



## Legislation Text

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**File #:** 16-454, **Version:** 1

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**City Council Meeting Date:** October 11, 2016

**To:** Mayor and City Council

**From:** Ben Martig, City Administrator

Discuss 2017 Service Contracts.

**Action Requested:**

The Northfield City Council consider further discussion on service contracts related to the 2017 budget process.

**Summary Report:**

The following three service contracts including the LINK Center, NDDC and SMIF have been discussed at a past City Council worksession. Staff is requesting further discussion in preparation of a final decision of funding of these organizations as we move forward in our 2017 budget development.

**LINK Center**

Attached are the requests of the LINK Center. Staff has drafted a revised contract to include the total cost versus the requested amount as there was significant feedback from Council with interest in funding the full level rather than partial funding. This total amount for 2017 is \$34,040 versus the \$27,500 initially requested. There are alternative actions to fund at the funding level requested or to not fund at all.

The contract revision does include further distinction of the service areas and also the addition of data to determine the hours of local governments benefitting from their services as a percentage of the whole. When reviewing the 2015 LINK Center Service Area Pie Chart, it appears that about 16% of the total hours are benefiting Northfield Public Schools when you add the “Education” and “Youth” categories. The City/County Services combined generate 6% of the usage. Staff feels it will be valuable information to have these tracked specifically in preparation of the next renewal. There is currently funding in the communications budget. These revenues are generated by cable access fees but over time there are fewer cable subscribers so revenues are anticipated to trend down over time as more competitive television options via the internet and satellite increase.

The LINK Center provides Spanish translation/interpretation services for the City and assists Spanish-speaking members of the community. The LINK Center connects community members (particularly newcomers to the community) with available local resources and opportunities. The LINK Center is currently open 31 hours per week to all community members. This is an increase in minimum hours from the current contract. This is the last year of a three year contract between the City of Northfield and the LINK Center. The LINK Center has been receiving \$22,100 per year for the last three years in the current contract. The LINK Center is requesting a new three year contract for the amount of \$27,500 for 2017, and a 3.5% increase per year for 2018 and 2019. Funding for the LINK center comes from our Communication Fund 229.

#### *Alternative Options*

- a. Renew the contract as requested including the first year of \$27,500 for a three year period.
- b. Not renew the contract.

#### *Financial Impacts*

The Communication Fund budget is showing an excess of revenue over expense for the 2017. The Communication Fund is anticipated to have a fund balance of at least \$350,000 at the end of 2016.

Full funding will increase expenses in our proposed 2017 communications budget by \$11,940 in our communications fund.

Alternative option “a” will increase expenses in our proposed 2017 communications budget by \$5,400.

Alternative option “b” will reduce expenses in our proposed 2017 communications fund by \$22,100.

#### NDDC

There is currently \$35,000 included in preliminary 2017 budget for the NDDC. The NDDC has decreased their request for 2017 to \$17,500 due to the Executive Director transition. See attachment for the letter and other supporting documentation. This reduces the amount in the preliminary budget by \$17,500 if the Council agrees to fund this level for 2017.

City Administrator has been working on alternative options for the contract. He is meeting again with NDDC representatives on Friday afternoon and will present supplemental information in advance of the meeting.

#### *Alternative Options*

- a. Include \$17,500 in the 2017 budget as requested by NDDC and develop a revised contract for services. This could include clarification for future years.
- b. Do not budget \$17,500 and decline a contract for services in 2017.

More details are being prepared.

#### *Financial Impacts*

- a. There will be \$17,500 less in expenses in the preliminary budget based on this change in request.
- b. There would be \$35,000 less in expenses in the preliminary budget if the Council is not interested in contracting for services in 2017.

#### Southern Minnesota Initiative Foundation (SMIF)

Attached is the information related to the Southern Minnesota Initiative Foundation. There is currently \$5,000 in the preliminary budget. They had requested \$5,800. There is no service contract with SMIF and they do exist to assist communities.

#### *Alternative Options*

- a. Staff is suggesting consideration of eliminating the contribution as a cost saving measure.
- b. Council could suggest an increase in funding to the \$5,800 requested.

#### *Financial Impacts*

- Alternative option “a” would eliminate the SMIF contribution and would allow for \$5,000 in savings

from the current deficit in the preliminary budget development for 2017.

- Alternative option “b” would add \$800 to the current deficit in the preliminary budget development for 2017.

**Alternative Options:**

The alternates are included in each of the line items illustrated.

**Financial Impacts:**

Detailed in each example.

**Tentative Timelines:**

Staff is recommending to get direction and take action at an upcoming council meeting in October or early November to get clarity on whether funding of these outside organizations will be approved or not. This will allow us to finalize the development of the 2017 budget.