



South St. Paul

MAYOR/COUNCIL WORKSESSION
SSP City Hall
125 3rd Avenue North

Monday, April 11, 2016
7:00 p.m.

AGENDA:

1. Presentation: Minnesota GreenStep Cities (there will be guests presenting – Griffith)
2. Review draft update of the Utility Rate Study
3. Review draft long-term Financial Plan
4. Continued discussion for Economic Development Staffing
5. Discuss Council Salary Review



City Council Work Session Report

Date: April 11, 2016

Department: Community Affairs/Planning/Licensing

Administrator: SPK

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Agenda Item: Presentation and Discussion about the City of South St. Paul becoming a Minnesota GreenStep City

Action to be considered:

Discussion to determine if the City of South St. Paul should become a Minnesota GreenStep City.

Overview:

On January 22, 2016, Suzanne Hansen met with Philip Muessing from the MN Pollution Control Agency here in South St. Paul. She thought since he was here in South St. Paul, she would contact City Staff to see if there was interest in learning more about the Minnesota GreenStep Cities Program. Peter Hellegers and Deb Griffith met with Phillip Muessig, Minnesota GreenStep Cities Program Coordinator, along with Suzanne Hansen, SSP resident, and Bonnie Marron, SSP resident.

What is Minnesota GreenStep Cities? Minnesota GreenStep Cities is a voluntary challenge, assistance and recognition program that provides a framework to help cities achieve their economic, environmental, and quality-of-life goals. This free continuous improvement program, managed by a public-private partnership, is based upon 29 best practices. (A list of the Best Practices is included). Each best practice can be implemented by completing one or more actions at a 1, 2 or 3-star level, from a list of four to eight actions. These actions are tailored to all Minnesota cities, focus on cost savings and energy use reduction, and encourage civic innovation.

The Benefits of becoming a Minnesota GreenStep City: There are a variety of benefits in becoming a Minnesota GreenStep City. Cities that join can immediately claim credit for the best practice actions that are previously completed within the City. Special attention is paid to GreenStep Cities including being eligible for financial support to create and strengthen a city "green team". Access to 40 hours of free consultant help with student interns is offered. Cities can learn from other cities on how they have completed Minnesota GreenStep Actions. They provide a one stop shop for the most up-to-date action resources and information on how to complete 170 actions in the areas of building, land-use, transportation, environment and economic /community development.

Addison Lewis, the City of South St. Paul's Code Enforcement Officer and Planner with WSB, strongly encourages the City to become a Minnesota GreenStep City. He has had the opportunity to work with several cities on this program. Addison had this to say about the Minnesota GreenStep Cities program:

It is great that South St. Paul is looking to become a GreenStep City! As you know, the program is free and recognizes cities for their sustainability initiatives. There are a few reasons I think it is beneficial for cities to participate:

- 1. Allows cities to brand themselves as a "green" community, which is attractive to people of all age groups and businesses as well. It provides a way to share with the community what the city is doing to be more environmentally, socially, and financially responsible.*
- 2. Access to grants. The MPCA has grants that are specifically targeted to participating GreenStep Cities. For some grants, awards may be based on participation level in the*

program.

3. *(In my opinion, this is the big one). It provides a database for cities to share information with each other about sustainability initiatives. A city may have a great idea for improving efficiency. With the GreenStep program, it becomes easier for cities to share information and for that idea to spread to have a larger impact. There are likely things that cities could do that they are unaware of that would save them money in addition to being good for the environment. The GreenStep program provides a forum for sharing good ideas and seeing how other cities address sustainability issues.*

Let me know if I can be of any help on this. I've worked with several cities on this program (St. Paul Park, Mahtomedi, and St. Anthony) including helping St. Anthony to become one of the first to reach Step 3 in the state.

The first step in becoming a Minnesota GreenStep City is to adopt a resolution to become a Minnesota GreenStep City.

Source of Funds:

None at this time



Minnesota GreenStep Cities

GreenStep Cities is a free assistance program for all Minnesota cities that supports and recognizes implementation of 29 sustainability best practices.

The best practices focus on cost savings, quality of life and energy use reductions that encourage a culture of innovation. As of February 2016, 90 cities (and one Tribal Nation), large and small, encompassing over one-third of the state's population, have joined and become Step One cities in this voluntary program, which was launched by the League of Minnesota Cities at their June 2010 conference.

Cities that implement a minimum number of best practices within the five categories below will be recognized as Step Two and Step Three GreenStep cities. Each best practice can be implemented by completing one or more specific actions from a list of four to eight actions. A city's accomplishments are recognized on the GreenStep website. Measuring city performance metrics will garner Step Four & Step Five recognition.

Visit www.MnGreenStep.org to learn more about this program, to see what cities have accomplished, and to understand how your city can become involved.

GreenStep's 29 Best Practices

Buildings and Lighting

1. **Efficient Existing Public Buildings:** Benchmark energy usage, identify savings opportunities, and work with utilities and others to implement cost-effective energy and sustainability improvements.
2. **Efficient Existing Private Buildings:** Provide incentives for energy, water and sustainability improvements in existing structures.
3. **New Green Buildings:** Construct new buildings to meet or qualify under a green building framework.
4. **Efficient Outdoor Lighting and Signals:** Improve the efficiency of public lighting and signals.
5. **Building Reuse:** Create economic and regulatory incentives for redeveloping and repurposing existing buildings before building new.



Land Use

6. **Comprehensive Plans:** Adopt a Comprehensive Plan and tie regulatory ordinances to it.
7. **Efficient City Growth:** Promote financial and environmental sustainability by enabling and encouraging higher density housing and commercial land use.
8. **Mixed Uses:** Develop efficient and healthy land patterns that generate community wealth.
9. **Efficient Highway- and Auto-Oriented Development:** Adopt commercial development and design standards for auto-oriented development corridors and clusters.
10. **Design for Natural Resource Conservation:** Adopt development ordinances or processes that protect natural systems and valued community assets.



Minnesota GreenStep Cities grew out of a report to the 2009 Legislature. The program is governed by a public-private partnership of state agencies and non-governmental organizations and is led by the MPCA.

Transportation

11. **Living Streets:** Create a network of green complete streets that improves city quality of life and adds value to surrounding properties.
12. **Mobility Options:** Promote active living and alternatives to single-occupancy car travel.
13. **Efficient City Fleets:** Implement a city fleet investment, operations and maintenance plan.
14. **Demand-Side Travel Planning:** Use Travel Demand Management and Transit-Oriented Design.



Environmental Management

15. **Purchasing:** Adopt environmentally preferable purchasing practices and policies.
16. **Urban Forests:** Add city tree and plant cover that increases community health, wealth and quality of life.
17. **Stormwater Management:** Minimize the volume of and pollutants in rainwater runoff.
18. **Parks and Trails:** Support active lifestyles and property values by enhancing green infrastructure.
19. **Surface Water Quality:** Improve local water bodies.
20. **Efficient Water and Wastewater Facilities:** Assess and improve drinking water and wastewater facilities.
21. **Septic Systems:** Implement an effective management program for decentralized wastewater systems.
22. **Solid Waste Reduction:** Increase waste reduction, reuse and recycling.
23. **Local Air Quality:** Prevent generation of local air contaminants.



Economic and Community Development

24. **Benchmarks & Community Engagement:** Adopt outcome measures for GreenStep and other city sustainability efforts, and engage community members in ongoing education, discussion, and campaigns.
25. **Green Business Development:** Support the expansion of the green business sector in your city.
26. **Renewable Energy:** Remove barriers to and encourage installation of renewable energy generation capacity.
27. **Local Food:** Strengthen local food and fiber production and access.
28. **Business Synergies:** Network/cluster businesses to achieve better energy, economic and environmental outcomes.
29. **Climate Adaptation & Community Resilience:** Plan and prepare for extreme weather, adapt to changing climatic conditions, and foster stronger community connectedness and social and economic vitality.



**Minnesota Pollution
Control Agency**

MINNESOTA GREENSTEP CITY PROGRAM- the basics

- **A free, voluntary challenge, assistance and recognition program** that provides a framework to help cities achieve their economic, environmental and quality-of-life goals. It's like the Tree City USA program, but covering many more topics and with many more **optional actions** a city can choose to take.
- **Cost-savings, energy use reduction and innovation** underpin the program's 29 best practices, which are based upon what cities in MN have and can accomplish at their **own pace, investing whatever level of time and money** they choose.
- **All information free and available to anyone** via the web; the web site is constantly updated and refined as program staff learn from cities.
- GreenStep cities – currently 91 statewide, encompassing 37% of the state's population -- adopt a participation resolution but **are in no legal relationship** now (or in the future) with the GreenStep program or with the State of MN.
- Program grew out of a report to the 2009 Legislature; is governed by a **state agency-non-profit partnership**, led by the MPCA and including the League of MN Cities, and not connected to any non-Minnesota efforts.
- **Like Tree City USA, GreenStep has recognition minimums, not requirements. LMC formally recognizes city accomplishments** once each year at its annual June conference. Claiming credit for a handful of specific high-impact best practice actions garners recognition at Steps 3, 4 and 5.

BENEFITS OF BEING A GREENSTEP CITY

- ✓ **Claim credit, be transparent, invite citizen/business participation**
 - Cities joining the program can immediately claim credit for best practice actions previously completed.
 - GreenStep web site easily allows a city to show community members/businesses city accomplishments.
 - The list of 170 optional best practice actions provides a framework for business and citizen groups, schools and city commissions to work on actions and assist city staff.
- ✓ **Special attention paid to GreenStep cities**
 - Financial support during 2016 to create/strengthen a city 'green team.'
 - Special outreach to GreenStep cities has resulted in funding of several city fleet improvement projects, commercial business assistance, city building energy cost-cutting, and full-time MN GreenCorps members placed in cities.
 - Special assistance targets water conservation, waste water plants, EV charging stations, environmental purchasing, complete streets, stormwater, city building energy savings, renewable energy.
 - Special listserv for GreenStep city contacts; each best practice has an expert topic advisor available to answer city questions.
- ✓ **Access 40 hrs. free consultant help (MSP metro and Bemidji areas only); student interns**
 - The MPCA's Retiree Environmental Technical Assistance Program (RETAP) targets its three city sustainability experts to work with GreenStep cities.
 - During most semesters, undergraduate and/or graduate students are available for use by GreenStep cities.
- ✓ **Learn from other cities**
 - 2,500 reports from cities on how they have completed GreenStep actions are posted on the web site for anyone to read and learn from. Each report lists a city contact of whom one can ask further details.
- ✓ **1-stop shop for the most up-to-date action resources**
 - Information on how to complete 170 actions – in the areas of buildings, land use, transportation, environment, and economic/community development – is updated with Minnesota-specific information more often than any other web site.

Search

Home | About | The 29 best practices | Become a GreenStep City | Recognition | Ordinances | City log-in | Contact Stay Connected  

GreenStep Cities

Click on city name to see contact information and detail on completed actions

Click here to see which cities have implemented which best practices.

City	Joined	Current step (date achieved)
Apple Valley	Jun 2011	STEP 3 (6/23/15)
Arlington	Mar 2011	STEP 1
Austin	Jul 2011	STEP 2 (6/10/12)
Bemidji	Feb 2012	STEP 3 (6/23/15)
Blackduck	Oct 2010	STEP 1
Brainerd	Apr 2013	STEP 2 (6/23/15)
Brooklyn Center	Jan 2015	STEP 2 (6/23/15)
Burnsville	Apr 2012	STEP 3 (6/20/13)
Chisholm	Feb 2015	STEP 1
Cologne	Jul 2015	STEP 1
Columbia Heights	Feb 2013	STEP 2 (6/23/15)
Coon Rapids	Mar 2014	STEP 2 (6/23/15)
Cottage Grove	Dec 2010	STEP 2 (6/20/13)
Crookston	Feb 2015	STEP 1
Crystal	Nov 2014	STEP 2 (6/23/15)
Delano	Jun 2011	STEP 1
Duluth	May 2014	STEP 2 (6/23/15)
Eagan	Aug 2010	STEP 3 (6/10/12)
Eden Prairie	Jun 2011	STEP 3 (6/20/14)
Edina	Jan 2011	STEP 3 (6/10/12)
Elk River	Oct 2010	STEP 3 (6/20/13)
Elko New Market	Nov 2013	STEP 1
Ely	Jan 2014	STEP 1
Falcon Heights	Jan 2011	STEP 3 (6/10/12)
Farmington	May 2011	STEP 2 (6/10/12)
Fergus Falls	Sep 2015	STEP 1
Forest Lake	Jun 2014	STEP 1
Fridley	Aug 2014	STEP 1
Gilbert	Jan 2015	STEP 1
Grand Marais	Jan 2014	STEP 1
Grand Rapids	May 2012	STEP 2 (6/20/13)
Hermantown	Mar 2015	STEP 2 (6/23/15)
Hoffman	Dec 2010	STEP 2 (6/20/13)
Hopkins	Nov 2010	STEP 3 (6/20/13)
Hutchinson	Apr 2015	STEP 2 (6/23/15)
Isanti	Aug 2015	STEP 1
Jordan	Oct 2015	STEP 1
Kasson	Feb 2011	STEP 2 (6/20/14)
La Crescent	Oct 2015	STEP 1
La Prairie	Sep 2010	STEP 2 (6/20/13)
Lake Crystal	Apr 2013	STEP 2 (6/20/14)
Lake Elmo	May 2012	STEP 2 (6/20/13)
Lauderdale	Mar 2015	STEP 1
Leech Lake Band of Ojibwe	Aug 2014	STEP 2 (6/23/15)
Lexington	Aug 2015	STEP 1
Luverne	Jun 2011	STEP 1
Mahltomedi	Oct 2010	STEP 3 (6/20/14)
Mankato	Aug 2010	STEP 2 (6/20/13)

Maple Grove	Dec 2012	STEP 2 (6/23/15)
Maplewood	Dec 2010	STEP 3 (6/20/13)
Marine on Saint Croix	Dec 2014	STEP 1
Marshall	Mar 2012	STEP 2 (6/20/13)
Mayer	Oct 2015	STEP 1
Milan	Jun 2011	STEP 1
Minnnetonka	Dec 2013	STEP 2 (6/20/14)
Mountain Iron	May 2012	STEP 1
New Hope	Jan 2015	STEP 2 (6/23/15)
Newport	Apr 2012	STEP 3 (6/20/13)
Nisswa	Oct 2012	STEP 1
North Saint Paul	Jul 2012	STEP 2 (6/20/13)
Northfield	Jun 2010	STEP 3 (6/23/15)
Oakdale	Mar 2011	STEP 3 (6/23/15)
Pierz	Sep 2014	STEP 1
Pine City	Mar 2014	STEP 1
Pine River	May 2010	STEP 2 (6/20/14)
Red Wing	Feb 2011	STEP 2 (6/20/13)
Richfield	Jan 2012	Inactive
Rochester	Dec 2010	STEP 3 (6/20/13)
Rogers	Dec 2011	STEP 3 (6/20/14)
Rosemount	Dec 2011	STEP 2 (6/10/12)
Roseville	Jul 2014	STEP 2 (6/23/15)
Royalton	Sep 2010	STEP 2 (6/10/12)
Saint Anthony	Feb 2011	STEP 3 (6/10/12)
Saint Cloud	Jun 2011	STEP 2 (6/13/11)
Saint Louis Park	Jun 2012	STEP 1
Saint Paul	Jun 2014	STEP 2 (6/23/15)
Saint Paul Park	Feb 2013	STEP 1
Sartell	Jan 2014	STEP 1
Sauk Rapids	Jul 2012	STEP 2 (6/20/13)
Scandia	May 2014	STEP 1
Sherburn	Sep 2014	STEP 1
Shoreview	Jan 2013	STEP 3 (6/20/14)
Shorewood	Jun 2011	STEP 1
Silver Bay	Jan 2014	STEP 2 (6/20/14)
Two Harbors	Mar 2015	STEP 2 (6/23/15)
Victoria	Jan 2012	STEP 3 (6/23/15)
Warren	Sep 2011	STEP 2 (6/20/14)
White Bear Lake	Dec 2011	STEP 3 (6/20/14)
Willmar	Mar 2012	STEP 2 (6/20/13)
Winthrop	Nov 2015	STEP 1
Woodbury	Jan 2013	STEP 3 (6/20/13)

Minnesota Pollution Control Agency | [Contact](#) | [Web site policy](#)



Minnesota Pollution Control Agency

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December 2015



Minnesota GreenStep Cities

Green Team Funding

- **The overall goal** of funding from the MPCA is to create or strengthen the capacity of a “green team” to support accelerated implementation of actions in an existing GreenStep City. MPCA will co-sponsor, up to \$3,000, eleven types of events described below.
- **Green teams can be** an existing city commission or task force, an existing civic group, a city staff green team, or a new group. A new group could include city elected officials/staff and community members, including representatives from civic and religious groups, business organizations and educational institutions. See GreenStep best practice action 24.1 at <http://www.MnGreenStep.org> for tips on creating and sustaining successful green teams.

Eligible Types of MPCA/GreenStep Co-sponsored Events in Existing GreenStep Cities

- Community education and recruitment** leading up to a meeting where members of a new, or rejuvenated, green team are nominated for city approval
- In-depth training and discussion** at a green team on how to build energy/climate goals and strategies into the city’s comp plan update
- A charrette** or other public process for a city, or a group of cities, to develop a GreenStep action road map
- Use a community process** to predetermine high, medium and low score ranges on the Equitable Development Scorecard (GreenStep action 8.1) for a significant proposed development
- Work leading up to a community meeting** where complete B3 data, and/or GreenStep action reports, and/or Step 4 metrics are displayed, analyzed, and discussed
- A planning retreat** for an existing city green team
- An open house** to share the city’s GreenStep work with the community and to invite traditionally underrepresented people to participate
- A community meeting** that reviews progress on recommendations from a Minnesota Design Team visit and serves to strengthen/create a committee charged with working on MDT recommendations
- The Friday and Saturday night Minnesota Design Team community meetings** in a GreenStep city that is selected by the MDT for a future design charrette
- A community ‘post-visit’ meeting** that presents and discusses what a community team learned from visiting another Minnesota city, that visit allowing a mixed group of people from city government and city organizations (commissions, business, faith, education) to learn in-depth so as to replicate outstanding achievements in the city visited
- Other events and related work** will be considered for co-sponsorship [describe your event]





Minnesota Pollution Control Agency

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Minnesota GreenStep Cities

Funding Program Details

- **Up to \$3,000 per city, \$12,000+ total**
- **Proposals not funded by July 2016** may be funded in late summer 2016
- **If requests far outstrip funding** a mix of proposals will be picked by the GreenStep steering committee to result in events in small and large cities, and in cities distributed across greater MN and the Twin Cities metro area, for existing and new green teams, and for the widest range of eligible types of events
- **Funding is to a GreenStep city or to the city's identified GreenStep coordinator** who may be a civic group, incorporated or not ; checks cut by June 30 and events could happen after that
- **Eligible expenses are for:** stipends for people doing work/participating; meeting costs including food and child care; printing; materials; travel costs; mailing costs; publicity

Application Details

- **E-mail a short (1 page) proposal** to Philipp Muessig, GreenStep Coordinator at the MPCA: philipp.muessig@state.mn.us Feel free also to call Philipp at 651-757-2594 to discuss your proposal
- **Proposals will generally be funded** on a first-come/first-served basis through February and then monthly thereafter until funds are expended
- **Accepted proposals** will be sent an MPCA purchase order, in response to which the proposer will send MPCA back an invoice for the total funding approved by MPCA
- **APPLICATION: PART 1**
 - *Identify the eligible event on page 1 that most closely matches your proposed event*
- **APPLICATION: PART II**
Help us understand, in answering the questions below, how your proposal will strengthen your green team's capacity.
 - *Date or anticipated date of the event*
 - *Location of event*
 - *City contact person (e-mail, phone), and non-city contact if they are submitting the proposal*
 - *Description/history of green team (existing or anticipated)*
 - *Who would be invited and how will they be invited?*
 - *What is the agenda, in broad strokes?*
 - *What printed/web documents might be presented at the event or be produced after the event?*
 - *What work would be done by whom leading up to the event and after the event?*





GREENSTEP CITIES PROGRAM: 2015

Recognizing Leaders in Minnesota's Green City Movement

The League of Minnesota Cities is proud to recognize the 83 cities, including one Tribal Nation, which are participating in the Minnesota GreenStep Cities program. Currently one-third of the state's population resides in a GreenStep city.

GreenStep Cities is a free, voluntary challenge, assistance, and recognition program to assist Minnesota cities in implementing sustainability best practices that best fit their city. The League is working with the Preservation Alliance of MN, Clean Energy Resource Teams, Great Plains Institute, Izaak Walton League-MN Division, Minnesota Pollution Control Agency, Minnesota Department of Commerce-Division of Energy Resources, and Urban Land Institute-MN to promote this program as a pathway to sustainability that is cost-effective, pragmatic and achievable for all cities. Learn from these innovative cities by viewing their accomplishments at www.MnGreenStep.org

This program benefits cities in multiple ways:

- Lower costs to government, business, educational institutions and citizens
- More local, green jobs
- Green buildings that are cheaper to operate
- Green infrastructure, low-impact development and cleaner water
- Transportation options that connect jobs and housing; walkable/bikeable communities
- Local food production
- Local renewable energy production and cleaner air

At the end of the program's fifth year, 818 best practices have been completed, a one-third increase over last year. Please join the League in congratulating all 83 cities below for leading the way toward greener communities. 17 cities are new to the program this year at Step 1. Those cities and cities advancing to Step 2 (15 cities) and Step 3 (5 cities) are in **bold**:

STEP ONE CITIES

Arlington	Gilbert	Milan	Sartell
Blackduck	Grand Marais	Mountain Iron	Scandia
Brooklyn Center	Hanover	New Hope	Sherburn
Chisholm	Hermantown	Nisswa	Shorewood
Crookston	Hutchinson	Pierz	Two Harbors
Crystal	Lauderdale	Pine City	
Delano	Leech Lake Band	Richfield	
Elko New Market	of Ojibwe	Roseville	
Ely	Luverne	Saint Louis Park	
Forest Lake	Marine on St.	Saint Paul	
Fridley	Croix	Saint Paul Park	

STEP TWO CITIES

Austin
Brainerd
Brooklyn Center
Columbia Heights
Coon Rapids
Cottage Grove
Crystal
Duluth
Farmington
Grand Rapids

Hermantown
Hoffman
Hutchinson
Kasson
La Prairie
Lake Crystal
Lake Elmo
Leech Lake Band
of Ojibwe
Mankato

Maple Grove
Marshall
Minnetonka
New Hope
North Saint Paul
Northfield
Pine River
Red Wing
Rosemount
Roseville

Royalton
Saint Cloud
Saint Paul
Sauk Rapids
Silver Bay
Two Harbors
Warren
Willmar

STEP THREE CITIES

Apple Valley
Bemidji
Burnsville
Eagan
Eden Prairie
Edina

Elk River
Falcon Heights
Hopkins
Mahtomedi
Maplewood
Newport

Northfield
Oakdale
Rochester
Rogers
Saint Anthony
Shoreview

Victoria
White Bear Lake
Woodbury

Stop by the GreenStep Cities display table near the League Registration Desk or visit www.MnGreenStep.org to learn more about this program and how you can implement proven sustainability best practices in your city!



COUNCIL WORKSESSION REPORT

DATE: April 11, 2016

DEPARTMENT: Finance

ADMINISTRATOR: SPK

2

AGENDA ITEM: Review draft update of the Utility Rate Study

DESIRED MEETING OUTCOMES:

- Review the draft update of the Utility Rate Study.
- Provide direction to Staff and the City's Municipal Advisor on next steps in the rate analysis and recommendations

OVERVIEW:

The Council approved the current 2011 Utility Rate Study on December 20, 2010. A periodic review of this study is a good financial practice. The City's municipal advisors, Ehlers, Inc. conducted the previous study. They, therefore, were contracted to do an update of the plan.

The analysis provided relatively good news. On the concern side, the closure and cessation of activities at Dakota Premium have had negative impact on predicted revenues reflected in the current Utility Rate Plan. However, overall performance of the Water Fund has been consistent with current plan projections and assumptions. In contrast, performance of the Sanitary Sewer Fund is a little weaker under the current plan than had been predicted but that issue is curable without major adjustments to rates.

Steve Apfelbacher, Ehlers Inc., will present the draft Utility Rate Study at the Worksession.

SOURCE OF FUNDS:

N/A



COUNCIL WORKSESSION REPORT

DATE: April 11, 2016

DEPARTMENT: Finance

ADMINISTRATOR: SPK

3

AGENDA ITEM: Review draft update of the Financial Management Plan

DESIRED MEETING OUTCOMES:

- Review updated draft of the Financial Management Plan
- Receive and consider analysis from the City's Municipal Advisor, (Ehlers), and City Staff
- Receive and consider recommendations for changes in Plan philosophies, assumptions, management practices and display
- Provide direction to Staff and the Municipal Advisor on next steps

OVERVIEW:

The Long Term Financial Management Plan was originally developed in 2010-2011 by the City's Municipal Advisors, Ehlers. The Plan should be reviewed and updated periodically to keep the data relevant and usable for making financial decisions.

City Finance Director Michelle Pietrick worked with Ehlers personnel on the review and updating of the data included in the current Plan. This process raised questions and concerns about basic City philosophies, assumptions and management practices imbedded in the current Plan. As a result, the City's Municipal Advisor and City Staff recommend some substantial operational changes to the management guidelines and processes used for implementing the next edition of the Plan.

Steve Apfelbacher, Ehlers, will present preliminary summary comments on the proposed revised edition of the Financial Management Plan.

SOURCE OF FUNDS:

N/A



EHLERS
LEADERS IN PUBLIC FINANCE

Financial Management Plan & Utility Rate Study for the City of South St. Paul

Steve Apfelbacher – Ehlers

04/11/2016





Agenda

- Utility Rate Study
 - Key Assumptions
 - Key Findings
 - Cash Reserves
- Financial Management Plan
 - Long Range Goals
 - Capital Needs
 - Funding Sources
 - Internal Service Fund
 - Interfund Loan Balances & Projections
 - Impact on General Fund
 - Projected Tax & Debt Levies
- Impact Analysis
 - Comparable Communities





Utility Rate Study - Key Assumptions

- **Increased Capital Expenses**
 - Aging infrastructure
 - Combined \$11.0M inflated project costs during 2016-2020
 - Combined \$2.85M of bonding during same period
 - Equipment replacement and maintenance
- **Less Water Consumption**
 - Dakota Premium closure
- **Separate Self-Sustaining Enterprise Funds**
 - Started recording Water and Sewer separately in 2011
 - \$3.1M Transfer from the Water Fund to Sewer Fund





Utility Rate Study

Funds Included in the Study

- Utility Administration Fund
- Water Fund
- Sewer Fund
- Storm Water Fund



Utility Rate Study – Capital Projects

Water Fund

Description	2016	2017	2018	2019	2020
Capital Costs	\$752,187	\$666,215	\$867,229	\$1,010,877	\$588,749
Bonding Needs	-	-	-	300,000	-

Sewer Fund

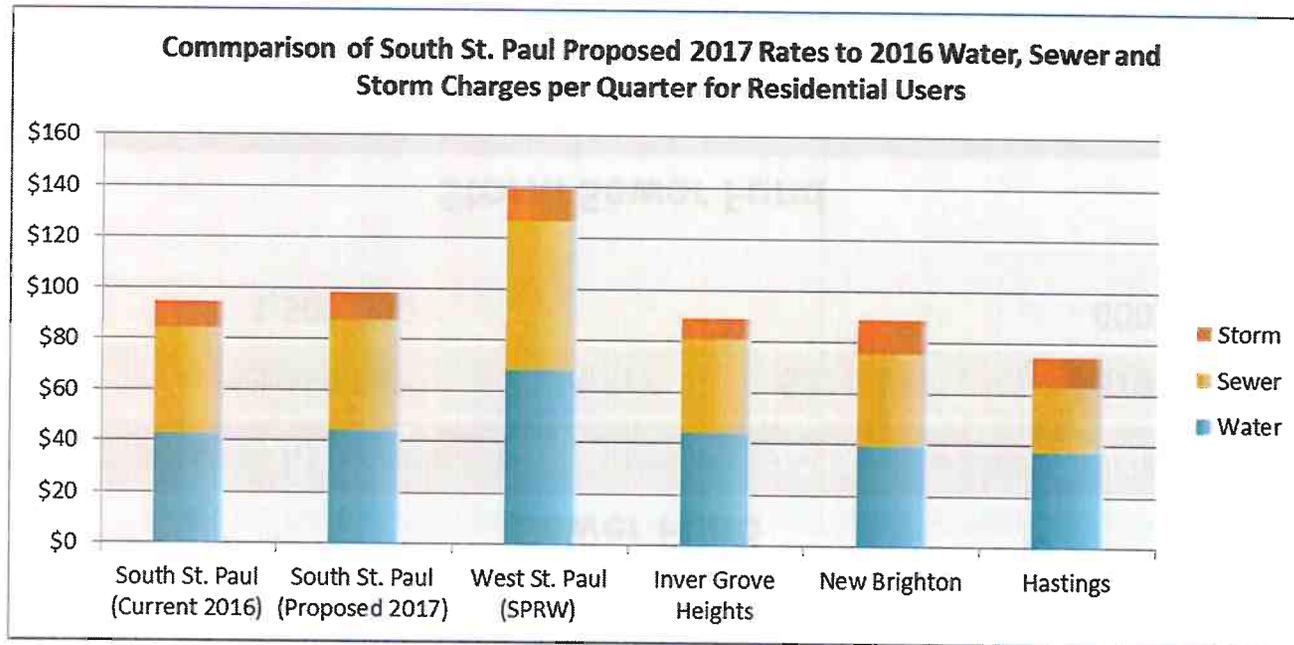
Description	2016	2017	2018	2019	2020
Capital Costs	\$3,450,517	\$288,717	\$314,147	\$619,506	\$272,301
Bonding Needs	1,500,000	-	-	600,000	-

Storm Sewer Fund

Description	2016	2017	2018	2019	2020
Capital Costs	\$606,000	\$288,400	\$617,444	\$639,245	\$84,413
Bonding Needs	-	-	-	450,000	-



Utility Rate Study - Community Comparison



Assumes residential user consumed 15,000 gallons water and 7,500 winter quarter sewer

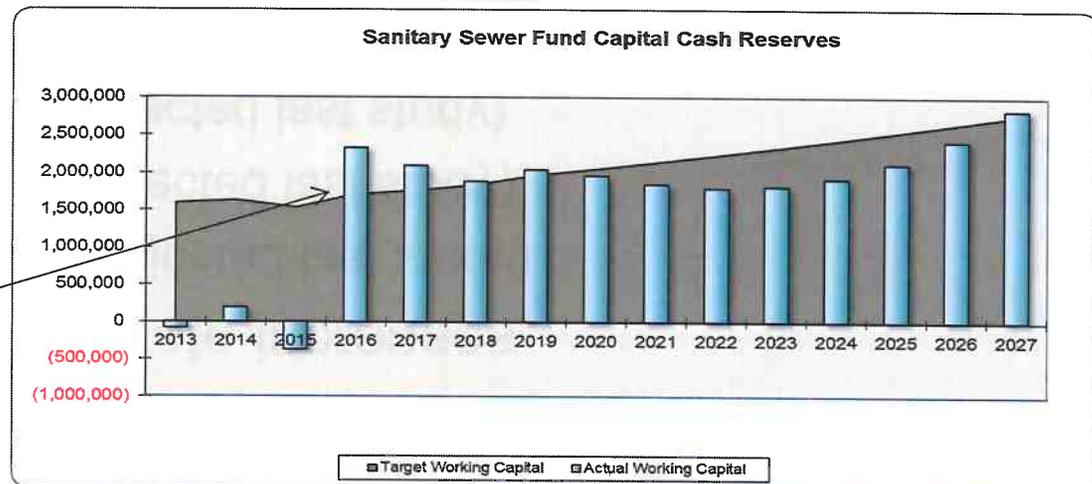
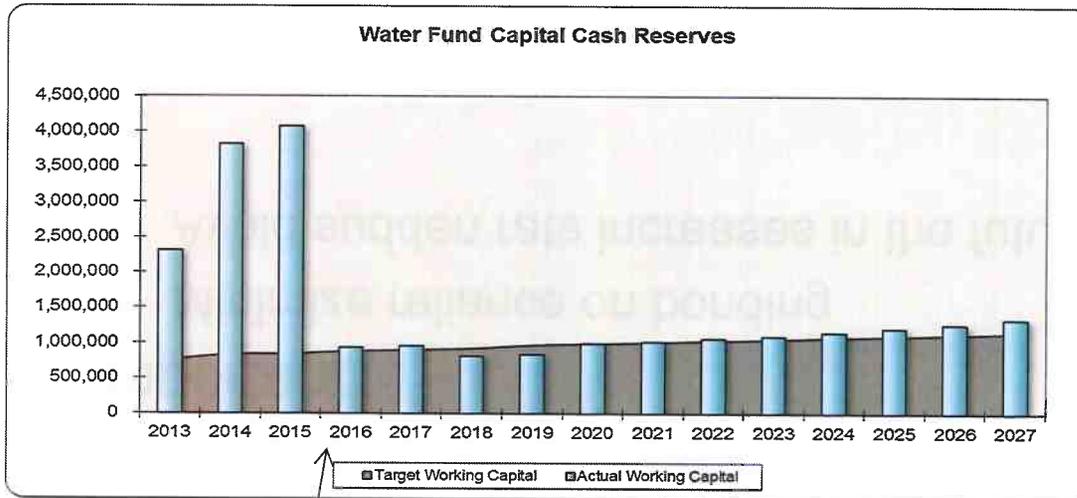


Utility Rate Study - Key Findings

- Proposed 2017 utility rate increases
 - Water – 2.75% (3% projected last study)
 - Sewer – 6.0% (4% projected last study)
 - Storm – 4.0% (4% projected last study)
- Adequate revenue and cash balances in utility funds are important
 - Minimize reliance on bonding
 - Avoid sudden rate increases in the future



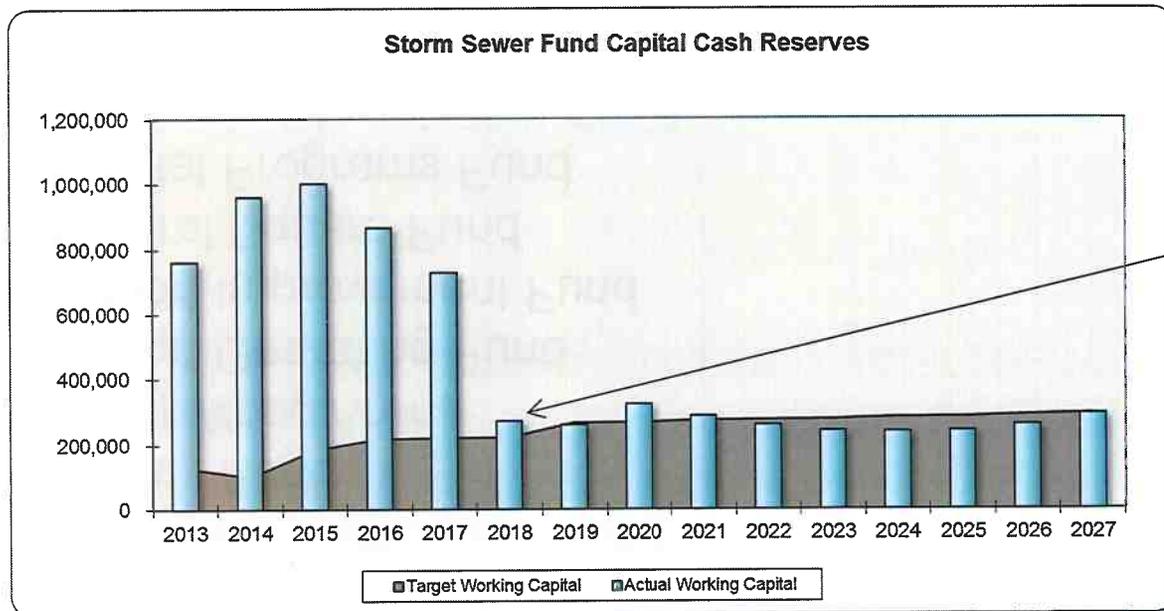
Cash Reserves – Water and Sewer



\$3.1M Transfer



Storm Sewer Cash Reserve



Paying for capital projects with cash





Financial Management Plan

Funds included in the Plan:

- ✓ General Fund
- ✓ EDA Fund
- ✓ HRA Fund
- ✓ Park Land Dedication Fund
- ✓ Library Fund
- ✓ Doug Woog Arena
- ✓ Airport Operating Fund
- ✓ Airport Improvement Fund
- ✓ Central Square Fund
- ✓ Capital Programs Fund
- ✓ Equipment Acquisition Fund
- ✓ Central Garage Fund
- ✓ Future Street Projects



Long Range Goals

- Repayment of interfund loans
 - Woog Arena
 - Airport Operating and Improvement Funds
- Maintain stability of tax rate
 - General Levy
 - Debt Levy
 - Special Levies
 - EDA Levy
- Long-range capital plan for all funds
- Limited bonding to pay for projects
 - Use cash on hand where possible
- Sustainability of all funds



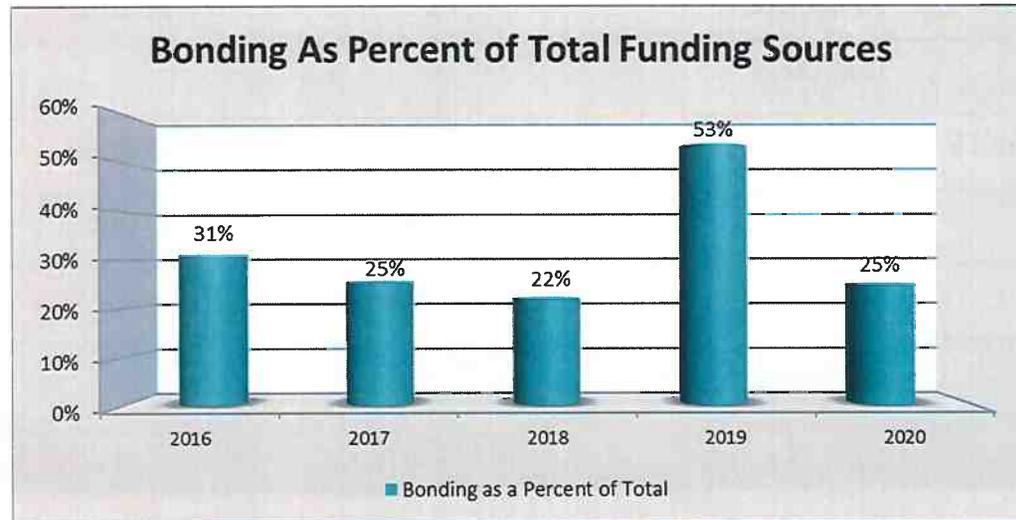
Capital Needs

Capital Projects	2016	2017	2018	2019	2020	Total	5-Year Average
Project Costs by Fund							
General Fund	42,000	38,405	39,750	41,142	42,788	204,085	40,817
Park Land Dedication	0	0	284,109	67,531	173,891	525,531	105,106
Woog Arena	158,000	116,699	215,267	103,547	106,653	700,166	140,033
Airport	357,855	1,145,772	1,191,072	1,828,952	1,248,152	5,771,803	1,154,361
Central Square	29,000	5,305	21,855	0	0	56,159	11,232
Capital Programs	1,264,980	1,376,497	243,656	374,772	449,775	3,709,680	741,936
Equipment	51,000	46,500	136,600	112,400	113,300	459,800	91,960
Central Garage	498,400	498,623	396,660	123,806	127,520	1,645,009	329,002
Streets	1,951,000	7,606,550	4,750,074	3,081,490	2,652,261	20,041,375	4,008,275
Water	464,000	215,000	165,000	825,000	490,000	2,159,000	431,800
Sewer	3,366,000	200,000	200,000	200,000	200,000	4,166,000	833,200
Storm Sewer	125,000	210,000	395,000	350,000	75,000	1,155,000	231,000
Total Project Costs	8,307,235	11,459,351	8,039,043	7,108,640	5,679,340	40,593,609	8,118,722



Funding Sources

Capital Projects	2016	2017	2018	2019	2020	Total	5-Year Average
Project Revenues by Source							
Bond Proceeds	2,575,000	2,900,000	1,750,000	3,800,000	1,400,000	12,425,000	2,485,000
Property Tax Levy	200,000	155,104	255,017	144,689	149,441	904,251	180,850
Intergovernmental	2,110,720	6,179,426	3,136,517	1,908,282	3,061,199	16,396,144	3,279,229
Transfers from Other Funds	769,250	1,806,750	1,801,750	853,750	443,250	5,674,750	1,134,950
Donations / Contributions	7,500	24,000	35,000	5,000	-	71,500	14,300
Funds on Hand	2,644,765	394,070	1,060,759	396,919	625,451	5,121,964	1,024,393
Total Project Revenues by Source	8,307,235	11,459,351	8,039,043	7,108,640	5,679,340	40,593,609	8,118,722
Bonding as a Percent of Total	31%	25%	22%	53%	25%	31%	31%

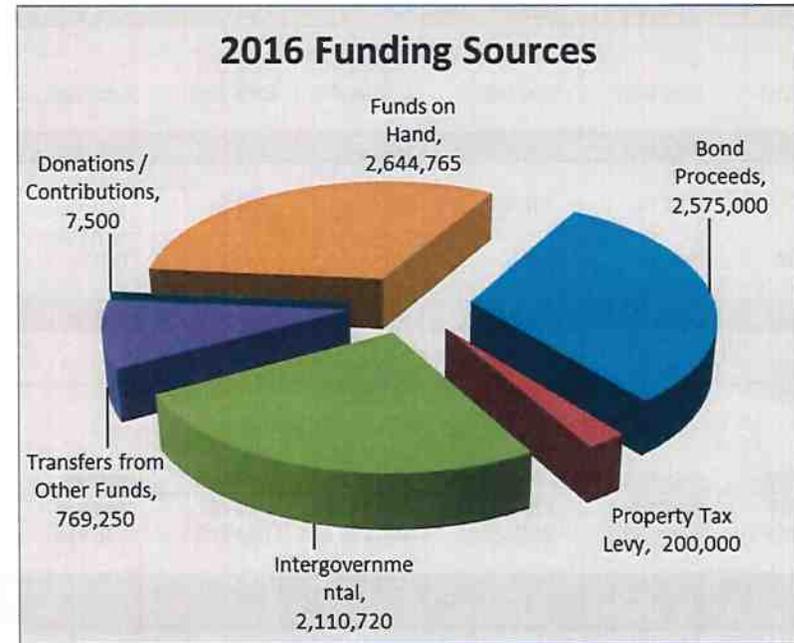
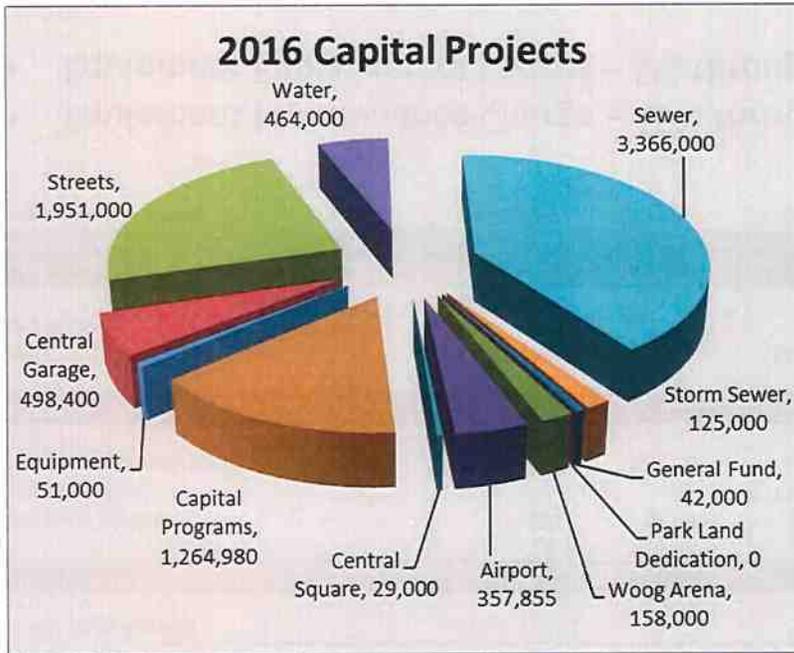


Capital Projects - Bonding

Fund	2016	2017	2018	2019	2020	Total
Airport				\$900,000		\$900,000
Capital Programs		\$1,000,000				\$1,000,000
Central Garage	\$400,000	\$400,000				\$800,000
Streets	\$675,000	\$1,500,000	\$1,750,000	\$1,550,000	\$1,400,000	\$6,875,000
Water				\$300,000		\$300,000
Sewer	\$1,500,000			\$600,000		\$2,100,000
Storm Sewer				\$450,000		\$450,000
Totals	\$2,575,000	\$2,900,000	\$1,750,000	\$3,800,000	\$1,400,000	\$12,425,000



2016 Capital Projects & Funding Sources



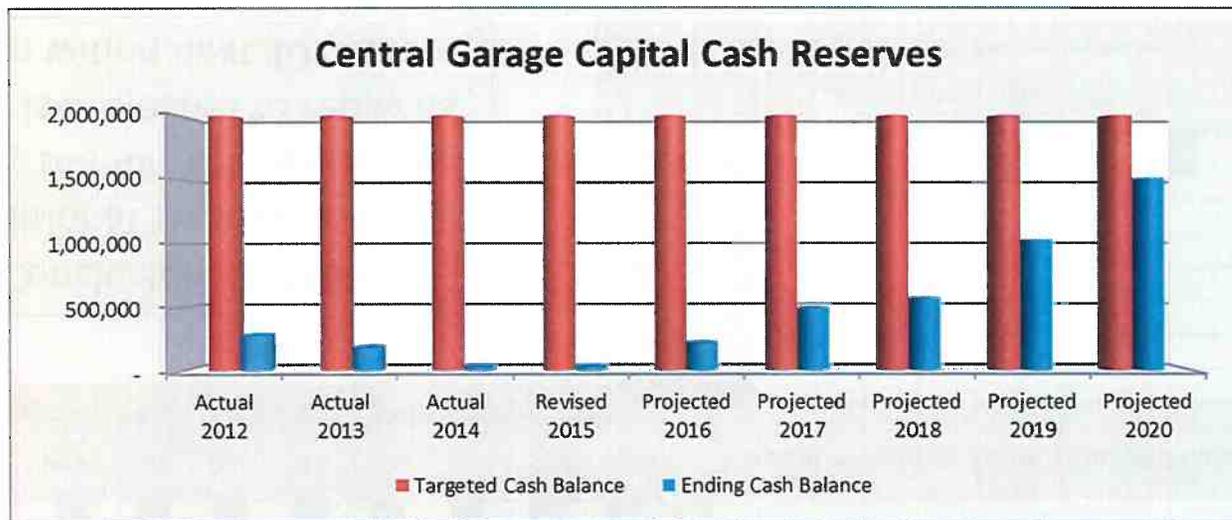
Internal Service Fund

Central Garage Summary	Actual 2012	Actual 2013	Actual 2014	Revised 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
Operating Revenues	756,583	861,473	931,171	914,927	1,006,079	1,157,207	1,321,292	1,451,547	1,492,177
Operating Expenses	612,888	665,089	696,370	874,553	739,470	755,113	777,741	801,048	829,056
Net Before Debt Service	143,695	196,384	234,801	40,374	266,610	402,094	543,551	650,499	663,121
Existing Debt Service (P&I)	█	-	-	-	-	-	-	-	-
Projected Debt Service (P&I)	█	-	-	-	-	(46,296)	(92,592)	(92,592)	(92,592)
Total Debt Service	-	-	-	-	-	(46,296)	(92,592)	(92,592)	(92,592)
Net Revenues	█	143,695	196,384	234,801	40,374	355,798	450,960	557,907	570,529
Investment Income	█	7,225	(3,190)	3,012	4,000	-	2,711	9,966	20,595
Transfers In/(Out)	█	-	-	110,505	105,485	-	-	-	-
Other Non Operating Revenues/(Expenses)	█	56,006	123,716	48,111	61,671	15,000	15,300	16,232	16,800
Annual Net Cash Flow	█	206,926	316,910	396,429	211,530	373,809	474,099	584,105	607,924
Capital Projects	█	(344,163)	(414,907)	(551,591)	(206,825)	(498,400)	(498,623)	(396,660)	(127,520)
Bond Proceeds	█	-	-	-	-	400,000	400,000	-	-
Net Cash Flow After Capital Projects	█	(137,237)	(97,997)	(155,162)	4,705	183,210	77,439	460,299	480,404
Ending Cash Balance	█	282,089	184,092	28,930	33,635	492,031	569,470	1,029,769	1,510,173
Targeted Cash Balance	█	2,000,000							

- Equipment Maintenance Charge – 15% through 2019; 3% thereafter
- Equipment Replacement Charge – 5% through 2019; 3% thereafter



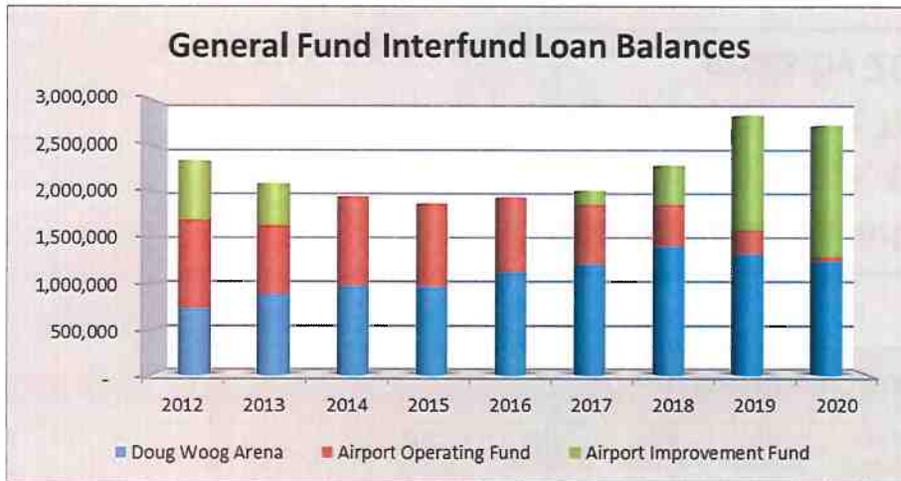
Internal Service Fund



Conclusion: Based on policies already in place, this fund is projected to meet Targeted Cash goals by 2024

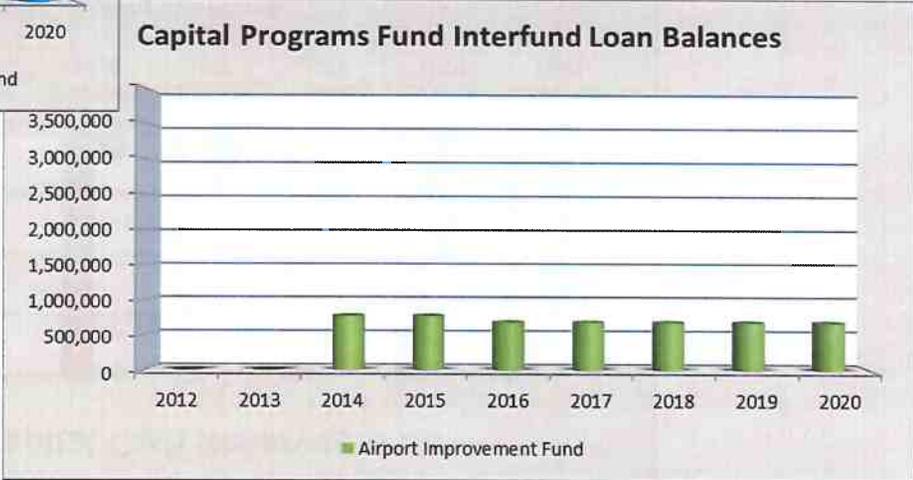


Interfund Loan Balances & Projections



Currently two outstanding interfund loans

Conclusion: Without additional tax levy dollars, only the Airport Operating fund is projected to repay its loan within next 10 years.



Interfund Loans Balances – No New Levy

Interfund Loan Balances	2012	2013	2014	2015	2016	2017	2018	2019	2020
Doug Woog Arena									
Beginning Interfund Loan Balance	547,921	728,266	887,498	969,861	1,133,692	1,291,692	1,387,558	1,580,042	1,505,319
Net Operating (Gain) / Loss	(79,854)	(145,213)	(165,109)	(6,265)	(163,233)	(180,266)	(180,999)	(178,270)	(183,199)
Capital Projects	123,085	132,868	151	3,500	158,000	116,699	215,267	103,547	106,653
Annual Bond Payment	160,702	161,303	161,768	166,596	163,233	159,433	158,216	-	-
Changes in Balance Sheet	(23,588)	10,274	85,553	-	-	-	-	-	-
<i>Annual Increase/(Decrease)</i>	<i>180,345</i>	<i>159,232</i>	<i>82,363</i>	<i>163,831</i>	<i>158,000</i>	<i>95,866</i>	<i>192,484</i>	<i>(74,723)</i>	<i>(76,546)</i>
Ending Interfund Loan Balance	728,266	887,498	969,861	1,133,692	1,291,692	1,387,558	1,580,042	1,505,319	1,428,773
Airport Operating Fund									
Beginning Interfund Loan Balance	1,151,659	966,708	760,994	1,002,916	941,269	867,836	704,900	535,234	362,022
Net Operating (Gain) / Loss	(290,151)	(298,743)	(1,383)	(233,353)	(170,589)	(219,110)	(224,302)	(229,488)	(240,005)
Capital Projects	-	124,609	109,206	133,010	57,500	53,045	54,636	56,275	57,964
T-Hanger Note	37,549	37,549	37,549	38,696	39,656	3,129	-	-	-
Changes in Balance Sheet	67,651	(69,129)	96,550	-	-	-	-	-	-
<i>Annual Increase/(Decrease)</i>	<i>(184,951)</i>	<i>(205,714)</i>	<i>241,922</i>	<i>(61,647)</i>	<i>(73,433)</i>	<i>(162,936)</i>	<i>(169,666)</i>	<i>(173,213)</i>	<i>(182,041)</i>
Ending Interfund Loan Balance	966,708	760,994	1,002,916	941,269	867,836	704,900	535,234	362,022	179,980
Airport Improvement Fund									
Beginning Interfund Loan Balance	540,089	655,325	459,734	3,549	3,549	-	165,727	435,772	1,258,706
Net Operating (Gain) / Loss	(12,520)	(36,203)	(128,787)	6,323	(31,500)	-	2,486	7,626	25,174
Unfunded Portion of Capital Projects	-	-	56,413	(6,323)	(66,645)	165,727	267,559	1,715,308	150,218
Bond Proceeds	-	-	-	-	-	-	-	(900,000)	-
Changes in Balance Sheet	127,756	(159,388)	(383,811)	-	94,596	-	-	-	-
<i>Annual Increase/(Decrease)</i>	<i>115,236</i>	<i>(195,591)</i>	<i>(456,185)</i>	<i>-</i>	<i>(3,549)</i>	<i>165,727</i>	<i>270,045</i>	<i>822,934</i>	<i>175,392</i>
Ending Interfund Loan Balance	655,325	459,734	3,549	3,549	-	165,727	435,772	1,258,706	1,434,099
Total Ending Balance - General Fund	2,350,299	2,108,226	1,976,326	2,078,510	2,159,528	2,258,185	2,551,048	3,126,047	3,042,852
Total Ending Balance - Capital Programs	0	0	784,881	784,881	690,285	690,285	690,285	690,285	690,285

- Notes: 1) The Interfund Loan to the Capital Programs Fund is entirely due from the Airport Improvement Fund
 2) The Airport Operating Fund is projected to repay its interfund loan by 2021
 3) The Airport Operating Fund is projected to be able to provide \$200,000/year to Airport Improvement Fund to repay interfund loan starting in 2022
 4) Woog Arena is projected to repay its interfund loan by 2030, without additional assistance
 5) This analysis does not include the following funds: Annual Local Improvements, & Other Governmental Funds



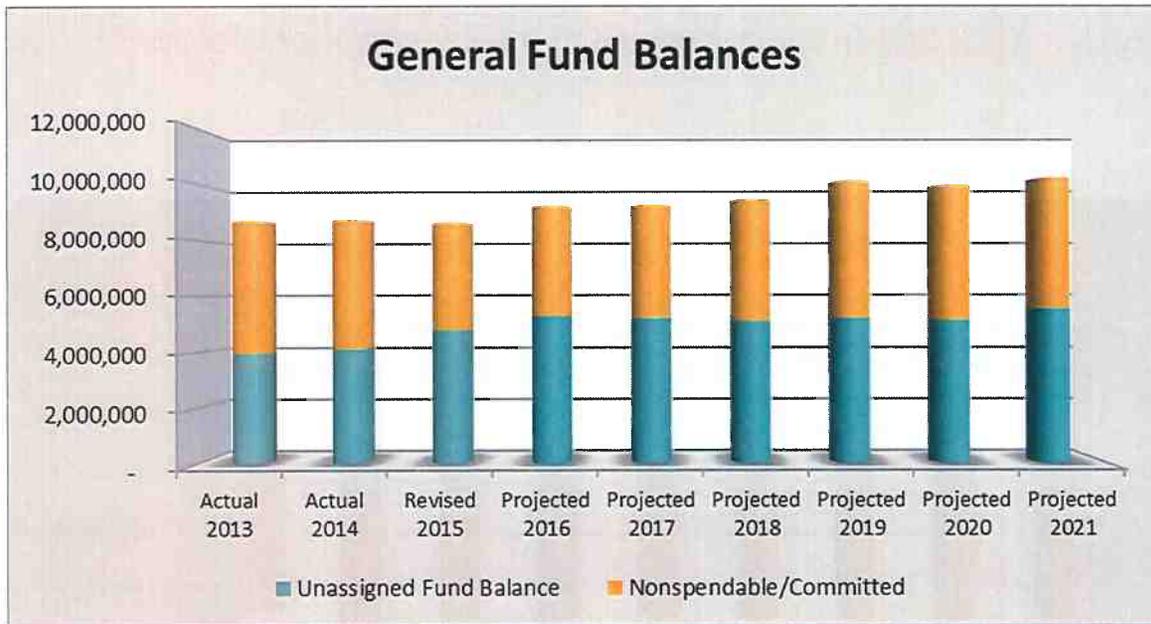
General Fund

General Fund Summary	Actual 2013	Actual 2014	Revised 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021
Revenues									
Property Taxes	7,034,281	7,405,796	7,298,089	7,854,557	7,988,564	8,544,384	9,096,290	9,646,956	10,130,901
Additional Levy Required	-	-	-	-	-	400,000	500,000	300,000	400,000
Intergovernmental	2,341,826	2,081,990	2,108,304	2,179,616	2,090,125	1,984,739	1,923,129	1,847,464	1,846,507
Other Revenues	2,737,963	2,950,607	2,887,819	3,161,003	3,223,773	3,319,575	3,418,391	3,537,094	3,660,252
Total Revenues	12,114,070	12,438,393	12,294,212	13,195,176	13,302,463	14,248,698	14,937,811	15,331,514	16,037,660
Expenses									
Current Expenses	10,614,522	11,169,325	11,884,197	12,251,876	12,558,173	12,997,709	13,452,629	13,990,734	14,550,363
Capital Expenses	413,619	456,021	391,397	433,542	449,525	471,425	494,401	509,645	525,362
Total Expenses	11,028,141	11,625,346	12,275,594	12,685,418	13,007,697	13,469,134	13,947,030	14,500,378	15,075,726
Revenues Over / (Under) Expenses	1,085,929	813,047	18,618	509,758	294,765	779,564	990,781	831,135	961,935
Other Sources / (Uses)									
Transfers In/(Out)	(620,716)	134,806	130,000	258,822	258,822	258,822	258,822	258,822	258,822
Contingency	-	-	(34,778)	(300,000)	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Other Sources / (Uses)	(620,716)	134,806	95,222	(41,178)	258,822	258,822	258,822	258,822	258,822
Ending General Fund Balance	8,827,805	9,380,957	9,100,096	9,100,096	9,100,096	9,500,096	10,000,096	10,300,096	10,700,096
Ending Unassigned Fund Balance	4,108,579	4,785,607	5,280,808	5,199,790	5,101,134	5,208,270	5,133,271	5,516,466	6,037,215
<i>% of Total Expenses</i>	36%	40%	42%	40%	38%	37%	35%	36%	38%

Note: Includes additional levy dollars required to maintain fund balance policy.



General Fund

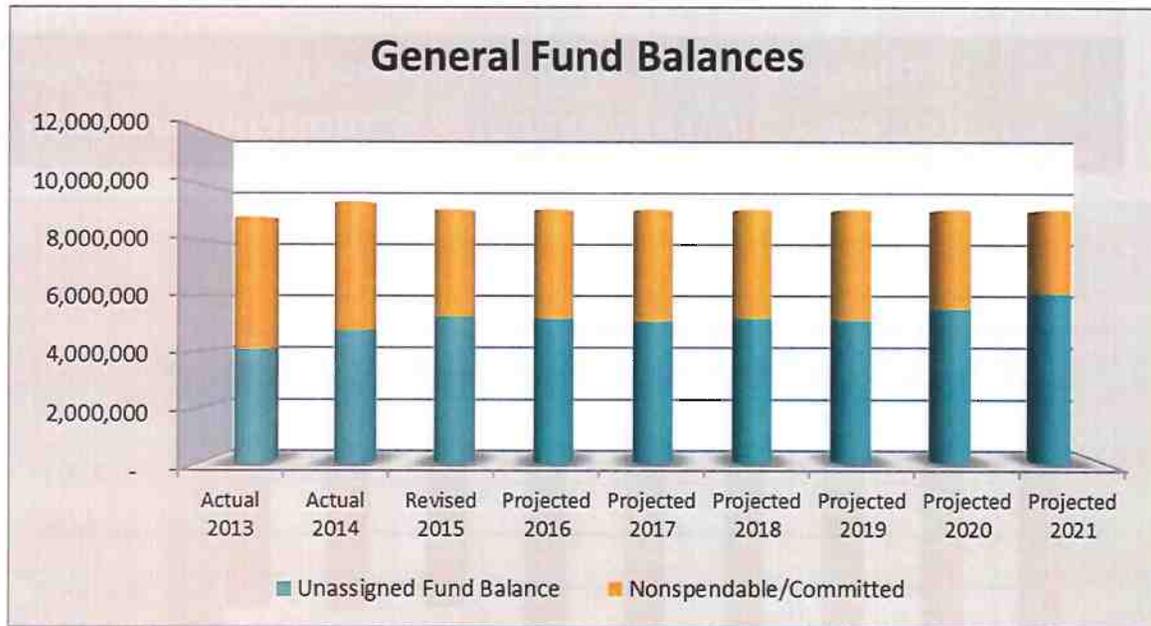


- Fund balance expected to slowly increase
- Non-spendable portion still increasing due to interfund loans
- Increase in levy **required** to maintain 35% fund balance policy

Recommendation: Use required levy increase to pay down interfund loan balances to Arena and Airport



General Fund – Allocate Levy to IFL Balances



- \$680,000 over two years to Arena Fund
- Projected IFL Payoff in **2025**
- No changes to CIP

- \$920,000 over three years to Airport Imp. Fund
- Projected IFL Payoff in **2029**
- No Changes to CIP



Property Tax Levies

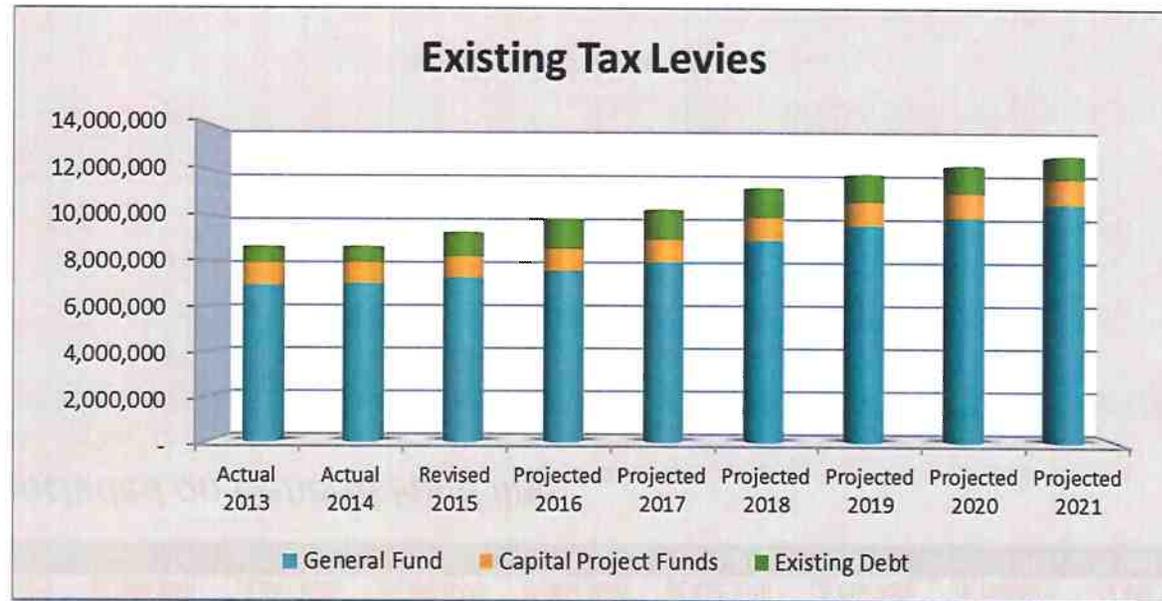
Tax Levy Trends	Actual 2013	Actual 2014	Revised 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021
General Fund	6,973,141	7,026,457	7,290,802	7,587,602	7,988,564	8,944,384	9,596,290	9,946,956	10,530,901
Capital Project Funds	957,001	920,877	914,656	968,831	986,855	1,009,343	1,039,863	1,076,538	1,114,496
Existing Debt	714,212	697,020	1,072,606	1,286,127	1,303,987	1,293,447	1,214,571	1,211,306	1,013,449
Total Existing Tax Levies	8,644,354	8,644,354	9,278,064	9,842,560	10,279,406	11,247,174	11,850,724	12,234,800	12,658,846
Percent Changes		0.0%	7.3%	6.1%	4.4%	9.4%	5.4%	3.2%	3.5%
Projected Debt Levies	0	0	0	0	88,505	347,298	450,729	589,589	693,020
Total Tax Levies	8,644,354	8,644,354	9,278,064	9,842,560	10,367,911	11,594,472	12,301,453	12,824,389	13,351,866
Less: Fiscal Disparities Distribution Dollars	(2,043,191)	(2,355,240)	(2,241,450)	(2,198,644)	(2,354,993)	(2,420,270)	(2,716,700)	(2,782,621)	(2,858,137)
Total Net Levy to Taxpayers	6,601,163	6,289,114	7,036,614	7,643,917	8,012,918	9,174,202	9,584,753	10,041,768	10,493,729

Additional required tax levy included on General Fund line



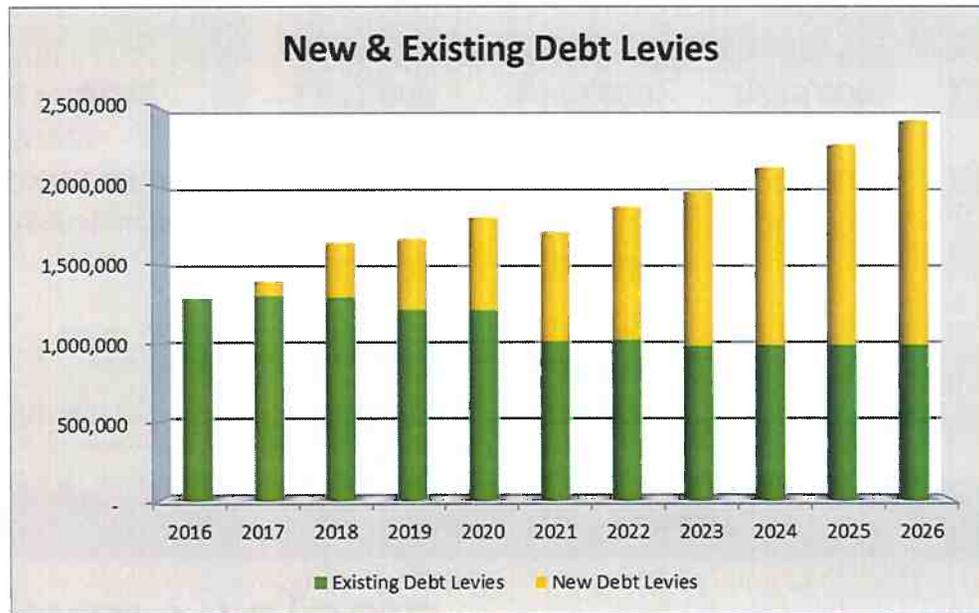
Property Tax Levies

- General levy expected to increase average of \$500,000/year or 6.5%
- Special Levies and Existing Debt stable



Property Tax Levies – New Debt Service

Annual Debt Levies	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Existing Debt Levies	1,286,127	1,303,987	1,293,447	1,214,571	1,211,306	1,013,449	1,022,491	983,148	989,185	989,945	990,282
Doug Woog Arena Fund	-	-	-	-	-	-	-	-	-	-	-
Airport & Airport Improvement Funds	-	-	-	-	47,250	47,250	47,250	47,250	47,250	47,250	47,250
Central Square Fund	-	-	-	-	-	-	-	-	-	-	-
Capital Programs Fund	-	-	121,527	121,527	121,527	121,527	182,290	243,053	303,817	364,580	425,343
Equipment Acquisition Fund	-	-	-	-	-	-	-	-	-	-	-
Central Garage Fund	-	48,611	97,221	97,221	97,221	97,221	97,221	97,221	97,221	97,221	97,221
Streets Capital Projects	-	39,894	128,550	231,981	323,591	427,022	519,371	596,944	678,211	763,172	851,827
Total New Debt Levies	-	88,505	347,298	450,729	589,589	693,020	846,132	984,468	1,126,499	1,272,223	1,421,641
Total Existing & New Debt Levies	1,286,127	1,392,492	1,640,745	1,665,300	1,800,895	1,706,469	1,868,623	1,967,616	2,115,684	2,262,168	2,411,923

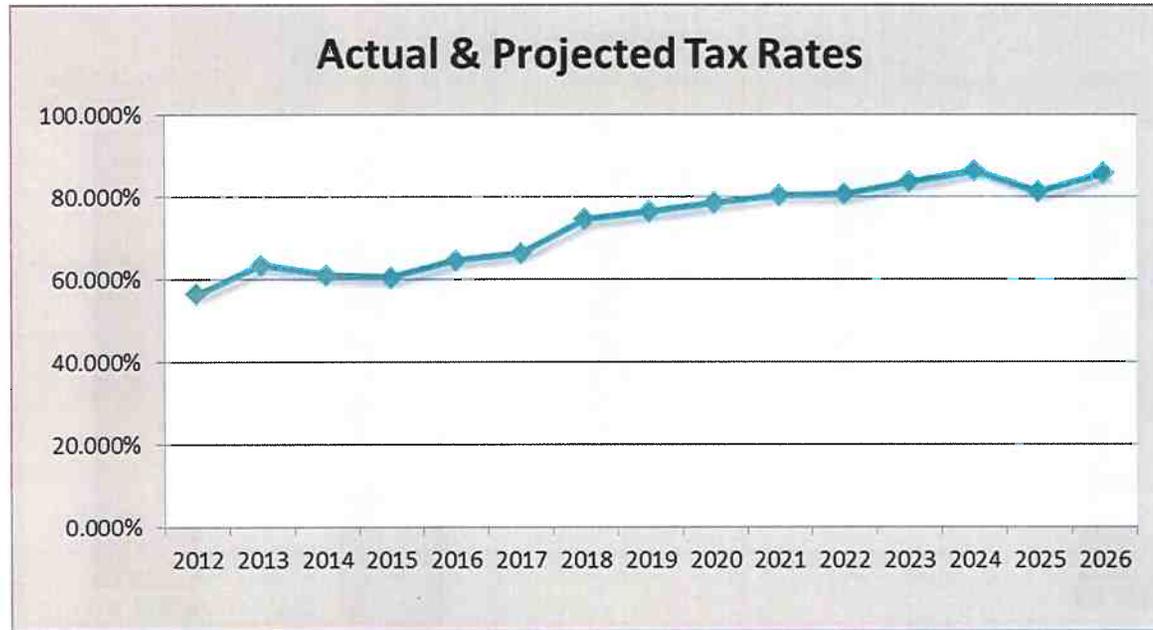


Major Capital Projects

Description	2016	2017	2018	2019	2020
Central Garage					
Public Works Vehicles	430,000	335,000			
Police Vehicles		110,000			
Street Projects					
Southview Blvd	400,000	5,750,000			
5 th Ave South Reconstruction		250,000	2,080,000		
12 th Avenue Reconstruction			200,000	1,500,000	
North Concord Street					1,000,000
Pavement Mgmt Program	1,471,000	1,175,000	1,275,000	1,275,000	1,275,000
Capital Programs					
Kaposia Landing		1,000,000			
Airport Improvement Fund					
16 Unit T Hanger				1,000,000	
Water Fund					
18 th Ave. Tank Painting				400,000	
Sewer Fund					
Rail Yard	1,500,000				
TOTAL MAJOR CAPITAL PROJECTS	\$3,801,000	\$8,620,000	\$3,555,000	\$4,175,000	\$2,275,000



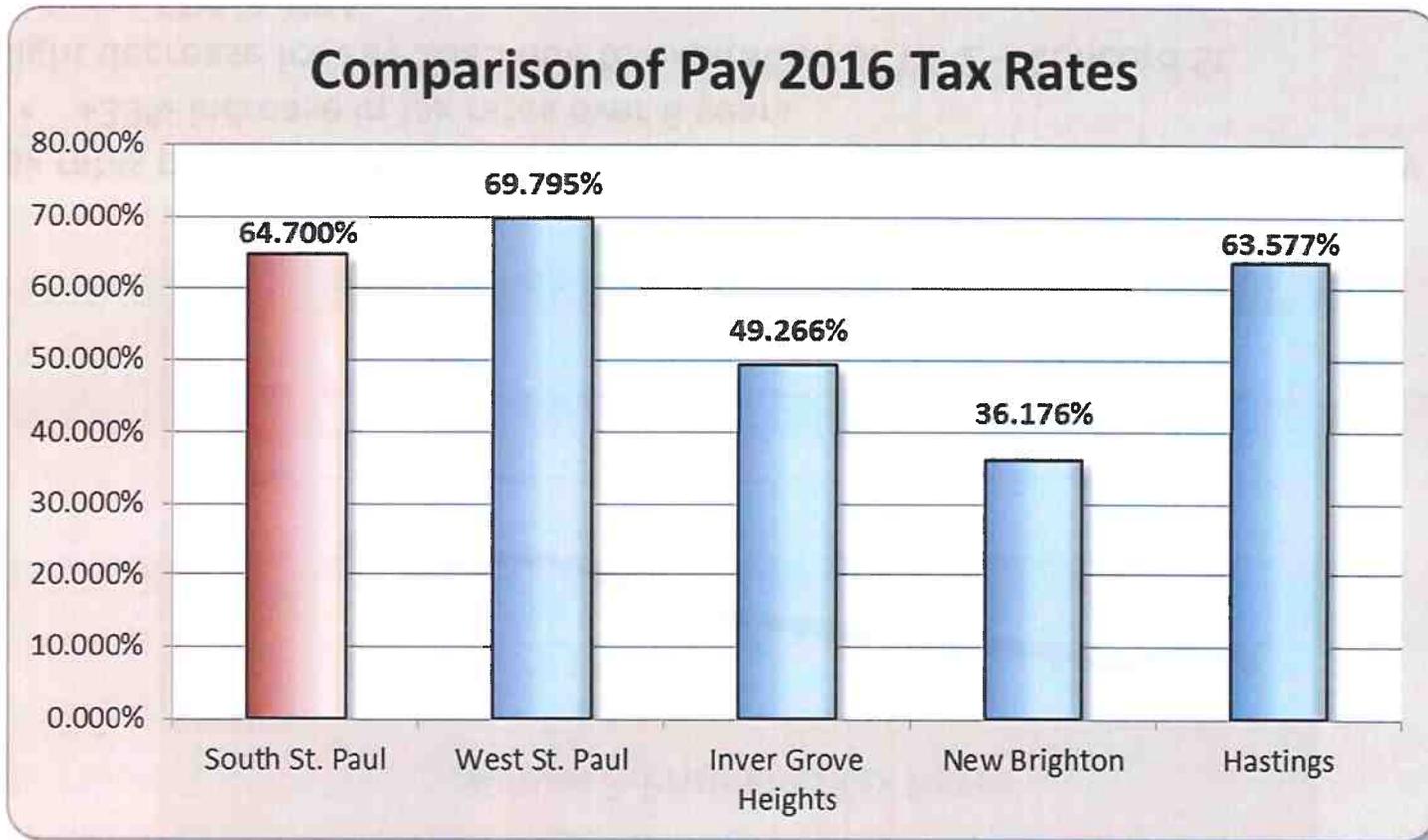
Impact on Tax Rates



- Tax rates projected to increase from 60.405% for Pay 2015 to 80.449% for Pay 2021
 - +33% increase in tax rates over 6 years
- Slight decrease for Pay 2025 due to expiration of TIF 2 – Concord St.
- Excludes EDA & HRA



Comparable Communities



EDA Fund

Maximum Tax Levies and Tax Rates

Description	Pay 2016	Pay 2017	Pay 2018	Pay 2019	Pay 2020
Estimated Market Value	1,350,626,300	1,407,565,600	1,435,716,912	1,493,719,875	1,493,719,875
Maximum Levy (.01813% of EMV)	Actual Levy 160,965	255,192	260,295	265,501	270,811
Net Tax Capacity	11,814,354	12,050,641	12,291,654	12,537,487	12,788,237
Tax Rate	1.363%	1.706%	1.612%	1.650%	1.648%
Impact on Median Home	\$19	\$24	\$23	\$24	\$25



South St. Paul HRA

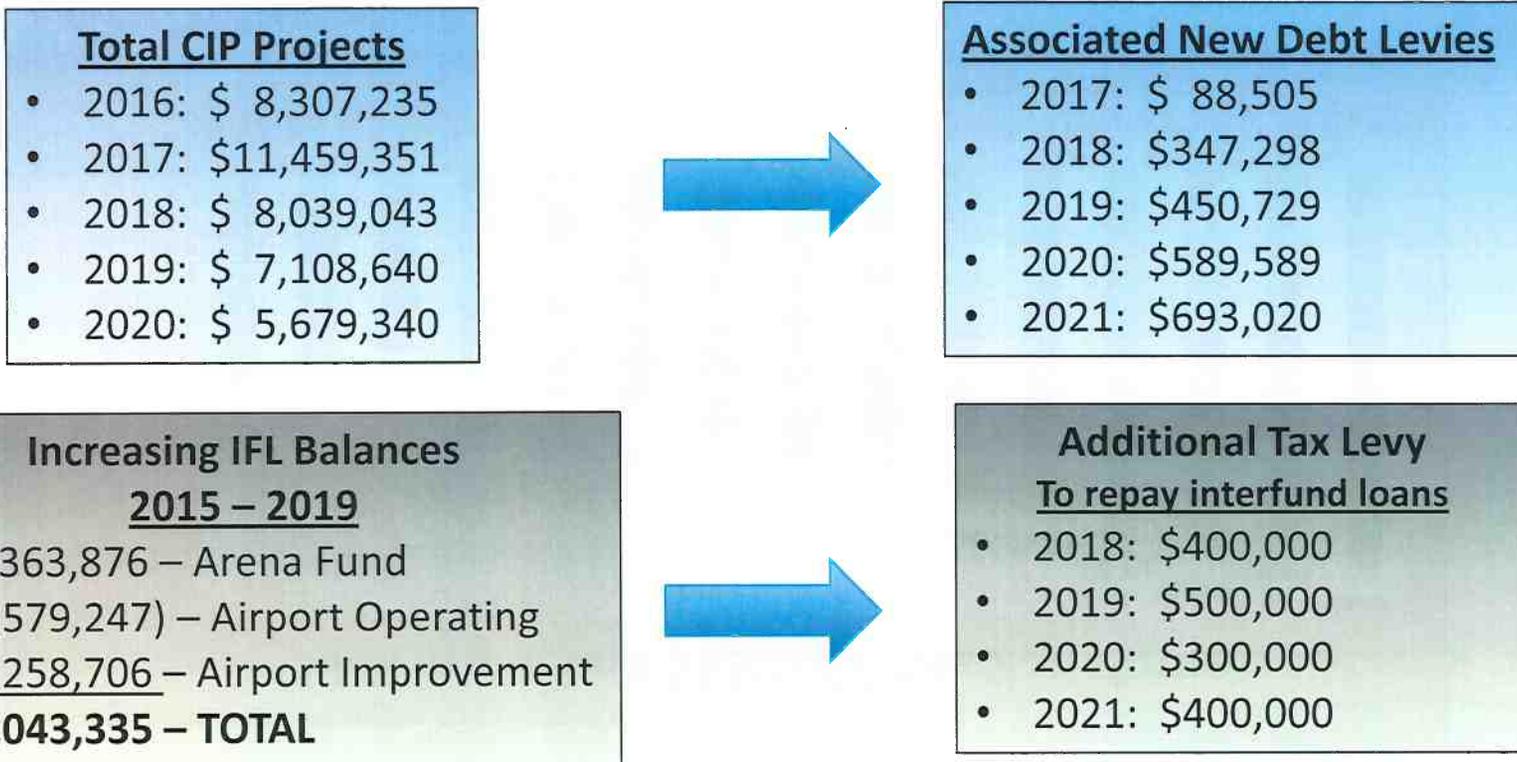
Maximum Tax Levies and Tax Rates

Description	Pay 2016	Pay 2017	Pay 2018	Pay 2019	Pay 2020
Estimated Market Value	1,350,626,300	1,407,565,600	1,435,716,912	1,493,719,875	1,493,719,875
Maximum Levy (.0185% of EMV)	Actual Levy 248,837	260,400	265,608	270,920	276,338
Net Tax Capacity	11,814,354	12,050,641	12,291,654	12,537,487	12,788,237
Tax Rate	1.649%	1.663%	1.669%	1.677%	1.684%
Impact on Median Home	\$23	\$23	\$24	\$25	\$26

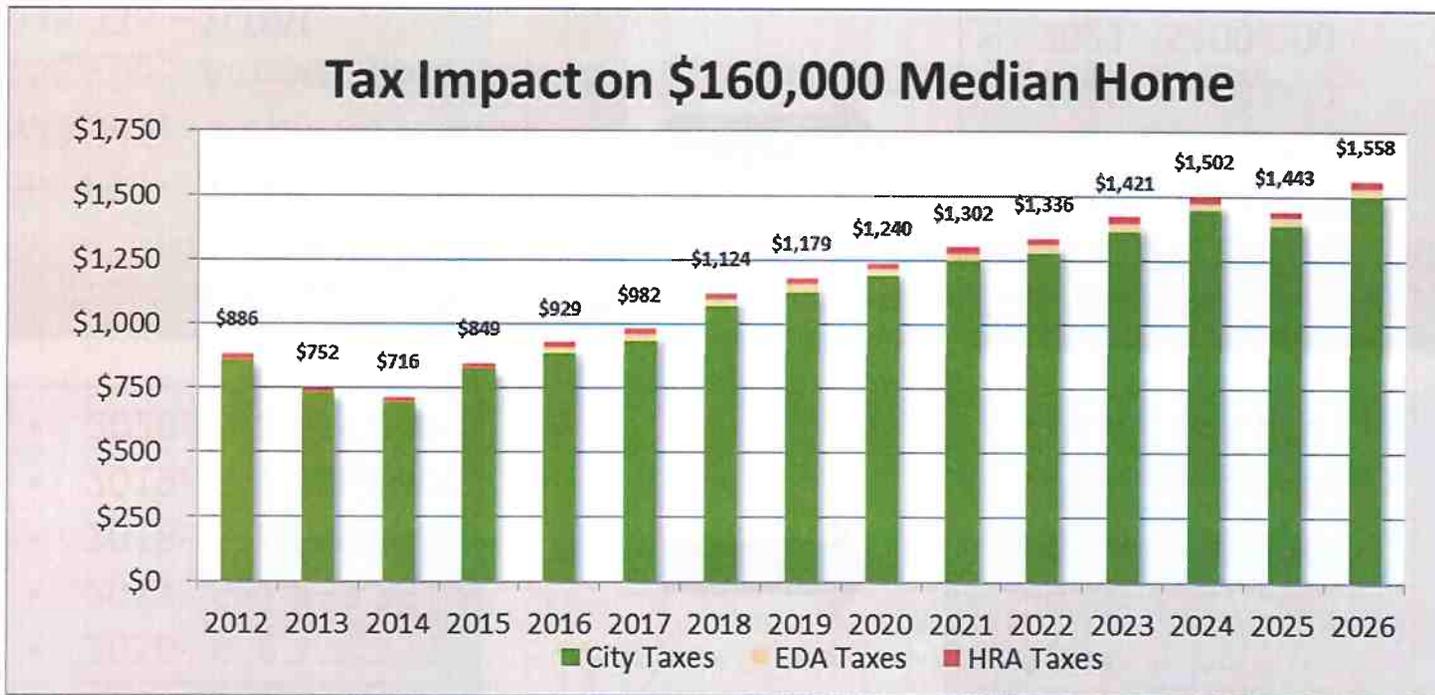


Bringing It All Together

Significant tax rate increases are due to several factors, including:



Impact on Residential Property Owners

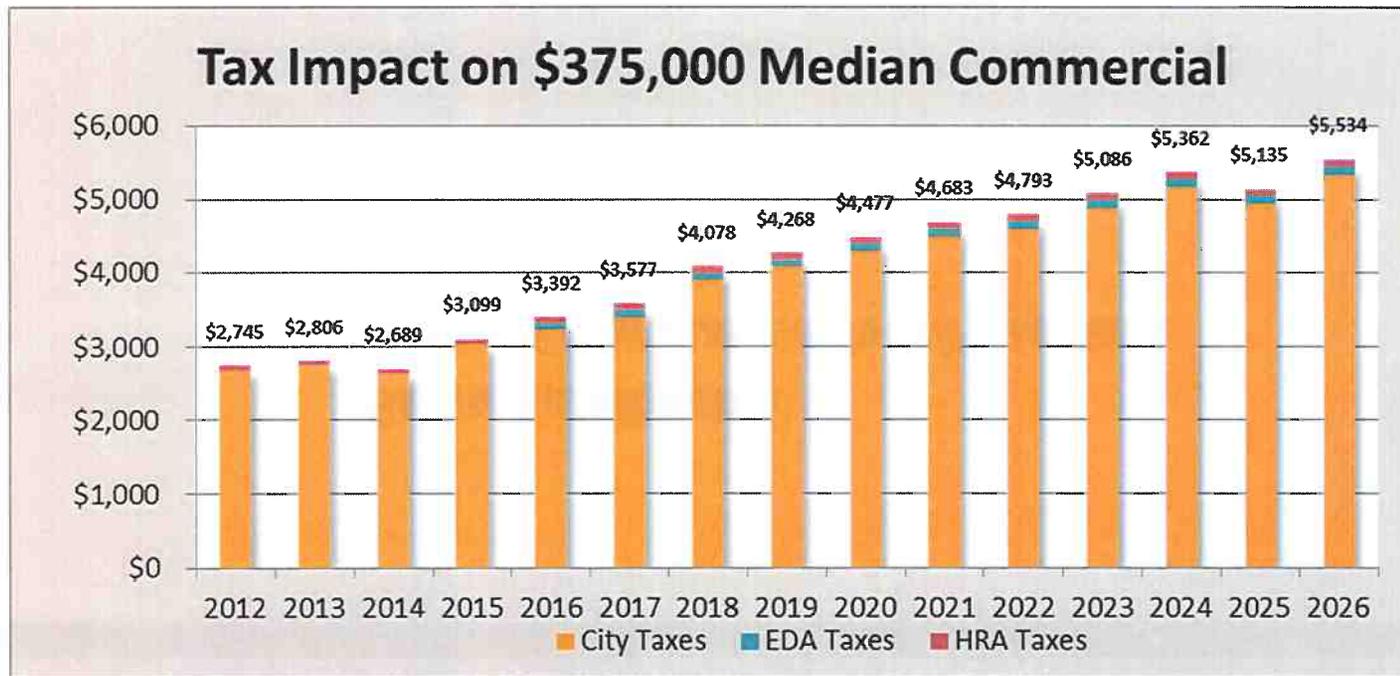


Assumes 2%/year growth in market value

Residential Properties
 Average annual increase in City
 taxes: \$61.50 or 5.9%



Impact on Commercial Property Owners



Assumes 2%/year growth in market value

Commercial Properties
 Average annual increase in City
 taxes: \$208.58 or 5.7%





EHLERS

LEADERS IN PUBLIC FINANCE

Steve Apfelbacher
Senior Financial Advisor/President

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COUNCIL WORKSESSION REPORT

DATE: April 11, 2016

DEPARTMENT: Administration

ADMINISTRATOR: SPK

4

AGENDA ITEM: Continued discussion – Economic Development Staffing

DESIRED MEETING OUTCOMES:

- Provide Council with proposed funding sources for economic development staffing
- Provide Staff with direction as to next steps in acquisition of necessary staff

OVERVIEW:

Staffing concept. As the economic development program continues to evolve, staffing needs become clearer. In this process, it has often been noted that 2016 would be a transitional year and would be similar to the transitional year spent on the creation of the South Metro Fire Department. This means that there will be various one-time, temporary and even duplicative expenditures as one entity winds down (HRA) and is replaced by new structures and work program (EDA and reduced scope HRA). Moreover, 2016 changes in the Engineering Department also reflect some of these transitional staffing characteristics, which should not be present in future years. The 2016 Budget was developed to account for this weird year.

In defining the staffing to support the enhanced economic development support activity, I believe there are two ongoing clusters of competency that need to be addressed: 1) Organizational development and ongoing program administration. 2) Seasoned skills and successful experience with consummating specific economic development projects. Because we are in an organizational development stage, the danger is that this second role could easily get sidetracked by organizational creation details and thereby be diverted from projects that currently need attention.

I believe it is unrealistic to think that a single new hire could satisfactorily perform both facets during 2016, because of the extra workload that comes with the challenges of developing a new organization. With that view, I recommend the employment of a new Economic Development manager who will be a full time employee within the Community Development Department. The Council approved the amended job description and salary range within the April 4th Council meeting and we are now going to the marketplace for such a hire. I am also recommending the engagement of a project manager who would work on an assignment basis and operate as a contractor. As the City's Economic Development program matures and stabilizes into a routine, the nature of the Project Manager role could be modified. I would expect that the Economic Development manager could grow to include some or all of the contracted role. Until that time, however, the City needs a person to immediately come aboard with experience, skills and demonstrated success to focus on matters currently at hand.

Budget and cost considerations for funding the economic development staffing concept.

As noted above, Staff has initiated a posting for the Economic Development Manager position which includes a salary range. Staff guestimates the individual would start at step three and with benefits, the annualized initial cost would be about \$108,000. However, 5/12 of the year will have passed before an individual starts in this position (June 1st). The predicted 2016 cost would therefore be about \$62,965.

As to a contract rate for a Project Manager, there is far less precision. Negotiations have not yet been undertaken so take the following analysis with great flexibility. (I deferred actually negotiating a rate until the Council gives a clear signal to proceed). To illustrate a ballpark calculation, however, one could use the current rates charged by the LeVander firm, which are \$85/hour for paralegals and \$125/hour for the City Attorney. Using ballpark assumptions that include 20 hours per week and 45 weeks of work, the LeVander range is \$76,500 - \$112,500. Keep in mind that we project this relationship to be a contracted assignment basis which is terminable on fair notice and could vary by available projects. Also note that project work of this type may enable the City to recover offsetting administrative fees and charges.

Funding sources for the staffing concept. The sources for funding the economic development staffing were discussed during the 2016 Budget process. In broad terms, a new Economic Development Authority property tax levy of \$160,965 and supplementation from the HRA property tax levy of \$247,837 were cited as the primary sources. The EDA levy was to be used almost entirely for staffing expense.

During the 2016 budget discussion, it was suggested that Rediscover program purchases might need to be curtailed in the 2016 transition period.

The 2016 budget assumed that only one HRA employee would go to the CDA and in fact, two transferred. The 2016 City budget therefore includes funds for one HRA employee that are not needed and could be deployed as supplemental funding for the economic development staffing.

Finance Director Michelle Pietrick also believes there are other financial resources in the former HRA financial realm that could be freed up for economic development staffing needs, if necessary. (e.g., antenna revenue from the High Rises; Business Loan Fund balance; parking lot revenues).

Based on these sources, Staff is confident that the economic development staffing needs can be met from City financial resources.



COUNCIL WORKSESSION REPORT

DATE: April 11, 2016

DEPARTMENT: Administration

ADMINISTRATOR: SPK

AGENDA ITEM: Discuss Council Salary Review

DESIRED MEETING OUTCOMES:

- Review and discuss comparative data on salary for metropolitan area Mayors and Council members
- Discuss whether to consider raising Mayor and Council member salaries
- Provide direction to City Staff

OVERVIEW:

Attached is a table of comparative salaries paid to metro area Mayors and Council members. The table includes the salary levels for the South St. Paul Mayor and Council members. The table shows an average of \$12,116 for the Mayor position. The SSP Mayor is currently paid \$10,200. The table shows an average of \$8,913.42 paid to metro Councilors. The SSP Council members are paid \$6,600.

If the Council determines that salary increases are appropriate, they must be adopted before the general election this fall, in order to be effective on January 1, 2017.

SOURCE OF FUNDS:

Increased salaries would be reflected in the 2017 Budget and levy.

City	Mayor Salary	Council Salary	Notes	Additional Pay
Andover	\$9,500.00	\$7,500.00		\$1
Apple Valley	\$11,784.00	\$8,436.00		\$0
Blaine	\$14,313.60	\$10,500.00		\$0
Bloomington	\$26,400.00	\$12,396.00		\$0
Brooklyn Center	\$11,846.00	\$9,070.00		\$0
Brooklyn Park	\$17,100.00	\$11,400.00		\$0
Burnsville	\$12,000.00	\$8,400.00		\$0
Coon Rapids	\$14,000.00	\$12,250.00	at large	\$0
Coon Rapids		\$10,500.00	wards	\$0
Cottage Grove	\$9,216.00	\$6,780.00		\$0
Eagan	\$13,625.00	\$10,000.00		\$0
Eden Prairie	\$13,500.00	\$10,740.00		\$0
Edina	\$13,500.00	\$10,740.00		\$0
Elk River	\$10,000.00	\$7,000.00		\$1,800
Fridley	\$10,688.53	\$8,779.42	at large	\$0
Fridley		\$7,761.85	wards	\$0
Hopkins	\$8,000.00	\$6,000.00		\$0
Inver Grove Heights	\$11,400.00	\$8,200.00		\$0
Lakeville	\$9,996.00	\$8,664.00		\$25
Maple Grove	\$15,500.00	\$13,500.00		\$0
Maplewood	\$12,855.00	\$11,314.00		\$0
Mendota Heights	\$5,700.00	\$4,200.00		\$0
Minnetonka	\$12,000.00	\$9,000.00		\$0
New Hope	\$12,037.00	\$8,791.00		\$25
Northfield	\$10,704.00	\$8,028.00		\$0
Plymouth	\$14,478.96	\$10,484.04		\$0
Richfield	\$10,379.00	\$10,379.00		\$0
Rosemount	\$9,200.00	\$7,000.00		\$35
Roseville	\$9,300.00	\$7,020.00		\$0
Saint Louis Park	\$12,091.00	\$6,977.00		\$4,495
Shakopee	\$15,000.00	\$7,500.00		\$0
Shoreview	\$9,348.00	\$6,936.00		\$0
West St. Paul	\$8,910.00	\$7,150.00		\$0
Woodbury	\$13,344.00	\$9,660.00		\$0
Average	\$12,116.13	\$8,913.42		

South St. Paul	\$10,200.00	\$6,600.00		\$0
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Notes

per meeting - avg 12 mtgs/year

All council members serve on EDA w/ no extra compensation. Also receives benefits contribution same as FT EES

Also receives benefits contribution same as FT EES

Also receives benefits contribution same as FT EES

Auto increases every odd year

If serve on EDA

Also receives benefits contribution same as FT EES

Also receives benefits contribution same as FT EES

Serve as HRA Agency - no extra pay

per meeting - avg 2 mtgs/year

No extra pay for participation on other boards/commissions

per meeting for EDA

No extra pay for participation on other boards/commissions

per meeting for serving on Port Authority

EDA pay, applies to mayor and all council