

City of Farmington
430 Third Street
Farmington, MN 55024

Mission Statement

Through teamwork and cooperation, the City of Farmington provides quality services that preserve our proud past and foster a promising future.

**AGENDA
CITY COUNCIL WORKSHOP**

June 12, 2017

6:00 PM

Farmington City Hall

1. CALL TO ORDER

2. APPROVE AGENDA

3. DISCUSSION ITEMS

- (a) 2040 Comprehensive Plan Process Update
- (b) Financial Review - Quarter Ended March 31, 2017
- (c) 2030 Financial Plan

4. CITY ADMINISTRATOR UPDATE

- (a) City Council Roundtable

5. ADJOURN



City of Farmington

430 Third Street
Farmington, Minnesota
651.280.6800 - Fax 651.280.6899
www.ci.farmington.mn.us

TO: Mayor, Councilmembers and City Administrator
FROM: Adam Kienberger, Community Development Director
SUBJECT: 2040 Comprehensive Plan Process Update
DATE: June 12, 2017

INTRODUCTION

Staff will provide an update on the 2040 Comprehensive Plan process and review proposed timelines to produce the required content. The Comp Plan serves as the foundational document for the Planning Commission to grant land use approvals and zoning decisions.

Staff will also review the supporting infrastructure plans being developed alongside the Comp Plan including the surface water management plan, sanitary sewer plan, water plan, transportation plan, and parks, facilities and trail plan.

DISCUSSION

Below is an excerpt from the city newsletter providing an overview of what is a Comp Plan:

So, what is a Comprehensive Plan? A Comprehensive Plan is a document that helps establish a long term vision for a community and reflects regional policies and important local goals. The Comprehensive Plan serves as a compass or resource guide for the development of the community. Major components of the Comprehensive Plan include a land use element, housing element, transportation element, water resources element, parks and recreation element, and an implementation element.

Why does the city have a Comprehensive Plan? Firstly, to ensure that Farmington's excellent quality of life will continue. Through the Comprehensive Planning process city residents, business owners and community organizations help to shape Farmington's land use and open space pattern. A well planned community provides compatible land uses, as well as transportation networks, public facilities, and parks. Comprehensive Planning helps to ensure that Farmington continues to be an attractive, safe, and prosperous place in which to live and work. Secondly, the city is required by State Law to have a Comprehensive Plan. The city is governed by Minnesota Statutes Chapters 462 (Municipal Planning Act) and 473 (Metropolitan Land Use Planning Act). Chapter 462 states that cities can do planning and sets forth a process for plan adoption and amendment. Chapter 473 requires cities in the 7-county metro area to have a Comprehensive Plan and to update that plan every 10 years.

The 10 year Comprehensive Plan cycle officially started when the Metropolitan Council issued System Statements for every community in the 7-county metro area in September 2015. The System Statement is a customized document for each community that informs how the community is affected by the Metropolitan Council's policy plans for regional systems and to assist in amending its Comprehensive Plan. The System Statement includes forecasts for population, households, and employment as well as provides affordable housing goals that must be incorporated into the plan. Once System Statements are issued, communities have 3 years (December 2018) to complete the Comprehensive Plan update and have it approved by the Metropolitan Council.

BUDGET IMPACT

The budget impact for implementation of the 2040 Comp Plan is included in the 2017 budget.

ACTION REQUESTED

Receive an update on the 2040 Comp Plan process.



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TO: Mayor, Councilmembers and City Administrator
FROM: Robin Hanson
SUBJECT: Financial Review - Quarter Ended March 31, 2017
DATE: June 12, 2017

INTRODUCTION

Staff reviews the financial performance of the General Fund and several other funds with council quarterly. The financial statements are included in your packet and incorporate more detailed analytical comments. The following provides a more in depth review of the General Fund and highlights notable areas for the other funds included in this review.

DISCUSSION

General Fund

The General Fund is the city's primary operating account. The financial summary for the first quarter is the first attachment. The following will provide explanations for the various revenue items and highlight the more significant expenditure variations. If you would like to follow along, the items reviewed are in the order they appear on the attached General Fund financial statement.

Revenues

For 2017 budgeted General Fund revenues total \$11,053,140. During the first quarter the city recorded General Fund revenues totaling \$351,647 or 3% of total budgeted revenues. This is consistent with the prior years.

Property taxes represent 74.5% of total General Fund revenues (including transfers in from other funds). In Minnesota, property taxes are generally payable in two installments, May and October, and collected by the county. The city receives its share from the county in June and December. So, during the first and third quarter of each year, the city receives zero property taxes. Which is why revenues recorded during the first quarter only represent 3% of the annual budgeted amounts.

While there are many reasons the city needs a fund balance (which is similar to an individual's personal net worth), needing to pay its bills between the receipt of tax payments from the county is the most significant reason. As you will note on the attached General Fund fund balance chart, as recently as 2012 and 2013, the city did not have sufficient funds in its General Fund to pay for operations (negative balance in May and November). The city had to borrow from other funds to pay its bills. Over the past few years the city has strengthened its fund balance and is now able to pay all of its General Fund bills between the receipt of tax payments, essentially paychecks, from the county without borrowing from other funds, a significant accomplishment. An important step in becoming a city of fiscal excellence.

The other types of revenues in the General Fund consist of licenses, permits, intergovernmental revenue, charges for services, fines, investment income, franchise fees, rental income, etc.

Among others, license revenue, includes liquor and animal licenses. First quarter revenues for 2017 are in

line with budget and ahead of 2016 due to two customers paying their liquor licenses for the entire year upfront. This was offset by a modest decline in other types of license revenue.

Permit revenue includes building, plumbing and heating, electric, etc. permits. The revenue for the first quarter of 2017 is \$34K more than the same time period last year. Building permit revenues account for \$20K of the increase. Residential building permits are more than last year (2017-17 new single-family detached housing and one duplex versus 2016 with 10 permits). In addition plumbing and heating and fire permits are ahead of last year's pace.

Intergovernmental revenue includes local government aid (LGA), municipal state aid (MSA) maintenance, police and fire aid, etc. The city received the first half of its MSA maintenance funds in February. The second half will be received during the third quarter. The city also received the first half of its Metropolitan Grant to help pay for planning assistance related to the city's comprehensive plan update. LGA is paid in two installments, June and December. Police and fire aid are paid in the fall. So, these revenues have not yet been received. Another reason the city needs a strong fund balance as many of these items are paid later in the year.

Charge for Services includes fire, recreation, pool, school resource officer (SRO), etc., charges. Castle Rock and Eureka townships are billed quarterly for fire protection. Empire, the largest of the three townships, is billed annually, after year-end, per contract. Non-contract (i.e. illegal and/or hazardous) fires charges are billed as they occur. Recreation and pool programs are primarily offered in the summer. The school is billed for their share of the school resource officers human resource costs on a quarterly basis. First quarter revenues for these items are \$11K less than last year. The recreation supervisor position was vacant most of the first quarter. As a result recreation program offerings were less than a year ago and there were fewer co-rec softball teams registered during this same time. The city also changed the way it invoices for the SRO hours, evenly over 4 quarters in 2017, to reduce the revenue fluctuations for this line item.

Investment interest consists of investment earnings and the city's annual mark-to-market to recognize the change in the market value of its investment portfolio. For the first quarter of 2017 the city recorded negative net interest of approximately \$1,000. Looking closer at the two components one can see this amount consists of the annual reversal of the year-end mark-to-market, which for 2017 resulted in a 'loss' of approximately \$9,000 (reversal of a year-end gain) and investment earnings of approximately \$8,000. Investments will be marked-to-market again at the end of the year. And the investment earnings for the first quarter represent 35% of the 2017 budgeted amounts.

Miscellaneous revenues include rental income related to the Rambling River Center (RRC-senior center), pool and city hall as well as donations. The 2017 amounts are less than the amounts received during the first quarter of 2016. Last year included a donation from the Rotary, redemption of the city's VISA credit card rewards and an Aggregate Tax Credit. These items were not received in 2017.

Franchise fee revenue in the General Fund represents the transfer of a portion of the city's franchise fee revenue to the General Fund to help pay for city operations. The remainder of the franchise fees is used to pay for the city's cable operations. The first quarterly installment is received after the first quarter, which is why there is zero franchise fee revenue recorded for the first three months of the year.

Expenditures

Finance tracks expenditures by department. The following notes explain significant or unusual variations from last year or actual versus budgeted amounts which vary quite a bit from the expected 25% (i.e. 3 of 12 months) through the end of March in the same order as they appear on the attached General Fund financial report.

There are no amounts recorded for Historical Preservation. This was eliminated from the 2017 budget.

In the communications budget there was a mix-up with one of the vendors where the city's payment was applied to the wrong invoice as a result a duplicate payment was made. The city is working with the vendor to correct the situation. As a result expenditures for communication were 28%, more than the 25% that would be expected for the first three months of the year.

Finance expenditures are higher in 2017 than 2016 due to the addition of a full-time front desk staff person mid-year 2016 and the payment of compensated absences to an employee who left city service during the quarter.

Fire expenditures will even out over the year. One of the larger items, the fire pension payment, will occur during the second half of the year.

Engineering expenditures were less than expected due to the City Engineer position being vacant until mid-February.

The decision to change the part-time building inspector, added mid-year 2016, to a full-time building inspector occurred after the 2017 budget was adopted. As a result, building inspection expenditures for the first quarter are more than 25% of budget. The city anticipates higher permit revenue will help offset the increased expenditures in this area.

The city experienced more snowfall in the first quarter of 2017, than in 2016. As a result the 2017 Snow Removal expenditures are higher this year, than last.

Finally, the expenditures for the recreation program and swimming pool are lower in the first quarters as most of those expenditures occur during the summer.

Overall, General Fund expenditures, excluding transfers, are at 22% of budget for the first quarter of the year.

In summary, the General Fund had a net decrease in assets of \$2.1 million during the first quarter of the year. The General Fund fund balance is healthy enough to absorb this net outflow prior to receipt of the first half of the city's property taxes in June.

RRC, Pool, EDA, Park Improvement and Arena

The Rambling River Center (RRC-senior center), EDA (Economic Development Authority), Park Improvement Fund and Ice Arena activities have historically been of interest to council. So, they are also included for your review.

Rambling River Center (RRC)

Rambling River Center revenues are lower than a year ago for two reasons. First, members have utilized the federal CDBG (Community Development Block Grant) funds at a higher rate than a year ago. These funds are attributable to the RRC activity, but are recorded elsewhere so finance can more easily track federal dollars. Second, rental income is lower than a year ago, as two regular renters have not returned in 2017. With the arrival of the new recreation supervisor in early March, the RRC staff will have more time to concentrate on RRC program offerings during the remainder of the year.

Pool

The pool opens in June. There is minimal financial activity during the first quarter of the year.

EDA

The EDA revenues included the receipt of funds related to the anticipated sale of 209 Oak Street. Disbursements included the pass-through of CDBG funds for work recently completed at the Cakery and

the payment of the city's annual Open to Business membership fee.

Park Improvement Fund

The Park Improvement fund will have increased activity in the summer when the new playground is installed.

Arena

Revenues and expenses for the ice arena were higher than a year ago, with the bottom-line (i.e. revenues over expenditures) being nearly identical for the 1st quarter of 2017, as was realized in 2016.

Liquor Operations

The city has two financial benchmarks for its liquor operations. The first is a 25% gross profit margin. For the first quarter both stores met the gross profit margin target. The second standard is a 6% profit as a percent of sales. This is evaluated on a combined basis. For the first quarter the stores reached 5.0%. This percentage is generally lowest during the first quarter of the year. The 2017 results are ahead of last year's pace, which was 4.4% through the first quarter. For 2016, the stores exceeded the profit as a percent of sales total. The liquor stores are on track to meet that benchmark once again this year.

After each calendar year, staff reviews the financial results for the two liquor stores combined, determines the amount of funds needed to cover day-to-day operations and administrative transfers to the General Fund. The remaining funds are divided evenly and transferred into the Community Investment and Capital Improvements accounts. This is referred to as the four pots philosophy. Each year staff utilizes actual financial results to fund these four pots. Staff periodically makes recommendations to council on how to best invest available dollars in the Community Investment pot to benefit the community. Meanwhile, the capital improvement dollars are available for future liquor store capital building needs (e.g. remodeling, updating, relocation, possible building, etc.).

Enterprise Funds

The city operates five utility funds: sewer operations, solid waste, storm water, water and street light.

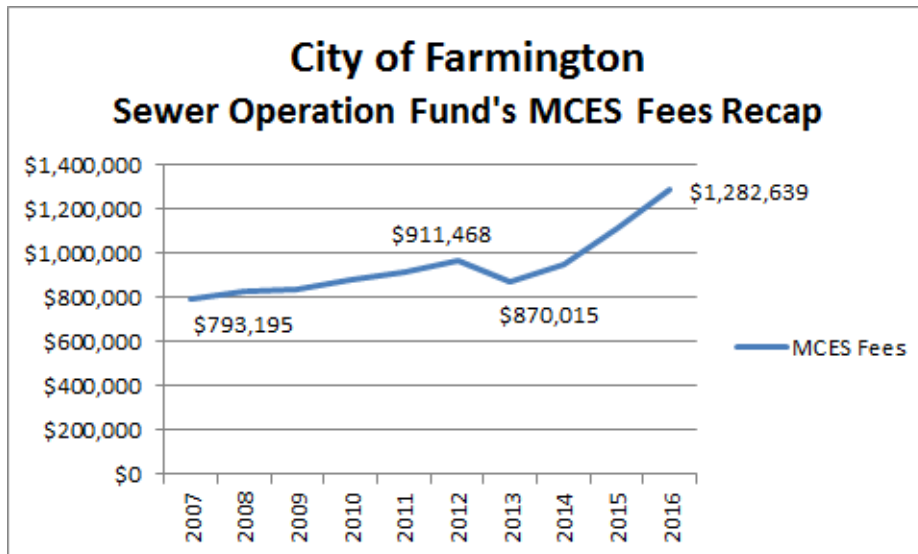
Sewer Operations

From a financial perspective, the sewer operations fund is currently the most challenging. For the first quarter of 2017 revenues were not enough to cover operating expenses.

In addition, depreciation is only recorded at the end of the year, which means these expenses were zero during the first quarter. This is done so that those amounts do not distort the review of day-to-day operating numbers throughout the year.

From a big picture level the increase in MCES (Metropolitan Council Environmental Services) fees have outpaced city fee increases. These are the fees charged to the city to treat its sewer water. The increased fees reflect an increase in the cost to treat as well as increased volumes processed.

The following chart recaps the MCES expenses for the past 10 years.



In addition, staff needs to discuss the need to be incrementally funding for future replacement costs (i.e. not just depreciation—doesn't factor in inflation) for its various utility funds. Bottom-line, staff needs to spend time developing a comprehensive asset management plan, which will define replacements needs, and in turn update the long-term financial plans for this fund, as well as the other utility funds. Staff will then review these plans with council to determine the extent to which rate adjustments are needed. This will happen over the next year as the various infrastructure plans are updated in conjunction with the city's comprehensive plan update.

Solid Waste

For the first quarter solid waste expenses exceeded revenues. This is unusual. There were increased expenses during the first quarter of 2017, which were not incurred during the first quarter of 2016. The more notable differences are the addition of a staff person mid-2016, the timing related to the purchase of additional garbage carts and increased recycling charges.

For all of the city's utility funds, the billing cycle (revenue) lags the recording of expenses. For example, the city bills every three months. The January billing includes November and December of the previous year, as well as January of the current year. So, two-thirds of that billing cycle is attributable to the prior year and is recorded as such in the financial statements. This means that at the end of this year, the financial statements will remain open so that we can capture the revenues related to the current year, which will not be billed out until January and February of the following year. With that said, based on what I know now, I believe the Solid Waste fund will finish the year with revenues greater than expenses.

Additional comments, which may be of interest to you, including those for the storm water, water and street light funds are contained in the comment section of the attached financial statements.

BUDGET IMPACT

The budget impacts have been noted above as appropriate.

ACTION REQUESTED

This is your opportunity to ask any questions you may have of the material presented.

ATTACHMENTS:

Type	Description
□ Backup Material	General Fund Qtr Ended 3-31-17

- ▣ Backup Material
- ▣ Backup Material
- ▣ Backup Material
- ▣ Backup Material

General Fund Fund Balance Chart Qtr Ended 3-31-17

Other Funds - Qtr Ended 3-31-17

Liquor Operations - Qtr Ended 3-31-17

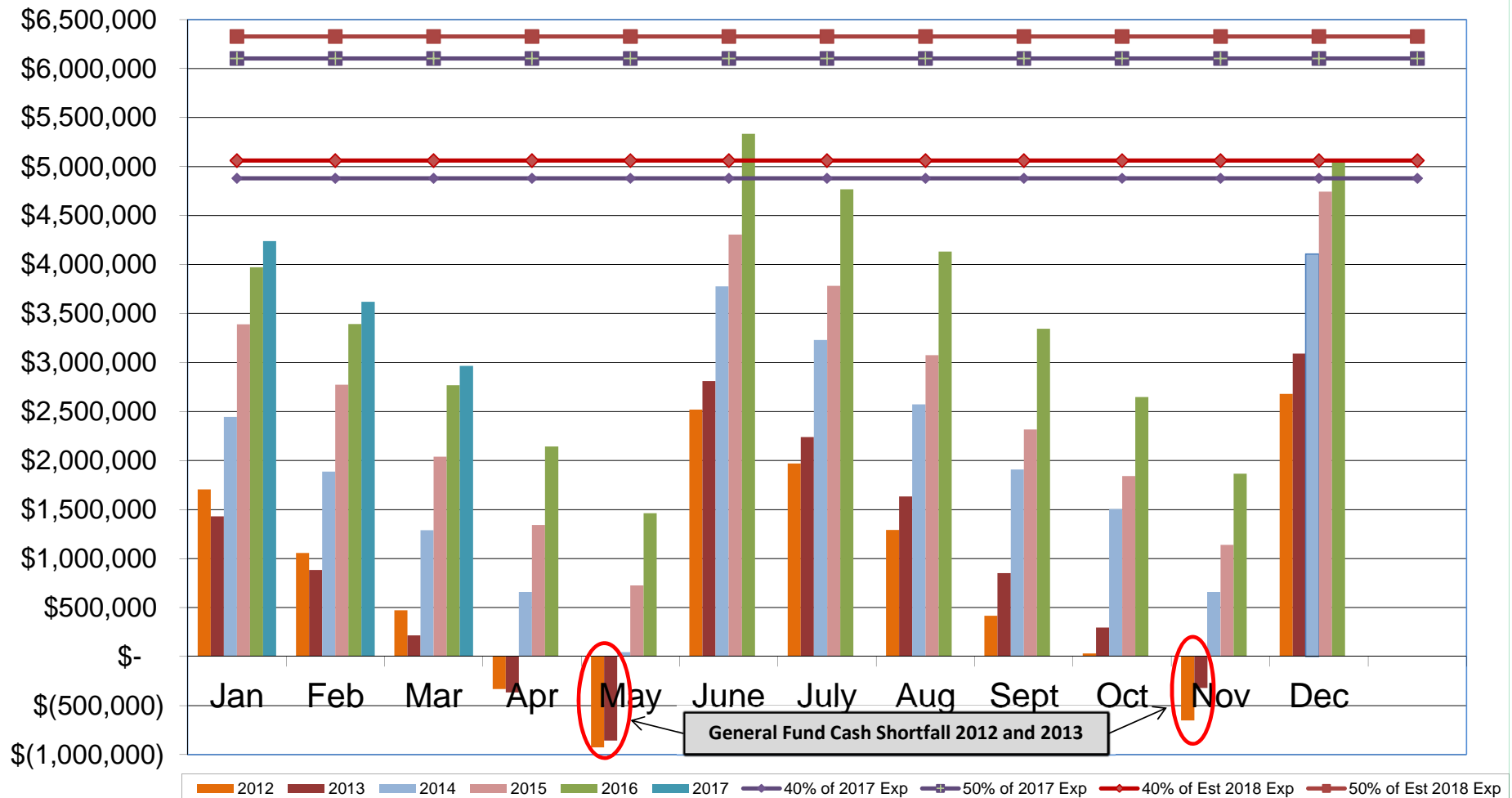
Utilities - Qtr Ended 3-31-17

General Fund March 2017 YTD Operating Report

Company	March YTD Actual 2016	Quarter 1 Actual 2017	March YTD Actual 2017	Budget 2017	Actual Budget Variance 2017	March YTD YTD Act as % of Bud 2017	Comments
Revenues							
Property Taxes	0	0	0	9,095,753	(9,095,753)	0%	Taxes are received semi-annually. 1st half will be received in June.
Licenses	18,010	22,038	22,038	38,340	(1,122)	57%	Includes liquor, beer & wine, club arcade, massage, gambling, animal, etc. \$4K increase in liquor licenses year-to-date (YTD) due to two customers paying the fee for the entire year upfront. This was offset by a modest decline in other types of licenses.
Permits	66,849	100,877	100,877	359,275	(159,656)	28%	Includes building, plumbing and heating, electric, etc. permits. Building permit revenues account for \$20K of the \$34K increase in 2017 when compared to 2016. Residential building permits are more than last year (2017-17 new single-family detached housing and one duplex vs 2016-10 permits). In addition Plumbing and Heating and Fire permits are ahead of last year's pace.
Intergovernmental Revenue	125,553	126,076	126,076	847,432	(714,643)	15%	Includes Local Government Aid (LGA), Municipal State Aid (MSA) Maintenance, Police and Fire Aid, etc. Rec'd 1st half of MSA for road maintenance (2nd half will be in July) and 1st half of Metropolitan Grant Planning Assistance Grant for the city's comp plan work. LGA is paid in two installments, June and December. Police and Fire Aid not received until the fall.
Charge for Service	92,429	81,663	81,663	481,950	(329,863)	17%	Includes fire, recreation and pool, school resource officer, etc. charges. Castle Rock and Eureka are billed quarterly for fire charges/contract. Empire, largest \$ amount, billed annually, after year-end/contract. Non-contract (i.e. illegal, hazardous) fire charges are billed as they occurred. Recreation and pool programs primarily held in the summer. School resource officer is billed quarterly. YTD revenues less than last year. Rec supr position was vacant most of the first quarter. As a result rec program offerings were less than a year ago and there were fewer co-rec softball teams registrations during the first quarter. The city also changed the way it bill for SRO hours, evenly over 4 quarters in 2017, rather than based on hours worked per quarter, to reduce revenue fluctuations.
Fines	12,033	9,081	9,081	40,000	(27,699)	23%	Fine revenue continues to decline. 2017 budget was reduced. Further reductions proposed for '18 and '19.
Investment Interest	8,730	(999)	(999)	23,005	(21,936)	-4%	Investment earnings attributable to General Fund's proportionate share of investment balances. Neg amount in Jan reflects reversal of year-end distribution of mark-to-market adjustment (\$9.1K); the 2017 net change will be booked in Dec 2017. 1st qtr investment income totals \$8.1K which is 35% of the 2017 budget amount.
Miscellaneous	22,404	12,912	12,912	47,385	(26,931)	27%	Includes Sr Center, Pool, City Hall rental income and donations. 2016 included \$9.2K related to a donation from the Rotary, redemption of 2015 VISA card rewards points and Aggregate Tax Credit. These items did no occur during the 1st quarter of 2017.
Franchise Fees	0	0	0	120,000	(59,715)	0%	A portion of the city's franchise fee is used to pay for the city's General Fund operations. The remainder is used to pay for the city's cable operation. Generally, the first payment is not received until the 2nd quarter.
Subtotal Revenues	346,008	351,647	351,647	11,053,140	(10,437,319)	3%	
Expenditures							
Legislative	14,835	15,435	15,435	90,121	(65,670)	17%	
Historical Preservation	0	0	0	0	0		Eliminated for 2017.
Administration	78,066	79,974	79,974	295,408	(175,293)	27%	
Elections	25	3,798	3,798	34,370	(30,552)	11%	1st quarter includes annual maintenance fee for election equipment.
Communications	24,610	30,943	30,943	109,072	(64,803)	28%	Mix-up with one of the payments for the Pitney Bowes invoices being applied to the wrong account. Accounting is working with the vendor to correct.
City Hall	42,311	48,775	48,775	198,028	(130,352)	25%	2017 includes a repair for the generator at city hall.
Finance and Risk Mgmt	156,556	173,357	173,357	740,102	(471,425)	23%	2017 increase reflects the addition of a full-time front desk staff person mid-year 2016 and payment of compensated absences to an employee who left city service.
Human Resource	65,657	64,405	64,405	294,176	(190,838)	22%	
Police Administration	185,563	202,434	202,434	823,992	(523,972)	25%	On a combined basis Police Admin, Patrol & Invest are 23.4%
Patrol Services	632,271	649,914	649,914	2,680,419	(1,623,303)	24%	On a combined basis Police Admin, Patrol & Invest are 23.4%
Investigations	196,275	185,578	185,578	820,923	(544,700)	23%	On a combined basis Police Admin, Patrol & Invest are 23.4%
Emergency Management	54	54	54	4,900	(4,828)	1%	
Fire	211,575	221,268	221,268	1,145,404	(729,021)	19%	
Rescue	0	0	0	0	0		
Engineering	113,742	103,290	103,290	543,757	(369,084)	19%	City Engineer position was vacant until mid-February.
Planning	87,740	63,972	63,972	420,914	(306,099)	15%	2016 included \$17K for the downtown redevelopment study (non-recurring charge).
Building Inspection	62,547	84,016	84,016	304,107	(171,372)	28%	Decision to change PT Bldg Inspector to FT was made after adoption of 2017 budget; anticipated increased expenditures would be offset by higher permit revenue.
Natural Resources	28,041	27,854	27,854	142,151	(97,298)	20%	
Streets	217,330	238,011	238,011	1,047,993	(678,395)	23%	Streets added a position mid-year 2016. As a result 2017 expenditures are higher than 2016.
Snow Removal	36,732	83,000	83,000	230,539	(140,571)	36%	More snow in January 2017, than 2017. As a result, sand, salt, vehicle parts and staff time were higher than a year ago.
Park Maintenance	119,063	134,337	134,337	631,213	(419,343)	21%	
Rambling River Center	33,121	39,004	39,004	171,358	(113,207)	23%	
Park & Rec Admin	62,727	43,911	43,911	271,040	(182,998)	16%	Pakr and Rec Supr position was vacant for the first 2 months of the year.
Recreation Programs	9,749	6,294	6,294	113,822	(98,659)	6%	Majority of programming is in the summer
Swimming Pool	4,058	2,797	2,797	137,339	(123,797)	2%	Seasonal.
Interest Paid	482	0	0	0	0		Fire truck loan was paid in full December 2016.
Bad Debt Expense	0	0	0	0	0		
Subtotal Expenditures	2,383,131	2,502,420	2,502,420	11,251,148	(7,255,577)	22%	
Revenues (Over) Under Expenditure	(2,037,123)	(2,150,773)	(2,150,773)	(198,008)	(3,181,742)	1,086%	
Other Financing							
Transfers In	288,740	287,588	287,588	1,150,350	(671,038)	25%	
Transfers Out	(229,152)	(237,280)	(237,280)	(952,342)	558,508	25%	
Subtotal Other Financing	59,588	50,307	50,307	198,008	(112,529)	25%	
Net Change in Fund Balance	(1,977,535)	(2,100,466)	(2,100,466)	0	(3,294,271)		

City of Farmington General Fund Fund Balance

Change in Fund Balance



**RRC, Pool, EDA, Park Improvement, Arena
March 2017 YTD Operating Report**

Company	March YTD Actual 2016	Quarter 1 Actual 2017	March YTD Actual 2017	March YTD Budget 2017	March YTD Actual Budget Variance 2017	March YTD YTD Act as % of Bud 2017	Comment
Rambling River Center							FYI - CDBG (i.e. federal funds accounted for elsewhere) totaled \$4,024 for 1st qtr 2017 and \$851 for 1st qtr 2016.
Rec Fees - Sr Ctr (Excludes CDBG)	6,789	4,690	4,690	19,000	(14,310)	25%	There has been an increase in the use of budgeted CDBG funds (federal grant) to pay for memberships and programs when compared to the prior year. They are accounted for separately. Amounts are listed above.
Membership Fees (Excludes CDBG)	7,983	5,311	5,311	9,000	(3,689)	59%	There has been an increase in the use of budgeted CDBG funds (federal grant) to pay for memberships and programs when compared to the prior year. They are accounted for separately. Amounts are listed above.
Advertising	2,193	1,104	1,104	2,200	(1,096)	50%	Collection of advertising revenue is slower in 2017, than in 2016. Invoices will be sent to those who have not yet paid.
Rental Income - RRC	7,544	4,670	4,670	21,000	(16,330)	22%	Decrease due to two past regular renters who are no longer renting at RRC.
Subtotal Rambling River Center Revenues	24,508	15,776	15,776	51,200	(35,424)	31%	
Rambling River Center Expenses	33,121	39,004	39,004	171,358	(132,354)	23%	
RRC Net Revenues/Expenditures	(8,613)	(23,229)	(23,229)	(120,158)	96,929	19%	
Swimming Pool							
Pool Admissions	210	0	0	37,000	(37,000)	0%	Pool Closed until June.
Swimming Lesson Fees	0	0	0	11,000	(11,000)	0%	Pool Closed until June.
Concessions	0	0	0	11,000	(11,000)	0%	Pool Closed until June.
Rental Income - Pool	153	0	0	2,200	(2,200)	0%	Pool Closed until June.
Subtotal Swimming Pool Revenues	363	0	0	61,200	(61,200)	0%	
Pool Expenditures	4,058	2,797	2,797	137,339	(134,542)	2%	Ongoing costs--utilities, pool licensing, pool permit, pool operators class, etc.
Subtotal Pool Revenues Over (Under) Expenditures	(3,694)	(2,797)	(2,797)	(76,139)	73,342	4%	
EDA							
EDA Revenues	700	5,125	5,125	2,374	2,751	216%	Revenues include 209 Oak St purchase deposit.
EDA Expenses	10,196	21,186	21,186	45,255	(24,069)	47%	Includes Cakery CDBG pass-through and Open to Business fee.
EDA Net Revenues/Expenditures	(9,496)	(16,061)	(16,061)	(42,881)	26,820	37%	
Transfers In	10,000	10,000	10,000	40,000	(30,000)	25%	
Transfers Out	0	(827)	(827)	0	(827)		Transfer to Trident TIF district for Dakota County TIF maintenance fees
Subtotal Other Financing	10,000	9,173	9,173	40,000	(30,827)	23%	
Net Change in EDA Fund Balance	504	(6,888)	(6,888)	(2,881)	(4,007)	239%	
Park Improvement							
Park Improvement Revenues	4,791	7,935	7,935	9,000	(1,065)	88%	
Park Improvement Expenditures	0	4,545	4,545	150,000	(145,455)	3%	
Park Improvement Net Change in Fund Balance	4,790	3,390	3,390	(141,000)	144,390	-2%	
Ice Arena							
Ice Arena Revenues	125,207	128,662	128,662	333,786	(205,124)	39%	Amounts comparable to the prior year. Fee increase went into effect July 1, 2016.
Ice Arena Expenditures	96,918	100,274	100,274	313,952	(213,678)	32%	Amounts comparable to the prior year.
Ice Arena - Rev Over (Under) Expenditures	28,289	28,388	28,388	19,834	8,554	143%	
Ice Arena - Transfers In	0	0	0	0	0		
Ice Arena - Transfers Out	0	0	0		0		
Ice Arena Net Transfers	0	0	0	0	0		
Ice Arena Net Change in Fund Balance	28,289	28,388	28,388	19,834	8,554	143%	

Liquor Stores Statement of Revenue & Expenses March YTD 2017

Company	2013 Actual	2014 Actual	2015 Actual	2016 Actual	Mar YTD Actual 2016	Mar YTD Actual 2017	Mar YTD Budget 2017	Mar YTD Actual Budget Variance 2017	Mar YTD ACTBUDGET %	Comment
Revenues - Downtown										
Total Revenue - Downtown	2,080,722	2,163,826	2,221,056	2,222,128	454,947	468,414	2,205,640	(1,737,226)	21%	Downtown store's sales are \$13K higher than a year ago. Off to a good start.
Cost of Goods Sold - Downtown										
Cost of Goods Sold	1,554,967	1,622,549	1,669,646	1,659,631	340,325	348,676	1,650,268	(1,301,592)	21%	
Gross Profit - Downtown										
Gross Profit	525,755	541,277	551,410	562,497	114,622	119,737	555,372	(435,635)	22%	
Gross Profit % - Downtown	25.3%	25.0%	24.8%	25.3%	25.2%	25.6%	25.2%	0.4%	101.5%	Meets 25% benchmark.
Expenses - Downtown										
Total Expenses - Downtown	415,943	426,033	464,010	475,533	106,844	110,362	479,469	(369,107)	23%	
Revenues (Losses) Before Transfer										
Revenue (Loss) B4 Trans - Downtown	109,812	115,244	87,400	86,964	7,778	9,376	75,903	(66,527)	12%	Net revenues before transfer higher than 1st qtr one year ago. Majority of sales and profit occur the second half of the year.
Revenues - Pilot Knob										
Total Revenues - Pilot Knob	2,440,731	2,475,368	2,394,242	2,529,076	519,116	517,881	2,458,547	(1,940,666)	21%	PK store's sales very similar to the 1st quarter of last year. Store was closed three days during the 1st quarter.
Cost of Goods Sold - Pilot Knob										
Cost of Goods Sold - Pilot Knob	1,823,289	1,845,248	1,797,841	1,878,227	385,580	382,084	1,841,448	(1,459,364)	21%	
Gross Profit - Pilot Knob										
Gross Profit - PK	617,441	630,120	596,401	650,849	133,537	135,796	617,099	(481,303)	22%	
Gross Profit % - PK	25.3%	25.5%	24.9%	25.7%	25.7%	26.2%	25.1%	1.1%	104.5%	Meets benchmark. Mix of sales favors higher gross profit margin items.
Expenses - Pilot Knob										
Advertising	2,174	3,462	4,393	5,198	926	898	3,900	(3,002)	23%	
Total Expenses - Pilot Knob	411,857	421,999	421,108	435,498	98,294	96,260	481,484	(385,224)	20%	
Revenues (Losses) B4 Transfer										
Revenues (Losses) B4 Trans - Pilot Knob	205,585	208,121	175,293	215,351	35,243	39,536	135,615	(96,079)	29%	Net revenues before transfer higher than 1st qtr one year ago. Majority of sales and profit occur the second half of the year.
Combined Inc (Loss) Before Transfers										
Combined Inc (Loss) B4 Transfers	315,396	323,365	262,693	302,315	43,021	48,912	211,518	(162,606)	23%	
Profit (Loss) As A % of Sales	7.0%	7.0%	5.7%	6.4%	4.4%	5.0%	4.5%	0.4%	109.4%	Percentage is generally lowest the first quarter of the year.
Operating Transfers										
Operating Transfers - Out	70,000	70,016	91,504	204,113	23,760	23,657	94,630	(70,973)	25%	
Net Increase (Decrease) in Assets	245,396	253,349	171,189	98,202	19,261	25,254	116,888	(91,634)	22%	

**Sewer, Solid Waste, Storm Water, Water & Street Lights
March 2017 YTD Operating Report**

Company	March YTD Actual 2016	Quarter 1 Actual 2017	March YTD Actual 2017	Budget 2017	Actual Budget Variance 2017	March YTD YTD Act as % of Bud 2017	Comment
Sewer							
Revenues (Sewer)	420,169	393,333	393,333	2,060,012	(1,549,291)	19.09%	Commercial usage is similar. Net WAV (amt billed is based on the lower of winter or actual consumption) increased for the residential cycles approximately 1%. Yet, 2017 YTD revenues less than 2016, because the February 2016 invoices, included an incorrect invoice for one customers;sewer charge was \$35K. Meter had been hit by lighting. Incorrect read. Fixed May 2016.
Expenses-(Sewer)	356,955	389,497	389,497	2,231,750	(1,481,409)	17.45%	YTD expenses are higher than a year ago due to a budgeted increase in MCES (Metropolitan Council Environmental Services) fees and needed sewer repairs.
Revenues Over Expenses (Sewer)	63,213	3,836	3,836	(171,738)	(67,882)	-2.23%	
Transfers Out (Sewer)	79,187	79,532	79,532	318,126	(185,574)	25.00%	See detailed transfers worksheet.
Net Change in Fund Balance (Sewer)	(15,973)	(75,696)	(75,696)	(489,864)	117,692	15.45%	Net operating revenue (i.e. before depreciation--booked in December each year) are insufficient to cover operations. In addition rates need to be high enough to cover replacement costs for the city's sewer infrastructure. These rates will need to be carefully reviewed and revised this fall before the 2018 rates are adopted.
Solid Waste							
Revenues (Solid Waste)	409,966	404,705	404,705	1,986,203	(1,458,812)	20.38%	2016 revenue higher than expected due to billing error earlier in the year (i.e. 2016 includes \$25K in revenue attributable to 2015).
Expenses-(Solid Waste)	339,088	388,485	388,485	1,905,011	(1,198,741)	20.39%	2017 expenses more than 2016 primarily due to the addition of a FT staff person mid-2016, the purchase of additional garbage carts and increased recycling charges.
Revenues Over Expenses (Solid Waste)	70,878	16,220	16,220	81,192	(260,071)	19.98%	
Transfers In (Solid Waste)		15,962	15,962	63,849	(37,245)	25.00%	Per detailed transfers worksheet. New in 2017. Other enterprise funds reimbursing Solid Waste for a portion of the shared staff person's time.
Transfers Out (Solid Waste)	32,149	45,335	45,335	181,338	(105,781)	25.00%	See detailed transfers worksheet.
Net Change in Fund Balance (Solid Waste)	38,729	(13,152)	(13,152)	(36,297)	(191,536)	36.24%	
Storm Water							
Revenues (Storm Water)	134,717	133,347	133,347	650,003	(491,303)	20.51%	YTD comparable to last year.
Expenses - (Storm Water)	20,093	26,678	26,678	690,995	(648,576)	3.86%	
Revenues Over Expenses (Storm Water)	114,623	106,669	106,669	(40,992)	157,273	-260.22%	
Transfers Out	85,628	93,038	93,038	372,150	(217,088)	25.00%	See detailed transfers worksheet.
Net Change in Fund Balance (Storm Water)	28,996	13,631	13,631	(413,142)	374,361	-3.30%	
Water							
Revenues (Water)							
Water Availability Charges	12,550	21,335	21,335	65,000	(29,860)	32.82%	Correlates to building permit activity. Increased building permit activity in 2017 compared to 2016.
Net Interest Income	514	2,788	2,788	55,191	(44,757)	5.05%	After adjusting for the reversing of premium/discount recorded in December 2016 (will be reviewed and recorded again in December 2017), the increase in investment income reflects a combination of an increase in interest rates and the investment balances in the water fund.
Rental Income	77,246	84,438	84,438	203,700	(76,182)	41.45%	Reflects wireless companies (ex. Sprint, ATT, Verizon) rental of space on the city's water towers.
Enterprise Sales	170,765	188,402	188,402	1,457,808	(1,217,471)	12.92%	Increase in Enterprise Sales reflects a rate increase which went into effect 1-1-17, which was mitigated by a reduction in the number of gallons consumed (i.e. billed).
All Other Revenues	4,862	10,409	10,409	31,400	(15,617)	33.15%	
Total Revenues	265,936	307,372	307,372	1,813,099	(1,383,887)	16.95%	
Expenses-(Water)	90,970	134,842	134,842	1,506,024	(1,317,874)	8.95%	Increase in expenses reflects the timing of when chemicals are purchased; chemicals are purchased, as needed.
Revenues Over Expenses (Water)	174,966	172,530	172,530	307,075	(66,013)	56.18%	
Transfers Out (Water)	109,035	104,654	104,654	418,617	(244,193)	25.00%	See detailed transfers worksheet.
Net Change in Fund Balance (Water)	65,931	67,876	67,876	(111,542)	178,180	-60.85%	
Streetlight							
Revenues (Streetlight)	40,059	40,060	40,060	220,838	(166,273)	18.14%	
Expenses	48,180	41,860	41,860	266,200	(202,794)	15.72%	
Revenues Over Expenses (Street Light)	(8,121)	(1,800)	(1,800)	(45,362)	36,521	3.97%	



City of Farmington

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TO: Mayor, Councilmembers and City Administrator
FROM: David McKnight, City Administrator
SUBJECT: 2030 Financial Plan
DATE: June 12, 2017

INTRODUCTION

City staff has been working on the 2030 Financial Plan for some time. This plan is a culmination of the many capital improvement plans you have put in place over the past six years along with a number of other relevant parts of the annual city budget.

DISCUSSION

The work session will be the start of the 2018/2019 budget process. Finance Director Robin Hanson and I will review the current draft of the 2030 Financial Plan. This plan is a culmination of a lot of work you have completed over the past six years.

The narrative portion of the plan is attached for your review. The many detailed spreadsheets have not been attached since the first five years of the spreadsheets are included in the narrative portion of the plan. The detailed spreadsheets will be available for you at the work session.

The financial plan is being used as a reminder on financial decisions you have already made (debt and union contracts) and an educational tool for those members who were not involved in those decisions. The plan itself is in constant flux as we try to address old and new issues, realize the financial limitations of the city and wait to gather your priorities for the next two years.

While Robin and I will review the plan and give you a general idea where our finances are for 2018/2019, we wanted to use this work session as an opportunity for the city councilmembers to have a chance to share priorities, ask questions and provide direction to city staff.

Our plan is to take what we learn from the work session and bring you the first draft of the 2018/2019 budget at your July 10, 2017 work session. This approach has worked in the six years that I have been here and the solid budgets you have set in place have been an important part of improving our financial health over that same time period. The positive audits we received along with the bond rating upgrade in 2015 are just a few examples of how your hard work and decision making is paying off.

BUDGET IMPACT

This work will result in the 2018/2019 annual budget document in December 2017.

ACTION REQUESTED

Listen to the presentation on the draft 2030 financial plan, ask any questions you have and provide direction to city staff on the priorities you have for the 2018/2019 budget.

ATTACHMENTS:

Type	Description
▣ Backup Material	Draft 2030 Financial Plan
▣ Backup Material	Ehlers Financial Planning Handout

City of Farmington

2030 Financial Plan



6/5/2017

DRAFT

The Farmington 2030 Financial Plan is a document developed to help make Farmington a city of fiscal excellence. The city council and city staff have been working on issues and plans related to this document since 2010. This document takes the financial and capital improvement plans and puts them in one place to help provide a roadmap to the financial future of the city.

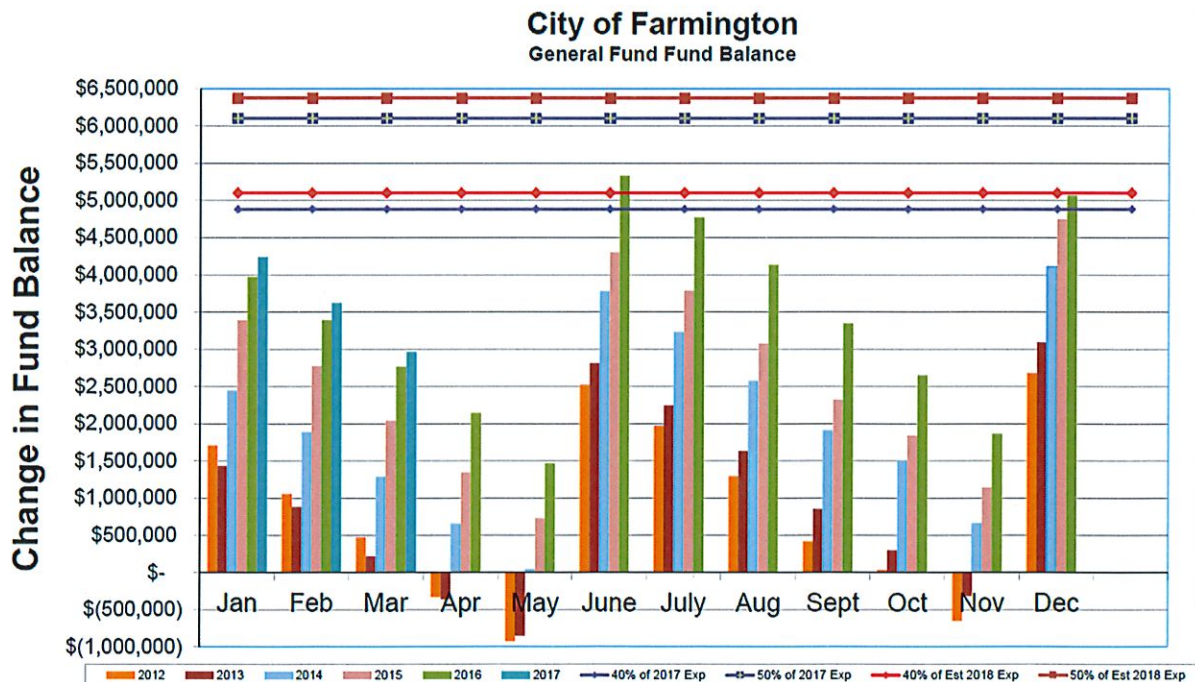
History

Farmington has transitioned from a small, rural community to a third ring suburb over the past 40 years. A significant portion of the growth occurred in the late 1990's and early 2000's when the population grew from 5,000 to an estimated 23,000 residents today. The fast growth rate placed a lot of pressure on the city to provide services, infrastructure and facilities.

In the past 15 years the city built a police station, municipal services building, a second fire station and city hall among other facilities. In addition, the building and maintenance of infrastructure including streets, trails and utilities has placed many demands on the city finances.

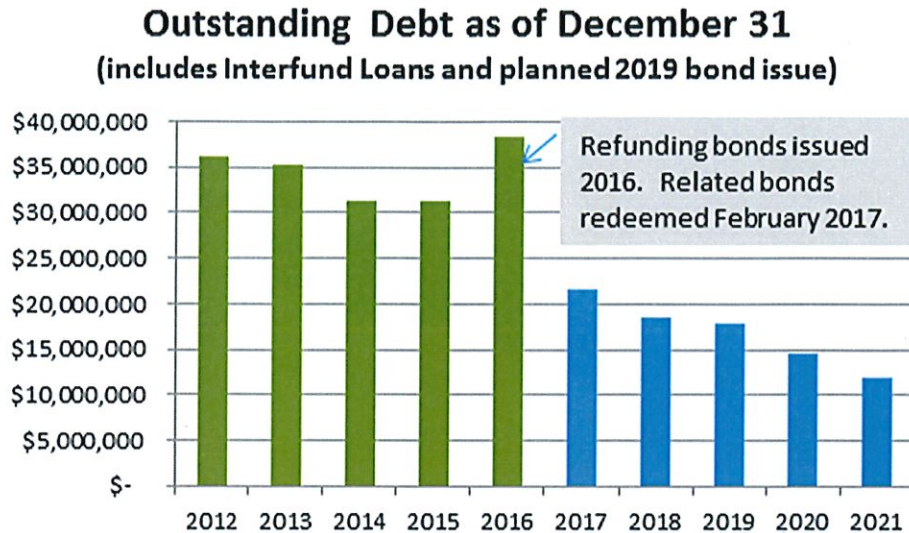
While the city enjoyed the growth that occurred, a coordinated financial review and plan were not put in place. In 2010, a review of the financial health of the city was started, along with the development of long term capital improvement plans in areas, such as street projects and vehicle replacement.

The financial health review showed the city was not in good shape. The General Fund, the fund responsible for most basic government services, had to borrow money from other funds two to three times a year to pay its obligations.



The negative amounts in April, May and November in the chart above show how the city would have to borrow from other funds in previous years and also shows how this issue has been resolved with sound financial practices.

The financial review also made it clear that the city had encumbered a large amount of debt in recent years. The city had at one time almost \$40,000,000 in debt on the books.



The financial review and direction and hard work by the city has reduced the amount of debt to approximately \$22,000,000 in early 2017. The issuance of debt is expensive and has limited the city's ability to do other things, including reducing or maintaining taxes.

In 2016 the city paid \$4,120,736 in debt repayments. Of that amount \$3,026,534 was principal payments and \$1,094,202 was interest and fiscal charges.

A final note from the financial health review from the past few years. We discovered in 2012 that 14 of our 42 major cash and investment funds had a negative balance. As of early 2017 we now only have two of 41 funds in a negative balance. One of these funds will be resolved in 2017 and the final fund resolved in 2018. City staff made the city council aware of this issue and together, following a plan, this issue will be resolved next year.

These examples, and our community's infrastructure needs, led the Farmington City Council to set a number of goals to address these issues as a part of the 2030 Financial Plan. These goals include:

1. Pay down existing debt.
2. Transition to paying for future large projects with a combination of cash and bonds; these have historically been financed with just bonds, which is very expensive.
3. Control future tax levy increases as much as possible while meeting financial obligations.
4. Implement the many capital improvement plans the city has developed.
5. Ensure that the city council, city staff and the community are aware of this financial plan.

The work that has gone into developing this financial plan has been many years in the making. This document will never be finished as it will be adjusted each year based on decisions that impact the plan. The document should be used as a roadmap and help reduce the number of surprises that future city council's encounter.

Capital Improvement Plans

The city has developed a number of capital improvement plans since 2010 that are incorporated into this document. The plans are meant to move Farmington to a more proactive approach to both funding and planning for projects.

Capital improvement plans (CIP) have been developed in the following areas:

1. Streets
2. Vehicles
3. Fire Vehicles (2013-2019)
4. Fire Equipment
5. Police Equipment
6. Trail Maintenance
7. Arena Capital Projects
8. Sealcoating
9. Building Maintenance
10. Park Improvements

These are the major plans that are addressed in the plan at this time. Smaller plans do exist within city departments and may be incorporated into this plan in the future. Not all of the current plans have specific projects or expenditures listed; funding is the more important part of the planning process.

Base Year

This version of the 2030 Financial Plan uses the year 2017 as the base year of the plan. All numbers used as base numbers are taken from the 2017 general fund budget.

Important information from the 2017 budget to keep in mind when reviewing the 2030 Financial Plan is included below:

Non-Property Tax Revenues	\$ 3,107,737
Expenditures	\$12,203,490
Revenue Under Expenditures	(\$ 9,095,753)
Fiscal Disparities	\$ 2,136,834
General Fund Levy	\$ 6,958,919
Debt Levy	<u>\$ 3,037,903</u>
Net Tax Levy	\$ 9,996,822

Financial Plan Document

This document is intended to be used as a narrative summary to the attached spreadsheets that show the expenditure detail for each area. The plan will summarize the major components of the plan at this time and show you how future plans are incorporated.

Annual Human Resources Costs-These are all the costs associated with labor, including wages, taxes, overtime, retirement and all other benefits.

Base Non-Human Resources Costs-These are the operations items in all budgets including contract costs, equipment, training, professional services and more.

Existing Debt-Debt that is in existence as of January 1, 2017.

Street CIP Debt and Cash-This is anticipated debt incurred and cash collected for of future street projects.

Vehicle CIP Debt and Cash-This is anticipated debt incurred and cash collected for of future vehicle purchases.

Transfer Project Tax Levy and Local Government Aid-These are projects that are included in the Transfers budget that are paid for by the tax levy or local government aid dollars.

Although this is a financial plan that looks out to the year 2030, the primary focus is on the next five years, 2018 through 2022.

Existing Debt CIP

The Existing Debt CIP includes the repayment schedule for all of the unpaid debt the city had as of January 1, 2017. The debt payments are divided into two areas: bond financed related Road and Bridge Fund and Non-Road and Bridge Fund.

The current debt incurred by the city paid for projects like the Elm, Main and 195th Street projects as well as the building of the Police Department, Fire Station #2, City Hall and the Central Maintenance Facility among others.

All of our current debt will be fully paid off by the end of 2030. The 2017 debt levy totaled \$3,037,903. Our current debt levy needs will peak in 2018 with a debt levy of \$3,363,373.

The current debt levy needs for the years 2018-2022 are included below:

Road and Bridge Fund	2018	2019	2020	2021	2022
2011A	\$320,000	\$320,000			
2013A	\$449,000	\$444,000	\$669,000	\$435,000	\$300,000
2016A	\$271,000	\$271,000	\$352,000	\$582,327	\$324,750
TOTAL	\$1,035,000	\$1,035,000	\$1,021,000	\$1,017,327	\$624,750
Non-Road and Bridge Fund	2018	2019	2020	2021	2022
2013B	\$521,000	\$376,021			
2016C	\$551,000	\$530,262			
2010D	\$139,000	\$240,000	\$30,000		
2010A	\$533,873	\$495,677	\$400,000	\$401,408	\$42,000
2005C	\$166,000	\$166,000	\$166,000	\$166,000	\$166,000
2016B	\$124,000	\$125,000	\$665,000	\$635,000	\$640,000
2015A	\$293,500	\$293,500	\$293,500	\$293,500	\$293,500
TOTAL	\$2,328,373	\$2,226,460	\$1,554,500	\$1,495,908	\$1,141,500
GRAND TOTAL	\$3,363,373	\$3,261,460	\$2,575,500	\$2,513,235	\$1,766,250

The full existing debt CIP spreadsheet is attached as #1.

Street CIP

The Street CIP includes the anticipated major street projects to be completed. These projects are to be funded primarily through bonded debt, but also include funding from three utility funds (water, storm water and sanitary sewer), Municipal State Aid contributions and transfers from the Road and Bridge Fund.

Starting in 2020 cash starts to be set aside for these projects. This is a significant change in major project funding philosophy for the city and is one of the primary goals of the financial management plan. Historically, the city has borrowed the funds necessary for its major projects. It will take time to achieve the goal of funding projects with a combination of cash and debt. Over time this will serve the taxpayers well by spending fewer tax dollars on interest. The first step of this goal is taken in 2020.

The projects that are currently included in the street CIP are as follows:

Project	Year	Project	Year
Second Street/Honeysuckle Lane	2019	CR 50/Flagstaff Avenue Traffic Control	2026
Willow/Linden Street	2022	Multiple Areas	2026
Euclid Path	2022	Westview Acres	2027
Spruce Street	2023	Sixth Street	2028
Sunnyside Phase Two	2023	Multiple Areas	2028
First Street/Oak Street	2024	Pine Street	2029
Multiple Areas	2024	Multiple Areas	2030

This plan is subject to change based on needs, unforeseen factors and staff recommendation.

The debt levy and other funding sources for the years 2018-2022 are included below:

PROJECT	2018	2019	2020	2021	2022
SECOND STREET/HONEYSUCKLE LANE		\$3,000,000			
WILLOW/LINDEN STREETS					\$2,750,000
EUCLID PATH					\$540,000
TOTAL STREET CIP EXPENDITURES	\$0	\$3,000,000	\$0	\$0	\$3,290,000
STREET CIP FUNDING/FUND BALANCE	2018	2019	2020	2021	2022
STARTING BALANCE	\$0	\$0	\$0	\$90,000	\$350,000
TOTAL ANNUAL EXPENDITURES	\$0	\$3,000,000	\$0	\$0	\$3,290,000
TOTAL ANNUAL TAX LEVY (CASH)	\$0	\$0	\$90,000	\$260,000	\$775,000
BONDED DEBT REVENUE	\$0	\$2,400,000	\$0	\$0	\$2,210,000
WATER FUND CONTRIBUTION	\$0	\$200,000	\$0	\$0	\$180,000
STORM WATER FUND CONTRIBUTION	\$0	\$200,000	\$0	\$0	\$180,000
SANITARY SEWER FUND CONTRIBUTION	\$0	\$200,000	\$0	\$0	\$180,000
TRANSFERS FROM R/B FUND	\$0	\$0	\$0	\$0	\$0
MSA CONTRIBUTIONS	\$0	\$0	\$0	\$0	\$0
YEAR ENDING BALANCE	\$0	\$0	\$90,000	\$350,000	\$585,000

FUTURE CIP DEBT REPAYMENTS	2018	2019	2020	2021	2022
SECOND STREET/HONEYSUCKLE		\$192,000	\$192,000	\$192,000	\$192,000
WILLOW/LINDEN STREETS AND EUCLID PATH					\$180,000
TOTAL STREET CIP DEBT	\$0	\$192,000	\$191,000	\$191,000	\$372,000

The full street CIP spreadsheet is attached as #2.

Vehicle CIP

The Vehicle CIP includes the anticipated major vehicle purchases for all General Fund departments. The funding for most of the vehicle purchases is cash, with the exception of the more expensive Fire Department vehicles. Currently, there are four fire department vehicles included in the vehicle CIP that are funded through debt.

To help achieve the goal of minimizing the tax levy impact on residents, the Vehicle CIP does not start until 2020.

The vehicle CIP for the years 2018-2022 includes:

	2018	2019	2020	2021	2022
COMMUNITY DEVELOPMENT	\$0	\$0	\$64,000	\$0	\$0
ENGINEERING	\$0	\$0	\$0	\$32,000	\$32,000
FIRE	\$0	\$0	\$115,000	\$55,000	\$55,000
STREETS	\$0	\$0	\$525,000	\$240,000	\$255,000
NATURAL RESOURCES	\$0	\$0	\$0	\$0	\$40,000
PARKS	\$0	\$0	\$60,000	\$53,000	\$60,000
TOTAL	\$0	\$0	\$764,000	\$380,000	\$442,000
VEHICLE CIP FUNDING/FUND BALANCE	2018	2019	2020	2021	2022
STARING BALANCE	\$0	\$0	\$0	\$0	\$0
TOTAL ANNUAL EXPENDITURES	\$0	\$0	\$764,000	\$380,000	\$442,000
TAX LEVY REVENUE (CASH)	\$0	\$0	\$764,000	\$380,000	\$442,000
BONDED DEBT REVENUE	\$0	\$0	\$0	\$0	\$0
YEAR ENDING BALANCE	\$0	\$0	\$0	\$0	\$0

The Fire Department has a separate vehicle CIP that will run through 2019. The funding for this plan is included in the Transfers CIP. There is currently only one vehicle purchase remaining in the Fire Department Vehicle CIP. An engine/tender is scheduled to be purchased in 2019.

The full Vehicle CIP spreadsheet is attached as #3 and #4. The Fire Department 2013-2019 CIP is included as #5.

Transfers CIP

The Transfers CIP includes a variety of projects that are funded annually by the tax levy and tracked separately to carry over unspent dollars from year to year as part of long term capital improvement plans. In addition, there are also projects in the Transfer CIP that are funded by local government aid dollars for the same reason.

TAX LEVY PROJECTS	2018	2019	2020	2021	2022
ARENA CAPITAL PROJECTS	\$0	\$0	\$20,000	\$20,000	\$20,000
BUILDING MAINTENANCE CIP	\$0	\$0	\$0	\$0	\$0
EDA TRANSFER	\$0	\$0	\$0	\$0	\$0
EMPLOYEE EXPENSE FUND (2024)	\$13,022	\$13,022	\$13,022	\$13,022	\$13,022
FIRE CAPITAL EQUIPMENT (2019)	\$0	\$72,568	\$0	\$0	\$0
FIRE EQUIPMENT CIP	\$70,545	\$91,545	\$91,545	\$91,545	\$91,545
GENERAL CAPITAL VEHICLES (PD)	\$85,000	\$90,000	\$90,000	\$100,000	\$100,000
PARK IMPROVEMENT FUND	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
POLICE EQUIPMENT CIP	\$51,000	\$51,000	\$51,000	\$40,725	\$30,725
PROPERTY/CASUALTY DEDUCTIBLE	\$10,000	\$10,000	\$10,000	\$20,000	\$20,000
SEALCOATING CIP	\$350,000	\$400,000	\$400,000	\$400,000	\$400,000
TOWNSHIP ROAD MAINTENANCE	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
TRAIL MAINTENANCE CIP	\$10,000	\$0	\$0	\$60,000	\$0
TOTAL TAX LEVY PROJECTS	\$612,567	\$751,135	\$698,567	\$768,292	\$698,292
LGA PROJECTS	2018	2019	2020	2021	2022
BUILDING MAINTENANCE	\$37,432	\$10,000	\$86,607	\$151,607	\$156,607
EDA TRANSFER	\$0	\$0	\$40,000	\$40,000	\$40,000
EMERALD ASH BORER	\$0	\$0	\$10,000	\$10,825	\$10,000
FIRE CAPITAL EQUIPMENT (2019)	\$150,000	\$177,432	\$0	\$0	\$0
GENERAL CAPITAL FUND (VEHICLES)	\$90,000	\$90,000	\$0	\$0	\$0
PARK IMPROVEMENT FUND	\$0	\$0	\$0	\$0	\$0
TBD	\$0	\$0	\$90,825	\$55,000	\$30,825
TRAIL MAINTENANCE	\$10,000	\$10,000	\$60,000	\$30,000	\$50,000
TOTAL LGA PROJECTS	\$287,432	\$287,432	\$287,432	\$287,432	\$287,432
TOTAL TRANSFERS PROJECTS	\$899,999	\$1,038,567	\$985,999	\$1,055,724	\$985,724

The full Transfers CIP spreadsheet is attached as #6.

The Transfers CIP document refers to three additional CIP's. These CIP's are the Fire Equipment CIP attached as #7, the Police Equipment CIP attached as #8 and the Trails Maintenance CIP attached as #9.

Park Improvement CIP

The city has long had a Park Improvement Fund that was funded primarily through development fees. Over the years the dollars in this fund have been reducing without being replenished due to development slowing down.

City staff has made the city council aware of the funding needs for all of our current parks. The equipment in our parks is aging and the amenities that are most popular with the different age groups change over time.

This CIP is included in the Financial Plan as a reminder that this issue is outstanding and funding discussions need to occur. The funding and expenditures included in the CIP are placeholders at this time. **The CIP is attached as #10.**

Building Maintenance CIP

The city council and staff have discussed over the past two years the need for a detailed building maintenance plan and related funding. In 2017 the city hired Wold Architects to review the condition of the main city buildings to prepare a draft plan for work that will likely need to occur at:

- ✓ City Hall
- ✓ Rambling River Center
- ✓ Fire Station #1
- ✓ Fire Station #2
- ✓ Police Station
- ✓ Maintenance Facility
- ✓ Swimming Pool
- ✓ Schmitz-Maki Arena
- ✓ Downtown Liquor Store
- ✓ Pilot Knob Liquor Store

This study is underway and should be completed mid-2017.

The placeholder Building Maintenance CIP is attached as #11. This will be updated once the study is completed.

Other Financial Plan Revenue

The Financial Plan includes four other sources of revenue besides the tax levy. These other revenues include:

Other Revenues-These are all of the other revenue sources included in the General Fund budget including permits, licenses, intergovernmental revenue, fines, investment income and more.

Fiscal Disparities-This revenue source is a metro wide program that is used to balance the development of commercial and industrial growth throughout the region.

Use of Fund Balance-The city works hard each year to maintain a balanced budget throughout the years in order to maintain a minimum 40% fund balance at the start of each year. Recent history has produced positive results that may make the use of fund balance available to help alleviate potential tax levy increases.

2030 Financial Plan Summary

All of the information contained in the Financial Management Plan is summarized on this spreadsheet. This one page summary shows the financial needs as they are known at this time. The plan takes into account our operating costs, current and future debt, CIP's, other revenues and forecasts the possible tax levy in future years. These numbers should be used by current and future city council's to determine what level and which services they want the city to provide.

	2018	2019	2020	2021	2022
ANNUAL HR COSTS	\$8,540,790	\$8,885,011	\$9,240,412	\$9,610,028	\$9,994,429
BASE NON-HR COSTS	\$3,213,206	\$3,309,602	\$3,408,890	\$3,511,156	\$3,616,491
EXISTING DEBT	\$3,363,373	\$3,261,460	\$2,575,500	\$2,513,235	\$1,766,250
STREET CIP DEBT	\$0	\$192,000	\$192,000	\$192,000	\$372,000
STREET CIP CASH	\$0	\$0	\$90,000	\$260,000	\$775,000
VEHICLE CIP DEBT 23	\$0	\$0	\$0	\$0	\$0
VEHICLE CIP CASH	\$0	\$0	\$764,000	\$380,000	\$442,000
TRANSFERS-LEVY	\$612,567	\$751,135	\$698,567	\$768,292	\$698,292
TRANSFERS-LGA	\$287,432	\$287,432	\$287,432	\$287,432	\$287,432
TOTAL	\$16,017,368	\$16,686,640	\$17,256,800	\$17,522,144	\$17,951,894
OTHER REVS (1% UP)	\$3,138,814	\$3,170,203	\$3,201,905	\$3,233,924	\$3,266,263
FISCAL DISP (1% DN)	\$2,115,466	\$2,094,311	\$2,073,368	\$2,052,634	\$2,032,108
TOTAL REVENUES	\$5,254,280	\$5,264,514	\$5,275,272	\$5,286,558	\$5,298,371
SUMMARY					
BASE TAX LEVY	\$11,753,996	\$12,194,613	\$12,649,301	\$13,121,185	\$13,610,920
CIP/TRANSFER/LGA	\$899,999	\$1,038,567	\$985,999	\$1,155,724	\$1,085,724
EXISTING DEBT	\$3,363,373	\$3,261,460	\$2,575,500	\$2,513,235	\$1,766,250
STREET/VEH. DEBT	\$0	\$192,000	\$192,000	\$192,000	\$372,000
STREET/VEH CASH	\$0	\$0	\$854,000	\$640,000	\$1,217,000
TOTAL EXPENSES	\$16,017,368	\$16,685,640	\$17,256,800	\$17,522,144	\$17,951,894
OTHER REVENUES	\$3,138,814	\$3,170,203	\$3,201,905	\$3,233,924	\$3,266,263
FISCAL DISP.	\$2,115,466	\$2,094,311	\$2,073,368	\$2,052,634	\$2,032,108
FUND BALANCE	\$150,000	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$5,404,280	\$5,264,514	\$5,275,272	\$5,286,558	\$5,298,371
TOTAL TAX LEVY	\$10,613,088	\$11,422,126	\$11,981,528	\$12,235,586	\$12,653,524
% CHANGE	6.16%	7.62%	4.90%	2.12%	3.42%
\$ CHANGE	\$616,266	\$808,039	\$559,058	\$254,058	\$417,938



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Follow the Money: Using financial planning to implement a community's vision

League of Minnesota Cities Webinar

Stacie Kvilvang & Nick Anhut - Ehlers

August 20, 2014



Ehlers Background

- Independent Public Finance Advisors
 - Our Clients: Cities, Counties, HRA/EDAs, School Districts
- Registered Municipal Advisors
- Debt Planning, Issuance and Management
- Financial Management Consulting
 - Feasibility Analysis / Funding Strategies for Major Projects
 - Long-Term Financial Management Planning (including CIP)
 - Water, Sewer and Stormwater Utility Rate Studies
- Economic Development Consulting



What is a Financial Management Plan?

- **A multi-year fiscal plan for all tax-supported funds**
 - ✓ Can include enterprise or special revenue funds if desired
- **Integrates:**
 - ✓ Existing Debt
 - ✓ Capital Improvement Plans
 - ✓ Future Debt
 - ✓ Tax base growth
 - ✓ Future staffing needs
 - ✓ Future operating expenses



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Why do Financial Planning?

- Allows council to focus on big picture and policy issues
 - Get away from randomly picking a percent or number increase for the budget
- Allows council to focus on long-term financial health of the City rather than the immediate
 - Good roads, facilities, services, reinvestment, etc.
 - Not on single-year tax impacts
- Mechanism for translating community vision into reality
- Sets the parameters for success
 - Help develop consensus around community goals
- Identifies funding sources for all priorities
- Evaluate financial impacts on tax payers and customers



What Makes It Practical?

- **Helps to manage expectations**
 - ✓ New spending proposals/projects evaluated against other identified priorities
 - ✓ Weigh proposals vs. predefined affordability parameters
- **Helps to maintain assets**
 - ✓ Regular replacements
 - ✓ Large periodic repairs
- **Reduces stress during budget process**
 - ✓ Previously agreed spending guidelines
 - ✓ Better understanding of the effect decisions have



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What Makes It Practical?

- **Projects, in the context of multi-year planning, tend to be less controversial**
 - Provides background/perspective on issues for discussion
 - Provides framework to make informed decisions
- **Reduces reactivity amidst an unpredictable fiscal environment and unfunded mandates**
- **If there is a plan, projects get done and the City has a vehicle through which to inform the residents on the goals of the City**
- **GFOA recommended practice**
- **Rating Agencies like multi-year planning**



GFOA Best Practice

The GFOA recommends that governments at all levels forecast major revenues and expenditures [for] several years into the future. The forecast, along with its underlying assumptions and methodology, should be clearly stated and made available to stakeholders in the budget process.

Financial Forecasting in the Budget Preparation Process
(Approved by GFOA February 2014)



Rating Agencies & FMP

- Standard and Poor's
 - Affects 4 out of 7 areas evaluated as part of Financial Management Assessment (FMA)
 - 20% weight on S&P's Local Government G.O. rating criteria

S & P's Seven Rating Factors	City Score	Weighting	Weighted Score
Institutional Framework	2.00	10%	0.20
Economy	2.00	30%	0.60
Management	2.00	20%	0.40
Financial - Budgetary Flexibility	1.00	10%	0.10
Financial - Budgetary Performance	4.00	10%	0.40
Financial - Liquidity	2.00	10%	0.20
Debt & Contingent Liabilities	5.00	10%	0.50
Total Weighted Score		"AA-"	2.40



Rating Agencies & FMP

- Moody's
 - “Below-the-line adjustment for its Factor 3 Management score (20% weight)
 - “We may notch a score up or down if we believe a local government’s financial planning and budget management are unusually strong or weak.”

Moody's Rating Factors	Indicated Score	Weighting	Weighted Score
Economy / Tax Base (30%)			
Tax Base Size: Full Value	Aa 2.39	10%	0.24
Full Value per Capita	Aaa 0.74	10%	0.07
Wealth: Median Family Income	Aaa 0.71	10%	0.07
Finances (30%)			
Fund Balance as % of Operating Revenues	Aaa 0.91	10%	0.09
Fund Balance Trend (5-yr change)	A 3.61	5%	0.18
Cash Balance as % of Operating Revenues	Aaa 0.50	10%	0.05
Cash Balance Trend (5-yr change)	Aaa 1.37	5%	0.07
Management (20%)			
Institutional Framework	A 2.00	10%	0.20
Operating History: 5-yr trend	Baa 6.39	10%	0.64
Debt/Pensions (20%)			
Net Direct Debt / Full Value	Aaa 1.01	5%	0.05
Net Direct Debt / Operating Revenues	A 2.77	5%	0.14
3-yr Ave. Adjusted Net Pension Liability / Full Value	Aaa 0.96	5%	0.05
3-yr Ave. Adjusted Net Pension Liability / Operating Revenues	A 2.71	5%	0.14
Total Weighted Score	"Aa2"		1.99



How Do You Develop a FMP?



Step One: Review your situation

- **Review the city's financial position**
 - ✓ Fund balances
 - ✓ Annual operating surplus or deficit
 - ✓ Projected debt payments
 - ✓ Past Budget history and current budget
- **Review financial policies to make sure the appropriate financial controls and constraints are understood by management and staff**



Step Two: Assemble the Required Information

- **Develop an inventory of all capital needs (CIP)**
 - ✓ Critical to have
 - Make sure to have input from department heads
 - Need to be realistic in their requests (put it in when they need it)
 - ✓ Look for deferred or one-time maintenance expenditures (non-recurring)
- **Identify current and alternative revenue sources**
- **Estimate growth in the tax base**
 - ✓ New value for both commercial and residential construction
 - ✓ Inflation in existing properties
 - ✓ TIF District Decertification
- **Look for new budget needs to meet growth demands**
 - ✓ Personnel and Equipment



Step Three: Prepare the Model

- **Analyze the financial impact of the total requested spending**
- **Determine if it meets the affordability limits defined by the governing body**
- **Affordability limits may include:**
 - ✓ Impact on overall tax levy
 - ✓ Tax impact on average home
 - ✓ Impact on City tax rate



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Step Three: Prepare the Model

GENERAL FUND	2013 Budget	2014 Adopted	2015	2016	2017 Projected	2018	2019
REVENUE							
Taxes	8,834,274	8,869,774	9,295,873	9,745,775	10,103,074	10,548,272	10,991,981
Other taxes	118,500	83,000					
Licenses and Permits	528,095	564,395	570,039	575,739	581,497	587,312	593,185
Intergovernmental	498,510	523,510	528,745	534,033	539,373	544,767	550,214
LGA/HACA		289,900	260,900	234,800	211,300	190,200	171,200
Charges for Services	182,850	201,250	203,263	205,295	207,348	209,422	211,516
Miscellaneous	113,100	109,300	110,393	111,497	112,612	113,738	114,875
Franchise fees	290,000	290,000	290,000	290,000	290,000	290,000	290,000
Interest on Investments	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL REVENUE	10,580,329	10,946,129	11,274,213	11,712,139	12,060,203	12,498,710	12,937,971
EXPENSES							
General Government	1,543,576	1,618,804	1,667,368	1,717,389	1,768,911	1,821,978	1,876,638
Public Safety	6,156,068	6,306,652	6,495,852	6,690,727	6,891,449	7,098,192	7,311,138
Public Works	2,266,002	2,384,144	2,455,668	2,529,338	2,605,219	2,683,375	2,763,876
Culture & Recreation	544,483	586,329	603,919	622,036	640,698	659,918	679,716
Other	60,200	40,200	41,406	42,648	43,928	45,245	46,603
Transfer out	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Equipment Fund				100,000	100,000	100,000	100,000
Contingency						80,000	150,000
New Employees - Positions Added		-	-	-	-	-	-
TOTAL EXPENSES	10,580,329	10,946,129	11,274,213	11,712,139	12,060,203	12,498,710	12,937,971
REVENUE OVER (UNDER) EXPENSES	-	-	-	-	-	-	-
Ending Fund Balance	5,194,143	5,194,143	5,194,143	5,194,143	5,194,143	5,274,143	5,424,143
Fund Balance as a Percent of Annual Expenses	49%	47%	46%	44%	43%	42%	42%



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Step Three: Prepare the Model

GENERAL FUND	2013 Budget	2014 Adopted	2015	2016	2017 Projected	2018	2019
GENERAL FUND OPERATING TAX LEVY	8,834,274	8,869,774	9,295,873	9,745,775	10,103,074	10,548,272	10,991,981
ANNUAL INCREASE	1.3%	0.4%	4.8%	4.8%	3.7%	4.4%	4.2%
EXISTING DEBT SERVICE LEVIES							
Bond 1	186,520	188,093	183,971	184,877	185,336	0	
Bond 2	763,800	766,110	765,808	764,391	767,107	763,236	763,498
Bond 3	77,000	79,175	82,194	79,437	81,472	82,942	83,821
Bond							
Bond 4	59,080	55,090	70,000	141,970	140,000	140,000	140,000
Bond 5		97,965	97,965	96,285	94,605	92,925	96,495
Bond 6	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Bond 7		15,028	75,000	0	93,388	90,868	88,348
Capital Fud	125,000	125,000	53,000	35,000	150,000	175,000	125,000
PIR Fund	0	0	126,597	486,535	610,034	734,972	879,980
Arts Center			85,000	50,000	115,000	260,000	215,000
Ice Arena			65,000	65,000	65,000	65,000	65,000
Equipment fund	0	0		0	0	137,563	326,713
PERA Rate Increase	35,500		35,500	35,500	35,500	35,500	35,500
EDA/HRA Levy (tax rate based on market value)	225,000	273,980	273,980	273,980	273,980	273,980	273,980
TOTAL SPECIAL LEVIES (Tx Cap Based)	1,466,900	1,546,461	1,860,035	2,158,995	2,557,442	2,798,006	3,039,355
TOTAL TAX LEVIES-Based on Tax Capacity	10,301,174	10,416,235	11,155,908	11,904,770	12,660,516	13,346,278	14,031,335
Adjustment for Fiscal Disparities	(1,332,979)	(1,422,717)	(1,422,717)	(1,422,717)	(1,422,717)	(1,422,717)	(1,422,717)
NET LEVY TO TAXPAYERS	8,968,195	8,993,518	9,733,191	10,482,054	11,237,799	11,923,561	12,608,618



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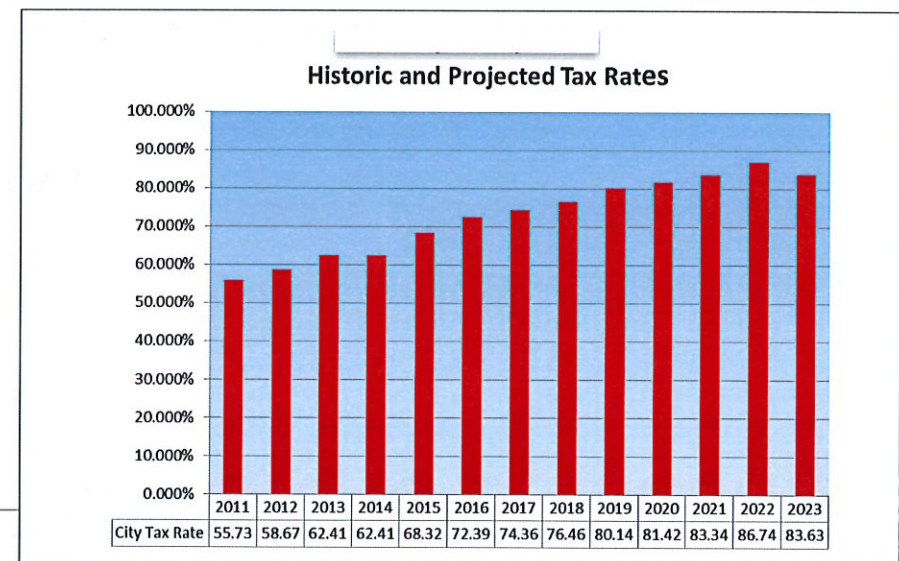
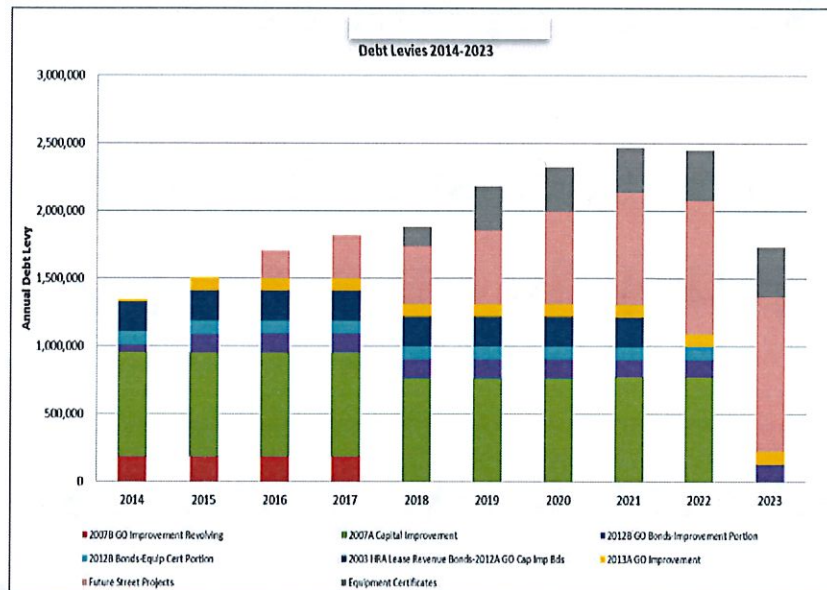
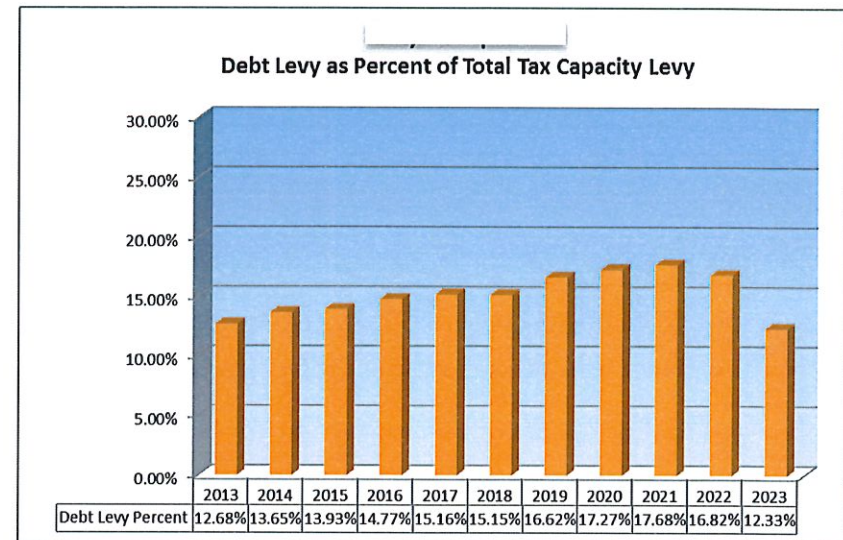
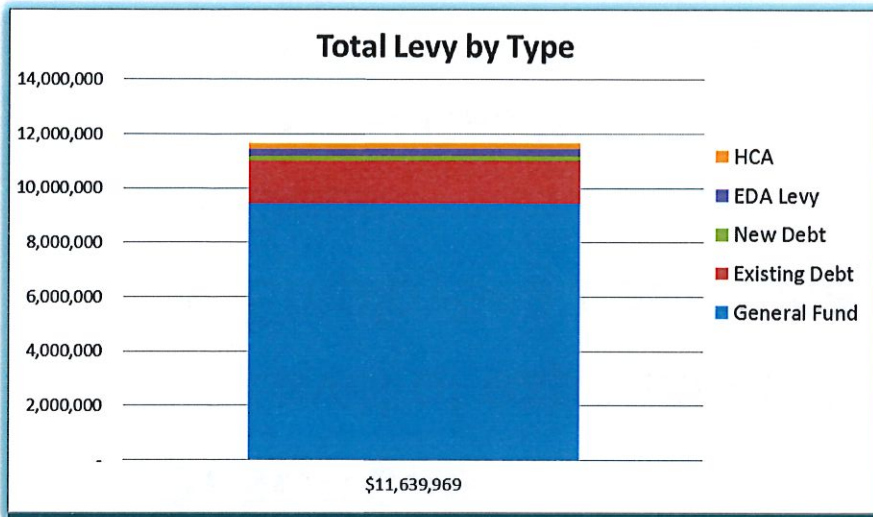
Step Three: Prepare the Model

GENERAL FUND	2013 Budget	2014 Adopted	2015	2016	2017 Projected	2018	2019
EXISTING TAX CAPACITY (TAX BASE)	14,368,863	14,409,835	14,559,835	14,859,835	15,234,983	15,569,476	15,803,018
TAX INCREMENT CAPTURED TAX CAPACITY							
TIF 2-6-Decertifies 2019					104,402		
TIF 2-9-Early Decertification-2016							
NEW REDEVELOPMENT TAX CAPACITY	0	0	150,000	150,000	0	0	0
TOTAL TAX CAPACITY	14,368,863	14,409,835	14,709,835	15,009,835	15,339,385	15,569,476	15,803,018
TAX RATE ON TAX CAPACITY	62.414%	62.412%	66.168%	69.835%	73.261%	76.583%	79.786%
TAX RATE % CHANGE	6.37%	0.00%	6.02%	5.54%	4.91%	4.53%	4.18%
City Taxes (incl MV Exclusion)	1,298	1,298	1,393	1,487	1,578	1,669	1,759
% tax increase on average home (225k)	6.37%	0.00%	7.27%	6.78%	6.14%	5.76%	5.40%
Amount increase on average value hom	\$78	\$0	\$94	\$94	\$91	\$91	\$90

Tax Rate vs. Tax Increase



Sample Charts



Step Four: Analyze and Compare to Standards

- **This is an optional step**
 - ✓ Depends upon your council
- **Compare to other similar entities – best practices**
 - ✓ Level of expenditures
 - ✓ Employees per capita
 - ✓ Debt
 - Per Capita
 - As a Percentage of Budget



Step Five: Council Discussion and Input

- Layout policy issues
 - ✓ Fund balance (general fund, other various funds)
 - ✓ Annual tax increase
 - ✓ Level of service
- Discuss priorities and options
 - ✓ Bring back options for review at future Council work session(s)
- Model and analyze alternative “what if” scenarios for Council review



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Step Six: Develop Support and Communicate Plan to the Public

- Approve plan
- Develop key messages for public
 - **City is in good financial condition**
 - Adequate reserves to address issues
 - Ability to finance needed projects
 - Tax base growth captured through redevelopment
 - Capture immediately since not utilizing TIF
 - Recent rating increase
 - **Need to refine a couple of structural issues in budgeting, but not significant impact on taxes**
 - **Will need to increase taxes over next several years to finance required projects**
 - Reinvestment in roads and public facilities is key to tax base growth and preservation
- Access
 - ✓ City website, etc.



Case Study #1 – Minneapolis Suburb



Case Study #1 – Issues

- Actively redeveloping
 - Need to build EDA fund
 - Was being used to support other general fund budget issues
- Funding needed for:
 - Downtown redevelopment
 - Ice Arena
 - How to finance capital needs
 - How to increase revenues
 - Discussion if should be enterprise fund or special revenue fund
 - Arts Center
 - Running a deficit
 - Needed capital improvements
 - Council didn't understand how being funded
 - Discussion if should be enterprise fund or special revenue fund
 - Needed funding for annual Pavement Management Program

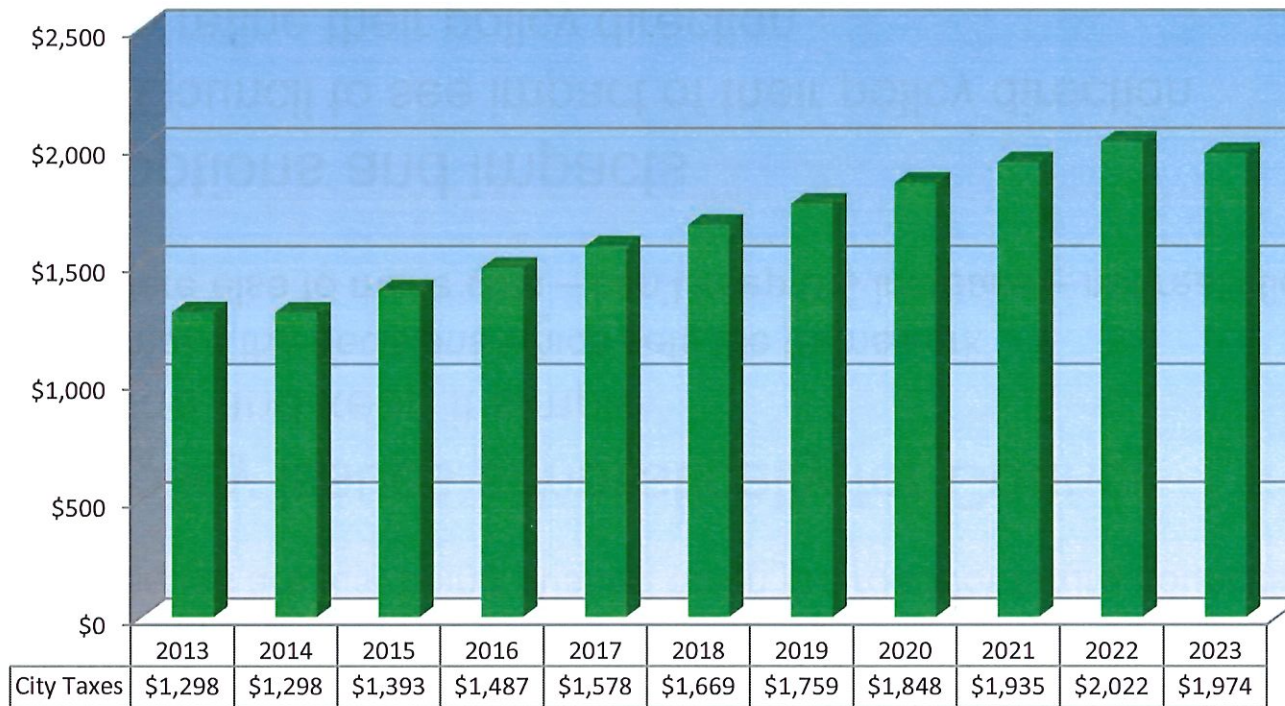


Case Study #1 – Solutions

- Developed FMP
 - Showed impact of doing nothing vs. doing something
 - What happens to fund balances
 - How issues are just being pushed down the road for future councils to deal with
- Laid out policy issues simplistically for Council
 - Bottom line and keep it simple
 - They make the decisions which sets the framework
 - No where else to make cuts – can't keep 0% increase – not realistic
- Provided options and impacts
 - Allowed Council to see impact of their policy direction
 - Helped to refine their policy direction
- **Had open discussion/dialogue between council and staff**



Projected City Impacts
\$225,000 Single Family Residence-Inflated at 1% Annually




Average City Tax increase of **\$75**

City Tax Reduction of **\$48**



2015 Levy Increase

Use	Dollar Increase	Tax Increase
General Fund	\$461,599	\$44
Arts Fund	\$85,000	\$13
Capital Fund	\$53,000	\$8
PIR Fund	\$126,597	\$19
Pavillion	\$65,000	\$10
TOTAL	\$791,196	\$94



Tax Impact on Average Value Home		
Annual	Monthly	Daily
\$94	\$7.83	\$0.26



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2015 Tax Impact of Levy Increase On Property

Type of Property	Taxable Market Value	Estimated Tax Increase
Residential Homestead	100,000	\$26.96
	125,000	\$37.18
	150,000	\$47.43
	175,000	\$57.65
	210,450	\$94.33
	250,000	\$88.37
	300,000	\$108.84
Commercial/ Industrial	400,000	\$149.77
	500,000	\$347.39
	750,000	\$535.17
	1,000,000	\$722.94
	1,500,000	\$1,098.50
	2,000,000	\$1,474.05

Average taxable value in City



Final Results

1. City is in a better financial position than it was prior to the FMP process
 - ✓ Have plan to finance needed road, capital equipment and City owned facilities
 - ✓ EDA fund is utilized for redevelopment staff and projects rather than funding the Arts Center
 - ✓ Arts Center is funded with additional tax levy and plan in place to address negative fund balance by 2021
 - ✓ Ice Arena is funded with additional tax levy to allow for needed capital improvements and a plan to address negative fund balance by 2019
 - ✓ Provides adequate reserves/fund balance for various funds
 - ✓ Funds depreciation (future capital reinvestment needs) of City facilities, thus reducing need for future borrowing
2. City has road map for future budget processes



Case Study #2 - Outstate MN & Reinvestment in a Rural City

- Challenge of replacing infrastructure
 - ✓ New fire hall shared with townships
 - ✓ Sewer main reconstruction
 - ✓ Pavement Management Program
 - ✓ EDA owned housing had deficits



Case Study #2 - Issues

- Couldn't do street projects because they had a 100% assessment policy
 - The values didn't support that, plus people couldn't afford it, so a street reconstruction project was stalled out
- Didn't know if they could "afford" their share of the new fire hall in partnership with the surrounding townships
- They had no capital improvement plans
- The EDA owns an apartment building that is not self-supporting
 - They have been transferring funds from the general fund to the EDA each year on an as-needed basis
- Lack of information was compromising City's ability to make decisions
 - Didn't know whether they could undertake any of the projects



Case Study #2 – Solutions

- Measured cost to constituents for each project so that Council can prioritize
- Developed CIP for all City facilities
 - Plan for future maintenance and capital needs
 - Determined they could “afford” their share of the Fire Hall
 - Determined would need to annually support EDA owned housing with General Fund
- Provided basis for new assessment policy
 - Council considered other policies: 20%, 25%, 35%
 - Approving 25% policy
- Provided basis for utility rate increases to finance new water treatment facility
 - Tax and water rate increases planned for and communicated
 - Utility funds are now self-sufficient
- Changed budgeting of transfers
 - Liquor store revenue not sufficient to transfer budgeted amount



Results

- City confident that infrastructure needs will be addressed
- Project timing determined to stabilize tax levy
- Didn't find a "magic pot" of money
 - They will have to rely on property taxes
 - Found out they could afford to address their capital needs with manageable tax increases



Tactics for Successful Implementation

- **Make a comprehensive fiscal plan**
- **Integrate budget, tax policy, and capital plans**
 - ✓ Often seen as completely separate processes, but this should be a unifying document
- **Identify key policy and process changes**
- **Update annually**
- **Get involvement from all departments**
 - ✓ You need their information to make the plan accurate
 - ✓ This will increase their understanding of how they fit into the big picture
- **Communicate to constituents**



Benefits

1. Makes difficult decisions easier for elected officials
2. Less “paycheck to paycheck” thinking
3. Projects, in the context of multi-year planning, tend to be less controversial
4. If there is a plan, projects get done



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Questions/Contact

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City of Farmington

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Farmington, Minnesota
651.280.6800 - Fax 651.280.6899
www.ci.farmington.mn.us

TO: Mayor, Councilmembers and City Administrator
FROM: David McKnight, City Administrator
SUBJECT: City Council Roundtable
DATE: June 12, 2017

INTRODUCTION

This item is placed on the agenda for city council work sessions to allow city councilmembers to share information, ask questions and provide a discussion opportunity for issues of relevance.

DISCUSSION

The city council is provided with an opportunity at work sessions to discuss issues of relevance. This discussion period may result in work direction to city staff but no formal action can take place on issues discussed at work sessions.

BUDGET IMPACT

NA

ACTION REQUESTED

Discuss any issues you may have with the other city councilmembers.