

Memorandum

DATE: December 4, 2009
TO: Mayor & Council Members
FROM: Joel Walinski, City Administrator
RE: Friday Memo for the week of November 30 – December 4 , 2009

Property Tax Statement Problems:

We have just learned late yesterday that with Rice County's tax system software conversion, some of the Proposed Property Tax statements just mailed out contain errors. Primarily for properties in downtown Northfield that are located within the tax increment district (or for any property located within a tax increment district), the tax increment portion of the taxes are included with the county, school and city totals. In previous years, the tax increment portion was a separate line-item on the forms.

Our review of several examples found the 2010 number to be correct, while those listed in the 2009 column to be incomplete. With the changes in how it is shown on the form, the system dropped the tax increment total for the 2009 column making the 2009 tax total understated by as much 54%. Because of the error in the 2009 total tax amount, it appears that your 2010 taxes are going up significantly, in one case 130%! If you have questions about your proposed tax statement or know someone who does - please have them contact Finance Director Kathleen McBride at 645-3011. A property tax statement with the problem areas highlighted as well as the Rice County Press Release on this issue is attached.

Praver/Gill Annexation Request:

On Tuesday November 24, the Northfield Planning Commission held the Public Hearing on the Request for Annexation from property owners Praver and Gill. Much of the discussion regarding potential future annexation of this area focused on the stream protection, some on Heath Creek but much public attention on Spring Brook Creek. I've also had the opportunity of being in attendance for several of the meetings focused on the drafting of the Rice Creek (Spring Brook) Concerned Citizens Group Report and Recommendation.

In response to both of these, several actions will be taken in the upcoming weeks:

- The Council will be asked to receive the Rice Creek (Spring Brook) Citizens Report on December 21, 2009 and have the recommendations presented in the report considered and addressed in the development of the new Storm Water Management ordinances, which will include shoreline and stream protection.
- I've asked staff to arrange a meeting with appropriate officials from neighboring government entities including the City of Dundas, Bridgewater Township, Greenvale Township, Northfield Township and Waterford Township to explore opportunities to cooperatively work through a stormwater ordinance development process, both from a regulatory and financial perspective. This includes the

development of the various ordinances (Stream protection, shoreline protection, and storm water management and the application and enforcement of those ordinances.

- I've also asked staff to begin developing the process for drafting the stormwater ordinances. One initial item identified early in the process is the use of a steering committee that would include members having credentials that demonstrate a working knowledge beneficial to management of water resources and also those representing the surrounding governmental agencies. Suggested members may include: several of the professors from St. Olaf involved with the Rice Creek Report, DNR Fish and Wildlife Rep., a Rep. From the Cannon River Watershed, representatives from Bridgewater Township and the City of Dundas. Additionally City engineering staff and GIS staff would be on the steering committee.

As work moves forward in this area, I'll continue to provide the Council with updates on the process and review of the work completed.

Below is information on city activities and information provided by the department directors and managers for the week of November 30 – December 4, 2009:

COMMUNITY DEVELOPMENT

Building

Submitted by Jim Kessler, Building Official

This week has been busy with rental inspections and the administration of the rental program. We still have about 70 property owners that have not contacted us in any way. They will be getting the third and final letter requesting their applications be submitted.

Building inspections are continuing. Perkins Transport has all the footings and walls for their additions completed this week. KFC has brought in the prefabricated walls and set the exterior of the building this week. A few basement, bathroom and kitchen remodels are in process. Three new homes are progressing.

A stop work order was placed on the illegal construction of a warming house at the Arena, a building permit was not applied for nor given prior to work beginning on the project. Procedures for construction were reviewed with the Northfield Hockey Association representative and meetings were held with other City staff to determine additional requirements for the building.

Plan reviews are in process for a small commercial remodel and the Northfield Retirement Community's new memory care center.

Community Development

Submitted by Brian O'Connell, Community Development Director

The Community Development Director, along with numerous other staff, participated in the two-day design charrette related to the Master Planning process for the business and industrial campus west of the hospital and south of Highway 19. The outcome from the design charrette will be posted on the city web site in the near future and will also serve to guide further design detail that the design team will be working on as the master planning progresses in the future.

The City received a "draft" quit claim deed from the Minnesota Department of Transportation for the purchase of parcels 92 and 93 on The Crossing project. The quit claim deed is being reviewed by the City attorney to determine if the deed is correct and determine if the other aspects of the land transaction are in order. It is expected that the City will close on the purchase of these parcels next week.

Economic Development

Submitted by Jody T. Gunderson, Economic Development Director

The Economic Development Authority held its regular Board meeting on Thursday and finalized their 2010 Budget. Mr. Randy Jennings, Principal of Occasional Press, was also present to discuss the draft copy of a brochure that he had developed through the direction of the EDA's Marketing Committee. The brochure focuses on Northfield's unique geographic location, quality of life, diverse local economy, economic development partners, development opportunities, and supporting demographic statistics. The Board recommended minor changes and was pleased with the appearance and content of the document.

On December 1 and 2, 2009, the EDA and its consultants held a Master Plan Charrette in the community room at the Community Resource Bank 1605 Heritage Drive.

A charrette is an intense, on-site, collaborative work session between the client and the project team, usually done in a very short period of time. The charrette workshop accelerates the planning process by creating an interactive environment with all major participants working together without the normal interruptions that delay communications. It provides an opportunity to achieve consensus on the worthiest approaches to the project.

The Charrette meeting was well attended and at the conclusion of the process many of those individuals that participated in the process spoke very favorably of the draft concept plans that had been developed. The Master Plan Steering and Technical Committee will be reviewing and discussing the results of the Charrette at their May 17, 2009 meeting.

Housing

Submitted by Michele Merxbauer, Housing Manager

The HRA submitted purchase offers in mid-November to Assured Financial Trust for two townhomes on Elianna Drive. These units, built in 2007, have been in foreclosure and have never been occupied. Closing on the properties is scheduled for next week. The HRA will be advertising for Property Management Companies in the upcoming weeks, creating a lease and rental pricepoint, and then advertising for renters.

Staff has also been busy assisting the Building Department with inspection of rental properties.

Staff attended the Planning Commission meeting on November 24th to discuss the Jefferson Square TIF project. Staff requested a resolution from the Planning Commission stating the project did indeed meet the Comprehensive Plan objectives. Staff brings the TIF project to public hearing in front of the City Council on December 7th.

The HRA meets next Thursday for its monthly board meeting. The agenda primarily focuses on the 2009-2010 Strategic Plan, reviewing what was accomplished this year and what the goals and focus will be for 2010. The HRA will also spend considerable time reviewing the correlation between their goals and accomplishments and the City Council's goals.

Planning

Submitted by Dan Olson, City Planner

Staff attended the various day-long events as part of the EDA charette for the master planning of the proposed business park west of the Northfield Hospital. This charette included a bus tour of the area annexed last spring west of the Hospital, as well as the area proposed for annexation south of Highway 19, and included brainstorming sessions to discuss concept plans for the business park.

The Planning Commission also met this week to continue its review of the draft Land Development Code (LDC), and will meet next Tuesday to discuss the public hearing held on November 24th for the proposed

Praver-Gill annexation. A recommendation on the annexation is not expected on Tuesday, since this is the first time that the Commission has had time to discuss the input received at the public hearing.

ENGINEERING

Riverside Trail Extension

Submitted by Sean Simonson, Engineering Tech Coordinator

Wayne's Inc was on-site to install the guardrail on top of the concrete retaining wall this week. This will be the last of the work completed on the job this year. Sunram Construction has decided to suspend all work until next spring. Sunram Construction will be on-site next week to haul out equipment and install fencing around the work area.

AutoCAD 2010 / Civil 3D Software Transition

Submitted by Sean Simonson, Engineering Tech Coordinator

Engineering staff have been working with IT on getting a new road design software installed for the upcoming design season. Staff has used Eagle Point Software as its main design software since the mid 1990's. At the time of purchase, Eagle Point was one of the only a few road design softwares on the market. Since that time advances in products and the creation of competitor products have opened choices. Eagle Point has also had a history of being "clunky" to use. The purchase was made to upgrade to industry standards and also make use of efficiencies within the software that could reduce staff time needed to complete construction drawings. Staff, teamed up with Bolton & Menk will design the upcoming Fourth Street Reconstruction Project with the new Civil 3D software. Staff attended a 3-day training seminar in November to familiarize itself with the new software and will begin working with the new software next week.

4th Street Reconstruction

Submitted by Katy Gehler, City Engineer

Notices of the upcoming public hearings were sent out this week. At the December 21, 2009 council meeting both the improvement and assessment hearings will be held. The purpose of the improvement hearing is to provide an opportunity for public comment on the project components. The purpose of the assessment hearing is to provide an opportunity for public comment on the assessments associated with the project. A copy of the notices is attached.

The benefit appraisal, received this week, was used to determine the recommended assessments. The report supported linear foot rates for commercial and residential of \$150 and \$115 respectively. Past project rates have been \$200 for commercial and \$116 for residential. The proposed final assessment roll is attached.

Seven corner properties on the 4th Street assessment roll paid a utility component only for the assessments adopted in 2007 for the 5th Street reconstruction project. These properties have one face of the lot on 5th Street with the other on one of the side streets being reconstructed with the 4th Street project. Since the water and sewer services were connected to the main utility lines in 5th Street, the utility portion of the assessment was levied on these properties. The current assessment policy does not distinguish between a street and utility component; it is for the project as a whole. Although it is not clear with a benefit appraisal what portion is assigned to the street and that to the utilities, staff feels that with the recent nature of the 5th Street assessment it is equitable to reduce the 4th Street assessment by the amount paid for the 5th Street project, \$2,174 per property. The total 4th Street assessments would then be reduced by \$15,218 for a total of \$587,763.06 in assessments collected for the project.

FINANCE

State Economic Forecast: Attached is the League's Cities Bulletin just released that summarizes the forecast. Governor Pawlenty has stated that he may consider unallotments of this month's state aid payments as a means of addressing the worsening economic conditions for the State.

An interesting article appeared in the Star Tribune last week featuring Tom Stinson, the State Economist. He is quoted in that articles as saying Minnesota faces a never-before-seen "structural budget deficit" that reaches far into the future. The full article is attached for your review.

What if this month's LGA is "unallotted"?: Should this occur, the best option would be to appropriate fund balance to cover the shortfall. The Council policy on the General Fund fund balance includes a designation for "Revenue Stabilization" that sets aside 25% of the subsequent year's LGA amount. This is what was done for the December 2008 unallotment. Shown below is the projected fund balance with details on the projected designation amounts for 12/31/09. This is before any announced aid cut –

General Fund - Fund Balance Reserves, Designations		
December 31, 2008	\$ 4,886,626	
Estimated surplus for the year ending 12/31/09	<u>200,000</u>	
Projected balance at 12/31/09		<u>\$ 5,086,626</u>
Projected fund balance components at 12/31/09		
Reserved (estimated)	<u>75,000</u>	A
Designated for cash flow -		
7 months of subsequent year's LGA	1,325,015	
1/2 of subsequent year's tax levy	2,535,109	
10 months of subsequent year's MVHCA	<u>116,667</u>	
Total designated for cash flow purposes	3,976,791	
Designated for revenue stabilization -		
25% of subsequent year's LGA	567,864	
Designated for uninsured losses -	100,000	
Designated to subsequent year's budget -	<u>-</u>	
Total designated	<u>4,644,654</u>	B
Total reserved and designated	<u>4,719,654</u>	
Balance - unreserved and undesignated	<u>366,972</u>	C
Total fund balance projected at 12/31/09 (A+B+C)		<u>\$ 5,086,626</u>

LIQUOR STORE

Submitted by: Stephen DeLong, Liquor Operations Director

This week, the beginning of the month, marks the beginning of another in-store wine sale that will run for two concurrent months and feature the wines of one selected supplier.

The October - November sale that just concluded offered a diverse range of wines from around the globe, with heavy emphasis on California. Nearly a hundred and twenty cases of wine from the sales flyer were sold over the two-month period.

The current sale features numerous fresh arrivals from a variety of wine regions: France, Italy, Spain, Chile, Argentina, California and Australia. This is by far our most ambitious sales flyer ever--in all, we have selected over eighty different wines to present to our customers through the end of January. Several of these wines will premier in next week's Wine Club tasting.

The Northfield Wine Club Holiday Show, our final event of the year, will be held Thursday, December 10 at The Grand Event Center, from 7:00 to 9:00 p.m. As usual, we will feature wines from around the globe--with special emphasis on styles best suited for the holiday table--paired with artisan cheeses supplied by Just Food Community Co-op and baguettes from Brick Oven Bakery.

PUBLIC WORKS

Arena

Submitted by Jason Eisold, Recreation Manager

The Ice Arena and Memorial Pool were awarded a grant through the Northfield Area Foundation to purchase an Automated External Defibrillator (AED) to share at each of the facilities. The funding from the grant will be received in mid-January.

The Ice Arena held a Turkey Skate on the Sunday before Thanksgiving. Users donated a total of \$65 dollars and about 25 pounds of food for the Northfield Food Shelf.

The annual Skate with Santa event will be held Sunday, December 13 from 5:15-6:45pm.

Facilities

Submitted by Bernie Shakal, Facilities Maintenance Supervisor

Facilities has been busy this week making sure that heating systems are ready for the cold winter months ahead. Most of the furnace filters have been changed along with some minor preventative maintenance on some of the units. We are still working on an issue at City Hall with the boiler system, there seems to be some annoying sounds coming from some of the heaters in various offices due to air in the system.

The large skylight at the Waste Water Department, UV Building has been replaced with a wood/metal cap. The contractor will be on site Monday, Dec. 7 to apply spray foam insulation to the inside of the structure, thus completing this project.

The cold weather held off just long enough for the roofing contractor to successfully install the new TPO White roof on the Liquor Store. This week the sheet metal crew was on site to install new metal cap material around the perimeter of the building.

The Transit Building overhead doors are on track to be replaced with larger doors by the end of the year. this improvement will facilitate maneuvering the buses in and out of the building.

Streets and Parks

Submitted by TJ Heinricy, Streets & Parks Supervisor

Staff finished the installation of a warming house moved from Sibley School. The School district asked to have the house moved due to building construction. The warming house was moved to its new home at Roosevelt Park. Fall street sweeping has been completed. Yearly preparations of snow equipment have been completed and some used this week. Barricades were put out for the Annual Winter Walk. Maintenance was done on some City gravel area. Staff installed some gravel by the Safety Center to aid in Firefighters parking issues.

Water

Submitted by Doug Lien Water Division Manager

Staff met with the Finance Director and talked about the budget and accelerating the meter change-out program. Staff will put together a schedule that will start in early 2010 and run until December of 2011. This program will replace the remainder of the old style straight read meters over to the new radio read metering system. Staff will attempt to complete this program without outside help. The accelerating of the meter program has been discussed with the City Council at previous meetings. SOP's were also talked about and need to be updated in the water ordinance so staff can enforce the meter change-out program.

Wastewater

Submitted by Gerald Ness, Systems Technician

This week staff at the Wastewater Treatment Facility completed repairs and upgrades to the chemical metering pumps of the Coagulant Dosing System. The Northfield Wastewater Treatment Facility utilizes ferric chloride as a chemical coagulant. It is injected into the wastewater flow in a mixing tank. The coagulant destabilizes the particles present in the raw wastewater by charge neutralization. The coagulant also reacts with phosphate in the wastewater, causing the precipitation of ferric phosphate. The ferric phosphate settles in the settling tanks, resulting in a reduction in the total phosphorous concentration of the treated water.

cc: Department Managers