

Please Note Regular Session Has Been Added



Carver County Board of Commissioners
July 12, 2011
Regular Session
County Board Room
Carver County Government Center
Human Services Building
Chaska, Minnesota

PAGE

- 9:15 a.m. 1. **a) CONVENE**
b) Pledge of allegiance
c) Public comments (limited to five minutes)
d) Introduction of New Employees
2. Agenda review and adoption
3. Approve minutes of June 28, 2011, Regular Session 1-3
4. Community Announcements
- 9:15 a.m. 5. **CONSENT AGENDA**
Finances: Improve the County's financial health and economic profile
- 5.1 Community Social Services warrants NO ATT
- 5.2 Commissioners' warrants..... SEE ATT
- 9:15 a.m. 6. **COMMUNITIES: Create and maintain safe, healthy and livable communities**
- 6.1 State Shut Down Recommendations..... 4-32
- 10:15 a.m. **ADJOURN REGULAR SESSION**

WORK SESSION

- 10:15 a.m. **A. CONNECTIONS: Develop strong public partnerships and connect people to services and information**
1. Greater Minneapolis St. Paul Economic Development Partnership Presentation..... 33-72
- 10:45 a.m. **B. FINANCES: Improve the County's financial health and economic profile**
1. 2012 Budget strategy update..... 73-87
- 11:15 a.m. **BOARD REPORTS**
1. Chair
2. Board Members
3. Administrator
4. Adjourn

David Hemze
County Administrator

UPCOMING MEETINGS

July 19, 2011	4:00 p.m. Board Meeting
July 26, 2011	9:15 a.m. Board Meeting
August 2, 2011	9:15 a.m. Board Meeting
August 9, 2011	9:15 a.m. Work Session

A Regular Session of the Carver County Board of Commissioners was held in the County Government Center, Chaska, on June 28, 2011. Chair Randy Maluchnik convened the session at 9:15 a.m.

Members present: Randy Maluchnik, Chair, Gayle Degler, James Ische and Tom Workman.

Members absent: Tim Lynch.

The following amendments were made to the agenda:

Delete: 5.7 LELS Deputy Collective Bargaining Agreement
Add 5.13 Approve Resolution Selecting Managed Care Organizations
Attachment for Item 6.1: Award of bid for Project SAP 10-610-037 CSAH 10 Bridge
Add: 7.3 Resolution in Support of a State Budget Agreement

Degler moved, Ische seconded, to approve the agenda as amended. Motion carried unanimously.

Workman moved, Degler seconded, to approve the minutes of the June 20, 2011, Board of Equalization and June 21, 2011, Regular Session. Motion carried unanimously.

Community announcements were made by the Board.

Ische moved, Workman seconded, to approve the following consent agenda items:

Approved extension of the temporary 1.0 FTE on-call bus driver position for a two year period of time through September 30, 2013, and related budget amendment.

Authorized the County Engineer to provide a letter of support for the planned trail along TH 5 and adopted Resolution #37-11, Support of the City of Chanhassen's Application for Transportation Enhancement Funds for Trunk Highway 5 Pedestrian Trail and Truck Highway 41 Pedestrian Underpass and authorized County Engineer to provide a letter of support for the planned trail along Bluff Creek Drive and adopted Resolution #38-11, Support of the City of Chanhassen's Application for Transportation Enhancement Funds for a Multi-Use Trail Along Bluff Creek Drive.

Contract with Science Applications International Corporation for planning/consultation professional services in updating the Carver County Hazard Mitigation Plan.

Accepted Project SAP 010-611-009 (CSAH 11 Bridge Emergency Repair) as complete and authorized final payment of \$17,515.90 to S.M. Hentges & Sons.

Approved retainer contracts, subject to review by County Attorney and Risk Management, with Wenck Associates, Inc., Hydromethods, SRF Consulting and Emmons & Olivier Resources and authorized signature of all related documents by the Chair and County staff.

Resolution #39-11, Gambling Application, Minnesota Astronomical Society.

Approved the Memorandum of Agreement with AFSCME to pay market adjusted wages to the IT staff in the classifications of systems engineer, sr. systems engineer, GIS analyst, data base administrator and Level 1 desktop/administrative support.

Accepted Project SP 10-610-30/10-632-14 as complete and authorized final payment of \$2,005.19 to Ames Construction, Inc.

Approved new Grants Policy and the update to the Investment Policy.

Resolution #40-11, Selecting Blue Plus and Medica to Provide Health Care Services to Recipients of Medical Assistance and Minnesota Care in Carver County.

Community Social Services' actions.

Approved payment of the following Commissioners' warrants:

INSERT

Motion carried unanimously.

Lyndon Robjnt, Public Works, requested the Board award the bid for the County Road 10 bridge replacement project in Waconia Township. He reviewed the work to be performed with an anticipated start date of mid-July and completion in November. He noted the project will require a road closure and identified the detour. He stated four bids were received and highlighted the funding sources.

Ische recognized the necessity of the project and pointed out Waconia Township's concern with the potential over use of North Shore Road as a detour. He noted the County Engineer was aware of these concerns and would determine an appropriate course of action considering the extended road closure.

Ische moved, Degler seconded, to award the contract to Robert R. Schroeder Construction, Inc., in the amount of \$1,459,176.25 to construct the CSAH 10 bridge and approaches over the Dakota Rail Trail and a trail connection to the Dakota Rail Trail. Motion carried unanimously.

David Hemze, County Administrator, requested the Board adopt a Resolution to support the Minnesota Valley Regional Rail Authority's fifteen million bonding request for the next legislative session.

The Board recognized the need for upgrades to the line to make the line efficient.

Workman offered the following Resolution, seconded, by Ische:

Resolution #41-11

Supporting the Minnesota Valley Regional Rail Authority
Capital Request

On vote taken, all voted aye.

Hemze requested the Board adopt a Resolution in support of the Minnesota Accountable Government Innovation and Collaboration Act. He noted Mr. O'Connor, AMC's Policy Analyst, presented an overview last week of the Act that would increase efficiencies in County government.

Ische offered the following Resolution, seconded by Degler:

Resolution #42-11
Minnesota Accountable Government, Innovation and Collaboration (MAGIC) Act

On vote taken, all voted aye.

Hemze reviewed a proposed Resolution in support of a State budget agreement. He noted the uncertainty of the State reaching an agreement and last week's work session to discuss the impacts to Carver County if the State shuts down. He stated, although the language included in the Resolution was weighted toward transportation, it did not mean there were not other areas they were concerned about.

Degler offered the following Resolution, seconded by Workman:

Resolution #43-11
Support of State Budget Agreement

On vote taken, all voted aye.

Hemze agreed he would forward to the County's legislative delegation and House and Senate leadership.

Workman moved, Degler seconded, to adjourn the Regular Session at 9:50 a.m. Motion carried unanimously.

David Hemze
County Administrator

(These proceedings contain summaries of resolutions. The full text of the resolutions are available for public inspection in the office of the county administrator.)

Carver County Board of Commissioners Request for Board Action



Agenda Item:

State Shut Down Recommendations

Primary Originating Division/Dept: <u>Administration (County)</u>	Meeting Date: <u>7/12/2011</u>
Contact: <u>David Hemze</u> Title: <u>County Administrator</u>	Item Type: <u>Regular Session</u>
Amount of Time Requested: <u>60</u> minutes	Attachments: <input checked="" type="radio"/> Yes <input type="radio"/> No
Presenter: <u>David Hemze</u> Title: <u>County Administrator</u>	

Strategic Initiative:

Connections: Develop strong public partnerships and connect people to services and information.

BACKGROUND/JUSTIFICATION:

The current State of Minnesota shut down has a number of significant implications for Carver County services. During this agenda item, the County Administrator and Division Directors will describe the impacts listed on the attached document. In addition, a number of actions are being recommended below for Board consideration.

In relation to basic principle 1a below, the County's financial exposure will be a factor in determining if or for how long a service shut down by the State will continue to be provided by the County with the following guidelines.

1. The County will not take on new obligations for shut down services.
2. All other things being equal, programs relying on a high percentage of State funding will be curtailed first if State funding is eliminated and programs relying on a relatively small amount of State funding will be curtailed later.
3. Where the expected costs to the County to curtail and then restart a shut down program or project exceed the costs to continue, the County will consider continuing it using its own resources in the interim.
4. The County will vigorously pursue reimbursement from the State for costs imposed on it as a result of a State shut down.

In relation to basic principle 1b, the following guidelines will be applied.

1. Services required to be provided due to state statute and/or court orders will be maintained. This includes both services that may be defined as 'essential' by an order of the courts and further defined through a court magistrate.
2. If any County service or project is legally required to be curtailed or eliminated under the terms of a State shut down, the County will also comply with those requirements.

Specific examples related to these basic principles and guidelines will be discussed during the Board meeting.

The below proposed action also includes language to provide flexibility to reduce staff based upon shut down related funding changes and a specific reduction in Community Social Services staffing. In addition, Family Support Payments are recommended to be suspended beginning August 1.

The last proposed action below includes adoption of the attached Involuntary Unpaid Leave of Absence policy which provides for involuntary staff leave instead of layoff in certain cases when it would be beneficial to both the employer and the employee. This policy will be explained in more detail during the Board meeting.

ACTION REQUESTED:

1. Motion to adopt the following basic principles relating to the State of Minnesota government shut down.
 - a. To the maximum extent possible, **avoid exposing Carver County taxpayers** to additional costs and financial risk

due to state budget action (or inaction).

b. **Comply with the law** as defined by the State and its courts.

2. Motion to authorize the County Administrator or his designee to reduce and reinstate staffing levels due to State shut down related funding changes.

3. Motion to suspend Family Support Payments beginning August 1 and to delegate the authority to reinstate these payments to the County Administrator or his designee upon re-establishment of State funding.

4. Motion to adopt proposed Involuntary Unpaid Leave of Absence memorandum of understanding with affected County unions and related changes the Personnel Policy Manual (PPM).

FISCAL IMPACT: Other

If "Other", specify:

See below note.

FUNDING

County Dollars =

Total

\$0.00

FTE IMPACT: Decrease budgeted staff

Related Financial/FTE Comments:

As noted above, Carver County will be taking measures to avoid financial risks related to the shut down. However, there is significant risk which will be monitored and the corresponding impacts will be reported back to the Board at a later date.

Office use only:

RBA 2011 - 686

Carver County – Personnel Policy Manual

TERMINATION

SECTION:	Staffing & Employment Practices	EFFECTIVE:	3/3/2008
AUTHORITY:	Res. 18-08	REVISED:	6/1/2010

Purpose

The County and the employee have certain obligations when an employee ceases to work for the County. The purpose of this policy is to define those obligations and provide consistent methods for addressing them.

Policy

An employee may end their County employment by either voluntary or involuntary means. The employee shall provide adequate notice of a voluntary resignation. The County shall provide the employee with adequate notice in the case of an involuntary termination.

Procedure

Voluntary Resignation

Employees who wish to resign in good standing shall provide written notice to the immediate supervisor and the Employee Relations Division of their intent to resign. Depending on the situation, an employee may be required to complete certain forms at the time of their resignation.

A non-supervisory employee is expected to provide a ten (10) working day notice of their intent to resign, exclusive of time off, prior to the intended resignation date. A supervisory employee is expected to provide a twenty (20) working day notice, exclusive of any time off prior to the intended resignation date.

The employee's supervisor shall notify the Employee Relations Division of the acceptance of the employee's resignation notice as submitted. In some situations the supervisor may determine that it is in the best interest of the County to allow a shorter notice period. In these cases the supervisor shall request a waiver of the expected notice period from Employee Relations.

An employee who does not submit a resignation in compliance with the provisions of these policies may be considered as having not resigned in good standing. An employee who does not resign in good standing shall: 1) be deprived of the opportunity to be considered for reinstatement; and 2) have the fact recorded in the employee's record.

Payment for PTO, vacation and / or other severance may be withheld if the employee is in any way indebted to the County or in possession of County equipment or property.

No regular employee shall be required to retire from County employment solely for age, except in those positions where a bona fide occupation qualification (BFOQ) exists.

Involuntary Termination

In cases where corrective and/or disciplinary action has failed to:

1. improve unacceptable performance;
2. obtain compliance with policies or practices; or
3. correct inappropriate conduct,

an employee may be discharged for cause consistent with the Employee Discipline and Discharge Policy.

Under no circumstances shall an employee be discharged without having the Employee Relations Director or designee review the action. The employee shall be placed on paid administrative leave, pending a review of the circumstances, if removal from the work site is necessary.

An employee who is absent from work for a period of three (3) days or more without notifying their immediate supervisor of the reasons for the absence and receiving permission to remain away from work, shall be considered as having resigned without notice and not in good standing. This rule shall also apply to an employee who fails to return within three (3) days of the expiration of an authorized leave. If the failure to contact the supervisor was caused by unavoidable circumstances, the supervisor may waive this provision.

Lay-off

The County may determine that work force adjustments in terms of numbers and skills of employees are needed to meet the service requirements of the organization. If it becomes necessary to reduce the number of employees indefinitely ~~for a period of more than one week~~, the County shall:

- Implement a layoff, by classification, in inverse order of classification seniority.
- Provide affected employees a notice of reduction in work force at least 10 working days in advance of the effective date of layoff whenever work conditions permit.
- Provide a regular or probationary employee about to be laid off information regarding their rights to demote to replace an employee with less seniority in the same or lower class, provided the affected employee has previously worked in that classification.
- Inform the employee of their placement on a layoff list for specific classifications for a period of one (1) year.



Carver County – Personnel Policy Manual

LEAVES OF ABSENCE

SECTION:	Benefits	EFFECTIVE:	3/3/2008
AUTHORITY:	Res. 18-08	REVISED:	6/1/2010

Purpose

The County needs to define specific situations that may require an employee's absence from work, and the character (paid or unpaid) and quantity of the leave time for those situations.

Policy

There are specific situations in which the County grants paid or unpaid time off work.

1. **Military Leave:** In accordance with State and Federal laws, any employee required by official military orders or related authority to attend Military Reserve Training shall receive full pay at base wage rate for the period of active duty required for such training, not to exceed fifteen (15) consecutive days per year. Military leave in excess of fifteen (15) days in a calendar year may be provided without pay.

Extended Military Leave: In accordance with State and Federal laws, an employee shall be entitled to a military leave of absence without pay of up to four (4) years for service in the armed forces of the United States. Reinstatement to a comparable position shall be made upon the request of an employee within ninety (90) days of their discharge from active duty.

2. **Court Appearances:** Employees called for jury duty shall receive their normal compensation for days they are scheduled to work. Any payments, per diem or fees, excepting expenses, shall be remitted to the County. If an employee is excused from court duty prior to the end of the work shift, the employee shall return to work as directed by the County or make arrangements for a leave, with or without pay.

Employees subpoenaed as a witness in an official capacity or for County-related business will receive their normal compensation, less any fees exclusive of expenses, unless the action is initiated by the employee.

Any other absence to testify in litigation, not in the status of an employee, shall not qualify for any compensation and the employee shall arrange for a leave, with or without pay. Any party to a lawsuit, not connected to County duties shall not qualify for compensation and the employee shall arrange for a leave, with or without pay.

4. **Personal Leaves Without Pay:** An employee may request a personal leave of absence (for reasons other than disability) in writing. A Division Director may approve a personal leave of absence for a maximum of ten (10) work days. A request for leave of more than ten (10) days, up to and including thirty (30) work days, shall require the approval of the Employee Relations Division Director. A leave in excess of thirty (30) work days shall require the approval of the County Administrator. Such leaves shall not exceed one (1) year, unless extended by mutual agreement of the County Administrator, the employee, and the Division Director. Upon return from an unpaid leave of absence, the employee will be offered the first available like or similar position.

PTO and flex time must be exhausted prior to approval of any unpaid personal leave, except a leave of absence to campaign for political office.

PTO and seniority shall not accumulate during any unpaid leave of absence exceeding 30 days. Health insurance benefits shall cease at the end of the month in which the leave begins and will resume upon completing the eligibility and/or waiting period requirement. Subject to applicable law and insurance policy provisions, the employee may maintain coverage, at the employee's total expense, during the personal leave.

Failure to comply with the return-to-work date established for the leave or failure to request an extension from the Division Director within five (5) days prior to the expiration of the leave shall be grounds for termination.

5. **Work Related Injury:** An employee temporarily disabled from work due to an injury or illness sustained directly in the performance of the employee's work with the County shall be eligible for Worker' Compensation subject to the following: All injuries or illness must be reported to the supervisor on the date of the injury or as soon as possible thereafter.
6. **Sheriff's Office Line of Duty Injury:** The Sheriff's Chief Deputy who is injured in the line of duty will continue to receive full pay for the first ninety (90) working days lost due to the injury, less any workers' compensation or other benefits paid to the Chief Deputy. The Chief Deputy may, after the first ninety (90) working days, use accumulated PTO to supplement other compensation up to the equivalent of full pay.

If a Chief Deputy performs services as required by the Sheriff's rules, whether or not "on Duty" and is injured in the course of performing such duties, the Chief Deputy will be eligible for the benefits outlined in this sub-section.

The aforementioned ninety (90) days must be used within twelve (12) months of the date of the injury.

7. Involuntary Unpaid Leaves of Absence: Situations may arise when the County has the need to reduce staff or reduce employee's work hours temporarily due to unusual or unforeseen circumstances. In these situations, the County may place an employee on an involuntary unpaid leave of absence for a period of time not to exceed 60 days. Due to the unusual nature of such an action, the County is not held to a specific notice period prior to the effective date of the action.

In these unusual situations, seniority may not govern the order in which employees are placed on the involuntary, unpaid leave of absence. Seniority may govern, provided the senior employee is capable and qualified to perform the necessary work with no additional training, certification or other burden at the time of the assignment

Employees whose hours are reduced or placed on an involuntary unpaid leave of absence shall not be eligible for payment for accrued vacation, compensatory time or severance pay.

Employees who are placed on involuntary unpaid leave of absence who are eligible to participate in County insurance coverage will remain eligible during the involuntary unpaid leave of absence.

- a. The County will maintain the employer-paid contribution to insurance coverage at the rate in effect immediately prior to the involuntary leave of absence for the duration of the unpaid leave.
- b. The premium deductions for an employee's share of premiums shall be deducted from paychecks as long as the employee is receiving a paycheck. Once the employee is not receiving a paycheck, their deductions will be billed pursuant to item c below.
- c. Eligible employees who are enrolled in employer-provided or optional coverage shall not be required to pay their share of the premiums until they return to work after recall from involuntary unpaid leave of absence. Their share of premiums owed shall be paid through payroll deduction out of the check reflecting hours worked in the second and third full payroll periods following return of the employee to payroll status.
 - i. Employees whose paychecks are insufficient to collect the premiums will be billed any premiums in arrears and be provided 30 days in which to pay before retroactive cancellations would be applied.
 - ii. Employees who separate from County service prior to full collection of premiums owed will have the remaining premium deducted from their severance amounts before those amounts are either provided to the employee or deposited in the Post Employment Health Carver Savings Plan (PEHCSP).
 1. Employees who separate from County service prior to full collection of premiums owed and who do not have sufficient severance to pay the full premium in arrears shall be provided 30 days in which to pay before retroactive cancellations would be applied.

PTO shall not accrue during any involuntary unpaid leave of absence exceeding five (5) days. However, all time on involuntary unpaid leave of absence shall be considered as

continuous service for purposes of determining length of service for PTO accruals, seniority, and severance pay eligibility.

Employees shall be recalled from involuntary unpaid leave of absence or reduced hours and returned to a position/assignment most closely related to the position they held immediately prior to the leave. The return-to-work date shall be established by the County and the employee shall either return to work within three days of the established date or request an extension from the Division Director within those three days. Failure to return to work or request an extension may result in termination of employment.

In the event the involuntary leave without pay exceeds ten (10) work days, the employer agrees to waive the annual maximum PTO accrual cap for a period of time equal to the involuntary leave without pay. Under no circumstances shall an employee be compensated upon severance for an amount based on PTO hours in excess of 700.

Time on the involuntary unpaid leave of absence shall not be counted toward the length of the probationary period or trial period.

Impacts of State Government Shut Down

Division	Service Description	Possible Impact	Contingency Plan (if any)
Administrative Services	<p>Mn Extension – number of positions are funded by the U of M.</p> <p>Mn/DOT Joint Use Facility</p> <ul style="list-style-type: none"> • If no on-site Mn/DOT rep., site has to shut down • No AP staff, contractors won't be paid <p>Mn/DOT Tower Maintenance of County's 800 MHz communications equipment at:</p> <ol style="list-style-type: none"> 1) Belle Plaine 2) Chanhassen 3) Hollywood 4) Minnetrista 5) Norwood Young America 6) Shakopee <p>Technical Services:</p> <ol style="list-style-type: none"> a) Perform preventative maintenance and system upgrades of the 800 MHz ARMER base stations. 	<p>There would be no effect on the program positions in the county. The University in general would not be affected unless the shutdown went on for several months. The local staff should be able to program normally in the county if this should occur.</p> <p>Delayed opening, slated for early Sept.</p> <p>Expect delay claims, demobilization costs</p> <p>Mn/DOT will only support "break-fix" scenarios. No maintenance activities at any 800 MHz sites.</p>	<p>Worst case no services provided-4H, Master Gardeners, financial assistance, agriculture</p> <p>None</p> <p>Contract out regular maintenance activities and repairs if Mn/DOT doesn't respond rapidly enough. Indications are that 75% of Mn/DOT Communications department will be laid off in event of shut-down.</p>

	<p>b) Provide preventative maintenance and repair of the microwave radios.</p> <p>Hollywood Tower Mn/DOT is to:</p> <ul style="list-style-type: none"> • Inspect lighting controls and test the lighting system on a quarterly basis. • At least quarterly, inspect tower site including guy anchors, fence and gate for any unusual wear. <p>Technology Services – if a piece of equipment fails the following may be vulnerable:</p> <ul style="list-style-type: none"> • Internet: especially BCA, Social Services, Courts • Email: state hosts our domain so outgoing mail would work but no incoming • Spam Filtering – state provided <p>Library ILL function</p>	<p>Medium to low impact</p> <p>Will continue for two weeks, then will not function until State is back up and running</p>	<p>Internet: re-route BCA and Social Services through Comcast</p> <p>Email: depending on extent of failure, might be able to utilize Scott County's connection thru fiber.</p> <p>Will post notice in Libraries</p>
<p>Attorney Doesn't see any dramatic impact to criminal cases as most of attorneys are essential employees</p>	<p>Court Administrator could face impacts which trickle down (e-charging)</p> <p>BCA-shut down certain areas (training), but lab likely to stay open.</p> <p>Could see minimal impact with child support.</p>		<p>Would go back to paper complaints.</p> <p>State has a contingency plan in place, which is not coordinated by County Attorney's office.</p>

		State shutdown has ancillary ramifications to the services the office provides. Overall, believes the impact to office is that things will slow down, cases won't be completed and processed as quickly.	County Attorney's offices are working together on how to deal with State shut down. More detailed information from Hennepin County next week.
Court Administration		Information pending.	
Court Services	Potential areas of impact have been deemed essential. No direct impacts are anticipated.		
Community Social Services	<p>Summer Youth</p> <p>State Dislocated Worker Program</p> <p>MFIP Consolidated Fund-funding for Work Force Services</p> <p>State Employee (RN) in CSP Program</p>	<p>Reduce # of youth/hours</p> <p>Less citizens being served</p> <p>Less/no services to MFIP clients required to receiving cash assistance.</p> <p>No nursing services from State employee.</p>	<p>Division has discontinued serving clients.</p> <p>Division has discontinued serving clients.</p> <p>Not on Governor's list of critical services, being appealed to Special Master which his now supported by Governor's Office. Combined with Summer Youth and Dislocated Worker Program could cause the Division to reduce staffing.</p> <p>Social Workers will cover non-medical aspects of cases and outpatient LPN will cover medications.</p>

	Day Care licensing	No new licenses Negative licensing actions-DHS must approve temporary suspension of family day care license for the safety of children.	Applicants will view this as a delay in job/income. County will need to find alternative measures to temporarily suspend licenses such as a Court Injunction. Currently being appealed to Special Master and supported by the Governor.
	Basic Sliding Fee Child Care	Low income working clients not guaranteed funding for child care.	Part-time employee processing these claims may need to have hours reduced to the amount of time necessary to process MFIP Child Care. Currently being appealed to Special Master and supported by the Governor.
	MFIP Consolidated Fund – Emergency Payments	Emergency payments normally processed for clients are not guaranteed to be reimbursed by the State	DHS has reminded counties of our responsibility to provide statutorily mandated services. Currently a \$25,000 annual budget for emergency payments. Currently being appealed to Special Master and supported by the Governor.
	School Linked Mental Health Grant	State Funded Grant – 1.0 FTE Therapist	Agreement executed with DHS to avert disruption. Therapy caseload and partially supported by earned revenue.

	<p>Jail Pre-Release Coordinator Grant</p> <p>Semi-Independent Living Services (SILS)</p> <p>Family Support Grant</p> <p>CCSA Grant</p>	<p>State administered Federally funded grant – 1.0 FTE Social Worker</p> <p>Purchase of Service that allows 14 developmentally disabled clients to live in an apartment type arrangement. Monthly expenditures of \$9,000, State 70% and County 30%</p> <p>Grants to 20 families of \$45 to \$250 per month to assist families in caring for a developmentally disabled child in their home. Monthly expenditure of \$3,100 per month.</p> <p>Funding for Child and Family Services, Staff and Purchase of Services. Current Budget is \$463,781. The Division did not budget \$154,000 in anticipation of reductions for 2012</p>	<p>Letter from OJP warning of no guarantee of funding. Lay-off would involve bumping and retraining.</p> <p>Continue paying for first month of Shutdown and re-evaluate. Clients have leases and County is responsible for residential service. Currently being appealed to Special Master and supported by the Governor.</p> <p>Continue paying for first month of the State Shutdown and discontinue if shutdown continues into August.</p> <p>DHS has reminded counties of their statutory mandates. High liability area, continue providing services. Targeted Case Management funds are part of critical services so this reimbursement will continue. Currently being appealed to Special Master and supported by the Governor.</p>
Employee Relations	Employee Lay-offs, involuntary unpaid leaves or reduction in hours (based on state impacts in other divisions)	ER will need to prepare and deliver notices to affected employees.	Covered

	BMS closure	<p>Notice of “Desire to Negotiate” will not be processed if BMS is closed, creating a delay in our response to Unions.</p> <p>If grievances arise and get to the point of mediation – no service.</p> <p>Delay in processing of Arbitration Award on AFSCME ACA Impasse</p>	<p>Will notify Business Reps of potential delays</p> <p>Request extensions with Unions until BMS is available</p> <p>Will communicate with Union regarding delay.</p>
Finance	Payroll, receipts, payments, budgeting	<p>The internal services that Finance provides to the other divisions; payroll, receipts, payments, investing, budgeting, etc. will not be impacted by a state government shutdown. We do anticipate a drain on the County’s cash flow which we will have to monitor on a regular basis.</p>	
Public Health & Environment (Planning & Water Management)	DNR Permits for landowners	<p>Short Term-Work within state waters would not be permitted by state and would need to likely be put on hold for a few weeks for larger projects.</p> <p>Long Term- Work would need to be able to proceed in some fashion. It is possible that lack of state permit review/approval beyond 60days would constitute approval.</p>	<p>The SWCD has authority to issue some DNR permits. County WMO would still review and approve most work.</p>
	BRSW Permits for landowners	<p>Short Term- Work within wetlands following the State Wetland Conservation Act (WCA) would not be permitted by state and would need to likely be put on hold for a few weeks.</p> <p>Long Term- Work would need to be able to proceed in some fashion. It is possible that</p>	<p>Unsure. Staff would assist and review the County portion of the WCA responsibility, but likely cannot usurp state approval.</p>

		<p>lack of state permit review/approval beyond 60 days would constitute approval.</p>	
	DNR permits for County projects	<p>Short Term-Work within state waters would not be permitted by state and would need to likely be put on hold for the Barnes lake outlet project.</p> <p>Long Term- CCWMO would likely not proceed without a state permit due to potential controversy with lake elevation issues, so project would be put on hold until winter or 2012.</p>	None
	MPCA Grants (4)	<p>Short Term-Grants run on a reimbursement basis. Funds are allocated, but invoices to the state for Jan-Jun 2011 work would likely be delayed in receiving payments.</p> <p>Long Term-If payments are delayed for a significant amount of time, questions with receiving the allocated funds would arise. One grant partially funds Tim Sundby position during 2011.</p>	<p>Staff would consider delaying some July-Dec 2011 work until the shutdown issue is resolved as to not be risking county funds. Regarding Tim's position, WMO funds could be used to pay remainder of 2011 expenses. 2012 budget is proposed to fully fund this position from the WMO funds.</p>
	BSWR grants (3)	<p>Short Term-These grant funds have already been received. State reporting would be delayed.</p> <p>Long Term-Same</p>	

	DNR zebra mussel grant	<p>Short Term-This grant is in process. It is assumed that it will be signed and started prior to shutdown and that funds are allocated. If not, grant would be delayed for 2011.</p> <p>Long Term-Grant would cease for 2011 as it is a summer seasonal effort.</p>	None
	MPCA Sunset Blvd 319 grant	<p>Short Term-This grant was awarded in July 2010, but we have yet to receive contract from the MPCA. The shutdown would delay receipt of contract.</p> <p>Long Term-Staff would need to prepare for pushing project start into 2012 and would need to further investigate if funds would be available from MPCA.</p>	None-project would be delayed or not occur.
	TMDL studies	<p>Short Term-Two TMDL studies are at the MPCA for review. There is no short term impact if these get delayed.</p> <p>Long Term-Studies would be delayed into 2012. Not a major impact.</p>	None
	Clean Water Legacy Funding	Short Term-Application for 2012-13 clean water funds normally occurs in Aug-Sep. funds have yet to be allocated by legislature, and could be addressed in special session.	None-future projects would be delayed.

Environmental Services	Green Corps staff 1.0 FTE existing (Public education; work with schools)	<p>Long Term-If funds are not allocated, the WMO would not be able to apply for future funding.</p> <p>Short Term-Pay checks not processed by State.</p> <p>Long Term-Doesn't work due to lack of salary.</p>	Public Education decreases-existing staff provide essential needs.
	Green Corps staff – 2.0 FTE proposed (grant submittal into the State. Not yet approved)	<p>Short Term-delay in PCA grant approval.</p> <p>Long Term-Longer delay in staff availability due to grant delay.</p>	Continued high cost of EC temp staff and limited public education.
	Master Plan development	<p>Short Term-minor inconvenience.</p> <p>Long Term-delay in Master Plan adoption/State approval.</p>	Extend adoption date-not critical.
	Lack of enforcement assistance from PCA/DNR on major issues. (Hazardous materials, feedlot enforcement, etc.)	<p>Short Term-limited impact.</p> <p>Long Term-greater chance of major incident and needs for outside assistance.</p>	Would require County Attorney to deal with immediate enforcement issues. Contingent on state actually abdicating responsibility.
	Open burning permit program – DNR	Short/Long Term-Delay variance requests and implementation of online permits.	Use of manual burn permit process.

	Environmental Center contract	Short Term-Minor. Long Term-State may not complete RFP/contract for HHW pricing.	Minor Financial Impacts - May need to extend current Veolia contract, may pay slightly higher prices due to existing contract extension.
	Organics grant project	Short Term – minor – funds already received. Long term (3 or 4 months) - Long delay may mean delay in grant payments.	Would need to make decision on funding internally until grant payments catch up – likely very possible.
	SSTS Revolving Loan Program	Short Term – minor delay in payment of SSTS loans to residents Long Term (2 or 3 month) – possibility that some SSTS system replacements are delayed due to no loan processing.	Make contractors and loan applicants aware of possible delays. Use existing loan funds where possible. Seeking more direction and input from MN Dept of Ag.
	Solid Waste Grants (LRDG & SCORE)	Short Term – no impact – first half payments have been made. Long Term – Delay in second half payments possible if shutdown extends over 4 months.	Short Term – None needed. Long Term – Funds are Statutorily allocated and made in late 2011. Should be no impact or contingency needed unless shutdown extends over 4 months
Public Health	TB/Infectious Disease follow up.	May be some delays in report of disease, or ordering of medications (TB), as there is likely to be less staff available at MDH.	The level of support from MDH may be limited. Public Health staff are trained in disease follow up – will assure protection.

Land Management	Personal Care Attendant (PCA) assessments. Services to disabled adults and children in conjunction with Social Services.	Limited IT support at DHS for MMIS program system. Limited DHS program support for policy issues.	If no DHS staff, policy issues will be on hold.
	Child & Teen Checkup (C&TC)	Outreach is done on reports from the CATCH system which is a DHS program. These reports will not be generated. C&TC activities will be on hold.	No contingency plan if CATCH system does not generate reports. Non-critical services are on hold.
	<u>Grant Revenue</u> Perinatal/HepB and EHD/BDIS Grants, Maternal Child Health Grant, LPH Grant, other State grants (See Emergency Preparedness below)	Approximately \$32,000 per month is due under grant contracts. Currently these are under review by Special Magistrate, as some grants are state and some are federal, passed through the state. Office of Aging program work on hold, as it is funded by the Local Public Health grant.	None.
	Contracts paid by Grants from State	All contracts have clause that allows for termination if the legislature does not appropriate sufficient funding. Notices were mailed to contractors to cease work activities as of 7/1/11.	None
	State Building & Electrical Permits	Short Term-DOLI closed, NO Electrical Inspector so no permits, no State commercial plumbing plan approval, permits, or support- projects on hold. Long Term-Landowners would suffer.	None

Emergency Preparedness	DNR Shoreland & Floodplain	<p>Short Term-DNR closed, no DNR permit(s), review or support projects on hold.</p> <p>Long Term-Landowners would suffer.</p>	None
	State Highway Access	<p>Short Term-Mn/DOT closed, no access permits-projects on hold.</p> <p>Long Term-Landowners would suffer.</p>	
	Regional exercises	Lack of State participation as planned.	Exercises can take place without state participation to fulfill CDC requirements, and still be reported to the state when operations resume.
	Laboratory Services	Possible shutdown of State lab and epidemiologist services.	Private providers (RMC), and CDC could possibly fill gaps if necessary during a public health emergency.
Emergency Management		<p>Minnesota Homeland Security and Emergency Management (HSEM reduced to a skeleton crew of 16 personnel to be able to staff up the State Emergency Operations Center if necessary due to a disaster. They will also keep those specialized teams, such as bomb squads, HAZMAT teams, and collapsed structure teams available during the shutdown.. We anticipate no serious impediment to Emergency Management essential functions during a state shut-down, and only minor delays to grant funded activities and recovery actions</p>	

Soil and Water Conservation District	BWSR - Reinvest In Minnesota (RIM) – permanent conservation easements	<p>Short Term-RIM easements may be delayed. Payments to landowners may be delayed.</p> <p>Long Term-Easements will not be finalized without state approval. This may trigger some landowners to cancel their contracts.</p>	Other than short term delays, it is unlikely this program will be impacted unless the shutdown is longer term – we would need clarification from BWSR on how to proceed if the shutdown looks to be long term.
	BWSR service grants	<p>Short Term-Grant payments from BWSR would be delayed. Grant dollars for project cost share to landowners would be delayed.</p> <p>Long Term-Delays in payments for programs. Some projects may be put on hold or cancelled until grant dollars become available.</p>	Short term shutdown would have little impact. Long term would require the SWCD to balance its budget by using reserve funds until the grants are received (around \$25k). The portion of the grant that pays landowners to cost share on projects has dwindled over in recent years and those projects would be put on hold until payments are received.
	DNR Water Permits	<p>Short Term-Water related permits from the DNR may be delayed.</p> <p>Long Term-Same</p>	Some non-controversial permits may be issued through the SWCD General Permit authority. Other projects may be put on hold.
	MPCA-stormwater pollution prevention	Short Term-Short Enforcement of violations may be delayed.	None. State enforcement is a slow lengthy process anyway, local documentation would continue until state

<p>Community Development Agency</p>	<p>Minnesota Wetland Conservation Act (WCA)</p>	<p>Long Term-Enforcement from the state would likely not be a priority, most activities in the county would still be covered by county water rules.</p> <p>Short Term-WCA permits may be delayed during a shutdown.</p> <p>Long Term- Projects that are not urgent may be put on hold until state review is complete. Urgent projects may be approved by default if a 60 day response timeframe expires.</p>	<p>enforcement is back up and functional.</p> <p>We would need to seek guidance from BWSR on the impact to the WCA laws if the shutdown looks to be long term and this program is considered non-essential.</p> <p>Julie Frick reports the state shutdown impact would be minimal. They have 10 low income housing clients who depend on state aid for rent payment but she expects little if any impact because of the shutdown.</p>
<p>Public Works</p>	<p>Road and Bridge Construction with State or Federal Funds.</p>	<p>Significant impact. MnDOT staff will be unavailable to review and approve design plans and environmental documents or process payments for construction projects that have state or federal funds. They will also be unavailable to perform quality assurance (QA) material testing or bituminous and concrete plant certification. State resource agency such as the MPCA, DNR, BWSR will not be able to issue construction permits.</p>	<p>Make claims for payment early where possible. Hire consultants for material testing. Use PW staff for plant certification.</p> <p>There will be a need for very swift and timely contract reviews and approvals for consultant services.</p>

	<p>Specific projects are listed below:</p> <p>A. CSAH 10 Bridge over Dakota Trail (State Funds)</p>	<p>This will result in project delays and potentially more cost.</p> <p>Delay in receiving state funds (\$0.6M). If contractor makes a claim due to delay based on shutdown we cannot use CSAH funds.</p> <p>Delay with MPCA NPDES Stormwater Permit.</p> <p>No MnDOT QA for construction materials or concrete and asphalt plant certification.</p> <p>No MnDOT Shop Drawing Review.</p>	<p>If unable to make the June 30th deadline, projects construction projects will have to wait until shutdown is over.</p> <p>Get project let prior to July 1. Bid opening is June 23. Project was awarded by the Board on June 28th . Made claim for 95% of state aid funding. We will not receive the money or the state bonds until the shutdown is over. County will need to cash flow the project (\$600,000)</p> <p>Obtain prior to shutdown, Done.</p> <p>SRF Consulting Group is under contract to perform construction inspection and administration. They will perform the work MnDOT does or hire a sub consultant firm to do it. All work will be documented for MnDOT processing after the shutdown.</p> <p>SRF will do it.</p>
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	<p>B. CSAH 10 and 92 Resurfacing (Federal and State Funds)</p>	<p>No MnDOT acceptance of cost for change orders, supplemental agreements.</p> <p>No MnDOT authorization of Bridge Piling Length.</p> <p>No one to authorize detour signing in MNDOT ROW on TH 25 and TH 7.</p> <p>Issue of over weight permit for bridge beam.</p> <p>Potential delay in award of contract if shutdown goes beyond August 1.</p>	<p>Use Force Account (Time and Materials) and gets prices approved after shutdown.</p> <p>SRF will do it.</p> <p>Get permission before shutdown. A request was submitted without a response. We will proceed.</p> <p>Unknown if needed at this time. Wait and see until project preconstruction meeting July 8</p> <p>Get project authorized by the FHWA prior to July 1 to get the federal funds encumbered. Cannot get funds until shutdown is over. <i>The project has been authorized by FHWA. The project is out for bids with a bid date of August 1.</i> Delay award and construction until shutdown is over. Add information about shutdown in bid documents. If shutdown goes beyond September 15th, the</p>
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	<p>C. CSAH 11 (Guernsey) Construction (Federal and State Funds)</p> <p>1. Road construction using county funds. Specific projects shown below:</p> <p>A. CSAH 61 Overlay and Rehabilitation</p>	<p>Project still in design phase. Not much impact except for approval of Environmental Assessment. The severity of the impact depends on the length of the shutdown. Federal funds (\$2.8M) are in jeopardy with long shutdown.</p> <p>Audit of Right of Way Acquisition will not occur.</p> <p>Design plans cannot be reviewed or approved by the state. No wetland permits.</p> <p>Impact varies No MnDOT assistance with QA lab work and plant certification.</p> <p>No MPCA NPDES permit or WCA permit approval if required.</p> <p>Significant impact No MPCA NPDES permit or DNR permit (Project is in Fen Area)</p>	<p>project will need to be delayed until the 2012 construction season.</p> <p>Submit reports and wait until shutdown is over. <i>EA has been submitted to the State for review.</i></p> <p>Not a critical path item. YET</p> <p>Not a critical path item. YET</p> <p>Hire consultants for QA lab testing and Plant Certification.</p> <p>Get permits prior to June 30.</p> <p>Attempt to secure permits prior to June 30. <i>We were not successful in obtaining the permits in time.</i> The project has been advertised for bids with a bid date of August 1. The project can be awarded by the County Board but construction cannot begin until the permits are in place.</p>
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	<p>B. County levy funded overlay program</p> <p>3. Trail Construction with State or Federal Funds. Specific projects include the TH 41 trail project and the Dakota Trail Phase 1 project.</p> <p>4. MnDOT Trunk Highway Maintenance</p>	<p>Slight impact with extended shutdown</p> <p>Significant impact. TH 41 Trail: No plan or environmental document approval or permits. No award of construction contract. No payment of federal funds. No MnDOT QA lab work. Will likely delay bidding and could possibly jeopardize installation of box culvert this year underneath TH 41. This could cause problem routing traffic for TH 5 project in 2012.</p> <p>DR Ph 1 Trail: no final federal payment if project is not completed prior to June 30.</p> <p>Significant Impact No workers to do highway maintenance. (Mowing, deer removal, patching, repairs, traffic signal work, storm cleanup etc.) MnDOT is likely to do emergency work.</p> <p>County forces may get called in to assist on emergency basis.</p>	<p>If shutdown goes beyond September 15, delay project until 2012</p> <p>If shutdown goes beyond August 15, hire consultants for QA lab testing and plant certification.</p> <p>Wait until shutdown is over. Very likely that project will need to be postponed until 2012. Will need to coordinate the TH 41 closing with the TH5 project. Both should not occur concurrently.</p> <p>Claim as much funding as possible prior to July 1. Contractor has been told to suspend operations.</p> <p>Coordinate with Sheriff on call out process. If PW is needed for assistance we should receive a request from law enforcement. Should be in emergencies only. We cannot perform traffic signal work on the</p>
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	<p>5. Parks and Trails funding. Acquisition opportunity funds, met council CIP reimbursements. Projects like UP RR acquisitions, Dakota Trail planning</p> <p>6. MnDOT/County Truck Station in Chaska</p>	<p>Slight impact. Delay in AOF payment for UP RR. Delay in grant reimbursement for Dakota Rail Trail. Delay in Operations and Maintenance Funding.</p> <p>Significant impact Payments to contractor will likely be put on hold which will delay construction and lead to claims. Project is already behind schedule. Unlikely to affect county cost participation but move in date could be delayed.</p>	<p>trunk highway. Signals will be left in flash or black. Call MnDOT contact person. 2 MnDOT skeleton crews will handle the Metro area.</p> <p>Cash flow with county funds. Wait until shutdown is over. Approximately \$300,000 is needed to cash flow.</p> <p>None. PW and Admin Services will coordinate with MnDOT when shutdown is over to make sure Carver County does not get charged for shut down related costs.</p>
<p>Sheriff Depending on what is deemed to be essential services there will be minimal impact to Sheriff's Office operations.</p>	<p>State Patrol handling of accidents and traffic enforcement on state roads (if they are deemed non-essential. I would be surprised)</p> <p>Processing of major crime scenes by BCA (see above, again I would be surprised)</p>	<p>Additional burden and call load placed upon deputies and office staff. I don't think the additional work would be overly onerous. However, we do not have the expertise to do reconstruction on fatal accidents</p> <p>Potentially would need to tie up resources longer to freeze scenes until we can get a crime scene team to location.</p>	<p>Hire outside experts for reconstruction of fatal accidents</p> <p>Contact Hennepin County Crime Lab for assistance</p>

	<p>Processing of permit to carry and permit to purchase applications</p> <p>Delays in payments of various grants and state reimbursements</p>	<p>I am waiting to hear on this. There are specific timelines that must be met statutorily. However, there are also specific checks that need to be done in order to approve permits. One of these checks involves Department of Human Services.</p> <p>Minimal</p>	<p>This might require a court case to set priorities and parameters in regards to the timelines</p>
Taxpayer Services	<p>(TS)Tax base estimates</p> <p>(TS)Escrow payments/updates, on-line payment processing</p> <p>(TS)Calculate TNT based on current statutes</p> <p>(TS)Verification of Utility Properties from DOR</p> <p>(TS)Liquor license renewals</p> <p>(TS)Balance daily reports, bankruptcy payments, state reports</p> <p>(TS)Property Tax collections</p> <p>(TS)Voter Registration & Election Administration</p>	<p>DOR information needed for tax calc</p> <p>Depends on state network interaction with GRM</p> <p>DOR information needed</p> <p>State determines value of Utility Properties</p> <p>Issued from State through us</p> <p>Depends on state network interaction with GRM</p> <p>DOR shut down affect GRM and reports</p> <p>Deemed essential service.</p>	<p>Unknown at this time per DOR</p> <p>Unknown at this time per DOR</p> <p>Unknown at this time per DOR</p> <p>Unknown at this time per DOR</p> <p>Unknown</p> <p>Research functionality</p> <p>Extensive hand work with reports and receipts</p> <p>N/A</p>

	(TS)Vitals information & settlement	Deemed essential service.	N/A
	(LC)Unable to issue 1st time Drivers License & Permits	Direct service interruption to public	Unable to issue
	(R) Filing of state tax liens	OSS interaction	Will continue to file until told differently.
	(R) Well disclosure certificates	MDH unable to handle	Should be able to file e-Well Disclosure Certificates depending upon MDH staffing
	(A) Report submission (abstracts, etc.)	DOR interaction	Will submit unless told otherwise. If DOR out we would not have the normal interaction available on reports.
	(A) PACE trainings (Assessors, Senior Assessors)	Needed every four years, Angie end Keith would be up this year.	Unknown at this time as to offerings.

Carver County Board of Commissioners Request for Board Action



Agenda Item:

Greater Minneapolis St. Paul Regional Economic Development Partnership Presentation

Primary Originating Division/Dept: <u>Administration (County)</u>	Meeting Date: <u>7/12/2011</u>
Contact: <u>Dave Hemze</u> Title: <u>County Administrator</u>	Item Type: <u>Work Session</u>
Amount of Time Requested: <u>25</u> minutes	Attachments: <input checked="" type="radio"/> Yes <input type="radio"/> No
Presenter: <u>Dave Hemze</u> Title: <u>County Administrator</u>	

Strategic Initiative:

Connections: Develop strong public partnerships and connect people to services and information.

BACKGROUND/JUSTIFICATION:

The Greater MSP is a result of the Job Growth Task Force recommendation of the Itasca Project and is largely funded by the private sector. The Twin Cities is the largest Metropolitan Statistical Area in the country without a coordinated economic development strategy.

To be successful, the participation of the entire 13 County region is needed. The successful implementation will give Greater MSP increased national and international exposure resulting in more jobs and economic growth.

Ted Mondale and Mike Langley will be present to discuss the Greater Minneapolis St. Paul Regional Economic Development Partnership's goals and objectives.

ACTION REQUESTED:

Information only.

FISCAL IMPACT: None

If "Other", specify:

FUNDING

County Dollars =	<input style="width: 90%;" type="text"/>
	<input style="width: 90%;" type="text"/>
Total	\$0.00

FTE IMPACT: None

Related Financial/FTE Comments:

Office use only:
RBA 2011- 678

AGENDA

1. Host
 - A. Welcome and define purpose of meeting which is to engage Scott County Economic Development Leadership to partner in developing the GreaterMSP regional economic development strategy
 - B. Self-introduction of roundtable participants
 - C. Introduction of Michael Langley
2. Mike Langley—Greater MSP
 - A. Introduction of Greater MSP Team
 - B. Greater MSP overview, goals and accomplishments
3. County Presentation
 - A. Demographics
 - B. Strengths in Scott County
 - C. Biggest challenges
 - D. Current economic development environment activities and tools
4. Roundtable
 - A. What key industry/business sectors are most important to Scott County now and in the future?
 - B. Discuss economic development process in Scott County. How does Greater MSP plug-in and support economic development efforts?
 - C. What Greater MSP promotion, marketing and project coordinating services are most important to Scott County?
5. Close/Next Steps

GREATER MSP

Minneapolis Saint Paul Regional Economic Development Partnership

- Greater MSP is a result of the Job Growth Task Force recommendation of the Itasca Project and is largely funded by the private sector
- The Twin Cities is the largest MSA in the country without a coordinated economic development strategy
- To be successful, we need the participation of the entire 13 County region
- The successful implementation will give Greater MSP increased national and international exposure resulting in more jobs and economic growth

A self-assessment of key factors driving job growth identified a clear area of opportunity – improving process levers

- MSP above peers and national average
- MSP around average
- MSP below average
- Proposed focus

	Job growth factors	Assessment	Supporting Facts
Environmental Levers	Cost of doing business	●	<ul style="list-style-type: none"> ◆ Minnesota’s corporate tax is third highest in the nation at 9.8% ◆ MN ranks 41st in overall tax climate ◆ Minnesota’s unionization rate is at 15.9% relative to 12.5% nationally
	Quality of life	●	<ul style="list-style-type: none"> ◆ Ranked #1 on Sperling’s best places, #2 on Forbes Best U.S. Cities to earn a living, and #2 in Next Cities: Hotspots for young, talented workers
	Human capital	●	<ul style="list-style-type: none"> ◆ 36.8% of Twin Cities residents have a bachelor’s degree relative to 27.5% nationally
	Infrastructure	●	<ul style="list-style-type: none"> ◆ MSP average commute time of 24 minutes is at the US average and average commute time via public transportation is better than US average ◆ Broadband penetration of 56% is middle of the road relative to peers
	Innovation and start-up activity	●	<ul style="list-style-type: none"> ◆ Ranks 22nd in number of entrepreneurs per thousand residents ◆ At 26 deals venture deals in 2007, MSP lags top innovation hubs
Process Levers	Strategic vision	●	<ul style="list-style-type: none"> ◆ Currently, various economic development entities operate with varying visions ◆ ED pursued at a sub-regional level ◆ Historically limited coordination of sector focus
	Retention and expansion efforts	●	<ul style="list-style-type: none"> ◆ Grow MN coordinates visits with local chambers ◆ Partnership between DEED and Grow MN
	Attraction efforts	●	<ul style="list-style-type: none"> ◆ Sub-regions within MSP often compete for business rather than coordinating efforts
	Marketing efforts	●	<ul style="list-style-type: none"> ◆ Limited outreach efforts on regional basis, with most outreach coming from city entities such as the Capital City Partnership

External interviews confirm that an opportunity for coordinated economic development efforts exists in the Twin Cities

Site Selection Consultants say . . .

“ You probably have lost a significant amount of corporate prospects due to a lack of a regional agency.

The Twin Cities stands out in this country like a sore thumb for not having a regional program.

I can't even remember the last time the Twin Cities was on the radar.



Local Business Leaders say . . .

“ When Iowa wants to steal somebody, it's easy. They get their governor on the phone and have the coordinated resources to do whatever it takes. We don't have that.

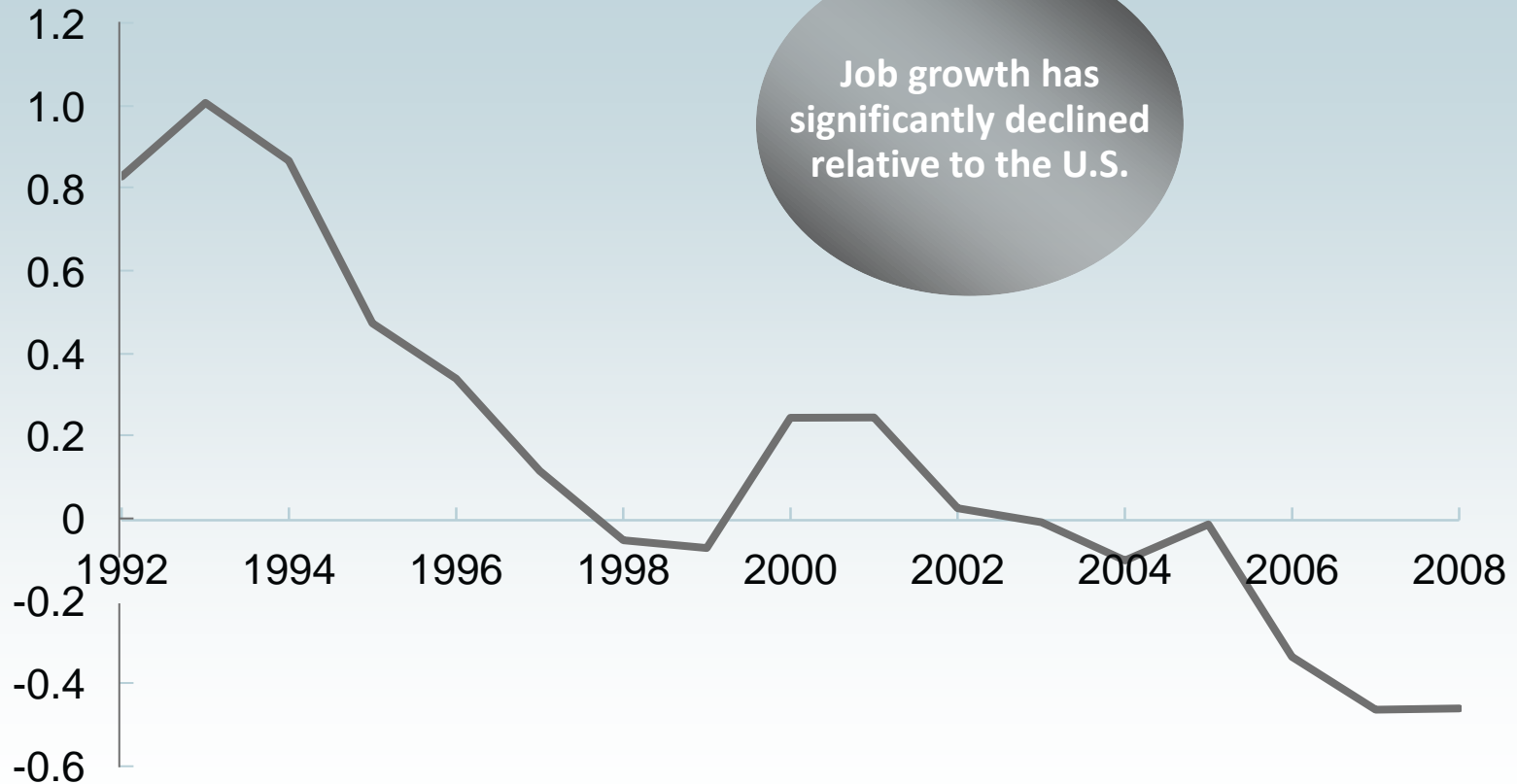
Minnesota gets dominated by almost every other state because we have no one hit team, one organization, in economic development. Nothing's coordinated, it's a mess . . .

There isn't one common voice (public or private) that speaks to job creation or owns it.



However, Twin Cities job growth has fallen behind the national average

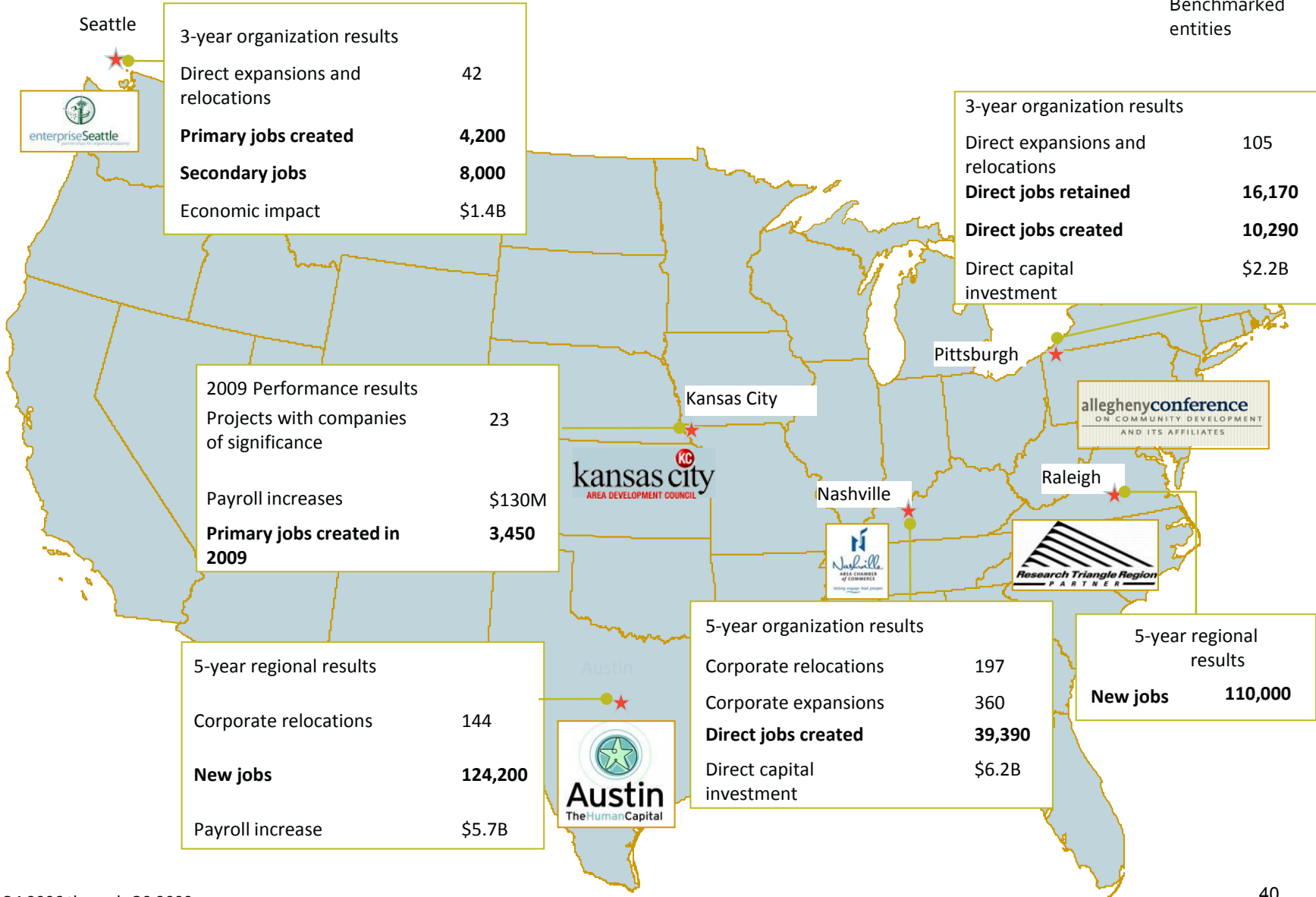
Difference between Twin Cities employment growth and U.S. employment growth¹



¹ 3-year moving average difference between Twin Cities and the U.S. using the given year and the previous two years

Action can not be delayed as many of our competitors are actively and successfully pursuing regional economic development efforts

★
Benchmarked entities



The Good News: The Twin Cities has many outstanding assets



- History of economic prosperity



- Large and diverse private sector



- Highly educated workforce



- Top-tier research institutions



- Outstanding quality of life

Launch a Regional Economic Development Partnership (Greater MSP) whose high-level mission is focused on driving job growth in the Twin Cities Region

Greater MSP is a nonpartisan organization dedicated to sustainable, quality job creation in the 13-county Minneapolis St. Paul MSA region which is the result of a public-private partnership

Set strategic regional vision

- Develop the regional strategic vision for economic development
- Define the tactical economic development agenda to guide resource prioritization

Greater MSP Led

Brand and market the region

- Create regional brand to reflect strategic vision
- Market the region's vision and brand internally to align regional stakeholders
- Market the region to external site consultants, companies, and potential employers

Greater MSP Led

Retain current businesses in the region

- Conduct local business check-ups and solve company specific problems
- Connect businesses to, and raise awareness of, state and local resources

Partner with Grow MN

Attract businesses to, and expand businesses in, the region

- Serve as main contact for site consultants and relocating businesses
- Provide one-stop shop for regional data, permit processes, real estate information, etc.
- Serve as regional project coordinator for expansions and new attraction efforts
- Connect companies with local resources and incentive programs

Greater MSP Led

Conclusion

- ***The Twin Cities has many assets, however we must define and pursue a deliberate course of action to maintain our region's competitiveness and high quality of life***
- ***Greater MSP will bring a coordinated approach to retention, expansion and attraction of businesses to the region resulting in accelerated job growth.***
- ***To be successful, Greater MSP will require commitment and support from both public and private partners throughout the Twin Cities Region***

CHARTING A NEW COURSE: RESTORING JOB GROWTH IN THE MINNEAPOLIS-ST. PAUL REGION

April 2010



EXECUTIVE SUMMARY

For three decades, the Minneapolis-St. Paul region's diversified, vibrant economy outpaced the nation in employment, wages, and overall GDP. The region's many strengths include a highly educated workforce, an excellent quality of life, leading-edge research, and a remarkable concentration of Fortune 500 companies. During the past decade and well before the current economic downturn, however, the region has fallen behind much of the nation in terms of job growth. If this trend continues, both the economy and our quality of life will decline.

The Itasca Project Job Growth Task Force was created to study factors that support job growth and identify strategies and policies the region could employ to create, attract, and retain quality jobs. Supported by research and analysis from McKinsey & Company, the task force studied the Minneapolis-St. Paul region's environment and capabilities and benchmarked them against high performing regions both in the USA and around the globe.¹

Key findings of the task force included:

- **The Minneapolis-St. Paul region boasts sturdy economic foundations and many unique strengths.** Our base of large, high-performing companies, our high quality of life, strong human capital, and productive research community have been important assets for decades. These regional strengths need to be carefully nurtured and maintained to support future economic prosperity.
- **Several factors prevent the region from attracting, creating and retaining high-quality jobs.** These include the relatively high cost of doing business in the region due to an uncompetitive tax structure, high labor costs (especially for lower-skilled workers), and burdensome regulatory mandates and processes. In addition, the region has experienced falling levels of new business creation. This is due in part to limited access to seed capital and venture capital, insufficient networking and mentoring opportunities for local entrepreneurs, and a culture that does not value entrepreneurs as strongly as other regions. Finally, the region lacks a unified vision for economic development, a coordinated strategy for driving job growth, and an entity to drive that strategy.
- **Other regions have overcome similar challenges with bold actions to drive job growth and economic development.** While each region's solution varies depending upon its inherent strengths and weaknesses, our research reveals some common ingredients for success. In addition to enhancing or bolstering economic pillars such as human capital, infrastructure, and the business climate, regions succeed by following a strategic vision and strategies for

¹ "Minneapolis-St. Paul region" generally refers to the 13 county Metropolitan Statistical Area (MSA). For additional information on regions that were selected for benchmarking and best practices, see page 24 (About This Report).

economic development that coordinate efforts, leverage core strengths, and moderate inherent disadvantages. Regions that have made their visions of growth a reality have built new capabilities in marketing and branding and bolstered their business attraction, expansion and retention efforts. Regions across the country are taking such actions to aggressively compete to bring new jobs to their local economies.

The Itasca Project Job Growth Task Force has proposed three strategic priorities for the region, informed by our research into best practices and the gaps we have identified in the region's current economic development system:

- 1) Address the cost of doing business
- 2) Develop a vision, strategy, and approach for *regional* economic development
- 3) Enhance entrepreneurship and innovation

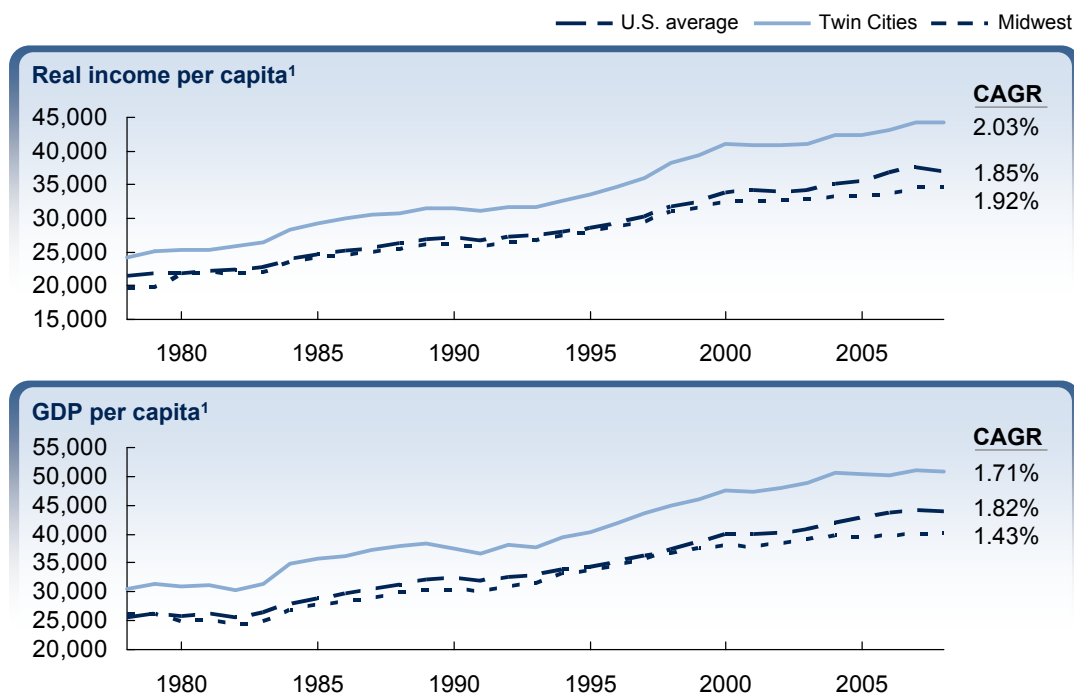
Success will require regional coordination and cooperation. Stakeholders will need to temper historic intra-region competition in order to rally around common goals and strategies. The business community, public sector, educational community, and community leaders will need to form creative partnerships that encourage and celebrate collaboration.

The Itasca Project Job Growth Task Force offers its findings to the community in the interest of securing our region's economic well-being. It has defined the situation, identified challenges, and proposed a way forward. It now urges leaders across all sectors to mobilize around this issue so that our region can once again reclaim its place as one of the most prosperous economies in the nation.

INTRODUCTION

For 30 years, the Minneapolis-St. Paul region has enjoyed steady economic growth, outpacing the Midwest region and the U.S. in general (Exhibit 1) in income and GDP per capita. The region owes much of its success to a highly educated, productive workforce, a quality of life that has attracted and retained talented people, and leading-edge research and innovation.

Exhibit 1 THE TWIN CITIES HAVE ENJOYED 30 YEARS OF STEADY GROWTH



¹ In 2005 dollars

SOURCE: Bureau of Economic Analysis; Economy.com

Despite this history of prosperity, some troubling trends have emerged. Even before the recent global economic downturn, the region's GDP per capita growth, real income per capita, and employment growth began lagging national averages (Exhibit 2). In *Forbes'* "Best Places for Business and Careers" ranking, Minneapolis-St. Paul fell from 20th to 76th between 2003 and 2009. During the same period, the Milken Institute's "Best-Performing Cities" index has the region dropping from 99th to 123rd.

Compounding these issues, public funding at the state and local levels is in crisis, restricting the range of solutions available to policy makers. The recent downturn has put new pressures on local community organizations such as schools, arts institutions, and non-profits, which threaten to lower the quality of life in the region.

Exhibit 2 BUT EMPLOYMENT GROWTH HAS DECLINED FOR MORE THAN A DECADE



¹ Three-year moving average difference between Twin Cities and the U.S., calculated by using the given year and the previous two years

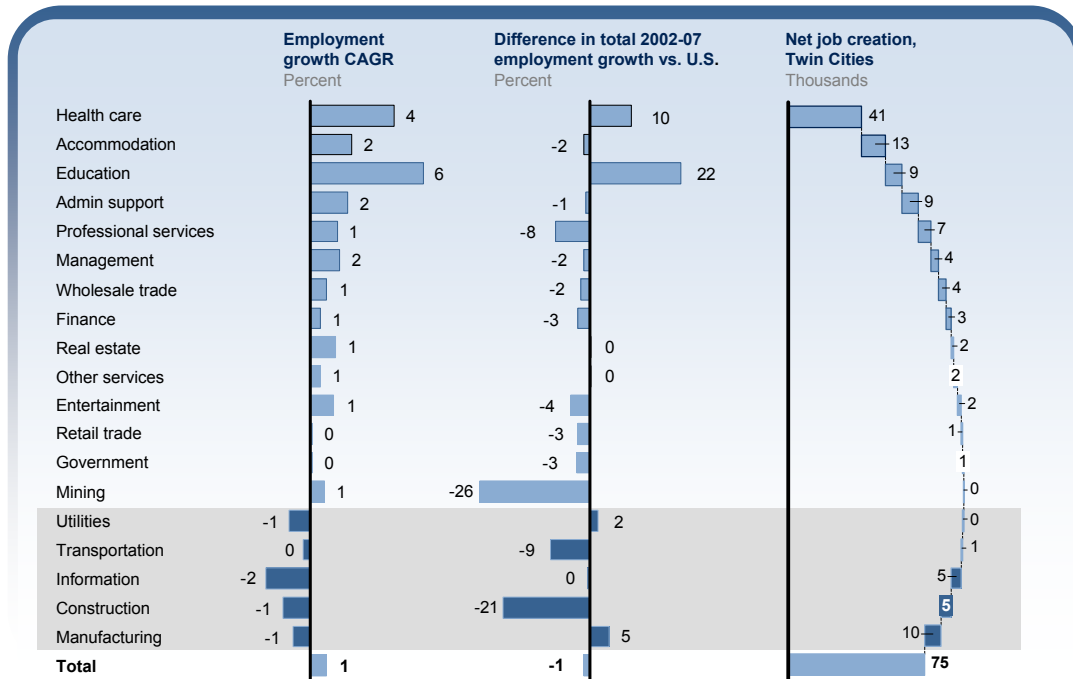
SOURCE: Bureau of Labor Statistics

Still, some sectors have added jobs in recent years (Exhibit 3). Health care and education both grew faster here than in the nation as a whole and account for the majority of the region's job growth from 2002 to 2007. While these sectors are critical to the current and future well-being of the region, the jobs created have productivity and average wages significantly below the region's average. In fact, nine out of every ten jobs created from 2002-2007 fell into a sector with below average productivity.²ⁱ Furthermore, growth in sectors like health care and education is largely driven by demographics and requires significant government investment. Important private sector-led industries like manufacturing, construction, and information did not generate new jobs during this period.

To prevent further erosion in job creation, local leaders and policy makers must acknowledge and address the many challenges impeding economic development. The cost of doing business in the Minneapolis-St. Paul region is significantly higher than in peer regions and the country as a whole; the area lacks a strong entrepreneurship culture, which dampens economic development; and our strong position in human capital is at risk. Furthermore, the region does not have a vision for economic development or an entity to execute that vision.

² Sector defined at the 4-digit NAIC code level. 67,000 jobs were created in sectors with below-MSP average productivity as of 2002, while only 6,000 jobs were created in sectors with above-MSP average productivity.

Exhibit 3 HEALTH CARE AND EDUCATION BOTH GREW FASTER THAN THE NATIONAL AVERAGE AND DROVE MUCH OF THE TWIN CITIES' RECENT EMPLOYMENT GROWTH – 2002-2007



SOURCE: Bureau of Economic Analysis; Bureau of Labor Statistics; Moody's Economy.com; McKinsey analysis

Fortunately, at the present time, the Minneapolis-St. Paul region still boasts sturdy economic foundations and many unique strengths. Our base of large, high-performing companies, our sound quality of life, strong human capital, and productive research community all can contribute to a robust recovery.

THE REGION'S STRENGTHS

Base of Large Companies

The Minneapolis-St. Paul region has one of the most impressive concentrations of large public and private corporations in the country. Eighteen Fortune 500 companies have headquarters in the region, placing it third in the country in per capita terms. These firms, which generate over \$400 billion in revenue per yearⁱⁱ, span a variety of sectors, from financial services (U.S. Bancorp, Ameriprise Financial, Travelers, Thrivent Financial) and retail (Target, Supervalu, Best Buy) to consumer and industrial goods (General Mills, Land O'Lakes, 3M) and healthcare (UnitedHealth Group, Medtronic). The region is also home to large private companies, led by Cargill and Carlson Companies, placing it sixth in the nation on *Forbes'* "Largest Private Companies" list. Other companies, though not headquartered here, have significant employment centers in the region, including Wells Fargo, Delta, and Boston Scientific.

These large firms drive much of the region's employment and economic activity and its high quality of life, thanks to their contributions to our tax base and employment rate, as well as their giving to the arts, social events, and charitable organizations. Further, these large companies and others like them, along with their employees, are important customer bases for the region's small- and medium-sized companies. Ensuring that all companies, regardless of size, prosper and choose to expand here is critical to securing the region's future prosperity.

Superior Human Capital

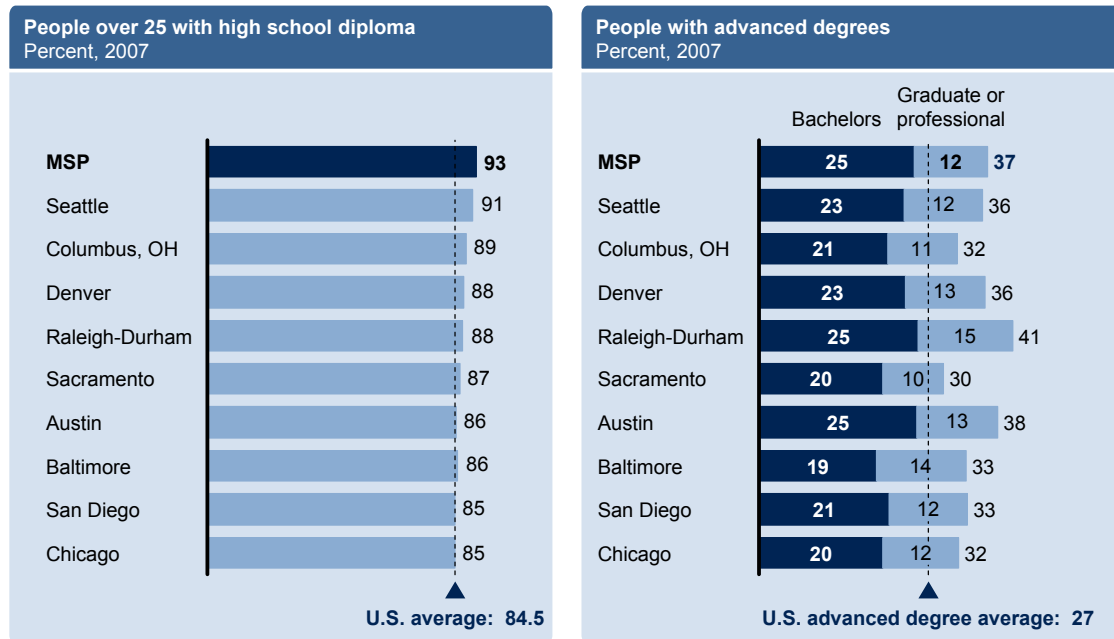
The people of Minneapolis-St. Paul are among the most educated in the country. More than nine in ten of those over age 25 have a high school diploma or equivalent, the third-highest record in the country. Nearly four in ten have a bachelor's degree or higher, placing Minneapolis-St. Paul as the sixth most educated region in the countryⁱⁱⁱ (Exhibit 4).

Minnesota consistently outscores other states in reading and math proficiency. For example, 28 percent more of Minnesota's fourth-graders score at or above proficiency on national math exams than the national average and 14 percent more in reading^{iv}.

In higher education, the Minneapolis-St. Paul region ranks ninth among metro areas on the college destinations index, most notably with the University of Minnesota ranked 22nd among the nation's public universities and Carleton College and Macalester College ranked eighth and 29th, respectively, among all liberal arts colleges by *U.S. News & World Report*.

The area's educational resources contribute to a highly skilled workforce that has a significant proportion of workers in knowledge-based jobs—those "that require considerable judgment in the creation, use, and communication of ideas (46% of MSP workforce is comprised of knowledge workers, compared to 40% nationwide)."^v Most knowledge workers have more education and command higher

Exhibit 4 TWIN CITIES RESIDENTS ARE HIGHLY EDUCATED



SOURCE: U.S. Census "American Community Survey"; McKinsey analysis

wages, and knowledge-based jobs have been growing at a much faster rate in the U.S. than non-knowledge-based jobs. Given global trends, knowledge workers are likely to represent a large share of national employment growth in the years ahead.

Other trends raise concerns about the region's ability to maintain a highly educated, high-quality workforce, however. The region faces a well-documented achievement gap between ethnic groups. The on-time graduation rate for white students is 80% compared to 47% for minority students^{vi}. On nationwide tests, Minnesota demonstrates one of the largest achievement gaps in the nation. For example, Minnesota has the third-widest gap in the country in math test scores and seventh-widest in reading test scores between black and white students (Exhibit 5)^{vii}. Given that minority populations are growing faster than the overall population, the state must close this gap to keep pace with the nation.³

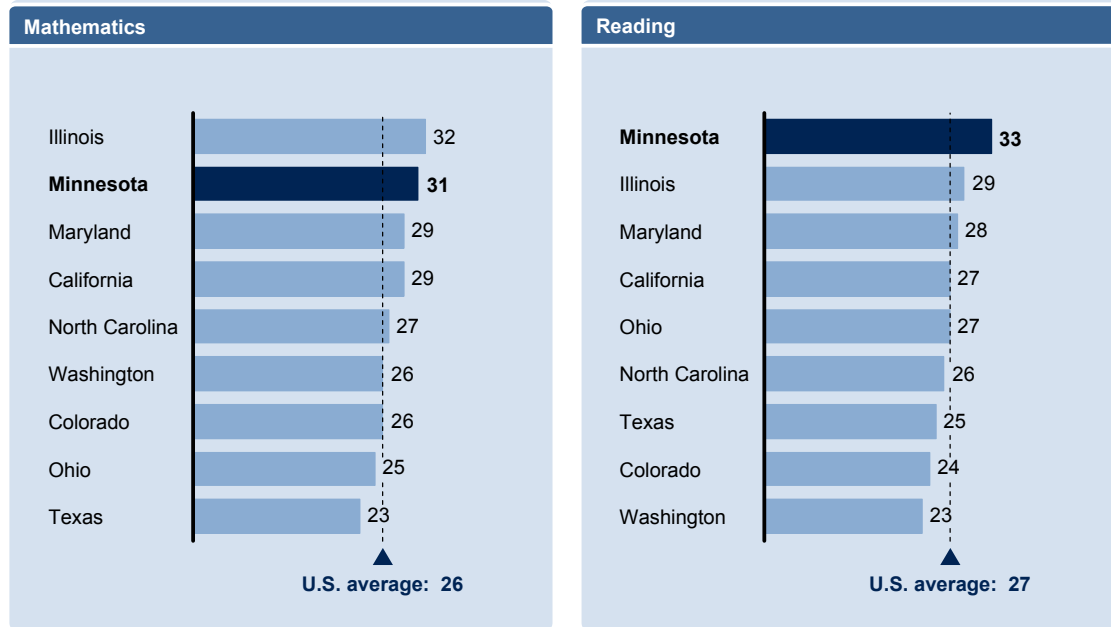
Meanwhile, the share of aging Minnesotans is rising faster in this state than in the country as a whole, which may lead to a significant shortfall in the labor force (Exhibit 6). To maintain our workforce and fill the shortfall, we will need to attract, develop, and retain more high-quality workers.

The region does currently have a great competitive advantage when it comes to a quality workforce. However, to maintain this competitive advantage we will need to address the achievement gap and looming workforce shortage.

³ For additional information on Minnesota's education assessment, see previous Itasca Project research in "MN's Future: World-class Schools, World-class Jobs" available at www.TheItascaProject.com and "Mind the Gap" at www.mncompass.org/disparities/close-the-gap.

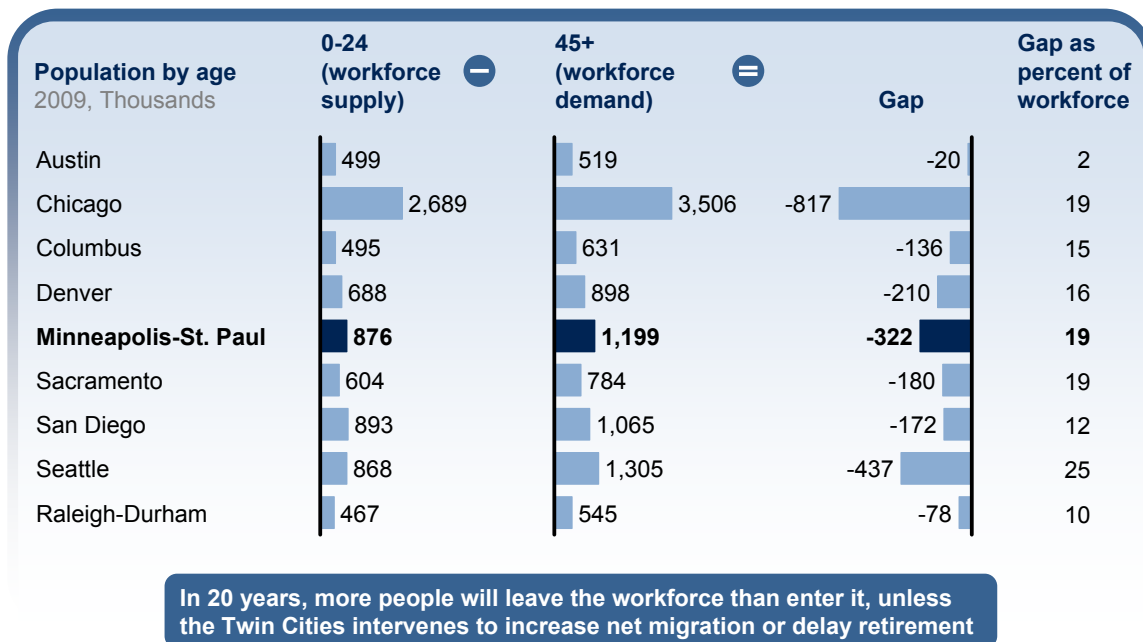
Exhibit 5 MINNESOTA'S BLACK STUDENTS MAY BE FALLING BEHIND

Achievement score gaps between black and white fourth-graders¹ in 2007



¹ Scores taken from results of NAEP standardized tests
 SOURCE: National Center for Education Statistics, 2007

Exhibit 6 DEMOGRAPHIC TRENDS POINT TO A WORKFORCE SHORTFALL IN 20 YEARS



SOURCE: Census Bureau, 2009

High Quality of Life

Minnesotans consistently rank among the happiest and healthiest people in the country. *Forbes* ranked Minnesota the fifth-happiest state in 2009, and the Gallup-Healthways Well-Being index ranks the state fourth in the nation based on emotional and physical health, healthy behavior, work environment and access to resources. Many other factors contribute to this high quality of life, including strong culture and entertainment, high civic involvement, strong infrastructure, and relatively low crime rates.

The Minneapolis-St. Paul region has a vibrant theater establishment, second only to New York City in theater seats per capita, and third in museums per capita^{viii}. The region is renowned for its healthy, athletic culture; *Men's Health* ranked Minneapolis as the third-fittest city in 2009, and Minnesota tops the Gallup-Healthways physical health index. Minneapolis-St. Paul also has the nation's highest level of civic involvement, with nearly one in four citizens volunteering annually^{ix}.

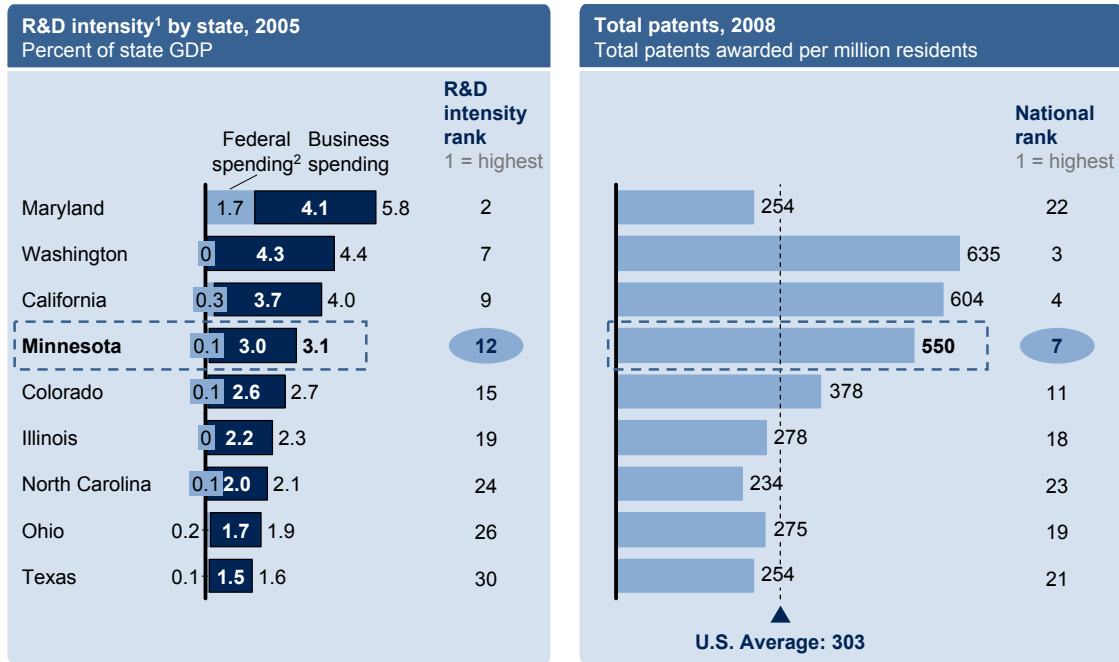
Transportation is critical to the region's attractiveness to employers and employees, and therefore to job growth. By most infrastructure measures, Minneapolis-St. Paul rates slightly above average when compared to peer cities. Average commute times by car and by public transport are at or below the national average, for example, and the area has less traffic than many peer regions. Business and leisure travelers alike benefit from one of the most active airports in the country. More than a thousand flights per day depart from Minneapolis-St. Paul International Airport, which ranks ninth nationally in number of destinations served^x. Maintaining this leadership in transportation infrastructure—a key to attracting employers and employees—will require careful attention and investment, as other regions are designing high-quality, livable communities with investments in transportation and implementing progressive land use policies.

Finally, according to a national survey of executives and site consultants^{xi} who help corporations identify where to relocate and expand, the crime rate is the most important indicator of quality of life. Here, the region has mixed results. While overall crime rates in the Minneapolis-St. Paul region have recently crept above the national average, the incidence of violent crime still remains 14 percent below the national average.

Research and Idea Generation

The Minneapolis-St. Paul region has been a world leader in the generation of ideas—the base of an innovative and entrepreneurial economy. It has long relied on strong regional entities such as the University of Minnesota and the Mayo Clinic, as well as private sector research and development in medical devices and other areas. As a result, Minnesota ranks 12th in R&D intensity nationally (total R&D spending per dollar of GDP^{xii}). Minnesota is also one of the best-performing states in research output, far exceeding the national average in total patents awarded per capita (Exhibit 7).

Exhibit 7 MINNESOTA HAS RELATIVELY HIGH R&D SPENDING AND OUTPUT



¹ Total R&D performed in state/total GDP

² Includes federal funding, federally-funded research and development centers, and nonprofit research

SOURCE: National Science Foundation; US Patent and Trademark Office; Census 2008

The University of Minnesota is an important asset to the region, ranked in the top quartile in terms of academic article output per million dollars of academic R&D. The National Science Foundation ranked the University of Minnesota ninth among public universities for R&D expenditures.^{xiii} According to Essential Science Indicators, the University has three fields of research ranked among the top five programs at public universities: mathematics (2), chemistry (3) and environment/ecology (4). Another 12 programs rank in the top 10, giving the University a total of 15 top-10 programs at public universities in the 19 general fields included in the citation database.^{xiv} Furthermore, in recent years, the University has strengthened its research commercialization efforts through the Technology Transfer Office, aligned with a previous Itasca Project task force. In 2009, the University earned \$95 million in licensing revenue, second among public universities.

CHALLENGES TO THE REGION'S ECONOMY

The Ease and Cost of Doing Business

The advantages to Minneapolis-St. Paul companies—high quality of life and an educated workforce—are tempered by relatively high taxes and labor costs, both of which exceed the averages of the nation and peer cities. Indeed, the Milken Institute ranks Minnesota as the 13th most expensive state for businesses, taking into account the costs of wages, taxes, electricity and rent^{xv}. There is a strong perception—both internally and externally—that the region is a challenging place to do business. According to a site selector who helps companies identify locations for company expansions, “The region needs to address its image of being hostile to business.” This negative image of the region is increasingly highlighted by other regions, particularly other Midwestern states, who are working to recruit businesses to their own area.

“The region needs to address its image of being hostile to business.”

Tax Structure

Multiple national rankings place Minnesota near the bottom in terms of the business tax environment. In 2009, for example, the Tax Foundation^{xvi} ranked Minnesota 43rd based on corporate, personal, individual, sales and unemployment taxes. The Small Business and Entrepreneurship Council^{xvii} ranked Minnesota 49th based on the impact of the tax code on small businesses, and in 2007, the Milken Institute^{xviii} ranked Minnesota 43rd based on annual state tax revenue as a share of personal income.

“We would love to build close to our headquarters. However, the high property and employment tax burdens currently rule out even including MN in our initial screening.”

These rankings are driven largely by Minnesota’s high marginal tax rates. The state’s top corporate tax rate of 9.8 percent, combined with the national tax rate, is 41.4 percent, second only to Pennsylvania (Exhibit 8)^{xix}. Minnesota’s maximum unemployment insurance tax^{xx} for employees making above \$25,000 is the highest in the country.⁴ Furthermore, Minnesota’s top personal tax rate of 7.9%, which impacts many pass-through corporations and small businesses, is the nation’s 11th highest^{xxi}.

Tax rates naturally influence decisions to expand in, move to, or leave Minnesota. According to one site selector, “The corporate income tax is obscene, at almost 10%, and personal income tax is not too much better, at almost 8% . . . that poses a problem.”

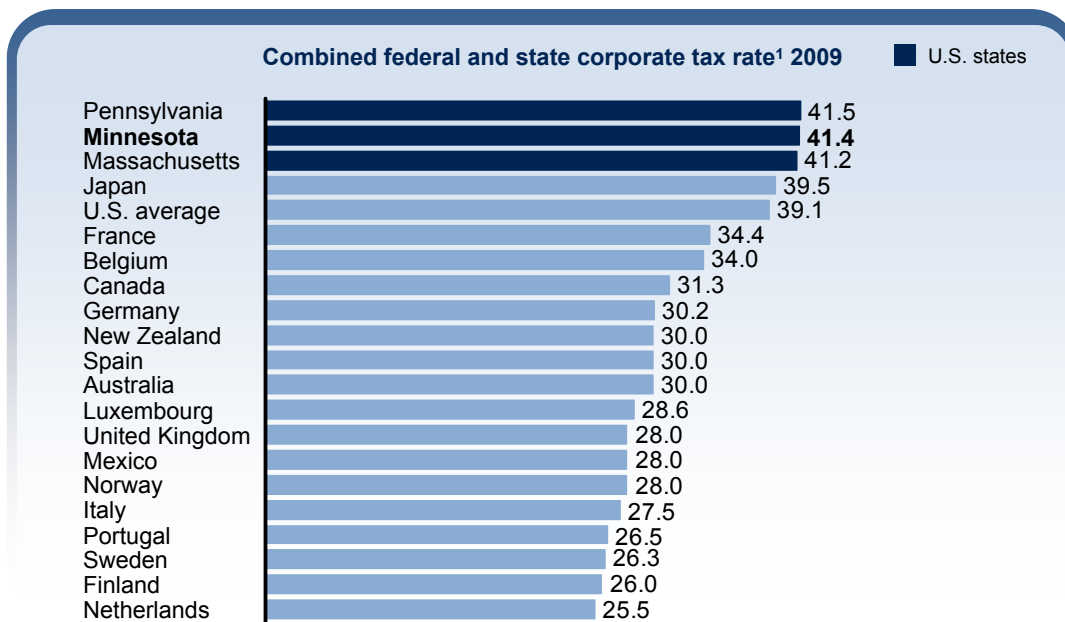
As a local CEO of a multinational firm recently asked in a public forum, “If I have a chance to invest in a factory in Ireland at zero [corporate taxes], or a factory in

⁴ Applying the maximum unemployment insurance rate (9.3% for Minnesota) by the cutoff wage (\$25,000 for Minnesota) yields the maximum unemployment tax rate.

Singapore at zero . . . why would I want to invest in Minnesota or the United States?” Another local CEO stated, while considering locations for a new customer service call center with over 200 jobs, “We would love to build close to our headquarters. However, the high property and employment tax burdens currently rule out even including Minnesota in our initial screening.”

These quotes reflect a consistent theme echoed by CEOs and site selectors alike, believing that in the competitive world of investment decision making, Minnesota’s tax structure is a substantial and immediate roadblock for those who evaluate the region for expansion potential.

Exhibit 8 CORPORATE TAX RATES



* Note: Does not include Austria (25%), Denmark (25%), Greece (25%), Korea (24.2%), Switzerland (21.17%), Czech Rep (20%), Hungary (20%), Turkey (20%), Poland (19%), Slovak Rep (19%), Iceland (15%), Ireland (12.5%)

¹ Combined rate adjusted for federal deduction of state tax

SOURCE: Tax Foundation

Regulation

By many accounts, Minnesota has a challenging regulatory environment. For example, the 2008 U.S. Economic Freedom Index, published by the Pacific Research Institute in association with *Forbes* magazine, ranks Minnesota 36th out of 50^{xxii}. The index measures how regulations impose restrictions on people’s behavior and, in turn, impact the free allocation of private resources.⁵ The Small Business Survival Index came up with a similar assessment, ranking the state 43rd in terms of regulatory environment. Finally, Minnesota ranks 30th on Regulatory Environment by *Forbes* “Best States for Business” rankings.

⁵ Indicators include right to work laws, minimum wage laws, and environmental, labor and educational restrictions, among others.

These low ratings are driven in part by health care mandates. Minnesota ranks 50th out of 51 in terms of number of health insurance mandates^{xxiii}.

Further, according to interviews, the region's many layers of government often complicate and lengthen the permitting process. As a local real estate developer relayed, "There are companies who were considering locating in the Twin Cities region – but the length of time required to get their project approved was simply not competitive." This sentiment was widely echoed in the interviews and discussions with area business leaders.

Labor Costs

The Minneapolis-St. Paul region has a reputation for having high labor costs. As one site selector put it, "You'd need a really good reason to be here... because hourly wage costs are higher." An analysis of labor costs does reveal that lower-skilled workers in the Minneapolis-St. Paul region earn, on average, six percent more in wages than their counterparts in peer cities, while higher-skilled workers⁶ earn about one percent more^{xxiv}. Obviously, while higher wages can discourage companies from moving to the region or expanding here, it also means that lower-skilled workers can maintain a higher standard of living.

Multiple factors contribute to this wage premium. First, the region has a relatively old labor force, with 55 percent over the age of 40. Older workers tend to have more experience and receive more compensation than younger workers—those 40-54 earn an average of 21 percent more. Meanwhile, the region's lower-skilled workers have more education—20 percent hold a bachelor's degree or higher^{xxv}—and higher education levels typically command wage premiums. Minnesota's labor laws and industry structure also mean more unionization. About 17 percent of workers in the state belong to unions, the 13th highest rate in the country^{xxvi}. Since union labor typically commands premiums upward of 40 percent in total compensation, unionization tends to contribute to higher wages.

Innovation and Entrepreneurship

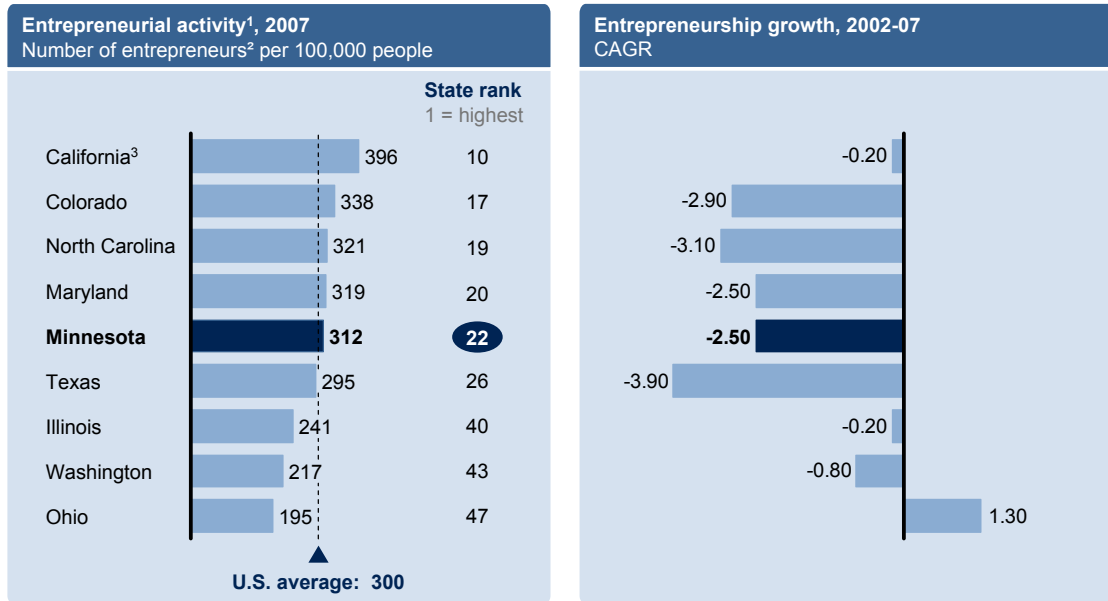
Minneapolis-St. Paul has produced many successful entrepreneurs and has a long history of turning small businesses into industry leaders. Medtronic, Best Buy, Carlson Companies and Cargill are just a few examples of local start-ups that have become global enterprises. Much of this success can be attributed to previously mentioned regional strengths, such as human capital.

However, in recent years, the region has struggled to create and grow small businesses. From 2002-2007, the number of new entrepreneurs declined by 2.5% annually (Exhibit 9). The average ratio of firm births to firm closings, an important measure of

⁶ High skill employment includes architecture and engineering, arts and design, business and finance, social services, computer and mathematical, education, healthcare, legal, social science, and management occupations.

business start-up health, lagged most peer regions from 2002 to 2006. Minnesota saw a net flow of 1,218 small and medium businesses leave the state from 1997 to 2008^{xxvii}. These worrying economic trends of declining entrepreneurship, slow small business growth, and migration to other regions indicate the insufficient support for entrepreneurs.

Exhibit 9 THE TWIN CITIES REGION HAS SEEN A DECLINE IN ENTREPRENEURSHIP



¹ Using Census Current Population Survey data, the study tracks the number of non-business owners who become business owners month-to-month

² First-time entrepreneurs

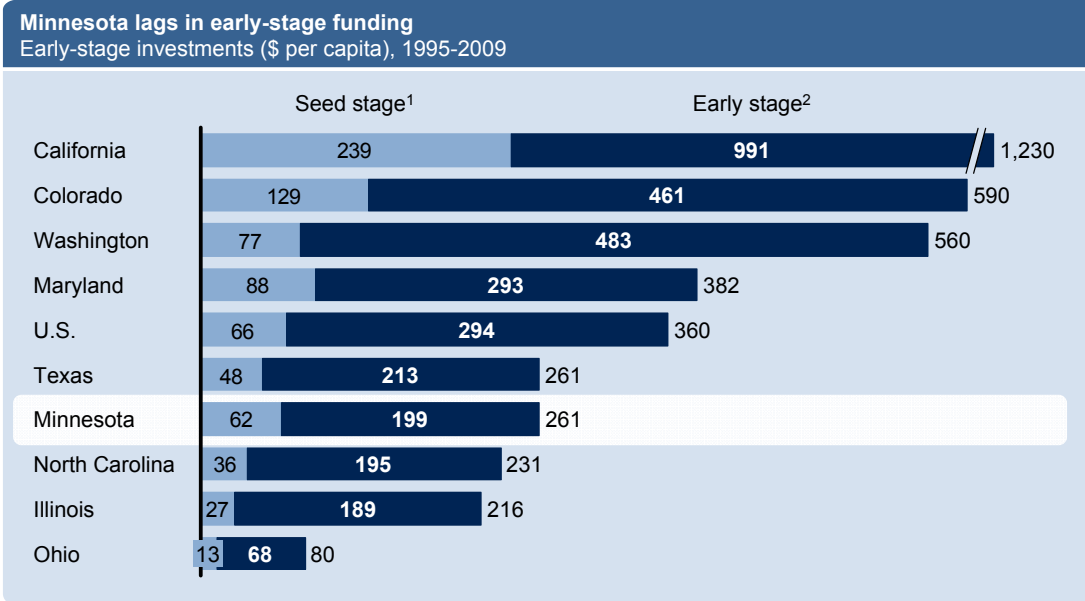
³ Peer states chosen based on similar population, GDP per capita, education levels, business climate, industry diversity, and labor laws

SOURCE: Kauffman Foundation Index of Entrepreneurial Activity, 2007

Finding capital is a challenge for most entrepreneurs, but is especially difficult for those in the Minneapolis-St. Paul region, which lags peer regions at all stages of starting and growing a business. Minnesota overall lags peer states and the national average in seed and early-stage per capita investments (Exhibit 10). The region also significantly lags most peer regions in venture capital investment, both in terms of total number of deals and value per deal (Exhibit 11). Minneapolis-St. Paul also trails peer cities in traditional small business lending, and the gap is growing (Exhibit 12). Neighboring states have introduced compelling incentives to encourage investors to sponsor companies located in their state. For example, Wisconsin, Iowa, and North Dakota all offer tax credits to angel investors. Minnesota passed an angel tax credit this legislative session, which is a significant positive step for increasing access to capital for entrepreneurs.

A vibrant entrepreneurial culture, strong networks and support resources are all crucial to the success of entrepreneurs, but local entrepreneurs say Minneapolis-St. Paul is falling short in these areas. Many interviewees stated start-up failures are often seen as total failures in the region, whereas strong entrepreneurial

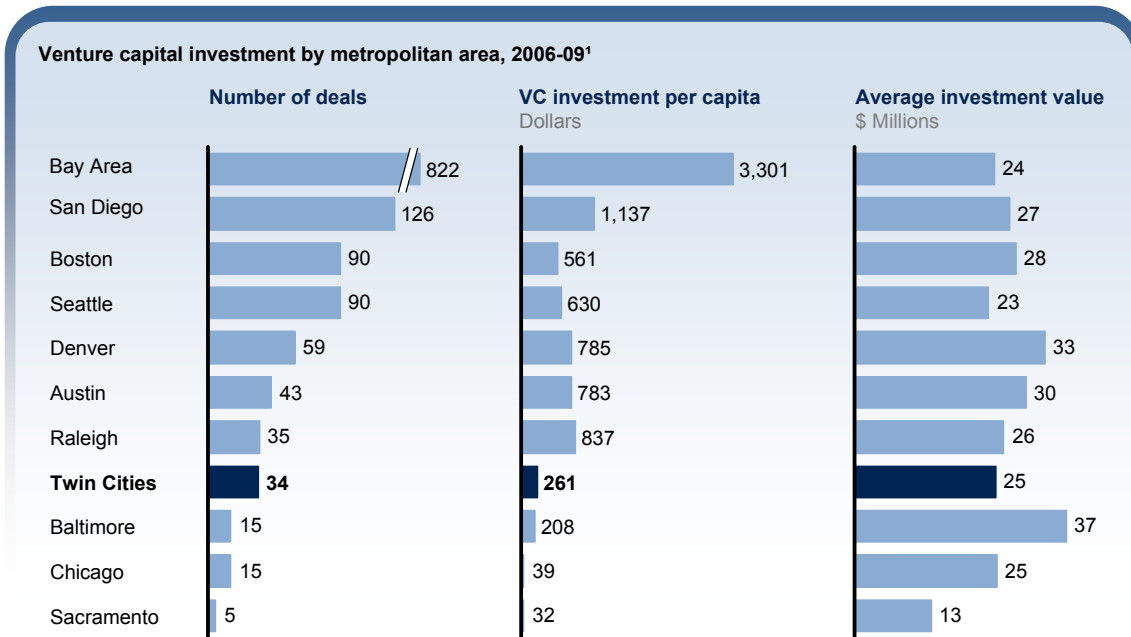
Exhibit 10 MINNESOTA NEEDS MORE SEED AND EARLY-STAGE FUNDING



1 In the seed or initial stage of funding, the company has a concept or product under development but is not fully operational and usually has been in existence less than 18 months
 2 In early-stage funding, the company has a product or service in testing or pilot production. In some cases, the product may be commercially available and generating revenues. Companies at this stage are usually in business less than three years

SOURCE: PWC Moneytree; U.S. Census

Exhibit 11 THE TWIN CITIES REGION LAGS IN VENTURE CAPITAL DEALS

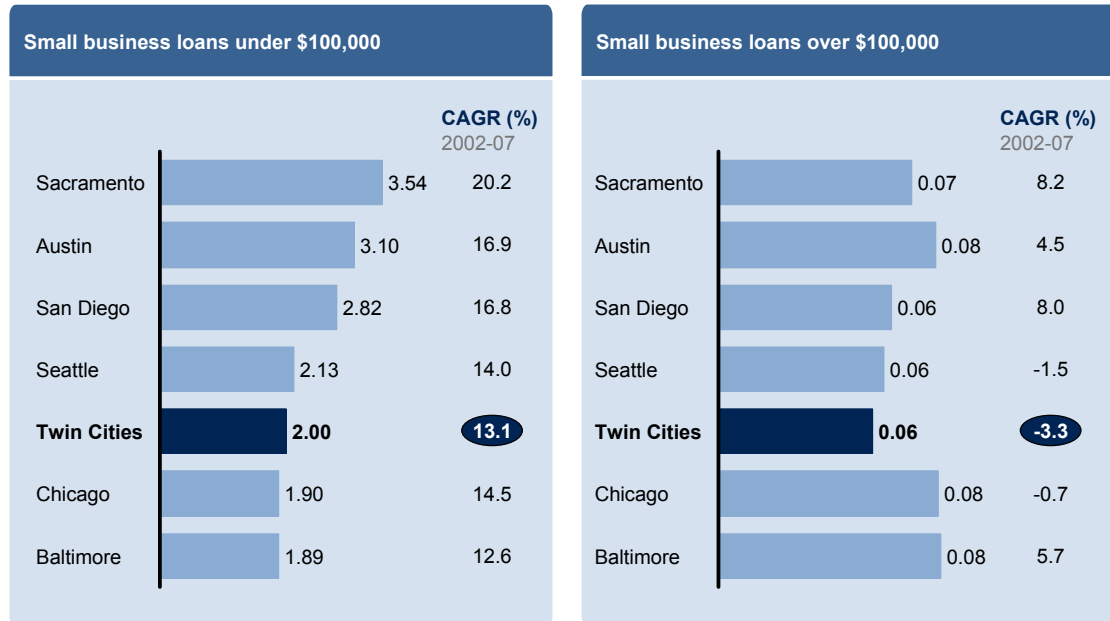


1 The location of a deal is specified by the location of the receiving company; rounds are counted as separate deals; includes deals \$10M and greater
 SOURCE: Economy.com; Capital IQ

cultures view start-up failures as part of the creative process and one step in eventual success. Local business people say the region needs more networking opportunities for young entrepreneurs to learn from experienced start-ups.

Exhibit 12 TWIN CITIES SMALL BUSINESSES OBTAIN FEWER LOANS, AND THE GAP IS GROWING

Number per small and medium business¹, 2007



¹ Small and medium businesses are those with fewer than 500 employees

SOURCE: Federal Financial Institution Examination Council FFIEC MSA Aggregate Report 2007

Organizations in the region do host speaker series and broad networking events, but many peer regions have more direct programs that support entrepreneurs. For example, an Austin program works with the University of Texas to help early-stage entrepreneurs find funding and provides human capital (business students) and expert guidance. The Wisconsin Entrepreneurs Network provides entrepreneurs access to resources and expert guidance.

The Minneapolis-St. Paul region needs to leverage its strengths to improve its climate of innovation and entrepreneurship. The region could realize more value from its strong human capital and the wealth of innovation from the University of Minnesota, Mayo Clinic, and private sector research through targeted initiatives that better translate innovative ideas to the marketplace and catalyze entrepreneurship and job growth.

LEVERAGING THE REGION'S STRENGTHS MORE EFFECTIVELY

Though the region must address some critical challenges, it can build on tremendous assets. Like any successful business, a region must put those assets to use, deliver efficient marketing to tout competitive advantages, and employ an effective sales force. Our research in other regions—especially those with above-average economic growth—shows that the Minneapolis-St. Paul region can leverage its strengths and market its assets much more effectively.

In benchmarking successful regions, one of the most profound and consistent trends was their focus on setting an explicit vision and strategy for regional economic development. A regional approach has the benefits of bundling regional assets, leveraging a region's scale more effectively, and maximizing the impact of all economic development efforts.

More specifically, in high performing regions, strong regional economic development organizations and coordinated

strategies helped attract new companies, retain and expand existing companies, and create new companies. While the Minneapolis–St. Paul region does have some existing assets within the economic development sphere, it lacks both a comprehensive vision and a strategy. There are many organizations and agencies working on pieces of the economic development puzzle, but efforts are often uncoordinated. As one site selector said, “The Twin Cities stands out in this country like a sore thumb for not having a regional program. You probably have lost a significant amount of corporate prospects due to the lack of a regional agency.”

Our interviews with best-practice regional organizations, business leaders and site selectors yielded three core activities of a regional economic

“The Twin Cities stands out in this country like a sore thumb for not having a regional program. You probably have lost a significant amount of corporate prospects due to the lack of a regional agency.”

CASE STUDIES

Allegheny Conference

For the latter part of the 20th century, the steel industry, Pittsburgh's main economic engine, was withering, resulting in above-average unemployment and low employment growth. Compounding the problem, the area's multiple economic development organizations did not coordinate strategies, hampering economic development efforts. To help meet the city's challenges, a group of local leaders agreed to consolidate economic development efforts.

The strategy was simple: combine marketing, attraction and retention efforts with research and advocacy into one privately funded organization that would act as the development entity for the entire region. This collaboration led to a new regional vision and branding campaign—along with strong execution. The effort produced 42,000 new jobs between 2002 and 2007 and the attraction of many high-profile companies to the area. From 2006 to 2008, the organization directly assisted the expansion or relocation of 105 companies to the region that included \$2.2 billion in capital investment^{xxviii}.

development effort: establishing a regional vision, offering attraction services, including regional marketing and branding, and offering retention and expansion services for existing local companies.

Regional Vision

At the heart of successful economic development efforts is a regional vision for economic growth that leverages the region's core strengths. Raleigh-Durham, for instance, developed a regional vision "based on the belief that successful regions depend on the intellectual abilities of their people" and made the most of their existing human capital advantage and strong base of academic institutions. As they put it:

"The Research Triangle Region's vision is to be a world leader in intellectual capacity, education and innovation to enhance productivity and economic growth and achieve a superior quality of life for all our citizens."

The Research Triangle developed a clear, measurable, long-term plan to execute on this regional vision: "A five-year, \$5-million action agenda to generate 100,000 new jobs and increase employment in all 13 counties of the Research Triangle Region." The plan exceeded expectations, delivering over 110,000 jobs in five years.

A strong regional vision offers several advantages:

- First, and most importantly, it coordinates and prioritizes the activities of multiple public, private and academic organizations, making the region significantly more efficient and effective at creating jobs.
- The vision helps convey the region's identity and advantages to companies inside and outside the region, making selling the region much easier.

CASE STUDIES

Opportunity Austin

In 2003, the collapse of the dot-com bubble hit the Austin metro area, with unemployment climbing and talented workers leaving the area. Facing this new reality, the Chamber of Commerce created "Opportunity Austin," a new, privately funded economic development organization that agreed on a regional vision and coordinated economic development. The effort also engaged community leaders to attract businesses within specified sectors, retain existing businesses and advocate for policies aimed at economic growth.

In addition, the Chamber of Commerce and community leaders pushed several initiatives to create a healthy entrepreneurial ecosystem. The Central Texas Angel Network, which includes about 100 people providing funding for start-up businesses, helps to create a strong private equity community. The Chamber also pushed the legislature to create a \$200M Emerging Technology Fund, run by a statewide board that looks to invest \$250,000 to \$5M in companies focused on biopharmaceuticals, clean energy, and information technology. The Austin Technology Council organizes networking events and provides a support system for small-businesses. To incubate ideas, the University of Texas sponsors the IC2 program, which helps capitalize the ideas from the University through technology transfer.

From these efforts, the Austin area created 124,000 jobs from 2004 to 2008, accounting for \$5.7 billion in overall payroll increases, and attracted 144 corporate relocations^{xxix}.

- The vision helps unite previously disparate communities. As one economic development director explained, “Economies do not operate within political boundaries...A company relocating to one community from outside the region benefits all other communities.” As such, a vision helps divert energies from intra-regional relocations and toward more beneficial regional programs.
- Finally, as another economic development director indicated, “[A regional] focus makes it easy for the customer.” Companies and site selectors find it easier to deal with a regional entity rather than multiple municipalities vying for their attention. As noted previously, the Minneapolis-St. Paul area does not have a regional vision for economic development but rather many distinct, relatively uncoordinated efforts.

Retention Services

Most successful economic development regions create a single organization to engage in the core activities of attracting and retaining businesses and marketing the region in and out of state.

Retention and expansion services include local business checkups, connecting businesses to state and local resources, and serving as a project manager for business expansion. Run well, retention efforts make businesses more willing to expand and create jobs in the area.

Grow Minnesota!, organized by the Minnesota Chamber of Commerce, is an important business retention program for the region. It uses local chambers of commerce to conduct site visits at local businesses and records findings on a database, which help it advocate policies to aid local businesses. Grow Minnesota! shares information gathered on visits with respective local chambers who work on issues with economic development agencies. While Grow Minnesota! provides a good base, it is a state, not a regional, initiative, and it does not have full, consistent participation across all regional chambers.

Attraction Services

Best practice regional economic development organizations serve as the primary contact for site selectors and businesses looking to

CASE STUDIES

Kansas City

In 2004, Kansas City had an outdated regional plan and an inconsistent regional vision. Many people outside the region did not have a clear view of Kansas City, and few site selectors included the region on their short lists. In response, the Kansas City Area Development Council (KCADC) launched a three-part marketing campaign aimed at unifying the two-state, 18-county region. The efforts included a campaign to promote the city to site selectors, a grassroots marketing effort aimed at unifying the region, and an effort to attract young professionals to the area. Area leaders also signed a “Declaration of Interdependence” to help unify the region.

KCADC’s efforts helped attract 24 companies to Kansas City in 2007, with most falling into its Smart Port or Animal Health Initiatives^{xxx}.

relocate to the region, offering one-stop-shop attraction services. The organization connects businesses to state and local resources while serving as project managers for companies throughout the process. Attracting businesses also involves branding the area in accordance with its regional vision and marketing externally to site selectors, companies, and potential employees and internally to align regional stakeholders.

“It takes four times as long to gather information on the Twin Cities on the internet than for other cities...and that is for professional site consultants. Imagine what it is like for people with limited experience.”

tors, companies, and potential employees and internally to align regional stakeholders.

Without a single organization focused on attraction and marketing services, companies looking to relocate to the region must deal with many different economic development agencies and governmental authorities, which deters many from putting a region on their relocation short lists.

Minneapolis-St. Paul lacks a holistic regional attraction effort. As one site selector explained, “It takes four times as long to gather information on the Twin Cities on the internet than for other cities...and that is for professional site consultants. Imagine what it is like for people with limited experience.”

As another put it, “The region has not developed a clear brand image for itself. I get piles of marketing materials every week—and nothing on the Twin Cities.” Many businesses simply fail to look at the region when expanding or relocating.

The region does conduct some marketing, of course. Positively Minnesota, a state-wide program run by DEED, showcases the state’s assets to companies and site selectors. The program also assists businesses by serving as a liaison with other state agencies, and administers financing to attract and retain businesses. The Minneapolis Regional Chamber of Commerce recently launched a website, Metromsp.org, to provide information about the region. It features a tool to help site selectors conduct real estate searches.

These programs provide a base upon which to build. Metromsp.org relies on financing from the entire region but needs a staff to follow up on inquiries. Positively Minnesota has had success in coordinating incentives for companies, but the effort is largely state-wide and not regionally focused. In addition, both of these organizations receive less funding than competing regional organizations.

The region needs an organization that acts as a central hub for economic development. The efforts underway are not heavily coordinated, do not operate under a unified vision, and have differing geographic scopes for impact. Successful economic development must include a strategy focused on the region that actively coordinates retention, attraction, and marketing efforts. As a local mayor stated, “The days of Minneapolis competing against St. Paul are over. We need to be competing as a region against cities in Europe and Asia.”

Finally, with a coordinated strategy the region can be a contender for more new jobs. As one economic development professional in a high-performing region stated, “We have been wondering when Minneapolis-St. Paul would get its act together. When it does, we know we’ll need to worry.”

CHARTING A NEW COURSE

The Minneapolis-St. Paul region has extraordinary strengths in several areas that are key to robust economic development, including a strong education system, a

“I see a divide between regions that execute on a coordinated regional strategic plan and regions that do not. Every year, the chasm between the haves and the have-nots widens. The Twin Cities cannot afford to be left behind.”

high quality labor force, excellent research capabilities, and high quality of life.

However, the region finds itself at a critical juncture. In recent years, growth in employment, wages and GDP have all fallen below national averages and significant challenges lie ahead, including billion-dollar budget deficits, an increasingly global economy and a projected labor shortage. The region has some distressing weaknesses, including a very challenging business climate, declining support for entrepreneurial activity, and an uncoordinated and ineffective regional economic development strategy. As one local businessman explained, “I see a divide between regions that execute on a coordinated regional strategic plan and regions that do not. Every year, the gap between the haves and the have-nots widens. The Twin Cities cannot afford to be left behind.”

Given research on best practices and gaps in the Minneapolis-St. Paul region’s efforts, the Itasca Project Job Growth Task Force has proposed three strategic priorities for the region:

- **Address the cost of doing business.** The business climate is a significant roadblock to those considering adding jobs in the region. The state should adopt a more competitive tax structure and ease regulatory and permitting burdens to encourage employers to keep and add to the quality jobs in the region.
- **Develop a regional vision, strategy, and approach for economic development.** To be competitive, the Minneapolis-St. Paul region must develop a vision and strategic plan that best leverages its strengths for economic development. The region must improve its abilities to retain and expand existing companies and market itself nationally and internationally to attract new companies.
- **Enhance entrepreneurship and innovation.** Fostering a robust culture of entrepreneurship is critical for a prosperous economy.

In addition to these three priorities, the region should continue to bolster existing strengths. Since human capital may be the most important driver of job growth, we need to expand our highly educated workforce. An efficient transportation system that helps employers move goods, allows people to access jobs, and creates quality, livable places is also critical to economic development and job growth.

The Itasca Project Job Growth Task Force believes that by working together to better capitalize on our strengths and address our weaknesses our region could become a global magnet for investment and business expansion. To do so will require cooperative and reinforcing activity from all sectors – business, government, academia and other nonprofit organizations.

The private sector can help by leading the effort to market our region and enhance business retention and attraction. This means funding and governing a centralized economic development entity that becomes the focus for business development activities in the region. The private sector can also enhance the entrepreneurial environment in the region by partnering with the region’s research powerhouse—the University of Minnesota—to improve commercialization efforts and to develop a new pipeline of entrepreneurs. The private sector can also do more to support emerging entrepreneurs and other activities that enhance the start-up culture of the region.

Legislators and policy makers also play a crucial role. Meaningful improvements in the tax and regulatory environment would have a profoundly positive impact on the business climate, how the region is viewed internally and externally, and would neutralize the most potent criticism of the Minneapolis-St. Paul region.

Academic institutions, foundations, and nonprofit organizations can support this effort to enhance job growth by ensuring we provide a world-class education to all students in Minnesota and work to close the achievement gap. These organizations also play a critical role in supporting an entrepreneurial culture and maintaining the region’s favorable quality of life.

Taken together, these changes would significantly advance the profile of our region and give us a platform from which we could aggressively market ourselves around the world.

We should seize these opportunities together without delay.

ABOUT THIS REPORT

The Itasca Project sponsored this report to better understand the region's job growth performance and to identify opportunities to increase the number and quality of jobs in the region.

The Job Growth Task Force's recommendations are based on research and analysis conducted by McKinsey & Company, a global management consulting firm.

Methodology for the project included reviewing best practices of high performing regions both domestically and internationally, analyzing public data sources, reviewing literature on economic development, and interviewing experts on the topic. The research included interviews of over 40 external experts including economic development professionals, site selectors and economists, as well as interviews of over 50 local stakeholder groups including local companies, universities, non-profit and public sector organizations.

This report concludes the first phase of the project, which involved fact-finding and identifying opportunities. The second phase, which includes communications, advocating, and implementation continues.

The focus of this report is on the economic health of the Minneapolis-St. Paul metropolitan area, most often defined by the Metropolitan Statistical Area (MSA). Whenever possible, data was gathered at the MSA level. Generally, references to Minneapolis-St. Paul, the Minneapolis-St. Paul region, MSP, Twin Cities, or "the region" mean the MSA. Where MSA-level data was not available, metrics for the state of Minnesota were used.

Many charts compare the Minneapolis-St. Paul region to a defined set of peer regions. Researchers chose the sets for comparison based on population, GDP per capita, education levels, and industry diversity. These are regions we will have to compete against to win more jobs. Specifically, for peer city data comparisons, the following cities were included: Austin, Baltimore, Chicago, Columbus, Denver, Raleigh-Durham, Sacramento, San Diego, and Seattle. In addition, researchers sought out many examples from other regions both domestically and internationally to highlight specific best practices.

ABOUT THE ITASCA PROJECT

The Itasca Project is an employer-led alliance drawn together by an interest in new and better ways to address regional issues that impact our future economic competitiveness and quality of life in the Twin Cities area. Its 50-plus participants are primarily private-sector CEOs, public-sector leaders, and the leaders of major Minneapolis-St. Paul-based foundations.

Officers

Chairperson	Mary Brainerd, President and CEO of HealthPartners
Vice-chairpersons	Richard Davis, Chairman, President, and CEO, US Bancorp Bruce Nicholson, Chairman, President and CEO, Thrivent Financial for Lutherans

TASK FORCE

This work was led by a task force convened by The Itasca Project.

Co-chairs

Ken Powell	General Mills
Marilyn Carlson Nelson	Carlson

Task Force members

Andy Bessette	The Travelers Companies
Bob Bruininks	University of Minnesota
Carleen Rhodes	St. Paul Foundation
Cathy Schmidt	Stahl Construction
Chris O'Connell	Medtronic
Dave Mortenson	Mortenson Construction
Doug Baker	Ecolab
Elizabeth Kautz	Mayor, City of Burnsville; President, US Conference of Mayors
Gary Stern	Federal Reserve (Retired)
Glenn Nelson	GDN Holdings
Hussein Samatar	African American Development Center
Jean Taylor	Taylor Corporation
Jennie Carlson	U.S. Bancorp
Jim McCormick	MNSCU
John Griffith	Target
Jon Campbell	Wells Fargo
Kathee Tesija	Target
Kathy Tunheim	Tunheim Partners
Mark Eustis	Fairview Health Services
Michael Gorman	Split Rock Partners
Randy Hogan	Pentair
Russ Nelson	Nelson, Tietz & Hoye
Stan Harpstead	Mayor, City of Arden Hills
Yvonne Cheung Ho	MEDA

SOURCES

- i Bureau of Labor Statistics, Bureau of Economic Analysis, Moody's Economy.com, and McKinsey analysis
- ii Fortune magazine (money.cnn.com/magazines/fortune)
- iii U.S. Census, "American Community Survey"
- iv Education Week "EdCounts"; National Center for Education Statistics
- v McKinsey Global Economics U.S. Knowledge Worker Database
- vi Twin Cities Compass (www.mncompass.org/education)
- vii National Center for Education Statistics
- viii Meet Minneapolis (Minneapolis.org)
- ix Corporation for National & Community Service; Cities Ranked & Rated
- x Innovata schedules via APGDAT
- xi Area Development annual company and site selection survey (2008)
- xii National Science Foundation, Census 2006
- xiii National Science Foundation/Division of Science Resources Statistics, Survey of Research and Development Expenditures at Universities and Colleges (2008)
- xiv University of Minnesota Annual Research Report (2009)
- xv Milken Institute's Cost-of-Doing Business Index 2007 (Milkeninstitute.org)
- xvi State Business Tax Climate Index 2009 (taxfoundation.org)
- xvii Business Tax Index 2009 (sbecouncil.org)
- xviii Milken Institute 2007 Cost-of-Doing Business Index (Milkeninstitute.org)
- xix Tax Foundation (taxfoundation.org)
- xx 2008 SUTA rates by state (staffmarket.com)
- xxi Tax Foundation (taxfoundation.org)
- xxii U.S. Economic Freedom Index: 2008 Report (liberty.pacificresearch.org)
- xxiii Small Business Survival Index: 2008 (sbecouncil.org)
- xiv U.S. Census Annual Social and Economic Supplement (2007); Moody's Economy.com; McKinsey analysis
- xv U.S. Census, U.S. Census Annual Social and Economic Supplement; Moody's Economy.com (2007)
- xvi U.S. Census "Current Population Report"
- xvii Youreconomy.org
- xviii Allegheny Conference (Alleghenyconference.org)
- xxix Opportunity Austin (austinchamber.com)
- xxx Kansas City Area Development Council (thinkkc.com)

Carver County Board of Commissioners Request for Board Action



Agenda Item:

2012 Budget Strategy Update

Primary Originating Division/Dept: <u>Administration (County)</u>	Meeting Date: <u>7/12/2011</u>
Contact: <u>David Frischmon</u> Title: <u>Finance Director</u>	Item Type: <u>Work Session</u>
Amount of Time Requested: <u>30</u> minutes	Attachments: <input checked="" type="radio"/> Yes <input type="radio"/> No
Presenter: <u>David Frischmon</u> Title: <u>Duh</u>	

Strategic Initiative:

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

BACKGROUND/JUSTIFICATION:

The County Board directed County staff to implement the Administrator's Recommended 2012 Budget Strategy that was presented to the Board at the May 10, 2011 work session. As part of this strategy, County staff will provide the Board with an overall progress report as a context for the budget hearings with the individual Divisions during July.

ACTION REQUESTED:

None - information only

FISCAL IMPACT: Other

If "Other", specify:

A flat-lined levy for 2012 will decrease the County's property tax impact on the average value home which is consistent with the Board's direction.

FUNDING

County Dollars =	
Total	\$0.00

FTE IMPACT: None

Related Financial/FTE Comments:

Office use only:
RBA 2011- 679

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Administrative Services	Library	Realignments of the staffing complement in the Library system with a focus on not impacting customer service and hours of operation.	71,024	71,024	Effective Date: 1/1/12. Impact: Some internal workload shifts will have to take place to accommodate reductions.
		Reduction in County funding commitment associated with the Library Foundation.	25,172	25,175	Effective Date: 1/1/12. Impact: Potential for a reduction in grant dollars.
	Historical	Small Business Health Care Credit	2,000	2,000	The credit is up to 25% of the cost of the health insurance premiums that the historical society pays for its employees- probably only a one or two year credit Finance ?
	Information Technology	Elimination of EDMS Coordinator Position	85,000	103,000	We had the retirement of the Central Service Supervisor in April of 2011. Combining the position of EDMS Coordinator and Central Service Supervisor into one position, and, eliminating .80 on call clerical position is a financial savings of \$85,000. We are suggesting that this realignment be considered as part of our 2012 budget reduction. Data will be collected to measure operational impact if implemented.
		Professional Services	46,000	60,000	Reduces the scope and number of aged software application replacement/development to an Enterprise solution such as CRM/XRM. <u>(Finance ?: replace with Unified Communications proposal to replace PBX and with annual cost savings of \$60K)</u>
	Veterans Service	01-120-000-0000-6211	115	-	These cuts represent a new operating cut of 6.8% for Veterans Service excluding wages, insurance and benefits. This is now on top of a 21.6% cut last year. This office is a small operation of 3.7 personal that generates over 12 million of revenue into Carver County that is spent on gas, clothing, groceries, taxes etc. Further and future cuts will directly impact the services we provide to the veterans of Carver County.
		01-120-000-0000-6212	50	-	
		01-120-000-0000-6241	125	-	
		01-120-000-0000-6242	(60)	(60)	
		01-120-000-0000-6331	70	-	
01-120-000-0000-6332		100	-		
01-120-000-0000-6335		400	-		
01-120-000-0000-6379	100	-			
	01-120-000-0000-6401	100	-		

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Administrative Services (cont.)	University of Minnesota Extension	Reduce .7 FTE support position to .6 FTE which also reduces some corresponding personnel line items	5,953	5,953	This will reduce support for programs in 4-H, Ag, MG and Financial Education which in turn means that staff will need to do more of the support work themselves, reducing their programming time
		Reduce on-call clerical	500	-	Reducing this line item means that there may be occasions when the office would need to be closed for a half to one day if support staff are gone and the funds for on-clerical have all been expended.
		Rentals	700	700	No funds will be available for rentals of rooms, etc. If rental funds are needed, the costs would be passed on to the appropriate program area.
		Reference Books & Library Materials	100	100	This will leave only minimal funds available to purchase resource materials. Any additional purchase costs will be passed back to the appropriate program area.
		Educational Material	147	147	The costs of educational materials will be passed back to the appropriate program area.
		Food and Beverages	100	100	No major impact.
		Data Processing Supplies	500	500	This line item is reduced based on the amount of expenditures the last two years. This would leave \$1,100 which should cover the costs.
Administration		Professional Services	8,000	8,000	Reduce professional services by 23%. These reductions will result in relying more on current staff instead of consultants.
Facilities		Elimination of several service contracts	15,644	15,644	Effective Date: 1/1/12. Impact: Service contracts and proposed personnel changes may negatively impact turnaround time for projects requiring a quick resolution.
		Realignments of the staffing complement of Facilities staff.	64,100	64,100	
GRAND TOTAL =			325,940	356,383	

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Sheriff's Office	235, 236, 240	FTE CUTS 2.4	170,864	170,864	
	239-1716	Delete SERT Bus from CIP	55,000	-	Finance: one-time cut for a future purchase, no 2012 levy savings
	240	Delete 5 mobile radios per year, additional new ones were included and no longer needed	16,000	16,000	
	235	inmate meals	6,500	6,500	
	236	Fleet reductions	67,962	67,962	Finance: sustainable ?
	All	various adjustments thru out budget	14,647	14,647	
GRAND TOTAL =			330,973	275,973	

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Community Social Services	Administrative Support	Delete a Vacant 1.0 FTE Support Services Specialist	53,960	53,960	Position is currently vacant and would be deleted as part of the 2012 Budget
	Administrative Support	Un-budgeted CCSA	146,040	146,040	These funds were restored under the budget deal between the previous Governor and legislature and not budgeted for CY2011. Both the current Governor and Legislature have proposed to take some portion CSSA. Note: This item is a placeholder pending the impact of the Early Retirement Program.
	c.				
GRAND TOTAL =			200,000	200,000	

2012 Public Works Division Levy Savings Target: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Public Works	Admin	Services & Charges	(6,600)	(6,600)	Effective January 1. Increase in cell phone charges due to replacement of old pager system (\$10,900). Slight increase in conference and training (\$1300) and data processing fees (\$400). Reduction in mileage reimbursement (\$2500) and service agreements (\$3000) and professional fees (\$500).
	Admin	Materials & Supplies	700	700	Effective January 1. reduction in office supplies.
	Engineering	Salaries and Benefits	24,017	24,017	Effective January 1. Savings due to early retirement program with projected lower salary of new hires (\$24,017). Does not include vacancy savings.
	Engineering	Services & Charges	(900)	(900)	Effective January 1. Reduction in advertising costs (\$1300: now on web site) and software licensing fees (\$2000) and film processing (\$50)
	Engineering	Materials & Supplies	5,000	5,000	Effective January 1. Reduction in office supplies and engineering supplies.
	Highway Maintenance	Salaries and Benefits: FTE Reduction	14,312	14,312	Effective January 1. Reduction in seasonal FTE from 1.9 to 1.3 = 0.6 FTE reduction. Equates to reducing seasonal staff from 6 to 4 people.
	Highway Maintenance	Services & Charges	67,000	67,000	Effective January 1. Operational change. Route and Seal operations (\$38,000) will be performed by county forces instead of contracted out. Sheet patching (\$55,000) will become part of the annual overlay program (CIP). Plus slight reduction in rental budget (\$1200). Increase in electrical charges (intersection lighting: \$14,000). Increase in professional fees (\$12,000). Increase in misc utilities (\$500). Increase in conference/training (\$700)
	Highway Maintenance	Materials & Supplies	(64,100)	(64,100)	Effective January 1. Increased salt prices (\$63,800) and seal coat material prices (\$28,000). Increase in asphalt patching material to somewhat offset sheet patching (\$13,000). Increase in general supplies and tools (\$10,500). Decrease in crack sealing material (\$8200) and aggregate (\$30,000) based on operational changes. Decrease in sand (\$5000). Decrease in non-capitalized equipment (\$8,000).
	Equipment Maintenance	Salaries and Benefits: FTE Reduction	36,305	36,305	Effective January 1. Reduction of 1 FTE and reorganization. Levy savings is the remaining available from 2010 budget cuts. Plus elimination of temp/seasonal budget = 0.1 FTE (\$2521)
	Equipment Maintenance	Services & Charges	8,500	8,500	Effective January 1. Reduction in vehicle maintenance and repair and machinery and equip repair (\$13,500) based on historic costs. Decrease in misc expense (\$500). Increase in machinery/equip rental (\$1500), training (\$500), and software licensing (\$3500)
	Equipment Maintenance	Materials & Supplies	(19,850)	(19,850)	Effective January 1. Increase in Diesel Fuel cost (\$30,000), tires (\$2500), and uniforms and tools (\$1350). Reduction in oil & lubricants (\$5000) and machinery parts (\$9000).
	Surveyor	Salaries & Benefits	484	484	Effective January 1. Decrease in part-time/seasonal.
	Surveyor	Services & Charges	1,550	1,550	Effective January 1. Increase in software licensing fees (\$6,650)
	Surveyor	Materials & Supplies	(5,200)	(5,200)	Effective January 1. Increase in non-capital equipment (robotic total station conversion: \$5700). Decrease in surveying supplies (\$500)
	R&B Revenue	Intergovernmental Revenue: State Aid Regular and Municipal Maintenance Revenue Increase.	67,209	67,209	Effective February 1 +/- . Funds are disbursed in 2 payments. The increase in Gas Tax in 2008 legislation caused sustainable increases beginning in 2009. State Aid Maintenance is allotted every year by formula and is used for county highway operations.

2012 Public Works Division Levy Savings Target: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Public Works (cont.)	R&B Revenue	Other Revenue	(3,000)	(3,000)	Effective January 1. Reduction in gravel tax revenue (\$40,000) and surveyor fees (\$3000) due to economic climate. Increase in engineering permit fees (\$30,000). Increase in misc revenue (\$30,000). Decrease in refunds reimbursements (\$20,000)
	Parks	Salaries & Benefits	17,507	17,507	Effective January 1. Decrease in part-time/seasonal salaries (\$11,544). Decrease in overtime (\$6,463). Minor increase in Per Diem.(\$500)
	Parks	Services & Charges	(7,450)	(7,450)	Effective January 1. Net increase in the Service and Charges. Several minor reductions and increases.
	Parks	Materials & Supplies	(3,130)	(3,130)	Effective January 1. Net increase in the Materials and Supplies category. Several minor reductions and increases.
	Parks	Miscellaneous	1,800	1,800	Effective January 1. Decrease in property tax. Increase in refunds Finance ?
GRAND TOTAL =			134,154	134,154	

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Public Health & Environment	a. Administration/Business Services	Eliminate 1.0 FTE vacant Office Support Supervisor	83,213	83,213	Effective 1/1/2012. Part of the PH/E reorganization. Duties will be absorbed by Public Health Manager and existing admin staff with little overall impact. Contract duties will eventually be performed by Accounting tech and it is anticipated they will be included in the job classification review for that FTE when appropriate. Otherwise, minimal impact.
	b. LWS Administration	Reduce budget for Operating Supplies	1,738	1,738	Effective 1/1/2012. Reduce budget to correspond with lower actual costs in this area. Environmental Services operating costs are covered by a separate departmental budget.
	c. Land Management Department	Reduce Professional & Technical Fees For Services	3,500	3,500	Effective 1/1/2012. Budget request has been reduced due to the lower rate(s) charged by the new Building Official.
	d. Soil and Water Conservation District	Reduce Operating Expenses	3,425	3,425	Effective 1/1/2012. The SWCD made reductions to it's operating expenses to correspond with some efficiencies of being located in the Public Works Headquarters building. Grant opportunities are being explored to help fund district activities that align with the strategic goals of Carver County and the Carver County Water Management Organization.
	e. Emergency Management	Eliminate outdated line items for film processing, health services, stationary, books, and loss control services.	2,925	2,925	Effective 1/1/2012. No impact - actual costs have decreased in these areas as a result of improvements in technology and efficiencies created through departmental reorganization.
	f. Public Health	Reduce several operating expense budget lines funded by levy dollars.	29,847	29,847	Effective 1/1/2012. Budget request has been reduced in several areas to correspond with reduced number of staff, aligning with historical actual costs and use of grant funding to support more of the cost in the following areas: Equipment & Supplies (\$15,566), Mileage (\$5,160), Telephone (\$4,000), , Professional Technical Fees (\$2,000), Medicine & Medical Supplies (\$1,621) and Interpreter requests (\$1,500).
	g. Environmental Services	Reduce Advertising budget	352	352	01/01/2012 The reduction may result in less paid advertising for environmental programs such as the Environmental Center, organic waste management, or recycling drop-off centers. Staff will look for other means to publicize programs - press releases, electronic mailings, etc.
GRAND TOTAL =			125,000	125,000	

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Attorney	a.	Codification	(3,000)	(3,000)	This is an added expense from taking codification duties from another Department.
	b.	Grand Jury	2,000	2,000	Costs reduced with expected decline in Grand Jury costs.
	c.	Membership Dues	(900)	(900)	Increased due to MCCC obligations and fees increasing from previous year.
	d.	Subscriptions	1,000	1,000	Eliminated subscriptions that were not priority or could be referenced electronically at a lower or no cost.
	e.	Professional and Tech Fees	(6,110)	(6,110)	Increased due to MCAPs upgrade costs and fees associated.
	f.	Legal Services	10,000	10,000	Reducing the use of outside legal services; performing those functions within the Department.
	g.	Employee Mileage	(1,000)	(1,000)	Increased due to projected gas prices and travel for increased training.
	h.	Conference, Professional Maintenance	5,000	5,000	Utilizing low cost or free Continuing Education resources to keep Attorneys and Staff updated.
	i.	Office Equipment	1,830	1,830	Inventory of equipment was deemed sufficient
	j.	Reference Books	5,200	5,200	Negotiated lower costs/fees for reference materials with our major vendor and reduced legal books.
	k.	Attorney Contingent	2,500	2,500	Lowered due to budget expectations.
	l.	Staff Reorganization	55,000	55,000	Approved by County Board in April 2011
	m.	Victim Witness Program	(1,000)	(1,000)	Increased to better provide community safety.
GRAND TOTAL =			70,520	70,520	

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
County Board	a.	Telephone & Telegraph	2,100	2,100	Board members are all on County cell phone plans now which have been less expensive.
	b.	Other Travel	2,000	2,000	2011 allowance increase was not implemented. Reduction brings the amount to current allowance level.
	c.	Miscellaneous expenses	900	900	
	d.	Commissioners contingency	50,000	50,000	This reduction is based upon historical spending trends and is part of the overall goal to arrive at a flat lined levy.
GRAND TOTAL =			55,000	55,000	

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Taxpayer Services and Property Records	Property Records	Elimination of Property Records Mgr. and reorganization in Taxpayer Services per Board action 6/21/11.	49,000	50,817	County Board approved reorganization effective 6/21/11
	b.				
	c.				
GRAND TOTAL =			49,000	50,817	

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Court Services & Probation	a.	REAM (Remote Electronic Alcohol Monitoring) Grant Funds - New for 2012; approved by the MN DOC	\$10,000	\$ 10,000	July 1st, 2011. These grant funds will allow additional offenders to qualify for alternative sentencing options (EMH - Electronic Home Monitoring and alcohol/drug testing) in the community, thus reducing county costs for jail placements and juvenile detention and incarceration programs.
	b.	Reduction in Court Services Child Placement Budget - Consequence Programs (line # 435-710-3715-6040)	\$12,000	\$ 12,000	January 1st, 2012. The overall number of juvenile offenders in need of longer-term placement via the Juvenile Court has continued to trend downward. Court Services has actively worked with the Courts to increase the use of alternatives to incarceration and out-of-home placements, when appropriate. Through the use of validated risk assessments and other proven strategies, services and sanctions are prioritized based on offender risk (to reoffend) levels.
	c.	Reduction in Court Services Child Placement Budget - Correctional Facilities (line # 435-710-3850-6040)	\$10,000	\$ 10,000	January 1st, 2012. Offender pre-screening and risk assessments, along with more effective case planning and use of alternative programs and community-based sanctions, will allow for reductions in the use of more costly juvenile correctional facilities (placement costs range from \$150 - \$300 per day, per juvenile offender).
GRAND TOTAL =			\$ 32,000	\$ 32,000	

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Employee Relations	Personnel Services	6112 Seasonal Temporary On-Call staffing for County-wide needs	17,400	-	Since more divisions are including temp staffing needs in their budgets, this account may not be used as frequently. The difficulty reducing this account comes from the situation of a special project or an extended medical leave in a division that does not have temp staffing in their budget, or when something like elections occur and require substantially more staffing than planned (like the 2008 or 2010 recount).
		6241 - Advertising & Legal notices	7,000	7,000	Recent experience with the move to electronic ads for most jobs allows this decrease. The risk is when we have a high profile or difficult-to-recruit vacancy to fill and may need to go to more costly sources. One possible solution if the cut is made and we have such a vacancy is to allow for a transfer of funds from an extended vacancy/turnover from the division of where the vacancy occurs.
		6153 - Health Insurance Premium Shift	5,000	-	2010 experience indicates opportunity to save \$5,000 with the same scenario in 2012 as 2011. This will not be sure until 2012 RFP for insurance is complete and we know the 2012 rates.
		6379 - Other Misc. Employee Expenses	2,600	-	Reduction in funds available for wellness incentives - not recommended, but if absolutely necessary, it may be OK for one year, but could have a long term negative impact on other expenses (health insurance).
GRAND TOTAL =			32,000	7,000	

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Financial Services	a.	Performance Measurement Program	\$ 12,000	\$ 12,000	Initial reimbursement in 2011 by filing a report with the Office of the State Auditor by 7/1/11 adopting the 10 performance measures. Sustainable revenue stream in 2012 and beyond by reporting to OSA annually on the performance benchmarks that the County has adopted, and that the performance measure system has been implemented.
	b.	Stationary & forms	\$2,000	\$2,000	Effective mid 2011 and sustainable. With updating our process of receipting, we were able to eliminate the need for receipt books.
	c.	Office supplies purchasing cooperative rebates	1,000	1,000	Effective 2011 once the County joins a purchasing cooperative with Anoka County which will lower pricing and increase rebates on county wide office supplies purchases
GRAND TOTAL =			\$ 15,000	\$ 15,000	

2012 Levy Savings Target By Division: Proposed Adjustments

Division	Department	Item	Levy Impact: Division	Levy Impact: Prelim Admin	Effective date/Impact
Administration	a.	Advertising & Legal Notice	1,000	1,000	Have been receiving favorable newspaper bids
	b.	Other Travel	1,500	1,500	2011 Allowance increase was not implemented. Reduction brings the amount to current allowance level.
	c.	Office equipment	500	500	
GRAND TOTAL =			3,000	3,000	Have been using the savings in these line items to cover the cost of the fair booth.

County Wide Total **\$ 1,372,587** **\$ 1,324,847**