COUNCIL CONFERENCE MEETING

May 09, 2022

5:00 PM

Fridley Civic Center, 7071 University Avenue N.E.

AGENDA

1. 2021 Performance Measurement Program

2. 2023 Budget Outlook & Objectives

AGENDA REPORT

Meeting Date: May 9, 2022 **Meeting Type:** City Council Conference Meeting

Submitted By: Melisa Moore, City Clerk
Brooke Hall, Communications Specialist

Title

2021 Performance Measurement Program

Background

In 2019, the City of Fridley (City), under the general direction of the City Manager, formed the Process Management (PMT) to improve the efficiency and efficacy of City programs and services. The PMT consists of staff from each department, trained in continuous improvement, performance measurement and problem solving, among other areas.

The PMT consists of two committees: 1) Process Improvement (Process); and 2) Performance Measurement (Performance). The Process Committee(s) seeks to improve businesses processes by reducing waste and enhancing quality. The Performance Committee developed a set of measures based on guidance from the Minnesota Local Performance Measurement Program (Program) offered by the Office of the State Auditor (OSA) in conjunction with the Council on Local Results and Innovation.

By formally reporting on at least 10 of the 29 performance measures identified by the Program to the OSA, the City may receive two benefits: 1) a per capita reimbursement of $0.14; and 2) an exemption from property tax levy limit if they are in effect. To participate in the Program, the City Council must adopt the minimum number of performance measures, report them at least annually to residents and submit a document detailing the actual results.

Based on those criteria, the PMT drafted the 2021 Performance Measures Report (attached), which outlines 18 performance measures. In addition to the benefits of the Program, the City will use the report to inform policy decisions, such as budget recommendations, and to gauge the success of City programs and services.

Attachments and Other Resources

- Draft 2021 Performance Measurement Report

City of Fridley

2021

Performance Measures Report

City of Fridley | 2021 Performance Measurement Report

In summer 2019, the City of Fridley Process Management Team was formed with representatives from every department. After completing an in-depth analysis of customer service standards at the Fridley Civic Campus, the team was separated into two subcommittees: Process Improvement and Performance Measurement.

The Process Improvement Subcommittee was tasked with reviewing applications from departments requesting specific processes to be analyzed and improved. The Performance Measurement Subcommittee was assigned with developing a report on the required measures for the State of Minnesota Performance Measurement Program through the Council on Local Results and Innovation (CLRI).

The Performance Measurement Committee coordinated with City departments to report on 18 measures in the report. The measures were divided into four categories: General, Police, Fire and Public Works (Streets, Water and Sanitary Sewer).

Within the report, there is a full overview of the elected performance measures data, as well as individual data sets and descriptions of the measurements. Descriptions include what data is being measured, why the data is important, and what the results mean for the City of Fridley.

On June ___, 2022, the Fridley City Council adopted a resolution authorizing the Performance Measurement Committee to submit the 2020 Performance Measurement Report to the Office of the State Auditor.

For the 2021 report, the Process Management Team consisted of the following members:

Performance Measurement Subcommittee

Brooke Hall, Chair
Roberta Collins
Karen Fischer
Melissa Moore
Stacy Stromberg

Process Improvement Subcommittee

Beth Kondrick, Chair
Mike Grundman
Patrick Maghrak
Jessica Nelson-Roehl
Mikey Oman

City of Fridley Standard Performance Measures

For the Year Ended December 31, 2021

General	2017	2018	2019	2020	2021
Percentage Change in Taxable Market Value	6.60%	12.80%	6.37%	7.64%	6.29%
Nuisance Code Enforcement Cases per 1,000 population	26.12	49.35	58.72	33.86	35.18
Bond Rating	Aa2	Aa2	Aa2	Aa2	Aa2W
Accuracy of Post Election Audit	Not selected for audit	Not selected for audit	Not selected for audit	Not selected for audit	Not selected for audit
Feeling Safe in the City	N/A	N/A	N/A	98%	N/A
Police Services					
Part I Crime Rates	1,118	1,100	1,148	1,329	1,312
Part II Crime Rates	1,412	1,461	1,163	1,007	842
Part I Crime Clearance Rates	25%	26%	28%	24%	32%
Part II Crime Clearance Rates	50%	52%	52%	42%	50%
Average Police Response Time	3:27 Minutes	3:12 Minutes	3:33 Minutes	3:53 Minutes	5:39 Minutes
Fire & EMS Services					
Insurance Industry Rating of Fire Services	Class 3	Class 3	Class 3	Class 3	Class 3
Average Fire Response Time	5:00 Minutes	6:00 Minutes	5:47 Minutes	6:07 Minutes	6:07 Minutes
Fire Calls Per 1,000 Population	128	91	94	114	95
Number of Fires with Losses Resulting in Investigation	35	45	44	39	40
Streets					
Average City Street Pavement Condition Rating	7.08	6.92	6.50	6.84	6.80
Expenditures for Road Rehabilitation per Paved Lane Mile Rehabilitated	$150,803	N/A	$194,894	$213,794	$122,515
Percentage of All Jurisdiction Lane Miles Rehabilitated in a Year	1.68%	0%	0.51%	3.148%	2.580%
Water					
Operating Cost per 1,000,000 Gallons of Water Pumped/ Produced	$1,741	$1,846	$1,957	$1,868	$1,886
Sanitary Sewer					
Number of Sewer Blockages on City System per 100 Connections	.036	.060	.048	.036	.012

Taxable Property Market Value	2017	2018	2019	2020	2021
Percentage Change	6.60%	12.80%	6.37%	7.64%	6.29%
Taxable Market Value	2,263,260,400	2,411,702,930	2,720,564,453	2,945,538,061	3,240,926,104

Source: Anoka County and City Assessor's Office

Percent Change in the Taxable Market Value

What is it?

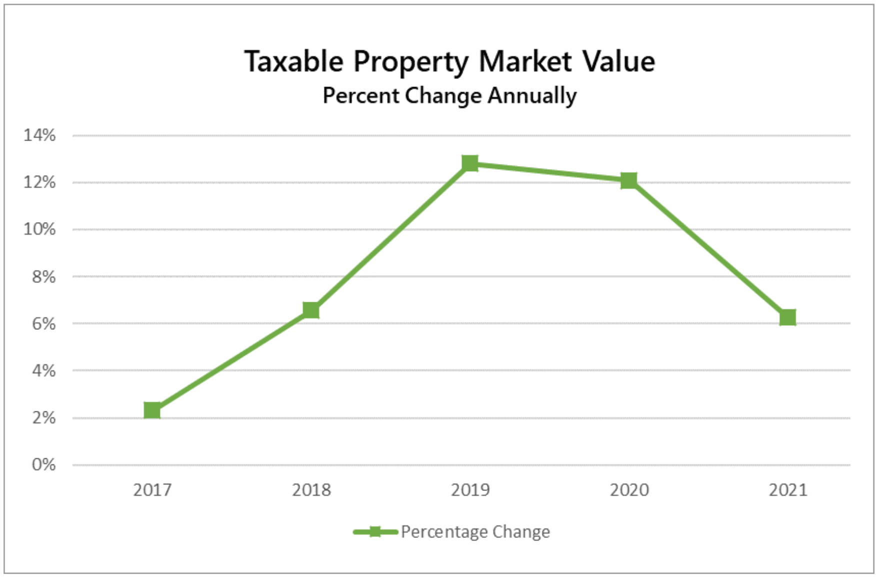
As a local taxing jurisdiction, property taxes are the principal funding source for the City and its operations. For some real property, a portion of its market value may be excluded from taxation, such as the Homestead Market Value Exclusion. Once those a taxing jurisdiction applies those exclusion, the market value becomes the Taxable Market Value (TMV).

Why does it matter?

The City uses the TMV to help determine the tax liability for each property within its jurisdiction. Usually, when the TMV for the City increases, the property tax rate decreases, and a property pays less in City property taxes. In other words, when the City grows and there more properties to pay taxes, they can all pay a little less.

What does the data tell us?

Over the past few years, the City experienced a significant growth in the TMV, increasing about 33% since 2016. Generally, the City attributed this change to a strong housing market and several substantial redevelopment projects, including Cielo Apartment Homes and Northern Stacks, among others. Coupled with other changes in the local real estate market, the City was able to generate additional property tax revenues for the entire Fridley community.



Nuisance Code Enforcement Cases	2017	2018	2019	2020	2021
Cases per year	726	1,369	1,629	992	1,041
Population per year	27,792	27,742	27,742	29,300	29,590
Cases Per 1,000 Residents	26.12	49.35	58.72	33.86	35.18

(# of cases/population) X 1,000 = Cases per 1,000 population, Source: City Planning Division & Population ASC Source

Nuisance Code Enforcement Cases (Per 1,000 Residents)

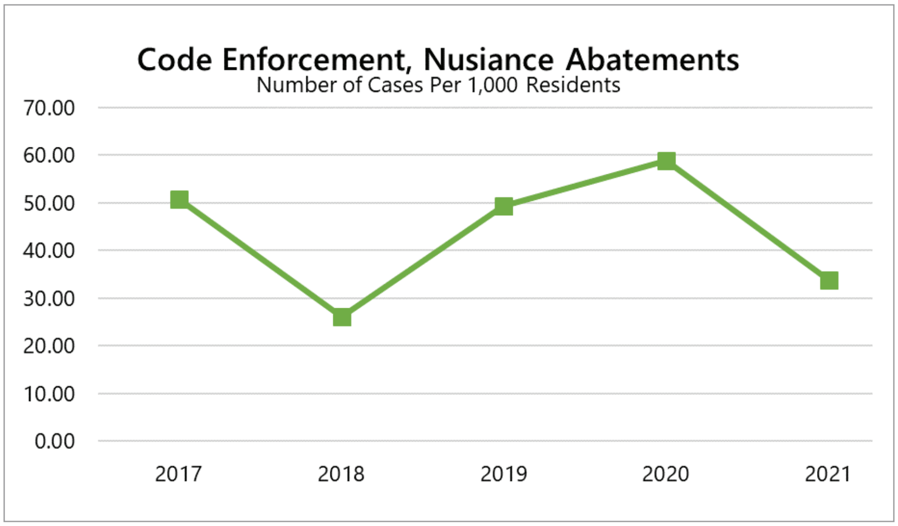
What is it?

The City must preserve and protect the general welfare of its residents, including the abatement and prevention of public nuisances. Minnesota Statute § 561.01 states "Anything which is injurious to health, or indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property, is a nuisance."

Why does it matter?

Public nuisance ordinances are designed to preserve the peace, quality of life, morals and public health of a community. The Fridley City Code regulates a number of activities to prevent the creation of public nuisance, including: compost, refuse and yard waste storage; exterior storage; fences; housing and lawn maintenance; home occupations; noise; vehicle parking, sale and storage; and vision safety. These efforts make the City a safe, vibrant, friendly and stable home for families and businesses.

What does the data tell us?



Between 2017 - 2019, nuisance code enforcement cases per 1,000 residents rose due to a renewed compliance effort and the expansion of the Fridley City Code to include back or rear yard storage in 2019. The cases dropped in 2020 due to a decrease in bank-owned properties and code enforcement visits due to the COVID-19 health pandemic. As a result, the City anticipates nuisance code enforcement case to increase in the next three years then return to more typical caseloads.

Moody Bond Rating	2017	2018	2019	2020	2021
Rating	Aa2	Aa2	Aa2	Aa2	Aa2

Source: Moody's Investor Services

Bond Rating

What is it?

On occasion, the City issues debt, known as bonds, to support capital improvements (e.g., road rehabilitation). The process tends to be similar to a mortgage used for a home – a financial institution lends money to the City and the City agrees to repay it with interest over many years. To verify the City's ability to make those payments, it receives a bond rating from an independent agency, Moody's Investor Services (Moody's). The agency evaluates the City on several factors, such as economic stability, management practices and financial performance.

Why does it matter?

A bond rating may be thought of as a measure of risk or the likelihood that the City would not be able to make debt service payment, also known as default. Therefore, a financial institution uses the bond rating to determine the cost to the City to borrow money – expressed as a higher or lower interest rate. The higher the bond rating, the lower the interest rate and vice versa. In some situations, a lower bond rating (higher interest rate) could cost hundreds of thousands of dollars in additional interest costs.

What does the data tell us?

The City maintains an Aa2, or the third highest, bond rating from Moody's. The most recent bond rating (2020) notes the healthy financial reserves, stable operations and strong redevelopment activities. In 2016, Moody's Investor Services downgraded the City when it borrowed about $50,000,000 to construct the Fridley Civic Campus, noting the concentration of the property tax base, elevated debt load and lower than average household incomes for the community.

Election Cycle	2016	2017	2018	2019	2021
Accuracy of Post Election Elected	Not Selected for Audit	Not Selected for Audit	Not Selected for Audit	Not Selected for Audit	Not Selected for Audit

Source: City Clerk's Office

Accuracy of Post-Election Audit Results

What is it?

According to the Office of the Secretary of State, "Minnesota Statute § 206.89 states that after every state general election, Minnesota counties perform a post–election review of election results returned by the optical scan ballot counters used in the state. The review is a hand count of the ballots for each eligible election (US President, US Senator, US Representative and Governor) in the selected precincts compared with the results from the voting system used in those precincts."

For Anoka County (County), the County Canvassing Board must conduct a review of at least four precincts, or three percent of the total number of precincts in the County, whichever is greater. The precincts must be selected randomly.

Why does it matter?

Post–election audits allow the City, other levels of government and the public to verify election results, deter voter fraud, discover errors and promote confidence in the election(s) process. In turn, the review helps the City improve internal processes and service delivery.

What does the data tell us?

Since 2016, the County has not selected the City for a post–election audit. To date, the City has not experienced any concerns or issues with election accuracy.

Police Services: Crime Rates, Clearance Rates and Response Times

	2017	2018	2019	2020	2021
Part I Crime	1,118	1,100	1,148	1,329	1,312
Part II Crime	1,412	1,461	1,163	1,007	842
Total	**2,530**	**2,561**	**2,311**	**2,336**	**2,154**

Source: City Police Division

Part I and Part II Crime Rates

What is it?

Crimes committed by perpetrators are classified as either Part I or Part II crimes. Part I crimes include homicide, sexual assault, robbery, aggravated assault, burglary, larceny-theft (shoplifting, pickpockets), motor vehicle theft, and arson. Part II crimes include other assaults, forgery and counterfeiting, fraud, embezzlement, stolen property (buying, receiving, possessing), prostitution, sex offenses, drug abuse violations, offenses against family and children, driving under the influence, drunkenness, disorderly conduct and all other offenses.

Why does it matter?

This data reported by the Department of Public Safety reflects the City's commitment to promoting public safety. Partnering with the community through engagement, leadership and education, assists in keeping Part I and Part II crime rates low.

What does the data tell us?

The Police Division responds to thousands of calls for service each year. Generally, Fridley experiences the same trends as the national average for both classifications and is similar to comparable surrounding communities.

Part I Crimes remained steady in 2021. At the same time, less violent Part II Crimes decreased to the lowest rate in five years. These changes were also consistent with the national average. In Fridley, the Police Division saw a decline in fraud and forgery, which may be attributed to businesses taking stronger actions regarding accepting checks and credit cards.

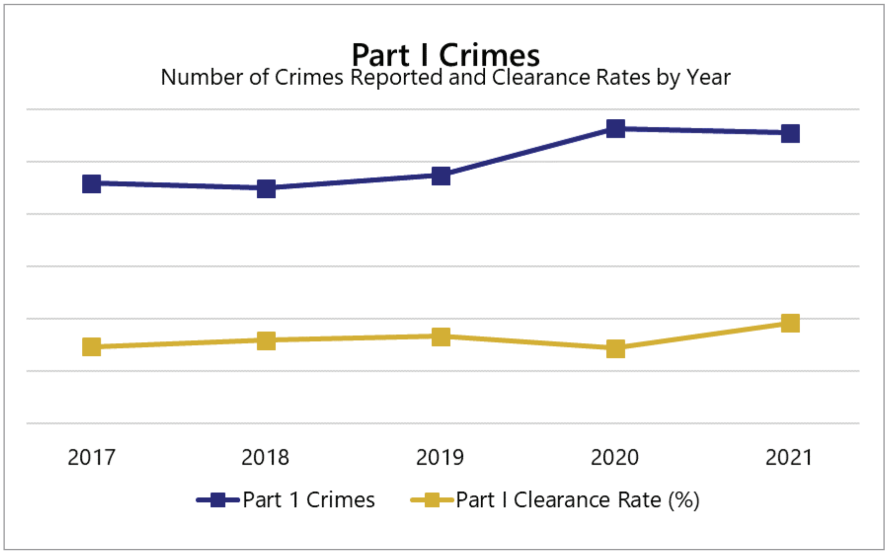
	2017	2018	2019	2020	2021
Part I Clearance Rate (%)	25%	26%	28%	24%	32%
Part II Clearance Rate (%)	50%	52%	52%	42%	50%

Source: City Police Division

Part I and Part II Clearance Rates

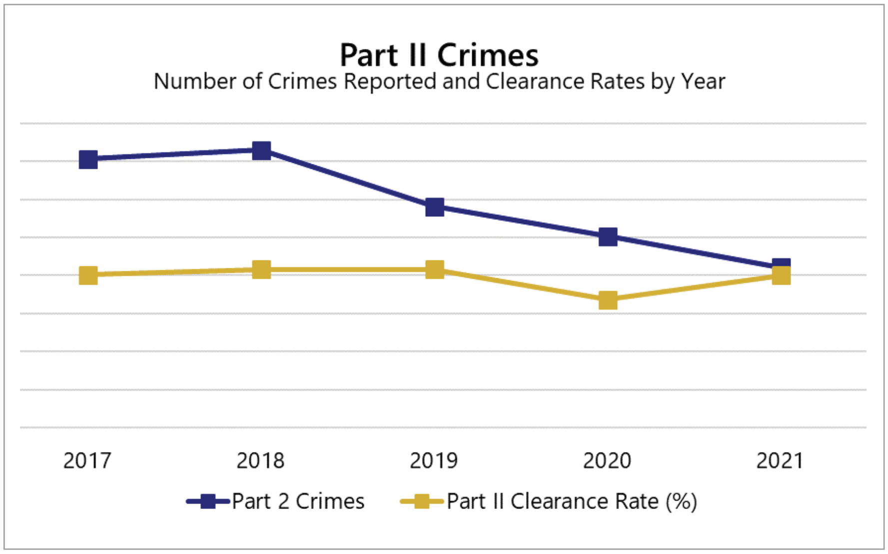
What is it?

Clearance rates measure the number of calls for service involving Part I and Part II crimes leading to various resolutions including warnings, citations or even arrests. The clearance rate is calculated by dividing the number of crimes that are cleared by the total number of crimes recorded.



Why does it matter?

The Police Division promotes the safety of the community and the feeling of security through the maintenance of law and order. This includes following through and applying legal penalties for violations.



What does the data tell us?

Evaluating the rate at which Part I and Part II crimes are cleared is often used as a measure of effectiveness in solving crimes. The decrease in 2020 is a result of a change in reporting systems this year. Previously, only the top three counts were included in 2020, all counts of the crimes are factored into the clearance rate.

	2017	2018	2019	2020	2021
Average Police Response Time	3:27 minutes	3:12 minutes	3:33 minutes	3:53 minutes	5:39 minutes

Source: City Police Division

Average Police Response Time

What is it?

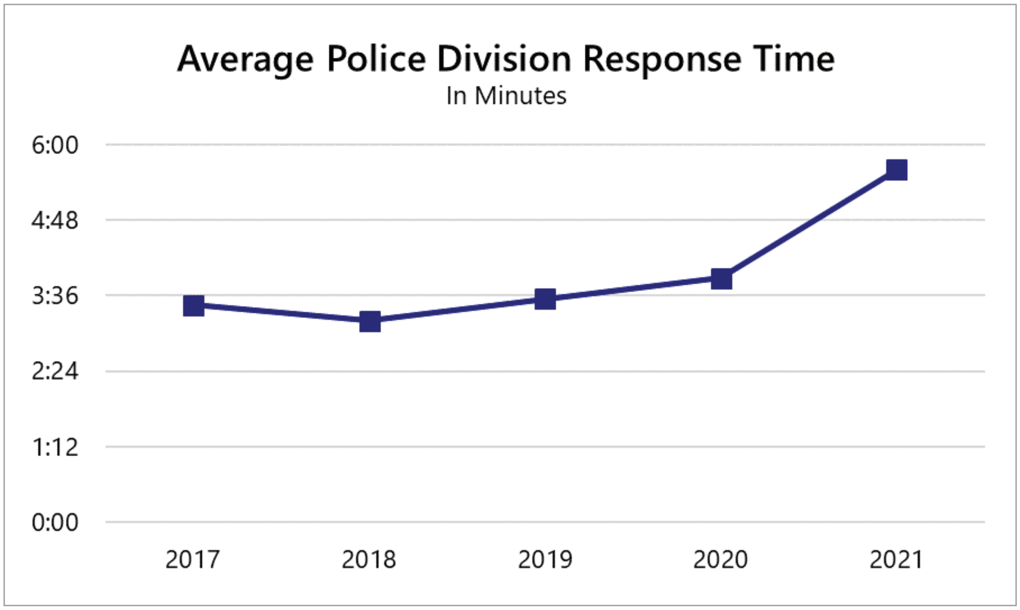
The average police response time details calls for service through the Anoka County Dispatch Center. The times do not reflect calls for service initiated by staff in the field. The measurement analyzes the amount of time from when an officer was sent on a call, to when the officer indicated they arrived on scene.

Why does it matter?

The Police Division promotes the safety of the community and the feeling of security through the maintenance of law and order, crime prevention, timely response to requests for police service, and positive contacts with the public.

What does the data tell us?

Response times saw an increase in 2021. This may be due to new hires, training shifts, and operating at shift minimums. New officers can take a bit longer to respond to calls as they learn the layout of the city, and lower priority calls have had to wait longer than usual to be resolved due to staffing.



Fire & EMS Services: Rating, Response Times, Calls, Fire Data

	2017	2018	2019	2020	2021
Insurance Industry Rating of Fire Services	Class 3	Class 3	Class 3	Class 3	Class 3

Source: City Fire Division

Insurance Industry Rating of Fire Services (Rating/Every 5 Years)

What is it?

A company called Insurance Services Office (ISO) creates ratings for fire departments and their surrounding communities. An ISO fire insurance rating, also referred to as a fire score or Public Protection Classification (PPC), is a score from 1 to 10 (1 is the best, 10 is the worst) that indicates how well-protected your community is by the fire service. Insurers then use it to help set business and homeowner insurance rates. The more well-equipped a fire service is to put out a fire, the less likely houses will be lost to a structure fire. There is less risk to the home, and therefore it is less expensive to insure.

Why does it matter?

In order to maintain a good ISO rating, a city must demonstrate their ability to provide fire protection through many different areas, such as the ability to deliver a minimum amount of water to a fire through well-maintained fire hydrants, having fire engines that deliver a minimum amount of water in gallons per minute (GPM), maintaining enough fire engines for the city size, and staffing fire stations with the minimum amount of trained firefighters.

Why does the data tell us?

The Fire Division has been able to maintain an ISO rating of Class 3 consistently over the years, according to the Public Protection Classification Summary Report (PPC). The results are based on emergency communication, fire department equipment and operations, city water supply, and community risk reduction surveys. This rating is typical of a City the size of Fridley.

Fire & EMS Services: Rating, Response Times, Calls, Fire Data

	2017	2018*	2019	2020	2021
Fire Calls per 1,000 Population	128	91	94	114	95

Source: City Fire Division. *In 2018, fire response changed for medical-related calls. Allina began providing primary response for medicals and fire response was reserved for priority medical calls. This accounts for the difference from 2018 and 2019.

Fire Calls per 1,000 Population

What is it?

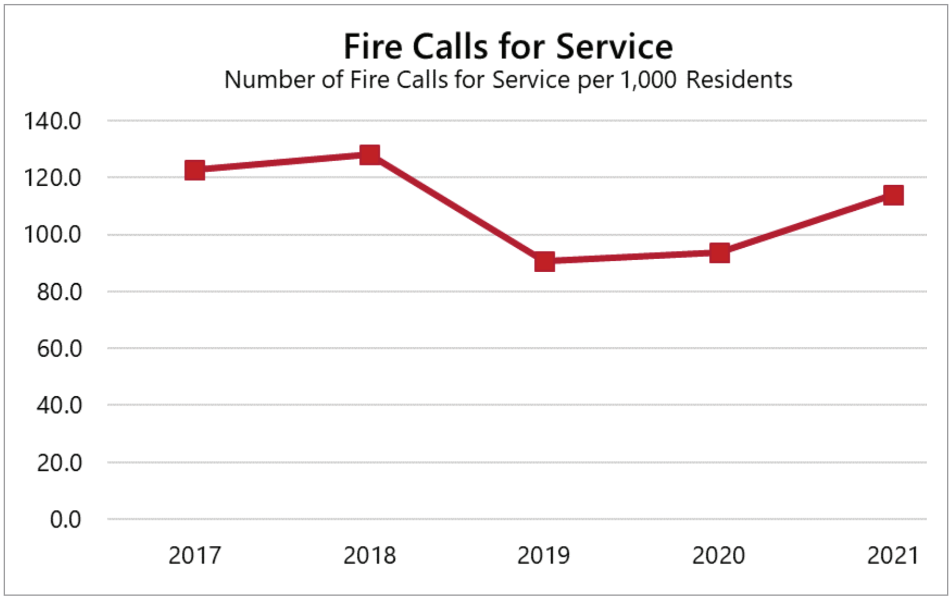
The Fire Division responded to 3,343 emergency calls in 2020. Of those calls, 114 were fire calls and 61 of the 107 were structure fires. As of 2020, the current population in Fridley was estimated at about 29,300. Based on the number of calls and total residents, there were 114 emergency responses per 1,000 Fridley residents.

Why does it matter?

The Fire Division projects an increase of more than 14 percent in emergency response calls over the next few years. This is based on the planned future residential housing and multi-story developments that lead to an estimated increase of 4,000 residents. The increase will determine future growth, staffing, equipment, and the supply needs of the division.

Why does the data tell us?

In 2018, the Fire Division reduced the amount of call types they responded to, which resulted in a decrease in calls per 1,000 residents. In 2020, the Fire Division began responding to medical-related calls again to assist the Police Division with the increase in calls during the pandemic. The Fire Division had more access to Personal Protective Equipment (PPE), which allowed them to better respond to illness-related calls for service.



	2017	2018	2019	2020	2021
Average Fire Response Time	5 minutes	6 minutes	5:47 minutes	6:07 minutes	6:07 minutes

Source: City Fire Division

Average Fire Response

What is it?

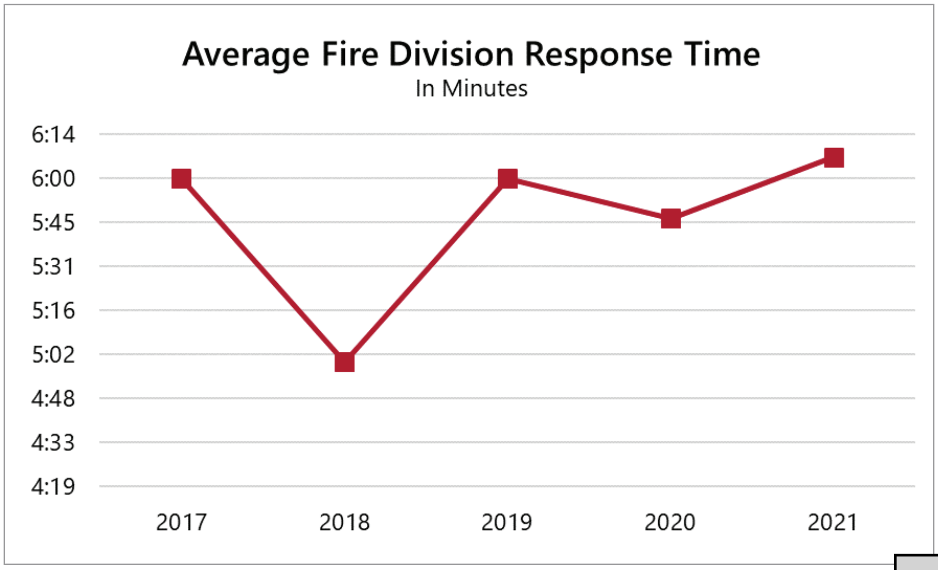
When fire services analyze their response times, they are really analyzing seconds in time. For example, the National Fire Protection Association (NFPA) 1710 standard states that "[T]he fire department's fire suppression resources shall be deployed to provide for the arrival of an engine company within a 240-second travel time (four minutes) to 90 percent of the incidents." That means every second counts, including call answering time (15 seconds), call processing time (60 seconds), and turnout time (80 seconds). For the City's paid-on-call firefighters, response time from home is approximately 6-10 minutes.

Why does it matter?

When measuring the effectiveness of fire protection services, response times are the key indicator. It determines if more resources are needed to effectively serve and protect communities. Therefore, it is crucial that local governments take these statistics seriously and allocate resources according to the specific needs of their local fire departments.

What does the data tell us?

The decrease in 2017 may be related to the switch in reporting softwares during that year. This could account for the way response times were being reported and incomparable data sets during that time. An increase in 2020 is related to a change in staffing structure to minimize contact between staff.



	2017	2018	2019	2020	2021
Number of fires with loss resulting in investigation	35	45	44	39	40

Source: Fire Division

Number of Fires Resulting in Investigation and Financial Loss

What is it?

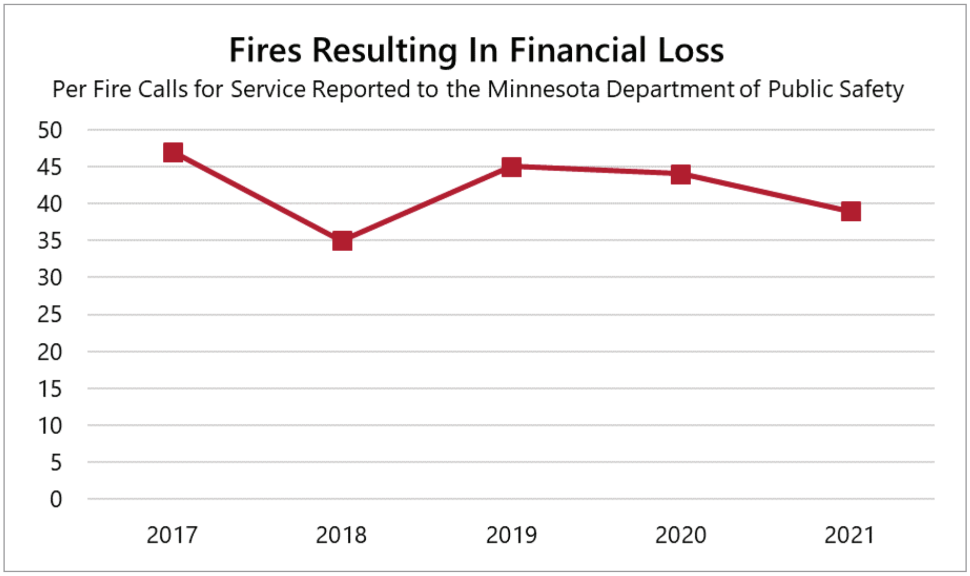
Between 2011 and 2015, U.S. fire departments reported an estimated 358,500 residential home fires each year. On average, there were about 2,695 deaths, 12,000 injuries and property damage averaging $7 billion throughout the U.S. per year from 2011 through 2015. Residential home fires usually start from open flames, accidents, and cooking, among other causes.

Why does it matter?

Documenting fires that resulted in investigation and financial losses as a result of the fires is a crucial tool in decision-making and helping to reduce loss to life/property due to fires. Estimating financial loss and property value are important pieces of data when assessing fire response at local, state and national levels.

What does the data tell us?

The data represents a general plateau of fires resulting in a financial loss. The Fire Division has been effective in limiting the number of significant fires and providing the same level of service, even as the city has grown in value and population with residential development.



	2017	2018	2019	2020	2021
Average City Street Pavement Condition Rating	7.08	6.92	6.5	6.8	6.8

Source: Engineering Division

Average City Street Pavement Condition Rating

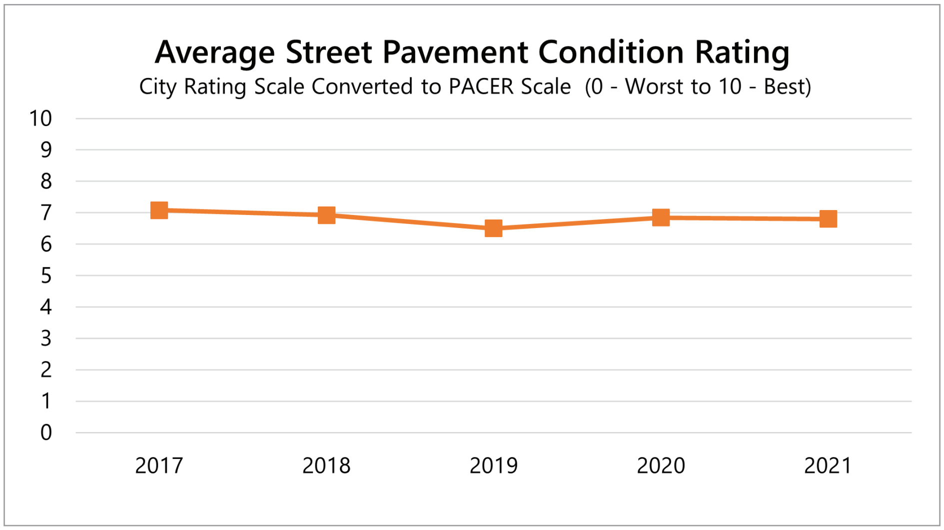
What is it?

Public Works employees inspect City streets each year. Each street is given a rating on the Pavement Surface Evaluation and Rating (PASER) scale based on cracks, utility cuts and imperfections on the roadway. On the scale, 0 is the worst and 10 is the best. Data previous to 2019 was based off of a unique Fridley scale. 2019 was the first year on the PASER system, which has a different rating methodology. Ratings prior to 2019 were converted to the new system.

Why does it matter?

Regular roadway minor maintenance methods such as roadway and crack sealing and micro surfacing are cost-effective approaches to maintaining pavement in relatively good condition. If a roadway has too low of a rating, minor maintenance is ineffective, and it will need to be reconstructed entirely – which is much more expensive. Continued maintenance helps slow the aging of the pavement. However, once the pavement is 50-60 years old, too much minor maintenance is needed, and a full rehabilitation is often the most efficient method of maintaining pavement quality.

What does the data tell us?



The ratings are used to determine whether the City's road maintenance and rehabilitation strategies are satisfactory, and if there is a change in pavement quality, which may indicate that a higher or lower investment in pavement preservation is required. Year-over-year data may not reflect a fully accurate comparison due to conversion of old ratings to the new PASER system. The rating remained the same in 2021 due to the offset of degradation through improvements and repairs made.

	2017	2018*	2019	2020	2021
Expenditures for road rehabilitation per paved lane mile rehabilitated	$150,803	N/A	$194,894	$213,794	$122,515

Source: Engineering Division *There was no rehabilitation project for 2018.

Expenditures for Road Rehabilitation Per Paved Line Mile Rehabilitated

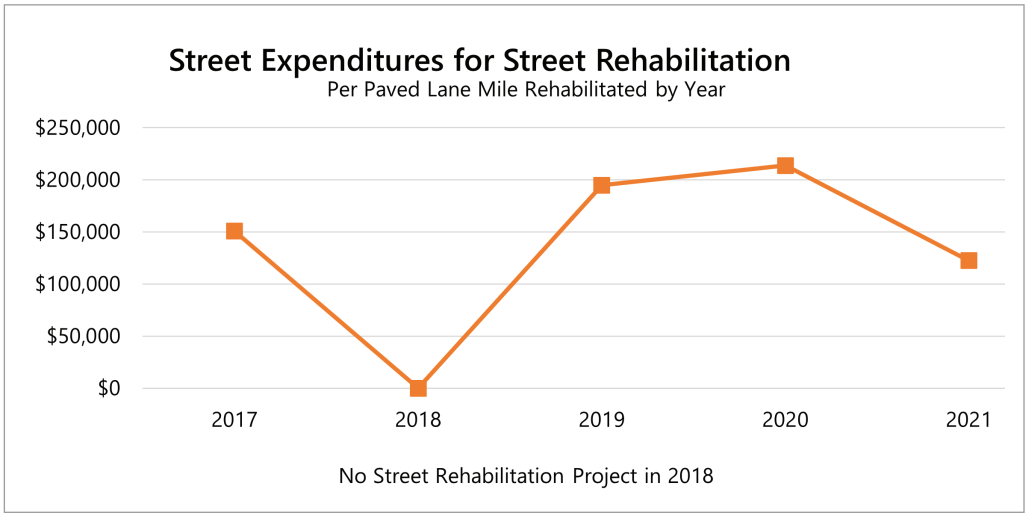
What is it?

This data is measuring the cost per mile for major reconstruction of roadways. The amount is influenced by the roadway characteristics and the length of roadway segments completed in a given year.

Why does it matter?

This data shows how cost-effective the rehabilitation methods are, illustrates increases in cost of construction, and if improvements need to be made in the manner in which roads are reconstructed. This number also reflects the numerous factors influencing the complexity of construction and rehabilitation of roadways.

What does the data tell us?



The data tells the City how cost-effective rehabilitation projects are, and displays efficiency in use of funding. The significant decrease in 2018 reflects the absence of a rehabilitation project that year. In 2020, Council approved additional investments to street habilitation through reconstruction. In 2021, a combination of reconstruction and resurfacing was used, which reduced the average cost rehabilitation for the year.

	2017	2018*	2019	2020	2021
Percentage of all jurisdiction lane miles rehabilitated in the year	1.68%	N/A	0.51%	3.15%	2.6%

Source: Engineering Division

Percentage of All Jurisdiction Lane Miles Rehabilitated in the Year

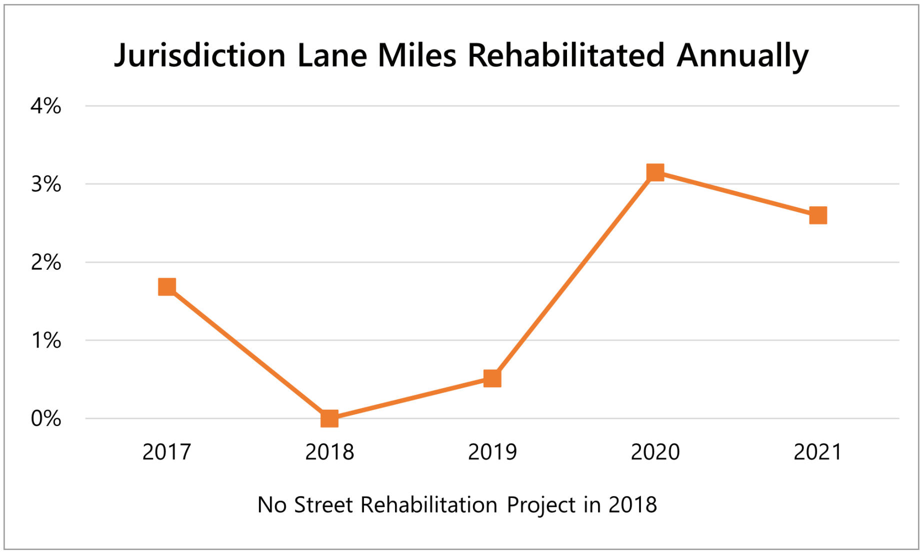
What is it?

The data reflects how many lane miles out of the total miles within the City are being rehabilitated every year. The goal is to average 2.5 percent per year.

Why does it matter?

If mileage is lower and streets are not being rehabilitated, the average age of the pavement gets older and the quality of streets are reduced. To provide for a stable budget and yet be cost-effective and provide the best service to residents via streets, the number of miles rehabilitated should be relatively consistent each year and meet the percentage goal on average.

What does the data tell us?



The data shows a decrease in the number of miles rehabilitated in 2019 compared to previous years. This is related to project delivery factors (how long it takes to receive permits, amount of funding, and coordination with other city/county/state projects in the area), which can affect how quickly projects are completed. The City increased mileage and completed a backlog of previous years' projects to exceed this goal during 2020.

	2017	2018	2019	2020	2021
Average Hours to Complete Road System During Snow Event	6.88 hours	7.33 hours	6.28 hours	7.39 hours	7.25 hours

Source: Streets Division

Average Hours to Complete Road System During Snow Event

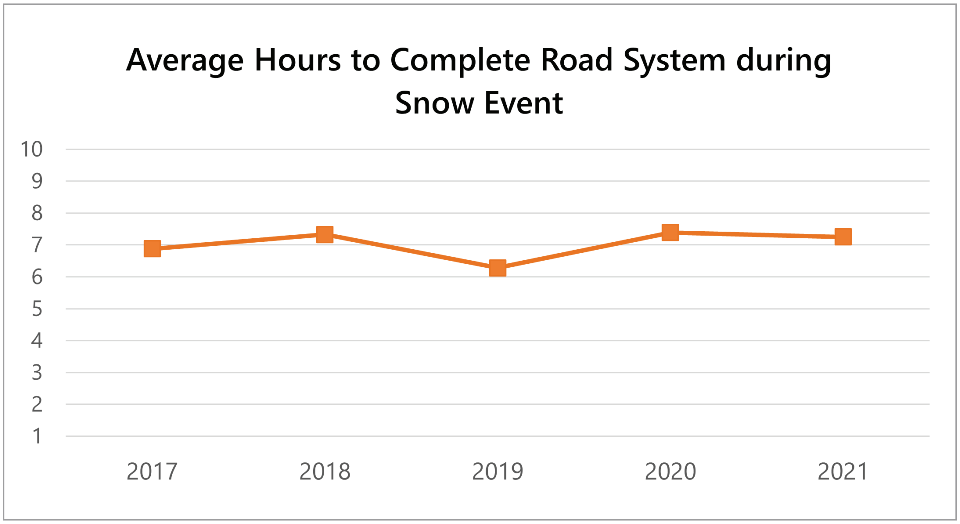
What is it?

The amount of time, in hours, it takes for City plows to clear City streets. The Public Works department clears 87 miles of streets, 29 miles of trails, and 12 miles of sidewalks. In total, the City clears 180 street lane miles. Street lane miles account for both sides of the roadway being cleared.

Why does it matter?

Winter road safety is extremely important to the community. Average hours of a plow route affect ability and safety of travel, which can influence work commutes, reduce school closures, keep businesses open and the ability to use recreation amenities.

What does the data tell us?



The data is an indicator of how efficient the plow routes/drivers are and the level of customer service the City is delivering to the residents. Data in a given year also indicates quantity and frequency of snow events, type of snow (light/heavy), ice conditions and timing and duration of snowfall. Data can vary year-over-year depending on how many snowfalls occurred and conditions at the time of snowfall. The increase in 2020 is related to the length of snowfalls, staff availability, antecedent icing and other weather-related conditions.

	2017	2018	2019	2020	2021
Operating Cost in Dollars per 1,000,000 gallons of water	$1,741	$1,846	$1,957	$1,868	$1,886

Source: Water Division

Operating Cost per 1,000,000 Gallons of Water Pumped/Produced

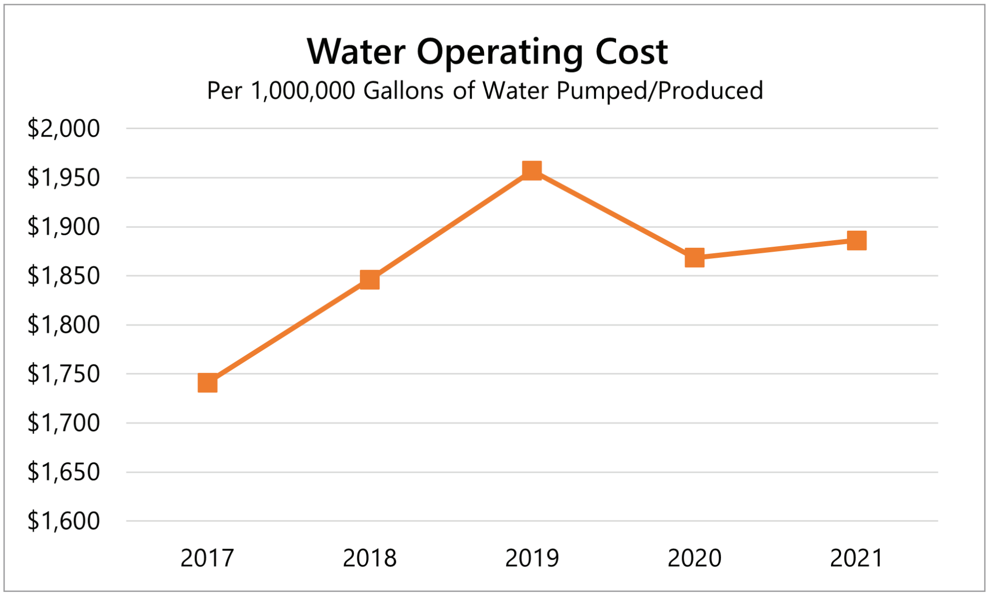
What is it?

The treatment, storage, and distribution operating costs for every million gallons of drinking water produced and delivered. The cost includes labor, supplies, maintenance, equipment and repairs, among other items.

Why does it matter?

The data is illustrative of the decline in water use due to effective conservation methods. The data also reflects increased costs of water treatment due to improved regulations and annual inflation costs of supplies, labor, and equipment.

What does the data tell us?



Year-over-year, the cost per gallon of water produced has been increasing slightly. While overall operating costs have remained stable, many of these costs are fixed regardless of production. Customers are conserving water, which leads to an increase in operating costs for a given volume of drinking water treated and delivered. As an example, even with less water going through a pump, its cost to maintain and eventually be replaced are dependent on its age rather than its use. Filters, storage tanks, distribution pipes and other components of the City's water treatment and delivery system must be maintained regularly, regardless of use.

	2017	2018	2019	2020	2021
Number of Sewer Blockages on City System per 100 Connections	0.036	0.060	0.048	0.036	0.012

Source: Sewer Division

Number of Sewer Blockages on City System per 100 Connections

What is it?

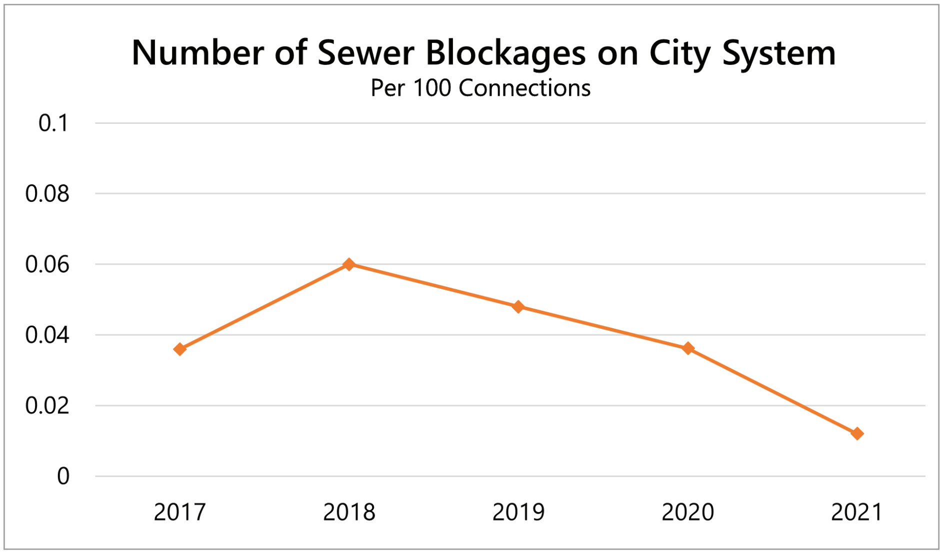
The amount of times that Public Works responds to an emergency sewer main blockage per 100 connections in a year. Blockages can be caused by improper disposal of non-flushable materials including grease and non-flushable wipes, tree root intrusion into sewers, and lack of coordination of service cleaning by contractors.

Why does it matter?

Frequency of blockages is very low, and demonstrates the City's effective maintenance program for cleaning the sewer mains. The program reduces incidents of sewage backups that impact customers. When a blockage affecting a home does occur, residents are encouraged to contact the City to have the Public Works Department check to verify whether there is a blockage in the main or sewer service. This may save the resident from having to pay a contractor to clean the service.

What does the data tell us?

The data shows how effectively the Sanitary Sewer Division is cleaning mains on a regular basis. The City's goal is to meet recommended cleaning of all mains within a two-year to five-year cycle. The City has exceeded this goal for over a decade, cleaning the entire system every 1.5 years. Year-over-year data shows that blockages are very infrequent, and the continued routine maintenance is effective.



City of
Fridley

AGENDA REPORT

Meeting Date: May 9, 2022 **Meeting Type:** City Council Conference Meeting

Submitted By: Joe Starks, Finance Director/City Treasurer

Title

2023 Budget Outlook & Objectives

Background

This will be our initial discussion regarding the 2023 Budget outlook and objectives.

Discussion

2023 Budget Development

Focus on Fridley Strategic Alignment

____ Vibrant Neighborhoods & Places
X Financial Stability & Commercial Prosperity
____ Organizational Excellence
____ Community Identity & Relationship Building
____ Public Safety & Environmental Stewardship

Attachments and Other Resources

- Budget Outlook & Objectives Presentation

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

OUTLOOK AND OBJECTIVES

PLANNING 2023 BUDGET

MAY 9, 2022

City of Fridley

OVERVIEW

- 2021 General Fund Budget Performance & 2022 Budget
- Budget Planning Projections for 2023 Budget
  - Long–Term Financial Plan
  - Economic Expectations
  - General Fund Revenue Assumptions
  - General Fund Expenditure Assumptions
  - Other Considerations
- Next Steps and Other Considerations, Objectives, Guidance

GENERAL FUND

2021 BUDGET PERFORMANCE(UNAUDITED) & 2022 ADOPTED BUDGET

GENERAL FUND, REVENUES

General Fund Summary (Unaudited)

Revenues	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget
41 - Taxes	$ 12,439,125	$ 12,476,885	$ 13,031,700	$ 13,306,327	$ 13,637,400
42 - Special Assessments	19,100	33,262	30,200	167,760	22,900
43 - Licenses and Permits	1,036,300	1,301,972	1,034,100	1,265,772	1,184,000
44 - Intergovernmental	1,762,200	2,049,122	1,805,100	2,019,750	2,050,000
45 - Charges for Services	2,149,300	2,074,088	2,122,800	2,300,204	2,230,200
46 - Fines and Forfeitures	167,500	116,334	161,400	130,986	159,600
47 - Miscellaneous	202,685	375,566	192,290	156,255	157,500
49 - Other Financing Sources	2,231,700	2,249,000	186,700	189,600	192,300
Total Revenues	***$ 20,007,910***	***20,676,229***	***$ 18,564,290***	***19,536,654***	***$ 19,633,900***

- For Fiscal Year 2021, actual revenues exceeded the budget by approximately $972,360

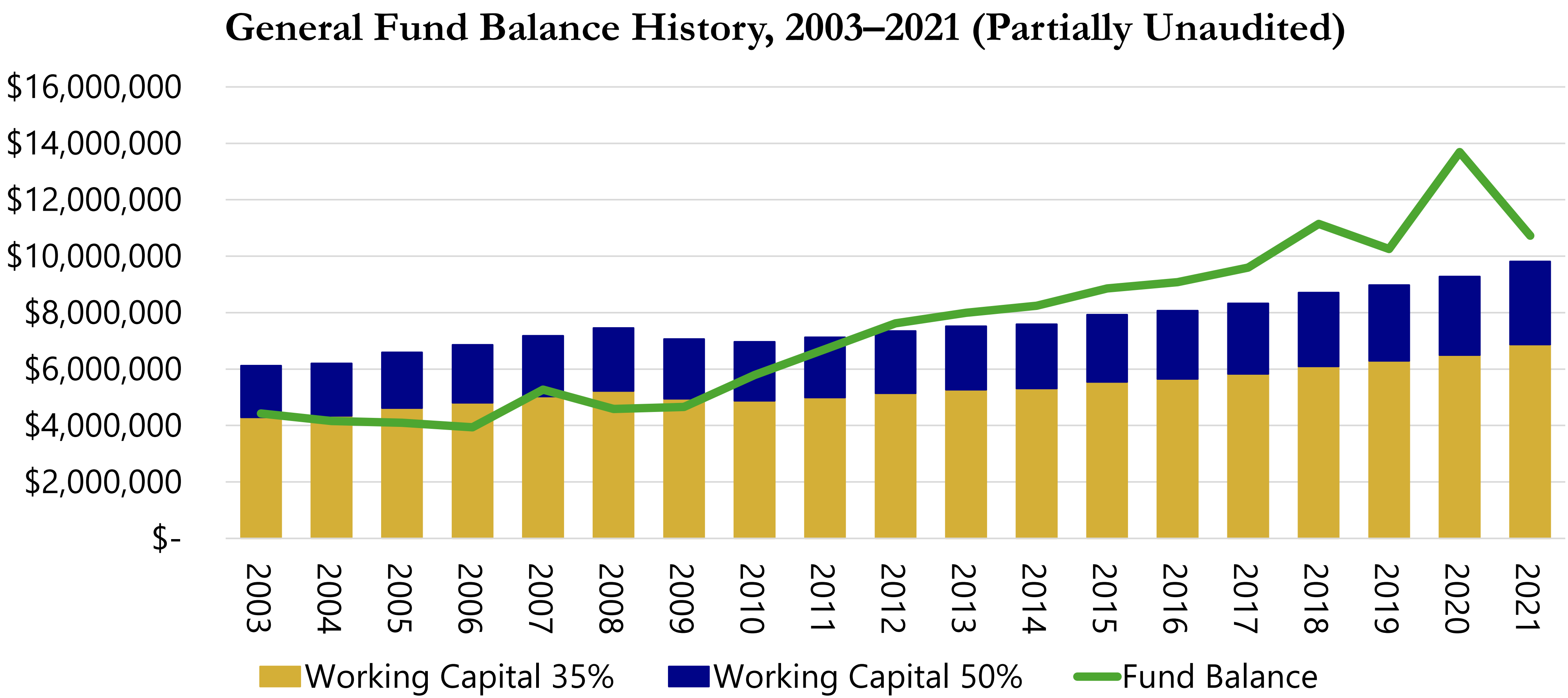
GENERAL FUND, EXPENDITURES

General Fund Summary (Unaudited)

Expenditures	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget
61 - Personnel Services	$ 13,840,400	$ 13,365,966	$ 14,343,890	$ 14,039,589	$ 15,320,800
62 - Supplies	862,650	750,319	822,020	769,714	825,600
63 - Other Services & Charges	3,259,860	3,128,580	3,398,380	3,374,445	3,487,500
70 - Capital Outlay	-	-	-	-	-
80 - Debt Service	-	-	-	-	-
99 - Other Financing Uses	-	-	-	4,321,388	-
Total Expenditures	***$ 17,962,910***	***17,244,865***	***$ 18,564,290***	***22,505,136***	***$ 19,633,900***

- For Fiscal Year 2021, actual expenditures were below budget by approximately $380,540 prior to the transfer out.

GENERAL FUND, BALANCE HISTORY



City of Fridley

LONG–TERM FINANCIAL PLAN

PLANNING 2023 BUDGET

LONG–TERM FINANCIAL PLAN

- Consistent with the Vision Statement and Organizational Values of the City, the Planning 2023 Budget seeks to provide excellent public services at a fiscally responsible cost
- Under this general goal, the City relies upon a series of guidelines to inform the development of the annual budget:
  - To stabilize ongoing revenues and expenditures, and eliminate unanticipated variances
  - To maintain structural balance and appropriate cash or fund balance levels
  - To increase accountability and transparency throughout the budget process
  - To make greater use of existing City resources
  - To ensure a financially competitive organization with exceptional service levels

LONG–TERM FINANCIAL PLAN

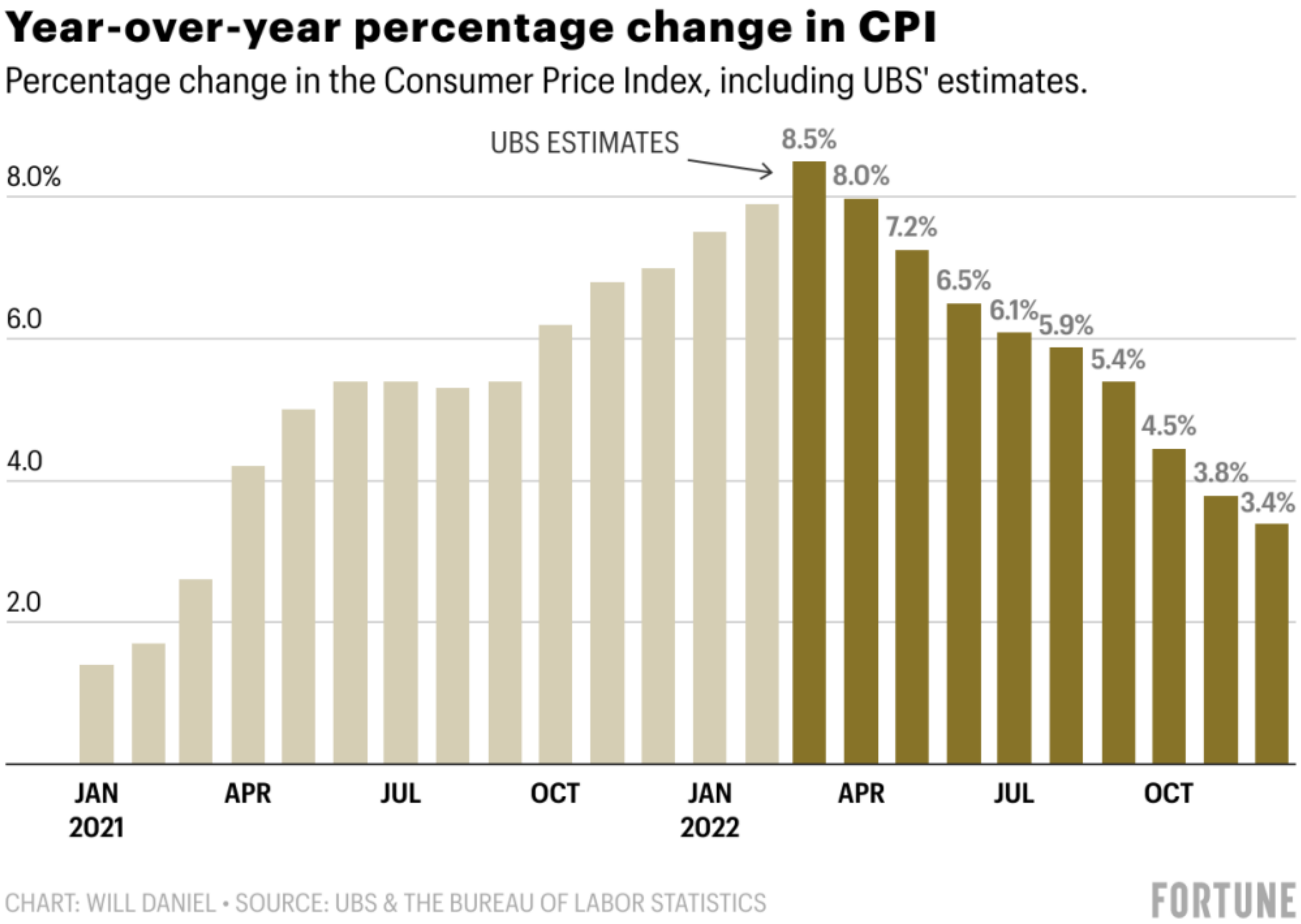
- Through this process and using the budget guidelines, the City Council accomplished several long–term goals, including:
  - Ending the use of equipment certificates
  - Ending the use of the Closed Bond Fund
  - Creating the Community Investment Fund
  - Reducing the operating budget reliance on Local Government Aid
  - Stabilizing the Streets Capital Projects Fund
  - Responding to cost pressure on the budget proactively
  - Maintaining a strong overall financial position
  - Improving budget communications and transparency

ECONOMIC EXPECTATIONS

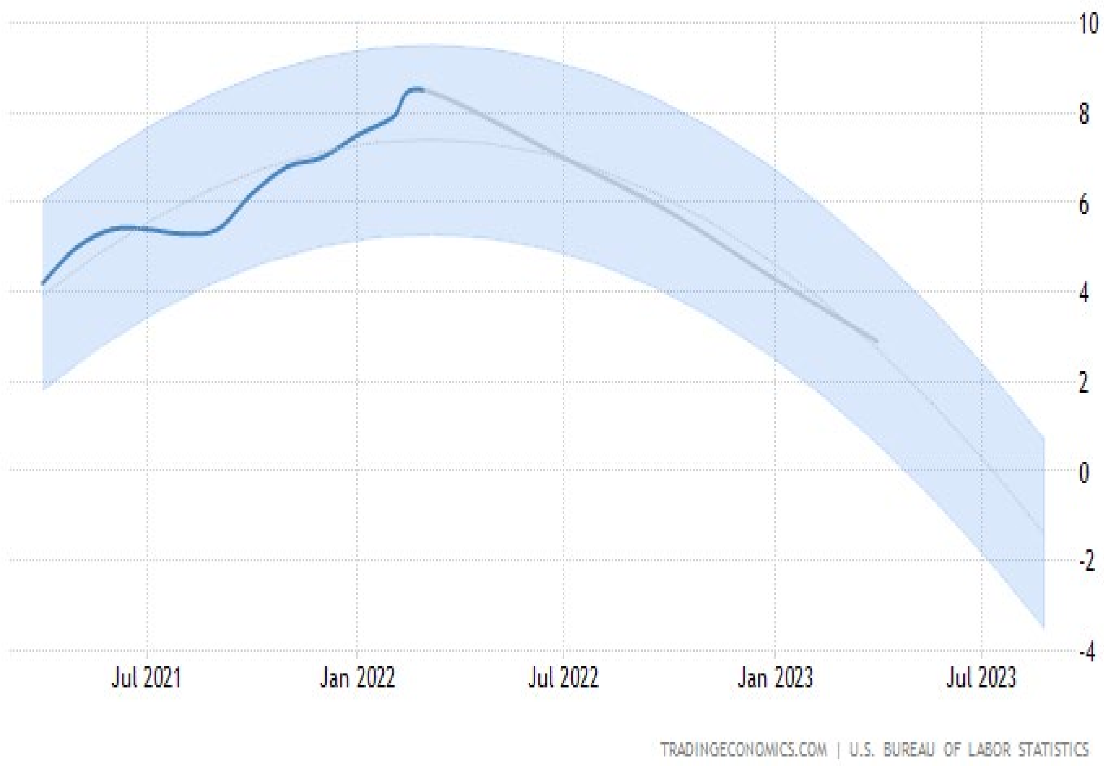
- State Forecast
  - The State's projected budget surplus is currently $9.3 billion, which could grow into fiscal year 2024-2025 biennium, with a projected surplus of $15.287 billion
    - Inflation will likely add as much as $1.1 billion to state expenditures during that timeframe
- Federal Forecast
  - Projected 5-7 Federal Funds Rate increases (200 – 300bp or 2 to 3 percentage points) by end of 2022, going into 2023
  - Intended to slow inflation and moderate consumer price increases
  - Cost of borrowing more expensive
  - Increased interest earnings on City funds
- Several factors continue to cause uncertainty in economic forecasts, including:
  - Fluctuations in Novel Coronavirus Disease 2019 (COVID–19) pandemic
  - Shifts in Federal fiscal, monetary and trade policies
  - Changes in business and consumer habits
  - Negotiations on State budget appropriations and tax policies
  - Inflation

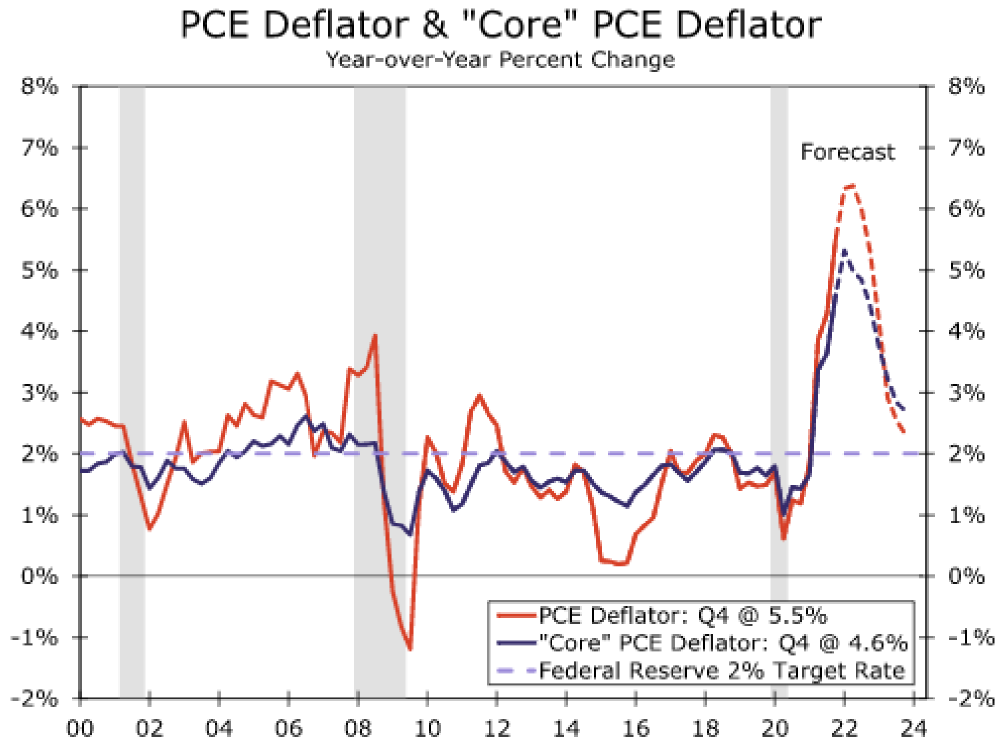
ECONOMIC EXPECTATIONS, INFLATION

- Inflation currently at highest level since early 1980s
- 5-7 rate increases by Federal Reserve by end of year going into 2023
- Rate increases intended to lower inflation and moderate consumer price increases
- Optimism
  - Core inflation index increased at the slowest pace in six months.
  - Largest driver of growth in core inflation over past year, used car prices, decreased 3.8% from February to March.



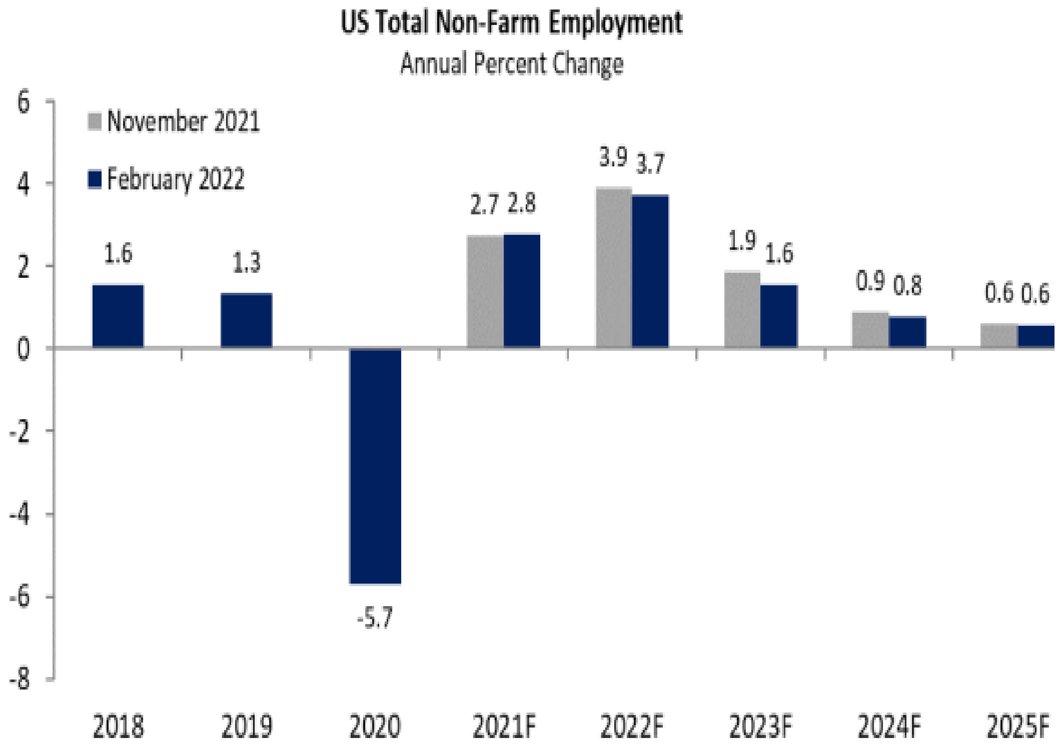
INFLATIONARY FORECAST, CONTINUED

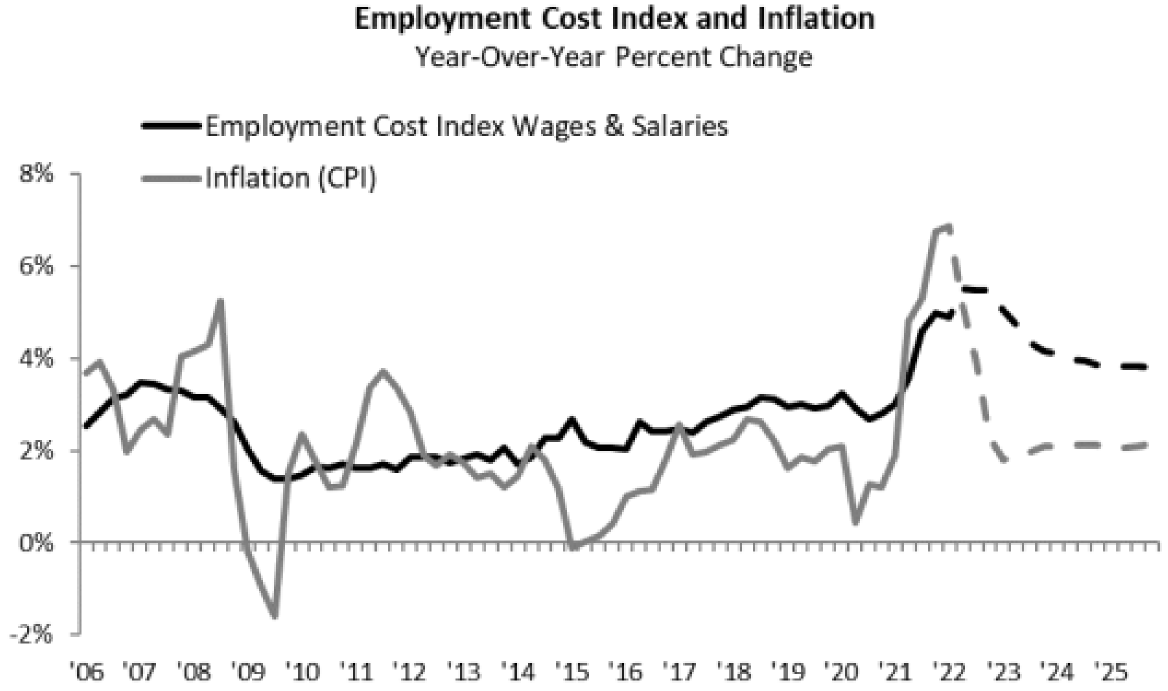




Source: U.S. Department of Commerce and Wells Fargo Economics

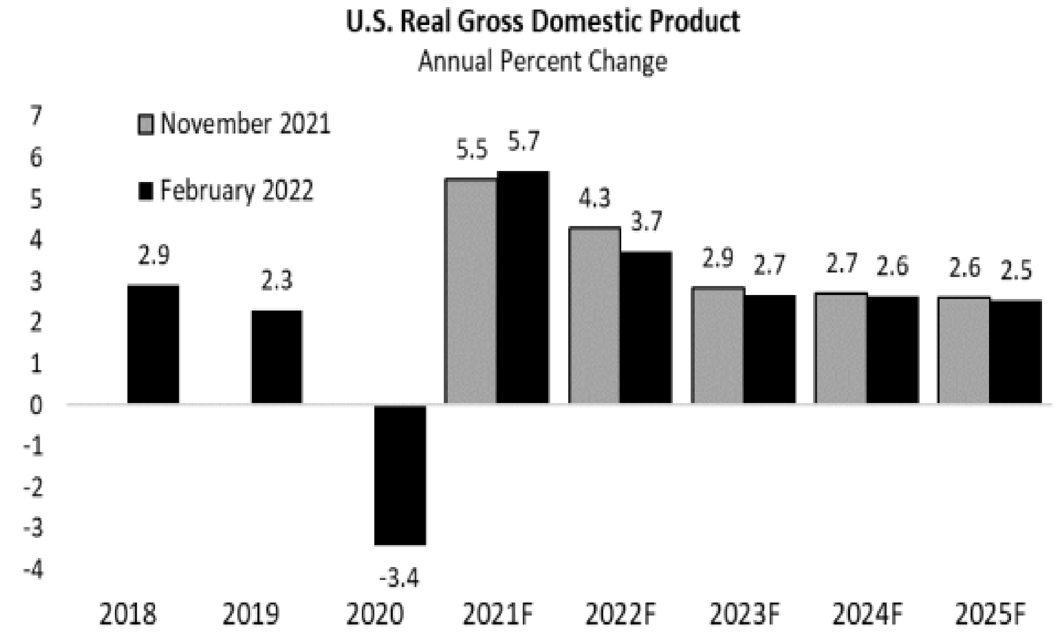
ECONOMIC EXPECTATIONS



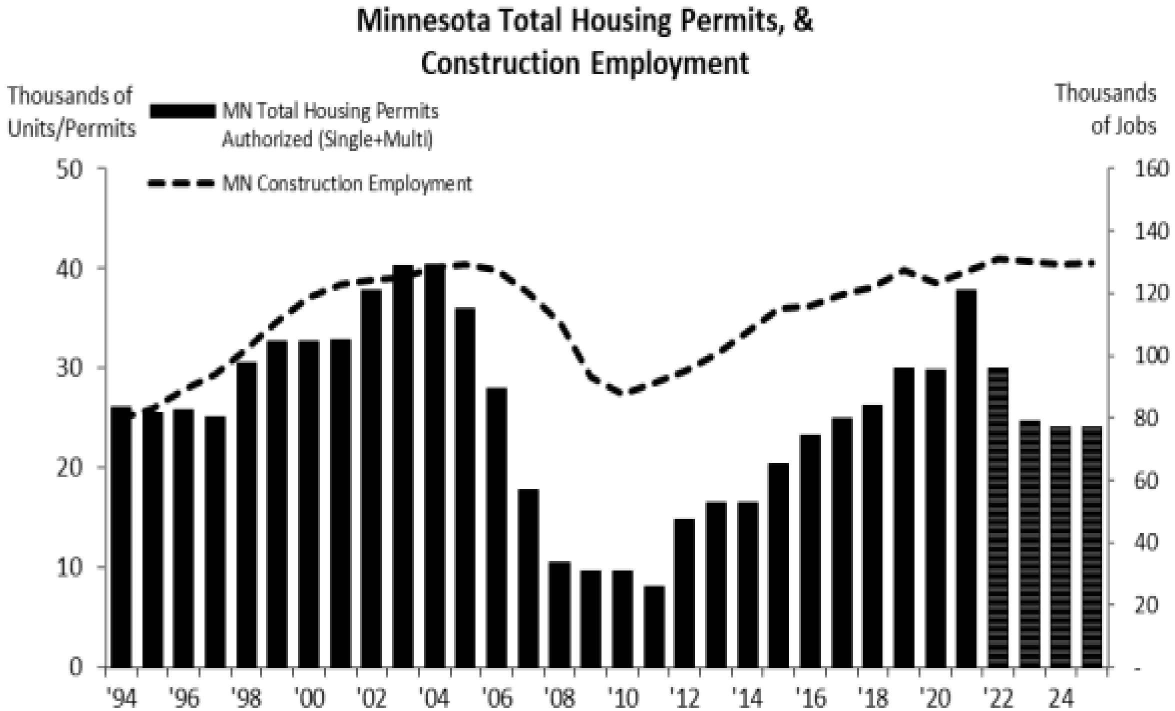


Source: IHS Economics

ECONOMIC EXPECTATIONS, CONTINUED



Source: Bureau of Economic Analysis and IHS

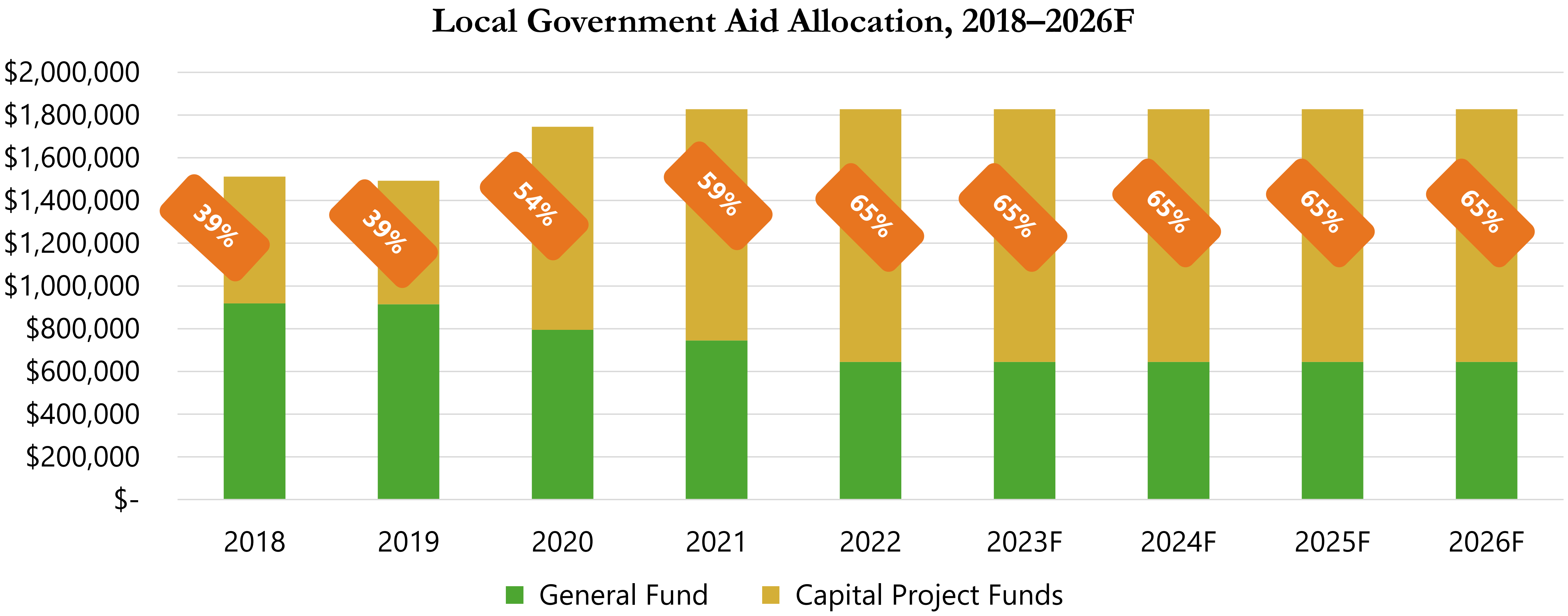


Source: MN Department of Employment and Economic Development (DEED), MN State Demographic Center, MN Management & Budget (MMB

AMERICAN RESCUE PLAN ACT (ARPA) FUNDS

- July 2021: City received $1,472,232 initial distribution of ARPA funds
- November 2021: City received $48,212 supplemental distribution of ARPA funds
- July 2022: City will receive final distribution of $1,520,444
- Initial Plan to use funds on utility infrastructure projects
- City approved resolution to treat funds as replacement of lost revenue (reporting purposes)
    - Gives the City flexibility should there be any unspent funds or plans change

LOCAL GOVERNMENT AID



GENERAL FUND EXPENDITURES

- Personnel Services
  - New Labor Agreements Approved in 2022
    - Fire Relief
    - Police (Patrol & Sergeants)
- Health Insurance Premiums
- Worker's Compensation Insurance Premiums
- Inflationary Pressures
- Reallocation of current resources based on history and need
  - Budget adjusted to better reflect actual expenditures

OTHER BUDGET/LEVY CONSIDERATIONS

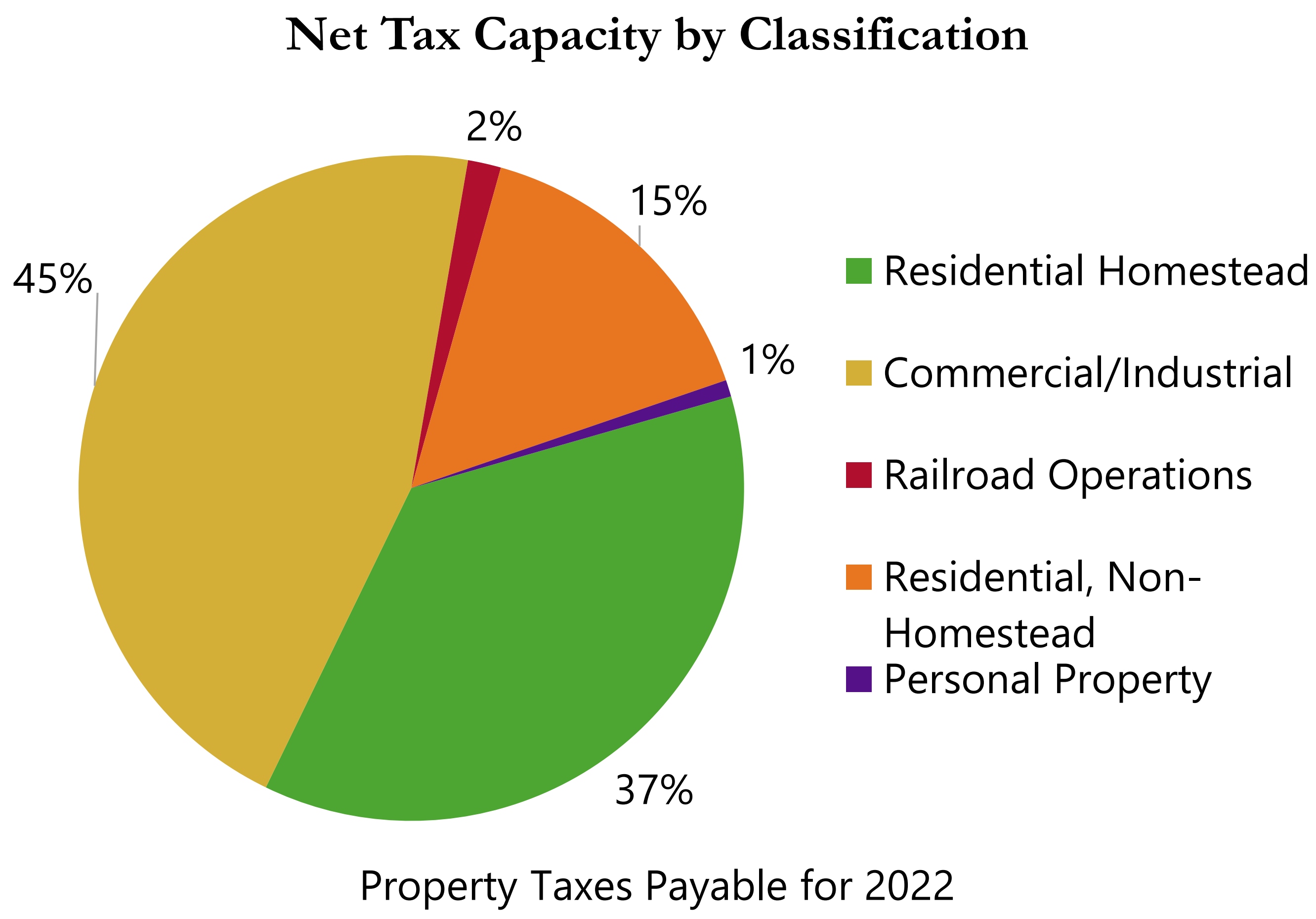
- Issuance of 2022 GO Tax Abatement Bonds for Park System Improvement Plan
  - Property tax impact beginning in 2023
- Springbrook Nature Center
- Liquor Store sales at pre-pandemic levels

PROPERTY TAX LEVY

Planning 2023 Budget

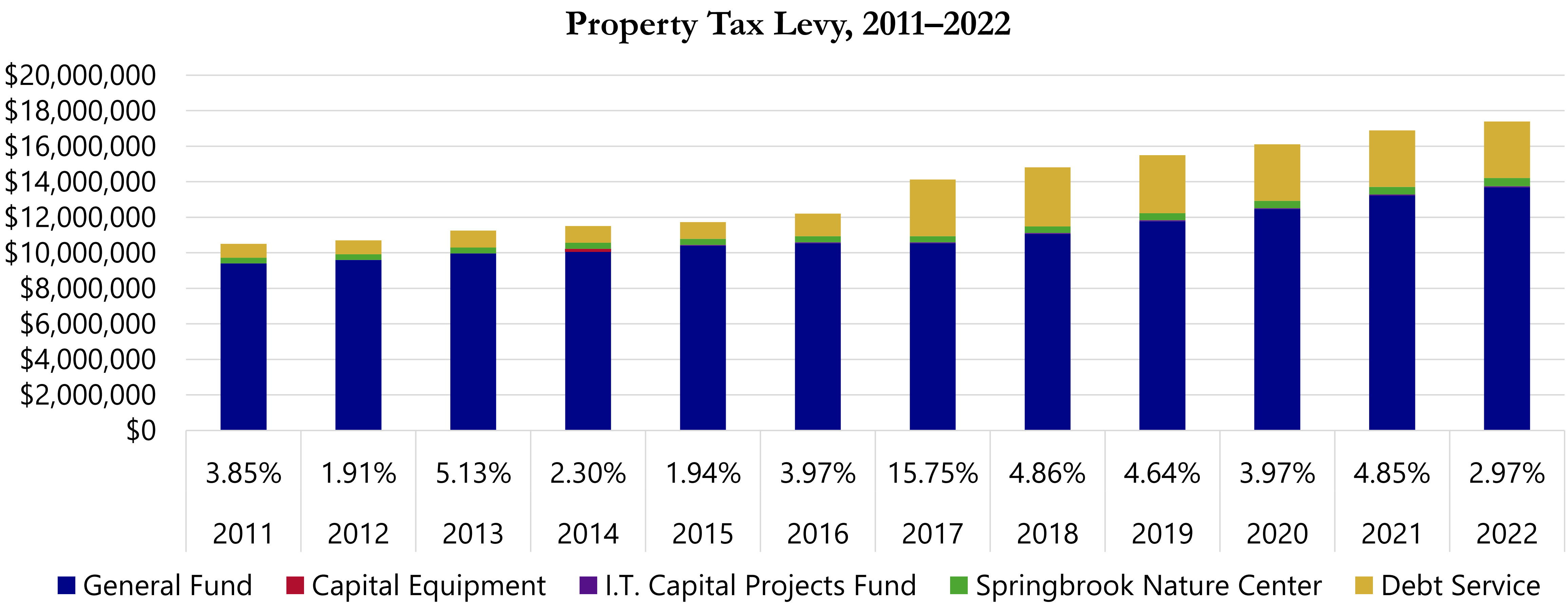
City of Fridley

PROPERTY TAX LEVY, NET TAX CAPACITY

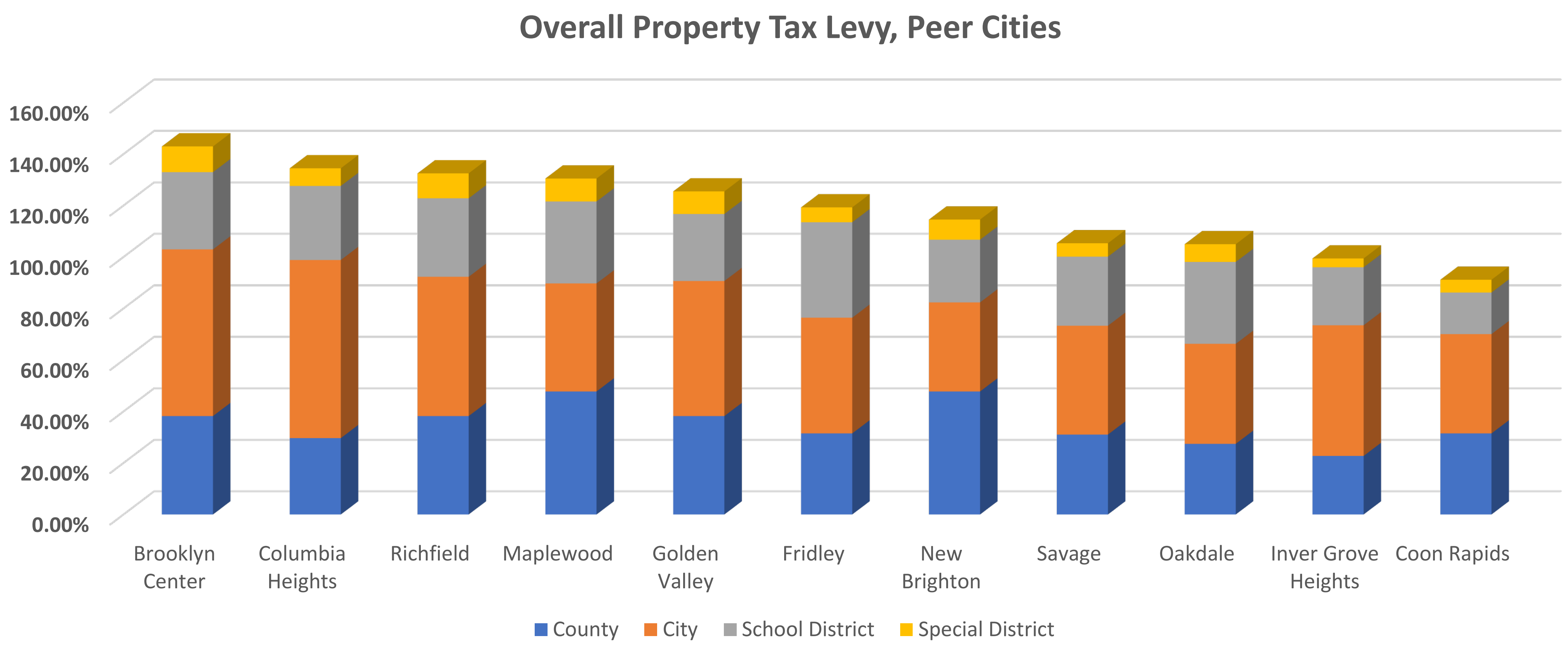


- Average Residential Homestead, $275,100
  - Current MLS $289,600
- Median Residential Homestead: $268,300
  - Current MLS $290,000

PROPERTY TAX LEVY, DETAIL



PROPERTY TAX LEVY, COMPARISON



Source: Minnesota Department of Revenue, 2021 Property Tax Report (thru the League of Minnesota Cities)

NEXT STEPS AND OTHER CONSIDERATIONS

PLANNING 2023 BUDGET

PROPOSED 2023 BUDGET CALENDAR

May 9	**Discuss outlooks and objectives with the City Council**
June 17	Proposed 2023–2027 CIP released to City Council
June 27	**Discuss Proposed 2023–2027 CIP with City Council**
June 30	Proposed 2023–2027 CIP submitted to Anoka County for comment
August 8	Department of Revenue notifies the City of final State Aid amounts
August 22	**Discuss Property Tax Levy scenarios with City Council**
September 1	Department of Revenue notifies City of any property tax levy limits
September 12	**Discuss Proposed 2023 Budget and Property Tax Levy with City Council**
September 26	Adopt the Proposed 2023 Budget and Property Tax Levy
September 26	Adopt Final Housing and Redevelopment Authority Property Tax Levy

CITY COUNCIL CONSIDERATIONS

- Based on the current economic conditions and the needs of the organization, what changes, if any, should the City consider in budget development process?
- Are there any other budget questions or priorities the City Council would like to consider?

THANK YOU! QUESTIONS?