

**Memorandum**

DATE: May 28, 2010  
TO: Mayor & Council Members  
FROM: Joel Walinski, City Administrator  
RE: Friday Memo for the week of May 24-28, 2010

**Ad for CIP Public Hearing – to be published on Saturday, May 29<sup>th</sup>:** As part of the Council decision making progress on financing the facilities projects identified in the 2010 – 2014 Capital Improvement Plan (CIP), the notice for the June 15<sup>th</sup> public hearing on the capital improvement bonds / capital improvement plan will appear in the Northfield News on Saturday. The ad states “the intention to issue general obligation capital improvement plan bonds in an amount not to exceed \$14,400,000.” Here is how the upper limit for the public safety facilities project was arrived at:

Land acquisition, site prep and	
Construction	12,439,068
Contingency - 8%	<u>995,125</u>
Subtotal	13,434,193
Bond issuance costs	170,000
Capitalized interest	<u>795,807</u>
Total	14,400,000

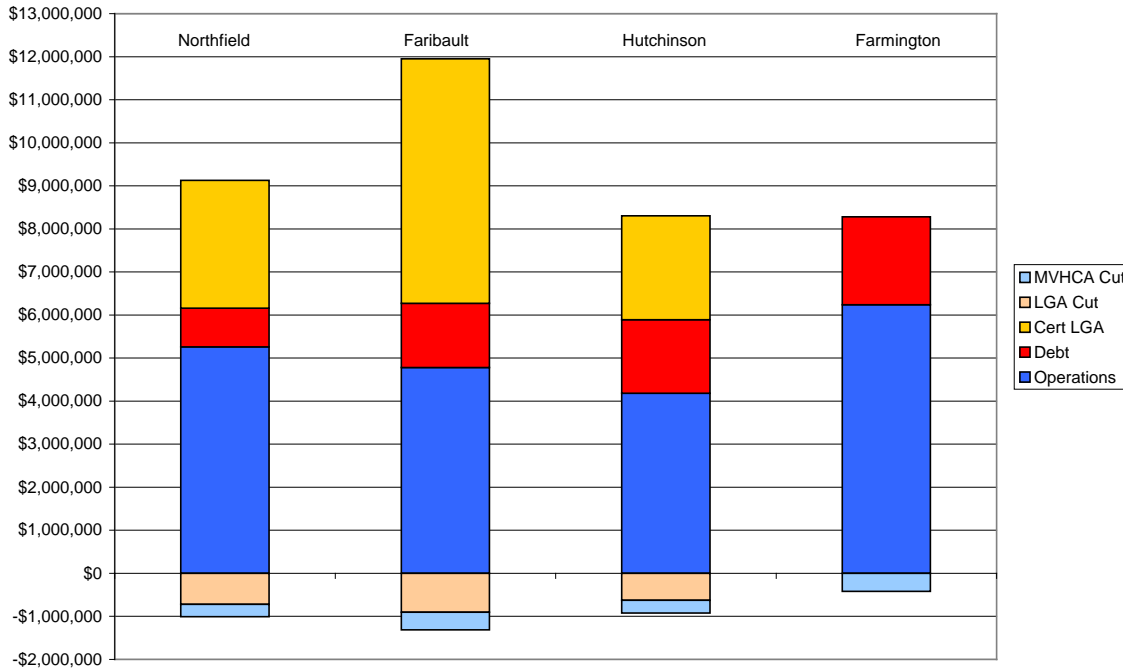
The land acquisition, site prep and construction cost figure was taken from KKE’s report to the Steering Committee last Tuesday and represents the highest cost option listed. A contingency of 8% was added – higher than the minimum recommended by the architect of 5%. Bond issuance costs were added along with capitalized interest. These are also estimated.

It is important to emphasize that the dollar amount stated in the public hearing notice is the maximum, not to exceed amount. The amount of any actual bonds issued in the future will be based upon actual costs / bid awards. It is also important to set the upper threshold high enough to ensure that all project costs are covered. It should also be noted this public hearing notification is required and a necessary step until the Council determines if the projects will be funded through CIP Bonding or hold a referendum on the project financing.

**The bricks in the newly constructed crosswalks downtown are different colors! What happened?** The crosswalks had to be removed to make the utility connections and correct a drainage issue at the corner of 4th and Division. The crosswalk bricks were salvaged at the beginning of construction so they could be reused, thus containing costs. Inevitably some of the original bricks were damaged during removal. Bricks left over from the original construction were used for replacements. The color variation comes from the fading that has occurred since the original bricks were installed. The new bricks will fade and are expected to match the rest of the original crosswalk bricks in about 1-2 years.

**How has Northfield fared with the latest round of aid cuts compared to some of our comparable cities?** We are second highest in terms of 2010 aid cuts – due entirely to our being #2 in total aid receipts. Faribault is #1 in terms of total aid cuts and in total aid received.

**2010 - Levies and Aid Cuts - Comparable Cities**



Farmington has the biggest operating levy. Farmington lost their LGA in the early 2000's and with 2010's legislation – loses the remainder of the Market Value Homestead Credit Aid. Since the early 2000's, there have been a number of years without a levy limit in place. Farmington increased their operating levy significantly over these years to help offset the aid lost.

**Operations and Debt Levies:**

	<b>Operations</b>	<b>Debt</b>
Northfield	5,259,939	898,555
Faribault	4,779,511	1,492,929
Hutchinson	4,184,810	1,705,888
Farmington	6,240,032	2,042,288

Northfield has the smallest debt levy – by a significant amount as shown above. Included in Northfield's debt levy total is \$206,460 for the Community Resource Center building and \$220,333 for the outdoor pool. The remainder of the debt levy is for improvement bonds (streets).

Farmington has the highest debt levy as a result of issuing bonds that financed several city facilities in recent years. Their HRA issued \$5,820,000 in Public Project Revenue Bonds in 2001 that financed the construction of a new police station and a maintenance facility. In 2005, \$2,280,000 in CIP bonds were issued to construct a second fire station. A second CIP bond issue of \$9,990,000 was sold in 2007 to fund construction of a new city hall and garage facility.

Faribault's debt levy includes \$354,000 for 2006 Building Bonds and \$243,382 for City Charter Bonds. Faribault also issues Equipment Certificates (shorter-term debt obligations) for the purchase of major equipment and vehicles. Northfield uses a portion of the operations levy to fund equipment replacement except for fire apparatuses.

The majority of Hutchinson's debt levy is for improvement bonds, but also includes \$161,000 for the HATS Facility.

**Minnesota League of City's Annual Conference in St. Cloud, June 23-25.** One of the initiatives the League will be launching and discussing at the annual conference: *Cities, Services & Funding: Broader Thinking, Better Solutions*. The idea is to engage the city community, policymakers, and the general public in conversations about the financial conditions cities are facing now and in the years to come. The league is looking for an entire new approach to city services and funding, looking at a broader discussion; that fighting for more funding for LGA, for local option sales taxes, and for more local revenue options, while important, is no longer enough.

At the annual conference the League will be releasing the results of this analysis recently completed by the University of Minnesota on the trends that will shape city budgets in the decade to come and the dire financial constraints and painful policy choices that lie ahead for all cities. Jim Miller, Executive Director LMC writes: *The results are stunning – both in the severity of the pain ahead and in how widespread that pain will be felt if nothing changes*. Mr. Miller has provided a link to a video produced by the LMC, to kick off the project and increase the public awareness on the state of the cities. It is available at:

[www.youtube.com/outsidetheox](http://www.youtube.com/outsidetheox)

For those of Councilors interested in attending the Conference please let Jennifer Nash know and we can arrange for conference registrations and transportation coordination.

**Below is information on city activities and information provided by the department directors and managers for the week of May 24-28, 2010:**

## **COMMUNITY DEVELOPMENT**

### **Economic Development**

*Submitted by Jody T. Gunderson, Director*

The Economic Development Authority held its monthly meeting on Thursday and discussed a marketing initiative the EDA's Business Recruitment, Marketing and Public Relations work group had been examining over the last several months. In the fall of 2009, representatives from the Archer House River Inn/Rebound Enterprises, Carleton College, Northfield Area Chamber of Commerce and Northfield Area Convention and Visitors Bureau, Northfield Downtown Development Corporation, Northfield Historical Society, Northfield Hospital and Clinics, Northfield Public Schools, and St. Olaf College met with a sub group of the EDA to discuss their interest in jointly developing a community video for the City of Northfield. The group determined it would be beneficial to draft a Request for Preliminary Proposal and Qualifications and send it out to prospective firms to determine whether the project was feasible. Upon receiving responses to the video RFQ, the group scheduled interviews with representatives from Mojo Solo, Twin Cities Public Television, Paul David Productions, and Blue Moon Productions. While the firms that interviewed appeared to have the capabilities to produce a video project, the interviewing group believed that Blue Moon Productions would deliver a project with a level of professionalism and creativity that has come to be expected in Northfield. The EDA Board approved funding an amount not to exceed \$15,000 provided that the financial commitments have been secured with all partnering organizations sufficient to satisfy the contract with Blue Moon Productions.

The EDA Board also discussed the direction it was preparing to undertake for the redevelopment/reuse of the Union of Youth property if the City were to exercise its right to purchase the property.

## **ENGINEERING**

### **4<sup>th</sup> Street Reconstruction**

*Submitted by Sean Simonson, Engineering Tech Coordinator*

Crews were busy with a number of different jobs this week. Grading crews were on-site early in the week working on sub-cutting the Division Street and Fourth Street intersection getting it ready for the concrete paving and crosswalk installation. Kaiser Concrete was on-site during the middle of the week pouring the concrete paving and crosswalks in the Division Street intersection. Crews from Glacial Ridge Inc. out of Willmar were on-site late in the week to re-install the brick pavers that were salvaged 2 weeks back. Crews put the finishing touches on the intersection Friday afternoon, and it was opened back up to both vehicle and pedestrian traffic for the weekend thanks to the coordination of both BCM Construction and their sub-contractors.

Utility installations continued on Fourth Street between Division Street and Washington Street. BCM was able to install all the watermain and about half of the sanitary sewer in this area. An additional sewer line was discovered late in the week during construction which had both BCM and City Staff at loss on the layout of the existing system.

Next week, BCM anticipates completing the sanitary sewer and storm sewer on Fourth Street between Washington Street and Division Street. They also anticipate milling the remainder of Phase I, which is Fourth Street from Washington Street to Union Street, and Union Street from Fourth Street to Fifth Street late next week. Crews also anticipate getting a start on hooking up temporary water in the same Phase I area.

As mentioned in previous Friday Memos, staff has set up an email notice list for the Fourth Street Improvements project on the project website where residents can add their e-mail address and receive the most up to date information about the project. To add your e-mail address to the notice list, please visit the project website listed below, and follow the instructions in the e-mail notification section.

[http://www.ci.northfield.mn.us/assets/p/projects/FourthStreet\\_2010/index.html](http://www.ci.northfield.mn.us/assets/p/projects/FourthStreet_2010/index.html)

### **Riverside Trail Extension**

*Submitted by Sean Simonson, Engineering Tech Coordinator*

Crews finished all the concrete work on the job this week, and also completed the sub-base sand installation on the trail itself. Rip-Rap was installed along the riverside of the trail also this week. Guth Electric was on-site installing conduit for the Lighting System to be installed along the trail. Also, Wayne's Inc. from Morgan, MN was on-site to install the railings along the trail.

Next week, crews will finish placing Class 5 gravel on the trail area, and parking lot area, and plan on paving the trail and parking lot area late next week. The tentative date for the ribbon cutting dedication for this section of the trail is Saturday, July 10<sup>th</sup>, more details will be forthcoming.

### **First Street Reconstruction**

*Submitted by Sean Simonson, Engineering Tech Coordinator*

Crews were on-site late in the week raising manholes in anticipation of paving. Paving was scheduled for this week, but is temporarily delayed until next week due to repairs that are happening at the asphalt plant located in Faribault. Signs will be posted along the project corridor alerting residents as soon as staff gets the go-ahead that paving will be start.

### **Stormwater Ordinance Development: Technical Steering Committee**

*Submitted by Katy Gehler, City Engineer*

The technical steering committee met on Friday to continue the iterative process of reviewing and revising the stormwater ordinance and Rice Creek policy document. The group will meet next week to work through remaining policy issues within the two documents and prepare for the second round of community meetings. We expect to post the draft ordinance, policy document and a few policy questions on the project website

for a review a few days before the next set of Advisory Committee and public meetings on June 9. We will seek input from attendees of these meetings to shape the documents before they are presented to City Council for the first time later in June. Further policy changes and refinements will take place based on direction given at that Council meeting. Please see the project website for more information on these meetings and the project process as a whole.

**FINANCE**

*Submitted by Kathleen McBride, Finance Director*

Levy Limit Calculations and the General Fund Levy – outlook for the future: Shown below is the Department of Revenue’s calculation of our levy limit for 2010 – along with an estimate of the same for next year. For 2010, we are currently \$171,658 below the levy limit. This means we can automatically increase the General Fund levy for 2011 by that amount. Estimating the additional increase possible for next year shows that another \$145,908 could be levied. This would provide for a maximum increase of \$317,566 or 6% over the 2010 levy.

Payable 2010 Final Overall Levy Limitation Notice 08/18/2009 MN Department of Revenue		<i><b>Final Certified</b></i>	<i><b>Estimated Payable 2011</b></i>
1	Payable 2009 Adjusted Levy Limit Base	8,294,587	<b>8,400,084</b>
2	Inflation adjustment 0.8337%	1.008337	1.016801
3A	2007 Household population	6,030	6,073
3B	2008 Household population	6,073	6,073
3C	50 Percent of Household Increase ((3B - 3A)x .5)	22	-
3D	Household Adjustment Factor - Greater of 1 or (1+3C/3A)	1.003566	1.000000
4A	Payable 2008 Total Taxable Market Value	1,286,287,500	1,380,944,100
4B	Payable 2009 Market Value - New Industrial Construction	-	-
4C	Payable 2009 Market Value - New Commercial Construction	1,999,600	2,727,696
4D	Payable 2009 Market Value - NEW C/I Construction (4A + 4B)	1,999,600	2,727,696
4E	50 Percent of MV of New C/I Construction (4D x .5)	999,800	1,363,848
4F	New C/I Adjustment Factor - Greater of 1 or (1 + 4E/4A)	1.000777	1.000988
5	Payable 2010 Adjusted Levy Limit (1 x 2 x 3D x 4F) <i>off by 2 - MNDOR has 086</i>	8,400,084	8,549,649
6A	2010 Certified Local Government Aid	2,968,487	2,972,144
6B	2010 Estimated Taconite Aids	-	-
6C	2010 Estimated Wind Energy Production Tax	-	-
6D	2010 Certified Utility Valuation Transition Aid	-	-
6E	2010 Total City Aid (6A + 6B + 6C + 6D)	2,968,487	2,972,144
7	<b>Payable 2010 Final Overall Levy Limit (5 - 6E)</b> <i>off by 2 - MNDOR has 599</i>	<b>5,431,597</b>	<b>5,577,505</b>
	<b>Northfield's final levy - subject to levy limit</b>	<b>5,259,939</b>	
	<b>Amount under levy limit</b>	<b>171,658</b>	<b>317,566</b>

Levy Limit Calculations and the General Fund Levy – outlook for the future: Shown below is the Department of Revenue’s calculation of our levy limit for 2010 – along with an estimate of the same for next year. For 2010, we are currently \$171,658 below the levy limit. This means we can automatically increase the General Fund levy for 2011 by that amount. Estimating the additional increase possible for next year shows that

another \$145,908 could be levied. This would provide for a maximum increase of \$317,566 or 6% over the 2010 levy.

It is important to mention that we will not receive the certification for 2011 until late August. Because this is so close to the time for the adoption of the preliminary levy – we have to estimate the maximum amount possible. Future budget discussions will be devoted to this topic and will include estimates of the tax base, the resulting tax rate and the impact on different property types.

Council Member Pokorney has asked – what is the outlook for General Fund levy increases. For the near term (next 3 – 5 years) potential increases will be pretty much limited to inflationary increases as little growth is anticipated for the other factors (household growth, new commercial and industrial construction).

### **Information Technology**

*Submitted by Melissa Reeder, Information Technology Director*

This week the city's identity was impersonated on Twitter. The person is using the identification "City\_of\_Nfld\_PR" to communicate various "tweets" to its followers.

This account is not authorized by the City of Northfield nor is any information conveyed via this account coming from an authorized representative of the City of Northfield. The perpetrator is violating Twitter's Impersonation Policy as well as using the City of Northfield's copyright logo in an unauthorized modified way. On May 25<sup>th</sup> an "Impersonation Violation" report was filed with Twitter and we are waiting for their action to close the account.

### **LIBRARY**

*Submitted by Lynne Young, Director*

The Summer Reading Program will begin in only 2 weeks! Kathy Ness and Leesa Wisdorf have begun visiting area elementary schools to talk about the summer reading program. Public library summer reading programs have proven to be one of the most effective ways to keep children reading during the summer. And this has the welcome side effect of significantly reducing learning loss in the summer months.

The Summer Reading Program theme is "Make a Splash." Booklets will be available beginning Tuesday, June 1. The first Books & Stars Program will be "Sons of the Beach" – rock-out fun -on Wednesday, June 16. And, of course, this event will be held at the Outdoor Pool! Booker and the Showmobile are both scheduled to be there. Check out the Children's Events blog on the library web page for a full calendar. ([www.northfieldmn.info](http://www.northfieldmn.info) or [www.ci.northfieldmn.us/library](http://www.ci.northfieldmn.us/library)).

Leesa Wisdorf will be in charge at the library while Lynne Young is on vacation.

### **PUBLIC WORKS**

#### **Facilities**

*Submitted by Bernie Shakal, Facilities Supervisor*

Facilities had a very busy week making adjustments to air conditioning units and air handlers at City buildings. One of the air handlers at the Safety Center that serves the upstairs fireman's quarters had a motor lock up, also a unit at the Library that was installed two years ago with the Johnson Controls project malfunctioned, and a new compressor had to be ordered, fortunately it is covered by warranty.

A meeting was held with I&S Group this week to discuss engineering costs for the window replacement project at City Hall, we should know early next week the results of their estimate.

Another task that was accomplished this week was washing the windows at the Northfield Community Resource Center. This is a project that is shared with a vendor and Facilities temporary employee Annalise Haan. The vendor takes care of the difficult outside areas including the north glass entrance, and Annalise did the inside of the windows.

**Streets and Parks**

*Submitted by TJ Heinrich, Streets and Parks Supervisor*

Staff were successful this week in getting all City parks and ROW's mowed. Weekly park chores were also completed and several areas of town saw pothole repairs. Staff assisted the Recreation Department with installation of the shade covers at the pool. Road maintenance was performed on Garrett Ave this week. Flower baskets were hung in this week in the Downtown area. The scheduled downtown banner change was not completed due to a rental equipment failure and will be completed next week. Flags were hung in the downtown area in observance of Memorial Day and staff moved bleachers to Riverside Park Veterans Memorial for the memorial service on Monday, May 31, 2010.

**Wastewater**

*Submitted by Gerald Ness, Systems Technician*

Wastewater staff installed filtration components on the Ferric Chloride chemical injection system. Ferric Chloride is used in the pre-treatment of wastewater to enhance flocculation of suspended solids. The installed filters will provide added protection to the installed injection system, improve equipment reliability, and ensure permit compliance.

**Water**

*Submitted by Jay Hall, Water Systems Technician*

Well #4 has been out of service for the past couple of months, waiting for parts that were on back-order. We received the parts Wednesday and Water Systems Technician Jay Hall and Water Operator Scott Murphy had the parts installed and the well back in service on Thursday morning.

Water Superintendent Doug Lien worked with Bolton & Menk on putting a grant proposal letter together to the state for updating our Well Head Protection program. If the grant is awarded to the City of Northfield, the Water Division will receive \$9,600 to put towards our Well Head Protection program.

cc: Depart Managers