

ITEM: Northfield Economic Development Authority Update on Master Plan

SUMMARY:

On September 24, 2009, the Northfield Economic Development Authority held a joint meeting with the Business Park Master Planning Steering/Technical Committee. Northfield's Economic Development Director, Jody Gunderson, will provide a brief update to the Northfield City Council on the status of the Business Park Master Plan process.

SUBMITTED BY: Jody T. Gunderson, Director of Economic Development

ITEM: Utility Rate Study Update

SUMMARY:

This is an update to City Council on the current status of the utility rate study that began in April. At the July 13, 2009 and August 31, 2009, Council Work Sessions staff provided City Council with updates of the progress of the study.

Stormwater, Wastewater and Water Utilities

During the review of the current rate structure it was noted that a significant piece of the rate is a volume charge. Since most of the costs for these utilities are fixed costs (salaries, electric, gas) staff is recommending that the rates be restructured with a higher base rate, which is more in line with other communities. By restructuring rates in this manner the base rate will then cover a more significant portion of the overall fixed costs for these utilities.

Additionally, a policy should be developed regarding financing of capital improvements. For example would our policy provide for the financing of capital improvements below a certain threshold (e.g., \$500,000) be funded entirely with cash reserves and those projects above the threshold be financed partly by cash reserves and new bonds? By developing a policy framework for financing improvements in some manner it will provide the city with additional planning tools that will help manage cash reserves and moderate rate increases from year to year and reduce the potential for significant rate spikes due to new debt service.

Street Light Utility

As the council reviews Goal #2: Sustainability and the initiative to establish a long-term sustainable financial framework, the transfers and shifts of general fund expenditures to revenue neutral utilities is one tool that can be used to achieve the initiative's outcome. Using a utility fee for this type of expenditure would shift revenues from property taxes / state aid to fees and because it is a utility, all types of customers (properties) would pay – taxable and tax-exempt.

The establishment of the utility and rates of the utility would be based on the amount of money needed to offset expenses now in the general fund related to operation, maintenance, and installation of streetlights. In an ideal situation, the rates generated would be \$250,000. Depending on the rate structure developed, costs to individual residences, businesses, and property owners would vary. Attach is a handout prepared to address some common questions that staff has encountered regarding this utility.

Many Minnesota Communities utilize streetlight utilities. These cities range from metropolitan communities to cities smaller than Northfield. Some of these utilities have been around since the mid-80s. With the reduction in state funding there are many communities that are considering implementation of a streetlight utility including our neighbors to the north and south, Farmington, Faribault, and Rochester. Below is a table of Minnesota Cities that have or are considering such utility.

Cities that have implemented a Street Light Utility:	Cities Considering a Streetlight Utility:
Apple Valley Brooklyn Center Brooklyn Park Burnsville, 2002 Cottage Grove Crystal Duluth, 2008 Eagan, 1983 East Grand Forks Excelsior Forest Lake, 2008 Golden Valley Grygla Hermantown Maple Grove, 1995 Maplewood Moundsview	New Brighton New Hope Newport Oakdale, 1992 Otsego, 2009 Plymouth Ramsey St. Paul Savage Shoreview, 2004 South St. Paul, 2009 St. Michael, 2003 Stewartville Stillwater, 2003 Waconia Woodbury
	Bemidji Columbia Heights Crookston Edina Faribault Farmington Fridley Marshall Robbinsdale Rochester St. Cloud

- Attachments:**
1. Streetlight Utility Brochure
 2. Streetlight Utility Analysis

SUBMITTED BY: *Brian Erickson, PW Operations Engineer*
Katy Gehler-Hess, City Engineer
Kathleen McBride, Finance Director

- ITEM:** Budget Presentations
- Liquor Operations Fund
 - Motor Vehicles Fund
 - Finance Department (General Fund)
 - Debt Service Funds

SUMMARY

The discussion continues the review of City operations and the proposed budgets for the new budget year.

- **Liquor Operations Fund** - the budget summary is attached.
 - Discussion will include parameters for establishing a fund balance policy for the operation and staff will provide additional handouts for this purpose.
 - Funding for public programs continues at \$20,000 into 2010. For 2009, \$2,500 has been designated to the DARE program and \$17,500 to the Mayor's Task Force on Youth Alcohol and Drug Use. How should these funds be designated for 2010?

- **Motor Vehicle Fund** - the budget summary is attached. This operation was once part of the General Fund, but established as a separate special revenue fund a few years ago. The operation is self-supporting to this point. Over the last several years, rent and "fair share" of IT costs have been added. At some point soon, the operation may not be able to sustain a balanced budget.
 - Given the limited nature of this operation, should full costs continue to be charged (i.e., rent, administrative overhead, IT, etc.)?

- **Finance Department** - the budget summary start on page 10 of the *General Fund* section in your notebook.
- **Debt Service Funds** - are not included. The budget summaries will be distributed at the meeting.

Submitted by: *Kathleen McBride, Finance Director*

ITEM: Update on City Attorney Selection Process

SUMMARY:

Staff will be providing an update on the City Attorney/City Prosecutor selection process currently underway. The process to this time has included the following steps or actions:

- The City Council authorized the Request for Proposal (RFP) for City Attorney services to provide both civil legal services and criminal prosecutorial services on June 15, 2009.
- Staff provided an update on the selection process to the Council on August 31, 2009. At that time Staff notified the Council that staff would be seeking council authorization for a RFP for strictly City Prosecutorial Services. The process for selecting a City Attorney for civil legal services would proceed.
- Second interviews and reference checks were completed on firms involved with the civil legal services selection process.
- The City Council authorized the RFP for Prosecutorial Services on September 14, 2009.
- The City received two RFP's for prosecutorial services prior to the closing date of September 30, 2009; one was from Lampe Law Group, L.L.P and another from Campbell, Knutson Professional Association.
- Firms were interviewed and reference inquiries were made of firms involved with the prosecutorial services selection process.

At this evenings work session the Selection Committee's Recommendations will be presented to the Council.

Submitted by: *J. Walinski, City Administrator*