Regular Workshop Meeting of the Vadnais Heights City Council
Tuesday, August 4, 2020 - 6:00 pm
Lakes Conference Room at City Hall

AGENDA

1. Open Meeting
2. High Level CARES Act Discussion
   Documents:
   2 CARES ACT UPDATE.PDF
3. Goals Amendment – Ditch Maintenance
   Documents:
   3 AMENDED CC GOALS MEMO.PDF
4. Other Staff Items
5. Future City Council Requests
6. Adjourn
Memorandum:

TO: Mayor Gunderson and City Council Members
FROM: Kevin P. Watson, City Administrator
       Bob Sundberg, Finance Director
DATE: August 4, 2020
SUBJECT: COVID-19 and CARES Act

Background
This discussion is intended to update the City Council and receive some general direction on whether some ideas are worth exploring further. The City has received $994,341 from the State of Minnesota through the Federal CARES Act. Now that the City has received the money, we will need to provide monthly reports to the State on how the resources are being allocated toward eligible expenses. This money is intended to be used for costs associated with COVID-19.

There are specific criteria surrounding the CARES funds and what we can and cannot spend these dollars on. One big one is we cannot use it for revenue shortfalls related to COVID-19. Our revenue shortfall is around $600k. There are likely expenses in other parts of our budget that would be eligible and afford us the ability to reallocate those dollars to the shortfalls. Another ineligible expense is distributing a city wide check or credit on water bill to all residents/property owners. The funds are intended for expenses related to COVID-19 between March 1 and November 15. All dollars must be spent by November 15th, or they will need to be given back to the State.

Clarification provided by the federal government allows cities to presume payroll costs for public safety employees are eligible for reimbursement under the CARES Act. Accordingly, the city will have spent approximately double the amount allotted to it by the November 15, 2020 deadline. We are waiting for allocated spending amounts from the Sheriff's office to finalize our spending totals. Should the City Council choose, dedicated all these funds to public safety expenses is permitted.

The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. For this reason, and as a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.
Finally, the City Council should consider if they would like to “share” these dollars with the community through services/programs that help those impacted by COVID-19. For example, some cities are exploring small grants to businesses with COVID-related expenses. Some cities are exploring workforce training opportunities for residents and businesses impacted by COVID. Some cities are exploring giving some of their dollars to the school district. Some are giving their dollars to the local hospitals. All of these are viable opportunities. Nolan has explored some ideas related to grants. There’s likely partnerships we would need to explore to facilitate some of these ideas. We have been reached out to by the local hospitals on sending some of these funds to them.

My question for City Council is do you want staff to explore any of these ideas? How much of these dollars are you interested in putting into the community? This is a policy call. Keep in mind that we need to spend these dollars by November 15th. So there isn’t the luxury of time here to consider every opportunity. I’m looking for City Council to turn staff loose on one or two of these ideas. Or is the City Council only interested in using these dollars for City-related expenses.

Please let us know if you have any questions.
Memorandum:

TO: Mayor Gunderson and City Council Members

FROM: Kevin P. Watson, City Administrator

DATE: August 4, 2020

SUBJECT: City Council Goals Discussion

Council Direction
Review proposed amendment to City Council Goals.

Background
Attached is the information provided at the last workshop related to the current goals. At that meeting, City Council asked City staff to amend the goals to include stormwater/ditch maintenance as a new goal. Staff took some liberties and amended the “street reinvestment goal” and made it an “infrastructure reinvestment goal”. See the attached work plan with the amended language. Please advise staff if this meets the expectations of the City Council.

Attachments:
- Amended Council Goals Work Plan
- 7/21/2020 workshop material
Top Priorities and Objectives

1. **Develop a Infrastructure Reinvestment Plan**
   - Evaluate current conditions of city infrastructure including pavement, utilities and ditches
   - Analyze existing condition and establish prioritized programmed activities
   - Establish and communicate relationship between service level expectations and funding
   - Create one- and five-year plans
   - Implement programs and assess accordingly

2. **Formulate and adopt a 20-year Capital Improvement Plan**
   - Assess current facilities and equipment
   - Prioritize ownership, lease, share or other methods of providing equipment
   - Identify acquisition options (selection)
   - Develop the funding plan
   - Develop narrative and communication plan

3. **Develop a proactive Economic Development Plan**
   - Collaborate and coordinate with VHEDC
   - Analyze potential financial incentives/business subsidy policy
   - Review existing TIF tools and future uses
   - Assess demographics within certain city segments

4. **Create and utilize a service-level budgeting approach**
   - Assess programs and operations within each department
   - Retool budget document and process to tell the story (narrative)
   - Council evaluate cost priorities
   - Incorporate CIP for manageable levy increase

5. **Develop communication/engagement strategies for greater community participation**
   - Identify our demographics and how they access information
   - Tell our story as identified by goals and priorities
   - Connect to understand desired level of engagement
   - Marketing/Education
   - Face-to-Face opportunities, such as special events, partnerships, coffee w/your Council member – get creative and make it fun!

6. **Maintain or increase housing values through Housing Preservation Plan**
   - Consider subsidizing home improvements
   - Analyze existing programs by other agencies
   - Consider proactive code enforcement
   - Analyze existing property maintenance violations

7. **Preserve and Expand the City’s trail system**
   - Evaluate and look for gaps in trail system; solicit public feedback
   - Look for high priority projects – Vadnais Lake. County Rd D and Koehler
   - Establish funding
   - Create maintenance plan
   - Implement and evaluate
Memorandum:

TO: Mayor Gunderson and City Council Members

FROM: Kevin P. Watson, City Administrator

DATE: July 21, 2020

SUBJECT: City Council Goals Discussion

Council Direction
Advise Staff on preferred next steps.

Background
In late spring 2019, City Council spent an evening identifying goals for the new City Council to tackle in the next couple years. Goals setting sessions are a unique opportunity for established and new council members (Youker and Morse) to discuss concerns and ideas in a less formal but effective environment. Additionally, it was an opportunity for City Council to get to know two newer staff members in Jesse Farrell and Tim Sandvik, who had been on the job for less than a year. Goals are beneficial as they help guide staff to operate the City.

While I’m happy to say we have accomplished many of the objectives within the list, we were challenged with some unexpected once in a generation hurdles – record rainfall, global pandemic, social unrest, to name a few. I think it’s fair to say, some of those may take a spot in the priorities and objectives list in the future.

City staff is eager to discuss the list and what we have accomplished and what we continue to strive for. As a friendly reminder on the list, the first five were of the highest priority and the last two were important but not as important as the first five. This is a chance to check in on the goals and discuss if the City Council wishes to refresh the list with new goals. If goals are to be added, it’s important that the other goals be removed or reprioritized to ensure staff time is managed appropriately.

Top Priorities and Objectives

1. Develop a Street Reinvestment Plan
   o Evaluate current conditions of City streets
   o Rate based on approved criteria
   o Establish city relationship between service level expectations and funding
   o Create one- and five-year plans
   o Implement plan and assess accordingly
Staff Comment: This effort quickly became a top priority for City staff. Investment for 2020 will approach $2 million from a variety of sources. The goal also included a significant increase in utility investment as street work facilitates and necessitates a careful look at utilities. Planning efforts for 2021 have already commenced in conjunction with a presumed increase to the franchise fees. Projects for the next 10 years have been briefly discussed with the Council and staff is working towards a preliminary 5 year plan that takes into account pavement conditions, utility needs, community and Council feedback, and other factors that influence optimal timing. Pavement condition evaluation will take place every other year, to further establish degradation timelines. Additional efforts will include parking lot pavement and trail conditions survey, and future reinvestment plans. Despite increased funding, most streets will not be completed as soon as some property owners prefer.

2. **Formulate and adopt a 20-year Capital Improvement Plan**
   - Assess current infrastructure and equipment
   - Prioritize ownership, lease, share or other methods of providing equipment
   - Identify acquisition options (selection)
   - Develop the funding plan
   - Develop narrative and communication plan, sell it

Staff Comment: We have obtained a preliminary analysis of most of the City's infrastructure. The initial financial plan prepared by our auditing firm was not as user friendly as the City Council desired. The Fire Department has prepared a detailed schedule of their equipment needs and justification for them. We hope to use this schedule as a model for other departments to follow. Once these schedules are prepared, Council can evaluate the need for specific items, acquisition options and opportunities to share equipment with other jurisdictions. Funding for utility-related infrastructure is provided by the utility funds which are all in sound financial condition. The Capital Improvements Fund is used for all other capital needs. The Fund is adequate for short-term needs but will need to be replenished for longer-term purchases. It’s possible once all the information is available, the auditing firm can retool their document to be more user friendly.

The two primary areas within public works that require additional planning efforts are our aging facilities and ongoing equipment replacement. Our facilities are all reaching the age where additional investments have become more and more frequent and expensive. To date, facility maintenance and funding for such items have been mostly reactive. Staff needs to formulate a process to establish what these repairs might cost, and when, and establish an annual funding mechanism from which to save for future expenses beyond the one year window of our annual budgeting process. Suffice to say, we need to start saving now, it just a matter of how much. With multiple buildings with a combined value in excess of $40M, one rule of thumb is to set aside one 2 percent of the building value each year in order to fund larger projects in future years. This means setting aside $200,000 to $400,000 a year would be a reasonable approach to effectively prepare for larger future expenses across all our facilities. Equipment replacement has been planned on a rolling 5 year basis. One shortcoming of the past approach is that optimal replacement schedules have usually been shifted well into the future to reduce overall annual spending. Overall our equipment fleet is in satisfactory condition, but future needs outstrip current funding levels.

3. **Develop a proactive Economic Development Plan**
   - Collaborate and coordinate with VHEDC
   - Analyse potential financial incentives/business subsidy policy
o Review existing TIF tools and future uses
o Assess demographics within certain City segments

Staff Comment: Staff has gotten information from Ehlers on limitations for spending the outstanding balances in the remaining TIF accounts. This should be a top priority once the economy starts to ramp back up, as many businesses may still need some assistance. Conversations with VHEDC have not yet occurred.

4. **Create and utilize a service-level budgeting approach**
   - Assess programs and operations within each department
   - Retool budget document and process to tell the story (narrative)
   - Council evaluate cost priorities
   - Incorporate CIP for manageable levy increase

Staff Comment: Council took a major step forward for this year's budget by meeting several times and delving deeply into the budget and related services financed by the budget. Each department was analyzed in depth and direction was provided to department heads to accomplish Council goals and priorities. Near-term capital needs have been addressed without substantial tax increases. This process needs to be coordinated with the proposed 20-year capital plan. These activities are necessary for each year's budget planning.

5. **Develop communication/engagement strategies for greater community participation**
   - Identify our demographics and how they access information
   - Tell our story as identified by goals and priorities
   - Connect to understand desired level of engagement
   - Marketing/Education
   - Face-to-Face opportunities, such as special events, partnerships, coffee w/your Council member – get creative and make it fun!

Staff Comment: In 2019, Council approved an expenditure of $35,000 to be dedicated to communication efforts. In early 2020, staff was working with the Mayor to identify different opportunities in enhance communications, increase engagement and do a better job of ‘telling our story’. Staff received quotes from private vendors to understand those opportunities; however, in February staff was preparing to make recommendation to hire staff in a part-time (potentially, limited) capacity. With the uncertainty the global pandemic brought, staff held off on a number of expenditures including communications personnel. However, since March, staff has developed strategy to enhance existing communications, promote engagement, and improve marketing/education. Some examples include, but are not limited to: increasing social media presence (followers and engagement), in-house design of marketing materials including our newsletter (cost savings), creating an online resident guide, hosting development activity, and a weekly construction update email/webpage. The coronavirus has forced us to operate in a different manner, but through communications we have improved our online presence to promote all departments of the City.

6. **Maintain or increase housing values through Housing Preservation Plan**
   - Consider subsidizing home improvements
   - Analyse existing programs by other agencies
Consider proactive code enforcement
- Analyse existing property maintenance violations

Staff Comment: Staff met with NeighborWorks Home Partners late last year, which is a non-profit that administers home improvement loans for cities (Shoreview). They work with several Ramsey County cities and provided examples of various loan programs. The next step is to bring forward a discussion with the Council on what income restrictions and improvements are eligible. Code enforcement remains reactive and many businesses have been allowed to erect non-compliant signs, given the circumstances. The same issue remains with the citation process and court procedures for frequent violators and problem properties, which is the time it takes to actually resolve the matter.

7. Preserve and Expand the City’s trail system
   - Evaluate and look for gaps in trail system; solicit public feedback
   - Look for high priority projects – Vadnais Lake
   - Establish funding
   - Create maintenance plan
   - Implement and evaluate

Staff Comment: With the COVID pandemic keeping people home more than usual, what has been highlighted is the importance of a good trail system. It seems more residents than ever are using their trails, sidewalks and road sides for exercise, fresh air, and transportation. The City has made a few noticeable improvements to our system. Perhaps the most significant is the new trail being constructed on the north side of County Road D. This project, especially in combination with a future extension, will provide an important facility in an area that is more densely populated with great connections to trail systems in Little Canada, Maplewood and beyond. At both the Aster Meadow and Willow Ridge East apartment projects, there are now improved sidewalk and trails that connect to existing systems. City staff has had multiple conversations with the County to further development of an eventual Vadnais Road trail along East Vadnais Lake. With the pandemic, resources dedicated to the Koehler Trail Task Force Survey Study were held up to ensure funds for other needs were available. Staff anticipates potentially picking this project back up once we know funding levels are back to a sustainable level. Dedicated funding for trails has not been established, but as the system ages it will be important to begin a trail reconstruction program, similar to what has been established for our streets.

Attachments:
- Council Goals Work Plan
- Council Goals Report
Top Priorities and Objectives

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City of Vadnais Heights

2019 Goal Setting Session Report

On April 22, 2019, the Vadnais Heights City Council and Department Heads convened a special session to discuss the status of the organization and brainstorm key priorities for the coming 2-3 year period. The session included Mayor Heidi Gunderson, Councilmembers Craig Johnson, Bob Morse, Greg Urban, and Patricia Youker, City Administrator Kevin Watson, Assistant City Administrator Tim Sandvik, Fire Chief Ed Leier, Community Development Director Nolan Wall, Finance Director Bob Sundberg and City Engineer/Public Works Director Jesse Farrell.

Organizational Assessment

The session began with an assessment of the organization and the community as it exists today. This process provided participants with the opportunity to focus on the strengths of the organization, the areas in which it can improve, and the opportunities that present themselves in the near future. Participants were asked to share their thoughts on each topic and focus on brainstorming as many results as possible in the time provided. This process provided the background necessary for participants to think about what the most critical goals are in the coming years.

Organizational/Community Strengths

The first activity focused on the strengths of the organization. Specifically, participants were asked what elements of the City would they be most proud to publicy share with others less familiar with Vadnais Heights. The members of the Council and staff identified the following as strengths:

- “Right Size” – stronger community, sense of identity
- Strong, professional and talented staff
- Helpful and supportive team approach between staff and Council
- Motivated and energetic Council
- Stability amongst citizens, businesses, and staff
- Strong business climate, regulations not overly burdensome
- Low taxes, low cost of ownership
- Great natural resources, specifically lakes, parks, trails and open spaces
- Excellent public facilities
- Great location and accessibility to the Twin Cities
- Great community events (HD, Egg Hunt, etc.)
- Strong service groups and volunteer participation, help further mission
- High level of neighborliness – friendly, caring and courteous
- Strong mix of business
- Convenient and strong retail options
City services are excellent and well regarded
- Fully development and well-established community
- Creativity will bring new opportunities
- City listens well and is connected to its citizens
- Stable financial position – efficient operations
- Great public safety services – safe community
- Snow removal and utility services are amongst the best
- Schools are excellent
- Relationships with neighboring communities, county, etc., are strong

This activity showed the starting point for conversations about what the team wants to accomplish moving forward. The strengths of the community identified were wide-ranging and thorough, and participants were consistent in their acknowledgement of these assets. Common themes amongst small groups were that Vadnais Heights is a strong community with a high-level of public services and a good value for those who live and do business in the city.

Organizational/Community Areas for Improvement

The next activity led the group to a discussion of areas for improvement. The purpose of this exercise is to identify those tasks and/or areas of the community that could be improved. Essentially, these items provide the building blocks for the establishment of goals. As such, participants were asked to brainstorm things under the City’s control that could be improved from its current state. The results of this activity were as follows:

- Street maintenance – more specifically pavement management
- Financing for aging infrastructure, future needs – CIP/funding alignment in the areas of streets, utilities, trails, natural resource mgmt., parks, department needs, sheriff’s budget
- Budgeting/financial planning for future levies
- “Kicking the can” – putting off costs until a later date
- Pavilion in need of rehabilitation
- Telling the story of city – communication
- Franchise fees – not enough to fully fund street maintenance
- Lack of shared goals, initiatives to move forwarded with consensus
- More reactionary than being proactive
- “Old habits” – doing things the same way we’ve always done them.
- Addressing best city interests in the face of strong opposition
- Managing demands of changing demographics, new community members
- Aging volunteers, need to attract new volunteers
- Firefighter recruitment
- Lean operation and staffing
- Expanse of social media, community communication expectations
- WBL lake level
- Rising cost of public safety services
- Lack of a defined downtown
• Housing supply challenges – aging housing stock, new supply not balanced
• Fully developed city – growth means redevelopment
• Green space/open space is an asset, but also costly and restricts other land uses
• Lack of public transportation options
• Lack of local entertainment options

This list as well contains many common or similar themes amongst members of the leadership team. Foremost is the acknowledgement that while the city has been cost conscious and effectively offering a low tax rate, there are long-term financial planning needs – specifically around capital improvement planning for infrastructure improvements – that would improve the City’s ability to meet community needs. The activity also yielded comments regarding the community’s housing stock, communication strategies, and service needs within the city.

Organizational/Community Opportunities

This activity led the group to brainstorming opportunities provided by its strengths and areas of improvement. The brainstorming of opportunities followed many of the common themes of the previous two activities. Actively discussing and sharing perspectives of the opportunities provide a strong basis to set goals to take advantage of what’s possible. Participants identified the following as opportunities:

• The economy and housing market are thriving, providing potential for redevelopment opportunities – NE Quadrant Plan, Garceau redevelopment, Rice/694, etc.
• Growth of technology and communication ability
• Natural areas provide trail opportunities
• New Council and staff
• Pooled TIF revenues provide opportunities for new strategies
• Great public services
• Potential for regional partnerships – SV Community Center, RC Sports Facility, STP Water Department, RC Parks, HB Fuller
• Location
• Programs to enhance housing reinvestments, specifically along County Road D
• City’s strong financial position, continued evaluation of cost controls and opportunities to enhance efficiencies
• Good schools, opportunities for new families
• Strong neighborliness in the community
• Engage community – education on City issues, get fresh ideas, tap into community
• Partnering with other organizations, specifically to address senior needs
• Marketing of the city – welcome wagon, tourism/convention, promotion

The potential foundations of a goals program emerged during this brainstorming of opportunities in front of the community. The presence of a strong economy and housing market in the Twin Cities metropolitan area was recognized by most of the participants as an opportunity for Vadnais Heights to address redevelopment areas within the city. Further, the City’s strong financial position was identified by participants to be an asset to address capital improvements needs. The group also recognized the strength that its neighborly and connected community can provide in terms of enhanced engagement.
2019-2020 Goal Setting

Following the organizational assessment phase of the worksession, the Council and staff developed ideas for a goals platform to guide the City’s actions over the next 2-3 years. This timeframe is used to establish a workplan that can reasonably be accomplished over the next two years, but also challenges to think of goals that may stretch the organization.

Participants were asked to focus on goals that were measurable, manageable, and achievable. To that end, effective goals need to be within the organization’s capability to control. The goals also need to be measurable – at any given point in the future, the leadership team should be able to assess if the goals are being accomplished and to what degree. Likewise, the workplan should contain goals that can be measured and can be accomplished in the timeline.

As the final step in the workplan development, the Council should formally adopt all, or a portion, of the goals listed below.

**Highest Priority Goals**

- Develop a Street Reinvestment Plan
- Formulate and Adopt a 20-year Capital Improvement Plan
- Develop a pro-active Economic Development Plan
- Create and Utilize a Service-Level Budgeting Approach
- Develop communication/engagement strategies for greater community participation
- Maintain or increase housing values through Housing Preservation/Investment Plan
- Preserve/Expand Trail System

**Priority Goals**

- Evaluate Parks and Recreation programs, amenities, and events to increase efficiency and access
- Identify and prioritize redevelopment/development opportunities
- Maintain/Retain/Attract a high-performing municipal team
- Develop a risk management strategy regarding development

The group went further with its highest priority goals, developing them into a draft workplan. While this workplan contains a series of objectives for each of the highest priority goals, further evaluation and enhancement of these objectives will likely be needed as the organization develops its strategies to accomplish the respective goals. The workplan is attached as a standalone document.

In conclusion, it was my pleasure to work with your team on this important project. This goals program and work plan will provide organizational clarity for both the Council’s decision-making process and the day-to-day service delivery by City staff. Your leadership team displayed an impressive level of caring and commitment to the community you serve, and that demonstrated itself through the thoughts and ideas you shared about its direction. It was an honor to work with you.

Prepared and submitted by Phil Kern on behalf of the City of Vadnais Heights.