



Legislation Text

File #: EDA M2021-042, **Version:** 1

DATE: July 22, 2021

TO: Northfield Economic Development Authority Board of Directors

FROM: Nate Carlson, Economic Development Coordinator
Mitzi Baker, Community Development Director
Ben Martig, City Administrator

2022 Final EDA Budget & Presentation

SUMMARY AND ACTION REQUESTED:

Review and make a motion to approve the final draft of the 2022 EDA Budget.

BACKGROUND:

Staff has prepared and presented a preliminary draft of the 2022 EDA budget for consideration by the EDA Board of Directors at the June Meeting. 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).

Following the June presentation, staff reviewed the levy request and found that there is a potential opportunity for the EDA to levy additional dollars in comparison to previous years.

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 2021 certified levy as a baseline for budget forecasting. After reviewing previous years, the EDA has consistently estimated the growth in market value very conservatively. This resulted in several years of lost revenue by underestimating the potential increase in the levy. At the direction of City Administrator and Community Development Director. Staff is presenting an alternative budget for EDA consideration with an increase in the levy request.

Based on this information, the 2022 EDA levy would be approximately \$295,700. 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 \$321,105 in estimated revenues are included in the draft 2022 EDA budget. This a 7.5% increase from 2021 budget, which totaled \$298,812. In comparison to the July proposal, staff is recommending that the EDA levy an additional \$10,000 above the previous increase from 2021. This would result in a total levy increase of \$22,293 from 2021 to 2022.

Expenditures

The draft expenditure budget is balanced with projected revenues equal to expenditures at \$321,105. The total expenditures in Fund 290 are \$216,105. The total proposed expenditures in Fund 292 are \$105,000. The

following line items are key expenditure areas included in the EDA budget:

Personal Services: The 2022 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 2022 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 2022 is \$128,337.

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 2022 EDA budget for Fund 290, line item professional services, includes \$10,000 for these activities.

Legal Services: The preliminary 2022 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. The EDA also approved a contract amendment in April 2021 to facilitate socio-economic initiatives through the NEC. This contract amendment is an additional \$24,000 for the NEC in 2022. The total budget for the NEC is \$74,000 in 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 2020, the EDA extended the contract with the Riverwalk Market Fair for two years. The current contract provides \$10,000 for 2021 and 2022 with the potential for an additional \$3,000 if the Market Fair matches revenues each year.

The 2022 EDA preliminary budget for Fund 292, line item partnership programs, includes \$74,000 for the NEC as well as \$13,000 for the River Walk Market Fair for a total of \$87,000.

Micro Grant Program: With minimal activity in the Micro-Grant program for 2021, staff recommends allocating \$18,000 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 strategic plan. The preliminary 2022 EDA budget for Fund 290 includes \$46,210.

The EDA established a Façade Improvement Grant Program that will be piloted over the course of three years at \$20,000 per year. Staff has budgeted \$20,000 to continue this programming.

The EDA Board could also establish a Riverfront Enhancement program to align with Council strategic initiatives. This program could have \$25,000 allocated using this line item.