

## Memorandum

DATE: May 22, 2009  
TO: Mayor & Council Members  
FROM: Joel Walinski, City Administrator  
RE: Friday Memo for the week of May 18-22, 2009

2010 Budget Preparations – As mentioned in previous Friday Memos, the work on developing the 2010 Operating Budgets is underway. One piece for the council to consider and also provide information on is the budget presentation documents. The Northfield City Budget documents like many other city budget documents is a document containing and driven by numbers. Although this provides great information to staff and insiders on city revenues and spending, it does fail to provide most of the general public an understanding of City finances. One example of a slightly different approach is “Popular Budgeting”. Although derived from the same numbers base, the information presented in the executive summary of the budget is an attempt to bring about better understanding of those numbers, to tell the financial story of the City. My request to the Council and public is for your recommendations on what information would be beneficial for you to best understand that story, your recommendations and insights are appreciated, please call me directly.

Another project that has been in progress for a long period of time, are the CGI, Inc videos with the gateway to these via the City's Web Site. The CGI contract offers free video work for the city with their revenue being derived from advertising that appears around the video clip, the advertisements being local businesses; the businesses working directly with CGI for the development of those advertisements. There are six short City video clips focusing on the various characteristics that give Northfield its quality of life: the colleges, businesses, city celebrations, environment, and residential living. These videos are expected to be up and running by Tuesday May 26, 2009.

**Below is information on city activities and information provided by the department directors and managers for the week of May 18-22, 2009:**

### FINANCE

*Submitted by Kathleen McBride, Finance Director*

Capital Improvement Plan – developing the project list for 2010 - 2014: Updating of the five-year CIP has started as part of the overall budget development process for 2010. Many of the projects will carry over from the 2009 – 2013 CIP, updated or modified as needed with more current information. One of the more difficult aspects of development is determining and scheduling projects for the 4<sup>th</sup> and 5<sup>th</sup> years of the plan. The further out a project is, the less defined it is – in terms of cost, financing options and priority.

However, it is also the most important to consider and include (particularly large) projects so that they may be evaluated and ranked (priority, cost and financing) with all of the other projects. Including potential projects as part of the draft can help determine when and if it can “fit” within the five-year plan or be deferred to a later year.

If you wish to add a project to the list for the next CIP cycle, please let us know and we will incorporate it into the draft.

Fund Deficits / Interfund Loans – Action Requested for June 1<sup>st</sup> Council meeting: The background on this topic was discussed with Council at the work session on April 13<sup>th</sup>. Formal approval for interfund loans to

cover the cash deficits in the Hiley Neff Tax Increment Bonds Debt Service Fund and the Insurance Fund will be requested at the Council meeting on June 1<sup>st</sup>.

A brief recap – Hiley Neff: Hiley Neff has an approximate deficit of \$(179,000) as a result of accounting shifts of property sales revenue to the HRA Fund when the Hiley Neff Fund was created and financial activity removed from the HRA Fund. Annual tax increment revenue averages just over \$14,000 / year and debt service on the bonds averages just under \$10,000. With housing values depressed, it is not anticipated that tax increment income will increase any year soon. The district's required decertification date is 12/31/2028. A logical source for the interfund loan would be the HRA Fund, but a loan of this amount would wipe out the HRA's ability to initiate special programs right now such as the purchase / rehabilitation of foreclosed properties.

At this point, using the major operating funds – General, Water and Sewer makes more sense. For the future (after 2020), there may be potential to use surplus increments from the Presidential Commons Tax Increment Bonds Debt Service Fund to cure the deficit.

A brief recap – the Insurance Fund: The Insurance Fund was established several years ago in order to build up reserves to allow the City to move toward a higher deductible for property and liability insurance. Ultimately the fund was also going to be used for employee benefits and provide a source for payment of compensated absences upon an employee's retirement or termination (a current significant "unfunded liability" of over half a million dollars). However the extraordinary loss of investments with Rate Search has shifted the focus of the fund for the time being.

It was decided to isolate the investment loss to the Insurance Fund and develop a deficit elimination plan – rather than taking the write-off immediately to all funds (based upon their proportional share of investments). As of the end of 2008, the approximately deficit to cover is \$1.34 million. As with Hiley Neff, the major operating funds will provide the interfund loans to cover the deficit.

Property Taxes – 2009: Last week pie charts were presented to show the distribution of tax dollars to the individual tax entities for both a residence and a business property. Shown below is a different comparison that tracks total property tax dollars paid this year for a residential property and a business property with the same market value.

Over half of the difference between the total is attributable to the difference in property class rates. With the same market value as the home, the commercial property's tax capacity is nearly 79% higher than the home's. The other significant difference is the commercial property pays the State's property tax and the home does not. Residential properties also receive the market value homestead credit (MVHC), but commercial properties do not.

| Comparing Property Taxes Paid - residential vs. commercial |                    |                     |            |         |
|--|--------------------|---------------------|------------|---------|
|  | Home               | Commercial          | Difference |         |
| Market Value   | \$ 350,000         | \$ 350,000          | \$         | %       |
| Tax Capacity**   | 3,500              | 6,250               | 2,750      | 78.6%   |
| State Property Tax   | -                  | 2,845.94            | 2,845.94   | *       |
| ISD 659 (TC)   | 717.40             | 1,773.69            | 1,056.29   | 147.24% |
| ISD 659 (MV)   | 946.19             | 946.19              | -          | 0.00%   |
| Rice County  | 1,046.61           | 1,868.94            | 822.33     | 78.57%  |
| City of Northfield (TC)                                    | 1,344.18           | 2,400.31            | 1,056.14   | 78.57%  |
| City of Northfield (MV)                                    | 50.75              | 50.75               | -          | 0.00%   |
| EDA  | 53.69              | 95.88               | 42.19      | 78.57%  |
| HRA  | 43.65              | 77.94               | 34.29      | 78.57%  |
|  | <u>\$ 4,202.45</u> | <u>\$ 10,059.63</u> |            |         |
| Less: MVHC   | (57.40)            | -                   |            |         |
| Net property tax   | <u>\$ 4,145.05</u> | <u>\$ 10,059.63</u> | 5,914.58   | 142.69% |

\*\* Tax Capacity = MV x property class rate

Residential properties class rates - 1% on 1st \$5000,000 of market value; 1.25% thereafter.

Commercial / industrial property class rates - 1.5% on 1st \$150,000; 2.0% thereafter.

## COMMUNITY DEVELOPMENT

### Building

*Submitted by John Brookins, Building Official*

The plan review for the CSMR Clinic addition is complete and the permit is ready to issue. Bid approvals will go before the City Council June 1, 2009 and the Building Inspection Division will have the permit ready on June 2, 2009.

St. Olaf College has submitted the plans for the Old Main Building remodel. This project is due to start sometime this summer. The college would like to have the building permit so they can start demolition on the interior of the building. This project should begin shortly after the Old Music building remodel is complete.

The Carleton College Student Living facility is on schedule. Building Inspection Staff will meet with the construction crew and design team in the next two weeks to go over the final inspection checklist. The college would like to have occupancy around the end of July.

### Community Development

*Submitted by Brian O'Connell, Community Development Director*

Staff has spent considerable time devoted to providing responses to numerous questions that consultant firms have submitted related to the Request for Proposal that has been distributed for the Master Plan and development strategy for the new business and industrial park. The deadline for submitting proposals is next Friday May 29, 2009. Staff anticipates that numerous design, engineering market analysis companies will be proposing on this project.

Staff continues to monitor the volume of permit activity that is occurring in the City. This is being done to monitor the demand for permitting and inspection services and then compared to implications to the city budget and staffing demands. In general construction activity and the corresponding demand for permits and inspections has dropped off significantly from previous years. To date, the number of permits for new construction, alterations, remodels, siding, demolition and other activity continues to lag behind the pace of 2008. As of the end of April 2009, a total of 116 permits in these categories have been issued. This is down from 2008 where a total of 172 permits in these categories were issued for the same time period.

## **Economic Development**

*Submitted by Jody Gunderson, Economic Development Director*

The EDA's Infill and Redevelopment, Programs-Processes-and Procedures, and Marketing Subcommittees met this week to advance the initiatives outlined in the EDA's 2009 Work Plan.

The Infill and Redevelopment Subcommittee discussed matters related to meeting with the Holland, Michigan contingent on May 14 and 15. The EDA sponsored a forum on May 15 and invited individuals that were intimately involved with the redevelopment of the Downtown Business District in Holland, Michigan. The EDA Board was familiar with the Holland, Michigan story and believed there were significant similarities between Northfield and the City of Holland. Additionally, the EDA Board believed that there were a number of things the City of Northfield could learn from their experience. The Holland, Michigan contingent consisted of:

**William J. Johnson**... FASLA - Landscape Architect and Community Planner; Former Dean of the School of Natural Resources, University of Michigan; Co-Founder of Johnson, Johnson & Roy, Landscape Architectural Firm

**Gordon Van Wylen**... Community Planner, Riverview Group, Holland, Michigan; President Emeritus, Hope College

**Greg Holcombe** ..... Community Planner, Riverview Group, Holland, Michigan

**Philip L. Meyer** ..... Director of Community and Neighborhood Services, Holland Michigan

From 1988 to 1995, Holland's Downtown public infrastructure investment totaled approximately \$4 million, and in excess of \$79 million in public funds between 1995 and 2006. The private sector investment from 1988 to 1995 was over \$65 million, and over \$156 million from 1995 to present. This investment included new buildings by new investors as well as the continuing commitment by longer-term investors and Downtown partners in both building revitalization programs and new construction projects.

The Holland, Michigan contingent's presentation discussed what prompted the investment in their Downtown Business District, the vision that was created, key organizations/individuals involved, the type of investments that had occurred, and the methodology undertaken to carry-out the vision of the Downtown Business District. The Forum was well attended and will be rebroadcasted on Northfield's local access channel.

The Programs, Processes, and Procedures Subcommittee met and was given a presentation by Alice Thomas, Northfield Planning Commission member, of the purpose and attributes of Northfield's Comprehensive Plan. Also in attendance was Suzanne Nakasian, Planning Commission member and Dan Olson, City Planner.

The Marketing Subcommittee met and resumed discussions revolving around the framework and approach to the EDA's marketing initiatives.

## **Housing**

*Submitted by Michele Merxbauer, Housing Manager*

Staff has been busy with maintenance and repair issues at the HRA's rental property over the past few weeks. The HRA had budgeted for window replacement and some maintenance to the first floor apartment this year, so bids were requested and received this week. Staff will award the bid and obtain a construction schedule early next week. When it rains it pours, so at the same time bids were being requested, an oven range died an ugly death and the sewer pipes decided to back up all over the basement. Quality Appliance, Service Master and LaRoche's Sewer and Septic to the rescue! The HRA and Housing staff were happy to assist the local economy with a mini-stimulus package.

Staff has been quite busy fielding calls requesting first time homebuyer assistance and manufactured home rehab grant dollars. There is money in the rehab fund to assist several households and it is great to see the park owners, Fran and Debbie Hahn, doing such a great job promoting this program with their residents. Keep them coming!

## **Planning**

*Submitted by Dan Olson*

Staff made a presentation on Tuesday to the Northfield Sertoma Club on the newly adopted Comprehensive Plan. On Wednesday, Staff attended a field trip to the "Heart of the City" development in Burnsville. This development, which began about 10 years ago and created a "downtown" for Burnsville, has elements of new urbanism, which Northfield is considering in its new Land Development Code (LDC).

The Planning Commission will meet next week to make a recommendation to the City Council on the adoption process for the draft LDC. The Commission will also hear a Staff presentation on an overview of the LDC. The Heritage Preservation Commission (HPC) met this week to approve a storefront alteration at the Digs store at 310 Division Street, and also discussed the project approval timeline for the Certified Local Government (CLG) grant recently received from the State of Minnesota.

The HPC also discussed the existing railroad depot building west of the downtown area, which appears to have been built in the 1880s. The Canadian Pacific Railroad has indicated that they are willing to sell the building to the City for \$1, if the building is moved from the property. There has been some feasibility analysis to determine the costs in moving the building. The Minnesota Pollution Control Agency (PCA) has indicated that there would need to be asbestos and lead abatement for the building before it could be moved. The City has not identified funds in its current budget for this project, nor has the City Council identified this project as a priority in their 2009 Goals. However, the City would be willing to work with any non-profit or private entity that would lead to the preservation of this depot building. On a related note, the railroad will be demolishing another building located north of the depot building sometime in 2009. The roof for that building has been removed as part of asbestos abatement.

## **PUBLIC WORKS**

### **Facilities**

*Submitted by Bernie Shakal, Facilities Maintenance Supervisor*

It was a busy week with the 90 plus degree days that we had this week; it definitely put the air conditioning units to the test.

Seasonal worker John Murray came on board in the Facilities department this week, he has been busy doing landscaping work at the NCRC.

Bernie met with Johnson Controls and the representative from SunQuest Energy this week, they will be installing the solar pool heat at the Outdoor pool and at the Senior Center pool. Construction at the Outdoor Pool will start next week and the Senior Center Pool following completion of the Outdoor Pool.

## **Recreation**

*Submitted by Jason Eisold, Recreation Manager*

After the first 4 pre-season pool pass sales we have sold 286 pool passes for the upcoming season. Concrete repair is being done on some of the broken deck panels this week and early next. Pool clean out and filling will take place the middle to end of next week. We will replace our drain covers at that time as well to be compliant with the new Federal law (Virginia Graeme Baker Pool Act). Installation of the new solar heating system will begin the middle of next week.

The arena recently co-hosted the MIAMA (Minnesota Ice Arena Managers Association) Spring Conference with Shattuck-St. Mary's. Arena Managers from around the state were able to tour the newly renovated arena and were able to speak with the contractors that did the arena improvements. At the conference, two of the seasonal Arena Staff, Tom Spooner and Ken Schonning were awarded the Alan Payne Conference Award. Tom and Ken applied for this award back in early March. This award is given annually to 2 individuals working in the Ice Arena Profession to attend the MIAMA Fall Conference at no charge, this year's conference is being held in Grand Rapids, MN.

## **Streets and Parks**

*Submitted by TJ Heinrich, Streets & Parks Supervisor*

Installation of the Downtown flower baskets was postponed this week due to the intense heat & high winds. They will be installed next week. Annual cleaning and pump installation at the Bridge Square fountain has been completed. The fountain was filled Wednesday morning. City parks and right of ways were mowed. Flags have been put up for Memorial Day. Bleachers were moved to Riverside Park Veterans Memorial for Monday's services. Staff worked Wednesday and Thursday picking up branches around town after the high winds passed. Have a good Holiday weekend.

## **Water**

*Submitted by Doug Lien, Water Superintendent*

Well #5 was put out of service on Monday because of a bad chlorine injector that is currently on order. On Tuesday well #2 Fluoride pump quit working because of a bad 4-way valve and had to be put out of service. Water System Technician Jay Hall and Water Operator Dean Huschle removed the good chlorine injector from well #2 and reinstalled the injector into well #5. We now have well #5 in operation and are waiting on both parts to come in this Friday to be installed in well #2.

Jay Hall and Water Operator Scott Murphy flushed and performed a bacteria check on the new watermain for the infrastructure project at Woodley and Hall Ave. The bacteria check was good and the watermain was re-opened for service. It was important to get this watermain back in operation because this watermain loops the water system to the Mayflower Hill neighborhood.

## **Wastewater**

*Submitted by Glenn Lindroos, Wastewater Superintendent*

The Central Processing Unit for the UV disinfection system failed on Sunday and the system shut down. Staff responded to the alarm and diagnosed the problem. They called the equipment supplier to see if the equipment could be safely run if the control systems were bypassed and the lamps powered up directly. There was no tech support available on Sunday so the unit was left off and the MPCA was notified that the UV disinfection system was down. Monday morning the supplier was contacted and found out that personnel safety would not be an issue but the equipment itself would be at risk if problems arose and built in protection interlocks were not working. The CPU was bypassed and the unit was put back in service Monday AM. The unit was closely monitored to assure that things were working properly. A new CPU and power supply were ordered. The parts came in Tuesday and staff removed the jumpers, installed the new parts, and loaded the operating programs. The unit was running with all of its protective functions operational by Tuesday afternoon. It should be noted that 95% of the bacteria entering the wastewater treatment facility are removed by the physical, chemical, and biological portions of the wastewater facility,

and the UV system further reduce bacteria counts to below State standards. Even though bacteria counts were high for that day the monthly average, which is calculated as a geometric mean, will not exceed the MPCA standard for bacteria this month.

## **Engineering**

### **Woodley Street Reconstruction**

*Submitted by Sean Simonson, Engineering Tech. Coordinator*

Crews continue to install storm sewer piping near the Spring Creek Road and Woodley Street intersection. Crews have been slowed due to the amount of limestone rock that has been encountered. They have been utilizing a hydraulic "rock hammer" to remove the limestone so the concrete storm sewer pipe can be installed. Crews have finished sub-cutting out the undesirable material up to Prairie Street this week. Once the storm sewer is in place, sand and gravel base will be installed. Crews also installed some retaining walls, and sod this week.

Work next week will include the continuation of storm sewer installation, retaining wall work, and the placing of sand and gravel base.

### **Water & 5<sup>th</sup> Street Enhancements and Reconstruction**

*Submitted by Sean Simonson, Engineering Tech. Coordinator*

Crews were in this week working on punchlist items in preparation of finishing the project. Heselton has indicated that they will be on-site to finish the entire job starting Thursday May 28th, thru Friday June 4th. The remaining big ticket items include the brick paver crosswalk near the Post Office, the porous paving and wear course paving along Water Street, and the wear course paving on Fifth Street from Water Street to Washington Street. The remaining schedule is described below in detail and a calendar view is attached.

### **Water Street Parking lot**

Heselton plans on shutting down the Water Street parking lot Thursday the 28th thru Thursday June 4th. They are scheduled to install the Porous Pavement on Friday the 29th, and the Wear Course paving on Wednesday June 3rd. Final work on the parking lot will include the striping of the parking stalls, which is scheduled for Thursday June 4th. Crosswalk work and other miscellaneous work will be completed throughout the duration of the closure.

### **Fifth Street**

Heselton has indicated that they will be closing down Fifth Street from Water Street to Division Street, and from Division Street to Washington Street Thursday June 4th for the installation of the Wear Course paving, and the striping of the parking stalls and bike lanes. This closure is expected to last until late in the evening when the final striping will take place. Barring inclement weather, the entire project will be complete late Thursday evening June 4th. In case of inclement weather, the final work may be completed on Friday June 5th. The intersection of Division Street and Fifth Street will remain open throughout the construction process. Newsletters were sent out to property owners along the project corridor informing them of the upcoming construction schedule.

### **1<sup>st</sup> Street Reconstruction**

*Submitted by Sean Simonson, Engineering Tech. Coordinator*

BCM Construction of Faribault indicated this week that they will be starting work on Tuesday May 26th, instead of Monday June 1st, as their initial schedule had indicated. Crews will be on-site Tuesday, May 26th to begin milling the existing pavement off. This first phase of construction will include Linden Street from Second Street to First Street, First Street from Linden Street to Plum Street, and Plum Street from Second Street to St. Olaf Avenue. Work expected next week in addition to the milling operations, will include curb and driveway apron removals, and assembling the temporary water system.

## **Safe Routes to School**

*Submitted by Brian Welch, GIS Technician*

SRF Consulting, Inc. presented the preliminary maps of issues and recommendations regarding pedestrian travel around the middle school and elementary schools. The recommendations aim to improve pedestrian and bicyclist safety in order to encourage more students and parents to walk to school. The emphasis is on the areas close to the schools where busing is not provided. While some of the recommendations include infrastructure improvements such as sidewalks and traffic-calming road designs, many are relatively simple and inexpensive such as repainting crosswalks, improving signage, and driver/pedestrian education efforts.

The intersection of TH 246 (Division St) and Jefferson Pkwy is a major focus of the study and a number of options to improve pedestrian, bicyclist, and vehicle safety are under investigation. A public open house will be held at the NCRC on June 10 (6-8PM) where SRF and the SRTS steering committee will present the initial findings of the report. Public input is welcome at the open house and will contribute to the final report from SRF, due in late June.

## **Library**

*Submitted by Lynne Young, Library Director*

The children's services staff at the library – Leesa Wisdorf and Kathy Ness – have been hosting first grade tours. First graders get a behind-the-scenes look at the building, meet some of the staff, learn how things work, and find out about the summer reading program. Leesa and Kathy have also been visiting the elementary schools to encourage those students to participate in the summer reading program. This year's theme is "Get creative @ your library."

For the second year in a row Joan Ennis applied for and received a grant from the Friends of the St. Paul Public Library for a series of programs that will feature Minnesota-book-award winning authors. Joan will arrange for Heidi and Louise Erdrich to speak about the influence their family life has had their writing. Marya Hornbacher will speak about writing her award-winning book, *Madness, A Bipolar Life*, and her earlier book, *Wasted: A Memoir*. The dates and times for these two programs are yet to be determined.

The library restrooms and kitchen are getting a badly needed facelift – new paint. We hope the project will be completed by the end of next week.

The Library Board met on Tuesday evening to discuss what steps need to be taken before the fundraising feasibility study RFP is issued. Other topics of discussion included what to do to address space needs in the time before a library expansion occurs and the development of plans for a centennial celebration for the Carnegie Library Building.

We received word that the Commissioner of Education has upheld the grant committee's negative recommendation on the SELCO/SELS application for a grant to provide technology and telecommunications for the new Lonsdale Library. Without this grant, it is likely that the opening of the library will need to be delayed.

A number of library staff attended CPR and First Aid training on Thursday. Thanks to T.J. Heinrich for teaching the class in a way that made it easy and fun for all to learn.

Kathy Rush attended a statewide meeting on interlibrary loan this week. Interlibrary loan is the sharing of materials among libraries that makes it possible for a library user in Northfield to request materials from the public library in Duluth or the St. Cloud State University Library, etc., etc. Minitex, the state library agency that provides the software and delivery systems that makes the statewide system function, holds this conference annually. It is part of an ongoing effort to make interlibrary loan function as efficiently, effectively and seamlessly as possible.