\$ 23,911,925</u></u>	<u><u>\$ 24,751,399</u></u>	<u><u>\$ 689,019</u></u>	<u><u>\$ 617,667</u></u>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Current				
Vouchers Payable	\$ 69,670	\$ 6	\$ 959	\$ 14
Total Current Liabilities	<u>\$ 69,670</u>	<u>\$ 6</u>	<u>\$ 959</u>	<u>\$ 14</u>
<b>NET POSITION</b>				
Investment in Capital Assets	\$ 21,358,460	\$ 22,082,507	\$ 100,411	\$ 91,684
Restricted	110,777	238,411	-	-
Unrestricted	2,373,018	2,430,475	587,649	525,969
Total Net Position	<u>\$ 23,842,255</u>	<u>\$ 24,751,393</u>	<u>\$ 688,060</u>	<u>\$ 617,653</u>
Total Liabilities and Net Position	<u><u>\$ 23,911,925</u></u>	<u><u>\$ 24,751,399</u></u>	<u><u>\$ 689,019</u></u>	<u><u>\$ 617,667</u></u>

**AUSTIN PORT AUTHORITY  
PROPERTY MANAGEMENT FUND  
SUPPLEMENTARY COMBINING STATEMENTS OF NET POSITION (CONTINUED)  
DECEMBER 31, 2021 AND 2020**

Total	
2021	2020
\$ 1,951,371	\$ 2,000,456
1,405	1,721
10	-
591	576
351	397
36,886	35,548
<u>\$ 1,990,614</u>	<u>\$ 2,038,698</u>
\$ 816,609	\$ 893,630
334,850	262,548
<u>\$ 1,151,459</u>	<u>\$ 1,156,178</u>
\$ 23,454,467	\$ 23,454,467
553,784	538,739
2,108,645	2,108,645
<u>\$ 26,116,896</u>	<u>\$ 26,101,851</u>
(4,658,025)	(3,927,661)
<u>\$ 21,458,871</u>	<u>\$ 22,174,190</u>
<u>\$ 24,600,944</u>	<u>\$ 25,369,066</u>
\$ 70,629	\$ 20
<u>\$ 70,629</u>	<u>\$ 20</u>
\$ 21,458,871	\$ 22,174,191
110,777	238,411
2,960,667	2,956,444
<u>\$ 24,530,315</u>	<u>\$ 25,369,046</u>
<u>\$ 24,600,944</u>	<u>\$ 25,369,066</u>

**AUSTIN PORT AUTHORITY  
PROPERTY MANAGEMENT FUND  
GENERAL  
SUPPLEMENTARY SCHEDULES OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Property Taxes	\$ 50,595	\$ 50,887
Intergovernmental Revenues	<u>2</u>	<u>2</u>
Total Operating Revenues	<u>\$ 50,597</u>	<u>\$ 50,889</u>
<b>OPERATING EXPENSES</b>		
<b>ADMINISTRATIVE AND GENERAL</b>		
Board Member Compensation	\$ 1,225	\$ 700
Professional Services and Consulting	6,694	9,588
Legal and Appraisals	1,156	6,039
Insurance	2,280	2,280
Improvements Other Than Buildings	196,229	82,711
Miscellaneous	<u>1,130</u>	<u>118</u>
Total Administrative and General	<u>\$ 208,714</u>	<u>\$ 101,436</u>
Depreciation	<u>724,047</u>	<u>794,135</u>
Total Operating Expenses	<u>\$ 932,761</u>	<u>\$ 895,571</u>
<b>OPERATING LOSS</b>	<u>\$ (882,164)</u>	<u>\$ (844,682)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Earnings	\$ (3,713)	\$ 25,630
Interest Earnings on Loans	4,465	5,011
Private Contributions	60,000	-
Loss on Sale of Land Held for Resale	(737,726)	(306,061)
Miscellaneous Revenue	<u>-</u>	<u>2,937</u>
Total Non-Operating Revenues Expenses	<u>\$ (676,974)</u>	<u>\$ (272,483)</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTION</b>	<u>\$ (1,559,138)</u>	<u>\$ (1,117,165)</u>
Capital Contributions from Primary Government	<u>650,000</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (909,138)</u>	<u>\$ (1,117,165)</u>
Net Position - Beginning of Year	<u>24,751,393</u>	<u>25,868,558</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 23,842,255</u></u>	<u><u>\$ 24,751,393</u></u>



**AUSTIN PORT AUTHORITY  
PROPERTY MANAGEMENT FUND  
WALKER BUILDING  
SUPPLEMENTARY SCHEDULES OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Lease Revenues	\$ 96,321	\$ 93,030
<b>OPERATING EXPENSES</b>		
<b>ADMINISTRATIVE AND GENERAL</b>		
Maintenance and Repair of Building	\$ 7,097	\$ 17,800
Legal and Appraisals	-	87
Insurance	732	732
Property Taxes	10,464	11,022
Total Administrative and General Expenses	\$ 18,293	\$ 29,641
Depreciation	6,317	6,644
Total Operating Expenses	\$ 24,610	\$ 36,285
<b>OPERATING INCOME</b>	\$ 71,711	\$ 56,745
<b>NON-OPERATING REVENUES</b>		
Interest Earnings	\$ (1,304)	\$ 7,655
Total Non-Operating Revenues	\$ (1,304)	\$ 7,655
<b>CHANGE IN NET POSITION</b>	\$ 70,407	\$ 64,400
Net Position - Beginning of Year	617,653	553,253
<b>NET POSITION - END OF YEAR</b>	<u>\$ 688,060</u>	<u>\$ 617,653</u>

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**OTHER REQUIRED REPORTS**

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**INDEPENDENT AUDITORS' 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**

Board of Commissioners  
The Port Authority of the City of Austin  
City of Austin, 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 Austin Port Authority (the Authority), a component unit of the City of Austin, Minnesota, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated REPORT DATE.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Austin Port Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 Austin Port Authority'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 financial statement. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

### **CliftonLarsonAllen LLP**

Austin, Minnesota  
REPORT DATE



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## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners  
The Port Authority of the City of Austin  
City of Austin, 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 of the United States, the financial statements of the Austin Port Authority (the Authority), a component unit of the City of Austin, State of Minnesota, as of and for the year ended December 31, 2021 and the related notes to the financial statements and have issued our report thereon dated REPORT DATE.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. 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 entity's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

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.

**CliftonLarsonAllen LLP**

Austin, Minnesota  
REPORT DATE

Board of Commissioners  
Austin Port Authority  
Austin, Minnesota

We have audited the financial statements of the Austin Port Authority (the Port Authority) as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated REPORT DATE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit.. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### **Accounting policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Austin are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the Port Authority 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**

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 estimate of the allowance for uncollectible receivables is based on an analysis of the collectability of amounts due, taking into consideration account delinquencies and payment histories. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation rates sufficient to fully depreciate the related capital assets over their useful lives is based on past experiences. We evaluated the key factors and assumptions used to develop the depreciation rates in determining that it is reasonable in relation to the financial statements taken as a whole.

##### **Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties encountered in performing the audit***



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

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated REPORT DATE.

***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 Port Authority's financial statements or a determination of the type of auditors' 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.

***Significant issues discussed with management prior to engagement***

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

***Supplementary information in relation to the financial statements as a whole***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during

the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the combining statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, 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 or the reasons for such changes, 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 have issued our report thereon dated REPORT DATE.

#### **Other information included in annual reports**

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the organization schedule. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document. You are responsible to provide us the opportunity to review such documents before issuance.

\* \* \*

This communication is intended solely for the information and use of the board of commissioners and management of the City of Austin and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Austin, Minnesota

REPORT DATE



500 Fourth Ave. NE  
Austin, MN 55912-3773

[www.ci.austin.mn.us](http://www.ci.austin.mn.us)

507-437-9940  
Fax: 507-434-7197

April 19, 2022

To: President and Members of the Port Authority Board  
From: Craig Clark, Executive Director of the Austin Port Authority  
RE: Creekside Business Park Federal Economic Development Authority Grant

The City Council approved the submission of a grant to the Federal Economic Authority for infrastructure within Creekside Business Park (Exhibit 1). Included in the packet is that submission for a total project cost of \$4,375,000. At the time this grant was hopeful for a special COVID apportionment of 80 percent EDA and 20 percent local match. The City Council agreed to cover the 20 percent match of \$875,000. We knew at the time that the standing program was a 50/50 grant program and if funding were depleted, we could be looking at utilizing the program on a 50/50 basis. We received notification of a preliminary grant award at the 50/50 basis (Exhibit 2) and causes us to consider coming up with another \$1,312,500 based off preliminary estimates.

There are gas, water and electric costs for Austin Utilities for the proposed extension. Their share of the overall estimated project cost is \$220,000 to \$250,000. I have asked Austin Utilities Manager Mark Nibaur, to enquire of his Boards support for this amount, which account for roughly 17-19% of the project costs. We had a general understanding that this would be a possibility should the grant move to a 50/50 arrangement.

Based off a generalized apportionment this leaves \$1,092,500 of remaining costs. Under a 50/50 basis this would have the Port Authority paying \$546,250 for 50% of this amount. The City Council would be approached for the additional gap to accommodate the overall project match requirements.

By way of reference, the Port Authority has \$1,362,000 in general fund reserve balance and another \$588,000 derived from our building rental. This provides a total of \$1,950,000. We have commitments of \$380,000 for the 117 and 119 2<sup>nd</sup> Avenue property improvements. We also have potential costs, depending on apportionment of road/utility costs and drainage implementation on our 25-acre parcel of \$1,131,695 and between \$150,000 and \$500,000 for implementation of a drainage plan. This could be reduced by assessment of road costs and sales proceeds but as the developer the Port Authority we would have holding costs for the additional acres not developed. Of course, the improvement on the 25 acres is dependent on the determination of the wetland question and any possible development agreement. These are relevant costs which would



# AUSTIN PORT AUTHORITY

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outstrip our reserves and you should be aware of as we contend with other cost drivers on the horizon.

Creekside has been a primary focus of the Port Authority and being successful in getting outside assistance, AU and City Council contributions it seems a reasonable for the Port Authority to contribute \$546,250 towards the project as the property owner and beneficiary of the infrastructure with a total project cost of \$4.375 million.

Please let me know if you have any questions.



U.S. DEPARTMENT OF COMMERCE  
Economic Development Administration  
CHICAGO REGIONAL OFFICE  
230 SOUTH DEARBORN ST., SUITE 3280  
CHICAGO, ILLINOIS 60604-1512

In reply refer to:  
EDA Control No. 118771

Ms. Holly Wallace  
Planning and Zoning Administrator  
City of Austin  
500 4th Avenue NE  
Austin, MN 55912-3773

Dear Ms. Wallace,

The Economic Development Administration (EDA) is pleased to inform you that your application has been reviewed for merit and selected for further consideration. **Please note that this notification of further consideration is intended to inform you of EDA's competitive preliminary selection of your project, but does not guarantee final approval or legally bind EDA to make an award.**

Subject to the availability of funds, your proposed project, estimated to cost \$4,375,350, will be considered for up to \$2,187,675 in EDA funding under the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. Section 3121 *et seq.*) for the Creekside Business Park project.

By acceptance of this letter, you agree to provide all additional information requested below, and any other additional information that may be requested subsequently. You also acknowledge that final approval and the timing of such an approval are subject to EDA's acceptance of all required information and the availability of EDA funding.

**Additional Information:** Please provide the following information to Darrin Fleener, EDR, by Friday, April 15, 2022.

Engineering

1. Revise section C.11. of the Preliminary Engineering Report and include a more fulsome explanation for how you reached a total of \$176,000 for administrative costs. This expense is significantly higher than EDA typically funds.
2. Submit a revised Utility Installation Memo that addresses the items in 13 CFR § 305.7 and clarifies how the city's sanitary and water main installed by city's own forces will be coordinated with the general contractor's work.
3. Confirm whether the upgraded utilities will be owned and maintained by the City of Austin.
4. Provide confirmation that all the undeveloped parcels served by the project improvements are currently owned by the Austin Port Authority.
5. To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Be advised that the firm who assisted with informing the Preliminary Engineering Report may therefore be precluded from participating in the RFQ for EDA funded design and inspection work.

Environmental

6. Provide evidence of coordination with the U.S. Army Corps of Engineers and Historic Preservation consultation. Provide the packages submitted to each entity along with their formal responses.

7. Complete the EDA public notice process and provide an affidavit of publication. A public notice template is available upon request.
8. Revise Section C.19. of the Environmental Narrative. The cumulative effects and mitigation should focus on environmental analysis.
9. If significant tree clearing is anticipated, consultation with the U.S. Fish and Wildlife Service may be warranted. Please indicate whether tree clearing will be necessary.

Other

10. Confirm whether Austin Port Authority is a separate legal entity from the city. If so, it is recommended that the Austin Port Authority join the project as a co-applicant due to their ownership of the industrial park parcels. Please submit the following co-applicant forms from the Austin Port Authority:
  - a. SF-424, SF-424D, ED-900A, Applicant Certification Clause, CD-511, and SF-LLL, if applicable.
  - b. Updated ED-900 with Austin Port Authority listed as a co-applicant.
11. Submit an updated match letter that clearly lists the match amount and source. Please ensure that the match letter references the language from the NOFO, noting that funds are available, committed, and unencumbered.

The information requested above will supplement your application and enable EDA to proceed with processing your application. Failure to meet this deadline, or the submission of incorrect or incomplete information, will jeopardize approval of your application. If you cannot meet this deadline, please advise Darrin Fleener, EDR for Minnesota, at (312) 405-8521 or [dfleener@eda.gov](mailto:dfleener@eda.gov) as soon as possible.

EDA will assess the additional information provided upon receipt. EDA's assessment of this information may determine one of the following:

1. No additional information is necessary;
2. Additional information is required, because the submission is incomplete, inaccurate, or otherwise unacceptable to EDA, and the applicant(s) must revise the submission before EDA will consider processing the application further; or
3. EDA will discontinue considering the application for funding, because the information submitted does not present a project that complies with applicable law(s), regulations or policies.

Your organization must comply with EDA's Regulations (*see* 13 C.F.R. chapter III [http://www.eda.gov/pdf/EDAs\\_regs-13\\_CFR\\_Chapter\\_III.pdf](http://www.eda.gov/pdf/EDAs_regs-13_CFR_Chapter_III.pdf)).

**Final approval of an award is conditioned upon EDA's assessment of the additional information requested, project feasibility, funding priorities, and the availability of funds for obligation. This letter does not constitute a commitment for funding.**

If you have questions regarding the requested information or status of your application, please do not hesitate to contact Darrin Fleener, EDR for Minnesota, at (312) 405-8521 or [dfleener@eda.gov](mailto:dfleener@eda.gov).

Sincerely,

Susan M. Brehm  
Regional Director

Preliminary Engineering Report and Budget Requirements Submittal for:

# Creekside Business Park

AUSTN 163848

Austin, Minnesota | January 14, 2022



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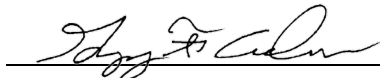
# Preliminary Engineering Report and Budget Requirements Submittal for:

Creekside Business Park  
Austin, Minnesota

SEH No. AUSTN 163848

January 14, 2022

I hereby certify that this report was prepared by me or under my direct supervision, and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.



Greg F. Anderson, PE

Date: December 22, 2021

License No.: 26859

Reviewed By: Jenna Obernolte

Date: December 22, 2021

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Appendix A      Cost Estimated

# Preliminary Engineering Report and Budget Requirements Submittal for:

## Creekside Business Park

Prepared for City of Austin, Minnesota

### 1 Description of Project Components

The existing Creekside Business Park has only two lots remaining that currently have access to city utilities and have street access constructed to them. The City is in need to develop additional business and industrial park space to support the city's continued growth. With the current park and proposed expansion area's proximity to a major transportation route, continued growth is expected. Creekside Business Park abuts US Highway 218, a four-lane divided, controlled access highway, that provides quick and safe access to Interstate Freeway 90 (I-90), which is only 1 mile from the business and industrial park.

The proposed Creekside Business Park Expansion area is a 57-acre parcel located on the north side of Murphy Creek between US Highway 218 and Mower County State Aid Highway 45. The City of Austin Port Authority currently owns all the land needed for the Creekside Business Park Expansion. The two remaining lots in the current park are at the south end of the existing portion of 11<sup>th</sup> Street NW. The proposed expansion would provide 57 additional acres of business/industrial park ready for development. The project components described in this engineering report are consistent with the EDA investment project description that is provided in Prom ED-900, including but not limited to Section A.2 and B.2. See Figure 1 for proposed park layout and utility information.

#### 1.1 Industrial Park Expansion

##### 1.1.1 Road Extensions

As part of the platting process for the new business park, the City will need to plat a 66-foot right-of-way (ROW) for the extension of the new access roads in the park. Portions of 27<sup>th</sup> Avenue NW have been previously constructed to provide the access points on each side of the business park to the existing roadways. On the west end of 27<sup>th</sup> Avenue NW, 750 feet of roadway has been constructed to provide full access onto State Highway 218. An additional extension of 27<sup>th</sup> Avenue NW of 342 feet has a construction contract awarded and will be constructed in the spring of 2022.

On the east end of the project, 400 feet of 27<sup>th</sup> Avenue NW has been constructed at CSAH 45 (4<sup>th</sup> Street NW) to provide a full access into the business park from the east. The proposed improvements would complete the section of 27<sup>th</sup> Avenue NW between these two stubbed portions of the street, as well as a cul-de-sac on the east side, 5<sup>th</sup> Street NW, and constructing

9th Street NW and 26th Avenue NW off of 27th Avenue NW to form an internal loop road connecting to 11th Street NW. See Figure 1 for the layout of the proposed roadways.

All the new roadways will be built with an urban section design. 27<sup>th</sup> Avenue NW is currently constructed at 40-feet wide from curb to curb. The remaining portion of 27<sup>th</sup> Avenue NW will also be constructed at 40-width. The proposed internal park roads of 26<sup>th</sup> Avenue NW, 9<sup>th</sup> Street NW and 5<sup>th</sup> Street NW will be constructed at a width of 32-feet, curb to curb. Fifth Street NW will include a 45-foot radius cul-de-sac at its south terminus. The proposed roadway width will provide a 12-foot driving lane in each with room for a variable width shoulder in each direction. On-street parking is not anticipated within the park. Figure 2 shows the typical pavement section planned for the new roads. In total 3,980-feet of new roadway is proposed to be built as part of these improvements. The pavement design of the new roadways will be based on a 10-ton design to provide the strength needed to support potential heavy truck traffic loading for future business development.

### 1.1.2 Storm Sewer

The original Comprehensive Stormwater Management Plan was completed in 2004. This plan is out of compliance due to updated data for calculating rain fall events and requirements for stormwater storage and treatment regulated by the Minnesota Pollution Control Agency (MPCA). The clay soils and high groundwater table are not conducive to infiltration on-site and it is necessary to improve upon the existing storm water pond for the expansion of Creekside Business Park.

The existing pond is currently, 200,376 SF, and has a capacity of 15.6 acre-ft for treatment. The required capacity for the proposed improvement area is 36.0 acre-ft. It is preferred to expand the existing pond and update its current outlet in order to provide the necessary capacity, treatment and discharge rate required to meet all current stormwater treatment standards. Necessary improvements will include an update to the pond outlet and an adjustment to the pond normal water level elevation.

### 1.1.3 Sanitary Sewer and Water Main

Sanitary sewer and water mains will be extended from the existing mains in 11th Street NW and 27<sup>th</sup> Avenue NW. Currently the Creekside Business Park receives sanitary sewer service from a lift station in the southwest corner of the park that has a trunk sanitary sewer main installed in 11<sup>th</sup> Street NW and 27<sup>th</sup> Avenue NW. The sanitary sewer main is also installed in the 26<sup>th</sup> Avenue NW ROW.

The existing water main in the park extends from a trunk water main in the 4<sup>th</sup> Street NW ROW, west in the 27th Avenue NW ROW, over to 11th Street NW, then south to the current end of 11<sup>th</sup> Street NW.

To serve the proposed park expansion, the above mains would be extended in the proposed 26<sup>th</sup> Avenue NW, 5<sup>th</sup> and 9<sup>th</sup> Streets NW as part of their construction. Additionally, the City of Austin and Austin Utilities would need to extend a trunk water main from 11th Street NW, along US Hwy 218 to the existing water main at 21st Avenue NW to provide a “looped” system for the entire Creekside Business Park. A “looped” system has the ability to provide water from multiple legs of the system into the business park to improve fire flow, redundancy and support industry demand. If the park were to remain on a “dead-end” main, an issue with the main would leave the entire park without water service. A “looped” system also provides better water quality and a

significant increase fire protection ability than a single point source. This looped system will be installed at the cost of AU and is not currently a part of the project.

The looping of the water system in Creekside Business Park is needed to support additional development in the park. The current water system serving the business park is not sufficient to serve the proposed expansion in the park.

## 1.1.4 Other Utilities

Electrical and natural gas services in the City of Austin are provided by the Austin Utilities (AU). AU has a preliminary plan for the extension of electricity and natural gas into the Creekside Business Park expansion to serve the proposed development.

Approximately 4,958-feet of three phase electrical power is proposed to be installed into the Creekside Business Park Expansion. Transformers will be part of the new services for each lot and will be the responsibility of the new parcel owners. Transformer sizes will vary based on the anticipated load the potential business will use.

AU has also planned to install approximately 2,752-feet of new natural gas main into the park. Similar to the water main discussion, AU needs to loop the gas main to provide sufficient, reliable service into the business park for future customers. The nearest existing gas main is located along the west side of 4th Street NW and would be extended into the business park in the 27th Avenue NW ROW. AU's proposed gas main loop is out the SW corner of the business park, then south along US Hwy 218 to 21st Avenue NW.

Street lighting is also planned to be installed throughout the proposed road corridors. The City of Austin will own the system and contract with AU for power as they currently do on street lighting throughout the City. Approximately 472-feet of secondary wire is anticipated. The streetlights would be 30-foot-tall steel poles with a LED fixture.

Estimated costs for the electrical, natural gas and streetlights improvements is included in the construction cost of the entire project.

## 2 Sketches / Schematics

Attached Figure 1 shows an overview of the Creekside Business Park Expansion site. Included on Figure 1 are the following:

- Proposed parcel layout
- Proposed roadway alignments
- Proposed public utilities within the expansion site
- Existing public utilities

## 3 Feasibility Analysis

The project team considered several alternatives for the location, size and infrastructure improvements for this new project within the City of Austin. The proposed site is preferred due to its current ownership by the city, its proximity to the existing business park and other industrial areas of the City as well as its proximity to US Hwy 218 and I-90 for emergency, shipping and public access. Direct access to existing sanitary sewer, water mains, natural gas and electrical services was also considered ideal and reduces overall costs.

## 4 Proposed Method of Construction

This project will be built using a design/bid/build, sealed competitive bid process following City of Austin bidding procedures and protocols, and subject to EDA review. The project will be bid as one project.

Austin Utilities (AU) uses high-density polyethylene (HDPE) pipe as its standard for watermain, which is uncommon within the area and there are few contractors who have the equipment and certification to complete the construction. For this reason, it is the policy of AU that their own staff will perform the installation of the watermain pipe, water services, hydrants, and connection to existing watermains. AU does not do the excavation for the watermain and will contract for the trench excavation on their own, separate from the typical street and utility extension project. However, for this project the trench excavation will be included in the project.

Constructing the project under one contract will result in competitive bidding of the work and less administration costs for the city with only one construction contract to administer.

### 4.1 Construction Contract

The project is anticipated to be constructed under one contract. The installation of the watermain will be completed by Austin Utilities, but the trench excavation and backfilling for the watermain installation will be completed under the main contract for the project.

### 4.2 Detailed Construction Estimate

The following is a line item construction estimate for each of the project components. An itemized cost estimated is included in Appendix A.

<b>Line 1 Administration and Legal Expenses</b>	<b>\$176,000</b>
1. Grant Administration	
1.1 Project monitoring and coordinating (wages, EEO, etc.)	
1.2 EDA Components: record keeping, Federal labor standards	
1.3 Bids/RFP advertising	
1.4 Legal review fees	
1.5 Project performance reports, construct management, disbursements and closeout	
2. Travel/Project Management Conference	\$ 5,000
3. Signage	\$1,200
<b>Line 2 Land, Structures, Right-of-Way, Appraisals, etc.</b>	
1. Industrial Park expansion parcel Acquisition	\$0
<b>Line 3 Relocation, Expenses and Payments</b>	<b>\$0.00</b>
<b>Line 4 Architectural and Engineering Fees</b>	<b>\$264,000</b>
1. Provide design, bidding and construction administrative services for the construction of the new Creekside Business Park project.	
1.1 Assistance with public advertisement for bidding.	

1.2	Review public bid and recommend award.	
1.3	Review project progress and contractor's payment applications.	
1.4	Attend pre-construction and periodic construction meetings.	
1.5	Prepare as-constructed construction plans.	
1.6	Assist with project closeout.	
<b>Line 5 other architectural and Engineering Fees</b>		<b>\$70,000</b>
1.	<b>Site Survey</b>	
1.1	Construction staking	
1.2	Benchmarks and control points	
2.	<b>Soils Testing</b>	
2.2	Compaction and Density Testing	
2.2	Material Testing	
<b>Line 6 Project Inspection Fees</b>		<b>\$141,000</b>
1.	Provision of project inspection services during the construction phase of the project.	
1.1	Coordinate all work with the contractor and City of Austin.	
1.2	Provide on-site project representation for the City.	
1.3	Maintain daily project diary of construction progress and quantities completed to date.	
1.4	Coordinate with contractor on monthly payment applications.	
1.5	Coordinate construction staking needs with survey crew.	
1.6	Coordinate work with the material testing firm. This task includes scheduling, ensuring material testing is completed in compliance with the technical specifications and compiling all test result data.	
1.7	Prepare project punchlist near the end of the project and ensure completion of all outstanding issues prior to final payment to contractor.	
1.9	Assist with completion of as-constructed construction plans.	
1.9	Assist with project close out.	
<b>Line 7 Site Work</b>		<b>\$ 0.00</b>
<b>Line 8 Demolition</b>		<b>\$ 0.00</b>
<b>Line 9 Construction</b>		
<b>(see attached line-item construction budget)</b>		<b>\$ 3,516,000</b>
<b>Line 10 Equipment</b>		<b>\$0.00</b>
<b>Line 11 Miscellaneous</b>		<b>\$ 0.00</b>
<b>Line 12 Contingencies (5% of total costs)</b>		<b><u>\$ 208,350</u></b>
<b>Total</b>		<b>\$ 4,375,350</b>

## 4.3 Property Acquisitions

Property acquisitions – not applicable. The City owns all lands and the easements are in place for all work associated with this project.



## 4.4 Permits

Table 1 lists the anticipated permits that will be required for these improvements.

**Table 1 –  
Project Permits and Approvals**

Unit of Government	Type of Application/Permit	Application Submittal	Permit Received
U.S Army Corps of Engineers	Section 404 wetland permits (for new outlets to Murphy Creek)	April 2022	July 2022
Minnesota Department of Health	Water Main Extension Permit	July 2022	August 2022
MN Department of Natural Resources	Public Waters Work Permit (for new outlets to Murphy Creek)	April 2022	July 2022
	Water Appropriations Permit for construction dewatering (Contractor obtains this if needed)	Sept 2022	Sept 2022
Minnesota Pollution Control Agency	National Pollutant Discharge Elimination System Construction Storm Water Phase II Permit	September 2022	September 2022
	Sanitary Sewer Extension Permit	July 2022	August 2022
City of Austin	Plat Approval	April 2022	July 2022
	Storm Water Management Plan	April 2022	July 2022
Mower County	Work in Right-of-Way Permit	June 2022	July 2022
Cedar River Watershed District	Review of NPDES permit	April 2022	July 2022

The review and approval periods for the various permits has been included in the proposed project schedule.

The permit fees have been included in the project budget.

## 4.5

## Estimated Project Schedule

		EDA Grant Review	EDA Grant Award	Project Design	Project Permitting &	Bidding and Contracts	Project Construction	Project Close Out
2022	January							
	February							
	March							
	April							
	May							
	June							
	July							
	August							
	September							
	October							
	November							
	December							
2023	January							
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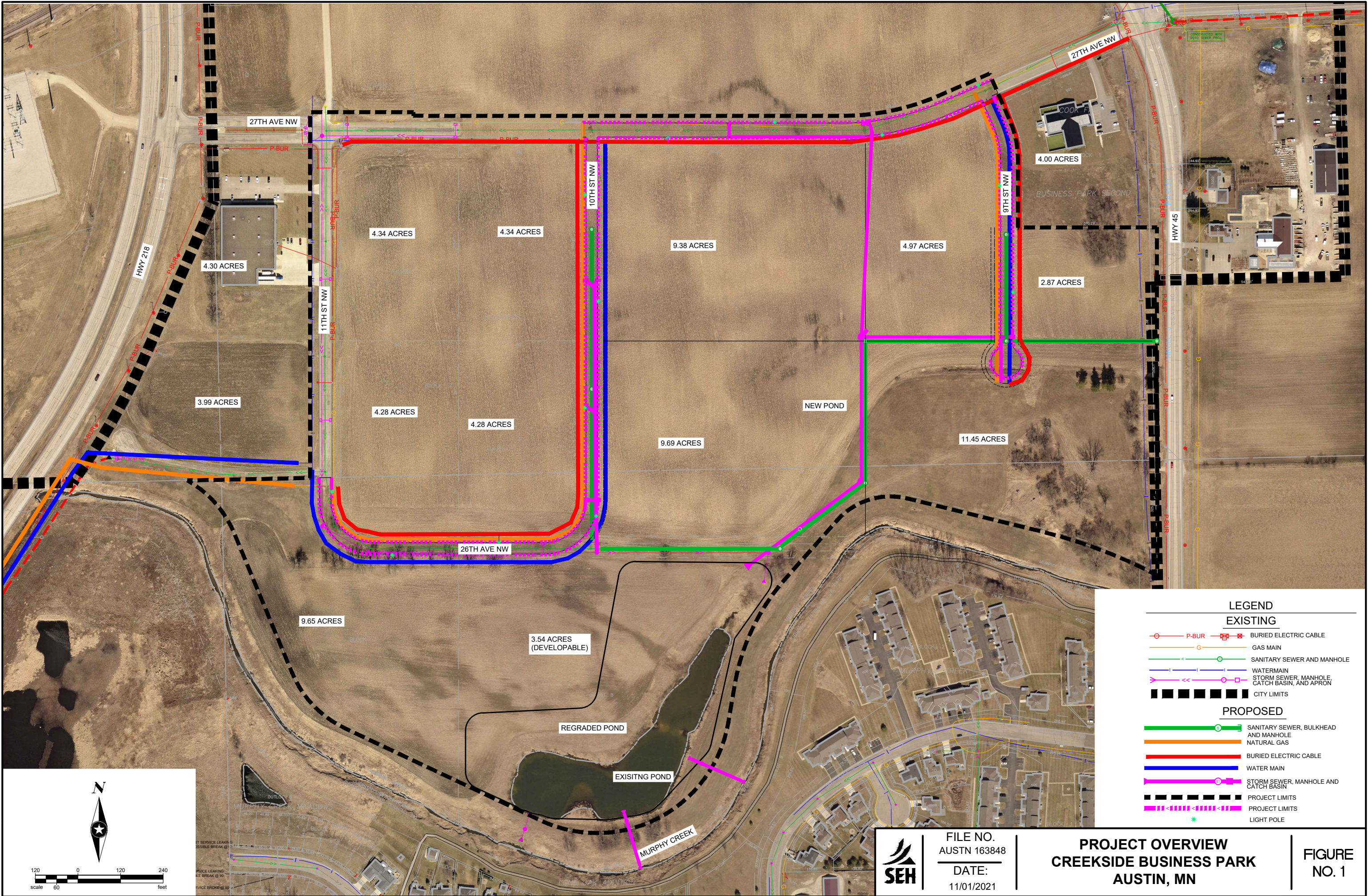
# Exhibits

Exhibit 1 – Project Overview

Exhibit 2 – Typical Sections



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# Appendix A

Cost Estimated

LINE NUMBER	ITEM NUMBER	ITEM	UNITS	TOTAL ESTIMATED QUANTITIES	UNIT PRICE	ENGINEER'S ESTIMATED COST
1	2021.501	MOBILIZATION	LS	1	\$ 120,000.00	\$ 120,000.00
2	2105.507	COMMON EXCAVATION (P)	CY	33,580	\$ 6.00	\$ 201,480.51
3	2105.507	SUBGRADE EXCAVATION	CY	938	\$ 6.00	\$ 5,630.09
4	2105.507	SELECT GRANULAR BORROW (CV) (P)	CY	4,973	\$ 20.00	\$ 99,456.81
5	2105.607	CHANNEL AND POND EXCAVATION	CY	52,400	\$ 1.00	\$ 52,400.00
6	2112.519	SUBGRADE PREPARATION	RDST	32	\$ 225.00	\$ 7,200.00
7	2211.507	AGGREGATE BASE CLASS 5	CY	4,001	\$ 20.00	\$ 80,021.70
8	2357.506	BITUMINOUS MATERIAL FOR TACK COAT	GAL	11,111	\$ 3.50	\$ 38,888.15
9	2360.509	TYPE SP 9.5 WEARING COURSE MIX (3;C)	TON	1,383	\$ 90.00	\$ 124,442.08
10	2360.509	TYPE SP 12.5 NON WEAR COURSE MIX (3;C)	TON	5,531	\$ 90.00	\$ 497,768.32
11	2501.502	24" RC PIPE APRON	EACH	2	\$ 1,500.00	\$ 3,000.00
12	2501.502	27" RC PIPE APRON	EACH	1	\$ 1,750.00	\$ 1,750.00
13	2501.502	54" RC PIPE APRON	EACH	1	\$ 3,500.00	\$ 3,500.00
14	2502.503	6" PERF PVC PIPE DRAIN	LF	6,255	\$ 15.00	\$ 93,825.00
15	2502.602	6" PVC PIPE DRAIN CLEANOUT	EACH	24	\$ 350.00	\$ 8,400.00
16	2503.503	10" PVC PIPE SEWER (SDR-35)	LF	982	\$ 60.00	\$ 58,920.00
17	2503.503	15" RC PIPE SEWER DES 3006	LF	450	\$ 50.00	\$ 22,500.00
18	2503.503	24" RC PIPE SEWER DES 3006	LF	112	\$ 80.00	\$ 8,960.00
19	2503.503	30" RC PIPE SEWER DES 3006	LF	31	\$ 110.00	\$ 3,410.00
20	2503.503	36" RC PIPE SEWER DES 3006	LF	375	\$ 130.00	\$ 48,750.00
21	2503.503	42" RC PIPE SEWER DES 3006	LF	248	\$ 160.00	\$ 39,680.00
22	2503.503	48" RC PIPE SEWER DES 3006	LF	305	\$ 220.00	\$ 67,100.00
23	2503.503	54" RC PIPE SEWER DES 3006	LF	723	\$ 300.00	\$ 216,900.00
24	2503.503	72" RC PIPE SEWER DES 3006	LF	810	\$ 600.00	\$ 486,000.00
25	2503.602	SANITARY SEWER SERVICE	EACH	7	\$ 1,500.00	\$ 10,500.00
26	2503.602	CONNECT TO EXISITNG SANITARY SEWER	EACH	3	\$ 1,500.00	\$ 4,500.00
27	2506.502	CONST DRAINAGE STRUCTURE DES SPECIAL (CB)	EACH	14	\$ 2,250.00	\$ 31,500.00
28	2506.502	CONST DRAINAGE STRUCTURE DES 4007	EACH	3	\$ 4,500.00	\$ 13,500.00
29	2506.502	CONST DRAINAGE STRUCTURE DES XX-4020	EACH	6	\$ 5,500.00	\$ 33,000.00
30	2506.502	ADJUST FRAME & RING CASTING	EACH	5	\$ 250.00	\$ 1,250.00
31	2506.602	CONNECT INTO EXISTING STORM SEWER	EACH	1	\$ 1,500.00	\$ 1,500.00
32	2511.507	RANDOM RIP RAP CLASS III	CY	54	\$ 50.00	\$ 2,700.00
33	2531.503	CONCRETE CURB & GUTTER DESIGN B624	LF	6,310	\$ 22.00	\$ 138,820.00
34	2563.601	TRAFFIC CONTROL	LS	1	\$ 7,000.00	\$ 7,000.00
35	2573.502	STORM DRAIN INLET PROTECTION	EACH	20	\$ 250.00	\$ 5,000.00
36	2573.503	SILT FENCE, TYPE MS	LF	2,950	\$ 2.50	\$ 7,375.00
Sewer & Street Construction Total						\$ 2,547,000.00
Construction Contingency 15%						\$ 382,050.00
		Water Distribution System				\$ 143,000.00
		Electric Distribution System				\$ 427,000.00
		Gas Distribution System				\$ 17,000.00
Total Construction Estimate						\$ 3,516,000.00
Legal & Admin					5.0%	\$ 176,000.00
Engineering					7.5%	\$ 264,000.00
Survey & Mat'l Testing					2.0%	\$ 70,000.00
Construction Inspection					4.0%	\$ 141,000.00
Total Estimate						\$ 4,167,000.00
Project Budgeting Contingency 5%						\$ 208,350.00
TOTAL PROJECT						\$ 4,375,350.00

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