



City of Northfield

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Legislation Text

File #: EDA M2020-018, **Version:** 1

DATE: August 27, 2020

TO: Northfield Economic Development Authority Board of Directors

FROM: Nate Carlson, Economic Development Coordinator

2021 EDA Budget Approval

SUMMARY AND ACTION REQUESTED:

Review draft of the 2021 EDA Budget and make a motion to approve the three budget scenarios.

BACKGROUND:

Staff has prepared a draft of the 2021 EDA budget for consideration by the EDA Board of Directors. Budget spreadsheet and supporting documents are attached. The primary concern for the EDA is the yearly review of the EDA Funds (i.e. Fund 290, Fund 292, and Fund 293).

Due to the COVID-19 Pandemic, staff has been advised by the City Finance Department to develop alternative budget scenarios that would account for a normal budget increase, a stable budget, and a decrease in budget. Staff has developed three options for the Board to consider. Option #1 demonstrates a “normal” 4% increase in the EDA Budget. Option #2 illustrates a stable budget of 0% change in revenue from 2020 to 2021. Option #3 depicts a 4% decrease in the EDA budget. The following is a synopsis of the “normal” budget.

Revenues

The EDA has traditionally requested maximum level allowed by Minnesota Statute of 0.01813 percent of taxable market value. The County Assessor typically provides an estimate of the next year’s taxable market value in October. Until these estimates are received, staff is utilizing the 2020 certified levy as a baseline for budget forecasting.

Based on this information, the 2020 EDA levy would be approximately \$273,407. In addition to the levy, the EDA receives additional revenue of approximately \$25,500 from other sources. These include approximately \$15,500 from interest on investments and \$10,000 from interest payments on loans. A total of \$298,812 in estimated revenues are included in the draft 2021 EDA budget for Option #1. This a 3.8% increase from 2020 budget, which totaled \$287,891.

Expenditures

The draft expenditure budget is balanced with projected revenues equal to expenditures at \$298,812 for Option #1. The total expenditures in Fund 290 are \$218,812. The total proposed expenditures in Fund 292 remain the same as 2020 for \$80,000. The following line items are key expenditure areas included in the EDA budget:

Personal Services: The 2021 personal services budget is based on actual salary and benefits for the Economic Development Coordinator and a portion of support staff and department administration. The 2020 EDA budget

provides funding for 1.2 FTE staff members, which includes 10% of the Administrative Assistant position and 10% of the Community Development Director position. The total estimated expenses for Fund 290, line item personnel services, in 2021 is \$120,419. This amount remains the same throughout the three budget options.

Professional Services: This line item is utilized for professional consulting services related to economic development including market studies, land surveys, retail trade analysis, and marketing activities. The preliminary 2021 EDA budget for Fund 290, line item professional services, includes \$10,000 for these activities.

Legal Services: The preliminary 2021 EDA budget for Fund 290, line item legal services, includes \$5,000 for legal services. While this line item was not fully utilized in the last few years, the EDA has traditionally incurred \$3,500 - \$5,000 in legal fees.

Partnership Programs: This line item includes EDA funding for the Riverwalk Market Fair and the Northfield Enterprise Center (NEC). The EDA approved a new three-year contract at the end of 2019. The contract provides \$50,000 in funding for the NEC each year through 2022. Other than personal services, this is the largest single line item in the EDA budget.

The consultant service contract with the Riverwalk Market Fair also comes from this line item. In 2018, the EDA extended the contract with the Riverwalk Market Fair for two years. The current contract provides \$7,000 for 2020 with the potential for an additional \$3,000 if the Market Fair matches revenues. However, due to the pandemic, the RWMF was postponed for 2020, and the RWMF board has requested that the contract be amended for 2021 at the same funding level. The RWMF has requested that the unused funds from 2020 rollover to 2021.

The 2021 EDA preliminary budget for Fund 292, line item partnership programs, includes \$50,000 for the NEC as well as \$10,000 for the River walk Market Fair for a total of \$60,000.

Micro Grant Program: With minimal activity in the Micro-Grant program for 2020, staff recommends allocating \$20,000 for the Micro-Grant program in Option #1 and #2. However, Option #3 depicts a decrease of \$10,000 to account for the overall budget decrease.

Other Projects: This line item in Fund 290 is for EDA work plan initiatives and other new projects that will be included in the strategic plan. The preliminary 2021 EDA budget for Fund 290 includes \$52,920 for Option #1.

The EDA established a Façade Improvement Grant Program that will be piloted over the course of three years at \$20,000 per year. Two projects were awarded in 2020 totaling \$18,950. Staff has budgeted \$20,000 to continue this programming.

The EDA also allocated \$15,000 to Socio-Economic initiatives stemming from the Strong & Starlike Consulting report. These funds are scheduled to be utilized during the final months of 2020. Staff finds that funding will be needed to continue this work into 2021. Staff has budgeted \$15,000 for Socio-Economic initiatives in 2021.

As of June 2020, the EDA created an E-Commerce program to assist with investment in e-commerce for restaurants and retailers. The EDA allocated \$15,000 from reserve funds to fund this program. Budget Option #1 accounts for this program to continue in 2021 at \$15,000.

Option #2 and #3 do not account for this new program. There is a decrease of \$5,000 for Other Projects line item from 2020 to 2021 to account for the alternative budget scenarios.

OPTIONS:

The EDA Board can either approve the budget as drafted or make adjustments as needed.

RECOMMENDATION:

Staff recommends approval of the budget as drafted with the three possible scenarios.

2021 EDA BUDGET

Revenues

290 - EDA General Operating

	2018 Actual	2019 Approved	2020 Approved	2021 (Option #1)	2021 (Option #2)	2021 (Option #3)
Taxes	\$ 193,180	\$ 195,094	\$ 205,986	\$ 216,907	\$ 205,391	\$ 205,391
290-31010 Taxes: Current	\$ 193,180	\$ 195,094	\$ 205,986	\$ 216,907	\$ 205,391	\$ 205,391
290-31020 Taxes: Delinquent		\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
290-33402 Market Value Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEED Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ 2,000	\$ 2,000	\$ 1,905	\$ 1,905	\$ 1,905	\$ 1,905
Interest on Investment	\$ 1,500	\$ 1,500	\$ 1,405	\$ 1,405	\$ 1,405	\$ 1,405
Investment Market Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc. Revenue	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Loan Pymts Rcvd.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE:	\$ 195,180	\$ 197,094	\$ 207,891	\$ 218,812	\$ 207,296	\$ 207,296

Fund 290 Summary

Total Revenue:	\$ 195,180	\$ 197,094	\$ 207,891	\$ 218,812	\$ 207,296	\$ 207,296
Total Expense:	\$ 192,988	\$ 195,180	\$ 207,891	\$ 218,812	\$ 207,296	\$ 207,296
Loss/Gain:	\$ 2,192	\$ 1,914	\$ -	\$ -	\$ -	\$ -

2021 EDA BUDGET

Revenues

292 - EDA Community Investment Fund

	2018 Actual	2019 Approved	2020 Approved	2021 (Option #1)	2021 (Option #2)	2021 (Option #3)
Taxes	\$ 46,500	\$ 56,500	\$ 56,500	\$ 56,500	\$ 56,500	\$ 46,500
292-31010 Taxes: Current	\$ 46,500	\$ 56,500	\$ 56,500	\$ 56,500	\$ 56,500	\$ 46,500
292-31020 Taxes: Delinquent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Market Value Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEED Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ 23,500	\$ 23,500	\$ 23,500	\$ 23,500	\$ 23,500	\$ 23,500
Interest on Investments	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500
Investment Market Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on Loans	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Misc. Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loan Pymts Rcvd.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE:	\$ 62,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 70,000

Fund 292 Summary

Total Revenue:	\$ 62,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 70,000
Total Expense:	\$ 62,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 70,000
Loss/Gain:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Expenditures

290 - EDA General Operating

	2018 Actual	2019 Approved	2020 Approved	2021 (Option #1)	2021 (Option #2)	2021 (Option #3)
GENERAL OPERATING						
Personal Services	\$ 104,043	\$ 108,621	\$ 115,993	\$ 123,121	\$ 123,121	\$ 123,121
Salaries	\$ 80,127	\$ 83,549	\$ 90,025	\$ 94,936	\$ 94,936	\$ 94,936
Overtime	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40
Longevity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Part-time	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PERA	\$ 6,209	\$ 6,446	\$ 6,944	\$ 7,315	\$ 7,315	\$ 7,315
FICA	\$ 5,921	\$ 6,120	\$ 6,616	\$ 6,921	\$ 6,921	\$ 6,921
Med/Dental/Life	\$ 9,029	\$ 9,746	\$ 9,864	\$ 11,040	\$ 11,040	\$ 11,040
HSA Contribution	\$ 2,100	\$ 2,100	\$ 1,925	\$ 2,100	\$ 2,100	\$ 2,100
Unemployment Comp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workers Comp	\$ 617	\$ 620	\$ 579	\$ 769	\$ 769	\$ 769
Supplies						
General Supplies	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Charges for Services	\$ 36,223	\$ 37,223	\$ 36,723	\$ 36,723	\$ 36,723	\$ 36,723
Professional Services	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Auditing/Accounting	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800
Legal Services	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
IT Equipment Replacement	\$ 2,883	\$ 2,883	\$ 2,883	\$ 2,883	\$ 2,883	\$ 2,883
Mileage/Meals/Lodging	\$ 2,000	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Training/Conferences	\$ 3,000	\$ 4,000	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Advertising	\$ 8,500	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
General Insurance	\$ 3,040	\$ 3,040	\$ 3,040	\$ 3,040	\$ 3,040	\$ 3,040
Gas / Electric Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water & Sewer Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ 48,750	\$ 45,750	\$ 49,675	\$ 53,468	\$ 41,952	\$ 41,952
Dues/Memberships	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250
Miscellaneous Operating	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Administrative Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Projects	\$ 45,500	\$ 42,500	\$ 46,425	\$ 50,218	\$ 38,702	\$ 38,702
<i>Façade Improvement Plan \$20,000; Socio-Economic Programs \$15,000; E-Commerce Program \$15,000 (Option #1)</i>						
MicroGrants Program Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Partnership Programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer Out	\$ 5,664	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
<i>HCI \$5,000</i>						
TOTAL EXPENSES	\$ 195,180	\$ 197,094	\$ 207,891	\$ 218,812	\$ 207,296	\$ 207,296

Expenditures

292 - EDA Community Investment Fund

	2018 Actual	2019 Approved	2020 Approved	2021 (Option #1)	2021 (Option #2)	2021 (Option #3)
GENERAL OPERATING						
Personal Services						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Longevity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Part-time	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PERA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FICA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Med/Dental/Life	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HSA Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unemployment Comp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workers Comp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies						
General Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services						
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Auditing/Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IT Equipment Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mileage/Meals/Lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Training/Conferences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas / Electric Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water & Sewer Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges						
Dues/Memberships	\$ 70,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 70,000
Miscellaneous Operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MicroGrants Program Expense	\$ 16,000	\$ 23,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 10,000
Partnership Programs	\$ 54,000	\$ 57,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
NEC \$50,000; <u>Riverwalk \$10,000; (Option #3 - Reduce Micro-Grant)</u>						
Transfer Out						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 62,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 70,000