



Legislation Text

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DATE: October 26, 2017

TO: Northfield Economic Development Authority Board of Directors

FROM: Nate Carlson, Economic Development Coordinator
Chris Heineman, Community Development Director

2018 EDA Budget Approval

SUMMARY AND ACTION REQUESTED:

Review the 2018 EDA Budget proposal and make motion for approval.

BACKGROUND:

Staff has prepared the 2018 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 newly formed EDA Funds (i.e. Fund 290, Fund 292, and Fund 293).

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 2017 certified levy as a baseline for budget forecasting.

Based on this information, the 2018 EDA levy would be approximately \$239,680. 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 \$265,180 in estimated revenues are included in the draft 2018 EDA budget. This a 4.4% increase from 2017 budget, which totaled \$254,988.

The Rice and Dakota County taxable market value for 2018 has not yet been finalized. Once finalized, the levy may provide additional revenue in 2019 to the EDA assuming the City Council continues to support the statutory maximum levy of 0.01813 of Northfield's taxable market value.

Expenditures

The draft expenditure budget is balanced with projected revenues equal to expenditures at \$265,180. The total expenditures in Fund 290 remain level at \$195,180. The total proposed expenditures in Fund 292 were increased by \$8,000 to a total of \$70,000. The following line items are key expenditure areas included in the EDA budget:

Personal Services: A new full-time Economic Development Coordinator position was added during the fourth quarter of 2016. During the 2017 budget cycle, expenditures for the personal services section were an estimate

based on the addition of a full-time Economic Development Coordinator position. The 2018 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 2018 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 2018 is \$104,043.

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 2018 EDA budget for Fund 290, line item professional services, includes \$10,000 for these activities.

Legal Services: The preliminary 2018 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.

Dues and Memberships: The preliminary 2018 EDA budget for Fund 290, line item dues/memberships, includes \$2,250 for memberships. This includes yearly staff membership to the Economic Development Associates of Minnesota (EDAM) organization. Staff has also budgeted \$1,400 for EDA membership with the Northfield Area Chamber of Commerce. City Administrator, Ben Martig, has been a proponent of greater financial support for the local Chamber of Commerce. This membership will encompass all City staff.

Partnership Programs: This line item includes EDA funding for the Riverwalk Market Fair, the Northfield Enterprise Center (NEC) and the Northfield Healthy Community Initiative (HCI). In 2016, the EDA entered into a one-year contract with the NEC for \$50,000. This contract is currently in effect through the end of 2017 and will be reviewed and reconsidered before the end of the year. Other than personal services, this is the largest single line item in the EDA budget.

The contract with the Riverwalk Market Fair will also come from this line item. The three-year contract negotiated in 2015 issues \$4,000 to the fair for 2018, which is also the final year of funding contract. The EDA has committed \$5,000 per year to HCI for 2016, 2017, & 2018 to support workforce development activities, which will be transferred out of Fund 290 for this year. The preliminary 2018 EDA budget for Fund 292, line item partnership programs, includes \$50,000 for the NEC as well as \$4,000 for the final donation to the Riverwalk Market Fair for a total of \$54,000.

Micro Grant Program: The EDA has traditionally allocated \$25,000 per year towards the Clement Scherer Micro-Grant Program, which provided sufficient funding for up to five micro-grants of up to \$5,000. In order to balance the 2017 budget, the EDA did not allocate any new funding for the Micro Grant Program. The preliminary 2018 EDA budget for Fund 292 includes \$16,000 for the Micro-Grant program.

Other Projects: This line item in Fund 290 is for EDA work plan initiatives and other new projects that will be included in the 2018 - 2020 strategic plan. One of the key items this line item funded in 2017 was the Micropolitan Summit. The preliminary 2018 EDA budget for Fund 290 includes \$45,500 for other projects.