



## Legislation Text

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**DATE:** August 25, 2016

**TO:** Northfield Economic Development Authority Board of Directors

**FROM:** Chris Heineman, Community Development Director

2017 Draft EDA Budget

### **SUMMARY AND ACTION REQUESTED:**

Review the 2017 Draft EDA Budget and provide direction to staff on required changes to achieve a balanced budget for the 2017 calendar year.

### **BACKGROUND:**

Staff has prepared a preliminary budget for consideration by the EDA Board of Directors at the August 25<sup>th</sup> EDA meeting. A budget spreadsheet and supporting documents will be presented at the meeting. The primary concern for the EDA is the impact of the full-time Economic Development Coordinator position on the general operating budget.

This position was also included in the 2016 EDA budget however a transfer from the City's General Fund in the amount of \$36,500 was required to balance the EDA budget. This was approved by the City Council as a one-time transfer and no additional funding for the EDA is currently included in the City's preliminary budget for 2017.

The Economic Development Coordinator position will provide dedicated staff support to the EDA and demonstrates a strong commitment to economic development Northfield. In order for this level of staffing to be sustainable, the EDA must consider reductions to other expenditures such as professional services, the micro-grant program, partnership programs, or other projects to achieve a balanced budget. The following paragraphs include a brief description of the major revenue and expenditure areas for the EDA.

### **Revenues**

The City Council has traditionally been asked to approve the maximum levy allowed by Minnesota Statute of 0.0183 percent of taxable market value. Based on the final 2016 approved budget, this will provide approximately \$220,000 in revenue to the EDA. The EDA also receives approximately \$15,000 in revenue from interest on investments and \$10,000 per year from interest payments on loans through the revolving loan program. The preliminary EDA budget includes total estimated revenues of \$244,488.

The Rice County taxable market value for 2017 has not yet been finalized and may provide additional revenue to the EDA assuming the City Council continues to support the statutory maximum levy of 0.0183 of Northfield's taxable market value.

### **Expenditures**

The preliminary EDA budget includes total operating expenditures of \$277,662. The preliminary expenditures budget is in excess of projected revenues by \$33,174. The following line items are key expenditure areas included in the EDA budget:

**Personal Services:** A new full-time Economic Development Coordinator position was included in the 2016 budget. It is anticipated that this position will be filled in the next 30-60 days and will provide much needed staff assistance to the EDA. In addition to the full-time Economic Development Coordinator position, a portion of the personal services line item funding is allocated to support staff and department administration. The 2017 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. This is a reduction of .1 FTE from 2016. The total estimated expenses for personnel services in 2017 is \$122,087.

**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 EDA budget for 2017 includes \$15,000 for these activities.

**Legal Services:** The preliminary EDA budget for 2017 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 represents the EDA's long standing partnership with the Northfield Enterprise Center (NEC). In 2015, the EDA entered into a two-year contract with the NEC for \$60,000 per year. This contract is currently in effect through the end of 2016 and must be renegotiated prior to 2017. Other than personal services, this is the largest single line item in the EDA budget. The preliminary 2017 EDA budget currently includes \$60,000 for the NEC.

**Micro Grant Program:** The EDA has traditionally allocated \$25,000 per year towards the Clement Scherer Micro-Grant Program, which provides a maximum of five micro-grants of up to \$5,000 each. The preliminary 2017 EDA budget currently includes \$25,000 for the Micro-Grant program.

**Other Projects:** This line item is for EDA work plan initiatives and other new projects. Current expenditures for this line item include the River Walk Market Fair and funding for the Healthy Community Initiative (HCI). The EDA has committed \$5,000 per year to HCI for 2016, 2017, & 2018 to support workforce development activities. The EDA also approved a four-year contract for the Riverwalk Market Fair in 2016. The contract calls for \$10,000 in 2016, \$7,000 in 2017, \$4,000 in 2018, and \$0 in 2019. The preliminary 2017 budget includes \$19,000 for this line item. With the existing funding commitments, this leaves \$7,000 for other projects or initiatives in 2017.