All meetings of the St. Louis Park City Council will be conducted by telephone or other electronic means starting March 30, 2020, and until further notice. This is in accordance with the local emergency declaration issued by the city council, in response to the coronavirus (COVID-19) pandemic and Governor Walz's “Stay Safe MN” executive order 20-056.

Some or all members of the St. Louis Park City Council will participate in the Aug. 10, 2020 city council meeting by electronic device or telephone rather than by being personally present at the city council's regular meeting place at 5005 Minnetonka Blvd.

Members of the public can monitor the meeting by video and audio at https://bit.ly/watchslpcouncil or by calling +1-312-535-8110 meeting number (access code): 372 106 61 for audio only. Cisco Webex will be used to conduct videoconference meetings of the city council, with council members and staff participating from multiple locations.

6:30 p.m. - STUDY SESSION

<p>| | | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>6:30 p.m.</td>
<td>2020 COVID funding</td>
</tr>
<tr>
<td>2</td>
<td>7:00 p.m.</td>
<td>2021 Budget</td>
</tr>
<tr>
<td>3</td>
<td>8:30 p.m.</td>
<td>Future study session agenda planning and prioritization</td>
</tr>
<tr>
<td></td>
<td>8:35 p.m.</td>
<td>Communications/updates (verbal)</td>
</tr>
</tbody>
</table>

8:40 p.m. Adjourn

**Written reports**

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<thead>
<tr>
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<tbody>
<tr>
<td>4</td>
<td>Update - PLACE’s Via project – mechanic’s lien</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Update for Dakota Avenue Bikeways and Dakota-Edgewood Trail Bridge – project 4019-2000</td>
<td></td>
</tr>
</tbody>
</table>

The agenda is posted on Fridays on the official city bulletin board in the lobby of city hall and on the text display on civic TV cable channel 17. The agenda and full packet are available by noon on Friday on the city’s website.

*If you need special accommodations or have questions about the meeting, please call 952-924-2525.*
Executive Summary

Title: 2020 COVID funding

Recommended action: **Due to the COVID-19 emergency declaration, this item is considered essential business and is categorized as Time-Sensitive**
- No formal action required. This report is to assist with the study session discussion. Focus will be on how the COVID-19 pandemic has impacted our current financials and anticipating continued impact into 2021.

Policy consideration: Does the council have questions regarding the plans outlined for COVID expense and CARES Act reporting on eligible expenses for our city?

Summary: The COVID-19 pandemic has affected St. Louis Park’s 2020 financials. We have revenue losses and unanticipated expense from the pandemic. Federal funds were designated for government assistance with the pandemic and distributed by the state. These funds are for specific use on COVID relief and support. St. Louis Park was awarded $3,684,892 in CARES Act money. Earlier in the year, a deficit of $2.4 million was anticipated due to loss of revenue, spending to support operations regarding the pandemic and concerns on receipt of property taxes. As time has passed, we have been able to refine our numbers based on actuals and have created a budget for CARES Act dollars that includes funds already expended and that fit within requirements for use.

At the study session staff will review the estimated designation of use of funds from the CARES Act and ask the council to confirm the approach outlined in this report.

Financial or budget considerations: Federal guidelines for spending CARES Act monies are being followed as outlined in the report below.

Strategic priority consideration: All strategic priorities are considered in the budget process.

Supporting documents: Discussion

Link to entire guidance document

Prepared by: Melanie Lammers, chief financial officer
Nancy Deno, deputy city manager/HR director

Approved by: Tom Harmening, city manager
Discussion

Background: The purpose of the discussion is to make sure staff is in alignment with council expectations in preparing 2020 funding designations for COVID-19. This study session discussion is intended to be at a high level and, based on the direction provided, will allow staff to move forward with the required reporting on the use/allocation of CARES Act funding in accordance with Federal requirements.

The following are Federal guidelines for spending CARES Act monies.

1. Any necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)
2. Expenditures were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act); and
3. Were incurred during the period that begins on March 1, 2020 and ends on November 15, 2020.

*The deadline for local government is November 15, 2020. State and County deadline is December 30, 2020.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute also specifies that expenditures using Fund payments must be “necessary”. The Department of Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgement of the government officials responsible for spending fund payments. Staff is connected with many sources on this matter including but not limited to League of MN Cities, MN Management and Budget (MMB), our auditor and legal consultation.

2020 COVID-19 spending plan: At the time of writing this report, staff continues to work on estimated impact from COVID-19 in 2020 and how this should be considered moving forward in 2021. As reported to council over the past several months, shifts have been made and are ongoing in 2020 with staffing, capital projects, and programs to try to close the anticipated gap. Staff is also monitoring funding possibilities from many levels including but not limited to state, federal and other sources. Guidance on how we may spend CARES Act funding and rules surrounding it are continually changing. Staff will continue to update the council in the future as we continue planning for budget 2020 and 2021 along with changes that impact our CARES Act plans.

Reporting requirements: CARES Act reporting must be very specific and detailed and follow funding designations in accordance with regulations under 5 general categories that are listed below. The city is required to provide monthly reports to the state department of MMB on estimated spending. CARES Act program is also subject to a single audit as regulated under funding issued for a federal program.
CARES Act preliminary funding designation for St. Louis Park:

<table>
<thead>
<tr>
<th>CARES Act Spending Plan</th>
<th>Estimated Spending to-date</th>
<th>Planned Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Support Spent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small business grants, unemployment insurance, economic assistance</td>
<td>155,736</td>
<td>474,000</td>
</tr>
<tr>
<td>Compliance with Public Health Measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>28,090</td>
<td>125,000</td>
</tr>
<tr>
<td>Payroll Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety, public health, educational support, work duties dedicated to mitigating or responding to COVID-19</td>
<td>2,655,462</td>
<td>2,941,000</td>
</tr>
<tr>
<td>Public Health Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PPE, Disinfectant, public safety measures, recovery planning</td>
<td>114,079</td>
<td>145,000</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenses reasonably necessary to the function of government that satisfy the funds eligibility criteria</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,953,367</td>
<td>3,685,000</td>
</tr>
</tbody>
</table>

Definitions of CARES Act use categories

**Economic support:** This category includes grants to small business and individuals that qualify due to COVID-19. To date we have awarded $224,000, and another $48,000 in emergency loans. The loans will need to be forgiven and converted to grants to qualify for the CARES act reimbursement (CARES Act funding cannot be used for loans). We have budgeted an additional $200,000 for small business grants in partnership with Hennepin County and, as noted above, anticipate spending a total of $474,000 of our CARES Act funding for Economic Support.

**Technology:** Technology costs include purchases for our IT infrastructure to set up employees to work remotely in order to provide a safe working environment. Computers, monitors, and some software programs have been purchased or are budgeted to be purchased to assist with employees working remotely and to assist with mobility-based business needs per the Governors orders.

**Staffing costs:** Funds for staffing are the largest expenditure of the city’s operating budget and the largest reimbursement for the CARES Act funding. We have currently spent approximately $2,655,462. Those expenditures are for staff that are dealing with mitigating COVID and planning operational changes, strategies, etc. The largest amount of employee time has come from Police, Fire, and IT for COVID payroll expenses. We are budgeting a little over $2.9 million for payroll expense due to COVID. This includes payroll costs for staff who have shifted work to support changes in operations due to the pandemic.

**Public health expense:** Public health expense includes expense for personal protective equipment, splash guards at public areas, hand sanitizer, and additional cleaning measures. For example, many changes are needed to support election activities for the primary and regular election as there are many considerations needed for health and safety of the public, as well as staff and election judges. All other departments have been reviewed in the same manner and modifications continue to be made as needed.
Other: This category is for items that do not fit in the previous area’s but are directly related to COVID-19. We do not have anything budgeted in Other at this time.

CARES Act summary as of writing this report: Total estimated expense spent to date is approximately $2.9 million. We are on track to have our CARES Act monies designated in full on or before November 15, 2020. The CARES act is keeping us whole on the expense side of our COVID costs. As stated above, we are not allowed to use the CARES Act to directly reimburse for revenue shortfalls. With staffing being reallocated to COVID duties and those costs being covered by CARES act monies, we do anticipate some cost savings to offset our revenue losses in 2020. If we have revenue available at the end of 2020 from salary savings, we would recommend dedicating those funds to helping mitigate impacts due to COVID in 2021.

Future considerations and financial planning as it relates to CARES Act and the pandemic: As we have all discussed, dealing with a pandemic is uncharted territory for everyone. Based on our estimates, we believe that there will be some salary savings due to the CARES Act funds. As noted above, the plan for the savings is to set aside these funds for continued needs in 2020 and 2021 in dealing with the impacts of the pandemic. This includes planning ahead for property tax delinquencies for the second half of 2020 or 2021, other possible revenue losses, additional supplies or equipment needed or other health and safety considerations. We are conservatively estimating the following revenue shortfalls in 2020-2021.

- 2020 delinquent tax estimate of 2% $695,410
- 2021 delinquent tax estimate of 2% (first half) $716,273
- 2020-2021 recreation revenue losses $250,000
- 2021 fines and fees $50,000
- 2021 highway user tax $101,500
Executive summary

Title: 2021 Budget

Recommended action: **Due to the COVID-19 emergency declaration, this item is considered essential business and is Categorized as Time-Sensitive**

- No formal action required. This report is to assist with the study session discussion regarding the 2021 budget. Staff requests input on the policy questions below to help inform the next budget discussion set for a study session on September 14. The council will then be asked to set the 2021 preliminary property tax levy on September 21, 2020. The information in this report is preliminary and any input from the council will be used by the city manager to make final recommendations on the preliminary levy.

Policy consideration:
- Does the council agree at this point in the budget process to set as a target a preliminary property tax levy increase of 3% (final levy set in December can go down, not up)?
- Does the city council agree with staff’s recommendation on the HRA levy?
- Is there other information that council would like to review during the upcoming process including any other service delivery change considerations?

Summary: Staff has started working on preparing budget recommendations for 2021. The city manager, department directors and staff are currently analyzing submitted budgets to ensure the strategic priorities and basic services are provided. Included in this report are some items of significance that are being considered. Staff will have estimates on the property tax implications for a median value home at the next budget discussion in September as we are awaiting data from the county to calculate the estimates.

Financial or budget considerations: Details regarding budget considerations are provided in this report.

Strategic priority consideration: All areas of the adopted strategic priorities are impacted by the city’s budget.

Supporting documents: Discussion
Department org charts

Prepared by: Melanie Lammers, chief financial officer
Reviewed by: Nancy Deno, deputy city manager/HR director
Approved by: Tom Harmening, city manager
Discussion

Background: Staff has prepared the preliminary recommendations in this report based on continued quality and timely delivery of core services in addition to continuing to support and align with the council’s five strategic priorities and the key organizational cultural behaviors of collaboration, quality and responsiveness.

2021 budget preparation: The study session discussion is intended to be at the big bowl level to allow council to provide direction to staff on the proposed budget and preliminary levy. The city manager and chief financial officer will provide information and overview at this discussion and department directors will be present to assist with information as needed.

Below is the outline of the budget presentation and discussion for this study session:

1. Discussion on the overall budget with particular focus on the general fund (primary operating fund).
2. 2021 preliminary property tax levy discussion.
3. 2021 preliminary HRA levy discussion.
4. Council questions, comments, expectations, and data requests for upcoming meetings, including the budget calendar.

Budget Communication: Despite the limitations from the COVID pandemic, staff plans to continue with many of the same successful outreach steps that were taken for the 2020 budget, including;

• Park Perspective, the city’s quarterly newsletter, will include a variety of articles about the 2020 budget.
• A number of social media posts (Facebook, Twitter, Nextdoor) on budget meetings and updates.
• Continued posting of all budget materials and staff reports and additional materials if presented at a meeting (shortly after meeting) to allow residents to follow the budget process. Website City Budget page
• A budget email address: budget@stlouispark.org is monitored year-round by finance, for questions, where timely responses can be sent, or data gathered and can be shared.
• Cleargov: A financial transparency tool so interested parties can review and look at financial and budget data for our city. https://stlouispark.cleargov.com/
• Informational video for the public to help understand the budget and property tax system.
• Additional information in notices: If timing allows, this fall for the TNT notices we plan to put an insert in the mailing from the county with some interesting facts about the proposed 2021 budget for our city in an appealing and easy-to-understand format.

Legislative directives:

• There are no levy limits in place for 2021 at this time.
• Local Government Aid has been certified and several months ago we learned, due to our increased market value, St. Louis Park will receive $0 LGA in 2021. We are scheduled to receive $267,271 in 2020 and have received the first half payment from the state. We are concerned the second half payment of our 2020 LGA allocation will be withheld due to the state’s financial issues. Fortunately, for some time now the council directed that LGA funding be assigned to our capital improvement fund to help mitigate direct impacts on the general fund if LGA funding was ever cut.
**Staffing costs wages:** Being an organization that delivers services, programs and projects etc., funding for staff is the largest expenditure of the city’s operating budget. In building the 2021 budget recommendations, a wage adjustment of 0% to 3% is being used for assumption purposes and under review by the city manager. For 2021 all union contracts are open with the exception of dispatch (our smallest bargaining unit) set at 3%. 2021 wage levels continue to be reviewed and several models are discussed in this report. A final recommendation by the city manager is expected this fall.

**PERA coordinated plan:** Employee contribution of 6.50% of salary and employer contribution of 7.50% of salary in 2020 will remain the same for 2021.

**PERA police and fire:** Employee contribution of 11.8% and employer contribution of 17.70% in 2021, which is the same as 2020.

**Benefits:** For 2021, we have a quote for insurance renewal of not to exceed a 9% increase with HealthPartners. This will be included in the budget estimates. We are recommending elimination of the wellness benefit for 2021 previously set at $40 per employee per month. In 2020 our estimated expenditure for this program from all funds is $138,720 (this covers the program for 180 employees who agree to meet the criteria and participate in the program). We will continue to support and encourage wellbeing activities for our staff including use of the exercise equipment at fire station 1, flex/sick leave for fitness, and other informational and educational opportunities.

**Summary of significant 2021 budget personnel requests:** The most significant requests received from departments in the proposed 2021 budget relate to staffing. All requests are in the process of being reviewed by the city manager with each applicable department director.

In order to determine the final recommendations staff will continue to review business needs, strategic priorities, funding and continue to look at alternatives for service delivery with some requests and moving some requests to future year(s) for consideration. Below is the summary of staffing requests and funding recommendations currently. *Please note: For transparency, this report shows all the staffing requests made to the city manager. The city manager is still evaluating the need for some of the proposed positions and will provide a final recommendation to the council at a future meeting.*

**Staffing requests included in the proposed 2020 budget at this time:**

**Administrative Services** –
- Racial Equity Specialist (new position) - $74,461.19 (est. for full year, including benefits). Provides administrative support for racial equity, inclusion and outreach activities. This position is entry level and is intended to help with the growing demands for administrative support, communication, data management, provide assistance with training schedules, calendars and coordination along with assisting in all areas of REI & outreach. This position would report to the Racial Equity & Inclusion Manager. This position was included in the 2020 budget but due to pandemic and related financial considerations, this position was put on hold and requested again for 2021. *Preliminary City Manager Recommendation – This position should be put on hold for the time being to allow for further evaluation.*
• Outreach Specialist (existing part-time position) - $58,131.60 (total cost $80,855.60 minus -$22,724 for position shift). The 2020 budget for the REI & Outreach program has 2 part-time staff specifically assigned to connect with underserved populations, and currently 1 position is vacant. Proposal is to not fill the vacancy and instead shift from 2 part-time staff to 1 full-time position to continue to assist with outreach to our underserved populations. Preliminary City Manager Recommendation – approve this change.

Building and Energy –
• Sustainability Specialist (additional position) $87,041.03 (est. for full year, including benefits) to support CAP and focus on data, administrative support, outreach and education. This position was included in the 2020 budget but due to pandemic and related financial considerations, this position was not filled and has been requested again for 2021. Another option under consideration is to start with an intern or consultant to provide additional resources to further support the CAP work. Preliminary City Manager Recommendation – approve this position but only if it’s clear the impacts of the pandemic have subsided such that staff will be able to undertake robust outreach activities.
• Senior Const Code Insp – (included in 2019 budget) $108,508.95 (est. for full year, including benefits) This would be the reestablishment of a 2019 position. Preliminary City Manager Recommendation – approve. This position has been in the budget in the past and given the ongoing and anticipated future construction activity, this position is needed to provide timely and reliable requests for plan review and inspection services.

Information Resources –
• GIS Specialist (new position) $79,790.80 (est. for full year, including benefits). This position would support important city-wide GIS work in all departments. This position was included in the 2020 budget but due to pandemic and related financial considerations this position was not filled and has been requested again for 2021. The cost for this position would be offset by $30,000 due to the elimination of a GIS intern in the 2021 budget. Preliminary City Manager Recommendation - This position should be put on hold for the time being to allow for further evaluation.

Police /Fire–
• Public Safety Applications Support Specialist (new position) $93,694.04 (est. for full year, including benefits). Position would provide additional support on several functions including data mining/analyzing of data, handle technical support for a variety of public safety applications and system connectivity, assist users with technology issues to provide additional support to public safety areas. Preliminary City Manager Recommendation – approve. Given the increasing implementation and complexity of important public safety applications, and the city council’s desire for detailed reporting of public safety data, this position is needed.
• Office Assistant (existing position) $68,380 (est. for full year, including benefits). Support position to assist with records, data management, property room, data request and overall reports for the department. Position held open after a 2020 retirement, and not replaced at the time due to pandemic and financial considerations. This position was requested again for 2021. Preliminary City Manager Recommendation – hold on filling this position for 2021.
Study session meeting of August 10, 2020 (Item No. 2)

Title: 2021 Budget

Fire –
• 4 Firefighters (additional positions) $102,478.93 each (est. for full year, including benefits) total $409,915.72. The fire department staffing is currently a hybrid model with full-time and part-time paid on call staff. A full-time staffing model has been proposed in place of the hybrid model. The savings from the elimination of the part-time program will pay for the cost of these positions and provide other benefits to serving the community. A more detailed discussion on this operational change is tentatively proposed for the August 24 study session. Preliminary City Manager Recommendation – approve.

Engineering –
• Engineering Tech. (additional position) $93,649.04 (est. for full year, including benefits). This full-time position will replace the use of consultants to provide the same service at a lower cost and is net neutral as the revenue used to pay the consultant will be used to pay for this position. -This position will help with a number of functions from construction observation to supporting work with SWLRT, municipal state-aid projects, and overall responsiveness on engineering needs and communications. Preliminary City Manager Recommendation. This position should be put on hold for the time being to allow for further evaluation.

Enterprise fund –
• Utility Billing Accounting Coordinator. (new position) $101,015.15 (est. for full year, including benefits). Non-general fund position. Lead work to assist with higher level customer service issues and concerns, technical problem solving and resolving accounting and billing issues. Coordinate staff and customer service improvements for UB and solid waste transactions. Assist with future planning on service delivery and upgrade to the UB system. Preliminary City Manager Recommendation – this position should be put on hold for the time being to allow for further evaluation.

Summary of significant 2021 budget non-personnel items included in budget:
• Administrative Services – Kept expenditure related to bringing in a consultant to conduct a community survey in 2021, estimate $25,000, as last one was done in 2011 and budgeted for 2020 but not completed due to COVID. Increased conference budget $10,000 to accommodate council members attending conferences/seminars and travel costs.

• Building and Energy (sustainability budget) – continued from 2020
  o Discount loans and rebates $100,000 (Energy efficient upgrades small-med businesses and rental properties, support weatherization and increased HES for LMI housing)
  o $25,000 Communications
  o $25,500 for Efficient building program
  o $30,000 municipal GHG inventory

• Police – Increase training budget by $10,000 for various training programs for mental health, crisis intervention, and de-escalation. Increase budget by $22,000 for Leixpol subscription which will aid police policy and procedure updates and other related services. After initial year the on-going yearly subscription would be $16,000.
Operations and Recreation – Operations – Additional $30,000 for upkeep/replacement of pavement markings associated with Connect-the-Park. Decrease of $20,000 for electric service due to savings realized from various sustainability projects such as LED streetlights. Highway User Tax – maintenance allocation from the State of Minnesota is budgeted to decrease 20% or $151,000 in 2020 due to COVID-19 and related gas tax reductions.

Contingency – General Fund contingency is programmed at $75,000, similar to 2020. These dollars are set aside and if needed, used for unplanned items that may come up in the budget year such as an unplanned expenditure or emergency type purchase.

Other Preliminary Budget requests: Departments did a solid job of holding the line on expenditures and making reductions to be fiscally responsible for the preliminary 2021 budget. However, other than the requests for new positions, we still have a deficit in the general fund of around $310,000. This is from anticipated revenue losses in 2021. The City Manager is working with departments to close the gap.

- There are a few large expenditures items that are not currently in the preliminary budget including the new positions listed above. The net dollar effect of all the new positions (if approved) would create an increase to the levy of $716,879 after factoring in offsetting costs.
- Another item not included in the preliminary budget is a cost of living increase for current staff. Below is the necessary levy increase for 1%, 2%, and 3% cost of living adjustments.

<table>
<thead>
<tr>
<th>Cost of Living Adjustment</th>
<th>Levy Increase ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>258,445</td>
</tr>
<tr>
<td>2%</td>
<td>516,948</td>
</tr>
<tr>
<td>3%</td>
<td>775,376</td>
</tr>
</tbody>
</table>

Our 2020 levy was $34,770,521 which was a 4.96% increase over the 2019 levy. For 2021, the main expenses that are not currently in the preliminary budget are:

- New positions: $716,879
- General wage increase: $516,948 (assumes 2% COLA)
- General fund gap: $310,000
- Additional debt service: $611,722
- Total: $2,155,549

As shown in the following chart, it would take a 6.20% property tax levy increase to fill this gap.

<table>
<thead>
<tr>
<th>Levy Increase by Percent</th>
<th>Levy Increase ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>347,705</td>
</tr>
<tr>
<td>2%</td>
<td>695,410</td>
</tr>
<tr>
<td>3%</td>
<td>1,043,116</td>
</tr>
<tr>
<td>4%</td>
<td>1,390,821</td>
</tr>
<tr>
<td>5%</td>
<td>1,739,116</td>
</tr>
<tr>
<td>6.20%</td>
<td>$2,155,549</td>
</tr>
<tr>
<td>6%</td>
<td>2,086,231</td>
</tr>
<tr>
<td>7%</td>
<td>2,433,936</td>
</tr>
</tbody>
</table>

As shown in the following chart, it would take a 6.20% property tax levy increase to fill this gap.
Study session meeting of August 10, 2020 (Item No. 2)  
Title: 2021 Budget

Option 1 - no increase in levy

<table>
<thead>
<tr>
<th>TAX CAPACITY BASED TAX LEVY</th>
<th>2020 Final Levy</th>
<th>2021 Proposed</th>
<th>$ Change 2020 to 2021</th>
<th>% Change 2020 to 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>27,432,167</td>
<td>26,820,445</td>
<td>(611,722)</td>
<td>-2.23%</td>
</tr>
<tr>
<td>Environmental and Sustainability (2)</td>
<td>497,484</td>
<td>497,484</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Race Equity and Inclusion (2)</td>
<td>314,077</td>
<td>314,077</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Council Programs (2)</td>
<td>150,000</td>
<td>150,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Park improvement Fund</td>
<td>860,000</td>
<td>860,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Capital Replacement Fund</td>
<td>1,567,700</td>
<td>1,567,700</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Debt Service-current (1)</td>
<td>3,799,093</td>
<td>4,410,815</td>
<td>611,722</td>
<td>16.10%</td>
</tr>
<tr>
<td>Employee Benefits Fund</td>
<td>150,000</td>
<td>150,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>TOTAL TAX CAPACITY BASED TAX LEVIES</strong></td>
<td><strong>34,770,521</strong></td>
<td><strong>34,770,521</strong></td>
<td><strong>-</strong></td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

1= Debt service levy changes for 2021 primarily due to the 2019 Connect the Park debt service payment.  
2= Line items are part of the General Fund, separated so council can start seeing investment in strategic priorities.

This option creates the need to cut $611,722 from our non-debt budgets (no new positions, no wage increases along with additional reductions needed). Our debt levy is increasing by $611,722 to pay for the Connect the Park project from 2019. With staff already conservatively budgeting for next year, this option is not recommended if current program levels are to remain in place.

Option 2 – 3% increase

<table>
<thead>
<tr>
<th>TAX CAPACITY BASED TAX LEVY</th>
<th>2020 Final Levy</th>
<th>2021 Proposed</th>
<th>$ Change 2020 to 2021</th>
<th>% Change 2020 to 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>27,432,167</td>
<td>27,863,561</td>
<td>431,394</td>
<td>1.57%</td>
</tr>
<tr>
<td>Environmental and Sustainability (2)</td>
<td>497,484</td>
<td>497,484</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Race Equity and Inclusion (2)</td>
<td>314,077</td>
<td>314,077</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Council Programs (2)</td>
<td>150,000</td>
<td>150,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Park improvement Fund</td>
<td>860,000</td>
<td>860,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Capital Replacement Fund</td>
<td>1,567,700</td>
<td>1,567,700</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Debt Service-current (1)</td>
<td>3,799,093</td>
<td>4,410,815</td>
<td>611,722</td>
<td>16.10%</td>
</tr>
<tr>
<td>Employee Benefits Fund</td>
<td>150,000</td>
<td>150,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>TOTAL TAX CAPACITY BASED TAX LEVIES</strong></td>
<td><strong>34,770,521</strong></td>
<td><strong>35,813,637</strong></td>
<td><strong>1,043,116</strong></td>
<td><strong>3.00%</strong></td>
</tr>
</tbody>
</table>

This option gives us some room to absorb the debt levy increase. A few of the new positions could be implemented as well as a small wage increase, but some budget area’s may still need to be trimmed even with a 3% levy increase.

Option 3 – 5% increase

<table>
<thead>
<tr>
<th>TAX CAPACITY BASED TAX LEVY</th>
<th>2020 Final Levy</th>
<th>2021 Proposed</th>
<th>$ Change 2020 to 2021</th>
<th>% Change 2020 to 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>27,432,167</td>
<td>28,359,561</td>
<td>927,394</td>
<td>3.38%</td>
</tr>
<tr>
<td>Environmental and Sustainability (2)</td>
<td>497,484</td>
<td>497,484</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Race Equity and Inclusion (2)</td>
<td>314,077</td>
<td>314,077</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Council Programs (2)</td>
<td>150,000</td>
<td>150,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Park improvement Fund</td>
<td>860,000</td>
<td>860,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Capital Replacement Fund</td>
<td>1,567,700</td>
<td>1,767,700</td>
<td>200,000</td>
<td>12.76%</td>
</tr>
<tr>
<td>Debt Service-current (1)</td>
<td>3,799,093</td>
<td>4,410,815</td>
<td>611,722</td>
<td>16.10%</td>
</tr>
<tr>
<td>Employee Benefits Fund</td>
<td>150,000</td>
<td>150,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>TOTAL TAX CAPACITY BASED TAX LEVIES</strong></td>
<td><strong>34,770,521</strong></td>
<td><strong>36,509,637</strong></td>
<td><strong>1,739,116</strong></td>
<td><strong>5.00%</strong></td>
</tr>
</tbody>
</table>

A 5% levy increase would allow some new positions to be funded, a wage increase, and additional monies in our capital replacement fund which is in line with our long-term financial plan.
2020 City Final Levy and 2021 City Preliminary Levy Range

The preliminary 2021 budget came in at an amount that would require an approximate 6.20% levy increase over 2020. The 6.20% increase includes all the new positions, a 2% wage increase, the revenue funding gap, and the additional debt service levy required for our bond payments. At this point in time, the budgets are under review by the city manager working closely with department directors. A 3% levy assumption is being discussed (preliminary levy once approved in September can be reduced but cannot be increased). The levy will be discussed in further detail Monday night and at the September 14th budget study session including the tax impacts to various value ranges in SLP. Information that will assist staff in preparing this data will be received from the county shortly. Unless directed otherwise by the council, we will continue to try and work toward the 3% levy increase between now and when we adopt a final budget in December.

Franchise fees: In the past, council has directed staff to consider franchise fee adjustments every odd numbered year. For the 2021 budget, a $1.50 per month adjustment is proposed. Our pavement management fund currently has a deficit of $1.277 million. This was anticipated in the financial management plan and is expected to resolve itself with continued franchise fee increases and managing project expense over the next few years. The current 2020 monthly amount is $5.50 per utility (CenterPoint and Xcel) and the proposed adjustment would increase each to $7. If the council wishes to proceed with this, next steps would be to begin conversations with both utilities to get approvals for mid-2021 implementation.

Fees, charges and other revenues: Staff will continue to review current fee data based on cost analyses and other communities. At this point we anticipate fees will remain stable for 2021 with increases only in a few areas such as ice rental moving from $215 to $220/hr. in 2021.

LRFMP (long range financial management plan): This document will be presented at future meetings with council to assist in setting property tax levies, debt management, fees, utility rates and budgets.

CIP (capital improvement plan): Staff is currently reviewing the ten-year CIP (2021-2030). This information has been programmed into the LRFMP and finance is analyzing the results to create long-term sustainability in funds and also looking at where changes in funding or expenditures/expenses need to occur for the city council and city manager to consider. The council will see a draft of the plan in September and again later in the fall.

Trends in valuations and possible property tax implications: For taxes payable in 2021, St. Louis Park’s taxable market value increased by 6.2% with all the dominant property types increasing in value. Composition of the change is summarized as +1.9% for single-family homes, +4.0% for condos, +3.1% for townhomes, +15.2% for apartments, and the commercial-industrial sectors at +8.3%. As can be surmised by the above figures, there will be a slight shift of the property tax burden to commercial-industrial and apartment properties for the payable 2021 tax period. This shift will be mitigated somewhat when considering all taxing jurisdictions that make up the typical property tax bill.
**HRA property tax levy:** Given the council's commitment to affordable housing, the HRA levy is recommended to be set at the maximum allowed of 0.0185% of estimated market value, which is consistent with previous years. The amount for 2021 is estimated at $1,515,892. Per council directive, housing rehab fund salaries will be paid from the HRA levy. The estimated amount for 2021 is $295,940. The remaining $1,219,952 balance of the HRA levy would be placed in the affordable housing trust fund.

**Utility funds:** In 2018, staff worked with *Ehlers* to do a comprehensive rate study. Staff is reviewing the utility rates/structures for 2021. The rates are scheduled to increase by 4.75% for water, 4% for sewer, 5% for Stormwater, and 5.25% for solid waste. Staff will confirm and expand on the proposed rate increases at the September 14 budget meeting. In September/October, we will be issuing our 2020 General Obligation Revenue bonds for the 2020 and 2021 projects.

**Next steps:** Following this discussion, city manager and staff will further refine budget data and recommendations to set the preliminary levy on September 21. Below is a summary of upcoming discussions.

- **September 14**: High level 2020 Budget, Draft CIP, fees, utility rates discussion. This meeting will be more of a proposed preliminary levy discussion with direction provided to staff to prepare information for the September 21 meeting adopting preliminary levies.
- **September 21**: Council establishes 2021 preliminary property tax levy and HRA levy. (Levies can be reduced, but not increased for final property tax levies.)
- **October 12**: Review and discussion of 2021 budget, CIP, utility rates, public hearing – 1st reading of fees and LRFMP. Directors or their designees in attendance as needed.
- **October 19**: 2nd Reading of Fees, and adoption of 2021 Utility Rates
- **November 9**: (If necessary) Budget and CIP discussion prior to Truth in Taxation Public Hearing and budget presentation. 2nd Reading of Fee on Consent.
- **November**: Live Facebook chat on 2021 budget and CIP.
- **December 7**: Truth in Taxation Public Hearing and budget presentation
- **December 21**: Council adopts 2020 Revised Budget, 2021 Budgets, final tax levies (City and HRA), and 2021 - 2030 CIP.
Administrative Services – 29 people/FTE

2020

City Manager (1)

HR Director/Deputy City Manager (1)

Racial Equity Manager (1)
Community Organizer (1)

Human Resources Manager (1)

City Clerk (1)

Chief Financial Officer (1)

City Assessor (1)

Payroll Specialist (1)
HR Technician (1)
Volunteer & Wellness Coordinator (1)

Office Assistant (1)
Elections Specialist (2)

Finance Manager (1)

Accountant/Finance Analyst I (1)
Accounting Clerk – AP, Cash (2)
UB CSR (2)

Accountant/Finance Analyst II (1)

Senior Accountant (1)

Senior Management Analyst (1)
Office Assistant (1)

Appraiser III (1)
Appraiser II (1)
Appraiser I (2)
Assessing Technician (1)
Engineering – 14 people/FTE

2020

Engineering Director (1)

Senior Engineering Project Manager (1)

Project Engineer (1)
Project Coordinator (1)

Senior Engineering Project Manager (1)

Project Coordinator (2)

Senior Engineering Project Manager (1)

Transportation Engineer (1)

Office Assistant (1)

Water Resources Manager (1)

Engineering Information Systems Specialist (1)

Engineering Technician III (1)

Engineering Technician II (1)
Information Resources – 15 people FTE

2020

Chief Information Officer (1)

Communications and Marketing Manager (1)

Customer Service Representative (1)

Graphic Designer (1)

Web Coordinator (1)

Communications Coordinator (1)

TV Coordinator (1)

Video Specialist (1)

Program Producer (1)

GIS Coordinator (1)

IT Manager (1)

Sr IT Technician (1)

IT Technician (2)

IT Help Desk Tech (1)
Operations and Recreation – 79 people/FTE

2020

Operations and Recreation Director (1)

Natural Resources Coordinator (1)

Recreation Superintendent (1)

Park Superintendent (1)

Public Works Superintendent (1)

Rec Center Manager (1)

Nature Center Manager (1)

Recreation Supervisor (3)

Rec/Fac Supervisor (1)

Field Supervisor (1)

Public Service Worker (9)

Fleet Manager (1)

Public Service Worker (1)

Mechanic (4)

Utilities Superintendent (1)

Operations Manager (1)

PW Services Manager (1)

Solid Waste Manager (1)

Field Supervisor (2)

Public Service Worker (9)

Plant Operator (4)

Field Supervisor (2)

Public Service Worker (12)

Information Specialist (2)

MSC Office Assistant (3)

SW Specialist (1)

SW Field Inspector (1)
Executive summary

Title: Future study session agenda planning and prioritization

Recommended action: **Due to the COVID-19 emergency declaration, this item is considered essential business and is Categorized as **Time-Sensitive** **

- The city council and city manager to set the agenda for the regularly scheduled study session on Aug. 24, 2020.

Policy consideration: Not applicable.

Summary: This report summarizes the proposed agenda for the regularly scheduled study session on Aug. 24, 2020.

Also attached to this report is:
- Study session discussion topics and timeline
- Proposed topics for future study session discussion:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Proposed by Councilmember</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create public health coordinator role to respond to COVID and climate change health impacts</td>
<td>Rachel Harris</td>
</tr>
<tr>
<td>Create a housing stabilization fund utilizing CARES Act Funds</td>
<td>Rachel Harris</td>
</tr>
</tbody>
</table>

Financial or budget considerations: Not applicable.

Strategic priority consideration: Not applicable.

Supporting documents: Tentative agenda – Aug. 24, 2020
Study session discussion topics and timeline
Proposed topics for future study session discussion

Prepared by: Debbie Fischer, administrative services office assistant
Reviewed by: Maria Solano, senior management analyst
Approved by: Tom Harmening, city manager
Aug. 24, 2020
(Councilmember Mavity absent)

6:30 p.m. Study session - To be held via videoconference

Tentative discussion items

1. **Speed limit update** – Engineering (60 minutes)
   In Aug. 2019, the Minnesota legislature gave cities increased municipal authority to set speed limits. On March 9, 2020 staff provided the city council with an overview of local speed limits in the context of St Louis Park. Since that time, engineering has been working on speed limit recommendations based on the city's safety, engineering, and traffic analysis as well as national urban speed limit guidance and studies. At the study session, staff will provide the council with an overview of a city-wide speed limit evaluation.
   **Due to the COVID-19 emergency declaration, this item is considered essential business and is Categorized as Time-Sensitive**

2. **Fire department changes overview** – Fire (45 minutes)
   Staff will provide an overview of a staffing model redesign for the fire department.
   **Due to the COVID-19 emergency declaration, this item is considered essential business and is Categorized as Time-Sensitive**

3. **Future study session agenda planning** – Administrative services (5 minutes)
   Communications/meeting check-in – Administrative services (5 minutes)
   Time for communications between staff and council will be set aside on every study session agenda for the purposes of information sharing.

Written reports

4. **P9** Remove mint, menthol exemption from existing flavored tobacco policy
5. July 2020 monthly financial report
## Study session discussion topics and timeline

### Future council items

<table>
<thead>
<tr>
<th>Priority</th>
<th>Discussion topic</th>
<th>Comments</th>
<th>Timeline for council discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Discuss public process expectations and outcomes</td>
<td>Staff is working on the approach for undertaking this discussion.</td>
<td>TBD</td>
</tr>
<tr>
<td>4</td>
<td>Revisit housing setback, FAR, &amp; more related to affordable housing</td>
<td></td>
<td>4th qtr. (Oct. 2020?)</td>
</tr>
<tr>
<td>5</td>
<td>Home-based businesses (HBB)/ accessory dwelling units (ADU)</td>
<td></td>
<td>ADU – 9/29/20; HBB - 1st qtr. 2021</td>
</tr>
<tr>
<td>6</td>
<td>Public forums at council mtgs</td>
<td>9/23/19 SS. Staff doing research of other cities</td>
<td>1st qtr. 2021</td>
</tr>
<tr>
<td>8</td>
<td>Community and neighborhood sidewalk designations</td>
<td></td>
<td>9/14/20</td>
</tr>
<tr>
<td>9</td>
<td>Remove mint &amp; menthol exemption from existing</td>
<td></td>
<td>Written report 8/24/20</td>
</tr>
<tr>
<td>10</td>
<td>Easy access to nature, across city, starting w/ low-income</td>
<td></td>
<td>TBD</td>
</tr>
<tr>
<td>11</td>
<td>Conversion therapy ban</td>
<td></td>
<td>TBD</td>
</tr>
<tr>
<td>12</td>
<td>Changes to sign ordinance</td>
<td></td>
<td>Written report 9/14/20</td>
</tr>
<tr>
<td>13</td>
<td>WHNC Access Fund</td>
<td>*On hold pending direction from school district.</td>
<td>*On hold</td>
</tr>
</tbody>
</table>

### Council items in progress

<table>
<thead>
<tr>
<th>Priority</th>
<th>Discussion topic</th>
<th>Comments</th>
<th>Next Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>STEP discussion: facilities</td>
<td>Council asked staff to consider lending options to assist STEP in buying a new bldg.</td>
<td>STEP is searching for a new facility</td>
</tr>
<tr>
<td></td>
<td>Police use of force policy review</td>
<td>Discussed 7/27/20. Staff is developing process.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Policing: structural analysis</td>
<td>Discussed 7/27/20. Staff is developing process</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revitalization of Walker Lake area</td>
<td>Council approved updated parking ord. Dec. 2019; Planning Commission working on new zoning ord. and design guidelines for the district – recommendation to council Q4; Construction of phase 1 completed summer 2019; Phase 2 currently under construction</td>
<td>Discussion of ordinance and design guidelines late 2020</td>
</tr>
<tr>
<td></td>
<td>Crime free ordinance/ affordable housing strategies</td>
<td>Council reviewed ordinance; Certain provisions of CF ordinance suspended; Workgroup formed; Workgroup presented recommendations to council 6/8/2020.</td>
<td>1st reading repeal ordinance 8/3/20, 2nd reading 8/17/20</td>
</tr>
</tbody>
</table>
** All completed forms must be sent to Tom Harmening, City Manager tharmening@stlouipark.org and Maria Carrillo Perez, Management Assistant mcarrillo- perez@stlouispark.org by the Tuesday before a City Council Study Session **
City Council
Study Session Topic Proposal

Date: 8/4/20

Prepared by: Rachel Harris

Proposed agenda topic: Create a housing stabilization fund utilizing CARES Act Funds

Brief Description of topic (no more than 200 words):
The economic impacts have been triple that of the 2008-2009 economic downturn, according to early estimates from STEP. Sudden loss of income can lead to loss of stable housing in our lowest income earners. The Governor’s moratorium on evictions expires on August 12, 2020.

Stable housing is a human right. Based on our strategic priorities we have an ethical imperative to establish an affordable housing stabilization fund to increase outreach, education, and assistance to prevent evictions and mortgage foreclosures due to the economic impacts of the COVID-19 pandemic, during the period August 12, 2020 through December 31, 2020.

How does this topic align with the council strategic priorities? If not, why should the council consider the topic:
St. Louis Park is committed to being a leader in racial equity and inclusion in order to create a more just and inclusive community for all.
St. Louis Park is committed to providing a broad range of housing and neighborhood-oriented development

** All completed forms must be sent to Tom Harmening, City Manager tharmening@stlouipark.org and Maria Carrillo Perez, Management Assistant mcarrillo-perez@stlouispark.org by the Tuesday before a City Council Study Session **
Executive summary

Title: Update - PLACE’s Via project – mechanic’s lien

**Recommended action:** Due to the COVID-19 emergency declaration, this item is considered essential business and is Categorized as **Time-Sensitive**

- No action required at this time.

**Policy consideration:** None at this time. Please inform staff of any questions you might have.

**Summary:** As follow up to the June 8, 2020 staff report, PLACE recently notified staff that it reached a settlement agreement with LHB and paid LHB the necessary outstanding balance for previous architectural and engineering work. As a result, LHB has agreed to remove the mechanic’s lien that had been placed on the “South Property” (5950 36th Street W) owned by the EDA. LHB expects to file the lien release with the county by August 7, 2020 and will provide staff with a copy as soon as it is available. With the removal of the mechanic’s lien, the cloud on the title to the EDA’s property will be cleared. This will enable the EDA to more freely sell the property to another developer through the SWLRT Wooddale Ave Station RFP process which was the subject of the July 27, 2020 staff report.

The EDA’s legal counsel determined that the mechanic’s lien was legally and validly filed against the South Property despite the fact that PLACE did not own the South Property. The Purchase and Redevelopment Contract between PLACE and the EDA expressly provided that PLACE would not allow any liens to attach to any portion of the Redevelopment Property (including the South Property) during the term of the Contract, and therefore, LHB’s filing of the mechanic’s lien constituted an event of default under the Contract. With the removal of the mechanic’s lien, the EDA will not need to pursue any contractual remedies against PLACE relative to this matter, at this time.

**Financial or budget considerations:** None at this point.

**Strategic priority consideration:** St. Louis Park is committed to providing a broad range of housing and neighborhood oriented development.

**Supporting documents:** None

**Prepared by:** Greg Hunt, economic development coordinator

**Reviewed by:** Karen Barton, community development director

**Approved by:** Tom Harmening, city manager and EDA executive director
Executive summary

Title: Update for Dakota Avenue Bikeways and Dakota-Edgewood Trail Bridge – project 4019-2000

Recommended action: **Due to the COVID-19 emergency declaration, this item is considered essential business and is Categorized as Time-Sensitive**
  - No action required at this time. This report is intended to update the council on the recent bid openings for the two projects. The projects will be brought forward to council on Aug. 17 for consideration.

Policy consideration: Does the city council wish staff to continue to pursue the bikeway improvements identified in this report?

Summary: The Dakota Avenue Bikeway and the Dakota-Edgewood Trail Bridge projects are centrally located in the city and run north to south from Cedar Lake Road to Lake Street. The projects were split into two separate packages for bidding and construction due to different funding sources and uniquely different construction elements present in each segment.

The projects were bid out separately in late July. Both bids exceeded estimates shared with the council in previous council reports. The Dakota Avenue Bikeways bids were opened on July 23, 2020, and the low bid was $876,696.10. The Dakota-Edgewood Trail Bridge was opened on July 28, 2020, and at the low bid was $7,340,684.26. Staff has prepared the following written report to discuss the increase in costs of the low bids.

Financial or budget considerations: These projects are included in the city’s Capital Improvement Plan (CIP) for 2020. General Obligation Bonds and federal funds are expected to be used to fund these projects. Additional information on the breakdown of the funding can be found later in this report.

Strategic priority consideration: St. Louis Park is committed to providing a variety of options for people to make their way around the city comfortably, safely and reliably.

Supporting documents: Discussion

Prepared by: Jack Sullivan, senior engineering project manager
Reviewed by: Debra Heiser, engineering director
Approved by: Tom Harmening, city manager
Discussion

**Background:** The Dakota Avenue corridor was first identified as a part of the *Active Living: Sidewalk and Trails Plan* in 2007 and was then integrated into the Connect the Park capital improvement plan (CIP) in 2012. The Dakota Avenue corridor is centrally located and is key to enhancing walking and biking in the city by connecting destinations such as parks, schools, businesses, regional trails, and the future Southwest Light Rail Transit (SWLRT).

Staff began discussing this corridor as one project during the preliminary design approval process. As the project moved into final design, the corridor was split into two distinct projects.

The Dakota-Edgewood Trail bridge segment is a partially federally funded project from Cedar Lake Road to 26th Street that includes:
- A multi-use trail along the east side of Edgewood Avenue between Cedar Lake Road and the BNSF railroad right of way.
- A pedestrian and bicycle bridge over the BNSF Railroad connecting Edgewood Avenue and Dakota Park and ending at the corner of 26th Street and Dakota Avenue.

The Dakota Avenue Bikeway is an on-road bike facility on Dakota Avenue that includes:
- Share the road facility from 26th Street to Minnetonka Boulevard.
- On-street bike lanes from Minnetonka Boulevard to Lake Street.

The projects were bid out separately in late July. Both bids exceeded estimates shared with the council in previous council reports. Staff inquired with the contractors to better understand the bidding climate. Many of the contractors mentioned that they are witnessing a tight bidding climate that is resulting in aggressive pricing. However, there have also been increases in material costs such as asphalt, concrete and concrete piping that is balancing out some of the initial cost savings. Having six and seven bidders on these projects indicate that the contractors need work. Additionally, staff asked about the likelihood of seeing lower bids if we were to rebid in the spring. The contractors indicated that they are unsure of what spring bidding will look like in 2021 with the uncertainty of the current economic climate and COVID-19.

**Financial considerations:** These projects are anticipated to be paid for using a mix of General Obligation (GO) bonds and some federal funding. Each project is broken down into greater detail in the following sections.

**Dakota-Edgewood Trail Bridge**

Bids for the Dakota-Edgewood Trail Bridge were opened on July 28, 2020. Seven contractors bid on the project. The low bid was submitted by Redstone Construction, LLC in the amount of $7,340,684.26. The low bid was under the revised engineer’s estimate but above the estimate given to council in March. The following tables provide additional detail on bidding and the expected project costs.
### Dakota-Edgewood Trail Bridge Bids 7-28-20

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Bid</th>
<th>Overage</th>
<th>Percent Overage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redstone Construction, LLC</td>
<td>$7,340,684.26</td>
<td>($252,147.60)</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$7,592,831.86</td>
<td>$0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Kraemer North America, LLC</td>
<td>$8,239,003.59</td>
<td>$646,171.73</td>
<td>8.5%</td>
</tr>
<tr>
<td>S.M. Hentges &amp; Sons, Inc</td>
<td>$8,331,369.95</td>
<td>$738,538.09</td>
<td>9.7%</td>
</tr>
<tr>
<td>Ames Construction Inc.</td>
<td>$8,522,251.05</td>
<td>$929,419.19</td>
<td>12.2%</td>
</tr>
<tr>
<td>Zenith Tech, Inc.</td>
<td>$8,522,520.00</td>
<td>$929,688.14</td>
<td>12.2%</td>
</tr>
<tr>
<td>C. S. McCrossan Construction, Inc</td>
<td>$8,797,011.45</td>
<td>$1,204,179.59</td>
<td>15.9%</td>
</tr>
<tr>
<td>Meyer Construction Inc.</td>
<td>$9,259,713.70</td>
<td>$1,666,881.84</td>
<td>22.0%</td>
</tr>
</tbody>
</table>

The following table compares project costs presented at council on March 16, 2020 and the low bids received on July 28, 2020. Project costs include construction costs and all other costs for the project.

### Dakota-Edgewood Trail Bridge 163-90-003

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ROW/Land</td>
<td>$275,000.00</td>
<td>$270,871.00</td>
<td>($4,129.00)</td>
<td>-2%</td>
</tr>
<tr>
<td>Construction</td>
<td>$6,653,256.00</td>
<td>$7,340,684.26</td>
<td>$687,428.26</td>
<td>10%</td>
</tr>
<tr>
<td>Preliminary Eng.</td>
<td>$712,000.00</td>
<td>$790,161.43</td>
<td>$78,161.43</td>
<td>11%</td>
</tr>
<tr>
<td>Construction Eng.</td>
<td>$962,126.00</td>
<td>$845,677.00</td>
<td>($116,449.00)</td>
<td>-12%</td>
</tr>
<tr>
<td>Tree replacement</td>
<td>$135,000.00</td>
<td>$135,000.00</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Utility Relocate</td>
<td>$70,000.00</td>
<td>$92,408.06</td>
<td>$22,408.06</td>
<td>32%</td>
</tr>
<tr>
<td>Project Contingency</td>
<td>$334,825.00</td>
<td>0</td>
<td>($334,825.00)</td>
<td>-</td>
</tr>
<tr>
<td>Art</td>
<td>$0</td>
<td>$80,000.00</td>
<td>$80,000.00</td>
<td>-</td>
</tr>
<tr>
<td>Dakota-Edgewood Trail Bridge 163-90-003</td>
<td>$9,142,207.00</td>
<td>$9,554,801.75</td>
<td>$412,594.75</td>
<td>5%</td>
</tr>
</tbody>
</table>

The following table compares funding sources presented at council on March 16, 2020 and the low bids received on July 28, 2020.

### Dakota-Edgewood Trail Bridge 163-90-003

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridge and bikeways (GO Bonds)</td>
<td>$6,223,807</td>
<td>$6,636,401.75</td>
<td>$412,594.75</td>
</tr>
<tr>
<td>Federal Aid</td>
<td>$2,918,400</td>
<td>$2,918,400.00</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td>$9,142,207</td>
<td>$9,554,801.75</td>
<td>$412,594.75</td>
</tr>
</tbody>
</table>
GO bonds are expected to be used to pay for the portion of the project not funded with federal funds for the Dakota-Edgewood Trail Bridge construction. The estimate in March was for $6,223,807 of GO bonds. The debt service levy for this amount was approximately $733,000/year over a ten-year period.

The current estimate identifies $6,636,401.75 of GO bonds to fund the bikeway and bridge construction. The debt service information will be provided with the Aug. 17 council report.

Due to the nature of our construction projects, unexpected costs do come up. To address this, we’ve shown a contingency for the construction costs. What follows is a table that shows this contingency and how this would affect the project costs.

<table>
<thead>
<tr>
<th>Construction Total</th>
<th>Contingency (5%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,340,684.26</td>
<td>$367,034.21</td>
<td>$7,707,718.47</td>
</tr>
</tbody>
</table>

**Additional contract for construction administration**

The city has engaged SRF Consulting Group, Inc. to provide in-construction services for the project. The contract amount is $836,973 and is included in the project costs shown in the tables above. City staff is not qualified to complete the inspection of the bridge or the testing and oversight of the contaminated soils. In addition, a federally funding project has numerous additional requirements that are not typical on our local projects. Therefore, having a firm well versed in the obligations of the federal funding will help in the reimbursement of those funds.

**Conditional Use Permit**

In addition, a conditional use permit (CUP) is being requested for earthwork removal in excess of 400 cubic yards on the north side of the BNSF railroad for the trail bridge at 2400 Edgewood Avenue. The Planning Commission was presented with the request on Aug. 5, 2020. The outcome of that meeting will be on the Aug. 17, 2020 council agenda.

**Dakota Avenue Bikeways**

The bids for the Dakota Avenue Bikeways were opened on July 23, 2020. Six contractors bid on the project. The low bid was submitted by S.M. Hentges & Sons in the amount of $876,696.10. There are significant cost increases in this bid for the project. The following tables provide additional detail on bidding and the anticipated project costs.

<table>
<thead>
<tr>
<th>Dakota Avenue Bikeways Bids 7-23-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor</td>
</tr>
<tr>
<td>-------------------------------------</td>
</tr>
<tr>
<td><em>Engineer's estimate</em></td>
</tr>
<tr>
<td>S.M. Hentges &amp; Sons, Inc.</td>
</tr>
<tr>
<td>GL Contracting, Inc.</td>
</tr>
<tr>
<td>Bituminous Roadways</td>
</tr>
<tr>
<td>Ramsey Companies</td>
</tr>
<tr>
<td>Meyer Construction, Inc.</td>
</tr>
<tr>
<td>Thomas and Sons</td>
</tr>
</tbody>
</table>
The following table compares project costs presented at council on June 15, 2020 and the low bids received on July 23, 2020. Project costs include construction costs and all other costs for the project.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>$656,250.00</td>
<td>$876,696.10</td>
<td>$220,446.10</td>
<td>34%</td>
</tr>
<tr>
<td>Preliminary Eng.</td>
<td>$60,000.00</td>
<td>$67,500.00</td>
<td>$7,500.00</td>
<td>13%</td>
</tr>
<tr>
<td>Construction Eng.</td>
<td>$38,438.00</td>
<td>$45,000.00</td>
<td>$6,562.00</td>
<td>17%</td>
</tr>
<tr>
<td>Demonstration Project</td>
<td>$75,000.00</td>
<td>$38,197.00</td>
<td>$(36,803.00)</td>
<td>-49%</td>
</tr>
<tr>
<td>Dakota Avenue Bikeways (26th St to Lake St)</td>
<td>$829,688.00</td>
<td>$1,027,393.10</td>
<td>$197,705.10</td>
<td>24%</td>
</tr>
</tbody>
</table>

The following table compares funding sources presented at council on March 16, 2020 and the low bids received on July 28, 2020.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridge and bikeways (GO Bonds)</td>
<td>$829,688</td>
<td>$1,027,393.10</td>
<td>$197,705.10</td>
</tr>
<tr>
<td>Total</td>
<td>$829,688</td>
<td>$1,027,393.10</td>
<td>$197,705.10</td>
</tr>
</tbody>
</table>

GO bonds are expected to be used to fund the Dakota Avenue Bikeway construction. The estimate in June was for $829,688 of GO bonds. The debt service levy for this amount was approximately $96,218/year over a ten-year period.

The current estimate identifies $1,027,393.10 of GO bonds to fund the bikeway construction. The debt service information will be provided with the Aug. 17 council report.

When asked about the significant increase of the low bid versus the engineers estimate, contractors attributed most of the cost increases to the hand placed curb and gutter, storm sewer installation and the hand placed asphalt surfacing. The bikeway design for the section of Dakota Avenue from 27th Street to 29th Street is “share the road”, with bump-ins at each intersection to narrow the street for pedestrian crossings and slow down vehicles. To do this, catch basins, storm sewer pipe, concrete curb, sidewalk, and asphalt is removed and reinstalled.

Due to the nature of our construction projects, unexpected costs do come up. To address this, we’ve shown a contingency for the construction costs. What follows is a table that shows this contingency and how this would affect the project costs.

<table>
<thead>
<tr>
<th>Sidewalk and Bikeway (GO Bond)</th>
<th>Construction Costs</th>
<th>Contingency (5%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$876,696.10</td>
<td>$43,834.81</td>
<td>$964,365.71</td>
<td></td>
</tr>
</tbody>
</table>
**Dakota-Edgewood Trail Bridge and Dakota Avenue Bikeways combined**

When combined, the Dakota-Edgewood Trail Bridge and the Dakota Avenue Bikeway GO bonds will be $7,663,794.85. This is a 6 percent increase over the council reports previously provided. The overall debt service for the two projects will be provided with the Aug. 17 council report.

<table>
<thead>
<tr>
<th></th>
<th>Council Reports</th>
<th>Project Costs based on low bids</th>
<th>Delta</th>
<th>Percent overage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dakota-Edgewood Trail Bridge</td>
<td>$9,142,207.00</td>
<td>$9,554,801.75</td>
<td>$412,594.75</td>
<td>5%</td>
</tr>
<tr>
<td>Dakota Avenue Bikeway</td>
<td>$829,688.00</td>
<td>$1,027,393.10</td>
<td>$197,705.10</td>
<td>24%</td>
</tr>
<tr>
<td>Project Totals</td>
<td>$9,971,895.00</td>
<td>$10,582,194.85</td>
<td>$610,299.85</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Recommendations:** Staff will be presenting the following recommendations on Aug. 17, 2020.

**Dakota-Edgewood Trail Bridge:** Staff is recommending approval of the low bid from Redstone Construction, LLC, in the amount of $7,340,684.26. We received seven bidders on this project, which indicates a competitive bidding environment. In addition, we have temporary construction easements that will expire in late 2021. Extending this project will require renegotiations and additional dollars to extend six temporary easements. This project is partially federally funded and requires that the project starts within a set time from the original authorization. Delaying the project could jeopardize the federal funding.

**Dakota Avenue Bikeway:** This project came in over the engineer’s estimate. Staff has looked at ways to value engineer this segment to reduce the overall project cost while still maintaining the approved bikeway design. Most of the cost overruns are in the segment from 27th Street to 29th Street due to the large amount of storm sewer, curb and gutter and pavement that is planned to be removed and replaced.

Staff’s recommendation is to remove the curb bump-ins on the downstream side of the intersections of Dakota Avenue at 27th Street and 29th Street. This is consistent with the design that was approved on the segment south of Minnetonka Boulevard. This would still help to reduce vehicle speeds and shorten crossing distance for pedestrians. Staff believes this maintains the intent of the council’s approval from May of 2019. It is anticipated that these changes will remove approximately $70,000 from the overall project cost. Staff will provide illustrations of these changes to the curb bump-outs at the Aug. 17 meeting.

Staff recommends the two options for council to consider:

1. Approve the low bid from S.M. Hentges & Sons in the amount of $876,696.10 with the value engineering savings. This would allow the project to be built this fall. The demonstration project for the bollard protected bike lanes could then be installed first thing in the spring of 2021.

2. Reject the bids, complete value engineering and rebid in early 2021. This option would bid the project in January or February of 2021. Construction could begin in the spring, but the bollard protected bike lane would not be installed until later summer 2021. This would shorten the duration that they are in place, limiting community feedback.
Schedule and next steps: The bids for these two construction contracts, Dakota Avenue Bikeway and Dakota-Edgewood Trail Bridge, will be brought to council on Aug. 17, 2020 for consideration. Council will also be considering the construction engineering contract with SRF Consulting Group and the Conditional Use Permit for 2400 Edgewood at the same meeting. The latter two approvals are associated with the Dakota-Edgewood Trail Bridge project.

Construction on the Dakota-Edgewood Bridge is scheduled to start in September 2020 and be completed by November 2021.

Construction on the Dakota Avenue Bikeways is scheduled to start in early September 2020 and be completed by early November 2020. The demonstration project to install the bollard protected bike lanes would occur in the spring of 2021 after the snow has melted and the streets have been swept. The demonstration would end in the fall of 2021 ahead of leaf pick up and winter weather.

Additionally, on Aug. 17, the Council will also be asked to award the low bid for the Southeast Bikeways. The bids for this project were opened on Aug. 4. The low bid was approximately $50,000 under the engineer’s estimate. This project is scheduled to start construction in September.