



Carver County Board of Commissioners
November 25, 2014
Work Session
County Board Room
Carver County Government Center
Human Services Building
Chaska, Minnesota

PAGE

WORK SESSION

- 9:00 a.m. **A. GROWTH: Manage the challenges and opportunities resulting from growth and development**
- 1. Master Space Plan Project Outline..... 1
- 9:40 a.m. **B. FINANCES: Improve the County’s financial health and economic profile**
- 1. 2016 Long Term Financial Plan..... 2-24
 - 2. Financial Services Update 25-26
- 10:40 a.m. **BOARD REPORTS**
- 1. Chair
 - 2. Board Members
 - 3. Administrator
 - 4. Adjourn

David Hemze
County Administrator

UPCOMING MEETINGS

- December 2, 2014 9:00 a.m. Board Meeting
- December 4, 2014 6:00 p.m. 2015 Proposed Budget Public Hearing
- December 9, 2014 AMC Conference, No Board Meeting
- December 16, 2014 2:30 p.m. Committee of the Whole Meeting
- December 16, 2014 4:00 p.m. Board Meeting
- December 23, 2014 No Board Work Session
- December 30, 2014 No Board Meeting

Carver County Board of Commissioners Request for Board Action



Agenda Item:

Master Space Plan Project Outline

Primary Originating Division/Dept:

Meeting

Date:

Contact: Title:

Item Type:

Amount of Time Requested: minutes

Presenter: Title:

Attachments: Yes No

Strategic Initiative:

Growth: Manage the challenges and opportunities resulting from growth and development

BACKGROUND/JUSTIFICATION:

In May of 2008 the County Board adopted a Service Delivery Plan. The County staff is nearing full occupancy of county buildings. To achieve its service goals, in fulfillment of the Board's strategic goals, the staff recommends a master space plan for County facilities and staffs.

The staff would like to address the following items in order to seek the Board's direction:

- 2008 Service Delivery Plan accomplishments
- Proposed outline of a space master planning process to update the 2008 plan
- Guiding principles for the plan
- Proposed committee and staffing
- Budgeting and professional services

In order to facilitate the economical gathering of information, analysis of complex and numerous activities, and the many people involved across all County divisions, the staff recommends a professional services contract. The staff proposes to initiate a request for proposals (RFP) to firms with experience in both strategic and space planning, particularly for Minnesota counties. The primary roles of the consultant would be to organize the data, deliver consensus-building details on space, deliver corresponding financial projections, and issue a final report.

The staff will recommend a draft schedule calling for the staff to recommend a consultant contract for the Board's consideration early in 2015 and delivery of the space plan to the Board by the end of 2015. The staff estimates the cost of such a contract at or below \$40,000.

ACTION REQUESTED:

Staff seeks guidance and authorization to proceed with an update of the county-wide space master plan in 2015.

FISCAL IMPACT:

If "Other", specify:

FUNDING

County Dollars =

FTE IMPACT:

Total

QUOTES OR BIDS OBTAINED:

Related Financial/FTE Comments:

Office use only:

RBA 2014- 2896

Carver County Board of Commissioners Request for Board Action



Agenda Item:

2016 Long Term Financial Plan

Primary Originating Division/Dept:

Meeting

Date:

Contact: Title:

Item Type:

Amount of Time Requested: minutes

Presenter: Title:

Attachments: Yes No

Strategic Initiative:

Finances: Improve the County's financial health and economic profile

BACKGROUND/JUSTIFICATION:

The 2016 Long Term Financial Plan fulfills the County Board's direction to connect financial strategies to the County's long-term strategic goals and objectives. This Plan is not a budget but rather a non-binding assertion of future intent to allocate future County resources. Individual elements of the Plan will be systematically rolled forward until they are brought into the Annual Budget for approval and implementation.

ACTION REQUESTED:

Board review and direction only - Formal Board approval will be requested at the December 16th Board meeting.

FISCAL IMPACT:
If "Other", specify:

FUNDING

County Dollars =	<input type="text"/>
Total	<input type="text" value="\$0.00"/>

FTE IMPACT:

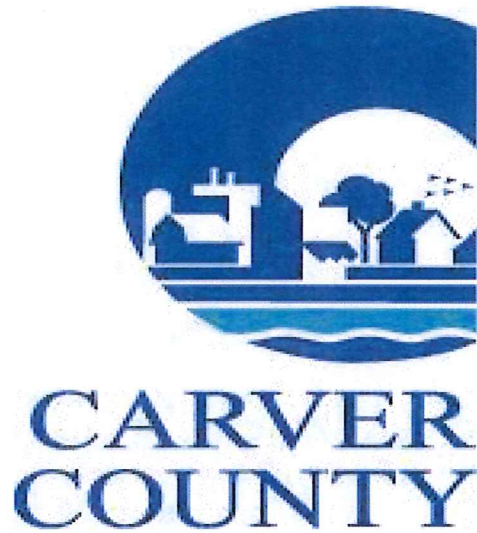
QUOTES OR BIDS OBTAINED:

Related Financial/FTE Comments:

The Plan is a long range planning tool so projects listed in the Plan are financial placeholders only. Projects are not approved until they are included in the Annual Budget process.

Office use only:

RBA 2014- 2907



2016 & Beyond Long Term Financial Plan

(Expected to be) Adopted December 16, 2014

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CARVER COUNTY
Board of Commissioners

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District #4

Tom Workman
District #2

James Ische, Vice Chair
District #5

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Mark Metz

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Jim Olson

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Administrative Services Director

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Community Social Services Director

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Employee Relations Director

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Financial Services Director

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Public Health & Environment Director

Randy Wolf

Public Works Director

Lyndon Robjent

Property Records & Taxpayer Services Director

Mark Lundgren

**BOARD OF COUNTY COMMISSIONERS
CARVER COUNTY, MINNESOTA**

Date: December 16, 2014

Resolution: _____

Motion by Commissioner: _____

Seconded by Commissioner: _____

**COUNTY BOARD ADOPTION OF THE
2016 LONG TERM FINANCIAL PLAN
FOR CARVER COUNTY**

WHEREAS, the Long Term Financial Plan (the "Plan") fulfills the County Board's direction to "connect financial strategies to the County's long-term strategic goals and objectives"; and

WHEREAS, the Plan which has been prepared by division directors and reviewed by the County Board of Commissioners provides the basis for determining the non-binding intent to allocate future County resources; and

NOW, THEREFORE, BE IT RESOLVED by the Carver County Board of Commissioners 2016 Long Term Financial Plan is hereby adopted and placed on the County's website.

BE IT FINALLY RESOLVED, that copies of this resolution be forwarded to division directors of Carver County.

YES	ABSENT	NO
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

STATE OF MINNESOTA
COUNTY OF CARVER

I, David Hemze, duly appointed and qualified County Administrator of the County of Carver, State of Minnesota, do hereby certify that I have compared the foregoing copy of this resolution with the original minutes of the proceedings of the Board of County Commissioners, Carver County, Minnesota, at its session held on the 16th day of December, 2014, now on file in the Administration office, and have found the same to be a true and correct copy thereof.

Dated this 16th day of December, 2014.

David Hemze
County Administrator

III. EXECUTIVE SUMMARY

This 2016 (& Beyond) Long Term Financial Plan, (the “Plan”) along with the 2015 Annual Budget, fulfills the County Board’s direction to “connect financial strategies to the County’s short and long-term strategic goals and objectives.” The Plan is not a budget but rather a non-binding assertion of future intent. Ideally, individual elements of the Plan will systematically be rolled forward each year until they are brought into the Annual Budget process for approval and implementation.

The Plan focuses on the four areas which will significantly impact the future property tax levy and budgets:

- A. Capital Improvement Plans for New Capital Projects
- B. Replacement Schedule for Facilities, Vehicles and Equipment
- C. Bond Sales and Debt Service
- D. Operating Budget Financial Challenges.

A. Capital Improvement Plans (CIPs):

CIP Revenue Summary:

Road & Bridge Tax Levy: The County Administrator recommends a road & bridge tax levy of \$1.69M for road and bridge annual maintenance and a \$5M debt service levy for bond sales that primarily financed road and bridge projects. Federal, State, Regional and Local dollars provide the majority of the funding for road & bridge capital projects.

State County Program Aid (“CPA”):

The Recommended 2015 Budget has approximately \$1.1M in unallocated 2015 CPA which will be directed to the CIPs according to the below percentages:

50%	Road & Bridge CIP
25%	Park & Trail CIP
<u>25%</u>	Building CIP
100%	Total State CPA

To steadily reduce and ultimately eliminate the General Fund’s reliance on State CPA by 2024, the Board has directed that State CPA in the General Fund Budget be reduced by \$220,000 annually with a corresponding increase to the CIPs for the next 9 years.

State Sales Tax “Legacy Funds:” The 2008 State Legislature increased the State sales tax and allocated a portion of the new revenue to expand parks and trails throughout the State. The County’s share of these new funds is expected to be around \$270,000 each year. These funds, commonly referred to as “Legacy Funds,” are being used for the local match to Federal Grants for the River Bluffs Regional Trail Extension as well as Regional Park development.

Metropolitan Council Reimbursement for Park Land Acquisition: The County is currently reimbursed 100% from the Metropolitan Council for parkland acquisitions that are included in the County's Regional Park Master Plan. The reimbursement formula is currently up to \$1.5M of the purchase price reimbursed at the land acquisition closing and then a biannual reimbursement of up to \$400K. Based on the current reimbursement formula, the County will be waiting until 2025 for full reimbursement from the Met Council for previous land acquisitions.

CIPs and Other Projects:

Buildings CIP: Building projects related to ongoing maintenance, increasing security and expanding square footage are included in the Building CIP. These projects include:

- Relocating the Watertown Public Works Building
- Two new libraries being furnished in Victoria and Carver.
- 6th Courtroom being added to the Justice Center
- Government Center Administrative West Building remodel, and

To better serve the expected growth in the county's population and tax base, a 20,000 sq. ft. building located West of the Chaska Courthouse Campus is planned for 2030.

A funding source for all of these building projects has not been identified at this time.

Roads & Bridges CIP: The 2030 Comprehensive Plan identifies \$840 million of road and bridge projects to meet the needs of the projected growth in population and employment in the next 20 years. Road and bridge needs include preservation (overlays), bridge replacement, safety enhancements (turn lanes, traffic signals, roundabouts, etc.), system expansion (added lanes), system connectivity (new roads and bridges), and reconstruction (rebuilding existing core roads without adding lanes). A Road and Bridge CIP was developed to fund preservation, bridge replacement and safety enhancement goals as well as partially fund high priority expansion, connectivity and other emerging regionally significant projects.

Parks and Trails CIP: This CIP was primarily established to acquire the final three land parcels for the Lake Waconia Regional Park which occurred in 2013. The CIP will now focus on sustainability projects to maintain the County's existing park and trail system as well as the next round of park and trail development projects. Additional resources may need to be identified in order to complete park and trail development projects on a timely basis. Options to address this potential financing gap are being developed by the Park Board and County staff.

Lake Waconia Event Center: In 2008, the County advance-funded for the Met Council a \$2.4 million purchase of the Lake Waconia Ballroom property consistent with the Lake Waconia Regional Park Master Plan. As part of the advanced-funding agreement, the County will be reimbursed by the Met Council for 100% of the purchase price over the next several years. Subsequent to the land purchase, the County Board received permission from the Met Council to lease out the building to be operated as the Waconia Event Center. The rent from the lease agreement is expected to cover all costs the County incurs from owning the building. Any additional rent over above the building costs are restricted by the Met Council advance-funding agreement and therefore must be spent within the Lake Waconia Regional Park.

Regional Rail Authority: The Carver County Regional Rail Authority oversees designated rail transportation corridors in Carver County. Rail authority funds are used for land stewardship to maintain rail transportation corridors for future transportation uses. The primary funding source is the Regional Rail Authority \$120K tax levy. To maintain the railroad corridor trails, a part-time maintenance worker was approved in the 2013 Budget with 50% funding provided by the Rail Authority levy.

B. Replacement Schedule for Facilities, Vehicles and Equipment

The Administrator Recommended 2015 Budget includes levy funding to purchase \$1.4 million for facilities, vehicles and equipment. This Plan has a replacement schedule for Facilities, Vehicles and Equipment based on division requests for 2016 - 2020 tax levy dollars that increases by \$100,000 a year. The County Board has been supportive of this \$100K increase in levy dollars to fund the facilities, vehicles and equipment replacement schedule.

C. Bond Sales and Debt Service

Pay-as-you-go financing is the Board's preference for financing Building and Park & Trail projects. Thus, there are no current plans to issue debt in either the Building CIP or the Park & Trail CIP.

County staff is currently evaluating the need for a Road & Bridge Bond Sale within the next 5 years. In 2015, County staff expects to recommend to the County Board a Road & Bridge Bond sale within the next 5 years.

D. Operating Budget Financial Challenges

Personnel costs are the largest and have been the fastest growing portion of the County's Budget. This Plan identifies three strategies for addressing this potentially budget busting cost driver.

The County Board carries the ultimate budget authority. The 2015 Annual Budget and the 2016 (and Beyond) Long Term Financial Plan are expected to be approved at the December 16, 2014 County Board meeting.

IV. CAPITAL IMPROVEMENT PLANS

A Capital Improvement Plan (CIP) is created to provide a stable and sustainable road-map for funding future capital projects. Financing and developing capital projects often takes several years due to the increasingly complex financial and regulatory environment. A CIP ensures a long-range perspective for capital projects and provides for efficient project tracking from their inception to construction.

By design, a CIP is fluid because future priorities can change dramatically based on current circumstances. Thus, projects listed for the next year are approved in the Annual Budget, whereas projects listed beyond the next year are considered merely placeholders.

The County's CIPs have been developed by prioritizing a list of capital projects based on the estimated earliest year needed. The estimated total project cost is listed and includes construction costs, soft costs (engineering, legal, administration), and contingencies. An inflation factor is then added based on the number of years before the project is estimated to start. Funding sources are also identified. At the bottom is a summary of the projected fund balance for future years based on the timing and cost of the projects and the estimated funding sources. Projected deficits in future years indicate that additional capital project funding needs to be identified and/or capital projects need to be pushed back until the necessary financial resources are available.

Carver County has three CIPs:

- Buildings (including furnishing Libraries) – Fund #30
- Roads & Bridges – Fund #32
- Parks & Trails - Fund #34

A. **BUILDINGS CIP - Fund #30**

This CIP finances a comprehensive list of building capital projects thru 2040 totaling more than \$35 million for:

- Relocating the Watertown Public Works Building
- Library books and shelves for new Victoria and Carver libraries
- Phases II, III and IV of the Justice Center, Government Center and Administration West Remodeling and a New County Building
- Technology projects for the data center, network closets, fiber ring, etc.

County staff is developing a funding plan to provide adequate funding sources for all projects in the Buildings CIP. Please see the Buildings CIP summary on the next page for further details.

BUILDINGS
CAPITAL IMPROVEMENT PLAN - Fund #30
2015

DESCRIPTION	ESTIMATED YEAR NEEDED	ESTIMATED PROJECT COST	ESTIMATED PROJECT COST PLUS INFLATION
JUSTICE CENTER and GOVERNMENT CENTER :			
PHASE Ia: Courts 2nd floor w 4th courtroom/Lower level and LEC Build-out	2008	\$ 8,200,000	\$ 8,200,000
PHASE Ib: Ccentral Plant Project (boiler, chillers, roofs, etc.) (2)	2008	5,500,000	5,500,000
PHASE Ic: LEC Maintenance Projects (Stormwater, Tuck Point, Caulk Courts, etc.)	2016	125,000	130,000
PHASE Id: Admin West Entry Door Replacement	2017	150,000	160,000
PHASE IIa: Security Review and Enhancements	2011	50,000	\$50,000
PHASE IIb: Security Task Force Project: Courthouse Weapons Screening	2014	525,000	525,000
PHASE IIc: Security Task Force Projects	2015	190,000	190,000
PHASE IId: Security Task Force Projects	2017	71,000	77,000
PHASE IIIa: Government Center Office Remodeling	2016	150,000	160,000
PHASE IIIb: Fifth Courtroom: Remodeling of Justice Center 1st Floor	2020	580,000	710,000
PHASE IIIc: Government Center Renovations	2025	3,200,000	4,737,000
PHASE IIId: Sixth Courtroom: Remodeling of Justice Center 2nd Floor	2030	1,600,000	2,460,000
OTHER COUNTY BUILDINGS:			
Chan License Center land plus preliminary architectural/construction manager services	2007	645,000	645,000
License Center: Chaska - remodel	2008	1,200,000	1,200,000
License Center: Chanhasen - new	2008	3,500,000	3,500,000
Joint MNDOT/Public Works Facility: County contribution 20% of total project cost	2010	1,870,000	1,870,000
Environmental Center: Reuse Room Expansion (Paid for by grant funds/solid waste fees)	2014	50,000	50,000
License Center: Chaska Drive Thru	2014	271,000	271,000
Public Works: Salt Shed*	2015	140,000	140,000
Public Works: Tax Forfeited Land Acquisition*	2015	59,000	\$59,000
Public Works: Replace Watertown Building	2017	5,000,000	\$5,400,000
1st Street: Remodel	2018	150,000	170,000
Public Works: Cologne Water & Sewer	2020	300,000	360,000
FURNISHING LIBRARIES (1):			
Norwood Young America - Relocated Expansion	2010	425,000	425,000
Victoria - New	2014	550,000	550,000
Chaska*	2017	2,500,000	2,700,000
Carver*	2021	700,000	890,000
TECHNOLOGY:			
Fiber Optic Loop connecting county buildings - County 20% share of Federal BTOP grant	2010	1,500,000	1,500,000
Network Closet - Air Conditioned Racks*	2015	150,000	150,000
Board Room - Audio & Video Replacement*	2015	100,000	100,000
Library RFID*	2015	186,500	190,000
Carverlink Backbone Connection*	2017	300,000	320,000
Data Center Remodel/Relocate*	2017	250,000	270,000
Network Closet - Air Conditioned Racks	2018	150,000	170,000
Court Room Upgrades	2019	25,000	30,000
NEW COUNTY BUILDING - OFF COURTHOUSE CAMPUS:			
PHASE IVa: Land for New County Building - Off Courthouse Campus	2025	500,000	740,000
PHASE IVb: New County Building not on Chaska Courthouse Campus (20K sq. ft.)	2030	5,000,000	10,200,000

Projects Total \$ 45,862,500 \$ 54,799,000

	Projected Cash Flow					
	2015	2016	2017	2018	2019	2020
BEG. FUND BALANCE:	\$ -	\$ 41,000	\$ 307,000	\$ 141,000	\$ 197,000	\$ 618,000
*State Turnback Funds	639,000	270,000	320,000	-	-	-
Funding Source to be determined	-	-	8,100,000	-	-	-
State CPA - 25% allocated to Buildings CIP (\$220K shifted from operating to CIPs each year for 10 years)	291,000	346,000	401,000	456,000	511,000	566,000
Capital Contribution to Fair Board Buildings	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Project Costs	(829,000)	(290,000)	(8,927,000)	(340,000)	(30,000)	(1,070,000)
PROJECTED YEAR END FUND BALANCE: (Fund #30)	\$ 41,000	\$ 307,000	\$ 141,000	\$ 197,000	\$ 618,000	\$ 54,000

(1) Cities provide the library buildings, County CIP pays for the initial set of books, shelves, etc. and County Operating Budget pays for operational costs including staff.

B. ROADS & BRIDGES CIP – FUND #32

Carver County has established an ongoing program for the planning of future Road and Bridge Projects through the County's Capital Improvement Plan (CIP). The purpose of the Road & Bridge CIP is to define a highway investment plan that best meets the transportation needs with the financial resources available. Financing and developing projects often takes several years due to the increasingly complex financial and regulatory environment.

The Road & Bridge CIP Fund accounts for capital projects that relate to county roads, bridges and signage, including new construction, replacement, right-of-way acquisition, and professional service fees.

To meet the transportation needs from the expected growth in the next 20 years, the County 2030 Comprehensive Plan identifies preservation, bridge replacement, safety, expansion, connectivity, corridor reconstruction and other significant county projects. The County Engineer estimates the cost of these projects to be in approximately \$795 million with a maximum expected revenue of \$255 million from all sources with the exception of the portion of additional county levy from future growth in the tax base that will be used for transportation projects. It should be noted that this \$795 million estimate does not include needed improvements to TH 212, TH 5, TH 7 and TH 41 under Minnesota Department of Transportation (MnDOT) jurisdiction. It does not include any transit-related projects either. With current transportation revenue sources it is simply not feasible to fund all these projects in 20 years.

The CIP includes goals for Preservation, Safety, Bridge Replacement, Connectivity, Expansion, and Emerging Issues. Traditional funding is aimed at the preservation, safety and bridge needs, with any remaining and new funds going to new road connections and expansions. New roads connections and expansions have previously been prioritized using an ABC ranking. The current 2015-2019 CIP continues to fund preservation, safety, bridge replacements, and identify high priority expansion and connectivity projects.

The ABC priority system will be refined in 2015 to utilize a scored criteria system to assist in allocating limited resources to the highest priority transportation needs. The goal of the CIP will continue to be to fund preservation, bridge and immediate safety needs along with regionally significant partnership projects like the TH 101 river crossing. Other projects will be analyzed using the following criteria and allocated funding as available:

- i. Safety Benefits (Measures crash rate and frequency)
- ii. Congestion (Measures volume/capacity)
- iii. System Relief (Measures future traffic demand)
- iv. Significance of System (Measures functional class, connections)
- v. Project Readiness (Measures level of project development)
- vi. Community Support (Is project supported/requested by city)

- vii. Funding Availability (Measures how many funding opportunities exist)
- viii. Roadway Condition (Measures pavement condition)
- ix. Freight Needs (Is roadway on the 10-Ton network)
- x. Transit and Ped/Bike Needs (Measure transit and trail importance)

It should be noted that this performance measurement system has yet to be tested for reasonableness and will likely be refined before implementation in the 2016-2020 CIP.

As shown on the following map and tables, the recommended CIP:

- Allows for funding at traditional levels for preservation and safety.
- Allows for key bridges to be replaced if CPA and State Bridge Bonds are available
- Funds County match on federal projects
- Funds County match on MnDOT projects
- Funds several Expansion/Connectivity/Emerging projects(dependent on grants and bonding):
 - 2 on CSAH 18 between TH 41 and Pavers Blvd.
 - CSAH 10 (Engler Blvd) reconstruction in Chaska.
 - CSAH 10 reconstruction north of Waconia.
 - CSAH 13 reconstruction in Victoria
 - CSAH 61 (old TH 212) reconstruction in Chanhassen.
 - TH 101 reconstruction in Chanhassen.
- Anticipates \$110,000 county program aid increase in 2016 and each year thru to 2024 to replace bridges and partially fund highway projects.

Please see the Roads and Bridges CIP summary on the next page for further details.

**ROAD & BRIDGE
CAPITAL IMPROVEMENT PLAN - Fund #32
2015**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
PROJECTED BEG. FUND BALANCE:	\$0	\$ -	\$ -	\$ -	\$ -	\$ -
Road & Bridge Levy - Overlays (Request Board direction to increase \$100K per year)	1,690,000	1,790,000	1,890,000	1,990,000	2,090,000	2,190,000
State Aid - 50% allocated to Road & Bridge CIP	582,000	692,000	802,000	912,000	1,022,000	1,132,000
Projected Wheelage Taxes	730,000	730,000	730,000	730,000	730,000	730,000
Transfer to Debt Service Fund for Wheelage Tax supported bonds	(315,000)	(315,000)	(315,000)	(315,000)	(315,000)	(315,000)
Summary of Road & Bridge Projects listed in Long Term Financial Plan:						
Safety Set Aside - (8888)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
Traffic Sign Replacement Project - (6520)	(315,000)	(430,000)	(560,000)	(480,000)	(840,000)	(530,000)
Road & Bridge Projects (XXXX)	(582,000)	(577,000)	(557,000)	(747,000)	(497,000)	(917,000)
Annual Road Resurfacing Costs - (6284)	(1,615,000)	(1,715,000)	(1,815,000)	(1,915,000)	(2,015,000)	(2,115,000)
PROJECTED YEAR END FUND BALANCE: (R&BCIP - Fund #32)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

C. **PARKS & TRAILS CIP – FUND #34**

The county regional park system faces tremendous challenges to redevelop aging infrastructure, develop its park areas, and implement a vision which secures new areas as identified in county and regional planning documents. Development and redevelopment of our parks system is a continuing process through our partnership with the Metropolitan Council. Currently, the County is advance-funding land acquisition for Lake Waconia Regional Park. Advanced funding is to be repaid to the County in a future capital improvement budget of the Metropolitan Council. However, reimbursement under the present funding allocations from the Metropolitan Council means that the County will wait a number of years before being repaid. In the meantime, what capital funds are allocated to Carver County from the Metropolitan Council's CIP are being consumed to repay the County for previous land acquisitions.

Funding for land acquisition is a part of the County's strategy to provide matching funds to assist with acquisitions funding provided by the Metropolitan Council for park and trail acquisitions. Current acquisition includes land needed the County Road 10 Dakota Rail Regional Trail Connections and land needed for the Southwest Regional Trail Connection. Other possible acquisition areas are shown on the County's Comprehensive Plan. Before 2009 and after 2012, the County has been reimbursed 100% from the Met Council for parkland acquisitions that are consistent with a Regional Park Master Plan.

Additionally, the 2009 legislative session passed the Parks and Trail Legacy Fund. This is new funding provided through the constitutional amendment passed by the voters in November of 2008. As a result of the amendment, Carver County receives approximately \$270,000 for new projects consistent with the language of the constitutional amendment.

Finally, for the 2015 Budget, the County started shifting County Program Aid ("CPA") from funding operations to pay-as-you-go capital projects. The CPA allocated to the Parks and Trail CIP is expected to increase by \$55,000 each and every year thru the 2024 Budget.

Lake Waconia Regional Park Boat Access

County Staff is working on developing a Boat Access consistent with the Lake Waconia Regional Park Master Plan. The County Board has adopted as one of its Legislative Initiatives, to continue the strategy to partner with the State Legislature and the Department of Natural Resources (DNR) with continued support from the Metropolitan Council for the development of a boat access.

Union Pacific RR

The Union Pacific Railroad decided in 2010 to abandon a rail line that connects Carver County to Scott County by a rail bridge over the Mississippi River. Scott County, Carver County, the Metropolitan Council, and the cities of Carver and Chaska formed an alliance and purchased the abandoned line through the Federal Rail Line Abandonment process in September, 2011. The majority of the funding for this land acquisition comes from the Metropolitan Council. Carver County has received federal funding for 2015 to construct a paved trail from Athletic Park in Chaska to County Road 40 in Carver.

PARK DEVELOPMENT CAPITAL PROJECTS

The County's Park Board and staff are prioritizing the following development projects and exploring various options to bring additional resources to the County's Park & Trail Capital Improvement Plan.

Baylor Regional Park

It is planned that the heating system for the Baylor Regional Park Maintenance Shop equipment storage area would be replaced. Funds to finance the project are captured from park user fees.

County and regional planning for Baylor Regional Park provides guidance for possible expansion of the park boundary. Funds for additional land acquisition for the park are not programmed.

Lake Minnewashta Regional Park

The current design of the park and increased use has created operational issues that are difficult to manage. Currently, the park has two boat accesses that are not visible from the gate entrance/gatekeeper position. Boaters and other park users often ignore parking restrictions at the boat access. The gatekeeper is unaware of the parking situation and continues to send boaters to a full boat access parking lot exasperating the parking situation and causing confusion for boaters as to where they should launch their boat and park. The 2002 revised master plan for the park combines the two boat facilities and moves the gatekeeper position in close proximity to one combined boat access to monitor watercraft traffic and problems.

Another operational issue is group use events. Minnewashta Regional Park hosts a number of large scouting activities. These activities compete with the same high-use space the general public has at the beach and picnic areas. The updated master plan converts Boat Access #2 to a group use facility separating the group activity and conflict from the general use public beach and picnic areas. Improvements to infrastructure and new facilities are requested but unfunded for this park area.

The Park & Trail CIP has a 2018 redevelopment project for Lake Minnewashta Regional Park.

Lake Waconia Regional Park

Lake Waconia Regional Park is in need of a Phase I Development project to address sustainable and longer term usage of the park. The need for sewer and water services is becoming ever more apparent with sensitivity of septic systems near the lake and concern about possible contamination. At a time when sewer and water are brought into the park, site grading for a new restroom/lifeguard station/concession building, parking lot, storm water management and picnic areas should be included.

The restroom building, which was constructed in the late 1960s, was not designed as a change-house facility. There is insufficient space for routine changing of clothing while

operating as a restroom building. Changing in toilet stalls is difficult due the lack of space, and the area is often wet from sweaty toilet fixtures making it poorly suited for changing clothing. The building is also not handicapped accessible. Future plans call for the construction of a new beach change house/restroom building. However, construction of new facilities such as the restroom building may not be constructed in the foreseeable future given the present funding allocation for regional parks.

Other identified needs that remain unfunded include a playground area, boat access, picnic shelters, parking, trails and site restoration. The County and the Regional Park System do not have a timeline that indicates when construction on these items could begin.

The Parks and Trails CIP has a 2019/2020 Advance Funded Development Project for Lake Waconia Regional Park.

Please see the Park and Trails CIP for further details.

VI. BONDING AND DEBT SERVICE

Pay-as-you-go financing is the Board's preference for financing Building and Park & Trail projects. Thus, there are no current plans to issue debt in either the Building CIP or the Park & Trail CIP.

County staff is currently evaluating the need for a Road & Bridge Bond Sale within the next 5 years. In 2015, County staff expects to recommend to the County Board a Road & Bridge Bond sale within the next 5 years.

Please see the Debt Service schedule below for more details.

**CARVER COUNTY
CHASKA, MINNESOTA
COMBINED SCHEDULE OF BONDS PAYABLE
December 31, 2015**

Bond Type	Interest Rates	Payment Due Date	Amount Outstanding 12/31/15	2016	2017	2018	2019	2020	2021 to 2025	2026 to 2030
2008A General Obligation										
<i>Original Amt Issued- \$18,695,000</i>										
Principal.....		5/1	7,210,000	785,000	815,000	845,000	880,000	915,000	2,970,000	-
Interest.....	3.0% - 4.0%	5-1/11-1	1,210,438	270,738	240,700	207,500	173,000	137,100	181,400	-
Total			8,420,438	1,055,738	1,055,700	1,052,500	1,053,000	1,052,100	3,151,400	-
2008B General Obligation										
<i>Original Amt Issued- \$5,020,000</i>										
Principal.....		2/1	3,395,000	320,000	330,000	345,000	360,000	375,000	1,665,000	-
Interest.....	4.0% - 4.8%	2-1/8-1	745,553	144,098	131,098	117,598	103,048	86,960	162,751	-
Total			4,140,553	464,098	461,098	462,598	463,048	461,960	1,827,751	-
2012A General Obligation										
Tax Abatement										
<i>Original Amt Issued- \$1,460,000</i>										
Principal.....		2/1	1,210,000	125,000	130,000	130,000	130,000	135,000	560,000	-
Interest.....	0.6-2.6%	2-1/8-1	119,913	22,018	20,580	18,793	16,713	14,325	27,484	-
Total			1,329,913	147,018	150,580	148,793	146,713	149,325	587,484	-
2013A General Obligation										
Capital Improvement Refunding Bonds										
<i>Original Amt Issued- \$5,150,000</i>										
Principal.....		2/1	4,230,000	835,000	840,000	840,000	855,000	860,000	-	-
Interest.....	0.3-1.5%	2-1/8-1	127,995	40,375	35,138	27,788	18,244	6,450	-	-
Total			4,357,995	875,375	875,138	867,788	873,244	866,450	-	-
2014A General Obligation										
Capital Improvement Bonds										
<i>Original Amt Issued- \$9,555,000</i>										
Principal.....		2/1	8,605,000	520,000	530,000	540,000	550,000	565,000	3,080,000	2,820,000
Interest.....	2.0-3.0%	2-1/8-1	1,879,775	231,550	221,050	210,350	199,450	185,475	659,700	172,200
Total			10,484,775	751,550	751,050	750,350	749,450	750,475	3,739,700	2,992,200
2014 MPFA Loan (projected)										
Drawdowns will begin in 2015										
<i>Loan Amt- \$18,000,000</i>										
Principal.....		8/20	17,999,000	1,118,000	1,129,000	1,141,000	1,152,000	1,164,000	5,995,000	6,300,000
Interest.....	1.0%	2-20/8-20	1,468,215	174,875	168,810	157,520	146,110	134,590	496,050	190,260
Total			19,467,215	1,292,875	1,297,810	1,298,520	1,298,110	1,298,590	6,491,050	6,490,260
Total Debt										
Principal.....			42,649,000	3,703,000	3,774,000	3,841,000	3,927,000	4,014,000	14,270,000	9,120,000
Interest.....			5,551,889	883,654	817,376	739,549	656,565	564,900	1,527,385	362,460
Total			48,200,889	4,586,654	4,591,376	4,580,549	4,583,565	4,578,900	15,797,385	9,482,460

VII. OPERATING BUDGET FINANCIAL CHALLENGES

The most significant cost driver for future operating budgets is the staffing costs needed to address the increasing service demands from a growing county along with increasing regulatory and compliance mandates. Thus, key financial strategies have been developed to focus on three issues related to personnel costs:

A. Levy-Funded Full-Time Equivalent (FTE) Employees Per 1000 Residents

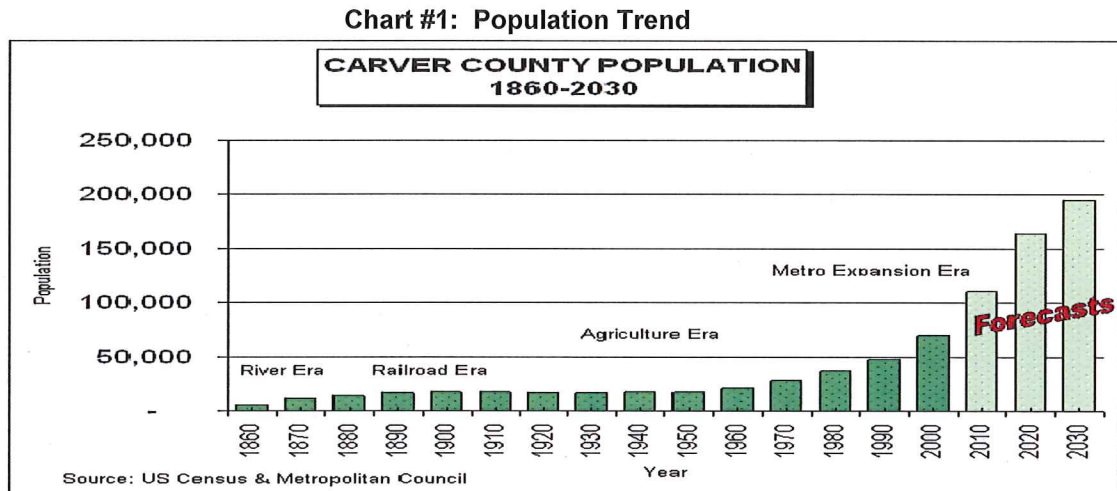
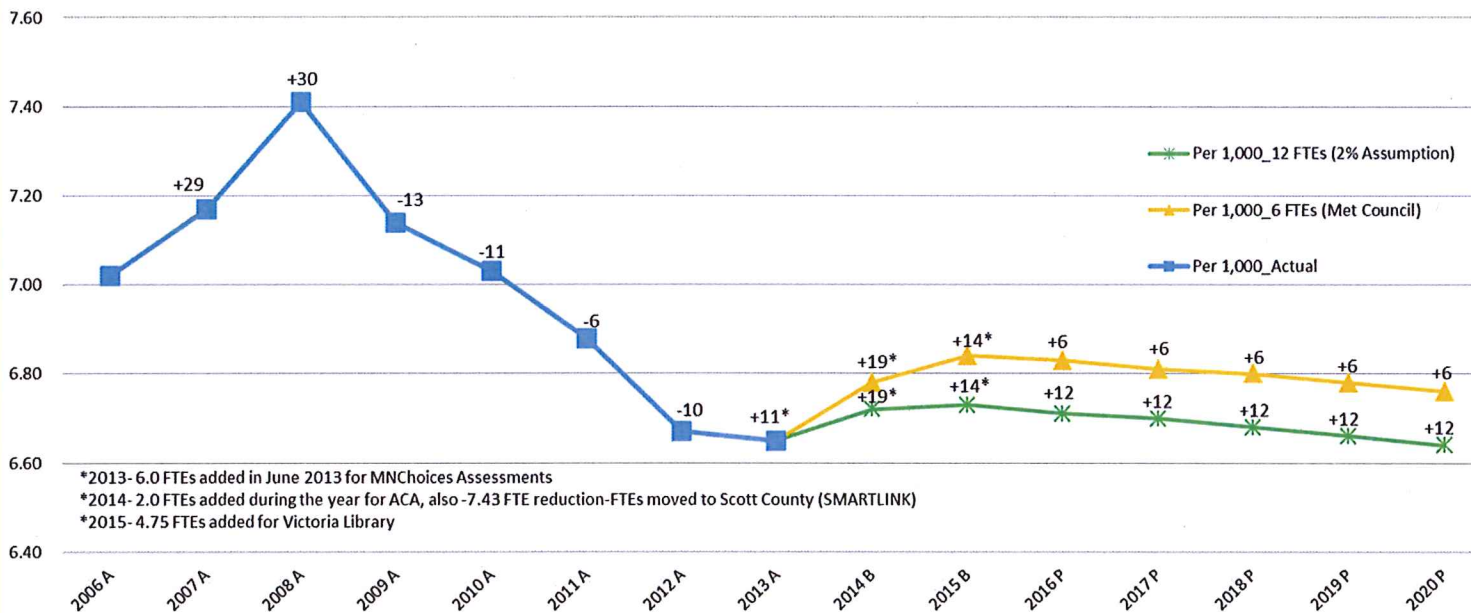


Chart #1 shows the dramatic forecasted increase to almost 200,000 residents by the year 2030. The County's primary strategy to finance increasing service demands from population growth is to hire additional Full-Time Equivalent (FTE) employees at a slower rate than the County's overall growth by:

1. Leveraging technology to gain staff efficiencies: An extensive list of technology projects throughout the County are expected to increase staff efficiencies along with a new focus on LEAN/Kaizen Events which has emerged as a successful new tool to increase process management efficiency.
2. Collaborating with other organizations to enhance service delivery, increase efficiencies, and eliminate duplication of efforts: In 2008, the County created the Association of Carver County Elected Leaders (ACCEL) to facilitate this effort. For 2012, this association was expanded to include appointed city administrators/school superintendents.
3. Implement pay-for-performance that rewards outstanding performance: The long term plan to transition employee groups from a legacy step pay model to a pay-for-performance model was implemented for non-bargaining employees and nine out of eleven bargaining units in 2014.

The FTE Per Thousand Residents graph below compares county FTEs to County residents from 2006 thru 2013. The graph also projects a downward trend of FTEs per thousand residents if the County adds 6 FTEs each year based on the Met Council's 2020 population growth assumption or adds 12 FTEs each year based on the County's population growth of 2% continuing thru 2020. This projection range of 6 – 12 additional FTEs over the next 5 years provides a high-level planning benchmark for future operating budget's most significant cost driver. However, this high-level projection could change dramatically during the annual budget process due to future circumstances that are often outside of the County's control.

**County Employees per 1,000 Citizens Using Two Population Forecasts
(Adding 6-12 FTEs per Year 2016-2020)**



*2013- 6.0 FTEs added in June 2013 for MNChoices Assessments
 *2014- 2.0 FTEs added during the year for ACA, also -7.43 FTE reduction-FTEs moved to Scott County (SMARTLINK)
 *2015- 4.75 FTEs added for Victoria Library

Population Forecasts:

*2014-2020- used two population forecasts:
 -Metropolitan Council 2020 forecast, and
 -2% assumption in growth (consistent with the 2012-2013 increase)

(A-Actual, B-Budget, P-Projection)

B. Employee Health Insurance

In 2006, when the County went out for health insurance bids, only one major health insurance carrier offered a bid and two major carriers indicated they would not bid for the County's future business until the County provided consumer-driven health insurance options to its employees. In response, the County developed the following strategies:

1. Plan Design: Consumer-Driven Models
The latest trend to attempt to slow health care costs is to give consumers more choice in their health care which is commonly referred to as "consumer-driven health plans." In 2009 & 2010, the County Board approved the recommendations of the Health Care Labor Management Committee and created incentives for employees to migrate from the legacy Plan A to: a new "Plan B" – a high-deductible HRA which shares risk with the employee in exchange for lower premiums; an improved Plan C – a Tiered Network where clinics/hospitals with higher care ratings have lower deductibles; or a high-deductible HSA Plan D. The Board also created a cafeteria plan to provide employees with more benefit flexibility.
2. Education/Wellness
Estimates have calculated that up to 65% of health care costs relate to poor lifestyle choices: what we eat, smoking, alcohol and drug use, lack of exercise, etc. In 2008, the County Board approved the creation of the Health Break Team to create a healthier culture at the County. Employee awareness, participation and support for the various Wellness programs and activities has been growing and is expected to continue in the future.
3. Health Incentive Plan
Beginning in 2012, the County Board approved the Health Break's Team recommendation for \$100 incentive for employees who participate in the Health Incentive Plan by completing basic Wellness tasks: Biometrics, Health Assessment, Preventive screenings, and one visit to the dentist.

The great news in 2011 was insurance premiums increased by just over 2% and premiums for 2012 actually decreased as a result of very competitive bidding for the County's 5 year contract. In addition, favorable rate caps have been in place and will continue through 2016. However, the County's health insurance claims will go back out to the market and be re-priced for 2017.

The County Administrator recommends the following strategies to minimize health insurance claims as much as possible to reduce future health insurance premiums:

Health Break Team

1. **Develop a Strong Culture of Health**
 - Wellness: Continue annual wellness programs, activities, events, etc. and each year focus on a new, high-profile goal:
2010: Promote Physical Activity
2011: Farmer's Market
2012: Tobacco-Free Campus
2013: Improve Physical Environmental
2014: Mental Health & Wellness
2015: Mental Health & Wellness
2016 & Beyond: ?
 - Education/Communication: Continue developing and presenting information to all employees on the relationship between employee behaviors and county health insurance claims/premiums.
2. **Increase Health Incentive Plan Participation**
 - 70% Participation: Develop a strategic plan to increase participation in the County's Health Incentive Plan.
3. **Minimize Future Health Insurance Premium Increases**
 - "Targeted Program & Strategy Design": Analyze the county's aggregate health care utilization and health assessment records (records that cannot be traced to the individual employee) to find information that will guide future Plan Design and/or Education/Wellness program changes.
 - County-Wide Risk Factors: Use aggregate data to measure progress on improving employee health risk factors.
 - Culture of Health: Promote a healthy culture to attract, retain, build and maintain a healthful and productive workforce.

Health Care Labor Management Committee

- Insurance Plan Design & Administration: Continue to research and analyze various insurance models and options to minimize future health insurance premiums, including self-insuring health and/or dental claims.
- "Cadillac Tax": Analyze and consider options to mitigate the impact of the Affordable Care "Cadillac" tax.

C. Other Post-Employment Benefits (OPEB) - GASB Statements 43 & 45

The Governmental Accounting Standards Board (GASB) requires that governments disclose the actuarial valuation of their post-employment benefits in their financial statements. Governments are not required to fund this liability or make a contribution. However, many governments are advance funding their OPEB liability with an OPEB Annual Contribution because:

- Rating agencies view a large, unfunded OPEB Liability as an increased risk that could negatively impact a government's credit rating.
- State statutes create an opportunity for OPEB contributions to earn a higher interest rate if they are deposited in a separate trust.

As background, Carver County has two types of post-employment benefits:

- Subsidized Health Insurance Payments – For employees hired before June 1, 2010, Carver County Policy provides eligible employees who retire with at least 20 consecutive years of service, the same coverage as an active employee until eligible for Medicare. Eligible employees who have attained the age of 60 years are provided the same County contribution as active employees toward the cost of health insurance under this Policy.
- Access to Group Insurance – MN Statutes requires that pension-eligible retirees be given access to the County's group insurance plan for the same premium as active employees until Medicare eligibility (retiree pays 100% of the premium). The State mandate that blends the premium for more costly to insure retirees and the less costly active employees creates what is called an Implicit Rate subsidy.

The annual actuarial contribution for these two benefits, commonly referred to as the OPEB Annual Contribution, is \$970,488 as of 1/11/13. The majority (approximately three-fourths) of Carver County's OPEB Contribution is attributed to the State Law requiring Retiree's Access to Group Insurance.

In the 2009 - 2015 Budgets, the annual levy allocation for OPEB was increased by \$100,000 each year to a total of \$700,000 in 2015. In addition, the county budgets \$175K for contributions to retired employees for health insurance. The plan is to increase by \$100K for 3 more years (2016 – 2018) which will put our annual contribution slightly above the actuarial contribution starting in 2018. This over funding would continue until the county catches up on its accumulated liability for the initial years when the County's actual contribution was below its actuarial contribution.

Carver County Board of Commissioners Request for Board Action



Agenda Item:

Financial Services Update

Primary Originating Division/Dept:

Meeting

Date:

Contact: Title:

Item Type:

Amount of Time Requested: minutes

Attachments: Yes No

Presenter: Title:

Strategic Initiative:

Finances: Improve the County's financial health and economic profile

BACKGROUND/JUSTIFICATION:

Review 3rd Quarter Budget To Actual
Present Recommended Uses of Funds for State Turnback Funds received in 2014/2015

ACTION REQUESTED:

Board Review and Direction only - Formal Board approval will be requested at the December 16th Board Meeting

FISCAL IMPACT:

If "Other", specify:

FUNDING

County Dollars =

FTE IMPACT:

Total

QUOTES OR BIDS OBTAINED:

Related Financial/FTE Comments:

Office use only:

RBA 2014 - 2908

Attachment E: 2014 Budget Amendment for Turnback Funds received in 2014 & 2015

Fund	Dept	DESCRIPTION	2015	2015	Inc./Dec
			Requested	Recommended	
General Fund					
		Employee Relations: Consultant for Comp Study	70,000	-	(70,000)
		01-050-000-0000-6260	70,000	-	(70,000)
Fund 1 Total		01-050-XXX-XXXX-6260	70,000	-	(70,000)
Road and Bridge Fund					
	305-003				
		Public Works: Tandem & Other Equipment	854,500	-	(854,500)
		03-305-XXX-XXXX-6670	854,500	-	(854,500)
Fund 3 Total		03-305-XXX-XXXX-6670	854,500	-	(854,500)
Building and Technology Capital Improvements					
		Network Closet- Air Conditioned Racks	150,000		(150,000)
		Public Works - Salt Shed & Watertown Tax Forfeit Project	199,000		(199,000)
		Board Room - Audio & Video Equipment Upgrades	100,000		(100,000)
		IT Projects- software and professional services	279,000		(279,000)
		Assessors - CAMA software	132,000		(132,000)
		Sheriff's Office - Portable Radios, Tasers & Jail Security Software Upgrades	420,000		(420,000)
		Library - Radio Frequency Identification ("RFID")	185,500		(185,500)
		30-XXX-XXX-XXXX-66XX	1,465,500	-	(1,465,500)
Fund 30 Total		30-XXX-XXX-XXXX-66XX	1,465,500	-	(1,465,500)
R&B CIP					
	307-8000				
		Public Works - Resurfacing/Maintenance	1,000,000	-	(1,000,000)
		32-307-XXX-XXXX-66XX	1,000,000	-	(1,000,000)
Fund 3 2Total		32-XXX-XXX-XXXX-66XX	1,000,000	-	(1,000,000)
2014 and 2015 Turnback Reimbursement			3,390,000	-	(3,390,000)