

**Memorandum**

DATE: August 21, 2009  
TO: Mayor & Council Members  
FROM: Joel Walinski, City Administrator  
RE: Friday Memo for the week of August 17-21, 2009

As reported previously, on August 3, 2009 the City received a check in the amount of \$277,331 from the US Federal District Court for partial restitution in the City losses involving Rate Search, Inc. The City took action in 2008 when the City Council approved a resolution that transferred the entire loss to the existing Insurance Fund. To address the loss, the deficit in the Insurance Fund, and to address prevention into the future, the city has taken the following actions:

- The City has filed the necessary paper work to be included for restitution of victims of any funds that maybe recovered by the various federal agencies involved with this case.
- The City has hired Robins, Kaplan, Miller & Ceresi LLP under a limited engagement contract to provide legal counsel for potential litigation against the party or parties responsible for failure to detect mismanagement and loss of City funds invested through Rate Search, Inc.
- The City has reviewed and implemented a draft financial investment policy that improves the review of long-term City investments and limits potential losses to fraud or mismanagement.
- The City is developing a financial plan, which addresses the elimination of the deficit in the Insurance Fund. By writing down this fund deficit over time, the negative impact on City operations is reduced. A formal deficit elimination plan is necessary for the City and the community without which could result in a negative effect on the City's bond rating.

The history and status of the deficit is shown below:

Initial Loss	\$2,358,000
Insurance Recovery (MN League of Cities)	<u>(\$100,000)</u>
<b>Sub Total</b>	<b>\$2,258,000</b>
2007 Transfer in from Capital Reserve	(\$680,937)
Revenues Redirected	(\$35,834)
2008 transfer in from City Bond & Assessments Fund	(\$15,000)
2009 receipt of Recovered CD (US Attorney action)	(\$196,000)
2009 Restitution check (US Federal Court)	<u>(\$277,331)</u>
<b>August 31, 2009 Balance</b>	<b>\$1,052,898</b>

We continue to monitor the work and ongoing investigations of this case to insure every avenue open to the city to recover funds is explored. Additionally, staff will continually bring policies and procedures forward to the council for implementation to limit the City's exposure to this type of loss in the future.

**Below is information on city activities and information provided by the department directors and managers for the week of August 17 - 21, 2009:**

## **COMMUNITY DEVELOPMENT**

### **HOUSING**

*Submitted by Michele Merxbauer, Housing Manager*

As the HRA continues to address the foreclosure issues in town and work with partnering agencies on acquisition and rehab, it was important to determine a definition of what is considered "blight." Staff learned this definition could be quite arbitrary and spoke with several state and federal agencies about what type of definition or qualifications to use for blight. Staff will bring these findings to the HRA at the September meeting.

Staff also continued work on the 2010 budget and submitted the narrative for manager and Council review.

### **PLANNING**

*Submitted by Dan Olson, City Planner*

A community meeting was held on Tuesday at the Armory to introduce the draft Land Development Code (LDC) to the public. About 40 people were in attendance. There were a lot of good questions and comments from those who attended, and those comments will be reviewed by the Planning Commission at their upcoming meetings. Staff also met this week with the Environmental Quality Commission (EQC) and a builders/developers work group to finish up their comments on the LDC.

## **COMMUNITY DEVELOPMENT**

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

Staff will be presenting an outline proposal for the establishment of an Administrative Penalties Enforcement System to City Council at the August 24<sup>th</sup> City Council work session. Administrative penalties are used by many cities as a substitute to criminal enforcement. The advantage of administrative penalties is in timesavings, cost of prosecution, tailoring penalties to match the degree of violation and more local control of the enforcement process.

The process of rental inspections in district is underway. Community Development Department staff are exploring strategies to include additional staff resources to accomplish the task of rental unit enforcement in anticipation of a large number of inspection requests late in the calendar year.

## **INFORMATION TECHNOLOGY**

*Submitted by Melissa Reeder, IT Director*

An expired certificate resulted in an email outage with our web system. Unfortunately the error code did not match the symptoms and the troubleshooting lasted a bit longer than desired. Thank you for the feedback and patience!

On Wednesday, the IT department went through a LOGIS audit. LOGIS is the software used at the Police and Fire Departments. It is also used by the regional 911 dispatching location in Owatonna. The audit consists of both physical and logical access. Physical access to our computer systems are secured by badge and key access to the server rooms. Logical access focuses on appropriate complexity of passwords, firewalls and virus protection. Computer systems located in squad cars are subject to the same type of audit. Results were not given, however the immediate reaction to the audit was overall positive.

The dais re-work project in the council chambers is on schedule. The new counter tops and monitors will be in place for Monday night's meeting.

The IT Director attended the Rice County Commissioners meeting this week. Rice County approved an RFP to research a fiber optic network that would connect all Rice County governmental agencies, including the City of Northfield. Currently the city leases direct lines to Rice County to connect our police department to the state network. Likewise, Rice County leases lines from their Northfield satellite offices (located at City Hall) to Faribault. If Rice County were to build a fiber network and connect all the governmental agencies in the county, it would be very complementary to Northfield's proposed fiber to the premise network (FTTP).

## **LIBRARY**

*Submitted by Lynne Young, Director*

On Tuesday morning, the library directors from Northfield and Faribault presented the libraries' budget request to the County Commissioners. A number of library board members, city council members and city staff from both communities attended the meeting, including several who live in the rural areas of Rice County. Thanks to Barbara Altstaetter, Bob Bruce, Betsey Buckheit, Sarah Currier, Bill Gruszewski, Margit Johnson, Kathleen McBride, and Joel Walinski for showing their support of the Northfield Public Library.

The Library Board met on Tuesday evening. The group talked with Kathleen McBride about a unique way to handle building donations and will consider this option as fundraising talks continue. The board hopes to issue the RFP for the fundraising feasibility study next week. The board also said farewell to long-time board member and former chair, Bruce Colwell. Bruce will be moving on to new opportunities in Virginia. In his time on the board, Bruce wrote and produced (along with Marston Headley) the 1998 centennial brochure about the library. Thank you, Bruce, for your service and dedication!

The board also welcomed a new member, Jerry Bilek, who will fill the position left vacant when Bill Bruhler left Northfield to teach overseas.

Optical illusions, treasure hunts and other challenges engaged fifty Northfield area children this week at the "Brain Busters" program at the library. Wednesday evening's "Back to School Night" was another obvious sign that school will reopen soon. Diana Tallent and Kathy Ness of the Library staff participated; they visited with children and their parents about homework help available at the library.

The Contemporary Women's Writers book discussion group met on Tuesday evening to discuss *Divining Women* by Elizabeth Berg. Next month's meeting is on September 8 at 7:00 at the library when the group will talk about *Riding Shotgun: Women Write About Their Mothers*. Just a reminder that author Marya Hornbacker will give a presentation at the library on September 9 at 7:00 p.m. at the library.

Library staff member Kathie Schlegel has donated a number of copies of Diana Gabaldon's *Outlander* which include a chapter from the next book in the series *An Echo in the Bone*. Attend the special program on September 17 at the library for a pre-release book discussion and have a chance to win one of those 10 special copies of *Outlander*!

## **PUBLIC WORKS**

### **Facilities**

*Submitted by Bernie Shakal, Building Maintenance Supervisor*

This week was mostly devoted to the annual Senior Center pool cleaning and maintenance, it was originally scheduled for the week of August 23, but rescheduled to this week. Some of the maintenance issues addressed included having the skimmer ledge re-grouted, this was necessary due to the water filtering over the ledge into the drains, also because of the routine monthly cleaning of this area wears the grout from the joints. After a thorough inspection of the interior of the pool, it was determined that it is time to start thinking about re-grouting the entire interior, something we will have to consider for the next annual

maintenance. The lights in the pool also needed some repair, which included replacing the gaskets that seal the water from getting into the fixture. The pool should be re-opened on Monday morning, August 24.

Bernie met with a Johnson Controls Technician this week to correct some issues with the building automation system at City Hall.

### **Streets and Parks**

*Submitted by TJ Heinrich, Streets & Parks Supervisor*

The main focus of the Streets and Parks department was yearly boulevard tree stump grinding and clean up. Parks saw general cleanup and some mowing until the rain descended. The City compost site has been busy with the annual compost screening. This project entails the screening of two or three year old compost. The screening should produce 1800 to 2000 yards of finished compost for citizens to use when completed. The brush pile will also be chipped this fall. Six-boulevard trees were inspected. A light bollard was ordered to replace the stolen light bollard from the West River Commons area. Bus parking signage was placed on the corner of Water and 7<sup>th</sup> Street.

### **Recreation**

*Submitted by Jason Eisold, Recreation Manager*

The pool's final day of operation for the 2009 season is this Sunday, August 23. With the slow start to the season and a cold July we still had over 27,000 patrons visit the pool over the course of the summer. The fence was finally installed around the solar field last week. The pool will host it's final event of the season next Saturday, August 29, the 2nd Annual Dog Swim from 10:00am-1:00pm, for more information visit the city's web site or call 645-3017.

### **Water**

*Submitted by Doug Lein, Water Superintendent*

Water Systems Technician Jay Hall and Water Operator Scott Murphy informed residents on the West First Street Infrastructure project of a water main shutdown on Wednesday morning. Jay and Scott also took bacteria samples from the West 1st street temporary service lines. The bacteria samples tested negative. Scott and Seasonal Employee Rod Svien shutdown the hydrant lead at Sibley School for water main improvements. The school is replacing a fire hydrant and adding two new valves for their new addition.

On Saturday, Scott received an alarm at well #4 for a power failure, and the backup generator was running. The neighborhood power was on but the well house did not have Xcel power. Scott and Jay decided to shutoff the main Xcel power in the building and then shutdown the generator. On Monday an electrician looked at the equipment and found that one phase of the 3 phase line was down. We called Xcel and they found the fault in the yard, they dug it up and repaired the fault. They also had to repair some electrical equipment on the pole and a fuse in the transformer box. The cause of the equipment failure was lightning strike.

cc: Department Managers