



South St. Paul

WORKSESSION AGENDA

SSP City Hall
125 3rd Avenue North
Training room

Monday, June 12, 2023
7:00 pm

AGENDA:

1. **CLOSED SESSION:** Closed session pursuant to Minnesota Statutes § 13D.05, Subd. 3(b) for a confidential attorney-client discussion regarding active litigation in the matter *Sanimax USA, LLC v. City of South St. Paul* – No Attachment
2. 2024 Budget Discussion
3. 2023 Goal Setting Action Plans
4. Master Housing Strategy Implementation Follow-up
5. Council Meeting Schedule
6. Council Comments & Questions



AGENDA ITEM: 2024 Budget Discussion

DESIRED MEETING OUTCOMES:

Discuss 2024 Budget Process and Factors that will Impact the 2024 Levy. Identify general/high level Council expectations for 2024 Budget and Property Tax Levy.

OVERVIEW:

From a process standpoint, staff are putting budgets together now. We anticipate review of a draft 2024 Budget and Property Tax Levy by the Council at our first work session in August. In terms of the review process, we are recommending that we follow the approach whereby Staff will present the draft budget and highlight the principal drivers/changes from 2023 to 2024. Department heads will be present to answer any questions you may have regarding their proposed budgets. Based on your direction, staff will then revise the budget as needed. The goal would be to have a preliminary levy ready for approval at our first meeting in September (we are required to approve a preliminary levy by the end of September).

Here are a few of the factors that could impact the 2024 Levy:

- Library transition to Dakota County
- All Union Contracts expire at the end of 2023
- Anticipated new position requests
- LGA increase from the State
- Health Insurance Costs (We had a small increase for 2023 – we do not anticipate that to occur in 2024)
- Amount of dedicated Infrastructure Levy
- 2024 Election Costs
- EDA and HRA maximum levies for 2024
- Local Housing Aid for 2024

Library Transition to Dakota County

As we are all aware, the South St. Paul Library will close its doors in 2023 and the services will be assumed by Dakota County in 2024. This will change the complexion of the City and County levy for South St. Paul taxpayers.

In 2023, the City levied \$809,362 for the Library. That amount will be increased by \$11,950 for adjustments in wages and benefits in 2023. This \$821,312 will not be needed as a separate levy for 2024. Also in 2023, the Dakota County tax rate for South St. Paul was less than the rate charged to the other the cities in the County; South St. Paul taxpayers did not pay the Dakota County Library levy. In 2024, the County will include their Library levy in the South St. Paul tax rate. Staff will be prepared to provide more detail about the impacts of this change at the Worksession.

Anticipated New Positions

For the 2024 budget, we have been advised of the following staffing requests that will be made:

- Upgrading one of the 70% part-time maintenance positions in the Arena to full time.
- Adding a shared Department Support position for Engineering and Development Services.
- Adding 2 police officer positions under the COPS grant. The City would be responsible for about one-half of each officer’s wages/benefits.

EDA and HRA maximum levies for 2024

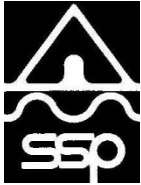
Based on the 2023 estimated market values, the maximum levies as allowed by State Statute for the EDA and HRA for 2024 are estimated to be:

	<u>2024</u>	<u>2023</u>	<u>Increase</u>
EDA	\$421,221	\$357,081	\$55,140
HRA	\$420,634	\$364,368	\$56,266

In past years, the City has always levied the maximum allowed for both of these levies. If the Council would like to see any modifications to this approach for 2024, Staff would request that direction at this time.

SOURCE OF FUNDS:

N/A



COUNCIL WORKSESSION REPORT

DATE: JUNE 12, 2023

DEPARTMENT: ADMINISTRATION

PREPARED BY: Ryan Garcia

ADMINISTRATOR: RG

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AGENDA ITEM: 2023 Goal Setting Action Plans

DESIRED MEETING OUTCOMES:

Review the draft Action Plans and provide feedback prior to approval.

OVERVIEW:

In April, the Council adopted four goals that emerged from our 2023 Goal Setting session. Staff has prepared the attached “Action Plan” for your consideration. As a reminder, the 2023 Goals are:

1. Revisit the City’s mission, vision, and values statements. *(6 Councilmember Votes and 51 Total Points between Staff/Council)*
2. Complete the Master Plan for City Buildings and Facilities, and identify ways to better inform community members of the need for diverse sources of revenue to support needed investments in community infrastructure. *(5 Councilmember Votes and 65 Total Points between Staff/Council)*
3. Prioritize public safety and police officer recruitment. *(4 Councilmember Votes and 32 Total Points between Staff/Council)*
4. Foster deeper involvement by Dakota County in their mission to provide social services in South St. Paul. *(5 Councilmember Votes and 15 Total Points Between Staff/Council)*

At the Worksession, we will review each plan and seek input as to any modifications to the plan that Council feels we should make. If we can reach consensus, the Aciton Plans will be presented on June 20th for formal approval.

FUNDING SOURCE AND OTHER FINANCIAL CONSIDERATIONS:

N/A



2023 Action Plan

REVISIT THE CITY'S MISSION, VISION, AND VALUES STATEMENTS

Tasks	Responsible Party	Target Date
➤ Review and confirm or , if appropriate, refine City's core mission, vision, and values statements		
○ Internal focus session(s) with staff	Administration	July 2023
○ Collaborative workshop – Staff & Council	Administration/Council	July 2023
▪ Review statements for currency and compatibility		
▪ Establish draft of City's core mission, vision, and values		
➤ Engage SSD #6 in Workshop on Shared Vision/Values	Staff, Council	July 2023
➤ Finalize and adopt Mission, Vision, & Values Statements	Administration/Council	August 2023
○ Circulate with City Staff for input/comment		
○ Adopt by Resolution at City Council		
➤ Integrate Mission/Vision/Values into City communications/branding/marketing	Communications/Admin.	September 2023



2023 Action Plan

COMPLETE CITY BUILDINGS AND FACILITIES MASTER PLAN

Tasks	Responsible Party	Target Date
➤ Complete Needs Assessment and Master Plan for Key Facilities <ul style="list-style-type: none">○ Public Works Central Maintenance Facility○ Current Library○ Pools○ Police Department/City Hall○ Woog Arena	Consultant team	August 2023
➤ Review Financing Options <ul style="list-style-type: none">○ City Bond Issuance○ Capital Project Funds○ Infrastructure Funds○ State Appropriation○ Federal Appropriations○ Private Donations/Endowments/Sponsorships○ Other?	Staff, Council	September 2023

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|---|---------------------------|-----------------------|
| ➤ Analyze Impacts of City Bond Issue on Levy | Staff/Consultant | September 2023 |
| ➤ Review/Approve Master Plan | City Council | October 2023 |
| ➤ Integrate Master Plan into CIP | Staff/City Council | December 2023 |
| ➤ Implement Plan | Staff/City Council | On-Going |



2023 Action Plan

Public Safety Recruitment and Retention

Tasks	Responsible Party	Target Date
➤ Discuss Current Staffing and Forecast <ul style="list-style-type: none">• Civil Service	Mayor & Council/ Staff	6/12/2023
➤ Emphasize Wellness Initiatives through Budget Process <ul style="list-style-type: none">• Provicta Health and Wellness• Ellie Family Services• In Service Trainings	Staff	Q2 / Q3 2023
➤ Emphasize commitment to career development through Budget process	Staff	Q2 / Q3 2023
➤ Develop Listing of Post Secondary Recruitment Events	Staff	Q2 2023
➤ Plan and Implement Internal / Lateral Supervision	Staff	Q3 / Q4 2023
➤ Invest in Police Explorer Program	Staff	Q1/Q2 2023
➤ Implement Prevention Initiatives / Outreach	Staff	2023 & On-going



2023 Action Plan

FOSTER DEEPER INVOLVEMENT BY DAKOTA COUNTY IN PROVISION OF SOCIAL SERVICES IN SOUTH ST. PAUL

Tasks	Responsible Party	Target Date
➤ Identify issues and opportunities for improvement		
○ Internal focus session(s)	Staff/Council	August 2023
○ Collaborative workshop – City and County	Staff/Council	September 2023
➤ Establish program/plan for further cooperation	Staff/Council	December 2023
➤ Re-Engage County about program opportunities	Administration/Council	January 2024
➤ Move forward agreed-upon program opportunities	City/County	On-Going



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AGENDA ITEM: Master Housing Strategy Implementation Follow-Up

DESIRED MEETING OUTCOMES:

Provide Staff with Feedback and Direction about potential Housing Strategy Implementation Actions.

DISCUSSION:

Since adopting the Master Housing Strategy and Assessment (MHSA) in 2020, the City has made minimal progress in addressing the short-, medium-, and long-term programs listed in the MHSA. This is due to various factors including the COVID-19 pandemic, the staffing needed to address many of the goals and objectives of the MHSA, and the priority level placed on other large or pressing projects. During the goal setting session in 2022, the City Council identified revisiting and prioritizing the program and policies in the Master Housing Strategy as a priority, and in early 2023 the City Council discussed and generated consensus around several key themes that should guide implementation efforts:

- **Preserve** the City's existing housing stock, including multi-unit housing.
- **Encourage Owner-Occupancy**, particularly in predominately single-family residential neighborhoods that have had high turnover or seen disinvestment and an increase in non-homesteaded properties.
- **Support generational residents** seeking to remain in SSP but willing/wishing to transition to a housing option with fewer maintenance requirements, accessibility barriers, etc.

Throughout the Spring, Staff has had numerous discussions with various parties in the housing industry, and based on these discussions we believe that there is potential for the Council (through the EDA) to advance the Master Housing Strategy through the following activities:

- Establish a Property Enhancement Loan Program
 - Single-Family
 - Multi-Family
- Establish a Downpayment Assistance Program
- Provide Loan Education Opportunities

Property Enhancement Loan Program (Single-Family)

A SSP Home Enhancement Loan Program could be created to offer low-interest home improvement financing to South St. Paul home owners. To differentiate this program from the South St. Paul HRA's previous loan programs and the Dakota County CDA's programs, Staff would suggest that the loans only be deferred for a short-period of time (the HRA/CDA programs were deferred until time of sale). Staff envisions partnering with local realtors to promote this program particularly for homes owned by longtime SSP residents that may be

preparing to sell a home that needs updates or improvements prior to putting the home on the market. Staff envisions the following as key components/considerations of the program:

- Income and asset limits apply (state law permits EDA/HRA to administer loan programs only for housing “owned by persons of low and moderate income”)
- Up to \$20,000 for:
 - Exterior repairs (siding, roof, gutters, shutters, steps/walkways, etc.)
 - Painting
 - Flooring
 - Major mechanicals
 - High efficiency energy improvements
 - Windows/doors
 - Insulation
 - Solar
 - High efficiency HVAC
- Defer repayment for up to 18 months, at 0% interest if paid in full; thereafter up to a 10-year term at a 3% - 5% interest rate
- Secured by a mortgage on the applicant’s property

Property Enhancement Loan Program (Multi-Family)

A SSP Multi-Family Enhancement Loan Program could be created to offer low-interest financing to small landlords in South St. Paul who own rental properties of 2 – 16 units. This program would emphasize working with rental property owners whose most recent rental license inspection identified items being “below minimum standard” and/or “hazardous”, but would be open to all rental property owners. Staff envisions the following as key components/considerations of the program:

- Property owner must enter a loan agreement with the EDA/HRA
- Provide up to \$50,000 for:
 - Exterior repairs (siding, gutters, shutters, steps/walkways, etc.)
 - Accessibility improvements
 - Security systems
 - Parking lot lighting
 - Fire suppression
 - Fire alarm systems
 - Rectifying “hazardous” items identified in most recent rental property inspection
- Loan terms and rates subject to underwriting
- Secured by a mortgage on the applicant’s property

Downpayment Assistance Program

A SSP Downpayment Assistance Loan would provide up to \$15,000 in downpayment and closing cost assistance to qualified first-time homebuyers. This program could certainly be married to the Single-Family enhancement program mentioned above (i.e., work with the realtor to communicate this program’s availability to the buyer), and the EDA could consider enhancing the loan to a grant (i.e., forgivable loan) if the homebuyer is converting a rental property to a homesteaded property. Staff envisions the following as key components/considerations of the program:

- Maximum of \$15,000 at a low (0 – 2%) interest rate
- Home buyer must contribute at least 25 percent of the total down-payment and closing costs
- Principal and interest are deferred until time of sale, refinance, or transfer of title
- Secured by a mortgage on the applicant's property
- Property must have EMV at or below 115% of City's Average EMV (115% of 2023 Average EMV is \$311,906.45)

Loan Education Opportunities

At this time, the City offers information about general home improvement loans that residents may be eligible for on its website under the 'Housing' tab. While the City's website is one location for loan information, this may not be the preferred channel for all residents to find/receive this information. In addition to offering this information on the City's website and in the updated new resident packet, another option would be to offer loan education classes, either in-person or virtually. Staff envisions this effort being coordinated with our partners at Dakota County CDA, Minnesota Housing Finance Agency, and the Center for Energy and Environment (CEE), all of whom offer loan programs.

Summary/Considerations

The activities introduced here are all "battle-tested" in other communities, although as proposed they are tailored in such a way as to resonate with the Council's and community's goals as defined in the Master Housing Strategy. Staff appreciates the opportunity to hear Council's immediate feedback and questions, and to receive any direction as to how the proposed outline of these activities could be refined prior to establishing one or more program(s). For consideration/discussion:

- Are these programs in general on target to meet the "key themes" as identified by Staff (**Preserve Housing Stock, Encourage Owner-Occupancy, Support Generational SSP Residents**)? If not, where are we off-target?
- Should any/all of the programs be targeted at specific neighborhoods/blocks/streets? Or at a specific age of structure? Or any other "qualifying" factor?
- Program administration must be a consideration. As currently staffed, the City likely would not be able to successfully manage all of these programs if they prove to be popular. If the Council supports pursuing all of these programs, it might make sense to look into a partnership with CEE (or others) for program underwriting and loan servicing. CEE does provide this service to other communities in the Metro area who have similar programs.

FUNDING SOURCES AND OTHER FINANCIAL CONSIDERATIONS:

The City retains several dedicated funds that tie to "legacy" HRA programs that are no longer being administered. Specifically, the following funds are retained by the City with no defined program purpose:

- **20292** (Rediscover South St. Paul) – this fund has a total of \$5,046.46 in available cash balance. Rediscover SSP was a program that was administered by the HRA from at least the late 1980s through 2015. The program involved the HRA acquiring dilapidated (typically) single-family homes, razing them, and selling the lot to an individual or family subject to a development agreement which required the buyer to build a new single-

family home on the lot. The program saw significant success in “flipping” properties over the years but was not financially sustainable, particularly as the cost of single-family homes rose (significantly) after the great recession and the amount of financial support from the federal government (specifically, the Community Development Block Grant) has continued to decrease for more than a decade. To wit, in 2023 SSP is only eligible for a little more than \$80K in CDBG funding – all of which we agreed to dedicate to the Dakota County Community Development Agency’s Rehabilitation Loan Program.

- **20293 & 20294 (HRA Rehabilitation Loans)** – Fund 20293 has a total of \$392,756.27 in available cash balance, \$304,298.95 in loans receivable, and \$187,460.98 in interest receivable. Fund 20294 has a total of \$232,294.28 in available cash balance, \$64,806.46 in loans receivable, and \$57,977.68 in interest receivable. Prior to its dissolution in 2015, the HRA offered two “in-house” rehabilitation loan products to qualifying households, which were originally funded through the HRA through levy and/or state and federal sources directly. While the essence of these programs (and the staff that administered them) were transferred to the Dakota County CDA in 2015, because the funds were funded through local dollars the cash balance in the funds and any future payoffs are not required to be transferred to the CDA and can remain with the City.

In addition, in every budget year since 2020, the City has adopted an HRA Levy (Fund 20260) that included at least \$50,000 in “set-aside” funding for future implementation of the Master Housing Strategy. These budgeted expenditures were intentioned as “seed money” for any potential programs or initiatives that the City may identify in the course of implementing the Master Housing Strategy, and as of the 2023 budget year a total of \$625,522 in retained HRA Levy Dollars are unallocated and effectively waiting for a program or programs to source



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AGENDA ITEM: Council Meeting Schedule

DESIRED MEETING OUTCOMES:

In light of upcoming holidays, determine preferred Council Meeting Schedule for remainder of June and July.

DISCUSSION:

As we are all aware, the City Council meeting schedule has us meeting for official business meetings the 1st and 3rd Mondays of each month, and in worksession the 2nd and 4th Mondays of each month. It happens that in June and July, a couple of holidays impact Mondays. Monday, June 19th is observed as a City and State Holiday (Juneteenth), and Monday July 3rd – although not officially a holiday – obviously falls the day before Independence Day.

Our City Charter requires an affirmative vote of a majority of all members of the Council – not only those present at the time of the vote – for ordinances, resolutions, and motions to pass. It is staff's understanding that both Councilmember Kaliszewski and Mayor Francis will be absent for the June 20th Council Meeting, and that (at least) Councilmembers Seaberg, Bakken, and Kaliszewski will not be present at the July 3rd Council Meeting.

Staff would like to discuss the following:

- Should the July 3 meeting be cancelled? Right now, there is not anything else pressing for consideration on July 3.
- The Bryant's Ridge PUD Application was recommended for approval by the Planning Commission on Wednesday, June 7. Next stop is City Council. As noted above – neither June 20 nor July 3 will see a “full compliment” of Council Members present. Given the history of this application, it would seem we should try to have all 7 members of the Council present for the presentation and consideration of this item. Staff flirted with the idea of holding a special meeting on July 10 (a worksession night), but that would mean the meeting is held in the Training Room with no Town Square TV. That seems less than ideal.
- The July 5 Planning Commission meeting is looking like it will be loaded, which indicates that the July 17 City Council meeting will likely include quite a few planning and zoning items. Is the Council OK with a potentially longer July 17 meeting, if we add Bryant's Ridge to that Agenda?