

AGENDA
MAPLEWOOD CITY COUNCIL
MANAGER WORKSHOP

6:00 P.M. Monday, May 24, 2021

Held Remotely Via Conference Call

Dial 1-312-626-6799 or 1-888-788-0099

When Prompted Enter Meeting ID: 910 8875 4312#

No Participant ID, Enter # When Prompted

- A. CALL TO ORDER**
- B. ROLL CALL**
- C. APPROVAL OF AGENDA**
- D. UNFINISHED BUSINESS**
None
- E. NEW BUSINESS**
 - 1. General Fund Surplus Discussion
 - 2. American Rescue Plan Funding Overview
- F. ADJOURNMENT**

RULES OF CIVILITY FOR THE CITY COUNCIL, BOARDS, COMMISSIONS AND OUR COMMUNITY

Following are rules of civility the City of Maplewood expects of everyone appearing at Council Meetings - elected officials, staff and citizens. It is hoped that by following these simple rules, everyone's opinions can be heard and understood in a reasonable manner. We appreciate the fact that when appearing at Council meetings, it is understood that everyone will follow these principles:

Speak only for yourself, not for other council members or citizens - unless specifically tasked by your colleagues to speak for the group or for citizens in the form of a petition.

Show respect during comments and/or discussions, listen actively and do not interrupt or talk amongst each other.

Be respectful of the process, keeping order and decorum. Do not be critical of council members, staff or others in public.

Be respectful of each other's time keeping remarks brief, to the point and non-repetitive.

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CITY COUNCIL WORKSHOP STAFF REPORT
Meeting Date May 24, 2021

REPORT TO: Melinda Coleman
REPORT FROM: Ellen Paulseth, Finance Director
PRESENTER: Ellen Paulseth, Finance Director
AGENDA ITEM: General Fund Surplus Discussion

Action Requested: Motion Discussion Public Hearing
Form of Action: Resolution Ordinance Contract/Agreement Proclamation

Policy Issue:

General Fund revenues exceeded expenditures by \$3,545,646 in 2020, resulting in a Fund Balance of \$13,694,719. Of this amount, approximately \$2.1M exceeds the maximum desired Fund Balance level of 50%, or six months, of total expenditures. The City Council has discretion over these funds and can allocate the excess fund balance, as they deem appropriate. They may also choose to do nothing and leave the funds in place at this time. Fund balance needs continue to increase with inflation over time; therefore, it is prudent to consider allocating less than the amount available.

Recommended Action:

At this time, it is safe to reallocate approximately \$1.6M in surplus funding. City Council should discuss the recommended options shown below, and other ideas brought forth by Council members, and make recommendations for action at a future meeting.

Fiscal Impact:

Is There a Fiscal Impact? No Yes, the true or estimated cost is N/A
 Financing source(s): Adopted Budget Budget Modification New Revenue Source
 Use of Reserves Other: N/A

Strategic Plan Relevance:

Financial Sustainability Integrated Communication Targeted Redevelopment
 Operational Effectiveness Community Inclusiveness Infrastructure & Asset Mgmt.

The surplus allocations will affect most areas of the strategic plan, especially asset management.

Background

Staff has prepared a list of recommendations for consideration by the City Council, as shown on the following page. The recommendations, based on areas of need from a long-term financial perspective, are for discussion purposes at this point.

Recommendations for Allocations

- 1. Employee Benefits Fund** **\$350,000**

The Employee Benefits Fund accrues resources to fund employee severance and PTO leave payments. At 12/31/2021, the fund had \$1.7M in assets and \$2.2M in liabilities. Adding additional employees and severance payments resulting from early retirement incentives have recently put pressure on the fund. It is currently over \$500K underfunded. There is no legal requirement to fully fund leave payments, but the liabilities are monitored closely by rating agencies. A one-time allocation of \$350,000, coupled with additional measures adopted internally, will bring the fund into balance again.
- 2. Building Fund** **\$250,000**

The City levies \$200,000 per year in property taxes for the Building Fund to finance repair and maintenance projects for existing buildings. We have plans to increase the levy to \$250,000 - \$300,000 per year, because existing funding makes it difficult to maintain the building at an appropriate level. This is especially true in years where a large roofing project is required. However, recent economic conditions have made it difficult to increase the levy. A one-time allocation of \$250,000 to this fund will provide some flexibility and allow for completion of deferred projects. The five-year CIP includes \$1M in projects, or \$200,000 per year. However, this leaves no consideration for contingencies.
- 3. Public Safety Equipment Fund** **\$500,000**

For fiscal year 2021, the City levied \$390,000 for the Public Safety Equipment Fund. This covers police and fire vehicles and equipment. The annual requirement to fund the public safety fleet is approximately \$600,000 per year. This does not include the ladder truck, scheduled for replacement in 2022, at a cost of \$1,250,000. The City will find alternate funding for the ladder truck. However, other fire equipment is up for replacement during the CIP period. A one-time allocation of \$500,000 will provide funding for equipment until the increased levy is affordable for the community. In the alternative, the City can purchase fire equipment through a tax-exempt lease agreement.
- 4. Fleet Fund** **\$200,000**

The Fleet Fund accounts for the purchase of public works vehicles and equipment. Funding for the equipment purchases comes from internal services charges from the General Fund and the Utility Funds, supported by a tax levy and utility revenues. The annual funding requirement is approximately \$600,000 for overall fleet replacement. Due to continually rising equipment costs, it can be difficult to maintain adequate cash flow requirements. An increase of 5% per year in service charges is required for the entire 2022-2026 CIP period to fund the necessary purchases. This one-time allocation of \$200,000 will mitigate the need for increases to the tax levy and keep the fund balance from going negative.
- 5. EDA Fund** **\$300,000**

The EDA consistently needs funding sources for economic development activities. This one-time allocation, coupled with other allocations over the next couple of years, will give the EDA some capital to fund economic development and housing projects.

TOTAL ALLOCATIONS

\$1,600,000

Attachments

1. None

CITY COUNCIL WORKSHOP STAFF REPORT
Meeting Date May 24, 2021

REPORT TO: Melinda Coleman
REPORT FROM: Ellen Paulseth, Finance Director
PRESENTER: Ellen Paulseth, Finance Director
AGENDA ITEM: American Rescue Plan Funding Overview

Action Requested: Motion Discussion Public Hearing
Form of Action: Resolution Ordinance Contract/Agreement Proclamation

Policy Issue:

The American Rescue Plan Act (ARPA) authorizes the distribution of “Coronavirus State and Local Fiscal Recovery Funds” to provide economic relief related to Covid-19. The City of Maplewood will receive an estimated \$4,655,978 in two equal installments, the first in June of 2021 and the second in June of 2022. Local governments are required to spend the grant funds by December 31, 2024.

Recommended Action:

No action is required. Council will consider spending allocations at a future meeting.

Fiscal Impact:

Is There a Fiscal Impact? No Yes, the true or estimated cost is \$4,655,978
 Financing source(s): Adopted Budget Budget Modification New Revenue Source
 Use of Reserves Other: N/A

Strategic Plan Relevance:

Financial Sustainability Integrated Communication Targeted Redevelopment
 Operational Effectiveness Community Inclusiveness Infrastructure & Asset Mgmt.

The grant allocations may affect all areas of the strategic plan.

Background

The State of Minnesota has received ARPA funding for cities who are not CDBG entitlement cities, which includes Maplewood. Because Maplewood’s population is less than 50,000, ARPA funding will flow through the State of Minnesota, rather than directly from the U.S. Treasury. We expect the first half payment by the end of June.

The U.S. Treasury recently issued interim guidance on eligible ARPA funding expenditures for state, local and tribal governments. Treasury will issue final guidance following a 60-day comment period. In general, authorized ARPA expenditures include the four main areas described below:

1. Covid-19 Response

To respond to the public health emergency with respect to Covid-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.

2. Premium Pay for Essential Workers

To respond to workers performing essential work during the Covid-19 public health emergency by providing premium pay to eligible workers that are performing essential work.

3. Revenue Reduction Relief

For the provision of government services to the extent of the reduction in revenue of the City, due to the Covid-19 public health emergency, relative to revenues collected in the most recent full fiscal year of the City prior to the emergency.

4. Infrastructure Investment

To make necessary investments in water, sewer, or broadband infrastructure.

Shown below is a broad framework for a conceptual spend-down of the grant. The U.S. Treasury will release additional guidance on spending guidelines that will provide more definition for these broad categories.

	Covid-19 Response	Essential Workers	Revenue Reduction	Infrastructure Investment	Total Grant
General Fund 101	181,251.83	280,000.00	534,281.24	-	995,533.07
Fire Training Facility 211	-	6,000.00	6,502.00	-	12,502.00
Tree Fund 219	-	-	11,028.00	-	11,028.00
Cable TV Fund 222	-	-	121,744.10	-	121,744.10
EDA Fund 280	800,000.00	-	-	-	800,000.00
Park Fund 403	-	-	135,824.00	-	135,824.00
WAC Fund 407	-	1,500.00	19,655.00	-	21,155.00
Sewer Fund 601	-	12,000.00	12,090.00	-	24,090.00
EU Fund 604	-	12,000.00	-	-	12,000.00
Recycling Fund 605	-	1,500.00	-	-	1,500.00
Ambulance Fund 606	-	37,000.00	615,711.15	-	652,711.15
Interest Income 101	-	-	384,090.39	-	384,090.39
Infrastructure	-	-	-	1,482,800.00	1,482,800.00
	981,251.83	350,000.00	1,840,925.88	1,482,800.00	4,654,977.71

Keep in mind that categories such as revenue reduction and infrastructure consist primarily of reimbursements by nature, and will result in readily available funding. The City Council will make final spending allocations after Treasury issues final guidance. We expect to have recommendations for Council consideration prepared by August.

Additional Grant Funding Available

In addition to the funding for State, Local and Tribal Governments, ARPA provides assistance in three other general areas:

1. Assistance for American Families & Workers
 - a. Economic impact payments
 - b. Unemployment compensation
 - c. Child tax credit
2. Assistance for Small Businesses
 - a. Small business tax credit programs
 - i. Employee retention credit
 - ii. Paid leave credit
 - b. Emergency capital investment program
 - c. Paycheck protection program
3. Assistance for State, Local, and Tribal Governments
 - a. Coronavirus state and local fiscal recovery funds (*Maplewood funds from here*)
 - b. Capital projects fund
 - c. Homeowner assistance fund
 - d. Emergency rental assistance fund
 - e. State small business credit initiative
 - f. Coronavirus relief fund
4. Assistance for American Industry
 - a. Airline and national security relief programs
 - b. Coronavirus economic relief for transportation services program
 - c. Payroll relief programs
 - i. Employee retention credit
 - ii. Additional tax credits
 - iii. Payroll tax deferral

Information about these programs is located at the U.S. Treasury website:

<https://home.treasury.gov/policy-issues/coronavirus>

Attachments

1. None