

## **Administrator/Clerk's Report**

City Council Meeting, July 9, 2018

**To:** Mayor and Council  
**From:** John M. McCarthy  
**Date:** July 6, 2018

### **Consent Agenda**

**Second Half NAFRS Payment:** This payment is the 5.55% share of the operating budget for NAFRS. The payments are due on the 1st of January and July of each year. The 2018 amount includes the Operating Budget of \$525,000 and a Capital Budget of \$26,000.

**US Bank:** This payment is an interest only payment for the 2013A Series Bonds. The bonds included a refinancing of bonds issued in 2005, the Depot Street Project and the Public Safety/Public Works building.

### **Old Business**

**2017 Independent Auditor's Report:** Thomas M. Cummings, CPA, Hawkins Ash CPAs has completed the 2017 Financial Statements and Independent Auditor's Report. The Statements and Report were presented by Monica Hauser, CPA Partner in Charge, Hawkins Ash. A review of the statement indicates total revenues of \$3,387,496 exceeded expenses by \$275,169. It is recommended the Council accept the 2017 Financial Statements and Independent Auditor's Report (Motion)

### **Ordinances and Resolutions**

**Resolution 2018 – 33 Awarding the Sale of General Obligation Bonds, Series 2018A:** The City will receive proposals for the Series 2018A bonds at 10:00 a.m., July 9, 2018. These bonds will be used to fund several capital improvements including the Cannon Road Improvement Project, the Stafford Road Improvement Project, the CSAH #1, Pedestrian Underpass and the Pressure Reduction Valve Relocation. It is anticipated the City's Financial Advisor, Springsted, Inc. will recommend the Council approve the sale of the bonds. In anticipation of the sale, the City requested a rating review from Standard & Poor's. The review by S&P Global resulted in the City maintaining the "AA-" rating. According to the rationale supplied by S&P, the ratings were based on factors including adequate economy, strong management, very strong budgetary performance (an upgrade from the strong received in 2016), very strong budgetary flexibility, very strong liquidity, weak debt and contingent liability position and adequate institutional framework.

There were three bidders for the 2018A bonds; Bernardi Securities, Inc.; Robert W. Baird & Co.; Inc. and Northland Securities, Inc. The bids came in with a lower interest rate than was anticipated. Springsted has reviewed the documents, determined they are in order and recommends awarding the sale of the bonds to the low bidder, Bernardi Securities, Inc. (Motion)

**Resolution 2018 – 34 Relating to the Imposition of a Sales Tax and Calling a Special Election:** The City of Northfield intends to issue just over \$18 million in bonds to finance the construction of a civic center and ice arena. The bonds will be paid in part by the imposition of a 0.5% sales tax on eligible sales in Northfield and Dundas. Northfield has provided additional information regarding the how the proposed \$3.5 million cap on sales tax revenue would be applied. Although the original proposal was to raise \$7.0 million through the sales and use tax, current projections based on estimated growth in sales tax revenue indicate up to \$17.7 million could be raised. The projections are based on about a 4% per year increase in sales tax revenue. Although the projections indicate revenues for both cities will grow at about the same percentage, it is anticipated that revenue from Dundas will increase faster than from Northfield. Some last minute questions regarding compliance with Mn Statutes 297.99 have been raised, and the City's counsel has reviewed the questions and determined the process is in full compliance with applicable regulations regarding the

use of local sales tax revenue to fund park and recreation capital projects and the authority to spend city funds outside of the corporate boundaries. (Motion)

**Resolution 2018 – 35 Approving Election Judges for 2018 Primary and General Elections:** Two more people have signed up to be election judges. This will bring the total number of judges to five. This is the minimum number the City should be having so it would be good to have at least one additional judge. It is recommended the Council approve Resolution 2018 – 35. (Motion)

### **Administrator's Report**

**Downtown Development:** Staff has continued to work with the Brennan Companies regarding a proposal to redevelop the "Old School" property. It is anticipated Brennan will submit an offer to purchase prior to the next meeting. If the offer is submitted in enough time for the City's consultants to properly review, a closed meeting to consider an offer for the purchase of real property as permitted by Mn Statutes § 13D.05, Subd 3.(c)(3).

**First Half Taxes and Assessments:** The City has received the first ½ tax and assessment payment of \$502,077.80. Last year, the first half payment was \$746,052.28 which included \$248,028.08 in tax increment revenue. Of the total, the levy accounts for \$505,257.94 with special assessments, fees & interest of \$18,488.63. The total is reduced due to a court ordered reduction in property taxes for a parcel in TIF District #2. The levy is reduced by \$21,668.77 for overpayment of TIF due to the assessment reduction.

**Local Government Aid and Small Cities Assistance Distributions:** As the omnibus tax bill was vetoed it is estimated there will be a slight increase in LGA for 2019. The distribution is estimated at \$175,781 which is up \$742 from this year. It does not appear that there will be a Small Cities Assistance (SCA) distribution for 2019. For the last couple of years, the SCA has been distributed to cities with populations under 5,000 to assist with street maintenance.

**Police & Fire PERA:** Since the work session on Public Safety, the City has been reminded about an increase in the contribution rate for the Police, Fire PERA Plan. An increase in the employee's contribution from 16.20% to 16.95% will cost the City almost \$1,700 / year. The rates will go up again in 2020.

### **Work Session**

**Review Draft 2019 Operating Budget Public Works Highways, Streets and Roads:** The first run of the Highways, Streets and Roads 2019 budget suggests a very slight increase of about 0.6% over all. To summarize the adjustments:

1. Wages and Benefits will not increase substantially due to a reallocation of costs between the GF budget and enterprise funds. The reallocation is based on actual costs for the various funds.
2. Supplies and Equipment is anticipated to double as equipment as a separate line item will be discontinued. This will bring the reporting closer in line to the Financial Statements.
3. Utilities are reduced as the city has established an actual cost of operating the new facility.
4. Professional fees are increased.
5. Repairs and Maintenance are being increased.
6. Grounds Maintenance is being decreased to reflect historical amounts.
7. Sand, Rock and Dirt is being decreased.
8. Vehicle O&M is decreased, again to reflect actual records.
9. Capital Outlay is indicated as a reserve item to reflect the policy of budgeting and saving for future expenses.

The today estimated for the department is \$214,164 which is about \$10,000 less than was projected in the 2018 budget.

### **Future Meeting Items**

Items listed may be moved.

#### **July 23, 2018**

1. Work session
  - a. 2019 Operating Budget General Government (Administration, Council / Elections, Planning & Zoning)
2. Closed Meeting to Consider an Offer to Purchase Real Estate

#### **August 13, 2018**

1. Work session
  - a. Review Draft 2018 Budget and Levy

## Continuing Projects

### Administration:

1. City Hall Project
2. 2019 Budget
3. Comprehensive Plan

### Public Safety:

1. Electronic Speed Signs

### Public Works:

1. PUD Compliance for Dundas Dome
2. CSAH #1 Rebuild
3. Water Supply Plan