



**City Council - Worksession**  
**Monday, October 26, 2015 - 5:00 p.m.**  
**Council Worksession Room**  
*(meeting will not be cablecast)*

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **COUNCIL BUSINESS and/or DISCUSSION ITEMS**
  - 3.1 Discussion/Presentation; Investments - U.S. Bank.
  - 3.2 Discussion; TIF District Plan Review.
  - 3.3 Discussion; Street Renewal Program - Assessment Rate.
  - 3.4 Discussion: Budget Review.
4. **ADJOURNMENT**

# COUNCIL WORKSESSION MEMO

3.1

Meeting Date	October 26, 2015
Agenda Section	Council Business/Discussion
Item Description	Discussion; US Bank Investment Services
Submitted By	Lori Yager, Finance Director

## **BACKGROUND INFORMATION:**

The finance committee (Steve, Tim & Lori) met and agreed it would be a good time to ask US Bank to provide a presentation to the Council regarding investment activity. After the presentation, a discussion should be held regarding benefit versus cost. Originally the committee agreed that outsourcing a portion of the portfolio would provide several benefits. Below are the benefits we anticipated:

1. Provides independent expert investment management service.
2. Consolidates the majority of investments.
3. Relieves staff of this responsibility.

US Bank does provide expert investment management services.

In regards to total dollars, US Bank holds the majority of investment portfolio dollar value. In regards to activity, US Bank does very little investment activity compared to daily activity still being done by finance.

US Bank relieved staff of long-term investment management which is a small portion of Anoka's investment management activity.

## **FINANCIAL IMPACT:**

US Bank fees for investment services are fixed at 15 basis points times total market value in portfolio. This is approximately \$25,000 annually. Attached is a summary of US Bank investment activity and cost.

## **COUNCIL DIRECTION REQUESTED:**

Hear presentation from US Bank representatives. After presentation, discuss portfolio management.

Number of transactions or purchases and sales through US Bank

2014: 2 called Agency's, 1 matured CD.

Cost of portfolio management services - \$7,101.95

2015 (**through June 30, 2015**): 6 called Agency's, 2 sold CD's, 6 Agency purchases.

Cost of portfolio management services - \$11,724.65

# COUNCIL WORKSESSION MEMO

3.2

Meeting Date	October 26, 2015
Agenda Section	Council Discussion
Item Description	Discussion; TIF Plan Review
Submitted By	Lori Yager, Finance Director

## **BACKGROUND INFORMATION:**

The City of Anoka has several TIF Districts with different rules and objectives that apply to each of them. Staff has created a spreadsheet that identifies various projects for TIF districts and the timelines available to accomplish them.

The purpose of this worksession is to discuss proposed TIF usage and the time frame in which these projects are to be completed.

## **COUNCIL DIRECTION REQUESTED**

Discuss TIF districts in detail.



# COUNCIL WORKSESSION MEMO

3.3

Meeting Date	October 26, 2015
Agenda Section	Council Business/Discussion
Item Description	Street Renewal Program – Assessment Rates
Submitted By	Ben Nelson, Engineering Technician

## **BACKGROUND INFORMATION**

Last year the assessment rates were increased about 4% for Street Renewal Projects by staff recommendation. Prior to that, the assessments had not been increased since 2010. Historically, our assessment rates were increased annually.

To better understand how construction costs have increased over the past year, the 2015 SRP bid unit costs were compared to the 2014 SRP bid unit costs. Based on this, the construction costs have increased 4.8% using the low bid unit prices and 13.3% using the average bid unit prices. Based on the average Construction Cost Index from 2014 to 2015; overall, general construction costs have increased 2.5%.

Next to understand how construction cost have increased from when assessment rates were frozen in 2010, the 2015 SRP bid unit costs were compared to the 2010 SRP bid unit costs. Based on this, the construction costs have increased 22.3% using the low bid unit prices and 23.6% using the average bid unit prices. Based on the average Construction Cost Index from 2010 to 2015; overall, general construction costs have increased 14.5%.

## **FINANCIAL IMPACT**

Increased rates will raise resident assessments and will increase revenue to the SRP funds which will help support future projects.

## **COUNCIL DIRECTION REQUESTED**

Below are five options for the 2016 assessment rates based on a typical 80' residential lot:

<b><u>NO INCREASE</u></b>	<b><u>2015</u></b>	<b><u>2016 PROPOSED</u></b>
Unit Assessment (\$/lot)	\$2,850	\$2,850
Footage Assessment (\$/foot)	\$15	\$15
Water Service	\$1,025	\$1,025
<u>Sanitary Sewer</u>	<u>\$925</u>	<u>\$925</u>
<b>Typical 80' lot</b>	<b>\$6,000</b>	<b>\$6,000</b>

<b><u>2.5% INCREASE (based on 2014-2015 general construction cost)</u></b>	<b><u>2015</u></b>	<b><u>2016 PROPOSED</u></b>
Unit Assessment (\$/lot)	\$2,850	\$2,920
Footage Assessment (\$/foot)	\$15	\$15
Water Service	\$1,025	\$1,050
<u>Sanitary Sewer</u>	<u>\$925</u>	<u>\$950</u>
<b>Typical 80' lot</b>	<b>\$6,000</b>	<b>\$6,150</b>

**4.8% INCREASE (based on 2014-2015 low bid prices)**

	<b><u>2015</u></b>	<b><u>2016 PROPOSED</u></b>
Unit Assessment (\$/lot)	\$2,850	\$2,990
Footage Assessment (\$/foot)	\$15	\$16
Water Service	\$1,025	\$1,070
<u>Sanitary Sewer</u>	<u>\$925</u>	<u>\$970</u>
<b>Typical 80' lot</b>	<b>\$6,000</b>	<b>\$6,310</b>

**14.5% INCREASE (based on 2014-2015 general construction cost)**

	<b><u>2015</u></b>	<b><u>2016 PROPOSED</u></b>
Unit Assessment (\$/lot)	\$2,850	\$3,260
Footage Assessment (\$/foot)	\$15	\$17
Water Service	\$1,025	\$1,170
<u>Sanitary Sewer</u>	<u>\$925</u>	<u>\$1,060</u>
<b>Typical 80' lot</b>	<b>\$6,000</b>	<b>\$6,850</b>

**22.3% INCREASE (based on 2010-2015 low bid prices)**

	<b><u>2015</u></b>	<b><u>2016 PROPOSED</u></b>
Unit Assessment (\$/lot)	\$2,850	\$3,490
Footage Assessment (\$/foot)	\$15	\$18
Water Service	\$1,025	\$1,250
<u>Sanitary Sewer</u>	<u>\$925</u>	<u>\$1,130</u>
<b>Typical 80' lot</b>	<b>\$6,000</b>	<b>\$7,310</b>

The staff's recommendation is to increase the overall assessment rate about 4.8% in 2016.

**Construction Cost Comparison  
2010 Prices to 2015 Prices**

	<b>2010 Low Bid Price</b>	<b>2015 Low Bid Price</b>	<b>Low Bid Price Percent Changed</b>
<b>Street Construction</b>	\$569,013	\$691,921	21.6%
<b>Storm Sewer</b>	\$135,001	\$150,173	11.2%
<b>Sanitary Sewer</b>	\$109,051	\$133,424	22.4%
<b>Watermain</b>	\$260,466	\$336,467	29.2%
<b>Electrical</b>	\$6,582	\$9,115	38.5%

<b>TOTAL PROJECT COST</b>	<b>1,080,113</b>	<b>1,321,100</b>	<b>22.3%</b>
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<b>TOTAL PROJECT COST WITHOUT ELECTRICAL</b>	<b>1,073,531</b>	<b>1,311,985</b>	<b>22.2%</b>
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	<b>2010 Average Bid Price</b>	<b>2015 Average Bid Price</b>	<b>Average Bid Price Percent Changed</b>
	\$641,166	\$763,126	19.0%
	\$145,730	\$180,553	23.9%
	\$139,093	\$170,675	22.7%
	\$293,497	\$391,843	33.5%
	\$7,149	\$9,834	37.5%

	<b>1,226,635</b>	<b>1,516,031</b>	<b>23.6%</b>
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	<b>1,219,486</b>	<b>1,506,197</b>	<b>23.5%</b>
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**Construction Cost Comparison  
2014 Prices to 2015 Prices**

	<b>2014 Low Bid Price</b>	<b>2015 Low Bid Price</b>	<b>Low Bid Price Percent Changed</b>
<b>Street Construction</b>	\$673,561	\$691,921	2.7%
<b>Storm Sewer</b>	\$136,718	\$150,173	9.8%
<b>Sanitary Sewer</b>	\$120,214	\$133,424	11.0%
<b>Watermain</b>	\$313,502	\$336,467	7.3%
<b>Electrical</b>	\$16,353	\$9,115	-44.3%

**TOTAL PROJECT COST**                      1,260,348              1,321,100              **4.8%**

**TOTAL PROJECT COST**  
**WITHOUT ELECTRICAL**                      1,243,995              1,311,985              **5.5%**

	<b>2014 Average Bid Price</b>	<b>2015 Average Bid Price</b>	<b>Average Bid Price Percent Changed</b>
	\$687,392	\$763,126	11.0%
	\$161,281	\$180,553	11.9%
	\$138,200	\$170,675	23.5%
	\$334,631	\$391,843	17.1%
	\$16,558	\$9,834	-40.6%

**TOTAL PROJECT COST**                      1,338,061              1,516,031              **13.3%**

**TOTAL PROJECT COST**  
**WITHOUT ELECTRICAL**                      1,321,504              1,506,197              **14.0%**

# COUNCIL WORKSESSION MEMO

3.4

Meeting Date	October 26, 2015
Agenda Section	Council Discussion
Item Description	Discussion; 2016 Budget Adjustments
Submitted By	Lori Yager, Finance Director

## **BACKGROUND INFORMATION:**

Since the preliminary 2016 budget and levy were approved on September 8, 2015, a few changes have been discussed.

The purpose of this worksession is to discuss proposed changes to the 2016 budget and allow final modification to the 2016 budget prior to the public review on December 7, 2015. The modifications are listed below with financial impacts.

### General Fund

- 1) Increase Security to full-time positions \$21,750. Impact is increase in reserve use by (\$21,750).
- 2) Shift 50% of full-time position to Administration from Electric to assist with council packets, elections and backup of City Clerk position \$27,675. Impact is increase in reserve use by (\$27,675).
- 3) Additional Election \$20,000. Impact is increase in reserve use by (\$20,000)

### Street Renewal

- 1) Move Sandburg wall replacement from Park Capital to Street Renewal, \$60,000. Part of right of way.
- 2) Move portion of additional 2016 SRP to later year, (\$972,455).
- 3) Decrease street portion of normal 2016 SRP to reflect cost estimate, (\$104,275).
- 4) Increase Water, Sewer and Storm Sewer share of both SRP projects, \$501,905.
- 5) Increase amount paid by Water and Sewer to cover those costs, (\$123,480)
- 6) Total Net Decrease to fund is (\$638,305).

### Park Capital

- 1) Move Sandburg wall replacement to Street Renewal, (\$60,000).

### Water Fund

- 1) Decrease for additional SRP (\$129,435).

### Sewer Fund

- 1) Decrease for additional SRP (\$66,685).

## **FINANCIAL IMPACT**

The decreased expenditures in the street renewal fund will result in a positive fund balance for this fund. Future funding sources for street renewal projects will need to be addressed. General fund reserves are projected to be at 57% of total expenditures for the end of 2015 or \$5.6 million. This is about \$700,000 higher than originally projected. Use of fund balance in 2016 with the additions above will be (\$1,496,040). The use is for transfers out to other funds totaling \$2,024,650. This will leave a general fund balance of approximately \$3.9 million or 37% of total expenditures for the end of 2016.

## **COUNCIL DIRECTION REQUESTED**

Discuss budget items. Ask council to direct staff to make the adjustments for 2016 and include them in the public review on December 7, 2015.